

All these were presented for payment between the 1st and 5th May, 1917, and the reason why some of them were held so long before being presented for payment was never satisfactorily explained to the Commission. Neither Mr. Jackson nor Mr. Pavitt was able to clear up this point.

These orders were all for bushfelling, fencing, and scrub-cutting, and the last two also included wages. Apparently they were paid without any reference by the trustees' office to Mr. Tait, the station-manager, although they were all for large amounts, and unsupported by vouchers or any accounts from the manager showing what the payments were for. Waitangirua Station is connected with the telephone, so little time would have been lost in bringing the matter under Mr. Tait's notice, and such action would have resulted in the immediate discovery of the frauds. Moreover, as there were no copies of contracts at Mr. Jackson's office, it was impossible to check these payments even if they had been made on account of contracts. The last two orders purport to contain wages, which presumably meant wages in connection with the station. Both of these have been debited to bushfelling.

The fact that some of these orders were held up for some time and not presented till the bank account was in funds is a circumstance that points to information being supplied to tradesmen who were holding these forged orders by some person who had a knowledge of the financial position of the trust account.

*As to the income and expenditure of the station:* Exhibit KK attached hereto shows the operations from the 4th May, 1908, to the 17th November, 1917, but it should be noted that no portion of the salaries of the trustees has been debited to this account for supervision.

We attach hereto the Government valuation, made in May, 1915, of the Waitangirua Station (see Exhibit A3), containing an estimate of the value of the improvements then effected.

#### *7. The Amounts paid to Beneficiaries in each Year.*

In respect of Mangatu No. 1, the following distributions were made: 1903, £523; 1908, £1,000; 1911, £1,000; 1913, £800; 1915, £300; 1917, £2,985 7s. 4d. These give a total of £6,608 7s. 4d. distributed to the beneficiaries; but in October, 1916, there was a refund by the Wi Pere family of £100. The net amount distributed was therefore £6,508 7s. 4d.

By clause 12 of the trust deed it is provided that the trustees may, after paying expenses, charges, interest, and sinking fund, distribute the annual rents and profits, and may set aside one-third thereof for such purpose or purposes as the owners may determine at any general meeting. As no books of account were in existence till 1908, and no balance-sheets were taken out till 1912, any distributions made prior to the latter date were made in ignorance of the true position of the trust. After the 25th November, 1913, as the rentals had been assigned to the Public Trustee to meet interest due under the mortgage and reduce the principal secured thereby, the only funds available for distribution were the profits of the Waitangirua Station. It is true a balance-sheet was prepared as at the 2nd September, 1912, but no profit and loss account was made out then, and it was not until the second audit of the accounts took place, as at the 21st July, 1916, that any valuation of the farm stock was taken and the whole position set out.

The distribution accounts were paid through a separate account at the Bank of Australasia, and on the 16th October, 1916 (the date of the half-yearly balance), this account was in debit £1,062 19s. 2d.

Mr. Marsh, the Commissioner of Crown Lands for Hawke's Bay, first went to Gisborne after his appointment in July, 1916, met Mr. Jackson, and asked for a report and balance-sheet as soon as possible. Mr. Marsh stated he soon received a good and exhaustive report (Exhibit K3) from Mr. Jackson, who in such report said his accountant has informed him he "will have the accounts complete (and the whole statements of accounts, including the profit and loss accounts) by the second week in August next, and will have such accounts placed