

EAST AFR PROT

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 Bowring 485
 1917
 20 August
 Last previous Paper
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LIQUIDATION OF ENEMY ALIENS

This copy report by Liquidator to 30th June 1917

Suggests printing in England the cost being treated as liquidation expense and allocated to various firms as usual.

Copy sent to Commercial Dept
Copy sent to Public Trustee
Copy sent to C. I. B. Adm.
Copy sent to 2007 D - 5 April 18-3pm
 7 Nov 17
 6056
 5028

~~Mr. Tennysen.~~
~~Mr. Poley.~~
~~Mr. Read.~~

This is a very readable account of what has been done in the East Africa Protectorate to liquidate enemy firms. It will be interesting to the Board of Trade, the Foreign Trade Department, and the Public Trustee. I think a separate copy might well be sent also to the Commercial Intelligence Branch of the Board of Trade. I do not think that the cost of printing ^{would} be justified. A sufficient number of copies for the distribution suggested above can be made at a single impression by typewriting.

In sending the report to the Board of Trade, I think we might very well suggest to them that Mr. Adams might be considered by them as a possible Imperial Trade Commissioner for East Africa. He seems to be a very good man, and the experience which he has gained in the East Africa Protectorate, and is now gaining in German East Africa, must have given him a very valuable insight into the methods and channels

of the trade of enemy firms before the war, and the manner in which British firms can best secure the business formerly done by the enemy firms. We might send the Board of Trade a copy of Mr. Adams's letter of the 27th of October, enclosed in Gov./61898/16 and tell them that he is at present engaged as Custodian of Enemy Property in German East Africa, Protectorate.

I may call attention briefly to the following points which arise in Mr. Adams' report:-

Page 3. There had been some leakage of stock before the Liquidator took control. We may have claims in this respect.

Page 4. All the stocks realised a considerable surplus over pre-war value as recorded in the books of the firms, except Messrs. Hansing and Company's stocks. This is very satisfactory.

Page 5. The Liquidator has taken over German Government notes or receipts in payment of debts. The enemy trader can hardly object to this, I think, though a claim may be based on the rate of exchange allowed by the Liquidator.

Page 6. Satisfactory arrangements seem to have been made for collecting the bazaar debts.

Page 7. Alois Schweiger and Company - the pooling of assets between the United Kingdom and the Protectorate seems to have been satisfactorily arranged. Lower down on the same page, particulars are given regarding the pooling of assets with Zanzibar and Uganda.

Page 8. The amount due to the Aga Khan has been paid.

Page 10. The proprietor of the Africa Hotel seems to have been swindled by his Attorney, who has now been deported. No liability can attach to the Government in this respect.

Page 11. The Deutsche Englisch Ostafrika Kompagnie ~~Vol~~ Plantation. - ~~The~~ claim for damage done by the British military authorities has been investigated and settled.

Page 15. The description of the operations of the East African Trading Company is interesting.

Page 16. The Liquidator is anxious apparently that some profit charge should be made against the assets of the liquidated firms as consideration for the excellent value which the Government has realised for their stocks. We have already decided against a charge of this kind and there is not, I think, any reason to vary our decision.

Pages 17-20 inclusive contain an interesting summary of the reasons for the German success in the Protectorate. It is unsatisfactory to observe that a considerable part of the trade previously done by the Germans has gone to neutral firms.

I agree generally with Mr. Butler's minute.

23/10/11

Page 10

The "swindling attorney" was our old friend Mr. W. Ritch.

○ Think this paper might be copied and annexed to Mr. Ritch's file in order that it may not be lost sight of if he comes back after the war & has another "try on" for compensation in respect of his deportation.

J.H. [Signature]

Handwritten notes: 3000, 23/10/11, 16, 10/11

Done as per M.O. 51854

20/10/17

You may like to
please at this opportunity

17-20

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27/5/17

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EAST AFRICA PROTECTORATE
No. 485

GOVERNMENT HOUSE,
NAIROBI,
BRITISH EAST AFRICA

August 20th, 1917

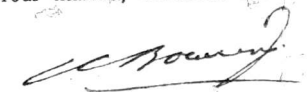
Sir,

I have the honour to forward herewith a
copy of the report by the Liquidator of Enemy
Aliens on the liquidation of enemy firms in
the Protectorate compiled to the 30th June
1917.

Report

2. It is suggested that the report might
be printed in England, the cost being treated
as a Liquidation Expense and allocated to the
various firms as usual.

