

become a trustee if he did not approve the deed, or that he would have approved the deed without knowing the contents. Even without Mr. Salt's evidence it would be almost a certain inference.

52. Is there any reason to assume that any of these debentures were disposed of on account of the alleged action of the Agent-General?—Yes; I think so.

53. You think that the purchasers of debentures, or some of them, at all events, were influenced by being informed that the Agent-General contemplated becoming trustee?—I think that is certain.

54. Would it not occur to them as something strange that, having approved of the prospectus, his name should be omitted?—The directors of the company were aware of the fact; they were anxious that the Agent-General should be a trustee. They held among them a hundred thousand pounds' worth of debentures.

55. Assuming that intending purchasers were aware of the fact that the Agent-General approved of this prospectus—that he had been asked, and intended to become trustee; would it not occur to them as something strange that the name of the Agent-General did not appear in the prospectus?—That is an abstract question of human nature. It is a matter for argument. Some people would no doubt reason in that way, others would not.

56. But there is nothing in this prospectus to indicate that the Agent-General sanctioned or approved of its issue in any shape or form?—It is not stated in the prospectus.

57. I am asking your opinion on this matter. Do you not think that any capitalist, having been made aware that the Agent-General contemplated being a trustee, and afterwards finding the prospectus without his name upon it, would think it somewhat strange?—I hardly think that would be the course the history of the matter would take: people who wish for an investment for their money usually go to brokers or agents, who are of various kinds; at the same time brokers and agents are employed in putting out debentures of this description, they would show the prospectus to any one, attaching importance to the circumstance of the Agent-General having approved of it. If he knew that, he would be likely to mention it, as one of the inducements to subscribe; he would not say so much as that it had been approved in the office of the Agent-General, or that he represented the New Zealand Company.

58. Do you not think it reasonable to assume that if he had intended to become a trustee, and that his name did not appear in the prospectus, that it would occur to an intending investor as something strange that his name did not appear there; would it not be likely to create a difficulty?—No; when this prospectus was issued there was no question of the Agent-General being a trustee; not at that date when it was actually issued; the project of making him a trustee was then at an end.

59. What I want to know is, whether the omission of the name would or would not have a damaging effect, if it had been previously known that he had been asked to become a trustee, and that afterwards his name was found not to be in the prospectus?—If a previous prospectus had been issued, and stated that he was to be the attorney, and if any new prospectus appeared without his name, then it might have appeared to be curious: it might have a damaging effect. It is not so much what has happened, in so far as people knew anything about it; what happened was, probably, that people may have talked about it, that it did not eventuate. I am not in a position to say positively that any one did subscribe on the faith of his having contemplated becoming a trustee. It might be the other way. But he might well subscribe with knowledge of the fact that both the prospectus and the trust deed had passed through the Agent-General's office, and that they had been officially approved. What you say is perfectly correct, that if the Agent-General was going to be trustee—at all events, he had not—the important fact is not so much that he should have contemplated becoming trustee as that he had approved the prospectus and the trust deed: that is the fact that leads up to the consequences—the approval of the documents.

60. He did not become trustee?—No; he did not.

61. Have the debenture-holders no claim against the company?—No doubt they have; but the company points to the line; it says: "You have your remedy against us; that is, a remedy against the assets; take the line." The company's capital is all paid up; it is not attempting to deprive the debenture-holders of anything they have a right to. It says to the debenture-holders, "You have a first charge on the assets, take possession of the line;" but the debenture-holders are met by the fact that the Government are in possession; and they have issued a notice that in three months the line will be forfeit in virtue of the Act, which enables them absolutely to forfeit, and makes it the property of New Zealand; that notice was given to the company from the 13th July, and would in due time make the railway the property of the colony.

62. I presume that, in that case, the debenture-holders would simply lose their money?—That is so.

63. But up to the present the debenture-holders have not exhausted their remedy against the company?—Surely, Mr. Hogg; what is left for them? The company is impersonal, "They say there is the asset, assert your right over it;" but the company being an "impersonal" thing how is that to be enforced? It has nothing but these assets, which it gives up.

64. The question is asked about "the bargain" the Government would make supposing the line is forfeited. Have you any data to prove that, if you take into consideration the land subsidy accrued and sold, the cost of seizure, and the cost of arbitration and other procedure, the State will be a gainer?—"Bargain" is hardly the term for it. It appears to me that the document I have handed to the Committee, taking the construction and measure of value, shows that there is still a margin of half a million, or something like a half a million.

65. *Mr. Lewis.*] I think I understand you to say that the agreement between the company and the debenture-holders provided that if the company failed to carry out their contract the debenture-holders could step in?—Yes, the prospectus refers to the railway constructed or to be constructed.