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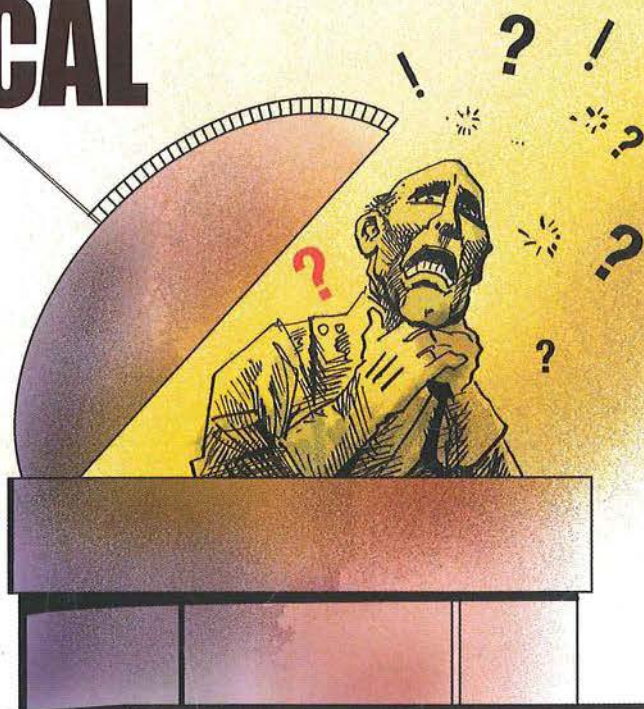
noseweek

issue

53

FEBRUARY 2004

**KOEBERG'S
SECRET
MEDICAL
FILES**



KOEBERG



!!!!

INSURANCE ROULETTE THE DOCTOR WHO DIDN'T COME
GREASY LIMPOPO MBEKI'S BROTHER IN THE TANK BUSINESS



HOW DID JACK DANIEL'S WHISKEY TASTE BACK IN 1866?

(HAVE ONE TONIGHT
AND FIND OUT.)



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KOEBERG'S SECRET MEDICAL FILES

It was only after leaving Koeberg having taken early retirement that Ron Lockwood discovered he had leukaemia – and that the nuclear facility had been hiding evidence of his condition for years. His case is not unique

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any good
bottles lately?



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NWWM 02

Lion and cheatin'

Should you shop SAB to the SA Revenue Service?

Go on: down the Lion; feel satisfied!

Rob King

Glenwood, Durban

KPMG connection

The letter from Shelley-Anne Carreira of the SA Revenue Service's corporate division (nose52) asking for your documents relating to SA Breweries' Black Label tax fraud makes interesting reading. Did you know she's the wife of KPMG Johannesburg's senior partner, Richard Carreira?

probe by concealing the full extent of its involvement in developing and promoting tax shelters. The department filed a lawsuit against KPMG in July to force it to divulge tax shelter information to the IRS.

So noseweek called KPMG and asked whether they have any relationship with SA Breweries. The switchboard put us through to the person at KPMG who deals with client lists. His reply to our question: "We are not SAB's auditors, but we do do tax work for them, the occasional special internal investigation, and a bit of corporate finance consultancy." - Ed.

of documents" to verify the correctness thereof and to investigate any potential tax evasion on the part of the SAB.

Furthermore, I wish to draw your attention to section 4(2A) of the Act, which provides that you may not advise the taxpayer who is the subject of this request that the SARS has requested this information from yourselves. Your attention is also drawn to the provisions of the Act that impose a criminal sanction in the event that you disclose any communication to the taxpayer.

Should the requested information not be provided

For the record:

1. We don't hold the original documents. They may more productively - and appropriately - be demanded of the directors of the taxpayer and its auditors and tax consultants. (I believe the documents have been adequately identified in our two stories for you to be able to do so.)

2. We are obviously not the author or the addressed recipient of the documents, so we cannot verify or elaborate on their content.

3. To enforce any claims which you might have against the taxpayer arising from the documents, you would have to produce them to the taxpayer should SAB dispute the claim. Were we to make our copies available to you, and you then produced them in this way, you would more than likely in the process assist them to identify our source. Under no circumstances would we expose ourselves, or our source, to that risk, as that would fatally prejudice our ability to perform our function, as is guaranteed by the Constitution. That function, I believe, certainly overrides your mere convenience.

Finally, I am puzzled why you, specifically, are demanding our cooperation in the matter. I understand you deal only with SAB's current tax assessments. The investigation of historical tax frauds is the responsibility of other divisions of the Revenue Service. If this is correct, could you explain your interest? - Ed.

'Should you shop SAB to the SA Revenue Service?'

Go on: down the Lion; feel satisfied!'

I know several people who would reckon it useful to have the wife of a senior partner of KPMG heading the corporate division of SARS. (And wouldn't KPMG just love to be SAB's auditors!)

Anon

Johannesburg

Almost as we were speaking, Finance Week published the following little item:

The US Justice Department claims that accounting firm KPMG had impeded an Internal Revenue Service

Hand over the bundle

I refer to the "bundle of documents" which you state [in nose51] reveal "a massive fraud perpetrated by SAB against the South African Receiver of Revenue".

While not pertinently mentioned in my previous letter [nose52], I am requesting the above documentation in terms of section 74A of the Income Tax Act. As a result of your article, I am requesting the "bundle

within 14 days of the date of this request [2/12/2003], further legal recourse will be taken.

Shelley-Anne Carreira

(for General Manager:
Corporate Tax Centre)
SARS, Randburg

To deal with the last paragraph of your letter first: I was not aware that publication of your initial letter (in nose52) might constitute a criminal offence. Your letter was not marked confidential, and there was, of course, no secret to the fact that we had the information concerning SAB and had made it available, by means of publication, to the general public - most specifically including yourselves.

I would think that all reasonable people, including SAB, would have expected the SARS to take an interest in the matter, so no real secret there, either.

On the question of providing you with the "bundle of documents": I am surprised at the threatening, peremptory tone of your demand after I explained to you (by telephone) that we were happy to cooperate insofar as this might be reasonably required of us, but only to the extent that the anonymity of our source was in no way compromised.

Gus



Don't look now, but our bodyguards are falling in love.

sold for \$2.88. (Nominally this is a "specials" price, but every supermarket I went into always seemed to have a special in progress.) That comes to about R20 per case, while at Pick'n Pay we pay almost exactly that for a six-pack! Either Raymond (and all the other supermarket owners) are perpetrating a major rip-off ... or maybe it's time to investigate ABI (SAB's softdrink subsidiary) and their pricing/costing policies. It's ridiculous that a case of Coke and a case of Castle cost almost exactly the same in SA. Thanks for your great mag.

Mike Millard

Morgan-Price International
(Africa Region)

River Club, Johannesburg

Could Coke just be doing the old imperialist thing: collecting a fat trademark royalty from its sucker clients in the colonies? – Ed.

'Stupid' Rian Malan

I sympathise with Rian Malan's frustration regarding the so-called statistical evidence for Aids and the mass predisposition to believe it. I can only recommend that he disengages and quietly lets the parade of doom-driven, credulous flagellants pass by.

One cannot hope to prove a negative. In the Middle Ages everyone, including people

of the highest intelligence, believed in witchcraft. Who could possibly have convinced them of the error of their belief? People believe in such things because they want to believe in them. The belief in Aids is founded on an uncritical acceptance of statistics; no more than that – just as the belief in witchcraft was founded on an uncritical acceptance of mediaeval theology.

This is the way of the world and, as Molière observed, it is folly to busy oneself with the correction of the world.

David Matthews

Cape Town

See 'Why Rian Malan is wrong' on page 28.

That Venter memo

As one of the recipients of the original memo in which Bill Venter proposed that we re-use A4 envelopes, rubber bands, paper clips and so on, I can confirm from memory that the date on the memo is probably correct. I was an employee of Standard Telephones and Cables (STC) when, in 1977, Venter's Altech bought the company from its American owners, International Telephones and Telegraph. (ITT got out of SA as a result of pressure from the World Council of Churches.) Bill immediately set about putting his cultural stamp on the

company by, *inter alia*, sending out that memo.

Some time later, Dr Harold Serebro (MD) compiled a collection of Bill's more outrageous memos – we thought he was brown-nosing Bill – and if I remember correctly, it was printed and published by Grant Rogerson, who handled that sort of thing in the company. I don't know why they are now being so coy about the whole thing. [Greenberg has said categorically that he copied nobody. Dr Venter remains mum. – Ed.]

When it comes to explaining the remarkable similarities between the published memos of Bill Venter in Johannesburg and Alan Greenberg in New York, it is, of course, possible that one did not plagiarise the other – but that both plagiarised a third party.

Name withheld

Johannesburg

Curiouser and curiouser ... – Ed.

Landmark

I stopped reading *noseweek* ages ago and only got to read issue 52 when a friend lent me his copy for the Landmark article. Jeez, that really is snuze. That you had some clerk assemble it is one thing; the scary bit is that you signed it off for publication.

In the first five lines you confuse Life Training with Landmark [We don't – Ed.]

patently unaware that they are direct competitors so everyone realises you know zip about this sector. You waste six pages on a tiny Cape Town operation. Have you lost your marbles? Patently you didn't even bother to do simple research, of which I have done plenty over 10 years.

The reporter says she was not given access to their financial statements. This is about the best (ragged) line you trot out. Are your financials available to the public? Do you have a Pty with auditors – or just a silly little cc? Is this a valid test for transparency? [Yes.] Is the real problem that all your staff are out checking wine labels?

In case you hadn't noticed, there is so much real financial scandal here in Cape Town right now. Just take the oil industry – they all have their head offices here, so all the scandals are here. The numbers are mind-boggling and the SARS are screaming blue murder and BEE are screaming and ... *noseweek* publishes six pages about Landmark. Thank God I didn't buy a copy.

Maybe you can get the printers to mark and print the folding points for converting snuze nuze into useful office gliders.

Ridgley Hall

Marina da Gama

Mr Hall, a less-well-known accountant, has been doing Life Training and Landmark self-

THE SECRET SINGLE MALTS OF SPEYSIDE



Nearly 200 years ago, in the remote Livet Valley in the Speyside region, one master-distiller had perfected his craft to create "The Glenlivet". As the very first licensed distillery in the Scottish Highlands, it is a perfectly balanced single malt that embodies the delicacy and softness that typifies all Speyside whiskies.

Nestled in the heart of the Scottish Highlands, Speyside has always been at the centre of whisky distilling. Considering the high concentration of distilleries in the area, it's no wonder the Speyside region has earned the nickname "The Golden Triangle". Connoisseurs even describe Speyside whiskies as the champagne of Scotland.

And rightly so, since the secret to their rich balance of flavour, and exceptional softness, originates from Josie's Well, the sparkling clear, and ice-cold, fresh mountain spring water used to create single malt whiskies of unrivaled quality and infinite elegance.



improvement courses for the past 10 years. (Where, clearly, he has acquired some of their skills in verbal abuse, the gratuitous insult and the put-down. Sadly, he could not even aspire to the qualifications of our "clerk". The quality of her research will have been evident to any intelligent reader. But, as she observed in our Landmark piece, jerks who do Landmark and similar "Large Group Awareness Training" courses come out of them jerks – perhaps even bigger jerks because of

Times, or maybe even in the Sunday Times!) – Ed.

Whine from the West

The ad for Ken Forrester wines in nose52 raises a few questions:

What is "sauvignon" wine?

Who made the statement regarding "seriously good wine"? Would it be Ken Forrester?

Exactly which awards has this "award-winning wine" won?

Richard West
Huguenot

Have you, too, been on a Landmark course? Or is it the

won the Challenge International du Vin 2003 silver award, got a gold medal at the Michelangelo International Wine awards and was selected as one of the leading proponents of Chenin Blanc in SA at the Rendezvous du Chenin held in the Loire Valley. The 2001 Forrester Family Reserve Shiraz got a silver Veritas award in 2003, and, surely as good as any award, the 2001 Noble Late Harvest gets a five-star rating in John Platter's 2004 Guide. AND ... tarrah! ... Madiba chose Forrester wines for his 80th birthday bash.

established restaurant, just up the road from parliament, for a glass of wine and something to eat.

Her bodyguards go to the bar (which is the smoking area) for a cigarette or two. One evening, in recent weeks, she was there again. When she had finished her meal and drinks she pointed out to the management on duty that she was offended by the smell of cigarettes permeating the area where she had eaten and, for that reason, was refusing to pay her bill of R310.

The restaurant is in an old building and while they have tried to demarcate the smoking and non-smoking areas of the establishment, they are not in full compliance of the law. (Major alterations would be required for that.)

Who's in the wrong?

Non-smoking Patron,
Cape Town

We asked the restaurant owner for his comment: "The minister had a point: that evening we unfortunately had a large crowd of smokers. We're not complaining. We're a small restaurant and definitely can't afford to make any points."

Maybe it's time it became fashionable for addicts to wear nicotine patches when eating out – and to turn to their beloved's earlobes when the urge to suck becomes too great. – Ed.

Write a limerick and win a Sonnet

noseweek, with Pen & Art, is giving away a Parker Sonnet fountain pen worth R1,200 each month for the best topical limerick submitted to the magazine.

Email your scurrilous, amusing or insightful scribbles to

noseweek@iafrica.com; post it to Box 44538, Claremont 7700; or fax it to (021) 686 0573. Entries must be received by Friday 13 February.

The winning entry will be published in the March edition of noseweek. The editor's decision is final.

the new feelings of "infantile omnipotence" they experience in the form of grandiose beliefs and expectations, as a result of the courses.

We are looking forward to reading Mr Hall's exposé of high-level dirty dealing in the SA petroleum industry in coming weeks – in the Cape

weather? In the meantime:

1. (a) In theory it could be either sauvignon rouge, or noire or gris (maybe you produce one of those?), but out here in the real world we drink only a sauvignon that's blanc; OR (b) it could be an editing error; 2. noseweek's distinguished wine panel; 3. Forrester's 2002 Chenin Blanc

Richard, just send us a case of your wine (two cases are better) and we'll tell you how it rates. (Hope the weather changes soon.) – Ed.

Manto's smokescreen

Minister Manto Tshabalala-Msimang has a habit of popping in at a long-

NOSEpitality

Did you know?

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65% travel regularly**

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Printed and Published by Chaucer Publications (Pty) Ltd.



SAB SWEATS

Our source at SAB in Gauteng is enjoying his regular, hectic meetings with fellow executives who are desperately trying to trace and stop the leak to *noseweek* (nose51, "SAB's Black Label tax fraud"). The discussions are not about the truth of our story – that's obvious to everyone. In due course they'll be looking for a tax "expert"

to help them waffle up a defence, but for the moment, they're interested in "nailing the bastard who shopped them to *noseweek*".

To liven matters still further, Laugh It Off are free to proceed with their Black Label appeal.

From where we're sitting, things are looking good. Sweat, you buggers!

