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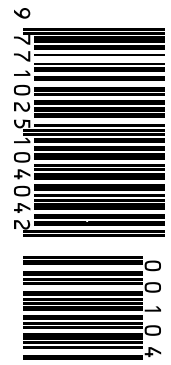
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JUNE 2008



Investec on a plate

The father, Rasool and the holy golfer How low can Standard go?
Blank on Venter: 'one big kvetsh' **Business as usury at Nedbank**





MATTHEW HARRIS

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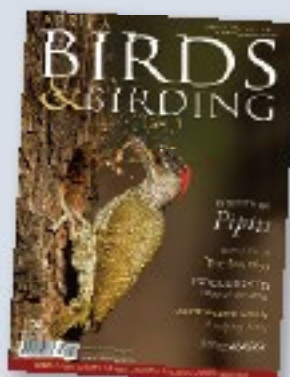


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Congratulations

Congratulations on securing a Sanlam Financial Journalist Award! It's always wonderful when hard work is recognised.

Zaida Essop

Marketing Manager

Metropolitan Asset Managers (MetAM)

Crossed wires

Your claim (Editorial, nose103) that "Our national electricity grid is controlled by an obsolete computer system (bought 30 years ago from the Swiss), based at a national control

T&D Automation, the French designers and manufacturers of the system, and a group of four local specialist engineers known as the Power Network Optimisation consortium."

Don't you think you should make some effort to get your facts right?

Dave Atkinson

By email

Some effort we did make – but on this one point clearly not enough! We are humbled (and mightily relieved!) to learn that, as regards Eskom's central

Eskom, pot-holed roads, dilapidated railways, broken sewerage works, contaminated water supplies, inefficient hospitals, crime and corruption everywhere.

The solution is simple: cancel all affirmative action and BEE programmes at once, because they are NOT working, and bring back those whites who were unnecessarily sidelined and forced out of government service.

Nick McConnell

Howick

and underhanded these people really are. Despite their critical shortage of new people, they simply refuse entry to any of their training programs to white people – and proudly so. Remember this organisation is run with taxpayers' funds and is an equal opportunity employer – well, in principle anyway.

How do they exclude candidates who happen to be white – apart from feeding you a bullshit line when you call to enquire? They won't allow you to pay cash for your own training – they don't want R535 000 in cash for a one-year training course! All applicants are forced to apply for state-sponsored bursaries. That's the trick: rather than bluntly refuse whites access and be labelled black racists, they force all applicants to apply for bursaries, and yes, you guessed it, bursaries are ONLY given to black students.

It makes me want to vomit at the thought that I pay tax from which they receive subsidies; I am a South African citizen, born in this country; rather than bemoan affirmative action, I am willing to re-train in mid-life; they require as many as 35 ATC's NOW! And yet this bunch of racist ticks scarcely showed me the courtesy of a reply.

Stuff ubuntu.

KDF

Milnerton

Drunk is best

I object to Robert van der Valk's insinuation that I and others are undiscerning half-drunk Bok supporters (nose103). May I assure him that when I watch the Boks, I am very discerning and completely drunk.

Dave Thomas

Fish Hoek

Get a life Rob

For his bitter and twisted analysis of Springbok rugby (nose103) Rob van der Valk only looks at results since 1992. Why? Springbok rugby has been around a lot longer than that. Historically, only against the All Blacks do we have a negative win/lose ratio – and it only turned negative post 1992, largely due to the effects of the isolation period.

General opinion at the recent world cup was that the Springboks were the best team on show – and that coming from New Zealanders: keeping calm in tight situations, good

May I assure you that when I watch rugby I am very discerning and very drunk

centre" is dead wrong.

Had you read the March 2008 issue of *Energize*, journal of the SA Institute of Electrical Engineers, you'd have known that "The official handover of the newly commissioned energy management system (EMS) at Eskom Transmission's National Control Centre in Germiston, took place on February 28.

"The contract, encompassing the design, manufacture, configuration and implementation of the system, was awarded in September 2004 to Alstom Protection and Control, the main contractors and project managers of the project, Aрева

control system, our information was out of date – and wrong. Thank you for correcting us. Regrettably, as for the rest of our extensive Eskom survey, we were right on all points. – Ed.

Please cancel the present

Your lead article and, in particular, your article about Eskom (nose103), confirms that affirmative action and black economic empowerment have failed this country dismally.

When the old National Party government handed over the reigns the country had an excellent infrastructure. Now, 14 short years later we have

I take it you're praising those "good old days" when the broken roads, dysfunctional services and crime were safely tucked away where most South Africans lived – in the townships and Bantustans. – Ed.

Ubuntu what Ubuntu?

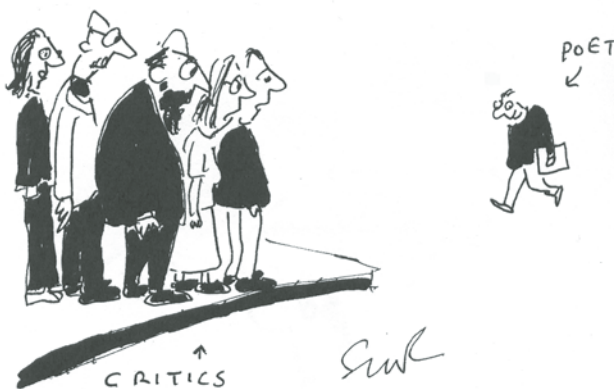
In your last edition you make mention – in your article on Eskom – of the shortage of trained and experienced air traffic controllers in South Africa.

Toward the end of 2007 I heard a programme on Radio 2000, hosted by an HR Manager from ATNS, the company that trains, employs and manages ATC's working in our country. Along with many of my other pale-faced brothers, I am unable to find respectable and intelligent employment in my own country, so rather than sit down and moan, I contacted them with the intention of acquiring these highly sought after skills. I was in for a shock.

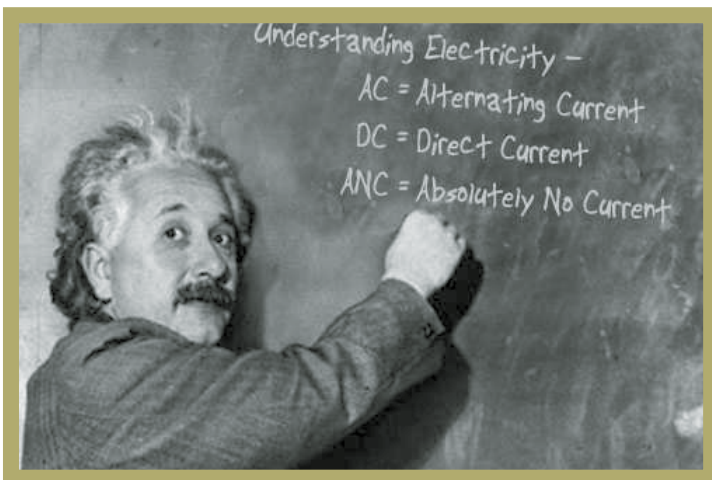
At first, all at ATNS denied any knowledge of the radio broadcast, had no idea who the woman hosting the show could possibly have been and, much worse, could not tell me a thing about any of their courses. I'm of German stock and determined. Seven calls and three emails later, I finally found someone who actually could give a damn, and spoke what sounded like English, albeit with a patronising tone.

After repeating myself ad nauseam, I was able to ascertain how mischievous

Gus



"Let's deconstruct the bastard!"



conditioning (yes Rob, BIG is better!), peaking at the right time, good defensive tactics etc are part of coaching, Rob. Didn't Nick teach you that?

"Who stands to gain from the delusion that we're amongst the very best?" Van der Valk asks.

Maybe he's the delusional one – only when/if Nick Mallet is involved with SA rugby again, will Rob remove the splinter from his eye.

R Swart
Claremont

Don't insult us

Why not congratulate Jake White and his side, who overcame overwhelming odds to win the World Cup despite the attempts by SARU and the politicians to sabotage them? Yes, we played our traditional game, but that is our strength and it's as South African as sunny skies, braaivleis and biltong. Yes we were lucky; but you insult the intelligence of the average rugby supporter if you think we don't know our poor winning record against the top sides. We watch the games you know.

Why not provide some solutions like you did in your book *Nic and I*? Isn't it time for

some quality people such as Nic Mallet and Morne du Plessis to engage with SARU and become part of the solution. What about it Rob?

Paul McNaughton
Stellenbosch

Sour balls

Rob van der Valk's cock-eyed analysis of how the Boks won the World Cup smacks of sour grapes – they won, end of argument. They got the "luck of the draw" by demolishing England – something that most rugby analysts were saying would be near-impossible a year earlier.

No other team in the world runs onto the field hampered with the political baggage the Boks do.

Let's have some more of the investigative reporting that has kept me buying *noseweek* for many years. The post-match bar-room drivel I can hear pretty much anywhere!

Kevin Charleston
Kenilworth

Don't be so touchy. We thought it just as well to remind our readers that we're part of the real world, where not only banks, lawyers and politicians get the beady eye, but rugby, too gets debated – albeit over a couple of beers. – Ed.

Kenaf a solution

I refer to your articles on hemp (*noses102,103*).

There is a thriving R120m natural fibre operation in the Natal Midlands, called Sustainable Fibre Solutions. See www.kenaf.co.za for more about the plant Kenaf (*hibiscus cannabinus*), which we are processing into natural fibres in a state-of-the-art factory, financed by the IDC and Seardel.

Kenaf is very similar to Hemp (*cannabis sativa*) in appearance and has similar applications. Thus whilst we heartily agree that industrial hemp should be deregulated there does exist a very viable alternative. Readers are welcome to contact me for further information.

Robin Kemp
Sustainable Fibre Solutions
Cape Town

Kenaf is indeed a great addition to the stock of environmentally-friendly fibre crops, and we wish you every success – but we would dispute that it is a substitute for hemp or has as many non-fibre uses. – Ed.

Washington's weed

You may be interested to know that George Washington was not only a slave owner (a lot of people know that) but a hemp grower. I quote from Wikipedia: "In the 1760s, he dropped tobacco (which was prestigious but unprofitable) and shifted to hemp and wheat growing and diversified into milling flour, weaving cloth, and distilling brandy."

David P Kramer
Johannesburg

A heavenly tree

Your article on that oak tree in Bryanston (*nose103*) had me all emotional. Hans Crescent was where I grew up.

My parents, Nena and Pat

Foley were of Irish descent, so named their house Bundoran – Gaelic for "a little bit of heaven".

I remember being able to run or ride my bike for what seemed like miles on that property with its rolling lawns and orchard. I remember sitting watching everybody dance as my brother turned 21. He would often have his friends over and I'd watch them fix their cars under the trees.

My mother tended the garden and it was she who planted that oak tree. When it was small my parents would put a thatch "blanket" around it in winter to shield it from the frost, and I would then hide in the thatch. I would collect the leaves at this time of year as they were so beautiful. That garden kept my mother going. She was well into her eighties and my father had long passed away, but she stayed on to attend her garden. I have such happy memories of the place that I have never been past there since my mother died: I do not want to see the changes.

Greg and Cara must be very special people to protect that tree – think of how it shades you and how it was protected. I am so happy that one of the trees that my parents planted still stands. I hope their lawyer neighbour, too, will come to understand and see beyond his complaints: you should all be friends and live a peaceful life knowing that the property was once home to a very happy family who still hold those memories dear.

Nanette Miranda
Weltvredden Park

Barker off

We bought a "stop neighbours' dogs barking" machine advertised in *noseweek*. It works! Dogs OK, we're OK and neighbour OK!

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I have a dream

WHEN WILL SOMEONE get around to establishing an honest citizens' bank? One that does plain, ordinary banking; no high wire walking, no juggling, no jumping through hoops, no rabbits out of a hat, no now-you-see-it, now-you-don't ... just plain ordinary, honest – did I forget to say that? – yes, honest banking. A business geared to providing a service for ordinary citizens at a reasonable fee: a current account, a modest home mortgage, standard vehicle finance for the family car, online banking, a credit card related to reasonable credit means.

And – dare we dream – an insurance company to match. One that invests our pension savings with due care and caution, credits our pension fund with the full proceeds of the investment, charges a fair fee for its services and then accounts to us fully for all the aforementioned, on a regular basis. The sort of bank that would be happy to advertise in *noseweek*. Is that so difficult for an honest businessman to contemplate?

I'm talking about a bank or insurer that does not go into the market investing for its own account – in competition with its clients – with all the conflicts of interest and suspicion which that gives rise to.

There is currently no bank or insurer in South Africa that meets that description. The so-called "main fund" gig that our authorities have allowed to take root in most, if not all, our insurance companies has institutionalised a gross insensitivity to the principles of trust and conflict of interest. Even Sanlam and Old Mutual mix their own shareholders' funds in one pot with policyholders' funds, where investment policy is dominated by one interest – their shareholders' interest. Out of the same investment pot shareholders draw the maximum profit: policyholders and pensioners get only what the company, in its marketing wisdom, reckons it *needs* to give them – in fact the minimum it reckons it can get away with and still stay in business.

True to that thesis, when it no longer intends to stay in the market, as Investec

Employee Benefits decided in about 2000, it need pay pensioners and policy holders no bonus, no dividend. And it will find an actuary to bless the deal! (Have actuaries been the most subtle and best paid professional thieves on the block, second only to Mervyn King – or is that another modern day phenomenon?)

Which brings us to our lead story.

We note that Investec's share has been on the decline of late. No surprise to us. Being an Investec shareholder is a bit like investing in a pyramid scheme: you're hoping to profit from the foolish and ignorant joining after you, so that you may reap from their ruin. You're the sort who would have carted containers of arms to Zimbabwe – for a special fee.

But most South Africans, we have been encouraged to discover, would rather block the highway to that container – for no fee. And that blocking the highway, or refusing to unload the ship, can make your day – and a big difference. They don't allow their broker to invest their pension funds with Investec, a company that sees pensioners as an eminently exploitable commodity.

And, now, a new discovery: Investec are even happy to defraud investors on the stock exchange when it suits them.

Take a look at page 12 and make your move.

The Editor

PS: Next month we intend returning to that other albatross still trailing in Investec's wake: Fedbond. Yes, albatross – as in harbinger of doom on the high seas.

Meanwhile, in anticipation of all that excitement, please, if you live in or around Cape Town, don't forget to come to our only party ever – to celebrate our 15th year in business, passing our hundredth issue, and finding ourselves amongst South Africa's ten fastest-growing publications. And there's that little Sanlam award I'm still blushing about ... So phone Nicci on 021 686-0570 and book your ticket now!

LAWYER STRUCK OFF AFTER STEALING TO PAY STRIPPERS

A FORMER PARTNER in a top London law firm has been struck off for taking £223 203.00 from a client account to spend on strippers.

Paul Saffron, 43, raided company accounts at Radcliffes Le Brasseur, Westminster, while still a partner there. The

divorced father of three said he was depressed and spent the money quickly so he would have no option but to kill himself when found out. The Solicitors' Disciplinary Tribunal ignored his pleas.

– *Evening Standard*, London, 9 May 2008

■ *Many years ago Radcliffes set up Radcliffes Trustee Co SA in Geneva, which catered for a largely South African clientel's "discreet" offshore needs. (The president of Radcliffes Trust was a one-time Durban attorney, Cecil Simon.) More recently the secretive Geneva Trust company was taken over by Investec.*



The father, the son and the holy golfer

The Arabella Golf Club and Country Estate

1 IS IT GREEN ENOUGH AND BLACK enough?" So inquired Western Cape Premier Ebrahim Rasool when asked to throw his weight behind phase two of the Arabella golf development in Bot River. Pertinent question indeed. But which "green" is at issue? And do green and black enjoy equal weight in the proposed equation?

The Arabella Golf Club and Arabella Country Estate and Western Cape Hotel & Spa is a very smart resort development on the Bot River estuary, not far from Kleinmond. It's huge, consisting of an 18-hole golf course (voted the best in the Western Cape and the second best in South Africa), a 145-room five star hotel, and 240 luxury houses (when completed).

Arabella South Africa Holdings (Pty) Ltd also owns the Westin Grand (formerly Arabella Sheraton) in Cape Town, and itself belongs to a German company that's part of the Schorghuber family empire. Arabella SA apparently takes the view that this means it should not be subject to equity requirements. Instead, BBBEE (Broad-

Did Western Cape Premier Ebrahim Rasool use his influence to drive through a dicey golf-estate development in an environmentally sensitive area?

Based Black Economic Empowerment) deals are the key to salvaging any conscience qualms it might have.

There's no shortage of golf courses in the area – a nine-hole course less than 10km away in Kleinmond and a monster 27-hole course in nearby Hermanus. So Arabella's announcement that it was planning a second 18-hole course, and a further 350 luxury homes, met with some surprise. Actually the reasoning is simple: while hotels aren't particularly profitable, luxury housing estates are extremely so – to capitalise on its investment, Arabella needed a second phase.

