

Held at

The County Court,
Wakefield

on

Monday, 13th November, 1972

BEFORE:

MR. REGISTRAR GARSIDE.

RE: JOHN GARLICK LLEWELLYN POULSON
(IN BANKRUPTCY)

EXAMINATION UNDER SECTION 25 OF THE
BANKRUPTCY ACTS, 1914 and 1926,

of

WILLIAM HENRY SALES

APPEARANCES:

For the Trustee	MR. D. GRAHAM.
				MR. M. CRYSTAL.
For Mr. Sales	MR. F. C. J. RADCLIFFE.
				MR. B. MARSHALL.

From the shorthand notes of Laidler Haswell Ltd.,
4, Trinity Terrace, Rothwell, Leeds LS26 0PA.

WILLIAM HENRY SALES, sworn.

MR. GRAHAM: May it please you, sir. In this private examination of Mr. Sales I appear together with my learned friend Mr. Michael Crystal on behalf of the Trustee in Bankruptcy, and my learned friend Mr. Radcliffe appears on behalf of the witness, Mr. Sales.

MR. RADCLIFFE: Sir, may I say two things before the enquiry actually begins? Firstly, that Mr. Sales is rather hard of hearing, and I must make that clear.

THE REGISTRAR: And this room does not improve matters.

MR. RADCLIFFE: No, it does not. Sir, as you can see, he is already cupping his ear, he probably cannot hear me properly. The second matter is that I would like to point out that there was an error made in the letter we wrote to the solicitor for the Trustee in Bankruptcy on the 7th November this year, in which we were answering some questions about Open System Building, of which you probably know more than me. Sir, we said that Mr. Sales joined the board of O.S.B. in May, 1969, when he became Chairman and, sir, in fact that is a slip; he joined the board in March, 1969, and he became Chairman in May, 1969. I would just like to point out that that was an error.

MR. GRAHAM: I am obliged to my friend, and I shall do my best to speak up. If, Mr. Sales, you do not hear accurately, or at all, any of the questions I put, please - and I emphasize this - please ask me to repeat the questions.

MR. SALES: Thank you.

WILLIAM HENRY SALES,
EXAMINED by MR. GRAHAM:

1. Q. Are your full names William Henry Sales? A. Yes.
2. Q. Where do you live, Mr. Sales? A. At Handley Cross, Cantley, near Doncaster.
3. Q. What is your present occupation? A. I have no occupation; I am retired.
4. Q. How long have you lived at Handley Cross? A. Since 1962 continuously.
5. Q. Is it right that Handley Cross is a large house with about six bedrooms? A. I would think so, yes. I would not describe it as a large house, but I would say it has six bedrooms.

*Did he previously live at
21 Regent Sq*

6. Q. And does it stand in a very substantial plot of land?
A. It does; around six acres.
7. Q. I wonder if you can assist us, Mr. Sales; is this the property, Handley Cross, that was extensively advertised in the Doncaster newspapers in September of this year? A. It was put in agents' hands, so I have no reason to disbelieve that it would be.
8. Q. My instructions are that the advertisements were to the effect that offers in the region of £105,000 were being invited for the land? A. I have no idea.
- Holiday* 9. Q. You would not know about that? A. Well, I was in Scotland at the time that the advertisement was put in, and I have no doubt at all that the agents, and that is Stanilands, were expecting something of the order of an offer of £80,000 to £100,000. Any precise figure I would not know of.
10. Q. You had discussed, no doubt, the question of the amount that you would expect to get for the property in advance with the agents? A. But, of course.
11. Q. Is it right, Mr. Sales, that from about 1957 until April 5th, 1967, a period of about 10 years, you were the Chairman, and a most eminent Chairman, of the Yorkshire Division of the National Coal Board? A. That is correct.
12. Q. And it is also right, according to your Counsel, though I must not necessarily be taken as accepting this, that in or about March, 1969, you became a Director of Open System Building Company Limited? A. That is right.
13. Q. And some time shortly afterwards you became the Chairman of that company? A. That is correct.
14. Q. And you remained the Chairman and, indeed, a Director of that company until December, 1969? A. That is correct.
15. Q. When you resigned? A. When I resigned.
16. Q. Would you like to tell his Honour what were your functions, broadly speaking, as Chairman of the Yorkshire Division of the Coal Board? A. Well, basically my major function when I came to take the Chair of the Yorkshire Coal Board was to improve industrial relations in the Yorkshire coalfield. I regarded that as my major task. Other functions were merely the functions of a Chairman, mainly to see that the team, as a team, operated smoothly, and also to preside at board meetings.

