

GOLD



COAST

REPORT
OF THE
COMMISSION OF ENQUIRY
INTO THE
GOLD COAST CO-OPERATIVE WHOLESALE
ESTABLISHMENT LIMITED
MARCH 1954

—



Volume I

PRINTED BY THE GOVERNMENT PRINTING DEPARTMENT, ACCRA, GOLD COAST

1954

(1)

C O N T E N T S

PART I - INTRODUCTORY.

	<u>Page</u>
Chapter 1. Constitution, Procedure etc.	1.
2. History	9.

PART II - FINANCIAL POSITION.

Chapter 3. Financial Position	51.
(a) General	
(b) Method of Valuation	52.
Chapter 4. Financial assistance by Government to the C.W.E.	59.

PART III - TRADING METHODS.

Chapter 5. Management and Personnel	69.
(a) Management and Managing Secretary	
(b) Personnel	73.
Chapter 6. General Trading Methods	76.
(a) Employment of Capital	
(b) Ordering Policy	82.
(c) Stocks and Stock Control	87.
(d) Pricing Policy	90.
(e) Turnover	95.
(f) Expenses	96.
(g) Filing System	99.
Chapter 7. Accounts and Accounting System	101.
Chapter 8. Relations between the C.W.E. and the Consumer Societies	111.
Chapter 9. Relations between the C.W.E. and the Department of Co-operation	117.
Chapter 10. Personalities	120.
(a) Senior Employees of the C.W.E.	
(b) Senior Officers of the Department of Co-operation	122.
(c) Members of the Committees of the C.W.E.	126.
(d) General	127.

C O N T E N T S

(continued)

PagePART IV - IRREGULARITIES

Chapter 11.	Arbitrations and Enquiries	128.
12.	Mr. Alema's Firms	131.
	(a) G.N.Alema & Co.	
	(b) The West Africa Trading Co.	134.
13.	Sugar Sales	137.
14.	Cartridges missing from the C.W.E. Magazine and Wholesale Store at Kumasi	146.
15.	Purchase of Imitation Jewellery	155.
16.	Mr. G.H.Dove's Transactions with the C.W.E.	164.
17.	The Soap Transactions	168.
18.	The £1,190 Shortage from the C.W.E. at Accra.	180.
19.	Accra Flour Sales	188.
20.	Mr. Bahun's Trip to Togoland	194.
21.	The Takoradi Clearance Sales	198.
22.	The Liquidation	205.
	(a) General	
	(b) Trading Methods	213.
23.	The Kumasi Liquidation Sales	227.
	(a) General	
	(b) Hardware, Provisions and Drugs	231.
	(c) Individual Textile Sales	235.
24.	Kwesi Danso's Allegations	240.
	(a) Re Mr. Mercer and Mr. Inkumsah	
	(b) Re. Mr. Bahun and Madam Peace	242.
25.	The Johjoh £500 Receipt	244.
26.	Miscellaneous Irregularities	248.
	(a) Mr. Dadzie, alias Mr. Kane	251.
	(b) Mr. Parker	252.
	(c) Transport	253.
	(d) Samples	253.
	(e) Mr. Mercer's Back Pay	253.
	(f) Mr. Bahun's Appointment	255.
	(g) General	255.

PART V - CONCLUSION

Chapter 27.	General Observations and Appreciations	257.
-------------	--	------

ENQUIRY INTO THE GOLD COAST CO-OPERATIVE WHOLESALE
ESTABLISHMENT LIMITED. (REG. NO. 520)
(NOW IN LIQUIDATION)

TO: HIS EXCELLENCY THE OFFICER ADMINISTERING THE
GOVERNMENT.

Your Excellency,

PART I - INTRODUCTORY.

CHAPTER I - CONSTITUTION, PROCEDURE ETC.

We were appointed on the 19th day of May, 1953,
as Commissioners under the Commissions of Enquiry
Ordinance (CAP. 209), to carry out an investigation
into the Co-operative Wholesale Establishment
Limited, (hereinafter referred to as the C.W.E.).

Our terms of reference were as follows:-

"To enquire into and report upon

- (a) the financial position and trading methods
of the Gold Coast Co-operative Wholesale
Establishment Limited; and
- (b) any irregularities in the operation of the
affairs of the Gold Coast Co-operative
Wholesale Establishment Limited which come
to light in the course of the enquiry".

2. We commenced our hearings on the 26th day of
May, 1953, and sat in Accra from the 26th to the
29th of May. We then, with the Governor's
permission, adjourned further hearings until the
21st September, 1953, as one of the Commissioners
(Mr. Hinterman) was proceeding on leave, and also
to enable certain audits and investigations to be
carried out.

3. We resumed our hearings at Accra on the 21st
September, and thereafter we sat for a further 88
days, including four days at Kumasi, between that
date and the 24th February, 1954, to hear evidence

/and

and arguments. One hundred and ninety-five witnesses (a list of whom is set out in the index to this report) gave oral evidence before us on oath or affirmation and we have, in addition, examined several hundreds of files and documents relating to the C.W.E. and of persons connected with the operation thereof.

4. The Minister of Labour was represented throughout the proceedings by Mr. G.S. Lassey and certain witnesses were also legally represented. A list of the various counsel who appeared before us and the names of the persons they represented is set out in the index.

5. All witnesses called before us have been questioned by us and by such counsel appearing before us as requested to do so. Such counsel were also given an opportunity of addressing us if they so wished.

6. To assist us in enquiring into alleged irregularities, we requested the Commissioner of Police to place at our disposal all Police Dockets connected with matters arising out of complaints relating to the C.W.E. These dockets have been of great assistance to us. We further requested the Commissioner of Police, during the enquiry, to place a superior Police Officer at our disposal for the purpose of assisting us in our investigations. As a result of this request, Mr. T.O.H. Stinton of the Fraud Squad was placed at our disposal.

7. During the course of our enquiries, we have had statements taken from various potential witnesses. We have also issued questionnaires to other potential witnesses. We have not accepted

as evidence the contents of any statements or answers to questionnaires unless such contents have been verified on oath.

8. When we held our preliminary session in May, 1953, we decided that we would confine our enquiries to the period from the commencement of the C.W.E. up to the end of the C.W.E.'s financial year in 1953, which we then understood to be the 26th June, 1953. We also requested Mr. M.G. Hewson, the then Registrar of Co-operative Societies, to arrange for an independent stocktaking and valuation of the stocks of the C.W.E, and of the consumer societies connected therewith, to be taken at that time, so that we would be able to ascertain the financial position with a reasonable degree of accuracy. This request was not satisfactorily complied with and we were, therefore, compelled to extend our enquiries up to the end of the liquidation in order to obtain sufficient facts to report adequately on the financial position. We considered that, as we had to extend our enquiries into the financial position, we should also enquire into any irregularities which might be revealed during such extended period. Counsel for the Minister of Labour objected to this extension and submitted that we should restrict our enquiries to the period prior to our appointment as Commissioners. We over-ruled this submission after having given the matter full consideration. We attach a copy of our ruling in the appendix to this chapter (marked "A").

"A"

9. Mr. W.H. Sparkes was appointed as our

/Secretary

Secretary in the Commission appointing us. During the Enquiry it appeared that Mr. Sparkes would have to give evidence. After the first occasion when Mr. Sparkes gave evidence concerning irregularities, we asked Mr. Lassey and Mr. Obetsebi Lamptey, counsel for Messrs. G.N. Alema and J. Obuobi, whether they had any objection to Mr. Sparkes continuing as Secretary. Neither counsel raised any objection. The question was again raised on the 2nd November and the 15th December, 1953, and on neither occasion was any objection raised.

10. On the 16th December, 1953, Mr. W.A. Bahun objected to Mr. Sparkes being Secretary on the grounds that Mr. Sparkes was biased against him. Later, the same day, he partly withdrew this objection.

11. On the 17th December, 1953, Mr. T.M.K. Mercer, who was the Senior Executive Officer in the C.W.E., stated that he did not consider Mr. Sparkes should act as Secretary as he (Mr. Sparkes) had at one time been appointed a liquidator. Mr. Lassey considered Mr. Sparkes should not record evidence in connection with matters in which he might have to give evidence.

12. We considered the matter carefully, and, while we were completely satisfied that Mr. Sparkes would never act improperly, we were, nevertheless, of the opinion that it was a point which should be referred to the Governor.

13. On the 18th December, 1953, as a result of our report your Excellency appointed Mrs. M.R. Rose to act as Secretary jointly with Mr. Sparkes

14. On the 21st December, 1953, we resumed our enquiries and informed the counsel and public of your directions. We also informed them that it was our ~~intention~~ intention that Mrs. Rose should be responsible for the recording of evidence while Mr. Sparkes would confine his activities to the administrative side. After this statement was made, Mr. Mercer rose and asked permission to address us. He read out a prepared statement in which he objected to Mr. Sparkes being Secretary.

15. We adjourned and considered this statement. On our resuming, Mr. F.K. Apaloo, counsel for Mr. Bahun, made representations similar to those made by Mr. Mercer. We gave a ruling, in which we stated that we would refer the matter to the Governor for directions. We accordingly forwarded to His Excellency a copy of our ruling together with a copy of Mr. Mercer's statement.

16. On the 23rd December, 1953, as a result of this reference, the Governor directed that Mr. Sparkes should cease to act as Secretary or Joint Secretary while we were enquiring into the liquidation. In view of these directions, we adjourned until the 11th January, 1954, in order to let Mr. Sparkes have an opportunity of handing over the numerous documents and files in our custody.

17. On the 28th December, 1953, the Governor appointed Mrs. V. Curwen as a Joint Secretary.

18. On the 21st January, 1954, Mr. Sparkes completed his handing over and ceased to act as Secretary or Joint Secretary.

19. Our enquiries extended over a much greater

period of time than we had at first anticipated. This was due to the extremely large number of irregularities connected with the operation of the C.W.E. and to the evasive and "obstructionist" methods adopted by a considerable number of witnesses including, we regret to say, certain Senior Government Officers who should have known better. We are, however, satisfied that we were justified in continuing our enquiries as long as we did. We do not consider that we would have been able to have presented anything like a true picture if we had terminated our investigation any earlier. Even so, we have had to leave certain matters to the police for further investigation without coming to any definite findings ourselves; but we adopted this procedure only in cases where we considered that the delay likely to be caused by us continuing our enquiries, would not have been justified.

20. We have had, in order to get within a reasonable proximity of the truth of what had taken place in the C.W.E., to subject most of the witnesses to searching cross-examination, but we are of the opinion that this course was the only one we could adopt if our enquiry was to achieve any useful purpose.

21. A considerable number of allegations of attempts to interfere with, or bribe, witnesses has been made to us. We have also observed that, despite instructions to the contrary by us, interested persons have, from time to time, spoken with witnesses subpoenaed by us.

22. On one occasion, we received a serious complaint from the Police Constable attached to

us concerning the anticipated interference with certain material witnesses. As a result of this complaint, a report was made to the police, who were asked to take steps to verify the truth or falsehood of these allegations. To assist them in their investigations, the police were issued with subpoenas in order that observations might be kept and in order that we might know whether there was any substance in the allegations. We have noted that, as a result of police investigation, Mr. Bahun, has been charged with numerous criminal offences, including abetment of perjury. Arising out of this incident, Mr. Bahun made a complaint to us which we reported to the police. We declined to go into the matter ourselves in view of the fact that it was already the subject of police investigation. Our Chairman has already submitted to you a detailed statement covering the whole incident.

23. There has been a considerable number of allegations against Mr. Bahun as well as a large number of allegations by him. In view of these allegations, and in view of the fact that Mr. Bahun was the person who made the original allegations against the C.W.E. to the Minister of Labour, and to Mr. Bediako Poku, M.L.A., which eventually resulted in the appointment of this Commission, we have examined the evidence against Mr. Bahun with special care in order to ensure that no one has been trying to "frame-up" a case against him.

24. We have, with the Governor's consent,

made reports to the Commissioner of Police in cases where we considered that the evidence adduced before us disclosed that criminal offences had been committed, and supplied him with copies of our record, draft findings and such documents as the police requested.

25. In one case, we reported a matter to the Commissioner of Police because we considered that enquiry on our part might prejudice the course of justice. A copy of our finding on this point is attached and marked "B".

"B"

26. We have, as far as possible, drafted this report as we went along, as we considered that it was more satisfactory to come to our findings while the facts were still fresh in our minds. By the time that we closed the enquiry, we had approximately 60 per centum of our report in draft.

27. Before finalising our report, we have gone through the draft again and checked it with the evidence and taken into consideration any fresh evidence on the subject which had been given since we had originally drafted any chapter. We have also taken into consideration the various submissions made by counsel.

28. For the purpose of clarity, we have divided this report into parts and chapters and have inserted in separate volumes copies of the more important documents concerning the subject matter of this report. These attachments are inserted in appendices and have been cross-referenced to the chapters to which they refer.

CHAPTER 2 - HISTORY

29. The birth of the consumer co-operative movement in the Gold Coast took place in 1945. Two societies were founded in the early part of that year, one at Attabubu and the other at Sekondi-Takoradi. Like all other co-operative societies, these societies were established under the provisions of the Co-operative Societies Ordinance, 1937 (No. 15 of 1937).

30. By March, 1946, the number of consumer societies had risen to nine, with a total membership of 2,672 and a total share capital of £1,810.* It appears, however, that little trade was done by these societies chiefly due to the difficulty in acquiring goods of the popular lines which were in short supply. The turnover of the societies up to March, 1946, was £1,933.

31. In order to overcome the supply difficulty, it was necessary for the societies to have some supply organisation to look after their needs. As a result, the Gold Coast Co-operative Federation (a society established under the Co-operative Societies Ordinance, 1937) began to act as wholesalers and in March, 1947, it opened a Goods Department with a Goods Manager for the consumer societies. The Federation was the only apex co-operative society in the Gold Coast, other than the Co-operative Bank, but its main purpose was concerned with the marketing of produce and the question of trading was very much a side-line. Expansion of the trading movement was, however, greatly assisted by /the

* Amounts other than approximate amounts are given to the nearest £1.

the desire of the marketing organizations to provide a wide range of goods in short supply to its members in order to prevent them from going over to competitors, who were alleged to be using such inducements in order to attract farmers to them.

32. In March, 1947, the number of consumer societies amounted to 10 with a total membership of 2,761.

33. In March, 1948, the number of consumer societies was 16 with a total membership of 3,716, while it was estimated that somewhere about 10,000 members of marketing societies received some quantity of supplies through the co-operative movement. The turnover of the Goods Department of the Federation for the year April, 1947 - March, 1948, was £47,416, of which £40,000 odd was disposed of through the rural marketing groups and £7,000 odd through the urban consumer societies. Purchases during the period amounted approximately to £58,900 and stocks carried forward had an approximate book value of £15,500. A nominal surplus of £1,470 was shown but this amount was treated not as a profit but as a reserve against depreciation of stock in hand.

34. In 1948, the Watson Commission recommended an expansion of the consumer co-operative movement with a view to combatting the "black market". We attach hereto (marked "A") copies of the paragraphs of the Watson report referring to consumer co-operation. The recommendations in those paragraphs were supported by H.M. Government

"A"

in the United Kingdom, in White Paper, Colonial 132, 1948.

35. In the Gold Coast, steps were taken to expand the consumer movement and Mr. G.N. Alema, a local business man, who had been trading under the name of G.N. Alema & Co., was appointed as a Government Officer in July, 1948, to undertake the development of the Consumer Co-operative Movement. In this connection, we attach (marked "B") "B" an extract from the address of the then Governor, Sir Gerald Creasy, made at the opening of the second session of the Legislative Council on 20th July, 1948. A copy of Mr. Alema's letter of appointment is attached and marked "C". "C"

36. At the Annual General Meeting of the Federation held at Peki on May 21st, 1948, it was decided to establish a separate co-operative society to act as wholesalers for the consumer societies. This course was apparently considered preferable to expanding the Goods Department of the Federation.

37. On the 1st September, 1948, the C.W.E. was registered as a co-operative society under the Co-operative Societies Ordinance, 1937. We attach hereto a copy of the Bye-laws of the society (marked "D"). The members of the C.W.E. "D" were to consist of such societies registered under the Co-operative Societies Ordinance as were approved by the Committee.

38. It was decided that the C.W.E. should import direct from overseas in order to cut the cost of the goods. It was also decided that the

/C.W.E.

C.W.E. should take over the stocks held by the Goods Department of the Federation.

39. It was the policy of the C.W.E. to sell only to co-operative societies and, as far as possible, only to consumer co-operative societies. This policy deprived the C.W.E. of the opportunity of expanding their trade by selling to the general public. It was also the policy of the co-operative movement to establish consumer societies in rural areas to take over from the marketing societies the sale of goods to consumers. We have noted that in the year 1947-48 marketing societies had purchased goods to nearly six times the value of those purchased by consumer societies. It is also important to note that, in many cases, the marketing societies (especially those concerned with cocoa) had the advantage of not inconsiderable capital, while the consumer societies had no such benefit and many of such societies had to start from scratch. On the other hand, the consumer societies could give their full attention to trading, whereas the marketing societies had to divide their attention between marketing and trading.

40. In September, 1948, Mr. Hewson and Mr. Alema went to the United Kingdom with a view to making contacts and placing orders on behalf of the C.W.E. While in the United Kingdom, contact was made with several firms including the Co-operative Wholesale Society. As a result, orders were placed with various United Kingdom firms. A copy of Mr. Hewson's report on the tour which he wrote on the 6th October, 1948,

/after

after his return to the Gold Coast is attached and marked "E".

"E"

41. On the 7th October, 1948, the inaugural General Meeting of the C.W.E. elected Mr. G.N. Alema during his absence in the United Kingdom as its Managing Secretary. Mr. V.O. Hutchinson was to be pro-tem Managing Secretary pending Mr. Alema's return. Mr. Alema's appointment was to be effective from 1st November, 1948. Government agreed that Mr. Alema should be allowed to take up this appointment and also agreed to continue paying his salary.

42. Mr. Alema returned from the United Kingdom on the 23rd November, 1948. A copy of his report on the tour is attached and marked "F". We have noted that, at any rate during the early part of his tour in the United Kingdom, Mr. Alema had no official standing so far as the C.W.E. was concerned. This fact is brought out in an additional memorandum prepared by Mr. Hewson on the 6th October, 1948. A copy of this memorandum is attached and marked "G".

"F"

"G"

43. In September, 1948, the Standing Finance Committee of the Government approved the guaranteeing by Government to the Gold Coast Co-operative Bank of an overdraft of up to £50,000 on the Bank's account with the Co-operative Wholesale Society's Bank in the United Kingdom. A copy of the relative extracts from the minutes is attached and marked "H".

"H"

44. On the 8th October, 1948, the C.W.E. opened an account with the Co-operative Bank. This account was always overdrawn and the

Co-operative Bank apparently assumed that this over-draft was guaranteed by Government. We can find no evidence of any such guarantee and it appears that this over-draft was never guaranteed by Government. The C.W.E. had no account with any Bank other than the Co-operative Bank.

45. On the 20th October, 1948, Mr. Hewson wrote to the Colonial Secretary recommending, inter-alia that a guarantee of £100,000 should be made for the Co-operative Bank to the Bank of British West Africa for the benefit of the C.W.E. In this letter, Mr. Hewson said that a guarantee of as much as £50,000 with the Co-operative Wholesale Society Bank in the United Kingdom would not be necessary, as that account would be replenished constantly by transfers, either from the C.W.E. or from other sources. Mr. Hewson gave his undertaking that the total overdrawings at the Bank of British West Africa would not exceed £100,000.

A copy of Mr. Hewson's letter is attached and marked "J". This proposal was approved by the then Governor on the understanding that it would be mentioned at the next meeting of the Standing Finance Committee. For some reason, possibly because it was too late for insertion in the supplementary agenda, this proposal was not mentioned at the Standing Finance Committee meeting which took place on the 26th October, 1948.

"J"

46. Although the increase affecting the C.W.E. had not been mentioned to the Standing Finance Committee on the 27th October, 1948, Mr. Millar-Craig wrote to the Bank of British West Africa on behalf of Government stating that Government would guarantee the overdraft of the Co-operative Bank to the Bank

of British West Africa to the extent of £700,000 if the Bank would grant such an overdraft. Of this amount, £600,000 was to be in respect of the over-draft of the account relating to the purchase of cocoa, and £100,000 in respect of funds for the C.W.E. The Bank of British West Africa agreed to this variation and accommodation was granted accordingly. A copy of the letter to the Bank is attached and marked "K". This letter varied a previous guarantee given by Government in respect of £500,000 relating to the over-draft of the cocoa account. "K"

47. On the 25th November, 1948, the Standing Finance Committee approved of the proposal that the guaranteed over-draft of £50,000 which had been approved in favour of the Co-operative Bank on its account with the Co-operative Wholesale Bank in the United Kingdom should be increased to £100,000 partly in the Gold Coast and partly in the United Kingdom "to enable co-operative societies to import goods on a more satisfactory basis". A copy of the relevant minutes of the Committee is attached and marked "L". It will be noted that no reference was made in the minutes to the effect that a guarantee of £100,000 on the overdraft of the Co-operative Bank's account with the Bank of British West Africa had already been made, neither was there any mention in the minutes that there might be guarantees in excess of £100,000 entered into subject to the understanding referred to in paragraph 45 of this report, that the total overdrawings should not exceed £100,000. "L"

48. In November, 1948, the C.W.E. took over the stock of the Federation in consideration of the sum of £42,000, being the landed cost of the goods

stock of the Federation in consideration of the sum of £42,000, being the landed cost of the goods less 4 per centum. This reduction was purely by rule of thumb and there was no attempt to obtain an independent valuation. Mr. Alema states that he objected to it and that the deal was put through behind his back. Mr. Hewson alleges that although Mr. Alema raised some objections, nevertheless, he did agree in the end to the transaction. It is, however, clear that £40,000 was paid to the Federation before Mr. Alema returned from his United Kingdom tour. £17,000 worth of the Federation stock consisted of tobacco of recent origin, while the rest was of general goods. Most of these were of older origin, and quite a proportion appears to have been worth appreciably less than their landed cost.

49. On the 26th November, 1948, the Committee of the Co-operative Bank approved the opening of accounts with the Bank of British West Africa in Accra and in London, and that over-drafts up to an aggregate of £100,000 be authorized on those accounts. These accounts were to be used in connection with the imports of the C.W.E.

50. On the 15th December, 1948, Mr. Hewson wrote to the Colonial Secretary requesting Government to guarantee the over-draft of the Co-operative Bank to the Co-operative Wholesale Society Bank in the United Kingdom.

A copy of this letter is attached and marked "M".

"M"

It is of interest to note that Mr. Hewson gave no explanation as to why the guarantee should be as much as £50,000, or why a transfer was not

made from the Bank of British West Africa to the Co-operative Wholesale Society's Bank.

One would have expected such explanations to have been given in view of the contents of Mr. Hewson's letter of the 20th October, 1948 (attachment "J") referred to in paragraph 45.

51. On the 22nd December, 1948, Mr. Armitage the Financial Secretary, on behalf of the Government, guaranteed the over-draft of the Co-operative Bank with the Co-operative Wholesale Society Bank in the United Kingdom to the extent of £50,000. A copy of the letter of guarantee is attached and marked "N".

"N"

52. As a result of H.M. Government's desire to foster the consumer co-operative movement in West Africa, a meeting was held at the Colonial Office on the 10th February, 1949, at which were present the Secretary of State, Mr. Rees-Williams, M.P., the Under-Secretary, representatives of the Co-operative Wholesale Society, the Scottish Co-operative Wholesale Society and others.

At this meeting the need to assist the growth of consumer co-operation was pointed out, and Mr. Rees-Williams explained that it was not possible to wait for co-operation to grow up in the ordinary way but that action should be taken by the Governments concerned. It was also recommended that experienced British personnel should be seconded for a period of 3 to 5 years. It was further agreed that a two-man mission, one from each of the Wholesale Societies, should go out to West Africa with a view to examining the general questions of re-organization, and also to discussing with such Governments the mechanics of the secondment of British staff and

how they were to be employed.

53. As a result of this meeting, the Co-operative Wholesale Society nominated Mr. F. Lambert, Manager of their Market Research Department, and the Scottish Co-operative Wholesale Society Ltd. nominated Mr. G. Shearer, their Assistant Accountant, as members of the mission referred to in the preceding paragraph.

54. On the 18th January, 1949, Mr. Hewson wrote to the Colonial Secretary asking for the guaranteed over-draft of the Co-operative Bank with the Bank of British West Africa to be increased to £200,000 in respect of the import accounts. A copy of this letter is attached and marked "O". We consider that "O" this letter calls for considerable comment and we have decided to deal with it more fully later in this report.

55. On the 10th February, 1949, the Secretary of the Co-operative Bank wrote to the C.W.E. informing them that his Bank had frozen the current account of the C.W.E. as it had a debit balance of £79,152, plus over £30,000 in irrevocable documentary credits whereas the approved over-draft was £100,000. A copy of this letter is attached and marked "P". "P"

56. On the 24th March, 1949, the Standing Finance Committee approved the increase of the Government's guarantee to the Bank of British West Africa on behalf of the Co-operative Wholesale Establishment from £100,000 to £200,000. A copy of the minutes of the Committee, as amended, is attached and marked "Q". "Q"

A copy of the memorandum referred to in the minutes of the 24th March is attached and marked "R". "R"

The reference to the £100,000 guarantee from the C.W.E. to the Bank of British West Africa appears to have been an error, as it seems to have been intended to increase the guarantee of the over-draft of the Co-operative Bank to the Bank of British West Africa.

57. On the 26th March, 1949, the Committee of the C.W.E. gave Government a first charge on its stocks in consideration of the facilities granted by Government. A copy of this document is attached and marked "S". This document is extremely vague and we are doubtful as to what legal effect the Courts would give it.

"S"

58. At the end of March, 1949, there were 27 consumer societies in existence with a total membership of 4,849, an increase of 13 societies and 1,133 members during the previous twelve months. During this period, the sales through consumer societies amounted to approximately £9,800, an increase of under £2,800. (The sales by consumer societies for the year ending March 31st, 1948, amounted to £7,000 odd.) We note that the average sales per member per month amounted to $3/4\frac{1}{2}d.$

59. During the period from its incorporation up to April, 1949, the C.W.E. had placed orders overseas for goods to the value of approximately £183,000 and in the Gold Coast for goods to the approximate value of £43,000. During this period delivery had been taken, or was being taken ex ships, of goods to the approximate value of £106,300.

60. It appears from the evidence adduced before us that the Goods Department of the Federation made a loss, finally calculated at £6,500, over the two years of

its existence. This loss was covered by other assets of the Federation.

61. In early April, 1949, Mr. Alema wrote to Mr. Hewson suggesting that the total guarantee by Government should be increased to £300,000. As a result of this letter, Mr. Hewson wrote to the Colonial Secretary on the 11th April, 1949, forwarding Mr. Alema's letter but declining to recommend the increase of the guarantee.

Copies of Mr. Hewson's and Mr. Alema's letters are attached and marked "T" and "U". Mr. Hewson enclosed with his letter a report on consumer co-operation covering the period April, 1948 - March, 1949. A copy of this report is attached and marked "V". We note that consumer societies were forbidden to sell on credit. This is confirmed by their Bye-laws.

"T" "U"

"V"

62. Government never approved the increased guarantee proposed by Mr. Alema and referred to in the preceding paragraph of this report.

63. On the 27th April, 1949, Mr. Hewson wrote to the Secretary of the Co-operative Bank informing him that Government had notified the Bank of British West Africa of its willingness to extend the guarantee of the over-draft of the Co-operative Bank's Imports Account to £200,000. A copy of this letter is attached and marked "W".

"W"

64. On the 25th June, 1949, Mr. Chapman, on behalf of Government, signed a deed of variation by which Government agreed to guarantee the over-draft of the Co-operative Bank with the Bank of British West Africa to the extent of £900,000. Of this sum, £700,000 was in respect

/of

of cocoa transactions and £200,000 was in connection with the account for general purposes, which included the purposes of the C.W.E. Copies of the deeds relating to this guarantee are attached and marked "X".

"X"

65. A large proportion of the new consumer societies appears to have been stocked by C.W.E. with goods supplied on credit. In many cases, the C.W.E. laid down what kind of goods should be supplied and such goods were not confined to the lines requested by the societies.

66. Right from its inception, and throughout its history, the C.W.E. had great difficulty over the question of obtaining suitable and competent staff. Until Mr. Mercer's appointment in December, 1952, the only member of the C.W.E. Staff, or committee, who had any real knowledge of trading (and that a knowledge of trading in a comparatively small way) was Mr. Alema. On his shoulders rested the responsibility of the running of the C.W.E. in an efficient manner. This responsibility changed to some extent, when Mr. Alema was recalled to the Department of Co-operation in 1950, and his place was taken by Mr. Obuobi.

67. This difficulty regarding staff was not confined to the trading side, but applied equally to the accounting side. Between 1948 and 1950, the C.W.E. had no less than five different persons who, for various periods, carried out the duties of accountant. This system of switching personnel was common in almost every department of the C.W.E. and carried with it the drawback that every new person assuming authority tended to have his own "pet" ideas as to how things should be done. Thus

/there

there was apt to be a constant change in systems. This lack of continuity was naturally most felt in connection with accounting and book-keeping where the systems were being altered continually.

68. The C.W.E. was assisted, to a large extent, by personnel from the Department of Co-operation. In the early years the division between the work of the Department's staff and that of the C.W.E. was somewhat confused. After 1950, a clear distinction was brought in whereby the C.W.E. Staff (including staff seconded thereto from the Department of Co-operation) carried out the executive work, while the staff of the Department of Co-operation, apart from carrying out inspectorate and audit duties, merely acted in an advisory capacity.

69. It was the duty of the Registrar of Co-operative Societies, or his duly authorised representative, to countersign all cheques issued by, or on behalf of, the C.W.E.

70. The C.W.E. drew cheques on the Co-operative Bank and the Co-operative Bank (except in the case of cheques issued for the payment of customs duties, of cash to be drawn from the Co-operative Bank or of other matters within the co-operative movement) cancelled these cheques and issued fresh cheques on a commercial Bank for the same amount to the drawee specified in the C.W.E. cheque. The cheques on both the commercial and co-operative Banks were required to be countersigned, as mentioned in the previous paragraph.

71. In addition to the headquarters at Accra, the C.W.E. later opened branches at Kumasi and Takoradi. The Kumasi branch was opened in September,

1949, while that of Takoradi was opened in November, 1950. Originally the Kumasi branch was under the control of a wholesaler but, as will be seen from attachment "Y", the post later came under the charge of a Sales Manager. The Takoradi branch was always under the charge of a wholesaler.

"Y"

72. We attach hereto a schedule (marked "Y") showing the approximate numbers of the staff of the C.W.E. from year to year and how and where they were employed. This schedule also shows the number and trading experience of the staff of the Department of Co-operation carrying out advisory and other duties in connection with the C.W.E. during the same period. It is of importance to note that neither the Registrar nor the Deputy Registrar had any trading experience. In fact, the Registrar was an administrative officer until he joined the Department of Co-operation in August, 1945.

"Y"

73. In the period 1948-1950, the control of the C.W.E. officially rested on the Management and Executive Committees while the day to day administration, under the supervision of these Committees, was the responsibility of the Managing Secretary. In fact, during this period, the real controlling power was Mr. Alesu. Meetings of the Management and Executive Committees were held very infrequently and even when held were badly attended.

74. Apart from staff, the C.W.E. had difficulty in finding premises, and during the period 1948-1950 they had their stocks scattered over various buildings in Accra. Towards the end of 1949, premises were leased at the Accra Airport and all the stock of

the C.W.E. were eventually moved there. We attach hereto a schedule (marked "Z") showing the premises used by the C.W.E. at various times. All the stores (except the Airport premises situate six miles from the centre of Accra) were situated in and around the Accra commercial area.

"Z"

75. Stocktakings were carried out at various times, fuller reference to which will be made later in this report.

76. The Lambert and Shearer Mission (vide paragraphs 52 and 53 ante) toured West Africa between the 5th July and 7th September, 1949. Their terms of reference were:-

"To advise the West African Governments on practical arrangements necessary:

- i) For the stimulation and possible re-organization of existing co-operative wholesale societies and for the formation of new ones in areas where there are no such bodies and for the establishment of a proper connection between them and retail societies;
- ii) for the stimulation, including formation, of retail societies to be members of the wholesale societies;
- iii) for the establishment of closer relations between sources of supply in the United Kingdom and consumers co-operative societies in West Africa;
- iv) for the establishment of any organization necessary to enable the Co-operative Movement to take part effectively in the import trade."

77. The Mission arrived in the Gold Coast on the 31st July, 1949, and remained until the 21st August. They returned to the Gold Coast on the 1st September and finally left on the 7th September, 1949. On the 4th November, 1949, the Mission submitted their report

to the then Governor. A copy of this report, which was never published, is attached and marked "AA".

"AA"

78. It is important to note that during the visit of the Mission to the Gold Coast, Mr. Hewson was on leave, although he appears to have had discussions with Mr. Lambert and Mr. Shearer in Great Britain.

79. On the 26th December, 1949, Mr. Hewson submitted to the Colonial Secretary his comments on the Lambert and Shearer Report. A copy of these comments is attached and marked "BB".

"BB"

80. The reasons for the non-publication of the report seem to have been largely reasons of expediency. We do not propose to comment on the rights or wrongs of the decision not to publish the report.

81. As a result of the Lambert and Shearer Report, Mr. Sam, the Deputy Registrar, was directed to transfer his offices to the C.W.E. premises at the Airport and was instructed to implement the recommendations of the Mission. Mr. Sam told us that he was given a copy of the interim report but not of the final report, although Mr. Hewson told us that Mr. Sam had full access to the final report. The report was never shown to Mr. Alema or to any of the members of the Committees of the C.W.E. In paragraph 107 of their report, the Mission recommended the appointment of a Manager and a Secretary-Accountant, and that, if necessary, these should be expatriate officers on contract.

82. No steps seem to have been taken to try to obtain a Manager. Apparently Mr. Alema was considered satisfactory to fill the post, but this argument seems to fail in view of the fact that shortly afterwards Mr. Alema was withdrawn

from the C.W.E. to the Department of Co-operation. Mr. Aluma was replaced by Mr. Oduobi who had had no trading knowledge apart from the little he had picked up while at the C.W.E. and what he had been taught while on a six months' course at the Co-operative College in the United Kingdom.

83. In December, 1949, it was decided at a General Meeting of the C.W.E. that advertisements should be made for the post of a Secretary-Accountant. As a result of this, Mr. Hewson approached Government to arrange for advertisements to be inserted in certain newspapers both in the Gold Coast and the United Kingdom.

84. On the 15th April, 1950, the Management Committee of the C.W.E. decided that they did not want a Secretary-Accountant but would prefer two persons, one as a Secretary and one as an Accountant. In his evidence, Mr. J.S. Annan informed us that it was decided that the Committee did not want an expatriate Secretary-Accountant. This decision, which virtually over-ruled that of the General Meeting, was never formally confirmed by a General Meeting.

85. The decision of the meeting was brought to the notice of Mr. Hewson. Mr. Hewson seems to have taken no steps to cancel the advertisements for the post of Secretary-Accountant.

86. Advertisements inserted in the local press in March 1950 brought in seven applications. A request to insert advertisements was sent from Government to the Crown Agents on the 17th May, 1950, and in due course advertisements appeared in certain English newspapers in June, 1950. As a result of these advertisements about eleven answers were sent to the President of the C.W.E. No apparent action was taken on any

of these replies, despite the prima facie qualifications of certain of the applicants, nor were the replies brought to Mr. Hewson's notice. The reason for this definitely seems to us to have been because the management of the C.W.E. did not want an expatriate.

87. Mr. Hewson originally told us that the reason for the non-appointment of a Secretary-Accountant was because no suitable person had applied. In our opinion, Mr. Hewson misled us when he gave this evidence. We are satisfied that, to put it at its best, Mr. Hewson acted recklessly in making this statement, especially as we had given him some days notice of our intention to question him on the recommendations made in the Lambert and Shearer Report, and there was, therefore, no question of him having been taken by surprise.

88. On the 24th May, 1950, the possibility of engaging Mr. S.K. Chapman as an accountant was considered when Mr. R.D. Nelson informed the Management Committee that, as requested at a meeting at Mr. Alema's house, he had interviewed Mr. Chapman who had told him that he would consider the post "at a minimum of £510 with about £600 as the limit". At this meeting, Mr. Mark Addo proposed a Mr. Bardwi, another retired commercial man, as a suitable candidate for the post. It appears that neither Mr. Chapman nor Mr. Bardwi had applied for the post of Secretary-Accountant.

89. On the 3rd August, 1950, Mr. S.K. Chapman was appointed as accountant. He took up this post with effect from the 5th August, 1950. Mr. Chapman possessed a previous knowledge of accounting but had had no co-operative experience. The duties of Secretary were assigned to a Mr. Parker to whom we will refer

/later

later in this report. Mr. Parker had no apparent connection with the Co-operative movement before he joined the C.W.E. We will deal with the general policy of engaging personnel under "Trading Methods".

90. In March, 1950, the C.W.E. closed its first financial period. Delivery of goods had been taken to the approximate value of £362,500. The turnover of the C.W.E. at cost during the period 1948-1950 amounted to approximately £204,000. Approximately £68,000 was due in respect of goods supplied on credit to consumer societies and not paid for at the end of the period.

91. The C.W.E. made a loss over the 1948-50 period of £5,269 without allowing for depreciation of stock and without making allowances for bad debts. The amount of the C.W.E.'s over-draft with the Co-operative Bank at the end of March 1950 amounted to £244,351.

92. A copy of the accounts of the C.W.E. for the period 1948-1950 is attached and marked "CC". "CC"

A copy of the annual report on the C.W.E. and consumer movement by Mr. Chinbush, then Acting Deputy Registrar, is attached and marked "DD". "DD"

93. These accounts were subsequently audited by Messrs. Cassleton Elliott & Co., and a copy of their report as well as their supplementary report are attached and marked "EE" and "FF", respectively. "EE" "FF"

94. The auditors' report was commented on at some length by Mr. Hewson, Mr. Sam and Mr. Joannides (Assistant Registrar). Copies of these comments are attached and marked "GG", "HH" and "JJ" respectively. "GG" "HH" "JJ"

95. At the end of March, 1950, there were 29 consumer societies with a total membership of

10,614. The approximate amount of goods sold through the consumer societies during the year April, 1949 to March, 1950, amounted to approximately £80,900 without allowing for depreciation of stocks. A copy of the summary of the accounts of consumer societies as at March, 1949, and March, 1950 is attached and marked "KK".

"KK"

96. During 1950, the C.W.E. appointed an Orders, Prices and Stocks Sub-Committee with powers to control orders and prices, and to dispose of old stocks.

97. From 1950, the Audit Division of the Department of Co-operation, under Mr. Naysmith, assisted the C.W.E. in an advisory capacity. The members of this division did not, however, make any entries in the books of the C.W.E. That was left to the staff of the C.W.E. From 1952, the Audit Division started carrying out a running audit.

98. In July, 1950, Mr. Alema went on leave and Mr. Obuobi took over as Acting Managing Secretary.

99. Mr. Alema was recalled to the Department of Co-operation on the 6th November, 1950, because his conduct had not been considered too satisfactory. From then on Mr. Alema acted as Trade Advisor to the C.W.E. On the 1st December, 1950, Mr. Obuobi was appointed substantive Managing Secretary.

100. The Korean War caused prices of goods to advance and also caused difficulty in respect of supplies. This general price increase affected the C.W.E. greatly in subsequent years when the Establishment was left with stocks purchased at peak prices.

101. In January, 1951, Mr. W.H. Sparkes arrived in the Gold Coast on appointment to the Department of Co-operation. As will be seen from attachment "Y", "Y"

/Mr. Sparkes

Mr. Sparkes had had quite a considerable experience with the co-operative movement in the United Kingdom, both as a tutor in the staff training college of the British Co-operative Movement at Loughborough and also in various capacities in wholesale and retail co-operative societies. Mr. Sparkes was posted to the C.W.E. offices as Assistant Registrar (Consumers) and worked under Mr. Alema. It was Mr. Sparkes' duty to advise the C.W.E. and the consumer societies.

102. The C.W.E. closed its accounting year for 1950-51 on the 31st March, 1951. The approximate value of the stocks brought forward from 1950, including goods then in transit, was £158,600. From April, 1950 to March, 1951, delivery was taken of goods to the approximate value of £109,400. The turnover at cost of the C.W.E. for the year 1950-51 amounted to approximately £150,400. Approximately £60,500 was due in respect of goods supplied on credit to consumer societies and not paid for at the end of the period.

103. Over the year 1950-51, the C.W.E. made a loss of £2,393 without allowing for depreciation of stock and without making deductions for bad debts. The amount of the C.W.E.'s overdraft at the Co-operative Bank at the end of March, 1951, was £190,096.

104. We attach a copy of the accounts of the C.W.E. for the period 1950-51 (marked "LL"). The "LL"
audit for this period was carried out by the
Audit Division of the Department of Co-operation.
We attach a copy of the auditor's report (marked "MM") "MM"

105. In March, 1951, there were 36 consumer societies in existence of which 31 were active and 5 moribund. The total membership of the societies amounted to 12,830. During the financial period April, 1950 - March, 1951, the consumer societies had sold goods to the approximate value of £187,500. A copy of the summary of balance sheets of consumer societies is attached and marked "NN".

"NN"

106. On the 27th February, 1951, as a result of changes in the Constitution of the Gold Coast, providing, inter alia, for the appointment of Ministers, the Department of Co-operation came within the purview of the Minister responsible for Education and Social Welfare.

107. In August, 1951, Sir Cecil Trevor submitted his report in connection with the setting up of a National Bank in the Gold Coast. In paragraph 142 of his report, Sir Cecil recommended as an obiter dictum that the Government should provide the C.W.E. with an interest-free revolving credit of £100,000 to enable it to overcome the difficult period of initiation, and that the credit should be made available until the C.W.E. could stand on its own feet, and in any case for a period of not more than five years

108. In January, 1952, a memorandum regarding the financial position of the C.W.E. was circulated to

the members of the Standing Finance Committee recommending that, in view of the increase in the cost of imported goods since 1949, and in order to provide a sound basis for progress, the capital available for the C.W.E. should be increased to £350,000. This recommendation was made on the assumption that capital to the amount of £250,000 had already been made available to the C.W.E. by means of guarantees. It was recommended, accordingly, that in addition to the guarantees provided, an interest-free credit of £100,000 should be granted to the C.W.E. for a period not exceeding 5 years with effect from the 1st April, 1951. It was felt that this grant might well make the difference between the C.W.E. paying its way and running at a loss.

109. The Standing Finance Committee considered this memorandum on the 29th January, 1952, and approved the grant of an interest-free credit of £100,000 to the Co-operative Bank for the purpose of financing the C.W.E. Copies of the memorandum referred to in the preceding paragraph and of the relevant minutes of the Committee are attached and marked "00", a payment voucher for this amount was "00" made out to the Co-operative Bank in March, 1952, as a result of which a cheque for £100,000 was paid

to the Co-operative Bank. The Co-operative Bank credited the C.W.E.'s account with £100,000. A copy of the payment voucher is attached and marked "PP". "PP"

110. This payment of £100,000 was treated by the Accountant-General's Department as a grant to the Co-operative Bank and recorded as such in the Government's accounts. These accounts were audited by the Audit Department and passed by the Public Accounts Committee without any query being raised. The Ministry of Labour, Mr. Hewson and the Co-operative Bank treated the £100,000 as a loan to the C.W.E. It is, however, arguable that the £100,000 should be treated as a loan to the Co-operative Bank. No agreement was ever made between Government and the C.W.E. regarding the repayment of the money but it is of interest to note that the £100,000 has been treated in the C.W.E.'s accounts as a loan from Government. Copies of correspondence on the subject of the £100,000 between the Department of Co-operation, the C.W.E. and the Co-operative Bank are attached and marked "QQ". "QQ"

We are satisfied that Government originally intended that the C.W.E. should at some period repay the £100,000 but, in view of the confusion surrounding the whole transaction, we have decided to deal with this point in greater detail later in this report.

111. In March, 1952, the Standing Finance Committee approved the payment to the Co-operative Bank of

a further sum of £3,750 in favour of the C.W.E.

This amount was in respect of interest charges on £100,000 debited to the C.W.E. by the Co-operative Bank as from the 1st April, 1951, to the 31st March, 1952. A copy of the minutes of the Committee relating to the payment with a copy of the relevant payment voucher are attached and marked "KR" and "SS" "KR" "SS" respectively.

112. On the 4th April, 1952, the Minister of Education and Social Welfare, Mr. Botsio, attended a General Meeting of the C.W.E. and recommended that they should elect a responsible African as Managing Director in order to improve the efficiency of the Establishment. Mr. Botsio stated that Government would pay the salary of such a person. From the minutes of the meeting, it appears that Mr. Botsio informed the meeting that, although he had someone in mind, it was entirely up to the members of the C.W.E. to elect whom they wished, subject to the fact that Government would not pay the salary of a person who was considered unfit to hold the post.

