

Day 4 : 7 Aug 72

1928-2714

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THE BANKRUPTCY ACTS, 1914 and 1926.

IN THE WAKEFIELD COUNTY COURT.

IN BANKRUPTCY.

No. 1 of 1972.

RE: JOHN GARLICK LLEWELLYN POULSON.

RESUMED PUBLIC EXAMINATION OF THE DEBTOR.

BEFORE MR. REGISTRAR GARSIDE

at the Court

this 7th day of August, 1972.

Maudling 1996

PRESENT:

THE OFFICIAL RECEIVER:	Mr. W. A. Bishop.
FOR THE TRUSTEE:	Mr. Muir Hunter, Q.C. Mr. D. Graham .
FOR THE ATTORNEY GENERAL:	Mr. G. Slynn.
FOR THE DEBTOR:	Mr. L. Saffman.

The above-named debtor, being sworn and examined at the time and place above mentioned, upon the several questions following being put and propounded to him, gave the several answers thereto respectively following each question, that is to say :

MR. SLYNN: I wonder, sir, whether before my learned friend Mr. Hunter addresses you, you would allow me to address you for a few moments?

THE REGISTRAR: Yes.

MR. SLYNN: I appear on behalf of the Attorney General. You will recall that last week an application was made to you to adjourn the Public Examination of the debtor, and on that occasion the Attorney General was represented by counsel to support the application. Although I have no doubt whatever the basis of the Attorney General's position was clear to the Court, some things which were said during the course of the application seem to have led, or may have led, to a serious misunderstanding, which I am sure that you, sir, as well as the Attorney General, would consider it most desirable to have clarified in court before you today.

Sir, in the first place, a number of passages in the transcript which I have read, the intervention of the Attorney General is described as being an intervention by the Government. This is based on a complete misconception. The Attorney General, sir,

day of 19

Registrar.

has constitutional responsibilities in the administration of the criminal law which are separate from, and independent of, his position as a member of the Government. Those responsibilities in the area of the criminal law are not the responsibilities of the Government as such; they are the responsibilities of the Attorney General, for which, of course, he is answerable to Parliament. Thus, in a case like the present where the prosecution authorities are investigating the case, it is a matter of concern to the Attorney General in the exercise of his constitutional function that such investigation should be properly and fully conducted; or it may, of course, be of direct concern to the Director of Public Prosecutions, who is answerable to the Attorney General.

Similarly, the Attorney General in deciding whether or not a prosecution should be brought, it is his decision, it is not a Government decision. When he reviews the evidence in a case it is for him, or for the Director of Public Prosecutions, to decide whether the evidence is sufficient, whether the public interest requires that a prosecution should be brought or should not be brought, and when he reaches such a decision it is in the performance of his duty as Attorney General, in the exercise of his authority as Attorney General.

Sir, I wish to make clear - and I am obliged to you for the opportunity - that it was because, and only because, of these responsibilities and this authority that the Attorney General appeared before you last week. You will readily appreciate, sir, that in this, as in other cases, the Attorney General is anxious to ensure that the police should be able, fully and properly to carry out their investigations, and that the Attorney General or the Director of Public Prosecutions should have available to them the fullest information about activities which may be available so that the prosecution authorities can consider it.

In this case, on the last occasion the Attorney General appeared because he was anxious to ensure, so far as possible, that the current police investigations should not be prejudiced or impeded by anything which might be said in the course of these bankruptcy proceedings. The Attorney General, of course, acknowledges and recognizes, and gives full weight to, the public interest involved in the investigation of the affairs of a debtor during his Public Examination, and the importance of ensuring that creditors should investigate the assets which are

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available for collection and distribution on their behalf.

But that is only one part of the public interest. The Attorney General is concerned in a way in which, of course, the Trustee, the creditors and the Official Receiver are not concerned, maintaining a different, perhaps a wider, public interest, and that is the public interest of ensuring that if there had been criminal offences they should be investigated and the fullest possible information be considered so that a decision as to whether there should be a prosecution can be made. That, sir, is the reason why the Attorney General intervened.

At the same time, the Official Receiver, I understand, made an application equally in his own capacity. He, too, has his own status and function, and he has his duties under the statute. He apparently thought it right to support the application to adjourn in the exercise of his function, and I would respectfully submit that it is impossible to describe his intervention, the intervention of the Official Receiver, as the intervention of the Secretary of State for the Department of Trade and Industry.

May I add this, sir. The application which was made to you, supported by the Attorney General, on the last occasion was in no sense made to you on the basis that all further enquiries into the present matter should be held behind closed doors. The application was an application to do no more than to adjourn this particular examination pending the fullest possible police enquiries unless you, sir, had felt it right for further evidence to be heard under s.25 in private. There was no suggestion made that the Public Examination should not be re-opened in due course.

May I finally mention one other matter which was raised by my learned friend Mr. Hunter which was perhaps not replied to at the time, but which, with the advantage of the transcript, the Attorney General feels ought to be mentioned. Mr. Hunter said that although he could think of two or three things which the debtor in the case might be proceeded against under the bankruptcy law, he saw - and I quote - "No reason to believe that Mr. Poulson would be prosecuted for anything outside the Bankruptcy Acts". I, of course, accept that that is Mr. Hunter's view because he said it, but, with respect, it is his view, and it is his view at this stage. What the position will be when the police enquiries are finished, he does not know and I do not know. This Public Examination before you in this court is into the

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affairs of one man and is an examination whose limits are defined by the Act and by the authorities. Currently there are other matters which the police must investigate, which the police are investigating, and will go on investigating.

Whether - and this is an important point - criminal offences outside the Bankruptcy Acts, offences of a wider and perhaps a different nature, will be revealed, whether those wider or different offences can be established, and on whose part, depends on the wider police investigations. You, sir, in the course of the argument intervened and made the position very clear. You said at page 6, and I quote, "Surely the police enquiry is far more wide-ranging than the Official Receiver's enquiry". Sir, that is the whole point of the police investigation, and, therefore, it should not be assumed that any offences that eventually appear, if they appear, must necessarily be limited to bankruptcy offences. In your judgment, you said, sir, that at one stage you considered whether you should order an enquiry of the debtor under s.25, but that you had come to the conclusion that the Public Examination should continue without prejudice to any further application when and if charges are brought.

You, sir, and no doubt my learned friends, fully appreciate the anxiety of the Attorney General that the police enquiry should not be prejudiced or impeded in any way. My learned friend, Mr. Hunter, dealt with the matter when he was addressing you at page 27 of the transcript, when he indicated ways, perhaps, in which, when the appropriate moment came, you would be in a position to take a certain course. I refer to the third complete paragraph on page 27. Mr. Hunter said in the third sentence :

" Now, I could well understand a debate of this kind taking place on a specific question. Let me take a purely hypothetical question. I ask your Honour to remember that no such question was ever put by me. 'Did you not pay Mr. X the sum of Y pounds in order to give you the plans of the new town hall?' You, sir, might think it right to order that question not to be answered, or alternatively that a name should be put forward written down, as is the custom".

And, sir, obviously it is a situation which might arise, in which case a certain course might well have to be taken, and in my submission that is obviously a matter of some importance, and I have no doubt that the importance of not prejudicing the police

enquiries in the way which has already been mentioned on the occasion of the earlier application will be borne in mind in the conduct of this enquiry.

Sir, I am most grateful to you for allowing me to address you before continuing this examination.

THE REGISTRAR: I am most grateful to you for coming, Mr. Slynn. I think the Attorney General's position was perhaps not made clear last Tuesday. Certainly the position of the Official Receiver was made clear. I did read on Wednesday in the newspaper that the Attorney General had made a written reply to a Member's question in the House of Commons, when he made it abundantly clear to the House of Commons what the position of his counsel was last Tuesday. I think that it is right that these proceedings record the Attorney General's position when the application was made on Tuesday last. I am most grateful to you.

MR. SLYNN: I am very much obliged. The Attorney General had no doubt whatever that his position was clear to the Court, but he thought it right, as you say, sir, that the matter should be put straight on the record.

MR. SAFFMAN: Before my learned friend Mr. Hunter proceeds with the examination, sir, may I mention two matters. In view of what my learned friend has said this morning on behalf of the Attorney General, may I respectfully take the opportunity of reminding you that you, as the Court, have the right at any time to review any decision which you have previously made, whether on your own motion or on the motion of those appearing before you.

Secondly, that in the examination last Tuesday afternoon, my learned friend, Mr. Hunter, at times indicated that it may have been that on the 3rd July when the hearing had to stop at lunch time because of Mr. Poulson being taken ill, that it was possible that that illness was not genuine.

MR. MUIR HUNTER: Oh, no.

THE REGISTRAR: I do not think so.

MR. SAFFMAN: I gained that impression, sir, but, of course, I accept from my learned friend that ---

MR. MUIR HUNTER: May I make this point clear? As I understood it, the difference of opinion between myself and Mr. Poulson was that I suggested to Mr. Poulson that his faint was due to his inability to answer, whereas Mr. Poulson said no, it was the size of the figures with which he had been confronted, and I think the transcript will show that. I did not suggest for a

moment that no-one who saw it could have doubted that it was extremely genuine.

THE REGISTRAR: I think it was clear to us all that he was quite unable to proceed.

MR. SAFFMAN: I accept that, of course, sir, unreservedly, but I did think it advisable in the circumstances - because the hearing was adjourned, of course, and I reported to the court and there was no medical evidence available at that time; indeed, the only medical evidence available is of a doctor who saw Mr. Poulson very shortly before his subsequent examination certifying him fit to attend - that I ought to get a report from Clayton Hospital, to which Mr. Poulson was taken. I think it proper, sir, in the circumstances, in view of the stress that has been laid on everything being made public, that I read it out before I put it in for filing.

THE REGISTRAR: Is this another medical report?

MR. SAFFMAN: It is a report from the hospital, sir, of the condition of Mr. Poulson on July 3rd by the doctor who examined him at that time.

THE REGISTRAR: Is reading this report going to cause Mr. Poulson any embarrassment?

MR. SAFFMAN: No, sir. It is dated 7th August, 1972, addressed to my firm:-

Dear Sir, Mr. J. G. L. Poulson.

With reference to your letter dated 4th August, 1972, reference LS/KMB, I saw the above-named patient in the casualty department of Clayton Hospital, Wakefield, on 3rd July, 1972, at 1.30 p.m. with a history of having collapsed during a hearing at the Wakefield Court.

At the time of examination he was conscious, co-operative, and on physical examination nothing abnormal was detected. His blood pressure was 130/90, pulse 86 per minute regular, E.C.G. within normal limits and no positive neurological signs were present. Pupils were equal and reacting both sides. He appeared to be mentally depressed, anxious and worried. He had no recollection of the collapse in court initially, but recovered during the later part of the examination to give a relevant history, and did not complain of any chest pain or dizziness.

My impression was that he appeared to be suffering from a psychogenic shock for which he was treated with Librium of five milligrams t.d.s. ---"

which I believe is about three times per day.

"I trust you will find the above information adequate", and that is signed Dr. Gunwant Kaur, Senior House Officer, Accident and Emergency Department. It is perhaps only proper to add to that, sir, that Mr. Poulson is still on that course of Librium, as I am informed by his medical advisers, and I would ask my learned friend to bear that in mind since it is a very strong sedative and does slow down his responses.

THE REGISTRAR: Mr. Hunter, before you begin, you will be aware of a statement which was issued by Mr. Maudling last week - a statement to the press. I wonder if this might be a convenient moment for me to deal with it. I will read it.

MR. MUIR HUNTER: Certainly, sir. I shall be most obliged.

THE REGISTRAR: He says, "I have seen preliminary reports of what Mr. Poulson said today at his bankruptcy hearing. If these reports are correct, I must make it quite clear that what Mr. Poulson is saying does not correspond with the truth. I wish to make the most vigorous protest against this form of procedure which allows Mr. Poulson ..." and he makes four points "to make any allegation he likes about me without notice and in my absence, and without any opportunity for me to refute them".

Well, now, he mentions first of all any allegations being made. Now, these allegations are made as a result of questions which are put to Mr. Poulson, and he answers those questions in a way which he finds to be relevant to the questions. He makes his answers fully and frankly, as he is bound to do, and, of course, he must make a full and frank answer and feel free to do so, for in any court proceedings, whether it be criminal, civil, or a Public Examination in Bankruptcy, a witness is protected from any action in slander by the defence of absolute privilege.

The second point made is that "these allegations are made without notice." Well, of course, Mr. Poulson has no notice of the question which is going to be put, or when it is going to be put. The third point is "that the matters are mentioned in my absence". Well, of course, this is Mr. Poulson's Public Examination, not Mr. Maudling's, and he has no right of audience in these proceedings. The fourth point is, "and without any opportunity for me to refute them". Having no right of audience, and not being represented by counsel in these proceedings, he has no opportunity to refute these matters in these proceedings, so that all these points which are made by Mr. Maudling are valid points, and it seems to me that in making his statement to the press he is taking the only opportunity which is open to him. On

the other hand, if he were brought before the Court on a private examination, he would have an opportunity of refuting the matters, but such evidence would be given in private and no publicity would be given to his answers at all.

It seems to me that when any prominent person is mentioned in these proceedings, the evidence in these proceedings is not evidence against those prominent people, and could not be so unless it were given orally in proceedings in which they are a party. So that to summarize the matter, things which are read in which the name of a prominent person is mentioned in these proceedings are not in law evidence against them. I think that summarizes the position.

MR. HUNTER: I am very much obliged to you, sir.

MR. SAFFMAN: May it please you, sir, there is also one other matter arising out of the application which was made last week. My learned friend Mr. Hunter on page 1 of the transcript, addressing you before I made my application, said, "On Friday of last week, my chambers and my instructing solicitors were appraised of two applications which were to be made today, one by my friend, Mr. Saffman, Mr. Poulson's solicitor, and, secondly, by Her Majesty's Government in what is now the several capacities of the Secretary of State for the Department of Trade and Industry and by the Attorney General."

There are two points I would like to mention on that. First of all, that notification was given by me some two weeks previously, and, secondly, that in so far as the Department of Trade and Industry was concerned, that it was not a separate application but supported my application.

MR. SLYNN: I have made it clear that neither the Secretary of State nor the Attorney General were in any sense acting on behalf of the Government.

MR. SAFFMAN: No. This is the relevant point, sir. I am not concerned whether or not they were acting on behalf of the Government. What I am concerned about, for various reasons which may become apparent in the future, is whether or not you decided on one application or two. The Official Receiver tells me that so far as he is concerned those who appeared for him were supporting my application and not making their own. My learned friend for the Attorney General also confirms that he was supporting my application, so that there was, in fact, only the one application that was made.

THE REGISTRAR: So be it.

MR. MUIR HUNTER: I have no desire to take up the time of the Court in referring unnecessarily to what has been said. I myself regarded it as essential that there should have been two applications. Sir, the first application was that Mr. Poulson should not incriminate himself, and the second one was that the police should have the opportunity to provide material with which to prosecute him. Those seem to me, with respect, to be two different applications. I could not conceive that they were being, in fact, made in the same interest.

Now, sir, as regards Mr. Maudling, I think it right that I should say this. By a writ issued in May, the company known as I.T.C.S. is being sued by Mr. Poulson's company, Ropergate Services Limited, which is itself now in liquidation, for the sum of £158,000, being the sum which has been referred to in these proceedings and which I think I inaccurately stated on the last occasion as £300,000. That is a debt which Mr. Bendall, the liquidator of Ropergate Services, considered to be due to I.T.C.S. upon their own accounts.

Since Mr. Poulson's bankruptcy, or, rather, since October, 1971, just before his bankruptcy, I.T.C.S. has become the wholly owned subsidiary of Interplanning and Design Limited, the company known here as I.P.D., which bought all the shares therein, including the shares held by Mr. Maudling and his son and daughter. When this action was brought against I.T.C.S., an affidavit in opposition to judgment was made by one Thomas Edward Sweetman, a chartered accountant, and a director of I.P.D., and a person who has been referred to frequently herein as the person dealing with Mr. Poulson at the time when he handed over his business. He himself has, by your order, been privately examined. Mr. Sweetman, in seeking to advance grounds on which judgment under Order 14 - summary judgment - should not be entered against I.T.C.S. for £158,000 made an affidavit of twenty-two paragraphs, which begins by saying that the original directors of the company were Mr. Reginald Maudling, Sir Bernard Kenyon, Dr. Williams and Mr. Harold Bolton, who all resigned their directorships in 1969 and 1970, and in particular Mr. Maudling resigned in June, 1970, when his son Martin was appointed sole director, and Martin himself resigned in September, 1971, but concludes by saying that he has no personal knowledge of these matters at all. "The matters and facts herein deposed to are either within my own knowledge", which means the books that he looks at, "or have come to my knowledge from information I have obtained as director of I.T.C.S., from the records of I.T.C.S. and from the former directors of

I.T.C.S., particularly the Right Honourable Reginald Maudling and Martin Maudling, and are true to the best of my knowledge, information and belief."

From that affidavit, sworn to on the 16th June, 1972, those instructing me had formed the view that Mr. Maudling must have been approached by those advising I.P.D. and Mr. Sweetman regarding the issues between Ropergate - that is to say Mr. Poulson's Trustee and his liquidator - and I.T.C.S., and I have no reason to doubt that that is not the case. We also assumed, before we examined Mr. Poulson, that Mr. Reginald Maudling would still be in possession of the original correspondence file between himself and Mr. Poulson extending over a period of some four years, the originals of which from Mr. Poulson's side were shown to Mr. Poulson on the last occasion and were identified by him as personal letters passing between himself and Mr. Maudling. Mr. Poulson was asked to explain certain letters which passed between him and Mr. Maudling after he had identified them, and he was asked for his explanations.

I am greatly obliged to you, sir, for your observations on what this enquiry is for, and I was particularly anxious that any matters which appear to in any way reflect on Mr. Maudling should appear to be categorically Mr. Poulson's own opinion, and accordingly, Mr. Poulson having said in the transcript at question 1601 that these letters were for the purpose of saving Mr. Maudling's face so that he should not be associated with a company which had a very large debit balance - this was a question put by myself - Mr. Poulson accepted that in the form, "That was a suggestion that was made to me by Mr. Grimwood". I then went on to say, as you, sir, may recall, "I would like you now to put that answer in your own unprompted words; I would not wish to appear to put words into your mouth", and after, with your leave, the shorthand writer had read that question 1601, Mr. Poulson was asked, "Is that still your answer?", and he said, "Yes, sir", and you, sir, then said, "It took a long time to extract that answer, Mr. Poulson". That appeared to me to be the way in which a material statement by the bankrupt should be tested and affirmed, that he should appear to say it himself and it should not be thought by anyone that it was put into his mouth.

Since the last hearing at which Mr. Poulson made those statements, those instructing me have been in touch with the solicitors advising Mr. Maudling, and it was indicated to them that if there was anything that Mr. Maudling wished to submit, he could adopt the

1928. Q. Now, on the last occasion we dealt with a number of matters to which the learned Registrar had drawn our attention as matters which you had undertaken to look into, and I am going to remind you of those and ask you whether, in the time available to yourself, it has been possible to make any further enquiries. The first of those that I am dealing with is day 1, question 955, where you were asked about the transaction involving the house formerly called "Cairn Catto" and is now called "Clandon" which had been conveyed to your wife on repayment of the Wakefield Building Society mortgage, and then re-mortgaged by her, and you had said that she had the balance of the value, but she had not paid it because she claimed a set-off. Now, at question 955 this sum of £4,000 you said you would undertake to find out about it. Have you been able to find out anything? A. Yes, sir. First of all let us clear this confusion which has arisen over the name "Cairn Catto" and "Clandon". This is a bungalow which was originally the residence of my secretary and was called "Cairn Catto". When they vacated the bungalow and moved to an adjacent house, they took the name-plate "Cairn Catto" and put it on the new residence. My wife, who had purchased what had been "Cairn Catto", re-named the house "Clandon" after her home in Surrey. With regard to the sum, sir, I have not been able to clear that up, but I am informed by her - she reminded me last night - that the sum was passed over to the accountants for, as she remembers, to deal with some Inland Revenue matters. The reason I have not been able to clarify this, sir, is that on my first or second day of my visit to the Official Receiver's, I was instructed that I could not approach my accountants, either on the 'phone or visit, and I have, therefore, never seen any books from that day.

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1929. Q. Thank you. At question 936 I said this. "You have something worth £10,000 mortgaged for £6,000, surplus value £4,000; that is right, is it not? You convey it to her on terms that she pays off the mortgage, so she gets a property worth £10,000 for which she has paid £6,000. So she is £4,000 to the good, is she not?" Answer: "Yes". Do I understand that you are now saying

£11000
 wife 5000
 6000

Wife
Sweetman
Jewellery

"Yes, she was £4,000 to the good", but that you believe she applied that money in paying off some debt of yours?

A. She claimed some of it, as I believe she furnished to Mr. Simpson - I can't tell you the sum - and the balance was paid to the Revenue, but this could all be cleared up if I could have the opportunity of approaching the accountants concerned.

1930. Q. I am sure, Mr. Poulson, there is no difficulty about that. Will you undertake to make that enquiry?

A. Yes, sir.

1931. Q. And also enquire from your wife? A. Yes, sir.

1932. Q. Which accountants were you referring to? A. Pannol Fitzpatrick.

1933. Q. You mean Mr. Bolton's firm? A. Yes, sir.

1934. Q. Was not Mr. Sweetman acting in some way for your wife?
A. Mr. Sweetman as far as I know never came into anything until February, 1970.

