

twelve companies, with an aggregate capital of £100,000, floated by Messrs. Cook and Gray, eleven must, in my opinion, go into liquidation. But for the action taken by the holders of vendors' shares many of these companies would have been wound-up long ago. It may interest you to know, if you are not already aware of the fact, that the total capital of the Otago and West Coast gold-dredging companies is, roughly speaking two and a half millions sterling. Gentlemen, what I have stated will give you some of my reasons for placing my petition before Parliament. During the past six months, through the kindness of many newspaper proprietors, I have published in the Press of this colony letters, all over my own name and address, calling attention to the deplorable state of affairs in connection with the management of the dredging industry, and making the charges just alluded to, none of which, I may tell you, have up to the present been repudiated. In order that the suspicion and reflection which exist at the present time on the commercial morality of the colony, to the detriment of what should be a sound and profitable industry, should be removed, I pray, on behalf of a very large number of investors who are suffering without much hope of relief unless from Parliament. I would urge you, in the interest of the mining industry, in the interest of the progress of this colony, to pass immediate legislation to prevent this blot on the commercial morality existing any longer, and also appoint a Royal Commission to investigate the grave charges which have been made in the Press for some time past. That is my statement.

4. Can you give us any particulars about any of the companies mentioned in the petitions?—Yes. I have prospectuses of some of them with me; the others I can produce later on. I would like to make some remarks on these prospectuses.

5. We will be pleased to hear you now?—I would like to refer to the No Town No. 2 Company. I find that it was floated by Messrs. Cook and Gray, that Mr. W. R. Cook acted as vendor, and as broker, the registered office of the company being at Cook and Gray's office, 17, High Street, Dunedin. The secretary of the company, Mr. W. Holsted, was an employé of Mr. Cook's, and Mr. Cook was until recently a director of the company. Mr. Cook had profits as vendor, salary as secretary, commission as broker, and fees as director. The prospectus of this company contains a long report signed by Mr. J. Howard Jackson, C.E. On Mr. J. Howard Jackson's name appearing on this prospectus there was a great rush for shares, and they were quoted at several shillings premium. Mr. J. Howard Jackson never made such a report as stated on the prospectus, and gave Mr. Cook to understand that he had not done so. He has also repudiated having signed such report in the public Press of the colony. Now, directly the public read Mr. Jackson's repudiation, and knew of the deception that had been practised on them, the shares fell to a considerable discount, and have since become unsaleable. At the time when Mr. Cook and his employés were owing money on their shares—hundreds of pounds sterling—small shareholders were being sued for their arrears.

6. Can you tell us anything about the Lees Ferry Company?—The Lees Ferry Company was registered on the 9th April, 1900, under the Companies Act of 1882. The capital—£8,000—was made up of 2,000 vendors' shares, allotted as follows: C. T. A. Broad, 120; Mr. J. Gill, 200; Mr. O'Kaye, 120; Mr. J. Taylor, 520; Mr. W. R. Cook, 1,040. The contributing shares, allotted as per share register, were 5,375; unallotted, 625; making a total of 6,000 shares. I understand that Mr. Cook was the purchaser of this claim, and also vendor to the company. It was stated on the prospectus that there was a deed of sale from Joseph Taylor to Mr. Cook, based upon the contracts filed at the Registrar's office. The deed of sale from Mr. Cook to the company is dated 9th March, 1900, while the articles of association are dated 1st March, 1900. The dates on these deeds have been altered, but the alterations have not been initialled. I find that some of the persons who signed those articles of association did not pay for the shares they took on signing those articles of association, nor do their names appear on the share register of the company. In connection with this company I find that the share register has been improperly kept; in some cases the addresses of shareholders have not been entered, and pencil notes have been made directing that in the case of a Mr. and Mrs. Farley all notices of calls due from them were to be sent direct to Mr. Cook. Mr. Cook was a promoter of this company, he was a broker, he was a director, his nominee (Mr. W. Holsted) was the secretary, and the registered office of the company was in Mr. Cook's own office. The share register on the 31st July, 1901, states that no money had been paid on 250 shares, that allotment-money was owing on 1,600 shares, and that Mr. Cook's late partner, William Gray, owed allotments on £500. Now, on all these shares Mr. Cook has received 2½ per cent. brokerage out of moneys paid in by the genuine and qualified shareholders. I find also that Mr. Cook received twenty guineas for attending as director only one meeting during the first year of the company's existence. The prospectus states that this claim cannot fail to get large returns of gold, and recommends the property as a good and safe investment for capital. This claim was tested at the expense of the qualified contributing shareholders by his (Mr. Cook's) own employé, Mr. Chester, as a mining expert, and was condemned by him as absolutely valueless. After the report of Mr. Chester, Mr. Cook allowed another of his employés, Mr. Howes, on the 26th March, 1901, to use his (Mr. Cook's) proxies, and vote against the liquidation of the company. After the investigations made in March, 1901, by the special committee deputed by the Dunedin Stock Exchange, of which report you have heard, this company was immediately removed from the lists and quotations of the Exchange. Upon Mr. Cook's resignation from the board I was elected in his place on 11th March, 1901. His employé, Holsted, then issued a notice for the first annual meeting, in which two out of the three directors were made to retire instead of one. On the 26th March, 1901, when the annual meeting came on, his other employé, Howes, nominated himself as director, and, by using his employer's (Cook's) proxies, secured the seat on the board and removed me. I went with my solicitor to inspect the deed of sale, which the prospectus stated could be inspected at the office of the interim secretary. Mr. Holsted said it was not in the registered office of the company, and gave a written order to the