113. With some hesitation the members of the C.W.E. agreed to advertise for a Managing Director. After advertisements had appeared in the local press, a number of applications were received by the C.W.E.

114. On the 11th July, 1952, an election was held

by the Management Committee of the C.W.E. as a result of which Mr. Mercer received the greatest number of votes. We have noted that certain members of the Committee declined to vote at this meeting because they disapproved of the appointment of a Managing Director.

115. On the 30th July, 1952, Mr. Hewson wrote to the Minister of Education and Social Welfare suggesting that an offer of appointment should be made to Mr. Mercer for the post of Managing Director with effect from 1st August, 1952. A reply was received from the Ministry stating that the effective date should be the date of the election, namely the 14th July, 1952. Mr. Mercer's salary was to be £1,550 per annum.

116. In consequence of the correspondence between the Registrar and the Ministry a letter was written to Mr. Mercer by the C.W.E. on the 12th August, 1952, formally offering him the appointment of Managing Director at a salary of £1,550 per annum, subject to certain conditions.

A copy of this letter is attached and marked "TT". As "TT"
a result of the conditions set out in the letter, there was correspondence between Mr. Mercer and the C.W.E.
Copies of these letters are attached and marked "UU". "UU"

117. There appears to have been reluctance on the part of Mr. Mercer and the C.W.E. to close the transaction. The C.W.E. apparently wanted Mr. Mercer's full time services. At this time Mr. Mercer was engaged in many

other activities and the C.W.E. considered that he could not devote enough of his time to the affairs of the C.W.E.

118. On the 15th December, 1952, Government agreed to increase Mr. Mercer's salary from £1,550 to £2,500 on condition that he received no remuneration from any other sources.

119. On the 17th December, 1952, Mr. Mercer was formally appointed Managing Director of the C.W.E. at a salary of £2,500 per annum subject to the conditions specified in the previous paragraph.

120. Mr. Mercer commenced his duties on the 18th December, 1952. Although Mr. Mercer was styled Managing Director, his powers and duties must be deemed to be those conferred upon the Managing Secretary under the Bye-laws as no provision was made therein for the post of Managing Director.

121. The appointment of Mr. Mercer should, under the Bye-laws, have been ratified by a General Meeting of the C.W.E. No such meeting was ever held after Mr. Mercer was appointed.

122. On the appointment of Mr. Mercer, Mr. Obuobi, de facto, took over the duties of secretary and assistant to Mr. Mercer.

123. On the advice of Mr. Chapman, his Permanent Secretary, the Minister of Labour, Mr. Inkumsah, to whose Ministry the Department of Co-operation had been

transferred on the 1st November, 1952, directed that Mr. Mercer should be paid a salary at the rate of £1,550 per annum from 11th July to the 17th December, 1952 and thereafter at the rate of £2,500 per annum. We have considered it preferable to deal with the subject of Mr. Mercer's back pay in greater detail in a later chapter.

124. Mr. Mercer's salary was paid by Government to the C.W.E. out of funds voted for the Gold Coast Co-operative Federation Limited, a society registered in December, 1951, and including the C.W.E. among its members. Mr. Mercer drew his salary from the C.W.E.

125. The 1951-52 financial year of the C.W.E. was closed on the 28th June, 1952. It had been decided to change the end of the financial year from the 31st March, to the last Saturday in June because all the marketing societies closed their accounts at the end of March, and it was considered desirable that the consumer societies should close their accounts on a different date in order to facilitate the auditing of the accounts of the various societies.

126. The approximate value of the stocks brought forward from 1951, including goods then in transit, was £115,100. From April, 1951 to June, 1952, delivery was taken of goods to the approximate value of £283,400. The turnover at cost of the C.W.E. for the 1951-52 financial period was approximately £201,200, approximately

/ £71,700

£71,700 was due in respect of goods supplied on credit to consumer societies and not paid for at the end of the period. The approximate value of the stocks carried forward, including goods in transit, was £215,900. Over the period April, 1951, to June, 1952, the C.W.E. made a loss of £19,746 without allowing for depreciation of stocks and without making deductions for bad debts. The over-draft of the C.W.E. with the Co-operative Bank at the end of June, 1952 was £231,021.

127. A copy of the accounts of the C.W.E. for the year 1951-52 is attached and marked "VV". "VV"

128. These accounts were checked by the Audit Division of the Department of Co-operation and a copy of Mr. Naysmith's report is attached and marked "WW". "WW"

Subsequently, the accounts were audited by Messrs. Cassleton Elliott & Co., and a copy of their report is attached and marked "XX". "XX"

129. In June, 1952, there were 39 consumer societies of which 30 were active and 9 defunct. The total membership of the societies was 13,805. During the period April, 1951, to June, 1952, the consumer societies had sold goods to the approximate value of £238,800. A copy of the summary of balance sheets of consumer societies is attached and marked "YY". "YY"

130. Although the accounts of the consumer societies between 1949 and 1952 purport to show total annual surpluses, these figures cannot be /accepted

accepted as presenting a reliable picture because (a) not all the societies submitted accounts, and (b) no provision was made in these accounts for deteriorated or damaged stocks or for bad and doubtful debts. The picture of the consumer societies, subsequent to 1952, is even more unrealistic because such societies were permitted to return at delivered value very considerable quantities of partly deteriorated goods which they had, in many cases, obtained from the C.W.E. a long time prior to their return. It is quite apparent that this deterioration was often the result of negligence on the part of the societies themselves. It is equally clear that by no means all of the deteriorated goods were stocks supplied against the societies' wishes.

131. Taking things as a whole the turnover of quite a number of consumer societies waned as time went on. One of the principal reasons for this seems to be the fact that the prices at which the consumer societies had been charged by the C.W.E. for goods were such that the consumer societies in turn had to charge their members prices which were mostly higher than those of other trading concerns. In addition, the lines sold by the C.W.E. did not in all cases suit the consumer societies. In some part, this was due to the

fact that consumer societies were notorious for not giving advance notice of their requirements which would have helped the imports policy of the C.W.E.

132. In March, 1953, allegations were made about the manner in which the C.W.E. was being run, and Mr. Inkumsah and Mr. Bediako Pofo made speeches in the Assembly on the subject. Mr. Inkumsah also informed the Assembly that he hoped to introduce legislation to put the C.W.E. on a "proper and honest basis".

133. In early 1953, it was realized that Mr. Obuobi would have to proceed on leave for which he was long overdue. It was also realized that a successor would have to be appointed, even if only temporarily.

134. On the 31st March, 1953, Mr. Inkumsah wrote to Mr. Mercer virtually directing that Mr. Bahun should take over the duties of secretary. A copy of this letter is attached and marked "ZZ". In our opinion, the contents "ZZ" of that letter show that Mr. Inkumsah considered that he had the power to appoint or dismiss members of the staff of the C.W.E. It is quite clear that Mr. Inkumsah had no legal authority to act in such a way.

135. Mr. Bahun came to the C.W.E. on the 1st April, 1953, and Mr. Obuobi went on leave on the 2nd of that month.

136. The Committee of the C.W.E. were not consulted about the appointment of Mr. Bahun and did not give /their

their approval for the appointment as should have been done under the Bye-laws. Subsequently, according to certain members of the Committee, Mr. Mercer was requested to summon a meeting but he never did so.

137. About this time, Government decided that they did not approve of the way in which the affairs of the C.W.E. were being conducted, and, on the 15th April, 1953 notification was given of Government's intention to withdraw financial support from the C.W.E. as then constituted. A copy of this notification is attached and marked "AAA". We understand from the evidence "AAA" given before us that at that time Government intended to set up a Statutory Corporation to take over the affairs of the C.W.E.

138. In this connection, we have seen a memorandum, dealing with the question of the appointment of a Commission of Enquiry and with the proposed new Statutory Corporation, which Mr. Mercer submitted to the Minister of Labour. A copy of this memorandum is attached and marked "BBB". "BBB" We have noted with interest and surprise (especially in view of the submissions Mr. Mercer made in respect of Mr. Sparkes' position as Secretary) the similarity of names which appears in both suggested lists. We have always understood that the members of a Commission of Enquiry should be independent and should have no personal interest, present or future, in the subject matter of the enquiry.

139. Between the 26th April and the 4th May, 1953, Mr. Hewson conducted an enquiry under the provisions of Section 47 of the Co-operative Societies Ordinance, 1937. Copies of the record of proceedings and of Mr. Hewson's findings are attached and marked "CCC". We have noted that, at the time of the enquiry "CCC" the C.W.E.'s overdraft with the Co-operative Bank amounted to £196,702, while the Co-operative Bank's over-draft on its Imports Account with the Bank of British West Africa amounted to £133,158. In addition to the over-drafts there was the question of the "£100,000".

140. After he had arrived at his findings, in which he considered that the C.W.E. could not properly continue to operate, Mr. Hewson, in his statutory capacity of Registrar of Co-operative Societies and in accordance with the provisions of Section 52 of the Co-operative Societies Ordinance, 1937, cancelled the registration of the C.W.E. This occurred on the 4th May, 1953. It is to be noted that by virtue of sub-section 2 of that section, the cancellation does not take effect for two months after the date of the cancellation, and only then if no objection has been lodged against such cancellation.

141. On the same day, Mr. Hewson purported to appoint Messrs. Sam and Sparkes as liquidators under the provisions of Section 55 of the Ordinance. We consider that Mr. Hewson had no power to make an appointment under that section until the cancellation of the /registration

registration had taken effect. We are, also, extremely doubtful as to whether Messrs. Sam's and Sparkes' appointment would be construed by any court as an appointment under the provisions of section 55 of the Ordinance. We are of the opinion that the appointment of the 4th of May must be considered null and void.

142. We have noted that Mr. Hewson never took legal advice in respect of the appointment of Messrs. Sam and Sparkes.

143. Notice of the cancellation of the registration and purported appointment of liquidators was published in the Gazette on the 9th May, 1953. Copies of these notices are attached and marked "DDD" and "EEE", respectively. As a result of the cancellation of registration, the Co-operative Bank froze the current account of the C.W.E. and opened a liquidation account.

"DDD"
"EEE"

144. As has been previously mentioned, it was the policy of Government at the time of the cancellation of the registration to set up a Statutory Corporation to take over the business of the C.W.E., and it was decided that there should be a slow down of business and subsequently a transfer of goods to the new body.

145. Mr. Hewson appears to have considered that the Committee of the C.W.E. had no legal status after the 4th May, 1953. He seems to have been wrong in so doing in

view of the fact, referred to in paragraph 140 ante, that the earliest the cancellation of the registration could take effect was two months after the date on which the cancellation was made. We consider that the authority of the Committee did not lapse until the 4th July, 1953.

146. Between the 4th May and the 18th May, 1953, there was considerable dispute as to what was the position of Messrs. Sam and Sparkes (the so-called liquidators) during the transitional period pending the incorporation of the proposed Statutory Corporation. On the 18th May, 1953, there was a meeting at the Ministry of Labour at which were present Mr. Inkumsah, Mr. I.G. Jones (Acting Permanent Secretary), Mr. Hewson, Mr. Mercer, Mr. Sam, Mr. Sparkes and Mr. Bahun. As a result of this meeting it was decided, inter alia, that Messrs. Sam and Sparkes should not be responsible for the management or stocks of the C.W.E., and that Mr. Mercer should be responsible for the day to day handling of the Establishments. A copy of the minutes of the meeting of the 18th May, 1953, is attached and marked "FFF". "FFF"

147. With the approval of Mr. Inkumsah, Mr. Hewson wrote to the Secretary of the Co-operative Bank on the 18th May, 1953, informing him that, pending the reconstruction of the C.W.E., Government was continuing to guarantee the Establishment up to £250,000, and

requesting him to cash cheques and honour commitments up to that amount. A copy of this letter is attached and marked "GGG". We do not consider that this letter creates a new guarantee by Government of the C.W.E.'s over-draft with the Co-operative Bank, as, in our opinion, none had existed before. We also consider that this letter should be construed as a mere advice to the Co-operative Bank that, despite the liquidation, Government would continue to guarantee over-drafts of the Co-operative Bank relating to the affairs of the C.W.E. on their accounts with the Co-operative Wholesale Society in the United Kingdom and the Bank of British West Africa.

148. On the same day, again with the approval of the Minister, Mr. Hewson wrote to the Manager of the Bank of British West Africa informing him of the liquidation of the C.W.E., and confirming that Government's guarantee of the Co-operative Bank's overdraft with his Bank would not be affected. A copy of this letter is attached and marked "HHH".

"HHH"

149. From about the end of April, 1953, onwards, there appears to have been considerable friction between Mr. Inkumsah and Mr. Hewson. Mr. Inkumsah was not satisfied with the way in which Mr. Hewson had conducted himself in connection with certain investigations relating to the purchase of jewellery, a subject which is dealt with in detail in a later chapter, and felt that Mr. Hewson was, to say the least, not co-operating

/with

with him. Mr. Hewson, on the other hand, considered that the Minister was interfering with matters which properly lay within his (Mr. Hewson's) sphere. This friction increased during the period of the liquidation until the situation became (to quote Mr. Chapman, the Permanent Secretary) "impossible".

150. On the 22nd May, 1953, Mr. Mercer flew to the United Kingdom on business connected with the Cocoa Marketing Board of which he was the Chairman. He returned to the Gold Coast on the 17th June. In his absence, he appointed Mr. Bahun to act for him. A copy of Mr. Mercer's handing over notes to Mr. Bahun is attached and marked "JJJ".

"JJJ"

151. Mr. Bahun's activities during May and June, 1953 in connection with sales made by him, and in connection with a trip he made to Lome, became the subject of suspicion and investigation. These matters are dealt with in later chapters of this report.

152. Mr. Inkumsah went to the United Kingdom on the 27th May, 1953, and returned to the Gold Coast on the 8th July, 1953. During his absence, Mr. Hutton-Mills, Minister of Health, became Minister responsible for Labour.

153. Messrs. Sam and Sparkes were not satisfied with their position as liquidators (or quasi-liquidators, as we prefer to call them) and on two occasions wrote to Mr. Hewson asking to be relieved of their appointment. Correspondence relating to this is attached and marked

/ "KKK"

"KKK".

"KKK"

154. As a result of the difficulties connected with the C.W.E., a meeting was held at the Ministry of Health on the 3rd July, 1953, at which were present Mr. Hutton-Mills, Mr. I.G. Jones, Mr. Mercer, Mr. Hewson, Mr. Sam and Mr. Sparkes. A copy of the minutes taken by Mr. Sparkes is attached and marked "LLL".

"LLL"

155. On the 5th June, 1953, Mr. C.T. Odonkor, a member of the C.W.E. Committee wrote to the Chief Secretary, with a copy to us, complaining against the manner in which the liquidation was being carried out. It was suggested before us that this letter constituted an objection, within the meaning of Section 52, subsection 2, of the Co-operative Societies Ordinance, 1937, against the cancellation of the registration of the C.W.E. We considered this point carefully and came to the conclusion that this complaint did not constitute an objection against the cancellation of registration and accordingly could not operate as a stay of the cancellation. A copy of the letter referred to is attached and marked "MMM".

"MMM"

156. On the 3rd July, 1953, Mr. Mercer submitted a memorandum to Mr. Inkumsah in which, inter alia, he stated that he considered that a case lay for the dismissal of Mr. Bahun.

157. On the 23rd of July, Mr. Inkumsah drafted

a letter to Mr. Hewson in which he stated that Mr. Bahun, against whom a complaint had been made to the police, should be allowed to carry on with his duties pending the completion of the police investigations. This draft was referred to Mr. I.G. Jones, the Acting Permanent Secretary and Commissioner of Labour. Mr. Jones caused the draft to be typed but advised the Minister not to have the letter sent. Mr. Inkumsah later agreed to another letter being sent to Mr. Mercer on the subject. A copy of this letter is attached and marked "NNN".

"NNN"

158. Mr. Mercer tendered to us a copy of the first page of the draft prepared by Mr. Inkumsah which omitted the last paragraph and did not have any addressee or address on it. When he tendered this document, Mr. Mercer led us to believe that it was a copy of a letter sent to him and written to Mr. Hewson. A copy of the document is attached and marked "OOO". Later in evidence, Mr. Mercer admitted having received the second letter but stated that Mr. Jones had signed it as Commissioner of Labour, and not as Acting Permanent Secretary, and so he paid little regard to it.

"OOO"

159. At all events, Mr. Bahun was not dismissed. He continued as second senior executive and acted for Mr. Mercer when Mr. Mercer was out of the Gold Coast.

160. On the 15th July, 1953, Mr. Hewson appointed Mr. Naysmith as liquidator instead of Messrs. Sam and Sparkes, but it appears that Mr. Naysmith declined to accept the appointment and the appointment was never published in the Gazette.

161. On the 27th July, 1953, Messrs. Frenkoglou and Bolleter, Accra businessmen, were appointed as liquidators and the appointment of Messrs. Sam and Sparkes was cancelled. The notice relating to this was published in the Gazette on the 1st August, 1953. A copy of this notice is attached and marked

"PPP". Messrs. Frenkoglou and Bolleter commenced their duties on the 8th August, 1953.

"PPP"

162. The liquidation appears to us to have been carried out in a most irregular manner, and we have considered it desirable to deal with it in detail later in this report.

163. We have examined with interest two schedules submitted by Mr. Mercer. The first schedule gives details of the other activities carried out by him while he was acting as Managing Director of the C.W.E., and the second shows the number of days which he devoted to the work of the C.W.E. after his appointment as Managing Director. In relation to the latter fact, Mr. Mercer stated that there was not a lot of work he could do. We are doubtful as to how correct this statement is. We have also noted that, despite the

terms on which he was granted the increased salary of £2,500, Mr. Mercer nevertheless accepted £200 per annum for work in connection with sub-committees of the Cocoa Marketing Board. Mr. Mercer tried to give explanations for this but we do not accept them. We attach copies of these schedules marked "QQQ" and "RRR" respectively.

"QQQ"

"RRR"

164. We fear that this historical background is rather lengthy but in our opinion, it is not possible to appreciate the trading methods and financial position of the C.W.E. without going into this aspect in some detail.

165. We have found considerable difficulty in compiling this history because the facts relating to the C.W.E. have been so confused. We are indebted for the assistance rendered to us by Mr. Sparkes in collecting historical data.

166. The history of the C.W.E. has been, in our opinion, mainly a history of irregularities and it might well have been easier for us to report on the regularities connected with the operation of the C.W.E., rather than on the irregularities, as the latter have been very much in the ascendancy.

PART 11 - FINANCIAL POSITION.

CHAPTER 3 - STATEMENT OF POSITION.

(a) General

167. As we have already mentioned in Chapter 1 of this report, we originally decided to take the end of the C.W.E.'s financial year, 1953, as the most suitable date for reporting on the financial position of the C.W.E. However, we had to change our plans in view of circumstances beyond our control. We annex hereto two tables of which Table A is a statement of the position of the C.W.E. as at the 27th June, 1953, and Table B is a copy of the liquidators' balance sheet as amended by us, showing the position of the Establishment as at the 31st January, 1954. Table A has been compiled partly from the auditors' report for the accounting period ended the 27th June, 1953, and partly from oral and documentary evidence adduced before, and submitted to us. A copy of the audited accounts for that period and of the auditors' report thereon are attached in the appendix to this Chapter and marked "A". A copy of the liquidators' accounts up to the 31st January, 1954, is attached in the same appendix and marked "B".

"A"

"B"

168. As will be seen from Table A, there was on the 27th June, 1953, an estimated deficiency of assets to meet liabilities amounting to £157,294. This figure is comprised as follows:-

/Stocks

Stocks: Trading	(1)	82,809	
Stationery	(2)	716	
Sundry Debtors:			
Consumer Societies	(3)	31,241	
Suppliers	(4)	400	
Claims	(5)	1,066	
Staff Debtors:			
Cash & Stock shortages	(6)	2,641	
Plant, furniture & fittings	(7)	319	
Prepaid charges	(8)	998	
			120,190

Deduct:

Liabilities not expected to rank:	933	
Estimated loss on realisation of assets		119,257

To such estimated losses on realisation of assets there are to be added the

accumulated losses to 27th June, 1953: 49,112 168,369

Deduct: Members' Share capital 11,075

Estimated deficiency of assets over liabilities of the C.W.E., subject to costs of liquidation £157,294

169. As will be seen from Table B, there was at the 31st January, 1954, a deficiency of £234,405 but this figure cannot be accepted as being final in view of the fact that the liquidation has not been completed and in particular, that the position relating to outstanding debts is still fluid.

(b) Method of Valuation

(1) Trading Stocks.

170. For the purpose of valuing trade stocks we adopted as our basis the independent valuation made by Messrs. Frenkoglou and Egli (hereinafter referred to as the "Egli-Frenkoglou" valuation) of June, 1953. This we did with a view to bringing /the values

the values into line with conditions prevailing at the 27th June, 1953. It was known that much of the stock was old and some of it was damaged through various causes. In the absence of any 'age control' by the Establishment it was difficult to assess the actual age of the goods. It is, however, important to note that of the total stocks in the wholesales of the C.W.E. as at 27th June, 1953, goods to an approximate value of £45,000 were imported during the 1952/53 accounting period.

171. The "Egli-Frenkoglou" valuation shows an overall depreciation of 17.59 per centum on the landed value of such stocks.

172. We set out below statistical details showing how we arrived at our valuation of the stocks of the C.W.E:-

Stocks in C.W.E. wholesales as at	
27th June, 1953, were	£172,206 (a)
at landed cost (excluding on-costing to consumer stores).	

On the basis of the "Egli-Frenkoglou" valuation the depreciation (17.59 per centum) would work out on	
(a) at	£30,291 (b)

We decided to increase the amount under (b) by a further 75 per centum or	22,719 (c)
which gives an overall depreciation on stocks at landed cost of 30.784 per centum	£53,010 (d)
or a sound normal market value of	£119,196 (e)

We agreed that in the case of auction sales further allowances would have to be made, which we fixed at an overall average of 25 per centum on	
(e) or	£29,799 (f)

thereby reducing the original value of the stocks to £89,397 (g) or 51.91 per centum of (a). To the above amount we have to add the value of goods in transit at 'landed cost', as at 27th June, 1953, amounting to £13,340 (h) in order to arrive at the estimated valuation of £102,737 (i) Estimated loss is therefore £ 82,809 (k) being total of (b),(c) and (f).

173. We have increased the "Egli-Frenkoglou" depreciation by 75 per centum in order to give the most conservative market value of the stocks, allowing for all contingencies. We have not devalued the goods in transit because they should have realized at least their landed cost.

174. According to the liquidators' accounts, further purchases to the value of over £20,000, were made by the C.W.E. after the 28th June, 1953. We do not propose to comment on these purchases in this chapter but have referred to them in the chapter on liquidation (vide Chapter 22 Table B).

175. In addition, we have not considered stocks returned by consumer societies after the 27th June, 1953, as these have been taken into consideration under item (3) "consumer societies", and we have also referred to them in Chapter 22 Table B.

(2) Stationery Stocks.

176. A considerable quantity of these stocks was overprinted with the name of the Establishment and we consider that quantity to have no real marketable value:-

Stocks at 27th June, 1953 were	1,416
Estimated to produce	<u>700</u>
Estimated loss	£ 716

(3) Consumer Societies.

177. The question of valuing the debts due by these societies is one of considerable difficulty, and we have given it the most careful consideration. We should like to express our gratitude to the officers of the Department of Co-operation for the assistance they have rendered us in relation to this subject, but despite their good offices we can still only give a very approximate valuation.

178. The movement on the accounts of the consumer societies during the period 28th June, 1953 to December, 1953 is as follows:-

Balance, outstanding at 27th June, 1953	72,241
Sales to societies during period (at delivered total values)	<u>11,222</u>
	83,463
<u>Deduct:</u>	
Cash payments by societies during period	6,359
Credit granted for goods returned during period (at delivered values)	<u>30,965</u>
	<u>37,324</u>
Net outstanding balance	<u><u>£46,139</u></u>

179. It will be noted from the above that, even during the liquidation, goods were supplied on credit to consumer societies. Further, the total value of goods supplied on credit to the societies during the period in question amounted to £11,222 (at delivered value), while the total cash received from the societies during the same period amounted to only £6,359.

180. It is also important to note that the goods returned to the C.W.E. were credited to the societies at delivered prices with the result that the C.W.E. had to bear all losses on them due to deterioration. Thus, although the amounts of the societies' debts were substantially reduced, the C.W.E. lost a considerable amount on the sale of /such

such goods by the liquidators, at prices far below their delivered cost.

181. After taking everything into consideration, we have arrived at the following estimation of the value of the consumer societies' debts as at 27th June, 1953:-

Debit balances of consumer societies	72,241
Estimated to produce	<u>41,000</u>
Estimated loss	<u>£31,241</u>

182. In arriving at this estimation, we have considered the estimated value of the goods returned by consumer societies after the 27th June, 1953, at delivered cost, and have further taken into consideration the £11,222 worth of goods supplied to them as well as the cash payments made by them after that date.

(4) Suppliers' accounts.

183. Suppliers' accounts have never been kept in a satisfactory manner, and in view of the fact that the outstanding balances have not yet been settled, we have considered it advisable to treat £400 of the total balances outstanding as at 27th June, 1953, as being irrecoverable. The position is, therefore, as follows:-

Debit balances of suppliers' accounts as at 27th June, 1953 were	16,943
Estimated to produce	<u>16,543</u>
Estimated loss	<u>£ 400</u>

(5) Outstanding Claims.

184. We have been unable to ascertain to what extent these claims are correct and accordingly we included in our statement of position an estimated loss of £1,066

Claims outstanding at 27th June, 1953	2,666
Estimated to produce	<u>1,600</u>
Estimated loss	<u>£1,066</u>

/(6) Cash and Stock

(6) Cash and Stock Shortages.

185. These amounts have been outstanding for rather a long time and we have no knowledge of any guarantee which could be utilized in respect of such accounts. There is, however, the sum of approximately £131 (being a cash deposit of £100 and approximately £31 in the provident fund of the respective ex-employee) which is immediately available but we have no means of ascertaining whether the liquidators are in a position to recover any other amounts from either debtor.

186. We have, accordingly, valued this asset as hereunder:-

Cash and stock shortages as at 27th June, 1953	2,772
Estimated to produce	<u>131</u>
Estimated loss	<u><u>£2,641</u></u>

(7) Plant, furniture and fittings.

187. Inventories have been produced to us and we have arrived at the undermentioned figures after having taken into account the rate of depreciation which had been previously applied to these items:-

Plant and furniture at depreciated value, as at 27th June, 1953	1,019
Estimated to produce	<u>700</u>
Estimated loss	<u><u>£ 319</u></u>

(8) Prepaid charges.

188. Under this account have been grouped advance payments for motor licences and rent, amounting to £51 and £150, respectively, which cannot be recovered.

189. An amount of £797 is in respect of fire insurance premium paid in advance and, in view of the sale of stocks, a rebate should be obtained from the insurance company. We have, however, not sighted the insurance policy and this matter must be left in the hands of the liquidators. We, consequently, ignored the possibility of a refund from the insurance company and have regarded /the amount

the amount of £998 as a total loss in our statement of position.

Motor Vehicles.

190. There is a considerable difference between the proceeds from the sale of the vehicles sold during the liquidation and the written down book value of those vehicles as at the 27th June, 1953. In view of the fact that we did not have an opportunity of examining the vehicles ourselves we do not consider it proper for us to express any comment.

(9) Staff Debtors.

Staff Trading Accounts and Advances to Staff

191. We have regarded the debts due from the members of the staff as good as collectable, but this, of course, depends on the diligence with which the liquidators pursue these debtors. The total balances on the two accounts are £1,005 and £1,210 respectively.

THE GOLD COAST CO-OPERATIVE WHO I

STATEMENT OF POSITION

AS REGARDS ASSETS

LIABILITIES

	<u>Gross Liabilities</u>		<u>Expected to Bank</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>SHARE CAPITAL</u> (See Below)	<u>11,075</u>	11,075	-	-
<u>ACCOUNT - GOLD COAST GOVT.</u>	<u>100,000</u>	100,000	<u>100,000</u>	100,000
Ident Fund	1,377		1,377	
City Deposits ..	<u>3,010</u>	4,387	<u>3,010</u>	4,387
<u>RS</u>				
Accounts	800		800	
Mer Societies ..	99		99	
do- -do-(Suspense Accounts)	933		-	
ed Charges	<u>121</u>	1,953	<u>121</u>	1,020
<u>AST CO-OPERATIVE BANK</u>				
Overdrafts	222,893		222,893	
Interest & Charges Accrued	<u>1,829</u>	224,722	<u>1,829</u>	224,722

	<u>£342,137</u>		<u>£330,129</u>
--	-----------------	--	-----------------

AS REGARDS

<u>RS ISSUED SHARE CAPITAL</u>		11,075
Deficiency to meet liabilities as above		157,294
		<u>£168,369</u>

THE GOLD COAST CO-OPERATIVE WHOLESALE

(In Liquidation)

(As Submitted by Liquidators)

BALANCE SHEET

AS

£		£	£
	<u>LIABILITIES.</u>		
1,075	<u>MEMBERS' SHARE CAPITAL</u>		11,075
0,000	<u>LOAN ACCOUNT - GOLD COAST GOVERNMENT</u>		100,000
	<u>STAFF.</u>		
1,377	Provident Fund	627	
3,010	Security Deposits	2,270	
-	Medical Fund	1	
-	Imprest Balance	1	
-	Salary, Leave Pay etc. Accrued	<u>552</u>	3,451
	<u>CREDITORS.</u>		
800	Trade Accounts	-	
99	Consumer Societies	-	
933	-Do -do- (Suspense A/c.)	-	
121	Accrued Charges	<u>188</u>	188
	<u>GOLD COAST CO-OPERATIVE BANK.</u>		
22,893	Bank Overdrafts	194,742	
1,829	Bank Interest & Charges Accrued	<u>7,984</u>	202,726

342,137

£317,140

CHAPTER 4 - FINANCIAL ASSISTANCE BY GOVERNMENT TO
THE C. W. E.

192. As has been mentioned in Chapter 2, the financial support given by Government in connection with the C. W. E. was comprised of:-

- (a) a guarantee of the overdraft of the Co-operative Bank's account with the Bank of British West Africa for £100,000 made in October, 1948, (vide appendix II, attachment 'K');
- (b) a guarantee of the overdraft of the Co-operative Bank's account with the C. W. S. in the United Kingdom for £50,000 in December, 1948, (vide appendix II, attachment 'N');
- (c) a guarantee of the overdraft of the Co-operative Bank's account with the Bank of British West Africa for £200,000 replacing the guarantee referred to in sub-paragraph (a) above. This guarantee was reduced to legal form in June, 1949, (vide appendix II, attachment 'X');
- (d) a payment of £100,000 to the Co-operative Bank in March, 1952, for the purpose of financing the C. W. E. (vide Chapter 2, paragraphs 108/110);
- (e) a payment of £3,750 to the Co-operative Bank in April, 1952, to cover interest on £100,000 (under sub-paragraph (d) above) in respect of the period 1st April, 1951 to 31st March, 1952 (vide Chapter 2, paragraph III), and
- (f) the payment of certain officers' salaries and of certain audit expenses.

/ The £50,000

The £50,000 guarantee:

193. We consider that it was irregular for the guarantee for £50,000 to have been given to the Co-operative Wholesale Society Bank in December, 1948, as approval had only been given for guarantees to be made in the United Kingdom and the Gold Coast to a total of £100,000.

194. In our opinion, this irregularity was due:

- (a) to the misleading letter written by Mr. Hewson on the 15th December, 1948 (vide appendix II attachment 'M') and
- (b) to the regrettable lack of care on the part of the Finance Branch of the Secretariat in not making a proper check as to what authorisation had been given and as to whether any guarantees had already been effected.

195. We consider that Mr. Hewson should have clearly mentioned in his letter that although the Standing Finance Committee had originally authorised a guarantee of £50,000 to the C. W. S. Bank (vide Chapter 2, paragraph 43), this approval had been modified by the Governor's later approval, which was confirmed by the Standing Finance Committee in November, 1948, authorising the increase of the total of approved guarantees from £50,000 to £100,000 for use in the United Kingdom and the Gold Coast. Mr. Hewson should, in our opinion, have referred to the fact that the overdraft of the Co-operative Bank with the Bank of British West Africa had already been guaranteed to the

/ extent of

extent of £100,000 the total amount authorised by Government.

196. With regard to the Finance Branch of the Secretariat, we consider that the Financial Secretary, Mr. Armitage, who signed the letter of guarantee, ought to have known of the existence of the £100,000 guarantee to the Bank of British West Africa and must have remembered the decision of the Standing Finance Committee in November, 1948, as it was he who referred to the matter in that Committee. It is unfortunate that we have not had an opportunity of questioning Mr. Armitage and of giving him an opportunity of rendering an explanation.

197. Apart from Mr. Armitage, we consider that the Staff of the Finance Branch of the Secretariat who dealt with the C. W. S. guarantee cannot be held blameless. We do not feel that the fact that there were two files dealing with guarantees is sufficient excuse. Government officers who handle public funds should, before incurring any expenditure, or the possibility of any expenditure, against such funds, ensure, that proper approval has been given and that they are acting in accordance with such approval.

The £200,000 Guarantee

198. We are not satisfied with what took place in connection with the increase of the guarantee of the Co-operative Bank's overdraft with the Bank of British West Africa from £100,000 to £200,000.

/ We consider:

199. We consider:

- (a) that Mr. Hewson in his letter of the 18th January, 1949 (vide appendix II attachment 'O') failed to put the full facts before the Secretariat, and
- (b) that the Finance Branch of the Secretariat-
 - (i) failed to make adequate enquiries to ascertain if the increased guarantee was justified,
 - (ii) failed to make adequate researches into the previous histories of the guarantees, and
 - (iii) failed to present in the memorandum circulated to members of the Standing Finance Committee a true picture of the facts relating to the guarantees already existing in connection with the C. W. E.

200 We are of the opinion that Mr. Hewson should have made it clear to the Colonial Secretary that the position as regards the organisation, staff and skill of the C. W. E. had not changed materially from the position referred to in his letter of the 20th October, 1948 (vide appendix II, attachment 'J').

201. We also consider that Mr. Hewson should have reminded the Colonial Secretary of the understanding that he, Mr. Hewson, gave in his October letter namely, that the total overdraft in the United Kingdom and the Gold Coast should not exceed £100,000. This undertaking was not withdrawn by Mr. Hewson in his letter of the 15th December, 1948. (vide appendix II, attachment 'M').

/ We are of the

202. We are of the opinion that Mr. Hewson, by phrasing the letter as he did, misled the Colonial Secretary by inferring that approval had been given not only for guarantees to be made to a total of £150,000 but also that the C. W. E. could probably overdraw up to that amount.

203. We are further of the opinion that Mr. Hewson should have given some indication as to when he expected the membership of the consumer societies to reach 35,000 and as to when he expected the average spending capacity of each member would reach £2. 10s. 0d. per month. This was material in view of the fact that at the end of March, 1949, the total number of members was 4,849 who had spent an average of $3/4\frac{1}{2}$ per month per member in consumer stores.

204. Mr. Millar-Craig informed us that the Finance Branch of the Secretariat made no investigation to ascertain whether or not the increased guarantee was justified because that branch accepted the recommendations of Mr. Hewson and because Government's policy was to support the co-operative consumer movement. We do not consider that this attitude was correct.

205. In our opinion, the Finance Branch should have enquired as to whether the proposed increase was justified, since that was, to our mind, part of the duties of that branch of the Secretariat.

/ Mr. Millar-Craig

206. Mr. Millar-Craig admitted that if the Finance Branch of the Secretariat had used due diligence it would have been possible for them to have discovered that the previous guarantees authorized by the Finance Committee only amounted to £100,000 and not to £150,000. We find no excuse for negligence displayed by the officers concerned in the performance of their duties.

207. Mr. Millar-Craig has also admitted that it would have been advantageous if the memorandum to the Standing Finance Committee had been expressed in fuller terms. We consider that this is an understatement. In our opinion, the members of the Standing Finance Committee were misled by the wording of the memorandum.

Did Government guarantee the C. W. E.'s overdraft with the Co-operative Bank?

208. Mr. Hewson has suggested that it was Government's intention to guarantee the overdraft of the C. W. E. with the Co-operative Bank as he considered that the Bank was synonymous with Government and merely acted as a "conduit pipe".

We find no evidence apart from certain correspondence written by Mr. Hewson himself to support this view. There is no evidence to show that Government ever intended to give such a guarantee and,
/ in our opinion,

in our opinion, no such guarantee was, in fact, ever given. Mr. Hewson may have led the Co-operative Bank to believe that such a guarantee had been given but, if he did so, it would appear that Mr. Hewson was acting in excess of authority. Mr. Ntim, Secretary of the Bank, contended that there was a "gentlemen's agreement" between Government and the Bank but it appears to us that such an agreement, if it existed at all only existed as a result of Mr. Hewson's unauthorised acts.

The £100,000 payment:

209. We are not satisfied with the manner in which the matter concerning the payment of the £100,000 to the Co-operative Bank was handled. Sir Cecil Trevor recommended that an interest-free revolving credit should be granted to the C. W. E. and that the credit should be made available until the C. W. E. could stand on its own feet and, in any case, for a period of not more than five years. The memorandum circulated to the Standing Finance Committee recommended that the C. W. E. should be granted an interest free credit of £100,000 for a period of not more than five years, (vide appendix II, attachment '00').

210. The Standing Finance Committee approved a grant of an interest free credit of £100,000 to the Co-operative Bank for the purpose of financing the C. W. E. (vide appendix II, attachment '00').

211. We have noted that both the memorandum and the draft minutes were placed before the Standing Finance Committee at the same time. It seems strange

/to us that

to us that no one discovered the difference between the two documents. A payment voucher (vide appendix II, attachment "PP") was made out to the Co-operative Bank in similar terms to those expressed in the minutes of the Standing Finance Committee. This payment was treated by the Accountant General's Department as a grant not as a loan. No entry was made in the loans register. The accounts of the Gold Coast were audited by the Audit Department and passed by the Public Accounts Committee without query. The Co-operative Bank treated the £100,000 as a direct loan to the C. W. E., and so did the Department of Co-operation and the Ministry of Labour. In considering whether the £100,000 was a grant or a loan, we noted that the payment voucher (vide appendix II, attachment "SS") referred to the £3,750 (representing interest at the rate of $3\frac{3}{4}$ per centum on £100,000 from the 1st April, 1951, to the 31st March, 1952) as a "further grant to the Co-operative Bank". We have noted that, although both amounts were payable from the funds voted for the Ministry of Commerce, Industry and Mines, the payment vouchers were signed by an officer of the Ministry of Education and Social Welfare. We have also noted that, although the second payment voucher was made payable to the Co-operative Bank, it was signed by Mr. Obuobi of the C. W. E. These actions appear to us to be irregular.

212. We have been faced with the problem of deciding whether the payment of the £100,000 was a grant or a loan and if it was a

/ grant whether it

grant whether it was a grant to the Co-operative Bank or to the C. W. E. and, if it was a loan, by whom it would be repayable to Government. To make matters worse, no legal documents were drawn up by, or on behalf of, Government in respect of the payment.

213. We called before us a number of senior Government officers to try and clarify the positions but we were dismayed to find that there was considerable lack of agreement between those officers.

We have, however, come to the conclusion that Government intended to lend this £100,000 direct to the C. W. E.

214. Mr. Millar-Craig admitted that the Ministry of Finance must accept responsibility for the confusion in the handling of this matter, but we consider that the Ministry of Education and Social Welfare should also be blamed. In our opinion, the person who issued the payment voucher and the Registrar of Co-operative Societies should have made sure that proper legal documents were prepared before payment of the moneys was effected. We also consider it unusual that a payment voucher for £100,000 should have been signed by a Senior Executive Officer. We would have thought that this was a matter for the signature of a much more senior official.

215. We fail to understand why, in view of the minutes of the Standing Finance Committee, neither the Audit Department nor the Public Accounts Committee queried the manner in which the £100,000 had been treated in the Government Accounts.

/We consider

216. We consider it deplorable that the persons concerned with the authorisation and payment of the £100,000 did not exercise greater care and vigilance in a matter which involved such a substantial amount of public money.

PART III TRADING METHODS (EXCLUDING THE LIQUIDATION.)

CHAPTER 5 - MANAGEMENT AND PERSONNEL.

(a) Management and Managing Secretary.

217. The constitution, objects and regulations of the C. W. E. are set out in their Bye-laws (vide appendix II, attachment "D").

218. The supreme authority of the C. W. E. was the General Meeting of its members which consisted of the consumer societies and the former Gold Coast Co-operative Federation * which represented the non-consumer societies who purchased goods from the C. W. E. The members of the C. W. E. were represented at the General Meetings by delegates who had voting rights as set out in bye-law 20.

219. Bye-law 17 lays down that Annual General Meetings "shall be held annually as soon after the annual audit as may be found practicable and General Meetings at such other times as the Committee (meaning the Management Committee) may decide".

220. Although the General Meeting was the supreme authority of the C. W. E., the body responsible for the actual control of the Establishment was the Committee of Management (hereinafter referred to as the "Management Committee") which consisted of the President, Vice-President, Treasurer and at least two other Committee Members.

221. The powers and responsibilities of the Committee are set out in bye-law 27. We have noted that the bye-law states that "in the conduct of the affairs of the Establishment the Committee shall exercise the prudence and diligence of ordinary men of business, and shall be responsible for any loss sustained through any wilful acts contrary to the Ordinance, the Regulations and these Bye-laws".

* The voting power of the former Federation was taken over by the Marketing Association when the former Federation was dissolved.

222. The Management Committee of the C. W. E. was empowered by bye-law 24 to appoint an Executive Committee and to delegate to that committee powers to make decisions, reports and recommendations.

223. The Management Committee had also power under bye-law 25 to appoint sub-committees " to sit on any specific subject as previously determined by the Committee and to present to the Committee the proceedings, reports and recommendations of the Sub-Committee". It is important to note that the Bye-laws do not empower a sub-committee to make decisions. The most important sub-committees appointed under the bye-law were the Stock, Prices and Orders Sub-Committee and the Finance Committee. Byelaw 22 requires the President, Vice-President, Treasurer and Management Committee to be elected annually at a General Meeting. It is of interest to note that the above mentioned bye-law makes the Treasurer responsible for the safe custody and application of the funds of the C. W. E. We fail to understand how any person of sound mind and understanding could ever have accepted such a responsibility in a concern like the C. W. E.

224. The senior employee of the C. W. E. was the Managing Secretary whose duties are set out in bye-law 29. We have carefully examined these duties and are satisfied that, in theory, the Managing Secretary was no more than a senior administrative officer and that his duties were analogous to those of a Secretary in a Limited Company. In theory, therefore, the only bodies, apart from the General Meeting, authorised to take any executive decisions of any importance were the Management Committee and, to a lesser extent, the Executive Committee. The Management Committee however met very infrequently, especially in the 1948 - 50 period, and even when meetings
/were held

were held they do not seem to have been well attended. The intervals between meetings varied between one and eight months. The Executive Committee met more frequently at intervals of from two to eight weeks.

The meetings were attended by one or more senior officers of the Department of Co-operation including, in most cases, the Registrar or Deputy Registrar.

225. No member of either Committee or any officer of the Department of Co-operation, with the possible exception of Mr. Alema, had any knowledge of wholesale trading in West Africa.

226. As a result of this, the Management of the C. W. E. had to reply on someone to guide them in their endeavours and they put their trust in Mr. Alema who was their Managing Secretary from 1948 - 50, and their Trade Adviser from 1950 - 53.

227. We are satisfied that Mr. Alema's knowledge of wholesale trading was very limited and that his prior experience of wholesale trading on a large scale was non-existent.

228. It is quite apparent that between 1948 and 1950, despite the Bye-laws, Mr. Alema was the controlling power in the C. W. E. We have no doubt that in fact his position was analogous to that of a Managing Director in a limited company, and that "when he piped, the members of the Committees danced to his tune".

229. After Mr. Alema was recalled to the Department of Co-operation the factual control of the C. W. E. underwent a change. Mr. Alema's successor, Mr. Obuobi had no previous trading experience, and the Stocks, Prices and orders Sub-Committee was set up to control stocks, prices and the indenting policy of the C. W. E. This sub-committee was required to take decisions on

/these matters

these matters but we are satisfied that it had no legal authority to make such decisions in view of the wording of bye-law 25.

230. If the Management Committee did not wish to perform these duties themselves the only body to which they had power to delegate such duties under the Bye-laws was the Executive Committee. If the C. W. E. had wished to alter its Bye-laws it could have done so by a resolution passed at a General Meeting, provided that such alteration was registered by the Registrar. We are satisfied that no such action was ever taken.

