

After Sales p.e.

Day 7

20 Nov 72

4345-5324

" A "

THE BANKRUPTCY ACTS, 1914 and 1926.

Sales 4879

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 20th day of November, 1972.

PRESENT:

THE OFFICIAL RECEIVER: Mr. W. A. Bishop.

FOR THE TRUSTEE: Mr. Muir Hunter, Q.C.
Mr. D. Graham.
Mr. M. Crystal.

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. MUIR HUNTER: Your Honour, before I begin today's examination, there are two short statements I should like, with your leave, to make.

THE REGISTRAR: Yes, certainly.

MR. MUIR HUNTER: The first one concerns a Mrs. Braithwaite, on whom certain questions have turned, and I make the following statement on instructions. In the course of my examination of Mr. Poulson on the 25th September, I sought to clarify his relationship with Mrs. A. W. Braithwaite in the context of the payments made by him to her or for her benefit. These questions appear to have been misinterpreted in some of the subsequent press reports. I and those instructing me would now like to make it perfectly plain that I had, and have, no reason to cast aspersions on Mrs. Braithwaite's moral integrity.

I also have, if I may, another progress report to make to the Court. On the last occasion I informed the Court that sums of money recovered by the Trustee, or immediately in contemplation of

These are the Notes of the Public Examination, referred to in the Memorandum of Public Examination, of taken before me this day of 19

Registrar.

4465 Day today
= planning of
Coal House

total amount to £160,000. Progress continues.

REGISTRAR: I am pleased to hear that.

JOHN GARLICK LLEWELLYN POULSON, recalled.
EXAMINATION BY MR. MUIR HUNTER continued.

- Q. Mr. Poulson, you will recall that from time to time you have been reminded that you made in connection with the bankruptcy a statement of your affairs which was lodged as at the 15th May, 1972, under oath. A. Yes.
4346. Q. Do you remember that? A. Yes, sir.
4347. Q. In which you were required to state, to the best of your knowledge and belief, the amount of your debts, and whether they were good, bad, contingent, and so forth, and the amount of your assets, including such matters as loans due to you. Do you remember that? A. Yes, sir.
4348. Q. You can be shown the document if you wish. It has become apparent, has it not, Mr. Poulson, that your assets have been somewhat under-stated? A. Well, as a result of the particulars coming, yes, sir.
4349. Q. When you were making your statement of affairs, which covered, I think, a period of some three months, with the assistance of the Official Receiver's department, did you apply your mind to the people who you knew owed you money? A. No, sir; I had forgotten all about that.
4350. THE REGISTRAR: Would you keep your voice up, Mr. Poulson?
A. Sorry. I didn't -- I had no books or anything to remind me of it.
4351. MR. MUIR HUNTER: You say you had forgotten all about everybody who owed you money? A. Yes, sir. I didn't connect any of it with it.
- MR. MUIR HUNTER: Could the witness be shown sheet I of the Statement of Affairs, please? (Handed to debtor).
4352. Q. Do you see sheet I? A. Yes.
4353. Q. Does it contain your signature at the bottom? A. Yes.
4354. Q. Do you see it shows three debts due to you? A. Yes.
4355. Q. The first one is described as a loan and it is written "Qualgate"; should that be "Ovalgate"? A. Yes.
4356. Q. Is that one of your family companies? A. It is my wife's, not family.
4357. Q. And that shows a good book debt of £4,000? A. Which again is incorrect; it was an estimate.

Loans / gifts
Sales

or a loan, you simply would not have known at all? A. I wouldn't have known which it was at the time.

Q. Why not? A. For the simple reason I couldn't recall these, sir. If I had recalled any of these they would have been down, if I had been reminded that they were such things.

4372. Q. That is not quite the point, Mr. Poulson. Are you saying that you did not at that time know the difference between a gift and a loan? A. Well, some of the loans, as they were so outstanding they became gifts; that is what I am trying to infer.

4373. Q. Ah, I see. You mean you were familiar with the provisions of the Limitation Act, 1939? A. I don't know what that means, no.

4374. Q. Under that, Mr. Poulson, a debt becomes irrecoverable if six years have passed from the time that it was due. So you mean you had calculated on your fingers and you found that the people you had lent money to, you had not recovered it from, and so therefore it was a gift; is that right? A. I don't know.

4375. Q. Well, you must know. A. I am sorry, I just don't know.

4376. Q. Well, you see, we are going to ask you some questions about Mr. Sales, the former Chairman of the Yorkshire Division of the National Coal Board, and Mr. Sales, as you may know, has been examined privately by this Court. A. So the press say.

4377. Q. Yes. And he has confirmed what you have said, that Mr. Sales received a loan from you of something over £5,000 - according to you and according to him, but not necessarily correctly - for the purchase of his house, Handley Cross? A. To help him, not purchase it.

4378. Q. Well, we will come to that. I see you are ahead of me, Mr. Poulson; you have obviously been thinking. A. No, I haven't. I just made the -- I thought you were casting a remark, as usual.

4379. Q. And you see, (when) in May, 1972, speaking as to the date of the Receiving Order, which was the 4th January, 1972, you had thought about your relationship with Mr. Sales, what would you have thought it was, loan or gift? A. Well, Mr. Sales has always been a loan.

4380. Q. Always been a what? A. A loan.

4381. Q. A loan. Well, if it was a loan, therefore, why does it

not appear? A. Because I had forgotten all about it. After all, this was a very rushed affair, we were working to dates all the time, and I was under a terrific strain, as you know and appreciate.

Q. When did you forget that Mr. Sales --- A. I didn't put any of them down so I must have forgotten the whole lot, sir, and it wasn't by some design, as you suggest.

83. Q. Well then, there are obviously other debts. A. There are none that I have. The only place -- You have got the books, I have only seen them for three mornings.

4384. Q. Mr. Poulson, just calm down for a moment. A. Well, it is alright you saying that, but I mean its ---

4385. Q. Just let us consider, Mr. Poulson, what we are here for. We are here to recover money --- A. To destroy me, it would appear.

THE REGISTRAR: Mr. Poulson, just let me speak for a moment, will you? We are going to get on a lot quicker this morning if you listen to the question which Counsel puts and then answer it. I do not want to hear any backchat; just answer the question as it is put.

THE DEBTOR: Sir, I am not trying to; I am trying to be helpful all the time and all I get is, with respect ---

4386. MR. MUIR HUNTER: Mr. Poulson, you appreciate that these questions are designed to show what are your assets capable of being recovered to pay your creditors. Do you know, for example, that your creditors have just been enlarged to the tune of £278,000 by an additional claim by the Leeds Corporation. Do you know that?

MR. SAFFMAN: Sir, I must take objection to that question. The "possible" creditors have been enlarged. Because claims have been received it does not follow from that that the claims are proper claims.

MR. MUIR HUNTER: I am in possession, on behalf of the Trustee, of a sworn proof of debt prepared by the Leeds Corporation and which I must assume that they honestly believe, even if it is wrong in fact or in law, and I would be obliged if I could be not interrupted unnecessarily.

4387. Q. Now, Mr. Poulson. A. Well, if the Trustee will pay that, he will pay anything. That is my reply, and that is not impudent.

...ear with me, Mr. Poulson, we will deal with the Leeds proof today. A. Well, surely the proper place to deal with this is an arbitration, not here. It is a dispute between the partners and the Leeds Corporation.

Q. Would you please stop talking about this until I ask you about it? A. You raised the thing, sir.

390. Q. No. I had reason to refer to the Leeds proof to indicate the need still further to pursue our enquiries for recovery of debts in the hope that your creditors may be paid in full. If, therefore, you know that there are people to whom you have lent money and whom we have not yet discovered, it is your duty, is it not, to disclose it now? A. Yes, sir.

4391. Q. Who else have you lent money to and whom we have not yet heard about? A. I have no recollection of anybody.

4392. THE REGISTRAR: Would you lean forward, Mr. Poulson? A. I have no recollection of anybody, sir.

4393. MR. MUIR HUNTER: You mean you just do not remember any people to whom you have lent money, except those whom we have reminded you of? A. And the list in the books that I have given you, sir.

4394. Q. But those books do not indicate what are loans and what are gifts, do they? A. Well, they don't, no.

4395. Q. So in the case of Mr. Sales, you say you now affirm that this was a gift? A. A loan, sir.

4396. Q. A loan, yes; it was a slip of the tongue. And did you say that this was for the purchase of a house? A. To help him.

4397. Q. Now, you know the house at Handley Cross that Mr. Sales now lives in? A. Yes.

4398. Q. It was a house that was occupied by Mr. Sales in his capacity as Chairman of the Yorkshire Division of the Coal Board, was it not? A. Yes.

4399. Q. And it was purchased for his use, as such Chairman, by the Coal Board in 1962? A. Well, I wasn't aware of that.

4400. Q. You got to know Mr. Sales when he was living there? A. I got to know Mr. Sales when I was doing the new block of offices for the National Coal Board.

4401. Q. Now, this house has attached to it six acres of land? A. I don't know what the area is at all. What - do you mean adjacent to the garden of the house?

