

DRAPER'S PREFERENCES.

CREDITORS LEFT IN THE LUDCH.

Sales to Relatives.

Before Judge Moule in the Insolvency Court yesterday, Peter Komesaroff, draper, of Geelong and elsewhere, gave further explanations of how he showed a deficiency of £5,110/18/5 in trading over two years. The goods ordered during the period were valued at £9,000.

In reply to Mr. Stanley Lewis, who represented the trustee (Mr. E. W. Smail), Komesaroff said that he sold the Horsham shop on November 8 for £1,058. The man to whom he sold the business was financed by a wholesale firm, who gave a cheque for the sum stated. Mr. Baker, of Beath, Schiess, and Felstead Ltd., allowed the sale to proceed only on consideration that he got £200 on account of the money due to the firm.

Judge Moule.—A pretty cool proceeding.

Komesaroff admitted that he got the balance of £858, which he paid into the bank. The next day he gave his brother, to whom he was owing money, £100. During August, September, and October bills were falling due, and he induced the wholesale firms to spread the amount over a period. He was to pay six cheques of £50 each. The arrangement with his cousins, the Zmoods, was that they should buy the Stawell shop for £1,058. No money was to pass. The Zmoods were to take over certain of his liabilities.

Judge Moule.—But you do not call that selling. The goods were estimated to be worth £1,080. They realised only £500. You then took goods from Geelong to Stawell of the value of £200 or £300. Zmood has not paid you a farthing so far. All they pay for you is paid out of money received from your own goods. They have paid you nothing for the shop, and they have paid one creditor out of goods brought

have paid one creditor out of goods brought from Geelong to the detriment of your other creditors. Zmood and the wholesale house are benefiting; but you are not.

To Mr. Lewis insolvent said that he had sold the Ararat shop to a man named Isaacson, who was a step-brother of Mrs. Komesaroff. The terms were that Isaacson should take over Komesaroff's liabilities with three firms. Goods were taken from Hamilton and put into the Ararat shop.

Judge Moule.—Who devised these little schemes?

Komesaroff.—Nobody devised them but myself.

Judge Moule said that he would like to get to the bottom of the Stawell business and of the insolvent's relations with his cousins, the Zmoods. "When he dissolved partnership with the Zmoods," said Judge Moule, "he took over the Geelong business on the undertaking that he would be responsible for the money due to a wholesale firm. If the difference between the value of the stock and the account was in his favour, he was to pocket it; but if there was a deficit, he was to be responsible for it. Eventually, when he got the matter settled, he found that he was £900 to the bad on a capital of £300."

Mr. Lewis.—It is much worse than that.

Komesaroff said that he and Mr. Baker went to a wholesale firm and ordered goods to the value of £400 in the name of Zmood, because he knew that the firm would not supply goods to that amount to him.

Asked why he had given a preference to certain firms and not to others, Komesaroff said that some firms were pressing him.

Judge Moule.—So that those who were kind-hearted and did not press you were left in the lurch.

Robert William Baker, secretary of Beath, Scheiss, and Felstead Limited, said that he first met the insolvent on August 24 last, when the latter called and asked that the bills against him might be extended. From the statement shown him by Komesaroff witness gathered that for the previous 12 weeks the insolvent's turnover in his six shops had been £5,793, which ought to have yielded £96 per week profit. On the strength of that statement witness gave the extension of credit asked for.

Judge Moule.—That shows that insolvent has been deceiving us.

Later proceeded Baker: Zmood and the

has been deceiving us.

Later, proceeded Baker, Zmood and the insolvent informed him of the sale of the Stawell shop. They said that Zmood would be responsible for the sum due to witness's firm by the insolvent.

Judge Moule.—That was their arrangement, and I am not suggesting that you did wrong in benefiting by it, but obviously there has been a good deal of preference in this case, and I throw out the suggestion that the representatives of the firms concerned hold a meeting and decide what is to be done.

The examination was adjourned until Wednesday next.
