

158. That the contract was at an end, and you were carrying on the work under a different arrangement with Mr. Clayton?—No.

159. Are you aware that there are other letters, of earlier date than this, which refer to you as carrying on the work as surety?—Possibly there are, but I do not think you will find any of those letters until I had a good deal of work done, and material on the ground. I went on in full faith of Mr. Clayton saying I should not lose a penny by it. I took that as a warrant, and carried on accordingly.

160. To whom did Mr. Clayton write orders and notices as to carrying on the work?—I think he wrote to Smith, and also to me.

161. That is to say, that a copy of what was sent to Smith was sent to you also?—I think so.

162. Were not the copies sent to you press copies?—They might have been. I think some of them were not.

163. And were not the letters addressed this way: "Mr. Ben Smith, Contractor, Government House"?—Very likely they were.

164. And were they not, in nearly every instance, speaking of him as contractor?—I think some of them were and some of them were not.

165. About the time of this conversation between you and Mr. Clayton, was there not a stoppage of work from want of material and wages for the men?—I think there was, for a day previous to my giving Mr. Clayton the £100 to pay wages.

166. Do you say that Mr. Clayton asked you for that £100?—I say so distinctly. He asked me for a cheque for £100, and said he would pay the men.

167. Did he pay the men?—I believe he did.

168. Did he not give the cheque to Ben Smith?—That I don't know.

169. Do you not know he gave it to Smith?—I do not. I never saw the cheque since. I know I came down to the office and got the cheque written, and took it up to Mr. Clayton myself.

170. Did you give it to Mr. Clayton?—Yes. I think at his office door, as I was going to the Hutt. Well, I would not be certain on that point.

171. Did you not leave the cheque at your office?—Well, possibly it might be so. Mr. Schwartz will recollect about that.

172. Then you do not recollect giving it to him?—I am satisfied that Mr. Clayton asked me to give him the cheque, and he would pay the wages.

173. At that time had you had this conversation with Mr. Clayton?—The cheque must have been before the conversation, on the same day possibly. Very likely the same day. I believe it was the same day, and that was the reason I gave him the cheque for the men.

174. Don't you know that at that time the men had stopped working?—I cannot say whether it was that; but it could not have been for long, as there was £100 due for a fortnight's wages. I think there were always some men at work.

175. Don't you know that the men complained that you were receiving all the progress payments, and allowed them to go on without giving them any money; and that that was the reason you paid it?—No; they never came to me twice for the money. I paid them every fortnight on Saturday.

176. Previously to this £100, had you ever paid the workmen?—No, I do not think so. It might have been in this way that orders were given on me against the money in the Bank of Australasia. I think Smith gave orders on me for this money, but I would not be certain.

177. Now, when, according to your account, you began to carry on the work, was there not a considerable quantity of material on the ground unpaid for?—Certainly.

178. Have you paid for it?—I have not.

179. Have you worked up all the material on the ground that you knew to be unpaid for?—I have not troubled my head about it. It was all worked up, I believe.

180. Why did you not pay for it?—If I had paid for it my account would have stood very different in the books.

181. According to your idea, you were going to be paid by the Government any expenses in carrying on the work?—What I said to those parties who came to me about the material on the ground was: "If things turn out right you will get your money," as Mr. Clayton told me that I should not lose a penny.

182. You were carrying on this expecting to be paid all the expenses; why then did you not pay the owners of the material for it?—There was not very much, I think. I did not pay them; that is all I can say in the matter.

183. Were you not threatened to be sued for the bricks and other material that were being used?—I might have been.

184. Do you not recollect some woman at the Hutt threatening you? Did you pay her?—No.

185. Were there any wages due at the time you began carrying on the work, and did you pay them?—I believe not.

186. You were an owner of steamers at that time?—Yes.

187. Was it not said by you or Mr. Clayton that you could get the material down here cheaper, by reason of bringing it in your own steamers?—So I did bring it down cheaper than any other man in New Zealand could have got it.

188. Did you not bring up plasterers and other workmen?—Yes, from Nelson, Canterbury, and Otago, and I sent to Auckland for some.

189. At the time you began this work you knew you could do it cheaper than others?—I might have thought so.

190. You were a merchant and could buy things wholesale, and had steamers to bring them here cheaply?—Yes.

191. Did you not know that at the time you began to do this work, it was stopped for want of certain material?—I am not sure.

192. There was a letter to you from Mr. Clayton on the 8th February, 1870, saying that as the "Airedale" was going to the Manukau, you had better send to Auckland for some kauri timber. Was