1935. Q. But this house was disposed of after that, was it not?

A. I can't tell you. I can't remember the date. We were in in February, but when it was purchased would be earlier, in 1969.

1936. Q. At 948 you said, "The only two people to ask" - that is to say about the house - "are either Sweetman or her", Mrs. Poulson?
A. Yes, because I had nothing to do with it.

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1937. Q. Why did you refer to Mr. Sweetman at that time?

A. For the simple reason that as far as I was concerned he was her accountant, and he is no longer.

1938. Q. Was not Mr. Sweetman, in fact, at this time, March, 1970, engaged in receiving all your assets and distributing them, either in payment of some of your debts or in financing the carrying on of the Interplanning & Design Company?
A. As far as I was concerned, no, sir. I never met Mr. Sweetman until February, 1970. The person I dealt with and thought was doing all that you have just said was Mr. Grimwood.

1939. Q. Thank you. The next matter which was drawn to your attention on the last occasion, on Day 1 at question 1009, and was further dealt with on the last occasion, Day 3, was the list of jewellery which has been insured on your behalf and your wife's behalf for the year 1971/72, in respect of which I gave you on the last occasion a copy

Jewellery

Jewellery

Hepworth

Pottinger

of the insurance valuation list. A. I have here, sir, all the details written by my wife, and I will read them over to you.

1940. Q. Well, to save the note if you will hand it over I will have it looked at and then we can ask you questions about it if necessary. A. Yes.

1941. Q. The next question the learned Registrar drew your attention to was who Mr. J. Hepworth was, on Day 2, 1120, a person who was in receipt of some sums paid by yourself. Have you been able to remember who he was?

A. Yes, sir; he is a doctor in Southport. - ex Mayo's, bkt

1942. Q. Yes. And what would you pay --- A. At that time he was having some matrimonial difficulties and I made a loan to him while he got over them.

1943. Q. Why should you make a loan to a doctor in Southport?

A. I met him on a number of occasions and I felt rather sympathetic in the particular case that he was in.

1944. Q. Was he in any way concerned with your business?

A. No, not employed by me.

1945. Q. Why do you suppose the payments to now Dr. Hepworth should appear in your accounts as "Other professional charges"? A. I have no idea, sir.

1946. Q. Perhaps I could ask you a general question arising out of this and other matters on which the Official Receiver and myself have asked you some questions. We have found in your accounts, Mr. Poulson, a very large number of payments treated as "Other professional charges" - that is the accountant's title for them - and which have been sought to be deducted from your earnings as the expenses of carrying on your business. You are aware of those, are you not? A. Since I came here, yes, sir.

1947. Q. Do you not remember that you were asked by your accountants, Messrs. Pannel Fitzpatrick, Mr. Bolton in particular, on a number of occasions for information as to the nature of the persons so paid and what the sums were paid for?

A. No, sir.

1948. Q. Were you not, for example, asked on a number of occasions what were the payments to Mr. Pottinger? A. Yes.

1949. Q. And Mr. Pottinger was originally put down, was he not, as "Other professional charges"? A. Not that I was aware of.

Mr Bolton
bkt file

see

Pottinger
Hepworth

1950. Q. You say that you were not aware of it. At any rate, if Dr. Hepworth is found amongst your other professional charges, would that be a mistake? A. Well, if it has been put down as you suggest.

1951. Q. It would be a mistake, would it? A. Well, it was a loan pure and simple. I had forgotten the man existed, unfortunately.

1952. Q. Did he pay the money back? A. No, sir.

1953. Q. Have you disclosed this as an asset in your bankruptcy? A. No, sir, I had forgotten it was there. It is so long ago I couldn't even tell you when it took place - in the 50's I would imagine.

1954. Q. I will return to that. Then at Day 2, 1142, you were asked about a firm, J. & T. Harvey which you were unable to identify. You said you had not the foggiest idea who J. & T. Harvey is. "I will make enquiries about that". Did you do so? A. I have made enquiries, and my secretary and myself are still unaware who it is.

1955. Q. Do you not remember that J. & T. Harvey were one of the firms who were building the house for Mr. Pottinger? A. No, sir, because I never saw the house in the course of erection. As far as I was concerned, I know one name, Dennis, who was the builder.

1956. Q. I shall be returning to this in a little more detail, Mr. Poulson, but am I to understand that you disclaim any knowledge of the building of this house? A. I had a principal in Edinburgh building this house, and I only know the name of the builder to whom I paid sums for what I considered were errors of my staff up there, but I did -- I can't remember the names of two heating engineering firms who went bankrupt whilst they were doing the work.

1957. Q. I will return to this matter. Then at 1161 you were asked about the name Cheeseman. Cheeseman is a person who received a payment of £1,000. Do you remember now who Cheeseman is? A. No, sir.

1958. Q. Do you remember a Mrs. Cheeseman who was Mr. Dan Smith's personal confidential secretary? A. I remember that in our Newcastle office we had - you say Mrs. Cheeseman - we had one who had left him some time before, and one of my principals there engaged her for a short time, but surely we didn't give her a thousand pounds for her services? That would be salary, surely, for being the secretary. She was the only lady there.

PPR

Cheeseman

Check Dan Smith

Peter Ward

1959. Q. According to your cash book, on the 14th June, 1967, one G. I. Cheeseman was paid £1,000. Do you wish to see the cash book entry in which --- A. No, sir, I accept you have got it right. I wasn't aware of it, and I would like to certainly have it investigated.
1960. Q. It was extended to the heading "Sundries", and was not put down under any of your offices shown on folio 284? A. What I also would like to know - I don't remember the dates - what dates the Newcastle office - it would be open in 1967, because it was closed in early 1969, and she was the secretary there.
1961. Q. Did you never meet Mrs. Cheeseman? A. On the two or three occasions I called in the Newcastle office; that was the only time, sir.
1962. Q. Would you have thought she was full-time? A. She was as far as I was concerned at the Newcastle office.
1963. Q. If she was a full-time employee of the Newcastle office, could she have been a full-time employee of Mr. Dan Smith, or his companies? A. Not with my knowledge, sir.
1964. Q. Do you remember a Mr. Peter Ward? A. I am not sure about this at all, sir. Could you tell me where he ---
1965. Q. Mr. Peter Ward was the principal Public Relations Officer, so-called, of the Dan Smith organisation in the north-east of England from about 1964 to about 1968? A. I don't remember him. I thought he was in the south of England. That is why I asked you to clarify the area.
1966. Q. Are you not confusing him with Mr. Michael Ward, who was also a full-time employee of Mr. Dan Smith, while being employed by the Labour Party at Transport House? A. Probably that is the reason for the confusion, sir. I knew the one in the south, but I wasn't aware of the one in the north.
1967. Q. If, in fact, you do not know Mrs. Cheeseman, could you explain why in the files produced by Mr. Dan Smith on his examination before this Court, and I refer to exhibit T.D.S.11, "Peter Ward, D.S.B. expenses claims" reimbursed monthly into Confersbrook - that is one of Mr. Dan Smith's companies which paid these - there appear monthly claims by Mr. Peter Ward for expenses which were forwarded by a Mrs. Cheeseman to your chief internal accountant, Mr. Vivian Baker? A. I wouldn't see them at all, sir.

1968. Q. Mr. Poulson, I am sure you are trying to help. It may be you are suffering from a lack of memory, but is it conceivable that you could not know that, to take the fifteen months covered by the file T.D.S.11, expenses monthly were paid by Mr. Vivian Baker on your behalf to the Dan Smith organisation in respect of Peter Ward's expenses at the rate for fifteen months of £1,277? A. This is complete news to me.

MR. SAFFMAN: Is that per month, Mr. Hunter?

MR. MUIR HUNTER: No.

THE DEBTOR: I thought you were suggesting a month. I was absolutely staggered.

1969. MR. MUIR HUNTER: No, the period covered by the accounts, which we just happen to have stumbled on, is June, 1967, to October, 1968, at which time Mr. Peter Ward's services with O.S.B. were finished, and each month Mrs. Cheese-man at Mr. Dan Smith's office would send to Mr. Vivian Baker at your office at Pontefract a detailed account of Mr. Peter Ward's expenses. Do you say you do not know that? A. Sir, I never saw any accounts. The letters were all sorted out and all the accounts letters went across to Reams House, a separate building.

1970. Q. Do you remember, Mr. Poulson, on the last occasion I reminded you that I had a great many documents to assist your memory? Are you still sure you do not remember anything about this? A. Certainly, sir. I wouldn't be saying so.

1971. Q. I am going to show you, just as a specimen, a letter dated 30th March, 1968, sent by Mrs. Cheese-man, if you accept it from me that is what the file shows, to V. Baker, Chief Accountant, Messrs. Poulson. "I enclose a note of expenses incurred by Mr. P. Ward --- "

MR. MUIR HUNTER: Sir, I am going to draw up, with the assistance of my junior, a list of the documents that the transcript refers to and, with your leave, I will give them retrospective numbers which I will ask the Court then to record. I am not in a position to do that at the moment.

THE REGISTRAR: Yes, very well.

1972. MR. MUIR HUNTER: Do you remember now? A. I have never seen this document before, sir.

Cheeseman
Peter Ward

1973. Q. Do you remember any payments being made? A. Payments were being made, but as to the amount and the content of them I was not aware, sir.

1974. Q. What do you suppose Mr. Peter Ward was doing? A. I don't know and when I look at this list I am even more confused, for the simple reason that I don't know what he went to Carlisle for. Last time I was here, you showed me a letter written by one of my principals in Middlesbrough where arrangements had been made, and, of course, I wasn't aware of that until you showed me it, and I can't imagine where he has been for these London expenses. It doesn't even say what about, or where to.

1975. Q. I now show you another letter dated 23rd October, 1968, from Mrs. Cheeseman to Mr. Baker. "I enclose final note of expenses claimed by Mr. Peter Ward who ceased to be employed on O.S.B. work as from the end of September, those expenses amounting to £252. 8s. 1d.", together with a letter on your notepaper at Pontefract dated 7th November, 1968, addressed to Mr. Dan Smith. "Dear Mr. Smith, I enclose herewith Mr. Poulson's cheque for £852. 0s. 1d. I understand that £252. 0s. 1d. of this is to clear the expenses incurred by Peter Ward on behalf of Open System Buildings Limited --- "

MR. MUIR HUNTER: I have not had these photographed in any great amount, sir, to save expense, but there is more than one copy. There is the copy that you have yourself, the original.

1976. Q. You may take it that that is the final payment to Mr. Ward, and you see that in addition to the £252. 0s. 1d., there is an additional £600 being paid. Can you think what is meant by those letters and Mr. Ward's expenses for O.S.B.?

A. No, sir, any more than I can think about these mileage allowances. There is no details at all. It just says - I mean, there is no check to say that he ever went to these places. I have never seen such casual accounts. Having, as I previously stated, said that I have never seen any, I am amazed when I see these. These aren't accounts, are they?

MR. MUIR HUNTER: May the witness be shown the Official Receiver's schedule? I suggest, sir, we start by numbering that J.G.L.P.1. I think the Official Receiver had one that he put to the witness.

MR. SAFFMAN: If the Court would care to borrow my copy, sir?

See 01/1
Minutes
P. J. J. J.
OSB Staff

MR. MUIR HUNTER: I did supply a spare one.

MR. SAFFMAN: To save time, sir, I will loan my copy which is unmarked.

1977. MR. MUIR HUNTER: Would you turn to page 5 of J.G.L.P.1? Do you see the Dan Smith column? A. Yes, sir.

1978. Q. Year ended 30th June, 1969? A. Yes.

1979. Q. The first item, 24.7.68, £300. Do you remember that you and I have looked at regular payments of £300 to Mr. Dan Smith before? A. Yes.

1980. Q. Well, then, will you look at 7.11.68, £852 no pence. That is £252. 0s. 1d. for the expenses I have just shown you and £600. Is that not another pair of £300 payments? A. It would appear so, sir.

1981. Q. Yes. Now, I want you to remember what the situation was in November, 1968. By that time, if you will recall our discussions on Day 3, you were in desperate straits with the Inland Revenue, were you not? A. Yes, sir.

1982. Q. At question 1634, Mr. Marr, I told you, was writing to Mr. Bolton about a letter dated 14th August, 1968, in which Mr. Marr said this at 1636. "Where does all the money go? I wrote to Mr. Poulson urging him to turn off some of the taps", and so forth. Do you remember those questions? A. Yes, I remember them now.

1983. Q. You said it was not true; you could not remember receiving such a letter, but it was not true that you had sacked Mr. Marr from your company for writing it? A. That is correct.

1984. Q. The matter got worse, did it not, when you got to the stage of owing the income tax £160,000, did you not? A. It would appear so, but I repeat ---

1985. Q. I know; you do not remember, you did not think it mattered and various other things --- A. Oh, not "mattered", sir, I never thought things like that. I had confidence and faith that I was owed more than I owed.

1986. Q. Are we to assume, then, that in November, 1968, Mr. Vivian Baker, your confidential internal accountant, was paying out monies on this scale without your knowledge and consent? A. Mr. Vivian Baker had a separate department and dealt with the finances, and I very rarely saw him, sir.

1987. Q. I repeat my question. Was Mr. Baker, without your knowledge and consent, paying out monies on this scale in November, 1968? Yes or no? A. As far as I am concerned, yes.

PPR

Peter Ward

1988. Q. You mean he was paying out without your knowledge and consent at a time when the firm - that is to say yourself - was desperate for money? A. He was only carrying out - these were payments that had been going on, as you so rightly pointed out, for some time and there was no increase on them.
1989. Q. But was he not bringing to your attention what he was being asked to pay for Mr. Peter Ward's expenses on doing something which you, as the head of the firm, say you had no knowledge of? Do you really mean that, Mr. Poulson? A. Certainly, as far as Peter Ward, yes, sir, or any of Dan Smith's employees.
1990. Q. Have you ever met Mr. Ward? A. I can't recall it. I have met the other one, once.
1991. Q. Do you know that Mr. Vivian Baker has made a statement to the Official Receiver? A. No, sir.
1992. Q. Do you know that he has been asked about these payments? A. No, I don't know anything about Mr. Vivian Baker and the Official Receiver. Nobody has acquainted me with anything.
1993. Q. And will you accept it from me that Mr. Baker has given the impression that the payments he made were made under your directions ---
- MR. SAFFMAN: Sir, with great respect I must object to that. How can my learned friend ask that the witness should accept an impression --
- MR. MUIR HUNTER: I am sorry ---
- MR. SAFFMAN: -- which has been formed.
- MR. MUIR HUNTER: I will withdraw the question. My friend is quite right.
1994. Q. I will quote from the actual statement by Mr. Baker, a statement made on the 21st July, 1972, asking about the payments to what are called "The consultants". "Did you ever raise the question of the payment to T. Dan Smith/Dansmith P.R. Limited with Mr. Poulson?" "Yes, on one occasion I asked him if he thought all this money to these public relations people was being well spent and was he satisfied we were getting work in return. His reply was that I did not know anything about it; that I should mind my own business, and when he wanted my advice he would ask for it." Do you remember having a conversation like that with Mr. Baker? A. No, sir.

Maudling fees
Baker letter 5/4/68

1995. Q. What sort of payments did your staff bring to your attention? A. The only staff that I had that were handling monies were the accountant's staff, sir, and I had a schedule each month.

1996. Q. Mr. Poulson, I asked you what sort of payments did your staff bring to your attention. I will add to that - and ask for your approval? Will you now answer the question? A. If they wanted to buy a Rank Xerox or some large item of that nature, capital sums, but otherwise it was income and expenditure once a month, schedules.

MR. MUIR HUNTER: I must make it clear, your Honour, my next question arises directly out of the witness's last answer. This has not been photographed - at least, I do not have a copy, but I think the Official Receiver may have one. I ask the witness to look at a letter dated 5th April, 1968, an original carbon copy contained on a file which was originally entitled "Poulson/Maudling file, 5th July, 1966, to 2nd July, 1970", which I personally have had placed in a new cover as it was tatty.

1997. Q. Read the letter, and will you accept that it was written by Mr. Baker? A. I accept it was written by Baker because his initials are on the top.

1998. Q. Just take a moment to read the letter and the schedule attached thereto. Have you read that? A. Yes.

1999. Q. Can I have it back, please? (Handed to counsel.)

MR. MUIR HUNTER: The witness has been looking at a letter dated the 5th April, 1968, initials VB/PH, addressed to The Right Honourable Reginald Maudling. There is no address. It must have been, "Dear Mr. so-and-so", I believe.

2000. Q. "In accordance with instructions I have received from Mr. Poulson, I enclose herewith a cheque for £11,375 in respect of directors' fees for U.S.B. Limited and I.T.C.S. Limited as detailed in the enclosed statement. I have also had set out payments made to the Adeline Genee Theatre Trust. I understand from Mr. Poulson that he will be sending me a cheque for £9,875, being your fees owing to date on I.T.C.S. Limited, and that this is to be treated as a temporary loan to that company." This letter appears to show that this particular payment, or set of payments, was made by Mr. Baker on your instructions. Do you remember the incident? A. I don't remember the incident, but

obviously Mr. Maudling would speak to me about such a matter, and not to the accountant.

2001. Q. Do you say that Mr. Baker's letter is not true?
A. No.
2002. Q. That it is in accordance with instructions received from you? A. It obviously must have been true.
2003. Q. Therefore, I ask you again, what kind of payments required Mr. Baker to obtain your instructions or consent? A. Well, such a payment as that where a person of the personage of Mr. Maudling would get in touch with me instead of Mr. Baker.
2004. Q. I do not understand your answer, Mr. Poulson. I am asking you about Mr. Baker's capacity and authority. What kind of payments had he authority to make only with your consent or authority? A. There was nothing concrete ever laid down as to what the maximum should be. Also at that time, of course, I had a Chief Administrator in the offices in the person of Wilson who was also controlling it.
2005. Q. Why do you keep on referring to Mr. Wilson when I am not asking questions about him? A. Well, for the simple reason, sir, that he was exactly appointed in that position from December 1st, 1968.
2006. Q. And the schedule to this letter is headed, "Right Honourable Reginald Maudling, directors' fees. C.S.B. Limited, nine months ended 31st March, 1968, at £2,000 per annum, £1,500". Was that a fee voted to Mr. Maudling?
A. I should expect so.
2007. Q. The next item is, "I.T.C.S. Limited, fifteen months ended 31st March, 1968, at £9,500 per annum". Was that Mr. Maudling's salary as chairman? A. I think that was the amount for the Adeline Genee Trust, if my memory ---
2008. Q. No, no, it is for something separate. The Adeline Genee Trust is the next item on the schedule.
A. Well, I couldn't tell you. You could ascertain that, obviously, from the minutes of the company's books.
2009. Q. Well, we have seen draft accounts of I.T.C.S. in which Mr. Maudling's salary is shown as £9,500 a year. Do you think that is an accurate statement? A. I hope so. I don't -- after all, I only saw the drafts as you have seen them, at the Official Receiver's office.

Maudling
Peter Ward

2010. Q. Well, the total of that fifteen months at £9,500 is £11,875. The next item is, "Less already paid 6th October, 1967, £2,000". Do you remember a payment to Mr. Maudling of £2,000? A. No, sir.
2011. Q. Would Mr. Baker be entitled to make that on his own authority? A. Was he there then?
2012. Q. I do not know. A. Well, I don't, but I doubt it. He was only there for I think two years.
2013. Q. Do you remember anything about this payment? A. Certainly not, sir, the original payment.
- MR. MUIR HUNTER: I will return to this matter in due course.
2014. Q. At any rate, so far as Mr. Baker is concerned --- MR. SAFFMAN: If I may interrupt here, sir? For the purpose of advising my client in due course, may I ask my learned friend if, when he says, "Do you remember this payment?" he means, "Do you at this moment remember the payment?"
2015. MR. MUIR HUNTER: Is that right, Mr. Poulson? Do you remember it now? A. No, sir.
2016. Q. Could it have been a payment made to the Adeline Genoe Theatre Trust? A. I have no idea, sir.
2017. Q. At any rate, I have shown you the Peter Ward expenses file showing a payment each month of approximately £100, and you say you have no recollection of it? A. I have no recollection of it at all, and I am just absolutely amazed that it was put in the form and passed by accountants, because it gave no information as to how the money had been spent from the figures you have just shown me. It is a serious reflection on our accountants.
2018. Q. Well now, a general question arises out of the "O.S.B. expenses", if I may put that in inverted commas, and that is this. So far, we have been dealing with the sums paid to the Dan Smith organization on the basis of the items appearing in the Official Receiver's account, presented to you as J.G.L.P.1. Are all the payments made to the Dan Smith organization reflected in those accounts? A. I wouldn't know, sir. I wouldn't know which is which.
2019. Q. For the purposes of calculating the total outlay it would be important to know? A. In any case I wouldn't be able to give any advice on this until I saw the books.

later said
by M. S. be
also for
theatre

See O.S.B. files
at cost of counsel
entertaining

Cash books
Holidays
Pottinger

- for the year concerned and discussed it with the accountants, and as I have been barred from doing that ---
2020. Q. You were offered the opportunity of inspecting the cash books, Mr. Poulson. Would you like to take advantage of that? A. Yes, if I may assimilate them out, but I think it is the O.S.B. books, plus the cash books - and the accountants with me to go through them. It is going to be - of course, I put the time at your disposal. I will do anything I can to sort it all out. That is what I want to do.
2021. Q. On the subject of your control of the expenditure, from the point of view of finding where the money has gone, I want to ask you about holidays. Now, we know, do we not, in the case of Mr. Merritt that you paid for a cruise for him costing over a thousand pounds. You remember we went into that? A. Yes, sir.
2022. Q. Do you remember giving holidays to anyone else? A. Yes, Pottinger.
2023. Q. Mr. Pottinger? A. Yes, sir.
2024. Q. Well now, what kind of a holiday was it? A. A Hellenic cruise.
2025. Q. One or more than one? A. Two I think, sir.
2026. Q. Two Hellenic cruises. Could you remember which years they would be? A. No, sir, not accurately, sir.
2027. Q. Sort of within a year or two? A. In 1966/67 it probably would be.
2028. Q. Did he go alone or with this family? A. With his family.
2029. Q. That is to say his wife and his son? A. Yes.
2030. Q. Do you know how much they cost? A. Approximately.
2031. Q. How much? A. Two hundred pounds.
2032. Q. Two hundred pounds. Would those payments have been made through the travel expenses account maintained by your travel agents? A. Yes, sir.
2033. Q. We have seen in the bankruptcy a proof of debt for £5,078 claimed by Davell & Rufford Limited who are apparently the present proprietors of the business originally called Clarkson, or Brooker Travel. Do you remember the firm? A. Yes, sir.
2034. Q. And it was Clarkson or Brooker Travel who organized Mr. Merritt's cruise, did they not? A. I think so.

