show you that it is not a solitary brick I am quarrelling about. In order to complete the description in the account the whole thing has to be fabricated.

Mr. Macdonald: You say that the amount is made up for the "Lawrence" with £6,136 16s. 10d. in the balance-sheet of 1889, and of the amount which appears in the expenditure upon the "Lawrence" this year—viz., £4,636 2s. 5d., the two together totalling up £10,772 19s. 3d. on the asset side. Have you taken into account the fact that in the statement of transactions for the year 1890 there is a debit entry of £2,722 8s. 2d., receipts, freights, &c., less wages, insurance, &c., which later on is called the profit account of the "Lawrence" and appears on the debit side as a liability?

Mr. O'Conor: No, I have not taken that into account, because the assets have not been given the credit. It is taken as a profit upon the whole transactions of the company. The item you speak of is £2,722 8s. 2d. That is a fictitious credit on the profit and loss account. I say that if the expenditure on the "Lawrence" was according to this false balance-sheet properly entered the "Lawrence" would have got credit for the £2,722 8s. 2d., which was here declared to have been made a profit on the business of the company which never was made.

Mr. Macdonald: Your contention is that the "Lawrence" should have shown £8,500?

Mr. O'Conor: No, I say the profit was not made. I say the statement is untrue as to fact and untrue as to the balance-sheet itself.

Mr. Miles: The receipts and freights of the steamer "Lawrence" are stated at £6,977 4s. 6d., less wages, &c., £4,254 16s. 4d. Do you contend that is an insufficient amount to deduct from the £6,977 4s. 6d?

Mr. O'Conor: No. I was last speaking under the head of assets, steamer "Lawrence." I will give an answer to the question provided you will connect the two. I stated that the entry £6,977 4s. 6d. is a fictitious entry in which there are credits entered falsely, and I say that the wages, &c., £4,254 16s. 4d., is false. Both are fictitious and false. But I add that, if true, the £2,722 8s. 2d. shown as a profit upon the "Lawrence" ought to appear in deduction from the £10,722 19s. 3d., showing the value of the "Lawrence," *plus* expenditure less freight, &c., if the balance-sheet were true. I have also to show—but it will not very much affect the contention—that the receipts for coal f.o.b. Mokihinui are not anything like sufficient to cover the cost of the coal to the company. But that is not part of my charges. I now propose to pass away from the balance-sheet, and to take the accusations made by me in the circular as the basis of my further remarks. I propose to take the directors' circular and reply thereto, and in doing that I will deal with them either confirmatory or otherwise, and anything I have omitted I will supply afterwards. I have two balance-sheets for 1890. I have one which was submitted to me at a directors' meeting, in which I have pointed out misstatements of the facts, and also that contingent liabilities were omitted. I pointed out the claim for the "Hapuku," and that was afterwards inserted by the auditors. One balance-sheet has that item and the other has not. I produce that to show that some of my contentions were attended to and others not, showing that if there was not some object in it every one would have been attended to. It is stated in the first paragraph of the circular that it has come to the knowledge of the directors that a circular dated 3rd June has been issued to some of the shareholders, &c., I reply to that [circular produced]. Here is the circular, marked 1st July, with the compliments of Mr. O'Conor indorsed upon it. You will remember that at the meeting on Friday Mr. Gale said that their circular was issued on the 27th June. I myself met one of the directors on the 4th or the 5th July, and he told me my circular was going to be dealt with, and he was going to the meeting of directors. Mr. Gale said in the presence of the chairman, who has never denied that their circular was issued before they got my circular. [Minutes of the 6th July referred to.] The object of entering that is for the purpose of misrepresenting my action. These circulars were sent to me at my request from Westport. The day the circulars were posted by me they were sent to the directors. They got the circular on the 1st July. [Minutes and the postmark of the 1st July, referred to.] That is dated the 27th June, evidently for a purpose, nine days before the Board had appointed their Committee to reply to it. [Minutes quoted—"Prepare a defence to the allegations in the circular."] It does not appear to me that they have brought up a report. I have had very little time with the minutes, but the 6th July, 1892, is the date on which the committee was appointed, and when we consider that statement in the circular it is just as well to take notice in the same way of what is said here by the writers. The next item in the circular is a general statement for the information of the shareholders that the directors submit extracts from the company's minute-books in refutation of the allegations made by me. In order to show this a string of resolutions is given passed at meetings of the directors at which Mr. O'Conor acted as chairman, it being well known by the chairman who signed this circular that the business was done in spite of the violent opposition of Mr. O'Conor. That is one thing about which I feel very strongly, for Mr. Macarthy knew this and was a party with me in resisting the purchase of the "Lawrence." In the minutes, of which I have a copy, the resolutions are irregularly shown, as on two different days there is somewhat of mixture. There is one item which is underlined in my copy of the minutes which is underlined here also, but there is this addition in the minutes, that the whole line is underlined. I charge the directors with dishonestly omitting a portion of a resolution they have quoted. I say distinctly that if there is a duty devolving on the directors great care, it is to give no misleading information to their employers for whom they are acting as trustees, and in so serious a matter as the records of their meetings where they are making an accusation of untruthfulness against a man. I am here considered to be a consenting party to the purchase of this boat. I say they should have been very careful in not misstating any of their minutes. [See minute-book, p. 131.] I say that the substance of that has been eliminated by the directors when giving that to be copied. The minute-book reads "subject to instructions" was underlined, and I now find it underlined in the book, but also the words preceding it are