

OYO STATE COUNCIL FOR ARTS AND CULTURE

CULTURAL CENTRE ROAD, MOKOLA,
IBADAN NIGERIA

ARCHIVES

FILE NO.	VOLUME NO.
SUBJECT	WESTERN TEXTILE INDUSTRIES : Co. LTD - ADO EKITI
CLASS MARK	CAC 2.36.6
PIECE/SERIAL NO.	

CAC 0076



VOL. III
 OFFICE OF THE
 MILITARY GOVERNOR

CONFIDENTIAL

FILE NO. VOL. III
 SP C 1246

FILE TITLE

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SP C 1246

SP C 1246

VOL. III
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CONFIDENTIAL

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435
24th September, 1971

SP/C.124/6/435

The Permanent Secretary,
Ministry of Trade & Industry,
Ibadan.

Petition

With reference to your letter No. C.668/Vol.XV/409 of 9th August, 1971, it would not appear either from your letter under reference or your earlier interim replies Nos. INV.668C/17 of 17th June, 1971 and INV.668C/28 of 21st July, 1971 that you have returned the petition forwarded to you under cover of my letter No. SP/C.124/6/341 of 9th June, 1971 as requested.

2. It would be appreciated if the petition may be returned early.



d/s
(I. O. Ogun),
for Secretary to the Military Government
and Head of Service.

B.U. 29/9/71 ✓

CONFIDENTIAL

436

DPS

B u oap 435 is submitted
please.

(Jansu
CR

29/9/71

C.R.

Sec. Ty.

2. Further B.V. on 7/x/71 pl.

Joo
DPS
29/9/71



DPS

Above b.u. is submitted please.

(Jansu
CR

7/10 71

CONFIDENTIAL

TELEPHONES NOS.: 21011 EXT. 211
DIRECT LINE 21825

TELEGRAMS: PERMIND



MINISTRY OF TRADE AND INDUSTRY

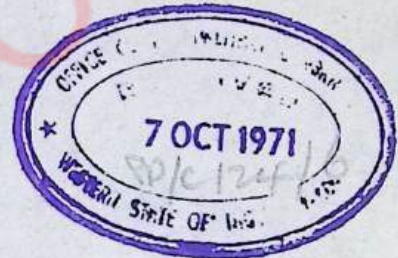
DEVELOPMENT DIVISION
IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications to be addressed
to the Permanent Secretary quoting

Our Ref. No. INV.668C/T/6...

Date 6th Oct., 1971.

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Ibadan.



Petition.

435

I am directed to refer to your letter No. SP/C.124/6/435
of 24th September, 1971 on the above-stated subject and to return
herewith the petition forwarded under cover of your letter No.
341 SP/C.124/6/341 of 9th June, 1971.

2. The delay in forwarding the petition is regretted.

930
B. O. Runsewe
(B. O. Runsewe),
for Permanent Secretary,
Ministry of Trade and Industry.

CONFIDENTIAL

ADO-EKITI WESTEXINCO WORKERS' UNION

43

Motto: Unity, Diligence and Justice

BANKER:
NATIONAL BANK-ADO-EKITI

SECRETARIAT
6, Oba Akran Avenue

P. O. Box.....

Ikeja.

Our Ref: AW/WMG/001.

Your Ref:

Date:.....3rd June,.....1971,....

His Excellency,
The Military Governor,
Western State,
Military Governor's Office,
Ibadan.

PS P 2 A.

*Please look into this and
brief me later.
CA*

Your Excellency,

We hereby send your Excellency a copy of the letter written to the Federal Commissioner of Labour and we shall be grateful for your Excellency's intervention and action in order to end dictatorial and discriminatory attitudes of the General Manager of Ado-Ekiti Western Textile Industry and Company Limited Mr. S.A. George whose main objective is to scare away all other sectional natives of Western State and make it exclusive domination of Ado-Ekiti native origins.

Since your Excellency is well known for justice and fairplay; we shall be grateful for your help to effect the reinstatement of the dismissed employees solely for they refuse to join the tribal Union of the management. The reason for the management sponsoring tribal Union is to cover up the management discriminatory attitudes on promotion and to monopolise all important posts to the advantage of this tribal Union based at Ado-Ekiti of which Mr. George is the Patron; they are only using Nigerian Textile, Garment and Allied Workers' Union as camouflage.

The industry is business which is supposed to make profit and one of the factor for a successful management is to base their managerial policy on efficiency and merit and not on favourism as it is now been practice at Ado-Ekiti and wish to make it exclusive property of the native by organising tribal Union.

We are committed to the cause of unity of which your Excellency identified yourself on your assumption of office but the basis which the unity can be achieved when it is being undermined by the hostile attitudes to the strangers working at Ado-Ekiti Textile Mills in order to strengthened the dictatorial attitude of the former Administrative Manager who now works his way to the post of General Manager because he is a native of that town, should therefore be discouraged through your Excellency action to effect reinstatement of the dismissed employees.

We are not interested in industrial unrest and we had explained the stand of the Union to the former Governor through the former Western State Commissioner for Trade and Industry. We even went to explain our stand to His Highness the Ewi of Ado-Ekiti at the beginning of our formation of the Union in order to assure the management of our co-operation.

The situation had reached a stage where we should report this case to your Excellency in order to protect the interest of the workers who were unduly victimised and finally dismissed for no just cause so as to avoid the ill-feeling and mistrust which this kind of the management discriminatory attitude might generate into the minds of the other sectional origins who are not native of Ado-Ekiti but refused to join the tribal Union of the management of which Mr. S.A. George is the Patron.

Note: *Copy of a similar petition had been funded to M.D. Westexinco for investigation and report. (at P2)*/2.
R. ADEYOLA (GEN. SECRETARY)
Boe 17/6/71.

ADO-EKITI WESTEXINCO WORKERS' UNION

Motto: Unity, Diligence and Justice

BANKER:
NATIONAL BANK—ADO-EKITI

SECRETARIAT
6, Oba Akran Avenue

P. O. Box.....

Ikeja.

Our Ref: ANNU/HR/CL.01..

Your Ref:.....

Date: 3rd June, 1971.

The Commissioner of Labour,
Federal Ministry of Labour,
Independence Building,
Lagos.

Dear Sir,

We take this opportunity to call on your honourable Commissioner for intervention on the latest action of the management of ADO-EKITI Westexinco's victimisation which resulted to summary dismissal of seventeen (17) employees because they attended the meeting of the Union at the instance of the Registrar of Trade Unions on the 30th May, 1971 at ADO-EKITI.

For your information, ADO-EKITI Westexinco Workers' Union was filed for Registration on the 17th October, 1970 and consequently gazetted on the 19th November, 1970. While we were processing the Registration Certificate; the management dismissed the Officers of the Union in order to disorganised the already formed Union. Later, I the General Secretary intervened and met Mr. S.A. George the then Administrative Manager to reinstate the officers dismissed as that would amount to encroaching the freedom of association and could be rightly termed as victimisation contrary to Cap 200. He in his official capacity, agreed to reinstate them latest on January, 1971 after consultation with the Managing Director. The following officers are among the dismissed and promised to be reinstated which hitherto has not been reinstated:

- | | |
|-------------------------|-----------------------|
| (1) Mr. Ahmed Olayinka | (2) Mr. Isaac Bello |
| (3) " Kolawole Ojo | (4) " R. Adarabierin |
| (5) " Ezekiel Ariyo | (6) " Fatai Amoo |
| (7) " S. Ogunmodede | (8) " Francis Adobayo |
| (9) " Banidele Daramola | (10) " Johnson Ojo. |
| (11) " John Ogundipo. | |

I had earlier met the former Western State Commissioner for Trade and Industry Chief B.A. Ajayi to report the attitude of the then Administrative Manager who is now the General Manager Mr. S.A. George on the tribalism which he wanted to establish at the Mills.

To my greatest surprise the management sponsored another Union in order to put the workers under perpetual servitude. The management therefore wish to repudiate the agreement reached on the reinstatement of the above named employees by wishing to recognise their formed Union (Nigerian Textile, Garment and Allied Workers' Union) and imposed all unelected officers mainly natives of ADO-EKITI and gave them the rate higher than the job allocated to them.

Further more, when the workers rejected the Union set up by the management; the workers were dismissed without any just cause, other than they refused to join the tribalistic Union of the management.

Before on the 30th May, 1971 after protesting to the Registrar of Trade Unions; he informed us that he would come to ADO-EKITI on the 30th May, 1971 because the unelected officers of Nigerian Textile Garment and Allied Workers' Union claimed to be elected by the workers under ADO-EKITI Westexinco Workers' Union in accordance with their letter to the Registrar of Trade Unions of 8th February, 1971 which the Registrar himself was not satisfied with, after inviting both Unions to his office. Unfortunately, the Registrar did not come but the workers turned up for the meeting in large numbers and thereby denouncing the Nigerian Textile, Garment and Allied Workers' Union and their officers.

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THE COMMISSIONER FOR LABOUR

And the workers also expressed their full support and unshaking confidence on the General Secretary Mr. R. Adoyoola and his Executive.

The following day the management native officers of the Nigerian Textile, Garment and Allied Workers' Union reported all the speakers and active members who attended the meeting to the management, consequently some were dismissed while others are on the list of dismissal and victimisation in order to force other members to join the Union created by the management. The followings are the active members already dismissed as a result of their attendance of the meeting held on the 30th May, 1971 at the instance of the Registrar of Trade Unions:

- (1) Mr. J. Ibitoye T/N.764 of Weaving section.
- (2) " S. Ayanolowe T/N.362 of Weaving Section.
- (3) " S. Adeola T/N.899 of Weaving section.
- (4) " A. Omotosho T/N. 893 of Weaving section.
- (5) " J. Falomo T/N.139 of Weaving section.
- (6) " J. Adoleke T/N.738 of Weaving section.
- (7) " H.A. Adegbola T/N. 776 of Weaving section.
- (8) " F. Falun T/N.60 of Spinning section.
- (9) " J. Awojugbagbe T/N.443 of Spinning Section.
- (10) " T. Oluboba T/N.404 of Weaving Preparation.
- (11) " G. Kayode T/N.559 of Weaving Preparation.
- (12) " G. Anjorin T/N.548 of Weaving Preparation.
- (13) " S. Yoye T/N.990 of Finishing Dye House.
- (14) " J. Ayedun T/N. of Fire Section.
- (15) " S. Ogunloye T/N.1297 of Power House Section.
- (16) " J. Olabanji T/N.85 of Electrical Section.
- (17) " S. Olaofe T/N.165 of Workshop.

The management are still prepared to sack the employees who fail to co-operate with the tribalistic Union set up by the management.

For your information the dismissed President Mr. Ahmed Olayinka is from Ijobu while the management replaced him with illiterate Adeyinka Akintoye of Blow Room roving waste Operator on the rate of 17/6d a day and he is a native of Ado-Ekiti. The other waste opemer Operators are paid 8/7d. a day. Since all their officers with the exception of one who is also from Ikare; the rest are natives of Ado-Ekiti in order to satisfy the aspiration of the General Manager who happen to be a native of Ado-Ekiti, we shall therefore, be grateful for your immediate intervention to protect others who come from other parts of the country to work at Ado-Ekiti and refused to join the management tribal Union.

We therefore, call on your honourable Commissioner to intervene in order to reinstate the dismissed employees and to end the undue victimisation of the workers who attended the meeting and also refused to accept the Union which is based on tribalism under the camouflage of Nigerian Textile, Garment and Allied Workers' Union.

In order to prove our point of Tribalism here are the names of the officers chosen by the management which the workers rejected and caused the dismissal of the above named employees under the direction of the General Manager Mr. S.A. George the patron of the Management Union:

- (1) Mr. Adeyinka Akintoye (illiterate President) of Blow Room
 - (2) Mr. Micheal Atoki of Weaving
 - (3) " Akingbade (Secretary)
 - (4) " J.B. Akerele of Weaving
 - (5) Bu Buari Father Olu
 - (6) " Kayode Adebolu of drafting
 - (7) " Micheal Falaiye, Painter
 - (8) " Joseph Olubodun of drawing
 - (9) " Pius Aperio of Administrative)
 - (10) " Benjamin Durojaiye of Weaving, native of Ikare.
- } all native of Ado-Ekiti.

The
THE COMMISSIONER OF LABOUR

The management appointed Mr. A. Akintoye as the President being an illiterate contrary to Cap 200 in order to be able to direct the Union to the management's wish for Mr. A. Akintoye signature.

Furthermore, the above mentioned employees are rated above other employees who are doing the same job and their rate of pay ranges from 14/1d. to 17/7d. while other employees doing the same job earn the rate of 7/8d. to 9/1d a day so as to encourage them to help the management to oppress other employees who might seek their right in peaceful manner.

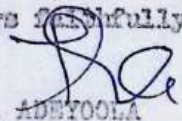
These employees dismissed recently with the exception of one are non-native of Ado-Ekiti. After all, the Western State government established the Textile Industry to solve the problem of unemployment not only in Ado-Ekiti but in the country as a whole without any tribal discrimination.

It will be an irony of fate if the establishment of Ado-Ekiti Textile Mills should be an advantage to the natives of Ado-Ekiti alone. The policy of discrimination ^{which} the management now embark upon should therefore be discouraged in order to promote industrial harmony.

In order to avoid Industrial Unrest; we shall be grateful for your immediate action to effect the reinstatement of the dismissed employees because they attended Union meeting and to curb the management further action to further their discrimination most especially the attitude of the General Manager Mr. S.A. George who is also the patron of the tribal Union in camouflage of Nigerian Textile, Garment and Allied Workers' Union.

Thanks in advance Sir,

Yours faithfully,


R. ADEYOOLA
General Secretary.

CC:

His Excellency the Military Governor of Western State. ✓
The Registrar of Trade Unions.
The General Secretary, U.L.C.N.
The Southern Zonal Secretary, U.L.C.N.
The Secretary Western State Branch, U.L.C.N.
The Deputy National President, U.L.C.N.
The Principal Labour Officer, Western State.
The General Manager, Westemince Limited.

ARCHIVED

DPS

Pp 437/442 are submitted please.
The PSMIT's main comments
on the petition are on pp.421/422

(given us
CR
8/10/71

PAS(A)

I am sorry to saddle you with this
assignment of processing pp. 421 and 422
to Y/E via PSMG as I finish with this office
today according to the recent posting after
proceeding over another meeting - Remembrance
Day ceremonies, and as the next DPS.ORG
will not be resuming duty until Monday.

2. What has delayed submission of
pp. 421 + 422 is the fact that the
main petition at pp. 437/442 forms
the basis of the Report at pp. 421 + 422
was not returned until 8/2/71 (see
above minutes), in spite of letters
at p. 435 and another reminder which
issued on same date as p. 437 was received
and which was therefore withdrawn.

Jal
DPS
10/1/71



CONFIDENTIAL

444
CABINET OFFICE,
LAGOS,
NIGERIA.

Ref. : 58576/S.10/II/239.

28th September, 1971.

The Secretary to the Military Government,
Western State of Nigeria,
IBADAN.



Deportation of Solimon Nagaty: Effects on
the Western Textile Industries Company Ltd.,
Ado-Ekiti

P. 433

I wish to acknowledge the receipt of your letter
No. SP/C124/6/433 of 21st September, 1971, on the above
subject, and to inform you that it is receiving attention.

8/10

(A. A. Atta)
Secretary to the Federal
Military Government.

CONFIDENTIAL

ARCHIVES

P.S.

445

May I respectfully invite your attention to the petition at pp.438-442 of this file in which some workers of the Ado-Ekiti Textile Company petitioned His Excellency the Military Governor about certain anomalies and miscarriage of justice operating within the Company. The main allegations contained in the petition are that:

- (a) some workers who are members of a faction of the workers union were summarily dismissed for their trade union activities while seventeen others were allegedly dismissed for attending trade union meetings;
- (b) the management awarded arbitrary wage increases to members of the Executive of a faction of the Company's Workers Union;
- (c) there is wide spread practice of tribalism in the Company.

2. In view of H.E.'s directive at p.438 that the matter should be looked into and the findings submitted to him later, the letter containing the allegations was forwarded to the P.S.M.T.I. who is also the Chairman of the Board of Directors of WESTEXINCO. The reply of the P.S. is at pp.421-422. In that letter he stated that his investigations revealed that most of the allegations were false.

3. In his submission in respect of (a) above, he confirmed that 27 workers have been dismissed but this was not strictly because of their involvement in trade union activities. The first set of 10 were dismissed for absenting themselves from their places of work continuously for 14 days without obtaining permission or informing their Heads of Division of the reasons for their absence. The defence the workers had for this gross misdeameanor was that they were invited by the Police to give evidence in a charge of embezzlement preferred against the President of their own faction of the Workers Union and that they were later advised by the police not to visit the factory until the case was disposed of. However it was discovered that this was not correct because they were unable

to produce evidence to the Chairman showing that the police actually gave such instruction. The remaining 17 workers were dismissed because they flouted the instruction of the Management not to hold further meetings with some of the dismissed workers who were planning havoc against the factory and some members of the Management. They had to be dismissed after they had been warned several times to desist from such practice, an order which they flatly disobeyed.

4. On the second allegation in (b) above concerning arbitrary wage increases, the Chairman stated that the allegation was false and the petitioners could not substantiate the allegation when they were requested to do so.

5. On the charges of tribalism, the Chairman observed that most of the factory workers are natives of Ekiti Division where the factory is located but he could not see any justification that those who were dismissed were dismissed on tribal grounds. The Chairman, in order to ensure that the situation would really not occur in the future said he had directed that a panel be set up to look into future recruitment of junior workers with a view to ensuring justice and equal opportunities for all eligible workers seeking appointment with the Coy. In respect of the senior officers, he added that his Ministry would be directly involved in their appointment. The Chairman's view generally is that the allegations were as a result of an attempt by either of the two factions in the Company to gain recognition and that the rift had been referred to the Senior Labour Officer with a view to putting everything in shape. In his paragraph 5 the Chairman also pointed out that all the vacancies left by the dismissed workers had been filled by the Coy and that if by any chance the dismissed workers are reinstated the other faction would resort to industrial action and this, he considered, would be detrimental to a Company just trying to find its feet.

6. In view of the thorough investigation already carried out and the findings of the Chairman, it appears that the allegations contained in the letter are mere after-thought just to enable the dismissed workers to find a scape-goat for the plight that has befallen them after they had grossly disobeyed constituted authority. To encourage them by reinstating them will certainly amount to undermining the authority of the Company since efficiency and discipline will be weakened and the commercial atmosphere would be imperilled.

7. You may therefore [?]with to bring the matter to the attention of His Excellency for his consideration.

[Handwritten Signature]
 (M. A. Popoola)
 P.A.S. (Admin.)

15 Oct., 1971

PAS B

I know that PSMT & I is making submission to HE on matters affecting the industry. Unless, the petitioners specifically send a reminder or raise the issue again, I do not think it is necessary to bother HE with it. In any case, this should now be a matter for the Commissioner to handle.
 (Com; MTR & I)

[Handwritten Signature]
 (S)w

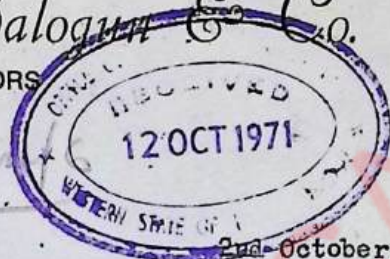
P. A

Chief Kolawole Balogun & Co.

SOLICITORS

Tel. 23089

CHIEF KOLAWOLE BALOGUN, LLB (Lond.)
E. A. OGUNLEYE ESQ., B.L.



FILE ITESIWAJU,
P. O. BOX 20,
IBADAN.

448

2nd October, 1971.

His Excellency,
Colonel Oluwole Rotimi,
Military Governor,
Western State of Nigeria,
IBADAN.

For SMG 2 AG.

Comments psc

Your Excellency,

el PAS (a)
11/10
Pls. enclose in file and send to A.G. for comments
11/10

We humbly present the petition of Mr. Soliman Nagaty, B.Sc (Econ) Financial and Industrial Development Consultant, who came into Nigeria in 1963 and has since played a significant role in the economic development of the country.

The petition of the said Mr. Soliman Nagaty showeth as follows:-

- 1) That Davis of America GmbH. is a Company incorporated in Western Germany by Mr. and Mrs. Nagaty having a fully paid share capital of 1.1 Million Doutsch Marks with offices at Frankfurt/Main, West-Germany. The shareholders are Mr. and Mrs. S. Nagaty who during the Nigerian civil war when the international investors and banks refused to finance any industrial project had the courage to sell international shares owned by them of the value of 3 million Doutsch Marks in order to finance the Western Textile Industry Comp. Ltd. (Ado-Ekiti Textile Mills). (See Appendix A)
- 2) That Davis of America Ltd. is a Company incorporated in Nigeria with offices in Lagos, Ibadan, Benin, Zaria and Kaduna. The Company is also registered as an overseas Company in the State of Colorado in the United States of America.
- 3) That the various offices have been established by Mr. Nagaty to ensure a reliable and fast system of communications for the sole purpose of serving the requirements of the various projects. The offices in Frankfurt, Denver and Lagos are linked by telex and all the offices in Nigeria have radio communication with Lagos. Thus any sparepart or other requirement for any of the factories can be instantly requested from Lagos and if necessary from Europe or America.

...../2.

see p. 29

2
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4) That a fully qualified team of experienced personnel has been assembled in Nigeria to carry out the preliminary surveys to supervise the erection of buildings and instalation of plants and equipment. This team includes:

S. Nagaty	B.Sc (Econ) Financial & Industrial Development Consultant	Egyptian
M.W. Davis (Mrs. Nagaty)	B.A.	American
B.F. Davis	B.A.	American
E. Manachino	Civil Engineer	Italian
G. Manachino	Civil Engineer	Italian
E. Obijalski	B.Sc Textile Engineer	Polish
P. Jones	Mechanical Engineer	British
M. Khattab	B.Sc Electrical Engineer	Egyptian
M. Nisr	B.Sc Economist	Egyptian
R. Pankonin	Administration	American
D. Marris	A.C.A. Chartered Accountant	British
S. Attar	B.Sc Textile Engineer	Egyptian

5) That after much investigation and research Davies of America was able to offer a Textile Spining and Weaving Industry. This project is a partnership between the Western State Government, I.C. Leibfried GmbH. of Sindleifingen in West-Germany and Davis of America GmbH. of Frankfurt/Main in West-Germany. The factory was established for the purpose of spinning and weaving cotton for the manufacture of cotton fabrics or other cotton manufactured materials.

6) That in respect of this Industry the Western State Government were able to acquire an equity participation of 42.8% for £N 300 000 in an industry with a value of almost £N 3 million.

Share capital	
Davis of America GmbH.	£N 400 000
Western State Government	£N 300 000
	<hr/> £N 700 000
Promissory Notes	£N 1835 743
Local Loan	£N 148 925
	<hr/> £N 2684 668
	=====

- 7) That the promissory notes plus interest at the rate of 7.5% p.a. were payable in biannual instalments over five years starting one year after the anticipated date of production. They were issued by the Company and guaranteed by the National Bank of Nigeria Ltd. and the Western Region Marketing Board. They were also endorsed by Davis of America GmbH. as guarantors.
- 8) That the factory at Ado-Ekiti was completed in 1970 and started production in May of that year. As was only to be expected there was a period of staff training and in December 1970 the third shift was started and the production became profitable. Over 1300 Nigerians are now employed at the factory which is producing 25000 linear yards per day of the highest quality multi-coloured woven fabrics. It should be appreciated that this type of complicated cloth is not easily produced like baft or cotton prints and it is freely admitted by textile experts that Ado-Ekiti did extra-ordinarily well to achieve the quantity and quality of production during its first twelve months of operation.
- 9) That prior to the agreement being signed by the Governor the costs involved were fully investigated and favourably reported on by the Chief Industrial Officer of the Western State Government. In his report dated 1st February, 1967 he established beyond any shadow of doubt that the project as proposed by Mr. S. Nagaty was substantially cheaper and much more suitable than any similar project offered or built in Nigeria. In arriving at those conclusions the Officer examined projects tendered by Coutinho Care Company of Germany and Mactes of Milano and also compared textile industries already built at Ikeja, Asaba and Onitsh. (A copy of this report is attached as Appendix B).
- 10) That there was included in the agreement terms whereby Government would be able to examine the machinery ordered for the factory to determine its quality, suitability of design and date of manufacture, and in this connection a delegation was sent to Poland, Holland and Germany on 4th August, 1968. The delegation comprised:-

Chief Bisi Onabanjo,	Commissioner for Health
T.S.B. Aribisala,	Permanent Secretary, Ministry of Agriculture and Natural Resources
C.S.O. Akande,	Controller of Works Services, Ministry of Works & Transport
B.A. Ogundoyin,	Senior Mechanical Engineer
A.A. Makanjuola,	Acting Chief Industrial Officer, Ministry of Trade & Industry
A. Abajingin,	Weaving Manager, Ikeja Textile Factory

- 11) That in their report dated 17th September, 1968 the delegation confirmed that they were able to establish:
- a) All the machinery ordered for the Ado-Ekiti Mill was manufactured especially for the factory
 - b) The manufacturers were well known and reputable
 - c) The machinery ordered was of modern design and as used in up to date factories in Europe.
- (A copy of this report is attached as Appendix C).
- 12) That in spite of the fact that Davis of America had Federal Government permission to transfer DM 29,799,815. - covering cost of the project, Davis of America, in the interest of Nigerian economy financed part of the project locally, using the cash covering the shares of the Government and Davis of America amounting to £N 700 000 and therefore planned to transfer only 22 million Doutsch Marks instead of 29 million Doutsch Marks.
- 13) That your petitioner claims with humility and sincerity that the above project is a sound financial proposition and was openly and carefully considered by all partners involved. Only recently Mr. B.A. Oduntan, Permanent Secretary who is now acting as Chairman stated inter-alia "the company will continue to supply its products at competitive prices consistent with the highest quality for which Ado-Textile is well known" (Advertisement in Daily Times of July 22, 1971).
- 14) That your petitioner would be grateful if through your good offices the Federal Military Government will be well disposed to review the present position of your petitioner in the interest of justice, fair play, the good name of Nigeria and overall interest of Ado-Textile which is a young industry that needs the co-operation of all men of goodwill.

For and on behalf of
 Mr. Solimon Nagaty and
 Davis of America.

.....
 Chief Kolawole Balogun & Co.
 Solicitors,
 Ile-Itesiwaju,
 U.A.C. Niger Mtors Buildings,
 New Court Road,
 Ibadan.

ARCHIVE



UNION DE BANQUES SUISSES

SCHWEIZERISCHE BANKGESELLSCHAFT
UNIONE DI BANCHE SVIZZERE
UNION BANK OF SWITZERLAND

Appendix "A"
[Handwritten signature]
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1211 GENEVE 11
8, Rue du Rhône
Téléphone 022 / 26 82 11
Télégrammes: Bankunion
Telex 22861

Mr. Mary Wilma Davis
46, Gutleutstrasse
D-6 FRANKFURT A/MAIN

Direction
LCR/mh 421

Votre lettre du

Votre réf.

Date

12th August, 1971

Dear Mrs. Davis,

This is to declare that the shares mentioned in the following and held under the name of Mrs. Mary Wilma Davis -

- 200 shares Air Reduction Co.
- 400 shares Carborundum Co.
- 210 shares Dana Corporation
- 100 shares Louisville & Nashville
- 100 shares New England Electric System
- 900 shares Parke Davis & Co.
- 306 shares Radio Corporation of America
- 100 shares Standard Oil Co. of New Jersey
- 3154 shares Tampax Inc.
- 200 shares Texaco Ind.

were sold at various dates during 1968, 1969 and 1971 to cover part finance of Western Textile Industries Co.Ltd. of Ado-Ekiti, Nigeria.

Yours sincerely,

UNION BANK OF SWITZERLAND

[Handwritten signature]
L. Cramer
Manager

[Handwritten signature]
J.P. Elsohn
Asst. Manager

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P. B.

U. B.

From investigations I have carried out on Asaba, Abu, Onitsha and Ikeja Textile Mills, and from my scrutiny of some proposals submitted to this Ministry for a Textile Mill, and those I came across during the course of the investigation, the fact has come out clearly that the proposed textile mill at Ado-Ekiti cannot by any stretch of the imagination, be said to be over-capitalised. Rather, it appears to me that the quotation submitted by Davis of America and Associates is by far more reasonable than any others submitted in respect of textile mills of the same capacity in any part of Nigeria.

To substantiate my assertions, I will now proceed to prove each item in the capitalisation of proposal submitted by Davis of America and Associates as quite reasonable.

BUILDINGS: CONSTRUCTION AND CIVIL ENGINEERING:

The Nigerian Textile Mill at Ikeja have estimated £592,000 for factory buildings of a total floor area of roughly 140,000 sq. feet and additional residential buildings, that is, about £4. 5s. =d. per square feet, whilst Davis of America and Associates have quoted £350,000 for 177,000 square feet, that is, about £2 per square feet. You may wish to see the attached prospectus issued by the Nigerian Textile Mill containing the quotation. Other quotations are as follows:

	<u>SPACE</u>	<u>AMOUNT</u>	<u>REMARKS</u>
1. Nigerian Textile Mill Ltd., Ikeja	-	755,745	Residential quarters included
2. Nigerian Textile Mill Ltd., Ikeja (expansion)	140,000 sq. ft.	592,000	Residential quarters included
3. Mid-West Nigeria Textile Mill Ltd. Asaba	Not Available	1,142,498	Position of Residential quarters not clear.
4. Textile Printers of Nigeria Ltd. Onitsha	- do -	1,020,000	Residential quarters not included

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	<u>SPACE</u>	<u>AMOUNT</u>	<u>REMARKS</u>
5. Aba Textile Mills Ltd.			
6. Mactes of Milano	Not Available	627,997	Residential quarters included
7. Coutinho Caro and Co.	- do -	1,108,313	Residential quarters not inclusive
8. Davis of America and Associates - Ado-Ekiti proposal	177,000 sq. ft.	462,000	Residential quarters inclusive.

You will observe that the quotation submitted by Davis of America and Associates is the lowest.

PLANTS AND MACHINERY

(a) SPINNING:

Six quotations each from a different country have been received. They are:

Name of Firm	Year of Quotation	No of Spindles	Amount	Unit Cost	
1. Platt Bros (Sales) Ltd. (See file ITS.54 page 117)	1966	5,200	£147,540	28.	7.
2. Japanese Firm (See file ITS.54 page 93)	1966	10,000	£330,000	33	=.
3. Ingolstadt (Germany)	1965	5,200	£157,150	30	4.
4. Whitin International Ltd. USA. (See file ITS.54 page 68)	1965	5,200	£138,763	26.	13
5. Macter of Milano (As per quotation)	1964	20,000	£511,268	25	10.
6. Davis of America and Associates (See File C.668 Vol.II page 119)	1966	12,000	£246,055	20	10.

You will observe that the Unit cost of the quotation submitted by Davis of America and Associates is the lowest.

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(b) WEAVING LOOMS

		<u>PRODUCTION</u>	<u>COST</u>	<u>REMARKS</u>
1.	1961 Nigerian Textile Mills Ltd. Ikeja	19,000,000 sq. yards	£1,371,122	Grey baft, bl eaching and printing
2.	1965-66 Mid-Western Nigeria Textile Mills Ltd. Asaba, built by Coutinho Caro Co.	15,000,000 Sq. yards	2,736,013	Grey baft, Bleaching and Printing.
3.	1965 Mactes of Milano	15,207,000	1,709,162	Grey baft, Bleaching and Printing.
4.	1966 Coutinho Caro Co.	15,000,000	3,067,869	Coloured wove Dyed material.
5.	1966 Davis of America and Associates	15,130,000	1,622,024	Coloured woven and dyed material

Except that automatic looms with 4 shuttles each cost more than automatic plain looms, with one shuttle each, it is very difficult to make a correct comparison between the prices of various types of looms. For example, the Coutinho Caro Co. in their proposal quoted for 448 automatic looms with 4 spindles each whilst the Davis of America and Associate quoted for 360 automatic looms of 4 shuttles each, to produce 15,000,000 sq. yards and 15,130,000 sq. yards of materials respectively. This shows that the production speeds of looms vary from type to type, and cannot be determined by the number of looms put into operation.

However, it is clear from the above table that the quotation submitted by Davis of America is the lowest, considering that the plants and machinery covered by the quotation are for printing coloured-woven and dyed fabrics, which involve more complicated machines.

The following is a comparison of the only two proposals submitted for colour-woven fabrics, (one from Coutinho Caro Co. and the other from Davis of America) as follows:

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	<u>Coutinho Caro Co.</u>	<u>Davis of America</u>
<u>Production Capacity</u>	15,000,000 sq. yd per annum	15,000,000 sq. yds. per annum
<u>Capitalisation</u>		
Machinery	3,067,869	1,904,148
Buildings	1,108,313	518,200
Erection (expatriate staff)	120,000	112,320
Local Costs	161,812	150,000
TOTAL	£4,459,994	£2,684,668
	=====	=====

It should be noted that Davis of America has included Staff Quarters costing £25,000 and power station costing about £200,000 in the above quotations, which items are not included in Coutinho Caro's quotations.

	<u>Coutinho Caro Co.</u>	<u>Davis of America</u>
<u>Production Costs</u>		
Raw Materials	515,000	536,350
Direct operating Costs	965,400	381,750
Depreciation	297,000	239,750
Interest Charges	190,000	1,150,640
TOTAL	£1,967,400	£1,308,490
	=====	=====

	2/7d. per sq. yd. (approx.)	1/9d. per sq. yd. (approximately)
Projected Annual Profitability at full operation	2,568,000	2,645,000
less total production costs	1,968,000	1,308,490
	600,000	1,336,510
Less excise duty of 6d. per sq. yard	375,000	378,250
(1) Net Cash Surplus assuming international rates for electricity (i.e. 121,000 included in the annual production costs	225,000	958,260

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Coutinho Caro Co. Davis of America

(2)	Net Cash Surplus using power from E.C.N. and paying £144,771 instead of £121,000		934,489
(3)	Net Cash Surplus using Mill's power for which an annual expenditure of £77,000 is incurred		1,002,260
	% Return on Investment	5%	37.3%

The following comments in respect of the existing and proposed Textile Mills may be of interest to you.

MID-WEST NIGERIAN TEXTILE MILL LTD.

1. I was at Benin on Wednesday, 25th January, 1965 where I met the Permanent Secretary, Ministry of Trade and Industry, as previously arranged. Fortunately, the General Manager, the Production Manager and other top officials of the Mid-Western Textile Mills were then at Benin trying to resolve the difficulties which led to the temporary closure of the factory recently. They were kind enough to show me the documents containing the factory's capital formation. They disclosed to me that they had spent more than what was originally provided, due to subsequent agreement. For the purpose of this exercise, however, I will make use of the original estimate, as it is the only one that can be substantiated for the meantime.

Production Capacity:

2. The mill works in 3 shifts of 8 hours each a day, and produces about 50,000 sq. yards of coloured-woven materials daily, that is, about 15,000,000 sq. yards in a year of 300 working days.

Capitalisation:

Buildings	284,870
Plants & Machinery:	
Spinning - 20,000 spindles	} 2,736,013
Weaving - 500 automatic looms	
Finishing - bleaching, printing and finishing machines	

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	- 6 -	
	B/F	3,020,883
Construction and Civil Engineering		857,628
Local Costs		<u>262,815</u>
	TOTAL	<u>£4,141,326</u>

The cost of a diesel engine and a generator, amounting to about £10,000 to give electricity for emergency lighting, fire pumps for fire-fighting, and two boreholes to supply water is included in the total cost of £4,141,326 sterling.

You may wish to see page 10 of the "Daily Times" of July 12, 1966.

TEXTILE PRINTERS OF NIGERIA LIMITED, OHTSBA

Production Capacity:

The envisaged maximum capacity of the mill is 20,000,000 square yards of printed shirting and grey baft materials per annum, which it is expected to reach during 1967.

Capitalisation:

Up to December, 1965, the mill was only bleaching and printing grey bafts which it imported into Nigeria, leaving spinning and weaving to another phase of its activities. The capitalisation of this first phase is as follows:-

Buildings	£1,020,000
Machinery (for bleaching, printing and finishing)	790,000
Local Costs	700,000
	<u> </u>
TOTAL	<u>£2,510,000</u>

When the mill is fully integrated, it is expected to produce 20,000,000 square yards of printed shirting and grey baft in 1967, when the total capital required will be of the order of £5,000,000 sterling. (See 'X' at page..... of Appendix 'B' Heads of Agreement between the Government of Eastern Nigeria and the United Africa Company, Limited.

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For more information, you may wish to read pages 10, and 11 of the "Morning Post" of 26th July, 1965, and the attached Appendix 'B' to Heads of Agreement between the Government of Eastern Nigeria and the United Africa Company Limited.

ABA TEXTILE MILLS LIMITED

The Aba Textile Mills Limited was established in 1962 jointly by the Indian Head Mills, Incorporated, a Massachusetts Corporation, and the Government of Eastern Nigeria.

Production Capacity:

The Production during the first phase is 12,000,000 sq. yards per annum, which consequently will be stepped up to the maximum capacity of 20,000,000 square yards per annum.

Capitalisation:

The capital requirement for the first phase is £1,785,715. The operation during this phase will be confined to bleaching and printing of imported grey baft. After the complete integration, the capital required will mount to £4.6 million, and the factory would then be required to produce 20,000,000 square yards of printed shirting and grey baft per annum.

For more information, you may wish to see Appendix 'C' attached.

THE NIGERIAN TEXTILE MILLS. IKEJA:

Production Capacity:

The mill produces 18,000,000 square yards of fabric, made up as follows:-

Grey baft	7,000,000 sq. yards.
Bleached Shirting	7,000,000 " "
Printed Shirting	4,000,000 " "
	<hr/>
TOTAL	18,000,000 sq. yards

In 1964, the mill concentrated on the production of grey

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best and bleached shirting. In that year, it produced only 1,070,101 printed shirting.

Capitalisation:

Buildings, including Residential quarters	£765,745
Plants and Machinery	1,371,122
Furniture and Fittings	-
	<hr style="width: 100%; border: 1px solid black;"/>
	£2,136,867
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The following expansion is underway:

Additional buildings	£592,000
Plants and Equipment	1,540,000
Other Expenses	330,000
	<hr style="width: 100%; border: 1px solid black;"/>
TOTAL	£2,492,000
	<hr style="width: 100%; border: 1px solid black;"/>

For further details, please see the attached prospectus.

QUOTATION FROM MACTES OF MILANO

Production Capacity:

50,691 sq. yards per day = 15,207,300 sq. yards per annum.

Capitalisation:

(i) Production Machinery	£1,709,162
(ii) General Installation and Auxilliary Equipment (erection, mechanical tests and running-in included)	944,778
(iii) Transport and Insurance	132,144
(iv) Civil Engineering Works	442,596
(v) Engineering: know-how, technical assistance, management and training, erection of steel works	<hr style="width: 100%; border: 1px solid black;"/>
	195,268
	<hr style="width: 100%; border: 1px solid black;"/>
	£3,423,948
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It must be noted that the cost of Staff Quarters is not included in the above figures.

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For the same machinery, buildings, auxiliary equipment, etc. as above, Adriano Gardella, as a middleman, submitted a proposal to this Ministry quoting £3,923,948 that is, an increase of £500,000! One wonders why the proposal should be loaded with this increase, moreso, when the two proposals, bear the same date.

The two proposals are attached for your perusal. I shall be grateful if they can be sent back to me after you have finished with them.

S U M M A R Y

	<u>Estimated Yearly Production</u>	<u>Estimated total Capitalisation</u>
1. The Mid West Nigeria Textile Mills Ltd.	15,000,000 sq. yds	£4,141,326
2. Textile Printers of Nigeria Ltd. Onitsha	20,000,000 sq. yds.	£5,000,000
3. Aba Textile Mills Limited	20,000,000 sq. yds.	£4,600,000
4. Nigerian Textile Mills, Ikeja. 1st phase (1960-61)	18,000,000 sq. yds.	£2,136,867
2nd phase (extension)	20,000,000 sq. yds.	£2,492,000
5. Mactes of Milano	15,207,000 sq. yds.	£3,423,948
6. Davis of America and Associates	15,130,000 sq. yds.	£2,600,000
7. Coutinho Caro Co.	15,000,000 sq. yds.	£4,457,994

As mentioned earlier, apart from the proposal of the Coutinho Caro & Co and that of the Davis of America and Associates who are quoting for coloured woven and dyed materials all other proposals are for grey baft, bleaching and printing.

The Power Station-Cabling and lighting costing £200,000 is not included in any of the quotations except that of Davis of America and Associates

This investigation has of necessity, been conducted at a very high speed, therefore, I have only made comparison where it is possible.

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GENERAL COMMENTS:

As I have pointed out earlier, I am of the opinion that the proposal submitted by Davis of America and Associates appear to be quite reasonable, and as such, there is no justification whatsoever, to assert that the project is over-capitalised.

Nolin

(M.C. GEORGE-TAYLOR)
Chief Industrial Officer.

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Appendix "e" #16
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Western Textile Industries Company Limited
Inspection of Machinery

In accordance with the Guarantee Agreement for the establishment of the Textile Mills which stipulates that:-

- "(i) The machinery and equipment to be supplied under this Agreement are entirely new. The Government is free to have the machinery and equipment inspected by independent examiners prior to their despatch from Manufacturers' Works.
- (ii) The machinery and equipment shall meet the specifications outlined in the First Schedule attached",

a technical team consisting of:-

- Mr. C.S.O. Akande, Controller of Works Services, Ministry of Works & Transport - (Leader)
- Mr. B.A. Ogundeyin, Senior Mechanical Engineer - (Leader)
- Mr. A.L. Makanjuola, Acting Chief Industrial Officer, Ministry of Trade & Industry
- Mr. Abajingiri, Weaving Manager, Ikeja Textile Factory

was appointed by the Permanent Secretary, Ministry of Trade & Industry, Western State, to carry out an inspection of all machinery and equipment which were ready for despatch to Ado Ekiti from Poland, Holland and Germany.

