

with a request that he would see me early next day, which he did. At that time I was under the impression that the paper had begun to be printed, and that the advertisement could not be recalled. But for this I would have endeavoured to have obtained immediate advice from the Provincial Solicitor. At a later period the consequences of the publication of such an advertisement seemed to me to be so serious not only for the Province but the whole Colony, occurring on the eve of the departure of the English mail, with every prospect of its being copied into the English papers, and forming a text for leading articles, on the security afforded by New Zealand Debentures generally, that I resolved to take every step I could to prevent its publication. I could not find Mr. McKenzie till midnight, when I commenced a personal negotiation with him in a room in the office of the newspaper, which continued for two hours, at the end of which time Mr. McKenzie gave instructions for the withdrawal of the advertisement, and of a large poster which had also been prepared, copies of the advertisement and of the poster I obtained, and one of the advertisements is annexed for your information, at the same time as a condition of withdrawal of the advertisement I signed the annexed agreement thereby obtaining in addition a delay of six weeks, and a promise that no obstruction would be offered in the meantime to the conduct of the public business.

In ordinary circumstances I would of course have consulted the Provincial Solicitor before signing such a document, but the position of affairs seemed to me to call for prompt action and the lateness of the hour and inclemency of the weather prevented any possibility of my seeing him until the paper had been published.

On the following day Mr. McKenzie verbally instructed the Sheriff not to sell till further orders, but the Sheriff declined to receive his instructions, unless in writing and accompanied with a written guarantee by Mr. McKenzie that all his expenses would be paid, at the same time stating that he would sell at once if his costs and expenses were not guaranteed.

Mr. McKenzie refused to sign this guarantee and requested me to accompany him to the Sheriff, and endeavour to arrange the matter. I did so without success. At a second interview for the same purpose the Sheriff declined to converse on the subject with Mr. McKenzie in my presence. This matter was ultimately settled by my signing a letter written by the Provincial Solicitor, and with his consent, to the effect that the Government would in any case be liable to Mr. McKenzie for any costs he was compelled to pay the Sheriff. Instructions were subsequently sent to Dunedin to postpone legal proceedings.

JOHN R. CUTHBERTSON,
Deputy Superintendent.

Enclosure 1 in No. 37.

MEMORANDUM.

On the afternoon of Wednesday, the 12th instant, about four o'clock, I was informed that the Sheriff's Officers, at the suit of Messrs. M'Kenzie and Co., had taken possession of the rolling stock of the Bluff and Invercargill Railway, then at the Bluff. The information having been telegraphed by the person in charge to Mr. Marchant, the Railway Engineer. On conferring with the Deputy-Superintendent and the Provincial Treasurer, it was deemed best, upon my recommendation, to take steps to obtain a Judge's Order to set aside the Writ of Execution on the ground that the Writ of Execution ought not to have issued, inasmuch as Provincial property so called, is not liable to seizure. I accordingly instructed the agents in Dunedin of my firm, to take out a Judge's Summons for this purpose, requesting them, if possible, to obtain a stay of proceedings until the summons was disposed of, in order to prevent a sale by the Sheriff. The necessary Affidavit by the Deputy-Superintendent in support of the application was also forwarded, and the packet transmitted by the overland mail which left Invercargill on Thursday morning, and which usually arrives in Dunedin on Friday night.

On Thursday morning the Deputy-Superintendent informed me that the Bailiffs had taken possession of the different offices of the Government. I then thought it advisable that a special messenger should be dispatched to Dunedin with further instructions and a more full Affidavit, and to return with a reply from our agents in Dunedin—the return mail not arriving till Wednesday morning. This was accordingly done.

The Deputy-Superintendent had an interview the same morning with the Sheriff, Mr. Price, in the presence of the Provincial Treasurer and myself, when Mr. Price declined to give any information as to his intention to sell, and stated that no obstacle would at present be thrown in the way of the public business, but he could not say what might be done when some one—he did not say whom—representing the Plaintiffs arrived in Invercargill, which, he added, would be by a steamer expected on the following day. I applied for a copy of the Writ of Execution. He referred me to his Solicitor, Mr. South, who, on application, declined to furnish a copy at my expense, or permit a copy to be taken.

Friday being Good Friday, was a holiday. Late on the evening of that day, at my residence, I received a note from the Deputy-Superintendent, informing me that an advertisement of the sale had gone into the paper, which appeared next morning, and requesting me to see him early the next morning. This I accordingly did, and found from the Deputy-Superintendent that he had arranged with Mr. M'Kenzie the withdrawal of the advertisement, and the postponement of the sale for six weeks.

In the afternoon, I learnt from the Deputy-Superintendent that the Sheriff had raised an obstacle to his arrangement, which promised to become a serious one, viz., that unless he received