4402. Q. The house has an estate of six acres. A. Well, I would not know that.

Q. You have never come to know that? A. I only know that he has a house there and a large garden, but I don't know what the acreage is, or anything about it.

4404. Q. Do you not know, Mr. Poulson, that we have had access to the Wakefield Building Society mortgage file concerning his application to them for a mortgage? A. Well, I expect you have.

4405. Q. Yes. And that that discloses that the house has six acres. A. Well, I wouldn't know that, with respect to you. I don't see the application forms.

4406. Q. You said you did not see the application form? A. Well, did I take it? I don't know; I can't remember it if I did.

4407. Q. We must investigate that. Do you remember the case of Mr. Pottinger's mortgage? A. Oh, yes, I did deal with that.

4408. Q. Now, in the case of Mr. Pottinger's mortgage, as you may remember from our last appearance here - Day 5 - you received from Mr. Pottinger a building society application form relating to the Wakefield Building Society, of which you were a director? A. Yes.

4409. Q. And it contained blanks which Mr. Pottinger said in a covering letter he did not know how to fill in. A. Well, it was just the amount of the mortgage that he would require.

4410. Q. Yes, and various other things, including how much money Mr. Pottinger was going to provide himself. And you admitted, did you not, that you had filled in the missing bits of the form? A. Yes.

4411. Q. And had submitted it to Mr. William Robinson, the General Manager of the Society? A. Correct.

4412. Q. Now, do you say that was the only occasion --- A. I have no knowledge of submitting Mr. Sales', but why not tell me if I did; I don't know; I can't remember.

4413. Q. Just wait, Mr. Poulson; was that the only occasion on which --- A. To the best of my knowledge, yes.

4414. THE REGISTRAR: Do not be impatient, Mr. Poulson; just wait until the question is asked. A. I am sorry, sir, I ---

4415. MR. MUIR HUNTER: Was that the only occasion when you personally processed an application for a mortgage from one of your friends? A. As far as I know, yes.

4416. Q. Well now, in the case of Mr. Sales' mortgage it appears that --- Do you not have any

Sales.
B/Sa

Firstly, did you introduce Mr. Sales to the building Society?

A. I recommended he went in, yes.

He knew nothing, he says, of the society himself? A. I shouldn't think he did, but that was alright.

Q. You provided your own solicitors, Messrs. Blundell Baker, to act for him? A. He hadn't one, so I suggested he went to them, because he was also the building society's solicitor for the London area.

4420. Q. And the first letter on the solicitors' file, which is the 3rd June, 1966 - well, the letter I am looking at says he is acting for Mr. Sales who is purchasing his house from the National Coal Board at a price of £12,000. "I understood from Mr. Poulson that the society was going to make an advance, I believe, of the sum of £5,000, but I understand from Mr. Sales that so far he has not filled in a form. It may be that Mr. Poulson has said something to you about it. I trust it will be possible to help." And the answer to them on the 7th June from Mr. Robinson: "Prior to getting your letter, I had heard nothing about the proposed loan to Mr. Sales." So you had put this matter in hand, had you not, even before Mr. Sales had made an application to the society? A. No, sir. I put it through the solicitors, obviously.

4421. Q. And Mr. Robinson says, "Although we have had to impose restrictions once again" - that is restrictions on mortgage advances - "you may rest assured that the amount he requires will be forthcoming, subject to satisfactory valuation." Well now, did you personally recommend Mr. Sales to have the maximum advance? A. Me personally? I don't think I recommended any of it, because these were done by a committee and I wasn't on the committee.

he sat, but abstained (p. 1)

4422. Q. Did you recommend Mr. Sales --- A. If I was asked was Mr. Sales a good borrower, the answer is yes.

4423. Q. Yes. A. Of course I would.

4424. Q. How well did you know Mr. Robinson? A. I have known him for many years - ten, fifteen.

4425. Q. On the same day that Mr. Robinson wrote the letter of the 7th June, did you write this letter addressed "Dear Bill" - that is Mr. Robinson - and signed "John"? (Handed to debtor). Is that your signature, or is that a photograph of your

Who signed "John"? Is that a forgery? A. No.
Who is "John" then? A. It is me, but it isn't my signature,
and you know it.

Q. What do you mean? A. Well, you know that isn't my
signature; anybody can recognize it isn't.

Q. Well, who has signed "John" then? A. That looks like
Miss McLeod to me.

4430. Q. I see. She signed with your authority? A. I should
imagine so.

4431. Q. Yes, very good. Let me have the letter back. (Handed to
Mr. Muir Hunter). This letter reads, "Dear Bill" -- that is
Robinson - "Enclosed please find form duly signed by Mr.
Sales. He will probably have rung you this morning in this
connection." So you did send him the form? A. Sorry?

4432. Q. You must have sent in the mortgage application form? A. Not
necessarily; it could have gone by the solicitors.

4433. Q. Would you look at the letter again, Mr. Poulson? (Handed to
debtor). Does it not say that you are enclosing the form
signed by Mr. Sales? A. Yes, sir.

4434. Q. So you sent in the form? A. I expect I had to get it
signed for him.

4435. Q. The forms with which we are familiar in this building society
include an application form and a status form or means
report. Do you remember in Mr. Pottinger's case we had a
status form and means report? A. Yes.

4436. Q. Which you had helped to fill in. Well now, there is no status
form and means report here. Why is that? A. I have no
idea, sir.

4437. Q. Is it that you told the building society it was not necessary?
A. No, sir, and in any case they would carry out their
business without -- to their satisfaction.

4438. Q. What business? A. Well, the business of running a building
society.

4439. Q. No, no. Are you saying that the building society actually
questioned Mr. Sales about his means? A. I have no idea,
sir. I have not suggested it, nor do I know anything about
it.

4440. Q. May I take it, then, that if there is no status report it is
because you told the building society they did not need one?
A. No, it is certainly not. They would know whether they
need one or not. They would know of him.

MUR HUNTER: Well now, we are now speaking of early 1966, and according to Mr. Sales' examination he says --- I take it, sir, I may use the material, with your leave?

THE REGISTRAR: Yes.

MR. MUR HUNTER: He says that he was already contemplating retirement. A. That is correct, as I told you earlier.

4442. Q. Within the next two or the next one year. A. Well, he had already given his notice in, because I had seen the letter.

4443. Q. Yes, and he - a person who was going to retire at the age of sixty-five, he was then sixty-three - was proposing to buy a house for £12,000; is that right? A. Yes.

4444. Q. And that is what you are putting forward? A. It isn't what I am putting forward, it is the facts.

4445. Q. Yes. And this property contained six acres of land of which you say you knew nothing? A. Well, I didn't know it was that amount.

4446. Q. You knew it was land? A. I knew the house was obviously on land.

4447. Q. And valuable land? A. No, I didn't know that, because what was valued in those days is a different picture today.

4448. Q. Yes. Do you know what valuation had been made? A. What - of the property?

4449. Q. Yes. A. At that time?

4450. Q. Yes. A. No, sir.

4451. Q. Did the valuation made by the National Coal Board ever come to your notice? A. I knew what they were prepared to sell it him for, because he showed me the letter.

4452. Q. Which letter was that? A. The letter saying he could buy it for £12,000. And it seemed plenty for it at the time.

4453. Q. When you say he showed you the letter, you mean a letter from the National Coal Board? A. Saying that he could have it for £12,000.

4454. Q. Yes. I am looking at a valuation made on the 1st March, 1966, by Messrs. Bell Watson, of this property. Do you suppose you saw that? (Handed to debtor). A. No. What was this for - himself?

4455. Q. For the National Coal Board. A. Oh.

4456. Q. Did you ever see that? A. No, sir.

4457. Q. No? A. What's it say it's worth? Oh, £12,000.

4458. Q. Well, this says that the property includes six acres of land, and you say you were not...

Sales
Planning of Coal House

1
I wasn't told - I wasn't aware. He just told me he had got the offer of this house for £12,000. I didn't know what it entailed; it wasn't my concern whatever it entailed - how much land. I saw it was a decent garden and it was worth £12,000.

Q. In fact, the property had been valued a year earlier, had it not? A. Well, I am not aware of this. And how much was that for?

4460. Q. There are two values there, Mr. Poulson. There is £12,000 without development value, and something else with development value. A. And who was this done for - the Coal Board?

4461. Q. This was dated the 15th March, 1965, and it is instructions to be given when valuation is being made. When did you first discuss this purchase of the house with Mr. Sales? A. When he received a letter from Lord Robens after he had resigned; there was a letter pleading with him to stay, which he was not going to do, accede to, and I can't tell you the date of that letter.

4462. Q. Now, you had known Mr. Sales from 1963, had you not? A. You said so. I don't know whether it was 1962, 1963 or 1964 - something about that period.

4463. Q. You had paid Mr. Sales the sum of £300 in 1963. A. I probably knew him before that. It depends entirely on the date when we started work for the National Coal Board to build those offices.

4464. Q. And you, in fact, had been engaged in building the Doncaster offices for the National Coal Board for some time past? A. Yes, sir. I don't know when it started, I have not the foggiest idea, sir.

