

CORNISH COMPANIES MANAGEMENT BILL

EXPLANATORY NOTE

THIS Bill is introduced after representations from Mr Arthur Scott Cornish of Wellington, Company Manager. It makes provision for safeguarding the interests of investors and others in the Cornish-Lamphouse Group of trading enterprises by providing for the orderly settlement of the liabilities of the Group. The Bill does this by appointing a manager to act in the interest of all investors and creditors, by imposing a moratorium on all existing claims, by pooling all the assets and liabilities of the Group (including all Mr Cornish's property), and by empowering the Manager to take such action as is appropriate and possible in the circumstances to protect the interests of all creditors (secured and unsecured) and shareholders in the Group.

The Bill makes provisions similar to those contained in the Companies (Special Investigations) Act 1958 which is inappropriate in this case because of the trading ventures of Mr Cornish personally.

Clause 1 relates to the Short Title to the Bill and the commencement thereof. It is to be deemed to have come into force at 7.30 p.m. on 2 July 1974.

Clause 2 defines terms used in the Bill.

Clause 3 declares that the Bill is to apply to the property of the companies specified in the First Schedule and any other company (whether incorporated in New Zealand or elsewhere) which is associated with any of them and to which the Governor-General, by Order in Council, has declared that the Bill shall apply. The Bill is to apply to any such company notwithstanding that it has been dissolved or struck off the register; and no such company is to be struck off the register after the commencement of the Bill unless the prior consent in writing is given to the Registrar of Companies. The Bill is to bind the Crown.

Clause 4 makes provision for the appointment of statutory managers, and where necessary of deputy statutory managers, of the companies to which the Bill applies and of their assets, and of the property of Arthur Scott Cornish of Wellington, Company Manager. The person appointed as the first manager is Robert William Stannard of Wellington, Chartered Accountant.

Clause 5 makes provision for the vesting in Cornish Investments Limited of all the assets and liabilities of the companies to which the Bill applies and of the said Arthur Scott Cornish. Actions pending are to be deemed to be pending by or against Cornish Investments Limited. The normal protection of life insurance policies is not affected.

No. 53—1

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Clause 6 makes provision for the retention by the said Arthur Scott Cornish of tools of trade and household furniture and effects, including wearing apparel of himself and his family, to the value of \$1,000. A discretion is given to exceed that amount.

Clause 7 authorises the manager to make allowances, out of the pooled property, to the said Arthur Scott Cornish for the support of him and his family.

Clause 8 provides that, after the commencement of the Bill, no person shall bring or continue any proceedings or take or continue any steps whatsoever to realise any security against the property of any of the companies to which the Bill applies or against the person or property of the said Arthur Scott Cornish or take other specified action.

Clause 9 provides that, while any company to which the Bill applies or the pooled property remains under the management of a statutory manager appointed by or under the Bill, it shall not be lawful or competent for any director, manager, or other person to be engaged in the management or conduct of that company or property save with the permission of the statutory manager and so far as that permission extends. In a case where the company is not incorporated in New Zealand, the provisions of the clause are to apply only in respect of the assets in New Zealand of the company.

Clause 10 authorises any statutory manager appointed by or under this Bill to terminate any contract of service or agency. Provision is made for the Supreme Court to award compensation in the event of any such termination.

Clause 11 provides that every person holding the office of director of any of the companies incorporated in New Zealand to which the Bill applies shall cease to hold that office upon the commencement of the Bill.

Clause 12 prescribes the duties and functions of the manager appointed under the Bill.

Clause 13 specifies the powers of a manager in each case, and authorises a manager to apply to the Court for directions.

Clause 14 makes provision for the Court to confer additional powers on the manager of any company or of the pooled property.

Clause 15 defines the rights of secured creditors.

Clause 16 imposes a general duty to deliver books and property to which the Bill relates to the manager.

Clause 17 provides that every manager appointed under the Bill shall be deemed to be an agent of Cornish Investments Limited, and in the exercise of his powers and functions under the Bill shall have all the privileges and be entitled to the same protection as a director. No such manager shall be liable for any acts done by him in good faith in the exercise of his powers and functions as manager. The manager is protected against actions to the extent specified.

