

"*Mr. Lysnar* : I do, and I can prove it. Every one of the bank-managers without exception, every one of them, wrote to their head offices recommending it. I showed them the balance-sheets from start to finish, and I gave them all the data. They said, 'Mr. Lysnar, we are satisfied that your works are good enough, and we will communicate with our head offices,' and they did.

"*Mr. Macintosh* : What did the head offices say ?

"*Mr. Lysnar* : I never heard."

Mr. Myers : Mr. Chairman, Mr. Thompson has already been called, and now it is proposed to call Mr. Lawford. I think it is better, seeing Mr. Lawford is here, that he should be called.

The Chairman : There may possibly be some other points that the Commission may want to ask Mr. Lawford while he is here.

At the close of Mr. Thompson's evidence he was asked by Mr. Johnston to send to the Commission copies of the letters that he sent to Mr. Lysnar at the time of Mr. Lysnar's application to the Bank of New Zealand. Two copy-letters have been forwarded by Mr. Thompson, and they read as follows :—

W. D. Lysnar, Esq., Gisborne.

30th October, 1923.

DEAR SIR,

Re Poverty Bay Farmers' Meat Company (Limited).

Referring to our interview of yesterday regarding the above account, I duly telegraphed my head office in the matter, and have this afternoon received the following reply : "Referring to your telegram of yesterday, Poverty Bay Meat Company : Application for advance declined, security offered being insufficient."

Yours faithfully,

D. S. THOMPSON, Manager.

W. D. Lysnar, Esq., Gisborne.

31st October, 1923.

DEAR SIR,—

Re Poverty Bay Farmers' Meat Company (Limited).

With further reference to our interview of yesterday afternoon : As requested, I again referred the matter to my head office for consideration on the terms discussed by us, and have just received their reply (5.40 p.m.) advising that they regret they do not regard the business as suitable.

Yours faithfully,

D. S. THOMPSON, Manager.

Mr. Thompson said in evidence that he would not have been averse to getting a new and large account if the security had been reasonable, as "we are always out for business." He also said if there had been a reasonable chance he would have been only too anxious to secure a local concern and increase his turnover. It must be remembered that Mr. Thompson's letters were written in October, 1923. His letters to his head office seem to have set out his considered opinion, and his letters to Mr. Lysnar seem to have duly advised Mr. Lysnar of the decision of his head office to Mr. Lysnar's request that the Bank of New Zealand should take over the account of Mr. Lysnar's company.

From the foregoing it will, we think, be seen that the financial position in September, 1923, was neither easy nor hopeful.

HISTORY OF COMPANY, AND FINANCIAL POSITION OF COMPANY AT TIME OF SALE.

The first annual report and balance-sheet of this company shows that on the 7th June, 1915, a meeting of sheep-farmers in the Poverty Bay district was convened, and arising thereout the company was established. On the 26th August, 1915, matters had so far progressed that the foundation-stone was formally laid. Freezing operations commenced on the 21st February, 1916, and the first annual general meeting was called for the 26th September, 1916, to receive the first annual report and balance-sheet for the year ending 31st August, 1916. Freezing operations continued during the freezing season up to November, 1923, when the sale the subject of this inquiry took place.

Mr. Lysnar put in as an exhibit a report dated 12th March, 1925, prepared by Mr. C. P. Mountfort, who a few years ago retired from the position of manager of the Bank of New South Wales at Gisborne.

In his evidence Mr. Mountfort states that the company started operations in 1916 with a paid-up capital of some £65,000 ; uncalled capital, some £18,000 ; and