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KPMG COMING UNSTUCK IN CANADA TOO

The action man from OUTA

Medical fraud


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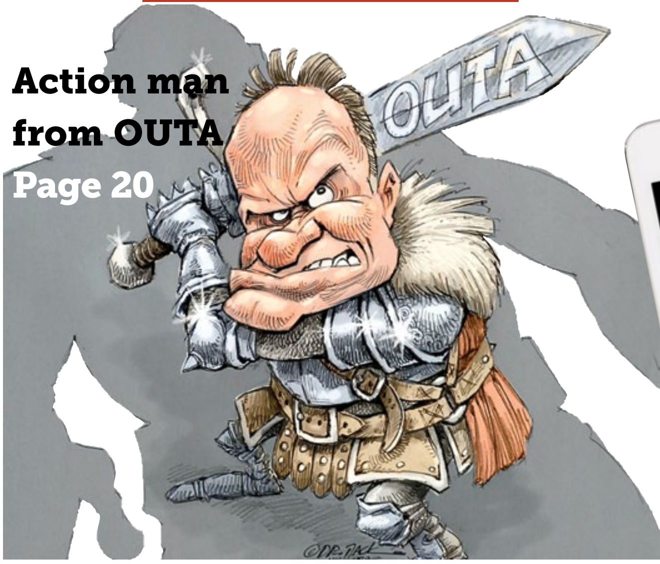

Action man from OUTA
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COLUMNS

Letters

Khoza votes her conscience

She war [wore] the suicide vest bravely. Now that her bombs misfired she is crying foul and you sympathise with her? Let her be subjected to internal processes and listen to the sweet sounds of the music she composed.

Sibonelo Stanley Mkhwanazi
Newcastle, KZN

So she voted with opposition parties? That is political prostitution.

William Joseph Mbangula
Windhoek, Namibia

Tsotsi [President Zuma] and his party hate her, she has all the qualities they so badly lack; instead of trying to act as good examples, they prefer the rat pack.

John Hendrick
Roodepoort, Gauteng

She is a hopeless attention-seeker with an inflated ego. Let her roast in her own fat, like pork.

George M Mkhwanazi
Bulawayo, Zimbabwe

I'm sure Dr Khoza will take your comment from whence it comes. – Ed.

KPMG up for audit

Thank you a million times *Noseweek*, for exposing these spineless corrupt money-grabbing, ass-creeping "respectable corporates"! Lowest form of sub-human species, just above lawyers!

Clarence Fourie
Johannesburg

I've only read the first two free paragraphs of your online edition, but it seems the author might be confusing correlation for causation, or at least be guilty of extreme oversimplification to suit the narrative. Arthur Andersen collapsed worldwide in 2002 due to the shady accounting practices of their Houston office, responsible for Enron's off-balance sheet shenanigans. There was no claim of malfeasance in the South African practice (or anywhere else). The firm's name was, however, toast and in South Africa the Arthur Andersen audit practice was taken over by KPMG. Fifteen years have since passed in which KPMG could have "converted" any Arthur Andersen bad apples, had there been any. Referring now to Arthur Andersen's "bad reputation" sounds like a handy abdication of KPMG's professional responsibility, or a bean-counter's version of Hansie Cronje's "the devil made me do it" excuse.

Wilhelm Kühn
Cape Town

How could any sensible person want to dismiss the logic of a four-page, 80 paragraph story on KPMG's pattern of misconduct – itself an extract from 13 Noseweek *stories published over the past 15 years (as it happens, the first in 2002 when it took over Arthur Andersen) – on the basis of just two (free) teaser paragraphs? The point made was that KPMG have been exposed as doing (for several years already) just the sort of shady coverup-for-a-fee that led to the downfall of Arthur Andersen. KPMG's takeover of Arthur Andersen becomes symbolic.*

Now see story on page 7 – Ed.

Aussie miner in spotlight

Anti-SLAPP litigation is long overdue. The Caruso you name is also known, it would appear, for quoting fiery sections of the old testament at non-believers on the god-given rights of miners.

Stormin Tormin
Kommetjie

Who are the South African lawyers acting for these cowboys?

Robin Hood
Claremont

Senior advocate for MRC/Blue Bantry is Peter Hodes SC, briefed by attorneys Bernadt Vukic Potash & Getz of Cape Town. – Ed.

Durban's R42bn shack shame

True, those billions would have come in handy to house the poor of Durban – but then, right now, Durban Metro is happily spending R500,000 for a carpet for the high-spending, very costly King of the Zulus' Reed Dance – plus how much more for buses, etcetera?

Margot von Michaelis
Durban

Singin' in the rain

Your August (*nose*214) front-cover cartoon "Singing in the Rain" confused me at first because it brought to mind the similarly titled Gene Kelly film *Singing in the Rain*. But then I remembered that of course the song also featured notably in Stanley Kubrick's 1971 masterpiece *A Clockwork Orange* while Alex and his "droogs" indulge themselves unchallenged in a prolonged spree of rape and pillage. Now I get it. Nice one.

Phil M. Noir
Riversdale

Sanlam "not loving dogs"

Effectively sending the dogs to be euthanased, and selling a Tinus de Jongh painting for R1,000 that, properly auctioned, should have fetched between R15,000 and R30,000.

Nicholas Labuschagne
Online

Makes one wonder what other moveables were sold at "giveaway" prices. – Ed.

The Sanlam executor's "auction-in-a-hurry" action seems to be a norm at big institutions, e.g. banks, where they are appointed as executors in deceased estates. It's a big can of worms, waiting to be opened up.

I'm sure experienced estate agents will know cases where a property in a deceased estate was auctioned "in a hurry" and the heir paid out only a small percentage of the property's real market value. The so-called "silent tenders" seem to be taking the cake!

The problem seems to be that there is no current law against this malpractice, and the executor has the right to act according to his "best judgment" – and is then obliged to take the "highest offer", which leaves the field open for any ridiculous, undervalued offer to be accepted.

These institutional bullies need to be called to account!

Maryke De Beer
Cape Town

Hello, hello …?

I am a doctor. I had the same surgery number for 24 years until, in one foul swoop, Telkom cut my landline instead of relocating it, as I had requested.

For a month, my patients lost their lifeline and I lost my income, thanks to the gross incompetence of a telecommunications company that spends more money on advertising than on employing appropriately qualified people.

I had an order number; I became number 32,53,13 etc in the queue, holding on for the next clueless person unable to help me at the customer-don't-care centre (now relocated to Durban).

I spoke to a Pearl and a Patricia, and emailed D Hlengiwe, to name a few people, who all promised to rectify the problem.

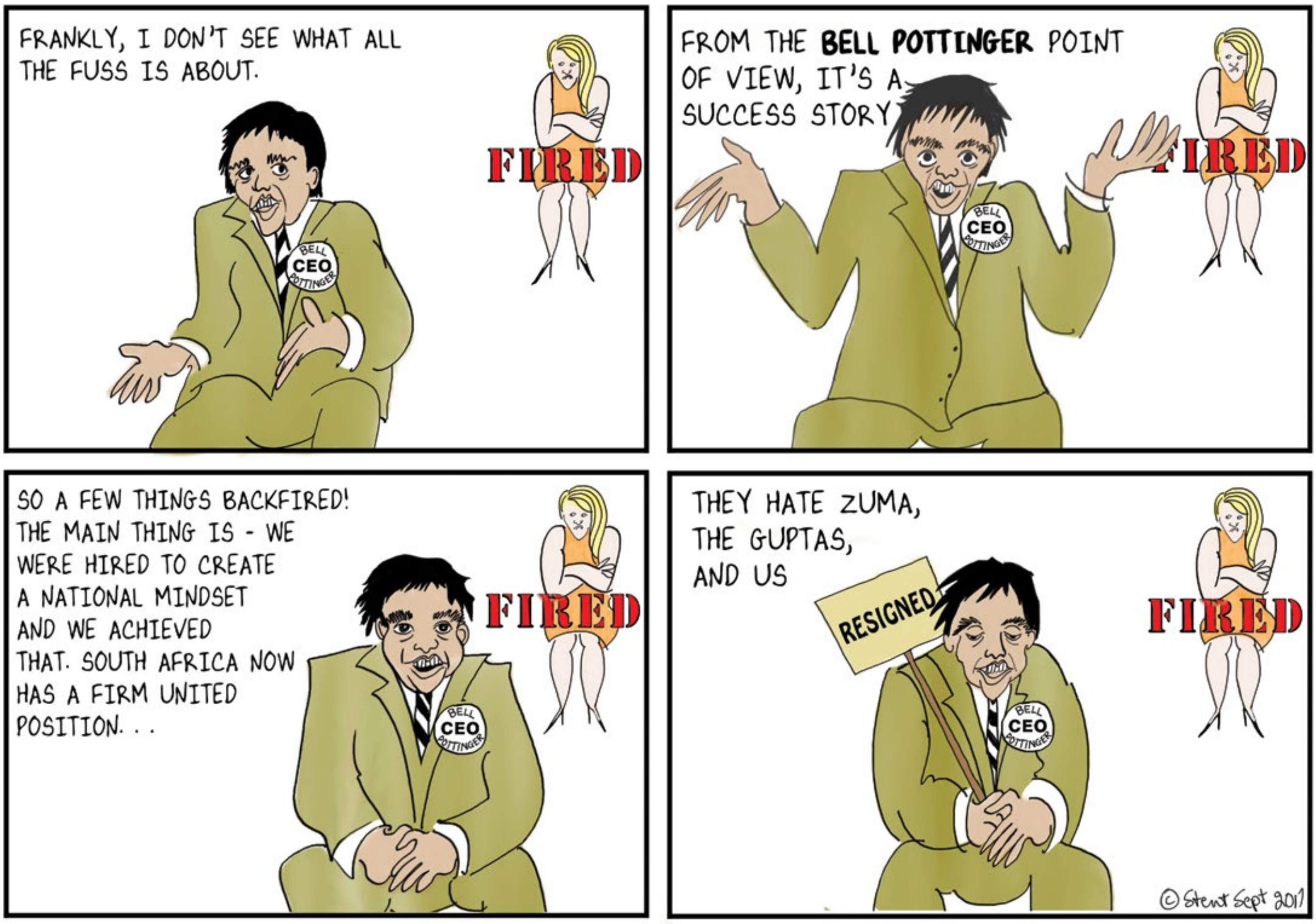
In the meantine I was contacted numerous times to ask when I would like my new ADSL line installed, which is apparently what I had (not) ordered.

