

WILLIAM LARNACH – VICTORIAN MASTERMIND, FRAUDSTER OR TRAGIC VICTIM?

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I. INTRODUCTION

William Larnach of the Camp or Larnach Castle as it became called, was born in Australia of Scots parentage and came to New Zealand as a banker in 1867.² He was later a promoter and director of many companies, a Member of Parliament, and a minister in the government. He committed suicide in Parliament in 1898. He was regarded by Richard Seddon as a mastermind.³ He has been described by Lord Normanby as a wild speculator and setter-up of companies,⁴ and accused of breach of duty as director and minister. He may have had all of these characteristics but may also have been a tragic victim.

New Zealand in the nineteenth century, like other colonies, was under-capitalised and to some extent exploited by the United Kingdom.⁵

Capital was short. People relied heavily on debt capital and many business and professional men faced bankruptcy.⁶

The gold rush was over by the 1870s and from the mid-1870s to the mid-1890s New Zealand was adversely affected by weak export prices and suffered net migration.⁷

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 - 2 See Fleur Snedden, *King of the Castle – A Biography of William Larnach*, David Bateman, Auckland 1997. Larnach was her great-great-grandfather and she had access to family papers. See also Hardwicke Knight, *The Ordeal of William Larnach*, University of Otago Printing Department 1990. See too the excellent unpublished BA Hons thesis by A W Goodall, “William James Mudie Larnach, 1833–1898”, University of Otago, 1981.
 - 3 See Snedden *op cit* 232, Knight *op cit* title page; Goodall 72.
 - 4 Snedden *op.cit.* 109; FRJ Sinclair in “High Street Quaking – A History of Dunedin’s ‘Inner Circle’”, a very interesting unpublished PhD of the University of Otago 1996 accuses Larnach of dishonesty by taking secret commissions during his time at the Bank of Otago, relying on the evidence of John McFarlane Ritchie (pp 23–25, 75, 79), and yet this only became a crime in New Zealand as a result of *The Secret Commissions Act 1910*. What is clear is that Larnach was acting in more than one capacity and probably in conflict of interest. At the same time, an avid collector of gossip, Ritchie was not an impartial witness as he was opposed to Larnach’s position and connection with the Bank of New Zealand. He obviously regarded Larnach as a rival.
 - 5 See V Lenin, *Imperialism, The Highest Stage of Capitalism* (1917). He based this on the writings of JA Hobson, the English Fabian writer, and Rudolf Hilferding, the Austrian economist.
 - 6 Stout, Driver, Ward and Firth were all financially embarrassed at this time. Dr Charles Foster, Canterbury’s first law teacher, also went bankrupt. See RCJ Stone, *Makers of Fortune: A Colonial Business Community and its Fall*, Auckland University Press, Auckland 1973, Chap.4.
 - 7 See Jim McAloon, Chapter 9 “The New Zealand Economy 1792–1914” *The New Oxford History of New Zealand*, ed by G Byrnes Oxford University Press, South Melbourne (2009), 206 *et.seq.*: Te Ara Encyclopaedia of New Zealand – Economic History, Boom and Bust 1870–1895.

The collapse of the City of Glasgow Bank in 1877 shattered confidence in the colonies.⁸ Wool prices recovered by the 1890s and new exports of meat and dairy produce developed through refrigeration.⁹ Larnach lived through some hard times.

This article traces his personal history and then considers his career as banker, director, a Member of Parliament and minister, and whether he acted in breach of duty, judged by the standards of the time and by modern standards.

