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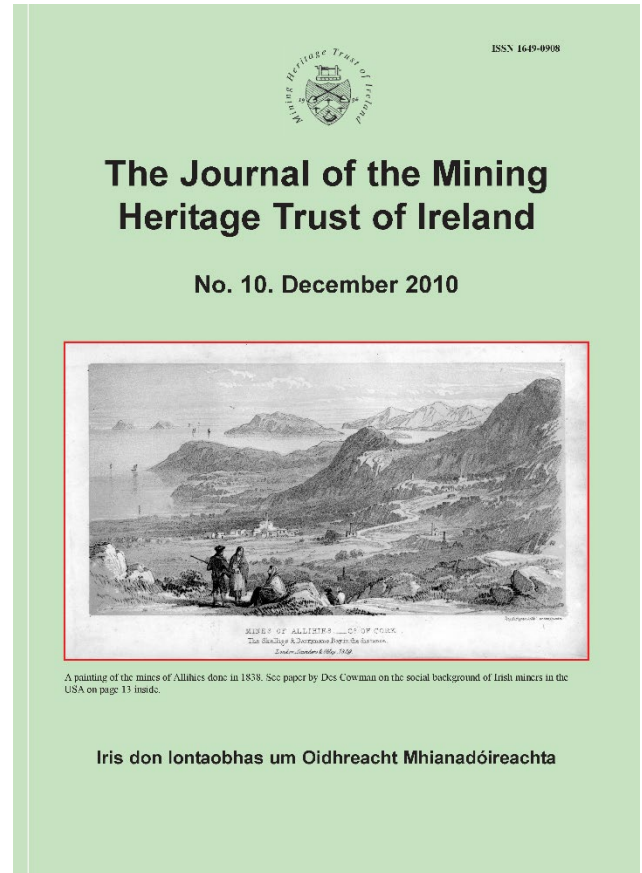
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# RE-ASSESSING A "SCAM": CONNAREE MINING COMPANY 1859-1872

by Des Cowman

**Abstract:** In the 2003 edition of this Journal (Cowman 2003) I raised the question of defining a "scam" but did suggest an element of Victorian naivety in the case of Connarree and other peripheral Avoca mines. That the Victorians had no monopoly has been indicated by the financial collapses since then. We have now become familiar with the consequences of lack of transparency, regulation and accountability:

1. **Incompetence on the part of directors going unchecked.**
2. **A sense of "entitlement" by which directors can help themselves to perks or bonuses regardless of performance.**
3. **Camouflaging reality by various deceptions including possibly self deception.**

This too is the story of the *Connorree* (variously spelled) *Mining Company* with the bulk of the evidence for number three. Some new evidence as well as a new interpretation is presented. The 2003 article is more fully referenced and follows a more conventionally chronological narrative. *Journal of the Mining Heritage Trust of Ireland*, 10, 2010, 11-12.

## BACKGROUND

According to the Mineral Statistics Connarree had been worked for copper between 1832 and 1845 with a brief operation in 1852-'53. In the three years before the company in question was set up in 1859 only precipitate was being harvested from the copper rich water flowing from the previous workings. Along with other Avoca mines pyrite was exported, starting here in 1853 and continued after 1859 but with suspiciously rounded figures up to 1864.

After the final collapse of the disgraced company in 1872 there was sporadic small-scale extraction of copper as well as harvesting of precipitate. While there is no record of any further pyrite being sold, lead and silver were found but quickly exhausted, the peak being the first year, 1878, with 178 tons worth £1882 and declining thereafter. Zinc also was raised from 1877 to 1885 fetching a total of £3,000 with peak employment of 56 in 1883 (strangely all on the surface) according to the *Mineral Statistics*. There was small scale working for zinc again in the early 20th century. Ochre/umber was another by-product of the mine and low-value tonnages were sold from there between 1880 and 1891.

Therefore the context of the following tripartite review of *Connorree Mining Company* between 1859 and 1868 is that the pyrite was exhausted, the copper almost so, the quantity of lead-silver would have been insufficient to rescue them although the zinc might have helped for a while and during their time there was no market for ochre. However, rational analysis of the mineralogical potential was not on the agenda of this company no more than any realistic financial potential was until recently a consideration for the bankers, corporate directors, developers and politicians who have prompted this review.

### 1. INCOMPETENCE:

*Connarree Mining Company* was set up in 1859 by one Markham Brown who claimed to have been mining here for the

previous three years (the *Mineral Statistics* show he was merely harvesting precipitate from the mine waters) and he appointed himself managing director with various friends as fellow directors, as later emerged. Doubts about Brown's competence were soon raised (MJ 1859, p. 724 & 1860, p. 670). In 1860 one of his co-directors was forced to resign because of unspecified "capers" (MJ 1861, p.123) and the following year Brown was forced out but replaced by a mate of his, one Mackey (MJ 1863, p. 181).

Basic things were not done, as transpired later. By 1868 the mine at Connorree was "in a deplorable state --- machinery neglected --- much useless material bought". Adding to the incompetence that lay behind this, a shareholder reported "we found the affairs of the company in a sad and lamentable state as regards the books there being no cash-book --- (and) open fraud in the cost sheets" which had been crudely tampered with. The inept directors were accused of "extraordinary dereliction of duty and flagrant abuse of confidence". The auditors were equally at fault having written off on inadequate books without receipts. The company secretary, one Dedrickson, who should have been looking after such matters had been plundering the company for five years, had robbed the safe and had gone on the run. However, he was considered only "a dupe" of chairman Mackey who had skipped to New Zealand (MJ 1868, p. 192-3, Report of Committee of Shareholders). A warrant was issued for Dedrickson's arrest (FJ 6 March 1868). In late 1868 the shareholders were still referring to "the loss sustained in consequence of the former directors' neglect of the affairs of the company" (MJ 1869, p. 45).

