

THE AROHA GOLD MINING COMPANY, FORMED TO WORK  
THE PROSPECTORS' CLAIM AT TE AROHA

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THE UNIVERSITY OF  
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*Te Whare Wānanga o Waikato*

## THE AROHA GOLD MINING COMPANY, FORMED TO WORK THE PROSPECTORS' CLAIM AT TE AROHA

**Abstract:** *Because of high expectations for the Prospectors' Claim, high prices for shares were paid even before the company was established on 22 November 1880 on terms very favourable for the vendors. Some observers felt it should not have been formed so soon, as the property was yet to be tested adequately. Whenever any promising stone was found the prices surged.*

*A wide range of people acquired shares, and for a while share trading was profitable for the sellers, but the failure to find a reef of any sort, let alone one containing good ore, meant that the company quickly collapsed, with those who had retained their interests losing their money.*

### FORMING THE COMPANY

Because of expectations that the Prospectors' Claim contained valuable ore, as the date for proclaiming the goldfield approached speculators were anxious to acquire shares.<sup>1</sup> In mid-November, these were being sold 'at the rate of £240 per share'.<sup>2</sup> On 22 November 'several interests' were sold 'at the rate of £80 per quarter share',<sup>3</sup> meaning a quarter of one of the original shares. Another quarter share was sold in Thames a day or so later at the same price, and one of the original owners, John McSweeney,<sup>4</sup> sold a half share for £110.<sup>5</sup>

On 22 November 1880, a meeting of shareholders held in Thames formed a company. The nine original shares were converted into 12,000 scrip shares, half going to the promoters and the other half being placed on the market. The nominal value of each share was £1, but would be sold at 7s 6d, of which 6s would go to the shareholders and the remainder to the 'working fund'. The promoters therefore received £1,800 plus half the shares for their half-interest, leaving only £450 as working capital. 2,000 shares would be sold in Thames and 4,000 in Auckland and Waikato.<sup>6</sup> An

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<sup>1</sup> *Observer*, 4 December 1880, p. 99.

<sup>2</sup> *Thames Advertiser*, 22 November 1880, p. 3.

<sup>3</sup> *Thames Advertiser*, 23 November 1880, p. 3.

<sup>4</sup> See paper on his life.

<sup>5</sup> *Waikato Times*, 25 November 1880, p. 4; *Freeman's Journal*, 26 November 1880, p. 7.

<sup>6</sup> *Thames Advertiser*, 23 November 1880, p. 3; *Thames Star*, 23 November 1880, p. 2; *Waikato Times*, 25 November 1880, p. 4.

Auckland newspaper considered that the ‘stability’ of the district had been ‘substantiated in a most remarkable manner’ by its formation, and reported that ‘experts from the older goldfields’ who had seen the Prospectors’ Claim had ‘backed their opinion by already applying for shares’.<sup>7</sup>

Thames newspapers were unimpressed, arguing that the first priority was to drive a tunnel to test the ground. ‘Considerable uneasiness was felt by the mining fraternity at the company being so soon formed’.<sup>8</sup> With many previous examples of companies being floated whose only asset was untested ground, the implication was that this flotation might be intended to benefit the vendors at the expense of a gullible public. At the beginning of December, the *Thames Star* commented that ‘many people’ thought there should be an immediate crushing of the ore in the face of the drive ‘in order that the public may be satisfied of the bona fide character of the find’.<sup>9</sup>

Hone Werahiko<sup>10</sup> and his party did believe their find was genuine. Needing capital to find the reef, public interest was aroused by displaying samples of fine quartz. For example, John Gibbons took one to Auckland at the end of November.<sup>11</sup> Gibbons, a leading timber merchant in a prominent milling family,<sup>12</sup> did not acquire any shares in either claim or company, although was briefly a shareholder in another claim.<sup>13</sup> When the first parcel of rich stone was taken out at the beginning of December, ‘there was great excitement’ at Te Aroha, ‘and many persons tried to secure horses to reach the nearest sharemarket in order to pick up all shares that were to be had’.<sup>14</sup> Clearly from a comment in the *Te Aroha Mail* some considered this find was suspiciously convenient:

It may be true that the promoters of the Prospectors’ determined to rally their shares, and to surmount the obstacles which combine to keep them low on the market. It may also be true that they wish to prepare for the extraordinary meeting of

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<sup>7</sup> *New Zealand Herald*, 24 November 1880, p. 5.

<sup>8</sup> *Thames Advertiser*, 23 November 1880, p. 2; *Thames Star*, 31 December 1880, p. 2.

<sup>9</sup> *Thames Star*, 1 December 1880, p. 2.

<sup>10</sup> See paper on his life.

<sup>11</sup> *Thames Advertiser*, 1 December 1880, p. 3.

