

# IN THE YEARS THAT ARE GONE

In the years that  
are gone /

*by*

**HARMA  
REEVE**





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THAT ARE GONE









HARMAN REEVES, 1936

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BY

HARMAN REEVES

1947

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*To the memory of my Father and Mother  
in loving appreciation of our Christian  
upbringing and very happy home life in  
the years that are gone.*

—H. R.

November, -1947.

NOTE.—As the dates, capitals of companies, and other figures are mostly taken from memory, they may not be exactly correct in many cases.—H.R.

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## P R E F A C E



On several occasions it has been suggested to me that I should write my experiences over the many years I have been in business, but I have felt rather reluctant to do so, for the reason that what I have to write about may only interest a few; but, more particularly, that in writing reminiscences the personal "ego" must necessarily come in to the story very frequently, and if there is anybody I dislike, it is the man who is always talking about himself.

Biographies are amongst my favourite books, and although autobiographies are written by the authors themselves, such as "The Merry Wives of Westminster," by Mrs. Belloc Lowndes, and "Memory Hold the Door," by John Buchan, the "ego" is quite lost and forgotten in the interesting stories that are told. May I hope that in my Reminiscences that the "ego" will also be overlooked or forgotten by the reader.





# IN THE YEARS THAT ARE GONE

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## EARLY DAYS

I was born at Dunedin on 15th September, 1871. My father, Charles Stephen Reeves, arrived in Dunedin from Melbourne, with my mother, on the 27th June, 1863, in the ship *Hydra*, 585 Tons, Captain Stewart, with general cargo and 87 passengers, of which the seven saloon passengers were:

Mrs. Wake and child

Mr. and Mrs. Reeves

Mrs. Worth

Mrs. Kaester

Mrs. Vowel

My father no doubt was attracted to Otago by the glowing reports of Gold discoveries that were at that time being made in Victoria. He had been an Accountant with a firm of Wool Brokers in Geelong—Messrs. Austin & Company.

On arrival in Dunedin, he was undecided what he should do, when he was offered a Cordial and Wine and Spirit business that was for sale. Although he knew nothing of this kind of business, he decided, after examination of the firm's books, to make the purchase. It turned out a profitable business, and after about fifteen years he sold out and retired. He was, however, much too active and full of energy to lead an idle life, and was interested in most of everything that was for the benefit of his adopted city. He was a Provisional Director of the Colonial Bank of New Zealand, and one of the founders and first Directors of the National Insurance Company of New Zealand. He was one of the founders and first members of the New Zealand Society of Accountants.

He took a keen interest in the City Council, and became Mayor of Dunedin in the year 1876. His chief interest, however, was in the Military and Volunteer Movement of that time. He became Captain of the North Dunedin Rifles, and by degrees rose to the position of Major of the Otago Battalion, and on his retirement in 1890 held the rank of Lieut.-Colonel.

He was one of the first Trustees of the Otago Hospital Board, and was for a time Chairman of the Otago Harbour Board. His earliest office as a public

man was as a Member of the Provincial Council in the days when Captain Cargill, James Macandrew, and Donald Reid were the "big" men of the Province.

On the abolition of the Provincial Governments and the adoption of a New Zealand Parliament, he stood on two occasions, but on both was defeated. His first successful opponent was the Hon. Richard Oliver (who was a great friend), and his second opponent was the Hon. Wm. Downie Stewart—the father of my old and esteemed friend, the present Hon. Wm. Downie Stewart.

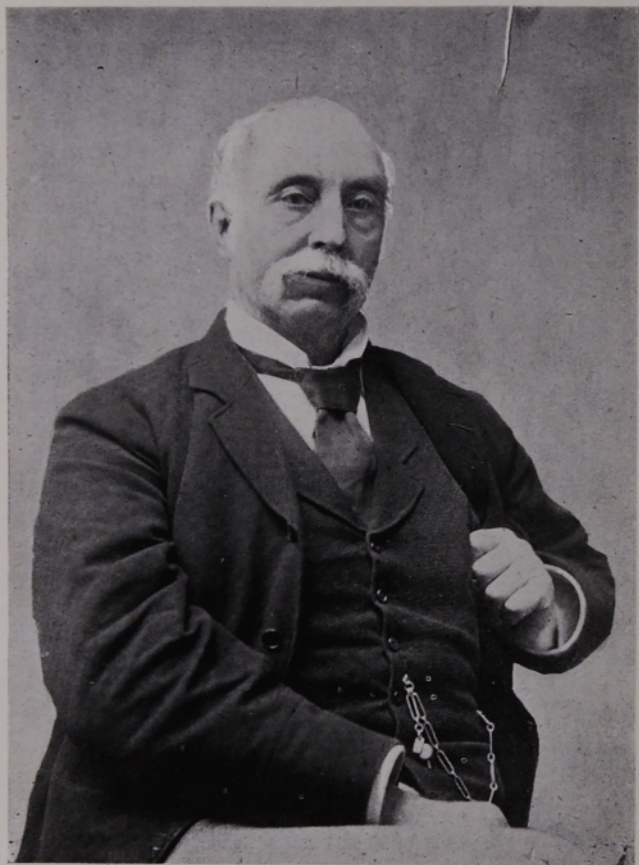
## OBITUARY

Mr. C. S. REEVES

*"Evening Star," Dunedin, Friday, Nov. 29, 1912.*

"The death occurred in Dunedin to-day, in his 77th year, of Mr. C. S. Reeves, J.P., who had been a prominent figure in Dunedin for many years. He came of an old Wexford family, and was born at Enniscorthy. His father was a merchant and shipowner at Wexford and Liverpool. He was educated in England, and after leaving school was for some time in his father's Liverpool office. The magnet of the Australian gold-fields drew him to Victoria, whence he returned two years later to Ireland, coming back to Geelong next year. He came to New Zealand in June, 1863, after a residence of eight years in Victoria. In 1873 he was returned to the City Council for Leith Ward, which he represented until 1876. During the term of his mayoralty, which followed closely on the abolition of the provinces, Mr. Reeves was called upon to discharge many of the duties previously devolving upon the Superintendent. He was a member of the first Harbour Board, and chairman of that body when the first contract for dredging the Victoria Channel was let to Mr. D. Proudfoot. In 1874 he was returned as a member of the Provincial Council for Dunedin, and subsequently served as a member of the Land Board and the first Hospital Trustees. For nine years he was captain of the North Dunedin Rifles, and attained the rank of major in command of the First Battalion of Otago Volunteers, from which he retired in 1890 as lieutenant-colonel on the unattached list. Mr. Reeves was a Master Mason since 1859, and an Oddfellow since 1864. He was also up to the time of his death a member of the Representation Commission."

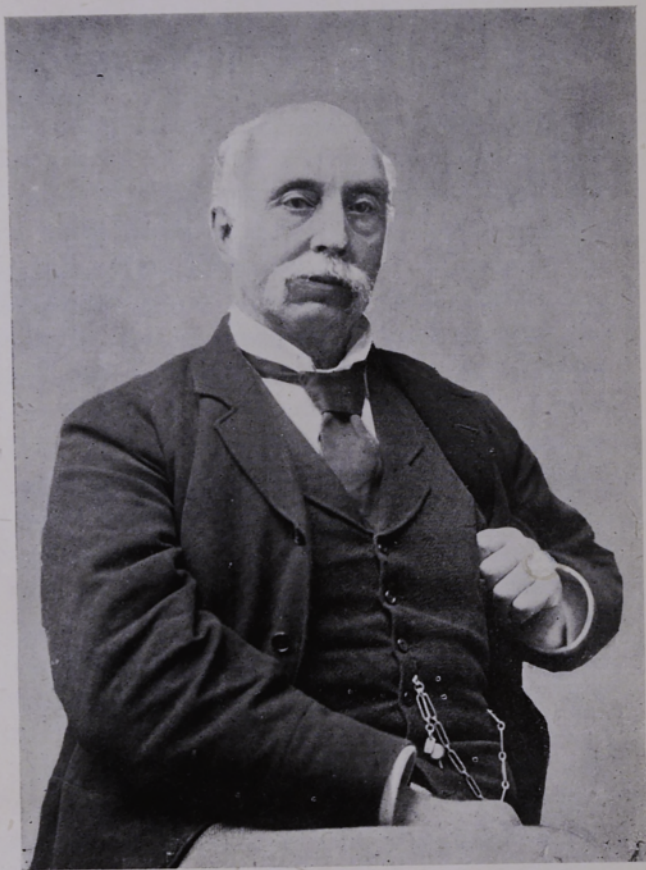




CHARLES STEPHEN REEVES







CHARLES STEPHEN REEVES



## DAYS OF MY YOUTH

On leaving school the question discussed by my parents was what to make of me. My mother wanted me to go to the University to study medicine, as her sister's husband was a doctor in Canada, and her cousin, Dr. Fred. Glendinnen, was a Specialist in Collins St., Melbourne (his son, Dr. John Glendinnen, occupies the same rooms to-day), and a nephew, Dr. Roberts, was practising in Nelson; so she thought that our family should at least produce one doctor. To please her I stayed at home for some months, in order to study for the Preliminary Medical Examination, but I never sat for this examination as I gave up studying and went to the North Island, where I had been offered a job with my future brother-in-law, Frank Clapperton, on his sheep farm at Linton, out of Palmerston North. His father, Joseph Clapperton, was at that time Manager in Palmerston North of the Union Bank of Australia, Ltd.

Every few weeks we would get the horses and ride into the "City" to have lunch with Mr. and Mrs. Clapperton; and in the afternoon, after finishing our shopping, return to the farm.

We lived in a whare, doing our own cooking. Farms in that part of the country were nearly all

dense bush at one time, but open spaces were gradually being made by the felling of the trees and the "burns" that took place each year.

We were engaged during the Winter mostly in felling the trees, ready for the Summer, when we would have our "burn." By employing one or two experienced bushmen to help, they managed to fell a good acreage ready for the "burn."

I stayed on this farm for about a year, and on our many visits to Palmerston North formed the opinion that this town would some day grow into a large and prosperous city.

Amongst the many friends we made were Mr. and Mrs. Snelson (who was Mayor of the town), J. Herbert Hankins, Solicitor, and others. One young lady in particular I remember—a Miss Randolph—was a great horsewoman, and always looked very handsome on horseback. Amongst our neighbours who had sheep farms were Jas. Bell, W. Coombs, Fred. Caldwell, Fred. Burnell, the Strangs, and many others, all of whom I suppose have long since joined the "Great Majority."

After about a year, I decided to return to Dunedin, and took a position as Junior in my father's office. He was then in business as an Accountant, Broker, and Commission Agent in Bond Street, Dun-



edin. He had some good agencies, amongst the best being The Belgium Export Company Ltd., which was an exporter of Railway Rails, of which we sold large quantities to the New Zealand Government. Another agency was that of the Timaru Milling Coy.'s "Silver Dust" flour. This Company was one of the first—if not the first—Milling Company in New Zealand to make "roller" flour, and was a profitable agency. My job was to interview bakers and grocers once or twice a week, and take orders for flour. We also had the agency for an Explosive Manufacturing Coy., and the old firm of Alexander Cook & Co. Ltd., of Aberdeen, whisky exporters, and sold considerable quantities of the firm's "Sandy Cook" whisky.

On my return from farming I wrote a couple of articles to the Dunedin *Evening Star* on "Bush Farming in the North Island," and was very delighted when Mr. George Bell, the proprietor of the *Star*, sent a message that he would like to see me. When I called on him, he complimented me on my articles, and gave me £2 2s. in payment. I was pleased to receive the payment, as I did not expect anything, and asked him if he thought I should take up Journalism for a living, and he said he thought it might be advisable, and would give me the next opening for a junior reporter on the *Star*, but that I might require to wait a considerable time. Meantime I should take classes at the University in English liter-



ature, etc. My parents were quite agreeable, and so I left my father's office and took classes at the Otago University, where I studied for twelve months.

The Professor of English at the time was Professor Gilray. He was so Scotch that I had great difficulty sometimes in following his readings, and more particularly in taking notes for my home studies.

No job as a junior reporter became vacant. After a year at the University, and the job appearing as far off as ever, I decided to look out for something else.

I put in an application as a clerk in the newly established firm of Fulton, Stanley & Co., which had opened offices as Insurance and General Commission Agents in Dunedin. I received the appointment at the munificent salary of 10s. per week. I remained with the firm for about two years, when I returned to my father's business, to which he had added share-broking, and I looked after this branch of the business.

## I START AS A SHAREBROKER

I well remember my first transaction. An urgent telegram, in code, came in from our agent at Reefton, which, on being decoded, read: "Sell 200 Cocksparrow Dredging Coy.'s shares at 25s. net." There were very few telephones in those days, and only two or three firms carrying on the business of share-brokers. However, I wandered down Princes Street, met a broker I knew, and after passing the time of day or the condition of the weather, asked him: "What is going on?" "Not much," was his reply. I rejoined: "I have 200 Cocksparrow Dredges for sale, which you can have at 25s 3d." Leave them with me, and I will see if I can place them," says he. "Right; let me know as early as possible."

In the late afternoon he called to say he had sold the two hundred shares at 25s 3d. I immediately sent an urgent wire to Reefton: "Sold 200 Cocksparrow Dredges at 25s." The 3d. difference in price was my commission. Much to my dismay a telegram came back: "Reply too late, cannot confirm." I immediately conveyed this information to the buying broker, but he insisted that I must deliver, as he had nothing to do with my seller; I sold him the shares and he expected me to deliver them. This was

quite a reasonable rejoinder, except that he had been very late in advising me of the sale, and that he had put me in an awkward position, as it might be difficult to get the shares, especially if the dredge obtained increased gold returns. I left him, and immediately sent another urgent telegram to Reefton: "Buyer insists on delivery. Please confirm."

Much to my joy, a telegram arrived a few hours later, saying: "Right, confirm two hundred shares."

This was my first transaction as a sharebroker, and I tell it because it taught me a lesson that has stood me well in my fifty years in the sharebroking business. The lesson it taught was "that time is the essence of the contract."

There can be few businesses where "time" plays such an important part, especially in a mining boom. For instance, a broker receives an *urgent* telegram from a New Zealand agent to sell, say, 200 Mt. Lyells at 28s 6d. Under Stock Exchange rules, that telegram is good for only two hours. If the shares are sold, the telegram from the receiving broker must be put in to the Telegraph Office at his end within two hours of its dispatch by the selling broker. It will be seen that in a mining boom, where shares are jumping up and down at all hours of the day, that "time" plays a great part in a broker's operations. Where an ordinary telegram is sent by a broker to another broker, and no time for reply is stated, it is

good for the day; but my experience in the "Cock-sparrow" transaction so impressed me that I invariably, specially in mining shares, stipulated a time limit in my telegrams.

About this time, a few privately-owned dredges were obtaining good gold returns every week on the rivers of Otago, and I could see that when this became known it would create a demand for this class of share, so I got in early and probably had as wide an experience as any broker during the gold dredging boom, which lasted from about 1898 to 1902.

My father, along with Herbert Park and others, was interested in a small Company known as the Dunedin Gold Dredging Coy. Ltd., which had a dredge on the Molyneux River, and obtained some highly payable returns.

About this time a Chinese merchant in Dunedin, Mr. Sew Hoy, also had a dredge at work on the Shot-over River near where it joins the Kawarau River. He was reported to be doing very well, and he started a second dredge, and then put the concern into a public company, which was known as the Sew Hoy Big Beach Gold Dredging Company Ltd. The Company did very well for some years.

At Alexandra, Lewis Gards, Bob Ross, Thos. Steel, James Austin and others were meeting with great success, and getting big gold returns from their dredges.



## THE START OF THE GOLD DREDGING BOOM

One of the most successful dredging companies ever promoted in Dunedin was the Hartley & Reilly Beach Gold Dredging Coy. Ltd. It had a capital of £7,000 in 7,000 shares of £1 each. There were 600 fully paid-up shares, which were allotted to vendor and promoters, and 6,400 contributing shares were offered the public for subscription. The shares were difficult to dispose of, and the Company, I think, went to registration with 600 of its contributing shares unsold, so that the total working capital subscribed was only £5,800. However, the promoters and subscribers were confident of success, and the Directors let a contract for the construction of a bucket dredge.

The vendor of the claim was William Foreman, a highly respected resident of Cromwell, whom I got to know very well, and he deserved the good fortune that came to him later on when the dredge got into its stride. The claim consisted of a mile of the Molyneux River a few miles below the town of Cromwell. Mr. Foreman came to Dunedin with his claim, and amongst those he approached for assis-

tance was an old friend of his, the Hon. Thos. Fergus, whom he had known for many years in the Otago Central.

Mr. Fergus got some of his friends interested, a prospectus was duly issued, and amongst the names as Provisional Directors on the prospectus was Mr. Thos. Fergus and Wm. Foreman. The Brokers were Messrs Barr, Leary & Co., and Messrs. Quick & Smith.

The Claim embraced the famous beach from which Hartley & Reilly—two miners who had in the earlier gold-mining days obtained very rich gold returns and received the Government bonus for discovery of a new goldfield. An account of this discovery is recorded in the late Robert Gilkison's book, "Early Days in Otago." However, to return to the Company. At last the dredge was built, and a day for the starting of the dredge arranged.

For some weeks the returns were only just payable, so that some of the shareholders became doubtful regarding their speculation, and sold out at a shilling or two premium on their 20s. share. Other again held on and had faith in its ultimate success.

One fine morning news came through to Dunedin that the dredge had at last struck rich gold. This news created a demand for the shares, and they started to move up.



The wash-up on most dredges took place at the end of the week, mostly on Fridays. The Hartley had been recording returns of 20, 22 and 25 ounces per week for some weeks, but on this occasion the dredgemaster was able to report a return of over 300 ounces of gold for the week. There are several stories told about the striking of this sudden return and the continued success.

The most prevalent story is that when one of the winch hands came on at midnight to take his shift, he was quite intoxicated and went to sleep during his shift, so that the dredge, instead of being moved backwards and forwards across the river, remained in one place, and the constant pounding of the buckets on the hard bottom of the river broke through a cement false bottom and got on to the gold underneath. Mr. McLay, the dredgemaster, had given instructions not to injure the machinery by letting the buckets do too much work against the bottom, but to keep the dredge moving. When he arrived about 8.30 a.m. on this eventful morning, the winchman in charge had slept off his midnight "booze" and was quite sober.

Imagine McLay's surprise and delight when he went to look at the dredge "Tables" to find them covered with hundreds of ounces of the precious metal!

From that day, for many months, the dredge obtained highly payable returns. The largest return for one week exceeded 1,000 ounces.