I paid the phone account for a phone number "that did not exist", just in case, so they would not refuse to do the job when eventually it was about to be reinstated, as I might in arrears!

Finally I received an sms to say my order (what order? ADSL? Reinstallation? Relocation?) would be delayed because of stocktaking! I got no further when, 16 days on from asking for relocation, I went to a Telkom shop. All the computers were down. I did, however, learn that transporting my old landline number to another exchange area, as I had requested, was, in fact, not possible. Sorry, you were misdirected.

It took a further 12 days – in all 28 days without a surgery landline – for my old phone number to be reinstated at my old address (a special favour), and I was able to set up an answering machine directing callers to my new telephone number and surgery.

Dr M Stein Goldberg
Cape Town



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Editorial

Mr Nose weeps

The South African Human Rights Commission have said it, opposition politicians have said it, doctors and unions have said it, and finally national health minister Aaron Motsoaledi has said it: The KwaZulu-Natal Health Department has fallen apart.

The minister's first step – he is a politician, after all – was to direct his full attention to polishing his own reputation. So he was happy to concede that the KZN health department has a failed human resources department and a defunct procurement office, its finances are in a mess and its employees are unhappy and there is a severe lack of skills in upper management.

But nobody needs to worry – because he is on to it! Really?

The crisis was officially confirmed in a report published in July by the SA Human Rights Commission (SAHRC). Amongst others, the oncology service once offered by the KZN department was found to be effectively defunct. Due to gross incompetence, two cancer radiotherapy machines (called rapid arc linear accelerators), lay broken at Addington Hospital, Durban. This and an exodus of oncology staff due to dire working conditions, led to waiting times for treatment increasing from eight weeks to eight months. Many poor citizens of the province have, no doubt, died as a consequence: cancer doesn't wait. The situation has been steadily deteriorating over the past seven years, so nobody should have been taken by surprise.

The machines had been left in pieces and gathering dust, not because there was a lack of appropriate skills to operate them, but because KZN Health MEC Dr Sibongiseni Dhlomo's department was in dispute with – and stopped paying – the supplier-contractor who was supposed to maintain the sophisticated machines, Techmed Africa (*nose*213). Dhlomo accused the company of corruption, although no such charges have been laid against it. In the interim, Dhlomo's department employed a backstreet radiation machine mechanic who succeeded in destroying one machine and leaving the other in a dire condition. This contract itself was irregular, not having gone to open tender.

Dhlomo at some stage decided he would visit what he believed was Techmed's headquarters in Geneva, Switzerland, to sort things out. His office apparently did not think to phone ahead to ask key questions, such as whether there is a Techmed head office in Geneva and whether the company itself manufactures the linear accelerators it markets.

As a result, Dhlomo arrived at a Techmed letterbox address in Switzerland, to be told he should be in the USA, where the actual radiation machine manufacturer, Varian, is based. (Many are convinced Dhlomo was on a private visit to Geneva and needed a cover so he could bill the state for the trip.)

At a press conference in August, *Noseweek* asked KZN premier Willies Mchunu why Dhlomo hadn't been fired; he bloviated and obfuscated, as is his way.

"As soon as something goes wrong [*people say*] the minister must be fired, the MEC must be fired. Little does anyone pay attention to administration."

As Mchunu knows, Dhlomo has been in charge of the department since 2009, and over the past eight years has had the final say on the appointment of most senior staff currently employed in its hospitals and administration.

Motsoaledi's reply to the same question: "I'm a politician, the MEC is a politician. I report to the president, [*the MEC*] reports to the premier so I will leave that one [*unanswered*]."

They don't, apparently, feel under any obligation to account to their voters.

When *Noseweek* asked Mchunu what he would say to the families who lost loved ones to untreated cancer, and why there appears to be no accountability, he accused our reporter of "making a political statement".

"We will decide on a course of action as government," he said. No doubt that will be "when Jesus comes". His empathy brought tears to Mr Nose's eyes.

Mchunu and Motsoaledi only confirmed what we already knew: power and patronage are what count in the ANC, regardless of which faction you are talking to.

● As we went to press, KPMG international partners rushed to discipline their South African partners for having created "reputational risk" for the other members of this "big four" international audit firm. Too late, it seems. Suspicion about their moral integrity has already spread far and wide, not only to all their South African clients, as our cover suggests, but has also flown abroad – and, *Noseweek* has discovered, elicited a loud echo in faraway Canada (*see page* 7).

The Editor

KPMG and a whole lot of scrap

South African brothers Marshall and Richard Cooper lived the high life in Canada, funded by 'gifts' from a Jersey company established by their father – and KPMG. **By Jonathan Erasmus**

He was once the uncontested king of scrap. So large was Marshall Cooper snr empire that Chicks Scrap Metal became a household name. As is customary in that trade most of his scrap was sent abroad. And, as likely, most of the profits were kept abroad too, well away from the predatory eyes of the South African Revenue Service.

While few will disagree that death and taxes are best avoided as long as possible, it is less widely accepted that both are ultimately inevitable.

Marshall Cooper appears to have succeeded in keeping the South African taxman in the dark to the end; it is the tax authorities in Canada – to which country he and his family emigrated in the early 1990s – who cottoned on to the elaborate offshore "sham trust" setup where Cooper had hidden his vast untaxed fortune. And those authorities are now demanding their cruel cut.

Right now, there is another reason why South Africans will be interested in the unhappy unravelling of Cooper's offshore tax-evasion schemes: they were set up and operated for him by KPMG – who now declare themselves "unsure" about the legality of the offshore structure that they, very confidentially, sold to an undisclosed number of "high nett-worth" clients.

The Canadian Revenue Agency have demanded from Marshall Cooper and his two sons the equivalent of R89,502,452 in penalties and back taxes, for hiding at least R276,182,484 in a shady offshore company structure "sold" to the Cooper family by KPMG LLP Canada. Yes, SARS, check the figures and eat your heart out!

Oh brother: Richard Cooper (above); and Marshall Cooper jnr with friend looking through glasses darkly

Cooper remained blissfully unaware of having been found out: he had developed dementia by the time the Canadian Revenue Agency (CRA) began to hound the family, and died in a British Columbia care home in 2016, aged 86. As far as he was concerned the old cliché of death and taxes was not true; only death was certain. Taxes were optional.

The matter is before the Tax Court of Canada because the Coopers, who were assessed on their undeclared offshore earnings in 2012 by the CRA, are appealing the adverse findings, in the process making them public.

So questionable was the offshore structure KPMG devised that the audit firm could not, in its own internal memos, "categorically" declare the scheme legal.

In fact their own records reveal that they had every reason to know that what they were running was a criminal enterprise; they were simply relying on not being found out. And they were just as confident that, even should they at any point be found out, their clients were unlikely to be successfully prosecuted.

In a 2 January 2001 memo, KPMG's International Tax partner, Barrie Philp, reported to Canadian colleagues on a review of KPMG's "Offshore Company" tax avoidance scheme that had been done by the audit firm's General Anti-Avoidance Regulations (GAAR) committee: "We noted in passing the fact that there may be a timing advantage arising from this analysis, in the sense that it would be difficult for the CRA to criticize the transactions unless they have evidence of the moneys coming back to (or intended to come back to) related Canadian 'beneficiaries', and once that evidence becomes a fact (if it were to do so) many taxation years could be statute-barred."

In other words: In Canada (and South Africa) tax offences lapse after a certain number of years. KPMG were confident that by the time the authorities found out – if they ever did – it would be too late for their clients to be prosecuted.

But if the CRA wins the current case against the Coopers, KPMG could be charged as a party to a criminal conspiracy. So high are the stakes for KPMG – suspected of having signed up at least another 25 wealthy Canadian clients for the offshore scheme they discreetly marketed for a fat fee – that the audit firm is paying the Coopers' legal costs and is using its own in-house counsel as their attorney of record – the same man who was instrumental in setting up and selling the structure.

Ultimately, the Coopers' exposure and potential conviction is a result of decades of tax evasion, dirty tricks and morally corrupt business decisions. When he died Marshall Cooper's dad, who had started Chicks, split the company up between his children. Soon thereafter, Marshall and his two sisters got the East London and Port Elizabeth businesses and brother Bill got Cape Town. The latter famously once owned the red *Royal Duke* yacht, designed by renowned Dutch boat-builder Ricus van der Stadt, that was moored at Hout Bay, Cape Town.

Eventually Marshall bought his siblings out and opened up an additional branch in Durban.

Until the late 1990s Chicks was everywhere and known to everyone. Fishermen went to Chicks to buy lead for making sinkers; in the townships outside Port Elizabeth people spoke of "going to Chicks" with their bounty. The company was responsible for some famous salvage operations, such as breaking up the ill-fated *SA Seafarer* cargo ship which ran aground at Mouille Point, Cape Town, in 1966. In the 1980s Chicks Volksrust sold two decrepit steam locomotives built in 1938, to luxury train operator Rovos Rail. They have since been restored and are in use (see Rovos Rail's ads in *Noseweek*).

Marshall was a large, boisterous and suspicious man who loved fancy cars, boats and horses. Around 1976 or 1977 he sold his stake in Chicks to another old South African company, McKechnie Brothers. The sale was carefully structured to save on capital gains tax: it was a five-year deal where Cooper would continue to draw from the business over the period, on a diminishing scale.

The company was later absorbed into JSE-listed Haggie-Rand, who in 1998 sold it on to the Reclamation Group for R75m. "A steal deal," says Robby McClelland, who was in on it. Himself a player in the scrap metal world for many years, he told *Noseweek* how simple it was for the likes of Marshall Cooper to siphon large swaths of cash out of South Africa.

"When material scrap was exported the proceeds were under-declared and buyers transferred these undeclared funds into the offshore accounts of your choice. In those days it was common practice, as you could otherwise not get your money out of South Africa. Cooper was a big player in this. There were no rules – all the metal merchants were shady guys," said McClelland.

