

calls, and they showed as the approximately corresponding asset: "Sundry Investments, £30,500." We summoned these three "directors" to appear before us on the 6th June, 1934. Margaret Muriel Dunn deposed that she was twenty-one years of age; that she had no experience of the requirements and form of an insurance company; that a Mr. Glover-Clark had asked her to sign the memorandum for one share and to act as a director *pro tem.*; that at a "meeting of directors" the solicitor of the company, Mr. M. G. McArthur (a brother of J. W. S. McArthur) brought a list of investments, and the "directors" were asked to sign their approval, and did so, exercising no choice or judgment of their own; that, later, Mr. Glover-Clark, Mr. C. G. Alcorn, and Mr. T. H. Macky, became directors and took over. Marjorie Hawley is nineteen years of age, and corroborated Miss Dunn's evidence; she simply did what she was told by Mr. Glover-Clark and Mr. McArthur. Henry Davenport Williamson described himself as an agent, sixty-one years of age; he admitted his signature to the filed documents, including a statutory declaration that he had made a reasonable investigation and inquiry as to the requirements of the company and was of opinion that the capital subscribed was sufficient to justify the company in commencing business; but he disclaimed all responsibility, and said that he had no voice in the matter, and that he was not in any sense in charge nor was he, at any time, asked his opinion on any point.

Taking the least serious view of this whole transaction, it enables the common controllers of the two companies, by the intermediate investment in shares of the Transport Insurance Co. to invest the funds of the Investment Executive Trust in investments which the auditor of the latter company would not pass. A more serious possibility is that the funds may be used for speculative purposes designed to secure collateral advantages to the directors of the companies. We have, in this connection, ascertained facts which demand a close inquiry.

(3) *The Various Investment Trust Companies.*—The focal centre of this group in New Zealand has been the Investment Executive Trust of New Zealand, Ltd., of which J. W. S. McArthur is the managing director. It may be repeated here that this company has a paid-up capital of £30,000, and has issued a prospectus for the issue of mortgage debentures to a total of £4,000,000.

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(4) *Pacific Exploration, Ltd.*—The "objects clause" of this company's memorandum of association can only be described as fantastic. The main object is: "To seek for and secure openings for the employment of capital in the Pacific or in any other part of the world." Its other objects include subsidizing laboratories and experimental work; scientific and technical research; supplementing the remuneration of scientific or technical professors or teachers; to carry on as farmers, dairymen, and as butchers and sausage-manufacturers, and to produce, construct, charter, or hire wharves, ships, &c. It has been extremely difficult to get any information about this company, although it is commonly reported that it was formed to finance the building of a yacht which McArthur has used as his own.

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It is also a fact that the yacht is registered on the books of the Royal New Zealand Yacht Squadron at Auckland in the name of J. W. S. McArthur, and the entry is supported by an affidavit of McArthur that it is his own property. It is also registered in McArthur's name with the Customs Department. These facts should be considered in the light of the evidence, cited later, as to McArthur's unfinancial position a few years ago. McArthur now signs documents as sole attorney for Pacific Exploration, Ltd.

(5) *Farms and Farmlets, Ltd.*—This is a private company. The shareholders are W. C. Hewitt, solicitor, and his wife. Hewitt is largely occupied in legal work for McArthur and his companies. He is now in Sydney, New South Wales, with McArthur. The company has registered with the Registrar of Companies at Auckland an issue of bearer debentures—500 of £200 each: total, £100,000. It is the largest shareholder in the British National Trust, Ltd., of Canberra, by virtue of its holding of 51,200 shares of £1 each.