I have the honour to be,
Sir,
Your humble, obedient servant,



ACTING GOVERNOR.

THE RIGHT HONOURABLE
WALTER LONG, P.C., M.P.,
SECRETARY OF STATE FOR THE COLONIES,
DOWNING STREET, LONDON, S.W.

Mombasa Firms.

Meanwhile however I was appointed Liquidator on November 9th 1916 of 5 other firms, three having their assets in Mombasa, one at Voi, and one in Nairobi. One of the Mombasa firms, Mr. Hintzmann & Co had in pre-war days been absorbed by the Africana Handels Gesellschaft so that the figures in connection with these two liquidations have been combined.

The District Commissioner at Lamu was appointed to liquidate one firm there on January 3rd 1916 and I was appointed to one other Mombasa firm on May 26th 1916.

A further firm at Kijebu is being controlled by me but the figures in this connection as also those referring to the Lamu liquidation do not appear in this report.

The chief liquidation work was connected with the six large wholesale trading firms in Mombasa, viz:

Mr. O'Swald & Co.
 Hansing & Co.
 Westdeutsche Handels & Plantagen Gesellschaft
 Africana Handels Gesellschaft
 (including Mr. Hintzmann & Co)
 Alois Schweiger & Co. Ltd.
 Strathmann & Joachim.

All being branch houses with Head Offices in many territory in Europe.

Fortunately although twelve months had elapsed since the outbreak of War when the liquidations were commenced the German Managers had in every case before their departure for Ludia appointed an attorney to control the interests of the firm who was able to produce all the

reserves

records of the firms transactions. In five cases this attorney was the Company's Indian broker and in the case of the Westdeutsche Handels & Plantagen Gesellschaft the Company's Solicitors, Messrs. H.M. Byren & Co. held the authority.

Although it is possible that during the interval between the departure for India of all the European employees of these six firms, which occurred on or about 8th October 1914 and the date Mr. Cox assumed control there had been a leakage of a certain amount of stock, including personal effects, wines, etc., the trade stocks generally appeared to be intact with the exception of goods ^{taken} for military purposes for which receipts had been given ^{and which} since have been paid for.

The trade stocks of these six firms had a total pre-war value of over Rs. 750,000/- so that the quantity of goods was so large that it was undesirable to load them on to the market hurriedly. This would have had the effect of not only probably causing the stocks to sell for a low figure but also depreciating the value of the stocks of similar goods then held by British, Allied and Neutral Merchants in the Protectorate. I endeavoured to consider in every way the interests of these merchants, and disposed of the various stocks gradually without seriously disturbing the market.

The stocks of piece goods and trade goods wherever possible were sold by tender and the oddments, furniture, etc by public auction.

It will be seen from the figures following that all the stocks realized a considerable surplus over the pre-war value recorded in the books of the enemy firms, with the exception of the stock of Messrs. Hanning & Co which shows a loss on realisation to 31st March 1917 of Rs. 13,746/- but as assets of this Company there remain articles of furniture etc. in use valued at approximately Rs. 2000/- which will eventually be sold. The cause of the loss on realisation of this stock is three-fold, viz:

1. Deterioration in quality and depreciation in price of a large quantity of ginned cotton which was sold by Mr. Cox at once, to avoid further deterioration, at a loss of Rs. 14245-09
2. The fact that a quantity of foodstuffs valued at approximately Rs. 1000/- which had been in stock for some years was found to be unfit for consumption and had to be destroyed.
3. Hanning's stock included a certain amount of odd material for the firm's own use, lighter, gear, etc. for which there was little competition.

It will be seen from the balance of the stock realized a considerable profit.

The profits realized on these stocks were the natural result of the rise in prices which had taken place in the Protectorate during the

intervening period varying from 18 to 30 months. In the case of one ^{is} solvent firm the better price realised will an increased dividend to the British creditors. In the case of the other five firms the increase swells the surplus assets which are at the disposal of the British Government.

The outstandings due to the six enemy firms totalled no less than Rs.1,945,270/- when taken over by me. This figure gives some idea of the extensive credit granted by these enemy firms.

