

Moguls and the Media: the Baillieu/Fink group and the Herald Saga

by P.D. Gardner

“What need we fear who knows it, when none can call our power to account”
Shakespeare

Introduction

The desire for the super-rich of society to control the media and exert its power in their own interests is not a new phenomenon. In 1889 a small group centred on Theodore Fink and WL Baillieu formed the Herald and Sportsman Newspaper Co to take over the business operations of this hitherto unincorporated business.[1] Fink and Baillieu were prominent identities in the Melbourne land boom of the 1880s and the firm of Munro and Baillieu was the foremost auction house of the era. Even though the land boom peaked mid 1888 by the end of the decade both were exceptionally wealthy persons. About this time Baillieu became closely associated with the McCulloch group of companies including the Melbourne Tramways and Omnibus Co and a number of Gippsland coal companies. The McCullochs were noted union bashers and adopted strict anti-union measures in the 1880 Echuca Riverboat strike, the Melbourne Tramways strike of 1888, the 1890 Shearers strike and the Gippsland coal miners lockout of 1903-4.[2] In this latter event Baillieu was a major player. By then he was a director of the Outtrim Howitt and British Coal Mining Co, a member of that exclusive house of wealthy males - the Legislative Council - and a substantial shareholder in, and director of, the Herald and Weekly Times.[3]

The early ownership of the Herald was not a successful venture as the depression started to take hold squeezing company income. The paper was sold in 1890 to a group controlling an unprofitable rival paper - the Daily Telegraph. This group were religious ‘wowsers’ similar to the ‘religious right’ in the USA today and were financed by the closely associated Davies empire - in particular the Mercantile Bank of Australia. With this bank’s demise in March 1892 the purchasing company City Newspapers could no longer meet the financial obligations in their purchase contract. At the same time both Fink and Baillieu went through bankruptcy procedures commonly known as ‘secret compositions’. Whilst this procedure was legitimate in the case of both Fink and Baillieu a number of statements - or lack of them - within their compositions were fraudulent.

With the Daily Telegraph group endeavouring to hold on to their partly paid for newspaper they began a series of manoeuvres in an attempt to deprive the original Herald shareholders of their assets. In reality, this was a struggle between two groups of crooks for control of the paper although this illegality does not apply to all the Herald shareholders, principally only to Fink and Baillieu. Many of the details of this struggle have been revealed in a Petition to the Supreme Court in 1893 recently uncovered in the Public Records Office of Victoria and these details form the basis of this essay.

The Herald and Sportsman Co Formed

The new company was formed in May 1889 and had a nominal capital of £100,000 made up of 30 shares, with nine fully paid shares held by former owner and editor Samuel Winter. The other 21 shares were contributing shares each paid up to £263.1.11 on the 21.7.1891 for a total of £5525.0.10 paid up capital. It is of note that this date was well after all the assets of the company had been sold and that it was then a paper company possessing no assets except a contract of sale with money due on it. The secretary at the time of formation was W. McKiernin and the registered office of the company was the Herald office at 304-6 little Collins St. The defunct company records file lists the Herald and Sportsmen shareholders on 16. 7.1891 as follows

SV Winter	9 journalist (fully paid)
AH Massina	3 printer
WJ Mitchell	3 printer
Ignatius Feigl	3 machinist Herald
Percy Halfey	3 gentleman
WL Baillieu	3 auctioneer
T. Fink	6 solicitor [4]

It is presumed by Garden in his *Theodore Fink: a talent for ubiquity* that 3 of the shares held by Fink were really owned by Alfred Deakin.[5] It can be immediately seen that the paper was owned by those who printed and produced it with 12 shares being held by others. This latter group - the financiers - were not interested in owning a majority of the capital but rather in profits and having various aspects of control. As can be seen from the paid up capital, the company at the time of purchase was probably not profitable, or if so barely paying its way. As the property market became more depressed the paper was financially squeezed. As Garden noted “the company did not prosper”. [6] As well Fink and Baillieu were involved in numerous dubious companies - mainly in property - that had still been buying at the peak of the market and were now beginning to experience financial difficulties. They were left holding what has now become more popularly known as ‘stranded assets’. It was decided to sell the Herald company with the proviso that Winter would remain the editor. By November 1890 a deal had been reached with directors of rival newspapers to purchase the newspaper.

