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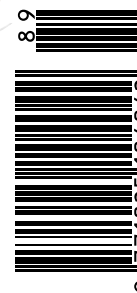
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MARCH 2007

SELEBI:
*New
payola
bombshell*



Scorpions sting Mamma Dee Nedbank's foul comes home to roost
 Fidentia: All's not well at the FSB either Fat chancers



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Cover illustration: Dr Jack

SELEBI: New payola bombshell

Money launderer says he can prove Selebi took bribes

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SA a little behind

Judge President Hlophe and others – Alexander Hamilton had this to say (in the *Federalist* in 1788):

“The standard of good behaviour for the continuance in office of the judicial magistracy is certainly one of the most valuable of the modern improvements in the practice of government.”

It seems we are two centuries behind the times in setting standards of behaviour for our judges.

Carol Goodwin
Bathurst

as drunk as a judge.”

The judge naturally immediately corrected him: “I believe the expression is ‘as drunk as a lord’.”

“Thank you m’lord,” said Smith.

Rob Stampe
Durbanville

Trickle-up economics

The Eastern Cape Government’s dereliction of duty with regard to the schools feeding scheme (*nose88*) is deplorable. It is worth noting that they have as miserable a record in the courts.

us that children’s rights are “paramount”.

Dealing with the repeated failure of Eastern Cape organs of the state to obey court orders, the judge remarked:

“Obedience to court orders is fundamental to any constitutional democracy of the kind to which we aspire. Those in government who disregard court orders are destroying the constitutional democracy that enables them to govern. They then bear the responsibility for betraying the ideals of those who struggled to enable them to be

I sold depo franchises for Pieter not knowing what was up. I do apologise to those that I sold them to, and hope that I will be forgiven.

I was told by Pieter to buy a plane ticket to Cape Town, he would refund me when I got there. I’m still waiting for my refund. It took me six months to get back onto my feet again. I now have my own business and will be franchising soon. Luckily I now know how to get ahead in the franchise business.

Pieter Terblanche
Total Investment Solutions,
Johannesburg

It seems we are two centuries behind the times in setting standards of behaviour for our judges

Drunk as a judge

The controversy about Pretoria’s drunk judge brings to mind the eminent English senior silk, FE Smith, who delighted in winding up judges during a trial – as in the case where he told the Court: “I submit that this witness was

In *S vs Z* and 23 similar cases heard in 2004, Judge Plasket pondered the Eastern Cape government’s failure to deal with the placement of juvenile offenders – more evidence of their indifference to the needs of the children of their province. Section 28 of our Constitution reminds

where they are.”

He goes on to direct “that the displeasure of the court” should be brought to the attention of the “Department of Social Welfare”.

It appears not to have concerned them too much.

Paul Preston
Margate

Kandyland: another victim

I was thrilled to read the article in *nose87* about the biggest franchise scamster, Pieter van der Watt. I was caught by him in November last year when I sold my property to buy into his scheme for distributing sweets to various retailers and wholesalers on the West Rand.

I have been in the sales business for the past seven years and have enough contacts in the right places to have made the depo work even better than Pieter van der Watt had told me it could; too bad he had already sold it to somebody else before me, who had stuffed up with each and every retailer and wholesaler it was possible to do business with in the area.

I now have nothing apart from a few judgments and blacklistings on ITC. My wife was on maternity leave and we really suffered. I cannot even open a bank account or get a home loan due to Kandyland. I was promised everything and received nothing.

Standard practice

When a colleague opened an account with Standard Bank many years ago, he was asked if he wanted an overdraft facility. He replied “No”.

The bank assistant who was opening the account then told him: “Well, the system gives you one anyway,” and he was given an overdraft. This facility was free.

Now, in a letter received on 15 January 2007 (even though dated December), Standard Bank has advised him that from now on a charge of R17.50 per month will apply to overdrafts with limits greater than R250 “whether or not you use this facility”.

So there we have it: a free facility option that was not asked for, now being charged for, whether it is used or not. And the client is informed as though this was a “fait accompli”.

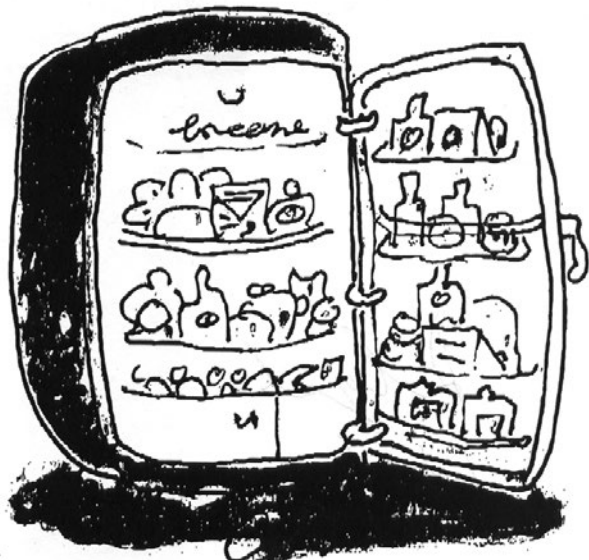
Naturally, my colleague got on the phone to the bank’s call centre to a) take his overdraft limit down to zero, and b) to ensure that he is not charged the fee. The call-centre person’s reaction was “Why don’t you want to pay the fee?”. Eventually, my colleague had to make it very clear that he would take this matter to the Ombudsman should he not get satisfaction, before the call-centre person grudgingly said that they would do something about getting the charge reversed.

One wonders how much Standard Bank managed to make out of that sneaky bit of computer programming.

Dave Robbins
IT Department, MHG, Cape Town

Gus

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An actuarial assessment

I'm an actuary. But boy am I underpaid! I wanna become an electrician. Why? you ask. Well, my power went out and the first electrician I got through to was AAB Plumbing and Electrical, cunningly advertising "Best Service, Best Prices and No Call Out Fee". I was told a R300 call out fee for Sundays applied. They arrived promptly and commenced work, but, silly me, I didn't request a quote first. The work was done adequately, with the electrician remarking amid amicable chatter that the earth leakage unit that needed replacement would cost me R5500. After the work was done, I paid R6126 to AAB (COD). I later found out it retails for R863 (Samite 60Amp Earth Leakage – I checked). I queried the bill several times and got, roughly translated, a Popeye answer: "We charge what we charge." Being an actuary, I'm obsessed with numbers, so I've calculated the earning potential of an electrician at AAB: Given 1½ hour's work and assuming a markup of, say, 50% on parts, they charged me R3625 per hour. As I said: "Who wants to study for 10 years to be an actuary?" Rather become an electrician and get R7.6m per year.

Douglas Lorimer
Rivonia

AAB don't employ actuaries, they only employ brain surgeons. Anyway, now that you've sorted out the electrical problem, what's your actuarial opinion of the state of play at Transnet's pension funds? That would really interest our readers! – Ed.

Wake up Rian!

Rian Malan is on his Aids denialist hobby horse again. Yawn. Now he wants us to believe that StatsSA and UNAids are part of a conspiracy to over-inflate Aids deaths so that they match estimates from "computer generated" demographic models. Huh? He has now added paranoid fantasies to his continued colossal ignorance about demographic modeling. Rob Dorrington and the team that created the ASSA model of the South African Aids epidemic addressed the issues he raises years ago, and include many different sources of hard information when projecting HIV prevalence and Aids deaths. It is simply absurd to claim that the rise in death rates among young South Africans is the product of improved data collection and mathematical assumptions. The truth is, South Africa has a major Aids epidemic which is killing hundreds of young people every day. Time to wake up and face it, Rian. And go find some other publicity-seeking topic to make a living out of.

Professor Nicoli Nattress

Aids and Society Research Unit
University of Cape Town

Scientific truth or Biblical truth? Or the truth in Prof Nattress's estimation? We are all in agreement that Aids is a serious problem in South Africa. All that's at issue is those stats. Since when has an estimate been "the truth" and not just a more (or less) educated guess? Rian Malan most certainly does not make a living out of the topic – but you do. All of which seems to me good enough reason to be just a little paranoid. – Ed.

Sustained Impact

Thank you for the editorial on lawyers, and the superb coverage of our road accident case. It has genuinely helped our recovery.

Tricia and Rory Nottingham
Port Elizabeth

You wreckin'?

The references to me in your article "Wreckers rule in Joburg" (*nose88*), suggest that I acted without regard to the law relating to Heritage properties. This is incorrect. I wish to place the true facts on record.

I am the MD of Wavelength Properties. During 2003 Wavelength purchased three properties on Glenhove Road and one on 17th Avenue, Houghton. The properties adjoin each other and were acquired for the purpose of developing a residential complex.

In order to undertake the development, the houses on the properties had to be demolished. Three of the four houses fell within the scope of the Heritage Act and could not be demolished without the consent of the Provincial Heritage Resources Authority: Gauteng (PHRAG). The fourth house did not fall within the ambit of the Act.

Wavelength submitted applications to PHRAG for demolition of the effected properties and duly advertised the applications. Only two people responded: Mr Des Smith, chairman of the Planning and Development Committee of the Lower Houghton Residents Association said he had no objection to the demolition, while Robyn Heathfield representing the Houghton

Heritage Trust objected. PHRAG eventually granted permission for the demolition of two of the protected houses. It should be noted that this permission was dated 7 July 2004, four months after date of application and not one week before expiry as stated in your article.

By that time Steirer Bruch Demolitions, who were contracted to attend to the demolition, had secured the property with their staff and, after the vagrants left, they secured the buildings to avoid any further vandalism and theft as they now had an interest in the salvage. Steirer Bruch only commenced demolition after the PHRAG had granted consent to demolish.

When permission to demolish the third house was refused, we submitted a restoration plan to PHRAG in terms of the Heritage Act. The plan was approved and the house was restored accordingly.

Wavelength and I have followed the law throughout. Your disparaging remarks in relation to me were unwarranted.

Mohammed Seedat
Johannesburg

We have documentation showing that the advertisement calling for objections appeared on 3 March 2004 (with the objection term expiring 2 April), the demolition started on 17 March, PHRAG approval for demolition was granted on 26 March and the objection was filed on 27 March 2004. Readers can judge for themselves. – Ed.



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Just good friends

NO WONDER our Commissioner of Police is so little concerned with the state of crime in the country. He's been sharing in the spoils. That is not all that is to be learned from our distressing lead story. While everyone is concerned about the number of shockingly violent crimes committed here every day, our report demonstrates just how bad things are on the white collar crime front as well.

It's bad enough when a country's chief of police chooses to socialize with the bosses of organized crime. It suggests what we have now discovered to be true: that at least some of the time the friendship has something to do with their ability – and willingness – to help out with a bit of cash from time to time.

Selebi's denial that the arrest of his friend Glenn Agliotti for Brett Kebble's murder impacts in any way on his position was pretty predictable. How is a police chief supposed to know that his mate is going to execute a business colleague?

But what if the Police Commissioner makes something of a habit of associating with shady characters? While we were researching our story, a reader – quite by chance – called to introduce us to another of Commissioner Selebi's dubious friends: convicted fraudster Niko Shefer! In fact, we have reason to believe that if anyone were to examine Shefer's cellphone records they would find that he calls the commissioner not infrequently.

Who exactly is Niko Shefer? Suffice it to say that he's a man with a colourful past. Born in Ecuador and carrying an Israeli passport, Shefer lives in South Africa. In 1990 he was sentenced to a 14-year jail term for defrauding the then Trust Bank of R47 million, but was paroled after serving just five years. Niko put the experience to good use – on his release he started a prison shop company called Tandan, which he subsequently sold to the government. He then seems to have made a concerted effort to make friends in high places – the National Intelligence Agency once assisted Shefer when he tried to do a deal with the HSBC Equator Bank, by assuring the bank that Niko had in fact been jailed by the apartheid government because of his links with the ANC.

Following this, Shefer befriended Liberia's not-so-lovable dictator, Charles Taylor – and became involved with a company called Amalia, which was supposed to exploit mineral rights

in Liberia. Amalia raised a fortune on the JSE, but, surprise, surprise, no minerals exploitation took place. Millions were lost, but Shefer walked away unscathed. He went on to sell the same rights to a Florida-based church called Greater Ministries. The church ended up the target of a US criminal investigation, with its assets being seized and its leaders arrested.

Shefer moved on to the DRC, where he acquired a concession from the state mining company, Gecamines. He enticed investors, who, like so many others, lost their money. In 2002, Shefer's name appeared in a scathing UN report on illegal exploitation of raw materials in the DRC.

Last year, Shefer faced charges of theft and corruption arising from the fact that, as self-appointed "Honorary Consul" for Liberia, he persuaded the South African Police – hullo Commissioner! – to donate uniforms and materials worth R33 million to the Liberian government. No problem in that, but unfortunately Shefer decided to sell the donated goods, or keep them for himself. According to the charge sheet, Shefer enlisted the help of a police captain, in return for payments which were made to a company belonging to the captain's wife. As far as we can make out, this case was postponed "pending discussions with the prosecution authorities". Shefer has also been subpoenaed by a company called Identiguard which has a judgment against the DRC government for an unpaid debt. This follows claims by Shefer that he had been involved in setting up a deal between SA mining company, Metorex, Tokyo Sexwale's Mvelaphanda Holdings and the DRC government.

Shefer has some interesting things to say about doing business in Africa. Try this pearl of wisdom for size: "I move with cash. I can buy the president a Mercedes 600. How can a normal company justify that? How do you explain that to the shareholders? I do not need board meetings. I am the board."

Or this?

"The key to these countries is to know when to get out. No business can survive long in the context of the obscene corruption of these guys – you can survive for a limited period, so you have to be able to be involved for a limited period. That's the time to do it. And then do it again when the next guy comes along."

President Mbeki, do you get the drift? It's time to make a move.

The Editor



'Jackie was on our payroll' — money launderer

NATIONAL POLICE COMMISSIONER Jackie Selebi received regular payments from a criminal syndicate that illegally shunted more than R2bn in hot money offshore, and flooded South Africa with smuggled “grey” electronic goods. Such is the sensational claim of the syndicate’s “discounter” and paymaster, former Rosebank jewellery store owner Steven Ferrer.

Also on the syndicate’s payroll, says Ferrer, was Gauteng’s then most senior policeman, provincial commissioner Sharma Maharaj.

In addition, *noseweek* has learned that Selebi’s alleged presence on the syndicate payroll was communicated to the authorities by another member of the syndicate as long ago as 2002 – but no action was taken.

If Steven Ferrer’s word is good, it seems that hard evidence could be on the way – in the form of banking records. Ferrer’s claims link Selebi to

Crime syndicate’s paymaster says he can prove that National Police Commissioner Selebi took bribes

a loosely-structured forex/grey goods syndicate, whose doings we chronicled in *noses* 56, 58 and 59, after its chief money launderer, Michael Addinall, blew the whistle from his prison cell. We knew nothing then of Selebi’s and Maharaj’s alleged involvement and their names did not feature in our reports.

In a plea bargain, Addinall pleaded guilty to one charge of money laundering (see story on page 10). And in his disclosure document, Addinall writes: “I knew that Steven Ferrer was the major discounter for a lot of companies doing grey imports. He was also a personal friend of Jackie Selebi and on more than one occasion told me that he was OK as Jackie Selebi was on his payroll.”

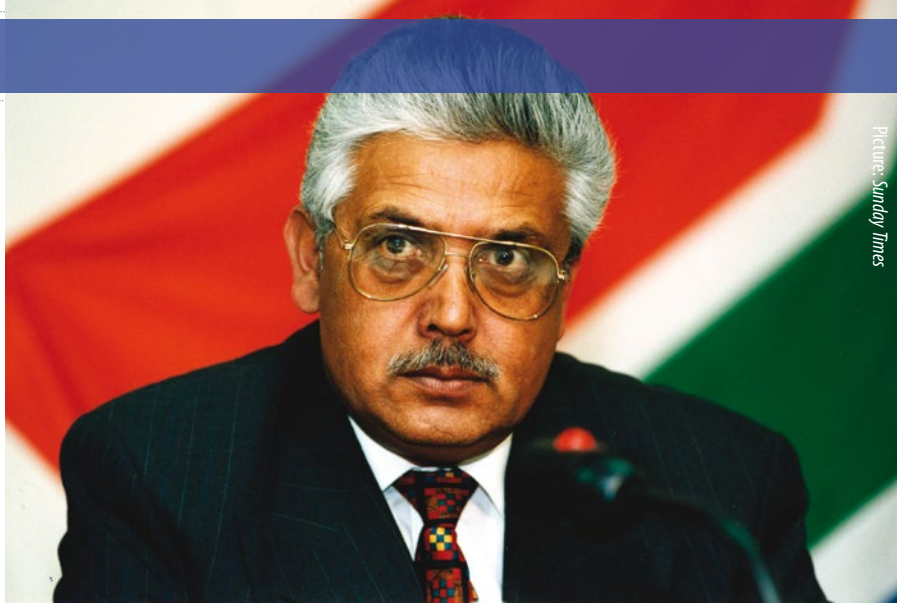
Prior to his sentencing in September 2002, Addinall’s disclosure document was circulated to advocate Paul Louw (senior prosecutor with the Scorpions), SARS investigator Johan Kloppers,

and Inspector Angus Rheeder from the police's commercial crimes unit in Pretoria. "Kloppers and his colleagues came to see me in prison and asked thousands of questions about its contents," says Addinall. "But no one asked me about Selebi."

Thus the potential bombshell sank without trace. Within days of the document being submitted to the court, Addinall was sentenced to ten years' imprisonment – five of them suspended. Although he had from his prison cell accused a whole gallery of rogues (*nose56*), Addinall is the only member of the syndicate to have been charged.

Then early in 2003, at Addinall's first appearance at the secret 152 inquiry into his connection with grey goods suppliers Playtime International and Atlantic Imports, curator Derick de Beer asked him to read his entire disclosure document out loud in court. But neither De Beer, SARS's attorney Chris Malan, nor the presiding officer, Master of the High Court Leon Krige, questioned the explosive reference to the national police commissioner.

Ferrer claims that syndicate pay-offs to Selebi and Maharaj were made through him mainly at his business premises in Rosebank, Johannesburg.



Picture: Sunday Times

Outstretched arm of the law: Ex-Gauteng Police Commissioner Sharma Maharaj socialised with criminals and took bribes, according to Steven Ferrer

Ferrer fled to the US a bare six months later, he knew Maharaj best.

"How Selebi appeared on the scene and what he was doing in order to protect Ismail, and how much he was paid, I honestly don't know," says Ferrer. "But there were regular payments and I know Selebi also received gifts from Ismail.

