

*Mr. Herries:* I should like to point out that Mr. Dalziell has been present while all the witnesses have been examined. None of the other witnesses has had that chance.

*The Chairman:* He was allowed to be present by permission of the Committee.

*Mr. Herries:* But now he is going to make a statement. He has an advantage which no other witness has had of knowing exactly what has been said.

*Mr. Greenslade:* The evidence has all been published in the newspapers.

*The Chairman:* What is your objection, Mr. Herries?

*Mr. Herries:* We shall have an opportunity of cross-examining Mr. Dalziell, I suppose?

*The Chairman:* Yes, he will be subject to cross-examination. Other witnesses, too, have been present since the proceedings started.

*Mr. Herries:* I should like Mr. Dalziell not merely to meet what has been said, but to make a clear and full statement of the whole position.

*Witness:* Yes, I propose to cover the whole ground. There is nothing to be kept back.

5. *The Chairman:* Will you go on with your statement, Mr. Dalziell?—Yes, sir. I was first consulted by Mr. Lewis regarding Mokau on the 3rd August, 1908. He was then the registered owner of Mr. Jones's leases, subject to a mortgage to Flower's trustees for £14,000, which was the total amount of the purchase-money he had agreed to pay to the trustees for the leases. Mr. Lewis had at this time entered into an agreement with Mr. Mason Chambers, Mr. R. D. D. McLean, and Sir Francis Price, all of Hawke's Bay, runholders, to sell to them his interest in the leases for the sum of £25,000 and an eighth interest, which he was to retain. Under that agreement the purchasers had paid him £700 in cash, and £4,300 had been deposited by them with Messrs. Moorhouse and Hadfield, solicitors, Wellington. Messrs. Moorhouse and Hadfield had given an undertaking to Messrs. Travers, Campbell, and Peacock, the solicitors in New Zealand for Flower's trustees, to the effect that when Mr. Lewis was placed upon the register as owner of these leases they would pay that money over to Travers, Campbell, and Peacock. Mr. P. S. McLean, of Napier, was solicitor for the Hawke's Bay purchasers. He had, prior to this date, searched the title to the leases, and had come to the conclusion that the title, whether it was good or not, was uncertain and not such as he could advise his clients to accept. He had on their behalf, therefore, said that they would have to withdraw from the agreement, and he demanded the repayment of £700 received by Mr. Lewis and £4,300 held by Moorhouse and Hadfield. It is important to note that at this date the £14,000 due under Mr. Lewis's mortgage had become due. That was the situation in which Mr. Lewis found himself when he came to consult me, and he wanted me to advise him as to the best means by which he could escape from these difficulties. I came to the conclusion, after looking into the matter, that, although Mr. Lewis's title to the leases might be good, there could be no doubt it was not such a title as could be forced upon an unwilling purchaser. I also concluded that the undertaking given by Moorhouse and Hadfield to Travers, Campbell, and Peacock would be a very difficult one for them to get out of, on account of Travers, Campbell, and Peacock having carried out the condition on which Moorhouse and Hadfield had promised to pay over the money.

6. *Mr. Herries:* They had registered the transfer?—Yes. I also came to the conclusion that if Mr. Lewis lost this sale and suffered any damage through not being able to complete the sale to the Hawke's Bay purchasers, he might have a claim against either the trustees or their solicitors. At that time, also, Mr. Lewis was not in a position to finance the purchase of the leases from the trustees unless he could get such a title as he could borrow upon. I mean that, in view of the doubt thrown upon his title, he was not in a position to finance the purchase, because he had not sufficient funds with which to finance the purchase independently of the value of the leasehold. The first step I took in order to straighten out these difficulties was to approach Mr. McLean, solicitor for the Hawke's Bay people, and Mr. Campbell, solicitor for the trustees. I suggested to both of them that it was very undesirable that this triangular litigation which was threatening should proceed; the questions involved were extremely difficult and the litigation would probably be prolonged and expensive, and it would be far better for the parties concerned to combine, with a view either to having the leases perfected, or getting the lessees and Maoris to combine and sell the whole property. Both of these gentlemen, however, were very loth to agree to this. Neither of them wanted to be mixed up in the thing: they wanted to know just where they were. I have a letter from Mr. P. S. McLean, solicitor, of Napier, written at this time, which will explain to you the attitude he took up. It is dated the 22nd September, 1908, and reads as follows: "Hawke's Bay, 22nd September, 1908.—F. G. Dalziell, Esq., Messrs. Findlay, Dalziell, and Co., Solicitors, Wellington.—Dear Sir,—*Re* Mokau: I have seen Mr. Chambers and the others as to the proposal that they should enter into an agreement with Mr. Lewis and Mr. Campbell with a view to special legislation, and they have asked me to say that, while they appreciate your efforts towards a profitable settlement, they would prefer to retire from the adventure with their own money and interest as provided by the agreement with Mr. Lewis, leaving the others to take the full benefit of any such legislation. I have to thank you for your good intentions and for your considerate discussion of the position.—I remain, P. S. McLean." Mr. Campbell also took up the attitude that he was forced into the position of pressing Mr. Lewis—forced by his people in London. He pointed out to me that this money belonged to a deceased person's estate, which was prevented from being wound up owing to the delay connected with this matter. Neither of them, therefore, would agree to any definite proposal. I thought that they would not incur the expense of litigation, and I decided to go on and try to get the matter set right. I accordingly wrote, on the 25th September, 1908, a letter to the Native Minister. This is a copy of it: "25th September, 1908.—The Hon. the Native Minister, Wellington.—Dear Sir,—*Re* Mokau-Mohakatino Block No. 1: I am instructed by the lessees of the subdivisions 1f, 1g, 1h, and 1j of this block to bring before you the question of the early settlement of these subdivisions. As you are probably aware the leases of these subdivisions were