

security to "Mangatu No. 1" was the shares in Mangatu held by the Waingaromia and Rangatira owners; that the documents taken by him were merely taken as an additional precaution, and he did not really rely on them at all.

Mr. Pitt, acting on behalf of some of the owners, stated that there was a further agreement (now in the hands of the Hon. A. T. Ngata) between W. L. Rees and Wi Pere of the one part and the Waingaromia and Rangatira owners of the other part, whereby it was arranged that all costs and charges in connection with these two blocks were to be borne by Rees and Wi Pere in consideration of their receiving one-half of any lands and moneys arising out of the actions. We have not been able to see this document, but it does not affect the position so far as the trustees of Mangatu No. 1 are concerned, though it casts a light on the transactions of Rees and Wi Pere in connection with Mangatu No. 1, showing how it was they claimed to have the right to pledge lands and moneys arising out of the Waingaromia and Rangatira cases.

No steps appear to have been taken by the trustees of Mangatu No. 1 to collect this £10,000, or any part of it, from Messrs. Rees and Wi Pere, and that is explained by Mr. Jackson's statement that he placed very little value on the security of the documents entered into with them, but regarded the advances as safely secured by the shares of Waingaromia and Rangatira owners in Mangatu No. 1.

It may be noted here that Mr. Jackson stated he strongly advised the Natives to accept the Assets Board's offer to settle this litigation by a payment of £25,000, but that neither Mr. Rees, Wi Pere, nor the Natives would be guided by him, and that all these advances were authorized by resolutions of meetings of owners. Mr. Hooper in his evidence stated that Mr. Rees was one of those who wished the Assets Board's offer to be accepted.

The books also show that there was a system in vogue of advancing moneys to other Native blocks, and of receiving advances from them. Thus Mangatu No. 1 has advanced to Mangatu Nos. 3 and 4 £2,187 18s. 3d. These two blocks do not appear to have ever been in funds, and on No. 3 there is a mortgage of £1,600, repayable in April, 1922, to the Foster Trust Board. Waihirere Block is indebted to Mangatu No. 1 for £358 14s. 3d., and advances to other blocks total £109.

Advances have been made to individual members of the Wi Pere family. Between May, 1902, and April, 1912, the late Wi Pere received £2,315 1s. 6d. From February, 1904, to October, 1909, Te Kani Pere (Chairman of Mangatu No. 1 Committee) received £2,765 3s. 7d. The total of these individual advances, £5,201 2s. 10d., was transferred to the account of the Wi Pere family trust. The date of this is given in the journal as being the 20th October, 1910, but this is obviously an error, as some of the advances were made later.

Also, for some years there have been large advances by Mangatu No. 1 to the Wi Pere family trust, and *vice versa*. The ledger shows that at present No. 1 is indebted to the Wi Pere family trust in the sum of £2,312 8s. 3d., though at other times the trust has owed the block moneys. Interest has been charged on these advances by Mangatu No. 1.

Neither the Act of 1893 nor the trust deed gave the trustees authority to make or receive advances in this way, but Mr. Jackson was firmly of opinion that it had been good policy for both estates to mutually assist one another thus. Mr. Jackson is also one of the trustees of the Wi Pere Estate, and his co-trustee, Te Kani Pere, is Chairman of the Mangatu No. 1 Committee, while the Wi Pere family claim large interests in this block.

Individuals who are owners in Mangatu No. 1 have also received advances amounting in all to £4,257 10s. 6d. There is no power in the trust deed to make these advances, unless clause 12 thereof, enabling the trustees to reserve a third of the rents and profits for such purposes as a general meeting might determine, gives such power. This, too, seems to be the only provision under which the trustees could make payment for tangis, churches, &c. Mr. Jackson, however, did not pretend to have acted under this clause. He stated that when an owner or block happened to be proceeded against for debt the members of Mangatu