

1923

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REF. RE. 11 JUL 23

FROM

Jellison C. St.

DATE

10 14 July 23

FOR CIRCULATION

SUBJECT

Mogadi Soda Coy.
Liquidation

Mr.

Mr.

Mr.

Asst. U.S. of S.

J. H. Hillis
73/Jul/23

Asst. U.S. of S.

Asst. U.S. of S.

Secretary of State.

Previous Paper

S. 11
32244

MINUTES

I am sorry that I had not met this to before Mr. Hillis called this morning. I told him that I did not think there was any chance of our taking the initiative - that we were waiting for protocols from reconstruction, should order of the trustee for the distribution hold as jointly.

He said that in these cases he would try to get in closer touch with certain financial.

He suggested that if Mogadi he started to have the business

Subsequent Paper

C. St.
34687

MINUTES.

MINUTES NOT TO BE WRITTEN
ON THIS SIDE.

Thos & Co again
started cutting prices,
the CO. might intervene
on behalf of Niagara
& ask B-M & Co not
to do it. I said I
thought this impracticable,
we can wait, but when
Sir R. Longdon calls,
next week he should be
asked if he has heard
anything more of the
overtures to B-M & Co
through Lord Selkirk.

W. G. S. 137 23

at once

H. 2 R

13 VII 23

MINUTES.

MINUTES NOT TO BE WRITTEN
ON THIS SIDE.

Thond & Co again
started writing prices,
the CO. might intervene
on behalf of Proprietor
& ask B. H. & Co not
to do it. I said I
thought this impracticable,
we can wait, but when
Sri R. Cuyadon calls,
next week he should be
asked if he has heard
anything more of the
intentions to B. H. & Co
through Lord Belamere

W. G. S. 13/7/13

at once

H. J. R.

13/VII/23

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34687

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Folly Court, R^{ec}
Wokingham, R^{ef} 11 JUL 23

10th July, 1923.

Dear Mr Bottomley,

There are one or two other points which I wish to make clear about the Magadi proposition, as I do not think unless I do the position of the Company can be thoroughly understood.

Many of the mistakes in policy and the delays which have taken place have, I think, been caused by the Samuel family (because this is really a family concern rather than a firm) not pulling together. Last year Major Levy was running the Magadi business, and I rather think that Mr Samuel Samuel and Captain Walter Samuel did not altogether agree with the pessimistic view which gradually grew upon Major Levy during 1922, and which may have been caused by his state of health, but which caused him to practically sell the whole of his holding - 80,000 shares, half of which were sold during the very week the annual meeting was held, so I am informed by the Secretary.

My opinion is that Mr Samuel Samuel certainly did not know of these sales which were brought to my notice by one of the London banks, and the Secretary of the Company informed me that Mr Samuel was very annoyed when he heard of them at a much later date. I am inclined also to think that Mr Samuel did not know at the time of the letter to Sir David Yule saying they were going to place the Company in the hands of a Receiver early in January. Captain Walter Samuel's attitude towards the business was that all last Autumn he hardly attended a Board Meeting; I think he was away hunting in the Rugby country where he has a house, but since the illness and death of Major Levy he has suddenly, as it were, seized the reins and I have heard him say quite openly his game is to get out and hand

the business over to someone else.

Again I wish to point out that the original Magadi Board today does not exist, for the whole of the ~~Wannarsett~~ ^{Wannarsett} group, viz., Sir Lionel Phillips, Mr. Meyersbach, Mr. T. G. Milner, and Colonel Pollen, who have all sat on the Board with me at different times, have resigned, as also have Dr. Pauling, who represented Messrs. Pauling, the railway contractors, and Mr. Lawley, of Messrs. Pauling, who has acted as manager of the Company in East Africa. All these gentlemen have resigned because they could not work with the Samuel family owing to the very stringent agreement which gave them the sole management of the Company. It is quite evident that it was a disaster to the Magadi Company that these two powerful groups, with a knowledge of Africa equalled possibly by no other firms, should have left the Magadi proposition.