Holidays
Pottinger

2035. Q. So if we are looking for your expenditures in this direction, we could look at the Davell Rufford ledgers?
A. Yes, sir.
2036. Q. Now, therefore, your gifts to your old friend Mr. Pottinger, which we have so far dealt with, would they have included the cost of these cruises, or is this something extra?
A. No, they probably were paid direct to Swann's Hellenic cruise, if they aren't in that.
2037. Q. You thought it was about £200?
A. Yes.
2038. Q. Now, I look at folio 225 of your cash book, "30th June, 1966, W.F.R.K. Swanns (Hellenic) £1,978.19s. 0d. expended in travelling and hotels" ---
A. That is also my own family that year.
2039. Q. How many was that?
A. We had four and we had the ----
2040. Q. Did you go together?
A. Yes, sir.
2041. Q. So that would be seven people?
A. Yes, but they were in the bottom of the boat and we were in a suite. It made a colossal difference.
2042. Q. Yes, but it was a substantial sum of money, was it not?
A. Yes, sir.
2043. Q. And this happened twice?
A. Once as far as together .. the second time.
2044. Q. Why, in fact, did you send Mr. Pottinger and his family on two Hellenic cruises?
A. The first time, I did it out of a favour, the second time I wanted his company. I enjoyed it, and the family.
2045. Q. Was the second time then the 1966 time, or was the second time the next year?
A. It would be the last time, sir.
2046. Q. So that would be 1967?
A. If it was 1967 - yes, it would be 1967 or 1968.
2047. Q. In 1967 or 1968 ---
A. 1967 it would be.
2048. Q. 1967 was a year in which we have seen you were desperately pressed for money to pay your income tax, were you not?
A. Yes.
2049. Q. Why, therefore, did you pay for a friend and his family to go on an expensive cruise?
A. For the simple reason - I can't too often repeat it - I always believed and had faith that I knew that I had more money owed to me than I owed to other people.

See Swann's invoice
P + Mrs. 325 / 290 ch. 25.
Pdt + Mrs. 380 / 295 ch.

Pottinger
Tregenna Castle

2050. Q. The total sum, therefore, which has been charged in the Official Receiver's schedule, J.G.L.P.1, in respect of Mr. Pottinger, if one was looking at outlay, ought to include these amounts? A. Sorry, I didn't quite understand that.
2051. Q. For holidays? A. Yes, sir.
2052. Q. Well, that was Mr. Pottinger. Mr. Poulson, before I leave Mr. Pottinger's general expenditure, do you remember I put to you on the last occasion that apparently a suit for Mr. Pottinger had been made at your tailors, Huntsman, and paid for by yourself, and you could not remember that? A. No, but I accept it.
2053. Q. Will you accept that a copy invoice has been produced by Huntsman shown as charged to yourself for Mr. Pottinger? A. I accepted it then, sir, because you wouldn't have said it otherwise.
2054. Q. Well, we have got a copy invoice. Now, do you wish to say anything more about that? A. No.
2055. Q. Did he get any other suits at your expense at your tailors? A. No, sir.
2056. Q. Well now, I must not be --- A. Well, not ---
2057. Q. I am sorry, please continue. A. No, I wouldn't ----
2058. Q. That was the only one. Well now, as regards other holidays, did you used to go to the Tregenna Castle in the west country? A. I have been once.
2059. Q. Only once? A. As far as I can remember.
2060. Q. On that occasion were you accompanied by a civil servant and his family? A. Yes, sir.
2061. Q. But only once? A. As far as my memory serves me, only once.
2062. Q. Did you pay the bill? A. Yes, sir.
2063. Q. His family consisted of himself, his wife and a child, and I think a friend, or sister; is that right? Do you remember - four? A. Yes. I didn't know I had paid for the sister.
2064. Q. And it lasted three or four weeks, did it not? A. No, sir.
2065. Q. How long? A. Two.
2066. Q. Two weeks, but you paid the bill? A. Yes.
2067. Q. Did the same civil servant go at your expense on five other annual holidays to the Tregenna Castle? A. Not that I am aware of.

Cunningham

(Merrill)

Mrs. Cunningham

2068. Q. He has deposed that he has. Could he be mistaken? It is not a thing a man would make up -- ? A. No, it isn't. I mean to say, it is staggering to me equally, sir. If you had said twice I should have said yes, but it is five!
2069. Q. Well? A. No.
2070. Q. You know the gentleman I am referring to? A. Yes.
2071. Q. Well, did you provide him with a free holiday there on any other occasion to your recollection? A. To the best of my recollection there was only one other occasion.
2072. Q. You know, Mr. Poulson, I dare say we could establish this beyond doubt. You do not wish to re-consider your answer? A. Sir, the difference between establishing beyond doubt and you asking me to accept something that I do not remember ---
2073. Q. Well then --- A. --- if I said I didn't remember, I don't remember, but I accept it if you say so.
2074. Q. Well, he deposed, with some embarrassment --- A. I should think so ---
2075. Q. --- before the learned Registrar that he had been on six annual holidays at the Tregonna Castle, one of which you say was with yourself? A. Yes, sir.
2076. Q. And he said that on each occasion it had been paid for by you, and you only admit to paying for one? A. No, I admit to paying for two, sir.
2077. Q. You admit to paying for two. Thank you. Did you make any other payments to the civil servant to whom I am referring, other than the ones we have dealt with in this court? A. Not that I am aware of. You raised two points - I would like to clarify it to you - originally. You raised a point, and this is how - I don't know whether - it is the first item on the first page, A.1, ten guineas.
2078. Q. We know what that is, Mr. Poulson. A. Oh, you know about the 52?
2079. Q. Do you wish to say anything about the hundred? A. I didn't know anything about it at all.
2080. Q. If I were to refer you to a golf club, would that remind you? A. No.
- MR. MUIR HUNTER: Sir, I have no wish to deal further with that particular subject.
2081. Q. Now, do you know a Mrs. Cunningham? A. Yes.

Mrs Cunningham

2082. Q. A Mrs. May Cunningham? A. Yes.
- MR. SAFFMAN: Sir, there is one thing here which I think ought to be made clear. It is not at the request of the debtor that the name of the gentleman referred to has not been mentioned, and he can, in fact, be identified, because as my learned friend has said ---
- MR. MUIR HUNTER: I wish my friend not to infringe the confidentiality I have sought to impose by any unjustified interventions.
- MR. SAFFMAN: Sir ---
- MR. MUIR HUNTER: It was not at Mr. Poulson's request, it was in my duty as counsel.
- MR. SAFFMAN: I am obliged, sir. The only difficulty which I find in this matter is that my learned friend last week in opposing my application laid great stress on publicity, and is now withholding the names of certain people.
- MR. MUIR HUNTER: At the request of the debtor's counsel, unless the Court would wish me not to do so, I propose to say which civil servant I was referring to.
- THE REGISTRAR: I think it would be best left as it is for the time being.
- MR. MUIR HUNTER: If you please.
2083. Q. Mrs. Cunningham is the wife, is she not, of a gentleman known as Andy Cunningham? A. Yes, sir.
2084. Q. Who is, I think, a local government dignitary in the neighbourhood of Chester-le-Street, is he not? A. He is the secretary of one of the trade unions.
2085. Q. Is he not also an alderman? A. I believe so.
2086. Q. Was Mrs. Cunningham ever employed by you? A. Yes, sir.
2087. Q. In what capacity? A. As caretaker at the ---
2088. Q. What? I did not hear that - caretaker, yes. Where? A. I thought it was at the Newcastle office. There was some appointment at the Newcastle office. I don't know what it was.
2089. Q. Can you remember --- ? A. It was for a very short time.
2090. Q. Can you remember when it was, roughly speaking? A. In 1968, I should imagine - 68/69 probably.
2091. Q. Had Mrs. Cunningham any qualifications, professional or business? A. I think she had been a school teacher, sir.
2092. Q. Had she any experience in your class of work? A. No, sir.

No experience

Mrs. Cunningham

2093. Q. Would it be accurate for her to claim that she was employed by Ropergate Services as an administrative assistant and advisor on interior decorations? A. Yes, I think it would, sir.
2094. Q. As a caretaker? A. Well, I said that - I am sorry, I didn't realise.
2095. Q. You did not realise that I had got a letter from her claiming to be --- A. I didn't know what it was. I got very confused over that one.
2096. Q. All right, we will start again. What do you say that Mrs. --- A. I said later she was a teacher. Obviously a teacher wouldn't be a caretaker, sir.
2097. Q. Obviously a teacher would be a caretaker? A. Would not be a caretaker.
2098. Q. Not. Sorry. Well, if she was a teacher --- A. Had been, of course.
2099. Q. Had been a teacher, yes. And by whom was she employed? A. Ropergate Services, and it was a very temporary appointment and I don't think it lasted more than six months, but the books will show it.
2100. Q. Do you say that she was actually employed as an advisor on interior decoration? A. That I believe was the designation.
2101. Q. I am not concerned with her designation. I am concerned, Mr. Poulson, with the facts. Was Mrs. Cunningham a person qualified to advise a company of your magnitude on interior decoration? A. Of the type of the O.S.B. house, yes.
2102. Q. You mean she was employed by O.S.B.? A. No. She could have been used by me as an advisor on the O.S.B. house as an interior decorator.
2103. Q. Did you employ her yourself? That is to say, did you directly enter into a contract of employment with her? A. I think this was done at the time when Mr. Sales was the chairman and not Sir Bernard.
2104. Q. A Mr. Sales was the chairman of O.S.B. for a short time, was he not? A. That is right.
- MR. MUIR HUNTER: I was provided yesterday, your Honour, with the O.S.B. minute book which I have not had an opportunity of dealing with in detail.
2105. Q. Mr. Poulson, Mr. Sales is shown in the minute book of O.S.B. as having become chairman on the 11th July, 1969, an office which he held for a short time until he --- A. December?

Sales
Mrs. Cunningham

2106. Q. Sir Bernard Kenyon took the office back? A. When did he start? Did he start as chairman?
2107. Q. Sir Bernard Kenyon was chairman to begin with? A. No; when did Salco come on the board?
2108. Q. The 11th July - anyway, does it matter? I am asking about Mrs. Cunningham. A. Well, he saw the lady.
2109. Q. To be quite frank about this, was it just a sort of sinecure that you created for Mrs. Cunningham? A. No, sir.
2110. Q. Well then, Mrs. Cunningham presumably would be shown to have qualifications justifying her employment and you would be able to point to them and to the work that she has done. Can you? A. I can't for the simple reason it was such a short time, sir. 1967 onwards.
2111. Q. You mean she did not do anything? A. There was so much at that period, as you will realise, going on that I can't remember the details of whether she did anything or not.
2112. Q. Just let us consider, Mr. Poulson, the date. According to Mrs. Cunningham she was so employed for the period 21st October, 1969, to 31st January, 1971. Well now, in June, 1969, which you will remember, you were informed by your three senior assistants that you were insolvent. Do you remember? A. Yes, sir.
2113. Q. You then went off to Mr. King, your wife's brother-in-law, to obtain assistance, did you not? A. Yes, sir.
2114. Q. And then during the rest of the year there were increasingly feverish attempts to restructure the business? A. Yes, sir.
2115. Q. And, of course, there was a great shortage of money, was there not? A. Yes, sir.
2116. Q. Do you say that it was at that time, with your knowledge or approval, that Mrs. Cunningham was taken on the pay-roll as an administrative assistant and adviser on interior decorations to Ropergate Services? A. She must have been.
2117. Q. Why do you say that? A. From the letter you have referred to.
2118. Q. I mean, with all due respect to the lady, I am not bound to accept that what she is saying is true, you see. I am asking you. A. I remember definitely that she was taken on.
2119. Q. Why? A. For the - as we thought, it was a wise and necessary sales additional ---

1970
Linton

*Mrs. Cunningham
Cunningham
holidays*

2120. Q. At a time when the whole business was running into the ground and you were about to hand it over to I.P.D., you thought fit to employ a retired school teacher, and the wife of an alderman, as an administrative assistant and adviser on interior decoration; is that what you are saying? A. Yes, sir.
2121. Q. And was anyone concerned with this appointment other than yourself? A. Mr. Sales.
2122. Q. We will come to Mr. Sales in a moment. You can remember applying your mind to this? A. I can remember now visiting her for that purpose.
2123. Q. You went what, to Chester-le-Street? A. Yes, sir.
2124. Q. To see her, and to bestow on her the office that I have described? A. No, no; Mr. Sales and I were going round various parts and we called in there.
2125. Q. And he said, "Why not make May an employee as an interior decoration adviser?" A. No.
2126. Q. And you said, "Right"; or how did it happen? A. I don't know how it happened.
2127. Q. How much was she to be paid? A. I have no idea and I don't know how much she was, now. I can't remember salaries of all the staff I employed, sir.
2128. Q. Do you remember anyone else being there? A. No.
2129. Q. You had known Mrs. Cunningham, I suppose, for some time? A. Yes.
2130. Q. Mr. Cunningham was on the pay-roll of O.S.B. himself, was he not? A. Not that I know of.
2131. Q. Or on the pay-roll of Dan Smith, if it makes any difference? A. Was he?
2132. Q. You do not know that? A. No. Of course, I didn't know anybody.
- may?*
2133. Q. Then we will come to that. Well now, I am looking at an invoice of Messrs. Davoll & Rufford, to whom I have referred, dated the 31st October, 1969, relating to an air trip for two adults and two children, Mr. and Mrs. Cunningham and youths, to Lisbon on the 26th June, 1969, £256.16s. 8d. which had been charged to you but which you have not paid for. Now, this is the same Mr. and Mrs. Cunningham, is it not? A. Yes, sir.
2134. Q. Why did you send them on a trip to Lisbon? A. For the simple reason that I had been doing a lot of work with Mr. Cunningham's trade union for various branch offices in the north-east.

Cunningham holiday
of one

- 2135. Q. You had been doing a lot of work for Mr. Cunningham in his --- A. Union offices.
- 2136. Q. Now, what has that to do with sending them on a £256 holiday? A. That was the reason.
- 2137. Q. That is not a reason, Mr. Poulson. Were you paying Mr. Cunningham for some services rendered? A. No, sir, he couldn't render - what else could he render me?
- 2138. Q. So if it was not payment for services rendered, it was a gift? A. Yes, sir.
- 2139. Q. Or alternatively it was a "thank you"? A. Yes, sir.
- 2140. Q. Which would you prefer to have? A. A gift.
- 2141. Q. A gift. So that in June, 1969, just about the time when you were told you were insolvent, you ordered a holiday to Lisbon for Mr. Cunningham and his family. Did you apply your mind to your financial situation? A. I didn't realise the gravity 'til the end of July, and this was before that, I believe.
- 2142. Q. Do you know that this particular sum of £256.16s. 0d. forms part of an unpaid proof of debt entered by Davell & Rufford Limited, or claimed by Davell & Rufford Limited, against you in the bankruptcy for travel expenses for which you have not paid? A. Yes, sir.
- 2143. Q. Do I understand that you were continuing to distribute largesse of this description in the middle of 1969? A. But I wasn't aware that I was in the position that I ---
- 2144. Q. Did you give Mr. Cunningham any other holidays at the expense of the firm? A. Not that I am aware of. #
- 2145. Q. At any rate, whatever they are, they were all gifts; is that right? A. Correct, sir.
- MR. MUIR HUNTER: I show the witness a photo-copy letter dated 15th July, 1970, addressed to Clifford Turner & Co., on the Poulson creditors' file, volume 1.
- 2146. Q. Do you see that? That is a letter --- A. Sorry, I haven't got my glasses on yet.
- 2147. Q. Turn over the page. It has a photographic copy of your signature, does it not? A. Yes, sir.
- 2148. Q. And you are being asked, are you not, for an explanation of a claim of £5,078 made by Davell & Rufford. Do you see the opening paragraph? A. I am trying to read it, sir.
- 2149. Q. You need not bother to read the whole of the letter. A. Sorry.

Cunningham
holiday.

2150. Q. Just see the opening paragraph in which you are giving an explanation of the make-up of the Davell & Rufford claim. A. Yes, sir.
2151. Q. Are you with me? A. Yes, sir.
2152. Q. Well now, give me back the file, will you, please? That is your signature, is it not? A. Yes.
2153. Q. This letter begins, "Further to your letter of the 14th July", etc. "With regard to Clarksons All Travel Limited, I did not know they had been taken over" - that is why they became Davell & Rufford. "I append below the details of invoices in respect of £5,078. 8s. Od. which I trust will answer your point", and then you give a long list, do you not, of journeys made by named people to be charged to one or other branch of the firm? A. Yes, sir.
2154. Q. Under Ropergate Services we find the following. Mr. Potfield .. he was one of your employees, was he not? A. He was Wilson's assistant.
2155. Q. And then "A. Cunningham, £390.17s. Od." and "A. Cunningham, £256.16s. Od." Now, the second of those is the one on which I am examining you, is it not? A. Yes.
2156. Q. And you charged that to Ropergate Services? A. Yes, sir.
2157. Q. In what capacity? A. Well, I didn't charge it. I suppose it was put in.
2158. Q. Well, this is your letter, is it not? A. Yes, I signed that letter, but I wouldn't collect all those sums. Those sums would be prepared by the accountants.
2154. Q. Well, what about the first item, £390.17s. Od. Did you send the Cunninghams on a previous holiday? A. I wasn't aware of it, sir.
2160. Q. You see, it is half as big again so it presumably must have been a longer distance away, must it not? A. Well, I said I am sorry, I wasn't aware of it. I can't remember.
2161. Q. The second item of £256 was a holiday at Estoril, was it not? A. Yes. I am quite sure of that because I saw the copy of that invoice in the Official Receiver's office.
2162. Q. And you remember now that it was not a "thank you" for services rendered, it was just a gift to Mr. Cunningham for whose union you had been building some offices; is that right? A. Correct, sir.
2163. Q. But you have no recollection whatsoever of the previous holiday which you had paid for? A. I couldn't recall it, sir.

Relationship with C

Cunningham
Scott memo

2164. Q. Now, this is the sum which figures in a debt claimed against you in your bankruptcy. I must press you, Mr. Poulson, to think. You had better say if it was another holiday because we have means of finding out, you know? A. Yes, sir, I quite appreciate that and I trust that you will, but if I say I remember it and I don't I ...
2165. Q. Did Mr. Cunningham ever go on overseas trips for O.S.B.? A. Not that I am aware of, but then I begin to wonder what I am aware of in these matters.
2166. Q. What relationship, apart from an appointment of Mrs. Cunningham between October and January, 1970, and your having built offices for Mr. Cunningham's trade union, and having sent Mr. Cunningham on one or two holidays - what relationship can you remember between yourself and Mr. or Mrs. Cunningham? A. Going to the odd football match.
2167. Q. What? A. Going to the odd football match when I was in the Newcastle area, and things like that.
2168. Q. Do you remember Mr. Scott? A. Very well.
2169. Q. He was a member of Cooper Brothers, the chartered accountants, who was employed as a sort of financial controller, was he not? A. Yes.
2170. Q. Between January and I think May, 1970? A. Yes, sir.
2171. Q. Do you remember receiving memoranda from him and sending memoranda to him? A. Yes. Well, often. What are you referring to, sir?
2172. Q. I am going to show you what appears to be a memorandum from yourself to Mr. Scott dated 12th January, 1970, from page 2 of which I read the following, and I am going to show you the document and ask you whether you remember it. "Consultants". "There is only one major one and I am dealing with this with Mr. King's approval". That is Mr. King, the Chairman of I.P.E., is it not, and your wife's brother-in-law? A. I expect so.
2173. Q. "With Mr. Grimwood" - that is your solicitor - "in London on Wednesday afternoon, and will keep you informed of the result". Do you remember any person who could be so described? A. No, sir.
2174. Q. "The terms of this person's agreement and his name must be kept secret. Only you, Miss McLeod and I must know as far as this office is concerned" ---

ask King X

MR. MUIR HUNTER: I show the witness a memorandum and ask him to look at page 2 on the file entitled "Scott file".