17. Q. Was it a full time job? A. Oh, certainly.
18. Q. And you were in overall charge of the Division, were you?
A. That is right.
19. Q. With a responsibility, I suppose, to the main National Coal Board? A. That is correct.
20. Q. Of which I think at one time you had been a Director?
A. Well, a board member.
21. Q. A board member, I am sorry. A. Yes. I succeeded Eddie Edwards, and Eddie Edwards was Labour Relations Member, and following the F.E.C. Committee they set up an Industrial Relations Department and I became the first board member for industrial relations in the National Coal Board.
22. Q. And you were based on Doncaster, were you? A. What, when I came to Yorkshire?
23. Q. When you came to Yorkshire. A. No. When I came to Yorkshire the offices were split as between Sheffield and Doncaster. At the Sheffield end you had basically marketing, and at the Doncaster end you had Production Department, Industrial Relations Department, and so on.
24. Q. Did the time come when the Board's affairs in Sheffield and in Doncaster became concentrated in Doncaster? A. No, not wholly, because the Marketing Departments still stayed in Sheffield.
25. Q. At any rate, is it right that the Board had new headquarters built in Doncaster? A. Oh, they had new headquarters built in Doncaster. That was completed, I think, around 1964.
26. Q. Is that when they would have moved in? A. That is when you got the amalgamation of the various departments.
27. Q. Had they moved into the new offices in Doncaster by the time you had retired in 1967? A. To all intents and purposes, yes.
28. Q. Had they been there a long time? A. No. Not from my recollection.
29. Q. When did you first meet Mr. John Poulson? A. I cannot be accurate on this, but if I was guessing I would say around 1960.
30. Q. In what connection did you meet him? A. I was introduced to Mr. Poulson at a dinner and dance at the Daneham Hotel in Doncaster, which was either run by the Mining Engineers or by the Mining, Mechanical and Electrical Engineers, and I was the chief guest and chief after dinner speaker at that dinner and

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Coal House

Meeting with Poulson - 1960

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dance and I was introduced to Mr. Poulson at that dance.

31. Q. Did you then strike up a friendship with him, or did you not see him again for many years? A. Oh, I saw him occasionally and certainly we became friendly.
32. Q. In what way did your friendship blossom would you say? A. Well, it blossomed in this sense, that when I was introduced to Mr. Poulson, Mr. Poulson was introduced to me as an outstanding architect who was convinced of the worthwhileness of solid fuel central heating, and this was rather strange as far as the architectural side was concerned, and I had one obsession at that time and that is to fight for solid fuel central heating. I would think that the friendship, at that time, and I am thinking in terms of the immediate friendship then, was on the common interest as far as solid fuel central heating was concerned.
33. Q. Were you in the habit of meeting him regularly? A. Not regularly, no.
34. Q. Did you visit him at his home in Pontefract? A. I visited him at his home in Pontefract on several occasions.
35. Q. Socially with his wife and family? A. Pardon?
36. Q. Socially? A. Oh, socially, yes. His wife would be there.
37. Q. You would take your wife along and meet his family? A. And my wife would be with me - not always. And, in any case, I would think that on those social occasions there would always be other guests there.
38. Q. And did you invite him back to your home at Handley Cross? A. Yes, occasionally.
39. Q. And would there be other guests there, or would it be a little private dinner party or tea with his family and your family? A. Basically calling for a morning cup of coffee if he was down in this part of the world.
40. Q. Did he drop in from time to time? A. He did drop in from time to time, yes.
41. Q. Uninvited and unannounced almost? A. Yes, quite true, yes. Occasionally.
42. Q. Did you see him anywhere else apart from Doncaster and Pontefract? A. Yes.
43. Q. Where else? A. London.
44. Q. Whereabouts did you meet him in London? A. I met him at Livery Dinners and at the Dorchester.

Visits

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Lush

45. Q. How often would you see him at the Dorchester? A. Once
per year.

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46. Q. In what connection would you see him annually at the
Dorchester? A. Pardon?

47. Q. How come you would see him about once a year at the
Dorchester? A. I used to stay at the Dorchester at Mr.
Poulson's invitation.

1960
48. Q. When did you first stay at the Dorchester at his invitation?
A. Oh, I could not say.

49. Q. How many times do you think you stayed at the Dorchester at
his invitation? A. Four or five I would think.

50. Q. What did you have, did you use his suite there or your own
room? A. Yes.

51. Q. You used his suite? A. Pardon?

52. Q. You used his suite, did you? Did you use his suite at the
Dorchester? A. Well, I understood that it was his suite.

53. Q. Can you remember the last occasion you stayed at the Dorchester
with him, Mr. Sales, in his suite? A. No.

54. Q. Were you alone on these occasions with Mr. Poulson, or did he
have other visitors, other guests? A. Mr. Poulson was very
seldom there.

55. Q. So you were staying there, were you, when he was absent?
A. Oh, yes.

56. Q. You were using his suite? A. Yes.

57. Q. Did you see Mr. Poulson anywhere else apart from Pontefract,
Doncaster and London? A. No.

58. Q. He did not have a suite at any other hotel that you used?
A. No, certainly not.

Home
59. Q. Do you remember, Mr. Sales, that in 1966 you bought from the
National Coal Board Handley Cross? A. Yes.