Almost the whole of these debts were due from Indian merchants. To call in this money hurriedly or to adopt arbitrary action to enforce payments would have had a disastrous effect on the bazaar. Although many of the Indians have been using this money as capital to trade with ever since the outbreak of the war, with no doubt very profitable results, it was locked up in assets which they naturally required time to liquidate. Many of the Indian debtors had the money locked up in German East Africa which made it quite impossible for them to meet their liabilities to the enemy firms in Bombay. Now that the trading centres of German East Africa are opened up they find these assets are represented by German Notes or Receipts which they are still unable to liquidate. In certain cases I have taken over these Receipts the total to date being Rs.148,574/- but in other cases the debts have been allowed to rest in abeyance.

Valuable assistance was rendered to me by Mr. Adolphe Alphonse Vireux and other leading merchants of Bombay in investigating, by consent the books of many of the Indian merchants and in persuading them to consent to payment of reasonable instalments towards their debts. The same merchants frequently owed money to 4 or 5 of the enemy firms. Instalments varying from Rs. 5/- per month to Rs. 4000/- were arranged, according to the financial position of the merchants, and the payments apportioned to the enemy firms. Generally speaking the merchants have kept up their instalment payments. It has only been necessary to take legal action in a comparatively few cases. Many instalments are still being collected. A total sum of Rs. 954,588-78 has been collected to date, without causing any great financial stringency in the bazaar.

Hansing & Co. had a small branch in Nairobi. Wm. O'Swald & Co. and the Africans Handels Gesellschaft both had branches in Kisumu. The figures for these branches are included.

The following statement shows the liquidation results of these six firms up to June 30th 1917:-

instalment
payments

Branch Houses

instalments

Firms

Firms	Outstandings Taken over	Outstandings realized to 30th June 1917	Balance outstanding	Stock and Furniture	Total stock realized as per liquidation to 30th June 1917	Surplus	Loss
Hm. Oswald & Co.	496,252- 32	314,175 77	79,075- 42	180,771-30	224,251- 63	42,480-22	
Hansing & Co.	466,882- 80	239,142-84	200,623- 84	142,831-78	130,064- 84		12,766-94
Residendeutsche Handels & Plantagen Gesellschaft	216,787- 49	174,712-66	25,867- 81	172,812-84	206,606- 37	22,792-52	
Africana Handels Gesellschaft including Hm. Hintzmann & Co.	231,935- 01	108,565-35	127,882- 20	115,212-09	122,375- 94	7,162-85	
Strathmann & Joachim	227,430- 47	64,759-55	146,425- 66	42,769-17	47,242- .	4,562-52	
Alcis Schweiger & Co, Ltd.	267,765- 37	54,232-42	184,012- 94	110,520-01	119,912- 20	2,292-19	
Total	1,845,270-52	864,268-72	745,508-30	706,903-19	850,572-96	97,410-92	12,766-94

ba

The discrepancy between the figure represented by the/oustandings taken over, less the cash realised and the figure now given for oustandings to be recovered should be explained as follows:-

1. Many accounts transferred to Bad debts
2. Debts recovered in German paper securities
3. Adjusting entries.

After allowing for Book-debts irrecoverable the accounts of Strathmann & Joachim show a deficiency of approximately Rs. 112,371-48, the chief claim being that of a British Bank.

Similarly the accounts of Alois Schweizer & Co Ltd show a deficiency of approximately Rs. 129,836-10 the chief claimant being the Swiss Bank. The Public Trustee has however undertaken to meet this deficiency from the surplus on the realisation of the firm's assets in Manchester, England.

The accounts of the other four firms show a substantial surplus after paying all British and Allied claims and disregarding the Head office debits. Claims also have been paid for goods delivered to Head Office and to branches in German East Africa, whilst in the cases of Hansing & Co. and the Africans Handels Gesellschaft sums of Rs. 225,000/- and Rs. 42,000/- respectively have been sent to Zanzibar to meet deficiencies there. Of the former sum however Rs. 160,000/- was received from the Custodian of Enemy Property, Uganda who liquidated the Company's assets there.

The surplus in hand or invested in war securities in London was as follows to June 30th 1917:-

Surplus available

Wm. O'Swald & Co.	Rs. 748,034-20
Hansing & Co.	180,809-78
Westdeutsche Handels & Plantagen Gesellschaft	827,561-08
Africans Handels & Plantagen Gesellschaft and Kintzmann & Co	127,522-84

In the case of Wm. O'Swald & Co. there is now-
ever still outstanding a claim for a large
consignment stock in Tanganyika and Dar-es-Salaam of
211,376/- which stock appears to have been
requisitioned by the Government of German East
Africa and the value of which was placed on deposit
by Wm. O'Swald & Co. with the Deutsche Ost
Afrikanische Bank, Dar-es-Salaam.