The new development is scheduled to take place diagonally opposite the existing development, with a piece on the other side of the R44. In January 2006 an application for environ-



God's estate: Edwin Arrison

mental approval was rejected, but the decision was taken on appeal to Western Cape Minister for Environmental Affairs and Development Planning Tasneem Essop. In September 2007 she gave the go-ahead – but the thing isn't being allowed to rest there: the Hangklip/Kleinmond Federation of Ratepayers' Associations has applied for a judicial review of the decision.

The review application makes for interesting reading. Basically, the ratepayers claim that the minister favoured short-term economic interests over long-term public interests, and that Arabella and its supporters exercised undue influence over the minister through the office of Premier Rasool. The go-ahead, they say, was given on the basis of Arabella's BBEE agreement, and very considerable environmental concerns were sidelined.

These concerns centre on the fact that the land in question lies in the Kogelberg Biosphere Reserve, an internationally recognised conservation area (and South Africa's first biosphere reserve). Kogelberg apparently contains 77 species occurring nowhere else – its website describes it as "perhaps the world's greatest biodiversity hotspot".

Biospheres are divided into core areas where absolutely no development should take place, buffer areas of limited development (eco-tourism, education, and traditional agriculture), and transitional areas for normal economic activity. The Arabella development lies in the transitional and buffer zones of Kogelberg, and a golf course clearly has no place in a biosphere buffer. The Kogelberg mountains also form part of the Bolland mountain complex, registered in 2004 by UNESCO as a world heritage site, with Kogelberg as its biodiversity hotspot. The whole site is particularly endangered by veld fires and, say objectors, the development will increase the risk of fires.

Moreover, the whole thing is at odds with two crucial factors: the spatial development framework for the area designates it for private nature con-

Premier Rasool, says Arrison, was dealing with 32 golf course applications at the time



servation and intensive agriculture; and the Western Cape coastal zone policy designates it as an ecological area.

The objectors also note that the first phase of Arabella hasn't sold out – although all 240 plots have been sold, houses and plots are already available for resale. (In response, Arabella SA MD Riaan Gous claims there's a waiting list of 400 for phase two.)

The respondents – the minister, Arabella SA and the Overstrand municipality – haven't yet filed a response,

but Gous continues to claim that the development is environmentally sound. Phase one, he says, is the only golf estate in Africa with ISO 14001 accreditation, which requires that it maintain international standards of sustainable environment management. Cape Nature has apparently also approved the scheme – but given that Arabella has agreed to donate land to Cape Nature's Rooisand reserve on the Bot River, land that Arabella will continue to maintain, Cape Nature's objectivity may have been somewhat compromised.

These considerable environmental matters, says the application, were not properly weighed up against Arabella's BBEE package, which was given undue attention as a result of alleged political manoeuvring.

In fact, the BBEE deal was specially designed to overcome the environmental objection, with a large number of previously disadvantaged people being mobilised to support the development. Arabella's Riaan Gous,

for example, told people in the area that Premier Rasool urged them to get maximum benefit for themselves from the development. The application claims that Premier Rasool's direct intervention in the matter, together with the Arabella lobbying for a favourable appeal, involved irregular administrative actions.

To discover what might have made the BBEE deal so persuasive, *noseweek* contacted the Reverend Edwin Arrison, effectively Arabella's BEE

partner in the deal. No sandal-wearing man of the cloth this! Let's meet at the Arabella Hotel he says; I'll show you around and you can watch the corporate video. So *noseweek* duly put on its best shirt and entered the holy precincts of the Arabella hotel, to meet a reverend very much at home in this temple of plenty, where he is treated with considerable deference. A man with a lot to say.

For many years Anglican priest of the nearby "coloured" area of Hawston, Arrison has moved out to the



Western Cape Premier Ebrahim Rasool

paler and more expensive area of Vermont, and now works as a “social entrepreneur” – someone, apparently, who “empowers people economically”, especially the previously excluded. He likes to quote heavyweights like Jesus from time to time, but he’s good company, with lively ideas on the going issues.

On the environment: it’s important, but consists of more than frogs and fynbos, it’s people too. On business: there’s no reason why a property developer can’t give away 30% to the less fortunate and still make a killing. On democracy: sure you have the right to protest, but if you can’t provide an alternative means of job creation, don’t object to a property development.

Arrison speaks with conviction on the benefits which Arabella phase two will bring. As he tells it, when the plan was turned down due to the environmental objections, he set about mobilising local underprivileged communities to get it passed, persuading them to join the appeal process.

He also persuaded Arabella to give away far more to the underprivileged, arguing that it would have to enter into a BBBEE agreement. He met with Premier Rasool (who, says Arrison, was dealing with 32 golf estates

applications at the time – a telling fact in itself: isn’t that the environment minister’s job?) who told him the plan could be passed if it was green and black enough.

The overall result was the Arabella Community Trust, and a BBBEE agreement which gives the trust 5% of the net profit of the development (with R3m being paid up front within the first three years), and a further 1% on all sales and resales. Every guest of the hotel will pay a levy of \$1, to be paid to the trust. An amount of R1m will be made available for entrepreneurial development, and 3% of the hotel’s payroll will go to skills training. As regards procurement, 40% must go to BBBEE certified companies.

Twelve trustees will decide how the funds are to be spent, six (including Arrison) from the local communities, three from Arabella and three from the Arabella home-owners’ association. Arrison will be appointed to the board of the development company in order to monitor sales, and two other trustees will also be on the board. In addition, Arabella SA is required to donate R5m to social housing in nearby townships, which Arrison hopes the trust will administer.

Arrison is a little less convincing regarding his own involvement, and it’s difficult to pin him down on what he actually does. He claims to be something of an altruist, sitting on boards which seek to uplift communities: in Hawston he’s looked at developing an abalone farm, a business hub and a caravan park.

He eventually admits that he’s a member of the Coastal Community Investment Trust (CCIT) which, for a fee, facilitates deals and puts developers in contact with empowerment partners. Although he’s drawing a salary from CCIT (apparently bankrolled by two wealthy whiteys, David Ovendeen, a South African living in London, and Martin Luyt), the trust (in Arrison’s version) appears to have been spectacularly unsuccessful, having yet to put together a single deal. Some nosing around the local scene reveals that, in Hawston at least, Arrison is not quite the people’s friend one might imagine from his rhetoric. The local ratepayers’ association claims he’s a charlatan involved to his own advantage in every BEE deal, and say he has no right to represent the people of Hawston on the Arabella Community Trust. It’s claimed that his connections in the Overstrand municipality feed him information

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about proposed developments, which he then moves in on. It seems he's very friendly with disgraced former Overstrand Municipal Manager Jan Koekemoer (*nose98*) and the current director of community services, Roderick Williams.

His wife Desiree is the municipality's strategic manager, responsible for the Integrated Development Plan. His close friendship with Rasool, with whom he was detained in the 1980s, doesn't hurt either.

Have you received any benefit from Arabella *noseweek* asks? Not that I can think of he says. I didn't get a plot or anything (shame, did others?), but I will get a salary as a director of the development company.

And what about your wife's 40th birthday bash at Arabella? No, I paid for that.

Subsequent inquiries have revealed that Arrison also has a bunch of other commercial interests: apart from being a director of the not-for-gain company Hawston Abalone Village, and a private company called Overstrand Local Economic Development Agency (Pty) Ltd, he's also a director of Wupertal Property Development (Pty) Ltd and Theza Western Cape Harbours (Pty) Ltd.

And what of the fact that, in the whole BBBEE package, Arabella has managed to avoid a social integration component, perhaps the most crucial factor in such development deals and especially emphasised by government?

Normally a developer is required to provide 20% low-cost housing in the development, but the residents of an exclusive golf estate don't really want poor people nearby (with golf carts, they don't need caddies) – so Arabella

Edwin Arrison

has been allowed to avoid social integration by donating R5m for housing elsewhere.

Isn't this a fancy bit of apartheid left-over? No, smiles the peoples' friend and "motivator for change", residents of a low-income community wouldn't be comfortable in or on the Arabella estate. It would be "contrived".

Green enough and black enough?

From the course to the courts

Another golf development lands in the bunker

ONLY 10 KM FROM THE ARABELLA estate, in the pretty seaside resort of Kleinmond, another golf course development is also embroiled in controversy. Here the club is unpretentious and the green fees are reasonable. Only 15 years ago the nine-hole course had only 30 members, and though the numbers have risen to 600 the club has no financial reserves to speak of.

The course's lovely setting forms part of a much larger piece of municipality land, and in 1994 the club was granted a lease on enough of the surrounding land to plan expansion to 18 holes, giving the club around 70ha of municipal land in total. Which is where shadowy "development facilitator" Rabcav enters the scene.

A joint venture between Rabie Construction and Cavcor Construction, and headed by Cavcor's Lesley Viljoen, Rabcav negotiates development agreements which "unlock value" in municipality assets. In plain English: Rabcav tells municipalities which of their assets to sell, making their own little fortune out of any deals that ensue – see *nose98* for Rabcav's involvement in the Checkers deal in Hermanus.

Rabcav obviously sees great potential in the Kleinmond golf course, and,

The courts will decide on the green. As for the black – aren't the greatest beneficiaries of the development a group of fabulously wealthy Germans and their local teamsters, plus a few hundred (mainly white) South Africans who get to own second homes in the Overberg?

Why on earth would anyone in authority go for a scheme like that? We can't even begin to imagine! **W**

perhaps mindful of recent bad publicity, their plan for Kleinmond is a little sneakier than usual. It goes something like this:

Rabcav suggests to the club that they buy the land they're on from the Overstrand municipality. But surely, asks the club, 70ha of prime coastal property will cost a fortune? Not really, says Rabcav, we'll get you a written valuation of – say – R2m.

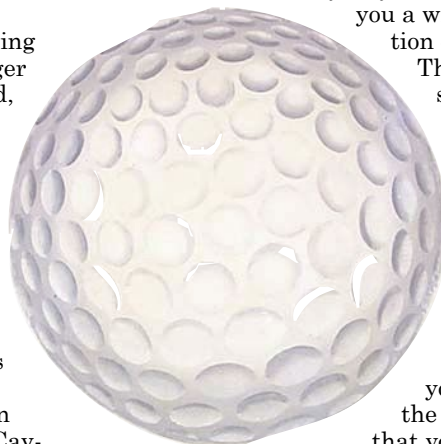
That's cheap! – but sorry, we haven't got even that.

No problem; we'll give it to you, and – free of charge – we'll build the additional nine holes *and* upgrade your club house. All you do is give us

the 10 or so hectares that you don't need,

to develop some residential plots. Uh... and the municipality will go along with this? Don't worry about that, we tell them what to do, say Rabcav with a smile.

Hey presto! The financially embarrassed Kleinmond golf club becomes proud owner of a smart 18-hole course in return for buggie all; the municipality loses 70ha of coastal land and gets a miserable R2m; Rabcav spends R2m, upgrades the golf course and gets to



The municipality will go along with this? Don't worry about that, we tell them what to do, say Rabcav with a smile

sell 176 golf estate stands that would surely go for no less than R1m a pop. Nice business if you can get it.

The Overstrand municipality has put the deal out for public comment, and, luckily, some residents made the effort to read all the documents.

As a result the Kleinmond Nature Conservation Society has lodged a formal objection, which asks a couple of pertinent questions. Why, for example, is the matter being handled by the very controversial Overstrand municipality town planner Riaan Kuchar (*nose97*), when it could (and should?) be handled by the Kleinmond area administration? Anything to do with Kuchar's close links with Rabcav's Viljoen? And how come the municipality is going ahead with a project that

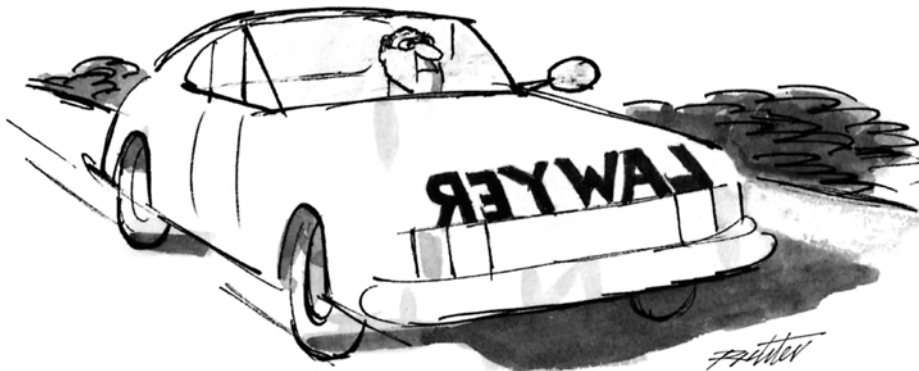
doesn't have a planned budget allocation?

Then there's the issue of why the municipality is making land available for expanding a golf club: what of local housing needs, especially for the many people presently in squatter camps in Kleinmond and nearby Hawston, many of whom don't even have running water? The deal, say the plaintiffs in their formal objection, is a "pure donation of millions of Rands to the 600 members of the Kleinmond Golf Club", and "has little benefit for the community at large".

The objection also points out that Rabcav is hopelessly conflicted, acting as both the facilitator and the developer in the deal, and that the municipality itself has quite clearly breached municipal law, which requires any sale of municipal assets to be fair and competitive.

And what of that R2m valuation, made by a valuer from Brackenfell, Cape Town (far from Kleinmond), by the name of Johan Groenewald? It's patently absurd. There's no indication that Groenewald is independent or even knowledgeable about coastal land, or that he was even briefed on the plans for the land. Groenewald says rural land should be valued at R30 000 per ha and residential land at R950 000 per ha – but doesn't apply the higher figure to the 10ha Rabcav will take over for residential plots. According to the objectors, the true value could be anywhere between R10m and R47m. On top of everything else, allowing the scheme to go through will only depress the local housing market further, where there are already some 200 homes for sale.

It's early days yet, but this looks like another controversy heading for the courts. **■**



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Investec on a plate

SOME TIME IN MARCH – eight years after it conspired with others to defraud investors in a R900m share flotation on the London Stock Exchange – Investec Bank (UK) Ltd signed a top secret settlement deal with scores of victims who had sued the bank for their losses.

Investec had already a year earlier concluded a similarly secretive settlement deal with another group of the victims, represented by another firm of solicitors. The two groups were, between them, claiming nearly £8m (R105m) in damages from Investec and its co-conspirators in the fraud.

The fraud involved the flotation, in July 2000, of Claims Direct, a UK company which advised people on personal liability or accident claims – in what is popularly known as the “ambulance chasing business”. Investec was the company’s banker, and officially sponsored the flotation.

The fraud lies in the fact that, by 1999 at least, Claims Direct was effectively bankrupt, and, as a result, unsuspecting investors lost an estimated £200m (R3bn), buying shares in an effectively bankrupt company. Most of the money ended up in the conspirators’ pockets – as much as £25m (R375m) of it in Investec’s pockets.

Noseweek got an indication of just how desperate the banking group is to keep its latest misdeeds from the public eye when we approached the Manchester solicitor who represented the investors that were party to the latest settlement deal, for comment.

Before *noseweek* could ask even a single question Christine Oxenburgh of Rallis Solicitors announced that she had a prepared statement.

It read: “The claims brought by certain former Claims Direct Ltd shareholders against Colin David Poole [a former director of that company] and Investec Bank (UK) Ltd have been settled to the

satisfaction of all the parties.”

Who had signed or issued the statement and when had they done so? “I will not, cannot, be drawn into a discussion of the matter. That’s the agreed statement.”

Who are the former Claims Direct shareholders that are said to be party to the settlement, and what had they claimed?

“I said I will not be drawn into a discussion. If you ask me another question I will terminate this call.” Which, politely, she did.

We do, in fact, know that, in an earlier attempt at private mediation (it was abandoned around the end of 2006) before Mr Tony Wallis QC, her clients were listed as “Hardial Basra and 213 others”, and their claimed losses resulting from the purchase of fraudulently promoted Claims Direct shares amounted to over £2.8m (R40m).

While *noseweek* has been unable to establish exactly how much they settled for, a source close to Rallis says that legal fees the firm recovered amounted to “about £2m”. R30m in legal fees – not bad by anyone’s standards! (Imagine what Investec must have paid their own top City solicitor, that master delay-and-pay strategist Neil Mirchandani at Lovells! Not to speak of what he was paid for last years settlement deal, where the victims’ claims totalled in excess of £4m (R60m).

Investec and its lawyers have gone to great lengths to keep the evidence of their involvement in the fraud – and the admission implied by the settlement payments it has made – from the public eye. There is no public record that might even suggest that settlements have been concluded.

It has taken *noseweek* months to piece together the evidence, starting with half a dozen court cases launched in various courts across England and Wales, the first in 2004. Typically, as in the case filed in the Chancery Division of the high court by Robert Cox,

*How one of
South Africa’s
biggest
financial
institutions
conspired to
defraud British
investors*

in May 2005, they cited Investec, Anthony Sullman, Colin Poole, Paul Doona and Paul Rew (all CDL directors).

All of them appear to have been abandoned. All the lawyers we tracked down had signed confidentiality agreements – and refused to talk.

