

336. Then, in regard to these moneys said to have been over-paid to Nathaniel Seddon, suppose the vouchers were found, would any blame attach to Nathaniel Seddon, who was working for the Council, and put in vouchers for salary, supposing it happened that there was no receipt?—The voucher would be a receipt if completed.

337. Suppose the blocks of the cheque-book of the Council were in existence, it would show how the money had been paid. Are those blocks still in the hands of the Council?—I do not think so. No cheque-book was produced. The items could not be traced into the bank-book.

338. Would not that prove that the moneys did not pass into the hands of the man who was supposed to have received them?—I cannot say.

339. From your knowledge, as a business man, can you get a cheque from any one without its being shown in the bank-book?—No.

340. The vouchers of Nathaniel Seddon could not be traced in any way?—They could not be found.

341. Then there could not have been any passing of money?—That was the doubt. If the committee had set up an inquiry into the matter, probably the matter would have been cleared up.

342. When O'Hagan spoke favourably of the character of Wylde, was that after the latter had been convicted?—Yes.

343. *Mr. Morrison.*] So that the animus would cease when O'Hagan had got what he wanted?—It would be in the direction of "Save me from my friends!" as it came after the conviction.

344. *Mr. Duthie* (through the Chair).] In whose custody were the borough vouchers from the time the auditors had done with them until they reached the Council on the 4th or 6th November?—They would probably have been in the hands of the new Town Clerk. I knew nothing of the trial. I take it they were left in the office. I do not recollect anything being done about them.

345. *Rt. Hon. R. J. Seddon.*] Were the borough accounts at the bank ever compared with those accounts as shown in the special auditor's report as to the allegation that Mr. Nathaniel Seddon was overpaid?—That we never could show.

346. Then after they had the advice of the Council's solicitor, and passed a resolution, were you then told you had made a serious mistake, inasmuch as you had never asked Wylde to account for the moneys received?—Yes.

347. Did you go with O'Hagan to ask him formally to account for the money?—We went up to his house. He said we had no right to come to his private house and ask questions.

WEDNESDAY, 19TH OCTOBER, 1898.

Mr. WILLIAM NICHOLSON in attendance and examined on oath.

1. *The Chairman.*] What is your name?—William Nicholson.
2. What are you?—An accountant.
3. Where?—At Palmerston North.
4. Do you know the reason of your being called, and what this inquiry is about?—Yes.
5. *Rt. Hon. R. J. Seddon.*] Were you auditor for the Borough of Kumara?—Yes.
6. For what years?—1882, and before that.
7. From 1878 to 1882 you were borough auditor?—Yes.
8. You were one of the auditors?—Yes.
9. Who was co-auditor with you?—Mr. Reuben Toms.
10. Would you know Mr. Toms's signature if you saw it?—I do not know if I would remember it. It is a long time ago—sixteen years.
11. Probably this may refresh your memory [Exhibit H]?—Yes, I should say that that was his signature.
12. Now, do you remember a special audit being made?—Yes.
13. Did you audit the accounts of the borough regularly up to the time of the special audit?—Yes.
14. Did you certify to the balance-sheets being correct as presented to the Council?—Yes.
15. You have the letter from your co-auditor: do you agree or disagree with the contents of that letter?—I quite agree with what Mr. Reuben Toms states.
16. Were any moneys overpaid to Mr. Nathaniel Seddon during the time you were auditor?—Not according to our audit.
17. Had you all vouchers each year put before you?—Yes, we had the vouchers put before us, although I did not see them; Mr. Toms took the vouchers and I took the ledger.
18. But in checking the accounts you compared them with the ledger and cash-book?—Yes.
19. He would have the vouchers before him and you would trace the books?—Yes.
20. That was your system of audit?—Yes.
21. What was the mode of payment by the Borough Council: was it always by cheque?—It was by cheques; there was one time, I think, when cheques were given—I am not sure whether cheques or bills were given first, but I think it was cheques—and afterwards, there not being funds available at the bank, the borough having overdrawn, bills were given for the amount, and there is no doubt that would lead to confusion.
22. You are not sure whether the bills were given first and then cheques paid to take up the bills, or if the bills were to take up the cheques?—I am not quite sure.
23. But you are sure bills and cheques were given for the one liability?—Yes, I am quite certain of that.
24. You say that may have led to some confusion?—Yes, I think so; that was one of the things likely to confuse.