II. THE PERSONAL HISTORY OF WILLIAM LARNACH

William Larnach was born at Castle Forbes in the Hunter Valley, New South Wales in 1833. He was educated at Sydney College, the predecessor of Sydney Grammar School, and worked in farming and then banking.¹⁰ He managed banks in the Victorian gold rush, and at Geelong. He came to Dunedin in 1867 to manage the Bank of Otago.¹¹ He seems to have been a competent, if self-interested; manager, and he resigned when the bank was taken over by the National Bank.¹²

He went into partnership with Walter Guthrie in 1873, and the partnership was later incorporated.¹³ Larnach left most of the management to Guthrie who, in Larnach's absence in Wellington and overseas, over-expanded the business.¹⁴

Larnach was involved in the flotation of National Insurance, the Colonial Bank and the Agricultural Company, as well as other companies.¹⁵ He also speculated in land transactions in Otago and Southland.¹⁶

To further or protect his investments he entered Parliament, representing Dunedin City, in 1875, and spoke openly about his interests.¹⁷ He moved a vote of no confidence in the government and joined a new government led by Sir George Grey.¹⁸ He became Treasurer and Minister of Railways in 1877. He was competent but only served for a short time before leaving for London to negotiate a loan from the Bank of England.¹⁹

He also was promoting the interests of the Agricultural Company and persuaded Sir Julius Vogel to become a director.²⁰ Vogel was then Agent-General of New Zealand. Both were criticised in the

8 See Leo Rosenblum, "The Failure of the City of Glasgow Bank" (1933) 8 *The Accounting Review* 285.

9 *An Economic History of New Zealand in the Nineteenth and Twentieth Centuries* (<https://eh.net/encyclopedia/an-economic-history-of-new-zealand-in-the-nineteenth-and-twentieth-centuries/> downloaded 21/2/2017).

10 Snedden *op.cit.* 25 and Chapter III–VI.

11 Snedden Chapter VII–VIII.

12 Snedden 71.

13 Snedden 72.

14 Snedden 127–8.

15 Snedden Chapter X, XII. See D Hamer, "The Agricultural Company and New Zealand Politics, 1877-1886," (1962) 10 *Historical Studies, Australia and New Zealand*, No. 38, 144. Sinclair *op.cit.* Appendix 27.

16 Snedden Chapter X. See Sinclair *op.cit.* especially Appendix 33 with regard to the development of Portobello.

17 See NZPD Vol 21, 292-31, Snedden *op.cit.* 57.

18 Snedden *op.cit.* Chapter XI.

19 Snedden 115 *et seq*; Sinclair *op.cit.* 349 is critical of this, but Larnach seems to have been effective in the role.

20 Snedden 120 *et seq*; Hamer *op.cit.* 142 *et seq*; Goodall 34 *et seq*; Sinclair *op.cit.* Chapter 5.

Times for misleading investors over a plague of rabbits in the agricultural land.²¹ Both managed to get letters in support from ministers in the New Zealand government.²²

Larnach lost his seat, but was re-elected in 1882 representing the Peninsula but Larnach faced financial ruin over the liquidation of Guthrie and Larnach in respect of which he had given a personal guarantee, which he had not read properly.²³

In 1885 he was Minister of Mines and Marine and seems to have been an energetic and effective minister.²⁴ In 1890 he lost his seat but was elected in 1894, representing Tuapeka, and was re-elected in 1896.

In 1891 he chaired a Royal Commission into the Public Trustee Office.²⁵ He did this efficiently, but was criticised for his aggressive and hostile questioning of officials including The Auditor-General James FitzGerald, a former premier.²⁶ His conduct seems to have been justified as the Commission revealed incompetence and conflict of interest.

By this time his investments had done badly. Like other substantial debtors, he had to meet mortgage repayments on real estate with inflated values, and calls of bubble companies in which he had taken a high number of shares. Even his debentures were not proving good investments. He was in difficult financial circumstances due to this situation and a marriage settlement he had made on his second marriage.²⁷ His children were hostile to his second wife who was the half sister of his first wife. After the death of his second wife, he tried to reverse the settlement.²⁸ This was successfully challenged after his death.²⁹ He was married a third time, this time to Constance Brandon,³⁰ and the family gossip was that his wife later had an affair with his younger son at Larnach Castle.³¹ There was hostility to Constance in the family and his children were petulant when his ability to support them declined.³² At the same time he might not have handled the situation all that well, particularly due to his absences in Wellington and Australia.