But then we found out about a private investigator who'd had some fascinating experiences, and the story took off. (Remind us to tell you about the car in the basement.)

The final puzzle pieces fell into place at the end of March, when one of the bank's co-conspirators in the fraud (the Colin David Poole referred to in Ms Oxenburgh's otherwise bland statement) confessed to "unfit conduct", in a formal statement made in the course of an investigation by the UK Department of Trade and Industry. But more about that in due course.

First we need to explain how Claims Direct's business worked, and what Investec's role in it was.

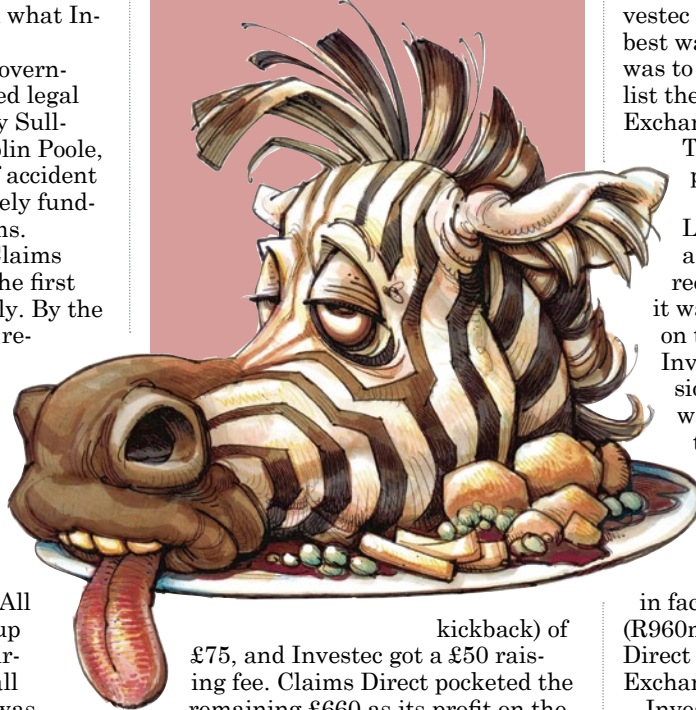
After Tony Blair's Labour government abolished state-sponsored legal aid, a London cab driver, Tony Sullman and his solicitor mate Colin Poole, both having fair experience of accident claims, saw the gap for privately funded legal aid for accident victims.

The company they set up, Claims Direct Ltd (CDL) was one of the first in the market and grew rapidly. By the end of 1999 the company was reported to have 24 000 clients, and profits were expected to top £8m.

This is how the scheme worked: CDL employed a squad of agents – on commission – to seek out accident victims. They would sign them up with offers of legal aid, no money required. All the client had to do was sign up for the company's special insurance policy that would cover all costs. The up-front premium was high – over £1300 (R20 000) – but not to worry, they had a friendly bank lined up ready to advance the money right away. Which is where Investec came into the deal. Even better: the client would never have to repay the loan – because it would be recovered from the defendant as part of the costs awarded in the case.

Many features of the deal were unethical, others downright illegal. For a start what the client was paying was not an insurance premium. The actual insurance policy cost less than 10% of the fee. The agent who signed up the client got to keep £425, Mr Poole got a "vetting fee" (in reality a gratuitous

Investec had more than one reason for wanting to keep the pending catastrophe secret; it was negotiating with FNB to take over its loans business



kickback) of £75, and Investec got a £50 raising fee. Claims Direct pocketed the remaining £660 as its profit on the deal. It also collected an illegal £350 referral fee (called a "file fee" for the record) from the solicitor to whom it finally referred the case.

Yes, it was all too good to be true. Sullman and Poole had bargained on laws being introduced that would make their "insurance premium" legally recoverable from the unfortunate defendant when they won the case. But such changes in the law didn't come – and by mid 1999 it was clear that this wasn't likely to happen in a hurry.

They told no-one about what they suspected and feared: that all those loans would not be recoverable. By the end of the year they could take the

stress no more: both CDL and Investec sought the opinions of senior barristers on how they might get around the problem. Both QCs were pessimistic. By the time the bad news reached Investec, the bank was already in for £25m. By the time it was able to call off its deal with CDL – it had to be done very discreetly in order not to frighten the market – Investec's exposure had grown to £32m (R480).

With all those advances irrecoverable, the business was effectively bankrupt. Even if it attempted to recover the money from its own clients, contrary to promises made, it would be dead in the market overnight.

Investec had more than one reason for wanting to keep the pending catastrophe secret; it was negotiating with FNB to take over its loans business!

The only way CDL could repay Investec was if it raised fresh capital. The best way to do that, they all agreed, was to pretend that all was flourishing, list the company on the London Stock Exchange and do a share flotation.

They could do a pre-listing private placement of shares.

On 5 December 1999, the London *Sunday Telegraph* had a good-news story: Claims Direct Ltd was doing so well that it was being groomed for flotation on the London Stock Exchange by Investec's London brokerage division, Investec Henderson Crosthwaite. With Investec as sponsor, the flotation was expected to up the value of the company to £200m – and earn its cabbie founder a personal fortune of at least £100m! Yes, R1,5bn. Sullman and friend Poole

in fact made a more modest £60m (R960m) between them when Claims Direct was floated on the London Stock Exchange in July 2000.

Investec secretly (as in its dealings back home with corporate fraudster Brett Kebble) had some very good, even desperate, reasons of its own for promoting Claims Direct's flotation – and made sure it also benefitted handsomely. Before the listing it managed to recover a couple of million it had advanced factoring all those kickbacks CDL had been collecting from solicitors. From the flotation proceeds it managed to recover £20m – plus its fees for sponsoring the flotation and privately placing the directors' own shares with "favoured clients". The underwriters grabbed £16m because, they said, they had been grievously misled about the risks of the business.



Investec CEO
Stephen Koseff

Within no time all the flotation cash was gone – and at Claims Direct it was back to square one.

Investec and the CDL directors certainly knew that the flotation was not kosher – and that the company was doomed. For all of them it was simply a dirty – but effective – exit strategy that would leave innocent investors with the losses Investec and Claims Direct knew were inevitable.

Then, on Thursday 26th October 2000 – just three months after the company's listing, the BBC's prime time consumer programme, *Watchdog*, gave the first public indication that all was not well at Claims Direct.

First, they interviewed some Claims Direct clients. A typical example: Christina Spiller, who was hurt in a gym accident, had been awarded £1500 by the court, but in the end received a cheque for only £79 from CDL. Most of her money had gone to repaying the Investec loan which had not been recovered from the defendant in the case. Some clients had got as little as 2% of their accident compensation.

And, *Watchdog* revealed, there were a further 19 000 such Claims Direct clients who were unlikely to get their money back.

Then *Watchdog's* Anne Robinson – rated the rudest person on UK television and originator of the line, “you are the weakest link, goodbye” – was let loose on CDL Chief Executive Colin Poole. “Claims Direct is just in the business of selling overpriced insurance policies!” she snarled at him. Not at all, said Poole, trying to remain calm; Claims Direct was there “to give *Watchdog* viewers access to justice”.

Anne wasn't having any of it: “Do you like charging excessive charges

to your clients or not acting in your clients' best interests?”

Poole: “No – we don't do that!”

He nevertheless thought it prudent to concede that Claims Direct was now “trying” to ring fence (for the client) the first £1500 of compensation awarded in any case, and was also “taking another look” at “some” cases. He didn't say that if they did what he was suggesting, the company was bust. Nor did he reveal that Investec had pulled out of the deal and they'd yet to find a replacement banker.

He had pleaded in vain. Scarcely a month later the *Telegraph* reported that Claims Direct shares had “tumbled by a quarter”, because of “adverse media coverage”. He noted that CDL shares, that had been floated on the stock exchange in July at 180 pence, and had risen to 353.5p in September, had by November dropped to just 137.5p.

Next the *Telegraph* reported: “Chief executive Colin Poole defended his business against suggestions he is building up false hopes, with the promise of profits above market expectations.” Nobody believed him, and the share price “suffered another unfortunate accident”, dropping to 87.5p

Some (smarter) analysts now started asking the key question: why had the issue of the non-refundable insurance premiums not been raised in the flotation prospectus? By the end of March 2001 the share had dropped to 12.25p. The company revealed that it had been “hit by £26m of exceptional costs” and was in a loss situation.

Only in July 2002 did the London StockExchange get around to suspending Claims Direct's listing. By then its share price was at 3p, the company was under administration and its directors were under investigation by the DTI.

Within the week Investec made its own sparkling debut on the London exchange. No-one remarked on the irony.

In the official statement announcing its intention to apply for a London listing (parallel to its Johannesburg listing) – and, simultaneously, to raise additional capital by issuing up to 10 million Investec plc shares (the price “to be established by market forces”) – Investec provided potential investors with “selected financial information”, drawn from its consolidated accounts, for the years ended March 2000, 2001 and 2002.

The selection showed, inter alia,

that in those years its operating profit had risen from £123,5m to £133,2m to £158,6m, while headline earnings per share rose from £1.1 to £1.26 to £1.27 and shareholders' funds rose from £528m to £579m to £800m! All of which would no doubt have had a positive influence on the “market forces” that would determine the price of those 10 million Investec plc shares that would shortly be up for sale.

What Investec did not see fit to mention in its pre-listing statement was that those wonderful figures were in no small measure attributable to the fact that its South African subsidiary, Investec Employee Benefits, had decided in those years not to meet its pension fund clients “reasonable expectations” when it came to profit share, bonuses or pension increases, and that it had, instead, in 2002, itself pocketed R600m from their bonus account.

And that, in the UK itself, it had fraudulently conspired in the flotation of Claims Direct and then appropriated £20 million from the proceeds for a debt that was not disclosed in the prospectus.

Investec enthusiastically sponsored the flotation and invited investors to buy Claims Direct shares, while it secretly knew that the company was effectively insolvent at the time of the flotation and had no prospect of recovering its business.

Why? The flotation was a means of raising the cash needed to reimburse itself for the millions it had advanced in loans to the company's clients. A year before the flotation, Investec and Claims Direct's directors had already had reason to suspect that the loans would not be recoverable; six months before it they knew it for certain – but kept mum while, with great urgency, they planned the flotation as an exit strategy.

Investec also knew, at the time of its London listing application, that it faced massive damages claims by both the industrial pension funds in South Africa (see *nose102*) and the misled British investors in the Claims Direct flotation. Claims that, if successful, could wipe out those profits so proudly punted in its London listing prospectus. This was quite apart from the massive reputational damage, and loss of investor confidence, Investec faced when clients and investors learned it was not to be trusted.

How do we know Investec knew the wrongs and risks of its conduct? Because its own consultants and legal advisors had warned it of all these risks.

In a confidential report to the direc-

Investec and the Claims Direct directors certainly knew that the flotation was not kosher – and that the company was doomed. For all of them it was simply a dirty – but effective – exit strategy



tors of Investec and its London listing consultants, Schroder, Salomon, Smith & Barney, dated 4 April 2001, financial services consultants Tillinghast-Towers Perrin stated:

“Investec Group Ltd aims to list on the London Stock Exchange. In connection with the listing, Tillinghast has been jointly engaged by Investec and Schroders to perform a high-level review of the following aspects of Fedsure Life [later renamed Investec Employee Benefits; *nose102*] and Norwich Life.”

In the course of the report they state, inter alia, that:

“[Fedlife] intend to declare zero

bonuses for 2000. ... This is likely to generate extremely poor publicity, and may result in a significant reduction in new business volumes, coupled with large outflows of funds.”

They also state: “In our view, passing the poor performance [of the company’s investments] on to policyholders will be contrary to their expectations and we recommend that the possibility of claims against [Fedlife] for under-performance, arising from the structure of the portfolio ... should be considered as part of the legal due diligence for the listing.”

Those risks have become manifest in the multi-billion rand court action still currently being pursued by the industrial pension funds against Investec. Not only did Investec’s directors choose to ignore the advice; they failed to share their knowledge of the massive risks with shareholders and listing authorities – as they were required to do by law.

Of course, if their victims and the authorities never get to know this – no problem. All Investec’s efforts and strategies have, therefore, been directed at ensuring that neither victims nor authorities succeed in laying their hands on the evidence necessary to prove the Investec directors’ prior knowledge and wrongdoing.

An interesting little correspondence has fallen into our hands which casts some light on the subject.

But first, a quick recap of our story in *nose102*: By 2002, various industrial pension funds that had billions invested with Investec Employee Benefits (a wholly-owned Investec subsidiary previously known as Fedsure Life or, simply, Fedlife) were fed-up with Investec’s rape and plunder of their funds and wanted to move elsewhere. But to establish what they were owed by IEB, they needed an accounting from IEB – which IEB to this day steadfastly refuses to provide. Investec wants them to take what they’re offered – or leave it.

So the pension fund trustees went the route offered by our new democratic constitution: they applied for the relevant information in terms of the Promotion of Access to Information Act (PAIA), which had become law in 2002. IEB still refused. So they applied to court in terms of the Act. IEB opposed the application – and itself applied to court, insisting that the trustees first needed to provide security for legal costs, totalling millions, before they could proceed with their application for information. IEB’s application was rejected, but had succeeded in stalling matters for another six months – by



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which time any claims which the funds might have against IEB were about to prescribe (lapse). The funds were obliged to abandon their PAIA application, and to proceed to issue summons without it. Which they did in December 2003.

Which brings us to that correspondence.

On 30 January 2004, Investec Employee Benefits' attorney, Cindy Button (of Jowell Glyn & Marais in Sandton, who were also Investec's legal advisors on the London listing) wrote to the attorneys representing the industrial pension funds suing IEB to inform them of a most unusual occurrence:

"We are distressed to advise you that the office of Investec Employee Benefits Ltd situated at 1 De Villiers Street in Johannesburg, has been burgled.

"At this stage we have ascertained that a number of files relating to the Electrical Industry (KwaZulu-Natal) pension fund, as well as several other industrial pension funds, have been stolen. Our client is attempting to compile an inventory of the stolen files, although our client does not have an inventory of the content and extent of the files it had in its possession prior to the burglary.

"The burglary has been reported to the SAPS."

A week later the KZN fund's attorney, Gary Rademeyer, at Garlicke & Bousfield Inc, replied:

"Further to your letter relating to the 'burglary' which allegedly took place at the office of Investec Employee Benefits, please furnish us with the SAPS case number and with the name and contact details of the investigating officer as we would very much like to make contact with him/her."

That instantly (on the same day) drew an angry howl of protest from the dreaded Ms Button: "It is impertinent of you to refer to the burglary that took place at our client's offices as 'allegedly' taking place and to place the word burglary in quotation marks.

"It is with regret that our client's decision to be transparent about the stolen files has been dealt with in such an insulting fashion.

"We are enquiring from our client whether they are prepared to furnish you with the information requested by you. You may very well be compelled to cobble a request in terms of the Promotion of Access to Information Act of 2002."

All of which brings to mind that entertaining little incident in the Claims Direct saga about the car in the basement. On 22 March 2001 the directors

Poole admitted that Claims Direct's flotation prospectus (endorsed by Investec) had failed to disclose to potential investors a number of 'highly material' factors that negatively affected the company's trading position



of CDL got a tip-off from a mole in the DTI: the DTI inspectors were planning to raid Claims Direct's offices next morning. Some urgent calls were made and, late that night, Colin Poole and Tony Sullman were seen to arrive at the office. They were then observed going up and down the stairs, carrying files and computer hard drives to Sullman's car parked in the basement. When the job was done, they locked the car in the basement and left together in

Poole's car.

Next morning the DTI inspectors duly arrived, found nothing incriminating, and left. Relieved, Poole and Sullman rushed to the basement – to find that someone had broken into Sullman's car in the basement and had removed all the incriminating files and computer records. Sometime later various litigants received neat bundles of the documents – as did the DTI inspectors.

It seems it takes a thief to catch a thief.

In March this year Colin Poole confessed, in a statement prescribed by Britain's Company Directors Disqualification Act, that, from as early as July 1999 (a year before the listing on the LSE), there had been reason to doubt the recoverability of Claims Direct's insurance premium, and that it had become "reasonably clear" in September of that year that Britain's Lord Chancellor did not intend such premiums to be recoverable. Despite this Poole had not warned his customers of the risk of non-recovery.

He also admitted having told customers that the full sum they paid to Claims Direct reflected the actual cost of the policy – whereas the insurance had in fact cost less than 10% of what he charged them.

Poole also admitted that Claims Direct's flotation prospectus (endorsed by Investec) had failed to disclose to potential investors a number of "highly material" factors that negatively affected the company's trading position, and that these had been known to him and his professional advisors (including Investec) at the time the prospectus was drawn up. In addition to the insurance premiums (which were the heart of the company's business) being irrecoverable, Poole admitted that at the time of the flotation and listing, CD had no banking arrangement in place for the provision of loans to its customers (also crucial to the business being able to continue).

Investec had stopped providing these loans three months before the listing because it too knew they were irrecoverable. Claims Direct was now, secretly, having to self-fund these loans – a huge and unsustainable drain on its resources and profits.