"They would be R10 000, R5000,

A third member of the syndicate, who spoke to *noseweek* on condition of anonymity, reckons he knows what at least some of the payments were for: Ismail and others were escorted by senior police officers onto flights in and out of South Africa, so by-passing customs and passport control.

Did Selebi know what was going on in the syndicate? "Well, if you think about it, what would have been his reason for being friendly with someone like Ismail?" replies Ferrer. "Ismail was just an importer of smuggled goods, yet he had a relationship that is very hard to understand with Selebi and Maharaj."

Career policeman Sharma Maharaj was appointed Gauteng police commissioner early in 1995. He took early retirement in July 2001 and died following a heart attack at the end of that year, aged 55.

"Maharaj and I were a lot closer than Selebi and myself," says Ferrer. "I wasn't a friend of Selebi, I never socialised with him. I did socialise with Maharaj. He would also come through to Rosebank and collect the money."

Ferrer says that several payments to both policemen were made by cheque on the Mister Jewellery business account with Standard Bank. "I've got records. When I was leaving South Africa I destroyed a lot of what might incriminate anyone. But I do believe that there are still some records and even cheque stubs and copy cheques.

"I left South Africa in a hurry and I took whatever I could and made a fire and burned everything. But only because I started panicking about what was going on. I do believe that I have certain information that is conclusive to support the payments to Selebi and

What would Selebi's reason have been for being friendly with [Imran] Ismail, an importer of smuggled goods?

– Steven Ferrer

When South African businesses such as Hi-Fi Corporation gave syndicate members post-dated cheques for their grey goods, Ferrer would take the cheques and pay them out from his own funds, deducting 3% in commission for himself.

Ferrer fled South Africa for the United States in mid 2000, when he learned he was being investigated by the SA Revenue Service. Since then he has been living in Atlanta, Georgia, where he owns a jewellery and gift shop.

From a snowy Atlanta, the "facilitator of immediate money" says he made payments to the two top cops on the instructions of syndicate member, and serious smuggler, Imran Ismail. Since Selebi was only appointed national commissioner in January 2000 and

R7000, those kinds of payments. That was through me. A lot of it was cash. There were occasions where Imran would say: 'Listen, Selebi's driver has arrived in Rosebank. Won't you do me a favour and just go out and give him this envelope?' That's how it worked.

"I did keep certain records and on occasion I would make out a cheque so that I would have proof if it ever came to this. Jackie would often be with his driver. To this day it confounds me that the country is burning and yet he would come through in his BMW with his driver just to say hello to me.

"I've got witnesses to all these things. Jackie Selebi used to come into the store and I had eight people working there. They all used to see him. I've got a photo of Selebi and myself at a wedding of family of Ismail's."

Maharaj.

"I'm also sure there is a way through Standard Bank of getting that information."

(Standard Bank spokesman Eric Larsen says: "Previously, bank statements and all client information were kept for up to ten years on microfiche. Now, and since 2000, all of this data is stored on a new RMS (Report Management System) that keeps it indefinitely.")

Ferrer says he has made two discreet return visits to South Africa. On one of these, in 2001, Maharaj invited him to a BMW launch function at Montecasino. "We went there that night and we gambled. Maharaj lost a fortune – about R12 000 – and I had to pick up the bill for that."

However, in a personal crisis, the police chief proved invaluable. "One of the issues I came back to resolve was my sister-in-law was getting a divorce and her husband wouldn't sign divorce papers," says Ferrer. "I went to see him and it got out of hand and we got into a fight. I was arrested for it and was supposed to appear in court for assault. I went to see Maharaj and he managed to get the case dropped."

Looking back on the six-or-so years up to 2001 when the syndicate was in full swing, Ferrer says: "These guys, it's unbelievable what went on and how, honestly, I enjoyed it. The sick thing is I enjoyed the contact. And this guy Imran Ismail, he's quite a guy; he's friendly with people that you don't often get to rub shoulders with. It was good living.

"Listen it's not as if I didn't know what was going on. It was completely irresponsible and I understand that. Because people like Selebi and Maharaj were involved made it that much more credible and easier, because I believed that I would always be OK.

"Selebi would always make a point of coming to say hello to me. The last time I was in South Africa he drove through from Pretoria to see me at my store in Rosebank – and all he got was a watch for his wife."

Ferrer recalls another, quite bizarre, meeting with Selebi. "When I got to America I was approached by someone wanting to buy arms and ammunition from South Africa. Back in South Africa, I met Selebi at a gas station in Marlboro and he gave me a quotation for the arms that could be supplied."

So what was Selebi's role in South Africa's arms sales business? Ferrer declines to elaborate.

Why is Steven Ferrer blowing the whistle on Selebi now? The fugitive

is desperate to return to South Africa and says he wants to "clear the air". He explains: "We moved to Atlanta almost seven years ago, but it's almost impossible to make a living here."

He claims he was offered an indemnity by the SARS in return for information, but despite phone conversations with investigators and emails between them, no indemnity has materialised.

And he's fallen out with his once close friend, Imran Ismail. On 7 April 2005 Ferrer had a taped telephone conversation with Derick de Beer, Michael Addinall's court-appointed curator. In this conversation, although not mentioning names, Ferrer let drop that "two officials knew intimately about certain of the syndicate's dealings and that one of them was a very senior person." (He confirms now he was referring to Selebi and Maharaj).

De Beer played the tape to SARS officials and, within hours, news of Ferrer's indiscretion was leaked in detail to the syndicate smuggler Imran Ismail, then in Mumbai, India. A furious Ismail called Ferrer and warned him to keep his mouth shut.

"I've given Imran every opportunity to at least clear the air. I was looking at protecting him," says Ferrer. "In fact when the SARS were offering me immunity, I was looking at possibly doing this for both of us. But when he found out I was talking to them and he warned me not to give them that information; that's the last time..."

"I've tried to make sure that Selebi and I stay on the same side, because I believe that he is the one that could actually see me right here. Ismail met with Selebi but I wasn't present, obviously, and I haven't spoken to Ismail since, but I gather that Selebi was angry and warned him that he had to contact me and set the record straight."

Ferrer's 19-year-old daughter is returning to live in South Africa. And Ferrer hopes that he and his wife Jaylene will not be far behind, indemnity or not. He just wants the syndicate's sordid secrets out in the open and to get on with his life. To this end, Ferrer has dispatched an emissary to collect those cheque stubs detailing his payments to the two police chiefs.

"Between you and me, I've actually thought of coming back and facing the music," he says. "I wouldn't like to know that I'd get ten years like Mike got. But if you're anything like Yengeni then you get out after four months. I wouldn't mind that. To clear the air, I can tell you I'd love a compromise." ■

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Addinall takes on SARS

MICHAEL ADDINALL, who served 29 months of a five-year prison sentence for allowing a syndicate to use his Absa bank account to shunt R469m illegally offshore in the Great Forex Scam, is planning a multi-million rand action against the SA Revenue Service, seeking damages for wrongful arrest and sequestration.

Addinall, now 48, was arrested on 11 August 2002, having sneaked back into South Africa from his new home in Palm Springs California, to attend the wedding of his daughter Michelle in Heidelberg.

In his affidavit seeking an arrest warrant, SARS legal adviser Hermanus Visser stated that Addinall traded under and was sole proprietor of, two companies, Playtime International and Atlantic Imports.

Atlantic, said Visser, had supplied Hi-Fi Corporation with goods worth R65.9m; Playtime had supplied R29m-worth – a total of R94.9m.

Playtime and Atlantic had charged Hi-Fi Corp VAT, but neither entities were registered and both had bogus VAT numbers. With penalties and interest, VAT due to SARS came to R40,2m. Visser claimed that Addinall, who “at all times traded under the name and style of either Atlantic Imports or Playtime International” had also under-declared taxable income assessed at R130,3m, bringing the total he owed to R170,9m.

Two other SARS officials, Hendrik Brits and legal manager Pieter Engelbrecht, filed affidavits stating that the contents of Visser’s affidavit was true.

On the strength of their assurances, an arrest warrant was issued on 4 August 2002. It stipulated that if Addinall failed to furnish security for R170,9m he should be committed to prison.

Addinall always denied any connection with either Playtime or Atlantic. But for the VAT offences he was charged with 106 counts of theft, and for making misrepresentations regarding taxable income he was charged with six counts of fraud.

However, after Addinall’s advocate Cedwin Toweel met with prosecutor Paul Louw (from the national prosecut-



Comeback kid: Convicted money launderer Michael Addinall wants millions in damages

ing authority) and Theresa Kanne-meyer (from SARS), it was agreed in a plea bargain agreement that the above charges would be replaced by one single count of money-laundering. In a letter to Louw five days after their meeting Toweel said: “It is confirmed that, if Mr Addinall pleads guilty to such an offence, no further prosecutions, whether from the SA Reserve Bank, SARS or the Department of Trade and Industry will be instituted against Mr Addinall [over the period of the alleged transactions].”

With both sides in agreement, Addinall’s pleading and sentencing 13 days later, on 11 September 2002, took only minutes before he was on his way to prison to begin a 10-year sentence (five years suspended).

But SARS almost immediately launched sequestration proceedings against him over the R170m, although it was not until early in 2004 that Addinall was finally sequestrated.

In May 2004, in *nose56*, we published Addinall’s dossier exposing many of the players in the syndicate. We questioned

why, although Addinall had offered SARS every assistance in bringing his former associates to justice, nearly two years on there had been no arrests. And in *nose59* we asked why it took eight months into his sentence before Addinall received his first prison visit from SARS, in the form of its investigator Johan Kloppers.

Our stories caused quite a fuss. But when the continuing section 152 secret inquiry into Addinall’s connection with Playtime and Atlantic re-opened in December 2004 there was some astonishing evidence from Hi-Fi Corporation’s managing director, Diane Bowran, who had been chief buyer at Hi-Fi when Playtime and Atlantic supplied the company with electronic goods. Under questioning by Addinall’s curator, Derick de Beer, she admitted that she had never dealt with Addinall, and that to her knowledge he had no connection with either Playtime or Atlantic.

In his official minutes, De Beer, noted: “With information received during the section 152 inquiry on 29 and 30 November 2004 and 1 December 2004,

Addinall's view is that he has served his sentence for money laundering; that he confessed to receiving commissions from it in his pre-sentencing disclosure and is therefore not liable to be penalised for them

It is now clear that SARS cannot now assess Mr Addinall in terms of Playtime and Atlantic because Mr Imran Ismail (Yes, the same Imran Ismail featured in our Selebi Bombshell story on pg 7) is the entity behind these two companies."

This development made nonsense of the affidavits sworn by Messrs Visser, Brits and Engelbrecht from SARS, in the application for Addinall's arrest warrant. It also made nonsense of his subsequent sequestration. If Addinall had no connection with Playtime or Atlantic, as he had always insisted, how was he responsible for the R170m SARS was seeking for their activities?

In prison, Addinall was desperate to have his "wrongful" sequestration set aside. He was equally desperate to have his prison sentence converted to correctional supervision, so he could be free to assist SARS investigators with their inquiries into the syndicate.

But the Revenue's legal eagle Elle-Sarah Park, in what Addinall describes now as "pure blackmail", told him in a prison visit that SARS would support his application to have his sentence converted – on condition that he dropped his application to have his sequestration set aside. Addinall refused and Park submitted a strong letter to the parole board urging that his application for correctional supervision be denied and that Addinall should serve his full sentence.

So in prison he stayed. It was almost a year later, on 8 December 2004, that Park and senior enforcement officer Johann van Loggerenberg visited him at Pretoria Central prison, and presented a new tax assessment. Commissions he had received from the money-laundering between 1997 and 2002 had been assessed at R6.8m. With penalties, the total now due was over R19m.

Sign your acceptance of this or we will oppose parole again and bring additional charges, rapped the revenue duo.

When Addinall reminded them of the plea bargain agreement, Loggerenberg said that Theresa Kannemeyer, SARS's representative at those talks, had not taken the recoupment of taxes into account and that "therefore the policy was not properly followed". [*Hardly grounds for reneging on an agreement – Ed*].

So Addinall signed. He was released on parole two months later, on 10 February 2005. In Addinall's view, he has served his prison sentence for money laundering, and confessed to receiving commissions from it in his pre-sentencing disclosure, so is not liable to be penalised for them – they were part of the plea bargain agreement.

It was only in February 2006 that SARS wrote to Michael Addinall admitting they had booted over Playtime and Atlantic. The assessments for tax and VAT from 1997 to 2002 [totalling R170,9m] "were based on the income of the businesses Atlantic Imports and Playtime International," ran the five-line letter from one FJ Garner (specialist, Gauteng North). The assessment "has been reduced in its totality and does not apply to you any more."

The letter confirmed that the new R19,2m (with penalties) assessment was based on "commission earned on forex transactions."

On that controversial 2002 plea bargain agreement, advocate Cedwin Towel writes from his new life in Australia: "Mr Addinall pleaded guilty on the basis that NO further charges by any government agency would be brought against him and that he would assist the relevant authorities in their investigations. It would have been ludicrous to plead guilty to one charge knowing that Mr Addinall could be charged with countless other charges as soon as the court proceedings in the first case were finalised. I would never have agreed to such a deal."

Michael Addinall is seeking an attorney and advocate to take his damages case against SARS, on a contingency basis. ■

See page 7: 'Jackie was on our payroll' – money launderer.

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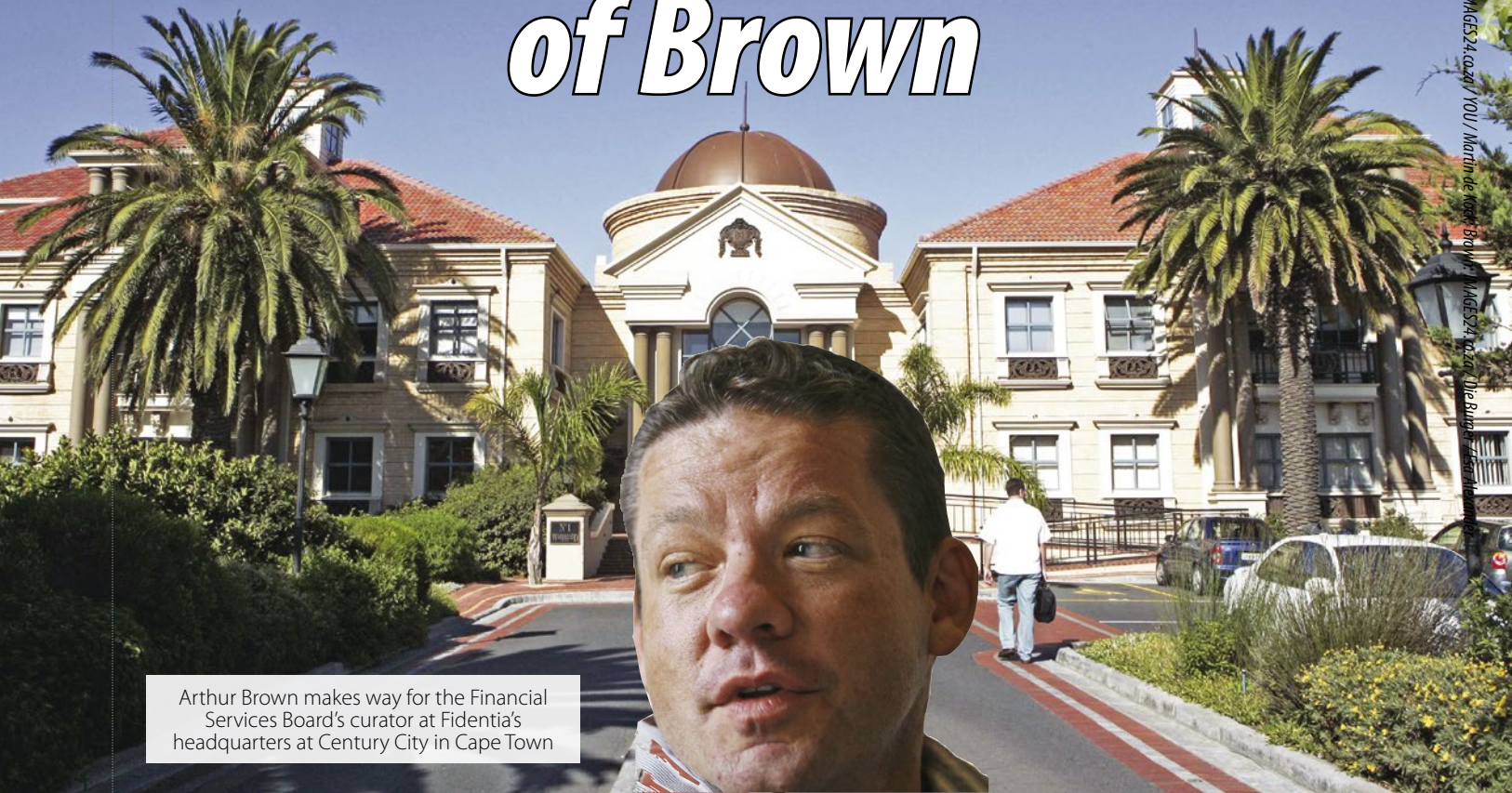
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Fidentia: Shades of Brown



Arthur Brown makes way for the Financial Services Board's curator at Fidentia's headquarters at Century City in Cape Town

Pictures: Fidentia HQ: iMAGS24; car: YOU; Martin de Kock; Brown: iMAGS24; near: The Buntz; Zebra: iMAGS24

NO — WE DON'T KNOW where the money is. Nor do we know to what extent the accounting records are deficient. No doubt all will become clear when the matter goes back to court this month. But there is a side to the Fidentia story which hasn't been told — a side the mainstream press were unlikely to publish, either because they couldn't get their heads around it, or because they didn't want to upset the financial establishment (in this case the Financial Services Board (FSB), a major source for their stories, and big advertisers such as Momentum Life and FirstRand).

The known story goes like this. An obscure financial services company, Fidentia Asset Management, had suddenly become one of SA's biggest financial management groups, managing funds for the likes of the Mine Workers Provident Fund (MWPF), and with the big banks happily entrusting

hundreds of millions to its care. Then, just as suddenly, it's under curatorship by the FSB, which says Fidentia's bookkeeping is up to maggots and hundreds of millions are missing or have been invested in places they oughtn't to have been. Orphans and widows of mineworkers haven't been paid their allowances for months and risk losing out entirely. Arthur Brown, a man none of us had heard of until yesterday, is personally responsible. And he drives a Ferrari, which, according to *Personal Finance's* Bruce Cameron, clinches the argument.

