

# **CROKER PRIZE FOR BIOGRAPHY 2021**

## **2116 Fraudster or Upright Banker?**

**By Anne Ridley**

## FRAUDSTER OR UPRIGHT BANKER?

You wouldn't think that a man on trial accused of conspiracy to defraud could later become an upright banker, would you? And yet, when I started to investigate my great-great uncle's life in detail, I discovered that this had indeed happened.

I had been told that my great-great uncle, Martin Loughlin, had been successful on the goldfields and that this had allowed him to indulge in his love of horse racing. He had been successful there, too, winning both a Melbourne Cup and a Caulfield Cup<sup>1</sup>. There had been little mention of a court case (perhaps not surprising!).

My great-great uncle, Martin Loughlin, arrived in Australia from Ireland in 1854 at the age of 21<sup>2</sup>. He headed for Ballarat to dig for gold. Eventually good gold was found near a claim of his, according to the *Australasian*<sup>3</sup>, and he was able to sell some shares for about a thousand pounds. "This gave Martin a start," as he used to say. He never looked back. He must have worked hard as he was listed as a working shareholder of the Golden Gate Co-operative Company<sup>4</sup>, the Koh-i-Noor claim<sup>5</sup>, and later the Great Extended Gold Mining Company, Redan Lead, Ballarat<sup>6</sup>, presumably not all at once!

At the same time he started investing in other gold mining companies including the Alston and Weardale Company<sup>1</sup>, as well as a hotel<sup>7</sup> and a shop<sup>8</sup> in Ballarat. And it was his decision to buy the Mt Egerton mine, a gold mine owned by the Learmonth brothers and managed by William Bailey, which led to the court case. Martin managed to raise the money to buy the mine by selling a quarter share of the mine each to his bank manager, Williamson, a Ballarat stockbroker, Edwards, and had retained Bailey as a manager by selling him the third quarter share in the mine. Within weeks the mine started to produce large quantities of gold. When Somerville Learmonth heard that Bailey, after valuing the mine as only worth £15,000, had bought a quarter share in the mine he was very suspicious. The net result was the court case in the equity court against Bailey and Loughlin alleging conspiracy to defraud the Learmonth. The trial went on for three years. In the end the defendants were found not guilty in 1876<sup>9</sup>. The court case has continued to attract interest with a paper published on the internet as recently as 2012<sup>10</sup>, with the debate on whether Bailey and Loughlin were guilty continuing.

Not long afterwards, in December, 1877, Martin bought the Duke and Timor Gold Mining Company in Timor<sup>11</sup>. It was renamed the Duke and Timor Company and Martin was elected one of its directors<sup>12</sup>. Martin went on to be involved in the float of three more gold mining companies in the same area, one of which was the Duke Estate Company<sup>13</sup>. It was while reading about the Duke Estate meeting on August 4, 1881 in the *Ballarat Courier* that I made my unexpected research finding. At the conclusion of the meeting a gentleman present introduced the subject of establishing a mining and agricultural bank in the district<sup>14</sup>. That gentleman may have been Benjamin Fink, as the bank would much later be referred to as Fink's bank<sup>15</sup>. At the meeting which followed the idea was taken up with enthusiasm. The meeting was then adjourned to the following Saturday. At the adjourned meeting, it was resolved to establish a banking company, to be called the Mining and Agricultural Bank of Australasia<sup>16</sup>.

They issued a prospectus for the floating of the new bank. There were twelve provisional directors including several well-known mining figures from Ballarat and surrounds. Among them were Bailey, Fink and Martin. Benjamin Fink was the member of the Legislative Assembly for Maryborough<sup>17</sup>.

In late September the meeting of shareholders in the Mining and Agricultural Bank was duly held and the decision was made to change the name to the Joint Stock Bank of Victoria. Surprisingly Martin, and not Fink, chaired the meeting. A board of five directors, including Fink, Williamson and Martin, was appointed<sup>18</sup>.

The bank commenced business in early October, 1881 in temporarily rented premises<sup>19</sup>. By the end of October there were some complaints about the transfer of a large number of the

best mining accounts in the district to the new Joint Stock Bank of Victoria and blaming the directors of some of these companies for thus furthering the interests of that bank<sup>20</sup>.

In August, 1882 a preliminary agreement for the amalgamation of the Joint Stock Bank of Victoria and the City of Melbourne Bank was signed<sup>20</sup>. This amalgamation was largely the result of Fink's efforts. What was not stated was that Benjamin Fink had reached a private agreement with City Bank's manager, Colin Longmuir, who had agreed to finance Fink in a wide variety of enterprises<sup>15</sup>.

At a meeting of shareholders in September, 1882, chaired by Martin, the amalgamation was approved. It was announced that, in future, the business in Ballarat would be carried on under the name of The City of Melbourne Bank<sup>21</sup>. In October at its half yearly meeting the City of Melbourne Bank announced that three of the directors of the Joint Stock Bank, Messrs Gore, Loughlin and Sargeant had accepted appointment as local directors and regretted that they had been unable to secure the services of the other three directors<sup>22</sup>.

Martin resigned as a director of the City of Melbourne Bank in 1883 when he was leaving on a trip overseas. He was not re-elected on his return<sup>23</sup>. As it turned out he was fortunate. In 1891 both the share and mine booms collapsed. In September, 1892 Fink owed over £1 ½ million. He was only able to pay ½ penny in the pound on his debts<sup>15</sup>. In May 1893 the City of Melbourne Bank crashed, one of many casualties of the economic crash of the 1890's<sup>15</sup>.

And that was the end of Martin's short-lived and unexpected career as a banker.

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