4465. Q. So you must have got to know Mr. Sales quite well? A. Mr. Sales I knew very well, for the simple reason he did the day-to-day planning of the thing as the head of the Yorkshire Region, although it all had to be approved in London, and he acted as the liaison.

4466. Q. And, according to Mr. Sales, you visited one another's houses fairly regularly? A. That is correct, in matters of business.

4467. Q. So you visited his house? A. Yes.

4468. Q. And you must have become aware that it had a substantial acreage of land? A. Oh, we never walked round the gardens; it wasn't a garden to walk round in.

Sales
Dorchester

... socially? A. Well, not as a friend, because we weren't meeting socially at that stage. It was purely business.

Q. Beware, Mr. Poulson. You remember what I have told you about the documents. How well did you know Mr. Sales? A. Over the years, yes, it was, but not at the beginning.

Q. He says that he was first introduced to you at a dance in Doncaster. A. Well, he has better knowledge than I have.

4472. Q. And your friendship blossomed in this way. A. What, going to dances.

4473. Q. That is right. A. Well, that's rubbish.

4474. Q. "Mr. Poulson was introduced to me as an outstanding architect who was convinced of the worthwhileness of solid fuel central heating." A. Oh, that is correct.

4475. Q. And then you had a common interest so far as solid fuel central heating was concerned. "And then he did drop in from time to time uninvited and unannounced almost." Do you agree that? A. Yes, he would do that, he was that type of individual.

4476. Q. He says you dropped in on him. A. No, I said he was that type, I didn't say me.

4477. Q. No, no. I quote, "Q. Did he drop in from time to time? --"
A. Yes, he did, but it wasn't very often, sir. I mean, it wasn't two or three times a week or even once a week. I mean --

4478. Q. And I suppose there must have been at least once when it was not pitch black outside and you could see the extent of the land? A. Yes, but I didn't concern myself about what his gardens were, or anything of that.

4479. Q. Then, according to Mr. Sales, you got to know him well enough, or he got to know you well enough, for him to use your suite at the Dorchester? A. Yes.

4480. Q. I quote -- A. "Yes" I said.

4481. Q. Are you quite sure? A. Yes.

4482. Q. Are you quite happy with that last answer? A. I am quite happy that he had it, yes.

4483. Q. Do you not remember telling the learned Registrar some several days back in the transcript that you did not have a suite at the Dorchester? A. Oh, we've been through all this. No, I hadn't a permanent suite at the Dorchester; I provided him with accommodation which I paid for, which would

a different thing. Good heavens, we are not going over

that again, are we - just twisting --

REGISTRAR: Just answer the questions.

DEBTOR: Sorry, sir, but this really was --

REGISTRAR: Do not pass comments, just answer the question.

MR. MUIR HUNTER: It is much more serious than you think, Mr. Poulson, as you will see in a moment. Mr. Sales I suppose you would regard as a witness of truth. A. I am not passing any comments on Mr. Sales; you are not catching me there.

4485. Q. You mean you do not think he is? A. I don't say anything, I'm not there to judge.

4486. Q. I quote: "I used to stay at the Dorchester at Mr. Poulson's invitation." "Q. How many times?" "A. Four or five I would think." "Q. You used his suite, did you?" "A. Well, I understood that it was his suite." "Mr. Poulson was very seldom there." "Q. So you were staying there, were you, when he was absent?" "A. Oh, yes." Well now, does that fit in with your -- A. No, it does not. It does still not alter the fact that I had not a permanent suite at the Dorchester and what I have said before is exactly correct.

4487. Q. Just a moment. A. And you can go on till Doomsday and I'll not contradict it.

4488. Q. Just bear with me. So what you say is, in relation to this innumerable troop of people who passed through the portals of the Dorchester at your expense, they did not go to a permanent suite, they simply went to the reception and said, "On Mr. Poulson", did they? A. Oh, no. They had either been in touch with Miss McLeod or myself and the booking had been made. It couldn't happen in that way, could it, because there wasn't a permanent suite.

4489. Q. Never mind. There was always a room to be found?

A. Sometimes there wasn't, even for me.

4490. Q. Well now, what sort of people were allowed to demand accommodation at the Dorchester? A. You've had all of them, sir; I can't remember.

4491. Q. Well, we have not. You see, Mr. Poulson, we cannot find the Dorchester booking files which are alleged to be that thick; we cannot find them yet. A. Well, I haven't got them.

4492. Q. Well, they involved, apparently, thousands of pounds every

- ar. Do you remember that? A. Well, you can get them from the Dorchester, they have got them.
- The Dorchester do not go back far enough. A. Well, I haven't got them.
- Q. We know that you paid the last £250 of your last money to settle up the bill at the end of the day? A. I didn't, Mr. Grimwood did.
4495. Q. Out of your creditors' money? A. Well, he did that, not me.
4496. Q. Now, I want you to listen carefully to what I am now going to read to you from Mr. Sales' statement. "I stayed at the Dorchester Hotel" - this is Q.172 - "because Mr. Poulson informed me, not that he had a suite at the Dorchester Hotel, but Mr. Poulson informed me on one occasion that he had a substantial allowance from the Inland Revenue and that it did not cost him anything to entertain his friends at the Dorchester, and it was on that understanding that I stayed at the Dorchester." Is that correct? A. Well, I should certainly say no. Well, how could I? I mean, imagine --
4497. Q. Let us break this up. Did you have a substantial entertainment allowance allowed by the Inland Revenue? A. I had no allowances; nobody has.
4498. Q. Do you mean that your accounts will not show any of the Dorchester bills as allowed for professional expenses? A. Oh, mine would be. I hope they would, but then I'm told they weren't latterly for the simple reason, the alteration in the law, that the only people who got it was if they had overseas visitors or overseas clients.
4499. Q. May we take it that each year, at least until the law was changed, you presented to the Revenue, through your accountants, the Dorchester bills? A. I did not do any of that work, sir, no; Pannel Fitzpatrick did.
4500. Q. Do you know whether they were presented? A. I have no idea, sir.
4501. Q. If they were presented they were presented with your authority? A. I have never -- All I did was sign blank returns and I never saw any of the figures or any of the information that was given to them.
4502. Q. Are you saying, then, that you did not tell Mr. Sales that you had a substantial entertainment allowance from the Revenue, and it cost you -- A. Most emphatically, for the simple

reason it is so ludicrous, it couldn't be.
If, in fact, you were staying in London on business you would be entitled to charge for that? A. Up to a certain date, yes, we could.

44. Q. And if you were entertaining in your room the Chief Justice of Nigeria, as you did, you would charge for him? A. Correct.

4505. Q. And if you had Mr. Yakub Sahid or Mr. Nasser you would charge --
A. They didn't stay there, so that's that.

4506. Q. How would anyone know, in working out the accounts, which of those nights at the Dorchester were those people, and which were your old friend Mr. Sales? A. Well, for the simple reason that the Dorchester accounts, I think they gave the details of who they were.

4507. Q. Then did somebody go through the bills and check off pleasure as distinct from business? A. I have no idea, sir, but they would know which were business people because I didn't have pleasure; I hadn't time for any of that.

4508. Q. Well, then, we know that the Pottingers stayed at the Dorchester, did they not? A. Yes.

4509. Q. And that, presumably, would have figured on a Dorchester bill?
A. Yes.

4510. Q. Did you take it upon yourself to check those off? A. I did not, sir.

4511. Q. So that it seems likely, does it not, that the Revenue would have been burdened with a considerable number of nights at the Dorchester given by you to your friends? A. As there were so few occasions, it doesn't matter.

4512. Q. £20 a night? A. It wasn't £20 a night, you are just making wild statements. Even a major suite in those days was only

Not £20 a night - see Cohen bill. £7.

4513. Q. I beg your pardon. A. It was only £7 in those days, and I am surprised you didn't say £20,000.

THE REGISTRAR: Do not comment.

THE DEBTOR: I am sorry, sir, I apologise, but I am really --

4514. MR. MUIR HUNTER: At any rate, you knew Mr. Sales well enough to allow him to stay at the Dorchester at your expense? A. Yes.