231. We have, accordingly, no alternative but to express the opinion that all orders authorised by the Stocks, Prices and Orders Sub-Committee, and all other decisions made by them were ultra vires the Bye-laws.

232. Mr. Obuobi has pleaded the provisions of bye-law 29 and submitted that he was only an administrative officer. We are satisfied that, in fact Mr. Obuobi acted as an Executive Officer. A perusal of the Minute Books of the C. W. E. places this issue beyond all reasonable doubt.

233. We are also satisfied that although Mr. Alema was no longer an employee of the C. W. E. after July, 1950, he was still, nevertheless, the "power behind the throne"

234. In December, 1952, Mr. Mercer assumed duties as Managing Director of the C. W. E. As we have previously stated in Chapter 2, the Bye-laws were not amended and Mr. Mercer's legal powers must, in our opinion, be construed as the powers conferred on the Managing Secretary by bye-law 29. We are satisfied that once he found his feet Mr. Mercer ignored the legal management of the Establishment and usurped dictatorial powers.

/We would like

235. We would like to make it quite clear that in considering the question of the Management of the C. W. E., we have appreciated the fact that it was a co-operative society and as such it should have been run by the members for their benefit. Nevertheless, we are equally satisfied that the Bye-laws should have given a reasonable amount of executive responsibility to their Senior employee as he obviously had to be responsible for the day to day management of the affairs of the C. W. E. In our opinion, there is nothing in this proposition which contravenes co-operative principles. The Lambert Shearer Report recommended that the C. W. E. should have an experienced business man as its Manager.

(b) Personnel

236. There is a Naval saying that "an efficient ship is a happy ship and a happy ship is an efficient ship". We are satisfied that this maxim applies equally to the commercial world.

237. We are convinced that the C. W. E. was never an efficient organisation nor a happy organisation.

238. It is quite impossible to have an efficient organisation if most of the staff is constantly being changed and either dismissed or switched to different posts. The C. W. E. suffered throughout its existence from the disease of "changing faces". In the majority of the posts there was no continuity. The worst example of this lack of continuity was in the accounting side where during the first 18 months four different accountants succeeded each other. Cashiers did not last much longer than accountants and at least two of these left under most suspicious circumstances. It has been impossible, owing to the lack of /proper entries in the

proper entries in the personnel files, to trace the movement of the majority of the members of the C. W. E. staff in their travels through the various departments of the C. W. E., and the data given in appendix II attachment "Y" is based on the meagre information existing in the files of the persons concerned. We are, however, satisfied that in few of the other posts was there any greater security of tenure than in the posts of accountant and cashier.

239. The keeping of accurate personnel files was one of the responsibilities of the Managing Secretary, vide bye-law 29 (1).

240. Apart from its senior executive officer and its senior accountant, an efficient organization requires a nucleus of experienced personnel to manage the various departments and to assist in training new recruits. The C. W. E. never engaged such experienced personnel and they failed to train and maintain efficient departmental managers and assistants.

241. In our opinion, this was due to the fact that there was no one in the C. W. E. (at any rate up to December, 1952) capable of training anyone to become an efficient departmental manager. It was definitely a case of "the blind leading the blind" and, unfortunately, the ignorance of the Management made it only too easy for the less scrupulous members of the staff to carry out malpractices to the detriment of the Establishment.

242. The number of persons employed by the C. W. E. bore no relation to the turnover of the Establishment and we are satisfied that, if efficient personnel had been employed, the number of employees could have been drastically reduced.

243. The engagement of personnel apart from the employment of a Managing Secretary, was at the discretion of the Management Committee, a power which they could delegate /to the Executive

to the Executive Committee. We are satisfied from all the evidence adduced before us that in far too many cases the engagement of personnel was based on a "jobs for the boys" policy rather than on a policy of what was best for the C. W. E. In certain cases posts were advertised in the press but, despite the fact that a number of eligible people answered, these applicants appear to have been turned down in favour of persons already known to the Management. To quote only two examples of the policy we have mentioned above, there is the case of "the brothers Kumi" and the case of "Sonny Chapman" and "Father Chapman". The facts surrounding Mr. Chapman senior's appointment have already been dealt with in Chapter 2, as have been the recommendations in the Lambert Shearer report relating to the appointment of a Manager and Secretary-Accountant.

244. We need only state here that if the Lambert Shearer recommendations had been followed we have no doubt at all that the staff difficulties of the C. W. E. would have been considerably reduced.

245. With experienced men at the top, it is not a very difficult task to train efficient assistants who could, in a reasonable time, take over from the persons who had taught them.

246. We are of the opinion, that, in 1950, the then Government should have required the C. W. E. to recruit a competent Manager and a competent Secretary-Accountant. If the C. W. E. had failed to comply with these requirements Government could always have withdrawn its assistance from the Establishment.

CHAPTER 6 - GENERAL TRADING METHODS.

(a) Employment of Capital

247. Particulars of Government's financial assistance to the C.W.E. have been set out in paragraph 192, Chapter 4 of the report.

248. We have compiled 3 tables of statistics of which Table A is an analysis of capital and trading results, Table B is an analysis of trading expenses and Table C is an analysis showing the performance of consumer societies in relation to C.W.E. stocks and purchases. We have inserted these tables in the body of our report rather than in an appendix because we consider them to be an integral part of the report itself.

249. We are satisfied that from its commencement the C.W.E. was over-capitalized. In our opinion, the rational method of capitalization would have been for the C.W.E. to acquire funds sufficient to provide for (i) normal capital expenditure such as the purchase of rolling stock and other equipment; (ii) normal day to day expenditure and (iii) goods sufficient to meet the needs of its member societies, plus a further amount to provide for reserve stock to cover the time lag in obtaining supplies from overseas and the anticipated expansion of the consumer movement. In addition to the above a small reserve capital should have been set aside for unforeseen circumstances.

250. The capital of the C.W.E. consisted of (i) share capital invested by member societies, (ii) moneys borrowed from the Co-operative Bank, and (iii) the sum of £100,000 credited to the C.W.E. by the Co-operative Bank. This £100,000, as we have previously stated, was lent by the Gold Coast Government to the Co-operative

Bank, in March, 1952, for the purpose of financing the

\ C.W.E.

251. We are satisfied that the capital acquired by the C.W.E. for the purpose of financing their ordering policy was completely unrealistic.

252. We are of the opinion that Mr. Hewson's statement in his letter of the 18th January, 1949 (vide appendix 11 attachment "O") stated that he hoped that the C.W.E. would turn over "£80,000 of goods a month estimating on 35,000 members spending £1,050,000 in the year (£2. 10. 0. average per month) for themselves and their dependents" was a mere "pipe-dream" and not based on any logical premises. In this connection, we would again point out that at the end of March, 1949, there were 27 consumer societies with a total membership of 4,849 and that the total of goods sold by consumer societies during the 1948-49 period amounted to £9,800, an average monthly purchase by each member of $3/4\frac{1}{2}d$. We have taken into consideration that, during the 1948-49 year, purchases of goods were made from the Federation by members of marketing societies, but we are satisfied that the total annual purchases made by members of all co-operative societies through the co-operative movement during this period did not amount to £50,000. We fail to see how, in so short a time, the Establishment could hope to increase the member's purchasing potential by 20 times. Yet, this apparently is what Mr. Hewson and Mr. Alema had hoped to do. They did not appreciate the fact that democratic organizations do not lend themselves to rapid development planned from outside. This very point was emphasized by Messrs. Lambert and Shearer in their report.

253. As a result of the fantastic optimism of Messrs. Hewson and Alema, the C.W.E. had by April, 1949,

/a potential
(over, Tables A.B.C.)

ANALYSIS OF CAPITAL AND TRADING RESULTS

	18 months to <u>31.3.1950</u> £	12 months to <u>31.3.1951</u> £	15 months to <u>28.6.1952</u> £	12 months to <u>27.6.1953</u> £
Overdrafts & loan	(a) 250,000	250,000	350,000	350,000
Sharecapital of members	(b) 2,800	6,000	10,500	11,000
<u>Total CAPITAL</u>	(c) <u>£252,800</u>	<u>£256,000</u>	<u>£360,500</u>	<u>£361,000</u>
Percentage of:				
Borrowed capital	(a) 98.9%	97.7%	97 %	97 %
Share capital	(b) 1.1%	2.3%	3 %	3 %
	(c) <u>100.0%</u>	<u>100.0%</u>	<u>100 %</u>	<u>100 %</u>
Pro Memo: actual overdrafts with Bank, incldg loan but excldg amounts reserved agst. irrevocable docu- mentary credits)	(£244,400)	(£190,100)	(£331,000)	(£295,000)
<u>IMPORTS</u> (in store CWE) and local purchases:	(d) <u>£362,500</u>	<u>£109,400</u>	<u>£283,400</u>	<u>£152,600</u>
<u>SALES</u> at SELLING:	(e) 217,500	171,500	220,100	182,200
COST:	(f) <u>204,000</u>	<u>150,400</u>	<u>201,200</u>	<u>177,200</u>
<u>SALES PROFIT</u> (or margin)	(g) <u>£ 13,500</u>	<u>£ 21,100</u>	<u>£ 18,900</u>	<u>£ 5,000</u>
<u>SALES PROFIT</u> (g) in re- lation to				
<u>SALES</u> at SELLING:	(e) 6.20 %	12.30 %	8.58 %	2.74 %
COST:	(f) 6.61 %	14.03 %	9.39 %	2.93 %
<u>STOCKS</u> : in CWE (approx) in Societies Stores (approx).	(h) 158,600	115,100	215,900	187,000
	(i) <u>70,000</u>	<u>71,800</u>	<u>70,000</u>	<u>70,000</u>
<u>Total STOCKS</u>	(k) <u>£228,600</u>	<u>£186,900</u>	<u>£285,900</u>	<u>£257,000</u>
<u>GROSS PROFIT TRADING</u> :	(l) 14,871	22,004	21,992	7,920
<u>EXPENSES</u> :	(m) <u>20,140</u>	<u>24,397</u>	<u>41,738</u>	<u>29,625</u>
<u>NET LOSS</u> (excluding deprec- iation on 'aged' goods and provisions for bad debts)	(n) <u>£ 5,269</u>	<u>£ 2,393</u>	<u>£ 19,746</u>	<u>£ 21,705</u>
<u>CAPITAL</u> (c) in relation to	1.43	0.43	0.79	0.42
<u>IMPORTS</u> (d) turned over:	times	times	times	times
<u>SALES</u> at COST (f) in relation to CAPITAL (c) turned over:	0.81 times	0.59 times	0.56# times	0.49 times
<u>SALES</u> at COST (f) in relation to STOCKS (k) turned over:	0.9 times	0.8 times	0.7 times	0.7 times
<u>GROSS PROFIT TRADING</u> (l) in relation to CAPITAL (c)	5.88 %	8.59 %	6.1 %	2.2 %

The £100,000 loan was only paid over 3 months before the end of this period.

TABLE "B"

TRADING EXPENSES

<u>Heading:</u>	18 mths	12 mths	15 mths	12mths
	to 31 March 1950	to 31 March 1951	to 28 June 1952	to 27 June 1953
<u>1) Management & Personnel:</u>	£	£	£	£
(a) Managing Director	-	-	-	1,727
(b) Salaries & Wages: others	4,071	6,263	9,675	8,447
(c) Committee Expenses	28	607	565	214
(d) Staff Travelling & Transport	-	512	537	469
(e) Contribution to Prov.Fd.	62	202	326	223
(f) Interest on Prov.Fd.	-	-	28	37
(g) Medical expenses	-	-	26	-
	<u>£4,161</u>	<u>£7,584</u>	<u>£11,157</u>	<u>£11,117</u>
2) Rents and Rates	1,226	1,373	1,365	1,030
3) Insurances (Fire etc.)	836	696	1,561	1,249
4) Carriage & Transport	2,635	3,551	4,734	2,624
5) Motor Running Expenses	-	474	4,876	-
6) Stationery, Prtg. Subs. } Advt.s.	71	588	795	548
7) Lloyds surveys	26	-	55	193
8) Repairs & Maintenance	18	108	881	539
9) Postage, Telegr. Tel. cables	152	262	510	292
10) Electricity & Water	-	-	-	114
11) Sundry items:				
(a) Breakages & Pilferage	-	-	678	-
(b) Discounts allowed	-	-	855	-
(c) Samples	-	-	15	-
(d) Leakages allowance	-	-	50	-
(e) Grant to Co-op Federation	-	-	50	-
(f) Overseas Agency Charges	-	-	27	-
(g) Audit Charges	315	-	-	-
(h) Miscellaneous	275	161	183	165
12) Depreciations:				
(a) On Motor vehicles	-	363	1,166	986
(b) On Plant & Furniture	-	-	146	113
13) Bank charges & interest:	10,425	9,237	12,634	10,655
	<u>£20,140</u>	<u>£24,397</u>	<u>£41,738</u>	<u>£29,625</u>

Percentage of Total Expenses:

Management & Personnel:	20.6	31.1	26.5	37.5
Bank interest & Charges	51.8	37.9	30.3	36.0
other expenses	27.6	31.0	43.2	26.5
	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>	<u>100.00</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>

<u>EXPENSES</u> in relation to				
<u>SALES:</u> at selling:	9.3	14.2	19.0	16.3
at cost:	9.9	16.2	20.7	16.7

<u>EXPENSES</u> in relation to				
<u>SALES PROFIT:</u>	148	115	221	584

<u>EXPENSES</u> in relation to				
<u>GROSS PROFIT TRADING:</u>	135	111	190	375

T A B L E "C"

DIAGRAM showing:- CONSUMER SOCIETIES PERFORMANCE IN RELATION TO C.W.E. STOCKS AND C.W.E. IMPORTS.

Year to:	Number of Consumer Societies	Total member-ship	Approximate Turnover Cons.Soc.	Approximate Sales per member per month	Approximate Stocks in:-			Imports & local purch.by C.W.E.	Indents by C.W.E.	
					Societies	C.W.E.	Total			
March 1948	16	3,716	£ 7,000 ⁽³⁾	0/8 ³ / ₄ d	£ 1,150	£ -	£ 1,150	£ (4) -	£ -	Total to: 1949
1949	27	4,849	9,800	3/4 ¹ / ₂ d	2,100	no records	-	(4) -	226,000	Total to: 1950
1950	29	10,614	80,900	12/8d	70,000	158,600	228,600	362,500	363,500	
1951 June	36 ⁽¹⁾	12,830	187,500	24/4 ¹ / ₄ d	71,800	115,100	186,800	109,400		
1952	39 ⁽²⁾	13,805	238,800	23/0 ³ / ₄ d	70,000	215,900	285,900	283,400		

(1) of which 5 moribund

(2) of which 9 defunct

(3) plus about £40,000 sold by Marketing Assosiation

(4) Separate figures for these periods not available included in 1950.

a potential capital of one quarter of a million pounds, excluding share capital. By that time, they had committed themselves to the expenditure of well over £200,000 for stocks.

254. Even in 1950, when it must have become obvious that the C.W.E. was over-capitalized, no attempt was ever made to reduce the capital by selling to the general public, stocks surplus to immediate requirements.

255. Worse still in 1952, when the C.W.E. received the loan of £100,000, they employed it in making further imports instead of using it to reduce their overdraft on which they had been paying nearly £10,000 in interest annually.

256. It will be seen from Table A that in 1950, the share capital of member societies amounted to only 1.1 per centum of the total capital, and never throughout the history of the C.W.E. did share capital exceed 3 per centum of the total capital. In this, lies one of the major causes of the C.W.E.'s failure. It is quite clear that a person is very much more careful, where his own money is involved than when he is working on borrowed capital.

257. The total sales of consumer societies never exceeded £200,000 per annum. We are satisfied that an ordinary commercial firm could have run an organization with such a turnover on a capital of little more than £50,000. We have noted that in his letter of the 18th January, 1949, (vide appendix 11 attachment "O") Mr. Hewson stated that "in a concern turning over £80,000 per month, a sum of three times that is reckoned as essential to allow for forward orders, goods in transit, any goods in Coast warehouse and retail store". In other words, he considers that the minimum capital required was 25 per centum of the annual turnover - a reasonable

assumption. We are of the opinion, that even with all the disadvantages of an embryo co-operative society with limited outlets, the C.W.E. could have operated on a capital of well under £100,000. It is of importance to note that the C.W.E. had several advantages which commercial firms lacked e.g. (i) it did not have to pay income tax, (ii) it had the salaries of certain of its employees and most of its audit expenses paid by Government, and (iii) Government leased the Airport premises to the C.W.E. at only a low rent.

258. The sales at cost in relation to the borrowed and share capital employed (for the sake of comparison total overdrafts are used) reveal that during the first period of 18 months, the capital was turned over 0.81 times (an average of 0.54 times per annum). During the second period of twelve months, it was turned over 0.59 times, during the third period of 15 months, it was turned over 0.56 times * (an average of 0.45 times per annum) and during the fourth period ending 27th June, 1953, it was turned over 0.49 times.

259. The gross profit trading (as opposed to the sales profit) of the C.W.E., in relation to its capital employed, was 5.88 per centum for the first 18 months (an average of 3.92 per centum per annum), 8.59 per centum for the second 12 months period, 6.1 per centum for the third 15 months period (an average of 4.88 per centum per annum) and 2.2 per centum for the last 12 months period ending 27th June, 1953.

(b) Ordering Policy

260. We are satisfied that the main reason for the C.W.E.'s downfall was its ordering policy. In his letter of the 20th October, 1948, (vide appendix II attachment "J") Mr. Hewson wrote as follows:-

"I do not consider that at this stage, with only

* The £100,000 was only paid over by Government in March 1952.

a rudimentary organization and a shortage of staff and skill, it would be advisable to allow drawings for the Wholesale to exceed the £100,000 mark. As, and if, capital investment comes from the people then the situation can be reconsidered. If the cover asked for £100,000 be c) granted then it will be my duty to see that this total overdrawings at the Bank of British West Africa, Accra and c) the C.W.S. London at any time did not together exceed this figure."

261. Within three months of writing that letter, and without there having been any substantial capital investment made by the people, and while still only having a rudimentary organization and an unskilled staff, Mr. Hewson wrote to the Colonial Secretary (vide appendix II attachment "C" referred to ante) requesting an increased guarantee which would enable the C.W.E.'s indenting policy to be in line with a sales potential of no less than £1,050,000 per annum. We are satisfied that the initial ordering policy was carried out without any proper plan having been drawn up. Mr. Alema suggested that he drew up such a plan but it was never produced before us. From 1950 two separate records were kept by the C.W.E. (i) an order book for overseas purchases, and (ii) an order book for local purchases. These records simply stated the following details:-

- (i) date of indent;
- (ii) supplier;
- (iii) total cost (f.o.b. or c.i.f. in the case of overseas ordering);
- (iv) total cost of past order if any;
- (v) unit cost of past order;
- (vi) commission (in the case of overseas orders); and
- (vii) comments of Managing Secretary.

262. These entries were supposed to be initialled by the Managing Secretary, two members of the Stocks, Prices and

/Orders

Orders Sub-Committee and by the Deputy Registrar (Consumers), Mr. Alema. The C.W.E. did not maintain any records to show by class, sub-class and, in the case of staple goods, by item, on what kind of estimate such indents were based; nor did the C.W.E. have any system of indenting control which would have shown at a glance the value of outstanding indents grouped according to classes and sub-classes; nor did the C.W.E. make any monthly recapitulation of all its indents compared with actual stocks on hand, goods in transit and actual sales. In our opinion, the records mentioned in this paragraph are essential for the efficient running of a wholesale concern. In the case of the C.W.E. we consider that "actual sales" should have been the sales made by the consumer stores, and the "actual stocks" should have included the stocks in the consumer stores, in view of the fact that these stores were so excessively overstocked with goods supplied on credit by the C.W.E.

263. No attempt seems ever to have been made by the C.W.E. to produce any proper kind of "sales budget" based on potential forward sales in consumer stores in relation to the total membership of the consumer societies and the average purchasing power of each member. We consider that such a sales budget, shaped to cover the needs of consumer societies was a fundamental necessity. The subject of the C.W.E.'s policy in relation to the needs of consumer societies will be dealt with in greater detail later in this Part.

264. As a result of the ordering policy of the C.W.E. during the first 18 months of its existence, a total of £362,500 worth of goods was purchased abroad and locally, but a total of only £204,000 worth of goods was sold during this period to consumer societies. This figure of £204,000 was only achieved by granting large

credit limits to consumer societies. At the end of March, 1950, approximately £70,000 worth of stocks were held in consumer stores. In other words, out of the £362,500 worth of goods purchased during that period, only goods to the total value of £134,000 went into the consumers' hands, while a total of £228,500 worth of consumer stocks was left in the C.W.E. warehouses and in consumer societies' stores.

265. A lot of emphasis has been placed on the fact that the goods (to a book value of £43,750) taken over from the Federation were purchases at too high a price (book value less 4 per centum). While we consider that the goods should have been valued by independent persons, we do not consider that all the goods were in as bad a state as Mr. Alema alleged. For instance, £17,000 worth of these stocks was in tobacco, which, we are satisfied, the C.W.E. sold at a profit. In any case these goods amounted to less than 1/8th of the total goods purchased during the 1948-50 period.

266. We are satisfied that Mr. Alema in his ordering policy concentrated on the purchase of large quantities of goods which were in short supply in the Gold Coast, for example, textiles, flour, corned beef, cement, sardines, sugar, milk and tea, all of which, at one time or another, commanded a "black market" price. The quantities of these goods purchased were out of all proportion to the requirements of the consumer societies and we have noted that large quantities of these commodities filled the various wholesales at the time of the liquidation. If the persons concerned in the C.W.E. had any plan when placing these orders it must have been with a view to selling them to sources other than to consumer societies. This policy of ordering excessive quantities of goods was not, however, restricted to commodities in short supply.

The overstocks in enamelled holloware and aluminium ware, for example, held by the C.W.E., confirm this.

267. We have noticed also that purchases were made of goods like fine Japanese China which did not appear to us to be lines which would sell well on the consumer societies' market.

268. We have further noted that in many cases repeat orders were placed for goods when the stocks on hand of the same or similar lines did not justify such orders. Two examples of this were an order for putty drill from J. Pollitt & Son Ltd. and one for helmets from Mr. Blagocie. In regard to the former, the C.W.E. ordered approximately 50,000 yds. of putty drill at 58/- per piece of 12 yds. (landed cost) from Messrs J. Pollitt & Son Ltd. in September 1951. In June, 1952, while the C.W.E. still had stocks of this drill to the extent of approximately 42,000 yds. (24 months stock at the then rate of selling), a further order was placed for another 30,000 yds. at 41/10¹/₂d. per piece of 12 yds. (landed cost). The reason given for this policy was that it was a "special offer by Messrs. J. Pollitt to help us reduce the price of our present holdings". Whatever the real reason for this order was, the selling price of the original holdings was never reduced before or after the second supply had arrived. As a matter of fact, none of the second supply was sold until after the end of the fourth and final financial period of the C.W.E. As regards the second example, orders of helmets were placed with Mr. Blagocie when there were in the C.W.E. warehouses adequate stocks of this commodity to meet all foreseeable requirements. The only gainers by these orders were the rats and mice for which the helmets made excellent food and nesting places.

269. If only the Management of the C.W.E. had attempted

to clear its old stocks before indenting for fresh supplies, the position of the Establishment would have been very much better today.

(c) Stocks and Stock Control:-

270. In the initial period, the stocks of the C.W.E. were kept in various stores in and around the commercial area of Accra. The goods in these stores were stored so badly as to make proper stocktaking impossible. This state of affairs was adversely commented upon by Messrs. Lambert and Shearer in their report. One of the principal reasons for the bad storage of goods was the fact that they were purchased by the C.W.E. before adequate arrangements had been made for their accommodation.

271. In addition, the stock binders of the C.W.E. during this period were kept in such a state of confusion that it was impossible to ascertain what should have been in stock.

272. Allegations were made before us concerning shortages revealed as a result of stocktakings in March and July, 1950, but it became apparent to us, from the evidence which we had heard and the books and documents which we had examined, that an investigation by us would have been abortive from its inception. An example of the inaccuracy of the stocktakings was revealed by the fact that at the July stocktaking a considerable amount of grey baft was discovered which had been overlooked during the March stocktaking. We do not blame the stocktakers for such inaccuracies but consider that they were a natural concomitant of the method of storage of these stocks. Quite apart from anything else, goods of the same type were not always kept in one building and in some cases were distributed over several warehouses. Even when stored in one building, they were not always kept together. In view of this, the stocktakers had

to rely on the warehouse-keeper to ensure that all goods of each type had been checked.

273. Another factor which made an investigation impracticable was the absence of material records. In this connection, we consider that Mr. Ayeh Kumi must be censured for having removed official records to his own home and also for having retained such records after he had left the employment of the C.W.E. Mr. Kumi tried to explain this away but we reject his explanations.

274. Although a few attempts were made to check stocks prior to March, 1950, we are satisfied that they were even more unsuccessful than those of the March and July efforts.

275. The early stocktakings carried out by the C.W.E. extended over a considerable period, with the result that they were rendered unreliable from their commencement owing to the fact that the C.W.E. could not completely hold up its issues to consumer societies for indefinite periods.

276. The Airport premises were acquired by the C.W.E. in the latter part of 1949, and the goods from the other warehouses were gradually transferred to those premises. The last of the "down town" premises, the "Derby Works", was given up in October, 1952.

277. Even at the Airport premises, the goods were not stored in a satisfactory way, and the result of this was that certain goods deteriorated which would not have been the case if they had been stowed in an efficient manner. We noticed that sugar and flour, for example, were stored on the cement floor of the warehouse instead of on gratings, despite the fact, as revealed in the correspondence files of the Department of Co-operation and the C.W.E. that the Managing Secretary had

been repeatedly instructed as to how these perishable commodities should be stored. Goods, other than perishable goods, were also stowed in a manner which left much to be desired. No attempt was made to store goods which had been removed from packages and cases under conditions which would have prevented deterioration. This was particularly essential in view of the fact that the roofs of the C.W.E. warehouses at both Accra and Takoradi leaked. There was also evidence that goods suffered from the "attentions" of mice, rats and ants.

278. Stocks in the various wholesale stores of the C.W.E. were taken at infrequent intervals, although, in the later stages of its existence attempts were made to carry out stocktakings at three monthly intervals.

279. Stocks were normally taken by means of a physical count and the results were subsequently compared with the stock binders but, unfortunately, even after 1950, these binders were never kept in an efficient manner and we are satisfied that on many occasions they were incorrect owing to negligence, and sometimes to criminal intent.

280. Differences between the physical stocktaking and the binders were recorded and the difference passed to a 'Surplus and Deficit' account. In certain cases the wholesale-keeper was debited with the loss. The unfortunate point about this control was that it was not supplemented by way of a "value control" in the Establishment's accounts. The fact that the stock account ("Purchases" and "Sales" accounts) did not reveal the actual stock on hand made such a check impossible.

281. We are satisfied that, had monthly stocktakings been arranged, and at the same time the age of the goods been ascertained (added up in respective columns), as well as

age depreciations been applied on such stocks, the book-losses sustained by way of such depreciations, would have automatically forced this Establishment to modify its indenting policy, and would have compelled the management to carry out a rapid sale of all over-stocks, if necessary, to the general public.

282. We also deplore the fact that there was no firm ruling that responsible personnel should not be changed unless a proper stocktaking had been carried out in respect of all items over which such persons had control. A typical example of this was that Mr. Mercer never checked the stocks of the C.W.E. when he assumed the office of Managing Director.

283. A number of complaints were made concerning the alleged bad state of repair of the warehouses at Accra and Takoradi and this was stated to be the cause for considerable damage to a variety of goods. In our opinion, it was the duty of the management to ensure that their landlords kept the warehouses constantly in a proper state of repair. We are surprised that even Mr. Mercer failed to ensure that during his tenure of office the necessary renovations to the C.W.E.'s premises at Accra were executed. In relation to this subject we quote below the costs of repairs specified in the audited accounts for the four periods:-

18 months to 31. 3. 1950.	£18.	7.	0.
12 months to 31. 3. 1951.	£108.	0.	0.
15 months to 28. 6. 1952.	£880.	18.	9.
12 months to 27. 6. 1953.	£538.	16.	9.

We would have thought that the amounts expended, at any rate during the third and fourth periods, should have been ample to have kept the warehouses of the C.W.E. at Accra, Takoradi and Kumasi in a reasonable state of repair.

(d) Pricing Policy -

284. The oncosting system of the C.W.E. was changed on several occasions. During the initial stage the following

\system (hereinafter referred to as the "initial system") was in operation:-

The basis of the price was the invoiced c.i.f. value, to which was added the cost of import duty as well as other port charges to give the C.W.E.'s cost in store. At this price goods were taken into stock in the Establishment. There was added to the cost in store price:-

- 1% to cover internal transport,
- 1½% to cover breakages, pilferage and deterioration,
- 5% for Bank charges and cost of finance, and
- 10% for C.W.E. overhead charges, or a total of 17½% above the C.W.E.'s cost in store price.

285. As a result of a resolution passed at the second General Meeting on the 14th December, 1949, the system was altered. Under the new rates (hereinafter referred to as the "amended system"), the percentages added to the C.W.E.'s cost in store price were amended to read as follows:-

- 1% to cover inward transport charges,
- 1½% to cover insurance,
- 2½% to cover transport from C.W.E. wholesales to consumer societies.
- 5% to cover Bank charges and the cost of finance, and
- 10% for C.W.E. overhead charges, or a total of 20% above the C.W.E.'s cost in store price.

286. In the case of provisions, the C.W.E. added only 5 per centum as overhead charges, or a total of 15 per centum above the cost in store price.

287. At the same meeting it was decided that "to our cost each retail society will have to study its own market and decide whether it will add 10% or 5%".

288. On the 21st June, 1951, at a meeting of the Executive

Committee, a final revision was made and the following decision was adopted:-

"Future Pricing Policy: The Committee re-examined the reduction in the overall costing percentage from 20 to 15 and decided that as a cast-iron policy in regard to pricing has not been found convenient in practice, the management should be left to its discretion in adding to 'delivery values' whatever percentage oncosts the market could bear".

289. Although this decision was somewhat vaguely framed, we have come to the conclusion that what was actually meant was that to the C.W.E.'s cost in store price there should be added whatever percentage oncost the market could bear. The "delivery values" were the prices at which goods were actually charged to the consumer societies.

290. It would appear, however, that the last mentioned system was already in operation prior to June, 1951.

The sales profit arrived at for the trading periods to 31st March, 1950, and 31st March, 1951, shew margins on total sales at cost of only 6.656 per centum and 14.035 per centum respectively. In view of the accounting system adopted, it is, however, impossible to state to what extent these sales profits concealed irregularities.

291. The most serious defect in the oncosting system was that it was "pro memo" only. Goods remained in the Establishment's wholesales at the C.W.E.'s cost in store price, and the difference between this and the oncosted price (see the 'initial' and 'amended' systems referred to above) was not passed to the credit of corresponding accounts for the purpose of having a check on the actual expenses incurred against the respective percentages included in the oncosting. This, of course, would have necessitated taking goods into stock at oncosted values, and only such

confidence in the movement. When he explained the oncosting system to the General Meeting in December, 1949, Mr. Alema rightly stated that the C.W.E. should go in for quick turnover and small profits. In his own words, "a fast moving sixpence is better than a slow shilling". The oncosting percentages, however, defeated the object of Mr. Alema's very vital maxim.

295. Right from the beginning of its activities, the C.W.E. adopted a most unorthodox method of dealing with freight on goods to up-country societies, and also, later on, to its Kumasi depot. The freight charges were treated as an expense of the C.W.E. and were never added to the cost of such goods. In the case of heavy goods with correspondingly high freight charges per item, this method resulted in the "delivered up-country" prices being much lower than the actual delivered value of such goods. It meant that consumer societies in the coastal areas were paying exactly the same prices as societies up-country which was inequitable bearing in mind that the trading competitors of these societies adjusted the prices of their goods in accordance with the freight charges from port to selling point. The trading results of the Ashanti consumer societies show how they benefited from this system.

296. When new lines were received, the C.W.E. issued circulars to consumer societies stating both the delivered prices to consumer societies and suggested selling prices. Consumer societies were requested to report to the C.W.E. the current local selling prices of such or similar articles but few ever replied to these circulars and it must be assumed that they did not take the trouble to make the necessary enquiries.

297. Obviously, it is essential to be "au courant"

in regard to sales prices applied by competitors. This is even more important in a co-operative venture which ought to take every possible step to see both that its members are able to purchase goods at competitive prices and above all to get new members into the movement. The system was allowed to collapse since no appropriate action was taken by the C.W.E., nor did the advisory co-operative staff ever insist on an efficient control being ensured in this direction.

(e) Turnover

298. In the first period of 18 months, the stocks sold by the C.W.E. to consumer societies was 0.9 times (an average of 0.6 times per annum) of the combined stocks held by the C.W.E. and the consumer societies at the end of this period. In the next 12 months period, this figure was 0.8 times, in the third period 0.7 times, (or 0.56 times per annum) and in the 12 months period ended the 27th June, 1953, 0.7 times of the stocks held in both the C.W.E. and consumer stores. These figures compare very unfavourably with those of an average local trading house which turns its total stocks over at least four times per year. After making every allowance for the fact that the C.W.E. was in its infancy and had restricted outlets, we are satisfied that, at any rate after two or three years, it should have been able to run its affairs in such a way that the value of stocks retailed through the consumer movement would have been at least two or three times the total value of stocks held in the warehouses and stores of the C.W.E. and the consumer societies.

299. Finally, we would repeat that in our opinion, the C.W.E. should have sold to the general public all goods which had become surplus to the requirements of the consumer movement, due to the Establishment's misconceived

policy of over-ordering, before such goods lost in value owing to long storage or other causes.

(f) Expenses

300. We are satisfied that throughout the lifetime of the C.W.E., its expenses were out of all proportion both in relation to its sales profit and to its gross profit trading. As will be seen from Table B, the expenses in relation to gross profit trading were 135 per centum in the first, 111 per centum in the second, 190 per centum in the third and 375 per centum in the fourth and final accounting period.

301. It was suggested that the expenses would have been more moderate if the C.W.E. had not had to pay interest on its overdraft nor rent for its premises at the Airport. We do not consider that this suggestion takes us very far. It is quite clear that if Government had paid all the expenses of the C.W.E. it might have made a net profit, although this is not definite as the stocks were never subject to age depreciation and bad debts were never taken into consideration. Such a net profit, even if it had been realized, would have been unrealistic. If you work on borrowed capital you must pay for it. We are satisfied that the interest charge of $3\frac{3}{4}$ per centum per annum was more than reasonable.

302. In our opinion, the surest way of cutting down on the amount of interest paid per annum was to sell off all unwanted stock to the general public and to reduce the stocks held to reasonable proportions commensurate with the needs of the member societies, it is also of importance to note that the C.W.E.'s policy of overstocking the consumer societies with goods issued on credit cost the C.W.E. an average of over £2,100 per annum in interest charges. In other words goods lying in the consumer societies stores accounted for over 20 per centum of the

total interest paid.

303. We consider that the C.W.E. was treated extremely generously over the rent they had to pay for the Airport premises. To charge any less would have been unfair to the tax-payer.

304. If the C.W.E. had maintained a reasonable quantity of stocks in its warehouses, the annual amount payable for insurance of such stocks would have been greatly reduced.

305. We are satisfied that the amount of money expended on management and personnel expenses bore no rational relationship to either the turnover or the gross profit trading. As will be seen from Table B, the management and personnel expenses rose from £4,161 (or 2.04 per centum of the sales at cost) in the first period of 18 months to £11,157 (or 5.47 per centum of the sales at cost), in the second period of 12 months, to £11,157 (or 5.54 per centum of the sales at cost) in the third period of fifteen months, and to £11,117 (or 6.33 per centum of the sales at cost) in the fourth period. The amount of sales at cost by the C.W.E. during these four periods were £204,000, £150,400, £201,000 and £177,200, respectively.

306. We have appreciated the fact that between 1948 and 1953 there were considerable increases in the salaries throughout the Gold Coast, and we have also realized that, of the £11,117 in the fourth period £1,727 was in respect of remuneration paid to Mr. Mercer which was subsequently refunded by Government. Nevertheless, we consider that the increase in management and personnel expenses was not justified considering the results achieved. Three of us visited the C.W.E.'s premises at the Airport in May, 1953, during the preliminary hearings, and we were satisfied from our observations that, in many cases, three persons were being employed to do the work which one reasonably efficient

/person

person could have done without undue exertion.

307. We further consider that the C.W.E.'s policy of making payments in advance to overseas suppliers cost the Establishment a considerable amount of money in Bank interest. This policy was adversely criticized by Messrs. Lambert and Shearer in their report and we have noted that it was never discontinued.

308. Particulars of the Overseas Suppliers debit balances at the end of each financial period are given below:-

31.	3.	50	£27,600
31.	3.	51	£6,334
28.	6.	52	£18,888
27.	6.	53	£16,943

309. It is obvious that if payment was made in advance, interest on the C.W.E.'s overdraft would have been greater than if a documentary credit had been opened. In our opinion, quite a large sum of money would have been saved if the C.W.E. had adhered to the policy recommended in the Lambert Shearer Report.

310. Both the running expenses for motor vehicles and the up-country freight expenses were abnormally high. These expenses are set out in Table B and we propose here only to draw attention to two points, namely:-

- (a) that during the 1951-52 period, which extended to 15 months, the running expenses (excluding depreciation of the C.W.E.'s fleet of four vehicles) amounted to £4,876, a fantastic figure, and
- (b) that during the same period the freight expenses of the C.W.E. amounted to £4,734, or an average of £3,787 per annum.

311. These figures appear to us to be unusually high when compared with similar figures in the preceding and succeeding periods, especially as the rate of turnover in each of the

three periods were substantially the same.

312. We are satisfied that the amount of money expended by the C.W.E. on stationery was out of proportion for an organization of its size. Three facts which contributed to this expenditure were:-

- (a) the filing system to which we are about to refer;
- (b) the extravagant wastage of expensive books, (for example, a large ledger costing many pounds was discarded after only one page had been used); and
- (c) the love by the C.W.E.'s staff of writing unnecessary letters and issuing unnecessary circulars.

313. The amount of stocks of stationery on hand when the liquidation commenced was incredible.

(g) Filing System

314. We have commented on this subject at various places in our report and we propose here only to confirm that, in our opinion, there was no system, in the keeping of files. It took our secretarial staff many weeks to try and get some order out of the chaos, but they were severely hampered by the fact that the contents of many of the files bore no relation to what they were alleged to contain, and in some cases the files were merely a collection of assorted correspondence and documents lumped together without rhyme or reason. We are satisfied that the unsystematic method of filing cost the C.W.E. a considerable amount of money in wasted man hours, wasted stationery and wasted energy.

315. In this chapter we have dealt with the general trading methods of the C.W.E., but before concluding we

/ would

would emphasize that we consider that the Establishment adopted a consistent policy of planless inefficiency in relation to such trading methods.

CHAPTER 7. ACCOUNTS AND ACCOUNTING SYSTEM

316. We are satisfied from the evidence adduced before us and by our own examination of the relevant books and records of the C.W.E., that neither its accounts nor its accountancy system were such as to have given its management an efficient over-all control of the Establishment.

317. Neither the Co-operative Societies' Ordinance, 1937, nor the Regulations made thereunder, nor the Bye-laws of the C.W.E. lay down what books of account should have been kept. The only thing required is that yearly balance sheets and yearly statements of assets and liabilities shall be submitted. The Registrar was, however, empowered by section 30 of the Ordinance to prescribe what books and accounts should be kept and what returns should be made. We are satisfied that the Registrar did not make sufficient use of this section with the result that it was easy for an employee in the accounts branch, to start any book or control as he considered fit, and to abandon the same if he so wished. The result of this was a lack of continuity. Only one order referring to the C.W.E. was made under section 30. This Order will be referred to later in this chapter.

318. The method of accounting adopted by the C.W.E. (hereinafter referred to as the "P and S. system") during the greater part of its lifetime, was that all purchases were debited to a "Purchases Account" while all sales, both to consumer and other co-operative societies, and also occasional sales to the general public, were credited to a "Sales Account".

/319. At the end...

319. At the end of an accounting period the sales profit was ascertained as follows:-

To the total sales at selling prices there was added the value of all stocks held in the wholesale stores of the C.W.E. (including, after they had been opened, the C.W.E. Wholesales at Kumasi and Takoradi), together with goods in transit at C.W.E.'s "cost in store price". From this aggregate figure there was deducted (i) the value of all the stocks (both those held in Accra and in the C.W.E. Wholesales elsewhere) brought forward from the previous accounting period at C.W.E.'s "cost in store price", and (ii) the value of all purchases, both overseas and local, at C.W.E.'s "cost in store price". It should be noted that only one "Purchases" Account and only one "Sales" Account were in force for Accra, Kumasi and Takoradi. This system looked very simple and might appear to have been a very suitable one in order to forestall confusion and errors. In reality, however, although it gave a figure of sales profit, it did not reveal to what extent such sales profit had been adulterated by undisclosed shortages in stock, or other irregularities.

320. We are satisfied that, although the P. and S. system might be quite adequate for a small privately owned trading concern operating in West Africa, it was not sufficient to meet the requirements of a West African business of the size of the C.W.E., especially as the C.W.E. was operating almost entirely on borrowed capital and was accordingly answerable more to its creditors than to its members,

/who had only.....

who had only subscribed 3 per centum of the total capital.

321. It must be remembered that the correctness, or otherwise of a stocktaking, whether it took place at the end of, or during, an accounting period, could not be checked against the "Purchases" and "Sales" accounts. A check at stocktaking was limited to making a physical check of the quantities in the wholesale and comparing the results with the figures in the stock binders which were retained in the office, and the stock cards which were kept in the wholesale concerned.

322. As we have already stated, neither the binders nor the stock cards were accurate or kept up to date. Moreover, if a binder sheet or stock card disappeared, it could only have been reconstructed by going through all the appropriate debit and credit notes, and repeating the entire work of checking entries. The loose leaf binder system also lent itself to the deliberate removal and substitution of pages from the binder with a minimum chance of detection. An example of this is given in the "Cartridges Case" in Part IV. In our opinion, the use of bound stock books in which the pages are consecutively numbered would have been a much more preferable system and much less open to abuse.

323. It appears that one of the accountants, Mr. Thompson, tried, in December, 1949, to introduce a system, known locally as the "U.A.C. system" (hereinafter referred to as the "sales margin control system"). This system would have established a "value control" in the accounts by keeping the wholesale stock accounts (separately for Accra, Kumasi

/and later Takoradi...

and later Takoradi) at cost price, and would have supplemented the quantity control which existed under the "P and S. system".

324. Under the "sales margin control system", there would have been no "Purchases" and "Sales accounts". Overseas purchases would have been debited (with the help of an auxiliary account) to the wholesale stock accounts at (C.M.F.'s) cost in store price, and local purchases would have been debited to the same accounts at purchase price. Goods, sold for cash or credit, to consumer and other co-operative societies, as well as the proceeds of the occasional cash sales to the general public, claims and similar items would also have been credited to the wholesale stock accounts at the C.M.F.'s cost in store price, while the sales profit or loss would have been passed to the credit or debit, as the case might be, of a "sales margin account". Under the "sales margin control system" the sales sheets would have shown both the cost, or C.M.F.'s cost in store price, as well as the selling price of all goods sold.

325. The "sales margin control system", if properly run and supported by clear and concise instructions (a matter of great importance in view of the continuous change in accountants), would have helped the C.M.F. considerably. Unfortunately, the system adopted by Mr. Thompson appears to have been only a poor and incomplete imitation of the "sales margin

/control system".....

control system" and accordingly resulted in confusion. This is clear from the auditors report of 1950 and their letter of recommendations (vide appendix II, attachments "EE" and "FF").

326. When Mr. S.K.Chapman took over as accountant in August,1950, he also seems to have been an advocate of the "sales margin control system", but Mr. Naysmith of the Audit Division of the Department of Co-operation preferred the "P. & S. system". As a result of lack of agreement between Messrs. Chapman and Naysmith an Order was issued on the 14th March, 1951, by the Acting Registrar under the provisions of section 30 of the Co-operative Societies Ordinance, 1937, requiring the C.W.E. to keep the following books with effect from the 1st April,1951:-

- "(1) A ledger in which shall be maintained accounts showing the share holdings of individual member-societies.
- (2) A ledger in which shall be maintained accounts showing the original and present values of all properties, investments and reserves of the society.
- (3) A ledger in which shall be kept the nominal accounts of the society relating to purchases, sales, expenses incurred and miscellaneous income received, during the current financial accounting period.
- (4) A ledger in which shall be recorded all receipts and payments of money by the society.
- (5) A ledger in which shall be maintained accounts showing balances due to the society from its debtors and balances owing by the society to its creditors".