When the first good return was reported, the £1 shares jumped from about 22s. to £3 within a week. The highest price the £1 shares were recorded at on the Dunedin Stock Exchange was £25. There may have been a few sales at a higher price. Sometimes the Directors declared weekly dividends of £1 per share, but this was on rare occasions, the dividends paid by the Company in its best days averaging about 10s. per share every month.

When the Hartley & Reilly Dredge obtained its first big return, I realised that there was bound to be a "Boom" in dredging, so I wrote to Judah Solomon, who was carrying on business at Cromwell as an Auctioneer and Commission Agent, giving him my views and asking him to act as my agent in that district. I suggested that he should get an option over as many dredging claims on the river as possible, so that we could act as Brokers and float them on the market. He wrote agreeing to my suggestion, and that was the beginning of a very profitable business connection between us, and also a friendship and mutual confidence, until he died some years after the dredging boom had finished. I found him as straight as a "gun barrel" in all his transactions, and I formed a great friendship and admiration for him. I well

remember our first flotation of a dredging company.

Claims in those days were not allowed to exceed one mile on any river. Just below the Hartley & Reilly Coy.'s claim was a mile of river which was owned by The Alpine No. 2 Gold Dredging Coy. Ltd., which had been floated by Messrs. Barr, Leary & Co., of whom about this time J. Newburgh Lawson, a partner in the firm, also realised that we were in for a "Boom" in gold dredging.

The first company floated by Judah Solomon and myself consisted of a mile of the river below the Alpine No. 2 Company's Claim, and Solomon wired me that he had secured this for us to put on the market, and asked me to give the claim a name and to get out a prospectus. I gave the new Company the name of "The Alpine Consols Gold Dredging Company Ltd." and immediately got to work on drafting out a prospectus. The vendors were a Cromwell syndicate, who agreed to the capital being £10,000 in 10,000 shares of £1 each, of which 2,000 shares were to be fully paid up to £1 each and to be allotted the vendors; with 8,000 contributing shares of £1 each, in order to raise £8,000 for the payment of the cost of building the dredge.

In a letter received by me from Mr. Solomon by the following mail, he informed me that the Syndicate had agreed that in the event of our being successful in floating the Company, they would allot

400 fully paid-up shares between us in addition to the cash brokerage we would receive from the flotation of the Company.

When the prospectus was issued, the shares went off like "hot cakes," and the capital was over-subscribed within a few days, considerable numbers of shares being applied for by residents of Cromwell. It was not long before the shares were selling at a few shillings premium.

With the successful flotation of the "Alpine Consols" we were immediately offered other claims to float. Within a few days my friend wrote stating that another syndicate had a claim below the "Alpine Consols" which consisted of a mile of the river, and if I would give it a name he would immediately open an application list for prospective shareholders. I gave this claim the name of "The Great Central Gold Dredging Coy. Ltd." and proceeded immediately to arrange for the printing of a prospectus.

It will be realised that in order to have everything in order and legally drawn up, I was kept very busy with lawyers seeing that the titles were all in order, and with printers seeing that the prospectus was properly drawn up and printed correctly; in addition to arranging for directors, secretary, engineers, etc. On many occasions in these busy days I did not leave my office until nearly midnight.



Things were now beginning to "hum," and we were in the thick of a mining boom, which lasted for from three to four years.

The vendors of the "Great Central" claim were not as generous as the vendors of the "Alpine Consols" claim, and agreed to allot my friend and myself only 200 fully paid-up shares in the event of our successfully floating a company to work their claim.

At last we got the prospectus out, and again the shares were applied for in a few days. If I remember correctly, the capital was the same as the Alpine Consols, and the shares at once went to a premium.

I had one rather unpleasant experience in this flotation, when one of the vendors declined to sign the deed of transfer of the claim to the Company because he said I had not kept him 200 contributing shares which he had intended applying for. This was rather awkward as, unless he signed, the whole flotation would be held up. I immediately asked him what he reckoned he had lost by not applying for the shares, and he said he reckoned he could sell at so much a share premium. "All right," I said to him, "I will give you a cheque for the premium you could have sold at. Will you now sign?" "Yes," he said, so I immediately got out my cheque book and wrote out and handed him the cheque. He signed the agreement and left the office, and I was well pleased

to be rid of a miserable fellow who, because he heard the shares were at a premium, thought he would "squeeze" me into having to pay him something for his signature. It was a mean attitude for him to take up, and I never forgot it. If the shares had not been selling at a premium, I don't suppose he would have taken such an advantage of me.

Our next flotation was the "Halfway House Gold Dredging Coy. Ltd." I had nothing to do with the naming of this Company, as the vendors and promoters were Cromwell residents, and they fixed the name of the Company, but asked J. Solomon & Coy. and myself to act as brokers, and bring out the prospectus, etc.

The claim, of about a mile in length, was situated on the Molyneux River, almost opposite the Halfway House Hotel on the Cromwell-Clyde road.

I was sitting in my office one Saturday morning shortly after floating the Halfway House Company, when a commercial traveller I knew very well called in and asked me if I could float a claim of about three-quarters of a mile below the Halfway House Claim. I told him I thought there would be no difficulty, and what did he propose to call the Company? He said he did not know. He and some other commercial travellers had had the claim pegged out as a spec. I was rather at a loss for a name for the Company, and asked him if he knew any old miners who had



worked on the claim in the early days. After a little while he said he knew Tom Smith had worked there, also the Kelly Bros. and Ned Casey. "I have it," I said, "we will call the Company the 'Kelly & Casey Gold Dredging Company, Ltd.' " and within a fortnight the Company was floated and shares at a premium. Shares were selling at 4s. premium within 24 hours of the closing of the application list.

I remember that about two days after the list closed, a big Irishman called at my office and asked me if I could get him some of "them Kelly & Casey shares." I told him they were £1 shares and were paid up to 5s. and selling at 4s. premium. "Premium!" says he, "what's that?" So I explained to him that the shares would cost him 9s. each, with a liability of 15s. per share. "No matter," says he, "just buy me fifty at the best price you can." So I went along to the Exchange that afternoon and, amongst hundreds of other dredging shares changing hands, there were a good number of "Kelly & Caseys" and I bought my client his fifty. Later in the afternoon he called to ask me if I had got him the shares, and when I told him I had bought him fifty at 9s. (5s. paid up) and handed him the contract note, he was delighted, and said "Boy, come and have a drink!" "Right," I said, but first I want to know if you ever worked on the claim or know anything about it." "No, the Devil a bit," says he. "Well, why are you

buying the shares?" I asked him. "Well," he says, with a knowing wink, "I likes the name of it." So we went out and had a drink to the success of the Kelly & Casey Gold Dredging Company Ltd.

There was a Company called the "Island Basin Dredging Coy. Ltd." which was more or less a private concern, of which Mr. A. C. Begg was the chairman. It did not do much good, so the directors decided to sell. I heard of this through my friends George and Neville Sievwright, who were then in business as Auctioneers and Commission Agents in High Street. I called on Mr. Begg, who had been appointed liquidator, and arranged a cash price for the dredge and claim, with an option for a month. I then went to Mr. Paul Corliss, the Registrar of Companies (to whom by this time I was becoming well known) and told him I was forming a new company and wanted to call it the "Last Chance Gold Dredging Coy. Ltd." and to keep me the name. "Too late, my boy, a Company was registered with that name this morning," says he. "Well, now, what am I to call the Company?" I asked him. "Why not the "First Chance Gold Dredging Coy." he replied, and "First Chance" we called it.

Messrs. Sievwright Bros. and myself had no difficulty in floating the Company, and we made quite a good profit between us out of the sale from the liquidator and the brokerage on the shares we sold.

The claim was situated below Alexandra, and with the improvements to the dredge and lengthening of the ladder that the new Company was able to effect, some highly payable returns were obtained.

One of the smallest claims I was associated in floating was the "Central Electric Gold Dredging Coy. Ltd." It consisted of half a mile of the Molyneux River, just above and adjoining the top of the famous Hartley & Reilly Company's claim. When the dredge started work on the claim, the Company's £1 shares sold as high as £12 each, but they were never warranted in going to such a high price, as the dredge, although it obtained some good returns, never paid much in the way of dividends to its shareholders.

In the Autumn of 1900 I decided to take a trip to the West Coast, as I had heard there were some good claims over there; and Messrs. Sligo Bros. had about that time formed a strong dredging syndicate known as "The Zealandia Syndicate Ltd." with the late Sir George Fenwick as Chairman, to take up and float dredging companies.

When I arrived at Greymouth (my first visit to the Coast) I was soon called upon at Revington's Hotel by various mining men and claim-holders who offered me claims in various parts of the Coast. I went as far south as Hokitika, through Stafford and Kumara, and then went north as far as Reefton,

arriving back in Greymouth on Saturday evening after a week's travelling.

I was called on that evening by Mr. Joseph Taylor, who was largely interested in mining on the Coast, and he arranged to call for me on Sunday morning to take me out to look at an area he held at North Beach, and which he considered a good gold dredging proposition.

We had a delightfully fine day at North Beach, and as he had provided a nice luncheon, we enjoyed ourselves.

In the evening he had dinner with me at the hotel, and we discussed the claim and the proposed Company. His proposal was the flotation of a Company to be known as the "North Beach Gold Dredging Coy. Ltd." with a capital of £10,000, in 10,000 shares of £1 each, of which he as vendor was to be allotted 2,000 fully paid-up shares, and 8,000 shares were to be offered for public subscription; and if I took on the flotation he would allot me 1,000 fully paid-up shares when the Company was duly registered and the shares allotted.

He produced two very favourable reports on the claim, one of which had been made by the late Wm. Cutten, of Cutten Bros., Engineers, Dunedin; and the other by Wm. Faithfull, who was employed by the same firm.



I agreed to his offer, and agreements and options having been duly signed, I left for Dunedin on the following morning.

The boom was still going along merrily in Dunedin on my return, and I had no difficulty in getting a Board of Directors together, and had the Company floated and the capital all over-subscribed, duly registered, and shares allotted within a fortnight.

It might be well to explain that in those days it was not necessary under the Companies Act to give the names of everybody who received vendors', promoters' and fully paid-up shares, and how many each received, as is necessary now under the Act. In this case, the 2,000 vendors' shares were allotted to Joseph Taylor, and later on he transferred vendors' shares to those entitled to them.

In forming my Board of Directors, I gave each a promise to have so many paid-up shares allotted to them when the shares became negotiable and transferable.

When floating companies, I always stipulated in the agreements between vendors and the subscribers to the Memorandum of Association that vendors' paid-up shares were not to be negotiable or transferable until the contributing shares were all fully subscribed, or until twelve months after the registration of the Company. I insisted on this clause in fairness to the contributing shareholders, as it stopped



any vendor from offering his shares on the market or throwing them away to the disadvantage of the contributing shareholders.

Altogether, during the dredging boom, there were about 150 different dredging companies floated, of which I was responsible for a considerable number, and I am pleased to say most of them were fairly successful. One of the most successful dredging companies, for which I was one of the brokers, was the Rise & Shine Gold Dredging Coy. Ltd., which was floated towards the end of the dredging boom. The claim was on the Clutha River, just above Cromwell, and the vendor was Mr. J. L. Scott, a baker of Cromwell. I think Mr. Robert Gilkison, Solicitor of Clyde, was also associated with him as an owner of the property. This Company was put into a capital of £12,000, of which there were 2,000 paid-up shares and 10,000 contributing. The Company paid altogether £4 a share in dividends. An adjoining Company was formed later on, called the "Rising Sun Gold Dredging Company," which also paid very good dividends.

Amongst other Companies with which I was associated were Upper Clutha Gold Dredging Coy. Ltd., Upper Magnetic Gold Dredging Coy. Ltd., and the Gibbston Gold Dredging Coy. Ltd. These companies did fairly well, but did not pay many dividends.

On my frequent visits to Cromwell and Alexandra I met many of those associated with mining, and they were all a very fine class of man. Those who particularly stand out in my memory in Cromwell, were Mr. David Jolly, the head of the firm of D. L. Jolly & Sons; and also Mr. W. T. Talboys. They were very much interested in gold dredging, and were associated with many of the Companies in which I was interested. At Alexandra, there were men such as Robert Ross, James Austin, Thos. Steel, C. E. Richards (Accountant)—all men of very high character, whom it was a pleasure to meet and to be associated with. It will be understood that it was not possible, particularly in dredging claims on the Molyneux, Kowarau, and Clutha Rivers, to do anything in the way of prospecting, so that dredges erected on these rivers were more or less a gamble. To-day, in the modern ideas of dredging, where large alluvial areas are brought under that class of mining, prospecting is carried out on a very large and thorough scale by boring, and it is possible to ascertain to within a grain the value of each yard of wash treated by dredging.

## EXTRACTS FROM ROBERT GILKISON'S "EARLY DAYS IN CENTRAL OTAGO"

"As showing the dividends which some companies were able to pay, the following may be quoted:— Electric Gold Dredging Company (after registration), capital £26,000 (two dredges), paid £83,200 in dividends; Enterprise Gold Dredging Company, capital £7,000 (two dredges), paid £20,937; Golden Gate Dredging Company, capital £3,000, paid £22,000; Golden Treasure Dredging Company, capital £3,000, paid £14,595; Hartley & Reilly Dredging Company, capital £7,000, paid £85,750; Rise & Shine Dredging Company, capital £12,000, paid over £50,000; Rising Sun Dredging Company, capital £8,000, paid over £32,000.

Of course all dredges did not obtain these sensational results. Some, indeed, from a variety of causes, failed to obtain any at all; yet a large proportion of those built earned very handsome returns for some years.

From all over the world men came to Otago to investigate the dredging industry. In Dunedin, dredges were built to order for Russia, Siberia, British Burma, the Gold Coast of Africa, South

America, and other countries. Dredgemasters and their crews, trained in Otago to the work, were engaged at high salaries by foreign syndicates all over the world. A constant exodus of trained dredgemasters took place from Otago to far-away corners of the earth, so that the world in general received the benefit of the experiments and discoveries of New Zealand gold dredges. Dredgemasters going abroad would often blossom into "dredge experts," and could command enormous fees for their advice. On tin dredges, in Malay States, large numbers of Otago dredging men obtained appointments.

So well did the industry flourish that in 1903 there were working on the Molyneux and its tributaries fifty-three dredges, representing a capital of over half a million, and there were seventy-one dredges in other parts of New Zealand. This capital was almost wholly subscribed in New Zealand, and mostly in Otago. A very large amount of this capital was provided by the profits from other dredges.

In January, 1902, the *Dunedin Investors' Guide* gave a list of four hundred and thirty-one gold mining companies quoted on the Dunedin Stock Exchange, most of them dredging companies, and of another one hundred and forty-seven unlucky ventures liquidated or in process of liquidation.

Shareholders in the dividend-paying dredges received for years handsome incomes from their



investments, and a few made substantial fortunes. The coal mines, foundries, iron works, all wages men, and all local industries enjoyed prosperous times while the gold continued. The towns advanced suddenly, railways and roads were pushed ahead, and the country as a whole got the benefit of the increased gold production and the ten years' prosperity which gleamed on Central Otago while the dredges were engaged in bringing up the yellow metal from the bottom of the river.

No account of the dredging times should close without doing justice to the crews. Dredgemasters, engineers, and men were all alike of a very high class, and without their co-operation and fine assistance in keeping the work going, the same results could never have been attained. In the dead of night the men would ridge their bicycles on little tracks along the riverbank, climb down the steep sides, cross dangerous currents in small boats, and in a dimly lit dredge scramble round the machinery and keep everything working sweetly. On them had fittingly descended the mantle of the early prospectors, the Hartleys and Reillys and Gabriel Reads.



## I PAY A VISIT TO VICTORIA

In 1900 I had several communications from mining people in Victoria, pointing out that there should be valuable alluvial areas in that State, worked in the early days, that would be suitable for gold dredging, and would it be possible for me to visit Victoria with a view to having a look round and taking up any suitable areas. I got a few of my friends together, of whom my old friend J. Newburgh, Lawson, of Barr, Leary & Coy., A. J. Park, and others became interested, and it was decided that I should go over to Victoria on behalf of the syndicate. I went across, I remember, in the Autumn, had an enjoyable passage, and put up at Menzies Hotel. I got in touch with my agents—at that time Messrs. Menzies & Moule, members of the Melbourne Stock Exchange. That was the beginning of a long personal friendship between Mr. John L. Menzies and myself. After staying in Melbourne for a few days, he joined me, and we went into the Ovens and Bright district, a part of the old goldfields in Victoria. After spending two or three days up in that district, I came to the conclusion that the prospects should be good. I obtained options over about 500 acres of dredging country, and in a week's time I was on my way back

to New Zealand, where I reported to my syndicate on the favourable opinion I had formed for gold dredging in that part of Victoria. The outcome was that we formed the New Zealand Dredging & Exploration Co. Ltd., with a nominal capital of £10,000, and we proceeded to get out our first prospectus of the Company, which we called the "Ovens Buffalo Gold Dredging Coy. Ltd." We appointed Captain Robert Andrew, father of the late Professor Andrew, of the Otago School of Mines, to proceed to Melbourne as our representative, where we opened an office in Collins Street, with our brass plate up. Messrs. Menzies & Moule acted as brokers for the Company in Melbourne. Unfortunately, at this time (June, 1900), there were evidences of a slump setting in, and the people of Victoria, not being very "gold dredging-minded," did not subscribe to our proposition, so finally we had to abandon the whole concern. Some years afterwards some of these areas were taken up by Mr. Isaac Stevenson, of Stevenson & Cook Ltd., Port Chalmers, and he told me that from one of them on which he had put a dredge, he used to draw about £3,000 a year in dividends.

A Company, in which I later on became interested, had dredging claims in the Philippine Islands. The first Company formed there was known as the "Paracale Gold Dredging Company, Ltd," the head office of which was in Dunedin, and one of the lead-

men in the Company was Mr. Joseph Pearson. His brother, James, had been fighting for the United States of America in the Philippine Islands, and when the war was over he decided to come to New Zealand to see his brother Joe. At that time Joe was building a dredge on the West Coast, and James was very interested in the construction of this dredge, and told his brother Joe that he knew of claims in the Philippine Islands which should pay very handsomely with machines like that on the rivers in that country. The two brothers came to Dunedin and got some friends to join them, and it was decided that Joe Pearson, with his brother, should go up to the Philippine Islands and have a look round. During their visit they got an option over a claim on the Paracale River, and came back to Dunedin, where the Company was floated. The dredge did very well for a while. Then I became interested in an adjoining property on the same river, which was called the "Stanley Paracale Gold Dredging Company," which worked for a number of years.

