

1 THE TRIBUNAL RESUMED AS FOLLOWS ON TUESDAY 23RD SEPTEMBER, 2003

2 AT 10.30 AM:

3

4 CHAIRMAN: Morning.

5

6 MR. O'NEILL: Morning, Mr. Chairman.

7

8 Mr. Lawlor please.

9

10 EXAMINATION OF LIAM LAWLOR CONTINUED AS FOLLOWS BY MR. O'NEILL:

11

12 Q.1 Good morning Mr. Lawlor.

13 A. Morning.

14 Q.2 In the recent evidence that has been before the Tribunal we have been dealing
15 with certain property transactions, which took place in the Czech Republic,
16 which involved you, or companies connected with you, and in particular a
17 company called Zatecka.

18

19 If we could go back briefly to 1999. In 1999 I think we learned from
20 Mr. Seddon that you contacted him specifically with a view to asking him for
21 information about development properties in Prague and communicating with him
22 your need to set up a Czech company, which you would control and use as a
23 vehicle for such investments.

24

25 Does that accord with your recollection of events?

26 A. I think, Chairman, I went back to Prague late 1999 and would have held a number
27 of meetings, and one of the -- couple of meetings with Tony Seddon, yes, and
28 discussed the possibility of advancing various possibilities.

29

30 Now, Mr. Ron Smith of Aspen would be regularly in contact with various

1 proposals and Dr. Richard Kavalek also would put various proposals forward.
2 So, any trip I would make to Prague I would meet with those different people,
3 meet with Jones Laing or various other property advisors and see what projects
4 or proposals they might have on their books that they wish to have acquired and
5 developed.

6 Q.3 Right, to that point in time, I think you had been involved in endeavouring to
7 put together various Czech projects from 1994 perhaps or a little earlier?

8 A. '94 yes, possibly a little earlier, yeah.

9 Q.4 And between 1994 and 1999 you hadn't seen any reason to set up a company
10 yourself to trade through, isn't that so?

11 A. Well, the Irish Consortium would have been in my discussions with Tony Seddon
12 to give effect to what we were trying to do. So, the Irish Consortium would
13 have been set up in a very similar way and I was advisor consultant to it and
14 other parties from this jurisdiction were financially supporting it. So the
15 Irish Consortium would have been my first -- and if I could just say, Chairman,
16 while going through the affidavits last week and so forth, really any of these
17 decisions on that specific situation forming any entity was actually Tony
18 Seddon's recommendations to me rather than my instructing him, because he was
19 knowledgeable in Czech law, Czech company formation and there is a distinction
20 between a joint stock company and a limited company etcetera, so very much his
21 ideas as to what you had to do to give effect, so the first entity formed was
22 the Irish Consortium.

23 Q.5 That's an entity which is still in existence, Mr. Lawlor, and I think still has
24 an interest in pursuing its contract in respect of the Alpha Building?

25 A. That's correct, Chairman, yes.

26 Q.6 So that --

27 A. Now, where Tony Seddon suggested I didn't have any input into that that
28 wouldn't be absolutely correct. If it is to advance and have effect I would
29 have a very detailed role going forward.

30 Q.7 Right. And you would expect that you would be the recipient of at least one

1 third of whatever profit it might generate in time, is that --

2 A. If it should occur, yes, chairman.

3 Q.8 But as and from 1994 until 1999 you hadn't been successful in bringing any
4 property transaction in the Czech Republic to a conclusion, is that fact?

5 A. No. That's correct, yes.

6 Q.9 There was in existence this entity called the Irish Consortium S.R.O. a locally
7 registered company which was available to acquire properties in the event that
8 you had found properties to acquire, is that right?

9 A. Yeah, the Irish Consortium would have intended pursuing the Hamburg site in
10 Pilsen and the factory site in the centre of Breno and a variety of other
11 projects looked at around Prague and various financial possibilities and so forth
12 were explored during that period, '94 up to '99.

13 Q.10 Right. The only financials that had been passed through the Irish Consortium
14 S.R.O. was a sum of 300,000 US dollars, is that correct?

15 A. No. That's a contractual figure that was paid to the owner of the Alpha
16 building to give effect to the taking over of the lease from the Glosswood
17 Corporation, the other finances that would have passed through would be the
18 paying of the office at the time when the late Colm McElliott was permanently
19 based in Prague and routine outgoings, to the best of my recollection that's
20 the financial detail that has been discovered quite some time ago, separate to
21 the 300,000 US dollar payment.

22 Q.11 Yes, the majority of the payments that were being made other than the 300 US
23 dollars; 300,000 US dollars, which was being used for the acquisition of this
24 building was money to deal with the expenses which had been incurred, including
25 your own expenses over time?

26 A. Yes, and 300,000 US dollars would have been paid direct to the Seddons account
27 in Prague and then he would have advanced it to the solicitor representing the
28 owner of the Alpha building, Dr. Kavalek.

29 Q.12 As with the Zatecka 14 S.R.O. company it is the case and has been so advanced
30 by Mr. Seddon, that you were neither a shareholder nor beneficial owner of any

1 part of the Irish consortium S.R.O, isn't that so?

2 A. No, with the expectation of negotiations with the parties going forward, but
3 that wasn't crystalised into an actual situation and the same with Zatecka 14
4 S.R.O.

5 Q.13 But as regards your having any formal structure of ownership of the Irish
6 Consortium S.R.O. you have indicated to the Tribunal through your solicitors
7 over time that you did not have any beneficial ownership in that company though
8 you had an expectation that in time if it made a profit you would receive part
9 of those funds, is that right?

10 A. Yeah, there was a number of possibilities that was being explored there and
11 that could have changed the circumstances. One of the possibilities, which is
12 where one entered into the discussion was the acquisition of the lengthy lease
13 that had been signed between the owner of the building and the US company
14 Glosswood. The first negotiations I pursued on that was to take an assignment
15 of that lease.

16 Q.14 Just a moment, Mr. Lawlor, may I say when you say you pursued with the
17 intention that you would take an assignment of the lease, it was not going to
18 be you who would take an assignment, isn't that right?

19 A. No, it is a cause of certain, maybe preciseness and so forth.

20 Q.15 I am concerned, Mr. Lawlor, at the moment to endeavour to distinguish if there
21 is a distinction between yourself and the Irish Consortium S.R.O.

22
23 You have indicated to the Tribunal that that is a body of which you are not a
24 beneficial owner, isn't that so?

25 A. That's correct, yes.

26 Q.16 You had no shareholding in that entity, isn't that so?

27 A. No, not at this juncture, no.

28 Q.17 Or at any juncture did you actually have a shareholding, a registered
29 shareholding?

30 A. No, no, or in Zatecka 14 S.R.O.

1 Q.18 So that your benefit out of this company would come on the basis of an
2 understanding which is separate from the formal documentation of the Irish
3 Consortium S.R.O., is that correct?

4 A. It would have been an evolving -- if Mr. Styblo had honoured the agreement that
5 I negotiated with him and provided us with the keys of the Alpha building,
6 which was vacant possession, as was the agreement then we would have looked at
7 the redevelopment funding. We also had discussed how the whole project would
8 be managed forward. We had a large Irish construction company come out and do
9 an analysis of reconstruction. We had discussed with some Austrian banks the
10 potential for capital finance and we had done projections as already discovered
11 on the building that if it was fully redeveloped and fully let and saleable
12 that it could have been worth in the region of about 24 to 26 million Irish at
13 the time.

14
15 So, that was all part of -- and how that would have structured itself out, the
16 owner of the building decided he didn't wish to give effect to the assignment
17 of the lease and then turned around and said he would like that we would
18 acquire the building.

19 Q.19 I am more concerned, Mr. Lawlor, at this point in time with your relationship
20 with the Irish Consortium rather than its dealings with Mr. Styblo or the
21 Glosswood Group or any of those parties, was there, in fact, any documentation
22 in existence between yourself, Liam Lawlor, and the Irish Consortium S.R.O.
23 which would record your interest in the Irish Consortium S.R.O. Do you
24 understand the question?

25 A. The documents -- I would understand is that there is a meeting of the 3
26 principals and myself in Navan and the minute of that meeting would have been
27 discovered I believe about the Irish Consortium. There was minutes of meetings
28 monthly in Dublin, which would reflect the role that I was playing in the Irish
29 Consortium and you have this dilemma of the delineation between when you are
30 directing and running the operation as against equitable shareholding or legal

1 entitlement or formal position as director or whatever, and there was a
2 divorced situation in those issues, but they were obviously going to overlap if
3 things were to progress.

4 Q.20 Is there any particular reason that you can outline to the Tribunal why it
5 wasn't the case that your belief that you would receive one third of the
6 benefit at the end of the day from this company wasn't translated into a
7 shareholder's agreement between those who were financing the transaction and
8 you who were steering it, or leading it?

9 A. Because if we had been progressing on the assignment of the lease, the set of
10 financial criteria would have been substantially different than if we had been
11 acquiring the building, which could have cost between an offer of eight and
12 request of 12 million Irish. So if it had to be acquired it was very a
13 favourable financial possibility on the acquisition of the lease.

14

15 Now that could have meant in negotiations going forward that I could have
16 negotiated maybe a ten or 20 per cent shareholding from the existing thirty
17 three and a third shareholders, so that would have been a possibility going
18 forward, but that never came to pass.

19 Q.21 Do I under understand the position to be, Mr. Lawlor, that you were never going
20 to be putting up cash in the deal yourself? Your involvement in this company
21 and your share of its profit was going to be dictated by the fact that you had
22 operated the company, is that a fair --

23 A. That would be the intent at the time, that it would reflect, in having brought
24 the whole transaction together, negotiate and got it to where it was, that it
25 would be a reflecting of that role.

26 Q.22 Right.

27 A. That could have also established itself in a more permanent monthly consultancy
28 payment arrangement as well as some share of a profit or a shareholding that
29 could turn into a profit, or if you didn't sell on the investment when fully
30 let, then there would be a regular rent roll from the building. So they were

1 all the possibilities that were going forward rather than actually consummated
2 during the period of negotiations.

3 Q.23 When we deal with November of 1999 can we take it that the Irish Consortium
4 members were not interested in involving themselves in the development property
5 plans that you had at that time, because you seem to have instructed Mr. Seddon
6 that you would need a Czech company which you would control. Now, it is the
7 case that you didn't control the Irish Consortium S.R.O, is that right?

8 A. Well, all I can, just repeat ad nauseum, whatever structure going forward, it
9 would be Tony Seddon's decision as to what was the appropriate vehicle. So
10 whatever discussion took place he would have said, well, if that's what's going
11 to be done this is the sort of procedures you need to put in place going
12 forward.

13 Q.24 Yes. You already had a vehicle through which you could act as a consultant.
14 You required a new vehicle and I am wondering what changed in your dealings in
15 Prague between 1994 and 1999 which required that, the creation of a new company
16 in order to advance your plans, what was the change?

17 A. The major change in my opinion would be the failure of the owner of the Alpha
18 building to honour the agreement signed and the lack of will from myself and
19 the other participants to go into the Czech legal quagmire, which it's
20 predicted or proposed it is, and then changing circumstances back here in that
21 one of the participants holding a third equity had gone through various changes
22 within their own corporate situation here in Dublin and the other participant,
23 based out of Belfast, had effectively retired from his business and the other
24 family members that took over weren't interested in actively pursuing Prague as
25 an opportunity.

26
27 So effectively, it was combination of those affairs that really brought the
28 things to a situation where Seddon's solicitors are now instructed to legally
29 pursue the owner of the Alpha building to either give effect to the agreement
30 or to recover the outlay.

1 Q.25 Right. Had you found new investors to support your programmes in Prague in
2 November of 1999?

3 A. No, I don't think -- I am not sure when, but I would have had a discussion with
4 senior executives of the Ballymore Group who had visited Prague in the mid 90s
5 and had expressed an interest then and had actually looked at the Alpha
6 building, possibly at that period with a view to possibly buying it from the
7 other interested parties or being a party to advancing it and they were
8 expressing a possibility.

9
10 There were a number of other Irish interests that had generally expressed an
11 interest in Prague or Germany, sorry, Hungary or Poland in a general way, but
12 there wasn't any great specific detail. It was really a matter for myself to
13 establish the opportunity and then to package it and put it forward to who I
14 thought might be an interested party, and the Ballymore Group were one of those
15 parties that had expressed a general interest

16 Q.26 Nothing particularly had crystalised in November 1999 which lead you to believe
17 that you would now have sufficient funds to embark on investment in the Czech
18 market?

19 A. I would always have felt if I had a very viable, good property development
20 opportunity that there would be interested parties if it was presented and
21 necessitated a visit and an inspection and wanting to go forward -- yes, there
22 was always that possibility.

23 Q.27 Whilst there was the possibility, and it has been extant from 1994 onwards, we
24 knew it hadn't crystallized to that point, save you had entered into an
25 arrangement with Alpha building but no other building?

26 A. No, but I mean that's, whatever opportunity, I mean I would come back from
27 Prague with maybe five or six property details as to: could be looked at, maybe
28 complications with some, and some instances there was distressed sales from the
29 banking system there, they advanced too much funding to property projects. So
30 it was very live, ongoing possibility if you devoted time and energy to it you

1 could bring forward projects at any time.

2 Q.28 But none of them, of those projects, had ever got to the point where you had
3 involved Mr. Seddon as a solicitor to act on your behalf in them, save the
4 Alpha building, isn't that right?

5 A. That's not right, no, because every discussion I had about any project in the
6 Czech Republic would have been discussed in Seddons office, I mean -- Seddons
7 solicitors would have met with officials from the municipality in Breno, the
8 second city in the Czech Republic, the equivalent of Cork in an Irish context.
9 Seddons office would have been used, he would have introduced or maybe been
10 aware of property projects himself and bring to my attention, they would be
11 discussed, and meetings take place and maybe decide then not to go forward.
12 So, at all times both Aspen and Seddons office and Dr. Kavalek would have been
13 a port of call for discussions on visits and exploring possibilities.

14

15 One of the things you find if you went to Prague this morning and spent two or
16 three days at meetings with the people I am speaking about and other property
17 agencies you would come away with seven or eight potential projects.

18 Q.29 We see on page 276 in the brief of documents furnished to you the attendance of
19 Mr. Seddon on the first of December of 1999 at which point -- it's translated
20 or deciphered copy is at page 277.

21 A. 277?

22 Q.30 276 and 277. The 276 is in the manuscript copy and its deciphered version is
23 on 277.

24 A. Mine only goes to 275, Chairman.

25

26 JUDGE FAHERTY: 30 of December?

27 Q.31 First of December 1999.

28 A. Is that the Seddon brief?

29 Q.32 Seddon brief document. Sorry, it --

30 A. Sorry, it just goes to 275.

1

2 JUDGE FAHERTY: 210 and 211 on our brief, Mr. O'Neill.

3

4 MR. O'NEILL: It's also at 210 and 211. It may be, if you look to 210 and
5 211, Mr. Lawlor.

6 A. So, 210 is the handwritten version, is it?

7 Q.33 That's right.

8 A. Yeah.

9 Q.34 You will see that there is a reference in that document to a particular sum,
10 namely, 3.15 million sterling which happens to be the price which Mr. Mulryan's
11 company Ballymore paid for the Hybernska building some months later in March.

12

13 This document is an attendance on yourself probably by telephone, I am not
14 sure, it says:

15 "Liam Lawlor wants me to take out a contract for UK company to buy/provide
16 finance. Needs a formal company, contract with Czech company. Contract back
17 to English company. 3.15 million as soon as possible."

18 Then it says:

19 "I think money man coming London Friday week. [Two indecipherable entries]
20 Using Prague property companies. No formal valuation needed."

21

22 Have you a recollection of what instructions you were giving to Mr. Seddon at
23 that point in time? You certainly seem to have fixed on a specific sum and the
24 fact that there would be an English financier providing this finance.

25 A. You know I am just by virtue of what I have already informed the Tribunal, the
26 first knowledge I ever had of the Hybernska building was on the 19th of
27 December and that's 1st of December, so the two million could refer to the
28 potential take out of the redevelopment and sale on -- of the Alpha building,
29 because that was a number that would have reflected the sort of uplift and
30 potential if it had been the 3.1 -- I don't know what that, what particular

1 building it refers to.

2

3 What I would be in that latter part of '99, discussing in general terms with
4 Seddons solicitors, if one was going forward with any particular project then
5 what would be the necessity, corporate wise, and Tony Seddon would be
6 recommending we should do A, B and C.

7

8 Now the 3.1 could reflect the estimated 4 million pounds Irish valuation, I
9 think that was on the actual Zatecka 14 building, I don't know whether it was
10 then or prior to that that that had been brought to my attention vis-a-vis the
11 ad in the Irish Times.

12 Q.35 It was subsequently about ten days later, Mr. Lawlor, that your secretary
13 receives a fax, on the 9th of December rather, which is in response to the
14 Irish Times advertisement, which was placed on the 2nd of December. So its
15 unlikely that this document relates specifically to the Zatecka building,
16 because at that point in time I believe it was unknown to you and it was only
17 after your secretary had responded to a small ad effectively in the Irish Times
18 that she received the information about the Zatecka building being available
19 for 11.5 million deutschmarks, which I think is closer to 5 million than to 4
20 million.

21 A. If you go back to 209 you see there is a discussion about the Alpha building
22 and 2 million pounds, because every time I discussed any opportunities with
23 Seddon in Prague the Alpha building was part of that discussion as to whether,
24 if we forced a legal arguments with the owner that we would be successful in
25 getting vacant possession, etcetera so --

26 Q.36 This transaction that you are dealing with here seems to be one which involves
27 an English company firstly, isn't that right? You see, UK --

28 A. It could well be at that stage in a general context I would have had in mind
29 the Ballymore Group or some other companies, yeah.

30 Q.37 I see. Is it possible that you had made an arrangement with them that you

1 would go out and buy a building in Prague for a certain value without knowing
2 which building it might be?

3 A. No, because the actual discussions that came about in any detail was when I had
4 returned having identified -- I had identified I think prior to the 19th of
5 December, because I think the purpose of my being in Prague prior to that date,
6 apparently to come home for Christmas was to look at Zatecka 14 S.R.O. as a
7 possibility and the other building came up, but I left Prague with no
8 information on it. But explained at meetings over the break and went back and
9 pursuing the things in detail.

10

11 I would have also at various times during that, discussed the possibility of
12 Ballymore stepping into the Alpha building deal, because while the original
13 participants had lost interest and weren't prepared to go forward, if a new
14 property company was prepared to put an actual firm bid on the table and in
15 settlement of various disputes, one could get agreement, then that would have
16 been of interest and that could have been a general discussion about it.

17 Q.38 Well, you are not quite sure then what the reference to the 2 million is here
18 or -- what the relationship is to the 3.15?

19 A. No, other than say a building, 2 million for Alpha, I think possibly that could
20 refer to the fact that there would be a need for 2 million of equity and maybe
21 8 million of funding, because I think the owner's call was for about 11 or 12
22 million going back previously and we would have estimated the value at maybe
23 between minimum of 8 and maximum of 10. If you were going to get banking you
24 would be looking at about a 20 per cent ratio of equity to funding. So the 2
25 million could be 2 million out of ten which means you would be looking for
26 funding of 8.

