

addition to the "Fritz Reuter" claim, was about £3,000. This they looked upon as due to make up for the low rate of the first contract. They recommended besides from £1,000 to £2,000 to escape the risks of litigation. I should certainly have followed this advice if with me rested the final effort to stay litigation, for I recognized the difficulty of proving that the third contract depended on the other two; besides that, as I have already said, supposing that were even admitted, there seemed to be no hope of proving that Mr. Sloman was responsible for the default in carrying out the Queensland contract. Upon this point Messrs. Mackrell and Co. say in their letter, "If this be so, of course there would be no answer in equity to his claim for full damages." If Messrs. Sloman and Co. went to law they might very well have recovered a large sum to represent the profits on 4,000 emigrants at £14 a head. Certainly if on me depended stopping the action, I should have been inclined to go great lengths. But I reflected that after all the action could only be brought in the colony, and it would be open to you to allow it to proceed or to compromise it. Therefore, I determined to offer no more than the amount I named. It was as much as Messrs. Mackrell and Co., by one computation, recommended, and I considered that Messrs. Sloman and Co., by their unwillingness in the first instance to fulfil their undertaking under the "Louis Knorr" contract, were not entitled to extra consideration on our part.

10. Regarding Mr. Kirchner, I arranged with him to receive the amounts actually due to him to the closing of the office, including one month's notice, and a sum of £500 by way of compensation for the loss of the 4,000 contract, or for salary. I think this is a fair settlement. Instead of £500, he would at least have made £1,600 if the contract had proceeded. He alleges that this £500 will be absorbed by claims of agents. I did not, however, enter into this question. Whether or no he will have so to dispose of it, I considered it was not more than he was entitled to receive.

11. I have the honor, in addition to other correspondence, to enclose you a copy of my telegram to the Government, and of the Colonial Secretary's reply thereto.

12. Immediately on receipt of the reply, I sent instructions to Mr. Mackrell to prepare a formal deed for Mr. Sloman to sign, making it clear that the settlement covers all claims, including those in relation to the "Terpsichore," as also Mr. Mathei's claims.

13. I have to express my acknowledgments for the zealous assistance rendered to me by Mr. Kennaway during the negotiations with Mr. Sloman.

14. I shall be glad to learn that the Government are satisfied with the course I have taken.

I have, &c.,

JULIUS VOGEL,
Agent-General.

The Hon. the Minister for Immigration, Wellington.

Enclosure 1 in No. 39.

MESSRS. JOHN MACKRELL and Co. to the AGENT-GENERAL.

DEAR SIR JULIUS,—

21, Cannon Street, London, 9th March, 1877.

In compliance with your instructions, we have carefully perused the documents and papers relating to the claims made by Messrs. Miles, Sloman, and Co., Mr. Kirchner, and Mr. Mathei, and the statements contained in the three excellent memoranda of your Private Secretary, Mr. Cashel Hoey, relating to these claims, under dates of the 3rd August, 23rd August, and 31st August, 1876, and we have had the benefit of a conference and discussion with him upon the papers and correspondence. We are now therefore in a position to confer personally with you as requested. We think, however, that it may facilitate your consideration of these claims, and enable you the better at our conference to determine on the course you should take, if we give a connected narrative of the circumstances under which the claims have arisen, and selections from the papers and correspondence which point to what seem to be the equities upon which any claims for compensation should be based, and we have no doubt that with our report before you, read in connection with Mr. Hoey's memoranda, you will see no difficulty in arriving at a conclusion as to how these claims are fairly to be met.

On the 17th February, 1872, Messrs. Louis Knorr and Co. entered into a contract with the late Agent-General, Dr Featherston, to procure within the next two years, and convey to New Zealand, emigrants equal to two thousand statute adults, for which the Government were to pay £1 per statute adult commission, and £14 per statute adult single female, and for other emigrants £10 sterling per adult for passage money, Messrs. Louis Knorr and Co. undertaking to procure from each emigrant either a payment of £5, or a promissory note for that amount payable after arrival in the colony. This contract was negotiated through Messrs. Miles, Sloman, and Co., and they guaranteed the due performance of it. Emigrants equal to about 500 statute adults were procured and conveyed between the date of the contract and the 26th July following, when Messrs. Knorr and Co. declined to proceed further with the contract, and Messrs. Sloman and Co. declined all responsibility in regard to it, on the plea that the German Government had raised difficulties by objecting to the exaction of the promissory notes. Frequent remonstrances and requisitions were made to and upon both Messrs. Knorr and Co. and Messrs. Sloman and Co., requiring them to carry out their engagement up to March, 1873, of none of which they seem to have taken any notice; and in his despatch of the 26th December, 1873, to the Hon. the Minister for Immigration, Dr. Featherston wrote, "If you look at the conditions of my memorandum of agreement, you will, I think, come to the conclusion that I could not have taken legal proceedings to enforce it with any prospect of success."

Dr. Featherston appears to have attempted to complete this contract through the agency of a Hamburg merchant named Behrens, but, having failed to do so, determined to negotiate with Mr. Kirchner, then the Agent of the Queensland Government, who had despatched from Hamburg a large number of emigrants to that colony. Mr. Kirchner is a German by birth, and was for many years resident in New South Wales and Queensland, and held a license as Emigration Agent. Dr. Featherston had previously employed him occasionally in connection with Continental emigration, and found him not unwilling to anticipate the closing of his connection with the Queensland Government, consequent upon the suspension of emigration to that colony.