About this time, a leading member of the Melbourne Stock Exchange called on me and introduced himself. He was Mr. John McWhae, Chairman of the Melbourne Stock Exchange, and he told me that he had come over with a view to buying out all the shares in the Paracale Gold Dredging Company on behalf of a Melbourne syndicate, and asked me if I

would act for them in buying as many shares as I could. He remained here for two or three weeks, and we became very great friends; so much so, that he told me he had decided to retire from business, and that if I liked he would hand me over his business in Melbourne. That was a very tempting offer, because he had a fine business and a very profitable one. I had, however, settled down in Dunedin into a new home, with a young family growing up, and thought that it was too great a break and risk to go to a new city so, in the circumstances, much as I appreciated his offer, I had to decline it. Mr. McWhae retired from business, became High Commissioner for Victoria in London, and two years afterwards was Knighted. Sir John McWhae returned to Victoria, where he died a few years ago. He was one of the most charming personalities it has been my pleasure to meet.

During the negotiations with the Paracale and the Stanley Paracale Gold Dredging Companies, I was asked if I would go out to Manila on behalf of a syndicate, but after making full inquiries as to the climate and the conditions, I decided against the proposition, and did not go.



## SWINDLES AND SWINDLERS

I was sitting in my office one morning when a man came in and handed me his card, on which was printed: "—— Harcourt, Mineralogist and Mine Owner," and I said: "Yes? What can I do for you?"

"Well," he said, "I have come from Australia, and I have got capital behind me, and we are interested in gold mining ventures. Now, we understand your firm have a gold mine near Milton, at a place called Burnt Creek."

I said "Yes."

"Well," he said, "I would like to go and have a look at the mine and, if favourable, we might be willing to put in some capital."

I said: "That would suit us, because we have run short of capital, and the mine is at present closed down."

So he said: "Could I have the keys of the battery and plant and go down and have a look at it?"

I replied: "Yes, we will arrange to let you have them." So I handed him the keys of the mine, and away he went.

I never heard anything more of this gentleman for some time, but Professor D. B. Waters, who was our consulting engineer, had occasion about a fort-



night after I had given Mr. Harcourt the keys, to go out to the mine to have a look at it. When he came back to town he came to see me, and said that all the plates in the battery had been removed, and there must have been a fair amount of gold remaining on the plates.

This was rather a serious matter, and I got in touch with my friend Detective Ward, and told him of the position. He laughed and said, "We know this fellow Harcourt, and all about him. He is at present on the West Coast, but no doubt he will come back here again shortly."

About a fortnight after this I got a ring on the 'phone: "Is that you, Mr. Reeves?" "Yes." "Detective Ward here. Your man Harcourt is down at the Grand Hotel corner: you can get him there." I thanked him, put on my hat, and went along to the Grand Hotel corner. No sign of him there, so I walked up the street. As I walked up Princes Street, here was my man approaching me near Whitcombe & Tombs. I stopped him in the middle of the street and said, "Now then, Mr. Harcourt, what about the plates from the Burnt Creek quartz battery?" He said: "What about them?"

I replied: "You know all about them, and unless you have them in my office to-day by 2.30 I will have you arrested for theft. The police know all about you. It was they who advised me of your

return to Dunedin, so that you had better have those plates back in my office by half-past two."

Before half-past two I heard a rattle and a noise at the bottom of my stairs, and this was Mr. Harcourt returning the plates. He brought them up, deposited them in the office, and I let him go. I did not want to be bothered with Court cases.

I got Professor Waters alone and he examined them. He said there had been nothing taken off them, and the gold still remained on the plates.

#### ANOTHER SWINDLER

One day, on going to the Otago Club for lunch, I noticed Mr. Alexr. Burt, Head of the Firm of A. & T. Burt, Ltd., had a stranger for lunch with him. I kept looking at this man, and had an idea I had met him before some years ago, but could not at the moment place him. After lunch, in the smoking room, Mr. Burt introduced me to Mr. N—. Mr. N— said: "Oh, how are you? It is many years since we met," and it then dawned on me how and when we had met. He had been a clerk on a gold mine in which we were interested.

Mr. Burt told me that Mr. N— was over in connection with a gold dredging company in New South Wales, and that his firm would probably be building a dredge for the company.

Mr. N— said he would call to see me later on in the week.

A few days after this meeting I received a cable from my old friend, J. McKenzie Henry, who was then living in Sydney: "Has W.F.N. any experience in gold dredging. Writing."

I cabled back: "Am not aware that he has any."

A few days after receiving this cable I received a letter from my friend saying that he was chairman of a new company called the "Clarence River Dredging Company," and that they had sent N— over to Dunedin as their representative to negotiate for the building of a dredge. N— had got in with the directors. (He had personality and a very attractive manner, and told them of his dredging knowledge and experience).

Mr. Henry enclosed two testimonials in his letter which N— had given to him—both forgeries. One was from Alexr. Bartleman, secretary of the Waipori Gold Dredging Coy. Ltd., and the other, strangely enough, from my father's firm, Reeves & Co., stating that W.F.N. had worked on the Enterprise Dredge as winchman and manager, and was thoroughly experienced, etc., etc.

A day or two after receipt of these forgeries, Mr. N.— called to see me. I was busy at the time, but asked him to wait, as I wanted particularity to see him. At last I was free, and told him to come in.

I shut the door and, looking him straight in the eye, said, "The game's up."

"What do you mean?" he said.

I replied: "What about those testimonials from Mr. Bartleman, of the Waipori Dredging Coy., and the testimonial from Reeves & Co., of the Enterprise Coy.?"

He turned as white as a sheet, and said: "What are you going to do?"

Nothing, meantime," I said, "but I give you 24 hours to get out of Dunedin, otherwise I'll have you arrested for forgery and false pretences." He immediately left my office, and I never heard or saw anything of him again for some years when, much to my surprise, I saw him in the Otago Golf Club rooms one Saturday afternoon having tea with a member. Later on I had a chat with this member and asked him about his friend, and he told me he had come to him with a letter of introduction from a friend in Christchurch. I told him I thought his friend should be more careful in future, and with that I let the subject drop.

### A THIRD SWINDLE STORY

When I went for a business trip to Melbourne in 1936, I heard of one of the cleverest and most daring swindles that had ever come under my notice, and it was told to me by a partner in one of the largest



firms of stockbrokers in Melbourne. His story was confirmed a few months afterwards by Mr. M—, Junr., a partner in the firm of M— & Co., Stockbrokers, of London, who came to Dunedin on a business visit. It may be as well to mention that members of the Stock Exchange of London do not as a rule do business with people without their knowing them fairly well, or on an introduction from a Bank, or other reference.

Here is the story. We will call the man who perpetrated the swindle Mr. White-Black. He called one day on the firm of M— & Co., in London, and asked to see the head of the firm. He was duly shown in, and introduced himself as a cousin of a man whom Mr. M— had met in Queensland the previous year. They had quite an interesting chat about Australia, and on leaving the office Mr. White-Black asked to speak to Mr. M—, Junr.

"I have just been having an interesting chat about Australia with your father," he said. "I come from there. By the way, I have shares in several companies out there, and may call again, as I will probably want to effect some business."

He was a rather attractive young man, well dressed, with quite the "man about town" manner. M— Junr. told him he would be pleased to do anything he could for him.



About ten days or so after this, Mr. White-Black called again and asked to see Mr. M.— Junr. In the course of conversation he mentioned that he had shares in a Company in Melbourne called "Myers Emporium, Ltd." and might sell some if the price was satisfactory. Mr. M.— Junr. said he would cable their agents for a quotation, and if he would call on the following day he would have a reply to his cable and would then be able to give him the Melbourne market for the shares. Mr. White-Black thanked him, and promised to call next day. Meantime, M— & Co. cabled Melbourne to quote the market for Myers Emporium Shares, and next morning received a cabled reply: "Myers Emporium 33s 6d-34s," which meant buyers 33s 6d, sellers 34s.

That afternoon Mr. White-Black duly called, and was told the latest quotation. "Well," he said, "the reason why I wanted to know the market was that I have been offered a half-interest in a patent for about £5,000, and I thought I might sell some of my Myers Emporium Shares and put the proceeds into the patent. However, I want some further particulars about the patent before I finally decide the matter. I will let you know in a few days," and away he went.

About a week afterwards he called and said he had been playing golf most of the time, but had also got further particulars of the patent, and had come

to the conclusion that it was something really good, and that he had decided to sell some Myers Emporium shares. He took a large envelope out of his pocket and, amongst other papers, produced scrip in Myers Emporium Ltd., which certified that Mr. John White-Black was the holder of two thousand shares in Myers Emporium Ltd., numbered — to —, etc., etc. He handed the scrip to Mr. M—. Junr., and asked him to sell them to best advantage, and that he would call in a day or two to ascertain how he got on.

M—. & Co. cabled their Melbourne agents to sell the 2,000 shares, and received a reply the following day that they had sold the lot at an average of 33s 9d.

In due course Mr. White-Black called on his Brokers and was informed that they had sold the 2,000 shares at 33s 9d. He was very pleased, and they offered to give him a cheque in settlement on his signing a transfer for the 2,000 shares. He told them that the proceeds of the sale did not bring in sufficient for his purpose, and that they had better sell another 1,500 shares. At the same time he produced scrip for the shares, and said he would return in a day or two to see how they had got on. The shares were duly sold at the same price. A day or two afterwards Mr. White-Black called to ascertain how they had got on, and was told of the sale. He duly signed the transfers, and Mr. M—. offered him a cheque in settlement.

"Oh, never mind about a cheque meantime. I'll get it some other time," he replied, and went to leave the office, when he turned to Mr. M.— and said: "Well, perhaps I had better take the cheque and clean up the transaction."

Next day Mr. M.— had a visit from a fellow-broker who asked him if he knew a man named White-Black.

"Yes," he said, "we have been doing some business for him. Why?"

"Well," he replied, "he has been staying at the Dorchester Hotel, and I had some business with him, but when I called this morning, the clerk in the office informed me that he left yesterday, and that others had called to ascertain his whereabouts."

This caused Mr. M.— to think hard, so that evening he cabled their Melbourne Agents to ascertain how many shares were held by John White-Black on the Register of Myers Emporium Ltd. Next morning they received a cable from Melbourne saying that no person of that name held shares in the Company. This was a "body blow." The rascal was evidently working in with a printer who copied the scrip of Myers Emporium, and between them they pulled off this swindling deal and divided some thousands of pounds between them, and neither have ever been heard of since. They got clean away with the money.

A strange feature of this swindle is that nobody lost anything over it, for the reason that M.— & Co. had an insurance policy against fraud for £10,000 with Lloyds of London, who promptly paid out when M.— & Co. made their claim; and Lloyds more than covered their loss in new premium income they received almost immediately, for hundreds of brokers on the London Stock Exchange, directly they heard of the swindle perpetrated on M.— & Co., and how they had been covered by insurance, immediately communicated with Lloyds and took out similar insurance cover. So that sometimes good comes out of evil. Anyway, Lloyds Insurance, of London, would think so.



## COACH ACCIDENTS

In my early boyhood I stayed with an uncle and aunt for my holidays in Palmerston on many occasions. My uncle, who was Manager of the Bank of New Zealand in that town in those days, was Richard Nevill Reid. He had married a sister of my mother's.

Palmerston in the early '80's was a flourishing town, with three banks—the Colonial (Robert Ewing, Manager), Bank of New Zealand, and the Bank of New South Wales. Then there were the local auctioneers, Everest & Co., and several store-keepers and merchants, of which Jas. Arkle was in the largest way of business. One of his daughters, years afterwards, married Sir John Findlay, who became well known in the political life of this Dominion.

Then, amongst the Lawyers was J. F. M. Fraser, who later on took in a partner Mr. Frank Stilling; then, when they moved to Dunedin, John Findlay and his brother David took over the business.

I recollect a coach accident that occurred on one of my visits to Palmerston. With some other boys we were sitting on the Bank steps watching the departure of the coach, and, much to our surprise, about ten minutes after the coach had left, we saw



it returning full gallop back to the North Western Hotel, from which it had left. I learned afterwards that the driver had forgotten the mail, and turned the coach round to go back to collect it, and as he approached the hotel, instead of pulling up and stopping, the horses made a dive for the stable yards, where they always pulled in after the journey from Dunedin. In trying to turn the coach, the horses in some way pulled it over, and the next thing we knew was that the coach was sprawling on the middle of the road and the horses diving for the stable yards. There was a considerable number of passengers on board, and the marvellous thing to us was that only one passenger was injured, and he was Mr. Todd, the father of Mr. George Todd, of McLeod Bros. Ltd. I was a youth at that time, about ten years of age, and I have always had vivid recollections of that accident.

The only other coach accident in which I was interested, and one of the victims, was in the Easter of 1900, when most of we Brokers used to go into the Otago Central. On this particular occasion I had joined the coach at Cromwell to go through to Alexandra, where I got off to have a chat with my Agent there.

The coach was packed, and when I went to get my seat, which was on the outside of the coach, I found that it had been taken by Mr W. G. Neill, merchant, of Dunedin, who was a director of several

dredging companies, and I said to him: "You have my seat, Mr. Neill."

He said: "I'm sorry."

I said "Never mind; you keep it, and I'll get over beside the driver."

We got away from Alexandra, and shortly afterwards passed the Cape Broom Hotel. Towards dusk we approached Roxburgh, on the long hill running towards Coal Creek. When we got to the top of the hill, the horses started off with a gallop, and within a few minutes something went wrong, and the coach with its passengers was thrown over on its side. We learned later that a nut on one of the axles had broken and that a wheel had come off. When the coach turned over, the king bolt of the shafts fell out, and the horses being thus freed, bolted and dragged the driver, Adam McDonald (a splendid horseman and whip) after them. He had to let them go because he could not keep up with them. We, who had been thrown out of the coach, were somewhat stunned, and very considerably shaken. When we gathered ourselves together we discovered that Mr. Neill was not amongst us. We lifted up the coach and found him lying underneath, with his neck broken. I consider I had a most fortunate escape, because had I been sitting in that seat I should have had the same fate.

Later in the evening several conveyances came out from Roxburgh, one of which carried Mr. Neill's body to Roxburgh, and the rest of us found our way to the hotel.

Next day there was an inquest, and a verdict of "accidental death" was given by the Coroner.

## P. N. KINGSWELL

In my early broking days, one of my best and most profitable clients was Percy N. Kingswell, of Reefton, who was a very big operator in mining shares, and would buy them by the thousand. He and I became great friends, and for some time he did very well.

In the dredging boom he was very successful in a Company called the Pactolus Gold Dredging Coy. Ltd., near Reefton, in which he had a big interest, and which paid some very handsome dividends. I remember his telling me of one of his most successful mining ventures, and that was his purchase from the discoverers of a Reef which is now known as the Blackwater Mines on the West Coast. His story was that one evening, in Dawson's Hotel, in Reefton, he heard that a couple of miners had found something good in the Blackwater district. Next morning he hired a horse and rode away out, and got in touch with the miners who had actually found some payable-looking quartz. After some discussion he asked them if they would give him an option to purchase the property, and eventually the terms they agreed to accept were £100 deposit, and a six-months' option to pay them £2,000 for their mine and rights. Hav-



ing the agreement and option signed, he returned to Reefton and engaged a number of miners to go out to Blackwater to open up the reef. In about a month's time the reef began to open up so well that it looked as if he had got on to something really good. He then approached my old friend Mr. E. W. Spencer, who was the attorney for the Consolidated Goldfields Ltd., of London, and told him that he had a reef at Blackwater that might interest his Company, and asked him if he would come out and have a look at it. Mr. Spencer went out with him, was very much impressed with it, and asked Kingswell what he wanted for it. Kingswell said he would give him an option for four months, to be paid the sum of £30,000 in cash if Spencer decided to complete the purchase. They returned to Reefton, and that night agreements were drawn up. Next day Mr. Spencer set about getting more men to work at the reef. It opened up so well that within three months he communicated with Kingswell and told him he was going to purchase the mine, and to come along and he would give him his cheque for £30,000. Later on the reef was floated in London, and was known as the Blackwater Mines Ltd., with a capital of £250,000. For many years it paid very good dividends, and is still at work, but not doing as well as formerly.

P. N. Kingswell was one of the most brilliant and brainy men I have ever met, and although he was



a speculator, and sometimes did things that the average businessman would not do, the fact remains that he was above the ordinary in intellect.

After making his profit out of the Blackwater Mine, he settled in Nelson, but it was too slow in that town for a man of his activity, so he moved to Auckland, where he became interested in the New Zealand Portland Cement Co., now known as Wilson's Cement, and also in the Waihi-Paroa Gold Mining Company.

Some years after the collapse of the dredging boom, he and I jointly took up a large area at Ngahere, near Greymouth, with a view to having it thoroughly prospected. If prospects warranted, we proposed to form a Company.

Mr. Kingswell got the Waihi Company interested, but after spending several hundred pounds in prospecting, etc., they let it drop, and we also decided to abandon the property. In recent years it was taken up by an Australian Company, but so far it has not done much good.

## SOUTH AFRICAN EXPERIENCES

In 1901, when the Boer War was drawing to a conclusion, and our local dredging boom was beginning to peter out, I thought I might make a fortune by going to South Africa; so I got in touch with Sir Joseph Ward with a view to ascertaining whether he could get me a passage to South Africa in one of the many ships at that time leaving New Zealand, and for which his firm were agents. I was successful in getting a passage in the last troopship to leave New Zealand, *H.M.S. Norfolk*, which left Lyttelton on the 19th April, 1901. She was a very full ship, and went from Lyttelton to Sydney, Sydney to Albany, and Albany to Durban. The troops were in charge of Major Pennycook, and amongst the Officers on board was Lieutenant Fisher, who later became a member of the ministry in New Zealand; Lieutenant Maling, who later became a partner in the firm of Pyne, Gould Guinness Ltd., Christchurch. The Maori contingent going Home to England, in charge of Captain Taranaki and Lieutenant Uru, was also on board.

I had a very nice cabin, and altogether enjoyed the company of the officers on the ship, and in due course we arrived in Durban. On our arrival there

we learned that there was a prospect of Peace, and possibly the last contingent would not even be called upon to do any fighting. This eventually turned out to be the case, and most of them, after being in South Africa for a few weeks, returned to New Zealand.

I came ashore at Durban, and would like to have gone up to Johannesburg, but owing to restrictions and one thing and another, I had to make my headquarters in Durban, which was at that time a very live town with so many troopships and troops coming and going all day.

I took an office in West Street, Durban, and did a bit of speculating. I got in touch with some of the leading citizens of the town, and after a few months was instrumental in forming a Cold Storage & Supply Company. Cold storage companies, up till then and during the war, had done remarkably well, and the prospects of our company looked to be quite good. They did not turn out as we had anticipated, for many reasons, principally owing to the cessation of hostilities. The removal of 250,000 troops from South Africa meant the consuming power of meat, butter and cheese was considerably reduced. Not only that, but a slump of some magnitude took place, which resulted in heavy losses in all ventures and businesses.

