KENYA lat JUNE 1923. CIRCULATION :-SUBJECT AGADI SODA COY, LIQUINATION. GOVI'S RIGHTS UNDER PORPEITURE. minion, tegether with three copies of the Case upon which it is founded. If course sugg is approved, requests early intimation in If course suggested Perm! U.S. of S. order that Summons may be prepared. Parts U.S. of S. Secretary of State Previous Paper MINITES lul Borontas Hatwick Jarret to Course our suggested of Coursel fee A, Lines, Subject to Sussians Mornorue, it is to Course I have of it is a proved . In will To dot So Willer Dolog, Section 1 1 a (4) 1 th Ruivas lite 27 200 of Penning ing true of thest to take not an a la laterated for 4 2 tax the Son Manya Cannot Suc ão 5/1837

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LONDON, E.C.2.

Dear Mr. Bettomley

I have pleasure to hand you herewith as arrenged three copies of Mr. Dighton Pelleck's Opinion together with three copies of the Case upon which it was founded.

If you appro we of the course suggested by Er. Pelleck
will you kindly let me know as soon as possible that I may
give instructions for the necessary summens to be prepared.

I shall, of course, hold myself available for further discussion if you think this desirable.

Believe me to be,

Yours sincerely .

By Hand.

T.U. Bettombey Req., C.M.G., C.B.K., Colonial Office.

HEREWITH the following documents:-

- (1) Print of Lease of 12th April 1911
- (2) Do. Contract of 13th April 1911
- (3) Do. Lease of Pailway
- (4) Copy Order of 2nd Harch 1923 appointing a Receiver of Lagadi Soda Company Ltd.
- (5) Copy Correspondence
- (6) Draft letter to Solicitors for Receiver.

Countril is rejeased to divise the Crown Agents
for the Columbe a find on beautiful the Government of
relyability, and Frute torate furnierly the East Africa
Protectorate in the following directorates:

By an indenture of Lease dated 12th April 1911 and made between the in who Agents of the one part and Lagadi of Suda To part. It likes of the other mait lake magadi together with other lands in Kenyalolony therein specified was delient to the mass 1 To part for a tem of 99 years subject to the mass of particles and to performance and observence of and account over the said Lease.

entry in two of regulatine being in arrear or of breach or non-observance of the Tessues undertaking or any "part of the Selection of widertaking or any "part of the Selection of windertaking or any part of the Selection of windertaking or any provides that there put the Selection of Difference thereunder granted specific cease and determine out without prejudice to any right of action will be the selection with a street to the Sr which entreed to the Sr which entrees the selection will be selected.

or the Government in respect of any breach of covenant and it is provided that the proviso for re-entry shall be subject to all restrictions and conditions on and such relief against forfeiture as shall be for the time being applicable under the laws of England to provisoes for reentry contained in leases of similar property or rights in England.

By a contract dated 13th April 1911 (herein after referred to as the "Construction Contract" made between the Crown Agents of the one part and the agadi Soda Company Limited (referred to as the Contractors) of the other part the Contractor undertook to construct and equip a railway in the Protectorate and a pier and other works at Kilim in accordance with the Contract.

That subject as therein mentioned the Crown Agent and grant and the Contractors accept a lease the railway to be constructed under the contractors and other lands provided by the Government there during the term granted by the Lease of 12th Api 1911 at a yearly rent of 5/- Such Lease to consider for giving effect to the provisions of the Contract and a provise for re-entry on non-payment of rent or breach of any of the covernment Such provise for re-entry to be subject to such restrictions and conditions in relief against feiture as should for the time being be applied by laws of England to provisees for re-entry clin Leases of English land.

And it was provided that until the Company should be entitled to a grant of any such lease they should be deemed to be tenants at will of the Jovernment in respect of any lands provided for the railes.

By Clause 47 of the Construction Contract it was provided that in case the lease of lake assault coult be determined otherwise than by effluxion of the or in case of insolvency of the outtractors or life a Reveiver of the "Contractors' uncertasing or any part thereof equals be "appointed by successful or subject to the form of any of the case of liquidation to subject to the light street to be a first to the form of the Covernors of the covernors of any percentage of the Covernors o

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The fish was now to the same and the same an

parties but it has never been exchanged.