4515. Q. Why? A. Why? I can't answer you, except that he was a business friend.

4516. Q. Why? A. That's all.

4517. Q. Why did you allow business friends, substantial men of your

First stay was 1962

Sales
Dorchester

- own status in life, to live on you for free? A. Because I did so, and I realise now I have been a fool.
- Is this because you were building a large block of offices --
- A. How the devil could that alter it, it had been built.
- Q. Been built? So that consideration, if consideration it was, was passed -- A. Well, no, it wouldn't -- You don't -- People I know don't do things like that.
4520. Q. You see, Mr. Poulson, I am always anxious to find an alternative explanation for your conduct, which could be more favourable to yourself than you think. A. I don't think so, I --
4521. Q. Let us examine this. You had got to know Mr. Sales quite well, had you not? A. Yes, sir.
4522. Q. And he had become perhaps somewhat indebted to you? A. No, I wouldn't say that; I wouldn't agree there.
4523. Q. Mr. Sales had a property which he occupied as a tenant of the National Coal Board; is that right? A. I should imagine so.
4524. Q. Well, you know that - you constantly knew it. A. Lock, I imagine so, I don't know it. I never saw it in documentary proof or anything like that, and you can say how did I know the next question.
4525. Q. And you knew that it contained some land. A. Yes, sir, and I never went round it.
4526. Q. You also knew that Mr. Sales, as an outgoing retiring Chairman, would have a very good chance of being allowed to buy the house? A. I was told he would. I didn't know that he had a good chance; I was told he had the chance.
4527. Q. According to Mr. Sales it is a very common practice for senior officers when they retire while living in a Board house to be given the chance of buying it at valuation. So I put it to you that you knew Mr. Sales was approaching retirement and would be in a position to make an offer for his house? A. Well, I can assure you that was not so, and I can give you a concrete example in my own village where that did not apply, so it just ridicules that suggestion.
528. Q. You mean if I put to you what Mr. Sales, as a senior former officer of the Coal Board, says, you will say it is untrue? A. I am not saying, but I am saying that the statement that you made that "everybody", and therefore I knew that was the system, is not correct. because a house in Darrington, which is

Coal Board house, which, when the man retired, did not continue to be a Coal Board house; it was sold.

Perhaps he did not want to buy it? A. Well, he didn't, he went into a cottage in the village of Darrington, another house.

Q. Well, now, if -- A. And he was on the Board with Mr. Sales.

Q. On the Board with Mr. Sales? A. On the National Coal Board. I am talking about an actual concrete case to disprove your remarks.

4532. Q. What is his name? A. He is dead now, his name is Machin. He was on the Board, he was.

4533. Q. So he would not need a house then, would he? A. He had one after he left the Coal Board. He died last year.

4534. Q. Let us concentrate on Mr. Sales. You see, what we are investigating is this, this strange relationship between yourself and a then serving Chairman of a Division of the Coal Board, in which, as we shall see, you entertained him frequently at your hotel accommodation in London; you paid him at least one sum of money, and, as we shall see, according to him, you employed him at a wage while he was still a serving officer. These are matters we have got to investigate, you see. Try and make sense of it, Mr. Poulson. A. Repeat that again.

4535. Q. Yes. Do you remember when Mr. Sales retired? A. Well, I don't know the date.

4536. Q. March, 1967. I beg your pardon, April, 1967. You entered into this mortgage transaction with him in which you lent him the whole of the down payment, paid all the legal fees, paid the survey fees, in June, 1966; you see, he still was a serving officer of the Coal Board? A. Yes, but also I had seen the letter earlier that year saying he was leaving and had resigned.

537. Q. He was still a serving officer of the Coal Board. A. As far as I was concerned that wasn't what you were inferring in that remark earlier.

538. Q. Now, we will come -- A. I did not employ Mr. Sales, ever, whilst he was a serving member of the Coal Board, and I never employed Mr. Sales.

539. Q. Did you ever employ him personally? A. I said I never employed Mr. Sales.

540. Q. Who do you say he was employed by if anyone? A. Well,

Sales

O.S.B.

Arndale

...imately O.S.B. They never paid anything with writing
this off.

I see. Well, this is something, you see, on which you and
Mr. Sales will be found to disagree. A. Well, he wants to
claim he was employed by O.S.B. (inaudible) does he?

Q. Let us go forward a little time and look at the property today.
This house, of which Mr. Sales is no longer the owner because
he has transferred it to his wife actually, after your failure.

A. After my?

4543. Q. After your failure, he transferred it to his wife. A. Well,
she was going to buy it in the first place.

4544. Q. Well, we will come to that. You have a very good
recollection of the facts, I see. A. No, I haven't. I
have on some things, but not on others.

4545. Q. This house is now being offered at between £80,000 and
£100,000 because of the six acres of land which are available
for building. Do you know that? A. I have heard a rumour,
sir, in which I think I was told it was double that, but then
rumours are rumours.

4546. Q. Oh, well, we will operate at £160,000 to £200,000, I do not
mind? ~~know~~ really. A. And I think that came through the usual
process.

4547. Q. Yes. Well now, this is the point; you are obviously a very
experienced man in the whole field of planning and development,
are you not? A. No, sir, I am not experienced in any field.

4548. Q. You have worked for some of the largest developers in this
country, have you not? A. But not as an estate agent.

4549. Q. No, as a man with an eye for possibilities? A. You say so;
I don't agree; I was an architect.

4550. Q. I see. Does that account for your association with Arndale
as their paid man? A. I was employed by Arndale as an
architect.

4551. Q. Well, we will deal with Arndale later today. At any rate,
what I am putting to you is this, that you must have seen
that Mr. Sales was sitting on a gold mine. A. No, sir.
The position, with all due respect to you, I can't believe you
can recall anybody who could have valued land anywhere in this
country in 1956, and assumed that in 1972 we would have this
colossal increase in valuation. After all, it is in the House
of Commons every day about how stupid it is and when is it
going to stop.

see -- A. The only point is this, sir, is this a definite offer of £200,000?

The point that I am asking you is this; the property when valued in 1965 and in 1966 must be valued either at development value or without development value, must it not? A. At that time it would have to be.

Yes. It appears that a Mr. E. C. Day was concerned with the valuation. Did you know Mr. Day? A. Never heard of him. Who's he anyway?

4555. Q. He was in the Valuation and Estates Department of the National Coal Board at the time. A. I wouldn't know.

4556. Q. There was a request for a verbal valuation and that it be kept secret, for the instructions were to ignore or disregard the development potention. A. Well, this is nothing -- I knew nothing of this. I mean, they didn't indicate to me, didn't the Coal Board, what they were doing. I never dealt with the Coal Board on this purchase.

the value

4557. Q. Now, bear with me, because I am assuming, you see, Mr. Poulson, that if Mr. Sales knew about this, he might have told you? A. He did not, sir.

4558. Q. Mr. Sales says he did know about it, but the people involved were, in fact, Mr. Sales' colleagues, and this report on the valuation is expressly stated to be kept secret and -- A. Why?

4559. Q. The valuers indicated that with what they called "hope value" - that means development potential. A. I am sorry, I didn't know.

4560. Q. The valuation would have been in the range of £15,000 to £18,000. Was that ever discussed with you? A. No, sir. I didn't even know they had done a valuation. I didn't even know there was a Valuation Department at the National Coal Board, because I thought the National Coal Board had to have District Valuers the same as all nationalized industries have to have.

4561. Q. On the 1st March, 1966, the valuers say that they were asked to confirm their valuation at £12,000, which they did, and they say this: "If we had not been prevented from including hope value, or in other words speculative development potential, we would probably have increased that figure to between £15,000 and £18,000." Now, that was the valuation on which Mr. Sales bought, you see. A. I am not aware of this.

4562. Q. Well now, Mr. Sales was sixty-four at this time, and we know

I think, his children were either grown up or on the point of leaving home. A. Well, no, because they were going to university at that time.

And this was a house with six bedrooms. A. I didn't know it had as many as that - such small rooms downstairs. I wouldn't have thought so. I've never been upstairs.

Q. What was the nature of the discussion between yourself and Mr. Sales about this purchase? A. Well, only that he was not staying with the Coal Board, they had offered him this house at this figure and he wanted to buy it, and his wife had some securities which he showed me, and in fact her bank manager had suggested that she didn't sell it - it was when shares were depressed - and I agreed with that, and I suggested he should get it from a building society.

4565. Q. That was not, in fact, the account that Mr. Sales gave. A. I don't care what Mr. Sales gave, that is the facts.

4566. Q. Mr. Sales said that when -- A. How would I know his wife had any shares otherwise?

4567. Q. Because, according to Mr. Sales, he told you. A. He showed me, he didn't tell me.

4568. Q. And you threw up your hands in horror and said, "Don't sell your shares." A. I did, because the bank manager had also told him not to sell, because it was a time the market was depressed.

4569. Q. Now, just let us consider what the position was at that time. A. Devaluation, wasn't it - period?

4570. Q. Mrs. Sales had some securities, the amount of which we are never told. A. I think it was £18,000 as far as my memory goes. I think so, but it is memory is that.

4571. Q. And therefore, it would seem, that with or without the advantage of a mortgage they would have been able to buy this house outright? A. Yes.

4572. Q. That is to say they were not impoverished people who needed assistance, were they? A. No.

4573. Q. And Mr. Sales would have a pension? A. Yes.

4574. Q. And you said, "Don't sell your shares; I am a director of a building society, I can arrange a mortgage." Is that right? A. No, sir.

4575. Q. What did you say? A. He told me that his bank manager had said that it wasn't a good time to sell, and I said, "I agree" and he said, "Well, how can we raise the money: it has been

"a director of a building society," which is a totally different thing.

Yes. Now, this was a gentleman of sixty-four -- I do not know what his health was like. What kind of mortgage would he normally have got? A. I haven't any idea, sir. I just passed it on to the building society and its up to them.

