

Repeatedly in giving evidence before the Royal Commission in Sydney, J. W. S. McArthur stated that he regarded Wynwood Investments, Ltd., as his personal property. One such statement was made by him on 19th September, 1934, when in answer to a question regarding certain operations of Wynwood Investments, Ltd., he said, "Yes, but I was Wynwood."

Similarly when Stanley Grange was giving evidence before the Royal Commission in Sydney on 6th September, 1934, he was asked to give an explanation regarding certain cheques which he had signed as a director of Wynwood Investments, Ltd., and he replied to Mr. Monahan, who appeared for the Attorney-General of New South Wales,—

"To tell you the truth, I am only acting in a nominal capacity as a director in connection with that company. It is practically a private company of Mr. McArthur's, and there I am practically guided by his will."

It has not been possible to question R. Glover-Clark regarding the matter, but the information gained during the investigation indicates that he also acted in a nominal capacity.

Approval of the transactions embodied in the agreements of 9th October, 1933, is given in minutes signed by R. Glover-Clark and S. Grange on 26th October, 1933, resolutions being set out :—

- (1) Increasing the capital of the company to £10,000.
- (2) Ratifying and confirming the action of the directors in the acquisition of the properties from the Wynsel Timber Co., Ltd., in terms of the agreement of 9th October, 1933.
- (3) Authorizing the creation and issue of a series of debentures of £100,000 divided into 100 debentures of £1,000 each.

The only other business recorded as transacted by R. Glover-Clark and S. Grange as directors was at a meeting on 5th December, 1933, when it was resolved to open a banking account with the Commercial Bank of Australia, Ltd., Auckland. On this occasion the decision was given effect to, the account being opened on 11th December, 1933.

A further entry in the minute-book purports to be the minutes of a meeting of directors held on 10th March, 1934. It is not stated who was present, nor do the minutes bear evidence of confirmation or approval. The business recorded is the approval of a transfer of R. Glover-Clark's shares to J. W. S. McArthur, and the appointment of J. W. S. McArthur and S. Grange as directors.

It will be noted that J. W. S. McArthur was not a director between 5th October, 1933, and 10th March, 1934, within which period the Sterling-Wynwood transaction was consummated.

#### 10. TRANSFER OF FORMER SELWYN TIMBER CO., LTD.'S ASSETS FROM WYNSEL TIMBER CO., LTD., TO WYNWOOD INVESTMENTS, LIMITED.

##### (a) TRANSFER FROM SELWYN TIMBER CO., LTD. (IN LIQUIDATION), TO WYNSEL TIMBER CO., LTD.

During the years 1932 and 1933 it was alleged by certain shareholders of the Selwyn Timber Co., Ltd. (in liquidation), that, while in charge of that company as managing director and holding a controlling interest in the shareholding, J. W. S. McArthur had induced the company to enter into certain allegedly irregular transactions which were very much to his own advantage. These transactions concerned the transfer of certain properties from J. W. S. McArthur to the company, the writing-off of certain items which it was alleged had been wrongly paid to him, and certain other matters.

These transactions are discussed in the report of the Inspectors concerning the affairs of the Selwyn Timber Co., Ltd. (in liquidation), a company which is being investigated under the provisions of the Companies (Special Investigations) Act, 1934.

By an agreement dated 30th March, 1933, the assets above referred to and certain other assets were disposed of by the Selwyn Timber Co., Ltd. (in liquidation), to the Wynsel Timber Co., Ltd., a company in which J. W. S. McArthur held a controlling interest, and which is also being reported on under the provisions of the Companies (Special Investigations) Act, 1934. The agreement was executed on behalf of the Selwyn Timber Co. by C. G. Alcorn acting as receiver for the debentureholder, the Sterling Investments Co. (N.Z.), Ltd., a copy of this agreement being appended to this report as Exhibit "E."

The assets transferred included certain land near Putaruru, on a portion of which a sawmill was erected; a section of land in Grey Street, Auckland; several sections of land at Parnell, Auckland; certain sawmill plant, machinery, and chattels; and also all or any rights of action that the Selwyn Timber Co., Ltd. (in liquidation), might have against J. W. S. McArthur in respect of—

- (1) Sale by J. W. S. McArthur to Selwyn Timber Co., Ltd. (in liquidation), of Grey Street property.
- (2) All similar rights in respect of Parnell property.
- (3) All similar rights *re* India Suspense Account amounting to £1,074 9s. 11d.
- (4) All similar rights *re* alleged overpayment of directors' remuneration.
- (5) All similar rights *re* sale of shares in Redwood Forests, Ltd., by the Selwyn Timber Co., Ltd., to Modern Homes, Ltd.
- (6) All similar rights for payment of £1,395 for unpaid calls on shares in the Selwyn Timber Co., Ltd. (in liquidation).
- (7) All debts, sums, claims, demands, suits, rights, privileges, remedies, book debts, choses in action, and unpaid capital (if any) due and owing to the Selwyn Timber Co., Ltd. (in liquidation), by any person, firm, or corporation, together with any other claims, &c., that the Selwyn Timber Co., Ltd. (in liquidation), may have against any person or firm.