Clause 18 makes provision for the payment of expenses of administration out of the assets of Cornish Investments Limited.

Clause 19 provides for management under the Bill to continue until it is determined in accordance with the Bill.

Clause 20 requires the manager to make reports to the Minister at prescribed intervals, and to lodge a copy of each report with the Registrar of Companies.

Clause 21 makes provision for the appointment of an advisory committee.

Clause 22 makes it an offence to destroy or alter records to which the Bill relates.

Clause 23 imposes a duty on any manager appointed under the Bill to report to the Solicitor-General if he has reason to suspect that any person has been guilty of an offence against the Bill, or of any other offence in relation to the pooled property or any company to which the Bill relates.

Clause 24 provides for the advance out of, and subsequent refund to, the Consolidated Revenue Account of amounts approved by the Minister of Finance in respect of the remuneration and expenses of a manager appointed by or under the Bill.

Clause 25 defines the extent to which the Companies Act 1955 applies to companies to which the Bill applies.

Hon. Dr Finlay

CORNISH COMPANIES MANAGEMENT

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A BILL INTITULED

An Act to make special provision for the protection of depositors and creditors of certain companies and trading concerns and for matters arising therefrom

5 BE IT ENACTED by the General Assembly of New Zealand in Parliament assembled, and by the authority of the same, as follows:

1. Short Title and commencement—(1) This Act may be cited as the Cornish Companies Management Act 1974.

10 (2) This Act shall be deemed to have come into force at 7.30 p.m. on the 2nd day of July 1974.

2. Interpretation—(1) In this Act, unless the context otherwise requires,—

“Advisory committee” means an advisory committee appointed under section 21 of this Act:

“Court” means the Supreme Court: 5

“Minister” means the Minister of Justice:

“Pooled property” means all the property for the time being of Cornish Investments Limited, including all the property of all the other companies to which this Act applies and of Arthur Scott Cornish which is vested in Cornish Investments Limited by section 5 of this Act: 10

“Property” means land, money, goods, things in action, goodwill, and every valuable thing, whether real or personal, and whether situated in New Zealand or elsewhere; and includes obligations, easements, and every description of estate, interest, and profit, present or future, vested or contingent, arising out of or incident to property: 15

“Statutory manager” or “manager”, in relation to any company or property, means the manager appointed for the time being in respect of that company or that property by or under section 4 of this Act; and (subject to section 4 (1) of this Act) includes a deputy statutory manager; and “management” has a corresponding meaning. 20 25

(2) For the purposes of section 3 of this Act a company shall be deemed to be associated with another company if, under section 3 of the Land and Income Tax Act 1954, the 2 companies are deemed to be under the control of substantially the same persons or to consist of substantially the same shareholders. 30

Cf. 1958, No. 23, s. 2

3. Application of Act—(1) This Act shall apply to—

(a) The companies incorporated in New Zealand that are specified in the First Schedule to this Act and any other company incorporated in New Zealand which is associated with any of them and to which the Governor-General, by Order in Council, has declared that this Act shall apply: 35 40

(b) Any company not incorporated in New Zealand which is associated with any of the companies specified in the First Schedule to this Act and to which the Governor-General, by Order in Council, has declared that this Act shall apply:

5 (c) The property of Arthur Scott Cornish of Wellington, Company Manager:

10 Provided that nothing in this Act shall derogate from the provisions of the Joint Family Homes Act 1964.

(2) This Act shall apply to any such company notwithstanding that it has been dissolved or struck off the register; and no such company shall be struck off the register after the commencement of this Act unless the prior consent in writing of the manager is given to the Registrar of Companies.

(3) This Act shall bind the Crown.

Cf. 1958, No. 23, s. 3

4. Statutory managers in respect of companies or property to which Act applies—(1) Except as otherwise provided in this Act or while the Order in Council (if any) applying this Act to any company otherwise provides, there shall be a statutory manager of all the companies incorporated in New Zealand to which this Act applies and of the assets in New Zealand of all the companies not incorporated in New Zealand to which this Act applies and of the property of the said Arthur Scott Cornish, and there may also be appointed by the Minister in respect of those companies and of the property of the said Arthur Scott Cornish a deputy statutory manager who shall have (subject to the control of the manager) all the powers and functions of the manager in respect of those companies.