Yes, he said, he and his advisors had also known that there was "a serious risk" that the payments (kickback fees) that Claims Direct received from its panel of lawyers were unlawful referral fees and would cease to be a source of income if discovered.

Finally, he conceded that he had,

after the flotation, improperly sold his own (near worthless) business, Poole & Co, to Claims Direct – for a payment (from the flotation proceeds) of £9,75m (R127m). This was in addition to the £10m (R150m) he made from the sale of his own CDL shares to unsuspecting investors at the time of the flotation.

In terms of a notice issued by the UK Secretary of State for Trade and Industry, Poole may not, as of last month, and for the next ten years, be a director of a company, or take part in the promotion, formation or management of a company.

Which is presumably not of much consequence to Mr Poole, who will no doubt be enjoying a pleasurable retirement on his ill-gotten gains.

But what of the Investec directors who were party to materially the same fraud? They have settled up scores of victims – our sampling suggests that they have paid about 25% of the amounts claimed, apparently on the assumption that their co-conspirators must be held liable for the balance.

Are they fit to continue as directors of any company, let alone a major financial institution? **W**





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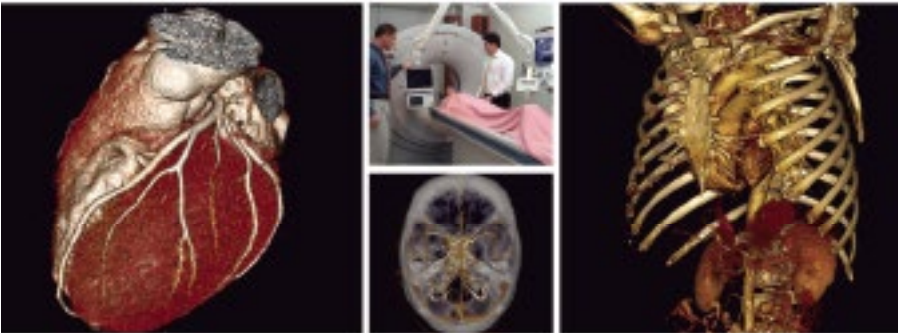
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Best friends: Dr Bill Venter

Jew must be kidding!

Picture: Sunday Times

D ID BILL VENTER MAKE anti-Semitic remarks about Greg Blank? Or is Blank spreading a false, slanderous and spiteful tale about the electronics billionaire – because his fiancée’s parents left their jobs at Venter’s country hide-away under a cloud?

As we speak, the case is up for judgment at any number of dinner tables in Joburg’s northern suburbs.

Venter, founder, and at 73 still executive chairman of the Altron group (operating profit in 2007 up 47% to R1,5bn), has parted ways with the manager of his 20 000 hectare game farm, who, so the story goes, is unhappy because Dr Bill made anti-Semitic remarks about the manager’s future son-in-law, the colourful former stockbroker and jailbird Greg Blank.

“Greg’s telling everyone he knows,” confirms a *noseweek* confidant. Indeed, in recent weeks Johannesburg’s northern suburbs dinner tables have been abuzz with the story, which attributes to Venter the statement: “Don’t bring Greg Blank here. He’s a crook, and he’s Jewish – and you know what Jews are like.”

Not so, declares Dr Bill, who has not been slow to marshal support for his denial (see box). “Dr Venter did not utter any anti-Semitic remarks and totally disassociates himself from any such remarks or conduct,” reads a statement issued by his PA, Jenny Morris. “This allegation is absurd and is dismissed with the contempt it deserves.”

Did Dr Bill Venter really make that anti-Semitic remark or is he the one who’s being slandered?

The statement says that Venter’s wealth and controlling interest in Altron is held in family trusts, controlled by independent trustees, the majority of whom are Jewish. “Therefore Dr Venter has entrusted his entire wealth and interest in Altron to Jews, for the benefit of his family and future heirs.”

The alleged anti-Semitic comments were supposed to have been made at the tycoon’s sprawling Elandsdrift game farm (near Warmbaths), where Dr Bill jealously guards his weekend privacy. Anyone wanting to set foot on the place must get his permission; this rule applies to everyone, even, it seems, to his own sons, 47-year-old

Robbie (Altron group CEO) and Craig, 46 (CEO of subsidiary Altech).

Last July Eldred Krebsler had been working as Dr Bill’s game farm manager for 14 months: his partner Linda worked in the farm office, did the catering, and looked after the gardens. Linda’s daughter is the Johannesburg marketing consultant and socialite Dawn Laws, who is in a relationship with fallen-from-grace stockbroker Greg Blank (convicted in 1992 on 48 counts of defrauding Old Mutual of R10m; sentenced to eight years; paroled after serving 21 months).

Eldred Krebsler duly put in a request for permission for Dawn to visit them for the weekend. Who’s she bringing with her? demanded Dr Bill. The story has Krebsler replying: “Her granny.” Venter, who knew about Dawn’s involvement with Greg Blank, then came out with his alleged “Don’t bring that guy here,” and those anti-Semitic remarks.

“Linda was furious,” says our source. “After all, Dawn Laws converted to Judaism and is as good as Jewish herself.” Eldred and Linda resigned shortly afterwards.

Before Eldred and Linda began work at Elandsdrift, Venter insisted that they sign a voluminous confidentiality agreement, that, Linda told friends, ran to more than 25 pages – which probably explains why the couple refused to discuss the issue with *noseweek*. “We are not interested in getting into any form of debate, whether by email or telephonically,

regarding any issues you may have picked up," reads their terse statement, signed "Eldred and Linda".

"We have always complied with our terms of employment and will continue to do so. We therefore consider this matter closed."

Dawn Laws, who raises funds for wheelchairs and various devices for the disabled ("She does this out of the goodness of her heart," says Dave Fox, director of the Association for the Physically Disabled) states:

"My parents are good, honest people who left Elandsdrift behind them some 10 months ago now. I'm sure you can appreciate that nothing good can come from their revisiting their experiences in this regard.

"I too have made the decision that to recount events pertaining to Bill Venter offers no value to me. Gregory and I are about to have our first child and are focussing on all the goodness that this experience has to offer."

52-year-old Blank's marriage to the former Leah Koberman founded in 2002 before ending in an "amicable" divorce. These days the "loveable rogue" – as he is generally regarded – is a low profile business consultant and part owner of a string of race horses. (In April he chalked up an amazing eight winners over three days.)

Asked to comment on the Dr Bill incident, a by now familiar silence reigns. The belligerent Blank threatens *noseweek*: "If I see my name, you've got trouble with me."

This public attitude by Blank is odd, considering that it is he who has so assiduously spread the sorry tale around the dinner table circuit. He told friends he did so after Venter threatened Eldred and Linda with lawsuits. "I wasn't going to let this fucker slide out of it," he confided. "I told some very influential people and I've had a lot of calls about it. It got back to the Chief Rabbi."

Among these "influential people", Blank told friends and acquaintances, was prominent Jew Marcus Jooste, CEO of global furniture manufacturer Steinhoff International, who had heard about it at a dinner party. Jooste phoned him for "the whole story" and, according to Blank, was "appalled".

Chief Rabbi Warren Goldstein says this is all news to him. Marcus Jooste's PA Joanne Cordeiro told us Jooste was "currently in Israel" for the 60th anniversary of Israel's existence, and was not contactable.

Not a crook: Ex-con Greg Blank

But it seems Jooste simply didn't want to get involved – he was at that point still in Johannesburg.

The social circle in which Greg Blank moves has no shortage of colourful detail about goings-on at Dr Bill's game farm. Leftover food at the end of the weekend is not bequeathed to the long-suffering staff – Dr Bill and his partner number five, Penny Girard, pack every scrap into plastic bags to take home to the Westcliff mansion. There is much hilarity recalling the day when Dr Bill erupted into a child-like tantrum when he saw that Linda had spread his horses' manure on her garden. "It's my shit and I want it all back!" he supposedly screamed.

Explaining Eldred and Linda's departure, so the gossip goes, Dr Bill would say with a sigh that he had to let them go; they had stolen from him – poaching and selling his game.

Although he maintains a stony silence with *noseweek*, Greg Blank has not been slow to recount his dealings with Bill Venter to an array of upmarket dinner tables. How he had known the tycoon since he was 14 ("To me the guy's an absolute halfwit"); how he used to play tennis with Dr Bill's sons Craig and Robbie; how just a couple of months before last year's incident he



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met Dr Bill at the wedding of the son of Dr Harold Serebro, senior executive director at Altron. How Venter said: "You must come to the farm and ride horses", to which Blank replied coldly: "I don't ride horses, thanks very much."

Ironically, 69-year-old Dr Serebro is a Jew who during 23-plus years with Altron has, according to Blank's dinner table revelations, been no stranger to Dr Bill's Jew-bashing jibes. "That excludes you!" Dr Bill is said always to add, hastily, when he lets rip in Serebro's presence. "Harold doesn't take it seriously; he says it's done tongue-in-cheek," says an insider.

Dr Bill's new love, Penny Girard, cannot believe that her ageing Lothario would stoop to anti-Semitic utterances. "Bill would never say such a thing," she told Blank when they bumped into each other at the hairdresser, Blank insisted: "I've known the guy for 30 years. He's an anti-Semite; he hates Jews."

The rumpus has caused some coolness between Dawn Laws and Penny Girard, who were formerly close friends. After Dr Bill's accusations of stealing, Dawn told Penny that if they persisted with "malicious lies" there would be legal action.

Eldred Krebsler and Dawn's mother Linda, gagged by Dr Bill's confidentiality agreement, cannot defend themselves on the theft/poaching charges. To friends, she has explained their departure from the game farm: "We were there for 14 months. We used to work 24/7 and we'd just had enough."

The couple now work on a hunting farm near Vryheid in KwaZulu-Natal.

Of Dr Bill, Linda has confided to a friend: "He's a finicky, pernickety old man. There were always these snide remarks going on. We just felt that our quality of life had changed."

"After we left he told somebody in the Jewish community that he had to let us go because we were thieving, poaching and selling the game; all sorts of stuff." She had a copy of the letter her daughter Dawn had written to Penny about it.

Again, not so, according to Dr Bill's spokesperson. "Dr Venter denies that he dismissed Eldred because he was stealing, poaching and selling game," reads his statement to *noseweek*. "Eldred Krebsler and his partner Linda resigned of their own volition stating they needed more free time on weekends away from the farm. After receiving their resignation Dr Venter

actually tried to persuade them to stay on."

What are Greg Blank's intentions with the lovely young Dawn Laws? Will they marry? Here, finally, no confidentiality agreement is invoked. "Of course!" Linda tells us. When? "Who knows. I'm her mother, I don't ask questions. I just do as I'm told."

□ This is not the first time controversy has surrounded Dr Bill and his hired help. Readers may recall (*nose49*) how Joan Bruins, housekeeper at Dr Bill's luxury Clifton holiday home, quit her job in disgust over the affair of Happy the unhappy gardener. Happy was the victim of an armed robbery and arrived at work in deep shock.

After Bruins instructed him to lie down and rest, a furious Venter arrived and ordered Happy to "stop lolling about". Bruins is now, as reported in *nose82*, Lady Joan Seligman, wife of wealthy Isle of Wight widower, 95-year-old Sir Peter Seligman. Latest news from the island: Joan's on her way to lunch with the Queen! ▣

A lawyer writes...

DR VENTER HAS shown me the email you sent him, regarding the alleged statement he made vis-à-vis "Jews being crooks". Dr Venter denies having made such a statement, and has addressed you in this regard.

In this correspondence I am not addressing you in my capacity as legal advisor to Dr Venter, but simply as a Jew.

I and three other Jews, namely Hymie Levin, Harold Serebro and David Rose, are the majority independent trustees on Dr Venter's family trusts. As such, Dr Venter's entire wealth and controlling interest in Altron has been entrusted to Jews. Therefore, Dr Venter is not, and cannot be labelled by any stretch of the imagination, anti-Semitic.

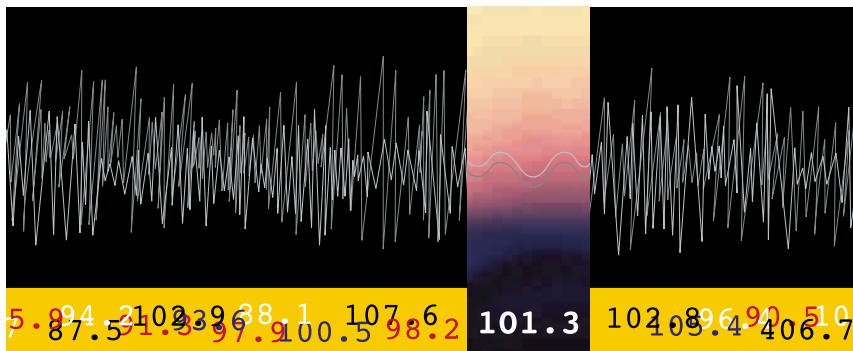
To defame a man who is clearly not anti-Semitic for the sake of sensationalism is not in the interest of the Jewish people.

I understand the genre of your magazine – that there are no "holy-cows" and any public figure or personality is fair game. I personally feel this is a good thing in an open and democratic society which cherishes freedom of speech. However, to "play the racial card", where it is totally unwarranted, could do more harm than good. South Africa has had its fair share of racial tensions.

I therefore request that you act with great circumspection before proceeding with an article vis-à-vis anti-Jewish sentiment where none exists.

Justin Lapin

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Sweet and sour source

DR ZOLA NTSHONA called *noseweek* in mid December, when the country was already in festive mood. My interest jumped – in September 2007 Dr Nkuzola Ntshona had been fired from her post as superintendent of the Cecilia Makiwane Hospital, for alerting the country to the shocking infant death rate in East London hospitals.

And suddenly here she was, brimming with stories she said no-one had heard yet, about Health Minister Manto Tshabala-Msimang, President Mbeki and various other high-profile personalities. The *Sunday Times* exposé on the health minister had been her story, she said – and she had much more, with evidence to back up her claims.

Fifty minutes later I had enough leads to blast any journalist to stardom – if they actually went anywhere. In this profession no source is ever completely trusted – or dismissed. So we traded numbers and she rang off, promising she'd be back with the real thing.

Soon after New Year a couple of text messages came in from Dr Ntshona, included one announcing the death of her father, Victor Ntshona, a much respected struggle hero. But no story. Maybe she wasn't ready to talk...

Then one March Sunday she called again. She would be visiting Cape Town the following week to attend the Cape Town International Jazz Festival – and she needed a bit of help. The East London Computicket had run out of tickets (yes, I only realised later...): "So could you be kind enough to buy me a set of two tickets for the two days and I'll refund you when I get to Cape Town?"

What was I letting myself in for? How to handle such a request? Meanwhile Dr Ntshona was chatting on about the "big stories" she would be bringing with her, and reminding me once again of her involvement in the *Sunday Times* story on the health minister. So I said I'd see what I could do.

But when I later mentioned the tickets to a colleague, she raised an eyebrow and told me not to buy them. I could see her thinking: you're from

When Noseweek's senior reporter Mark Thomas had lunch with purported whistleblower Dr Zola Ntshona he was left a grand or so out of pocket, but with some food for thought

Dr Zola Ntshona

Kenya – you don't know... So for a week I sat on it. Would Dr Ntshona even come to Cape Town? Those tickets weren't cheap.

But the following Monday she called again: she was already in town. Could we meet; and had I got her tickets? I dodged the ticket issue, concerned that she might have arrived with those stories and documents – she was showing all the signs of being in the know and on to something. Was I about to miss out? We arranged to meet.

This time my colleague warned me as firmly as she could – don't do it! But there was a story lurking, something big, and to the investigative journalist it's sometimes "truth at any cost".

So in the queue at Computicket, about to spend R1200, I decided it was time to get really focused: if Dr Ntshona wasn't a dependable source, she would at least be a worthy subject for *some* kind of story.

But, yes, above all, how to assess her as a source? She'd been hailed for taking on the health minister (or so the media claimed at the time); but this had to be weighed against a conviction for medical scheme fraud in the United States, which earned her penitentiary (jail) number 47003-053. Hard-earned cash was about to leave my seasoned hand on tickets for an ex-con – without guarantee of refund, or a story.

On top of that, the name-dropping was looking way too good. If she was



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to be believed, Dr Ntshona was right in the tangled network of political and business heavyweights: she was somehow related to Winnie Mandela and to President Mbeki's mother; she claimed to be in sms correspondence with Tokyo Sexwale, who was offering her a job at LifeHealthCare, and with Kgalema Motlanthe, who, she said, had assured her that, come next April, the job of health minister would be hers. A friend of the Zuma world, but connected with the Mbekis.

According to Dr Ntshona, around 2000 President Mbeki had called her in the US, where she was working, and invited her to make a contribution to the new health administration, with the strong chance that she would be offered the post of health minister. In Dr Ntshona's version, Manto won the race through the influence in the Mbeki camp of her husband, ANC treasurer Mendi Msimang.

Now, apparently, she was in dialogue with the president to be appointed to replace Nozizwe Madlala-Routledge, and to be put in charge of revamping the health departments of Gauteng, Eastern Cape and Mapumulanga. A woman of influence.

