

by Mr. Lysnar, but that the answers had been prepared by himself. We think that both Messrs. Witters and Coop were honourably trying to tell the truth, but that on certain matters their memories were evidently at fault, and this possibly may have come about through frequent discussions regarding these particular matters in the period of time that elapsed between the respective occurrences and the proceedings of the Commission.

Mr. Bowen was not called by counsel for the Crown, counsel for the Meat Board, or counsel for the National Bank, but he and some other witnesses came forward on their own account. As Mr. Bowen was for some years a director of the company, we think that his own words giving his views are instructive. A quotation from the notes, starting at page 1134, shows that Mr. Bowen said, *inter alia*—

Before giving you his statement I should like to refer to the 1919 balance-sheet. On page 2 of the balance-sheet it reads: "The directors are pleased to be able to state that they were able to pay the full price of the boat in cash, in addition to providing a substantial sum towards the insurance of the boat and the working-expenses, by capital raised through the new shares subscribed, and by a mortgage on the steamer, the balance being provided for out of the earnings of the company."

I should like you to take a note of that, Mr. Myers. He (Mr. Smallbone, manager of the National Bank at Gisborne) told me at that interview that when Mr. Lysnar came to him and suggested the purchase of a steamer, he advised him not to have anything to do with it. Mr. Lysnar, he said, held a pistol at his head and said, "If you do not give me what money I require to help to purchase a steamer, I will take away my private account, my butter-factory account, and the freezing-works account." Mr. Smallbone said that he did not care to lose the business of the freezing-works, because he had started that company's account and it had been satisfactory up to that time. So he decided to write to Wellington and ask the general manager what assistance he would give Mr. Lysnar, and mentioned what I have already stated, that if Mr. Lysnar did not get some assistance he would take away his butter-factory account, his private account, and the freezing-works account. After some correspondence had passed, he said, it was ultimately agreed that, with respect to the company's account, which held an overdraft at that time of about £8,000, they would increase the overdraft up to £150,000, they would allow him to use £50,000 for the purchase of a steamer and £20,000 as a trading account, making in all a total overdraft of £150,000, provided he sold 40,000 £5 shares before he got the increased overdraft. Mr. Lysnar issued a prospectus for shipping shares, and held meetings and made various statements regarding the share issue. If I may for a moment I should like to read the statement that he put out.

The Chairman: Have you got a copy of it?—No, but you can have this one afterwards. This is what Mr. Lysnar gave me, and I understand he gave many others the same:—

Suggested Qualification to participate in full rebate of freights is fifty £5 shares per thousand sheep, calculating one head of cattle as equivalent to four sheep, the last Rabbit Board stock return to be taken as the basis of stock held by sheepowner. It is proposed to allow those who are fully qualified to make rebate of freight on the following basis: The actual cost of running the boat is to be accurately ascertained, and 10 per cent. interest on all capital and outgoings is to be charged; also $7\frac{1}{2}$ per cent. depreciation on the capital cost of the ship. Then 10 per cent. to be added to the gross freight charges, and the difference between the above charges and the ruling freight charges of the day to be rebated to the shareholder.

"Upon the above basis the result would work out somewhat as follows, allowing that the pre-war rates of freight were only half the present rates, which is not the case; for the present rate on meat and wool is about $1\frac{3}{4}$ d., while the pre-war rate might be taken at about $\frac{1}{4}$ d. Consequently the following calculations are on a more liberal basis than suggested above.

	£	s.	d.	£	s.	d.
" Present freight on 56 lb. sheep at $1\frac{3}{4}$ d.	0	8	2			
Say saving half	0	4	1			
Saving on 1,000 sheep				204	3	6
" Present freight on wool (350 lb. bales) at $1\frac{3}{4}$ d.	2	11	0			
Say saving half	1	5	6			
Saving on 50 bales				63	15	0
" Present freight on 700 lb. bullock	5	2	0			
Say saving less than half				2	10	0
" Take illustration of sheep-farmer owning, say, 2,000 sheep and 50 cattle: this would be equivalent to 2,200 sheep at £250 per 1,000:—						
	£	s.	d.	£	s.	d.
" 110 shares at £5	550	0	0			
" Assume he ships 1,000 sheep and obtains rebate of 4s. 1d.				204	3	6
" Rebate on 12 head cattle at £2 10s. per head				30	0	0
" Shipped, say, 50 bales (350 lb.) wool—						
Present charges about	2	11	0			
Say saving per bale	1	5	6			
				63	15	0
				<u>£297</u>	<u>18</u>	<u>6</u>