2. The team travelled under the overall leadership of Chief Bisi Onabanjo, Commissioner for Health accompanied by Mr. T.S.B. Arribisala, Permanent Secretary, Ministry of Agriculture and Natural Resources. Mr. & Mrs. S. Magaty acted as 'guides' on the tour which commenced on Sunday, 4th August, 1968, from Lagos to Frankfurt, Western Germany.

3. The delegation stayed in Frankfurt until Tuesday afternoon (6th August) before flying to Warsaw, Poland.

4. On Wednesday, 7th August 1968, we left Warsaw by road to visit a number of industries in various towns in Poland. We were accompanied by representatives of METALEXPORT dealing with machine export and POLMATEX (Union of Textile Machinery manufacturers). The following factories were visited:-

- (a) WIMIL Works (Widzewskie Zakłady Maszyn Włókienniczych) in Lodz where spinning and weaving machinery and equipments are manufactured. The saw looms and ring frames being manufactured

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and also saw in particular some of those that were meant for Aḍo Ekiti and which were ready for despatch to Nigeria. These were meticulously examined by us and were found to be new.

- (b) The factories of Zakłady Przemysłu Bawełnianego im. J. J. M. J. J. in Łódź which manufacture cotton textiles and where we saw the same type of looms and ring frames manufactured by Wifama in satisfactory use.

5. Having satisfied ourselves that the newness of the machinery and equipment the Wifama Works were despatching to Aḍo Ekiti was undoubted, that they were in accordance with the specifications under the Agreement and that the same type of machinery and equipment have been in successful use in textile mills in Poland, we agreed to issue certificates for such items as were ready for despatch. Three copies of the certificate with schedule of machinery and equipment signed by Mr. C. S. O. Akande, Controller of Works Services are attached as Appendix II of this report.

6. On Thursday, 8th August, 1968, we travelled by road from Łódź via Poznań to Zielona Góra to visit the FALUBAZ Works (Lubuska Fabryka Źręczalnicy) where blow room machines and flat carding machines are manufactured. We saw some of those being made for Aḍo Ekiti and some for Kano Mills but nothing was ready for despatch to Aḍo Ekiti at the time. No certificate was therefore issued although we were quite satisfied that the products of the factory were of high quality.

7. The next day, Friday 9th August, 1968, we visited the Zakłady Celulozy i Papieru (Cellulose and Paper Manufacturing Mill) at Świeciszewo. This is a large factory, new with further construction works still going on. Here we saw forest wood chopped into three-foot lengths being debarked, pulverised and processed into pulp which is the final stage of production as yet attained in this factory. When completed, the factory will be able to process the pulp to make paper. In the meantime, pulp is sold to manufacturers of textiles and paper. It is to be noted that pulp is the basis for synthetic textile fabrics.

8. We next visited the MERINOTEX factory (Torunska Przedzalnia Czesankowa) in Toruń where worsted spinning is carried out. Here we saw again the blow room machines made by Falubaz in satisfactory use. We then returned to Warsaw.

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9. On the morning of Saturday 10th August 1968, the delegation went to the Ministry of Foreign Trade and had discussions with representatives of various business organisations interested in fostering trade with Nigeria. More details of these discussions will be found in the report (Appendix I) by Mr. Arribis, the Permanent Secretary who accompanied the Commissioner on this tour.

10. A meeting was held by the Delegation with representatives of Metalexport, the Polish Agency responsible for the sub-contract to supply Polish textile machinery and equipment. This was on the morning of Sunday, 11th August 1968. It was at this meeting that the final draft certificate was approved for the machinery and equipment ready for despatch to Nigeria. The certificate (Appendix II) was signed later in the day - five copies to Metalexport, two to Davis of America and four for the Western Nigeria Government.

11. We left Warsaw, Poland, on the morning of Monday, 12th August 1968, for Dusseldorf, Western Germany where we had a short meeting in the afternoon with the Directors of COMBITEK, a German firm of Industrial Consultants (a combination of textile machinery manufacturers) who helped in planning the Ado Ekiti Textile Factory. Main discussion centred around programme for visiting other factories in Germany and Holland.

12. Travelled by road on the morning of Tuesday, 13th August for Aachen in Western Germany where we visited:-

- (a) the Works of H/S Krantz Maschinenfabrik where yarn dyeing machines are produced and
- (b) the Works of H/S Krantz Appreturmaschinenfabrik where hot air stenters are produced.

While we saw the two factories in production and were shown the type of machines on order for Ado Ekiti, no particular machines specifically for Ado Ekiti had been made by the time of the visit. It was learnt that the order for Ado Ekiti dyeing machines and hot air stenters was placed in April but the firm had no doubt it would complete the order by October/November this year. We were highly impressed by the high standard of workmanship and finish of the products of the Works and we were confident that the machines for Ado Ekiti when produced, will be of very high quality.

13. After lunch, we crossed the German/Dutch border into Holland and visited two textile factories:-

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- (a) The Vaalser Textile Factory, Vaals, where wool fabrics are manufactured. This factory utilises the Krantz yarn dyeing machines which have been very successful.
- (b) The Rositta Textile Factory, Sittard, where knitted fabrics are produced. This factory is comprehensive; it starts with cotton and cellulose wool, produces its own yarn, knits and sews garments (underweares). It is an up to date factory and it uses Krantz hot air stenters.

The visit to these two factories established definitely the good quality of products of Krantz.

14. No special visits were made on the 14th August but Mr. Ogundeyin, Senior Mechanical Engineer, was taken to Bonn by the Commissioner and Mr. Aribisala to obtain a fresh travel certificate since his previous special travel certificate was no longer valid for re-entry into Germany nor for entry into Switzerland which we were to visit later at the end of the week. The Commissioner alone remained in Bonn for the night.

15. On Thursday, 15th August 1968, we paid a visit to Wuppertal to see the H.COB. Works which make automatic pirn winders. We were shown in detail the manufacturing processes of the factory and we saw 7 No. out of the 45 No. winders ordered for Ado Ekiti on the assembly line. We had no doubt that the products of the factory are of high quality and will be satisfactory. It is likely that the order for Ado Ekiti will be completed by December 1968.

16. A side line of our visit to Wuppertal is the unique suspension railway which is a feature of the town and has been in existence since 1901. The overhead rail is about 8½ mile long and the trains move suspended from the rails. While other European Countries were building tramways in their streets, it was found difficult to do the same thing in Wuppertal because of the narrow streets and difficult terrain. Resort was had to overhead rails. The service is free of road, water and other railway crossings.

17. We returned to Dusseldorf after lunch and together with the Commissioner we visited the POLESSEN Works in Dusseldorf to see:

- (a) Production of dye jigs for Ado Ekiti: these were on the assembly line and there was no doubt as to their neatness and good quality. In fact, they are considered most modern in the world.

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(b) Hospital washing machines - The Commissioner was interested in these for his Ministry. We had been shown a film of the operation of a washing machine for a big hospital. On enquiry, it was stated that the cost of a machine for a 1000-bed hospital will be about £35,000 - £40,000 complete with drier and presser but excluding steam boiler. Delivery is 2-3 months and the firm will agree to train maintenance and operating personnel. The Commissioner was interested and felt that a plant in say Ibadan could serve Ibadan, Ijebu Ode, Abeokuta, Iwo and Oyo hospitals quite effectively and economically.

18. Left Germany by road on the 15th August 1968 for Boekelo, Holland, a town near Enschede to visit the textile factory of M/S Boekelosche Stoomblek and to see in use the bleaching and washing machines produced by Brugman who are supplying some types for Ado Ekiti. The factory is only a finishing mill producing printed textile and using both rotary and flat screens.

19. After lunch, we visited the Works of Machinefabriek Brugman NV in Almere, Holland. Here we saw the open width washing ranges for Ado Ekiti being assembled. The bleaching machine had still not been made but it was definite the manufacturers would meet the target date for delivery. Again, we were in no doubt that the machines were on order with the firm, that new machines would be supplied and that these would be of good quality.

20. Saturday, the 17th August and Sunday morning were spent resting or sight-seeing in Amsterdam, Holland. A tour of Broek in Waterland, Monnickendam and Valendam, the island of Marken by bus and motor boat afforded the Engineers an opportunity to view the famous Dutch dykes, a magnificent effort in land reclamation. We flew from Amsterdam on Sunday afternoon for Geneva in Switzerland. We spent Monday, the 19th August 1968 looking round Geneva because owing to the fact that the factory we were to visit had only that day resumed work from holidays and it was thought better to allow work to recommence for at least 24 hours before we visited it.

21. On Tuesday, 20th August 1968, we travelled by road via Lausanne and Montreux to St. Maurice to the HOMOGENE Works which is a chip board factory. We had met Mr. H. Hurter, Sales Engineer of G. Siempelkamp & Co. the previous night in Geneva and he, representing the makers of chip board machines in

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Germany, had given some details to us. We found the factory very interesting and felt that such should be established in the Western State of Nigeria. Possibilities for chip boards in building industry are immense. Chip board can be used for ceilings, furniture, doors, wall partitions etc. To establish a 12 ton/day factory, about \$110,-180,000 would be required but there was a debate as to whether it was not better to establish a bigger factory (30-50 ton/day) with an eye on exports. The factory visited was producing 50 ton/day even though designed for a production of 40 ton/day. There will be a need for a detailed analysis of the project before any definite commitment is made.

22. We flew from Geneva early on Wednesday, 21st August 1968 to Frankfurt via Zurich and were met at the airport by two cars which drove us on the 200 mile journey to Erlangen (near Nuremberg) to visit the SIEMENS Research Centre. This visit was at the invitation of Siemens who are supplying electrical parts for some of the machinery for Adu Ekiti and it was one we found extremely interesting. The Centre employs some 10,000 people and forms a significant part of a small University town. A considerable amount of capital outlay has been invested in buildings and equipment for research for an industrial organisation apart from the recurrent annual budget on salaries.

23. A clear understanding of the organisation and work of the Centre was facilitated by two films. We saw demonstrated the results of research into the interaction of quanta, electrons, ions and neutrons with matter and all which will give electrical engineering a completely new face. One cannot help but be marvelling at the uses these new developments can be put in refrigeration (without conventional gases), generation of electricity from chemical energy and electronics. In the Electro-Medical Department, we saw the latest in X-ray equipments and Dental equipments as well as other equipments to assist in the examination, treatment and supervision of the sick in hospitals.

24. The manufacturing factories of Siemens are not in Erlangen and we did not have the time to visit one. The Research Centre and the equipments on display there gave one the undoubted confidence that Siemens' products are one of the best in the world and they are the fruits of meticulous research and perfection.

25. On returning to Frankfurt in the evening, Mr. Peter Faigle of Hospital International Gm BH was waiting to see the Commissioner. He had been in

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Nigeria and his firm, a subsidiary of Siemens, had sold some dental equipments to the Lagos University Teaching Hospital. Apart from selling equipment, his firm could act as consultants to advise on what equipments are required for hospitals. His firm could also finance hospital projects provided the West German Government would back the scheme. He showed interest in the proposed Specialist Hospitals to be built in Western Nigeria and asked for the drawings so that they could advise on the type of equipments that the hospitals would need.

26. On returning to Nigeria, it was discovered that the Electrical Consultant for the Specialist Hospitals, Mr. Fajemirokun, had in fact visited Erlangen and was working with the advice of Siemens on the design of the power requirements of the hospitals. It will still be necessary for the Ministry of Health to consult Siemens on equipments.

27. We left Frankfurt at 1 a.m. on Thursday 22nd August 1968 and arrived in Ikeja at about 8.30 a.m. from where we returned to Ibadan later in the day.

28. A schedule of works visited with their individual specialities is attached as Appendix III of this report.

GENERAL COMMENTS

29. The impression we had before we embarked on the European tour was that a good number of machines and equipment for Ado Ekiti Textile Mills were ready for shipment to Nigeria but this was in fact not so as can be seen from the above report. In this respect, we do not think much was achieved during the tour. It is necessary to emphasize, however, that the visits to various machine manufacturing works and textile factories are significant in proving that:-

- (a) The machines and equipment for Ado Ekiti are in fact on order with bona fide manufacturers of textile machinery,
- (b) the products of these manufacturers are of good quality; and
- (c) the type of machines and equipments specified for Ado Ekiti are up-to-date and in use in textile factories in Europe.

30. We wish to place on record our deep appreciation of trouble taken by Mr. & Mrs. Nagaty and his staff particularly Mr. W. Graupner to ensure the success of the tour. We were well looked after and no pains were spared in ensuring that we saw all we wanted to see and that we were comfortable. Our

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thanks also go to the Directors of Conbitex in Dusseldorf who gave us much attention. A special mention must be made of the hospitality we received in Poland. The firm of Metalexport played hosts wonderfully well and our particular thanks go to Mr. S. Bonkowski, Sales Engineer for his persistent attention all through our stay in Poland.

17th September, 1968.

A. I. Kanle
(C.S.O. Ikande)
Controller of Works Services,
Ministry of Works & Transport

17th September, 1968.

Bisi Onabanjo
(Chief Bisi Onabanjo)
State Commissioner,
Ministry of Health

ARCHIVES OF OYO STATE

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~~24~~

Attorney-General,

You are requested to please comment on the papers, on
pp. ⁴⁴⁴⁻⁴⁷⁰ 1 - 23 in this temporary file, which were received from the
Solicitors acting on behalf of Mr. Nagaty.

F. B. A. Conde

(F. B. A. Conde)
for: SMG.
12 October, 1971.

13 OCT 1971
SMG

ARCHIVES OF OYSAC

S.M.G.,

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472

Your minute at page 24. I have now gone through the petition by Chief Kolawole Balogun & Co. Solicitors for Mr. Solomon Nagaty as at pages ⁴⁴⁸⁻⁴⁵¹ 1-4 and also the attachments at pages ⁴⁵²⁻⁴⁷⁰ 5-23. The attachment as in Appendix A is a letter from the Union Bank of Switzerland showing that various shares held by Mrs. Mary Wilma Davis also known as Mrs. Nagaty in various foreign companies were sold between 1968 and 1971 to cover part finance of Western Textile Industries Company Limited of Ado-Ekiti. Appendix B appears to be a minute addressed in 1967 by Mr. George-Taylor, then Chief Industrial Officer, to the Permanent Secretary and the Under Secretary in his ministry for the purpose of showing that the then proposed Ado-Ekiti Textile Mill would not be over-capitalised. Appendix C appears to be a Report prepared in September, 1968 by Mr. Akande, Controller of Works Services and Chief Onabanjo, then Commissioner for Health in relation to a visit which they paid to Poland, Western Germany, Holland, etc. in connection with the order of machinery for the proposed Ado-Ekiti Textile Mills and in which they stated among other things that the necessary machinery and equipment had then in fact been placed on order with bona fide manufacturers; that the products of these manufacturers were ^a good quality and that the type of machines and equipments specified for the factory were up-to-date and they were in use in textile factories in Europe.

2. The petition of the Solicitors for Mr. Nagaty have stated among other things :-

- (a) that the Company known as Davis of America etc. was incorporated by Mr. and Mrs. Nagaty with a fully paid share capital of £1.1m German Marks and that this couple had the courage to sell international shares owned by them to the tune of 3m German Marks in order to finance the Ado-Ekiti Textile Mills at a time when, during the Nigerian civil war, international investors and Banks were refusing to finance industrial projects in the country;

- (b) that the Company, Davis of America, is incorporated also in Nigeria and registered as an overseas company in the United States of America and that Mr. Nagaty has established various offices with Telex, Radio and other means of fast communication for the purpose of running the Company's establishments in Nigeria including the alleged assemblage ^{of} experienced personnel as listed in paragraph 4 at page 2 for the purpose of carrying out preliminary surveys in Nigeria and the supervision of the erection of buildings and the installation of plants and equipments;
- (c) that Davis of America has subscribed £400,000 as against the Western State Government's £300,000 out of the total £700,000 share capital of the Textile Company at Ado-Ekiti and that the promisory notes in respect of over £1.8m loan to the Company which notes were issued by the Company and guaranteed by the National Bank of Nigeria Limited and the Western Nigeria Marketing Board have also been endorsed by Davis of America as guarantors;
- (d) that the factory started production in May last year; now employs over 1,300 Nigerians and produces 25,000 linear yards per day of the highest quality multi-coloured woven fabrics;
- (e) that Mr. Nagaty claims that the project is a sound financial proposition and that he would be grateful if, through His Excellency the Military Governor's good offices the Federal Military Government would be well disposed to review Mr. Nagaty's present position not only in his own interest but also in the interest of the Ado-Ekiti Textile Mills.

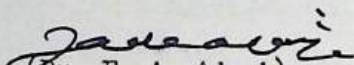
3. As everyone already knows, Mr. Nagaty and his wife were deported from Nigeria a few months ago. The Deportation Orders were published as L.N. 51 and L.N.52 of 1971 and in both these Orders the deportees were declared to be prohibited immigrants under the provisions of the

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Immigration Act 1963, No.6. The Deportation Orders require both Mr. & Mrs. Nagaty to remain out of Nigeria.

4. The two of them being aliens have no legal remedy in a situation like this once the appropriate authority in exercise of its statutory powers decides that they should be declared to be prohibited immigrants and deported out of the country. In view of the press publications at the time of the deportation one cannot assume that the facts now made known in the petition on behalf of Mr. Nagaty as to his alleged business capabilities in respect of the Ado-Ekiti Textile Mills were unknown to the Federal Authorities before the deportation orders were made. I cannot claim to know anything for sure about the financial position of the Ado-Ekiti Textile Mills but all the information which had filtered to ones hearing over the last two years or so suggests that the position could hardly be described as satisfactory. From previous press reports it would appear that Mr. Nagaty was either contemplating or had already got involved in other business enterprises with some other State Governments apart from the West and the general impression gained from reading the newspaper publications after the deportation of himself and his wife was that these enterprises in which he had gone into and was proposing to go into partnership with State Governments in Nigeria were of doubtful viability.

5. In the light of the foregoing there does not appear to be any sound basis for the Government of this State wanting to take up Mr. Nagaty's case with the Federal Military Government and with a view to getting the deportation orders in respect of himself and his wife revoked so that they could both return to the country to resume their business activities. The only other comment that I might make here is that if Davis of America is, as stated in the petition, indeed the majority shareholder in the Ado-Ekiti Textile Company then the conduct of the affairs of the Company might be expected sooner or later to run into difficulties by reason of the physical absence from the country of the majority shareholder. If and when this situation should arise the Board of Directors of the Company would have to consider what would be the next course of action in the circumstances.


(Dr. F. A. Ajayi),
Attorney-General.
26th October, 1971.

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28

Y.E.

Pls. see at pp. 471/474 A.G.'s comments
on the petition by Chief Kola Balogun,
Solicitors, on behalf of Mr. & Mrs.
Hagarty at pp. 444-470. Y.E.
agrees, Chief Balogun will be sent
a reply on the basis of A.G.'s comments.

~~Seeds~~
SVC 28/10

Agreed

~~Seeds~~
29/10

DPS

Pls. reply accordingly

~~Seeds~~
29/10

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29

CONFIDENTIAL

12th November, 1971

SP/G.124/6/T/29

Chief Kolawole Balogun & Co.,
Ile Itesiwaju,
P. O. Box 20,
Ibadan.

Gentlemen,

Petition of Mr. Soliman Nagaty

The petition of Mr. Soliman Nagaty, presented to His Excellency the Military Governor of this State in your letter dated 2nd October, 1971, has been placed before His Excellency. The petition was praying His Excellency to use his good offices to get the Federal Military Government to review the present position of the petitioner. His Excellency recalled that your client and his wife who were the subject of the petition, were recently declared to be prohibited immigrants and were deported from Nigeria by the orders of the Federal Military Government. His Excellency assumed, therefore, that the review being sought by your client was that he and his wife should be allowed to return to Nigeria.

2. In his consideration of the petition, His Excellency observed that, in support of your client's prayer, it was claimed, among other things, that the Ado Ekiti Textile Mills on which he was engaged prior to his deportation was a sound financial proposition, having started production in May last year and now employing over 1,300 Nigerians and producing 25,000 linear yards of the highest quality multi-coloured fabrics per day. His Excellency has no reason to assume, particularly in view of the Press publications at the time of your client's deportation, that the facts now made known in the petition on his behalf as to his alleged business capabilities in respect of the Ado Ekiti Textile Mills, were not unknown to the Federal authorities before the deportation orders were made.

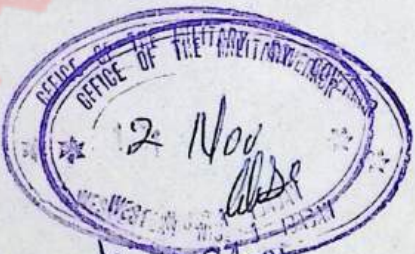
3. Everything considered, therefore, His Excellency regrets that he finds himself unable to accede to the prayer of your client, there being no sound basis on which the Government of this State can intervene in the matter.

I am, Gentlemen,
Your obedient servant,

E. Ade. Emuleomo

(E. A. EMULEOMO)

for Secretary to the Military
Government and Head of Service



CR

Please do paper

to dispose of
file. Edib. 12/4/71

TELEGRAPHIC ADDRESS:
"NATIONBANK, LAGOS"



NATIONAL BANK OF NIGERIA LIMITED

DIRECTORATE

PRIVATE MAIL BAG 12123

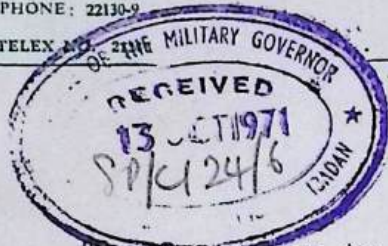
82/86, YAKUBU GOWON STREET.

CODES:
BENTLEY'S
A. B. C. 6TH EDITION

PHONE: 22130-9

TELEX NO.

LAGOS, 12th October, 1971.
(NIGERIA, WEST AFRICA).



REF: D/P.7/177

The Secretary to the Military Government,
Military Governor's Office,
WESTERN STATE,
I B A D A N.

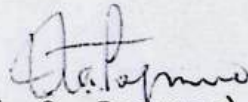
Dear Sir,

PROMISSORY NOTES OF WESTERN TEXTILE
INDUSTRIES COMPANY LIMITED FOR DM.
20,376,746 OUT OF WHICH DM 2,000,000
WAS DUE ON 12/8/71.

We refer to our letter dated 8th September, 1971.

We hope that you will not mind our reminding you, but the position is very delicate and we would be most grateful if you could give this matter your early attention, Sir.

Yours faithfully,
for NATIONAL BANK OF NIGERIA LIMITED,


(F. O. Sogunro)
GENERAL MANAGER.

See P. 412
24532 - Un Rotimi

DIRECTORS: CHIEF NATHANIEL OLANIPEKUN ADELEKE AKINYEMI (CHAIRMAN), MR. JOSEPH BABALOLA DARAMOLA (MANAGING),
CHIEF AKINOLA ADIO ADESIGBIN, MR. ADEWUYI ADENEKAN LADEINDE, DR. HERBERT MAURICE ADEBOLA ONITIRI, MR. ISRAEL
OLUMUYIWA OGUN, MR. DANIEL OLATUNDE AGBEJA MR. FRANCIS OLAYINKA SOGUNRO (GENERAL MANAGER)



MINISTRY OF TRADE AND INDUSTRY

DEVELOPMENT DIVISION
IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications to be addressed
to the Permanent Secretary quoting
Our Ref. No.....G. 668/521....

Date... 15th October, 1971

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Ibadan.



Western Textile Industries Company Limited
Proposal to raise an overdraft of £50,000

The various problems confronting the Western Textile Industries Company Limited (WESTEXINCO) as a result of the deportation of Mr. & Mrs. Nagaty have been highlighted in the brief recently sent to His Excellency by my Commissioner while His Excellency was holding consultation in Lagos with the Head of State. The most serious of these problems is the question of the redemption of the promissory notes issued for the project, the maturity dates of which were indicated in the brief.

2. Another dimension has now been added to the problems as the company has run out of necessary working capital at a crucial time when production should be at full capacity to meet the peak period for textiles, that is, the Christmas and New Year season. The company urgently requires an overdraft of about £50,000 to tide it over this period. In the past, Mr. Nagaty, as Managing Director of the company, backed by a fully constituted Board of Directors, usually made arrangements with banks for any overdraft required and with suppliers for credit facilities. Now, in his absence, I have been approached by the Management to negotiate on behalf of the company for the necessary overdraft facilities. It is, however, difficult for me to accede to this request as I have been advised by the Solicitor-General that the power to borrow money on behalf of the company is exercisable only by the Directors and not by the Chairman or any other Director unless there has been a delegation by the Directors to him or to such Director.

3. At the moment, the company is having an overdraft of about £160,000 with the National Bank which was secured for the settlement of some of the promissory notes; I am assured there is no other overdraft with any other Bank. This is not a bad financial position for a company of the size of WESTEXINCO. The company has prepared a comprehensive cash flow analysis which shows that it will be in a position to liquidate the overdraft being sought within ten months from February, 1972. The company makes an average sale of about £78,000 per month and it would have been possible for it to manage within its resources but for the fact that it has recently been forced to settle some outstanding debts following the deportation of Mr. & Mrs. Nagaty. This was because some of the creditors wanted their accounts settled for fear that the company would be liquidated. Although I have succeeded in persuading many of these creditors to

Pls. see 1. 450, 458, 459

450
479

continue with the former facilities granted, others have refused to accede to my request.

4. In view of the fact that the amount of £50,000 now required is very crucial to the existence of the company during this trying period, I have considered various ways of solving the problem but there appears to be no solution in sight. As a last resort, I have thought it necessary to seek His Excellency's permission, in view of the urgency involved, to negotiate with the Banks on behalf of the company. Furthermore, as banks would normally insist on a resolution of the Board of Directors (which in this case cannot be obtained since we are not yet properly constituted), it will be necessary to obtain a Government guarantee and I shall therefore be grateful if His Excellency would kindly agree to authorise the Ministry of Finance to guarantee the proposed overdraft which as stated above will be repaid in ten months beginning from February 1972.

5. A copy of this letter goes to the Permanent Secretary, Ministry of Finance for his support.

B. A. Oduntan

(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Trade and Industry.

PAS (A)

P 477 / 479
~~448~~ / ~~450~~ are submitted pl.
(*Jensen*)
CR
18/10/71

Note:

We have to know the reaction of P.S.M.F before making a submission to H.E.

Amal 18/10

CONFIDENTIAL

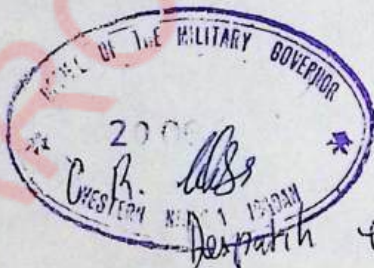
45
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19
October, 1971

SP/C.124/6/451

The Permanent Secretary,
Ministry of Trade & Industry,
Ibadan.

Western Textile Industries Company Limited
Proposal to raise an overdraft of £50,000

I am directed to refer to your letter
No. C.668/521 of 15th October, 1971 and to request
you to forward the views of the Permanent Secretary,
Ministry of Finance to whom you endorsed your letter
under reference so that His Excellency the Military
Governor may consider his views along with your
proposals.



(M. A. Popoola)
for Secretary to the Military
Government & Head of Service.

CONFIDENTIAL

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~~452~~
P 5

B. u. on p 427 is submitted
It could not be submitted on the
due date because the file
was under action. The reminder
on p 448 also has connection please

(Jindan
CR

20/10/71

bu to PAS(A) for further action
on p. 451. 480

Ad
20/10

5000

Just for your info.

460

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482

The Chairman,

Board of Directors & Establishment Committee,

Westexinco - Ado-Ekiti

40 Min. of Trade & Industry

Secretariat - IBADAN

PSOMG

To see and

f.a.

John 18/10

Sir,

Noted P.A.

Some Facts About Nagaty and Westexinco Ado-Ekiti

This is to draw your attention to some of the facts about the above mentioned people:-

1. The man Nagaty is the owner of both Davis of America and J.C. Leibfried GmbH of Sindelfingen, Federal Republic of Germany; So you cannot know their individual shares. The man sent to ask about Leibfried shares is by name Mr. Shaim a relative of Nagaty. He is using at present the Mercedes Benz car seized from Nagaty. The Westexinco senior staff gave the car to him.
2. There are some officers in Westexinco Ado-Ekiti who play Pro-Nagatism in the factory. There are ^{some} Nigerians, Americans, Egyptians and British. They want the factory to stop because the government had driven Nagaty away. They sold the products of the factory at reduced rates to their relatives and friends. They hate the progress of the factory.
3. The factory is overpopulated, instead of 1000 workers the factory has 1500 workers. The women employees were useless in the production side but they were employed for their employer's benefits.
4. The government should nationalise the company for its survival. If Leibfried of Western Germany send representative to be the Managing Director or other high positions the factory it is still Nagaty that is ruling the factory because the representative will take order from him. Any thing may happen to the factory then; it may be burnt or bombed or mismanaged so that the factory may stop.

457 483

5. An enquiry should be made into the factory finances, and how they are managed. The factory staff should be reset and those who are not qualified should be demoted. An enquiry should be made ⁱⁿ to the appointments and administrative aspects of the factory. The accounts should be thoroughly audited because some officers get rich quick with factory money.

6. Tribalism, favouritism and nepotism are publicly practised to any body who has ~~had~~ ^{just} dealings with the factory.

Yours faithfully
Nigerian Citizen.

c.c.

Brig. C. Oluwole Rotimi,
Military Governor Western State
Military Governor's office
IBADAN.

ARCHIVED

Ref. No. C.668/530.

21 October, 1971.

His Excellency
General Yakubu Gowon,
Head of State and Commander-in-Chief
of the Armed Forces,
Dodan Barracks,
Lagos.

Deportation of the Nagatys and its
effects on the Western Textile
Industries Company Limited, Ado-Ekiti

As Your Excellency is no doubt aware, the Western Textile Industries Company Limited, Ado-Ekiti (WESTEXINCO) has been confronted with a number of serious problems since the deportation on the 1st of July, 1971 of Mr. Soliman Nagaty and his wife Mrs. Mary Wilma Nagaty (former Mary Wilma Davis). The most important of these problems is the question of the redemption of the promissory notes issued by the company to cover the credit on the machinery. These notes were guaranteed by the National Bank of Nigeria Limited and the Western Nigeria Marketing Board. As at the date of the deportation, promissory notes to the value of £1,580,282 were outstanding as follows:

	<u>Amount</u> (Loan plus interest)	<u>Maturity Date</u>
1.	£247,557: 8: =	12.8.71
2.	£225,218: 14: =	12.2.72
3.	£272,860: =: =	12.8.72
4.	£270,501: =: =	12.2.73
5.	£278,142: 12: =	12.8.73
6.	£285,783: =: =	12.2.74

2. On July 14, 1971, we received a telegram from the Permanent Secretary to the Federal Ministry of Industry asking us to ignore any correspondence from Nagaty or his agents or representatives. On August 12, 1971, 18 promissory notes worth £247,557: 8s. fell due for redemption, and great pressure has since been exerted by the manufacturers and suppliers of the textile machinery on both the National Bank and the Marketing Board for payment. Quite apart from the above directive of the Federal Ministry of Industries, which requires further clarification particularly in regard to promissory notes already discounted by our partners and paid by reputable banks, I regret to say that neither the Western Textile Industries Company Limited which issued the notes nor the Western Nigeria Marketing Board or the

See p. 554

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National Bank which guaranteed them is at present in a position to find the money. Furthermore, apart from the notes already due for payment, it will be prudent also to assume that the notes bearing future maturity dates have been discounted by Mr. Nagaty and that, in the present circumstances of his deportation, the total outstanding credit of £1,580,282 will fall due for payment by the company or in the event of default, by the guarantors.

3. Our technical and financial partners in this project are I. C. Leibfried G.m.b.H. of Sindelfingen, Federal Republic of Germany and Davis of America G.m.b.H. of Frankfurt/Main, Federal Republic of Germany, who between them hold 57.1% of the shares and did, under the Project Agreement, indemnify this Government in respect of the promissory notes to the relative extent of their shareholding in the company. In pursuance of this Agreement, the four sets of promissory notes which fell due before Mr. Nagaty's deportation were settled as follows:-

<u>Amount</u>	<u>Maturity Date</u>	<u>Remarks</u>
1. £194,107: 13: =	12.8.69	Paid by the Western Nigeria Marketing Board.
2. £215,051: 11: 6d	12.2.70	Paid by Davis of America.
3. £229,313: 16: 5d	12.8.70	Paid by the Company.
4. £235,693: 14: 7d	12.2.71	Paid partially by Davis of America and from loan made to the Company by the Western Nigeria Marketing Board.

4. On the basis of these payments, one is left in no doubt that had Mr. Nagaty remained in the country and in the project, he would have had to discharge his financial responsibilities to the Company by providing funds to cover his own share of the outstanding promissory notes (£902,341) and it is in this respect that we are asking the Federal Government for financial assistance by way of loan in an amount as will enable us to discharge Mr. Nagaty's share of the debt burden. Perhaps I should mention in this connection that all the machinery and equipment in respect of which the credit was raised have been received by the company in full.

5. As indicated above, the first set of promissory notes have been due for payment since August 12, 1971, and the National Bank which guaranteed the notes, on the directive of the previous Government of this State, now stands in danger of being blacklisted in the world major financial centres unless the promissory notes are redeemed without further delay.

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6. Apart from the redemption of promissory notes, another problem which has been facing WESTEXINCO since the deportation of the Nagatys is the difficulty of forming a quorum at any Board meeting. According to the Memorandum and Articles of Association of the Company, no legally binding decision can be taken without a quorum of four comprising two Government nominee-Directors and two Directors of the Technical Partners. Since Mr. Nagaty signed the Agreement for the establishment of WESTEXINCO for and on behalf of the Davis of America G.m.b.H. and he and his wife had always represented this company on the Board of Directors of WESTEXINCO, we would like to know the present status of Davis of America particularly as to whether or not it is still a legal entity recognised by the Federal Military Government. If so, could we invite it to nominate other Directors to replace the Nagatys?

7. Another signatory to the WESTEXINCO Agreement was one Mr. F. Ganz who used to represent the firm of I. C. Liebfried, G.m.b.H., the inseparable twin company of Davis of America, on the Board of Directors of WESTEXINCO before the deportation of the Nagatys. In view of the fact that Mr. Ganz has never been classified as a prohibited person, are we free to invite him to the next Board meeting of WESTEXINCO?

X | 8. Finally, we would like to know the intention of the Federal Military Government about the 57.1% shares of WESTEXINCO jointly owned by Messrs. Davis of America G.m.b.H. and I. C. Leibfried G.m.b.H. Do these shares and the entire assets of WESTEXINCO stand forfeited to the Western State Government in view of the directive contained in the telegram referred to in paragraph 2 above that we should "take over any assets belonging to Nagaty or the Company in your State pending further directive". If this interpretation is correct, when should we expect the promulgation of the necessary decree?

9. I should like to say, with respect, that the problems of the Ado-Ekiti Textile Mill are of a more serious nature than those caused to the Mid-West, North Central, and Kwara States' Governments by the deportation of the Nagatys. Whereas in their own case it is a question of recovering the advances made to the Nagatys for the establishment of the proposed textile industries in their States, the problems listed above in the case of the Western State are such that may tarnish the reputation of the State Government and, inevitably, that of the Federal Military Government if not tackled with great tact and despatch. I would suggest that for the purpose of finding a lasting and satisfactory solution to the problems, a meeting be arranged very urgently under the chairmanship of the

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Secretary to the Federal Military Government. I suggest that other representatives of the Federal Military Government to this meeting should be the Permanent Secretaries to the Federal Ministries of Finance and Industries together with a representative of the Federal Ministry of Justice. On the Western State side, I would suggest a delegation of four headed by the State's Secretary to the Military Government and Head of Service, while the other representatives should be the State's counterparts of the above Federal Ministries' officials.

10. I am sorry to have taken so much of Your Excellency's time but I hope I have succeeded in highlighting the problems of this company and the absolute importance of finding an immediate solution to them in the interest not only of the company but also of the National Bank, the Western State Government and in the final analysis, the Federal Military Government itself.

attd

11. I enclose two spare copies of this letter for your convenience.

en

(Brigadier C. O. Rotimi)
Military Governor,
Western State.

CONFIDENTIAL

PSOMG

To see.

29/11

CFR please s. u. to Mr P. S. O. M. S

on his resumption of duty on
15-11-21. 26/11/21



MINISTRY OF FINANCE
THE TREASURY

PRIVATE MAIL BAG 5341 · IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications on this matter
should be addressed to the Permanent
Secretary quoinf. 302/182
Our Ref. No.....

Date. 2nd November, 1971

The Permanent Secretary,
Ministry of Trade and Industry,
Secretariat,
Ibadan.

Western Textile Industries Company Limited
Proposal to raise an Overdraft of £50,000

I am directed to refer to your endorsement No. C.668/521A dated 15th October, 1971, together with its attachments and to comment as hereunder.

2. In the letter addressed to the Secretary to the Military Government and Head of Service, and endorsed to me, it was claimed that the only debt which the Western Textile Industries Company Ltd., Ado-Ekiti, is having with any bank is "an overdraft of about £160,000 with the National Bank which was secured for the settlement of some of the promissory notes", and that "this is not a bad financial position for a company of the size of WESTEXINCO". I regret to point out that as far as this Ministry is aware, the total of overdraft and loan of the WESTEXINCO with the National Bank of Nigeria Ltd. is not just £160,000 but £358,364 as at 30th September, 1971. It is noteworthy that this amount does not include a sizeable loan and overdraft obtained on their own account by Davis of America, the celebrated partners in the textile venture, nor does it, in any way, take account of the value of promissory notes which matured in August, 1970, February, 1971 and August, 1971 and are already overdue for redemption by the WESTEXINCO. The value of these three sets of matured notes is £356,555:13: 5d but neither the WESTEXINCO nor the National Bank of Nigeria Ltd. has been able to effect the payment involved, notwithstanding the persistent and sustained pressures of the Barclays Bank of Nigeria Ltd. to whom the notes were issued. As you are well aware, the total value of the promissory notes issued by WESTEXINCO to the Barclays Bank of Nigeria Ltd. and guaranteed, on the instructions of the Government of this State, by both the Western Nigeria Marketing Board and the National Bank of Nigeria Ltd. is £1,816,361: 2: 8d.
3. It is recalled that according to the cash-flows approved for the Ado-Ekiti textile project, the WESTEXINCO should, by now, have accumulated cash surplus of over £2 million after repayment of its total capital loan plus interest charges, and cash flows associated with working capital. In the absence of any known re-investment for expansion of production capacity, those retained earnings should be available for use by the company and the necessity to seek further overdraft to increase working capital would not arise. Quite clearly, it would appear an understatement of the true position to claim that the financial position in which WESTEXINCO is today is not a bad financial position for a company of the size of WESTEXINCO. The truth is that a company which, after four or five years of full production, cannot generate reasonable earnings to carry on its normal operations while it is yet not contributing anything to the amortization of its loan capital and recurrent liabilities such as interest charges on loans, should be deemed to have frustrated the hopes and natural expectations of its shareholders. It is, of course, now appreciated that the feasibility report on which the

458
489

whole textile venture was based was ill-conceived and utterly lacking in consistency. Little wonder, therefore, that the forecasts of profitability made by that Report have been totally discredited and falsified.

4. Again, it is to be observed that the cash flow figures for the past six months provided by the company and attached to your letter of 15th October, 1971, appears inadequate because they merely reflect the variable costs of production without taking account of the many outstanding liabilities of the company nor even of the need to meet the immediate fixed cost charges of the company. In the circumstance, therefore, it is very doubtful whether the WESTEKINCO would be able to settle any further bank overdraft to it for a long time to come.

5. In the light of the foregoing, therefore, this Ministry cannot support the request for a government guarantee to be provided for another £50,000 overdraft, which the WESTEKINCO is now seeking to meet its working capital needs.

6. A copy of this letter has been forwarded to the Secretary to the Military Government and Head of Service for his information.

Fola Adebajo
(S. A. Adebajo)
for Permanent Secretary
Ministry of Finance

Our Ref. No. F.302/183
Ibadan: 2nd November, 1971

Copy to:

✓
The Secretary to the Military
Government & Head of Service,
Office of the Military Governor,
Agodi,
Ibadan.



Above for information with reference to letter No. C.668/521 of 15th October, 1971 addressed to you by the Permanent Secretary, Ministry of Trade and Industry.

S. A. Adebajo
(S. A. Adebajo)
for Permanent Secretary
Ministry of Finance

PAS(A)

Correspondence from p 488
SECRET 457 is submitted
please.

(signature)
CR
4/11/71

490
~~459~~

P.S.

~~Mr see~~ pp 457-8 with ref to

C. R.

Mr K. I. V. until we receive
a reply from P.S.M. Tel who
may have some comments on pp
~~488-489~~ ref on p ~~480~~
~~457-8~~ ~~457~~

~~Amal~~
PAS(A)
4/4

PS

please see the minutes
on p. ~~456~~⁴⁸⁷

(Gordon)
CR

15/11/71

Ab kin for ref to H ~~453-458~~⁴⁸⁴⁻⁴⁸⁹
15/11

491

P R I O R I T Y

F.137/340

17th December, 1971.

Mr. B. A. Oduntan,
Chairman,
Western Textile Industry Company Limited,
c/o Ministry of Trade and Industry,
Ibadan.

Outstanding Promissory Notes against Western
Textile Industry Company Limited, Ade-Ekiti
for £200,000

I have just received a letter dated the 10th of December, from the General Manager, National Bank of Nigeria Limited, 82/86, Yakubu Gowon Street, Lagos, in which he informs me that Messrs. Barclays Bank of Nigeria Limited have recently written to demand the immediate payment of the proceeds of 20 Promissory Notes amounting to approximately £200,000 which became due as far back as the 12th of August 1971. This amount is due from Messrs. Western Textile Industry Company Limited for whom the loan was guaranteed by the National Bank of Nigeria Limited and the Marketing Board. The General Manager of National Bank of Nigeria Limited informs me that he has written several letters to you on this matter, the last of which was dated the 25th of November, 1971 but has so far received no satisfactory answer.