On the formation of the Cold Storage & Supply Coy., of which I was a director, it was decided that

I should go back to New Zealand and Australia and arrange for supplies of meat and produce. About the beginning of November I boarded the N.Z. Shipping Co.'s *Turakina* at Capetown, and arrived in New Zealand a few weeks afterwards. I arranged for supplies of meat. I remember the first shipment of mutton was fixed up by Mr. Alexr. Boyle, of Pyne & Co., Christchurch. He had some difficulty in getting my requirements, for the reason that we did not want prime Canterbury mutton or lamb. It was too fat for hot climates like Durban, where what was really wanted was called "seconds." However we managed to get our first shipment, which turned out to be the best class of frozen meat that had been imported into Durban at any time. Unfortunately there was difficulty in getting further shipments of that class of meat and in making shipping arrangements, otherwise the Company would probably have been a great success.

I returned to Durban in April of the following year, and found that the company had made considerable losses. They were not alone in this respect, as I ascertained that the South African Cold Storage Company, which had made huge profits during the war, had that year made big losses. The Cold Storage Company carried on for a year or two, and then went into liquidation.



When back in New Zealand I got an option over a new explosive which was being made in Dunedin, known as "Taipo." The local company, Taipo Explosives Co. Ltd., were erecting works near Dunedin, and I secured an option over the rights for South Africa. These rights were held by a Mr. Adam McCracken, of Melbourne. The testimonials and reports I had of the explosive would indicate that it was something particularly good, and I had hopes of being able to float a company in South Africa, where large quantities of explosives were used in the gold mines of Johannesburg and other centres. On my return to Durban I got in touch with some of my friends there, and we formed the Taipo Explosives Co. (South Africa) Ltd., in shares of £25 each. I was also fortunate in getting some of the big mining men of Johannesburg interested, and they had experiments made in a granite quarry at Pietermaritzburg. These experiments were most successful—so much so that it got round, and the £25 shares were soon selling at £60-odd. It was then decided that we should go up to Johannesburg and have experiments made with the explosive in one of the big mines in that district. Amongst those interested in the Taipo Explosive Company was Colonel Green, Chairman of the City & Suburban Mines of Johannesburg; Major O'Brien, Chairman of the Jubilee Gold Mine; Major Dare, who had been in charge of some British Protectorate in

South Africa; and others of considerable importance, who were tremendously taken with the successful experiments that had been made at Pietermaritzburg. We went up to Johannesburg—all of us—and stayed at Heath's Hotel. It was arranged next day that we should go down the City & Suburban Mine, which we did, some 700ft., to have tests of this new explosive made. Unfortunately the tests were a failure. Instead of the explosive blowing the rock all round as it did in Pietermaritzburg, it simply shot out, as out of the mouth of a cannon, and did not shatter the country around or loosen the rock. Two or three shots were made like this, which was a great disappointment, as can be imagined. The Company manufactured further lots of explosive, but somehow the new explosive was not a success, and the Company eventually went into liquidation.

## WHAT IS "HONESTY IN BUSINESS"?

The question of "What is Honesty in Business?" is often discussed. I remember one of my Bond Street merchant friends telling me of an experience he had in the early days, and asking me if I thought it was honest.

It appears that in those days all the sugar purchased for the Dunedin market was bought in Melbourne. It came down to that port from the Mauritius. Sugar had been selling at about £25 per ton, and the usual mails from Melbourne arrived about once a fortnight by sailing boat. When the last mail arrived, it indicated that the price in Melbourne was about £25.

One morning my friend received a letter which had come by a stray sailing vessel, stating that there had been a sharp rise in sugar, and that it was now selling in Melbourne at £35 a ton—a rise of £10, and that it would probably go higher. When he received this letter, he went along Bond Street and bought up as much sugar as he possibly could. He asked the first merchant he went to if he had a few tons of sugar.

"Yes," he said, "I can let you have 10 tons at £25 a ton."

My friend did not want to excite the market, or let them know that he knew anything, so he said: "Well, I will take 5 tons and I will let you know later on if I can do anything with the balance."

Then he strolled along to the next merchant, and bought a few more tons, and so on until he had accumulated 30 or 40 tons, then came back to the first merchant and said he would take the other 5 tons.

A few days after having effected these purchases the usual mail came in from Melbourne, giving information as to the sharp rise in sugar, and that it had now gone to £40 a ton. To cut a long story short, my friend made about £10 a ton clear profit out of some 50 tons of sugar. In other words, through the information he had received, he made £500 out of his fellow-merchants, and he turned to me and said "Was that honest?"

I told him I had experiences in the Broking world which were somewhat similar.

I remember one morning on the Stock Exchange when we came in for the call over. "Keep-it-Dark" mining shares had been selling at a pretty low price—£1 shares selling at about 3s 6d. One Broker bought all that were offered at 3s 6d, then offered 4s., then offered 4s 6d, then 5s. for 500, and finally had bought some 2,000 or 3,000 shares up to 6s. when the stock closed. Later on in the day the Stock



Exchange received a telegram from Reefton that the "Keep-it-Dark" had struck a rich reef, which would probably go 2oz. of gold to the ton. The Broker who had bought up all these shares had early in the morning received an urgent wire giving him this information, which none of the other Brokers had received. Was it honest of him to take advantage of that information, or should he have told his fellow-members of the information he had received?

On another occasion during the dredging boom, there was a Company called the "Waipori Gold Dredging Company," and the £1 shares were selling roughly at about 16s. The dredge had not been doing very well. When this stock was called, one of the brokers offered to sell a couple of hundred at 16s. Another broker offered 15s. for them, and they were knocked down to him. Then he offered 14s 6d for 200 more. They were knocked down to him by the same selling Broker, who offered to sell another 200, and sold 200 more at 14s. Later on in the day the Stock Exchange received word that the dredge had sunk early that morning. The broker who was selling had got this information, and thought he would take advantage of it to effect a "bear" sale; but he "fell in" for the reason that although the dredge had sunk, there was no difficulty in raising her, and the Directors got pumps to work and the dredge was at work again within a fortnight, with the result that

the shares did not drop sufficiently for the selling Broker to go in and buy under his price, so that he had to pay more to get the shares back than what he had sold at. In fact, he lost money on the transaction. The question arises, was he honest in selling those shares?

I remember having a personal experience of my own. It was before the Union Steamship Company sold out to the P. & O. Company. There had been a gradual rise in Union Coy.'s shares, and I had received a buying order for a few hundred for a client up to 51s 6d. I found I had bought him 100 more than he wanted, which he would not take. I was left with this 100, and for two or three days endeavoured to sell them on the Exchange at the cost price of 51s 6d. I remember very well offering them at 51s 6d on the afternoon call of a certain day, but the best bidder was 51s., and no business resulted. Later on in the afternoon, about 4.30, a broker rang me up and said: "You were offering 100 Union Steams at 51s 6d. Do you still want to sell them?" I said "Yes, you can have them at that figure."

He replied: "Right. I'll take them. Have you got any more?"

I said "No, I had only 100."

Within ten minutes of this sale, Mr. Neil Galbraith, Local Manager of the N.Z. Shipping Co., came into my office and said: "Well, the news is out. Ac-

cording to the *Evening Star* I see that the P. & O. Coy. are buying out the Union Coy, and that the Union Coy.'s shares are now worth £3 a share."

I thanked him for the information, and he went away.

I did not communicate with the Broker, who had no doubt got this information before he rang up, but I thought a lot; and the question arises, "Was that Honesty in Business?"

Anyway, ever since then I have had the early edition of the *Evening Star* delivered at my office directly it comes out.

## N.Z. PAPER MILLS LTD.

Before I left for South Africa, there were three Companies manufacturing paper in New Zealand. One was Ferguson & Mitchell, who owned the Woodhaugh Paper Mills; the others were the Matura Falls Paper Milling Co., owned by Mr. Thos. Culling; and the Riverhead Paper Mills Ltd., of Auckland. These Companies were all engaged in manufacturing brown paper, in competition with paper imported from overseas, and it was not a very profitable business. There was a certain amount of cutting in prices and varying discounts allowed in order to effect sales, and altogether the business was not satisfactory.

On my return from South Africa I was naturally looking round for some means of making a commission, and I asked my father, who was then auditing the Matura Milling Coy.'s books, how the paper business was getting on—was there still cutting of prices, and so forth. He said that the Company's position was not good. I told him that I thought that the three paper mills should be amalgamated into one Company, and that would do away with all the competition between them. He said he did not think anything could be done. I said, "I am going round to have a chat with Mr. Thos. Culling to put an idea



before him, and see what he thinks of it." So I went round and saw Mr. Culling, and I told him that I gathered from my father that the business was not very satisfactory, and he said, "No, it is not."

"Well," I said, "I have a suggestion to make which I think would get over all your difficulties."

And he said: "What is that?"

I said: "Amalgamate your three Companies into one, and call it 'The New Zealand Paper Mills Ltd.' I have seen the various balance sheets of the three Companies, and I would suggest a capital of £100,000 and that each of you receive so many paid-up shares for your business in this new Company."

He said: "My boy, I would be pleased to join in such a concern, but I am afraid you would have difficulty with Mr. John Mitchell of the Woodhaugh Paper Mills, and possibly by the Riverhead Coy."

So I said to him: "If I can get Mr. John Mitchell to view it favourably, would you meet him at my father's office in a day or two, to discuss the matter?"

He said: "Yes, I will be very pleased to do so."

I then returned to my office, saw my father, and told him what Mr. Culling had said. Mr. John Mitchell was a great friend of my father's and nearly every day came to the office to have a chat and discuss business and other matters, so I said to my father: "When Mr. Mitchell comes down to-morrow, you might tell him what I have done, sound him on the

matter, and see if he would be willing to meet Mr. Culling to discuss my proposition." Next day when Mr. Mitchell came along, my father told him what I had done, and asked him if he would meet Mr. Culling. He said it would not do any harm, and that he would be quite willing to meet Mr. Culling the following day, if he cared to come along to our office. The following day I arranged with Mr. Culling to be at the office at 11 o'clock to meet Mr. Mitchell. At the discussion which took place, it was decided that if the Riverhead people were willing to join in the amalgamation, they would discuss the proposal further. So far, this was very satisfactory; so I communicated with the Riverhead Paper Coy., Auckland, and told them what the proposition was. We received a letter back in a few days indicating that they would be pleased to talk over the matter, with the result that Messrs. Culling and Michell met Mr. Geo. Elliott (now Sir George Elliott), and the matter was further discussed and practically finalised.

The Company was registered as I had originally suggested, with a capital of 100,000 shares of £1 each, of which (if I remember correctly) Mr. Mitchell received some 22,000 in fully paid-up shares, Mr Culling I think, about 36,000 shares, the Riverhead Coy. a similar number of shares, and the unallotted shares were held in reserve by the Company. The Company carried on for some years and paid a

modest dividend, and on a few occasions no dividend at all owing to severe competition from importers. Then, later on, a reconstruction of the capital took place and further shares were issued, and to-day, as everyone knows, it is one of our most important and successful companies, the £1 shares being worth about 46s. on the market.

## LOAN FLOTATIONS

I give hereunder a list of some of the loans I have negotiated from time to time for various Public Bodies throughout New Zealand. In those days I received in most cases a brokerage of 1 per cent. To-day  $\frac{1}{2}$  per cent. is the most that is paid, and in the case of Government Loans we receive  $\frac{1}{4}$  per cent. only.

- £200,000 Otago Electric Power Board.
- £100,000 Wanganui City (Water Loan).
- £80,000 Dunedin Sewerage & Drainage Loan.
- £65,000 Wellington City Council.
- £75,000 Auckland Harbour Board.
- £50,000 Hamilton Borough Council.
- £30,000 Borough of New Plymouth.
- £30,000 Hawera Borough Council.
- £30,000 Dunedin Fire Board.
- £25,000 Hastings Borough Council.
- £25,000 Otago Harbour Board.

Also loans for Oamaru Borough Council; Invercargill City Council; Otago Central Electric Power Board; Waikouaiti Borough Council; and others.

The largest flotation I ever effected was that made on behalf of the Otago Electric Power Board. I was sitting in my office one afternoon when I had a



visit from Mr. Jasper Clark (Chairman of the Board) and Mr. Steel, the Secretary. Mr. Clark informed me that the Board wanted to raise £200,000, and could I negotiate the loan for them? I told them that money was a bit "tight" at the moment, but that if the Board would pay 6% I thought I could raise the money. After some discussion they left my office and stated that they would let me know later on. Before they left I got them to make a promise that they would not make use of my offer to get the Bank of New Zealand to lend them the money, or negotiate the loan on more favourable terms. Some weeks passed, and I had given up all hope of anything coming of my offer, when one day, about noon, my telephone rang and the speaker was Mr. Steel. He informed me that there was a meeting of the Board that afternoon at 2 o'clock, and asked me if my offer in regard to the loan of £200,000 was still open. I replied that I was willing to underwrite the loan for  $1\frac{1}{2}$  per cent. conditional that the currency did not exceed twenty years, that the Board would take the money in instalments of £20,000 per month spread over ten months, and that I must have their reply by 3 o'clock that day. At about 2.30 my telephone rang and Mr. Steel's voice at the other end informed me that the Board agreed to my terms, the first payment of £20,000 to be made on the first of the coming month. I asked him to confirm this by letter, which

he did later on in the day. Well, here I was with a loan of £200,000 liability on my hands! I immediately got to work and placed the first deposit of £20,000 with a client who stated that he might take some more when the next instalment became payable, but could make no definite promise to do so. With money fairly tight, and many Public Bodies wanting to raise loans, I began to think I might have some difficulty in finding buyers for the balance of the issue. I was, however, considerably relieved of my anxiety when, a few days after I had underwritten the loan, the Manager of the Bank of New Zealand called in to see me. "I understand," he said, "you have underwritten the Otago Power Board Loan of £200,000."

"Yes," I said, "Why?"

"Well," he said, "you beat us by twenty-four hours, as I received word from Head Office to advise the Board that the Bank could place it."

I was glad to hear this, as it relieved my anxiety to know that if I got "stuck" with some of my underwriting, the Bank would probably see me out. In the course of conversation, I informed him that the Chairman and the Secretary of the Board had approached me some weeks before, and that I had then made an offer to place the loan. Did the Bank know anything of this offer? He then told me that

the Chairman and the Secretary had asked him to get their Head Office to ascertain whether they could raise a loan of £200,000 for the Board on the London market. He told me they had received a cable from their London office advising that the market was unfavourable for raising any Colonial loans, and that nothing could be done. It was no doubt this reply that decided the Board to accept my offer to underwrite the loan, and from which I received their cheque for brokerage in due course.

On the 19th July, 1927, I received a letter from Mr. R. E. Hayes, the Secretary of the Treasury, Wellington, asking me to come up, as they wished to consult me regarding the issue of Rural Credit Bonds. I duly called on Mr. Hayes and learned from him that the Government wanted to raise £200,000 by the issue of Rural Credit Bonds. He had recently returned from a visit to London. I asked him why they did not arrange the loan through their London agents. His reply was that the London market was not favourable and, furthermore, he stated that their London brokers strongly advised against the raising of internal loans in New Zealand by the Government, or by Public Bodies, with the guarantee or responsibility of Principal and Interest by the Government. I ascertained from him that the issue of Rural Credit Bonds, although made by the Government, would not have its guarantee for repayment at par on maturity. This



was a rather peculiar condition for a Government issue, and I suggested that I would like to discuss the point with Sir Francis Bell, who was, I think, then Attorney-General or Minister of Finance.

Mr. Hayes 'phoned Sir Francis, and was informed that if we went across to his room immediately he would be able to see us. We went over, and had a most interesting discussion, but he was quite decided that the issue, although not being guaranteed by the Government, was a sound and good investment. I pointed out that without the Government guarantee it could not come under the heading of a "Trustee Security," and that in these circumstances my field for placing the debentures would be considerably limited. His reply was, that although not a trustee security, he personally had no doubt about the security and would not hesitate to invest his own money in the issue. On returning with Mr. Hayes to the Treasury, I informed him that I would give the matter consideration and advise him on my return to Dunedin. The money market continued to be very restricted, and after giving the matter a lot of consideration, I advised Mr. Hayes that much as I appreciated their confidence and their offer, I regretted I could not see my way to underwrite or negotiate the loan. It was later taken up by the Bank of New Zealand, and some years afterwards, when the present Labour Government got into power, they



introduced Legislation to make the issue a liability of the State.

In addition to floating loans for various public bodies throughout New Zealand, I have been associated in the flotation of debentures issued for private companies. The firm of Lewis & Co. Ltd., Drapers, of Invercargill, wanted some assistance at one time, and I was called in to go into the matter. I made a debenture issue of £45,000 in £100 debentures for that firm; and Messrs. R. A. Anderson (Sir Robert Anderson), Thos. Broderick, and William Macalister, Solicitor, all of Invercargill, were trustees for the debenture-holders. This was a fine investment, as at the end of the currency the holders were paid in full and had a good rate of interest during the term of issue.

Another loan in which I was associated was that of the N.Z. Express Co., which in the first place negotiated through my firm an issue of £100,000 First Mortgage Debentures, and on the termination of their currency a second issue of £125,000.

I was later approached by a large company, whose head office was in Dunedin, to see if I could raise for them a debenture issue of £200,000 on the security of their business and freeholds throughout New Zealand. At the suggestion of the directors, and at their expense, I went to Wellington and met the General Manager of their Company there by

appointment, and we discussed the matter. It appeared they were leaning on the Bank of New Zealand for a very large sum, and I was asked by their General Manager to go with him to see Sir Henry Buckleton, the General Manager of the Bank of New Zealand, and discuss the matter with him. I remember, after outlining my proposal to Sir Henry Buckleton, he turned to me and saying: "Mr. Reeves, do you think you could raise £200,000 first mortgage debentures for this Company?"

I said, "Yes, I did not think there would be any difficulty, and that I had no doubt I could raise the money for them." With that, he made a few remarks in reply, and shortly afterwards our interview ended, and I came back to Dunedin. On my return to Dunedin I said to my partner: "I am afraid I have had my trip to Wellington for nothing."

He said "Why?"

I said: "Because I gather from what Sir Henry Buckleton said, or at least from what he did not say, that the Bank of N.Z. will finance this firm for all their requirements."

And so it turned out. We did not get the flotation. The Bank of New Zealand financed the firm, which to-day has come through all its difficulties, and is one of the most successful and flourishing businesses of its kind in New Zealand.

