

secretary to write them up, but that could be done at the meeting. In clause 57 of Table A, there is an addition to the regulation, "And that no director shall vacate his office by reason of the allotment to him of paid-up shares in pursuance of the said agreement or by the direction of the vendors, nor be liable to account for the profits of such shares."

43. What is the meaning of putting that in?—So as to allow the holders of the vendors' shares to be elected as directors of the company and to hold their seats.

44. Do you not think that all these alterations are in favour of the vendors as against the contributing shareholders?—No, I do not. The contributing shareholders when they take up shares take them up on the prospectus, and they know perfectly well what they are going in for. In all these cases they take the shares up in the hope of gain. It is a business, and if they look sufficiently well after their own interests and think that the articles are drawn up on an inequitable basis, and object to them, they need not take up the shares.

45. Are these memoranda of association always to be seen at the office?—Yes.

46. Before the shares are applied for?—Yes, a copy of the articles of association can be seen.

47. Has that always been the case?—Yes; or the articles could be always got for them. But I may say that I have never known a single case in which any one has ever asked to look at the articles before buying shares.

48. Do you know of any other firm who have been vendors, had the office-rent, and had one of their managers as secretary to the company?—I do not know of any that have drawn office-rent.

49. Or where the secretary to the company was the vendors' servant?—I certainly was of opinion that there were a good few such cases.

50. Can you name any?—I could not name them offhand; I have a copy of the "Investors' Guide," and by going through the directorates and the secretaries I dare say that I could point out a few.

51. You cannot name any offhand?—No; but if you like I will go through the list during the day.

52. *The Chairman.*] I notice that in the Ngahere Company Cook and Gray's charge for brokerage, according to the ledger, was £175?—Yes.

53. How many shares would that represent at $2\frac{1}{2}$ per cent.?—7,000.

54. Were there 7,000 shares sold in the Ngahere Company?—Yes, I believe there were, but I am not sure.

55. Was £7,000 in cash paid up?—No; only 1s. is necessary to be paid in order for the broker to claim brokerage. The usual practice is for a man who takes up shares to pay 1s. into the company, and then a broker gets commission.

56. (To Mr. Holsted): How much was paid up, can you say, Mr. Holsted?—The brokerage paid was £164 odd; an amount of £10 odd was deducted from the £175.

57. Does not the balance-sheet show how much cash you actually got for the shares?—The number of contributing shares unallotted was 425.

58. I want to know the actual cash you got for the shares that were sold originally?—£328 8s., application-money.

59. (To Mr. Howes): And then you charged £175 commission, less a refund of £10 odd?—Yes; the actual brokerage was £164 odd.

60. Of the £328 subscribed, £164 was charged for brokerage?—Yes.

W. HOLSTED further examined on former oath. (No. 9.)

61. *Mr. Easton.*] In regard to the Golden Grey and Lees Ferry Companies, is it not a fact that brokerage was charged on 1,075 shares on which no money had been paid at all? Take the Golden Grey Company first: was not brokerage charged on 625 shares in that company on which no money had been paid at all?—No; the brokerage was refunded. The balance-sheet shows a refund of £11 5s.

62. In the balance-sheet it is not stated what the refund is for?—The brokerage is shown in the balance-sheet, and you can see the number of shares on which it has been charged.

63. Did Cook and Gray refund that money voluntarily?—Certainly.

64. Was no demand made by the auditor?—No, not by the auditor. It was already refunded when the auditor audited the books.

65. Was no demand made by the auditor in the Golden Grey Company for a refund?—I will refer to the book. You must understand that these books have been out of my care for some time, and I would like to refresh my memory. Oh, yes; I find that you are correct.

66. Then it was not until a demand had been made by the auditor that a refund was made to the company for brokerage on the shares that were not allotted at all?—That is so.

67. Then we will take it that the same thing applies in the Lees Ferry Company on a number of shares—that the auditor made a demand there?—Yes, that is so.

68. Now, can you tell us whether it is not a fact that in the Lees Ferry, Golden Grey, Wicklow, and Tucker Flat Companies up to the present day brokerage has been taken on 1,000 shares on which not one penny-piece has been paid? I will enumerate them separately: The Lees Ferry, 250 shares?—Yes; that is so.

69. The Golden Grey, 250?—Yes.

70. The Wicklow, 250?—Yes.

71. The Tucker Flat, 250?—Yes.

72. Making 1,000 shares on which nothing has been paid?—Yes; but they are all held by the one shareholder.

73. Up to the present day not one penny-piece has been paid on them?—That is so.

74. And is it not a fact that brokerage was charged on them?—Yes.

75. Now, in regard to the Ngahere Company, you gave me your certified copy of the register