

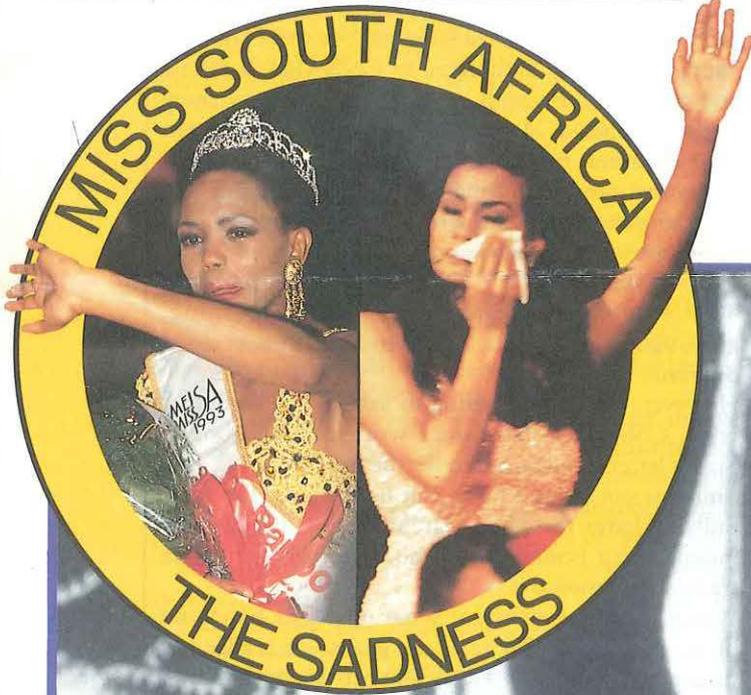
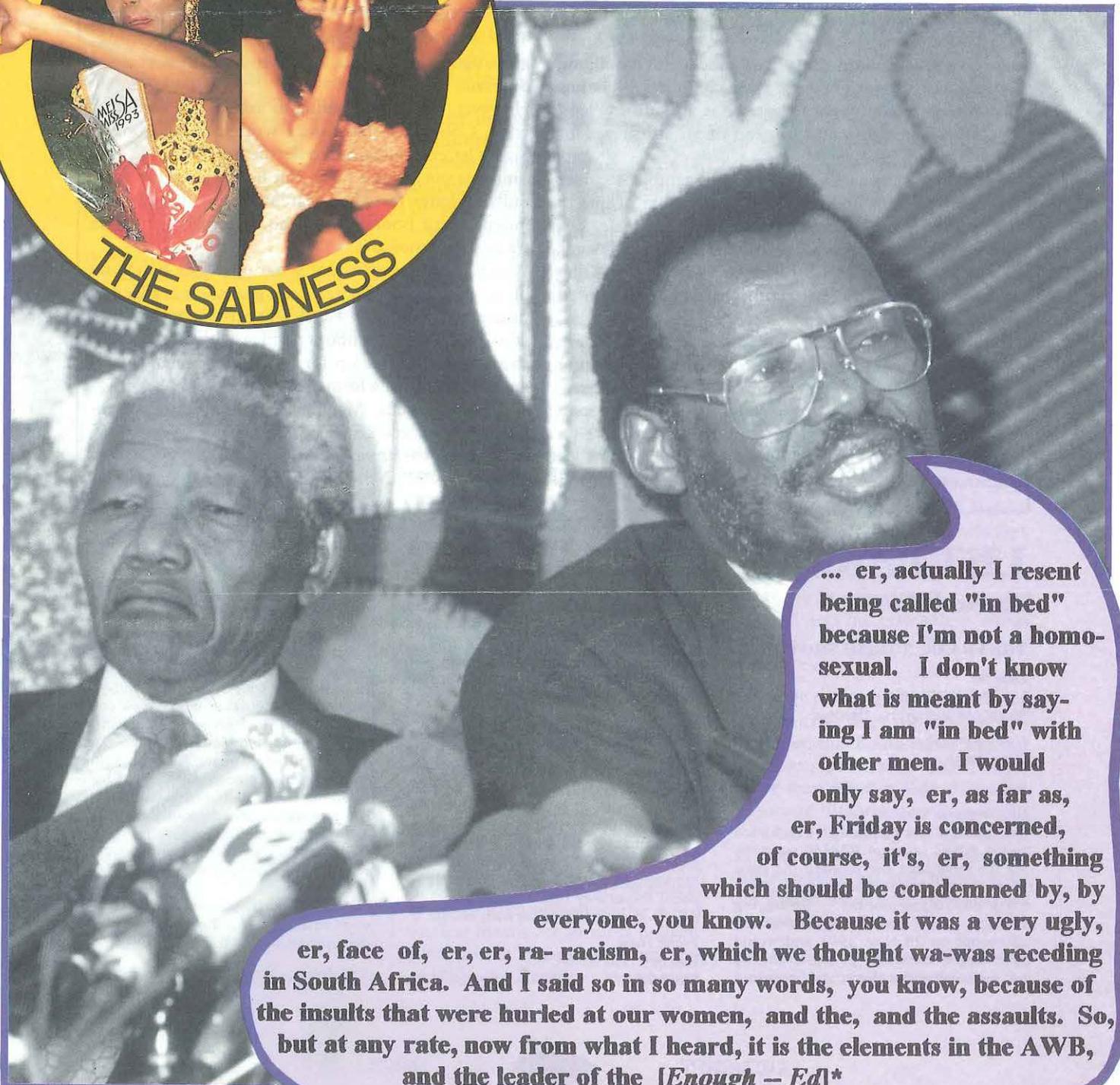
nose

WEEK

PUBLISHED MONTHLY

AUG/SEPT 1993

issue No 3

DIRTY TALK
ON 702

... er, actually I resent being called "in bed" because I'm not a homosexual. I don't know what is meant by saying I am "in bed" with other men. I would only say, er, as far as, er, Friday is concerned, of course, it's, er, something which should be condemned by, by everyone, you know. Because it was a very ugly, er, face of, er, er, ra- racism, er, which we thought wa-was receding in South Africa. And I said so in so many words, you know, because of the insults that were hurled at our women, and the, and the assaults. So, but at any rate, now from what I heard, it is the elements in the AWB, and the leader of the [Enough - Ed]*

noseWEEK

PUBLISHED MONTHLY

AUG/SEPT 1993

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Welcome, Dear Reader

Many thought we would never make it this far. Some fervently hoped we wouldn't. Among the latter is a rather foolish, small-time Jo'Burg attorney called Smit who, we are instructed (anonymously) to inform you, may well be an idiot.

Under the name and style of Smit & Marais, Mr Smut runs his modest little "post-box" practice in a building where many advocates have their chambers — rather like a corner convenience store, he is at hand to "lend his offices" to advocates in need of an attorney. Not sophisticated, but useful.

In the same class as poor Smit, but pretending to more sophistication is Mr Doug Band, champion of liberty and defender of the free flow of information. He was, we supposed, both these things as chairman of Argus Newspapers, owner of The Star, The Argus, The Sunday Tribune, etc. etc. etc. But maybe we supposed wrongly. Mr Band is also chairman of CNA-Gallo Ltd, the "entertainment" offshoot of the Premier Group, which gained notoriety in the Sixties for establishing various food and feed monopolies. The group effectively now controls what ordinary South Africans get to read - and what not - through its control of close on 90% of the retail trade in books and publications. It controls not only the CNA chain, but many other

bookshops, including Exclusive Books, and some major wholesale book distributors, including Struik. Band did not like what he heard about noseWEEK and, as a result, noseWEEK was banned from all outlets controlled by CNA-Gallo. The company says repeatedly that it is "against self-censorship" (after all, it still sells Penthouse and Hustler). noseWEEK was banned, not because we lied, so, we assume, it must be because we told the truth. They say it was for "purely business considerations". A week after the banning, attorney Smit came to CNA-Gallo's rescue and provided them with a "reason": He wrote them a letter, on behalf of an anonymous client, drawing to their attention that noseWEEK *may* contain "scurrilous and defamatory matter". If they continued to sell the publication, he wrote, they *might well* find themselves "party to a Supreme Court action" — no reason given.

The letter has no legal substance as a warning, although it may well land *Mr Smit* in a serious Supreme Court action.

However, without bothering to ask for our comment on it, CNA-Gallo have since written to us, quoting Smit's letter as justification for the banning.

Smit has not written to *us*. But he did send the same bullying letter to two, apparently randomly chosen, independent booksellers, who, true to their noble trade, have ignored it.

Which raises the question: What upset Mr Band and his co-directors? We can only guess. A reader has pointed out that Rory Kerr, Webber Wentzel partner who runs the Luxembourg office where secret offshore trusts are set up for South African businessmen, is the son of a former chairman of CNA.

