

Is it an entry dealing with the bank business?—Yes.

Did you bring it under the notice of your directors?—No.

Was any intimation about it conveyed to Mr. Nosworthy?—No.

He was not told about it?—No. May I say when I first disclosed it to Mr. Myers?

*Mr. Myers* : Certainly.

*Mr. Jolly* : A fortnight last Friday.

*Mr. Myers* : I think you might say also that your counsel took the responsibility for bringing it up.

*Mr. Lysnar* : I am going to suggest to the Commission that that entry was made by you having no possible interest to your directors, or the bank, and having upon your own admission not been communicated to your own directors, or to my directors, and is the best possible evidence of proving your *mala fides*?—I deny that absolutely.

In this matter?—I deny it absolutely.

Your desire was to provide a weapon that you thought would injure me politically, and assist you and Mr. Nosworthy in getting consent to the sale; in fact, you took this opportunity, Mr. Jolly, to make an end of the matter?—My comment on that is that I deny your suggestion without the slightest hesitation or reservation.

*The Chairman* : Before you go on, Mr. Lysnar, I think you had better ask another question. In what particular way do you suggest bad faith on Mr. Jolly's part? Is it against you personally? I would like to have the matter cleared up. What is there politically in connection with the sale of these works?

*Page 707.*

*Mr. Lysnar* : I suggest, Mr. Chairman, that that is the whole position. Mr. Jolly had his mind fixed at that time that he was going to force this company out of existence, and he was creeping around, and securing anything he could which would justify that.

*Mr. Myers* : For what reason?

*Mr. Lysnar* : For any reason that prompts him to bring it up in order to discredit the other side.

*Mr. Myers* : Have you not discredited yourself sufficiently?

*Mr. Lysnar* : Mr. Jolly has come here and has only brought this question up as a side-issue, and it is brought up simply to injure a person politically.

*The Chairman* : The answer is that this is a question of personal and political spite. That is your suggestion, Mr. Lysnar?

*Mr. Lysnar* : Yes, Mr. Chairman, and to justify——

*Mr. Myers* : Does Mr. Lysnar mean the placing of the entry in the dairy, or its use here?

*Mr. Lysnar* : It is creating a weapon in the book, and is the best evidence that can go to prove to anybody the *mala fides* of the bank. Here is an entry which Mr. Jolly does not bring before his own directors or my directors. It was his duty to do both.

*Mr. Jolly* : I am the judge of my duty to my Board, and not you.

*Mr. Lysnar* : I suggest that the Commission will be able to form its own conclusions as to how friendly the bank has been to these unfortunate people in Poverty Bay.

*Mr. Jolly* : Who owed us £350,000.

*Mr. Lysnar* : And who were prepared to pay up every penny if you gave them time. You do not suggest that because people cannot put the money down that they are in a bankrupt state, do you, Mr. Jolly?—I do not suggest anything; but I say your balance-sheet disclosed that the company was hopelessly insolvent.

I have some figures to put in that show that there was only an increase of £3,000?—

*The Chairman* : To clear this diary entry up, do you suggest any doubt as to when that dairy entry was put in, Mr. Lysnar? Because if there is any doubt now is the time to settle it.

*Mr. Lysnar* : I certainly suggest it.

*Page 708.*

*The Chairman* : Ask Mr. Jolly again about the matter, because we want to clear it up now. Ask him if the entry was made before or after he had that interview with Mr. Findlay.

*Mr. Jolly* : It was immediately after you left my room, Mr. Lysnar, that I made that entry in my diary.

*Mr. Lysnar* : May not Mr. Findlay have come in?—No; I did not see him that day.

When did you see him after?—At the Club.

Exactly; how can you speak positively as to one matter and not of the other?—Of course I can.

How long after did you discuss it with him?—It might have been a month or a week.

Or it might have been a day?—Yes, a day.

I suggest that it was after you had had that interview with Mr. Findlay that you put that entry in?—I deny it absolutely.

I suggest to you that you had no good motive on behalf of your bank when you put it in?—Oh, yes, I had.

You simply put it there as a weapon to use against me?—I put it there as a record of the kind of man I was dealing with.

What kind of a man you were dealing with, eh?—A man representing a company owing a bank £350,000.

Mr. Lysnar in the final part of his address dealing with this matter said:—

*Page 1799.*

In one case only has evidence entirely otherwise irrelevant been dragged in to damage the evidence of a witness by an attack on his character. I refer to the attack made on me by the manager