So, on 25 March, around midday, I went down to the V&A Waterfront to meet her. Dr Ntshona had just been on a "red-bus city tour" and was hungry – could we have lunch while she gave me the stories? Then: "Do you have the tickets?"

I handed them over as she led me to the OYO Restaurant & Cocktail Bar at the Victoria & Alfred Hotel, chatting all the while about my "beautiful dreadlocks", as she called them, comparing them to the Afro hairstyles she'd seen in the US. People weren't allowed to have braids or dreadlocks when called for interviews, she said, but could grow them once they secured their jobs. A woman of charm and manners, worldly and engaging.

Settling at a table we were offered menus, but since I don't usually eat lunch, I declined. Dr Ntshona

turned to the young man waiting to take her order: "What if I don't have money to pay for the lunch; will you let me wash the dishes?" His beautiful smile broadened: "I'll have to ask the chef if he has an apron for you." We all laughed, and she ordered a bottle of wine and a bowl of seafood soup.

While she ate I sat wondering when she would pull out that evidence, and what it would look like. She was in no hurry to get down to business. Then, suddenly, she wrapped the bread that had come with her soup in the smart restaurant napkin, and stuffed the lot into her handbag. I found myself wondering what the tourist sitting across from us thought we were up to. And still no story...

When the bill arrived, Dr Ntshona asked me to pay: "I'll withdraw the money from the ATM at the corner and refund you, together with the ticket money."

Well, fool me once, shame on you; fool me twice, shame on me – but I didn't have spare cash on me anyway. I told her the truth – I'd left my wallet at the office and only had enough to pay for my parking. The restaurant would accept debit cards, I said, so she could pay with her ATM card. Except that she'd left her bank card at her friend's house. Don't worry, she declared, it's no big deal.

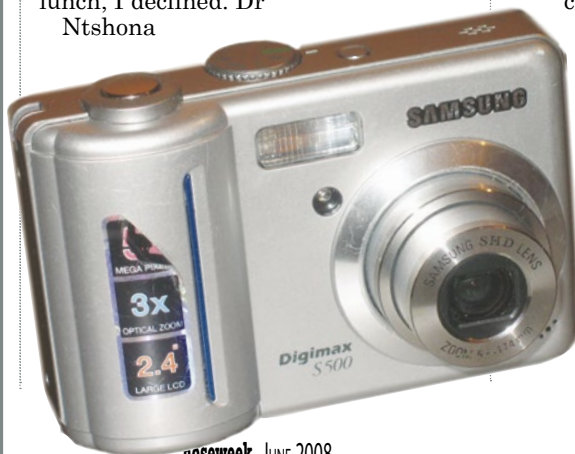
The waiter came over and they had an exchange in Xhosa, which I don't understand. "You'll have to talk to the manager," he said finally, in English, and off he went. I asked what was going on. "I've told him we shall bring them money later, since we don't have any now." We? I was already caught up in her game.

Michael the manager arrived and another conversation ensued that I couldn't follow, until he asked in English how long "it" would take. "About two hours," the doctor replied, "because I've got to be at the SABC studios in Sea Point by 3pm for an interview."

And she handed him her little digital camera as security.

After Michael left I asked what was going on: "I've told him that you are dropping me at SABC studios then driving to your office, and you'll back with the money in two hours."

Not quite the story I'd been expecting, but there it was. She must have seen the shock on my face: "It's okay my dear I do this all the time in Johannesburg and East London. If I am hungry, I just walk into a restaurant, eat and tell



I do this all the time. If I am hungry, I just walk into a restaurant, eat and tell them I'll bring the money later

Dr Zola Ntshona

them that I'll bring the money later." I was aghast – where I come from we don't do that. I'd rather go hungry.

Then came the real punchline. Suddenly Dr Ntshona, my "source", was asking me for whatever inside info I might have on the health minister – because it would make good reading in the *Sunday Times*, and they pay well.

My head was whirling. She'd taken my trust and my money, and all I'd got was a new reputation at the Waterfront – and now she wanted the story from me that I was waiting for from her? I said I had nothing.

I dropped Dr Ntshona at the SABC studios in Sea Point, and sat in my car staring out to sea. Strange situation this. Some odd behaviour, to say the least. Around 4pm she called my cell, asking to be picked up. The interview she'd just given would be featured that evening on *180 Degrees Live In Africa*. Where was this going? When I said my car had broken down, she rang off.

That night I watched SABC Africa, but the "interview" didn't appear – if such an interview ever took place in the first place. Did the SABC pay for her air-ticket from East London to Cape Town? If so, why?

Later that evening, the friend with whom she was staying called from Dr Ntshona's phone: "I am Zola's friend. I'm calling to invite you over for dinner at our home tomorrow. We would appreciate it if you could come."

I couldn't go. Some things I don't do to get a story (or a "perceived story" as my production editor put it). Suddenly

Dr Ntshona was a source no more.

That Sunday night she called from Woodstock, from what sounded like a club or bar. She was having a lot of fun and didn't I want to join her? I won't saddle you with the rest of it, about husbands and wives and so on. Before ringing off she said she would be paid on 1 April – yes, I did think of that... And she'd told me she had been suspended on full pay, but, actually, she'd been fired.

We last talked when Dr Ntshona called a couple of days later, purportedly from Cape Town International Airport. Her flight was in 30 minutes.

Had she collected her camera from the Waterfront (in other words, did you pay your bill)? No, she was on her way to collect it, before her flight. To the Waterfront 30 km away (through the Cape Town traffic?), and back for her flight in half an hour? The stories were getting thinner and thinner...

A week or so later I checked in with Michael at the Waterfront, to discover he'd paid the R120 himself. I settled the bill, tipped the waiter and collected the camera (Michael insisted I take it). It's still sitting on my desk.

In the last week of April a text message arrived: "Sorry 4 treating u badly. I was not paid @ end of March. Will settle with u in 1 month. Camera still there. Zola."

Maybe Dr Ntshona hasn't given up on me yet. And there's certainly a story in it, isn't there? **W**

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Absa breaks its brokers

FLOGGING INSURANCE FOR the Absa Group is a hazardous affair for its commission-based short-term broker staff. As with the Mafia, once you're in, it's difficult to leave – resign, and you're likely to be dragged into court and ordered to repay 75% of the “salary” they paid you.

In some cases Absa Brokers (Pty) Ltd have hit former employees with demands exceeding R200 000, and in the past decade 160 short-term brokers have been forced by the courts to repay R10m of what they received from Absa.

Cecile O'Neil worked as a short-term broker at the Absa branch in Menlyn, Pretoria, for 21 months, until June 2005. After resigning, Absa Brokers demanded a R200 000-plus “salary” repayment. “They told me if I didn't pay they were going to attach my house,” she says. “I made them an offer of R80 000, which they accepted. I had to take out a second bond on my house to raise the money.”

Another victim, hit with a summons to repay R174 759, refuses to surrender one single cent. Suzette van Zyl, 49-year-old former business lecturer at Technikon Witwatersrand and one-time chairperson of Nutesa (the National Union of Tertiary Education SA) signed up with Absa Brokers on 1 April 2003. For 15 years the Helderkruijn, Roodepoort mother of two had run her own short-term insurance brokerage on the side. Now, with her children grown up and off her hands, she decided to throw in her lot full-time with Absa.

Her deal was that she would be given an office at an Absa branch, with leads to sell short-term insurance policies from seven of the bank's small business portfolio managers. She was obliged to

Over a decade, 160 short-term brokers have been forced to repay some R10m

buy her own computer to Absa's specifications; she had to provide her own transport to visit clients. But, she was told, if she made the grade the sky was the limit to her earnings.

These earnings would be commissions on premiums she generated. If she sold a policy bringing in a premium of R1000 a month, this would carry a continuing monthly commission of 15% – R150. Of this R150, Absa Brokers would grab 65% (R97.50), leaving Suzette with 35% (R52.50).

Suzette's annual target was set at R30 000. Her contract does not state whether this is commission or sales. Suzette believes it meant commission on premiums, which at 15% would mean writing business totalling R200 000 a year.

To assist in building her practice, Absa Brokers would pay her R17 000 per month for the first six months, with the amount dropping each subsequent six months – to R12 750, R8500 and finally R4250. She says her contract

stipulated that if she left within the first 15 months she would have to repay the first three R17 000 payments, i.e. R51 000. If she left after 15 months repayments would start at month four.

Suzette's payslip for her eighth month, November 2003, reproduced here, shows her earnings and deductions: gross earn-

ings of R14 885.85 (R2135.85 from commissions and R12 750 from her by now reduced monthly top-up from Absa Brokers); Amongst deductions are income tax of R3214.49, life insurance of R36.96 and two compulsory income protector policy premiums totalling R368.20.

At the beginning of 2004 Suzette was off work for three months after a car accident and a botched neck fusion operation left her voiceless. After surgery to repair her vocal cords she returned briefly to Absa's Randburg branch, before being transferred to Krugersdorp. “There was no support and I was not doing well,” she says.

The largest monthly commission Suzette achieved was R3113, in June 2004, by which time Absa's top-up contribution was down to R8500. “To make up for the reduction of the advance/salary I would have to sell 152 policies each carrying a monthly premium of R1000!” she says. “This was totally unrealistic and unachievable.”

After a year, Suzette was ordered to sign a new contract, in which the already rapidly dwindling payments from Absa would now reduce by 10% per month, as opposed to 25% every six months. She and the other short-term brokers were told that if they didn't sign up they could hand in their resignations. Which is what Suzette did, leaving on 11 November 2004, having completed 19 months.

Before leaving she invited her 60-70 Absa clients to move over to her own part-time brokerage, Logic Insurance. Getting 100% commission instead of 35%, she estimated, would bring her in around R15 000 per month. Absa Brokers got to hear about this – and snatched the renegade clients back.

Some months later, in July 2005, Absa Brokers issued summons against Suzette for R174 759, or 75% of all those monthly payments. Nine months later it claimed that, with interest, the debt stood at R241 000. By now it must be around R300 000 – Suzette's not sure as she no longer opens the monthly statements from Absa Brokers.

Many of Absa Brokers' repayment claims against its former short-term brokers are heard at Randburg magistrates court, because the company's

Personal Area		Raydate	Org. Unit Description	
19 Absa Brokers (Pty) Ltd		2003.12.07	SA : GUARDING SHORTTERM : SHALL	
Employee	Van Zyl	Medical Aid Nr/Plan/Dep	Org. Unit	Employee Nr
	YS	NCMED 00 00	50000778	09036454
Position	50521159 Broker Bank Shortterm (UA)	Identity Number	Usedid	ES Subgroup
		5811180078096	ANV2009	UA
Bank Name	ABSA BANK	Account Number	Tax Number	
		9108281003		
Birthdate	1958.11.18	Appointment Date	M-Status	Pens. Remun.
		2003.04.01	Mar.	4400.00
ABSA BANK LIMITED (REG NO 1986/004794/06)				
Earnings		Amount	Deductions	Amount
Commission Br		2135.85	Total Tax	3214.49
Com. Guarn		12750.00	FF EE Contrib	286.00
			ABSA Group LI	36.96
			InoProt H&L	267.00
			Group Life Br	121.88
			Brokers Assoc	65.00
			InoProtH&L	101.20
			Personal Debt	190.00
				14885.85



Pictures: Jack Lundin

Suzette van Zyl

offices are in Randburg. Magistrate Fourie has heard scores of these cases, and not one of the wretched ex-brokers has escaped his grim order to pay up.

Last month Suzette appeared before him: her attorney, Lesley Blake, was bringing an application arguing that all those monthly top-up payments by Absa Brokers, whether salary or commission, constituted remuneration. And that under Sec 34 (5) of the Basic Conditions of Employment Act “an employer may not require or permit an employee to repay any remuneration”. Absa Brokers’ advocate agreed that Suzette had been an employee, but argued that payments to her were not remuneration, but a loan. Magistrate Fourie agreed and dismissed the application.

Absa Brokers is now seeking a trial date, but Suzette’s attorney is appealing to the high court on the remuneration issue, and this appeal will first have to be heard. If Suzette van Zyl wins in the higher court, Absa Brokers’ whole case collapses, paving the way for appeals by the 160 brokers who were forced to cough up R10m over the years.

A former senior executive with Absa Brokers tells *noseweek*: “As far as Absa Brokers are concerned they are above the law. They appoint people telling them they’ll get business running out of their ears. Most of them think they’re being properly employed. If you’re a male you have to take out medical aid; they force everyone to join the pension fund and take out life policies with disability benefits; they deduct income tax.

“They have about 320 short-term brokers and a lot of them leave disillusioned. Absa Brokers then demands their so-called salaries back. They’re very selec-

tive who they go after. And when you leave they keep the business you wrote. They don’t allocate this to a new broker; the client’s not serviced, because they want 100% of the commission.”

Absa Brokers managing director Peter Todd tells us: “Our short-term insurance brokers are all commission-based staff, so they aren’t in that sense full-time employees of the Absa Group. In terms of our contracts with our brokers we pay them a fixed amount for a fixed period (usually 18 months) whereafter they move onto a pure commission structure. Of this payment, 75% is an advance on future commissions we expect them to earn, to help them with their cash flow while they build up their practices.

“It’s a loan. When they do become income-generating we claw that loan back anyway. If they leave before 18 months, before they are income-generating, we would then look to recover it. When they leave they get an account statement saying: ‘this is what is owed by you’.

“I can confirm that since 1997 we have had 160 cases where we have had to institute action against ex-brokers to recover unpaid advances totalling some R10m.” ■



Scabots. Scary poisons.
Tetradontics. Cyborg insects.

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Twice bitten

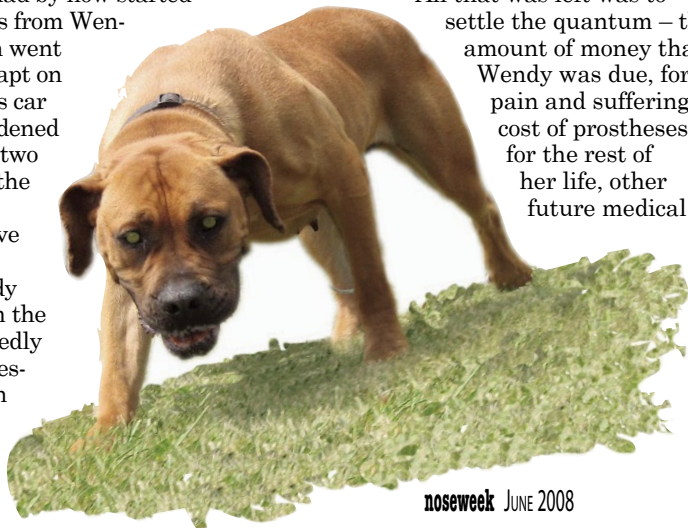
ONE MINUTE THE massive boerboel dog was licking the faces of her daughters Jessica (9) and Eden (7). Next it was tearing mom Wendy Swanepoel's leg off, chewing her flesh down to the bone. The boerboel's massive jaws amputated Wendy's left leg below the knee. Having devoured that leg, it started taking chunks from the other one.

The boerboel, a tan four-year-old named Boesman, belonged to Wendy's sister Jenny and her husband, Abraham de Wet. Wendy, who had recently started work as a scrap metal merchant, was visiting their Dewittsrus, Germiston, home to offload broken circuit breakers. She was taking scrap brass from the boot of her car when she felt Boesman sniff her foot. Then, without warning, came the chillingly silent attack that has left her a cripple.

"I had a black and white pinstriped suit on, and black leather boots," says Wendy, now 48. "Boesman ate through it all. He ate all the meat off my bones and then proceeded to bite the bones in half to get to the little bit of flesh left."

Jenny de Wet and her gardener, Oom Jan, hit Boesman with spades and a garden fork. Jenny leapt on the dog's back and tried to strangle him. Boesman just shrugged her off and carried on eating Wendy alive. Neighbours, alerted by the commotion, were afraid to enter the property until one, brave Jimmy, raced in shouting to Jenny to get her husband's gun. Jenny ran to the house and threw the gun to him from the bedroom window.

Boesman, who had by now started swallowing chunks from Wendy's right leg, then went for Jimmy, who leapt on the roof of Wendy's car to escape the maddened boerboel. His first two shots missed, but the third hit Boesman in the leg. This gave Jimmy the chance to snatch up Wendy and carry her from the property, undoubtedly saving her life. Boesman was put down shortly after.



It took minutes for a boerboel to savage Wendy Swanepoel's leg, but years later OUTsurance still hasn't paid up

This nightmare happened nearly three years ago, on 7 July 2005. But there were plenty more nightmares to follow as Wendy battled with lawyers and OUTsurance – with whom her brother-in-law held public liability insurance – to compensate her for the tragedy and equip her to face the future.

Wendy's first attorney, Hugh Diskin, died in September 2006, shortly before the issue of liability was to be heard at Johannesburg High Court that November. Her new attorneys were the Pretoria firm of Solomon Nicolson.

