

SHORTAGE OF £5,000.

Prior to the arrival of the "Admiral Codrington" in the United Kingdom the agents for the ship demanded the sum of £5,000 before they would berth her. Trouble arose between the National Bank and Mr. Lysnar's company regarding the finding of this £5,000, which, so far as the bank was concerned, was an unexpected and unpleasant demand. The Meat Board did not become aware of this episode until some time afterwards.

It is interesting to note that at page 459 of the notes the following appears:—

Did you not know that all these freight contracts were unlawful, and that the persons with whom you contracted would have no remedy under the freight contract?—That is the strict reading of the Act: I won't question that.

Did you know at the time that those contracts which you entered into without the consent of the Board were unlawful?—There is a qualification about that.

Did you know at the time you entered into those freight contracts that they were made by statute unlawful?—As a contract made away by the Board from the contract is unlawful.

The Chairman: Please answer the question, Mr. Lysnar, Yes or No?—Of course, we knew it at the time, but I want to qualify that: all that we did was to get the necessary authority for the boat to come into the trade, and she was kept waiting—

That is not the point?—That is our justification for making a reduction, or giving two months' storage.

That is not what Mr. Skerrett is talking about. He is asking about the provisions of the Act.

Mr. Skerrett: I have made my point.

showing that Mr. Lysnar was aware that the contract made at the lower or "cut" rate was a void contract; and as a lawyer there is, of course, no doubt that he must have had a full knowledge of the unsatisfactory position in consequence thereof.

We think that there was by Mr. Lysnar's company a breach of the implied, although not expressed, understanding among the shipping parties to the contract that there should be no unfair attempts on the part of one of the shipowners to obtain a greater proportion of the meat cargoes than would under the agreed-on conditions ordinarily come to that shipowner.

It is true, upon the grounds set out in counsel's opinion, that there was no breach of the contract from a legal point of view as between the shipowners and the Board, and that no legal action would succeed.

The admission of Mr. Lysnar that he was aware that the contract he made with the meat-exporter was a void one does, we think, explain either the extreme anxiety of the company for money, or an extreme anxiety that at all risks the steamer must be made to appear a profitable venture. Apparently Mr. Lysnar thought that the exigencies of the situation made it—to use the words of another director referring to another matter—a case of "Needs must."

1923-24 CONTRACT.

As we have mentioned before, the 1922-23 season ended on the 21st October, 1923. It will be remembered that on the 6th September, 1923, Vesteys' offer to the bank was made. On the 12th September, 1923, Mr. Lysnar and the Chairman of the Meat Board had an interview. Mr. Jones says in the course of his evidence that during that interview Mr. Lysnar informed him the boat was going to be sold. And he said that Mr. Lysnar told this to him as one of the reasons why it was right and proper for the Meat Board to refuse its consent to the sale of the works being proceeded with by the National Bank, pointing out in fact that the sale of the steamer would lessen the financial troubles of the company. Mr. Lysnar denies this absolutely.

Tentative arrangements had been made by the Board providing for the possibility of the "Codrington" being in the contract, 1923-24, the same as the previous year, and this was tentatively agreed to by the shipping companies. Mr. Jones says that the Board would have been agreeable to have placed the "Codrington" in the running provided an application had been made, and that they were satisfied that the company was financially able to carry out the contract. The Board discovered, prior to October, 1923, in connection with the trouble over the sale of the works, the financial position of the company. The company's works were sold on the 3rd November, 1923, and in consequence the