

great deal of evidence was given in regard to private matters between petitioner and Mr. Cook, your Committee wish as much as possible to disregard everything except the public aspect of the case.

III. The following is a summary of the charges made by petitioner :—

- (1.) One person or firm being (a) the promoter, (b) broker, (c) secretary, and (d) director, and (e) the registered offices of companies being in his or their office.
- (2.) Transfers being accepted and passed with moneys owing from sellers.
- (3.) Shares being “dummied,” and commission received on them.
- (4.) Signatories to articles of association not being shareholders.
- (5.) The articles of association being so drawn as to override what may be classed as the safety clauses of the Act under which they are framed, thereby allowing a few holders of shares to obtain almost absolute control of the companies, and the articles of association being so worded as to allow unqualified shareholders to vote.
- (6.) Lees Ferry Company’s vendors’ shares being used for voting to prevent liquidation, for benefit of promoters; and that out of twelve companies, with an aggregate capital of £100,000, floated by Messrs. Cook and Gray eleven must go into liquidation but for the action taken by the holders of vendors’ shares.
- (7.) Promoters receiving secret profits.
- (8.) That minute-books show that directions were given to the secretary to invoke the law against *bona fide* shareholders when promoters and others were owing large sums.
- (9.) One promoter being also a director and receiving director’s fees, yet not attending meetings.
- (10.) The Ngahere Company’s brokers taking commission on shares on which no cash has been paid.
- (11.) That the Ngahere Company’s claim is not situated where stated in prospectus.
- (12.) That, on the grounds of misrepresentation, Mr. Gray, one of the promoters of the Golden Grey Company, and others, repudiated payment of calls on shares upon which the firm of Cook and Gray had received brokerage.
- (13.) The formation of secret rings for speculative purposes only by promoters and directors at a time when the public were being asked to subscribe money to be used for mining purposes.
- (14.) Shareholders voting and directors acting when their allotment money and calls were unpaid.
- (15.) Vendors making a profit on liquidation on shares which have cost them nothing.
- (16.) Improper auditing.

REVIEW OF THE CHARGES.

IV. In all of these charges the onus of proof must be on the petitioner. Some have not been proved, and others are matters that should be dealt with by the law-courts, for where the law provides an ample remedy that remedy should be taken, as it is not for this Committee to take up the functions of the law-courts. Your Committee will therefore dispose of these latter charges first, namely :—

- (1.) “Promoters receiving secret profits”: This charge must refer to (a) salary for office and secretary, and (b) directors’ fees. In regard to (a), Mr. Holsted was simply Cook and Gray’s servant, and managed the companies, and had nothing whatever to do with the flotations. Mr. Holsted managed fourteen companies for Cook and Gray, and received on an average £75 a year each, or a total of £1,050 a year, and in the books of the companies he debited the companies with owing these amounts to Cook and Gray, and credited the companies with having paid the various payments thereon to Cook and Gray. Therefore any profits made out of this by Cook and Gray were not secret profits, but were known to the shareholders, all of whom could have known that Mr. Holsted was only the servant. Neither were the directors’ fees secret profits. Therefore this charge has not been proved at all, unless it refers to brokerage, which is dealt with hereafter.
- (2.) “One promoter being also a director and receiving director’s fees, as per table attached, yet not attending meetings”: Mr. Cook drew director’s fees, and attended in some cases only one meeting, and in others no meetings; but if there is any wrong in this the remedy is with the shareholders, who may elect some one else. A director may do work for his company other than attending meetings, and the company should not be restricted in their choice of a director.
- (3.) “That the Ngahere Company’s claim is not situated where stated in prospectus”: The evidence upon this charge is very much more in favour of Mr. Cook than petitioner; but even if the charge was proved, the law on the subject has been clearly laid down in the Promoters’ and Directors’ Liability Act, and therefore the Parliament has provided an ample remedy, which should have been taken if any wrong had been committed.
- (4.) “That, on the grounds of misrepresentation, Mr. Gray, one of the promoters of the Golden Grey Company, and others, repudiated payment of calls on shares upon which the firm of Cook and Gray had received brokerage”: In reference to this charge, we have the evidence of Mr. Gray, who swears that his partner, Mr. Cook, induced him to take up shares on the understanding that only the application-money would require to be paid. Mr. Gray and others were summoned by the company in the Magistrate’s Court at Dunedin, and defended the actions on the above grounds. Mr. Cook, in answer to this charge in his sworn evidence, question 35, page 8, says, “The Magistrate decided there was no misrepresentation without hearing my side at all.” Mr. Cook took this evidence away with him, and corrected it and returned it, yet this statement of his was not correct, for the Court held that no agreement entered into between Mr. Cook and the defendants could bind the company, and therefore the issue of this charge was not decided by the Court at all. Mr. Abbott also gave evidence on this charge, and admitted that certain of the companies were formed for speculative purposes; that Mr. Cook had induced him to take shares