Counsel will observe that Clause 30 of this for lease contains a proviso for re-entry similar to the contained in Clause 47 of the Construction Contract

On 2nd March 1925 an order was made by Mr. Just Romer in a debenture holders' action appointing And Wilson Tait (a partner in the firm of Messre. G.A. & Co). to be receiver on behalf of the debenture hat of the Magadi Company and to manage the business of Company with a proviso that the Receiver is not to Manager after 30th June 1923 without the leave of the Court. The order provides for the usual enquiries.

No notice of the appointment of a Receiver was by the Magadi Soda Co. and the Crown Agents first of aware of the appointment of the Receiver on or about 15th March through advertisements in the Press. In attention of the Solicitors to the Magadi Soda Communa immediately drawn to the effect of the appointman Receiver and some correspondence ensued.

The debenture holders action was launched and receiver appointed with a view to a reconstruction magadi Soda Company Limited which is said to be in but no details of the reconstruction scheme are years available.

The Magadi Soda Company is a Limited Company in England under the Companies Acts.

It is clear that under Clause 29 of the Lease Magadi the appointment of a Receiver has caused a of that Lease and brought into operation the powe Covernment under Clause 47 of the Construction Co The question therefore arises as to what action should be taken by the Government.

It is thought that some action should be taken immediately to assert the powers of the Government as it is apprehended that there is grave risk of a waiver occurring if there is further delay.

The Government would not be disposed to take extreme measures, and would still allow the Company to develop the industry in the Colony provided they are satisfied with the reconstruction scheme of the Company, and that their rights under the lease and Construction Contract above referred to can be preserved intact.

They would however require some modifications in their favour in respect to the rates fixed by the existing Contract for the Conveyance of Soda.

One course would be to make demand for immediate possession and if not complied with to commence proceedings for ejectment.

Another course, which it is submitted would be effective, would be to obtain from the Receiver an admission in writing of the rights of the Crown Agents in a form which would keep them alive for a definite period to give time for the reconstruction scheme to be brought forward and considered.

If the first course is taken it appears improbable that the receiver would give up possession without a judgment against him, and it is likely that hostile proceedings would seriously damage the chances of a successful reconstruction of the Company.

In the event of legal proceedings for ejectment becoming necessary it is apprehended that a judgment in England could be obtained against the receiver which would afterwards be

enforced against the property in the Colony-Possis a Receiver could be appointed who would by a paratitle cust the receiver appointed by the debentum holders of the Company

Counsel is requested to advise

- (a) Whether a formal demand should be made upon Company for possession with a view to legal proceedings for ejectment in the event of a refusal, or
- (b) Whether a letter from the receiver or a form agreement formally recognizing the rights of Crown Agents and agreeing that they should kept alive for a limited period would be established by and binding upon all necessary parties.
- (c) Whether if legal proceedings are necessary action should be taken in England or the Co
- (d) Whether it would be possible for the Grown to get a Receiver appointed with title super to that of the Receiver appointed by the Debalders.
- (e) Senerally.

In the event of Counsel advising that course should be pursued, he is requested to settle the accompanying draft of a letter which it is suggestionally be written to the Receiver's Solimbtors, recommend an alternative course.

(a) & (b). It is clearly, in my opinion, advisable that some step should be taken to make it clear that the grown agents are keeping alive their rights under the forfeiture that has occurred and to obviate any risk from a plea of waiver. If some step with this object is not taken. I think that there might possibly be a risk of such a plea being successfully raised.

With this object in view, there are, in my opinion, two alternative courses open:-

(1) to commence legal proceedings to enforce the rights existing under the forfeiture, the nature of which rights I deal with below in answer to Question (c), and contemporaneously with the service of the summons mentioned in the answer to (c), to send a letter to the Receiver stating in effect that, as the Crown Agents have been unable to obtain the information which they require with regard to the proposed reconstruction, they have on their Counsel's advice issued the summons in order to safeguard their interests under the forfeiture and, if necessary, to enforce the same, but that, if within a reasonable time it is made clear to them that the proposed reconstruction is going forward on terms which are satisfactory to them and which would have to include modifications in their favour in respect to the rates fixed by the existing contract for the conveyance of soda, they would be willing to delay further proceedings until the scheme of reconstruction is entisfactorily settled, and if and when it is so settled, of course to stay all further proceedings; and putting forward as a further term of staying their hands that it should be arranged for them to attend all proceedings

relating to the reconstruction.

