26. With this Bill on the statute-book you have a very much better security than you have at the present moment?—We must rest on what we have got. What we want to provide against is to prevent any further litigation coming on.

27. With this Bill on the statute-book would it not improve the bank's security? I am only seeking information on the matter?—Well, Mr. Bell will be able to give you a better opinion than I can.

28. *Sir W. R. Russell.*] Why does the bank agree?—They hope to get no further litigation in the matter. They hope to stop litigation. That is the sole object of the bank.

29. Then, why do they not proceed straight away?—Well, they will proceed on Friday with the sale, but there may be action taken after that. It seems to me that the resources of the Court are boundless in this matter.

30. Can you give us any idea why the Bill has not come down before?—No, sir. I was approached on Saturday. I spent my Sunday with Mr. Bell, trying to give effect to the wishes of the trustees, and ever since that the question has been in my mind. We sent for Mr. De Lautour from Gisborne. We have done everything to expedite the passage of the Bill.

31. You said that the original debt was £58,000, and that it has now risen to £138,000: is that principal and interest?—Yes.

32. The advance was £58,000; and the balance—?—Represents improvements, interest, and working-expenses. By the bank papers I see that £58,000 was the principal sum named in the first mortgage, and it has grown to £138,000.

33. The impression was conveyed that it had grown £80,000?—I know very little of the growth of this—I am merely giving the figures years back and now.

34. *The Chairman.*] As Mr. Bell is also present, I think we had better take his evidence next.

Mr. F. H. D. Bell examined. (No. 2.)

35. *The Chairman.*] You are a solicitor in Wellington?—Yes; and I am counsel for the bank in this matter. The bank holds no mortgage over any of the properties dealt with in this Bill which is not under the Land Transfer Act. The bank's title as mortgagee is, therefore, unquestionable, and no attack has so far ever been made upon that title, and any such attack must fail, because the mortgages are, as I have said, under the Land Transfer Act. What has been attacked is the bank's power of sale, and that has been dealt with in an action recently tried in the Supreme Court, which I will refer to later. I have the decree here, but before going into that question it is, perhaps, better for me to explain briefly to the Committee the position of the bank's securities. As Mr. Malet has said, the amount due to the bank is £138,000, or thereabouts. This is secured upon certain properties under the Land Transfer Act, which are liable for the whole debt. In the year 1895 the Validation Court at Gisborne, upon application made to it, considered that certain other blocks were also within the bank's security, and ought to be mortgaged to the bank in relief of the Native owners of the Native lands included in the principal security. The lands included in the principal security were absolutely mortgaged, because the Natives who mortgaged these lands happened, by misfortune, to be the owners of lands under the Land Transfer Act. Other Natives whose lands were not under that Act escaped the liability, because their mortgages were open to question, and the Native owners of the lands in the principal security were by that accident solely liable for a burden which ought in equity to be borne by others. The Validation Court therefore ordered the trustees on behalf of the Native owners of the other blocks to execute mortgages, limited in amount, in aid of the principal security. These mortgages are, in the Bill, called the specific securities. I take, for instance, Paramata. That block was mortgaged in 1895, with a limit of £14,000 principal, in aid of the general security. It was provided that the bank should manage Paramata, and get what profit it could from it, applying that profit in reduction of interest, and, as to any surplus, of principal; so letting Paramata work out its own £14,000 in its own way. The result, however, of the bank managing a number of specific securities together with its principal security was to create an involved account; for instance, sheep were taken from one of the principal securities to tread down the fern on Paramata, and subsequently taken back to the block in the principal security. One question is how much of the profit derived in the year for these sheep should be credited to Paramata, and how much to the principal security. So in the case of several other specific securities, each of which is worth more than the limited amount for which it is liable in aid of the principal security, and as to each of which complicated questions of account have arisen. When the bank in the present year notified its intention of selling under its power of sale the trustees brought an action insisting that the bank should not sell until a complete ascertainment had been arrived at of the amount due upon each specific security, as the Natives interested in each specific security claimed to be entitled to redeem. The Judge of the Supreme Court, at the trial at Gisborne, last sittings, held that a full account must be taken, beginning with the amount ascertained in the year 1895, and proper credits made to each specific security; but he also held that the sales should not be delayed until that account was completed, but that the Natives should be entitled to redeem any specific security upon bringing into Court the amount claimed by the bank as being due against that security. The Court originally fixed the 12th day of June as the day for the sale; but, in consequence of questions as to notices and other matters relating to Native lands, the Court postponed the date until the 29th August, 1902, at which date the properties stand to be sold under the decree of the Court. No moneys whatever have been paid in by the Natives concerned in any block to stop the sale. I am now able to answer the very pertinent question put by the Hon. Sir William Russell—viz., "What interest has the bank in permitting its sale to be delayed by this legislation?" When the bank was approached by the trustees some short time ago and asked to postpone its sale I acted for the bank, and pointed out that our titles were, in our opinion, unassailable, and that the time of sale was fixed by a decree of the Supreme Court, but that we should have to