

At page 1607 is set out a letter dated 30th October, sent by Mr. Thompson to his head office. The letter reads as follows:—

“Poverty Bay Farmers’ Meat Company (Limited).—As advised you by telegram yesterday, the chairman of directors called on us with a view of ascertaining whether or not the bank would be prepared to consider the question of taking over the above company’s account from the National Bank of New Zealand (Limited), to whom they are heavily indebted.

“The overdraft required would be £250,000, plus a working limit of £15,000 against the security of a mortgage over the company’s land, buildings, &c., valued by them at £400,000 (the property is subject to first outside mortgages amounting to £32,000); also charge over uncalled capital £10,000, and fresh capital which the company undertake to raise to the extent of £60,000, spread over three years; also equity steamer ‘Admiral Codrington,’ estimated at £25,000, and guarantee to be approved by bank, £50,000.

“The chairman of directors stated that the company’s works, plant, machinery, &c., were valued by Messrs. James and McCarthy, Wellington, on 6th instant at £400,000. From inquiries made by us this figures is excessive: £200/250,000 would, we understand, be nearer the mark, and we are informed that Vestey’s consider they could erect similar works at the present time at a cost of £175,000.

“Owing to the involved state of the company’s affairs and to the uncertainty of their being able to raise fresh capital the proposal does not commend itself to us.”

Mr. Thompson was asked—

That is your opinion?—That was my opinion on the matter.

At page 1608 Mr. Thompson was asked—

Will you give me your opinion, knowing the district as you did, of the feasibility of raising £200,000 on debentures for this concern?—It was impossible at that time.

There is a conflict of testimony between Mr. Lysnar on the one hand, and Mr. Lawford and Mr. Thompson on the other hand, in respect to this. Earlier, on page 530, speaking of the raising of £200,000 by debentures from the public, Mr. Lysnar said: “The managers of the banks promised that, and recommended it to the head offices.” Mr. Thompson, at page 1609, said he “did not recommend this,” and he produced a letter addressed from himself to his general manager, dated 8th October, 1923, which reads as set out on previous page. Mr. Lawford’s testimony, as appears on pages 1624A and 1625A of the notes, shows that he was the manager at Gisborne of the Union Bank of Australia throughout the month of October, 1923, and was not during that month away from Gisborne. He also said that Mr. Lysnar did not approach him on the subject. He also stated that he had seen a report in the Press of part of Mr. Lysnar’s evidence, which included “Every one of the bank-managers in Gisborne without exception wrote to their head offices, every one recommending it”; and he says he took exception to that statement as reported in the Press, and communicated it at once to his inspector at Wellington.

The Commission adjourned on the 1st day of June until the 4th day of June, to enable Mr. Lawford to attend and give evidence. Mr. Lawford was subpoenaed, and before he was called the notes of the proceedings—pages 1623 and 1624—show that this matter occasioned some little difficulty. The notes read:—

*Sir John Findlay:* We have, Mr. Chairman, subpoenaed Mr. Lawford. As Mr. Lawford communicated with my friend Mr. Myers, I desire that Mr. Myers should examine the witness.

*Mr. Lysnar:* I would like to say that this morning I got Haines and Co. to see the nature of the communication I sent. I find in reference to that telegram it does not include the bank that this witness represents. It includes the other banks, and upon reflection, so far as I can remember, I know I went into the bank to see about it, and my impression is that I was not able to see him at the moment, and did not ultimately see him because the necessity of it did not arise. Those banks which I had seen I have mentioned, but this bank was not mentioned. Had my friends raised the question earlier one would have had an opportunity of looking into it.

*Sir John Findlay:* That is the most amazing statement made during the course of this inquiry. Mr. Lysnar was shown the letter. He read the letter. Mr. Myers showed Mr. Lysnar the letter the other day. Why did he not get up then and make his statement?

*Mr. Lysnar:* Because I did not know.

*Mr. Myers:* Mr. Lysnar’s statement to this was that Mr. Lawford was making a mistake.

*Mr. Lysnar:* I made no statement at all. I am surprised at you saying such a thing.

*Mr. Myers:* Mr. Lysnar must have a very very defective memory. I told the Commission the other day, on Monday, that the letter was shown to Mr. Lysnar. May I refer the Commission to page 530 of the proceedings, where I asked Mr. Lysnar the following question:—

“*Mr. Myers:* Do you mean to say seriously—to suggest to this Commission—that the banks would recommend their clients or the public, to invest in debentures issued by the Poverty Bay Farmers’ Meat Company, in view of the position in which the bank stood in the year 1923?”