60. Q. In Doncaster? A. Yes.

61. Q. I emphasize that you bought it from the National Coal Board.
A. Yes.

62. Q. Who were, of course, your employers? A. Yes.

63. Q. How much did you pay for it? A. £12,000, I think. I
enquired from the National Coal Board whether they would sell
me the house and they said that they would sell me this house
at an independent valuation, and I think it was valued at
£12,000.

64. Q. Have you any idea when you first made enquiries from the National Coal Board as to whether they would sell you this house? A. Not until I made enquiries, no.
65. Q. How long was that before you actually bought it? To remind you, you set the wheels in motion as regards obtaining a solicitor in May, 1966. How far back in time before you actually got the legal people on to the job had you decided that you would like to buy this house? A. Oh, I don't know, I would think early in 1966. I had made up my mind -- I think you have to bear this in mind, that during 1966 the National Coal Board was undergoing a major re-organization. I always had it at the back of my mind that I would not serve the National Coal Board once the re-organization was complete, and therefore I have no doubt that it would be early 1966 when I would be contemplating retirement, or leaving the Board's service.
66. Q. You were actually moved into this house in 1962? A. That is correct, yes.
67. Q. The house having recently been acquired by the National Coal Board? A. The National Coal Board bought the house for my occupation.
68. Q. Why should the National Coal Board buy you a six bedroomed house with six acres of land? A. (1) because I was Chairman of the Yorkshire Division, I wanted a reasonable house in which to live; as far as the land was concerned it was always contemplate^d that the land could be sold, but as far as the house was concerned I had two children.
69. Q. Who found the land? A. Who what?
70. Q. Who found the land in the first place? Did you find it, or the National Coal Board? A. Do you mean the land and the house?
71. Q. Yes, the land and the house. A. The land and the house?
72. Q. Yes. A. Oh, the property would be found by the Estates Department.
73. Q. Would you as the Chairman have given them instructions to find you a house in the Doncaster area? A. Oh, I think the instructions would have been given when I first joined the Coal Board.
74. Q. To find the Chairman a nice house in the Doncaster area? A. I would think so, yes.

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75. Q. Did you pay rent to the Coal Board for the house? A. I did, I paid rent exclusive of rates.
76. Q. What sort of rent? A. I don't recollect, but I would think it would be of the order of £250, or £225/£250, I would think.
77. Q. A fairly modest rent. That is per annum, is it? A. That would be per annum, but I paid rates on top of that.
78. Q. About £5 a week? A. Something of that order.
79. Q. For a six bedroomed house and six acres of land? A. Look here, I do not know what it is your trying to say, but I ---
80. Q. At any rate, what you are saying is -- A. Just wait one moment, sir, because as far as that house is concerned, I would like it to be perfectly understood that this house was at that time in the country, it was a country house; there was no electricity as far as the house was concerned, except that which was run over a private line, and therefore I could not get electric power for heating purposes; there was no main drainage to the house, and, therefore, as far as the rental was concerned, I am assuming that all that would be taken into consideration. But, in any case, you have asked me a question, what was the rent that I paid, and I said I am assuming it was of the order of £225 to £250, exclusive of rates.
81. Q. Did you give instructions, as the Chairman of the National Coal Board, to arrange for a valuation of the property, with a view to it being acquired by you? A. I would give instructions - not instructions - but I think you have to realize here that the National Coal Board is a functional department and matters appertaining to production would be dealt with by the Production Department, matters appertaining to housing came at that time under the umbrella of the Deputy Chairman. He would arrange the valuation.
82. Q. What was his name? A. Pardon?
83. Q. What was his name in 1966? A. In 1966 it would be Mr. Baker.
84. Q. Did you know a Mr. Day at the National Coal Board? A. I knew a Day, I think, who was on the Industrial Relations side.
85. Q. Mr. E. C. Day? A. No. Maybe he was in the Estates Department.
86. Q. That could be the gentleman. A. And if that could be the gentleman, then I did not -- If you say did I know him, I knew of him, but certainly not closely.