The Daily Telegraph Clique and the Davies Company Empire

The purchasers of the Herald were a group from the Daily Telegraph headed by publisher James McKinley. The Daily Telegraph was started in 1869 and in 1883 it - and the Weekly Times - was purchased by a syndicate including James Balfour MLC and Matthew Davies MLA. The Daily Telegraph Co was formed under the management of James McKinley and 60 shares of £500 were issued, the initial shareholders being as follows: J.McKinley 5, one of the former proprietors John Purse 5, Matthew Davies 10, James Balfour 10, James Richmond 10, Thomas Scott 10, George N. Turner 5 and John Moodie 5. The shares were part paid and the initial capital was £11,000. The conduct of the paper was based on “loyalty to Christian principles” and according to most reports was never very successful.[7] In November 1890 the clique buying the Herald was composed of original Daily Telegraph shareholders McKinley and Moodie, the Rev. WH Fitchett, editor of the Daily Telegraph and founder of Methodist Ladies College, his lifelong friend James Campbell, John Mark Davies MLC, elder brother of Matthew, his partner JM Campbell, Davies associates RH Smith and James Bell MLC, contractor Presbyterian John Robb, associate engineer John Coates and Joseph Johnson building society secretary and staunch Wesleyan.

The Davies brothers were brought up under the religious tutelage of James Balfour MLC and were of a missionary bent hence their substantial and active influence first in the Daily Telegraph and later in the Herald. A clear summary of the vast network of the Davies companies - mostly involved in land speculation - can be found in Cannon's *The Land Boomers* or Sykes' *Two Centuries of Panic*. Over the land boom years they indulged in a range of highly questionable and sometimes illegal practices including issuing dividends from capital or depositor savings, listing full profits from incomplete or partially paid sales, using capital to purchase shares in their own companies to maintain their prices, mostly lending to associated companies with little or questionable security and giving large loans to directors and family members on equally questionable security. Almost all the companies had a large amount of nominal capital and substantially less in the real capital from partly paid shares.[8] Large numbers of shares were also either held between the interlocking companies or by the directors including the Davies brothers and brother-in-law John Moodie. Along with the above dubious practices these factors were to contribute to the rapid collapse of the empire. The Petition makes clear that both the purchase of the Herald and the formation of City Newspapers were heavily if not completely financed by Matthew Davies' Mercantile Bank of Australia.

The Sale of the Herald and Sportsman Company in 1890

The original plan by the Daily Telegraph clique was that the Herald and Sportsman Co was to be purchased by a combination of the Daily Telegraph and the Evening Standard. After purchasing the papers the Telegraph was to take over production of the Herald and the Standard the weekly Sportsman. The shareholders of the latter company overruled the directors on the purchase and they did not proceed. When this happened the Daily Telegraph group decided to proceed on their own without the Evening Standard. The details of the sale were revealed fully for the first time in the Petition to the Supreme Court.[9] The price for the purchase of the paper was £35,000 or £3,500 for the holder of each 3 shares. Each holder of 3 shares was to receive £600 on the signing of the contract and a further 4 annual payments of this amount to November 1894. These future payments were to be made with bills from the Mercantile Bank of Australia. As well the City Newspaper Co was to provide promissory notes due twice yearly at 7% per annum interest on all the outstanding payments. Finally each holder of 3 shares was to receive 500 fully paid City Newspaper Co shares. The total amount payable to the holder of each 3 shares, after all payments had been made, was to have been £3420 including interest plus the 500 1£ shares in City Newspapers.

The City Newspaper Company

This company was formed on the 11.11.1890 just six days before the purchase agreement was signed and the first payments made.[10] The promoters of this company of nominal capital of £50,000 in £1 shares included contractor John Robb, JM Davies and James Campbell. The Rev. W.H. Fitchett witnessed three of the signatures on this document. Eight months later 33,500 fully paid shares had been taken up. Besides those 6,500 shares held by Herald shareholders[11] as their first payment in the bill of sale the other listed shareholders of this company were as follows:

James McKinley 193 Collins	15,000 news proprietor
John Robb Robb building Collins	3000 contractor
John Moodie 115 William	1000 gentleman
WH Fitchett 193 Collins	1000 editor

RH Smith 48 Temple Crt	1000 solicitor
JM Campbell 267 Collins	1000 “ “
Joseph Johnson 271 Collins	1000 manager
John Coates 285 Collins	1000 engineer
JM Davies MLC 288 Flinders lane	1000 solicitor
James Campbell St Kilda Rd	500 gentleman
James Bell MLC 48 Queen St	500 Mercantile Bank director
Georgia Moodie Toorak	500 lady
John Macintosh Braybrook	500 broker
Herald s/holders	6,500
	33,500

According to Sykes the purchase of 24,000 of the 27,000 non Herald shares was financed by a loan from the Mercantile Bank of Australia of which only £9000 was ever repaid.[12] Probably the share purchases of McKinley, Robb, Moodie, Fitchett, JM Campbell, JM Davies and possibly Smith and Johnson were also financed in this way. A further unknown amount was almost certainly financed by promissory notes and thus the actual paid up capital of the company was very small and may have even been created solely on funds from the Mercantile Bank. Certainly the Mercantile Bank was the banker of the company as aside from paying the full purchase price it also carried the company overdraft. The Petition indicated that upwards of £34,000 was owed by this company mostly to the Mercantile Bank on its overdraft of £4871 17s 11d and a further £21,380 was due for bills of exchange, promissory notes, interest and commission. Some, or most, of this latter amount is possibly the same as listed by Sykes above. McKinley and his group controlled about 80% of this company although Winter was the equal second largest shareholder. On the 20.5.1892 notice was given of to increase capital from £50,000 to £75,000 with the registered office still located at 304-6 Little Collins. This does not appear to have happened and it is a curious manoeuvre as there appeared to be 16,500 shares still to be taken up.