327. The result of this Order was to impose the "P. and S. system" on the C.W.E. For the reasons stated earlier in this report, we consider that this policy was wrong. In our opinion, bearing in mind the

local conditions, the "sales margin control system" was far more appropriate to the needs of the C.W.F. than the "P. and S. system". The suitability of the "sales margin control system" is borne out by the fact that it is operated by most of the leading local commercial houses.

328. Quite apart from the accounting system adopted, the books and accounts of the C.W.F. were never kept up to date and, even when entered up, contained many inaccuracies.

329. We will now deal with certain of the more important books and accounts.

330. The Cash Book was always in a state of confusion, at any rate up to the end of June, 1952, and this resulted inter alia, in wrong credit notes being issued to consumer societies. At least one cashier when in charge of this book adopted a system of "teeming and lading" in order to swindle the C.W.F. (vide the chapter on the "£1,190 shortage" in Part IV).

331. Entries in the Journal, which, with an efficient system could have been made mostly by way of monthly summaries, were repeated from day to day, causing an unnecessary waste of time, although, at least during the 1952/53 period, improvements in this respect could be noticed. In addition to this, the work was further increased by keeping a rough journal, from which entries were again copied into the actual Journal. The latter had no "control additions" to obtain a check that all items had been entered in the ledger.

332. In addition to the ledger accounts prescribed

/by the Registrar....

by the Registrar in April, 1951, numerous other ledger accounts were introduced and discontinued for no apparent reason. This was not an indication of efficiency on the part of the accountant concerned.

333. The accounts with the consumer societies were kept in a most unorthodox way. Statements of account, which ought to have been sent monthly, were often delayed for several months and neither the accountant nor the Managing Secretary seems to have been unduly perturbed when no reconciliations from the Societies were submitted for months, or even at all. This inefficient method resulted in heavy losses by way of irregularities, which were not detected until too late. In addition, some of the Ashanti consumer societies had to be debited with a total of approximately £1,401 "being irreconcilable balances written off". An amount of approximately £651 had to be credited to other of those societies for the same reasons.

334. Accounts in respect of overseas and local suppliers were also kept in a most unsatisfactory way. A total sum of approximately £1,364 had to be credited to some of the accounts of the overseas supplier "being balances irreconcilable and written off", while some of the local suppliers had to be debited with a total amount of approximately £634 for the same reason. The lack of constant and conscientious checking of accounts, coupled with wrong postings and loss of vital documents contributed in no small measure to such an unsatisfactory state

of affairs.

335. We have noted that "staff advances" and "staff trading" accounts were kept by the C.W.F. We are of the opinion that a considerable amount of time must have been spent in dealing with such matters. We consider that the practice of granting advances to members of the staff should not have been adopted in view of the fact that the C.W.F. was operating on borrowed capital.

336. Despite the fact that monthly statistics of expenses were maintained, at least in the later periods, no attempt was made to keep a proper check on mounting expenditure and so to control extravagances and irregularities.

337. Vital records were abandoned or changed without any interference by either the Managing Secretary or members of the Management or Executive Committee, although auditors regularly referred to such omissions and defects in their reports.

338. There was no proper method of control over the motor vehicles with the result that large sums of money were improperly expended due to the negligence of, and irregularities committed by, employees of the C.W.F. A striking example of this lack of accounting control is revealed in the audited accounts for the period ending in June, 1952, (vide appendix II attachment "VV"). From these accounts it will be seen that a total of £4,876, in respect of alleged running expenses (excluding depreciation

/which amounted.....

which amounted to a further £1,166) on a fleet of four vehicles, was passed direct to the Trading Profit and Loss account.

339. No proper control over damaged and bad goods, was ever kept, to ascertain actual losses due to carelessness, inefficiency or otherwise. Such goods were mostly sold through the usual channels and the loss concealed in the "sales profit".

340. No control was kept in regard to customs duty and port charges, as well as freight and carriage on goods. Such inaction obviously assisted in reducing the gross profit still further, although the extent of such loss could never be ascertained with the system of accounting in force.

341. Although there was in existence, at any rate for part of the time, a system of "age reverence" control, the management persistently failed to ascertain the age of the goods at any stocktaking. Not even at the close of a financial year was the age of the goods in stock recorded. "Age depreciation" was never applied, although, had this been done and the amount of such depreciation been passed against the "Gross Profit Trading", it would not only have opened the eyes of even the most inefficient management, but would also have revealed to Government and the public the actual financial position of the Establishment.

342. No reserves in the accounts were ever made against "bad" and "doubtful" debts. These balances were carried forward from year to year, although, a number

/of moribund.....

of moribund and defunct societies showed heavy debit balances without covering securities. Amounts outstanding due to shortages incurred, and irregularities committed, by members of the staff, amounting to some thousands of pounds, were not examined at the end of financial periods but accepted at their face value. 343. After all we have stated in regard to accounts and the accounting system of the C.W.E., it need only be added that at no time was there ever an attempt made to establish monthly balance sheets as well as monthly profit and loss accounts, together with other records connected therewith. We are of the opinion that such accounts and records were essential for the efficient operation of the Establishment.

344. Throughout the short life of the C.W.E., accounts and the accounting system formed the subject of a considerable number of queries from both Messrs. Cassleton Elliott & Co., and the Audit Division of the Department of Co-operation. It is regrettable, however, to have to report that the management and employees failed to learn anything from their own mistakes, even when brought to their attention.

345. Finally we would state that bye-law 27 of the C.W.E.'s bye-laws prescribes, inter alia, that the Committee of Management should "cause to maintain accurate records and accounts in connection with such business and to determine all purchases or sales and the prices to be charged or paid for same", it would appear that this bye-law remained more or less a "dead letter" throughout.

CHAPTER 8. RELATIONS BETWEEN THE C.W.E. AND CONSUMER SOCIETIES.

346. In theory, the C.W.E. and the individual consumer societies were separate autonomous bodies but, in practice, the position seems to have been that in some respects they were treated as separate autonomous bodies while in others they were treated as part of a chain of stores operating under one controlling body

347. We have, however, borne in mind that the creation of the C.W.E. was really a result of Government Policy and accordingly the Establishment could exert a strong moral pressure on consumer societies.

348. As previously stated, the C.W.E. was the wholesaler for the consumer societies and theoretically had no outlet for its supplies other than to co-operative societies. Further, the C.W.E. was brought into existence for the benefit of the consumer societies. The C.W.E. therefore should have been the "servant" not the "master" of the consumer societies.

349. The consumer societies were all members of the C.W.E. and could be represented at General Meetings of the C.W.E. but, in practice, the large majority of the consumer societies had little to say in the policy of the C.W.E. as formulated by the Management Committee, and nothing to do with the day to day management of the Establishment.

350. We are satisfied that, for the consumer movement to have functioned in a realistic manner, the C.W.E. should have only supplied goods to consumer societies to a quantity which would have enabled

such societies to have turned over their stocks about once a month.

351. In coming to this conclusion, we have taken into consideration the fact that consumer societies were supposed to work on a cash basis with their members. If too large stocks were held by the societies, it would tempt the granting of credit. A quick turnover would also have prevented goods from deteriorating in societies' stores. If any society found that it was selling its stocks faster than had been anticipated it could have simply obtained further supplies from the C.W.E.

352. If this had been done, there would have been no need to grant large credit limits to the consumer societies and it would have been possible for the C.W.E. to order its supplies on a rational basis, namely, on the demands of the members of the consumer societies. A reserve stock would, of course, have had to be carried by the C.W.E. to provide for an increase in the membership of consumer societies and for an increased demand for goods by such societies; but there would have been no need to keep such a reserve abnormally high.

353. Unfortunately, the policy mentioned above was never followed and the cart was put before the horse with the result that there was nothing but chaos and confusion, and in the end dismal failure.

354. The trouble started in the beginning when a large number of the new consumer societies were stocked with goods supplied by the C.W.E. on credit. In many cases, the C.W.E. laid down what goods should be supplied and such goods were not confined to the lines requested by the society concerned. The reason given for this was that societies should carry on trading on a broad basis. This argument might have

/been

been sound if only the quantities of goods supplied to these embryo societies had borne some relationship to the monthly selling potential of such societies. However, instead of sending a "one month's supply", the C.W.E. stocked these societies with goods which they could never hope to dispose of except over a very long period.

355. As a result of this overstocking policy, the C.W.E. had to grant continuously large credit limits to consumer societies. Subsequently, they tried to reduce these limits but the results were far from satisfactory. In many cases societies exceeded their limits and when asked to reduce them offered to return deteriorated stocks at the price with which they had originally been charged by the C.W.E.

356. The large supplies of goods to societies on credit was not envisaged in the Bye-laws. Bye-law 32 states, inter alia, that "all goods issued by the Society (meaning the C.W.E.) should normally be on a cash basis". The credit limits of the majority of the consumer societies exceeded their share capital by several hundreds and in many cases several thousands of pounds.

357. The policy of supplying goods on credit was continued throughout the lifetime of the C.W.E., as was also the policy of supplying goods to consumer societies rather than waiting for orders to come in. As regards the latter point, however, we consider that the societies themselves were largely to blame in not sending to the C.W.E. advance notice of their requirements. If this had been done on a rational basis it would have been of valuable assistance to the management of the C.W.E. in formulating its ordering policy.

358. The total amounts owed by consumer societies and the total amount of share capital paid up by such societies at the end of the four accounting periods is shown in the following table:-

<u>Date</u>	<u>Debit Balance</u>	<u>Share Capital</u>
31-3-1950	£ 67,929	£ 2,832
31-3-1951	£ 60,461	£ 5,842
28-6-1952	£ 71,698	£10,489
27-6-1953	£ 72,241	£11,075

359. We have noted that at the end of December, 1952, the total credit limits granted were £83,800, actual debit balances by the societies were £103,016, and share capital by these societies was £11,075, leaving, after adjusting that portion of the share capital from societies with credit balances, a net debit balance of £92,791. These figures show that the total debit balances of the consumer societies exceeded the total credit limits of such societies by nearly £20,000. Admittedly, this was a peak period, as far as supplied were concerned but, nevertheless, it shows only too clearly the complete disregard which both the C.W.E. and the consumer societies had for the credit limits laid down by the Establishment.

360. The policy of overstocking the C.W.E. and of supplying to societies goods which they did not want created a further problem, namely, that of societies returning goods to the C.W.E.

361. In normal practice when goods are sold whether for credit or for cash by one autonomous body to another, the question of returning such goods seldom arises except in the case of complaints being raised within a reasonable time as to the condition or quality of the goods sold. Provision for making complaints regarding the quality, quantity or price of goods supplied by the C.W.E.

is made in bye-law 36 of the C.W.E.'s Bye-Laws, but little effective use seems to have been made of these provisions by any society.

362. Nevertheless, it became necessary for a large number of the societies to return goods in order to reduce their debit balances. It appears that these returned goods were, despite their deteriorated condition, accepted at the same value at which they had been debited to the societies. The societies argued that this was equitable because the goods had been forced on them but we do not consider that this was always the case. We are of the opinion that every society should have been made responsible for losses due to deterioration having taken place while goods which they wished to return were in their custody, unless such societies could have shown that they had lodged a complaint under bye-law 36 at the earliest opportunity, and unless they had used all care and diligence to prevent such deterioration.

363. We consider that, by allowing consumer societies to return deteriorated goods at delivered prices, the C.W.E. was treating them as if they were retail branches of its own organization rather than as separate autonomous bodies.

364. Finally, we would express our agreement with the statement made by Messrs. Lambert and Shearer in their report when they emphasized "the need for building strong, healthy local retail trading units, which form the basis upon which the whole co-operative structure both trading and constitutional, must stand". We are satisfied that much better results would have been achieved if the C.W.E., with the help of the Department of Co-operation, had concentrated on trying to persuade the members of consumer societies to buy more goods from such societies and to encourage /new

new persons to join such societies. As it was, the policy of the C.W.E. appears to have been to supply to the consumer societies excessive quantities of goods without ascertaining whether those societies could sell such goods quickly to their members.

365. This policy not only resulted in the overstocking of goods in the C.W.E. and the consumer societies but also tied up an excessively large portion of capital, thereby causing the C.W.E. heavy interest charges on its Bank overdraft.

CHAPTER 9 - RELATIONS BETWEEN THE C.W.E. AND THE
DEPARTMENT OF CO-OPERATION

366. In our opinion, one of the casuses of the failure of the C.W.E. was the unsatisfactory relationship between the Establishment and the Department of Co-operation.

367. The relationship between the C.W.E. and the Department of Co-operation in the early stages of the former's existence was adequately commented upon in the Lambert Shearer Report (vide appendix II, attachment "AA", paragraphs 103 - 4). We propose here to deal only with the period subsequent to 1950.

368. We consider that there were too many advisers, often giving conflicting advice, and too few persons prepared to, or capable of, carrying out the advice when given. We also consider that another regrettable factor was that no one concerned with the operation of the C.W.E. appeared to be prepared to accept any real degree of responsibility. As regards the officers and employees of the C.W.E., this was, in our opinion, mainly due to the way in which the Bye-laws were drafted, a subject with which we have already dealt.

369. As has been previously mentioned no officer or employee of the C.W.E. had any practical experience in wholesale trading and their only alleged expert, Mr. Alema, was withdrawn in 1950. As a result of this, the C.W.E. had to **rely** on the Department of Co-operation for advice on commercial matters, a state of affairs which was most undesirable from every aspect.

370. As it was, Government had to rely on the Department of Co-operation to safeguard its interests. The officers of the Department, however, were merely advisers and had no direct way in which they could control the policy of the C.W.E. Indirectly, however, the Registrar could influence the policy of the Establishment, as he had power:-

- (a) to prescribe the accounts and books to be kept and the returns to be submitted by the C.W.E. and the consumer societies;
- (b) to refuse to approve of indents or countersign cheques;
- (c) to refuse under bye-laws 32 to approve the issue of goods on credit to societies.

371. In our opinion, if the Registrar had insisted on the submission by the C.W.E. and the consumer societies of monthly returns of indents, stocks and turnover, he would have been in a position to control the ordering policy of the C.W.E. by refusing to approve indents placed for goods ordered in excess of requirements.

372. In practice, Mr. Alema signed the Order Book before indents were placed, but we are satisfied that Mr. Alema had no restraint in so far as his policy of ordering goods was concerned. Mr. Alema tried to claim that he was not responsible for the ordering policy because he was only an adviser, and that the C.W.E. could have rejected his advice. We do not accept this submission.

373. In our opinion, all members of the Department acting as advisers to the C.W.E. were in some degree responsible for ensuring that their advice was carried out and, if it were rejected, they should have reported

the matter to the Registrar.

374. We consider that the Registrar placed too much emphasis on the employment of Inspectors to act as checkers and not enough emphasis on trying to control the indenting policy in a practical manner.

375. Finally, we consider that there was a lack of proper co-operation and co-ordination between the C.W.E. and the Department of Co-operation. In our opinion, this was largely due to the fact that too many of the principals from each camp were too fond of making long speeches and of arguing in circles, and were too reluctant to "get down and do an honest job of work". We feel that if fewer words had been spoken and fewer and shorter memoranda written, there would have been less cause for friction.

CHAPTER 10. - PERSONALITIES

(a) Senior Employees of the C.W.F.

(i) Mr. Alema

376. Mr. Alema must, in our opinion, bear the responsibility for the reckless ordering policy of the C.W.F. during its initial period (1948-50), since we are satisfied that he virtually controlled that policy and that his word thereon was practically always, if not invariably, accepted.

We are equally satisfied that, even after Mr. Alema reverted to the Department of Co-operation, he exerted profound influence on the ordering policy. As we have previously stated, we do not consider that the fact that he was only an adviser can absolve him from responsibility.

377. We are also of the opinion that most of the responsibility for the lack of organisation of the C.W.F. and the chaotic condition in which their files and records were kept during the 1948-50 period must fall on Mr. Alema's shoulders.

378. In arriving at these conclusions we have borne in mind the fact that Mr. Alema lacked the practical experience of wholesale trading which would have qualified him to carry out these duties in an efficient manner. We have also appreciated that Mr. Alema's task was no easy one.

379. Finally, we are satisfied that Mr. Alema did not hesitate on occasions to place his personal interests before those of the C.W.F.

(ii) Mr. Obuobi

380. We consider that Mr. Obuobi was wrong in ever accepting the post of Managing Secretary. We are satisfied that he was quite unqualified and unsuited for the post and that he knew these facts himself. Nevertheless, we are satisfied that Mr. Obuobi cannot be held blameless for the inefficient administration of the C.W.F. during the time he was

Managing Secretary. A striking example of this lack of organization was the chaotic manner in which files and records for which he was responsible were kept.

381. We also consider that another factor that affected the efficiency of the C.W.E. was Mr. Obuobi's inability to command men and his willingness to turn a blind eye to irregularities and, in some cases, even to participate in them himself. This fact is amply supported by the evidence adduced before us.

(iii) Accountants (1948-50)

382. These persons are too numerous to deal with individually but the result of their efforts amounted to nothing more than utter confusion as will be seen from the auditors report for that period (vide appendix II attachment "EE").

(iv) Mr. S.K.Chapman

383. Mr. Chapman who was accountant from 1950-52 did little to improve this situation. The manner in which the account books were kept was most unsatisfactory and we are satisfied that they were seldom, if ever, kept up to date. Mr. Chapman has pleaded illness in mitigation but we consider that this did not materially affect the situation. We are satisfied that Mr. Chapman's apparent inefficiency was due not only to lassitude but also to his intention to facilitate the defrauding of the C.W.E. This fact is clearly brought out in the chapter on the "£1,190 shortage".

(v) Mr. Mercer

384. We consider Mr. Mercer to be a person of considerable brain and ability but we do not consider that he ever applied these attributes conscientiously in the interests of the C.W.E. This fact is supported by the total number of days which he put into the affairs of the C.W.E.

385. In our opinion, Mr. Mercer was more interested in

trying to re-organize the whole co-operative movement (vide appendix IV attachment "BBB", item 10) rather than improving the trading methods of the C.W.E. We are equally satisfied that Mr. Mercer's loyalty was not with the C.W.E. but rather with the proposed statutory corporation which he hoped would take its place.

386. We consider that if Mr. Mercer had applied his whole energy and ability to the interests of the C.W.E., as was expected of him, the financial position of the C.W.E. today would have had a very much more "rosy complexion".

(vi) Mr. Bahun

387. We are of the opinion that Mr. Bahun has considerable ability as a salesman (but not for keeping records) and we would have been only too prepared to commend him for his ability as a salesman had he shown any integrity in the handling of the moneys of the C.W.E. a subject to which frequent reference is made in Part IV of this report.

(b) Senior Officers of the Department of Co-operation

(i) Mr. Hewson

388. Mr. Hewson as Registrar of the Department of Co-operation had considerable influence, directly and indirectly, over the affairs of the C.W.E. In fact he was looked upon in Government circles as an expert in this connection.

389. Mr. Hewson had a considerable amount to do with the policy of the co-operative movement and, in our opinion, he was largely to blame for the unsound policy of over-capitalization of the C.W.E. in its early stages. We are satisfied that, if he had not recommended the increased guarantees, Government would not have granted such

/additional facilities...

additional facilities.

390. We are also satisfied that Mr. Hewson was so keen on the ideology of co-operation that he was prepared to cover up faults in the running of the consumer movement in order to prevent such faults seeing the light of day. We consider that this policy instead of helping the C.W.E. and the consumer societies ultimately assisted in the failure of the C.W.E.

391. We are convinced that if Mr. Hewson had insisted on the provisions of section 45 (2) of the Co-operative Societies Ordinance, 1937, being complied with, and if he had required a proper examination of overdue debts and a proper valuation of the assets of the C.W.E. to have been made annually, a more realistic picture of the C.W.E. would always have been available. If this had been done, it would have been possible to have improved the trading policy of the C.W.E. before matters had proceeded too far.

392. We are of the opinion that Mr. Hewson was technically and temperamentally unsuited to the post of Registrar of Co-operative Societies, especially at a time when Government was embarking on a grandiose scheme of setting up a large consumer movement on practically non-existent foundations.

393. We consider that in 1948 the Registrar of Co-operative Societies should have been a person with substantial trading experience. Mr. Hewson had no such experience.

394. As regards Mr. Hewson being temperamentally unsuited, we regret to have to report that after a most careful consideration we have no alternative but to describe him as being capricious and, to use a word coined by Mr. Inkumsah, a "confusionist". We have watched him on many occasions talking round and

/round a point.....

round a point for a long time and being either unwilling or unable to answer a question in a simple and direct manner. This mental approach may be admirable in certain appointments but, in our opinion, it is a fatal one in a man, who, as Registrar, was supposed to give clear and concise decisions which could not be misinterpreted.

395. We must also comment on Mr. Hewson's reluctance to take expert advice. An outstanding example of this was in the case of the C.W.E. lien, a document which he drafted himself when he could easily have referred it to the Law Officers. The net result of Mr. Hewson's drafting was a document which has little or no meaning.

We are satisfied that Mr. Hewson preferred to do things in an informal rather than a formal manner. He even went so far as to state this in writing in a letter concerning guarantees. We consider that such an attitude is out of place when dealing with commercial matters. Mr. Hewson has told us about a verbal guarantee between Government and the Co-operative Bank relating to the C.W.E.'s overdraft. He also alleged that the £100,000 was a direct loan to the C.W.E. If these facts were correct Mr. Hewson should have ensured that proper legal documents were prepared.

396. As Registrar, Mr. Hewson had power to prescribe the books and accounts to be kept by the C.W.E. We consider, however, that, at any rate after 1950, he issued such directions on the advice of Mr. Naysmith and we, therefore, do not propose to comment on this subject here. Finally, we would like to say that, although we consider that Mr. Hewson was unsuited to his post and a difficult man to work with, we have no doubt as to his integrity.

(ii) Mr. Sam

397. Mr. Sam's main duty was to enforce the policy recommended in the Lambert Shearer Report. It was

/also his duty.....

also his duty, when he was not acting as Registrar in Mr. Hewson's absence, to look after Government's interests in connection with the operation of the C.W.F. at the Airport. We consider that Mr. Sam lacked the necessary strength of character to carry out these duties efficiently and that he was too prepared to close his eyes to irregularities and, even in some cases, as will be referred to later, to participate in them himself. We are satisfied that if Mr. Sam had carried out his duties efficiently and conscientiously, the large number of irregularities connected with the C.W.F. at the Airport would have been considerably minimized.

(iii) Mr. Alema

398. Mr. Alema has been dealt with in detail earlier in this chapter.

(iv) Mr. Joannides

399. Mr. Joannides was assisting Mr. Alema from the 25th January, 1949 to the 31st August, 1950.

Mr. Joannides appears to have been trying to improve the accounting system and stock control methods of the C.W.F. but we do not consider that he has any reason to be proud of his achievements.

(v) Mr. Sparkes

400. Mr. Sparkes was assistant to Mr. Alema in that officer's capacity as Deputy Registrar (Consumers). We consider that although he, on certain occasions, signed documents and provided information without making adequate prior enquiries, he was more conscientious in the performance of his duties than the other persons connected with the C.W.F. at the Airport.

(vi) Mr. Nayamith...

(vi) Mr. Naysmith

401. Mr. Naysmith was connected with the C.W.F. from 1950-53 in his position as head of the Audit Division of the Department of Co-operation. In that position, Mr. Naysmith gave advice to the C.W.F. on the method of accounting, and his Division checked the accounts of the C.W.F. Although the personnel of the Division could not make entries in the C.W.F.'s books, nevertheless, Mr. Naysmith was in a position to advise the Registrar to prescribe the books and accounts to be kept by the Establishment as well as the returns to be made by it.

402. There has been evidence adduced before us that there was friction between Mr. Naysmith and the accounting side of the C.W.F. We consider that this was mainly due to Mr. Naysmith's manner rather than to the actual advice and instructions he gave. As a result of our own observations of Mr. Naysmith in the witness box, we are satisfied that he must have been a difficult person to work with. He also has a failing which he admitted to us, namely, that he will never change his mind once he has made it up. We consider that Mr. Naysmith preferred long arguments and issuing abnormally long and complicated directives to offering simple advice and giving simple instructions. We are of the opinion that this attitude contributed to the confusion in the accounting methods of the C.W.F.

(c) Members of the Committees of the C.W.F.

403. We do not propose to comment on these persons individually but merely to state that, while a few of them were genuinely interested in the doctrine of co-operation, most of them were not interested in the C.W.F. or only interested in it so far as it was to

/their personal.....

their personal advantage. In our opinion, it is regrettable that not one of the members of the Stocks, Price and Orders Sub-Committee had adequate trading experience to carry out his duties properly.

(d) General

404. We have only commented briefly on the leading personalities connected with the trading methods of the C.W.S., but we would again repeat that a factor contributing to the inefficient trading methods of the C.W.S. was the lack of proper co-operation and co-ordination between the Establishment and the Department.

PART IV -- IRREGULARITIES

CHAPTER 11 -- ARBITRATIONS AND ENQUIRIES.

405. We have heard a considerable amount of evidence on the subject of arbitrations and enquiries arising out of shortages and disappearances of monies belonging to the C. W. E. and the consumer societies.

406. We have also examined a memorandum on the subject of arbitration prepared by Mr. Hewson, a copy of which is attached, (marked "A")

"A"

407. It appears to us from the evidence that the general policy of the Registrar, Mr. Hewson, was to institute and carry out arbitrations, irrespective of whether or not evidence was available giving rise to a reasonable suspicion that a felony had been committed, and irrespective of whether or not police investigations were being, or were likely to be, carried out into the same matter.

408. We consider that such a policy hampers police investigations and tends to deter the police from taking criminal action against a suspect, even if the matter is eventually reported to them.

409. We have noted that, in several cases where there was reason to suspect that a felony had been committed, the matter was never reported to the police.

Such conduct, in our opinion, encourages persons to commit criminal offences because it is laible to make the prospective offender think that, at the

/worst, he will

worst, he will have arbitration proceedings instituted against him and may have to make some payment, probably by instalments, to liquidate any money or goods which he has misappropriated.

410. We have also noted that there is no mention made in Mr. Hewson's memorandum as to how an arbitrator should act if evidence relating to a felony is revealed during the course of the proceedings. We consider that such omission is very serious.

411. We consider that as soon as a responsible member of the C. W. E., or of a consumer society, or of the Department of Co-operation, has reasonable grounds to suspect that a felony has been committed, he should suspend, forthwith, any enquiry or arbitration proceedings which he is making or carrying out, and should report the matter to the police, either directly or through the Registrar of Co-operative Societies. We do not consider that it is part of the duty of a co-operative society or of the Department of Co-operation to prepare a complete case for the police before making a report.

412. We are of the opinion that the main person to blame in connection with the policy of arbitrations and enquiries is Mr. Hewson. In the matter of not reporting a felony at the proper time to the police, other members of his Department and of co-operative societies have not been entirely blameless.

413. We feel that it is proper to state here that we have not enquired into any matters which have

/been the subject

been the subject of police investigations without ascertaining from the police that their investigations had been closed, or that our enquiries would not embarrass them.

CHAPTER 12 -- MR. ALEMA'S FIRMS

(a) G.N. Alema and Co.

414. As has been previously mentioned (vide Chapter 2, paragraph 35), Mr. Alema prior to his accepting his appointment with Government, had been concerned with the firm of G.N. Alema and Co., of which he had been the proprietor. This firm had no separate banking account, but all its financial transactions went through Mr. Alema's own bank account.

415. When Mr. Alema joined Government service he was required (vide appendix 11, attachment "C") to sever all his previous business connections. He told us that he had handed his business of G.N. Alema & Co. to a Mr. Halm. We are not satisfied that he did, in fact, do so, as -

(1) no bank account was opened for G.N.

Alema & Co.;

(11) Mr. Alema continued to pay the salary of the Company's clerk, a Mr. Pobeeg;

(111) Mr. Alema was kept advised of the affairs of the Company; and

(1V) moneys received for G.N. Alema & Co.

were according to Mr. Pobeeg, paid over to Mr. Alema.

416. When he was carrying on business under the name of G.N. Alema & Co., Mr. Alema had made contacts with various firms in the United Kingdom and had secured the agencies for some of them, whereby he

/received commission

received commission varying from 4 to 5 per centum on goods sold by those firms to buyers in the Gold Coast.

417. During his United Kingdom tour, Mr. Alema visited a number of the firms with which he had previously dealt and placed or arranged to place orders with them on behalf of the C. W. E.

418. As a result of these orders, commission was paid by certain of these firms to G. N. Alema & Co. It appears from the evidence adduced before us that the total amount of commission paid must have amounted to several hundreds of pounds.

419. Mr. Alema stated that he used these old contacts to help the C. W. E. to obtain goods which the Establishment would otherwise not have been able to secure. He also stated that though he had a Bank account in his own name only, he kept his personal transactions separate from those of G. N. Alema and Co. in his books. Mr. Alema was unable to produce these books, and there is no corroboration of his statement on this point.

We are satisfied that moneys paid to G. N. Alema & Co. went into the pocket of Mr. Alema. We are equally satisfied that the deletion of Mr. Alema's name from the Register of Business Names did not, in fact, change his position in that firm.

420. We do not consider that the payment of commission to G. N. Alema & Co. by any firm increased / the price paid by the

the price paid by the C. W. E. for the goods concerned, but we do consider that the payment of commission by certain firms to G. N. Alema & Co. encouraged Mr. Alema to order from those firms, whereas he might have made better bargains with firms with which G. N. Alema & Co. had had no agency agreement. It is quite obvious that Mr. Alema over-ordered in the early stages.

421. There was, however insufficient evidence adduced before us to enable us to decide whether or not Mr. Alema's indenting policy was affected by the desire to earn increased commission for G. N. Alema & Co. from suppliers for whom that Company acted as agents.

422. We do not consider that the firms themselves in any way acted improperly in paying commission to G. N. Alema & Co.

423. The payment of commission was referred to by Messrs. Lambert and Shearer in their report (vide appendix II, attachment "AA", paragraph 77).

Messrs. Lambert and Shearer also noted that there was considerable number of letters addressed to G. N. Alema & Co. at the premises of the C. W. E. Mr. Alema claims that these were only trade advertisements which he had brought to the C. W. E. to help him in ordering goods for the Establishment. We doubt the accuracy of this statement.

424. As a result of the Lambert and Shearer Report the placing of orders with firms from which

/G. N. Alema & Co.

G. N. Alema & Co. received commission was subsequently terminated. There was a certain amount of delay in carrying this policy into effect, the reasons for which are not very clear, and on which we refrain from making any specific findings.

425. Orders were still placed with firms with which Mr. Alema had had previous dealings through G. N. Alema & Co. but which did not appear to have paid commission to G. N. Alema & Co.

(b) The West Africa Trading Co.

426. In 1941, Mr. Alema started a business called the West Africa Trading Co. This firm was registered in the Register of Business Names.

427. Subsequently the names of a Mr. B. E. Addo and Miss Vanderpuije (Mr. Alema's wife) were added as partners, while later on the names of Mr. Alema and Mr. Addo were deleted.

428. According to Mr. Alema, this firm did no business until 1952, but its name was never cancelled from the Register. In 1952, Miss Vanderpuije appears to have taken over the firm. According to her, she entered into what she called a partnership with Mr. Francis of Messrs. Pollitt & Son, Limited, Manchester. The nature of the arrangement is not clear, but we doubt whether it was a partnership in the true sense. Mr. Francis' name was never entered as a partner in the Register of Business Names. According to Mr. Alema, the

/arrangement was that

arrangement was that Mr. Francis supplied goods on credit to Miss Vanderpuije. We noted that Miss Vanderpuije was most reluctant to reveal Mr. Francis' name to us.

429. The Company of Messrs. Pollitt & Son, Limited, was one of those with which G. N. Alema & Co. had dealings prior to the inception of the C. W. E., and later on this firm became one of the principal suppliers of the C. W. E. Mr. Alema, however, denied that Messrs. Pollitt & Son, Limited, ever paid any commission to G. N. Alema & Co.

430. In April, 1952, Mr. Francis came to the Gold Coast where he both visited the C. W. E. and made his arrangements with Miss Vanderpuije. We have noted that after this visit, the orders placed with Messrs. Pollitt & Son, Limited, substantially increased.

431. It occurred to us that there might be some connection between the increase in orders placed by the C. W. E. with Messrs. Pollitt & Son, Limited, and the arrangements made between Miss Vanderpuije and Mr. Francis, in view of (a) Mr. Alema's relationship with Miss Vanderpuije, (b) Mr. Alema's position as Trade Adviser to the C. W. E., (c) Mr. Alema's previous connections with the West Africa Trading Co., and (d) Mr. Alema's previous acquaintanceship with Mr. Francis, a fact which Mr. Alema has admitted. Unfortunately, Mr. Francis was not in the Gold Coast during the period of our Enquiry, and without his presence we

/felt that we

felt that we could not adequately investigate this matter.

432. We accordingly decided that the best procedure to adopt was to refer the matter to the Commissioner of Police so that further investigations might be made, both here and in the United Kingdom. We have further requested the Commissioner of Police to report to your Excellency any irregularities which might be revealed as a result of such investigations.

433. We considered that it would have prolonged unduly the submission of this report if we had waited until the police investigations were completed.

CHAPTER 13 - SUGAR SALES JULY - SEPTEMBER, 1949.

434. In February, 1949, the C.W.E. received a shipment of 6,600 cartons, each containing 56 lbs., of Tate and Lyle cube sugar packed loose. These cartons of sugar were not popular with the consumer societies who preferred the cartons containing 1 lb. or 2 lb. packets. About July or August, 1949, the Committee of the C.W.E. decided to sell the 56 lb. cartons for cash in the open market. It appears that they were not very much in demand at first but, towards the end of August, there was a real shortage of cube sugar in Accra, especially of cube sugar in 1 lb. and 2 lb. packets. The result was that there was a "black market" in sugar, and even the 56 lb. cartons of loose cube sugar could fetch as much as 40/- to 50/- per carton of 56 lbs. At this time the controlled price of a carton containing 56 x 1 lb. packets was 33/6d. The controlled retail price for one 1 lb. packet was 7½d. The Price Control Authorities do not seem to have laid down a price for cartons containing 56 lbs. of loose cube sugar but it must be assumed that such sugar should not have been sold higher than 33/6d. per carton, being the maximum price for cartons containing 56 x 1 lb. packets.

435. At this time, the C.W.E. were charging, officially, 35/- per 56 lb. carton of loose sugar. We consider that such a price was too high, and that the C.W.E. should not have demanded or received more than 33/6d. per carton.

436. In our opinion, the persons responsible for this irregularity were the Managing Secretary, Mr. Alema, and the Executive Committee. The wholesalekeeper during this period was Mr. Ayeh Kumi, and there were at "Derby Works", where the sugar in question was stored, Mr. D.A. Kumi, (brother of Mr. A.Kumi), assistant wholesalekeeper,

/and.....

and Mr. Manase Amelipo, a storeman.

437. We attach hereto, marked "A", a schedule showing "A"
particulars of cash sales made during August and
September, 1949. The particulars for August, 1949, are
incomplete as only one waybill for that period has been
traced. We have, however, reason to believe that all the
waybills referred to in receipt No. 172, dated 1st September,
1949, were for 56 lb. cartons of sugar, as waybill No. 94
certainly was. The total of £1055.5.0d. is consistent
with the sale of 603 cartons at 35/- per carton. Accepting
this, it will be seen that a total of at least 3,694 cartons
each containing 56 lbs. of loose cube sugar was sold to
purchasers other than consumer societies during August and
September, 1949. In the three weeks from the end of
August to the middle of September, 1949, a total
of 1,461 cartons was sold to consumer societies. A
schedule giving particulars of these sales is attached
and marked "B". "B"

438. We consider that all cash sales of these cartons
to the general public should have been stopped as soon
as it came to light that there was such a big demand
for this type of sugar from consumer societies.

439. Mr. Ayeh Kumi stated in evidence that during
the first part of these sales to the public, he sold
to all buyers at 35/- per carton, but that later he
was ordered by Mr. Alema to sell at 35/- only to
persons who produced a chit signed by him (Mr. Alema).
According to Mr. A. Kumi, Mr. Alema further stated that
all buyers, other than those who produced signed
chits, should be charged at the rate of 40/- per carton,
while only 35/- out of each 40/- was to be paid to the
cashier, and the balance was to be kept on one side and
given to him (Mr. Alema) for "payment of insurance".
Mr. Kumi told us that 35/- was the controlled price but
that he sold at 40/- because he was told to do so by Mr. Alema.

440. According to Mr. A.Kumi, he sold somewhere in the region of 1,500 cartons of sugar at 35/- to persons who produced chits signed by Mr. Alema. Mr. Kumi stated that most of these cartons were sold to Miss Vanderpuije (Mr. Alema's wife) and Miss Adelaide Alema (Mr. Alema's sister).

441. Mr. A.Kumi went on to say that by about the beginning of September, 1949, he had collected £200 being the proceeds of the 5/- balances kept from the 40/- sales, and that he drove in his car to Mr. Alema's house and handed this amount over to Mr. Alema but was not given a receipt. He stated that he later collected another £180 in the same way and that on the 20th September, 1949, on Mr. Alema's instructions, he took this amount to Mr. Alema's clerk, Mr. Pobee, at the office of Messrs. G.N. Alema & Co. Mr. Kumi said that he asked Mr. Pobee for a receipt and that this request was complied with. This receipt was tendered in evidence and we attach a copy of it, marked "C".

"C"

442. Mr. A.Kumi said that when he got to his car he looked at the receipt and saw that, according to the receipt, the money was to be paid to Mr. Alema's personal account. He alleged that this was the first time that he realised that the extra amounts of 5/- were to be used for a purpose other than for the C.W.E. Mr. A.Kumi said that he went back to the Derby Works, called his staff there, and told them what had happened, saying that he did not consider it fair that Mr. Alema should take all the extra money when they had done all the work. According to Mr. Kumi he reported the incident on the same day to Mr. Joannides of the Department of Co-operation who told him not to mention the matter to anyone and that he would report it to Mr. Hewson when the latter returned from leave. Mr. Kumi stated

/that Mr. Joannides.....

that Mr. Joannides informed him that it was no use reporting the matter to Mr. Sam, the Acting Registrar, as Mr. Sam was "too weak".

443. Mr. A.Kumi told us that he took no further action until somewhere about December, 1949, when he was "humbugged" by Mr. Alema, who had instructed Mr. S.T. Addy to check certain of his (Mr. Kumi's) stocks, when they had just recently been checked. Mr. A.Kumi said that, as a result, he complained again about the matter of the sugar sales. Mr. Kumi said he saw Mr. Hewson after this and told him of the incident. According to Mr. Kumi, Mr. Hewson told him that he would deal with the matter, but warned him that Mr. Alema was a very important person in the community. Mr. Kumi denied that Mr. Hewson told him that he should report the matter to the Police if he considered his allegation justified such action.

444. Mr. Joannides denied having been told by Mr. Kumi about the allegation in September, and said that the first report was made by Mr. Kumi at the C.W.B. premises at the Airport sometime between November, 1949, and March, 1950. Mr. Joannides stated that he told Mr. Kumi that he considered that the matter was too big for him to deal with and that he would report it to Mr. Hewson. Mr. Joannides informed us that he reported the matter to Mr. Hewson as soon as he was in a position to do so.

445. Mr. Hewson stated that he first heard of the allegation about January or February, 1950. He said he was in some doubt about the authenticity of the allegation, as some time before this he had received an allegation from Mr. Alema against Mr. Kumi alleging that Mr. Kumi's conduct was unsatisfactory. Mr. Hewson also informed us that he did not ask for the receipt but that he told Mr. Kumi that he could make a report to the police if he felt he was justified in doing so.

446. Mr. Hewson stated that he saw Mr. Alema a day /or so later.....

or so later and asked him about the allegation made by Mr. Kumi. He said that Mr. Alema got very angry but explained that he had received the money in respect of the sale of a car. Mr. Hewson denied that Mr. Alema had made any reference in his explanation to any transaction in connection with a timber concession. Mr. Hewson told us that he was satisfied with Mr. Alema's explanation and accordingly made no further enquiries.

447. We consider that, if Mr. Hewson did not feel there were any reasonable grounds for him to make a report to the police forthwith, he should have at least enquired further into Mr. Kumi's allegations, and that if, as a result of, or during that enquiry, he had reason to believe that a criminal offence had been committed, he should have taken steps to see that the matter was immediately reported to the police. We do not consider that it was proper for Mr. Hewson to accept Mr. Alema's explanation without first having made some effort to check up on it. We are of the opinion that Mr. Hewson's failure to take adequate measures to enquire into the allegation may very well have encouraged other employees of the C.W.E. to commit malpractices, and so contributed to the many subsequent irregularities which took place in the affairs of the C.W.E.

448. Mr. Alema denied on oath that he gave instructions for the cartons of sugar to be sold at different prices. He stated also that he never gave any chits to his wife or sister to buy sugar. He stated further that he forbade his wife to buy any goods from the C.W.E., and that his sister did not do any trading.

449. In relation to the receipt of the £180, Mr. Alema told us that about July, 1949, he was considering purchasing a timber concession and gave Mr. A. Kumi £200, asking him to assist in arranging for purchase. Mr. Alema

/first stated.....

first stated that he drew part of this money from the Bank, and part from cash he had in the house. Later he changed this story and said that he took all the money from cash which he had in his house. This change may well have been due to the fact that it appeared from his Bank statement that no cash had been withdrawn at the material time.

Mr. Alema stated that the £200 was to be used for buying the concession. He told us that a Mr. Wilson-Sey eventually came along and a meeting was held between himself, Mr. A.Kumi and Mr. Wilson-Sey at which it was agreed that Mr. Alema should buy the concession belonging to Mr. Wilson-Sey and should pay £100 forthwith. Mr. Alema said that he wrote out a cheque for £100 and gave it to Mr. Wilson-Sey. He informed us that he told Mr. Kumi to return the £200 to his office, meaning the office of G.N.Alema & Co. He stated that Mr. Kumi paid £180 of this £200 to Mr. Pobe and claimed that the receipt (attachment "C") referred to this transaction. Mr. Alema said that he presumed that Mr. A.Kumi retained the other £20 as compensation for services rendered. This was put to Mr. A.Kumi in cross-examination but he denied it strenuously. We have noted that the cheque for £100 was cashed on the 5th of August, six and a half weeks before the receipt for the £180 was made out.

450. Mr. Alema stated that about December, 1949, he complained to Mr. Hewson about Mr. Kumi's unsatisfactory conduct as a result of certain rumours he had heard relating to sales of sugar and corned beef. He also said that that was why he ordered checks of sugar and corned beef to be made in December. He told us that the first he knew of the allegations against him (Mr. Alema) concerning the sugar sales was when he was questioned by Mr. Hewson. He stated that he informed Mr. Hewson at that time about the motor car transaction and the timber transaction.

451. Mr. Wilson-Sey stated in evidence that he made an agreement for the sale of a timber concession to Mr. Alema on the 5th August, 1949, and produced such agreement in evidence. We attach a copy of this agreement, marked "D". Mr. Wilson-Sey said that on that date Mr. Alema "D" paid him £100. He also stated that Mr. Kumi took no part in the transaction except that he came to see him at his hotel to inform him that Mr. Alema wanted to see him, and later, to sign as a witness to the agreement.

Mr. Pobece, in evidence, said that when the £180 was paid over to him Mr. Kumi told him that it was for a "land matter".

452. In evidence Miss Alema at first denied having bought any sugar from the C.W.E. but, after having been confronted with a waybill for 40 cartons of sugar made out to Miss Vanderpuije and signed by herself, confessed to having made several purchases of sugar from the C.W.E. on behalf of Miss Vanderpuije. Miss Alema also said that she paid Mr. Kumi in his house but that the sugar was collected from the C.W.E. wholesale in a lorry. A copy of the waybill referred to above is attached and marked "E". Miss Alema "E" said that Mr. Alema knew nothing of the transactions. Miss Vanderpuije, whom we consider to be a most unreliable and hostile witness, admitted having made purchases of sugar from the C.W.E., but denied that she purchased as much as 1500 cartons. She also alleged that she concealed from her husband (Mr. Alema) the fact that she had made purchases from the C.W.E., as he had told her not to trade with the Establishment.

453. The facts stated above consist only of the more important parts of evidence given by the witnesses mentioned. Several other witnesses were called before us and we have considered their evidence as carefully as that of the witnesses referred to by name.

454. We examined the records of moneys paid in by, or on

/behalf of.....

behalf of, Mr. A.Kumi for sales of sugar and discovered that the proceeds of two sales referred to in waybills, Nos. 816 and 835, did not appear to have been paid in to the cashier. We also noted that, in the case of two receipts, Nos. 190 and 196, the accounts referred to were short of the amount which should have been paid in if the sugar had been sold at 35/- per carton. Mr. A.Kumi was unable to give us a satisfactory explanation about these discrepancies but stated that they had never been referred to him. He said that if they had been queried at the time he might have been able to have clarified them.