2175. Q. Look at the file. You see I have put in "from" and "to", which seems to be the way in which your memoranda are addressed to you. Would you turn over the page? Do you see the passage headed "Consultants", about half-way down, with an ink endorsement underneath? That is the passage I have read to you. Do you remember writing that? A. No, sir, I don't remember writing it.

2176. Q. Who is the person referred to, do you suppose? A. Can I just read this very carefully before I answer?

2177. Q. Please do. It is all administrative arrangements consequent on the reduction of the scope of the business, is it not? A. I am sorry, I haven't got half-way down the first page.

2178. Q. The point is that it is all administrative rearrangements, is it not? A. It would be at that time, yes, sir.

2179. Q. Have you got to the place? A. Yes, sir.

2180. Q. Do you remember writing such a memorandum? A. No, sir.

2181. Q. To what person could you have been referring if you were the author?

MR. MUIR HUNTER: Long pause.

THE DEBTOR: No, I am trying to be quite certain. This is very important, sir. I would think, I wouldn't say definitely, but I think it would refer - no, it can't have done because this is written afterwards.

2182. MR. MUIR HUNTER: Mr. Poulson, just think for a moment. I care not what date it was, nor should you. A. Yes, sir.

2182. Q. Because I am asking you what could have been meant by a major consultant whose name should be known only to Mr. Scott, Miss McLeod, your secretary, and yourself. You must know who it is, must you not? Just think. If you wish to write the name down I will ask the Registrar's leave for you to do so.

Undertaking

A. It isn't that, sir. I just honestly cannot at this point definitely say who, and I would like time to think of that and come back to it.

2183. Q. Right. Give me back the file, please. A. If I could have a word with my secretary and see if she can help me.

2184. Q. You see, Mr. Poulson, what I am principally concerned about is not really the name of the man, or woman, but what was this kind of person, capable of being described as a major consultant, therefore distinguished from a minor consultant, whose name is needed to be kept secret. It is to that category that I wish you to address your mind rather than whether it was Mr. Snooks or Mr. Brown? A. I appreciate, but at the same time,

Mrs. Cunningham
related memo
O.S.B. consultants

whoever it is, it would have a very relevant effect and might be entirely wrong and, therefore, put me in a position of making up a statement ...

2185. Q. How many major consultants did you have? A. I have no idea, sir.
2186. Q. How many minor consultants did you have? A. I have no idea.
2187. Q. Therefore you had a number of each? A. Well, there weren't any - as far as I was concerned there were no classifications.
2188. Q. Well then, you must have in your mind a list of people whom you describe as consultants. Who were they, what sort of people were they?

MR. MUIR HUNTER: Long pause.

THE DEBTOR: Could I please - I beg the Court's time to think about this one and come back to it.

2189. MR. MUIR HUNTER: Well, I will give you another one to think about, Mr. Poulson, at the same time. I look at a memorandum on the same file addressed by Miss McLeod to Mr. Scott, dated the 16th January, 1970. Now, just let us think about January, 1970. It was, in fact, a time when you had already on the 31st December, 1969, handed over your business to Mr. King's new company, had you not? A. Correct, sir.
2190. Q. I know that these documents were changed later in the way that the learned Registrar described in his judgment on the last occasion, but, in fact, the thing was under way, was it not? A. Yes, sir.
2191. Q. Mr. Scott was there as part of the new establishment, so he was having to be told about things, was he not? A. Yes, sir.
2192. Q. Now, this memorandum reads as follows. "Mr. Poulson has remembered that there is another O.S.B. consultant". Can you remember telling Miss McLeod about another O.S.B. consultant? A. No, I can not.
2193. Q. In the circumstances it would seem on this file, four days later, to mean another one, other than the major consultant whose name you have not given, would it not? A. It would, yes, sir.
2194. Q. He then goes on, "Mrs. May Cunningham, Chester-le-Street ... A. What I am smiling at is "A major consultant"."

McLeod memo
Mrs. Cunningham

2195. Q. All right. Let me ask you what was major and what was minor. Would it depend on the salary they received?
A. I should - as far as I am concerned, yes.
2196. Q. What was a major consultant's salary?
A. Anything over a thousand a month.
2197. Q. Yes. A month? A month? A. Yes.
2198. Q. You mean like Mr. Smith? A. Yes.
2199. Q. Well now, the memorandum goes on, "She receives" - originally typed as "receives" and then that has apparently been changed to "received", - "£1,500 per annum"? A. Yes, sir.
2200. Q. "Mr. Poulson is arranging that this lady is paid in future by Mr. Dan Smith". I show you the memorandum which has been confirmed by Miss McLeod to have been made by her. Do you remember giving such information? A. No, sir.
2201. Q. Why should you have Mrs. May Cunningham as a consultant at £1,500 a year when you did not have a business? A. I can't answer that question. I just do not understand it.
2202. Q. Why should Mr. Dan Smith be paying your consultants, and out of what? A. Well, I didn't know he was. I didn't know until you showed me this letter now.
2203. Q. Could this be the job to which Mrs. Cunningham, in her letter of the 18th May, 1972 could have been referring when she described herself as an administrative assistant and advisor on interior decoration during the period 21st October, 1969, to 31st January, 1970? A. It would appear so, but I would have thought she would have finished before the end of the year, in accordance with that request.
2204. Q. Why, if that was a genuine employment of herself, should you have, if you did, given the peculiar instructions to Miss McLeod to pass on to Mr. Scott relating to a person who appears to have been employed, if she is telling the truth, by Ropergate Services Limited, and not by Mr. Smith?
A. Sir, at that time I had lost everything; I had had my business taken about me and I was not in a position to know exactly what was heppening. I was not even going to the office. I was told by Grimwood to keep away, and with all this strain, and I am sorry, but I just did not ever appreciate that that letter had ever been written and I think it was contradictory to the events.
2205. Q. Now, Mr. Poulson, just let us see what you are saying. The first thing you are saying, I suppose, is that you did not write the memorandum of the 12th January, 1970; is that right?

TDS2

Dan Smith
Mrs. Cunningham
Muir Hunter
Consultants

A. No, sir, I am saying that if I dictated that to Miss McLeod, which she said I did, I would accept it, but I am saying that at that time I was under such strain and such - not strain from writs or anything like that, it had gone beyond that stage - I had lost everything, family, the lot, and I was not capable of knowing exactly who did what and what I did.

2206. Q. Do you mean to say that your state of mind caused you to write that paragraph about a major consultant whose name had to be kept secret? A. I am not saying anything of the sort ---

2207. Q. Well now --- A. I am saying this, that is why I do not know - I do not readily know the answer to that reply.

2208. Q. Well, will you think about that and Mrs. Cunningham over the adjournment? A. The unfortunate thing, sir, is that I cannot get in touch with my secretary. She is not on the 'phone and she lives in a village outside Selby, and one often finds that we have the greatest difficulty. The earliest I can get in touch with her is tomorrow to get her to see Mr. Simpson again, if he wishes.

2209. Q. Why should anything need to be kept secret at this stage?

A. I don't know, sir, the reply to that question.

2210. Q. Did you have secret consultants? A. No, sir.

2211. Q. Then somewhere there must be a list of your consultants, must there not? A. One thing is obvious, they will be in the cash-book.

Consultants

2212. Q. No, a list of your consultants? A. I understood you told me they were all put there. I haven't seen them.

2213. Q. What I am asking about, because we want to know ---

A. I've got no other books, sir, and never have had, and I have never kept any books; the books have been kept by accountants, not by me. I paid highly for very poor results.

2214. Q. I am going to show you again the budget of the Dan Smith Group for the year ended 30th September, 1967, T.D.S.2, to which your attention was directed on the last occasion ...

MR. MUIR HUNTER: Of this, sir, I think you have the original exhibit, and I think we shall need to look at the original exhibit because the photograph which I have, and the witness has, is, in fact, cut off at the side, so if we could take T.D.S.2 off the file.

THE REGISTRAR: I have not got them here. They were released to the Trustee after the private examination.

Day 3.

2214a MR. MUIR HUNTER: At question 1916 I showed you this, did I not, on the last occasion? A. Yes.

2215. Q. I asked you, "This is a budget of what Mr. Dan Smith was going to spend your money on, is it not?", and you said, "Not that I am aware of". "Q. Did he never show you a budget?" "A. No, sir". A. I haven't seen a document ever like this.

2216. Q. Well now, are you going to say still, Mr. Poulson, that you have absolutely no knowledge of what Mr. Dan Smith did with the money, and for the money that you paid him? I must warn you I have a great many files on this and I would sooner that you spoke quite frankly at this stage. A. Mr. Smith in the first place did, as I have repeated, Skarne, came on with Skarne, then he came on to P.R. work, then he did portions for O.S.B. and then for getting us on to lists for competitive town centre development, but as for how and who this was made up, I have not seen any such documents as these.

2217. Q. Do you say that you were not in any way involved in what Mr. Dan Smith did? That is to say, physically involved yourself or by your staff? A. As far as going with Mr. Dan Smith, I don't suppose I went even half a dozen times, but some of my staff did.

2218. Q. Do you remember a Mr. Mallory? A. Of course I do. He was the principal in charge at Middlesbrough.

2219. Q. And Mr. Richardson? A. He was the gentleman in Scotland.

2220. Q. And do we find --- A. I am trying to look at the figures, sir, and this was in the way, and that is why he was doing that. (The bailiff was holding the microphone to the debtor).

2221. Q. Now, this document, you see, is a list of expenses, many of which are shown as initials. With the assistance of Mr. Smith we have deciphered these initials - de-coded them - and I am going to tell you who they are and you will find some of them have been written into your copy. A. Well, there is only - there is nothing here written into my copy, sir.

MR. MUIR HUNTER: Sir, I am handing to you the original exhibit which has been found. It does not appear to have been marked yet.

MR. SAFFMAN: Sir, if I may interrupt, with respect. This is a document which I have not seen. May I refer you, sir, to the case of re Cronmyre which was referred to at the last hearing. It is 1894 2 Q.B., at page 246, where Lord Esher, the Master of

Dan Smith
TDS Budget
TDS 2

the Rolls, at the bottom of page 250 set out the definition of the proper questions to be put at a Public Examination. It is on page 10 of the third day's transcript, and then it follows on to page 11, and the ruling of Lord Esher in that case is in the second paragraph on page 11. It was a direct quotation from the Law Reports:-

"For the purpose of collecting evidence, the bankrupt is to be asked, and he is to answer, all necessary questions respecting his conduct, his dealings and his property. It would be the duty of the Registrar to say 'You may ask him any proper questions with regard to his own dealings, but you must not ask him, and you cannot oblige him to answer, any questions with regard to any other person's dealings.' The Registrar must determine whether the questions are rightly put and whether the debtor ought to answer them. For that purpose, the Registrar must determine whether the questions put relate to the dealings of the debtor, or to the dealings of someone else."

The debtor has given evidence that monies paid to Mr. Smith were paid on behalf of certain firms and companies which, without reference to the books and papers, he is unable to identify in any detail. He has now had produced to him, as I understand it, documents prepared by Mr. Smith, or on behalf of Mr. Smith, showing what was the expenditure in the course of Mr. Smith's business. In those circumstances, sir, I would ask you to direct whether or not these are, in fact, questions which are proper within the meaning of Section 15.

MR. REGISTRAR: I think Mr. Hunter can reply to that.

MR. MUIR HUNTER: If my learned friend would accept from me, and I state this presumably with the authority of the Court, Mr. Smith, when examined for a day and a half in this Court, deposed that he had visited Mr. Poulson regularly and had shown him budgets similar to the one T.D.S.2. I am, therefore, putting to the bankrupt the evidence of the other person to this interview. The bankrupt, as I understand it, has stated that he never saw such a budget. I now propose, with the Court's leave, to ask him whether, if I can interpret the initials in the way that Mr. Smith under compulsion from the Court did, he is able to assist the Court as to the expenditure of the money. Have I the Court's leave?

THE REGISTRAR: I think it is a perfectly proper question.

Kirkup
The Budget
Allan + Peterhead

2222. MR. MUIR HUNTER: Would you look at this list, therefore. The first one is "Head office and administration salaries". T.D.S. is Mr. Smith. W.K. is Mr. Kirkup, his partner. Did you meet Mr. Kirkup? A. Yes, sir.
2223. Q. You had correspondence with him, did you not? A. Whilst Mr. Smith was ill only.
2224. Q. What did Mr. Kirkup do? A. He was a chartered accountant as far as I know.
2225. Q. He was also Mr. Smith's partner in the Dansmith organization, was he not? A. For a very short period whilst Mr. Smith had had a coronary.
2226. Q. N.W. is a secretary. A. Who is A.S.?
2227. Q. Ada Smith, his wife. A. I'm sorry.
2228. Q. Who got £5 a week. K.L.A. --- A. Who is N.W.? I am sorry, I missed that.
2229. Q. N.W. is Norman Williamson, a secretary. A. Never heard of him.
2230. Q. Now, I am not going to trouble you with the ones except those which I ask. K.L.A., that is Mr. K. L. Allen, a thousand a year. Do you know Mr. K. L. Allen, or Ken Allen? A. Yes
2231. Q. Sometimes spelled Allen, sometimes Allan, and I am not sure which is correct. What is his job? A. If it is the one that I think it is, he is the deputy general manager of Peterlee and Aycliffe New Town.
2232. Q. That is right. That seems to be confirmed by your own correspondence. So Mr. Ken Allan, a permanently employed salaried officer of Peterlee New Town, is, we see, on Mr. Smith's pay roll. Did you know that? A. No, sir.
2233. Q. This is the first time you have heard that. Did you approve?
MR. MUIR HUNTER: No answer to that question.
THE DEBTOR: No, I'm sorry, I didn't realize you were expecting an answer. I said no, I didn't know.
2234. MR. MUIR HUNTER: Did you approve of the expenditure of this kind of sum? A. I certainly didn't, for the simple reason, I didn't know what it was for in the case of Mr. Ken Allen.
2235. Q. So you now state, after consideration, that until this moment you had no idea that Mr. Ken Allen formed a salaried member of the Dansmith organization; is that right? A. That is correct.
2236. Q. And that to the best of your knowledge and belief no partner, or assistant of yours, would have known that fact?
A. I can't answer that one because I don't know.

Dallory?

Ask re Allan

The Budget
P Ward
hadwin

2237. Q. Not as far as you could tell? A. No.
2238. Q. We proceed. Newcastle. Do you see P.W.? P.W. stands for Peter Ward? A. Sorry ...
2239. Q. Will you go down to --- A. The writing is so bad. I am trying to - is it the first item, "Rent"? The next one is telephone.
2240. Q. No, no. Go on beyond "Overheads" and will you stop at "Travelling and entertaining"? A. This is after salaries?
2241. Q. Yes, £5,500 travelling and entertaining in the budget on head office and administration alone? A. Sorry, but I can't find this figure, sir.
2242. Q. You see "Overheads"? A. Yes.
2243. Q. Go down to postages and sundries. It is the next item "Travelling and entertaining, £5,500". A. I have got £750 here.
2244. Q. No, you are too far down. A. Sorry. Would you repeat that again?
2245. Q. "Head office and administration salaries" --- A. Oh, here it is. I have got it, sir.
2246. Q. Travelling and entertaining, £5,500. Now, do you see that alongside these head office sums there are a number of deletions and amendments? A. Well, yes, I see now, yes.
2247. Q. But you say that that did not result from any discussion with you? A. Certainly not.
2248. Q. Do you know what "Stanhope Street" is? A. No, sir.
2249. Q. Then go to Newcastle. Will you take it that P.W. is Peter Ward, the person about whom I have asked you questions? A. This £1,560?
2250. Q. You see, "Newcastle, P.W." is apparently the chap in charge? A. Yes.
2251. Q. "Salaries, Peter Ward, £1,560"? A. Yes.
2252. Q. You need not trouble with the small ones; and then they get £750 travelling. Now, you see, we have seen, have we not, a lot of Peter Ward expenses for travelling being paid by your firm, about which you said you knew nothing. Do you still adhere to that view? A. Sir, I didn't see these, no, and what I can't understand now is this; they talk about travelling £5,500 a year and then give a list of travelling later.
2253. Q. Yes, very well. A. I mean, it looks to me like double entry.
2254. Q. And then they get to Newcastle, A.R.H. That means the person in charge again, and that is Alderman Roy Hadwin, is it not? A. Oh, yes.

Holidays - didn't know

Cunningham
Hadwin
Cunningham

check
038
may

2255. Q. And you remember Roy Hadwin, do you not? A. I remember him because he at one period took an action against Smith.
2256. Q. In fact, do you say that you know that Mr. Hadwin was part of Mr. Smith's organization, or not? A. I knew as a result of an action he took in the courts against him.
2257. Q. Before or after the time to which this document relates? A. I don't know what date.
2258. Q. It is the year to September, 1967, so it would presumably be prepared in September, 1966? A. I don't know what the date is of the case Hadwin had against Smith. They would be about the same time.
2259. Q. What was Mr. Hadwin's job? A. Just worked for Smith, I expect, as a P.R. if I remember the case rightly.
2260. Q. Well, would Mr. Hadwin have worked for £1,560 a year as his sole occupation? A. I couldn't answer that question, sir.
2261. Q. Do you know that at this time Alderman Hadwin was the Chairman of Newcastle-upon-Tyne Town Planning Committee? A. No, I didn't.
2262. Q. You mean you know it now or you have never heard of it? A. No; it is the first time I have heard that, but I did know when he came out from that case that he had been Lord Mayor of Newcastle.
2263. Q. You see he gets this sum, then there is another limb to Newcastle, "Newcastle, J.G.L.P." A. Yes.
2264. Q. Now, that must stand in some way for yourself, must it not? A. Well ...
2265. Q. Those are your initials? A. Those are my initials.
2266. Q. And we will find it is used elsewhere. Now, do you see A.C., the first salary of a thousand pounds? A. Yes.
2267. Q. Mr. Smith identified that as Mr. Andy Cunningham. A. Did he?
2268. Q. Do I understand you to say that you did not know that Mr. Andy Cunningham was on the pay roll of the Dansmith organization? A. Certainly not, and not getting holidays direct from me.
2269. Q. Are those statements mutually exclusive, Mr. Poulson? A. Sorry, I didn't follow what you meant.
2270. Q. Does the fact that Mr. Cunningham gets a free holiday from you exclude him receiving a thousand a year from Mr. Dan Smith? A. Well, he wouldn't certainly have had it if I had known that, would he?
2271. Q. At any rate, you did not know. Well now, I asked you, you remember, about quarter of an hour ago whether there was any

see
3/62



Cunningham
15512

other relationship between yourself and Mr. and Mrs. Cunningham other than the one which we had identified, and you said no. What we find here, is it not, is that Mr. Cunningham was receiving a thousand a year out of the money that you were paying to Mr. Dan Smith? A. Which I wasn't aware of.

Urwin

2272. Q. Now, have you any idea why that should be the case? A. He never disclosed who these people were and I didn't know what he was doing. All I was dealing with was one person. He never presented any accounts to the accountants or anybody, except on expenses.

2273. Q. So he did render accounts on expenses? A. Well, you said so, to Baker.

2274. Q. Yes. At any rate, you knew that he had people then, but you did not know what people? A. Well, obviously he had some staff as a P.R.O.

2275. Q. No --- A. Organization.

2276. Q. Just let us go back a moment and I will have your answer read to you if you wish. You said, "He never disclosed the names of these people". I hope I shall be corrected if that is not a fair transcription. Well then, Mr. Smith, therefore, talked to you about people he had? A. No. The only people I met connected with him, as far as I remember or recall, and that is why I can't recall it, if he walked in here this Peter Ward you have referred to. I remember the little Michael Ward, and I remember Hadwin because of that law case.

2277. Q. Well now, let us look at the rest of "Newcastle, J.G.L.P.", shall we? S.D. is apparently a Mr. Docking. Do you remember Mr. Dockin? A. No.

MR. MUIR HUNTER: I refer for the record to the exhibit T.D.S.12 sheet, "Conferences, cocktail parties, lunches and exhibitions", it being a manuscript sheet prepared by Mr. Dan Smith of the persons shown on the budget and used by him as consultants, S.D. being identified as S. Docking

2278. Q. R.U. - you see R.U.? A. Yes.

2279. Q. Do you know Mr. Robert or Bob Urwin? A. Yes, I did meet that gentleman.

2280. Q. What is his job? A. Taylor Woodrow - he was Taylor Woodrow's P.R.O. in the north-east, so I was told at the time.

2281. Q. Did you know that he worked for Mr. Dan Smith? A. No, because I thought he was working for Taylor Woodrow.

Urwin
North Shields
Mallory

2282. Q. Mr. Poulson, is it conceivable that your staff could have known and dealt with Mr. Urwin without your knowledge? A. I should imagine Mallory could, or Richardson, yes.

MR. MUIR HUNTER: I look at the file entitled "North Shields, 1961/1963", produced by Mr. Dan Smith.

2283. Q. Do you remember some activity at North Shields? A. The only activity at North Shields was a planning exercise.

2283. Q. Do you remember your staff being involved in that? A. Yes.

2285. Q. There was some difficulty in persuading the council, was there not? A. Not that I am aware of, and furthermore I have never met the council, as an individual.

