

*The Chairman* : However, you are both quite satisfied as to the disclosure of the contents. I know, Mr. Skerrett, you will accept my word about the *bona fides* of the original letter.

*Mr. Skerrett* : Yes, quite. But what I desire to point out to the Commission is that that has no relevance to the positive statement of fact that all the company's current liabilities in England had been provided for, and the company had money to its credit at Home.

*The Chairman* : That is a matter which Mr. Lysnar will have an opportunity of dealing with later.

*Mr. Lysnar* : Might I get you to look at that other letter, Mr. Chairman? That will bear on it. It is in the envelope, but is not attached to the file.

[Mr. Lysnar pointed out the letter, which the Chairman perused.]

*The Chairman* : Mr. Lysnar has referred me to another letter which the Commission has not yet seen, and Mr. Lysnar will just stop me if I start to tread on trade secrets. This is from Workman, Arbuckle, and Mackinnon, Glasgow, to the Poverty Bay Farmers' Meat Company, and is dated 24th July, 1924 : " We enclose statement up to arrival. Supporting vouchers, and general average statement, with accompanying vouchers, some of which we held back from last statement, have been forwarded under registered cover. The amount standing at credit is £2,022 6s. 6d., and this, together with the amount collected by — on the general average statement—namely, £3,731 18s. 3d.—totals £5,754 4s. 9s. ; but you will see from —'s credit note and statement attached that £1,524 5s. has been paid as interest to the Bank of Scotland, and the balance of the amount collected under general average placed to the credit of their insurance account. This practically squares the insurance to date. These payments and credits were too late to be included in present statement."

*Mr. Skerrett* : That shows there was nothing to the credit of the company.

*The Chairman* : There is this further down : " All, therefore, that we could say in reply to — and — when the question was raised was that we were prepared to pay when placed in funds for the purpose. As you will see from the accounts, we have no money, and, as our letter regarding repairs will make clear, we have not sufficient for the urgent needs of the ship, not to mention other charges which are due, such as mortgagee's guarantee loan interest, and still unpaid. General average statement : We are sending this for the piston and other damage, with supporting vouchers. Many of these related to last financial statement and were retained in support of the general average in collecting from underwriters. You will now be in a position to audit properly the previous financial statement. We think you will find the present statement and vouchers in order, but shall be glad to reply to any questions and give any explanations which you may require. We are writing you in a mail or so fully when repairs are completed and the general situation is better defined to report to you exactly how matters stand in regard to the mortgage, &c."

*Sir John Findlay* : Is there a further letter there—the letter promised in that one ?

*The Chairman* : It may be on the file.

*Sir John Findlay* : Does Mr. Lysnar know where it is ?

*The Chairman* : That letter of 24th July says : " We are writing you in a mail or so fully when repairs are completed and the general situation is better defined, to report to you exactly how matters stand in regard to the mortgage, &c."

*Sir John Findlay* : That is very important.

*The Chairman* : Is that the last letter you received, Mr. Lysnar—that of 24th July ?

*Mr. Lysnar* : Yes.

*The Chairman* : No further letter has been received after the letter of 24th July, parts of which have been read out. This statement can be taken as part of Mr. Lysnar's evidence. The Commissioners will carefully go through the letter and the statement, comparing that part of the letter which deals with the credit of £2,022 6s. 6d. and the statement on page 2, which says " As you will see from the accounts, we have no money," &c., Mr. Lysnar's explanation made to me at the table here just now, being that this refers to the storage account and not to the general trading account of the ship."

Certain further correspondence between the Meat Board and the company took place, and a conference was held on the 18th October, 1924, of which conference notes were taken. A copy of these notes is attached as Appendix R.

The Meat Board carefully considered the matter and took counsel's opinion as to the proper course that it should pursue, having regard to what it considered would be its position if the owners of the meat became placed in an embarrassing or dangerous position through the Board having entered into a contract with an impecunious shipowner. Counsel advised the Board that it was not justified in making further arrangements with Mr. Lysnar's company. As a result on the 5th November the Secretary of the Board wrote stating that—

It was of opinion that the " Codrington " was not then in reality owned by or under the effective control of the Poverty Bay Farmers' Meat Company (Limited), neither was the company in a financial position to carry out such an important contract. The Board, therefore, could not include the " Codrington " in the list of ships in the 1924-25 freezing season.