<sup>12</sup> See *Thames Star*, 29 January 1900, p. 3; *Observer*, 13 December 1903, p. 4, 7 July 1906, p. 4.

<sup>13</sup> Te Aroha Warden’s Court, Register of Te Aroha Claims 1880-1888, folio 170, BBAV 11567/1a, ANZ-A.

<sup>14</sup> Te Aroha Correspondent, *Thames Star*, 3 December 1880, p. 2.

shareholders which comes off in Auckland on Monday, in order that they may be able to lay a good report of the prospect of the mine before that meeting. But it is equally a fact that the discovery, the result of recommencing operations on the lode itself, is a genuine one, and must raise the mine very considerably in value and importance.<sup>15</sup>

On 6 December, after all the shares had been transferred to the company, one of the original owners, Adam Porter,<sup>16</sup> chaired an Auckland meeting to elect the directors. He assured the ‘moderate attendance of Thames and Auckland shareholders’ that it might not be possible ‘to declare dividends immediately, as they would require machinery, but there was no danger of calls for the next four or five months as the company had funds in hand’. It was agreed that calls would be limited to one shilling per share.<sup>17</sup> Porter was elected managing director, and the other directors were Matthew Vaughan, a hotelkeeper at Thames,<sup>18</sup> Captain [his Christian name] James Stone, a leading Auckland merchant,<sup>19</sup> Joseph Howard, an Auckland speculator who gave his occupation as ‘gentleman’,<sup>20</sup> Laurence David Nathan, an Auckland merchant,<sup>21</sup> and John Blair Whyte of Hamilton, the local member of parliament,<sup>22</sup> who, according to the list of original shareholders, did not hold any shares, unless these were held by a broker or a dummy for him.<sup>23</sup> Three of the directors lived in Auckland and one each at Thames, Te Aroha, and Hamilton, all being required to hold 50 shares.<sup>24</sup> Apart from Porter, only Howard invested in any Te Aroha claims: one by the time this company was formed, and another early in the

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<sup>15</sup> *Te Aroha Mail*, n.d., reprinted in *Thames Advertiser*, 4 December 1880, p. 2.

<sup>16</sup> See paper on his life.

<sup>17</sup> *New Zealand Herald*, 7 December 1880, p. 6.

<sup>18</sup> See *Thames Advertiser*, 5 July 1870, p. 3, 29 August 1873, p. 2, 25 April 1874, p. 3, 11 March 1875, p. 3, 14 April 1875, p. 3, 18 August 1876, p. 3, 29 May 1878, p. 2, 15 January 1886, p. 2, 29 October 1888, p. 2.

<sup>19</sup> See *Cyclopedia of New Zealand*, vol. 2, pp. 313, 439-440; *Auckland Weekly News*, 14 January 1882, p. 11, 18 April 1885, p. 24; *Thames Advertiser*, 16 April 1885, p. 2.

<sup>20</sup> See *Te Aroha News*, 6 October 1883, p. 2; *Auckland Weekly News*, 14 September 1889, p. 19; *Observer*, 25 August 1932, p. 4.

<sup>21</sup> See *New Zealand Herald*, 10 April 1905, p. 5.

<sup>22</sup> See *New Zealand Herald*, 24 July 1914, p. 8.

<sup>23</sup> *Thames Star*, 7 December 1880, p. 2; *New Zealand Gazette*, 30 December 1880, p. 1796.

<sup>24</sup> *New Zealand Herald*, 7 December 1880, p. 6.

following year.<sup>25</sup> Vaughan, Nathan, Stone, and Whyte had not invested in any claims, and of these directors only Stone had an interest in another company.<sup>26</sup> Francis Angus White, the legal manager, had considerable experience as both manager and director of several Thames companies.<sup>27</sup>

## SHARE TRADING

Immediately on being placed on the market, 'the Thames shares went off like wildfire, all being taken up' except for 15, and on the following morning applications greatly exceeded the number available.<sup>28</sup> Another version of these sales, from an Auckland newspaper, was that in less than two hours after Thames residents heard that the company had been formed the broker 'received applications for 750 shares, and by 10 a.m. the whole of the shares allotted to Thames were disposed of, and the demand remains unsatisfied'.<sup>29</sup> In Auckland, the flotation was 'a success almost without precedent in the annals of gold mining companies'. On the day that shares were first sold, demand was such that the brokers

closed the books at 4 p.m., at which hour there had been applied for 3500 shares. The number allotted for Auckland and Waikato was 4000, so that there remain 500 for the Waikato settlers, which, if not taken up, can readily be disposed of here, as there are orders on hand, by telegrams from the Thames, for a number far exceeding that.<sup>30</sup>

All 12,000 shares were subscribed, although 1,107 of these were held in trust for the company, to be sold when additional capital was required. There were 83 shareholders: 51 lived in Auckland, 17 in Thames, eight at Te Aroha, two at Hamilton, and one each at Waitoa, Wairoa South, Papatoetoe, Onehunga, and Dunedin. Half the Te Aroha shareholders were

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<sup>25</sup> Te Aroha Warden's Court, Register of Te Aroha Claims 1880-1888, folios 171, 225, BBAV 11567/1a, ANZ-A.