## MY PARTNERS

After I had been in business for some years, and the dredging boom was at its height, I was approached by an old friend of mine, Mr. Gilbert C. Matheson, who was then Assistant Accountant in the National Bank, Dunedin, in regard to a partnership. After some consideration, I thought it might be advisable, and gave him a junior partnership, for which he paid a small amount. We carried on business together for two or three years, and I left him in charge when I went to South Africa on my first visit. He had not been enjoying very good health, and on my return I saw that he was very ill. He died within a few weeks of my return. He was a great sport, and very fond of a race meeting, and every year he would go away to Christchurch to spend a week at the N.Z. Cup Meeting, and always stayed with his friend Richard Allen, at the Mill House, Riccarton. I missed him very much when he died, and lost one of my best friends.

On my return to New Zealand I carried on business for some years on my own account, but later took in as a partner Mr. Fred. O. Bridgeman. Mr. Bridgeman, who had married a daughter of the late Mr. P. C. Neill, of Neill & Co. Ltd., Dunedin,

was manager of that business for some years. He was, at the same time, American Consular Agent at Dunedin; whilst Mr. P. C. Neill was Vice-Consul for France. After some years in this appointment, Mr. Bridgeman decided to retire and live at Wai-kouaiti, but after retiring from business he changed his mind and remained in Dunedin. In the meantime I had been appointed American Consular Agent, and found that the Agency required quite a lot of attention and work. I met Mr. Bridgeman one day, and asked him what he intended to do. He said he was quite undecided. I suggested to him that as he knew the American Consular work very thoroughly, if he would come in with me we could fix up a partnership on terms. I also had the Agency for two Insurance Companies—the Excess Insurance Coy. Ltd., London, and the London Assurance Corporation Ltd.—and he could look after these Agencies and have his own hours and take things fairly easy. He said he would give it his consideration, and in a few days' time called to say that he would be very glad to accept my offer. The partnership existed for some years, and we got on very well together. I found him always a gentleman. Time went on, and he took ill and died at a ripe old age.

I was again in business on my own account. Messrs. Fenwick Bros. were carrying on business as Sharebrokers, the business being run by Mr. H. S.



Fenwick and his nephew Cuthbert Fenwick. Cuthbert was a real "live wire," but unfortunately when quite a young man he developed a serious illness and died within a year. Herbert S. Fenwick was now, like myself, in business on his own account. Just before the close of the Xmas holidays that year, as we came off 'Change one afternoon, I said to Fenwick: "Bertie, you and I are getting on in years and we both have old-established businesses. How would it do for us to join issue by amalgamating our businesses?"

He said: "Well, Harman, I will think it over during the holidays, and we can discuss it later on."

After the holidays he called round one morning and said: "I have been giving that matter my consideration. I think it an excellent idea, and I will be quite willing that we should amalgamate our businesses." Which we did, as from the 1st February, 1927.

We advised Mr. Douglas Ramsay, of Ramsay & Haggitt, Solicitors, Dunedin, of what we had decided and instructed him to draw up a Partnership Agreement. When this was ready we met at his office to sign the Partnership. The question of our sons' interest came up for discussion, and I intimated that I would like one of my sons, if not the two, to have an interest later on in the business.

Mr. Fenwick said he did not want any provision for his son having an interest, as he had decided, on his leaving school, that he would go to England to join the Army, as that was to be his career.

The partnership continued for seven years, and was profitable and very pleasant. We never had a cross word, or any great difference of opinion, and altogether it was a very happy part of my business career. My partner, who was considerably older than myself, was getting on, and early in January, 1934, told me he wanted to retire from business, which he did on 28th February, 1934; and in about six months he passed away.

I was again on my own account in business for some years, but I had two sons who were being educated at John McGlashan College, and looked forward to the day when they would be able to come and join me in the business. Although about two years difference in age, they were both much the same in their education. The older son, Richard, joined the Bank of New Zealand. I thought that a few years' training in the Bank would be an advantage, and secured for him an appointment in that institution. He remained with the Bank for about nine years. In the meantime my second son, Charles Stephen Reeves, had left school and came into my office. Later, Richard having left the bank, I took them both into partnership, where they remained until War broke

out in 1939. Richard, who was single, immediately volunteered his services, and went away with the 2nd Echelon, being away for over four years.

He had very interesting experiences during his years of Active Service, having been with the New Zealand Forces in the South of England in June, 1940, when the Germans made their great air attack—and failed.

Later he went to Egypt, and then to Mt. Olympus in Greece, and was in that engagement and in the retreat through Greece to the coast, where he was fortunate in boarding a British Troopship that took them to Alexandria. After a spell in hospital, he joined his regiment again, and was later under General Ritchie with the 8th Army in various battles in Libya at the end of 1941. After that he was in the Battle of El Alamein, and from then onwards was with General Montgomery's Army in pursuit of Rommel across North Africa to Tunisia, where he had the good fortune of witnessing the surrender of Von Armin and some of his German officers.

Later on he had the good luck to draw a "leave" in the ballot to come back to New Zealand, where he obtained his discharge from the Army, and is now in full charge of the business.

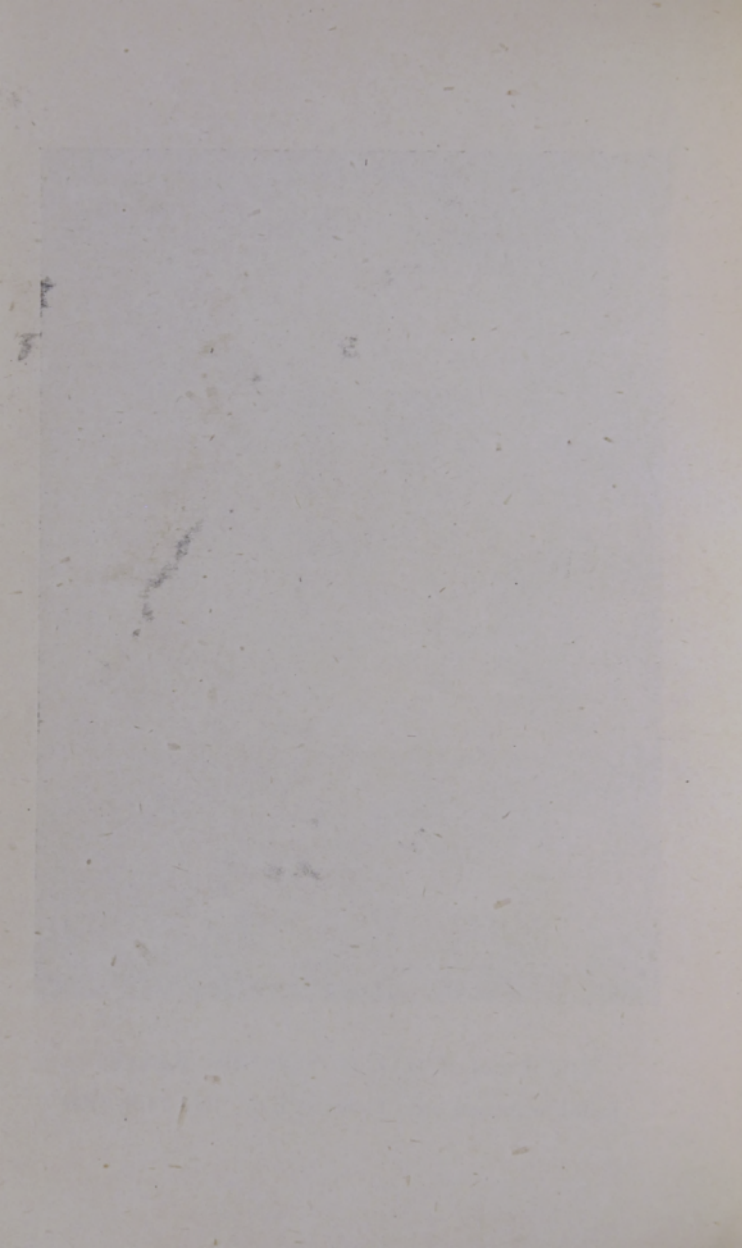
My second son also volunteered, and although a married man with two children, was accepted; and unfortunately was killed in Italy in 1944.



2nd Lieut. CHARLES STEPHEN REEVES

Killed in Action, near Florence, Italy, July 24th, 1944





## WE BUY A SHIP

One night the *Evening Star* headlined the news that a large Italian vessel, called the "Antioco Accame," which had come to Port Chalmers with merchandise and had loaded in ballast to sail for some northern port, was ashore at Shag Point. When she left Port Chalmers, the winds varied and drove her on to the beach at Shag Point, north of Dunedin.

The next afternoon I was sitting in my office when a man came in and said he was a sailor, that he had been instrumental in salvaging a wrecked ship on the Spanish coast some years before, and that he had been up to Shag Point and seen the vessel that had been driven ashore. He said it would be a good spec. to buy it, as he could get it off. I listened to all he had to say, and told him to look in the following day.

Meantime I spoke to my partner, Gilbert Matheson, about this man, and we decided it might be worth while to form a syndicate to buy the ship, as it would be pretty sure to be sold, probably by public auction.

A few days after the ship had been driven on shore, Messrs. Park Reynolds Ltd. advertised that the

ship would be sold by auction the following Friday at 11 o'clock.

Meantime we got a syndicate together, which comprised H. Livingstone Tapley, the late Mr. Geo. Lawrence, Captain John Paterson, myself, my partner, and some others.

On the morning of the sale, the sailor who had persuaded us to go into the venture, called to see me to ascertain what we proposed to do in connection with the auction sale. I told him we would get him to go up and bid for us, that I would not let him know until five minutes before the sale what our limit was to be. We had a meeting of the syndicate that morning, and decided amongst ourselves we would go up to £435. When the sailor (by the way, we called him "Captain Glum") called for his instructions, I went with him up to Park Reynolds, and on the way told him that the absolute limit was £435, and not to exceed that. There was a big crowd in the auction room, mostly, as usual, out of curiosity, and the bidding started, if I remembered correctly, at £200. We bid £250, somebody bid £300, then it went up to £400, then we bid £425, the last bid by an opponent was £430, and "Captain Glum" finally bid £435. After some hesitation it was knocked down to him. He and I went up to the auctioneer, Mr. Reynolds, and I told him that I would send him up a cheque, and that a syndicate were the buyers.

We went back to the office and Captain John Paterson joined us. Having purchased the ship, we discussed what we should do. I, of course, knew nothing about ships, so our syndicate was entirely in the hands of Captain Paterson and "Captain Glum." They decided to take the afternoon train to Palmerston and go out to the ship.

About an hour after the auction, Mr. John Mill, of Port Chalmers, came in to see me. He said: "I understand you were the buyer of the ship this morning that was put up to auction."

I said: "Yes, a syndicate has bought it."

"Oh," he said, "that is a pity. If you were the buyer I was going to suggest I would be pleased to join you in the purchase, because I have a lot of gear that might be useful in getting the ship off."

I said: "Well, Mr. Mill, personally I would be delighted to have you in our syndicate. If you will come in, there are ten of us in it—I am quite sure they would be very pleased to have you and let you have a share."

He said: "Well, I will think it over," and away he went.

He did not come back, and when I saw him a day or two afterwards, he said: "No, if it had just



been you and myself I would have been very glad to have joined; but as there are so many in the syndicate I would not be bothered." Mr. Mill and I were great friends, and I was very sorry. I tried to persuade him to come in, as I knew his experience and knowledge would be of value to our syndicate. However, he would not be persuaded.

On the Saturday following the purchase, a number of us went up in the afternoon train to Palmerston, where we stayed all night at the Empire Hotel. Next day we took a wagonette and a hamper, and drove out to the wreck at Shag Point. We were very surprised to see that all the sails were still up. It was an extraordinary thing that they were never taken down for a week or a fortnight after the ship had been stranded on the beach. On arrival at Shag Point we obtained one of the ship's boats, and some of the sailors who were ashore in tents, pulled us over to the ship. It was close on 1 o'clock when we went on board, and the ship's cook invited us to stay, as he had prepared luncheon for us. I have very vivid recollections of taking the chair at the head of the saloon and our syndicate all sitting round having a meal on board. Every now and then, thump! thump! would go the vessel with the swell of the ocean bumping it on the sandy bottom. This bumping was very disconcerting, and I was afraid the masts might come down on us. However, we were a jolly party. There

was a toast list, and we drank to the health of the ship, its new owners, and other toasts.

After looking round the ship which, of course, was full of water, we were pulled ashore. At low tide you could almost walk out to the ship. At full tide she remained there with about half a mile of water between the ship and the land. It was a glorious day, and we all had a very pleasant outing, and drove back to the hotel in the evening, next morning returning to Dunedin.

Captain Paterson, whom we had put in charge of the whole proceedings, came to me (I was Chairman of the syndicate) and told me that it would be necessary to have a steam pump and boiler put on board. In order to get this on board, it would be necessary to get a small steamer to take them to the ship at full tide. We got in touch with the Harbour Board to see if they would lend us one of their tugs. They said the risk was too great, and would not agree. We could not hire a small vessel anywhere, but we heard that the S.S. *Napier*, which belonged to Keith Ramsay and Captain Sundstrum, was lying in the harbour, and might be available. Captain Paterson and I went down and saw Mr. Keith Ramsay and asked him if he would hire the *Napier* to us for a week or two, so that we could get boilers and pumps on board the ship that we had bought. He said he would not hire us the *Napier*, but would sell it to us

for £500. Captain Paterson and I told him we would think it over, and let him know.

We called a meeting of the syndicate, and as there was no other ship available, we decided to buy the *Napier*, gave Mr. Keith Ramsay a cheque for £500, and took possession of the *Napier*. It cost us about £200 to get her into trim to pass the Marine Survey necessary before a ship is allowed to leave a port. This occupied a fortnight. The weather was remarkably calm, and the barque did not appear to have been damaged in any way.

Meantime we bought a pump and boiler and had them put on the *Napier* ready to take to the ship. It must have been at least three or four weeks after we had bought the ship before everything was ready and the *Napier* steamed down the harbour for Shag Point. Unfortunately that night a tremendous gale sprang up from the East. Heavy seas came rolling in at Shag Point, and the *Napier* was unable to get near the ship. Captain Paterson, who was navigating the *Napier*, made for the Moeraki Harbour, and landed there. By that time the pounding of the waves against the Italian ship had done tremendous damage, and Captain Paterson 'phoned through to the syndicate to tell them that the ship had broken in half, and asked for instructions. He was told to return immediately with the *Napier*, and a meeting of the syndicate would be called.



The syndicate got as much salvage as they could from the ship, and decided to go into liquidation; but before doing so they thought that as they had the *Napier* on their hands and had spent money on it, they might as well see if they could not sell it to somebody; but there were no buyers.

Then Messrs. Traill Bros., of Riverton, wrote up to say that if the *Napier* would trade to Riverton, they could give her full cargoes of timber back to Dunedin. The syndicate wound up, but several of the members decided to form a fresh company, which was called the Southern Shipping Coy Ltd., and Mr. H. Livingstone Tapley was appointed Managing Director, and Captain J. Paterson and myself as Directors. We raised a little money in Riverton by disposing of shares in the company, and with what shares we sold in Dunedin we were able to enter into the southern shipping trade in opposition to Keith Ramsay and Captain Sundstrum.

Messrs. Tapley & Co. were appointed agents for the line, and no doubt that was the beginning of the success of H. L. Tapley & Co.'s Shipping Department.

Many years afterwards, in the course of conversation with Captain Sundstrum, who was a great friend of mine, I said to him that I thought it would



have been better if he and Mr. Ramsay had leased us the *Napier* instead of forcing us into buying it, because when we put it in the southern trade against them they must have lost a lot of money in competition with us. He told me that it was a bad day when they sold the *Napier*, as it had cost them hundreds of pounds through our entering the southern shipping trade, and left them with a loss on the whole transaction.

## INTRODUCTIONS

On going to a new country, good introductions are very useful to have and, from a business point of view, are most essential.

When I left for South Africa I carried letters of introduction from my bankers to the Manager of the Bank of Africa at Capetown and Durban. I had also an introduction from Mr. G. L. Denniston, of Dunedin, to a relation of his, Mr. A. Denniston, a partner in the firm of Fass & Co., Merchants, Durban. On presentation of this introduction he put me up as an Hon. Member of the Durban Club, and this I found most serviceable and useful during my stay in Durban.

Sir Joseph Ward, on the eve of my leaving New Zealand, handed me an introduction to his friend, Sir Gordon Sprigg, who was at that time Prime Minister of Cape Colony. His introduction was as follows:—

Premier's Office,  
Christchurch, N.Z.

19/4/1901.

The Right Hon. Sir J. Gordon Sprigg,  
Premier,  
Capetown.

Dear Sir,

I have much pleasure in introducing to you Mr. Harman Reeves, a gentleman of high reputation in this Colony, who is proceeding to South Africa on business. I can confidently recommend Mr. Reeves to you, and any assistance you may have it in your power to offer him will be much appreciated by me.

I am, yours sincerely,

J. G. WARD (*Signed*).

This introduction was never delivered, for the reason that on my visit to Cape Town, Sir Gordon Sprigg was in the country and had not returned when I left for New Zealand.

Another introduction to Cape Town was to the head of a large financial institution in that city. When I called and presented my introduction he was very friendly, and asked me to have lunch with him at his Club that day. He mentioned, at the same time, that two other gentlemen would be lunching with him, and he thought they would be of interest to me—one was Mr. Abe Bayley (who was associated with

Cecil Rhodes in many of his big South African ventures), and the other was Mr. Julius Jeppe. Both of these men were Knighted some years afterwards. Sir Abe Bayley, who was a very wealthy man, later lived in England, and was a well-known horse owner there for many years. He married a cousin of Mr. D. W. Westenra of Christchurch, and a niece of Lord Rossmore. Sir Julius Jeppe was not so well known amongst the mining fraternity, but he was a very wealthy man, and owned a suburb of Johannesburg which is known as "Jeppestown."

Writing of these "millionaires" reminds me of my first visit to Johannesburg, where I had a letter of introduction to one of the leading sharebrokers. He was most hospitable and friendly. He thought I should meet some of the "big guns" in the mining world, so he took me around to meet Mr. Geo. Albu, head of the firm of Albu Bros.; and another man, the head of the "Corner House," that is, Eckstein & Co., which controlled some of the largest Mining Companies. He put me up at the Rand Club (which, by the way is pronounced "Ront") and introduced me to quite a number of members. He then took me out to lunch with him at his beautiful home in one of the suburbs. Later in the day we again met at the Club, when he asked me what I was doing that evening. If I had nothing on, he would get up a game of Poker for me. "Do you play?" he asked. I



replied that I had played a little, and asked him what sized game they played. He said that he and Geo. Albu and some others had been playing the night before, and he thought that about £3,600 had changed hands. That was a bit too "hot" for me, so I told him that as I had had a very busy day I would like a quiet evening at the hotel.

