

Edited
news you're not supposed to know...

nose WEEK

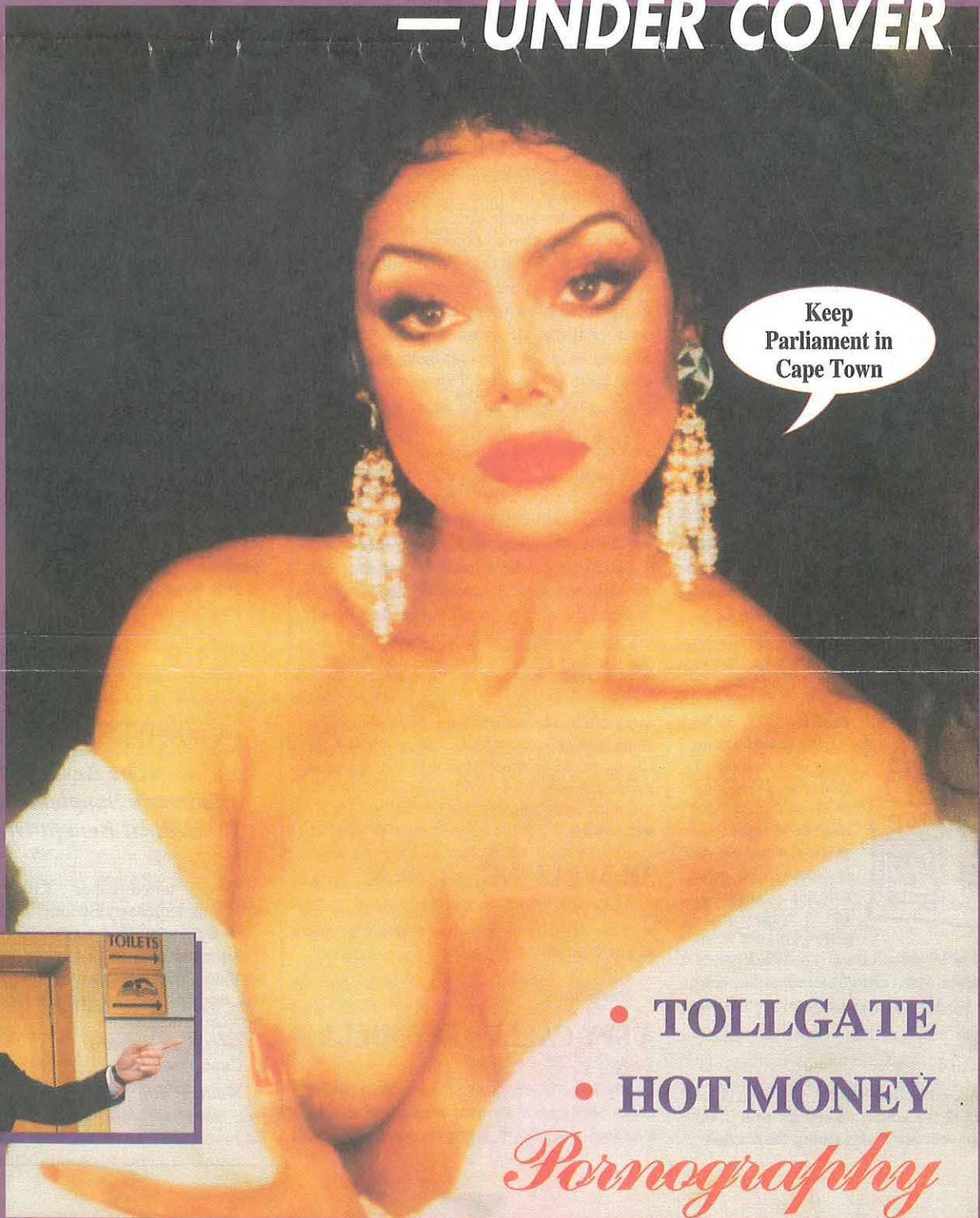
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ISSUE N° 9

MAYOR PATSY'S APPEAL

— UNDER COVER



Keep
Parliament in
Cape Town



- TOLLGATE
- HOT MONEY

Pornography

noseWEEK

PUBLISHED MONTHLY

SEPT 1994

Editor: *Martin Welz*
 Features Editor: *Maureen Barnes*
 Tel: (021) 61-4809
 Fax: (021) 61-3685

Welcome Dear Reader,

When one looks at the motley bunch leading the campaign to keep Parliament in Cape Town, and their often transparently tacky motives for doing so, one is hesitant to put in a good word for the old city, for fear of contagion. One gasps at the audacity of a pro-Cape Town campaign that dares to point out that its opponents have sinister and self-interested motives. And every word the mayor, Her Worship Alderwoman Patricia F (no longer Sulcas) Kreiner, says, only makes matters worse. For many her voice alone is enough to establish the huge gulf that exists between the irritatingly limited and selfish vision of the landlord-class she represents, and the hopes and needs of the rest of South Africa.

The recent little get-togethers she has been arranging for the MPs of the new South Africa at the Civic Centre - "dress: formal or traditional" - demonstrate how grossly insensitive and embarrassingly out of touch Cape Town's ruling class have become. Guests arrive to find the bar securely locked, forcing them to listen to the lady mayor's voice for a full 20 minutes while stone cold sober. The bar then mercifully opens, but just as those present start to relax and mingle, they are called to order, the bar is closed, and they are forced to watch an interminable slide-show (to beat music) of the fun white South Africans have in Cape Town. Clearly in Patricia's world black people don't go on holiday to the seaside - or at all. They stay at home to feed the dogs.

The cause of Cape Town would be dramatically advanced if some attention were given to the Houses of Parliament themselves. Little thought appears to have been given to the discomfort anyone of sense and sensitivity must feel when they enter them,

and find that most of the interior has been converted into a P.W.Botha Palace. Hordes of the Nat thugs that brought grief to the land for forty years, arrogantly posed, fill vast corner-to-corner murals, everywhere you turn.

The City's council should long ago have agreed to sponsor a museum to house all these monstrosities. It could be an international tourist draw-card — and bring considerable relief to the new inhabitants of Parliament. They might even feel welcome.

But what of the parliamentary traditions worth preserving?

In a country as vast as South Africa, with a thousand factors which help to emphasise and re-inforce race, class, cultural and language differences, we need to grasp every opportunity to make contact with "them", to be exposed to the other elements that make up the greater South Africa.

One needs also to experience, physically, the vastness of our land - to travel from one end of it to the other - in order to be able to glory in that vastness and make it one's own. All the MPs from Umtata, Vryheid, Soweto and, yes, Verwoerdburg and Ulundi must have found Cape Town a very strange place - but by spending some weeks there, they will have incorporated it into their vision of *their* South Africa.

The demands of government and business and justice which draw Southerners to Pretoria, Greater Soweto and Bloemfontein serve the same purpose for those cities.

The cost of the annual migration south by MPs and senior State officials is a small price to pay if it helps all our leaders develop a commitment - or perhaps only an involvement with the whole of South Africa.

heimer's son-in-law, Gordon Waddell being seen by a British journalist in Moscow attending the Bolshoi ballet during the 1970s - and its implications.

I thought you might be interested in the less well-known remainder of the story, even if it is of little current significance.

The South African "Cold War" with the Soviet led to a professor of geology called Smirnoff being posted to Lesotho during those years. The interpreter for the Russian was a man called Levchenko, who was accompanied by a beautiful wife called, as in all good spy stories, Ludmilla.

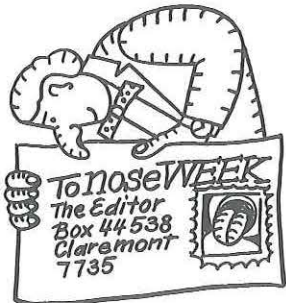
At that time, proving that ultra Marxism could co-exist with ultra capitalism, there was much pondering in Moscow and the [De Beer's] Central Selling Organisation (CSO) on how to bridge the political gap, keeping their fairly natural association apart.

Diamonds in the old USSR were a strategic mineral and, as such, fell under the old GRU (Military Intelligence). British Intelligence had already identified the interpreter, Levchenko, as a Soviet Military Intelligence officer during that man's service in India several years earlier. Truth being stranger than fiction, Ludmilla was, in fact, a ranking colonel in the same Soviet service and ran the entire Smirnoff operation in Lesotho.

The project involved Smirnoff being permitted to travel each month with Levchenko and Ludmilla to Mafeking, the travel visa being obtained via De Beers' contacts in the South African Immigration Department and Bureau for State Security (BOSS). It was done on the excuse of having samples of Lesotho material assayed by the scientific-ally well-equipped De Beers' laboratory. In this way the contact was set up for Waddell and, later, Oppenheimer himself, to obtain reciprocal visas to visit Russia, ostensibly to examine, at first hand, Russian diamond mining operations. In reality it was, as you rightly stated, to come to an agreement suiting both the Soviet and De Beers; all related to the international marketing of diamonds.

Levchenko and wife Ludmilla suddenly disappeared from Lesotho, with no trace of their having left through normal diplomatic or immigration channels.

Mike Bowery
 Petervale



Dear Sir

I was passed a copy of your 8th issue. I think your publication is in extremely bad taste. To denigrate respected members of our society like Judge Kriegler is shameful and to suggest [suggest? - Ed.] that Rembrandt were involved in scurrilous under-hand deals over the Ayres aircraft takes real nerve; to lay in to CNA's monopoly is totally un-South African.

Keep it up.
The Aviator.

PS - According to the SAAF, their light plane squadron (42 Squadron) completed over 1000 hours of surveillance flights during the elections,

using 1960s Cessna 185s equipped with loud-hailer and camera systems. The value of each Cessna would be about R160 000. [Compared to Rembrandt subsidiary ASAT's Ayres which, with surveillance equipment, are for sale at US\$1,8 million each.]

SHOVELLING...

Dear Sir

Your revelations are blissful but, alas, the stench remains.

J.C.
 Swellendam

A SPY CALLED LUDMILLA

Dear Sir

My letter is prompted by your broadcast on Leslie McKenzie's phone-in programme and the anecdote you quoted regarding Harry Oppen-

A noseWEEK WINNER!

The Key to Liberty's Supplementary Medical Benefit Offer

Dear Sir

Simply stated, Liberty Life's definition of a "Supplementary Benefit" means:

In the event of a major claim, you may (but probably won't) qualify for an extra payment. Whichever way you look at it, you will not be paid out enough to cover your medical expenses.

(Mrs) C M Ridgard
 Cape Town.

Madam, you have just won yourself a free subscription to noseWEEK. Enjoy! - Ed.

DEREK KEYS – WHO INSIDE KNEW?

How the Rich Get Richer and the Poor Get Poorer

by Austin Friars

Just who was it who turned an insider tip-off about the imminent announcement of Finance Minister Derek Keys' retirement into an instant mega-fortune on the bond market?