2. In view of the fact that your company has been operating on a fairly large scale recently, will you please arrange to honour this obligation immediately so as not to damage further the good name of the National Bank of Nigeria Limited which has done no more than try to help your company in this matter.

3. Please treat this matter with top priority.


(H.S.A. Adedeji)

Permanent Secretary, Ministry of Finance
and Chairman, National Bank of Nigeria
Limited.

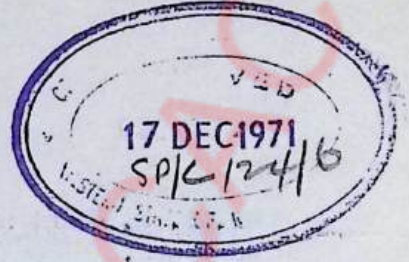
492

Ref. No. F.137/341

Ibadan. 17th December, 1971.

Copy to:

✓ The Secretary to the Military Government and Head of Service, Office of the Military Governor, Ibadan.



Copy for your information and very urgent attention please with reference to the previous correspondence with you by the General Manager of National Bank of Nigeria Limited, ending with his letter reference No. D/P/7/177 of the 12th of October, 1971.

P.477

H.S.A. Adedeji
(H.S.A. Adedeji)
Permanent Secretary,
Ministry of Finance.

DPS

See pp 499/500
also p. 498

pp 491/49 are submitted

please

(signature)

Ch. 29/12/71

ARCHIVES



MINISTRY OF TRADE AND INDUSTRY

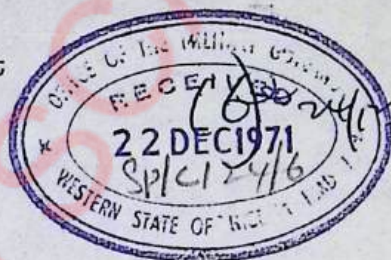
ADMINISTRATION AND GENERAL DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications to be addressed
to the Permanent Secretary quoting
Our Ref. No. A.193/717.

Date 22nd December, 1971.

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Ibadan.



Official Car

Following the deportation of Mr. & Mrs. Nagaty from this country and the subsequent directive from the Federal Ministry of Industries that each State Government should take over all the assets of Messrs. Davies of America lying within its territory, the Western Textile Industries Company Limited, Ado-Ekiti now has two fairly good cars one of which at least is now lying idle at Ado-Ekiti. Meanwhile, requisitions for transport submitted to the Pool by me one or two weeks before I was due to travel had, on a number of occasions in the recent past, been turned down at the last minute either because there was no free car available or all cars had been reserved for an important State occasion such as the recent visit to this State by the Commander-in-Chief.

2. As you are aware, apart from normal inspection tours to my out-station offices, meetings with Federal Ministries and attendances at important national meetings, I am on the Board of six companies whose meetings are held at fairly frequent intervals. I therefore wish to seek approval to transfer one of the cars to my office at Ibadan for use in my Ministry, subject to the following conditions:-

- (i) the car will remain the property of WESTEXINCO but will be attached to me as Chairman of the company for use in the company's interests;
- (ii) the driver will be provided by the company but the maintenance and running costs will be met from my Ministry's vote on the understanding that each time the car is used for conveying me or my staff to the Board meeting of any of the companies on which we at present serve, the usual transport costs (1s. per mile) will be met by the company and paid into Government revenue;
- (iii) the car will be under my personal supervision and control and on no account will it be used for purposes other than in circumstances in which the Office of the Military Governor's Transport Pool would normally have supplied transport.

See p. 509, 516

pl. see p. 497

3. It is my honest view that both the Government and WESTEXINCO stand to gain from the proposed arrangement and I should therefore be grateful for your early approval.

B. A. Oduntan

(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Trade and Industry.

DPS

*Pp 1-2 are submitted
please.*

*(Oduntan
CR*

24/12/71

ARCHIVES

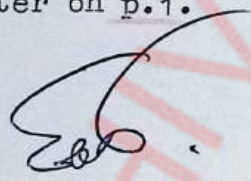
495

P.S.O.M.G.,

493-494

The request on pp.1 & 2 seems to me to be an attempt to create another 'white elephant'. True it is as described in para.2 on p.1 that Mr. Oduntan's commitments in his capacities other than that of a P.S., are multifarious but equally true it is that he is not alone in these circumstances. The moment we allow him to retain a car for these other duties we shall be creating a precedent which may be difficult to defend against other claimers, who are bound to come forward almost immediately. After all, it is only accidental that the car for which Mr. Oduntan is now applying is available.

2. My recommendation is that if the car is not needed on the spot at Ado-Ekiti, it should be transferred direct to the Govt. Transport Pool here in Ibadan to assist in easing the present transport difficulties. This will be a direct way, albeit insignificantly, of Govt. re-couping itself in the Nagaty affairs which was, presumably, the intention of the Federal Govt. directive referred to in para.1 of the letter on p.1.



(E. A. EMULEOMO)
D.P.S.

28 /12/71

D.P.S. I agree with you; since the Chairman of the Company has himself admitted in para. 1, that the car is lying idle at Ado-Ekiti, and since this forms part of the assets which the Fed. Govt has

496

asked the State to take over, then the car should either be transferred to Govt Transport pool or the Board of Directors should dispose of it and credit the proceeds to the Company's assets.

2 - Pl - ask the Chairman P.S., MTRC to take action as above and advise us accordingly after action is taken.

AS
28/12
P.S.

ARCHIVES OF OYS

CONFIDENTIAL

24th January, 1972

SP/C.124/6/T/5

The Permanent Secretary,
Ministry of Trade and Industry,
Ibadan.

Official Car

P.493

The proposal conveyed in your letter No. A.193/717 of 22nd December, 1971, has been carefully considered. While the circumstances which gave rise to the proposal were appreciated, it was considered that it would be more in line with the fulfilment of the Federal Government directive referred to in paragraph 1 of that letter to plough back the car to the assets of the State Government, either by transferring it to the Government Transport Pool here in Ibadan or selling it off and crediting the proceeds to appropriate revenue.

2. I am to request you, therefore, to bring this matter before the Board of Directors at your earliest convenience so that a decision can be taken quickly on the future of the car before it begins to deteriorate from disuse. Please advise this Office in due course of the action taken to that end.

3. With regard to your transport needs for your various official engagements, I am to assure you that this Office will continue to co-operate within its resources and prevailing circumstances.

See p. 509

E. Ade. Emuleomo

(E. A. Emuleomo)
for Secretary to the Military
Government and Head of Service



CONFIDENTIAL

CR

please despatch to dis pose.
Eeb 4/1/72
D/S

3rd January, 1972

SP/C.124/6/493

Mr. B. A. Oduntan,
Chairman,
Western Textile Industry Company Limited,
c/o Ministry of Trade and Industry,
IBADAN.

Outstanding Promissory Notes against Western
Textile Industry Company Limited. Ado-Ekiti
for ₦200,000

I have received an endorsement of a letter No. F.137/341 of 17th December, 1971 addressed to you by the Permanent Secretary, Ministry of Finance and Chairman, National Bank of Nigeria Limited on the above-stated subject.

2. In view of the very serious and urgent situation disclosed in the letter, this office is anxious to know what action you have taken or are taking to get the Western Textile Industry Company Limited, to honour its obligation under the Agreement.

3. Please treat as urgent.

E. Ade. Emuleomo

(E. A. Emuleomo),
for Secretary to the Military
Government and Head of Service

CONFIDENTIAL

Our Ref. No. SP/C.124/6/493^A
Ibadan. 3rd January, 1972

Copy to:-

The Permanent Secretary,
Ministry of Finance and
Chairman, National Bank of Nigeria Ltd.,
c/o Ministry of Finance,
Ibadan.

For information with reference to your endorsement No. F.137/341 of 17th December, 1972.

E. Ade. Emuleomo

(E. A. Emuleomo),
for Secretary to the Military
Government and Head of Service.



OK
please despatch to...
EAB 3/4/72

CONFIDENTIAL



MINISTRY OF FINANCE
THE TREASURY

PRIVATE MAIL BAG 5341 · IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications on this matter
should be addressed to the Permanent
Secretary quoting
Our Ref. No.F.137/354.....

Date. 6th January, 1971

Mr. B. A. Oduntan,
Permanent Secretary,
Ministry of Trade & Industry,
Ibadan.

Outstanding Promissory Notes against Western Textile
Industries Company Limited, Ado-Ekiti for £200,000

I regret to observe that your letter No. C.668/T/3/25 of 24th December, 1971, sent in reply to my letter No. F.137/347 of 23rd December, 1971, represents a surprise shift from the understanding we had and the agreement we reached in our telephone discussion of the 23rd December, 1971, on the redemption of the promissory notes issued by the WESTEXINCO which have now matured. Without belabouring the issue of any misunderstanding which has now arisen from the telephone discussion, it seems to me that your letter of the 24th December, 1971 does not appear to appreciate the seriousness of the undesirable situation created for the National Bank, the Western Nigeria Marketing Board and the Government of this State by the failure of the WESTEXINCO to honour the obligations it had gleefully entered into.

2. I believe that I made the point in our telephone discussion of the 23rd December, 1971, that it was, as it is still, unrealistic and self-deceptive for anyone to expect, in the known circumstances, that, simply because it was responsible for the expulsion of Mr. Nagaty and his wife from Nigeria, the Federal Government would agree to accept any financial liability to which the couple and the interests they represented in Nigeria were previously committed. The Federal Government's action in relation to the expulsion of the celebrated couple was no more than that of sending out of the country aliens whose continued stay in Nigeria constituted a danger to the best interests of the governments and people of this country.

3. Apart from the foregoing consideration, there is an additional reason why it would appear a forlorn hope to expect the Federal Government to give financial assistance to the WESTEXINCO on the grounds that it was the authority which expelled the Nagatys from Nigeria. This is the fact that, all along, the Federal Government has never had confidence or faith in the viability of the Ado-Ekiti Textile Project nor in the wisdom that guided its execution. Both the Federal Ministries of Industries and of Finance had, at different times, warned this State Government, through the appropriate Ministries, of the suspected over-capitalisation of the project, even at the proposal stage, and its possible unviability. Of course, subsequent events have tended to prove the Federal Government right for the Textile Company has not, even after four or five years of full production, been able to generate reasonable earnings to carry on its normal operations while it is yet not contributing anything to the amortization of its loan capital and recurrent liabilities, such as interest charges on loans. Indeed, the amount of £229,313.16.5d. purported to have been paid by the Company in redeeming the Promissory Note, which matured on 12th August, 1970, was paid, strictly, from a loan granted the Company by the Western

Nigeria Marketing Board. In the circumstances, therefore, it would be hoping against hope to continue to revel and live in the idea that a Federal Government which did not look with favour on the establishment of a textile project which it knew, ab initio, was likely to be unviable, would now be persuaded to provide financial assistance to bolster that project.

4. I am firm in my belief that a situation in which the Barclays Bank of Nigeria Limited has now brought itself to demand, formally and in writing, from the National Bank of Nigeria Limited, the reason(s) why the latter is now unable to fulfil its obligations in regard to the payment on the Promissory Notes, issued by WESTEXINCO and guaranteed by the latter Bank, is serious enough to warrant an immediate action to bring the full facts about the unhealthy financial affairs of the WESTEXINCO before the State's Executive Council. I believe it should be obvious to everyone by now that if the decision lies in a choice between the continued existence in business of the National Bank of Nigeria Limited and the WESTEXINCO, the weight of support would indisputably be on the side of the Bank.

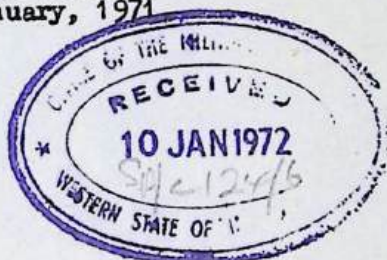
5. Because of the importance and the urgency attaching to this matter, I am forwarding a copy of this letter to the Secretary to the Military Government and Head of Service for his information.

(H. S. A. Adedeji)
Permanent Secretary
Ministry of Finance.

Our Ref. No. F.137/355
Ibadan: 10th January, 1971

Copy to:

The Secretary to the Military
Government & Head of Service,
Office of the Military Governor,
Ibadan.



Above for information, please, with reference to my endorsement No. F.137/341 of 17th December, 1971.

(H. S. A. Adedeji)
Permanent Secretary
Ministry of Finance.

DPS

Pp 499/500 are submitted please.

SECRET

(Handwritten signature)
CR 10/1/72

501

AS OMC

Pages 499/500 arising
from page 491, submitted
f. i. please. Our letter on
page 498 is also relevant.

Eds 10/1/72
Drs

SMC
Y.E.

You may wish to see for
information. at this stage, the correspondence
between M.F. & M.T&I on the Ado-
Ekiti Textile Factory redemption of
promissory Notes. Please see

p. 491 & p. 498-500.

Ayobun Febege

11/1/72

2. Our discussion of yesterday
refers.

Eds
SMC 12/1/72

I have discussed this matter again with the Commissioner for Trade and Industry and advised that Ex-Co be informed of present situation and recommendations laid before it with a view to obtaining Council's directives.

CA
13/11
14/11

DPS

Above pls; kindly inform PS Mr. I as in H's minute above.

Al
12/11

ARCHIVES OF

17th January, 1972

SP/C 124/6/503

Mr. B. A. Oduntan,
Chairman,
Western Textile Industry Company Limited,
c/o Ministry of Trade and Industry,
Ibadan.

Outstanding Promissory Notes against Western
Textile Industry Company Limited, Ado-Ekiti
for ₦200,000

P. 498

Further to my letter No.SP/C.124/6/493 of 3rd
January, 1972, His Excellency, the Military Governor
to whom the matter has been referred, has minuted
as follows:-

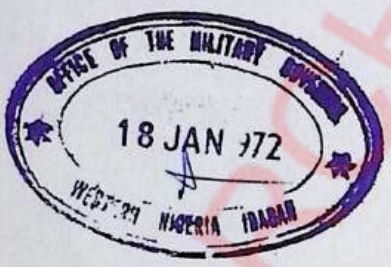
P. 502

"I have discussed this matter again with
the Commissioner for Trade and Industry
and advised that Ex-Co. be informed of
present situation and recommendations
laid before it with a view to obtaining
Council's directives".

2. I am to request you therefore to take appropriate
action as directed in that minute, reporting developments
to this office in due course.
3. I am sending a copy of this letter to the
Permanent Secretary Ministry of Finance in his
capacity as Chairman of the National Bank.

E. Ade. Emuleomo

(E. A. Emuleomo),
for Secretary to the Military Government
and Head of Service



Our Ref. No.SP/C.124/6/503A
Office of the Military Governor
Ibadan. 17th January, 1972

Copy to:
Mr. H. S. A. Adedeji,
Chairman,
National Bank of Nigeria,
c/o Ministry of Finance,
Ibadan.

For information with reference to your
endorsement No.F.137/355 of 6th January, 1971.

C/R

E. Ade. Emuleomo
(E. A. Emuleomo),
for Secretary to the Military Governor

TELEGRAMS: PERMIND



MINISTRY OF TRADE AND INDUSTRY

ADMINISTRATION AND GENERAL DIVISION

IBADAN - WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications to be addressed
to the Permanent Secretary quoting

Our Ref. No....C.668/T³/10.....

12th
Date..... January, 1972.

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Agodi,
Ibadan.



Official Car

With reference to your letter No. SP/C.124/6/T/5 of 4th January, 1972, may I say that in submitting to you the proposal in my letter No. A.193/717 of 22nd December, 1971, I have myself given very careful consideration to the two alternatives mentioned in your letter and I am satisfied that neither of them can be contemplated at present. In the first place, the directive about taking over the assets of Messrs. Davis of America is yet without any legal force and until the Decree now under consideration in Lagos for the forfeiture of the assets of that company is promulgated, there can properly be no question of transferring the car to the Government Transport Pool or disposing of it in any other manner. Perhaps I should mention, that Government was, and is still, a minority shareholder in the Western Textiles Industries Company and that our Board, not being properly constituted under our Articles of Association, cannot legally take a decision to dispose of the properties of the company in the manner suggested.

2. In the circumstance, therefore, in which you do not consider that I, as Chairman of the Company, can use the car for the company's services, I will, as suggested in your letter continue to use Government's facilities for the benefit of the company until the expected decree clarifies our powers and position in relation to the assets of Davis of America.

B. A. Oduntan

(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Trade and Industry.

DPS

Above subtel. w. r. t. p. 497 pl.
19/1/72



Ref.: 58576/S.10/Vol.II/285



11th January, 1972.

The Secretary to the Military Government,
Office of the Military Governor,
Ibadan,
Western State of Nigeria.

(For the attention of Mr. P. T. Odumosu)

Deportation of Solimon Nagaty: Effects on the
Western Textile Industries Company Limited,
Ado-Ekiti

Copies of your letter No. SP/C124/6/433 dated 21st September, 1971, were forwarded to the Permanent Secretaries, Federal Ministries of Finance and Industries who have commented as follows:-

Federal Ministry of Finance

"With reference to your letter No. 58576/S10/II/253 of 22nd November, 1971, it would appear from the records available here, that the real problem of the Western Textile Industries Company Limited is the basic unviability of the project. The project should normally be expected to generate sufficient funds to meet its loan commitments. Any loss associated with the absence of Nagaty, should be related to 'management and technical operations' if he was ever in a position to provide such services which is extremely doubtful.

"If the position is that the partners in the project have an agreement to settle the company's debt in the ratio of their shareholding, this Ministry would have no objection to your office seeking for the approval of the Federal Executive Council for a Treasury loan to be made available to the Western State Government to cover Mr. Nagaty's liability in respect of promissory notes due. Such approval would merely increase the Treasury Certificate loan of £4 million already made available to the Western State Government. The loans are repayable at the end of two years at 4½ per cent per annum. In that event, your proposal should take into account possible federal commitment arising from the 'Nagaty' projects in the other states."

Federal Ministry of Industries

"Where the question of redeeming the promissory notes is concerned I imagine you may have by now received the views of the Federal Ministry of Finance on the matter. I however consider that it would be reasonable for the Federal Government

"to assist the Western Government by way of a loan to enable it discharge Mr. Nagaty's share of the relevant debt burden while the liquidation of all or part of this loan could be given a place in whatever settlement that may be arrived at regarding the assets of the Nagatys.

"As regards the issues raised in paragraph 6 of the Military Governor's letter, I confirm that from the records available in this Ministry, Messrs Davis of America Limited is a legal entity having been incorporated on the 12th of January, 1965. It does not appear that the Certificate of Incorporation has as yet been cancelled. As to whether the company could be invited to nominate other Directors to replace the Nagatys, records in this Ministry indicate that the company has two Directors only and that these Directors are Soliman Nagaty and Mary Wilma Davis (Mr. Nagaty's wife). It does not therefore appear that there is any possibility of inviting Messrs Davis of America Ltd to nominate other Directors to replace the Nagatys. I would suggest that the comments of the Federal Ministry of Trade be sought on this.

"On the question of inviting Mr. Ganz to the next Board Meeting of Westexinco it looks that a further clarification is necessary. In this connection although there would not appear to be any objection to Messrs. I.C. Liebfried being represented at the next meeting of the Board if the Articles of Association of the Company so provide, it needs to be indicated that this would have to depend on what the words "inseparable twin Company of Davis of America." in paragraph 7 of the Governor's letter are intended to mean. It would not be realistic to allow a representative of the company to continue to sit on the Board of Westexinco if the relationship between the Nagatys, Davis of America and Messrs I.C. Liebfried is such that the influence of the Nagatys will continue to be represented on the Board.

"The point made in paragraph 8 raises a number of legal issues. The key point however is the nature of the relationship between the Nagatys and I.C. Leibfried. If this relationship is such that what we seek to remove by the deportation of the Nagatys would be continued through the activities of Messrs I.C. Leibfried then the entire 57.1% shares jointly owned by Messrs Davis of America and I.C. Leibfried should be taken-over. If on the other hand the relationship is such that I.C. Leibfried can play a role completely independent of the Nagaty's then it may be advisable to allow I.C. Leibfried to retain that portion of the 57.1% shares that belongs to it if it is possible to say which shares belong to which company. All therefore depends on what is meant, by I.C. Leibfried being "the inseparable twin Company of Davis of America."

ARCHIVE

"In any case, there appear to be little doubt that whatever shares are owned by the Nagatys should be confiscated and that a Decree is required before effect can be given to this. Whether or not the Western Government should take-over these shares when confiscated is another matter which should be given serious consideration."

2. In the light of the advice given in the preceding paragraph, I should be grateful if you would let me know, as early as possible, in what manner your Government is prepared to pursue the matter further without compromising with the basic decisions already taken.


(A. A. ATTA)

Secretary to the Federal Military
Government.

CONFIDENTIAL

AS(HS)

Pls. endorse copies to PSMF as
PSMTF. Then resubmit for
HE's information.

20/1

C.668/645

18 January, 1972.

His Excellency
General Yakubu Gowon,
Head of State and Commander-in-Chief
of the Armed Forces,
Dodan Barracks,
LAGOS.

Deportation of the Nagatys and its
effects on the Western Textile
Industry Company Limited Ado-Ekiti

May I respectfully invite your Excellency's attention to my letter No. C.668/530 of 22nd October, 1971, in which I suggested an early meeting of officials of the Federal and Western State Governments to discuss the problems arising from the deportation of Mr. and Mrs. Nagaty as they affect the Western Textiles Industries Company Limited, Ado-Ekiti.

2. As stated in that letter to which no reply has yet been received, the most serious of these problems is the failure of the company to redeem the promissory notes covering the suppliers credit for the machinery and the inability of its guarantors, the Western Nigeria Marketing Board and the National Bank, to come to its aid. We are already under very serious pressure from the Barclays Bank, the machine suppliers and especially from the National Bank for the first set of promissory notes valued £247,557. 8/-., which fell due for payment since 12th August, 1971, but which have not been honoured till now. Another set worth £225,218. 14/- will fall due next month.

3. Apart from the admittedly pressing question of finance, I am also concerned about the possible infringement of the Companies Decree No. 51 of 1968 in regard to Annual General Meetings and the filing of the Company's audited accounts with the Registrar of Companies. In the absence of the Nagatys, the company has been unable to form a quorum at Board meetings neither is it in a position without the majority shareholders to hold its Annual General Meetings and to appoint and fix the remuneration of its Auditors. Until the question of the future ownership of the

507B

shares now held by Davis of America/I. C. Liebfried is determined, a re-organisation of the company, now urgently needed to improve its operations and viability prospects, cannot be undertaken neither can we regularise our position with the Registrar of Companies in regard to the filing of the accounts and other statutory papers.

4. I should therefore be very grateful if you would kindly give this matter the urgent attention it deserves.

Sgd. (Brigadier C. O. Rotimi)
Military Governor,
Western State.

CONFIDENTIAL

ARCHIVES OF

508

21 January, 1972.

SP/C 124/6/508

The Permanent Secretary,
Ministry of Trade and
Industry,
Ibadan.

The Permanent Secretary,
Ministry of Finance,
Ibadan.

Deportation of Solimon Nagaty: Effects on the
Western Textile Industries Company Limited,
Ado-Ekiti

P 505-507

I forward herewith copy of a letter from the Cabinet
Office, Lagos, containing the comments of the Federal Military
Government on the above subject.

Xi
(Taiwo Okusanya)
for Secretary to the Military Government
and Head of Service.

*Despt.
11/21/1*

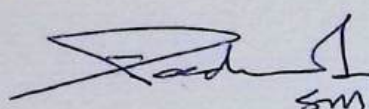
SMG & HS

*I have, above with your instruction given
at p 507. File is hereby resubmitted
please for submission of the letter to H.E.
for inf. The letters under reply are at pp 433-4484
(Flopped)*

ARCHIVED

Y.E.


S.F.M.G.'s letter at pp. 505-507
is submitted f.i. please. It
has been copied to P.S.M.F. and
P.S.M.T.I.


S.M.G. 24/1

I hope comments from the
two ministries will be
ready soon.

CA
24/1.

AS(HS)
F.n.a.


24/1/72

ARCHIVES OF OYSCA

510

SP/C.124/6/510

25 January, 1972 .

The Permanent Secretary,
Ministry of Finance,
Ibadan.

The Permanent Secretary,
Ministry of Trade and Industry,
Ibadan.

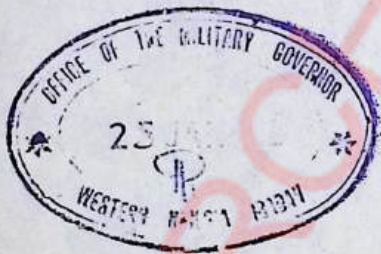
Deportation of Solomon Nagaty: Effects on
the Western Textile Industries Company Limited,
Ado-Ekiti

P. 508

The letter of the Secretary to the Federal Military Government on the above subject, a copy of which I forwarded to you recently, has been laid before His Excellency the Military Governor who has directed that your comments on the letter should be given as early as possible.

(Taiye Okusanya)

for Secretary to the Military Government
and Head of Service.



b.u. 15/2/72 ✓

See P. 518, 520

MINISTRY OF TRADE AND INDUSTRY

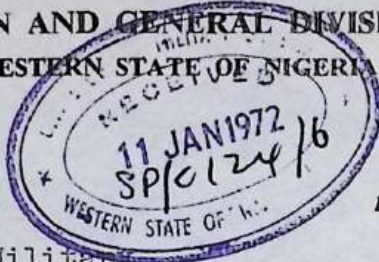


ADMINISTRATION AND GENERAL DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications to be addressed
to the Permanent Secretary quoting

Our Ref. No...C.668/643.....



Date....10th January, 1972.

The Secretary to the Military
Government and Head of Service,
Office of the Military Governor,
Ibadan.

Outstanding Promissory Notes against Western Textile
Industry Company Limited, Ado-Ekiti for £200,000.

498
512/513
491

With reference to your letter No. SP/C.124/6/493 of 3rd January, 1972, I forward herewith a copy of my letter No. C.668/637 of 22nd December, 1971, issued in reply to the Chairman, National Bank's letter No. F. 137/340 of 17th December, 1971. In view of the long delay in receiving a reply to His Excellency's letter to the Head of State proposing a joint meeting of appropriate officials of both Governments to resolve the issues, my Commissioner, in placing the whole matter before His Excellency the Military Governor suggested that unless we heard from Lagos very quickly, he would have no alternative but to approach the Executive Council with a request that the State Government should provide funds, by way of a loan to the company, for the redemption of the promissory notes.

2. As you will no doubt appreciate, one is a little hesitant to request the Western State Executive Council to provide the funds for the redemption of these promissory notes as this might prejudice His Excellency's application to the Head of State and give the false impression that we are financially well-off and capable of paying off these notes without any assistance from the Government. His Excellency, therefore, presumably in recognition of this fact, decided meanwhile to send a reminder to the Head of State. One can only hope that some relief will be forthcoming eventually but if the prospects of such a relief are not apparent fairly soon, there would probably be no other alternative but to advise His Excellency, once again, that the Western State Government be asked to come to the rescue, if only to save the reputation of the National Bank. *Federal*

B. A. Oduntan

(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Trade and Industry.

ARCH

See page 503

22nd December, 1971.

C.668/637

Mr. H. S. A. Adedeji,
Chairman,
National Bank of Nigeria Ltd.,
c/o Ministry of Finance,
Ibadan.

Outstanding Promissory Notes against
Western Textile Industries Company Limited
Ado-Ekiti for £200,000

I wish to refer to your letter No. F.137/340 of 17th December, 1971, on the above-mentioned subject and to inform you that since the deportation of Mr. & Mrs. Nagaty from Nigeria last July, the Western Textile Industries Company Limited has been faced with a number of problems, the most serious of which is its inability to redeem some of the promissory notes issued for the project and which fell due on August 12, 1971.

2. As you are probably aware, although the notes were guaranteed by the National Bank of Nigeria Limited and the Western Nigeria Marketing Board, the Technical Partners, under the project Agreement, indemnified the Western State Government to the relative extent of their shareholding in the company. In pursuance of this Agreement, the four sets of promissory notes which fell due before Mr. Nagaty's deportation were settled as follows:-

	<u>Amount</u> <u>i.e. Loan</u> <u>plus</u> <u>interests</u>		<u>Maturity</u> <u>Date</u>	<u>Remarks</u>
i.	£194,107: 13s. =d		12. 8. 69	Paid by the Western Nigeria Marketing Board.
ii.	£215,051: 11s. 6d		12. 2. 70	Paid by Davis of America.
iii.	£229,313. 16s. 5d.		12. 8. 70	Paid by the Company
iv.	£235,693. 14s. 7d.		12. 2. 71	Paid partly by Davis of America & from loan made to the Company by the Western Nigeria Marketing Board.

3. On the basis of the above payments, one is left in no doubt that had Mr. Nagaty remained in the country and with the company, he would have had to discharge his financial obligations to the company by providing funds to cover his own share of the outstanding promissory notes. This problem and all others brought about by the deportation of the Nagatys have been brought to the notice of the Federal Military Government for necessary assistance and it has been proposed that a meeting of officials of both the Western State and Federal Governments be

3 513

held urgently to discuss the problems. The Federal Government is being pressed for an early date for this meeting.

4. The company is at present just making enough money from its current sales to keep its head above water. It is therefore regretted that it cannot, in the meantime, honour its obligations in respect of the promissory notes on the machinery but it is hoped that a satisfactory solution to the problem will be found at the proposed meeting with the Federal Authorities.

(Sgd.) (B. A. ODUNTAN),
Permanent Secretary,
Ministry of Trade and Industry,
and Chairman, WESTEXINCO.

DPS

P 511 513
P 1 - 3 are submitted

please

(J. J. J. J.)
CR

12/1/72

CR

Please connect in m/f.

DPS

Pp 511 - 513 are
resubmitted. please see
pp 505/510 for the latest developments

Est 13/1/72

DPS

(J. J. J. J.)

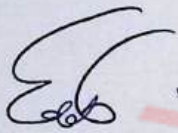
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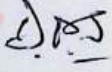
514

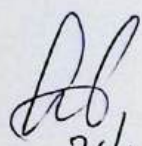
P.S.O.M.G.,

Pl. see the letter on p.504, being the reply of the Chairman, Westexinco, to our letter on p.497. It does not appear to me that the suggestion made by the Chairman in his earlier letter on p.493 is the only use to which the car can be put and I think that he owes it a duty, having found our own suggestions in the matter to be impracticable, to bring the full facts of the matter before his Board of Directors for a decision as to how best to look after the car to avoid deterioration. It will not be sufficient as the impression seems to be in the Chairman's reply on p.504, for him to shrug his shoulders and leave the car in a position where it can deteriorate, thus making a situation made bad by Nagaty worse still.

2. Subject to your concurrence, therefore, I propose to write to the Chairman asking him to bring the circumstances of the car before his Bd. of Directors for a decision as to how best to dispose of it meanwhile.


(E. A. EMULEOMO)
D.P.S.
3/11/72

 I agree.


3/11

ARCHIVES

2nd
February, 1972

SP/C.124/6/515

The Permanent Secretary,
Ministry of Trade and Industry,
Ibadan.

Official Car

P.504

I have taken note of the contents of your letter No. C.668/T3/10 of 12th January, 1972. I trust however that you will take early opportunity to bring the circumstances of the car to the attention of your Board of Directors with a view to a decision being taken as to how best to deploy it to avoid deterioration which may arise from disuse.

E. Ade. Emuleomo

(E. A. Emuleomo),
for Secretary to the Military Government
and Head of Service.



Handwritten initials

please despatch & disburse

P. 516

Feb 2/2/72

516

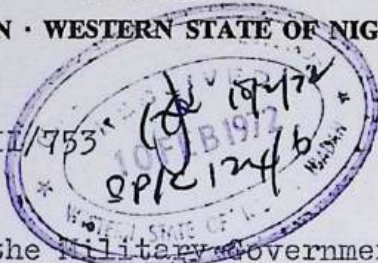


MINISTRY OF TRADE AND INDUSTRY

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications to be addressed
to the Permanent Secretary quoting
Our Ref. No.....

C.668/Vol.XVII/753



Date..... February, 1972..

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Agodi,
Ibadan.

File: Ado Skink
Textile Factory
2/2/72
Hb.

(For the personal attention of Mr. A. O. Adebayo)

Official Car

We have discussed your letter No. SP/C.124/6/515 of 2nd February, 1972, in connection with my proposal to take and use, in my capacity as the Chairman of the Western Textile Industries Company Limited, the car seized from Messrs. Davis of America on the instructions of the Federal Government. I made the point that the Government, as a minority shareholder in the company, cannot properly dispose of the assets of the Company and that no useful purpose will therefore be served by my inviting the Board, as at present constituted, to consider the proposed transfer or sale of the car. I also explained that as the Federal Government's order for the forfeiture of the car to the Western Textile Industries Company Limited, is not yet backed up by a decree, the car can only reasonably be used in the Company's services or in any other manner as the Company may direct.

2. As explained in my letter No. A.193/717 of 22nd December, 1971, the only feasible way, in the present circumstances, to prevent further deterioration of the car, is for me to use the car in my capacity as Chairman of the company subject to personal direction and control by me as outlined in my letter quoted above. This proposal will also help to relieve the pressure on your Transport Pool.

3. I have however given further consideration to the issue of maintenance and running costs. I think the tidier arrangement will be for the company to maintain the car on the understanding that for journeys undertaken in the interest of other companies, the transport claim of 1/- per mile should be paid to the company.

4. I should be grateful if you would now let me have your final ruling on this matter which as you rightly pointed out would normally have been a matter within my competence as Chairman but for the fact that I am subject to civil service discipline and should obtain your covering approval for an arrangement which seems to confer additional privileges on my office but which in reality does not.

B. A. Oduntan

(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Trade and Industry.

CONFIDENTIAL

C. Oduntan
CR 19/2/72

P. 515

P. 493

PS

Submitted as directed above please.

9/2/72

P. T. Odumosu Esq.

5/6 A

Thank you. I had an opportunity to see a copy at the end of Dec '71.

Dear Sir, SP/C 124/6

CA 15/2

I attach herewith the copy of H Nagaty's publication which I mentioned to you yesterday. This copy was made available for my perusal by a friend to whose firm it was sent.

Yours Sincerely

Alcande

Y.O.E., may be interested to see other publication. CWS/MWT.

smc 15/2

SMG


517

Pl. see the letter at p. 516. I am in agreement with the views and proposals put forward by P.S; MTR I. If you have no objection, I shall convey approval.

August Debye
14/2/72

PSOMG

I am not sure that this is as simple as you try to make it. If the car belongs to Messrs. Davis of America, what justification will the Chairman W. T. I. Ltd. have for using the car until it has been legally forfeited to that company? There are so many ships about Mr. Nagaty or Davis of America which need to be sorted out and I wd. hesitate to get involved in dealing with any aspect in isolation.

 14/2
SMG

NOTE

Above, I have spoken with P.S. MTR I. - by. as at p. 510

518

AS(HIS)

B.u. on p 510 is submitted
please. The file had been
in circulation for some time
now and it is just
back this morning.

(signature)
ck

23/2/72

ARCHIVES OF OYSTERS

519

23 February, 1972

SP/C.124/6/519

The Permanent Secretary,
Ministry of Trade and Industry,
Ibadan.

The Permanent Secretary,
Ministry of Finance,
Ibadan.

Deportation of Solimon Nagaty: Effects on the
Western Textile Industries Company Limited,
Ado-Ekiti

P. 510

With reference to my letter No. SP/C.124/6/510 of 25th
January, 1972, I shall be grateful if you will let me have the
comments requested soon.

(Taiwo Okusanya),
for Secretary to the Military Government
and Head of Service.



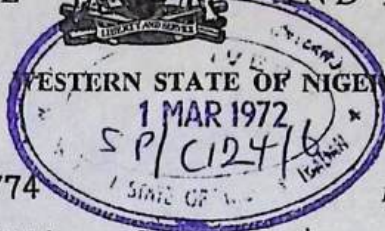
b.u. 14/25 ✓

MINISTRY OF TRADE AND INDUSTRY



IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
 All communications to be addressed
 to the Permanent Secretary quoting
 Our Ref. No. C.668 Vol.XVII/774

Date 29th February, 1972.

The Secretary to the Military Government
 and Head of Service,
 Office of the Military Governor,
 Ibadan.

Deportation of Solimon Nagaty: Effects on the
 Western Textile Industries Company Limited, Ado-Ekiti

P. 510

With reference to your letter No. SP/C.124/6/510 of 25th January, 1972, there is no doubt that the Western Textile Industries Company Limited started off with some basic problems which cannot but have serious repercussions on the viability prospects of the company. One of such problems is the siting of the factory at Ado-Ekiti against the better judgment of those who sincerely believed that, apart from satisfying the industrial dispersal policy of the Government, Ado-Ekiti had little else to recommend it for this particular project. It was of course then assumed that the farmers around the area would, with proper encouragement from the Government, produce enough cotton to feed the factory. This assumption had since been proved wrong and the consequent high transport costs of raw cotton, the price of which includes 10% export duty, from the North to the factory site and of the finished products to the distribution centres certainly take their toll of whatever is the expected profitability of the project. Other issues are the assumed over-capitalisation of the project resulting from high machinery costs and the provision of a residential estate for the expatriate staff; the doubtful managerial and technical ability of Mr. Nagaty himself and his team; lack of working capital which led to the deposit system and which eventually fouled the fountain of goodwill between the company and its distributors. All these no doubt constitute great obstacles in the way of the company's progress and profitability and together constitute the reason for its inability to redeem the promissory notes issued to cover the cost of the machinery.

2. There are however strong indications that the company, even with these basic problems, could, if placed under efficient administrative and technical management, be made viable. The machinery is new and is now being run on three shifts with very little maintenance and repair problems; the efficiency of the factory workers is gradually improving, production having risen from 12,000 yards to 20,000 yards per day which is reasonably near the anticipated maximum production of 25,000 yards per day. At present, the factory is not only covering its operational costs but is also generating some surplus currently being used to pay off some of its old local creditors.

3. The main obstacle to progress in this project is the apparent indecision over the ownership of Nagaty's shares which makes effective re-organisation impossible and the present slump in the textile business resulting from open importation policy of the Federal Military Government which we hope will sooner or later be modified in the interest of the survival of textile manufacturing industries in this country. While therefore it is admitted that the Western Textile Industries Company Limited cannot at present meet its obligations in respect of

.../2.

the external credit on its machinery, there is as yet no ground to conclude that the project cannot be viable. There is every hope that this project will come onto its own and be in a position to meet its financial commitments if and when:

- (i) a final decision is taken on Nagaty's shares in the company followed by a complete reorganisation of its technical and administrative management and a restructuring of the capitalisation through the widening/its present low equity base to provide for a more rational equity/loan gearing ratio.
- (ii) the Federal Military Government decides to save all textile manufacturing industries from total collapse by imposing a ban on textile importation or by placing such importation under licence.

4. I do not share the views of the Federal Ministry of Finance that "any loss associated with the absence of Nagaty should be related to management and technical operations" only. The point we have consistently made was that the company having defaulted, the guarantors, the Western State Government/National Bank/Marketing Board group on the one hand and the I.C. Liebfried/Davis of America on the other became automatically responsible under the Project Agreement for the redemption of the promissory notes covering the external credit on the machinery. The Nagaty Group's share of this debt burden is 57.1% or £902,341 and it is for this amount that the Federal Government's assistance is being sought since Mr. Nagaty is, as a result of his deportation, not now in a position to discharge his responsibility in this respect.

5. Turning to the comments of the Federal Ministry of Industries, I am glad that that Ministry has made precisely the point, to which we had often drawn attention, that in spite of the deportation of the Nagatys, Messrs. I. C. Liebfried and Davis of America still remain legal companies in Nigeria and are still entitled to 57.1% shares jointly held by them in the Western Textile Industries Company Limited. If, as I imagine, the intention of the Federal Government is to prevent Mr. Nagaty or his nominees from deriving any future benefits from WESTEXINCO, it might be necessary to liquidate Davis of America compulsorily and forfeit its shares to WESTEXINCO. These shares are held jointly with Messrs. I. C. Liebfried, and all efforts to get a representative of Liebfried who visited this Ministry some months ago to declare the proportion of the shares held by his company proved abortive. There is therefore no doubt that the objective of the forfeiture will only be achieved if a similar action is also taken against I. C. Liebfried. Otherwise, I. C. Liebfried will almost certainly lay claim to the total of 57.1% held by the two companies and Mr. Nagaty's interests in the company will continue to be represented, even if indirectly.

6. It is indeed encouraging that both the Federal Ministry of Finance and the Federal Ministry of Industries have at last unanimously agreed that it would be reasonable for the Federal Government to assist us in discharging Mr. Nagaty's share of the debt burden. I hope they will now do everything possible to get the loan released as a matter of extreme urgency as, apart from the set of promissory notes which matured since August 1971, another set has matured this month and we are under very great pressure from the banks to honour this international obligation without further delay.

B. A. Oduntan

(B. A. ODUNTAN),

Permanent Secretary,

Ministry of Trade and Industry.

AS/HS

P. 520/521
please.

CONFIDENTIAL
2/3/72

520

the external credit on its machinery, there is no doubt that the project cannot be viable. It is to be noted that the project will come into its own only when every one has the financial commitment to meet the position to meet the financial commitment.

Note

PSMF rang me this morning to say that his Ministry's file on the

subject of WFTWENCO is unavailable

and therefore the comments of his Ministry would not be ready for some

time. The CMF, he said, has reported

the present state of affairs to SMG.

X
AS (US) 3/3/72

Turning to the comments of the Federal Ministry of Industries, I am glad that that Ministry has made precisely the point to which we had often drawn attention, that in spite of the departure of the Negaty, Messrs. I. G. Dickfield and Davis will remain legal companies in Nigeria and are still entitled to 57.1% shares jointly held by them in the Federal Textile Industries Company Limited. It is I imagine the intention of the Federal Government as to prevent Mr. Negaty or his nominees from deriving any future benefits from WFTWENCO. It might be necessary to liquidate Davis of America compulsorily and transfer the shares to WFTWENCO. Those shares are held jointly with Messrs. I. G. Dickfield, and all efforts to get a representative of Dickfield who visited this Ministry some months ago to declare the proportion of the shares held by his company proved abortive. There is therefore no doubt that the objective of the forfeiture will only be achieved if a similar action is also taken against I. G. Dickfield. Otherwise, I. G. Dickfield will almost certainly lay claim to the total of 57.1% held by the two companies and Mr. Negaty's interests in the company will continue to be represented, even if indirectly.