2286. Q. But you have met Urwin, have you? A. I met Urwin, yes, sir, but not over anything to do with North Shields.

2287. Q. Did you subsequently discover that he had something to do with North Shields? A. No, sir, until you, sir, talking me now, or asserting that he had.

2288. Q. Now, I am not going to bother to show you the file immediately, but I am referring to a letter dated the 23rd May, 1963, written on the paper of your Middlesbrough office by Mr. Mallory, whose signature you will no doubt be able to recognize, in which he is writing about the central area development in North Shields. Did you know that? A. Yes, sir. I do not know that we did the central area development.

2289. Q. And he had written to the Borough Engineer and Surveyor? A. Yes.

2290. Q. And was rather disconcerted to find that his letter had ended up with the Town Clerk. Do you remember hearing about that? A. No, sir.

2291. Q. Who said, "Nothing doing, no information to be given". The file shows then that Mr. Dan Smith writes to Mr. Urwin at Chester-le-Street. Is that where he lived? A. I don't know, sir.

2292. Q. Sending a copy of Mr. Mallory's letter to Mr. Dan Smith dated the 23rd May, 1963. This is followed by a telephone message recorded as having come from your Mr. Mallory to Mr. Smith's secretary, Mrs. Boyd. "I wanted to have a personal word with Mr. Smith on something in Newcastle. I did write some weeks ago about North Shields but have not heard any more. It is nothing desperate. Ask Dan if he can give me a ring". What would Mr. Mallory have been telephoning about? A. Mr. Mallory was running Middlesbrough entirely on his own and what you have read to me is the first time I have heard either

North Shields

Mallory
Urwin

any reference or inference as such. As far as I am concerned this job was handled by two people, Mallory and a man called Tetlow, a planning officer.

2293. Q. Mr. Max Tetlow had been an officer of the Ministry of Planning, had he not? A. Ministry of Housing and Local Government Regional Officer in Leeds.

2294. Q. Whom you employed? A. Who approached me - let us get this quite clear ----

2295. Q. Never mind, Mr. Poulson, who approached who; whom you employed after he left the civil service, did you not? A. Yes, and he is still there.

2296. Q. So I have read you letters passing between Mr. Mallory, who apparently you have disowned, and Mr. Smith, about some problem in North Shields, letters having gone to the wrong officer? A. I didn't know there was any problem until ----

2297. Q. Never mind. Bear with me. Mr. Smith on the 28th June, 1963, then writes to dear Mr. Urwin asking for a comment on Mr. Mallory's and the Town Clerk's letters. We find on the file this, Mr. Poulson, from Mr. Urwin to Mr. Smith. "Re North Shields". Now, this may be a false note, it may be invented, and it is not anything for which you are blameworthy but I want to read to you what Mr. Urwin is recorded by the secretary to have said. "Re North Shields. We are trying to break this in various ways. It is not one of our controlled councils" - (The debtor gasped) - are you feeling alright? A. I am only surprised at the outrageous remarks which have been made ----

2298. Q. Of course. The note continues - you know Mr. Urwin, do you not? A. I have told you already, sir, I have met him and I thought he was the Taylor Woodrow representative in the north-east.

2299. Q. "We are trying to work through", and he then refers to the office of one of the local government committees and I will not identify it, who incidentally is somebody or other's doctor. "The only thing I can reiterate is that the property in Bedford Street" - that was a property you were seeking to develop, was it not? A. I don't know, sir, because I had nothing to do with this development, I have never been in North Shields, I have not met any of the councillors, clerks, surveyors or anybody connected with it.

2300. Q. I continue. "Which Mr. Mallory mentions is in the middle of the re-development. Why they are putting off, nobody knows. We are doing all we can". I am not going to make any unkind inferences from that, but can you tell the Court why Mr. Urwin

*Marking
Down*

who is receiving £500 of your money each year, is engaged in activities of this description? A. First of all let us be quite clear. I didn't know he was receiving any money. Secondly, I didn't know he was doing activities other than I was told in the north-east it was public, that he was a P.R. representative for Taylor Woodrow.

MR. MUIR HUNTER: Would this be a convenient moment, sir?

THE REGISTRAR: Yes, certainly.

MR. SAFFMAN: Before you adjourn, sir, there is one matter which I would like to raise. You will appreciate, sir, that the objection which I raised before as to the question which my learned friend put was because I had not had the advantage of seeing the Section 25 examination. I did at the end of the last hearing make a formal application to you that the stop order be lifted in so far as it contains the debtor and his solicitors. It is referred to on page 84 of the transcript.

MR. MUIR HUNTER: May I short-circuit my learned friend's application by saying that, subject to my instructions, I would have no objection to his seeing the private examination of Mr. Smith, subject to the Court's leave.

MR. SAFFMAN: Well, it does not only come to Mr. Smith, sir, because presumably my learned friend intends to ask questions based on the examination of other witnesses.

THE REGISTRAR: The difficulty ----

MR. MUIR HUNTER: Not at this stage.

THE REGISTRAR: Is that the file on which there is a stop order does not contain any transcripts. There is nothing in the file which would be of any use to you.

MR. SAFFMAN: Except this, sir, from indications which have been given to me - I shall put it no higher than that - if you were to lift the stop order so far as I and my client were concerned, I do not anticipate any difficulty in obtaining the necessary transcripts and the documents referred to therein.

THE REGISTRAR: Have they been presented to you?

THE OFFICIAL RECEIVER: Only one transcript has been sent to me and has been filed, sir.

MR. MUIR HUNTER: Can I assist? Owing to the pressure on the shorthand writers, Mr. Dan Smith's evidence has not yet been transcribed.

MR. SAFFMAN: I did not expect them immediately, sir. I appreciate that pressure. The important thing is that if the

stop order is lifted, as indicated, that they will be made available to me in due course.

THE REGISTRAR: I cannot see any objection.

MR. MUIR HUNTER: No, indeed. I would agree to Mr. Dan Smith's evidence being inspected by the debtor's solicitor when it is ready and delivered.

THE REGISTRAR: Yes, but there are other transcripts.

MR. MUIR HUNTER: I would prefer, if I may, to reserve those and to raise the matter when I propose to use any of the answers. So far, I have not used any except the one whose identity I have kept secret.

MR. SLYNN: In view of the passage of Lord Esher which my friend read to you at page 10 of the transcript, I would respectfully ask my learned friend to bear in mind the possible prejudice to which I referred earlier this morning.

MR. MUIR HUNTER: Naturally. Of course, I heard with great attention the observations of my learned friend, and the views of the Attorney General, and I have tried so far as possible to confine my questions to that. I hope my learned friend will bear with me in this part of the examination which is directed for a specific purpose which may be different from that which he has in mind.

THE OFFICIAL RECEIVER: There is one other point, sir. A number of documents have been referred to - exhibits in private examinations. I wonder if those are in the custody of the Court at the moment?

THE REGISTRAR: They are with the Trustee.

THE OFFICIAL RECEIVER: I have been trying, sir, for two weeks to have sight of those documents to assist in my enquiries. If they could be taken back into the custody of the Court

THE REGISTRAR: Yes. There are a tremendous number.

MR. MUIR HUNTER: Sir, I had no idea that the Official Receiver had not been supplied with them. I will certainly see that it is done.

THE OFFICIAL RECEIVER: I am not suggesting for one moment there has been any deliberate attempt to impede my investigations -----

MR. MUIR HUNTER: Well, I think I must point out that I and my two juniors, my instructing solicitors and the Trustee and their staff, have been engaged about 15 hours a day since the 13th June in preparing this matter, and we have so far provided the Official Receiver with copies of all the files in our

possession which he has photographed, with the transcriptions of all the private examinations which have been made, and if, in fact, we have not come up with anything it is not through any lack of desire to assist, it is simply the physical inability to handle the material, the volume of which the Court can judge for itself.

THE OFFICIAL RECEIVER: I am not suggesting for one moment there has been any deliberate attempt in this matter, but if the Trustee and his solicitor have been unable to photograph them, I can possibly assist.

MR. MUIR HUNTER: I am very much obliged.

THE REGISTRAR: Meanwhile, Mr. Saffman, by all means inspect the transcript of Mr. Smith's evidence.

MR. SAFFMAN: To save further application, sir, can I take it that the order is that the stop order is lifted in so far as the debtor and I are concerned regarding any Section 25 examination on which Mr. Poulson has been questioned?

THE REGISTRAR: Not at this stage; only in respect of the transcript of Mr. Smith's evidence.

MR. SAFFMAN: Yes, I appreciate that, sir, because he has been asked about that, but ---

THE REGISTRAR: I shall deal with the other transcripts as they arise.

MR. SAFFMAN: I am obliged, sir, except for one thing, that I would ask for an undertaking that if for any reason any Section 25 examination is not to be used by counsel for the Trustee that that be indicated to me so I can make an application in respect of it, because, as you will appreciate, I have no knowledge of it, other than what I read in the press.

THE REGISTRAR: Of course, the press have no knowledge of what happens at a private examination.

MR. SAFFMAN: No, but they know who has been examined, or appear to.

THE REGISTRAR: If those transcripts are to be used they will be of no assistance to you.

MR. SAFFMAN: With the greatest possible respect, sir, as I have said before, the Trustee and the Official Receiver enquire into matters in which they are interested; they do not, quite properly, seek to give a whole picture.

THE REGISTRAR: Well, I will deal with the matters as they arise. Meanwhile I propose to adjourn until half-past two.

/...Luncheon adjournment.

*Mr. Poulson search
Donations*

2301. Q. Mr. Poulson, I will return in a little while to the question that I was putting to you before the adjournment. I want to deal with some other matters in the interim, please. I have here a search from West Riding Deed Registry of property transactions involving yourself, and I note that you are shown as a trustee of a number of religious institutions. I will not mention them, but is that right? A. Yes, sir.
2302. Q. When you became a trustee of, say, a particular religious institution, did you make any donation to its funds? A. These are trustees of the premises of various chapels.
2303. Q. Yes. A. But, therefore, they would not require - it wasn't necessary to make donations.
2303. Q. I am not suggesting for one moment that because you became a trustee you had to make a donation; I am asking whether you did make, during the last ten years, any substantial donation of more than, say, £10/£20 to any religious establishment in this neighbourhood. A. I've seen that list - Mr. Saffman showed me it - and the answer is no, sir.
2304. Q. There is also on this list an educational establishment; did you make any donation to that? A. Which one is it referring to? I'm sorry, I can't remember that.
2305. Q. Norton? A. It is a chapel, sir.
2306. Q. It is a chapel, I see. It is described as a schoolhouse. Did you make any donation? A. No, sir.
2307. Q. Have you made any donations to schools in the last ten years of more than £10 or £20? A. Yes, sir.
2308. Q. Can you remember one? A. I can remember them, but I can't give you any details because I ---
2309. Q. Think of the school itself. A. Queenswood, Hatfield.
2310. Q. Roughly, what sum was involved? A. The only way I can tell you that, sir, is to see the books and go through them, and if I have that facility, you will have that.
2311. Q. How long ago would that have been? A. During the last ten years.
2312. Q. On one occasion, as we see from your personal correspondence file, you invited Mr. Maudling to come down, I think, to preside at speech day. Would it have been about that time? A. The only reason for that, sir, he was the M.P. for the constituency in which the school was.
2313. Q. I know. I just wondered if that would assist the date in your mind. A. No, it had nothing to do with it. He did not open anything; he was coming down for a speech day.

Maudling

See index 2391 re file

Donations
Jewellery
A. King

2314. Q. Are you a member of the governing body of Queenswood? A. I was, sir.
2315. Q. And did you resign? A. Yes, sir.
2316. Q. When was that? After your -- ? A. Prior to my ---
2317. Q. Prior to your troubles, yes. A. As I did everything.
2318. Q. Yes, I much respect you for that. What is Knottingley Rope Walk; is that a property? A. That is a church, sir.
2319. Q. I have asked you about churches and schools. Did you make any substantial donation to any political party or any political association in the last ten years? A. Not donations, no, sir.
2320. Q. I mean, I know you were prominent in the Conservative Party. A. I was never a member of the Conservative Party, only for the last two years after the dissolution of the National Liberal.
2321. Q. Ah, yes, of course. I am sorry. Well now, you have produced a list of dates of jewellery which I show you and ask you to identify. Is that prepared by yourself or by your wife? A. My wife, sir.
2322. Q. And do you produce it as coming from her? A. Well, I produce it in reply to your request, sir.
2323. Q. Yes, and will you undertake to assist the Trustee to identify further, if necessary, any of the dates or the transactions therein referred to? A. Of course.
2324. Q. Now, there is something I wish to clear up, Mr. Poulson, about Mr. Pottinger's house. I just want to be clear about it. Mr. Pottinger's house was actually built by contractors instructed by yourself? A. Not by me personally, no.
2325. Q. I am sorry. You see, Mr. Poulson, you were, in fact, a one-man band, were you not? A. Yes, with salaried partners, but they had such authorities that they acted as partners, and the only benefit -- Well, they had benefits by not being partners because they could then be insured in a non-contributory scheme which they couldn't be if they were partners, but they had all the other facilities except signing cheques.
2326. Q. I am not concerned at the moment with any matter of responsibility; simply questions of fact. Some person -- would it have been the Scottish Office? A. Yes, sir.
2327. Q. Some person organized or procured the building of the house by some building company; is that right? A. Well, he was out to tender, and I expect he - at least I think he was out to tender - and he chose a firm, as I remember called Dennis.

Pottinger house

2328. Q. Dennis, yes. So, there would therefore be somewhere, I suppose, some kind of tender for the price of the house? A. Yes.
2329. Q. And this was then accepted by Mr. Pottinger? A. I have no idea, sir. I can't answer that question because I don't know.
2330. Q. And it was then paid for? A. Well, all I ---
2331. Q. By somebody. A. By somebody, yes.
2332. Q. Now, you gave the impression on the last occasion that the financial contributions you had made, or some of them, had been for the purposes of putting right defects in the house. A. Additional costs and defects, yes.
2333. Q. Therefore, you must, must you not, have applied your mind to this matter at some stage? A. After the wretched thing had been built.
2334. Q. Yes. So when you did apply your mind, what did you find? A. Reflections against the efficiency of my own staff.
2335. Q. I dare say, but what, in fact, did you find physically. Did you find a tender? A. I don't remember seeing either a tender or a contract agreement.
2336. Q. How, then, did you discover that things had been done wrong? A. For the simple reason I saw the draft final account of the quantity surveyors.
2337. Q. Well now, we are speaking of very large sums of money, and I am sure you would wish to give the best account you could, and I explain, Mr. Poulson, my reason for asking you these questions is, as you know, because it has been reported in the press, the Trustee has brought proceedings against Mr. Pottinger to recover the amount of this donation which it is understood Mr. Pottinger is going to defend. A. Is he? I didn't know he was.
2338. Q. Well, he has stated that by his solicitors. A. I see.
2339. Q. In those circumstances, therefore, it is important, is it not, that you should assist us to the best of your ability in saying what you remember at the time --- A. Well, may I say the best way I can do that, sir, is to get all the files and all the relevant documents and go into the thing in detail, for the simple reason I know only the little bit after the whole transaction was completed.
2340. Q. Well, what, in fact, are you going to look for? A. At the whole history of the job.

Understand
2339

Atty. Gen.

2341. Q. Yes; but do I understand, therefore, that at this moment you have absolutely no knowledge of the detail of it? A. I have neither the knowledge, neither did I ever visit the site or see the house until it was -- a long time after it was finished.
2342. Q. I am going to show you this sheet in manuscript headed, "Pottinger" and you tell me whether you have ever seen it before. (Handed to the debtor.) Take time to read it. The pencil writing at the bottom is my own. A. Whose is the writing at the top, sir?
2343. Q. I am not able to tell you at the moment. A. Well, I don't know whether I've seen it or not, sir. If you told me it was one of my staff ---
2344. Q. Give it back to me and we will just look at it together, shall we? (Handed to Mr. Muir Hunter.) Well, this is apparently about Mr. Pottinger's house, and it begins, "Electricals - Angus Heating tender acc. - 18/5/67 - £1,952" and then somebody has written alongside it, "Cert. 1 £574; Cert. 2 £975". Now, that means, does it not, tender accepted 18th May, 1967? A. This is relevant, what you are talking about, as to what I have said before. There were two firms of heating engineers who went bankrupt on the job.
2345. Q. Yes, Mr. Poulson, I am just asking you to construe the technical word - "Tender acc." means tender accepted, does it not? A. I should imagine so.
2346. Q. And "Cert. 1 and Cert. 2" means architects' certificates for payment? A. Yes, sir.
2347. Q. Right. Well now, the next item is "Heating, water and vent. - Angus Heating £2,875 - Certificates 1, 2 and 3" which come to a total of £3,988. So that for heating, water and ventilation we have a total of £3,827. Now, this would be something, surely, which reflects the services of an architectural office, does it not? A. No, it is ---
2348. Q. Well, what is "Cert." then? A. In the first place, sir, we have our own heating and ventilating engineers as a separate entity and they looked after that side of the business of the heating.
2349. Q. Right. A. Not architects. What the devil architects know about heating is as much as you do.
2350. Q. You had, in fact, several departments, including a heating and ventilating department, did you not? A. Yes, sir.
2351. Q. When I mentioned architect business I meant the whole of the Poulson organization. A. Sorry, it was always tried to keep

Angus House

it absolutely distinct and, as far as this enquiry, the heating engineers associates was always so distinct, separate, from the architects. That's why.

2352. Q. Then there is a reference to Fergus, which is another heating company, is it not? A. Which was brought in after the bankruptcy of the first.

2353. Q. And then we get "John Dennis - Cert. Nos. 3, 5, and 7 - contract £20,792" - and then the three certificates together come to £48,769. Now, I do not know whether they should be added together or whether they are cumulative. What do you say?

A. I'm sure they shouldn't be added together, sir, if you saw the house.

2354. Q. Well, you look at it and tell me if they are cumulative. That means that the last one includes the first two. (Handed to the witness.) Is the third one the cumulative one? A. I would say, sir, the third one is the total.

2355. Q. Very good. Thank you. That is £21,000. A. I mean, it can't possibly be cumulative.

2356. Q. No, very good. So that is £21,257 for the building of the house, £3,827 for the heating and ventilating, and "Roberts and Crockatt - Certificate 2 - £795 - final account £1,321". What would Roberts and Crockatts be? A. I have never heard of the firm.

2357. Q. Well, that would mean, would it not, that the house had cost something like £26,000? A. Yes, sir.

2358. Q. Now, this sheet continues with a series of payments amounting to £18,607 which are payments shown on the Official Receiver's schedule, J.G.L.P.1. Do you wish to say anything further about the circumstances in which these payments were made? A. They were a gift, sir.

2359. Q. Right; and, you see, if we find that the house costs about £27,000 and we find that you pay £18,607, it would seem, surely, to make nonsense of your suggestion that all you were doing was making good deficiencies. A. Part of it was a gift and part of it was deficiencies, not ---

is this
underlying

2360. Q. How much was which? A. That, sir, I would have to go into when I get the papers and books and make an assessment.

2361. Q. Now, in fact, of these amounts a sum of £665 remained unpaid, and, I believe, remains unpaid to this day, and that is a sum owed to Angus Heating represented by the Official Receiver in companies winding up, and do you ---- A. I understood that had been paid.

Pottinger

2362. Q. Well, it may have been paid subsequently ---- A. I said I understood.

2363. Q. -- but if we find on the Poulson creditors file, to which I have referred, demands from the Official Receiver that this be paid and a promise to pay it, can you throw any light on why you should have undertaken to pay it? A. What, pay the £600?

2364. Q. Yes. A. It was just completing the balance. That's all I can imagine.

MR. SAFFMAN: Sir, I trust my friend will allow me to say something which might be of assistance. I know the enormous number of documents in this case. There were certain files which were given to me at my office - some very considerable number - and I say this for the benefit of the Trustee in Bankruptcy and those he has instructed, that I remember that in one of the files - a file of correspondence between Mr. Poulson and Clifford Turner - Mr. Grimwood of Clifford Turner was seeking instructions from the firm of Poulsons, after Mr. Poulson had left, about a claim by the Official Receiver on behalf of Angus Heating Company, and in that file there is a full history in a letter from the firm which replaced Mr. Poulson to Clifford Turner & Co., setting out all the figures of construction, the reasons for the claim by Angus Heating, and, in fact, a statement that Mr. Pottinger had paid that amount himself. I am not saying this, sir, as a matter of comment. It is only because of the enormous number of papers and it may very well be that the solicitors for the Trustee have missed it in going through.

MR. MUIR HUNTER: Well, thank you very much indeed.

2365. Q. Well now, if, in fact, £18,600 of this was, in fact, paid by yourself, I understand from what Mr. Saffman is saying that possibly Mr. Pottinger paid the rest out of his own pocket; is that your impression? A. That is my impression, sir.

2366. Q. Yes; but you say you were not a party to any discussion with him as to your respective contributions? A. Definitely not.

2367. Q. Well now, did you ever lend Mr. Pottinger any money? A. Not that I'm aware of.

2368. Q. No? No? A. I can't remember it, sir.

2369. Q. Well, my reason for asking is this: that in your accountants' file - I refer to a sheet entitled "J.G.L. Poulson - Payment in the nature of commission to persons other than employees for the year ended 5th April, 1969, Analysed and other professional charges - Items actually paid" - we find that the

*Pottinger
Fenelin*

first entry in respect of Mr. Pottinger, being two sums of £3,000 and £4,150, total, £7,150, are described as "originally a loan". Do you remember that? A. No, sir.