The government and the nobs of the Johannesburg Stock Exchange are determined that you should never find out.

The bond market is a lawless, financial Wild West, designed to meet the every need of South African wheeler-dealers with friends in high places. The powers-that-be are in no great hurry for that to change. In fact, they like it that way. How, otherwise, could they, and their party sponsors, become millionaires in half a day?

The bond market trades in the government debt – Treasury bonds, Eskom, Telkom and Transnet stocks and the like. This being South Africa, the market in official promissory notes is the largest financial market in the country – larger than the Johannesburg Stock Exchange itself.

The bond market (with a minimum of R30 million involved in each deal) has a turnover of hundreds of billions of rands each year. It handles what are supposed to be the safest investments anyone can make – generally called “gilts” to indicate that they are as good as gold. Pension funds and life insurers are obliged by law to invest a certain percentage of their funds in gilts, supposedly for the security of the pensioners, widows and orphans – all society's lame ducks – who depend on them. The sheer size of the market, not to speak of the nature of the business, might lead one to expect it to be the best controlled and supervised financial market in the country. Wrong. This is South Africa, remember? Here, the men in high places know a good opportunity when they see one. Here, the bond market has no laws or statutory controls, no regulatory body, no inspectors. Bond market money is by definition Other People's Money. Taxpayers' money, union members' pension money. Cripples' money. Blind people's money. Trust money. All made by the gods to be stolen – to pay for the merc and the mobile phone.

With just a few hours' advance knowledge of the fateful Keys' retirement day, a trader on the bond market could have pocketed

eted R750 000 on just one R30 million deal. Here's how:

The R30 million-worth of bonds a pension fund bought in the morning (ignorant of Keys' imminent retirement announcement) could have been bought for almost a million rands less in the afternoon (when the price dropped after Keys' plans became public knowledge). So, the clever Dick dealer who secretly knew what was up, sold bonds (which he did not yet have ^{with the pension fund} at a higher price in the morning, knowing he would be able to buy them cheap in the afternoon in time for delivery. The pensioners are none the wiser and our dealer makes a handsome profit on the deal without any risk and without having to pay out a cent – even if insider dealing is supposed to be illegal.

R4,5 billion's worth of bonds were traded that day, and all it took was...

Pity about the pensioners who lost out – but they're used to being poor. They've learned to take life's knocks. This appears to be the attitude of the South African government, past and present, and of the gentlemen who run the JSE. They just can't seem to get round to setting up controls for the bond market. (When is Sydney Frankel's next fund-raiser for the Boys in Pretoria?)


So, like all good fairy stories, the Insider Trading scandal in the bond market had a happy ending. Of course it is almost impossible to prove insider trading and well nigh impossible to prosecute it; particularly when you're not really disposed to putting an end to the practice.

For a start you'd have to be able to prove at what time on that fateful morning - before or after Keys' retirement became a public issue – the deals took place. Easy, you say. All deals are struck using computers, and all computers have an automatic time register facility. Wrong again. Not on the South African bond market, they don't. It's not required, you see.

So who was the “independent” investigator appointed by the Bond Market Association (BMA) (which has no charter, no authority) to look into this sensitive matter? Step forward Colin Vermeulen, ex National Discount House (NDH) director (he was dumped by the new owners). Strangely, nobody talks about his having an intimate

knowledge of financial markets. But you will hear that Graham Lund, who heads the BMA, and Colin were colleagues on the NDH board for many years. What ex-NDH staffers also remember about Colin was his unwillingness to leave the lunch table until at least five o'clock, after which he would clear his desk and return to the managers' bar for more of the electric soup. There he would amuse his colleagues with his witty repartee as he gradually slid down the wall. Is it possible that he spent all those years at NDH without having the slightest idea of how the money was made? Some of those he interviewed as part of the “in-depth investigation” seem to think so. While it was very kind of the BMA to help out an old buddy who apparently was having some difficulty finding sufficiently rewarding work elsewhere, it does make one wonder whether the word “credibility” ever occurs to the people who are charged with supervising our financial markets.



Why are there so many extremely rich bond traders working for parastatals? One possible explanation is that they are in possession of privileged information which they use to their own advantage, at least as far as Eskom is concerned. This is, of course, complete rubbish because it is well known that Eskom has a strict (OK, strictish) dealing room rule that none of its dealers can deal in Eskom stock. So, if the dealer at Eskom knew he was about to sell R200 million E168, he could do nothing about it – unless he was prepared to short another stock such as the R150 (= RSA Treasury bond issue No. 150). Now, there are malcontents around who point out that both the E168 and the R150 move in tandem, and it is immaterial which one you short. So, if you know you are going to drive the market up by selling Eskom paper, you could theoretically go short on another stock which would be affected – and buy it in later at a huge profit. I am sure Eskom management are aware of all this and watch their dealers like hawks: after all, they couldn't risk a market scandal, could they? 

Hot Money Mystery

A CUTE LITTLE BANKHAUS IN BISHO

In the 80s, at the time of the international banking freeze on South Africa, were tons of drug dollars laundered through Ciskei to fund South Africa's massive "hot" trade in arms, oil and other sensitive commodities? Perhaps even flown in plane loads to Ciskei's "International" airport?

Or was the mere threat of such competition from Ciskei-based operators enough to persuade the South African conventional banking sector to "wash" the dirty money themselves – leaving buccaneer hopefuls like Albert Vermaas and Eugene Berg with no role, except as scapegoats for a show of law enforcement?

Might the *Geheime Kamer*, a soundproof room in Volkskas Headquarters in Pretoria (where, according to Bob Aldworth's description, billion rand currency transactions were done, unrecorded) have something to do with it?

The search for the answers to these questions, and the fate of two of the characters, Albert Vermaas and Vito Palazzolo, prompts us to take a closer look at the history of a cute little *bankhaus* in Bisho, which started out as The Bank of Bisho and ended grandly as Eurobank Ltd.

Vermaas and Palazzolo appear to have little in common. Vermaas has been on trial, on and off, for the past two years for fraud and other commercial offences. Palazzolo, the Sicilian-born money launderer and banker to the Mafia who came to Ciskei in 1985, continues to find safe haven in South Africa and now travels on a bought Paraguayan passport which describes him as a "farmer from Asuncion".

But they did once have at least one thing in common: an ambition to set up a bank in Ciskei.

Documents exist showing that, in the mid-1970s, the circle of senior officials and connen surrounding the Minister of Information, Dr Connie Mulder (Dr Eschel Rhoodie's political boss), considered setting up an "independent" bank in the homelands as a channel for covert funds.

David Kimche, described as Mossad's leading force in Africa, and Israel's real-life equivalent of LeCarre's spy character, Smiley, appeared on the scene.

Kimche became a close friend of South Africa's Secretary of Information, Dr Rhoodie, when Rhoodie headed one of South Africa's most important secret projects: code-named Operation David, it encapsulated the secret collaboration between the Apartheid State and Israel. The pebble in this David's sling was, of course, The Bomb.

Also involved in Operation David was Johannesburg businessman David Abrahamson who, besides being founder of the ill-fated National Growth Fund, was both an undercover intelligence agent and an expert in foreign currency matters.

Many believe that the assassination, by professional hitmen, of Dr. Robert Smit in October 1977, had something to do with it. Smit have been treasury adviser to the Minister of Finance, Dr. N. Diederichs, for many years and also SA's representative at the IMF in Washington. Only weeks before his death he believed he was under surveillance by a foreign intelligence agency. He told friends he had discovered something which the Minister of Finance had done which profoundly disturbed him.

In the '80s it appeared that Ciskei was being run as a joint operation by South

African and Israeli Intelligence. The more so since most of the operatives appeared determined to prove spy novelist John LeCarre's thesis that the perfect spy is also a perfect conman and thief. As the years pass, the evidence mounts, with some of the most recent contributions coming from former Israeli intelligence officer Ari Ben-Menashe, and the Goniwe and Sebe inquests.

By then, the talk was of a Ciskei clearing house for hot money from Europe and America – money too hot even for Switzerland to handle – to provide South Africa (and indirectly, Israel) with the foreign currency desperately needed to finance their arms and nuclear programmes.

But first, a brief recap on the life of Vito Palazzolo [for more detail, see nose8]:

In 1962 Vito Palazzolo, 14 years old and also known as Roberto, left his birthplace, Palermo, Sicily, to become a waiter in a restaurant in Switzerland. Within three years he learned not only to speak English, German and French, but also how to anticipate

his customers' needs. For a further three years he did stints in the casino business, the travel agency business, and in the foreign exchange department of the Deutsche Bank. In the seventies he went into the international gem trade, airport duty-free shops, and shipping.

In short he had accumulated the qualifications required to be a dealer in Hot Money.

In 1976 he paid a flying visit to Bangkok and Hong Kong, the drug and financial clearing houses of the East, before spending a final short stint at the Deutsche Bank. He was ready to launch into "fringe" banking in Switzerland – doing the sort of currency deals that official bankers would rather not do for fear of landing in jail.

Typical customers of such "banks" are arms and drug dealers, spies, businessmen evading tax; politicians hiding undercover commissions or bribes; also radical organizations and nations funding civil wars, revolutions or The Bomb.

Palazzolo claims friends from a wide circle – German intelligence, customs, the diplomatic corps; the KGB; as well as in the arms black market and the international gem trade.

In 1981 he was employed in Lugano at Finagest (Swiss acronym for "Financial Management"), a business specialising in money laundering. The Italian Mafia was one of Finagest's more important customers.

Also employed at Finagest were two currency runners who would later be identified in the New York "Pizza Connection" trial, in which Palazzolo and a score of Mafiosi were charged with running the biggest heroin smuggling operation in history.

One of the more senior clients for whom Palazzolo laundered drug profits while employed at Finagest was Oliviero Tognoli, whom, Palazzolo would later claim, he thought was an Italian industrialist laundering the proceeds of under-invoiced steel exports. But, in the same period, Palazzolo is recorded as having had contact with well-known Mafia figures in Germany, the USA and Sicily itself.

1981 also found Palazzolo shopping around the banks of Switzerland looking for R300 000 in South African rand notes – to pay for an undeclared consignment of diamonds. As Judge Louis Harms would later

remark in his Commission report: "One can only guess what the origin of the diamonds was, and what the destination of the rands."

Palazzolo did have diamond connections in South Africa: his brother Pietro was operating as a buyer in Lesotho, while Pietro's former employer in Europe, Antwerp dealer Meir Grunfeld, an Israeli citizen, was resident in Cape Town.

Palazzolo's career as a money launderer in Switzerland ended when, in April 1984, he was arrested by the Swiss police on an Interpol warrant. He was wanted in Rome as one of the accused in the biggest Mafia trial in Italian history. In a desperate bid to avoid extradition to Italy, Palazzolo admitted to his involvement in Finagest's money-laundering transactions with the Mafia. As a result he was tried, found guilty and jailed in Switzerland on a lesser charge than those facing him in Italy.