(2) The first statutory manager in respect of the companies to which this Act applies shall be,—

35 (a) In respect of any company named in the First Schedule to this Act, Robert William Stannard of Wellington, Chartered Accountant, who shall become the manager of each company without further appointment than this paragraph:

40 (b) In respect of any other company to which this Act applies, the person appointed as statutory manager in respect of the company by the Order in Council declaring that this Act shall apply to that company and made under section 3 of this Act or (where

that Order does not provide for any such appointment) the person first appointed as statutory manager in respect of the company by any subsequent Order in Council:

- (c) In respect of the property of the said Arthur Scott Cornish, the said Robert William Stannard, who shall become the manager of that property without further appointment than this paragraph. 5

(3) Every statutory manager or deputy statutory manager shall hold office at the pleasure of the Minister, who may from time to time appoint a different or an additional person as statutory manager or deputy statutory manager. 10

Cf. 1958, No. 23, s. 4

5. Pooling of assets—(1) All property and rights whatsoever of each of the companies to which this Act applies and of the said Arthur Scott Cornish shall be and the same are hereby vested without conveyance or assignment in Cornish Investments Limited,— 15

- (a) In the case of the property of the said Arthur Scott Cornish, and any company named in the First Schedule to this Act, on the commencement of this Act: 20

- (b) In the case of any other company to which this Act applies, on the making of the Order in Council under section 3 of this Act declaring that this Act shall apply to that company: 25

Provided that any shares held by the said Arthur Scott Cornish or by any company to which this Act applies in Cornish Investments Limited shall be held by the manager for the time being of Cornish Investments Limited in trust for the person or persons ultimately entitled thereto. 30

(2) All the debts, liabilities, charges, and obligations of each of the companies to which this Act applies and of the said Arthur Scott Cornish shall be deemed to be the debts, liabilities, charges, and obligations of Cornish Investments Limited, and every instrument, agreement, or other document relating thereto shall be construed accordingly. 35

(3) Subject to section 8 of this Act, all actions and other proceedings that, at the commencement of the application of this Act to the company, are pending by or against any of the companies to which this Act applies or by or against the said Arthur Scott Cornish shall be deemed to be pending by or against Cornish Investments Limited. 40

(4) Notwithstanding anything in any other Act, where any property or right vests in Cornish Investments Limited under this section and the title of that company thereto is or should have been entered in any register required by law to be kept, 5 the registrar, or company, or other person whose duty it is to keep that register shall, on the request in writing of the manager reciting the property or right to be affected, without fee, make such entries in the register and generally do all such things as may be necessary to give full effect to the provisions 10 of this section.

(5) Nothing in this section shall restrict sections 65 and 66 of the Life Insurance Act 1908 or section 3 of the Life Insurance Amendment Act 1925.

(6) Section 11 of the Stamp and Cheque Duties Act 1971 15 is hereby amended by adding to subsection (2) the following paragraph:

“(n) Section 5 of the Cornish Companies Management Act 1974.”

Cf. 1958, No. 23, s. 24

20 **6. Retention of furniture, etc.**—(1) The said Arthur Scott Cornish shall be entitled, within 7 days of the commencement of this Act or within such further period as the manager allows, to select and retain as his own property his necessary tools of trade and household furniture and effects, including 25 the wearing apparel of himself and his family, to the value in the opinion of the manager of \$1,000.

(2) The manager may allow the said Arthur Scott Cornish to retain necessary tools of trade and household furniture and effects in excess of \$1,000, subject to the consent of the 30 advisory committee.

Cf. 1967, No. 54, s. 52

7. Manager may make allowance—(1) The Manager may from time to time, subject to the consent of the advisory committee but without derogating from the powers con- 35 tained in section 9 of this Act, make such an allowance of money as he thinks just out of the pooled property to the said Arthur Scott Cornish or any member of his family for the support of the said Arthur Scott Cornish and his family.