The plot thickens. Meanwhile our subscriber numbers just grow and grow.

**The speech bubble on our cover is a verbatim transcript from Radio 702's NewsTalk, broadcast on 29/6/1993.*

LETTERS

To the Editor

THE FRANK 'N TRISH SHOW

Dear Sir

I especially liked your piece about the Mother of all mayors. Oh dear!

Councillor's spouse,
Cape Town.

Dear Sir

Re: Mayoress Van der Velde

You omitted to mention that, in addition to her ATIC salary of R78660 per year, she for some time also received the same allowance as that paid to councillors (an extra R1350 per month) — for buying clothes. The council approved the allowance on 28 Nov. 1991 and would have happily continued paying it, had we not got wind of the matter and brought it

to the attention of the Administrator of the Cape, who declared it unlawful. The Council rescinded Trish's extra allowance on 15 October 1992. But she was allowed to retain the roughly R12500 she had already received.

Is it not extraordinary that the mayor — a well-qualified, respected and very successful businessman who is already in receipt of a full pension from the Provincial Council, and who himself receives an enormous allowance as mayor — should have expected the elderly, the poor and the financially oppressed of Cape Town to clothe his wife, when she is already receiving R6000 per month for a job to which she is unable to attend? It also raises questions about the funds voted for assisting approximately 300 AIDS victims — could the money better not be spent on more wide spread diseases such as TB?

Frank Helm
Ratepayers in Revolt
Southfield

UNDER THE BEDCLOTHES

Dear Sir

I enjoyed Issue No. 1, although it is not what I expected. I was looking forward to something humorous, and found that, in fact, it reports on various acts of skulduggery in a very serious way.

In contrast to your articles, I found your humour less enjoyable. Surely you could find some way to score off Jane, other than by putting a nude on the cover? I am a simple little old mannikin with pointy ears, who lives among a lot of old-fashioned but otherwise harmless old folks. It is a pity that I have to read the modern equivalent of the "Police Gazette" under the bedclothes, for fear of being thought a voyeur. The cartoon on page 9 was in execrable taste.

However I wish you every success with your written work. Let us get some of these pirates behind bars.

S G Appel — Vereeniging

Dear Sir

Re: Dr Zackyl and Mr Take-you-for-a-ride (noseWEEK 2) —

De Beers were cosier with the Regime than you can ever imagine. On the road out of Kimberley to the west lies the De Beers farm, Rooipoort, a well-stocked hunting farm. On it is an old, historical building that few have seen, let alone entered, known as the Shooting Box. Here, Harry and the Boys from Anglo and De Beers do some shooting and relax. Here, too, were invited (in the 70's and 80's) most of the Military and Nationalist Top Brass to relax, shoot game and talk. An invitation such as this could only come from Harry himself. Most behaved themselves, except for Magnus and a few of his cronies. Often at night they would creep in on a sleeping comrade and douse him with a bucket of water. Ha, ha, funny hey. Harry was not amused. The upshot: locks were fitted to the doors so that visitors could safely retire at night when Magnus and the boys were around. One wonders, of course, what was discussed between the brass and their hosts, staunch supporters of the old Progressive Party.

Roamer,
Cape.

FEAR & TREMBLING AT THE NAT PERS?

— NOSE KNOWS

Dear Sir

I tried to buy your magazine in [Nasionale Pers's] Leisure Books, Cape Town and was advised that they "were not permitted to sell it". Is this in the spirit of the free flow of information?

Cameron Gay
Cape Town

**COSAG CAMP SONG
(TRADITIONAL)**

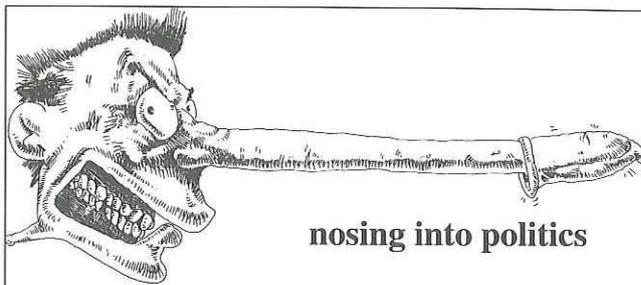
There were *five* in the bed
and the little one said
Roll over! Roll over! So -

There were *four* in the bed
and the little one said ...

There were *three* in the bed
and the little one said ...

There were *two* in the bed
and that other outjie said
Draai om! Draai om! So -
They all draai-ed om
and one fell out

There was *one* in the bed
and Dr the Hon Chief Minister
Mangosuthu Gotcha Buthelezi
also known to some of his new
friends as Dhaibantu Buthelezi,
said
"Goodnight!"



nosing into politics

Many readers were puzzled about noseWEEK's publication of Dr Eschel Rhoodie's remarkable and well-informed speculations about a vast secret military slush fund held somewhere off-shore. The interview was recorded more than five years ago; is it not just an item of ancient history? The answer is Probably not. Consider the following, for instance:

Earlier this year nonsensical items of information such as "four government officials (who cannot be named) had a finger on the button of South Africa's nuclear bombs", were dutifully reported by the popular press as *significant*. These "disclosures" were presented as evidence of a gratifying opening up about SA's nuclear programme and appear to have more than satisfied the press and various others. But are we really supposed to be reassured by the statement that four ~ instead of three, or five ~ in Pretoria's arsenal of nameless "ous" had their fingers on the trigger of total destruction? And, stupidly assuming it did make a difference, why should we believe that this is anything like the truth?

The particular bit of nonsense we have quoted was sent into the world by Dr Waldo Stumpf, chief executive of the S A Atomic Energy Corporation and the corporation's chairman, Dr Jacobus de Villiers, when they were enjoying their new respectability at an "international nuclear non-proliferation conference" in Harare.

Harare? — where there is not likely to be any nuclear proliferation for a good long while, and where scarcely anyone knows what the word nuclear means ...? A most unlikely place for an international nuclear conference. Except ... except, per-

haps, that Harare is cheap and convenient ~ intellectually and financially ~ should South Africa have wanted to set up an "international conference" as a backdrop for their latest round of propaganda. Ten years ago, with more money, it would have been in Taipei.

In case we had any lingering doubts about our government's new-found honesty, right-wing European millionaire politician, Dr Otto Count Lambsdorf, *ja*, came personally to reassure us, after a brief meeting with President de Klerk, that there "were no longer reasons for suspicion" about SA's nuclear programme, *ja*. Ja? - But then Germany played a major - and extremely profitable - role in our nuclear programme, so presumably the Germans are as keen as our own nuclear barons to stifle intelligent curiosity.

"Retired" intelligence chief, Maj. Gen. Chris Thirion, was, perhaps, more to the point when he openly told his colleagues about the "credibility crisis" faced by the *Defence Force*. He at least acknowledges the fact that no-one believes anything the Defence Force says anymore. The difference between the general and his erstwhile political masters is that the latter really couldn't care less.

Another puzzling "disclosure" was President F W de Klerk's incredible claim that South Africa's nuclear bomb programme cost little more than R800 million. No other aspirant nuclear power has got away with spending less than twenty times that amount. Might the massive off-shore fund hinted at by Dr Eschel Rhoodie have something to do with it?

noseWEEK will return to this devastating subject in future editions.

Only rarely is a deal exposed which so clearly demonstrates the attitude of a bank's top management to dishonesty, sharp dealing and the interests of the public at large.

This story is about the boys in Jo'burg who manage South Africa's biggest bank — you know, the one where the staff (except at head office) are underpaid, the queues are longest and the cash machines are off-line or out of cash, just when you need it most. Who else would have immortalised a former director, famous for his lechery and, latterly, his thievery, by calling it the Bob machine? You guessed it: Our one and only F— National Bank!!!!

When it comes to the money involved, exact figures aren't important. It's enough that you should know the numbers are BIG — lots of money to be made, or lost, or stolen; nearly enough to die for. In short, it's about the games the older boys play when left to their own devices: Power and Influence, SA-style.

Thrown in for extra spice are some big name auditors and liquidators who ought, maybe, to know better; an elderly insolvency commissioner called Hiram Slomowitz S.C. — a powerful, straight-talking lawyer from another generation who, for a wonderful fleeting moment, reminds us of what lawyers could be like if they had brains, sense, style, and just the slightest notion about honesty and fair play.

Finally, there's a very brave lady magistrate, hidden away in a back office of the Johannesburg Magistrates' Courts who, some of the big boys claim, over-reached herself by ruling against them. Maybe, maybe not. We'll leave that to the Supreme Court to decide. To us she appears simply to have a fair notion of justice — which, come to think of it, might come as a shock to many.

As you will have gathered, some of

the facts that make up the tale are still the subject of a dispute which will be adjudicated in the Witwatersrand Supreme Court in October.