In September 1984 – while Palazzolo was still awaiting trial in Switzerland – President Lennox Sebe of Ciskei was persuaded by his corrupt Minister of Health, Dr Hennie Beukes (formerly an officer in the SA Defence Force), to grant the sole concession to start a Ciskei bank to his friends from Pretoria, W A J "Willie" Coetzer and G C "Gerrie" Botma. Both had been connected to the Security Police and National Intelligence.

Dr Beukes also arranged other Ciskei concessions for an interesting collection of Israeli

citizens, most of them recently retired military officers.

Coetzer and Botma, apparently still with modest ambitions, decided to call their bank The Bank of Bisho, after the capital then still being built by the South African government. But the bank was not quite ready to open its doors for business. It had no capital and the pair were not, after all, bankers. (Botma used to run a little shop in Pretoria selling surveillance equipment.)

On 23 January 1985, Max Hilpert, a director of Finagest, Palazzolo's old money-laundering company in Lugano, arrived in Bisho, capital of Ciskei, as a member of a top-secret Swiss-Israeli delegation.

The leader of the delegation was Dr Josef Bollag, director in Switzerland of the United Mizrahi Bank – a bank which has strong financial and intelligence links to both Israel and South Africa. (Mizrahi directors are an interesting bunch, and include our old friend, Spymaster David Kimche).

In that week in January 1985, the banking delegation headed by Dr Bollag secretly consulted with Ciskei officials (many of them presumed to be South African intelligence operatives) on whether and how to turn Ciskei into a tax and banking haven – with bank secrecy laws more impenetrable than those of Switzerland itself.

The names of those who attended the week of talks in Bisho in January 1985 appear in a top-secret Ciskei Government memorandum which has never before been made public. [See box]

The delegation met with Ciskei's Law Reform Committee; with officials responsible for the Swart Report on Taxation; with senior officials of the Ciskei Treasury; with the directors of the Ciskei People's Bank; and, finally, with members of the Ciskei cabinet.

It is not known what was decided at these meetings, but a Ciskei spokesman did claim in a press interview not long afterwards that an agreement had been signed with "a Swiss consortium" which, he said, would inspire confidence and give the proposed new financial dispensation in Ciskei "international credibility".

At The Bank of Bisho, things seemed to be on the move: its

A secret Ciskei government memorandum names the foreign delegation as: Prof Achtnicht, Mr Amman, Mr E. Bernhardt, Dr Josef Bollag (who, besides being a director of the United Mizrahi Bank, was also Ciskei's representative in Zurich), Mr Goldblatt, Mr Max Hilpert, Mr Lundstrom, Mr Merz, Mr Peled, Mr Porchet, Mr Reuben Sghan-Cohen, Mr Urs Walter, Mr Weber, and Mr Zonderegger.

David Spitzer, representing the diamond dealing families of Antwerp was accompanied by Messrs Panzer, Smith and Trobl.

board was expanded to include Finance Minister Barend du Plessis' former business partner, Hercules J Botha (as chairman) and Ciskei's Minister of Finance, Ray Mali. Other new board members included L.P.S. "Hoppe" Roets (who, ten years earlier, had fronted for secret projects run by Eschel Rhoodie's

Department of Information and would later become a preferred supplier of provisions for Unita) and Omri van Zyl, member of a firm of attorneys that had previously acted for Pretoria architect and Info frontman, Oscar Hurwitz.

Tantalisingly, not long afterwards, a contract was awarded to US citizen Gary Morgan to build a Ciskei international airport at Bisho with a runway suitable for intercontinental airliners. It was such an obviously absurd idea – if considered in terms of conventional cargo and passengers – that it was easily dismissed as just another bit of African insanity. (And of course, Morgan was persuaded to use his dollar profits, converted to finrands, to save the Minister of Manpower, Pietie du Plessis, and the Deputy Governor of the Reserve Bank, Jan Lombard, from imminent bankruptcy by investing in their ill-fated property company, Natprops – more African insanity.)

The Ciskei government's next step was

A top-secret Swiss-Israeli delegation arrived in Ciskei.



Vito Palazzolo – Hot Money Launderer

logical enough: it did a deal with another US citizen, John Robinson, to set up Ciskei International Airways (CIA). When Morgan's runway was completed, Robinson flew in two out-of-date Convairs that had already earned their weight in gold on the Iran-Contra arms run. They never took off again. And nobody has bothered even to collect the rent. Just another bit of insanity? Or had they fulfilled their purpose?

But back to banking. A year passed after the bankers' secret meetings in Bisho and then, in June 1986, attorney Peet de Pontes, Nat MP for East London, was summoned to Switzerland to consult with a new client, Vito Palazzolo, in his cell in La Stampa prison in Lugano. This would not be the first visitor from South Africa he had welcomed. Twelve days earlier he'd had a visit from his old friend, Meir Grunveld.

Palazzolo instructed his new attorney to investigate the possibility of his officially emigrating to Ciskei, giving him unlimited access to South Africa.

When next Peet de Pontes passed through Switzerland, he was on his way to Austria to raise a US\$1 billion (yes, A BILLION DOLLARS) loan for Ciskei, which some crooked brokers in Vienna had promised to help organise. Palazzolo was able to warn De Pontes in time that they would take a fee - and then never deliver.

In October Palazzolo was informed that President Sebe had personally agreed to grant him temporary residence rights in Ciskei. Sebe was keen that Palazzolo should help establish a national bank in Ciskei - and the Sicilian regarded it a privilege and an honour to be asked to help in this way.

At the same time, however, Palazzolo asked De Pontes to discuss problems concerning his possible extradition from South Africa, housing and other matters with his "Jewish friend in Cape Town".

On Christmas Eve, 1986, Palazzolo absconded from his Swiss prison and, assisted by an unnamed foreign diplomat, crossed the border to Germany, from where he flew to South Africa using a false passport.

Within a month he was trying to organise the shipment of arms supplies, embargoed in France, to South Africa. There was a delay, however, when he found that his contact in France was away - on a secret mission to Iran.

Palazzolo would later explain that he knew about the arms trade "only from a financial point of view", and that it was as a banker that he had got to know various people involved in these transactions.

He invited a friend and business partner in Spain to visit Ciskei to help set up a bank, to be called Europa Bank, and to help with arms for South Africa. His Spanish friend was also an agent for French arms manufacturer, Thompsons.

In mid-1987 Palazzolo assumed the name Robert Von Palace Kolbachenko - an extravagant invention - to hide his true identity and, more importantly, his criminal past. Curiously, he also suggested this name related somehow to a distant Jewish Russian aristocratic ancestor. He took to wearing a gold star of David. He is, in fact, of ordinary, Catholic Sicilian descent.

On 22 September 1987 Palazzolo's new Ciskei company, Papillon, made formal proposals to the Ciskei Government to set up a Ciskei National Bank which would take over the functions of the South African Reserve Bank. It was also proposed to draw up a Ciskei Banking Act and to set up a banking authority. Papillon was to control the bank, provide the necessary expertise and draft the necessary legislation.

On instructions from Palazzolo and his Hong Kong business partner, Mr Yeng Ping Kok - also named in the records of the New York Pizza Connection trial - a Singapore attorney drafted a Monetary Authority of Ciskei Act, based on Singapore's banking laws. It was passed into law by Ciskei's parliament.

But, all appeared to have been for naught when, on 31 January 1988, Palazzolo was arrested by the SA Police and returned to prison in Switzerland.


Five months later, First Ciskei Bank changed its name to Eurobank Ltd. All the other old directors resigned, to be replaced by Gerald Joseph Grieveson - a British citizen and an accountant based in Pretoria, Anthony St John - a young, South African-born member of the British House of Lords, and various Pretoria businessmen that did not signify much. (They would in any case later say they knew nothing about the business.)

Eurobank Ltd was, however, itself controlled by another company, Eurobank Controlling Corporation, where, more significantly, Pretoria advocate - and founder of

Allied Bank - Dr Eugene Berg headed the list of directors. Berg's closest friend at the time was Theo van Wyk, who was soon to be appointed South Africa's new Registrar of Banks.

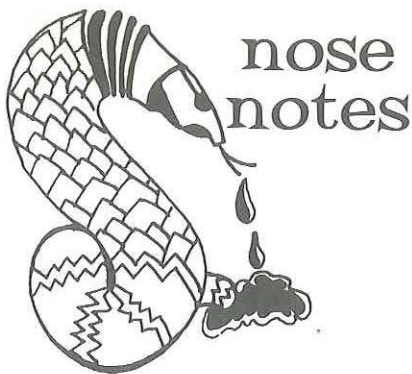
Most significant, however, was the majority shareholder of the Controlling Corporation: an entity curiously named Whales Offshore Holdings (Ciskei). It had been incorporated by attorney Omri van Zyl on 21 September 1987, with a share capital of four thousand R1 shares. Omri held one share; the rest were controlled, through various trusts, by Pretoria attorney Albert Vermaas. Vermaas's connections in cabinet and senior military circles were legendary. His attorney partner, Alwyn Marx, had been seconded to become full-time organiser and fundraiser for Minister of Foreign Affairs, Pik Botha's constituency. Vermaas, too, had an airline which undertook covert international missions for the government.

But again, only six months later, disaster struck: the illegal cash pyramid with which Vermaas and Berg had funded their banking operation collapsed. Vermaas claimed to have been relying on backing from top military and government circles. If so, they had obviously let him down badly. In any case, these claims were now vigorously denied. But that, of course, is another tale.

Footnote: Since those heady days, Israeli master spy David Kimche has not entirely departed from the South African scene, even if his role as one of the masterminds of Iran-Contra did keep him very busy. On 21 November 1989, after a visit to Israel by Johannesburg businessman Gerry Simon, Kimche - now as MD of the United Mizrahi Bank - agreed to act as "fiduciary & intermediary" for a US\$600 million secret foreign loan for South Africa. The loan was being raised by Alwyn Lombard, corrupt brother of former Deputy Governor of the South African Reserve Bank, Dr Jan Lombard. The loan did not materialise and resulted in Alwyn Lombard being convicted for fraud. 

Eff the ineffable!





WOOLWORTHS

Allegations of sex in children's clothing

Not since the rapid departure of MD Mike Stakol — offshore in pursuit of his ill-gotten millions — has Woolworths been so desperate to put the lid on a scandal.

Assistant MD Farrell Ratner last year forced out head of Children's Clothing, Jacqueline Dallyn, for allegedly sexually harrasing no fewer than 17 female employees. Curiously, the supermanager, who was head-hunted in the UK, is eager to defend herself in public against these charges. It seems she believes Farrell fired her because of what she discovered about certain business dealings — and that talk of sex was merely to secure secrecy on these matters.

Woolworths has obtained a court order to keep the Industrial Court hearings secret. But follow your nose.

