

one of Her Majesty's ships, I am enabled to report upon it to your Excellency, and to summarise the case for your Excellency's information. I enclose,—

1. Translation of a report made to me by Judge Tepou on the 20th February, at my request. To the report are appended copies of receipts given by Harries to the natives and produced by them in evidence. Attached to it are the translation of a letter from Tautaitini, chief and Judge of Omoka, produced to Tepou as evidence in the case; and copy of a letter sent by Judge Tepou to Harries on the 28th September, requiring him to pay back \$2,000 of the money in question.

2. Translation of letter from Tepou to Donald and Edenborough (3rd October, 1892).

3. Translation of letter from Tepou to the British Resident, asking his aid (3rd October, 1892).

4. Copy of letter from British Resident to Donald and Edenborough (3rd October, 1892).

5. Copy of reply to said letter from Donald and Edenborough (3rd October, 1892).

6. Copy of letter from British Resident to Mr. Harries (3rd October, 1892).

7. Translation of letter from the Penrhyn natives, then in Rarotonga, to the Judge and the British Resident conjointly (6th October, 1892).

8. Translation of letter from the Government of Penrhyn Island to the British Resident (19th October, 1892), which was not received in Rarotonga till after the departure of the "Norval" for Penrhyn.

9. Copy of statements (numbered 1, 2, 3, and 4 respectively) by Mr. Harries, and received by me in Rarotonga on the 21st February, 1893, from the Collector in Rarotonga, an officer of the Cook Islands Government, to whom they were addressed from Penrhyn by Mr. Harries, with a request to send them "to some place where he could get some help," and who sent them to me.

10. Copies of two letters from Harries to the Collector covering the above statements (dated 31st January, 1893).

11. Copy of statement of John Murdoch, trader at Omoka (21st February, 1893).

12. Copy of letter from Lloyd's agent at Rarotonga to the British Resident (24th February, 1893), with copy of reply attached (24/2/93).

13. Copy of statement of James Donald, master of the ketch "Agnes Martin" (25th February, 1893).

I have not received any communication either from the Penrhyn Government or from Mr. Harries since the seizure of the vessel.

The following are the circumstances of the case as disclosed during the investigation before Judge Tepou, and in the above letters and statements:—

In June, 1892, Harries was at Penrhyn as master of the schooner "Torea," owned by Donald and Edenborough, or chartered by them. Whether the firm in whose service he then was is that of Donald and Edenborough in Auckland, or the firm trading under the same title in Rarotonga, is not clear. On that occasion he purchased pearlshell for his employers, in the usual course of business, to the value of \$801, and gave receipts in the name of Donald and Edenborough for the same, with an understanding that he was to pay the amount on his return to Penrhyn in the usual way.

Harries states that the natives at that time told him they wanted to buy a vessel, and held a meeting at which he was invited to attend; that he attended, and was there commissioned to buy a vessel for them in Auckland, and that the outside price they were willing to pay was \$4,000 (£600 sterling.—F.J.M.).

The natives state that Harries, having heard that they wanted to buy a vessel, made the proposal to them in the first instance, and that they agreed he should buy one for them, but that the vessel was to be subject to their approval.

There was no written agreement, nor writing of any kind, between them. The absence of such an agreement was the subject of strong comment by Judge Tepou when the case was brought before him. To its absence must certainly be attributed much, if not all, of the difficulty that has since arisen.

Harries proceeded with the "Torea" from Penrhyn to Auckland, calling at Rarotonga on the way. In Auckland he states that he "told Mr. Donald, the head of the firm, about this vessel that the Penrhyn natives wanted." Mr. Donald said that he knew of only one vessel that was suitable for sale, and she was not then in Auckland. He would find out when she would be in Auckland, and afterwards "bought the vessel for them when she was on a voyage from Westport to Gisborne, and thence to Auckland." Harries states that he then made arrangements for the vessel to be sent to Rarotonga, and left for that place in the steamer "Richmond" before the arrival of the purchased vessel (the "Norval") in Auckland.

On the 5th September Harries was again in Penrhyn as supercargo of the schooner "Goldfinch," another of Donald and Edenborough's vessels. He states that he then told the natives about the "Norval" having been bought for them; that she would cost them \$4,000; that the \$801 due to them for shell, bought by him in June, was "in the hands of Mr. Donald," and that this "left a balance for them to pay of \$3,199." He states that he also told them the "Norval" was at Gisborne when he left Auckland, and that on her arrival in Auckland "she was to be put into thorough good order before sailing for Rarotonga and Penrhyn." He further states that the natives expressed themselves as thoroughly satisfied, and thereupon gave him \$2,056 in cash and \$771.75 in pearlshell (\$2,827.75 in all) "for the vessel," leaving a balance due "on the vessel" of \$371.25. That the natives then told him that they had nothing left with which to buy provisions and goods, and asked him to let them have some on credit. He let them have provisions and dry goods to the amount of \$1,567.90 on the condition "that they would pay for them when he returned." He took on board (on the 10th September) seven men, "which were going to Rarotonga to bring back their vessel," and sailed in the evening for Manihiki and Rarotonga.

The natives, on the other hand, state that Harries told them that "by that time"—i.e., about the 7th or 8th September—the "Norval," which he had bought for them, must be lying in Rarotonga. That they gave him the money to take charge of, as they were sending seven men to take