

convened by arrangement, Wellington appointee to act as convener. The fee shall be fixed to be paid to the gentlemen appointed, Mr. O'Connor to act on behalf of the Westport shareholders as regards fixing the same."

Resolved, "That this meeting desires to express regret that the original proposal that Westport shareholders appoint one member of the inquiry, and Wellington shareholders another, and those two be authorised to select a third, was departed from, as it may be urged against the committee if it is not very carefully selected that two of the three are virtually appointed by one of the parties interested—with the hope that no questionable decision may be arrived at, and that the result of the inquiry may be final and conclusively accepted. The shareholders at Westport are inclined to take part in the inquiry, although it does appear to start unfairly."

I hereby certify that the foregoing resolutions were duly put and carried at a meeting of Westport shareholders in the Mokihinui Coal Company (Limited), held in Westport, on the 27th day of October, 1892.

THO. THOMPSON, Chairman of Meeting.

REPORT.

GENTLEMEN,—

Wellington, 7th December, 1892.

In accordance with resolutions arrived at by meetings of shareholders held in Wellington, Westport, and Christchurch, in the latter end of October, 1892, Messrs. A. H. Miles, C. N. Greenland, and T. K. Macdonald were appointed to act as a committee of inquiry in order to examine into certain charges made against the board of directors of the company by Mr. Eugene O'Connor, M.H.R., and "to report and examine upon the management, accounts, and general affairs of the company from its incorporation." The committee met on Friday, 11th November, and arranged the order of procedure. They commenced the taking of evidence on Monday, 14th November, and continued from that day, with certain necessary adjournments, until this 7th day of December instant to hear evidence and investigate the affairs of the company. Mr. O'Connor was first called upon to make his statement and submit such evidence as he desired to bring forward in order to substantiate his charges. After he had concluded a serious difficulty arose between the members of the committee and Mr. O'Connor, on account of his refusal to deliver to the committee the extracts made from the books of the company by clerks appointed by the committee at his request, he having alleged that these references were necessary as evidence to support his case. The committee felt that Mr. O'Connor was acting improperly in refusing to comply with their request, and adjourned the inquiry for two days in order that he might consider his position. Mr. O'Connor, however, still persisting in his refusal, the committee decided to continue the inquiry, and to examine the books, records, and documents of the company without having the aid of the special extracts made at Mr. O'Connor's request. This has necessarily involved a much larger expenditure of time on the part of the committee than would otherwise have been the case. Another embarrassment also arose in consequence of Mr. Greenland, a member of the committee, departing from Wellington on the conclusion of Mr. O'Connor's statement, leaving behind him a letter stating that he had to return to Westport on account of his official duties. The committee telegraphed to Mr. Greenland expressing their surprise at his conduct, and have received certain communications in which he expressed a hope that he would be able to return at an early date. He has failed to put in any further appearance, and the committee have had to continue and conclude their labours without assistance from him. Mr. Greenland has, however, committed an act of impropriety in preparing, without any consultation with his colleagues, what he has been pleased to term an *ad interim* report and certificate respecting the affairs of the committee, and in issuing the same to some of the shareholders. It will be seen by reference to the printed minutes of the proceedings of the committee that they have called Mr. Greenland's attention to the fact that in such so-called *ad interim* report he has made very serious and misleading statements which entirely misrepresent the true position of affairs, and that in coming to a conclusion as to the merits of the case after hearing only Mr. O'Connor's statement he has not acted as an impartial arbitrator. The committee have recognised the very grave and serious position in which the company has been placed by the accusations made against its present management by Mr. O'Connor. They have felt that it was necessary to make a thorough and exhaustive inquiry in order that a true opinion, founded upon absolute facts, could be conveyed to the shareholders, who might thus be enabled to see how and by whom the affairs of the company should be managed in the future. It has been found impossible to print the whole of the large amount of material brought under the consideration of the committee, but from the statements and evidence which we attach to this report the shareholders will, we trust, be enabled to get a fair and comprehensive view of the whole position.

The Balance-sheet of 1890.

The first and most important charge made by Mr. O'Connor against the directors was that they had been parties to issuing a false balance-sheet in reference to the transactions for the year ending the 31st December, 1890. The grounds of Mr. O'Connor's contention were that the accounts were falsified by the way in which the different items were entered. In order to prove his statement Mr. O'Connor called attention to the item appearing in the balance-sheet, "Receipts for coal sales, f.o.b. Mokihinui, £2,190 8s. 9d., less £150 13s. 6d. allowances to Union Steamship Company outstanding last year." He stated that no such sales f.o.b. Mokihinui took place at 10s., that these items were transferred from the accounts of the steamers "Lawrence" and "Terranora" at a fancy price not sufficient to pay the working-expenses at Mokihinui, and that the effect of such entries was a deliberate attempt to mislead the shareholders into the belief that there was a profit on these steamers when such was not the case. With respect to this matter the evidence is entirely against Mr. O'Connor. Mr. O'Connor is technically correct in stating that no such sales