<sup>26</sup> *New Zealand Gazette*, 20 January 1881, p. 110.

<sup>27</sup> For example, *New Zealand Gazette*, 3 February 1876, p. 99, 26 October 1876, p. 726, 2 May 1878, p. 553, 16 May 1878, p. 622, 20 June 1878, p. 906; *Thames Advertiser*, 22 November 1879, p. 3, 12 February 1880, p. 3.

<sup>28</sup> *Thames Star*, 23 November 1880, p. 2; *Waikato Times*, 25 November 1880, p. 4.

<sup>29</sup> *New Zealand Herald*, 24 November 1880, p. 5.

<sup>30</sup> *Auckland Weekly News*, 27 November 1880, p. 17.

Maori: Hone Werahiko, Rewi Mokena and his father, whose occupations were given as ‘Tangata’, and ‘Emma Ripehia (George Lipsey,<sup>31</sup> husband), Te Aroha, Farmer’. Ema Lipsey was one of only two women: the other, Mary Morris, an Auckland spinster, had 15 shares. Thirteen Auckland and two Thames sharebrokers and mining agents had shares, which they would have intended to sell rather than retain; some of these shares may have been held in their names for people who did not want their involvement known. Only six miners and mine managers held shares, including Werahiko, James Corbett (who managed the Prospectors’ Claim for a while),<sup>32</sup> Porter, and McSweeney. Not all the remainder gave their occupations, but those who did comprised four farmers, a drapers’ assistant, two builders, two grocers, two bakers, a reporter, a draughtsman, four merchants, four clerks, a commercial traveller, an amalgamator, two drapers, a tobacconist, the Thames County Clerk, two ironmongers, a contractor, three hotelkeepers, a master mariner, a bank manager, an engineer, three solicitors, a warehouseman, a doctor, a manufacturer, a butcher, and two gentlemen (meaning sufficiently affluent not to need paid employment). The largest holding was Porter’s, 1,617 shares, the smallest were five people with ten each.<sup>33</sup>

Trading in shares commenced even before the company was registered. In Thames, four days after shares had been placed on the market, they were being sold for 1s 6d above the original purchase price, probably ‘owing to the fact that all those placed on the market were eagerly taken up’.<sup>34</sup> At Te Aroha, shares were ‘firmly held’, but it was anticipated that when the company was ‘on a legal footing the scrip will change hands more frequently’. On 29 November, ten shares were sold privately to a Cambridge buyer for 14s.<sup>35</sup> At the beginning of December, the *Te Aroha Mail* reported sales being made for 15s a share; those who had purchased them at half that amount were ‘jubilant’. This newspaper had learnt that a quarter of a promoter’s share had been sold for £20: ‘Agreement to sell was made a week ago - hence the low price’ compared with ‘what it would fetch now’.<sup>36</sup>

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<sup>31</sup> See paper on George Lipsey and Ema Mokena.

<sup>32</sup> See paper on the Prospectors’ Claim.

<sup>33</sup> *New Zealand Gazette*, 30 December 1880, p. 1796.

<sup>34</sup> *Thames Advertiser*, 27 November 1880, p. 3.

<sup>35</sup> Te Aroha Correspondent, *Thames Advertiser*, 1 December 1880, p. 3.

<sup>36</sup> *Te Aroha Mail*, n.d., reprinted in *Waikato Times*, 4 December 1880, p. 2; Own Reporter, ‘Te Aroha Goldfield’, *Thames Advertiser*, 30 November 1880, p. 3.

Immediately after good stone was reported to have been found, shares held at Te Aroha changed hands at 8s 6d, 2s more than the previous selling price. One shareholder with 'shares in the hands of a Thames broker' rushed to Thames 'to withdraw his stock from sale'.<sup>37</sup> Excellent specimens found two days later 'created some excitement' at Te Aroha, and shares were 'hard held. Two Waikato men rode into Hamilton post-haste this morning, with the intention of buying several hundred shares'. Sales on that date were being made at from 7s to 8s.<sup>38</sup>

At the beginning of December, several parcels of scrip were sold in Auckland for 8s 6d, 8s 9d, and 9s.<sup>39</sup> A Hamilton correspondent reported scrip being bought there for 8s 6d, 'and several parcels were bought at that price by Hamilton men, who have personally inspected the mine, and are perfectly satisfied with its prospects'.<sup>40</sup> Prices fluctuated on the Thames sharemarket, but some were sold at 7s 6d.<sup>41</sup> By 8 December, shares were sold for 7s and 6s 6d, and two days later further sales were made at 6s 6d.<sup>42</sup>

#### DECLINE AND FALL

On 11 December, it was reported that the result of the crushing had 'proved rather disappointing' to some shareholders,<sup>43</sup> and from then on until Christmas the prices sought in Thames steadily declined: 6s 6d, 6s 3d, 6s, and finally 5s. No figures were given for what buyers were offering: were there none?<sup>44</sup> The last known sales for that month were at 6s on 13

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<sup>37</sup> *Thames Advertiser*, 4 December 1880, p. 3.

