

accounts, but I am satisfied that the amount reserved is quite insufficient.

"I feel perfectly satisfied that upon investigating this whole matter you will come to the conclusion that it will be impossible to obtain, under the winding-up order, anything like the amount offered, namely, sixty cents on the dollar. I trust therefore that this will receive the very favourable consideration of the numerous parties interested in it."

It is not without significance that the draft of this letter produced contained the statement: "there is ample room for revision of value in the statement of assets."

These letters were not replied to by Mr. Stavert until the 26th of January, 1907. Mr. Stavert then thought that he ought to have more than sixty cents on the dollar on the unsecured claim; he thought that the assets, goodwill, etc., should mean a hundred cents on the dollar upon reorganisation; but he was not averse to a compromise which would leave a profit to the syndicate on a reorganisation.

On the 29th of January Mr. Hall wrote:—

"I have given a great deal of consideration to this matter, and whilst I recognise that in a liquidation proceeding the assets could no doubt be purchased more cheaply at a regular sale, yet at the same time such a course would materially depreciate the value of the assets as a going concern. . . . I have again discussed the matter with the parties interested, and in order to bring the matter to a final conclusion"—He amends the offer by increasing it to 65 cents on the unsecured claims.

On the 30th of January Mr. Stavert telegraphed, not purporting to bind the other creditors, expressing the bank's readiness to accept the sixty-five cents.

In the beginning of February negotiations took place looking towards the completion of the purchase; but nothing was completed. On the 2nd February Mr. Hall wrote Mr. Stavert that he had had an interview with the solicitor for the liquidator, and "I think that an offer on the lines of purchase of the entire assets would work out to the mutual satisfaction of all parties concerned."

On the 4th of February a written offer was made by Mr. Hall—assented to by Mr. Hamilton on behalf of all the shareholders of the old company—to purchase the assets at \$185,000.