

in order to overbid us,' and there will be an outcry throughout the country." Mr. Carney said, "Yes, that is so"; and nothing further was done then. Well, shortly afterwards Mr. Joseph's executors approached us and said, "Would you care to take our business over, with our buyers?" They had almost the number we required, and I discussed the matter again with Mr. Carney. I said, "Well, now you are between the devil and the deep sea. If you offer an increased salary to the buyers there will be an outcry throughout the country, so that it will be just as well to buy out Josephs, lock, stock, and barrel, and then it cannot be said that we are taking over their buyers in order to overbid them." Mr. Carney said, "Yes, that is so; that is the honourable way of doing it." And that is what was done. They had no plant. They were simply a buying concern, with offices in Hereford Street, which we did not take over. We bought Joseph's goodwill in order to take over into our employment the men who had served Mr. Joseph, who were experienced men.

You have mentioned Mr. Macbeth's name?—Yes. He is the general manager. Mr. Carney is the managing director.

Is that the Mr. Macbeth who was for many years manager of one of the large Canterbury freezing companies?—Yes. He was for many years manager of the Canterbury Frozen Meat Company.

Until quite recently?—Yes.

And he left that company to join Armour and Co.?—No. Mr. Macbeth had resigned from the Canterbury Frozen Meat Company and was on his way to England. When he was passing through America Mr. Kingdon, general manager of Armour and Co. of Australasia, resigned his position as general manager, and Mr. Macbeth was appointed in Mr. Kingdon's place. Mr. Kingdon resigned during the time Mr. Macbeth was away.

As a lawyer you are aware that if the company had been registered with a capital of £350,000 it would have had to pay much larger fees than it has now: you are aware of that?—I am aware of that, of course.

Hon. Mr. Nosworthy: You say you have to deal with Armour and Co.'s business, and that you have a definite understanding of their business affairs. Cannot you give us some more definite information in regard to the £250,000 guarantee which Mr. Lysnar has mentioned? Do you not know what the amount of the guarantee is?—I do not know the amount at present.

You are the legal adviser of this company and yet you do not know what the amount of this guarantee is?—I would answer that question in this way: I have had personally for the last fifteen years a limit for my overdraft at a bank in Christchurch. Now, if you ask me what my overdraft limit is I tell you frankly that I do not know; I have forgotten. I give that as an illustration. I knew the amount of the limit at the start of the business—it was £280,000—but it has not interested me since, because I believe it has never been reached, and the question of the limit of the overdraft has never arisen for discussion. I would like to explain this: that Armour and Co. do not ask my advice or consult me as to whether they should pay $\frac{1}{4}$ d. or $\frac{1}{2}$ d. more for the lamb they are buying—I am not their commercial adviser.

From what you say it would lead the Committee to infer that the guarantee may be for an unlimited amount—it might be for a million?—No, it would not be that.

Well, you absolutely say you do not know what the limit is?—I believe it is the same limit as at first.

You are not positive: it might be unlimited as far as you know?—Yes, it might, as far as I know. I am not interested in their banking transactions. They could not, however, without the knowledge of myself or Mr. Tyers, buy up any other concern, or embark on a building venture, or anything of that sort.

Is it possible for a company registered in this country with two or three shareholders, and the balance of the capital owned outside—say, £100,000—to operate in this country with a guarantee also from outside of from a quarter of a million to a million?—Yes, of course, any company can do that. I believe there are other companies who do that to a very large extent.

That is what I wanted to ask you. What is happening with respect to the operations of Armour and Co. in New Zealand under the Companies Act may also be happening in regard to other companies in this country: is that not so?—You mean that any company can, with a registered capital of, say, £100,000, also have other limited capital in the form of a mortgage or guarantee? I should say, if their credit is good enough they could do that. Such credit is the very life-blood of modern business.

You say that Armour and Co. put all their cards on the table. Can you give this Committee any information as to the operations and methods of the other companies you mentioned somewhat similar to yours who did not put their cards on the table before the people of this country?—No, sir, I cannot. All I can say is that when we came here first there were persistent rumours in the air that some of the companies operating here were operating "under the rose," and Armour and Co. said, "If that is so, we will not do it." But the rumours may be entirely untrue.

What is your explanation of "under the rose"?—I will explain myself in this way: We understood that there were concerns operating on the New Zealand market whose names we will say were apparently "A.B.C.," but whose names on the surface were "X.Y.Z."—that "X.Y.Z." were conducting their operations through some other firms, and that "X.Y.Z." strenuously denied that.

FRIDAY, 3RD SEPTEMBER, 1920.

JOSEPH COWIE NICHOLS examined. (No. 6.)

The Chairman: What is your occupation?—I am a sheep-farmer in Otago.

You wish to make a statement to this Committee?—Yes. I wish to say that I am here to represent the Sheepowners' Union of Otago. At a meeting of that union the members were entirely in favour of granting a license to Messrs. Armour and Co.

How was that decision arrived at?—We had a conference of the Otago Sheepowners' Federation about six weeks ago, and after the matter was fully discussed we passed a resolution to the effect that Messrs. Armour and Co. should be granted a license. I may say that I was a delegate at the