PETITION No. 75, 1901.

To the Honourable the Speaker and Members of the Legislative Council in Parliament assembled.

THE humble petition of HERBERT ERNEST EASTON, late of Weston-super-Mare and Taunton, in the County of Somerset, now and for many years past an honorary member of the Devonshire County Club, England, at present a member of the Otago Club, and now residing in Dunedin, sheweth,—

1. Your petitioner first landed in New Zealand on 17th January, 1900.

2. Your petitioner invested a considerable sum in mining and dredging companies, and in June of last year your petitioner advised certain influential gentlemen in England and Ireland to do likewise, being of opinion the operations in connection with the dredging industry were being conducted at least on honest lines; and that the mining and companies laws then in force gave an investor fair protection against fraud and rascality.

3. Your petitioner, on making an examination of the books of a number of companies in which he had invested and recommended to others, found gross irregularities, inasmuch as the companies were promoted, floated, managed, and directed from the office of the promoters, and that in one company a transfer of your petitioner's had been accepted and passed at a date when money was owing to the company from the seller.

4. Your petitioner found in these companies a large number of shares had been "dummied" by the promoters; the commission on these shares, which only existed on paper, was charged and received out of the moneys obtained from the genuine shareholders. Upon finding out this and that other grave irregularities existed, your petitioner set about trying to get these companies liquidated. Your petitioner then found that several of those who had signed the articles of association were not shareholders, and the company's solicitor had so worded the articles as to allow the unqualified and "dummy" shareholders to vote, and in the case of the Lees Ferry Gold-dredging Company (Limited) the vendors' shares were used for voting, and such was done by the vendors' employés to prevent liquidation, thereby keeping these paper companies alive for the benefit of the promoters.

5. In the case of the Lees Ferry Company your petitioner, on the 30th March last, gave his evidence before a special committee of the Dunedin Stock Exchange, deputed to investigate the irregularities complained of, as fully set out in the document accompanying this petition. Within a few days after this investigation this company, with several others floated by the same firm, were struck off from the quotation-lists of the Dunedin Stock Exchange. In the Lees Ferry Company an expert in the vendors' employ, at a heavy cost to the contributing shareholders, tested and condemned the claim as "absolutely valueless for dredging purposes." On the 26th March last a resolution to wind up was defeated, another employé of the vendor using his employer's vendors' proxies. This employé then nominated himself and got on the directorate. This company is still alive for the benefit of the promoters and some of the directors. The promoters and their employés, exclusive of other charges, received in directors' fees and office-expenses to 28th February last £207 10s.; and further fees and office charges have or are being made and obtained from the genuine shareholders by persons who are or have been in the employ of the promoters.

6. The minute-books show entries made by the directors, empowering and directing the secretary (a nominee in the employ of the promoters) to invoke the law against the *bonâ fide* shareholders, at a time when the promoters and their nominees were owing very large sums to the companies; and that one of the promoters, who was also a director, was receiving director's fees, and not attending any of the directors' meetings.

7. Your petitioner invested money in the Ngahere Gold-dredging Company (Limited), registered 1st May, 1900. In this company the promoters and brokers obtained brokerage upon shares on which no application-money has, up to the date of the petition, been paid. This claim was tested and condemned by an expert in the promoters' employ. On the 15th April last a resolution to liquidate this company was lost, owing to the promoters' employé using the vendors' proxies and those of unqualified shareholders against the votes of the genuine shareholders. Up to the 10th instant this employé had not paid one penny into the company, and yet his employers (the brokers) had obtained commission on the shares standing in his name. Your petitioner at the date he invested his money had not seen the prospectus; he is now advised the claim is not situated where stated in such prospectus.

8. Your petitioner has experienced great difficulty in communicating with the shareholders. The time allowed under the present laws does not permit of the shareholders receiving and returning the proxies, many of the shareholders in these companies residing in very remote districts throughout the two Islands.

9. Your petitioner found that one of the promoters in another company in which your petitioner is largely interested, on being applied to for payment of calls on contributing shares standing in his name, on which his firm has received brokerage, sent the secretary a telegram as follows: "On grounds of misrepresentation I repudiate shares allotted me." This statement he has since embodied in evidence given in the Magistrate's Court in Dunedin. At a meeting of this company held on the 23rd May last an employé of the promoters attended and threatened the shareholders that he would make the liquidation very expensive unless his employer (one of the promoters) was then and there allotted 2,000 vendors' shares. Notwithstanding this threat, your petitioner carried the resolution, only this employé of the promoters dissenting.