455. The total involved in the discrepancies was £80.15.0d.

456. After due consideration of all the evidence on the subject and the various submissions made by learned Counsel appearing for Mr. Alema and for Mr. Kumi, and after taking into consideration the lapse of time and the demeanour of the several witnesses, we have come to the following conclusions:-

- (1) We are satisfied beyond all doubt that sales of sugar were made by the C.W.E. at prices in excess of 35/- per 56 lb. carton of loose cube sugar. We are further satisfied that such sales were made by, or under the instructions of, Mr. A.Kumi acting on the authority of Mr. Alema. We are convinced that Mr. A.Kumi, Mr. D.Kumi, Mr. Manase Amelipo and Mr. Alema knew that such sales were being made and that the proceeds in excess of 35/- per carton were not being paid over to the C.W.E.
- (2) We do not believe that Mr. Alema ever mentioned anything to Mr. Hewson about a timber concession when he (Mr. Alema) was explaining matters about the £180. We

accept the evidence of Mr. Hewson on this point.

- (3) We are satisfied that sums of money, on two occasions at least, were paid by Mr. Kumi to Mr. Alema or his agent, Mr. Pobee. We are further satisfied that attachment "C" refers to a payment made to Mr. Alëma in respect of "black market" sales of sugar, and we are convinced that it bears no relation to Mr. Alema's negotiation for the purchase of a timber concession.
 - (4) We do not believe Mr. A.Kumi's statement that he received no benefit from the "black market" sales of sugar.
 - (5) We are convinced that Messrs. Alema, A.Kumi, D.Kumi, Manase Amelipo and possibly others deliberately conspired together to make a "black market racket" in connection with the sugar sales, in taking advantage of the acute shortage of cube sugar in the Gold Coast at that particular time. We consider, however, that the greatest blame must be attached to Mr. Alema as he was the senior employee of the C.W.F.
 - (6) We are satisfied that preferential treatment, in the way of prices, was given to Miss Alema, Miss Vanderpuije and certain other favoured persons.
 - (7) We are of the opinion that subsequent to the sugar "racket", Mr. Alema and Mr. Kumi "fell out", hence the checking by Mr. S.T.Addy, the allegation to Mr. Hewson by Mr. Alema in December, 1949, and the counter allegation by Mr. A.Kumi in January or February, 1950.
 - (8) We do not believe Mr. A.Kumi's statement that he reported the incident to Mr. Joannides in September, 1949. We are satisfied that the first report he made was in January or February, 1950.
457. In view of our findings we have referred the matter to the Commissioner of Police in case he wishes to take any further action.

CHAPTER 10. CARTRIDGES MISSING FROM THE C.W.E. MAGAZINE AND WHOLESALE STORE AT KUMASI.

458. On the 6th October, 1949, a consignment of 72,949 cartridges was taken over by the C.W.E., Kumasi, from the stocks of the former Gold Coast Co-operative Federation.

459. These cartridges were checked by the wholesaler, Mr. Collins Abeyie, and an officer of the Department of Co-operation, Mr. Kane (now known as Mr. K.A. Dadzie), and found to amount to 73,100, though they were apparently taken on charge as 72,950. It is not certain what happened to the other 150 cartridges.

460. There were four keys to the C.W.E. Magazine, Kumasi, all different. Two of these were retained by the wholesaler, Mr. Collins Abeyie while the other two were kept by the Police Quartermaster, Corporal (formerly Constable) Quartey.

461. Except on two occasions, all visits to the Magazine were carried out in the presence of Quartey. On all occasions Mr. Collins Abeyie was present.

462. We do not consider that anything irregular took place during the two visits when Quartey was not present.

463. Between the 6th October, 1949, and the 9th October, 1950, 600 cartridges were withdrawn from the Magazine against permits and were properly brought to account.

464. On the 9th January, 1950, all ammunition from the Magazine was removed and taken to Kumasi Fort for safe custody. A receipt was given by Quartey. The ammunition (72,349 cartridges) was returned

to the Magazine about March, 1950.

465. Between March, 1950 and July, 1950, 34,200 cartridges appear to have been withdrawn from the Magazine against permits.

466. Of those 34,200 cartridges only 21,100 have been brought to account by Mr. Collins Abeyie, leaving a discrepancy of 13,100.

467. Mr. Hancock, Assistant District Commissioner, and Mr. Hewitt, Assistant Superintendent of Police, checked the Magazine on the 4th July, 1950, but the particulars of this stocktaking appear to have (conveniently for some people) vanished from official records. It appears, however, that no shortages in the Magazine were apparent. This is corroborated by the certificates of Quartey, who checked the stock on the 1st August, 1st September, 1st October and the 1st November, 1950. According to Quartey's figures, there were 38,149 cartridges in the Magazine on the 1st November, 1950. During the period July to November, 1950 there were no issues or receipts of cartridges it therefore can be inferred that there were 38,149 cartridges in the Magazine on the 4th July, 1950.

468. On the 3rd March, 1951 a total of 28,149 cartridges were found in the Magazine at a stocktaking by Mr. Pattison, Assistant District Commissioner and Mr. Edelsten, Assistant Superintendent of Police, at which were present Mr. Collins Abeyie and Quartey. From this it is evident that 10,000 cartridges were withdrawn from the Magazine between the 1st November, 1950, and the 3rd March, 1951. Of these 10,000 cartridges only 1,600 were accounted for by Mr. Collins Abeyie. We consider that the remaining 8,400 cartridges were stolen by Mr. Collins Abeyie

/and Quartey.

and Quartey. It is significant that after the 1st November, 1950, Quartey failed to submit returns to the District Commissioner's office, or, if he did submit them, they must have been destroyed. It is also significant that the licence counterparts from 10th January to 16th February, 1951, have disappeared. However, the application counterfoils for that period were checked by Mr. Herbert of the Department of Co-operation in 1952, and applications for the withdrawal of only 1,600 cartridges were made by the C.W.E. between the 1st November, 1950 and the 3rd March, 1951. This book also has disappeared since Mr. Herbert examined it.

469. At the close of the financial year of the C.W.E. (the end of March, 1951) a stock of all goods in the C.W.E. was taken. At this time Mr. Dadzie was in charge as Sales Manager, an appointment to which he was seconded by the Department of Co-operation on the 1st March, 1951. Prior to that date he had been working with the C.W.E. as an Inspector of the Department. The stocktaking was carried out by Mr. Dadzie and Mr. Collins Abeyie in the presence of Mr. Danso (now a Senior Co-operative Officer).

470. Mr. Dadzie informed Mr. Danso that they could not check the cartridges as Quartey was not available. Mr. Danso said that he wanted a certificate from the police. Subsequently a certificate was produced, signed by Quartey on Official police notepaper, to the effect that there were 47,150 cartridges in the Magazine. Both Mr. Collins Abeyie and Quartey said that this figure was taken from the binder. This, however, is difficult to follow, as the total of cartridges, according to the binder, was 47,350. It has been suggested that the difference of 200 cartridges arose from the fact that there were 200 of these in the wholesale at the time the stocktaking took place.

471. As a result of this certificate, the figures of "actual stock" in the stocktaking were recorded as being

the same as those in the binder.

472. Subsequently Mr. Dadzie and Mr. Danso signed a certificate that they had physically checked all the stocks in the C.W.E. wholesale.

473. We find as a fact that both Mr. Collins Abeyie and Quartey knew that the figures in this certificate were wrong, and we are satisfied that Quartey made the certificate with intent to defraud the C.W.E. We are equally satisfied that Mr. Collins Abeyie entered, or caused to be entered, the false figures in the stocksheets with a similar intent.

474. We find that Mr. Dadzie wilfully made the certificate to the effect that there had been a physical count of all stocks, knowing such statement to be false

475. We find that, though, as an auditor, Mr. Danso was justified in accepting Quartey's certificate, he, nevertheless, acted most improperly in signing a certificate to the effect that he had physically checked all stocks when he had not done so.

476. From the 1st to the 6th September, 1951, stock was taken by Mr. Dadzie and Mr. Collins Abeyie in the presence of Mr. Vardon, an auditor from the Department of Co-operation. Again it was alleged that Quartey was not available and once more no physical check of the stock of cartridges was made. On this occasion not even a stock certificate was obtained. Nevertheless, Messrs. Dadzie and Vardon signed a certificate, to the effect that they had made a physical check of all stocks, which they must have known to be false.

477. Mr. S.T. Addy took over from Mr. Dadzie as Sales Manager on the 2nd October, 1951.

478. On the 7th November, 1951, Mr. Watling, Assistant District Commissioner, who relieved Mr. Pattison, checked the stock of cartridges in the C.W.E. and found them to

be 8,400. Between the 3rd March, 1951 and the 7th November, 1951, 19,749 cartridges had been withdrawn from the Magazine. Of these, 19,200 were against permits, but only 11,300 were accounted for by Mr. Collins Abeyie, although 3,100 were subsequently accounted for in the ensuing period.

479. After his stocktaking on the 7th November, 1951, Mr. Watling wrote to the C.W.E. pointed out that no Register of Ammunition, as prescribed by Cap. 144, was being kept by the C.W.E. Mr. Addy passed this letter on to Mr. Collins Abeyie, who, however, took no action in the matter. Mr. Dadzie told us that up to the time he left this register had been kept, but Mr. Collins Abeyie denied this, saying that although there had been a register when he first took over the Magazine, it was taken away from him by Mr. Dadzie.

480. At the end of March, 1952, a further stocktaking was made by Mr. Collins Abeyie and Mr. Addy. Mr. Collins Abeyie told Mr. Addy that the keys of the Magazine were not available and the binder figures were inserted as "actual stock".

481. On the 3rd July, 1952, Mr. Addy insisted on checking the cartridges in the Magazine and the actual stock was found to be only 1,150. At the same time 3,100 cartridges were found in the wholesale of the C.W.E. The stocks in the Magazine were again checked on the 7th July, 1952, in the presence of Mr. Watling and the figure of 1,150 cartridges was verified.

482. During the period 7th November, 1951, to 7th March, 1952, 7,250 cartridges were withdrawn from the Magazine. Permits for the withdrawal of 7,875 cartridges appear to have been issued while 9,675 (including the 3,100 referred to in paragraph 1 above) were accounted for in the C.W.E. books.

483. During the first half of 1952, 1,925 cartridges were supplied to Tarkwa Consumer Society. The society returned 1,924 of these as they were "16 bore" not "12 bore". Mr. Collins Abeyie alleged that he sent 1,924 "12 bore" cartridges to Tarkwa via Takoradi on a C.W.E. lorry, and that he gave a waybill therefor to the driver. He failed, however, to produce any evidence of the waybill, and there was no copy in the waybill book. C.W.E. Takoradi stated that they only received 1,500 cartridges. This figure of 1,500 appears to be substantiated by mathematical calculations. The remaining 424 cartridges were never brought to account by Mr. Collins Abeyie.
484. In June, 1952, Mampong Consumer Society returned 425 "16 bore" cartridges to be exchanged for "12 bore" cartridges. No exchange was made and the 425 cartridges, although received by him, were not brought to account by Mr. Collins Abeyie.
485. The total shortage of cartridges appears to have been 26,374, of which 8,400 appear to have been stolen from the Magazine.
486. On the 28th July, 1952, a debit note was made out for 3,400 cartridges to the C.W.E. Accra. The original and duplicate of the note were sent to Accra. The duplicate was receipted on the 20th November and returned to Kumasi. The triplicate was sent to the office, where the daybook clerk and the binder clerk (Mr. A.K. Arthur) were working. The quadruplicate copy, which is not used for accounting purposes, was retained by Mr. Collins Abeyie. The daybook was entered up correctly from the triplicate copy. In August 1952, Mr. Herbert of the Department of Co-operation discovered that the duplicate and triplicate copies had been altered to read 13,400 instead of 3,400 and a similar entry had been made in the binder.

487. We have carefully and exhaustively investigated the facts relating to this alteration, and are satisfied beyond all reasonable doubt that the original page from the binder which contained an entry of 3,400 had been removed and a new page inserted in the binder containing the false figure of 13,400. Mr. Arthur admitted having made the entries on the page at present in the binder, but denied having substituted the present page for another.

488. We are satisfied that the forgery of the page was carried out to cover up Mr. Collins Abeyie's shortages, and we are convinced that this was done at his instigation, as he was the only person who could benefit from the substitution.

489. Our findings in respect of the forgery are based, inter alia, on the following facts:-

- (a) that the figure 13,400 on the present page in the binder does not support the entry in the stock sheets, which were prepared from the binder figures supplied by Mr. Arthur, whereas the figure 3,400 would support the entries in the stock sheets;
- (b) all the pages in the binder, before and after the one in question, bear an auditor's stamp, while that page has no such stamp;
- (c) the ink and writing on the pages before and after the one in question appear to vary and the entries appear to have been made at different times, while all the entries on that page seem to have been made at the same time and with the same ink;
and
- (d) that Mr. Arthur stated that he made no entry of the cartridges in question until after the signed receipt had arrived from
/ Accra

Accra, which statement has been proved false.

490. In our opinion there appears to be evidence against the undermentioned people for the offences alleged opposite their several names :-

LIST OF CHARGES ON WHICH THERE APPEARS TO BE EVIDENCE.

- | | |
|-----------------------|--|
| <u>Collins Abeyie</u> | (1) Falsification of accounts
(Several counts)
(11) Conspiracy with Quartey.
(111) Stealing by means of employment -
(a) from Magazine
(b) from wholesale.
(1V) Abetment of forgery.
(V) Failing to keep Ammunition Register.
(V) Wilfully furnishing false information as an officer of a co-operative society. |
| <u>Quartey</u> | (1) Stealing by means of employment.
(11) Conspiracy with Mr. Collins Abeyie.
(111) Falsification of Accounts.
(1V) Falsifying documents as public officer (re certificate for 47,150 cartridges). |
| <u>Arthur</u> | (1) Falsification of Accounts.
(11) Forgery. |
| <u>Dadzie</u> | Wilfully furnishing false information as an officer of a co-operative society. (Two charges). |
| <u>Danso</u> | Making a false certificate as a public officer. |
| <u>Vardon</u> | Possibly as for Danso. This person is at present in the United Kingdom, but should be returning to the Gold Coast in June or July, 1954. |
| <u>Addy</u> | (1) Abotting Collins Abeyie in failing to keep an Ammunition Register. |

Addy

(11) Wilfully furnishing false information as an officer of a co-operative society.

491. We have reported this case to the Commissioner of Police in case he wishes to take any further action.

492. In the course of our enquiries, we have had occasion to examine the control, exercised by the administrative authority in Kumasi, over the cartridges kept at the C.W.E. Magazine. Such control was most ineffective and left much to be desired. We consider that had regular and proper checks been made as to the number of cartridges in the Magazine, and had the results been compared with the figures in the Magazine records, as well as with the balances computed from the authority's own records, after allowing for receipts and issues, irregularities such as we have been considering in this chapter would have been minimized, if not altogether prevented. A considerable number of used permit books, relating to the withdrawal of arms and ammunition from the Magazines were missing from the Government Agent's office. We are satisfied that the disappearance of these documents was not entirely fortuitous.

493. The shortage of the cartridges and the forging of the Debit Note were the subject of police investigations but the docket was closed, undetected, in February, 1953. We consider that this investigation was grossly mishandled by the police and that evidence which could have been obtained was not brought to light. We went into the previous investigation in some detail to see whether there was any question of collusion between the investigating police officers and the suspects. We do not consider that there was any collusion, but we are satisfied that the officers responsible for the investigation did not carry out their duties in a very creditable manner.

CHAPTER 15 - PURCHASE OF IMITATION JEWELLERY.

494. We are satisfied that, in early 1951, an order for imitation jewellery was placed with the firm of Riviera Pearls, London, by, or on behalf of, either Dr. or Mrs. Busby, or both. The evidence as to who placed the order is conflicting and we do not consider that we can make a definite finding on the point. We are also satisfied that Dr. Busby actually paid for the jewellery in two instalments and that it was consigned to him, although it appears as if Mrs. Busby subsequently might have paid the ocean-freight on the shipment.

495. The jewellery arrived in the Gold Coast in March, 1951. The bill of lading was endorsed by Dr. Busby but the customs entry was signed by Mrs. Busby. We attach hereto copies of Riviera Pearl's invoice, the bill of lading and the customs entry, marked "A", "B" & "C", respectively. The customs "A" "B" "C" entry was prepared by Mr. George Stanley Lewis, a trader and friend of the Busbys'. The customs duty was paid by Mr. Lewis and later deducted by him from moneys he owed to Dr. Busby. The c.i.f. value of the goods, according to the customs entry, was £723.13.4d. and the duty paid thereon was £144.14.8d. making a total of £868.8.0d.

496. The suggested amount of approximately £20, alleged to have been paid for freight, was not declared on the customs entry, and the reference to it was on the certified invoice. It is quite clear that no duty was paid on it. We do not, however, consider that the queried £20 has any material effect on the case.

497. The preponderance of evidence is to the effect that, although Dr. Busby paid for the goods, they were really his wife's. We do not feel that we can properly make any definite finding on this point as we have not had an opportunity of questioning Mrs. Busby, since she was out of the Gold Coast during the period of our enquiry. We find that a large quantity (if not all) of the jewellery was stored with Mr. Lewis after clearance from H.M. Customs. The reason for this is not absolutely clear.

498. During April, 1951, Mr. Sam and Mr. Obuobi went to Mr. Lewis's store and saw some of the imitation jewellery. They liked the appearance of it and took samples to show to the Stocks, Prices and Orders Sub-committee of the C.W.E. and to Mr. Aloma, the trade adviser. Mr. Aloma also went to Mr. Lewis's store to examine the jewellery. We have noted that Mr. Sam and Mr. Aloma had previously known Mr. Lewis and also, incidentally, the Busby family, but that neither Mr. Lewis, nor Dr. or Mrs. Busby, had previously known Mr. Obuobi.

499. Later, the C.W.E. placed a sample order for jewellery to the value of £63.18.0d. less 15 per centum discount making a net cost of £54.6.0d. A copy of the invoice is attached and marked "D". "D"

500. Part of this sample order was taken up by Oda Co-operative Consumer Society, while a large portion of it was sent to the C.W.E. branch at Kumasi, where it was divided between several societies.

501. In May 1951, negotiations were made by representatives of the C.W.E. with Mr. Lewis for the purchase of the balance of the jewellery. The reasons given by Mr. Aloma and Mr. Obuobi for the second order

differ. According to Mr. Alema, imitation jewellery was in short supply in the Gold Coast and the prices were good but, according to Mr. Obuobi, they were required by consumer societies with whom the sample order had proved popular.

502. Whatever the true reasons were, it is abundantly clear that the second order was left on the C.W.E.'s hands and never moved satisfactorily.

503. We have noted that at no time during any of the jewellery transactions did Mr. Lewis disclose to any of the C.W.E.'s representatives that he was acting as agent for any other person or persons.

504. Mr. Lewis first suggested that Mr. Alema had carried out the negotiations but later changed this statement and said that it was Mr. Obuobi. On the whole, it appears from the evidence that Mr. Obuobi carried out the negotiations, acting on the advice and recommendations of Mr. Alema.

505. We find that during these negotiations Mr. Obuobi stated to Mr. Lewis that the C.W.E. wished to purchase on the basis of cost price plus commission. We are satisfied beyond all reasonable doubt that by "cost price" Mr. Obuobi meant "landed cost" and that Mr. Lewis knew he meant "landed cost". Shortly afterwards, Mr. Lewis handed an invoice to Mr. Obuobi. We noted that this invoice had no heading and was unsigned but Mr. Lewis admitted that it was the one prepared in his office. This invoice listed goods at "duty cost" and extended them under the heading "Cost in Gold Coast". Despite Mr. Lewis's submission that he did not know what these terms were meant to convey, we are satisfied that they were intended to convey to Mr. Obuobi and the C.W.E. that the prices quoted were the landed

/cost prices.....

cost prices of the jewellery. We are also satisfied that Mr. Obuobi and the representatives of the C.W.E. believed such prices to be landed cost prices. We have further noted the phrase at the bottom of the invoice, namely "10% importers commission". A copy of the invoice is attached and marked "E". This invoice shows the alleged cost price as £1252.4.1d. plus 10 per centum commission making a total of £1377.8.6d. Mr. Lewis stated that he obtained the figures from Mrs. Busby and never saw the invoice from Riviera Pearls. We find that Mr. Lewis did see, and was aware of, the contents of the invoice from Riviera Pearls. We attach hereto, marked "F", a schedule, based on the customs entry and invoice from Riviera Pearls, showing the c.i.f. value and landed cost of the jewellery referred to in attachment "E". The difference between the total landed cost plus 10 per centum commission on this basis and the total of £1377.8.6d. given in attachment "F", is £521.2s.7d.

506. This amount of £1377.8.6d. was paid by two cheques, one of £800.0.0d. and another of £577.8.6d. Both cheques were made out in favour of G. Stanley Lewis.

507. In the case of the first payment, the C.W.E. cheque, dated 26th May 1951, was signed by Mr. Obuobi but not signed by the Treasurer, Mr. Blankson. It was countersigned by Mr. Sam, for the Registrar, Mr. Hewson. The Co-operative Bank cheque dated 28th May, 1951, was signed by two Bank officials and also countersigned by Mr. Sam. In the case of the second payment, the C.W.E. cheque, dated 4th June, 1951, was signed by Mr. Obuobi, Mr. Blankson and Mr. Sam, while the Co-operative

/Bank cheque.....

Bank cheque was countersigned by Mr. Hewson.

508. Mr. Lewis subsequently paid into Dr. Busby's account all moneys received by him from the C.W.E. in connection with the jewellery transactions.

509. Delivery of the goods was made on May 28th, June 12th, June 13th, July 5th and July 6th, 1951. Copies of the relevant invoices are attached and marked "G". A cash adjustment "G" was made on the 19th March, 1952, to close the transaction.

510. It was suggested that the reason for issuing two cheques was because the first was in respect of a part delivery, and the second was in respect of the delivery of the balance of the jewellery. This explanation is obviously incorrect.

511. We consider that there was no justification for making out the two cheques, and we further consider that all the goods should have been collected at the same time and one payment made if, as alleged, all the jewellery had been ready for collection at the time the invoice (attachment "E") was submitted. Mr. Amegashie said he did not collect it all at once as he found that some of the jewellery was broken and had to be repaired. It is clear that no claim for deduction for broken jewellery was ever made.

512. We are satisfied that there were no irregularities in connection with the first, or sample, order but as regards the second or main order,

- (a) we are satisfied that Mr. Lewis purposely misled Mr. Obuobi and the C.W.E. about the landed cost of the imitation jewellery, and that he did so with the intention

/of persuading

of persuading the officials of the C.W.E. to buy the jewellery, well knowing that they were prepared to buy only on the basis of landed cost plus commission;

- (b) we are satisfied that Mr. Obuobi acted most unwisely and imprudently in not asking for the exporter's invoice and the customs entry before agreeing to purchase the second lot of jewellery;
- (c) we consider that Mr. Alema, as trade adviser, should have required the production of the exporter's invoice before he recommended the purchase of the second lot of jewellery;
- (d) we consider that Mr. Obuobi acted irregularly in signing the first C.W.E. cheque for £800 without ensuring that part delivery of the jewellery had been made, as he knew that the goods were supposed to be ready for delivery;
- (e) We consider that Mr. Sam acted most unwisely and imprudently in counter-signing the C.W.E. cheque for £800 without requiring the production of the exporter's invoice and without ascertaining whether, or not, any goods in connection with the order had already been supplied. We do not accept Mr. Sam's evidence that his sole duty apart from implementing the recommendations of the Lambert Shearer Report was to see that the C.W.E. did not issue cheques in excess of the amount of £250,000 guaranteed by Government, and that it

was not his duty to enquire how the C.W.E. spent its money as long as it did not exceed such limit;

- (f) we consider that Mr. Sam acted most irregularly in countersigning the Co-operative Bank cheque for £800 when Mr. Blankson, the C.W.E. Treasurer, had not signed the C.W.E. cheque in respect of that payment;
- (g) we consider that Mr. Obuobi acted most irregularly in signing the C.W.E. cheque for £577.8.6d. without having made certain that all the jewellery had been delivered to the C.W.E. ;
- (h) we consider that Mr. Blankson and Mr. Sam should also have made enquiries in this connection, before they, respectively, signed and countersigned that cheque; and
- (i) we consider that Mr. Amegashie acted negligently in not taking steps to ensure that all the jewellery was delivered expeditiously to the C.W.E.

513. We are not prepared to make any decision as to whether Dr. or Mrs. Busby, or both, were in any way, if at all, concerned in abetting Mr. Lewis in his deception of the C.W.E. We have carefully considered Dr. Busby's evidence and, in particular, his representations to the effect that he was certain that his wife would not have sold on a basis of landed cost plus commission. Nevertheless, we feel that in the absence of Mrs. Busby, we cannot properly make any finding on this matter. We discussed the possibility of sending a questionnaire to Mrs. Busby, but after careful consideration we came to

/the decision

was not his duty to enquire how the C.W.E. spent its money as long as it did not exceed such limit;

- (f) we consider that Mr. Sam acted most irregularly in countersigning the Co-operative Bank cheque for £800 when Mr. Blankson, the C.W.E. Treasurer, had not signed the C.W.E. cheque in respect of that payment;
- (g) we consider that Mr. Obuobi acted most irregularly in signing the C.W.E. cheque for £577.8.6d. without having made certain that all the jewellery had been delivered to the C.W.E.;
- (h) we consider that Mr. Blankson and Mr. Sam should also have made enquiries in this connection, before they, respectively, signed and countersigned that cheque; and
- (i) we consider that Mr. Amegashie acted negligently in not taking steps to ensure that all the jewellery was delivered expeditiously to the C.W.E.

513. We are not prepared to make any decision as to whether Dr. or Mrs. Busby, or both, were in any way, if at all, concerned in abetting Mr. Lewis in his deception of the C.W.E. We have carefully considered Dr. Busby's evidence and, in particular, his representations to the effect that he was certain that his wife would not have sold on a basis of landed cost plus commission. Nevertheless, we feel that in the absence of Mrs. Busby, we cannot properly make any finding on this matter. We discussed the possibility of sending a questionnaire to Mrs. Busby, but after careful consideration we came to

/the decision

the decision that this procedure could not adequately take the place of a verbal examination. We have, accordingly, dealt with the case as regards Mr. Lewis on the basis of what Mr. Lewis himself actually did and represented.

514. We considered that in view of our findings it was proper for us to report this matter to the Commissioner of Police with a view to further investigation into the question of Mr. Lewis's deception of the C.W.E., so that he might decide whether or not it was a proper case for police action. We leave the question of the Busby family entirely open, but the Commissioner of Police may wish to make further enquiries in this connection.

515. We have noted that in April, 1953, Mr. Inkumsah asked Mr. Hewson how much jewellery had been purchased locally. Mr. Hewson telephoned Mr. Sparkes and asked him to check up on this point. Mr. Hewson never told Mr. Sparkes that this was a matter into which the Minister was enquiring, nor did he tell Mr. Sparkes that the matter was one of importance nor that he should investigate it personally. Mr. Sparkes assumed that the matter was purely routine and detailed a junior officer to make the investigation. The junior officer informed Mr. Sparkes of the transaction relating to the £54.6.0d. purchase of jewellery but not of that relating to the £1377.8.6d. purchase. Mr. Sparkes passed the information on to Mr. Hewson who informed Mr. Inkumsah accordingly. Mr. Sparkes has accepted responsibility for the error but, in our opinion, although Mr. Sparkes deserves some censure, the main fault lies with Mr. Hewson in not informing Mr. Sparkes that the question was one of importance coming from the Minister, and

/directing.....

directing that Mr. Sparkes should go into it personally.

516. Mr. Inkumsah also made certain allegations to Mr. Hewson to the effect that Mr. Sam had accepted bribes in connection with the jewellery transactions. We attach, hereto, copies of the relevant correspondence on this subject (marked "H"). Mr. Hewson stated that he did not institute enquiries into these allegations because no evidence had been produced before him. We consider that when a responsible Minister makes allegations they must be presumed to have some proper foundation, and we are of the opinion that Mr. Hewson should have immediately enquired into the matter and reported his findings to the Minister. No evidence has been adduced before us to support the allegations against Mr. Sam of having accepted bribes in connection with the jewellery transactions referred to in this paragraph.

517. We consider that, in addition to any possible criminal proceedings which the Commissioner of Police may decide to take, Mr. Lewis, being an agent for an undisclosed principal, should be required to refund the difference between the actual landed cost of the jewellery plus ten per centum thereon, and the amount actually paid to him in respect of the second transaction.

CHAPTER 16.- MR. G.H.DOVE'S TRANSACTIONS WITH THE C.W.E.

518. We find that early in August, 1951, Mr. R.D.Nelson Chairman of the Orders, Prices and Stocks Sub-committee of the C.W.E., took Mr. G.H.Dove to the Glamour Stores and introduced him to Mr. Khubchandani, its Manager, as a representative of the C.W.E.

519. We are satisfied that Mr. Dove was never an employee or representative of the C.W.E., but that he had been previously an employee of Mr. R.D.Nelson. We also find that Mr. G.H.Dove had some connections with a limited company called Walcka Trading Company Limited, and that Mr. R.D.Nelson assisted in the formation of that company and witnessed the signatures to the Memorandum and Articles of Association. We have noted that Mr. Dove was neither a director nor a shareholder of the company, and we are doubtful as to his exact relations with the company.

520. We are satisfied, from the evidence before us, that the Walcka Trading Company was not functioning in August, 1951. It was, eventually, struck off the Register of Limited Companies in 1952.

521. We find that Mr. Dove and Mr. R.D.Nelson took samples and a price list from Mr. Khubchandani. Later Mr. R.D.Nelson telephoned Mr. Obuobi and told him that he had met a Mr. Dove in Accra and that he (Mr. Dove) had samples of certain goods which the C.W.E. needed. Mr. R.D.Nelson strongly advised Mr. Obuobi to purchase these goods. Shortly after this, Mr. Dove went to the C.W.E. and showed the samples. Mr. Dove represented to Mr. Obuobi that these goods were at the Bank store, implying that he was the importer. No mention was made of Glamour Stores.

522. As a result of what Mr. R.D.Nelson and Mr. Dove had said, Mr. Obuobi placed an order for

/a quantity.....

a quantity of goods, the total cost of which was, according to Mr. Dove, £1,282. In fact, the price quoted by Glamour Stores was much lower. A copy of Mr. Dove's invoice for these goods is attached and marked "A".

"A"

523. On the 8th August, 1951, Mr. Dove went to Mr. Khubchandani and placed an order in the name of the C.W.F. for the goods which were invoiced to him at £1,140.4.0d. A copy of this invoice is attached and marked "B". Mr. Dove took delivery of the goods, which were collected in a C.W.F. van. On the 9th August, 1951, the C.W.F. issued a cheque to Mr. Dove for £1,282. On the same day Mr. Dove cashed this cheque and paid £1,158.4.0d. to Glamour Stores. The difference of £18 was due to an error in the extension on the original invoice, attachment "B".

"B"

524. We are satisfied, beyond all reasonable doubt, that Mr. Dove falsely represented to Mr. Obuobi that he had imported the goods in question, that he made such representation knowing the same to be false and with a purpose to defraud, and that, as a result of this representation, the C.W.F. paid the amount of £1,282 for such goods.

525. Further, we are satisfied, beyond all reasonable doubt, that Mr. R.D.Nelson purposely counselled and procured Mr. Dove to commit the said offence, and, by his conduct, purposely assisted him in the commission of the crime of obtaining money by false pretences.

526. We find that the profit made by Messrs. Dove and R.D.Nelson on this fraudulent deal was £123.16.0d.

527. We are satisfied that Mr. Nelson told Mr. Obuobi that he had bought too little and that he should purchase more of these goods.

528. We accept Mr. Khubchandani's evidence in which he said that Mr. R.D.Nelson and Mr. Dove went to him again between the 9th and the 13th August, 1951, and asked for further samples of haberdashery. These samples were taken by Mr. Dove to the C.W.E.

529. We find that on the 13th August, 1951, a meeting of the Orders, Prices and Stocks Sub-committee, of which Mr. R.D.Nelson was Chairman, and at which Mr. Dove was present, recommended that goods to the value of £10,333.2.6d. should be purchased.

530. We are satisfied that on the same day Mr. Dove had placed an order in his own name for £5,130.3.3d. worth of goods with Glamour Stores and said that he might want more. Mr. Khubchandani would not part with the goods until cash was paid. A copy of the invoice issued by Mr. Khubchandani to Mr. Dove is attached and marked "C". This order was cancelled later when C.W.E. did not take up the contract with Mr. Dove.

531. Mr. Obuobi and Mr. R.D.Nelson gave evidence to the effect that Mr. Dove stated at the meeting on the 13th August that he had purchased the goods from Glamour Stores at a reduction sale. We disbelieve this statement.

532. We attach correspondence between Mr. Dove (purporting to be acting on behalf of the Walcka Trading CO.) and the C.W.E. (marked "D"), and note that these transactions were not accepted by the C.W.E. We have noted, also, that Mr. Dove hoped to charge the C.W.E. £5,847.10.9d. for the goods ordered from Glamour Stores at £5,130.3.3d. (vide attachment "C"). A copy of Mr. Dove's invoice to the C.W.E. is attached and marked "E".

533. We are satisfied that in these negotiations Mr. Dove, abetted by Mr. R.D.Nelson, tried to defraud the C.W.E. We are further of the opinion that the statement by Mr. Dove that these goods were at the Bank store was untrue and was made with intent to defraud.

534. We also find, that the goods alleged to have been purchased from Glamour Stores had not been purchased at a reduction sale, or at all, but had been merely ordered by Mr. Dove at normal prices. We consider that these representations were also made with a fraudulent intent.

535. We have noted that Mr. Alema and Mr. Blankson did not sign the order book for the first order before the deal was finalised. We consider that it was most irregular of them to sign the local purchase order register subsequently, especially as Mr. Alema states that he did not approve of the purchase. We also consider that Mr. Sparkes should have examined the local purchase order register before counter-signing the cheque in favour of Mr. Dove, but apparently this was not the regular practice. We are of the opinion that the cheque to Mr. Dove should have been crossed. We further consider that the proposed purchase of £10,333. 2. 6d worth of goods should have been entered in the Register.

536. We have reported these transactions to the Commissioner of Police in case he wishes to take any action against Mr. Nelson. No action can be taken against Mr. Dove as he died in April, 1953.

CHAPTER 17 - THE SOAP TRANSACTIONS

537. We find that sometime about March, 1951, Mr. Chinbuah was acting as Deputy Registrar at the Department's offices at the Airport, Accra, and looking after the interests of Government in connection with the C.W.E. from February to April, 1951. He was approached by his cousin, Mr. M.A. Aekah, Managing Director (and virtually owner) of Messrs. M.A. Aekah & Co. (West Africa) Ltd., (hereinafter in this chapter, referred to as "Aekah's Company") as to the possibility of selling soap to the C.W.E. Mr. Chinbuah who was staying with Mr. Aekah at the time, told Mr. Aekah to approach Mr. Obuobi. We find that Mr. Aekah contacted Mr. Obuobi in March, 1951, on the question of selling tablets of soap to the C.W.E. This was red, white and green soap with Dr. Nkrumah's picture on it, referred to in some places as "Ghana" and in others as "Unity" soap, (hereinafter referred to as "Ghana" soap).

538. We find that Mr. Sam, the Acting Registrar of Co-operative Societies, had shown Mr. Aekah and Alfred Eshun, an employee of Mr. Aekah, the method of making this soap.

539. We attach a letter (marked "A") written by Mr. Obuobi to Mr. Aekah regarding the purchase of "Ghana" soap.

540. Mr. Aekah left the Gold Coast on the 25th March, 1951, and did not return until the 14th November, 1951. In his absence, he asked Mr. Chinbuah to look after his soap manufacturing business.

541. Mr. Aekah stated that when he went to England he left 120-150 cases of finished soap together

/with enough.....

with enough materials to make another 300 cases.

We do not accept this statement and consider that it was a wilful misstatement of fact.

542. We find that after Mr. Ackah had left for Europe, Mr. Chinbuah went with Eshun to Mr. Sam's house for lessons on soap making.

543. "Ghana" soap was supplied to the C.W.E. allegedly on behalf of Ackah's Company as follows:-

2nd. April 1951	453 Tablets	£9. 15. 0d.
11th. April 1951	372 Tablets	£7. 15. 0d.
26th. May 1951	161 Tablets	£3. 7. 1d.

544. The receipt for the first payment is purported to have been signed by Eshun. Eshun denied that he signed it and his evidence on this point is corroborated by Mr. Strike, Senior Superintendent of Police, Accra, a handwriting expert, who had compared this signature with other signatures proved to have been made by Eshun.

545. The receipt for the second payment for £7.15.0d was signed for by Mr. Chinbuah who stated that he took over all moneys received in connection with soap transactions on behalf of Mr. Ackah. We have noted that on the 13th April, 1951, an amount of £7.15.0d was paid into Mr. Chinbuah's bank account. We are satisfied, notwithstanding Mr. Chinbuah's denial, that this refers to the same £7.15.0d.

546. The receipt for the third payment of £3.7.1d was signed for by Mr. Sam, who had resumed duties at the Airport at that time. Mr. Chinbuah was on leave from 23rd May to 28th September, 1951. Mr. Sam tells us that he signed it for Ackah's Company because Mr. Chinbuah was out of town. Mr. Sam stated that he used the money, plus £1.13.0d of his own, to pay a labourer for

/Mr. Chinbuah.....

Mr. Chinbuah.

547. We are satisfied that all the "Ghana" soap was made by Eshun on Mr. Sam's premises. We have been informed by Mr. Chinbuah and Eshun that some of the "Ghana" soap for the C.W.E. was made at Mr. Ackah's residence and office in Tackie Tawiah Avenue. We do not accept this evidence as being true.

548. We find that on the 3rd July, 1951, an advance of £54 was paid on a payment voucher to Ackah's Company per Mr. Chinbuah, and that subsequently a receipt was issued purporting to have been signed by Mr. Crentsil, Mr. Ackah's clerk. We find no record of any order for soap having been made in the Local Purchase Order Register of the C.W.E. on this date and consider that this was an advance made to finance the manufacture of bar soap (sold as "Cabb" soap) under Mr. Chinbuah's supervision, allegedly on behalf of Ackah's Company.

549. We find that all the "Cabb" soap was made at premises situated near Farrer Avenue, and that no "Cabb" soap was manufactured there before the end of June, or early July, 1951. We accept Mr. Sam's evidence that some time around then he was called to those premises by Mr. Chinbuah for advice as to how to make bar soap, and that at that time there was only a small quantity of soap on the premises, which had not set properly.

550. On the 18th July, 1951, a letter was addressed to the C.W.E. on behalf of Ackah's Company, purporting to have been signed by Eshun, informing the C.W.E. that there were 27 cases and 828 short bars of soap ready for delivery. A copy of this letter is attached and marked "B".

551. We are satisfied that Eshun never signed this

/letter.....

letter and that some person forged his signature.

552. We are satisfied that an entry was made in the Local Purchase Register of a trial order, and that an amount of £69.8.3d was paid by payment voucher to Ackah's Company, in respect of this order. We are further satisfied that this amount was received by Mr. Chinbuah and that a receipt for the amount was subsequently issued purporting to have been signed by Mr. Crentsil. We find that no delivery of 27 cases of bar soap and 828 short bars was made, but that on the 3rd August, 1951 a delivery of 61 cases of bar soap was effected. We note that the Local Purchase Register has been altered to support this delivery, the total cost of which was £133.8.9d. Mr. Amegashie, who collected the soap, said that, after he had taken delivery, there was no more soap left on the premises off Farrar Avenue.

553. On the 4th August, 1951, before any soap of the first order had been sold, a further order was placed in the Local Purchase Order Register, but neither quantity nor price was specified and the only signature against this item in the register was that of Mr. Alema. Mr. Alema could give no explanation as to why he signed the register under the circumstances, but he admitted that it was not the correct procedure. On the same day, a cheque for £310.0.6d. was issued payable to Ackah's Company. This cheque was given to Mr. Chinbuah. Mr. Chinbuah took the cheque to the Co-operative Bank. In the ordinary course of events the Co-operative Bank would have taken the cheque and issued another cheque drawn on the Bank of British West Africa Ltd., in favour of Ackah's Company. In this case, however, Mr. Chinbuah

/asked Mr.....

asked Mr. Koranteng, the Acting Accountant of the Co-operative Bank, to give him cash as Mr. Ackah was out of the Gold Coast and it would not be possible to cash the Bank of British West Africa cheque. Mr. Koranteng told us that he knew Mr. Chinbuah as a Co-operative Officer and that he also knew that Mr. Ackah was away. As a result he acceded to Mr. Chinbuah's request and paid him in cash. Mr. Koranteng did not ask Mr. Chinbuah to endorse the cheque or to issue an indemnity note. He stated that he did not do so as he knew Mr. Ackah would be signing the cheque on his return from Europe.

554. Mr. Chinbuah admitted having paid £300, from this cheque, into his own account at Barclays Bank. He stated that this was a security measure.

555. When Mr. Chinbuah first gave evidence we understood him to say that this sum was subsequently withdrawn over a period and given to Eshun to pay petty traders. Later, however, he stated that part of the proceeds were used to recoup himself for moneys paid out from his own account on behalf of Ackah's Company, and part to pay by cheque for purchases made on behalf of that Company in connection with the manufacture of soap. His evidence also conflicted very materially with the evidence Mr. Ackah gave on the subject of payments. We do not consider that Mr. Chinbuah was being truthful when he told us how he accounted for the £300.

556. Mr. Chinbuah also led us to believe that no money was received by him except for soap which had already been made. We disbelieve this part of his evidence and are satisfied that Mr. Chinbuah asked Mr. Obuchi for the cheque of £310.0s.6d. partly to pay off the balance of £10.0s.6d. due on the 61 cases, and

/partly to finance...

partly to finance the second venture.

557. No delivery of soap was made until the 17th, September, 1951, when 190 cases were delivered.

We are satisfied that, on the same date, a further cheque for £213.3.9d. in favour of Ackah's Company was issued by Mr. Obuobi, at Mr. Chinbush's request. Both this cheque and the previous one were counter-signed by Mr. Sam on behalf of the Registrar of Co-operative Societies.

558. On this occasion, the C.W.E. cheque was sent to the Co-operative Bank who issued a Bank of British West Africa cheque for the same amount in favour of Ackah's Company. Mr. Chinbush, however, brought the Bank of British West Africa cheque back to the Co-operative Bank and asked to be given cash instead of the cheque and he put forward the same grounds as on the previous occasion. Mr. Koranteng cancelled the Bank of British West Africa cheque and marked it "paid" and gave Mr. Chinbush the amount of the cheque in cash. On this occasion also, Mr. Chinbush was neither required to endorse the cheque nor sign a letter of indemnity. Mr. Koranteng's explanation to us was the same as that he gave in the case of the previous cheque.

559. We have noted that Mr. Ackah was never asked to endorse the cheques until a query was raised about them in 1952. In actual fact, he endorsed both cheques in July, 1952.

560. We find that on or about the time of the delivery of the 190 cases of soap, an invoice, a copy of which is attached and marked "C", was sent on behalf of "C" Ackah's Company, for 233 cases of bar soap and deducting the advance of £300 previously paid. As a result of this letter, the quantity and prices in the local purchase order register were inserted

/and the second.....

and the second cheque for £213.3s.9d. was issued. No further deliveries were made until December, 1951, after Mr. Ackah's return from Europe, when 43 13/15 cases of soap were delivered. It was suggested this was due to Eshun having left the business in September of the same year.

561. The 190 cases of soap were found to be of a quality inferior to that of the first consignment of bar soap. Mr. Sam gave evidence to the effect that he examined this soap carefully and considered that too little de-odorising oil had been used. He further stated that he had previously told Mr. Chinbuah how much of this ingredient should be used. He said that as a result of this examination he questioned Mr. Chinbuah, and that Mr. Chinbuah had admitted that he had cut down on the de-odorising oil because it was so expensive that he could not afford to use the proper quantity. We questioned Mr. Sam very carefully on this point. Mr. Chinbuah denied the allegation.

562. We have approached this point with the utmost caution and, after the most careful consideration, we have come to the conclusion that Mr. Sam was speaking the truth. We disbelieve Mr. Chinbuah's evidence on this point. We are satisfied that the balance of 43 13/15 cases were not available for delivery when the cheque for £213.3s.9d. was paid.

563. We have noted that, prior to being seconded to the C.W.E., Mr. Obuobi was a junior to Mr. Chinbuah in the Department of Co-operation.