I met many New Zealanders in Johannesburg—John Grindley, who had been an auctioneer in Dunedin at one time; Geof. Sale, who was I think interested in mining; Jack McLean, Jack King, and others.

I had an amusing experience one day in Durban. About a week before I left New Zealand a man whom I knew quite well had embezzled a considerable sum of money from his employers. No trace could be found of him, excepting that the day after he was missing, his coat was found on the ocean beach near St. Kilda, and it was generally assumed that he had drowned himself.

On this particular day in Durban I was looking in a shop window and was about to enter the shop when out stepped Mr. P—. I looked at him and said, "Hello, P—, but you are dead." He seemed very taken aback and annoyed, and said, "No, I am not dead."

"Well," I replied, "if you are not dead, you had better remain so, as most people in Dunedin think you are."

During the South African War many people in Cape Town and Durban made large fortunes, but I fear when the slump set in after the war was finished a great number lost all they had made. Not only did gold and diamond mining shares in many instances come tumbling down, but property also had a severe drop in value. Just before my return to New Zealand I met one man who told me that he reckoned he was worth £60,000 eighteen months before, but had now practically lost it all, and had to start all over again.

## BANKS AND BANKERS

In my early days of broking I knew most of the managers of the local Banks. They were a good stamp of business man—not that the present managers are not equally qualified—but I do not think they have as much authority as the managers of earlier days.

The local manager of the Bank of New Zealand was Mr. Alex. Michie, and the manager of the National Bank was Mr. Sinclair Thompson. Mr. Thompson was always well “groomed” and wore a monocle and looked the part. A story is told of how, one day, a well-known racing man—Jack Ellis—called to see him with a view to obtaining an overdraft. He explained to Mr. Thompson why he wanted the money, etc., and Mr. Thompson turned to him and said: “Mr. Ellis, how much do you want?” and Jack replied: “Well, Mr. Thompson, how much have you got?”

When I started broking, I opened an account with the Bank of New Zealand, and when the dredging boom came along the account must have been quite a good one for the Bank. One day Mr. Michie and I however, had a difference of opinion, and I told him that I would close my account with the Bank, and to please send any cheques of mine that

might come in, up to the National Bank for payment. I then went up to the National Bank and found Mr. Stott was acting-Manager during Mr. Sinclair Thompson's absence on holiday. I told Mr. Stott of my little trouble with Mr. Michie, and that I wanted to change my account to the National Bank. He said they would be very pleased to have my account, and I told him I would arrange to deposit securities for any advances, etc. On returning to my office I found the proofs of the prospectuses of two gold dredging companies on my desk for my perusal. Each prospectus had printed on it: *Bankers: The Bank of New Zealand*. I immediately scratched that name out and inserted: *Bankers: The National Bank of New Zealand*.

I then returned to the National Bank. I told Mr. Stott what I had done, and that if they wanted the dredging companies' business and the gold buying it would be necessary to open branches in Cromwell and Alexandra immediately. He said he would communicate with the Head Office in Wellington on the matter. Within a fortnight the National Bank had opened a branch at Cromwell and an agency at Alexandra, and both offices are no doubt profitable branches of the Bank to-day.



## LOCAL GOVERNMENT LOANS BOARD

I think I had something to do with the action of the Government of that day in introducing legislation whereby any Public Body wishing to raise a loan must first obtain the approval of the Loans Board. Why I think I had something to do with that legislation is as follows:—

I had received a letter from the Secretary of the Opunaki Harbour Board telling me that the Board wanted to raise a loan of £50,000, and asking me on what terms I could obtain the money for them. I had not heard of this Board, and on making enquiries and looking up some maps found that the "Harbour" was on the West Coast of the North Island. I wrote to the Secretary and told him that whilst I knew nothing of the harbour and its possibilities, if the debenture issue was well secured by a rating area over the farms and country adjacent, I could probably raise the loan at 6 per cent. I asked him to send me particulars of their rating powers, capital value, and the size of the Board's rating area. In due course I received the necessary information, and found that the Board's rating powers were over some of the richest dairying country in New Zealand, and that the loan would be amply secured. On making further enquiries in other quarters, I learned that the proposal

to make a harbour at Opunaki was a rather doubtful proposition, and one that might not be as good as the Board and farmers thought it would be. This, however, was their affair and not mine. My chief concern was as to the security for the debenture issue, and of this I had no doubt. Legal formalities having been attended to, a prospectus was duly printed, and I had no difficulty in placing the loan. This was in April, 1923.

Some few weeks after the loan had been arranged I was in Wellington, and went up to Parliament House about 5 p.m. When the House adjourned I was invited by one of the Ministers to come to his room and have a drink and a chat. I remember that amongst those present was the late Right Hon. J. G. Coates, the Hon. Mr. Anderson (Minister of Labour), and the Hon. Wm. Downie Stewart.

We discussed many subjects, when Mr. Coates turned to me and said: "I hear, Reeves, you have floated a loan for the Opunaki Harbour Board. Do you think that a sound investment? The prospects of forming a harbour there are not very encouraging." I replied that my concern was not what the prospects of the harbour were, but what the security for the loan was. As it was secured over some of the richest farm lands in New Zealand, to me the security seemed undoubted. He agreed with me as to the value of the security, but said he could not under-

stand the farmers in the Board's area agreeing to such a proposal.

I told him that I thought the time had arrived when the Government should put a stop to the indiscriminate borrowing of money by Public Bodies, by introducing legislation whereby any loan proposal by Public Bodies had to have the approval and consent of a Board which should be appointed by the Government.

Within a few months legislation was introduced and passed carrying out my proposal. I do not claim to be the originator of this legislation, but I think the flotation of the Oponaki Harbour Board Loan and our discussion that day may have expedited the legislation. The late Mr. G. A. Lewin, Town Clerk of Dunedin, was one of the first members of the Loans Board, and I know he thoroughly approved of the legislation. Some years afterwards he told me that I would be surprised at the number of loan suggestions that came before the Board which were not approved, and also the number that had to be curtailed and reduced in many ways. I had many discussions on loans with Mr. Lewin, and I consider he was one of the ablest financial men in New Zealand in his day. He had a wonderful knowledge of the money market, and at times obtained loan money for the Dunedin City Council on as good and often on better terms than the Government was able to borrow.

## THE STOCK EXCHANGE

When I first started broking, there was a small Stock Exchange in existence in Dunedin, with about a dozen members, and the entrance fee (if I remember correctly) was £200. I did not think it worth while paying this sum to join. After I had been broking for about a year or so, others started, amongst whom were Arthur Sidey, who had been in the National Bank; W. J. Watson, who had been a clerk with Tom Grose (who was also a Sharebroker in Dunedin), and W. A. Walton, and a new man who had just come to Dunedin—Charles Jas. Fox. He had been an officer in the Orient Shipping Co., and got married and decided to come to Dunedin and start in business as a sharebroker.

One day I met Arthur Sidey, and suggested to him that there were quite a number of fellows starting broking. I thought we should perhaps have a meeting with a view to forming another Stock exchange. He said he was quite agreeable to this. I also had a chat with Tom Grose and the new man, Chas. J. Fox, who had an office in the A.M.P. Buildings. He was very enthusiastic about it, and offered us the use of his office for a meeting. We duly called a meeting at which I acted as Hon. Secretary. I



remember it particularly, because we appointed Mr. Tom Grose as Chairman, and he was in one of his quarrelsome moods that day, and was "throwing off," particularly at Mr. Walton.

After about half an hour's acrimonious discussion, mostly by Mr. Grose, we got down to business and eventually decided to form a new Stock Exchange, and to call ourselves "The Otago Stock Exchange." Arthur Sidey, who had an office in the Grand Hotel Buildings, now occupied as the office of the Grand Hotel, offered to let us have the use of his room every morning at 11 o'clock for a call-over, which we very gratefully accepted. We used to meet there religiously every morning at 11, and although we didn't do much in the way of buying and selling, we managed occasionally to pull off a sale between us. We got no publicity in the papers for our call, so we arranged with the Dunedin *Evening Star*, by paying them, to publish our quotations in their paper on a Saturday evening, which it did for some weeks. Then one day Mr. Grose came to our meeting and said he had some good news for us, which was to the effect that the rival Exchange, the Dunedin Stock Exchange, had had a quarrel amongst themselves, and a split-up. Some of them had decided to form what they called "The Dunedin Sharebrokers' Association." Half-a-dozen of them joined the Association; the remaining six or eight called them-

selves "The Dunedin Stock Exchange." This was all "nuts" for us, and we thought that we were probably to a certain extent the cause of the split. We went on quietly in our own way, and paid for our quotations to be published once a week; until one day Mr. Grose again told us at our call that he had some more good news for us. It was to the effect that the Dunedin Stock Exchange had approached him and asked if we would be willing to join up with them and become Dunedin Stock Exchange members. With that news, of course we were very pleased, and we agreed, with the result that the Otago Stock Exchange closed, and we all went over to the Dunedin Stock Exchange, where we met every morning at 11 o'clock. We had not been in existence as a new Exchange more than about a month, when our Chairman announced that the Dunedin Sharebrokers' Association wanted to discuss with us the question of "coming back to the fold." After a meeting we agreed to this, with the result that we became a fairly strong and large institution with about 25 members. A year or two after this the dredging boom broke out, and our seats, which were then costing £250, were raised to £500, and quite a number joined at that figure, and the Exchange began to accumulate funds. We also rented the large Banking Chamber in the Colonial Bank Building (which to-day is the Stock Exchange building), and had the place done up with

desks and a raised platform for the Chairman, the Secretary, and the Reader, and in front a desk for the Secretary to record the sales.

During the boom the call-room witnessed many exciting and thrilling movements in the share market. Arthur Sidey used to do the calling-over. We met twice a day, and he was very alert and quick at picking up quotations from the various members, and no doubt helped very materially with his quick methods in getting through the business of the calls expeditiously. During the height of the boom, when we met at 11 o'clock, it would sometimes be nearly 1 o'clock before we came off a call, and thousands of shares would change hands. In a Company like the Hartley & Reilly, the shares would jump during the call from perhaps £15 to £17 or £18. We would meet again in the afternoon at 3, and sometimes did not get out till nearly 5 o'clock. We would be met by our clients, sometimes in the vestibule. "Did you get those shares?" or "Did you sell my shares?" "What did you get?" was the general thing; and by the time we got back to our offices and had written up our sales it would be close on 6 o'clock in the evening. During the height of the boom, many of us worked up till midnight.

Very few of the members of the Stock Exchange of that day are now alive. Our President was Mr. A. L. Herdman, father of Sir Alexander Herdman, and



he made an excellent Chairman because there were often disputes and arguments, but he managed to smooth them out to the general satisfaction of members. During the height of the boom the membership reached 40, and our funds increased very considerably. Some years afterwards, when things were bad, and some of the members were getting pretty hard-up, it was decided to pay a dividend amongst the members of £100 each out of our funds.

On a Stock Exchange like the London Stock Exchange, when a member joins he has to declare whether he is going to be a Broker or a Jobber. A Broker confines himself to buying and selling on commission on behalf of clients. A Jobber is one who buys or sells on his own account, although they are all members of the Stock Exchange. In Dunedin at that time there was no division (neither is it so to-day) between a Broker and a Jobber.

One of the most active brokers on the Dunedin Stock Exchange for many years was the late William J. Watson. He would offer to buy and sell almost any stock on the list, and they ran into shares of hundreds of different companies. When a mining boom broke out on the West Coast, or the North Island, or in Australia, he had a marvellous knowledge of the different markets, and I remember on one occasion a friend of mine telling me that he had been to Melbourne, and one of the Brokers there,



Noall & Son, asked him if he knew a man named W. J. Watson, sharebroker, in Dunedin. He said he knew him very well. "Well," he replied, "I think he is probably about the biggest operator in Mt. Lyell shares that we know of." Watson would buy thousands of Mt. Lyells or sell thousands, and had a remarkable knowledge of market movements. There were, of course, others who were Jobbers, but I think the majority of them stuck to their legitimate business as Brokers, buying and selling on commission. This obtains to-day, I think, throughout New Zealand; there being very few who do other than purely legitimate broking business which, after all, is the more profitable, because you know what you have made at the end of each month.

I remember on one occasion a Company called ———, which was floated, and when it came before the Committee of the Stock Exchange to be listed, there was rather a grave suspicion that everything was not right. However, further inquiries were made and shares were being bought and sold outside of the official quotations, and it was decided to list it. Buying orders came in from various quarters, and sent the £1 shares up as high as £4. Then suspicion was confirmed, and we began to think that all was not well. An inquiry was held, and it was found that all the shares were held amongst about eight or ten men who had decided to pool them and

not sell any, and create a market. The Committee went into the matter, scratched the Company off the official list, and issued a notice that all transactions which had been made between brokers were to be null and void. It was afterwards found that they had taken up the right attitude, because nothing was ever done to work the claim, and the Company was wound up. It was rather a barefaced attempt at a swindle, but it came to an untimely end.

On the Stock Exchange there were quite a number of men who had been in banks, and some of them joined for their own purposes to speculate, and others as a sort of hobby; but the majority were in the business in order to make a living, and during the boom must have made very fine incomes. When the slump came, of course, there was the usual number of defaulting members; some "skipped by the light of the moon," and others had to compromise with their fellow-members; but, taking it all round, and considering the extent of the boom, the losses made were not very great.

I was a member of the Dunedin Stock Exchange for about fifty years, during which I was Chairman for twenty years off and on, the last period being for fourteen years up to December, 1945. I felt that it was about time a younger man occupied the Chair, and I told the members at the Annual Meeting that year that I would not seek re-election. Taken

altogether, my association with the members, both as a Member and as Chairman, had been a very happy one. At times we had our quarrels and differences, but no ill-feeling was ever kept up. They were a fine lot of men with whom it was a pleasure to be associated. Only once during my term as Chairman was I called upon to "Hammer" a member—that is, dismiss him from the Exchange for not meeting his engagements. It was a rather painful task, as he was quite a good fellow; but he made the mistake of plunging into too many share operations, and got into deep water, out of which he could not extricate himself. He went to the 1939-45 War, and did remarkably well, rising from the ranks to that of an officer holding a high position.

Over the years there were many little "Boomlets" to keep sharebrokers busy from time to time. Before the gold dredging boom of 1898-1902 there were mild booms from the Auckland goldfields, when Bunkers Hill, Waitohi and other shares were dealt in very freely, and had sharp rises and falls. Then when the Auckland boom "bust" there was a dull time for a while, when the West Coast mines around Reefton came into favour and brokers again had a lively market in dealing in Keep-it-Dark, Big River, Globe, Welcome, Progress, and other mining companies. This lasted for a year or so, and the market again became dull and depressed. Later, Tasmanian mining



shares came into favour, and a very large business was done throughout New Zealand and particularly in Dunedin in Mount Lyell, North Mt. Lyell, and several of the Lyell "pups." This "boomlet" lasted for two or three years, and was a considerable source of revenue to the brokers.

In addition to this there were other mining ventures, such as Lake George, Queensland Prospecting Company, that helped to keep the market alive. There were no banking restrictions in those days, with the result that the scrip for thousands of shares was crossing and re-crossing from Australia in all these various companies.

Then, later, business of a more sound and solid nature followed, when the shares of most of the big Australian banks and insurance, shipping and manufacturing companies came to be regarded as sound investment for New Zealand investors.

Many hundreds of thousands of shares in the banks and in all companies like Broken Hill Proprietary, North Broken Hill, Broken Hill South, Australian Glass (A.C.I.) and others are held in New Zealand, and over the years have proved to be profitable and sound investments.

The last little mining "Boomlet" to interest mining speculators in Dunedin, took place only a few years ago, when some young mining men got on to good gold in their claims on Cromwell Flat, Otago.



Some of these claims were turned into public companies with capitals in shares of 1s. each. The Bell-Hooper, Bell-Smith, Bell-Kilgour, and others were floated in a very short time, and thousands of shares changed hands on a rising market for a while. Then after about a year or eighteen months the boom "bust" and in a very short time all the Companies were wound up. Christchurch speculators were mainly responsible for the activity of the share market in this little boom, and no doubt many are to-day sadder but wiser men.

The Cromwell Flat must contain many rich runs of gold, and it is possible that with the high price of gold to-day, working parties could make good wages; but it is not a favourable field for Companies with their overhead charges, of directors' fees, secretary, and other expenses.

Over many years one has various experiences of the "ups" and "downs" of the share market, and if one had second sight or could foretell the future, what fortunes could be made! Just prior to the 1914-18 War and the Great War of 1939-45, all woollen companies' shares were more or less selling at a discount. For instance, Bruce Woollen Coy.'s £1 ordinary shares in 1939 could be bought at about 10s 6d; Kaiapoi ordinary shares at about 11s 6d; Oamaru Woollen Coy. at under par; whereas to-day all these Companies' shares are showing high prices.

Bruce Woollens are selling at 47s, Kaiapoi at 28s 6d, and Oamaru Woollens at 38s. It did not require much foresight on the part of investors to see that woollen companies must during the War make big profits. Many other companies also benefited by the War, and shares that were at a very low price are now three and four times their value. Now that the War is over and things gradually getting back to normal, who will venture to predict the fate of all these companies, and what the future has in store for them?

We had a rather peculiar experience one day when we received a cable in code from one of our Tasmanian agents. It read: "Sell on our account 10,000 Union S.S. Coy.'s  $5\frac{1}{2}$  per cent. cum. Preference Shares at 23s 6d." On receipt of this cable I communicated with a client whom I knew was looking for a sound investment showing a good return, and offered him the 10,000 shares at 23s 6d. He said he would look into it and let me know later on in the day. In the afternoon he called and said he would take the lot. We immediately cabled our agent in code: "Sold 10,000 Union S.S. Coy.'s Preference shares 23s 6d please draw promptly."

Next morning, to our dismay and annoyance, we received a cable from Tasmania: "Regret mistake, our cable should read 'sell 100 Union S.S. Coy. preference'."

Here was a nice position to be in. Fortunately we had sold to a client to whom we showed the cables and he very generously let us off the transaction. What a nice mess we would have been in had we sold the line in several lots to various firms of brokers! Almost all of them would have insisted on delivery, and we would have been put to great trouble and considerable expense in supplying the buyers. Needless to say we have not had any further transactions with that broker, and furthermore, it brought home to us very forcibly the necessity of having all cables checked in the office before dispatch.

## KAWARAU GOLD MINING COY. LTD.

One of the cleverest and "wildest" mining ventures ever promoted in Otago was the Kawarau Gold Mining Company Ltd.