FOREX FOLIES

In our last report, we mentioned the curious recurrence of an offshore entity called Stonehage in a number of forex frauds that have netted the perpetrators a couple of hundreds of millions, and left the fellows at the Reserve Bank totally bewildered - as usual.

Ah, Stonehage. Remember those days in the 80s when Stonehage were retained to do a couple of things in the UK for young Ronnie Hersov, the bone-idle brother of blazer-dressed Basil? He could often be seen hanging around Stonehage's offices which, very conveniently, were in the same building as Liberty Life UK.

As part of his plan to become an English gentleman, Ronnie bought a large country house next door to his mate, Oliver Baring, in Hampshire with the profits he made out of a little investment in something called Peek Holdings (geddit?). Others in the circle were Julian Askin and his partner, H H Biermann, arms-dealing son of the then head of the SA Defence Force (geddit?).

But Ronnie's friendship with Biermann jnr., it soon transpired, was not conducive to good neighbourliness with Ollie Baring — especially once Baring discovered that Biermann was giving his wife a course of protein injections whenever he called in the neighbourhood. (What can one say? — Ollie is Harry O's godson, and H.H. is P.W. Botha's godson!)

Ronnie (known as Pasha to some of his best friends) himself did not help matters by putting in a request to build a chicken/pig

farm on his property (which would have stank out the countryside), and by flying the Swazi flag (which a local colonel of the shire immediately identified as the colours of an alien regiment). Baring and the local men of the hunt then conspired to drive Hersov from Hampshire.

As if that were not enough, Ronnie had also hurriedly to go non-UK resident — not long after Stonehage rushed their offices out of London to the snowy mountains, so that their files were safe.

MADAM IS AT IT AGAIN

For the 10th year, the so-called South African fashion industry is again using Cape Town's hungry children to finance its annual trade show. Organiser and dress manufacturer, Anthula Markowitz, who used her City Council connections to jump onto this little bandwagon some years ago, as usual started her campaign for funding for the August show, way back in April (see nose5). The donations which have come in since have not been feeding the undernourished children in the bitter Cape winter months, they've been pocketed by Anthula and friends to fund the event. They will hopefully refund it, by the end of the year. The starving children won't, of course, get anything like the fortune's worth of food and wine donated to feed the rich audience.

Ms Markovitz boasts of having raised a total of R500 000 for charity with her glitzy shows, but in reality she raised probably ten times as much for what she calls "the fashion industry" by using the Peninsula School Feeding Association as her drawcard for sponsorship of the Radio Good Hope Designer Collection.

Chairman of Peninsula School Feeding, Brem Jackson, is so bedazzled by fashion, that he is happy to grovel at the designer-shod feet of Anthula and the rest of Cape Town's social set.

Meanwhile, Cape Times' glitterati groupie, Tony Jackman, has shown which side of the breadline his butter is on by giving the event a huge boost in Top of the Times. And Di Caelers also regurgitated the event's glowing press release in the Weekend Argus under a headline "Fashion footing feeding bill". (This, in spite of the congratulatory messages noseWEEK received from several Newspaper House journalists at the time of our original exposé.)

Watch this space for more details of the callous businessmen who donated exotic foodstuffs — and the glitterati who guzzled them — at the gala opening event.

HARK, HARK, HARKESS

Wonder if the Receiver of Revenue noticed the small item in a recent edition of Private Eye, concerning a taxpayer of Constantia, one Valerie Harkess. [Yes, one of the beautiful bag ladies on the cover of nose8.] The Eye has discovered that there was more than sordid sex to the relationship between former

UK cabinet minister, Alan Clark, and the wife and daughters of former Judge Harkess. In 1985 or 1986 Clark deposited £100 000 with brokers — in an account in the name of Valerie Harkess of Cape Town. Apparently the money was used to trade in the shares of Astra, "an up-and-coming arms company".

"Perhaps," muses the Eye, "the Harkess family can tell us how much they made in arms dealing in an account opened for them by a [UK] government minister who was later a defence minister."

We, on the other hand, would love to know whether there was any mention of this interesting off-shore venture in Mrs Harkess's tax returns for those years.

GRAND MASTERS

No, smoking is still bad for one's health. And no, Nick Price and his friends have not taken up smoking. But they do seem set to add considerably to the fortunes of the tobacco business.

Masters International, Inc. will in future manage Price's tour schedule, investments, merchandising and promotional agreements.

It will also take care of US Open Champion Ernie Els' investments, and represent several other SA sportsmen in rugby, cricket and soccer. Masters International further plans to represent SA stars in entertainment.

The new venture is the brainchild of two old school friends: Nic Frangos and John Bredenkamp.

Mr Frangos is the founder-chairman of electronics giant, Datakor, and remains Datakor's largest individual shareholder.

Mr Bredenkamp is the founder of Luxembourg-controlled tobacco and arms conglomerate, Casalee, now owned by the known CIA-front company, Universal Corporation. Casalee, amongst other "achievements", sold over one million landmines to Iraq's Saddam Hussein.

Will Mr. Bredenkamp revolutionise sport? Will we witness substitution of golf balls for hand grenades? More about Mr. Bredenkamp in our next issue.


Meanwhile, Frangos and Bredenkamp are literally licking their chops. Price has earned R21.6 million in prizes since '92.

From a Southern African point of view, Price's success is good news. All the promoters of the Million Dollar and the FNB Tour need do, is sign up Price and Ernie Els and the rest of the field are likely to follow.

A nice bargaining chip to control! Add all those overseas dollar earnings and commissions, and it makes one squirm with envy.

And, oh, to live in the 'Land of the Free', far away from threatening forex regulations and nagging Reserve Bank applications ...

FOOTNOTE TAIL PIECE

Describe the typical Woman of the Nineties: She's got an MBL, she's working on her PhD - and she thinks Fu-king and Ku-king are towns in China. 

DR HALL BOOKS IN TO THE

to do some urgent

Guess what we have found! Our Gold friend Dr Robert Milton Hall, South Africa's poorest millionaire (nose7), is in the schmockel business with that other noseWEEK star, Dr C M "Neelsie" de Villiers, the orthopaedic surgeon and aspirant arms dealer who so kindly lent those military surveillance planes to Judge Kriegler's big election commission (nose8).

Might the deal between Robert and Neelsie be a clue to why the broeders at the Reserve Bank have cast a blind eye to Dr Hall's strange currency dealings since his arrival in South Africa in 1980? After all, Neelsie's father, Dr Wim de Villiers, was a director of the Reserve Bank and then moved up to become President De Klerk's Minister of Administration and Economic Co-ordination.

We have now established that in January this year, when Dr Hall went to

Pretoria to, as he put it, "advise" the Minister of Law and Order, Leon Wessels, about certain matters, he was accompanied by his friend Neelsie. That he should have taken it upon himself to advise the Minister is not unusual, for Dr Hall once described himself as an adviser on Southern Africa to President Ronald Reagan.

At the January meeting, Dr Hall urged the Minister to buy 20 Ayres Turbo Thrush ^{cray-spaces} planes (redesigned as military surveillance planes) that his friend Neelsie had, with great foresight, arranged to import from America in time for the revolution that these Stellenbosch experts expected to occur at the time of the elections. As sensible men of business, they also hoped to profit handsomely from the event.

They went to some trouble to follow the correct channels to the Minister – by retaining the services of Nat Party fundraiser Otto Krause. ^{to make the appointment}

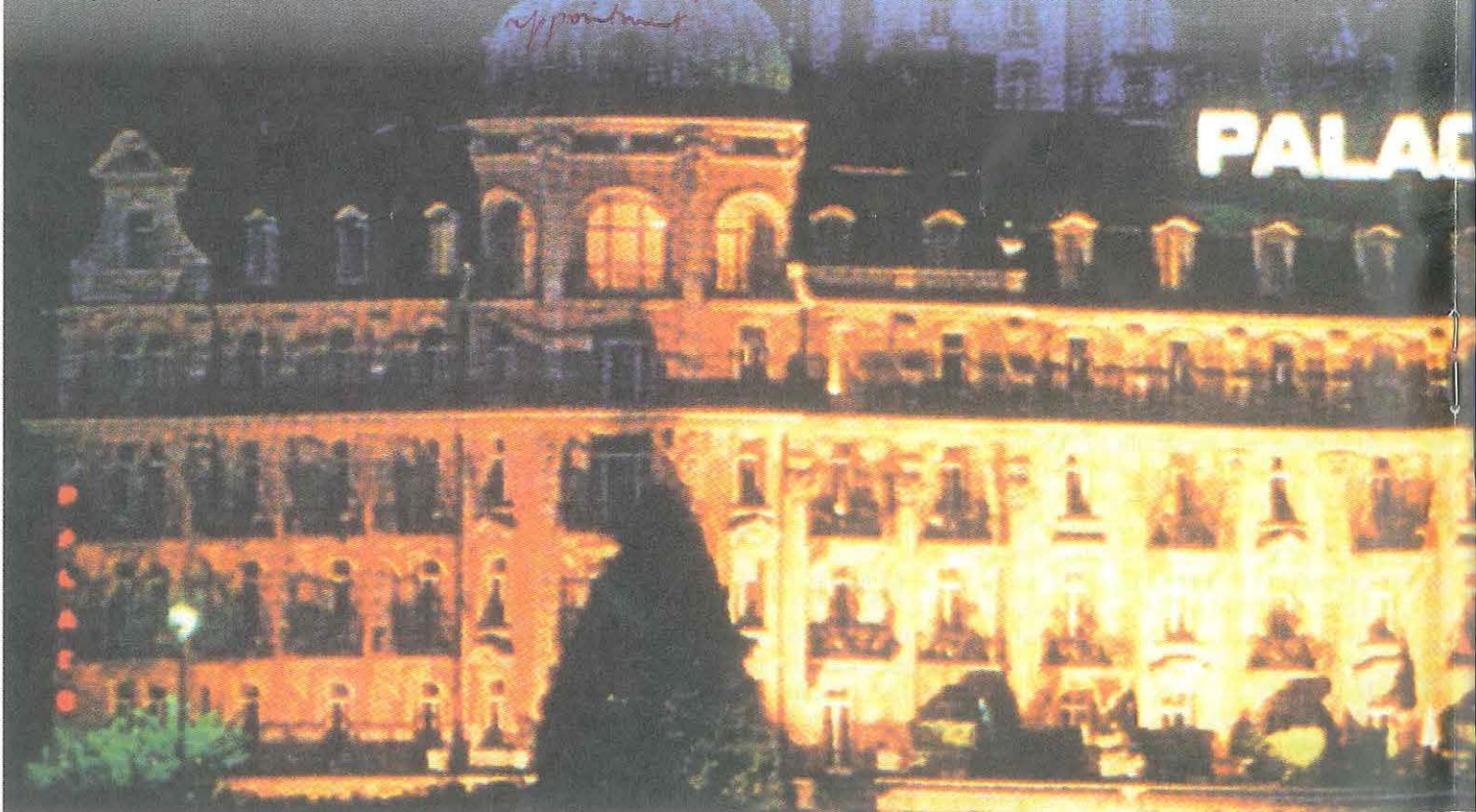
Before the meeting Dr Hall described the Minister as one of the few with real power and influence, colloquially speaking. He was confident his recommendation would be accepted. ^{by the Minister} And very anxious that it should be, as the first planes were due to arrive in South Africa within two weeks, with no buyer yet in sight.