(2) The manager may allow the said Arthur Scott Cornish to retain any money that the said Arthur Scott Cornish has in his possession or in a bank account at the commencement of this Act for the immediate maintenance of himself and his family up to a limit of \$100.

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Cf. 1967, No. 54, s. 53

8. Moratorium—(1) After the commencement of this Act, no person shall,—

- (a) Bring or continue any action or other proceedings against the said Arthur Scott Cornish or any company to which this Act applies, except with the leave of the Court or under section 10 of this Act: 10
- (b) Issue any execution, attach any debt, or otherwise enforce or seek to enforce any judgment or order obtained in respect of the said Arthur Scott Cornish or any company to which this Act applies or the pooled property: 15
- (c) Petition for the winding up of any company to which this Act applies: 20
- (d) Foreclose, enter into possession, distrain for rent, sell, appoint a receiver, or take or continue any power or rights whatsoever under or in pursuance of any mortgage, charge, debenture, instrument, or other security over the pooled property. 25

(2) Subject to the provisions of this Act, nothing in subsection (1) of this section shall affect the existence of any security over the property of any company to which this Act applies or of the said Arthur Scott Cornish or its priority in relation to other debts.

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9. Conduct of business during statutory management—

(1) While any company to which this Act applies or the pooled property remains under the management of a statutory manager appointed by or under this Act, it shall not be lawful or competent for any director, manager, or other person to be engaged in the management or conduct of that company or property, or to act as its or his agent or servant, save with the permission of the statutory manager and so far as that permission extends. 35

(2) In the case of any company not incorporated in New Zealand, being a company to which this Act applies, the provisions of this section shall apply only in respect of the property in New Zealand of that company. 40

10. Termination of contract of agency or service—(1) The manager of any company to which this Act applies or of the pooled property may at any time terminate any contract of service or agency between the company or the said Arthur
5 Scott Cornish and any person who is its or his servant or agent, notwithstanding that by law, apart from this Act, the company or the said Arthur Scott Cornish could not have so terminated the contract until some future date; and where a
10 contract is so terminated under this section the company or the said Arthur Scott Cornish, as the case may be, shall thereupon be discharged from the further performance of the contract, and from all liabilities for subsequent non-performance of the contract:

15 Provided that, after the termination of his contract, the person may, within 6 months of receiving notice of the termination, apply to the Court for compensation in respect of the contract; and the Court may award such compensation in respect of the contract as it considers just and reasonable
20 having regard to the value of the consideration provided by the person, and to all amounts and benefits which the person has received under the contract, and to the conduct of the parties.

(2) Every award of compensation made under subsection (1) of this section shall be accorded a priority in accordance
25 with subsection (4) of section 13 of this Act.

Cf. 1959, No. 88, s. 4

11. Termination of office of director—Every person holding the office of director of any of the companies incorporated in New Zealand to which this Act applies shall cease to hold
30 that office upon the commencement of this Act.

12. Duties and functions of manager—(1) In the exercise in relation to any company or to the pooled property of the powers and functions conferred upon the manager by this Act, it shall be the duty of the manager to take possession of
35 and protect the pooled property, to manage the same, and (having due regard to the rights and interests of all creditors and shareholders) to pay the liabilities of each company existing at the commencement of the application of this Act to the company in accordance with the scheme settled under
40 section 13 of this Act. Nothing in this section shall be construed to limit the powers expressly conferred on the manager by section 13 of this Act.

(2) In the realisation of the pooled property for the settlement of the liabilities of Cornish Investments Limited, the manager shall have recourse to the property which immediately before the commencement of this Act constituted the personal assets (other than trading assets) of the said Arthur Scott Cornish only after all other property has been realised. 5

13. Powers of manager—(1) In respect of the property which belonged to the said Arthur Scott Cornish immediately before the commencement of this Act, the manager shall have the following powers: 10

(a) To take and retain possession of all such property, whatsoever and wheresoever situated, and in particular, but without limiting the generality of the power conferred by this paragraph, to demand, receive, and hold all scrip, share certificates, and other instruments of title to that property (whether registered in the name of the said Arthur Scott Cornish or not) which is or may be in the hands of any person or corporation, whether or not employed by the said Arthur Scott Cornish, with all related documents, records, and lists of such instruments: 15 20

(b) To demand and receive all money payable to the said Arthur Scott Cornish, and to take over and operate his bank accounts.