27 Q.39 Right. If we look then to page 213, it is where you will see your secretary
28 Ms. Polat receives a fax from the Czech Republic giving details of this
29 building in that it enclosed a brochure and the brochure included a price and
30 asking price at that time of 11 and a half deutschmarks, isn't that so?

1 A. That's correct, yeah.

2 Q.40 It's a little less than 5 million Irish. 12 million would be 5 million Irish
3 at 2.4 deutschmarks to the pound, I think at that time, 4.75 was the figure
4 that you had --

5 A. The other figures could be the likelihood of a work-out of an offer, because
6 the 3.1 could have been an offer that one would calculate maybe. In all of
7 those things, every time you met with Ron Smith he would have ten projects for
8 you.

9 Q.41 Well, we see on the 13th of December, page 215, you were in a position to
10 instruct Mr. Seddon that you would like Ron Smith to explore this property,
11 that's Zatecka along with the other properties that he had available.

12 A. 2 what?

13 Q.42 215. It seems to be a fax.

14 A. Fax from me to Seddons office, yes.

15 Q.43 "I have received information following an advertisement in the Irish Times for
16 the attached property [that's Zatecka] I would like Ron Smith to explore it
17 along with other properties available. You note the asking price, it's 11 and
18 a half million deutschmarks, as I say that's probably 4.75 million pounds
19 Irish. I wish to discuss with Ron making an approach separate to my query to
20 see if we could put in a reduced bid to the asking price". Is that intended to
21 convey that you were at that point in time sufficiently interested in the
22 building to consider making an offer through him for it?

23 A. Well, maybe without having finance or anything, making an offer to see if there
24 was an acceptable figure and then work backwards, no point in going, trying to
25 organise finance for something that (a) you think is overvalued and it was in
26 that context that, go and find out can you get it for 10 million or 7 million
27 or 8 million, or whatever, the work-out was, because the actual work-out on the
28 value turned out to be quite an unattractive financial possibility.

29

30 This was a very very well redeveloped building, in very prominent location,

1 just off the main river in the, opposite the opera house in Prague. A very
2 prestigious building, and had a very prestigious list of tenants, Bang and
3 Olufsen was in a retail unit and a number of American companies in the offices
4 upstairs and very well redeveloped, but the owner was looking for too much.

5
6 Then the fax went on to discuss the possibility of resurrecting the Alpha
7 building proposal. As you see on page 216, if the building is currently valued
8 at 350 million CZk and we pay Mr. Styblo 50 per cent, that some type of formula
9 should be reached to buy out the remaining 50 plus, a premium, that's what I
10 had in mind for consideration.

11 Q.44 To that point in time are you saying you had not agreed even ballpark figures
12 with the English investor?

13 A. No, no specific agreement whatsoever, no. They would all be depending on stack
14 up and inspections and valuations and structural engineers reports and so
15 forth. So all one would be doing is getting into the position of saying this
16 is worth putting time and expense into to decide whether it is worth putting a
17 formal bid.

18 Q.45 Well, can it be distinguished from possibly earlier dealings with Mr. Seddon,
19 because in this instance a file was opened on the 13th of December in your name
20 for the purchase of property in Prague and a ledger account is set up for LAW
21 001, which would be the account through which these transactions would be
22 funded. Does that indicate, Mr. Lawlor, that in this instance, unlike perhaps
23 some of your earlier ventures, there was in fact available funding that you
24 were aware of and it was for that reason you wanted another company set up?

25 A. Just a possibility, there was no, no hard, firm arrangements whatsoever, none
26 whatsoever. We go on then on 222 we are looking at 4.7 million, other people
27 likely to come in, just what happened to be --

28 Q.46 Page 222 and 221 have a figure "Liam Lawlor and Irish 4.7 million" and I
29 suggest that that is the translation of the asking price for the Zatecka
30 building at that point in time.

1 A. It could be, yeah.

2 Q.47 So, that if you paid what the asking price was, this was to set out how it
3 would be structured perhaps, what the interests of the parties would be in it.

4 A. Well, it's just a figure that we could have been quoted, because Tony Seddon in
5 the context of operating the likes of Prague as against the normal client
6 relationship in Dublin or London, an office like that tends to provide a lot
7 more hands on than the pure legal situation, because when you are not there
8 Mark Batt representing Mr. Maron or Mr. Maron would have meeting with the
9 solicitor direct trying to advance the project. So, they would be in a
10 pseudo-commercial role as well as advising legally, because you didn't have a
11 permanent presence, they were seen as your permanent representatives there even
12 though that wouldn't be the case and that's the way people would view them.

13 Q.48 As of this date on the 13th of December, Mr. Lawlor, you were in a position to
14 tell Mr. Seddon that it was likely that other people would come in, presumably
15 that being the investors, and that they would come in at 4.7 million, which was
16 the in price which was being sought for the building.

17 A. I have to say there were other Irish property interests that would have
18 contacted me from time to time having seen some publicity about Prague and my
19 involvement there.

20 Q.49 I am dealing specifically, Mr. Lawlor, with this particular building on this
21 particular date the 13th of December 1999. Is it anybody other than the
22 company you had already mentioned that was interested in coming in at 4.7
23 million on this building?

24 A. Well, 4.7, nobody was interested in coming in at 4.7 million to be honest.

25 Q.50 Why do you say that, Mr. Lawlor, when we see a little later in the file that
26 there actually is an agreement drawn up where the property will be bought for
27 7.5 million pounds and the finance will be provided by an English company? Why
28 do you say that nobody was interested at that price?

29 A. There were other property interests I would have discussed. I would have
30 discussed it then. I would have been putting forward those proposals in a

1 general context with a view to reverting back, discussing that this is what's
2 available as occurred in the Hybernska building. When the principals of the UK
3 Irish property company came, put their own valuations on it, that was the deal
4 that was put forward. If the openers wished to accept that they could and if
5 they didn't we would just move on to something else, so there was no specific
6 hard fast committed situation at that time at all.

7 Q.51 Mr. Lawlor, I suggest to you that what this document is recording is that the
8 English investors firstly are likely to come in, isn't that what it says?

9 A. That number is not -- they hadn't even seen the building at that stage, to the
10 best of my knowledge.

11 Q.52 That's true. That's true, Mr. Lawlor. And that is why I am asking you to
12 explain why your solicitor was recording firstly 4.7 million Irish pounds,
13 which happens to be a translation of the 11 and a half million pounds asking
14 price of the Zatecka building? You record, he records beneath that and he is
15 recording what you are telling him, that other people are likely to come in.

16 A. Bank finance for the building, that's a major proviso.

17 Q.53 Yes.

18 A. If Erste Bank didn't want to fund it or Credite Ansthal or whatever other Czech
19 bank then the project might not proceed at all, then they were the figures we
20 were being asked at the time and that was the building that was being targeted
21 on a work-out. Later we came to the conclusion that the price on that building
22 was too expensive.

23 Q.54 Well, you didn't do so on the 13th and when we move to the 23rd at page 23 --
24 223, you will see further references, I suggest, to the same building. 223 and
25 224 the translation of it.

26 A. You go on later and find Seddons says, we better inform Mr. Maron we are not
27 proceeding with the project etcetera, so, you know, this is very much ongoing,
28 general notes about what was being looked for.

29

30 Another dimension that's not reflected in any of that, that this owner had

1 another building outside of Prague and he was anxious to try and sweeten the
2 deal for me and wanted to know if he put that building in. And then I think at
3 some stage later, or maybe then, there was discussion about buying the company
4 rather than buying the buildings which would mean that you would be taking over
5 his company, which had some tax advantage of taking over the shareholding
6 and -- so it was very much a fluid situation regarding Mr. Maron and Zatecka 14
7 S.R.O., because I think further on you will find that there is a Bishakova
8 building also owned by him, which I inspected later.

9 Q.55 We are dealing at the moment, Mr. Lawlor, with your dealings with the investor
10 of and the Fund rather than the vendor off the property.

11 I want to establish what your relationship was with the investor in and around
12 December?

13 A. No formal relationship other than an interest, I felt if I could come up with a
14 good viable property project that would pass their analysis of value that they
15 were likely to consider investigating, it would be farmed --.

16 Q.56 On the 23rd of December in pages 224 and 225 you communicate again with
17 Mr. Seddon who notes that you are doing a briefing note for him.

18 "Thinks will come for me, talking about a lien on the building of 1.6 million,
19 bank finance for building, 4.73 million. Goes away to Portugal returning after
20 Christmas so wants company to get moving". Was that yourself going away or the
21 investor?

22 A. The investor.

23 Q.57 Right. We turn then to the briefing note which you prepared I believe and it's
24 at page 227. This was a briefing note from you to Mr. Seddon which Mr. Seddon
25 in turn was to draw up into a formal document. We have that at page 227,
26 Mr. Lawlor. I take it you confirm that that is a document which was prepared
27 by you?

28 A. Oh yeah, I sent that to Seddons office, yeah, sure.

29 Q.58 You sent it to Mr. Seddon and he was to incorporate that information into a
30 document for your purpose. Now, can you tell me what negotiations you had had

1 and with whom in relation to the document we see here?

2 A. Negotiations with Mr. Maron the owner of the building and that was what he was
3 asking and we were looking at the possibility of putting a firm proposal. I
4 think it may have been somewhat down purchase by 4.7 Irish, we were referring
5 to 5 million earlier, so I think there could be a reduction in the amount I was
6 proposing to see if he would accept that.

7 Q.59 No, I was saying 5 million Irish would amount to 12 million deutschmarks and
8 this figure is the actual asking price for the building. I suggest to you
9 equally that these figures do not come as a result of negotiation with
10 Mr. Maron, who is an Italian gentleman, or resides in Lugano, the consideration
11 here is Irish pounds, Mr. Lawlor, we are discussing these figures with an Irish
12 or English developer?

13 A. I don't believe I was discussing with anyone other than putting forward to
14 Maron the proposal to see if he would accept it on those figures. If he
15 accepted it then it would be passed back to say, look, this is a deal that can
16 be done at these numbers and, you know, when could you inspect the building,
17 etcetera. And --

18 Q.60 Mr. Lawlor, just so we are not at cross purposes here, I am asking you whether
19 or not this document is a document which you prepared following your
20 negotiation with your investors?

21 A. No, no.

22 Q.61 It's not.

23 A. I prepared it and put it forward to advance the situation to a stage where if
24 it was acceptable it was going to still be subject to contract and whenever the
25 interested party could visit Prague they could turn that proposal on its head,
26 say it is great value, not at all, we wouldn't pay that price. Because I
27 wouldn't put myself forward as an expert on yields and rent and reconstruction
28 estimates costs or anything of that. If I was able to report that I have a
29 super building, here is the sort of best value we can get, put a draft proposal
30 forward, they are prepared to accept it, but it's subject to a final approval.

1 They could have come along and said, no, we'll offer 4.25 million Irish for it,
2 or --

3 Q.62 Are you saying, Mr. Lawlor, that this is not a document prepared for the
4 interested party, i.e. the investor?

5 A. No, it's a draft from myself to Seddon to go to Maron to see if he would accept
6 that.

7 Q.63 I see. Very good. Well, we'll go down through the content then.

8 Can you explain why it is that you are referencing the amounts in Irish pounds,
9 how could that possibly be relevant to a Czech investor?

10 A. Because just from my own like, he could revert back to -- he dealt in
11 deutschmarks there was a fixed rate of 2.47 to the deutschmark, so I was
12 reflecting in Irish for my own convenience.

13 Q.64 How could it be any way relevant to Mr. Maron, the Czech vendor of this
14 property, that a UK property company was going to be nominated and it was going
15 to have a lien over the building?

16 A. That could be part of the, all the ongoing arrangements subject to acceptance.

17 Q.65 Could be or was, Mr. Lawlor?

18 A. Could be. The thing hadn't advanced. I don't believe, maybe I did cc it to
19 them, but I don't think at that stage in mid January, as my recollection, that
20 over the Christmas period I brought to the attention of the investor the
21 Zatecka building with brochures and information, and all I could do was
22 verbalise on Hybernska, because I had no documents, because I had just seen it
23 as I left Prague on the 19th. So, you know, I would have discussed that this
24 is a possibility, all of this was contingent on the interested party coming and
25 seeing it first hand, whether they were interested in (a) putting up the
26 finance, etcetera, etcetera.

27 Q.66 This document indicates that a UK building company, or rather a UK company to
28 be nominated, is to provide funds of 4.75 million Irish pounds. Sorry, it's to
29 provide the purchase price of the building of 4.75 million Irish pounds, it's
30 to provide 3.694 million Irish pounds, how did you come to that figure?

1 A. That would have been a sort of ratio of what we thought. I would have had
2 discussions occurring at that time with Mr. Reichman in Erste Bank to know what
3 sort of funding they would put forward by way of project finances or property
4 loan and I think it would have been discussed with Mr. Camel Kosman in the
5 bank, the figures.

6
7 I would have given him what figures Mr. Maron's people had given me and would
8 have been trying to get to a situation where I could say, look, your investment
9 will be in the region of 1.6, whatever it is, and I recognise you can get
10 funding from Erste Bank and really that would have all moved on to the
11 principals and executives in the company.

12 Q.67 Mr. Lawlor, what was envisaged here was that 75 per cent of the value of the
13 building would be put up in cash. And that 25 per cent of it would be borrowed
14 from the bank, now that's not the usual financing arrangement for buildings,
15 isn't that right?

16 A. Yeah, but funding from the UK company could be either by way of borrowing or by
17 way of equity or whatever, that would be a matter I would have no feel for.
18 That was the situation as I understood it. They were interested and he
19 possibly could have said, look, if you can get projects or property with a good
20 rent roll, and we can put up 75; 70 or 75 per cent of the funding. Can the
21 balance be secured locally? Can you get increased valuation? When is the rent
22 review.

23 Q.68 Did you have that discussion, Mr. Lawlor, that is a discussion with the
24 investor regarding the possibility of investment in the Zatecka building and
25 not a discussion which you would have with the vendor Mr. Maron. That's why I
26 was asking you whether or not the contents of this document were drawn up
27 following your discussions with the investor or with the vendor. You indicated
28 this was Mr. Maron the vendor. I am putting to you that the information which
29 was contained in this document is not material information from a vendor's
30 point of view, but may be crucial information for the person who is actually

1 putting up the financial which will buy the building.

2 A. It could be either. You know --

3 Q.69 Well it couldn't be either.

4 A. It could be ongoing with either party. I don't know whether Seddons set that
5 out to Ballymore or to Maron. It doesn't state on it.

6 Q.70 You drafted it, Mr. Lawlor, for specific purpose. You wanted it to be
7 presented to somebody in particular. Now, is that person the investor in the
8 UK?

9 A. No, because the balance would be, "formal approval will issue after Christmas
10 holidays", that was setting out for Seddon more or less the framework of how --
11 that he could go forward if he had to, which was more for Seddons information I
12 would suggest, that I was setting out what I saw as the possibilities going
13 forward, which as it all transpired was just discarded calculations after
14 Christmas. Look, that building is far too expensive based on the rent roll,
15 for about it, not interested, all done in ten minutes. This other building,
16 get more information on that, that looks like being a real possibility,
17 etcetera etcetera.

18 Q.71 Mr. Lawlor, where was the 3.694 million pounds to come from?

19 A. From the interested party.

20 Q.72 Did you --

21 A. If they were interested in it.

22 Q.73 But obviously they were interested in it.

23 A. They wouldn't have even known about the building. Wouldn't have known until it
24 was presented to them. Wouldn't have a clue. They would be looking at this
25 peculiar name of a building and what did it mean and -- you know, the only way
26 that I could advance this or any other project would be to set out in some
27 details what I thought would be the framework of a deal and they would then
28 have to come in and just like with the Irish Consortium, with the interested
29 parties they had the property expertise within their organisations which I
30 didn't have. I was leading the negotiation to create the opportunity to allow

1 other expert parties to come in and take up the running from there and agree
2 that it was good value and that they were prepared to finance it, etcetera
3 etcetera.

4 Q.74 This document on its face, Mr. Lawlor, I suggest to you, has the following
5 implications, firstly, that the building Zatecka 14 S.R.O. was going to be
6 bought for 4.75 million pounds Irish, which I say was the asking price for the
7 building that appeared in the advertising material which was furnished to you,
8 do you disagree with that?

9 A. No, that's all the reason I am saying, it is set down by me as the possibility
10 at the asking price.

11 Q.75 I suggest to you, secondly, that this is a document in which you set out for
12 the investor an arrangement which you had entered into between that investor
13 being a UK company and yourself, whereby that company was to provide 3.694
14 million Irish punts in the event that the property was purchased at that price
15 and that your company Zatecka would borrow the balance to make up the purchase
16 price. Was that what the document said?

17 A. There was no pre-arranged agreement on that figures at all, none whatsoever.

18 Q.76 Did you just draw them out of your head? How did you get a figure of 3 million
19 694, it's an unusual figure to reach, Mr. Lawlor, and must have some basis in
20 fact. It would have been just as easy to say 3 million 750 thousand and that
21 would mean that only an even million would have to be borrowed?

22 A. I don't have a calculator, it could be either 20 or 25 per cent. That's the
23 sort of -- or it could have been that the bank would have said, this is the
24 sort of number we would be prepared to advance.

25 Q.77 Well, I mean, any bank, Mr. Lawlor, getting 75 per cent of the building up in
26 cash will obviously lend the balance, won't they, 25 per cent?

27 A. I don't know that. Depending on the lien that the 75 per cent advancer wants
28 on the building. If he is prepared to give them a second mortgage they
29 mightn't be very satisfied with it, or they might be very pleased with it. So,
30 you know, I mean, all I can say to you is you cannot read in stone, other than

1 I would suggest that this was the asking price, this was the setup as per a
2 draft to be considered. It didn't get any consideration because when the
3 back-up documentation to this, relevant to rent roll etcetera etcetera was
4 evaluated, the 4.75 was seen as a very rich price granted. It was a turn-key
5 building with all the work done, but it was still too high and it wouldn't have
6 yielded enough rent roll, coupled with reviews etcetera, to support the outlay.

7 Q.78 Mr. Lawlor, you made offers of 11 million and 50,000 on this particular
8 building, and you confirmed it, so the figures are there or thereabouts?

9 A. Yeah, but I mean they were trying to squeeze Maron to a situation of acceptance
10 and then see would that be acceptable to the investment party. The investment
11 party wasn't willing to waste a whole deal of time coming and going to Prague
12 other than when everything had been pretty well tied up to inspect and give
13 maybe a day; can I get in and out on the same day? No, you can't. If you come
14 in you won't get out, you will have a four o'clock flight. You have to stay
15 over, etcetera. So, it was set out in that format, as I was running towards
16 the end of '99. Hybernska building took over the whole scene then.

17 Q.79 Mr. Lawlor, on the 23rd of December when this briefing notice was prepared by
18 you, you specified that of the monies going to be advanced by the English
19 company of 3.694 million they are to have a lien of 1.694 so that there is
20 going to be a 2 million unprotected investment by that firm on the one hand or
21 else 2 million in enrichment for the Zatecka company over the, this
22 transaction, isn't that right?