4577. Q. What kind of term mortgage did you visualize? A. Short term -- very short at that age.

4578. Q. What sort of age? A. Five years, I should think.

4579. Q. Five years at that age; so he would be paid off by the age of sixty-nine. And how much? A. Well, he was borrowing £5,000, sir. I can't recall how much.

4580. Q. How much did they want? A. I have no idea, sir; I can't remember.

4581. Q. Well, when you buy something through a building society you pay something down and something yourself -- A. I don't know. I mean, I paid the five, from what you have said, and the balance they got from the building society, so it must have been nearly seven.

4582. Q. Yes, they got £7,000 from the building society. Did you not see the letter I put to you a moment ago in which the amount was put up from £5,000 to £7,000 by the building society itself? A. I am sorry, I can't even recall what that said.

4583. Q. Was that at your suggestion? A. No. They got the maximum they could get from the building society, I expect.

4584. Q. And what sort of term? A. I can't remember, sir.

4585. Q. Apparently it ended up as ten years. A. Oh, did it? I am surprised.

4586. Q. Now, what were the instalments of that, do you know?

A. Well, I don't know. I can't recall.

4587. Q. The instalments were £84 a month, that is £1,008 a year. Did Mr. Sales take that burden on? A. No, he didn't.

4588. Q. Just let us think of the date again, June, 1966, when Mr. Sales was a serving officer of the Coal Board. How was he going to pay the instalments? A. Well, I was quite convinced he could. He had plenty of offers of going into business, various businesses, after he left the Coal Board, so he told me.

4589. Q. Mr. Poulson, you are just not concentrating. I know you have a great forgetfulness of your donations, but do you not know that you paid all the building society instalments yourself?

Yes, I am aware of that, sir, but I didn't know --
What bearing has that on what you have just said -- A. Well,
you asked how he was going to pay them and I said he got plenty
of opportunities for other avenues of employment after he had
left the Coal Board.

Q. Did he, in fact, arrange to pay them himself? A. No, he
didn't at that time, but he hadn't left then, but I knew he
had --

4592. Q. Who was going to pay them while he was in the service?
A. Well, I paid them, hoping that he would then come to me.

4593. Q. So that while he was -- A. Or he could come to O.S.B., not
me.

4594. Q. While he was a serving officer, for a period of nine months
you paid the monthly building society instalment of £84 a
month? A. But he wasn't a serving officer. He was a man
on retirement with a fixed date of retirement - not retirement
on retirement age, but he would not complete his service.

4595. Q. He was still being employed and paid by the Coal Board, was
he not? A. He was staying on there as a special favour --

4596. Q. Was he employed and paid? A. Yes, sir.

4597. Q. And you paid his building society instalments? A. Yes.

4598. Q. Why? A. Because of the reason I have just given.

4599. Q. What? A. Because I knew he was leaving and I was hoping
that he would join O.S.B. in preference to all these other
offers that he had.

4600. Q. Were these payments, then, a gift? A. No.

4601. Q. What were they? A. A loan.

4602. Q. A loan? A. As you have been told all the time.

4603. Q. Oh, no, we have not. You see, we know about the £5,128
which you provided for the down payment and the legal fees
and survey fees, and I will come back to those in a moment,
but are you saying that the instalments that you paid were a
loan? A. Definitely.

*Instalments were
a loan*

4604. Q. All of them? A. Yes.

4605. Q. Right up to the end when -- A. Well, no. I was expecting
they would be cancelled out by what he would get as director's
fees.

*how, if a personal
loan?*

4606. Q. When was that to be? A. Well, when he took over. He was
only in for about six months, so they should be cancelled by
the amount of that.

Sales
O.S.B.

- ... amount of what? A. The director's fees that he was entitled to.
- You mean after he retired? A. Yes. Well, he didn't come for about two years after he retired.
- Q. Exactly. He was not made a director of any company of yours --
- A. I have no companies, but he was not made a director and I have told you the reason why before.
4610. Q. According to Mr. Sales, he joined the board of O.S.B. in March, 1969, and became Chairman in May, 1969? A. Correct.
4611. Q. And resigned in December, 1969. A. And Mr. Maudling was delighted at the change.
4612. Q. So for a period of two years after his retirement he was not a director of any company of yours? A. Or anywhere else as far as I know.
4613. Q. So that during the whole of that period you were paying his mortgage instalments in what capacity? A. I was still hoping that he would come to O.S.B.
4614. Q. As a loan? A. As a loan.
4615. Q. As a loan? A. Yes.
4616. Q. Quite sure about that? A. Absolutely; it couldn't be anything else.
4617. Q. Well now, let us look at the £5,000, shall we? You say that was a loan? A. I have told you this before, sir.
4618. Q. When was it repayable? A. Well, you have told me it was repaid at the last hearing.
4619. Q. When was it repayable? A. The same way, when he had drawn these fees from O.S.B., sir.
4620. Q. Are you saying that Mr. Sales could, at the age of sixty-four, be expected to pay off £12,000 of mortgage entirely out of his earnings in his then expected life-span? A. Yes, Mr. Sales could have done.
4621. Q. Yes. Well, I am going to suggest to you, Mr. Poulson, an entirely different explanation which you may think is perhaps more attractive and perhaps a little more regular. Now, what Mr. Sales wanted was his house, was it not - he wanted to stay on in his house? A. In the first place, yes.
4622. Q. If it had a large development potential, was that of any interest to him? A. Obviously, but I was not aware of it.
4623. Q. Just assume you had become aware of it. Mr. Sales was not a building developer, was he? A. No, sir.

do not suppose he knew any except you. A. But I didn't develop housing sites, sir -- ever.

No, you had a company called O.S.B. to do that? A. Yes, but they didn't develop housing sites either; they did work for local authorities on industrialized housing, they did not do anything in development.

4626. Q. There were, of course, other developers, such as the one operating next door. A. No developer as such ever did housing development, sir, that I ever worked for.

4627. Q. What about Kenton Homes? A. Who?

4628. Q. Kenton Homes. A. I've never heard of them.

4629. Q. They were working next door. Now, what I am going to suggest to you, Mr. Poulson, is this; we see that at a time when Mr. Sales was a serving officer and a person with whom you had business relationships through his work in the Coal Board and your building of the Doncaster offices, you lend him, without strings and without conditions, the sum of £5,000. That is the first unquestionable fact, is it not? A. Yes.

4630. Q. The next step is that you apparently arranged, informally, for him to have a mortgage with the building society --

A. I didn't arrange it, because after all I wasn't a building society and furthermore I wasn't on the committee who arranged the mortgages.

4631. Q. You were a director? A. Yes, but I was not on the panel that did that.

4632. Q. At any rate, you take steps to ensure that he not only gets a mortgage -- A. I presented it to them.

4633. Q. You not only take steps to ensure that he gets a mortgage very quickly, but you also take steps -- A. I didn't take any steps to do it quickly, sir; I didn't do anything of the sort, I just did what --

THE REGISTRAR: Will you wait until the question is finished.

4634. MR. MUIR HUNTER: You send in the form yourself, and somehow or other it gets increased from £5,000 to £7,000. A. Well, I didn't know it had been increased -- you say so.

4635. Q. Well now, somebody has to decide, do they not, about the period of the mortgage? Who was going to decide about that? A. The building society would decide, they are the people who decide, not the applicant at that age.

4636. Q. Well, it apparently took Mr. Sales some time to decide how



*But he was - but
is trained*

the mortgage should be. Did you assist him with that?
I said I am amazed, I thought it would be the
building society at that st age that would stipulate what it
would be.

Now, in this letter signed "John" that you identified dated
7th June, 1966, written by you to the building society you
say - he had asked your advice on the matter as he was
thinking of selling many of his securities which was just crazy:

"I spoke to our accountant who advised that it would be best
for him to take out a mortgage with a view to early repayment."
Now, who ⁱⁿ did you speak to? A. I can't remember whether
it was my own private accountant or a firm of auditors.

4638. Q. And you go on, "This would be the wisest way for him to deal
with the matter, as the tax people would be asking many
questions if he suddenly bought a house without cashing in any
securities." A. That is correct, for the simple reason it
was also the time that capital gains had come in.

4639. Q. I do not understand that sentence, Mr. Poulson. A. Well, I
mean it wasn't his --- He hadn't got the money, it was his
wife who had the securities and the cash.

4640. Q. And you go on to say, "As I say, this loan is only for a short
period, and I am very grateful for your help in the matter."
Now, I put it to you just now that you were helping to get a
mortgage granted and that you indignantly denied. This
letter would contradict you, would it not? A. Well, my
dear sir, I wasn't trying --- I mean, after all, what I can't
do is get a mortgage arranged with a building society. There
are other people besides me; I was one of seven or eight.
I didn't ---

4641. Q. Well, you did Mr. Pottinger for instance. A. I didn't do
it, sir, it is a committee, and the people who actually
approve the mortgage, who do the day-to-day routine, one is
director and General Manager, or it was so in those days when
I was on, and not me.