The first payment of £6000 to Herald shareholders was met as was the first of the further 4 annual payments in November 1891. As well City Newspapers honoured the interest payments due in May and November of 1891 and May of 1892 just after the Mercantile Bank had suspended payment and was placed in voluntary liquidation. The failure of the Mercantile Bank of Australia was the first of the genuine currency issuing banks. The Federal Bank followed in January 1893 and was the first of the many bank crashes of 1893. When their financial difficulties became obvious City Newspapers transferred all the Herald assets to another company and ceased trading. By then Baillieu and Fink had, for their original investment of £789, each received £1656 along with their, in reality now worthless, City Newspaper shares.[13]

The Davies Empire Collapse and the Mercantile Bank

The Mercantile Bank of Australia was the principal company in the Davies Empire. In 1885 Matthew Davies took over the Australian Economic Bank and reformed it as the Mercantile Bank of Australia with £1,000,000 capital of which only £400,000 was fully paid. John Moodie was an original director and James Bell MLC was a director in 1892. By 1891 the bank had grown substantially with over £2,000,000 in deposits, about half of which were long term deposits from England. The onset of depression brought severe pressure to bear on the Davies companies - most of which were heavily involved in land speculation. Because of the tightly held and interlocking nature of the share structure of

these companies the financial ramifications of one failing were catastrophic to the whole group. As Sykes noted:

Then the Davies group collapsed like a house of cards. First the Colonial Investment and Agency Co closed its doors in late December. At the end of January 1892 Freehold Investment had also suspended payment and in February the Victorian Mortgage and Deposit bank went down together with the English and Australian Mortgage Bank. Then on March 5 1892, the Mercantile Bank of Australia failed. Every other company in the Davies group failed about the same time. [14]

Examining the failure of the Mercantile Bank of Australia the liquidators discovered that Matthew Davies had lent and lost over £300,000 to associated companies and a further £240,000 losses were to accounts introduced by him. The City Newspaper accounts probably fit into the former category.

In July 1892 whilst Fink and Baillieu were busy with their secret compositions, the directors of the by then hopelessly insolvent City Newspapers sold the Herald to a newly incorporated but almost identical company called Victorian Newspapers for 35,000 fully paid £1 shares.[15]

The Secret Compositions

I have documented some of the fraudulent activities of both Baillieu and Fink in regard to their secret compositions previously as have both Michael Cannon and Don Garden. Amazingly Theodore Fink went through two of these procedures in 1892 on 19 January and 19 July and those for Baillieu and his partnership of Munro and Baillieu were both held on 26 July. Although the correctly termed 'Compositions by Arrangement' were legal procedures all the compositions of Baillieu and Fink (as well as many others) were internally fraudulent and should never have been accepted by the courts. The fraudulent activities involved were manifold. To begin with the private meetings were stacked in their favour with friends and business associates who held a substantial majority of votes. This was done by the careful arrangement by their solicitors so that their major creditors were the calls on partly paid shares of many of their own companies along with various other proxies held by solicitors and friends. Most of these meetings proceeded without incident. Within the meetings fraudulent activities included hiding property and shares with family or other companies, failing to declare assets and moneys due and failing to distribute the full amount of liquid assets available for distribution. Included in these deceptions are both the Herald and Sportsman Co shares and the moneys due for payments on them. Both Cannon and Garden allude to irregularities over this. Cannon noted that if "it not been for the process of secret insolvency, both Fink and Baillieu would have lost their Herald shares, with incalculable consequences for the future." [16] In a similar vein Garden noted: "on the question of Theodore's morality there is also the issue of his interest in the Herald which was not declared in the first composition" and that the "shares were nominated in the second composition, but in effect as a debt rather than an asset". [17]

Historian Peter Yule has disputed some of the fraudulent aspects of these transactions particularly in relation to the Herald and Sportsman Co. Yule wrote that my claims, and by implication those of Cannon and Garden, were 'based on a misapprehension' and that:

“Gardner is strong in his condemnation of Theodore Fink and WL Baillieu for not declaring their Herald shares as assets in their secret compositions, but the situation is not as clear as he presents it. The shares in the Herald were sold to City Newspapers in November 1890 and although the Herald was not formerly wound up until October 1894, the business and the shares were owned by City Newspapers - the former shareholders no longer owned the shares. What they did own was shares in City Newspapers and the right to receive further cash payments.”[18]

