

Mr. Macarthy: Quite so. We sold the coal for 15s. a ton as long as we could, and then had to charge them 10s.

Mr. Miles: Johnston and Co., as agents, sold the steamers this coal?

Mr. Macarthy: Yes. Mr. O'Connor then goes on to refer to myself, but I shall pass that by. He says Mr. Barton is a sheep-farmer. I may say he is a large shareholder as well as an engineer; and I propose to put before you some plans of Mr. Barton's work and compare his work with O'Connor's. Mr. O'Connor states Mr. Sloan resides in Invercargill, but in that he has simply confused two persons. He makes some insinuations about Mr. Gale, to which I answer that Mr. Gale was elected by the shareholders, and Mr. Allen was elected on the nomination of Mr. O'Connor. I come now to the question of Mr. Blair, and I say that he was placed on the directory by Mr. O'Connor; the minutes of the company establish that. At the time Mr. O'Connor induced Mr. Blair to join the directory the account between the company and his firm was opened, and it does not amount to much. I may also state that so far Mr. Blair has not received any fees as a director. Mr. O'Connor opened the account himself at Mr. Blair's. We now come to Mr. O'Connor's charge that the articles and memorandum of association have been altered against the wish of the Westport shareholders. Why not, if three-fourths of the shareholders considered it necessary in the interests of the company that they should be altered? If Mr. O'Connor had adopted the usual course he would have gone to a solicitor and had the original memorandum and articles drawn; but, being impressed that he was himself as good as a lawyer, the business of the company was started with that defective memorandum. We may lay it down as a principle that a memorandum of association expresses no more than its words contain, but neither can it be considered that it implies more than is expressed by its words. It is absolutely impossible to alter them without conforming to the Companies Act, which provides that amendments must be confirmed by a subsequent meeting at which every shareholder has had an opportunity of expressing an opinion on them. The old memorandum was the cause of considerable trouble, and seriously delayed the operations of the company, and was consequently a source of great expense. What I want to convey to you is this: We can see from what has already transpired that the directors found that the old memorandum and articles were insufficient for carrying on the business of the company, and the shareholders supported their view by adopting the new memorandum and articles. That view was confirmed by a subsequent meeting; therefore it was the hand of the shareholders which was responsible, and we need not waste your time by asking you to discuss the large amount of matter which Mr. O'Connor has introduced respecting them. I say that a man who is capable of bringing this forward for the purpose of discrediting the directors is entirely untrustworthy. There is yet another matter in this connection. You probably know Mr. O'Connor's handwriting. Here are schedules in his handwriting containing the very powers he says ought not to be conferred upon the directors. [A draft memorandum and articles of association, with corrections in Mr. O'Connor's writing, were here put in.] The minutes referring to the alterations in the memorandum and articles will be found on folios 182, 185, and 187. He is, I imagine, in the same position with regard to the memorandum and articles of association as he stood in with regard to the purchase of the "Lawrence." Mr. O'Connor states that the hull of the "Lawrence" could have been floated for between £2,000 and £3,000. Mr. O'Connor ignores the fact that the "Lawrence" was insured; and I need not tell you, gentlemen, that the vessel was lost, and that we had reason to believe that the loss was total. The question presenting itself to our mind was, Shall we throw her on the hands of the underwriters and secure our £2,000, or shall we endeavour to recover her and run her again? We decided that the £2,000 was better for the company than the wreck, under the circumstances. As a result the "Lawrence" was abandoned to the underwriters, and the insurance companies sold her at auction. From the time of the wreck until the sale Captain Leys did what he could to secure everything from the vessel. We purchased the wreck and secured material for the mine worth more than double what we gave for the wreck. At that time the hull had broken in two, and the two pieces were 100 yards apart. Mr. O'Connor has given an opinion that when purchased she was structurally weak, and so forth, but when she was wrecked he took up a different position, for he said that for an outlay of £2,000 or £3,000 he could have made her as good as a vessel worth £10,000, and gives us the opinion of Mr. McIsack; but his opinion carried little weight with us, inasmuch as we had been compelled on a previous occasion to expend nearly £5,000 where he had estimated £2,000 would have been sufficient. We sent Mr. Edward Seagar, and his report is furnished in the directors' circular. In consequence of Mr. O'Connor's assistance and interest displayed in putting before the directors the expediency of having the two ends put together, a letter was written offering him £2,500 if he could get anybody to do the work for that. He called that an impertinent letter, because it struck at the root of the matter. I submit that the directors acted entirely in the interests of the company in the course they took with regard to the "Lawrence." A further statement was made that there was no survey—no inquiry. I cannot bring Captain Leys forward, but will put in a letter from him showing that there was an inquiry by the Collector of Customs and the Chief Harbourmaster at Westport, when the signalman at Mokihinui and the master and crew of the "Lawrence" were examined. The letter is as follows:—

"DEAR SIR,—

"Wellington, 24th September, 1892.

"I beg to state for your information that an inquiry into the loss of the s.s. 'Lawrence' was held at the Customhouse, Westport, before the Collector of Customs and the Chief Harbourmaster. The following persons were examined: J. Leys, master; W. Conway, chief mate; G. W. Ross, chief engineer; C. Robertson, lamp-trimmer; G. Johnston, leadman; Peter Cornelison, signalman, Mokihinui.

"T. G. Macarthy, Esq."

"I remain, &c.,

"JAMES LEYS.

Mr. O'Connor has evidently hazarded a statement without taking the trouble to find out whether it was correct or not; but as it reflected upon the directors it evidently answered