

his purpose. Mr. Straw, the mine-manager, is here, and he will probably give some information as to the position of the wreck. Now, with reference to the office expenditure: Two or three statements were made by Mr. O'Connor as to the office expenditure here and at Mokihinui. I think he has stated that the amount for office expenditure at Mokihinui was £400 per year, and in Wellington £300. Dealing first with Mokihinui, I say there was no office. The company are engaged in working a coal-mine, and the Act requires a qualified manager, and a deputy also. These two constitute the management there—not the clerical staff, but having control over the company's mine at Mokihinui. Mr. O'Connor was there when the manager was engaged, and there is no other office expenditure at Mokihinui. In Wellington Mr. Deacon's salary is £100 a year, which includes office-rent. A considerable portion of the office expenditure during the last year was incurred in connection with the amended memorandum and articles of association. You have it in evidence that Mr. O'Connor has not disputed that during the time he was acting as secretary, manager, and engineer he received £1,461 6s. 10d. His salary was £300 a year and travelling-expenses. The following are the amounts received by Mr. E. J. O'Connor from the Mokihinui Coal Company (Limited): "Year 1885, £28 14s. 6d.; 1886, £231 15s. 3d.; 1887, £401 10s. 3d.; 1888, £431 5s. 4d.; 1889, £368 1s. 6d.: total, £1,461 6s. 10d.—Wellington, 3rd February, 1891." I do not know whether Mr. O'Connor's expenses in Melbourne were included in that £1,400 odd. I might point out to you the mode in which his salary was voted one year by the manufacturing of shareholders in Westport. Here is a letter dated 31st January, 1889, addressed to Mr. Wright, secretary of the Mokihinui Company, by Mr. O'Connor: "In regard to the meeting to be held on the 6th, you will please consult with Messrs. Rodgeron and Colvin, so that notice shall be sent to distant shareholders that as there is no possibility of my returning in time for it, that it will not be held on the 6th, but upon that day week, at the same time and place, under clause 38 of the articles. You will require also to look out for the attendance, and if necessary make some shareholders to enable us to hold the meeting," &c.

(At this stage the inquiry was adjourned till 7.30 p.m. The inquiry was resumed at 7.30 p.m.)

Mr. Macarthy: I called your attention to a clause in Mr. O'Connor's letter of the 31st January, 1889, instructing the secretary to make shareholders to attend a general meeting. I now put it in the minute-book. The meeting was held on the 13th February, 1889, and in the book it is headed "Minutes of adjourned meeting under clause 13 of the articles of association." In the list of those present appear the names of six which are in the register I now produce. [Company's register put in.] The names are Messrs. McMahon, S. Taylor, J. J. Moynihan, P. Kelly, James O'Connor, and C. Wright. At that meeting, among other business, it was proposed by Mr. Greenland, and seconded by Mr. Colvin, "That the remuneration of the directors and managing director be authorised upon the same scale as last year. Carried."

Mr. Macdonald: How many shareholders were present at that meeting?

Mr. Macarthy: Nineteen.

Mr. Macdonald: How many comprised a quorum under the articles?

Mr. Macarthy: I think, twenty.

Mr. Macdonald: You cannot tell whether that was a correct quorum or not?

Mr. Macarthy: No. Still, for our purpose we may call it a quorum. I simply instance it to show the system adopted at Westport.

Mr. Macdonald: Are these gentlemen still possessed of their shares?

Mr. Macarthy: I produce the share register to show that the whole of these shares have been retransferred to Mr. O'Connor with the exception of one, who, Mr. O'Connor says, has died. He has asked the Board to retransfer that, and it will not. The transfers are dated 13th February, 1889, the date of the meeting. The retransfer to Mr. O'Connor took place during last year, in July and August, 1891, Mr. O'Connor having in the meantime paid the calls on the shares.

Mr. Macdonald: You have the old minute-book there?

Mr. Macarthy: I have, sir.

Mr. Macdonald: Is there any record of these transfers being authorised by the directors at Westport?

Mr. Macarthy: There is no record in the minutes of the special meeting on the 30th January, 1889, nor at the meetings held on the 1st February, 6th February, and 8th February.

Mr. Macdonald: Then there is absolutely no record of the directors having authorised the transfer of these shares?

Mr. Macarthy: None, sir.

Mr. Macdonald: The transfers appear to have been manufactured for that meeting by transfers from Mr. O'Connor.

Mr. Macarthy: I put the letter in to show that it was an instruction from Mr. O'Connor, the managing director, to Mr. Wright, the secretary. I now refer to Mr. O'Connor's circular of the 4th August, 1892, at page 3, where he speaks of the railway-trucks. He says: "When the work was proceeding at Westport under my supervision I received a resolution from the directors forbidding the expenditure then under contract, and I went on with the work at my own risk. The trucks were tried, and the manager reported that they were excellent. A number of truck-bodies were afterwards built, but ignorance and personal opposition to me prevented my obtaining a supply of suitable wheels, although after Mr. Higginson reported, all the directors except Mr. Allen withdrew opposition. At the time of the coal famine truck-bodies were on hand, but wheels, axles, and bearings were very short. I had been pressed to purchase some condemned wheels and axles belonging to the Manawatu Company. I inspected and declared them useless for the purpose; but Mr. Barton purchased and sent them to Mokihinui, also a quantity of bearings of the wrong size. The manager found the lot useless, and they have lain by the river-side ever since, notwithstanding various ridiculous experiments tried under Mr. Barton's instructions to utilise them." There is a serious reflection upon Mr. Barton here, and I propose to place before you a duplicate invoice of