The Petition clearly indicates that Yule is wrong in his notion that the Herald shares were sold. One of the objects of City Newspapers was “to purchase and acquire the copyright, business, plant and properties of THE HERALD Newspaper”, that is all the company’s assets but not its shares.[19] The defunct company records above show that the company remained in existence with its original shareholders well after the assets had been sold. As far as Baillieu and Fink were concerned the City Newspaper shares were by July 1892 irrelevant and almost worthless. It was the money that was owed to them for the remaining payments due on their Herald and Sportsman assets which was absent from both Fink and Baillieu’s compositions that is the key figure in this fraud. In the case of Baillieu this amount should have been declared in the debtor statement which is unfortunately missing from his bankruptcy papers. [20] However the fact that there was no mention of Baillieu’s 3 Herald shares or any amount owing for the asset sale in his composition - exactly £1989 [21] according to the Petition - was made clear by Michael Cannon who examined this document when the debtor statement was still extant. [22] It is also clear from the above that the Herald Shares were still in existence, owned by the original shareholders, and according to the Petition receiving payments from both the Australian Mercantile Bank and City Newspapers. [23] The Herald and Sportsman Co was still in existence and whilst it had no physical assets it had a tight contract of sale with more than half the payments still due on that contract. Thus both the Herald shares should have been listed as an asset and the money due to Baillieu for the shares should have been listed in his Debtor Statement. The fact that neither appeared in Baillieu’s composition was an act of fraud. Since both these individuals actually made fraudulent compositions they should have forfeited any pecuniary interest they had in the Herald or its successors and their act of regaining this interest was also eventually fraudulent.

Manoeuvrings of the Parties

The winter of 1892 was dominated by a large number of complicated moves by both parties. The main concern of both groups was their survival, both legally and financially. On the Baillieu Fink side their secret compositions, and the collapse of almost all their companies, must have completely occupied their time. The Daily Telegraph group was also concerned with survival, dragged down by the Davies collapse at the same time as some of their shareholders were experiencing economic difficulties of their own.[24] Because of this they made a number of decisive moves which they hoped would help them retain the Herald. In May 1892 they closed down the Daily Telegraph, supposedly sold the Weekly Times to City Newspapers (although there is no indication of this in the company records), endeavoured to raise a further £25,000 and paid the third lot of interest due to the Herald and Sportsman shareholders. [25] At this time the City Newspapers registered office was still at the Herald offices in Little Collins Street. Of the Davies company group of directors only John Moodie and JM Campbell remained and the obviously doomed capital raising failed as nothing more was heard of it.

In July 1892 they then created the Victorian Newspaper Co, and began the physical process of shifting the Herald from the City Newspaper's leased offices in Little Collins to the old premises of the Daily Telegraph at 193 Collins, where the Weekly Times was almost certainly still ensconced. It was probably at this time that Winter was removed from the position of editor. Sacking Winter was a mistake. With Massina and other shareholders of the Herald and Sportsman Co Winter had - unlike Fink and Baillieu - a legitimate claim to the Herald newspaper.[26] City Newspapers remained a hopelessly insolvent shell, whose only asset was the nearly 50% of the new company. Because of their delicate financial positions both Baillieu and Fink were unable to do anything at this time - and later claimed, probably correctly, that all these moves were made without their knowledge. Even so Winter and Massina were both financially sound and untarnished by the emerging financial scandals. They rightly wanted full payment for their original property or it to be returned to them. Fink and Baillieu slowly stabilised their financial positions and they eventually decided that they could attempt to recover the Herald assets without too much risk of revealing their recent frauds. [27] It took 12 months for them to get to this stage, probably despite urgings from Winter and Massina. In July 1893 the Petition drawn up by Fink, Best & Co officially on behalf of AH Massina and others against the moribund City Newspaper Co was presented to the offices of the Supreme Court. At the same time a copy of the document was presented to Victorian Newspapers.