23 A. That's all.

24 Q.80 Sorry.?

25 A. It's all part of whatever negotiations or whatever information was being
26 provided, but it never advanced so I never paid too much attention to it.

27 Q.81 It was a proposition you were advancing at this point in time?

28 A. Sure.

29 Q.82 You were saying to the financier, you put up 3.694 million, you will get in
30 return 1.694 million. Isn't the obvious conclusion from that --

1 A. You get in return, from who, the 1.69?

2 Q.83 You get a lien over the 1.694 that will be repaid to you over a period of time
3 which is unspecified. But there is no provision for the repayment of the 2
4 million.

5 A. But sure they would own the building worth about 4.

6 Q.84 No, Zatecka would own the building not the UK company.

7 A. Zatecka was never going to actually, unless backed by them, buy anything at
8 all.

9 Q.85 But it would be the company that would buy the building, it would put up 4.75
10 million of which 1 million would be borrowed from a bank approximately, the
11 balance of 3.69 million would have been put up by the English company. In
12 return for doing so it would receive a lien not for the 3.694 which one would
13 have expected if they advanced the money, but rather for 1.694 and they would
14 receive that 1.694 over a time scale to be agreed in due course, but there is
15 no provision for the repayment of the 2 million.

16

17 If we look to the next document which is the document addressed "to whom it may
18 concern", which you were provided with by Seddons, which set out the
19 arrangement here, page 229? At the bottom of the page there, it records:
20 "We are instructed that the English nominated company will be repaid in due
21 course on terms nobody negotiated the sum of 1.694 million." There is no
22 provision for the repayment of the 2 million. I am just wondering if you can
23 explain to the Tribunal what the basis of this transaction was, which on its
24 face seems to suggest that the company will advance 3.694 million, it will
25 receive in return 1.694 million over a period of time to be agreed and there is
26 no provision for it receiving the other 2 million?

27 A. That would have been all part of ongoing negotiation.

28 Q.86 I see.

29 A. Vis-a-vis re-evaluations, rent roll, reviews etcetera, which are not produced
30 here as backing, but were put forward at some, either then or at a later stage.

1 And when the financial work-out of that, there was no interest. This building
2 got very quick shift, there was no interest if it, Mr. Maron was the one
3 benefiting from any uplifts, there was very little potential or uplift in it
4 and, therefore, the project was just passed. Once I saw the Hybernska building
5 I virtually, I did bring this proposal to the attention, this building, but it
6 didn't get any serious consideration. I am not sure whether we even inspected
7 it or not.

8 Q.87 You were seriously trying to buy this as late as September of 2000?

9 A. Yeah sure.

10 Q.88 So, it didn't just go away, notwithstanding that the Hybernska building had
11 been bought, you were still pursuing this building?

12 A. Well, there was a situation where Maron kept coming back to Seddon and meeting
13 him and wondering, you kept feeling that he would drop the price, in that
14 situation, the thing was kept alive. But I had no interest in any great
15 detail, because it was shown to me that it wasn't good value, it just was --
16 just wasn't and there were you were buying something at a premium price, there
17 was going to be no growth, no potential or developing or adding any space to it
18 etcetera, all fully renovated, therefore, you were paying full price and no
19 interest.

20 Q.89 When you produced this document through Mr. Seddon or had him type it up and
21 send it to you on 23rd of December 1999 what did you do with the original?

22 A. I have no idea really --

23 Q.90 Well, did you show it to the investor?

24 A. Yeah, could have faxed it, yeah. I don't know whether Seddon -- I think Seddon
25 was repeating what was in my brief pretty much, so I don't know whether he did
26 it or his own purpose for the file or whether he sent it to me to show that he
27 cc'd it to me but he could have, I have no idea.

28 Q.91 You requested him to prepare a document for a particular purpose, Mr. Lawlor.
29 You gave him the briefing note, told him exactly what it was for. He, I
30 suggest, gave you this document and you then armed with this document and on

1 Seddons headed notepaper went off and discussed it or dealt with its content
2 with the person involved?

3 A. All I can say is it would have overlapped as it were prepared by him the 19th
4 of December visit, which meant it was now pretty low on my agenda, because if I
5 received it on the date he produced it, I had already seen the Hybernska
6 building, so the Zatecka building had become very much a non-interested issue
7 in the context of urgency. And all I know is that in my discussions over the
8 Christmas period, when I returned, my whole emphasis was on Hybernska and
9 Zatecka 14 building was pretty irrelevant to my consideration.

10 Q.92 Mr. Lawlor, when you received this document, did you bring it to the English
11 investors or the Irish investors and say, look, this is the proposition I have
12 in mind for the Zatecka building?

13 A. I can't be specific about that document. I can be absolutely, that I presented
14 a brochure on the building which, you know, I think I would have passed to the
15 interested party. And I then would have gone on to talk about the Hybernska
16 building, whether I faxed or hand delivered or passed over at my meeting that
17 document, I just cannot say yes or no.

18 Q.93 Well, we know that on the 30th, which is a week after this document is drafted,
19 at page 231 you are again in contact with Mr. Seddon and you tell him that in
20 relation to Sean O'Ryan he intends going to Prague on the 17th.

21 A. I think that's a mistake by Seddon, should be Mulryan. Going there on the 17th
22 I would have been back immediately after the break with the week after
23 Christmas, which would have been maybe 5th or 6th of January.

24 Q.94 You are expressing the view here that you think he will buy and sell to him.
25 You also intend to look at some others, some other properties. He wants to
26 look at a price which gives 10 per cent. The intention is that it gets 2
27 million uplift.

28
29 Now, this is a document relating to the Zatecka building, not to the Hybernska
30 building which is subsequently acquired by the Ballymore Group. But in the

1 context of the acquisition of the Zatecka building, could I suggest to you that
2 you stated to Mr. Seddon that the intention of this transaction was that you
3 would get a 2 million uplift?

4 A. No, I think what you will find is that there is somewhere in the Seddon
5 correspondence that he had got these figures from Mr. Dr. Kavalek and he had
6 pretty well just recited them.

7 Q.95 These figures are not to do with the Hybernska building at all, Mr. Lawlor,
8 they are to do with Zatecka building?

9 A. I think they are to do with both, because we are looking at Hybernska at the
10 same time and I think we could have been looking at some other building on the
11 outskirts of Prague as well.

12 Q.96 There is a further reference in this document to Hybernska, but it is
13 distinguished from the note which is taken in relation to the Zatecka --

14 A. Because you see the difference in valuation that the Restitution Fund and
15 Prague situation and which is typical of the way they did business, that
16 everything was overvalued. The asking price was 10 million and the value was
17 6,7 and you end up in serious negotiations. In many instances they put
18 buildings up for auction and put a reserve on it and the reserve is never
19 reached. You could see the situation where they solemnly believed the value of
20 the Hybernska was 3 hundred million CZks and the purchase price was something
21 considerably lower.

22 Q.97 Mr. Lawlor, you were still actively engaged in the pursuit of the Zatecka
23 building on the 30th, your belief was that you could sell that to the Irish
24 investors.

25 A. I would suggest that -- no, my attitude --

26 Q.98 I Think that is 'will buy and sell on to him'.

27 A. I think that "could be", rather than that being Zatecka, I think that's
28 probably "should be" are not my notes. It's Seddon's note, but my whole
29 interest at that juncture was Hybernska building.

1 Now, Zatecka, referred to, could be him referring to the fact that he was in
2 the process of registering a company or the building, I don't know which.

3
4 My discussion with Seddon at that time was to organise the trip on the 17th and
5 to have all the information available to allow inspection and valuations and so
6 forth. And they would have also taken the opportunity to go independently and
7 get valuations directly, because of their own network of contacts within the
8 leading property experts.

9 Q.99 Mr. Lawlor, the 2 million uplift that is involved here is a 2 million uplift to
10 you, isn't that right, on this transaction, whether it be the Zatecka building
11 or whether it be Hybernska, your expectation was to get 2 million out of the
12 deal, isn't that right?

13 A. If the situation was going to work out based on the figures provided by
14 Dr. Kavalek, but as we see later when the interested party came, put his
15 valuation, got the Colliers to value the figure was substantially less than
16 that.

17 Q.100 Mr. Lawlor, I am talking about the Zatecka building not Hybernska building.

18 A. There was never that potential in the Zatecka building, never that potential
19 into it.

20 Q.101 The Zatecka building was on offer for 4.75 million, is it the case that you
21 wanted to get a 2 million pound uplift on it?

22 A. No, I don't believe that was ever achievable in that particular building, no.

23 Q.102 Whether it be achievable or otherwise is that what you wanted to get out of
24 your involvement?

25 A. If I don't believe it was achievable, I am saying I don't believe it was ever
26 achievable at that number.

27 Q.103 Are you saying that means you wouldn't have asked for it merely because it is
28 not achievable?

29 A. Exactly, because there would be no point in asking for it.

30 Q.104 Don't we see you asking for 8.3 million in respect of the Hybernska building?

1 A. Which was the figure provided by Dr. Kavalek who was representing Aspen
2 Properties who had put in the proposal and put forward what they believed was
3 the valuation of the building.

4 Q.105 You knew, Mr. Lawlor, that that was a building that was going to be acquired
5 for 1.62 million?

6 A. But that is exactly the way they operated, they put out these vastly inflated
7 values on buildings, Mr. Styblo is looking at 12 million for a building we
8 think is worth 8 million pound. So, it was very much the dilemma of dealing,
9 and what properties are eventually bought for and what is asked for them rarely
10 bears any relationship.

11 Q.106 I am asking you, Mr. Lawlor, whether or not it was the case that in relation to
12 the Zatecka building you ever advanced as your benefit or your uplift on this
13 deal, a 2 million pound uplift to you, your response to that is to say that was
14 simply not achievable. I am asking you whether it be achievable or otherwise,
15 you pursued it, that was your belief that you would get 2 million out of that
16 deal?

17 A. I don't believe that that was achievable. All I can say is that the values
18 that were put on the building were values provided by the agent for Mr. Maron
19 selling, were set out as they were, there was the possibility of some local
20 funding. What way that would have transpired if it had gone forward -- the
21 principal could have turned that whole thing on its head.

22 Q.107 Well, was it your intention?

23 A. In a ten or 15 minute discussion could have had a totally different approach to
24 the project.

25 Q.108 I am concerned at the moment with your intention not anybody else's, Mr. Lawlor.
26 Was it your intention?

27 A. I am telling you what was the ongoing situation, it was very flexible.

28 Q.109 Right. Was it your intention to receive 2 million pounds out of the Zatecka
29 transaction had it gone ahead and been purchased?

30 A. I don't believe that was achievable.

1 Q.110For 4.7 --

2

3 CHAIRMAN: Mr. Lawlor, it's a simple question. Mr. O'Neill --

4 A. I don't believe. Mr. O'Neill is wondering can I not make 2 million pound out
5 of something I don't believe I could.

6

7 CHAIRMAN: Mr. O'Neill is asking you at the outset did you set out looking for
8 or putting up the idea of a 2 million pounds uplift. The fact that you didn't
9 think you would achieve is it is something different. But did you set about
10 looking for a figure of 2 million as an asking figure

11 A. Mr. Chairman, all I can do is show you the figures I set out as being my
12 understanding of the transaction. What was to arise out of that, there is
13 nowhere that I ever asked for, the freehold property, it's 4.7 million, there
14 be 3.6 nominated. We'll get the balance from Erste Bank, etcetera, that is the
15 only information. Whatever notes are here Seddons they are -- I can't add or
16 take from them. I don't know, nowhere did I say I believe that there can be a
17 2 million pounds profit in the Zatecka 14 building.

18

19 CHAIRMAN: That's not the question you were asked.

20 A. That's the only explanation I can give you, Chairman.

21

22 CHAIRMAN: You are asked this simple question: Did you look for 2 million
23 pounds of a profit or uplift?

24 A. No, the -- all I can say is that the figures that were presented to me were
25 presented to the interested parties as they were and what was going to pursue
26 in the discussions, negotiations or valuations were not reflected in those
27 figures that are there. The transpiring of these negotiations were exactly
28 what happened and which is exactly what has been provided -- if you go to 237,
29 it may be helpful if we refer to the valuation of the fund of 3 hundred million
30 CZks that was a building that was bought for 164, 168 million Czech korunas.

1 So, in the 4th of January there was a price being suggested that the building
2 was worth, this is Seddon's note again, that is not relevant to my concluding
3 the negotiations with any party.

4
5 CHAIRMAN: But did you hope to make a profit?

6 A. I would have hoped to negotiate whatever profit would have been realistic with
7 the parties concerned. The specifics of that I can't speculate on or
8 hypothetically suggest yes or no.

9
10 CHAIRMAN: Did you make a decision to try to get 2 million?

11 A. The decision was to negotiate whatever the purchaser was willing to pay, that
12 was going to be the price to be paid for the building.

13
14 CHAIRMAN: Yes, but you would have to, you would have to look for a figure,
15 was it your intention to -

16 A. Sure any figure looked for were set out, Chairman.

17
18 CHAIRMAN: Well, was it your intention to look, what sort of profit were you
19 going to look for?

20 A. But sure we are here looking at the figures that were put forward in my
21 briefing note to Tony Seddon. Now, there is nowhere that there is 2 million
22 pounds. There is the purchase price, there is the funds to be provided and
23 there is the Erste Bank funds.

24
25 CHAIRMAN: And there is the?

26 A. That's the transaction there.

27
28 CHAIRMAN: And the stated intention to get 2 million uplift.

29 A. But the 2 million uplift could come over a lengthy period of rent increases,
30 re-valuation of the building. That would be subject to negotiation by a

1 company that had all the expertise in the world to address that issue and agree
2 that it, those figures were not achievable or were achievable. I set out here
3 4.7 million of the purchase price, and how it might be structured. If they
4 wished to come along and say they were interested or wouldn't agree to this,
5 that or the other, or would fund it a hundred per cent, etcetera etcetera, but
6 they would only pay 4 and a half million pounds for it that's what could have
7 ensued out of that building. Same procedure ensued out of the Hybernska
8 building.

9

10 CHAIRMAN: All right.

11

12 Q.111MR. O'NEILL: Can the Tribunal then understand that it was your expectation
13 and hope that you would get 2 million out of this deal, but that it was a
14 matter --

15 A. If you float 2 million around the house.

16 Q.112It's not being flogged, Mr. Lawlor?

17 A. I am just saying to you that the profitability potential out of the Zatecka
18 building was never advanced to any firm discussion at all, because it was just
19 discarded saying that's too dear, we are not interested in that building,
20 forget about it, this other building, what size is it, what's the potential of
21 it. So that particular situation got very quick short shift. It wasn't even a
22 serious discussion.

23 Q.113Mr. Lawlor, at the time this document was prepared on the 23rd of December of
24 1999 it was the intention of the parties who were reflected in this agreement,
25 namely, Zatecka on the one hand and the English investor on the other, that a
26 financial transaction may take place in the future, buying this particular
27 building, and the expectation of one of those parties, as I suggest, Zatecka,
28 was that it would benefit to the extent of 2 million from that transaction,
29 isn't that so?

30 A. Can you say where this 2 million is?

1 Q.114It's the difference between what the English company puts up, which is 3.694
2 and what the English company gets back which is 1.694, you subtract one from
3 the other and there is 2 million difference. No provision in this arrangement
4 for the English company to have 2 million returned to them?

5 A. That discussion never took place with the company, because, as I recall it,
6 that document hadn't been presented, there was a meeting over the Christmas
7 period.

8 Q.115Where was the meeting?

9 A. The meeting was at the principal's home.

10 Q.116Where is that?

11 A. Here in County Kildare.

12 Q.117I see. In Ardnode, was it?

13 A. Yes, that's correct.

14 Q.118What agreement took place there?

15 A. It was just a discussion about the buildings and the intent to travel on the
16 17th or whenever, returning.

17 Q.119Was there an agreement --

18 A. If there is a document discovered about that, I don't have it to hand, I don't
19 see it here, which sort of talked about the discussion, about the potential and
20 so forth and about the numbers.

21 Q.120Was there an agreement at that meeting that you would be paid 2 million?

22 A. No, there was an agreement in discussion, possibly based on the Hybernska
23 building, possible uplift on the Alpha Building, whatever might have been
24 pursued and consolidated going forward. There was no specific agreement in
25 detail about any 2 million pounds other than that number could have been
26 discussed, associated with the asking price of Hybernska, if it had to be
27 bought at the 3 hundred million CZks and the actual tender price or valuation
28 was 3 hundred and the tender price was 160 that could throw up that surplus,
29 but that was all contingent on valuations and visits to Prague and looking at
30 what the opportunities were.

1 Q.121Was the bottom line, Mr. Lawlor, that you would be paid 2 million pounds and
2 that agreement was reached in Ardnodde in -- at Christmas in 1999?

3 A. But it was all subject to visits and valuations and cheques and balances, so
4 there was no absolute agreement whatsoever and it has never come to pass, which
5 is so many years later.

6 Q.122Have you claimed 2 million on the basis of it?

7 A. No, I haven't claimed 2 million on the basis of it.

8 Q.123Have you said to the person who was at this meeting with you, you owe me 2
9 million as a result of this agreement?

10 A. Not at all, there was a discussion if we bought the Bank Of Bohemia Building at
11 the back and further hotel development and so forth that the uplift in the
12 valuation could reflect that sort of number, yes.

13 Q.124Could --

14 A. But it never came to pass.

15 Q.125What does "never come to pass" mean? You weren't paid it therefore it never
16 came to pass?

17 A. We are here in 2003 and we are talking about 1999/2000, we know what happened
18 and what didn't happen, that's what it means.

19 Q.126We are learning for the first time you say you reached an agreement in Ireland
20 in Christmas 2000, sorry, 1999 whereby you paid --

21 A. Mr. Chairman, there is a note on the Ardnodde agreement, we are discussing a
22 document now where there is a file note or document discovered.

23 Q.127Yes, I can call up that document which is a document you discovered last
24 Friday, sorry, Friday week, the 12th of September to the Tribunal which --

25 A. Which was provided for the first time by the other party to me and as soon as I
26 received it, I didn't have a copy of it.

27 Q.128I see, when did you receive it?

28 A. Whenever -- I discovered it to the Tribunal.

29 Q.129Sorry, when did you receive from the party, who gave it to you?

30 A. I have no idea, no idea when I received it.

1 Q.130 You have to have an idea, Mr. Lawlor, you told us that you couldn't discover it
2 until you were given it by the party who had it. Now, when did you get it, you
3 discovered it to the Tribunal on the 12th of September of this year. Did you
4 get it a week before, two weeks before, a month before?

5 A. You are talking about documents, I have no idea of the specific day or date
6 which I received the document, not a clue have I, all I know is that --

7

8 CHAIRMAN: Mr. Lawlor, you are being asking approximately when you received
9 it. You say you discovered to the Tribunal as soon as you received it from the
10 other party.

11 A. Yeah, that's correct.

12

13 CHAIRMAN: So, Mr. O'Neill wants to know when approximately are you talking
14 about a week or two weeks or three weeks or six months or what before that?