See Q. 68 in possible sale

87. Q. Do you know the name of the firm that valued the property in 1966? A. I am not sure, but I would assume it would be Bell Watson.
88. Q. Why would you assume it would be Bell Watson? A. Because I think Bell Watson sold the house.
89. Q. Did you see the valuation that Bell Watson made on the house? A. Did I see?
90. Q. Did you ever see the actual valuation that they made? A. What do you mean by did I see the actual valuation?
91. Q. Have you ever seen this. I am handing to you now a photocopy of a valuation dated 1st March, 1966, by Messrs. Bell Watson, of the property. (Handed to witness) A. Yes.
92. Q. Which says: "After careful consideration of the foregoing, we value the property, with vacant possession, in the sum of £12,000, and we should recommend an intending mortgagee to base his advance upon this figure." A. Yes. I have never seen that. No, I have never seen this before.
93. Q. Would you, as the Chairman of the National Coal Board, expect to be able to purchase the property from the Coal Board on any better terms than an outsider, a non-member of the Coal Board? A. No. Not if it is an independent valuation.
94. Q. Who was the head of the Estates Department of the National Coal Board in Yorkshire? A. Ridyard, I think. A Mr. Ridyard, I think.
95. Q. How well did you know Mr. Ridyard? A. Oh, slightly.
96. Q. Did you know that Messrs. Bell Watson had been instructed by Mr. E. C. Day, on behalf of the Coal Board, in March 1965 to value this property? A. No.
97. Q. You had no idea that it had been valued, in fact, a year previously by Bell Watson? A. Not to my knowledge, no. I cannot recollect it, let me put it that way.
98. Q. When you decided to buy the property-- A. Yes.
99. Q. What did you hope to do with it? A. What did I hope to do with it? I hoped to live there.
100. Q. Messrs. Bell Watson have informed the Trustee that in March, 1965, they were instructed to value this property by the Coal Board, but they were requested to keep the valuation secret, and you would not have known anything about that? A. I would not think so, no.
101. Q. And they were specifically directed and instructed, in making

March 1965
Valuation

Q66

101. Q. ^{Dutse 68} their valuation, to disregard any development potential that the property might have. A. I know nothing of that.

102. Q. You did not know that? A. No.

103. Q. I would like you to look at a photocopy of a form dated 15th March, 1965, which Messrs. Bell Watson say was filled in when they were given instructions by Mr. E. C. Day, of the Coal Board, to make the valuation. (Handed to witness) A. I have not seen that before.

104. Q. And you had no idea then that a year before 1966 the property had been valued for the National Coal Board? A. To my recollection it may well have been that I had made enquiries before, but so far as I recollect the first official approach that I made on the purchase of Handley Cross was when I mentioned it to my Deputy Chairman - that is Mr. Baker - who in turn, because he was in charge of Housing, would refer it to the Deputy Chairman at Headquarters, that is the N.C.B.

105. Q. And when do you say that would be? A. I took that to be around February or March, depending how speedily he acted upon it, in 1966.

106. Q. And you had no idea then, you say, that the property had been valued a year previously for the Coal Board? A. Not to my knowledge, no.

107. Q. And you would not know, I suppose, that in March, 1966, Messrs. Bell Watson were merely asked to confirm the valuation that they had made a year previously of £12,000? A. No.

108. Q. Did you have £12,000 with which to buy the property? A. My wife had.

109. Q. Did you have it? A. No.

110. Q. Where were you going to get the £12,000 with which to buy the property? A. My wife had agreed to sell shares in order to purchase the property.

111. Q. When did she agree to do that? A. It would be following the receipt of the letter from the Deputy Chairman of the National Coal Board in which they expressed their willingness, or agreement, to my purchasing the house.

112. Q. Have you got a copy of that letter from the Deputy Chairman of the National Coal Board, or have you got the original?

A. I think that Mr. Marshall has it. (Handed to Mr. Graham)

MR. GRAHAM: "Sold 1962 by Platts Administrators at \$15,000 and purchased for £11,500; disregard any development potential."

113. Q. I am going to read to you so that there is no doubt about this -- A. Yes.

114. Q. A letter dated 1st November, 1972, from Messrs. Bell Watson.
A. 19--?
115. Q. 1972. A. 1972.
116. Q. And this is confirming what they say they did in relation to the valuation. "On the 15th March, 1965, we received instructions from Mr. E. C. Day of the National Coal Board to inspect the house" - that is Handley Cross - "and advise them on its value. We were asked to report verbally only and to specifically exclude any development potential. This we did; indicating that in our opinion the open market value of the property would be £12,000 with the benefit of vacant possession." A. Yes.
117. Q. "Nearly one year later" - that is in March 1966 - "we were asked by Mr. Day to submit a written confirmation report, and this we did on 1st March, 1966, under our reference CFb."... and I have shown you that valuation. A. Yes.
118. Q. "We confirmed our valuation figure of £12,000, but to answer one of your queries, 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, you knew nothing about this? A. Nothing whatsoever; this is quite news to me.
- MR. GRAHAM: Now, I am going to ask your Counsel whether he has managed to track down the letter. (Handed to Mr. Graham)
I am most obliged.
119. Q. Mr. Radcliffe has just handed to me a letter on National Coal Board notepaper, from Hobart House, dated the 29th March, 1966. "My dear Dick" - and it is signed, it looks like "Humphrey Brown", would that be right? A. That would be right, yes.
120. Q. Who was Humphrey Brown? A. Humphrey Brown was the Deputy Chairman of the National Coal Board.
121. Q. And this letter is, in fact, addressed to -- Dick is not you, of course, it is Mr. R. G. Baker, who I suppose is Dick Baker, the Deputy Chairman of the Coal Board in Yorkshire? A. That is correct.
122. Q. "In reply to your letter of 24th March, the Board are quite agreeable to Mr. Sales purchasing the Board owned house in which he now lives on the basis of the valuation prepared by Messrs. Bell Watson & Co." A. Yes.
123. Q. "In order to complete the file, perhaps you would let me know