564. We find that in the course of the soap transactions Mr. Obuobi committed the following irregularities in that he -

(a) permitted an amount of £54. to be paid when

/no order.....

no order for soap had been entered and signed for in the order book;

- (b) permitted the financing by the C.F.S. of the soap manufacture without proper authority;
- (c) permitted the issue of payment vouchers for £54 and £69.8s.3d. well knowing that cheques should have been issued for amounts in excess of £10;
- (d) permitted the order for 27 cases and 828 short bars of soap to be altered in the local purchase order register without proper authority;
- (e) signed a cheque for £310.0s.6d. when only £10.0s.6d. was due for soap, when no fixed quantity of soap or price had been entered in the local purchase order register and when no invoices for the further order of soap had been purchased;
- (f) authorized an advance of £300 against a further substantial order of soap when the soap under the first trial order had not yet been tested on the consumer market;
- (g) signed the cheque for £213.3s.9d. when not all of the soap under the contract had been supplied, and
- (h) permitted departmental officers (Messrs. Chinbuah and Sam) to sign receipts for moneys payable to Ackah's Company.

565. We consider these irregularities to be very serious but are of the opinion that, in mitigation,

/Mr. Obuobi.....

Mr. Obuobi may have been subjected to considerable pressure, moral and otherwise, by his former senior departmental officer Mr. Chinbuah.

566. We find that Mr. Sam acted most unwisely in permitting soap, which we are satisfied he knew was going to be sold to the C.W.F., to be manufactured on his premises. Such conduct was most invidious in view of his official position.

567. We find that Mr. Sam committed the following irregularities:-

- (a) in signing a receipt for £3.7.1d. on behalf of Ackah's Company, and receiving the money therefor;
- (b) in countersigning the cheque for £310.0.6d. when only £10.0.6d. was due for goods supplied and no invoice for further soap had been submitted;
- (c) in failing to ascertain whether the trial order had been taken up by consumer societies before countersigning the cheque for £310.0.6d., and
- (d) in countersigning the cheque for £213.9.1d. without making sure that all the soap under the contract had been supplied.

568. We find that Mr. Koranteng committed gross irregularities in not requiring Mr. Chinbuah to sign a letter of indemnity before giving him cash for the two cheques made out in favour of Ackah's Company. We consider, however, in mitigation, that he was probably influenced by Mr. Chinbuah's rank in the Department

/of Co-operation....

of Co-operation.

569. We find that Mr. Chinbuah committed the following irregularities in connection with the soap transactions:-

- (a) in assisting Ackah's Company in the manufacture of soap when he knew that such soap was to be sold to the C.W.E., especially when, during the earlier transactions, he was responsible for looking after Government's interests in connection with the operation of the C.W.E.;
- (b) in signing the payment voucher for £7.15.0 on behalf of Ackah's Company when he was senior departmental officer at the Airport;
- (c) in using his position as a senior departmental officer to gain advantages for Ackah's Company which might not have been granted if he had not so used his influence;
- (d) in obtaining without proper authority advances from the C.W.E. to finance the manufacture of soap;
- (e) in paying into his own bank account moneys paid out by the C.W.E. in favour of Ackah's Company;
- (f) in asking for the full balance of £213.3.9d when not all of the soap under the contract was ready for delivery; and
- (g) in reducing the quality of the soap supplied to the C.W.E. without permission and thereby causing loss to the C.W.E.

570. We have carefully examined Mr. Chinbuah's explanations on all the above points and also the able submissions made on his behalf by his counsel, Mr. R.S.Blay. We are, however, satisfied that Mr. Chinbuah was not acting from purely altruistic motives nor do we consider that Mr. Chinbuah had no

/financial interest....

financial interest in the manufacture of soap alleged to have been carried out by Ackah's Company. 571. We are amazed that no record of any soap transactions were made in the audited accounts of Ackah's Company. We accept entirely the evidence of Mr. Jean-Louis of Messrs. Jean-Louis, Meyer & Co., the Auditors for Ackah's Company, when he stated that he had never been informed about any soap transactions by Mr. Ackah.

572. We find that Mr. Alemu acted irregularly in signing the local purchase orders register for the final order, when neither the quantity nor the cost of the soap had been entered, and when neither Mr. Oubuobi nor any member of the Orders, Prices and Stocks sub-Committee had signed the register.

573. We consider that steps should have been taken to require the manufacturers of the bar soap to make good any loss incurred by the C.W.F. on account of the inferior quality of the later supplies.

574. We have noted from the order book that on the 8th August, 1951, an indent was specially placed by the C.W.F. on behalf of Ackah's Company for 10 lbs. of Oil of Limes, and 63 lbs. of Citronella soap compound. The cost in store of this order was about £90. The goods arrived at Accra early in November, 1951, but Ackah's Company never took delivery of them. We disbelieve Mr. Sam when he stated that the Oil of Limes was ordered for certain persons who had wanted to form a Society in the Swedru area for the purpose of manufacturing soap.

575. We have also noted from the order book that on the 4th September, 1951, an indent was specially placed by the C.W.F. on behalf of Ackah's Company for 2 bottle-capping machines and

600 gross of crown corks. The crown corks arrived on the 9th January, 1952, and the capping machines on the 18th of the same month. The cost in store of the order was approximately £120.

Ackah's Company never took delivery of the order. In our opinion, this firm should be required to compensate the C.W.F. for any loss incurred in connection with this order, and also for the order mentioned in the previous paragraph.

576. These two special orders were placed during the time Mr. Chinbuah was looking after the affairs of Ackah's Company during Mr. Ackah's absence from the Gold Coast.

CHAPTER 18 - THE £1,190 SHORTAGE FROM THE C.W.E.
AT ACCRA.

577. During the period 1st May, 1951, to the 13th March, 1952, the cashier who kept the cash book and received cash on behalf of the C.W.E. in Accra was Mr. B.K. Addo. During the same period the Accountant was Mr. S.K. Chapman, but we have noted that Mr. Chapman was on leave in the latter part of 1951. No person other than Mr. Addo entered any items in the cash book. The cashier was not allowed to keep more than £100 overnight in the C.W.E. safe. All cash in excess of £100 was required to be lodged in the Co-operative Bank. It was Mr. Chapman's duty to check daily the cash and cash book. The rule relating to the amounts of cash to be held does not seem to have been observed. It was alleged that this was due to instructions given by the Managing Secretary, Mr. Obuobi, but we do not accept this explanation.

578. There were three keys to the safe and the strong room in which the safe was located. In March, 1952, two of these keys were kept by the cashier, Mr. Addo, and the third by the secretary Mr. Parker. Mr. Parker, according to Mr. Obuobi, was supposed to be present at the opening and locking of the safe but he denied this saying that it was the practice, before he had the custody of the key, for the Managing Secretary, Mr. Obuobi, to give the key to Mr. Addo to open the safe and then to have the key returned to him (Mr. Obuobi). We do not accept this explanation.

579. On the afternoon of the 12th March, 1952, at the close of business, Mr. Addo asked Mr. Akuffo

/to close

to close one of the padlocks to the strong room, which he did. The padlock was self-locking. Mr. Akuffe stated that the other padlock appeared to have been closed but he could not say whether it was locked. He could not say whether the safe inside the strong room was locked. The key to that safe was kept by Mr. Addo. Mr. Addo appears to have been the last of the C.W.E. office staff to leave the premises on the day in question. Two night watchmen were employed to guard the wholesale and offices of the C.W.E.

580. On the morning of the 13th March, 1952, Mr. Addo collected from Mr. Parker the second key to the strong room. A few minutes later, Mr. Addo returned and reported to Messrs. Parker and Obuobi that he had found the strong room and safe open and the contents scattered over the strong room floor.

581. Mr. Addo reported that a lot of money was missing. He informed us that he was alone when he went to the strong room.

582. Mr. Parker reported the matter to the police, and as a result police officers came to the scene.

583. Messrs. Addo and Chapman balanced the cash book and reported to the police that a total of £1,190. 18s. 2d. (of which £40 was in coins and the balance in currency notes) had disappeared from the safe. One cheque and one money order, to a total of £201, were found in the safe.

584. The police made investigations, as a result of which, they were satisfied that the alleged housebreaking and stealing had been staged.

At the same time, the cash book was checked by Mr. Naysmith of the Department of Co-operation. As a result of his investigations, he wrote on the 20th March, 1952, to the Managing Secretary of the C.W.E. with a copy to the Registrar of Co-operative Societies, (Mr. Hewson) reporting that the amount alleged to have been stolen from the safe could not have been stolen as alleged and that it appeared that the alleged theft had been staged to conceal manipulations in the cash book.

585. Mr. Naysmith also advised that the matter should be reported to the police forthwith. A copy of this letter is attached and marked "A".

"A"

586. A departmental enquiry into the loss was carried out by Mr. Alema with the assistance of Mr. Sparkes. A copy of the enquiry including findings is attached, and marked "B".

"B"

587. On the 31st March, 1952, the Registrar, Mr. Hewson, appointed Mr. Joannides to carry out an arbitration with terms of reference as follows:-

"To decide as arbitrator in the dispute which has arisen between THE GOLD COAST CO-OPERATIVE WHOLESALE ESTABLISHMENT LTD., REGD. NO. 520 and MR. B.K. ADDO, CONCERNING THE DISAPPEARANCE OF THE SUM OF £1,190. 18s. 2d. (ONE THOUSAND ONE HUNDRED AND NINETY POUNDS EIGHTEEN SHILLINGS AND TWO PENCE) FROM THE SAFE OF THE C.W.E."

588. The arbitration took place in April, 1952. Mr. Obuobi, for the C.W.E., stated that their case was that the sum of £1,190 was not stolen in the circumstances as alleged by Mr. Addo but had been deliberately removed from the C.W.E. over a period of months. Mr. Addo denied this but admitted that he should not have had £1,190 in his safe.

/589.

589. A copy of the arbitration proceedings including findings is enclosed hereto, and marked "C".

"C"

590. Mr. Naysmith had, before the appointment of the arbitrator, reported to Mr. Hewson that he considered the manipulation in the cash book should be reported to the police.

591. We consider that in view of the facts at the disposal of the Registrar (Mr. Hewson) it was most improper for him to have instituted the arbitration proceedings. After exhaustive questioning, Mr. Hewson admitted to us that the arbitration proceedings should have been adjourned sine die.

592. We also consider that Mr. Joannides was at fault in not adjourning the proceedings and referring the matter back to the Registrar as soon as Mr. Oduobi had concluded his evidence.

593. On the 31st March, 1953, Mr. Naysmith submitted a detailed report to Mr. Hewson confirming his first report. Mr. Hewson did not submit this report to the police. He stated he assumed that Mr. Naysmith would have done so. A copy of this report is attached, marked "D".

"D"

594. Some weeks later, Mr. Hewson submitted a long report to the police stating whom he thought should be charged and on what charges. We consider that, in this respect, Mr. Hewson was taking on his shoulders duties which should properly have been left to the police and the Director of Public Prosecutions. We feel that all that was required

/of Mr. Hewson

of Mr. Hewson was to forward Mr. Naysmith's report to the police and to hold up the arbitration proceedings, until the police had informed him whether, or not, they were going to take action.

595. The case was made the subject of police investigations and in November, 1952, when Mr. Lloyd Jones, Assistant Superintendent of Police, handed the docket over to Mr. Bech, Assistant Superintendent of Police, it appears that on two charges at least a case had been made out. There seems to have been an unreasonable delay between November, 1952, and March, 1953, when Mr. Gordon, Assistant Commissioner of Police, Criminal Investigation Department, instructed that the docket should be closed on the grounds that (a) arbitration proceedings had been held and (b) there had been an undue delay. A copy of Mr. Gordon's letter of the 12th March, 1953, is attached and marked "E". We note that this was the first mention of arbitration in the police files, and we understand that the police had not been informed of such proceedings during the earlier steps in the investigation. "E"

596. We requested Messrs. Cassleton Elliott & Co., to make a detailed report on the alleged falsifications in the cash book and we attach hereto a copy of their report marked "F". "F"

597. We find that in May, 1951, Mr. Addo deliberately omitted to enter in the cash book a cheque for £178. 8s. in order to defraud the C.W.E. This cheque was entered on the 4th June, 1951.

598. We find that in June, 1951, Mr. Addo deliberately omitted to enter in the cash book cheques for £150 £4. 4. Od. and £5. 10. 2d. in order to defraud the C.W.E. These cheques were entered on the 5th July, 1951.

599. We find that in July, 1951 Mr. Addo deliberately omitted to enter in the cash book cheques for £200 and £6. in order to defraud the C.W.E. These cheques were entered on the 2nd and 8th August, 1951, respectively.

600. We find that in August, 1951, Mr. Addo deliberately omitted to enter in the Cash Book cheques for £200 and £60 in order to defraud the C.W.E. These cheques were entered on the 1st and 25th September, 1951, respectively.

601. We find that in October, 1951, Mr. Addo deliberately omitted to enter in the cash book cheques for £290 and £200 in order to defraud the C.W.E. These cheques were entered on the 1st and 2nd November, 1951, respectively.

602. We find that in November, 1951, Mr. Addo deliberately omitted to enter in the cash book a cheque for £211. 19s. 9d. in order to defraud the C.W.E. This cheque was entered on the 18th December, 1951.

603. We find that in December, 1951, Mr. Addo deliberately omitted to enter in the cash book a cheque for £595. 19s. Od. in order to defraud the C.W.E. This cheque was entered on the 12th January, 1952.

604. We find that in January, 1952, Mr. Addo deliberately omitted to enter in the cash book cheques for £184. 13s. Od., £162, 19s. Od., £107. 11s. 10d., £2. 19s. 11d., 16s. 11d. and

£105. 8s. Od. in order to defraud the C.W.E.

These cheques were entered on various dates in February, and March, 1952.

605. We find that in February, 1952, Mr. Addo deliberately omitted to enter in the cash book cheques for £500, £280, and £13. 17s. 8d. in order to defraud the C.W.E. These cheques were entered on various dates in March, 1952.

606. We find that the C.W.E. has been defrauded of £1,190. 18s. 2d. and consider that Mr. Addo was responsible for these frauds.

607. We are satisfied that Mr. S.K. Chapman, who checked the cash book, except when he was on leave, was aware of Mr. Addo's criminal activities. We do not accept Mr. Chapman's submission that he did not know what was going on because he was not well.

608. We find that the alleged housebreaking and stealing were framed by Mr. Addo "to cover up" the money which had been misappropriated over a period of months. We have noted that an audit of the cash book was being expected.

609. We find that Messrs. Addo and Chapman deliberately tried to mislead the police by representing that £1,190 in cash and coins had disappeared from the safe.

610. We do not accept Mr. Chapman's explanation for not checking the contents of the safe between the 3rd and 12th March, 1952. We have noted the different statements which he made on the subject.

611. We find that Mr. Chapman knew that moneys in excess of £100 were kept in the safe, and we are satisfied that Mr. Chapman deliberately took no action to remedy this irregularity because he had conspired with Mr. Addo to defraud the C.W.E.

612. We have reported these facts to the Commissioner of Police in the hope that he will re-open the docket against Messrs. Addo and Chapman with a view to the possible institution of criminal proceedings against either or both of them. In our opinion, the docket would not have been closed if the Department of Co-operation and the police had acted efficiently and co-operated properly during the 1952 investigations.

CHAPTER 19 - ACCRA FLOUR SALES 22ND MAY - JUNE,

1953.

613. Sales of 250 bales of flour for an alleged amount of £750 were made by Mr. Bahun, who was then acting as Managing Director, on the 22nd May, 1953 at Accra. This money was not paid to the cashier as it should have been, but was, according to Mr. Bahun, put by him into his safe. Moneys in excess of £100 were not permitted to be retained in the C.W.E. offices overnight, vide bye-law 29 (g) of the Bye-laws. Mr. Bahun's excuse for this was that Mr. Hewson had stopped the purchasing of goods on credit and that he (Mr. Bahun) required ready cash to carry on the day to day business of the C.W.E. We have noted that Mr. Bahun was able to obtain petrol on credit on the 23rd May, 1953. We do not accept his explanation.

614. We have also noticed that the market price of flour at the material time was more than £3 per bale, or sack of 2 x 50 lbs.

615. On the 10th June, 1953, Mr. Bahun sold, or caused to be sold, 100 bales of allegedly deteriorated flour at an alleged price of 31/- per bale, making a total of £155.

616. On the 5th and 9th June, 1953, Mr. Amegashie, the then beach clerk of the C.W.E., carried out certain sales of flour which had arrived ex the "Taurus" on the 25th May, 1953. The unloading of the ship commenced on the 26th May, 1953.

617. Owing to the shipping papers having failed to arrive, delivery of the flour from the Queen's Warehouse could not be commenced until the 5th June, 1953. Mr. Amegashie stated that he wished to take out an indemnity note from the Bank in respect of this shipment but that Mr. Hewson had

not allowed this to be done. Mr. Hewson denied this allegation. We accept Mr. Hewson's evidence on this point.

618. The shipment of flour (750 bales each containing 2 x 50 lbs. bags) was covered by an all-risks policy, a copy of the certificate relating to which is attached and marked "A". This policy "A" would have expired in normal circumstances, when the goods were delivered to the consignee's warehouse. The insured value of each bale was £3.

619. Mr. Amegashie alleged that a considerable quantity of the flour was damaged by sea-water and caked, and that part of the remainder was damaged by rain water in the Queen's Warehouse. Notifications regarding the damage by sea-water and caking were made by Mr. Williams, Mr. Amegashie's assistant, on two of the receipt notes (vide attachments "E" and "F", post). No mention was made on any of the receipt notes of damage by rain water.

620. Mr. Amegashie admitted that although it came to his knowledge on the 5th June, 1953, that the flour was damaged, he made no report to the Lloyd's Surveyor in accordance with the terms of the insurance policy, nor was any claim on the policy ever made. Mr. Amegashie stated that he did not consider that the underwriters would meet a claim because of the delay in taking delivery and that, therefore, he considered that it would only be a waste of the surveyor's fee of £3. 3. 0d. to call in the Lloyd's agent. He also considered that to call in such a person might involve further delay and more rent. We do not accept these explanations and are satisfied that Mr. Amegashie failed to call in the Lloyd's Surveyor because he wished

to commit irregularities in connection with the flour. We are further satisfied that if the flour had been damaged as alleged by him, Mr. Amegashie would have called in a Lloyd's Surveyor.

621. Mr. Amegashie, with Mr. Bahun's authority, sold the flour in Accra instead of taking it to the C.W.E. wholesale at the Airport. He said that he did so to save further expense.

622. The first sale of 50 bales of flour was made by Mr. Amegashie on the 5th June, 1953.

623. Mr. Amegashie stated that he called two women from the market and took them in a C.W.E. lorry to the beach where one of the women agreed to buy 50 bales at £3 each. Mr. Owusu, another C.W.E. employee, was also present. Mr. Amegashie stated that the flour and the women were taken to the market. A copy of the Palm Line receipt note for the 50 bales is attached and marked "B".

"B"

624. Mr. Amegashie stated that the "Taurus" went on rent on the following day and he could not take further deliveries until the 9th June, 1953. He also told us that on the 6th June, 1953, Mr. Danso, a Government Inspector of the Department of Co-operation, went to the beach and queried him regarding the flour. Mr. Amegashie informed us that as a result of this he had reported the matter to Mr. Bahun.

625. On the 8th June, 1953, Mr. Bahun wrote to Mr. Amegashie authorising him to sell the wet flour at the beach. A copy of the letter is attached and marked "C".

"C"

626. On the same day Mr. Bahun wrote to the quasi-liquidators (Messrs. Sam and Sparkes) complaining about the interference by Inspectors of the Department of Co-operation in

/connection

connection with the flour at the beach.

A copy of this letter is attached and marked "D".

"D"

A copy of the minutes referred to in the letter is in appendix II attachment "FFF".

627. We do not consider that the decision of the meeting of the 18th May, 1953, deprived the Inspectors of the Department of Co-operation from exercising their normal functions of checking stocks. We consider that Messrs. Bahun and Amegashie wanted the Inspectors out of the way in order to carry out their own "intentions" undisturbed.

628. Mr. Amegashie stated that on the 9th June, 1953, he, with Mr. Owusu, took 100 bales of flour to a place near the S.C.O.A. and that Mr. Owusu sold these bales of flour and gave him £250. Mr. Amegashie stated that on the same day he collected a woman from the market and took her to the beach where she bought 97 bales of flour. The bales were then taken to a place near the market. He stated that this flour was badly damaged and that the woman paid for this flour at the rate of only £1 per bale. Copies of the receipt notes in respect of these deliveries are attached and marked "E" and "F" respectively. The driver in each case was Ashrifi Kodjo.

"E" "F"

629. Mr. Owusu claimed that he was present at all the sales in connection with the flour conveyed by Ashrifi Kodjo. Mr. Owusu alleged that there were in all 250 bales. Actually, they amounted to 247 bales. He stated that the flour was in good condition and that it was all sold at the market at the rate of £3 per bale. He admitted helping in the selling. He stated that the amount given to Mr. Amegashie for the 100 bales was £300, not £250.

630. Ashrifi Kodjo said that no women were ever driven by him to the beach. He stated that one load /was taken

connection with the flour at the beach.

A copy of this letter is attached and marked "D".

"D"

A copy of the minutes referred to in the letter is in appendix II attachment "FFF".

627. We do not consider that the decision of the meeting of the 18th May, 1953, deprived the Inspectors of the Department of Co-operation from exercising their normal functions of checking stocks. We consider that Messrs. Bahun and Amegashie wanted the Inspectors out of the way in order to carry out their own "intentions" undisturbed.

628. Mr. Amegashie stated that on the 9th June, 1953, he, with Mr. Owusu, took 100 bales of flour to a place near the S.C.O.A. and that Mr. Owusu sold these bales of flour and gave him £250. Mr. Amegashie stated that on the same day he collected a woman from the market and took her to the beach where she bought 97 bales of flour. The bales were then taken to a place near the market. He stated that this flour was badly damaged and that the woman paid for this flour at the rate of only £1 per bale. Copies of the receipt notes in respect of these deliveries are attached and marked "E" and "F" respectively. The driver in each case was Ashrifi Kodjo.

"E" "F"

629. Mr. Owusu claimed that he was present at all the sales in connection with the flour conveyed by Ashrifi Kodjo. Mr. Owusu alleged that there were in all 250 bales. Actually, they amounted to 247 bales. He stated that the flour was in good condition and that it was all sold at the market at the rate of £3 per bale. He admitted helping in the selling. He stated that the amount given to Mr. Amegashie for the 100 bales was £300, not £250.

630. Ashrifi Kodjo said that no women were ever driven by him to the beach. He stated that one load /was taken

was taken to Station Road with Mr. Amegashie and Mr. Owusu, where it was sold to a woman, and that Mr. Owusu gave the money to Mr. Amegashie. He further stated that the other two loads were sold by Mr. Amegashie at or near the market. He also said that, in each of the three sales, the money was received by Mr. Amegashie, and that Mr. Amegashie took the money to the Airport offices of the C.W.E. Mr. Amegashie told us that on each occasion he took the money to the C.W.E. offices and handed it over to Mr. Bahun who put it into the safe.

631. The final sale of 28 bales was made on the 11th June, 1953. Mr. Amegashie alleged that these were sold to the same woman who bought the 97 bales and that she paid for them at the rate of £1 per bale. The driver in this case was Carl Norman.

632. On the 11th June, 1953, Mr. Jones, Acting Permanent Secretary, Ministry of Labour, went to the Airport and got Mr. Bahun to open his safe. The amount in the safe at the time was £989. 18. Od. which was, later in the same day paid into the Co-operative Bank. A copy of the paying-in slip is attached and marked "G". "G"

633. If the stories of Mr. Bahun and Mr. Amegashie are to be accepted there should have been at least £1402 in the safe at the time of Mr. Jones' visit. This amount is arrived at without taking into consideration the proceeds of sales made on the 11th June, 1953.

634. We have noted that on each of the waybills relating to the flour ex the "Taurus", the flour was consigned from the beach to the C.W.E. wholesale at the Airport. Apparently, this afterwards caused trouble between Mr. Amegashie and Mr. Mettle, the C.W.E. wholesalekeeper at the Airport. We attach

copies of the waybills referring to the four trips from the beach, marked "H", "J", "K" and "L" respectively. Copies of the statements made by Mr. Bahun relating to the sales of flour at Accra are attached and marked "M" and "N".

"H""J""K"

"L"

"M""N"

635. On the 12th June, 1953, Mr. Bahun paid into the Co-operative Bank £410. 2. Od. A copy of the paying-in slip is attached and marked "O".

"O"

On the same day Mr. Bahun sold, or caused to be sold, a further 100 bales of flour allegedly at the rate of 25/- a bale. He alleged that he only received £125. We have been unable to test the accuracy of this statement.

636. Apparently, no receipts in respect of the flour sales were issued either by Mr. Bahun or by Mr. Amegashie.

637. We consider that the facts set out above constitute prima facie evidence of offences of stealing involving Messrs. Amegashie and Bahun, and we have, accordingly, reported the matter to the Commissioner of Police for further investigation. We do not, however, consider that we would be justified in delaying the submission of our report until these investigations are completed.

CHAPTER 20. MR. BAHUN'S TRIP TO TOGOLAND.

638. On the 22nd May, 1953, Mr. Mercer went to the United Kingdom on business connected with the Cocoa Marketing Board, and in his absence he left Mr. Bahun in charge of the C.W.F. Mr. Mercer returned to Accra on the 17th June, 1953.

639. On the 23rd May, 1953, Mr. Bahun left Accra in a C.W.F. station waggon, No. AD 2328, without informing anyone of the reasons for this trip. According to his subsequent story, he was going to Aflao to make arrangements about opening a consumer society there. Mr. Bahun stated in evidence that he arrived at Aflao so late that he decided to proceed to Lome for the night in order to stay with his relatives. The petrol for the trip (12 gallons) was purchased on credit from the U.A.C., Accra and charged to the C.W.F.

640. On the night of the 23rd May, 1953, the station waggon was involved in an accident in which two persons were killed. It appears that the persons killed were relatives of Mr. Bahun (vide attachment "J", post). Mr. Bahun stated that he only knew one of the deceased. The station waggon was a total loss.

641. On the 1st June, 1953, Mr. Bahun signed a claim, for 8 days travelling allowance at 15/- per day or a total of £6, purporting to be for trekking in Trans-Volta. The voucher was prepared for him by Wilfrid Okai, the then cashier. A copy of the voucher is attached and marked "A". "A" Payment of the £6 appears to have been made on the 4th June, 1953.

642. On the 10th June, 1953, Mr. Bahun returned the

/£6 to the cashier....

£6 to the cashier and prepared a fresh claim for £6 for a half taxi fare from Aflao to Accra. A copy of this voucher is attached and marked "B". This voucher appears to have been passed for payment on the 12th June, 1953.

"B"

643. Allegedly, on the 1st June, 1953, Mr. Bahun signed a claim for his driver Yaw Adu for the same number of days travelling. A copy of this voucher is attached and marked "C".

"C"

644. We have noted that on the 9th June, 1953, Mr. Bahun was queried about his trip to Togoland. Copies of minutes and correspondence relating to Mr. Bahun's trip to Trans-Volta area are attached and marked "D", "E", "F", "G" and "H", "J" respectively.

"D" "E"
"F" "G"
"H" "J"

645. Mr. Mercer then seems to have been instructed to investigate the question of Mr. Bahun's "Lome escapade", and we attach, marked "K", a copy of Mr. Mercer's letter to the Acting Permanent Secretary, Ministry of Labour, dated 3rd July, 1953.

"K"

646. On the 8th July, 1953, apparently as the result of talks with Mr. Jones, the Acting Permanent Secretary, Ministry of Labour, Mr. Hewson made a report to the Police alleging that Mr. Bahun had by his first voucher, fraudulently obtained the sum of £6.

647. On the 13th July, 1953, Mr. Bahun was contacted by the Police and, as a result of this, he wrote a statement, a copy of which is attached and marked "L". On the same day, Mr. Mercer was also contacted by the Police.

"L"

On the 14th July, 1953, Mr. Mercer wrote a letter to the Superintendent of Police, a copy of which

/is attached.....

is attached and marked "M". Mr. Mercer has "M"
since admitted that he subsequently realised that the
allowance of 15/- per night claimed by Mr. Bahun was
in excess of that authorised by the C.W.F.

648. On the first two occasions when Mr. Bahun
appeared before us, he led us to believe that he
did not leave Lome between the 23rd and the 30th
May, 1953. He also informed us that Yaw Adu,
his driver, returned to Accra three days after
him (Mr. Bahun).

649. On the third occasion when Mr. Bahun
appeared before us, he was shown attachment "J".
Mr. Bahun then admitted that he had gone to
Accra on the 25th and returned to Lome on the
26th May, 1953.

650. We have had an opportunity of observing
Mr. Bahun's demeanour in the witness box. The
evidence he has given was contradictory and we
are satisfied that Mr. Bahun is a most untruthful
and unreliable witness.

651. We are satisfied beyond all reasonable
doubt that Mr. Bahun did not go to Aflao, or
Lome, on C.W.F. business, and consider that he
made the trip entirely in connection with his own
affairs. We consider that he was "absent without
leave".

652. We are satisfied that Mr. Bahun spent a
maximum of six nights in Lome. We are further
satisfied that Mr. Bahun was not entitled to draw
any allowance for the period he stayed in Lome and
that he was well aware of this.

653. Mr. Bahun's story about the taxi trip from
Aflao to Accra does not convince us, and we
consider that he put in the second claim in lieu
of the first, and compiled the story about the

/taxi trip.....

taxi trip, only when he discovered that investigations were being made about his trip to Trans-Volta. We do not accept Mr. Bahun's explanation that the narration on the first voucher was due to an error on the part of the cashier.

654. We are convinced that Mr. Bahun fraudulently obtained the £6 on presentation of the first payment voucher.

655. We are also satisfied that Mr. Bahun used the C.W.E. station wagon and C.W.E. petrol for an improper purpose.

656. We note that Mr. Bahun has been debited with the cost of the station wagon and consider that this was a very proper course to take.

657. We find that the letter written by Mr. Mercer on the 3rd July, 1953, (attachment "K") presented a true picture of Mr. Bahun's trip. We consider that Mr. Mercer's letter of the 14th July, 1953, (attachment "M") was a deliberate attempt, on Mr. Mercer's part, to release Mr. Bahun from the possibility of police prosecution. We consider, in mitigation, that this may have been due to the fact that Mr. Mercer was piqued at Mr. Hewson for having laid the complaint. We do not, however, accept Mr. Mercer's explanation that he did not reveal all the facts he expressed in attachment "K" to the Police because they never asked him for a full statement on the incident.

658. We consider that exhibit "M" resulted in the police docket being closed, thereby causing a miscarriage of justice.

659. In view of the evidence adduced before us, and of the documents we have examined, we have submitted a report to the Commissioner of Police in case he wishes to take further action.

CHAPTER 21 - THE TAKORADI CLEARANCE SALES.

660. On the 2nd July, 1953, Mr. Bahun proceeded to Takoradi with Messrs. H.W.Chapman, Boateng and Owusu, members of the C.W.E. Mr. Bahun's apparent duty was to carry out a survey of the stocks at the C.W.E. in Takoradi but, according to Mr. Mercer, he had also authority to make sales.

661. Shortly before Mr. Bahun's arrival, the stocks of the C.W.E. at Takoradi had been checked by Messrs. Quansah and Baiden of the Department of Co-operation. After Mr. Baiden had completed checking the stocks in Takoradi, he was about to proceed to Sekondi to take the stock of the consumer society there, when he received a message from the C.W.E. in Accra, requesting him to postpone the stocktaking at Sekondi, until the arrival of Mr. Bahun. When, a few days later, Mr. Bahun arrived at Takoradi, Mr. Baiden went to see him and was told by Mr. Bahun that he (Mr. Baiden) could carry on with the stocktaking of the consumer society at Sekondi. On Mr. Bahun being asked by Mr. Baiden why the stocktaking at Sekondi had been delayed, Mr. Bahun replied that it was "for reasons best known to ourselves".

662. The sales at Takoradi took place on the 3rd and 4th July, 1953. The principal persons concerned with the sale appear to have been Mr. Bahun, Mr. Owusu and Mr. Grant, the local C.W.E. wholesaler.

663. On the 4th July, 1953, Mr. Bahun returned to Accra with a portion of the proceeds, leaving Mr. Owusu and Mr. Chapman to collect what money was outstanding.

664. On the 6th July, 1953, certain moneys were collected in Takoradi, and Mr. Owusu and Mr. Chapman returned to Accra by air. The money was alleged to have been handed over to Mr. Bahun in Accra.

665. On the 7th July, 1953, Mr. Bahun paid the sum of £707. 14. Od. to the C.W.E. cashier in Accra in respect of Takoradi Clearance Sales (receipt No. 4729). On the same day, he made a statement of his Takoradi Sales. A copy of this statement is attached and marked "A".

"A"

666. According to the cash book, further cash payments were made on the 11th and 13th July, 1953, of £56. 5s. Od. and £4. 5s. Od. respectively (receipts nos. 4735 and 4790). A further £68. 6s. od. is accounted for by a book transfer. This makes a total of £836. 10s. Od.

667. Included in the account for the £68. 6s. Od. is the transport (apparently to Kumasi) of 354 bags of cement.

668. On the 24th July, 1953, Mr. Owusu gave to Mr. Oshin of the Department of Co-operation a letter to type. This letter contained allegations against Mr. Bahun. After the letter had been typed, Mr. Owusu threw the draft in the waste paper basket.

669. Mr. Oshin recovered the draft and handed it the same day to Mr. Sparkes. A copy of this draft letter is attached and marked "B".

"B"

670. Mr. Sparkes had no time to read the letter then but put it away and, on the following day, he gave the matter his consideration and consulted Mr. Naysmith, the Senior Officer of the Department at that time in Accra. Mr. Sparkes also took statements from Mr. Oshin and two other officers of the Department whom Mr. Oshin had informed about the letter.

/later

later on the same day, Mr. Sparkes reported the matter to the police.

671. When Mr. Owusu was contacted by the police he denied having written the letter.

672. Mr. Sparkes was criticised by counsel for the Minister for not referring the letter to Mr. Mercer before reporting it to the police. Mr. Sparkes said that Mr. Mercer was out of town and he considered it most desirable to place the matter in the hands of the police at the earliest opportunity. Mr. Sparkes, however, admitted that even had Mr. Mercer been present, he would not have informed him in view of the friction existing between Mr. Mercer and the Department. He did not subsequently inform Mr. Mercer. We were rather critical of Mr. Sparkes' attitude, but Mr. Mercer stated that, even if the matter had been referred to him, he would have reported it to Mr. Sparkes whom he considered to be the proper person to take action in the matter.

673. Mr. Owusu denied before us that he had written the letter (attachment "B"). He, however, stated that Mr. Bahun had brought about £500. from Takoradi to Accra and that he (Mr. Owusu) had brought another amount, also about £500, from Takoradi to Accra and that he had paid the money to Mr. Bahun at Accra. We had seen Mr. Bahun talking to Mr. Owusu outside the Supreme Court just before the latter gave evidence. We also noted that Mr. Owusu was not cross-examined by Mr. Bahun's counsel.

/674.

674. From oral evidence of other witnesses, we are satisfied that the proceeds of the Takoradi sales amounted to over £1,600.

675. Mr. Quansah stated that he saw Madam Vincentia pay more than £200 to Mr. Bahun. Madam Vincentia denied this, but stated that she obtained a cheque for £500 from her husband and cashed it on the 6th July, 1953, she also said that she paid £400 of this to Mr. Owusu. She stated that the goods were purchased in one lot. Mr. Koranteng, her husband, admitted giving her a cheque for £500 for purchases from the C.W.E. Takoradi.

676. Mr. P.B. Anti stated that he bought 99 bags of cement at 7/- per bag and paid £34. 13s. Od. for them. He produced a receipt dated the 3rd July, 1953, signed by Mr. Owusu.

677. Mr. Ojegba stated that he bought 84 cases of milk from Mr. Bahun at £2. 14s. Od. per case, and that he paid £226. 16s. Od. therefor to Mr. Bahun. He produced a waybill dated 3rd July, 1953 signed by Mr. Grant. Mr. Ojegba also stated that on the following Monday (the 6th July) he purchased 24 cases of corned beef at £5 per case from Mr. Owusu for which he paid a total of £120.

678. Miss Joanna Gaba stated that she bought from Mr. Bahun about 360 bags of cement, some at 5/- and some at 8/- per bag, for which she paid a total of £131. She said she purchased them for a Mr. Walters. Mr. Walters confirmed this but thought that he had purchased 500 to 600 bags. He was, however, vague on quantities. Miss Gaba stated that she also bought from Mr. Bahun 100 cases of corned beef at £4.10s. Od. per case. She said that she deposited the cases of

corned beef with her Bank and as a result secured an overdraft from which she was able to pay Mr. Owusu £450. This was on Monday the 6th July, 1953.

679. Mr. Owusu admitted having signed the receipt tendered by Mr. Anti but denied writing the receipt himself.

680. We submitted the receipt and the letter (attachment "B") together with the specimens of hand-writing made by Mr. Owusu in our presence to Mr. Strike, Senior Superintendent of Police, Accra, who is a handwriting expert. Mr. Strike gave evidence to the effect that, in his opinion, all of these were written by the same person. This confirmed the view which we ourselves had previously formed.

681. On the day after Mr. Strike had given evidence, Mr. Owusu gave evidence again and admitted that the previous evidence that he had given was false. He made this admission after having been duly warned that we would make him no promises and would have to report the fact that he had committed perjury.

682. Mr. Owusu told us that he had written the letter (attachment "B") but still denied writing the body of the receipt tendered by Mr. Anti. Mr. Owusu said that he had told lies because he was frightened. He stated that the facts contained in attachment "B" were correct. He said he paid the money to Mr. Bahun in his house. He also told us that Mr. Bahun had paid him £12 to hide from the police. He said that the amount taken by Mr. Bahun from Takoradi to Accra was nearly £700. We noted that, in the letter (attachment "B") Mr. Owusu said that this amount was nearly £600.

683. We have carefully considered all the evidence in this case and have kept in mind the fact that Mr. Owusu is a self-confessed perjurer. We are, however, satisfied beyond all reasonable doubt on the evidence adduced before us:

- (a) that the statement of account made by Mr. Bahun to us is false and that he signed the same knowing it to be false; (attachment "A").
- (b) that the proceeds in connection with the Takoradi sales amounted to well over £1,600;
- (c) that Mr. Bahun received the sum of over £1,600 but failed to account for a large portion of the amount, and
- (d) that Messrs. H.W. Chapman, Grant, Boateng and Owusu abetted Mr. Bahun in his activities in connection with the Takoradi sales.

684. We accept the evidence of Mr. Anti, Madam Gaba, Mr. Quansah and Mr. Ojegba on the points set out earlier in this chapter. As regards Madam Vincentia, we are satisfied that she paid more than £200 to Mr. Bahun. We do not accept the fact that she retained £100 from the £500 cheque for herself. We consider that she paid the whole £500 to Mr. Owusu for purchases made from Mr. Bahun.

685. From the figure given in this chapter, it will be seen that at least £592. 9s. Od. was paid over on the 3rd and 4th July, 1953, and that a further £1,070 was collected by Mr. Owusu. These figures correspond approximately with those given in attachment "B" which were confirmed by Mr. Owusu when he changed his evidence.

686. We have no reason to doubt the accuracy of the particulars of shares given to Messrs. Owusu, Chapman and Boateng referred to in attachment "B" and confirmed on oath by Mr. Owusu.

687. We have noted that both Madam Vincentia and

Miss Gaba are relatives of Mr. Bahun.

688. In our opinion, there is ample evidence that a considerable amount of money, the property of the C.W.E. was stolen by Mr. Bahun with the help of the other persons referred to in this report. We have, accordingly, referred the matter to the Commissioner of Police. We should add that Mr. Owusu informed us on oath that he, on the Saturday after he had changed his story, was threatened on that account at a dance by Mr. H.W. Chapman and two other persons. We did not go into this matter because Mr. Owusu told us that he had already made a complaint to the police.

CHAPTER 22. THE LIQUIDATION

SECTION "A" GENERAL.

689. We are not satisfied with the way in which the liquidation was carried out. As mentioned in Chapter 2 of this Report, we consider that the appointment of Mr. Sam and Mr. Sparkes as liquidators on the 4th May, 1953, was ultra vires the Co-operative Societies Ordinance, 1937.

690. The position between the 4th July and the 27th July, 1953, when Messrs. Frenkoglou and Bolleter were appointed liquidators was, in our opinion, very little different to the position between the 4th May and the 4th July, 1953. We do not consider that either Mr. Sam or Mr. Sparkes was in fact a liquidator within the meaning of the Ordinance between the 4th and 27th July, 1953.

691. After the 18th May, 1953, the day to day management of the C.W.E. was, with the concurrence of the Registrar, taken out of their hands.

692. Mr. Mercer frankly admitted that he would not have liked to have been in the shoes of Mr. Sam or Mr. Sparkes.

693. Messrs. Frenkoglou and Bolleter complained that neither Mr. Sam nor Mr. Sparkes gave them any handing over notes. We are satisfied that they were not in a position to hand over anything as they were neither in charge of the stocks nor of the day to day management of the C.W.E.

694. On the 6th August, 1953, a meeting was held at the Ministry of Labour at which were present Mr. Inkumsah, Mr. J. S. Annan the Acting Permanent Secretary to the Minister of Labour, Mr. Frenkoglou, Mr. Bolleter, Mr. Hewson and Mr. Mercer. A copy of the minutes of the meeting is attached and marked "A"

"A"

695. On the 12th August, 1953, Mr. Hewson held a meeting with the liquidators at which he outlined their duties. A copy of the minutes of this meeting is attached and marked "B".

"B"

696. On the 12th August, 1953, Mr. Inkumsah wrote to Mr. Hewson advising him not to interfere with the liquidators. On the same date, Mr. Inkumsah wrote to Messrs. Frenkoglou and Bolleter telling them not to take instructions from the Department of Co-operation. Copies of these letters are attached and marked "C" and "D" respectively.

"C" "D"

697. We consider that it was most irregular of Mr. Inkumsah to have written these letters in view of the fact that the Registrar, not the Minister, is the only authority empowered by law to issue directions to liquidators of co-operative societies (vide section 55 of the Co-operative Societies Ordinance, 1937).

698. Mr. Inkumsah was informed on several occasions by his Permanent Secretary, namely, on the 14th and 27th July and on the 12th and 17th August, 1953, that the Law Officers had advised that Mr. Inkumsah, as Minister, had no power to issue directions to liquidators and that all he could do was to inform the Registrar of Co-operative Societies, Mr. Hewson, of his wishes and thereby hope to influence that officer's decision on any point.

699. We raised this question with Mr. Inkumsah who replied as follows:-

"Regarding the information given by Mr. Chapman to the Commissioners in connection with his advice to me on the 14th and 22nd July, and on the 12th and 17th August, 1953 as to the position of my Ministry with regard to the Liquidators, I must say with emphasis that as Mr. Hewson and I were in conflict over the policy regarding the letter of instructions to the Liquidators, and as my Permanent Secretary is only a sort of Advisor sic /to me

to me, I was not, and I am not, as Minister always bound to take his advice, if I find that such advice will not be in the best interest of the policy I have in view, as the final responsibility of the Ministry is mine. I was, therefore, justified in addressing to both the Liquidators and Mr. Hewson the letters marked "E" & "F". (Attachments "C" and "F" to this chapter).

700. A Minister is subject to the law as well as anyone else and we are satisfied that Mr. Inkumsah acted contrary to the law and contrary to the advice of his legal advisers. If, as he stated in his answers to our questionnaires, Mr. Inkumsah disagreed with Mr. Hewson's policy as Registrar, he could have applied to the Cabinet to have Mr. Hewson replaced in his statutory capacity of Registrar of Co-operative Societies Ordinance, 1937.

701. About the middle of August, 1953, Mr. Hewson sent a draft letter of instructions to Messrs. Frenkoglou and Bolleter. A copy of this letter is attached and marked "E". An official letter was never sent, apparently because the draft did not receive Ministerial approval. "E"

702. On the 27th August, 1953, the liquidators wrote to the Minister of Labour, replying to Mr. Hewson's draft letter. This letter was sent to Mr. Hewson but in view of the addressee, he forwarded it to the Ministry. A copy of this letter is attached and marked "F" "F"

703. Messrs. Frenkoglou and Bolleter submitted to us that they were not proper liquidators but merely "a kind of selling agents". In support of this argument they alleged that in their letter (attachment "F") they had stated that they would not accept Mr. Hewson's terms and alleged that as Mr. Hewson did not reply to their letter they were justified in assuming that their terms had been accepted. In their report, a copy of which is

/attached

attached and marked "G", the liquidators stated that "G" they would not have agreed to have acted as liquidators if they had been presented with a copy of the Co-operative Society's Ordinance, 1937, before they had accepted their appointment.

704. We do not accept the submissions of Messrs. Frenkoglou and Bolleter referred to in the previous paragraph.

705. In our opinion, the liquidators should have studied the Ordinance before they accepted their appointments, appointments for which they each subsequently received £1500. In this connection, we should state that we disbelieve the allegation that Mr. Bolleter was gazetted as liquidator before he accepted the appointment. In our opinion, the liquidators are bound by the Ordinance, and everyone is presumed to know the law.