MERCANTILE'S SORRY SAGA

In September last year we featured the unfortunate experience of Dr Frank Carlisle at the hands of Mercantile & Lisbon Bank (nose49, "Mercantile stole the shirt off my back").

In December Mercantile went to the Durban High Court seeking an interdict to silence Carlisle by banning him from discussing his case with a wide range of specified parties, including the media and bank and government officials.

The interdict was partly granted by Judge Gregory Kruger. Carlisle is still allowed to respond to enquiries from the media, but not to approach the media on the issue. He is no longer permitted to communicate his dissatisfaction directly to the bank's directors or officials, but is still allowed to approach government officials (although his constant requests to banking officials that they investigate his case has so far met with little success).

In papers filed in support of the bank's application, the group legal advisor for Mercantile, Fred Schutte, claimed that *noseweek's* article had been "highly defamatory" and "based on facts that are patently untrue and which have twice been rejected by the court".

"Despite having requested the applicant

to respond by 29 September 2003 and having received the response prior to this date," wrote Schutte, "*noseweek* has failed to deal with the issue, merely stating that they would do so in future ... *noseweek* has to date still failed to deal with the [bank's] response to the original article..."

Schutte is correct that we received a response from attorney Anthony Berlowitz to questions we posed to Mercantile's acting CEO, Rui Ribas. He is, however, wrong to infer that our failure so far to respond is because of anything contained in the letter.

Berlowitz's letter is in fact very similar to various letters and court affidavits we saw before publication of our original article. It is long, dealing extensively with the "background" to what Berlowitz calls the "entire sorry saga", while contriving to avoid addressing any of the factual statements or critical questions we raised.

We have not so far responded because we have had more pressing matters on our agenda. We remain as convinced as ever that the bank's handling of the matter was shameful and dishonest. We will be returning to the issue, this time focussing on the actions of the bank's directors and its attorney. Hang on Mr Berlowitz, your time will come.

THE TENETS OF AIDS

Why is it that so few people are able to conduct a civilized discussion about Aids? Face to face, TAC's Nathan Geffen is a charming, intelligent man. But say the word HIV-Aids and let him loose on the campaign trail and, within no time at all, he's a bitch.

Check these personal insults aimed at Rian Malan in a press release issued by TAC. His response to our piece about Aids statistics: "Malan's 'research', which contains hardly any verifiable references, is shoddy journalism. It is littered with serious errors, one of them highly misleading (as well as obvious upon reading the source he quotes).

"Certainly Malan is an entertaining read. But unattributed quotes, unnamed science journals, unnamed experts, misrepresentations, leaving out critical evidence and a

plethora of incorrect facts have no place in a thesis that purports to be debunking the current orthodox scientific view."

It wasn't a thesis, it was a magazine article written for ordinary mortals, not for Aids devotees.

Has it perhaps got something to do with the fact that the subject has somehow got clothed in religious fervour. It struck me early on that the popular refrain "Do you believe that HIV causes Aids?" has much in common with the question "Do you believe in Jesus Christ?" with all its implications of damnation or salvation.

And here we were thinking medicine is based on science, with all its human limitations.

Can we please start this discussion again, Mr Geffen?

The Editor

FUZE BLUES

A SERIES OF SCANDALS

involving South Africans caught assisting Pakistan to obtain embargoed weaponry is drawing unwelcome media spotlight onto South Africa's reclusive arms industry with its years of experience in smuggling arms technology and embargo-busting.

Next event on the scandal calendar is a trial set to begin on February 16 in Germiston's regional court. Warren Grobbelaar, a 36-year-old specialist technician, stands accused of stealing secret arms technology from Fuchs Electronics, and selling these secrets – worth tens of millions of rands – to Pakistan.

The case relates to technology developed by Fuchs for the manufacture of electronic ordnance fuzes – the electronic sensors or timers that detonate rocket and artillery projectiles. (And, yes, fuze is the US spelling for fuse – but, we have been assured, the US spelling has become the universally accepted one when referring to fuzes in sophisticated military hardware.)

In government circles the case is viewed as "extremely sensitive". Spooks from the National Intelligence Agency attended bail hearings last year, taking the names of journalists and members of the public who were in court, and demanding reasons for their presence.

Why are they in such a tizz? The government is supposed to exercise responsibility when authorising the export of arms technology to nations in conflict. The National Conventional Arms Control Committee (NCACC), the state regulator chaired by Education Minister Kader Asmal, must approve all South Africa's arms transactions – and stop sales to warring states.

Between April 1994 and February 1998 South Africa sold R637m worth

of arms to India and R147m worth to India's hostile neighbour Pakistan. But following Pakistan's coup d'état of 1999, which resulted in the military dictatorship of president Pervez Musharraf, the NCACC placed a moratorium on arms sales to the new regime.

Since 1999 NCACC has refused to release its annual reports on arms sales to parliament – and the public. So nobody, apart from Asmal and his committee cohorts, knows the present picture.

However, in July 2002 the *Financial Mail* reported that "in recent months" Fuchs and its sister company Reutech Defence Industries, had sold armament fuzes worth more than R100m to India.

The Directorate of Public Prosecutions may seek to bar press and public from the trial this month of a SA specialist technician accused of stealing secret arms technology worth R178m from a local company – and selling it to Pakistan

Both companies are owned by JSE-listed technology giant Reunert, whose chief executive Gerrit Pretorius would neither confirm nor deny the sales.

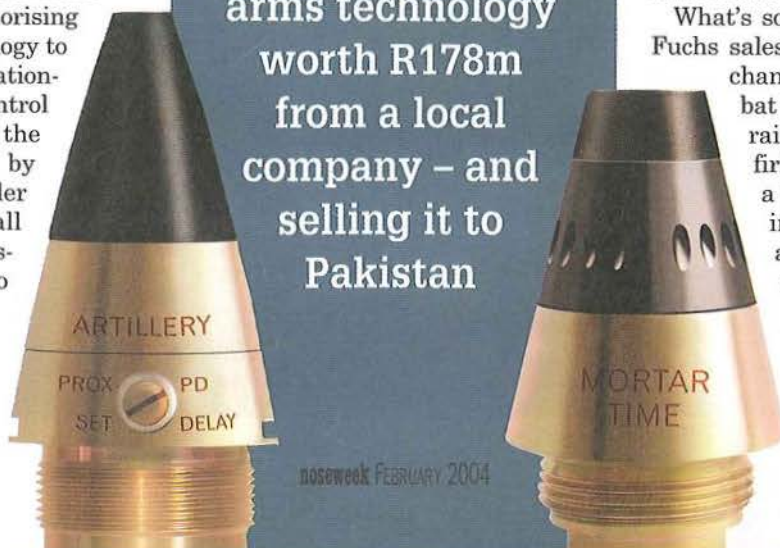
It was at the same time that former Fuchs employee Warren Grobbelaar independently offered his expertise to Pakistan for the manufacture of a multi-option fuze.

This was at a volatile time, with the situation along the 2000km Indo-Pakistan border at fever pitch, following an attack by Kashmiri separatists on the Indian parliament complex in New Delhi in December 2001.

In the following five months India moved more than half a million troops, backed by tanks, warplanes, missiles and heavy artillery to the border area. Pakistan responded in kind and any small incident could have escalated into all-out war.

Which goes some way to explaining the political sensitivity of the pending Grobbelaar trial. So much so that there is speculation that the Directorate of Public Prosecutions may seek to have the press and public barred from hearing at least some of the evidence. Whether the state would succeed in such a manoeuvre remains to be seen; magistrate Deon Snyman may feel that a secret hearing would smack too much of the past, in this new age of supposed transparency and a constitution that guarantees the rights of the individual.

What's so important about fuzes? A Fuchs sales blurb explains: "With the change in the traditional combat tactics to very tactical fire raids, with rapid change of firing positions and, of course, a large cut in defence spending, today's modern armies are looking to the fuze to upgrade existing gun systems and ammunition. The fuze must be highly reliable, cost efficient and in addition must



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incorporate a multi-operational role." So multi-option fuzes are the way to go.

Grobbelaar worked for Fuchs, the Alberton-based Reunert subsidiary, for 12 years. He joined the company in January 1988 as a technician in electronic development and by 2001 had risen to senior development technician employed on the development of a new generation of fuze technology.

At the Fuchs explosives factory his projects included the development and manufacture of the electronic multi-option fuze M9801 for artillery known as the Fuchs Artillery multi-option fuze; an electronic fuze setter; and the naval proximity fuze M8953, known as the Fuchs Naval Proximity fuze.

As an instrument specialist Grobbelaar was deeply involved in these developments, with unlimited access to secret information. During his employment with Fuchs he travelled abroad to set up the transfer of the company's technology to foreign forces.

After resigning from the company in April 2001, Grobbelaar travelled to London, where he had a meeting with the military attaché of the Pakistan Embassy. After making a presentation he was offered a contract with the Weapons Complex (AWC) of the Pakistan Air Force to supply the technology transfer for a new multi-option fuze.

A price was agreed for his services: US\$681,000, to be paid over each stage of the development. As a vehicle for the contract, Grobbelaar established a company named Tychtron, with a registered address in the West Indies.

Grobbelaar faces 40 charges of theft, breach of copyright, and breach of the Armaments Development and Production Act. The state claims that the technology he offered to the Pakistan government had a value of at least R178m and that this technology belonged to Fuchs.

Main prosecution witness at Grobbelaar's trial will be Leon Botha, a former instrument technician at Fuchs (where he designed and developed test instrumentation for new gen-

eration fuzes). Botha has turned state's witness in return for immunity from prosecution.

The state claims that Grobbelaar hired Botha for a one-off fee of \$35,000 to go to AWC's weapons plant near the Pakistan capital of Islamabad and work on the instrumentation for components of a missile guidance system. Later Botha assisted with the multi-option fuze project.

However, it seems that the enterprise did not go entirely smoothly. At his bail hearing on 2 June last year, Grobbelaar admitted under cross-examination by the state that he had earned [the equivalent of] R5.6m from the fuze contract. But he said the field trials had not been as successful as expected.

Grobbelaar admitted having a Swiss bank account, as well as being the sole director of the company registered in the West Indies. He said he had never signed a restraint of trade agreement with Fuchs and was not prohibited from doing similar work for other employers.

After his Pakistan adventure, Grobbelaar and his wife settled in New Zealand. They sold their house there and returned to South Africa in April last year, Grob-

Boksburg prison a court order was obtained last May to move him to Pretoria maximum security prison. From there he was given bail of R20,000. Grobbelaar is presently living in rented accommodation at Lonehill, where bail conditions have placed him under virtual house arrest.

The Asset Forfeiture Unit has seized the two BMWs, other property worth R1.3m and more than R1.5m in bank accounts.

State advocate Tori Pretorius will lead the prosecution team at Grobbelaar's trial. Grobbelaar's defence is in the hands of one lone but formidable attorney – Michael Werner, a master of cross-examination and one of South Africa's ablest criminal defence lawyers.

A second trial also involving fuzes for Pakistan starts at Pinetown magistrate's court, KwaZulu-Natal, on 8 March. Archibald Gordon Campbell, 41, a former employee of Fuchs's sister company, Reutech Defence Industries, faces 21 charges of theft, fraud and the illegal export and manufacture of armaments.

Despite all this, the group's war trade is booming. Operating profit of Reutech, Reunert's "defence" division of which

Fuchs exports more than 90% of its armament fuzes, including to countries in the Middle East



belaar was excited about his new business plans, including the development of a revolutionary vending machine, which he had already patented.

Within days he bought two BMWs. On 17 April a member of the showroom's staff phoned to say there was a problem with the tracking device and would he bring his car in to have the fault rectified?

It was a sting. Police were waiting at the showroom and Grobbelaar was arrested.

After a difficult spell in

Fuchs is a part, soared from R38.5m to R117.9m in fiscal 2003. Reunert posted a group operating profit of R654m (up R140m on 2002, thanks mainly to Reutech's contribution).

Fuchs exports more than 90% of its armament fuzes and is not slow to sell these deadly wares to such fractious parts of the world as South America and the Middle East. It does not require too much cynicism to lead one to suspect that the charges laid against Grobbelaar and friends were more likely motivated by Fuchs's outrage at rivals muscling in on what it regards as its exclusive area of extermination, rather than any outrage at discovering a South African assisting a belligerent in a world hotspot to acquire still more sophisticated weapons of war. [Z]

When two ANC stalwarts, one of them the president's brother, got into the arms trade they

TANK GUYS

WHEN THE ARMY

first conducted its now famous Strategic Defence Review and put together a wish-list of equipment, way back in the last millennium, one of its desires was for a new main battle tank.

But after buying corvettes, helicopters, submarines and jet fighters, it appeared the good folk in government suddenly became aware of the cost. They bravely tightened their ammunition belts – and struck tanks from their shopping list.

How sensible, many thought.

The bosses at British tank manufacturer Vickers knew better. After tanks were officially taken off the list, Vickers went ahead and bought control of Reumech OMC, the local company that manufactured South Africa's Olifant battle tanks. (If South Africa had bought new tanks, Reumech OMC was the only local company that could feasibly have tendered to build or service them.)

A while later, in 2001, Dr Diliza Mji (see opposite page), former Armscor director and an ANC stalwart, got together with Moeletsi Mbeki, the president's brother, to form Dynamic Global Defence Technologies. Under normal circumstances, with little in the way of cash reserves (at the time) and almost no knowledge of the arms trade, the business was sure to strug-

gle. But Mji and Mbeki aren't fools; they had to have known something we did not. Solving the first problem – lack of cash – was easily solved. Mji was a director of the Industrial Development Corporation at the time, having been appointed in 1999. He simply persuaded the IDC board to approve a R20m-plus loan to his company.

The IDC money was then used to buy DGD T a 25% stake in an existing arms company – a purchase that allowed the latter firm to style itself as a "black empowerment" undertaking. But this was no investment made on the off-chance that a profit might be made. The arms company in question was the old Reumech OMC, then just renamed Vickers OMC. With such new names amongst its owners, Vickers OMC was now ideally positioned for business with the SANDF as the manufacturer of armoured vehicles. It was the only company capable, as we said, of assisting to build or repair tanks when the ageing fleet of Olifants needed upgrading.

We have, since, found a clue to what Mbeki and Mji clearly then already knew. An article which appeared last year in *South African Soldier*, official magazine of the Department of Defence, revealed that the SANDF was poised to have its

Olifant tanks completely upgraded with improvements to the tanks' motors, guns and targeting systems. According to the magazine, the deal to upgrade the tanks was signed in 2000 – just after Vickers had bought the original company.

Work on the tanks has already begun. A well-informed source tells *noseweek* the total bill is expected to be between R5m and R6m a tank, and that the plan is to upgrade between four and six a year. South Africa has around 200 Olifants, although a number are said to be beyond repair.

The article did mention that the upgraded tanks will be in use until 2015 – when, according to the magazine, new models will be bought. [Vickers export department please note!]

Reumech has meanwhile been renamed Alvis OMC.