'There were no rules – all the metal merchants were shady guys,' said McClelland

From the late seventies to about 1986 Cooper lived in a palatial three-storey Umhlanga home with fantastic sea views stretching from the lighthouse at Umhlanga to the lighthouse on the Bluff. His wife Irene, better known as Ginger and described as "very English" would take her tea from a silver tea service brought on a carefully-laid tea trolley, in a lounge equipped with what visitors recall as an "epic" sound system.

At the time the apartheid government was offering massive incentives to manufacturers to set up in industrial parks on the periphery of the "Bantustans" in a bid to stop the flow of black labour to the white cities. It was a poorly kept secret that the subsidies offered by the state were almost invariably abused.

Marshall Cooper joined the game in the Isithebe Industrial Estate, on the north coast near Stanger.

In 1986 he sold his Umhlanga house and left for Bloemfontein. There he got involved in yet another "border area" industrial park, Botshabelo, where he had a stake in a plastics recycling plant.

Marshall and Ginger had two sons: Marshall junior, better known as Marsh, and Richard. They also had a daughter, Shelley Youngleson (nee Cooper).

According to court records before the Tax Court of Canada, Cooper began concealing his business affairs and fortune in the 1960s. By 1985 (at the latest) he already had an offshore trust in the tax haven of Liechtenstein, called Largo Trust, and other assets in the South African-based MC Trust.

The grand duchy of Liechtenstein – the last surviving outpost of the Hapsburgs, once Europe's most powerful royal family – was a favourite cash hiding place for South Africans during apartheid. The government itself used the principality as a front for sanctions busting.

The secretive Cooper ensured that his name rarely featured in property and company records. The only clue to his interest in a company might be its registered address or choice of auditor.

The South African connection

In one door, out the other: famous for raising funds abroad for poor and destitute Africans, Robin James was all the while quietly partnering with KPMG to help wealthy white South Africans dodge the taxman by hiding their fortunes offshore. A Michaelhouse old boy (he died a trustee of the Michaelhouse UK Trust), James began his career as a portfolio manager and analyst in the financial services industry in Johannesburg (Fergusson Bros., Hall Stewart & Co, Union Acceptances), then moved to London as portfolio manager at Kleinwort Benson, and, finally, to the Isle of Man to become CEO of trust and financial services company Singer & Friedlander. He died there last year, aged 71.

While heading Singer & Friedlander, James became a player in what "big four" audit company KPMG called its "Overseas Company Structure Plan". The "plan" was specifically designed to deceive tax authorities around the world.

The basic premise of the plan was that a wealthy person would donate their capital to an Isle of Man company effectively controlled by KPMG. This company would then "gift" the original donor, known as an "Eligible Person", money as and when they needed it. In most countries gifts are charged little or no tax. According to evidence unearthed by Canadian investigators, for this service KPMG charged 15% of the tax savings, a setup fee in excess of R1m and 1% of investment capital.

Robin James helped launch the Africa Foundation after he and some investors created the exclusive Phinda Private Game Reserve in Northern KwaZulu-Natal, around 1992.

Africa Foundation patron Desmond Tutu flanked by Lance Japhet (left), former chairman of Africa Foundation; and Robin James

James held the positions of Trustee of the Africa Foundation in South Africa and Chairman of the Africa Foundation UK.

Documents obtained by *Noseweek* reveal that he was at the same time a "sham" director of Croycam Limited, one of the tax-dodging Isle of Man "limited guarantee" (non-profit) companies set up by KPMG for South African clients. All that's known of the true owners of the company is that they were resident in South Africa. Croycam Limited opened on 9 January 2002 and was dissolved on 15 December 2008. On dissolution all the assets would have been "gifted" to the "Eligible Person".

According to Croycam's Articles of Association, "at no time" were the majority of the directors of the company to be resident in South Africa. They were also not to meet in South Africa.

James was the son of Ted James who was a director of the erstwhile Natal Parks Board (now Ezemvelo KZN Wildlife), and attended the University of Natal in Pietermaritzburg.

The Africa Foundation, of which he was a long-serving trustee, concentrates on projects in education, health care, provision of clean water, small business development and environment and conservation.

After James's death the foundation created a special award in his honour. According to the foundation's website the Robin James Award "aims to recognise people who show the same commitment to empowering people through access to education, health, economic opportunity and conservation". ■

It is clear from the records however that early on he already had dealings with KPMG, then known as Aitken and Peat.

Around 1993/94, as South Africa was becoming a non-racial democracy, Cooper and his entire immediate family moved to Portland, Oregon, USA. Their stay in the Beaver State was short, largely for tax reasons: in order to remain in the USA, Cooper would have been required to declare the family's offshore assets – and a man who had spent his entire life escaping the taxman wasn't about to change his habits in his 60s.

So in 1996 he took his adult sons to British Columbia, Canada, a mere 411 km northwards, leaving daughter and husband behind.

The allure of Canada was obvious – immigrants with offshore trusts were offered a five-year tax holiday. In 1996 while applying for residency, Canadian court papers suggest, Cooper sold off his remaining "South African holdings" (no names, no pack drill), and by November 1996, with the help of Ernst & Young LLP Canada, he had set up an offshore trust structure to "protect their wealth and avoid income tax and foreign reporting". They created the Ogral Trust in Liechtenstein for him and his wife, and the CFT Trust in Jersey for his children. Among beneficiaries of the Ogral Trust were the "Imperial Cancer Research, Help the Aged, and the Jewish Blind Society" – a common ruse to make the trust appear philanthropic. The real beneficiaries were described in the vague terms of an afterthought: "...and any other entity deemed appropriate by the trustees in their sole discretion".

But with the tax holiday coming to an end on 1 January 2001 and Canada's tax code affected high-net-worth individuals using trusts and deriving offshore income under review, new plans had to be made to hide their money.

Thankfully KPMG had a plan newly designed for just this contingency, known as the "Offshore Company Structure Plan" or "OCS plan" for short.

Buyers into the scheme weren't to know that in several internal KPMG LLP Canada memos produced between 1999 and 2001 KPMG's own officials doubted whether their "plan" was legally prosecution-proof.

The documents were part of submissions made to the Standing Committee for Finance of the Canadian House of Commons that conducted an inquiry into the "Overseas Company Structure Plan" amongst other tax evasion schemes. In October 2016 the standing committee suggested that tax dodgers should be criminally charged.

When marketing the plan, KPMG had vigorously targeted existing offshore trusts that, they believed, could sidestep any "information-reporting requirements".

"We will market this product (other than where we have our own clients who are affected) indirectly through lawyers and financial institutions who have clients with offshore trusts…" wrote KPMG Canada international tax partner Barrie Philp in September 2000.

In a "Tax Product Alert" sent to its "Canadian Partners" in November 2000, it punted its new "innovative product" that would allow "investment and accumulation of assets with no tax, protection of assets from wealth, estate and inheritance taxes, and the ability to receive distributions free of tax".

Clients needed at least CAD $5m to be considered. KPMG's "suggested" fee: 15% of the annual tax saving, 1% of investment capital and a minimum fee for set-up costs of between CAD $100-125,000.

Contributions to the offshore company by residents of Canada had to have been made before 1 January 2002 – the date the Canadian government would be enforcing new reporting requirements for foreign assets.

In its simplest form the OCS structure required the Canadian client to bequeath their offshore fortune to an Isle of Man company, in which the client had no shareholder interest, which would then benevolently make cash "gifts" to the donor (tax-free in Canada).

The Coopers were introduced to KPMG accountant Derrold Norgaard, who, along with the help of KPMG legal advisor Mark Meredith (now representing them in the tax court), went about setting up what tax authorities would – 15 years later – call a "deceptive sham".

KPMG set up the Ogral Company Limited in the Isle of Man on 19 December 2001. The Coopers' two trusts then proceeded to donate their assets to the Ogral Company Limited before being wound up.

In October 2016 the standing committee suggested that tax dodgers should be criminally charged

Ogral Company Limited had "A and B" shareholders, who could nominate one director each. The shareholders were two Isle of Man companies – Lochside Ltd and Korderry Ltd. Lochside was controlled by KPMG; Korderry was controlled by Isle of Man law firm Simcocks.

This Isle of Man setup was standard issue for anyone taking up the OCS plan. The only variation was in the selection of the "non-shareholder member".

KPMG would purchase a company in the British Virgin Islands, which in the case of the Coopers was named Portrush Ltd. The company became the "non-shareholder member". The nominee was initially Shelley until she became worried about "USA tax concerns". She was replaced by a trusted family lawyer, Del Elgersma. The "non-shareholder member" held extraordinary voting rights and could demand the liquidation of the OCS, ultimately, giving the family control of the sham board of directors and of when, and to whom, "gifts" could be made. It was wholly possible for the original "donor" to be a "non-shareholder member" if they so wished.

The entire mechanics of the OCS are explained in a leaked 1999 document titled "Client Planning Letter", created by KPMG. It has blank spaces for the client's name, to be filled in and to list who would be the "Eligible Persons" to receive "gifts" from the company. The "Eligible Persons" were in this case Marshall Cooper, Ginger, Marshall jnr. and his spouse, and Richard. Shelley Youngleson and her husband appear to have withdrawn early on over US-tax concerns.

One section of the planning letter reads: "Mr [*name here*] may choose to write a non-binding letter to the members and directors of [*offshore company*] to provide guidance to them."

The same document states "it is critical that the conduct of all of the parties to this arrangement be such that there is no inference that the shareholders or directors of [*offshore company*], or [*offshore company*] itself, are controlled by, acting at the behest of, or acting as agents or nominees for the donor".

At the end it says: "There is a risk that the Canadian tax authorities will become aware of this structure and legislate to eliminate its advantages. We cannot provide any assurance that this will not occur."

Canada only developed a tax exchange agreement with the Isle of Man in 2011, but the island has built in enough hurdles to the agreement to frustrate any inquisitive government.

