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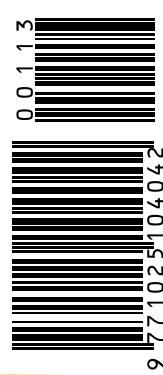
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# NOSEWEEK

13

MARCH 2009

**Mugabe  
fag king  
dodges  
R72m  
SARS bill**



**Fraud at Fairbridges Money grows on trees for parastatal bosses  
Broken by her broker Jake Zuma up the pole**



Frans David Oerder (1867-1944), MAGNOLIAS, signed, oil on canvas, 69 by 89cm R600 000 - 900 000

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# noseweek

MARCH 2009

ISSUE 113

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**Mugabe's billionaire  
fag king pal owes  
SARS a hefty R72m  
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## Not COPE-ing

I approve of your editorial in *nose112* encouraging us all to support an opposition party in the forthcoming elections. Very important advice! I was going to join COPE (they seemed to be saying all the right things) – until I heard that Dr Allan Boesak,

your articles on the INSETA (*noses108,110&111*) suggest you have been fed a load of muck – and that you should check your sources more carefully. Some facts:

1) My ex-wife, Shirley Steenekamp was not found guilty of any charges levelled at her by a member of the INSETA council. She

which Steenekamp had sent them. Mr Abel, as acting CEO, asked the council to give Shirley the benefit of the doubt – which was naturally granted. – Ed.)

2) Your contention that my ex-wife then expressed her gratitude to Abel by engineering his appointment as the CEO of the INSETA,

wrecks” (*nose112*) has done a bad job of research and ended up providing ammunition for opportunistic scavengers to weaken the defences of beleaguered conservation areas. Professor Rudy van der Elst and his so-called professional ilk should hide their faces in shame knowing what Andrew Zaloumis has achieved through the iSimangaliso Wetland Park Authority, and the plethora of social upliftment programmes that he has instituted in north-eastern Zululand.

Having witnessed St Lucia in its ecological heyday, from 1958, and its deterioration as a result of various hydrological impediments, I marvel at how the wetlands of the lake’s eastern shores have recovered with the removal by iSimangaliso of millions of thirsty gum and pine trees. Without this intervention the lake’s fauna would have succumbed to the its hyper-saline condition. Using this minor barge episode to weaken Andrew’s resolve is nothing more than a destructive form of cowardice.

**Paul Dutton, MSc**  
Environmental Consultant  
Salt Rock, KZN

## St Lucia blues

On holiday in St Lucia in December we encountered a number of symptoms of the unhappy situation between Ezemvelo KZN Wildlife and iSimangaliso (*nose112*). Sightings of leatherback and loggerhead turtles are down by 50% on the previous year – and some scientists attribute this directly to the sinking of the barges so close to the coast; where the main exhibition at the False Bay fossil park (part of iSimangaliso) used to be a rich treasure trove of ancient history, it is now but a dusty room in desperate need of paint, with gaping holes where rare fossils used to be.

At risk of belabouring the point, there were big plans for St Lucia. I attended one of the presentations around

## I was going to join COPE until I heard that Dr Allan Boesak with his erased criminal record had joined

with his erased criminal record, had joined. Now I’ve lost interest.

**Pam Herr**  
Sun Valley

*To join a political party is to compromise. The best you can do is choose the one least compromising to you.* – Ed.

## INSETA in the spotlight

I used to think your mag worth reading because you appeared to practise responsible journalism, however

was suspended and a disciplinary inquiry was held – chaired by a senior advocate from the Johannesburg Bar. The inquiry cleared her of all charges and she was re-instated by the INSETA council – not Mr Abel, as you incorrectly reported.

*(Emails traced to a computer in the Steenekamp home helped to disqualify Phakama Nkosi from contesting the CEO position, but the enquiry did not establish*

is ludicrous. *(All noseweek said was that, with Abel as CEO, Shirley got away with numerous improprieties.)*

3) AdVtech’s successful tender had nothing to do with my ex-wife, or my son. Shirley is too honest and too smart to try and influence a tender submitted by any company – particularly one which employs a family member. My take is she would have recused herself from involvement in the awarding of the INSETA tender involving AdVtech. *[She didn’t.]* Check it out. *(We did.)*

Methinks that unsuccessful and frustrated tenderers for INSETA work have led *noseweek* by the nose. Be brave: publish an apology for the misinformation you have printed.

**Piers Steenekamp (Senior)**  
Paarl

*Mrs Steenekamp refused to comment when offered the opportunity. Why should we now accept a second-hand “take” from you as reason for apology?* – Ed

## Vidal information

I congratulate *noseweek* for its exposure of the many issues that blight our country. However, the journalist who wrote “Argy bargy over Cape Vidal

## Gus



2000 ([www.sanparks.org/about/media/2002/stluciaauthority.pdf](http://www.sanparks.org/about/media/2002/stluciaauthority.pdf)). In a speech at the time, then Deputy President Jacob Zuma (in a press release written by Andrew Zaloumis) outlined a whole range of opportunities on offer in the park for parties with appropriate experience in the tourism sector. It appeared that extensive consultation had taken place to ensure that all stakeholders were involved in the process.

Judging by what we have just seen and heard, much of that zeal appears to have dissipated – as often happens when politicians get bored or distracted.

**Clifford Roberts**  
Somerset West

### Prosecutor puts her case

The Specialised Commercial Crimes Unit, Pretoria, has formed the impression from your article “Nedbank’s award-winning criminal” (*nose111*) that you think we did a poor job in relation to the plea bargain concluded with rogue attorney Andre Croucamp and the prison sentence subsequently passed on him.

I believe we in fact did a very good job in this matter.

Let me explain: You say that Nedbank agreed to the plea bargain “with alacrity”. Lengthy negotiations between the state and the defence took place prior to the final Plea and Sentence Agreement document being finalised. It came as no surprise that Nedbank agreed to the proposed document: it was sound in law.

In the same paragraph,

you say that Croucamp was “let off the hook” with a sentence of 15 years. I hardly think that can be described as being let off the hook. He was sentenced to 47 years of imprisonment, 15 years of which is effective. This is not unusual, nor a light sentence.

Noting that no witnesses were called you suggest that this was to ensure (in the interests of Nedbank) that “no embarrassing evidence” would be led. It is in the nature of a section 105A Plea and Sentence agreement that all the relevant information is contained in the document itself and that no witnesses are called. Such an agreement is between the prosecution and accused, but it does not bind the court in any way. The court considers the document, along with the charge sheet and any other factors it deems relevant, before deciding whether or not it agrees that the proposed Plea and Sentence agreement is just. If not, the agreement will not be made an order of court.

The prosecution of the matter, in the normal course, would have been lengthy, technical and expensive. Clearly all parties benefit significantly if it becomes unnecessary to go that route. Valuable time and resources can be spent attending to other matters (of which there are unfortunately plenty).

I also hold the view that the sentence which would probably have been imposed, after a lengthy and expensive trial, would not have

differed significantly from the one imposed as a result of the Plea and Sentence agreement. That is the primary reasoning underpinning section 105A – to give the accused, properly represented, who wishes to plead guilty, a fair opportunity to do so and not waste the court’s time.

**Glynnis Breytenbach**  
Deputy Director of Public Prosecutions,  
Pretoria

### Whacked once a week

Warning: beware of a scam operated by Integrad, which advertises “Brain Teasers” all over the internet. If you click on one of these ads, then give your cell number, you are whacked with an extra R43.86 each week on your cell account – no confirmation required. Nashua Mobile said they couldn’t stop the charges, so I phoned Integrad, where Tandi said she would stop the charges – but no refund. At my threat to write to *noseweek* she giggled and hung up.

**Colin Reeves**  
Bryanston

### Give me steak, not schnitzel

*Noseweek* has evolved into a sophisticated (well almost) publication, while by and large retaining its original ethos. I have the habit of reading it cover to cover in one sitting, though cursing at the occasional travelogue and Harold Strachan’s maniacal raving.

But of late the cutting edge investigative journalism has become blunted and the seat of the pants, publish-and-be-damned at-

titude is no longer there.

In *nose112* we were treated to kiddie-wheel reportage – The Great Pesticide Exposé! While this is certainly of concern, it hardly warranted five pages. This type of article is more suited to the compost and broccoli brigade.

When I order steak, I want steak, not schnitzel!

Take your best shot.

**A Welgemoed**  
Pietermaritzburg

*Ah, the good old days! Isn't it strange that more people want to read us (and Harold) now than ever before? – Ed.*

### Where are the books

I read your reports on the National Library, and your readers’ comments, with interest. It troubles me that the library is now closed on Saturdays – the excuse being a lack of funds and personnel. Yet R400m goes on a new building in Pretoria, that is destined to stand half empty for the foreseeable future.

Another matter is the collapse of the Centre for the Book. Under Elizabeth Anderson this was an active organization that did much to stimulate interest in books amongst the previously disadvantaged. The present director spends much of his working day writing a novel! Once managed by a committee attached to the Book Development Council, today it is just another division of the National Library where pretty well nothing happens.

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# Couturiers of the Law

**YES, TEN YEARS HAVE** passed since the Sheriff of the High Court entered the premises of attorneys Hoosain Mohamed and Associates with a “search and seizure” warrant, obtained by *noseweek*, to secure evidence that Mohamed and his partner, Ahmed Chohani had been operating a scheme to cheat mostly illiterate road accident victims out of their Road Accident Fund payouts. The story was another milestone in this publication’s history as a campaigner for social reform and justice for all. It saw both attorneys sent to jail, and millions recovered that could be refunded to scores of impoverished victims.

As important: the Road Accident Fund story highlighted how dangerous it is to give the legal profession a key role in the administration of a welfare system funded with taxpayers’ money. The ethos of the one is simply incompatible with the other. Lawyers manoeuvre to achieve maximum income for minimum effort; all too often they are simply couturiers and bespoke tailors charging outrageous prices for exclusive, unique garments. Social welfare makes bulk purchases to secure the maximum number of mass-produced winter blankets for the poor. Cross the two and you get smart lawyers appropriating half the national justice budget to fashion Jacob Zuma’s latest exotic defence.

*Noseweek* is still regularly contacted about thieving road-accident attorneys, the gatekeepers to this social security fund. But if you still think that lawyers representing accident victims are the only rogues exploiting the system, we must disabuse you of that notion: the RAF’s own attorneys are frequently as bad, or worse.

It is time to remove the requirement of proving fault against a motorist or pedestrian in order to succeed with a claim. Only once Parliament legislates a “no blame” system – and limits are placed on the amount of compensation this society can offer any one victim – will the Road Accident Fund fulfil its proper social security purpose.

The Attorneys’ Fidelity Fund is another unhappy example of a scheme, ostensibly designed for the public good, gone horribly wrong. Operated by the lawyers themselves, it has degenerated into little more than a cheap and grossly misleading PR exercise. Before they will take on a case attorneys routinely demand that clients deposit large sums – hundreds of thousands of rands – “up front” in their attorney’s trust account to cover their anticipated fees. As the system now operates, should that money be stolen,

the victim must hire another attorney, pay up front again (but this time double the amount: first to reinstate his original case with a new lawyer, and then to sue his old attorney) before he can turn to the Fidelity Fund as “insurer of last resort”. It may reasonably be assumed that most victims of attorney fraud have neither the money nor the stomach for all that, effectively absolving the Fidelity Fund of any liability.

If the legal profession had any self respect, their fidelity fund would be the primary insurer of their members’ probity, since they have the professional resources – and the most leverage – to recover money from deviant colleagues.

## Cost of crime

**IN RECENT WEEKS** various European countries have begun demanding that South African visa applicants pay large sums in additional visa clearance fees. Every South African who wishes to visit the UK must obtain a visa that costs R1000! “Why are we being victimised in this manner?” asks *noseweek* reader Arnold Taylor in Durban.

Simple: It’s the cost of crime. Corruption in our Department of Home Affairs is so pervasive that our passports and ID documents simply cannot be trusted. To ensure their own safety, those countries now feel they need independently to verify identity and repute – which process costs money.

Another example. *Noseweek*, like most publications, has its circulation figures certified by the Audit Bureau of Circulation. In effect, our own auditors audit *noseweek*’s sales figures according to a procedure prescribed by the ABC. Until last year the process was pretty straightforward and cost less than R8,000 in audit fees. Then staff at one of the country’s largest publishing houses, Media24, devised a fraudulent scheme to boost their circulation figures – effectively, to defraud their advertisers. They were caught, reprimanded and fined. But no-one was arrested or went to jail – so who, in a big corporation, cares? But now no publication is trusted, and ABC has devised an elaborate new audit system that operates on the assumption that we are all criminals. This year *noseweek*’s auditor reckoned he was justified in charging R48,000 – six times the previous amount – for the audit now required. That’s the cost of white collar crime.