2370. Q. And further in those tax files which are presented to the Revenue, there is a description of Mr. Pottinger as the recipient of a staff loan. Does that recall anything to your mind? A. No, sir.

2371. Q. In what circumstances could your chartered accountants have possibly put that down in that form, do you suppose? A. I don't know, sir, and furthermore surely they didn't do the thing. I mean, they didn't do the returns to the Inland Revenue. Pannel Fitzpatrick would do that.

2372. Q. That is what I am speaking of. A. Oh, sorry, I thought you meant the internal ones.

2373. Q. No. You say you are not able to throw any light at all on this reference to Mr. Pottinger --- A. As a loan.

2374. Q. -- having received £7,150 staff loan? A. No, sir, if ---

2375. Q. It must be a mistake then. A. Well, I don't know. Whoever put it, how it got there, I haven't any conception. I always understood I gave my gift and then I found myself being more embarrassed by a larger sum for negligence.

Pottinger

2376. Q. Yes, I see. . . Somebody I should have asked you about in connection with holidays, Mr. Poulson. Do you know Miss Mary Fenelin? A. Yes.

Fenelin

2377. Q. What is her job, or what was her job? A. Secretary to the City Architect of Bradford.

2378. Q. Yes. Did you send her on holiday? A. I didn't send her. I was asked if I would contribute, and I said, "Yes", and gave her a cheque.

2379. Q. Who asked you? A. Herself.

2380. Q. She asked you to contribute to a holiday? A. She told me she was hard up and she was wanting a holiday, and that was it.

2381. Q. Was she a member of your organization? A. No, sir.

2382. Q. Was this once, or more than once? A. Once, as far as I can remember.

2383. Q. In the Official Receiver's schedule, J.G.L.P.1, we find that she received £140 on the 6th of July, 1966. A. That was in connection with - so I was told - whether it was so or not I have no evidence - that she had taken a flat and would I -- Certain people had helped her with it and would I pay for a carpet.

Poulson
Donations
generally

2384. Q. Pay for a -- ? A. A carpet.
2385. Q. And then the second item --- A. That is the second item.
2386. Q. Well, the second item, according to the Official Receiver, is the 2nd June, 1967, £97.12.6d. What is that for? A. I've no idea, sir.
2387. Q. But I thought you were talking about holidays? A. One was a holiday, one was a carpet - two items.
2388. Q. I see. Well, what --- A. That is all I understood that there was.
2389. Q. Well, why should you pay for a holiday and a carpet for a young lady who is the secretary to the City Architect at Bradford? Was it a gift? A. Yes, sir; nothing else.
2390. Q. In the middle of June, 1967, when you could not pay your income tax? A. Sir, I didn't ever appreciate that I could not afford it - to do that. Had I, I wouldn't, of course, have done it.
2391. Q. Well now, Mr. Poulson, you have made yourself out to be a very generous man, and we have seen a number of gifts that you made to deserving civil servants and deserving private secretaries to City Architects, and so on. Do you suppose we have a complete list of your donations? A. It would appear so.
2392. Q. Why do you say that? A. Well, the only thing is this, then: let me have the opportunity of going through the books with somebody - with Pannel Fitzpatrick, anybody you like to name - and let's get right down to every item.
2393. Q. But you see, Mr. Poulson --- A. I can't do anything without the books.
2394. Q. But, Mr. Poulson, you are giving an account here to this Court and your creditors - and only incidentally to the general public of this country - on what you have done with your creditors' money. You do appreciate that, do you not? A. Yes, sir.
2395. Q. And one of the things you have done with your creditors' money is to go round sprinkling largesse all over the countryside like Henry V111, have you not? A. No, I was not aware at that time that I was in the position you keep on describing.
2396. Q. I am not concerned with whether you did wrong. A. Oh, sorry.
2397. Q. I am concerned with the fact that you did, in fact, do it. Now, you know as well as I do by now that people who receive gifts from debtors in this condition have to refund the money --
A. Yes.

Donations
cf. 2390
undertaking

Draft

2398. Q. -- if they fall within the provisions of the Bankruptcy Act, and you know that, do you not? A. Yes, sir.

2399. Q. And, therefore, whether you like it or not - I am sure you wish to do the best for your creditors -- A. Thank you for that remark.

2400. Q. -- it is your duty, is it not, to produce a list of all the people to whom you have made any substantial gifts? A. Yes, sir. Therefore, the only way I can do that is to go through all the books, and, as I have not had those available for over three years, I can't remember these things.

2401. Q. Well now, you would undertake to do that? A. I will with pleasure, sir.

Personal expenses

2402. Q. Now, do you appreciate, Mr. Poulson, why it is that the Official Receiver and the Trustee, in fact, know as much as they do about these gifts? It is that they were all put forward as your professional expenses. You know that now, do you not? A. I didn't know they were all put forward in that light, no, sir.

2403. Q. Do you mean to say that the submission of these very large aggregate sums for your professional expenses by the chartered accountants, which represented personal gifts by yourself, was done without your knowledge? A. I did not compile those lists each year, sir.

2404. Q. But, Mr. Poulson, there are letters on your accountants' tax files showing that they asked you, as a result of which, ultimately, for example, they told the Revenue that Miss Mary Fenelin's money was a gift, so you must have been ---- A. Good. I am glad they have done something right.

2405. Q. Yes. So you must have told them eventually? A. No, I don't know that I did.

2406. Q. And do you know that Mr. Pottinger's donations were also shown as professional charges? A. No, I didn't.

2407. Q. Well now, if we are looking at your cash books together, Mr. Poulson, how shall we recognize a gift? A. The main people - the best person, as far as I can see, is the one who has been the longest, Miss MacLeod, and we will put against the names all the persons who have been members of the staff, and we can also analyse which have been members of firms which we have dealt with.

2408. Q. You see, Mr. Poulson, it is very important, is it not, to get this right, and we look at a list of people in the cash book - Joe Brown, Bill Smith, and so on - it all depends on you, does

*Donations
accounts*

it not, to tell us that that hundred pounds was for Bill Smith for his 21st birthday, or something? Is that the best way of telling us, that we ask you? A. No, I'd say an analysis of everything is the best way.

2409. Q. Yes, but what are we going to analyse? A. Every item that's in that cash book.

2410. Q. If we look at Miss Mary Fenelin, you see - just to take this girl - £237.12.6d. Now, we have found that in professional charges, so it would not be surprising, would it, if we thought that was for services rendered? It would not be surprising? A. Well, you seem to feel and think that way, no.

2411. Q. And then you say, "Well, no. That's not for services rendered; it's a gift to a deserving girl." So how are we going to recognize the people who do not appear in the professional charges? A. Well, the only way, sir, is this: that I, as I said earlier - a list of the staff for all those years, a list of the firms from whom we purchased the goods, and the balance has got to be explained.

2412. Q. What about cash distributions? A. Sir, we didn't do any. There wasn't either any fees received in cash or paid out.

2413. Q. No, but, I mean, you drew cash from the bank, did you not? A. Yes, for myself, and they were in sums which are recognizable for just my household expenses. I think that without any hesitation can be justified.

2414. Q. Just let us think for a moment. I will take as a test case Mr. Pottinger's Hellenic cruises which came to something, I suppose, like £800, perhaps. Now, this would have been shown in your travel accounts, would it not? A. Yes.

2415. Q. And nobody would know until they looked at it that Davell and Rufford's invoice related to a personal donation? A. But at the same time, it was there in the name of the person. It was not in the name of anybody else.

2416. Q. So -- ? A. So there was no form of deception.

2417. Q. I am not suggesting for one moment there was any form of deception. Let us look at the -- A. I thought you wanted to get to know what every item was for.

2418. Q. Mr. Poulson, you do appreciate that there are certain legal obligations on persons who become bankrupt to have previously kept proper accounts? A. Yes, sir, and I thought I was having proper accounts kept and I paid sums of money to expect

Accounts
Holidays & gifts

proper accounts, but the results were absolutely a disgrace. Even after the Harvey case they did not keep separate books for J.G.L. Poulson Associates - the same man Baker you quoted.

2419. Q. Well, let us take Miss Fenelin again ---- A. He also - I don't know whether you are aware of this - you have quoted him - but he was asked by I.P.D. at the transfer when I.P.D. took over the assets of Ropergate - or were supposed to have done - to transfer all the staff of I.P.D. too.
2420. Q. I am not interested, you see, in that, Mr. Poulson, at all.
A. No, but this is the ----
2421. Q. Will you please keep quiet and concentrate on the question I am going to ask you, which I only take again as a test case. Somehow or other you caused these two sums to be paid to Miss Fenelin?
A. Yes.
2422. Q. Well now, they were presumably paid by cheque? A. Yes, sir.
2423. Q. Now, did you cause an entry to be made to show that these were gifts? A. I don't think -- I wouldn't -- I don't know whether I told Miss McLeod that at all. She knew it was a gift, but I don't know whether ---
2424. Q. You told somebody to draw a cheque in her favour? A. Yes.
2425. Q. And did you tell them what it was for? A. No, I wouldn't do; Miss McLeod would.
2426. Q. How would they know? A. Only Miss McLeod would know.
2427. Q. How would she know? A. Because I would tell her.
2428. Q. You told her what was a gift and what was not a gift? A. Not every time, sir.
2429. Q. So sometimes you did not even tell her? A. Owing to the pressure of other matters, or ----
2430. Q. Yes, I see. A. After all, this wasn't an office of two or three people.
2431. Q. Well, no. Well then, take the Tregenna Castle holidays. Now, this would have been paid, I suppose, by a cheque at the end of the holiday to yourself and your civil service friends. Now, nobody would know from your books, would they, that the bill was twice as large as it should have been because you had been entertaining four guests for a holiday of a fortnight.
A. But they knew where I was.
2432. Q. No, no. Would anyone know from looking -- A. Yes.
2433. Q. -- at the bill from the Tregenna Castle Hotel that, in fact, it was not just yourself and your wife and children, but four other people entertained at your expense? A. I think you

Dorchester Hotel

will find the answer is yes, sir, because they give so many for each day.

2434. Q. You mean we have got to find the Tregenna Castle Hotel bill for 1966 to work out how many people you were taking at your creditors' expense? A. Well, I think that's the only proof I have, sir.

2435. Q. I see. That is the best effort you can make to explain to your creditors where the money has gone? A. It's the only factual way. I can't do it any other way.

interesting go through books

2436. Q. Well now, there may have been other civil servants besides Mr. X to whom you very generously extended country holidays at no expense to themselves. How are we going to find out about them? A. I don't know of any, but, as I said, I was prepared to go through all the books and see if there was any single person.

2437. Q. Well, I am particularly interested in holidays, you see, because it is so difficult to check up on them, and you could perhaps make a list of people, apart from Mr. Pottinger, Mrs. Cunningham, Miss Fenelin and Mr. X, to whom you extended free holidays. A. I can't remember off-hand, sir.

2438. Q. I mean, you could think of some more, could you? A. No.

2439. Q. No? A. No, not at the -- No, I don't know any, otherwise I'd tell you now. Give me some hint, give me some lead, if there is any.

Dorchester

2440. Q. Well, I cannot, you see. Our homework has not yet disclosed any more, but we will go on trying. At any rate, you cannot remember yourself. Well now, let us take another class of expenditure which may have been a donation on your part. You kept, did you not, at the Dorchester Hotel a permanent suite? A. No, sir, never - emphatically.

2441. Q. What did you have at the Dorchester then? A. Accommodation when I needed it.

2442. Q. Yes; and it was very frequent, was it not? A. Every week, at certain parts of the year.

2443. Q. So you had it for periods at a time but not continuously? A. Not continuous and never more than two nights, and mostly one night.

2444. Q. I will quote from our information, which, of course, may be a mistake. "Mr. Poulson had an almost permanent booking at the Dorchester." Now, you say that is not right, or at least only at certain times of the year? A. Well, I was obviously

Dorchester

never there in August; I was not there at the end of the year and the beginning of the year ---

2445. Q. How many months of the year did you have a booking? A. I was away abroad three or four months of the year, so take all those out and you have got about half a year left.
2446. Q. All right, six months - suite at the Dorchester. That must have cost quite a lot of money, must it not? A. For one night, or two nights at the very most.
2447. Q. Now, you had, in fact, a flat at Greycoat Place, did you not? A. Yes, sir.
2448. Q. Why should you need a suite at the Dorchester? A. For the simple reason I used that flat for the benefit of the person running the London office at that time.
2449. Q. Who was that) A. Fawden.
2450. Q. That is a new name to us? A. Well, I'm sorry, but -----
2451. Q. He does not appear on the notepaper, does he? A. He did -- He was not a principal, but he was in charge of the London office.
2452. Q. When did he join? A. He joined as an office boy during the war.
2453. Q. I see; and he graduated -- ? A. As an architect.
2454. Q. So he lived in your flat at Greycoat Place, and you lived --- A. And, prior to that, lived in Catherine Place.
2455. Q. No, I am talking about the Dorchester. Do not slide away, Mr. Poulson. A. No, I am talking about Greycoat Place, sir.
2456. Q. So, if you had a permanent suite at the Dorchester -- A. No.
2457. Q. -- or almost a permanent suite for six months in the year, that must have cost a great deal of money, must it not? A. I did not have a permanent suite at the Dorchester, sir, not even for half a year.
2458. Q. Right. At any rate, for quite large periods; is that right? A. No, once a week for probably six months of the year and never more than twice a week.
2459. Q. Now, you appreciate, Mr. Poulson, that hotels keep -- A. Records.
2460. Q. -- records. A. I do.
2461. Q. You know, the thing for the police. A. Yes.
2462. Q. So I am now going to ask you - and I want you to be very careful - to what persons, if any, did you lend your Dorchester suite to live in, to sleep in? A. I didn't lend it because it wasn't mine in the first place, but I provided accommodation

Dorchester

for certain overseas clients.

2463. Q. Can you think of one? A. Yes.
2464. Q. Who? A. The Lord Chief Justice of Nigeria and his wife.
2465. Q. He was a client? A. No.
2466. Q. A client? How could a Lord Chief Justice be a client? A. I thought you said he was a client - sorry.
2467. Q. No, you said "certain overseas clients". A. I'm sorry, I didn't mean clients. I'm sorry, I meant he was a friend of mine.
2468. Q. I see. A. He entertained me when I was out there and introduced me to a lot of people.
2469. Q. I see. Did any people who were not overseas clients stay there? A. I believe that Brown, the City Architect, stayed there once.
2470. Q. Well, that, in fact, accords with my information that Mr. Clifford Brown - that is the City Architect, the employer of Miss Fenelin - stayed there. A. Yes, once.
2471. Q. Why should that be? A. I believe he was going -- He couldn't get in and he asked me if I could get him in at the Dorchester.
2472. Q. He asked you? A. He asked me -- he couldn't get in -- The holiday bookings at certain times of the year ---
2473. Q. Yes, look, do not slide away. I am just talking about giving the keys of a very --- A. I hadn't the keys, sir. You have to go to the -- Just the same as you would have to go.
2474. Q. You told the Dorchester that he could stay in your suite; is that right? A. No, sir. I had no suite there as such.
2475. Q. All right; what did you have? A. I had accommodation there which was different every time. It was never the same room.
2476. Q. What do you mean? You mean a bedroom? A. A bedroom and occasionally I had --
2477. Q. A sitting room? A. A sitting room, but it depended on who I wanted it for.
2478. Q. What did you say then? A. I'm sorry ---
- MR. MUIR HUNTER: Can I have the witness's last answer, please?
(The shorthand writer read back the answer to Question 2477)
2479. Q. What did you want it for? You lived there. A. No, I didn't live there, sir.
2480. Q. When you were in London. You said you lived there when you were in London because your flat was occupied by the London officermanager, did you not? A. I did, but not lived permanently. Living is living permanently.

Dorchester
Clifford Brown

MR. SAFFMAN: Sir, I really must protest. The witness has said on at least six occasions that when he stayed in London he stayed at the Dorchester; he had no permanent accommodation there but every time he went he reserved a room. On occasions he reserved rooms for other people.

MR. MUIR HUNTER: No, that is not what the witness said. The witness said he had accommodation - we will not argue about what it was - which he let other people occupy.

MR. SAFFMAN: No, sir, he did not, and I would ask that the transcript be read back. That is what my learned friend says -----

MR. MUIR HUNTER: Never mind. We will ask Mr. Poulson what, in fact, he wants to say.

2481. Q. Now, you had a room at the Dorchester for periods of time; is that right? A. I had a different room at the Dorchester which was booked by Miss McLeod, but it was very rarely the same room.

2482. Q. Very good. A. It was what they had available.

2483. Q. You booked it for periods of time? A. One day a week mostly, never more than two.

2484. Q. You said it was about six months of the year? A. It couldn't be more because in the month of August I was not in London; the months at the end of December and January I was never there, and I would be away at least over three months abroad.

2485. Q. Yes. Well now, let us try and get back to the point. The point is the expenditure of your assets and your creditors' assets on paying the Dorchester for the accommodation of other people. Now, you have told us something about Mr. Clifford Brown, the Chief Architect of Bradford, staying in your room at the Dorchester; is that right or not? A. Not in my room; in a room.

2486. Q. For which you paid? A. Yes, sir.

2487. Q. Why? A. The account was sent to me, I suppose.

2488. Q. Why did you pay? A. Not for any pecuniary benefit from him because I couldn't get any. I was already working for the authority.

2489. Q. Why do you bring this matter in, Mr. Poulson? I have not suggested that this was an improper transaction. I simply want to know so that we can recover from Mr. Clifford Brown the cost of living at your creditors' expense at the Dorchester. Now, can you help me about this? A. Well, I didn't make a

Dorchester
Clifford Brown
Pottingers

loan. I didn't say to him, "I will loan you the money to stay there", if that's what you want me to say.

2490. Q. Right. Well then, surely such a senior city officer as that, presumably visiting London on business, would not expect to stay at the expense of an architect? It would be rather mean, surely. Take a moment to think about this and then start again, shall we? We are talking, you see, about a person who is not represented here, and I am sure you want to put him in the fairest light, do you not? A. I think the only thing to do is to ask him for it.

2491. Q. No, Mr. Poulson. When I said you gave him the key, what I meant was that you told the Dorchester he could stay there at your expense. Well, I would like to know how often this happened? A. Once.

2492. Q. And why? A. Once.

2493. Q. Why? A. Well, for the simple reason he asked.

2494. Q. Because he was a friend of yours? A. Yes, and had been since I was a boy.

2495. Q. And you wanted to make a donation to him also? A. No, sir. There was no suggestion of such a word.

2496. Q. Well, then, what was it? Did you say, "Don't bother to pay. Put it on the bill"? A. I didn't tell anybody to put it on the bill. At least, I expect it was on.

2497. Q. When was this? A. I can't remember, sir.

2498. Q. Long ago? A. It must be over four years ago because I haven't been there for three years.

2499. Q. 1968? Right? A. Or 1967.

2500. Q. Did Miss Fenelin stay there? A. I wouldn't know, sir.

2501. Q. My information is that she did. Can you not remember? A. No, sir.

2502. Q. It would not be surprising, would it, if she was a hard up girl visiting London, that you should let her have some accommodation? You bought a holiday and a carpet for her; why not her hotel room? A. I understood that she went on holiday and it was not in London and I understood -- I don't know where it was, but I didn't understand it was London and I didn't know she had stayed at the Dorchester.

2503. Q. Did the Pottingers stay in your room there? Did you provide accommodation there for them at your expense? A. I think they did one night before the night we went over to Italy.

Pottingers

Dorchester
Manager

2504. Q. So you accommodated -- Italy? A. Well, we flew when we went on the Hellenic cruise, sir.
2505. Q. So you put them up at the Dorchester - all three of them? A. Three. I think so. I'm not quite sure about that, sir.
2506. Q. Well, that must have cost you a pretty penny, surely? A. It would be about £21, I suppose, in those days.
2507. Q. I see. Package deal? A. No, it was £7 bed and breakfast in those days.
2508. Q. No, a package tour, I should have said. Best hotel in London followed by the Hellenic cruise. According to my instructions, Mr. Poulson, Miss McLeod, your secretary, was in touch with the Dorchester almost every day. Would you deny that? A. I certainly would "every day", yes.
2509. Q. Right; and there are, or were, if we can find them, files for bookings at the Dorchester of considerable size? A. I expect there were.
2510. Q. Well then, would those all be bookings for yourself or for others? A. I don't know of any others, sir.
2511. Q. Well, we have got the Pottingers, a civil servant from Scotland, Mr. Clifford Brown, the City Architect from Bradford, the Lord Chief Justice of Nigeria. Do you mean to say that in the years we are considering those are the only people to whom you provided gratuitous accommodation? (Long pause) A. I am trying to remember, sir. I just can't remember.
2512. Q. You gave large parties at the Dorchester, did you not? A. I never did that, sir. I resent that remark.
2513. Q. And when you were completely out of money in March, 1970, did you not see the Dorchester paid by your solicitors? At any rate, do you remember Messrs. Clifford Turner arranging to pay the Dorchester bill? A. Yes, sir.
2514. Q. Why should they do that? A. Because Mr. Grimwood liked to go to lunch there every time we met.
2515. Q. Do you mean you were feeding Mr. Grimwood also at the expense of your creditors? A. No, sir. I was being asked to go there when we met for business by Mr. Grimwood, and he took the account.
2516. Q. I take it, therefore, that in seeing which creditors were paid you decided according to whether you liked them or not; is that right? A. Certainly not.
2517. Q. I look at a letter dated the 25th February, 1970, from yourself to Messrs. Clifford Turner - "Dear Mr. Grimwood" - in which

Dorchester
Clifford James
Grimwood

you say, "Thank you for paying the Dorchester account for me. It is much appreciated". Now, why should he do that? On the 24th February 1970, Miss McLeod had sent him --- A. Because all accounts were sent to him, sir.