The money placed into the company, as of 2003 totalled CAD $26,278,067. The payments were all made by UBS AG, in Zurich, Switzerland. The money was briefly transferred to another bank, Kleinwort Benson in Guernsey, and then back to UBS AG. Cooper had been a client of UBS AG since 1980. The Canadian tax authority said the two banks knew "the Coopers as the true and actual owners of the funds in the accounts", adding that despite none of the family having a personal account at Kleinwort Benson, they had contacted the bank several times in respect of Ogral's accounts. (*See shoulder story for why that might have been.*)

If payments were made to Marshall Cooper they were made out of what was aptly called the "Jackal Funds" and if any payment was made to the sons it came from the "Skink Funds". Skinks are harmless lizards which resemble snakes.

But despite Cooper, Marshall jnr, and Richard stating, in their "Notice of Appeal" papers filed with the tax court in March 2015, that they were aware of the setting up of Ogral Company Limited, had engaged KPMG on the matter and gifted their trust assets to the company, they nonetheless claim to have nothing to do with the company and that they were not the "true owners" as the CRA insists. Similarly they claim they were innocent, ill-informed South Africans with no understanding of Canadian tax law, and thus left it up to the professionals at KPMG.

The sons have also conveniently claimed that their dad, who at the time of filing papers was suffering from dementia and nearing his death, set up the scheme with KPMG, and not them.

But they do state that "father did from time to time make requests of the directors of Ogral Company that Ogral Company make gifts to him or other members of his family".

Between 2001 and 2010 the Coopers "requests" from Ogral, which were never turned down, totalled CAD $5,843,693 (roughly R36.5m over that period).

In those eight years Marshall Cooper paid just CAD $319 in Federal and Provincial Tax while Marshall jnr and Richard each paid just over CAD $3,000.

Yet Cooper bought a CAD $4m home (now valued at R42m) at 3380 Beach Drive, Victoria, BC. Marshall jnr and Richard had in 1998 bought a home each valued at CAD $825,000 and CAD $600,000 respectively, collectively valued today at more than R15m.

So efficient was the tax structure that the Canadian government paid the Coopers' CAD $20,610 (equivalent to about R127,782 during the same period) in tax credits from 1999-2010, most of it claimed back for home renovations. And they still enjoyed owning boats and nice cars.

Meanwhile KPMG generated exorbitant client fees – about CAD $300,000 (then about R2m) by 2008.

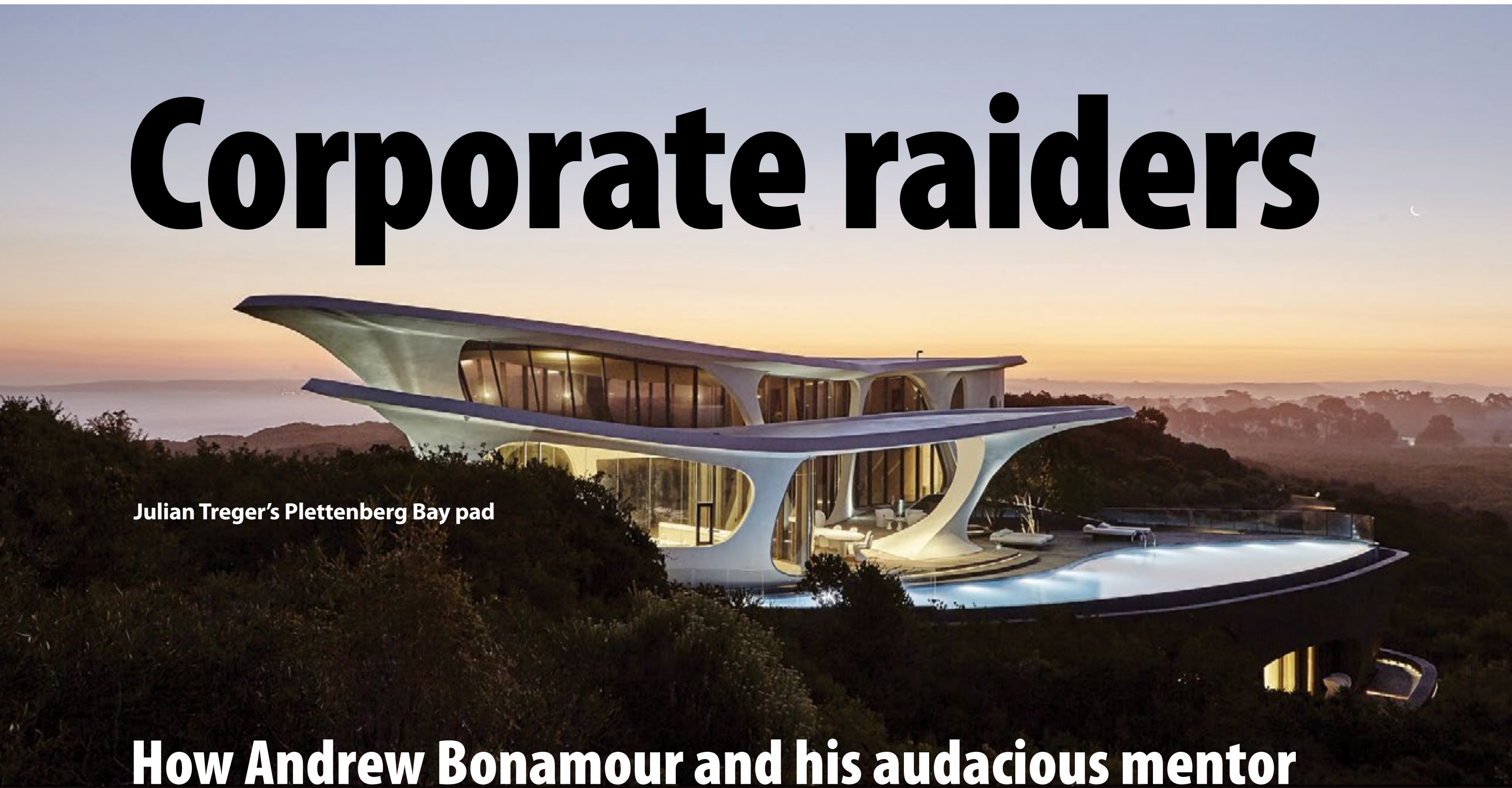
"The [*Coopers'*] lifestyle was not supported by the income [*they*] reported for the years of issue," the CRA noted in its replying papers to the Coopers' appeal.

"KPMG and the Coopers knew … the overall objective was to avoid paying income tax. Ogral was created … to deceive the Canadian tax authorities by creating the appearance that gifts of the money were made to Ogral and that the Coopers had given up control of that money. The Ogral OCS is a sham and was intended to deceive the Minister of Revenue," said the Canadian Revenue Agency.

According to the media liaison person at the tax court in Ottawa, the Coopers' appeal is "currently going through pre-trial procedures with a deadline of 28 February 2018".

Noseweek was unable to contact either of the brothers. However, in previous interviews given to CBC News, they've referred all queries to KPMG, who in turn refused to answer questions, citing client confidentiality. *Noseweek's* attempts to contact Shelley via Facebook were unsuccessful. ■

Corporate raiders



Julian Treger's Plettenberg Bay pad

How Andrew Bonamour and his audacious mentor Julian Treger stripped nearly R300 million from the Blackstar coffers. By Jack Lundin

Andrew Bonamour, South Africa's newest press baron and unlikely lord of iconic titles such as *The Sunday Times, Business Day*, *Sowetan* and *Financial Mail*, established an offshore company in the British Virgin Islands and paid himself more than £7.5m (then around R100m) in fees through a sweetheart deal with his own Blackstar group.

And Julian Treger, then a Blackstar director, and once the most feared corporate assassin in the City of London, received performance fees of £809,000 under the deal, for his interest in the offshore company. In all, *Noseweek* can reveal, the duo profited by as much as £21m (then around R295m) from Blackstar Managers (British Virgin Islands reg no 629747).

Tiso Blackstar Group has a dual listing on the London and Johannesburg Stock Exchanges. This July it was elevated from the junior AltX market of the JSE to the main board. In London the group is listed on the AIM secondary market and is planning to seek promotion to the LSE's main board.

Andrew Bonamour and Julian Treger received their bonanzas over four years from Blackstar Investors Plc, as the group was then called. They devised the scheme in Johannesburg before Blackstar listed on the notoriously lax Alternative Investment Market of the London Stock Exchange in 2006, and the bizarre arrangement only ended when the Blackstar board feared it would face scrutiny by the Johannesburg Stock Exchange, where Blackstar was planning to apply for a secondary listing.

Nouveau press baron Andrew Bonamour

To bury the whole thing the Blackstar board – which included Bonamour as a driving force and Julian Treger as a director and founding chairman – paid out a further £14.9m to absorb Bonamour's offshore company into the group. Of this additional £14.9m windfall, Bonamour family trusts received £8.6m, the bulk of which went on buying him 10,214,356 newly-issued Blackstar shares. The share purchase left Bonamour holding 20.5% of Blackstar's stock, making him the group's then largest single shareholder. The hasty buyout also paid an additional £3.5m to Julian Treger.

The story of Blackstar's birth begins in Johannesburg, where Julian Treger and Brian Myerson had turned up in 2001. A pair of South Africans, they were based in London, where they had established a reputation for hit-and-run asset-stripping. Now they had decided to try their special brand of shareholder activism on non-performing SA-listed companies.

UK victims of their Active Value Advisors investment company included famous if fading names such as department store Liberty, glassmakers Pilkington and upmarket store Aquascutum. The Treger-Myerson style was to invest client funds in undervalued listed companies, where they would demand CEO resignations, management sackings and generally shake up stuck-in-the-mud boardrooms. All in the name of restructuring to unlock value for their well-heeled clients, on whose behalf they managed more than $900m over the years.


Former corporate assassin Julian Treger

Within months of opening its doors Bonamour had submitted his resignation and cleared his desk. Treger followed suit eight months later

Treger explained their take-no-prisoners style to the *Daily Telegraph*. "You have to have had kills, you need to take people down. Barking is not good enough. Whenever you entered into a fray with management you just could not be bested by them, or you would start to be seen as a toothless lion."

