no idea of the shape the trust deed was to take; and directly he saw it he withdrew from being a trustee. The last letter in print, which Mr. Chapman read yesterday, was written from Paris on the 17th May, 1889 (D.—2c). Another letter from the same place, dated the 30th May, 1889, was addressed to the Hon. the Minister for Public Works, Wellington, and ran thus:—

"Sir,—With further reference to the instructions contained in your telegram of the 15th instant, I beg leave to state that, on applying to the Midland Railway Company for a copy of the proposed trust deed, they replied (copy of letter enclosed) that the draft is not yet settled, but that a copy would be sent to me as soon as that is done. It is singular that the draft should be still unsettled, seeing that in the prospectus for their recent issue of £745,000 it was stated that a draft of the trust deed could be seen at their offices. I enclose a report of the company's meeting on the 24th instant.—I have, &c., F. D. Bell."

The following is the enclosure:—

"The New Zealand Midland Railway Company (Limited), 79, Gracechurch Street, 28th May, 1889.—Dear Sir,—I am in receipt of your letter of the 27th instant with reference to the trust deed of the 5-per-cent. first-mortgage debentures of this company, and I beg to inform you that, as soon as I am in possession of a proof of the document, I will forward it for the perusal of the Agent-General.—Yours, &c., Æneas R. McDonnell, Secretary.—Walter Kennaway, Esq., Secretary, Agent-General's Department."

Another letter sent to the Minister for Public Works, dated London, 27th June, 1889, was as follows:—

"Sir,—Since writing to you on the 30th ultimo, I have again made application to the Midland Railway Company for a draft of the trust deed they propose to be executed by the trustees for their debenture-holders; but their secretary informs me that it is still before counsel. Under these circumstances, it seems to me that there is much inconvenience attending the appointment of any trustees at all, and, unless the draft is soon settled in a form that is approved by Messrs Mackrell, I think it will be better for my name to be withdrawn.—I have, &c., F. D. Bell."

This was followed by a letter from the Agent-General to the Minister for Public Works, from 7, Westminster Chambers, London, dated 12th July, 1889, which ran:—

"Sir,—I have received to-day from the solicitor of the Midland Railway Company the draft of the trust deed, and also of the debenture they propose to issue. I enclose copies of these drafts, which I at once sent on to Messrs. Mackrell for examination. . . . . [Remainder of letter on a totally different subject.]—I have, &c., F. D. Bell."

The next letter is from the Agent-General to the Minister for Public Works, dated London, 26th July, 1889, and worded thus:—

"Sir,—. . . . . [First part of letter on different subject.] The draft trust deed, of which I sent you copy by last mail, having now been carefully considered in conference between Messrs. Mackrell and myself, the result is that they cannot advise me to accept the trusteeship under the conditions there expressed; in which view I quite concur. I enclose a copy of their letter to me, and I have accordingly requested them to inform the company's solicitors that my name must be withdrawn as a trustee.—I have, &c., F. D. Bell."

The enclosure was addressed to the Agent-General, and dated 26th July, 1889, from 21, Canon Street, London, E.C. It ran:—

"Dear Sir Francis,—*New Zealand Midland Railway.*—We have perused the draft of the proposed trust deed and form of debenture, and send herewith a copy of the letter dated the 22nd instant, which we received from Messrs. Paine, Son, and Pollock, and which we read to you at our last interview. It is not possible to foresee what questions may arise between the Government and the company in the future; and as the company propose to invest the trustees for the debenture-holders with rights, powers, and duties which, in the course of time, it may be necessary for the trustees in the interest of the debenture-holders to exercise and insist upon as against the company it may be (as has been the case under other contracts) that the trustees may be placed in a position in which their interests and duties may conflict with the powers and rights reserved to the Government under the contract with the company. In case it should become necessary for the Government to take any action in this country adverse to the company, or the interest of the debenture-holders, we presume that such action would be taken by the Agent-General; and in this view also, it seems to us, and we understood at our interview that you concurred in our opinion, inexpedient, to say the least, that the Agent-General should act as one of the trustees, unless indeed, after full consideration of the whole matter, the Government should desire that he should do so. You will, of course, not fail to remark that if the Agent-General accepted the office of trustee he would personally be bound to act to the best of his judgment, in concert with his colleagues, to protect the interest of the debenture-holders either as against the company (which the Government might wish to support) or against the Government if the company fell into difficulties, and the trustees were compelled to accept the responsibility of either carrying out the contract or making terms with the Government, which would secure as much as possible for the debenture-holders. Moreover, with an official representative as one of the trustees, the Government would be affected with notice of all that the trustees do or omit to do, and they might, thereby, in time of difficulty, be far less free to act independently under the contract than if they had no voice, even indirectly, in directing or assenting to the course of action or inaction adopted by the trustees. On these grounds, therefore, we would recommend that you authorise us to reply to Messrs. Paine, Son, and Pollock's letter in the terms of the draft letter which we send herewith for your approval, subject to such alterations as you may suggest.—We have, &c., Mackrell, Maton, and Godlee."

The enclosure referred to above is from Messrs. Paine and Co., of 14, St. Helen's Place, London, E.C., to Messrs. Mackrell, and is dated 22nd July, 1889. It runs:—

"Dear Sirs,—*Midland Railway of New Zealand.*—We are requested by Mr. Morgan and Sir Frederick Weld to summon a meeting of the trustees, to be held on Wednesday, at this office, at 3.30 o'clock. The object of the meeting is that Mr. Morgan and Sir Frederick Weld may settle with their colleagues the various details as to meetings of the trustees, certificate to be received from the company as to due payment of interest, &c., all being matters which are certainly well worth attention. We explained to Mr. Morgan that we thought it would be much better that he should summon the meeting, as we did not represent all parties concerned, but he replies that he would rather that we took his instructions to do so; accordingly, we have written the foregoing. We hope that you will be able to attend, in order that the regulations that the trustees may wish to lay down may receive your consideration.—Paine and Co."

The draft letter which Messrs. Mackrell suggested should be sent as a reply to Messrs. Paine and Co.'s communication was as follows. It is dated 26th July, and reads:—

"Dear Sirs,—*New Zealand Midland Railway.*—We beg to acknowledge the receipt of your letter of the 22nd instant, upon which we have conferred with the Agent-General for New Zealand. After full consideration of the matter with us, the Agent-General instructs us to say that as at present advised, and in the absence of express instructions from his Government, he does not consider that he can properly and consistently with his position as the representative of the Government act as one of the trustees under the proposed deed. It will, we think, be evident to you, as it is to ourselves, that if the Agent-General were to act as a trustee, he might in certain events be placed in a position in which his duty as trustee and as Agent-General would conflict. Under these circumstances we shall not, of course, attend the proposed meeting; but the fact of our not doing so must not be regarded as an approval by the Agent-General or ourselves of the draft trust deed or any of its provisions, upon which we should have had something to say if we had been instructed to deal with the draft on behalf of the Government or the Agent-General. The Agent-General desires us also to say that, even if he had felt able to accept the duties of a trustee of the deed, he would not in his position have accepted any remuneration, as proposed in the draft.—We have, &c."

Continuing, Mr. Blow said:—

"The Agent-General was not a trustee; he refused to agree to that trust deed the moment he saw it, and consequently there is no reason to suppose that he did anything under it. Instead of being reasonable to suppose that he perused and approved the debenture prospectus, I submit it is exceedingly unreasonable to think that he ever did any such thing."