

112. Who met on these discussions?—The directors of the Bank of New Zealand, with the Auditor, and with the Acting General Manager, and the two inspectors.

113. Mr. Buller?—Mr. Buller and Mr. Litchfield.

114. Was Mr. Buller there the whole time the accounts were being gone over?—Not the whole time when the accounts were being examined by the directors; but on several occasions, when we thought it might be useful to have him present, we had him present with the board during the examination.

115. Was he there when the accounts under letter "W" were discussed?—I could not possibly say that; but Mr. Buller examined all the accounts, and when we wanted his assistance we got that during the discussion the board had over the accounts. Mr. Buller examined and reported to us, and we examined every account that was submitted to us to be taken over.

116. Was Mr. Buller in favour of the amalgamation?—I think it is quite a mistake to say that the arrangement we made was an amalgamation. It was a purchase of the live valuable business of the Colonial Bank, and I have no recollection of Mr. Buller having expressed any opinions on that point.

117. Who prepared the "A," "B," and "C," lists?—We prepared the lists; but their being called "A," "B," and "C," or "Alpha," "Beta," "Gamma," was a mere accident.

118. Were there always four lists—"A," "B," "C," and "D"?—I do not think at one time there were more than three lists; but there were one or two accounts in a different category from those embodied in the lists which we made—the three lists—and it was suggested, and apart from us it was arranged, that this fourth list should be made to comprise these.

119. Is that the "C" list? Is there one or two accounts?—I am not able to say what were the number of accounts in the list. As a matter of fact, I do not remember the number of accounts.

120. Do I understand that the negotiations came to an end on at least one occasion?—Yes; I think it is quite true to say that. The Colonial Bank directors, when we met them after we found ourselves able to report upon the condition of the Colonial Bank, were not willing to accept the position as we stated it. Naturally they were very much disappointed with the view we took of their business.

121. Did you have full particulars for inquiring about every account?—We had the fullest information given to us about every account that we dealt with. There were several accounts that we declined to have anything to do with at all, and they were put outside, where the Colonial Bank could do what they liked with them. We decided, for reasons which satisfied us, to have nothing to do with them. With the exception of these accounts, we declined to have anything at all to do with them. The fullest information we could wish—everything we asked for and required was freely given to us by the Colonial Bank authorities.

122. How was it that the bank premises were not valued, and that you made no inquiries?—The result of our inquiry into the condition of the Colonial Bank left them with nothing but the sum of £58,000 and their bank premises. The question then arose, What was a fair price to give for this business in the shape of good-will? And, after a great deal of negotiation, it seemed reasonable to us to give what I explained to the Committee yesterday—the book-value of the premises and £75,000.

123. You explained to the Committee yesterday that part of the consideration for taking the book-value was that the bank guaranteed an advance of £20,000. You said the President was responsible practically for the advance. Now, did the President make this advance without consulting the directors?—I do not think I can give to the Committee any information beyond what I gave in reply to a similar question yesterday. I felt bound to say so much, because the securing to us by the Colonial Bank of these advances was a material consideration which influenced us in finally coming to the agreement which was afterwards submitted to Parliament.

124. *Hon. Mr. Seddon.*] You have given book-value for the properties?—Yes; we were satisfied with the bargain, and it was of no use for us to inquire into or separate the properties. We took them at their book-value, and from that time on we have been selling them for the best price we can get.

125. *Mr. Montgomery.*] You have not answered my question. My question was, Were the directors consulted with respect to this £20,000 advance?—I do not think I can give any further information about that matter.

126. Did the directors approve of it?—I am not able to say more about that; but I think the Committee should recommend that provision be made by which the directors can call upon the Auditor to report anything which they think should be disclosed to the Colonial Treasurer for the time being, so long as the bank bears the relation to the State which exists at the present time.

127. Is this a matter which should have been reported?—I do not think I should say anything further. It does not seem to me that I ought to say anything further about it.

128. Was this advance secured on the debentures of the Ward Farmers' Association?

*Mr. Cooper:* I have advised the witness to decline to answer that question.

*Mr. Booth:* I decline to answer.

129. *Mr. Montgomery.*] I take it that you decline to give any further information about that?—That is so.

*Hon. Mr. Seddon:* I object that this question does not come within the order of reference.

Discussion ensued.

*The Chairman.*] I think it cannot be put until it has been shown to be a writing-off.

*Witness:* No, it was not a writing-off.

130. *Mr. Montgomery.*] Then I ask on what date that advance was made?—I do not remember the date; and I do not think I can give any further particulars about the matter beyond what I have already given.