

20. You did not give us any areas at all. We had nothing whatever to guide us as to the areas. You simply made those broad statements in connection with certain areas of land. One area was 30,750 acres, valued at £30,000. What was your interest in it?—Well, my value with the interest of my money. From the time that I began the speculation up to this time I had got no interest; it had all been allowed to remain in the land for the future. When I took the land it was absolutely valueless for any present or immediate future purpose. It was altogether taken up and held for the purpose of waiting until I could develop it; until it was more accessible. There were no roads, and not even tracks, to it.

21. *The Chairman.*] What was your cash value of it: what was your interest? Supposing you had sold out, what would you have got for it at that time?—Oh, well, I am not prepared to give that. That wants some figuring. I have not come prepared to say that. Of course, at this time I had had a forty-eight years' lease. I had got a renewal lease of forty years before the last eight years of the old lease had expired. I can say this, that the first advance from the bank, which was arranged by the manager of the Loan and Mercantile Company, was £32,000.

22. *Mr. O'Meara.*] You stated that the leasehold of this 30,750 acres—although it was leasehold it was really better than the freehold: that is, the profits would be better?—Yes.

23. Then it must have been a very great value. If the Natives had offered it at £1 an acre they would have got £1 an acre for this freehold?—Yes.

24. If you considered the leasehold was better than the freehold then the amount of your interest in that particular estate would be equal, at all events, to the freehold?—I think that the gentlemen who have the administration of the estate now consider that the interest in the leasehold is more than the interest in the freehold. If I had borrowed the money to buy the freehold at 8 per cent. the interest would have cost me, I think, £2,400 a year. As it was I got it from the Natives for £400 a year.

25. That is the reason you say it is better than the freehold?—Of course, I was saving £2,000 a year in interest, and I had got plenty of time to reduce the amount by sinking fund and pay off the debt to the bank.

26. Then you speak about this bank clerk meeting you in the afternoon. He met you one afternoon and asked you to pay up £44,000 before 2 o'clock in the afternoon of the next day?—That was by a letter delivered by the clerk.

27. Demanding this £44,000?—Yes.

28. When you could not pay up this £44,000 by 2 o'clock the following day then the bank took possession?—Instantly.

29. Did you understand then that the bank had really foreclosed, and that they were going to take the property away from you?—No, I did not. I understood that they had foreclosed, and had the men there ready to take the place in charge.

30. You entered the bank's service. Did you understand that you were a servant of the bank when you were managing the estate?—I understood that I was a sort of intermediary between the bank and myself—as this man was said to be when he went in to take the management when possession was first taken.

31. Then you stated you were drawing a salary then as manager. Why do you mention that salary if the property was yours?—Because it was put into the agreement in writing that I was manager of the Mangatoro property, and that I was to draw a stated salary equivalent to £500 a year, and later of exactly £500 a year in cash.

32. And when you received this letter from the Northern Investment Company stating you could get the money, did you approach the bank then with the object of paying them off?—The letter is the outcome of an offer from the bank itself that if I could find half the money they would let it go on first mortgage—about £28,000 on first mortgage.

33. When you received this letter dated the 23rd March from the Northern Investment Company, did you immediately go to the Bank of New Zealand and arrange to pay off half the debt?—The transactions for receiving this loan were between the local manager of the bank in Napier and the local manager of the Northern Investment Company in Napier. To the best of my knowledge and recollection now, Captain Russell and Mr. James Williams went up, representing the Northern Investment Company, to make the inspection and the valuation, and on the strength of their report the company offered this £40,000 on first mortgage, instead of the £28,000 asked by the bank.

34. You stated in your evidence to-day that Mr. Murdoch, who, I presume, was the general manager of the bank, said "If you can find £28,000 we will let the balance go on first mortgage"?—If I could find the half of the money I owed the Bank of New Zealand they would allow that money to go on first mortgage, and the Bank of New Zealand would take second mortgage for the balance.

35. "We will let it go on first, and we will take second mortgage for the balance." If the Northern Investment Company were prepared to hand you over this £40,000 the bank would step aside and allow the company to take first mortgage on your property?—Yes.

36. Notwithstanding this offer being made by the bank, and the Northern Company offering £12,000 more than was asked for, Mr. Murdoch agreeing that the whole thing was arranged, the bank repudiated it, and said that they would not accept it?—I made no suggestions for paying them off at all; naturally I expected this amount to be paid off, as it had been intended to be, by sinking fund, when the property was sufficiently developed. When all this trouble came on I went to Auckland and Mr. Murdoch said, "Have you any proposals to make?" I said, "If I thought there were any proposals of this kind I should not have accepted the money. I was told by the bank this should be done at the lowest rate, and that I should have every facility, and now I am here, as a matter of fact, for some explanation." "Well," he said "can you get half of this money for us"? He said "If you can get half of this money for us we will let that money go on first mortgage, and we will take second mortgage for the balance."