It is indeed encouraging that both the Federal Ministry of Finance and the Federal Ministry of Industries have at last unanimously agreed that it would be reasonable for the Federal Government to assist in discharging Mr. Negaty's share of the debt burden. I hope they will now do everything possible to get the loan released as a matter of extreme urgency so that from the rest of promissory notes which matured since August 1971, another not has matured this month and we are under very great pressure from the banks to honour this international obligation without further delay.

S.M.G. & H.S.

This minute is an interim one on the redemption of the WESTEXINCO promissory notes and is for your information only at this stage. The Permanent Secretary, Ministry of Finance has not been able to submit the comments of his Ministry on the Federal Government letter (p.505) because he says the subject file on the matter is unavailable. He says the Commissioner for Finance, Mr. Aluko, has made you aware of this fact.

g dot / remember

2. In the comments of the Permanent Secretary, Ministry of Trade and Industry on the matter P.520, he has among other things, agreed

(i) that a loan be obtained from the Federal Government to the tune of £902,341 which is the share of Davis of America - I.C. Liebfried (51.7%) of the promissory notes to be redeemed;

(ii) that since Davis of America, and I.C. Liebfried are still legal companies in Nigeria, they should be compulsorily liquidated by the Federal Government and their shares in the Ado-Ekiti mill forfeited to WESTEXINCO, (the Federal Government letter was not specific about who should inherit the forfeited shares).

3. A fuller minute ~~will~~ be submitted to you when the comments of the Permanent Secretary, Ministry of Finance arrive.

(Taiwo Akusanya)
A.S. to H.S.

JK
7 March, 1972.

*You shd. continue to press
PSMF. for a reply,*

A 8/3

524

Note

PSMF informed me that CMF has given the Ministry's file on WESTEXMCO to HEMG to study in preparation to HE's visit to the Abolitionists this morning. He ~~points~~^{says} that sometime next week the comments of his Ministry in the Fedint letter (ref. week) may be available.

Hi
AS/HS/10/3

X/ ^{CR} to file to PAS(a) on 17/3/72 ✓
(I'll be on vac. leave then) and kindly draw his attention to minutes overleaf and my note above.

Hi 19/3

PAS (6)

B. u. as at "X" above is submitted please

(overleaf)

CR

17/3/72

Pl see again on 30/3

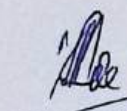
Me 17/3

PASG

B. u. at foot of p. 524
is submitted please.

(J. J. W. W.
CR
30/3/72

Pl resubmit to AS(HS) on 5/4 ✓


30/3

AS(HS)

Above b. u. is submitted
please.

(J. J. W. W.
CR
5/4/72

ARCHIVES OF OLYMPIA

526

2ND REMINDER

5 April, 1972

SP/C.124/6/526

The Permanent Secretary,
Ministry of Finance,
Ibadan.

Deportation of Solimon Nagaty: Effects on the
Western Textile Industries Company Limited,
Ado-Nkiti

P.519

With reference to my letter No. SP/C.124/6/519 of 23rd February, 1972 and our subsequent conversation (Mr. Adedeji/Okusanya) early last month on the above subject, I shall be grateful if you will let me have the comments requested soon. The Permanent Secretary, Ministry of Trade and Industry has already forwarded his comments.

Adedeji
(Taiwo Okusanya)
for Secretary to the Military Government
and Head of Service.



b.d. 12/4 ✓

ARCHIVES

SCAG

MINISTRY OF TRADE AND INDUSTRY



IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications to be addressed
to the Permanent Secretary quoting
Our Ref. No. INV.668C Vol.II/286

Date 10 April 1972

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Ibadan.



Appointment of an Acting General Manager for the
Western Textile Industries Company Limited

The Project Agreement between the Western State Government and Messrs. I. C. Liebfried G.M.B.H. and Davis of America G.M.B.H. both of the Federal Republic of Germany in respect of the Western Textile Industries Company Limited, Ado-Ekiti provides that "subject to the determination of the overall policy of the company (including the policy relating to finance and expenditure) by the Board of Directors of the company, the partners (i.e. Messrs. Liebfried and Davis of America) shall have full operational control of the technical management of the factory for a period of 10 years from the date the factory is commissioned". The Agreement further provides that the technical partners shall nominate four of the seven-member Board of Directors including the Managing Director.

2. On the establishment of the company, Mr. Soliman Nagaty who was our principal partner in this project assumed the Managing Directorship of the company until sometime last year when he handed over the reins of management to one Mr. Mikhail whom he recruited from Egypt for this purpose. On the deportation of Mr. Nagaty, Mr. Mikhail continued in his position, though apparently uneasily, until last December when he applied for two weeks leave to see his wife who was reported to be seriously ill in Egypt. I granted his application on the understanding that the period of his absence would be treated as leave without pay and that the expenses of the trip including air passages would be borne by him. He of course took, in addition, 10 days factory leave to which he was normally entitled and was due to return to the factory on 15th January, 1972. Nothing was heard from him again until early March when the Polish Technical Manager of the factory who was on a spare parts negotiation mission in Western Germany reported on his return that he accidentally met Mr. Mikhail in a hotel in Western Germany and eventually got to know that this gentleman was there on the invitation, and at the expense, of Mr. Nagaty. It then became obvious that Mr. Mikhail used the alleged illness of his wife as a ruse to meet Mr. Nagaty and to give him an up-to-date report on the goings-on in the factory and in the country, at least as far as the Federal Government's attitude to Mr. Nagaty was concerned. Mr. Mikhail finally returned to Nigeria on 15th March and, following an interview which I had with him at which he was left in no doubt as to the loss of confidence which his trip to Western Germany must engender in the minds of all concerned, he offered to be relieved of his appointment at the end of March, 1972.

.... / 2.

3. Mr. Mikhail has since left and the company is now left without a head. With the Board of Directors as at present constituted, I am not in a position to recruit a new Managing Director or General Manager neither can Mr. Nagaty or his company, Messrs. Davis of America, do so. I am however concerned about the possible consequences of the continued operation of such a heavy industrial undertaking without an effective head and I therefore propose that consideration be given to the secondment of either a senior administrative officer not below Group 6 or an officer of comparable seniority and relevant experience from any of the Corporations to serve as Acting General Manager until a final decision is taken by the Federal Government on Mr. Nagaty's assets following which a properly constituted Board will take on hand the appointment of a permanent General Manager or Managing Director. In making this recommendation, it is my view that any officer to be so seconded should have had some previous experience of industrial management probably through connection with this Ministry or the Western Nigeria Development Corporation. In order to ensure reasonable satisfaction at the job and for maximum success, it is suggested that the officer selected for this post should, for the period of his service with the company, be offered a salary of £4,000 per annum, bearing in mind that the last Managing Director of the company was on a salary of £6,000 per annum.

Sans number?

(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Trade and Industry.

C O N F I D E N T I A L

AS Sc

Submitted from p. 527
please.

(signature)
CR

11/4/72

ARCHIVES

D. P. S.,

Pages 527 - 8 please.

- 2. The P. S. Min. of Trade & Industry who is also Chairman of WESTKINGCO wants a suitable Administrative Officer **not** below salary Group 6 and versed in industrial experience seconded to the Company as Ag. General Manager until the Board of the Company is in a position to appoint a body to fill the post of substantively. The vacancy was created by the resignation of one Mr. Mikhail on whose shoulders fell the responsibility of heading the Coy's affairs following the deportation of the notorious Nazaty.
- 3. You may therefore wish to bring matter to the attention of P. S.,
- O. M. G. ~~for necessary attention~~ please.

S. Oliya Oni
 (S. Oliya Oni),
 A. S. (S. C.).
 12 April, 1972.

A. S. 3c

I am afraid the preceding minute is not very helpful. The burden of Mr. Odunbin's submission is in para 3 on page 528. What are your concrete proposals or comments on that aspect of the submission?

E.O.S. 14/4/72
879

D. P. S.,

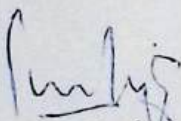
Your minute overleaf refers please.

2. From my understanding of paragraph 3 of page 528 and ~~read~~ in conjunction with paragraph one of page 527, I think the technical partners have, by virtue of the operating agreement, ^{the} right to appoint the Managing Director or General Manager for WESTEXINCO. A basis for this partnership has become shaky following the deportation of Nagaty and the consequential move to determine the expatriate's assets in this country. In that circumstance, something has to be done at least to protect the interests of both parties particularly those of this Govt, and the power of the Board to "determine the overall policy of the Company", I suspect, is being invoked to get somebody to direct the Coy's operational activities at this critical moment.

2. Viewed against this background, and even though the present agreement gives the technical partners the Managing Directorship, the Chairman wants someone to paddle the canoe. I think this is the wisest thing to do. In effect, and subject to the P.S., M.T. & I, seeking legal advice from the M.J., on his proposed course of action, I think Govt. can second any of the following Categories of Officers to the Company:-

- (a) Chief Investment Officer M. T. & I.
- (b) Chief Commercial Officer M. T. & I.
- (c) Chief Industrial Officer M. T. & I.

The above suggestion is based on the fact that each of these officials should have got an ^{appreciable} applicable knowledge of the Company which is a subsidiary venture of our M.T. & I, (Incorporated).


 (S. Olaiya Oni),
 A. S. (SC),

17 April, 1972.

531

P.S.O.M.G.,

Attention is respectfully invited to the minute on p.529 & 530, arising from Mr. Oduntan's letter on p.527.

2. I agree with the proposal in his para. 3 on p.528 that some interim arrangement should be made to provide the Westexinco with some managerial leadership and direction until circumstances permit the appointment of a substantive General Manager.

3. The mechanics suggested by him for implementing this proposal is that an officer of sufficient seniority and status within the Service (not below salary Group 6) should be seconded to the General Managership of the Coy and paid an annual salary not below £4,000. The justification for this rate of pay, he said, rested on the fact that the last substantive holder of the post was on a salary of £6,000 p.a.

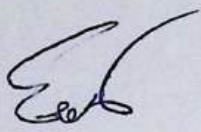
4. While I see no objection to the idea of placing a serving officer in charge of the Company meanwhile I am unable to support the procedure proposed. It looks to me neater and more in line with the regular practice in the matter merely to assign such an officer instead of seconding him, in which case he will continue to be paid by his substantive employer and at the level of his substantive salary. This was the arrangement on which the services of Mr. George Taylor were made available to the W.I.N. in the first instance until he finally transferred to the Company. This was also the basis on which Mr. F. O. Shadare, Chief Information Officer is serving with the Sketch Publishing Company.

5. There will be nothing wrong, however, if the circumstances of his duties so demand, for such an officer to be paid some allowance, e.g. entertainment allowance, at a rate reasonable to his circumstances, taking into

532

consideration prevailing rates for comparative posts in the other State-owned or associated companies.

6. If the proposal is acceptable in principle, there will be the related question of candidature. I think this is a matter we can discuss, taking into consideration a number of factors. The Chairman of the Westexinco himself will have to participate in the discussion.



(E. A. EMULEOMO)

D.P.S.

2/14/72

ARCHIVES OF OYSON



MINISTRY OF TRADE AND INDUSTRY

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications to be addressed
to the Permanent Secretary quoting

Our Ref. No..... INV.668 Vol.XVII/813

Date 17th April, 1972.

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Agodi,
Ibadan.



Representation of Messrs I. C. Liebfried/Davis
of America on the Board of Western Textiles
Industries Co. Limited

According to the Project Agreement entered into by the Government of Western Nigeria and Messrs I. C. Liebfried/Davis of America (the Technical Partners) for the establishment of the Western Textiles Industries Company Limited, "there shall be a Board of Directors for the company comprising of seven (7) Directors, three of whom including the Chairman shall be nominated by the Government and the remaining four including the Managing Director by the Partners."

2. Since the deportation of Mr. & Mrs. Nagaty, the Board had been composed entirely of Government nominees who, because they do not constitute a quorum, are not in a position to take decisions on major issues affecting the company. I have, in my letter No. C.668/Vol.XVI/627 of November, 1971, already addressed you on the disabilities of this Board, particularly its incompetence to arrange the holding of the statutory annual general meeting and to appoint its own Auditors. Perhaps the most unsettling of the problems is the redemption of the promissory notes issued to cover the cost of machinery, two sets of which matured in August, 1971 and February, 1972 respectively. The total value of these two sets is £472,776. 2/-. Messrs I. C. Liebfried/Davis of America have responsibility, under the Project Agreement, for 57.1% of the value of these notes and should have been called upon to pay their own share of the debt but for the deportation of the Nagatys.

3. As you are aware, we have made sustained, but fruitless, efforts to get the Federal Military Government to declare the status of Davis of America as a company in this country and to determine the ownership of its assets. Apparently because of this indecision on the part of the Federal Government, Messrs Davis of America still believe, and rightly so from the purely legal point of view, that they still retain the ownership of their shares in WESTEXINCO and therefore recently sent a cablegram asking for permission to appoint four Directors to represent their interests in the company. A copy of the cablegram is attached. I am however not in a position to take any action on this request bearing in mind an earlier directive from the Federal Ministry of Industries, copy also attached, enjoining us to "ignore repeat ignore any correspondence from Nagaty or his agents or representatives."

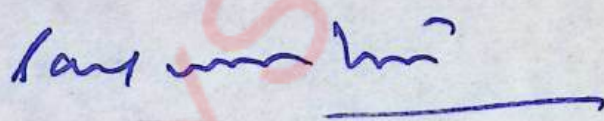
4. In view of the financial embarrassment which the deportation of Mr. & Mrs. Nagaty had brought on the Western Textile Industries Co. Limited and the additional financial commitment

See p. 540, 545

535

2
534

likely to arise as new sets of promissory notes mature for payment, it is absolutely important that a decision on the future ownership of the assets (an liabilities) of Davis of America in WESTEXINCO be taken now. I should therefore be grateful if you would obtain a statement from the Federal Government as to whether the assets of Davis of America/I. C. Liebfried remain forfeited to the Western State Government as stated in the attached telegram from the Federal Ministry of Industries and if not, whether the company could admit Directors nominated by Davis of America (Mr. Nagaty) to represent their interests in the company.



(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Trade and Industry.

C O N F I D E N T I A L

ARCHIVES OF

COPY

VZCC NET206 BLL677 JKE87E DP4034TGO51 TRANS020
NGLX HL DPFX 042 FRANKFURT AM MAIN/11 42 27 1815

LT PERMANENT SECRETARY MINISTRY OF TRADE AND
INDUSTRY WESTERN NIGERIA GOVERNMENT IBADAN SECRETARIAT

ATTENTION MR ODUNTAN STOP PROPOSE SENDING FOUR DIRECTORS
REPRESENTING OUR INTEREST WESTERN TEXTWLE ADOEKITI STOP
KINDLY ADVISE APPROVAL BY CABLE USADDAVIS FRANKFURTMAN
DAVIS OF AMERICA GMBH GUTLEUTSTRASSE 46 FRANKFURTMAIN

COPY

IB 0038

KOPQPKUSNM

LAGOS 13

PRIORITY PERMSEC TRADE AND INDUSTRY IBADAN

SI.277/VOL.1/65 X INFORMED NAGATY STILL SENDS TEL X
THAT HIS PROJECT IN YOUR STATE WILL PROCEED AS PLANNED X
WITH IMMEDIATE EFFECT TAKE OVER ANY ASSETS BELONGING
TO NAGATY OR THE COMPANY IN YOUR STATE PENDING FURTHER
DIRECTIVE IGNORE REPEAT IGNORE ANY CORRESPONDENCE FROM
NAGATY OR HIS AGENTS OR REPRESENTATIVES X

PERMIND



MINISTRY OF FINANCE
THE TREASURY



..... DIVISION

PRIVATE MAIL BAG 5341 · IBADAN · WESTERN STATE OF NIGERIA
SP/C.124/6/526

Your Ref. No.....
All communications on this matter
should be addressed to the Permanent
Secretary quoting
F.302/T/19
Our Ref. No.....

Date... 19th April, 1972.

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Ibadan.

Deportation of Solimon Nagaty: Effects on the
Western Textile Industries Company Limited,
Ado-Ekiti

P. 526
I am directed to refer to your letter Reference No. SP/C.124/6/526 of 5th April, 1972 and to report that the action-file which contains the substance of our comments on the Subject-matter is currently in action with His Excellency, the Military Governor. It was believed to have been passed to His Excellency by my Commissioner.

2. Your directive will be carried out immediately after the file is returned to this Ministry.

Folorunso Kila
(Folorunso Kila)
for Permanent Secretary,
Ministry of Finance.

6

538

AS(Sc)

Pp1-4 case submitted
please. The main file is
with the DPS.

(Jawahar
CR

2014/172

ARCHIVES OF OYSCAC



TELEPHONE: 819067, 819539

TELEGRAMS: NIGERIAN CAIRO

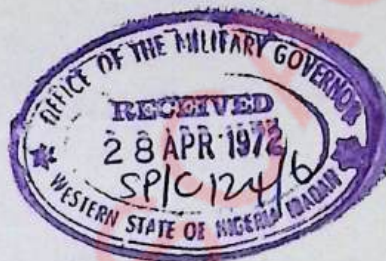
EMBASSY OF THE FEDERAL REPUBLIC OF NIGERIA

13 SHARIA CABALAYA
ZAMALEK, CAIRO
UNITED ARAB REPUBLIC

12th April, 1972

Ref. No. 33

The Managing Director,
Western Textile Industries,
WESTEXINCO
P.M.B 337
Ado Ekiti
Western State.



Dear Sir,

Extension of Mr. El Sayed Ahmed
Moheieddin El Wishahy's Service.

I am directed to refer to my letters Nos. No.33 of 2nd July, 1971 and 7th October, 1971 which were subsequent to your letter No. SN/PG of 16th March, 1971 on the subject of the extension of services of Egyptian Technicians in your Company and to remind you again that if you still need the services of Mr. Wishahy to be extended please forward urgently the necessary contract agreement papers to this Embassy for onward transmission to the competent authorities, in Cairo, who will approve the extension of his service.

The Competent Authority here in Cairo will however, not extend his service with your Company until they have received from you the contract Agreement papers from you spelling out the terms and conditions of Mr. Wishahy's service.

It is hoped that you will treat this matter as urgent if you still wish Mr. Wishahy's continuous service with your company.

(Z.O. Aoko)
for Ambassador.

copy to:-

The Secretary,
Military Government,
Governor's Office,
Western State,
Ibadan - Nigeria.

Above for your information and necessary action. It is understood that your Government is in partnership with the Western Textile Industries Lt., (WESTEXINCO) which has in a letter No. SN/PG of 16/3/71 solicited His Excellency's assistance in obtaining approval for the extension of the services of some Egyptian technicians in the Company's employment. Your liaison with the WESTEXINCO to forward necessary contract agreement paper will be appreciated.

see p. 542
Ab kiv. - since letter was addressed to the Coy in the first instance
(Z.O. Aoko)
for Ambassador.

540

SP/C.124/6/540

12 May, 1972.

The Permanent Secretary,
Ministry of Industries,
IBADAN.

Representation of Messrs. I. C. Liebfried/Davis
of America on the Board of Western Textiles
Industries Co. Limited

I refer to your letter No. INV.668 Vol.XVII/813 of 17th April, 1972. It does not appear that this Office is the appropriate channel to direct the request in paragraph 4 of your letter under reference, especially in view of the information conveyed to you in the telegram from the Federal Ministry of Industries, which requested you to take over, with immediate effect, any assets belonging to Nagaty or the Company in this State pending further directive. If you still require further clarification on the telegram from the Federal Ministry of Industries, it would be best for you to approach that Ministry directly for the further directive which it has promised to convey to your Ministry.

Issued
KPK.
12/5/72

A. O. Adebayo
(A. O. ADEBAYO),
for Secretary to the Military
Government & Head of Service.

ARCHIVES

545

SP/C.124/6/541

54
15 May, 1972.

The Permanent Secretary,
Ministry of Industries,
IBADAN.

Appointment of an Acting General Manager for the
Western Textile Industries Company Limited

I refer to your letter No. INV.668C Vol.II/286 of 10th April, 1972 on the subject of appointing a civil servant temporarily to act as General Manager for the Western Textile Industries Company Limited. I have consulted the Secretary to the Military Government and Head of Service on this proposal and he is decidedly opposed to it as quite apart from the fact that no officer is at the moment available for such an assignment, it is not a prudent act of policy to proceed in the way proposed. He has accordingly advised that you should make whatever internal arrangements you can to administer the Company until its affairs are sorted out.

Issued
Hak.
15/5/72

A. O. Adebayo
(A. O. ADEBAYO),
for Secretary to the Military
Government & Head of Service.

DPS
From p. 531 for inf.
Ab66/5 AS.

542



EMBASSY OF THE FEDERAL REPUBLIC OF NIGERIA

13 SHARIA GABALAYA
ZAMALEK, CAIRO
UNITED ARAB REPUBLIC

TELEPHONE: 819067, 819539
TELEGRAMS: NIGERIAN CAIRO



5th May, 1972

Ref. No. 33

The Secretary to the
Military Governor's Office,
Western State,
Ibadan - Nigeria.

El Sayed Ahmed Mohieddin El
Washahy - Technician in WESTEXINCO,
Renewal of Contract.

Further to my letter No. 33 of 12th April, 1972
I am directed by His Excellency the Ambassador to
forward herewith a self-explanatory note No. 165/7020
of 18th April, 1972 reminding this Embassy to forward
the contract of the above-named Egyptian technician
in the service of the Western Textile Industries
(WESTEXINCO) in Ado Ekiti.

It will be appreciated if you will be good enough
to use your good offices to obtain Mr. Washahy's
contract to enable the Egyptian appropriate authority
extend his service and if you will let us know whether
the WESTEXINCO does not require Mr. Washahy's extension
of service again. As it were, it would appear that the
responsible authority of the Company had been silent
since it made, through this Embassy, a request for
Mr. Washahy's extension of service as all our letters
to them were not replied.

Since your Government is a partner to the WESTEXINCO,
it will be necessary after due consultation you inform
us whether you still need Mr. Washahy's extension of
service.

This Embassy will appreciate your immediate reply
to enable it reply positively to the responsible
Egyptian authority now seeking Mr. Washahy's contract.

Copies of this letter are being addressed to your
Ministry of Trade & Industry and WESTEXINCO.

(Z.O. Aoko)
for Ambassador.

ARCHIVED

P. 544

P. 539

4th May, 1972

33

The Managing Director,
Western Textile Industries,
WESTEXINCO,
P.M.B. 337,
Ado Ekiti,
Western State,
NIGERIA.

Dear Sir,

Extension of Mr. El Sayed Ahmed
Mohieddin El Wishahy's Service.

I am directed to refer to my letter Nos. No. 33 of 2nd July, 1971 and 7th October, 1971 which were subsequent to your letter No. SN/PG of 16th March, 1971 on the subject of the extension of services of Egyptian Technicians in your Company and to remind you again that if you still need the services of Mr. Wishahy to be extended please forward urgently the necessary contract agreement papers to this Embassy for onward transmission to the competent authorities, in Cairo, who will approve the extension of his service.

The Competent Authority here in Cairo will however, not extend his service with your Company until they have received from you the contract Agreement papers from you spelling out the terms and conditions of Mr. Wishahy's service.

It is hoped that you will treat this matter as urgent if you still wish Mr. Wishahy's continuous service with your company.

(Z.O. Aoko)
for Ambassador.

Copy to:-
The Secretary,
Military Government,
Governor's Office,
Western State,
Ibadan - Nigeria.

Above for your information and necessary action. It is understood that your Government is in partnership with the Western Textile Industries Lt., (WESTEXINCO) which has in a letter No. SN/PG of 16/3/71 solicited His Excellency's assistance in obtaining approval for the extension of the services of some Egyptian technicians in the Company's employment. Your liaison with the WESTEXINCO to forward necessary contract agreement paper will be appreciated.

(Z.O. Aoko)
for Ambassador

544

The Ministry of Foreign Affairs
The Cultural Department
Africa

18/4/1972

NOTE

Ref. No. 165/7020

File No. 52/283/1

The Ministry of Foreign Affairs of the Arab Republic of Egypt presents its compliments to the Embassy of the Federal Republic of Nigeria in Cairo and further to Ministerial Note 165/21320 of 9/12/1972 concerning the contract for the renewal of the recruitment of El Sayed Ahmed Mohieddin El Washahy in Nigeria; the Ministry has the honour to inform the Embassy that the competent authorities in the Arab Republic of Egypt have urgently asked to be furnished with the said contract in order to take action for the renewal of this recruitment.

The Ministry of Foreign Affairs avails itself of this opportunity to renew to the Embassy the assurances of its highest consideration.

To the Embassy of Federal Nigeria

Cairo.

NE 28/4

AS(5C)

Pp 542 - 544 are submitted
please

MV

MINISTRY OF TRADE AND INDUSTRIES



IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications to be addressed
to the Permanent Secretary quoting

Our Ref. No. INV. 668 Vol. XVII/807



Date 30th June, 1972.

The Secretary to the Military
Government and Head of Service,
Office of the Military Governor,
Ibadan.

Representation of Messrs. I. C. Liebfried/Davis
of America on the Board of Western Textiles
Industries Co. Limited

I am directed to refer to your letter No. SP/C.124/6/540 of 12th May, 1972 and to say that our letter No. INV.668 Vol. XVII/813 of 17th April, 1972 was written on the directive of His Excellency the Military Governor apparently in an attempt to extract from the Federal Military Government a definite decision on the future of the Western Textile Industries Company Limited. It is regretted that this point was not made clear in my last letter.

2. Meanwhile, the Federal Military Government has at last forwarded for our comments a draft decree proposing the liquidation of the Company and the transfer of its assets to the Government of the Western State. It will therefore no longer be necessary to pursue the proposal in my letter.

B. A. Oduntan

(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Industries.

SMG & HS

Above for information only, with
ref. to our p. 540.

Augustus Febege
5/7 PSC

4/7

PA

With the General Manager's Compliments

To:

The Secretary,
Military Governor's Office.

National Bank of Nigeria Limited

SA/E. 12th/6

Telephones : 22451
20511/11

P.M. BAG 12123

82/86, YAKUBU GOWON STREET,

LAGOS.

547

547

Our Ref: KR/TAA/IBD/42

3rd August, 1972

Mr. B. A. Oduntan,
Chairman,
Western Textile Industries Co. Ltd.,
Bank Road,
IBADAN.

Dear Sir,

Dishonoured Promissory Notes on
Western Textiles Industries Co. Ltd.

We have been advised that 18 Promissory Notes issued by Western Textile Industries Co. Ltd., in favour of Metalexport, Warsaw for a total amount of DM1,800,000 matured on 12th August, 1971 and have not been paid by that Company up to the moment of writing. We are also informed that there are other Promissory Notes for a total of DM.1,600,000 which will mature for payment on 12th August 1972. Also Midland Bank Limited, Overseas Branch have requested us to collect the sum of DM.913,600.39 in respect of other sets of Promissory Notes issued by Western Textile Industries Co. Ltd. maturing for payment on 12th August, 1972.

We must bring to your notice the fact that non-payment of these Promissory Notes, payments of which were guaranteed by the Western Nigeria Marketing Board and ourselves, has caused considerable embarrassment to this Bank. This embarrassment has increased by the fact that no representations have been received from this Company by the Bank regarding reasons for non-payment and offering concrete proposals for payment at a later date.

The account of this Company with our Branch at Cocoa House, Ibadan as at close of business on 30th June, 1972 reflected an indebtedness of about £384,558:7:9d. and it is regrettable to note that the account has been dormant for a long time. No doubt the Company is producing some goods, selling them and obtaining payment for the goods and one would expect that fairness demands that proceeds of such sales should be made to this Bank from whom the Company has enjoyed considerable financial facilities. The fact that this Company is owned by the Western State Government who are also owners of this Bank through the Western Nigeria Marketing Board makes the situation less understandable why this Company should fail to pay proceeds of sale of its goods to this Bank.

We have been advised by Bank Handlowy in Warsaw that legal action is being taken for repayment of these promissory notes against your Company and its guarantors. You are no doubt aware of the unpleasant consequences of such action against your Company, the Bank and the Government of the Western State.

In the circumstances we expect from you concrete proposals for payment of these Promissory Notes within 7 days from the date of this letter.

Yours faithfully,

F.O.
(F. O. SOGUNRO)
GENERAL MANAGER

A.S. (Sc)

Above sub tot. from p. 946 pt.

Handwritten initials

D.P.S.,

Page 547 is copy of a letter addressed by the GM, NBN to PS, Ministry of Industries in his capacity as Chairman of Westexinco, a subsidiary of that Ministry.

2. The Company had issued Promissory Notes to some overseas creditors but these had not been honoured. The Promissory Notes were jointly guaranteed by NBN and the WNMB. Legal action is being contemplated against Westexinco and its guarantors if no positive action was taken within 7 days of the issue of the letter - this should have expired on August 10.

3. Secondly Westexinco is indebted to NBN (Cocoa House Branch) to a tune of £384,558. 7. 9d and nothing had been done to settle the account. Worse still the Company had not thought it fit to bank its proceeds with NBN in spite of the fact that it enjoys considerable financial facilities from this sister establishment.

4. The position is quite embarassing especially as the name of this Government is involved - all the three establishments involved i.e. Westexinco, NBN, WNMB, are owned by this State. One hopes that the Textile Company had done something to avert possible court action before the date-line given. I think we ought to ask from the Chairman of Westexinco what action had been taken or being contemplated on the matter. One is aware of the problems which the Nagaty affairs should have brought to the Company, but nonetheless the best possible ^{has} ~~was~~ to be made of a bad situation.

5. In respect of business transactions with NBN, I think it is only ^{fair} ~~fair~~ that Westexinco banks its proceeds with ^{National} ~~that~~ Bank which is not only a sister establishment but also a benefactor to the Textile Company.

Luhi
(S. Olaiya Oni),
A. S. (SC),
11 / 8 / 72.

549

P.S.O.M.G.

Pl. see the letter on p.547 and the minutes on p.548.
 I have discussed the matter with the P.S.M.I. who said that his Ministry and the Ministry of Finance have agreed on how the Promissory Notes will be settled. The matter has already been placed before the ExCo. for consideration and decision.
 2. It is submitted for your information only.

Tina
 (J.K. Akingbade),
 D.P.S.,
 15/8/72

Thanks.

AD
 17/8

or
 AS(S2) *AS* 17/8

for disposal.

AS
 17/8

ARCHIVES OF OYSCA

550

25th August, 72

Ref:ACC/U.218/47



Mr. B. A. Oduntan,
Chairman,
Western Textile Industries Co. Ltd.,
Bank Road,
IBADAN.

Dear Sir,

Dishonoured Promissory Notes on
Western Textiles Industries Co. Limited

P.547

We refer to our letter of the 3rd August, 1972 to which we do not appear to have received a reply.

In view of the urgency and importance of the matter we shall appreciate the favour of an immediate reply.

A copy is enclosed for ease of reference.

Yours faithfully,

S. O. Banjo
Ag. GENERAL MANAGER.

- c.c. Chairman, National Bank of Nigeria Ltd.
- Commissioner for Finance, Western State.
- Commissioner for Industries, Western State.
- Secretary to the Military Government Western State.
- Chairman, Western Nigeria Marketing Board.
- General Manager, Western Nigeria Marketing Board.
- General Manager, Western Textile Industries Ltd.
- District Manager, National Bank of Nigeria Ltd., Ibadan.

A.S. (Sc)

A/C
MCR

sub tel. p1.

NFA in view of p. 59
P.A.
MCR 119

Copied from File

SP/S.134/101

21 February, 1973.

His Excellency
General Yakubu Gowon,
Head of the Federal Military Government
and Commander-in-Chief of the Armed Forces,
Bodan Barracks,
Ikoyi,
LAGOS.

I am grateful to Your Excellency for forwarding to me under complimentary cover, a photostat copy of Mr. Nagaty's letter of 27th December, 1972 addressed to you together with a newspaper cutting on which Mr. Nagaty now appears to anchor his claim of innocence in his bid to be allowed to return to Nigeria.

2. As Your Excellency may have rightly suspected, the interpretation which Mr. Nagaty puts on the information at his disposal is a gross distortion of the true facts of the situation. For one thing, the amount of £472,776 quoted in the newspaper cutting as loan given by my Government to the Ado-Ekiti Textiles Industries Company was not for the purpose of development or expansion assistance to the Company. It was in fact for the purpose of redeeming outstanding promissory Notes due in August 1971 and February, 1972.

3. As a matter of fact Your Excellency will be shocked to know - and I believe I have on a previous occasion written to you about it - that at the time of Mr. Nagaty's deportation there were promissory Notes outstanding on the Ado-Ekiti Textiles Industries Company to the tune of £1,580,282 made up as follows: -

- (a) £247,557:8s. due on 12/8/71;
- (b) £225,218:13s. due on 12/2/72;
- (c) £272,860 due on 12/8/72;
- (d) £270,501 due on 12/2/73;
- (e) £278,142:12s. due on 12/8/73;
- (f) £285,783 due on 12/2/74.

In addition the Company was known to be owing the Western Nigeria Marketing Board and the National Bank a total sum of £868,123 (N1,736,246). It is therefore extremely mischievous on the part of Mr. Nagaty to seek to represent to Your Excellency that the Ado-Ekiti Textiles Industries

/2.

See p. 554

Company in which he was so intricately involved is viable and that it has been so demonstrated by the firm of Consultants which recently conducted studies into some of our Corporations and state-owned companies. The truth of the matter is that the Consultants were not asked to, and did not, undertake any study into this particular company. We knew already too well the unhealthy state into which the Company had been plunged to require any new study.

4. One immediate result of the company's huge outstanding promissory Notes was to commit this Government to redeeming the Notes by paying off nearly half a million pounds. This, as Your Excellency will appreciate, was necessary in order to safeguard the reputation of the National Bank which had guaranteed the promissory Notes for the Adu-Ekiti Textiles Industries Company. There was pressure from within and outside Nigeria and, had Government not made the payment on behalf of the National Bank the international image of the Bank would have been damaged beyond redemption. Thus, in this way, funds which my Government had committed for capital development within the planned four-year development programme had to be diverted to performing rescue operations. Similarly, I have had no alternative but to divert funds committed for the execution of capital development to performing rescue operations on a number of other state-owned companies which I came to find in a most deplorable condition but which we believe could nevertheless be made viable. In this regard, Your Excellency will be interested to know that over N2.6m which had been earmarked for the State's capital development under the four-year development plan will now have to be expended on unanticipated expenditure.

5. This is the plight in which the Western State has now been plunged. The funds which normally should be devoted to capital development have to be used to save the existing economy which was almost in ruins when I took over the administration. As we try to grapple with salvage operations from the ruins of the past, so also we have to endeavour to keep abreast of social and economic development without which no Government can justifiably continue to exist especially in a State like the West where the people are so sophisticated and their expectations are high.

6. The task of meeting both ends is proving a matter of insuperable difficulty to this Government. The problems facing the Government are formidable and clearly beyond its capacity. The Development Plan is suffering, the National Bank as Your Excellency knows too well, urgently requires a lot of funds to keep it in workable operation. Added to all these is the burden of social services which is fast becoming almost unbearable. Indeed our ability to service and maintain existing social services is fast reaching a critical stage at which it will be beyond the capacity of this Government to bear the burden.

7. I apologise for the plaintive tone of this letter. But, Your Excellency, the writing on the wall is becoming clear for everybody to see. We cannot maintain existing services, let alone expand them. Stagnation stares us in the face at a time when other States in the Federation are making significant progress. It is often argued that the Western State is ahead of others in certain areas of social and educational progress. Such an argument cannot however be expected to give satisfaction to the people in a dynamic situation such as we have in Nigeria. No State

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can expect peace and tranquility in a situation of stagnation whatever the magnitude of its past progress or achievements.

8. I need not emphasise to Your Excellency the implications of this distressing situation. A Government which cannot meet the aspirations of the people under its charge, which indeed cannot satisfy the basic social services and has no prospect of improving the lot of the people, is fast edging towards the brink of disaster. Soon the people will become disgruntled and disillusioned, and this is the forerunner and unmistakable symptom of civil disobedience. Progress and development are unavoidable prerequisites for peace and stability, especially among a people whose expectations are very high.

9. It is in the light of this depressing situation that I am repeating my fervent appeal to Your Excellency for assistance to the West. The Military regime has these seven years done a tremendous lot to promote the progress and stability of this Nation. But the West is now fast becoming a weak link in the chain. Should this link snap for want of sympathy and assistance (and Heaven forbid it) then we shall have seen years of labour and industry swept away in a flood of national disaster.

10. I therefore appeal to Your Excellency for massive financial assistance to the West for it is obvious that the solution to most of our pressing problems are far beyond our capacity. If I may briefly recapitulate these problems, the most pressing of them are:

- (a) the consequences of Mr. Nagaty's deportation which has left the Ado-Ekiti Textiles Industries Company with a burden of outstanding promissory Notes to the tune of ₦3,160,564, and a debt of ₦1,736,246;
- (b) the urgent financial requirements of the National Bank almost on the verge of collapse and which now requires about ₦30m immediately for its internal and overseas commitments as well as for its immediate development programme;
- (c) the adverse trend in Cocoa trading operations, the facts of which are too well known to Your Excellency. Last year ended with a colossal loss of about ₦20m and we are at present in the throes of another agonising year;
- (d) lack of funds to prosecute the State's development under the four-year Plan, partly as a result of the circumstances described in paragraphs 4-6 in this letter.

11. Your Excellency, this is our plight. The West requires financial assistance in a big way and that as early as possible. I know I can count on Your Excellency's sympathy for I know how very much these years you have given all your life devotion to the progress and stability of this Nation.



CA
(Brigadier C. O. ROTIMI),
Military Governor,
Western State.

SECRET

SP/C.124/6/553

31 May, 1973.

His Excellency
General Yakubu Gowon,
Head of the Federal Military Government,
and Commander-in-Chief of the Armed Forces,
Dodan Barracks,
Ikoyi,
LAGOS.

Deportation of the Nagatys and its Effects
on the Western Textile Industries Company
Limited, Ado-Ekiti

May I respectfully refer Your Excellency to my letters Nos. C.668/530 of 22nd October, 1971 and C.668/645 of 18th January, 1972, in which I brought to your attention the various problems facing the Western Textile Industries Company Limited, (WESTEXINCO) Ado-Ekiti, as a result of the deportation in July, 1971, of Mr. & Mrs. Nagaty, proprietors of Davis of America Limited, our technical partner and majority shareholders in the company. Unfortunately, the problems raised in those letters as well as in my subsequent letter No. SP/S.134/101 of 21st February, 1973, have persisted to the detriment of the company and the finances of the Western State Government.

2. If I may recapitulate, Mr. & Mrs. Nagaty were deported from Nigeria on 1st July, 1971, on the orders of the Federal Military Government. At that time, the most important problem facing WESTEXINCO was the question of the redemption of the promissory notes issued by the company to cover the credit on its machinery and which were guaranteed by the National Bank of Nigeria Limited and the Western Nigeria Marketing Board. The outstanding promissory notes

amounted to ₦3,160,125 and were scheduled for payment as follows:

	<u>amount</u> (<u>Loan plus interest</u>)	<u>Maturity Date</u>
1.	₦495,114.80	12/8/71
2.	₦450,437.40	12/2/72
3.	₦545,720.00	12/8/72
4.	₦541,002.00	12/2/73
5.	₦556,285.20	12/8/73
6.	₦571,566.00	12/2/74

3. It is pertinent to mention that our technical and financial partners in WESTEXINCO - Messrs. I.C. Leibfried G.m.b.H. of Sindelfingen, Federal Republic of Germany and Davis of America G.m.b.H. of Frankfurt/Main, Federal Republic of Germany who between them hold 57.1% of the shares did, under the Project Agreement, indemnify the Western State Government in respect of the promissory notes to the relative extent of their shareholding in the company. In pursuance of this Agreement, the technical partners settled part of the promissory notes which fell due before the deportation of the Nagatys. On the basis of such payments made, one was left in no doubt that had Mr. Nagaty remained in the country and in the company he would have had to discharge his financial responsibilities by providing funds to cover his own share of the outstanding promissory notes estimated at ₦1,801,271.

4. However, since the deportation of the Nagatys, the first four sets of promissory notes in the schedule set out in paragraph two above totalling ₦2,032,274.20 had fallen due and the various external creditors had been exercising serious pressures, including threats of litigation, on the company to pay. As neither the company, the Western Nigeria Marketing Board nor the National Bank which guaranteed the notes was in a position to find the money, the Western State Government had had to provide funds to settle those promissory notes which matured on 12th August, 1971, and 12th February, 1972, amounting to ₦945,752.20.

5. In taking this action, the Western State Government had intended to reorganise the company and place it on a proper footing to enable it meet both its recurrent expenditure and its capital loan repayment.

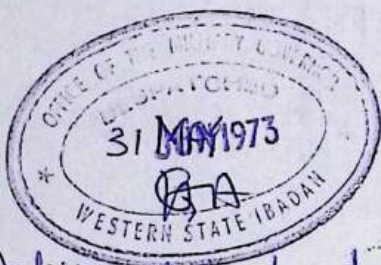
556

Unfortunately, my Government has been hamstrung in this respect by the inability of the Board of the Company to function effectively. According to the Memorandum and Articles of Association of the company, no legally binding decision could be taken without a quorum of four comprising two Government Nominee Directors and two Directors of the technical partners. In the absence of the Nagatys, such a quorum could not be formed. As a result of this situation, the company has continued to infringe certain clauses of the Companies Decree, No.51 of 1968, by its inability to hold Annual General Meetings, appoint statutory Auditors and fix their remunerations and also to file necessary returns with the Registrar of Companies. Furthermore, the Board has not been able to recruit the right calibre of staff to keep its production and administrative machinery at the level expected partly because of the uncertainty of the future of the company and partly because of the Board's incompetence, improperly constituted as it is, to recruit top management staff for the company. The financial position of the company has, therefore, continued to deteriorate and it is now finding it very difficult to meet even its recurrent expenditure. Matters came to a head last April when about 350 workers had to be laid off because of the precarious financial situation of the company.

