

P.S.—Address reply to care of Mrs. Arthur Watt, Oakroyd, Mount Eden Road, Auckland.—W. J. S.

30th September, 1885.—G. S. Brodrick, Esq., Official Liquidator, Duntroon-Hakateramea Railway Company (Limited).—*Re* my letter posted Monday, on receipt, kindly reply briefly by delayed telegram—address care of Mrs. Watt, Oakroyd, Mount Eden Road, Auckland—and fully by letter. Quote in telegram price you would accept for debentures.—W. J. STEWARD.

5th October, 1885.—W. J. Steward, care of Mrs. Watt, Oakroyd, Mount Eden Road, Auckland.—I receive my instructions from Judge of Supreme Court. Nothing can be done at present.—GEORGE S. BRODRICK.

DEAR SIR,—

Auckland, 6th October, 1885.

*Re* Government debentures on account purchase of Duntroon and Hakateramea Railway: I am in receipt of your telegram in which you advise that you "receive your instructions from the Judge of the Supreme Court" and that "nothing can be done at present." I am, however, aware (having a copy of the deed between yourself and the Minister before me) that article 3 provides "That the liquidator will, as soon as practicable after the adoption of this agreement by the General Assembly, apply to the Supreme Court of New Zealand at Dunedin for an order assenting to the terms of these presents," &c. As the Judge is now in Dunedin, I presume therefore that application will be made by you for the order referred to within a few days of date—possibly before this letter can reach you. If, then, as I have no doubt is the case, it will be your object to convert the debentures into cash promptly, so as to enable the liquidation to be completed without loss of time, it appears to me that the Court would, if applied to in that behalf, also direct as to how the debentures should be disposed of. The principal creditor of the company, Mr. Stumbles, who has frequently consulted with me in the matter, will, I am sure, be anxious for a speedy realization; and I expect to hear fully from him shortly. Assuming, then, that all parties will be agreed as to the desirableness of prompt realization, I desire to point out to you that if the Duntroon debentures and those given for the Waimate line, respectively amounting to £61,100 and £33,913, can be dealt with at the same operation, and also the £7,000 balance payable to the Rakaiia Forks Company in debentures of the same denomination—which last can, no doubt, be arranged if the two larger amounts are brought together—there will then be a total of £102,013, a circumstance which will improve the realizable value by probably not less than 2½ per cent. And for this reason: viz., that the London Stock Exchange will give a place in its official quotations to stock amounting to £100,000 or over, but not to stock of a less total issue than £100,000. Having authority to act for the Waimate Company I am in negotiation with the Government Assurance Association and also with the Bank of New Zealand, and shall shortly be able to advise my principals definitely as to the price obtainable in either quarter; and the negotiations have already proceeded sufficiently far to show me that, for the reason before stated, the price obtainable would be more favourable for the whole of the debentures mentioned than for either of the parcels separately. Again, the fact that the interest until the 31st March, 1887 is payable in the colony only will, as I am advised by one of the highest financial authorities in the colony, render the sale of the debentures in London, at any rate until after that date, impossible except at a very large discount. If the Colonial Treasurer would, on behalf of the Government, give an undertaking that these district-railway debentures shall be brought under inscription—as part of any new operations of that kind—within two years from date, then these debentures would, in London, be of about equal value to the Greymouth and Westport (Government guaranteed) 4-per-cents, which realized a fraction over 95, but, without such an undertaking, would, I am advised, be saleable only at a very much lower price. Inscription cannot in any case be effected until after the 31st March, 1887, as the Bank of England will not inscribe stock the interest of which is not payable in London. In the interest of the vendors of the district railways I have asked Sir Julius Vogel to give the undertaking referred to; and await his reply by return mail. Even if this be given, and the stock be sold in London, it appears clear that 95 net would be as much as could be expected to be obtained; and the 2 per cent (half-year's) interest accrued to the 30th September would be fully, if not more than, absorbed in expenses—viz., insurance on debentures sent Home, cost of advertising, commission, brokerage, and exchange on remittance of proceeds to the colony. I therefore think that any advance upon 95 that can be obtained in the colony will be the measure of the advantage of local sale (*i.e.*, sale within the colony), *plus* a considerable saving in expenses, as, if I am permitted to negotiate the sale in your case in conjunction with that of the Waimate Company's debentures, I shall only look for a commission of 1¼ per cent. If, on review of the whole matter in the light of the full explanations now given, you should think fit to authorize me to place the debentures, please furnish me with the necessary instructions, including limit of price to be accepted. Should you desire any further explanation I shall be happy to furnish it. Please address your reply to "General Assembly Library, Wellington," as I return thither by next boat—arriving Sunday, 11th instant (D.V.)—with a view to completing matters as far as the Waimate debentures are concerned if you should elect not to avail yourself of my services. But before taking further action as regards these I purpose to await your reply, in order, if possible, to make one transaction of the whole matter. I do not know if you would deem it expedient to consult the Hon. R. Campbell, who is (or was) the chairman of the directors of the Duntroon-Hakateramea Railway Company, but should you do so I think he will concur as to the expediency of the course I have suggested. Hoping to receive your authority to carry out the matter,

