

Mr. Driver.] You say by law you could not do business with any bank?—No.

And you say the immediate withdrawal of £225,000 would be disastrous to the bank?—I will modify that term; I think it might be injurious.

And do you think it would be if the money was simply withdrawn from deposit account, and placed to current account?—No; I think it would not in that case; *it would be simple transfer.*

Mr. Montgomery.] What is the date on which you made the last deposit?—I think the 16th March.

Mr. Dargaville.] I now propose to refer briefly to the written statement I handed in, and to give my reasons for making it ~~which I hold have been supported so far by the existing state of the law.~~ First, "That the Government lent £225,000 of trust funds, over which the Treasurer has control, to the Bank of New Zealand, without security, for a term of years." That has been established by the evidence submitted, the term of years being two years in this instance. And if a transaction of this kind could be entered into for two years, in the discretion of the persons who advised it and completed it, there is *nothing* to prevent them entering into it for a much longer term—*say, five or ten years—for a million or two*, "in a manner not contemplated by the law." I think that almost goes without saying, in view of the sections I have read from the various Acts prescribing definitely the manner in which these funds should be invested, and that, *before any investment is made*, an Order in Council shall have been first obtained. In the present instance no Order in Council appears to have been obtained, "thereby giving undue advantages to one banking establishment closely allied with the present Administration." It did not appear to me to be necessary to call evidence to prove that; it is so self-evident. The alliance of the banking establishment referred to with the present Administration will be seen in two ways: firstly, from the correspondence of Mr. Murdoch, the General Manager of the bank, with the Government at the time *the present agreement between the bank and the Government was made*, namely, 1880. Mr. Murdoch speaks there of the disadvantage to the bank of having to hold coin to provide for any reduction or withdrawal of the Government balances, in what he calls the "very conceivable event of a hostile Ministry coming into power." That correspondence, and particularly that expression, coupled with the fact that the present Premier was only a short time ago a director of the bank, and is now a shareholder in it, as well as being standing counsel for the bank—these facts, *and the well-known anxiety of the bank to keep these honourable gentlemen in office*, warranted me in stating that that banking establishment is closely allied with the present Administration. Further, "that Parliament has not yet been informed of the transaction." *It will be seen*, from the subsection of section 20 of the Act of 1878, that the intention of Parliament was that particulars of these transactions should be laid before Parliament within thirty days after the opening of each session. *It is thus so evidently the intent and meaning of the Act that Parliament should be made aware of these investments*, that I hold I was perfectly justified in adding to my statement "that Parliament has not yet been informed of the transaction," although Parliament has now been in session two or three months. I have nothing more to add to those words. I hold that an extraordinary and unprecedented transaction has been entered into with this particular bank, whereby an undue advantage has been given to the bank, and that Parliament should have been made aware of the transaction in due course, which has not been done. I say, further, it was done *in a manner not contemplated by the law*, but with the concurrence and approval of the Treasurer, who is, therefore, responsible for it.

Hon. Major Atkinson: I wish to know whether this is all that is preferred against me. I am ready to meet any and all charges.

The Chairman: Do you intend to make any more charges?

Mr. Dargaville: Not this morning. I have already stated that this charge should be gone on with, completed, and exhausted, and that ~~they~~ *the others* should be taken one at a time. I have repeatedly stated that that was my intention, otherwise a number of charges would be made without any possibility whatever, with the time at the disposal of the Committee, of investigating them *in time to report to the House this session*, which would be unfair both to myself and the persons charged. We have been already three or four weeks —

Mr. Driver: Doing nothing.

Mr. Dargaville: Over this business. I thought the *present charge* the most concise and most easily to be proved or disproved, and that it would be inexpedient for me to formulate any more charges until we have disposed of it.

Mr. Driver: Of course the Committee have no control over you, Mr. Dargaville; but it is quite competent for the Committee to arrive at a different conclusion from you as to the conduct of the business. We have already arrived at a decision, and given you notice of it, and it is for the Committee to say whether it will take a different course now. For myself, there would have to be very strong reasons to induce me to consent to accept anything fresh after to-day.

Hon. Major Atkinson: I submit, with all respect, that the position assumed by the honourable gentleman is one that, in justice to the Committee and myself, he has no right to assume. He made in his speech definite, distinct charges against me—or rather, *I should say*, general and sweeping charges of the most grave character against me. I should say there can be no doubt when he made that speech that he had what he considered sufficient evidence to support every one of those charges. The Committee was appointed to inquire into the fact as to whether charges had been made, and to give Mr. Dargaville an opportunity of proving them to be true. *If the Committee find charges have been made*, the Committee is directed to report whether they are true or not. Then I submit that, in justice to myself, I had the right to ask immediately, if I had so pleased, what were the charges against me. The rule is clear that no man can be brought up charged with grievous offences without knowing what the charges are. I understand that the Committee have given Mr. Dargaville ample time—some three weeks—because I assume he must have known the grounds of those charges before they were made—to formulate them, and to prepare his evidence. Now, I ask