

THE SCHEDULE ABOVE REFERRED TO.

	£	s.	d.
1. Cash lent by me to the said company for payment of exchange on £290 cabled to New Zealand September 4th 1922	290	0	0
2. Cost of cable	1	10	0
2. Interest at rate of £10 per cent. to July 16th 1924	58	6	0
4. Sum paid to Mr. Houfton on account of the said company part of £14,000 guaranteed	6,387	4	7
5. Interest on £6387 4s. 7d. at £10 per cent. to July 16th 1924	282	14	0
6. Sum due to Mr. Houfton on judgment as per writ	9,995	0	0
7. Interest from writ to judgment (estimated)	136	0	0
8. Costs of action Houfton v. Chapple (estimated)	100	0	0
	<u>£17,250</u>	<u>14</u>	<u>7</u>

Dated this twenty-first day of July one thousand nine hundred and twenty-four.

W. A. CHAPPLE.

Witness : Harvey Clifton, Solr., 4 New Court W.C. 2.

Hon. Sir Apirana Ngata.] Is this the same amount as was paid by Dr. Chapple?—No, it is part of the £29,000. Dr. Chapple borrowed part of the money from Sir John Houfton, but did not repay it on maturity. I do not know how much he owed Sir John Houfton, but he borrowed £12,500 from Cammell, Laird, and Co. to repay it. I cannot tell you how it was made up, but it was settled by an English Court. There was a date of maturity fixed in 1925, but the money was not paid on the due date. Time was allowed, and eventually what in England is called a foreclosure action was commenced, and the English Court declared that the twenty-three debentures held by Cammell, Laird, and Co. belonged to them absolutely. I have a letter from Messrs. Cammell, Laird, and Co. dated 19th December, 1927, saying that they thereupon became the absolute owners of these debentures :—

Cammell, Laird, and Co., Ltd., London, 19th December, 1927.

Messrs. Bell, Gully, Mackenzie, and O'Leary,
Panama Street, Wellington, New Zealand.

DEAR SIRS,—

Re *Tongariro Co.*

I duly received your letter of the 22nd October, and note contents.

Since writing you on the 3rd November an order of the Court was made on 12th December for foreclosure absolute in respect of the debentures. We are now, therefore, the absolute owners, and can do what we please with them.

Meanwhile Dr. Chapple and his solicitor have been pressing us to give an option over the debentures. This we refused to do, but stated that if a satisfactory proposal to repurchase them was made we might be prepared to consider it.

We lent Mr. Riley a number of reports and plans, and he has been in touch with Messrs. Robert Benson and Co., Ltd., in connection therewith, but we doubt if anything will come of it. Mr. Riley is returning to New Zealand to obtain certain further information for Messrs. Benson.

Yours, &c.,
W. L. HICHENS.

So I take it that the sum of £15,630 referred to is the amount which the English Court declared to be due on the 31st December, 1926, and that is made up of the amount of £12,500 lent with interest at the rate reserved in the memorandum of charge with costs of the proceedings.

Supposing it was decided to recognize these cash payments, we would not have to pay Dr. Chapple £14,000 and Cammell, Laird, and Co. £15,000?—No, only one of those sums would have to be paid, and that is why some of these figures are confusing. That claim is in a different category to the remainder. It must be admitted that when Cammell, Laird, and Co. advanced this money they did so on the understanding that if it were not repaid they were to stand in the position of the holder of those debentures, and the holder of those debentures had a first charge on Western B in conjunction with the remainder of the debenture-holders. Had it not been for what they assumed to be the security given to them by these debentures Cammell, Laird, and Co. would not have advanced the money.

The net result is that Cammell, Laird, and Co. are in the same position as the Houfton estate?—Exactly. Everything that Mr. Cook said to the Committee in support of moral right to consideration on the ground that the money was advanced for royalties, and that the timber is still standing, I submit, applies to Cammell, Laird, and Co. It is unnecessary for me to take up the time of the Committee, for the issue stands on exactly the same footing as that of Sir John Houfton's executors. The debentures we hold give us exactly the same rights as those which Sir John Houfton's estate can produce, as far as that particular branch of the claim is concerned. The remaining part of the claim is for a sum of £15,090, which represents the expenses incurred by the emissary of Cammell, Laird, and Co. in coming to New Zealand and estimating the value of these concessions with a view to advising the company to take up the contract or otherwise. That emissary was Sir Haviland Hiley, and I must confess that he too stayed at the Midland Hotel. He came out here, and he was a man who could not be sent to New Zealand without incurring considerable expense. He came out as a railway man and as a man of business, accustomed to dealing with business people in London. When he got here he found that the concession would run out before he could possibly complete his railway, and must be extended. He found that the titles to the route upon which the railway was to run were by no means complete. They were all Native titles. He found that the Government's conditions with regard to the linking-up of the Taupo-Kakahi line with the main line were very stringent, and required modification to some extent, which he secured. He found also that there were rights in regard to Western A given to the Egmont Box Co., of which he had not realized the effect when he left London. He found that there were a number of creditors with competing claims and also that the expenditure likely to be involved in the building of the railway would be higher than his firm had anticipated. But that was only discovered after his examination of the route. Still, the work that he did here was very onerous indeed, and of an expensive nature. It required professional assistance of all descriptions, and altogether