He committed suicide by shooting himself in a committee room of Parliament.³³

It is noteworthy that there was some antipathy between Larnach and Justice Joshua Williams, the resident judge in Dunedin who decided a number of cases against Larnach, including the posthumous case involving the marriage settlement.³⁴ Williams had a good reputation as a judge

21 The Times 31 Jan 1879. See Hamer *op.cit.* 145 *et. seq.*

22 Hamer *op.cit.* 145.

23 Snedden *op.cit.* 139; Sinclair *op.cit.* 436.

24 Snedden Chapter XV.

25 *Report of the Commissioners on the Condition and Working of the Public Trustee Office* 1891 (<https://paperspast.natlib.govt.nz/Parliamentary/AJHR1891-II.2.3.2.3> retrieved 27/3/2017).

26 Remarks on the Report of the Commissioners on the Public Trust Office by James Edward FitzGerald, Controller and Auditor-General, 1891 (<https://paperspast.natlib.govt.nz/Parliamentary/AJHR1891-II.2.3.2.4> retrieved 27/3/2017).

27 See *Inder v Sievwright and Others* (1900) 18 NZLR 348.

28 *Ibid* 353.

29 *Inder v Sievwright and Others* [supra]. See also *Larnach v Sievwright and Another* (1900) 18 NZLR 385.

30 See Snedden *op.cit.* 197.

31 Snedden *op.cit.* 235.

32 Snedden *op.cit.* 222 *et. seq.*

33 Snedden Chapter XXI.

34 See *Inder v Sievwright* [supra].

but was a former conservative politician in Canterbury,³⁵ and an active moneylender in Otago and Southland. This was not disclosed, but has been revealed by recent research.³⁶

A proposal by the judiciary for a Register of Pecuniary Interests of Judges Bill in 2011 was opposed by the New Zealand Law Society, who argued that it could be abused. Recusal is a difficult area of law and practice, and it is ironic to leave it to the judges when they themselves favour legislation.

III. LARNACH AS BANKER

Larnach was manager of the Geelong branch of the Bank of New South Wales and improved its financial position.³⁷ He came to Dunedin as manager of the Bank of Otago, which he found in difficult circumstances.³⁸ Again, he improved the bank's position but did not do enough to satisfy British investors, who wanted colonial banks to be cash cows.³⁹ He may have acted in conflict of interest from time to time, as he seems to have had many irons in the fire.⁴⁰ He later resigned after the bank was sold to the National Bank. There was friction between him and the new owners.⁴¹ This seems to have been justified. He remained in the bank's accommodation while his new property was being built. He had acted in self-interested ways and also acted to the detriment of the National Bank.

He was later a promoter, substantial shareholder and director of the Colonial Bank, which was taken over by the Bank of New Zealand eventually and went into liquidation.⁴² Justice Joshua Williams, who later refused to confirm him as a permanent liquidator, appointed Larnach a provisional liquidator.⁴³ Williams J also decided cases against Sir Joseph Ward when he had debt problems.⁴⁴ Guthrie and Larnach, of which he was partner and later shareholder and director when it was incorporated, borrowed much from the Bank of New Zealand and the Colonial Bank.⁴⁵ Larnach abstained from giving advice to Seddon on the merger of these two banks and the government bailout.⁴⁶ He felt that he was self-interested. This worked to his detriment as the ultimate arrangements designed by lawyers on the model of a reconstruction rather than a merger and carried out by the *Bank of New Zealand and Banking Act 1895* were to the detriment of

35 See Judith Bassett, "Joshua Strange Williams" in (1993) Vol 2 *Dictionary of New Zealand Biography*.

36 Michael Bassett, *Sir Joseph Ward – A Political Biography*, Auckland University Press, 1993.

37 Snedden *op.cit.* Chapter VI.

38 Snedden *op.cit.* Chapter VIII.

39 Snedden *op.cit.* 70.

40 See FRJ Sinclair, "Williams James Mudie Larnach" in (1993) Vol 2 *Dictionary of New Zealand Biography*, 2. No evidence is cited but see his PhD thesis cited in footnote 3 above.

