

repaired, and I joined with the Westport shareholders in agreeing that the "Lawrence" should be utilised and run to any place where the directors thought proper, and we gave them an indemnity. Previous to this taking place, and in consequence of the scandal from the purchase of the "Lawrence," and my abhorrence of the way business was being done—openly expressed—a meeting of shareholders in Wellington was called. The result of that was that the directors were called upon to resign. They did resign, and Mr. Seagar and Mr. Joseph were not re-elected. I expressed my regret at losing Mr. Joseph, whom I looked upon as an honest man, but more a dupe of the others than a man capable of doing the actions that he was mixed up in with the other two; and I say now, in the presence of Mr. Allen, that he ought to have been struck off the directory instead of Mr. Joseph, and he would have been struck off if my advice had been taken. I found Mr. Allen on the board of directors constantly looking after the interests of persons who were business-men in town to get their custom, and to get any accounts he had not got through that means. And I expressed my opinion to that effect to Mr. Allen. He was very indignant on the subject, and refused to act on a committee in connection with the books, as shown in the minutes. Mr. Allen's position on the board was that he was there when there was anything in the way of an intrigue going on, and when the ordinary interests of the company were under discussion he generally had, or stated that he had, some important business of his own to attend to, and left. I recognised that Mr. Allen's interest in the company was very small, and I expressed my belief to him that he was on the board for the fees, and for the way he could serve himself by patronising his friends and connections through the funds of the company. Well, now I have said everything I have to say coming up to the time the balance-sheet was issued, except to refer to one remark that is here [in the directors' circular] put in italics. "Here Mr. O'Connor's income from the company ceased." That, like many other things, is inaccurate and untrue. After that I was paid expenses for doing work for the company here which I think would amount to something like £70 or £80, and since then, to their own knowledge, I have been in receipt of interest for £300 I advanced to the company; and I should have been in receipt of more if they had not taken to themselves my share—that is, if any of us were entitled to a share—of the honorarium of 1890. Now, I wish to get the voucher—because this is a thing which must be laid before the committee, it is not in the books—I refer to the voucher of the honorarium paid to Mr. Macarthy for directors' fees for 1890. He has drawn £105 as honorarium for 1890, and I want the voucher for that. This amount was paid upon the motion of Mr. Gale, as stated in my circular. Previous to that a vote was carried at a meeting of shareholders of which I was chairman, in 1889, that no expenses were to be allowed to those directors. I am not quoting the exact words, but they are in the minute-book. I contend, under that resolution, that no director for that year had any right to claim any expenses, nor yet any payment for his services. I accepted my position as director with that understanding. Although I was unremitting in my attendance in doing the work of the company here, and was put to considerable expense in doing so, I put in no claim for my expenses; but when I came to examine into the balance-sheet of 1891 I found charges made there by Mr. Barton which the minutes and accounts show, and by Mr. Roskrige also. I was very much astonished at it. I looked back to the resolution, and presented my own claim for expenses to the directory of 1891, of which I was not a member. They, having done one wrongful act in voting money to themselves, could not do otherwise than vote my expenses, and they paid them. Mr. Gale's resolution, to my mind, was not competent to rescind the former resolution. It was practically carried by directors themselves. The effect of the two resolutions as they stood would be to leave the course clear for another. But surely one resolution anticipating that there should not be payments was as good as another saying that there should be. Mr. Gale at this meeting was himself indebted to these directors for a seat on the board, and between him and them they held the overwhelming proportion of votes obtained through proxies from absent shareholders, and they used their position obtained by these proxies to vote themselves money contrary to the previous resolution, and they had no right to do that. I felt sure that no scruples of that kind would prevail with them, and I inquired frequently both of the secretary and the chairman what had been done in regard to that matter. I ascertained that £105 were drawn in one cheque, but I never got any information as to by whom it was drawn or how it was disposed of until I saw the minute-book, and then I found that this book shows no record at all except the passing of 105 guineas honorarium, and a further £42 or £43 odd to Mr. Macarthy. I say that the auditors or directors in passing that account have committed wrong upon the company. The directors had no right to appropriate this money, and the auditors had no right on such a certificate as this to pass any payment to the directors, unless they did it on the resolution of the shareholders of 1891 authorising the payment, and the signature of every director who has a claim individually. I say that the voucher has no signature of the claimant—no certifying signature. I produce the voucher and show that it has no signature except that of the recipient, "Thos. G. Macarthy." There is no authority on the back authorising Mr. Macarthy to receive it on behalf of the directors; and that this is an invalid receipt to the company as against these directors' fees, and that as one of the persons who have a claim for serving as a director during the period for which that was voted I have never given my consent in any way for the payment of this money, and knew nothing about it. I submit the truth of the allegations made by me in this circular with regard to many matters which are not mentioned here by me, and (tabling the circulars) I submit them in an unqualified manner to this committee to ascertain whether it can detect any misstatement in them of mine. The next thing is the statement of the directors that they "do not intend calling up the whole of the capital." I beg to call your attention to the suggestions I have made in the report, signed by myself and other people at Westport, to the effect that it is not safe that we should reserve less than £5,000 for the work at the mine alone; and I say that on the 12th May nine calls had been struck; the previous month one call was made, making all the capital called up; and that practically this statement would be accepted by any person who