6. My Government has so far relied absolutely on the promise of the Federal Government to forfeit the assets of the Nagatys to the Western State Government and it was with great relief that we received the draft Decree on this subject in May, 1972. Many meetings were held and series of correspondence exchanged between the officials of my Government and the Federal authorities culminating in an agreed draft Decree which was forwarded to Lagos on 15th August, 1972, for necessary action. Since then, nothing further was heard about the Decree.

7. In the meantime, the next two sets of promissory notes amounting to ₦1,086,722 had matured and the external creditors have already started to press for payment. The company, riddled with problems arising from poor finances and incompetent management, is obviously not in a position to pay and as the Notes were guaranteed on the directive of this Government,

there is no doubt that my Government will again soon be called upon to redeem its pledge. Having regard to the very stringent financial circumstances of this State, the prospect of the Government being called upon to find another N1,086,722 to bail this company out of its problems, as indeed we must do in the discharge of our obligations, is extremely disturbing. In the circumstance, it seems to me absolutely important and urgent that a final decision should be taken on the future ownership of the shares now held by Davis of America and I.C. Liebfried so that my Government can proceed immediately with the reorganisation needed to improve the operations and viability prospects of the company and to regularise our position with the Registrar of Companies. I would, therefore, humbly implore Your Excellency to use your good offices to see that the proposed Decree is published as early as possible.



Original Delivered by hand.

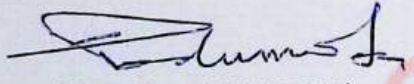
CA
(Brigadier C. O. ROTIMI),
Military Governor,
Western State.

ARCHIVES OF O...

Y.E.

When Y.E. recently discussed with me, one of the subjects discussed was the financial problem arising from the present stalemate in connection with the future of the Ado-Ekiti Textile Mills. Y.E. indicated then that you would like to issue a letter to H.E.H.F.G. asking for action to be expedited on the Decree which was got ready for issue last year forfeiting the interests of Mr. Nagaty and his associates in the Textile Mills and vesting such in the Western State Govt.

2. I have since taken up the matter with P.S.M.I. The letter at b.c. which I submit for signature, if approved, has been got up with the help of P.S.M.I.


(P. T. ODUMOSU),
S.M.G.&.H.S.,
30/5/73.

CA
31/5.

B.U. p-554 on 15.7.73. ✓

ty
96

SMG+HS

I submit the above
b. u. please.

✓ B.U. 31.7.73 ~~16/~~ CR 16/7/73

See p 559

SP/C 124/6/559

18 July, 1973.

His Excellency
General Yakubu Gowon,
Head of the Federal Military Government
and Commander-in-Chief of the Armed Forces,
Dodan Barracks,
Ikoyi,
LAGOS.

Deportation of the Nagatys and its Effects
on the Western Textile Industries Company
Limited, Ado-Ekiti

With reference to my recent discussion with Your Excellency in Lagos about the adverse consequences of the present stalemate on the issuing of the decree relating to the investments of the Nagatys in the Western Textile Industries Company Limited, Ado-Ekiti, I forward herewith for Your Excellency's convenience photostat copy of my letter No. SP/C 124/6/553 dated 31st May, 1973 addressed to you on the subject.

2. I hardly need to emphasize to Your Excellency once more the urgency of this matter and the need to take immediate step to save the State Government from the financial embarrassment arising from the failure to issue the long-awaited decree.



C.N.
(Brigadier C. O. Rotimi),
Military Governor,
Western State.

V.E.

~~So~~ spoke today. better a. l. c.

7. 2. please.

[Signature]
17/7

SECRET

B.U. 18.8.73 ✓

18/7

560 87

TELEGRAPHIC ADDRESS :
"NATIONBANK, LAGOS"

CODES:
BENTLEY'S
A.B.C. 6TH EDITION
PHONE: 22131-9
TELEX NO. 21348



NATIONAL BANK OF NIGERIA LIMITED
DIRECTORATE

PRIVATE MAIL BAG 12123

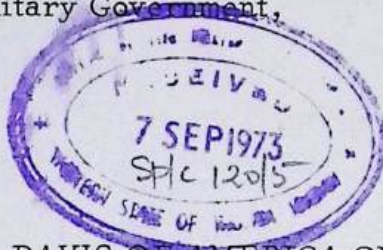
82/86, YAKUBU GOWON STREET

LAGOS, 6th September, 1973.
(NIGERIA, WEST AFRICA).

Ref: D/Z.55/18

Mr. P. Odumosu,
Secretary to the Military Government,
Western State,
Agodi,
I B A D A N.

PSOMG
7/9



Dear Sir,

WRIT BY DAVIS OF AMERICA ON C.M.B.H. LONDON BRANCH

RE: PROMISSORY NOTES DRAWN ON WESTEXTINCO

We write to inform you that Messrs Davis of America have issued a writ of summons on us and have served same on our London Branch as guarantor and endorsers of Promissory Notes issued by WESTEXTINCO as follows:

11 Notes due 12/8/72 for DM. 913,600
2 Notes due 12/2/73 for DM. 69,000

DM. 982,600

Our Bank has been commanded to cause an appearance to be entered within 14 days from 16th August, 1973.

Messrs Davis of America obtained a loan of £150,000 from our Bank on 12th August, 1970 and offered as security some of the Promissory Notes issued by WESTEXTINCO with our name as guarantor and endorsers.

11
19564

Current investigations at our Bank show that these Promissory Notes are not in our possession and may have been released to Mr. Nagaty fraudulently. We have been advised by our London Solicitors that we may be able to make a counter-claim to the extent of the loan granted to Davis of America provided we can prove such loan; we are taking necessary steps in this direction.

Surprise?

Our London Solicitors have shown us copies of the Promissory Notes on which Davis of America are making claim for payment against us. These Notes would appear to bear the names of Western Nigerian Marketing Board and our Bank as joint guarantors, also as endorsers with the clause "this note is endorsed by us with the intention that we should be liable there-on as endorsers, without protest, notice of dishonour waived" and dated 6th May, 1968.

Our solicitors have advised us as follows, and we quote:

"You will have seen that the Bank has been sued as Guarantor and Endorser of Promissory Notes and if the facts as stated in the Statement of Claim are correct, it will be difficult to find a Defence."

In the light of the above, it will appear that the Bank is duty-bound to honour its obligations, jointly with Western Nigeria Marketing Board, under its endorsements, but may also be able to counter-claim against Davis of America in respect of loan granted to that company, and secured by the very same Promissory Notes (apparently). It also comes to our mind that Mr. Nagaty who is the principal figure in Davis of America has, as a result of his activities in Nigeria, been declared a "persona non grata,"

.. / 2

DIRECTORS:

Mr Hezekiah Sunday Abiola Adedoji (Chairman), Chief Akoola Adio Adesigbin, Mr Adesuyi Adesokan
Mr Herbert Muforo Adediji, Mr Israel Olumuyiwa Ogun, Mr David Olufunke Agbeja
Mr Francis Olayinka Sogunro, Mr ...

Mr. Michael O. Omolayole

See P. 581

561 88

TELEGRAPHIC ADDRESS :
"NATIONBANK, LAGOS"

CODES:
BENTLEY'S
A.B.C. 6TH EDITION
PHONE: 22131-9
TELEX NO. 21348



NATIONAL BANK OF NIGERIA LIMITED
DIRECTORATE
PRIVATE MAIL BAG 12123
82/86, YAKUBU GOWON STREET
LAGOS, 19....
(NIGERIA, WEST AFRICA).

- 2 -

X

while his properties in the country have been seized. No doubt Mr. Nagaty owes the Government of Western State some money and although we may not be in a position to step into the shoes of the Western State Military Government in this connection especially with regard to the political action taken by the Government against Mr. Nagaty, we feel that there is a possibility of the Government being put in a position to take action against Mr. Nagaty in London, if only to embarrass him enough to make him fail in his claim against the Bank.

We shall be grateful if you will kindly study the situation and give us the benefit of your more weighty backing in this connection.

For the time being, we are counter-claiming against Davis of America in London and may also level a charge of obtaining documents fraudulently, in respect of the Promissory Notes which were charged to the Bank, against Mr. Nagaty.

Yours faithfully,

S. O. Banjo
Ag. General Manager

Ps.

Submit pages 560-561 87-88 please

G. G. 7/9/73

PS

Please discuss urgently. We will need to refer these papers to S.G. for legal advice regarding X above.

PSOMG
9/9/73

See R 89

DIRECTORS :

Mr Hezekiah Sunday Abiola Adedoji (Chairman), Chief Aklela Adio Adesigbin, Mr David Olalunde Agbeja, Mr Francis Olayinka Sogunro (General Manager)

Mr. Michael Olawole Omolayole

SP/C.120/5/89

10 September, 1973.

The Permanent Secretary,
Ministry of Industries,
Ibadan.

(For the attention of Mrs. T. Alakija)

Westextinco

With reference to our telephone conversation of this morning (Alakija/Akingbade), I forward herewith copy of a letter received from the General Manager of the National Bank of Nigeria Limited in connection with the affairs of the above Company. I shall be glad if you will let me know if Mr. Nagaty is owing the State Government any money. If so, how much?

- 2. Please treat as urgent.



(J. K. Akingbade)
for Secretary to the Military
Government & Head of Service.

CONFIDENTIAL

Bu. 20/9 ✓

See P 564 p6

ARCHIVES OF YSCAG

S.M.G. & H.S.,

I submit b.u. at foot of p.559 please. It is regretted that it could not be submitted on the due date. I was on leave at the time and I understand all was not well with the Registry then.

(C. O. Ojewami),
C.R. *[Signature]*

14/19/73. 1

B.U. ²⁷~~30~~. 9.73. ✓

[Signature]
17/9

ARCHIVES OF OYSCAO

567



MINISTRY OF INDUSTRIES

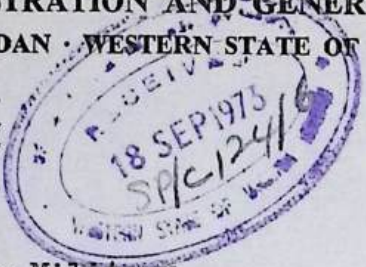
ADMINISTRATION AND GENERAL DIVISION

IBADAN - WESTERN STATE OF NIGERIA

Your Ref. No.....

All communications should be to the Permanent Secretary quoting

Our Ref. No. INV.668T/37



Date... 14 Sept., 1973

The Secretary to the Military Government and Head of Service, Office of the Military Governor, Ibadan.

(For the attention of Mr J.K. Akingbade)

Debts owed by Davis of America

I am directed to refer to your letter No. SP/C.120/5/89 of 10th September, 1973, and to say that, from available records, the only debt owed by Davis of America to an agency of this Government is a sum of N300,000 lent to it by the Western Nigeria Marketing Board. The loan was given to the Western Textile Industries Company Limited through Davis of America in May 1969, solely for the payment of import duty on certain items of machinery. I attach hereto an extract from the minutes of the meeting of the Board of the Company held on 27th August, 1970, which confirms this. Indeed Mr Nagaty might have made this claim, at the material time, in order to avoid having to account to the Board of Westexinco, the manner in which the loan had been disbursed. It is pertinent to mention that the duty on the machinery was eventually rescinded, although Mr Nagaty, on behalf of Davis of America, refused to refund the loan to the lender or account for it in any manner.

2. Apart from the above, the Western Textile Industries Company Limited has taken loans totalling N724,896.54 from the Western Nigeria Marketing Board. Also, a sum of N945,562 was loaned to the Company by the Western State Government in September 1972, to redeem some promissory notes issued by the Company which fell due in August 1971 and February 1972. Davis of America and I.C. Laibfried, being holders of 57.1% shares in the Company ought to bear responsibility for the repayment in proportion to their shareholding. It is pertinent to mention that the Technical Partners had undertaken in paragraph 7(g) of the Project Agreement (copy of which is attached to this letter) to indemnify Government up to the extent of their shareholding in respect of all the promissory notes issued by the company. As of today, a balance of N3,160,565.40 is yet to be paid on these bills. It is one of these notes that is now the subject of legal action by Davis of America. But in the light of the foregoing, Davis of America should not be entitled to any payment on any of the notes until all of them have been fully redeemed.

(Teju Alakija) Mrs for Permanent Secretary Ministry of Industries

P.562

P.565

P.566-582

CR
18/9

1565

EXTRACT FROM THE MINUTES OF THE 11TH MEETING OF THE
BOARD OF DIRECTORS OF WESTERN TEXTILE INDUSTRIES
COMPANY LIMITED HELD IN THE CONFERENCE ROOM OF THE
MINISTRY OF TRADE AND INDUSTRY, IBADAN ON THURSDAY,
27TH AUGUST, 1970

£150,000 LOAN MADE BY WESTERN NIGERIA MARKETING BOARD:

8. Mr. Nagaty claimed, but this was disputed by Government nominee-Directors, that the £150,000 loan from the Western Nigeria Marketing Board was granted to Davis of America and not to the Company. When other Directors raised objection to the statement and demanded a better explanation of how the money was spent, Mr. Nagaty said that his explanation would await the report of the auditors.

ARCHIVES

THIS INDENTURE made this 31st day of Oct. 1966, BETWEEN THE GOVERNMENT OF WESTERN NIGERIA acting by COLONEL ROBERT ADEYINKA ADEBAYO, Acting Military Governor of Western Nigeria (hereinafter rererred to as "the Government" which expression shall where the context so admits include its successors and assigns) of the one part, COMBITEX GMBH of Dusseldorf, Federal Republic of Germany and DAVIS OF AMERICA GMBH of Frankfurt/Main, Federal Republic of Germany (hereinafter referred to as "the Manufacturers and General Contractors" which expression shall where the context so admits include their successors and assigns) of the second part, and I.C. LEIBFRIED GMBH of Sindelfingen, Federal Republic of Germany and DAVIS OF AMERICA GMBH of Frankfurt/Main, Federal Republic of Germany (hereinafter referred to as "the Partners" which expression shall where the context so admits include their successors and assigns) of the third part.

WHEREBY it is agreed as follows:

1. JOINT VENTURE

The Government and the partners shall incorporate according to the laws of the Federal Republic of Nigeria an Industrial Company to be known as Textile Industries Company of Nigeria Limited (hereinafter referred to as "the Company") for the purpose of:

- (a) spinning and weaving cotton for the manufacture of cotton fabrics and other cotton manufactured materials:
- and
- (b) marketing the finished fabrics, materials and other products in Nigeria and abroad.

2. SHAREHOLDING IN THE COMPANY

- (a) The authorised share capital of the Company shall be seven hundred thousand pounds (£ 700,000) which shall

be divided into 700,000 shares of one pound (£1) each of which 300,000 shares shall be subscribed by the Government and the remaining 400,000 shares shall be subscribed by the Partners; each in the manner hereinafter provided.

- (b) The Government shall make payments for its shares by letters of credit established in favour of the Manufacturers and General Contractors on signing this Agreement which shall be payable as hereinafter provided.
- (c) The Partners shall make payments for their shares by cash to the Manufacturers and General Contractors as hereinafter provided.
- (d) All shares in the Company shall rank pari passu and equal in value as regards capital, dividends, voting rights and in all other respects, and no new shares in the Company shall carry any preferential rights over the shares of the Government or the Partners.

3. TOTAL CONTRACT PRICE OF THE MILL

- (a) The total contract price of the Textile Mill, Equipments, building and other erections ancillary thereto shall be twenty-nine million seven hundred and ninety-nine thousand eight hundred and fifteen Deutsch Marks (DM 29.799,815) (i.e. two million six hundred and eighty-four thousand six hundred and sixty-eight pounds (£2,684,668) and the Manufacturers and General Contractors hereby agree that under no circumstances will the said total price exceed the said sum of DM 29.799.815 (i.e. £2,684,668) as shown in Schedules I and II hereto.
- (b) The said total sum of twenty-nine million seven hundred and ninety-nine thousand eight hundred and fifteen Deutsch Marks (i.e. two million six hundred and eighty-four thousand six hundred and sixty-eight pounds (£2,684,668) shall be raised as follows:

- (i) By the payment of seven hundred thousand pounds (£700,000) the total share capital of the Company by the Government and the Partners as hereinafter provided.
- (ii) By raising of local loans to the total value of one hundred and forty-eight thousand, nine hundred and twenty-five pounds (£148,925) in the manner hereinafter provided.
- (iii) By the raising of external loans to the total value of one million eight hundred and thirty-five thousand seven hundred and forty-three pounds (£1,835,743) in the manner hereinafter provided.

4. SITING AND CAPACITY OF THE MILL

- (a) It is hereby agreed that the Textile Mill shall be erected on a site in Western Nigeria as may be chosen by the Government and approved by the Partners.
 - (b) The Textile Mill shall be capable of following production:
 - A. 2,500,000 sq.yds per year - 8,300 running yards per day of cotton cloth dyed, made of Yarn Ne.24 with a finished width of 36" having a construction of 66/56 ends per inch and a weight of 100 g per r/m = 120 g/m²
 - B. 3,310,000 sq.yds per year - 8,300 running yards per day of cotton cloth dyed, made of Yarn Ne.24 with a finished width of 48" having a construction of 56/51 ends per inch and a weight of 120 g per r/m = 150 g/m²
 - C. 9,720,000 sq.yds per year - 23,400 running yards per day of multi colour woven cotton cloth made of Yarn Ne.24 with a finished width of 48" having a construction of 56/21 ends per inch and a weight of 120 g per r/m = 105 g/m²
-
- 15,130,000 sq.yds per year

The following is the production by running yards:

Yearly Production

300 days per year

2 shifts finishing department

3 shifts all other departments

A. 2,500,000 running yds.	36 inch width	Dyed
B. 2,500,000 running yds.	48 inch width	Dyed
C. 7,000,000 running yds.	48 inch width	Colour woven

12,000,000 running yards in total

5. PAYMENT FOR THE TEXTILE MILL AND EQUIPMENTS AND FOR THE ERECTION

(a) Payment of the total contract value for the Textile Mill and Equipments and for their erection, which is DM 29.799.815 (i.e. £2,684,668 at the conversion rate of DM 11,10 = £1) shall be made in the manner hereinafter provided:

(b) As to the sum of DM 7.770.000 (i.e. £700,000)

(i) The Government shall issue irrevocable letters of credit in favour of the Manufacturers and General Contractors for the sum of DM 1,665.000 (i.e. £150,000) payable on notice given to the Government and the Partners by Manufacturers and General Contractors that the insurance and re-financing of the loans to be hereby secured have been approved by the competent German authorities and institutions. The letters of credit to be issued under this and the next sub-paragraphs shall be established with a German Bank nominated by the Manufacturers and General Contractors on signing this Agreement.

(ii) The Government shall issue two further irrevocable letters of credit in favour of the Manufacturers and General Contractors for the sum of DM 832,500 (i.e. £75,000).

each payable six months and twelve months respectively after this Agreement has come into operation.

- (iii) The Partners shall make payment in cash of the sum of DM 2,220,000 (i.e. £200,000) to the Manufacturers and General Contractors on their giving notice to the Government and the Partners that the insurance and re-financing of the loans to be hereby secured have been approved by the competent German authorities and institutions.
- (iv) The Partners shall further make two payments in cash of the sum of DM 1,110,000 (i.e. £100,000) each to the Manufacturers and General Contractors six months and twelve months respectively after this Agreement has come into operation.
- (c) As to the sum of DM 1,653,067 (i.e. £148,925) required by the Manufacturers and General Contractors for local expenditures, contingencies and the acquisition of land, the Company shall issue 6 equal promissory notes redeemable by the Government, the first of which shall mature three months after the coming into operation of this Agreement and the remaining 5 shall mature in three months sequence. The total sum of £148,925 shall be re-paid to the Government by the Company not later than two years after the Textile Mill has gone into production.
- (d)(i) As to the sum of DM 20,376,747.30 (i.e. £1,835,743) being the balance of the total contract value of the supply and erection of the Textile Mill, the Company shall issue ten promissory notes, the first of which shall mature six months after the Textile Mill has gone into production, or twenty-seven months after this Agreement has come into operation, whichever event first occurs and the remaining nine shall mature in six months sequence. However, at the option of the Manufacturers and General Contractors, the Company may issue a series

of promissory notes in lieu of each or any one or more of the ten promissory notes to be issued under this paragraph, but so that the total face value of such a series shall be equal to the face value of the single promissory note in lieu of which the series has been issued and each such series shall be regarded as one promissory note for the purposes of determining the maturity date and the interest payable.

(ii) Interest at the fixed rate of 7.5% per annum which shall be payable on the sum of DM 20,376,747.30 (i.e. £1,835,743) shall be calculated on outstanding balances beginning from the first day of the nineteenth month after this Agreement has come into operation. The interests payable under this sub-paragraph shall be included in the promissory notes to be issued under the preceding sub-paragraph.

(e) All the promissory notes issued under the preceding two paragraphs (c) and (d) shall be guaranteed by the Government and shall be delivered to the Manufacturers and General Contractors within four weeks of the coming into operation of this Agreement.

(f) All payments to be made under this clause with the exception of the payments to be made under paragraph (c) above are to be made in Germany in Deutsch Marks, legal currency of the Federal Republic of Germany,

6. OBLIGATIONS OF THE GOVERNMENT

The Government hereby undertakes:-

(a) To facilitate the acquisition by the Company upon reasonable terms and conditions as to the price or rent or otherwise (regard being had to the most favourable terms and conditions prevailing in the area concerned with respect to the acquisition of interest in land) of all the lands required for the purposes of the Company.

- (b) To use its good offices and best endeavours in assisting the Company to obtain, at the Company's expense, from, or to be provided by, the appropriate authorities -
- (i) a pioneer status which would so far as the law permits exempt from import duties the equipments and materials imported into Nigeria by the Company for the purpose of establishing and running the project, and from income tax the profits of the Company, for a period of five years from such date as may be appropriate having regard to the provisions of the law in that behalf;
 - (ii) all facilities like water supply, electricity, tele-phones and similar services required for the purpose of the project;
 - (iii) all permits and authorisations whether relating to immigration, foreign exchange, or any other matter or thing whatsoever, required for the establishment and operation of the project;
 - (iv) all port facilities necessary for the expeditious unloading of the materials and equipments required for the establishment and operation of the project.

7. OBLIGATIONS OF THE PARTNERS

The Partners hereby undertake -

- (a) To take over from the Manufacturers and General Contractors for the purposes of technical management the Textile Mill when completed.
- (b) To supply to the Company the necessary administration and technical know-how for the efficient operation of the said Textile Mill.
- (c) To train in the first instance ten (10) suitable Western Nigerian employees of the Company in the factories of the Partners and/or of the Manufacturers and General Contractors in the Federal Republic of Germany for a period of at least one year. The expenses of training of the said employees shall be borne by the

the Partners but the salaries of the said employees whilst in training will be borne by the Government which shall have a right to ask for reimbursement from the Company.

- (d) To train other Western Nigerian employees of the Company either locally or abroad according to a training scheme to be mutually agreed by the Government and the Partners so that the employees trained under the preceding paragraph (c) and this paragraph will be able to take full charge of the Textile Mill not later than ten (10) years after it has gone into production.
- (e) To take all steps that are necessary to ensure that all products of the said Mill which are surplus to Nigerian requirements are exported for sale abroad at competitive world market prices, so that in no circumstances shall the Company have any undisposed of surpluses of such products on its hand.
- (f) To ensure that the cost per square yard of the products of the Mill does not vary excessively beyond the estimated as contained in Schedule II to this Agreement: Provided that the Partners shall not be accountable under this paragraph where such estimates or any of the cost factors in production specified in the said Schedule are varied by causes or circumstances reasonably beyond the control of the Partners.
- (g) To indemnify the Government in respect of the Promissory Notes issued by the Company and guaranteed by the Government under Clause 5 (c), (d) and (e) of this Agreement to the relative extent of the share-holding of the Partners in the Company.

8. OBLIGATIONS OF THE MANUFACTURERS AND GENERAL CONTRACTORS

The Manufacturers and General Contractors hereby undertake-

- (a) To supply the machinery with all equipments and to install the same at the factory site in accordance with the First Schedule to this Agreement. Such machinery and equipment which shall meet the specifications as contained in the said First Schedule shall be entirely new and certified to as such by the Manufacturers and General Contractors. The Government shall have the right to have the machinery and equipments inspected by inspectors nominated by the Government prior to their despatch from the Manufacturers' works and/or on site in Nigeria.
- (b) To supply and erect machinery and equipment and auxiliaries necessary for production in accordance with Clause 4(b) of this Agreement.
- (c) To ensure that the factory, working in 3 shifts is capable of attaining the following yearly production:
 (300 working days a year)
 - 2,500,000 running yards, of 36 inch width, dyed
 - 2,500,000 running yards, of 48 inch width, dyed
 - 7,000,000 running yards, 48 inch width, colour woven

 12,000,000 running yards in total having a cloth construction as mentioned in Clause 4(b) of this Agreement.
- (d) To ensure that the Mill is completed for commissioning within eighteen months from the date of the commencement of this Agreement and towards this end the Manufacturers and General Contractors shall -
 - (i) commence shipment of the machinery not later than five (5) months after this Agreement has come into operation which delivery shall be completed within nine (9) months thereafter;
 - (ii) commence the civil engineering works within eight (8) weeks after this Agreement has come into operation

- (iii) commence the erection of the factory before nine (9) months after this Agreement has come into operation. Provided however, that the Manufacturers and General Contractors shall not be held liable or responsible for any delay occasioned by strikes, lockouts, war, civil commotion, act of God, or any other event reasonably beyond their control.
- (e) To repair or replace at the option of the Company all parts of the machinery and equipment which become defective within one year from the date of commissioning if such defect is due to the bad quality of the material or bad workmanship or damage in transit but excluding normal wear and tear and damages caused by improper use or improper maintenance. Such repair or replacement will be entirely at the expense of the Manufacturers and General Contractors.
- (f) To spend the whole or any part of a sum of £46,200 being part of the sum of £148,925 referred to in Clause 5(c) earmarked for unallocated contingencies only with the prior approval of the Board of Directors of the Company. The Manufacturers and General Contractors shall transfer any part of the said sum of £46,200 remaining unspent to the accounts of the Company on completion of erection of the Textile Mill.
- (g) To keep the Government fully informed from time to time and whether or not on demand, as to the progress of measures taken or being taken towards the establishment of the product, and in particular as to the progress construction work and the supply of equipments, materials, facilities and services.

9. CERTIFICATES IN RESPECT OF MACHINERY AND EQUIPMENT

- (a) If the Government shall exercise its right of having the machinery and equipment to be supplied under this Agreement inspected under Clause 8 (a) above, then the

Government shall issue a certificate to that effect within three days of completion of inspection. If any such certificate shall not be issued for any reason not due to the state of the machinery or equipment, shipment, erection and commissioning may be proceeded with as if all such certificates had been issued.

- (b) Not later than thirty (30) days after each machinery and equipment has been reported to the Company as being ready for commissioning, a certificate to that effect shall be issued by the Company to the Manufacturers and General Contractors and the said machinery and equipment shall be commissioned. Any certificate issued under this paragraph shall state whether or not the production of the commissioned machinery equipment corresponds to the production figures as contained in this Agreement. If the Company shall fail to issue any certificate under this Clause within the time stipulated herein, then the relevant machinery and equipment shall be deemed to have been regularly commissioned and approved by the Company.

10. EMPLOYEES OF THE COMPANY

- (a) It shall be the policy of the company to employ Western Nigerian personnel in all posts for which there are suitable Western Nigerians with the required qualifications and experience.
- (b) If suitably qualified Western Nigerian administrative or technical personnel or skilled craftsmen or artisans are not available in sufficient numbers, the Government shall use its good offices to facilitate the entry into Nigeria of such other persons (with their families) as may be required by the Company for the efficient operation of the Mill, regard being had to the provisions of any laws for the time being in force in Nigeria in relation to the entry and residence therein of persons who are not Nigerian citizens and to the powers of the authorities of the Government of the Federal Republic of Nigeria in relation to such entry and residence.

- (c) The fixing of the salaries and the other conditions of service of all employees of the Company shall be the responsibility of the Board of Directors of the Company, due regard being had to the prevailing level of salaries and other conditions of service applicable to similar employees in similar local industries.

11. MANAGEMENT AND SALES

- (a) Subject to the determination of the overall policy of the Company (including policy relating to finance and expenditure) by the Board of Directors of the Company, the Partners shall have full operational control of the technical management of the factory for a period of ten (10) years from the date the factory is commissioned.
- (b) The Partners shall take all possible action, within their skill and experience, to ensure the best possible marketing of the Company's products and thus the maximum possible net profit.
- (c) The selling prices of the finished products of the Textile Mill shall be determined by the Board of Directors of the Company which shall take into consideration such matters as the Company's level of profits and the prices of imported similar products.

12. PRODUCTION COST AND PROFIT CALCULATION AND OFFER

It is agreed by the Government and the Partners that the Production Cost and Profit Calculation as shown in Schedule II hereof shall form part of the basis of this Agreement, except that the Board of Directors of the Company shall not be bound to pay to the employees of the Company the respective salaries and wages shown in the said Schedule which respective salaries and wages shall in any case be regarded as the maximum salaries and wages which may be paid to the respective employees.

13. GENERAL PROVISIONS

(a) The Board of Directors of the Company

There shall be a Board of Directors for the Company comprising of seven (7) Directors, three of whom including the Chairman shall be nominated by the Government and the remaining four including the Managing Director by the Partners.

(b) Availability of Liquid Cash and Working Capital

(i) The Board of Directors of the Company shall ensure the availability of liquid cash at all times for the payment of preliminary expenses, salaries, wages and such other expenses as may be necessary for the commencement and maintenance of production.

(ii) The Government and the Partners shall use their respective good offices and give all necessary assistance for the purpose of raising by the Company with banking institutions or otherwise, of funds required as part of its working capital.

(c) Memorandum and Articles of Association

The Memorandum and Articles of Association of the Company shall be subject to the approval of both the Government and the Partners and shall thereafter not be amended except with their respective consents. The said Memorandum and Articles of Association shall be in such terms as shall give effect or enable effect to be given to the provisions of this Agreement or any other Agreement made pursuant or supplemental thereto.

(d) The Schedules

Specifications of machinery, equipment and buildings, as outlined in the Schedules I and II hereto shall be read and construed as, and shall be deemed to be an integral part of this Agreement.

14. THE COMING INTO OPERATION OF THIS AGREEMENT

- (a) This Agreement shall come into operation on the 1st day of December 1966, provided that the Government and the Partners have made payment of 50% of their respective shares as hereinbefore provided and the final approval of the German authorities and institutions for insurance and re-financing of the loan of DM 20,376.747,30 (i.e. \$1,835,743) has been obtained by that date. In the event of any of the conditions specified here not being fulfilled by the first day of December 1966, then the date of the coming into operation of this Agreement shall be the date on which the last of the conditions to be performed was performed, and the dates of payment by the Government and the Partners under Clause 5(b)(ii) and 5(b)(iv) respectively shall accordingly be postponed for corresponding periods.
- (b) If all or any of the conditions necessary for the coming into operation of this Agreement are not fulfilled and in consequence this Agreement has not come into operation by the 31st March 1967, then any of the parties shall be free to request the others for a review of this Agreement with a view to its modification or total cancellation but without prejudice to the rights of any of the parties to any remedies that would otherwise be available in law by reason of the default of the other party or parties.

15. DURATION OF AGREEMENT AND SALE OF SHARES

- (a) As long as this Agreement is in force, neither the Government nor the Partners shall have the right to sell its shares in the Company or any part thereof to any person, institution or authority unless with the other party's consent given in writing,

- but such consent shall not be unnecessarily withheld.
- (b) The Government shall be entitled to purchase at any time after ten (10) years from the date of commencement of production, the shares in the Company held by the Partners and/or their nominees, such purchase to be at the market value of the said shares at the date thereof.
- (c) This Agreement, other than paragraph (d) of this Clause, shall cease to be in force on such date as the Government may purchase the shares in the Company held by the Partners and/or their nominees or on such other date and subject to such terms and conditions as the parties hereto may hereafter agree, except that this Agreement shall not come to an end under this Clause until the Manufacturers and General Contractors have been fully paid.
- (d) The Partners hereby covenant with the Government that neither during the subsistence of this Agreement nor upon the shares in the Company held by the Partners and/or their nominees being purchased by the Government nor for a period of five years after such purchase shall the Partners compete with the Company anywhere in the Federation of Nigeria in spinning and weaving cotton for the manufacture of cotton fabrics and other cotton manufactured materials and also in marketing finished fabrics, materials and other products, either alone or in partnership with other interests.

16. TRANSFERABILITY OF RIGHTS AND OBLIGATIONS

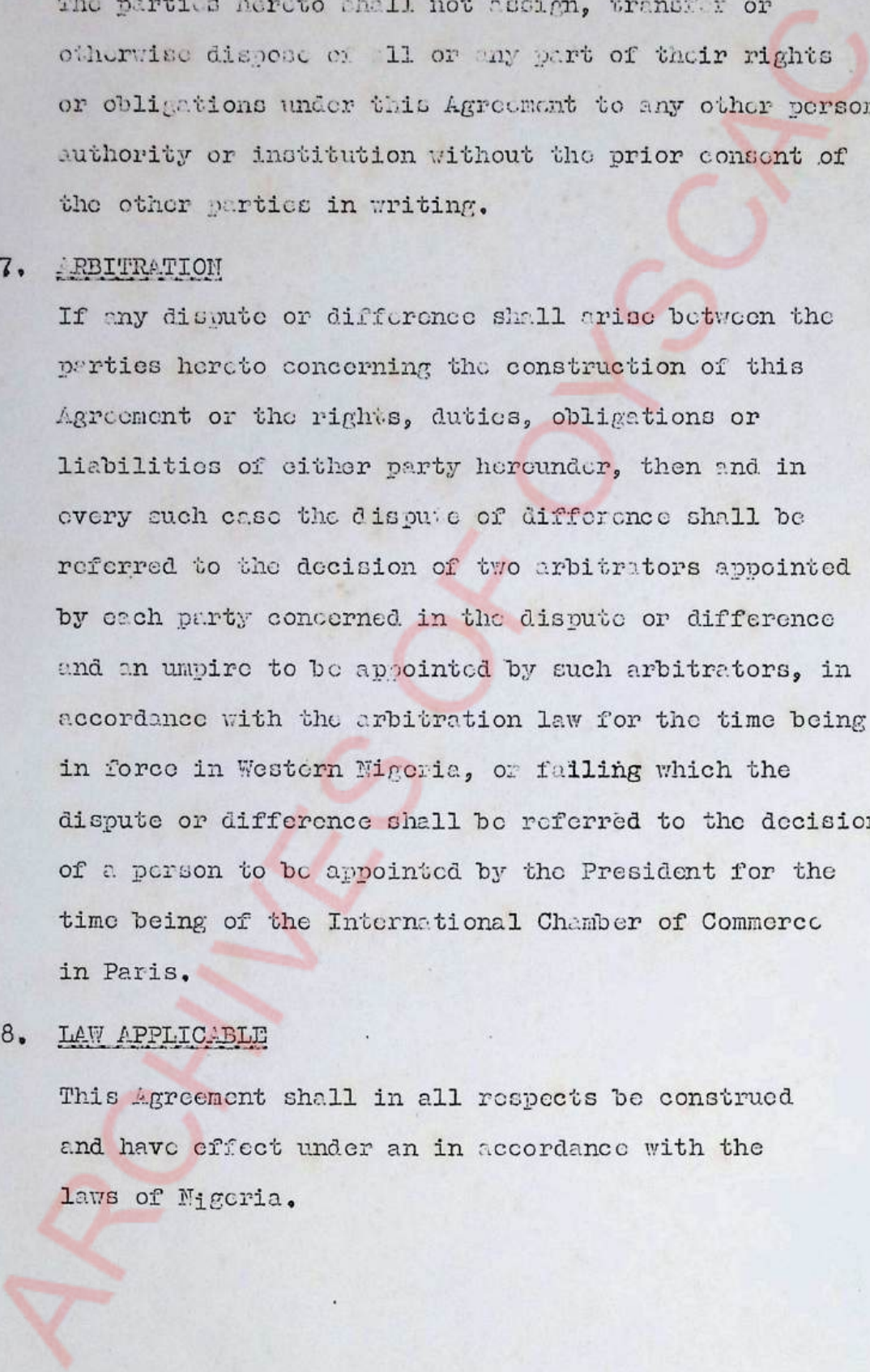
The parties hereto shall not assign, transfer or otherwise dispose of all or any part of their rights or obligations under this Agreement to any other person, authority or institution without the prior consent of the other parties in writing.

17. ARBITRATION

If any dispute or difference shall arise between the parties hereto concerning the construction of this Agreement or the rights, duties, obligations or liabilities of either party hereunder, then and in every such case the dispute or difference shall be referred to the decision of two arbitrators appointed by each party concerned in the dispute or difference and an umpire to be appointed by such arbitrators, in accordance with the arbitration law for the time being in force in Western Nigeria, or failing which the dispute or difference shall be referred to the decision of a person to be appointed by the President for the time being of the International Chamber of Commerce in Paris.

18. LAW APPLICABLE

This Agreement shall in all respects be construed and have effect under an in accordance with the laws of Nigeria.



IN WITNESS WHEREOF the parties hereto have herunto set their respective hands and seals the day and year first written above.

SIGNED, SEALED AND DELIVERED by the within-named COLONEL ROBERT ADEYINKA ADEBAYO Acting Governor of Western Nigeria for and on behalf of the Government of Western Nigeria

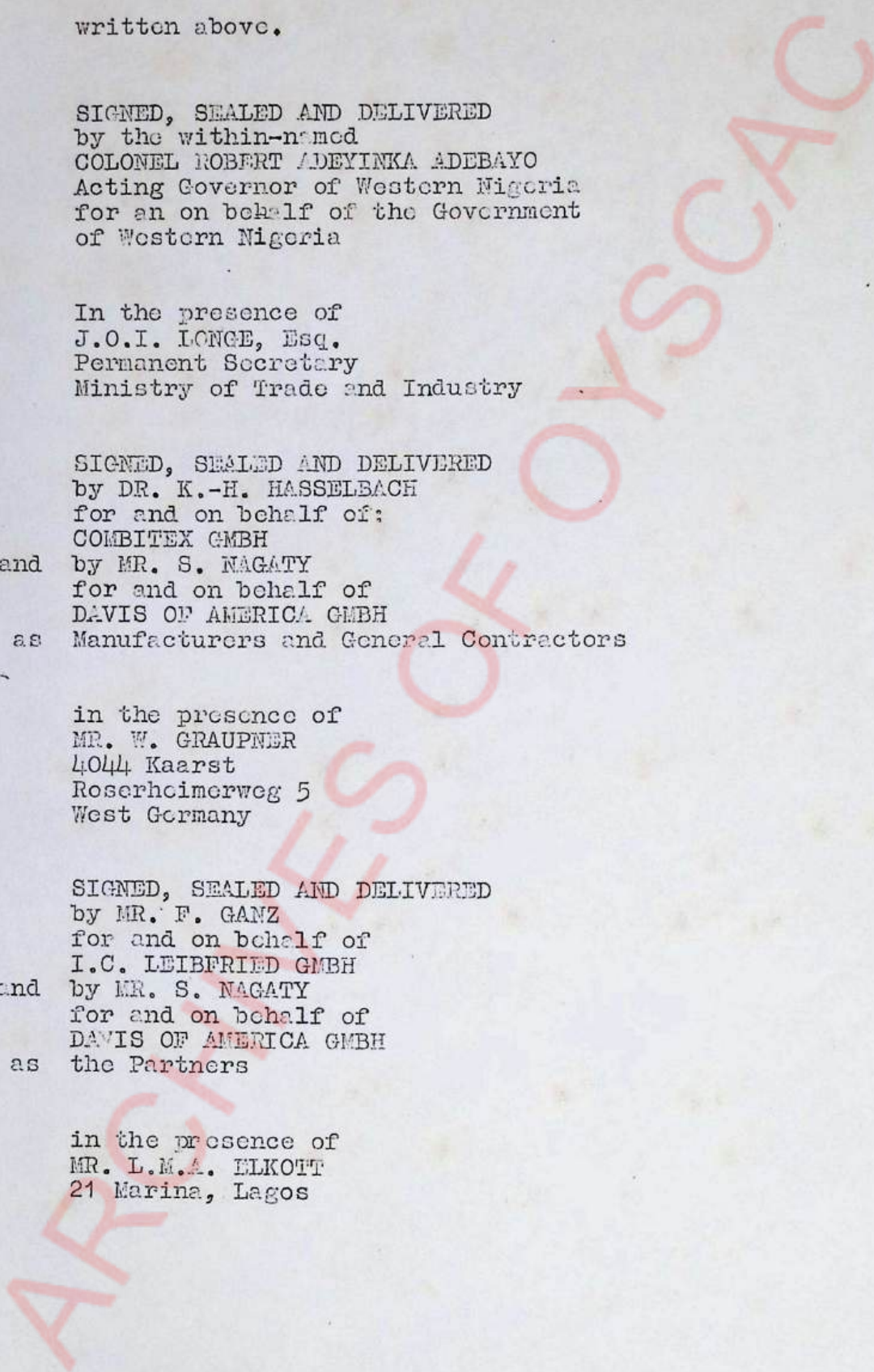
In the presence of J.O.I. LONGE, Esq. Permanent Secretary Ministry of Trade and Industry

SIGNED, SEALED AND DELIVERED by DR. K.-H. HASSELBACH for and on behalf of: COMBITEX GMBH and by MR. S. NAGATY for and on behalf of DAVIS OF AMERICA GMBH as Manufacturers and General Contractors

in the presence of MR. W. GRAUPNER 4044 Kaarst Roserheimerweg 5 West Germany

SIGNED, SEALED AND DELIVERED by MR. F. GANZ for and on behalf of I.C. LEIBFRIED GMBH and by MR. S. NAGATY for and on behalf of DAVIS OF AMERICA GMBH as the Partners

in the presence of MR. L.M.A. ELKOTT 21 Marina, Lagos



DPS

1 submit pp 564-582
in reply to p. 582 please.