- when this transaction will be made effective." A. Yes.
124. Q. You had discussed the question of buying this house with Mr. Baker, is that right? A. Yes.
125. Q. Did he raise the question, or did you take it up with him, that you should buy the property from the Board? A. No, I took it up with him.
126. Q. You were anxious to buy it, were you? A. I was anxious to buy it because of my impending retirement from the Board's service.
127. Q. You were due to retire a year later in April, 1967; is that right? A. No, I think I was due to retire in 1968. I retired when I was sixty-four.
128. Q. So you were not due to retire for at least another two years? A. I was not due to retire until I was sixty-five.
129. Q. Well, when would you have been sixty-five? A. Oh, dear.
130. Q. I was under the impression, Mr. Sales, that you, in fact, retired on the 5th April, 1967? A. That is true, and I had another year to go.
131. Q. So, why was it that you accelerated your retirement by one year? A. I accelerated my retirement by one year because, under the re-organization of the National Coal Board, levels of authority were going to be removed, and I had already expressed my view that I would not stay on under the re-organization, even though I had been invited to do so.
132. Q. But, in March, 1966, you anticipated that you had another two years to go? A. Pardon?
133. Q. In March, 1966, you anticipated that you had another two years to go, or one year; which was it? A. In March, 1966, I was anticipating that I might go at any time.
134. Q. I see. A. But certainly no later than the following year in March.
135. Q. You have said that your wife had sufficient monies to provide the £12,000? A. Oh, yes.
136. Q. But you did not have any money of that order? A. Not of that order, no.
137. Q. I would like you now, please, to look at a letter dated the 14th September, 1972 - it is on your Honour's file. (Handed to witness) Now, in this letter, which has been written by your solicitors. A. Yes.
138. Q. They describe the circumstances in which you, in fact, bought the house and how it was paid for. A. Yes.

139. Q. I would like you to look at that letter and confirm, if it is the case, that you agree with everything that is there stated.
A. Well, I think --

THE REGISTRAR: Paragraphs 2 and 3 are the principal ones.

140. MR. GRAHAM: I am concerned with the second paragraph, "The purchase price of the dwellinghouse was £12,000 and Mr. Poulson provided a loan of £1,200." And then it goes to the end of the letter, because the end of the letter deals with other monies that you have received from Mr. Poulson, and I want to be sure that you say that all that is correct. There is nothing in there you disagree with? A. There is nothing there that I disagree with, as far as I can see. I mean, what ---

141. Q. You must have considered this letter very carefully before it was sent off? A. Well, obviously, yes.

142. Q. Thank you. Will you look at the last paragraph on the first page of that letter. "In the first two years, that is 1967/68, 1968/69, no expenses payments were made, but in the last year cash expense payments to Mr. Sales, that is 1969/70, were made as follows," and then you set them out. A. Yes. These are relating to my expenses with O.S.B. I take it?

143. Q. Well, this is what you are stating. A. Yes.

Doubt
144. Q. How often do you say you stayed at the Dorchester Hotel in Mr. Poulson's suite? A. I would not know. I would think four or five times.

145. Q. And how did the bill get paid? A. I was there at Mr. Poulson's invitation.

146. Q. When was the first time you went to the Dorchester Hotel at Mr. Poulson's invitation? A. I really could not say.

147. Q. Come, come. You must have given this matter some thought.
A. I have given it some thought, but I think you have got to recollect that this is a long time ago, and if you are asking me ---

