

back when you have considered this and tell me what you will do, then we will know what we are going to do about the matter." They came back the next day, and said they would give me forty years, and at £400 a year. The rent on capital value, calculated at 8 per cent. (nearly the minimum rate charged me), would be about £2,400, there being thus a gift from the Natives of £2,000 a year. This addition of forty years was then placed in the hands of the bank, trusting to good faith in carrying out the undertaking. The Natives were then told that I was their adviser. They were told by myself. Therefore I should not ask them to sell to me, but that if they wished to sell not to do so to others, as I would buy. Three accounts were then kept at the bank—the Station Account, the Native-title Account, and the Private Account—with an understanding that the accounts should go up to £45,000. It is, however, obvious that this would be affected by the rate of interest as regards the amount available for purposes of improvement. Things had been going on with great vigour. Large areas, ranging from 6,000 to 7,000 acres, had been sown with grass annually, the seed having been obtained, chiefly when there was a glut in the market, at an average of about 2s. 6d. per bushel, and chiefly on long-date bills renewable to convenience. Then, without notice or anything to lead up to it, a letter was delivered to me in the street by a bank clerk at about 5 o'clock in the afternoon. It was delivered to me about 5 or 6 o'clock, and was delivered by hand. This was a demand to pay off the overdraft—about £44,000—by or before 2 o'clock the next day.

8. What year was this?—This was about the 24th June, 1884. That is as near the time as I can state from memory. I have taken no trouble to look up anything for this. The money not being forthcoming possession was taken as mortgagees.

9. What was the date of taking possession?—Oh, straight off, the next day. Well, the money not being forthcoming possession was taken as mortgagees, and I was advised by the bank to fall in with the arrangement. Well, I was told by the man who took possession that he had had no notice at all except that very day to come and take possession: The bank may have expressed a wish that the account then should go no higher, but it is obvious that if the quantity of fencing that had been put up did not enclose grass, and that if the grass-seed was allowed to lie in the shed unsown, only one thing could result—that there would be no grass to keep stock to make income, and that the property would go to the bank for default of interest. After a time, perhaps two years and a half, during which time the overdraft had been increased and the improvement practically stopped, I resumed the management, drawing for private use a sum equivalent to the salary of the manager who acted between the bank and self, out of which I paid expenses of Native transactions and travelling. I might mention, perhaps, incidentally that during this time both myself and my family were living on the place as usual, and had been doing so continually from the time the bank took possession. Well, in the meanwhile the grass-seed which had been acquired on such favourable terms remained unpaid-for, and is still unpaid-for, also the survey and maps to the extent of £5,000, and I was obliged to sell all my remaining private property to reduce the amount, the creditors giving no trouble and every facility. (See agreement, Exhibit A.)

10. What does the agreement relate to?—The grass-seed that has never been paid for.

11. You can put that in afterwards, Captain Hamilton?—All right, sir. Well, all this time I was assured by the bank and inspectors that it would come all right, &c., and the remaining title for which the bank kept pressing was secured (in the absence of the bank-manager) on long-date bills for twelve or eighteen months renewable till convenient. These were paid at maturity against my wish, as increasing the account without increasing the income to make interest.

12. *Mr. Hall.*] What remaining title?—To the completion of the lease. There were three Natives' interests not acquired at the first transaction. The first transaction was completed by my taking the Natives down to the Commissioner's office in Napier, and their signing before him, six of them at once, and Karaitiana made seven, which left three interests unacquired. The remaining title, for which the bank kept pressing, was secured, in the absence of the bank-manager, on long-date bills for twelve or eighteen months, renewable till convenient. I may explain here that, the manager being away and I having been constantly pressed to get these others' signatures, in his absence I gave bills for the amount, and left it to him when he returned to cancel it; if he thought the amount was too much he had nothing to do but to dishonour the bills, and the thing was off as far as that went. These bills were paid at maturity against my wish, as increasing the account without increasing the income to make interest. They were heavy bills, some £6,000. The bank now began to press me more to get the money to pay off the account, which, except for the assurances I had received, I should never have allowed to amount to a third of the sum on a security so good but difficult to raise a loan on, particularly as the business was tied to the Loan and Mercantile Company for seven years. You will understand, of course, that where a loan has been as much as that, and you wanted to shift it, even if it had been a freehold, there would have been some difficulty in picking it up at once, but on a leasehold technically there was no security for money. That was where the difficulty was. I went up to Auckland to see the Board, and Mr. Murdoch, the managing director, made this offer: "If you can find a half of the money, about £28,000, we will let it go on first mortgage, and we will take second mortgage for the balance." This offer was also made to Mr. Aitken Connell, to whom I offered a commission to effect it. The Northern Investment Company then offered £40,000 (£12,000 more than I had been asked to get) on first mortgage at 6½ per cent, the bank then probably charging the account at least 8 per cent. After an interval of three weeks had passed without reply, the manager of the company asked me if he had not better wire, as the money was lying idle. He did do so, and the reply came, "Declined." This reply came to the manager of the Northern Investment Company, and not to me. Till then the offer had not been withdrawn or declined. I may mention incidentally that other persons had offered to come in with such sums as £30,000 during the interval that this was being arranged with the bank for the loan. During the time with Mr. Murdoch and the bank, or the interval between that and my getting the money, which was not long, other persons