(2) The manager (if any) in respect of any company to which this Act applies shall have all the powers of the Board of Directors and the members in general meeting of that company and notwithstanding the provisions of the articles of that company may exercise alone all such powers. 25

(3) In addition to the powers conferred by subsections (1) and (2) of this section, any such manager shall have the following additional powers: 30

(a) To borrow money and obtain credit, whether on the security of any part of the pooled property or not, that may be required for the purposes of carrying on the business of Cornish Investments Limited and to treat the liabilities so incurred as expenses of administration: 35

(b) To admit to proof against Cornish Investments Limited all debts payable on a contingency and all claims against that company, present or future, certain or contingent, ascertained or sounding only in damages, a just estimate being made, so far as possible, of the value of such debts or claims as may be subject 40

to any contingency or sound only in damages, or for some other reason do not bear a certain value:

- 5 (c) To settle a scheme for the ranking and payment of claims, and (if relevant) a further scheme for the distribution of any surplus in such manner as may be fair and reasonable.
- (4) In settling any such scheme the manager shall ensure that all money received by him by the realisation or administration of the pooled property shall be applied in payment
10 of claims as follows:
- (a) Firstly, in payment of all costs, charges, and expenses (including costs, charges, and expenses in carrying on the business of the company) incurred by the manager and payable under section 18 of this Act:
- 15 (b) Secondly, in payment of the preferential payments referred to in section 308 of the Companies Act 1955, and on the terms and conditions set forth in that section and in section 101 of that Act, which last-mentioned section shall apply as if the manager were a receiver:
- 20 (c) Thirdly, in payment of all debts admitted to proof but excluding any debts referred to in paragraph (b) of this subsection:
- (d) Fourthly, in payment of interest from the date of the commencement of this Act on all secured debts at the rate (not being the penal rate) provided for in the instrument of security:
- 25 (e) Fifthly, in payment of interest from the date of the commencement of this Act on all debts (other than secured debts) admitted to proof at the rate provided for in any agreement or (where the rate of interest is not prescribed, or where no interest is payable) at the rate for the time being in force in the case of judgment debts in the Supreme Court.
- 30 (5) Before exercising any of the powers conferred by the foregoing provisions of this section, the manager may in his discretion apply to the Court *ex parte* for directions with respect to the exercise of those powers, and the Court may, on any such application, make such order declaring the
40 rights of persons before the Court or otherwise, as the Court thinks just.
- (6) In the case of any company not incorporated in New Zealand, being a company to which this Act applies, the powers conferred by this section shall be exercisable only in
45 respect of the assets in New Zealand of that company.

(7) All debts in one order of priority shall be paid in full before those with a lower priority, but among debts of the same priority they shall rank equally among themselves, and if the assets are insufficient to meet them in full they shall abate proportionately.

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(8) Notwithstanding anything in this Act, the manager may pay any debt the total amount of which payable to the creditor does not exceed \$100 without reference to their priority.

14. Court may confer additional powers on manager—In addition to the powers conferred by section 13 of this Act, the manager of any company, or of the pooled property shall have, in relation to that company or property, such further powers (if any) as the Court, on the application of the manager, thinks fit to confer.

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15. Rights of secured creditors—Notwithstanding the provisions of subsection (4) of section 13 of this Act, where any property the subject of a security is realised by the manager, the secured creditors shall be paid out of the proceeds of the realisation in priority to all other claims other than the costs of the manager in realising the secured property:

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Provided that, where a security has been given over stock in trade, sale of that stock in trade in the normal course of business shall be deemed not to be a realisation of the security.