Indeed, it is the job of the courts, in their own time, to decide who must be ordered to pay damages; who is guilty of breaking the law; who must go to jail or return to Go.

We, on the other hand, are committed to tell at once what we believe our readers need, and want, to know about the institutions and so-called professionals with whom they might have entrusted their life savings and financial affairs. October may be too late.

After all, in the real world out here, ordinary mortals have to ask themselves daily:

WOULD YOU BUY A SECOND-HAND CAR FROM THIS BANK?

Starring roles are played by Mr Viv Bartlett, FNB's Senior General Manager; Mr Neil Urquhart Garden, General Manager in charge of credit, and David Paynter, his assistant; the chairman of the bank, Mr Basil Hersov, is a constant mysterious presence. One of the main men from auditors Ernst & Young doubles in various roles. Intriguing cameo pieces are played by lesser FNB mortals, some top LTA executives, and a grievously misled (so he insists) man from auditors Arthur Andersen.

When any of these characters attempt to explain themselves, they

are usually doing so at a secret enquiry being conducted before the awe-inspiring Mr H Z Slomowitz S C.

The action begins in 1991. KPL ETSA (Pty) Ltd (hereafter KPL for short) is the South African subsidiary of a well-known UK electrical engineering company, Balfour Beatty Ltd (although, for reasons best not discussed, the shareholding is officially hidden/held by some innocuous sounding Cayman Island company and various Guernsey trusts). KPL had been banking for almost 30 years at the Oxford Park branch of FNB in Johannesburg, where it had a R10 million overdraft facility. Reserve Bank approval for this amount was valid until September 1991, when it was due for review.

In addition to the overdraft, the bank also provided "performance" guarantees for several multi-million contracts undertaken by KPL. This meant that if, for any reason, the company was unable to complete a contract, the bank could be held liable for the cost of completion by another contractor. (For example, FNB carried a R10 million risk on work KPL did on Anglo Vaal's massive new Venetia diamond mine.) Foreign-owned companies such as KPL may borrow only a limited amount from local sources (e.g. by way of bank overdraft), and then only with the prior permission of

the Reserve Bank. The argument is quite simple: If a foreign investor wishes to make money off-shore in return for risking his capital here, he should also be prepared to lose money here. If he were to be allowed to borrow all his capital locally, he would gain off-shore if the business succeeded, while only the local financier would lose if it failed.

According to FNB's General Manager, Mr Garden, there had already been "some problems" with the overdraft in 1990.

But it wasn't until February 1992, when a string of cheques "hit the account", that the bank, or rather

its senior General Manager, Mr Bartlett, discovered that the problems were really serious.

The company was not only having difficulty extracting payment from Eskom on a major contract, but also had a massive cost overrun on Anglo Vaal's Venetia project. According to Garden, KPL then simply "helped themselves" to more overdraft: Without prior arrangement with the bank, the company issued further cheques which pushed the overdraft to nearly R16 million.

While the overdraft was supposedly repayable on demand, it was clear that KPL could not repay this amount. But the bank (in the form of Mr Bartlett himself) did a most unusual thing: it paid out the cheques because, claimed Mr Garden, "we did not understand what had gone wrong".

noseWEEK can think of at least one other good reason, besides panic and confusion, why Mr Bartlett, a very experienced banker, might have decided to pay on the cheques: If he had bounced the cheques, KPL's creditors would immediately have known KPL was in difficulty. More than likely they would have placed the company in liquidation — immediately landing FNB with an horrendous bill on all its outstanding contract guarantees. We are not alone in being somewhat incredulous about Mr Garden's choice of phrase "helped themselves", which casts the bank in the role of helpless rape victim. "You mean the bank just stood there while they put their hands in your till and took out R16 million?" Adv Slomowitz S.C., presiding at the later insolvency enquiry, asked, before remarking: "Mr Garden, you know, really, we are all adult people here with some commercial experience and it really is a little absurd, don't you think, to say that a company which draws cheques which are honoured by a bank — with the consent of a senior General Manager — is helping itself."

So, in February 1992, FNB discovered that KPL was insolvent. By April its liability to the bank totalled a spectacular R33 million (R18 million on overdraft and

another R15 million in outstanding performance guarantees). Even worse was anticipated: cash flow projections for the remainder of the year showed that the company would have to borrow a further "unsustainable" R16 million to meet its commitments.

What, you may ask, of the requirement for Reserve Bank approval for this vastly increased local financing for a foreign-owned company? FNB was apparently so confident of that great institution's lethargy, or incompetence, that it did not bother to establish what the Reserve Bank's views were on the matter. In April it simply "advised" the Reserve Bank of the company's "overborrowed position" and that the company was being "restruc-

Other creditors, kept in the dark, would be encouraged to finance the completion of the contracts, while only the bank knew they were unlikely to be paid.

tured". The Reserve Bank has, to date, taken no action in the matter.

One of the major causes for KPL ETSA's dire financial position was the massive losses it sustained on the Venetia diamond mine project: It had tendered R11 million for a job that ended up costing R32 million to complete. When it became clear that KPL was sustaining massive losses on the contract, KPL should logically have thrown in the towel, and saved its general body of creditors a lot of money. But then, of course, First National Bank would have had to perform on its guarantees, and Venetia would have had to find another contractor, presumably at a price closer to the real cost.

Now the irony of all this is that Mr Basil Hersov is chairman of both First National Bank and of Anglo Vaal, the major beneficiary of the newly developed Venetia mine. So

greatly did Anglo Vaal benefit from the Venetia project, that Hersov was to report in his annual report for the year ended 30 September 1992 that, thanks to Venetia, Anglo Vaal was the only mining house whose share price had hardly dropped in the previous twelve months. Anglo Vaal's nett worth was calculated at R79 per share, of which Venetia represented 37%, making it by far the group's most valuable single asset.

In effect Venetia got R32 million worth of plant and equipment from KPL for only R12 million. It would, however, have been very embarrassing had the shareholders of First National Bank (e.g. Anglo American) ended up footing the bill for this bit of largesse which was ultimately to land in the pockets of the Hersov and Mennell families (controlling shareholders of Anglo-Vaal).

But Mr Hersov and FNB were spared this little R20 million embarrassment. Top management at FNB thought up a "highly confidential" plan - so that FNB would not have to perform on its guarantees - and Venetia would still get its bonus. In terms of the plan — called an "orderly wind-down" — other creditors, kept in the dark, would be encouraged to finance the completion of the contracts, while only the bank knew that, in the end, they were unlikely to be paid.

Which, you will agree, lends a whole new meaning to FNB's great PR-slogan: "Proud of what we are, what we do, and how we do it".

From FNB's point of view, it was important to keep KPL afloat just long enough for those contracts to be completed. Most would be completed by the end of September, when the "orderly wind-down" would end.

The only way this could be done was by encouraging other creditors to continue providing KPL with goods and services on credit — which, of course, they were unlikely to do if they suspected that they were giving credit to a hopelessly bankrupt company.

The situation was driven to a head when, on 10 April 1991, KPL's auditor, Allan Hedding of Arthur Andersen & Company, *formally*

notified both the directors of KPL, and the bank, that the company was trading in insolvent circumstances. Hedding reminded them: "Fraud is committed when a person incurs debts he knows he will not be able to pay ..." and "where any business of a company is carried on recklessly ... every person who is knowingly a party thereto is guilty of an offence."

On 7 May the General Management of FNB flew to the UK to try and persuade Balfour Beatty to help - but the UK company decided "simply to walk away from it all", leaving their SA financier to carry the can.

Back home, KPL's directors had 30 days within which to rectify the position, otherwise KPL had to stop trading. Should they not do so, Hedding would report this serious irregularity to the Accountants and Auditors' Board.

In mid May he did, in fact, make such a report, as he had still received no undertaking from the directors of KPL. But with his report to the Auditors' Board, he included a letter from FNB in which the bank asked for more time "to evaluate the situation".

FNB had, quite sensibly, hired Mr Hedding to help with their evaluation.

On May 25 FNB wrote a letter to KPL undertaking to restore technical solvency to the company by converting portion of the overdraft into preference shares, to be taken up by the bank. FNB did not mention an amount, so Hedding assumed they meant whatever amount was necessary, whenever conversion actually took place.

In the course of a "due diligence" survey conducted in May by Hedding, bank officials and KPL's directors, it was calculated that, *at that stage*, the company's liabilities exceeded its assets by roughly R15,5 million. According to Hedding, normal business prudence would require that, for the company to be restored to solvency, *more* than that amount was needed to provide a "cushion" against unexpected contingencies. Subject to discussion with his partners at Arthur Andersen, he thought he would have required

about R18,5 million.