Robert and Neelsie were comforted by the rumour that ^{Not Otto Krause} Otto had assisted some other Stellenbosch businessmen with lobbying in high places, and that, as a result, the Air Force last year bought a billion's worth of Pilatus planes from Switzerland. (With a modest reward for the agents. More about that later.)

But the meeting did not go well. Mr Wessels actually spurned ^{Robert's} the advice.

Worse still, the Minister turned out to be right. Or, as a colleague put it, the deal didn't come off because there was too much peace in the land. One can never rely on these natives.

As noseWEEK readers know, Neels's



THE PALACE HOTEL, GSTAAD

banking business...

company, Aircraft Surveillance and Tracking (ASAT), ended up having to lend some of the planes to the IEC in a hasty bid to cover its tracks with the US Federal Aviation Authority – and then their friends at Rembrandt somehow ended up having to pay for the R40 million disaster (nose8).

But now comes the intriguing bit. In June, just after the noseWEEK article appeared, our trusty agent at the Palace Hotel in Gstaad – one of Europe's best – called to advise that "Mr" Robert Hall had booked in for a "tennis week".

As we spoke he was in room 323, at the back of the hotel, with its lovely view over the gardens and the mountains. In fact, our satellite surveillance pictures are of such high quality that we now have the answer to the question whether or not Dr Hall wears pyjamas in bed.

~~But, it transpired,~~ Robert was not there just for the view and other enter-

tainments. In fact, it was soon after Rembrandt took over the planes – and noseWEEK started a light discussion of his offshore interests (in nose7) – that Dr Hall suddenly discovered he had some urgent banking business to attend to in Switzerland. Whose banking business? Well you may ask, since, readers will recall, he has told the Receiver of Revenue that he is retired, has no income and owns no assets except for a small savings account and two second-hand cars.

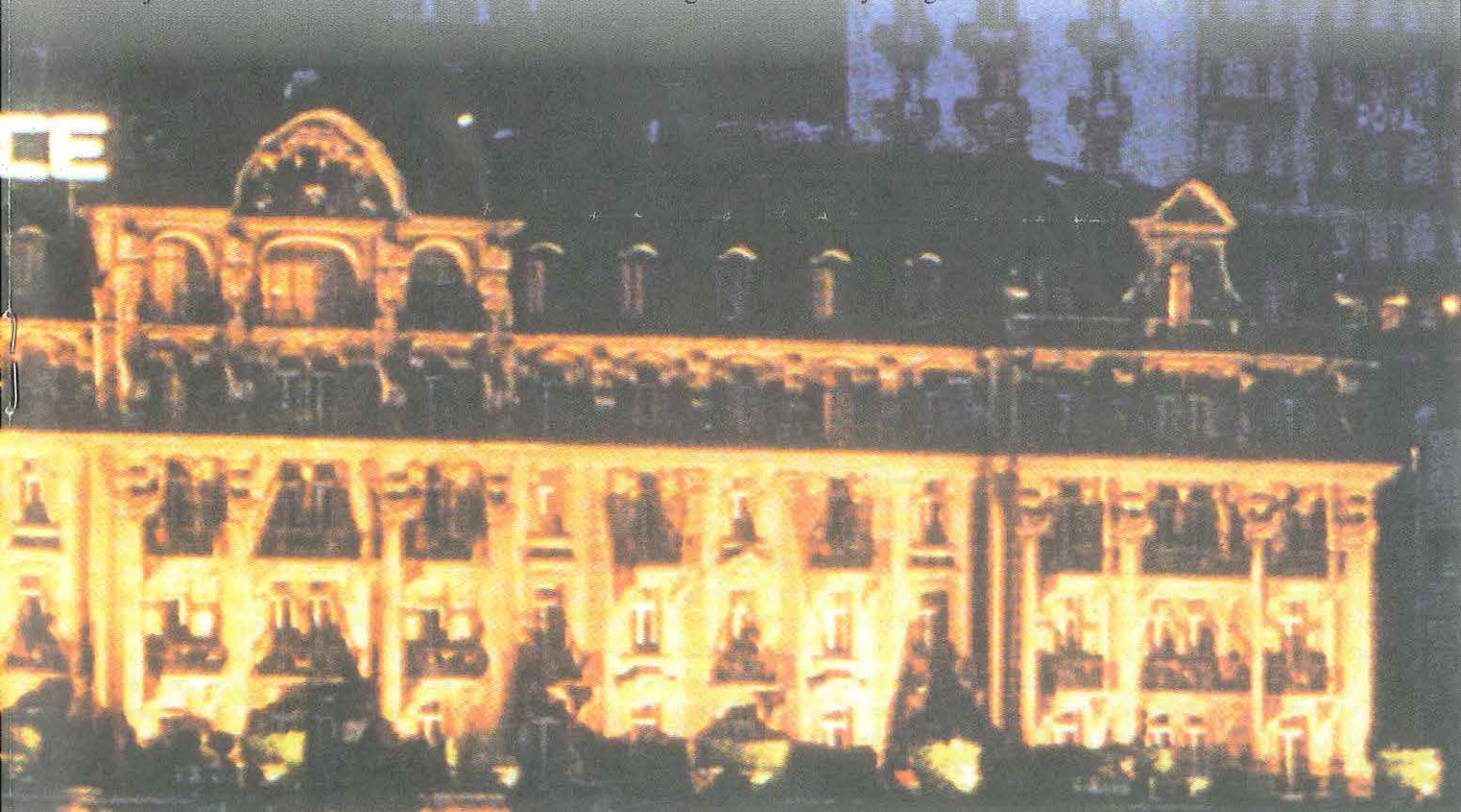
Presumably the Receiver is as intrigued as we are about who has been so generous with alms for the poor, that Dr Hall, our favourite retired dentist and Nobel Prize nominee, was able to fly first class to Switzerland. By the end of his week at the Palace (we recommend it to all our friends), his hotel bill totalled a modest Sw.Fr.7039,10 – the equivalent of nearly R20 000.

But we digress. What really intrigued

our alert correspondent at the Palace was a fax that arrived at that distinguished hostelry for Mr Hall on June 23, from his friend Neelsie in the Cape, transmitting from fax number (021) 262095. – *not Neelsie's number.*

The news, Neelsie informed his friend Robert, was bad. Due to some most unfortunate publicity in "publications" [ho, ho – Ed] in the Cape, the "airplane deal" was off. Publication had "made things difficult". But ^{*and Neelsie,*} Robert should nevertheless "go ahead and transfer the funds". Curious, don't you agree?

Which reminds us about the account at Barings Bank in Guernsey in the name of Euro Airs Inc., Account number 6560. Dr Robert Milton Hall is the signatory. When last we checked in May, it had a credit balance of US\$22 517,00. Wonder what the balance is now ...?



TOLLGATE

The Tollgate liquidation fiasco is quickly developing into one of the biggest banking and legal scandals in decades. The extraordinary cover-up being conducted by some of the most important players is rapidly overtaking the original financial debacle in its demands for our attention.

Behind it all is the question: Does ABSA owe the other creditors of Tollgate R400 million or more, because of preferential payments secretly made to banks in the ABSA Group before the liquidation? And might ABSA also be liable for vast amounts in damages resulting from the criminal activities and / or reckless management of senior ABSA executives?

These are the questions which, the evidence increasingly suggests, ABSA has made sure are never asked by the professionals it has selected to carry out the liquidation of Tollgate.

In fact there is growing suspicion that there might be even more to it than that: Might the truth about Tollgate open the door to even bigger dirty dealings?

The irregular and scandalous behaviour of Mr Justice Harold Berman in his handling of the liquidation – and the related sequestration application brought against former Tollgate MD Julian Askin – has now become so outrageous that he could just as well be part of the old-pals network who feel called upon to help in the coverup.

What is becoming increasingly clear is that the conspiracies to defraud Tollgate and its later creditors and shareholders, were born years before Askin arrived on the scene in March 1990. In fact the legal advisors to the Tollgate Liquidators, attorneys Miller, Gruss, Katz & Traub, are in a better position than most to know this: Senior partner Lawrence Miller became a director of Duros (soon to become Tollgate Holdings) in 1986, when it was controlled by his friends Gordon Verhoef and Eric Krause.

At the Duros AGM in 1987 there were already some serious question being asked about a R5m suretyship signed by Joint Chairman Mr Verhoef, but he was away in London and not available to answer. The major shareholders in Duros were desperate to sell. Lawrence Miller found the buyers – The Stellenbosch Boys: Christo Wiese, Mervyn Key, Macintosh, McCay & Claasen.

And they would buy Miller, Verhoef & Krause's shares with large sums of money, borrowed from Volkskas and Trustbank. (Some of the ABSA group's directors). Readers will have noticed that only a week after the last noseWEEK appeared – in

which we revealed publicly for the first time what ABSA had known for two years already about the frauds and other misdeeds of their former top executive, Hennie Diedericks – the attorneys for the Tollgate liquidators rushed to Mr Justice Berman in the Cape Supreme Court for an urgent order placing the former Tollgate MD (and Volkskas executive, and MD of the Post Office) under sequestration.

Clearly, the cause for urgency was not anything Mr Diedericks was about to do. He has no assets worth speaking about. The tens of millions he allegedly stole, were used long ago to repay – what else – his bank loans. To find out what it was really all about, watch the action:

As part of Operation Damage Control, even before the application papers were sent to court, Miller, Gruss, rushed neatly copied bundles of the application papers to selected newspaper offices in the city, to ensure that all the world would be told about how firmly they were acting against Mr Diedericks. In this way they no doubt hoped to pre-empt any uncomfortable questions that might have been asked of ABSA and the friendly liquidators it had appointed – once the noseWEEK report became more widely known.

But readers should not be misled. The papers filed in the application against Diedericks are careful not to tell the *whole* truth. Sometimes what they imply is not the truth at all. For a start they don't explain why, if the liquidators believe what they allege about Diedericks, the police were not called in months – a year – ago to arrest him for fraud. Big fraud.

Nowhere, in the lengthy account given in the application of the alleged frauds, do the liquidators reveal that ABSA's Board had been told about several of the frauds by Askin already in March 1992.

But they do make repeated references, in the Diedericks application, to Julian Askin's alleged frauds (which remain unproven), as if Askin were a co-conspirator with Diedericks, when in fact there is no evidence to suggest the two men ever met one another. On the contrary, all Diedericks's alleged frauds took place while *he* was MD of Tollgate – and prior to Askin's arrival on the scene.

