

Taking all the circumstances into consideration, we cannot have any reasonable doubt that Mr. Heyes and Mr. Dugdale were acting in concert; for on no other supposition can the intervention of Mr. Dugdale be explained. Mr. Heyes denies that he took any action to procure the nomination of Mr. Dugdale as the Valuer on this particular occasion, and Mr. Dugdale told us that the instructions to make the valuation reached him in the ordinary course. We are unable to accept this evidence. The usual procedure was to instruct the City Valuer to make the valuation. In this case it was known to Mr. Heyes, when he made his application, that the City Valuer would not value the property at a sum sufficient to warrant the amount of the advance applied for; and, therefore, that his application could not be granted unless he could obtain a higher valuation by the nomination of some other valuer. The inference is irresistible, and we are satisfied that Mr. Dugdale's appointment on this occasion was directly due to the interference of Mr. Heyes.

It was proved on behalf of Mr. Heyes that immediately after his purchase of the property he was offered £2,000 for it; we are also satisfied that he had an offer of a loan of £1,500 from a private lender. Mr. Heyes probably thought that under these circumstances he was justified in assuming that the City Valuer's valuation did not represent the true value of the property, and that no risk of loss was involved by an advance of £1,200.

We are of opinion that, whatever the true value of the property may have been, a consideration of this nature can neither justify nor extenuate Mr. Heyes's conduct. We believe that he entered into an arrangement with Mr. Dugdale to prevent a valuation being made by the proper officer, with the purpose of obtaining from the Board the advance of a larger sum than the Board would have granted had it known the real facts of the case. Mr. Heyes was at the same time the head of the lending department and the borrower, and we are of opinion that he was guilty of gross impropriety, and that his conduct in the matter was wholly without justification or excuse.

It is admitted that in respect of this mortgage Mr. Heyes on two occasions took advantage of the rebates allowed for prompt payment of interest, although the interest was not paid in due time. We think that, by thus evading the payment of a sum of money lawfully due by him to the Department of which he was the head, Mr. Heyes again utterly failed to realize the responsibilities of his position. The rebates have since been paid.

#### *Re ADVANCE TO MR. HEYES ON KARAMEA PROPERTY.*

"That in April, 1907, the said Peter Heyes improperly obtained an advance of £500 from the Advances to Settlers Department upon the security of certain property situate at Karamea, in the Kongahu Survey District."

On the 15th December, 1906, Mr. Heyes made application to the Advances to Settlers Office for a loan on the security of certain freehold property owned by him at Karamea, on the west coast of the South Island. For the purposes of this application the property was, on the 14th January, 1907, valued and reported on by the local Valuer, who valued the property at £674. In making this valuation, he took no account of the timber standing on the land (which was of the value of £500 at least), on the ground that timber was not a security on which the Board would make an advance. For some reason, however, which does not appear, he mistakenly reported the property as good for a loan of £600, being £200 in excess of the maximum loan which could be granted on that valuation. The application came before the Board on the 29th January, 1907, when a loan of £400 was offered. Mr. Heyes, however, was desirous of obtaining a loan of £500, and therefore did not accept the Board's offer.

On the 31st January, two days after the meeting of the Board, a letter was written by Mr. Waddell, the Assistant Superintendent of the Advances Office, to the Valuer-General, Mr. Campbell, pointing out the discrepancy between the local Valuer's valuation of £674 and his recommendation of £600, and asking that the report be referred back to the Valuer with the view of increasing the valuation. Although there is no direct evidence on the point, we are satisfied from the contents of this letter that it was written at the request or by the direction of Mr. Heyes. The letter was forwarded by the Valuer-General to the local Valuer, who, on the 9th February, 1907, replied, declining to alter his valuation. This reply was received by the Valuation Office on the 28th February, and was forwarded to the Advances to Settlers Office, where it was received on the 2nd March. Shortly after the receipt of this letter by the Advances Office, Mr. J. P. Dugdale, the Inspecting-Valuer of the Valuation Department, went from Wellington to the West Coast with this letter in his possession, and sent for the local Valuer to meet him at Westport. An interview took place there between them on the 7th March, 1907, at which the valuation of Mr. Heyes's property for the purpose of the loan was discussed between them. Mr. Dugdale falsely represented to the local Valuer that timber was taken into account by the Board in determining the sufficiency of a security; the value of the timber was agreed on as £500, and the local Valuer's letter was there and then indorsed as follows:—

"The timber estimated at 15,000 ft. per acre, worth 6d. per hundred feet royalty, is not included in the valuation. I was under the impression that timber was not a security under the Advances to Settlers Act.—Meyrick Jones, Valuer, 7/3/07." "I agree with Mr. Jones. Add £500 to value.—John P. Dugdale, Inspecting Valuer, 7/3/07."

This letter so indorsed was brought or sent back to Wellington, and on 10th April, 1907, in accordance therewith a fresh certificate of the entry of the property in the valuation-roll was issued from the Valuation Office, as follows:—Capital value, £1,174; unimproved value, owner's interest £536, timber £500; improvements, owner's interest, £138.

Thereupon Mr. Heyes made a new application to the Board for a loan of £500 on the property. The meeting of the Board took place on the 9th April, 1907, and the loan was granted. The agenda paper prepared for this meeting, and distributed among the members, stated that the capital