**The Editor**



## Will you save *my* planet, too, please?



## Thank you

ON 1 SEPTEMBER last year Mr Nose had a lovely surprise: he found a deposit of R50 in his account – with the reference 4 LOVE OF NOSEWEEK. The donor, it transpired, wished to remain anonymous. On 1 October another donation appeared 4 LOVE OF NOSEWEEK – and has been doing so like clockwork on the first of each month since then. A big THANK YOU from the bottom of our hearts, whoever you are! May other generous souls follow your example!

**T** IRED OF CHANNELLING spirits for the salvation of soul-stricken urbanites? Wearily losing clients to a new breed of tantric-sex gurus? Desperately seeking a shiny new bandwagon? Chris Erasmus, fanciful high priest of the Temple Beautiful and editor of *Odyssey* magazine (*nose92*) has gone green. That's the viridescent truth. He's heading up a new, extra-glossy magazine called *Simply Green* – "SA's No1 Green Lifestyle Mag".

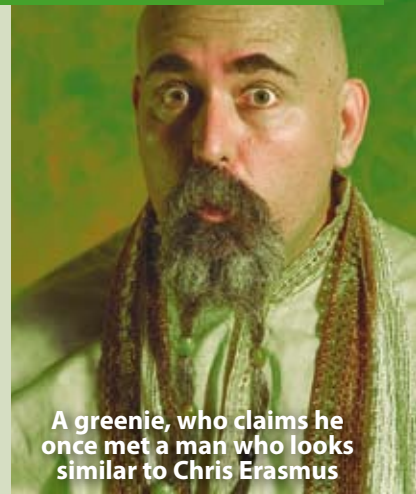
Mr Nose isn't sure which recycled voice might have suggested the move to Erasmus, but, judging by the new magazine's advertising clutter, going green is also making the jaded spiritual warrior huge piles of green stuff. The January edition is virtually wall-to-wall advertorial (advertising copy masquerading as editorial).

There are seven whole pages of Chris praising Sappi for producing paper from sugarcane waste, at their Stanger paper mill – though he somehow didn't find space to mention the incredibly toxic wastewater that plant spilled into the Umvoti river for

years and years. They must have given him a lot of free paper. The back page is an ad for Pick n Pay. How green can you get?

To be fair, the mag does carry a comprehensive, useful article on solar water heaters, but most of its content is culled from press releases, or screeds by members of the mag's "board of advisors", that promote industries they are involved in. Saving the planet, *Simply Green* implies, is all about buying "natural" mineral cosmetics, rooibos espresso and frozen herbs in cute plastic packs. Tra la la.

The mag's companion website, *simplygreen.co.za*, is quite plainly "inspired" by America's famous "lite green" *treehugger.com*. The site carries virtually no original writing: Erasmus and Co simply trawl the net for vaguely "green" stuff and bung it on their site – or let's say "bong" it on; the editing is worse than Mr Nose's after a dozen joints and a bottle of Jack. Headlines have no relevance to stories, stories have no relevance to South Africa, and creative spell-

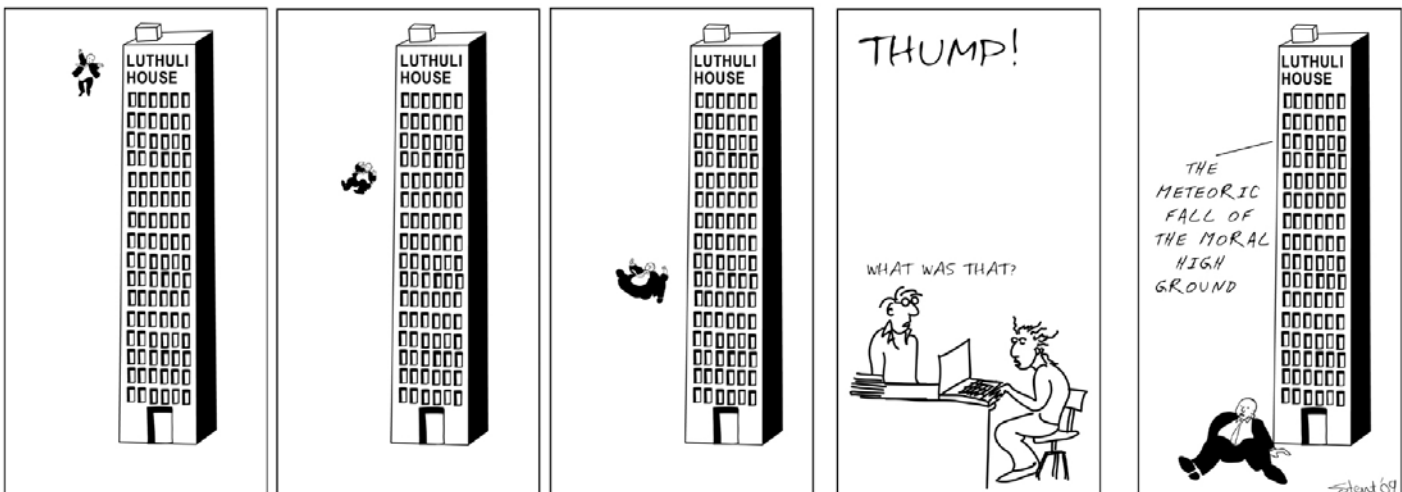


A greenie, who claims he once met a man who looks similar to Chris Erasmus

ing is the order of the day. Weirdly enough, Mr Nose even found himself glancing over an article disparaging organic farming – apparently a few choice keywords showing up were enough to trigger an editorial go-ahead. No-one's going to read this garbage anyway, are they?

Hunter S Thompson once said that "when the going gets weird, the weird turn pro"; strange things *are* happening out there, with climate change and all, and eventually most of us grow out of waving crystals at fairies, but this sure takes the Money-Grubbing Bullshit Trophy for entirely losing the plot.

## Stent



# Dirty business

## SARS accuses ANC apparatchik of colluding in R72m fraud by Mugabe's fag dealer crony

**R**OBERT MUGABE'S NEXT BEST FRIEND, sanctions buster, tobacco broker, arms dealer and "investor in many different sectors", John Bredenkamp is in the spotlight yet again. [See box.] This time the South African Revenue Service is after him for masterminding a R75m cigarette-tax fraud.

SARS has also accused the ANC's "favourite son" in the liquidation business, Enver Mohamed Motala, of running a sham company liquidation to assist Bredenkamp escape the long arm of the tax man.

These shocking allegations were made in support of a court application launched by SARS in the Pretoria High Court a few days before Christmas. In court papers SARS alleged that the voluntary "winding up" (liquidation) of Masters International Tobacco Manufacturing (Pty) Ltd, and the appointment of the by-now notorious Motala as its provisional liquidator in October last year were part of an elaborate scheme masterminded by Bredenkamp.

The revenue service wanted the voluntary winding up of the company and the appointment of Motala set aside as a nullity. It then wanted the company placed in compulsory liquidation, with a new liquidator appointed by the Master of the High Court. In the interim it wanted Motala interdicted from selling any of the assets of the company.

On 23 December Judge Sapire acceded to all SARS's requests with a provisional order staying the voluntary winding up, placing the company under provisional compulsory

liquidation and interdicting Motala from selling any of the company's assets.

Finally, he gave any interested party until 10 February to give reasons why Motala should not be fired and the company placed in final liquidation.

On 10 February counsel for Bredenkamp appeared in court and argued for a further postponement of the case to enable him to prepare a response. Judge Ebersohn refused a postponement and proceeded to make the liquidation order final. Motala's appointment was terminated and the Master of the High Court was instructed to appoint a new liquidator.

In an affidavit made by Jessica Anne Samuels, legal manager of the national enforcement unit based at Megawatt Park, no punches are pulled. The "creditors voluntary winding up", instituted in October, was only a "purported" one, she says, since the members of the company had not passed the required special resolution to authorise it.

Motala had also used devious means to persuade the Master of the High Court to authorise the sale of the company's assets in a "private" deal, without the creditors' consent. "There was a deliberate withholding of relevant information from the Master regarding SARS's substantial claim and preferential rights which, if revealed, would have precluded the Master from authorising the sale," she told the court. When SARS then sought a written assurance from Motala that there would be no private sale of the company's assets, pursuant to the permission granted by



John Bredenkamp and friends

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the Master, he had failed to give such an undertaking or to offer any acceptable explanation.

He had also not revealed to the Master that the "private" sales he was proposing were not being concluded at arm's length: all three proposed buyers were entities intimately related to Masters International.

In the meantime, employees of the company were continuing to conduct the company's affairs as if there had been no winding up; documents were being altered and back-dated and stock (container-loads of cigarettes and tons of raw tobacco) was disappearing from warehouses. Motala's assistant, Rob Andrew, had confirmed to SARS that no proper inventory had been compiled of the company's assets.

Ms Samuels said the Statement of Affairs of the company (signed by John T Stobbs, a director) clearly

understated the value of the stock, while the most recent set of financial statements was an unaudited "draft" as at the end of December 2005. "The scope for removing or concealing assets of the company is therefore great and [could] run into millions of rand," she contended.

According to the Statement of Affairs, the realisable value of the company's assets was just R14m, whilst its liability to creditors is stated to be just over R79m. Significantly it makes no mention of the additional R72m that SARS was claiming.

SARS describes Masters International as "one of a number of companies controlled by John A Bredenkamp". Although he is not listed as a director or shareholder, there is a great deal of circumstantial evidence to support the contention.

The "draft" accounts name Breco International, registered **To page 28**

## Bredenkamp's fortune

**J**OHAN BREDEKAMP IS ONE of four "Mugabe regime cronies" (and various entities associated with them) that, in November last year, were "designated" by the US Treasury's Office of Foreign Assets Control (OFAC) because of the financial and logistical support they have provided to the Mugabe regime.

Any assets of the designated individuals and entities found within US jurisdiction must be frozen. Additionally, US citizens are prohibited from conducting financial or commercial transactions with these individuals or entities.

Bredenkamp is described in the Treasury statement as "a well-known Mugabe insider involved in various business activities, including tobacco trading, gray-market arms trading and trafficking, equity investments, oil distribution, tourism, sports management, and diamond extraction."

It explains: "Through a sophisticated web of companies, Bredenkamp has financially propped up the regime and provided other support to a number of its high-ranking officials. He also has financed and provided logistical support to a number of Zimbabwean parastatal entities."

Entities designated as being owned or controlled by Bredenkamp include Alpha International (Pvt) Ltd, Breco (Asia Pacific) Ltd, Breco (Eastern Europe) Ltd, Breco (South Africa) Ltd, Breco (UK)

Ltd, Breco Group, Breco International, Breco Nominees Ltd, Breco Services Ltd, Corybantes Ltd, Echo Delta Holdings Ltd, Kababankola Mining Company, Masters International Ltd, Masters International Inc, Piedmont (UK) Ltd, Raceview Enterprises, Scottlee Holdings (Pvt) Ltd, Scottlee Resorts, Timpani Ltd, and Tremalt Ltd.

In 1984 the Arab League condemned Bredenkamp's role in the Iran-Iraq War (*inter alia*, his Luxembourg-based company, Casalee – with known links to the US CIA – supplied a billion landmines to the US's then friend, Saddam Hussein. See *nose9*).

In 2002 Bredenkamp escaped sanction by the British parliament (his role as allegedly the biggest supplier of arms in the Congo civil war was by then the issue) when it was discovered that, although he spends most of his time in Britain, he in fact has Dutch citizenship (apparently acquired in the early 1970s when he was resident in Groningen as tobacco buyer for a major Dutch cigarette manufacturer). For the same reason the British Sunday Times had to remove his name from its annual list of the UK's richest people. (He promptly entered the Dutch equivalent, the "Quote 500", list with a bang – right near the top, with a fortune said to be worth "easily" a billion Euros.)

Who said war and crime don't pay?



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# Fraud at Fairbridges

A staffer at a grand old law firm for years cheerfully helped herself to clients' trust fund cash. When the company found out, their main concern was to hush it up

**F**AIRBRIDGE ARDERNE AND LAWTON is not the sort of law firm where one would expect to find the staff so poorly supervised that they've been able to nick money out of inheritance or family trusts – R20,000 here, a million there.

Even less would one expect to learn that, when the firm eventually did discover (a year after the guilty party had left them, with a glowing testimonial) that they'd harboured a serial thief in their estates department for three years, the worthy partners decided to "let sleeping dogs lie". They didn't say anything to anyone, including those whose money had been nicked and the law firm which had subsequently hired and promoted her on the basis of that glowing testimonial.

You may then find the story that follows pretty unbelievable. Why, Fairbridges (as it has become known in a more careless age) is the oldest surviving law firm in the southern hemisphere, having been established in Cape Town in 1812. (One of the founders, Arderne, besides being an eminent lawyer, was a renowned gardener in the grand Victorian style and endowed the city with one of its most beautiful parks, the Arderne Gardens in Claremont.) Hedley Lawton Salmon, descended from all three founder families, was still senior partner in 1988 and kept an office there until 2005. The City Council and the University of Cape Town are among its oldest clients.