I also wish to point out that after these gentlemen left the Board, Messrs. Samuel had to look about for somebody else, and they asked Mr. Symonds, who was a friend of Sir David Yule, to ask him to join the Board. After much hesitation he joined the Board because the Company's works were on his land in Calcutta, but he has never taken any part in the work of the Company. I think I am right in saying he has not attended more than three or four Board Meetings. When the meeting of discontented shareholders took place the other day, Sir David Yule appeared to have had some negotiations with the shareholders, and he retired to Scotland and took no part in the proceedings at the general meeting.

Mr. Symonds has never taken any keen interest in the Company. Captain Marriott I see from the papers has now retired.

It is quite evident that this being the position the only person to be considered in any arrangement is Captain Walter Samuel, who has now tried to use an intro-

duction which I gave him to get a scheme of his own underwritten, with which I do not agree. This scheme of Captain Walter Samuel is ~~not~~^{being} being hawked about the City and has been offered to friends of mine to underwrite. My opinion is that he will have considerable difficulty in getting people to join hands with him. Of course, this sort of thing is doing harm to the company and East Africa, particularly as it is quite certain in the end to lead to a public row between a large section of the shareholders and the remaining members of the Board.

I therefore wish to put forward the following proposal in order to avoid any public trouble, viz., that the Colonial Office should take the initiative and inform Captain Walter Samuel that they wish for a Committee to be formed, not to go into the past history of the Company, but to go into the whole future of the Company. My suggestion is that on that committee the First Debenture holders should be represented by one member, that the Second Debenture holders (that is Lloyds Bank, Ltd., and the Samuels) should also be represented by one member, that the Colonial Office should have the right to appoint two representatives, and that the shareholders should have the right to appoint three representatives. The exact position of the money represented would be that the shareholders have put up £1,300,000 and the Debenture holders have put up £500,000 plus £200,000 - £700,000. ~~It is my own opinion~~^{I think} the result of this committee would be that they would recommend that an expedition consisting of the best engineering advice possible should be sent out to go thoroughly into the whole position at Lake Magadi and decide upon what alterations should be made in the plant, that no money should be put up to fight Messrs. Brunner Mond or the soda trade, that it will be recognised at once that you cannot make the Magadi proposition a success

by carrying on the business as it has been done in the past by attempting to run before you can walk.

547

I think the Magadi proposition can only be built up gradually. You cannot rush the Company into a ~~large~~ ^{large} output of 100,000 or 150,000 tons a year and try and sell it. The staff should be cut down to deal with a small output of 100 tons a day, ~~and~~ taken from the clean soda. This would equal 30,000 tons a year, and the staff and working expenses must not be increased by £1 until this small output of 100 tons a day has been procured and a regular market found for it. Once that has been done and the whole plant and machinery for this output is running in unison, as well as the sales department, then will be the time to increase the output.

I have had ~~some~~ the same experience with another company, of which I was chairman. We had great trouble with the property. It was suggested we should put up a plant to produce 100 tons a day. But I insisted upon it being cut down to 25 tons a day. The proposition was proved at 25 tons a day, all the difficulties were got over, and that Company for the last three or four years has made a good deal of money and paid good dividends. Exactly the same thing applies to Magadi. We have got to get over all the difficulties on a small output and then gradually increase, and this plan, which has been adopted by all the successful companies in Africa, will require a very small extra contribution from the shareholders.

My opinion is that it will not require more than £100,000 at the outside - possibly less, and in order to get this it will only be necessary to assess the Ordinary shares 1/- and the Deferred shares 6d per share. I can get such an assessment underwritten in 48 hours.

I have little further to say except that I do sincerely hope that the Colonial Office will take the initiative with Captain Walter Samuel and tell him quite plainly that

This Committee which I have suggested must be formed.

Yours sincerely,

Charles W. Villars

P.S.

I will call at the Federal Office on Thursday afternoon

H.C. [unclear] [unclear] OBE.