(2) not to commence legal proceedings but to of and rely on an admission from the Receiver in the for of a letter to the effect that the rights of the Crown agents are not to be prejudiced in any way by their not taking action at present until the results of the negotiations for reconstruction are evident, and for that purpose to write a letter to the Receiver on the lines of the draft letter with the papers.

On the whole, I am of opinion that course (1) in the preferable one, inasmuch as it definitely assert and maintains the rights of the Crown Agents and at same time opens up a way to a compromise and does no so far as I can see, jeopardise the prospect of a successful reconstruction; and this is, accordingly, the course which I advise.

(c). In my opinion, the legal proceedings should be taken in England and should, and, according to the authorised practice, must, be by a summons pro inter quo taken out in the Debenture Holders action. No action can be taken against the Company without the leave of the Court, as, the Receiver being in passes under the order of the Court, proceedings without s leave would be a contempt of Court (see cases cited below). It is, I think, clear that the Receivership under the Order of the 2nd March 1923 extends to the foreign property of the Company, and in that case to application by summons should be in the action in . the Receiver was appointed (see Searle v. Choat, 25 D. 725). The summons will ask that the Receiver may be directed to deliver up to the Crown Agents posses of the property which has been forfested or that the

grown agents may be at liberty to commence an action against the Company for possession of such property with mesne profits and the appointment of a receiver or alternatively that the Crown Agents may be allowed to come in and be examined pro interesse quo (see Angel v. Smith, 9 yes. 535; Brooks v. Greathed, 1 J. & W. 178, Russell v. East Anglian Railway Company, 5 Mac; & G. 117, Exparte Cochrane, L.R. 20 Sq. 282; Richards v. Mayor of Kidderminster 1896, 2 Ch. 212; Marriage, Neave & Co., 1896, 2 Ch. 663; Henry Pound, Son & Hutchins, 42 Ch. D. 402; Slade v. Hulme. 18 Ch. D. 655). The Receiver of the Company chould not be made a party to such an application (see General Share &c. Company v. Whetley Brick &c. Co., 20. Ch. D. 260). Probably the Court, if satisfied, asit no doubt would be, as to the title of the Crown Agents under the forfeiture, would direct the Receiver to give up possession without putting the Claimants to the expense of an action. There may be a difficulty as to the Crown Agents themselves being the applicants (see Robertson's Civil Proceedings by and against the Crown, pp. 107 and 108), and it may be that the Attorney General may have to apply; but this I should like to consider further.

- (&). I think it would be possible in the circumstances of the present case to get a receiver appointed; and, if so, I think that they might be able to get their receiver appointed of the forfeited property in substitution for the receiver appointed under the order in the Debenture Holders action.
- (e) Generally. I have nothing to add except that, even if the Court orders possession of the forfeited property to be given up to the Crown Agents, it will probably still be necessary to take steps in the Colony to obtain effective execution of the Order.

DIGHTON POLLOCK, Line. Inn.

130 Trionly A 10 2749/23 Kennya Coded 10 pm 4.6 23 p. 4 June DRAFT. Code Tel Your tills May No 141 governo Magadi o after Naciobi Consultation with Counsel MINUTE. 4. Parking on 4/0741 instructions have been Bushe ut is ared for commencement of Mr. Bottonley of legal proceedings to enforce Sir G. Grindle. Sir H. Read. nights of Com agents Sir J. Masterton Smil Mr. Ormsby-Gore. Dule of Describirs under for feiture but for letter to be sent to Receiver stating har at the same time safeguard This is to Crown Agents wherest of land that if within reasonable ماهم Time reconstruction is in

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Despatch follows by

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a addition to the documents mentioned in hana 5 of

1.2. 274 1/23 Kenya.

Gentlemen

4 15 June 1923

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Mr. Seel . 16/25

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un Participan 4/4/5 Case subwitted tothe triplion B. Bottombey . 4 Pollock . and of his Opinion . # 6.0ha on the subject of the action to Mr H. Deal. betaken by the C. A. for the Print Prints Colonies in the raise . created by the appointment of a Receiver 30 mar (23113/10) De manage the attains of the Dapide fords Con to 2 on reply) am A request you to lake tome diale & the to carry

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(Signed) H. J Read.

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