This fighting talk was music to the ears of young Andrew Bonamour, who after Kloof high school and a BCom at Unisa, had cut his teeth in investment banking, leveraged buyouts and restructurings at Rand Merchant Bank and Brait SA. By 2003, aged 32, he was soaking up the Treger-Myerson philosophy as chief investment officer at their Joburg entry vehicle Avasa.

By 2005 Avasa had morphed into Purple Capital, a JSE-listed investment group whose chairman was the highly-regarded former merchant banker Mark Barnes (these days seconded from Purple to sort out the ailing South African Post Office).

Purple's founding directors included Andrew Bonamour as CEO and Julian Treger, the latter commuting between Joburg and London. Within months of Purple opening its doors Barnes was telling everyone about plans to raise and manage the $250m Blackstar Equity Fund, which would provide funding for black empowerment deals. A company called Blackstar Investors Plc, he said, was in the process of listing on the AIM market of the London Stock Exchange and an independently-operated company called Blackstar Managers (owned 50.1% by Bonamour and 49.1% by Purple) would invest the Plc's funds in South Africa, for which Purple would receive a performance fee.

However, it came to naught for Purple Capital. Within months of opening its doors Bonamour had submitted his resignation and cleared his desk. Treger followed suit eight months later.

Barnes tells *Noseweek*: "Andrew was this bushy-tailed bright young guy who worked with us at Purple. I've discovered in my growing up that I'm not a private-equity guy, I don't like walking in there and trying to extract value. I like building things, not extracting whatever value I can immediately out of them. Andrew wanted to carry on with that dream, so off he went into the distance with Julian, his new partner."

Of Julian Treger, Barnes says: "It turned out we didn't see eye to eye on a lot of investment criteria or ways of going about business. It became fairly clear to me early in the relationship that we weren't looking for the same things in business or life, and we parted ways.

"What they did in London I wasn't really privy to. I wasn't involved in that listing on the AIM. I'll say this about the difference between us: when asset-strippers walk past a field and see a cow and a bull, they see meat. I see a potential herd."

(In December 2007 Purple Capital sold its entire interest in Blackstar Managers to Bonamour for R5.5m).

To launch the Blackstar Group that we know today on London's Alternative Investment Market, Treger mobilised a shell company, Illuminator Plc, which he and Brian

Myerson had used in 2000 in an abortive attempt to raise up to £100m and snap up distressed European dot. com companies. However the tech boom was on the wane and it never happened. But dormant Illuminator had an AIM listing, so only its shareholders' consent was required to switch the investment strategy from dot.com in Europe to BEE in South Africa, raise some capital, change the name to Blackstar Investors Plc and relocate the place of business to Luxembourg for tax purposes.

A letter to shareholders at the end of 2005 also served as the official admission document requesting London Stock Exchange approval for Illuminator's readmission to the AIM. This 55-page document was provided by an "independent" Illuminator director named David Brock, who wrote that the new Blackstar Investors Plc proposed to engage the services of an offshore management company called Blackstar Managers, headed by Andrew Bonamour "who has a successful track record of investment in South Africa". For this Bonamour would be paid a salary of £15,000 pa.

Brock assured shareholders and the AIM: "The role between the parties is strictly one of independent contractor and client." He added that Bonamour would be joining the board of the new Plc immediately after the placing.

In a note under "related parties" Treger, as a director and chairman-to-be of the new Plc, declared an interest in Blackstar Managers, with entitlement to a share in any performance fee payable under an Investment Advisory Agreement. And Bonamour declared that in addition to being a proposed director of the new Plc he was a beneficiary of family trusts who owned Blackstar Managers. So the duo made no secret of their intentions.

However, what they didn't disclose was their previous relationship as co-directors of Purple Capital in Joburg. Or, most importantly, that they had planned and executed the entire Blackstar operation and the "independent" offshore spin-off together, from the start.

On 27 January 2006 the old Illuminator shareholders gave their approval to the proposals and Treger's stockbrokers, Shore Capital, raised £35m in a placing of new Blackstar shares with their international clients, who included such big-name institu-

The oldboy relationship soured

In his matric year at King David High School Linksfield, young Julian Treger was chairman of the Stock Exchange Game, an inter-school competition between entrepreneurial-minded students who wheeled and dealed with fictitious money on the Johannesburg bourse to see who could make the most profit.Treger's three enterprises sank without trace. "I wish next year's team better fortune," he wrote wryly in the school magazine.

Elliot Wolf, former headmaster of the Jewish day school, has vivid memories of the corporate raider-to-be as a "very brilliant boy, one of the top academic achievers of his year; not a sportsman at all".

Treger's family left Lithuania in the 19th century for Zimbabwe, where they founded a manufacturing company in Bulawayo, turning out grain bags, plastics, and aluminium doors and windows. After a BA (*magna cum laude*) at Harvard University and an MBA at Harvard Business School, Johannesburg-born Treger joined J Rothschild, where he managed a portfolio of public and private equity investments, followed by a spell at Hambros learning about restructuring and refinancing. In 1992, 13 years after his disaster in the Stock Exchange Game at King David, he joined up with another of the school's old boys, Brian Myerson, and they launched their infamous Active Value Advisors in London.

They share the same birthday – October 22 – but Myerson was four years older and they never met at school. Former headmaster Wolf remembers Myerson as "a good sportsman and very much a socialite, popular with the girls and that sort of thing, but nowhere near as intelligent as Julian".

For 12 years Treger and Myerson unleashed their ferocious brand of shareholder activism in the City of London, collecting substantial wealth for themselves along the way. The Treger family home in London is a fabulous listed 19th-century gem, with high ceilings, ornate mouldings and herringbone wood floors. Back home there's a three-storey "cottage" on 22 hectares outside Plettenberg Bay. The off-the-grid ocean-side retreat, referred to by locals as the spaceship, houses local art by Erik Laubscher, Douglas Portway and Cecil Skotnes, sculpture by the likes of Edoardo Villa and design gems such as a Tom Dixon metal pylon and glass-top dinner table from 1993.

For Brian Myerson, who met his sculptress wife Ingrid when he was studying law at Wits and she was completing an arts degree, there was a £7m townhouse in Hampstead, a country estate in Hampshire, a luxurious beach house at Plettenberg Bay, and not to forget, the nearby Bitou House polo estate, where Myerson would arrive by helicopter for a chukka on the laser-levelled polo fields.

But the relationship between the King David oldboys soured after they lost £30m in a failed attempt to prevent the board of debt-laden ad group Cordiant, in which they had a speculative 29% stake, from selling out to advertising giant WPP. So the 12-year Active Value partnership ended, leaving the younger, probably brighter Andrew Bonamour to take Myerson's place in Treger's game plans.

Myerson set up on his own as Principle Capital, but his 26-year marriage collapsed when Ingrid discovered that for years he had been leading a double life. Around the corner in Hampstead he had bought a house for his mistress Clare Denley and their young son, who he would

Brian Myerson

tions as Merrill Lynch, Bear Stearns, Kleinwort Benson and Fidelity.

Days after Blackstar Investors Plc opened for business that March the first investment was announced – £6.3m in Eurosteel, supplier of stainless steel to South Africa. Bonamour enthused to the board about the abundance of BEE opportunities, so that in August another placing by Shore Capital gave Bonamour a further £45m to play with. Thus did Blackstar Investors Plc – tiny, unknown, but very well connected thanks to Julian Treger – rake in a start-up kitty of £80m. A billion rands!

In that first year, 2006, Bonamour's Blackstar Managers committed £54m for investments across a range of sectors. By the end of the following year stakes had been bought in York Timber (£16.8m), Mvelaphanda Resources (£12.4m) and DCD-Dorbyl (£4.9m). A tactful £3.7m was pumped into Myriad Medical, headed by President Mandela's daughter Dr Maki Mandela.

And to Bonamour's little offshore enterprise the fees came rolling in from his own Blackstar Investors Plc. Investment advisory fees totalling £5.3m all went to Andrew Bonamour, aka Blackstar Managers.

The accounts show performance fees (20% of the increase in value of the investments) due to Blackstar Managers, totalling £5.7m. Of the £3.4m actually paid out, Bonamour's 66.5% share was £2.3m; Treger's 23.5% came to £809,810. This as the global recession bit, and in 2008 and 2009 the embryo Blackstar Investors Plc reported pre-tax losses of £7.8m and £5.4m.

Ten per cent of the performance fees – nearly £344,000 – went to Shore Capital Trading, the London group that as well as being Blackstar's placing stockbroker was their nomad (nominated adviser), charged by the London Stock Exchange under AIM rules to "police" the new listing.

The investment advisory fee, 2006 to 2009, totalling another £5.2m, went to Andrew Bonamour aka Blackstar Managers.

However, there was some disquiet about this discreet sideline. Blackstar's 2008 annual report starts off with an announcement by the "Investment Adviser" (Andrew Bonamour): "Blackstar's board of directors [*including him*] has started discussions with its investment adviser Blackstar Managers Ltd [*that's him too*] to consider whether to change the company [*Blackstar Managers*] from an externally advised company to an internally managed holding company."

A bare couple of months later an unsigned communication from "the board" informed shareholders that the Investor Advisory Agreement (IAA) with Blackstar Managers was being terminated.

The circular quotes extracts from a letter Blackstar's non-executive chairman John Mills had sent to shareholders giving reasons for the decision: the group was planning a secondary listing on the Johannesburg Stock Exchange and the JSE "does not have

visit daily from 5pm to 7pm. When the Myersons and their three children went on holiday to Plett, Denley and son would secretly tag along and stay in a rented villa.

In their 2008 divorce Myerson was ordered to pay Ingrid £11m – almost half his £25.8m estate. Ingrid's portion was to be in houses and cash, leaving Myerson mainly with shares in his Principle Capital, which promptly plunged in value from £1.50 to 20p.

The following year the Takeover Panel banned Myerson from the City for three years in a rare "cold shoulder" order, for acting in a secret investment concert party with two others over shares in Principle, giving "disingenuous and dishonest" explanations in an atttempt to cover it up.