Old school, respectable, discreetly aloof, one of the last outposts of Waspdom, Fairbridges attorneys (some, on occasion, have been described as pompous old farts) are by tradition advisors to "old money" families, and administrators of their wills and trusts. As might be expected of a firm with deep colonial roots, it also has (to quote its website)

"a longstanding relationship with top legal firms in London and Europe, and is the South African member of an international network of law firms that serves the needs of clients whose requirements transcend national borders".

Noorjehan Abbass, 40, with her own claims to Cape aristocracy – as daughter of a BoKaa Malay family – joined Fairbridges' permanent staff as a paralegal on 1 May 2004. (She had "temped" for them for several years before that.) For the following three years she worked in the firm's estates and trusts department in what they describe as "a position of utmost trust", doing much of the work that one or other of the attorney partners had been appointed to do. (The advantage to the firm was obvious: she was being paid R11,800 per month.)

She resigned at the end of September 2007 and was warmly recommended to her new employers, Sonnenbergs, by Fairbridges' managing director, Dick Cheeseman.

The first public indication that all was not well came in the late afternoon of 12 November last year, when, without notice to anyone, and without the case appearing on the court roll for the day, Fairbridges brought an urgent application before acting Judge Ismail Jamie of the Cape

High Court, in which they asked the court to freeze all Abbass' and her mother's assets while the attorneys took action to recover money they had allegedly stolen from various estates and trusts managed by Fairbridges.

The judge issued a temporary order freezing their bank accounts, and interdicting mother and daughter from encumbering or disposing of any of their movable property (including two luxury motor vehicles) or the three houses registered in their names. The Registrar of Deeds was ordered to note the interdict in his registers and ensure that the



The car that Noor bought



Noorjehan Abbass

... for just R3000 a month\* ...

(\*conditions apply)

properties were not transferred or further bonded.

While there was no doubt reason for urgency, the fact that the application was brought without notice at such a late hour had an added advantage: the press did not come to hear of it, or get to read a page of the founding affidavit, headed: "The History and Details of the Frauds". Not even Edward Nathan Sonnenbergs were told. They heard of it only by rumour two months later. (Ms Abbass left Sonnenbergs immediately she was confronted with the story.)

Fairbridges was to have issued summons by the end of November against mother and daughter. In it they would have had to set out the particulars of their claim for "repayment of the money misappropriated", once again running the risk of public exposure. But the return date for the final hearing of the interdict application has since been postponed several times, and at the time of going to press still no summons had been issued.

In the affidavit filed in support of the firm's urgent application on 12 November, Robin Alexander Kirkby, a chartered accountant who is Fairbridges' "practice manager" stated that he had personally conducted an investigation into the fraud perpetrated by Abbass and that "to date" he had discovered that "she has misappropriated amounts totalling in excess of R250,000



The basin that Noor bought

from Fairbridges."

That was a serious understatement.

Or, rather, the figure quoted by Kirkby can relate only to Abbass's thefts from the trust account operated by Fairbridges on behalf of the estate of the late Mr George Murray Fullerton. In fact, *noseweek* has been reliably informed that, commencing in mid-2005, Abbass had regularly

stolen from many of the trusts and estates managed by the firm, the individual amounts increasing as her confidence grew – and that the thefts, at last count, tottoted close on R7m.

The extent of the frauds was easily established – by checking the bank accounts of Ms Abbass and her mother, to which most of the misappropriated amounts had been transferred. (More recently it has emerged that some amounts may also have been transferred to a sibling's bank account.)

But, in his court affidavit, Kirkby referred in only the vaguest of terms to the possibility that the thefts from the Fullerton estate might not have been the only ones: "In the last 24 hours I have established with the assistance of Nedbank that [Abbass] had linked her mother, Mrs Asa Abbass's bank account as the nominated beneficiary in at least three other

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estates. In each such case monies had been unlawfully misappropriated from estates being administered by Fairbridges, and been paid into Mrs Asa Abbass's bank account."

It is worth noting that he did not identify these estates or state the amounts involved. Just one of the reasons why that might be emerges from Kirkby's account of what had triggered his investigation, and how it had proceeded.

"Since September 2007 we have had a payment of R84,787 reflected in our trust bank account to a third party offshore, but could not find a reason for such a payment."

(In effect there was a shortfall in the trust account and, by implication, Fairbridges was only getting around

to the sensitivity of the matter we do not think it appropriate at this time to press Mr Fullerton for confirmation of this fact."

It seems at least that some of that "sensitivity" might derive from Fairbridges' fear that, if tipped off, Mr Fullerton and other heirs and beneficiaries will start asking questions and demanding an accounting.

The story continues: "Although [Fairbridges' senior partner] Mr Brian Warren Anthony Hardy had been appointed under the power of attorney to wind up the estate, a considerable amount of the administration thereof was delegated to Abbass. Accordingly I contacted her [at Sonnenbergs] and enquired whether she would be in a position to assist in ascertain-

ing the source documentation and facilitate the reconciliation."

She agreed and they arranged to meet on 1 November last year – a Saturday. However on the day before their scheduled meeting, Noorjehan Abbass sneaked into Fairbridges and, finding an office unoccupied, settled down at one of the computers and

proceeded to fake an email correspondence with Ian Fullerton in order to cover her tracks. Unfortunately for her a staff member entered before she was done. Abbass then tendered a convoluted, false explanation, but in the end it emerged that, on 17 May 2006, she had contrived to transfer the entire remaining balance in the Fullerton estate account, R161,495, into her mother's ABSA bank account. The record left on Fairbridges' file falsely indicated that this sum represented the proceeds of an Old Mutual policy, and that the money had been transferred to a South African bank account held by Ian Fullerton. (He had no such account.)

Shortly before she left Fairbridges in September 2007, and possibly faced by an enquiry from Mr Fullerton about the Old Mutual payout (which he had not received), Abbass scabbled together small balances from various estates, pooled them in a new account she had created in the name of Fullerton, and apparently transferred the total – that mysterious R84,787 – to him in Australia, presumably in an attempt to keep him happy.


So one deception was built on another.

That Fairbridges had reason to believe the sum stolen was considerably larger than the amount stated in Kirkby's affidavit is evidenced by the nature and extent of the assets they wanted frozen to secure their claims. They also note that Abbass, as the sole supporter of two children, and with a salary of only R11,800, had managed to buy a second house costing more than R1m – for cash. (She had also embarked on extensive renovations, costing an estimated R3m, and bought two luxury vehicles – a Dodge PT Cruiser and a Chrysler Voyager – for around R600,000. And hard-up colleagues at the office suddenly found her a soft touch for personal loans.)

As Kirkby notes in his affidavit: "I am of the view, and it is highly probable that ... these assets stemmed from monies unlawfully appropriated from Fairbridges."

*Noseweek* called Ian Fullerton in Australia. More than three months after the urgent application was brought before court, our call was the first he had heard about a theft of money from the estate. What he had noticed, to his great annoyance, was that it had taken Fairbridges inordinately long to finalise the estate – more than six years.

His sister, Mrs Lindsay Wallace, who lives in Newlands, Cape Town, was particularly distressed that she, too, had not been told by Fairbridges about the fraud and thefts. She is not only a major heir in the estate: she is also the formally appointed executor and thus legally responsible for the proper administration of the estate –



**Abbass sneaked into Fairbridges, settled down at a computer and proceeded to fake an email correspondence**

to investigating this shortfall more than a year after it occurred.)

Kirkby could find no source documents for the payment and suspected they had been removed deliberately. He approached Standard Bank, through whom the foreign exchange transaction had been done, and established that the payment had "apparently" been made to Mr Ian Fullerton in Australia. Ian Fullerton is an heir in the estate.

"Whether or not these monies were in fact paid to Mr Fullerton is something of which I am currently unaware," says Kirkby. Why? you ask. Why not just ask Ian Fullerton?

Kirkby confides in the judge: "Due

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The house that Noor bought

a task that she had delegated in good faith to Fairbridges.

At Fairbridges, Mr Kirkby refused to discuss anything with *noseweek*. "I only work here," he said, and suggested we call the managing director of the firm, Dick Cheeseman. "This is the call he has been dreading," said Mr Kirkby, in a barely suppressed tone of amusement.

When *noseweek* eventually got through to Mr Cheeseman, he immediately declared: "I have nothing to say to you." Questioned on the wisdom of his statement, he elaborated slightly, with emphasis: "I have been *advised* to say nothing to you." By whom, we asked? Did a senior partner at Fairbridges need to take advice on a matter like this? Cheeseman simply repeated his prepared one-liner.

Now, whose advice might weigh so heavily on a senior lawyer of the city? Might Fairbridges' insurers be pointing to a clause in their contract stating that if an insured makes any concession or admission without the insurer's consent, the policy is no longer valid? No, an attorney who owes his client the "utmost good faith" could not possibly have signed such a compromising contract of insurance.

*Noseweek* thought to ask Fairbridges whether they had brought the matter to the attention of the Attorneys' Fidelity Fund, but dismissed it as a waste of time on finding the following notice flashing on the fund's website:

"Beware of fraudsters who are using forged Attorneys' Fidelity Fund letterheads to request refunds from your trust account. Kindly verify all such payments with the Fund prior to processing them."

Finally, *noseweek* called Noorjehan Abbas to hear her side of the story. "Speak to my lawyer," she said, to our surprise – when last we heard, her cheque for his upfront fee had bounced. Whatever.

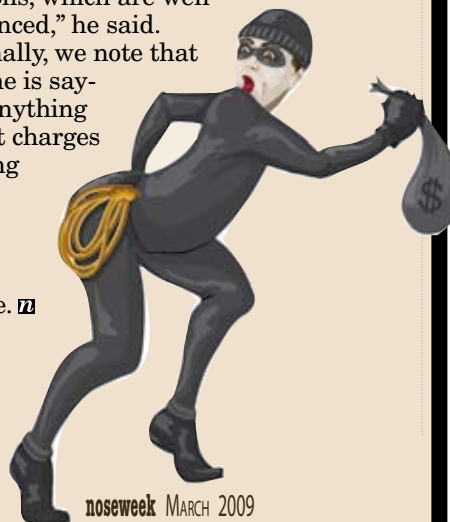
So we called her lawyer, Peter Whelan, at Bowman Gilfillan. In view of his recent experience, we started by

relating to him an apocryphal story about the late Abe Bloomberg, former flamboyant Cape Town mayor and attorney of note. It is said that a young man walked into Abe's office one morning and announced that he was a teller at Barclays Bank and had stolen £100,000 from the bank. How had he done it? asked Abe. Easy, said the young man. In that case, prove it, said Abe. Go back and do it again.

Next morning the teller was back with £100,000, which he handed to Abe. To establish the point beyond doubt, said Abe, you must do it once more. So he did. With £200,000 pounds on his desk, Abe called the general manager of the bank and arranged a meeting, where he explained that his client – very embarrassingly for all concerned – had stolen £300,000 from the bank. And that the boy's family, all good people, had with difficulty managed to raise £100,000, which they were happy to pay the bank to settle the matter and save their son from certain ruin. Abe reminded the manager of how embarrassingly easy it had been to steal the money – not something a banker would want the world to know. They settled on the terms proposed: the bank got £100,000 back; Abe got a £100,000 fee – and nothing more was said about the first £100,000 that was stolen.

There was a moment of contemplation before Mr Whelan laughed. "I am not prepared to say anything, except to confirm that we are in negotiations, which are well advanced," he said.

Finally, we note that no-one is saying anything about charges having been laid with the police. **■**



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**WHAT IS IT ABOUT INSURANCE**  
**W**hether it's brokers and attorneys that so often puts them in bed together? Perhaps it isn't about easy money – maybe it's about... uh... yes – well, you tell us.

Marge Janse van Rensburg worked for the Hartswater Delta dealership until, at 71, she retired with a small pension of R2557 a month. With her mother still alive and kicking at over 90, Marge realised she had to provide for at least another 20 years, and approached her attorney, Emma van Zyl, for advice.

Attorney van Zyl had just helped Marge settle her late husband's property, and the R400,000 this had realised was sitting in Emma's trust account. Marge thought to invest it somewhere safe to generate an extra income of about R3000 per month. Emma had just the answer – a Liberty Life policy. "It's a good institution," proclaimed the attorney.

So it was that the attorney duly arranged just such a policy, through one Freddie Oosthuizen, at the time a SEESA Commercial agent, and paid Marge's capital across to Liberty.

And so began the disaster.

It wasn't long before Marge discovered that her policy statements weren't exactly telling the story she wanted. She was getting her extra R3000 a month alright, but the values of her policy were rapidly shrinking – reducing, it seemed, by the month.

Voicing her fears to Emma, Marge was advised to approach Freddie Oosthuizen. Fearing that "there was something terribly wrong", but having no experience in financial matters, Marge called on her son Andre to look into it.

Andre confirmed that, indeed, the once-upon-a-time R400,000 capital was quickly depleting – declining, in fact, in tandem with what Marge was being paid each month. When Marge approached another broker for advice, the inquiry alerted her to the fact that broker Freddie hadn't – by a long chalk – done what the law requires a financial advisor to do.