Payments have also been made to H. M. The Aga
Khan to refund monies collected by the Government
of German East Africa and the value of which was
~~placed on deposit by~~ from his Agents in that
territory through the branches there of two firms
under liquidation, viz:

a/c Hansing & Co.	Rs. 41,012-72
a/c Wm. O'Swald & Co.	48,122-61

Two of the enemy firms owned their properties
The other four were held on leases. These latter
offices and godowns were vacated as soon as possible
and the leases cancelled or transferred. The only
property now held on lease is the Hansing building
in which the bulk of liquidation work was
concentrated. The greater part of this building
has been sublet. As soon as it is possible to vacate

vacate the portion of the premises in use as Liquidation Offices arrangements will be made to terminate the lease.

The premises of Wm. O'Swald & Co and the Westdeutsche Handels & Plantagen Gesellschaft were owned by the respective firms. Power has been given to H.E. the Governor to vest in the Liquidator, and authorize him to dispose of these properties by the Enemy Properties (Disposal) Ordinance 1917. It is hoped to arrange for disposal of these properties shortly, but no account of their values has been taken in the figures above.

The whole of the Liquidation work has been performed without any European assistance. I felt that at a time when men were so scarce in the Protectorate for all purposes it was desirable if possible, to carry on without asking for an Official Assistant. This has only been possible through the very loyal co-operation of the staff all of whom were formerly employed by the various enemy firms. The staff at first comprised one Parsee Chief Clerk, 4 Indian brokers, and 6 Indian and Goan clerks. As the work decreased the staff was reduced. It now consists of one Indian broker (as collector), the Chief Clerk, and two Goan clerks, with Mr. P.W. Medford acting for myself, since my departure to Tanga on March 7th 1917, to take up the position of Custodian of Enemy Property in the occupied territory of German East Africa.

C
Articles Owned.

Staff

I append a brief report as to each of the other five liquidations.

Africa Hotel, Mombasa, Proprietor G. G. G. G.

The proprietor of this hotel left his authority in the hands of Mr. L. W. Mitch, an attorney who was afterwards deported from the country. All the valuable stock in trade, furniture, etc. was realized by this attorney who in correspondence states that he is without his Mombasa records but that he only realized sufficient of the assets to repay what money was owing to him for fees.

The remaining articles were sold by me by auction and, with a few book-debts collected, realized sufficient to pay to the creditors a dividend of Rs. 84-07.

The building was held on lease which had expired and the landlord resumed possession.

Swedish East Africa Kampala Yai Plantation

Although appointed Liquidator of this concern on November 9th 1915 I found on inspection that the Estate was controlled by, and the plant being requisitioned by, the Military Authorities and I therefore decided that I could accept no responsibility for the assets until the Military Authorities had finished with them. Even at that time the buildings were in a state of debris and most of the plant had been removed or rendered useless by the removal of the vital parts.

The Military Authorities handed over control to me in June 1916 and I disposed of the remaining plant by tender for the sum of Rs. 5500/- with an additional payment by the purchaser of Rs. 1700/-

Rs.1700/- for the transfer of the Crown lease of the Plantation if and when I should be empowered to give a transfer.

No books or records showing the ownership or transactions of the Company could be found, but from enquiries I have made I am satisfied that the Company had never been able to make the Estate, which was a natural sansviera one only, pay; although a large sum had been expended in engines, boilers, desertiators and gurry rails the latter of which were taken by the Military Authorities and the former of which were only fit for break up purposes when delivered to the successful purchaser.

In view of the treatment by the Military Authorities of the Estate I applied for the appointment of a Court of Enquiry consisting of one Military one Railway and one Civil official to assess the damage. A purely Military Court was however appointed and a payment of Rs.29,955/- made to me from War Funds in settlement of the claim I submitted.

An item of £1500/- for sisal alleged to have been burnt on or near the railway was ruled out by the Court of Enquiry.

The actual total funds realised after paying claims submitted and expenses amount to Rs.30,000-19.

Deutsche Ostafrikanische Gesellschaft

This Company was a German East Africa and East Africa. It had however an interest in Hamburg, who was insolvent and a part of the stock of goods under lien to the Bank. The

also hold a large number of bills payable to the Deutsch Ostafrikanische Gesellschaft. The goods were sold by tender. A few bills were also collected and the total proceeds, less expenses, amounting to Rs. 29,962-94 paid to the Bank.