It came to light many years—at least twenty-five—after the gold dredging boom had "gone west." When Sir Percy Sargood took over all the interests of the Cromwell Development Company he decided to build a dam on the Kawarau River a mile or two above the Cromwell Flat. This dam would enable him to have a continuous supply of water by a side race on to the large area of land known as the Cromwell Flat. With an ample supply of water this flat would become one of the most flourishing areas in Otago for fruit farms, lucerne growing, and fat lamb production. I consider Sir Percy Sargood was one of the best friends Otago Central ever had, and he spent thousands of his own money in trying to make Cromwell Flat and other parts of Central Otago into the flourishing garden it should, and will become, when water is available in sufficient quantities. Unfortunately, the dam which Sir Percy erected was washed away in a big flood some years after its erection, and all the work and money spent went for nothing. I am afraid I am getting away from my



story about the Kawarau Gold Mining Coy. Ltd. When the dam was completed and the water of the Kawarau River was held up, naturally on the lower side of the dam there was very little water for a few days until it began to flow over the top. During the first day or two of the completion of erection, prospectors got to work just below the dam and managed to obtain a few ounces of gold. These ounces were greatly exaggerated, and the idea came into somebody's head that if the river could be dammed back at Lake Wakatipu, a huge amount of gold could be obtained from the Kawarau River—enough to pay off the National Debt of New Zealand. The idea gradually took shape, and a syndicate was formed to go into the whole matter. There were some clever men associated with the syndicate. The Late A. C. Hanlon, K.C., Edward Iles (who was the Engineer for the dam) and others. Every now and then there would appear in the local papers a paragraph about the syndicate and this wonderful rich river, etc.

The syndicate was able to get a concession from the Government of the whole of the river from Cromwell right up to the head of the river at Lake Wakatipu, a distance of about forty miles. They also got permission—with conditions—to erect a dam at the head, where the water from Lake Wakatipu flowed into the river. These were two very valuable concessions. Having got these, the next

question was where and how to raise the money to erect the dam at Lake Wakatipu. This is where the cleverness of those in the syndicate showed itself. They decided to cut the river up into  $\frac{1}{4}$ -mile sections, and those who took up these sections were each to pay so much into the syndicate for the erection of the dam, and also to pay the syndicate a percentage of the gold won from each  $\frac{1}{4}$ -mile claim when worked. The syndicate by this means did not require to find a single penny for the cost. If the scheme were a success and gold was obtained in payable quantities, the syndicate would have an assured income.

The river was duly cut up into  $\frac{1}{4}$ -mile claims, and nearly every claim was applied for by syndicates and private parties from all over New Zealand, but mostly from the South Island.

Things were going along merrily by this time—money was coming in; the dam was being constructed, and would be finished in a few months.

The next clever move was to turn the syndicate into a public company, with a capital of £10,000 in 200,000 shares of 1s. each. These 200,000 shares were allotted amongst the syndicate in various amounts. One member received over 60,000 shares, another over 40,000 shares, and the rest in lesser amounts. Then they started to make a market for the shares, and the speculative public helped them

greatly. Newspaper paragraphs kept the interest alive, and the 1s. shares were not long in being sold as high as £1 each. I remember one day meeting one of the directors and saying to him: "I hear your Kawarau Shares are up, and that a man offered a holder to-day £1 per share for 200 shares."

"Yes," he said, "I was offered that."

"Did you sell?" I asked him.

"No," he replied.

I said: "Well, all I can say is that two fools met. The man who offered the £1 per share and the man who refused it." With that we parted.

It might be as well to mention here that I always regarded the Kawarau Coy. as a "wild cat" scheme, and doomed to failure. I formed this opinion not only from my own knowledge of the river, but also from the opinion of gold dredging men of experience, such as the McGeorge Bros. (of Electric Gold Dredge), Thos. Steel, Robt. Ross, C. E. Richards, of Alexandra, who regarded the Company as a joke and whose opinion on gold mining in Otago is as sound as anybody could wish. All the old hands more or less ridiculed the concern, but a new crop of "mugs" had come along since the dredging boom, and they were in Kawarau "up to the neck." We were looked upon as fossils and out of date. One day a woman

came into my office and asked me to sell for her two £100 N.Z. Govt. Soldiers' Settlement Bonds. I sold these for her that day at the market price and sent her a contract note. Next day she called with the two £100 Bonds and I handed her a cheque for the amount of the sale. She handed it back to me and said: "I see Kawarau Gold Mining Shares are selling at about £1. I want you to buy me 200."

I replied: "My good lady, if you want to buy Kawarau shares at £1 each you must get some other broker to buy them for you, as I won't."

"But why won't you," she pleaded.

"Because they are not worth buying," I replied.

"Well I would not have sold my Soldiers' Bonds had I known you would not have bought these shares for me. Oh, what am I to do?"

I told her to go and put the money in the bank, and when Kawarau Shares dropped in price—which they would do—and she wanted to gamble in mining shares, an opportunity might avail itself. I have never seen the lady from that day, but if she should read these lines, she will surely remember the incident.

I had another experience in the same shares. I had a list of shareholders in my office, and I noticed



amongst the largest holders was my old friend A. C. Hanlon, K.C. (who was Chairman of the Company). The shares had moved up to 20s., and were in good demand. I met him going to lunch one day and I stopped him and said: "Alf., I see from a list of shareholders I have in my office that you hold over 40,000 shares in the Kawarau Company."

He replied: "Yes, what about it?"

"I suggest that you sell half at least, which would bring you in about £20,000, which you could invest in Government Stock or some sound securities and be pretty well set for life."

"Look here, old man," he replied, "they will go higher; and, furthermore, I would not sell, because if anything went wrong and the Company was not a success, everybody would point at me and say 'There goes Hanlon who sold his Kawarau shares when he was a Director of the Company.' No, I won't sell."

Some time after this, one of the largest shareholders had a difference of opinion with the Directors and, in a fit of annoyance, threw his shares on the market with the result that they came tumbling down from 20s. to about 12s 6d in the course of a few days. Nothing could stop the slump in the shares, and still they kept dropping, until one day, when they had fallen to 7s 6d, I met Alf. Hanlon

again, and said to him: "Well, Alf., your Kawarau shares have had a bad fall, and if you take my advice you would get out as many as possible, as they are going much lower."

I told him he was a very able barrister, but was a "new chum" at the share business, and strongly advised him to sell whilst there was still a market. He was very loath to sell, but told me to do whatever I liked. So I set to work and sold enough shares to bring him in a few thousand pounds.

One of the funniest experiences I had whilst the Kawarau boom was on was when a little man came to my office one day and asked me to sell for him 100 shares. I sold them for him somewhere about £1 per share. When he brought in his scrip and signed the transfer, and I handed him his cheque in payment, I said: "Why are you selling the shares?"

"Well," he said, "it is this way. I bought the shares pretty cheap, and I am a window-cleaner, and a day or two ago I was cleaning the windows of the office of the Kawarau Gold Mining Coy. and I looked through the window and saw a lot of gentlemen round a table smoking fat cigars, and they were all leaning back and roaring with laughter. This caused me to think very hard, and I says to myself, 'Thomas, you are one of the mugs, and you are going to sell your shares in that Company'."

There were a few sales of Kawarau shares as high as 25s., but not many. When the Company first applied to be officially listed on the Dunedin Stock Exchange, the application was declined, as the majority of members did not like the venture, and did not want to encourage dealings in the shares at what they considered ridiculous prices. However sales were reported to be made outside the Exchange at all sorts of prices, and when the Company again applied for an official quotation, it was agreed to, because members thought the publishing of Stock Exchange sales in the newspapers might have the effect of stabilising the market and protecting speculators.

## TRUSTEE COMPANIES

In 1900 there were only two Public Trustee Companies carrying on business in New Zealand, as trustees and executors outside the office of the Public Trustee. These two were The Trustees Executors & Agency Coy. of N.Z. Ltd., and the Perpetual Trustees Estate & Agency Coy. of N.Z. Ltd., both of which have their head offices in Dunedin.

I wrote to the Directors of the Perpetual Trustees Coy. many years ago suggesting that they should increase their capital and open Branches in the chief cities of the North and South Islands, but my suggestion did not meet with the approval of the Directors, although Mr. Robert Glendining and Mr. John Mill, who were Directors, told me afterwards that they were in favour of my suggestion. They have since opened branches and agencies in all the chief towns of the South Island.

Although the Trustees, Executors & Agency Coy. and the Perpetual Trustees Coy. were the only active companies at that time empowered by Act of Parliament to carry on that class of business, there was one other company which was inactive that also had a Charter or Act of Parliament to carry on



business. It was the Guardian Trust & Executors Coy. of New Zealand Ltd. I heard about this Company and, on enquiry, learned that Messrs. Sievwright James and Nicol, Solicitors, could probably tell me something about the company. I went to see Mr. James, who was at that time head of the firm, and asked him about the company and if he knew anything about it.

"Yes," he said, "we have it in our office. Why do you want to know?"

"Well," I replied, "I might be able to do something with it if you are willing to sell."

He explained to me that unfortunately there was a flaw in the Charter of the Company in that the Act of Parliament granting the Charter, whilst it gave the Company power to take out probate and act as trustees, it did not give the Company power to act as executors under a will. This clause was in the Charter or Act of Parliament of the other two trustee companies, but by some means this little and important paragraph had been omitted from the Guardian Coy.'s Charter.

Mr. James evidently did not regard the Charter as of much value, as he told me that he would accept £50 net for it, and that I could sell or dispose of it for anything over that sum that I liked to ask. He also informed me that on receipt of the £50 he would

hand me over transfers of the shares to my nominees. The Charter had evidently been lying in their office for many years, and I think he was glad of an opportunity to get rid of it for, as it was, it was almost valueless. He told me to go ahead and try to sell it.

I offered it to the manager of one of the other Trustee Companies in Dunedin, but he told me that as the Charter was incomplete it was of no value, and his company would not buy it. I then thought that perhaps some firm in Christchurch might be interested. I knew that the firm of Gould, Beaumont & Co., of Christchurch, had a large investment business, represented absentees, and had a good financial reputation, so I decided that on my next visit to Christchurch I would see Geo. Gould, whom I had met on a previous visit, and put the business up to him. I used to go to Christchurch for a week's holiday once a year at the N.Z. Cup Meeting, and as the meeting was just about due, I went to Christchurch and met Geo. Gould on the racecourse. I told him I had a business proposition I would like to put before him, and suggested that we sit on one of the lawn seats and I would tell him all about it. He was quite agreeable, so we went over to a vacant seat and I told him all about the Guardian Trust Coy., how its Charter was faulty, but could probably be rectified and, if it could, what a valuable asset it would be to their class of business. I told him he could have the

Charter for £100. He rather liked the proposal, and after some further discussion he said he would go into the matter and let me know. The upshot was that the Firm bought the Charter for £100, and I had all the shares transferred to their nominees.

About a year or two after this I had a ring from Sievwright, James & Nicol asking me to whom I had sold the Guardian Trust Coy. I asked Mr. Nicol (for it was he who 'phoned) who wanted to know, and he said the inquiry came from Auckland. I replied: "If you will tell me whom your inquiry is from, I will get in touch with them."

He told me the inquiry came from W. B. Buller, gave me his address, and said he would write Buller and tell him that I would communicate with him.

I then wrote Messrs. Gould, Beaumont & Co., and asked them if they were doing anything with the Guardian Trust Coy., and if not, would they sell it, and what was the price? I received a letter back saying they had done nothing with it, and were willing to sell it back to me for, I think, £300 net. If I gave them that price I was at liberty to make as much as I liked out of it. I then wrote to W. B. Buller, telling him that I could offer him the Guardian Trust Coy., and at the same time suggested that he might give me some idea as to what he was prepared to pay. He wrote back and told me that there was another man in with him, and suggested that whatever profit

was made out of the transaction would require to be divided between the three of us, and asked what was the position. I wrote and told him that I had to pay £300 for the Company, and suggested that, as there were three of us to participate in the sale, he should ask £500, thus leaving £200 for us to divide between us. He agreed to this, and a few days afterwards advised me that he had sold the Company for £500. I immediately advised Messrs. Gould, Beaumont & Co. of the sale, and they prepared transfers of the shares and drew on me for £300. I then drew on W. B. Buller for £500 with the transfers attached, and at the same time posted him a cheque for his two-thirds of the profit on the transaction.

For some years the Company carried on in a quiet way in Auckland until it was sold to the South British Insurance Company Ltd. At that time Mr. Massey was Prime Minister, and he passed legislation rectifying the flaw in the Charter of the Guardian Trust & Executors Coy. Ltd., with the result that to-day that Company is fulfilling a very useful place in the business community of this Dominion and, outside the Public Trust Office, probably has the largest trustee business in New Zealand.



## CLUTHA RIVER GOLD DREDGING LTD.

The late F. W. Payne, the dredging engineer, was a great friend of mine during the gold dredging boom, and he was the engineer appointed to most of the Companies that I floated; although Cutten Bros. also had quite a number, and Leslie Reynolds a few. I was nearly instrumental in having him appointed, at a salary of £2,000 a year, to the position of General Manager of the Tongkah Harbour Tin Dredging Coy. Ltd. I was in Hobart at the time, and met some of the Directors of the Company one evening at the Hobart Club. They told me that they were not satisfied with the then management, and asked if I knew of an experienced dredge engineer who would be suitable. I recommended F. W. Payne, of Dunedin, and told them they would be lucky if they secured his services, but that they would require to offer him a particularly good salary, as although the boom in dredge-building in N.Z. was now on the wane, with little doing, he probably was still making a good income. I never heard what happened, but this I know—F. W. Payne never got the appointment. Whether it was offered him and declined I am not aware.

Some years after this he went to London (where Cutten Bros. had already established an office), and opened an office, and it was not long before he had quite a good business.

In the year 1935 he paid a visit to Dunedin. Prior to his visit, Mr. Nicholas Harliwick, of Coal Creek, Roxburgh, and myself had pegged out a stretch of the Molyneux River of about 8 miles, extending from what is known as the Fourteen Mile down to below Coal Creek.

This was always considered a rich part of the river, and Harliwick and I thought that perhaps we might put a dredge on it some day if a suitable machine offered, or we might sell our claim to some Company.

When F. W. Payne came to Dunedin he called on me, and we had several chats about the old dredging days and the future prospects of gold dredging. I then told him about the area Nicholas Harliwick and myself held, and suggested that if he could get the stretch of river from Alexandra down to the Fourteen Mile, we would give him an option over our area, and that with such a long reach of river he might get some of his London friends interested. We give him an option, and a few weeks afterwards he left for London with the whole length of river from Alexandra to Coal Creek in his hands for flotation.

As it happened, about this time there was a mild gold mining boom on in London, and a company had been floated, called the "Molyneux Gold Dredging Ltd." to acquire the Molyneux River from Alexandra up as far as Cromwell and part of the Kawarau River to the Gorge.

The capital of this Company was £125,000, and consisted of 2,500,000 shares of 2s. each, of which 1,250,000 were issued; and when the shares received a quotation in London, they were soon selling at a premium. Messrs. John Edmond Ltd. are their attorneys in New Zealand. The shares being at a premium augured well for Mr. Payne's chances of floating his Company, and shortly I received word that he was floating his Company under the name of the "Clutha River Dredging Coy." I immediately cabled him that the name was misleading, and suggesting that the Company be called the "Central Molyneux Gold Dredging Coy. Ltd." I assume my suggested was received too late, as the promoters stuck to the name "Clutha River," and it was duly floated under that name.

It might be as well to mention here that, in the old maps of Otago, the Clutha River is shown as a river extending from the Lakes Hawea and Wanaka to the sea. The correct and modern name given to the river is: Clutha River from Lakes Hawea and Wanaka as far as Cromwell, where the river joins the

Kawarau River; and is from there to the sea now known as the Molyneux River.

The name of the Company, "Clutha River," is therefore a misnomer, as it is on the Molyneux River and many miles from the Clutha River.

When Harliwick and I gave F. W. Payne an option over our reach of the river, the terms were as follows—£500 cash and £5,000 worth of fully paid-up shares in the Company, and free option for six months. Within the option time we were duly advised that the Company had been floated, and that Messrs. Downie Stewart, Payne & Forrester would be the attorneys and registered office of the Company in New Zealand. The capital consisted of £125,000, and was divided into 2,250,000 shares of 2s. each, of which 250,000 shares are held in reserve. I duly received a cheque for £250 cash and scrip for 25,000 full paid-up shares, and Mr. Harliwick received the same.

I have always been a good seller where mining shares are concerned. My experience over many years had taught me that very few of the local companies floated with large capitals ever paid their capital back, and that it is generally wise to take your profit out of the market when you can, rather than wait for dividends. After all, what is generally called "Dividends" in mining shares is really merely a



return of capital, until such time as the "Dividends" paid amount to what was given for the shares.

The market was good in London for Clutha River shares, and with the added exchange rate on London I decided to sell some of my shares in London. Some months after the sale of a good number of Clutha River shares in London, I received a letter from the Income Tax Department, demanding income tax on my profit on the sale of the claim to the Clutha River Company. I maintained that this was not profit in the ordinary way, but was an accretion to capital. I consulted my solicitors, and cited a case where a mining man had pegged out a rich tin dredging area in the Malay States and sold it to a Company in London for a very big profit, and that in the Appeal Court in England he had won his case. My Solicitors were inclined to take this view at first, but later, after further consultations with other counsel, came to the conclusion that I was liable to income tax—which I paid. This, in addition to tax I had already paid on my business profits, brought my income tax payments that year to over £2,000. I shudder to think what it would have been to-day with the existing heavy income tax.

I have often thought that I should have taken other advice, as even Judges differ in their opinions: for we often see by newspaper reports that in the Court of Appeal sometimes three Judges are in favour

of a certain decision, whilst another two of the learned Judges are against it. However, this payment was made some years ago, and I hope the State has reaped some benefit from the enterprise of Nicholas Harliwick and myself.

From what I can learn, the Clutha River Company is likely to have many years of profitable work ahead of it, and that if it were not for the high wages paid and the great cost of renewals and overhauls, the dividends paid by the Company would be considerably in excess of what they are at present. The dredge is a valuable asset to the town of Alexandra. May it long continue to be so.