<sup>38</sup> *Thames Advertiser*, 6 December 1880, p. 3.

<sup>39</sup> *Auckland Weekly News*, 4 December 1880, p. 9.

<sup>40</sup> Hamilton Correspondent, *Auckland Weekly News*, 11 December 1880, p. 9.

<sup>41</sup> *Thames Advertiser*, 3 December 1880, p. 2, 4 December 1880, p. 2, 6 December 1880, p. 2; *Waikato Times*, 9 December 1880, p. 2.

<sup>42</sup> *Thames Advertiser*, 7 December 1880, p. 2, 8 December 1880, p. 2, 10 December 1880, p. 2; Magistrate's Court, *Auckland Weekly News*, 3 June 1881, p. 2.

<sup>43</sup> *Thames Advertiser*, 11 December 1880, p. 3.

<sup>44</sup> *Thames Advertiser*, 13 December 1880, p. 2, 15 December 1880, p. 2, 16 December 1880, p. 2, 17 December 1880, p. 2, 18 December 1880, p. 2, 22 December 1880, p. 2, 23 December 1880, p. 2.

December.<sup>45</sup> At Te Aroha also, by mid-December shares were being sold for 6s.<sup>46</sup>

By 1881, sellers were desperate to unload their shares. On 4 January, the last sale to be made public was for 3s.<sup>47</sup> Three days later, sellers were offering them for 4s, but by February they were willing to accept 2s 3d.<sup>48</sup> No further quotations were published, the scrip being unsaleable. Those who had sold when prices were high would have made a profit or at least avoided a loss; those who retained their shares lost all their investment. For example, in late November 1880 Corbett had given 200 shares to Kennedy Hill, a Hamilton commission agent,<sup>49</sup> who sold 50 at 8s early in December, and then tried to sell the remainder in Auckland.<sup>50</sup> On 8 December, Franz Scherff, a merchant and company secretary,<sup>51</sup> who had not invested in any Te Aroha claims or companies, ‘agreed to take the balance of the shares at the price then ruling, and paid a deposit of £5’. Because the telegram informing Corbett of this sale did not tell him to send the transfer forms, or so Corbett claimed, the transfers did not reach Hill until 14 January. Hill then, in his words,

went to Scherff, who refused to take them, saying he would forfeit the deposit. Witness had had very little experience in sharebroking, and he believed he was doing right in letting Scherff off with the deposit.... The market price of the shares at the time of the sale was 6s, but he did not think they were saleable at the time.

Corbett claimed to have lost £50 through this aborted transaction.<sup>52</sup>

The date of the liquidation of the Aroha Company was not sufficiently newsworthy to be reported in the press, and as the Companies Office file no

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<sup>45</sup> Magistrate’s Court, *Auckland Weekly News*, 3 June 1881, p. 2.

<sup>46</sup> Te Aroha Correspondent, *Thames Advertiser*, 17 December 1880, p. 3.

<sup>47</sup> Magistrate’s Court, *Auckland Weekly News*, 3 June 1881, p. 2.

<sup>48</sup> *Thames Advertiser*, 7 January 1881, p. 2, 4 February 1881, p. 2, 5 February 1881, p. 2.

<sup>49</sup> See *Waikato Times*, advertisement, 26 May 1883, p. 3, 23 August 1888, p. 2, 31 July 1890, p. 2.

<sup>50</sup> Magistrate’s Court, *Thames Star*, 3 June 1881, p. 2.

<sup>51</sup> See *Descriptive Handbook to the Waikato* (Hamilton, 1880), p. 78; *New Zealand Herald*, 13 September 1909, p. 1.

<sup>52</sup> Magistrate’s Court, *Thames Star*, 3 June 1881, p. 2; Magistrate’s Court, *Thames Advertiser*, 4 June 1881, p. 3.



longer exists it cannot be dated. The last mention of it was in April 1883, when a planned meeting of the 'Te Aroha' Gold Mining Company, to be held in Auckland, lapsed for want of a quorum.<sup>53</sup>

## CONCLUSION

This mushroom company depended for its success on finding good gold in the Prospectors' Claim, and as this never happened its life was brief, one of many examples of investors losing money in a mining venture doomed from the start.

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<sup>53</sup> *Waikato Times*, 28 April 1883, p. 2.