The Victorian Newspaper Co

The establishment of this company was a desperate move by the Daily Telegraph group to retain control of the Herald in spite of their financial difficulties. The hope was that in the chaos and complexities of the general financial situation - the onset of a major depression with the collapse of vast numbers of companies - and their own finances that their outrageous moves would either pass unnoticed or that those who were owed money by City Newspapers would not be bothered to pursue these debts. This was certainly so in the case of the Mercantile Bank but in the case of the Herald and Sportsmen shareholders they were mistaken. To further shore up their position they made sure that the eventual paper holding of City Newspapers in the new company was less than a majority. They did this by awarding directors of the old and the new company, most of whom were the same, 100 shares each - the exceptions being solicitor HA Templeton who was awarded a single share and student FS Fitchett 400 - from the shares awarded to both City Newspapers and the Weekly Times for the sale. Thus Johnson, JM Campbell, John Robb, James McKinley, John Moodie, James Campbell, John Coates and, curiously, S.V. Winter were all given 100 shares each leaving City Newspapers with a holding of 34,199 shares and Cunningham for the Weekly Times with 14,600 shares of the total of 70,000 supposedly fully paid shares. [28] It is interesting that the Petition alleges that none of the shares of this company were actually paid for. The movement in shareholders between the two companies is of some significance. Aside from John Moodie who had 5,100 shares all the other Davies connections appear to have either dropped out or remained token shareholders. The prime movers remained Moodie, James McKinley with 5,100 shares and Rev. WH Fitchett with 5000 - the core of the old Daily Telegraph clique. They were joined by Fitchett's close friend Thomas Cooper, gentleman and former MLA for Creswick with 5000 shares. [29] In August 1892 the Herald and Sportsman shareholders were informed that City Newspapers could not pay them the amounts outstanding either as guarantor for the Mercantile Bank payments or honour the promissory notes for the payments of interest.

The Supreme Court Petition: the Baillieu/Fink group triumphs

The Petition from AH Massina and others was drawn up by Fink, Best & Co to have City Newspapers - 'the said Company' - placed in receivership and was presented to the office of the Supreme Court on 21.7.1893. It was a 15 page typed document organised by listing 36 separate numbered paragraphs. Aside from the introductory and concluding legal numbers the Petition gave exact details of the original sale, what happened, how it was financed, the 'said Company's' current insolvent financial position, details of the company directors and outlining clearly why the company should be placed into receivership. It was a comprehensive and devastating document. Some of the most incisive points of the petition read as follows:

“27. The said sale or disposition of the assets of the said Company was made to defeat the creditors of the City Newspaper Company limited and to enable the same persons who as Directors of the City Newspaper Company limited were indebted as aforesaid to contain and control the whole property and assets of the said Company freed from the claims of the said Company's creditors.

and

“29. The Sale and disposition of the said Company's assets to the Victorian Newspaper Company Limited and the alleged dealings between the two Companies are involved and of suspicious character and require investigation.

This document, now also in the hands of the Daily Telegraph group required an urgent response if, at best, adverse publicity or, at worst, the possibility of criminal charges was to be avoided. This threat prompted the call of an extraordinary meeting of the City Newspaper Co on 8 August two days before the Petition was to be presented to the Court. It is clear that at this meeting Victorian Newspapers relinquished control of City Newspapers rather than have the Petition presented to the court and Baillieu and Andrew Lyell were duly appointed liquidators by the Herald and Sportsman interests.

Events now proceeded briskly with the Baillieu Fink group holding just under the required majority of Victorian Newspapers. Garden gives us a fair idea of what happened using the highly coloured personal recollections of Fink. Probably sometime in September or early October 1893, Fink, Winter, and most likely others of their group, attended a directors meeting of Victorian Newspapers where Fink addressed the board and threatened them with conspiracy charges.

Mr. Fink ordered the whole Board to go away, and not withstanding the defiance of two ringleaders, the great number of the Board wilted, and all retired. Mr. Fink practically physically turned them out and made them abandon the concern without any election or legal steps. The chief weapon he used was very effective - a personal conversation to their assembled Board as to what was going to happen in the courts on a conspiracy charge which he was going to lay. This was no vain threat.[30]

The success for Baillieu and Fink of the Petition and the subsequent meeting was revealed in the rapid transfer of Victorian Newspaper shares to their own representatives. On 24 October 1893, 32,318 Victorian Newspaper shares were transferred from Cunningham, Moodie, McKinley and others to Herald and Sportsman Co agents Wilson and Moloney. After this series of complicated share transfers the Baillieu Fink group now held 95% of the Victorian Newspapers shares and the Herald was back under their control. [31] As a bonus the group now also had the highly successful Weekly Times newspaper for a token amount.[32]

It was the fact that the payments to the Herald shareholders were never completed by City Newspapers or Victoria Newspapers that enabled Fink and Baillieu to recover their interests in the paper. The 'game' played by Fink to recover their interests was in fact a bluff - but a strong one fortified by the secrecy of both his and Baillieu's 'compositions'. Fink and Baillieu could no more have allowed the transactions surrounding their business affairs to be openly examined by the Courts than could the 'conspiracy' by the Daily Telegraph clique to 'steal' the Herald. The papers rightly should have belonged to the other shareholders Winter, Massina, Mitchell and new financiers like Pinschoff.[33]