706. We are satisfied that Messrs. Frenkoglou and Bolleter must have realized when they accepted their appointment, that their duties were not confined to those of mere "selling agents". If the letter was all that was required, the Registrar could have arranged for licensed auctioneers to dispose of the stocks, Gazette Notice No. 1487 (vide appendix II, attachment "FFF") which was published in the Gazette of the 1st August, 1953, clearly appointed Messrs. Frenkoglou and Bolleter as "joint liquidators".

707. As regards attachment "F", we would emphasize that (a) by the time this letter was written a large portion of the stocks of the C.W.E. at Accra had already been sold by Messrs. Frenkoglou and Bolleter, (b) the letter was not addressed to the Registrar and therefore did not need a reply by him, and (c) ignorance of the law is no excuse. In addition, there is no suggestion in attachment "F" that Messrs. Frenkoglou and Bolleter did not intend to be bound

by the Ordinance.

708. We are quite satisfied that the liquidators never carried out the work they were paid to do, and we consider that the various submissions made by them were only excuses to try and absolve themselves from the manner in which they conducted the liquidation.

709. The liquidators never submitted a statement of position and valuation of assets within one month of the appointment as they were required to do by regulation 34 of the Co-operative Societies Regulations, No. 20 of 1937. They tried to excuse themselves on the ground that, in view of the need to sell stocks quickly, they had no time to do so. We refuse to accept this suggestion.

710. The liquidators also stated that they did not take stock in Accra before they commenced selling because they were not given stock sheets. We do not consider this to be a proper excuse. We are satisfied that the first steps any reasonable business man would have done when appointed as liquidator was to carry out a thorough stock-taking and valuation of the goods of which he had to dispose. If this had been done, it would have been easy to have ascertained whether or not any goods had been misappropriated during or prior to the liquidation.

711. On the other hand, we consider that Mr. Mercer should have handed over the stocks to Messrs. Frenkoglou and Bolleter in a proper manner. The responsibility for the stocks from the 18th May, 1953, up to the appointment of Messrs. Frenkoglou and Bolleter was his responsibility (vide appendix II, attachment "FFF"), and we are satisfied that, when he was relieved of that responsibility, he should have insisted on a full stock-taking being carried out. Apart from anything else, this would have served as a safeguard for him. We are satisfied that no competent business man would have acted in the manner in which Mr. Mercer acted.

712. The liquidators also stated that, in view of the

conflicting instructions received from both the Registrar and the Minister, they decided to follow the Minister's instructions as he was the superior of the two. They alleged, inter alia, that the Minister agreed that the management of the C.W.E. would control stocks and the other assets of the C.W.E.

713. We do not consider that these explanations in any way absolve the liquidators from their statutory duties, nor do we consider that the liquidators' responsibility is limited as they suggest in that respect.

714. We are satisfied that the only way by which the liquidators could be exempted from any of their statutory duties in connection with the liquidation was by an Order made by the Governor with the advice of the Cabinet under section 62 of the Co-operative Societies Ordinance, 1937. No such order was ever made.

715. We have noted that the liquidators stated that they would ensure that the prices authorised by them would be collected in cash and paid into the liquidators' account at the Co-operative Bank in Accra. This procedure was certainly not adopted in connection with the sales of hardware, provisions and drugs in Kumasi, a subject which is dealt with elsewhere in this report.

716. We do not consider that the liquidators' report is an accurate account of the liquidation. Their report on the general condition of the stocks conflict considerably with that to be inferred from the valuation made by Messrs. Frenkoglou and Egli in June, 1953. According to the Egli-Frenkoglou valuation, the average depreciation was 17.59 per centum. Mr. Frenkoglou alleged that it was only a "face valuation" made after examination of only one sample of each item. He also alleged that between the June valuation and the C.W.E. liquidation sales there should have been a 30 per centum downgrading owing to a general fall in the market.

717. We are not satisfied that either of these statements is correct. We accept Mr. Sparkes' evidence when he stated (a) that the Egli-Frenkoglou valuation was one based on the prices for which the goods could be sold, leaving room for a retail margin of profit, and (b) that the liquidators examined all goods not in cases or bales. We have also noted that whereas Messrs. Frenkoglou and Egli valued Drugs at 80.84 per centum of their book value, the liquidators described them as being "generally 100 per centum useless".

718. In our opinion, based not only on the evidence adduced before us but also on the inspection which three of us made of the stocks at the Airport during the May session of the Enquiry, the liquidators in their report have deliberately tried to undervalue the stocks of the C.W.E. for reasons best known to themselves.

719. The liquidators also stated that a large proportion of the provisions were unfit for sale but they sold them "for what they could get". We consider that if any of the provisions were unfit for human consumption they ought to have called in a Sanitary Inspector in order to have had them condemned.

720. We have also noted that the liquidators in their report criticized us for impounding the books of the C.W.E. We do not consider that it would serve any useful purpose for us to express any comment because we are satisfied that their remarks were based on incorrect information.

721. As regards the accounts attached to their report, we have noted considerable errors in the extensions and elsewhere.

722. We consider that most of the irregularities and difficulties arose from the friction and distrust which existed between Mr. Hewson and Mr. Inkumsah. We regret this position but do not consider that this in any way justifies the many irregularities which occurred during the liquidation.

723. During the course of our enquiries into the liquidation, we had occasion to examine the bank accounts of Messrs.

Frenkoglou and Bolleter. As a result of certain large cash payments made to the credit of Mr. Bolleter and as a result of a certain payment by Mr. Bolleter to Mr. Frenkoglou, all occurring while they were liquidators, we called Mr. Bolleter and Mr. Frenkoglou before us and examined them on these accounts.

724. We excluded from our hearings, during such examination, members of the press and members of the public not concerned with such enquiries. We did this in exercise of our powers under the provisions of section 2 of Cap. 209 and, in doing so, we followed the procedure adopted by the "Sachs Commission".

725. Messrs. Frenkoglou and Bolleter explained the transactions referred to above but in view of the form of accounts adopted by Mr. Frenkoglou and the lack of accounts kept by Mr. Bolleter, we were unable to adequately investigate matters.

726. It appeared to us that the only way to carry out a proper investigation would be to question a considerable number of witnesses, some of whose names we do not know. To carry out such an investigation might well, in our opinion, have prolonged our enquiries by several weeks. We therefore decided that the best procedure to adopt was to request Mr. Stinton to carry out further investigations and for him to make a report to you in due course.

727. We would emphasize that our decision not to enquire further into the cash payments is not guided by any desire to shirk our responsibilities, but merely to avoid undue delay in the submission of this report.

728. We would like to state that we have a completely open mind on the question of the payments referred to above, but consider that it is in the public interest and quite possibly also in the interest of the liquidators themselves, that such further investigations should be made. We have informed the liquidators of our decision and they have stated that they will render every assistance during such investigations.

729. After careful consideration of the whole evidence relating to the liquidation, we are satisfied that, quite apart from any specific irregularities which may come to light as a result of police investigations, the liquidators did not carry out their statutory duties and did not exercise that degree of care and diligence which it was their duty to exercise. We consider that the manner in which Messrs. Frankoglou and Bolleter conducted the liquidation was even worse than the way in which the C.W.E. was run during the whole period prior to their appointment.

730. We are of the opinion that the liquidators should be called upon personally to bear any losses incurred by the C.W.E. as a result of their negligence and their failure to perform their statutory duties.

Finally, we consider that, in view of:

- (a) the irregularities so far disclosed,
- (b) the confusion existing in the records, and
- (c) the form in which the liquidation accounts have been presented,

such record and accounts as maintained by Messrs. Frankoglou and Bolleter should be subjected to a thorough investigation (as opposed to an audit) by an independent accountant and a detailed report submitted thereon.

SECTION "B" TRADING METHODS.

(a) Accra Sales.

731. In our opinion, the liquidators did not carry out their sales in a satisfactory manner. As we have previously stated, they commenced these sales before taking stock and without making any attempt to value their assets. This failure to comply with the fundamental principles applicable to a liquidation have made it very difficult to ascertain the exact quantities and values of stock which were on hand immediately before Messrs. Frankoglou and Bolleter commenced their sales.

732. We have, after examining all relative documents and evidence, calculated the average selling prices obtained by the liquidator for the stocks of the C.W.E. as being below $33\frac{1}{3}$ per centum of the landed cost of the goods. Further, it must be remembered that these stocks contained appreciable quantities of goods, imported during April to August, 1953.

733. As previously mentioned in chapter 3, we estimated an overall depreciation of 48.09 per centum on stocks in the C.W.E. warehouses as at the 27th June, 1953. This percentage was based on the "Egli-Frenkoglou valuation" of June, 1953.

734. We set out below details of that valuation classified according to the various classes of goods stocked by the C.W.E.:-

<u>Class:</u>	<u>C.W.E. in store price</u>	<u>Valuers' totals</u>	<u>Valuers' Depreciation</u>	<u>Percentage of depreciation from (1)</u>
	(1)	(2)	(3)	(4)
TEXTILES	48,146	37,580	10,566	21.96%
HABERDASHERY	10,882	10,323	559	5.12%
HARDWARE	28,074	21,954	6,120	21.80%
PROVISIONS	22,875	20,823	2,052	8.97%
STATIONERY	98	85	13	13.65%
DRUGS & PERF.	2,929	2,366	563	19.16%
	<u>£113,004</u>	<u>£93,131</u>	<u>£19,873</u>	<u>17.59%</u>

(1) C.W.E. in store price, viz., landed cost, duty and port-charges paid; no other on-costing added.

735. In order to give a clearer picture of the manner in which the liquidation sales were carried out, we have set out below, in some detail, examples based on original sales sheets submitted to us by the liquidators. We would emphasize that these samples are representative of a number of lots (approximately 200) sold by the liquidators. In compiling

/these

737. In this lot, Messrs. W. & R. Johjoh obtained nearly 3,000 pieces of assorted cottons and brocades at a price which, even if one completely disregards the other goods in the lot (amounting to a landed cost of £6,468), would only work out at approximately 26/9d. per piece. It is material to note that over 1000 of the pieces had been in stock for under one year and that the landed cost per piece of most of the cottons and artificial silks exceeded 40/-

738. It is also important to note, in relation to both this and the preceding example, that Messrs. Frenkoglou and Egli assessed the overall depreciation on textiles at 21.96 per centum, about two months prior to the above sales.

(3) Lot 11a, alleged to have been sold to a Madam Comfort Bamfo:

2825 sets of aluminium casseroles (imported 3rd quarter of 1952)	22/4 p. set	3,155 (a)
1500 Stew pans 30 cm. (imported 2nd quarter of 1952)	17/6 eac.	1,312 (b)
131 bellied Casseroles (imported 4th quarter of 1952)	16/6 eac.	108 (c)
Total landed cost (100%)		4,575 (d)
Sold at 15.3% of (d)		700 (e)
Loss being 84.7% of (d)		<u>£3,875 (f)</u>

739. We give this example to show that the prices paid for "old" and "new" goods to not appear to have differed to any substantial extent. The largest item of this lot was imported between July and September, 1952, and was only about one year old at the date of the sale.

(4) Lot 11b, alleged to have been sold to a Madam Ellen Wilson:

800 stew pans 28 cm. landed value 14/11 ea. (imported during 2nd quarter of 1952)		597
1400 sets of Aluminium Casseroles landed value 22/4 (imported during 3rd quarter of 1952)		1563
83 sets ordinary stew pans landed value 9/5		39
56 tins of butter	" "	4/- 11
2 3/ salmon	" "	60/- 6
10 1/ Tinapa	" "	100/- 50
Total landed cost		2,266 (a)
Sold at 13.24% of (a)		300 (b)
Loss being 86.76% of (a)		<u>£1,966 (c)</u>

740. The aluminium casseroles mentioned under (3), lot 11(a) and (4) lot 11(b) were valued at 22/- per set in June, 1953, by Messrs. Frenkoglou and Egli. When these were sold in August, 1953, by Messrs. Frenkoglou and Bolleter, the average price obtained was:

on 2,825 sets (3)	at 15.3%	or £483	or 3/5 per set
on 1,400 sets (4)	at 13.24%	or £207	or 2/11½ per set
<hr/>			
4,225 sets	a total of £690 or 3/3 per set		

741. If these casseroles had even been sold at 50% below the June, 1953, valuation, (22/- a set) or at 11/- a set, this would have realized £1,554 and £770 respectively or a total of £2,324 for these 4,225 sets alone.

(5) Lot 23, sold to a Mr. Roxon Sewy:

This lot was returned by the Accra consumers society, being old stocks of various cottons:

On-costed value	157 (a)
Less gross profit margin thereon	<u>32 (b)</u>
Total landed cost	125 (c)
Sold at 48.5% of (a) & 61% of (c)	<u>76</u>
Loss being 51.5% of (a) & 39% of (c)	<u>£49</u>

742. This example shows that even for old stocks returned from societies stores reasonably good prices could be obtained.

(6) Lot 29, sold to a Mr. S.K. Owoosu:

500 Thermos flasks	6/- eac.	150
240 Buflam stoves (10 cartons)	23/5 p.c.	281
36 ⁶ /12 doz. animal traps	35/3 doz.	66 (should be £64)
		<hr/>
Total landed cost		497 (a)
Sold at 57.3% of (a)		<u>285 (b)</u>
Loss being 42.7% of (a)		<u>£212 (c)</u>

743. The goods comprised in this lot were imported in 1951 and had, therefore, been in stock for 2 years at the date of the sale. It will be observed that, even so, the prices obtained amounted to nearly 60 per centum of the landed cost.

(7) Lot 30, sold to Accra Consumer Society:

Total landed cost	493 (a)
Sold at 65% of (a)	<u>318 (b)</u>
Loss being 35% of (a)	<u><u>£175 (c)</u></u>

744. The goods in this lot were the same as in lot 29 except that this lot contained 35 dozen animal traps instead of 36 6/12 dozen. Particulars are as follows:-

Total landed cost	493 (a)
Sold at 65% of (a)	<u>318 (b)</u>
Loss being 35% of (a)	<u><u>£175 (c)</u></u>

745. This example corroborates the preceding example in showing that purchasers were prepared to pay fair prices for goods which had been in stock for a considerable time. It also shows that no preferential treatment was given to consumer societies.

(8) Lot 46, alleged to have been sold to Madam Kuma Nelson:

242 pieces Khaki 712	58/-	702 (a)
10 cartons Buflam stoves (240 stoves)	23/5 ea.	281 (b)
Sundry goods		<u>27 (c)</u>
Total landed cost		1,010 (d)
Sold at 20% of (d)		<u>202 (e)</u>
Loss being 80% of (d)		<u><u>£808 (f)</u></u>

746. We give this example, since the liquidators mentioned in their report that one large firm sold Khaki, costing 55/-, as low as 27/- per piece. We cannot accept the suggestion that 27/- per piece was the prevailing market price at the time of the auction sales.

747. Nevertheless, even if all the other articles in this lot had been given free, the price per piece of the 242 pieces of Khaki purchased by Madam Nelson would have only worked out

at 16/8 per piece. It is material to note that (a) Messrs. Frenkoglou and Egli valued this khaki at 39/- per piece and (b) the landed cost of a fresh consignment of the same goods, purchased at specially reduced prices, amounted to as much as 41/10d. per piece.

748. We set out below the selling prices on this lot calculated on the average percentage of 20 per centum from landed cost which Madam Nelson paid for the goods comprised in this lot:-

242 pieces Khaki drill @ 11/7d.	140
240 stoves @ 5/1d.	56
Sundry goods	<u>6</u>
	<u><u>£202</u></u>

(9) Lot 55 also alleged to have been sold to Madam Kuma Nelson:

80 dozen of Fujetee shirts 69/8 per doz.	279 (a)
212 prints (assorted)	<u>396 (b)</u>
Total landed cost	675 (c)
Sold at 33 $\frac{1}{3}$ % of (c)	<u>225 (d)</u>
Loss being 66 $\frac{2}{3}$ % of (d)	<u><u>£450 (e)</u></u>

On the same day, a Mr. J.C. Vanderpuije also bought 24 dozen of these shirts (lot 58), landed cost at

69/8d per dozen	84 (a)
sold at (75% of (a))	<u>63 (b)</u>
loss (25% of (a))	<u><u>£21 (c)</u></u>

Mr. Vanderpuije paid for the same shirts 52/6 per dozen.

749. If Madam Nelson had purchased her Fujetee shirts at the same price as Mr. Vanderpuije, it would mean that she paid only about £15 for 212 of assorted prints of an average of approximately 1/6 per piece.

750. We are satisfied that the liquidators did not take the trouble to obtain for the stocks of the C.W.E. the best prices which might have been realized if they had carried out the sales in an efficient manner.

751. It is quite clear from the sales sheets that some persons were prepared to pay reasonable prices for C.W.E. goods but for some reason the liquidators failed to take appropriate steps to ensure that the best possible prices were obtained.

752. In addition, we have noticed that certain African women and at least two Syrians obtained large quantities of goods at much lower prices than those paid for goods of the same kind by other persons. Admittedly the latter purchased smaller lots but, we cannot understand why the liquidators did not sell in small lots if by that method higher prices could be obtained. Furthermore, there was nothing to prevent the liquidators from making private sales as opposed to auction sales if they had considered that such a method would have produced better results.

753. In our opinion, it would have been a prudent course on their part for the liquidators to have engaged licensed auctioneers to sell those goods which the liquidators considered would realize better prices at an auction sale than by private treaty. At any rate, if a competent auctioneer had conducted the sales there ought to have been proper records available to us.

754. The liquidators in their report complained about the bad state of the goods in the Acers Wholesale, but they kept no proper records of the condition of the goods they sold and, in only a few cases, were comments made in the sales sheets of the condition of any of the goods. It is common commercial practice to keep full records of all deteriorated items.

755. In addition to not recording details of deteriorated

stocks, the liquidators alleged that they mixed goods in reasonable condition with goods said to be in bad condition. Such a policy is not always sound and we consider that much better results might have been obtained if the liquidators had concentrated on trying to sell the good stocks at market value before proceeding to sell the deteriorated lines.

(b) Kumasi Sales

756. The main comments expressed regarding Accra earlier in this chapter apply to the sales at Kumasi.

757. In Kumasi, the liquidators did however, take stock, except of the iron sheets, but we have noted that the copy of the stock sheets submitted to us did, contrary to commercial practice, not bear the signature of the liquidators and of the wholesaler.

758. The prices alleged to have been obtained by the liquidators were even worse than the prices alleged to have been obtained in Accra, despite the fact that no rail freight was added and the Kumasi goods were consequently in stock at landed port prices. The liquidators have attempted in their report to explain away the low prices obtained but we do not believe their explanations.

759. In this connection, it is interesting to note that several of the persons, including Mr. Johjoh, and Madam Kuma Nelson, who obtained especially good bargains in Accra also went to Kumasi and appear to have made even better bargains there.

760. The liquidators, in their report, tried to explain away the very disappointing results allegedly achieved by Mr. Bahun in connection with the sales of hardware, provisions and drugs but we were not impressed with their efforts.

761. In our opinion, experienced business men of integrity

would have at once realized that the proceeds of Mr. Bahun's sales were "impossibly" low and would have made an immediate and thorough inquiry into such sales.

762. Considerable mention was made by the liquidators both of the bad condition of the stocks at Kumasi and of the shortages in the bundles of iron sheets but, despite this, no record was kept from which we could ascertain what proportion of the goods were bad and how bad in fact they were. Furthermore, no record was kept to show how many bundles of iron sheets contained less than 20 sheets. If, in accordance with normal commercial practice, an exact record of the deficiencies had been maintained showing the quantity, value and the buyer's name, such discrepancies could have been properly treated as "a shortage" but not otherwise.

763. We will deal with the general question of the Kumasi sales in the next chapter and consider that any further comments here would be redundant.

(c) General Observations

764. No attempt has so far been made by the liquidators to reconcile the sales at cost and selling with the books of the Establishment and to report on any differences.

765. No statement has been rendered in regard to goods which arrived after the stocktaking as at the 27th June, 1953, nor can we find a statement by them showing goods returned by the consumer societies.

766. We find no evidence to indicate that any attempt has been made to find out the actual shortage in stock, except that there is a comment in the liquidators report which reads as follows:- "We feel, however, that if the final shortage will not exceed 1 - 2 % of the total value of the stock, no blame should be attached on the wholesale personnel, as the conditions under which we were

selling were very much abnormal, and it would be difficult to hold anybody responsible for such discrepancies".

767. We, however, consider that the liquidators and not the wholesalekeeper are responsible for the stocks of the C.W.E. We are also satisfied that the liquidators are responsible for the liquidation and this is a point on which also Mr. Mercer was in full agreement.

768. We have, in order to try and give you some idea of the results of the liquidators' sales, compiled two tables of which Table A shews the movement of stocks from the 27th June, 1953, and Table B shews our valuation of the various assets of the C.W.E. in comparison with the moneys accounted for by the liquidators. We would emphasize that in some cases the figures are estimated as we have had only meagre, and not always reliable, data from which to compile our Statements.

769. Nevertheless, we consider that these figures may assist Government in deciding whether an auditors' investigation is justified. From our calculations, we are of the opinion that such an investigation is most essential in order to ascertain the cause for the apparent stock shortage of £37,209 odd.

TABLE A.

Movement of stocks:

(1) Goods in stock as at 27th June, 1953, as per audited accounts		172,206
made up as follows:		
Accra	114,554	
Kumasi	53,359	
Takoradi	<u>4,293</u>	
	172,206	
(of which about £45,000 refer to imports made during 1952/53)		
(2) Goods in transit as at 27th June, 1953, as per audited accounts:		13,340
made up as follows:		
Accra	3,141	
Takoradi	10,154	
duty paid on above	<u>45</u>	
	13,340	
Total stocks of goods as at 27th June, 1953 (at landed cost)		<u>185,546</u>
(3) Purchases during period from 28th June to 30th September, 1953		
(a) local purchases	2,436	
(b) overseas suppliers	18,524	
(c) duty on (b) so far recorded	<u>68</u>	
		21,028
(4) Goods returned by societies during period 28th June to 31st December, 1953 (on-costed value)		<u>30,965</u>
		<u>237,539</u>
(total new stocks, including transit as at 27th June, 1953, £34,368)		
<u>less:</u>		
(5) supplies (on credit) to societies during period 28th June to 31st December, 1953		
delivered value	11,222	
on-costing (deduct)	1,872 (x)	
estimated cost	<u>9,350 (x)</u>	
(6) sales to public, private liquidation sales (including irregularities and money not accounted for) from 28th June to 31st August, 1953,	12,000 (x)	
(x) estimated figures, subject to investigation		<u>21,350</u>
Estimated total stock of goods at 'landed cost'		

available for sale by liquidators	216,189
Liquidators total stocks at landed cost, as per their accounts	<u>178,980</u>
apparent shortage in stock	<u><u>£37,209</u></u>

TABLE B

Valuation of stocks etc.

(1)	stocks of goods as at 28th June, 1953		172,206 (a)
	<u>less:</u> 17.59% depreciation of (a) being 'Egli-Frenkoglou valuation"	30,291 (b)	
	75% increase of (b) worked out by Commissioners	22,719 (c)	
	(30.784% on (a))		<u>53,010 (d)</u>
	Sound, normal market value (69.216% of (a))		119,196 (e)
	<u>less:</u> 25% average depreciation of (e) in case of auction sales		<u>29,799 (f)</u>
	Depreciated value of stocks (51.91% of (a) (total depreciation (d) and (f) £82,909 or 48.09% of £172,206)		
	<u>add:</u>		
(2)	Goods in transit at landed cost (28.6.53)		<u>13,340 (h)</u>
	Total stocks of goods at 28th June 1953		102,737 (i)
(3)	Purchases during period from 28th June, 1953, to 30th September, 1953 (see Table A (3))		21,028 (k)
(4)	Goods returned by societies during period from 28th June, 1953 to 31st December, 1953 on-costed value	30,965 (l)	
	<u>less:</u> 75% of (1) worked out by Commissioners	23,224 (m)	
			<u>7,741 (n)</u>
			131,506 (o)
	<u>less:</u>		
(5)	Supplies to societies at sale (see Table A (5) note: fully on-costed price deducted)	11,222 (p)	
(6)	Actual cash paid in against sales to public, prior to liquidation sales	4,330 (q)	<u>15,552 (r)</u>
	Estimated receipts on goods sold		115,954 (s)
	Estimated total stocks (on-costed)	216,189	
	Estimated receipts	<u>115,954</u>	
	Estimated loss	<u>100,235</u>	
	Receipts by liquidators	54,376 (t)	
	<u>less:</u> cash, which refers to 2 vehicles sold	276 (u)	<u>54,100 (v)</u>
	Difference between our estimation (vide chapter 3) and receipts by liquidators		<u><u>£61,854 (w)</u></u>

CHAPTER 23 - THE KUMASI LIQUIDATION SALES.(a) General.

770. On the 13th September, 1953, Messrs. Frenkoglou and Bolleter proceeded to Kumasi to sell the stocks in the C.W.E. wholesale at that place. They were accompanied by Messrs. Ajete Bahun, C.L. Bannerman (hereinafter referred to as "the Cashier") Quaye, S.E. Boateng, a certain Peter Johnson and a taxi driver called Moses. We have noted that Mr. Bahun was taken to Kumasi at the suggestion of Mr. Inkumsah.

771. From the 14th to the 17th September, 1953, the liquidators took stock. Included in the stock was a quantity of newly imported iron sheets which had been despatched from Takoradi between the end of July and the end of August, 1953. According to the liquidators, they were informed that this quantity was 1744 bundles. Mr. Bolleter told us that Mr. Addy, the Kumasi Sales Manager, gave him this information. Mr. Frenkoglou admitted that he was told by Mr. Bolleter.

772. According to the oral evidence of Mr. Ayesi Osafo, the Kumasi wholesalekeeper, and of Mr. Addy, the stock at the time was over 2,000 bundles. We have examined the triplicate copies of the waybills, the goods received notes (G.R.N.) and the debit notes concerned and are satisfied that the number of bundles in stock was 2,040.

773. We disbelieve Mr. Bolleter's evidence on this point.

774. The number of iron sheets in each bundle was supposed to be 20, but we are satisfied that not all of the bundles contained the correct

number of sheets. The cost price of the iron sheets has been given to us as £8 per bundle. The prevailing selling price in Kumasi of iron sheets, of the gauge concerned, at the material time appears to have been between £9 and £9. 15s. Od. per bundle of 20 sheets.

775. At the beginning of the liquidation sales, Mr. Addy was instructed to proceed to Accra.

The circumstances surrounding this transfer have been confused owing to the conflicting evidence and, in particular, in consequence of the inconsistent statements on this point made by the liquidators themselves. We have given this matter our very careful consideration and are satisfied beyond all reasonable doubt that the real reason for Mr. Addy's sudden transfer to Accra was that the liquidators and Mr. Bahun considered that Mr. Addy's presence in Kumasi would be an embarrassment to them. We do not believe the various explanations given to us by the liquidators on this question.

776. Liquidation sales commenced on the 18th September, 1953, and were officially carried out by Messrs. Frenkoglou and Bolleter.

777. On the night of the 22nd September, 1953, Mr. Frenkoglou received a message that his wife was seriously ill and he had to return to Accra. It was agreed between Mr. Frenkoglou and Mr. Bolleter that Mr. Bahun be authorised to carry out the sales of the hardware, provisions and drugs. This decision was conveyed to Mr. Bahun on the 23rd September, 1953.

778. Mr. Frenkoglou did not return to Kumasi until the 29th September, 1953. The sales were concluded on the 2nd October, 1953.

779. According to the liquidators' report, the sales of the stock of the C.W.E. at Kumasi were accounted for as follows:-

	<u>Book Value</u>	<u>Amount Realised</u>
Textiles (Auction sales)	£ 4,796.18.4.	£ 1,505.10.0.
" (Individual ")	26,912.15.6.	9,329.2. 6.
Mixed lots	3,227.15.10.	1,019.15.0.
Hardware, Provisions and Drugs	<u>31,954.7. 5.</u>	<u>5,797.2. 0.</u>
	<u>£ 66,891.17.1.</u>	<u>£ 17,651.9. 6.</u>

780. As regards the textiles auction sales and the sale of mixed lots, individual receipts were issued in respect of each item and we have checked the amounts on the receipts against the amounts on the sales sheets and are satisfied that, though there is a disparity in the names of purchasers, the amounts correspond.

781. As regards textiles individual sales, we are satisfied that the total amount paid to the Cashier and direct to the Bank amounted to £9,342. 2. 6. and not £9,329. 2. 6.. As regards hardware, provisions and drugs, we are satisfied that the amount paid to the Cashier came to £5,783. 12. 0. and not £5,797. 2. 0. The differences referred to above are, in our opinion, due to a wrong classification of a payment of £13. 10. 0. on the 22nd September, 1953.

782. The amount of £9,342.11.6d. is comprised of payments to the Cashier supported by receipts of amounts of £42 (R1649); £13.10s. (R1661); £7.8s. (R1662); £258.17s. (R1663); £20.5s9d. (R1673); £10. (R1682); £212. 10s 9d. (R1683) and of payments direct to the Co-operative Bank of £4,000 (paying-in slips nos. 3786, 3787 and 3788); £550 (paying-in slip 5003); £445 (paying-in slip 5004); £450 (paying-in slip 5005); £550 (paying-in slip 5006); £400 (paying-in slip 5007); £590 (paying-in slip 5008) and £1,793 (paying-in slip 3441).

783. The amount of £5,783. 12. 0. is comprised of payments to the Cashier supported by receipts of £44. 10. (R.1677); £850 (R.1687); £850 (R.1689); £170. 3s. (R.1700); £25. 4s. (R.1848); £1,200 (R.1849); £600 (R.1850); £123. 15s. (R.1851); £520 (R.1852); £850 (R.1853) and £550 (R.1854).

784. The allocation of payments to these two categories is supported by oral and documentary evidence. No other payments have been made either to the Cashier or direct to the Co-operative Bank in respect of liquidation sales at Kumasi. Mr. Bahun who carried out the sales of hardware, provisions and drugs, was helped officially by Mr. Boateng and, we are satisfied, unofficially by Peter Johnson. Neither Mr. Boateng nor Peter Johnson had any authority to receive money on behalf of the liquidators.

785. Mr. Bahun did not keep sales sheets. The only record of his sales is a list compiled by Mr. Boateng. This list contains the cost prices of the relevant goods but neither the selling prices nor the names of the purchasers are mentioned.

786. In nearly all cases, payments to the Cashier were supported by chits signed, in the case of textiles, by one of the liquidators, and in the case of hardware, provisions and drugs by Mr. Bahun or Mr. Boateng and, in one case, by an unknown person - possibly,

Peter Johnson. Copies of the chits made out and signed by Mr. Bahun are attached and marked "A" "B" "C" and "D". Copies of two chits made out by Mr. Boateng are attached and marked "E" and "F". A copy of the chit made by the unknown person is attached and marked "G".

787. In the list compiled by Mr. Boateng, there is a record of only 1,400 bundles of iron sheets. The liquidators have also purported to

account for a further 37 4 / 20th bundles of iron sheets among their "mixed lot" sales. We are satisfied that Mr. Bahun sold far more than 1,400 bundles of iron sheets. We are supported in this view both by oral evidence of purchasers and by the fact that we have documentary evidence which proves that items, other than those listed, have been sold by or under the direction of Mr. Bahun.

788. It is of importance to note that the book value of hardware, provisions and drugs, referred to by the liquidators in their report, is merely the total of goods alleged to have been sold by Mr. Bahun. This figure has been taken from the list compiled by Mr. Boateng. We are convinced that this amount is inaccurate and we are satisfied that the total book value of stock disposed of by Mr. Bahun exceeded £36,000.

789. We have noted that the cost prices of the iron sheets have been stated in the liquidators' report to be £8 per bundle, £8.5s. per bundle and £8.10s. per bundle. All these iron sheets arrived at about the same time and in our opinion, the different prices were merely inserted in order to mislead the authorities concerned.

(b) Hardware, Provisions and Drugs.

790. There have been tendered before us five temporary receipts signed by Mr. Boateng for amounts of £802.10s : £132.6s : £2,094 : £300. 14s and £243.10s. making a total of £3,575, in respect of goods sold by Mr. Bahun. None of these amounts has been paid to the Cashier or paid into the Co-operative Bank and we are satisfied that they have been mis-appropriated by Messrs. Bahun, Boateng and Peter Johnson. Copies of the temporary receipts signed by Mr. Boateng are attached and marked "H" "J" "K" "L" and "M". "H" "J"

"K" "L" "M"

/respectively

respectively. A copy of the delivery note in respect of the iron sheets, purchased for £2,094, signed by Mr. Boateng is attached and marked "N"

"N"

791. We are also satisfied that two other amounts, in addition to those mentioned in the last paragraph, were intended to be misappropriated, namely amounts of £44.10s. and £25.4s. This is due to the fact that chits, Attachments "E" and "F" were made out to "Johnnie" and "Peter" (names by which Peter Johnson was known) asking him to accept the money. It appears that payees unknowingly paid the money to the proper cashier and not to the bogus one, thus frustrating the attempted frauds.

792. We have also noted that the transactions connected with the £802.10s., the £132.6s., the £2,094 and possibly the £300. 14s. took place prior to the time when Messrs. Bahun and Boateng were authorised to carry out sales. Certain of these payments to Mr. Boateng were made in an upstairs room of the C.W.E. Kumasi.

793. In addition to the above, we have oral evidence that Mr. Ahiah paid to Mr. Bahun a total amount of £3,480 (2 payments of £1,740) in respect of 400 bundles of iron sheets (2 lots of 200 bundles) and that he received no receipt for either sum. Mr. Kwesi Fodja told us that he paid to Mr. Bahun £2,400 for 300 bundles of iron sheets for which he received no receipt. Mr. Arghyrou told us that he paid £9 to Mr. Bahun for which he received no receipt. Mr. Yaw Adasi informed us that he bought 13 cases of wire nails at £2.10s per case and a case containing 24 stoves at 15/- per stove. He stated that he paid the money to Mr. Bahun. None of the money mentioned in this paragraph, totalling £5,939. 10s., has been paid either to the Cashier or into the Co-operative Bank and we are satisfied that they have been

misappropriated by Messrs. Bahun, Boateng and Peter Johnson.

794. The Cashier informed us that he saw certain goods leaving the wholesale for which no money had been paid to him. He said he made no report as he was afraid of losing his job. He also said that he did not report to the liquidators because he always saw them conferring with Mr. Bahun at the beginning and end of each day. In other words, he considered that the liquidators were in collusion with Mr. Bahun, an opinion with which we entirely agree.

795. Mr. Ahiah stated that he bought 63 bundles of iron sheets at £8 per bundle for which he paid £504 to Mr. Bannerman. Mr. Bannerman stated that, in fact, the amount paid to him was £520 (R.1852). Mr. Ahiah subsequently agreed that he might have made a mistake of 63 for 65 and that he only mentioned £504 as he had reached that figure by multiplying 63 by 8. He told us that he could not trace the receipt. We are satisfied that the amount paid was £520 and that R. 1852 was issued in respect of this transaction.

796. Mr. Yaw Adasi told us that he bought 60 cases of candles at 15/- per case and paid Mr. Bahun therefor, but obtained no receipt. We consider that Mr. Yaw Adasi made a mistake in this connection as he forwarded a receipt (R.1677) for £44. 10s. and the chit relating to that receipt is, apparently for 60 cases of candles. We do not consider that the other figures on the back of the chit have any bearing on the transaction. We are of the opinion that it was an honest mistake due to the lapse of time and to the fact that apart from his purchases from Mr. Bahun, Mr. Adasi had made several purchases from the liquidators.

797. Mr. Yaw Adasi bought 10 bundles of iron sheets from the liquidators for which he stated he paid £84. Subsequently, on examination of the receipts produced by him, we noted that he paid £80. 15s. but we do not consider that he intended to mislead us. We have also noted that the liquidators have entered the total of bundles as 20 in the appropriate "mixed lot" sales sheet. We do not accept Mr. Bolleter's explanation that he had to give 20 bundles because of shortages in the original 10. We accept Mr. Adasi's evidence that there were about 3 or 4 sheets short in about 6 of the bundles and that these were made up. Mr. Bolleter did not challenge this evidence. In our opinion, the figure "20 bundles" was put in to try to mislead the authorities concerned.

798. In our opinion, the total amount realised by Mr. Bahun for the sale of iron sheets must have been at least £16,000. We have arrived at this conclusion after taking into consideration the original number of bundles, the prices paid per bundle which, from the evidence before us, appear to have varied between £8 and £8.14s 6d and after making allowances for shortages in some of the bundles.

799. We have analysed the evidence carefully, both oral and documentary, given before us by the purchasers of hardware, provisions and drugs (other than iron sheets and other than goods sold in "mixed lots") and we are satisfied that those goods realised very much more than would be imagined from reading the liquidators' report and hearing their evidence. Taking everything into consideration, we feel that there is every indication that it would not be unreasonable to estimate the total proceeds from the sale of hardware, provisions

/and

and drugs, other than iron sheets, sold by Messrs.

Bahun, Boateng and Johnson as being over £10,000.

800. Mr. Bolleter informed us that, after Mr.

Frenkoglou and he had decided to authorise Mr. Bahun

to carry out sales, he gave Mr. Bahun a completely

free hand at selling the hardware, provisions and drugs,

as, apparently, he wished to avoid any responsibility

in connection with such sales. Mr. Bolleter also stated

that Mr. Bahun assured him that he had accounted for all

moneys he had received for those sales. We consider that

Mr. Bolleter's action does not absolve either Mr. Frenkoglou

or himself from their legal liabilities as liquidators.

We consider that Mr. Bolleter's conduct in not properly

supervising Mr. Bahun amounted to a grave breach of duty.

(c) Individual Textile Sales.

801. We are not satisfied with the way in which

the liquidators carried out their individual sales of

textiles, nor are we satisfied with the manner in

which the alleged proceeds of such sales were

brought to account by the liquidators.

802. Of the total amount of £9,342. 11s. 6d.,

only £564. 11s. 6d. was paid to the Cashier. The other

payments were made direct to the Co-operative Bank.

The payments to the Co-operative Bank were made on three

days, namely, £4,000 on the 19th September, 1953, per

paying-in slips 3786/3788; £2,985 on the 23rd September,

1953, per paying-in slips 5003/5008 and £1,793 on the 2nd

October, 1953, per paying-in slip 3441.

803. The three paying-in slips 3786/3788 were in

respect of one cheque of £4,000. They were made out

in the names of three persons none of which appears

in the sales sheets in connection with the sales

concerned. The purchaser of the goods was Mr. R.H. Johjoh.

The person who paid the money to the Bank has not

been identified but has been described as

a " young Syrian ". The Bank official said that the

cheque was made out in his presence but we are not satisfied that this is correct. The circumstances surrounding the payment of the cheque are most confusing. According to Mr. Johjoh, he asked a Mr. Jabri for a loan of £4,000 and he was later brought the three paying-in slips. According to Mr. Jabri, Mr. Johjoh asked for a loan of £4,000 and he (Mr. Jabri) went to Mr. K. Captan who gave him a cheque for £4,000. Mr. Jabri stated that he gave this cheque to Mr. Johjoh. Mr. Johjoh denies this.

804. One of Mr. Johjoh's explanations for the three paying-in slips in odd names was that he had, when asking for a loan, mentioned the names of three Accra women who had wanted to buy the goods from him. He also said that he had bought three separate lots totalling £4,000 and that that was another reason for the three paying-in slips. Mr. Johjoh admitted that the three persons never purchased the goods and that he took them to Accra. He also admitted that he did not try to find these prospective purchasers again. None of the paying-in slips appeared to bear a woman's name. We do not accept Mr. Johjoh's explanation and consider that the use of the three names was merely a device to disguise the name of the real purchaser, namely, Mr. Johjoh.

805. Mr. Bolleter told us that when Mr. Johjoh brought him the paying-in slips, he (Mr. Bolleter) told Mr. Johjoh that the money he had paid for the goods was too little. Both Mr. Bolleter and Mr. Johjoh stated that Mr. Johjoh then paid another £40 in cash. This amount was not paid to the Cashier. According to Mr. Bolleter he kept this money, together with other moneys he had received from individual sales, in a drawer in the Cashier's safe and subsequently gave a total of £1,793 to the

/Cashier

Cashier on the 2nd October, 1953. On that day the £1,793 was paid direct to the Co-operative Bank. The Cashier, whom we consider to be a thoroughly honest witness, stated that on three occasions Mr. Bolleter put amounts of about £500 overnight in a drawer in his (the Cashier's) safe but that Mr. Bolleter removed these amounts the day after they were put in. The Cashier denied that Mr. Bolleter left money in the safe for longer periods than overnight.

806. The Cashier further stated that on the night of the 30th September, 1953, Mr. Bolleter had no money in the safe but that on the evening of the 1st October Mr. Bolleter put a large amount of money into the safe. The Cashier told us that Mr. Bolleter asked him to hand over the key of the safe to him (Mr. Bolleter) and made him (the Cashier) sleep in the room where the safe was situated. On the following morning, Mr. Bolleter checked the money with the Cashier and the total, £1,793 (all in 20/- and 10/- notes), was paid to the Co-operative Bank. The Cashier stated that he did not issue any receipts as Mr. Bolleter, although asked to do so, did not give details of the sales comprised in the sum of £1,793.

807. We do not accept Mr. Bolleter's explanation about keeping the money for the individual sales in the safe. In our view, the whole facts relating to the individual sales are most suspicious.

This view is supported by the facts relating to the payment of the £2,985 to the Co-operative Bank on the 22nd September, 1953. According to the Bank official, this amount was paid in by Mr. Johjoh who made out six paying-in slips each with a different name. Mr. Johjoh denied this suggestion. We are of the opinion that the names of the payees on each slip were made by the same person.

808. Mr. Strike, Senior Superintendent of Police,

Accra, a handwriting expert, who had compared the paying-in slips with the specimens of Mr. Johjoh's writing, stated that though the names on the paying-in slips could have been written by Mr. Johjoh, they could equally have been written by many other people.

809. The names and amounts on three of the paying-in slips 5003, 5004 and 5005, bear similar amounts and possible similar names to those on three of the individual sales sheets but the other three names and amounts bear no resemblance to any of the individual sales.

810. Subsequently, Mr. Bolleter tried to allocate these amounts to certain individual sales but we were not impressed by his efforts.

811. We have every reason to believe that the sales sheets for the individual sales, other than those supported by receipts, were faked, subsequently, to try and support the total amount of cash paid to the Cashier and direct to the Bank. We also consider that the majority of the individual sales were made to one or possibly two persons and that fictitious names were used to try and make it appear that such sales had been made to many people.

812. We have not had time to have a complete reconstruction and audit of the accounts of the Kumasi liquidation sales carried out. In our opinion, such a reconstruction coupled with an investigation by auditors, which we have previously recommended, would be most advisable.

813. We do not consider that the liquidators carried out their duties in connection with the Kumasi sales with a proper degree of diligence and integrity.

814. We have already in this chapter expressed our findings with regard to Messrs. Bahun, Boateng and

815. Early on in our enquiries into the Kumasi sales, we reported Mr. Boateng to the police. We understand that he has been committed for trial. We later reported Messrs. Bahun and Peter Johnson to the Commissioner of Police.

816. We have not called Mr. Peter Johnson before us, as although we think we know who he is, the question of identification may be in doubt.

817. We have also asked the Commissioner of Police to carry out further investigations into the question of the "individual sales" as we consider that they merit such action. We consider that for us to wait until such investigations are completed would unduly delay the submission of this report.

818. Our enquiries into the Kumasi sales were hampered by what we consider to be the deliberate destruction of certain material documents. On the 6th November, 1953, Mr. Bolleter wrote asking us for the Kumasi cash book and for the cash receipt books subsequent to August, 1953. The cash book and one receipt book (1801 - 1900) were handed over to Mr. H.W. Chapman. The other receipt book was inadvertently, but fortunately, not handed over. Receipt book 1801 - 1900 has vanished. Similarly, the original waybills for Kumasi, including those for the iron sheets, were handed over, at the request of the liquidators, to Mr. Amegashie who gave them to Mr. H.W. Chapman. Those waybills also have vanished.

819. We might never have reached our findings if it had not been for the foresight of the Cashier (Mr. Bannerman) in retaining the majority of the chits sent to him.

820. Mr. Bannerman said that he kept them in his own house to prevent them from "going missing" and to protect himself.

815. Early on in our enquiries into the Kumasi sales, we reported Mr. Boateng to the police.

We understand that he has been committed for trial. We later reported Messrs. Bahun and Peter Johnson to the Commissioner of Police.

816. We have not called Mr. Peter Johnson before us, as although we think we know who he is, the question of identification may be in doubt.

817. We have also asked the Commissioner of Police to carry out further investigations into the question of the "individual sales" as we consider that they merit such action. We consider that for us to wait until such investigations are completed would unduly delay the submission of this report.