4642. Q. The General Manager is Mr. Robinson? A. Oh, yes, but the
other one who did it was a man called --

4643. Q. Never mind. And you go on, "As I say, this loan is only for
a short period -- " A. That's right. It's what I would
except of his age.

4644. Q. What period? A. Five years. That is why I said five years,
I never thought it would be any more.

- that what he told you? A. No, I said that is what my assessment would be, that's why I said I am amazed it was ten years. I didn't know it was ten years until you told me.
- Q. But if it was five years, the repayments would be twice as long, would they not? A. Twice as much not twice as long.
- Q. No, twice as long. One hundred and -- A. If they are paying it -- If the period was shorter, sir, the amount to be paid monthly would be twice as big.
4648. Q. £168 a month, £2,000 a year? A. That is what I'm saying.
4649. Q. So, £2,000 a year on Mr. Sales' pension would seem rather high, would it not? A. It wasn't his pension; he was going to go into business when he left the Coal Board.
4650. Q. With whom? A. Well, there were quite a lot of people who seemed to be very anxious to have his services, so I am told.
4651. Q. So he was sort of looking around for something to do? A. He wasn't looking, he didn't have to, he was in such demand.
4652. Q. Such demand? A. Yes.
4653. Q. So he had lots of irons in the fire and you were quite sure that his earnings, from whatever source, would be enough to discharge this mortgage? A. Absolutely, never any doubt.
4654. Q. If, of course, he could not, the building society would lose, would they not? A. Pardon?
4655. Q. If he could not discharge the mortgage the building society would lose? A. No, sir, for the simple reason that they would always be able to get their money back on what they had lent.
4656. Q. But, you see -- A. The only person who would have lost would have been me.
4657. Q. Exactly. Mr. Sales was borrowing 100% A. No, he was not from the building society.
4658. Q. No, but he was borrowing 100% A. Yes. The only person who would have been the loser would have been me, not the building society.
4659. Q. Were you taking any security? A. No, sir.
4660. Q. Why not? A. Because I didn't think it would ever happen and I thought Mr. Sales' potential was so great.
4661. Q. Well then, you go on to Mr. Robinson: "I would like you to keep the matter to yourself, we don't -- " A. Naturally with a man of his --

quit for it, Mr. Poulson, I have not finished the sentence. "We don't want everybody to know about it." A. That's right. We don't want everybody to know that a man like that is borrowing money; they want to keep those things to themselves.

Q. Well, who was Mr. Robinson not to tell about this? A. I have no idea; the only thing is that these things somehow have got a knack of getting out, the same as some of these private hearings have.

4664. Q. He was not to tell his fellow general manager? A. No, I didn't make any stipulation. I couldn't tell him what to do.

4665. Q. He was not to tell your fellow directors? A. He was - of course he was, because they brought it through, it came on the list.

4666. Q. Who was Mr. Robinson not to tell? A. I don't know, as long as it was kept in carefully, the staff.

4667. Q. Now, you see, it goes on to say, "Mr. Sales is sailing to America", and apparently everything was done while he was away, under your instructions. Now, you see, let us look for the real explanation, Mr. Poulson, one that avoids your lending money in strange circumstances to a government officer and paying the building society instalments and being a party to a 100% mortgage from your own society. A. I did not get 100% mortgage from my society, sir. That is an absolute mis-statement.

Real explanation

4668. Q. Let me put it this way. If you had disclosed on a status report that Mr. Sales was borrowing £7,000 from the building society and £5,000 from you, I suggest to you he would never have got a mortgage. A. Well, I am sorry, I just disagree with you.

4669. Q. Do you remember in the Pottinger case you concealed from the building society the fact that you were putting up the balance then? A. I didn't conceal from them, it didn't concern them.

4670. Q. You did not tell them that you were lending Mr. Pottinger £10,000 towards his house? A. I didn't know I was doing anything wrong not to.

4671. Q. Now, the explanation -- A. I don't know to this day I have.

4672. Q. The explanation I offer you, Mr. Poulson, for these extraordinary events is this, that it was you that was buying the

house through Mr. Sales because of its development potential.

A. Well, I didn't know you had such a very vivid imagination, and whilst I respect you for trying to get the amount, I am sorry, but I cannot be a party to such a suggestion, which is nothing more, as far as I am concerned, than the most ludicrous thing I have ever heard.

4673. Q. Is it more ludicrous than lending money like this and paying sums to a serving Government officer, Mr. Poulson? A. The ludicrous part about it ---

4674. Q. Which would you prefer? A. Look, I can't get away from the truth, sir, and the truth was that I lent it, and I had no idea of developing it.

4675. Q. Then you forgot about the loan until you were reminded in September of this year? A. Yes, sir.

4676. Q. Never called it in when Mr. Sales left the organization? A. No. Nobody suggested it and all the books have been in the hands of other people all these three years.

4677. Q. You mean you know Sales, you can see him in your mind's eye -- he may be in court for all I know -- A. Look, when I --

4678. Q. Bear with me, Mr. Poulson, and you simply forgot he owed you £7,000? A. He never owed me £7,000, did he?

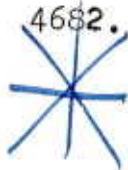
4679. Q. Well, the building society instalments that you paid. A. Oh, sorry, I had forgotten about those.

4680. Q. And you had just forgotten, had you? A. Well now -- I was thinking of the £5,000 he owed me, that's what I was keeping in my mind.

4681. Q. Well now, the real explanation, you see, would make much more sense, would it not? A. It isn't the real explanation, sir; it is just a fabrication which you can twist round. It is not the truth, sir, and I am sorry but I will not be a party to it.

4682. Q. You and Mr. Sales, you see, were engaged in a joint venture -- A. I have not -- I have seen Mr. Sales once since he left, and that was at the funeral of Machin's last year and we never discussed anything.

4683. Q. Now, just let us look at this. Suppose that there was some arrangement that Mr. Sales would not have to pay the money back at once, not have to pay the money back while he was associated with your group. When Mr. Sales retired in December, 1969, from O.S.B., this transaction was barely three years old. was



When Mr. Sales retired from O.S.B. in December, 1969, this transaction was only just three years old? A. Yes, sir.

And you were desperate for money? A. Yes.

Q. Why did you not ask your old friend to pay it back?

A. You will recall that everything was put in the hands of Clifford Turner's and they did it. I was out of control of everything.

4687. Q. Why did you not ask Mr. Sales? A. Because I had nothing to do with any of the business, and I couldn't ask him to pay, or I didn't ask anybody else to pay anything back, did I, because this was taken --

4688. Q. This was a personal loan? A. So were they all.

4689. Q. This was not a business transaction? A. No, it wasn't.

4690. Q. I can understand if you admitted that this was a transaction which you had entered into for the purposes of a profitable venture and it was, therefore, a business transaction which fell within the ambit of your handing over your property to creditors, I can understand your not asking for the money back. Possibly that is the explanation, is it not, that Mr. Sales could not be asked to pay back money which he never really agreed to expend for his own purposes. Does that explain it? A. Sorry, you have got me so confused I don't even know what you're saying.

4691. Q. Suppose the truth were as I suggest to you, that you had put up this money to enable Mr. Sales to buy, in his own name, this property because of its development value. Well, then it would be very unjust, would it not, to ask Mr. Sales to pay that money back that you had invested for your own benefit?

A. But as it never took place I can't -- It couldn't ever have been -- Well, the only time it's ever been suggested is now; it has never even been thought of before.

4692. Q. It would explain almost everything -- A. It would not be the truth, sir, and it would not be the truth then. Nobody ever dreamt there would be these development values there are now.

4693. Q. At any rate, you say that each one of these mortgage instalments of £84 a month were, in fact, loans by yourself?

A. Of course they were, the same as the building society balance.

4694. Q. Now, if, in fact, they were loans by yourself, they were paid

Sales

Therefore, strangely enough, Mr. Sales would not have given the usual banker's order for payment, would he? A. Well, I don't think he did until he had finished, did he?

I have a letter here of the 19th August, 1966, from the building society to Mr. Sales writing "to confirm that your mortgage instalments of £84 a month over ten years to be made by your bankers for the credit of my society at Barclays Bank as from the 1st September." Well, we know that apparently that was never done. A. Well, I am amazed, I never knew that - that is the first time I've heard of that.

4697. Q. Well then, if in fact, Mr. Sales had given a banker's order, he would have paid the instalments himself. A. And yet they looked to me for payment.
4698. Q. That is the point, you see. In fact, you were written to by the building society because of the arrears, were you not? A. Yes, sir.
4699. Q. And Mr. Robinson wrote to you in November and said that Mr. Sales' account was three months in arrear; do you remember that? A. Yes, and I paid it.
4700. Q. Well, why did you pay it? A. I just went and paid it; I didn't go and see him or tell him, or anything.
4701. Q. Why did you pay it? A. Only because I felt it was safe and I would get it from him at a later date.
4702. Q. Safe? A. Yes.
4703. Q. How do you mean safe? A. Well, I mean, there was never any doubt about his ability to be able to pay it.
4704. Q. You mean you knew he was short of money, poor chap? A. No, I didn't.
4705. Q. So Father Christmas steps in again. A. Oh, no, you know better than that.
4706. Q. You mean -- A. He was the Chairman of the Coal Board, he had a big income, I expect.
4707. Q. You mean that while he was Chairman of the Division -- A. Well, I mean, I don't know what we are talking about. I don't even know the date when this was.
4708. Q. November, 1966. You found out -- A. He had got three months in arrears in November, 1966?
4709. Q. You find out that he is three months in arrear with a mortgage that you fixed up and you do not even speak to him about it? A. I don't think I did. I don't remember; I can't remember.