41 Snedden *op.cit.* 71 *et. seq.*; Sinclair *op.cit.*

42 See Snedden *op.cit.* Chapter XIX.

43 See *In Re the Colonial Bank of New Zealand* (1896) 14 NZLR 484.

44 See Bassett *op.cit.* footnote 34.

45 See Sinclair *op.cit.* footnote 38.

46 See Snedden *op.cit.* 215 *et. seq.* for extensive quotation from the correspondence with Richard Seddon.

the shareholders of the Colonial Bank.⁴⁷ Larnach did not safeguard his own interests, but had an exaggerated sense of duty to other shareholders.⁴⁸

IV. LARNACH AS DIRECTOR, PROMOTER AND LIQUIDATOR

Larnach as director must be judged by the standards of the time. He was promoter and director of many companies,⁴⁹ probably too many in the sense that he had too many irons in the fire and not enough time to monitor management behaviour. This was true of Guthrie and Larnach and the Colonial Bank,⁵⁰ His conduct probably was in breach of duty in the case of the Agricultural Company as he had conflicting interests in land speculation and railways.⁵¹ *Aberdeen Railway Co v Blaikie*⁵² had laid down a strict no conflict rule for directors, although articles of association often contracted out of the rule and this was not made illegal until the 1930s in New Zealand. The standard of care of non-executive directors at this time was low,⁵³ so he was probably not liable for negligence in connection with Guthrie and Larnach and the Colonial Bank. The fiduciary duties of promoters only developed after *Erlanger v New Sombrero Phosphate Co*⁵⁴ in 1878.

Larnach, together with his co-directors, engaged in sharp practice in connection with the flotation of the Agricultural Company and arguably misused their government connections.⁵⁵ The land aspect was one thing, but the connection with railways was quite complex and involved the promotion of a separate company, The Waimea Plains Railway Company, which relied on rates to be levied on local landholders. There were impediments to the collection of the rates, which were only later removed. Larnach sold his shares in the Agricultural Company, leaving overseas investors in the lurch. The railway company was eventually taken over by the government, of which Larnach was a member. This was strongly criticised by Sir George Grey.

The whole saga of the Agricultural Company represented failure due to the rabbit pest, the deflation of land speculation after the City of Glasgow Bank collapse, the diminished returns for its produce, and the fact that the land had been overvalued in the first place.⁵⁶

Larnach was appointed by Justice Joshua Williams a provisional liquidator of the Colonial Bank, but not confirmed as a permanent liquidator, and this angered Larnach, who published a sarcastic pamphlet criticising the judge who had ignored the facts that there were no creditors and his removal reduced the chance of greater recovery of assets for shareholders because of his detailed knowledge and investigation of the affairs of the bank on his return to New Zealand.⁵⁷

47 See the *Bank of New Zealand and Banking Act 1895* ss 36–42.

48 Snedden *op.cit.* 215.

49 See Sinclair *op.cit.* Appendix 27.

50 Snedden *op.cit.* 145–6; see Sinclair *op.cit.* 430 *et. seq.*

51 See Hamer *op.cit.* 141 *et. seq.*

52 (1854) 1 Macq 461 (HL). See J H Farrar and S Watson “Self-Dealing, Fair Dealing and Related Party Transactions – History, Pricing and Reform” (2011) 11 *Journal of Corporate Law Studies* 495.

53 See J H Farrar and P Hanrahan, *Corporate Governance* LexisNexis, Chatswood, 2016, 215.

54 (1878) 3 App Cas 1218.

55 See Hamer *op.cit.* generally; Sinclair *op.cit.* Chapter 5.

56 Sinclair *op.cit.* 362.

57 See W. J. M. Larnach, *The Colonial Bank of New Zealand in Liquidation*, Coulls, Culling & Co, Dunedin 1896.

Larnach seems to have been the victim of a number of corporate swindles during his business career.⁵⁸ He did not keep a close enough eye on Guthrie nor his fellow directors of the Royal Standard Investment Company in Victoria, in which he invested heavily.⁵⁹ He was defrauded by Roberts, a manager of the Bank of New Zealand, in respect of land transactions involving The New Zealand Loan and Mercantile Company.⁶⁰ Larnach put too much faith in gentlemen's agreements.

