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Did you not then reply, "I have never authorized it"?—I certainly said that I gave nobody any authority to say it.

Did he not then say, "Mr. Lysnar, I did not ask you if you authorized it. I ask if it is true"?—I told him it was not true.

Did he press you and say, "I did not ask you if you authorized it. I want to know if it is true"?—I did not pretend to know.

Did not you reply that it was not true at the time that the telegram was sent to you?—I do not think I said anything of the sort.

Did Mr. Jolly say to you, "Will you please stop juggling, and will you give a straight answer to a straight question"? Is that true or false?—I have no recollection of his ever using the word "juggling" at all.

Now, don't juggle with words. Did he use any language similar to that?—I grant you that he used strong language.

Did you not say to him, "It is true as from this morning"?—He wanted to know what I said about it—that is, to somebody else. I think I said nothing until this morning.

Did you not say, "It is true as from this morning"? You see Mr. Jolly is not a child—is not a fool?—I am not a child or a fool either.

He was not likely to misunderstand language like that. Did you not tell him that from that morning it was true and that you were going to use your political influence?—I did not. He gave me no satisfaction. I asked him what right had he as my banker to ask me what I was going to do politically.

Because that did happen. Did he not then say to you, "That instead of relying upon the legal position you had elected to make the sale a political issue, and you had thereby forfeited all claim to consideration, either for the company or for yourself"?—The word "legal" was never used. He said, "You will not state what you are going to do politically, and I therefore withdraw the offer I made to the directors on the 12th September—I withdraw the offer I made in September." I asked him what right had he as my banker to be concerned with what I did politically.

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You know that Mr. Jolly straight away wrote to his manager in Gisborne, and the letter that he wrote was read to you, was it not?—It was.

I think the letter contained this passage: "I wish you to write this to Mr. Lysnar and tell him that I am not prepared to accept for a moment either any denial or qualification of the statement he made. Either Mr. Lysnar's memory is very defective or he has not yet learned that I am not to be trifled with."

What you now want to suggest is that it was Mr. Jolly who made the statement about political influence?—Mr. Jolly brought it up. I did not bring it up. He wanted me to state what political attitude I would take up.

## EXAMINATION OF MR. JOLLY BY MR. MYERS.

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*Mr. Myers.*] On the 26th September you sent for Mr. Lysnar?—Yes.

What for?—I had got a telegram from the Gisborne manager advising me that there was a rumour current in Gisborne that Mr. Lysnar had stated that he would vote against the Government and put them out if they did not refuse consent to the sale.

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You were naturally somewhat angry at political influence being suggested?—I would not say I was angry. I will say that I was indignant.

You sent for Mr. Lysnar, and I think you can give us pretty well the short dialogue that took place?—I have it detailed here. Do you want it?

*Mr. Myers:* It will not take very long.

*Mr. Lysnar:* It would be far better if this were given out without papers, a thing like this.

*Mr. Myers:* Have I not pointed out to you that it is in contemporaneous writing?

*Witness:* I sent for Mr. Lysnar, and I asked him about the rumour current in Gisborne that he had informed the Government he would vote against them unless they blocked the sale. He first said he had not authorized such a statement, then that it was not true at the date of the telegram from Gisborne. I challenged him to stop juggling with words and say straight if it were true. He replied, "It is true as from this morning." I then told him that as instead of relying upon the legal position he had elected to make the sale a political issue he thereby forfeited all claim to consideration for the company.

*Mr. Myers.*] Mr. Lysnar has said that you were endeavouring to persuade him not to use political influence?—I never mentioned it except to protest against his using it.

He says that he said to you something like this: "What right have you as my banker to dictate to me as to what I shall do politically?" Did anything of that kind take place?—No, certainly not.

I think in consequence of what took place on the 26th September you telegraphed your local manager at Gisborne on the 2nd October, 1923, as follows: this is in; perhaps you will remember it: "Inform Witters, Coop, and Williams that W. D. Lysnar having admitted to me he had made consent of Government a political issue between him and Government, I informed him that bank's offer of 13th September *re* settlement between the guarantors and bank no longer held good, and that our consequent action will be governed by the attitude of the directors and shareholders to-day"?—Yes.