

legislative protection for the producers of New Zealand, which Parliament attempted to do by providing for the establishment of your Producers' Board with admittedly great and special powers. Again, by your bringing up matters of this kind it shows that you are prepared to go to any unreasonable extent to try and justify your position.

You then state, "You then offered in writing to sell your works and ship to Armour and Co., subject to the consent of your shareholders. The price and particulars are on record, and Messrs. Armour and Co. made a valuation of your works. I was aware of the offer shortly after it was made." This is an absolutely untrue and unwarranted statement, and I challenge you or your Board to produce any such written offer to sell the company's works to Armour and Co., or to prove that Armour and Co. ever made a valuation of the works. Then you quote, to use your own words, a dialogue that took place between myself and Mr. Nosworthy on the latter's visit to Gisborne in December last, apparently as justifying your false statements above. Then you say later, "You have admitted that you offered the works to Vestey's." This is also incorrect, and I again challenge you to produce any offer made by the local company of the works, and I have never admitted, as you allege, that the works were offered to Vestey's. I have previously explained, reference to which you studiously avoid, how the negotiations started with Vestey's, and how they ended.

In the middle of page two of your letter, in the paragraph referring to the company's complaint that your Board had prejudged the matter and come to a decision without giving its directors a chance of being heard, you state, "I would remind you that you spent the greater part of an afternoon going into the whole position, and later in the evening with two of your directors (Messrs. Witters and Coop) and Mr. Jessep." This is incorrect. I went to see you after 5 o'clock early in September, 1923, with the object of ascertaining when your Board would meet next so that we could put the matter before it, and to my amazement and astonishment you intimated to me and two of my co-directors that the Board had already dealt with the matter, and they would not interfere. We asked you to get your Board to keep an open mind until you had heard the company's side of the question, and stated that we would in due course put in an application asking your Board to consider the question. This we subsequently did by letter dated 14th September, 1923, and again by letter dated 26th September, 1923, and by a further letter dated 3rd October, 1923, which applications were never dealt with by your Board, for in the meantime, before you gave us any appointment, you yourself had made the following statement through the Press on the 3rd October, 1923, viz.: "The Board was unanimously of the opinion that it could raise no reasonable objection to Vestey and Co. purchasing the Poverty Bay Company's works if they closed and dismantled their other works some eight miles away. This they have agreed to do."

Subsequently, by telegram, your Board intimated that it would hear this application, and the company replied asking your Board for an assurance that you had not prejudged the matter, and as you failed to give this assurance the company's directors did not meet your Board as suggested. For you to suggest that I had put the whole position in an informal interview asking for an appointment is quite unjustified and ridiculous, and because two of the directors had a casual talk in an hotel with yourself and Mr. Jessep, this is also dragged up and used as justification for the extreme course adopted by your Board, which meant a loss of over a quarter of million pounds sterling to the shareholders of the company affected.

Then, again, you state that "it was quite apparent that the financial position of your company was hopeless, and the bank had refused further assistance." This is quite an unreasonable statement for you to make and is in no way justified, for at the time referred to the local company was not asking the bank for any further assistance. It did not need it, but, on the contrary, was taking steps to substantially reduce the bank's indebtedness, and was in fact in course of reducing it by about £50,000, so it is quite unreasonable and unjustified for you to make the insinuation you do, which, apart from reflecting on the company itself, is an unfair reflection on the bank.

Then, again, you take an unreasonable and incorrect deduction when you state that I had agreed with your Board's view that two works were quite sufficient in the district of Poverty Bay, and quote from a letter I wrote to Vestey Bros. on the 25th August, 1923, asking them if they would sell their small and old works to the producers of Poverty Bay so that they could be closed up instead of their building another large works. You entirely fail to comprehend the words "three large works." There was no complaint about them holding their original works, which were small. What we were complaining of, and were rightly afraid of, was that they were going to discard those works and, with your Board's approval, build on an entirely new site a very much larger works, and I rightly wrote, "Our directors feel very strongly there is no room for three large works in the Gisborne district, and if your company builds another large freezing-works there to replace your Taruheru works as contemplated it will only allow a struggling existence for the three works," &c. Consequently you were wrong in your inference and deduction regarding this paragraph when you say that I agreed that two works are sufficient, and offered to sell to Vestey and also to Armour. With the qualifications I have referred to above, I say that two large works are sufficient and not three large works, and your statement that we offered to sell to Vestey and to Armour is, I repeat, again incorrect, and is already answered.

At the foot of page two of your letter, referring to the bank lending its money in good faith and accepting certain securities, you state, "My Board could not refuse the right to realize these securities." This, again, is a totally improper statement for you to make. Your Board was never asked to interfere with the bank's right to realize those securities, and that has been made amply plain both by the correspondence with your Board and by the public statements that have been made on behalf of the company. What your Board was asked to do was to stop the bank selling to Vestey Bros., because they were admittedly the biggest combine in the world, as we understood your Board had been