

£20,000 that was owing to them was to be on a second mortgage?—I cannot say the bank agreed; but the bank declined unless the balance was adequately guaranteed.

67. Who was to guarantee?—The borrower, of course, had to negotiate that. Nothing definite was put before the bank except the £40,000 of the Northern Investment Company.

68. They did not consider that they could carry the two mortgages?—Oh, no; there was only £6,000 margin.

69. That valuation of Mr. Hunter's which you will put in?—Yes, it was made in 1888.

70. The deduction and all?—The valuation was Mr. Hunter's valuation less £1 per acre for the acquirement of the freehold—our lease being in the way.

71. The bank's valuation they had before them was £104,000?—On his valuation they refused the negotiations.

72. The statement that you make that there was only £6,000 of a margin you arrive at by deducting the £1 per acre for the freehold?—Yes, as showing the value of the leasehold.

73. You arrive at that conclusion. Now, do you know whether the bank arrived at that conclusion?—On Mr. Hunter's valuation here.

74. Did they deduct the £1 per acre?—I do not know the way they got at it.

75. You say there was a second offer from the Northern Investment Company?—Yes.

76. Was that on the same terms as the first?—Yes, a renewal of the first.

77. What interval of time was there between? Was it a few months?—I think it was only a few months.

78. The first one was on the 16th March, 1889—that was immediately before the auction—and the renewal was on the 16th August?—After the auction.

79. The second one was made after the auction?—These two might have been the second and third; I have no means of knowing. The explanation is this: that we have only the records in Wellington since February, 1889, except registers, you know. The correspondence in all this Mangatoro business was between Mr. Hamilton and the branch of the bank at Napier—the direct correspondence—and that we have not here. I have only the head office records available. Mr. Hamilton may be quite right in saying there was an offer twelve months previous to the sale. I could not deny it. I have no records. They are available in Napier.

80. Why did the Northern Investment Company offer to lend £40,000 when it was in the hands of the bank?—Mr. Hamilton had perhaps gone to them and said, "I can still redeem that property if you will advance me the money."

81. I understand that was on the first valuation?—They probably had some valuation to go on, and said, "Very well; we will find £40,000 and carry your business along."

82. Was the bank always willing after the sale to allow Captain Hamilton to redeem the estate?—Yes; the bank was distinctly willing, so far as I can interpret their reply. They were written to on the 16th August, and the reply that the bank made through their branch manager was: "With regard to Mr. Hamilton's recent application to purchase Mangatoro, the Board declines his proposal. It is quite out of the question. We could accept £40,000 cash and a second mortgage to secure the balance of the debt." That was after the sale, and it was on the same lines practically as the reply that was made on the 16th March, just prior to the sale—viz., "Quite impossible that the offer could be entertained, unless the guarantee forthcoming for the amount you propose securing by second mortgage." So I interpret this to mean that the bank, even after the sale and at that date, would have accepted the money owing had it been forthcoming, but, of course, not the £40,000.

83. What is the sum that the Assets Board sold to the Government for?—£88,000.

84. And what did you realise from the sale of the stock?—I have not got the particulars of that.

85. Can you give us any idea what you realised?—Oh, probably £6,000 for the surplus stock.

86. You did not sell it all?—Oh, no; we have still got the leasehold. There was probably £6,000 from its sale.

87. How were you paid by the Government, in cash?—Yes.

88. Do you consider that the Assets Board got well out of the estate at that price?—I think it was a good transaction for both parties.

89. Do you think it was a fair value?—I think it was a fair value. Mr. Hamilton has expressed to me the opinion that it was a good sale.

90. What had the Government offered previously?—There had not been an offer previously. As a matter of fact, the Government could not have bought it on the conditions we offered; they could not have bought the leasehold.

91. What was the value of land in the district: has it advanced since 1889 up to the time that you sold to the Government?—Yes.

92. What would you say was the general advance to the bank at that time?—A very considerable advance, not perhaps in the productive value as worked, but in the settling value.

93. *The Chairman.*] Do you reckon that Mr. Hunter's value was a fair value at the time?—I think it was a decidedly big value when you take into account that the lease might not have been worth a rap.

94. *Captain Hamilton.*] I find here that there are £52,000, which means £2 an acre on the improved land. I really ask, where has the money gone?—I am afraid I really cannot answer that question.

95. I knew this was going badly, but my wildest dreams never conceived the idea that £52,000 had been spent there. It was common talk in going through that there were all sorts of things being done. I thought it might have been an expenditure of from £10,000 to £20,000?—Well, in bushfelling alone there has been £9,872 expended for that period. Practically £10,000 in fencing and grassing, that is during the period from 1889.