

which the company is registered. The principal shareholders in the company are : Thomas R. McArthur, C. G. Alcorn, J. W. S. McArthur, and *Farms and Farmlets, Ltd.*

(13) *V. B. McInnes and Co., Ltd.*—This company was incorporated in New Zealand as a private company in May, 1932. Its capital is £1,000 in shares of £1 each, the subscribers being : V. B. McInnes, 900 shares, and *Investment Securities Association, Ltd.*, 100 shares. Its objects are to act as broker, trustee, and agent, also to exercise many of the objects of investment trusts, and to act as director or manager, and to take full control or part control of another company or business.

(14) *Alcorn Trower and Co., Ltd.*—This company was incorporated in Wellington as a private company, on the 24th June, 1914. The solicitor registering the company was William C. Hewitt. Its capital is £3,000, in shares of £1 each. The subscribers were : C. G. Alcorn and A. S. Trower, with £1,500 shares each. On the 11th January, 1923, the shareholders were returned as : C. G. Alcorn, 1,500 ; and Eliz. R. Alcorn, 1,500. On the 30th June, 1931, the company registered as a charge three bearer debentures of £200 each. It is a shareholder in the Investment Executive Trust of New Zealand, Ltd., and the First Mortgage Freehold Security Co. of New Zealand, Ltd.

(15) *Financial Publications, Ltd.*—This company was incorporated at Auckland as a public company in May, 1933. Its capital is £5,000 in shares of £1 each. The promoters and present directors are : C. J. Lovegrove, R. S. Abel, and R. Glover-Clark. This company owns and publishes *The Financial Review*, a monthly financial magazine published in Auckland.

#### PART IV.—SOME TRANSACTIONS OF THE INVESTMENT EXECUTIVE TRUST GROUP.

(1) *Sterling Investments Co. (N.Z.), Ltd.*, seems to have been for years a kind of clearing-house for transactions in which J. W. S. McArthur and companies controlled by him are interested. We have direct evidence of several transactions whereby threatened litigation or other adverse action against McArthur or one of the other companies, has been averted by a settlement effected by a payment by the Sterling Co. Several such transactions relate to McArthur's personal liabilities in relation to the Selwyn Timber Co., Ltd., in liquidation, and the New Zealand Redwood Forests, Ltd. At a time when the paid-up capital of the Sterling Investments Co. (N.Z.), Ltd. was only £50, it lent several thousands of pounds to the Selwyn Timber Co., Ltd., in liquidation. During 1931 and 1932 the Sterling Co.'s paid-up capital was £50 14s., whilst on 1st September, 1932, it had registered with the Registrar of Companies, as mortgages or charges, debenture issues totalling £165,000.

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The latest filed return of Sterling Investments Co. (N.Z.), Ltd., shows its paid-up capital as £2,350, but it has subscribed for shares of a nominal value of £10,883 in other companies included in the foregoing list. Of these, £9,979 is in the Pacific Exploration Co., Ltd., a company formed to finance the building of a luxurious yacht which is now registered in the name of J. W. S. McArthur as owner.

(2) *The Transport Mutual and General Insurance Co., Ltd.*, illustrates the typical methods of the group. It was incorporated in November, 1933, and its memorandum of association and articles of association were signed by seven most obvious "dummies." Four of them are girl clerks in the offices of companies in the foregoing group. The articles of association provide that the first three subscribers to the memorandum shall be the first directors. They are : Margaret Muriel Dunn, Marjorie Hawley, and Henry Davenport Williamson, who each signed the memorandum for one share. Then, in February, 1934, the Investment Executive Trust of New Zealand, Ltd., was allotted 60,000 shares of £1 each in the capital of the Transport Mutual and General Insurance Co., Ltd., and paid up 10s. per share, or £30,000 in all. The three "directors" named above filed their statutory report a month later, showing the receipt of this £30,000 from the Investment Executive Trust, together with a further £1,500 as an advance in anticipation of