Not quite. For a start, at *noseweek* we take a less sanguine view of the FSB's commitment to keeping the financial services industry on the straight and narrow. Their handling/coverup of the Saambou collapse has bordered on the positively shady; Masterbond they turned into a liquidators' fee extravaganza (their only real concern seems to have been to cover their own dirty tracks); Crusader Life ... the FSB has somehow never got around to telling us what really happened there.

All we do know is that one of the more eminent rogues in the Crusader saga who got off scott-free, then FNB boss Basil Hersov, continues in life as a successful broker of secret arms deal "commissions".

The public's lack of confidence in the FSB is only matched by its growing lack of confidence in banks, insurance companies and the financial services sector in general, where the terms "rip-off" and "mega-buck packages for top executives" come to mind long before "good service" or "fair deal".

So, while there are many reasons for being critical of Fidentia, nothing is to be taken at face value — not even that Ferrari, as it transpires: two years ago Brown bought an old 1972 Ferrari Triple B from a friend for R200 000 — and sold it two months later for a similar amount. He actually drives a luxurious, but much less flamboyant, Lexus 470 — when he's not driving the family VW Caravelle.

When there's a fallout amongst, no, not thieves, but "financial practitioners", you're sure to learn more about all of them.

IN

DECEMBER 2002 Brown Brothers, the company Brown had formed in 1999 with his two brothers, bought the dormant Fidentia Asset

Management for just R!100 000. To operate they needed someone the FSB would approve as a "key individual". Enter ex-JSE employee Rudi Bam who persuaded Brown that he could get the approval in return for a 5% shareholding. (In the end, Bam got 30%). But a year passed without Bam getting FSB approval. In September they revealed that this was because he had been fired from the JSE for financial impropriety.

For this reason, says Brown, Fidentia parted company with Bam. (Although Bam's resignation letter in November 2006 says: "The lack of transparency in the Brown Brothers Group and its business dealings create risk for me as a director.") They agreed to pay him a healthy R8.5 million for his shares, plus his R1.25m tax liability – the sort of "pally" deal that's now standard in the industry, but leaves clients perturbed.) Fidentia found a new partner, who was given FSB approval almost immediately.

To kick off, Fidentia bought Software Futures, which provided the know-how to supply administration integration services to various sectors. It bought smart card management company Infinity. It bought Matco, the company charged with paying monies invested by the MWPF to the families of men killed in mining accidents. With this deal, Fidentia became South Africa's largest administrator of death and disability benefits into trusts, administering around 80 000 trusts.

Lest it be accused of being boring,

Fidentia bought the acclaimed Sante Winelands Hotel & Wellness Centre, a 50% shareholding of Boland rugby, and 100% of the Manning Rangers soccer team. And it did some warm and fuzzy social stuff too – a cricket sponsorship, a sponsorship of a youth choir and a youth sports academy (Fidentia paid the living and tuition fees of some 160 children), a R4 million bursary fund...

Fidentia took empowerment seriously too. No half-measures for Mr Brown, he went straight to the A list and appointed Danisa Baloyi to his board – 2003 Businesswoman of the Year, BEE champion, executive director of the National Black Business Caucus, director with Mrs Mbeki of SA Women Investments Holding, SA Tourism, Denel, the Don Group (the hotels not

the mob bosses), AMD, ABSA, Adcorp – we could go on and on.

At about this time Bam returned to the scene – claiming that he was still a shareholder and demanding to be paid out (at the then current share price). After he threatened Fidentia with exposure of reckless trading if it didn't pay up, Fidentia sued Bam in the Cape High Court for the return of its shares. Bam defended the case – and in August filed an affidavit at court containing some devastating charges about irregularities at Fidentia. (These charges are clearly the basis of much that had emerged from the FSB and in the press in recent weeks.)

In November 2006 Judge Dennis Davis found for Fidentia and ordered Bam to transfer his shares for no more

payment.

But Fidentia's most critical acquisition would be companies held by MCubed, a group with three distinct businesses – MCubed Unit Trust Management, Automated Outsourcing (AOS), and a life insurance business called MCubed Life. Fidentia bought MCubed Unit Trust Management and renamed it Ayanda, which resulted in Fidentia being the largest unit trust management company in the country. Fidentia also bought AOS – another smart move, because in May 2006 AOS won the administration contract for Satrix, ahead of Absa. AOS does unit trust administration for all four of the



big banks and has some R35 billion under administration.

But a due diligence that Fidentia commissioned on MCubed Life revealed some serious problems. For example the company ran two pension preservation funds without FSB or SARS approval. Fund accounting had never been done. Conflicting statements had been submitted to the FSB, and some R100m was owing to SARS (it eventually settled on R80 million). MCubed Life's business methods clearly breached exchange control regulations. And – one of the responsible MCubed executives had a cocaine problem, claims Brown, who says that the man was a close personal friend of FSB head Rob Barrow.

Yet the FSB had queried nothing



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FSB's Barrow boys

A FORMER SENIOR FSB inspector (who resigned to take a job at Fidentia), has some interesting things to say about the FSB. His allegations are alarming in the light of Trevor Manuel's ringing endorsement of the FSB in the *Sunday Times* of 18 February 2007: "If the public are not confident that we are able to put something away for our children without the money being lost, then we break the link with the future."

The former inspector's "report" alleges that the FSB is run by an inner circle consisting of head Rob Barrow, deputies Gerry Anderson and Dube Tsedi, head of inspectorate Dawood Seedat, and HR head Jabu Hlelatoa. Seedat, as inspector, should by law act independently of the registrars.

Hlelatoa, it is claimed, has a "propensity to accept bribes" and is currently being investigated for taking kickbacks. Dube Tsedi, who is being groomed for the top spot, "is known" to promote female staff for personal favours – there are stories of him fathering a staffer's child; of a special promotion for one young lady; of getting someone who alleged sexual harassment fired. Seedat apparently tells anyone who will listen that he was a Scorpion (wow!) and that his political connections will get him the role of Auditor General within three years.

Jurgen Boyd – the keen fisherman of our main story – though not in the inner circle, is well connected, having been employed at the same accounting firm as Seedat. It came as a surprise when Boyd was promoted to his position in pensions as he has no knowledge of the subject. ("It's something of a standing joke at the FSB that incompetence is rewarded.") Boyd is "known for accepting corporate gifts in excess of policy amount", and it is said that "collegial relationships exist between Boyd and a number of industry players".

The Fidentia inspection, says the ex-inspector, is riddled with impropriety. Rob Barrow, Gerry Anderson and Dawood Seedat are treating this matter as a vendetta and are using their old pal, Bruce Cameron of *Personal Finance*, to drive public opinion against Fidentia. The vendetta relates to information that Fidentia uncovered in its due diligence at MCubed Life, and the mess at the MWPF. Seedat claims this case will make his career.

He alleges the recent Alexander Forbes exposé came about through illegal leaks from FSB officials; that the Fedbond scandal was caused by the FSB giving approval where it shouldn't have been (Rob Barrow personally overruled recommendations that no approval be given); that Gerry Anderson awarded care of the Ovation and Common Cents financial businesses to an unrehabilitated insolvent; that Vantage Pension Administrators (Leslie Zulberg) was not licensed to accept pension monies into its account, which the FSB overlooked, and only when Zulberg started making noises of improprieties at the FSB, the FSB investigated Vantage (Dube Tsidi at some stage replacing the investigators with someone close to the inner circle and quite happy to alter reports, one Cor Potgieter) and then put it under curatorship.

Documents, reports and client's information are regularly altered to support whatever position best suits the FSB, he says. Rob Barrow personally altered the FSB's 2006 management report which went to Parliament, despite objections from staff members.

The FSB declined to comment on our main report but rose to this one.

Says spokesman Russel Michaels:

The information that you have received is obviously sourced from a person who was employed by the FSB up until the end of January 2007 when he left to join Fidentia which was placed into curatorship on 1 February 2007 and he found himself without employment. The information, in most cases, is untrue, speculative and uninformed and any person who is responsible for the publication thereof will in due course be held accountable in terms of the confidentiality requirements contained in FSB Legislation.

We trust that people reading your journal will appreciate that you publish this type of article purely for sensation and that it is fraught with inaccuracies and untruths.

It is also extremely unfortunate that you would be prepared to print something of this nature which is clearly an act of vengeance by parties who seek to detract from the consequences of their actions thus attempting to undermine the integrity of the FSB and the financial services industry in South Africa.

The FSB and the people mentioned reserve all of their rights if you proceed to publish this article. ☐



Danisa Baloyi

Picture: IMAGES24.com / Daily Sun / Sipho Mkhulu

and had somehow contrived to give the company a clean bill of health. Brown did raise questions with the FSB but it said all was well. Brown wasn't convinced and decided that he would do things by the book to ensure that Fidentia had the necessary approval.

Brown's attitude worried MCubed, because it saw the possibility of the deal falling through. Then MCubed director Bruce Dunnington phoned one day to say he'd arranged for Brown to meet the FSB's then head of Collective Investment Schemes (now Deputy Executive Officer, Pensions), one Jurgen Boyd. The meeting would take place the following evening at a restaurant in Mandela Square. Brown found this a bit strange (meetings with senior civil servants normally take place in dreary government buildings), but, as Boyd would tell him on a later occasion, the FSB prefers the "eyeball to eyeball" approach. Brown pitched up with a senior Fidentia employee, and the two watched Boyd drink generous quantities of some very expensive whiskey, courtesy of Fidentia. Boyd, says Brown, spoke passionately of his love for deep-sea fishing, and of his children's new interest in quad bikes – and chatted on about "the price of doing business in Africa".

Now Brown didn't like the price of doing business in Africa Boyd's way. But MCubed's Dunnington apparently did. A few days later, says Brown, Dunnington told him that he had arranged

to take Boyd on a deep sea fishing trip. Days later the FSB licence arrived. (Boyd admits meeting with Brown, admits talking about fishing but can't remember anything about quad bikes, denies that he was taken fishing in Durban by Dunnington and says Cape Town's his spot for deep sea fishing. Dunnington didn't return our call.)

Brown was still concerned that Fidentia could be liable for the period that MCubed Life operated without approval, so he asked the FSB to indemnify Fidentia for any claims which might come out in the woodwork. The FSB declined, and launched its own investigation into MCubed Life. According to Brown the FSB's Phillip Langenhoven told him not to buy the life company because the whole thing was "such a mess". It seems the FSB was keen to get its hands on the due diligence report done by Fidentia on MCubed, and FSB staffers told Brown that FSB head Rob Barrow was worried that Fidentia would sue the FSB for carelessly giving MCubed a clean bill of health. Brown took the FSB's advice.

The FSB, however, has never seen fit to warn the public about the mess at MCubed Life. And when Fidentia announced that it wasn't proceeding with the purchase, MCubed Life's share value dropped some 260%. A real blow to big shareholders like MCubed MD, John Storey? No says, Brown – Storey sold his shares just at the right time. Phew!

Besides holding on to MCubed Life, MCubed also kept its 50% shareholding Advantage Asset Management (the other 50% was held by Momentum Life) – Advantage had, in fact, been running MCubed Unit Trust Management's business for the past four years. Now this was clearly unlawful because Advantage had no licence to do so. MCubed Unit Trust Management had the licence.

Advantage was also acting as asset manager and as administrator instructing the trustee. By law, according to Brown, these must be separate entities. Advantage was, in fact, operating as administrator instructing the trustee, in place of Absa – this was illegal, but Absa had taken the precaution of getting an indemnity from Advantage should it get caught. Even when it was told about this, the FSB did absolutely nothing.

Which meant that all Fidentia got for its R18 million payment for MCubed Unit Trust Management was the licence – no clients, no business at all. Advantage then applied for its own licence, and, thanks to Momentum's influence, got it double-quick (six weeks rather than the usual six months plus)

– despite the fact that if you've traded without a licence there must be a full investigation.

TO ADD SALT to the wound, Momentum director Frans Truter and Leon Von Moltke of Rand Merchant Bank told two senior Fidentia employees to "play nicely" or face the consequences – which Fidentia understood to mean they should accept the situation. Brown was outraged, and threatened to expose Absa for allowing Advantage to act on Absa's behalf. The threat worked – Absa made sure that Fidentia got the full unit trust business, including the clients. Because Brown was concerned that Fidentia would face claims for MCubed's past conduct, Fidentia wrote a very detailed letter to the FSB on 17 May 2006, demanding that it enforce the Collective Investments Schemes Control Act.

That, contends Brown, is what triggered the FSB's action against Fidentia.

Which is not how Advantage and Momentum tell it. According to Advantage Asset Managers' MD Morris Mthombeni, MCubed Unit Trust Management outsourced the management function to Advantage Asset Managers in terms of a portfolio management agreement; the investment administration it outsourced to AOS. MCubed Unit Trust Management itself retained only the compliance function. This, he says, is perfectly lawful. By the time it heard of Fidentia's offer to buy MCubed Unit Trust Management, Advantage had already decided to form its own unit trust management company and applied for a licence. This licence took six months, not three weeks, to get. Whilst Fidentia was awaiting regulatory approval for the MCubed Unit Trust purchase, Brown met with Advantage and tried (unsuccessfully) to persuade it not to move into unit trust management. When Fidentia's purchase of MCubed Unit Trust Management went through Fidentia fired Advantage as the portfolio manager and asset administrator, and instructed it to liquidate the portfolio and transfer the proceeds to Fidentia. Advantage asked the FSB for directions and were instructed to ignore the instruction until such time as the issue could be cleared up at a meeting.

Various meetings took place where Fidentia alleged that it had no knowledge of the agreement between MCubed Unit Trust Management and Advantage. Advantage disputes this – it was right there in the Fidentia due diligence files!

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In any event, Fidentia had previously tried to buy MCubed Holdings' share of Advantage, which showed that it knew that it needed the company (the share was eventually bought by Momentum for R140 million).

Eventually an agreement was reached in terms of which Advantage kept the bulk of the business. Momentum director Frans Truter remembers meeting with Fidentia, but denies making any threats.

Brown insists that he has never seen a portfolio management agreement and that Advantage has never been able to present such a document to either Fidentia or the FSB. Besides an agreement like that would be illegal – you can only outsource to a licensed company and Advantage wasn't licensed. (Brown says there's still an ongoing FSB investigation into

the matter.) As for Advantage's dream of owning an asset manager company, Brown insists that Advantage's application was completed in no more than six weeks. And Fidentia has acquired all of the business which it bought.

So much for that.

The other story hidden away in the "known" story relates to the Mine Workers Pension Fund, and Fidentia's purchase of Matco.

The MWPF employs a company called Lekana to administer the fund, and also employs various asset managers. It also instructs a separate company to act as trustee for paying out benefits – in this case Matco, a section 37(C,2) trustee which pays the beneficiaries' monthly expenses and preserves the capital, and instructs an asset manager to take care of surplus funds. When Matco had this

position it instructed Old Mutual Symmetry as asset manager.

TO ENSURE THAT it received and kept the business, Matco had been paying kickbacks to the MWPF and to Lekana (a R600 000 monthly payment, for example, was disguised as rent). These payments, according to Brown, totalled many millions. Former MWPF executive officer Frans Mahlangu, who has of late been cast in the role of the hero who lost his job when he tried to expose the rot, was a major beneficiary of Matco's largesse. He drove a car paid for by Matco and his bond payments were met by Matco, as were his children's school fees.

Not content with getting kickbacks, Mahlangu, says Brown, ran a lucrative fraudulent claims business on the side. (A certain C N Gxebeka was receiving payments as the wife of four mineworkers, the mother of three, the guardian of four and the sister of two – we have a whole file on this). Mahlangu worked out of Lekana's offices, which clearly already compromised his independence.

When Fidentia bought Matco in October 2004, its name was changed to Living Hands. Fidentia then took the asset management function away from Old Mutual Symmetry and appointed Fidentia Asset Management. Brown asserts that in the period that Fidentia performed the trust function, Fidentia achieved what Old Mutual couldn't – capital growth. Brown says it grew from some R1.028 billion to R1.1 billion, despite some R450 million being paid out to beneficiaries. He rejects the allegation made by Mahlangu that there were ever incomplete or late payments to beneficiaries. Putting a stop to the kickbacks, says Brown, made it much more difficult for Mahlangu to run his fraudulent claim scheme.

Frans Truter of Momentum, who is also chairman of Lekana, tells *noseweek* that there's an investigation going on into corruption at Lekana and the MWPF, which Lekana administers. Lekana's shareholders are the Mineworkers' Investment Company (MIC) and Momentum (which is also a shareholder of Advantage). The sole shareholder of MIC is the Mineworkers Investment Trust, which is controlled by the National Union of Mineworkers (NUM), and it's basically the vehicle whereby mineworkers became part of the capitalist system in the new South Africa. MIC has a 1% shareholding in Firstrand, and its CEO, Paul Nkuna,

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is a director of Firstrand. Lekana's CE is Philip Mjoli and he's on the board of Momentum. Which is a wholly owned subsidiary of FirstRand. So it's all quite cosy between the MWPF, Lekana, Momentum and Firstrand.

It turns out there's been a bit of problem with MWPF's database. A computer whiz called Suiki Alston who was employed by Lekana, ostensibly to clean up the database, was fired when she expressed concern at the potential for fraud. When she leaked information to the MWPF trustees and the FSB, she was threatened by attorneys Routledge Modise.

In 2003, auditors Deloitte did a small (R99 000) audit of the MWPF and noted, without comment, that the funds' membership had dropped in one year by some 38 000, mainly because of "linked or duplicate records". In 2004, KPMG did a big (R600 000) audit and, although being quite soft on Lekana, did note that "the lack of segregation of duties" could cause "manipulation of data" and that "from the mine could be changed through human intervention". It also noted that in 2001 a "syndicate was exposed that was defrauding the Fund by means of fraudulent retrenchment claims". Brown's reckons the FSB is investigating because he's managed to piss off a lot of people, particularly

at Momentum and the FSB. We're not taking Brown's word for it – charges against Fidentia have gone way beyond the "complaints" that Brown alleges are all he's been told about.

Noseweek notes that one of the FSB appointed curators is none other than George Papadakis. In *nose86*, in a piece dealing with the Kebble saga and tax fraudster Mauro Sabbatini, we said: "Gobodo Forensic and Investigative Accounting has no qualified accountants on its staff. The office is headed by George Papadakis, as legendary as Sabbatini for his connections in the SARS and his skill in 'fixing' things – like getting criminal investigations to 'disappear'".