818. Our enquiries into the Kumasi sales were hampered by what we consider to be the deliberate destruction of certain material documents. On the 6th November, 1953, Mr. Bolleter wrote asking us for the Kumasi cash book and for the cash receipt books subsequent to August, 1953. The cash book and one receipt book (1801 - 1900) were handed over to Mr. H.W. Chapman. The other receipt book was inadvertently, but fortunately, not handed over. Receipt book 1801 - 1900 has vanished. Similarly, the original waybills for Kumasi, including those for the iron sheets, were handed over, at the request of the liquidators, to Mr. Amegashie who gave them to Mr. H.W. Chapman. Those waybills also have vanished.

819. We might never have reached our findings if it had not been for the foresight of the Cashier (Mr. Bannerman) in retaining the majority of the chits sent to him.

820. Mr. Bannerman said that he kept them in his own house to prevent them from "going missing" and to protect himself.

CHAPTER 24 - KWESI DANSO'S ALLEGATIONS

(a) Re Mr. Mercer and Mr. Inkumsah

821. Kwesi Danso informed us that he was an ex-driver of Mr. Bahun and that he left him because of a dispute over monies due to him. He was contacted by the Police and made a statement through an interpreter to Mr. Stinton of the Fraud Squad. That statement was made available to us and we called Danso as a witness.

822. It appeared from cross-examination that after Danso made his statement he was given £2 to cover the time, some 3½ hours, during which he had been detained by the police and was thus unable to use his taxi. It was suggested that this money was given to him as a bribe to make a statement. This allegation was denied by Mr. Stinton and by Danso. We do not consider that this payment was made from any improper motive but we are of the opinion that it was unfortunate that the payment was made, particularly in view of the contents of the statement. Mr. Stinton agreed with this but stated that at the time the statement was made he did not realise that Danso would be called as a witness. He was paid from the informants' fund.

823. Danso, in his evidence before us, made allegations against Mr. Bahun, Mr. Mercer and Mr. Inkumsah. Danso, stated inter alia, that he conveyed a Madam Peace to the Airport in Mr. Bahun's car on several occasions and brought goods from the C.W.E. at the Airport to Madam Peace's house and also to Mr. Bahun's house.

824. Danso alleged that, on one occasion, Madam Peace took a lady's handbag containing a lot of money to the Airport and that he saw Mr. Bahun checking the money. Madam Peace collected goods from the C.W.F. on that day. Later he drove Mr. Bahun together with the bag containing the money to Mr. Bahun's house. In the house, Danso saw Mr. Bahun divide the money into three piles. He said that he was then sent out. Later that evening he was called by Mr. Bahun who came down with a black brief case and with the lady's handbag.

825. Danso said that he did not handle either of the bags but assumed that they contained money. Danso further told us that he drove Mr. Bahun to Mr. Mercer's house where Mr. Bahun took out the black brief case and went into the house. Mr. Bahun later came out. Danso said he saw Mr. Mercer wave Mr. Bahun goodbye. Danso said that he was then told by Mr. Bahun to drive to Mr. Inkumsah's house which he did. At Mr. Inkumsah's house, Mr. Bahun got out and took the lady's handbag. Mr. Bahun came out with Mr. Inkumsah who waved goodbye to Mr. Bahun. Mr. Bahun put the lady's handbag back into the car. Danso stated that on returning to Mr. Bahun's house he carried the lady's handbag upstairs and that it was then empty.

826. Messrs. Bahun, Mercer and Inkumsah have emphatically denied the suggestion that Mr. Bahun took money to Mr. Mercer and to Mr. Inkumsah.

827. Mr. Danso was subjected to severe cross-examination by three counsel as well as by ourselves and we are satisfied that in certain

particulars he went back on the statement he made to the police.

828. We have also considered that, in view of his dispute with Mr. Bahun, it would be dangerous for us to accept Danso's evidence on any major point unless there was corroboration. There has been no corroboration of Danso's evidence in so far as it affects Mr. Mercer and Mr. Inkumsah.

829. On the whole, however, we consider that Danso was an honest witness. Nevertheless, we are of the opinion that, although the evidence of Danso gives rise to suspicions against Mr. Mercer and Mr. Inkumsah, it does not satisfy us beyond all reasonable doubt that Mr. Bahun did take money to either Mr. Mercer or to Mr. Inkumsah.

830. In view of this finding and in view of the lack of corroboration and of Danso's contradictory statements, we consider that the benefit of the doubt should be given to both Mr. Mercer and to Mr. Inkumsah on the question as to whether or not Mr. Bahun brought money to them. In coming to this finding, we have kept in mind, as we have done throughout the whole of our enquiries, the fundamental principle of British Justice, that a man is presumed innocent until he is proved guilty.

(b) Re Mr. Bahun and Madam Peace

831. Kwesi Danso also gave evidence that he had on several occasions conveyed goods from the C.W.E. to the premises of Mr. Bahun and Dede Josephine Aryee Peace Nelson (hereinafter in the report referred to as Madam Peace). As a result of this evidence,

/we called.....

we called Madam Peace and questioned her.

832. Madam Peace admitted having in her possession goods formerly the property of the C.W.E. at Acera but told us that she had purchased them in a proper manner at the liquidation sales. We are not satisfied with Madam Peace's explanations as to how she acquired the goods. Nevertheless, we consider that it would not be proper for us to make any specific findings on the question of such goods as the stock records have not yet been completed. We cannot be certain what, if any, goods have not been accounted for until the stock records have been made up and investigated, although it appears to us (vide Chapter 22, paragraph 769 and Table A.) that the proceeds of considerable quantities of stock in the C.W.E. as a whole (as opposed to the Acera Wholesale) have not been brought to account.

833. For the reason stated above, we do not make any findings on Danso's allegations regarding goods conveyed to Mr. Bahun's house.

834. We are of the opinion that Danso's allegations relating to Madam Peace and Mr. Bahun might well be made the subject of further police investigations.

CHAPTER 25 - THE JOHJOH £500 RECEIPT.

835. During the course of his evidence, Kwesi Danso, an alleged former driver of Mr. Bahun, stated that Mr. Bahun had taken over from Mr. R.H. Johjoh a Chevrolet car No. AR 4643 but said that the car had been registered in the name of a woman called Madam Peace.

836. When Madam Peace gave evidence, she stated that she had bought this car from Mr. R.H. Johjoh for £500, and that she had paid for it by instalments. She stated that she completed payment for the car in December, 1953, when she was given a receipt for £500. Madam Peace further stated that the receipt was in the possession of her counsel, Mr. Annan. At our request, the receipt was produced and tendered.

837. We examined the receipt, a copy of which is attached and marked "A", and noted that the date on the receipt was the "5th December 1954".

"A"

838. Our suspicions were immediately aroused as it is most unlikely for a person in "1953" to date a receipt "1954", though in early "1954" a person might well write "1953" by mistake. We considered that it was very probable that the receipt was not in fact issued until 1954.

839. We called Mr. Johjoh and asked him to produce his cash receipt book, Bank paying-in slips and cash books. It appeared that Mr. Johjoh kept no cash books and only had a receipt book, paying-in slips and a notebook in which he entered expenses.

840. Mr. Johjoh stated that he had sold the car to Madam Peace who had paid for it by instalments and that the final payment was made on the 5th December, 1953, when he gave her the

/receipt

receipt (attachment "A"). He stated that the year "1954" had been inserted in error. Later Mr. Johjoh stated that the receipt was not issued on the 5th December, 1953, but a few days later.

841. We pointed out to Mr. Johjoh that the receipt for £500 was numbered "31" in the receipt book whereas the previous receipt in the book, "No.30", was dated 31st December, 1953. A copy of the latter receipt is attached and marked "B". We have noted "B" that the "3" in 1953 had been written over a "4" and are of the opinion that this receipt also was written early in January, 1954. Mr. Johjoh stated in explanation that he had issued attachment "B" on or prior to the 5th December, 1953, but that the payer, Mr. Anwar Rahwanji, had asked him to post-date it to the 31st December, 1953.

842. We summoned Mr. Rahwanji and questioned him on this point. Mr. Rahwanji stated that he had paid the money in December, 1953, - he thought a few days before Christmas. He said that the payment was made in the evening and he had asked Mr. Johjoh to let him have a receipt the following day. Mr. Rahwanji told us that when, after a few days, he found that no receipt had been given he went and questioned Mr. Johjoh who said that he had lost his receipt book.

843. The receipt book was then found and a receipt (attachment "B") for £48 was issued to him. Mr. Rahwanji stated that he did not look at the date on the receipt but assured us that he never asked Mr. Johjoh to post-date the receipt. He agreed that it might well have been issued at or about the end of December. Mr. Johjoh was given an opportunity of asking Mr. Rahwanji questions but stated that he did not wish to do so. We have

noted that the payment of the £48 rent was one of the last entries in Mr. Rahwanji's expenses book for the month of December, 1953.

844. At our request Mr. Johjoh produced his bank statements. Mr. Johjoh volunteered that a payment of £48 to the Bank on the 5th December, 1953, referred to the payment made by Mr. Rahwanji which he (Mr. Johjoh) had paid direct into the Bank.

845. We examined the Bank paying-in-slips and noted that the payment referred to by Mr. Johjoh was comprised partly of notes and partly of coins. A copy of the material bank slip is attached and marked "C"

"C"

846. Accordingly, we recalled Mr. Rahwanji who told us that he had made his payment in notes, not in notes and coins. We accept this evidence and are satisfied that attachment "C" bears no relation to Mr. Rahwanji's payment of £48.

847. After careful consideration of all the evidence, and the demeanour of Mr. Johjoh, we are satisfied beyond all doubt that attachment "A" was forged within the meaning of section 311 of the Criminal Code, and we are of the opinion that it was made for the purpose of misleading us in our enquiries. We do not believe Mr. Johjoh's or Madam Peace's story about the sale and purchase of the car and are satisfied that the forgery amply corroborates Kwesi Danso's allegation that the Chevrolet car passed from Mr. Johjoh to Mr. Bahun. We are further satisfied that Mr. Bahun used Mr. Johjoh's car both in Kumasi and in Accra.

848. We have reported this matter to your Excellency in some detail because we considered that the disposal of the car was material to our enquiries, since we were of the opinion that the relations

/between

between Messrs. Bahun, Johjoh and Madam Peace, in so far as they affected the liquidation sales, were open to grave suspicion.

CHAPTER 26 - MISCELLANEOUS IRREGULARITIES

(a) Mr. Dadzie, alias Mr. Kane

849. During our enquiries, allegations were made against Mr. Dadzie, formerly known as Mr. Kane, in connection with his conduct at Kumasi. Mr. Dadzie was an Inspector of the Department of Co-operation attached to the Kumasi Branch of the C.W.E. from its opening in September, 1949, until the 28th February, 1951, excluding the period of approximately two months in the latter half of 1950 when he was on leave. On the 1st March, 1951, Mr. Dadzie was seconded from the Department of Co-operation to the C.W.E., and was appointed Sales Manager of the C.W.E. Branch at Kumasi. We have already commented on certain aspects of Mr. Dadzie's activities in connection with "Cartridges".

850. We discovered during the course of our enquiries that the allegations against Mr. Dadzie referred to in this chapter had been dealt with at an enquiry which was conducted by Messrs. Gambrill and Knight of the Department of Co-operation and Mr. Obuobi of the C.W.E. We have, accordingly, restricted our enquiries to ascertaining whether there was any justification for the allegation that the findings were wrong and caused by the fact that Mr. Gambrill was prejudiced against Mr. Dadzie. We have questioned Mr. Dadzie closely on the subject as well as Messrs. Gambrill, Knight and Obuobi. Mr. Dadzie admitted that he had made no complaint to Mr. Hewson regarding the findings when he was brought before that officer, as his Head of Department, in connection with the alleged

irregularities. Mr. Dadzie, however, stated that he, at some stage, made a complaint to the Deputy Registrar, Mr. Sam,

851. In our opinion, if there had been any substance in Mr. Dadzie's complaint against the findings, he would have made a complaint to Mr. Hewson when called before that officer.

852. We are satisfied that the Gambrill enquiry was fairly and properly carried out and that there was evidence to justify the findings. We do consider, however, that, in one respect, the findings were rather unhappily phrased, namely, the sentence "Mr. Abeyie has made allegations which, in the main, in our opinion, Mr. Kane has failed to disprove".

853. It appears from the oral evidence given before us that the persons conducting the enquiry meant that they were satisfied that the allegation against Mr. Dadzie had been proved.

854. We attach hereto a copy of the record of proceedings, findings and relevant correspondence concerning the enquiry, marked "A".

"A"

855. We heard evidence in connection with the allegation concerning cement, on which no findings were made by Messrs. Gambrill, Knight and Obuobi. In our opinion, no irregularity in connection with this matter was proved and we consider that Mr. Dadzie must be given the benefit of the doubt as regards this transaction.

856. On the 5th October, 1951, after attachment "A" had been forwarded to Mr. Hewson, Mr. Dadzie was called before him and a departmental enquiry was held.

857. A copy of the proceedings of this enquiry is attached and marked "B". As a result of this enquiry, a report was made on the 24th October, 1951, to the Chief Secretary, recommending that the previous recommendation that Mr. Dadzie be promoted to the Senior Service should be cancelled, and that a warning should be issued to Mr. Dadzie. A copy of this report is attached and marked "C".

858. We have been informed that the Chief Secretary accepted Mr. Hewson's recommendations.

859. It was suggested by Mr. Lassey, Counsel for the Minister of Labour, that Mr. Hewson acted improperly in not referring the matter to the police for further investigation, in view of the evidence and the findings of the Gambrill enquiry, and in view of the recommendations in the letter attached to the findings.

860. Mr. Gambrill told us that after the enquiry Mr. Dadzie admitted taking the vat netting but said that he intended to pay for it. As a result, he put in a plea of leniency to Mr. Hewson on Mr. Dadzie's behalf. Mr. Hewson told us that, in view of the previous good record of Mr. Dadzie, he considered that his (Mr. Hewson's) recommendations, which ultimately caused a financial loss of £300 to Mr. Dadzie, were sufficient punishment. He also stated that, as he considered that the allegations made by Mr. Collins Abeyie were made in his own defence, he had treated them with grave caution.

861. While we appreciate Mr. Hewson's comments, we, nevertheless, consider that Mr. Hewson should have asked the police to make further investigations.

862. It should, in our opinion, have been left to the police and the Law Officers to decide whether or not criminal proceedings should have been instituted.

863. If the police enquiries had revealed evidence to corroborate the allegations by Mr. Collins Abeyie that Mr. Dadzie had instructed him to sell breadcrocks, the property of the C.W.E. to repay him (Mr. Abeyie) for the money he (Mr. Dadzie) had borrowed from him, police prosecution would, in our opinion, have been inevitable.

864. We also consider that Mr. Hewson should have forwarded a copy of attachment "A" to the Chief Secretary in order that he would have had the full facts before him.

865. We regret to have to report that we consider ~~that~~ Mr. Hewson was more concerned with not losing an officer whom he considered efficient than with ensuring that a possible criminal was prosecuted.

866. We have noted that Mr. Dadzie still owes Mr. Collins Abeyie about £35. We do not believe Mr. Dadzie's explanation that he had already paid the debt and that he was paying it a second time because Mr. Collins Abeyie had given him no receipt for the first payment.

(b) Mr. Parker.

867. Certain allegations were made against Mr. Parker, a former Secretary of the C.W.E., in connection with advances, medical services and

expenses but, after hearing, with the Governor's approval, certain medical evidence in camera, we ultimately came to the conclusion that an investigation into the allegations would serve no useful purpose. We, accordingly, propose to ignore the allegations against Mr. Parker.

(c) Transport

868. Several allegations have been made against Mr. Obuobi in connection with the running of transport. One of these, which suggested that Mr. Obuobi was putting into his own pocket moneys received from transport fares, has not been proved to our satisfaction.

869. It was also alleged that Mr. Obuobi made the C.W.E. transport staff purchase foodstuffs for him out of C.W.E. funds. The average amount of these purchases appears to have been about 6/-. We are satisfied that this allegation is true.

870. A third allegation was to the effect that Mr. Obuobi purchased an excessive number of tyres for C.W.E. transport. The inference we are asked to draw is that he converted certain of these tyres, or the proceeds of them, to his own use. After careful examination of the evidence before us, we are of the opinion that there is insufficient evidence on which we can make a finding on this point. We consider, however, that Mr. Obuobi should have ensured that a record was made in the log book of each vehicle when any new tyre was put on such vehicle. As it was, tyres, surplus to immediate

/requirements

requirements, were purchased and a reserve was kept, but no record was maintained to show when tyres were removed from such reserve and placed on vehicles. Such a procedure must inevitably give rise to suspicion, as it would be only too easy for one of the reserve tyres to have been sold illegally and the proceeds put into some person or person's pocket.

871. There is no proper record of the disposal of used tyres and of the proceeds thereof. Mr. Obuobi's explanation on this point was not convincing, but we consider that the evidence does not satisfy us beyond all reasonable doubt that Mr. Obuobi misappropriated any of such proceeds.

(d) Samples

872. It has been alleged that samples on which duty had been paid by the C.W.E. were misappropriated by certain members of the C.W.E. staff. In our opinion, the evidence relating to this is inconclusive. We are, however, of the opinion that the Managing Secretaries, Mr. Alema and Mr. Obuobi, acted improperly in not keeping a separate register of all samples on which duty had been paid. If this had been done, the disposal of all such samples could have been accounted for and it would have been possible to ascertain whether or not any of them had been misappropriated.

(e) Mr. Mercer's Back Pay (vide Chapter 2. paragraph 123)

873. Mr. Mercer received an amount of £675 back

/pay

pay in respect of the period between the date when he was selected for the appointment and the date when he took up his duties as Managing Director of the C.W.E. (vide Chapter 2, paragraph 123). Mr. H.J.N. Chapman stated that he advised the Minister to authorise this back pay on the grounds that he considered that there was an obligation to make such payment in view of the letter written by the C.W.E. to Mr. Mercer.

874. In our opinion, there was no obligation to make such back payment as the failure to take up the appointment within a reasonable time was largely due to Mr. Mercer's own reluctance to accept the offer made to him. The first acceptance (and in our opinion, that was only a qualified one) was made on the 7th November, 1952. We consider that if any back pay at all had to be paid to Mr. Mercer it should not have been made retrospective to a date earlier than the 7th November, 1952. It might well be considered that, on all the facts of the case, Mr. Mercer was not entitled to any back pay at all as the contract which Mr. Mercer finally accepted differed very much from the one originally offered to him.

875. We are of the opinion that Mr. Mercer should not

/have

have accepted from public funds remuneration for which he had not rendered any service, especially as he must have realized that the reason for his not having done this work was in no inconsiderable measure due to his own conduct.

(f) Mr. Bahun's Appointment (vide Chapter 2, paragraph

134 -6

876. In our opinion, this appointment was most irregular. Under the Bye-laws, the appointment should have been made by the Committee of Management of the C.W.E. In fact, it was made by Mr. Mercer on the directions of Mr. Inkumsah (vide appendix II, attachment "ZZ")

877. We consider that Mr. Inkumsah had no power to issue directions to Mr. Mercer requiring him to appoint Mr. Bahun no more than we consider that he had power to try and direct Mr. Mercer to dismiss Mr. Danquah (vide appendix II, attachment "ZZ").

878. We consider that Mr. Mercer acted most improperly in appointing Mr. Bahun without the authority of the Committee of Management of the C.W.E. We have noted that Mr. Mercer did not dismiss Mr. Danquah as a result of Mr. Inkumsah's letter. In this respect, we consider that Mr. Mercer acted in a proper manner.

(g) General

879. Numerous allegations on such subjects as the payment of improper advances to the staff of the C.W.E. and the purchase of goods on credit by members of the Committee, members of the C.W.E. staff and also officers of the Department of Co-operation, both senior and junior, connected with the C.W.E. have been made to us, but we considered

/that an

that an investigation into such allegations would not justify the time they would take and we have, therefore, omitted them from our enquiries.

PART V. - CONCLUSION

CHAPTER 27 - GENERAL OBSERVATIONS & APPRECIATIONS

880. Before coming to our findings against any person, especially in matters where possible criminal irregularities were involved, we have required a degree of proof similar to that demanded in criminal courts.

881. We have also accepted the fundamental principles of British Justice that a man is innocent until he is proved guilty, and that we must be satisfied beyond all reasonable doubt before we can make a finding against any individual.

882. We would like to express our appreciation for the co-operation given to us by the officers of the Ministry of Labour and the many Government Departments who have helped us, the staff of the commercial Banks, Mr. Lassey and the other members of the Bar, the witnesses, the members of the press and the public.

883. As regards the press, although we have had, on occasions, to correct them, we consider that in general they have reported our proceedings very fairly.

884. We would like to thank the Commissioner of Police for his co-operation, and also Mr. Stinton and the various members of the Gold Coast Police Force who have rendered us valuable assistance by making enquiries on our behalf, by taking statements from potential witnesses and by serving subpoenas for us. In particular, we would like to commend General Police Constable J.A.K. Ackom (No. 537), who has been our orderly since last October, for the integrity, zeal and devotion to duty shown by him under circumstances which we would not describe as being a "bed of roses", and in which it would have been only

too easy for him to have succumbed to temptation.

We feel that P.C. Ackom conducted himself in a manner highly creditable not only to himself but, also, to the Gold Coast Police Force.

885. We would like to place on record our deep appreciation for the way in which Mr. W.H. Sparkes and Mesdames Rose and Curwen performed their difficult task as secretary and joint secretaries. Their duties were extremely arduous and the number of files and documents (well over 2000) which they had to control, made their work most exacting.

886. Finally, we would like to thank our secretarial staff for the efficient and cheerful manner in which they have at all times worked.

	G.V.C. Young	CHAIRMAN.
M.R. Rose	T.E. Smith	MEMBER.
V. Curwen	W. Hinterman	MEMBER.
JOINT SECRETARIES	T. Jones Nelson	MEMBER.

INDEX OF WITNESSES

The following abbreviations are used in the index of witnesses listed hereunder.

- Consumer society.....Consoc.
- Storekeeper.....S/k.
- Secretary.....Sec.
- Wholesalekeeper.....W/k.
- Committee Member.....Cttee, Mbr.
- President.....Pres.
- Assistant.....Asst.

Witnesses represented by Counsel are marked X.
 List of Counsel appears at the end of the index.

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
Abeyie, Collins	Former W/k., C.W.E., Kumasi.	6.	146-153 249-251
Aboagye, Edward	Detective Constable No. 8064, Kumasi.	2.	
Ackah, David	Senior Co-Op. Officer, Sunyani.	2.	
Ackah, Moses A.	Director, M.A. Ackah & Co. (W.A.) Limited.	3.	168-170, 172-174 179
Ackom, Joseph A.	Police Constable No. 537 Accra.	2.	6, 257, 258
Acolatse, Samuel	Police Sergeant No. 5517	2.	
Acquah, Paul	Pres. Ahafo Consoc.	1.	
Adams, Charles	Sec. Agona-Swedru Consoc.	2.	

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
Adasi, Yaw	Trader, Kumasi	1.	232-234
Addison, Joseph	Former Vice Pres., Cape Coast Consoc.	2.	
Addo, Ben K.	Former Cashier, C.W.E. Accra.	3.	180-182, 185-187
Addo, David O.	Police Constable No. 6947	1.	
Addo, Mark	Pres. New Juaben Consoc. Former C.W.E. Cttee. mbr.	1.	27
Addy, Samuel T.	Former Sales Manager, C.W.E., Kumasi.	10.	140, 145, 149, 150, 153, 154, 227, 228
Adodoadze, Theo.	Pres. Southern T/Volta Consoc.	1.	
Adu, Ohene	Pres. Akropong Consoc. Former Cttee. mbr. C.W.E.	1.	
Agbettor, David K.	Keta Consoc.	1.	
Agyepong, Eugene	Asst. Beach Clerk. C.W.E.	2.	
Ahiah, Frances K.	Trader, Knutsford Avenue, Accra.	2.	232
Akiwumi, Akyeme	Former Editor of "African Morning Post".	1.	
Akuffo, Benie. O.	Cc-op. Asst.	3.	
Akuffo, Ben. A.	Clerk, C.W.E.	2.	180, 181
Akuse, Osei	Lorry Driver	1.	
Akwei, John Seth	Costing Clerk. C.W.E.	1.	
Alema, Adelaide	Pupil Pharmacist, Accra.	2.	139, 143, 145
X Alema, Gottfried	Merchant. Former Deputy Registrar. (Consumers) Accra.		11-13, 16, 20, 21, 23, 25, 26, 29, 30, 71, 72, 77, 83-85, 94, 117, 118, 120, 131-134, 137-145, 156, 157, 160, 167, 171, 178, 182, 253
Amanfo, Ofori	Pres. Mampong (Ashanti) Consoc.	2.	
Amegashie, Eph.	Claims Officer. C.W.E.	13.	159, 161, 171, 188-193, 233
Amegbe, Gamesu	Chairman Cocoa Marketing Board. Accra.	1.	

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
Amelipo, Manase	Former Transport Clerk	4.	138,144,145
Amoakwa-Adu, Fred.	Co-op. Officer	2.	
Amoo, J.W.	Pres. Tarkwa Consoc.	1.	
Ampah, Robert D.	A.S.P. 'B' District, Kumasi	1.	
Andoh, John R.	Tradesman Constable 9768	1.	
Annan, Joseph S.	Ag. P.A.S. Min. of Labour Former Pres. C.W.E.	6.	26,205
Ansah, Kofi O.	Pres. Oda Consoc.	1.	
Anti, Peter B.	Merchant, Takoradi	1.	201-203
Appiah, Kwabena	Trader, Kumasi	1.	
Arghyro, Ant. C.	Merchant, Kumasi	1.	232,233
Arthur, Ant.K.	Former Binder Clerk, C.W.E. Kumasi	4.	151-154
Arthur, James F.	Pres. Cape Coast Consoc.	2.	
Asare, Kofi A.	Co-op. Bank	1.	
Ashley, Emm.K.	Senior Book-keeper. C.W.E.	2.	
Asubonten, Emm.	Sec. Ashanti Marketing Association.	1.	
"B"			
Baah, Martin A.	Sec. Nkawkaw Consoc.	1.	
Baden, George C.	Co-op. S/k, Sunyani	1.	198
X Bahun, Wilson A.	Sec. C.W.E.	15.	4,5,7,40,44,46, 48,122,188,190- 204,221,222,227 228,231-235, 238-247,255
Baidoo, Sam.K.	Clerical Officer. G.A.'s Office, Mampong	3.	
Baillon, Ger.W.	Senior Station Officer. W.A.A.C.	1.	

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
Bannerman, Clem.	Senior Book Keeper, Accra.	7.	227,233,239
Barton, Fred.W.	Manager, B.W.A. Insurance Services	1.	
Barton, Monica F.	Business woman, Accra.	1.	
Bech, Niels Ed.	A.S.P. Accra Airport	2.	184
Blagogie, Gilly	Helmet Maker	1.	
Blankson, Jos.B.	Former Treasurer,C.W.E.	2.	158,161,167
Boateng, Steph.	Asst Book-keeper, C.W.E.	2.	198,203,227, 230,231,233, 235,238,239
Bolleter, Godfrey	Merchant. (Liquidator of C.W.E.)	11.	49,205-209, 212,213,217, 227,228,235, 238,231
Brown, Derek Jas.	Asst. Manager. B.B.W.A. Accra.	2.	
Bullwinkle, Leo.	Admin. Officer, Kumasi	2.	
Busby, George A.	Doctor, Suhum.	3.	155-156,159, 161
"C"			
Captan, Khale	Merchant, Kumasi.	1.	
Chapman, Charles	Pres. Former Cttee. Mbr. C.W.E./Keta Consoc.	1.	
Chapman, Henry J.	Perm. Sec. Min. of Labour	4.	20,36,46,206, 254
Chapman, Henry W.	Ag. Senior Book-keeper C.W.E. Accra	7.	75,198,199, 203,204,239
Chapman, Sam.Q.	Former Accountant C.W.E. Accra.	10.	27,75,105,121, 180,181,186, 187
Chinbuah, Alf.E.	Former Sen. Asst. Sec. Supernumerary Ministry of Housing.	5.	28,168-177, 179
Cleland, Seth H.	Pres. Adansi Consoc.	1.	
Cole, John F.G.	Senior Supt. of Police Ashanti.	2.	

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
Crankson, Geo.B.	Former Storeman C.W.E.	1.	
Crentsil, Emm.K.	Former Typist; M.A. Ackah & Co.	3.	170,171

"D"

Dadzie, Kwesi A. (Kane, James E.)	Co-op, Officer.	12.	146,149-151, 153,248-251
Danquah, Rob.L.	Distribution Clerk, Sec. Asst. C.W.E. Accra	2.	255
Danso, Jos. Alb.	Senior Co-op. Officer, Accra.	6.	149,153
Danso, Jos. Ahima	Student, A.B.A. Tarkwa	1.	190
Danso, Kwesi	Former Driver for Bahun, Accra.	6.	240-243,246
Danso, Sam.K.	Sec. Kumasi Consoc.	2.	
Davies, Arthur W.	Government Agent, Kumasi	1.	
Dixon, John A.	G.C. Manager U.A.C. Insurance Dept. Accra.	1.	
Donkor, Moses T.	Former S/k. Mampong Consoc.	3.	
Duke, Pat. H.	Former Supt. Police, Kumasi.	1.	

"E"

Edelston, Chas.	Asst. Supt. Police, Accra.	1.	147
Emenu, Manfred K.	S/k. N.T. Volta Consoc.	1.	
Enti, Adey Sam.	S/k. Tarkwa Consoc.	1.	
Erzuah, M.E.M.	Pres. Bogosu Consoc.	1.	
Eshun, Alfred	Former Employee, M.A. Ackah (W.A.)	1.	168-170,174
Eshun, Quesi A.	Pres. Sekondi-Takoradi Consoc.	1.	

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
"F"			
Foda, Kwesi	Trader, Kumasi.	2.	232
Frefra, Sataburi	Police Constable, Juaso.	1.	
Frempong, Joseph	Former Typist C.W.E. Kumasi.	1.	
Frenkoglou, Ev.	Merchant, Liquidator of C.W.E. Accra.	8.	49, 52-54, 205-217, 219, 227-228, 234-237, 239
"G"			
Gaba, Miss Joanna	Trader, Takoradi.	1.	201, 203, 204
Gambrill, Cecil	Co-op. Extension Officer, Kumasi, formerly at Cape Coast.	3.	248-250
Gluck, Karl Geo.	Commercial Officer, Accra.	1.	
Goodall, Norman	Chartered Accountant, Cassleton Elliot & Co., Accra.	1.	
Grant, Ben. A.	Clerk, C.W.E. Takoradi.	3.	198, 201, 203
Gyan, Keri Awea	Pres. Sunyani Consoc.	1.	
"H"			
Halm, William M.	Chairman, I.D.C. Accra.	1.	131
Hammond, Emm.O.	Sec. Accra Cons. Co-op. Soc.	2.	
Hancock, William	Government Agent, Aburi.	1.	147
Handscomb, F.R.	Manager, Royal Exchange Assur.	1.	
Hanson, Daniel S.	Pres. Sechere Consoc.	1.	
Hayford, John	Clerk, G.A.'s Office Mampong, Ashanti.	1.	

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
Herbert, Ernest F.	Co-op. Extension Officer, Accra. Formerly at Kumasi	8.	148, 151
Hewitt, John A.	A.S.P. Accra.	1.	147
Hewson, Maurice	Former Registrar of Co-op. Societies. Civil Servant.	21.	3, 12-14, 16-18, 20, 25-28, 33, 42-49, 60, 62-65, 77-79, 83, 122-125, 128, 129, 139-145, 158, 159, 162, 163, 182-184, 188, 189, 205-207, 211, 248-251
Hope, Neil	Administrative Officer, Koforidua. Seconded to Dept. of Co-op.	1.	
"J"			
Jabri, Bashir	Merchant, Accra	2.	236
Jean-Louis, M.	Certified Accountant and Auditor.	1.	178
Joannides, Con.	Regional Co-op. Officer. Accra.	6.	28, 125, 139, 140, 145, 182, 183
Johjoh, Richard	Merchant, Accra.	5.	219, 235-238, 244-247
Johnson, Joyman	Transport Owner, Accra.	1.	227, 230-233, 235, 238
Jones, Idwal G.	Commissioner of Labour Accra.	1.	44, 47, 48, 192, 195
"K"			
Kalachand, Wass.	Merchant, Accra.	1.	
Kankam, Jos.S.	S/k. Kumasi Consoc.	1.	
Khubchandani, J.	Managing Partner, Glamour Stores.	3.	164-167
Knight, Brendon	Sen. Asst. Sec. Min. of Labour.	4.	248, 249
Kofi, John Ben.	Sec. Nsuta Consoc.	1.	
Kojo, Ashrifi	Driver, C/o Taylor Woodrow.	1.	191

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
Koranteng, Ed.T.	Timber Merchant, Takoradi.	1.	201
Koranteng, L.O.	Accountant, Co-op. Bank.	6.	172,173,176
Koranteng, (Mrs.) Viscentia Afua Djoboku	Trader, Takoradi.	2.	201,203
Kumah, Henry P.	Former Clerk, C.W.E. Kumasi.	1.	
Kumi, Alfred J.	Pres. Ochere Consoc.	1.	
Kumi, Daniel V.	Former Asst. W/k. C.W.E.	1.	74,136,144,145
Kumi, Emm. Ayeh	Former W/k. C.W.E.	7.	75,88,137-145
Kumordzie, Eric Y.	Former M/T Volta Consoc.	1.	
Kuofi, J. Felix	Bekwai/Takoradi Consoc.	2.	
Kwabina, Osei	Pres. Bekwai Consoc.	1.	
Kwakyie, Yaw A.	Merchant, Accra.	1.	
Kweku, Amartey	Kumasi College of Technology.	1.	

"L"

Lewis, George S.	Merchant, Accra.	6.	155-159,162, 163
Lindsey, Eustace	Pres. Winneba Consoc. Former Cttee. Mbr. C.W.E.	1.	
Lloyd-Jones, A.	A.S.P. 'A' District, Accra.	2.	184

"M"

Mamu, Emmanuel	Pres. Agona (Ashanti) Consoc.	1.	
McKenzie, A.M.	B.B.W.A. Accra.	1.	

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
Mensah, Sam.T.	Book-keeper, C.W.E. Kumasi.	1.	
Mercer, T.M.K.	Managing Director C.W.E. Accra.	9.	4,5,21,35-37, 40,41,44,46-50, 72,90,97,121, 122,194-197
Mettle, George	W/k. C.W.E. Accra	5.	192,200,205, 209,240-242
Millar-Craig,H.	Former Ag. Perm. Sec. Min. Finance.	1.	14,63,64,67, 253-255
Mougraben, I.	C/o Captan,Accra.	1.	
"N"			
Naysmith, Duncan	Regional Co-op. Officer	4.	29,38,49,105, 126,182-184, 199
Nelson, Rob.D.	Business man.	4.	27,164-7
Nelson, Yeye (Madam)	Trader, Accra.	1.	218,219,221
Ntimoah, Jos.	Representing Pres. Nkawkaw Consoc.	1.	
Ntim, David M.	Former Sec. Oda Consoc.	1.	18,70
Ntim, Kweku B.	Sec. Co-op. Bank, Accra	4.	65
Nuamah, Henry	A.S.P. 'B' District, Kumasi.	6.	
Nunoo, Comfort (Miss)	Petty Trader, Accra.	1.	
Nutsugah, Boni.	Asst. G.A. Kpandu.	1.	
Nyarko, Sampson	Sec. Ejura Consoc.	1.	
"O"			
Obiri, Swithan	Pres. Kibi Consoc.	1.	
X Obuobi, Joseph	Former Managing Sec. C.W.E. Accra.	16.	21,26,29,36,40, 66,72,120,121, 156-161,164-6, 180-184,248, 249,252,253
Odonkor, Charles T.	Auctioneer, Former Cttee. Mbr. C.W.E.	4.	47

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
Ojegba, Joseph	Trader, Takoradi.	2.	201,203
Okai, Wilfrid	Former Cashier C.W.E.	1.	194
Osafo, Emmanuel	W/k. C.W.E. Kumasi.	2.	227
Oshin, Clement	Former Clerical Asst. Dept. of Co-op.	1.	199
Owusu, Codjoe	Accounting Inspector, Audit Division, Dept. of Co-op.	3.	
Owusu, Kweku	Former Private Secretary to Managing Director, C.W.E.	4.	190-192,198- 204

"P"

Panford, John G.	Inspector of Police, Immig.	1.	
Parker, John D.	Former Sec., C.W.E. Accra.	5.	27,28,181,182, 252,253
Pattison, Mich.	Government Agent,Bekwai.	6.	147,158
Peace-Nelson, (Mrs. Dede Jos.)	Trader, Accra.	2.	241-244,247
Pobee, Joseph	2nd Division Clerk,Kumasi.	1.	130,138,142, 143,145
Poku, Bediako	M.L.A., Kumasi.	1.	7,40

"Q"

Quandsi, James	Corporal, Gold Coast Police.	1.	
Quansah, Samuel	Asst. Co-op. Officer, Takoradi.	1.	198,201,203
Quao, Solomon	Pres. Ashanti-Akim Consoc.	1.	
Quartey, Chris.	Corporal Police No. 6745, Accra.	6.	146-149. 153

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
"Q"			
Quist, Benio B.	Pres. South X'Borg. Consoc. Former Cttee. Mbr. C.W.E.	1.	
"R"			
Rahwanji, Anwar	Merchant, Accra.	3.	245,246
Robb, Gilbert M.	Accountant, Cassleton Elliot & Co.	3.	
"S"			
Sackeyfio, Carl	Co-op. Officer, Kumasi.	2.	
Sam, Edu Will.	Ag. Registrar of Co-op. Socs. Accra.	8.	25,28,42-44,46, 47,49,124,125, 140,156,158,160 163,168-176,178 190,205,249
Sampson, Jos.	Pres. Techiman Consoc.	1.	
Schiess, Henry	General Manager, G.B. Ollivants.	1.	
Senchery, Francis	Pres. Kumasi Consoc. Former Vice Pres. C.W.E.	2.	
Sey, Joseph W.	Timber Merchant, Takoradi.	1.	142,143
Sikayena, Kofi	Trader, Kumasi.	1.	
Smith, Ron.W.	Accountant General.	1.	
Som, Robert B.	Detective Inspector 'C' District, Accra.	1.	
Sparkes, Wm.H.	Co-op. Officer, Accra.	10.	3-5,7,29,30,41- 44,46,47,49,125 162,163,167,182 190,199,200,205 211,258
Stinton, Thom.	Supt. C.I.D. Gold Coast Police.	3.	2,212,240,257
Strike, Chas.	Ag. Senior Supt. Police, Accra.	4.	169,202,237

Name of Witness	Occupation and Address	No. of Appearances	Page Ref.
"T"			
Tamakloe, E.G.	Pres. Nsawam Consoc.	1.	
Thompson, Allan	Senr. Co-op. Banking Official, Accra.	2.	
Thompson, Herbert	Former Book-keeper.	1.	103,104
Togbor, Edmund	Correspondence Sec. Bogosu Consoc.	1.	
"V"			
Vanderpuije, M.	Trader, Accra.	2.	134,135,139,143 145
"W"			
Walters, Isaac	Dept. of Housing, Bibiani.	1.	201
Watling, John C.	Asst. Govt. Agent. Wenchi.	6.	149
Wilkins, Peter	P.A.S. Ministry of Education.	1.	
Wilson (Mrs.) alias Madam Awoonta	Baker, Accra.	1.	216
"Y"			
Yankah, Nath.	Former Senior Co-op. Asst. Kumasi.	3.	

 Witness

Counsel

Alema, Gottfried Narku	E.O.Obetsebi-Lamptey
Bahun, Wilson Ajete	F.K.Apaloo
Chinbuah, Alfred Ernest	R.S.Blav
Dadzie, Kwesi Antobam	A. O.Larbi
Hewson, Maurice Gilbert	G.D.Djabanor
Kumi, Emmanuel Aych	Nii Odoi Annan
Obuobi, Joseph	E.O.Obetsebi-Lamptey (Later represented by:
	E.Akufu-Addo and
	Herbert Jones)
Owisu, Kwaku	Nii Odoi Annan
Peace-Nelson (Mrs.)	
D.J.Ayee	Nii Odoi Annan

INDEX OF INDIVIDUALS (OTHER THAN WITNESSES) AND BODIES

REFERRED TO IN THIS REPORT

<u>NAME</u>	<u>OCCUPATION AND ADDRESS</u>	<u>PAGE REFERENCE</u>
"A"		
Abdelmassi,	Trader	215
Ackeh & Co. (West Africa) Ltd. M.A.	Merchants Accra.	168-173, 175-179
Addo, B.F.		134
Alema & Co., G.N.	Merchants Accra.	16, 131-5, 139, 142
Annan, Nii Odoi	Counsel	244
Apaloo, F.K.	Counsel	5
Armitage	Financial Sec., Accra	17, 61
"B"		
Bamfo, Madam Comfort	Petty Trader	216
Bank of British West Africa	Bankers, Accra	14-20, 42, 45, 59, 61, 83, 171-173, 192, 193, 210, 229, 230, 232
Barclays Bank (D.C. & O.)	Bankers, Accra	172
Bardwi	Candidate for Post of Accountant	27
Blagogie, G.	Helmet Maker, Accra.	86
Blay, R.S.	Counsel	177
Botsio, K.	Minister of Education and Social Welfare	31, 34
Busby, Mrs.	Suhum	155, 156, 158, 161
"C"		
Cassleton Elliot, & Co.	Auditors, Accra.	28, 38, 184
Chief Secretary	Accra	47, 250, 251
Colonial Secretary	Accra	14, 16, 20, 25, 62, 63, 83
Commissioner of Police	Accra	28, 136, 145, 154, 162, 163, 167, 187, 193, 197, 204, 257
Consumer Co-operative Society	Accra	217
	Attabubu	9
	Mampong	151
	Oda	156

NAME	OCCUPATION AND ADDRESS	PAGE REFERENCE
Consumer Co-operative Society	Takoradi	9
	Tarkwa	151
Co-operative Bank	Accra	13-22, 30, 32-34 38, 42, 43, 45, 59 60, 64-67, 76, 77 124, 171-173, 192, 193, 210, 229, 230, 235, 237
Co-operative Federation (original)	Accra	9-12, 16, 19, 60, 77, 85, 147
Co-operative Federation (new)	Accra	37
Creasy, Sir Gerald	Former Governor "D"	11, 14, 25
Dove, G.H. (Late)	Trader, Accra "E"	164-167
Egli	Trader, Accra "F"	42, 53, 54, 210- 212, 214, 216, 217 219
Finance Committee, Standing		13-15, 18, 32-34, 60-62, 64-67
Francis, Politt & Son	Representative of Politt & Son "G"	134, 135
Glamour Stores	Merchants, Accra	164-167
Gordon	Assistant Commissioner of Police, Accra	184
Governor	"H"	1, 4, 5, 7, 60, 252
Hinterman, W.	Commissioner	1
Hutchinson, V.O.	Pro-tem Managing Secy. of C.W.E.	13
Hutton-Mills, T.	Ag. Minister of Labour	46, 47
Inkumsah, A.E.	Minister of Labour "J"	2, 3, 7, 33, 36, 40, 44-48, 123, 162, 163, 205-207, 211 240-242, 255
Johjoh, Messrs. W. & R.	Merchants, Accra "L"	215, 216
Labour, Ministry of		33, 66, 257
Lambert-Shearer Mission		18, 24, 25, 27, 73, 75, 77, 87, 98, 115 117, 124, 133, 160
Lassey, G.S.	Counsel "M"	2-4, 250, 257
Moses	Driver to Johnson	227

NAME	OCCUPATION AND ADDRESS	PAGE REFERENCE
	"J"	
Norman, Carl	Driver, C.W.E. Accra	192
	"O"	
Obetsebi-Lamptey, E.O.	Counsel	4
Officer Administering the Government		4
Owoosu, S.K.		217
	"P"	
Pollitt & Son, J.	Merchants, Manchester	86, 134, 135
	"Q"	
Quaye,	C.W.E., Accra	227
	"R"	
Riviera Pearls Ltd.	Merchants, London	156, 153
Rose, Mrs. M.R.	Joint Secretary to Commission	4, 5, 258
	"S"	
S.C.W.S.	Wholesalers, Glasgow	17
Sachs Commission		212
Sewy, Roxan		217
	"T"	
Trevor, Sir Cecil		31, 35
	"U"	
Under Secretary of State for Colonies		17
	"V"	
Vanderpuije, J.C.	Trader, Accra	219
Vardon, T.	Auditor, Dept. of Co-operation	149, 153
	"W"	
Walcka Trading Co.	Merchants, Accra	164, 166
Watson Commission		10
West Africa Trading Co.	" "	134, 135
Williams	Beach Clerk, C.W.E. Accra	189
Williams, Rees	Secretary of State for Colonies	17