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16. Duty to deliver books and property to manager—
(1) It shall be the duty of all persons having possession and control of—

- (a) Any books or records or documents or other property, whatsoever and wheresoever situated, belonging to the said Arthur Scott Cornish or to any company incorporated in New Zealand to which this Act applies; or
- (b) Any books or records or documents, whatsoever and wheresoever situated, relating to the property in New Zealand of any company not incorporated in New Zealand to which this Act applies; or
- (c) Any property in New Zealand of any company not incorporated in New Zealand to which this Act applies—

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forthwith after the passing of this Act in the case of the said Arthur Scott Cornish or of any company specified in the First Schedule to this Act, or forthwith after the first manager (if any) is appointed in respect of any other company to which this Act applies, to deliver or yield up

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possession of all such books, records, documents, or other property as aforesaid to the manager in respect of the company or to his authorised agent.

5 (2) If any person fails for 14 days to comply with the requirements of subsection (1) of this section, he commits an offence, and is liable on summary conviction to a fine not exceeding \$500 and to a further fine not exceeding \$10 for every day after the expiration of those 14 days during which the offence has continued.

10 (3) If any person fails to comply with the requirements of subsection (1) of this section, the manager may at any time certify the failure to the Court (whether or not an offence has been committed under subsection (2) of this section), and the Court may thereupon inquire into the
15 matter of the failure and, after hearing any witnesses who may be produced against or by or on behalf of the alleged offender, and after hearing any statement which may be offered in defence, may punish the offender in like manner as if he had been guilty of contempt of the Court.

20 (4) It shall be no defence to any proceedings under this section that the person in possession or control of any property as aforesaid is or was a trustee of the property for any company incorporated in New Zealand to which this Act applies or entitled to a lien or other charge over the
25 property, or was a receiver or manager of the property appointed under Part VII of the Companies Act 1955.

(5) The rights of any person who, in accordance with this section, delivers any property to the manager in respect of any company incorporated in New Zealand to which this
30 Act applies or his authorised agent shall continue while the management continues as if the person had not so delivered the property; and on the termination of the management, subject to the provisions of this Act and unless the Court otherwise orders, the property shall be returned to
35 the person who delivered it or to someone who derives a right to possession of the property from that person. The provisions of this subsection shall apply whether the person who delivers the property is a receiver or manager appointed under Part VII of the Companies Act 1955, or a person
40 entitled to a lien or charge in respect of the property, or any other person having any rights whatsoever in respect thereof.

17. Protection of manager, etc.—(1) For the purposes of this Act the manager in respect of the pooled property or of any company to which this Act applies shall be deemed to be an agent of Cornish Investments Limited and in the exercise of his powers and functions under this Act shall have all the privileges and be entitled to the same protection as a director has under any rule of law or under any Act or pursuant to the articles of the last-mentioned company. 5

(2) No such manager shall be liable for any acts done by him in good faith in the exercise of his powers and functions as manager, and every such manager shall be indemnified out of the pooled property in respect of all liabilities properly incurred. 10

(3) No action or proceeding shall be brought or commenced against any such manager except by leave of the Court and subject to such terms as the Court may impose. 15

18. Expenses of administration—All costs, charges, and expenses properly incurred by a manager appointed by or under this Act in the exercise, in relation to the pooled property, or any company to which this Act applies, of his powers and functions under this Act (including such fees, commission, or other remuneration as may be approved by the Minister in respect of the services of the manager) shall be payable out of the pooled property in priority to all other claims. 20 25

19. Determination of management—(1) Every company to which this Act applies, and the pooled property, shall remain subject to management under this Act from the time when the first manager in respect thereof is appointed in accordance with section 4 of this Act until the management ceases in accordance with this Act, whether or not there is for the time being a manager in office in respect thereof. 30

(2) A company shall cease to be subject to management under this Act if the Governor-General, by Order in Council, so provides. 35

20. Report to Minister—(1) As soon as possible after taking up his appointment, the first statutory manager shall report to the Minister on the affairs of Cornish Investments Limited showing at the date of his appointment, the particulars of the company's assets, debts, and liabilities, the names, addresses, and descriptions of its creditors, the securities held by them 40

respectively, the dates when the securities were respectively given, and such further or other information as the manager thinks fit or the Minister requires.

5 (2) The statement of affairs shall be accompanied by any comments that the manager sees fit to make thereon.