15 A. All I know, Chairman, is that your orders had been copied and issued to the
16 various parts pointing out the necessity to discover documents associated with
17 the order and as soon as the document came to hand we complied with the two
18 dates that you set before the summer break and I would suggest that it was in
19 the proceeding week or ten days of meeting the order requirements.

20

21 CHAIRMAN: All right.

22 A. I can't be specific about when I received it.

23

24 CHAIRMAN: All right, we are not asking for -- we are asking for approximately
25 a week to ten day.

26 A. All I can say, the solicitor for the party rang and apologised. The letter had
27 gone to their office, it was August and they had been on holiday and also since
28 the previous documents received from that practice, there had been a change of
29 ownership and name in the practice and they further went on to say that they
30 now have researched and have documentation available and in the interests of

1 urgency could we send somebody to Naas to collect it. That's all. Just happen
2 to recall that because it was brought to my attention, this solicitor was on,
3 stating that he had documents and would we send out to Naas to collect it. I
4 don't know what way the office arranged between the parties, I know I rang and
5 said, why can't they get a courier to deliver it up to us. Next thing I was
6 told it had been delivered or collected and it was part of our discovery to
7 meet the orders.

8 Q.131 We can put this document on screen now, Mr. Lawlor, it's the document you are
9 referring to which is a letter from Zatecka Properties S.R.O. to Mr. Brian
10 Fagan, the financial director of Ballymore Group. It's dated 23rd February
11 2000.

12
13 It says: "As you know the contract to purchase Hybernska 12 has been signed on
14 February 7th 2000 and sent to the Land Registry office in Prague 1.

15
16 The transfer should happen within weeks and it is therefore necessary to set
17 out the detailed situation to discharge the various fees to ensure that the
18 Ballymore Group takes over the building with all the parties involved
19 discharged.

20
21 Having entered into commitments to discharge these fees I will continue to deal
22 with these outstanding matters to ensure that when AK takes over the building
23 on your behalf that all the outstanding issues have been addressed.

24
25 The first Zatecka invoice for 1 million while not intended had to be used to
26 discharge part of the outgoings to date. I set out the full details of the
27 purchase of Hybernska 12.

28
29 Agreed purchase price of the building by SM with Zatecka 4 million Irish or
30 3.15 sterling.

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Ardnode Christmas agreement 23 million or 1.6 million (2 million) sterling.

Agreement to be paid as follows. Three invoices from Zatecka 14 S.R.O. First invoice paid. Second invoice attached. 3rd invoice to issue March 2000.

Fourth payment as agreed re: Negotiations and concluding the Hybernska 12 purchase 1 million, 790 thousand sterling, Zatecka has given undertaking to discharge the following schedule of payments"

I don't think we need to deal with that at the moment, but what is clear in that, Mr. Lawlor, is that you were claiming at this point in time that you were entitled to 2 million as a result of this transaction.

A. Only Chairman, subject to ongoing redevelopment of the building, acquisition of adjoining buildings, whatever was going to go forward. And if the valuations in the investment and the payback justified it, that could be given effect, that was the discussion.

Q.132Its not a discussion which you are recording Here Mr. Lawlor. It is an agreement. You are saying it was an agreement under which --

A. If there was an agreement, Mr. Chairman, two or three years later effect has not been given to it because the redevelopment and advancing of the project hasn't been at the pace that one would have predicted or hoped at that time.

Q.133Mr. Lawlor?

A. Before the building was acquired.

Q.134Mr. Lawlor, you chose to use the word agreement here when you were setting out a claim which you are making in this letter for 2 million. You don't say that a discussion, you don't say as part of an ongoing possible arrangement. You are asking here to be paid, in effect, 2 million as part of this agreement.

Now, this is a building which has an agreed purchase price of 3.15 million

1 sterling or 4 million Irish. On what basis did you value your input in this
2 transaction as one which entitled you to 2 million pounds

3 A. Just as I have outlined to you. I had discussions with the owners --

4 Q.135As you rightly say --

5 A. Can I answer the question?

6 Q.136Of course, sorry?

7 A. I had discussions with the Bank Of Bohemia which owned the building at the
8 rear, which if acquired would be a very substantial block. I had discussions
9 with Skanska next door who have a hotel in need of repair, very prominent
10 historic hotel in Prague; and the discussion was that the Hybernska building
11 could be the 60 or 70 per cent cornerstone of a major centre city redevelopment
12 in a very prominent part of Prague. If that was to advance that was the sort
13 of expected potential that would arise from that development going forward.

14
15 What transpired is what we have discovered and discussed here on Friday ad
16 nauseum, so effect hasn't yet been given to that and may never be or could be
17 if one had the time to devote.

18
19 Since then the company set up its own offices within the Hybernska building,
20 they have employed permanent local staff and they are going on pursuing their
21 own sort of policy or redevelopment or acquisitions and so forth, and I haven't
22 had time to devote any energy to doing what I would have thought could have
23 given effect there, as discussed with the principal. That's what's reflected
24 there in that document

25 Q.137Mr. Lawlor this was not a discussion document. This is a document in which you
26 are looking for payment. You say that these were possible payments that might
27 ultimately be due to you in the event of the redevelopment of the building as a
28 cornerstone in Prague etcetera. If that were the case Mr. Lawlor, I have to
29 suggest to you, that you would have been billing for your 2 million entitlement
30 which you say you have agreed with the principal, only when that work had been

1 done.

2

3 Now that work was not done in, at the time you wrote this letter, in February,
4 and you are looking for the payment at this particular time because the
5 building has been purchased and will shortly be registered in the Land
6 Registry. That is the basis upon which you claim that you are entitled to seek
7 these monies at this point in time.

8 A. But sure if that's the case it hasn't been given effect to it, has it. I am
9 here dealing with the reality of what actually happened and what was intended,
10 all I can do is deal in the real world of what transpired, from a discussion
11 where there was a hope value of the agreement in principal subject to the whole
12 range of things happening. If they happened fine, if they don't they don't.
13 And what happened was there was 4 million Irish paid for the building and there
14 was a surplus that we discussed here on Friday and that was the conclusion at
15 this stage of that particular transaction. And nothing has advanced since
16 then.

17 Q.138Mr. Lawlor, what the Tribunal is enquiring into at this point in time in
18 relation to this document is why it is that you, in effect, raise a demand for
19 a payment for 2 million pounds when at the same time you are saying that that
20 payment would only be your entitlement in the event that a whole series of
21 related issues had taken place, culminating in the development or redevelopment
22 of this particular building. If that were so you would not have been billing
23 at this point in time two weeks after the building had been purchased?

24 A. That's your view, but its not mine. I have just outlined to you the potential
25 of the transaction, the discussions. I can -- other than set out what has
26 transpired since, which is the factual situation. The negotiations were with
27 the principal on the basis that there could be many other transactions to be
28 pursued in the Czech Republic and there was talk about Poland and Hungary and
29 so forth, so you know, it was ongoing. That was the circumstances around the
30 discussion at that time.

1 Q.139Well --

2 A. The principal has since made a number of visits to Prague and pursued other
3 possibilities etcetera, so all I can do is say that was the intent at the time.

4 Q.140Are you saying the 2 million was to be paid to you at this point in time
5 because this is what you are looking for in the letter, Mr. Lawlor. You want
6 to be paid money?

7 A. What I am saying to you is what was discharged to me was what had been agreed
8 with the party going forward, that's what has been paid, not that, that's
9 exactly the situation.

10 Q.141Right. Why did you raise this demand for 2 million then if it wasn't your
11 entitlement?

12 A. Well you know, its your word "entitlement."

13 Q.142Well it is your word, Mr. Lawlor. You say that there is an Ardenode Christmas
14 agreement for 2 million. You then set out in this document a schedule under
15 which you are to be paid that money, there and then. Now --

16 A. Well it didn't reflect the conditions associated, saying which would have been
17 part of the discussions at the meeting. It just refers to that situation
18 there. But that was part of I going back, spending time in Prague, advancing
19 various matters etcetera, not accurately reflected in the detail there, but
20 understood between the parties.

21 Q.143You are saying that it was understood between Mr. Mulryan and yourself that you
22 were to ultimately receive 2 million pounds from him and that it was to be in
23 connection with this particular building in Hybernska, but it would be --

24 A. And the commercial success going forward and the profitability and so forth, if
25 it didn't go forward. There is also complications in the building in that the
26 5th and 6th floor had tenants, the redevelopment couldn't take place until it
27 was vacated. Discussions with Seddons Solicitors about terminating leases
28 etcetera, with the Ministry for Health, all of that have was in a general sense
29 to be addressed going forward.

30 Q.144How could that reflect this relatively small investment in this building. It

1 was, an investment which we know is uncontroverted, achieved by the payment of
2 4 million Irish or 3.15 million Sterling. Out of that you wanted 50 per cent,
3 equivalent to the capital cost as a fee to you, I am just wondering, you say
4 its part of an agreement, and that that agreement was concluded at Christmas. I
5 am just wondering how you managed to achieve what seems to be a very sizable
6 reward for acquiring a relatively minor building, in cash terms?

7 A. How do you come to the conclusion that it has been achieved?

8 Q.145Sorry?

9 A. Where is the evidence to prove it has been achieved?

10 Q.146Well, you are seeking it here?

11 A. Achieving it and seeking it are rather different I would suggest.

12 Q.147I take it you are not in the habit of making demands which are not --

13 A. No, you have said achieved. I can't understand where you are finding achieved
14 in three years later, you know the factual situation, and you are trying to
15 relate back to a hypothetical situation in '99 or 2000.

16 Q.148Mr. Lawlor, you are looking for the 2 million pounds here from this gentleman,
17 you are looking for it in the context of a transaction where the property
18 acquired was worth 4 million. Now would you explain to the Tribunal how it is
19 that you felt that your input, whatever it was, was worth 50 per cent of the
20 value of this building?

21 A. Because the building today is probably worth 6 million, if its redeveloped it
22 could be worth 7 or 8. So that situation going forward wouldn't be unrealistic
23 if you managed to renegotiate and bring it into a transaction. They spent 4
24 million pounds and five or six years later it is worth 8 million pounds.

25 Q.149We have seen the level of your involvement in this transaction Mr. Lawlor, to
26 be that you have had a limited amount of correspondence with your solicitor
27 Mr. Seddon. The property apparently is available through an established agent
28 in Prague, Mr. Ron Smith, he takes a relatively modest profit for passing it
29 on. Why do you say that that involvement on your part could translate in any
30 circumstances, in real terms, to a 2 million pounds injection of cash to you?

1 A. Because I believe you wholly underestimate the role I played in securing this
2 transaction. Wholly.

3 Q.150 Well, we see the documentation. It starts in December where there is
4 discussion with Mr. Seddon about the Hybernska building and the inability of
5 Aspen to fund it and the fact that unless somebody else comes up with the money
6 it will be lost. You don't seem to play any massive role in any of that
7 Mr. Lawlor, do you?

8 A. That's your opinion Mr. O'Neill. I know the role I played.

9 Q.151 The brief is there in front of you Mr. Lawlor. It is your documents, your
10 solicitor, we are trying to interpret the sequence of events. I am suggesting
11 to you the entire time scale involved here concludes in February the 7th when
12 the contract was signed, that it starts in the middle of December, there is
13 less than six weeks involved, which you translate into something which entitles
14 you by agreement, in December, to have 2 million pounds on this deal?

15 A. The transaction was wholly and totally lost if I didn't do what I did and got
16 back to Prague and got a team around me of Seddon, Kavalek and Aspen and
17 negotiated and got adjournments; and they were going to, on a number of
18 occasions, terminate the agreement or discussions and so forth. And the
19 valuation.

20
21 The Prague property market was pretty depressed and would still be to an extent
22 because valuations went ridiculous about 8 or 10 years ago they have since been
23 in the doldrums, its excellent value at the purchase price paid to the company
24 and the redevelopment value in the centre of Prague if you could envisage it
25 Chairman, its maybe not Grafton Street but Henry Street, very prominent Prague
26 1 property, with major courtyard and car parking at the back. And it has
27 tremendous potential, could be worth 10 or 15 million pounds in four or five
28 years time. If the other buildings around were secured and a major centre city
29 redevelopment so --

30

1 JUDGE FAHERTY: Mr. Lawlor, could I ask you something, when you came in here
2 last July, and you were being asked about a hundred thousand pound payment paid
3 by Lunar Sea, essentially Mr. Michael Whelan, you told the Tribunal initially
4 that that hundred thousand pounds sterling was a consultancy fee for you
5 sourcing a building which apparently you told us was worth about 12 million
6 Sterling in London. Now we know the situation to be otherwise as transpires
7 from the evidence.

8

9 Isn't that correct?

10 A. You are referring to the valuation and the 100,000 pound and the relativity?

11

12 JUDGE FAHERTY: I am just trying to correlate that in light of the fact that you
13 purported to say you could charge Mr. Whelan a hundred thousand sterling
14 commission, consultancy, for a 12 million pound sterling building in London,
15 but yet -- one per cent, yes -- and now you are saying to Mr. O'Neill, as I
16 understand it, that in relation to a 4 Irish million valuation in Prague you
17 could charge effectively 2 million Irish, as sort of a commission or
18 consultancy?

19 A. Well there is no comparison for the following reason; that Mr. Barrett was the
20 one that brought the Picadilly building to my attention.

21

22 JUDGE FAHERTY: I don't want to really revisit that Mr. Lawlor, we have been
23 down the road, I want to make the analogy.

24 A. If you, today, get the valuation on the Picadilly building it wouldn't be much
25 different, if you got a valuation on the Hybernska building it would be quite a
26 few million pounds more than the value paid back in January 2000. So I think
27 the valuations would be substantially different. And I had no principal to
28 principal negotiations on the Picadilly building. I, here, took a situation
29 where this deal was going to be lost, I lead negotiations at maybe 7 or 8 or 9
30 meetings, went back to the Erste Bank, we were back on to London, I had to

1 drive the thing, Seddon & Company, to get the thing done against deadlines
2 etcetera etcetera, and the valuation uplift on this particular property is very
3 substantial in my opinion.

4
5 And I think possibly, I don't know what the company today would have it in its
6 books, but I would suggest if you look for valuation, and I should further say,
7 as proof of what I am saying, is that on a recent visit to Prague, I was
8 approached to know would I ask the principal would they be prepared to sell the
9 building for, I think 6 million, so you know, that's the relativity of it. Is
10 that if you acquire a vacant or semi vacant property in the centre of a city
11 that has redevelopment potential, if you buy a building with tenants fixed as
12 the Picadilly building you don't have a great deal of growth or uplift.

13 Q.152 Mr. Lawlor, the agreement that you are referring to in this letter, which is
14 the one before us, from Zatecka, is in relation to a meeting which took place
15 before Christmas between yourself and Mr. Mulryan at his home in Ardenode and
16 you call it the Ardenode Christmas agreement?

17 A. I think just after Christmas actually, I think, I am not sure. It might have
18 been either, I would have thought a day or so after Christmas, but it could
19 have been before.

20 Q.153 We know he had gone to Portugal at some point in time?

21 A. I just think, I came back on the 19th, I don't think I got to see him before
22 Christmas somehow, if I had seen him before Christmas it would have been in
23 town, I think he was at home prior to his departure, I just feel that it was
24 after the 25th, or Christmas Day, could be two or three days after that.

25 Q.154 Well in either event, I put to you that it was before your discussions with
26 Mr. Seddon on the 30th of December when you were again talking about the
27 intention being that you get 2 million pound uplift. I say, if you put that in
28 context with your agreement --

29 A. Where is that please?

30 Q.155 Page 231. It confirms, I suggest to you, that you had agreed by that time,

1 that you would get a 2 million pound uplift, but I equally put it to you that
2 that was in the event of your purchasing the Zatecka building and that no
3 decision had been taken in connection with the Hybernska building by that date,
4 because the memorandum says that also looking at the Hybernska building, and
5 we'll see on a later attendance that when you looked at the Hybernska building
6 you indicated that you thought it was a superb building?

7 A. Yeah.

8 Q.156But that was some time later, and I will give you the exact date when that was,
9 but at the time of your talking about the 2 million uplift, it was on the 30th
10 of December which is some days after your arrangement with Mr. Mulryan, and I
11 am suggesting to you that it could not have been exclusive to the Hybernska
12 building because no decision had been taken at that point in time as to whether
13 to go for the Hybernska building or the Zatecka building, both were being
14 considered at that time; and I am suggesting to you that this note would appear
15 to indicate that irrespective of whether you went for Hybernska or Zatecka you
16 were to get a 2 million uplift on the deal?

17 A. I don't think the Zatecka building ever had that sort of potential valuation or
18 uplift, I don't know, these are Seddons notes. I don't know are they meetings
19 or telephone calls, I can't be certain.

20 Q.157You can tell us if you were in Prague on the 30th of December?

21 A. No, I can't tell you. I could have been but I just can't be specific. Down the
22 bottom then you see anything 4 to 10 million which would have reflected that's
23 the sort of ballpark into which the company might be prepared -- this thing is
24 jumping, if we go back down and see "buy into the company and sell on. Will go
25 down first on the 10th of the 1st" and then I would have said that its in that
26 region that the company would be looking at buildings and that could be
27 anything, and by the time we went down Ron Smith could have had a couple of
28 other buildings to look at, and did so. Because on that trip there was a
29 number of other projects looked at.

30 Q.158But doesn't that confirm what I am putting to you Mr. Lawlor, namely

1 irrespective of what building was purchased you were going to get 2 million?

2 A. If you were buying a building for 4 million pounds or 10 million pounds, which
3 has redevelopment potential, sure the Alpha Building could be redeveloped and
4 if let and sold could be bought in for about 14 or 15 million and sold for 26
5 million pounds was the estimates at the time.

6 Q.159But Mr. Lawlor, what I am putting to you is this, that the discussion which you
7 had in the Ardenode Christmas agreement, whether it be immediately before
8 Christmas or immediately afterwards, could not have been a discussion which was
9 exclusively directed towards what the profit would be on the Hybernska
10 building, because no decision had been taken at that point in time that the
11 Hybernska building would be the building which would be acquired, you were
12 still negotiating?

13 A. Yeah, but I would have outlined at that meeting; you go on to the 4th of
14 January, Mulryan may go for bigger property, the whole thing was fluid. It
15 was --

16 Q.160What wasn't fluid was the agreement you get 2 million?

17 A. If the commercial reality justified same, full stop. If it didn't there
18 wouldn't be any 1 million, 2 million, 500 thousand or nothing if the project
19 didn't proceed and make commercial sense. So you know, I mean Tony Seddon's
20 notes are Tony Seddon's interpretation of a rather - Kavalek was going on to
21 assemble the paperwork, "building in Prague 4 to 6.8 million Shell is in it.
22 Bank on the grounds" on they go, you know.

23 Q.161The value of these notes, Mr. Lawlor, is that it indicates that you were still
24 in a position of negotiation for the Zatecka building with the intention that
25 it would be acquired by the English development company in December and January
26 of 2000, that is after you had agreed apparently on your evidence with
27 Mr. Mulryan, that you would be paid 2 million by him. You say that that was a
28 discussion which took place in the context of the Hybernska building, and I am
29 suggesting to you that these notes would suggest otherwise, because no decision
30 had been made by Mr. Mulryan to acquire the Hybernska building at Christmas of

1 that year, he was going to look at the Zatecka building, he would also look at
2 the Hybernska building and it is only after he had looked at both that it is
3 recorded that he may go for the bigger building, which is the Hybernska
4 building. If that is so, there cannot have been, as you say, an arrangement to
5 pay you 2 million out of the Hybernska building because there was no decision
6 taken by that time to acquire that building. There was a decision that a
7 building would be bought in Prague, there was a decision that you would get 2
8 million, nothing else was fixed?