Apart from firing staff, the curators are looking for buyers for Fidentia's assets, including Sante. A few months back it was regarded as Africa's top spa destination and ranked in the world's top twenty – worth R600m says Brown. It would be a great pity for the widows and orphans if the value dropped dramatically. On the other hand this wouldn't be such a pity for a man from Forever Resorts, who, within days of the curatorship, arrived at Sante to examine the property with a view to purchasing it. And let it slip that he's a close personal friend of Dawood Seedat. Who heads the FSB investigation into Fidentia. ■

Cameron and Cameron

BROWN BELIEVES *Personal Finances'* Bruce Cameron has been the driving force behind the FSB's investigation of Fidentia. In an interview with Bruce Whitfield, when asked whether the FSB was responsible for the fiasco, Cameron declared: "You know it has been a very tough job for the FSB. I do have some sympathy with them because we have been working on it (the Fidentia enquiry) and keeping the FSB informed of what we have been doing and investigating, but Fidentia have been using lawyers at every turn. As soon as somebody walks into my office with a lawyer immediately I get suspicious. I think he arrived in his Ferrari too."

Moneyweb website's also had plenty to say about Fidentia. In "Fidentia: It's our worst nightmare" it claims that: "Brown and his cronies – retired cricketers Eric Simons, Dave Callaghan and Merrick Pringle are amongst the 'employees' who have looted the Living Hands Trust, previously worth R1,2bn, almost to the point of extinction". Alec Hogg apparently watered this down

after complaints from the sportsmen.

And on 12 February, Jackie Cameron, in a *Moneyweb* piece on Brown's wife, Susan, owner of the Facets gym says: "Cape Town's pole-dancing queen, wife of Arthur, does a disappearing trick" – apparently because Cameron couldn't find Susan Brown at her "four-storey playpen". (The Facets gym offers pole-dancing exercises at its large premises in Century City.) And in "Browns' leading ladies," she dealt with Brown's alleged affair. Of Fidentia employee Angelique Tostee, she says: "An attractive blonde, Tostee has been named within Fidentia circles as Brown's 'blue-eyed girl'". And, says Cameron, Sandi Dekker, manager of Sante, is "said to enjoy a good relationship with Brown". The gossip according to Cameron, is that Sante is "playing host to Arthur Brown who has been avoiding the media spotlight". Whatever are you saying Jackie? Financial journalism at it's best! Perhaps Brown has reason to refuse to talk to *Personal Finance* and *Moneyweb*! ■

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Fat chancers

Gullible dieters are worth their weight in gold to pedlars of dicey 'remedies', whose inflated claims the Advertising Standards Authority seems unable – or unwilling – to stem

SOUTH AFRICA IS A GREAT PLACE for pedlars of snake-oil, slimming aids and other untested and unproven “therapies”. This was highlighted again in January when the Advertising Standards Authority refused to pursue a complaint of misleading advertising brought against the BioSlim Once-a-Day “weight-loss system”, one of a stable of weight-loss products marketed by GloMail.

The reason given was that the complainant, Cape Town medical doc-

tor, consumer activist and sometime adviser to the Department of Health, Dr Harris Steinman, had been late in filing independent pharmacological evidence contradicting BioSlim’s claims.

Speaking to *noseweek* after the ruling, Steinman accused the ASA of putting “legal niceties” ahead of scientific facts and the public health. Steinman, who is challenging a number of slimming aids through the ASA, began his campaign against Once-a-Day in

December 2004. His complaint then concerned a television commercial which featured testimonials from several women who said things like:

“The wonderful thing about Bioslim Once-a-Day is you take the tablets in the morning and you just forget about it for the rest of the day ... you don’t have to watch every little thing that you eat.”

The ambiguous disclaimer “Effective when used in conjunction with a kilojoule controlled diet” only appeared

as a title for two seconds at the end of the ad.

Steinman argued that the overall impression left by the ad, in spite of the disclaimer, was that you could eat anything you liked and still lose weight if you took the pills. He also said that the active ingredients in BioSlim, even if they did what they claimed, would only be effective for a couple of hours, not all day.

BioSlim, in an expert substantiation supplied by Allison Vienings, director of a Pretoria-based company called MRA Regulatory Consultants, disagreed.

In her written submission, Vienings states: "The product label claims can be considered true in the context of the efficacies of the active ingredients contained in the products and the recommendation that the product be used in conjunction with a kilojoule restricted diet.

"The product name was never intended to insinuate that the product or ingredients remain in the body for 24 hours. The statements in the commercial, such as 'You take the tablets in the morning and you just forget about it for the rest of the day', cannot be interpreted to imply this."

Even the ASA, which accepted that "MRA Regulatory Consultants are *ex facie* independent, credible and experts in the field to which the claims relate", wasn't swallowing that.

It ordered BioSlim to withdraw the advert until it could substantiate its claims. Instead, the company made a new ad featuring a woman who said she had lost 16.1 kg in four months by taking Once-a-Day. This time, there was no reference to eating what you liked or taking the pills once a day and the disclaimer is clearer: "Only effective when used in conjunction with a kilojoule-controlled diet" (our emphasis) and runs as a subtitle throughout the ad.

While this ad was approved by the ASA, it did not satisfy Steinman. "The overall impression is still that taking these pills will help you lose weight, Otherwise why would people shell out R130 a pop instead of just going on diet?" he says.

When his complaint against the second advertisement was dismissed, Steinman launched an appeal supported by a counter-substantiation from a medical doctor and associate professor of pharmacology at Rhodes University, Dr Roy Jobson, who is currently working on a doctoral thesis on the advertising and marketing of medicines in South Africa.

Fighting for years

ALLISON VIENINGS, a former employee of the Medicines Control Council (MCC), has developed strong ties with the alternative medicines industry.

When she left the MCC, she formed her own consultancy, which she called Medicines Control Consultants (MCC). This may have been a coincidence, or a deliberate attempt to confuse people. When the Department of Health established its Medicines Regulatory Affairs division (MRA). Vienings sold her MCC business and started a new consultancy called MRA Regulatory Consultants. Another confusing coincidence.

Her main business is helping her clients to register their products – conventional medicines or the "complementary" sort – with the MCC (that's the Medicines Control Council, not the other one),

She is also a director of the Self

Medication Association of South Africa (SMASA) which includes the marketers of both registered and unregistered "over-the-counter" products.

She has been responsible for a number of substantiations submitted to the ASA on behalf of various Glo-Mail products. According to the ASA, GloMail pays Vienings for her work, which is common practice.

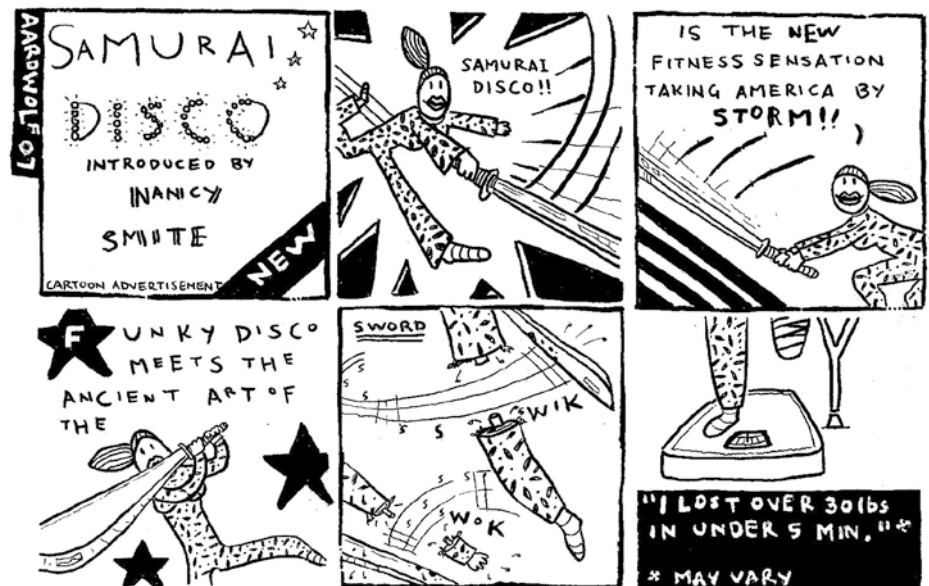
When *noseweek* asked her to comment on the Once-a-Day case, Vienings said: "I'm not convinced I want to get into any further arguments with Dr Steinman. I've been fighting with him for years. I'm beyond it. I can't be bothered any more."

She agreed to look at a list of email questions about the effectiveness of Once-a-Day and her own standing as a credible and impartial expert, but no replies were forthcoming at the time of going to press.

But because this evidence was submitted after the deadline laid down in the ASA Code, Steinman's appeal was rejected. Undeterred, he requested outside arbitration and condonation for late filing. Condonation was initially granted, but, after another appeal by BioSlim, his case was finally dismissed in a ruling delivered by the

chairman of the ASA Appeal Committee, former judge Mervyn King, last month.

Steinman said the only reason the ASA Directorate found Vienings's substantiation credible was that none of them were scientists. They were "too easily impressed by pseudo-scientific claims".



“Nothing Vienings says is backed up by science. The ASA just looked at her CV and took everything she said as gospel.

“There is no scientific evidence that any of the ingredients in BioSlim Once-a-Day has any effect on weight. None of the active ingredients has been clinically tested on humans.

In his submission, Jobson writes: “In my opinion, the plain English understanding of the claims made for the product would be that by using the product an individual’s capacity to lose weight would be enhanced above and beyond that which would be attainable by a kilojoule controlled diet alone. I could find no evidence that this prod-

Comprehensive Database, a respected on-line resource centre also quoted by Vienings, which “recommends against” using three of the listed ingredients in Once-a-Day (pyruvate, garcinia and chromium) because of safety concerns.

Jobson also challenges the credibility of Vienings as an “independent research expert”.

“One interpretation would be that this expert has completed and published postgraduate research in a reputable journal, or has completed and published self-initiated research in a reputable journal. I was not provided with any evidence of this. Another possible interpretation is that the expert has the capacity to conduct a thorough literature review. However, this would normally require making explicit the search strategy, in particular specifying the inclusion and exclusion criteria for selecting the articles or the reference materials. I could find no evidence of an explicit search strategy in the submission supporting the product.”

But it’s not just question of effectiveness or credibility, but of legality. In previous complaints against advertising for BioSlim Fat Attack and BioSlim Hoodia, the Department of Health stated that both products contravened the Medicines and Related

There is no scientific evidence that any of the ingredients in BioSlim Once-a-Day has any effect on weight

– Dr Harris Steinman

Only one ingredient proved effective in animal trials and then only in doses many times stronger than those in this product. Some of the ingredients may even be harmful, especially in combination.”

Steinman’s opinion is fully supported by Roy Jobson.

uct would enhance the capacity to lose weight beyond what would be achieved by a kilojoule controlled diet alone. “

Jobson questions the lack of independent “certificates of analysis” for the ingredients and the lack of any information about 42% of the contents. He quotes the Natural Medicines



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Substances Control Act as they made "pharmacological claims" but were not registered as medicines.

In a letter to the ASA in 2002 regarding Fat Attack, the department's Inspectorate and Law Enforcement Directorate concluded: "It is thus the opinion of this office that the product is an illegal medicine."

Last year, the Health Department wrote to Steinman stating that BioSlim Hoodia could not claim both to have "fat burning" properties and to insist that it would only work in conjunction with a kilojoule controlled diet.

"The application of the 'only effective' statement to non-foodstuffs both misleads the public as to the nature of the products and attempts to reclassify them in the minds of officials so that they are viewed as requiring far less regulation than they in fact need."

Steinman says he believes he has a strong case for taking the makers of BioSlim, and other unproven therapies, to court, but he can't afford to. "I can't find a lawyer to take the case *pro bono*. And this industry has a lot of money."

Of course, the authority that should be investigating the effectiveness and legality of products like BioSlim is not the ASA, but the Medicines Control Council. The ASA head of legal and regulatory affairs Gail Schimmel, couldn't agree more. "We don't understand all the scientific stuff," she said. "We're a bunch of lawyers. We are doing the best we can within our mandate as a self-regulatory body for the marketing industry. But we are not supposed to be regulating medicines. We have been asked to step in because the MCC has failed to act."

The MCC has been working on the registration and control of complementary medicines since 2002, but has only got as far as listing some of the thousands of products on the market. Not one has been clinically assessed, never mind registered. And there are still no regulations in place.

"I think they are under pressure from the quacks and the frauds." Steinman says. "This is a billion rand industry. They're not going to lie down without a fight."

Schimmel agreed to approach King for a statement, but he was not willing to comment. "His reason is that it is not his decision, but that of a committee. He asked me to point out that this committee has various well-respected representatives, such as Diane Terblanche, who is very involved in the new Consumer Protection Bill." ■

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On the edge

ST FRANCIS BAY has long been a holiday resort for the well-off. But around 17 years ago, the demand for holiday homes led to development along a particularly ecologically sensitive stretch of the beach, resulting in serious degradation – the beach has all but disappeared.

A series of grandish homes were build on the dunes at what is known as the Santareme, but the development,

Home-owners have been watching the value of their properties sinking, though some have sold off to newcomers not aware of the natural (and other) forces at work. The restoration of the dying beach is ultimately the responsibility of national government through the Ministry of Environment and Tourism.

But the minister's office tells *noseweek* that St Francis Bay is way down on their list of priorities. If home-owners want to reclaim the beach, they should go ahead – they can easily afford it. "Some of us use St Francis Bay properties as second or third homes," a

resident of the Bay told *noseweek*.

Some years back a group of locals formed the Save Our Beach Committee, hoping to come up with ways to restore the beach, but no solution was forthcoming. Meanwhile, the worried son of a local landowner, Lionel Donnelley, was busy with his own research. For the young Ryan Donnelley, saving the beach was about more than ecological

concern; his family estate was endangered and so might be his inheritance.

Ryan's quest led him to Amalgamates Solutions and Research (ASR) Ltd of New Zealand, who specialise in building artificial reefs. Close examination of the situation at St Francis Bay showed that this was the best way to restore the bay shoreline, and Ryan was convinced that he'd found a way to save the beach, and property values at the Bay.

For a year, says Ryan, he explored ways of financing the R25m project, but got nowhere. He then advised ASR's Dr Shaw Mead to contact Alan Tonkin, an active member of the Save Our Beach Committee, to propose the technology. "If anyone could pull this off, it had to be Alan Tonkin," he told *noseweek*.

The sexagenarian Tonkin is quite a character, with a string of suspect ventures to his name. In 1994, while acting as consultant managers for Vista University, Tonkin and partner Leon Bartel set up an Early Retirement Trust to assist lecturers fired from their jobs on political grounds. Here, some R40m could not be accounted for.

In 2000 Mr Justice Josman of the Cape Town High Court, issued a sequestration order against Tonkin in connection with

Private developers' ingenuity in pursuing an environmental restoration project – with extremely profitable spinoffs for their own proposed golf course – has led to confusion and division in St Francis Bay

pushed through without any environmental impact assessment, blocked the natural source of sand for the beach. Within a couple of years the currents began changing, causing increasing loss of sand. The waves are now eating away the shoreline so quickly that homes once standing hundreds of metres from the sea will disappear within a few years – unless something is done fast.

Rickety Bridge Vineyard, which he had co-owned with his wife. The farm had fallen into debt and to protect themselves Cecilia Tonkin applied for her husband's insolvency. The couple moved to St Francis Bay, where they own two homes, both registered under Cecilia's name.

Taking over Ryan's lead, Tonkin established the St Francis Bay Beach Trust (SFBT) in May 2006, which quietly took over projects run by the Save Our Beach Committee. With Tonkin's charisma and fundraising skills, the trust raised over R600 000 within months, quickly making him the second most popular individual in St Francis Bay, after the Mayor of Kouga Municipality, Robbie Dennis.

With the targeted R25m looking achievable, relief was spreading through the Bay – owning a home there was looking worthwhile again. But the general community of St Francis weren't aware of other goings-on behind the scenes.

Donnelley senior, Lionel, had for several years been planning the conversion of his large farm nearby into a golf course estate, complete with residential village. Originally hoping to get the St Francis Links accepted as part of the famous Links courses, with reciprocal membership of 18 courses worldwide, Lionel had spent time courting potential buyers for the planned estate, including a big investor from the Isle of Man.

But now Donnelley senior invited an old friend, Michael Stanley Wylie, the chairman of Wilson Bayly Holmes-Ovcon (WBHO) a JSE-listed construction company that had been poised to construct the estate, to join him as co-developer. WBHO bought 50% of the Links land, with the other 50% shared equally between Lionel Donnelley and Golf Data, a company representing Nicklaus Design.

The three groups registered Links Golf Club in June 2006. Soon after, Wylie (or Mike as he is known around St Francis Bay) took his place in the St Francis Bay Beach Trust; he became a trustee and nothing could be done without his authority. The trust began devising means to get the greater St Francis community to fund the reef project.

In November 2006 Tonkin invited the Minister for Environment and Tourism, Marthinus van Schalkwyk, to St Francis Bay, and assured him that the community of the Bay had agreed to foot the beach restoration bill. This statement led to deep concern among many residents – why, and how, were they expected to fund the R25m project?

Tonkin, in his impressive way, ex-

plained that the trust would negotiate a loan with INCA Bank, to be guaranteed by Kouga Municipal Council, which would in turn impose an extra levy on home-owners for 20 years to service the loan.

The trustees had been advised by James Emylyn Horne that it should be arranged with the local council for the beach levy to be included with normal rates and service payments. Horne explained to trustees Anthony Ball of Brait, Pat Kelly and Wylie, that if residents were presented with a separate bill for the beach project, a number of them might refuse to pay – the trust would be forced to sue them, with no guarantee of winning.

Wylie denies conflict of interest in pushing for the restoration of the beach, telling *noseweek*: "I was inspired by Al Gore's documentary, *An Inconvenient Truth* to start caring about the environment." Lionel Donnelley himself admits that their Links development stood to gain the most, but hastens to add, "Everyone will benefit here."

The community was also not aware that two Pty companies (one of them Africa Surfing Reefs [Pty] Ltd whose sole director is none other than James Horne) had been contracted to implement the project.

At this point residents began asking questions through the local newspapers. Who had given these few individuals involved with the trust a mandate to commit the whole community to a massive loan? Whose responsibility was it in the end to restore the beach?

The trustees claim not to have known that Alan Tonkin had been sequestered. Yet when the trustees had applied for Tonkin's inclusion as a signatory to the trust's account at the St Francis Bay's branch of Standard Bank, it was refused because of the sequestration order. An employee at the branch, Annalene Conradie, tells *noseweek*: "He reacted angrily when we declined to accept his application."