V. LARNACH AS MEMBER OF THE HOUSE OF REPRESENTATIVES AND MINISTER

Larnach, like many 19th century colonial politicians, entered politics to safeguard and advance his interests and the interests of his region. He was open about this to electors and to Parliament.⁶¹

There were then no rules on disclosure of interest or avoiding conflict of interest.⁶² In the United Kingdom there was a resolution of the House of Commons in 1695 aimed against William of Orange's attempt to bribe members.⁶³ The House of Lords in *Egerton v Brownlow*⁶⁴ in 1853 had laid down a strict rule of no conflict for peers and in 1858 there was another House of Commons resolution laying down a strict rule for members of the House of Commons.⁶⁵ It is unlikely that these would be general knowledge in New Zealand – although a copy of Erskine May, *Parliamentary Practice*⁶⁶ was first published in London in 1844, and it was in its seventh edition in 1873.

This discusses the question. A copy of Erskine May was purchased for the new Parliamentary Library in 1860. It is interesting to note that Richard Seddon contemplating a Parliamentary career learned a lot of Erskine May almost by heart.

Larnach was not in breach of duty as Treasurer, but arguably as agent for the government in respect of the loan when he was pursuing his interest as director of the Agricultural Company. Sir George Grey, who operated with a stricter ethical code, was angry at the conduct of his ministers and Vogel, and called for their resignation as directors.⁶⁷

Larnach was later more scrupulous as Minister of Mines and also in his Parliamentary role in connection with railway companies⁶⁸ and later in connection with the banking legislation of 1895.

He was very rigorous in his chairmanship of the Royal Commission on the Public Trustee Office, and held officials to account.⁶⁹

58 Snedden *op.cit.* 192–6.

59 Snedden *op.cit.* 192.

60 Snedden *op.cit.* 194 *et. seq.*

61 Snedden *op.cit.* 97.

62 There is still no Code of Conduct, only standing orders and speakers' rulings.

63 See Thomas Erskine May, *A Treatise on the Law, Privileges, Proceedings and Usage of Parliament*, 2nd ed 1851, Hard Press Publishing Miami, 285 (reprint).

64 4 HLC 1; [1843 60 All ER Rep 970 – see Lord Lyndhurst at 980–981.

65 (1857-8) 113 Journals of the House of Commons 247-8 (22 June 1858).

66 See footnote 59 [supra].

67 See Hamer *op.cit.* 147; Goodall Chapter 3.

68 Snedden *op.cit.* 164.

69 See footnote 24 above.

In the nineteenth century in the United Kingdom and New Zealand, there were no ministerial codes of conduct or codes of conduct for members of Parliament. These have only recently been adopted, although as we saw, Erskine May had some discussion of these matters in the nineteenth century.

New Zealand now provides guidance for ministers in the Cabinet Manual, but there is currently no code of conduct for members of the House of Representatives.

The United Kingdom now has codes of conduct for both ministers and members, and a *Parliamentary Standards Act 2009*.

Most Australian Parliaments have ministerial and members codes of conduct.

VI. LARNACH AS CHAIR OF THE ROYAL COMMISSION ON THE CONDITION AND WORKING OF THE PUBLIC TRUSTEE OFFICE

Larnach was chair of the Royal Commission into the Public Trustee Office from 16 March to 22 June 1891. He sat with Andrew Loughrey, an experienced solicitor from Christchurch and T K Macdonald, a Member of the House of Representatives and prominent Wellington businessman.⁷⁰