9 A. But Chairman, all I can say is that the Zatecka building in the discussions
10 with the principal concerned was discarded within five or ten minutes because
11 immediately the attitude was, when briefing on the two buildings, look I have
12 no interest in that. Yeah, this seems to be -- and this arises, this Ardenode
13 note, comes, I think its February some date.

14 Q.162Yes?

15 A. Everything had moved on. And the development potential of Hybernska and all
16 that spun around it, and not to be repetitive, was there, so that was me
17 reflecting on the possibility of what was going forward. Now, I just want to
18 put a line under Zatecka building. This man didn't give five more minutes
19 consideration of the Zatecka building. That's it. Meeting, discussion, gave
20 him the brochure, first on that, "look, don't think I am interested in that,
21 its all developed, no uplift in that, no redevelopment potential, the rent
22 roll", you know, the man is an expert in his field and within five or ten
23 minutes he had discarded any interest in that building. Despite all the notes,
24 all the discussions, all of the meetings and as transpired later, as a result
25 of that no business or transaction occurred regarding that building, even
26 though there was these ongoing attempts to keep the deal alive, mainly driven
27 by Mr. Maron calling to Mr. Seddon etcetera etcetera.

28
29 The potential that I was putting forward in the February memo was reflecting
30 the possibility in the medium to long term, in a general way discussed that if

1 you buy this building, there is tremendous potential for redevelopment of a
2 major project in the centre of Prague, which is attracting 40, 50 million
3 tourists every year. Hotel chains wants to get located, as is the norm,
4 everybody wants to be in Prague 1. This building had carpark potential and
5 redevelopment potential around it. That's what is reflected in that note.
6 Its, Mr. Mulryan could come back and say it doesn't stack up, commercially it
7 doesn't work, it is worth this or worth that. So you know, that's what was
8 reflected there in that note.

9 Q.163What is reflected in the note firstly, your letter, is your demand for payment
10 which you crystalised once the purchase of the Hybernska had taken place, once
11 that happened you said "Our agreement is such, I am entitled to be paid 2
12 million" it is the case that you weren't paid that 2 million as far as we can
13 see from the documentation. But that was your demand at that particular time?

14 A. Chairman, if the demand was as outlined by Mr. O'Neill it would have been
15 pursued and paid, I suggest.

16 Q.164Are you suggesting you didn't pursue a demand?

17 A. I am suggesting it concluded the way it concluded.

18 Q.165I am asking you did you pursue a demand for it, 2 million from Mr. Mulryan?

19 A. I didn't issue any request, invoice, document. The matter has been in a
20 situation where he then went and appointed his own people in Prague and was
21 going to go forward and redevelop it, you know. So my involvement didn't
22 pursue or continue forward, and there hasn't been a discussion in that context.

23 Q.166By pursue I don't mean the issue of a writ claiming the amount, or engagement
24 of a firm of solicitors to act on your behalf in pursuing it, but have you
25 persistently been seeking the balance of the funds from Mr. Mulryan?

26 A. No, not at all, no.

27 Q.167Sorry?

28 A. Not at all.

29 Q.168No. So you made a demand for 2 million?

30 A. I didn't make a demand, you can twist it on its head if you like.

1 Mr. O'Neill, I can interpret what I wrote, you can interpret differently if you
2 wish. No problem. We just have to agree to differ. I set it out there as I
3 have explained, if you want me to be repeating and repetitive I have no problem
4 doing so.

5

6 CHAIRMAN: Mr. Lawlor, you said in this letter, its as clear as it can be that
7 there was an agreement that you be paid 2 million and you refer to it as the
8 Ardenode Christmas agreement. That can't be denied.

9 A. Can you appreciate, Chairman, it could be on the basis of what I have outlined,
10 that look, I go and look at the building, there is great potential, we go
11 forward, we cooperate going forward, if it is as you outlined it, etcetera
12 etcetera, etcetera. And that's the figure that I reflected the potential
13 uplift. Now, if I haven't had time and the availability to pursue it and the
14 company didn't get the benefit of all of that, that agreement wasn't going to
15 be given effect. It hasn't been given effect.

16

17 CHAIRMAN: But you are saying in that letter, that's the Zatecka letter of the
18 23rd of February to Mr. Mulryan's financial director, you are saying "we are
19 going ahead with the purchase, this is what it is going to cost you". And you
20 set out then in detail the cost of the building, other figures and you have as
21 a separate item, Ardenode Christmas agreement: 2 million Irish.

22

23 So anyone reading that would assume that this is, that you are putting down in
24 print what you believe at that time had been agreed. What might happen in the
25 future might happen in the future, but at that moment in time when that letter
26 was written, you believed you had an agreement for 2 million, because if you
27 didn't --

28 A. Only on the operation I have outlined to you. I have outlined the
29 possibilities and potential disappointments of not being able to move forward.
30 There is no justification for that sort of number if the whole project as I had

1 discussed with Mr. Mulryan, didn't advance. So it was all very much contingent
2 on cooperation going forward.

3

4 CHAIRMAN: And are you saying then in answer to the other question that you
5 were asked, are you confirming without any doubt, that you never sought to
6 recover any balance of the 2 million?

7 A. I would have very sporadic contact with Mr. Mulryan in recent years because of
8 the commitments in dealing with these matters and so forth, you know, I have
9 been to Prague a couple of times. I am not aware of the detail, if I went down
10 and discovered that they had the Marriott Group or the whatever international
11 chain and had done a major redevelopment and so forth I would expect that there
12 would be some recognition of what I had, in the first instance, brought to that
13 group at that time.

14

15 CHAIRMAN: But did you ever seek to recover any part of that 2 million?

16 A. No. What I have discussed the couple of times was how things were going down
17 there and I was told they were very slow and hadn't got the tenants out from
18 the building etcetera. They had opened up their own office in it. I visited
19 the offices on one or two occasions, I discussed with their permanent
20 representative down there a couple of other properties he might consider
21 pursuing.

22

23 CHAIRMAN: Mr. Lawlor, are we to take it then that you haven't pursued any
24 balance of that 2 million?

25 A. No, because of the actual property development as envisaged back in those
26 discussions hasn't progressed at the speed or opportunity.

27

28 CHAIRMAN: Is that, just Mr. Lawlor --

29 A. No, I haven't pursued it.

30

1 CHAIRMAN: You haven't?

2 A. No, not in the detail.

3

4 CHAIRMAN: Sorry?

5 A. Not in the detail. If I heard that they had advanced matters as outlined I
6 would be --

7

8 CHAIRMAN: Mr. Lawlor, it is a simple question; have you pursued, for whatever
9 reason or under whatever heading, have you pursued the payment of any part of
10 the balance of that 2 million?

11 A. No. And the reason --

12

13 CHAIRMAN: By pursue I don't mean legally, I am talking about in discussions
14 or in letters or in any other way, have you pursued the balance of the 2
15 million?

16 A. No, Chairman. And the reason is because I am of the knowledge that the
17 redevelopment as outlined in great detail hasn't advanced at this juncture, its
18 even as we talk today --

19

20 CHAIRMAN: All right. Well, are you saying then its not owed to you either?

21 A. I am saying that if the project went forward the way I had outlined to the
22 principal, I would be revisiting the matter for a further discussion.

23

24 CHAIRMAN: Is that your way of saying that you believe it is there, going to
25 --

26 A. That particular specific figure may not be what is concluded as agreement, if
27 they had succeeded, because it might either by a higher figure or a lower
28 figure.

29

30 CHAIRMAN: But you believe that the figure is still due to you on paper?

1 A. Well no, because you see the situation is that there was certain surplus on the
2 purchase of the Hybernska building that could well be reflected in any final
3 negotiation. So you know, its not cast in stone, and wasn't then at that time
4 either.

5

6 CHAIRMAN: Does that mean you believe it is not due or it is due?

7 A. It could be due if things progress as I would hope. That's a simple, Chairman,
8 that I don't believe I have an entitlement from the company if they haven't
9 profited substantially from the investment I put them into. If they do I would
10 be discussing the matter. What the adjusted figures, up or down could be, at
11 the conclusion, I can't forecast at this juncture.

12

13 MR. O'NEILL: You see. I have to suggest to you Mr. Lawlor, you have in fact
14 been pursuing a claim for 2 million from the company, Ballymore, and you
15 claimed it to be for finder's fee etcetera in relation to Hybernska. You claim
16 it to be a fee of 2 million.

17 A. Where is that?

18 Q.169 Do you agree or disagree with it before you ask where it is Mr. Lawlor? Do you
19 want proof produced?

20 A. Am I entitled to know the documentation that I have discovered.

21 Q.170 If you answer the question first we'll move on to the document in question?

22 A. I haven't raised, requested, looked for, the finder's fee or anything else from
23 the Ballymore Group since this transaction was concluded.

24 Q.171 Okay. There is a document here which I will ask you to look at Mr. Lawlor,
25 which is generated by your company Zatecka Properties S.R.O, I am giving you a
26 hard copy now, in your 16th Affidavit of Discovery delivered on the 12th of
27 September, and I am putting it on screen now.

28 A. Yeah.

29 Q.172 This expresses itself to be from Zatecka Properties S.R.O, to Brian Fagan,
30 Group Director, Ballymore, from Zatecka Properties S.R.O, 10th March 2000. Re

1 Hybernska 12.

2 "Dear Sir, I acknowledge receipt of your fax regarding Hybernska 12. The
3 agreement reached between the parties was as follows:

4 Finder's fee etcetera: 2 million.

5 Price of the building 4 million.

6

7 The other schedule of fees and outgoings have been submitted on all
8 correspondence to date. Will discuss and agree these matters on Tuesday as
9 arranged".

10 A. Exactly. Subject to commercial advancing an redevelopment and the potential
11 for the company doing what we have outlined in detail as discussed with the
12 principal at the meeting in Ardenode at that time.

13 Q.173This letter --

14

15 CHAIRMAN: Mr. Lawlor, you have just said on oath that following your letter
16 of the 23rd of February that you never followed up seeking payment of the 2
17 million. And then when you are asked by Mr. O'Neill and it is put to you that
18 you are, or when it is, you are repeatedly asked, did you seek to look for a
19 document, the document then confirms that you did look for it. So can you
20 explain why a few minutes ago --

21 A. Chairman, where do I look for payment in that document?

22

23 CHAIRMAN: Well I can see it. It says "I acknowledge receipt of your fax.
24 The agreement reached between the parties is as follows finders fees 2 million.
25 Price of the building 4 million."

26 A. That doesn't specify that it is due now, on that date on the 10th of March. It
27 is just recording what had been discussed at the meeting.

28

29 CHAIRMAN: No, no, what had been agreed. It says the agreement reached. It
30 was a concluded agreement

1 A. Yeah, but subject to a lot of commercial advancement and progress and
2 development and redevelopment. It doesn't, nowhere do I specify here, and
3 this fee is due by date X and I look forward to receiving your cheque etcetera.
4 To put it on record, that there is an agreement, subject to the vision I have
5 of this building and what should happen, happening and if that company
6 benefited, because here they have the value of a building at 4 million pounds.
7 I believe an uplifted valuation would be readily available for any
8 international property advisor, and then the potential pay back from
9 redevelopment on top of that would make that a realistic and reasonable
10 commercial proposition. I have put the company into that opportunity. But it
11 is not specifying at any stage that this is due at that juncture at all.

12 Q.174Mr. Lawlor, you knew that your letter of the 10th of March, sorry your letter
13 of the 23rd in which you were setting out the Ardenode agreement as being
14 monies due to you was intended to be a demand for that money to be paid at that
15 particular time, and it elicited a response from the people to whom you
16 directed it which came to you by fax and the response to that fax is your
17 repetition of their being an agreement between the parties which was as
18 follows, "that you were to get a finder's fee etcetera of 2 million and price
19 of the building 4." It was in the context of an ongoing demand by you to be
20 paid those sums. Do you not agree?

21 A. No it was a recording of my interpretation of what was agreed.

22 Q.175We'll put the fact on screen?

23 A. But they couldn't quite reconcile what was in the Ardenode agreement.

24 Q.176What they say in relation to your fax of the 10th is that as previously
25 notified to you the figures you are quoting for the purchase price and finders
26 fee in relation to the above property are not in accordance with the
27 instructions I have received from our managing director Sean Mulryan. The
28 figures quoted in your latest letter would result in the building costing 6
29 million before substantial other costs such as legal fees, local agents fees,
30 local taxes etcetera. And then he says its for this reason I suggest we meet,

1 and look forward to a meeting in the offices of their solicitors on Tuesday.

2 A. That was the valuation that was being talked about that the building was worth.

3 Q.177No, Mr. Lawlor, you are failing to appreciate that the people you were making,
4 you were providing with details of the 2 million, you were viewing it in the
5 context that you were seeking to be paid 2 million and they were telling you
6 that there is no agreement, you are not entitled to that 2 million. If you
7 were, it would translate into the building costing 6 million, which is not what
8 was agreed. Isn't that what they are saying here?

9 A. Mr. Fagan says Mr. Mulryan instructed him accordingly, I might wish to disagree
10 what Mr. Fagan's interpretation of the discussion, my recollection is very
11 clear, we discussed if the whole transaction turned out to be the success that
12 it had the potential, that's the way it would be reflected, that's why I put
13 that there on record on the 10th of March 2000.

14 Q.178I am suggesting to you, you are putting it forward so that you would be paid
15 various sums set out in that letter, that was your intention.

16 A. My intention was that if it succeeded for the company, as discussed with the
17 principal at that time, that would in time be reflected, that's all, no more,
18 and I thought I had been due that then I would have vigorously pursued, and why
19 wouldn't I. Why would I leave it there, for what discussion did we have, I am
20 not sure that I actually met that solicitor's office in London on that date.

21 Q.179You did?

22 A. I did but, you know, I don't know what the outcome or conclusions were. But
23 they weren't definitive as far as I know, I don't even remember discussing it
24 in any detail with Mr. Fagan actually. The only discussions I recall about
25 this matter would be with the principal and not Mr. Fagan in any detail.

26 Q.180Mr. Lawlor, I am putting to you that as and from December of 1999 you had
27 reached or believed you had reached an agreement with Mr. Fagan that he would
28 pay you 2 million, sorry Mr. Mulryan rather than Mr. Fagan, that he would pay
29 you 2 million pounds, is that so?

30 A. Only subject to the commercial advancement of the project.

1 Q.181Right. And where --

2 A. Only subject to that.

3 Q.182Where did you record any of the terms of that agreement with Mr. Mulryan other
4 than in your subsequent letter in February where you were seeking 2 million
5 pounds on foot of that agreement?

6 A. It wasn't recorded in, other than as was set out in my verbal discussions with
7 him when he agreed that if the building could be bought, I don't think we
8 agreed a figure then, because he wanted to see the building first. When he
9 came, saw the building, saw the redevelopment potential which I had outlined,
10 that was the general assessment of what way things would go forward. If I had
11 an entitlement to that figure for the last two or three years I would have
12 vigorously pursued it or a settlement of same, which I haven't.

13 Q.183Mr. Mulryan hadn't seen either of these buildings until his arrival in Prague
14 in late January, isn't that right?

15 A. Whenever, I can't remember.

16 Q.184Sorry?

17 A. 17th, I think was referred to, he was visiting.

18 Q.185You know he didn't turn up on that day?

19 A. Quite honestly I don't, to be honest.

20 Q.186Well you met him and stayed with him, did you not?

21 A. I did, yeah, but I didn't know that he didn't turn up on the day to be honest.
22 You seem to put a lot of emphasis on matters which to me don't give me a second
23 thought. Could have been the 17th, could have been the 19th; haven't a clue
24 what date he turned up other than he did come to Prague. We spent a great deal
25 of time looking at the building and its opportunities and so forth, I think he
26 came and spent two days, maybe a third, I don't know, but came, looked, saw and
27 did business. That's all I recall.

28 Q.187Before he had arrived Mr. Lawlor, you had drafted an agreement through, or you
29 drafted a letter which you forwarded to Mr. Seddon and you asked him to forward
30 on to Mr. Mulryan which we see at pages 257 to 260?

1 A. Yeah.

2 Q.188 In that you set out at page 259, or he sets out what you told him to set out,
3 as follows.

4
5 "My understanding of the contractual and financial agreement is as follows"
6 You see a table then of figures, basic contract price: 3 hundred million which
7 is 5.5 sterling. Instructed price for sell on: 396 million which is 7.2
8 million sterling.

9
10 Then we see a series of figures coming in total to 8.1 million or thereabouts
11 isn't that so?

12 A. Yeah, and I think you find another letter there. You find they were the
13 figures provided by Dr. Kavalek to Tony Seddon.

14 Q.189 You see at the time --

15 A. Sorry, just a second Chairman, there is a letter saying directly thank you for
16 the figures, we have submitted them; from Dr. Kavalek. That's what Seddon is
17 setting out there.

18 Q.190 The figures which Dr. Kavalek provided showed the figure of 162 million as
19 being the sale price, 3 hundred million as being a valuation which was put on
20 it by the RIF fund. Those documents have been discovered by you on Friday the
21 12th, Mr. Lawlor?

22 A. Just on the 252 re Hybernska "Enclosed, a copy of the letter I faxed to
23 Dr. Kavalek this morning. Also a letter received for Sean Mulryan which
24 figures you gave me today" and then that was in discussion with Kavalek, they
25 were the figures that were set out and they were put to Mr. Mulryan in draft at
26 that stage, prior I believe to his visit to, so that he would be aware of what
27 the figures were before he came to Prague. I think.

28 Q.191 Mr. Lawlor, you drafted all of the figures that are in the tabular format in
29 front of you?

30 A. Provided by Aspen and Dr. Kavalek to me.

1 Q.192At the time that you drafted these figures you knew that the sale price from
2 the RIF Foundation to Aspen was 162 thousand?

3 A. Correct, yeah.

4 Q.193So why did you put down 3 hundred million as being the basic contract price
5 when you knew the basic contract price was 162?

6 A. Because that was part of the ongoing negotiations to be discussed when he
7 visited and put a figure on what he was prepared to pay. I wasn't, you know,
8 working for Mulryan to give him, pass him on the building for the price that I
9 was buying it in at. He was going to decide what price he was going to pay for
10 it.

11 Q.194The buy in price was approximately 3.1 million. The sell on price was 8.1
12 million.

13 A. Yeah, so what. So what, what's your problem?

14 Q.195I am putting to you, Mr. Lawlor, that those were utterly unreal figures, it
15 would be immediately --

16 A. So what if they are unreal figures. They are, they are down there, so what's
17 your big deal with them. They were set out as the valuation, 3 hundred million
18 Czech koruna was the valuation put on the building by RIF. Sean Mulryan was
19 coming to put his own valuation on it, he could have been delighted with that,
20 he could have halved it. I came back to Dublin with him on the plane and coming
21 in over Dublin Bay shook hands and he said "if you can go back and buy the
22 building for a total outlay of 4 million Irish I will do the deal" and that is
23 not recorded anywhere, and that's exactly how the deal was concluded.