148. Q. You were for ten years -- A. Pardon?

149. Q. You were for ten years the Chairman of the National Coal Board, Yorkshire Division? A. Yes, that is right.

150. Q. Did you stay at the Dorchester at any time during those ten years as Mr. Poulson's guest? A. Yes.

151. Q. Why? A. Because I was invited so to do.

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152. Q. Did you inform your employers that you were going? A. No.
153. Q. Why not? A. Because why should I?
154. Q. Did the Board have any dealings with Mr. Poulson during those ten years in his professional capacity? A. The Yorkshire Board?
155. Q. The Yorkshire Board. A. Yes.
156. Q. In what way? A. Well, Mr. Poulson was consultant architect on some of the projects for the Yorkshire Division of the National Coal Board.
157. Q. Did he or his firm act as architect in respect of the headquarters' building in Doncaster? A. Yes.
158. Q. Have you any idea what his fees from the Coal Board in respect of that project may have been? A. I have no idea.
159. Q. Were you in any way instrumental in procuring Mr. Poulson's firm to be architects in respect of that project? A. No.
160. Q. You had no say in that matter at all? A. No.
161. Q. Did you discuss with Mr. Poulson the possibility that he might be the architect for the project? A. Not to my knowledge.
162. Q. Well, you were the only person apart from Mr. Poulson who would be able to answer it. A. The answer is no.
163. Q. Did it come as a pleasant surprise to you, then, that he had been awarded the contract? A. It did not come as a pleasant surprise at all. You see, what you have got to realise is this, that as far as contracts are concerned, the contracts are dealt with functionally and I doubt whether there would be any reference to me on this matter. In fact, I think that at that time I should think that office building came under the functional umbrella of Secretary's Department.
164. Q. Why should you, as Chairman of the Yorkshire Division, when you went to London, have stayed at Mr. Poulson's suite?
A. Because I have said he had invited me so to do.
165. Q. Were you alone, or did you go with your wife? A. I went with my wife.
166. Q. Was this for a holiday? A. No, I always took a week off.
167. Q. So you spent your holidays, did you, at Mr. Poulson's expense?
A. I spent, one, two, three, four days, I would think.
168. Q. Four days a year? A. Yes.
169. Q. As Mr. Poulson's guest? A. As Mr. Poulson's guest, yes.
170. Q. Did he ever provide holidays for you anywhere else apart from London? A. No, no, no.

Money from Poulson

171. Q. Did you ever go away with him to play golf? A. Good Lord, no. I do not play golf.
172. Q. You never went on holiday or went on trips with Mr. or Mrs. Poulson anywhere else? A. I never went on a holiday with Mr. Poulson or with Mrs. Poulson, neither did I go on any trips with Mr. Poulson or with Mrs. Poulson. I stayed at the Dorchester Hotel 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. And I have not been ---
173. Q. So you thought that you were staying really at the expense of the Inland Revenue at the Dorchester? A. I did not think I was staying at the expense of the Inland Revenue. Mr. Poulson's information to me, whether it is true or whether it is untrue, was that he was given a substantial entertainment allowance.
174. Q. And did you think that it was right for you, a serving officer of the Coal Board, to stay at the Dorchester in these circumstances? A. If I did not think it was right I would not have stayed.
175. Q. You did not say to him, "It is very, very, kind of you, Mr. Poulson, to extend this offer, but we prefer to stay somewhere else at our own expense." A. The very fact that I stayed demonstrates that I did not say that to Mr. Poulson.
176. Q. And you never offered to reimburse him for the cost of the hotel bill? A. What!
177. Q. It did not cross your mind, did it? A. Never crossed my mind, certainly not.
178. Q. Before 1966 did you ever receive any money from Mr. Poulson? A. No.
179. Q. Never? A. No.
180. Q. At the last hearing of Mr. Poulson's Public Examination, in this very Court -- A. Yes.
181. Q. About six weeks ago, on the 25th September, 1972, the following questions were put to Mr. Poulson. A. Yes.
182. Q. "Do you remember saying that Mr. Sales was not paid anything until after he retired? A. Yes, sir." And he was shown a list that had your name on it. A. Yes.

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183. Q. "Q. Look at page 2." "A. Yes, I know what you are going to refer to now." "Q. 14th May, 1963 - 'Mr. Sales, £300'?" "A. Yes." "Q. What was that for?" "A. I can't remember this, the details of it. The best thing is to ask him; I am sure he will tell you. But I have taken these cat ---". Now, do you say that before 1966 Mr. Poulson never paid you a penny piece? A. I do.
184. Q. The only benefits you had from him were free holidays for you and your wife at the Dorchester? A. The only payments I have ever received from Mr. Poulson are (1) the entertainment at the Dorchester Hotel, and (2) the consultancy fees which I received from him. Those are the only payments that I received from Mr. Poulson.
185. Q. Now, I have in front of me Mr. Poulson's cash book. A. Yes.
186. Q. And you are welcome to see it. A. Yes.
187. Q. And I will show you it in a moment. Against the entry 14th June, 1963, it says, "Mr. Sales, £300." A. That's alright.
188. Q. Now, it is nine years ago. A. Yes.
189. Q. You deny -- A. I certainly do.
- X 190. Q. Having had £300 in cash or in kind at that date from Mr. Poulson? A. I certainly do, yes.
191. Q. Why when you wrote, or caused your solicitors to write, the letter of the 14th September -- A. Yes.
192. Q. Did you not tell them to include anything about the stays at the Dorchester Hotel? A. No.
193. Q. Not one word about your staying at the Dorchester Hotel, is there, in that letter? A. No.
194. Q. Why did you omit that? A. I did not omit it.
195. Q. So you did not omit it because you had thought about it, had you, and thought it was not relevant? A. I had not thought about it. As a matter of fact, if I may put this to you quite bluntly, one of the occupational hazards of Chairmanship of any large firm is entertainment, and my problem was to turn down entertainment and I turned down -- Mr. Poulson was not the only firm that entertained me.
196. Q. Why was not Mr. Poulson's hospitality turned down, then, in accordance with that laudible principle? A. It is not a case of a laudible principle. What I am stating to you, sir, is a matter of fact.