The Herald and Standard and the Herald and Weekly Times

On 3 January 1894 W McKiernan was appointed secretary of Victorian Newspapers. On 27 September 1894 the Herald and Standard Co was formed between Victorian Newspapers with 70,000 shares and the Evening Standard with 30,000 shares for a total 100,000 which was described as 'midway between an acquisition... and a merger'. [34] City Newspapers was liquidated on 12 October 1894. [35] On 11 November 1894 the Herald and Sportsman Co was finally liquidated by Arthur Sydney Baillieu. With WL Baillieu and Fred Wilson liquidators the final meeting of Victorian Newspapers did not occur until 9 March 1896. The new directors of the Herald and Standard included Massina, Winter and Baillieu.[36] Baillieu was to remain a director until about 1930 when his own company holdings centred on 360 Collins Street were massive and diverse. The Herald and Standard was reformed as the Herald and Weekly Times in 1902 and Theodore Fink became a director. Unlike Baillieu whose interests were wide Fink increasingly devoted his time to the Herald. He was appointed Chairman in 1920 and held that position until his death in 1942. According to Garden Baillieu and Fink finally fell out over the influence of Keith Murdoch in the company. Apparently Baillieu became a close associate of Murdoch in later years and assisted him in the establishment of his Australian newspaper empire. The Herald retained its tabloid and sensationalist flavour from the early days and the more radical and labour sympathetic editors, including Winter, died or were eventually replaced. During the First World War the Herald adopted a jingoistic extreme pro-war position and generally became more and more conservative under Fink's and then Murdoch's influence.

Afterwards

The Herald and Weekly Times Company appears to have remained under Baillieu family control until sometime in the 1960s.[37] Its papers eventually became part of the foundation of the media empire of Rupert Murdoch.[38] The Herald - now the Herald Sun - still continues the tabloid tradition and sensationalist flavour of a hundred years. It is a newspaper that has indulged in a century of labour bashing combined with populist appeal. Along with its stable mates it continues as rabidly as it did one hundred years ago with its conservative, sometimes reactionary, pro capital bias and stridently opposes anything that threatens or seems to threaten capital including both organised and political labour. Of recent years this bias has included a blind allegiance to United States foreign adventures and promoting the deniers of climate change. [39] The Herald Sun is still controlled by Rupert Murdoch. If Australian democracy is premised on a free and independent media then it has been suffering terminal illness for a long time.

End Notes

1. This work is principally based on the following references:- 1. Massina Petition to the Supreme Court Public Records Office of Victoria (PROV) VPRS 12024 P1 Unit 39 File 547. Hereafter referred to as the Petition. 2. PROV. In particular VPRS 763 (secret compositions) VPRS 932 (defunct company records) 3. Michael Cannon in his *The Land Boomers*, MUP Melbourne 1966, his expanded version of the same work entitled *Land Boom and Bust*, Heritage Publ. Melbourne 1972 and his manuscript material MS6205 Series 1 Box 1 Folder 4 in the National Library of Australia. Cannon's work covers the 1880s land boom era and the 1890s depression era completely and is essential for details of the secret compositions and the Davies, Fink and Baillieu operations. 4. Garden, Don. *Theodore Fink: a talent for Ubiquity*, MUP, Melbourne, 1998. Garden is the best source for Fink, his analysis of the Victorian Newspapers affair (without the benefit of the Petition) and has a good account of the Herald's operation in the twentieth century including the rise of Keith Murdoch. 5. Sykes, Trevor. *Two Centuries of Panic*, Allen & Unwin, Sydney, 1989 6. Gardner, P.D. Brief Notes on Some Fraudulent Aspects of the secret compositions of William Lawrence Baillieu and friends 1892, Victorian History Journal (VHJ) 80:1:2009. Specific or explanatory notes follow.

2. Gardner, P.D. *A Gippsland Union*, 2004, Ngarak Press, Ensay pp.14-15; pp.75-104

3. Like William McCulloch with the McCulloch companies Baillieu was more often concerned with control than majority ownership. Consequently shares were often spread widely amongst family and friends and the total amount of shares held varied considerably from time to time.

4. Herald and Sportsman, Defunct Company Records PROV VPRS 932 P0 Unit 101 File 2255

5. Garden p.77 This is almost certainly correct with this set of 3 Herald and Sportsman Co shares being held by a number of agents including Theodore Fink. By a process of elimination the Petition, paragraph 6, lists William Meudell, gentleman, as the holder of 500 City Newspaper shares issued for this Herald and Sportsman parcel.

6. *ibid*

7. Lemon, A. *The Young man from Home: James Balfour 1830-1913*, MUP Melb. 1983 pp.85-7

8. The payment of share calls at this time was legally binding. Most companies formed during this period had an unrealistically high nominal capital but a low paid up capital. Calls were made on shareholders for additional capital when, and if, required. During the heyday of the boom such calls were considered unlikely. However when land prices subsided and many companies experienced financial difficulties calls began to be made. The transfer of shares to a 'dummy' was one means of avoiding these calls. The 'secret composition' was another.