■ Mji was chairman of the IDC until March 2000. *Business Day* wrote at the time:

"The departure of Mji, who has growing business interests in the defence industry, will remove obstacles to his commercial involvement with the IDC and government." □



WHO IS DILIZA MJI?

THEY BOTH LIVE IN

Durban, but unlike another arms deal luminary, Schabir Shaik, the extraordinary progress of Dr Diliza Mji from local ANC stalwart to international businessman has gone largely unnoticed. While the quiet medical doctor shuns the limelight, he does manage to keep popping up in interesting – and profitable – places that have little to do with health. And, as you might expect, with those talents he's come to wield considerable influence in the arms business.

Attempts by *noseweek* to track down the good doctor over a period of some time for an interview have failed. But he's left in his wake a trail of dealings that suggest he is a shrewd and canny operator whose impeccable political connections cannot but be useful.

Dr Mji was born into a political, Kwazulu-Natal family. His father, Dr Diliza Mji senior, and former President Nelson Mandela were among the founding members of the ANC Youth League. Although never jailed for long periods like many of his associates – perhaps because, unlike most of them, Dr Mji snr was always markedly anti-communist in his views – he is still regarded as one of the “fathers” of the party. According to insiders, Diliza junior is very much a “chip off the old block”. While his contacts and political connections are impeccable, he is not a career politician or an ambitious civil servant and, like his dad, prefers moving behind the scenes.

noseweek was told that Dr Mji junior inherited the family medical practice in the poverty-stricken area of Clermont, near Durban. But finding the surgery is difficult – most of the street signs have been stolen for scrap and people in the area don't seem to know much about their neighbourhood doctor. An oldtimer outside “The Zulu Pot” take-away remembers Dr Mji senior as a tireless ANC activist. Young Diliza,

he claims, has always been more interested in getting ahead with his own life rather than fighting for the people. Young Diliza, says the old man, is hardly ever seen in the area any more.

So where does he hang out? Diliza junior has moved up, and now lives in Cowies Hill, an exclusive suburb of Pinetown. He's married and apparently enjoys gardening – when business allows. His colleagues in the ANC are reluctant to discuss him, but a comrade described him thus: “A real gentleman and a patriot, but not a firebrand revolutionary. He likes the good things in life and he likes his whisky and he isn't going to give those things up easily. He is at heart a better businessman than a politician. Most youngsters today want to be businessmen. Nobody wants to suffer for nothing any more.”

When the new era dawned, Mji junior was fairly well known amongst the party faithful in Durban and to a lesser extent in the province of Kwazulu-Natal, having served, quietly, in numerous positions in the ANC's provincial hierarchy. For two years he was treasurer of the ANC in KwaZulu-Natal. (But ANC insiders are anxious to point out that he is “definitely not a friend of the Shaik family” – once equally well-known as party fundraisers in the province.) Mji Junior is also said to be reluctant to talk about his powerful family connections; cultivating rather the image of a self-made man.

He is obviously highly regarded by decision-makers in government. When Mji was appointed to head the IDC (and a member of the boards of Armscor and, later, Telkom) he was there as the government's nominee – even though he was not actually a civil servant. Clearly he has the trust of the inner circle.

Dr Mji also appears to have mastered the controversial art of the revolving door. He has the former minister of defence Joe Modise to

thank for his first break in the arms trade. Modise appointed him to the board of Armscor in 1995. Those were heady times: the government and its agencies were putting together specs for the now notorious arms procurement programme and attracting the interest of many aggressive international arms companies including British Aerospace. On the Armscor board, Mji played a key role in decisions that saw BAe awarded contracts in the multi-billion rand arms package for Hawk and Gripen fighter jets. (See *nose50* for more details of how we bought the Gripens and Hawks we didn't need and that nobody else seems to want!) Wholly-owned British Aerospace subsidiary Advanced Technologies and Engineering (ATE) will also be supplying avionics for the Hawks once they are delivered.

BAe clearly noted Mji's role with appreciation. Mji was listed as a director of BAe Systems SA in June 1997 – the same month he quit Armscor. Mere weeks later he appeared as deputy chair of ATE. (He has since resigned from BAe, but remains on the board of ATE.) Dr Mji is on record as saying he had no dealings with BAe while on the board of Armscor. What an extraordinary coincidence his new appointment must have been!

His links to BAe firmly cemented after three years as a director, Mji then linked up with the president's brother, Moeletsi Mbeki, to run a company called DGD Technologies. (See tank story opposite).

Mji has trod a careful path from parastatals to private companies, harnessing his political contacts to land himself contracts as he went, seemingly unnoticed by the South African public or its watchdogs. We find him again on the board of Dynamic Cables (See *nose52*: “Modise was bought”), quietly overseeing yet another business venture involving taxpayers' – and trade union – money. ▢

REVOLVING DOOR: Since the Hefer Commission finalised proceedings, former hack Ranjeni Munusamy (above) appeared to have slipped out of view. However, it's now reported she's found a new calling. She's going into business with the president's brother, Moeletsi Mbeki (see page 10), to help him build a media empire.

Also once a journalist, Moeletsi heads the TV production house Endemol and has his fingers in other lucrative pies.

Beeld reports that he's introducing Munusamy to the new world of high-flying business, where political connections count a lot and journalistic

integrity for very little. There seems no limit to their ambition. Together they are planning a few high-profile media projects, the most remarkable being the launch of a new TV channel that would broadcast across Africa.

At the launch of the ANC's election manifesto party in Durban, reports Beeld, Munusamy was a hit amongst the party elite, suggesting she was not about to disappear from the public arena.

Mbeki can certainly open doors for her in a way that perhaps her discredited comrades, Mo, Schabir and Mac, no longer can.

Debora's Christmas box

THREE YEARS AGO e.tv held its annual party in the parking lot behind their office, too mean to offer its hard-working staff much more than a couple of drinks and a boerewors roll. The year after that, things improved slightly. The Christmas Party was at least held in doors – at the Green Point Rugby Club. To save money on caterers, e.tv channel director Quayresh Patel braaied the chicken wings personally, the dessert trifles went off in the heat, scraps of salad wilted on soggy paper plates and worst of all for the e.tv staff, the free bar closed at sunset.

But this past Christmas, the notoriously tight-fisted Scrooges who run the station had their epiphany and splashed out with a real treat, much to the surprise of their minions. All staff outside of Johannesburg were flown up to Egoli for a Christmas bash at the TV station's new Hyde Park premises.

Travel and accommodation was part of the junket; everybody got six vouchers they could exchange for glasses of wine or beer. A live band got feet tapping. ETV staffers marveled at the linen on the tables and the real crock-

ery. Drinks flowed...and the spirit of Christmas and goodwill seemed at last to be at work in an organization better known for its infighting, its contempt for labour laws and the irrational tantrums of a despotic management.

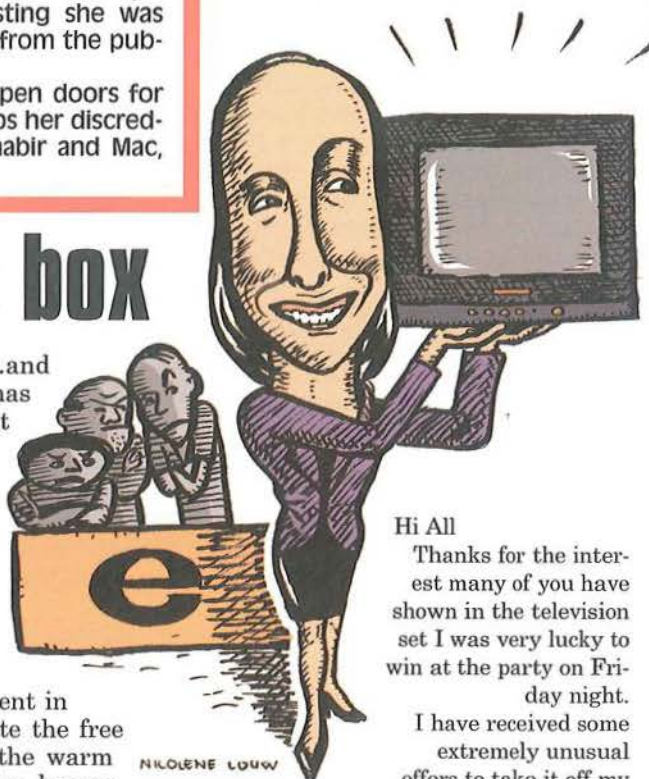
However, it became clear at a crucial moment in proceedings that despite the free air seats and despite the warm words of welcome, the bosses were still on top and the workers under heel. News executive, Joe Thloloe, did the draw for the staff raffle which saw a brand new TV awarded to another senior news executive, one of the station's best-paid managers, Debora Patta. Patta is Johannesburg's Executive Director, and number two of the news operation, the boss of current affairs, known for her ability to give the third degree.

As the self-styled Amanpour of South Africa went up in her stilettos to accept congratulations for her prize the mood turned ugly. Boos rang out

from her underlings; disgruntlement – the hallmark of most eTV employees – once again took hold.

Clearly Debora, a woman not known to step aside for anybody, must have pondered a great deal over the next few days. She must have been appalled at the way her ratings had slipped amongst her colleagues over the last few years. She may have thought back of how so many of her former allies had quit the company in disgust, expressing disappointment openly, not only at the station but also at her.

So a few days later, Ms Patta, penitent and philanthropic, made a staff announcement by email. Headed "Christmas Wishes Do Come True", it reads as follows:



Hi All

Thanks for the interest many of you have shown in the television set I was very lucky to win at the party on Friday night.

I have received some extremely unusual offers to take it off my hands but have decided to turn these all down.

Instead I have found a very worthy home for the set. I will be giving in e.tv's name to the Ethembeni Children's Home in Doornfontein....

Warm regards
Debora Patta

This gesture may have left Patta with a warm feeling in her heart as she approached the New Year. But has it quelled the dark mutterings about her leadership style in the corners of the e.tv empire? We understand not!

Speak to noseweek? No Kahn do

FLAMBOYANT attorney Brian Kahn has paid out close to R200,000 to Brenda Kaye in settlement of her R960,000 claim against him over his costs for handling her divorce action against Solid Doors millionaire Ian Senior (*noses*51 & 52).

Kaye claimed that Kahn did not properly account for everything in the costs, which came to R2m for Kahn and R2.6m to service providers.

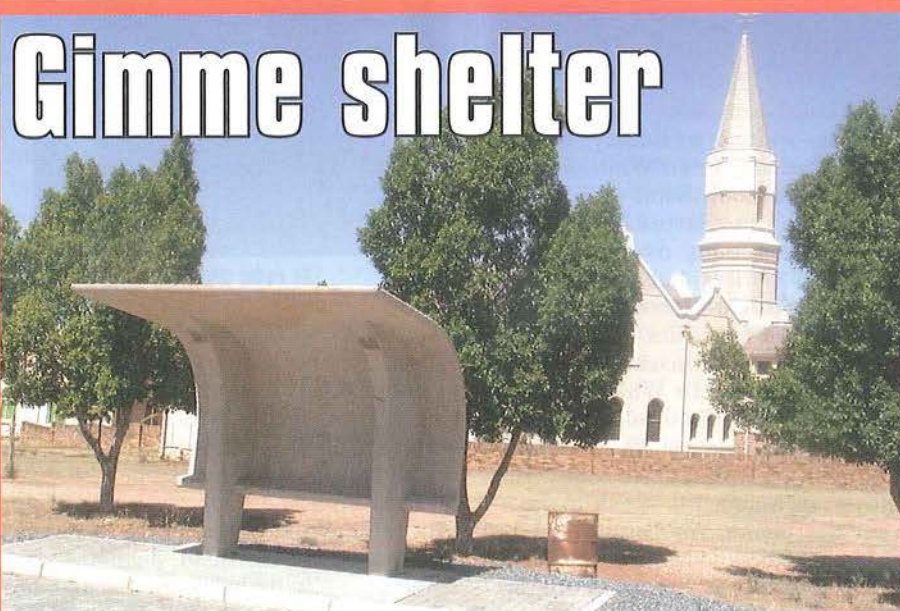
The secret settlement deal was brokered by advocate Nazeer Cassim. Under the deal Kaye has withdrawn her complaint against Kahn to the Law Society. And she

has agreed never again to speak to *noseweek*!

This slipped her mind when she told us: "I can't tell you exactly how much I got. That was a clause in the agreement; I'm not allowed to talk about it to *noseweek* or any magazine or media or anyone! It's ridiculous I know, but it's all in the agreement.

"But I have to say that the settlement was to my satisfaction. If I'd got R2 it would have been a major psychological win. I actually had him [Kahn] shivering in his boots. He was mortified, so disturbed. But he deserves it; he traumatised me."

Gimme shelter



AURORA IS A country village in the Western Cape with a population of around 500 people. When last year the local Bergervier Municipality was allocated money by the Minister of Transport for transport infrastructure, it decided to spread this good fortune about. Aurora, which is part of the greater municipal area, got to share in the windfall: within no time at all it had four new concrete bus shelters.

But instead of being grateful, the residents are puzzled – and just a little amused. Aurora has only one school bus (to transport children from the surrounding farms) and no bus or taxi service.

When we asked, municipal officials explained that it's simply a matter of

planning for the future. They assured *noseweek* that the tender process for the shelters was a fair and open one, quite above board.

Of the four shelters, only the one outside the school is used: by the school bus driver who seeks its shade at lunchtime, and by a few teenagers who "neck" there at night. Aurora's population has stayed more or less constant for years, and the two people in the village who have licences to operate a taxi service don't, as it doesn't pay. So even though the officials at the municipality are anticipating future growth, the residents of Aurora are betting on it remaining a sleepy little village – with no buses or taxis ... and, now, four concrete bus shelters.

noseweek FEBRUARY 2004

strategy

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DR DOLITTLE

Attending an emergency wasn't top of on-call doctor Peter Whitfield's priorities. But then, watching rugby is a lot more fun than treating the sick. Now the patient will be under 24-hour care for the rest of his life

THE MOMENT HAD

arrived. Early on the afternoon of Saturday 30 August last year, Lieutenant Commander Chippy Hubbard, RN (retired), loaded his beloved terrier, Angela, into the car to take her to the dogsitter in Cape Town's Lakeside for a six week stay. Later in the afternoon, he and his wife, Jeanette, would head for the Mother City's harbour to cruise to the UK.

They'd had a hideous year. Jeanette had undergone surgery five times to deal with complications following an operation. The six-week trip was to be a time for rest and recuperation.

It was not to be. Barely an hour after he'd left for the dogsitter, the police brought a disoriented Chippy back to his Tokai home, with his car on a tow truck after he'd collapsed behind the wheel.

Jeanette immediately summoned a GP, Dr Colin de la Harpe. He diagnosed that Chippy had suffered a type of stroke that causes bleeding in the brain cavity and gave instructions for him to be taken to hospital at once.

