

337. Who fixed the price?—Mr. Smith fixed the price. I was not sure of the price till after first section was sold. That was Baddeley's. Smith fixed that price. Baddeley paid me no money. I gave him no receipt for £40. I heard Baddeley paid £75. I heard he paid £75. I know that others have been talking about the land. I do not know that they have sold any. No sheep on Umutaoroa last year. There has been timber cut that has been sold by Smith. With that done will cost more to put in grass than if timber not cut there. I was surprised at the values these people were prepared to give for the land. I must have seen Mr. Bierre after I sent in my application to value. I did not think it likely for him to tender. I did not tell him it would be useless for he would not have got it. I have put down £100 for improvements, house and buildings. I cannot tell whether there is more of the land for sale. I was told that there were about 800 acres for sale. That is all sold. I introduced all the purchasers for that 800 acres. I mentioned £12 for the front land. I mentioned it as a guess. I knew it was not for sale. There were two years to run of the lease. I did not say Reviewers altered the assessment on Tahoraiti. The value of Tahoriti No. 2 in my book is—[Refers to his book, and reads]. As to Tahoraiti No. 2, the apportionment was altered in the rate-roll and assessment-book after the Reviewers sat. [The Reviewers altered both rolls sent to the Road District.]

338. On what other occasions than the first did you see Mr. Kennedy?—As he was going through by train, I was talking to him on the platform. I saw him again; he stayed the night at the hotel. He was going to his own place. It was during the valuations. I talked to him when going through by train about the big blocks. I cannot say when it was he went through by train.

339. *Re-examined by Sir Robert Stout.* Something was said?—Bierre asked me if I would let him have it, as he could know it all sitting down in his office. I did not agree.

340. You have been asked about the piece Clayton was after?—Tramway was on it. So long as the tramway is there it cannot be sold. [Rees does not object to telegrams between Kennedy and Crombie going in.]

341. CHARLES LOUGHNAN, examined by Mr. Sainsbury.] Solicitor, Hastings. I formerly acted for representatives of the estate of Hapuku. He was one of the owners of Umutaoroa Block. I took steps to sell his interest in January, 1890—early in year. I had meetings with Smith and Irvine on the 10th of October, 1890. Smith offered £300 for Hapuku's share. I do not know who spoke first. I fancy Smith did to me. He spoke first, I think. Subsequently, I saw the trustees, and offered it for £400. It was accepted, and transfer drawn. I made the bargain, not the Natives. I acted for the trustees of the minors and administratrix. Sale completed, December, 1890.

342. WILLIAM COWPER SMITH, examined by Mr. Sainsbury.] Live at Waipukurau; am member of the House of Representatives; have been since 1881.

343. You were partner with Mr. Cadman and Mr. Menteach in the Umutaoroa Lease?—Yes. The legal partnership was Irvine, not Menteach. We bought from Menteach. The sum paid was £1,250. We entered into deed of partnership. This is it. [Exhibit.] Term of partnership fixed for the term of the lease—ten years. The partnership refers solely to the lease—to working the timber on the block. We worked the timber for a short time.

344. What expense were you put to for the plant?—£2,800 was the cost of the plant. It was nearly all outside the block—on the road. That is the whole plant. Subsequently, we let the timber-cutting rights to Mr. B. L. Knight, Mr. McLeod, and Mr. McKay. That is the plant in the schedule of the lease to Knight. Irvine went bankrupt. That put him out of the partnership. We acquired his interest about the middle or end of 1891 from the bank. We paid the bank £500. The plant was let to Mr. Knight. My first registration of freehold was September, 1889, with the Natives. First interest was Karamena te Aorangi. He came to me and said he wanted money, and wished to sell his share, and said if I did not buy he would sell to some one else. I then consulted with Irvine and with Cadman, and asked what they thought about it. Cadman wrote saying he would leave it to us. There was no secrecy about it. Every time I purchased there was a paragraph in the paper, that we were advancing towards the cutting-up of the block. We arranged that the purchase should be left to Irvine, in his name, and it was arranged that we should have a new partnership; but that was not completed because Mr. Irvine went bankrupt. Watene Hapuku was mentioned by Mr. Loughnan. These interests were undefined. I was doubtful about going in for it, because I knew the risk enormous. The cheque for the first purchase was made out by two members of the Timber Company. Cadman signed some cheques in blank; I did so also. We paid £200 also to the bank for Irvine's interest in the freehold. That was middle or end of 1891. The plaintiff became Native Minister in January, 1891. At that time we had purchased Karamena and Hapuku's shares.

345. Was anything said to you about purchase of future shares?—Yes. The same evening he was appointed he said to me that, having been appointed a Minister, that though there was no legal objection there was an objection. Objections might be raised, from his position, that he should not continue purchasing interests in this block. I pointed out to him that he was, as usual, over-cautious. I felt at the time that he ought to have been a Scotchman. I said, Very well, I would try and purchase the rest; that I had promised my constituents at Danevirke that I would; that the difficulty I would have to meet would be the question of funds; and I asked him, supposing I was unable to raise the funds in any other way, whether he would be willing that the interests he then held should go as security with the other interests in raising the necessary money. He said he would agree. He said, after some consideration, on condition that all receipts should first go towards paying any amount that was raised before I took myself anything from the proceeds. I then told him, if he ever wanted a full interest, to make his interest equal to mine, I would let him have it. I am quite willing to let him have it now on payment of the same amount as I paid. He said, in reply, that it might stand over; and he might not be in office for any but a short time, and there might be no purchases at all. And he mentioned, on no account would he have anything to do with the purchase. So that it could not be said he had used his influence in it.