The intention of those who drafted the ap-

plication can only have been to mislead the court and, especially, the public about ABSA's role in the collapse of Tollgate.

The facts, as now alleged in the Diedericks case, support Askin's claim that he was a victim, not a co-conspirator. This not only does not suit ABSA's case – it could also be most inconvenient for Mr Justice Berman, who has made some pretty damning statements about Askin with very little evidence to support them.

The evidence shows that the money allegedly stolen by Diedericks and another former Volkskas senior executive, Johan Claasen, was used by them to inflate the price of Tollgate shares on the stock exchange. What the applicants do not say, is that this must have been in order to defraud

Askin and his British co-investors, who were to pay "market price" for the shares they had agreed to buy – from Claasen,

Diedericks and cohorts.

But then all of these sellers personally owed the banks huge sums – Claasen alone personally owed Volkskas R40 million – debts that they hoped would be settled with

the proceeds of the share sales.

Which brings us to the really dicey part of the story: the nasty thought that the frauds might have been carried out with the connivance of those Volkskas and Trust Bank executives who were intimately involved in controlling Tollgate's day-to-day cashflow. They must have been aware that, just weeks before Askin's arrival, more than R8 million was paid to former Tollgate executives (in fraudulent restraint of trade deals, the one signing for the other) at a time when the company was in dire financial straits. But then, of course, the banks benefited from the fraudulently inflated amount which Askin & co paid for their Duros/Tollgate shares – provided, of course, the old directors used their ill-gotten gains to repay their bank loans.

The fact that the Tollgate liquidators carefully omit to tell us that Askin had already reported the Diedericks frauds to ABSA in early 1992, does not mean we cannot ask: When told, what did the men at ABSA do about it? What we *do* know is that they kept Diedericks on as a senior Volkskas executive for nearly a year longer – and that they happily endorsed his promotion to head the Post Office, before setting about busting Askin.

The intention can only have been to mislead the court and the public.

It is not only the timing of the recent, hasty court application to sequester Diedericks that is curious about the actions of attorneys Miller, Gruss, Katz and Traub, originally attorneys for ABSA, and now attorneys for the ABSA-nominated liquidators of Tollgate. The firm – and particularly its senior partner, Lawrence Miller – have been closely involved in Tollgate's affairs for many years. In fact Mr Miller, and his clients Gordon Verhoef and Eric Krause, were directors of Duros Ltd (Later to become Tollgate Holdings) in 1987, when they sold out to Claasen, Key, Mackintosh and McCay, the four main conspirators in the frauds which led to the collapse of Tollgate.

Anyone interested in all the curious connections and possible influences in the Tollgate saga might also want to take account of Mr Miller's other interest: offshore finance. He spends most of his life in the air on the way to see to all his clients and their offshore interests, to the extent that he is known as a top scorer on SAA's frequent flyer scheme.

Off shore finance is an interest he developed in the days when his father, Solly Miller, was mayor of George and a very close friend of the local MP, Mr P W Botha. And then there's Lawrence's uncle, the convivial dentist, Dr Rubenstein, who in the Vorster years, was a close friend of South Africa's most corrupt Minister of Finance, Dr Nic Diederichs. As chairman of Glen Annil, Dr Rubenstein also became every Nat MP's uncle in the township development business.

It was with those connections that Lawrence Miller came highly recommended for the heroic task of raising some foreign loans for the Apartheid regime. And, as is natural in that business, he got to be friendly with the chaps at Volkskas, Trust bank and the Reserve Bank.

Just as naturally, when it became known that he had *these* friends in Pretoria, he was consulted by other friends, who desperately needed help in getting money *out* of South Africa. Lawfin, Lawrence's offshore financial consultancy, could help there, too.

Gordon Verhoef was one of the clients to benefit from his skills and connections. With Miller's help, Verhoef got Reserve Bank permission to make a major investment in the UK – naturally to advance South Africa's economic future. Unfortunately, Verhoef seems to have followed his money off shore, and has retired very comfortably in London, where he now prefers to collect his dividends.

Is it surprising that the men at ABSA should have gone to friend Lawrence's firm for help and advice in "handling" Tollgate?

But we digress.

The strange behaviour of the Honourable Mr Justice Berman is of more immediate concern.

For the past year Askin has been denying the frauds he was accused of in the application for his sequestration. He has repeatedly asked for access to the records of Tollgate and the banks which might serve to prove his innocence. The liquidators and their attorneys have, in turn, gone to the most extraordinary lengths to prevent him seeing these records. Mr Justice Berman has simply gone along with the fiasco by joining the chorus of Askin's accusers, while refusing to allow him to find the documentary evidence he might legitimately require to defend himself.

A formal request for discovery of documents, served by Askin's attorneys on attorneys Miller Grus nearly a year ago has remained unanswered. Apparently unconcerned, the Judge demanded that Askin file his defence by July 27. So, early in July, with time running out, Askin's attorneys brought an urgent application to compel discovery, if they were to have any hope of obtaining the documents in time to prepare Askin's reply.

The day before the court hearing was scheduled, Mr Jeremy Tyfield of attorneys Bernadt, Vukic, Potash and Getz – Askin's attorneys – was telephoned by Judge Berman and ordered to attend at the Judge's chambers immediately. On his arrival at the judge's office, he found Mr Harris of Miller Grus Katz and Traub, together with senior advocate, Jeremy Gauntlett and his junior Mr Woodland – representing the Tollgate liquidators – already there.

The judge announced that although the case was scheduled for the next day, he had decided to call them in to share his thoughts with them. He handed each of those present a set of papers he had drafted. Tyfield protested that it was not proper for them to deal with the matter when Askin's advocates were not present. He had, himself, not been properly briefed. The judge told him to shut up and get on with it. Sitting to one side, advocate Woodland was seen to doodle the words "This Judge is mad." on the back of his set of the judge's papers.

In his defence it should be said that, at some stage of the discussion which ensued, Mr Gauntlett SC did mention to the judge that maybe it was not proper for the matter to be discussed while his opponent's counsel were not present – but he continued the discussion with Judge Berman, anyway.

In the judge's draft he apparently thought Askin might have a point wanting to see the documents. However, the judge did not think the matter was urgent, so would not grant an urgent application. Catch 22. But, said Mr

Gauntlett, he and his senior colleague at the Bar, Mr Hoberman SC, were agreed that that Askin should be shown nothing. (Mr Hoberman, previously ABSA's counsel, now an "independent" chairman of the secret-en-^{Tollgate}quiry into ABSA's affairs, is, we suspect, anxious that the public should never get to see the record of his enquiry. They might just deduce from it that he had conducted his enquiry in a way which best suited the needs of his former client, ABSA. Like never calling the bank's senior directors and executives to testify – or for sight of the bank's records, which might have revealed their connivance in fraud.)

So informed, the judge then demanded that all those present return the papers he had handed them. Some pleaded that, since the judge had produced them, they ought to be allowed to keep them. Especially Mr Woodland, remembering the remarks he had written on the back of his. But the judge got very angry and demanded that they be handed back to him – AT ONCE. The resourceful Mr Woodland fumbled and accidentally ripped the back page of his copy, so that his went back minus the back page.

At the formal hearing which followed a few days later, Mr Justice Berman refused Askin's application, and suggested Askin's attorneys should, instead, ask Mr Hoberman nicely for his papers. Or, if that failed, he could ask the Master of the Supreme Court, the judge suggested.

Punters are calling for odds on the chances that Judge Berman will soon save ABSA and their attorneys further agony by ordering Askin's final sequestration without further ado – and no papers.

Meanwhile other major creditors, including Standard Bank, have arranged for a separate, public, enquiry to be launched into the affairs of Tollgate. Will they have the ~~the~~ courage to dig up all the dirt?

Watch this space.

A formal request for discovery of documents has remained unanswered for nearly a year.

Next issue:
Bob Aldworth
talks about the
frauds he is alleged
to have committed
and continues his
account of life on the
ABSA Board

Porn AGAIN

by Maureen Barnes

The recent Out-in-Africa Gay and Lesbian Film Festival raised, amongst others, the question of pornography masquerading as art ... Gay and lesbian? That doesn't sound fair to me – or is there a cryptic message in there somewhere? Even if lesbians aren't gay, that's no reason why they can't be given a more popular – and, alas, more suitable acronym: What about the Glums? Generic Ladies Unencumbered by Males. But I digress. Gays and lesbians it is.

Reading through the tacky and daringly illustrated Weekly Mail supplement for the film festival might have been a bit of a larf, but seriously folks, art it ain't. With a few exceptions, the film titles and introductory blurbs read like extracts from the catalogues of Mills and Boon and a Soho porn publisher.

The Mills and Boon element was illustrated by "Double Strength", the tale ... no, no, "the poetic study of the stages of a lesbian relationship by two women performance artists from honeymoon through break-up to enduring friendship". This description appears under a photograph of two heartbreakingly plain women – a beaming bespectacled one with her vest up around her neck, her droopy middle-aged breasts being fondled by the earnest female behind her. The poetic content of this particular study is slightly marred by the fact that the bare lady is being groped while, at the same time, having to smile into the mirror and support the video camera recording the momentous event on her left shoulder.

Another romantic saga was the movie "Lianna", who, "married with two children, suddenly finds her life turned upside down when she falls in love with Ruth, her night-school teacher". Give Mills and Boon their due, their tall, dark heroes usually come equipped with castles in Spain rather than

Maths Made Simple, but it's the thought that counts.

While these films may be banal, they don't pose a serious threat to our South African way of life – traditional or new – and they are certainly not pornographic in the same revolting sense as the popular violent films which create endless queues at our suburban cinemas. Among those are the Schwarzeneggers, the Kung Fus, the Van Dammes and many others.

But the festival, and the adverts which adorned its programme, included material which cannot do much good for the campaign to advance the rights of a much maligned minority group.

One such film was "The Attendant", described thus: "The dangers and pleasures of a sado-masochistic fantasy world are played out as a museum attendant finds himself caught up with the characters in a historical painting which comes to life." The photo here is of a rather depressed, undernourished lad dressed in a black leather dog collar and matching harness.

Then there's "Together Alone", mercifully un-illustrated: "Celibate Brian picks up Bill, takes him home and has unprotected anal sex. In a post-coital conversation they discuss safe sex, one-night stands ... a seminal work." The last phrase just might be intended as punny. The only humour evident in this little catalogue is in the heavy doses of double entendre – as in another tale when "Rapunzel lets down her hair like never before ... and it's not for a prince either."

It seems a pity that movies such as "The Adventures of Priscilla, Queen of the Desert" and the award-winning documentary, "Before Stonewall", on the history of sexual repression/oppression in the U.S., should have been drowned in a swamp of mediocrity.

According to a critic who covered the event, most of the films were non-violent and

quite innocuous. If so, one might ask what sort of people were the organisers trying to attract through this brochure?