At about 4.30pm Dr De la Harpe called Dr Peter Whitfield, the on-call physician at the Kingsbury private hospital in Claremont, and briefed him on Chippy's condition. An ambulance took Chippy to the Kingsbury at 6.15pm. On admission, Chippy was disorientated but still coherent.

Jeanette waited anxiously at her husband's bedside for Dr Whitfield. The ship set sail without them.

By 7.30pm on Saturday evening, Chippy was becoming more and more agitated and restless, but there was no sign of Dr Whitfield. Nobody in the hospital had heard from him. Increasingly concerned, Jeanette insisted that the nurse on duty phone Dr Whitfield. Over the phone, Dr Whitfield told the nurse to give the patient a sedative, rehydration fluid and do a full blood count. But the physician refused to speak to Jeanette on the phone. An hour later she went home and called him from home. He refused to talk to her and hung up. Jeanette phoned back and this time got his voicemail.

Meanwhile, back at the hospital, the patient was suffering. The Patient Progress Record filled out by the nurses shows that the sedative had little effect and Chippy's state of agitation worsened to such an extent that the nurses removed him from the ward and took him into the corridor so as not to disturb the other patients. His blood pressure increased substantially. And still no sign of Dr Whitfield.

The following morning Dr Whitfield finally arrived – 17 hours after he received the initial call from Dr De la Harpe. He ordered a CAT scan for Chippy. Some medical practitioners might argue that the scan should have



Dr Peter Whitfield

been taken within hours of admission, especially since Chippy's condition was worsening fast and his blood pressure rising. However Dr Whitfield appeared very relaxed about the patient.

The results were available just over an hour after the scan was taken early that Sunday morning and the nurse on duty called Dr Whitfield. Jeanette was standing next to her and insisted on speaking to the physician. She needed to know how grave her husband's situation was. Reluctantly he agreed to talk to her – for the first time! He told her that Chippy's stroke was a "potentially life-changing situation" and that she should alert Chippy's UK-based children and tell them to come to his bedside.

Which makes it all the more puzzling why it took Dr Whitfield until Sunday evening, some 29 hours after the stroke had occurred, to call in neurosurgeon John Hill. Even then he was so relaxed that, on the phone, he requested that Dr Hill come and examine Chippy only the following morning. By the time Dr Hill arrived at the hospital early on Monday, 39 hours after Chippy had

been admitted, he found the patient in a coma. Dr Hill told Jeanette he "had no idea that the patient was in such a state". Chippy was immediately rushed into theatre on Dr Hill's instructions for surgery to relieve the pressure on his brain.

It should be noted that the progress records show no attempt was made by the nursing staff on duty to contact either Dr Whitfield or any other doctor to inform them of Chippy's worsening condition from the moment he entered the ward on Saturday evening to the time Dr Hill arrived on Monday. Yes, the Patient Progress Record reflects a "less restless" Chippy, but it also showed a rise in blood pressure. Did the nursing staff not suspect for a moment that their patient might actually be slipping into a coma?

After two hours in theatre, three days in intensive care, and five and a half weeks in rehabilitation, Chippy now requires 24-hour nursing in a frail care facility. Despite all subsequent efforts, there has been no improvement in his condition. He is simply beyond recovery.

Adding insult to injury Dr Whitfield billed the Hubbards for a consultation on the day Chippy was admitted to the Kingsbury. But strangely, no one can remember seeing him there that Saturday evening. And no such visit is recorded on his hospital record. So Chippy's medical insurance company, Discovery, has asked Dr Whitfield for clarification. Discovery expect accurate billing and don't tolerate errors such as entering an incorrect consultation date onto a bill. It could be viewed as deliberate misrepresentation. At the time of going to press Dr Whitfield had not replied.

Dr Whitfield also charged R1778.00 for Chippy's first day in the intensive care unit after the operation. Jeanette arrived at the unit at 9am and was there for most of the day. She was told that Dr Whitfield had "popped in" earlier but Jeanette never saw him tending to her ailing husband. The progress records do not reflect a visit from Dr Whitfield at all. They do record the presence of Dr Hill and anaesthetist Dr Sue Gardner. Dr Whitfield might have "popped in", but did he actually examine Chippy? Of course if the progress record is inaccurate, then one needs to question the efficiency of Kingsbury nursing staff.

However, the records for the following two days of intensive care also show the presence of Dr Gardner and Dr Hill at Chippy's bedside, but not Dr

Whitfield. Their two signatures appear on the records next to the medications prescribed for Chippy. There is no reference to Dr Whitfield at all, yet he has billed for those two days at R889 a day. Could an intensive care unit be so slack three days in a row? We find it odd.

And, so it seems, did staff at the Kingsbury. Dr Whitfield's treatment of Chippy was raised for discussion at the Kingsbury Doctor Advisory Committee meeting held in the last quarter of 2003. (The Committee acts as a platform for doctors and hospital management to discuss complaints and concerns relating to all aspects of the running of the hospital). *noseweek* understands that the meeting established that Dr Whitfield was watching a rugby match (Western Province vs Pumas) at Newlands when Dr De la Harpe phoned

needs urgent assistance they can call the casualty doctor. Otherwise nurses must rely on the patient's private doctor, even if he or she doesn't respond to their calls.

The nurses knew that Dr Whitfield might not arrive. One even whispered to Jeanette, on the Saturday evening, that she should not take it personally if Dr Whitfield did not make an appearance as he often did not come when called. So why then did they not call the casualty doctor instead of just watching their patient deteriorate? Only two phone calls were made to Dr Whitfield in those first 39 hours. One was at the insistence of Jeanette when Chippy was admitted, and the other was by a nurse to give Dr Whitfield the results of the CAT scan. Again, Luckhoff refused to comment when

Dr Whitfield billed the Hubbards for a consultation on the day. But strangely, no one can remember seeing him there

him to brief him on Chippy. The Cape homeboys won 44-20. Perhaps it was a joyous post-game party that kept Dr Whitfield away?

noseweek contacted Marius Luckhoff, hospital administrator for the Kingsbury, to confirm the findings of the committee meeting. Luckhoff was present, but won't reveal anything. But then of course, the hospital relies on private doctors and their patients to generate its income. Talking to the press about the doctors who use the hospital could be bad for business. The Kingsbury is owned by Afrox, as is the nearby Claremont Hospital where Dr Whitfield has his consulting rooms.

When *noseweek* asked Luckhoff why no attempt had been made by nursing staff in the 39-hour period to contact Dr Whitfield or any doctor about Chippy's deteriorating state, he merely replied: "It seems you have access to the progress notes, we have nothing further to add". We're not satisfied with that response as we know that there was another doctor on the premises that they could have called.

By law private hospitals can only employ a doctor in their casualty ward. They are not allowed to employ doctors in the general wards and the relationship with those private doctors is strictly a professional one. If the nursing staff feel a patient

we presented him with this damaging version of events.

Luckhoff finally tried to fend off *noseweek* by saying "the media was not the right forum for this problem to be handled" and a complaint should be laid with the Health Professionals Council, the body that ensures its members conduct themselves in an ethical and professional manner. In her quest for information, Jeanette Hubbard has already done this. She wrote to the council on 5 December last year. She has still not received a reply. *noseweek* called Dr Whitfield twice seeking answers. We are still waiting for his response.

Every day that passes Jeanette wonders: would Chippy be so incapacitated today if he had received prompt and proper care? Her husband was dependent on a physician, Dr Whitfield, who, in her view, failed to care for his physical and emotional well-being. Nor did the medic treat her in a professional manner.

"I only saw him in passing 16 days after Chippy's stroke. Not once did he voluntarily call me or arrange to meet with me to tell me what was going on," Jeanette says of Dr Whitfield. "I would not even be able to identify him in a police line up."

Dr Whitfield is still on the Kingsbury's on-call panel ☐

MONEY FOR NOTHING

THE PROMISE IN

the promotional blurb sounded too good to be true: "We unconditionally guarantee that, within one year of enrolling on our new Financial Fitness Programme and receiving your specific plan, you will be at least R21,000 better off without having to earn extra income, or we'll refund your tuition fee."

Aliza Karpes is a development analyst with Discovery Health, where she's in charge of medical aid tariff tables. She went along to a free introductory lecture in Houghton, Johannesburg, and was impressed by the spiel of Financial Fitness's corporate business development manager Joe Cimino, who hails from Chicago, US.

"There were about 200 people there. The talk was very well presented, very interesting," says Karpes. "How the banks snag you; how insurance policies rip you off, that sort of thing."

Karpes signed up for the Financial Fitness course on 1 November 2002. She paid R2622 for the course, which offered a further two workshops that would show her "a direct, concise and easy-to-follow path towards financial independence" and demonstrate the specific choices she could make for financial freedom "which will, in turn, give you more time to enjoy life."

But she was disappointed. "I was expecting a classroom situation, but again it was 100 people being lectured for two hours. The lectures were interesting and well presented, but they didn't give me much more than the first one."

Karpes also had a personal consultation and her very own "specific plan". She recalls: "An investment consultant just punched my numbers in and gave me a result: which unit trusts I should invest in."



A course run by Financial Fitness Consulting – co-owned by journo Iona Minton (above) – promises to make 'you R21,000 better off or we'll refund your fee'. Guess what happened when one student asked for her money back?

Since all Karpes had to invest was a modest R500 a month (R6000 a year) it's difficult to see how Financial Fitness could make her better off by "at least R21,000" over the next 12 months. And it didn't.

Her year with Financial Fitness ended on 1 November 2003. Four days later she phoned Joe Cimino to report her dismal failure and ask for her R2622 tuition fee back. "Sorry," said Cimino, "You're four days too late to ask for a refund."

Cimino tells *noseweek*: "If she'd told us she hadn't made her money by 1 November we would have refunded her without a problem. Aliza was out of time; she was a few days over."

Anyway, Financial Fitness has enrolled more than 18,000 people since it started in 1996. It recruits punters by ear-bashing human resources departments of big companies into recommending its programme to

employees (that's how they got Karpes) and by flyers saying things like "Would you like to get out of debt forever?" There's a workshop every month in Pretoria and Johannesburg, and one every other month in Port Elizabeth.

The Financial Fitness Consulting company is owned jointly by financial journalist Iona Minton and one Jim Millar from Belfast, Northern Ireland. Readers may be familiar with Minton through her financial expert's slot on SABC3's Talk 3 show and her Financial Tip of the Day programme, which ran for two years on Radio 702.

Says Millar: "We get up to 200 enrolments every month. Of those, we probably have four or five requests for a refund. We have an incredibly liberal guarantee; have you ever come across another company that offers anything remotely similar?"

"Up to 12 months from enrolment the client can get a refund. But if we were to extend that to 13 or 14 months then it becomes unlimited. One cannot run a business on the basis of an unconditional liability."

But the guarantee doesn't state that refund requests must be made within 12 months of enrolling. "I suppose it could be better worded," admits Millar. "But generally people realise whether or not they're going to benefit from our programme within the first few months. (But how, we ask ourselves, do you prove you aren't R21,000 better off within one year – the terms of the guarantee – if you don't wait the full year? After all, the windfall dividend could arrive on the very last day.)"

"Most education is sold on the basis that once you've enrolled you've bought it. Go to Wits or a private college and you'll have zero chance of getting your fees refunded." [But they don't guarantee you'll get a degree.]

Needless to say, Karpes isn't impressed. She plans to take her case to the Small Claims Court and get her R2622 back. ▣

KOEBERG'S SECRET MEDICAL FILES



“KOEBERG RANKS

amongst the safest of the world's top-ranking nuclear reactors of its vintage. In March 2001, Koeberg was awarded NIOSH status for the fifth time by the National Occupational Safety Association (NOSA).” So declares Koeberg's website proudly.

“[Recent] allegations of secrecy surrounding the health of Koeberg workers ... are unfounded and in keeping with tactics typical of the anti-nuclear groups. All Koeberg staff who work in the nuclear part are routinely subjected to comprehensive medical examinations that include detailed blood analysis.

“Each worker's medical history, as well as details of occupational exposure to ionising radiation, are kept as statutory records and are subject to independent review and audit. They are available to the employee at any time.

“There is not a single case of any Koeberg worker developing a disease, or having died, from an occupationally induced exposure to ionising radiation.”

Those are the words of Mr P R Prozesky, power station manager at Koeberg in a letter to the press last year. (In the same letter Prozesky accused a Mr Kenty, who had claimed that relevant information was

It was only after leaving Koeberg that Ron Lockwood discovered he had leukaemia – and that the nuclear facility had been hiding evidence of his condition for years. His case is not unique

suppressed by Eskom, of making “vague and unsubstantiated allegations.”)

Sounds good, doesn't it?

Step forward Ron Lockwood, a former “radiation worker” at Koeberg who has extremely good reason to find those statements outrageous.

As is so often the case, the only thing worse than the lie, is the cover-up.

Lockwood is an electronics technician who in the course of his work at the nucle-

ar power station risked exposure to radiation from time to time – for example, when he was required to service the camera that monitors the nuclear reactor itself.

In June 1996, having been a “radiation worker” at Koeberg for 15 years, he was persuaded by Eskom's offer of a package to take early retirement. Still healthy – so he thought – and only 56, Lockwood reckoned he still had it in him to try something else for a living.

He attended Koeberg's medical facility for his “exit” medical examination on the morning of 28 June 1996. Sister Marie Anneveldt conducted the examination and took a blood sample. The medical appeared to him to be the same as the annual “Radiation Worker” medical usually conducted by the appointed Eskom doctor.

At the end of the examination Sister Anneveldt surprised him when she asked him to sign a blank medical history, saying she would fill in the details later.

The front page of the form detailed the scope and objectives of the Eskom Medical Surveillance Programme. These include “the promotion and securing of the health and safety of employees through the early detection of disease”.

Under the heading “Medical Examiners” it states that the periodic medical

examinations of "licensed operators" and "radiation workers" [all those Koeberg employees that are potentially exposed to radiation in the course of their work] may only be conducted by a medical practitioner appointed for that purpose by the Council for Nuclear Safety. Clearly the examination was not intended by law to be a mere formality.

When Lockwood expressed reluctance to sign a blank form, Sister Anneveldt said that if he refused, she would not sign his employment clearance certificate. He would then not be able to leave and collect his final cheque.

He was in an impossible position. He found parts of section 17 of the form particularly disturbing. It appeared to hold him liable for any misinformation, and exclude Eskom from any liability, so, before signing the otherwise blank form, he put a line through the section and signed the alteration. Sister Anneveldt then signed his clearance certificate and he was able to leave.