24 Q.196Mr. Lawlor --

25 A. So that's all I can say to you. We went back and negotiated it at that figure
26 based on what he said he was prepared to pay. If he had been prepared to pay
27 less or more the deal would have been done probably within reason, so you know,
28 that's the way the deal was done. I can't add or take from it. And you can
29 laboriously drone on here about these figures and Seddons letters and values
30 and numbers; that's exactly how the business was concluded, handshake coming in

1 over Dublin Bay, on a Czech Airline. If you can buy it for 4 million Irish
2 total, plus some costs, I will do the business. Shook hands and I went back
3 and did the business, that's all I can add.

4 Q.197Mr. Lawlor, in setting out a series of figures here, could I suggest to you
5 that the only figure which is a real figure is the price of the Telephone
6 Exchange Contract at 17,300 sterling, and that every other figure here has no
7 basis in reality?

8 A. They were all part of renegotiations.

9 Q.198Were they real figures? Let's start with the basic contract price. Was there a
10 basic contract price of this building of 3 hundred million; yes or no?

11 A. The basic contract price would have been to Ballymore Properties at that figure
12 if they were prepared to pay it.

13 Q.199No. The price for sell on is what they would pay, is 396, the basic contract
14 price is the price which you were representing, presumably as being the price
15 of your buy in of the building before the profits were added to it?

16 A. I don't know what you are saying.

17 Q.200Sorry?

18 A. I don't know what point you are making.

19 Q.201I am making the point that the basic contract price?

20 A. Which basic, to Aspen?

21 Q.202The contract prices between Ballymore and the vendor, Zatecka, which was the
22 intended contracting party at this time, was 396 plus all the additional
23 expenses, that was the sell on price. The basic contract price therefore has
24 to be another contract, and the only other contract which exists is the
25 contract between Aspen and yourself, that was the intended contract?

26 A. But all that was prior to the man's visit and the negotiations that ensued that
27 changed those figures around substantially, and that's what occurred. That's
28 part of taking a negotiating position as such. That was the valuation. The
29 Funds selling the building said that you were bidding for a building that had a
30 valuation of 3 hundred million; If the property market was depressed and the

1 best bid you could get was 164 million that mightn't reflect the value of the
2 building, it could be worth a lot more, but there wasn't a taker or buyer for
3 anything more and it has happened regularly, so how many have buildings not
4 reached their tender price and had to be withdrawn and renegotiated and so
5 forth.

6 Q.203Mr. Lawlor, you were in a position to tell Mr. Seddon that it suited
7 Mr. Mulryan's purposes to have the value of the building at 3 hundred million?

8 A. No, sorry Chairman. The valuation provided by the government agencies selling
9 the building put the valuation, I think in the contract documents, which I
10 didn't pay a lot of attention to, as a valuation of 3 hundred million, that's
11 my recollection. And I always recall, and I think its referred to in Seddons
12 note somewhere that this valuation was 3 hundred million pounds. I have seen
13 it time and again in the Czech Republic where various agencies put valuations
14 on buildings which eventually don't remotely reflect the actual buying price
15 because the valuation of a building is what somebody was prepared to pay for
16 it, not what somebody theoretically thinks it is worth.

17 Q.204Mr. Lawlor, if we move down through the rest of the figures here, there is
18 Aspen's assignment agreement which you have down as a quarter of a million
19 pounds sterling?

20 A. Yeah.

21 Q.205I suggest to you that there was never an Aspen agreement where they required
22 250,000 pounds sterling as an assignment?

23 A. No. But there was a demand in discussions with Smith.

24 Q.206There was in fact and you knew that a fee of 8 million, 8 million koruna that
25 was going to be paid in the course of the transaction?

26 A. That's what I might have eventually agreed. That's what I am saying that was
27 the asking price, if you go to 244, Seddon's note.

28 "Need a couple of meetings to get organised, will be ready. Trying to achieve,
29 wants best start up in Hybernska, valuation by Restitution Fund at 3 hundred
30 million. Look at it fitted out. Mulryan 6.6. 300 million Czk.

1 Don't want Kavalek to talk to Ambrose or Mulryan, could be a terrific rent
2 roll, Ambrose will look at it and spend. Need to be fit out. Property finance
3 by Ballymore Group. LAL keep equity in the development. Bank of Bohemia wants
4 to check availability of the other building."

5 That's all part of the commercial ongoing there.

6 Q.207Mr. Lawlor, I am putting on screen now, another attendance of Mr. Seddon's
7 which was taken on the 21st of January 2000, its not in your brief of documents
8 because it wasn't produced to the Tribunal until your latest discovery, and
9 wasn't reviewed before Mr. Seddon's attendance as a witness, but it is an
10 attendance that speaks for itself I think? 25th January, Liam Lawlor. Talks it
11 about-- sorry, I will wait until it goes on the screen.

12
13 "Re records the fund and against that 162 million. Then

14 Aspen 162 plus. We'll see 8 million across from that. And then Zatecka
15 beneath that. Then Liam Lawlor 8 million sterling to Erst in London."

16 Do you see that document?

17 A. Yeah.

18 Q.208So that you had that document on the 25th. This letter which we have before
19 us, with the table on it, was drafted on the 25th, sent on the 26th and in it
20 you are recording Aspen S.R.O. assignment, agreement, a quarter of a million
21 pound sterling. There was, that was not what was envisaged by you at that
22 time. You were envisaging they would get 8 million for their involvement, that
23 is 8 million koruna?

24 A. All I can be certain of is what I finally concluded. You know, Ron Smith was
25 looking for, and was afterwards looking for, and afterwards received payment
26 from Ballymore extracurricular to any of this. So you know, if you want to try
27 and hang your hat on what Ron Smith thought he was entitled to or was looking
28 to get or whatever.

29 Q.209No, this is what you were claiming?

30 A. But this is claiming what I might be prepared to pay him.

1 Q.210 You had no intention of ever paying him this sum of money?

2 A. This figure here, sure so what.

3 Q.211 250,000 pounds?

4 A. It was set out there as the absolute top dollar before the man came. The man
5 came and said that's what he would pay and that's what the deal was done on.

6 These figures are a start off point was the Restitution Fund valuation put on
7 it.

8 Q.212 These figures were expressed in this letter, Mr. Lawlor, to Mr. Mulryan, as
9 being the financial agreement?

10 A. No, they weren't. Never agreed. How could they be agreed when the man hadn't
11 even seen the building at that stage.

12 Q.213 You drafted the letter?

13 A. Yeah, sure.

14 Q.214 The letter went to Mr. Mulryan?

15 A. Yeah.

16 Q.215 The letter said "my understanding of the contractual and financial agreement is
17 as follows."

18 You drafted that. You used those words.

19 A. In ongoing negotiations the matter changed dramatically, so what? What, what's
20 the point of all the time wasting and discussion?

21 Q.216 The point of this?

22 A. Sure we know what factually happened.

23 Q.217 The point of this, Mr. Lawlor, is that you saw fit to create this document for
24 your own purposes which contains significant material misinformation through it
25 as part of an arrangement through which you were to receive money if it had
26 gone through, from Mr. Mulryan. That is the significance of it.

27 A. But sure the negotiations concluded with a different set of figures which you
28 are aware of. So what's your big issue?

29 Q.218 Was this a device on your part, one of the devices through which at one point
30 in time you thought you would receive your 2 million?

1 A. Not remotely reflecting in it other than starting off with, and I can just
2 assure you that Ron Smith, in his initial demand, was probably somewhere at
3 that region. Based on, if the valuation was accepted by Ballymore at 3 hundred
4 million CZk which was the supposed valuation. The legal fees for Aspen's
5 lawyer, I think they were actually higher, formation of the company and legal
6 fees negotiated was 55,000 sterling I recall to Seddon. And there was other
7 figures that had been agreed with Aspen going forward in managing the building
8 etcetera.

9
10 So you know, that first figure reflected what the valuation was provided by the
11 Restitution Fund. Now when the principal and his advisers came, ran the rule
12 over the building, they turned around and said "this is the figure we'll pay
13 for the building, if a deal can be done at that figure, we'll do business, if
14 it can't, forget about it." Simple. All over in a 20 minute discussion and
15 the final stages of a flight from Prague where he did a square footage, did his
16 calculations said how much the square foot he would pay for the building, said
17 "that's if, if you come back and negotiate the building at that figure I will
18 do business, if you can't, don't waste your or my time."

19 Q.219 Where was your remuneration to come from in that figure, Mr. Lawlor?

20 A. Because as you know the price of the building was negotiated at the figure that
21 was bought in and all the other discharges and the surplus was, as rehearsed
22 here hour on hour on Friday last, in Zatecka 14 S.R.O. That's where the
23 surplus was, that was it. That's what was concluded out of the agreement and
24 the rest is history.

25 Q.220 So instead of getting the 2 million and the expenses, what you got was the
26 surplus of fund which happened to be in the bank account at the Erste Bank?

27 A. That's exactly the way the whole transaction concluded, then there was the
28 chopping and changing.

29 Q.221 That surplus hadn't been provided for originally to meet that eventuality, had
30 it?

1 A. What do you mean by provided by who?

2 Q.222By Ballymore, who put the money in. They didn't put it in on the basis it was
3 going to represent your ultimate profit, isn't that right?

4 A. They weren't interested.

5 Q.223No?

6 A. They weren't remotely interested. They just said if the business can be done
7 to us at 4 million Irish, we'll do a deal. And I was capable of doing the
8 business at 4 million Irish for Ballymore, and that's how the business
9 concluded.

10 Q.224So it happened to be a happy coincidence that the money that happened to be on
11 deposit, which was surplus to 162 million koruna, represented the profit you
12 were going to get out of the deal?

13 A. That wasn't known at any given time until it was concluded.

14 Q.225So it was a happy coincidence?

15 A. Until the negotiations were concluded.

16 Q.226So it was a happy coincidence instead of getting 2 million as you thought, you
17 were going to get out of this deal, you got about 2 hundred and something
18 thousand, is that right?

19 A. Whatever, yeah. Whatever the figures are, they are there.

20 Q.227You see the figures don't stack up Mr. Lawlor, is what I am putting to you?

21 A. All I know is I finalised the building acquisition, discharged all the fees,
22 whatever the surplus was, on the basis that if I was prepared to accept and
23 lead the negotiations to conclude the deal, with a gross cost to Ballymore as
24 per my handshake with the principal, then I could conclude it. If I couldn't
25 do that there was no deal. I went back after that visit to Prague, and I
26 negotiated and then Seddon's Solicitors, London, and Howard Kennedy Solicitors
27 from Ballymore and Mr. Fagan, I never heard of him in my life didn't know, even
28 though I knew the company for years previously, got involved in tying up all
29 the detail. That's it, there is no magic about it. The man said he would pay
30 a price for it, he wasn't going to pay the price on the valuation that the

1 Restitution Fund had, that I had reflected in my documents, and he paid 4
2 million Irish. And 4 million Irish left a surplus and that's it.

3 Q.228It's one o'clock.

4

5 CHAIRMAN: You are not finished yet Mr. O'Neill?

6

7 MR. O'NEILL: Regrettably not, no.

8

9 CHAIRMAN: All right. 2 o'clock.

10

11 THE HEARING THEN ADJOURNED FOR LUNCH.

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1 THE TRIBUNAL RESUMED AGAIN AS FOLLOWS AFTER LUNCH:

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3 MR. O'NEILL: Mr. Lawlor, please.

4

5 EXAMINATION OF LIAM LAWLOR CONTINUED BY MR. O'NEILL:

6

7 Q.229Mr. Lawlor, I would like to deal now, if I may, with the outstanding discovery
8 requirements of the Tribunal stemming from its order of the 12th of March,
9 which you appreciate is the order on which your compliance is being examined.

10

11 Particularly in relation to the affairs of two legal entities with which you
12 have been involved, namely Haynes & Trias or Andrew J Haynes who are barristers
13 and solicitors, Gibraltar and also with David Morgan Whitehead & Company in
14 relation to their dealing with a sum of money which was lodged to the account
15 of Andrew J Haynes in Gibraltar in November 2001, namely a sum of 4 hundred
16 thousand Irish pounds.

17

18 We have been through it in some detail in July last, and I think that the
19 position at that time was that you were acknowledging that the funds which were
20 in the accounts of Andrew J Haynes were funds which were being held to your
21 benefit and that of your wife Hazel Lawlor, and that those monies had been sent
22 to Gibraltar by your then acting solicitor in Ireland Mr. Dermot Coyne; isn't
23 that so?

24 Q.230 Correct, yes. Mr. Coyne had sent those monies to Gibraltar, there having been
25 a request generated through Andrew J Haynes' firm for approximately a million
26 pounds sterling, which is the claimed indebtedness on foot of the Longwater
27 loans and he was sending the money to that firm in purported reduction of
28 those funds. Isn't that so?

29 A. Yes, as I agreed with Nicholas Morgan.

30 Q.231Yes. Your evidence on that occasion was that you had had no direct contact

1 with Haynes & Trias or with Mr. Andrew J Haynes of that firm wanting the
2 setting up of the account in which the funds would go, but that Mr. Nicholas
3 Morgan was your point of contact with regard to the setting up of that account,
4 isn't that so?

5 A. Yeah, either he gave myself, my office or Dermot P Coyne's office details.

6 Q.232Correct. He, as far as you were concerned, had given directions that the 4
7 hundred thousand pounds was to find itself in the Gibraltar account, but no
8 funds were to be paid out of that account without your express authority, isn't
9 that right?

10 A. Yes, on the basis that he would liaise with John Caldwell to see if he could
11 get agreement that there was not going to be any legal pursuing of the loan
12 agreement.

13 Q.233Right. So that the monies, as far as you were concerned, were monies which
14 were to remain in this effective escrow account until such time as you had
15 given an authority for them to go elsewhere, isn't that right?

16 A. That's correct, yes.

17 Q.234And you had communicated this to Mr. Morgan though there was no discovered
18 documentation at that time from you of those instructions to Mr. Morgan or of
19 Mr. Morgan's instructions to Haynes & Trias to perform that service for you?

20 A. I'm not sure what documents you referred to.

21 Q.235These are the documents which we went through at some length in LL disk 13.1
22 and LL disk 13.2. We went through each one of the documents, in fact, in that
23 file for you and your conclusion on it was that there was no documentation on
24 that file dealing with your instruction to Nicholas Morgan to hold these monies
25 until such time as he had resolved an ongoing dispute with Mr. John Caldwell.

26 A. No, that was a discussion I had with him that he would undertake to have that
27 discussion.

28 Q.236The Tribunal at that time in July expressed its concern that it appeared that
29 Mr. Morgan was acting as your solicitor on this occasion, yet you had not been
30 in the position to produce the documentation in question. And equally the

1 Tribunal expressed concern at the fact that there were substantial funds which
2 you had provided in a Gibraltar account, which since a date in 2002 had been
3 held to your account and that of your wife, but at the same time you had not
4 been in a position to produce the Haynes & Trias file, isn't that so?

5 A. Well, I cannot clarify for the Tribunal the exact interrelationship,
6 partnership, or solicitor or whatever, as to where Nicholas Morgan interfaces
7 with Haynes & Trias.

8 Q.237Yes.

9 A. I am not clear on -- other than he just introduced this firm by name, I think
10 Dermot Coyne would have got the information or my office got it, so.

11 Q.238But in addition to introducing that firm, that was a firm which had written to
12 you on behalf of Longwater Investments Limited looking for the return of a
13 million pounds sterling and that was the firm to whose account 4 hundred
14 thousand Irish pounds was lodged in November 2001?

15 A. It was my understanding that that was a firm of solicitors that looked after
16 the affairs of Longwater and various other Morgan entities, which I have no
17 knowledge of.

18 Q.239Yes, you were made aware I think, by Mr. Morgan, that this was a subsidiary or
19 an associated firm of Nicholas Morgan's, that is David Morgan Whitehead &
20 Company.

21 A. Yeah, I don't know whether it was an associate or whatever. It was a firm of
22 lawyers. To the best of my recollection every time we sought information they
23 provided it and eventually then they provided the final file through my efforts
24 with Isadore Goldman and, because at a certain time they said, look, you have
25 to contact the solicitors in London. And my recollection is that the final
26 discovery they referred to the fact that the other information on this client
27 account was to do with other clients and that, therefore, they weren't in a
28 position, or wouldn't discover that particular documentation, but that they had
29 discovered everything that was of any relevance to my interface with their
30 office.

1 Q.240 Yes, it may help you to know, Mr. Lawlor, I will open in detail the contents of
2 those letters which have passed since the Tribunal last sat and considered that
3 issue insofar as they relate to Haynes & Trias and Nicholas Morgan, but before
4 doing so, I just wanted to establish what your understanding was of your
5 relationship with Nicholas Morgan in connection with the setting up of the
6 Haynes & Trias account. I think you have confirmed to me that you did not have
7 a direct contact with Haynes & Trias.

8 A. No, I never had.

9 Q.241 That Mr. Morgan was the person who on your behalf was going to try and
10 negotiate with Mr. Caldwell on the question of the loans and any repayment of
11 the loans, but in the interim the funds which were being sent by you to the
12 Haynes & Trias account in Gibraltar were to remain there awaiting your further
13 direction?

14 A. Yes.

15 Q.242 Isn't that so?

16 A. That's correct, yes.

17 Q.243 And to that extent I think it's agreed by Haynes & Trias that the funds are
18 your funds, or more correctly your funds and those of your wife, and that they
19 are held to your order in their solicitor's client account?

20 A. Yes.

21 Q.244 The role of Mr. Morgan in that was that he (a) set up the account, presumably
22 at your behest and, secondly, that he was the person who after consultation
23 with you -- I see you have some documents there.

24 A. Sorry to do with Hybernska.

25 Q.245 We might deal with them a little later then.

26

27 To revert, that Mr. Morgan's role in this was to set up the account in the
28 first instance, to receive the funds which would come into it and after
29 negotiation with Mr. Caldwell, as to whether or not there was any outstanding
30 monies due to you, directions would be given about the balance of monies in

1 that account, isn't that so?

2 A. Yeah, Mr. Morgan felt that he was in a position to be fairly certain that in
3 his discussions with John Caldwell, which he would have referred to from time
4 to time, that he felt that there could be some sort of finality. And I would
5 have emphasised to him to either have a solicitor representing or John Caldwell
6 or Haynes & Trias by instruction from John Caldwell to write confirming his
7 acceptance of the situation as I interpreted it and that had been sought by my
8 accountants and so forth. And that was ongoing and remains ongoing between
9 Nicholas Morgan and John Caldwell.

10 Q.246 We established I think on the last occasion that there were numerous
11 withdrawals from this 4 hundred thousand, which were initiated by you, that you
12 advised Nicholas Morgan of the fact that you were making such withdrawals and
13 that there is no outstanding balance in your favour of about 40 thousand
14 sterling standing to those accounts?