2518. Q. "All the accounts we have outstanding at the Dorchester were sent to Mr. Grimwood and he then paid them." A. All accounts, whether they were outstanding or which were received, were sent to Mr. Grimwood to deal with, sir.
2519. Q. And do you know what Mr. Grimwood paid them out of? A. Monies that he had collected, I expect.
2520. Q. Monies that you had collected and sent to him. A. Not me personally, because I was out of that business.
2521. Q. I read from the letter of the 25th February: "Enclosed please find cheque, duly endorsed as requested, which I understand Scott has agreed you will pay into your clients account, together with my cheque made out in favour of your firm for £545.7.1d." So, in fact, you were seeing the Dorchester paid ahead of your other creditors? A. Sir, Scott was the financial controller, and if he was the financial controller it was his decision.
2522. Q. You had drawn a cheque in favour of Mr. Grimwood to enable him to pay your bill at the Dorchester Hotel. That is the fact, is it not? A. From what you have said.
2523. Q. Well, look, do you want to see the letter? A. I don't know. I don't doubt your view.
2524. Q. Do you want to see the letter? A. No.
- MR. SAFFMAN: Would it be of assistance to know how much the Dorchester bill was, sir?
- MR. MUIR HUNTER: We cannot find the accounts; Mr. Grimwood has got them, but apparently it came to £545. My friend is welcome to see the letter. I do not want to take up time.
2525. Q. £500 is a large amount, is it not? Why should you have a bill for £500 at the Dorchester if you had not been entertaining other people? A. I don't know for what period it was, sir.
2526. Q. It could have been a long time, do you think? A. Yes. They didn't send me it every day or every week. They will be able to give you that information, I'm quite sure.
2527. Q. So, we have dealt with holidays. You are going to look at the list of all the transactions for the last eight or ten years to discover people to whom you think you may have made donations of one sort or another? A. And you will see that I have the facilities available to do it.

2528. Q. Are there no other records whatsoever? A. I haven't any, sir. I handed -- I took all the files -- in two visits, Mr. Saffman came and took them all - the files I had.

2529. Q. You did undertake to look for some further documents, but you have not been able to find any? A. No, what were these with reference to, sir?

2530. Q. You undertook to look for further documents relating to your affairs. I take it you have not found any? A. No. What particular points were these? I thought I had cleared them all.

He has found 2 witnesses full now

2531. Q. It is the end of the last hearing - 1927. A. But I haven't got a copy of that, sir.

2532. Q. I said to the Court, "Perhaps the bankrupt could be asked to have a final search among his personal papers somewhere that would include some of these very confidential matters." The learned Registrar said, "Mr. Poulson, before the resumed hearing of the Public Examination I would be obliged if you would make a thorough search of any files which you still have in your possession or which you can get at." Do you remember? A. As far as I am concerned, at my home I have none other than a few Methodist files --

2533. Q. Yes? A. -- and as far as the other files, either the public Trustee, the Official Receiver or Mr. Saffman have them, sir, and the present partnership, and I.P.D., and everybody else.

MR. MUIR HUNTER: I want the witness to be shown a copy of Day 2.

MR. SAFFMAN: While that is being found, sir, my learned friend was kind enough to give me the file he referred to previously. There are two letters which I would like to mention about it, a letter written by Miss McLeod, "I understand from Mr. Poulson that you require the accounts you have outstanding at the Dorchester," and then the letter referring to the £545. 7s. 1d, "My cheque from Mr. Poulson-- " It goes on to say, sir, "Enclosed please find cheques, duly endorsed as requested, which I understand Scott has agreed you will pay into your clients account together with my cheque made out in favour of your firm for £545. 7s. 1d, the same figure as the Aycliffe Development Corporation cheque." I do not know what connection that has with it, sir, but ---

Prattwhite

November, 1963, are the same initials as appear on the compliment slip. A. I see what you mean, yes, sir.

2545. Q. So you know who it is? A. Yes.
2546. Q. And it says, does it not, "Is this all right?" A. Yes.
2547. Q. That letter - that carbon copy, with that compliment slip - was sent to you, was it not, by the signatory of the letter?
A. Is this my file?
2548. Q. This is your own hospital file. A. Well, it must have been, sir.
2549. Q. And "Is this all right?" refers to the contents of the letter, does it not? A. Well, the compliment slip does.
2550. Q. Yes. A. I should imagine so. I haven't read the letter yet.
2551. Q. Do you not remember what it is about? A. No, sir.
2552. Q. Well, take a moment to read it. I am sure you remember what it is now, Mr. Poulson. A. Can I just finish the letter, please, sir?
2553. Q. All right? It is all about yourself. A. Yes, sir.
2554. Q. That is a reference given by one officer to another about your firm, is it not? A. Yes, sir.
2555. Q. You see the date of the letter - the 4th November, 1963?
A. Yes.
2556. Q. Do you wish to say anything further about your answer to Question 1087? Do you see the date given in Question 1087?
A. Yes.
2557. Q. The 16th November, 1963. A. Yes, sir. No, it was as I stated earlier.
2558. Q. No connection between that letter and that payment?
A. Certainly not.
- MR. MUIR HUNTER: I hope the Court approves, your Honour, of the steps taken to avoid injuring persons who are not represented.
2559. Q. Now, Mr. Poulson, have you been able to think about the two questions which we discussed before the adjournment - the memoranda of the 12th and 16th January, 1970, relating to consultants? A. No, sir, I haven't, and the reason is that I went home in a rush to find my wife seriously ill.
2560. Q. I am very sorry to hear that. A. And I told Mr. Saffman just as I arrived in before this court to ask --

The January 70 memoranda

Dan Smith
TSS1

2561. Q. I wish I had been told, Mr. Poulson. Are you not feeling well enough to continue? A. I am fit and well to continue except on that question, sir.
- MR. SAFFMAN: It is my fault, sir, but it was on Mr. Poulson's specific instructions. He did not want the Public Examination adjourning. It is his wife who is ill, not Mr. Poulson. I was going to ask you, sir, later on, if you would, in fact, sit no later than half-past four because the doctor is expected shortly afterwards and Mr. Poulson wants to get home when the doctor is there. Well, sir, for the next hour ---
- MR. MUIR HUNTER: I had proposed, sir, with your consent, to rise at half-past four, if that is convenient.
- THE DEBTOR: She's having an X-ray tomorrow.
2562. MR. MUIR HUNTER: I beg your pardon? A. She is having an X-ray, I understand, tomorrow.
2563. Q. Well, of course. Now, when we discussed Mr. Dan Smith's payments on the second occasion, you said there were no contracts, no reports, no accounts; do you remember? A. Yes, sir.
2564. Q. Would you now look at this document? I show you this letter T.D.S.1.
- TSS1 MR. MUIR HUNTER: Have you got one, your Honour?
- THE REGISTRAR: I have not, no. (Copies handed to the Registrar and the debtor.)
- MR. MUIR HUNTER: I will show my friend it.
2565. Q. 6th February, 196 -- A. Two.
2566. Q. 1962, addressed to Mr. Dan Smith. Is it signed by yourself? A. It is.
2567. Q. "Confirming our conversation, I look forward to you joining my organization as a consultant in connection with the town development sites for a period of one year and then reviewed in the light of our experience." Do you remember this engagement? A. Yes, sir.
2568. Q. "I confirm you are to receive a salary of £800 a year plus £1,500 expenses, to be paid in twelve monthly sums as from the 1st February, 1962." So that is a contract, is it not? A. Yes, sir.
2569. Q. Between yourself and Mr. Dan Smith, as a result of which he was to receive £2,300 a year; is that right? A. Oh, sorry, yes. I didn't know you were asking me.

Dan Smith
DBS1

2570. Q. As a consultant in connection with the town development sites?

A. Yes.

2571. Q. Well now, this was that part of your business which consisted in finding out which town centres were to be developed and then trying to get yourself employed, was it not? A. No, sir, to get on the list in competition with others.

2572. Q. To get yourself employed by the developer who was going to get the contract with the council for the development of the city centre, surely? A. These weren't awarded like that, sir. They were never given to individuals; they were always in competition.

2573. Q. Yes, well, I am not concerned with whether it was in competition or a --- A. Well, it varied. It wasn't one developer; it was a number of developers.

2574. Q. Well, now, this establishes Mr. Dan Smith as a consultant. He remained such a consultant, did he not, throughout the whole time down to 1969? A. Yes, sir.

Dan Smith
Consultant

2575. Q. And, therefore, at all material times, I take it, subject to an increase in his remuneration, Mr. Smith was your employee? A. I never looked at him and I am quite sure he never looked at me as I was.

?

2576. Q. He was your independent contractor acting as your agent? Is that not what the letter means? A. No, sir, he wasn't a contractor. He had a painting and decorating firm which I never used.

2577. Q. No, "joining my organization" means that he comes within your organization? A. Yes.

2578. Q. And he remained within your organization throughout, did he not, down to the end of 1969? A. Yes, he did.

2579. Q. So, we need not concern ourselves, need we, by all this group of companies that keep on cropping up in the Dan Smith field. Your relationship was direct with him, was it not? A. My relationship with him was very periodical, not as you would expect -- well, probably assuming every month.

2580. Q. At any rate, I am going to show you a letter from a photocopy of what is called the Baker file, dated 3rd March, 1969, from Mr. Smith, signing himself "Dan", to yourself, addressed to "John". (Letter handed to the debtor) Do you remember receiving a letter in that form addressed to you personally?

Letter
3 March 69

Dan Smith

- A. No, sir.
2581. Q. Who has written at the top? A. Because for the simple reason - I think you can check up this - I would be in the Persian Gulf at the end of February, and the beginning of March.
2582. Q. Mr. Poulson, you have not read the files; I have. I ask you again - did you not see this letter? A. No, sir.
2583. Q. Who has written at the top "Mr. Baker, please note"? A. It would appear - I'm not accurate - and it's certainly different from the bottom writing - Miss McLeod is the "Baker", but the bottom writing is somebody else whose writing I can't recognize.
2584. Q. Yes, well, that is Mr. Dan Smith's office. A. Oh.
2585. Q. Will you turn to the letter above which is dated the 10th March? This is a letter addressed by Mr. Vivian Baker to Mr. Smith. "Dear Mr. Smith, Mr. Poulson has passed to me a photo-copy of your letter dated 3rd March, 1969, concerning the new arrangement for monthly payments which are to operate from the 1st April, 1969." If Mr. Baker is correct, you had given him a photo-copy of the letter. A. I wouldn't have given him it. I would have gone through - he wasn't in the same office. It would go through Miss McLeod, through to a messenger who would take it across.
2586. Q. Are you suggesting you never saw this letter? A. I am not suggesting that in the least.
2587. Q. Shall we proceed on the basis that -- A. Who is Mr. Marron anyhow? I don't know who Mr. Marron is.
2588. Q. Well now, my point in showing you this letter, Mr. Poulson, is this --- A. Oh, it's his solicitor.
2589. Q. Yes. This letter concerns a re-arrangement of the monthly payments that were being made by your organization to Mr. Smith, which we had discussed on the previous occasion; do you remember? A. Yes.
2590. Q. What is happening here is that the sum of £1,816 13s. 4d., which had been the basic monthly payment, had been reduced a little while before -- A. Yes.
2591. Q. -- to £1,524 0s. 0d. Do you see that? A. Yes.
2592. Q. And this is a letter from Mr. Smith, a member of your organization, you admit it, changing that and splitting it up into two parts, one part the £1,232 6s. 8d. and one

Don Smith
North Shields

part £291. 13s. 4d., and he is asking you to re-distribute the payments you were going to make in that form, is he not?
A. Yes.

2593. Q. We need not concern ourselves with the purpose of this re-distribution. The point is this: you, in fact, when I put it to you that Mr. Smith was receiving his payments by banker's order, said that was not the case. A. I wasn't aware of it, sir.

2594. Q. Do you know that we have found credit transfers, incoming to Mr. Smith from Ropergate Services, for the sums of money shown in this sort of letter, and you can see them if you like? A. No. I mean, it doesn't matter as long as they were paid. I mean --

2595. Q. Mr. Smith's bankers produced them by order of the Court.
A. I see.

2596. Q. And they show incoming credit transfers on a standing order arrangement from Ropergate Services to Mr. Smith and then to Mr. Smith's company. Now, this shows, does it not, that from the beginning, in 1962, to what is very nearly the end, in 1969, Mr. Smith and you were dealing direct as man to man and you were providing him with money which he then paid away for your purposes? A. No, sir. He came down, as I have stated before, about once every six months, complaining he hadn't enough; his expenses were greater than he had anticipated.

2597. Q. Yes. The point is, he was dealing with you man to man, was he not? And what he did, therefore, he did for you, did he not? A. Well, he -- And himself.

2598. Q. Of course. Now, do you remember we discussed before the adjournment the North Shields file? A. Yes, sir.

2599. Q. ^{And} you said that whatever Mr. Mallory was doing was no concern of yours and you neither knew or gave authority for it. A. I didn't say it was no concern because, after all, as you reminded me, whatever these people did was my responsibility in the final issue.

2600. Q. I am going to show you the file now with a letter of the 6th November, 1962, a photo-copy, addressed to yourself. (File handed to the debtor.) Do you recognize the paper and the writer? A. Oh, lord, yes.

North Shields

2601. Q. It is Mr. Chippindale, is it not? Look over to the

of Arndale file

*for Smith
North Shields*

- signature. Who is it signed by? A. Chippindale, sir.
2602. Q. Yes. Sam Chippindale. When you have finished the letter will you give it back to the clerk? (Handed to Mr. Muir Hunter.) Now, this is a letter from Messrs. Chippindale & Co., the proprietors of the Arndale Trust, are they not? A. Yes.
2603. Q. It is about the North Shields' authority, is it not? A. Yes.
2604. Q. And he concludes by saying, "I would, however, like your candid comment on North Shields as to the extent to which you can consolidate Arndale's position here. I say this because, as far as I know, North Shields has a Conservative majority in the council." This was 1962. "On the other hand, because of the proximity of your colleague to North Shields, this may help considerably. However, we have reached the stage now where we are going to have to decide what we are doing, and your very early comments on North Shields will be greatly appreciated."
- MR. SAFFMAN: Sir, is this not a matter which does not concern the state of affairs of the debtor?
- MR. MUIR HUNTER: Oh, it does indeed, my dear fellow.
- MR. SAFFMAN: Or is this --
- MR. MUIR HUNTER: No, it concerns Mr. Poulson very much indeed.
- MR. SAFFMAN: As you please.
- MR. MUIR HUNTER: This is where the assets went.
2605. Q. Who was your colleague who was in the proximity of North Shields? A. Mallory.
2606. Q. Mallory. Exactly. And Mr. Chippindale is wanting your help to consolidate Arndale's position in this region? A. He asked for it.
2607. Q. All right; and you accepted that letter and you forwarded a copy of it to Mr. Smith, did you not? I show you a letter of the 13th November, 1962. (Handed to the debtor.) Is that your signature? A. Yes, sir.
2608. Q. "Dear Dan," you write on the 13th November, 1962, "Further to my telephone conversation with you this morning, I enclose a copy of Chippindale's letter in connection with North Shields. Evidently there is a short list being prepared. I have plenty of friends on the Tory side, as you well know, Dan, and this is probably the best way of going about it. There is only one thing. I am wondering if you can find out about this development at Cullercoats." Now, I pause to

North Shields
Dan Smith

explain that North Shields were believed to want a development at Cullercoats which would have to be done by the successful developer. I continue with the letter.

"However, if you think it wiser for you not to interfere, do not hesitate to say so." Now, you have read that letter?

A. Yes.

2609. Q. Will you accept it from me - you are welcome, you or your solicitor, to read the file -- that that proceeds logically under your direction, and the direction of your colleague Mallory, down to the letters to which I brought your attention this morning? Do you now wish to say that you disown Mr. Mallory's conduct of this particular project? A. No, sir. What I say is this: that I don't think that Arndale even got on the short list.

2610. Q. You are not following me at all, Mr. Poulson. What I am anxious to discover is what was the nature of the relationship between you and Mr. Smith. Now, you have accepted that Mr. Smith was a member of your organization, have you not? A. Yes.

2611. Q. Mr. Smith received very large sums of money from you for forwarding your interests? A. Yes.

2612. Q. What we are trying to discover is what he did with the money received for the purposes of forwarding your interests, are we not? A. Yes.

2613. Q. What we find is that Mr. Chippindale writes to you about getting the contract for Arndale for the development of North Shields, and you pass it to Mr. Smith for investigation, do you not? A. Yes.

2614. Q. May we take it, therefore, that the --- A. As it was in his area.

2615. Q. -- whole of the contents of this file, which you are welcome to examine, are the consequences of a project that you set on foot at the request of Mr. Chippindale? A. No, sir. The first overtures came, I am quite sure, from North Shields asking if I was interested in doing a development.

2616. Q. I have shown you the letter from Mr. Chippindale, have I not, which is the opening of this file? A. Yes, sir, but that does not -- He having known that we had been appointed for the development already.

2617. Q. The point is this - I am not attributing any kind of blame to

Arndale

Newcastle
Warrington
Bolton

you, Mr. Poulson - I am simply trying to establish the facts. I have here twenty-eight files, each relating to a town or a district maintained by Mr. Smith. Will you accept that? A. I will accept it, but I am surprised to hear it.

2618. Q. Will you accept - and I will show some of them to you - that on practically all of the files there is a letter from yourself or one of your partners directly involving himself in what was being done? A. Yes.

2619. Q. And do you now wish to resile from the position you have adopted that you had no idea what Mr. Smith was doing and you never got anything concrete out of him?

MR. SAFFMAN: Sir, the debtor is being asked to resile from a statement he made on the basis of accepting assurances that there are certain letters in certain files.

MR. MUIR HUNTER: All right ---

MR. SAFFMAN: He has accepted the letters in the files but the letters have not been read.

MR. MUIR HUNTER: If my friend wants to do it the hard, long way, and the Court wishes me to do so, I will. I will do it against my wishes.

MR. SAFFMAN: Sir, I only wish it to be done properly, whatever that may be.

THE REGISTRAR: Perhaps you could show Mr. Saffman some of the letters ---

MR. MUIR HUNTER: I do this very much against my wishes, but if it has got to be done ---

2620. Q. I will take the file entitled "Newcastle - D.S.B. activity - A. R. Hadwin". Now, A. R. Hadwin is Alderman Roy Hadwin, is he not? A. Yes, sir.

2621. Q. Now, do you remember what happened at Warrington? A. To what, sir? No, sir. I didn't know we built anything there.

2622. Q. You see, when I put to you about North Shields and Mr. Chippindale, you said, "Oh, well, we were engaged as consultant architects there already," but it appeared, did it not, that it was Mr. Chippindale who wanted you to use your influence or give your assistance in getting him the contract for Arndale at North Shields, was it not? A. Yes, sir.

2623. Q. Well now, when we look at Warrington we find that it is very much the same position, and in this case the letter is signed

Warrington

- by a Mr. William Gower of the Pontefract office. Was he one of your assistants? A. He was a principal.
2624. Q. Yes; and we find Mr. Gower writing to Mr. Kirkup on the 3rd December, 1963, about Warrington and Littlewoods. They were developers, were they not? A. Yes. They would have approached us, I expect, because they approached us on a number of sites which they wished to develop, with Healey and Baker always.
2625. Q. And Mr. Kirkup then takes certain steps. A. I don't know. I mean, I don't know anything about Warrington. It never went on.
2626. Q. I look at the 13th December, 1963, letter from Mr. Gower to Mr. Kirkup which begins, "Warrington. Mr. Poulson has been speaking to me on the telephone saying you had told him I had not contacted you with regard to the above," so that makes it plain, does it not, that you were, in fact, concerning yourself in this matter? A. Concerning it, but the whole thing - the only thing that matters is when you get a thing, an appointment. Littlewoods would approach me, I expect, in the first place.
2627. Q. No; the point, you see, Mr. Poulson, is this: I am trying to discover what, in fact, this vast sum of money was being spent for, and by whom, and under whose direction. You appreciate that? A. Yes.
2628. Q. What I am suggesting to you is that everything in these files - every single one of which I have read page by page - relates to activities directed and controlled by yourself and your partners for the purposes of obtaining work for the business; is that not right? A. Of getting on to lists for appointment in consultation with others in competition, because that's how all those town centre developments were handled.
2629. Q. Yes; and what you were doing was directing Mr. Dan Smith as to what he was to do? A. Sometimes I would say we did more on our own.
2630. Q. Would you look at this letter dated the 10th March, 1964? (Handed to the debtor.) Is that signed "John - per pro"? A. Yes.
2631. Q. Addressed to Mr. Smith on your own notepaper? A. Yes. We wanted our drawings in to be compared with others. That's

Warrington

all that means.

