

We wired you on the 16th ultimo as follows: "Referring to our letter of 2nd December, we await reply"; and on the 30th ultimo we received your cable as follows: "In our opinion correspondence on subject explains fully. We await reply letter December 7th."

Mr. Kimber, M.P., having unfortunately been taken ill and gone to Egypt to recover his health, and his colleagues considering it important that they should have the benefit of his assistance in dealing with this important matter, and especially with regard to the drafting of a power of attorney, decided to defer taking further action until a full Board can reassemble, which I hope will be shortly.

Yours, &c.,

C. DUGALD BUCKLER, Secretary.

The General Manager, Assets Realisation Board,
Wellington, New Zealand.

LETTER from COMPANY to ASSETS BOARD, sent 24th March, 1899.

New Zealand Thames Valley Land Company (Limited),

DEAR SIR,—

9, New Broad Street, London, E.C., 24th March, 1899.

In our letter to you of the 11th February last we informed you that, in consequence of the illness of Mr. Kimber, which had obliged him to go to Egypt, we had decided to defer taking action until a full Board could reassemble. Mr. Kimber has now returned, and the Board have at once proceeded to consider the whole matter of our recent correspondence.

The earliest in point of date is your letter to Mr. Seddon of the 15th June, 1897, when he was in this country. This letter was not communicated to us until we received a copy of it with yours of the 4th October, 1898. In that letter to Mr. Seddon you made three suggestions, which have already been referred to by us in our letter to you of the 2nd December last. In the present position of this question, created by the attitude you have taken up, no one of these suggestions could be given effect to by us except with the full assent of our shareholders in this country.

We have already called your attention to the fact that we have been long waiting to learn your suggestions as to more economical and more advantageous management of the estates in New Zealand, but we have not received any details as to the mode in which you consider the expenditure can be diminished in New Zealand without impairing efficiency, and in which more profitable returns can be secured.

We also notified you in our letter of the 2nd December of the fact that you had taken an erroneous view of the expenses in London, which you quoted as being £900 when they were only £718 per annum in the accounts you had before you, and these are now reduced to £500.

In all the circumstances we feel it to be impossible for us to carry out your suggestion of handing over the management and control of the estate without the assent of our shareholders, to obtain which it would be necessary to give reasons and facts to explain the advantages of adopting such a course, with the detail of which, however, you entirely fail to acquaint us, while, on the other hand, you threaten to put the company into liquidation if we do not acquiesce.

Another of your proposals in your letter to Mr. Seddon was that the lands of the company should be divided, the Assets Board taking a share of the same on the basis of their interest in the company. As the Assets Board hold already a great deal of land to the south of this company's estate, it might be to their interest to become possessors of a sufficient proportion of the southern portion of our lands which adjoin or are near those already in their possession. The question of giving effect to the suggestion of cancelling your shares and dividing the land equitably presents itself to this Board as surrounded by many and serious difficulties, among which the following may be mentioned: (1.) What portion and what proportion of the land do you consider you would be entitled to receive in exchange for your shares if it were legally possible to effect such an arrangement? (2.) In this connection it must be considered that, if the shares are cancelled, you will be relieved of your present liability of £2 per share; not so, however, the rest of the shareholders. What consideration would you propose to give to them as a *quid pro quo*? (3.) The £46,000 debit to Revenue Account would also have to be considered. (4.) Application, supported by all these details, would have to be made, with the sanction of three-fourths of the shareholders, to the Court of Chancery here, to permit such an arrangement. It is difficult to get the Court to sanction the cancelling of shares when they are not fully paid up. The Judges are most careful to safeguard and protect the interests of the shareholders remaining in the concern, and any scheme put before them will require to be supported by evidence showing it to be equitable. (5.) All this would entail considerable expense. Would your Board be willing to bear it?

The Board are disposed to favour an equitable division of the property if it be found practicable to carry it out, and possible to obtain the legal authority to do so. Should the question of division of the land be not entertained by the shareholders, then, if your detail of the mode and terms of local management is before them, it might be discussed and decided, so that the interests of the English shareholders be protected.

In order to come to a satisfactory conclusion with regard to any of the alterations suggested by you in your letter to Mr. Seddon of June, 1897, it would be necessary, after your views in detail had been thoroughly ascertained, to call a meeting of our shareholders in this country to fully consider the matter. And it would, perhaps, be advisable that your Board should be represented at such meeting, and by some one, possibly yourself, who would have full authority to agree to any proposal made in the interest of the company. To enable you, if you think fit, to be so present, and to give you sufficient time to arrange it, we propose to give such notice in convening the ordinary general meeting in July next as to make it extraordinary, and give it power to deal with the matter, and we trust this arrangement will meet your convenience.

We have abstained from discussing the contents of our former letters, as they speak for themselves. We, however, remark that a settlement of the questions would have been facilitated if you