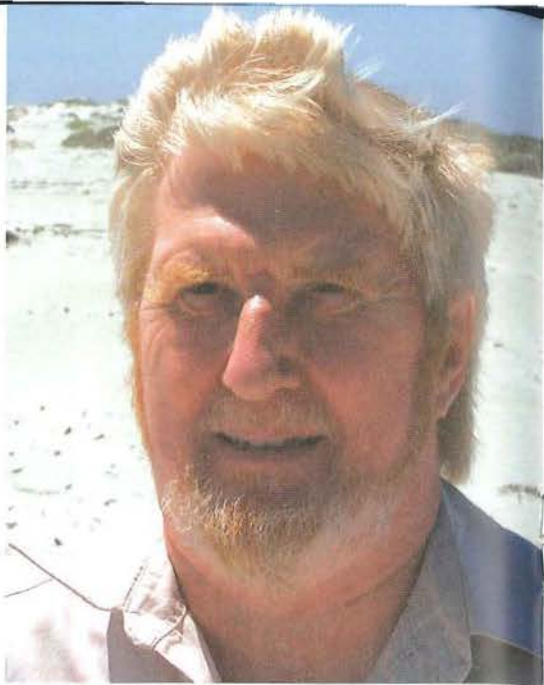
Two years after his early retirement, Lockwood was admitted to hospital for a routine surgical procedure. When, in preparation for surgery, a sample of his blood was analysed, he was found to have an abnormally high white cell count. Further tests and a bone marrow biopsy revealed that he had lymphatic leukaemia – and that the disease was so advanced that it

noted. The differential count [also] shows a lymphocytosis." On this report there is no comment or initialling by a Koeberg medical officer. The report was, however, addressed to Sister Jewel Dry, suggesting she might have been the responsible medical professional at Koeberg approved and appointed by the Council for Nuclear Safety at the time.

And so it went, from year to year ... for 10 years.

In 1989 the pathologist reported: "A leucocytosis is noted. The differential count shows lymphocytosis. A few smudge cells noted." The analysis report concludes with the comment: "The lymphocytosis may reflect an early stage of a lympho-proliferative disorder." That's pathologist's speak for blood cancer – one of the cancers that could be triggered by exposure to radiation.

This critically important report, which, again, was addressed to Sister Dry, was filed in Koeberg's file, but had also not been initialled by medical professionals at the nuclear power station. There are at least two possible explanations for this: either the report was placed in the file by a lazy or criminally negligent official when it arrived without anyone bothering to look at it, let alone bothering to tell the unfortunate Mr Lockwood about his condition. Or, more sinisterly, there might have been no point in a medical officer putting



Ron Lockwood

Shortly afterwards, Dr De Leeuw left for Canada.

Finally, at the bottom of the bundle of copies of these yearly medical reports that he had finally managed to extract from Eskom in August 1998, Lockwood found a copy of that form Sister Anneveldt had asked him to sign in blank as he was preparing to leave Koeberg for voluntary early retirement in 1996. This "exit" medical report was presumably supposed to record the state of his health at the time of his retirement from Koeberg, when he became the responsibility of the pension and medical aid funds.

Comparing it with the earlier annual reports, he found that nine of the entries that had been made on the blank form, subsequent to his having signed it, directly contradicted the medical facts on record in Koeberg's files. Most significant amongst them was the tick in the "no" column in reply to question 34: "Have you ever had, or do you now have any blood or thyroid disorder?" Whoever had lied when answering the question, knew what they were doing: in the detailed schedules attached to the report (they are supposed to contain a summary of the results of all the annual medical examinations from 1987 to 1996) the column labelled "Haemopoietic system (full blood count)" is the only column generally left blank. This despite the fact that the schedule is headed with the instruction: "Mention all changes since previous examination".

Most intriguing of all: the schedule concludes with a statement to be signed by the applicant for early retirement – in this case Mr Lockwood. The statement reads: "I hereby declare and warrant that to the best of my knowledge and belief the above statements are true and complete in every

When Lockwood expressed reluctance to sign a blank form, Sister Anneveldt said if he refused she would not sign his employment clearance

must have been present for some years.

With some difficulty, he managed to persuade Koeberg's senior medical officer to give him copies of all the pathologists' reports on his file.

Imagine his anger when he discovered that as early as 1986 – 10 years before he was persuaded to take early retirement – the pathologist's report had indicated signs of illness. The computer-generated analysis report for the blood sample taken in January 1986 highlighted two factors with asterisks: both his leucocyte count and his lymphocytes gave readings above the normal range. This is often the first indication of developing leukaemia. Koeberg's chief medical officer at the time, Dr Charles de Leeuw, simply wrote "accept" at the foot of the report and initialled it. The report was not shown to Lockwood or followed up in any way. The same occurred in January 1987, except that this time the counts for both blood factors were even higher. The pathologists report now specifically stated: "A leucocytosis is

his (or her) signature and comment on the report – if Koeberg's management had in any case decided against giving Lockwood (or any other Koeberg employee) such potentially embarrassing information.

The 1991 pathologist's report has two remarks endorsed on it by Dr De Leeuw: "see me" and "recheck 2/52", the latter meaning recheck in two weeks. But Lockwood was never summoned to see the doctor, nor was a second blood sample taken and analysed two weeks later (to exclude a short-term cause for the high count).

Looking at it in 1998, Lockwood recalled a meeting he had had with Dr De Leeuw early in 1996 – it was about trade union matters – when Dr De Leeuw confided that he could no longer exercise control over senior staff at the Koeberg Medical Centre. "He told me his instructions were ignored or performed in a tardy way, and that he faced open dissent by the senior staff," says Lockwood.

(Were they, perhaps, taking their instructions from elsewhere?)

respect and I acknowledge that the intentional misrepresentation or concealment of certain information on my part renders me liable to immediate dismissal from the service of Eskom and/or amendment, alteration or cancellation of pension and medical benefits."

Despite these very serious threatened consequences – imagine if he were now to have his pension and medical aid cancelled, because of failure to disclose his condition to the pension fund trustees or medical aid fund management! – Lockwood had not signed the form as required, because it was not given to him to sign. Someone at Koeberg simply processed it unsigned.

(The reason now appears obvious: if it had been given to Lockwood to sign, Koeberg's medical officer would have had to show him the pathology reports contained in their secret files, thereby revealing that he already had the early symptoms of leukaemia – and that Koeberg had known this for years.)

Not only might his reaction on discovering the truth have been hostile – he would undoubtedly have decided against early retirement. It was not in his best interests, under those circumstances, to take early retirement. After all, the most rational thing to do under such circumstances would have been to stay in secure employment, improving his pension status for as long as possible – and enjoying Eskom's medical aid coverage for as long as possible.

When Lockwood did get to see the report and its patently inaccurate medical schedules, he also noted his "radiation exposure" figures looked suspicious: they had an unnatural consistency and did not correlate with the figures from Health Physics, the section that actually measured them. (They indicated that he had, on at least two occasions, been exposed to potentially harmful doses of radiation.)

"These erroneous entries are a travesty of medical record keeping within the Medical Facility at Koeberg nuclear power station," he noted in a diary memo.

In August 2000 Eskom officials informed Lockwood's attorney that an "in-house" investigation had been conducted at Koeberg into the matter of his medical records. On 13 September 2000 Lockwood wrote to Eskom's senior general manager, Peter O'Connor, requesting a copy of the findings of the investigation.

O'Connor replied with a piously worded denial: "Eskom has not conducted any independent investigation into the specific circumstances pertaining to your medical records."

A review was conducted of the generic process and functioning of the Koeberg Medical Centre as a whole. Eskom believes that the information contained in

the generic report is not applicable to your specific case.

"Accordingly, we are not in a position to meet your request for a copy."

A request for access to the report made directly to Eskom's then chief executive, Mr Thulani Gcabashe, got a similar rebuff.

To any intelligent observer it is clear: Eskom was lying – and Eskom was on the run. Whether the investigation was particular or "generic", its findings had to be relevant to Lockwood's case.

We are not entirely left guessing on this point. Eskom's officials had been a little less cautious when, at a meeting on 31 January 2001, they first told Lockwood's attorney that an enquiry into "the whole medical set-up at Koeberg" had been "triggered by his situation". His contemporaneous notes tell us: "M shown an Eskom report called Review of the Medical Surveillance at Koeberg arising from the investigation. M said they (Eskom) acknowledge they were absolutely wrong in not telling you about the things they knew (medical condition)... that 'certain things' were not properly done."

On the report's conclusions: "they said it was negligence on the part of the medical staff... they freely acknowledge this; that the part of Dr De Leeuw could amount to medical malpractice, 'they put it as strongly as that', and they then go into a whole rigmarole of 'this was wrong, this was wrong, this was wrong... and the steps to put it right are... There are pages of what they are going to do.'"

Finally the note records: "M indicated the report raised the possibility of 'a huge court case.'"

In a letter written a few days later the attorney confirmed: "This was an internal enquiry and the members holding the enquiry were a Mr Ngebeleni of the Eskom legal dept., Mrs A Pretorius of OCSA and Mr Woodhall of Nuclear Safety. The report is rather long, but it was made available to me to peruse. It would appear that there were certain shortcomings in the administrative procedures in this dept., and arising from this, certain recommendations were made ...

"... according to Eskom, while this investigation arose because of your situation, this was ... a general report on the whole facility."

Lockwood's attorney was not allowed to keep a copy of the report.

Not even the fact that the enquiry was held has ever been made public. But then, of course, things like this are bad news for the nuclear industry. And Eskom boss Reuel Khoza has shares in the company that is being royally sponsored by Eskom to develop a new pebble-bed nuclear reactor – they hope, for Koeberg. ■

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IRISH EYES ARE

smiling – on Cape Town. In the last few years, numbers of Irish nationals have headed South from their cold, chilly island looking for investment opportunities in the fairest Cape. Among them is controversial meat broker and space-age restaurateur, Paschal Phelan, a fiftysomething businessman with the gift of the gab.

Late last year, Phelan stationed himself at the Mount Nelson Hotel, under a white marquee with some hard-selling estate agents, to hawk his latest investment scheme – Claridges Hotel. An artist's impression of the "money-spinner" enterprise revealed a 10-floor glitzy edifice, which would do little to echo the natural environment or architectural heritage of Cape Town. The new building will rise in Green Point on the site of an art deco building that was also named Claridges Hotel, but then with a lot more irony. Phelan had it demolished in October. Three more "Claridges" ventures are planned: a golf estate, a Gauteng hotel and – naturally – a luxury spa lodge.

Phelan is doing his hard sell from Cape Town to Dublin, appealing to the snob in every customer with glossy brochures. He is selling multi-million rand hotel suites to investors in advance, guaranteeing 6% return in the first two years, a low bond repayment and

Panting investors are falling over each other to get into bed with sweet-talking Irish entrepreneur Paschal Phelan. But will they wake up alone in the morning feeling used and brokenhearted?

great capital appreciation. Investors get immediate membership of an exclusive club that will give them access to a luxury spa, gym and cinema.

To clinch it, Phelan's told everybody he's a successful multi-millionaire. All along the Atlantic seaboard agents, builders and architects are queuing up to shake his hand and get his business.

Of late some have become a lot more cautious. Word's got round that some local contractors have experienced the Phelan touch, and it hurts. They were contracted to revamp his home in Fresno into a Tuscan villa. As is maybe to be expected with renovations, they were not without incident. There was rage and the threat of lawsuits when an "antique"

cut glass chandelier crashed to the floor – until it was revealed to be a modern reproduction. Then the builders were accused of having filched thousands of rands worth of jewellery. That nasty moment passed when the "stolen" treasure was discovered by the housekeeper – in one of Mrs Phelan's cupboards.

Not true, says Mr Phelan. "I would never accuse somebody of stealing anything I had not seen being stolen."

By Christmas 2002, according to *noseweek's* sources, the home of Paschal Phelan had become a war zone, with contractors complaining and threatening legal action over his refusal to pay up.

Craig Dibbowitz of CD projects says: "My relationship with Mr Phelan had a very negative effect on my cash flow as well as any future dealings with my subcontractors." He said he would be seeking legal relief.

Tsion Keify who provided and installed the marble and granite tiles and kitchen tops didn't have a good word to say for the Irish tycoon.

"He's a skelm. They must kick him out the bloody country," he said. Keify said his company had lost R10,000 on the work they did for Phelan.

Phelan says its "absolute nonsense" that he did not pay the full bill for the renovations: "The full amount certified by the architect has been paid."

Really? Jonathan Bernstein of All Phase Electrical says his company has

BEDDING MAN: Paschal Phelan with Kim Fackler, of Pam Golding, which is eagerly helping to sell rooms in the Irish tycoon's as-yet-unbuilt hotel

written off more than R20,000 of their bill following disputes around the contracting work. He'll not work for Phelan again.

Welder Deon Stiger says he'd "like to break Phelan's knees", while landscape gardener Mick Hannah says he'll not work for Phelan again either. Hannah says his workers slaved in the rain on a Saturday afternoon to prepare a lawn, for no overtime charge – but instead of thanks, got complaints. "Phelan expected it to look like a bowling green after a week. I explained it took about six weeks, but he wouldn't listen to reason." Hannah says he "saw what was coming", and walked out with R4000 still owing to him.

All small beer in comparison to the R260m rand's worth of hotel that still has to be built in Green Point. But enough of a warning to get people asking: who really is Paschal Phelan, the man who is promising to make South African investors rich? And, more importantly, can you trust him?

Phelan is one of 17 children, son of an Irish farmer. He made his initial fortune in the meat industry, and went on to establish the flashy restaurant Mars 2112 in New York. It claims to serve 600,000 guests a year with such delights as galactic entrées and "lobster man from Mars".

His adventure into space with Mars 2112 – his primary boast of success to Capetonians – has been controversial. The second Mars 2112 restaurant set up in Chicago went under last year.

And according to media reports – and Phelan himself – the company that runs the New York Mars 2112 has been fraught with in-fighting among shareholders and accusations of mismanagement. As a result Phelan was prevented from taking control of the business in which he is the principal shareholder. In March last year, Phelan wrote to the shareholders of the Mars 2112 group to try and resurrect his battered reputation and to explain his concern at the poor financial position of the restaurant. His letter was leaked to *noseweek*.

"Our investment in Mars 2112 has not been a happy one and has failed to

live up to expectations, despite a large investment by all shareholders and extraordinary management efforts on behalf of all our shareholders," he concedes in the letter. He then pleads with shareholders to reinstate him as executive chairman of the company.

The 2003 memo reveals that financial audits for 2001 were incomplete and the company faced a serious cash crisis. It says that draft accounts for that year showed a loss of US\$10m. (A spokesperson told *noseweek* that the financial situation has subsequently improved but would not give details.)

Phelan's letter was in response to an angry missive by another shareholder, Patrick Gleeson, to fellow shareholders. In it he alleged that Phelan was undermining the board and disturbing the running of the company.

The Mars 2112 controversy is predated by another public and damaging row between Phelan and his former boss, meat baron Larry Goodman of Anglo Irish Meats. Their once good working

relationship in New York, a businessman with more than R24m in his bank account and an interest not in hotels, but in software.

According to Home Affairs, Phelan lodged an application for a permit on 13 July 2002 to develop electronic tourist guides or as he put it "portable information sets" which could be clipped on to belts or clothing. Through headphones, tourists could listen to running commentary about the Cape, for example. These "talking guides" would be the product of a highly sophisticated software company that he was poised to launch in Cape Town.