The Public Trustee office was set up by statute in 1872 and the first public trustee was Jonas Woodward, who was an accountant in bankruptcy. It was a low budget operation. Woodward was succeeded by Robert Hamerton, who had worked in the public service. He had to deal personally with every question however trivial, and was grossly overworked as the work expanded. He had taken the matter up with the Premier, Sir Henry Atkinson, to no avail. John Richard Balance, as Premier with the support of Richard Seddon, was more energetic and proposed the Royal Commission.⁷¹

The Commission considered that it met with obstruction by public servants and found that they had displayed a total absence of capacity and knowledge of how estates should be managed. They had failed to keep intelligible books of account and had sometimes been rude and obstructive to beneficiaries, and officials sometimes acted in conflict of interest.⁷²

To some extent, Hamerton was the scapegoat for neglect by successive governments and was forced to resign.⁷³ At least he received a pension.

The Commission found that the Auditor General had failed in his duty. Fitzgerald, a former Canterbury politician, who held the office for far too long, was a brilliant and difficult man and no accountant. He criticised the Commission in intemperate remarks, which occasioned a detailed seven-page formal response from the Commissioners.⁷⁴

Both Fitzgerald and Larnach at this time suffered from heart trouble and this, together with political animosity, may have coloured their exchanges. One gets the impression that his declining

70 *Ibid.*

71 See C W Vennell, *A Century of Trust – A History of the New Zealand Public Trust Office, 1873-1973*, Wilson & Horton Ltd, Auckland 1973, 46.

72 See footnote 24 above.

73 See Vennell *op.cit.* 50.

74 See footnote 25 above.

fortunes and family problems were affecting Larnach's temper. Also, he had sought the Office of Public Trustee and Auditor General from Seddon around this time.⁷⁵

Hamerton was succeeded by J K Warburton, who did much to reform the Office and restore confidence. He succeeded J E Fitzgerald as Controller and Auditor General in 1896. Warburton was succeeded by James Martin, a former Crown Solicitor in Christchurch and Magistrate in Wellington. He was assured by Seddon that politics had nothing to do with the Public Trustee Office.⁷⁶ In fact, Seddon resisted Larnach's wish to be appointed.

VII. LARNACH AND THE ELUSIVE CONCEPT OF FRAUD

To consider whether Larnach was in any sense a fraudster⁷⁷ requires some consideration of this elusive concept. The Court of Chancery had a wide conception. Lord Hardwicke, in a letter to Lord Kames of 30 June 1759 said:⁷⁸

Fraud is infinite ... were a Court of Equity once to lay down rules, how far they would go, and no farther, in extending their relief against it, or to define strictly the species of evidence of it, the jurisdiction would be cramped, and perpetually eluded by new schemes which the fertility of man's invention would contrive.

He attempted a fourfold classification in *Chesterfield v Janssen* in 1750.⁷⁹ He said:

...

This court has an undoubted jurisdiction to relieve against every species of fraud.

1. Then fraud, which is *dolus malus*, may be actual, arising from facts and circumstances of imposition; which is the plainest case.
2. It may be apparent from the intrinsic nature and subject of the bargain itself; such as no man in his senses and not under delusion would make on the one hand, and as no honest and fair man would accept on the other; which are unequitable and unconscientious bargains; and of such even the common law has taken notice ...

A 3d kind of fraud is, which may be presumed from the circumstances and condition of the parties contracting; and this goes farther than the rule of law; which is, that it must be proved, not presumed; but [156] it is wisely established in this court to prevent taking surreptitious advantage of the weakness or necessity of another: which knowingly to do is equally against the conscience as to take advantage of his ignorance: a person is equally unable to judge for himself in one as the other.

A 4th kind of fraud may be collected or inferred in the consideration of this court from the nature and circumstances of the transaction, as being an imposition and deceit on the other persons not parties to the fraudulent agreement.

