

037
0001

C. S. O.

NAT/SEA/4 # 13

0 3 7 6

0
3
7
6

(Formerly)

589/27

SUBJECT :

THE FALKLAND AND DEPENDENCIES SEALING COMPANY, LIMITED.

CONNECTED FILES.

NUMBER AND YEAR.

120/26	Sealing F.I. Season 1925/26.
589/27	Grant of Licence to F.I. Sealing Co., Ltd.,
75/35	F.I. and Deps. Sealing Co.
10/44	Sealing in the Falkland Islands enquiries from Mr. Rowe.
21/45	W.J. Hutchinson applies for licence to kill.
119/45	C.W. Bertrand " " " " " "
0157	Sealing in the Falkland Islands.

THE FALKLAND AND DEPENDENCIES SEALING COMPANY, LIMITED

Stanley
Falkland Islands
28th July 1947

Sir,

SEALING - (Production of Oil)

No doubt there are records in the Government Files of the constitution of this Company, formed 1927/1928, mostly with local capital.

However, in order to make the matter as clear as possible I will endeavour to give a brief history of the affairs of the company.

2 Together with some friends, and on the basis of a vessel (Aux. Sch. m/v "Bellville", since lost) which had been fitted out in Norway for sealing purposes, I formed a company, the shareholders being more or less as follows:-

<u>Local shareholders</u>		<u>Shareholders in London</u>	
D.R. Watson	£ 500	G. Goddard (deceased)	£ 500.-
Mrs. do.	500	Rhodes H. Cobb (do)	500.-
D.R. Watson	250		
John Turner	100		
Andrew Watson	150		
Sydney Shannon	100		
G.I. Turner (dcd)	100		
John Davis	500		
Mrs. E.A. Davis	250		
W.J. Hutchinson	100		
* W.J. Grierson	250		
George F. Johnson	50 (dcd).		
Michael Robson	300		
G.J. Felton (dcd)	500		
A. G. Barton	100		
Mrs. do.	50		
Mrs. F. Cheek (dcd)	100		
And. Pitaluga (")	250		
Jason Hansen	500		
* E.G. Creece	100		
* C. Peters	100		
G. Bonner (dcd).	200		
E.A. Crawford (dcd)	100		
* F.G. Langdon	400		
* Hugh C. Harding	100		
* T.G. Slaughter	200		
J.D. Creamer	50		
Mrs. do.	50		
D.W. Roberts	100		
Wm. H. Luxton	350		
R.C. Pole Evans	200		
Mrs. do.	50		
* Gordon Roberts	100		
* L. B. White	50		
E.G. Rowe	100		
* G. T. Dean	250		
J. Robertson (dcd)	500		
* Mrs. A.R. Hoare	100		
Mrs. McCarthy	200		
			£ 2500.-
			£ 7950.-
			£ 10450

(for the of the Case, Accountant Etc.)

* Means now resident in U.K.

12/1/47
28/7/47

* no longer in F.I.

When the S/S "Belleville" came out (with a Norwegian crew) experimental work was done in various harbours, and it was decided that a small shore station would be better.

In consequence it was arranged to set up a small shore station at a harbour on the West Falkland Islands, "ALBERMARLE" furthermore, H.E. the Governor of that time, Sir Arnold Hodson, arranged to sell to the company the old Government drifter H.M.C.S. "Afterglow".

By the time we had got the shore station more or less in working order, the price of oil dropped. We formed the company on the basis of oil fetching around £29 to £36 per ton. The price kept on falling from season to season so that it was quite impossible either to keep going, or to raise more capital to revitalise the company.

The S/S "Belleville" was being brought into Stanley when she ran aground and became a total loss. Insurance was collected but all of it went into Messrs The Falkland Is.Co.'s account in reduction of our overdraft.

When the war broke out the S/S "Afterglow" (she had been named "Port Richard" for a time) was taken over by the Admiralty for official work in connection with local defence. The accounts for whatever may be due to the Sealing Co. from the Imperial Government for the hire of this vessel have not yet been adjusted. The vessel in the meantime has also been lost by going aground in a gale in Port Stanley.

The company therefore has nothing left excepting the shore installations at Albemarle, and these we understand are situated on a Government Reserve.

And recently I have received from Messrs The Falkland Is. Co.Ld. a note to the following effect:-

" I have to advise you that the assets of your Company have been taken over by us against your indebtedness to this Company.
Fire Insurance on Albemarle property has been cancelled.
Yours faithfully
(signed) D.W.Roberts
Manager. "

Whether Messrs The Falkland Island Co. Ld. are entitled to assume possession in this manner or not, I do not intend to argue upon in this exposition, but as I have always endeavoured to keep the Sealing Company 'alive' though dormant, I consider that our Assets may today be worth much more than what Messrs The Falkland Islands Co. Ld. may be justly entitled to claim. Unfortunately I cannot give the figure they claim as I have not been furnished with statements for some time past.