(Jewell
CR

19/9/73

P.S.,

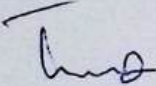
Please see from p. 560. The National Bank reports that Messrs. Davis of America have issued a writ of summons on the Bank to redeem Promissory Notes totalling DM.982,600 issued by Westextinco and which the Bank guaranteed and endorsed. The Bank also states that Messrs. Davis of America obtained a loan of N300,000 from it and offered as security some of the Promissory Notes issued by Westextinco and which the Bank also guaranteed and endorsed. The Bank has suggested that in order to cause some embarrassment to Mr. Nagaty, the Government might consider taking legal action against Mr. Nagaty for any money owed by him to the Govt.

2. The P.S.M.I. was asked about the extent of Mr. Nagaty's indebtedness to the Govt. The reply of that Ministry is on p. 564. It confirmed that the National Bank gave the Davis of America a N300,000 loan solely for the payment of import duty on machinery. But Mr. Nagaty refused to refund the loan even though the import duties on the items were waived.

3. The Textile Company owed several amounts to the Marketing Board and to the Western State Government to redeem certain

promissory notes of the Company which fell due. As Messrs. Davis of America and I.C. Laibfried own 57.1% of the shares of the Company, they are liable to repay the debts owed in proportion to their shareholding in the Company.

4. It may not be necessary for the Government to take any legal action against Mr. Nagaty for the recovery of the loans outstanding against him in view of the request addressed to the Head of State on pp. 554 - 557 and in respect of which the reminder on p. 559 was issued. The matter is to be brought up again on 27/9/73.


(J. K. Akingbade)
D.P.S.,
27/9/73.

S.M.G. & H.S.

On pp.560-561, the National Bank of Nigeria Ltd. reports that Davis of America have issued a writ of summons and served it on the London Branch of the Bank as guarantor and endorsers of Promissory Notes issued by WESTEX-FINCO. The total amount of the Promissory Notes is DM. 982,600. The N.B.N. has been commanded to cause an appearance to be entered within 14 days from 16th August, 1973.

2. Messrs Davis of America also owes N.B.N. a sum of £300,000 obtained on 12th August, 1970. This no doubt is the same amount referred to in the minutes extract of which is at page 565 as loan from the Western Nigeria Marketing Board. Unfortunately the Promissory Notes offered as security for the loan by Messrs. Davis of America can not be found by N.B.N. and it is suspected that it might have been released fraudulently to Mr. Nagaty.

Surprising as this may seem, it seems to me that there will be no difficulty however to prove such a loan.

3. N.B.N. has however proposed, on the basis of a wrong assumption that Mr. Nagaty is owing the Western State Government some amount, that the State Government should take action against Mr. Nagaty in London, if only to embarrass him enough to make him fail in his claim against N.B.N.

4. It seems to me that the problem which now confronts N.B.N. could have been averted if there has been appropriate action on the requests contained in His Excellency's requests to the Head of State (vide pp.484-487, 507A - 507B, 551 - 553 and 554 - 557). Up till now, the draft Decree which was agreed to and forwarded to Lagos since 15th August, 1972 and which could have enabled us to take over the ownership of the shares now held by the Technical and Financial Partners - Messrs Davis of America and I.C. Liebfried has not been promulgated.

X

5. I suggest that the new situation introduced by the letter on pages 560 - 561 should be brought to the attention of the Head of State so that His Excellency may be graciously disposed to consider the urgent and passionate plea from the Government of this State without which the N.B.N., the Western State and indeed Nigeria as a whole will be black-listed in the Banking, Commercial and Industrial world.

6. I am sorry that your B.U. instruction on page 563 was not complied with. It was not the fault of the Registry.

A. A. K. Degun
(A. A. K. Degun)

P.S.O.M.G.

15 October, 1973.

ADP

PSOMG.

Pls. write to correct the wrong assumption of NBN. referred to in your para.3. then resubmit.

A 16/x

SP/C.124/6/587

18 October, 1973.

The Ag. General Manager,
National Bank of Nigeria Ltd.,
P.M.B. 12123,
32/35 Yakubu Gowon Street,
Lagos.

Writ by Davis of America on C.M.B.H. London
Branch Re: Promissory Notes Drawn on Westextinco

I refer to your letter No. D/Z.55/18 of 6th September, 1973 and the latest appeal in your letter No. D/Z.55/72 of 3rd October, 1973. Your appeal has been based on the wrong assumption that Mr. Nagaty was owing the Western State Government a sizeable amount on the basis of which the State Government could take action on him in London.

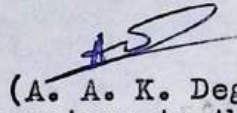
2. From available records, however, the only debt owed by Davis of America to an agency of this Government is a sum of ₦300,000 lent to it by the Western Nigeria Marketing Board in May 1969. You may wish to know that the loan was given to the Western Textiles Industries Company Limited through Davis of America, solely for the payment of import duty on certain items of machinery. The duty on the machinery was eventually rescinded, although Mr. Nagaty on behalf of Davis of America, refused to refund the loan to the lender or account for it in any manner.

3. The Ministry of Industries to whom your letter was referred for advice commented as follows:

"Apart from the above, the Western Textile Industries Company Limited has taken loans totalling ₦724,896. 54 from the Western Nigeria Marketing Board. Also, a sum of ₦945,562 was loaned to the Company by the Western State Government in September 1972, to redeem some promissory notes issued by the Company which fell due in August 1971 and February 1972. Davies of America and I.C. Laibfried, being holders of 57.1% shares in the Company ought to bear responsibility for the repayment in proportion to their shareholding. It is pertinent to mention that the Technical Partners had undertaken in paragraph 7(g) of the Project Agreement to indemnify Government up to the extent of their shareholding in respect of all the promissory notes issued by the company. As of today, a balance of ₦3,160,565,40 is yet to be paid on these bills. It is one of these notes that is now the subject of legal action by Davis of America. But in the light of the foregoing, Davis of America should not be entitled to any payment on any of the notes until all of them have been fully redeemed.

588

4. You may find the above information useful.



(A. A. K. Degun)
for Secretary to the Military
Government & Head of Service.

Desp. by me
19/10/73

ARCHIVES OF OYSCIC

S.M.G. & H.S.

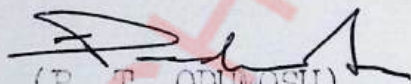
With reference to your minute at foot of page 585, I hereby resubmit file.

Audience
PSOMG
20/10/73

Y.E.

may be interested to see the papers at pp.586/587 on the affairs of the Ado-Ekiti Textile Mills.

2. Nothing further has been heard from the Fed. Mil. Govt.'s sources following Y.E.'s last letter to the Head of State at pp.554-557. Y.E. must have seized the opportunity of one of your recent visits to the Head of State to raise this among other matters?


(P. T. ODURUSU),
S.M.G.&H.S.,
22/10/73.

Yes, I did raise this point with C in C when I had an audience sometime in Sep. There will be no harm reporting further development to C in C. For draft.

Ed
23/10.

PSOMG.
F.n.a.
24/10

SP/C.124/6/590

31 October, 1973.

His Excellency,
General Yakubu Gowon,
Head of the Federal Military Government
and Commander-in-Chief of the Armed Forces,
Dodan Barracks,
Ikoyi,
LAGOS.

Deportation of the Nagatys and its Effects
on the Western Textile Industries Company
Limited, Ado-Ekiti.

P 559
I wish respectfully to refer to my correspondence to Your Excellency on the above topic ending with my letter No. SP/C.124/6/559 of 18th July, 1973 in which I emphasised the need for immediate step to save the State Government from the financial embarrassment arising from the failure to issue the long-awaited decree draft of which was finalised in August 1972 and forwarded to Lagos for necessary action. Some side problems have now started to arise which I deem necessary to bring to the attention of Your Excellency.

2. The National Bank of Nigeria Limited has reported that Davis of America have issued a writ of summons and served it on the London Branch of the Bank as guarantor and endorsers of Promissory Notes issued by WESTEXTINCO. The total amount of Promissory Notes is DM.982,600 that is N272,944.40.

P 553
3. Your Excellency will recall that in my letter No. SP/C.124/6/553 of 31st May, 1973, I explained that since the deportation of the Nagatys, four Promissory Notes totalling N2,032,274.20 had fallen due and the various external creditors had been exercising serious pressures including threats of litigation on the WESTEXTINCO to pay. The Western State Government had had to provide an amount of N945,752.20 to settle those Promissory Notes which matured as at 12th February, 1972. Now that three Promissory Notes amounting to N1,643,007 have matured, the State Government faces the same kind of embarrassment as has been brought on the National Bank by the Davis of America

4. The present case in court is painfully a slur on the name of our country and I believe we can act quickly and avoid further black-listing of the National Bank of Nigeria Limited, the Western State and indeed Nigeria as a whole in the Banking, Commercial and Industrial world by taking a final decision on the future ownership of the shares now held by Davis of America and I.C. Liebfried in WESTEXTINCO which only can enable my Government to proceed immediately with the reorganisation needed to improve the operation and viability prospects of the Company and to regularise our position with the Registrar of Companies.

5. Once again, I would respectfully implore Your Excellency to use your good offices to expedite action on the proposed Decree so that it may be published as early as possible.

CA
 (Brigadier C. O. Rotimi)
 Military Governor,
 Western State.

Y-E
 Via SMG & HS.

Reference your minute on page 589,
 I submit letter at b.c. for YE's signature
 and the file copy above for initialling, pse.
~~I propose~~

Am...
 PSOMG
 20/10/73

I propose to personally
 deliver orig. of letter at Dodan
 Barracks as I am going to Lagos
 tomorrow afternoon.

[Signature]
 30/10

592

PSOMG.

o/leaf. Pls. provide HE's P.A. with a copy of p. 590 for HE's personal record and note that in future an extra copy of each letter addressed by HE to C in C. shd. be provided for the former's personal record.



SMG 31/10/73

P.A. to HE.

Please extract the extra copy at b.c. for HE's record. minute above by SMG & H.S. refers. J.V.

Andee
PSOMG
31/10/73

P.S. (Ome)

Action taken as instructed above Cii.

Adwin
P.A. H.S.
1/11/73.

CR.

There was a letter in the mail for this file. It came from N.B.N. Lagos.

Adwin
1/11/73

NOTE
please see
pp. 593-594.
CR 2/11

593
25th October, 73.

Ref: DBS/B.1

RECEIVED
NOV
SP/124/8
The Manager,
National Bank of Nigeria Limited,
240, Bishopsgate,
LONDON, E.C.2P 2JD.

Dear Sir,

I quote below the text of some information received from the Ministry of Industries in the Western State through the Secretary to the Military Government and Head of Service, Western State of Nigeria in his letter addressed to us and dated 18th October, 1973.

"The Western Textile Industries Company Limited has taken loans totalling N724,896.54 from the Western Nigeria Marketing Board. Also, a sum of N945,562 was loaned to the Company by the Western State Government in September 1972, to redeem some promissory notes issued by the Company which fell due in August 1971 and February 1972. Davies of America and I.C. Laibfried, being holders of 57.1% shares in the Company ought to bear responsibility for the repayment in proportion to their shareholding. It is pertinent to mention that the Technical Partners, Davis of America GmbH had undertaken in paragraph 7(g) of the Project Agreement to indemnify Government up to the extent of their shareholding in respect of all the promissory notes issued by the company. As of today, a balance of N3,160,565.40 is yet to be paid on these bills. It is one of these notes that is now the subject of legal action by Davis of America. But in the light of the foregoing, Davis of America should not be entitled to any payment on any of the notes until all of them have been fully redeemed."

We also understand that Davis of America GmbH are owing a sum of N300,000 lent to it by the Western Nigeria Marketing Board in May, 1969 and we understand that Mr. S. Nagaty on behalf of Davis of America refused to refund the loan to the lender or account for it in any manner.

We are advising the Western Nigeria Marketing Board to institute legal action as soon as possible against Davis of America GmbH for N724,896.54 and N300,000 lent to it.

In the light of the above information, it may be necessary for us to join Davis of America, Western Nigeria Marketing Board, Western Textile Industries Limited, Ministry of Industries and the Western State Government in the action of Davis of America against our bank on the Promissory Notes, particularly in view of the fact that Davis of America GmbH had undertaken to indemnify the Western Nigeria Government up to the extent of their shareholding in Western Textile Industries Company Limited in respect of Promissory Notes issued by that company.

...../2.

Ch.
Ebe + L.u.
31/10/73

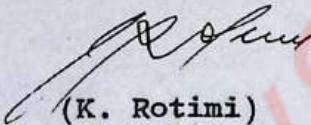
594

The Manager,
National Bank of Nigeria Limited,
LONDON, E.C.2P 2JD.

25th October, 1973.

Please pass a copy of this letter to our Solicitors and seek their further advice on this matter.

Yours faithfully,
for NATIONAL BANK OF NIGERIA LIMITED,



(K. Rotimi)
Ag. DIRECTOR OF BANKING SERVICES.

- c.c. Mr. A. A. K. Degun, Office of the Military Governor, Ibadan. ✓
- " The Permanent Secretary, Ministry of Industries.
- " " " " , Ministry of Finance.
- " " Commissioner for Industries, Western State.
- " " Acting General Manager, National Bank of Nigeria Ltd.
- " " Chief Credit Controller, " " " " "

PS

I submit pp 593-594 please.

(Jawun)

DPS. To see pp 583-594 and dispose of file.

2/11/73

CR 2/11/73

B.M. 2/12. ✓

595

DPS

1 submit b.u. on p. 594
please.

Handwritten signature
CR

3/12/73

BR 11/12

DPS

Submitted
Please

G. G.

11/12/73

BR 12/11/74

ARCHIVED OFFICIALS

CABINET OFFICE

ECONOMIC

DIVISION

LAGOS

P.M.B. No.

Telegrams

Telephone 25747



Ref. No. 58576/S.10/10/531.

Date 19th December, 1973

SECRET

Mr. Peter Odumosu,
Secretary to the Military Government,
Military Governor's Office,
IBADAN.

PSOMG.

24/12

Reactivation of Enterprises in which
Messrs. Davis of America was connected

For sometime now we have been trying to find a solution to the problem created by the deportation of Mr. Nagaty which, as you know, has been engaging the attention of the Federal Military Government. In that connection several rounds of meetings have been held with officials of the working Ministries of the States concerned as well as the law officers. In the event, it appeared that two most important questions to be resolved are the following:-

- (i) Re-organisation of the Boards of the various companies to ensure that they can now function properly by legally terminating the interest of Mr. Nagaty in them and vesting this in the appropriate person or institution; and
- (ii) Provision of additional capital to fill the gap created by Nagaty's withdrawal. This need not come necessarily from the Federal Military Government if there is a way of making the private sector interested in the projects and thereby subscribing to their equity.

2. In respect of paragraph 1(i) above, it has been agreed that the best solution is to effect dissolution of the companies by a decree, and in that connection, the stage has been reached at which the Attorney General of the Federation and Commissioner for Justice recommended and approval given that a negotiating team comprising of Messrs. Ben N. Okagbue, Permanent Secretary, Cabinet Office, Lagos, Y.A.O. Jinadu, Deputy Solicitor General, Federal Ministry of Justice, S. O. Banjo, Director of Banking Operations, National Bank of Nigeria, Lagos, and a Representative of the Western Nigeria Marketing Board (Mr. E.E.K. Pecku) should travel to London and Germany for inspection of promissory notes that are in the custody of creditors.

3. Arrangements have now been concluded for the team to meet at St. James' Court Hotel, London, on Sunday January 6th 1974, at 2.00 p.m. in Mr. Jinadu's room for necessary preliminary

consultations. Your Mr. E.E.K. Pecku for the Western Nigeria Marketing Board and Mr. Banjo for the National Bank of Nigeria have been fully briefed and in respect of the expenses of the two gentlemen the organisations under which they serve are expected to defray the full cost of the proposed trip to London and Frankfurt.

4. As regards paragraph 1(ii), on the instruction of the Federal Executive Council an inter-ministerial meeting is examining "the Nagaty Projects" and they have submitted preliminary recommendations on the nature of assistance that the Federal Government should give to the State Governments affected by the expulsion from Nigeria of Mr. Nagaty and Davis of America. I believe that the proceedings so far, in which Mr. B. A. Oduntan, Permanent Secretary, Ministry of Industries, Ibadan, Mr. O. Olutayo, Chairman, Western Nigeria Textile Mill, Mr. J. A. Olowofoyeku, Ministry of Justice, Messrs. Rotimi and Banjo of the National Bank of Nigeria are actively participating, have not entirely escaped the notice of your office.

Ben N. Okagbue
(Ben N. Okagbue),
Permanent Secretary
for Secretary to the Federal
Military Government.

SECRET

DPS

Please put in appropriate file and submit for information of His Excellency.

2. Have we any information about X above? PSM Industries ought to have brought the proceedings of the meetings to our attention?

[Signature]
27/12/73

ARCHIVES

Y.E.

via

S.M.G. & H.S. *31/12*

P.S.O.M.G. *As seen 31/12/73*

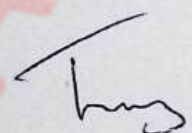
Pages 596 and 597 contain two matters to be resolved before reactivating the enterprises in which the firm of Messrs Davis of America was connected. The problems of these enterprises arose as a result of the deportation of Mr. Nagaty from Nigeria. The first step in this direction is to terminate by decree the interest of Mr. Nagaty in the various companies and vest them in appropriate person or institutions. To this end representatives of the Cabinet Office, Federal Ministry of Justice, National Bank (Nig.) Ltd. and the Marketing Board are to hold a meeting in London on January 6th 1974 for the purpose of inspecting Promissory Notes issued by the enterprises to oversea creditors. The second step is to provide additional capital to fill the gap to be vacated by Mr. Nagaty. It has been suggested that the Capital need not come from the Federal Military Government if there is a way of making the private sector interested in the projects and thereby subscribing to their equity.

2. In furtherance of the second course of action the Federal Government has set up an inter ministerial committee to examine the 'Nagaty Projects' with a view to making recommendations on the form of assistance to be rendered to State Governments affected by Mr. Nagaty's expulsion from the country. The Committee on which this State was represented by Mr. B. A. Oduntan, Permanent Secretary, Ministry of Industries, Mr. O. Olutayo, Chairman,

599
Western Nigeria Textile Mill, Mr. J. A. Olowofoyeku, Ministry of Justice and Messrs. Rotimi and Banjo of the National Bank, is said to have submitted a preliminary recommendation to the Federal Executive Council.

3. This office is not aware of the existence of the Committee referred to in para. 2 above. In the absence of the P.S. Min. of Industries on leave, I discussed with Mr. Olutayo, the Chief Investment Officer, who is also a member of the Committee. From the discussion it appears that there has been a confusion with regard to the promissory notes. Three sets of Bearer Promissory Notes were issued by the Western Nigeria Textile Company at Ado-Ekiti. The ^{first} batch of 10 promissory Notes were for DM 20 million (Deutsche Marks). When it was realised that the amount on each Note was too heavy, another set of 266 Notes covering DM 20 million were also issued. The third set of 266 Notes for DM 25 million were also issued when it was again realised that the second set of Notes did not include the DM5 million as interest. Unfortunately there is nothing to show that the first two sets of notes were surrendered to the originators for cancellation. This is the reason why the team referred to in para. 1 above is going to London to inspect the Promissory Notes in the hands of the creditors and determine which of them should be recommended for redemption.

4. This is submitted for Y.E.'s information.


(J. K. Akingbade)
D.P.S.,

28 December, 1973

SMG

1. As regards the visit to London or any further meetings to be held, one of our principal law officers should always participate. There is no need for G.M. Marketing Board to join the team for the purpose of inspecting promissory notes. It may well turn out that the proposed exercise is becomes a wild-goose chase. In any case the NBN officials and a law officer from our Ministry should look after our interest.
2. Please obtain from Mr Odumbar a report on the preliminary recommendations on the nature of assistance EMG proposes to give State Govts in order to re-activate those projects.

EA
 31/12.

1/11

SP/C.124/6/601

8 January, 1973.

Mr. B. A. Oduntan,
Permanent Secretary,
Ministry of Industries,
Ibadan.

Reactivation of Enterprises in which
Messrs. Davis of America was connected.

A letter received from the Cabinet Office Economic Division, Lagos revealed that two most important questions which are still to be resolved on the above subject-matter are as follows:

- (i) Re-organisation of the Boards of the various companies to ensure that they can now function properly by legally terminating the interest of Mr. Nagaty in them and vesting this in the appropriate person or institution; and
- (ii) Provision of additional capital to fill the gap created by Nagaty's withdrawal. This need not come necessarily from the Federal Military Government if there is a way of making the private sector interested in the projects and thereby subscribing to their equity.

2. You are already aware of the action taken in respect of sub-paragraph (i) above and by now a team consisting of officials from our Ministry of Justice, the National Bank of Nigeria and perhaps your own Ministry would have left for London and Germany to examine the promissory notes that are in the custody of creditors.

3. With regard to sub-paragraph (ii), the Cabinet Office stated that on the instruction of the Federal Executive Council, an inter-ministerial Committee was set up to examine "Nagaty Projects" and the Committee had submitted preliminary recommendations on the nature of assistance that the Federal Government should give to the State Governments affected by the expulsion from Nigeria of Mr. Nagaty and Davis of America. His Excellency the Military Governor has therefore directed that the proceedings of the meetings in which you personally as Permanent Secretary, Ministry of Industries, your

602

Mr. O. Olutayo in his capacity as Chairman, Western Nigeria Textile Mill, Mr. J. A. Olowofoye Ministry of Justice, Messrs. Rotimi and Banjo of the National Bank of Nigeria actively participated should be forwarded to this office immediately.



(A. A. K. Degun)
for Secretary to the Military
Government and Head of Service.

DPS.

To see.

2- Arrange for G.U. in ten days.

ARCHIVES OF O.S.C.A.

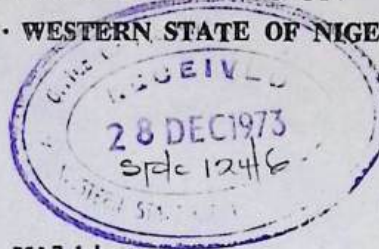
MINISTRY OF INDUSTRIES



INVESTMENT DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
 All communications to be addressed
 to the Permanent Secretary quoting
 Our Ref. No. INV. 668/T/27.

Date 28th December, 1973.

The Secretary to the Military
 Government and Head of Service,
 Office of the Military Governor,
 Ibadan.

Western Textile Industries Company Limited,
Ado-Ekiti

I am directed to bring to your notice the latest developments on the position of Mr. & Mrs. Nagaty in the Western Textile Industries Company Limited, Ado-Ekiti.

2. You would recall that, on 6th November, 1973, you passed to me, on telephone, a request received from the Federal Cabinet Office that we should proceed to Lagos for a meeting to be held the following day with representatives of the Federal Military Government. The meeting was to discuss various issues connected with the suit which Mr. Nagaty's Solicitor had filed in London against the National Bank of Nigeria Limited and the Western Nigeria Marketing Board, guarantors of the promissory notes issued for the establishment of the Textile Mill at Ado-Ekiti. At that meeting, we were informed that Mr. Nagaty's Solicitor was in Nigeria to see if an amicable settlement could be reached on the question of the redemption of the promissory notes, which the National Bank was not in a position to honour and as a result of which the Bank was being sued. The Federal Government representatives disclosed that the Head of State had stepped into the matter to safeguard the name of Nigeria abroad as any suit against an agent of a State Government, particularly in respect of debt recovery, would stain the name of the country. On request, both the National Bank of Nigeria and this Ministry had prepared comprehensive briefs for the use of the Deputy Solicitor-General of the Federation who was to negotiate with Mr. Nagaty's Solicitor.

3. Officials of this Ministry have since attended two subsequent meetings. At the last but one, Mr. Nagaty's Solicitor was asked to produce the originals of the promissory notes for inspection by the National Bank representatives because they feared that there were more promissory notes in circulation than were originally issued. Unfortunately, before his return to London, the Solicitor informed the Federal Ministry of Justice that he had made contacts with the holders of those promissory notes who had refused to release them for inspection in Nigeria. As a result of this new development, another meeting was held in Lagos on 5th December, 1973, at which the representatives of the Federal Military Government suggested that if the National Bank still felt very strongly about this issue, then a team of representatives of the Bank, the Western Nigeria Marketing Board and the Federal Military Government should visit London to inspect the various sets of promissory notes and raise other

.... /2

questions that might be connected with Mr. Nagaty's Solicitor. In view of cost, this suggestion was only reluctantly accepted by the representatives of the National Bank. From the tone of discussions at the various meetings, it looked as if, once the genuineness of the promissory notes had been ascertained, the Federal Government would redeem the notes and later offset the amount involved against any loan or grants that might due to the Western State from Federal sources.

4. We had at the various meetings brought up the issue of the liabilities of Mr. Nagaty and Davis of America Limited in the Western Textile Industries Company Limited. We have continuously emphasized the fact that Messrs. Davis of America Limited had indemnified the Western State Government to the extent of their shareholding in the company (57.1%) in respect of the promissory notes in dispute and that there were other liabilities of Davis of America to WESTEXINCO which should be taken into account in any settlement that might be reached with Mr. Nagaty. But the attitude of the Federal officials had consistently been first to settle the liabilities of the National Bank and the Western Nigeria Marketing Board in respect of the promissory notes which they had guaranteed, and at a later date as a separate exercise, to examine the indebtedness of Mr. Nagaty to WESTEXINCO and/or the Western State Government. I understand that this is the legal position under the Project Agreement signed with the technical partners by the Western State Government although I am arranging to obtain further advice on this issue from the Ministry of Justice. In any case, it is the considered view of this Ministry that having regard to Mr. Nagaty's role in the company, the circumstances in which the promissory notes were issued and the unlikelihood of Mr. Nagaty being in a position to redeem his indemnity and settle his other indebtedness to this Government, the proposed settlement should, in equity, take into account measures by which this Government is not left in the lurch after Mr. Nagaty would have achieved his objective of getting us to redeem all the promissory notes. I believe that the delegation to London will do little more than merely identifying the notes and ascertaining their genuineness. When on their return to Nigeria, the issue of payment arises, this Ministry will then have an opportunity of putting across its views, as forcibly as it can, to the Federal Military Government before any liability is finally accepted.

5. In our (Degun/Oduntan) telephone conversation of this morning, you kindly relayed to me His Excellency the Military Governor's decision that a representative of this Ministry should be replaced by Mr. Pecku of the Western State Marketing Board on the delegation. I have nominated Mr. O. Olutayo, Chief Investment Promotions Officer, not only as a senior staff member of this Ministry but also in his capacity as Chairman of the company. He will be accompanied by a representative of the Company's managing agents who is au fait with the accounts of the company, the details of the promissory notes and Mr. Nagaty's indebtedness to the company.

ok. 1/34/74
6. It is understood that the team is due to leave for London on January 4th 1974. I now seek your approval for Mr. O. Olutayo, Acting Chief Industrial Promotions Officer in this Ministry to travel to London and Western Germany for the afore-mentioned purpose. The tour should in my view, not last for more than one week.

B
605

7. Copies of this letter have been forwarded to the Permanent Secretary, Ministry of Finance and the Permanent Secretary, Ministry of Establishments and Training.

San ...

(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Industries.

CONFIDENTIAL

DPS

1 submit pp # ⁶⁰³ - ⁶⁰⁵ - 3 please.

The main file is with P5006.

(Jew ...)

CR
8/4/74.

X ^{CR} A. page with the main file which has now been released.

(Signature)
9/11

DPS

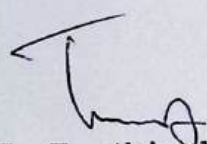
Pp. 603/605 are resubmitted after a check as directed at 'X' above please. *(Jew ...)* - CR 9/1/74.

P.S.O.M.G.,

Please see from p. 603. The matter discussed on these pages relate to the suit filed against the National Bank by Mr. Nagaty in connection with Promissory Notes guaranteed by the latter. The matter has been brought to the notice of H.E.M.G. on pp. 598/599 on the strength of the letter on pp. 596/597 from Lagos.

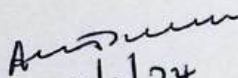
2. The only item not yet brought to H.E.'s attention is the proposal in para 4 of p. 604 to counterclaim against Mr. Nagaty in respect of his indebtedness to WESTEXINCO after the genuineness of the Promissory Notes might have been determined. The suggestion is to press the issue with the Federal Military Government before redeeming the Promissory Notes.

3. I would suggest that before the issue in para 2 above is brought to H.E.'s notice, we should have a reply to para 3 of 601 regarding the nature of assistance the F.M.G. proposes to give to State Govts in order to reactivate the 'Nagaty' projects.


(J. K. Akingbade),
D.P.S.,

9/1/74.

Agreed as in your para 3.


4/1/74

18/1/74 ✓

ARCHIVES

MINISTRY OF INDUSTRIES



INVESTMENT DIVISION

IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....

All communications to be addressed
to the Permanent Secretary quoting

Our Ref. No. INV. 668/T/34.

Date 16th January, 1974.

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Ibadan.

Reactivation of Enterprises in which Messrs. Davis
of America Limited was connected

P 601 I wish to refer to your letter No. SP/C.124/6/601 of 8th
January, 1974, and to inform you that issues mentioned in
paragraph 1 therein were never discussed at the only meeting
which I personally attended or at the two meetings which
Mr. Olutayo in his capacity as Chairman of WESTEXINCO attended.

P 602 2. As stated in paragraph 1 of my letter No. Inv.668/T/27
of 28th December, 1973, at the first meeting held on 7th
November, 1973, and which I attended, we were informed that
Mr. Nagaty's Solicitor was in Nigeria to see if an amicable
settlement could be reached on the question of the redemption
of the promissory notes, which the National Bank was not
in a position to honour and as a result of which the Bank
was being sued. The Federal Government representatives disclosed
that the Head of State had stepped into the matter to safeguard
the name of Nigeria abroad as any suit against an agent of a
State Government, particularly in respect of debt recovery,
would stain the name of the country. On request, both the
National Bank of Nigeria and this Ministry had prepared
comprehensive briefs for the use of the Deputy Solicitor-
General of the Federation who was to negotiate with Mr. Nagaty's
Solicitor. Unfortunately, the Federal Deputy Solicitor-General
in whose office this meeting was held did not make provision
for a Secretary to cover the proceedings and so there was no
official minutes sent. However, the officer who accompanied
me took some notes, a copy of which is attached herewith.

P 612-631 3. With regard to the two meetings which Mr. Olutayo attended,
the main issue discussed was the question of the production
of the originals of the promissory notes in dispute for
inspection and the subsequent decision that a delegation should
go to London to inspect those notes in the possession of the
company's creditors. Details of the proceedings at the two
meetings were given in paragraph 2 of my letter referred to
in the preceding paragraph. As requested, I attach herewith
a copy each of the minutes of the two meetings.

4. I would like to add that my Ministry is not aware of any
inter-ministerial Committee set up by the Federal Government
to examine "Nagaty Projects" or the preliminary recommendations
of such a Committee.

(Signature)

(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Industries.

NOTES OF THE MEETING HELD WITH THE DEPUTY SOLICITOR-GENERAL, FEDERAL MINISTRY OF JUSTICE, ON THE POSITION OF THE WESTERN TEXTILE INDUSTRIES COMPANY LIMITED, AND THE THREAT OF THE CREDITORS TO SUE THE NATIONAL BANK (NIGERIA) LIMITED AND THE WESTERN NIGERIA MARKETING BOARD ON 7TH NOVEMBER, 1973

PRESENT

- Mr. B. Okagbue - Permanent Secretary, Economic Affairs, Cabinet Office, Lagos.
- Mr. B. A. Oduntan - Permanent Secretary, Ministry of Industries, Ibadan.
- Mr. Y. Jinadu - Deputy Solicitor-General, Federal Ministry of Justice, Lagos.
- Mr. K. Rotimi - Director of Banking Operations, National Bank (Nig.) Ltd., Lagos.
- Mr. R. A. Adewusi - Credit Controller, National Bank (Nig.) Ltd., Lagos.
- Mr. J. B. Alakuro - Senior Investment Management Officer, Ministry of Industries, Ibadan.
- Mr. J. A. Adedeji - Legal Secretary, National Bank (Nig.) Ltd., Lagos.
- Mr. A. Taiwo - National Bank (Nig.) Ltd., Lagos
- Mr. E. E. Ogunnubi - National Bank (Nig.) Ltd., Lagos.

The meeting started at about 12.05 p.m. when Mr. Okagbue stated that creditors of Western Textile Industries Company Limited had threatened to take the National Bank (Nigeria) Limited and other Government Agencies involved in the guarantee of the promissory notes of the company to court for the non-redemption of the due notes. The Federal Government heard about this but nothing was done immediately until a letter was addressed to the Solicitor-General by a Solicitor who usually represented the Federal Government interests in London. Mr. Nagaty himself had continued to send series of telegrams to the Federal Government on the issue. On the directives of the Head of State, all Law Officers of the States connected with the Nagaty issue had met with the Solicitor-General of the Federation and looked into the case and made necessary recommendations which were also adopted by the Attorney-General and later placed before the Head of State. It was only recently that the Head of State was able to look into the matter and

His Excellency's decision was being awaited. In the meantime when the London Solicitor did not hear from the Federal Government he sought permission to come to Nigeria to be properly briefed on the matter and to see if it could be settled amicably. It was, therefore, considered necessary to invite all those concerned to brief the Federal Government lawyers who were to discuss with the Solicitor concerned.

2. The party then moved to the office of the Deputy Solicitor-General, Mr. Y.A.O. Jinadu, who also confirmed the information given by Mr. Okagbue and emphasized that the Federal Government had decided to step in because of the embarrassment the case might cause the nation if the matter was not amicably settled. He was sure that even if judgement was given against the National Bank (Nigeria) Limited, there might not be enough funds from which to pay the creditors so he wanted to know from the two parties the background to the formation of the Company, the issue of the promissory notes and all other issues connected so that he could discuss intelligently with the lawyer from London.

3. The Permanent Secretary, Mr. Oduntan, then gave a full background to the formation of the company and how the promissory notes were issued and guaranteed; the deportation of the Nagatys and the four sets of notes that were paid before the Nagatys left. He stated that after the deportation of the Nagatys, the Western State Government continued to press the Federal Government to forfeit the assets of the Technical Partners to the Western State Government so that the Government could effectively take over and run the company but this had not been done. At the moment, the Board of the company cannot function legally because no quorum could be formed as the Memorandum and Articles of Association stipulated that a quorum of four comprising two Directors from each side was necessary but since the Federal Government had ordered that there should be no contact with Mr. Nagaty, his representatives and his agents, it had not been possible for them to attend meetings. Furthermore, since the deportation of the Nagatys it had not been possible for the Partners to fulfil the portion of the

Agreement where they indemnified the Government on the repayment of the promissory notes to the proportion of their shareholding. As neither the company nor any of the agencies of the Government which guaranteed the promissory notes could pay, the Western State Government had had to meet, in September, 1972, the next two sets of promissory notes which fell due in August, 1971 and February, 1972, but since then it had not been possible to find money for any of the remaining notes. Three sets had already fallen due between August 1972 and now while the last set would be due in February, 1974.

4. The National Bank (Nigeria) Limited then gave its own side of the story. Mr. Rotimi informed the meeting that even though the promissory notes were issued by Western Textile Industries Company Limited, the National Bank got a directive from the Government to guarantee the notes for no commercial consideration at all. When the notes started to mature, the company and Mr. Nagaty were able to pay off some of them, but after the deportation of the Nagatys, things became very difficult and the company could not meet the payment and so the creditors had to resort to the Bank. Letters of demand started to come from various sources including a Czechoslovakian Bank, the Commercial Bank of Germany, Barclays Bank International and the Midland Bank. Unfortunately, since the notes were not numbered, it was difficult to know who the original bearers of the notes were. The company was not in a position to give this information either.

5. The Bank had been in a very difficult position and there had been so many complications on the questions of redemption of the promissory notes and that was why the Bank had been reluctant to honour the notes even if there was money because some of the notes were used to secure overdrafts from the Bank. In December, 1968, the company, WESTEXINCO, applied for a loan of ₦300,000 and offered to the bank DM.1,667,000 as security. This loan was approved and to be repaid in 30 months but this was not done. On October 29th, 1969, the company also applied for another loan of ₦300,000 for which approval was given on 31st October, 1969. The

loan was to be repaid over 12 months and to be secured by a declaration signed by all the Directors of the company. This declaration was never given. On 25th January, 1971, Messrs. Davis of America sought to postpone the repayment of the loan granted to WESTEXINCO but the bank refused to accede to this request.

6. Continuing, Mr. Rotimi stated that on August 11th, 1970, Messrs Davis of America applied to the bank for a loan of ₦300,000 and gave as security DM 2 million. The loan was approved on 12th August, 1970 and when it was due for repayment, no payment was made. Thereafter, the bank started getting letters, demanding payments for the promissory notes which it guaranteed but they were not sure that the notes were not those which had been used as security for the various loans but which, at that time, had mysteriously disappeared from the vaults of the bank. He, therefore, did not think that the matter was as simple and straightforward as the U.K. Lawyers had thought. He was sure that if the bank was sued to court, Messrs Davis of America who also endorsed the notes and all the other parties would be joined in the suit. Mr. Rotimi then informed the meeting that a case was pending in court against the National Bank on this particular issue but the Deputy Solicitor-General stated that he did not have any knowledge of this but that if it was true, the Federal Government might have to re-consider its stand. All the Government was concerned about was that the matter should be settled amicably.

7. After further discussions on the issue, the Deputy Solicitor-General requested that a comprehensive brief should be prepared by the Ministry of Industries and the National Bank (Nigeria) Limited and all necessary papers and documents should be attached to this brief which he would study to enable him discuss with the Solicitor who had arrived from U.K. The briefs were to be submitted to him not later than Monday, 12th November, 1973.

8. The meeting rose at 1.45 p.m.

MINUTES OF THE NEGOTIATIONS BETWEEN COUNSEL TO DAVIS OF AMERICA AND REPRESENTATIVES OF THE NATIONAL BANK AND THE WESTERN NIGERIA TEXTILE MILL etc. HELD IN THE FEDERAL MINISTRY OF JUSTICE ON TUESDAY, NOVEMBER 27TH, 1973 COMMENCING AT 10.30 A.M.

Present

- Mr. Y. A. O. Jinadu (Chairman) Representing the Governments of Nigeria.
- Dr. Nasir Counsel to Nagaty and Davis of America.
- Mr. Banjo Representative of National Bank of Nigeria.
- Mr. Rotimi - do -
- Mr. O. Olutayo Chairman, Western Nigeria Textile Mill.
- Mr. J. B. Alakuro Representative of Ministry of Industries, Ibadan.

The Chairman opening the meeting, informed the members that his other colleague who should be at the meeting was not there yet and Mr. Okagbue from the Cabinet Office would be joining them later in the course of the negotiations. He first welcomed all the representatives in the name of the Federal Military Government, and expressed the hope that they would be able to get quickly over the negotiations so that Dr. Nasir could go back to London for his other assignments. He introduced Dr. Nasir as the Counsel to Nagaty and Davis of America and informed the meeting that he had instruction from the Cabinet Office to negotiate with him to the mutual benefits of the parties to the matter, and it was that negotiation that was commenced that day.

He further told the meeting that he would like them to deal first with the question of the Promissory Notes and mentioned the principal parties to that:

- (1) The National Bank of Nigeria;
- and (2) The Marketing Board which guranteed the Promissory Notes.

He then called on Dr. Nasir to commence.

Dr. Nasir: Dr. Nasir, with the permission of the Chairman, asked for the names and designations of representatives of the National Bank.

Mr. Banjo: Mr. Banjo gave his designation as the Director of Operations and Mr. Rotimi as the Director of Services.

Dr. Nasir: Dr. Nasir first of all took that opportunity to express his sincere appreciation to His Excellency, the Head of State for the interest he had taken in the matter: Nigeria was fortunate in having such a leader as General Gowon. He continued " the principle is one of justice, it is one in which I am sure we would not have been here, but for what had happened which complicated matters and brought about the sequence of events ..."

Mr. Banjo: Mr. Banjo felt that they should not enter into any negotiation without the representative of the Western Nigeria Textile Mill.

While the Chairman was trying to explain, the Chairman of the Western Nigeria Textile Mill and the Representatives of Ministry of Industries, Ibadan came in.

Dr. Nasir: Dr. Nasir continued: "The sequence of events that has taken place from the date July, 1971 when Mr. Nagaty was removed from the country has really led to this present meeting and to the complication that has arisen. Before Mr. Nagaty invested or took part in any project in this country he visited Nigeria and had specific discussions with the responsible people about the possibilities of investing and taking part in any project in this country.

"On the 20th April, 1963 he received a letter from the Ministry of Trade and Industries, Ibadan and signed by the then Permanent Secretary." He read a portion of the letter the reference of which he gave as No. C.606/43 which was addressed to Mr. Nagaty.

That letter, Dr. Nasir said, made Mr. Nagaty to invest in this country and to take part in all the projects which he narrated.

Chairman: The Chairman wanted to know whether the copy of the letter referred to by Dr. Nasir could be traced in the Ministry of Trade and Industries' file.

Mr. Alakuro: Mr. Alakuro made note of it and promised to look through the Ministry's file.

Dr. Nasir: Dr. Nasir referred to an Agreement that was entered into on the 31st of October, 1966 between the Western State Government acting by Col. Adebayo, at that time and other parties including Davis of America. He informed the meeting that the Company, Davis of America fulfilled the letter and spirit of the Agreement until the very day that he left Nigeria in July, 1971 when he was deported.

Chairman: The Chairman wanted Dr. Nasir to expatiate on what he meant by fulfilment of the agreement.