Whilst tasteless films speak for themselves, it was one of the mainstream films which really troubled me. The cinematically sensitive and emotional Dutch movie, "For a Lost Soldier", told the story of choreographer Rudi van Dantzig who, as a child in World War II, was seduced by a Canadian soldier to whom he had become attached.

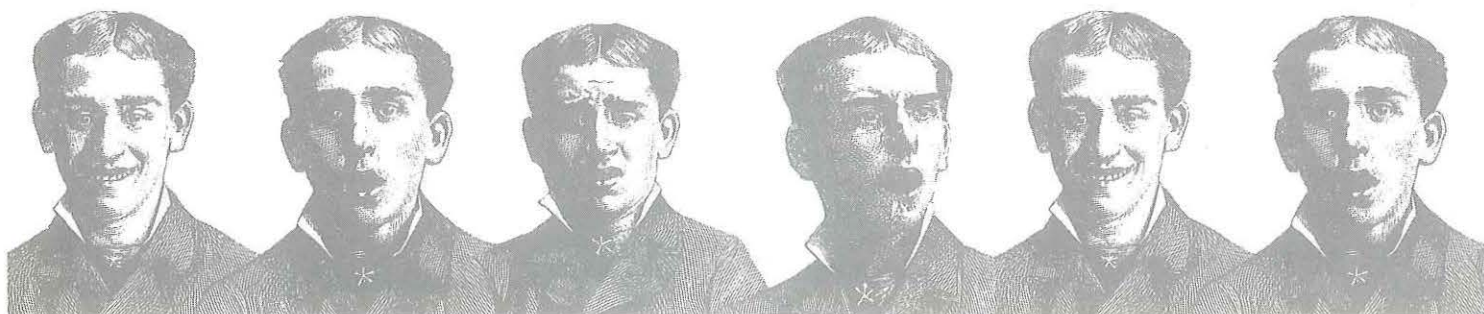
Derek Wilson, experienced and respected film critic for the Cape Argus, said that while he thought the movie was one of the best shown at the festival, he did have a problem with it. He wrote:

"Gays have long been at pains to disassociate pederasty from homosexuality, and it would have been better for this film to have been released at a general film festival or even on the 'art' cinema circuit. But to have included it in the gay film festival is arguably not a wise move."

There is another aspect to this film and that is the use of real-life children in the enactment of explicit adult sex scenes. How, I wonder, has the role affected Maarten Smit who plays the pre-pubescent boy in the movie? I have never forgotten the young Jodie Foster – she was then around 11 years old, I think – playing a hooker in explicit, cruel scenes opposite Robert de Niro in the award-winning 1976 movie, "Taxi Driver". After such an experience, maybe it is not so surprising that Ms Foster grew up to reject male sexuality.

When you consider how the making of these respected films uses and abuses child actors, they really should be considered pornography of the worst kind.

In the nature of these things, the festival itself wasn't, of course, all fun and games. American lesbian filmmaker Barbara Hammer was invited to introduce and discuss her



films. Ms Hammer's works included "Dyketactics", "Multiple Orgasm" and "Superdyke", which might give a clue to why she remains "on the experimental edge of independent filmmaking in North America".

Another of her films showed "a series of camera portraits of the filmmaker's friends and lovers, intercut with a playful celebration of fruits and vegetables". Yes, we have no bananas.

According to some who went to see Ms Hammer (and others who sneaked out during her talks), she was a complete bore and the invitation to high-profile SA gave her a credibility she doesn't deserve. But just in case any philistine dared to criticise her, the Mail supplement warned: "Understanding Hammer's originality demands confronting some of the easy commonplaces of current media criticism."

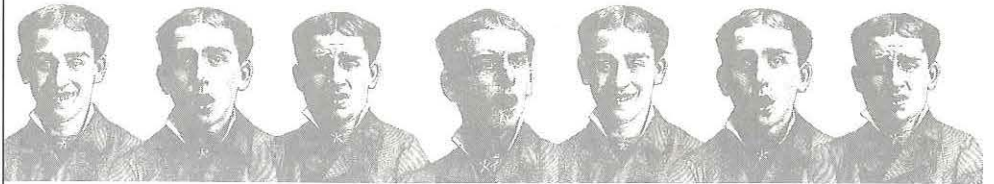
The ads which supported the festival supplement were also a barrel of laughs. Exclusive Books was right in there with an ad headed "Take Alice to Wonderland ... buy her a book voucher".

Toyota, whose vehicles always seemed to me to be more macho than sado – but perhaps the seats are uncomfortable – came up with a rather strange message: "Engineered not only for the straight and narrow". In keeping with the occasion, they thoughtfully reduced the type size of their usual slogan "Everything Keeps Going Right".

Durex showed a condom captioned "Forthcoming Attraction" ho ho ho, and Reelpride, "SA's leading gay Video Company" put in a mail order slip affixed to a selection of quite the grottiest-sounding videos ever touted outside the sleaze journals. "Fancy some great sex?" read the caption to one little nasty. "Eight hot and horny guys will leave you trembling as they show you the ins and outs of great gay sex ..." Such prose gave a new meaning to another ad – for Sambucca – headed "Catch the Fever".

It was also depressing to see that the greatest proportion of festival films revolved around the sex act itself, and in real life, no matter what the gender of the participants, there are just so many ways you can depict this particular activity.

This tedious repetition points the question: Have the porn merchants hitched a ride? Have they managed to clothe themselves in the righteousness not only of art, but of a worthy minority cause, the way the gambling bosses obscure their true object – easy profits – by allying themselves with charitable causes? Gay rights campaigners should be aware that the confusion which benefits the porn merchants may end up harming the legitimate cause of gay rights. **III**



THE PRICE

OF *Porn*

Something rotten in the state of Denmark

by Diana Russell*

In the early 1970s, Berl Kutchinsky conducted research in Denmark from which he concluded that sex crimes had decreased there after the censorship laws against pornography were repealed. Although Kutchinsky's analysis was scientifically flawed, it was exceedingly influential. Ever since then I had wanted to see for myself what Danish pornography looked like. I was fortunate to have Danish anthropologist Annette Leleur as my guide and confidence-enhancer (I've never felt comfortable entering porn shops alone) as we toured the pornography shops in Copenhagen.

Brightly coloured crotch shots of women's genitals were a common sight in the arcades and store windows all over downtown Copenhagen. The pornography stores were situated in the fancy parts of town, giving them an air of complete acceptability. Real women's intimate body parts had been reduced to commodities and merchandised like all other goods in the surrounding shops. Hundreds of vaginas of every shape and hue were available for free visual rapes by male passersby.

Inside the stores, the men managers insisted that their businesses were no different from others. Typically, they arranged their wares in special interest categories such as large-breasted women, oral and anal sex, women having sex together, bondage and torture, rape, bestiality (I particularly remember the pictures of women engaged with pigs), and "baby love", with pictures of young girls being sexually abused by adult men. I noticed that all the books of photographs on so-called baby love involved girls of colour (from India, I believe). Per-

haps Danish girls had not yet been sufficiently demeaned for Danes to feel comfortable about seeing their own white children sexually abused in public. But Indian girls – what did they matter? Racism can flourish in places where few people of colour reside, as well as where many do.

Could this transformation of Copenhagen really have happened because one scholar did a study that purported to prove that the easy availability of pornography for men to view and masturbate to would serve to lower the rape rate? Or did a majority of Danish males want greater access to pornography, so they used Kutchinsky's study to provide a scientific rationale to legitimise their desires? Whatever the explanation, subsequent reanalysis of Kutchinsky's data by several scholars has shown that the statistics he reported actually revealed an increase in the incidence of rape. The overall statistics on sex crimes appeared to have decreased only because lesser crimes such as exhibitionism, voyeurism and homosexual prostitution were no longer recorded by the police. Hence, the illusory decline in sex crimes was actually due to a change in police recording practices, not the lifting of restrictions on pornography. But the myth lingers in the minds of many people that the Danish experience proved that viewing pornography is cathartic – a safety valve that helps to prevent rape and other forms of sexual assault. **III**

* Extract from: *Making Violence Sexy – Feminist Views on Pornography*, edited by Diana E H Russell and published by the Open University Press; just released in South Africa by Book Promotions, Cape Town.

ALL IN THE FAMILY...

Some thoughts on the Pick 'n Pay Strike

by Maureen Barnes

It is interesting that, at least in the early stages, both the TV and radio services of SABC, but particularly the radio, covered the Pick 'n Pay workers' strike in a more impartial manner than most newspapers. To think one would live to see it.

The papers, perhaps mindful of the vast amount of advertising at stake, reported at length how upset shoppers were with the nasty strikers, and chose photographs depicting beleaguered ladies battling to get their biscuits out of the stores.

Judging from the comments of many people in the street, this was not a true reflection of the feelings of the average consumer.

Only SABC – where Raymond Ackerman gets much of his publicity on the cheap by way of banners decorating sporting and quasi-charitable events – reported a woman worker who earns R200 a week after ten years' service. Doing what, you might ask? Does it really matter? Especially coming from a huge company which boasts of increased dividends in times of recession.

Instead of taking costly advertisements in newspapers to "apologise" to the consumer for his nasty workers, Raymond might have given the lady a little increase.

And wasn't it interesting at the very beginning of this misadventure, to hear Pick 'n Pay's joint managing director, and daddy's heir apparent, Gareth Ackerman, being firm with the strikers? "It is not a question of a living wage," he told Radio Today sternly. "It's a question of what our competitors pay."

Things all went in accordance with the traditional South African way of life – the bosses summoned the police, bullets and dogs to their cause before returning to the negotiation table. They took full-page ads in the national press to state their case. They then screamed about the violent attitude of the strikers who not only don't have the funds for full-page ads, but by some crazy law are not allowed to picket near their workplace. This denies them the opportunity to discourage scabs and to put their case to the public face to face.

By this time Gareth had withdrawn, bewildered, one assumes, by the lack of respect of the citizenry for the crown prince. Since then, nothing has been heard of the lad. Has he been locked in his bedroom? Or sent away to recover? Anyway, from then

on the hand to hand combat was left to hired hands.

Negotiations having failed, the matter went to mediation, in the midst of which Mrs Wendy Ackerman was overheard squeaking adamantly to chums that "they" would *never* get R200. So much for mediation.

Of course some workers stayed on the job, but not necessarily out of loyalty. A check-out assistant, a single mother, was there because she couldn't afford to strike. Others aren't risk their housing subsidies and other loan schemes that sound so generous but in reality are forms of enslavement. What father can object to low wages if, in so doing, he risks putting his family on the street? Rather pay people decent wages and let them buy their own houses.

A further newspaper advertisement appeared, full-page, of course, giving "The Facts" of the strike. Now to whom exactly are these expensive ads directed? They've all got that tone of "them" (the Nasties) and "Us" (the simply wonderful employers), so one can assume that it isn't Pick'n Pay's workforce that is supposed to read them. Perhaps it is the investors who are being reassured that they are not investing in an uncaring organisation – not uncaring of investors, that is.

