

No. 1 Committee would direct him to pay the amount and charge it as an advance to that individual or block. Further, he maintained that the above sum of £4,257 10s. 6d. formed only a small portion of the value of such owners' interests in the property, so that the security for such advances was good.

Certain shares have been purchased—namely, ten shares, Williams and Kettle (Limited), £35; and 100 shares, Poverty Bay Farmers' Meat Company (Limited), £376 2s.; but these investments may well have been justified by the fact that the Waitangirua Station had business relations with these companies.

Another matter that might be rightly mentioned here is that of the forged orders, but we have already dealt with that under clause 6. It might, however, be pointed out that these frauds continued over a period of three years. It is surprising that, apart altogether from the fact that the nine orders for £2,454 19s. were presented for payment within a few days, such large sums (amounting in all to £7,468 14s. 2d.) should be paid away before the secretary and accountant awoke to the fact that the estate was paying out money for nothing. We would have expected that such a large increase in expenditure would have caused earlier inquiry to be made to the manager of the station as to what work was being done to justify such payments. We assume there was no guilty knowledge on the part of any one connected with the office, but it is clear that the supervision of the affairs of the trust must have been of the weakest. Attached to Exhibit KK is a list of these forged orders.

Apart from the evidence tendered before the Commission, we have ourselves made further inquiries with a view to ascertaining whether any other person than Mrs. Tait was concerned in these frauds, but we failed to arrive at anything definite. We think that it should be the duty of the trustees in the future to endeavour to settle that question.

There is a Road Contract Account in the ledger showing expenditure on a road into Waitangirua Station, amounting to £1,707 12s. 10d. (copy attached—Exhibit X3). Mr. Coleman explained that this was part of a larger scheme for which the trustees of Mangatu No. 1 and himself as East Coast Commissioner, on account of Mangatu Nos. 5 and 6 Blocks, were jointly responsible. The above expenditure was for actual formation of the road, and the East Coast Commissioner has expended other sums for surveys, pioneering, &c., in connection with this scheme (see Exhibit X3). No final settlement has been arrived at, but an agreement in writing exists. In the meantime we think that this matter can be safely left in Mr. Coleman's hands.

The accounts show that contributions to tangis have absorbed a large amount. No special mention of this was made by any of the counsel appearing before the Commission, it appearing to be recognized that, however extravagant these sums might seem, such expenditure was in accordance with Native customs and ideas, and with the wishes of the beneficial owners. We think this is one of the matters in which proper control by the trustees has been wanting.

*“Generally to inquire into and report upon all Matters relating to the said Blocks, and to recommend what Provision should be made for the Future Management, Control, and Disposition thereof.”*

It is clear that the powers given by the trust deed have been exceeded in various ways, as witness what has been said already as to borrowing from and advancing to other blocks, making payments to or on behalf of owners, and in making distributions otherwise than out of profits. We draw special attention to the transactions with W. L. Rees and the Wi Pere family trust.

We consider that Mr. Marsh, the present Commissioner of Crown Lands for Hawke's Bay, is not in any way to blame, having used his utmost endeavours to obtain a proper statement of accounts and to prevent breaches of trust during his trusteeship. It is only since May, 1916, that he has been one of the trustees, and it would naturally take him some little time to acquire a knowledge of the affairs of the trust. His predecessor in office, Mr. W. H. Skinner, also endeavoured to get matters straightened up, and we have attached copies of the correspondence between these officers and Mr. H. C. Jackson.