Dr. Nasir: Dr. Nasir at this juncture distributed copies of the brief he had prepared which he later read and explained paragraph by paragraph. He said that the Agreement was complied with. He also gave the details of their claims as stipulated in the Agreement (Exhibit 1) portions of which were read out.

Chairman: The Chairman wanted to know whether the claims were in pursuance of the Agreement which he had just read.

Dr. Nasir: Dr. Nasir confirmed this and explained the brief in more details.

Chairman: The Chairman reminded Dr. Nasir of his earlier proposal to deal first with the question of Promissory Notes as that was the crucial point before the Court in England.

Dr. Nasir: continued - "That the Promissory Notes form an important part of the transactions because everything revolves on the Promissory Notes and should be taken to be so understood. Precisely it must be looked at within the context of the whole project." He also gave the main object of the Company - Davis of America as to promote, finance and establish agricultural and industrial projects in the developing countries and this made him to enter into Agreements with various State Governments in the Federation to promote, finance and establish various industries.

In pursuance of this objective, Dr. Nasir referred to the

Agreement (exhibit 1) entered into on 31st October, 1966 by his client with the Western State of Nigeria to finance, build, equip and train staff for a Textile Mill in Western Nigeria. The Agreement was signed by the Acting Governor of Western Nigeria on behalf of the Government of Western Nigeria. He gave the total cost of the project as D.M. 29,799,815 the payments of which were to be made in Germany in Deutsch Marks in accordance with Clause 5. This he said was approved by the following letters:

- (i) Federal Ministry of Finance letter No. X.11128/5g dated 10th January, 1968 (exhibit 2);
- (ii) A letter dated 25th January, 1968 - exhibit 3 - from from the Western Textile Industries Company Limited addressed to Exchange Control Officer, Federal Ministry of Finance;
- (iii) Federal Ministry of Finance Letter No.X.11128/6g dated 7th March, 1968 - exhibit 4.

The next question Dr. Nasir wished the meeting to consider was the payment for the Textile Mill. He gave the total shares as D.M.7,700,000 of which Government's shares were D.M.3,300,000 and the remaining D.M.4,400,000 were for Davis of America. He said that the share capital was paid in accordance with Article 5(b) (i) and (ii). He went further to say that the loan covered by Promisory Notes guaranteed by the Western State Government as per Article 5(e) of page 6 of the Agreement was D.M.20,376,747 and that as per Article 5(c) was D.M. 1,653,067 which made the total value of the contract to be D.M.29,799,815.

The Chairman wanted to know, for clarification purposes, how much under the Agreement was covered by the issue of Promisory Notes.

Dr. Nasir said that was D.M. 20,376,747.

Mr. Banjo felt that out of that amount there were certain amount which was raised by Promisory Notes.

Dr. Nasir told the meeting that those would be found in page 5 of the Agreement under Article 5(c) - the issue of 6 equal Promisory Notes for D.M. 1,653,067.

Mr. Banjo wanted to know whether those were guaranteed by the Bank.

Dr. Nasir confirmed that.

Mr. Banjo raised that question in view of the contents of a letter dated 6th May, 1968. Then the Textile Industry wrote to Davis of America concerning delivery of 266 Promisory Notes for D.M.25,139,811.80.

Dr. Nasir: drew attention to page 5 item (c) of the Agreement and explained further that the other amount of D.M.20,376,747 was for 10 Promisory Notes.

The Chairman felt that what the meeting wanted to know was whether the Promisory Notes had been broken down to smaller ones.

Mr. Banjo said that the total amount for the Promisory Notes issued was D.M.25,139,811.80.

The Chairman noted so far that the sum of D.M.20,376,747 and D.M.1,653,067 were for 272 Promisory Notes.

Dr. Nasir also stated that the interest on the Loan according to Article 5(d) (ii) was D.M. 4,763,064.50.

Mr. Banjo however disagreed with that figure. According to him the sum total would be about D.M.27,000,000.

The Chairman tried to clarify the point by referring to a letter marked exhibit 5 which was written on the 7th March 1968 and signed by Abubakar Alhaji.

Mr. Banjo said that the total they had got so far was not up to D.M. 29,000,000.

The Chairman wanted to know what the total amount of the Promisory Notes was.

Mr. Rotimi calculated the sum to be D.M. 26,792,878.

Answering another question from the Chairman, the Bank officials agreed according to Article 5 (c) with the Promisory Notes for D.M.1,653,067 but they did not know whether they were issued or not.

The Chairman wanted Dr. Nasir to prove then whether they were issued or not.

Dr. Nasir promised to prove everything he said with documentary evidence. He explained further that the sum of D.M.1,653,067 was in Nigerian Banks namely Barclays Bank, Ibadan, National Bank and Co-operative Bank.

The Chairman noted that those Promisory Notes for D.M.1,653,067 which were "discounted" here in Nigeria must be with the National Bank and Barclays Bank.

Dr. Nasir went further to explain by reading two letters Ref. AAOD/JBL of 17th November, 1967 from the National Bank of Nigeria, Lagos (Exhibit 6) and another one dated 6th May, 1968 from Western Textile Industries Company Limited, Ibadan. With this he was trying to establish that the D.M.25,139,811.85 was for the 266 Promisory Notes.

The Bank officials found it difficult to agree on that amount in view of the difference in the amount given in the two letters read by Dr. Nasir.

The Chairman explained further that under Clause 5(d) (ii) page 6 of exhibit 1, the sum of D.M. 20,376,747 was the amount for which the Promisory Notes were issued and that that amount corresponded with what was in Exhibit 6 and that that amount was without interest. The difference might probably be due to the interest calculated on that amount.

The bank officials did not disagree after this explanation.

The Chairman went on to say that if they could establish how much the interest on that calculated at the rate of 7.5% per annum would be then the cause of the difference between exhibits 6 and 7 could be ascertained.

The bank officials at this point agreed with the Chairman that what was needed to be established were :

- (i) either to get the notes for which D.M.20,376,747 were issued; or
- (ii) to get the notes to which reference was made for D.M.25,139,811.85 in exhibit 7 and
- (iii) to get the notes representing the interest of 7.5% on the D.M. 20,376,747.

They however felt that (iii) above would not arise as there could not have been separate Promisory Notes.

Dr. Nasir went on to analyse what happened with the Promisory Notes. He disclosed that only an amount of D.M. 9,138,970 had been paid while the sum of D.M.16,000,842 is now due for payment; D.M. 8,905,880 is held in Europe and D.M. 7,094,962 is held in Nigeria as security for the loans made to Davis of America.

Answering a question from the Chairman, the Bank officials could not say whether or not the statement was correct but the explanation given by Dr. Nasir made the calculation clear to them. They however promised to go through their records and confirm what they are holding: they would endeavour to obtain from the Barclays Bank what was being held and hoped that the Barclays Bank would write direct to the Chairman on what they are holding and for what purpose.

The Chairman then informed the representatives of the National Bank that that was the additional information he had requested from the Bank on the day Mr. Taiwo brought the Bank's brief. Although Mr. Taiwo promised the Chairman that the information would be supplied before the meeting it was not up till the time the Chairman was talking forthcoming.

It was noted that the National Bank should confirm or otherwise state the value of Promisory Notes said to be "discounted" in Nigeria as indicated on page 4 of the brief prepared by Dr. Nasir.

Mr. Olutayo wanted to know what the LN 150,000 overdraft was used for if it had been given by the Bank.

Dr. Nasir replied that the overdraft was used for the work on the project.

Mr. Olutayo felt that if the money was for civil engineering works or for local expenditure and that if that amount was obtained locally then payment should also have been made in local currency.

The Chairman drew attention to the letter from the

Ministry of Finance which he thought made the position clear. After some discussion the Chairman noted that they had come to the stage at which the D.M.16,000,842 had been established as outstanding and requiring settlement out of which D.M.8,905,880 is held in Europe and D.M.7,094,962 is held in Nigeria.

Dr. Nasir continued: "Having established the D.M.16,000,842 for the present discussion we can now go to deal with what we are claiming from you. The claim is for the outstanding Promisory Notes."

Before going to the liability as between Davis of America and the Company, the bank officials drew attention to a letter from the National Bank dated 17th November, 1967 (Exhibit 6) and another one from the Ministry of Finance dated 28th January, 1970 (exhibit 5) in which the value of 266 Promisory Notes showed some difference: this he said was subject to further checking.

The Chairman wanted to know from the officials of the bank if they agreed that the D.M.16,000,842 was outstanding on the Promisory Notes assuming the verifications required were correct.

The Bank officials said that it appeared to be so because Dr. Nasir had already mentioned that D.M.9,138,970 had been paid, but they wanted evidence that the Promisory Notes had been paid and returned to the issuer.

Dr. Nasir promised to give them evidence.

At this juncture the Chairman reminded all parties to take note of what were required of them, on which they had to satisfy one another.

The Bank officials wanted to know the holders of the balance.

Dr. Nasir said that Davis of America is holding them,

Here the Chairman read a portion of the Law and explained briefly the difference between an escrow agent in deeds and Promisory notes respectively.

Dr. Nasir was asked to note what the meeting required from him - who is holding the bills, where they are and whether they have been held as security: the bills paid and cancelled and domiciled back to the issuer.

The Chairman wanted to know from the Bank Officials and Dr. Nasir when the information could be furnished.

Dr. Nasir promised to give all the information required the following day while the bank officials promised to try very hard to get the information but would require some time to supply them.

To a comment by the representative of the National Bank, Dr. Nasir assured members that he is as responsible as they are and that he would not do anything that would cause any embarrassment to Nigeria.

In discussing the claim between Davis of America and the parties, Dr. Nasir said that the share capital of Davis of America in Westexinco was LN 400,000 and the expenditure incurred was LN 281,614 these were shown in the final account of his client.

The Chairman felt that that should be reflected in the account of the Company and asked the representative of the Company to take note.

The bank officials would also like to know whether the capital of LN 400,000 was provided in cash or in kind, whether it came in from outside. They said that it should be established that it went to the account of the Company.

Dr. Nasir continued and said that another expenditure incurred and held by the Barclays Bank was for the sum of LN.237,461 and meant for settling Promisory Notes.

The Chairman asked whether that would be one of the Promisory Notes that made up the D.M. 25 million.

Dr. Nasir thought as much.

As regards the LN.389,075 said to be owing by Nagaty, Mr. Olutayo said that the Company must be satisfied that the various amounts were incurred on behalf of the Company.

Mr. Rotimi felt that representative of the Western State Government should be invited to the discussion because of the agreement signed by the Governor.

The Chairman informed members that that was not necessary because all the law officers whose states were involved in the matter had held series of meetings and that the conclusions of their deliberations had been forwarded to the Cabinet Office. The meeting being held was the outcome of the conclusions of the meeting of the law officers.

The meeting rose by 12.15 p.m. after fixing another meeting for Thursday, 6th December, 1973 at 10 a.m.

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Minutes of the Negotiations Between Counsel to Davis of America and Representatives of the National Bank and the Western Nigeria Textile Mill etc. Held in the Federal Ministry of Justice on Wednesday December 5, 1973
Commencing at 10.15 a.m.

Present

Mr. Y.A.O. Jinadu(Chairman)	Representing the Government of Nigeria
Mr. B.N. Okagbue	-do-
Mrs. R.A. Omotoso	"
Mr. S.O. Banjo	Representative of the National Bank of Nigeria
Mr. O. Olutayo	Chairman, Western Nigeria Textile Mill
Mr. J.B. Alakuro	Representative of Ministry of Industries, Ibadan.

The Chairman, in declaring the meeting open, introduced to members, Mr. B.N. Okagbue of the Cabinet Office, and his colleague Mrs. R.A. Omotoso who were unavoidably absent at the last meeting. He also drew attention to minor errors in the draft minutes of the previous meeting on pages 2 and 3 and had them rectified.

He informed the members that the purpose of that meeting was to get the information required from either side in addition to proceeding with the negotiations and recalled that the National Bank wanted to see and examine the Original Promisory Notes which, according to Dr. Nasir were "discounted" both here and Overseas and which Dr. Nasir promised to produce. He went further to say that presumably at the time Dr. Nasir gave that undertaking he (Dr. Nasir) thought that it would be easy but that on the following day, Dr. Nasir came to his office to say that the holders of the Promisory Notes in Europe would not agree to releasing them unless they could go over to inspect them themselves and that if they still insisted or if the National Bank still insisted to satisfy itself by examining the originals there would be no alternative but to go Overseas. He said Dr. Nasir had a discussion with the Attorney General on this and subsequently addressed a letter to

him on the same subject and the Attorney-General was of the view that if the originals were to be inspected they had to go to the domicile of those documents. Unfortunately Dr. Nasir was unable to be at the meeting; he had to hurry over to England to seek further adjournment of the case pending in court. He read a portion of the letter addressed to the Attorney-General by Dr. Nasir; and said that in Dr. Nasir's absence he would not advise that the meeting should do anything other than ascertain whether those information for which the last meeting was adjourned were available.

The Chairman said that in view of the development adumbrated he had communicated with the Cabinet Office for approval of the Attorney-General's recommendation that a team should go to England and he had, after consultation, suggested that the team, if it eventually came to that, should comprise himself, Mr. Okagbue, a representative of the National Bank and a representative of the Marketing Board both of whom were guarantors of those Promissory Notes.

Mr. Olutayo said that he did not think that the negotiations had reached a stage to warrant a trip to London to examine the Original Promissory Notes; such a step might not serve any useful purpose because certain points raised at the last meeting in respect of the Promissory Notes had not yet been cleared up. The points being that they observed that certain 266 Promissory Notes were issued for an amount of D.M. 20 million plus and another 266 Promissory Notes were issued for another amount of D.M. 25 million plus and that before those two issues there was an issue of 10 Promissory Notes for an amount of D.M. 20 million plus. He therefore felt that by going to London to examine the original Promissory Notes, he did not know which one would have to be established out of the three. What had been expected, he further said, was that Dr. Nasir would be at that meeting to tell them what happened to the first set of 10, the second set of 266 and that there was only one set of 266 Promissory Notes.

for D.M. 25 million plus in existence. As they had not been told anything about that he did not think that going to London would solve the problem.

The Chairman referred Mr. Olutayo to pages 6 of the minutes where the question of the difference in the amount given in the two letters was tackled and said that in view of that confusion whether it would not help his Company if the original notes were to be examined. He remarked that neither himself nor the National Bank was sure whether it was the addition of the interest that made up the difference.

Mrs. Omotoso felt that one would have expected that the debtor as well as the guarantors would have had details of those Promissory Notes but it appeared that they had not got them and that the only way by which the details of the promissory notes could be confirmed was to see the originals.

Mr. Olutayo however drew attention to certain things in the minutes with which it was said they agreed, and said that he remembered that when they were discussing the issues of the Promissory Notes they reached a stage at which they were unable to establish whether it was only one set of promissory notes which covered the amount and that that was left in abeyance before moving to another point from where Dr. Nasir said at least that he would prove to them the amount outstanding on promissory notes, but the issue was whether that amount outstanding was in one set of promissory notes or in two sets.

Mr. Banjo agreed that at the last meeting there was quite some controversy as to the actual amount of promissory notes issued but regretted that none of the signatories involved in the original transaction today remains with the Company, the Bank, the Marketing Board or the Western Nigeria Textile Mill. He also agreed that there was lack of good records on the matter as much could not be traced from the Bank; all they knew was that the notes were brought to the National Bank. He went further to say that when those notes were sent they

were quickly taken away to the Marketing Board and passed on to Davis of America. He noted that although they had not got much by way of recording they found that there was some disparity between what they signed and gave over and what Western Nigeria Textile Mill signed and gave over. He referred to a letter dated 6th May by Western Nigeria Textile Mill, where 266 Promisory Notes issued valued D.M. 25 million plus and another letter by National Bank dated 17th November 1967 where they claimed to have sent 266 Promisory Notes valued D.M. 20 million plus, a difference of D.M. 5 million, which they handed over to the German Bank on behalf of the Marketing Board. He said that was the issue they wanted to clear up and that Dr. Nasir promised that he would produce evidence to show the true position of things, they then demanded to see the original notes.

The Chairman confirmed this as recorded on page 6 of the minutes of the previous meeting.

Mrs. Omotoso asked Mr. Banjo how he thought the original notes could be examined in the circumstances.

Mr. Banjo said that as already suggested that they would have to go abroad, but felt that the trip should be at the expense of Dr. Nasir and that as he had made a claim for the notes he should be able to produce them. He further remarked that the notes were payable here and that they should be brought into this country to ascertain their genuineness. He informed the meeting that they had been getting claims from all over the globe and had of course refused payments. He added that if they wished to see the notes it was absolutely essential that they really had to go.

Mrs. Omotoso thought it important to stress that since they were parties to an Agreement out of which those transactions arose, they must realise that they had as much responsibility as the other parties to the Agreement and were therefore expected to have their records properly compiled and their documents tidied.

up as the other parties had done, As it was, they seemed to be relying on the other parties to the contract for information which they ought to possess; they should not expect the other parties to pay for their expenses.

The Chairman would not like the team to start making excuses at this stage regarding circumstances prevailing in the past; he said an Agreement had been executed and all he was concerned with was first to redeem the good name of Nigeria. He would like to get on with the job and see that the mess was cleared; an excursion into what happened 10 or 20 years ago was not the concern of a lawyer. The Chairman said that he had been assigned the responsibility to see that the matter is settled amicably in the interest of all parties and therefore was not concerned with how the notes were signed ten or twenty years ago. It had been proved that the amount was owing and there had been no denial; all that was being demanded was the details of the notes and we are being informed that the holders were not prepared to release the notes for inspection in Nigeria. "If they say they cannot release the notes for us and you say you are not going to inspect them Nigeria would be the worse for it: this is what the Head of State does not want to happen; I am therefore not going to listen to what had happened 50 years ago. If you don't want to go tell the meeting; I shall make a record of it and report back to the Cabinet Office".

Mr. Banjo "I don't think anybody on this table said 'I don't want to go'".

Mr. Okagbue thought that Mr. Banjo was trying as a banker to cut in in the discussion as to whether it was necessary or not to go over to examine those note. It appeared that he saw the need to verify those notes but was worried by the pressure by which the notes were issued: he was going to give a bit of history which the Chairman rightly said was not relevant at this stage. He did not want anybody present to be under any misapprehension about the intention of the Federal Military

Government for it is known that nobody sitting here took any active part in this matter. As a matter of fact it was the National Bank which itself was unable to produce those notes and we were all surprised to hear at one of the meetings that the notes were missing: what we were all trying to do at the moment was to bring the long drawn matter to an end. The Federal Military Government is very much interested in terminating this affair amicably and in any case honourably: that was the reason why we were here.

Mr. Banjo said that some notes had since been discovered; he agreed with the Chairman that they had nobody but themselves to blame in the matter and that the sooner they found a solution the better for the country. He confirmed that the bank was in a most vulnerable position as far as the matter was concerned. He went on to say that it might take a longer time to embarrass the Government than the bank and revealed that there is a case pending in London on some of those notes. He believed that all that was being done was in their own interest and that he wanted the Chairman to appreciate that point. All he had been trying to do was to give an answer in respect of a point raised by Mrs. Omotoso who wanted to know why they did not have record. He confirmed "as a matter of fact we have no objection to going overseas in order to ascertain the genuineness of the notes. Already we have been alarmed; judging from the number of claims made on the bank anyone would have thought that the bank had guaranteed over D.M. 50 million, these notes were not numbered; you can only identify them by the dates and a number of the notes bear the same date: you don't know whether you have already received claims for notes a, b, c and 1, 2, and 3".

The Chairman "Wouldn't it be in your interest then to examine the originals?"

Mr. Banjo "Yes".

The Chairman said that the examination of the notes would let them know whether the notes were genuine or not and whether one was issued several times over. Those are the points at issue and that was why at the moment he did not want to deal with the liabilities 'inter partes'. They had first to clear how much was outstanding on the notes.

Mr. Banjo wanted to know whether they could be satisfied that all the notes were in London because he observed that they could go to London and find that others were in Germany etc.

The Chairman hinted that if need be they would have to travel to other places.

Mr. Olutayo took permission of the Chairman to ask Mr. Banjo whether he had a record of the notes which he earlier mentioned were coming to the banks.

Mr. Banjo said that they were not notes. They were claims on the notes.

Chairman asked Mr. Banjo to give the meeting information about those notes which he said had since been discovered in the bank.

Mr. Banjo stated that they were 43, the total amount of which was D.M. 4,140,750, although Dr. Nasir claimed they were holding notes for a total amount of D.M. 4,742,774. As for those notes held with the Barclays Bank, Mr. Banjo said that the Barclays Bank promised to communicate with the Chairman direct and that the Cooperative Bank could not assist.

Mr. Okagbue wanted to know whether the notes held by the National Bank were in equal denomination.

Mr. Banjo gave details of the notes being held as follows:

11 notes of D.M. 100,000 due on	12/2/71
1 note of D.M. 53,000 " "	12/2/71
1 " " " 14,000 " "	12/2/71
3 notes of D.M. 100,000 " "	12/8/71
1 note of D.M. 73,750 " "	12/8/71
6 notes of D.M. 100,000 each	12/2/73
20 notes of D.M. 100,000 "	12/2/73
<u>43</u>	<u>D.M. 4,140,750</u>
	=====

Mr. Banjo also sought permission of the Chairman to raise a few points, but the Chairman did not want members to raise any point over which they would have to go again when Dr. Nasir would be present or to which they would require Dr. Nasir's reply; all such points he said, should be reserved until Dr. Nasir would be at the meeting.

Mr. Banjo expressed the wish to see the representatives of the Western Nigeria Marketing Board at a later meeting particularly as the bank's position would be very much compromised.

The Chairman recalled that he had said right from the beginning that a representative of the Marketing Board ought to be present at every stage of the negotiations.

Mr. Banjo wanted to know whether it was likely that there would be any further discussion on other aspects of the transaction abroad apart from the inspection of the promissory notes.

The Chairman felt that they would have to continue the negotiations as far as it was practicable over there for he wanted to finish the assignment as early as possible. He said that he would have proceeded on leave since last week but for this matter.

Mr. Banjo then dropped the matter but felt that it might be helpful if advanced information could be given to Dr. Nasir in order to get certain things ready -

- (1) as many original promissory notes as possible in one place;
- (2) all the things they asked for at the last meeting;
- (3) a schedule showing either 266 of the promissory notes agreeing to D.M. 25 million plus or D.M. 20 million plus;
- (4) the location of the notes that had been negotiated; if they were cancelled he wanted to see them properly cancelled otherwise it was not impossible that they be paid for and introduced again.
- (5) a certificate certifying that there were no more original promissory notes anywhere other than those submitted for examination.
- (6) an indemnity against any claim and all future claims on the notes.

He concluded that he had wanted to go into history to explain the present state of affairs in the bank.

Members wanted to know whether the Marketing Board was holding any promisory notes.

Mr. Banjo promised to contact the Marketing Board but he had the feeling that they were holding nothing. At this juncture Mr. Banjo wanted to know whether another meeting would be held with a representative of the Marketing Board before going abroad and wanted members to discuss the sort of action to take abroad in case certain situation arose there.

The Chairman thought it was unnecessary to hold any meeting except that the National Bank and the Marketing Board would want to hold one between themselves.

Mr. Banjo informed the meeting of a case against them in London and their counter-claim. Here the Chairman explained briefly the legal issues involved.

Mr. Banjo reminded the meeting that they would require a certificate that no further notes were being held by anybody, at least they should be certain as to the extent of their liability, when they got to London, he further remarked.

The Chairman informed members that they would have to wait for word from the Cabinet Office and promised to communicate with members as soon as he heard from Cabinet Office, but would want Mr. Banjo to leave the list of things they would require from Dr. Nasir with his Secretary so that he could pass them on to Dr. Nasir.

Mr. Okagbue wanted to know what steps are to be taken to obtain what information there was out of the Marketing Board and whether this aspect was to be left to Mr. Banjo.

The Chairman thought it was better to leave that to Mr. Banjo.

Mr. Banjo promised to contact the Marketing Board but he felt it might help if the Chairman could establish some contact direct with them.

The Chairman wanted Mr. Okagbue to do that and Mr. Okagbue obtained the name and address of the General Manager of

the Marketing Board as Mr. Pecku, Cocoa House, Ibadan.

Mr. Okagbue reminded Mr. Alakuro of the promise he made to trace the letter from the Ministry of Trade and Industry which Dr. Nasir read out at the previous meeting.

Mr. Alakuro regretted his inability to trace the letter which was written ten years ago. He said a wrong reference number might have been given.

Mr. Banjo wanted to have a copy of the booklet containing photo-copies of promisory notes which Dr. Nasir brought to the previous meeting: this would help the bank to ascertain the extent to which it was committed.

It was agreed that Mr. Okagbue should help to make more copies of the promisory notes.

Mr. Banjo wanted Dr. Nasir to produce documents showing that the foreign exchange approval of the D.M. 9 million was given and how the interest of D.M. 5 million was made up etc.

Mr. Okagbue suggested that the National Bank should send a letter to the Chairman indicating all the things they require from Dr. Nasir. That was agreed to and the Chairman wanted the information latest the following day.

Mrs. Omotoso mentioned ways by which Western Nigeria Textile Mill could aid the negotiations, they should ascertain what machineries were received by the company and their total cost, the liabilities of Nagaty to the Company and so on so that during the negotiations they would be in a position to give the facts and figures as Dr. Nasir had done.

The meeting ended at 11.40 a.m.

DPS

1 submit pp 607/631

further to minutes on p 606
please

(Jaw) in
CR 17/1/74

Y.E.

via

S.M.G. & H.S. *A-2571*

Y.E. saw this file on p.600 when it was directed that Mr. Oduntan should forward a report on the preliminary recommendation on the nature of assistance the F.M.G. proposes to give State Govts. in order to re-activate the 'Nagaty' projects. This directive arose as a result of para. 4 of p.597 from Lagos claiming that officials from this State participated in an inter-ministerial meeting which was examining the 'Nagaty Projects' and have submitted recommendations to the Federal Government on the issue.

2. In his letter on p.607 the P.S.M.I. denied knowledge of any inter-ministerial Committee set up by the Fed. Govt. to examine the Nagaty projects or the preliminary recommendations of such a committee. The correct position so far is that 3 meetings were held. Mr. Oduntan attended only one of these meetings whilst Messrs Olutayo, and Alakure of Min. of Industries, Messrs Banjo and Rotimi of the National Bank also attended the meetings. The minutes of the three meetings are on pp.608 to 631. They only dealt with the question of determining the genuineness of Promissory Notes issued by Westexinco with a view to redeeming them. At no time in the discussions was the question of the inter-ministerial committee raised.

3. On return of file, I propose to ask the Cabinet Office in Lagos for a copy of the proceedings of the committee and the preliminary recommendations made to the Fed. Govt.

on the matter.

J. K. Akingbade
(J. K. Akingbade)
D.P.S.

24/1/74.

I would like SMC to handle this matter with the SFMG.

EA

29/1.

D.P.S.

Let me have draft of a suitable letter addressed to SFMG and endorsed for Mr. Lawson's personal attention.

A
29/1

smg atts.

Your note above refers, pl. I must ~~also~~ draft ~~also~~ for your consideration.

Truss
DPS 1/2.

D.P.S.

Where can I find the letter quoted in first line in para. 2 of the draft? I am surprised that it did not occur to you that SFMG will need to know the source of such a letter referred to in a communication of this kind.

A 4/2

S.M. G. & H.S.

I am sorry you have to make the observation at the bottom of p-633. Draft abc. is re-submitted for your consideration,

pl.
Tuna
DAS
4/2

D.P.S.

Fair draft as amended, 7 m.

A
5/2

ARCHIVES OF FOYSOFT

SP/C.124/6/635

6 February, 1974.

The Secretary to the Federal
Military Government,
Cabinet Office,
Lagos.

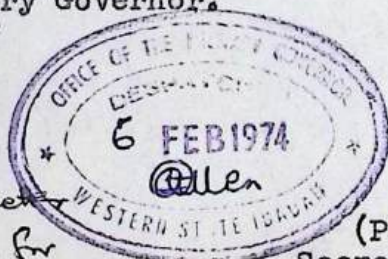
(For the personal attention of Mr. C. O. Lawson)

Reactivation of Enterprises in which
Messrs Davis of America was connected

You are no doubt aware of the effort being made at the Federal level to redeem the promissory notes issued by the Western Textile Industries Company Ltd., Ado-Ekiti, to cover the credit on its machinery and which were guaranteed by the National Bank of Nigeria Ltd. and the Western Nigeria Marketing Board. It was in furtherance of this effort that a delegation comprising officials of both the Federal and this State's Governments went to London to inspect and determine the genuineness of the promissory notes in possession of the Company's creditors.

2. I have received a letter No. 58576/S.10/III/531 of 19th December, 1973, from your office stating in paragraph 4 thereof that on the instruction of the Federal Executive Council, an inter-ministerial meeting is examining "the Nagaty Projects" and they have submitted preliminary recommendations on the nature of assistance that the Federal Government should give to the State Governments affected by the expulsion of Mr. Nagaty from Nigeria. It stated that officials from this State were privy to the meetings held and the recommendations made.

3. On investigation it was found that the officials of the Ministry of Industries in this State were not aware of any inter-ministerial committee set up by the Federal Executive Council to examine the "Nagaty Projects" and neither were they aware of the preliminary recommendations made by such body. Naturally we feel much concerned in this matter. I should be glad therefore if you would let me have a copy of any preliminary recommendations made to the Federal Government on the nature of assistance the Federal Military Government proposes to give to State Governments in order to reactivate the "Nagaty Projects" for the information of His Excellency the Military Governor.



(P. T. Odumosu)
Secretary to the Military
Government & Head of Service.

8/2/74

Pl. see p. 634. Letter
also is submitted for
your reference, pl.

has
B/2.

D.P.S.

K-1-V.

S E C R E T

B.M. - 13/2 ✓

CABINET OFFICE

636

ECONOMIC

DIVISION

LAGOS

P.M.B. No.

Telegrams.....

Telephone. 25747



Ref. No. 58576/S10/VI/596.

Date 7th February, 1974

The Secretary to the Military
Government,
Military Governor's Office,
IBADAN.

AS
8/2/74

Re: Davis of America and Westexinco

I advised you by my letter 58576/S.10/Vol.III/531 of 19th December, 1973, of the decision to send a team comprising representatives of Cabinet Office, Federal Ministry of Justice, Western Nigeria Textile Industries Company, Western State Marketing Board and the National Bank to London to examine and verify Promissory Notes issued by functionaries of the Western State Government in pursuance of establishment of the textile mill at Ado Ekiti, and if possible to negotiate with the foreign partners to bring about legal termination of the interest of Mr. Nagaty in the company and vesting this in an appropriate person or institution.

2. I hereby forward a copy of the Report of the team, copy of which I am taking the liberty to send to Mr. Oduntan, Permanent Secretary, Ministry of Industries. Would you be so kind to study the Report and favour me as quickly as possible with the reaction of your Government.

3. As you know already, arising from Governor Rotimi's letters to His Excellency the Head of State and Commander-in-Chief of the Armed Forces, terminating with SP/C.124/6/590 of 31st October, 1973, the Negotiating Team was appointed and everything possible is being done with great speed to forestall embarrassment of both the National Bank and the State Government, and as there are only a few more days before the overseas creditors - not Mr. Nagaty himself as such, will reopen proceedings against the National Bank in a London court of law, the need for speedy action on your part cannot be over-emphasised.

4. It is the wish of the Head of State that action be speeded up to save the Western State Government from further embarrassment.

Sue
P640

Ben N. Okagbue
(Ben N. Okagbue)
Permanent Secretary

for Secretary to the Federal Military
Government.

637



MINISTRY OF INDUSTRIES

IBADAN · WESTERN STATE OF NIGERIA



Your Ref. No.....
All communications to be addressed
to the Permanent Secretary quoting
Our Ref. No. INV.668/T/76

12th February, 1974.
Date.....

The Secretary to the Military
Government and Head of Service,
Office of the Military Governor,
Ibadan.

Reactivation of Enterprises in which
Messrs Davis of America Ltd. was connected

17609

Further to my letter No. INV.668/T/34 of 16th January, 1974 and our (Degun/Oduntan) discussion with Mr. Okagbue of the Federal Cabinet Office, Lagos, yesterday, I wish to confirm that the promissory notes aspect of the negotiations with the Solicitors to Messrs Davis of America has now been concluded. In this respect I would like to reiterate the information given during our discussion as regards the position of this Ministry in the matter.

2. In all, 266 promissory notes totalling DM.25,139,811.85 were issued to cover the external credit for the establishment of the Western Textile Industries Co. Ltd. When the promissory notes started to mature, the company was not in a position to pay and there was a tacit agreement between Messrs Davis of America and the Western State Government that the two partners should find money to redeem the notes on behalf of the company. Thus the first four sets of promissory notes were paid as follows:-

- 12/8/69 - DM.2,170,123.58 paid by W.N.M.B.
- 12/2/70 - DM.2,246,536.38 " " Davis of America
- 12/8/70 - DM.2,322,949.18 " " WESTEXINCO
- 12/2/71 - DM.2,399,361.99 " " Davis of America
- DM.9,138,971.13

All these payments were made before the deportation of the Nagatys and were arranged by Mr. Nagaty himself as Managing Director of the company. It is pertinent to mention that none of the promissory notes listed above have been returned to the company by Mr. Nagaty as he ought to have done to avoid duplication of claims. The Federal Government should, therefore, insist on getting back all the notes which had been redeemed before any further payment is made to Messrs Davis of America in respect of the notes for which the National Bank had been sued.

3. After the deportation of the Nagatys other sets of promissory notes matured and as the company could not pay pressures were exerted on the guarantors of the notes, the National Bank and the Western Nigeria Marketing Board, who were also unable to find money for the redemption of the notes. In order to save the situation, the Western State Government had to give the company a loan of ₦945,552.20 for the settlement of those notes which fell due on 12th August, 1971 and 12th February, 1972 totalling DM.5,027,962.38.

.... /2.

See p 69/1

The company paid the money through the Co-operative Bank to the National Bank. The Co-operative Bank held back N41,909.20 in settlement of the liability of the company to the Bank in respect of overdue promissory notes held by it, handed back the notes to the company for cancellation and transmitted the balance of N903,643.00 to the National Bank which paid out only DM.100,000 and felt unable to release the balance to the company's creditors until it is fully satisfied about the genuineness of the claims.

4. There are other two important aspects of the negotiations with Messrs Davis of America yet to be settled. The first is the issue of the claims of Davis of America against WESTEXINCO and vice-versa. On this aspect, a meeting was held in Lagos on 7th February, 1974 and the report of the Federal Government is being awaited. The second matter is the question of the indemnity in respect of the promissory notes which Messrs Davis of America and I.C. Leibfried gave to the Western State Government in the partnership agreement jointly executed by the two parties for the establishment of WESTEXINCO. Under Clause 7(g) of the partnership agreement, Messrs Davis of America and I.C. Leibfried did indemnify the Western State Government in respect of the Promissory Notes issued by WESTEXINCO and guaranteed by the Western State Government to the relative extent of their shareholding. Out of a total sum of DM.25,139,811.85 Promissory Notes, the Company was able to meet DM.2,322,949.18 from its own resources before the deportation of the Nagatys thus leaving a balance of DM.22,816,962.67. Since the partners jointly hold 57.1% of the shares of the company they are liable to the tune of about DM.13,110,000 out of the balance earlier mentioned. Up till the time of the deportation of the Nagatys the partners had settled promissory notes worth DM.4,645,898.37 on behalf of the company thus leaving a balance of DM.8,464,101 out of their share of the promissory notes. This should normally be a claim against Messrs Davis of America Ltd. which should be taken into consideration by the Federal Government in the final settlement of all claims.

5. However, the view held by the Federal Ministry of Justice, with which our legal representative on the Committee, Mr. J. A. Olowofoyeku, does not disagree, is that being unconditional bills of exchange, promissory notes must on presentation ~~at~~ maturity ~~dates~~ be paid irrespective of whatever claims one might have against the holders. In this event, no objection could, in the interest of the National Bank and of this Government, be raised to the redemption of the notes as proposed in the report.

6. The report, however, went on to recommend that in the event of the Marketing Board, or the National Bank or the Western State Government being unable to pay, the Federal Military Government should advance the amounts required as a loan to be recovered in accordance with Section 143 of the Constitution of the Federation. This suggestion, obviously, is a matter for our Ministry of Finance to consider but I would imagine that, at this stage, this Government would not wish to be committed in the manner proposed and that a decision as to who bears final responsibility for payment will be a matter for further discussion and negotiation between the Western State Government and the Federal Military Government in the light of the circumstances surrounding the deportation of the Nagatys:

an act of the Federal Government which increased the liability of the company and its guarantors by the above-mentioned DM.8,464,101 for which the partners are ultimately liable under the provisions of the Partnership Agreement signed with this Government.

B. A. Oduntan

(B. A. ODUNTAN),
Permanent Secretary,
Ministry of Industries.

ARCHIVES OF OYSA

640

SP/C.124/6/640

12 February, 1974.

The Secretary to the Federal
Military Government,
Cabinet Office,
Lagos.

(For attention of Mr. Ben Okagbue)

Re: Davis of America and Westexinco:

1736
I am directed to refer to your letter No. 58576/S.10/VI/596 of 7th February, 1974, and the discussion (Okagbue/Degun/Oduntan) held in this office on Monday, 11th February, 1974, on the above subject.

2. I am to confirm that the Government of this State agrees with the recommendation of the Chairman of the Negotiating Committee that the 43 Promissory Notes for an amount of DM 3, 821, 865.14 be redeemed as proposed in the Report. This will be in the interest of the National Bank, the Western State Government and indeed the Government of the Federation as a whole. It is noted that the payment of this amount should be made urgently in view of the case that is pending in a London Court of Law on the matter which might have to resume unless immediate settlement is reached.

3. I am to say however that neither the Western State Marketing Board nor the National Bank is in a position to make the payment now. The Western State Government is not in a position to do so either. It is agreeable therefore that payment should be made by the Federal Military Government in order to meet the present situation. The question of repayment and the manner of such repayment or a decision in fact on who bears final responsibility for payment should be a matter for further discussion and negotiation between the Western State Government and the Federal Military Government in the light of the circumstances surrounding the deportation of the Nagatys.

4. I am directed to stress that the proposal for recovery of any amount so advanced on behalf of the Government of this State in accordance with section 143 of the Constitution of the Federal Republic of Nigeria is not acceptable as it will mean ultimate financial hardship on the Government of this State. It is therefore not agreed that it should be the condition for payment of the advance by the Federal Government. If ultimately the Government of this State is to make a refund of the amount in full or in part, such repayment should be spread conveniently over a period of years, after negotiation.

5. It will be appreciated if you will kindly bear paragraphs 3 and 4 of this letter in mind in making your recommendations to the Head of State on this subject.

Desp.
H. A. K. Degun
12/2.

(A. A. K. Degun),
for Secretary to the Military
Government and Head of Service.

Y.E.

via

S.M.G.&.H.S.,

On Tuesday, 12th February, 1974, I showed the letter on page 636 and the attached files to Y.E. and mentioned that I brought the papers by hand in view of the fact that the Cabinet Office in Lagos wanted ^{to know} the _{AA} reaction of the Government of this State to the recommendations of the Chairman of the Negotiating Committee that went to London sometime in December 1973 regarding some promissory notes in the Nagaty/Westexinco transactions. It was urgent because there was a case pending in a London Court of Law, which might have to resume unless immediate settlement is reached.

2. Mr. Ben. Okagbue, Permanent Secretary Cabinet Office Lagos came to Ibadan personally on Monday to get a reply to the attached papers which he also personally brought by hand on Friday, 8th February, 1974. Following discussions he had with me and Mr. B. A. Oduntan (P.S.M.I) we told him that we had no alternative but to agree with the recommendation of the Negotiating Committee that the promissory notes which have been found to be genuine should be redeemed immediately in order to save the good name of this country in the commercial world. I however assured him that the views of the State Government would be communicated to him after consultation with Y.E. I promised to let him have the views by 8 a.m. on Wednesday, 13th February, 1974.

3. I confirm that after discussion with Y.E. on Tuesday, 12th February, 1974, page 640 was addressed

642

immediately to Mr. Okagbue and sent through a driver to Lagos that day.

4. The Report of the Chairman of the Negotiating Committee which I mentioned in paragraph 1 above is on pages 6 - 16 of File I ^(attached) and a summary of his recommendations are on pp. 15-16 of that file.

5. At the meeting with Mr. Okagbue on Monday, 11th February, 1974, Mr. B. A. Oduntan referred to two important aspects of the negotiations with Messrs Davis of America which are yet to be settled. Y.E. may wish to see paras. 4 and 5 on page 638. Mr. Okagbue assured us that as mentioned in para. 3 of his letter on page 636, the paramount thing in the mind of the Head of State now is the redemption of the promissory notes which have matured and ^{to} beat the date-line mentioned in the letters on pages 2-5 of File I attached. He assured us that the publication of the draft Decree which would take care of the assets of the Nagatys was being actively pursued.

V4

6. We will await the reaction of the F.M.G. to our letter on page 640 but in the meantime Y.E. may wish to agree that a copy of the report on pp. 6-16 of File I and our page 640 should be forwarded to N.B.N. and the W.N.M.B for information.

KX

A. A. K. Degun
(A. A. K. Degun)
P.S.O.M.G.,
14 February, 1974.

Noted and agreed.

NOTE: SECRET FILES FROM CABINET OFFICE LAGOS are in the Cabinet in Office of PSOMG.

OK
15/2

18/2/74

CABINET OFFICE

ECONOMIC

DIVISION

LAGOS

SECRET

P.M.B. No.

Telegrams.....

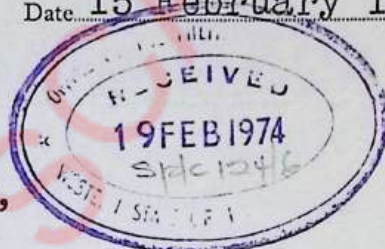
Telephone 25747.....



Ref. No. 58576/S10/IV/641.

Date 15 February 1974

Mr. P. T. Odumosu,
Secretary to the Military
Government and Head of Service,
Office of the Military Governor,
IBADAN.



