

The minute-book states that it was then resolved—

“That the company agree to a cancellation of the agreement of 5th September, 1930, with Modern Homes, Ltd., to purchase 19,425 shares in the New Zealand Redwood Forests, Ltd., and that the seal of the company be affixed to the cancellation in terms of the articles of association.”

These minutes are also signed “K. Forrest, Chairman.”

Though the minutes of these two meetings appear to be in order, such is apparently not the case, as both K. Forrest and M. D. Grayson state that they never attended a meeting of the company, nor have they at any time seen or had any communication with the other shareholder, A. W. Coffey. In a statement signed by them and dated 27th September, 1934, a copy of which is appended to this report marked Exhibit “B,” they say,—

“After the incorporation of the company we signed an agreement respecting the purchase of shares and Mr. Forrest signed certain minutes in relation to the agreement. No formal meeting of the company was held, but Mr. Wiseman assured us that he had obtained the consent of Mr. Coffey.”

K. Forrest, when questioned regarding his signature to the minutes, stated that these had been prepared by W. L. Wiseman, who had assured him that they were approved by A. W. Coffey.

In their statement, K. Forrest and M. D. Grayson, who are both employees of a leading legal firm in Auckland, state that they were approached by W. L. Wiseman of the firm of Hampson and Wiseman, Solicitors, Auckland,—

“with a request that we should give his firm assistance in protecting them for substantial costs which were owing to them by N.Z. Redwood Forests, Ltd. . . . Mr. Wiseman advised us that the only manner in which they could be protected for costs was to obtain a hold over certain shares as at the time the company concerned had no documents over which a charge could be obtained. It was the suggestion of Messrs. Hampson and Wiseman that a company be formed and that we subscribe for shares which we agreed to do provided there was no liability on our part and also because Mr. Wiseman gave us his personal assurance that it was quite in order.”

They further state,—

“We were given to believe that the company had been formed for the one specific purpose of protecting Messrs. Hampson and Wiseman for costs. Neither of us has at any time received any consideration or remuneration from the company or from Messrs. Hampson and Wiseman, or from any other source.”

Their statement concludes,—

“At no time prior to our transferring our shares were we aware that Mr. McArthur had any interest whatsoever in the affairs of the company.”

This statement was submitted by Mr. Forrest to Messrs. Hampson and Wiseman, who replied stating that the document “appears a fair statement of the position.” A copy of their reply is appended to this report as Exhibit “C.”

From the foregoing it would appear that the sole reason for the incorporation of Wynwood Investments, Ltd., was to provide a means whereby certain costs alleged to be due to Messrs. Hampson and Wiseman by New Zealand Redwood Forests, Ltd., could be collected. The partners in this legal firm, M. H. Hampson and W. L. Wiseman, did not wish to appear as shareholders, and K. Forrest, M. D. Grayson, and A. W. Coffey agreed to subscribe for the shares, regarding themselves “as nominal trustees for Messrs. Hampson and Wiseman.”

It appears that they genuinely believed that the object of the formation of the company was as set out above, and it seems that in agreeing to lend their names to the project they were actuated by a desire to help a firm of solicitors with whom they were in close contact. The statement made by K. Forrest and M. D. Grayson shows that they were largely influenced by the personal assurance which they state was given to them by W. L. Wiseman—that “it was quite in order.”

The only transaction entered into during the period of their directorate was to agree to purchase from Modern Homes, Ltd., 19,425 shares in New Zealand Redwood Forests, Ltd. This is recorded as approved on 8th September, 1930, and the cancellation of the agreement to purchase was approved on 5th April, 1932.

As the formation of the company is stated to have been to protect the interests of Messrs. Hampson and Wiseman, this firm was asked to make a statement explaining the circumstances. Their reply is dated 9th January, 1935, and is signed by W. L. Wiseman on behalf of the firm. The following is an extract :—

“We confirm the writer’s intimation to you of yesterday herein—namely, that in the year 1930 we were personally liable to Messrs. H. P. Richmond and A. H. Johnstone for counsel’s fees in connection with the N.Z. Redwood Forests, Limited’s, reconstruction scheme, and also there was a large amount owing to us for solicitor and client costs. At this time, we did not hold, nor were we able to obtain a lien over any documents of the company for costs, and the only protection available (whether adequate or not) was to obtain a holding title over certain shares of the Redwood Company. For this purpose the above company was formed and entered into the agreement which we understand Mr. Duthie has handed to you.