For a start, she had never been asked to sign compliance documents – she'd



## Broker *n*: someone who makes you broke

As she watched her precious investment shrinking, month after month, a pensioner began to fear something was terribly wrong

never even heard of FSB accreditation, or compliance with the terms of FAIS. In fact, she'd never even met the man who was supposed to have carefully assessed her financial and personal profile before selling her a policy.

Why they'd never met came clear in due course – Oosthuizen was based 1000km away, in George, in the Southern Cape, where he is now a broker for Absa.

Contacted for comment, Oosthuizen refused to discuss the matter. Liberty simply insisted that they carried no responsibility for which policy had been sold to Marge – and happily supplied marketing documents for the "Excelsior Investments 300 series

multi access endowment" product she had bought. The first sentence in that document is illuminating – and thoroughly damning:

"This product is aimed at the high-income investor, who has a sophisticated knowledge of the investment market, and wants ownership of the decision-making concerning his personal investment matters."

Not exactly the right product for elderly, recently widowed Marge Janse van Rensburg, seeking a safe haven for her small inheritance from her husband's estate. This didn't bother Liberty, who appear to have no procedures in place for checking that their brokers are behaving ethically, and supplying only the right

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(mornings only)

product to the right client. Anything goes?

It also didn't seem to concern Emma van Zyl, who claims that she earned nothing from acting as the agent's agent. Least of all did it concern the agent himself, who'd earned a very tasty R14,000 commission for doing

growth has been a paltry 4.39%, in a period where inflation was over 8%. On top of this Liberty also takes an annual management fee of 1.92%, leaving Marge with a net 2.5% return. With a "drawdown" of R36,000 per annum, her "investment" would evaporate well before she might be ready to breathe her last.

Given that, at the start, after Oosthuizen had deducted his 3% agent's commission (plus VAT) Marge's capital had dropped to R386,000, it's clear that she'd have been better off had she simply tucked her cash under her mattress and taken R3000 from it each month. She would have been even better off had she banked the R400,000 in a sav-

broker selling absolutely the wrong policy, to a client he never had contact with, in complete disregard for all the beautiful legislation.

You did notice where he now works...

■ When SEESA Commercial MD Coert Steynberg learned that this story was about to be published, he contacted Marge's son Andre and offered to fully reimburse Marge. SEESA Commercial also paid her the difference between the initial investment amount and the surrender value of the Liberty Life product.

Apparently Marge then deposited the lot into a money market account that should pay her R2,800 per month.

Liberty Life has responded by expressing its regrets at the way Marge was treated by Freddie Oosthuizen and attorney Emma van Zyl. Liberty says it conducts checks on its independent brokers, including whether the brokerage is properly registered with the FSB. It claims to be investigating the complaint against Oosthuizen. Liberty also underlines that the obligation to provide appropriate advice rests with the independent financial services provider (broker). ■

## She'd have been better off had she simply tucked her cash under her mattress and taken R3000 from it each month

what probably amounts to less than a half-hour's paperwork.

Advocate Frederika Eilers, compliance officer with SEESA Commercial, responded that she had "discussed the matter with Freddie Oosthuizen", but reported that SEESA would not supply copies of the record pertaining to the advice given to Marge, as "This would be in conflict with the Access to Information Act and the FAIS Act regarding the confidentiality of client information".

Marge, she said, had not lodged a complaint with Freddie Oosthuizen, and until she did so (on the proper forms and documents) "her client" would not be able to investigate the issue. (Oosthuizen had of course been afforded plenty of opportunity to address the matter, having been contacted in this regard by Marge's son Andre.)

Advocate Eilers did not respond to questions regarding the fact that Oosthuizen had not at any point communicated with Marge. How, did Eilers imagine, had Oosthuizen been able to assess Marge's policy needs? Perhaps the man is an "investment psychic" – but a dud one, obviously.

A glance at the relevant policy shows that it is invested in the CPI Plus portfolio (described as one bearing "moderate risk") where

ings account.

Much has been written about the responsibility that FAIS places on the intermediary, but here we have a



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# Trouble in Paradise

Posh international  
investors fear  
skulduggery at SA  
development in  
Mozambique

Paradiso: Machangulo peninsula in Mozambique

**E**UROPEAN ROYALTY and some top international financiers are furious about goings-on at their exclusive hideaway on a stretch of pristine Mozambican coastline.

At the centre of the uproar is our old friend Dave Dahlmann, whose 2003 exploits as main contractor of Leighton Curd's doomed luxury hotel project on Poivre, a coral island in the Seychelles, are recorded in *nose70*.

This time it's Machangulo in Mozambique's Maputo Bay, where South African developers have sold 67 coastal sites to an exclusive bunch of international "investors" who were persuaded that the Caribbean's exclusive Mustique is passé and that this 9916ha Indian Ocean bolthole is the "new" earthly paradise for the extremely rich.

The project was taken to market at the end of 2004 and all the coastal

sites were quickly snapped up. (Some of the 53 inland ones remain unsold.) The deals were made through the acquisition of shares in the development company – foreigners are not allowed to buy property in Mozambique. So far, only a handful of the jet-setters have chosen to build on their sites. The problems of building in such a remote spot are enormous and since this is a conservation project only timber frame construction is allowed – and there are strict environmental specifications.

Some of the millionaire owners see their plots as an investment. If you can muster the required A-list credentials and are fortunate enough to be offered a site at Machangulo, the price tag today for its owner's shares will be at least £200,000 (R2.9m).

After the fiasco in the Seychelles, which saw the liquidation of his company VG Shopfitters, Dave Dahlmann applied his undoubted shopfitting skills to the interior millwork – car-

penry – at Bart Dorrestein's R750m Michelangelo Towers in Joburg's Sandton City. And when that 34-storey edifice was completed in 2005, he cast an ambitious eye at Machangulo.

Machangulo's general manager in the early days was architect John Fleming, who had been involved in "low footprint" projects in Mozambique for the past few years. But the directors of the development company, Panorama, realised that they needed a team of consultants to help the wealthy site owners build their dream holiday homes.

In July 2006 the developers acquired a shelf company for this purpose. It traded as Blue Bay and its directors were John Fleming, Dave Dahlmann and an on-site project manager named Nigel Harris. An office was opened at the Ambridge Office Park in Joburg's Bryanston, where Fleming headed up a team of architects drawing house plans. Dahlmann, with his experience in timber





Colourful character: Dave Dahlmann

frame construction and carpentry, helped the architects get the detailing right.

Dahlmann brought in his daughter, Danielle, then just 21, to act as book-keeper. And since Blue Bay didn't have a bank account, the company operated using Danielle's private cheque account with Nedbank.

**S** **OO**N EIGHT HOUSES were under construction at Machangulo. Their owners had to appoint their own builders and this was a problem; few were prepared to work in this isolated spot. So it was decided that Blue Bay itself would sub-contract builders, with Dahlmann acting as project manager. As a consultancy, Blue Bay could not be involved in the ordering and handling of materials, so at the end of 2007 another company was acquired for this task, Westside Trading 754. Dahlmann and architect Fleming were shareholders and Danielle Dahlmann again handled the book-keeping.

One of the site owners, German currency trader Jens Kothes, was an ardent fan of Mashangulo, and encouraged his European friends to buy in and build. Kothes, a principal of top performing traders Compucom Finance Inc, of Zurich, lives in Switzerland and has for years managed investment funds for a private family

trust. Accustomed to caution, he decided to do a due diligence and asked Dahlmann and Fleming for their CVs and some references.

Kothes was shocked to receive a "very negative" background on Dave Dahlmann. So shocked that he booked out of the Michelangelo hotel a day early to rush back to Switzerland to alert his co-owning chums at Machangulo to have nothing to do with Blue Bay and Westside Trading.

And what chums they were! The list includes:

■ The heir to the Dutch throne, Crown Prince Willem-Alexander of the Netherlands, 41;

■ Business tycoon Conrad Dornier, head of the Dornier Seaplane Company;

■ Mick Flick, 64-year-old former playboy, and grandson of Nazi arms manufacturer Friedrich Flick.

Mick sold his share in the family's Dynamit Nobel AG to set up home in Switzerland. An art lover, his fortune is estimated at €500m;

■ Paul Daniel, James Hollond and Bart Homan, all partners in London fund managers EFP Capital. The trio each own a site at Machangulo and all have started building;

■ Jonathan Chenevix-Trench, former chief operating officer of Morgan Stanley's institutional securities business;

■ Austrian investment banker Robert Osterrieth, managing partner of Rho Fund Investors. Osterrieth commutes between London and Manhattan. He sold his pad in America's Water Mill estate for a record \$12.5m;

■ Belgian businessman and aristocrat Jean Charles Ullens, 43, son of the Count de Schooten-Whetnall and the Countess von Rosen.

South Africans, with their go-any-

**Kothes was shocked to receive a 'very negative' background on Dave Dahlmann**

Who nose and 'ears everything on the Garden Route?

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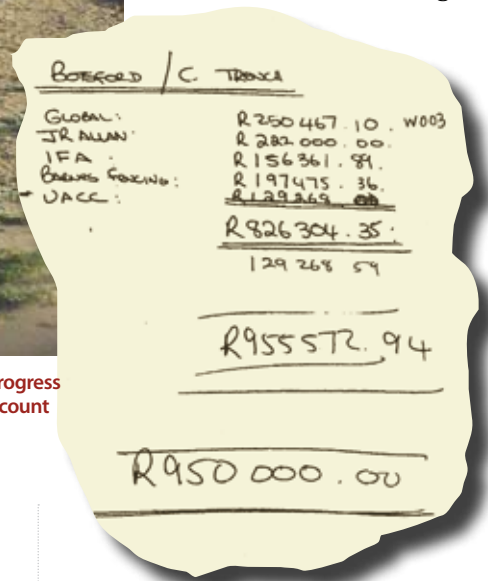
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This timber, it is alleged, went to Dave Dahlmann's company Specialised Shopfitters, for a house being built in Bryanston.

Also on 6 May was a payment to one D Coetzee, for R2350. Coetzee worked for Dahlmann's Specialised Shopfitters.

The following day saw three odd payments of Chris Botsford's "materials" money: R12,000 to D Dahlmann; R4200 to Vodacom; and R25,000 to Jana Building, which has never done work at Machangulo.



Clockwise from left: Danielle Dahlmann; work in progress on Machangulo; and Dave Dahlmann's fictional account of expenditure scribbled on a scrap of paper



wanted to build was Chris Botsford, Hong Kong-based co-founder and chief executive of ADM Capital, a leading specialist fund manager of Asian distressed debt, managing assets of more than \$1bn.

Botsford liked John Fleming's design and wanted to fast track his house's construction. Dahlmann produced a shopping list of materials and Botsford paid over R953,492 for their purchase. The money was paid into Westside Trading's account with FNB and the deposit cleared on 6 May last year.

Before the payment, Westside's bank balance stood at just R1637. Within two days almost all the R953,492 had been paid out, leaving a balance of just R16,971.

But did the R953,492 go on what intended – materials for Chris Botsford's house at Machangulo?

According to Westside's bank statements, the first payment, on 6 May, was R52,303 for "warehouse rent". The second payment, that same day, was R35,212 to Bulk Timber Sales.

*Noseweek* is in possession of an analysis done by quantity surveyors of materials supposedly bought for Chris Botsford's house at Site 8, Machangulo.

For example, on 6 May last year there was a payment of R156,361 to Ian Fuller Agencies for 605 units of shutter ply. Site 8 received only 311 of these, the remaining 294 going to "other locations". These other locations included 170 units to "unrelated building works" in Johannesburg. Site 18 at Machangulo received 71 units and Site 56 got 56.

On 6 May there was a payment of R250,000 to JR Allan for 35 units of structural pine. Only 27.2 units arrived at Site 8.

On 7 May there was a payment of R100,000 to United Fibre Cement for 387 units of fibre cement board. Just 49 units arrived at Site 8.

The quantity surveyors conclude

where 4x4s and perceived generally brutish ways, are not particularly welcomed by the international set at Machangulo, although the odd banker and plastic surgeon has slipped through the net. Norman Adami, 54-year-old former president and chief executive of SAB Miller Americas, managed to pass muster, but has since been bought out by the Europeans.

Another wealthy site-owner who

that of the R953,492 paid by Chris B, only R396,716-worth of materials arrived on his Site 8. Materials worth R556,776 had gone awol.

The quantity surveyors only had information on how Botsford's R953,492 was disbursed, but they suggest that the total value of diverted materials involving other site owners could total as much as R6m.

"I'm relatively small in the whole process," says Botsford, speaking from Hong Kong. "Other people have lost really quite considerable sums. But we've got investigators looking at it and in due course I expect some results.

"It may end up just being the way they've controlled it. I would expect it to be accounted for, but I don't know

## South Africans, with their perceived generally brutish ways, are not welcomed by the international set at Machangulo

that it's necessarily that sinister: just a bit of sloppiness in accounting, as opposed to outright thievery."