So where's the company? Well, two years on, that's a secret.

"For competitive reasons, I can't disclose information about the software development to the press," Phelan told *noseweek*. "It's quite some time away."

Back to his hotel project, or, as the brochure puts it, "Revitalising the Claridges Brand".

Claridges Hotel in London

Claridges was outraged that an 'unknown' entrepreneur was cashing in on their brand, in order to promote his own

relationship ended in a bitter court battle, with allegations of fraud traded in both directions. During the court case, Goodman's legal representative accused Phelan of fraud and mismanagement to the tune of millions of pounds.

Phelan was accused of concealing accounting "irregularities". These allegedly included defrauding farmers who sold cattle to his meat business and planning "orchestrated scams" such as writing cheques for non-existent cattle and machinery. Court reports show that Goodman's counsel, Paul Gallagher, also accused Phelan of diverting company funds for personal expenses. In 2002 the case was eventually settled out of court, after a thirteen-year tussle and lots of bad press.

Then Phelan lodged an application at the South African embassy to do business in South Africa. However, the colourful details of his business record were not revealed to the Department of Home Affairs in his application. He simply described himself as the managing director of the largest restaura-

– known as the Crown Jewel of London – burst onto the London scene in the 1930s and has for generations been a favourite meeting place of European Royalty..." But when *noseweek* phoned Claridges in London, owned by the Savoy Group, their spokesperson was outraged that an "unknown" entrepreneur was cashing in on their brand. They had never heard of Phelan and assured us that a lawyer's letter would be dispatched to him shortly.

None of this seems to be material on the Atlantic Seaboard, where the race for real estate has become frantic. According to Phelan's sales people, about two-thirds of the hotel suites are already sold.

After hearing Phelan's glowing sales pitch at the Mount Nelson last year, *noseweek* asked for references in his home country to confirm his reputation as a visionary entrepreneur.

"Oh, the Irish don't like to talk themselves up," answered Phelan in a show of modesty. ▀

INSURANCE ROULETTE



Marc and Nathalie Soulet, who say conspiring neighbours have unfairly shopped them to insurers SA Eagle

THERE'S AN OLD GAMBLERS'

song that goes: "You've got to know when to hold them, know when to fold them, know when to walk away and know when to run."

For four years, Marc and Nathalie Soulet, owners of a luxury lodge in the Waterberg have been playing a hazardous game of courtroom poker against South Africa's third largest short-term insurer, SA Eagle.

At stake for the Soulets is a R72,000 car accident claim, a R370,000 fire claim – and more than that again

A smouldering cigarette butt dropped by a tipsy client not only burnt down an acclaimed country restaurant; it sparked a landmark insurance case

in legal costs. At stake for SA Eagle is a possible re-interpretation of our insurance law that could let the insurer off the hook for claims worth tens, if not hundreds, of millions of rands.

In the not-too-distant past all parties in the insurance business were required to act with utmost good faith (*uberrimae fides* to lawyers over 50). But no more: today South African courts treat insurance as

they would any other contract.

Might the judges of the appeal court in Bloemfontein now be persuaded that the extent of insurance fraud is so bad that they should "reinterpret" the law back to where it once was, in effect introducing into our civil law on insurance near-unlimited penalties for fraudulent claims?

If so, the case could end up costing insurance clients who have at any time in the past been even just slightly less-than-scrupulous in an insurance claim, very dearly indeed.

An example: If the appeal court goes with the argument proposed by SA Eagle, a R100 fib in an insurance

claim regarding, say, the replacement cost of your stolen radio, could easily see you massively penalised years later when your insurer uses your little fraud to justify its refusal to pay out on an otherwise legitimate claim for R1-million when your house burns down.

Our story starts in 1997, when the Soulets came to South Africa. The Belgian couple were captivated by Africa, and decided to settle at Thaba Pitsi, a farm in the foothills of the glorious Waterberg near Warmbaths. "Africa is like a virus," says Nathalie Soulet, an attractive and artistic woman. "Once it gets into you, you can't get it out of your blood." Nathalie painted the farmhouse vibrant orange and Gitane blue, transforming it into a landmark of French cuisine and hospitality. At L'Orange Bleue, guests can watch a tranquil bushveld sunset while nibbling on frogs' legs. The paté de foie gras is homemade, the herbs and vegetables home-grown. Meals are expertly prepared by chef Marc Soulet himself. It's a classy joint.

At L'Orange Bleue guests can watch a tranquil sunset while nibbling on frogs' legs

While the Soulets love the wilds of Africa, they haven't quite adapted to the locals and their integration into the rural community is, well, not complete. But the minor problems they've had with boozing business associates and the neighbours' noisy dogs have generally been made tolerable by their success.

That is until 6 February 2000 when a sated guest fell asleep in the room above the restaurant, dropping his smouldering cigarette butt on the floor. When the guest awoke, the restaurant was ablaze. L'Orange Bleue was destroyed.

By the time SA Eagle's top fire investigator arrived on the scene, the poor blighter responsible for the fire was not available for an interview: he'd been chased from the premises and was recovering from a beating by a hot-tempered Soulet. But he did

later admit to dropping the cigarette and the forensic evidence supported his story. The R370,000 claim was approved.

Or so the Soulets thought, until, three weeks later, their dream really went up in smoke: SA Eagle informed them that their policy had been cancelled and they were not to be paid out for the fire, due to "misrepresentation," the letter explained. "What?!" cried the Soulets. "Where did we lie?" "Sue us if you want to know," said SA Eagle.

So the Soulets sued – and got their next surprise: the misrepresentation they were accused of did not relate to the fire at all; the insurer was refusing to pay out on their fire claim because, it said, it had discovered that they had lied when making an earlier claim for R72,000 worth of damage to their Land Rover when it skidded and rolled on a local mud road.

The case revolves around two questions:

The first: can an insurer lawfully refuse to pay out a later claim

because of the claimant's dishonesty in an earlier, unrelated, claim – regardless of the terms of their contract? (That's where the question of a penalty for past dishonesty comes into the picture.)

The second: did the Soulets in fact fib in their claim for the Land Rover accident?

On the second, SA Eagle had a couple of aces up their sleeve: the Soulets' disgruntled former business partner Carel Vos, and their curmudgeonly neighbour, Frikkie van der Merwe.

Vos had just left their employ after some acrimonious exchanges. It soon emerged that it was he who suggested to SA Eagle's assessor that he should look more closely into the settled car claim.

And Frikkie? He's had an issue about the Soulet's dog – and one

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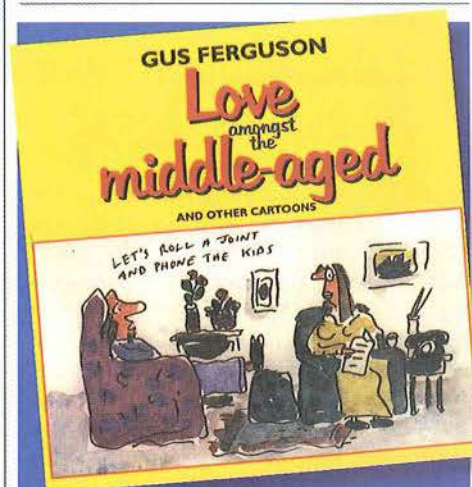
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Frikkie van der Merwe, the neighbour who fingered the Soulets

vehicle. "The law in South Africa has settled in favour of the severability of claims," says Kevin McCallum, instructing attorney for the Soulets. "One claim should not effect another."

McCallum describes the case as "a bold and devious attempt by SA Eagle to change the face of SA Insurance Law". If SA Eagle wins the case, he says, it will set a precedent, enabling it retrospectively to cancel a policy in the event of any "misrepresentation" anywhere in the history of the policy – thereby avoiding having to pay out on any claim.

And SA Eagle's contract stipulates that only the directly affected claim will be voided, not the entire policy.

are suffering huge losses through fraudulent means and it is the insuring public who pays for those claims eventually. We have zero tolerance as far as fraud is concerned."

(Zero tolerance for fraud? Maybe not quite. *noseweek* reported in 2001 that SA Eagle and Van Vuuren had been accused in court of involvement in a multimillion rand scam, involving the procurement of false evidence to back criminal fraud charges against insured parties so the insurer could avoid having to pay out large fire claims. It was said to have worked like this: SA Eagle paid Associated Intelligence Network (AIN) who in turn paid witnesses to make up stories against the insured in exchange for indemnity. People who fought back and took SA Eagle to court were crippled financially and emotionally in drawn-out court battles.)

Is SA Eagle pushing its luck with

Despite his notoriously poor eyesight, Frikkie told Eagle he had seen with his own eyes that the driver of the Land Rover at the time of the accident was not Nathalie Soulet, but her son Maxime, 16

or two more personal matters – for ages. (In the Waterberg, say the word "French" and the locals think "sex".) Now, despite his notoriously poor eyesight, Frikkie went along to Eagle and told them that he had seen with his own eyes that the driver of the Land Rover at the time of the accident was not Nathalie Soulet, as alleged in the claim, but her son, Maxime (16 years old and an unlicensed driver).

"It's a conspiracy!" shouts Marc Soulet. "We are the victims of false allegations against us. When Carel Vos left, he vowed he would destroy us. He started a Boer war together with some of his friends. He even turned our neighbour, Frikkie van der Merwe, against us with his gossiping." Isn't that a bit paranoid, we ask? Soulet boils: "Is it paranoia when someone points a gun at you?"

Maybe he has a point.

In any event, say the Soulets' lawyers, it doesn't matter who drove the

No doubt as we speak Eagle's legal department is furiously redrafting contracts – but that won't solve the problem of the estimated hundreds of millions of rands worth of claims currently in dispute at SA Eagle. A court victory in this case could be a real problem solver.

Says attorney McCallum: "The assessors sniffed out something suspicious and followed the unspoken motto within SA Eagle: Where there's smoke, you'll find fire. And even if there isn't a fire, you're sure to find Van Vuuren."

That's SA Eagle's group claims manager, Wynand van Vuuren. Widely regarded as one of the meanest sonuvabitches in insurance, he spotted a possible gap – and went for it.

Van Vuuren is unrepentant. Poker-faced in court he painted the insurance industry as the victim: "We

this case? "Insurance companies have the time and money to test grey areas of the law in court," says Prof. JB van Niekerk of Unisa's Law Faculty.

The Soulets have already spent R550,000 fighting SA Eagle in court – more than their claims are worth. "They are determined to cripple us," says an exhausted and anxious Nathalie Soulet. "The worst part is the time that was lost; time that should have been spent with my family."

In the past, SA Eagle used to charge alleged insurance fraudsters criminally with arson or fraud. (That's when some of their AIN-recruited witnesses were so notoriously discredited.) This time, Eagle chose to go the civil law route – it improves their odds considerably: in civil proceedings they do not have the burden of proving guilt beyond a reasonable doubt, they win on a mere balance of probabilities.

Is it more probable that 16-year-old Maxime overturned the Land Rover while showing off to his friends? (He's a rally-driving champion.) Or did Nathalie Soulet, who is not particularly skilled at driving on muddy roads, overturn the vehicle herself?

In a country where, on the one hand, some of the top executives of major financial institutions are notorious chancers and, on the other hand, up to 35% of people lie on insurance claims, it is best to hedge one's bets.

In court, the only fact both sides agreed on was a conversation that took place at the scene of the overturned vehicle, within minutes of the accident. Frikkie van der Merwe and his niece had walked to the accident and found Maxime there. Frikkie told Maxime: "You're lucky nobody got hurt." Maxime replied: "It wasn't me. It was my mother." To which Frikkie retorted: "You're talking shit!"

Under cross-examination, the Soulets did not emerge as the victims of a conspiracy, but rather as the designers of one.

Their version of events was an elaborate saga featuring themselves, their children, the panel beater, farm workers, a family friend (the guy who burnt the restaurant down) – even the local snake catcher and an Egyptian cobra. Each contradicted the other in a plot with more twists and slips than a Waterberg mountain road on a rainy day. Maxime's testimony in particular was not convincing. (Asked how he had managed to "recall" details of a conversation that he conceded could not possibly have taken place, Maxime replied: "I must have imagined it.")

It occurs to us to ask: Had the Soulets perhaps "imagined" that when you lie to insurance companies it somehow doesn't really count as lying? They don't take kindly to the suggestion. They haven't spoken to us since we made it.

In the end Judge V M Ponnan went along with Van der Merwe's summation of the Soulet's story (although in rather more polite terms) and ruled against them on the vehicle claim.

But he ruled in the Soulets' favour on the fire claim and the legal issue of "severability". SA Eagle was granted leave only to appeal the legal issues arising out of severability; the Soulets' request to appeal the judge's findings on the facts of the Land Rover accident was denied.

Marc Soulet is petitioning the chief justice to review Judge Ponnan's decision, as well as asking for an opportunity to submit new evidence on the vehicle accident.

If SA Eagle wins, it wins big time. But if it loses, its prospects for a significant reduction in claims payouts looks bleak. Van Vuuren refused an opportunity to comment. "I do not speak to *noseweek*," he said.

The moral of the story? Stop smoking. Be nice to your neighbours. And, before you take even the tiniest chance with an insurance claim, ask yourself: "Do I feel lucky today?"

■ *Just for the record:*

- (1) *Fibbing, even in an insurance claim, is fraud.*
- (2) *Under our law punishments are supposed to be commensurate with the crime.*
- (3) *Crimes are preferably tried and punished in criminal courts.* ☐

Did the Soulets' son, Maxime – a champion rally driver – overturn the Land Rover as neighbours and SA Eagle allege?



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BULELANI NGCUKA, THE

national director of public prosecutions, is once again headed straight into a political whirlwind. Amidst great secrecy, his Scorpions unit have mounted an investigation into allegations – first revealed in *noseweek* – that Limpopo premier Ngoako Ramatlhodi (left) and one of his MECs each received hush-hush payments of R119,000 a month for several years from black empowerment partners involved in the province's pensions and welfare grants payout contract.

The sensitivity arises because President Thabo Mbeki and Premier Ramatlhodi are said to be intellectual soul mates, and the president has lined up a cabinet post for the premier after the pending general election.

Habakuk Shikoane, the cane-furniture king, and Brian van Rooyen, chief executive of Labat Africa – and now more famously the new-broom president of SA Rugby Football Union – made the extraordinary allegations, which we published in *nose50*.

Van Rooyen has since been interviewed by the Scorpions – and has given them a statement. Scorpions spokesman Makhosini Nkosi is unable to confirm the probe. “We took a policy decision that we neither confirm nor deny investigating anything,” says Nkosi. He explains: “If we say we’re investigating, we’re telling the people who are doing wrong things to destroy the paper trail.”

The investigation is a brave step by Ngcuka, who is still recovering from

GREASY LIMPOPO

Bulelani Ngcuka is investigating allegations in *noseweek* about secret backhanders to Premier Ngoako Ramatlhodi (above)

the Hefer Commission that investigated the ill-founded public allegations by Mac Maharaj and Mo Shaik that he may have been an apartheid-era spy, and all the other unpleasantness that came his way when he dared to investigate them and their patron, Deputy President Jacob Zuma.

