

position would be that if at a subsequent date the directors did not recover the calls they would come on Cook and Gray for a refund of brokerage.

111. *Mr. J. Allen*] Has that been done?—Not in this case; but Mr. Kneebone has not repudiated his liability.

112. *Mr. Easton*] Are you aware that certain shareholders have stated in sworn evidence that only 1s per share has been called up in this (Tucker Flat) and other companies?—I have heard that; it is hearsay. I do not know it for a fact.

113. *The Chairman*] Before we leave that question, I would like to ask you whether the commission is earned on the shares until the money is paid on them?—I think so.

114. You think that if you agree with a man to take shares, and he pays nothing, you have earned the commission?—The position would be this: a broker would probably have as much trouble in selling shares to him as to the man who paid his application-money. It would be a matter for the directors when the statement was brought before them to be passed.

115. Did the directors pass the accounts for brokerage in the Tucker Flat Company?—Yes.

116. They knew that commission was claimed on the shares on which nothing had been paid?—Yes; there was a statement handed in to them.

117. *Mr. Colvin*] Who were the directors?—Those who passed the accounts for brokerage were Messrs. Somerville and Leijon.

118. *Mr. Easton*] Was Mr. Cook a director then?—Yes, but he was not present.

119. *Mr. Guinness*] When brokers put in their statement of the shares they have sold do they not also hand in the form of application for the shares, signed by the person applying?—Yes.

120. Mr. Kneebone did sign an application for 250 shares?—Yes.

121. But did not pay the money?—No.

122. *Mr. R. McKenzie*] In this case there was 1s. per share payable on application, and 1s. on allotment?—Yes.

123. Did you pay the commission before the allotment was paid, or before the 1s. application was paid?—The statement may not have been handed in till some time after.

124. I want to know whether the directors paid the brokerage before the allotment- or application-money was paid?—No.

125. In the case in question no money was paid on the shares?—That is so.

126. So they must have paid the brokerage on the shares without the 1s. application being paid?—Yes.

127. *Mr. Colvin*] 1s. for each share applied for ought to accompany the application?—Yes.

128. The assumption being that the broker is selling to a responsible party?—Yes, that is so.

129. *Mr. J. Allen*] Are there any other similar cases to this?—I think not.

130. Did William Gray, who sent in an application form without the application-money, pay his application-money on the 500 shares later on?—Yes.

131. *Mr. Herries*] When did he pay?—On the 19th May.

132. *Mr. J. Allen*] What is the date of the application?—15th February; but the company was not registered till the 9th March.

133. Is it the usual practice to receive application forms without the application-money, and pay brokerage on shares so applied for?—It is very often done—in Dunedin, at any rate.

134. *Mr. W. Fraser*] Mr. Kneebone has not paid application-money?—Not yet.

135. *Mr. J. Allen*] Is there any power by which he can be made to pay?—I understand there is.

136. What power?—Legal power. The signature to the application form proves the contract.

137. *Mr. Cook*] The amount of commission on the sale of Kneebone's shares was £6 5s.?—Yes.

138. And his is the only case in which the application-money has not been paid?—Yes.

139. Is it not customary in Dunedin, to your knowledge, for many people to pay application- and allotment-money in one sum?—Decidedly it is.

140. Reliable men send in applications for shares, and pay application- and allotment-money in one sum?—Yes, it is customary.

141. This application referred to came from Auckland, and the amount of the brokerage charged on the shares was £6 5s.?—Yes.

142. We have heard a great deal about the companies being "Cook and Gray's" companies: now, who were the directors of the company under consideration—the Tucker Flat Company?—Messrs. Somerville and Leijon and yourself.

143. I was never in attendance but once?—That is so.

144. For which I received, or, rather, the office received, the sum of twenty guineas?—Yes.

145. Do you remember whether any arrangement was made with my co-directors that I was to give attention to outside matters on the Coast?—Yes.

146. They knew I would not be at the meetings?—Yes; you drew attention to that.

147. Do you remember that while I was on the Coast I was asked to superintend and arrange for the boring in connection with this company?—Yes, I do.

148. And that I did so?—Yes; that is shown in the books.

149. Therefore I did not take the twenty guineas for nothing?—Decidedly not.

150. I probably did more work and gave more time to the company's business than the other directors in their attendance at the meetings?—Yes.

151. In reference to your acting as secretary to this company, were you under the instructions of the directors?—Undoubtedly.

152. Did you ever take instructions from Cook and Gray, directly or indirectly?—I could not do so, because they had no power to give instructions.

153. Had Mr. Somerville, a director of this company, any connection with Cook and Gray?—None whatever.