The fact that an exact figure had not been established did not present a problem, however, as he understood FNB's undertaking to be unlimited. According to the undertaking, the exact amount would depend "on what is required by the auditors", and Hedding was happy to take the bank's word for it. So, too, was the Public Accountants & Auditors' Board. KPL continued to trade.

Even when months passed without him being asked to calculate and approve a figure deemed "suitable and necessary" to restore KPL to solvency, Hedding did not bother to enquire what had happened. FNB never did convert the overdraft to shares, or restore KPL to

It would have been very embarrassing had FNB ended up footing the bill for this bit of largesse which was ultimately to land in the pockets of the Hersov and Mennell families

solvency.

FNB General Manager Garden would later claim that the bank had held back on carrying out its undertaking at the insistence of a KPL competitor (and FNB's own associate company), LTA Autecon, who were negotiating possibly to take over the bankrupt company. According to Garden, "for some or other tax reasons", LTA had wanted FNB to subordinate their loan accounts rather than take up shares, as an alternative way to restoring KPL to solvency.

LTA's records reveal the contrary: In a confidential memo drawn up at the time of the negotiations, LTA's Financial Director, Mr Robertson, recorded that it was FNB that had the tax problem and wanted to change the deal. Whatever the truth, FNB did not subordinate its loans either.

The months went by, KPL continued to trade and incur new debts — and to complete contracts, relieving FNB of its guarantee obligations.

Auditor Hedding assured the Commissioner that he was unaware that FNB intended "pulling out" at the end of September — regardless of what KPL owed its creditors at that time. If he had known this he would, of course, immediately have reported it to the Auditors' Board.

Considering Mr Hedding's continued involvement, through 1992, in auditing tasks at KPL, and assuming — as one must — that he is an honest auditor, these are, indeed, extraordinary claims. Unless, of course, he subscribes to that most ancient article of the accountant's code — *Ignorance is bliss and 'tis folly to be wise* — in which case he could just claim to be one of the dumbest auditors in Johannesburg. But that is mere speculation.

Anyway, from April until September 1992 FNB actively helped to sustain the illusion in the marketplace that KPL was solvent and able to pay its debts.

The minutes of a meeting held at KPL's offices on 15 May — written up by FNB Corporate Manager Gail Tensfeldt (she was the only female present to fulfil this uniquely feminine task) — record as follows: "Rumours of the company's financial plight are having a negative impact e.g. Genref. It is important that these are suppressed. In this regard all requests for bankers reports are to be referred to Group Credit ... The Bank will communicate with customers and suppliers in need ... to dispel these rumours."

Those present at this meeting included Neil Garden, General Manager in charge of FNB Group Credit, his assistant David Paynter, and our favourite auditor, Allan Hedding.

As to exactly how the Group suppressed and dispelled these nasty rumours, Mr Garden suggested the Commissioner should ask his assistant, Mr Paynter. Mr Garden does not deal with such practical things. Paynter, in turn suggested the company directors rather be asked — difficult, since they have long

departed to the UK, even if they are still grumbling (at a distance) about the money FNB promised but failed to pay them for their help with the "winding down" scheme. Mr Paynter said he only gave reassuring credit ratings for KPL to other banks who enquired on behalf of anonymous clients — he never saw them face to face to mislead them. His department did give a false assurance about KPL's creditworthiness to an auditor, specially sent to the bank by a cautious client who needed to be reassured before doing business with KPL.

A written credit reference given by Garden and Paynter's department in May informed Nedbank that KPL had banked with FNB since 1968, in which time the bank had had only one R/D cheque on record "for disciplinary reasons". It added that the directors were "respectable gentlemen" and stated that FNB considered the company "fair for normal business engagements". As time went on, some creditors were nevertheless getting edgy. FNB file minutes record that a Group Five director, Mr Jackson, was getting "very volatile and hot-tempered" about an unpaid bill totalling some millions. Mr Paynter from the bank attended almost daily planning meetings at KPL ETSA.

Although Paynter emphatically and repeatedly denied that he had, in effect, taken over management of the company, in April FNB did start charging a R5000 per month "management fee". According to Mr Garden, this was for all the trouble KPL was causing at the branch.

At the KPL directors' meeting on 7 August Paynter "recommended" that KPL's directors should keep Group Five talking, to "draw out the process". With luck, Group Five could be kept talking and be persuaded to delay court action long enough to enable FNB to complete its "wind down" plans. Meanwhile, according to a note in FNB's file, it was anticipated that

FNB's own exposure could be reduced by R10 million in August and a further R10 million in September. At the end of September, FNB planned to be "out".

At a meeting on 3 September FNB informed the directors of KPL that they were to make no further payments to creditors. It was as good as an order: the bank would simply not meet such cheques, and no other bank could conceivably be

with what they saw of auditor Reynolds that on 24 September they approached Ernst & Young with a request that he should agree to be nominated — by FNB — as liquidator of KPL when the company was put into liquidation on 30 September. Reynolds declared himself willing to accept the very lucrative appointment.

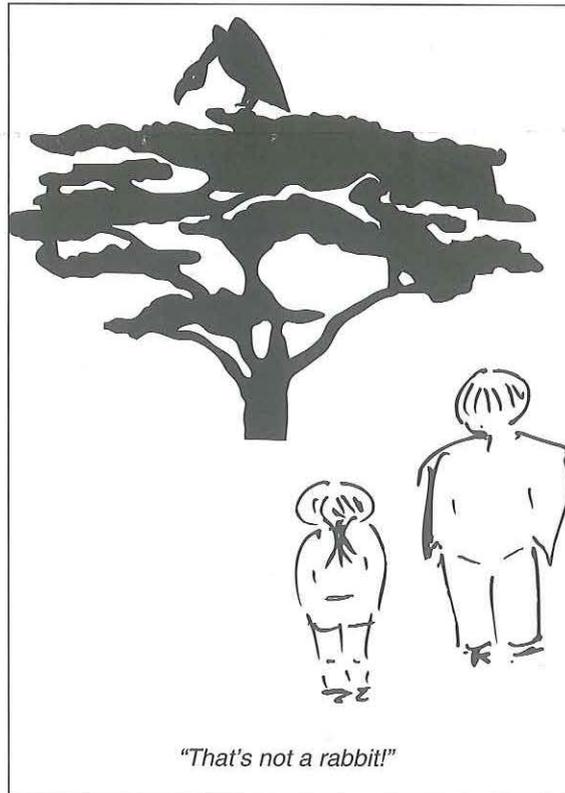
A week later, still strictly in accordance with FNB's wind-down strategy, the KPL directors formally put KPL into liquidation. Among the creditors left out in the cold were 54 KPL employees, many with more than ten years service to the company. Most had been persuaded to stay on to help complete the contracts FNB so desperately wanted completed. Now, without salary, leave pay or the usual Christmas bonuses, they were also unlikely to find alternative employment so shortly before the extended end-of-year builders' holiday period.

On 4 November they wrote to FNB Chairman Basil Hersov at Anglo Vaal House, 56 Main Street, to express their "extreme sense of injustice" and to tell him of their current hardship. But Mr Hersov was overseas arranging for Prince Michael of Kent to join his family in the Cape

over the summer holidays. So they had to make do with a brush-off from FNB MD Barry Swart instead: "Although I sympathise with the predicament which you find yourselves in," he wrote in his pious reply, "I must point out that decisions made by the management of KPL-Etsa with regard to the retention of key staff were ... not the Bank's. The Bank was at no stage involved in the management of KPL-Etsa."

"First National Bank is thus not in a position to give any special consideration to your position and I would suggest that you liaise with the liquidator ..."

(To be continued)



expected to take over the account. Only COD payments were to be made for essential goods needed to complete contracts. Philip Reynolds, the auditor from Ernst & Young who was advising LTA on possible take-over strategies, and who had carefully investigated KPL's accounts, was present at this meeting.

The effect of the decision was to put FNB at a still greater advantage over other creditors, but all claimed not to have noticed this small detail: From then on, all money paid to the company — amounting to several millions of rand — went directly towards reducing the overdraft at FNB.

FNB were, apparently, so pleased

IT'S TIME FOR TRUTH AT THE RESERVE BANK

There are two reasons why governments want to keep their documents secret from the public, American columnist Art Buchwald has wryly observed: One is to protect the national security of the country, the other is to protect the butts of the officials responsible for the national security of the country.

The South African Reserve Bank is determined to keep its documents secret. Newspapers are threatened with jail if they dare publish anything that's in a Reserve Bank document. Even the courts are denied access to them. Which raises the question: What's up Dr Stals? Is it the National Security that's at stake — or your ass?

