

(15.)

INQUIRY BEFORE SIR JAMES PRENDERGAST, AT RAROTONGA,

FRIDAY, 24TH DECEMBER, 1897.

SIR JAMES PRENDERGAST reads his letter of appointment.

Proceeds with petition of C. Kohn and others. [Petition read; also Mr. Moss's observations thereon read, and letters of 23rd December and 24th December. (See Enclosures to No. 13, page 10 *et seq.*)]

Mr. C. Kohn handed in *Te Torea*, 11th August, 1896, with account of parliamentary proceedings of 28th July; and Monday, 3rd August; *Te Torea*, 8th August, 1896. Reads petition of , 1894; letter of 13th June, 1894, from same petition; and letter of 18th June, 1894. (Exhibits "A," "B," "C.")

Mr. Moss admitted that he was opposed to expenditure of money on public buildings. (This branch to be detailed in writing.)

Paragraph 2 of petition to His Excellency the Governor:

Mr. Moss admits that Donald and Edenborough are Government bankers. The Government Auditor and banker are the same person.

Paragraph 3: The private door; liquor passed through.

Paragraph 4: June, 1894, letter Chairman of Commerce to obtain British currency. Suggests a tax on importation of Chili money. That Chili money is imported from Tahiti. That the subject has been put before Mr. Moss by Captain Taylor, and that he took no notice thereof. This was a conversation only. Absence of British money is a great hindrance to trade in every way. British Resident should have acted on such suggestion, inasmuch as he has made the laws.

Par. 5: Government Auditor and Government banker is manager of the firm of Donald and Edenborough. All Government cheques have to be signed by Government Auditor.

If Government Auditor has not enough, or if it does not suit his firm, he can decline to draw on the Government account. This is a grievance. In practice this has been found to be done: Mr. Allen presented a cheque to Government Auditor for £50 for countersignature, which was refused because his partner [corrected to "employé"] had a private debt to Donald and Edenborough. Only remedy is that Government should be their own banker, or that a person not connected with the firm should be Treasurer, and Postmaster, and Collector of Dues. This brought before Cook Islands Parliament, but thrown out.

Par. 6: Assisting Postmaster: Liquor issued by Government Auditor; Auditor assists Postmaster in his accounts, and then audits the same. Auditor was appointed against the wish of the Parliament.

Mr. Kohn says it is unfounded that any equally competent person except Mr. Scard disconnected with any mercantile firm at the remuneration at the command of the Resident. That Mr. Scard was not, in the opinion of Mr. Kohn, a proper appointment, seeing that Mr. Scard, to the knowledge of Mr. Moss, arrived here under an assumed name. That it is publicly known that this Auditor was wanted for a bank robbery in America, and that it was believed to be known by Mr. Moss. Mr. Piltz can give this information.

Bond put in indorsed by Auditor, not by Collector of Customs (Exhibit "D"). Admitted by Mr. Moss.

1. Examined by Mr. Moss.] Are you aware that Mr. Scard before his appointment was intrusted by other merchants' rivals with keeping their books?—No.

2. Whether he has ever heard a word against Mr. Scard during thirteen years?—No.

3. During this time is he not aware that Mr. Scard has been an intimate friend of Mr. Hutchin's, and other missionaries here?—I have always known that he has been friends of everybody.

4. Whether this attack on Mr. Scard is one aimed at Mr. Moss?—The attack is made on the system, and also upon Mr. Moss, as being responsible.

Captain Piltz: I state what I know about Mr. Scard. He arrived here ten or eleven years ago; he went round the group and stayed at Atiu. I knew him well at that island. My vessel was under the American flag at the time, sailing between Cook Islands and San Francisco. Mr. Scard, at Atiu, gave me a letter and trusted me with several inquiries to be made in San Francisco, which letter, on arrival, after making inquiries was to be torn up, so as to prevent inquiry. During my stay in San Francisco I had no end of detectives and policemen running after me and guarding my ship day and night, wishing me to inform them where Mr. Scard or Banks was. This letter intrusted me by Mr. Scard informed me not to decide what island he lived at the time, which I did not do. I was called on by policemen and asked to inform where he was. I told Mr. Scard on my return of this. He told me to tear up all he had intrusted me. He made no comment. I heard that he was wanted by Wells, Fargo, and Co., Bankers. He said he knew it. This was 1892. Mr. Moss may not have known of this till now.

Mr. Moss stated: I arrived here 1890. Mr. Exham was then British Consul. In 1891 Mr. Exham pointed out Mr. Scard to me. He told me that he had been officially offered \$1,000 if he would go back to San Francisco, the object being that he should give evidence against others high up in Wells, Fargo, and Co., who had been speculating largely with the firm's money, and whose wrongdoings Mr. Scard, as book-keeper, had lent himself to conceal. Mr. Exham told me that when he offered this to Mr. Scard he said, "Not for a hundred times the money; they have been my best friends." Mr. Scard I afterwards saw in the confidential employ of rival traders here, keeping their books. I saw that he did not drink—a very great qualification—and I venture to say that it would have been very difficult for me to have got as competent a person not otherwise employed for £15 a year. I accept all responsibility of having recommended Mr. Scard as Auditor, and during the time he has filled that office I have heard nothing to shake my confidence in the slightest degree, and I do not think I should not have heard it.

1. Questioned by Mr. Kohn: Mr. Exham made this statement about Mr. Scard in the presence of the Rev. Mr. Chalmers. Mr. Scard told me at the time I asked him about the appointment, or previously, that he had come here under a cloud. He did not say what cloud. I had not received any other information about Mr. Scard's antecedents. I have since heard vague rumours about him not sufficiently definite to attach any importance to them.

2. Are you aware that Mr. Exham's own antecedents were such that you could have confidence in his statements?—No. He was British Consul at the time, and was acting until I became British Resident, and he handed over to me official papers.

3. Are you aware that Mr. Exham has served a term for perjury?—No. Mr. Exham was a partner in the firm of Donald and Edenborough, and is now in their employ. I have no reliable information that it was so.

4. Are you not aware that Mr. Exham is in the habit of drawing the long bow?—Yes; he tells white lies. Mr. Exham was not of intemperate habits at that time. It is ridiculous to suggest Mr. Exham has left to avoid inquiry.

At 11.30 adjourned till 1.30 p.m.

Mr. Kohn continues: Par. 7: About registration.

Mr. Moss states that the Registrar is paid by fees, and has nothing to do with audit. He did not know and does not know of any one suited to the business at the time besides Mr. Scard. A Mr. Doyle would have been a suitable person, but he wanted £100 or £150 a year for his services, whilst Mr. Scard gets £15. He would not have come for half unless he remained in Goodwin and Neal's.

5. Has not Mr. Scard been employed in and by a private firm?—Yes.

Par. 8 of petition: European representation in Parliament or Council: I put forward in support of this a letter from British Resident, 4th September, 1897, to Parliament.

Mr. Moss states that this allegation is contrary to the fact, and a mistake to say that he opposes representation of or by Europeans in the Parliament or Council. That, as he understands that, all Europeans who have resided in the group for one year have the same rights as natives. I do not object, and have always treated Mr. Salmon as a duly-appointed member. There is no election of members; the Arikis have completely under their control the Maoris, because they own the land.

Par. 9: Mr. Moss says there is no such law, and that he is not responsible. The laws imply election, but there is a general apathy on the part of all. See section 6 of Constitution Act.