In the event, OUTsurance, the direct short-term insurance operation within the FirstRand group, settled on the court steps, admitting 100% liability.

All that was left was to settle the quantum – the amount of money that Wendy was due, for pain and suffering, cost of prostheses for the rest of her life, other future medical



Pictures: Jack Luncin

Still waiting: Wendy Swanepoel

expenses and loss of future earnings. Diskin was not an experienced personal injury lawyer, and did not have proper medico legal reports prepared. But Wendy Swanepoel had been examined by OUTsurance's own specialists, who had submitted reports to the insurance company.

OUTsurance's public liability policy carried a payout capped at R5m. There is great confusion over the amount that OUTsurance's experts reckoned Wendy was due. Wendy claims that OUTsurance told her brother-in-law that the figure was R13m – and that he would have to pay the R8m balance.

Not so, insists OUTsurance's attorney, Rick Martin of Routledge Modise. The R13m figure, he says, was in fact an initial "thumb suck" figure claimed by Wendy's first attorney, Hugh Diskin. "Mrs Swanepoel is not legally trained and the information that she's given you is incorrect," says Martin. "We prepared certain medico legal reports, which we served on her ["Not so, I've seen nothing" maintains Wendy Swanepoel].

"She's claiming in excess of R2,5m for loss of earnings," continues Martin, "but to date has not supplied us with a

single invoice book, a single income tax return or IRP5 statement.”

Solomon Nicolson, acting for Wendy on a no-win-no-fee contingency basis, put in a claim for an interim award of R180 000. Last July OUTsurance agreed to pay out R90 000. After the lawyers paid off Wendy’s debts she received just R48 000.

Single parent Wendy remains desperate for a court date when the quantum will finally be settled and she can get on with her life. By the beginning of this year she was deep in debt. She bought a cheap R16 000 prosthesis which is ill-fitting and causes her great pain; she’s months behind with the rent on her three-bedroomed house in Alberton North; her car has been repossessed; the electricity cut off. To feed her family she sells what remains of her clothes and jewellery.

A date for the quantum hearing was finally set, for 7 March this year, but OUTsurance made a pre-trial settlement offer of R1,5m. Solomon Nicolson’s Rygardt Grobler recommended she accept it, but Wendy reckoned that the cost of prostheses alone over the next 17 years, until she’s 65, will come to at least R2,3m. “And what about compensation for pain and suffering, future operations, my badly scarred right leg, painkillers, wheelchairs, crutches, a small second hand automatic car?” asks Wendy. She fired Solomon Nicolson.

This meant that the 7 March hearing had to be postponed. Wendy’s third and present legal representative is Joburg personal injury specialist Ronald Bobroff, who says things are “a little hazy” because Solomon Nicolson are demanding a large sum of money – almost R200 000 is the rumoured figure – for expenses, before handing over Wendy’s file. Bobroff’s firm has given an assurance to pay all Solomon Nicolson’s reasonable fees and disbursements now, if they will hand over the papers. So far, no luck.

“I can’t advise Wendy whether the R1,5m offer is realistic because without the file I have no knowledge of the facts of the case,” says Bobroff. “Damages have to be proven. For loss of her foot, and for pain and suffering, she might get R300 000 to R400 000. A state of the art prosthesis can easily be R1m – and over the years she will need several of them.”

While he tries to persuade Solomon Nicolson to part with Wendy’s file, Bobroff has set up a panel of 12 experts to prepare a detailed medico legal report for the court. He is making special application to the deputy judge president for an early quantum trial date and in

the meantime is seeking another interim award of “several hundred thousand rands” for Wendy.

“I’ve addressed letters to all her creditors informing them they will be paid when the matter is finalised, to try and get her some space,” says Bobroff. “And we’ve given an undertaking to her landlord, who’s been very patient, that we will cover her rent.”

Of the horror attack that has turned Wendy Swanepoel’s life upside down, Bobroff says: “We do a lot of dog bite cases and in virtually every case it’s a boerboel or a rottweiler. I can tell you that anyone who owns such dogs in their home is looking for trouble. They are bred to be killers, it’s in their nature.”

Did OUTsurance ever send you their medico legal report? we ask Solomon Nicolson’s Rygardt Grobler. “The matter is still in the middle of litigation and I am no longer acting as her attorney of record. I think you must direct all your questions to Mr Ronald Bobroff,” says Grobler, dodging the issue.

Why won’t you hand over Wendy’s file? “We are claiming an amount which is yet to be taxed before the taxing master before the file can be uplifted,” says Grobler. “We’ve incurred great expenses in assisting her and we must just be reimbursed for our expenses incurred



to date. I can’t recall the figure offhand.

“Four or five experts already had a look at her. An orthopaedic surgeon looked at her twice, plus an industrial psychologist and an occupational therapist. This is a large claim and the amount of hours we spent on the file was tremendous.”

OUTsurance’s attorney Rick Martin says: “I’m not quite sure what Mrs Swanepoel’s complaint is. We’ve made an offer of R1,5m and that’s over and above the R90 000 we’ve already given her. Solomon Nicolson appointed numerous experts to consult with Mrs Swanepoel. They were in the process of procuring those reports when Mrs Swanepoel ended up with another attorney shortly before the trial.

“As a result of her action the trial scheduled for 7 March fell away. So the person

who’s effectively caused the delay in this matter has been Mrs Swanepoel and her advisers. The delay in this case has not been brought about by OUTsurance; we’ve tried our best to thumb suck figures when we’re not getting financial documentation.

“Our job is to pay just and equitable compensation to Mrs Swanepoel. If she had not fired her Pretoria attorney all the reports would have been available, the financial documents that we requested would have been available and the matter would have been dispensed with.” ■

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How low can Standard go?

THE LAST YEARS OF Margaret Valkhoff's life were sad and lonely. After her husband's death in 1994, the vivacious former nursing sister fell into a depression and took to drinking heavily.

She was so ashamed of her ballooning weight, that she rarely left her Kloof Street flat, and discouraged her only relative, stepson Hans, from visiting.

Her shopping, cleaning and cooking were done by two domestic workers who also picked up the books she ordered by telephone from the local library.

The only other people she allowed into her home were her long-time friend and hairdresser, Beulah Louw, and a charming young man from Standard Bank, called Gideon "Deon" Rossouw.

Rossouw, then an advisor with the bank's investment division, first made contact with Margaret Valkhoff in 1995, shortly after her inheritance from her late husband's estate had been deposited into her Standard Bank account.

Colleagues at the bank's retail arm had tipped Rossouw off that one of their clients had come into a lot of money. So like a knight in shining armour, he galloped to her side to advise her how best to invest it.

Over the next 10 years, until her death in 2005, Rossouw managed to reduce Valkhoff's capital from around R500 000 to just R55 000 while he himself profited to the tune of R262 375.

Only a fraction of this was commission. The rest came by way of cheques made out to Rossouw and signed by Valkhoff.

"Gifts," claimed Rossouw.

"Impossible," replied the judge at the Cape High Court, especially considering the mess Rossouw had made of her investments.

In March this year, the court ordered Rossouw to repay the Valkhoff estate these "gifts" plus interest, a sum of R250 000. He was also ordered to pay costs. But the rest of the money is gone.

Rossouw, conducting his own defence, had a hard time explaining to the court how he had persuaded his client to make a series of completely irrational investment decisions.

Following his advice, Valkhoff committed almost her entire capital to a number of life insurance policies, and then needed a full R235 000 a year to

A financial advisor managed to reduce a client's capital from R500 000 to R55 000 while profiting to the tune of R262 375

service all the premiums. This was a woman with modest needs who just wanted a steady income to supplement her R1 000 a month widow's pension.

Clearly, the situation was unsustainable, so Rossouw had to convince his client to redeem her policies prematurely, and at a loss. To cap it all, instead of reinvesting the redeemed amount more wisely, he took it for himself.

For example, in July 2000, he sold Valkhoff a Momentum Life policy requiring 10 annual premiums of R60 000 each. He then advised her to redeem the policy after just three payments. The result: her R180 000 investment shrank by R70 955, eaten up by commission, fees and penalties. And that excludes the loss of investment growth.

Immediately after the remnants of this policy had been deposited into her current account, Rossouw cashed a cheque for R80 000, signed by Valkhoff. A month later, he cashed a second cheque for R20 000.

That was the same pattern with all her investments until she was left with a pittance. As Judge Lee Bozalek remarked – if she hadn't died when she did, she would have been bankrupt in a year or two.

The judgment contains an interesting insight into the character of the former Standard Bank employee:

"It was noteworthy that, notwithstanding the strenuous cross-examination which defendant underwent and the difficulties in which he found himself at times, he remained calm and

collected and was never at a loss for words. What was striking, furthermore, was that even when his evidence on some point was exposed as false, defendant seemed quite unfazed."

Margaret Valkhoff is not the only Standard Bank client to have lost a fortune by trusting this pathological liar.

Cape Town advocate Alan Maher is another investor who blames his former bank and its rogue consultant for squandering his inheritance.

Maher's father died in 1998, leaving him R200 000. Since exchange controls had recently been lifted and Maher believed (rightly as it turns out) that the rand was about to go through the floor, he was keen to put his nest egg into an offshore account.

Standard Bank, through its Adderley Street branch, agreed to help him through the process. Within days he received a call from Gideon Rossouw.

"We arranged a meeting. As far as I was concerned, he was coming to help me open an offshore account. I had no idea he was a financial advisor. I didn't ask the bank to send me a financial advisor."

Maher says he was still grieving for his father and accuses both Standard Bank and Rossouw of taking advantage of his fragile mental state.

"They ambushed me. It was a very emotional issue for me. We were talking about the money my father had taken a lifetime to earn.

"When Rossouw proposed a really complicated investment strategy, I told him I was not interested. But he's a consummate salesman, or should I say con artist.

"He told me I would lose money if I didn't follow his advice."

In the end, Maher found himself agreeing to invest R140 000 in Maxichoice Unit Trusts (a Standard Bank product) and to buying an endowment from Norwich (later Fedsure, now Investec), which required premiums of R60 000 a year.

Rossouw omitted to mention that these annual premiums would earn both Standard Bank and himself recurring commissions. He promised Maher that the unit trusts would grow by "a minimum of 30% a year", enough to cover the cost of the endowment.



Fleeced: Margaret Valkhoff

Maheer admits he was naive to believe this, but says Rossouw was a "very convincing" character.

Of course, the units grew by nothing of the sort, achieving a reasonable, if not spectacular, average of 11.5% a year. Since Maheer's investment income fell far short of the cost of his annual premiums, Norwich/Fedsure automatically issued loans for the outstanding amounts. Naturally, they charged interest which, after five years, added up to R44 000.

"Standard Bank repeatedly told me there were no penalties or interest payable and that I could ignore letters of

demand from Norwich," Maheer fumes.

By the time he realised what was happening and managed to extricate himself from the mess, his R200 000 had shrunk to R140 000. He says the true extent of his loss is in the millions.

"If I had opened an offshore account in 1998, before the rand went pear-shaped, I could have got out as much as R700 000 tax free. I intended to invest that in property before the property boom. So I reckon my net loss is a couple of million, particularly as I now service a large bond. The investment advice given by Rossouw was disastrous, and that's putting it charitably."

Maheer, once a "preferred client", has been trying since January 2001 to extract compensation from Standard Bank, which he holds responsible for the actions of its employee.

He is furious that the bank has consistently refused to admit any wrongdoing and failed to take disciplinary action against Rossouw before he left its employ in 2000.

He says the bank rejected "without explanation" a 13-page formal complaint, and repeatedly refused to tell him how much commission it had earned from him. Maheer has since established that this amounted to some R32 000.

Rossouw's boss at the time, the former Western Cape manager of Standard Bank Financial Consultancy, Keith Ferguson, claimed in a letter to Maheer that his investment had grown by 65% over four years, but as Maheer points out, he ignored the fact that this "growth" included R120 000 in interest-bearing loans.

Noseweek asked Ferguson, since pro-

moted to national head of Standard Bank Financial Consultancy, to defend the bank's actions and those of his former subordinate. Ferguson professed to have barely known Rossouw, saying he had joined the bank shortly before Rossouw's departure.

"He reported to me, but I was not aware of his *modus operandi*," Ferguson said. He had not heard of the Valkhoff case and told us he did "not feel comfortable" talking to *noseweek*.

Ferguson's replacement in the Western Cape, Jaco Holtzausen, told us to speak to complaints manager Jean Du Plessis; but Du Plessis said the only person who could answer our questions was Jaco Holtzausen. Neither would comment on Maheer's case specifically, only saying that they had faith in the bank's complaints process and that every instance was treated on its merits.

Considering Maheer's experience with the "complaints process", this is not very encouraging. Most of his correspondence with the bank has been either ignored or gone unanswered for months. He says that he also received veiled threats that if he pursued his claim through the courts, the bank would ruin him.

"I have not, in 15 years as an advocate, come across any party that behaves as repugnantly as Standard Bank does," he says.

"It is quite clear to me that their corporate ethos is rather to destroy an individual than settle a claim, in order to deter any other stropky individual who dares to hold them liable for their negligence."

It is most unlikely that Maheer and Valkhoff are the only clients to have been bamboozled by Rossouw, a man whose only formal qualification is in personnel management. Certainly none of them, including Hans Valkhoff, has much chance of clawing anything back from the dodgy adviser. After stints at Nedbank and Absa, Rossouw is apparently now working for his father's painting business in Bellville.

Maheer is determined to bring Rossouw's former employers to book.

A previous attempt to sue Standard Bank came to naught when the prosecutor declined to pursue the case.

But Maheer believes the Valkhoff judgment will give him the ammunition he needs to fight on.

He has recently issued another summons against the bank and hopes other disgruntled clients will join him in a class action.

But with Standard Bank's reputation for delay and obfuscation, when the case will come to trial is anyone's guess. ■

Spot the forgery

Gideon Rossouw's defence in the high court depended heavily on a series of badly-written letters in his own hand, but ostensibly signed by Margaret Valkhoff. The letters insist that the cheques made out to Rossouw were for his own use and that Valkhoff did not expect repayment.

The last letter, written a couple of weeks before her death, reads:

I have no real interest to leave monies as stated in my will to any relatives that's not been close to me over the last 11 years, it is therefor my sole wish to over ride my will, that all monies I have borrowed to help Deon Rossouw over time, to be repaid to me, without interest, at my death he does not have to do so anymore."

Both Hans Valkhoff and Beulah Louw testified that Margaret Valkhoff's English was "impeccable".

As the judge remarked: "The letters instead bear very much the stamp and style of the defendant ... On the probabilities, I consider that the defendant tricked or manipulated Margaret Valkhoff into believing that the sums which he ultimately received were being used for her own interests and furthermore that he manufactured the various letters to which he claims she agreed, in an effort to cover the scheme of deception."

Which makes us wonder: if a leading bank has no compunction about unleashing such a character on its clients, how many more "Gideon Rossouws", and their victims, are out there?

Business as usury at Nedbank

WE HAVE LEARNT NOT to expect too much from banks – but we do expect them, at the very least, to be above the practices of your average corner-shop loan shark.

Even this has proven to be an over-estimation, as Lukile Kwezi discovered when he took out a short-term loan from Nedbank. Kwezi is a young man with heavy responsibilities – he has a wife and baby to support, and he's the sole provider for a younger brother and two younger sisters.

He and his siblings arrived in Cape Town from the Transkei five years ago and moved into a rented backyard shack in Phoenix, Milnerton. Kwezi quickly found work, first as a security guard and later as a ticket collector at Metrorail. And every month he put a little money by for a proper home for his family.

In early 2004, he heard about an RDP house that had come onto the market for R10 000. Kwezi had managed to save R4 000, but needed to find the rest, and quickly. Although his own bank, Standard, turned him down, he resisted the blandishments of the usurious microlenders and approached Nedbank in Phillipi for a short-term loan of R6 000.

"At first, they also turned me down," Kwezi says. "Then they gave me the application forms, but they didn't explain to me how it goes."

He filled in the forms as best he could, and, some time later, was back at the bank, signing a four-page agreement for a loan, repayable over 48 months at R487 a month. He says he was given no opportunity to examine the document properly, nor was it fully explained to him. But Kwezi harboured no suspicions, trusting this major institution to do the right thing by its clients.

Unfortunately, the owner of the RDP house changed his mind about the sale, so Kwezi asked the bank if he could reverse the loan. They refused.

For the next two years, apart from one slip-up, he paid his instalments regularly and on time. He only became concerned when he realised that the amount he owed hardly changed as the months went by. By early 2006, having paid R12 000 to the bank, his debt still totalled R4 800.

When the bank's front office staff

were unable to explain why this was so, he asked his friend Keith Ingram to look at his statements.

Ingram and Kwezi have known each other for almost five years, ever since Mrs Ingram nursed

Kwezi's asthmatic baby sister at the Sarah Fox Hospital where she works. Ingram spotted the problem straight away. Nedbank was charging Kwezi a gobsmack-ing 61% interest.

"He was paying instalments of R487 a month, but only R94 of that was coming off the capital amount," Ingram says. "On top of that, they had added an extra R1 000 to his loan as 'security' without him realising it. He might as well have gone to a

microlender."