The good reputation of South Africa's currency and its banks are, indeed, very important to the welfare of the country. The Reserve Bank's job is to guard that reputation. There are at least two ways of approaching the job. One is to ensure that both banks and currency *are* reliable (by means of effective laws, good management and diligent policing). But that is hard work. More to the taste of some officials at the Reserve Bank appears to be the other, easier option: Build massive, power-style buildings to impress and intimidate the more gullible masses, don't do the job — then insist that all's well, and prohibit anyone from proving otherwise.

To cover serious irregularities in the Reserve Bank, Dr Christoffel Stals, Governor of the Bank, has told the most incredible tale to a Parliamentary Select Committee. He has then shamelessly enforced secrecy provisions in the Reserve Bank Act to stifle the press and prevent his tale from being publicly challenged in court.

noseWEEK takes the view that the most serious form of corruption that can overtake a country is when senior public officials believe themselves beyond the law, and then use their official powers to hide their

unlawful acts from public scrutiny. If this abuse of the law were to go unchallenged, or succeed, it would render the public defenceless against the grossest abuses of power.

It is on such an occasion that the press has an extraordinary duty to inform the public, regardless of what the regulations technically might say.

The Reserve Bank still has a whole lot of explaining to do about the collapse of Cape Investment Bank (CIB), and a string of other banks and so-called deposit-taking institutions, including Masterbond, Supreme Holdings, Alpha Bank, and Pretoria Bank (all of them, perhaps not so coincidentally, controlled by men well connected in Nat and Broederbond circles).

Dr Stals's explanation of Reserve Bank transactions involving CIB provide an object lesson in straight and crooked thinking.

Until now the nature and extent of the rot have been largely — and conveniently — obscured by invoking the secrecy provisions of the Reserve Bank Act, and, in at least one case, the intervention of State President F W de Klerk himself, thereby protecting Nat and Broeder friends from the scandal and public censure they probably deserved.

Were that all, we might have simply looked forward to a change of government. Unfortunately the management culture that is emerging in South Africa's commercial banks is a clear indication that bankers of other ethnic persuasions have long ago joined the family. First National Bank is, after all, the largest private shareholder in the Reserve Bank.

For decades the Reserve Bank has clearly been spending more time on strange dealings, than it has been on doing the down-to-earth job of protecting the reputation of the rand and SA banking by ensuring

that they are, in fact, honest and reliable.

The pattern, it seems, was already set in the 1970s, when the Reserve Bank first organised a hasty cover-up of the rotten state of affairs in that classic Nationalist institution, Rondalia. Rondalia Bank, for those who might have forgotten, was a small-town revival of that great Mafia ploy: The best way to rob a bank is to buy a bank.

Curiously, there, as now in the case of CIB, friends of cabinet ministers past and present featured in the background. Another curious similarity between Rondalia and CIB: in both cases, as the day of reckoning drew near, public institutions controlled by the brethren just happened to most imprudently deposit huge sums of public money into those banks' about-to-be-bankrupted coffers.

It was also at about the time of the Rondalia Bank fiasco that Dr Stals was assisting in the extraordinary — and illegal — foreign exchange transactions used to finance the Department of Information's notorious secret projects.

Those left in doubt about the extent to which the Reserve Bank has taken its tone from the Government it has served, need only consider the devious account given by the Reserve Bank Governor to a Parliamentary Select Committee about its transactions with CIB.

Dr Stals claimed - wrongly - that the "problem" with CIB started only in 1990. It is true that, until then, South Africa had had a curious convention which allowed its banks to trade "off balance sheet" - effectively to mislead the public about the true nature and extent of their business.

Anyway, according to Stals, in 1990 the Reserve Bank "had information" that "certain banks" were doing a huge amount of business off balance sheet. So, on 24 April 1990, the Reserve Bank sent a memo to all banks warning them

that this particular bit of institutionalised dishonesty was about to be dismantled: a new Deposit-taking Institutions Act would be promulgated in 1991. All of which, on the face of it, sounds like a very worthy and responsible course of action.

But the Reserve Bank was years too late, and was probably simply trying to cover its ass before a rash of Boere banking disasters blew everything into the open and revealed the shocking extent of irresponsibility and dishonesty in South African banks; it would, unless the Reserve Bank could quickly make a plan, also reveal the unbelievable extent of the Reserve Bank's own connivance and neglect.

Dr Stals admitted to the committee that, when it came to huge amounts of off-balance sheet trading, Cape Investment Bank's was huger than most. With capital and reserves totalling only R35 million, they were doing off-balance sheet business of "about R1 billion" — mostly by speculating in Eskom stocks with bank depositors' money.

Unfortunately for the Reserve Bank, it was not the only recipient of information about this incredible state of affairs — some depositors had also heard rumours about the "problem". Quite understandably, they wanted their money out of CIB. Predictably, CIB could not raise the cash. The price of Eskom stock had dropped, and they would have had to sell at an enormous loss.

The CIB was bust and all was about to be revealed. The Reserve Bank rushed to cover up or, as Stals put it: "we in the Reserve Bank showed our sympathy".

There's no limit on the money the Reserve Bank has available. It prints more according to its requirements. So the Reserve Bank bought the Eskom stock from CIB at an inflated or "preferential" price: R500 million worth on 12 October 1990, and a further R355 million worth in November 1991 "to make sure that CIB would not suffer any losses". That solved the immediate cash-flow problem at CIB and enabled them to repay "a lot" of their creditors (one wonders

who got lucky).

Unfortunately — to quote the good doctor's evidence to the Parliamentary Select Committee — that was not the end of it. Just as the Reserve Bank so kindly bought the last lot of CIB's Eskom stock, CIB's auditors arrived at the Registrar of Banks' office with still more bad news: they were not prepared to certify CIB's accounts for the period ending 30 June 1991. Stals claimed to have been surprised by this turn of events. But, one asks oneself, how is that possible? Where had CIB's auditors been in the previous years? Had the Reserve Bank not spoken to them? Where had the Reserve Bank's own



Dr Chris Stals

Just another little fib in the overall scheme of dishonesty

inspectors been while their bosses were embarking on the Big Bailout — apparently without bothering to check the books?

Anyway, the bad news was that, after 30 June 1991, CIB had "incurred some [more] losses" which, according to CIB's own auditors' charitable assessment, totalled about R15,87 million. CIB no longer had the minimum capital and reserves required by the Banks Act. If the auditors failed to mention this, they ran the risk of being held liable by CIB's creditors.

In Stals's words "this was a very serious matter". It remains noteworthy that Dr Stals was less concerned with the losses, than with the risk of exposure.

"If the auditors refuse to certify the accounts of a bank, it is the end of

that bank; it has to be liquidated," he observed, still horrified at the recollection of it. "Something had to be done ... we decided to see if there was something we could do." This time, however, it was not quite so easy. There was no Eskom stock to buy at an inflated price, so the Reserve Bank management wanted simply to give CIB the R15,87 million as a gift — why not, after all, as a gesture between ons Boere? The fact that the Reserve Bank is prohibited from making such gifts, simply meant that it had to be hidden. How?

According to Stals's account, the Reserve Bank decided to give CIB a "facility" which would enable CIB to "earn" the required R15,87 million. Dr Stals conceded: "This really was special assistance from the Reserve Bank." But he went on to add, apparently by way of reassurance: "It was something which we had done many times in the past." Amazing. Especially if you see how deviously it was done:

The Reserve Bank would "lend" CIB R300 million at only 2% interest ... and then itself "borrow" the same money back from CIB at a higher interest rate, neatly calculated to give CIB a R15,87 million "profit" in exactly 116 days. To some Boere, a *slim plan*. But, seen in the sober light of day, of course, still a totally absurd and transparent "cover" for what remains an illegal gift. (The last banker exposed pulling that sort of stunt was Mafia banker Calvi in Milan — and he ended up hanging from Blackfriars Bridge with stones in his pockets.)

There was, however, still another small snag to be overcome: The Reserve Bank may not make loans without obtaining proper security from the borrower — and CIB had no security. A problem, but not for someone with Dr Stals' childishly devious mind. Lending the money straight back to the Reserve Bank was, after all, the ultimate security, was his ingenuous argument.

No matter how many twists to Stals's tale, the Reserve Bank was still investing its own money in a safe and profitable investment and then donating the profits to CIB — back to the original illegal gift.

No, no, said Dr Stals, adding yet another twist to the absurd explanation: The Reserve Bank was "investing" [its own] money, "borrowed back" from CIB, elsewhere on CIB's behalf - *as CIB's agent*.

But, of course, it wasn't true. The latter twist was thought up by Dr Stals after the event, to confuse the Parliamentarians. Just another little fib in the overall scheme of dishonesty.

The real deal was quite simple, if still absurd: the Reserve Bank "lent" CIB R300 million at one percent (not two), and on the same day the Reserve bank "borrowed" it back from CIB at 17,12 percent, calculated to provide CIB with the exact amount required. It's known by lower class practitioners as a "Chinese blow job".

