

a specious prospectus distributed by Mr. O'Connor, that—(1.) He failed to disclose that coal-mining on the 160-acre lease had been abandoned twelve months prior to January, 1889. (2.) That the only other lease held by the company was 640 acres, one-half of which was and is valueless. (3.) That the prospectus intimated that the company then (January, 1889) had a large area of coal-bearing land under application for lease, whereas for this area Messrs. Bayfield and others had made a prior application. (4.) He failed to disclose in the said prospectus that two miles of the company's railway was by law attached to the 160-acre lease; that there were output covenants in that lease; that these covenants had not been performed; that the said lease was therefore liable to forfeiture, and thereby involved a possible forfeiture of the two miles of railway. All this must have been known to Mr. O'Connor when he issued the prospectus referred to. (5.) That these two miles of the company's railway were constructed by Mr. O'Connor without the necessary legal formalities having been observed. Mr. O'Connor had written notice of this from the then Government Engineer, Mr. C. Y. O'Connor. The defect was therefore known to him when he issued the prospectus in January, 1889. (6.) The company had no legal title to the wharf and staiths; and this the prospectus failed to disclose.

*Record of Wellington Directors' Work.*—I claim that the Wellington directors have succeeded in making the leases and railway, to which the titles were questionable, assets of very considerable value. (1.) They have, by "The Nelson and Westland Coalfields Administration Act Amendment Act, 1892," succeeded in perfecting the company's title to the two miles of railway constructed by Mr. O'Connor without legal authority (on completion of County Council road). (2.) They have by the same Act secured that the inability of the company to comply with the output covenants of the 160-acre lease will not prejudicially affect the company's title to that two miles of railway. (3.) They have acquired the lease of the most valuable coal area possessed by the company—957 acres. (4.) They have proved beyond doubt the existence therein of a very extensive and valuable coalfield of best quality; and have opened the mine up in a systematic manner. (5.) They obtained the passing of an Act of Parliament to make railway connection between Mokihinui and Westport. (6.) They acquired legal title to wharf and staiths at Mokihinui. (7.) They made an agreement with Railway Commissioners regarding coal-carriage charges and running charges on company's line.

*Comparison between Wellington and Westport Management.*—For Wellington management I submit—That the business of the company has been conducted on sound, strict, economic business lines; that none of the company's money has passed through the hands of the directors, every account being paid to creditors with the company's cheques; that the books of account and share-register have been kept at Wellington in a correct and systematic manner; that the cost of Wellington management is considerably less than it was at Westport.

That, for comparison of Wellington with Westport management, I draw your attention to—The first minute-book of the company; the letter from Mr. O'Connor, Wellington, to Mr. Wright, secretary at Westport, instructing him to call a meeting and make shareholders (letter dated the 31st January, 1889); the share-register, showing that six shareholders were made on the 13th February, 1889, from Mr. O'Connor's shares; the minutes of meetings, showing that these shareholders attended, and at that meeting held on the 13th February, 1889, the following resolution was passed: "That the remuneration of directors and managing director be authorised upon the same scale as last year" (that scale being £300 per annum and travelling-expenses for managing director, which office was filled by Mr. O'Connor), the share-register showing that five of these six shareholders retransferred their shares to Mr. O'Connor again, the sixth died and no transfer was made; the vouchers and minute-book showing that many amounts have been paid away irregularly, (a) some without any authority from directors being recorded, (b) some without any record of the work being authorised by directors, (c) some without vouchers being certified, (d) some amounts being paid to those whose names do not appear on the vouchers as claimants; the number of company's cheques (issued to others) paid into Mr. O'Connor's own banking account [see cheques]; the number and amounts of cheques signed by Messrs. O'Connor and Colvin (the latter being a butcher at Westport, the former's partner or associate in business), a great many of which have been paid into Mr. O'Connor's own banking account—one cheque, dated 16th April, 1888, for £128, being apparently cashed by Mr. Colvin, but the cheque was in favour of the Mokihinui Sawmill Company; the amounts paid to the Mokihinui Sawmill Company (Mr. O'Connor being a partner therein) without evidence of authority of directors, the secretary Mokihinui Sawmill Company being secretary Mokihinui Coal Company, both companies occupying same office at Westport; the amounts paid to Dolphin, a storekeeper, butcher, and accommodation-house keeper at Mokihinui, said then to be a partner of Mr. O'Connor's in the Mokihinui business; the amounts paid to Timothy Corby, Dolphin's successor, a storekeeper, butcher, and accommodation-house keeper at Mokihinui, and occasionally a contractor, said then to be a partner with Mr. O'Connor in the Mokihinui business—I refer you particularly to J. H. Cock and Co.'s invoice for one ton sugar to Mr. O'Connor, Mokihinui, and freight account for same, and in Mr. O'Connor's handwriting the word "Corby," thereby connecting Messrs. O'Connor and Corby with the Mokihinui storekeeping business; that on 10th January, 1887, at a meeting of directors (Mr. O'Connor chairman) it was resolved that an allowance of £52 9s. 3d. in Mr. E. J. O'Connor's call account be allowed, subject to approval of auditors; the share transactions between Messrs. O'Connor, Colvin, Dolphin, and Corby, many entries being in black-lead pencil; the disgraceful condition of one of the most important books of the company, the share-register, as kept at Westport, Messrs. O'Connor, Corby, and Colvin's pages being more or less in black-lead pencil, some with evidences of erasures; some of the vouchers of the company bearing Mr. O'Connor's receipt for amounts payable to others, and his having certified thereto; the number of vouchers bearing signatures of either Messrs. Corby, Dolphin, or Colvin to other claimants' vouchers; the books at Westport being kept without system, the ledger containing