(3) At the end of each six-monthly period after his appointment the manager shall report to the Minister on the financial affairs of the company and his management thereof.

10 (4) In each period of 12 months and within one month after the determination of his appointment, the manager shall submit a statement of accounts, duly audited, showing in detail his receipts and payments in respect of that company.

(5) A copy of every report and financial statement presented to the Minister pursuant to this section shall be lodged
15 by the manager with the Registrar of Companies.

21. Appointment of advisory committee—(1) The Minister may from time to time appoint one or more suitable persons as an advisory committee in respect of all or any of the companies to which this Act applies and the pooled property.

20 (2) The functions of any such advisory committee shall be—

(a) To advise the manager of the company or companies;

25 (b) To exercise the powers under section 163 of the Companies Act 1955 of Cornish Investments Limited to appoint an auditor or auditors and to fix the fees of the auditor or auditors so appointed; and

(c) To do all such other things as may be specified from time to time by the Minister.

30 (3) The members of any such advisory committee shall receive such remuneration by way of fees, salary, or allowances, and such travelling allowances and expenses, as the Minister may approve, and the amount thereof shall be payable out of the pooled property as if they were expenses of administration of the manager in respect of that company
35 and shall be recoverable by the members as a debt due by that company.

22. Offence to destroy or alter records—(1) If any director, officer, servant, or agent of any company to which this Act applies or of the said Arthur Scott Cornish, or any other
40 person,—

(a) With intent to defeat the purposes of this Act, destroys or alters any book, document, or record of or relating to the pooled property or of any such com-

pany, or sends or attempts to send or conspires with any other person to send out of New Zealand any such book, document, or record, or any property of any description belonging to or in the disposition or under the control of the said Arthur Scott Cornish or of any such company; or 5

- (b) Fails or refuses to answer to the best of his knowledge and ability any question which he may be asked by the manager in relation to any such book or document or record or property, or wilfully gives a false answer to any such question,— 10

he commits an offence and is liable on conviction on indictment to imprisonment for a term not exceeding 2 years or to a fine not exceeding \$5,000 or to both.

(2) If in any prosecution for an offence alleged to have been committed against this section it is proved that the person charged with the offence has destroyed or altered any book, document, or record as aforesaid, or has sent or attempted to send or conspired to send out of New Zealand any such book, document, or record, or any other thing, the onus of proving that in so doing he had not acted in contravention of this section shall lie on him. 15 20

(3) The First Schedule to the Summary Proceedings Act 1957 is hereby amended by inserting, in its appropriate alphabetical order in Part II, the following item: 25

“The Cornish Companies Management Act 1974	22	Destroying or altering records.”
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Cf. 1958, No. 23, s. 28

23. Duty to report offences—If it appears to any manager appointed under this Act that any person has been guilty of any offence against this Act, or any other offence in relation to the pooled property or any company to which this Act applies, he shall report the matter to the Solicitor-General. 30

Cf. 1958, No. 23, s. 29

24. Advances of fees of manager, etc.—(1) With the consent of the Minister of Finance, there may be advanced, out of money in the Consolidated Revenue Account appropriated by Parliament for the purpose, to any person who is a manager or a member of any advisory committee appointed under this Act in respect of any company or companies, or of the pooled property, or who is a liquidator or receiver of any of those companies appointed under the Companies Act 40

1955 before this Act applied to those companies, such amounts as the Minister may approve in respect of remuneration or allowances due to that person or expenses incurred by that person.

- 5 (2) All money so advanced to any such person shall be refunded to the Crown out of money payable to that person in respect of the company or companies or property to which the advance or advances related, and the Crown shall have all the rights of the person to whom the advance was made to receive and recover any such money. All money so refunded
10 to the Crown shall be credited upon receipt to the Consolidated Revenue Account.

Cf. 1958, No. 23, s. 30

25. **Application of Companies Act 1955**—(1) The manager
15 in respect of any company to which this Act applies shall notify the Registrar of Companies of his appointment as manager and of the termination of his appointment.

- (2) Notwithstanding anything to the contrary in the Companies Act 1955, it shall not be obligatory on the manager to
20 furnish in respect of any company of which he is manager any annual or other return required by that Act.