The Reserve Bank letter which clearly sets out the scheme has been declared secret by Stals, in terms of Section 33 of the Reserve Bank Act. Only Finance Week has protested — but all the press has obeyed. No one has dared say what is there for all to see: The Emperor of the Reserve Bank not only has no clothes — he is not only ridiculous — he is downright devious.

Stals was not entirely without caution when he carried out his scheme: "I told them [CIB] that the special loan facility - the counter investment that they had made with us - had to be out of the books of the Reserve Bank before 31 March, which was the end of our financial year", he informed the Parliamentary Committee, adding, modestly, "I do not like to blow up (sic) the balance sheet with a loan on one side and a back deposit (sic) on the other side".

Quite fortuitously, of course, getting it "out of the books" before 31 March also meant that the transaction did not have to be reported to shareholders or to Parliament.

[The "arrangement" was duly terminated on 28 March 1992. CIB had their R15,87 million for nothing, and shareholders and the public were (officially) none the wiser.] Dr Stals, the prudent banker, appears to have taken few other precautions before embarking on his billion-rand bailout. Only in November — at about the time the

Reserve Bank artfully devised the last R15,87 million "investment" — did he ask to see a list of CIB's depositors. He was then "shocked" to discover that CIB still owed R300 million to depositors, R242 million of it to the Rail Commuter Corporation: Money the Corporation had received out of taxpayers' funds to subsidise the train fares of mostly black commuters who are forced to travel long distances to satisfy the old white-by-night apartheid laws. [Readers might recall that Rondalia Bank got most of its last-minute deposits from Bantu Administration Boards.]

In December, when the Rail Commuter Corporation asked the Reserve Bank if their deposit was safe, it was assured that all was well at CIB. Why were they lied to? Dr Stals believed, firstly, it was not the Reserve Bank's duty "in terms of the Banks Act" to tell a depositor the truth about a bank. Perhaps more to the point, "we (the Reserve Bank) knew very well at that stage that if they (the Commuter Corp.) tried to take their money away, they would have forced the liquidation of the bank in December".

[If that had happened, CIB's creditors would have been delighted to discover that CIB had R300 million "on loan" from the Reserve Bank in the kitty to share out amongst them — and there would have been nothing in the books to show otherwise.] In fact, not only did the Reserve Bank stand to lose a lot of money; the cover would have been blown on the Reserve Bank's (to say the least) curious lending habits, before its own balance sheet could be laundered. So the issue was really quite simple: "There was no way they (the Commuter Corp.) could take R200 million out of the bank," said Stals. The Reserve Bank's immediate objective was of course to ensure that CIB's auditors would be prepared to certify its accounts without any nasty footnotes for the public to see. Because there were other plans afoot - plans to sweep the whole dirty business in the Afrikaner banking world under one big carpet by facilitating an extraor-

dinary merger of rotten banks, backed by an array of yet more loans and guarantees from the Reserve Bank.

But then, come the end of March, the merchant bank appointed to do a special investigation of CIB reported that there had been a slight miscalculation: the real losses in CIB were closer to R200 million than R15 million. (Much the same had happened at Pretoria Bank and Alpha Bank.)

"They said the bank was completely bankrupt," Stals recalled, adding in that threatening tone of authority that is calculated to stop anyone who might still have some questions on his mind, dead in his tracks: "We said that that was the end of the matter as far as we were concerned".

Not here, matey. Watch this space. ■



nose in a thriller

SANTA FE RULES by Stuart Woods (HarperCollins)

Having thoroughly enjoyed *Chiefs* and *Palindrome*, I really look forward to the next Woods's offering. Santa Fe Rules lives up to all expectations. Hollywood producer, Wolf Willett wakes up in his Santa Fe home, unaware that a triple slaying has taken place in his guest suite during the night. He leaves on a trip and finds out about the killings a day later - when he picks up the New York Times to read that he was one of the victims. Things go from worse to definitely worse for Wolfie, who, once he declares his existence, becomes the only suspect. Along with Ed Eagle, a hotshot criminal attorney, Wolf tries to find the murderer before he is arrested.

The characters are engaging and the setting (New Mexico) sounds exotic, especially when read in Cape weather. The author lives in Santa Fe and the Isle of Wight. (I've always wanted to ask him WHY?) And if it really is who you know that makes you important - Woods must be a very VIP. His acknowledgements at the end of this book include actor Brian Dennehy - for suggesting the title - TV producer Steven Bochco, John Ehrlichman and Bob Woods.

— Maureen Barnes

LTA director proposes a sneaky little offshore deal to fox the taxman (and other unwelcome enquiries)

At least one senior official at LTA Autecon's Johannesburg head office regards criminal activity as a normal part of big business. This emerges from an intriguing "Strictly Private and Confidential" memo written by the company's financial director, George Robertson, to LTA's deputy MD, Mr C V Campbell, on 1 July last year. Copies were also sent to two other directors. In the memo Robertson reports on negotiations with First National Bank, who were desperately wanting the electrical engineering division of LTA to take over its (effectively bankrupt) competitor, KPL-Etsa (Pty) Ltd. Readers should note that FNB were bankers to both LTA and KPL-Etsa, and that throughout the negotiations, LTA were advised by their auditor, Philip Reynolds of Ernst & Young.

Some tantalising extracts from Robertson's memo:

"The company KPL-Etsa is incorporated in RSA and is a wholly owned subsidiary of the Denver Trust (Cayman Islands), and the shares are held in the name of the joint trustees Riverbank Ltd and Morgan Grenfell Cayman Ltd."

These are all fronts for UK company Balfour Beatty Ltd.

LTA's main interest in acquiring KPL-Etsa was the tax benefit to be derived by LTA from KPL's assessed tax loss. The problem is, the Income Tax Act obliges any such potential beneficiary to deduct concessions it has received in the course of the deal — such as were proposed by FNB for the takeover. Mr Robertson had some creative ideas on how to get around the problem with the Income Tax Act. He was confident that such things could normally be hidden from the Receiver by LTA, but he was nervous about what might happen on FNB's end which could alert the Receiver to what was going on:

"Although any compromise or concession received directly or indirectly by the Group may be made invisible in the Group to the Receiver, substantial write-offs of loans or preference shares by the Bank ... will be visible to the Receiver of Revenue and cause an investigation of the beneficiary," he advised his fellow directors.

"Furthermore, any change in the shareholding of a company in financial difficulties with substan-

tial tax losses [i.e. KPL] is likely to trigger ... a tax avoidance investigation by the Receiver into the company and related parties," he noted.

Then the solution:

"However, any change in the beneficial ownership of the Group could be hidden by acquiring the Denver Trust [a Cayman Island-registered trust that owned all the shares in KPL-Etsa] and maintaining the same trustees.

"PROPOSAL: ...

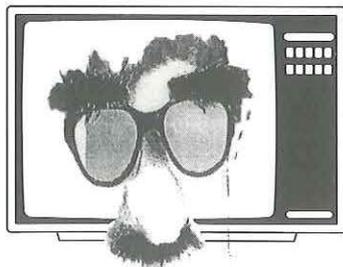
"Consideration should be given for the purchase of the KPL Group and/or its holding Trust, to be made by an offshore entity not generally associated with LTA," he suggested, so that if the business should go sour, it could be liquidated "without embarrassment to LTA". LTA could still openly run the business, of course: "The offshore company would enter into a contract with [LTA] Autecon to manage it," he said. Simple.

Question 1: Is LTA by any chance a client of attorneys Webber Wentzel, Luxembourg Inc? [see noseWEEK 1].

Question 2: What off-shore "entities" does LTA control that are not "generally associated" with LTA? ■

Maureen Barnes on TV & Miss S.A.

nose on screen



These days South Africa is such a cruel and heartless country. It's not enough that we are surrounded by violence and death in real life. We don't even seem able to enjoy a bit of light entertainment without aggro creeping in. The aftermath of

the Miss South Africa contest has shown just what a mean-spirited bunch we are.

The winner, Jacqui Mofokeng, poor girl, has had to defend herself against charges of political correctness, promise to "earn" her title, and "prove" to everyone that she deserved the prize. Why the hell should she? She won, and doesn't deserve to be abused by nasty white South Africans whose idea of a beauty in paradise is a big blonde in a bikini at a giraffe braai.

I can't think of anything more demoralising, never mind at just 21. What should have been a glorious event in her life has turned

ugly. She may not be every white's idea of a beauty queen, but she is certainly demonstrating what dignity under fire is all about.

Ms Mofokeng didn't even have the support of the ANC, whose male spokesperson muttered something about beauty contests being "demeaning to women". That's the trouble when you have a political party without enough real females on their executive - they talk down to the lower orders. Women can make up their own minds whether or not they want to enter university, convents or beauty contests, thanks very much. To list the many things we *really* find demeaning

would need more space than I have here.