### 2. BONUSES AND "ENTITLEMENTS"

After only a year the directors decided to double their stipends to £300 p.a. (MJ 1860, p. 514). That much was in the public arena but the directors managed to hide all other financial dealings for eight years until a committee of shareholders eventually got their hands on the books. They discovered that the company had been fully capitalised, all £50,000 worth of shares

having been sold. However, the late Markham Brown had rewarded himself for founding the company by appropriating nearly half of it and fellow directors were given bonuses amounting to £7,000. Presumably they were also the beneficiaries of £5,000 worth of cheques that were unaccounted for and the cash that was missing from the safe as well as about £10,000 wasted on "over-change and plunder". The only "well-ordered" arrangements were those "for the benefit of the directors" (MJ 1868, p.192-3). Something of the perks which they felt they were entitled to was discovered when some of the shareholders broke into the Dublin office and found "a great many empty wine bottles, forty eight empty whiskey jars and forty eight empty brandy bottles" (for which they got cash on the returns!). Meanwhile, 32 miners had gone unpaid (FJ 3rd May 1869) and the mine itself was "in a deplorable state".

### 3. VARIOUS DECEPTIONS

Serious questions were asked when the £1 share prices unexpectedly but briefly shot up to £3 (MJ 1860, letters pp 19, 35, 40, 51). Likewise, shareholders were puzzled about why the office was in London when most of them were Irish (MJ 1859, p. 654, 699, 724; 1860, p. 331) an anomaly that took four years to rectify (MJ 1863, p. 177). How did the company survive when it had a recorded cash-flow of only £76 in mid 1862 (MJ 1862, p. 553)? Meanwhile shareholders were given no information about what was being mined and sold - the Mineral Statistics only give estimates of sulphur raised and figures for copper that turned out to be unreliable.

Reportage on what was happening was carefully controlled by the directors especially after a revolt by shareholders in 1861 when they rejected a proposal that they be paid a dividend because there was no financial statement on which to base it (MJ 1861, p. 105) and another revolt in 1863. In the latter shareholders, incensed at lack of information and at not being permitted to visit their mine, rejected the accounts submitted by the directors (MJ 1863, p. 632, 705, 811-2). Publicly, the directors lauded their own role (MJ 1863, p. 653; 1864 pp 97 & 665; 1865, p. 60) and fed the public with questionable detail such as the discovery of something they called "salt of copper" (FJ 12th Sept. 1864). They also may have tried to deflect criticism or create options for themselves by trying to set up a new respectable sounding company in 1863 *Wicklow General Mining Company* (FJ 15 & 26th May 1863, prospectus; 30th May, 2, 4, 6th June 1863 ads). No more is heard of it.

The directors seem to have avoided public scrutiny over the next few years with only echoes of whatever battles were occurring, such as the questioning of their financial statements in 1866 (MJ 1866, p. 645=6). However, late the following year the frustrated shareholders revolted and forced an EGM to wind up the company. This had to be adjourned until early 1868 due to the stonewalling of the directors and the resumed meeting was "of a somewhat stormy character" but the shareholders forced through a motion that a committee of them get access to the company's books (MJ 1868, p. 156-7). What they found has been narrated in the other sections but basic information they still did not have - how much copper and pyrite had been raised and sold since the beginning. The Mineral Statistics show 2959 tons of copper ore sold from 1860 to 1868 and 30,000 tons of

pyrite up to 1866, but from what the shareholders could see sales had in fact had been greater, so there was no means of establishing the true financial state of the company (MJ 1868, p. 289-290).

A liquidator was called in (MJ 1868, p. 361) and Connorree Mining Company should then have been wound up. However, something was happening in the background and in 1870 it was announced that an "accommodation" had been reached between shareholders and some of the directors (FJ 5th May 1870). No information about this seems to have been made available and what followed was a series of optimistic reports that are probably quite detached from reality as the Mineral Statistics give only 306 tons of low-grade copper (worth £662) in 1872. The directors obviously fed only positive news from their general meetings regardless of what was actually happening. In 1870 an adit was reported to be finished and trials of chemical treatment of the ores were successful (FJ 5th May 1870, report AGM). In 1871 a "rearranged capital structure" somehow allowed them to employ two captains and consider purchasing a steam crusher (MJ 1871, p. 356). A shareholder expressed astonishment (MJ 1871, p. 37). Conversion of shares into stock would in some way help the company and allow them to buy a new steam engine (FJ 27th March 1871, report EGM). The mine had advanced from being "a perfect wreck" in 1868 (a belated acknowledgement) to an orderly state in 1872 with steam engines and rail lines (FJ 26 Feb. 1872, report AGM). They were going to roast sulphur to extract copper and silver (MJ 1872, pp 864 & 911).

Reality could not be disguised forever. The railway company refused to continue their siding (but the mining company would put in their own steam engine, they said!) and the company needed £3,000 capital (FJ 26th Feb 1872, report AGM). The final straw was case of wrongful dismissal was taken by a manager against the directors. The matter was petty ("dignity" involved) but may reflect demoralisation among local management. Criticism of the company was made public at the Wicklow Assizes in March 1872 (FJ 23 March 1872, Jones vs Connorree M.C.). The time for misleading optimism was over and the process of winding up through the courts took place took place over the next year (MJ 1873, pp. 141 & 1392). The final reality was the auction of their assets on 17th July 1875. This seemed to comprise only leases of land including a stretch of quay in Wicklow (FJ 27th May & 26th June 1875, ads). Thus fizzled out the "Connorree tiger".

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