It's not clear then how Standard Bank at Humansdrop allowed Tonkin to be a signatory to the account. *Noseweek* asked Mike Wylie whether he would hire an insolvent person or company to run his own company's finances – his response was a resounding no. Why then had he allowed Tonkin to be a trust signatory? Because, he replied, the trust is a private matter and does not handle public money.

No doubt he means "besides the R25m being negotiated in the name of the community". ■

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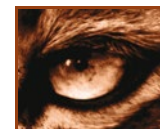


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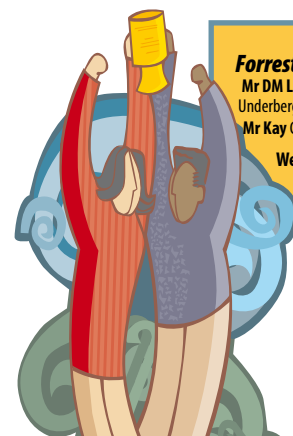


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Welcome back in the fold.



Picture: TIR

Mark Louis (aka 'Johnny') Ray

Sting Ray

WHAT DO AN INDIAN businessman who made his money in the taxi business, a former SAA employee, a white middle-class mother and daughter team, a young and upcoming black couple and a Zimbabwean restaurateur have in common?

They all got stung by Johnny Ray.

No, it's not a bad joke and it's far from funny for the string of hopeful entrepreneurs countrywide who were lured into investing in travel agency franchise operation 0861Travel, only to lose their hard-earned savings in a dud business that had no chance of being profitable.

Enter the Rays, the family team behind the beleaguered franchise operation. Arendina Jantina Ray (known as Jane Ray), is the sole director of 0861Travel Pty Ltd and the company's key operator behind the scenes, ably assisted by her son Trevor Ray.

And then there's the star of the show,

Crooning Johnny's tricks made the travel trade cry

front man Mark Louis Ray, who calls himself Johnny Ray after the late American rock 'n roll legend, Johnnie Ray.

Our homegrown Johnny Ray also sings for his supper and, much like the rock 'n roll star, he's not averse to using tears and other ploys to ply his wares, also leaving frenzied crowds in his wake.

Like his crooning hero, the South African Johnny Ray has a "fan" club, but with a slight twist. Called the X-Ray club, it's comprised of disgruntled

former employees who all regret the day they agreed to play a cameo role in the Johnny Ray Show – a part that required them to fend off angry creditors in every episode.

But the similarities between the two stop there. Our Johnny Ray has far more varied interests, ranging from property developments to hotel rental pool schemes, technology for travel reservation systems and travel agencies.

Between 1986 and 2004, Ray and his wife have founded, or been directors of, at least 33 companies and close corporations. Their colourful business dealings have left a trail of debt and angry business partners from Durban to Cape Town, with a few detours to Botswana along the way (more on this later).

But all these big business deals happened during their high-flying days, before Mr Ray was sequestered by Investec for a failed hotel venture – an event that led the irrepressible Johnny Ray to start again, casting his net for smaller fish.

And this brings us back to how the ex-Zimbabwean, former SAA employee and Co all got screwed by Johnny Ray.

Using their travel background, the husband and wife team set up the travel agency franchise 0861Travel in 2003, trading under their other companies, ATL Travel and Travcon.

The franchise operation promised new travel agency owners – most of whom had little or no retail travel experience – that it would provide the muscle needed to break down the barriers that typically prevent start-up travel agencies from entering the market, namely experience, training, strong branding, marketing, bulk buying power and technology to ensure seamless transactions from quotation to invoice.

In a nutshell, 0861Travel promised to take care of all those pesky back-end responsibilities that weigh down travel agencies so that all the owner had to do was take care of the front-end service side of business and make their customers' travel dreams come true.

Even retail travel industry experts admit it's a damn good concept, but, as the hapless franchisees soon found out, travel agencies cannot succeed on good concepts alone, with only bluster and bullshit as back up.

The flaws in the system started showing almost as soon as the contract was signed, inevitably resulting in 0861Travel having one of the highest failure rates in the travel industry's history.

With this track record it's no wonder Ray refused to disclose, during an interview with Travel Industry Review (TIR), how many of his franchises had survived.

Despite Ray's tantrums and threats of legal action, the travel trade magazine kept probing and soon discovered that the 0861Travel front man had managed to sell at least 28 franchises between 2003 and 2006.

Not bad at between R60 000 and R85 000 a pop for non-refundable, once-off franchise fees, which have earned the Rays at least R1,5-million.

Of the 28 franchises sold, only four could be confirmed as operational (Bloemfontein, Illovo, Bethlehem and Platteklouf branches). Of these four, head office has cut off the Illovo branch because the owner, Meeta Gopal, copied the press in on her complaint emails to Ray, while the owners of the Platteklouf branch are trying to extricate themselves from their contract.

The owners of the Bloemfontein and Bethlehem branches are not keen to talk as they still hold contracts with 0861Travel, but they confirmed there were major problems with head office's ability to deliver.

And the other 24 franchise owners?

Sixteen have either closed shop permanently, reopened independently or joined another travel agency group, while the owners of the Babirwa, Pietermaritzberg and Roodepoort branches paid thousands for a franchise they never even opened.

The remaining five owners, of the Nelspruit, Pretoria East, Durban Central, Northcliff and Polokwane branches, could not be contacted to confirm if their branches are, or have ever been, operational.

The franchise owners that were contactable each had a similar story to tell, which is that they bought the franchise believing 0861Travel could deliver on Ray's many promises, but soon discovered that this was not the case.

By this time they were already locked into a one-sided 10-year contract which, among other problems, allowed Ray to change trading conditions at his "sole discretion", including upping the monthly royalty fees from a "capped" amount of R300 to R3000 overnight.

We won't bore you with all the niggly travel trade details, but to sum it up:

■ The "extensive training" promised never took place

■ The "powerful, user-friendly, real-time online" Multires system that is supposed to be the technological backbone of each travel agency went on the blink for extended periods, in one case losing all data for a two-month period

■ 0861Travel does not have the "bulk buying power" it claims to and franchisees' records show their prices were routinely higher than those given direct

to the public by hotels, airlines, etc.

■ Nor does 0861Travel have all the preferred supplier agreements in place that it claims, again putting its travel agency branches at a disadvantage to its competitors who can offer cheaper airfares and travel packages

■ The much-touted marketing support never materialised

■ The website that is supposed to serve as a "virtual structure to enhance marketing" and a base for enquiries was, and still is, outdated.

Perhaps the most distressing part for travel franchisees was that hotel, air ticket and travel package quotes and bookings – the bread and butter of their business – were routinely botched by head office.

"The turnaround time was ridiculous, you actually couldn't do a quote for a client without losing business," recalls Lisa Trenner, former owner of 0861Travel Westville.

Head office also regularly didn't even bother making the bookings, despite the travel agencies paying in advance. Several of the former franchisees told of situations where their clients pitched up at the airport or hotel only to find that their booking for the room or flight didn't exist.

To add insult to injury, head office routinely failed to pay the commission due for these bookings on time or underpaid.

Confronted with his franchisees' many grievances, Ray's response was usually the same: first sweet talk, then shunting the responsibility before moving onto bullying and sometimes even twisting the truth – to put it politely.

For example, travel agency groups are issued with an IATA (International Air Transport Association) licence if they put up a hefty bond guarantee. This allows their branches to book airline tickets through BSP, a system that lets them issue tickets and pay later. Holding an IATA licence generally means that a travel agency group is financially sound, thus the concern when rumours began to circulate that 0861Travel's licence had gone into default due to non-payment.

Confronted with the rumours, Ray tried to cover up the truth by assertively responding "0861Travel Pty Ltd does not owe IATA any monies".

Of course this was just a silly play on words, as 0861Travel was using Travcon's (the Rays' other company) IATA licence, which was in fact in default with IATA for "owing monies" – lots of it!

The IATA licence for Travcon, trading as 0861Travel, was subsequently terminated in October 2006 due to non-payment of the debt. In the travel biz, this is a sure sign that there are major financial

troubles.

These little white lies, coupled with the instances where Ray has purposefully misrepresented the facts and illegally used reputable travel industry associations' logos to try and gain credibility, were all an attempt to cover up the truth: 0861Travel is floundering and is not able to deliver the services and products it guarantees its franchisees.

One by one, and in different ways, most of the franchisees eventually found out. The story has ended differently for each, with most cutting their losses and walking away.

But for some the story still hasn't ended.

It's taken Elsbeth Busse and Jacqui Grobber, the mother and daughter team that owned 0861Travel East London, over three years to go through the legal channels. Last month they were granted a court order stating that 0861Travel had to pay them R30 000 by 1 March – less than half of what they are owed for the equipment and shop fittings head office agreed to buy when they closed up shop.

Saggie Vandayar, the feisty Indian businessman who is the third owner (in less than a year) of the Midrand branch, is determined to keep his travel agency and operate independently. He is currently embroiled in litigation with Ray.

Maureen Mithiba, the former SAA employee and second owner of the Midrand branch, is keen to take legal action, while the first owner, Andre Nel, is working in Cameroon to try to regain some of his lost savings.

Norman Widlake, owner of the George branch, also stated his intention to take legal action and is hoping others may join him. Ditto for Prudence and Steve Bosch, the up-and-coming young couple who bought the Babirwa franchise which never opened. The couple were also "persuaded" into giving Ray a R120 000 loan, of which only R40 000 has been repaid to date.

Lastly, what happened to Keith Steill, the Zimbabwean restaurateur who came to South Africa to invest his savings? He couldn't be contacted, apparently because he's now a carguard in Port Shepstone after going bankrupt due to his unwise investment in the Umhlanga and Gateway 0861Travel branches.

The Rays, however, still seem to be enjoying the fruits of their labour. They bed in the 12-bedroom Rondebosch Manor guesthouse, bought by Jane Ray's company Fantastic Investments for R2,4m. In between business, the rotund Johnny Ray apparently enjoys regular meals at his wife's restaurant, Jane's Kitchen in Claremont, and keeps his tan by lolling on the beaches of Mauritius. ■

DIANNE LANG, known with affection as “Mamma Dee” in the townships around a small Karoo town for her work with abandoned and “at risk” children, has fled the country, following a blitzkrieg of raids by the Scorpions investigating the alleged misappropriation of more than R1m of donor funds from her award-winning project.

Before she took off for London on 6 February, Dianne, who has not been charged, claimed that the elite crime-busting unit was set on her by a police inspector in the Great Karoo town of Middelburg – after she rejected him as a lover.

Noseweek has also unearthed disquieting evidence that officers from the Scorpions were involved in an unauthorised investigation of 50-year-old Dianne for a full year before the probe was officially sanctioned. During this time, speculation about her pending arrest swirled around Middelburg, causing her eventually to flee the town, her reputation in tatters.

“I have not misappropriated funds nor have I taken money from the children,” she says now. “But my reputation is gone; I am already considered a criminal.”

On 5 December last year, in “Operation Dynamite,” Scorpions teams from Eastern Cape headquarters in East London swooped on eight premises in Middelburg and Port Elizabeth, removing computers and financial records of her SA Care Trust, which operates as the Dianne Lang Foundation.

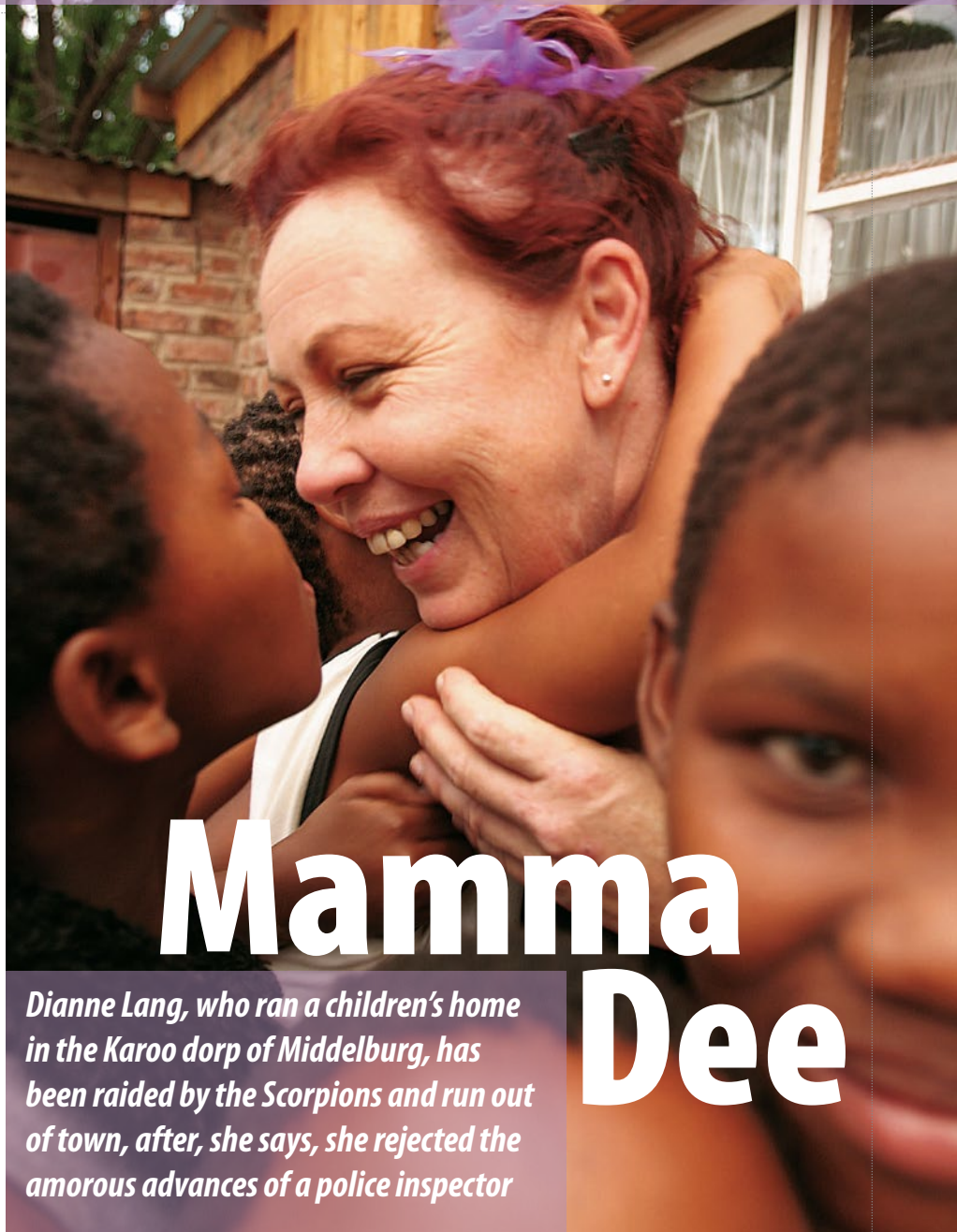
The search and seizure warrants state that there is reasonable suspicion that theft and/or fraud, as well as money-laundering and/or racketeering in contravention of the Organised Crime Act, has been committed against SA Care Trust from the beginning of 2003.

The Scorpions’ operational head in Pretoria, deputy director David Demerell, tells *noseweek* that he signed the authorisation for a preliminary investigation, called a Section 28 (13), in July or August last year.

However, a year previously – in August 2005 – Dianne was tipped off that she was being secretly investigated by the unit.

In the apartheid years Dianne Lang was a card-carrying member of the ANC and a Black Sash activist. More lately she was a counselling psychologist in Port Elizabeth until she decided to launch her own fight against the Aids pandemic, with a support centre for HIV positive residents of the townships clustered around Middelburg.

The town (population 44 000) lies in the Sneeuberg mountain range in the Great Karoo, surrounded by sheep and



Mamma Dee

Dianne Lang, who ran a children’s home in the Karoo dorp of Middelburg, has been raided by the Scorpions and run out of town, after, she says, she rejected the amorous advances of a police inspector

game farms. “Everyone knows everyone or is related to them,” says a local.

With a R15 000 donation from Vodacom, Dianne bought a tumbledown house in the middle of town for her support centre. One night in the middle of winter she found three children on her doorstep, two 10-year-olds who had been gang-raped and a desperately ill three-year-old. When she took them to the local offices of the department of social development she was told: “These are street children; put them back on the street”.

A doctor in town told her the children would all die soon of Aids. “I thought, well, I’ll keep them till they die. At least I’ll give them love, I will nurse them and they won’t die hungry, cold and alone.”

Thus Dianne’s epiphany became the

district’s needy children – HIV positive or not. She sold her house in Port Elizabeth’s Blue Horizon Bay and after paying off the bond used the balance for start-up funds. Today 35 children live at Care House, looked after by a staff of seven, plus volunteers from America and the UK.

However, the arrival of black children at the project’s five houses in the mainly-white centre of town, plus her crusading style, made waves. The wife of a prominent resident came to her door and told her: “I’ve just come to warn you that if you don’t get these kaffirs out of town, we’re going to burn your houses down.”

Relations with the local office of the Department of Social Development have never been smooth, either. “They are to-

tally incompetent and there is no service delivery from them," says Dianne. "I've been a pain in their side."

It seemed that things were looking up when police Inspector Louis Jenner arrived on the scene. Jenner and his "van partner", Inspector Wollie Meyer, are both area representatives of the SA Police Union, and figures to be reckoned with in this small community. Jenner became chairperson of Care House's house committee, and threw himself enthusiastically into his charitable duties.

Running Care House, says Dianne, costs about R70 000 to R80 000 per month. International donors have rallied to the cause, the largest being the UK's Grace Foundation, with an on-going contribution of £2500 (presently around R35 000) per month.

Every six months Dianne would set off for the UK, to raise more ever-needed funds through lecture tours. One trip raised a record R100 000.

In 2005 her work with needy children was recognised when she won the Clarins Most Dynamisante Woman of the Year Award. She handed the R150 000 prize money over for the children.

But 2005 also brought turmoil in Middelburg as her relationship with Inspector Louis Jenner soured. On April 5 there was a stormy visit by Jenner to her house, and the following day Dianne appealed for help in a "confidential report" to Middelburg's acting police commander, Captain Flip Meiring.

After Jenner became chairperson of her house committee, wrote Dianne, he became very involved with Care House. "At first I thought this was because he was chairperson, but later it became obvious that this was an excuse to spend time in my company.

"I very soon realised that I was not dealing with a normal case of love, but one of obsession. He said he was in love with me and could not help it."

When she remonstrated, Jenner would "get mad and slam the door".

During one of these outbursts Dianne told her suitor that she no longer wanted him in her home, and suggested that he resign from the house committee. "He told me I was a dishonest and despicable person and that I would pay for what I had done to him."