I can claim little merit for the Sealing Company, excepting the following:-

- 1) It was formed by small investors mostly of local residence.
- 2) It did (after we got rid of the Norwegian crews and their excessive pretensions) provide remunerative work for a considerable number of local men - and partly during a time when local unemployment was becoming a problem.
- 3) It did provide these men with experience in dealing with a new industry - and therefore enhanced their labour value to the community as a whole.

8 As the largest local shareholder in that company, I put up £1250- in cash for the shares in my name, on top of which I have been Secretary and Director for years without visible remuneration, I have always maintained a keen desire to bring the company into production again, and now that the price of oil is on a much better basis (about £80.- per ton in London as against £8.- when we closed down) I wish to see whether it is possible to do so.

16 in 589/27
(F.1. Sealing Co. Ltd.)
9 The first point that I wish to be cleared up in my favour is that the Licence originally obtained from the Colonial Government in 1927/1928 is still a potential asset in favour of myself and my original fellow-shareholders, but that it is also a local asset belonging to the inhabitants of the Falkland Islands as a body, and that if it possible to raise sufficient new capital among local people to revitalise the Sealing Co. we should have priority and time in which to hold meetings and see whether we can raise sufficient new funds, and GET THE NECESSARY EQUIPMENT. *valid for 3 months only*

10 To what extent the existing installations at Albenmarle may be fit for use I cannot say. They would have to be surveyed and probably tested also, but I should think that they would at any rate provide a sound basis for recommencing sealing operations, whatever may be the quantity of repairs and new equipment required.

11 Our main difficulty would be a new drifter. To replace the "Afterglow" which was lost, in my opinion, in consequence of her having been on Admiralty service. Before she went aground and became a total wreck in Port Stanley harbour she had, while on Admiralty service, been run on to a reef and severely damaged. In the ordinary course we should have a similar vessel handed over to us from surplus Admiralty craft.

12 I have had a conversation with the Manager of the Falkland Islands Co. Ltd. in connection with their desire to take over our assets, from which I gather that that Company would not press their claims. But I fear that they will press their claims unless I and my friends revitalise the Sealing Company within a reasonable space of time.

13 I shall much appreciate it if this somewhat disjointed exposition may be paid before His Excellency the Governor and that I may have the honour of an interview with a view to finding out to what extent I may be encouraged to carry out my project - of bringing the Sealing Co. into being again, and on the basis of local capital and labour.

14 I estimate the the company could produce at least 300 tons of seal oil per annum. At £80.0.0 per ton that would produce £24,000 gross.

I estimate that a season would comprise 4 months and that we would need about 35 men and boys, to be paid an average £20.- per month. Say £700.0 per month wages, or £2,800.- wages for season.

To produce 300 tons of oil we would need about 300 tons of good steam coal (for vessel and shore station). What coal costs delivered at Albenmarle today I cannot say, but even if it cost £20.- per ton, coal would cost in all £6000.-

The two main items of expense would therefore not exceed £10,000 for a 300 tons production season, leaving approximately £14,000 more from the gross estimated income to cover all other expenses and provide the shareholders with a moderate dividend.

15 On such a basis it should be possible for me to ask for new subscribers to take up up to £50,000 in shares, as it should be possible to estimate for a 10% dividend which would take £5,000 per annum.

16 Nothing can be done however unless the Colonial Government gives me the necessary encouragement - both in regard to licence and to assistance in procuring a suitable vessel and other equipment which may be in short supply.

17 I wish to finally give it as my opinion that it is quite hopeless to think of sealing in the Falkland Islands on a large scale.

High production figures are entirely out of the question. It might be possible to get larger quantities of oil for a few years by indiscriminate killing, but that would immediately lead to a dearth of seals for the future.

18 The only manner in which higher production figures might be achieved would be by also having a whaling licence and the necessary equipment in order to take Sei whales of which a number are to be found around the islands every year.

The best months for sealing in the Falklands are June, July and August.

19 It might be possible to work Elephant Seals during November December and January, but this would coincide with the busy season in sheepfarming.

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

D.R. Watson

Secretary and Director of the
Falkland & Dependencies Sealing CopLd.

The Honourable,
The Colonial Secretary,
Stanley.

4
no dividend
8.00 per cent

ms

Stanley,
Falkland Islands, 29th July 1947

Sir,

SEALING - (Production of Oil.)

1-4 Further to my letter of yesterday's date I beg to submit some further details which may be relevant, as follows:-

1. CAPITAL. The details given in the former letter need to be slightly altered, same having been compiled without reference to the shareholders register.

Capital subscribed by Local Residents. £7950.--

The shares stated to be held by Mrs. McCarthy, £200.-- have never been issued.

£500.-- worth of the shares originally taken up by me, D.R. Watson, were later taken over by Messrs Clarke & Cresswell of London - they more or less insisted upon having them.