15 A. Yeah, I told Nicholas Morgan I needed those funds to discharge ongoing
16 outgoings for my own office in Dublin. And obviously in agreement with John
17 Caldwell, he got agreement that that arrangement could prevail and that's what
18 was enacted over the period.

19 Q.247 Right. I am just going to read into the record, Mr. Lawlor, the correspondence
20 which has passed since that time. I think you may have copies. I am going to
21 hand you copies of these letters discovered by you to the Tribunal. They are
22 in chronological sequence starting with a letter from Andrew J Haynes
23 barristers and solicitors dated the 17th of July, though you will see that it
24 refers to a fax of the 6th of August, so a little unclear as to whether you
25 received it July or otherwise. It seems to have been the 20th of August rather
26 than the 20th of July. If you look to the top copy there, there is a fax 20th
27 August 2003, Wednesday, so may be it is out of sequence, but we'll read it.

28 A. I am looking at page 14, is that right?

29 Q.248 That's right. Yes. It's dated the 17th July 2003 but it is referring to a fax
30 of the 6th of August. If you look to the top of it underneath there it seems

1 to be 20th of August.

2 A. Yes, so there is -- 17th of July should be something else, should it?

3 Q.249 It should be the 17th of August I think.

4 A. I think we might have corrected that.

5 Q.250 So perhaps if we read page 12 first rather than page 14 it is probably the
6 correct sequence. A letter from Andrew J Haynes barristers and solicitors, I
7 think they are the firm Haynes & Trias that you had the client account with?

8 A. Yes.

9 Q.251 It's to you on the 23rd July 2003:

10 "Dear Mr. Lawlor, thank you for your fax to me of the 22nd July.

11

12 I confirm that the file has been forwarded to Isadore Goldman who are
13 considering the papers.

14

15 I should make it clear that while we do hold funds to your order in our general
16 client account, I reiterate this firm does not act either for you or
17 Mrs. Lawlor."

18

19 If we revert back then to page 14, and assume this to be the 20th of August:

20 "Dear Mr. Lawlor, further to your fax of the 6th of August we respond as
21 follows: We are not your solicitors.

22

23 We have provided copies of all documentation to our lawyers Isadore Goldman.

24

25 So far as we are aware, all such documentation to which you are entitled has
26 been provided to you.

27

28 We are concerned that a suggestion has been made by the Chairman of the
29 Tribunal that a complaint should be processed when its grounds are clearly
30 misconceived. As acknowledged by you we have been 'most helpful in assisting

1 you in your compliance with your discovery responsibilities' and trust that you
2 will re-assure the Tribunal in this regard".

3 A. Chairman, I faxed a copy of the transcript of the day when you made your
4 comments about what should or shouldn't be done and made him aware of that view
5 that you adopted on that day and that's why they were responding accordingly,
6 because I was pressing them to give me whatever documentation I was entitled to
7 and reflecting the views expressed by yourself, Chairman.

8 Q.252 If we refer to the next document then page 105. It is the fax of the 29th of
9 July, which I believe was in response to your faxes which had been sent at a
10 time when you were giving evidence before the Tribunal and the response there
11 was:

12 "Our accounts manager is on holiday this week and I am therefore unable to
13 provide you with copies of our client account statements. However I am able to
14 provide you with copy of our transfer instructions and debit advices relating
15 to the transfer which we have made on your behalf and I hope that these will
16 suffice for the purposes of discovery (see attached).

17 With regard to the other matters referred to in your fax I reply as follows:

18

19 Current balance on our client account held on behalf of yourself and your wife
20 is approximately 40 thousand pounds.

21

22 I confirm that the Longwater Investment Limited file has been passed to Isadore
23 Goldman solicitor".

24

25 The next document is page 24, the Tribunal had independently written to Isadore
26 Goldman who represent the interests, not only of Haynes & Trias but also of
27 Mr. Nicholas Morgan, David Morgan Whitehead & Company solicitors, CI Law Trust
28 group and others. And they reply as follows:

29 "Your letter of the 17th of July addressed to Nicholas Morgan has been passed
30 to us, for as you are aware we act on his behalf in connection with the above

1 matters.

2

3 Whilst our client is happy to assist the Tribunal as best he can without
4 breaching his duty of confidentiality he is not prepared to attend before it to
5 give evidence regarding dealings between David Morgan Whitehead & Company and
6 Mr. Lawlor. Through this firm (Isadore Goldman) our client has received a
7 request for certain documentation from Mr. Lawlor on issues raised by the
8 Tribunal and in that particular respect we are arranging to review and send the
9 relevant papers within the course of the next few working days.

10

11 If there were any particular matters which the members of the Tribunal wish to
12 raise or take up with our client he has instructed us to indicate to you that
13 he would be happy to deal with them within the confines of his duties in
14 writing. Yours faithfully".

15

16 The next document I refer you to is a letter from the same firm addressed to
17 you at page 72, it is the 25th of July, 2003.

18

19 "Dear Mr. Lawlor, thank you for your fax to me of the 24th July, since when you
20 have attended at these offices. I am enclosing copies of the following
21 document.

22

23 Extracted papers from the file of Haynes & Trias. These exclude any
24 correspondence between my clients and Haynes & Trias which are subject to legal
25 professional privilege.

26

27 Documents extracted from the Metro Launch papers.

28

29 Documents extracted from Valley Holdings Limited file.

30

1 Documents extracted from Longwater Holdings Limited file so far as they touch
2 and concern you.

3
4 We have not supplied you with the original deeds either for Valley or
5 Metrolaunch insofar as they hold property assets, but these are available for
6 inspection on its register.

7
8 My client advises me that the correspondence files for Valley Holding is not
9 available and appears to have been mislaid. At the present time it cannot be
10 located although my client searches continue.

11
12 So far as Vino Properties is concerned my instructions are that you had nothing
13 to do with this company. You were never a shareholder, there was no
14 correspondence directed by my clients to you in that respect and therefore
15 nothing is available for production."

16
17 If I might just stop for a moment, Mr. Lawlor, that in fact is one of the two
18 entities which resulted in you receiving funds which ultimately we know came
19 from either Mr. Caldwell or his companies in the sum of 825 thousand
20 deutschmarks, isn't that so?

21 A. Yes.

22 Q.253And that sum was the sum which was used in the opening of the Liechtenstein
23 bank account at the Landesbank, isn't that correct?

24 A. Yes.

25 Q.254What Isadore Goldman are saying to you here is that you cannot have any of the
26 papers in relation to that because so far as Vino Properties Limited is
27 concerned their instructions are that you had nothing to do with this company.
28 You were never a shareholder, "there was no correspondence directed by my
29 clients to you in that respect and therefore nothing is available for
30 production".

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They go on to say:

"Finally, so far as your letter of the 24th July is concerned where you mention three new entities I deal with them in turn.

Rosehill Trust, this is a private trust of the late David Morgan and its papers are not available for production and inspection.

Drabbin Limited so far as our client is aware this company is in liquidation but its affairs were not administered by them".

You may know, Mr. Lawlor, whether this is the company which was responsible for advancing the second tranche of funds that is the 350 thousand pounds which came to your Liechtenstein bank account in 1998?

A. Chairman, I wasn't so aware, no. That name arose in paperwork.

Q.255I see.

A. I think provided here at the Tribunal. No, I had never heard of the company.

Q.256I see "'Vibert' these are our client Jersey advocates" act for Isadore Goldman an Nicholas Morgan act in turn through them.

A. Again that name means nothing to me at all.

Q.25728 July, Isadore Goldman wrote as follows:

"Dear Mr. Lawlor, thank you for fax to me today which I followed on from a fax which you sent to my client on 26th July. Two points remain extant and I shall deal with each of them in turn.

A. Metrolaunch Limited. I have received the file from the administrators and reviewed it. I now attach such document as within the confines of my instructions are appropriate.

Trenary Limited you are mistaken in asserting that my client have instructed me to provide you with documents from the file. I have been asked to review the

1 papers to determine if there is any basis as to your assertive right to
2 closure. Having considered the position I see no interest ascribed to you and
3 in the circumstances without the consent of the principal beneficial owner and
4 bearing in mind my client's fiduciary duties as reflected in this earlier
5 correspondence I'm afraid the papers cannot be released".

6
7 You might confirm, Mr. Lawlor, that it is the case that the second payment in
8 1998 was a payment reflecting your shareholding held through Rylton in Trenary,
9 which received approximately 2 million pounds on the Baldoyle issue, the
10 Baldoyle lands, isn't that so?

11 A. You have a fixation with 2 million pounds, Mr. O'Neill.

12 Q.258 It was 2 million, Mr. Lawlor, of which you received the money which you lodged
13 in 1999 to your Liechtenstein account?

14 A. I don't think it was 2 million pounds to me.

15 Q.259 I am not saying you got 2 million pounds.

16 A. Sorry.

17 Q.260 I am saying the company which purchased the interest of Trenary paid 2 million
18 Irish pounds for it, and of that 2 million you received your share through
19 Mr. David Morgan Whitehead & Company, or certainly Mr. Nicholas Morgan, and
20 that that money formed the second lodgement to the Landesbank accounts in 1998.

21 A. That company to me was something administered and operated by Mr. Caldwell.
22 That's all I know. The paperwork I was never provided with.

23 Q.261 I think you may be wrong on that, Mr. Lawlor, Trenary the company, Trenary the
24 company now rather than Cara Sports, which was the company involved in Ireland,
25 Trenary was a company in Tortolla, which is administered through one of
26 Mr. Nicholas Morgan's trust companies, in that company you were a shareholder
27 through the Rylton Foundation of 25 shares, those 25 shares translated into 350
28 thousand odd Irish pounds, which were lodged ultimately to your Liechtenstein
29 bank, so whilst Isadore --

30 A. The names and interplay between the companies I was never familiar with.

1 Q.262 Well, the funds which came to your account came from a realisation of that
2 interest, I am putting to you.

3 A. Well, it was part of the Caldwell ongoing saga, which we have well researched
4 here and argued so forth, but it was to do with John Caldwell dealing with that
5 10 acres of land in the industrial zoned area of Baldoyle off the Grange Road,
6 yes.

7 Q.263 Yes, but it was dealt with offshore through Mr. Morgan's entities both his
8 solicitor's firm and trust firm, isn't that right?

9 A. My only point of contact throughout all that with -- was with Mr. Caldwell.

10 Q.264 No, Mr. Morgan says that this is the second sum of money which was structured
11 as a loan for asset protection reasons for you.

12 A. Yeah, I appreciate that. But it started out with John Caldwell, you know,
13 finished in an argument with him and everything in between. I wasn't familiar
14 with the detail of names or transfers or who held shares in what, etcetera, it
15 was --

16 Q.265 Certainly as regards your receiving your money it was received through the
17 offices of Mr. Morgan?

18 A. But I don't think they ever properly regularised the share situation, I had on
19 numerous occasions before disputes with John Caldwell, sought some form but was
20 never provided with anything.

21 Q.266 Well, the Rylton Foundation held a bearer share certificate for 25 shares you
22 were the beneficial owner of the Rylton Foundation and that in turn represented
23 your interest in Trenary.

24 A. I don't know, I recall something on the Rylton Foundation that they were never
25 issued or taken up or paid for, there was some issue between it, so, yeah, I
26 can't be familiar with the detail, but, yes, the principle of what you are
27 speaking about, Mr. O'Neill, is correct, yes.

28 Q.267 In either event, as regards what Isadore Goldman tells us here, they say having
29 considered the position they see no interest prescribed to you, which
30 presumably is you personally. For that reason although you have capitalised to

1 the extent of 350 thousand pounds from the only dealing that we know this
2 company had, namely, the sale in Baldoyle, Isadore Goldman nonetheless feel
3 they cannot give you any of the documentation. Isn't that what they are
4 saying?

5 A. I don't know whether that's without the consultation of the principal and who
6 that is, whether that is John Caldwell or not I am not familiar. So they are
7 suggesting here that somebody withholding the consent to give me what I have
8 asked for and they have reflected it in that. Now --

9 Q.268 They reflect it, Mr. Lawlor, by saying that having considered the position,
10 they can see no interest ascribed to you. Now, obviously there must have been
11 an interest ascribed to you or you would not have received 350 thousand pounds
12 of the assets of this company. And I am suggesting to you that your interest
13 in this company was held through Nicholas Morgan CI Law Trust Group, who were
14 the holders on your behalf of a bearer share certificate for 25 shares in the
15 company.

16 A. Well, I am of the opinion that Caldwell never approved the ascribing of the
17 interest and that's, therein lies the argument that developed. If he had of
18 ascribed the interest properly, provided it, one wouldn't have had to go
19 through the whole sort of process that had to be gone through, because he was
20 denying there was such an interest and that's as far as I can advance it; that
21 he refused at the time to accept that there was a liability or an interest and
22 afterwards it was resolved between them the way it was.

23 Q.269 Obviously Mr. Morgan must have been aware that you had an interest because he
24 wouldn't have paid the monies out to you unless he was aware of that interest,
25 isn't that right?

26 A. It would have been an argument that these matters were disputed in whatever
27 format and then going back to the discussions with his late father and so forth
28 and convincing him that if this matter was never going to be resolved there was
29 the potential of some profitable ongoing business that could have been pursued
30 that would have addressed these matters if John Caldwell who was asserting no

1 interest wished to press the matter.

2 Q.270Doesn't it appear, Mr. Lawlor, that there is an inherent contradiction here
3 between what the file shows and what the reality is?

4 The reality being that you were paid 350 thousand pounds of the proceeds of
5 this company, the file showing that you do not have appear to have any interest
6 in it?

7 A. Like if John Caldwell had been a man to his word, had done what had been
8 assumed he would do, then this dilemma wouldn't have arisen. So all I can do
9 is confirm that that situation arose, became a Mexican stand-off situation. I
10 couldn't even get to see him or meet him. He had effectively gone to live
11 abroad etcetera, and the only point of contact I had during the 90s in the
12 first instance was David Morgan and subsequently with Nicholas Morgan. To this
13 day I haven't spoken to the man since the early 90s, but I had a lot of
14 dealings with him prior to that period, including this particular situation
15 where I would have brought this land to his attention and told him that it was
16 a good responsibility and that he should consider raising the funds to purchase
17 etcetera. And he went on to do all that and then sort of denied that there had
18 been any liability to me in doing so.

19 Q.271I will move on, Mr. Lawlor, to the next communication from Isadore Goldman
20 which is dated the 5th of September 2003, in which he is thanking you for your
21 two letters of the 5th and 20th of August.

22 "As you have been aware one of my client's has been abroad, but I have now had
23 the opportunity of taking his instruction on the various enquiries you made."
24 Mr. Schaffer believes you are aware of who this client is, is that Mr. Morgan
25 who was abroad?

26 A. Yes I think he was abroad at the time in, sometime in August.

27 Q.272This is the 5th of September.

28 A. Yeah, I had been pushing because that was to give effect to the order from the
29 Chairman that I was complied by both the 5th and 12th of September. So I
30 devoted the month of August to pursuing these people and get everything that

1 was available or discoverable.

2 Q.273Turning first to your letter of the 5th of August you have asked for the
3 providing of any other relevant documentation and/or records in connection with
4 the order made by the Tribunal on the 21st July 2003. Adopting the headings in
5 that order and the numbering in each of those headings where relevant.

6

7 Zatecka:

8

9 1. All documents and records have been sent by Mrs. Seddon.

10

11 2. You already have the correspondence from CI Law in connection with the
12 profit share coupled with the two loan agreements which reflect all the
13 paperwork held", that is the two loan agreements from Longwater Investments
14 Limited to yourself in '95 and '97.

15

16 "3 see one above.

17

18 4. See one above.

19

20 Metrolaunch Limited and other entities. You have already collected the
21 documents and paper from these office.

22

23 2. These documents have sent.

24

25 3. My clients have no documents relating to your involvement and are unable to
26 offer any assistance.

27

28 4. See my letter of the 28th July 2003.

29

30 5. I understand you are producing the relevant documents.

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Seddons.

I understand you are securing these papers direct.

Mr. Bill Riordan. This does not involve my client.

Turning to your letter to me of the 20th August, the client account statement will not be produced. These are private document of Messrs. Haynes & Trias and are not within your power or procurement. You have already been provided with copies of the entire file and as far as my clients are concerned the matter is now closed".

Just for accuracy, Mr. Lawlor, I think it is correct to say that you have not been provided with any documents by Isadore Goldman from the Haynes & Trias file which identify the opening of the client account in the name of any particular client or the terms upon which those monies are to be held or to indicate that monies are to be held for the benefit of Mr. Liam Lawlor and Mrs. Hazel Lawlor; isn't that correct?

A. I don't know what way solicitors client account -- I conclude there that this is a sort of general client account, that there wasn't a specific account opened and I think we rehearsed this one before. That it is my assumption that Messrs. Haynes & Trias have a bank account, it is the client account and there could be one or a hundred client funds held in a client account. They are saying, well, we have told you what's related to your involvement in the client account, but the balance of the client account is to do with other clients and, therefore, is not -- so we are not going to give you pages and pages of bank statements showing --

Q.274Yes, we have seen an example I think, Mr. Lawlor, in Mr. Seddon's account where there is a general account which is held in the bank which the customer is Seddons. The account is called their client account, and there might be gross

1 sums there rather than individual items. But the solicitor maintains
2 individual ledgers in which each client is named and the fund which is standing
3 to the credit of that particular client is noted in an individual ledger for
4 that client.

5

6 I just want you to confirm, and I believe it to be the case having reviewed all
7 the documentation, you have not been provided with any ledger documentation
8 from the firm of Haynes & Trias which shows your account or your holding in the
9 client account of Haynes & Trias, isn't that so?

10 A. If they do have such a ledger just dealing with me it should have been
11 provided. If they don't and have it in a general ledger with various different
12 people, I presume because I have been able to provide to the Tribunal a very
13 detailed record of the account, so if there is something outstanding from them
14 which they should have provided I can renew the request, but I got the
15 impression that they had pretty well complied with our requirements through the
16 Tribunal's order and had met the obligations. And they are saying so here. If
17 there is some gap in what they have provided, if you can be specific I can
18 pursue it.

19 Q.275I think they are being quite specific here in telling you that as much as you
20 are going to get from them was the debit statement and the instructions to
21 their bank. But that there was documentation which they considered to be
22 private documents of Haynes & Trias that are not within your power of
23 procurement.

24

25 You have not, in fact, been furnished with any copy of the instruction to open
26 an account in the name of Mr. Liam Lawlor and Mrs. Hazel Lawlor in their firm,
27 or to open any file in which you will be shown as the holder of monies which
28 are in their client account; isn't that right?

29 A. I was of the opinion that when transfer was made by Coyne it just went to
30 Barclays client account under the name of Haynes & Trias.

1 Q.276 You are correct.

2 A. Therefore opening documentation to be provided, it didn't exist. If you are
3 making the point, Mr. O'Neill, that they should have sent me a ledger copy with
4 the entry and then the withdrawals and so forth, well fine. But we have, I
5 would like to think, already provided all of that by way of my own discovery to
6 the Tribunal. If Haynes & Trias should have given us something more than they
7 have I can pursue it.