Clearly, Botsford has only been told about his materials being delivered to other sites at Machangulo. He's not aware of all those "other locations" and payments as reflected in Westside's bank statements.

Despite the setback, Botsford is still determined to build at Machangulo. "It's a very unique spot and all these things are not without risk, trying to do stuff from a remote location," he says.

Developer Rob Garmany is one of 10 South Africans who were the original shareholders of the Machangulo development company Panorama. Garmany says that four houses have now been completed there, with a fifth nearly finished. "It's a lovely

project," he says. "It's had its fair share of obstacles, but probably anything on that scale would have that kind of problem."

**G**ARMANY SAYS THEY are now doing a survey of each of the completed houses to see where the missing materials went. "We're doing an exercise to do a measurement of each of those dwellings and then to arrive at who's benefited from materials without knowing they've benefited.

"In my view the materials that can be demonstrated were delivered to the site, to the peninsula, are all there. Those will all be shown to have been used in one or other house."

It seems that Garmany is also unaware – or turning a blind eye – to all those other deliveries and payments.

Are David Dahlmann and Westside Trading still involved with house-building at Machangulo? "Westside has been replaced by other suppliers and I would say that Dave Dahlmann is not involved at all," says Garmany. "He's been out of the loop for two or three months."

Dahlmann, 51, has homes in Bryanston and at Hartbeespoort Dam, but is now believed to be

in Malawi, doing consultancy work for the Bank of Malawi in Blantyre. Last year, when his former partner, architect John Fleming, asked him to explain how Chris Botsford's money was spent, Dahlmann produced a handwritten sheet (*see illustration*). This lists R826,304 paid to suppliers, with R129,268 remaining in the account. With the exception of the R156,361 paid to IFA, Dahlmann's explanation is a fiction.

Fleming, 39, resigned from Blue Bay last September on the advice of his attorney. That same month the consultancy closed its doors owing several months' rent. Fleming and Blue Bay's third former director Nigel Harris have been assisting criminal investigators from the SA Revenue Service's Gauteng Central Enforcement unit at Megawatt Park. **W**

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# Easy pickings

Money does grow on trees in the upper boughs of timber parastatal Safcol, where the bosses have plucked whopping bonuses while poisoning the industry

**S**OMETHING IS ROTTEN in the state of South Africa's timber industry. Over the past few years the soaring price of saw logs has squeezed more than 150 of the country's 200 formal sawmills out of business. The furniture-manufacturing sector has shrunk by over 60%. Thousands of skilled and semi-skilled workers have lost their jobs. The only business doing well out of the situation is the state-owned forestry giant Safcol.

Safcol dominates the timber industry through its wholly-owned subsidiary, Komatiland Forests, the biggest supplier of pine and gum logs in the country. The state enterprise also retains big shareholdings in a number of other plantations which it has partially privatised over the years.

When Komatiland raises its prices, other wood growers follow suit. With demand so high in recent years, there's been no incentive for privately-owned plantations to upset the forestry giant by getting competitive.

Historically, Komatiland has had little to fear from international competition either. That's because South Africa's standard dimensions for sawn timber are peculiar to this country, and the cost of transporting unsawn round logs over any distance has been prohibitive.

All this has put the state-owned enterprise in a position as close to a monopoly as makes no difference.

Taking full advantage of its muscle and the soaring demand for its product, Komatiland has increased the price of timber by a towering 500% since 2000. That's what its customers say anyway. Safcol says it's only "around 300%".



This year, the industry expects further "upward adjustments" – in spite of a global timber glut caused by the implosion of the housing market in the US, the world's biggest consumer of sawlogs.

It's hardly surprising that Safcol is the only parastatal, apart from Transnet and Eskom, that made money last year. But its R870m in pre-tax profits is not as impressive as it sounds – R530m of that comes from the revaluation of its "biological assets" in line with the new prices Komatiland itself has set. Which goes to show that money can indeed grow on trees.

Nonetheless, the company's remunerations committee is so impressed by the incredible price-increasing abilities of its CEO, Kobus Breed, and outgoing financial director, Joe Coetzer, that it has given them performance bonuses amounting to R2.25m – on top of their not inconsiderable annual salaries which add up to R3.43m a year.

But wait, that's not all. Their bank balances were further swollen by a total of R6.7m in "settlement packages" (see box). All told, Safcol/Komatiland's two top feeders devoured a full R13m for the period.

**OUTRAGED INDUSTRY INSIDERS** are comparing these emoluments to the taxpayer-funded bonuses paid to UK and US bankers who presided over the destruction of their own industry and great damage to the wider economy.

"What have Breed and Coetzer achieved apart from killing the industry while lining their own pockets?" asked a veteran of the timber trade, who requested that his identity not be revealed.

“What particular skill does it take to raise prices in a closed market? It’s not rocket science. There’s a lot of anger in the industry. It is quite unacceptable for a state-owned enterprise [where the state] has a mandate to promote small businesses and create jobs, not destroy them.”

According to the Department of Water Affairs and Forestry’s 07/08 Year Book, between 390,000 and 560,000 people depend on plantation forestry for their livelihoods.

Of these, 170,000 work on the growing side, while the rest are employed in downstream industries.

But that was then. We called a number of industry players for an update on developments.

Vorster Gauche of furniture manufacturers Bekker Gauche said they had closed down their factory, sold their equipment and laid off all but seven of their 200 workers.

“We are importing furniture now. We couldn’t keep up with the price of timber,” he said.

Another manufacturer, who wanted to remain anonymous, said he had reduced his workforce from 100 to four because it was cheaper to import furniture made in China or Vietnam than make it here.

A report released last March says furniture exports declined from R1bn in 2002 to just R300m in 2005. Over the same period imports increased from R200m to R600m.

And with timber prices close to import parity as the global market slides, the prospect of sourcing logs and even sawn timber overseas is looking much more attractive.

In 2006, South Africa imported softwood sawlogs for the first time in 50 years.

**M** **ANDY ALLPASS** OF timber-logistics experts Crickmay and Associates says the collapse in local demand may have nipped that development in the bud, but others say this is just the beginning.

“There is a huge glut on the international market”, said our veteran. “There are plantations in New Zealand, Argentina and Chile desperate to sell us their timber. They are even prepared to cut their logs to the sizes we need.”

*Noseweek* asked

Safcol how it could justify increasing its prices in such a climate.

The answer was that Komatiland was not responsible for the rising cost of timber. All the company does, they claim, is invite bids from the industry. “Customers decide the prices through the open market quotation process.”

## What have Breed and Coetzer achieved apart from killing the industry while lining their own pockets?

“Pine used to be very affordable. Now it’s got so expensive it’s competing with imported products of better quality.”

Gauche said the long-established furniture manufacturing district of Babalegi, north of Pretoria, had become a ghost town.



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“Rubbish!” responded our veteran. “How open is a process where companies make secret bids? The millers are so scared they won’t get any timber, that they bid as high as they dare. There is no competition.”

Still, Safcol insisted that no price increases had been announced for the current year. It had merely “asked for quotes” from “interested parties”.

Nonetheless, *noseweek* is in possession of a copy of a new price schedule, and this indicates that the cost of logs will increase by between 18% and 20% from April.

Mandy Allpass said it would be difficult for Komatiland to impose a price hike this year. “There is a surplus of timber on the local market at the moment because of all the wood salvaged from the huge fires in 2007,” she said. “At the same time, local demand has dropped. A lot of factories are cutting production, working single instead of double shifts, and four-day weeks.”

However, everyone agrees we are in for serious timber shortages in the medium to long term. South Africa’s timber plantations have shrunk over the past few years, as a result of fire damage and new

## The destroyers-in-chief were rewarded with millions of rand in taxpayers’ money

environmental regulations aimed at protecting water sources and biodiversity.

Government has been promising to expand the timber-growing area for years, but has not yet done so. Even if more trees were planted today, it would be almost 30 years before they could be harvested.

As with Eskom, the decision-makers

have made no provision for increased demand as a result of their massive house-building programme, never mind the perfectly foreseeable private construction boom, or the increased appetite for furniture from the burgeoning middle class.

Instead of supporting an industry on which so many livelihoods depend, they have allowed their powerful monopolistic parastatal to tear it down.

And then rewarded the destroyers-in-chief with millions of rands in taxpayers’ money.

“They have totally abused their market dominance,” said another long-time timber man. “Safcol has become the most efficient exporter of jobs in the country and made our timber the most expensive in the world.

“I can’t understand why that’s considered a job well done.”

**S**AFCOL’S PRICING POLICIES were put under scrutiny two years ago after a complaint to the Competition Commission by a small company called New Scotland Sawmill (which has apparently now gone under).

The complaint concerned the huge discrepancy between prices negotiated with Komatiland Forests by 10 powerful long-term contract holders and the much higher prices that smaller mills had to pay on the spot market. At one stage the gap reached an astonishing 65%.

The Commission agreed that the system was completely unfair. The long-term contracts, it said, “create an unlevel playing field for non-long term contract holders, and lead to their exclusion as effective competitors from this market. Mills without these long-term contracts, or substantial plantations, are unlikely to survive”.

The Commission said it also believed “the resulting prices from the spot market process are excessive, and attempting to use these prices – as a benchmark to further raise long-term contract holders’ prices – as a means to eliminate the gap between the two, aggravates the situation”.

But that’s precisely what Komatiland has done.

“The gap has narrowed, but that’s because they are squeezing contract holders to pay the same prices as the spot market,” said our source.

What you might call a hollow victory. ▮



## DEAD WOOD?

**N**OSEWEEK MADE VALIANT attempts to understand why the CEO and financial director of SAFCOL and Komatiland were paid “settlement packages” amounting to R6.7m.

According to SAFCOL spokesperson, Leslie Mudimeli, the packages were negotiated as “retention benefits” between 2002 and 2004, during an abortive attempt to sell Komatiland off to US company Bonheur.

(The deal didn’t go through because our friends at the Competition Commission said no: it would concentrate more than 50% of the country’s softwood production in the hands of a single entity and “substantially prevent or lessen competition in the market for sawn timber”. Privatisation plans have now been put on hold

because of the many outstanding land claims on SAFCOL property.)

Nonetheless the company didn’t retain Joe Coetzer for long. Last year, he resigned “to pursue other career opportunities” – and took his R2.8m package with him.

*Noseweek* asked SAFCOL to explain why the two men were entitled to this magnificent gift from the taxpayer. This was its response:

“The settlement payments were based on employment agreements and were made to remove retention benefits negotiated by the Board. The retrenchment benefits were agreed to be on a similar basis as severance packages offered during privatisation to all other employees at the time.”

Clear now?

# Dissatisfaction guaranteed

The federal-backed loans that form part of the US government's financial bailout will create the very conditions that caused the crisis in the first place, argues **Veronique de Rugy**

**T**HE US FEDERAL GOVERNMENT guarantees loans in order to induce banks to lend money to credit-risky borrowers. If the borrower defaults, the government reimburses the lender for either the entire loss, or a large fraction of it. With this guarantee behind them, banks are willing to lend money to high-risk borrowers, and are also able grant more favourable terms to normal-risk customers.

It's basically argued that, in this way, loan programmes, *inter alia*, increase social stability and generate new economic activity. However, critics of federal loan guarantees counter-argue that such guarantees allow banks to take lending risks that they wouldn't take with their own money. Among other things, this often results in undeserving support for badly planned business proposals.

In a normal year, Washington guarantees roughly \$150bn in loans, through more than 20 programmes. The Small Business Administration has six loan guarantee programmes that total \$40bn; the Department of Energy loan programme places nearly \$40bn in taxpayers' money at risk each year; the Department of Housing and Urban Development guarantees another \$40bn.

Of course 2008 was not a normal year. Within just three months, the federal government guaranteed almost \$8 trillion in investment, deposits, and loans, as part of the financial bailout. On the loan side, Washington will be backing the bulk of Citigroup's \$300bn portfolio; it will also guarantee an unquantifiable amount of modified subprime loans and lines of credit to the cash-hungry car industry. In addition, the government will continue subsidizing, through taxpayer-funded guarantees, the expansion

of the government-sponsored mortgage buyers Freddie Mac and Fannie Mae.

Before the financial crisis, total taxpayer exposure via loan programmes – the cost if every borrower defaulted – was about \$500bn, including interest. With the additional guarantees now totalling more than half of GDP, taxpayers' exposure has grown exponentially – while their ability to repay the loans has, if anything, shrunk.

Such a risk would seem to call for strict oversight of how these loans turn out, both in terms of default rates and social goods. Yet, until now, the federal government has refused to systematically measure the performance of its 40 existing loan programmes. Why? Perhaps because the data show that most of them never deliver the promised social and economic value.

Historically, loans guaranteed by the government have a very high default rate. The Congressional Budget Office has calculated that the risk of default on the Department of Energy's nuclear loan guarantee program, for example, is well above 50%. The Small Business Administration (SBA), according to its own inspector-general's office, has a long-term default rate of roughly 17%. Compare this to a default rate of 4.3% for credit cards, and 1.5% for bank loans guaranteed by the Federal Deposit Insurance Corporation.