Things went better for Treger at Blackstar. In November 2010, a bare six months after he resigned from the group, he hit the jackpot with Western Coal. His hedge fund Audley Capital had invested $25m for a 23.5% stake in the Canadian AIM-registered company. Treger joined the Western board and agitated as usual for change and turnaround, which paid off in 2010 when the company was bought by American coal producer Walter Energy for $3.3bn. The deal made $400m for Treger and his investors.

By last year Brian Myerson had retreated to a R185m property ("owned" by his attorney) at Fresnaye on the Cape's Atlantic seaboard. Eleven months ago the Western Cape High Court ordered the discredited financier to pay Ingrid the R7m still owed to her on the London divorce settlement.

Any hopes by 58-year-old Myerson that his long association with Julian Treger would yield mercy from Andrew Bonamour were dashed when Blackstar's flagship *The Sunday Times* gleefully ran a story last December rubbing in the outstanding divorce debt. In April this year *The Sunday Times* reprised with revelations that Myerson had only paid Flavio Porceddu, his butler for 12 years, R35,000 of a R175,000 CCMA settlement after he was summarily fired. His butler's duties, Porceddu confided, included such chores as waiting to collect the boss at 4 am from Mavericks stripclub.

This June Julian Treger, now 54, lost his new partner at Audley Capital, 69-year-old Michael Treichl, who was found dead in Lake Geneva. Suicide by drowning was the police theory. Treichl's family said he had been suffering from depression, exacerbated by a mysterious fire that two months earlier, in the early hours of Easter Saturday had gutted the family home, a 500-year-old listed mansion in Dorset.

many externally-managed companies listed on the exchange". Indeed, wrote Mills, the local exchange was "not in favour of externally managed companies". (Blackstar was admitted to the JSE's AltX market on 12 August 2011.)

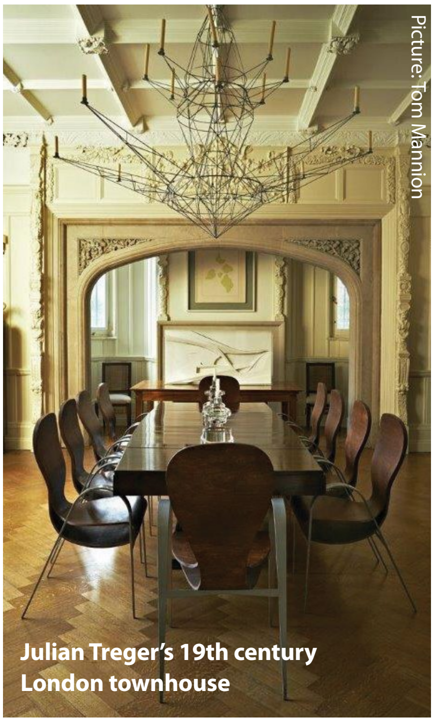
Mills was a lawyer who acted as director for a number of Luxembourg investment funds. In what appears to be a direct swipe at Bonamour and Julian Treger, Mills said that bringing Blackstar Managers "into the group fold" would enable the enlarged group "to retain cash that would otherwise have been payable to Blackstar Managers". The internalisation, said Mills, would provide an annual saving of around 50% of the advisory fee (a fee that was running at around £1m a year). It would also remove "the uncertain impact of the performance fees, which have the potential to be very substantial over the life of the IAA".

The "internalisation" would cost £14.9m. Of this, company documents reveal, £8.6m went to Blackstar Managers (£6.8m of it to buy 10,214,356 new Blackstar Group shares for Bonamour and £1.8m for finance house Westmount to pay off the balance of a £3m loan made to Bonamour the previous year for an earlier Blackstar share purchase).

For Julian Treger's interest in the performance fees his Novatrust, on behalf of the Treger Family Settlement, got £3.5m, of which £2.1m went on acquiring 3,127,495 new Blackstar shares for Treger, leaving him with 5.68% of the company. (Treger resigned and quit the group 11 months later.)

The payout also gave £2.8m to BFM, Blackstar Managers' subsidiary in Johannesburg (44.94% owned by Bonamour through his Aimeth Trust). That 44.94% was £1.2m – a handy R15m or so, all in cash, for Bonamour – which brought our offshore hero's total from the group he headed to £17.3m. Add in Treger's £4.3m and that's £21.6m (around R295m scooped by the duo).

The BFM staff of four investment professionals and two support staff in Johannesburg, plus Bonamour (who drew an additional R2.65m annual salary as the subsidiary's chairman and chief executive) would all become employees of the enlarged Blackstar Group. Where, of course, Bonamour would retain the R2.65m salary to add to his (undisclosed at the time) remuneration package as kingpin of the whole group.



Picture: Tom Mannion

Julian Treger's 19th century London townhouse

Tiso Blackstar has lead a muddled corporate existence. In its 11 years the group's registered office and/or tax residence has flitted between London, Luxembourg and Malta. There's the Gibraltar subsidiary that acts as the company's treasury vehicle and the Cyprus subsidiary that shares in SA investment opportunities. As for Blackstar Managers, the "independent" money-spinner that Bonamour set up in the distant British Virgin Islands, its official address is given as 12 Rue du Puits-Godet, Neuchâtel, Switzerland. And the group's very name has swung from Blackstar Investors Plc to Blackstar Group Plc and finally Tiso Blackstar Group.

Noseweek sent a number of questions to 54-year-old Julian Treger at Audley Capital, his investment fund these days. They included: "Did you fall out with Mark Barnes over Blackstar's false start at Purple Capital?" and "When Blackstar was formed, why wasn't your previous association with Andrew Bonamour declared in Illuminator's admission document to the AIM?" Alas, after 11 years, amnesia has set in. "I can't recall the details as it was over a decade below (sic)," replies Treger, a relaxed man with a droll sense of humour. "I certainly had no falling out with Mark Barnes."

New share issues have diluted Bonamour's once 20.5% Blackstar stake down to 3.3% – but that's worth around R83m

Does he still own shares in Tiso Blackstar Group and is he in contact with Andrew Bonamour? "I don't own a stake in Blackstar, but I am in contact with Andrew."

These days, with 100% ownership of Times Media Group and its illustrious titles in the bag, CEO Andrew Bonamour, 46-year-old press baron, has been busy selling off R1.9bn worth of Tiso Blackstar's non-core assets (property, industrial, retail etc), earmarked for disposal in the latest restructuring to transform Blackstar into a single sector Sub-Saharan media giant.

New share issues have diluted Bonamour's once 20.5% Blackstar stake down to 3.3% – but that's worth around R83m. And last year the father of two, who relaxes with trout-fishing and with breeding Nguni cattle on his Mulberry Hill estate outside Dullstroom, scooped a R1m cash bonus under the group's Management Incentive Scheme, on top of his R2.65m remuneration package. ■

Picture: Andrés De Armas/Unsplash

Big Pharma is making us sick

Don’t rush to your doctor for more pills until you have read this

THE WAITRESS WANTS YOU TO GET another round of drinks. You get it. She wants to sell more and boost her tip.

But what if your doctor is doing the same thing with medicines? Unfortunately, they too may want to boost their tip – from the pharmaceutical companies.

But unlike the waitress, the doctor relies on a system that, it is becoming increasingly evident, is vulnerable to lies and manipulation.

Some doctors don’t even know what they are caught up in. They perform the tests. They read the journals. The tests say you have a disease. The journals say what treatments work.

But too often the tests are designed by the drug industry. And the journals are written and reviewed by frauds.

All-of-a-sudden, everyone has a disease! What could have caused such a vast increase in hypertension, obesity, and osteoporosis?

The answer is an expanded definition of who is considered afflicted.

You walk into your doctor’s office for a physical exam and step on the scale. Last year, the doctor said you were overweight. Now he says you are obese – at the same weight. A nurse takes your blood pressure. You have hypertension – with the same, previously healthy, reading you’ve had for years. The doctor scans your wrist bone. You have a condition called “osteopenia” – with the same bone density that was fine last time you were measured.

You‘ve got sick simply because the definitions of disease have changed. And behind those changes, a *Seattle Times* investigation has found, are the companies that make all those newly prescribed pills.

This is nothing new. Unfortunately, the above quotation is from the introduction to a 2005 series of articles. They were sounding the alarm early, but things have only got worse.

Back then, the pharmaceutical industry had a hand in designing the testing tools for osteoporosis. They helped change the definition of obesity. They redefined diseases without any strong evidence. And they did this by giving money to doctors in order to promote their agenda. Some of the doctors who received kickbacks were policy setters in the World Health Organization, the U.S. National Institute for Health, and other medical associations.

Every time the boundary of a disease is expanded the market for drugs expands by millions of consumers

Every time the boundary of a disease is expanded – the hypertension threshold is lowered by 10 blood-pressure points, the guideline for obesity is lowered by a couple of kilos – the market for drugs expands by millions of consumers and billions of rands globally.

The result? Skyrocketing sales of prescription drugs. Soaring health-care costs. Escalating patient anxiety. Worst of all, millions of people taking drugs that may carry a greater risk than the underlying condition. The treatment, in fact, may make them sick or even kill them.

Imagine a woman taking a medication to lower her blood pressure. When it was ineffective, the dose was doubled. This caused an allergic reaction which sent her to hospital, and could have been deadly. Her doctor switched her to other medications.

Her doctor is not some evil stooge. He’s a man caught up in an industry crisis. He isn’t sure whom to trust. “I think the days of getting unbiased information are gone,” he says.

But this is all old news. Most people have had a glimpse of such conflicts of interest. Even if your local doctor is not corrupt and money hungry, he may be reading medical journals that are a complete fraud.

The medical journal publisher Springer has retracted almost 200 papers in the last two years because "the peer review process was compromised".

Sadly, many of the retracted articles have to do with tumour biology. For years, people have been labeled conspiracy theorists for believing in the massive amount of corruption surrounding the cancer industry. This retraction is just the tip of the iceberg.

The most affected journals are *Tumour Biology* (25 papers) and *Diagnostic Pathology* (23 papers). The others are *Comparative Clinical Pathology* (one paper), *Journal of Parasitic Diseases* (four papers), *Cancer Cell International* (two papers), *Journal of Ovarian Research* (two papers), and *World Journal of Surgical Oncology* (one paper).

Many journals accept paid entries without doing the homework to find out anything about the person submitting the paper, or checking who allegedly peer-reviewed the piece.