9. The Petition is not clear on the role of the Sportsman as this weekly is only mentioned in the title of the 1889 company. From the company objects in the Petition it would appear that the Daily Telegraph group had little interest in it. It would appear that after the sale the paper continued as previously - produced by Winter at the Herald and printed by Massina at Howey Place. It is not known who controlled this paper with the advent of Victorian Newspapers. The Petition has also highlighted a number of small errors I made about the sale details in my VHJ article. In particular there were to four further annual payments of £600 not three as I surmised. Nor was I aware of the interest on the outstanding payments by City Newspapers or of the role of the Mercantile Bank of Australia.

10. City Newspapers, Defunct Company Records PROV VPRS 932 P0 Unit 113 File 2512

11. S.V. Winter the Herald editor purchased an extra 1500 City Newspapers shares above the 1500 he was given in the sale contract. This gave a total holding of 6,500 rather than 5000 held by those from the Herald. It is possible that the £1500 from Winter was one of the few cash payments for these City Newspapers shares.
12. Sykes p.160
13. This included £1200 for the two payments plus £231 interest plus £225 from the Merchant Bank liquidator's dividend. Most of this cash was probably soaked up by their own company collapses but was possibly - since it was paid in July the month of the compositions - at least a partial source for the undistributed dividends of about £500 for Baillieu and £178 10s for Fink. The value Baillieu gave in his secret composition of £200 for his City Newspaper shares was certainly overvalued. The total payments made were the approximate equivalent of 16 years of a working man's wages.
14. Sykes p.156
15. City Newspapers represented half the nominal capital less 801 promoter shares given to either the old or new company directors (much the same) leaving City Newspapers with 34,199 Victorian Newspaper shares or just under half. The Daily Telegraph clique were making sure that if any group, specifically Herald and Sportsman shareholders, somehow managed to get control of City Newspapers they still had less than a majority shareholding in the new company.
16. Cannon. *The Land Boomers*, p.146.
17. Garden, p.77. It is not clear whether Garden is referring to the Herald and Sportsman shares here or those of City Newspapers.
18. Yule, Peter. "Searching for WL Baillieu at Public Record Office Victoria" in *Provenance: The Journal of the Public Record Office Victoria*, September 2009, No. 8. Yule is the official biographer of W.L. Baillieu and his *William Lawrence Baillieu - Founder of Australia's Greatest Business Empire*, (Hardie Grant) is to be released on 6.3.2012. In a promotion piece in the Melbourne Age (Lawrence Money "Baillieu family salutes dynasty founder..." 5.3.2012) Yule described the importance of Baillieu's secret composition as like "remembering Don Bradman for his bowling". However it should be noted that Cannon's work on the Federal Bank and my own work indicates that many other questionable and possibly fraudulent practices besides the secret composition were employed during the 1880s and 1890s. See Gardner, P.D. "The Duke United Mine GCo Maryborough: Baillieu's 1897 Takeover and Outcomes" *Journal of Australasian Mining History* 9:2011:156. The Age article also noticed the Baillieu - Murdoch connection with "He may have even been indirectly responsible for Rupert Murdoch's rise to media mogulhood."
19. The Petition paragraph 3b
20. Composition of W. L. Baillieu Insolvency Records VPRS 763 P000 Unit 06 Item 70B, PROV, Melbourne.
21. Made up of £1800 due for 3 future payments plus £189 interest payments due.
22. Cannon MS6205 Series 1 Box 1 Folder 4
23. Although the Mercantile Bank was in liquidation by this time the Petition indicates clearly that City Newspapers was the guarantor for the bank and thus legally was obliged to take over any debt plus still redeeming promissory notes. The amount of £225 paid to each shareholder by the Mercantile Bank liquidators was probably irrelevant to this guarantee.
24. The Daily Telegraph group was experiencing financial difficulties aside from those of the Davies group. In particular John Robb had a secret composition in October 1894 and much later paid 1s 6d in the £. Joseph Johnson was embezzling funds from his organisation and arrested in December 1893. John Moodie was hopelessly insolvent but it does not appear that any of his creditors bothered to pursue him as he is missing from the bankruptcy records.