Faced with this track record, lawmakers counter that loan programs do charge lenders a fee for each loan, to offset the costs that defaults impose on taxpayers. But these fees are rarely high enough to cover the true cost of defaults, especially during economic downturns.

Federally-backed loans create a classic moral hazard. Because the loan amount

is guaranteed, banks have less incentive to evaluate applicants thoroughly, or apply proper oversight. Not only are the borrowers high-risk to begin with, but it's not necessarily cost-effective for lenders to identify and serve only the best of them.

And these bad incentives are among the reasons for the financial crisis to begin with. For years, by guaranteeing certain banks' losses, the government has encouraged them to extend credit to non-credit-worthy borrowers and to make larger loans than a market would normally bear.

But it's simply irresponsible to keep encouraging banks to lend money to borrowers that they wouldn't assist if their own money were on the line. It is a good thing that banks today won't

## US taxpayers funded Merrill bonuses

**G**LOBAL US-BASED FINANCIAL-SERVICES giant Merrill Lynch are under investigation by the New York State Attorney General's office over whether Merrill's 2008 bonus payments, totalling around \$3.6bn, violated New York's "fraudulent conveyance statute". The attorney general is also investigating possible violations due to a failure to disclose the true circumstances of the payments, made in December, just ahead of the firm's takeover by the Bank of America – and of Merrill's announcement of a \$27bn loss for 2008.

New York Attorney General Andrew M Cuomo says that, given federal government support for the acquisition deal – via a \$20bn direct federal investment, and a further \$188bn provision "in protection against further losses, primarily from the Merrill Lynch portfolio" – it appears that taxpayers in fact paid for the bonuses.

In November the Merrill board had replied to the Attorney General that any bonuses would be based on performance and retention needs, and claimed that the bonus pool had not yet been determined. But, says Cuomo, it seems that Merrill "secretly moved up the planned date to allocate bonuses and then richly rewarded their failed executives" ahead of the planned takeover. His office will "raise serious questions" as to whether the boards of both companies "were derelict in their duties and violated their fiduciary obligations".

Attorney General Cuomo told the House Committee that what his office "had learned so far concerning the allocation of bonuses was staggering". Almost 700 individuals received bonuses of over \$1m, and overall the top 149 recipients got a combined \$858m. The top four got a combined \$120m and the next four a combined \$62m. Fourteen individuals received bonuses of \$10m or more.

Cuomo's office has subpoenaed Merrill Lynch CEO John Thain and Bank of America Chief Administrative Officer J Steele Alphin to give testimony, and will be calling on other top executives at both firms.

lend money to people who can't afford to pay it back.

It's also worth noting that inter-bank lending froze completely when the bailout was announced. Why take the risk when Washington can force taxpayers to take it for you?

Nor are loan programs likely to stave off massive job losses. In a 2003 speech to the National Economists Club in Washington DC, then-Federal Reserve Governor Edward M Gramlich argued that loan guarantee programs are unable to save failing industries. Lack of access to credit markets is caused by serious industrial problems, he explained, not vice versa. If an applicant's business plan cannot be made to show a profit under reasonable economic assumptions, private lenders are unlikely to issue a loan.

Why then is the federal government still guaranteeing loans? Basically because it serves two powerful constituencies: lawmakers and bankers.

Politicians love loan programmes because they're a wonderful way to reward interest groups, while hiding the costs. When the programs are established, the statistical probabilities of future defaults, and their potential effect on the deficit, are never considered. It's like buying a house on credit without having a trace of the transaction on your credit report.

But the true beneficiaries of the loan-guarantee system are the lenders. Take small business loan guarantees: when a small business defaults on a loan, bankers do not bear most of the cost – taxpayers do. Meanwhile, lenders are making large profits on small business loans by pooling the guaranteed portions and selling investors trust certificates that represent claims to the cash flows.

Testifying before Congress in April 2006, David Bartram, the president of the SBA division of US Bancorp, the nation's sixth-largest financial services company, explained that "return on equity of [small business] loans can exceed 70%." This is remarkably high. Right now, the five-year average return on equities for the two biggest banks in America – Citigroup and Bank of America – are 16.2% and 14.5% respectively.

For years, banks have reaped vast profits from loan guarantees. Now that this has been exposed, taxpayers, not banks, are asked to pay the cost of the defaults – and to bail out the irresponsible lenders. And on top of that the federal government is encouraging more lenders to take more chances by guaranteeing yet more loans to high-risk borrowers.

The only thing truly guaranteed is that America's children will be paying billions to cover the losses.

*Veronique de Rugy is a research scholar at the American Enterprise Institute. ■*

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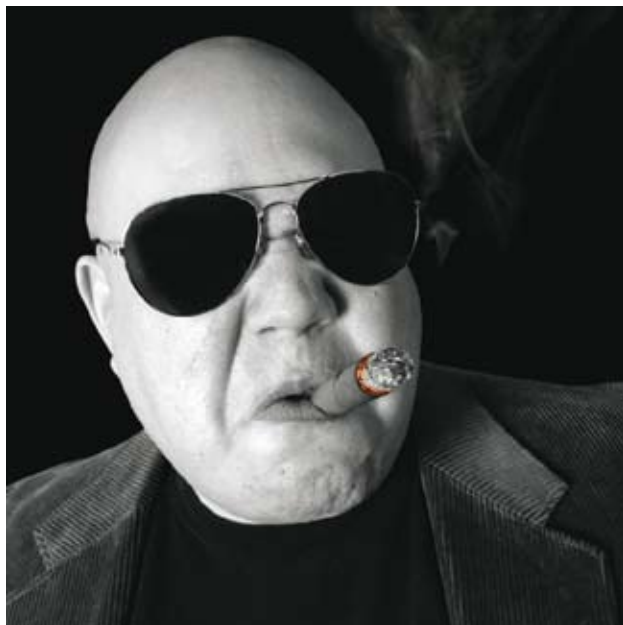
# Dark side of taxi finance

Drivers thought they were buying vehicles – but it turned out they had signed lease deals

**S**A TAXI FINANCE, which last year had complaints lodged against it at the National Credit Regulator, for infringements of the National Credit Act, may soon be off the hook.

Although the NCR, according to its chief investigator, is “still investigating”, it is believed that the body is negotiating an agreement with SATF. With at least 13,000 taxis on their books, SATF are a major player in the taxi industry – the Regulator is not likely to suspend them in a hurry. Chief among alleged irregularities has been the ambiguous legal status of SATF’s lease/credit agreements. When SATF was building up its huge client base in record time – which itself raised suspicions – new taxi owners were being charged credit-related interest on their loans, but were actually signing leases. Unless they realised that they had to apply to convert the lease agreement to a credit (i.e. hire purchase) agreement, they never got to own the vehicle. SATF claim to have rectified the matter, but the status of many thousands of agreements signed under these terms has yet to be clarified.

In the interim, SATF appears to have plenty to worry about in the Western Cape, where taxi-owner associations, heating up their battle against the “rapid bus system” that is a key feature in Cape Town’s proposed new transport plan, are also



looking at banding together against SATF. Besides the furor over the agreements – it is much easier to repossess vehicles under lease and SATF aren’t shy about doing so – fraudulent goings-on at the Cape Town Claremont office got tempers flaring late last year, when several people who had applied for finance from SATF found themselves being charged for non-payment – for vehicles they had not received.

It turned out that the vehicles had in fact been signed for by a senior employee – and some of these have yet to be traced. SATF at first tried to dodge the issue, but with several cases lodged with the police and investigations under way, SATF was reportedly trying to “buy the fraud cases”.

One of those who found himself summonsed for non-payment on a minibus he’d never seen, was Riedewaan William, who filled in a credit application form at the SATF Cape Town branch in March 2008. In June Riedewaan got a letter from attorneys Balsillies Strauss Daly informing him that he was in arrears, in terms of the National Credit Act.

Riedewaan, who at that point was still waiting for his credit application to be processed, was distraught. SATF hadn’t even given him a copy of his credit application. When he finally

## A walk on the white side

**SA** TAXI SECURITISATION late last year applied to the Pretoria High Court to help it recover R21m it claimed to have lost due to statements made about its associate company, SA Taxi Finance, by one Hendrik de Beer. The company claimed in its court papers that De Beer, an ABSA national manager in charge of taxi finance, had tarnished its good name when he called SATF’s operations “criminal”.

De Beer was quoted by *City Press* in June 2008, warning the public against dealing with SATF. Said De Beer: “SATF has found a loophole in the system and they are cheating taxi operators. What they are doing may not be illegal, as they put it, but it’s criminal.”

SATF/SATS’s directors are Martin Bezuidenhout, Jonathan Jawno, Steven Kark, Michael Mendelowitz and Roberto

Rossi, and the company lends credit to around 20,000 (give or take) taxis around the country. It’s interesting in itself that, in this day and age, a thick chunk of a black industry is borrowing from a bunch of whites to stay on the road. And they don’t seem to have a BEE component.

SATF is also suing debt counsellor Derry Burge and the *Athlone News* for R5.1m, in the Cape Town High Court. They say Burge defamed them when she highlighted to the community newspaper what she described as “discrepancies” in SATF contracts. No sooner had Ms Burge filed notice to defend than she was served with a 200 page interdict, aimed at barring her from talking to anybody (including her own SATF debtors clients) about the company. She apparently intends fighting the interdict.

## Doubts over Mowbray maternity inquest

got hold of copies of his transactions with SATF, these included a delivery note showing that he had allegedly taken delivery of the vehicle that January – i.e. before he had even made his application. A case has been opened against DTM Helderberg and SATF, both of whom claim to have delivered to him a Nissan Interstar 15-seater vehicle.

Riedewaan is not the only one now faced with threatening demand letters, text messages and phone calls from SATF agents and attorneys. In Cape Town alone there are fourteen applicants who either never received their vehicles or received them several months after purported deliveries – some with thousands of kilometres clocked up on “new” vehicles.

*Noseweek* has established that the Cape Town Commercial Crime Division of the SAPS is busy investigating at least five suspected cases of forgery. It can also be revealed that the third party signatures on some of the delivery notes in question were made by one Achmat Diedricks, a former chairman of Surran Road Cape Town Taxi Association. The SAPS are currently seeking Diedricks to assist them with investigations.

*Noseweek* has learnt that SATF CEO Martin Allan Bezuidenhout has repeatedly offered to “buy over the fraud cases”. And Cape Town-based debt counsellor Derry Burge has filed complaints with the Financial Service Board and the National Credit Regulator on behalf of these would-be taxi owners demanding an independent audit on SATF operations.

Ms Burge would not divulge details of her complaint: “This matter is already with various regulators and I would not want to say anything that may compromise their investigations.” She also would not confirm statements made to *noseweek* that the would-be owners who had not received their vehicles have been given an undertaking from SATF, assuring them that the books have been cleared and that they would no longer receive letters or messages of demand.

However, while this undertaking was apparently being given, SATF’s attorneys, Balsillies Strauss Daly, opened at least ten cases against various “lessees” at Cape Town’s Wynberg court, demanding rental arrears. ▣

**T**HE LONG-AWAITED INQUEST into circumstances surrounding the death of Thembela Matiwane at Mowbray Maternity Hospital (*noses* 98,102&103) finally took place last December, with Magistrate Ingrid Freitag clearing MMH staff of culpability.

Sadly, *noseweek* has a last word – not least in response to Dr David Bass’s crowing that the conduct of MMH staff was found to be “faultless”. And the word is: the inquest did not address the issues repeatedly raised in these pages – *inter alia* that no postmortem was held, and that this fact has been covered up by MMH.

Despite repeated requests, in the face of strong claims that a postmortem was done, *noseweek* was never presented with a postmortem report. Nor, to *noseweek*’s knowledge, was the court inquest presented with such a report. As stated in *nose*98, the cause of death was simply recorded in a pathology report, in August 2007 (forty months after the death). The inquest accepted that Thembela’s death was due to natural causes, and heard evidence to back this up.

Thembela died the day after a caesarian section, without coming round from the anaesthetic, of intraventricular haemorrhage (bleeding in the brain). Without a postmortem, Dr Susan Fawcus, the following day, signed a death notification certificate stating cause of death as “natural”.

But, as stated in Section 56 of the Health Professions Act of 1974:

“The death of a person whilst under the influence of a general anaesthetic or local anaesthetic, or of which the administration of an anaesthetic has been a contributory cause, *shall not be deemed to be natural* as contemplated in the Inquests Act No 58 of 1959 or Births, Marriages and Deaths Registration Act No 81 of 1963.”

The inquest court did not request a full postmortem report; it seems to have accepted that one was done.

Magistrate Freitag records in her findings: “The matter first came before me in December 2006 when I referred

the matter to the state pathologist for an opinion as to medical negligence. This opinion was obtained in September 2007. The reasons for the delay in obtaining this opinion are not clear.”