8 Q.277 I am suggesting to you it was suggested in July, Mr. Lawlor, that if a firm of
9 solicitors is receiving monies from abroad for a client, they can only do so by
10 complying with certain regulations which amongst other things require them to
11 be satisfied that there is an underlying purpose in those monies being in their
12 account. In other words, as a purchase of property, or a return of a loan or
13 whatever it might be, they have to be satisfied, in other words, that there was
14 a contract involved, which is the reason why the contract for the sale of the
15 one acre was September to them in Gibraltar. But they also have to keep a
16 record of their client in relation to those funds. And we know that the funds
17 are yours and those of your wife, and correspondingly it was suggested to you
18 that you to that extent are a client of that firm and they should have a record
19 both a file opening reference to you and details as to how this account was to
20 be operated and managed.

21
22 As much as has been discovered to the Tribunal is documentation which records
23 the transfer of the funds to you in Ireland, the documents which you raised in
24 Ireland to have those funds transferred to you. And the instructions which
25 passed from Haynes & Trias to their bank. What is not present is any record as
26 to how Mr. Nicholas Morgan came to open this account, to receive your monies,
27 on what terms the monies were to be held, and who the client in relation to
28 these funds were.

29
30 I suggest to you on that occasion, and I suggest to you again now, that these

1 are documents which ought to be in the possession of the Haynes & Trias firm
2 and as such, should be discovered to the Tribunal since they relate to your
3 fund.

4
5 But I know that they are telling you here that these are private documentation
6 of Messrs. Haynes & Trias and not within your power or procurement. I merely
7 want to deal with the question of their stating here that you have been
8 provided with copy of the entire file, in fact you have been provided with
9 copies of your own requests for payment out and for their direct -- and of
10 course their directions to the bank to pay out and that is the limit of the
11 documentation you have been provided with; isn't that so?

12 A. All I can say, Chairman, is that when you turn to your letter to me of the
13 20th, the client account statements will not be produced. I presume that's
14 because, or else if they were producing them they should produce with a whole
15 lot of blacked out information, am I wrong in that interpretation? That they
16 get a statement from their banks and as I have said earlier, I think you agree
17 there could be 20 different clients funds in that client account, they feel
18 that that's something they wouldn't provide to me or any other client for that
19 matter, because it's just a general statement with all sorts of individuals. I
20 presume on the statement it has some sort of referencing relating to the
21 different 20 clients. And they are saying that that's their statement from
22 their bank with their confidential practice information. And I am not entitled
23 to that have. Then they go on to say they have provided me with copies of the
24 entire file.

25 Q.278I want to ensure, Mr. Lawlor, that there is no dispute between us as to what
26 exactly it is that Haynes & Trias have provided to you. Whilst they describe
27 it in this letter as the entire file, I am putting to you that as much as has
28 been provided is copies of your requests of them to receive monies and copies
29 of their directions to their bank to pay you the monies, that represents the
30 entire of the documentation.

1 A. Yeah, well, all I can say is I found them most helpful every time I rang and
2 got on and said you must do this or please do that for me. So if there is a
3 renewed requirement specifically set out as to what they haven't provided I
4 would have thought that -- they are saying they have provided everything I am
5 entitled to, however you are making a point, Mr. O'Neill, that there are other
6 records within that practice that I should be able to procure for them.

7 Q.279 Yes, what is being suggested to you, Mr. Lawlor, is that there is a file in
8 Haynes & Trias and that file relates to you and that file should be discovered
9 and certainly what has been discovered cannot be deemed to constitute a file,
10 it represent extracts from documents which passed between you, but cannot
11 constitute the entire file, because there is no reference to the instruction to
12 open an account. There is no acknowledgement to Mr. Morgan that it will be
13 owned --

14 A. No, I am not sure such exists. All I know when Dermot Coyne was provided with
15 the name of the practice and bank details which I think came from the practice,
16 that to me could have been a verbal instruction from Nicholas Morgan to this
17 lady I have dealt with Ms. Penny McKeown only ever spoken to by phone and the
18 name of the solicitors, or possibly if I have its discovered fax there with the
19 name introduced Dermot P Coyne. I am not so aware that there is documents that
20 you are referring to in existence. If there is I will renew that request to
21 the practise to say it is your opinion that there are, I will send them this
22 transcript of what we are discussing here and let them comment accordingly
23 that, yes, they are but they are refusing to disclose or yes, it is an omission
24 and we apologise and enclose same.

25 Q.280 Mr. Lawlor, if we look a little earlier to page 72, which is the letter of the
26 25 July 2003 from Isadore Goldman to yourself when they were sending the
27 documents Haynes & Trias file, they expressedly stated these are extracted
28 papers from the file. They exclude any correspondence between my clients and
29 don't distinguish there whether that is Nicholas Morgan as David Morgan
30 Whitehead & Company or individually or as CI Law Trust Group Limited or as any

1 one of the other entities under which he conducts his affairs, but they say
2 these excluded any correspondence between my client and Haynes & Trias which
3 are subject to legal professional privilege.

4
5 You may know that professional privilege vested in the client not in the
6 lawyers so that if you are the client who is asking Mr. Morgan, as you said you
7 did, to deal with the question of resolution of a dispute with Mr. Caldwell in
8 relation to funds, you are the client, the privilege is yours, it is not
9 Mr. Morgan's to reserve to himself. And if he opened the account or directed
10 that this account be opened in the context of the ongoing dispute which you say
11 exists between yourself and Mr. Caldwell, then he did so, I suggest to you, as
12 your solicitor, and as your solicitor he is bound to comply with your request
13 for documentation.

14 A. All I can say, Chairman, if there is such a situation that solicitor for the
15 Tribunal is quite at liberty to either communicate or speak with Mr. Schaffer
16 or Ms. McKeown and set out in detail what the concerns or requirements are, and
17 to see can a suitable reaction be got to achieve what Mr. O'Neill is outlining.

18 Q.281 Well, do I take --

19 A. Sorry?

20 Q.282 Sorry.

21 A. These people are saying you are not our client, we are not your solicitors,
22 however we have given you all records of our dealings with you. Now, if I want
23 to advance that I have to be very specific about what I am claiming I am
24 looking for. I am making notes of what you are saying, Mr. O'Neill, and will
25 attempt to advance it if it is advanceble.

26
27 I can't say yes or no that the documents that you are referring to do exist and
28 if they do, do I have an entitlement, if I do I should have them and should
29 have discovered them already.

30 Q.283 Well, certainly we know that the Haynes & Trias file exists because this

1 reference -- this letter that I have just opened to you acknowledges that as
2 much as you have been furnished with are extracts. So that there is more than
3 that and privilege is claimed in respect of some of the documentation without
4 it being explained, without it being explained as to who is claiming the
5 privilege --

6 A. Sorry, just could you --

7 Q.284Page 72, Mr. Lawlor, the letter of the 25th of July 2003. Paragraph 1. It's
8 on screen.

9 A. You are querying who is claiming legal professional privilege.

10 Q.285I am saying, firstly, this seems to be an acknowledgement that there is a file
11 and as much as you have received are extracts from that file.

12 A. I see, yeah.

13 Q.286Now, if there is a file at Haynes & Trias it seems certainly from the
14 documentation considered by the Tribunal that that file has not been discovered
15 to the Tribunal, but rather that extracts only have been discovered. Now, if
16 that is the cases, if Haynes & Trias were instructed on your behalf by
17 Mr. Morgan to hold monies to your account those instructions are instructions
18 which must be discoverable by you, because they were for your benefit and were
19 instructions given by your solicitor Mr. Morgan, do you understand?

20 A. Yeah, the only thing -- yeah, I do of course understand. I am thinking that
21 this is something to do with other clients between Morgan and Haynes & Trias
22 that have nothing whatsoever to do with me and that's why it is being referred
23 to.

24

25 Making the point, Mr. O'Neill, that Mr. Morgan is claiming legal professional
26 privilege for documents which I should have, you know, or else -- that's, there
27 could be lots of dealings with Mr. Morgan could have with this office that have
28 nothing whatsoever to do with me. I just interpret that's what they are saying
29 there. You may say it's saying something different and all I can do is query
30 it to see if your interpretation is correct and have it addressed.

1 Q.287 Well, what you do recognise, Mr. Lawlor, is that Mr. Morgan acted as your
2 solicitor in his dealings with Haynes & Trias on your behalf in relation to the
3 funds which we are concerned with, namely the 4 hundred thousand Irish pounds
4 and the context in which those monies were received by Haynes & Trias.

5 A. Yeah, but Mr. Morgan wouldn't have seen himself in my opinion acting as a
6 lawyer on my behalf when making the introduction to Haynes & Trias, if he
7 wanted to do that he could have done it himself in his own practice. He
8 recommended, that was as a, not a solicitor, in a sense, but somebody saying
9 look this is what, in order to give effect, Longwater -- Haynes & Trias
10 represented Longwater, that's where the loan emanated from and, therefore,
11 that's who you should deal with, so I mean, I know this is a sort of very
12 complex legal position that you people fully understand, if there is some
13 documentation between Haynes & Trias initiated at the instigation of Nicholas
14 Morgan that's of procurement to me, I will endeavour to pursue that for you.

15 Q.288 If we look to a letter then which is written to the Tribunal itself,
16 Mr. Lawlor, by Isadore Goldman on the 5th of September and in particular to the
17 second page of it where it deals with the funds held in the account of Haynes &
18 Trias. We see the response of Isadore Goldman to the queries of the Tribunal
19 in relation to those funds. They say:

20 "Haynes & Trias represent Longwater.

21 Our clients advised Haynes & Trias that contact would be made by Mr. Lawlor's
22 solicitors regarding the client account.

23

24 The client account was re-designated following the January 2002 meeting so as
25 to identify at the request of our clients that the funds held were on behalf of
26 Mr. and Mrs. Lawlor.

27

28 The relevant documents of Haynes & Trias have been produced. There are no
29 records at David Morgan and Whitehead.

30

1 None."

2 So the position adopted by Mr. Morgan seems to be that whatever dealings he had
3 with Haynes & Trias on your behalf were not evidenced in writing, there are no
4 documents or records available to deal with that.

5 A. I don't know what could be available.

6 Q.289 Well, on your account of events, Mr. Lawlor, there would have to be his
7 attempts to resolve the issue with Mr. John Caldwell, there would have to be
8 him getting back to you to say with regard to the 4 hundred thousand that is
9 now on deposit in these accounts I am satisfied that you can withdraw a certain
10 sum of it, because I have discussed the matter with Mr. Caldwell and whilst the
11 monies were paid into this account to satisfy a Longwater loan they needn't be
12 applied for that purpose.

13 A. But that would have been an ongoing dialogue between myself and Nicholas Morgan
14 over quite a period of time. And time and time again it would be, I haven't
15 seen John Caldwell, he is due to contact me, he is in Canada, he will be back
16 in the UK, he will be here, he will be there. That would be a sort of ongoing
17 dialogue regularly between Nicholas Morgan and myself.

18 Q.290 But I mean, if this is correct, Mr. Lawlor, it would mean that despite the
19 ongoing dialogue that no record was being kept by Mr. Morgan of what that
20 dialogue was.

21 A. The only record I wanted was that he was agreeable and Caldwell would have said
22 okay, if he wanted to drawdown the funds I am not going to object to it and
23 we'll resolve this and I want transfers of shares and the Metro Launch of the
24 10 per cent agreed, whether that was done or not. You know, to get some
25 finality.

26 Q.291 If you were in constant dialogue with Mr. Morgan --

27 A. Not constant, but.

28 Q.292 Regular contact of any sort with regard to, particularly with regard to
29 resolving a dispute, that a solicitor who was in contact with you in those
30 terms would have recorded and kept notes of the status of his dealings with you

1 and in particular his contacts on your behalf with another client of his,
2 Mr. Caldwell.

3 A. Well, quite honestly if he was at that I would see him just trying to build up
4 a fee situation with producing paper. I mean if he had contact with and
5 discussed the matter with Caldwell and didn't get a solution and Morgan is
6 nearly as difficult to get as Caldwell from time to time, so I mean, I can
7 query whether he ever did keep any attendance notes, as you say, but again I
8 didn't see Nicholas Morgan acting in a solicitor capacity in dealing with
9 Caldwell on my behalf, ever. So you know, they are associates and Caldwell's
10 association with his father, his legal practise in Jersey went way back before
11 my time I believe, dealing with them, so whatever his day to day contact
12 relationships are with Caldwell I haven't, I have never met the two of them
13 together that I can recall.

14 Q.293It would be, I take it, your wish, Mr. Lawlor, that Mr. Morgan would, despite
15 his reservation about attending here, would attend to give evidence of his
16 dealings with you on the occasions that he acted as your solicitor in these
17 transactions, isn't that so?

18 A. I have explained to the Chairman last week, I have no problems whatsoever in
19 the Tribunal making and I have already asked my office to take out the
20 extracts. I don't know whether they have been faxed to his office or not,
21 explaining exactly the clearness that I have provided here to the Chairman. I
22 have no problem with that whatsoever.

23 Q.294No, Mr. Lawlor, I am not asking you whether you have any objection about the
24 Tribunal contacting him, because, of course, it can do that without your
25 consent. It can do so in any event, what I am asking is whether as a person
26 who had this solicitor/client relationship with Mr. Lawlor, with Mr. Morgan
27 rather, would consider that he should attend to assist the Tribunal in relation
28 to your dealings with him professionally?

29 A. Yeah, and I mean I query whether he sees himself as a solicitor of mine rather
30 than an associate in a number of business ventures, but either way I have no

1 problem in a solicitor capacity or any other way to be as helpful as he can.
2 And all my dealings with him and with his solicitors and Haynes & Trias has
3 been to try and get whatever documentation I had an entitlement to, I have been
4 to London to meet this man Schaffer, who I have only met during the period when
5 I was trying to get documentation and he has been fairly responsive in
6 everything. I telephoned him and said I have a deadline and you were to
7 contact me, have you spoken to Nicholas Morgan, can you provide me with what is
8 required, etcetera, etcetera. So, I have no problem with any of that.

9 Q.295 Finally, Mr. Lawlor, in relation to the files in Haynes & Trias, you make
10 reference on a number of occasions in that file to Zatecka 14 S.R.O. and in
11 particular the first withdrawal of funds you made from that account was for a
12 sum of 80 thousand Euro which you referenced as Zatecka.

13
14 Can you explain what the connection is between the Czech company which had the
15 funds which included the proceeds of your fee for the Hybernska Building and
16 the subsequent withdrawal of funds in 2001 under the heading Zatecka?

17 A. Yeah, if I was going to make the acquisition of 18 flats in Putney Hill, I set
18 out by a suggestion that maybe that's the company we would use. That I
19 informed Nicholas Morgan about it and maybe use some of those funds to pay
20 5,000 pounds option fee to the 18 or the 17 owners of the apartments.

21
22 So any reference that that would be with a view to using any, some, or all of
23 those funds in advancing some future project and there was monies paid in the
24 acquisition of one of the flats in that complex and some Zatecka funds from the
25 Czech Republic were sent direct to Barclays mortgage, which would have been
26 discovered, it would have been seen as a possible development opportunity and
27 that's why the reference would have been there.

28 Q.296 And did you, in fact, account to Mr. Morgan for any of these expenditures as an
29 expenditure towards any joint venture that you might have?

30 A. Yeah, I would have informed him there was this possibility and I would have

1 informed him about the likely numbers and we discussed here the potential of
2 that project. If you acquire that block and demolished it and build 44 new
3 apartments on that part of London you could have a gross margin of 2 to 4
4 million pounds based on the values. And last Sunday's property section of the
5 Irish Sunday newspapers carried a number of advertisements for apartments in
6 that part of London, which is a sought after area, and the sort of figures
7 there that apartments were going for 450 to 500,000 per unit, and if you
8 acquired a 300,000 per unit which is about 70 or 80 thousand above the market
9 value. You were paying premium to get ownership of dated 1950s, 60s blocks,
10 demolish it, rebuild new modern apartment scheme, that's the margin that would
11 ensue and I would have informed Nicholas Morgan that was a project that might
12 come to life, if he put --

13 Q.297And was one which was going to be funded through Zatecka and, therefore, he
14 should have some account of that in his records which were capable of being
15 discovered?

16 A. Not so much if it came to pass, you put a proposal -- we did put an option
17 agreement to 17 owners, 18 at the time from Seddons office, there was going to
18 be a necessity for if you were going to give a non-refundable 5,000 pounds to
19 each of the owners you were exposing yourself to a hundred thousand of risk,
20 you were going to have to pay professional fees. I would have been asking
21 Nicholas Morgan would he want to contribute to paying those as part of an
22 involvement going forward.

23 Q.298Mr. Lawlor, I am more concerned with your relationship with Mr. Morgan on this
24 issue. If there was --

25 A. To get it clear on Zatecka, it might or might not have been used as a vehicle,
26 probably from being a Czech name you might set up a totally separate entity to
27 acquire it.

28 Q.299I am trying to understand how it seems to be involved in a dispossession of
29 funds which was generated by the sale of one acre in Somerton and appears to
30 have come into your account here now under a Zatecka reference you have

1 offered, it might have something to do with the advancement of a deposit or
2 option in relation to a property in London, and if that is so, should
3 Mr. Morgan not have a record of that being part of a transaction which as you
4 say is going forward?

5 A. I think he would have, at this premature stage, I don't think he wanted to
6 waste his time holding a record, it was because it really is not going to be
7 advanced. If -- and if I was doing something in the morning with an
8 opportunity, Mr. Nicholas Morgan would be one of the first people I would refer
9 to the project and see was he interested in having an involvement in it going
10 forward. So that would have been the reasoning why there was any reference to
11 Zatecka, because I would have said to him, there is a real opportunity out in
12 Putney to acquire, etcetera, etcetera, and I would have mentioned that to him
13 and I might have said that I was using some of the funds to try and get the
14 deal going. At the moment there is an investment in it of 70 or 80 thousand
15 pounds, and it remains to be seen whether it goes forward or the alternative I
16 have, if I haven't time or can't deliver on the deal I would sell the apartment
17 that has been purchased.

18 Q.300 Thank you.

19
20 That concludes my questioning of Mr. Lawlor.

21
22 CHAIRMAN: We have no questions, Mr. Lawlor.

23
24 We have to make a decision now in relation to the compliance issue which is
25 what the Tribunal has been engaged in since the 8th of July.

26
27 So, what we propose doing is adjourning until 12 noon tomorrow and perhaps you
28 might be here at 12 noon tomorrow and we'll give you our decision in relation
29 to the compliance.

30 A. There was reference to Carrickmines tomorrow --

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CHAIRMAN: Carrickmines 1 then we hope to start immediately after lunch and we understand that your involvement in that module will last possibly until the end of the week.

A. I see. So -- we'll deal with it after --

CHAIRMAN: Yes, we'll give you our decision tomorrow in relation to the compliance issue at 12 o'clock and we'll start the -- we'll go back to the Carrickmines with yourself as the witness at 2 o'clock.

A. Fine, thank you, Chairman.

CHAIRMAN: Thank you very much.

THE HEARING THEN ADJOURNED UNTIL THE FOLLOWING DAY,
WEDNESDAY 24TH SEPTEMBER, 2003 AT 12 NOON.

