

150. Does the cash system lead to settlement? Do you find people taking up land for cash taking it up with the intention of settling upon it, or for merely adding to their present holdings?—I have no means of knowing. It is impossible to gather from a man's declaration what his intentions are when he buys for cash; he comes under no conditions of settlement, and therefore I am unable to answer your question; I could only do it by judging of his after-actions; he may do what he likes with the land he buys.

151. Would you not recommend that the cash-purchase system should be altered so as to prevent a man receiving a Crown grant until he has made certain improvements?—That was the old state of the law in Otago, but it was got over in a great degree. Such a provision, however, might tend to check purchases for cash.

152. Would it not lead to settlement or to improvements?—Of course, if the law required a man to improve before he got his title, it would lead to improvements.

FRIDAY, 11TH JULY, 1890. (Mr. R. THOMPSON, Acting-Chairman.)

Sir ROBERT STOUT examined.

153. *Mr. J. McKenzie.*] You would know, Sir Robert Stout, something about Run No. 106: would you tell the Committee what you know about it?—The information about it that I have obtained was obtained simply through appearing as counsel in the case of *Reid v. Gilliland*, heard in the Supreme Court at Dunedin. What, I think, was proved by the evidence in that case was that the block of land of which Run 106 was a part was opened for selection, that application was made for this run under the deferred-payment system, and that it was obtained by men in Messrs. Smith and Son's employment. One man was a roadman, but he occasionally worked on the station; the other men were permanent employés. Three of the employés who obtained land were examined in Court; they all swore that the applications were made by them on behalf of the firm who employed them. Gilliland swore that large advances were made by the firm; that the fencing and improvements made on the section were made under the direction of one of the firm, John Martin Smith; that the money was paid by him for this fencing and the other improvements; and that, before the inquiry was held by the Waste Lands Board, it was arranged that he and the others should say that the land was purchased for themselves and not for the firm; also, that accounts were made out, but these turned out to be "bogus" accounts. They were submitted to the Land Board. The Land Board held the inquiry, and decided that there was not sufficient evidence to prove dummyism. It was also sworn that after the inquiry was made new arrangements were made between these employés and the firm, the result being that the employés came to be debited for all the money spent on the land—they were not credited for its use by the sheep belonging to the firm. Gilliland was induced to give a mortgage to Reid, but Reid admitted that it was merely a nominal mortgage so far as he was concerned—that is, he held it for Mr. Smith—though that was not known at the time. Reid sued Gilliland for possession of the land, and Gilliland set up, in answer to the action, that the mortgage was a merely colourable transaction—a dummy transaction, in point of fact. That is the question which the Judge has to determine. It was sworn also by a witness named Wymar that the land had been dummied. All the evidence went to show that the land had been dummied. Smith, having been sworn before the Land Board, deposed that it had not been dummied. Nevertheless, these employés were kept on by the firm. One of them had sued for an amount of money left in possession of the firm, and he got it. It is right to state that these men had sworn differently before the Land Board from what they swore in Court. Mr. John Martin Smith did not appear and give evidence before the Court. He could not well appear, because the books produced showed conclusively that several hundred pounds were claimed by him, and he had sworn before the Land Board that he had not paid such moneys. The evidence in Court was conclusive that he was wrong in that statement. It was sworn in Court that there was an arrangement between him and his employés that they should buy the land for him; there seemed no doubt about that. Of course, I only know what came before me as counsel, in Court; I cannot speak of my own knowledge, and I only state what witnesses swore in Court.

154. *Mr. Cowan.*] Mr. Maitland told us yesterday that these three men that signed the declaration said they were taking up the land for their own use and benefit?—Yes; declarations were signed in Smith's office, and witnessed by his son-in-law.

155. They swore that before the Board?—No doubt.

156. The same men when in the Supreme Court swore exactly the reverse of that?—Yes; to what they had said in their declarations.

157. What do you believe?—I believe that many of the transactions between them show that the land was dummied: the best proof of it is that Mr. John Martin Smith did not come and give evidence.

158. How would you stop it?—The only way I can see to stop it is to limit the area which a man can hold.

159. *Hon. Mr. Richardson.*] Will you state, when did this case arise?—I think the inquiry was in 1884 or 1885; the transactions took place in 1881: it was under the old Act.

160. *The Chairman.*] Then, this did not take place under the present Act?—No; not at all. It was under the old Act.

161. When was it before the Judge?—Only two or three months ago.

162. We will hear, then, what the Judge will say?—He may say whether there was dummyism or not.

163. *Mr. Ormond.*] Are there many cases of this kind in Otago?—I could not say. I believe there have been some. Whether there have been any under the deferred-payment system I cannot