While it is undoubtedly the right thing to do, there are many who would say that to straightaway launch an investigation into claims of corruption involving a favoured protégé of the president himself, is bravery bordering on the foolhardy.

Readers will recall how Shikoane and Van Rooyen claimed knowledge of the secret payments to Ramatlhodi and Thabo Mufamadi, MEC for finance and economic affairs. They said the money was channelled to the politicians through a company called Northern Corporate Investment Holdings (known as Nicoh), the empowerment partner of Cash Paymaster Services (Northern). The company won the contract to distribute more than R4bn a year to Limpopo's old and needy.

Central to the Scorpions' probe will be a forensic audit of Nicoh's bank account, which for four years received some R714,000 a month from CPS's owners, information technology group Aplitec, "in lieu of dividends or profit share".

The bank account, Shikoane told *noseweek*, was opened some seven years ago with R50,000 contributed by himself and Haroun Moti, a businessman from Polokwane. When the R700,000-plus monthly bonanzas from Aplitec started flooding in, according to Habakuk, it was divided every month between a number of important local figures.

Habakuk said he split his R238,000 with Premier Ramatlhodi and attorney Solly Mohale divided his R238,000 with MEC Mufamadi. Shikoane told us that he signed the payout cheques – and that he still held the cheque-books.

CPS's old pension payouts contract in Limpopo, which was extended to run for seven years, ended last November. Shikoane was furious to discover that over its last eight months R4.2m paid by Aplitec to Nicoh went direct to its two "official" shareholders, Mohale and Gideon Serote, franchise owner of Polokwane's Academy of Learning.

Shikoane described attorney Mohale, who we now learn sat on the Limpopo tender board from December 1997 until February 2002, as "a cunning little mouse".

A 75-year-old veteran member of the ANC, Shikoane must have been even more incensed to learn that Aplitec advanced a further R4m to Mohale and Serote to start up their company Micro-matica 216, the black empowerment shareholder in a new CPS structure which excluded him and which has been operating Limpopo's new pension payouts contract from last December.

Brian van Rooyen's Labat Africa believes it should have won the tender, which is worth R250m a year. When the provincial health department evaluated the bids Labat Africa scored the highest number of points. CPS only came third. After CPS was awarded the contract Labat Africa cried foul and is seeking to have tender NTP 8342 set aside in the Pretoria High Court. The hearing is scheduled for April.

MEC Mufamadi denies receiving any money from Nicoh or Mohale. We had put Shikoane's allegations to the MEC on the morning of 1 October last year. That afternoon, after receiving what he described as "a message" from Mufamadi, a panic-stricken Shikoane phoned *noseweek* to retract his dramatic story.

Over four years Aplitec shovelled more than R30m into Nicoh's coffers. *noseweek* now learns there is mystery concerning R1m of funds. It seems that this sum was handed by Nicoh to a certain very important local person, with the request that it be passed as a donation to the ANC. But when Shikoane phoned the ruling party's secretary-general, Kgalema Motlanthe, at head office, he was horrified to learn that the R1m never arrived.

In Limpopo, Ramatlhodi lives in style in a private residence known as Pumpkin Palace (the hilltop mansion outside Haenertsburg was once the home of a wealthy pumpkin farmer). The province is generous to its premier. To celebrate last September's Heritage Day, Ramatlhodi and his family, plus driver and bodyguard, decided to take a quiet two-night break at the Ka'ingo private game reserve. The party's bills totalled an impressive R36,969.

noseweek holds one of the chits, for R31,680, which was loftily passed for payment to the province (Official Purchase Order, Office of the Premier, No. OP-99201360). How consolidating it must be to the poor of Limpopo to know that their suffering is not in vain: at least their premier had a great weekend.

Ramatlhodi and MEC Mufamadi are now threatening to sue *noseweek* for R5m for our story on the Nicoh affair, unless we publish an "unconditional retraction of the article and an apology". Unconditionally very sorry, we're sure – if we got it wrong. ■

Brian van Rooyen

A word about Brian van Rooyen. Now 43, he hails from Kimberley's coloured township of Colville, one of six children of a labourer. He left school in Standard 8 to work in a clothing factory where his mother toiled as a seamstress.

From these humble beginnings Van Rooyen obtained a diploma in accounting and embarked on a business career. His great passion is rugby, and readers will recall how he was treated by Louis Luyt in 1996, when he pitched unsuccessfully for the leadership of the Golden Lions Rugby Club. Luyt dismissed him as "a fool" and "too stupid to ask intelligent questions".

This had not been the view of the wealthy American Victor Labat, founder of Labat-Anderson, the world's largest black-owned consultancy. In 1995 Labat invested R2m to set up Labat Africa, with Van Rooyen as its chief executive. Labat Africa is a JSE-listed black-owned business solutions group specialising in public and private sector transformation.

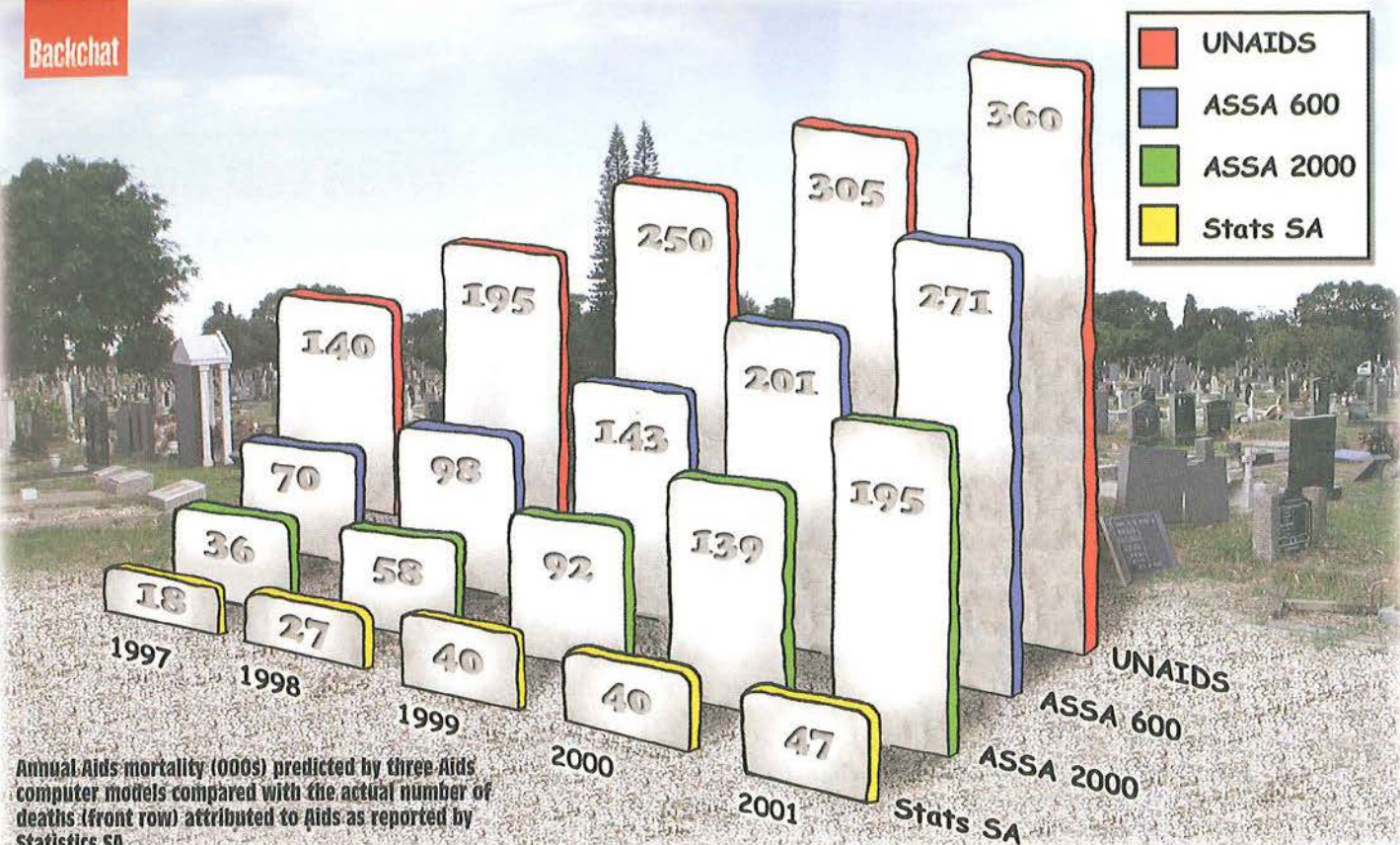
The late Joe Modise became its non-executive chairman when he stepped down as SA's defence minister. The group – and Van Rooyen – has always been staunchly supportive of the ANC – its directors have included such struggle veterans as Barbara Masekela and Thozamile Botha.

Last year Van Rooyen was incensed when Labat Africa failed to wrest the massive Limpopo pensions tender from CPS. He told *noseweek* that "three or four" staff members of the Limpopo provincial government had told him of Nicoh's secret monthly payments to the premier and MEC Mufamadi, and he vowed to subpoena a host of bank records and money transfers to flush out the facts.

Since that dramatic outburst, Van Rooyen seems to have made himself unavailable to *noseweek*. There are several possible explanations. Have the Scorpions investigators ordered him to keep silent? (He promised to talk to us the day after he was due to give his statement to the "Directorate of Public Prosecutions" – but never did).

As an election looms, has the ANC put pressure on him to lay off exposing corruption in Limpopo – exposure that could terminally damage its cabinet-bound premier ... and, just maybe, Labat's future business prospects?

Or is the new boss of South African rugby just too busy to answer his cellphone or return our countless messages?



UNAIDS data was derived from "Epidemiological Fact Sheets." Stats SA data was derived from "Causes of Death in South Africa 1997-2001, P0309.2." For purposes of comparison, AIDS deaths for the ASSA models have been corrected (3rd order polynomial curve fitting) to represent AIDS deaths for the calendar year of the year in question, rather than the default output of the models (The 12 month period starting Nov 1, of the year in question for ASSA 600, and the 12 month period starting July 1, of the year in question for ASSA 2000).

WHY RIAN MALAN IS WRONG ABOUT AIDS

It would be wonderful if Rian Malan and *noseweek* were right that the AIDS epidemic in South Africa is grossly exaggerated. But keep the cork on the champagne. Malan's article contains serious errors, one of them highly misleading. He is an entertaining read but unattributed quotes, omitted critical evidence and incorrect data have no place in a thesis that purports to be debunking the dominant scientific view.

Space permits examining only one study referred to by Malan – Stats SA's "Causes of death in South Africa 1997-2001." This involved an analysis of a sample of death certificates. By 2001, TB had become the illness that claimed most deaths, followed closely by HIV-disease. Furthermore,

**By Nathan Geffen
(TAC National Manager)**

the proportion of deaths due to TB rose dramatically from 1997 to 2001. Since TB is the most common HIV-related infection, it is reasonable to assume a huge proportion of this increase is HIV-related. The same trend was observed for influenza, pneumonia, and other opportunistic infections frequently fatal in people with HIV.

Many doctors record TB or other opportunistic infections as the cause of death instead of HIV because patients dying of these illnesses are often not tested for HIV. Also, despite the apparent confidentiality of the certificates (coroners frequently

demand them), doctors avoid citing HIV to spare the family the stigma and so that funeral insurance and other benefits are paid out.

It is in regard to this study that Malan makes his most serious error. Consider the graph that accompanied his story in *noseweek*. [Reproduced here for easy reference. – Ed.] It purports to show Stats SA's estimates of AIDS deaths at a fraction of ASSA and UN estimates. Malan explains, "All deaths caused by HIV or any of its euphemisms were counted as AIDS deaths, and there was evidence for only 40,000 such in 1999." But there is no such implication in the Stats SA report. All the calculations he attributes to Stats SA are his and he has made a mess of it.

The report helps explain his error,

"In cases where HIV or its synonyms are stated on the certificate, ... HIV is used. ... [I]f HIV or its synonyms are not stated on the certificate, the reported diseases are coded as stated, with no relation to HIV. For example, if a physician certifies the death of a 25-year old urban, educated and employed person as being that of acute tuberculosis, with no mention of HIV, ... acute tuberculosis is used." Similar comments are made throughout the report.

Yet Malan takes no notice. He simply ignores these clear warnings that very large numbers of HIV-related deaths are likely to be occurring in the TB, pneumonia and influenza categories, among others. His error massively underestimates AIDS-related deaths.

Furthermore, the report shows an unambiguous change in age patterns of death – particularly among women, among whom HIV was claiming more lives than any other disease by 2001. According to the government, delivery of clean water and housing has improved in recent years. These factors reduce vulnerability to poverty-related disease. Yet more people are dying younger. How can Malan explain this?

There are other serious errors in Malan's article. For interested readers, a detailed response is available on the TAC website.

Determining the size of the epidemic is difficult. HIV prevalence estimates range from 4.8 million to 6.6 million for 2002. Clearly the differences are significant, but they imply the same critical conclusion: the South African HIV epidemic is massive. Studies in hospitals paint a bleak picture of an increasingly overburdened health system substantially due to the rise in HIV opportunistic infections.

Malan's contention that unduly large resources are being diverted to the HIV epidemic while other diseases are neglected exposes his ignorance of what Aids activism has helped achieve. This includes the establishment of the Global Fund to Fight Aids, TB and malaria, and a commitment by the SA government to budget large sums of money for improving health-care infrastructure. Furthermore, providing antiretrovirals might slow or even reverse the

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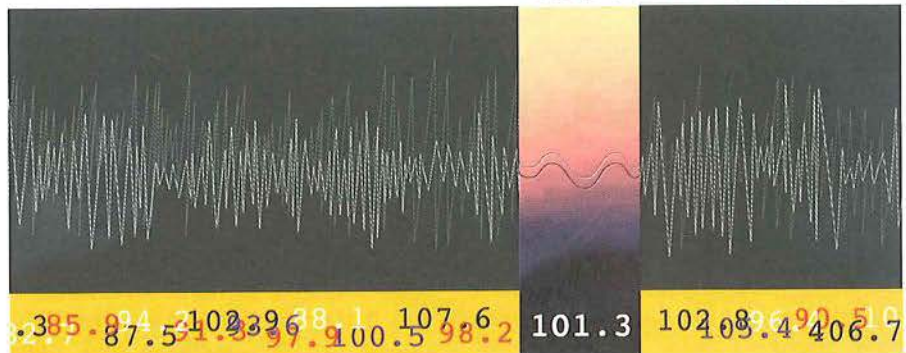
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rise in opportunistic infections, thus reducing the burden on clinics and benefiting the management of all diseases.