Even when the medical papers are not outright lies, they can be quite misleading. According to a JAMA review: "Of the 45 eligible highly-cited studies with efficacy claims seven (16%) were contradicted by subsequent research, and another seven were found to have initially stronger effects. In all 14 cases, subsequent studies were either larger or better controlled (randomized vs a nonrandomized original study). The findings of 20 highly-cited articles (44%) were replicated and 11 (24%) had remained largely unchallenged.

Basically, 66% of the highly-cited studies could not be trusted, while 32% of the studies should have been ruled out altogether, as incorrect or highly exaggerated.

The evidence is mounting to show the pharmaceutical industry's influence on the medical community.

Most times, yes, it is right to take a prescription the doctor suggests. But your own thorough research should be done on the necessity, risks, and benefits of such medications.

The bottom line is that individuals need to take their health into their own hands. It seems like a good thing to focus on preventative care. Excercise and eating right is a good start.

And for tried-and-tested herbal remedies for some common conditions, check out *The Green Pharmacy* by James Duke. You might find that ginger and pineapple are a better anti-inflammatory option than those stomach churning over-the-counter pills.

– from *The Daily Bell*, September 2017, with permission.

"I bet Janet Yellen doesn't worry about interest rates nearly as much as you do."

Pain in the pocket from being stung by a WASP

EIGHT YEARS AGO *NOSEWEEK* RAN A cover story headlined: *Warning: your cellphone is a pickpocket* (*nose*118). It revealed that Vodacom and other networks were making a fortune from so-called content providers, or WASPs (Wireless Application Service Providers), to whom networks were happily paying fees from their clients' phone accounts – often without the client's knowledge and consent.

It appears nothing has changed since then. The scam has been just too lucrative to lose.

Reader Tim Farina tells his story:

When examining my August account from Vodacom, I noticed that under "calls-data services" I had been charged R201.71 for "content services".

Since I didn't have the faintest idea what that meant, I got onto Google and keyed in "content services Vodacom".

What an eye opener! There are pages of horrific tales of how Vodacom, MTN and Cell C are cosily in bed with WASPs which, without your authorisation, charge you for some or other obscure service.

Vodacom accepts these charges and adds them to your stop order account.

The buzz (pun not intended) is that many WASPs are run by ex-employees of cell networks who have sweetheart arrangements with their former employers.

I discovered that if I sms STOP ALL to 31050 Vodacom will have to cancel the WASP.

This I did and got an immediate response from Vodacom: "You have been unsubscribed from ANDROIDP service w.e.f.2017-08-22."

I Googled "Androidp" but couldn't find any meaningful information on it so my wife and I took ourselves 30 kms down to the Vodacom shop in Victoria Street in Pietermaritzburg.

There we asked what the content service charge was all about and could we please have our money back.

We were virtually told "hard cheese" – if we wanted a refund we would have to lodge a written complaint with the WASP Association.

So I got onto the WASP's nest and lodged my complaint.

They in turn forwarded my complaint to the relevant WASP, advising them that I wanted to be unsubscribed, wanted proof of subscription, a refund and an SMS when unsubscribe is complete.

Having heard nothing, I phoned back to find out what was happening and was told that it would take between 48 and 72 hours for them to respond

WASPA told me I should allow five days for resolution of my request.

I noted that the WASP involved was called Opera Telecom t/a Opera Interactive/Oxygen8 Communications.

I Googled them and found a litany of complaints, some from overseas, from people who say they have been blatantly scammed by this outfit. And this has been going on for years.

Vodacom must know these WASPs are dodgy, yet they happily remain in bed with them.

The five working days promised by WASPA have long gone, and with zero progress, I wrote to them again to tell them nothing was happening and, by the way, did they actually have any control over their members?

Surprise, surprise, not even a buzz.

I was now worried that perhaps I hadn't been unsubscribed so I sent another STOP ALL to Vodacom and blow me down, I got a response telling me I had been unsubscribed from "Moxigames Service" – whoever the hell they are!

My next move was to phone Vodacom on 082111 and tell them my tale of woe. The lady's immediate response was to refer me to WASPA at which point I got a bit rude and told her that it was a Vodacom problem to sort out on behalf of their customer. She then asked me to hold while she consulted with the "back office".

Eventually she returned and said the back office would deal with it and send me an email and an SMS.

Days later, having heard nothing, I phoned back to find out what was happening and was told that it would take between 48 and 72 hours for them to respond.

Next day I got the following – obviously automated – message from the "WASPA unsubscribe system": "According to our records, all of these WASPA members have confirmed that they have either unsubscribed your number from any of the services they run, or they have confirmed that you were not subscribed to any of their services. Based on this, we think that your request has therefore been resolved."

The cheek of it! What about the money they have stolen from me?

I replied: "If you think my request has been resolved, I suggest you think again. I suspect you get hundreds of complaints like mine that you do nothing about and hope will eventually go away. I bet you have many WASPs like Opera Telecom who, like a pack of hyenas are preying off unsuspecting cell phone users. These crooked WASPs probably live like kings off prepaid clients who don't get a bill and have no idea they have been stung.

"My guess is they are allowed to continue with their criminal activities because Vodacom is getting commission from every scam payment and you are getting annual membership fees.

"Please tell your intrepid WASPA team to get back to the drawing board and GET MY MONEY BACK!" ■

Action Man

Wayne Duvenage heads up OUTA – that courageous challenge to corrupt officialdom. By Sue Segar

A DECADE AGO, WHEN HE WAS climbing the corporate ladder at a rapid pace, businessman Wayne Duvenage wouldn't have dreamt he'd give it all up to become a social activist.

What started off as a part-time campaign against the South African National Roads Agency's (SANRAL) "irrational and unworkable" e-tolls proposal in 2012 has, for Duvenage and his team, grown into a full-time civil activism job, tackling a whole spectrum of rogue-state shenanigans.

After starting the Opposition to Urban Tolling Alliance (OUTA) in 2012, the former CEO of Avis (Duvenage's previous job) was asked by more and more people to widen his mandate. He explains: "We were persuaded to take our effort beyond the e-toll matter to government tax abuse, corruption and inefficient tax policies."

In February last year, with the same OUTA acronym, the Organisation Undoing Tax Abuse was formed, with offices in Randburg, and Duvenage as chairman. Jacob Zuma, the Guptas, Bank of Baroda, Eskom, SAA, the Hawks and the nuclear deal are just a few of the items that have since appeared on their list of targets. "Who's next? Coming soon …" declares the OUTA website.

"Our aim is to challenge the rationality of government decisions," Duvenage told *Noseweek* in an interview. When the new OUTA started its operation two years ago they were a three-person team. Today 38 staff work on more than 30 projects. "If we could double our staff, we could double our cases," said Duvenage.

While in the corporate world, he never thought he'd end up in the civil activism space, "but, looking back, there was always an activist in me". (See box story.)

"What we've achieved since then makes me realise we can fix our country. There's nothing more important and powerful than people who realise their strength against a state that's gone rogue."

A key to their success, said Duvenage, is that although they operate in the non-profit space, "we run the organisation like a business. To do this work properly we had to get the right people on board and pay them market-related salaries. In this game of effective civil intervention you need continuity and good people, as the cases we tackle often take a few years and millions of rands to bring to a close".

"There's nothing more important and powerful than people who realise their strength against a state that's gone rogue"

OUTA's website gives thorough summaries and updates on current projects, from state capture to transport, energy, water and environment, communication and government policy. The site features a gripping Le Carré-like video summary of each project, including photos of the accused.

- On 29 August OUTA filed charges at the Randburg Police Station against suspended Eskom Chief Financial Officer Anoj Singh, for having "bent over backwards to pave the way for lucrative deals for the Gupta empire".

Days before this, following the reported decision by Bank of Baroda to close the Guptas' bank accounts by the end of September, OUTA called on the government to ensure the mine rehabilitation funds in the Guptas' mining venture accounts with the bank are not tampered with. "The rehabilitation funds at risk are for Optimum and Koornfontein coal mines, which are owned by the Gupta-owned Tegeta Exploration and Resources, valued jointly at more than R1.75 billion."

- On 25 August OUTA issued a letter of demand to Mineral Resources Minister Mosebenzi Zwane, copied to the SA Reserve Bank, asking them to secure the rehabilitation funds, because "there are tax implications for unused rehabilitation funds, which include tax deductions for mining companies".
- On 17 July OUTA laid charges of treason against ex-Communications Minister Faith Muthambi, who is now the Minister of Public Service and Administration, who, in OUTA's

words, has also been captured by the Guptas. "Her transgressions are so serious that this merits treason charges. She acted irrationally and unlawfully in her appointment of Hlaudi Motsoeneng as chief operating officer of the SABC, following the Public Protector's findings against him of abuse of power, and of fraud and maladministration. Muthambi's abuse of power led to the SABC's current financial crisis, plunging it into billions of rands in debt."

● On 24 July they laid charges of treason against Zwane for "actively aiding state capture and causing massive financial loss to South Africa".

"Minister Mosebenzi Zwane's relationship with the Guptas was unofficial, unethical and illegal. He cost the country about R1.9 billion in the loss of money from the Vrede dairy project and two mine rehabilitation funds, all of which went to the Guptas."

● On 28 July they laid charges of treason against the director-general of Public Enterprises Richard Seleke. "He abused his position on the Transnet board to sell out South Africa to the Guptas, helping set up a secret deal that resulted in the Guptas' Tequesta company getting R5.2 billion from China South Rail for setting up the deal to sell Transnet locomotives."

● On 31 July they filed a case against the Hawks and the National Prosecuting Authority to "force them to do their jobs" on the investigation into massive corruption at the Passenger Rail Agency of South Africa (PRASA).

● On 3 August they laid charges of treason, racketeering, extortion, fraud and forgery against the Gupta brothers and Duduzane Zuma, in connection with allegations of state capture.

● On 4 August they laid charges of corruption and abuse of his position against former Eskom director Mark Pamensky at the Brooklyn Police Station, relating to Pamensky's conduct while a director of Eskom and of at least one business linked to the Guptas' business empire.

