

DRAPER'S DEBTS.

REMARKABLE FINANCING.

Judge Moule's Strictures.

In the Insolvency Court yesterday, Mr. Stanley Lewis, for the trustee (Mr. E. W. Small), examined Peter Komesaroff, draper, Geelong and elsewhere, with the object of finding how the insolvent, in two years' trading, ending December 10 last, made a loss of £5,110/18/3.

Mr. Lewis directed the insolvent's attention to the fact that on one page of the schedule it was stated that his total losses were £2,260.

Komesaroff admitted that that statement did not correctly show his losses and expenses for the two years.

Mr. Lewis.—In two years you obtained goods to the value of £9,000, and now you show a deficiency of over £5,000. It is an outrage.

Komesaroff.—It is very difficult for me to understand.

Judge Moule.—You have apparently understood so well that you have taken in your creditors to the extent of £5,000. Can you tell me how you came to leave out of your statement more than half of your losses?

Komesaroff.—My losses amount up through the amount of my expenses, which I was unable to meet from month to month.

Replying to Mr. Lewis, the insolvent said that he was a Russian, and had come to Australia in 1914. He had six shops at Geelong, Hamilton, Horsham, Stawell, Nhill, and Ararat, and took as salary £8 per week. His wife's allowance was £15 per week, including the £8. Out of that sum she saved £10 per week, which she put in the State Savings Bank.

Judge Moule.—Paid out of the proceeds of goods which you never paid for.

Insolvent said that in 1919 he opened in business with his brother, putting £250 into the concern, at Daylesford. They dissolved partnership in December, 1920, and he took goods to the value of £300 as his share. These goods he placed with cousins

share. These goods he placed with cousins of his named Zmood, and went into partnership with them on the basis of one-quarter of the profits for 12 months, his share to be 33 per cent. afterwards. He could not tell his personal position at the end of 1920, because 10 or 11 months elapsed before he received the accounts. Later he learned that there was a deficiency of almost £500. When some of his creditors began to press him in August and September last, he obtained an extension of credit at 8 per cent. He showed the manager of the National Bank at Geelong a statement of his affairs compiled from his books.

Mr. Lewis.—What steps did you take to get out of your difficulties?

Witness.—I sold the Stawell shop on November 1, to Zmood, my cousin, and he took over the liabilities. On November 12 I sold the Horsham shop for cash.

I suggest that when you sold the Stawell shop, you gave to Zmood goods which were worth at least twice as much as the price you received.—How could that be when they were paying for the goods at the invoice price, and were paying the debts.

You knew you were hopelessly insolvent?—Not at the time the agreement was signed.

You did not know?—That is true.

Judge Moule.—Don't say it is true. Just say "that is what I said." At that date you owed over £5,000?

Witness.—Yes.

How were you going to pay?—I don't know.

Then how dare you say you thought that you could pay your debts? The sooner this class of business is shut up the better. That is all I can say.

Judge Moule advised the trustee to make application for a shorthand writer, and the examination was adjourned.