Chas. A. Meyer & Co., Nairobi

This is a prosperous retail saddlery, safari outfit and gun and ammunition business in Government Road owned by Chas. A. Meyer and Alwyn Minners, two step brothers.

Meyer was in Europe when war broke out. Minners was deported to India but falling ill was afterwards allowed to proceed to Europe.

The business was allowed to continue, under the supervision of Messrs. Gill & Wheelock, Chartered Accountants, Nairobi, up till the date of my appointment as Liquidator, viz November 9th 1915.

under
Acting, my instructions Messrs. Gill & Wheelock closed the premises and after taking an inventory disposed of the stock by tender.

Every effort has been made to collect the firm's book-debts but these were very largely owing by settlers who are fighting ^{away} for their country so that the proportion collected is comparatively small.

The following are the figures connected with the Liquidation:-

Outstandings taken over	Rs. 21,615-10
Outstandings realised	14,845-08
Stock & Furniture taken over	29,990-78
Total realised for stock	26,556-80

The

The loss on realization of the stock is due to the fact that this had been reduced to the slower selling lines, e.g. sporting safari goods and ammunition with which the other houses were equally well stocked and for which they were naturally not keen competitors.

The premises were owned by the firm. It is hoped to dispose of this valuable plot and building shortly under the powers contained in the Enemy Properties (Disposal) Ordinance 1917.

The firm had funds deposited with a local Bank which were taken over by me but unfortunately a considerable part of this amount has since been successfully re-claimed by the Bank to reimburse payments made out to Meyer in Hamburg by the Bank's branch there under the compulsion of the German Controller in charge.

The amount of surplus at present invested or available is Rs.77,858-78.

East African Trading Co.

This concern was a partnership between two Austrians, Otto Marcus and Ralph Levy trading almost entirely in capital borrowed from English houses. Before my appointment as Liquidator on 25th May 1916 most of the assets in the Protectorate had been liquidated in an unofficial way on behalf of these creditors. These assets however showed a deficiency of £ at least Rs.600,000- towards payment of the liabilities to British creditors outstanding.

This deficiency was more than fully represented on paper by fixed proportion in the assets

and fixed properties and large stocks of produce in German East Africa.

The properties in Uganda have been sold for a very satisfactory figure by the Custodian of Enemy Property there. There is local mortgage over these. After payment of this an amount of approximately Rs. 26,595-38 will be paid to me as available for the creditors.

The fixed properties in the conquered territory will I presume only be available for control purposes until the conclusion of hostilities.

I have visited Mwanza, Bukoba, Tabora, Dar-es-Salaam and Tanga with a view to obtaining control of the produces owned by the Company there. These I found however to consist almost totally entirely of Hides and Skins Groundnuts or German Paper Securities.

The Hides and Skins are being taken by the Military Authorities, but I hope to receive payment for these shortly. The enemy securities in my possession total Rs. 510,912/-

The Groundnuts have depreciated in value enormously - but are being realised as far as possible

The actual cash available at the moment is Rs. 3,924-54 only.

It seems probable that the cash available for the creditors during the War will suffice to pay a dividend of Rs. 54-50% while the fixed properties in the conquered territory and the enemy notes and deposits can be held as security

towards

towards payment of the balance.

The two Austrian partners in the East African Trading Company were undoubtedly remarkably energetic and astute business men. From the progress they had made in the few years they had been trading it seems clear that they were building up a business which would have been probably the largest and most lucrative in the whole of East Africa. Their assets at the outbreak of the war totalled on paper nearly 2,000,000 rupees, while they owed over 1,000,000 rupees to British creditors alone. Had it been possible to realize the assets in German East Africa at once there is no doubt that a substantial surplus would have been realized to be held on account of the two partners. A considerable amount of this success in trading can be traced to the big profits made on the produce resulting from the Government organised native cultivation in the Mwanza and Mwanza country.

The expenses of the liquidations, including the Treasury outlay for my own salary and expenses and the Audit fees, have been periodically allocated to the various firms by me as proportionately as possible. The amount debited to each account up to June 30th 1917 has been as follows:-

1. Oswald & Co.	Rs. 20,184-21
Co.	26,033-28
Endels & Plantagen	20,720-91
shaft	9,357-15
	12,591-17

PUBLIC RECORD OFFICE

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TOTAL EXPOSURES → 70

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