25. The Petition par. 28 notes that Daily Telegraph published these details in its last issue. Closing down of the loss making Daily Telegraph was obviously a positive move.
26. At this time the Herald was printed at 304 Little Collins with Winter the editor. The Sportsman was separately printed by Massina at Howey Place. The Sportsman did not actually become the property of Massina and Co until 1896. Campbell, Ronald G. *The First Ninety Years*, AH Massina & Co Melb. 1949. It is not known exactly what happened to the Sportsman during these moves by City Newspapers and Victorian Newspapers. See also Note 8.
27. Aside from their own complex finances possible causes of the delay included the secret composition of Theodore's older brother Benjamin Fink on 21 September 1892 for the then enormous amount of £1,019,275. This case was given some adverse publicity in *Tabletalk*. Also with the collapse of the Federal Bank in January 1893 Baillieu and his partner, his family and associates owed about £144,000 some of which may have been written off before the bank closed its doors. The *Tabletalk* revelations of the Federal Bank loan scandals appeared about the time the Petition was being drawn up. The Mercantile Bank cases - where Matthew Davies and James Bell were, somewhat ironically, defended by Theodore Fink and Alfred Deakin - were continuously in the news during 1893.
28. The shares awarded to directors totalled 801 leaving City Newspapers with 34,199 shares in Victorian Newspapers. Winter was probably given his 100 Victorian Newspaper shares as a director of City Newspapers. Of the 15000 Victorian Newspaper shares given for the Weekly Times 400 were awarded to Rev. Fitchett's son leaving Robert Cunningham holding 14,600 shares representing the Daily Telegraph.
29. The full company details of Victorian Newspapers are as follows: on 27.7.1892 registered office 193 Collins (the old Daily Telegraph). On 17.2.1893 there were 70,000 shares fully paid with DM Logan secretary. The shareholders were HA Templeton 267 Collins 1 solicitor, J Johnson 100 secretary, JM Campbell 100 solicitor, John Robb 100 contractor, James Campbell 100, Robt. Cunningham 193 Collins 14,600 accountant, James McKinley 5,100 publisher, John Moodie 5,100, Thomas Cooper, Creswick 5000 gentleman, Rev. WH Fitchett editor 5000, FS Fitchett 48 Temple Crt 400 student S.V. Winter 100, City Newspapers 193 Collins 34,199, John Coates 100
Victoria Newspapers Defunct Company Records PROV VPRS 932 P0 Unit130 File 2765
30. Garden pp. 80-81. The two dissenters were probably McKinley and Fitchett.
31. Victorian Newspapers. op cit.
32. *ibid.* Transfer to Herald agents from Robert Cunningham. As at 3.1.1894 he held 2282 shares which represented the price paid for the Weekly Times.
33. *ibid.* Between the transfer of shares to the Herald agents on 24.10.1893 and the meeting on 3.1.1894 a total of 8067 Victorian Newspaper shares were sold to new investors - mostly associates and employees - possibly either at market price or at a substantial discount to it. This helped the new board raise funds for the still struggling paper. New shareholders of note included Carl Pinschoff with upwards of 2766 shares and merchants George Adams and HS Chipman with 1888 and 1460 shares respectively. Agents James Moloney and Fred Wilson still held the bulk of the non City Newspaper shares at 24,251. It is of interest that neither Fink nor Baillieu's name appears in the January 1894 list of shareholders.
34. Garden p.137
35. It is apparent from the Petition that the main creditors of City Newspapers were the Mercantile Bank in liquidation and the Herald and Sportsman Co. The Petition lists the debts as of upwards of £34,000. By my own calculations the Mercantile Bank was owed £ 26,251.17s 6d and the Herald and Sportsman shareholders £19,890 giving total debts of at least £46,000. The Petition also indicates that all the directors owed the company

money including McKinley who owed £6000. It is only on these debts that the liquidators would have been able to retrieve any funds. Of the directors Robb had a secret composition in October 1894 which was too late to be of interest to the City Newspapers as it was liquidated in the same month. Of the other directors James Campbell was deceased, Johnson was charged with embezzlement in December 1893 and convicted the following February and Moodie was insolvent. Only Fitchett, JM Campbell, John Coates and McKinley of the directors would have been able to pay anything of their debts to City Newspapers. In lieu of some of the debt the remaining shares held by all these directors in Victorian Newspapers totalling 700 would have been surrendered. Aside from paying the liquidators' fees it seems that City Newspapers in liquidation issued a small dividend. BAP 15/18/2, 21.12.1895. As was the normal procedure with defunct Baillieu companies on the completion of liquidation all the company records were destroyed.

36. Herald and Standard, Defunct Company Records PROV VPRS932 P0 Unit 142 File 2981

37. Campbell, E.W. *The 60 Families Who Own Australia*, The Currency Press, Sydney, 1963 p. 263

38. In 1987 – see D'Arcy, John (2005) *Media Mayhem: Playing with the Big Boys in Media*, Melbourne, Brolga Publishing and Tiffen, Rodney, *Rupert Murdoch: A Reassessment*, Sydney: New South Publishing, 2014. Thanks to Dr. Sally Young of University of Melbourne who alerted me to this and suggested other improvements to this last paragraph.

39. In 2003 Murdoch newspapers around the world editorialised almost unanimously – with one dissenter - in favour of the disastrous and illegal invasion of Iraq. The sole dissenter out of 175 newspapers was the Hobart Mercury which soon conformed to the party line. See <http://www.guardian.co.uk/media/2003/feb/17/mondaymediasection.iraq>