She had already fallen out with Jenner's "van partner" and fellow SA Police Union representative colleague, Inspector Wollie Meyer. She had trained his brother Neil Meyer as a home-based care worker, but after a string of verbal and written warnings starting in February 2005 (falsifying attendance record, physically punishing children, dereliction of duty, gross insubordination etc) Neil

Meyer was dismissed after a disciplinary hearing on 12 September.

Between that July and September there were three mysterious burglaries in Middelburg – one at Dianne's house and two at the Care House office. At the office, computers were taken, as well as trust files. In the last break-in, on 25 September, messages were scrawled on the wall: "watch out bitch", "easy to kill you bitch" and so on.

The culprits were never found. The day after the 17 September second break-in, Neil Meyer's brother, Inspector Wollie Meyer, was saying: "the computers are already in East London [the Scorpions' regional HQ] and the shit's going to hit the fan in Middelburg."

Diane first became aware of the Scorpions' covert – and, we now discover, unauthorised – operation during August 2005, when she was called to the office of the headmaster of Middelburg's VDM school, Edgar Williams. In an affidavit, Dianne says the headmaster "informed me that Inspector TC [Wollie] Meyer has been to see him to tell him that I was under investigation by the Scorpions."

Rumours of Dianne's imminent arrest swept through town. She stuck it out for a year until last August – the time the preliminary investigation was finally authorised – when she returned to Port Elizabeth, leaving the children of Care House under the collective wing of manager Diana Jagers and the rest of the team.

It was also last August that Dianne discovered who had put the Scorpions onto her. On 22 August she attended a meeting with Advocate Dale Robinson of the National Prosecuting Authority in Grahamstown, to discuss the status of a case she had opened against Inspector Louis Jenner for assault and crimen injuria. With her was a private detective, former police brigadier Charlie Kemp, whom Dianne had hired to help her.

Says Kemp: "Jenner had made a statement about the allegations made against him by Dianne. Advocate Robinson read the statement to us and in it Jenner said he had reported her to the Scorpions for embezzling funds."

Will Manual is the Scorpions' East

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London-based investigating officer in Dianne's case. Manual declines to discuss the investigation and will only confirm: "It's ongoing."

In Middelburg, Inspector Jenner, married and father of three, is reluctant to talk about Dianne Lang, other than to confirm that he fell out with her. "She decided she wants to operate the Care House on her own," he says.

Jenner denies it was he who made the complaint against Dianne to the Scorpions. "No. Who says so? Who gave you that information?" he demands. "From your statement," we reply. "Where did you get that information from?"

Why are the Scorpions involved in this case at all, when the amount allegedly involved is apparently not much more than R1m? The unit's guidelines say that fraud and economic offences should generally exceed R10m before they get involved. Deputy director David Demerell explains that intake criteria may

be relaxed when it comes to factors like international donor money and the poverty of the poor. A fortnight before last December's raids Demerell authorised the probe into Dianne to be upgraded to full Section 28 (1) status.

So what evidence has Will Manual and his colleagues at the Scorpions dug up on Dianne Lang? A bunch of payments totalling more than R1m from the bank account of SA Care Trust into her personal account, we can reveal.

Dianne doesn't deny it – and says there's a simple explanation. "I borrowed money on my overdraft and lent the foundation money. Then when donations came in, I paid myself back."

The trust's unaudited accounts for the year ending 28 February 2005 – prepared by the Port Elizabeth accountancy firm of Buckingham & Associates – show that Dianne received a total salary that year of R35 000 (a frugal R2916 per month). They also record that she was

owed R418 778 for long-term loans.

Noseweek has established that in July 2005, after a welcome R75 000 donation from "PNP Golf day", the trust's bank balance stood at R288 925. This, however, was depleted by a whopping R200 000 paid to Dianne in two amounts of R100 000 – on 26 July and 13 September – leaving the trust, after other minor disbursements, with just R78 966.78.

Around that time Dianne's managing director's salary was increased to R16 000 per month – the amount she's still drawing to this day.

SA Care Trust's trustee and bookkeeper, Port Elizabeth businessman Stuart Irvine, says: "Since 2003 the trust has received in excess of R1m from Dianne in loans that she raised through her overdraft and house bond. These have been repaid to her when we have funds. She's still owed more than R200 000."

At Buckingham & Associates, the Scorpions removed financial records and a computer as the firm's Christine Hickman was finishing the trust's 2006 accounts. "I gave them a good dressing down," says Hickman. "They think Dianne's embezzling funds, which is absolutely ridiculous."

Vodacom and a Netherlands charity, Stichting Kinderpostzegels, have both withdrawn their support of SA Care Trust. But the Grace Foundation's £2500 per month is still trundling in. And last November, a month before the raids, Dianne's old enemy, the Department of Social Development, came up with a one-off subsidy payment of R182 000.

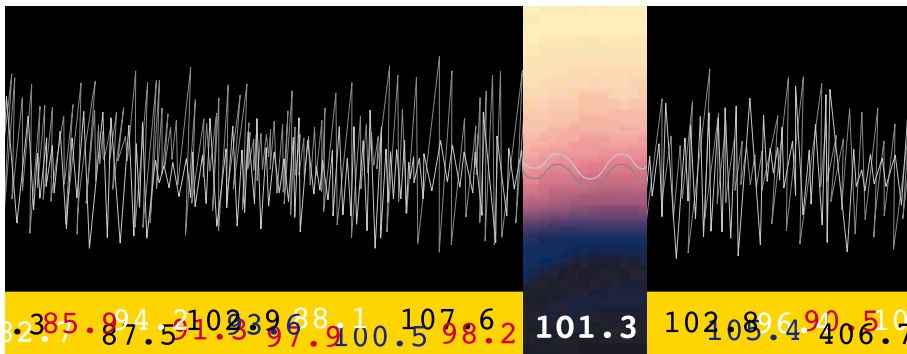
SA Care Trust's bank balance is now down to R70 000 – barely enough to get through last month. "I've got to raise money, otherwise we're going to close down," says Dianne from the UK.

She plans to stay in London for at least a year. "I feel despair: can I carry on any longer? I feel anger: that the persons who have caused all this – and I know who they are – can get away with it. I feel confusion: I know I was doing the right thing, saving the children, making a difference in their lives. So why is it all so difficult?"

Down in Middelburg, plumber Hough Theron, who lives next door to Care House in Smid Street and takes its children fishing at nearby Grassridge dam, has a view on that. "If Dianne hadn't come in and made such a dramatic impact, perhaps people would have accepted her. Her big mistake was to make an impact and they didn't like that. They said: "For 10, 20, 30 years we've been doing it this way, why should we change?"

"Louis Jenner got absolutely carried away with her, but Dianne wasn't interested at all." ■

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Nedbank's foul comes home to roost

(Thanks to Judge Yekiso)

A SPOT OF GOOD NEWS from the world of law – for a change. In a refreshingly clear and easy-to-follow judgment, Judge Yekiso of the Cape High Court has ordered Nedbank to pay businessman Peter Rymer a whopping R48 million.

In *nose77* we reported on how Nedbank and Honey Attorneys had ripped off Rymer, who then sued. Back in 1996 Rymer bought three adjoining wine farms in the Stellenbosch area – Zorgvliet, Le Pommier and Springrove – for a total of R38 million. He borrowed R12 million from Nedbank to help finance improvements and pledged the three farms to the bank as security. Rymer over-extended himself somewhat and the bank called for an immediate repayment of the loan, which by then stood at R12.8 million.

With Rymer unable to oblige, Nedbank applied to liquidate the three companies through which Rymer owned the properties – despite the fact that they weren't insolvent. Rymer made a deal with Nedbank which gave him one month to sell one or more of the farms and settle his debt. If he couldn't do so, Nedbank would have another month to sell as many of the farms as necessary to settle the debt, with a reserve price being agreed for each farm.

If the farms hadn't been sold by 14 January 2002, Nedbank could, "in its discretion", sell the farms at auction without a reserve price as it, "in its discretion", saw fit. (That's a lot of discretion for one bank.) The proceeds would go to settling the debt, with the balance going to Rymer.

When Rymer couldn't sell within the month, Nedbank introduced him to an American called Preston Haskell, who, aware of Rymer's predicament, offered a measly R20 million for all three farms. Rymer rightly refused, and when the deadline passed, Nedbank decided to sell the three farms by way of an open auction scheduled for March 2002.



At about the same time, wealthy French wine farmer Michel Reybier began showing real interest – his bankers, Rothschilds, confirmed that its client would offer R49 million. Rymer, concerned that the proposed auction might put the Frenchman off, asked Nedbank to put a hold on it. Nedbank ignored his request and advertised the auction in a manner which sounded like a sale in execution.

As Rymer had foreseen, Reybier now decided he needed time to think things over, although he did offer to provide Nedbank with a bank guarantee to cover Rymer's indebtedness while he considered the legal aspects of the sale. Nedbank refused this offer.

A week before the auction, Haskell

reappeared on the scene and now offered a more realistic R18 million for Zorgvliet alone – more than sufficient to repay the R12.8 million Rymer owed Nedbank. Haskell was prepared to pay a 10% deposit (exactly the same requirement stipulated for the auction) and cover the balance within seven days. The only condition was that the auction had to be cancelled – and Rymer accepted the offer. But Nedbank refused: the auction would go ahead.

Nedbank also refused Rymer's request to offer the farms both individually and collectively, so that if a sufficient offer was made for one it wouldn't be necessary to sell all three. Rymer launched an urgent application to stop the auction, but it was dismissed.

There were two serious bidders at the auction: a couple of local representatives for Haskell, who was sunning himself in the Med, and a certain Mac van der Merwe, who is as local as they come.

When van der Merwe bid R31 million for all three farms, Haskell's guys started sweating. We need to speak to our man, they said! But with no cell phone reception, they had to go way up the hill

to make the call (like the fat bloke in the Vodacom ad.), where Haskell told them to go up to R40 million. By the time they got back the R31 million bid had been accepted – and bidding was closed.

This was very strange: it was a clear term of the auction that there would be a fourteen-day confirmation period, in which the seller could accept or reject the final bid, and in which further bids could be made, subject to the successful bidder having an opportunity to match the later bid.

So Van der Merwe got his farms and Nedbank got its money. Rymer, for his part, got mad. Determined to get even, he sued Nedbank and Honey for the damages he suffered through their

careless handling of the sale. The legal basis for the claim is known as “loss of chance”, the argument being that he was deprived of the opportunity to get the highest price in the fourteen-day period, or to discharge the debt by selling only one farm.

Honey settled with Rymer, but Nedbank defended, arguing that the agreement gave them absolute discretion about how to sell the properties. At the trial, Nedbank’s legal head, AP van der Merwe, admitted that the bank hadn’t consider that Rymer’s interests might have been best served by keeping the bidding open.

Which seems a highly peculiar attitude for a bank that is a principal signatory to the Code of Banking Practice: banks are “committed to the highest standards of ethical behaviour”, will “act fairly and reasonably” with “uncompromising integrity and fairness” and will, when you, dear client, get into trouble, “take reasonable steps to develop a plan for dealing with your financial difficulties, consistent with both our interests and yours”.

The bank has a fourteen page code of ethics on its website, where big banker Tom Boardman kicks off by committing Nedbank to “the highest ethical standards in conducting its business”, and solemnly intones that “business should be conducted honestly, fairly and legally”. The bank undertakes to “deal justly, fairly and impartially with each individual” and to “uphold the letter and spirit of contracts”. Mmmm!

Rymer argued that the bank’s mandate was to sell just enough to recover what was owed. Thankfully the judge

agreed.

According to Yekiso the interests of both parties were quite evident – for the bank to recover its money and for Rymer to discharge his debt. The bank was therefore Rymer’s agent and owed him a duty of good faith. Although it had discretion, this was not an unfettered discretion.

Yekiso pointed out that in “loss of chance” cases exact quantification of the loss is not always possible and the court must do the best it can.

The evidence showed that the market value of the three farms at the time of the auction was R67 million, and that both Haskell and Reybier would have proceeded with their offers had the fourteen-day period been kept open. It was also clear that had Haskell’s earlier R18 million offer been accepted the debt would have been discharged and two farms would have been retained.

Yekiso began with the R49 million offered by Reybier and deducted the R31 million paid by Van der Merwe. He added R3 million to allow for the fact that movables which were not part of the agreement had been wrongfully sold at the auction. He then added a host of other things including an excessive auctioneer’s fee, interest and VAT, coming to a total of some R23 million. Nedbank was ordered to pay interest on that amount at a rate of 15.5% p.a. running from 27 April 2002, which brings it up to some R48 million.

As regards the auctioneer, Yekiso accepted evidence that the 7.5% (R2,6m) fee was completely excessive, with a realistic figure being R500 000.

Why had Nedbank been adamant that the properties had to be auctioned and sold collectively? Nedbank’s own explanation was that the auction had attracted such huge interest that a far higher price was likely to be achieved at auction. This seems unlikely, as Nedbank’s only real concern was to recover the R12m-odd owed by Rymer.

But then there was the other player – Honey Attorneys. Obviously Nedbank insists that its attorneys practise the same high standards which it lives by – Honey declares on its website that it practises law “with honesty, integrity and fairness”.

Clearly Honey settled with Rymer hoping to avoid any adverse publicity. It would be a tremendous shame if it succeeded in this aspiration, so let’s make sure it doesn’t. Their role was sneaky, to say the least.

Turns out, Honey did a deal with Auction Alliance, in advance of the sale, which ensured that Honey got half of the auctioneer’s fee. Some R1,3 million went to Honey, mostly to a few senior partners. Sweet! Had Haskell’s offer been accepted there would have been no auction, and no auctioneer’s fee. And, had only farm been auctioned, the fee would have been much smaller.

The fee would have been larger had the fourteen-day confirmation period been allowed to run, so why cancel it? Was it a case of “a bird in the hand...”? Or did they have a soft spot for MR van der Merwe?

These stories all end the same way of course! Shortly after judgment, Nedbank gave notice of its intention to apply for leave to appeal – it’s the old “let’s keep this thing going until the bastard dies or runs out of money” approach again. At the time of going to press, Judge Yekiso hadn’t yet ruled on the application.

A final word on Judge Yekiso. We’ve had a go at him in the past for arranging the judge’s lunch hosted by Old Mutual (owner of Nedbank).

But there’s no disputing that this judgment is good. And it raises an interesting issue. White lawyers are generally very negative about black judges, especially when it comes to their competency in commercial matters (please don’t try to deny it).

But it may just be that black judges who haven’t gone the route of their pale brethren, by which we mean spending 25 years representing all the banks and insurance companies, don’t feel quite so constrained to find in the banks’ favour.

As a refreshing change, they might be more inclined to deliver justice for the small man. Here’s hoping. **[Z]**

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Corporate South Africa turns up the heat

I**T'S 1987** and the apartheid government is ramping up its violent war against various foes, the economy is on its way downhill, press freedom is a joke, and for many conscious South Africans emigration is looking like a good option.

Insert into this milieu a wife-and-husband team, Frances Kendall and Leon Louw. They are big wheels at a relatively little-known think tank called the Free Market Foundation, and release a book called *South Africa: The Solution*. In desperate times it becomes an instant best-seller.

Kendall & Louw traverse the country, speaking to everyone from politicians to schoolchildren, peddling their suddenly-attractive vision of an idealised hyper-democratic SA divided into cute little cantons on the Swiss model, where central government is emasculated, and everyone gets to move around to the canton of their choice and vote on anything and everything that takes their fancy. Anything goes, from racism to communism, if a canton wants it. If you don't like your canton, just move. (Nobody fights about rights to coal or gold or platinum deposits, or about commercial farmland. This was a fairytale – and fairies don't fight. Even *Time* magazine writes a gushing piece on the book for their US audience.)

As we now know, Kendall and Louw's brand of libertarianism was to be given a first-hand demonstration of the Doppler

**Climate-change denialists
The Free Market Foundation's supporters include some of Big Biz's biggest names**

Effect while yodelling with both thumbs on the N1, when the apartheid elite were dumped from their Mercedes by the darker-hued WaBenzis who warm the benches of parliament today. The newcomers' goal was the centralisation of power, and the Kendall-Louw Swiss-cheese model just didn't suit.

By the early 1990s, despite Kendall promoting herself as a Nobel Peace Prize multiple nominee (see *nose4*), the Free Market Foundation had faded past the yellow line into another polluted highveld sunset.

Or so we thought, until, just the other day, a press release from the Free Market Foundation gently pinged into NoseArk's inbox. The release rubbishes the latest report by the UN's Intergovernmental Panel on Climate Change (IPCC) – the largest and most respected group of climate scientists on the globe – by quoting the “renowned Fraser Institute” which had analysed a draft of the UN panel's report.

The press release's authoritative language quickly rings hollow – appearing to say something without saying anything at all. It tells us, for example, that there is “no compelling evidence that dangerous or unprecedented changes in the climate are underway”, without defining what compelling or dangerous means, or how far back things might be called unprecedented (the birth of the universe was rather hot, giving a fair amount of leeway).

A brief ride on the Internet confirmed

that the old Free Market Foundation is alive and kicking – and Leon Louw is still being generously funded to do his thing (Frances Kendall's name is nowhere to be seen). Fraser Institute reveals itself as a Canadian “free market” think tank – backed by US oil giant Exxon-Mobil to publish climate-change-denial reports. (Among the reviewers of its latest report is none other than the RSA's very own Will Alexander, whose fact-evading drivel featured in *nose88!*)

So far so unremarkable; some may unthinkingly push a climate change denialist line when it's couched in the language of personal freedom (“I can do/have what I like, so damn the universe”). Perhaps Louw and his mates don't quite know what the Fraser Institute is? They might be un-PC and ignorant, but surely they're not retarded? Just to be sure, we dug a little deeper into the FMF's website – with alarming results.

Louw's FMF, in fact, has been aggressively climate-change denialist for some time, quoting reports dating back to at

assessment Report was accurate. Scientists should decide on climate change, he told us, it shouldn't be left to “extremist greenies” to tell the world what to do.

But the IPCC, we pointed out, is the largest group of climate scientists ever assembled. Their reports are probably the most thoroughly reviewed writings in the history of science. If we should listen to scientists, we should listen to the IPCC!

“The IPCC likes to pretend that they represent the majority view”, replies Kemm, “but actually they don't. 17 000 scientists signed the Oregon Petition against climate alarmism, and over 60 pre-eminent scientists signed a recent letter to the Canadian Prime Minister disagreeing with the IPCC's position”.