But it does seem a terrible waste of money and an exercise designed to widen the gap between management and workers. And while nobody can suggest that Pick 'n Pay is, or ever has been, anything like a "bad" employer, it certainly seems to be going backwards when it comes to human relations.

Meanwhile, back at the branch, Raymond Ackerman was busy apologising again. This time to the residents of Highlands House, a home for Jewish aged in Cape Town who had been verbally abused by some strikers who had shouted anti-Jewish epithets at them.

There is no disputing that it is ugly and frightening for old people to have been subjected to this sort of thing. But for

Raymond Ackerman to seize the opportunity to turn it into an "anti-Semitic" plot, with all the sinister and disgusting overtones the term represents, is ridiculous. While no excuse for boorish and aggressive behaviour, it should be borne in mind that the majority of this country's people, including many of the strikers themselves, have for years been called "kaffirs" and worse. It's not nice. It must be stopped, but it's not the rise of the Fourth Reich.

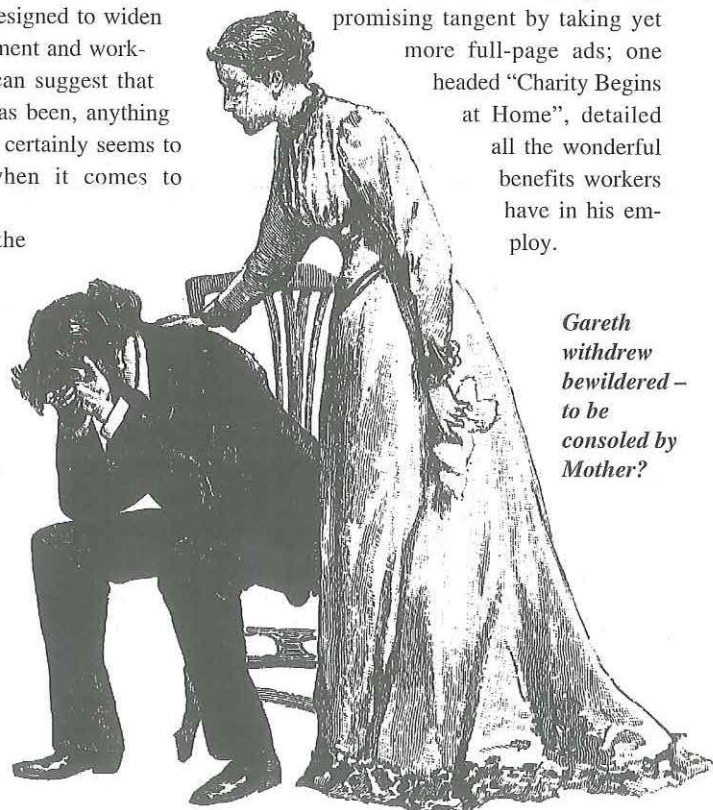
If Mr Ackerman is in the mood for beating his breast, he should have apologised to the residents of Highlands House for their having been caught in the cross-fire caused by his company's crude and arrogant labour relations.

But clever marketeer that he is, Ackerman followed it up by denying "reports that the company was investigating the possibility that the country-wide strike could be linked to anti-Semitism". Until you mentioned it, Raymond, I never read any.

Then came his opening speech at the Argus Marketing Exhibition in Cape Town. With his usual air of martyrdom bravely borne, Ackerman told his invited audience how he had been criticised by his workers for giving so much to charity and so little to them.

He embarked along this promising tangent by taking yet more full-page ads; one headed "Charity Begins at Home", detailed all the wonderful benefits workers have in his employ.

Gareth withdrew bewildered – to be consoled by Mother?



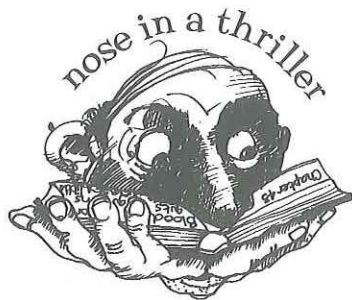
While I can but imagine the difficulties of sainthood, it must be pointed out to Mr Ackerman that his workers were complaining more about his endorsement of sporting events and gambling schemes such as Ithuba, rather than any so-called donations to charity.

As the participants touted for media support – with Raymond winning by quite a few lengths – South Africa waited to see what would happen and wondered where it all went wrong. Officially the bosses won. Unofficially maybe, we all lost something.

Sipho Maseko, lecturer in politics at the University of the Western Cape, finds it intriguing how Pick 'n Pay, which once managed, through good labour relations, to avoid previous widespread unrest, should now find itself in this position.

"Pick 'n Pay used to ask its workers how the cake could be divided, but now they want to dictate how to divide the cake," said Mr Maseko.

It is difficult not to speculate if the recent resignations of many Pick 'n Pay senior executives, and the nepotism displayed by our friendly grocer, could be the cause of such a dramatic deterioration in labour relations. **ff**



MALLORY'S ORACLE

by Carol O'Connell (Random House)

When you read this first thriller by a young American, you'll know what they mean by atmospheric. Rich old ladies are being murdered and mutilated in New York's smart Grammercy Park. Is there a personal motive for these crimes, or is it the work of a serial killer? Throw in the murder of a brilliant detective; seances held by a sinister medium and a queue of lively old ladies speculating about who'll be done in next, and you've got a really unusual thriller. It all seems to take place at night, except the reading of it – I found the atmosphere of the book so threatening that I couldn't read it after dark.

The characters are extraordinary – both original and well-drawn, particularly Sergeant Kathy Mallory, who is beautiful, cold and clever. She's a computer whiz, a crime analyst and a bit of a criminal herself. I didn't like her much, but I wanted her to beat the clever psychopath and survive. See if she does. — *Maureen Barnes* **ff**

with Pince Nez

The apogee for Transvaal theatre came at a luncheon at **Ciro at the Ritz (good food & slow service, and some notable last minute absentees like the Windybrow's Walter Chatela) where FNB chief, Norman Axten announced the winners of the regional finals for the Vita awards.**



The Market Theatre's production of *Scenes from an Execution* swept the boards, winning the prizes for best production, best director, best stage costume and lighting designers and for best supporting actress and actor. In fact, out of eleven awards made, only one went to a non-Market Theatre production. It makes one wonder what happens to the R80 million that goes to PACT and the R22 million to the Civic Theatre. It equally makes one wonder if the Johannesburg City Council feels even a little frisson of shame when, accompanied by much self-congratulatory back-slapping at its own generosity, it hands over R250 000 to the Market.

The Market literally teeters on the edge of closure and, without the help of international organisations, all of whom recognise the excellence of its work, it would not survive.

Vita awards notwithstanding, the prize for the finest solo performance of the year goes to Professor Phillip Tobias, who made a spellbinding address at the launch of the Palaeo-Anthropological Scientific Trust (PAST). This trust has been set up to raise funds "to develop, preserve and protect South African hominid sights, to facilitate archeo-tourism, to support the training of students in the study of palaeo-anthropology and to stimulate general public awareness of their palaeo-anthropological heritage." Which is a most fascinating subject and, as it has in others, politics has been responsible for stunting research and development in this field too. Apartheid resulted in an academic boycott and severely reduced international funding, despite the fact that during the last thirty years 40 per cent of all early hominid remains discovered in the world came from caves and deposits in South Africa. This is particularly ironic if you consider that once upon a time apartheid could not have been imposed on the grounds of colour: until very recently — between 15- and 40 000 years ago — we were all the same colour.

All progress in the study of human origins in this country in the last 27 years is due to the Wits Palaeo-anthropology Research Unit headed up by Phillip Tobias and it seems that, for some unfathomable reason, Wits was about to close down the unit and force Tobias' retirement. This, despite its superb international reputation for the importance of its work and the richness of the material it was excavating. The PAST fund was motivated largely by the view that this should not be allowed to happen. The study

of human origins is of global importance and for Wits to disband its research unit and to close down excavations, allowing in eager teams from Harvard and elsewhere, would have shown an appalling lack of vision and an abrogation of responsibility for a vital piece of South African pre-history and indeed of world heritage.

Palaeo-anthropology seems to produce players of quite remarkable character and intellect. Doctor Broome, Professor Dart and now Tobias are all larger-than-life men and so is Richard Leakey. There must be something about dealing with human origins, going back millions of years, that results in a kind of magnification of persona – these men appear to be neither perturbed by the minutiae of daily life nor are they mired in the pettiness of dealing with the mundanity of contemporary affairs and their political (speaking broadly) ramifications.

I was pleased to note Dr Ben Ngubane was as fascinated as everyone else in the audience by the personality of Tobias and the sheer brilliance of his address. Indeed, Palaeo-Anthropology holds within its parameters all the facets of Dr Ngubane's ministerial portfolio: arts, culture, science and technology.

Shame on Wits. Hurrah for PAST! **ff**



THE RECLAIMED HISTORY OF ART
by Gus

Victim of a post-impressionist tradition, Sonja Krios, one of Andy Warhol's early models, contracted bronchial pneumonia after spending seventeen hours shivering in a bath filled with Campbell's Soup.

noseWEEK

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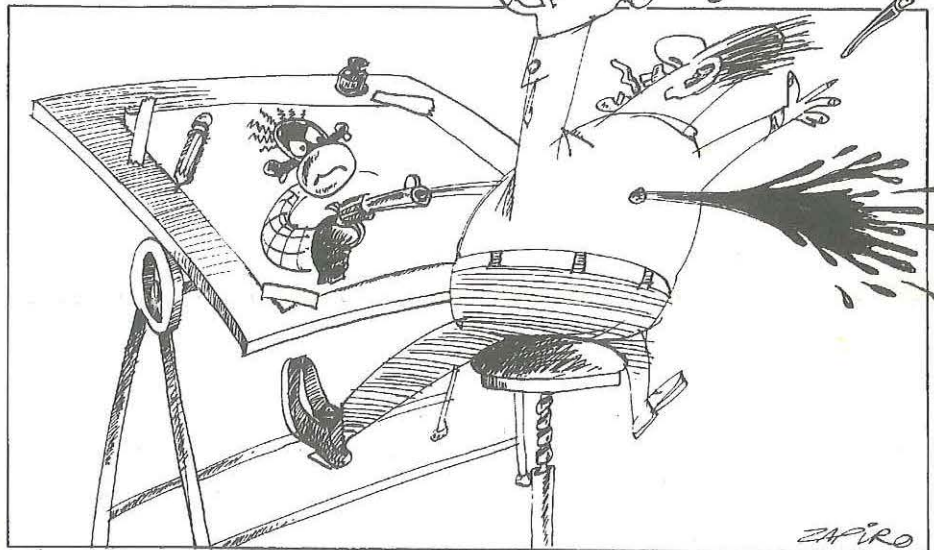
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Too late, the cartoonist realises the folly of perpetuating negative racial stereotypes.

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