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The offer therein referred to was the offer of the bank to forego £22,000?—Yes.

On the assumption that the “Admiral Codrington” was going to—?—To yield £40,000 and reduce the deficiency by £40,000.

Then I think you received from Gisborne in reply a telegram on the 2nd October?—Yes.

I do not know whether this is in. It reads: “With reference to the political issue referred to in your telegram, I have seen Mr. Lysnar, who brought the matter up and states that you must have misunderstood him. He says he has been very guarded in this matter up to the present, and he has not intentionally said one word that would justify it being said that he intended to make it a political issue, that the matter was brought up by you over a rumour reported from here to which he gave an emphatic denial. He also says he would be very sorry to think that a single issue of this kind should be used to oust a Government which is doing useful work. This advice was taken from Mr. Lysnar’s dictation with a request that it be passed on to you” ?—Yes.

*Mr. Myers* : Then I think you wrote your manager a letter. We shall have to put it in separately. I will undertake to have that done, Mr. Chairman.

*The Chairman* : What is the date?—5th October, 1923.

*Mr. Myers* : It reads as follows:—

“I sent for Mr. Lysnar on Wednesday, 26th ultimo, and read to him that portion of your telegram relating to the rumour that was current in Gisborne, when the following took place:—

*Mr. Lysnar* : I am not responsible for rumours that may be current in Gisborne.

*Question* : You are not charged with responsibility, but is the statement correct?

*Reply* : I never authorized it.

*Question* : I did not ask if you had authorized it. I asked was it true?

*Reply* : It was not true at the time that telegram was sent to you.

*To Mr. Lysnar* : Will you please stop juggling and will you give a straight answer to a straight question? Is the report true or false?

*Mr. Lysnar* : It is true as from this morning.

“I thereupon told him that as instead of relying upon the legal position he had elected to make the sale a political issue he thereby had forfeited all claim to consideration either for the company or for himself. I wish you to read 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.”

Then there is a letter from the manager of the National Bank at Gisborne to you, Mr. Jolly, dated 9th October, 1923, of which I also undertake to forward a copy, Mr. Chairman. The manager says:—

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“At his (Mr. Lysnar’s) request, I took down the following to pass on to you:—

“Mr. Lysnar says he is very sorry that you have read the result of the interview in the way you have, that he had neither then nor since said anything or done anything that would give any grounds to say that he intended to make this a political question for the Government. What he did try, and what possibly caused doubt in your mind, was not to commit himself to the future until after the meeting in Gisborne, and that the only person he had discussed the matter with, outside the directors and the bank, were the Cabinet Ministers and one official (this was Mr. Polson), but he did not mention his name to you; that what he wished to convey to you was that the Gisborne statement was not correct, and that up to the present he had in no way committed himself, and did not wish to do so until the meeting of shareholders in Gisborne. He admits that he was evading the question for the future with you, but at the same time he had only just heard of the Minister’s decision and was considerably upset. He had not had time to give the matter due consideration, as he had only returned to Wellington by the Auckland express at 1 p.m., and after lunch he saw the Minister, and then went straight to you in response to your note, but that, having since had time to give the matter full consideration, he is convinced that it is not a matter upon which there should be any attempt to put the Government out of office.”

## APPENDIX P.

### EXTRACTS FROM NOTES OF PROCEEDINGS *RE* THE FINDLAY EPISODE.

#### CROSS-EXAMINATION OF MR. LYSNAR.

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*Mr. Myers*.] Did you, in 1923, offer the “Admiral Codrington” for sale to the New Zealand representative of any overseas shipping company?—It was never offered in writing.

I am not speaking of writing—some things are not put in writing. Did you, in the year 1923, offer the “Admiral Codrington” to the New Zealand representative of any overseas shipping company—yes or no?—There was no offer. I simply told the representative of one company that if they wanted the boat they could buy it.

*The Chairman*.] You intimated that the boat was for sale?—Yes.