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197. Q. In what circumstances did you come to obtain from Mr. Poulson in 1966 some money to buy Handley Cross? A. In what circumstances? I can explain that very simply. Mr.

Poulson had called at my house; Mr. Poulson was very anxious that I should join his companies as and when I left the Coal Board; I told Mr. Poulson that I was due to retire from the Board; I told Mr. Poulson of my decision - that is the joint decision of my wife and myself - to stay on in the district; I also told Mr. Poulson that my wife was going to sell her shares and buy Handley Cross. Whereupon Mr. Poulson more or less threw his hands up and said, "Goodness gracious, don't do that; I am a Director of a building society, I can arrange for a mortgage, your husband will join my firm and he will be able to earn more to pay this off in such and such a time, and there is no need for you to sell your shares." And that, as far as I recollect, reflects the absolute circumstances accurately as far as that arrangement was made.

198. Q. How much was this house going to cost? A. Pardon?

199. Q. How much was the house going to cost? A. £12,000.

200. Q. So it was intended that you would get a mortgage of £12,000 from the building society of which Mr. Poulson was a Director, is that right? A. No, no, no. Mr. Poulson said to my wife, "For goodness sake don't bother to sell your shares, I will arrange for this through a building society." I did not even then know what the name of the building society was. I understood from Mr. Poulson that he was a Director of this building society. I was away for the present, if you like - I was on the point of going to America at the time. I entered into these arrangements with Mr. Poulson that he would see to the purchase of Handley Cross for me through the building society, and that any fees I received from his companies, together with the consultancy fees, would be canalised into into the repayment of the mortgage.

201. Q. Are you saying that you had agreed to work for Mr. Poulson?
A. I am.

202. Q. In about March or April, 1966? A. I am saying that I had agreed to join Mr. Poulson's company at his request.

203. Q. When did you join him? A. He was pressing me, and it would be around June, 1966, just before I was going to America, when he was pressing me very strongly to agree to join his companies.

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No knowledge of what
he was going to do for,*

204. Q. What were you going to do for those companies? A. Pardon?
205. Q. What were you going to do for them? A. I was going to go on the board.
206. Q. As what? A. As a Director.
207. Q. What were you actually going to do as a Director? A. You know, this is all -- If you ask silly questions you can get silly answers about what does one do when one is a Director.
208. Q. Why were you going to get --- Was Mr. Poulson going to procure for you a mortgage of £12,000? A. Good Lord, no.
209. Q. Well, how much was the mortgage going to be? A. I do not know; I left it to Mr. Poulson. Mr. Poulson said, "Leave it to me, I will make the arrangements to get this house on mortgage, I will loan to you whatever the deposit may be, and then the fees that you receive from your consultancy and also from your membership of one of my companies, will be capitalised into the repayment."
210. Q. Did you say to Mr. Poulson, "This is wonderful, this is my fairy godmother, you have saved me all this trouble." What did you say to him, in fact? A. I did not say it. It did save trouble, I agree that it did save trouble, but at the same time I think you have got to recognise that in my view Mr. Poulson was getting a bargain.
211. Q. In what way? A. Mr. Poulson was getting a highly esteemed and well respected and very competent person to agree to join his companies.
212. Q. But when I asked you a moment ago what you were going to do for those companies, you told me not to ask silly questions. A. I did not tell you not to ask any questions, I said --
213. Q. Would you like the shorthand writer to read back what, in fact, you said? A. I said to you that if you ask a silly question you can get silly answers, that is what I said to you, sir, and I think I ---
214. Q. What were you going to do for Mr. Poulson? A. Pardon?
215. Q. What were you going to do for Mr. Poulson? A. I have already said that I do not know what one was going to do for Mr. Poulson. As far as --
216. Q. Do you mean if I ask a silly question that is the silly answer I get? A. But if one is a director of a company there are a thousand and one jobs that have to be done as a director of company.