Sales

... then it happens again. A. I know it did.

... other three months. A. And it is all the more remarkable when you tell me there was a banker's order.

... Well, you see, there was not a banker's order. A. I thought you said there was.

Q. There was a letter asking for a banker's order which they never got. Did you ever speak to Mr. Robinson about this? A. No.

4714. Q. Did you, in fact, ever tell the building society that you were going to be responsible for this sum? A. I am not aware of it.

4715. Q. But this would mean, then, that without any arrangement between you and Mr. Sales you stumped up for his building society instalments after allowing them to fall three months in arrear? A. Well, I expect he must have known, I am quite sure of that. He must have done.

4716. Q. You see, again it would make sense, would it not, if this was a transaction you had set up for your own benefit? A. I didn't, sir, and it's no good keeping on about it. If you want me to commit --- make statements which you like but I know to be not true, alright, if that is all you're asking me to do. I only wish I did see with foresight to be such - that land could appreciate so much in such a short time. I think I would have been the --

4717. Q. Well then, you see, when we -- A. -- richest man in the world.

4718. Q. When we examine the countless transactions, we suddenly find that these payments that you were making are described as consultancy fees. Did you employ Mr. Sales as a consultant? A. No.

4719. Q. Did you ever see Mr. Bolton, your own accountant, about this? A. Not that I am aware of.

4720. Q. Did you ever see Mr. Sales' accountant, Mr. Womersley? A. I've never heard of him, never mind saw him.

4721. Q. I look at a letter dated 2nd August, 1967, written by Mr. Womersley, Mr. Sales' accountant, to Mr. Bolton, and it says this; that he has been asked by Mr. Sales to deal with his taxation affairs and it is headed, "W.H. Sales - O.S.B. Limited." "Mr. Sales has told me of the relationship between himself and O.S.B. I notice that the purchase of Handley Cross" - that

Womersley

is Mr. Sales' house -- "is financed by a Wakefield Building Society mortgage and that relief in respect of interest charged on the account for the year ended 5th April, 1967, is to be claimed in his return. Mr. Sales informs me that the repayments are being made by O.S.B. Limited. I take it, therefore, this being so, the repayments being made by O.S.B. enter into and form part of my client's remuneration from that company for the year ended 5th April, 1967." Was he being paid from O.S.B? A. He certainly wasn't, he wasn't even with them.

4722. Q. I see. A. I mean, it is a completely ridiculous suggestion.

4723. Q. On the 8th August, 1967, Mr. Bolton writes to Mr. Womersley, "Mr. Sales will have mentioned to you that we have met to have a discussion in Mr. Poulson's office, and Mr. Sales agreed that the repayments made to the building society on Mr. Sales' behalf would have to be considered as a fee paid to him, and on which he would suffer tax, but he would obtain an allowance for the interest debited by the building society." Do you remember that meeting? A. No, sir.

4724. Q. "The point on which we would like to have your assistance is with regard to the year ended 5th April, 1967." Now, I want you to remember that that was the date, approximately, when Mr. Sales ceased to be an officer of the Coal Board - the previous nine months of the mortgage he had been a serving officer. So you see the problem. A. No, I don't know what the problem is.

4725. Q. The problem was in what capacity Mr. Sales had been paid money while he was an officer of the Coal Board. A. He wasn't paid in any capacity, it was a gift - a loan.

4726. Q. The letter goes on; " -- the year ended 5th April, 1967, when the total payments made by our clients" - that is you - "for £84 a month, i.e. a total of £504, and Mr. Poulson was rather doubtful as to whether there might be any complication between Mr. Sales and the National Coal Board if this was considered as income for 1966/67, which would be a period prior to his retirement." Do you remember that conversation? A. No, sir.

4727. Q. You do not suppose Mr. Bolton, your old and tried accountant, made it up? A. No.

4728. Q. So there was a discussion? A. Look, I don't know, sir; it

- is no good asking me if I remember things that happened in those days.
- Q. I told you, Mr. Poulson, the dangers you would be in if you did not see where you were going. A. I don't know where I am going, I haven't the foggiest idea.
- Q. What you were going to is admitting that while Mr. Sales was a serving officer of the Coal Board you paid him money. A. Mr.-- It doesn't matter what you are saying, I did not pay Mr. Sales any money whilst he was a member of the National Coal Board. I paid -- I helped Mr. Sales with a loan after I knew he had given his notice in and it still is the truth.
4731. Q. So you say that Mr. Bolton made up this -- A. I don't say Mr. Bolton made up anything. Whether Mr. Bolton knew that as the fact, it doesn't make any difference; the facts are as I stated, that it was a loan and nothing else.
4732. Q. And he goes on, "If it were likely that this would happen" - that is to say the Coal Board would make trouble - "the amounts would be charged to Mr. Poulson's account during that year" - that is to say charged back again - "and the process reversed in 1967/68." Do you remember that? A. No, sorry.
4733. Q. Do you remember that suggestion? A. No, sir.
4734. Q. I asked you whether you had communicated with Mr. Robinson about the arrears, and you said no. A. I can't remember.
4735. Q. I have here what appears to be a carbon copy of a letter written by you with your initials on it, addressed to Mr. Robinson at Springwell Grange. Is that his private house? A. Yes, sir.
4736. Q. You say, "Dear Bill, With reference to your letter of the 17th November addressed to Mr. Sales" - that is the letter demanding payment of £252 - "I am enclosing cheque for the sum of £252 so that the arrears in this connection are cleared. Please note that I will personally deal with this matter in the future. I have informed Mr. Sales accordingly." A. Well, I must have done then.
4737. Q. Then what did you tell Mr. Sales? A. I have not the foggiest idea, sir, except that he was in arrear and he'd got to pay it, I expect. I can't remember.
4738. Q. But did you tell Mr. Sales that he would be responsible for all the instalments? A. No, sir.
4739. Q. Then that letter written by you is not correct? A. Well, I mean, I would be responsible if he didn't pay it to the

- Q. Oh, you mean this is a guarantee? A. Well, I mean I gave a guarantee to the building society, I remember.
- Q. Did you? A. I mean this letter says so, doesn't it?
- Q. I see. Well, then, you paid another £588 on the 10th January.
- A. What, next year?
4743. Q. 1968. Oh, sorry, 1968, that is 18 months later. A. That's 18 months, I mean good Lord, I --
4744. Q. So you were in arrears yourself, were you not? A. Yes.
4745. Q. You were constantly in arrears with this and nobody ever did anything about it? A. Well, I suppose I was constantly in arrears because Mr. Sales didn't do anything about it, not me.
4746. Q. Mr. Sales did not know because he was not -- A. Of course he did know; he knew it wasn't paid and he must have known, as you would say. You would agree with that, I trust?
4747. Q. Now, I would like to tell you what Mr. Sales said about this particular relationship. When the accountants are dealing with this matter they say, "The payments made prior to 5th April, 1968, have appeared in Mr. Poulson's books as payments during the 12 months ended that date, and the total amount is £1,596". Well, you said to me that £1,596 is in fact one and a half years. A. Yes.
4748. Q. "Future payments at the present rate will amount to £1,008." So what the accountants have done is to, apparently, roll up one and a half years' building society payments and put them into one year. That is what they mean? A. I don't know, I'm not an accountant.
4749. Q. I do not want your opinion, that is what they mean. A. You're telling me.
4750. Q. "This will be returned as consultant fees paid by Mr. Poulson to Mr. Sales." Do you say that is not correct? A. Sorry, I didn't catch that with that door banging.
4751. Q. They say, "This will be returned as consultant fees paid by Mr. Poulson to Mr. Sales." Do you say that is wrong? A. Definitely, because it wasn't being done, there wasn't such a thing, there never was. Never, not to this day.
4752. Q. So if, in fact, these sums were put in as consultant fees, then they would be deducted from your income tax return, would they not, like everybody else? A. I don't know; is that right, I don't know.
4753. Q. Yes. A. Oh, you tell me.

Sales

If this was a consultant fee like Mr. Lowenthal and everybody else, whether they were gifts or loans or what have you, they all come off your income tax? A. Do they? I didn't know that. I thought they disclosed all these each year.

4755. Q. So that means that what is really a loan by yourself to your old friend turns out to be an income tax deduction. A. Not that I was aware of.

4756. Q. You mean -- A. I did not know that Mr. Sales had --

4757. Q. No, but you do say that you never knew that any of the cash transactions of yours were being turned -- A. Some of them were genuine and correct, but others that I have seen since were definitely not -- shouldn't have been.

