Mr. Button.] In regard to the Agent-General, your argument comes to this: that he may be said to have assented to the prospectus in the way the proposers took it, to set out that such debenture-holders were excluded from making a prior claim in the event of the contract not being carried out?—They would rely on the prospectus.

You say the Government was a party to blinding their eyes?—They appeal to the statement that it was a specific security.

Because he saw the draft, and was willing to be trustee. The Government did not see the draft?—No; only the Agent-General.

If there was any neglect attaching to the Agent-General, for not pointing out the defective statements, that would equally attach to the gentlemen who signed the prospectus?—No doubt; but others who signed the prospectus were actually parties interested in the company.

It was not on the faith of what the Agent-General had done: it was not in consequence of any action of the public; the public did not see the draft?—The Agent-General saw the debenture in the trust deed, which he had perused and approved. What the public saw was the prospectus put forward by the promoters or directors. To the general public they would perhaps be unknown, considering the way they were taken up. They are usually taken up through parties. It would almost certainly be known that the prospectus would come through the office of the Agent-General.

Mr. Hogg.] Am I to understand that you mainly relied on the overtures that were made to the Agent-General to become a trustee, to connect the Government indirectly with the issue of these debentures?—That, and the fact that the Agent-General officially approved of the trust deed and the prospectus.

Is there any proof that this prospectus was the one he approved?—I refer to Mr. Salt's evidence before the arbitrator. It is scarcely conceivable that he would go to London intending to become a trustee if he did not approve the deed, or that he would have approved the deed without knowing the contents. Even without Mr. Salt's evidence it would be almost a certain inference.

Is there any reason to assume that any of these debentures were disposed of on account of the alleged action of the Agent-General?—Yes; I think so.

You think that the purchasers of debentures, or some of them, at all events, were influenced by being informed that the Agent-General contemplated becoming trustee?—I think that is certain.

Would it not occur to them as something strange that, having approved of the prospectus, his name should be omitted?—The directors of the company were aware of the fact; they were anxious that the Agent-General should be a trustee. They held among them a hundred thousand pounds' worth of debentures.

Assuming that intending purchasers were aware of the fact that the Agent-General approved of this prospectus—that he had been asked, and intended to become trustee; would it not occur to them as something strange that the name of the Agent-General did not appear in the prospectus?—That is an abstract question of human nature. It is a matter for argument. Some people would no doubt reason in that way, others would not.

But there is nothing in this prospectus to indicate that the Agent-General sanctioned or approved of its issue in any shape or form?—It is not stated in the prospectus.

I am asking your opinion on this matter. Do you not think that any capitalist, having been made aware that the Agent-General contemplated being a trustee, and afterwards finding the prospectus without his name upon it, would think it somewhat strange?—I hardly think that would be the course the history of the matter would take: people who wish for an investment for their money usually go to brokers or agents, who are of various kinds; at the same time brokers and agents are employed in putting out debentures of this description, they would show the prospectus to any one, attaching importance to the circumstance of the Agent-General having approved of it. If he knew that, he would be likely to mention it, as one of the inducements to subscribe; he would not say so much as that it had been approved in the office of the Agent-General, or that he represented the New Zealand Company.

Do you not think it reasonable to assume that if he had intended to become a trustee, and that his name did not appear in the prospectus, that it would occur to an intending investor as something strange that his name did not appear there; would it not be likely to create a difficulty?—No; when this prospectus was issued there was no question of the Agent-General being a trustee; not at that date when it was actually issued; the project of making him a trustee was then at an end.

What I want to know is, whether the omission of the name would or would not have a damaging effect if it had been previously known that he had been asked to become a trustee, and that afterwards his name was found not to be in the prospectus?—If a previous prospectus had been issued, and stated that he was to be the attorney, and if any new prospectus appeared without his name, then it might have appeared to be curious: it might have a damaging effect. It is not so much what has happened, in so far as people knew anything about it; what happened was, probably, that people may have talked about it, that it did not eventuate. I am not in a position to say positively that any one did subscribe on the faith of his having contemplated becoming a trustee. It might be the other way. But he might well-subscribe with knowledge of the fact that both the prospectus and the trust deed had passed through the Agent-General's office, and that they had been officially approved. What you say is perfectly correct, that if the Agent-General was going to be trustee—at all events, he had not—the important fact is not so much that he should have contemplated becoming trustee as that he had approved the prospectus and the trust deed: that is the fact that leads up to the consequences—the approval of the documents.

Mr. Blow: As regards these misstatements in the debenture prospectus, of course no one contends that the debenture-holders are responsible for them. But neither is the colony. Mr. Chapman suggested that the Agent-General perused this prospectus and approved it. I submit that there is no evidence of anything of the kind. Mr. Chapman referred to Mr. Salt's evidence; but Mr. Salt did not profess to be at all sure of what he was talking about. Mr. Salt did not give positive evidence on the subject at all. He merely said that he "believed so," and his answer to Question 579 (Midland Railway Arbitration Proceedings—D.-4, 1896, page 178), shows that his memory is not to be trusted, because he says there that the Agent-General withdrew at the instance of the Government, whereas the Agent-General's own sense of propriety dictated his withdrawal, as I will show directly. I have referred to the misleading character of this prospectus; and I may safely ask the Committee to judge whether it is at all likely that a statesman of the well-known ability and standing of Sir Francis Dillon Bell would for one moment think of putting his name to any such document, or in any way approving it. In saying this, of course I do not mean to infer that the directors did not at the time believe every word in their statement to be true. The directors themselves had next to no acquaintance with New Zealand. They were acting no doubt on information supplied to them by their servants, and they may have believed honestly that every word stated in that prospectus was true. If so, they were very badly and very improperly advised. But, in any case, the onus of making these misstatements, or in any way approving of them, does not rest on the colony. Mr. Chapman has suggested that, as I have already mentioned, the Agent-General perused this prospectus. The prospectus bore date the 12th April, 1889, and the correspondence in reference to the acceptance of the trusteeship by the Agent-General—printed in D.-2c of 1889—shows that the telegram from the Government authorising him to accept the office of trustee only left the colony on that very day. Clearly, therefore, at the time that prospectus went to the printers, Sir Francis Dillon Bell had not agreed to act as a trustee, and hence the non-inclusion of his name. We have no occasion to search further as to the reason why the Agent-General's name is not there as a trustee. He had not received authority to act at the time that prospectus was determined upon. As a consequence, therefore, of course, no one was deceived by any reference, either official or otherwise, as to the connection of the Agent-General with the matter. Mr. Chapman further contended that it was only reasonable to suppose that the Agent-General would have perused the prospectus, because he must, of course, have noted and approved the trust deed and the draft of the debenture, inasmuch as he was to be one of the trustees. The reason given for supposing Sir Francis Dillon Bell approved this prospectus was that he was to be a trustee, and, of course, as trustee he must have seen the trust deed and the draft of the debenture, and, of course, all the proceedings would have been submitted to him in due course. But I am in a position to show that he had not seen the trust deed at the time, and he writes a letter to the Government saying it was particularly strange that he could not be shown the trust deed, as at this time it was supposed to be before the general public. Further, he had