

It is obvious that any Commissioner resident in Napier, and having to direct the business of the Crown Lands Department there, was not in a position to exercise that control over his fellow-trustee resident in Gisborne, and managing the business of the trust there, that seems to have been required in this case. The matter of the £1,100 distribution alone would clearly show this. Whether Mr. Jackson misunderstood the position taken up by Mr. Marsh as to the suggested distribution, or whether he did what he thought best for the Natives in defiance of his co-trustee, is not quite clear. Mr. Marsh's and Mr. Jackson's views did not coincide as to the powers and duties of trustees under the Mangatu No. 1 trust deed; there was considerable disagreement between them, and Mr. Marsh several times refused to sign cheques sent to him for signature. Naturally the real control of matters was in Mr. Jackson's hands, and his view was that, as Mangatu No. 1 was rapidly developing, the present owners were entitled to receive some of the profits that would arise later on from the present operations—that the present generation were entitled to receive benefits from the land as well as the next. As the leases of Mangatu No. 1 would expire in a few years, and the rentals might then be expected to increase to about £15,000 per annum, he considered there was nothing wrong in anticipating some of this by making moderate distributions to the owners, although that might not be in strict accordance with the trust deed. We must admit there is a good deal in this contention; but he was failing to distinguish between capital and income. Moreover, it must be remembered that, as secretary to the committee, Mr. Jackson was particularly exposed to the attempts of the Natives to obtain payments, and it is undoubtedly a fact that Wi Pere, a man of dominating character, exercised considerable influence over him, as also did the late Mr. W. L. Rees in years gone by.

That the books have not been properly kept was due, Mr. Jackson told us, to the fact that he left that work to Mr. E. H. Pavitt, a properly certificated accountant, in whom he had much confidence. He stated that it was a surprise to him that these were not in proper order, as he had never found Mr. Pavitt at a loss when asked for information from the books. But it is impossible to absolve Mr. Jackson from blame on that account, and it must be remembered that no proper books had been kept previous to Mr. Pavitt's engagement about 1907. It was Mr. Jackson's duty to see that proper accounts were kept and yearly balance-sheets made out and audited, and he has failed to carry out that duty. Also, he has allowed the affairs of his trust to become entangled with those of other blocks, and has not shown (as witness the forged orders) that care and attention that a trustee is required to display. In his evidence he stated that he did not understand the accounts and never looked at the books. No doubt Mr. Pavitt was responsible for the actual writing-up of the books, and Mr. Jackson stated he was led to believe that they were closely written up and could be balanced at any time, and that the preparation of a balance-sheet would only entail a few closing entries being made. We refer to Mr. A. G. Beere's report dated 27th April, 1914 (Exhibit AA), to show what the actual state of the books was at the 2nd September, 1912. The evidence given by Mr. Thomas A. Coleman, the East Coast Commissioner, fully bore out the auditor's report.

In all matters that we have referred to in this report and that appear in the books and minutes of the trust there is nothing leading us to believe that Mr. Jackson has ever benefited himself at the expense of the beneficiaries, though opportunities for him to do so have not been wanting. That the committee had confidence in him is shown by their resolution in August, 1911, increasing his salary from £150 to £300 per annum. Also, it must be remembered that he was in extremely bad health from December, 1916, to the end of March, 1917, has never been really well since, and in consequence has had to leave matters in great measure to his accountant. No evidence against Mr. Jackson's personal character has been given, and all parties agreed as to his honesty and integrity.