Ingram approached the bank to negotiate a better deal for his friend, but the bank wasn't interested. Although the new credit act sets an upper limit for interest on small unsecured loans (currently just over 45%), the bank refused to budge. They said the law did not apply to pre-existing contracts.

Last month, in exasperation, Ingram liquidated the loan himself. "I am so pissed off with their attitude. They even insisted I pay a R150 penalty, but anything to get Lukile out of their clutches."

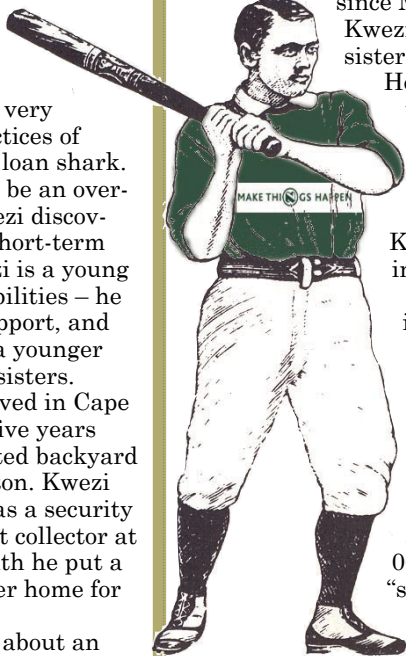
Ingram has also stepped in to help Kwezi and his family buy a small house in Lansdowne without recourse to any lending institution.

The bank, however, is unrepentant. In an emailed reply to our questions, Nedbank said that Kwezi's credit agreement was priced in accordance with his risk profile.

"While our credit assessments and valuation policies and practices may be seen to be stringent, they are consistent with trends in the regulation of financial markets, and are based on sound reasonable commercial banking practices," it said.

"The 61% charged against Mr Kwezi's loan was a better rate compared to the 200% interest rate being charged by microlenders at the time."

Oh. So that's alright then.



Hollard tells client: 'On yer bike!'

HOLLARD COMMERCIAL & General's (now called Etana) "internal risks" insurance policies may be valueless. So say Mutual & Federal, after Hollard refused to replace a month-old Street Triple 675 motorbike, valued at R85 000, which had been damaged while in the care of a Hollard client.

Twenty-seven-year-old freelance actor Dan Fox waited six months for his bike to be delivered from the UK. Dan tells *noseweek*: "I worked

incredibly hard to afford this bike. Not only was it my baby, it was a crucial part of my business, being a freelance actor and needing to move around."

But the baby is no more, after Dan took her for a bath at Washworks carwash in the underground parking of the V&A Waterfront, in March this year. "When I returned I saw my baby lying on its side." The bike, with only 796km on the clock, had a cracked engine, bent front forks and sub-frame, and the left side was badly scratched.

"All the supervisor could say was: 'As you see, there's been a problem'."

It was enough of a problem to bring the manager of the carwash, Denise Sisam, to the V&A Waterfront: "She said she felt bad because the bike was brand new, but they were completely insured for situations like that."

Dan's companion went to Dent Magic next door, where an employee, Jason, claimed to have seen what happened. When *noseweek* tracked Jason down, he reported that an employee of Washworks tried to ride the bike: "It slid out from underneath him, skidded across the parking lot floor and came to a crashing halt."

Jason has told this to insurance investigator Gavin Striker of Crawford's, but in his report to Hollard, Striker exonerated Washworks, and thus their insurer, from any liability.

Asked how he came to his decision, Striker replied: "I had to file my report without the CCTV footage from the V&A Waterfront security."

Striker says he did request a copy of the CCTV footage: "Mr Hawkins promised to assign an officer to extract the footage, but when I called later I was told it wasn't available, so I filed my report without it."

However, Shireen Adams of Hollard told Dan's father, Stephen, that it would make no difference: "This par-



particular policy is not meant to pay up.” The infuriated Stephen Fox plans to raise the issue with the Insurance Ombudsman.

Although the Hollard policy taken out by Washworks is designed to cover “internal risks”, and manager Sisam clearly thought Washworks were covered for such incidents, Washworks themselves had an “at owner’s own risk” clause. This appears to be how Hollard sought to escape liability.

The Foxes contacted their own insurance broker, Alasdair Farquharson of Hout Bay Insurance Brokers, who promptly alerted Mutual & Federal, which had insured the bike in the first place. But Hollard’s Ms Adams wrote to Farquharson: “As advised, we are in receipt of the loss adjuster’s report and based on the outcome of our investigations and an independent eye-witness report, we are denying liability.”

If Washworks own insurers won’t accept liability, shouldn’t Washworks itself replace the bike? Denise Sisam admits that the bike was damaged while in their care, but referred us to one of the owners of the business, Val Phillippou, who asked for time to consult with her partner. She didn’t get back to *noseweek*.

Two hours after we talked to Phillippou, Stephen Fox received a call from Mike Dorington of Risk Benefit Solutions, the brokers who had sold the Hollard policy. According to Dorington, Hollard were now willing to accept liability, and would replace the bike on condition that he kept the matter out of the media (*noseweek*).

The fact is that Hollard found itself in a corner; Mutual & Federal were ready to replace the bike and claim from Hollard, while London & Regional Properties, current owners of V&A Waterfront, who stand to be held responsible for the damages incurred on their property, were also looking into Hollard’s actions.

Arnold Meyer, CEO of London & Regional Properties Africa, the new owners of the V&A Waterfront, has

taken up the matter, but at the time of going to press his investigations were still underway. Meanwhile Hollard are apparently offering Dan Fox R22 000 to repair the bike, an offer he has declined: “I want my accident-free bike. If they could push me around like that until they heard that *noseweek* was investigating, how many other people have been pushed around?”

Cell C – F*** yourself!

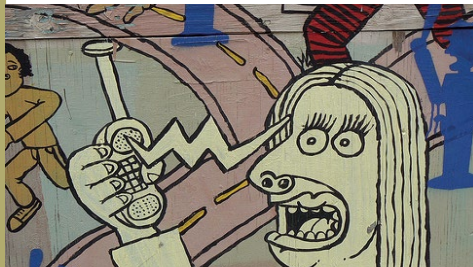
CELL C IS RATHER PLEASED with itself these days, having reported its first-ever operating profit, an amount of R321m. But that’s a slight exaggeration; R6 000 of that belongs to a family in Mmabatho. And they want it back.

Ketsia Motlhabane, wife, mother and lecturer in business management, took out two Cell C contracts in 2002, and early in 2004 she signed for a third. The R135-a-month package, bought through Game in Mafikeng, included a free Nokia phone and 100 free minutes.

Little did Motlhabane know the devastating effect this simple transaction would have on her family.

The trouble started when she got home and discovered the new phone wouldn’t switch on. She returned it to Game and it was sent for repairs.

A month later the store where “you always win” said it was beyond fixing, and



she should ask Cell C to replace it.

“I called Cell C many times but no-one could help me,” Motlhabane says.

“They said they sell air time and not phones. But the contract included a phone and I haven’t used any airtime. Then they told me I must have broken the phone, which is nonsense.”

Meanwhile Cell C continued to bill her for the contract. And she declined to pay.

“I kept on paying for my two original lines, but I refused to pay for the other one until they gave me a working phone,” she said.

Eventually she spoke to a “Bernard” at Cell C, who said that “Deon” at the

Woodmead, Gauteng, Nokia shop would give her a new phone.

“I drove 300 kilometres from Mmabatho to Woodmead. But no-one called Deon worked at that shop. It would have been cheaper to buy a new phone, but I had a point to prove.”

Then without warning, in December 2004, Cell C cut off all her lines and had her blacklisted with the Credit Bureau. At that stage, the company was claiming arrears of about R1 000 for the unused contract.

Worse was to come. In November 2005, almost a year after the company had withdrawn its services, Motlhabane made a simple banking error. She and her husband had received a windfall of R6 000, which they decided to put into their bond, and she went to her local Absa branch to make the transfer through the ATM.

“I had two accounts listed as beneficiaries,” she says. “One was the bond account and the other was my son’s current account.”

“Only two accounts showed up on the screen. I know my son’s account number but not the bond account, because I hardly ever use it.”

Without a thought she transferred the money into the unfamiliar account.

When the R6 000 failed to show up on the bond statement, she called her bank and found out the awful truth. The unfamiliar number was an account belonging to Cell C. She has no idea how it got there.

She called Cell C and asked them to refund her money, and they promised they would. “Someone called Faye said if I sent them a sworn affidavit, I would get my R6 000 back.”

Motlhabane did as requested, but received no response, so she went to the Small Claims Court in Mafikeng where officials helped her to draft a letter of demand to Cell C. The company didn’t respond to that either.

She did win one significant victory, however, when her appeal to the credit ombud was upheld and her name was ordered removed from the Credit Bureau blacklist.

But recovering the money is proving a little more complicated. Her only option, short of hiring a lawyer, is to take Cell C to the Small Claims court in Johannesburg (the Mafikeng court does not hear cases).

“It is ruining my family. My husband is so angry with me. We really need this money.”

Cell C asked *noseweek* to submit our questions via email – imagine our surprise when they hadn’t replied three weeks later. [Z](#)

Fuel from mouths of the poor

NOSEARK FIRST ALERTED readers two years back to the insanity of turning food into fuel – in *nose78* we reported on the global context, and then in *nose90* had a look at South Africa's official approach to biofuels. We're now happy – and sad – to note that our stories were ahead of the curve; when few others were paying attention we warned of crazy rises in food prices and runaway environmental destruction being triggered by biofuels demand.

And with food and petrol price increases dominating the news (it takes a while for the big boys to catch up, huffing and puffing) it's worth going over the topic again to sound another warning: Plans are being prepared that will make you, the taxpayer, pay hand over fist for the sins of a lunatic global industry still backed locally by, *inter alia*, a large bank and our favourite state-created fuel company.

Let's start with the bank.

In the good old bad old days of apartheid, Volkskas was the Afrikaner establishment's bank. Many farmers took their business there; white commercial tractor-jockeys who were subsidised to the hilt by a government that saw them, correctly, as an important source of support. They had agricultural boards to regulate prices, state subsidies for clearing virgin land, and state-funded hardship allowances for droughts and floods that sometimes (often) caused their crops to fail. Some even got rich by farming badly, for example by clearing natural forest along rivers, planting a field of sugar cane and then having it drowned or washed away when the riverbank went in a flood. They got paid to unwisely clear the forest, and got paid again when nature took its revenge on their crop.

Farming subsidies disappeared rather rapidly in the post-apartheid era. White farmers are not important ANC voters, and these payouts did not fit with the party's World Bank-inspired economic policies, so the acreage under maize in particular has shrunk dramatically since Mandela became president. There's no sense in ploughing suboptimal croplands when the government isn't paying you to do it. This meant

Biofuels have become another front in the ongoing war between the "people's wing" of the ANC and its "business wing"

that Volkskas, which had since been folded into Absa, was left with a pile of customers unable to repay their agricultural loans, a nightmarish bad debt situation that, to this day, gives managers headaches. Absa still has about 50% of the agricultural industry's business, obviously a far larger share than other banks.

What to do? If Absa is to get its money back, farmers' incomes will have to rise. A few years ago they hit on biofuels. If Absa could persuade the government to build a biofuels industry, preferably a biofuels industry built on maize, or something that grows in former maize-producing areas, agricultural commodity prices would be forced up and farmers could get rich and repay those pesky loans. Hell, farmers could get rich and take out more loans! The good old days of endless lines of diesel Mercedes Benzes outside the NG churches of the Free State would be reborn! (OK, let's not be sentimental: today it's more likely to be hundreds of

mielieboere in ethanol-powered Hummers lining up at local casinos.)

Absa's point man in all this is Andrew Makanete, a fiendishly bright and unstoppable argumentative ex-union guy who became the general manager of their agribusiness division. He's the darling of the agri fraternity – they give him awards and fete him at banquets, a black agricultural economist who supports white farmers as the job-creating engines of the platteland, who sees their value in the no-longer-new SA (he supports emerging black commercial farmers, too). He's become one of the manne, quadbiking with the best of them on weekends. (He recently bust his leg while overturning his bike in the veld.) Makanete lives in a golf estate McMansion outside Johannesburg, a household full of hot and cold running servants, a classic BEE success story – except he's clearly not token; this man can hold his own at any boardroom table, anytime.

The other big player in this story is Sasol, which stands to gain from biofuel in two ways:

■ Sasol produces ethanol as a byproduct of its coal-to-petrol process. If it could sell this as a component of motor vehicle fuel (it is chemically identical to bio-ethanol such as produced from maize), it could get a better price.

■ Sasol is a large producer of fertiliser feedstock. As anyone who's looked at these things will know, the big profits in extractive industries are not always made by the seeming main players, but by those in supporting industries. For example, in the oil business the firms making rigs and drills often turn better profits than the oil companies themselves. Sasol has a huge interest in expanding commercial, chemical-intensive farming, as this will radically increase the demand for fertiliser. The USA's maize-ethanol industry has recently triggered an average doubling of the share value of that country's fertiliser giants in just a single year.

Sasol, operating like the ANC, has "strategically redeployed" some of its people to influence biofuels policy. As we reported last year, one of the secret authors of the supposedly independently-researched National Biofuels Study,

commissioned by the Department of Minerals and Energy (DME) to guide biofuels policy, is Raoul Goosen, ex-technical services manager of Sasol. (Another author, we have since discovered, is Manny Singh, the top of the heap at the Energy Development Corporation, a subsidiary of the scandal-soaked Central Energy Fund which was caught funnelling millions to the ruling party).

Goosen and his co-authors produced an outrageously incompetent report that, via a walk through a forest of fudged figures, unreferenced statements and frankly idiotic arguments, advocated government support for a maize-ethanol based biofuels industry. One of the NoseArkers long ago made an official request to the DME, under the Promotion of Access to Information Act, for some basic information on the Biofuels Study – a simple query for the names and qualifications of the report authors, the report’s bibliography (which was never made public), details of the mathematical models used, and so on. We filed the PAIA application after Sandile Tyatya, DME’s renewable energy man, got suspiciously jumpy on the phone and email, refusing to tell us anything about the Study report even after it had been published on DME’s website. The PAIA request, we are sad to say, has been illegally ignored: all we’ve received so far is a fax from DME Minister Sonjica’s office, acknowledging that they’ve received it.

As we now know, someone in government came partially to their senses late last year and lowered the ambitious, state-supported biofuels targets advocated in the Study report. It was decided, wisely, to ban biofuel made from maize. Rising food prices had already prompted Reserve Bank chief Tito Mboweni to speak out against the inflationary impacts of biofuels and the danger they presented to staple food availability, and it seems that Cabinet at least partially agreed with him and with *noseweek*-reading parliamentarians who had raised the issue earlier.

But the game is not over for plant-petrol: Sasol is ploughing ahead with various projects around the country, and Absa, using Andrew Mkanete in his “other hat” capacity as head mielie of the Southern African Biofuels Association, has launched a vicious attack on the failure of government to prop up maize-ethanol. Mkanete’s argument

revolves around subtly redefining the term “food security”, focusing only on food production by volume, and steering away from food affordability. Biofuel opponents point out that by increasing the demand for agricultural crops and very importantly, arable land, food prices increase radically, hurting the poor, especially the urban poor who have no land on which to produce their own sustenance. Biofuels, in other words, will reduce food security where it counts – at the household level.

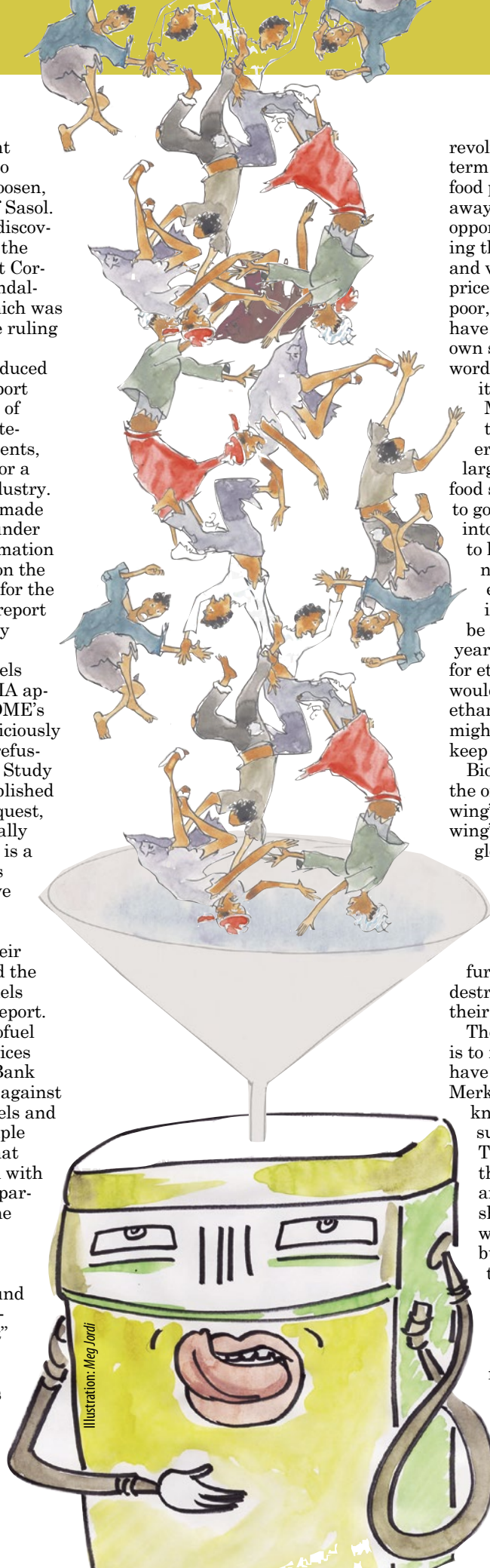
Mkanete says that by increasing the farm-gate price of maize, farmers will be encouraged to produce larger crops, thus increasing “national food security”. The fact that crops need to go into the mouths of people and not into factories to qualify as food seems to have escaped some business journalists who have parroted Mkanete’s words without question. Even if maize produced for ethanol could be redirected to the food market in years of short supply, who would pay for ethanol factories to stand idle? Who would invest hundreds of millions in an ethanol factory, knowing that the state might commandeer the crop needed to keep the factory going?