75 See Snedden *op.cit.* 227.

76 Vennell *op.cit.* Chapters 5 and 6.

77 See FRJ Sinclair, William James Mudie Larnach in *Te Ara Encyclopaedia of New Zealand*. Sinclair, in his PhD thesis, relies substantially on the private correspondence of J M Ritchie and the report by John Bridges for the Bank of New Zealand. The latter led to a sensational incident at the Dunedin Club in July 1875. See Sinclair *op.cit.* footnote 3, 81 *et seq.*

78 Cited by John Glover, *Equity, Restitution and Fraud*, Lexis Nexis Chatswood 2004, 21.

79 (1750) 2 Ves. 125 at 155; 28 ER 82, 100.

Fraud at common law was either contractual – a fraudulent misrepresentation – or tortious – the tort of deceit.

Fraud as such was not a criminal offence in the nineteenth century in New Zealand or the United Kingdom.⁸⁰ It was only in the UK *Fraud Act 2006* that fraud itself became an offence replacing the previous offences of deception in the *Theft Act*. The Act divides criminal fraud into three types – false representation, failing to disclose information, and abuse of position. All three types require dishonesty and acting for gain or to inflict a loss. New Zealand still has only specific offences in which dishonesty is an element. It includes bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement and misappropriation.

John McFarlane Ritchie⁸¹ in his private correspondence accused Larnach of dishonesty, but Larnach was never charged with any offence nor accused of breach of duty in civil litigation.

As we have seen, he sometimes acted in self-interest and at times in conflict of interest, and as a consequence may have been guilty of equitable fraud, but his conduct improved as time went on. It may have been a heightened awareness of fiduciary duties in private and public life. He was a complex man operating in complex times.

In *Reddaway v Banham*,⁸² Lord Macnaughten made an interesting remark when he said “sometimes [fraud] is audacious and unblushing, sometimes it pays a sort of homage to virtue, and then it is modest and retiring; it would be honesty itself if it could only afford it”.

VIII. CONCLUSION

How can we sum up such a complex man? Dr Samuel Johnson once wrote, “Reputation is ... a meteor which blazes a while and disappears forever ...”.⁸³

Larnach came from a good family, although his father was criticised for cruelty to convict labour and he had two rogue relatives. His father died young and⁸⁴ it is not clear that Larnach inherited much wealth, although his uncle, Sir Donald Larnach, was a prominent banker.⁸⁵ Larnach married money⁸⁶ with his first wife, but the amount may be exaggerated.

He had good connections. He had mixed experience as a banker, but times were difficult. He had mixed experience as a speculator and investor, but again times were difficult and did not recover until the late 1890s.

He seems to have been an effective minister, but did not serve long as Treasurer. He was an energetic and effective Minister of Mines. He had a high reputation in Wellington, although he alienated some of the Dunedin business community and Justice Joshua Williams.⁸⁷

80 See James Taylor, *Boardroom Scandal – The Criminalisation of Company Fraud in Nineteenth Century Britain*, Oxford University Press, Oxford, 2013, 264.

81 Cited by Sinclair *op.cit.* 79.

82 [1896] AC 199 at 221.

83 The Rambler, 25 Feb. 1752, No. 203.

84 See Snedden *op.cit.* 222.

85 See Snedden Chapter V.

86 Snedden 50 *et. seq.*

87 See Sinclair *op.cit.* 53–54; 75 *et. seq.*; 430–443.

He had a keen intellect and was an ideas man, but seems to have been a poor monitor of management and had too many irons in the fire.

Seddon described him as a mastermind, used him but did little for him in the end.⁸⁸ Larnach craved a knighthood, which he never got.⁸⁹

The circumstances of his death remain shrouded in family gossip and fiction.⁹⁰ It is possible that he was a tragic victim of circumstances and the times.

Acknowledgement

I am grateful to Rebecca Styles of the New Zealand Parliamentary Service for information regarding the Parliamentary Library in the nineteenth century.

88 Snedden *op.cit.* Chapter XX.

89 *Ibid* 227.

90 Snedden *op.cit.* Epilogue. See also Owen Marshall, *The Larnachs*, Vintage 2011 for a fictional account. See also Michelanne Forster's play *Larnach – Castle of Lies* in *Downfall – Three New Zealand History Plays*.