Why did the magistrate not summon the same state pathologist, Dr Linda Liebenberg, to clarify the issue? After all it was Dr Liebenberg who had stated in an affidavit that Thembela’s grandmother (who died before Thembela was born) had signed consent for an academic autopsy.

Until evidence to the contrary is produced *noseweek* stands by its claim that this “academic postmortem” was not performed. Contacted for comment, Magistrate Freitag referred *noseweek* to attorney Bishop, who represented Thembela’s family at the inquest. Bishop has not answered any of our calls. Asked why she had not called the detective who had investigated the case, the magistrate replied that if the family were unhappy, “there are legal routes they can take”. *Noseweek* wonders what that would cost the impoverished family.

Meanwhile Dr David Bass of the Western Cape Health Department decided to rub things in – with an entirely innocent party. In a letter to Dr Grauls, who featured in these pages as having aided *noseweek* in understanding certain medical documents, Bass wrote: “In view of your contribution to *noseweek*’s damning criticism of Professor Susan Fawcus and her colleagues, I thought that you might find the magistrate’s findings informative. [...]”

“You will note that both the medical evidence and judicial findings point towards faultless care provided to the deceased by the medical and nursing staff of MMH, and that absolutely no evidence of medical negligence or misconduct could be identified...”

Given that Dr Grauls was not party to *noseweek*’s opinions, as has been repeatedly explained, it’s curious that Bass would want to reproach the good doctor in this manner.

Faultless Dr Bass? Pity the cover-up hasn’t been as faultless. ▣

# Dirty business

from page 9

in the British Virgin Islands, as its holding company, while Breco's website describes Bredenkamp as "founder of the group", and features a statement by him on its homepage. Masters International and Breco are both among the entities "designated" by the US Treasury for sanctions because of Bredenkamp's support of Robert Mugabe's regime.

frauds against the revenue service.

In August, representatives of Masters International were informed that the company was liable for around R60m, for transgressions of the Customs and Excise Act, and that Masters International would also face criminal charges. When the Masters attorney asked whether an admission of guilt fine would be considered, he was advised that it would not.

Says Samuels: "The creditors' voluntary winding up was a stratagem to avoid the consequences of the company's assets being sold at fair value

to meet the claims of legitimate creditors such as SARS, whilst at the same time ... placing them in the hands of another Bredenkamp-controlled company, namely Alpha International FZE [a company registered in Sharjah, a tax haven in the

United Arab Emirates; also a member of the Breco group], at a reduced value, so that the business and its stock could be stripped out of Masters International to the prejudice of its creditors and the ultimate benefit of Bredenkamp."

Documents seized by SARS reveal that Masters International had managed to remove containerloads of packaged cigarettes from a bonded warehouse without paying VAT, or excise duties, by claiming that they had been sold to unrelated companies for re-export. These invoices were subsequently found to be false. Samuels points out that the cigarette packets were printed with the local tax-paid diamond mark, making it unlikely that they were intended for export – and more likely that they were for illicit local distribution and sale, in fraud of the revenue service.

Photographs presented to the court show the enormous size of the Masters International cigarette manufacturing plant, and of a gigantic Klockner packaging machine. (Experts in the field interviewed by *noseweek* claim that if the machine is operating at full capacity, and not closely monitored by the tax authorities, it can produce enough cigarettes for back street distribution to cause

SARS a loss of over R1bn in excise duty, in just one year.)

According to a document in the court file, Masters International's Klockner machine is currently disassembled and stored in a container on an agricultural holding near Alberton. Sources familiar with the company were sceptical of it still being found there.

Samuels expressed "great concern" that Motala had "made no attempt whatsoever" to establish the total value of goods and materials in fact owned by the company, or whether it had debtors who still owed it money. "On the contrary," she said, "Mr Andrew [Motala's assistant] confirms that he receives information from Mr Bredenkamp when it suits Mr Bredenkamp. It is evident that Mr Bredenkamp is 'calling the shots' and that Motala is a passive actor," she told the court.

Masters International had stopped submitting monthly excise returns to SARS from May 2008 onwards. "The failure to render any proper returns, for ordinary tax, VAT or excise, over a lengthy period, allows those in control of the company to conceal stock, distort figures and distort both amounts receivable and owing as between associated companies.

"Since it is clear that Masters International has committed serious acts of fraud, SARS is most concerned that an enquiry be held urgently."

■ That this is not the first time that Masters International and Bredenkamp have had a serious run-in with SARS emerges from a remarkable statement midway through Samuels' affidavit: "The present claim is unrelated to the letter of demand that had been sent out by SARS at its Beitbridge office on 30 November 2006 for the amount of R222.5m. That letter was withdrawn. Those matters remain in abeyance, as it would be pointless to pursue further investigations in regard to them if Masters International are unable to meet even the existing liabilities raised."

■ Latest news on the Bredenkamp front: He's acquired a new mistress; Janet Charter, widow of BAE's now tragically deceased agent in the South African arms deal, Richard Charter. The lovers were seen constantly in one another's company in Hermanus over Christmas.

Bredenkamp has also taken Janet's son, Andrew Charter onto his payroll. ■

## Since it is clear that Masters International has committed serious fraud, SARS is concerned that an enquiry be held

From documents seized when SARS officials raided Masters International's premises in Wadeville in July last year, it emerges that a plan had been conceived, prior to June 2008, to move the assets of Masters International to another Bredenkamp-controlled entity. This, Samuels suggests, was because Masters International had been the subject of

investigations by Customs and Excise which had established that the company was guilty of serious contraventions of the customs and excise laws and had perpetrated a number of serious





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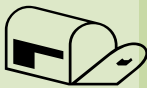
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Issue 113

# Joule in the crown

A small company at the arse-end of Africa has the chutzpah to take on the global motor manufacturing giants, writes Adam Welz

**S**OUTH AFRICANS SEEM to have been sliding into a collective depression over the past few years – violent crime, an unstable economy and grinning politicians on the take aren't exactly the right formula for a happy nation. Even the recent mindblowing cricket victory over the Aussies, and vague signs that Bafana Bafana may be getting their act together didn't shed much light in the settling gloom.

So it's a relief to find something very positive underway in a part of Cape Town not known for providing good news – lower Woodstock is better known for drug-dealing, bottom-end gangsterism and badly-behaved traffic. Yet it's here that a group of unapologetically upbeat South Africans are re-inventing the way we get behind the wheel. Closeted in the old Baumann's biscuit factory building, their company, Optimal Energy, is building what they promise is a world-beating electric car.

Such cars are nothing new of course – in the early 20th century they were surprisingly common. Back then, many thought electric motors were a better way to go than internal combustion and smelly, dangerous petroleum fuel. But when the oil industry used its political muscle, volts-wagons were forgotten, and the world "acclimatised" to poisonous and dirty fuels.

Today things are changing fast: although the oil price has dropped again, it's still high compared to the 1990s, and most forecasters see a sustained rise towards the end of 2009. With the latest International Energy Agency report declar-

ing that conventional oil reserves are being depleted at twice the rate previously thought, and that supply will peak in 2020 or before, oil simply stops looking like the key to global transport systems.

(Which won't stop huge piles of taxpayer rands being spent on a new oil refinery at Coega...)

Some saw this coming, and have for years been lashing up a storm about "peak oil" – not that you'd be aware of it from the mainstream press. And, so far, electric cars haven't particularly excited the motor-buying public, who generally think them slow, wimpish and impractical – not surprising if the closest you've got to one is a battery-powered golf cart.

So meet Kobus Meiring, one-time programme manager of the Rooivalk attack helicopter. He's also spent time as project manager of the South African Large Telescope, which now gazes into the depths of the universe from a koppie near Sutherland in the Great Karoo.

In late 2004 a battery-operated model helicopter attracted Meiring's attention. As he says: "It takes a lot of energy to get a helicopter into the air" – energy he'd thought light-weight batteries simply couldn't provide. This turned him on to the possibilities of lithium-based rechargeable batteries, and, in 2005, along with three former colleagues, he launched Optimal Energy, to develop the Joule electric car.

Today the company employs 80 people, has two running prototypes

and plans to have 100 test cars on the road by the end of next year.

Main investor-shareholder so far is the state, which has put in around R80m, and Optimal Energy has the air of a fast-expanding concern more concerned with product than slick corporate image. Its offices are chunks of a small office/shopping centre, in what's locally known as the Old Biscuit Mill, wedged between little household furniture and décor shops. There's no fancy sign on the reception door, best reached via the well-worn service lift.

"We're trying to get this car into production as fast as possible" says Diana Blake, Optimal's marketing manager, as she tours the design and engineering sections. Batteries are being tested, a prototype being disassembled for examination ("no photos here, please") along with racially-diverse groups of engineers and designers beavering



Optimal is in talks with an international company that has contracts to develop battery-swap stations

away behind screens. There's never been much automotive design expertise in South Africa, she says, because we've always built cars that have been designed elsewhere, but "we're building our own skills up here, sourcing graduates from local universities". The company is currently researching assembly line technology and looking for factory space.

Blake whips the covers off a display mock-up of the Joule. It's a six-seater, two rows of three across, and has 700 litres of boot space. It looks utterly contemporary, the sort of vehicle trendy middle-class families would use to cart the kids around town, or do the shopping. The body's designer





Joule love it: South Africa's own electric car

is Keith Helfet, a South African who made his name overseas crafting the lines of several cars for Jaguar. The Joule is snub-nosed, square-ended but sleek, with a surprisingly roomy interior. "Because it's electric, we don't need to bother with a driveshaft down the middle, or a big engine compartment" she explains, which means more legroom and less clutter. Lose the second row of seats and you have a small delivery vehicle.

The car is designed to European safety standards and the roof is covered by a solar-electric panel. There's space for two large battery modules under the floor, which are easily removable, and will get 200km per module per charge, according to tests done to international standards.

"This is an urban car," says Blake, "and research shows that most urban users do not travel more than 90km daily, so most buyers will not need two battery modules". (The top speed is governed at 130 km/h – it can go faster, but power consumption climbs steeply at high speed.) Optimal Energy may separately lease the batteries, which last about seven years, to make the Joule more affordable.

The front wheels are powered by a single motor running through an efficient fixed-ratio drive, and the back wheels by two separate in-hub motors. Unlike petrol-fuelled cars, the Joule gets better range under urban conditions than out on the open road – it's

actually designed to thrive on stop-start driving. That's in part because it uses regenerative braking, which transforms the kinetic energy of the car into electrical power that charges the batteries. So, when you slow the vehicle down, you're juicing the power-pack. The electric motors also accelerate the vehicle more efficiently than a petrol engine. The rooftop solar panel will add about 15km to the range on a sunny day.

A full "slow charge" of a battery module will take around seven hours. (Eskom may soon be introducing different power tariffs for different times of day for household users, making overnight charging much cheaper than at present). It will be capable of being fast-charged in a much shorter time, although this might reduce the battery's lifespan.

Optimal is in talks with Better Place, an international company that has already secured contracts to develop battery-swap stations around the world – longer-distance drivers could swap a flat battery for a fully-charged one in a matter of minutes.

The Joule could also be used as a power source. Companies like Google are already working on technologies to use the massive power storage offered by thousands, even millions, of electric car batteries. The idea is that excess grid power could be used to charge car batteries in low-demand periods; when demand is high, power

could be fed back into the grid.

Blake says the final price for the Joule has not yet been set, but is likely to be between R200,000 and R250,000, much the same as petrol vehicles of similar size and style. Running costs will be lower than on similar petrol vehicles, and the Joule should need fewer services than petrol cars because it has fewer moving parts.

Some challenges exist regarding the sourcing of large numbers of lithium batteries, as worldwide manufacturing capacity is currently not large enough to supply many millions of electric cars if a global industry takes off too quickly. Many electric car-makers are therefore looking to governments to stabilise prices while the sector establishes itself.

Some cynics, noting that the Joule's claimed performance is better than most similar vehicles in development elsewhere in the world, have voiced doubts that a South African startup company could produce something so good. Some have even dubbed the Joule a scam. I ask Diana Blake and Kobus Meiring what makes them think that a small company at the arse-end of Africa can take on international companies with far more capital and experience?

"It's a nice arse" says Blake, gesturing towards Table Mountain. Meiring is more matter of fact: "If they can do it, we can do it. That's all." ■

## A carved giraffe

**H**E CRIED EASILY. I had heard stories of him from my mother but I knew him only during a three-month period when I was 11 years old. On his birthday we gave him a gift of a small carved wooden giraffe. I was shocked and a bit embarrassed to see tears well up in his eyes and spill down his cheeks at the sight of the gift. I had never seen a grown man cry.

I don't know if he felt the momentousness of the occasion and that it would be the last time we would all be together, or that he was in a foreign country and communication was difficult with a child who spoke a language other than his own. Perhaps his thoughts were for the person who had so meticulously carved the giraffe. Maybe it was all of the above.

He wiped away his tears and laughed, thanking us profusely.