Anyway the Miss SA contest made fascinating viewing; the interviews beforehand less so, when we had to watch the pretty things giving their views of why they entered, what they would do with their prize if they won, and how they would save the world. One finalist was going to donate some of her prize to "child abuse" but I couldn't imagine her actually kicking a kid. Another trotted out the old: "I want to be an ambassador and carry our image into the outside world". Our image being what it is at the moment, it might be fortuitous that she didn't win.

Oh, how I longed for just one girl to say she entered to make pots of money, meet lots of sexy men and have a ball.

The contest itself was, as so much is in Sol's City, a kitsch cavalcade hosted, as usual, by an imported nonentity from a soap opera, and our own Doreen Morris. (Has this attractive woman developed her ring-master's voice to fit a new career as compère?)

At one point each contestant, supported by half a dozen strong guys, staggered about in red "cocktail wear". The men appeared to be necessary because of the weight of glitter on the truly dreadful frocks that made the girls look like an armoured battalion from the Evil Empire.

Previous winner, Amy Kleynhans, had a little weep. She will be remembered for years to come as the beauty queen whose endorsement for the Sugar Association has ensured dental decay for yet another generation of South Africans.

Eventually, when Ms Mofokeng was declared the winner, she, too burst into the obligatory tears, was kissed by the grimly smiling losers, and hoisted onto a car to be driven round the audience. One question: Who was the rather sinister guy in the Black Muslim outfit who escorted the car and never stopped talking at her? Nobody seems to know, including Ms Mofokeng. How I wished I could lip read.

I've got nothing against beauty contests, or against the people (I was going to say women, but then I remembered Australia) who enter them. I just think they've got a bit off track. In their battles with fat and hairy feminists, do-gooders and just plain dopes, they've lost sight of the fact that the contest is simply one of beauty. Why they keep insisting that the unfortunate young women must also be witty, charming, love children, want to save the world and adore their mummies and daddies, heaven knows. It's too much.

Contestants for the Nobel prizes aren't expected to have sexy fig-

Beauty is its own Reward

ures. An exceptional athlete doesn't have to be nice, and most aren't - Elana Meyer's charm is just a bonus.

There are exceptions, of course - poor old Zola Budd suffered at the hands of people who expected more of her than running, and Hillary Clinton is having a rough ride trying to pretend she's not tough, brainy and capable.

Why then expect more than beauty from beauty queens? Surely their God- or genetically-given looks are enough of a gift? Albert Einstein didn't have to look good in a swimsuit and Margaret Thatcher definitely wasn't kind.

Entrants to beauty contests should be judged purely on their great legs, smashing bodies and pretty, pretty faces. A modicum of charm is, of course part of beauty and they should be able to cough up a simple sentence without giggling. But that's all — don't push it. And don't give me that old argument about the public appearances the winner has to undertake during her "reign". Any woman who can walk upright in a bathing suit in front of

an audience of millions is unlikely to be fazed by visiting a few supermarkets.

That said, there is another problem with contests in countries with a very mixed population, such as ours. Beauty is indeed in the eye of the beholder — thank heavens or most of us would end up celibate. One man's cookie is another man's *poisson* and you can't easily pit different races against each other and come up with an ideal "beauty". When the contestants are as different as peaches and pomegranates, the judging has to be arbitrary, one way or the other.

I've no idea how one gets a fair spread of judges, although the inclusion of Naas Botha, known neither for his charm nor his taste, did surprise me. A treasured TV memory is the video of his wedding, which he tried, alas unsuccessfully, to market. I wish he'd persevered — it would have become a classic. (Could he now be into the red dress business?)

If our own contest was anything like representative of the population, the finalists would have included eight black girls, one Indian girl, one girl of mixed race, one white girl and one girl of unknown origin. Apart from there being a certain "look" which is in fashion, it would be almost impossible to judge such a mixed bunch.

But having separate categories, as was apparently suggested by some (male) ANC members, would take us back to apartheid.

What about picking several winners and letting them mud wrestle for the title?

Anyway, part of the fun is simply watching somebody hit the jackpot. As the celebrity business goes, someone must have done something right — or we wouldn't all have been watching ...

And what does it matter, really? Ms Mofokeng will do enough good just standing there, smiling away and cheering us all up by simply being her beautiful self.

For the next 12 months, hopefully, she'll will be doing just that.

Go well, my dear. ■

RADIO :

by our Johannesburg driver

It is said that 300 000 people listen to Radio 702 daily. This is not very many - roughly the same number as those who listen to Radio Tsonga, Radio Oranje and Radio Port Natal. Radio Highveld has 380 000 listeners. So much for statistics.

I have been listening to Radio 702. I am a masochist. I also don't know how to reprogramme my high-tech car radio. The nanderthal who last pretended to fix my brakes got the damned thing stuck on 702.

Yesterday afternoon I found myself trapped in my car, listening with fascination akin to terror, to Mike Mills and 'Sister Lilian' discussing the difficulty of breastfeeding when one has inverted nipples. I don't know to what extent this is a universal problem. It did, however, move Mike Mills mightily. Inverted nipples make Bosnia-Hertzogovina and even Thokosa and Sebokeng pale into insignificance. This was followed by an intense discussion on colic, and then circumcision. Mr Mills's girlish giggles and excited shrieks tempted one into naughty speculation - had he been circumcised? Had too much been cut off? Did this, perhaps, account for the voice?

And speaking of giggling brings us to Ms Cryws-Williams - the DJ who talks dirty. Imagine the huge thrill of being able to make dirty phone calls to the whole PWV simultaneously - our Jenny is a very lucky lass. Perhaps Jennifer Cryws-Williams is John Berks in drag. We must, however, thank Stan Katz for allowing her to specialise in smut and, thus, for sparing us most of her other observations. Recently, I was, once again, travelling in my car when I heard her discussing a book which, apparently, listed the most important figures in history in descending order of importance.

702 Talks Dirty

First came Mohammed, followed by Jesus Christ. This, predictably, elicited enraged howls of protest from the reborn brigade. (What astounds me most is that these feeble minds seem to believe that the good Lord needs them to defend Him. Surely He would smite the author of any tract sufficiently blasphemous. Verily, even if He were not in a smiting mood, He would not need Sannie from Klerksdorp to phone Radio 702 in His defence.)

Anyway, also high up on the list was Isaac Newton. Naturally none of Ms Cryws-Williams's listeners had ever heard of Isaac Newton (they know Dr Ruth and 702's own Dr Paul, however). Jenny graciously enlightened them and explained how important Newton's contribution — the Theory of Relativity — was to mankind.

Jenny is obsessed with food. This morning I was subjected to her menu for tonight's dinner party for 45 of her closest friends. The soup, which she has apparently burnt, will be followed by Beef and Oyster pie and a choice of Apple and Orange Flan smothered in cream and Bread and Butter pudding. Radio 702 claims to be relevant in the 'new' South Africa. Not only is this extraordinarily boring, but one has to ask whether the majority of 702landers identify with Jenny's epicurian excesses. We are very lucky 702 is not a TV station. Our Jenny sounds porcine. I'd hate to see her — which bring us back to the hysterical Mike Mills. The SABC, maliciously, inflicts him upon the viewer in their tacky weekly lottery show on TV.

The Welsh Jenny brings us, inevitably, to the Irish John Robbie. Why John Robbie? Why this particular ex-sporting personality as a major DJ? Why not Gerrie Coetzee, Kepler Wessels or, even, Abdul Bhamjee? If Gary Player is an expert on both political science (a "communistic Government" — Eschel Rhoodie must have scripted him) and the three pillars of investment; and Bruce Fordyce is an

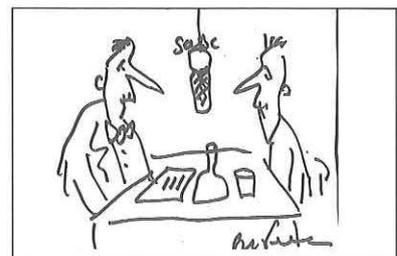
expert on everything (I suppose one has time to ruminate on the meaning of life if one regularly runs from Durban to Pietermaritzburg and back), why should John Robbie not enjoy the same freedom? Because he is not a South African - that's why not.

At least the ex-Rhodesians Mills and Cryws-Williams share the sub-continent with us. Radio 702 needs to come home to SA. Where is a Black talk show host? Two Indians and Cocky Two-Bull look, and more importantly, *sound* like tokenism to me. Of course we must not forget Zandile Nzalo, who runs the station from midnight until 4 am. Like the night watch. Of course, Black people work twice the hours. Does Ms Nzalo get paid as much as Mr John Berks or Mr John Robbie? Does she get a Primus Stove? A brazier? A knobkerrie? A thick, woolly blanket with a fringe?

