I think I have categorically answered each assertion that Mr. Wason has made in his speech, as reported in the *Hansard* proof which you have forwarded to me.

Mr. Wason, for some reason of his own, did not quote in the House that he was the individual to whom he had referred in his speech as "A." Mr. Wason, however, in his letter to you of the 12th July, says that Messrs. Wilding and Lewis "forwarded a most offensive memorandum from the Public Trustee that he had made 'private inquiry,' 'land little or no value.'" He says he has not a copy of the memorandum, but it was of a most insulting nature. Mr. Wason has quoted certain words. I never wrote any such memorandum. It is a pity he cannot produce his memorandum. Mr. Wason then goes on in his letter to say that if I had not deliberately wished to injure and insult him it was only necessary for me to adopt a certain course. Fortunately, my office papers show that I had no such object in view. The concluding paragraph of Mr. Wason's letter is that he has brought the matter forward in the public interest. If this be true, it is somewhat singular that he, believing—for I assume he did believe what he has said, however unjustifiable that belief may be—that I was so unprincipled, and quite unfit to retain for an instant the control of this institution, should not have at once communicated with the Government, who could have suspended me from or deprived me of the office which I hold.

The course of dealing in this office is that the letters are opened by the Chief Clerk, who distributes them to the various officers whose duty it is to attend to them. All applications for loans go to the Accountant, whose business it is to obtain all possible information with regard to the security proposed, and pass the papers on to the Chief Clerk, through whom they come to me.

I attach a copy of every memorandum, letter, or minute in my possession relating to Mr. Wason's application. The first is the application itself, signed by Mr. Wason. This you will notice is dated the 8th March, and is for an advance of £5,000. You will also observe that Mr. Wason states that he has just paid £7,000 for the property. Assuming that £7,000 was the value of the property, and that I should have been justified in lending to the full extent allowed by law, it was impossible for me to entertain Mr. Wason's application for a loan of £5,000, because I could by law not lend more than £4,200. This application was forwarded to me in a letter from my Christchurch agent, dated the 12th March, which was received here on the 14th March. You will observe that my agent gives me no information whatever, nor anything to suggest that any arrangement has been come to, as to having the land valued; on the contrary, he says, "Please inform me if I should instruct Mr. McMillan to value." This letter was handed in the ordinary course to the Accountant. The memorandum upon it initialled "M.C.B.," is in the Accountant's handwriting, and those are his initials. He in turn sent the document to the Deputy Public Trustee and Chief Clerk, whose memorandum is initialled "A.A.D.," and you will notice the Accountant's memorandum is dated the 19th, and the Chief Clerk's the 21st March.

On the 21st March, for the first time the application and letter from my agent, together with the memoranda which I have mentioned, reached my hands, and, in the face of the price which Mr. Wason said he was paying for the property and memoranda which I have quoted, I decided that the security was one which I could not entertain, and on the same day that I received the papers I wrote to the District Agent at Christchurch the letter of which copy is enclosed. I find attached to the papers a memorandum in Mr. McGowan's handwriting with a pencilled memorandum on it, by whom written I do not know. This was, I assume, written by Mr. McGowan when my accountant saw him.

I have now given you everything that I know about this matter. What my Christchurch agent may have done I do not know, nor is it material, since the question is not whether the office has conducted its business without an error of judgment, but whether I have been actuated personally by improper or corrupt motives.

I have telegraphed to my Christchurch agent to come here by the first boat and to bring his letter-book and all the papers he has relating to Mr. Wason's application. I am not awaiting his arrival, however, before communicating with you, for the same reason that I suggested you should send some one to take charge of the file of papers before it was possible that I could see them—namely, that a person who will make the groundless charges of corruption and dishonesty which Mr. Wason has made against me, might not hesitate to make charges that I have tampered with the office files to suit my case, or for a like purpose had concocted some story with my Christchurch agent. If there is any matter that I have overlooked or not answered or dealt with I will do so immediately on hearing from you.

As the charge made is one against me personally of improper conduct, I need not trouble you with reference to the decisions of the Courts in England and New Zealand defining the duties of a trustee in lending trust funds, but I may remind you with those decisions laid down that a trustee has no right to blindly rely upon the opinion of any valuer however competent, but is bound to exercise his discretion in making an investment whatever the opinion of the valuer may be. I return Mr. Wason's letter herewith, and in conclusion I can only press with the utmost urgency for a full inquiry into my conduct.

I have, &c.,

The Right Hon. the Premier. J. C. Martin, Public Trustee.

No. 5.

The District Agent, Christchurch, to the Public Trustee, Wellington.

Sir,—

I enclose herewith application for a loan of £5,000 by Mr. J. C. Wason, per Messrs Wilding and Lewis. Please inform me if I should instruct Mr. McMillan to value. The applicant is said to have bought this land very cheap, and he is spending £1,000 at once on improvements. Kindly reply by first mail.

Yours, &c.,

The Public Trustee, Wellington. J. J. W. Hamilton, District Agent.