2632. Q. What this letter says is, "Dear Dan, Please can you get a set of drawings of what the local authority scheme is for the above so that we can get our scheme in for the 26th March. As there is not much time we should like these drawings by Friday, 13th March." A. That would be the area designated as and for development; a block plan, in other words.

2633. Q. And then on the 13th March you write to "Dan" again - "Have you been able to get the drawings." You go on, "We do not want to be very far from what they want." Now, this means, does it not, that you would like the local authorities' own drawings in order to be able to draw something which accorded with their own idea? A. No, sir, for the simple reason that local authorities never did schemes on their own that I ever -- except people like the West Riding County Council latterly provided a service for smaller urban districts. All these were put out to --

2634. Q. No; you have not listened to the question. You can see the letter, if you like. This is a desire to obtain the local authorities' own drawings, is it not? A. No, sir. It's the block plan of the designated ---

2635. Q. Just read what the letter says. A. Yes, but what that refers to is the plan of the town centre development which is the designated area for development. That is all they would do.

2636. Q. What are "the drawings"? A. That is the drawing - one drawing.

2637. Q. A block plan? A. A large scale plan, the size of this desk, which would be the designated area.

2638. Q. Why did you have to ask Mr. Smith to get it? A. Because he told us of the development.

2639. Q. Why did you have to ask him to get it? Was it available to anybody? A. Yes, it would be.

2640. Q. I see. Give me back the file. (Handed to Mr. Muir Hunter.) Was this an Arndale case? A. I don't think so, sir.

2641. Q. I look at a letter dated 20th April, 1964, signed per pro Mr. Sam Chippindale, addressed to you, "Dear Mr. Poulson, Warrington". A. I can't remember which was which, sir.

Arndale

Warrington

2642. Q. "We do not seem to be able to make much progress here. You will remember we were waiting to receive plans showing what the authority actually had in mind, but it seems these are very difficult to get hold of." There is the letter. (Handed to the debtor.) So, Mr. Smith was having to exert himself and spend your money, I suppose, in some way to get hold of the drawings. A. Well, Arndale could also get these drawings themselves.
2643. Q. Why does Chippindale write and ask you about it? A. Sir, I can't remember what he did it for in 1964.
2644. Q. Can you remember trying to get hold of the local authority's own drawings for the Warrington city centre development? A. No, sir.
2645. Q. The letter says you were asked to do so and it seemed to be difficult. You still do not remember anything about it? A. No. I was only concerned with those that were successful.
2646. Q. I see. The file discloses in May, 1964, "Mr. Chippindale is nattering me about the above project at Warrington." Well now, there are many like that, Mr. Poulson. When we read these files does it not appear now that you know perfectly well what Mr. Smith was employed and paid to do, and that your answers on Day 2 were not strictly accurate? MR. SAFFMAN: Sir, surely it must be "when we have read these files".
2647. MR. MUIR HUNTER: Looking at the two files I have shown you, Mr. Poulson, on North Shields and Warrington, does it not appear clearly that you knew, at least in that respect, what Mr. Smith was employed and paid to do? A. Mr. Smith, as far as North Shields was concerned, did not get it. It was already obtained. So it couldn't have compared with Warrington.
2648. Q. My question, Mr. Poulson, was what Mr. Smith was employed and paid to do, not what he did. A. To get us on the list in competition so that we would be in competition to get town centre developments either through developers or for later local authorities, because I was the person who first brought out that local authorities should do their own, and the first example is Stockton-on-Tees.

Warrington

2649. Q. Well, I ask you again. Does it not now appear clearly that you knew what Mr. Smith was employed and paid to do?
A. In part, sir.
2650. Q. Right. So your answers on Day 2 that you had not the slightest idea, and the point at which you fainted, are really not strictly accurate, are they? A. Certainly I started by Skarne, and I mentioned there was some work on town developments - I am certain I did - on Day 2, but as to the specific details of Day 2, I said I couldn't give you any then, and I didn't, and if you'd have asked me about Warrington, until you produced it, I'd never have mentioned it for the simple reason I didn't know of it.
2651. Q. So the point is this; that whether or not he spent your money wisely, you say now that Mr. Smith was employed and paid by you to advance the interest of your business in certain municipal fields? A. No, sir, not only in the municipal fields. He went to Greece after some work with the Greek Government. At least, so he told me. Whether he did or not, I don't know.
2652. Q. You mean the Foulkier system of houses? A. No, sir, that's French - I'm sorry. Foulkier is a French word - that's Paris - and he didn't bring that either. Jimmy Harrison of Leeds brought that.
2653. Q. Now, do you remember I put to you on the last occasion about taking the Eston Urban District Council out to dinner? You think it is a joke, but it is on the file. A. I think it's a joke for the simple reason that I have never heard of anything so ridiculous in my life. We won a competition in 1952 - the second swimming bath to be built by the Government after the war. We worked for that authority and they suddenly decided to have a film show - O.S.B. - which I never knew took place and they all went to dinner, which I didn't know until you told me. I think it's the biggest waste of money I've ever heard of.
2654. Q. You mean you did not know? A. And, furthermore, we didn't build an O.S.B. house. We were building traditional houses. That's how stupid it is.
2655. Q. You may say, Mr. Poulson, with some justice, that your money was not well spent. What we desire to know is how and by whom it was spent. Now, do you say that you never had any reports on what Mr. Smith was doing? A. I didn't have many

Dan Smith
Reports
556

reports, and when he came to me - he's one of these very plausible types - he was always promising me what was going to happen in the next six months.

2656. Q. You see, you first said, when asked about this, that Mr. Smith never gave you any reports at all. I understand you now to say that he gave you some reports. A. Well, verbal, not written; let's be quite clear about that.

2657. Q. Who was Mr. S. J. Bell? A. I can't recall.

2658. Q. Otherwise known as John Bell? I have in front of me a memorandum of report from Mr. Bell to yourself dated the 2nd May, 1967, O.S.B., with a whole list of the activities of Mr. Smith and his merry men all over the north-east. Would you remember it? (Document handed to debtor).

MR. SAFFMAN: Sir, I am sorry for perpetually interrupting my learned friend, which I assure him I have no wish to do, but he is now reading or referring to a report on the activities of a certain gentleman with regard to the activities of a certain company.

MR. MUIR HUNTER: No, I am not. I am showing the witness a document addressed to himself and asking if he received it. It is quite simple.

MR. SAFFMAN: If it deals with his assets, then that is fair, sir.

2659. MR. MUIR HUNTER: Do you remember that kind of report? A. Who is he general manager of?

2660. Q. O.S.B. He was sacked. A. Oh.

2661. Q. Do you remember? A. If you'd have said that; I didn't recognize the man's name.

2662. Q. I am looking at the minute book of Open System Building Limited, a meeting held on the 11th July, 1967: "Chairman - Sir Bernard Kenyon; Present - The Honourable Reginald Maudling. General Manager's report. Mr. S. J. Bell's report indicated that contact had been made with over fifty local authorities with varying degrees of success." Is that the same Mr. Bell? A. Well, I suppose so. I don't know.

2663. Q. You were there. A. Well, I was there, but, I mean, he was only there for a short time.

2664. Q. No, no. "Mr. J. G. L. Poulson referred to the opening of the show houses." A. Oh, yes, I built the show houses as an architect.

2665. Q. And listen to this: "In mentioning the admirable work of Mr. Dan Smith's organization, he" - that is Mr. Poulson - "suggested the company should have more staff on the road

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as a follow-up to Mr. Smith's personnel." You were there.

A. Yes, I was there.

2666. Q. And then: "Mr. Smith asked Mr. Poulson if Mr. Shaw can be seconded to O.S.B. on full time for one year. Mr. Poulson agreed to make Mr. Shaw available in September." You know all about this, Mr. Poulson, do you not? A. I had forgotten about this man Bell's name entirely, sir, because he was dismissed after we found out something that was not to his credit.

2667. Q. Yes. Now, the point of my showing you that document is this---
MR. MUIR HUNTER: Would somebody please tell me - it is O.S.B. activities.

2668. Q. The front of the file - what does it say? A. "Peter Ward's Progress Report".

2669. Q. Progress Report - sorry. That file contains a report by O.S.B.'s general manager, Mr. Bell, to yourself. So there were some reports, were there not, on the activities of Mr. Smith? A. Sorry, just a minute. You said Smith. This is Open System Building's general manager, not Smith.

2670. Q. Yes. So there were some reports by Mr. Bell of the activities of Mr. Smith? A. Yes.

2671. Q. And if you go further back on the file you will find reports by Mr. Smith's organisation itself. The position, therefore, is this, is it not, Mr. Poulson, that it is now plain that you directed and controlled, and were reported to by, the Smith organization. A. Euy it? Sorry, I didn't ---

2672. Q. You directed and controlled the Smith organization and they reported to you on their progress? A. No, sir.

2673. Q. Well, what does that file mean, then? A. This was a report to the directors of O.S.B. and to myself.

2674. Q. Yes, about the activities of Mr. Smith. A. About the possibility of working in the future. At least, that's how I look at it.

2675. Q. Wickham U.D.C. This is Mr. Bell's report of the 1st May, 1967. "Dansmith P.R., who were called upon to assist via their Wickham contact, reported O.S.B. were well placed, but the Council decided in favour of Taylor Woodrow on the basis that O.S.B. did not maintain their own contracting organisation." Is that not a report by or on behalf of Smith? A. Yes, sir.

2676. Q. Adwick-10-Street. A. That also confirms that all we were doing was getting on lists and getting the opportunity of

U.S.B.
The £200,000

competitive tenders.

2677. Q. This report is full of references to individual local government dignitaries who were to assist you, is it not?

A. No. This report is a list of places where we hoped to get in and, if we had have got in, there would have been no O.S.B. debts.

2678. Q. No. This report, Mr. Poulson, which you admit receiving, as I understand, is full of references to local authority dignitaries whom it was hoped would help you, is it not?

A. Hoped to help O.S.B., not me personally.

2679. Q. I see; help O.S.B. and not Mr. Poulson personally. A. After all, Mr. Bell was O.S.B.'s employee and not mine.

2680. Q. Yes. So is that the situation, that you now wish to say that this activity of Mr. Smith's was directed to the advancement of O.S.B.? A. At that period.

2681. Q. And not of yourself? A. Well, I was a consultant architect and would have benefited had they got the orders, but he was working - Bell was O.S.B. - and he was dealing with Bell, and his people were dealing with Bell and not mine. They then asked for Shaw, who was on my staff, so that they had a technical assistant.

2682. Q. Yes, all right, Mr. Poulson. You say that this enormous and expensive activity for which huge sums of money were being paid to Mr. Smith was not to advance your own business but to advance the business of O.S.B.? A. But indirectly would have also advanced mine, because I was consultant architect and would have got the R.I.B.A. scale of fees had they got the orders.

2683. Q. But your wife was the controlling shareholder of O.S.B. and its directors were Sir Bernard Kenyon, Mr. Maudling, Mr. Maudling's son, and some others. A. Williams.

2684. Q. Yes. A. Marr.

2685. Q. So that these enormous sums of money on propagating O.S.B.'s business were being spent under the direction of O.S.B.? A. At that time, yes.

2686. Q. And with their knowledge. So they must have approved the Dan Smith expenditure? A. At that time they did.

2687. Q. They did; and they knew what was going on? A. At that time they knew what was going on.

2688. Q. Well, then, do you remember on the last occasion I asked you about the £200,000 item which O.S.B. was said to owe you,

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£200,000

and you were unable to explain it. Do you remember Mr. Maudling and yourself had some correspondence in 1968 about writing off the £200,000 which U.S.B. owed you and which you would not agree to, and I put to you that this huge expenditure - this huge debt - represented what you had spent on Mr. Dan Smith's organization. A. No, sir. That was on the development of the plans to arrive ultimately at the number of types of houses. That is the architectural expenditure.

2689. Q. Well then, if that £200,000 does not represent substantially the expenditure on Mr. Dan Smith's organization, perhaps you will tell me what the expenditure on Mr. Dan Smith's organization was for? It must have been for something. A. In the first place it was Skarne; second ---

2690. Q. I know. Look --- A. Secondly, it was partly this, and, thirdly, town centre - getting us on lists for town centres. Those are the only things I can think of, sir.

MR. SAFFMAN: If my learned friend asks the same questions, he cannot object to receiving the same answers.

MR. MUIR HUNTER: Very good.

2691. Q. I look at the meeting of the directors of Open System Building in the minute book for the 19th March, 1968. "Present: Sir Bernard Kenyon, Mr. Reginald Maudling, Dr. Williams, Mr. Marr, Mr. Martin Maudling. (5) Finance." - and you were present, Mr. Poulson. A. Yes, as consultant.

2692. Q. With Mr. Baker. A. As secretary.

2693. Q. "Accounts for the eight months ended 29th February, 1968, were examined by the board. The indebtedness of the company to Mr. Poulson and to Ropergate Services Limited was discussed." Do you remember this discussion? A. Not as an isolated one. If it's on there, I obviously was.

2694. Q. We may come back to it. "The company owed Ropergate Services £32,000 in respect of expenses paid on its behalf to the 29th February, 1968. This must be settled as soon as possible." I may tell you that this is signed by Sir Bernard Kenyon. "(b) The company owe Mr. Poulson for all the payments made by him on its behalf which at present amount to £210,000. A sum of the same order was also owed to him representing the value of the U.S.B. design which Mr. Poulson had made available for the company." Do you remember the meeting then?

A. Yes, sir, and this £400,000 was the bone of a lot of trouble, because I tried to evaluate what it was worth and

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that is when they gave me the licence fee in settlement of the £5 per house.

2695. Q. The point is this: you were claiming - and apparently those persons present were agreeing - that the company owed you £210,000, were they not? A. I always understood they didn't agree.

2696. Q. No, no. They owed you £210,000. A. I said they did, yes.

2697. Q. On a meeting held on the 21st July, 1969, present Mr. Sales, the new Chairman, Mr. Reginald Maudling, Mr. Martin Maudling, yourself, and Mr. Rooke, the former Town Clerk of Fontefract, I believe -- A. He was secretary.

2698. Q. What? A. He had become secretary then.

2699. Q. Yes. The accounts for the year ended 30th June, 1969, were considered. I quote: "The balance sheet showed a debt to Ropergate Services Limited of £58,797, and Mr. R. Maudling referred to the £200,000" - that should be £210,000 - "at minute 5(b) of the board meeting held on the 19th March, 1968. He asked why they had not been reflected in the balance sheet, and the secretary stated that so far the company had not acknowledged any debt of that amount to Mr. Poulson." Do you remember the occasion now? A. That's what I always - I've just said. I always understood they disputed it.

2700. Q. What do you say this £210,000 was? A. Was for the work and the development of all the various types of planning and working drawings for these authorities.

2701. Q. Who was to bear the burden of the Dan Smith expenditure? A. Them, in part.

2702. Q. All these files that I have shown you either bear on their front or inside the statement that they are O.S.B. files. That means, does it not, that Mr. Smith considered himself as acting for O.S.B., did he not? A. He certainly couldn't say that he was dealing with O.S.B. as far as town centre developments were concerned. You would appreciate that. O.S.B. were building an industrialized and a rationalized traditional house only.

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2703. Q. Let us cast our mind back to the budget, T.D.S.2, that we looked at this morning, on which appear the names of these gentlemen referred to only by their initials. Many of them were receiving salaries, were they not? You remember that? A. It would appear to, from Mr. Smith.

2704. Q. Many of those gentlemen are found to be active in trying to obtain work for O.S.B. - people like Mr. Urwin. It must

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apportioning expense

follow, must it not, therefore, that a substantial part of the expenditure of the Dan Smith organization out of your funds was demonstrably for the benefit of U.S.B. A. It would appear so, sir, but I can't believe anybody could be so incompetent as they proved to be by the results when such little business was obtained.

2705. Q. No, no. You may say, Mr. Poulson, that that money was ill spent. The question is, was it spent for the benefit of, and on behalf of, U.S.B.? A. Not entirely, sir, no.

2706. Q. No, no. You keep on qualifying, Mr. Poulson. Do try and assist. A. All I can say is ---

2707. Q. A substantial part of it was, in fact, spent for the benefit of, and on behalf of, U.S.B. A. What proportion was spent on U.S.B., Skarne and on town centre developments, I am unable to answer that question.

2708. Q. Well, when we find, for example, that Mr. Peter Ward, according to his expenses, spent an entire month driving around Yorkshire interviewing councils about U.S.B. houses, would we not think that was a fair sum to charge to U.S.B.? A. Yes, sir.

2709. Q. Right. So the question, really, is this: is U.S.B. to be charged with the Dan Smith organization expenses and you say, "Yes, in part"; is that right? A. Yes.

2710. Q. If it is to be charged in part, then we have to discover how much. A. Correct.

2711. Q. And this would involve some --- A. Considerable amount of work and time.

2712. Q. Yes, with which you might be able to assist? A. With which I will have great pleasure in doing so, sir.

2713. Q. Right. Well, if, provided with the files, to some of which I have referred to-day, would you undertake in your own time and under supervision --- A. I have no other work to do so you haven't ---

2714. Q. Will you undertake to look through them and assist the Trustee in his offices in determining what percentage of the work was for U.S.B. and what was for some other purpose? A. I will to the best of my ability.

MR. MUIR HUNTER: I think that would be a convenient time, sir.

MR. SAFFMAN: Might I make one reservation to that, sir. The undertaking which my learned friend has asked for is to attend the Trustee in his offices. I believe, from what I have

been told, none of the files are at the Trustee's offices, but are all at the offices of his solicitors.

MR. MUIR HUNTER: They are here. They are all in court.

MR. SAFFMAN: Well, they are all here, but normally at his solicitors' or at the Official Receiver's, both of which are in Leeds, so if the undertaking could be altered to that extent ---

MR. MUIR HUNTER: We will make an arrangement.

MR. SAFFMAN: Sir, there is one further point which I would like to make formally to you, and that is this. I would like to give you formal notice, and to my learned friends so that they should not under any circumstances be taken by surprise, that at the commencement of the next hearing I will ask you, under Section 108 (1) of the Bankruptcy Act, to review the order which you made at the last hearing as to the adjournment of the Public Examination. I do not propose, sir, at this stage - it would not be proper for me to do so - to give the reasons why I shall be making that application, but it may be of assistance to my learned friends to indicate that it is because of two matters in my learned friend Mr. Muir Hunter's argument in opposition to my application on page 27 of the transcript. In the middle of the page, the paragraph with regard to the matter of publicity and the proposition about not mentioning third parties who might be hurt, and the last paragraph about evidence of assets, and comparing that, sir, when the transcript is available, with the way in which the Examination has been conducted to-day.

MR. MUIR HUNTER: Sir, you have, in fact, reserved, as I understand, the 15th September for the next hearing.

THE REGISTRAR: Yes.

MR. MUIR HUNTER: You have also reserved, I understand, the 25th and 26th September for the continuation of two pending adjourned private examinations.

THE REGISTRAR: Yes.

MR. MUIR HUNTER: Could I just take instructions on the most convenient of those two possible dates? (Counsel takes instructions)

THE OFFICIAL RECEIVER: If I could say, sir, on the 25th and 26th I am not free.

MR. MUIR HUNTER: The reason why I was taking instructions, sir, was this: that Mr. Poulson has undertaken two quite considerable jobs. One is to go through the books of account and pick

it is only right that I should say that the 15th would be certainly more convenient for my purposes than the 25th or the 26th, but whether the Attorney General wishes to be represented or not, I do not know.

MR. MUIR HUNTER: I would like not to sort of have the next session, so to speak, with Mr. Poulson with uncompleted work. He is obviously not in very good health, his wife, we have heard, is ill, and, therefore, it would not be fair to press him, even though he has no other occupation.

THE REGISTRAR: He has five weeks, of course.

THE DEBTOR: There is only you and I, sir, know the volume.

MR. MUIR HUNTER: Well, it is a heavy one. It took Mr. Bishop and Mr. Clarkson and their assistants a very considerable time even to prepare the Official Receiver's schedule.

THE DEBTOR: Eight weeks.

MR. MUIR HUNTER: And it is at fairly close range. I would press for the 25th, if the Court thought it right.

THE REGISTRAR: Well, very well. I will fix the resumed Public Examination for the 25th September, and the private examinations for the following day.

MR. MUIR HUNTER: If, for any reason, those private examinations prove to be unnecessary, I will let the Court know as soon as possible. I cannot say at the moment.

MR. SLYNN: Sir, I am sorry to rise again, but this does, perhaps, produce a slightly difficult situation in that the Official Receiver will not be here on the 25th. I shall certainly not be here because I shall probably be being led by the Attorney General in another case. If it transpires that Mr. Poulson has difficulty, I do not know whether arrangements could be made for some contact to be made with Mr. Hunter's clerk and the other people concerned, and, if necessary, representation be made to you for the order to be changed.

THE REGISTRAR: Can you arrange that with your clerk?

MR. MUIR HUNTER: Yes. Subject, of course, to the Court not having used up the 15th. Really, I know there is pressure on the Court's time.

THE REGISTRAR: Oh, well, I shall keep the 15th vacant.

MR. SLYNN: I am very much obliged.

THE REGISTRAR: But it will not be a case of the Official Receiver not being represented. Someone will be here from your office, will they not, Mr. Bishop?

THE OFFICIAL RECEIVER: I shall arrange for that, sir, if I cannot be here.

(PUBLIC EXAMINATION ADJOURNED)