Biofuels have become another front in the ongoing war between the “people’s wing” of the ANC and its “business wing”. Indeed, it’s another front in the global war between poor people and owners of big business in general. Our environment also loses heavily from biofuels as they are currently understood.

If we carry on, food costs will rise further and more ecosystems will be destroyed. But some will profit beyond their wildest dreams.

The solution to this conflict, of course, is to make someone else pay. So now we have the DA and the UN and Angela Merkel and Mickey Mouse, and who knows who else, advocating state-supported food grants and subsidies. They don’t want to say outright that 99% of liquid transport biofuels are a pathologically bad idea and should be got rid of post-haste. They want to keep their politico-business buddies happy, but also keep the townships from exploding – so now they’re shaking ordinary taxpayers down. Your hard-earned money going into “food subsidies for the poor” is just profit for banks and for fertiliser companies that would not be needed if the world pulled the brakes on this runaway biofuels train.

Fat chance, suckers! **■**





PICTURES: MARIO TODESCHINI



Athi-Patra Ruga's performance (left) and (above) Caroline Coates of Madison with architect Eitan Karol

RIVETTING ALL THAT dimpled pendulous flesh, \$33m is a lot to pay for a painting of an obese lady asleep. Even if it is by Lucien Freud (grandson of that other one) and sets a new auction record.

Yet look at the prices tonight in Cape Town at the high-wattage Woodstock launch of Michael Stevenson's relocated art gallery: R800 000 for a high definition video of ballet dancers by British-Nigerian artist Yinka Shonibare; R600 000 for a colossal digital print entitled Marilyn Manson Monument by Berlin-based South African Candice Breitz; R500 000 for a Claudette Schreuder statue.

"When you put it in dollars, it's quite normal. It only sounds high when viewed from the local landscape," Stevenson the maverick art dealer and historian tells me without blinking.

Still, none of this rich trendy crowd is buying anything. Not that anyone expects them to. "For us, openings are usually more social than selling," says the gallery's director Sophie Perryer, a petite dynamo in silver lacy-leatherwork running shoes by Alexander McQueen.

The truth is Stevenson sells mostly at international art fairs. Much of it is African modernist stuff, and work that ordinary South Africans see as weird, provocative, subversive. Here on one wall is arch-innovator Steven Cohen (who uses his private parts in his arty routines) teetering in face paint down Wall Street on what he calls his skul-letoes – stilettos perched on real human skulls he bought in a chic shop in New

York's Soho. "Who in their right minds would pay money for this shit?" gasps one astounded Wasp matron (clearly not a Stevenson regular.)

Nor can they get their heads round the cowhides that Nandipha Mntambo moulds on her own body. Or Dineo Bopape's installations that play with gender. Or Athi-Patra Ruga's off-the-wall performances, of which tonight's AfroWomble show is a hilarious example: he's doing some baffling fancy dress horseplay in high heels.

Whatever, Stevenson's overseas sales have enabled this son of a Nelspruit fruit farmer to acquire 600sq metres of a building where space goes for R7000 a square metre, in a rapidly gentrifying section of the city that's about to become



Bites and

and the curious.

Movie mogul Phillip Key of Moonlighting has a new project with Hilary Swank, Richard Gere and Kiefer Sutherland. Hotshot photographer Guy Tillim, in baggy knitted headgear, has just completed his Angola mission, shooting colonial architecture. Glamorous Nandipha has jetted in from the Dakar Biennale, where they lost her work. Dineo is swapping Amsterdam for Columbia University. She's also a stunner, in a fur.

Architect Eitan Karol, son of Louis, is in a red-



Clockwise from left: Nicci Bailey and Sophie Perryer (with print by Steven Cohen); Michael Stevenson; Tapua Mhere, Joost Bosland and Richard Kilpert





Great Wal-Mart of China

THE BLOGOSPHERE IS ABUZZ with China these days. There's the Olympics and Tibet, poisonous toothpaste and poisonous dog food, lead paint on toys, capitalist enterprises profiting from Chinese internet censorship, and a ship full of things that go boom, trying its best to find Zimbabwe... to name just a few recent blog storms.

As a child I was a bit scared of the Chinese. It all started when the boy next door said that Chinese people eat little children. As I fitted in the aforementioned category, I took it personally when Mr Chong, our grocer, tried to pinch my cheek. I screamed, and embarrassed my mother.

A few years later the nuns at the convent gave us free tickets to the movie *The Great Wall of China* because it was "educational". I went anyway. What I learned was that it took a lot of human suffering to build that great big wall to ward off the barbarians. Oh, and it served to confirm that the Chinese were scary. And don't forget those starving Chinese children who, according to our parents, were lusting after our brussel sprouts – which I would gladly have sent them had it been possible.

But things are different now. From what I read on the Internet, the most populous nation in the world now boasts the world's fastest growing economy, a very large army and a thirst for more – a thirst that would have made Cecil Rhodes blush.

The sleeping giant has awakened and is making its presence felt in all corners of the world. This particular giant is doing what all superpowers have done – expanding its sphere of influence and scooping up the resources any advanced society needs to keep its population happy with the status quo. It's called "good government" by those who benefit, and less flattering things by those who don't. But it's just business – as usual. (www.cfr.org/publication/9557/#9)

In the world as we have known it, the US has always assumed the role of policeman when a self-interested giant threatens traditional western interests. But the giant this time is one of America's principle bankers, and he holds more than a promissory note. The biggest retailer and employer in America



is Wal-Mart, whose sales largely depend upon a heavy tonnage of cheap Chinese imports.

You might be amazed at the percentage of Chinese-made products on American store shelves – not just Wal-Mart. And even as the US dollar declines,

Americans can still buy just as much Chinese stuff as before, because the Chinese have been shrewd enough to define the value of their currency by the value of – you guessed it – the dollar. Americans, like many of us, enjoy being able to afford stuff. The Chinese have been kind enough to provide a crutch for the American standard of living for the past several years as the American government's attention has been almost exclusively focused on other matters – like oil resources.

In a sense, you've got to admire those Chinese guys. You never kick a guy in the groin when he holds your mortgage.

So don't expect more than a bit of finger-wagging from the world's "policeman" as China follows the same path that western laissez-faire capitalists blazed hundreds of years ago. When it comes to Chinese expansionist policies, there's a line the "West" can't afford to cross. George Bush won't even boycott the Olympic opening ceremony: he knows that bankers deserve respect.

It's a globalized economy, boys and girls, and this makes weak destabilized nations with valuable resources – be they oil, minerals or cheap labour – look like hors d'oeuvres. Economic interdependence has made it difficult for one member of the global economic club to seriously challenge another without immediately inflicting damage upon itself. Isn't that supposed to be a good thing? What's a little poison here and there between friends? Or a bit of pollution? What's the rumour matter that Chinese workers endure appalling working conditions, to be compensated with handfuls of coco-crispies? Who are we to deny the starving our leftovers?

So I'd really like to say that now I've grown up, I no longer fear the Chinese. I know they don't eat little children, and I know their current society bears little resemblance to the one that built the Great Wall.

I'd like to, but I can't. I'm as scared of the Chinese as I am of the rest of us. ■

*As a child
I was a bit
scared of the
Chinese. It all
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Second fiddle

SHORTLY AFTER DELIVERING my May column to Mr Nose I felt obliged to wonder if something wasn't putting me firmly in my place. I'd made airy observations on what seemed a uniquely South African tradition of naming grand wines after proprietorial family members, with a very definite definitive in front: The Joshua, The Jem, etc.

Then I noticed two bits of current international wine news. One was British guru Jancis Robinson talking of the need for wine critics to show some humility. (Coming from someone who ventures hundreds of wine judgments per week, with scarcely an um, er, or maybe, attached to the score, this is indeed newsworthy.) The other was an announcement that the very grand Bordeaux property Château Haut-Brion was changing the name of its "second wine". I've no idea of the meaning of the abandoned name – Bahans – but I do understand the new one: Le Clarence. The Clarence! Named after Mr Clarence Dillon, the American banker who bought the property in 1935 – because, so they say, it was the finest *domaine* close to the city of Bordeaux – and whose family still owns it, though they've all become duchesses and princes now, it seems.

So it's not only the dynasts of the Cape who do this. At least, though, Clarence was dead before it happened, even if some might think it a rather poncy name he left behind. Nonetheless, I felt chastened and humble, and decided to restrict my observations this month to modestly suggesting some red wines that offer particularly good value.

Where better to start than "second wines" from good local estates? The concept of a second wine is interesting. It generally includes the wines that are not quite good enough to get into the most prestigious bottle. Sometimes it's young vines, or less well situated ones, that give the grapes for the second wine; sometimes it comes around through a selection of the best barrels. Having a second wine is often a sign of seriousness and ambition and, depending on the standards for the top label and the quality of the vineyards, looking among the second labels of top producers can be a smart move for those on a budget.

Or for those in a hurry. Buitenverwachting's Meifort springs to mind. Christine 2003, Buitenverwachting's flagship red blend, sells off the farm for R250.

Two of the three Solms-Astor wines take their names from vernacular dances

It's excellent, but should really only be drunk in 2010, I'd guess, at the earliest (I had a lovely, dead right, bottle of the 1998 recently); right now it's still rather demanding, tight and adolescently awkward. Whereas the Meifort 2004, at R50, is definitely not dumbed-down stuff, but an already delicious version, and nicer to drink now than its grander relation.

A very similar situation with Kanonkop. Although the second label, Kadette (R55), is the poorer but still classy relation of the aristocratic Paul Sauer (R230) as well as of the Pinotage (R160) – in fact it has a majority of pinotage, helping its juicy, but not trivial, drinkability.

A modest and tasty wine which I hadn't known until recently is Freedom Hill's Cape Blend (about R40). There are a couple of senior Freedom Hill wines made from the best lots of the cabernet, pinotage and shiraz in the Cape Blend. They're only about 50 percent more expensive, but I myself would stick to this: although (or because) it's a bit less showy, I prefer it, especially as it's such good value.

Solms-Delta is one of the properties making Franschoek an exciting place for wine these days. There's a new range of wines there called Solms-Astor, which are rather cheaper than the ones with Delta or Hegewisch after the hyphen. (Richard Astor, whose name is invoked, is a lover of African music as well as a philanthropic

member of the rich, once unbelievably rich, American-English Astor family, and a partner in the splendid Solms empowerment, history-gathering, wine-making project – read about it at www.solms-delta.co.za, if you can't get to see the deeply moving museum itself).

Two of the three Solms-Astor wines take their names from vernacular dances. Langarm is another Cape Blend (that is, with pinotage plus a handful of other varieties).

Vastrap is the white, chenin-based equivalent. Both are under screwcap, both good value at under R50, and highly recommended. The third in the trio is the delightfully named Cape Jazz Shiraz – a sweetish, lightly sparkling red, it's a bit of a joke, but a good one if you feel like a gentle chuckle over your wine, or right there in the glass. **TJ**



Illustration: Meg Joridi



Sort of...

WELL I WROTE in *nose79* about my uncle Bliksem van Tonder and how he nearly won the *Tweede Engelse Oorlog* with his howitzer made from a cast iron telegraph pole, but that's not as far back as my ancestry goes, Lord love you no. Oom Bliksem was on my mother's side, and the female side of that side goes right back to Fifi du Tondre, who in 1678 lived on the left-hand side of the Loire Valley, going in, where as a mere slip of a girl she experienced a state of acute ecstasy one morning upon beholding the Holy Mother of Christ sitting in an apple tree, becoming filled with such fervour as to leave the name Ferva in the family to this very day. And Fifi's great-grandfather was a full century earlier, only he was in Rotterdam. He was Koopman Dompel tot Sint Plonser, and he was involved with the Spanish Armada, in a manner of speaking. His name also lives in my family to this very day.

History, as it were, played into his hands. Dompel's company owned certain flat-bottomed barges for trade upon the shallow waters of the Schelde, you see, and was thus positioned to put into effect a daring enterprise when the entire Spanish fleet was obliged to heave-to off Gravelines, and able so to do because Admiral Drake had perforce to go and fetch more cannon balls and stuff from Portsmouth. The reason for the Armada's heaving-to was that the Grand Admiral of that fleet – a certain Duke of awesome nobility, name of Medina-Sidonia, lover of horses and a dry-climate landlubber if ever you saw one, for some daft royal reason put by his King in charge of the biggest fleet seen anywhere since Helen of Troy – this Duke, I say, hatched a devilish cunning plot whereby another right landlubber, name of Duke of Alva, soldier, conqueror and Main *Ou* of the Netherlandish Colony of Spain, was to amass a mighty army in that colony, and a second mighty fleet, and sail out and meet Duke Medina-Sidonia's mighty fleet, and sail up the Thames to the middle of London and conquer England, I ask you with tears in my mince pies.

Only having neither radio nor carrier pigeon the Grand Admiral couldn't tell whether or not the Main *Ou* would be ready and waiting, and in the event he wasn't



The pirate Drake suddenly reappeared to launch fearsome fireships upon the luckless Catholics, causing them instantly to drop all tarts and seize sabres

going to play second fiddle to any other bloody Duke, thanks, and anyway he feared the sea, so he hadn't even a barrel or two of fresh water waiting for Duke #1. Nothing. And at this point Dompelplonser & Kie set forth and rounded up one hundred choice red-haired Rotterdam tarts and herded them aboard a company barge and delivered them to the anchored Armada at two doubloons per tart per hour, to the boundless glee of all hands. Red-haired women are of high spirit, like chestnut mares, forsooth, wherefore the equestrian Duke and all hands were still a-dancing heel and toe when the pirate Drake suddenly reappeared to launch fearsome fireships upon the luckless Catholics, causing them instantly to drop all tarts and seize sabres and cut adrift all anchor cables and cast overboard all unattached things bar the tarts, to lighten ship, and set all sail and bugger off Nor'nor'east with all speed. Round Scotland.

Ruin! Philip II King of Spain disclaimed all liability, declaring he wished all Dutch whores at the bottom of the ocean, as also that other red-haired Protestant whore Elizabeth Tudor, but that Oupa Dompel might if he chose raise up from the shallows off Gravelines all anchors, guns et cetera and sell them back to Himroyself at a price to be negotiated. Since not a single tart returned with the battered Spanish ships it was assumed they were indeed asleep in the deep, until, that is, Oupa Dompel in his fading years came upon an ancient Spanish mariner in a Rotterdam beer-house, who told the true story of dire hunger and thirst upon the fleeing Armada vessels, and coming upon the Aberdeen fishing fleet at sea, and seizing their entire catch of cod and most barrels of water in fair trade for the hundred whores, to the boundless glee of all hands but uncertain pleasure to the Catholic matrons of Aberdeen.

Well me faether would have none of this, being from Aberdeen himself and having red hair. Red hair, he declared, came to Scotland with sturdy blue-eyed marching migrants from far beyond the Ural Mountains, along with bagpipes – oops, the Peeps – and Tossing the Caber and Butterscotch and Golf and EVERYTHING. Oh balls, said I, red hair comes from a recessive gene. Och c'mON! said he, theer's nothing recessive aboot the Scots, mon, what aboot the Battle of Bannockburn, hey? Well I could understand the Old Man's not wanting to appear a sort of latter-day sonofabitch, especially since I myself have a faint sense of being inbred; I don't know what other dealings my Oupa Dompel had with his tarts. Sort of. **W**

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PERSONAL

Noseweek – keep nailing the bastards!

David & Zeldia O'Brien are pleased to announce the birth of Joel James. They sincerely hope that this is his last appearance in *noseweek*.

Ben Trovato is a girl – Stromboli.

Barbara Gray – The sun, the moon & the stars. Loved forever.

Thanks Grumpy from your Mpande partner Twit.

Keep up the good work What happened to Macmed Medical? Keep us informed – Freddy.

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