Um ja. The Oregon Petition, as revealed by the prestigious journal *Scientific American*, was a massive fraud. Sent out by an Oregon, USA, “research



Leon Louw

something changes it's going to be 50% good, and 50% bad. Who says good isn't going to come from global warming?”

Well, logic tells us that when you shift the climate regime in which natural ecosystems have evolved, and to which human agriculture has learned to adapt, you get mass species extinction and entire societies having to relocate. The rest of the interview was littered with obfuscation, unverified opinion and half-

truth.

Kemm trained as a nuclear physicist and now heads Stratek Business Strategy Consultants (where he is partnered by Leon Louw and others). Stratek, according to its website, has a “formal link” with the US-based Committee for a Constructive Tomorrow (CFACT) – a classic “greenwashing” organisation that since 1988 has received US\$472 000 from Exxon-Mobil. So Kemm and Louw, who are on CFACT's

The scary fact is that a Who Owns Whom of South African industry is supporting the FMF to churn out Earth-unfriendly propaganda

least 2001. They've quoted everyone from the well-respected IPCC (in the old days, when climate science wasn't as advanced or certain as it is now) to a succession of foundations staffed by scientists-for-hire and funded by right-wing corporates (the latter coming into their own when the IPCC itself began throwing up far more solid evidence for climate change). The science, or its source doesn't mean much to these corporates: if anyone expresses any uncertainty around human-caused climate change, they'll trumpet it.

To learn more about their position, NoseArk called Kelvin Kemm (see *nose74*), an FMF spokesperson on climate change. In between telling us that he had just made a presentation to the Department of Science and Technology and was off to see the Minister the next morning, Kemm insisted there was “no particular threat” from climate change and that he “did not believe” that the IPCC's Fourth As-



Kelvin Kemm

stitute” which dabbles in biochemistry and human health, the petition was accompanied by an 8-page “information appendix” laid out to look like a prestigious scientific paper. Anyone could sign, and seemingly did. Among the 19 700 signatories claimed by its initiators (many of whom received cash from the oil industry) were hundreds of fictional names, TV-character names, and the genuine name of a well-known climate change-denying PR rep for the pesticide industry. Most names were untraceable, as those who signed were not required to list addresses or professional affiliations. *Scientific American* estimated that only 200 of them might be climate researchers of some kind.

One signature on the letter to the Canadian Prime Minister is, once again, that of local yokel Will Alexander!

Kemm declares that he's “tired” of hearing about climate change as a negative thing. “I teach logic”, he said, “and logic tells me that if

Board of Academic and Scientific Advisors, are shills for the US oil industry.

So much for Leon Louw's foreign support. But which South African individuals and companies are cynical enough to bankroll the Free Market Foundation? The Putsonderwater Coal Merchants' Association? You wish. The scary fact is that a Who Owns Whom of South African industry is supporting the FMF to churn out Earth-unfriendly propaganda.

Under the heading “Patrons” the website lists the likes of R Ackerman, D Gordon, BE Hersov, N Motlana, J Ogilvie Thompson, JP Rupert and CL Stals. The Council includes N Ferreira, B Kantor, K Nyatumba and L Schlemmer.

Could these, by any chance, be Prick 'n Pray's Raymond, Liberty Life's mogul lover Donny Gordon, arms deal bribe frontman (and ex-FNB chairman) Basil Hersov, Madiba's old GP Nthato Motlana, Anglo's nuclear ex-boss Julian Ogilvie Thompson, Johann Rupert Jnr. (whose father Anton was supposedly a renowned conservationist) and Chris Stals (controversial if not downright

shady Nat ex-Governor of the Reserve Bank)? And Naas Ferreira, one of the first men to feature in – and to sue – *noseweek's* predecessor, the old *Nose* magazine!

As for those deadbeats of a previous era, Prof Brian Kantor and political pollster Professor Laurence Schlemmer – they give the game away. And what's ex-poet, now corporate media man Kaiser Nyatumba doing gracing this list?

Senior Corporate Members include Independent Newspapers, Anglo, most of the oil companies (including, of course, Exxon-Mobil), British Airways – Comair, Distell (Stellenbosch Farmers' Winery), MediClinic, Microsoft, Pam Golding Properties, Mr Price, SA Breweries, Southern Sun, most of the banks, Toyota, Truworths Limited and even the Victoria and Alfred Waterfront (deep in sea-level-rise-denial we presume). Judging by the website, the FMF's supporters are growing in numbers every year.

While it might not be surprising that these corporates don't give a damn

about our planetary future (they are mostly run by old men who will be in their graves when the worst effects of climate change are felt), what did surprise us is that "caring" organisations like the SA Institute of Race Relations also support Louw and his merry brigade.

The FMF has clearly modelled itself on the gaggle of North American libertarian think tanks and PR machines that get paid by polluting industry to attack anything that smells of government regulation. Since an obvious response to climate change might be to regulate industrial greenhouse gas emissions, these think tanks spend a good deal of time trying to muddy the waters around the issue to confuse the minds of the public about the seriousness of it all.

Exxon-Mobil is a large funder of climate change denialist work (they've not invested much in renewable energy, unlike many other oilmen). Their standard line is that they have no particular influence over all the outputs of their fundees, and believe in freedom of

speech and rational debate.

That's misleading, of course – the general counsel to the Competitive Enterprise Institute, one of the big US libertarian propaganda machines, recently told the *Washington Post* that he thought what attracted Exxon-Mobil to fund them was their openly denialist position on climate change.

We can expect the local funders of the FMF to parrot a similar refrain – "we believe in freedom of speech, we fund a variety of civil-society groupings, we cannot control everything the FMF does", etc. That's also misleading.

Julian Ogilvie Thompson might affect the image of a naïve schoolboy from a by-gone era, but you can be damn sure he's thinking very strategically about whose opinions to push where – and when.

Next time you fill a trolley at Pick 'n Pay, buy clothes at Truworths, sell your house via Pam Golding or whatever, remember that you're funding them in your own small way to fund the Free Market Foundation to play fast and loose with your children's future. **■**

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Bites and pieces

for the Morningside clinic - apparently at the behest of an American client who was less than thrilled by his art purchase at Graham's gallery.

Sitting close by today - Valentine's Day - is big bucks author Wilbur Smith with his newish Tadzikistani wife bedecked in bling.

(When recently she was asked what she had studied at

O F THE PRIVATE COLLECTION of 46 South African paintings being sold tonight by Stephan Welz, in the mother of all local record-breaking art auctions, I know which I'd buy if I had R400 000.

It's the *Nude Resting on Cushion* that Stephan's father did of his mother, when Stephan was two. That nude is infinitely more appealing than the Van Essche *Grape Pickers* for example (also R400 000), which would only look good on a wine label. Maybe that's why Groote Post's Pieter Pentz is here in the standing-room-only crowd at the Kirstenbosch conference centre. And Lanzerac's Christo Wiese, with the raven-haired Caro. He's already bought about three.

This is definitely the night of the big spenders. Donny Gordon's son Richard is here from London, presumably furnishing the house he's building in Cape Town. And Ton Vosloo and Count Lucio Labia, almost buried in this hugely



Top: Maria Baumann (right) and Stephan Welz (on high chair); above: Stephan Welz's and Co's new bosses Mark Kretschmer (left) and Jack Rosevitz

affluent and varied crowd. Some stick to the old rule: he earns it, she spends it. Simon Susman's Veronique, Tom Boardman's Sheila and Abe Swersky's Lily are in attendance with their bidding cards.

And then there are the dealers: Everard Read's David Tripp and Charles Shield, Johans Bornman, Deon Viljoen, David Porter, Sue Lipshitz, Louis Schachat and Graham Britz, who's currently at the top of Gauteng's gallery pile. Graham, who wore an apple green jacket on day one, and an apple blossom pink jacket on day two, to offset his blonde ponytail. Life's obviously looking up for him since the last time I saw him at a Welz/Sotheby's auction in Gauteng some years ago, when two heavies marched him out of the auction into the parking lot where they beat him up fit



Rooftops with Tree by Gregoire Boonzaier (above); and (below) Ann Palmer, Vanessa Phillips, Bina Genovese, Mica Curitz, manning Sotheby's hotline for out-of-town bidders on the night



Left to right: Antique dealer David Porter, millowner from Ghana Serge Bakalian, Callie Porter (David's daughter), and Durbanite John Fowler



Still Life with Flowers in a Vase, Books and a Glass Ashtray by Irma Stern (above); and Nude resting on Cushion by Jean Welz (below)



the University of Moscow she replied simply: "Communism." What else?) The Smiths are here to see some of their old Pierneefs sold for R2m and buy a Catherine Paynter acrylic of birds and butterflies for a mere R22 000.

Most are here to witness more of the record prices achieved last November when Maggie Laubscher's *Mother and Child* fetched R4m. This is the same era – early 20th century South African masters. These were collected by the late Jack and Helene Kahn in their Sea Point flat, and charities will benefit from the proceeds. So the Van Essches, Paul du Toits and Wolf Kibels are get-

ting four times the pre-sale valuations. All the prices are well over the catalogue estimates.

Look what happens when Lot 13 comes up: an electrifying Irma Stern portrait of a soulful Indian beauty, all acid greens, pinks and reds. Top estimate R1.4m. She has the languid eyes of someone on tik but she's on a far more compelling stretch of turf than a lot of tonight's mind-numbing fifties landscapes.

As she's held up for viewing by the white-gloved hands of a gorgeous blonde in black décolleté (Maria Baumann, grand-niece of artist Francois Krige), an excited murmur runs through the crowd.

"Needless to say, keen interest," Stephan intones poker-faced from his podium, gazing down on us like a slightly jaded schoolmaster, careful not to show any excitement, or even his usual wit. "Can we start at one million?"

Auction intermediaries with cell-phones are lined up taking telephone bids from homesick South Africans in places like Baltimore. Bidding is fast. It climbs in spurts of R200 000 and reaches R6.6m in little over a minute.

"Finished at the back?" asks Stephan. "Yes?" Bang goes the gavel, as he announces in the same deadpan tone: "New record for any work of art in South Africa."

Applause and another outburst of thrilled murmurings as this room full of aesthetes (culture vultures?), sleek and secure in their quietly expensive overseas labels, confirm to each other their joy at finding themselves in the red-hot centre of the small world of South African art. A world in which it seems big bucks have at last arrived - even if they're nowhere near the \$140m paid four months ago for a Jackson Pollock, and even if none of the creators of these prime-value paintings are around any more to benefit.

(We are told the buyer of the Stern is anxious not to be identified. Where is he going to hang it – inside his walk-in safe?)

Anyway, it certainly looks as if the local art business is buoyant. You have to ask though why anyone would want to create a new Gregoire Boonzaier record, as happens tonight, by paying half a million for a not exactly awe-inspiring canvas depicting a khaki-and-orange backyard – even if it does show the influence of Cezanne, Braque and Japanese art generally.

And now comes the tricky bit. While

Wine and olive oil master Giulio Bertrand



Cara and Christo Wiese

perceptions and fashions certainly affect this market, which caters to the egos and status needs of the mega-rich, even more important is the authority exercised by an internationally respected auctioneer and art historian like Stephan Welz, brought up in an art environment. (Father Jean was one of Everard Reid's early big names, mother Inger dealt in art and antiques and was a regular at Ashbey's auctions for 50 years.)

He contextualises the work. With his long-term links to Sotheby's (he sits on the Sotheby's International board), he acts as a confidence-inspiring factor. Plus he's a brilliant marketer. The hype he generated around this particular auction was far-reaching, spearheaded by the catalogue. He made it hard cover, with Maggie Laubscher's melancholy *Fisherman With Boats* on the dust-jacket, a reminder of that record-breaking Laubscher *Mother and Child*. (Even so, it only fetches R1.2m.)

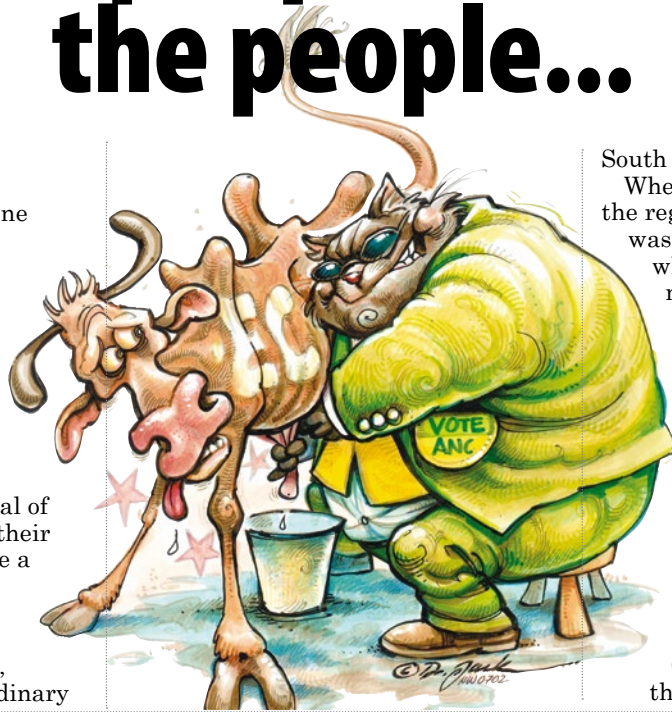
He's been doing it for 35 years. So it's a shock to hear that this auction is his Grand Finale. (Grand indeed. Total take at this auction is R39.9 million – up on the previous highest of R24 million.) He's sold the company to Mark Kretschmer and Jack Rosevitz – losing his brand name in the process, like Jenny Button and Hilton Weiner – and he's going to take a sabbatical with his wife Carmen on their farm at Tonteldoos near Dullstroom, breeding champion Tuli cattle. He has 360.

His size 13 shoes will be difficult to fill. Which raises the big question: how will his departure affect the local art market? Keep your fingers crossed. **W**



The people behind the people...

IT'S OFFICIAL. Sandton-based attorneys Barry Aaron & Associates are the “telephone answering services” for Sandi Majali’s various companies (see *nose88* for our exposé of Majali and Aaron’s involvement in the collapse of the Eastern Cape children’s feeding scheme). We have also established that Majali and two of his associates, Sulaiman Said and Janet Mary Salmon, have a total of 638 corporations registered in their names as directors. Many share a physical address with Barry Aaron & Associates. Sandi Majali himself is director of “only” 29 companies, but that’s still plenty to any ordinary



South African. When *noseweek* called Majali at the registered Sandton office, the call was picked up by Barry Aaron, who informed us that he had no interest in talking to us. The Sandton offices were not Majali’s, but Aaron would gladly pass on a message: “He doesn’t work here, but I can take your name and number. I’ll pass it to him and he would give you a call if that’s what he inclines to do.” Majali’s call never came. Other odd facts keep emerging. When *noseweek* was invited onto Xolani Gwala’s SAFM talk show, a Mr Moses Qomoyi called in, demanding that *noseweek* apologise to

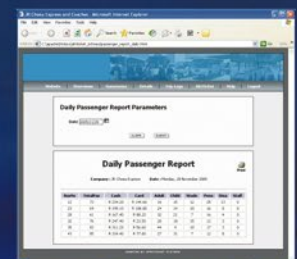
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Eastern Cape premier Nosimo Balindlela for alleging that she had turned a blind eye to corruption in the province's feeding scheme.

A bit of digging about subsequently revealed that Mr Qomoyi regularly calls in to radio shows to defend the Eastern Cape government. Whether this defence is solicited or not, Qomoyi and his BEE company have been targeting the School Furniture Program and many other provincial tenders – as he himself declared to *noseweek*.

Let's just say it's fair to suggest that his demand for an apology was laced with a fair spooning of self-interest.

So *noseweek* called Qomoyi. On whose mandate, we asked, did he demand that apology, given that the premier's office itself has not reacted negatively to our findings? Rather than explain his brief, Qomoyi announced: "We will not allow you and your likes to go around claiming that Blacks are corrupt."

Ah. And there we were thinking that corruption knows no colour. And that the mothers and children of the Eastern Cape are really more interested in getting the food promised to them than checking the colour of the delivery man.

Premier Balindlela need not return to any drawing board – she simply needs to ensure that the scheme revert to its original goal of feeding the children, and ensure that the money provided goes in the right direction, instead of being diverted into paying for new cars for men in smart suits.

Perhaps Premiere Balindlela should simply consult with her colleagues in other provinces to see how the SNP has been working there. A bit of scouting around shows that in Mpumalanga, Gauteng and the Western Cape, the Department of Education has contracts with food manufacturers, like Premiere Foods and Mr Bread, who, in turn, subcontract small businesses at the local level to prepare the food for the children. This ensures that the education departments in these provinces do not have to deal with huge volumes of paperwork.

The government of the Eastern Cape, *noseweek* has established, was presented with just such a proposal by the African Dynamics Group, but nothing has happened. Children are still going without food in the Eastern Cape, despite claims by the political establishment in the province that the feeding scheme is back on track.



Sandi Majali

What the children are being fed should hardly be called food: 100gms of bread (seven children per loaf of bread), 20gs of juice, 10gs of margarine and 10gs of jam. Children at farm schools get six biscuits a day. Yet it's a meal of a kind, and surely better than nothing.

Noseweek was also amused, in a melancholy kind of a way, to hear a key player in the scheme being masterminded from Barry Aaron's office describe Sandi Majali's businesses as "patriotic companies".

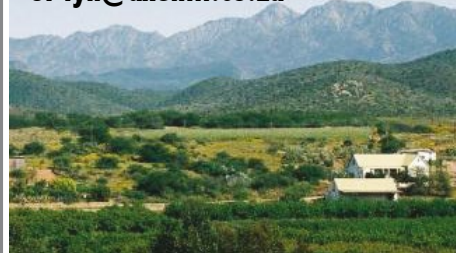
Sections of the audio statements are available at www.noseweek.co.za

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Boy toys

MY HUSBAND IS FASCINATED by toy airplanes. He discovered them online. He orders them online. He builds them, sticks electronic components in them and flies them by twiddling little sticks on a radio transmitter. He crashes them. He builds more.

I keep threatening to go online and buy the latest Barbie incarnation and her complete wardrobe and “dream house”. He doesn’t take me seriously. He knows that women grow out of such things. And I know men don’t.

My husband’s favourite website is RCgroups.com (www.rcgroups.com/forums/index.php) a website for grown men who play with toy airplanes. Men from all over the world post there, with the latest advice on slimers and foamies and micro helis and other such mystifying stuff. These individuals post pictures of their latest creations and videos of their favourite crashes. It is entertaining in an odd sort of way.

Like many such websites, RCgroups has an “off topic” category. For those whose enthusiasm for micro-aviation becomes temporarily satiated, there is the “Life the Universe and Politics” section.