Though not a soldier during the Second World War, he fought nonetheless. While working for the Dutch railways he was responsible for arranging the timetables of trains running from Holland to Germany. He altered the timetables so that trains had to stop in the Black Forest to wait for the crossing of another train. There in the forest waited the underground resistance fighters. They forced the doors of the trains open, killed the guards and freed the Jews and Communists packed in there like cattle.

The Germans caught onto the scheme and came looking for him. He became an "onderduiker". A hole was created beneath a cupboard, big enough for a man to sit in. When the German soldiers came knocking, he hid in this hole, which was covered by a plank with a neat row of shoes on top of it. They questioned his wife and daughter. Where was he? How long had it been since they had seen him? They were separated for questioning to corroborate their stories. The German soldiers stole all their food and valuables and left, threatening to come back. From time to time, they did.

During the last year of the war, he hid with his sister in the little fishing village of Loodrecht. Now and then he would

**When the  
German  
soldiers  
came  
knocking,  
he hid in his  
hole**



visit his wife and daughter in Hilversum, riding his bicycle all the way, dressed as a woman. But old habits die hard, and he still mounted and dismounted his bicycle the man's way, much to the alarm of his wife.

When the war was over, he had a nervous breakdown and could not stop crying. He got up in the morning and cried. He read the newspapers and cried. He went to bed and cried. All the atrocious rumours he had heard during the war were true. Millions of men, women and children had been gassed to death in ovens. He was never the same afterwards.

He died at the age of 97 in 1996. In 1999 I took a trip to Holland, and managed to contact the person living in the house where he had lived during the war. Yes, the hole was still there, said the owner, and I was welcome to come and see it.

The house had been remodeled, and there was no longer a cupboard above the hole. But the man who lived there lifted the floorboards in the living-room to reveal the hole. He made me a cup of tea and we talked about the war years, when he was just a child.

This was the neighbourhood where all the railway workers lived, he told me. In some parts of Hilversum there are still underground tunnels connecting the houses. During the war, he and other children were instructed to play in the street and let the adults know when the German soldiers were on their way. Children ran from door to door letting everyone in the neighbourhood know when the Germans were coming so that the railway workers had time to hide.

"I have something that may interest you," he said before I left. "There is a kist up in the attic that was left behind. It is empty, but you may have it if you want it." It was made of wood and far too heavy for me to carry home. But I saw my grandfather's neat handwriting on it – the address of the house in South Africa where I had lived my entire childhood, and the date – 1971, when I was 11 years old.

The carved giraffe wasn't there. (wikipedia.org/wiki/Dutch\_resistance) **W**





## War crime

**SUPPOSE IT'S SILLY** to talk about worse and worst Nazis because all of them are totally evil, there are no degrees of comparison. But I dare say Reinhard Heydrich was the most repellent, being almost a caricature of the beast: tall, blond, lean, with a long nose coming dead-straight from his forehead and close-set hooded expressionless eyes. There is no known photograph of him smiling. Showing any emotion whatever on his face but cold indifference, indifference, that is, to anybody's condition except his own and that of the Party. Unfairly accuse the Party of lawlessness and mercilessness and hypocrisy, all you Jews out there, and your consequent dreadful suffering will be self-inflicted. The idea of the *Endlösung*, the Final Solution, was vaguely around before the Party was elected to power, but with some help it was mainly Heydrich who defined it and put it into law at a Berlin suburb called Wannsee in 1942. Well I shouldn't say "law" actually, they didn't have those; I mean a Führer Decree.

Now Heydrich was a great patriot and as soon as Hitler had taken Czechoslovakia by force of arms, so that it belonged to Germany, he appointed Heydrich governor of the new territory. To rule as he thought fit. And he thought some pretty ghastly things fit, esp. for certain Jews, as you might expect. But it was also thought fit by the Czech resistance to get a couple of brave blokes with bicycles, pistols and hand grenades to waylay Heydrich's open Mercedes on his way to the office one fine spring morn in Prague and literally blow his arse to bits, so it took six days for him to die. Some were pleased about this, esp. certain Jews. But not for long. The most powerful army in the world sealed off the village of Lidice for collective retribution and picked 192 men over 16 and killed them on the spot. If they didn't kill any women or children that's because their creed was so male-dominated they thought killing kids and mothers beneath their dignity; they didn't understand the democratic principle of equal human rights regardless of sex or age. Also they didn't want the *snot en trane* that go with mothers and kids, so these were just disappeared over some border, who cares where. Lidice was disappeared too. Entirely.



There is  
no known  
photograph  
of Heydrich  
smiling

Illustration: Harold Strachan

Everything. You can't even see where the streets were, forest trees grow there now. You must give it to the Germans, *boet*, they do things with factory efficiency, no untidy loose ends for propagandists to seize on – leadership should learn from them.

And they did better than that. At Oradour-sur-Glane in the Haute-Vienne part of France in 1944. A pretty village. A company of the Waffen-SS sealed this one off in the classic mode so none could escape and just killed everybody. 642. Being SS and specialists in killing frenzies they would have liked 1300, I suppose, plus perhaps 5000 to injure, but there you are, orders are orders, and these orders ordered only that everybody in Oradour should be killed. They were written on a sheet of paper, and if we all learned to obey orders on sheets of paper the world would be a more orderly place and we would all be happy one day and dance and sing in the street on the sixtieth anniversary of our motherland *das Drittes Reich*.

The order to reassert civil morality in Oradour was given because a certain militant group within the Communist Party had taken it upon themselves to blow up and murder ten German soldiers and three German civilians employed in occupied France, and it was Oradour's misfortune to be the closest village to where these atrocities took place. There was a properly appointed government in the country, established with the goodwill of the army of occupation. The war was over. There was rule of law. There was peace. To take things into your own hands and go about killing people just because they happen to be German is not only antisocial, it is a war crime. The organisation appointed to discourage such war crimes was the SS, and remember the SS too was militant in its very nature and declared: A thousand dead Frenchmen are not worth one German fingernail. This *Schutzstaffel*, Guardian Echelon, was thus called because it guarded the integrity of the *Volk*, you see. It was armed with righteousness. For special military assignments there was the Waffen SS with fearsome weaponry but still armed with righteousness. They herded the Oradour populace into the church and locked the door and torched it with phosphorus flame-throwers. The *Totenkopf*, the death'shead badge, the black and silver of the awesome uniform, such symbols derived from the Jesuits, who also saw death as part of life and burning people alive as part of righteousness. You have to be robust in defence of God, *Reich*, or *Volk*. These are above attack.

Oh dear! I've used up my word allocation. I was just getting on for the Warsaw Ghetto. Never mind, maybe next time. ▣

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## PRINT & ELECTRONIC PUBLICATIONS

**Crossing the Borders of Power** The memoirs of Colin Eglin. A good read/gift/buy. 021 461 8707.

## TRAVEL & LEISURE

**Guided casual walking** in beautiful southwest France. Be our house guests, enjoying excellent cuisine. [www.frenchcooks.com](http://www.frenchcooks.com); +44 208 776 2045.

**Paris** Beautiful sunny apartment 5 mins from Champs Elysees, fully equipped, sleeps 2. [putz@icon.co.za](mailto:putz@icon.co.za); +33 617 045 290.

**Guided outdoor adventures in Spain** Rock climbing, scenic walks, mountain biking, or canyoning. I will introduce you to a Spain known only to local people such as myself. [www.encordat.com](http://www.encordat.com); +34 617 84 71 80.

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**PROPERTY TO BUY, SELL OR RENT**

**Albertinia**, Western Cape. Plot and plan in new development 225m<sup>2</sup> and 208m<sup>2</sup>: R190,000 each. 082 356 4732

**Best Beachfront Penthouse** in Cape. 500m<sup>2</sup> of luxury finishes and gadgets. Entertainer's dream. R11m. Urgent! Olesya 083 626 8181.

**Boulders** Lovely sea-facing holiday home on the rocks for long or short lets. [ziwani@telkomsa.net](mailto:ziwani@telkomsa.net)

**Knysna** Gracious, large family home on level stand for sale. Beautiful treed garden. 044 382 3967.

**Cape Town** Oasis Luxury Retirement Resort, Century City, voted number one in SA. Owen 083 675 5886.

**Kew, Johannesburg**, 2-bed available for rent; [gosselin@mweb.co.za](mailto:gosselin@mweb.co.za)

**Oubaai Golf Resort** Herold's Bay, Mountainview stand, 862sqm. R765,000. Alphonso 083 680 0485

**AMAZING KORINGBERG**



Weekend retreat/country residence in the W. Cape one hour from Cape Town. Stunning mountain views. Three bedrooms (2 en suite). Feature fire place; heated plunge pool; stables and paddock; irrigation system; established garden; pond; borehole. Featured on TV.

**R2,700,000.00 neg.**  
Email: [lfs.cpt@iafrica.com](mailto:lfs.cpt@iafrica.com)

**Bantry Bay**

Luxury sea facing apartment, spectacular views, 2 bed. Prefer long lease, secure parking, R15 000pm. Tel Nicola 083 375 0162; [nicola@nicolahadfield.co.za](mailto:nicola@nicolahadfield.co.za)

**Newlands Village**

Tres Chic! Minimum 3 months, designer owned, 2 bed en-suite, pool, D/G (all mod cons). R20,000pm. Tel: Nicola 083 375 0162; [nicola@nicolahadfield.co.za](mailto:nicola@nicolahadfield.co.za)

**HOLIDAY ACCOMMODATION**

**Arniston** Stunning seafront home perched on clifftop overlooking beach. Breathtaking position and panoramic sea views. 5 bedrooms, 3 en-suite, serviced. 082 706 5902.

**Clarens** Near Golden Gate in the beautiful eastern Free State: Rosewood Corner B&B offers all you want for a break from it all. 058 256 1252.

**Vermaaklikheid** Easter. Minimum 5 nights. Sleeps 8 @ R2 000 p/night or 10 @ R2,500 p/night; [info@habits.co.za](mailto:info@habits.co.za)

**Upper Newlands** Friston Lodge B&B, near Kirstenbosch, UCT and Waterfront. Comfortable affordable accommodation, garden setting. Solar-heated pool, DSTV. Sabine 076 156 2381; [Sabine@capestay.com](mailto:Sabine@capestay.com)

**Plettenberg Bay** Anlin Beach House B&B/Self-Catering. Four-star luxury 100m from Robberg Beach. 044 533 3694;

[www.anlinbeachhouse.co.za](http://www.anlinbeachhouse.co.za)  
[stay@anlinbeachhouse.co.za](mailto:stay@anlinbeachhouse.co.za)

**Surfers' Corner, Muizenberg** Overlooking beach. Brand new luxury self-catering apartments, 1bed & 2bed with sea views. Sleeps 10. [www.surferscorner.com](http://www.surferscorner.com). Wolfgang 082 567 1600.

**Newlands Upper** Beautifully appointed spacious self-catering garden apartment. Sleeps 4. Also perfect for regular corporate visits [info@newlandshouse.com](mailto:info@newlandshouse.com); [www.newlandshouse.com](http://www.newlandshouse.com)

**Umhlanga** 2 bed/2 bath stunning, serviced sea-facing apartment with DSTV. [putz@icon.co.za](mailto:putz@icon.co.za); 082 900 1202.

**Hermanus** Luxury home sleeps 10; ideal for two families; walking distance to village/cliff path. 083 564 8162.

**Provence**, Cotignac, village house, stunning views, pool, sleeps 4-6; [rbsaunders@cwgsy.net](mailto:rbsaunders@cwgsy.net)

**Durban** Makaranga Garden Lodge. Business and Leisure traveller in beautiful surrounds. Conference facilities. Kloof, Durban 031 764 6606.

**South Coast**, Durban. Holiday beach house. Sleeps 12. Serviced. Rental R1500 per day. Bookings 082 452 5725.

**Nature's Valley** 3-bedroom holiday house to let, plus optional separate cottage; [fay.howard@polka.co.za](mailto:fay.howard@polka.co.za)

**Thesen Island** Holiday flat to let. One bedroom. R400 per night. Call 083 306 6744.

**Drakensberg** For sale 3-beds, Gold Crown. R20,000 onco. Times: end May to June. Call 031 208 0302.

**Montusi Mountain Lodge**, Drakensberg. Fresh air, no malaria, just peace; [montusi@iafrica.com](mailto:montusi@iafrica.com); 036 438 6243.

**Plettenberg Bay** Fynbos Ridge B&B/Self-Catering. Fragrant Fynbos. Spectacular mountain views. Abundant birdlife. Relax and unwind. 5-star. [www.fynbosridge.co.za](http://www.fynbosridge.co.za). 044-5327862.

**Scarborough** 5 beds 4 baths, 2 mins from sea, with sea view. 021 794 4140.

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Y2CvRuWio2369X

**PASSWORD 2:**



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**COMPANY DIRECTORS**

Websec offers 24-hour online information on directors of all SA-registered companies.



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**For specialised Property ads contact Adrienne: [ads@noseweek.co.za](mailto:ads@noseweek.co.za)**

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