217. Q. Well, what did you anticipate you were going to do? A. I anticipated I would be dealing with matters relating to -- and this was chiefly in relationship to O.S.B., and I understood that as far as O.S.B. was concerned that it was a company which had been formed in order to develop and to sell an industrialised house, and that I would be expected to do the administrative side of the business together with promoting the sales of this house. That is what I understood.
218. Q. And for this, which you were not free to do because you were still the Chairman of the National Coal Board, Mr. Poulson was prepared to find £12,000 for you? A. But I did not join the company until I left the Board.
219. Q. I am saying that in 1966 --- A. In 1966, in all ---
220. Q. This was all in the future, was it not? A. This was more or less the immediate future, yes.
221. Q. How immediate? A. Well, immediate in the sense that I actually left the Board's service in March 1967 and had declared my intention of leaving months before.
222. Q. How long before? A. Officially, I should say four or five months; unofficially long before that.
223. Q. Did Mr. Baker, for example, know in March 1966 that you were going to retire a year later? A. Yes. Well, he didn't know I was going to retire a year later. Mr. Baker may have been under the impression that I would be retiring sooner than a year, because it depended upon how quickly the re-organization took place. I clearly indicated to Mr. Baker, at the time when I asked him to enquire about the sale of the house, that it was because of my impending retirement that I was making this enquiry.
224. Q. And you told him, no doubt, the very excellent news that Mr. Poulson was going to take you into his employment? A. Mr. Baker had -- I had had no discussion with Mr. Poulson at the time that I raised it with Mr. Baker.
225. Q. When Mr. Poulson discussed with you the question of finding the £12,000, he said he was going to take you into his employment, did he not? A. Make me a member of one of his companies, yes.
226. Q. Which company? A. O.S.B. chiefly.
227. Q. Did you tell Mr. Baker, or anybody else at the National Coal Board, that you were to take on that employment in due course? A. No.

Did not know how much deposit was?

- 228. Q. You did not think that it was necessary so to do? A. I did not think it was necessary so to do, certainly not.
- 229. Q. How much did you anticipate the cash element of the price was going to be? There was £12,000. A. Yes.
- 230. Q. Some of it had to be by way of a deposit? A. Yes.
- 231. Q. Some by way of mortgage? A. Yes.
- 232. Q. When you were discussing the matter originally with Mr. Poulson, when you were doing that, how much did you anticipate was going to have to be found by way of a deposit? A. I would not know.
- 233. Q. And how much did you anticipate the mortgage would be? A. I did not know at the time.
- 234. Q. How did you know, if there was going to be a mortgage, that you would be able to keep down the mortgage payments? A. But I knew, because it was agreed that the consultancy fees would be canalised into the repayment of the mortgage.
- 235. Q. What happened if Mr. Poulson let you down and said in the end, "I am not going to take you into my employ or put you on the board of one of my companies."? A. If that had happened Mr. Poulson would have been repaid.
- 236. Q. From what? A. From what? We had already agreed to sell shares, the money was there.
- 237. Q. Could you have repaid him? A. Pardon?
- 238. Q. Could you have repaid him any money? A. I could have repaid him certainly.
- 239. Q. From what? A. Pardon?
- 240. Q. From what? A. From what? From what I received from the Coal Board.
- 241. Q. Did you have a solicitor of your own in 1966? A. No.
- 242. Q. Who arranged, on your behalf, for this transaction to take place? A. Mr. Poulson.
- 243. Q. You went to his solicitor, did you? A. I did not go to his solicitor, he went to his solicitor. I have already said, I was off to America and Mr. Poulson said, "Leave it with me."
- 244. Q. According to the letter of the 14th September -- A. What year?
- 245. Q. If you look at the second paragraph - I think you have a copy. A. Yes.
- 246. Q. It says, "The price of the dwellinghouse was £12,000 and Mr. Poulson provided a loan of £1,200 to pay the original deposit." A. Yes.

247. Q. "And also paid £3,800 balance purchase money." A. Yes.
248. Q. "£120 stamp duty." A. Yes.
249. Q. "And £8 15 pence on a building society mortgage." A. Yes.
250. Q. "The building society mortgage was to the Wakefield Building Society for £7,000, which amount made up the balance of £12,000 to purchase the house." A. Yes.
251. Q. That is correct, is it, in your view? A. I think so, yes.
252. Q. If you had bought this house other than with Mr. Poulson's help. A. Yes.
253. Q. If your wife had paid the purchase price. A. Yes.
254. Q. Would you have had to have paid some legal fees? A. I would think so, yes.
255. Q. Did you pay the legal fees in respect of this house? A. No.
256. Q. Why not? A. Not to my knowledge. I paid everything that I thought was there. I mean, if legal fees came in later, I don't know.
257. Q. You were not interested? A. Basically, no, sir, I was not interested in the basic facts concerning this. I did not bother with the detail.
258. Q. Did you not ask Mr. Poulson how much the mortgage was going to be? A. I do not think I did ask Mr. Poulson how much the mortgage was going to be, but I think I am right in saying that Mr. Poulson did indicate to me that £7,000 had been got on mortgage.
259. Q. Did you go so far --- A. But this would be after I returned from America.
260. Q. But this was all done without your knowledge and in your absence? A. Most of it, yes.
261. Q. Was this the first time you had ever bought a house in your life? A. Yes.
262. Q. Did you not think that Mr. Poulson's conduct in all the circumstances was, to say the least, rather curious? A. Not really.
263. Q. Why not? A. Because I had always regarded Mr. Poulson as a friend.
264. Q. You mean he was the gentleman that provided free holidays for you at the Dorchester? A. He did not provide free holidays for me at the Dorchester. I have already explained as far as the Dorchester was concerned that Mr. Poulson