£500.-- £00.--

Leaving, as the amount actually taken up locally:- £7250.--

Capital subscribed in London.

the late Mr. G. Goddard £ 500.--

" " " Rhodes Cobb 500.--

Messrs Clarke & Cresswell (ex DRW.) 500.-- 1500.--

Capital assigned to Norwegian interests

H. Gmeiner £1000.--

X H. Peterzens (£450.-- not yet paid for) so actually paid

50.-- 1050.--

Total Capital actually subscribed and liberated. £ 9800.--

2 But further local money was also incorporated into the capital structure of the company because certain shareholders came to the rescue with finance about 1930 to pay off the first Norwegian crew, wages and passage money, because Messrs F.I.Co. would not advance more cash against the oil in hand.

This further money was:-

D.R. Watson	£200.---
G.J. Felton (dcd.)	200.---
G. Bonner "	500.---
J.W. Grierson	200.---
John Davis	150.---
And. Pitaluga (dcd.)	200.---
Mrs. E... Davis	100.-9.---
	£ 1550.---

3 And furthermore I, D.R. Watson, settled some accounts due in Norway with money I had to my credit in that country, approximately

600.---

Making a total amount of local creditors' 2150.---

Add local Residents Capital 7250.---

Total amount of 'local' money involved. £ 9400.---

4 HIDES. Besides boiling down for oil, the Sealing Company also endeavoured to produce seal hides (from Sea Lions and a few Sea Leopards). Here again the cost of salting down and low prices eventually realised, defeated our best efforts.

5 GUANO. Consideration was given to the idea of getting a rotary drier to convert the residue from boiling down into Guano for use on local farms and gardens. If this could have been done from the start it might have kept the Sealing Company as a going concern, as considerable sums of money have been spent abroad for the importation of agricultural manures.

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

D.R. Watson

n.
Colonial Secretary
STANLEY
F.I.

Secretary and Director of the
Falkland & Dependencies Sealing

HE

1-5 / Can speak to Capt.

D. Watson

2 Ask G.N. for report?

Please.

CBh
30.7

(I gather they are F.I.C. about £10,000 for working expenses after their capital was exhausted).

Seen - it seems that v. hopefullly will be already undertaken to allow Sealing Co. subject to protection of assets...

G.N.

for report pc

CBh
31.7

H.C.S.

I do not favour this proposal.

2. So far as I can see the Sealing Co. has no ~~xxxxx~~ assets except the remains of the Afterglow and the plant at Albemarle which has not been used, I think, for six years; and much was omitted when it was built.

The licence is not an asset: the final renewals were from season to season.

3. We do not know the size of the debt to the F.I.C. and how much therefore of new capital would be swallowed up forthwith. Nor is it known what is claimed by the Sealing Co. (? or the F.I.C.) from the Admiralty in respect of Afterglow. It seems to me that the Sealing Co. is probably bankrupt.

4. In the proposal there is no mention of a ship and sealing cannot be done here without one. I have not a figure for one of the larger MFVs which might be the sort of thing needed.

5. The previous activities of this organisation do not inspire such confidence that one inclines

§ 9 23

A

to say that it should be encouraged to raise £50,000.

I feel that the correct action for the directors is to bury the somewhat noisome remains as quickly as they can

6. If money is to be involved in such a venture it is better for it to be Salvesens' than small local shareholders', and as for employment it is reasonable to expect Salvesens to use local labour to some extent if it is available.

7072

7. The "experience" gained before was not in my opinion likely to be of great value, except in getting man used to dirty work.

8. May I refer to my "B" on 3 of 0157 attd.?

A

I am unable to see how the F.I.C. has the ghost of a right to seize the assets, by assertion, and without Court sanction

G.N.

9;viii;47

B

AE

He may at least temporise, but without extending any hopes, like Salvesens more? We await his reply to

12 in 0101.

Abse
7.3

C

The company would not be encouraged in the hope of the plan, and they do in any way be advised that cooperation for the benefit of the company, including the company has been recommended to the directors and the approval has been informed that it will be given favourable consideration.

2 The directors are clearly a committee.

3 As regards F.I.C. - on who point I agree

with the directors as far as a matter for the

parties concerned.

Inside Minute Paper.

A

HE

1 informs Capt. D. Laska as to
C of 7. §§ 1 - 2: as to § 3 He
him that matters as to know his Co.
the F.I.C. was not the concern of
Gov. but for the practice.

2. He enquires if there is any
objection to his writing to Salomon's
or the Norwegian firm with whom he
has been in touch: with a view to
being amalgamating with a taking
over from his Co.

3. Tell him no objection? He
has heard independently that Sal.
resists was interested.

A.B.L.

11.8.47

B

No objection - we are well equipped. I assume what
to have & mind in setting the matter up & which
F.I.C. may have something to say.

X

MC 11/11/47

G.M

C

(Captain Laska informs as to
X.) ~~PA~~ He may care to

H.L.S.

Thankyou. Very interesting
L.H.S. 16-viii-47 15.8

A.B.L.

PA A.B.L.
18/5

A little optimistic in
the circumstances?