G. S. Brodrick, Esq.

I have, &c.,

W. J. STEWARD.

Wellington, 14th October, 1885.—G. S. Brodrick, Esq., Official Liquidator, Duntroon-Hakateramea Railway Company, Dunedin.—Can sell Waimate debentures and probably yours also to Government for 95, immediate cash. Will see if get more from Insurance Association. Prompt decision necessary, as Vogel leaves for South Saturday morning. Do not think you can do better, as find debentures not allowed to be sent out of colony until 1887. Must be presented, with coupons attached, in colony until then, when half-yearly interest claimed. Should you wish to avail yourself my services this matter, and should price obtained not exceed ninety-five, would charge only three-quarters per cent. commission. If you decide instruct me to act for you, wire promptly by two separate telegrams—viz., (1) authorizing me to negotiate on your behalf, (2) authorizing sale at or above ninety-five.—W. J. STEWARD.

Wellington, 19th October, 1885.—G. S. Brodrick, Esq., Dunedin.—Duntroon debentures: If you propose replying, kindly do so immediately.—W. J. STEWARD.

Dunedin, 19th October, 1885.—W. J. Steward, Esq., M.H.R., Wellington.—The Duntroon debentures are not for sale.—G. S. BRODRICK.

Wellington, 19th October, 1885.—G. S. Brodrick, Esq., Dunedin.—Your reply to hand. Will advise parties interested accordingly.—G. S. BRODRICK.

Dunedin, 20th October, 1885.—W. J. Steward, Esq., M.H.R., Wellington.—I do not authorize you to make any statement on my behalf to parties interested.—G. S. BRODRICK.

Wellington, 20th October, 1885.—G. S. Brodrick, Esq., Dunedin.—Thanks. Quite understand. Never contemplated making any statement on your behalf; but, on my own, shall advise Stumbles and Campbell of price offered, and your reply that debentures not for sale. Shall probably also receive power attorney to act for Stumbles.—W. J. STEWARD.

*Copy of Correspondence between the Hon. the Colonial Treasurer, Major Steward, and the Directors, Thames Valley-Rotorua Railway Company (Limited).*

Wellington, 15th October, 1885.—*Re* District Railways Purchase Act: Am here negotiating for sale of debentures payable to Waimate and Duntroon-Hakateramea Companies. Think could place the one hundred and fifteen thousand odd payable to your company if authorized to do so. Could obtain ninety-five cash, purchasers to receive interest accrued. If willing accept this, wire me immediately. My commission half per cent.—W. J. STEWARD.

Wellington, 16th October, 1885.—When replying to-morrow to my telegram please state also whether, failing purchaser for whole, directors will authorize sale of fifty thousand on terms mentioned.—W. J. STEWARD.

Wellington, 19th October, 1885.—Sorry cannot place the whole. Have definite offer of ninety-five including interest to 30th September, company to get advantage of further interest accruing to date payment. Purchaser will