I would expect Radio 702 to understand these issues — the Bop Development Corp. is, after all, a significant shareholder in 702.

The fundamental problem with 702 is that a team of amateur middle-class white DJ's solicit and seduce foolish people into publicly voicing their foolish opinions. They then not only give their own endless opinions on subjects about which they know nothing, but they patronise, at best; insult and abuse more often. The willing victims jam the switchboard.

If 702's listeners reflect a sample of average South Africans it is easy to understand how Kubus culture almost overtook mining as our largest industry, and why Supreme and Masterbond flourished. ■



Tell me, Mr Fuggs, are you as nervous as I am?

nosing about the Art World with Pince Nez

ART OLYMPIAD: THE FATAL FLAW(S)

Cape Town culture is running a bad second to the Olympics as a subject of discussion and as recipient of funds. It's not even been entered in the race. R3 million for the City's Olympic bid proposal seems a bit excessive when the National Art Gallery can't even afford to switch on its air conditioning unit. Not to speak of dealing with the damp disaster in the basement. (Readers may have noticed that, as a result of some misdirected editing, my last column wrongly indicated that the disaster had happened at the Johannesburg Gallery — which might explain the continuing silence from Cape Town.)

In Johannesburg, at least a pretence has been made by Councillor Cecil Bass that investment in the Arts and in the Newtown cultural centre will be a way of making the city more attractive to the visitors whom they imagine will pour in when and if their bid for the Olympics succeeds.

Resident ratepayers are evidently of little account in the equation — and in any case all of these blithe assurances are just a smokescreen for Council inaction — the only money that continues to flow unabatedly is the R18 million a year spent polishing the hide of Johannesburg's cultural white elephant, the Civic Theatre.

Now we hear that it requires new kitchens to service its three restaurants and private dining rooms. Not even Janice Honeyman, seduced into becoming its Artistic Director, could make much of a case for it on television, despite the professional help she confessed to consulting (for a large fee we assume), on how to make the monster more user-friendly.

But we must admit the Council and its cultural desk are big on futuristic plans and projects.

In July at the Royal Academy of Arts in London an important cultural festival for all of Africa was announced. The launch of AFRICA 95 was attended by an



impressive group of British and African academics and artists, including Ben Okri, recent Booker prizewinner and Senegalese superstar Youssou N'dour.

This festival involves a series of outstanding exhibitions, concerts and performances featuring the work of artists, musicians, dramatists, writers, architects and filmmakers from continental Africa and the African diaspora.

Meanwhile, back at the ranch, what does Johannesburg plan but a Biennale called AFRICUS 95, to be held at the Johannesburg Art Gallery and in the Newtown Cultural Precinct. Their aim is to present "a unique visual art event in Johannesburg which will reintroduce and celebrate the fresh introduction of South African art, artists and the South Africa public to contemporary international trends".

This grandiose plan contains some pretty fundamental flaws. The cultural centre, save for the Market Precinct, doesn't presently exist: there is no one involved so far who can possibly organise such an event, and if there is no money to support existing cultural initiatives, where will it come from to stage

AFRICUS 95?

Why does the Council not concentrate on fulfilling a few of its past promises rather than wasting time, resources and paper on pie in the sky?

The most successful events of recent weeks were the Weekly Mail Film Festival and the Sowetan's Massed Choir Festival. This four hour orgy of song and music, accompanied by full audience participation, was a delight and ended with the capacity crowd all singing in perfect harmony as they wended their way home.

Within just two days the organisers of the Film Festival succeeded in infuriating Jews, Germans, feminists, the AWB and the Christians. A highly commendable strike rate and a sure sign that they achieved their aim of stimulating debate (vocal and otherwise) on censorship. The demonstrator's prize for sartorial eccentricity was won hands down by the AWB. Adorned in camouflage khakji, complete with Ku Klux Klan style balaclavas, and brandishing whips, their beefy women resembled a contemporary Kappie Kommando run riot. The Christians were noisier but rather better dressed.

Pigging Out...



Franschhoek

It isn't difficult to pig out in Franschhoek - there are more restaurants than there are residents, most of the former with a Gallic flavour. (The latter are just about anything *but* Gallic.)

And the place is chic. Very chic. The main street is lined with so much chicness in the way of antique and gift shops and eateries that it is quite a relief to come across your typical SA shabby Kaffee - even though it looks a bit down at heel among *Les Francais*.

Outside one shop there's even a guilotine, made of bits of wood and tin foil, adorned with a French flag - perhaps for *l'atmosphere*, or to make one think twice about bouncing cheques.

In a few short years Franschhoek has changed from a simple though beautiful village, to a Tourist Destination. It has also attracted both pure and shady residents and entrepreneurs from overseas - and a couple of home-grown imitators too. Not surprisingly, the result is a bit bizarre.

It probably won't be long before the place becomes the Cape's version of America's Williamsburg - with deodorised little Huguenots in fancy dress trotting around the picturesque streets, telling us to have a nice day. *Au revoir Kaffee!*

By and large the newcomers have improved the scene, at least architecturally. Once in the misty romanticism of Huguenotland, the not-so-far-away Taal Monument, which desecrates the natural wonder of Paarl Rock, is mercifully forgotten. And you have to admit, Franschhoek is a pretty place in which to spend a weekend, especially in winter. We picked the, excuse me, *Le Ballon Rouge* guest house. It's a restored and

extended Victorian broekie lace-trimmed house, surrounded by a shady verandah, on Dirkie Uys Street.

Kind host, Penny Gordon (an ex-Vaalie), while working what seems like 24 hours a day, manages that perfectly relaxed manner which makes you feel instantly at home. The restoration of the house earned an award from the Franschhoek Trust in the form of a beautifully scripted certificate in which the word "Franschhoek" is wrongly spelled. *C'est la vie*.

Anyway, you get a warm welcome on a cold day at this guest house - our large and attractively decorated bedroom was cosy, with a radiator going full blast awaiting our arrival. We flopped onto the comfy brass double bed and read and slept the afternoon away. Later, much later, we strolled slowly through the garden to dinner. The restaurant, which has been built onto the house, is a no-nonsense modern addition, but a log fire, nice bits of furniture - in constant use and not there just for show - plus attentive, friendly service make for a cheerful eating place.

The food, cooked by Penny's talented son, Matthew, was very good indeed. The menu is small and imaginative, making much of the local produce - smoked and fresh salmon trout, salads and vegetables.

I had an unusual and excellent salad as a starter. Served in a large phyllo pastry "basket", it was a lucky dip of fresh greens and vegetables, quails' eggs, baby potatoes, sprouts and other goodies - all dressed in a balsamic vinaigrette. Lovely. It would have made a perfect light meal on its own, costing only R8,95. The rest of the dinner was just as good.

No wonder so many well-heeled Franschhoekians order in from *Le Ballon* when they're planning an

elegant party.

The restaurant boasts a well-chosen and very reasonable wine list - you can enjoy a bottle of good local wine for as little as R12,50.

Well fed, happy and very mellow, we spent a peaceful country night, waking to the lovely sound of church bells instead of police sirens. Penny was there, looking cheerful, when we staggered into a late breakfast. I don't believe the woman sleeps.

This is escapism of the finest order, and all for R88 per person, bed and real country breakfast.

Having now had some experience of the new breed of fine guest houses which have popped up all over the country, I can't imagine why anyone ever stays in a big hotel. Can "secretarial facilities" and room service - which seem the only things that the huge and hugely expensive hotels offer that these charming hostelrys don't - be worth the agony? And for women travelling alone - what could be better than an intimate guest house like *Le Ballon*, where they know who you are and would miss you if you suddenly disappeared; where there's a comfortable little sitting room with lots of lovely magazines and a cosy fire so you don't have to sit alone in a room on the 40th floor?

One of the loathsome things about most of the large hotels are the breakfasts - which remind me of boarding school. You queue for cereal, queue for juice, and, if you've got the energy, go back again for toast and eggs. What should be one of the nicest meals of the day is ruined. At *Le Ballon Rouge* and many similar establishments, a delicious breakfast is cooked to order and *served* to you at your table by someone who knows your name.

Surely that's what hospitality is all about!



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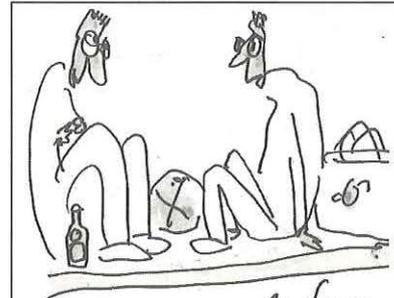
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