X
4758. Q. Well then, I will tell you what Mr. Sales said when he was challenged about this. "I had indicated that I wished for no payments to be made to me during my Chairmanship with the Board. The £84 which were paid by Mr. Poulson, as you have stated, were paid not immediately but, I think you said in two lump sums." A. What's this £84?

4759. Q. That is the £84 a month? A. Oh, sorry.

4760. Q. So what Mr. Sales is saying is, "Yes, I was a consultant to John Poulson", and secondly, "I didn't want any money to appear to be paid to me while I was in the employment of the Coal Board", and thirdly, "I thought it was alright." And you say that that is all wrong? A. First, I say that Mr. Sales was never a consultant, he has never been in my --

4761. Q. And this would mean, therefore, this -- A. And he didn't do anything until he became a director of C.S.B.

4762. Q. Therefore, this is the position, is it not, that up to the time of your failure you had provided all the money for the purchase of this property, every single penny? A. No, the building society had provided some.

and all
4763. Q. No. You had provided the £5,000 odd and you had provided every penny of payment off the mortgage? A. Oh, the £5,000 plus the mortgage balances, yes.

4764. Q. And it was, in fact, eventually paid off it seems -- A. It was paid off, was it?

4765. Q. By Mr. Sales at the end of 1969. A. Well, that's when he left then?

4766. Q. Yes. Is that why he paid it off? A. I've no idea.

4767. Q. Did he not discuss it with you? A. No, sir. I didn't even

long
ver
thwa
the
se c
er,
y hi
at pr
like
near
integ
port
ormed
tee,
000.
ved of
es, w

Sales
Leeds

But you knew that he was still living in the house that you had been paying for? A. Yes.

Q. Did you not speak to him then about it? A. I never spoke to him, as I told you before, except at that funeral last year - this year.

4770. Q. I suggest to you, as I have already done, the true analysis of this is that you were buying this property for yourself as an investment speculation and Mr. Sales was simply to live in the house while he was in your employ; is that right? A. It is not, sir. It is a rather brilliant suggestion in one respect if you have no respect for the truth.

4771. Q. Well, I am not suggesting you would ever say anything but the truth, Mr. Poulson -- A. Well, that is why I am disagreeing with it.

4772. Q. With your imperfect memory? A. I -- Oh, I'm glad you give that.

4773. Q. With your imperfect memory? A. Is there any wonder at this time after all these years?

4774. Q. Yes. Like forgetting for the benefit of your creditors a loan of £7,000. Now, I want to turn to something quite different, and that is the Leeds Corporation. Now, on the 20th May, 1963, you were appointed the architect by Leeds Corporation to act in collaboration with the City Architect in the design of the Westgate International Pool; is that right? A. Correct.

4775. Q. And I have here the agreement of that date, the agreement of the 1st January, 1964, when a formal contract was entered into with you, which says that you practice under the style or firm of Poulson, so that would be while you were on your own account; is that right? A. Yes, sir.

4776. Q. You did not have any partners? A. Salaried partners.

4777. Q. Salaried not formal. A. They may have signed the agreement with me.

4778. Q. It says, "The architect shall --" A. (Reply inaudible)

4779. Q. Well, in fact, no, Mr. Poulson. I have here a photocopy of the original, which is signed solely by yourself. A. Oh, is it?

4780. Q. It says, "The architect shall collaborate in all matters relating to the design, planning and execution of the intended work with the Leeds City Architect". Was that Mr. Weston

Leeds

Leeds

- Who was Mr. Weston Stanley? A. He was a deputy at that time.
- I beg your pardon? What was the name? A. Sheridan-Sherren.
- Sheridan? A. Sherren. Who was later the City Architect at Birmingham and is still there.
- Q. Would you like to spell that for these young ladies?
A. S-h-e-r-r-e-n.
4785. Q. Sherren? A. Hyphenated.
4786. Q. Well then, the pool was built, was it not? A. Yes.
4787. Q. And we find that on the 1st January, 1969, there had been some trouble about overspending? A. No. There had been certain items of work done without submitting them for approval.
4788. Q. Yes. A. To the Corporation.
4789. Q. Now, have you got a file, do you know, among your papers of the Leeds International Pool contract? A. I haven't any files.
4790. Q. Well, you produced a great many on the last occasion. Have you got any more? A. No, sir.
4791. Q. You see, these papers we are looking at derive entirely from the Corporation who supplied us with photocopies. A. But I wouldn't have the files of the particular jobs; I mean, they were left with the firm.
4792. Q. Yes. A. In fact, the firm dealt with Leeds Corporation from January 1st. I wasn't aware of all these items until I got this document which Mr. Saffman gave me a week ago.
4793. Q. On the 29th September, 1972, which is nine months after your bankruptcy, a letter was written to you by the Town Clerk, Mr. Hazelgrave, as a former partner of Poulson, directed to your private address, informing you that the Leeds City Council had taken advice as to the possible liability, among other persons, of the former members of the partnership in question in respect of the failure of the roof at the Leeds International Pool, but we still do not know why this letter was sent to you, the bankrupt, instead of to your Trustee, but had you previously heard anything of this complaint? A. No, sir, only in the press.
4794. Q. The claim - and I want you to take a firm hold on your chair - is for £278,579, Mr. Poulson, for negligent design, supervision and planning, of this project. Are you saying that is the first suggestion that has been made to you, this letter of the 29th September? A. The only information that I had prior

Leeds

to that was about the roof, which has appeared in the press, and in one case there was a photograph where a man had been called in and said it was £25,000.

Q. That was the first you had heard about this? A. Yes.

4796. Q. Well now, I do not want to take up too much of the time of this Court on this matter, but I think we must, for the benefit of the creditors, try and discover certain basic facts. I have read to you that you were to collaborate in all matters relating to design, planning and execution of the intended works with the Leeds City Architect, which would mean Mr. Sherren or Mr. Stanley; is that right? A. This applies - for your information - this applies to any work that any architect does for a city authority or a county council, it is the usual standard, and his name is on the plaque at the entrance of the swimming baths showing that he was joint collaboration.

4797. Q. And in this case, I am instructed, it appeared above your name, did it not? A. So I have been informed; I wasn't aware of it.

4798. Q. Well now, the question is, as Humpty Dumpty said, "Who is to be master", Mr. Poulson? A. Well, the authorities -- The authority, obviously. They approved everything, they had all the drawings and all the quantities and everything else.

4799. Q. And if, in fact -- A. And they had their own Chief Clerk of Works on the site - we hadn't.

4800. Q. There was a Chief Clerk of Works and clause 9 -- A. The architect's only responsibility was not the permanent supervision but periodical supervision.

4801. Q. Clause 9 of the contract of employment says, "Where the nature of the work is such that the superintendent requires the services of a Clerk of Works, such services will be provided by one of the City Architect's staff Clerk of Works. A certain part of the work shall be under the direction and control of the architect himself and the architect shall not be held responsible for any fraud or negligence on the part of such Clerk of Works." A. Well, first of all, whilst it says that in the agreement, it didn't work out in fact. If you have got a Clerk of Works who is on the pay-roll of the Corporation he doesn't work for you, he works for the Corporation who pay him. It is ridiculous.

Well then, apparently, the principal complaint is the absence of a vapour barrier to the original roof of the pool --- A. Pardon?

Q. And on the 13th October that was estimated to be likely to cost £82,000. A. I was not aware of this until this letter. That actually is not the architects, it is the engineers, and that is a separate firm, as you are well aware, J.G.L. Poulson Associates.

4804. Q. Well now, was there during the period of construction of the pool any proprietor of the architect or firm of Poulson other than yourself? A. No, but there was this firm, it is independent, J.G.L. Poulson Associates, in which I was only a consultant architect, not a partner, and they were the people who were doing -- that particular clause comes under their --

4805. Q. But do you say that there was a separate firm of people who were the proprietors? A. The engineers had to be separate, sir.

4806. Q. No. In reality, Mr. Poulson, you know --- A. In reality.

4807. Q. A number of your associates were, in fact, employees and not partners at all. A. They had to be partners in the engineering section, sir, and one of your Committee of Trustees is on that.

4808. Q. Mr. Harvey you mean? A. Thomas.

4809. Q. Mr. Thomas? A. The drunkard.

4810. Q. Mr. Poulson, that is a very unworthy interjection. I ask you to withdraw that remark? A. Sir, I have been asked by a committee of another corporation to say that he hadn't been to any meetings at that stage, so I don't withdraw it.

THE REGISTRAR: It is a wholly unnecessary comment.

THE DEBTOR: Well, I feel very strongly about this man being on the committee, and you say he wasn't a partner; he was a partner.

4811. MR. MUR HUNTER: Mr. Poulson, I desire, as I say, to obtain upon your oath certain basic facts about this matter, which, as you see, is of such a gigantic size as to dwarf the rest of your debts and vastly to impair your creditors. A. Yes, sir, but --

4812. Q. Are you saying that for the purposes of the construction of this pool there was the employment of a firm other than yourself? A. There obviously was, sir, because we are only architects and quantity surveyors.