

THE MOKIHINUI COAL COMPANY (LIMITED).—INQUIRY INTO CHARGES MADE AGAINST THE MANAGEMENT BY MR. EUGENE O'CONOR, M.H.R.

REPORT of proceedings at an inquiry held by Messrs. T. K. Macdonald, chairman, A. H. Miles, and C. N. Greenland. Directors present: Messrs. T. G. Macarthy, F. Allen, T. Gale, and John Barton. Mr. E. O'Connor was present and made a statement.

Mr. T. K. Macdonald: Gentlemen, this inquiry has been brought about by certain resolutions being arrived at by meetings of shareholders held in Wellington, Westport and Christchurch. The minutes of proceedings at the various meetings are upon the table. The resolution passed at Wellington on the 22nd October appoints Mr. Miles to act as a member of the committee on behalf of the Wellington shareholders. The resolution at Westport passed on the 27th October appoints Mr. Greenland to act on the committee, and the meeting held in Christchurch on the 27th October appointed myself to act as the representative.

Mr. T. G. Macarthy: The whole of the directors accused by Mr. O'Connor are not here; two or three are absent. I have to put it to you, sir, whether in the absence of these directors, and possibly with a view to protect ourselves in the event, perhaps, of Mr. O'Connor having ulterior objects, the directors could not be represented by counsel if they desire.

Mr. Macdonald: I take it that the committee will have no objection either to Mr. O'Connor or the directors being represented by counsel if it is so desired, but the committee will not allow counsel to take any part in the proceedings.

Mr. Macarthy: We have no authority to represent absentee directors, and we may not be able to give our undivided attention to this inquiry. Assuming that Mr. O'Connor might act so as to worry the directors, or endeavour to prolong the inquiry, that would be a very awkward position for the directors to be placed in.

Mr. Macdonald: The practice the committee will adopt will be this—and in this connection I may say that the committee desires that the work shall be brought to a close as speedily as possible, and it will therefore depend upon Mr. O'Connor and the directors whether economy of time will be observed or not: Both Mr. O'Connor and each director will be supplied with a copy of the proceedings if possible from day to day, so that each director will have a verbatim account of what takes place. You will have this record, and at the close of Mr. O'Connor's statements you will be able to reply fully to anything he may have said.

Mr. Macarthy: If the remarks made by Mr. O'Connor extend over a considerable time the question of remuneration will have to be considered.

Mr. Macdonald: The inquiry ought not to extend over more than two or three days if both Mr. O'Connor and the directors put their case pithily before the committee.

Mr. Macarthy: The directors do not know what the case may be which will be put before the committee, and therefore it is suggested that they should be represented by counsel.

Mr. O'Connor: I wish to say that that is quite unnecessary. What I have to say will be taken down by a shorthand-writer and submitted to me for correction, and initialled. I want that report, and wish to have it placed honestly in the hands of the directors and myself to make what use of it we like. The directors, if they think proper, will have the statement made by me before them, and they can employ counsel if they like at their own expense. What I have to say, and I am sorry to say it, will impugn the integrity of the directors. In the circulars issued I have plainly stated that, and I am bound to do that to protect my own interests and the interests of those gentlemen who are acting with me. I object to the directors saddling the company with any more expense.

Mr. Macdonald: The committee are of opinion that if the directors wish to employ counsel to watch the case on their behalf there is no objection to that being done.

Mr. O'Connor: In the first instance, I wish to know, as I have been asked to furnish a statement of my charges, and have done so on Friday last, whether it is intended to bring anything in the way of a counter-charge against me. It was stated that charges were to be made against me and the previous directors.

Mr. Macdonald: The committee know nothing about what has taken place in the past.

Mr. O'Connor: I was asked to furnish a list of my charges through the committee, and Mr. Macarthy said I was not to see the books or papers until I supplied the directors with my charges.

Mr. Macdonald: At a formal meeting on Friday last you requested that facilities should be given you to look through the papers and books of the company, so that you would be prepared on Monday morning to inquire into the different matters. The committee suggested that facilities should be given to you, and have now met in accordance with the resolution for the purpose of hearing you. After you have made your statements, and supported them by vouchers and documents, it will be for the directors, if they think it desirable to do so, to show wherein you are wrong, or otherwise to stand convicted of the charges made against them. It is clearly your business to proceed with your statements and charges, and support them by evidence.

Mr. O'Connor: On Friday last, when I handed in my charges, Mr. Gale said there were no charges made against me or the former directors. I have understood since that there were some charges to be made against me, and say now that it is manifestly unfair that I should be called upon to go on until I know the nature of the counter-accusations to be made against me. The next thing I have to submit to you is this—without impugning the fairness of the committee, which is yet to be seen—I have to impugn the fairness of the election of the committee. Two of its members have virtually been elected by the directors or under their influence. I am representing a section of unsatisfied shareholders. Now, Sir, this inquiry is in the nature of an arbitration—an arbitration in which one side appoint two of the arbitrators and the other side one; and, if I get anything like fair-play on this occasion, it will certainly not be due to the manner in which the committee has been elected. I have to complain of the combination which has placed me at the disadvantage of being overruled by persons not nominated in a spirit of fairness. Notwithstanding—