## ELECTORAL BOUNDARIES COMMISSION

My father was a member of the Electoral Boundaries Commission for many years, having been appointed by the late Richard John Seddon when he was Prime Minister. On my father's death, there was naturally a vacancy on the Commission, and I got the appointment during the Massey term of Government. When Sir Alexander L. Herdman, who was a friend of mine, was on one of his periodical visits to Dunedin, I suggested to him in the course of a chat one day that I would like to be appointed in my late father's place on the Electoral Boundaries Commission. Mr. Herdman, who was a member of the Ministry, said he would mention it to Mr. Massey on his return to Wellington, and in due course I received notice from the Department that I had received the appointment. The first meeting of the Commission I attended was held over twenty-five years ago. My most outstanding recollection of that meeting was that we had unfortunately in the course of the adjustment of Electoral Boundaries to put a licensed hotel into a no-license district. This was the only case of the kind in my experience. It might be as well to explain here that our instructions were not to interfere with any licensed houses, if it was at all

possible, in the creation of Electorates. I remember on another occasion I had got leave of absence from the Chairman to attend the N.Z. Cup, which is run on a Saturday, and to return to the meeting in Wellington on Tuesday morning. On resuming at the meeting, I said to our secretary: "How are you getting on?" and he replied: "Splendidly. We have almost completed the Otago Electorates—here are the maps."

On looking over the maps and the quotas of the Electorates, I found that they were excellent, but they had *cut out two licensed houses and put them into no-license areas*. This, of course, would never do, so we spent the best part of that day in re-casting the Electorates so that the existing hotels would not be eliminated or interfered with. I remember an experience I had just a week or so before we met, a few years afterwards. A man called on me at my office and asked if I was Mr. Reeves, and on being told that I was, he asked if I was on the Electoral Boundary Commission, to which I replied in the affirmative.

"Well," he said, "I have an hotel on the boundary of —, and it looks to me that my hotel may be pushed into a dry area when the Commission meets again. Now, if you will not interfere with my license it will be worth something to you."



With that I stood up, opened the door, and told him our interview was at an end.

In all my years as a member of the Commission this was the only experience of the kind I ever had, and furthermore, I have never been approached or written to by any member of Parliament before the sittings of the Commission. In fact, members seemed to go out of their way to avoid me when the Commission was sitting.

I have always found the members of the Commission particular not to discuss politics or permit their political leanings to interfere with their work. I remember at the sittings of one Commission, we had to eliminate the Ashburton seat, and in our preliminary maps we had called the new seat (which included Ashburton) "Ellesmere." When this became public the electors of Ashburton were very angry, and petitioned the Commission to alter it back to "Ashburton," whilst the Ellesmere electors sent in a petition to leave the seat as Ellesmere. We finalised the matter and made everybody happy by calling the new Electorate "Mid-Canterbury."

The last meeting of the Commission which I attended was held in Wellington on the 18th March, 1946. I was the oldest member of the Commission present, and there were two new members who had been appointed by the present Labour Government. I found them both exceedingly nice fellows, and

during the whole of our meetings, extending over four weeks altogether, no politics were discussed, nor was there any suggestion of trying to make boundaries or Electorates suitable to any particular candidate.

The doing away with the Country Quota made it more difficult to form the Electorates, but the question of politics never entered into any of our deliberations. It was a pleasure to meet my fellow-members on this Commission, and we formed friendships that I am sure will last for many years.

## WAIPORI ELECTRIC POWER SCHEME

I was one of a syndicate away back in 1899 or 1900 which applied for and was granted the water-rights to the Waipori River. The chief movers in the venture were Captain Robt. Andrew and Mr. T. T. Ritchie. Other members of the syndicate that I can recall were the late Dr. Coughtrey, Thos. Brydone, and John Mitchell.

Having secured the rights, the next question was what were we going to do with them? Failing selling them to the City Corporation, we proposed to form a Company to generate electric-power and sell it to manufacturers and others. Our efforts to sell it to the Corporation were of no avail. To begin with, we offered the rights, if I remember correctly, at £2,000, but the Corporation could see no value in them, and declined to deal. I remember going along one morning to the then Mayor of the City to see if I could not make a deal with him, but he turned down the suggestion of bringing electric-power from Waipori as a far-fetched dream. I remember his saying that he would be in favour of a scheme to take over the lignite pits at Green Island, and there install a producer gas plant which would be infinitely better than power from Waipori. I pointed out that water

power from Waipori was practically inexhaustible and, furthermore, water did not go out on strike; whereas if they took over the coal pits, the miners were liable to go out on strike and hold up the transmission of power. In addition, the coal pits would be a wasting asset. However, he would only listen to my arguments and did nothing. I reported to the syndicate that I feared the Mayor and his little coterie were not yet awake to the value of hydro-electric power, and that there was no chance of business in that quarter. We then made inquiries as to what chances there would be of floating a Company to take over our rights, but the public were not then "alive" to the value of such a scheme, and we concluded that it would not be possible to raise the necessary capital; so we decided that we were ahead of the times and abandoned our rights. Some ten years afterwards, Frank Oakden (a very progressive and brainy engineer), Wm. Burnett, and others, applied for and secured the Waipori rights, and as hydro-electricity was being talked and written about considerably, they were successful in forming a Company called "The Waipori Electric Power Company Ltd." Power was brought as far as Caversham, but the City Corporation would not give them the right to erect poles or sell their power within the city boundaries. This was rather a blow to the Company, and after somewhat protracted negotiations



the City Council bought out the Company—shareholders, I think, received their capital back plus 5 per cent. per annum on the amount they had subscribed to the Company.

I remember a few months after the purchase sharing a cabin with W. T. Goodman on a trip to Melbourne. In the course of many chats we had, he told me that he considered the Waipori Electric Power purchase by the City Corporation an excellent one, and that it would one day be the best revenue producer of all the City Corporation's undertakings.

## AMERICAN CONSULAR AGENT

On 6th April, 1920, I received the appointment of American Consular Agent at Dunedin.

When I first received the appointment I had an idea that the position, like most of the other Consular appointments in Dunedin, was an honorary one entailing very little work or expense. I was soon disillusioned regarding this, for I found that there was a great deal of work entailed, and sometimes it took up quite a lot of my time. The work consisted mostly in certifying to and signing invoices of N.Z. products shipped to America, such as wool, woolskins, rabbit-skins, grass seeds, etc., the seeds being mostly chewings fescues. On making inquiries I ascertained that this particular seed was used to "grass" the best of the golf links in America. The export of rabbitskins in some years amounted to as much as £600,000, and the whole of the invoices for these shipments required my signature. Mr. F. O. Bridgeman, who had held the position prior to my appointment, had all this work "at his finger-tips," so that he relieved me of the detail work involved. On his leaving me, this work was carried on by my accountant, Miss H. E. Robinson, who has been invaluable to me ever since

in looking after the work of the agency which, in recent years, particularly during and since the 1939-1945 War, has grown very much. Up till quite recently I was remunerated for my work by receiving half the fees collected on shipping invoices, etc., but now I am an employee of the Consular Service, and receive a fixed annual salary; and, in addition, Miss Robinson is also on a fixed salary for her work. I would like to pay a tribute here to Miss Robinson, whom I consider one of the outstanding women accountants in Dunedin. She is always cheerful and bright in her work, and on many occasion when I have been annoyed or upset over some business matter she has assured me everything would be all right. She is a woman with a true Christian outlook, and it has been a great pleasure to have had her services in the business over these many years.

It was a busy time in the Consulate when Admiral Byrd and his two ships came to Dunedin and made this Port his Headquarters on his Antarctic Expeditions. His two ships—the *City of New York* a sailing ship, and the *Ellinor Bolling*, an iron steamship—were at the Port of Dunedin for some weeks before leaving for the Southern Seas and the Ice of the Antarctic.

I saw quite a lot of Commander Byrd during his stay here, and found him a charming person, but of

a retiring disposition. He and my old friend Harold Tapley became great friends. Byrd, in his book on his Antarctic Expedition, "Little America," has this to say about Tapley:

*"Our New Zealand Representative, Hon. Harold Livingstone Tapley, of Dunedin, owner of Tapley & Co., Shipping Agents, sent his Manager, Jim Duncan, to meet us to discuss the loading of supplies previously sent to Dunedin. I have never met a finer gentleman than Harold Tapley; and his Manager, Jim Duncan, typifies the words 'conscience and efficiency'."*

I gave a luncheon party at the Fernhill Club for R. E. Byrd on the eve of his departure (27th November, 1928), and invited my fellow-Consuls, also Lord Hampden (who was on a visit to Dunedin at the time). The following are the names of those present at the Luncheon: Lord Hampden, H. S. Fenwick, G. L. Denniston, C. W. Rattray, S. E. D. Neill, J. Sutherland Ross, Jas. Roberts, G. R. Ritchie, W. D. Shennan, J. A. Johnstone, Dr. R. I. Ritchie, W. F. Edmond, F. O. Bridgeman, and H. Livingstone Tapley; but I regret to say that beyond Admiral Byrd, Lord Hampden, G. R. Ritchie, Dr. Russell Ritchie, J. A. Roberts, J. Sutherland Ross and myself the others have gone on that "expedition" from which nobody returns. After the Great War of



1939-45, the United States of America sent a large Naval Expedition to the Antarctic for some months. On their return, some of these ships came to Port Chalmers, notably the Naval ship *Merrick*, which had had its rudder broken by an icefloe in the Antarctic, and had to be towed to Port Chalmers for repairs, which were carried out expeditiously and well by the Stevenson & Cook Engineering Coy. Ltd., of Port Chalmers.

On their way back to America, Admiral Byrd and most of the rest of the Naval ships made Wellington their Headquarters on their return from the South, and I wrote to Admiral Byrd inviting him to come to Dunedin, as I felt sure that his many friends here would be glad to see him again. I received the following letter from him:

*U.S.S. Mount Olympus,*

March 20, 1947.

Dear Reeves,

I received your letter of 10th March. It emphasized acutely to me that I had allowed myself to become involved in an official routine which neither allowed me any time with my friends nor any time to myself.

Being in New Zealand without visiting Dunedin leaves a vacant spot in the entire trip—Tapley & Co., I am sure, will continue making friends so long as they have Jim

Duncan as Manager. Traditional friendship, honesty and efficient service can not be built up overnight, nor can it die out quickly so long as any of the builders remain.

I saw quite a bit of Mr. and Mrs. Warren—they seem to be doing well at Wellington. The fine officials with whom Mr. Warren works makes one's duties a pleasure.

In closing, please believe me when I say I am sincerely sorry I did not get down to see my old friends of Dunedin.

Give my warmest greetings to your dear wife.

Most sincerely,

R. E. BYRD.

I hope that some day in the near future he will be able to visit us again.

During the Great War, General P. J. Hurley was appointed American Ambassador and first Minister for the United States of America, in Wellington. In due course he visited Dunedin, and he and his staff put up at Wain's Hotel. He stayed here some days, and I saw quite a lot of him. The night after his arrival he gave a splendid address to a packed house in the Dunedin Town Hall. It was a most inspiring speech, and made one realise how America was determined to wipe out the little Jap., and I am sure everybody in that vast audience felt better after his remarks.

My wife entertained him and his party, including the Hon. Fred Jones (Minister of Defence), the Mayor of Dunedin (Mr. A. H. Allen), and a few others one morning after a drive round the city.

I remember on one occasion, when we were having a cigar and a chat, asking General Hurley if America would have come into the War had the Japanese not attacked Pearl Harbour, and he replied that whilst America would have helped Britain as much as possible with ships and War material of all kinds, he did not think they would have sent men to Europe or overseas. He said that he had had hundreds of letters and personal calls from women from all parts of America begging him to use his influence to stop any suggestion that American soldiers should be sent overseas. But it was quite a different matter after Pearl Harbour, and American pride was hurt over this treacherous attack. The whole of America was determined to help England to defeat Germany and to give the Japs. such a beating that they would never again rise to become so powerful.

There were two most important decisions made by our enemies during the War, and were no doubt deciding factors in our favour. The first was the mistake Hitler made in attacking Russia, and the second was the attack made by Japan on Pearl Har-

bour. One often wonders what would have been the fate of Australia and New Zealand had Japan left Pearl Harbour alone and sent the full force of their Navy and Air Force against these two outlying parts of the Empire.

Sometimes one hears disparaging remarks by unthinking British people on the Americans and the part they played in this last and greatest of Wars, and I think I can with confidence quote the following remarks made by that great Air Marshal, Sir Keith Park, when speaking on "Empire Defence" at the British Empire Service League in London on July 2nd, 1947:

*"In the political sphere the requirements were stability and harmony between the various members of the Commonwealth and the assurance of good strong Allies. The War could not have been won without America, and I feel we cannot win the peace without the collaboration and sympathy of America."*

There have been many Consul Generals in charge of the American Consulate at Wellington during my term of Consular Agent, now extending over a term of 27 years. They were all a good stamp of American—one I remember in particular, who inherited a highly profitable business in New York just before



he visited Dunedin, and celebrated his good fortune to such purpose on his arrival at Dunedin that he was incapable of attending a luncheon I arranged in his honour at the Club. I explained to my guests that the "Lion" was indisposed with influenza, and regretted he was unable to be present.

Up to now there have been three other American Ministers appointed to New Zealand since General Hurley. The second only remained for about a year, and the third, poor fellow, died shortly after his arrival. The fourth appointment was that of the Hon. Avra M. Warren. I think he stands out as the best of them all so far. He is a great sport, very fond of shooting, and looks upon the Otago Central as a sportsman's paradise. He is a good "mixer" and makes a good speech. His address from the pulpit of St. Paul's Cathedral, Dunedin, on American "Remembrance Day" was very fine and an inspiration, and my only regret is that not more of my fellow-citizens were present to hear him.

I had a fairly busy time when war with Japan broke out and American ships began to visit Port Chalmers and Dunedin. The Commanders of the various ships called on me to discuss many important matters in connection with their respective visits. I am glad to say that in my Consular capacity I was able to impress on them the excellent work our

foundries and ship-repairing works were able to do, which resulted in quite a number of ships being sent to Port Chalmers for overhaul and repair. At that time all American ships on their way to the Persian Gulf with supplies came South and passed New Zealand, and I remember on one occasion three ships put in to Port Chalmers in one day for minor repairs, etc., as they had struck very bad weather off the coast of New Zealand. Hundreds of American ships during that time must have come South, as the Mediterranean was not safe for navigation.

I had some amusing experiences with many American sailors when their ships were stationed here. It is astonishing what a number wanted to marry local girls. One would call at my office with a rather attractive girl on his arm, and address me as follows: "Say, Consul, this young lady and I want to get married, and I want your permission." I had to explain that I had no jurisdiction in the matter, and that he would require the permission from his Commanding Officer. No doubt many got married on the quiet without any permission.

It is astonishing why and how so many girls in New Zealand "fell" for the American sailors who visited this country. I found the American Naval Officers, as a whole, a good stamp of fellow, and I made many friendships. I recently received the fol-

lowing letter from the Department of State, Washington, which speaks for itself:

Department of State,

WASHINGTON,

April 21, 1947.

My Dear Mr. Reeves,

My attention has been drawn to the outstanding personal service given by you to the officers and men of the ships of United States Naval Task Force 58 which visited Dunedin in Ferbruary and March, 1947, upon their return from Antarctica.

I acknowledge with appreciation the high quality of both the official and personal service performed by you on that occasion.

Sincerely yours,

(Signed) DEAN AICHESON,

*Acting Secretary.*

HARMAN REEVES, ESQUIRE,

*American Consular Agent,*

Dunedin, South Island, New Zealand.

## FORESTRY BONDS

For a number of years "Get-Rich-Quick" salesmen were having a good time selling Bonds in all sorts of New Zealand Forestry Companies. One concern in particular had offices in the principal cities of Australia, and in India, China, and even in England. They raked in millions of pounds by selling £25 Forestry Bonds to the public. The pace got so "hot" that the Government of the day had to step in and put a stop to the indiscriminate sales of these Bonds. The good name of New Zealand was being "tarnished" by the sales of the Bonds.

On one occasion I was in Melbourne when a cousin of mine asked me what I thought of Forestry Bonds, as he had just bought his two sons ten each—an investment, he said, of £500, which the salesman had told him would be worth many thousand pounds in a few years, and that such an investment was better than a Life Insurance Policy. When I told him that he would be lucky if he ever got his money back, he regarded me as a pessimist of the first rank. Some of these Bond Companies have now reconstructed and registered in other names, and have been manufacturing largely from the timber from their plan-



tations. They are filling at present a very useful place in the economy of this country; but owing to the very large capitals of the companies, it is questionable whether profits will ever be sufficient to pay dividends to Shareholders unless some form of reconstruction of capital is resorted to. In any case, the original Bond-holder will be lucky if he gets his money back, let alone ever receives any interest on his original investment.

In the financial columns of *London Truth* of the 5th February, 1936, the Editor of that paper had the following to say:

LONDON TRUTH, February 5th, 1936.

#### NEW ZEALAND FORESTRY BONDS

My criticisms and warning for years past in regard to issues of bonds by companies engaged in afforestation enterprises in New Zealand have lately been confirmed by Mr. Harman Reeves, chairman of the Dunedin Stock Exchange. In his speech at the annual meeting of that body Mr. Reeves said that one of these companies boasted of having sold over £4,000,000 worth of its forestry bonds, and there appeared to be no limit to the amount to be sold. Obviously his reference was to New Zealand Perpetual Forests, which is much the largest of the companies. He proceeded:—

"The bonds carried no promise of repayment nor any rate of interest, excepting a few of the very early issues. They were what they called 'naked' bonds. Their value

"was problematical and highly speculative, and was based "on what they might be worth in the long future. One was "inclined to wonder whether it would not be in the best "interests of the Dominion and the bondholders themselves "that further sales should be curtailed. It would be interest- "ing to know when and how these forestry companies inten- "ded to turn these assets into sufficiently remunerative busi- "nesses so that bondholders might, if it were possible, receive "something for their long years of waiting."

The so-called "bonds"—which bear no resemblance to the securities ordinarily described by that word—have been sold not only in New Zealand and Australia, but in other parts of the world. A very large proportion of the capital has, in fact, been obtained by bond-pushing campaigns among British investors, partly in this country but much more extensively in India, Malaya, and elsewhere in the Far East.

Occasionally I receive inquiries from correspondents anxious to know whether they should retain the bonds. In the absence of a market they have no option in the matter. All that they can do is to wait and see what happens when the time arrives for the promised return of their money with the handsome profits which were so confidently predicted. It is not necessary to repeat now what has often been said about the methods adopted in the floating and financing of these afforestation schemes—methods clearly designed to enable promoters and their agents to make enormous gains whatever losses may fall upon the public who put up the capital. All the schemes have been monstrously over-capitalised, and even assuming that estimates as to the production of timber are fulfilled it would still be very doubtful whether the bondholders would reap the reward they have been

led to expect. Planting in New Zealand has been on a scale immeasurably in excess of local requirements, and as authorities in the Dominion have pointed out, the crucial test for these ventures will come when the forests mature and vast quantities of timber have to be disposed of in foreign markets at prices sufficiently high, after allowing for the costs of realisation and delivery, to give the profits of scores of millions of pounds which will be required if faith is to be kept with the bondholders.

## THE END









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