Finally, in *noseweek's* editorial [nose52] you note that a recent survey found a 3.4% prevalence rate in the four major banks – but in any rational view even this is a crisis; it is about five times the US population's HIV rate. A survey of Old Mutual's employees found a 5% prevalence rate. These are disturbingly high rates for predominantly middle-class workforces.

The rising Aids epidemic is deeply troubling but we can do something about it. By implementing comprehensive treatment and prevention programmes, we can save many lives, restore hope and also build a better public health system in the process.

Rian Malan replies:

I will confine this to my single "most serious error."

At issue is my portrayal of a Stats SA study that scrutinized death certificates for any mention of HIV/Aids and "found evidence for only 40,000 of these" in 1999. Geffen is correct to say that the study specifically disavows the notion that these were the only Aids deaths that year. Even though I made no such claim, my wording was deliberately ambiguous. Here's why.

Geffen tells us that because Aids is heavily stigmatised, doctors write TB (or flu, or pneumonia, etc.) on death

certificates, even if they know the true cause was HIV infection. They do this to spare the family, he says, or "ease" insurance payouts. Therefore, many deaths caused by certain "indicator diseases" are really Aids deaths, even if the death certificate fails to say so.

There is an element of truth in this argument, but it no longer carries the

A fuller version of Geffen's article and a point-by-point response to it can be found on our website: www.noseweek.co.za

day. In 1998, government introduced a new two-part death certificate specifically designed to make it easier for doctors to include "confidential" information as to "underlying causes." One page is for the family and the undertaker. Here doctors can put down kindly lies if needs be. The "confidential health page" is filled in separately, sealed and sent to Home Affairs, where it may be opened "only by an authorised official." Here it is possible to tell truth without hurting anyone's feelings.

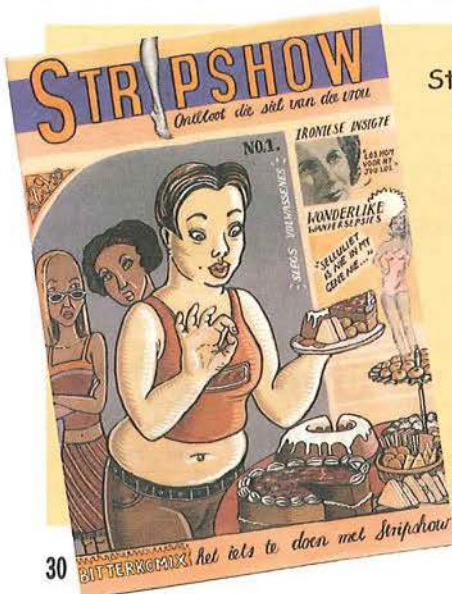
With this in mind, take another look at the graph. In 1997, there were only 18,000 death certificates on which HIV-related causes were mentioned. In 1998, reforms took place, and by 1999, the number of Aids cases had more than doubled. Beyond this point, something curious happens: computer-modelled estimates soar, but Aids death certificates

remain stuck at approximately the same level. Why? Why would doctors continue lying after the need to do so was removed? More to the point, why would the scale of lying increase massively as the epidemic progressed?

Since Geffen seems unaware of this mystery, let's turn to the second leg of his argument. Many South Africans are not tested for HIV, he says, and doctors therefore don't know that the infectious disease that slew patient X was really caused by the invisible virus. But haven't we been told that Aids consists of a cluster of unique symptoms that experienced doctors can recognize on sight? Granted, such diagnoses are imprecise, but what's to stop a doctor putting down "suspected immuno-deficiency?"

I am entirely willing to believe that rising TB mortality is related to spreading HIV infection, as Geffen and Stats SA argue. But I cannot understand why sophisticated health professionals would massively fail to write those dreaded words in the confidential page provided for this purpose. There was no space to air these ambiguities, so I left the questions open.

One final observation: the Aids death toll cited in last year's TAC campaigns was "six hundred a day," or 219,000 a year – less than half the UN's predicted figure. This suggests that TAC was aware that UN estimates were inflated and therefore refrained from using them, even though they would have made even more effective propaganda weapons. Are Geffen and I secretly in agreement? **W**



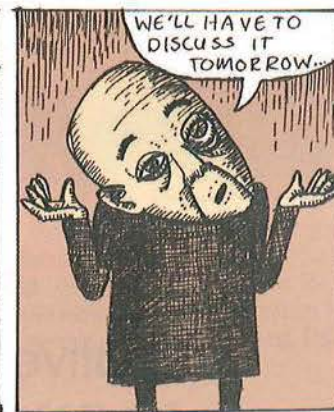
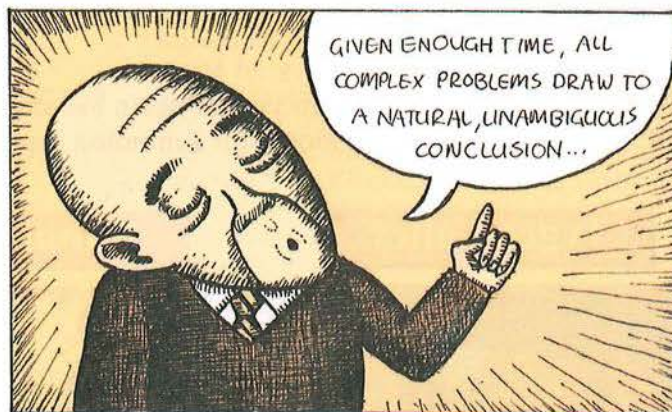
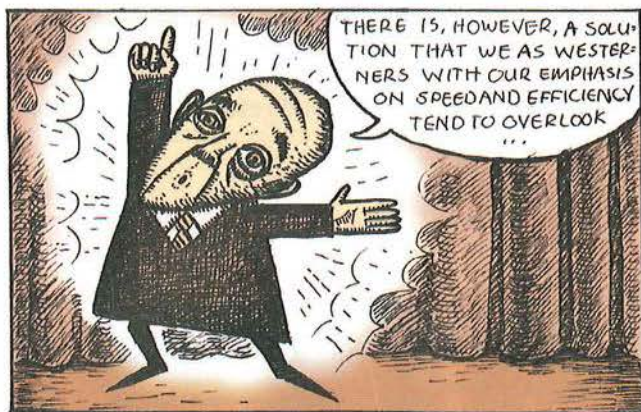
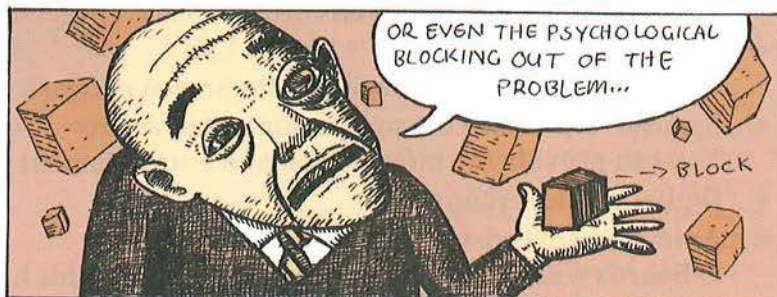
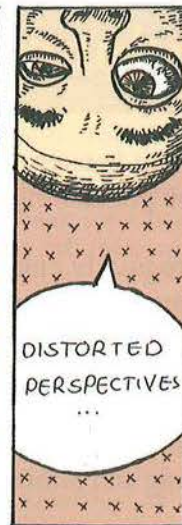
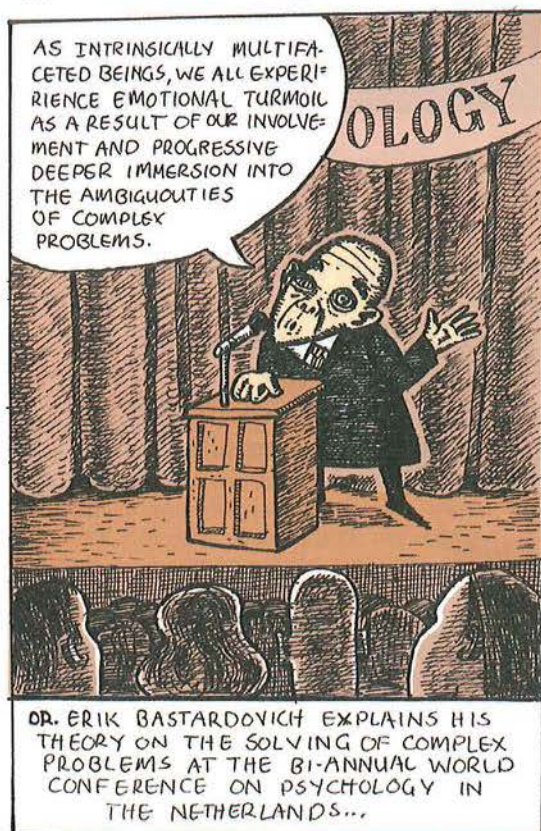
Stripshow is an all female comic magazine initiative that came into being at the end of 2003. Seven female comic artists from around the country contributed to this ride into the psyche of women. The project started at the University of Stellenbosch where the two editors, Leonora van Staden and Nicolene Louw, are doing their Master's degrees in illustration. The magazine contains contributions from Paddy Bouma, Karlien de Villiers and Leonora – all previously published in Bitterkomix.

Stripshow aims to give a voice to women in a previously male dominated genre but is not aimed only at a female readership. The foreword is by Antjie Krog and the variety of the styles and contents of the stories ensure it has something for everybody: humour, satire and shuddering honesty. Stripshow is available at selected bookstores for R29.50. For more information write to stripshow@hotmail.com.

The mystery of...

BY NICOLENE LOUW

THE NATURAL CONCLUSION



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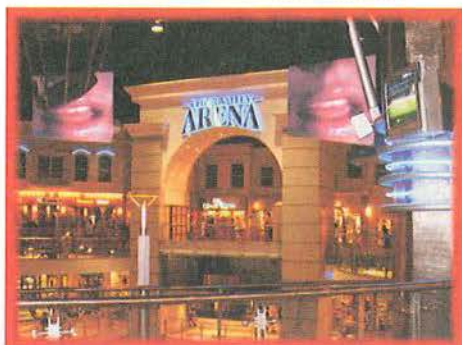
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By HAROLD STRACHAN

ATHENA

I NEVER DID MUCH LIKE

Michelangelo's image of God as a grumpy old induna with huge ragged whiskers and white nightie swimming horizontally through the clouds like a schnorkeller, even though he's doing a jump-start on Adam who's lying on a conveniently airborne rock with a flat battery and tiny little wee boy's willy.

Better any day is Billy Blake's Almighty. Don't mess with this bloke, brother; he'll bounce you clean out the door and hang you upside-down over a blinding blue gas flame like the Simoniac Pope, and that's forever, boet.

But for real kicks give me Pallas Athena. I mean you didn't have to put on a tie on Sunday and sing baleful moralistic hymns and burn candles and make smoke for this lady. She didn't give a shit about the morals as long as you sacrificed a tasty sheep now and then and spread the insides of an owl all over her altar; in fact, if you were Achilles you could claim she was your auntie, and the way things are going these days with the Human Genome Project such shared DNA may yet prove possible.

I mean there's Hector before the walls of Troy and he's about to dice Achilles up pretty small with some fancy Trojan martial arts, but as he throws his javelin Pallas Athena makes a small cloud appear – poufff! – just like that and Hector misses by a mile and Achilles sticks him stukkend with a bloody great sword and drags his corpse around the city walls behind his chariot, and that's what you'd expect from a worthwhile goddess, surely?

Anyway, one nice warm Durban evening this bantam-size right-wing dude called Geoffrey removes his raiment entirely, barring his Y-fronts, and wipes himself all over with oil as true assassins do so nobody can grab hold of them, and knocks at our back door, and as my missus opens it blasts off at me with an ugly parabellum as I'm tucking into some soss and mash with the kids. Well I'll be utterly fucked



He missed
my cranium
by two
centimetres
and the
bullet
disappeared
through
the wooden
wall. Like a
wraith he
was gone

quoth I as he missed my cranium by two centimetres and the bullet disappeared through the wooden wall. Like a wraith he was gone, leaving no doppie ejected by the pistol. Jammed! There was no second shot, and who did the jamming?

Well, as these things happen, next door a handsome young SAP konstabel having a quick vry with the pretty daughter, seventeen, down at the back gate hears all this skietery and pounding of feet, and looks down the road to see the getaway car blacked out and spinning its wheels, which is food and drink to any cop, and as it gets to the corner and hits brakes the tail lights come on he reads the numberplate and runs inside and phones the City Police so, would you believe it, in two minutes flat he's got it all: owner, address, everything.

Our Geoffrey is soon enough in a court of law, naturally, but would you believe it, his girl-friend puts up such a studied alibi that an element of doubt is established, which must go to the benefit of the accused. Of course. Good law, but everybody knows he's guilty. He now lets it be known to various journos just what horrible things he's going to do to me because his daughter isn't speaking to him any more, so I'm getting seriously anxious about round two, you understand, when one of these journos says to me Here, read this.

Being small of stature Geoffrey loves powerful vehicles. To console himself in this unjust world he goes off and buys the latest shape biggest fastest automatic Nissan on the market. Out of the box.

He takes it on its maiden drive to his nice rich buddy at Kloof. Up at the top of the drive there, next to the garden wall, he puts on the handbrake and they stand admiring this and that excellence about the car, especially the silence of the engine. But as they speak G realises that he hasn't in fact left it in neutral, he's left it in reverse, and as automatics do it's slightly snatching at the clutch, slightly moving backwards.

He does what people do: nips round to the driver's side, opens the door and thrusts his left foot at the brake, but misses this and hits the accelerator instead. Every kilowatt, every horsepower of the mighty engine grabs the Nissan. Geoffrey can't get in now, and he can't get out because the door's in the way. The car goes screaming backwards down the drive and spreads Geoffrey thin thin like strawberry jam all along the garden wall.

If there's any theologian amongst you lot out there will he please email me and explain how this could be the work of any deity but Pallas Athena. ☐

PERSONAL

Men aged 15-70 have a lot in common with Zimbabwe. Both are ruled by Dicks. Thanks Bob Chuffy, Hanno and Max, may the wors be with you- love Rigby and Shingi.

Compliments of the season to members of the Rotary club of signal Hill from Bernie & Michelle.

Ladies, a thin Lord Maboya will soon be on the prowl.

Richard have a wonderful birthday with love from Jennifer.

The elephant has passed and is now living in Franschhoek.

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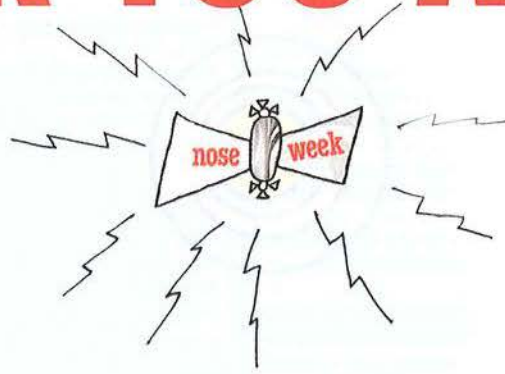
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