In this section of RCgroups, there are multiple threads discussing armchair philosophy, religion, and (usually) American politics. Many of the gentlemen there are enthusiastic supporters of America’s current president and his war policies. Some aren’t, and this provides for a sometimes interesting exchange.

Since this is a moderated forum, there are rules one must follow to avoid being banned from the site. The owner of RCgroups, J Bourke, recently posted an additional rule: “A Secret Service agent called me today to discuss a recent post. If you make a threat against the President, or if you incite violence against the President in any way, you will be immediately banned.”

It seems that the U.S. secret service had somehow become alarmed by the political rants of men who play with toy airplanes. Bush supporters were quick to chastise anyone who had threatened their president:

Powerlines: “I think if you make a personal threat on the president, you should be locked up within the hour. That is just respect for your country. We should stand behind our president at all costs. If you love your country then prove it. Just back it and its people!”



*Somewhere
under the
bright cloudy
skies of Great
Britain sits
Vintage1
– not knowing
whether to be
alarmed or
amused –
cyber-outlaw
in a disputed
territory of the
new frontier*

Sarge: “If you are not resident in the US and you don’t want to follow the rules then stay out. If your country does not consider threats against its elected officials to be illegal, then engage in the behavior on a web site hosted locally.”

But neither they nor the Bush-bashers had any idea which post had contained the supposed “threat”. The site owner wasn’t talking, except to post this explanation:

JBourke: “The secret service has the unfortunate job of following up on every threat they see, and that means we’ll get a phone call every time. I don’t have the time to deal with it and they don’t either.”

The European posters who had been taking part in the conversation had noticed nothing “threatening” and seemed to regard the situation as more comic than sinister. One Brit, known on the site for his sardonic wit and total disdain for the Bush regime, tucked his tongue firmly in cheek and posted this:

Vintage1: “You want a decent president? Once a week Bush has to stand in Times Square, in nothing but boxer shorts, to justify his policies with no member of the security services anywhere for a mile, and full up against the public, who may be armed with anything from rotten eggs to a Hechler and Koch.”

Vintage1 soon received a private message from the site owner:

JBourke: “Vintage1, I’ve removed your access from Life, the Universe, and Politics. If you can convince me that I will not have to spend time on the phone dealing with the Secret Service because of your posts, I will allow you access.”

So somewhere under the bright cloudy skies of Great Britain sits Vintage1 – not knowing whether to be alarmed or amused – cyber-outlaw in a disputed territory of the new frontier.

When one sets out to explore silly things on the Internet, one sometimes gets more than you expect. It’s not only prying neighbours and *noseweek* readers who are interested in news they aren’t supposed to know. One government in particular is very interested. And this government has amazing capabilities in the art of casting nets in the sea of cyberspace.

And sometimes, like a dolphin in a tuna net, the innocent are swept up along with the guilty.

See you online, my china. But keep an eye out for Big Brother. **■**



iPhoney wars

THE DISPUTE BETWEEN Apple and Cisco about the name iPhone provides a neat overview of trade mark law – that’s an exaggeration, of course, but there are some valuable lessons to be learnt.

Apple’s new all-singing, all-dancing wonder “cellular handset” (it used to be called a cellphone), the iPhone, was unveiled to the world recently. This little beauty’s an important product because in it MP3 meets wireless internet meets digital camera. Wow. Which means you can do useful stuff, like listen to Dire Straits and access Google Earth. Hectic. And there’ll be a four gigabyte version and an even bigger eight gigabyte version. Sick.

And there’s talk that it even makes phone calls. Awesome.

Says Apple’s not-so-modest head honcho, Steve Jobs, waxing lyrical about his latest brainchild: “It’s like having the Internet in your pocket – it’s the ultimate digital device.”

Not satisfied he was giving his product all the credit it deserves, he gushed on: “It’s like having your life in your pocket.” Then – quite unable to contain himself, and convinced that his name belongs in the history books with the Bells of this world – “We’ve reinvented the phone.”

Others also contrived to go right over the top. Explaining the dramatic surge in Apple’s share price following the unveiling, some tosser at Goldman Sachs intoned: “Apple is raising the bar in the high-end multimedia device market in terms of quality.” Quite so.

Yet the story does raise interesting trade mark issues.

Apple did its homework before revealing its product to the world – and discovered that Cisco had already registered the name iPhone six years previously. But bad news didn’t deter: Apple started negotiations to either buy the name or get a licence to use it.

After all, simply because the mark you want is already taken, it doesn’t mean that you can’t get hold of it – deals are often done and trade marks are often sold or rented out (licensed).

What’s a little odd is that, failing to reach an agreement with Cisco, Apple simply went ahead anyway, and Cisco promptly sued for trade mark infringement, in San Francisco – it would have been a bit much to expect them to litigate in the Big Apple.

Cisco’s decision didn’t impress everyone.

Apple’s new
all-singing, all-
dancing wonder
‘cellular handset’
was unveiled
to the world
recently



Illustration: Meg Jord

In the words of another tosser at JMP Securities: “Bottom line is you’d think that Cisco had a better use of its time and money than suing Apple over a word.”

Tosh – we can think of no better use of time and money than suing over a word.

But what the devil was Apple thinking? The risk of negotiating for a name you want is that it alerts the trade mark owner to your interest – so if you can’t do a deal you’re taking a huge risk to go ahead. A company stealing a name simply hopes the trade mark owner never finds out. With a mega product like the iPhone this was never going to happen.

Perhaps Apple thought that with its product only due for commercial release in June 2007 it could thrash out a deal in time. Now that’s a risky strategy – if Apple can’t reach an agreement and has to change the name before the launch, it’s going to look pretty silly.

Apple is claiming that its product, being a cell phone, is totally different to Cisco’s, which uses Voice Over Internet Protocol (VOIP) – no likelihood of confusion is presumably the argument. The two products look all too similar to us.

Maybe Apple think they can challenge Cisco’s trade mark registration on the basis that it was registered long before it was ever used – most countries require you to use a trade mark within a certain period of registering it. Cisco apparently released its internet-based iPhone just a few months ago.

Or does Apple feel that iPhone isn’t a particularly strong mark? Words which describe the product which is sold under the name don’t stand as good trade marks in terms of the law, and iPhone consists of a generic word and the letter “i” – the common abbreviation for “internet”.

In South Africa, Apple might argue that iPhone isn’t only descriptive of internet-based phones, but phones in general too – for years South Africans have been asking: “Can I use iphone?”

If Apple did conclude that iPhone isn’t a very strong mark, why on earth did they choose it? Surely one of the major issues for a company as it launches a global product must be the creation of a strong and distinctive name which can’t easily be copied?

Like the “Blackberry” for instance. Or, while on the subject of fruits, Apple. **■**



Grapes of wrath

P EOPLE WHO DO sensible things with their time might still, I hope, have respect for the traumas and tensions of wine journalism. They will understand the recent public splashes in the murky little pool of wine-writing, as a few contextually sizeable fishes furiously flailed their fins. You hadn't noticed? Yes, it's admittedly not much of a pond, so let me explain – only briefly, to spare you too much about a few skirmishing wine journalists pretending that the pen is mightier than the sword.

Well, Michael Fridjhon, invariably tagged as a (or even *the*) “leading local wine writer”, turned in remarkably vicious fashion on Neil Pendock, describable as a (or even *the*) “prolific local wine writer”. First, in correspondence on the internet pages of *Grape*, Fridjhon rounded off some tart comments on his colleague by pointing to the latter's continuing “estrangement from the truth”.

Then, clearly feeling much provoked, in a letter to the *Financial Mail* (where Pendock has a column and had written slightly of a Fridjhonian venture), Fridjhon complained that Pendock had “persistently denigrated” both the Platter Guide and the Trophy Wine Show (another Fridjhon baby), ever since he was “relieved of his position” on the tasting teams of both. The two organisations had sacked Pendock, he claimed, because they had a low opinion of his tasting abilities (taking a chance here, given that Platter had never given this as a reason for not continuing to use him). Merely “an enthusiastic amateur”, sneered Fridjhon loftily.

Of course, “amateur” is untrustworthily ambiguous. Mostly it implies, as here, incompetent and uncommitted dabbling, but resonating echoes of its Latin origins more flatteringly suggest the amateur of wine as the lover of wine – someone, perhaps, without the lucrative, but arguably contaminating, involvements of a professional entrepreneur like Fridjhon.

Ignoring this ambiguity was shortsighted, given that Pendock's striving for mass appeal has included offering himself as the plain, unpretentious friend of the grape: an “amateur of wine” as he had already proudly claimed. So now (as far as I know) our Neil, instead of running to his lawyer, ran to his computer and, sensibly ignoring the real accusations, wrote a piece “in praise of amateurs”. He contrived



Illustration: Meg Inati

**The bottles
are out as
a pair of
wine writers
battle it out**

there to equate “professional” and “snob”, and to suggest that this unsavoury nexus (Fridjhon, let's guess) is the origin of wine consumption's “relentless downward spiral”.

We might legitimately wonder why Pendock, if he so happily embraces amateurism, offers the public quite so much of his writings in places normally claimed by professionals. Perhaps he sees himself as an expert amateur, or an amateur expert, so I'll venture a hopefully reconciliatory thought from the British social scientist David Butler: “The function of an expert is not to be more right than other people, but to be wrong for more sophisticated reasons.” Surely all winewriters could rally around that description of their role!

One of Pendock's causes is the useless inadequacy (except to the profits of their organisers) of wine competitions – at least those ones, presumably amateurishly, he doesn't participate in. Frankly, their odd and inconsistent results make it difficult to disagree with him. An interesting example, but also a counterweight, is *Wine* magazine's Chenin Challenge (whose tasting panel Fridjhon chairs), which recently announced its latest results. The Challenge has undoubtedly helped raise standards of chenin blanc; it has also encouraged the proliferation of wines with the power, sweetness and oakiness that helps win competitions, but don't always make for refreshing partnership with one's cheese salad or yellowtail steak.

It was probably at least partially in order to confront this problem that this year's winner was decided on through a byzantine process in which the judges gave both rankings and scores for the finalists, the former being decisive. Extraordinarily, the official winner (KWV's pleasant enough Val du Chêne) scored a lower average than the runner-up (Forrester-Meinert's impressive but arguably over-the-top FMC). Neil Pendock was not alone in criticising the process – another problem being that one of the winemakers (Martin Meinert) was on the judging panel.

Also rather odd is that the Challenge's prize went to an interesting young woman, not to Ian Nieuwoudt who was in charge of KWV's white wines at the time when this 2004 was made. Nieuwoudt was sacked soon afterwards (though never prosecuted) for illegally adulterating sauvignon blanc. Apparently he proudly confirms that he made the wine, while the KWV insists otherwise.

Seeking the truth – how to make the tough choice between a fraudster and his KWV ex-bosses? **W**

Poesvoet

D URBAN CENTRAL IS GONE now, of course. Only one watchtower remains, and a bit of wall with kitsch liberation deco. You know, like the Berlin wall. Well, no, you can't really call these graffiti, with that certain style, and in fact you couldn't really call Durbs Central much of an apartheid symbol, like Robben Island or the Fort in Joburg or Pretoria Central where they used to hang the *opblasers en droogmakers*. Indeed as a symbol of dominant whitey horries I'd sooner choose Durban's Tudor Playhouse Theatre any day, even with the white cement doves and the concrete dove-cotes removed, that used to grace the entrance hall. I rather liked Durbs Central. It was nice and airy with plenty of light and plenty of other *bandiete* within talking range; even if you were in solitary you could catch a bit of conversation now and then – the *boere* were bone lazy in this coastal climate.

Oaken doors bang, steel grilles clang, locks rattle and suddenly I'm in a cell I remember from last time round. Plenty to read here. Scratched things, scraped things; some lucky devil with an actual pencil has written We smaak to stoot our shroot in our ladys datils, and I fall to wondering once again what on earth this could possibly mean.

Here's a new one: van Schalkwyk is 'n skweeler. I know Skollie; if I see him loafing in the street again I'll tell him he's now immortalised in stone.

Here they lock your steel grille all right,

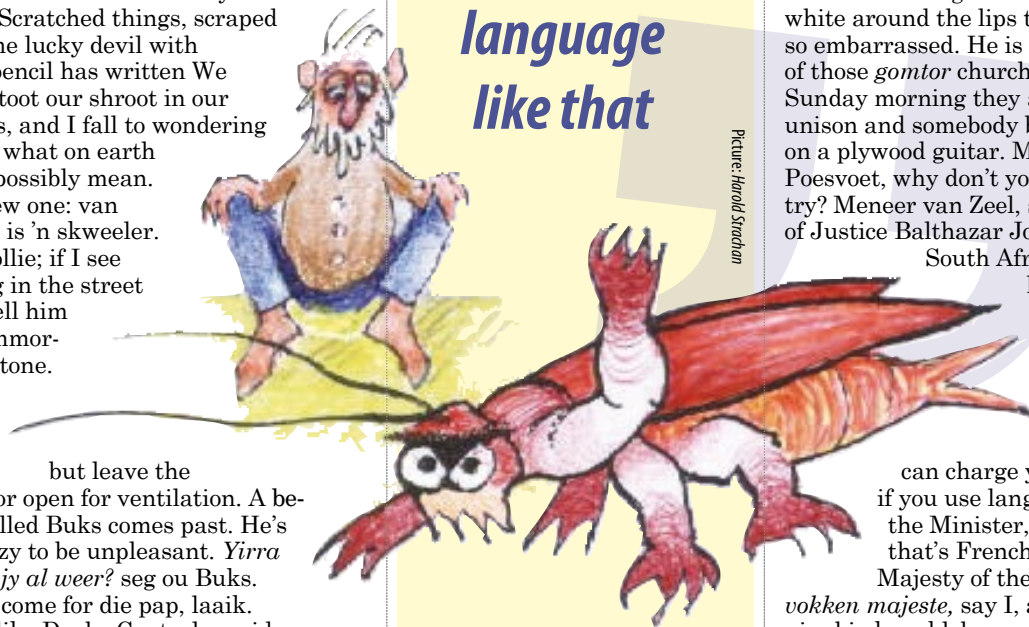
but leave the wooden door open for ventilation. A be-waarder called Buks comes past. He's even too lazy to be unpleasant. *Yirra Yissis, is 't jy al weer?* seg ou Buks.

Ja, say I, I come for die pap, laaik.

I rather like Durbs Central porridge. There's not a lot you can do to spoil it; if you overcook it it gets a bit like *phutu*, with a nice dark crust round the burnt part, and you can eat it as is; even cold, without sugar or milk, it tastes like mielies. I've not long finished mine the next morning and settled down in a nice little patch of summer sunshine, placidly contemplating a certain pit bull cockroach moving in from some crevice for his share of the pap, and I'm think-

*Jy moenie
so lelik praat
nie! cries Lt
van Zyl. We
can charge
you with
Lese Majeste
if you use
language
like that*

Picture: Harold Strachan



ing what a fine bait he would make for a right-size barbel, for a Cajun catfish gumbo with crabs and chillies and stuff, but then again this roach is one hell of a *bandiet* who knows his way around, and he's a bloody sight better-looking roach than I am a man and he looks so happy *nogal*. That sort of prison thought I'm thinking when Bewaarder Buks reappears and slams open my grille and spreads P.B. Roach thin like custard under his shoe and says *Kom, besoekers*.

It is Luitenant van Zeel, Security Branch. At the Berea Police Station the uniformed *ouens* call him Poesvoet because he creeps around the communists so. Men Herrilt, sê Lt. Poesvoet, I have come to serve these house arrest and banning orders on you in case you get bail. I read. Meneer van Zeel, say I, it says here I am not allowed to engage in any social intercourse whatsoever, anywhere, at any time. Can you tell me please what is meant by social intercourse?

Lt v Z has to have a partner, by regulation, like those *Watchtower* ladies, in case of rape and things. This partner's name also is apt; he is built like the metaphorical brick shithouse and his name is Sersant Baksteen. Social intercourse, sê ou Baksteen, is when they don't do it for money. I emit an earthquake sort of hollow laugh of about one on the Richter Scale. Make that 0.3; not so much at the joke, this laugh, as at the imbecile making it. Lt v Z goes first sort of white around the lips then red all over, he is so embarrassed. He is also a preacher in one of those *gomtor* churches, you see, where on Sunday morning they all shout hymns in unison and somebody bangs his fingernails on a plywood guitar. Men Herrilt, sê Lt. Poesvoet, why don't you just leave the country? Meneer van Zeel, say I, if your Minister of Justice Balthazar John Vorster thinks

South Africa is too small for himself and me, he can fuck off.

*Haai nee man,
Herrilt, jy moenie
so lelik praat nie!
cries Lt v Z in
deep dismay. We*

can charge you with Lese Majeste if you use language like that about the Minister, sê ou Baksteen, that's French for Insult to the Majesty of the State. *Jou ma se vokken majeste*, say I, and he clenches up a nice big knuckleburger with ginger hairs for my lunch. Lt v Z directs a sententious grin at him, indicating he must grin also and not hit my head, which I must say I'd rather fancied for a good newspaper headline: SECURITY POLICEMAN BREAKS CITIZEN'S FACE FOR INSULT TO MOTHER'S MAJESTY. But Baksteen obeys, he's junior in rank, he tries for a sour smile, but he's not too good at things like that, hey.

Yirra yissis! seg ou Buks. **■**

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PERSONAL

Jean-Michel, have a wonderful birthday. Lots of love, Mum, XX.

Alicia, dearest, thank you so much for sharing another birthday and being my Valentine.

Happy Birthday, Willy! Enjoy another year of nose! Love Linda.

Patricia – Happy St Patrick's Day and many more. Leprechauns, Denise and Petrus.

Viva, noseweek, viva! Continue your investigative journalism, exposing the sly, slimy and sleight of hand! MK Florence.

Does Rian really believe that the HIV causes the immunological system to collapse? D Matthews.

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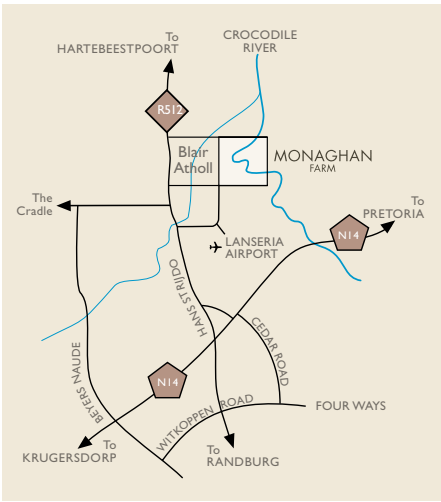
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