- (3) Subject to the provisions of this Act, all the provisions of the Companies Act 1955 and all rules and regulations under that Act, shall, so far as they are applicable, and with
25 the necessary modifications, apply to any company to which this Act applies:

Provided that, except as otherwise provided in this Act, the provisions of the Companies Act 1955 specified in the Second Schedule to this Act shall not so apply.

- 30 Cf. 1958, No. 23, s. 21
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SCHEDULES

Section 3 (1) (a)

FIRST SCHEDULE

COMPANIES INCORPORATED IN NEW ZEALAND TO WHICH ACT APPLIES

Adam Shirt Co. Limited.
R. Algar & Company Limited.
Anzita Travel Limited.
Art & Design Centre Limited.
Art Printing Company Limited.
Peter Barron Limited.
Robert A. Bell Limited.
Campbell Bennett Limited.
Chainey Bros Limited.
City Markets Limited.
Colonial House Limited.
Copestakes (New Zealand) Limited.
Arthur Cornish (Auckland) Limited.
Arthur Cornish Clothing Limited.
Arthur Cornish (Feilding) Limited.
Arthur Cornish (Hawera) Limited.
Arthur Cornish (Marton) Limited.
Arthur Cornish (Masterton) Limited.
Arthur Cornish (Wanganui) Limited.
Cornish Investments Limited.
Cornish Properties Limited.
Cornish's Menswear Limited.
Devon Footwear Limited.
Eidex Weatherwear Limited.
The Electric Lamp House Limited.
Fine Furniture Limited.
Fines (Hastings) Limited.
Fines (Hawkes Bay) Limited.
Fines Holdings Limited.
Fines Investments Limited.
Fines Properties Limited.
Franklin Furnishers Limited.
Franklin Furnishers (Papakura) Limited.
J. W. Freeman Limited.
Gateway Distributors Limited.
D. W. Griffiths Limited.
Husqvarna Sewing Machines Limited.
Frank Jagger & Co. Limited.
Lamont-Griffiths Limited.
Lamphouse Limited.
Lamphouse (Auckland) Limited.
Lamphouse (Audio) Limited.
Lamphouse (Courtenay Place) Limited.
Lamphouse (Hamilton) Limited.
Lamphouse Holdings Limited.
Lamphouse (Levin) Limited.
Lamphouse (Lower Hutt) Limited.
Lamphouse (Manners Street) Limited.

FIRST SCHEDULE—*continued*

Lamphouse (Mt. Roskill) Limited.
Lamphouse (Naenae) Limited.
Lamphouse (Otara) Limited.
Lamphouse (Porirua) Limited.
Lamphouse (Upper Hutt) Limited.
Lauchlans Limited.
Leah Gowns Limited.
Levarko's Townswear Limited.
Leydon Distributors Limited.
London Leygil New Zealand Limited.
H. C. Murray & Sons Limited.
New Zealand Display Centre Limited.
O.K. Bazaars Limited.
Overseas Manufacturers Agencies Limited.
Parisian Coat Manufacturing Company Limited.
Petti-Slips New Zealand Limited.
D. B. Pope Limited.
Property Mortgages Limited.
The Quality Furnishing Company Limited.
Bruce Radley Limited.
Rotorua Clothing Company Limited.
Shopping Cheques (Auckland) Limited.
Softgoods Agencies Limited.
Straven Gowns (Hastings) Limited.
Straven Gowns Limited.
Taylor Griffiths Textiles Limited.
Wellington Television Company Limited.
Wholesale Cycle and Electrical Limited.
World Trade Center New Zealand Limited.
World Trade Center N.Z. (1973) Limited.

SECOND SCHEDULE

Section 25

PROVISIONS OF COMPANIES ACT 1955 WHICH DO NOT APPLY TO COMPANIES
INCORPORATED IN NEW ZEALAND TO WHICH THIS ACT APPLIES

Sections 41, 130 to 135 (both inclusive), 152 to 162 (both inclusive),
subsections (2) and (2A) of section 354, and Parts VI and VII.