

in detail on pages 13, 14, and 15 of G.-7. The claim is No. 8. As all these claims are set out in full in that paper so I will not take up your time going into them. All I ask in fairness to us, is that you read the claims as there set out carefully, and that you give them your careful consideration. To produce now formal evidence as to the ability of the Duncan syndicate to give effect to its project had the consent of the Government been forthcoming. Mr. Duncan set out to raise a working capital of £300,000, and everything was centred upon that. To raise this £300,000 he divided it into fifty blocks of £6,000 each. His object was to get these blocks taken up by sound, substantial men. By the 30th March, 1928, Mr. Duncan had had fourteen of these blocks taken up, representing a sum of £84,000. At the same time he invoked the services of what is known as the New Zealand Underwriting and Development Corporation, Ltd. This corporation underwrote the first £100,000 of the £300,000 capital, but subject to the liability of the persons who had taken the fourteen blocks. That was the position on the 30th March, 1928. By the 3rd May, 1928, three more of the blocks had been taken up, and another £100,000 underwritten by the Underwriting and Development Corporation. So that on the 3rd May, 1928, the position was that seventeen blocks, representing £102,000, had been taken up, and the company's flotation had been underwritten to the extent of £200,000. In addition to that, there were other subscriptions offering from two quarters. There were certain gentlemen in New Zealand who were definitely ready to take up among them five of the blocks, representing £30,000, but they were not prepared to sign up for them, and so tie up their money, until the syndicate has secured all consents to its project. They, however, promised that when the company was ready to be floated they would be forthcoming with their five blocks, or in other words their £30,000. In addition to that, Mr. Duncan had practically sold to millers, subject to the flotation of the company, 800,000,000 log feet of the timber, and made arrangements with the millers for the production of 1,800,000 feet of timber in their first year's operations and thereafter to gradually increase production until it reached an output of 45,000,000 ft. per annum. These millers, subject to the flotation of the company, undertook to take up £27,500 of the syndicate's capital. So that at the end of 1928 the position was this: Seventeen blocks at £6,000 had been actually taken up, five at £6,000 had been definitely promised, and the millers had also definitely promised £27,500 making a total of £159,500. Collateral to that was the underwriters' guarantee of the first £200,000 of the syndicate's capital. In addition to what had been raised in this way, Mr. Duncan had got in touch with Australian friends, and they had definitely promised £40,000 more, to be made available as soon as he was ready to proceed, with a further promise that he could have another £40,000 if he wanted it. The final position was that when the matter came before the Native Affairs Committee in October of last year Mr. Duncan, in one way and another, had £240,000 of his £300,000 capital either actually subscribed or promised in a binding way. Incidentally, it was his intention to pay all preliminary expenses by issuing bonds that would have absorbed probably another £20,000. I hand in documentary evidence of all that I have just stated.

The Chairman.] Were those items put before the Committee last year?—No. I thought it would be taken for granted that the position of the syndicate was assured.

Mr. Langstone.] What inducement did they offer to take up these blocks?—Ten per cent. interest, and bonus shares.

DAVID G. B. MORISON examined. (No. 2.)

The Chairman.] What claim do you support?—That of Morison, Smith, and Morison, solicitors. The designation of Morison, Spratt, and Morison in the parliamentary paper G.-7 is an error. The letter printed on page 5 was written by Morison, Spratt, and Morison on behalf of the late firm of Morison, Smith, and Morison. As a matter of fact, I would like to make a further amendment. On examining the records I find that the claim should be £62 6s. 6d., instead of £100 9s. 8d. The claim is one against the Tongariro Timber Co. for legal work done by the firm of Morison, Smith, and Morison, through the late Mr. C. B. Morison, who acted as solicitor to the company. The work done was for the protection of the company's rights, about 1915-17.

Do you mean in negotiations with the Crown?—There was an application before the Native Affairs Committee in 1915, which was part of the work claimed for. It was in dealings with the Crown. It is a claim against the company, and I think it should receive the same consideration as the other claims of persons who did work on behalf of the company. We were prevented from enforcing payment, had we wished to do so, by reason of the fact that the 1915 Act provided that no petition should be lodged for the compulsory winding-up of the company. That, in effect, practically prevented any effective legal proceedings being taken against the company.

Captain Rushworth.] Is there any bar to the legal claim being prosecuted now?—Yes. The Statute of Limitations will prevent us from issuing proceedings.

Mr. O'Brien.] It would not prevent you from taking proceedings if the company has acknowledged the debt since?—I have no written acknowledgment within six years. I understand that the only asset of the company is its timber rights, and if the timber rights have been determined the company has probably no assets, even if we were entitled to take legal proceedings.

Mr. Williams.] Could you have taken proceedings in the last six years?—The last of the work was done in February, 1916, so that in February, 1922, the Statute of Limitations would have barred the claim.