Reactivation of Enterprises in which
Messrs Davis of America was connected

P 645-646
add.
By way of explanation, the Inter-Ministerial Committee discussed in your letter No. SP/C.124/6/635 of 6th February, 1974, has reference to the Economic and Finance Committee that considered the enterprises in which Messrs. Davis of America was connected at its 47th Meeting. This was on the 17th August, 1973. A copy of the Chairman's Report on that meeting is attached.

2. Mr. Obatoyinbo, Under Secretary, Textiles and Agro Allied Division of the Federal Ministry of Industries was present at that 47th Meeting, and when he was making his contribution at a meeting of the Law Officers of the North-Central, Kwara, Mid-Western and Western States in the chambers of the Deputy Solicitor General of the Federation on 28th June, 1973, to consider the agreements between Messrs. Davis of America and other Companies in the States in the Federation, he referred to this background information. That meeting of Law Officers was the second in a series of meetings between Federal and State Government Officials on the Nagaty affair and Mr. J.A. Olowofoyeku, Principal State Counsel Ibadan, was representing the interests of the Western State Government. The minutes of that meeting is in one of the files of the Western State Government.

In saying that I believed that the Nagaty proceedings so far had not entirely escaped the notice of Secretary to the Military Government's office, I was expressing my confidence that Mr. B. Oduntan - Permanent Secretary, Mr. O. Olutayo Chairman Marketing Board, Mr. J. Olowofoyeku,

SECRET

.../2

644

CABINET OFFICE

.....DIVISION

LAGOS

SECRET

P.M.B. No.

Telegrams.....

Telephone.....



Ref. No.

Date.....

- 2 -

Principal State Counsel - officials of the Western State Government - who had jointly and severally taken part in the series of meetings held on the subject to that date, were reporting back to their Government.

(Ben N. Okagbue)
for Secretary to the Federal
Military Government.

SECRET

ARCHIVES

COPY

PERMANENT SECRETARY'S OFFICE,
LAGOS.

Tel: 23096

Ref. F.12544/120

27th August, 1973.

The Secretary to the
Federal Military Government,
Cabinet Office,
Lagos.

REACTIVATION OF ENTERPRISES IN WHICH
MESSRS. DAVIS OF AMERICA WAS CONNECTED

I refer to your letter No.58576/S.10/III/456 of 14th August, 1973. The Economic and Finance Committee at its 47th Meeting held on August 17, 1973 considered the enterprises in which Messrs. Davis of America was connected.

2. The Committee's briefing by the Federal Ministry of Industries revealed that the Mid-Western State Government had initiated action to wind up the projected multi-purpose industries affected before the deportation of Nagaty. The textile factory at Ado Ekiti was already in commercial production by September 1970 - long before Nagaty was deported. The Zaria Textile Mills Limited has completed its factory buildings and as part of its effort to reorganise itself has invited the Federal Government to participate. The New Bussa Textile project has not taken off the ground at all.

3. In the light of the foregoing the consensus was that, in all cases, Messrs. Davis of America were not in fact in a position to supply effective management for the enterprises as the company has no technical competence. Any financial problem any of the companies may have, arises primarily from the commercial unviability of the projects which otherwise should generate enough funds to meet their debt servicing obligations.

4. The Economic and Finance Committee therefore recommends that there should be invitation as such to the State Governments concerned, to apply for Federal assistance in respect of the enterprises affected but that where such unsolicited application is received, each project should be examined on its merit and granted Federal assistance only where otherwise eligible and viable in the long run. Thus, the New Bussa Textile project could be examined by the Federal Executive Council on its own merit.

5. The Committee welcomed the decision to effect a dissolution of the companies involved by decree. The Federal Ministry of Industries informed the meeting that the draft of the dissolution decree had been prepared by the Federal Ministry of Justice. Finally, there was general agreement in the Committee that the assets and liabilities of Nagaty in respect of the Companies or anywhere also in Nigeria

should be confiscated by decree not only as a warning to would-be foreign dupes but also to ensure that no complications arise in the process of disposing otherwise of the assets of the companies. Under no circumstances, should Nagaty be allowed to return to the country even as a temporary visitor.

6. Copies of this letter have been sent to the Permanent Secretaries Federal Ministries of Industries and Economic Development and Reconstruction.

Sgd.(A. A. Ayida)
Permanent Secretary
Ministry of Finance.

Ref. No. F.12544/120A

FEDERAL MINISTRY OF FINANCE,
LAGOS.

27th August, 1973.

COPIES TO:-

The Permanent Secretary,
Federal Ministry of
Economic Development & Reconstruction,
Lagos.

The Permanent Secretary,
Federal Ministry of Industries,
Lagos.

Above for your information and action as
necessary please.

Sgd.(A. A. Ayida)
Permanent Secretary
Ministry of Finance.

PSOMG

Pages 643 - 6 are submitted,
please.

J
CR
19/2/74

DPS.
This file has been on my table
for some time. Please now deal with
it urgently.

2. Pp 643 - 646 is reply to our pg 635
which issued following your minutes
on pp 632 - 633. There has been
no reply to our page 640.

Addeen
PSOMG
10/3/74

3. I also lost sight of KK on pg 642. Pse
see me to enable you take action

Y.E.

via

P.S.O.M.G.

Ansdeen
18/3/74

647

Y.E. saw this file on p.633 where it was directed that the question of obtaining a copy of the proceedings of the Committee which made preliminary recommendations to the Federal Government on the reactivation of enterprises in which Messrs. Davis of America was connected should be taken up with the S.F.M.G. Y.E's attention is respectfully invited to pp.643-646 from the Cabinet Office in Lagos. The Committee that looked into this matter was under the Chairmanship of the P.S.F.M.F. and the recommendation submitted to the Cabinet Office on this matter is contained in pp.645-646. The recommendation made by the Committee is contained in para.4 of page 645 where State Governments are to be invited to apply for Federal assistance in respect of the enterprises affected by the fraudulent activities of Mr. Nagaty. There is no record that the recommendation was ever forwarded to the State Government for its information and necessary action.

2. I would suggest that the Federal Government's position in this matter be communicated to the Ministry of Industries with a view to stating the areas where the Federal Government could be of financial assistance to the Ado Ekiti Textile Mills following the deportation of Mr. Nagaty from the country.

3. I have my doubts whether anything reasonable can come out of para. 2 above, in view of the tone of paras 3 & 4 on pg 645. Our request which has repeatedly been put before the Head of State is that in paragraph 5 of the letter (pg 645). I mentioned this fact in 44 of my minute on page 642. We will continue to press for promulgation of the Decree.

J. K. Akingbade
(J. K. Akingbade),
D.P.S.,

18th March, 1974.

Ansdeen
PSOMG
18/3/74

648

While we await the final outcome of the various exercises, it will be sufficient for now if copies of letters at pages 645 and 646 are forwarded to our Ministries of Industries and Justice, for their records and information.

SH
19/3.

DPS

Please put up appropriate letters for my signature as directed by HE.

As per
psomg
19/3/74

ARCHIVED

1649

SP/C.124/6/649

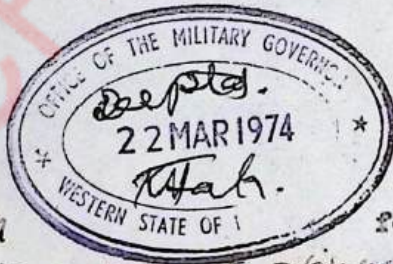
22 March, 1974.

The Permanent Secretary,
Ministry of Industries,
Ibadan.

The Solicitor-General and
Permanent Secretary,
Ministry of Justice,
Ibadan.

Reactivation of Enterprises in which Messrs. Davis of America
was connected

On the instruction of His Excellency the Military Governor,
I forward herewith, for your information and records, a copy of
letter No. P.12544/120 of 27th August, 1973 addressed to the
Secretary to the Federal Military Government by the Permanent
Secretary, Federal Ministry of Finance.



A.A.K.
(A.A.K. Dogun),
For Secretary to the Military Government
and Head of Service.

PSOM9

*W. v. T. y. min. at p. 148
you will wish to use
this letter*

c/r
B.U. to me
29/3/74
22/3/74

CABINET OFFICE

ECONOMIC AND FINANCIAL

DIVISION

LAGOS

P.M.B. No.

Telegrams.....

Telephone 25747.....



Ref. No. 58576/S10/IV/695.

Date 25th March, 1974.....

Secretary to the Military Government,
Western State of Nigeria,
IBADAN.

Attention: Mr. A. A. A. K. Degun - Permanent Secretary.

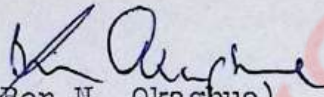
Re: Davis of America and Westexinco

Further to my letter No. 58576/S10/IV/596 of 7th February 1974 and in reference to your letter No. SP/C.124/6/640 of 12th February 1974, I am directed to inform you that the Federal Executive Council considered the matter of the Reactivation of Enterprises with which Davis of America was connected and:

- (i) noted efforts being made to find a satisfactory solution to the problem created by the deportation of Mr. Soliman Nagaty from Nigeria;
- (ii) noted that a Negotiating Team under the Chairmanship of the Deputy Solicitor General of the Federation had been set up to find ways and means of settling all financial obligations between Messrs. Davis of America and the foreign partners on the one hand, and some State Governments with which those foreign partners had dealings on the other;
- (iii) noted that 266 Promissory Notes were issued by the Western Textile Co. Limited and guaranteed unconditionally by the National Bank of Nigeria and the Western State Government;
- (iv) noted that Promissory Notes valued at DM.3,821,865.14 had matured and should be redeemed quickly if further embarrassment was to be avoided;
- (v) noted that the Western state Government had admitted liability in respect of the Promissory Notes in (iii) and (iv) above and requested that the Federal Government should provide it with a loan for prompt settlement;
- (vi) authorise immediate settlement of the indisputable obligation to the foreign partners to the tune of DM.3,821,865.14 and other sums as the Promissory Notes matured from time to time;
- (vii) invited the Commissioner for Finance to provide funds in foreign exchange for the purpose in (vi) above;
- (viii) directed the Ministry of Finance to enter into negotiations with the appropriate officials of the

Western State Government with a view to reaching agreement on the terms of repayment to the Federal Government of the equivalent in Nigerian currency of the sum in (vi) above.

2. In order that payment should be made by the Federal Government, before the end of this financial year as ardently requested by the foreign partners, would you please obtain the fiat of His Excellency Brigadier Oluwole Rotimi to the Deed of Authority attached herewith and return the signed document as speedily as possible.


(Ben N. Okagbue),
Permanent Secretary
for Secretary to the Federal
Military Government.

ARCHIVES OF O.S.O.

● S-9 + PS

Ministry of Justice

(For the attention of Mr J. A. Olowofeye)

With reference to our telephone conversation of yesterday, please see at l.c. the Deed of Authority which His Excellency the Military Governor is required to sign. Would you kindly confirm that the document is in order.

9/10/74
for S.M.G. + H.S.
26/3/74

S.M.G. + H.S.

Ref your minutes above, fresh amended deed of Authority in quadruplicate, as has been agreed with the Federal Ministry of Justice is placed at b.c. Also at b.c. is the final schedule of Promissory Notes as agreed with the National Bank which H.E. has directed should accompany the letter forward if the Deed of Authority. Everything appears all set now for final action by H.E.

J.A. OLOWOFEYE
AS. AC. D.
M.S.C.
29/3/74

28th March, 74.

Ref: CC/U218/206

Dr. L. O. Adegbite,
Attorney-General & Commissioner
for Justice,
Western State of Nigeria,
Secretariat,
Ibadan.

Dear Sir,

WESTERN NIGERIAN TEXTILES INDUSTRIES LIMITED

We refer to your enquiry on the above-mentioned subject and we give below details of present holders, number of Notes held and amounts of the notes. We confirm also that some of the present holders of these notes have taken legal action against us and the Western Nigeria Marketing Board while some have threatened to do so. All the notes have fallen due for payment:-

1. Metalexport, Warsaw, POLAND	(65 Notes)	DM 6,351,013.20
2. Pragoinvest, Foreign Trade Organisation, Praha, Czechoslovakia	(4 Notes)	400,000.00
3. Barclays Bank of Nig. Ltd.	(22 Notes)	2,152,187.59
4. Nagaty/Davis of America (in Lond.)	(42 Notes)	3,721,865.14
5. Nagaty/Davis of America (in Nig.)	(1 Note)	100,000.00
	TOTAL	<u>12,725,065.93</u>

2 Notes value DM.58,750 and DM 43,270.79 totalling DM 102,020.79 due 12.8.74 are missing and are subject of a controveray between the Bank and Davis of America regarding their whereabouts.

Our advice is that any agreement between the Western State Government and the Federal Government should make specific reference to the names of the present holders of these Notes, the number of notes held by them and the amounts of such Notes. The Agreement would request the Federal Government to meet payment of these Notes on which legal action has been taken or threatened against the State Government or some of its Agencies.

The Federal Government party that visited Britain saw the originals of the Promissory Notes held by the polish Company totalling DM 4,551,013.20 and it was informed that the Notes for the balance of DM 1,800,000.00 were held by Barclays Bank (Nig.) Limited, for collection.

The Bank has received confirmation from the Szechoslovakia Bank to the effect that they are holding the original promissory notes totalling DM 400,000.00.

654

Dr. L. O. Adegbite,
Attorney-General & Commissioner
for Justice
Western State of Nigeria.

National Bank of Nig. Ltd.,
Directorate of Banking
Operations.

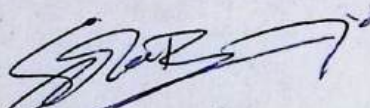
28th March, 1974.

- 2 -

Barclays Bank of Nigeria Limited have confirmed to us that they hold the originals of the 22 Promissory Notes value DM 2,152,187.59. They also confirmed to us that they were holding, on behalf of Metalexport, Poland, the Notes value DM 1,800,000.00, on Collection basis only.

The party that visited London saw 42 Promissory Notes held by Nagaty/Davis of America for the total sum of DM 3,721,865.14 and the Solicitors to Mr. Nagaty informed the party that one additional note for DM 100,000.00 was held in Nigeria. We have given a fuller report on this subject, the last of which was sent to the Office of the Military Governor and a copy of which is enclosed herewith.

Yours faithfully,
for: NATIONAL BANK OF NIGERIA LIMITED,


(S. O. Banjo)
AG. DIRECTOR OF BANKING OPERATIONS.

Encl.

ARCHIVES OF THE NATIONAL BANK OF NIGERIA

655

SP/C.124/6/655

29th March, 1974.

The Secretary to the
Federal Military Government,
Cabinet Office,
Lagos.

Re: Davis of America And Westernco

I am directed to refer to your letter Ref. No.58576/S10/IV/695 of 25th March, 1974, and to forward herewith in quadruplicate, the required Deed of Authority duly signed by His Excellency the Military Governor of the Western State of Nigeria. Attached also is a schedule of particulars of the Promissory Notes which His Excellency has directed should be forwarded to serve as a guide in the settlement of outstanding Promissory Notes.

2. I am also directed to say that the 98 Promissory Notes bearing the first four maturity dates whose total value is DM9,138,971.13 had been settled but the entire notes, with the exception of 13 Notes to the value of DM1,167,000 lodged with the National Bank as security for loan, are still in the custody of Davis of America. These should have been returned to the Western Textile Industries Company Limited for cancellation and custody. It will be very much appreciated if these notes are retrieved, when settlement of the notes listed in the attached schedule is being made, and returned to the Company.

3. It is understood that Counsel for Davis of America has undertaken to provide indemnities in favour of the National Bank, the Western Nigeria Marketing Board and the Western Textile Industries Company Limited against any future claims in respect of any Promissory Notes which shall have been settled and any future claims in respect of any promissory notes besides those listed as outstanding in the attached schedule. It will also be appreciated if these indemnities can be obtained.

980
(G. A. O. Oyinlola)
for Secretary to the Military
Government and Head of
Service.

Office of the Military Gov.,
Ibadan.

Ref. No. SP/C.124/6/656

29th March, 1974.

Copy to:

The Solicitor-General and
Permanent Secretary,
Ministry of Justice,
Ibadan.

For information with reference to your minute
of even date at page 652 of this office file No. SP/C124/6.

2. A copy of the Deed of Authority referred to above
is attached hereto for your records.

^{gko}
(G. A. O. Oyinlola)
for Secretary to the Military
Government and Head of Service.

ARCHIVES OF OJSCAC

DEED OF AUTHORITY

WHEREAS by Clause 5 of an Agreement dated 31st day of October, 1966 made between the Government of the Western State of Nigeria of the first part and Combitec GmbH of Dusseldorf Federal Republic of Germany and Davis of America GmbH of Frankfurt/Main Federal Republic of Germany of the second part and I.C. Leiffred GmbH of Sindelfingen Federal Republic of Germany and Davis of America GmbH of Frankfurt/Main Federal Republic of Germany of the third part, the Western State Government undertook to guarantee all promissory notes to be issued by the Western Textile Industries Company Limited of Nigeria under the said agreement AND

WHEREAS by a Deed of Declaration made on the 31st of October, 1966 by the Western State Government the Western State Government appointed the Western Nigeria Marketing Board its Agent for the purpose of guaranteeing all the promissory notes to be issued by the Western Textile Industries Company Limited of Nigeria as aforesaid AND

WHEREAS the Western Textile Industries Company Limited of Nigeria issued the promissory notes which were duly guaranteed by both the Western Nigeria Marketing Board and the National Bank of Nigeria Limited AND

WHEREAS part of the promissory notes so guaranteed had been presented for payment and dishonoured and the notes had been noted for non-payment

NOW THEREFORE THIS DEED WITNESSETH as follows:

I, BRIGADIER CHRISTOPHER OLUWOLE ROTIMI, Military Governor of Western State of Nigeria do hereby authorise the Federal Military Government of Nigeria to intervene and pay the promissory notes supra noted and other promissory notes guaranteed as hereinbefore stated which have matured due but yet unpaid for the honour of the Western Nigeria Marketing Board, the duly appointed agent of the Western State Government.

Given under my hand and seal this 29th day of March, 1974.

(Sgd) C. O. Rotimi Brig
Military Governor L.S.

In the presence of (Sgd) L. O. Adegbite

Name Dr. L. O. Adegbite

Address Ministry of Justice,
Ibadan Nigeria

Occupation Attorney-General and
Commissioner for Justice



SCHEDULE

SUMMARY OF PROMISSORY NOTES

I NOTES OUTSTANDING FOR PAYMENT

A.	Davis of America	43 Notes	DM 3,821,865.14
B.	Metalexport, Warsaw, Poland	65 Notes	DM 6,351,013.20
C.	Pragoinvest, Czechoslovakia	4 Notes	DM 400,000.00
D.	Barclays Bank, Nigeria	22 Notes	DM 2,152,187.59
DE.	Missing Notes (between Davis of America and National Bank)	<u>2 Notes</u> 136 Notes	<u>DM 102,024.79</u> DM 12,827,090.72

ADD:

II	B. Notes already paid	<u>130 Notes</u>	<u>DM 12,312,721.15</u>
	Total Notes issued and guaranteed	<u>266 Notes</u>	<u>DM 25,159,811.85</u>

ARCHIVED COPY

CABINET OFFICE

Economic & Financial Matters

DIVISION

LAGOS

P.M.B. No.

Telegrams

Telephone 25747



Ref. No. 58576/S10/IV/716

Date 1st April, 1974

SECRET

The Secretary to the Military
Governor,
Office of the Military Governor,
Ibadan.

Attention: Mr. A. A. K. Degun.

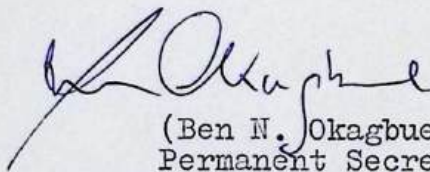
Western Nigeria Textile Company:
Payment of Promissory Notes

As you know, the Federal Government Negotiating Team of two Senior Officers will shortly leave Lagos for London to put finishing touches to the long drawn out Nagaty affair.

----- 2. By virtue of the Deed of Authority, copy attached, the Military Governor of the Western State has mandated the Federal Military Government to act on its behalf in this matter.

It is considered however, that it would be in the interest of the State Government to follow closely the proceedings due to commence in London on Monday April 8th, and I am to request that you obtain the consent of the State Governor for an experienced law officer presumably Mr. J. A. Olowofoyeku who has been dealing with this matter ab initio to be present during the meetings as an observer.

3. The exercise will last two weeks.



(Ben N. Okagbue)
Permanent Secretary
for Secretary to the Federal
Military Government.

Received 5/4/74
3.27 p.m.

Andersen
P50mg
6/4/74

SECRET

659A

ADDRESS: SECRETARY GOV IBADAN

TELEPHONE: IBADAN 24661



OFFICE OF THE MILITARY GOVERNOR
IBADAN · WESTERN STATE OF NIGERIA

Your Ref. No.....
All communications should be
addressed to the Secretary to the
Military Government and Head of
Service
Our Ref. No. 51/C.124/6/655

Date 29th March, 1974.

The Secretary to the
Federal Military Government,
Cabinet Office,
Lagos.

Re: Davis of America And Westexinco

I am directed to refer to your letter Ref. No.58576/S10/IV/695 of 25th March, 1974, and to forward herewith in quadruplicate, the required Deed of Authority duly signed by His Excellency the Military Governor of the Western State of Nigeria. Attached also is a schedule of particulars of the Promissory Notes which His Excellency has directed should be forwarded to serve as a guide in the settlement of outstanding Promissory Notes.

2. I am also directed to say that the 98 Promissory Notes bearing the first four maturity dates whose total value is DM9,138,971.15 had been settled but the entire notes, with the exception of 13 Notes to the value of DM1,167,000 lodged with the National Bank as security for loan, are still in the custody of Davis of America. These should have been returned to the Western Textile Industries Company Limited for cancellation and custody. It will be very much appreciated if these notes are retrieved, when settlement of the notes listed in the attached schedule is being made, and returned to the Company.

3. It is understood that Counsel for Davis of America has undertaken to provide indemnities in favour of the National Bank, the Western Nigeria Marketing Board and the Western Textile Industries Company Limited, against any future claims in respect of any Promissory, which shall have been settled and any future claims in respect of any promissory notes besides those listed as outstanding in the attached schedule. It will also be appreciated if these indemnities can be obtained.

(G. A. O. Oyinlola)
for Secretary to the Military
Government and Head of
Service.

659B

SCHEDULE

SUMMARY OF PROHIBITORY NOTES

I. NOTES OUTSTANDING FOR PAYMENT

A.	Davis of America	43 Notes	DI	3,821,865.14
B.	Metalexport, Warsaw, Poland	65 Notes	DI	6,351,013.20
C.	Pragoinvest, Czechoslovakia	4 Notes	DI	400,000.00
D.	Barclays Bank, Nigeria	22 Notes	DI	2,152,187.59
DI	Missing Notes (between Davis of America and National Bank)	<u>2 Notes</u>	DI	<u>102,024.79</u>
		136 Notes	DI	12,827,090.72

ADD:

II	B. Notes already paid	<u>130 Notes</u>	DI	<u>12,312,721.15</u>
	Total Notes issued and guaranteed	<u>266 Notes</u>	DI	<u>25,139,811.85</u>

ARCHIVES OF OSAC

659c

FEDERAL MINISTRY OF FINANCE

ADMINISTRATIVE DIVISION

LAGOS.

P.M.B. No 12591

Telegrams FEMFIN

Telephone 56110/308.



Ref. No. F.12544/149.

Date 29th March, 1974.

The Governor,
Central Bank of Nigeria,
LAGOS.

Reactivation of Enterprises with which
DAVIS OF AMERICA WAS ASSOCIATED

I have asked the Accountant-General of the Federation to advise you to make available to the National Bank of Nigeria the equivalent of US\$ 12,227,090.27. This amount is for settlement of some debts due to creditors in London. The National Bank is being requested to advise you on the recipients in London and it is requested that the money be transferred today to the recipients. This letter should be regarded as exchange control approval for the money to be transferred.

F. O. Ahinjo
for Permanent Secretary.

F.12544/149.

Federal Ministry of Finance,
Lagos.

29th March, 1974.

Copy to:-

The Managing Director,
National Bank of Nigeria Ltd.,
LAGOS.

For information and necessary action.

2. This sum is for redemption of Preliminary Notes due to your creditors in respect of debts owed to Davis of America. Will you please get in touch with the Central Bank of Nigeria and give instructions as to where payments are to be made.

F. O. Ahinjo
for Permanent Secretary.

659D

F.12544/143B.

Federal Ministry of Finance,
Lagos.

29th March, 1974.

Copy to:-

Permanent Secretary,
Ministry of Finance,
Western State,
I B A D A N.

For information.

2. In accordance with the decision of the Federal Military Government and reference our discussions of this morning, this is to confirm that we have made available to your Government, on loan, the sum of DM 12827090.27 referred to above. Will you please get in touch with this Ministry as soon as possible to discuss and agree on the terms of the loan.

P. O. Ahimie
for Permanent Secretary.

F.12544/143C.

Federal Ministry of Finance,
Lagos.

29th March, 1974.

Copy to:-

Secretary to the Federal Military
Government,
Cabinet Office,
L A G O S.

For information reference your letter No. 58576/S.10/IV/707 of 28th March, 1974.

P. O. Ahimie
P. O. Ahimie
for Permanent Secretary.

SECRET

659E

DEED OF AUTHORITY

WHEREAS by Clause 5 of an Agreement dated 31st day of October, 1966 made between the Government of the Western State of Nigeria of the first part and Combitec GmbH of Dusseldorf Federal Republic of Germany and Davis of America GmbH of Frankfurt/Main Federal Republic of Germany of the second part and I.C. Leibfried GmbH of Sindelfingen Federal Republic of Germany and Davis of America GmbH of Frankfurt/Main Federal Republic of Germany of the third part, the Western State Government undertook to guarantee all promissory notes to be issued by the Western Textile Industries Company Limited of Nigeria under the said agreement AND

WHEREAS by a Deed of Declaration made on the 31st of October, 1966 by the Western State Government the Western State Government appointed the Western Nigeria Marketing Board its Agent for the purpose of guaranteeing all the promissory notes to be issued by the Western Textile Industries Company Limited of Nigeria as aforesaid AND

WHEREAS the Western Textile Industries Company Limited of Nigeria issued the promissory notes which were duly guaranteed by both the Western Nigeria Marketing Board and the National Bank of Nigeria Limited AND

WHEREAS part of the promissory notes so guaranteed had been presented for payment and dishonoured and the notes had been noted for non-payment

NOW THEREFORE THIS DEED WITNESSETH as follows:

I, BRIGADIER CHRISTOPHER OLUWOLE ROTIMI, Military Governor of Western State of Nigeria do hereby authorize the Federal Military Government of Nigeria to intervene and pay the promissory notes supra noted and other promissory notes guaranteed as hereinbefore stated which have matured due but yet unpaid for the honour of the Western Nigeria Marketing Board, the duly appointed agent of the Western State Government.

Given under my hand and seal this 24th day of March, 1974.

Christopher Oluwole Rotimi
Military Governor

In the presence of *K. A. Adigun*

Name *Dr. K. O. Adigun*

Address *Ministry of Justice
Baidoa, Nigeria*

Occupation *Attorney-General and
Commissioner for Justice*

659F

P.S.O.M.G.

1. I have verbally reported to you this morning all that happened in Lagos on Thursday and Friday, March 28 and 29, before the Deed of Authority, a copy of which is enclosed as p.657, was signed.

2. You may wish to have a word with Mr. Okagbue in the light of what I told you about his impression. He was very pleasant and helpful though.

210
1/4/74

D.P.S.,

Thank you for your minute above.

2. I have been trying to get Mr. Okagbue since Monday, 1st April, and I only succeeded a few minutes ago when I discussed with him in full what you told me about the happenings in Lagos. All is alright now. Mr. Okagbue told me however that he sent a letter to us through the diplomatic mail on Monday, 1st April, 1974 and was surprised that the letter had not reached us up till now.

3. Will you kindly get through to the SSO and find out about this letter which I understand is very important? I shall be glad if you will make a submission on it as soon as you have been able to get hold of it.

A. A. K. Degun
(A. A. K. Degun),
P.S.O.M.G.,
5th April, 1974.

ruling at p. 600, you may wish to seek approval for Mr. Olowofoyeku to join the delegation to London.

gkoypinlolg
(G.A.O. Oyinlola),
Ag. D.P.S.,

5 April, 1974

DPS

I have brought the above matter to the attention of H.E. and he is firmly of the opinion that the trip to London is unnecessary. Mr. Olowofoyeku will therefore not join the team that has already left for London.
2. We need not take any action on the letter from Mr. Okagbue (pg 659).

*Am...
PSOMC
9/4/74*

CR

PP, l.u. on 30/4/74 w.r.t. para. 2 of p.655 ✓

*gko
9/4/74*

INV.668/T/3/24.

19th March, 1974.

The Permanent Secretary,
Ministry of Home Affairs and Information,
Ibadan.

Press Comments on Western Textile Industries
Company Limited Ado - Ekiti

I am directed to refer to your letter No.INF.117/1/T/21 of 4th March, 1974 on the above-stated subject and to inform you that the above-named Company has been having some financial and management problems since the deportation by the Federal Military Government of its erstwhile Managing Director Mr. S. Nagaty in July, 1971. In consequence of the present precarious financial situation of the Company, it has become necessary to lay off temporarily some of its staff in order to reduce running cost and pending the re-organization of the Company.

2. A copy of this letter is being forwarded to the Secretary to the Military Government, Military Governor's Office, Ibadan for information.

RAA
(R. A. Adeyemi),
for Permanent Secretary,
Ministry of Industries.



Our Ref. No. INV.668/T/3/24A.
Ministry of Industries,
Investment Management Division,
IBADAN: 19th March, 1974.

Copy to:- ✓

The Secretary to the Military Government
and Head of Service,
Office of the Military Governor,
Ibadan.

Above for your information, please.

Bola Adeyemi
(R. A. Adeyemi),
for Permanent Secretary,
Ministry of Industries.

TELEGRAPHIC ADDRESS:
"NATIONBANK, LAGOS"



NATIONAL BANK OF NIGERIA LIMITED

DIRECTORATE

PRIVATE MAIL BAG 12123

82/86, YAKUBU GOWON STREET,

LAGOS, 13th March, 1974.
(NIGERIA, WEST AFRICA)

663



CODES:
BENTLEY'S
A. B. C. 6TH EDITION

PHONE: 22130-9

REF: D/Z.55/Vol.II/2

TELEX NO. 21300

The General Manager,
Western Nigeria Marketing Board,
I B A D A N.

Dear Sir,

S. Nagaty and Davis of America GmbH.

Thank you very much for your letter of the 8th March on the above. We have submitted to the Western State Government a report of the meetings held under the auspices of the Deputy Solicitor General of the Federation of Nigeria, both in Nigeria and in London, in connection with the negotiations to settle the indebtedness of the Western Textiles Company Limited, as drawees of Promissory Notes, and your goodself and our Bank as guarantors thereof.

This report was submitted to the office of the Secretary to the Military Governor, Ibadan, and, it is believed, is receiving necessary attention. A copy would have been despatched to you but for the fact that the Board of the National Bank had not met to consider the report. In fact, advance copies had to be given to the State Government urgently, in order to put the Government in a position to reply to some pressing correspondence from the Federal Government on the matter.

However, and in confidence, a copy of the report to our own Board is enclosed. We would repeat again that our Board still has to consider same.

We note that you have referred us to the recent claims of Metalexports, the Polish holders of some of the Promissory Notes. No doubt, you would appreciate that the Bank has not been in a position to honour demands for payment in respect of these Notes as a result of the difficulties being experienced by the drawees - Western Nigeria Textiles Company, in providing funds on their account to meet the Promissory Notes on due dates.

As you would see from my report, a total of 133 Promissory Notes value DM.12,625,065 are outstanding, unpaid. In fact all the Promissory Notes issued by Westexinco in connection with this project have now fallen due for payment. Some Notes are about two years overdue. The action against the Bank in London has been suspended pending the result of the negotiation meetings held with the representatives of Davis of America. As you must have heard, the handling of these negotiations by the Federal Government's representative, was so one-sided, as to result in an almost farcical effort by the Federal Government to pay money to Nagaty, at all costs, and without any concern or care for the interest of other parties in the matter or their counter-claims against Davis of America. However, the Western State Government's attention has been called to this development in the matter which, no doubt, is also receiving proper attention.

DPS
l.n.a.
[Signature]

.... / 2.

BOARD OF DIRECTORS:
1. O. Omofayole (Chairman); MR. A. Adebayo (Deputy Chairman);
A. Court (Managing Director); MR. S. O. Banjo; MR. K. Kottar;
Chief U. I. Akinyemi; Alhaji M. B. A. Ayonrinde; Chief V. O. Ekan.

The General Manager,
Western Nigeria Marketing Board,
Ibadan.

National Bank of Nigeria Ltd.,
Directorate,
82/86 Yakubu Gowon Street,
Lagos.

13/3/74.

- 2 -

I might add that if you, as co-guarantors and endorsers of the Promissory Notes, would put either the Westexinco or the Bank in a position to meet these claims, it would be our greatest pleasure to settle, especially as the Bank has suffered considerable embarrassment both in Nigeria and abroad in this connection.

Perhaps it may be necessary for all involved in this matter, in the Western State, to get together once again to consider what to do, subject of course, to whatever action the Western State Government proposes to take in this matter.

Yours faithfully,

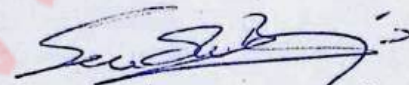
(S. O. Banjo)
DIRECTOR OF BANKING OPERATIONS.

c.c.

Secretary to the Military Government,
Western State,
Ibadan.

Attention: Mr. A. K. Degun.

Reference our letter of 18th February, 1974.



(S. O. Banjo)
DIRECTOR OF BANKING OPERATIONS.

CR

Pf. enclose in file and l.c. to me.

gkv
20/3/74

DPS

Ref above I resubmit as directed, please.

CR
21/3/74

gkv
25/3

CR
Pf. remove these pp. into the main jacket as soon as it returned by Mr Olowu for check.

665

APS

B. U. on page 661 is submitted,
please

8
CP
30/4/74

Note:

Person told me yesterday that Messrs O'Connell and
Tindal have not returned from London (see pp. 440-66).

4/10
30/4/74

B. U. 10/5/74 ✓

ARCHIVES OF OYSCAC

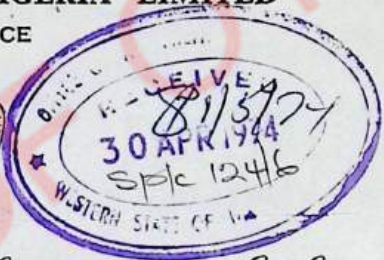
[Signature]

(John O. P.)
DIRECTOR OF BALTIC BRANCH

Handwritten notes and stamps at the bottom of the page, including "APR 1974" and other illegible markings.

NATIONAL BANK OF NIGERIA LIMITED

HEAD OFFICE



With the Compliments of the

DIRECTOR OF BANKING SERVICES

**82/86 YAKUBU GOWON STREET,
PRIVATE MAIL BAG 12123
LAGOS, NIGERIA.**

**TELEPHONE:
22131/8
24532**

667

TELEGRAPHIC ADDRESS
"NATIONBANK LAGOS"



NATIONAL BANK OF NIGERIA LIMITED

INTERNATIONAL BANKING DIVISION

PRIVATE MAIL BAG 12123

82/86 YAKUBU GOWON STREET,

LAGOS..... 24th April, 1974.

(NIGERIA, WEST AFRICA)

OUR REF: LAT/KAR/DBS/WTIC/C.2/7

YOUR REF:

The Permanent Secretary,
Federal Ministry of Finance,
Administrative Division,
Lagos.

For the attention of Mr. P. O. Ahimie.

Dear Sir,

Promissory Notes Issued By Western
Textiles Industries Limited.



We refer to your letter reference F.12544/143 dated 29th March, 1974, addressed to the Governor, Central Bank with a copy to us. We advise that the amount of DM.12,827,086.72 was remitted by Central Bank on receipt of your instructions to our Correspondent in Hamburg to whom we gave instructions to make payments of various sums to the holders of the Notes against collection of the original Promissory Notes.

We have so far been advised that 22 Promissory Notes for DM.2,152,187.59 have been settled with Barclays Bank International Limited and 4 Promissory Notes for DM.400,000 were settled with Prago-Invest Foreign Trade Organisation (photocopy of advices enclosed). On receipt of further advice of payment, we shall advise you accordingly.

Yours faithfully,
for: NATIONAL BANK OF NIGERIA LIMITED,

[Signature]

(K. ROTIMI)

Chief of Banking Services &
Executive Director.

PSOMG

You may wish to see
this letter for information.

4/KD
Ag. DPS
1/5/74

[Signature]
1/5/74

DIRECTORS Dr. Michael Olawole Omolayole (Chairman) Mr. Augustus Adesanya (Deputy Chairman) Mr. Joseph Archibald Court (British) Managing Director,
Chief Olukolawole Ige Adeniyi Alhaji Alhaji, Mr. Samson Olatunde Banjo, Mr. Kuforiji Rotimi,
Alhaji Mohamed Buhari Ayonrinde, Chief Victor Owolabi Esan.

CR
B.u. as at p. 665
7/60 2/5
PTO

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DPS

B. U. on p665 is submitted,
please.

P
CR
10/5/74

Note:

Mr Okunubi's Conf. Sec. has confirmed to me
on telephone that he has not returned from the U.S.

9/10
10/5

B. U. on 24/5/74 ✓

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NATIONAL BANK OF NIGERIA LIMITED

HEAD OFFICE



With the Compliments of the

DIRECTOR OF BANKING SERVICES

82/86 YAKUBU GOWON STREET,
PRIVATE MAIL BAG 12123.
LAGOS, NIGERIA.

TELEPHONE:
22131/8
24532

670 671



TELEPHONE: 01-839 1244

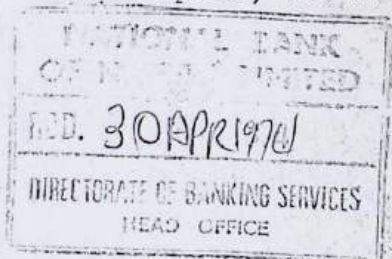
NIGERIA HIGH COMMISSION

9 NORTHUMBERLAND AVENUE
LONDON, WC2N 5BX

Our Ref: 58576/S.10/Vol.IV/761

18th April, 1974.

The Manager,
National Bank of Nigeria Ltd.,
240 Bishopsgate,
London, E.C.2P 2JP.



I have to acknowledge receipt of your letter No. A05/SA of 17th April, 1974.

I am to inform you that the allegations contained therein in your paragraph 2 that the Federal Delegation is "according one of the payments (any) special treatment" has been noted and I trust you do realise the implications of your statement which will be reported to the Federal Military Government.

NATIONAL BANK OF NIGERIA LTD.
LONDON BRANCH.

B. N. Okagbue
(B. N. Okagbue)
Permanent Secretary,
Cabinet Office.

DATE RECEIVED 22/4

ARCHIVE

671/670

Our Ref: AOS/SA

Your Ref: 50576/S.10/Vol. 1V/761

Mr. S.N. Okagbue
Nigeria High Commission,
9 Northumberland Avenue,
London WC2N 5BK.


23rd April, 1974.

Dear Sir,

I thank you for your letter of 18th April, 1974. I do not understand what you mean by implications in my previous correspondence. I think it would have served a useful purpose if you throw light on this.

It is unfortunate and disturbing that all the three letters addressed to us contained some elements of threats in one way or the other. Nevertheless, we think this should not deter us from pointing out again that, as at the close of business on 18th April, 1974 all the Promissory Notes except those listed in your letter have already been settled, which is the fact we are trying to put across to you.

Yours faithfully,


A.K. SOFOLARIN
MANAGER.

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Our Ref: AOS/SA
25th April, 1974.

His Excellency,
The High Commission for Nigeria,
Nigeria High Commission,
9, Northumberland Avenue,
London WC2R 5BX.

Dear Sir,

PROMISSORY NOTES - WESTERN
TEXTILE INDUSTRIES CO. LTD.

I refer to your discussion with me in your office yesterday and must thank you immensely for inviting me to explain my position on the above-mentioned subject. I have to state categorically again that the allegation that I or anybody here insulted any of the delegation is completely false. It is equally not true that I have not been co-operating in the matter. The main nub of the explanations put to the delegation in my reply to their letters and in various discussions with them is that I cannot overstep the instructions of my bosses in Lagos. Secondly, it is my belief that the Promissory Notes said to be held by Lloyds Bank would have been settled in the same way and as promptly, as the others under this category if there have been no intervention as from 29th March 1974.

I confirmed to you yesterday, all the other Promissory Notes have been paid and as requested by your Excellency, I give below details of the Notes as things stand now and also enclose relevant papers demanded by you.

1. Amount paid to Deutsche Bank, Hamburg, DM 128,27,090.27
2. Total Number of Promissory Notes = 136
3. Particulars of Notes already settled.


No. of Notes	Amount Paid	Beneficiaries	Remarks
(a) 4	DM 400.000	Prago-invest Foreign Trade Organisation, Prague.	Paid on 9/4/74 Through Ceskoslovenska Obchodni Banka, Prague.
(b) 22	DM 2,152,187.57.	Barclays Bank. Ltd.	Paid 10/4/74 through Barclays Bank, International, Hamburg.
(c) 65	DM 6,351,013.20	Metal Export, Warsaw, Poland.	Paid 18/4/74 through Bank Handlowy Warszawie, S.A. Traugotta 7, Warsaw Poland.

4. Outstanding Notes are as follows:

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- (a) Nagaty/Davies of America GMBH (42 Notes) DM 3,721,865.14
- (b) " " " " " (1 Note) DM 100.000.00
- (c) National Bank of Nigeria Ltd (2 Notes) DM 102.020.79

Yours faithfully,


 A.O. SOFOLARIN
 MANAGER

APS

Encls.

1 forward pp 669-673, please

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 CR
 13/5/74

P. T. O.

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