In the meantime OUTA's fight against e-tolls goes on and is in final stages of preparations for litigation.

THE E-TOLLS SAGA

Duvenage had been working as Chief Executive of Avis for about five years when the e-toll matter arose. "It was a scheme aimed at subjecting Gauteng motorists to a new toll road tax, by way of erecting 45 electronic tolling gantries along 185 kilometres of the recently upgraded freeway network. The scheme generated a lot of confusion and anger in the motoring public as well as in unions, business organisations and other civil society groupings.

"It was a decision that lacked the necessary consultation with society. Suddenly a new tax applied to an existing road."

At the time Duvenage was also chairing the SA Vehicle Renting and Leasing Association (SAVRALA). "I told them we need to challenge this as an industry."

OUTA was formed as an alliance of business associations in February 2012, to legally challenge the e-toll decision. After a year of engaging with SANRAL on the concerns and flaws in the scheme SAVRALA decided to raise a legal challenge.

"We were joined by other organisations, including the Quad-Para Association of SA, the Retail Motor Industries, SA Tourism Service Association and the SA National Consumer Union."

Thus started what became a drawn-out legal battle, while many members of the public joined a civil disobedience campaign by refusing to cooperate with the fitting of e-tags or not paying the fees.

Following the successful interdict Duvenage felt OUTA needed his full attention and he resigned from Avis to focus on the case.

"The government's 'attrition through lawfare' strategy kicked into full gear. They spent millions on top senior counsel to fight the court review we had introduced to try to stop the scheme." ■

OUTA's website also invites the public to shelter under OUTA's e-toll Defence Umbrella. "Don't wait for a summons … We will fully represent at no charge any individual or business who is under our e-toll Defence Umbrella," states OUTA.

Their message to government, as stated on the site, is this: "We are not your enemy. Please don't treat your critics with disdain. Try instead to walk with us and your people. We simply desire to live in a corruption-free and efficiently-managed country. We will not go away."

The organisation is also engaged in backing the National Energy Regulator (NERSA), to ensure that Eskom meets NERSA's requirements and keeps its operating costs transparent. This in the wake of Eskom's application to NERSA for permission to keep certain information on costs secret, claiming it was unable to provide detailed information.

Of current projects, said Duvenage, "the big one is the No Room To Hide document, related to state capture and the ousting of Zuma. The document forms part of the legal challenge against the President when we go to court … nobody has done it in the way we've done it or presented sufficient evidence based on facts to Parliament. It's a long journey. He's hanging in there and getting weaker and weaker as a result of civil society and pressure.

Mark Pamensky

"Then, we've started taking action against individuals on separate incidents related to state capture and to the Eskom matter.

"A big one is for us to ensure that NERSA doesn't allow Eskom to get away with running roughshod over its responsibilities, and to ensure NERSA is empowered with complaints by civil society. When they are empowered by the public it gives them more wind in their sails to challenge Eskom. We aim to keep Eskom honest.

"We introduced project management specialisation into specific portfolios such as Energy, Transport, Water and Environment etc.

"The big difference between OUTA then and now is that, in the past we relied on expensive lawyers to build the case, which takes time and costs a lot. We now have five lawyers, who can take information and build a case quickly to lay charges against state-owned enterprises that are failing us.

"The first step is to research the matter properly; then we go to those implicated and give them an opportunity to explain themselves. For instance, we ask them if they're going to cancel the deal they've done. Depending on their response, we might go to the third step of exposing the issue, through social media and the mainstream media, to mobilise society. Lastly, if nothing happens, we go to court or lay charges with the police or, for instance, the Competition Commission or the Auditor General.

"It's not always about running to court."

As a youngster and then in the busi-

Meet the David who challenges Goliath

Wayne Duvenage was born in 1960 in Harare and moved to Newcastle in South Africa with his parents when he was five, after the then Rhodesian's government's declaration of UDI.

After his parents divorced he and his sister lived with their father who worked in the construction industry. Wayne attended Newcastle High School and then went to the University of Natal in Durban where, though wanting to be an architect or lawyer, he completed a Bachelor of Science degree in 1982, followed by two years of National Service.

"At university, I started my journey of understanding what it meant to challenge what was wrong."

In 1985 he got his first job as a trainee in the Durban operation at Avis.

"I didn't see car rental as a career, but what struck me about the company was that it was very progressive, growth-oriented and competitive, as well as being people-focused. Within three months I was given my first management role to set up and run a new branch in the Transkei."

Duvenage progressed to bigger and bigger operations, including being appointed to head up Avis's Namibian operation.

"Being thrown into an organisation that was creative and empowering, and allowed you to challenge the status quo, was great.

"I take my hat off to Glen van Heerden, founding member of Avis, who helped build this incredible organisation which allowed people to be well trained, well developed and empowered to make decisions."

Duvenage moved up the ranks to become operations director for Avis Southern Africa in 1996, but after a few years felt it was time for change.

In Magaliesburg where he lived with his family from 2001 to 2006, he ran a small four-star country hotel.

"It was a fun time of our lives."

He retained some corporate responsibility, as general manager of the SA Vehicle Renting and Leasing Association (SAVRALA), from 2003 to 2006.

In 2006, Duvenage was invited to

ness world, Duvenage always believed one should never become too complacent about the status quo. “Whenever I thought things were wrong in the corporate world I tried to take it on. That was what drove me. But what I saw in the corporate world was this reluctance to challenge the state. When the state was doing things fundamentally wrong and needed to be challenged, I noticed an uneasiness in business to do this. It was a case of ‘don’t upset the government, as you generally come second’. It was easier to forego the challenge needed against local, regional or national governance when in fact we needed to put our foot down.”

Duvenage believes that South Africa has been hijacked. “The state institutions supposed to protect us and hold government to account have been switched off and hijacked by the President. In reality, a lot of the people we are charging should be in jail, including Zuma. Until that happens, they will get away with theft. The sad reality is our ability to grow economically and to create jobs is stymied as people don’t want to invest in an environment where state policy is not clear, governance is shocking and performance is bad.Where the education system is failing.”

OUTA has an online web portal so that whistleblowers can interact with them securely. “Some walk in, some we meet off-site to give us information.

“There are a lot of good people in government; professional, well-meaning individuals and teams working behind the scenes, doing a good job at SARS, the Treasury, SAA, SANRAL and even Eskom. But they are fighting against their bosses who are circumventing the systems to enrich the connected individuals. It’s a lonely place for them. OUTA offers them hope.

“The cases that really gobsmack me are still in the pipelines. Let me say, there are people in high places in government who are now realising what’s gone wrong … and are realising they must step out of their comfort zone and create an environment for change. They’re coming to us. The tide is turning fast against the corrupt politicians.

“This work requires guts, tenacity and courage and it’s a beautiful place to be. We get hundreds of positive messages every day. All I wish is that government realise they cannot continually turn to taxpayers and ask for more money when the bucket is leaking; realise they are there to serve, and run the country in the best interests of the people.

“If you look at civil society today and compare it with the apathy of five years ago you realise we’ve come a long way.

“As OUTA we know we have no option but to take on state capture and hold the government to account if we are to remain meaningful to the public who fund us.

“The reality of the situation is that we shouldn’t exist. We’re happy to do ourselves out of a job, if things come clean and our country is firing on all four cylinders.” ■

Wayne Duvenage

“The state institutions supposed to protect us and hold government to account have been switched off and hijacked by the President”

re-join Avis as operations director, and, in 2007, was appointed chief executive, where he stayed for five years.

In February 2012 he was largely responsible for the establishment of the Opposition to Urban Tolling Alliance, OUTA, which interdicted the launch of Gauteng’s e-toll scheme in April 2012. By August 2012, he had resigned from Avis to dedicate more time to OUTA’s challenge against government’s decision to subject the Gauteng Freeway Improvement Project to an irrational e-tolling funding mechanism.

He piloted the new OUTA – Organisation Undoing Tax Abuse – and has chaired the organisation since its inception.

Duvenage admires anyone who “stands up even when the odds are against them and challenges that which is wrong”: people like Makhosi Khoza, Pravin Gordhan, Mcebisi Jonas, Hugh Glenister and Mark Heywood

“In fact I turned to some of these people when I started off and asked them, ‘how do I fight these things? This is foreign stuff to me. I come out of the business world.’ I learnt a great deal from them.

“At the same time I took business applications and communications strategies to make OUTA become one of the country’s most successful civil intervention organisations. You can’t run growing, successful NGOs on the back of old-style handout thinking, you have to prove your worth and be relevant.”

He tends to read “more articles than books” and loves travel, particularly in Africa – Botswana, Namibia and Southern Africa in general – with his family. “I cherish the wealth of diversity we have in SA.” ■

Walvis Bay profits from SA's red-tape congestion

When Namibia set out – 17 years ago – to become the gateway to Southern Africa, it wasn't taken very seriously. Now it's increasingly likely that it will have the last laugh. By Nick Dall

To most South Africans, Namibia is nothing more than a convenient and affordable holiday destination on our doorstep. And with good reason. It's a wonderful country with otherworldly landscapes, abundant wildlife and the biggest night skies you'll ever clap eyes on. One of the most popular spots is the quaint coastal town of Swakopmund, Namibia's fastest-growing tourist destination. Swakop draws visitors from all over the globe, with the incongruity of German colonial buildings built on the edge of an African desert, the allure of the treacherous Skeleton Coast and the promise of 1,500-year-old welwitschias growing in the so-called Moon Landscape. What Weiss-sipping, pumpernickel-munching tourists don't know is that, barely a mile from the town's iconic wooden jetty, an ever-swelling army of trucks is ferrying cargo from the port at Walvis Bay (35km away), through the outskirts of Swakop, and onwards to destinations all across Southern Africa.

The natural deep-water port at Walvis Bay has been prized by seafarers ever since the Portuguese first set anchor there in 1485. The Brits annexed it in 1884 and it was administered by South Africa for over a century – in fact we even tried to keep it as our own when Namibia declared independence in 1990. But only in the past five years has Walvis Bay started to fulfil its potential as a regional logistics hub. When the private-public partnership known as the Walvis Bay Corridor Group (WBCG) was established in 2000, the port handled about 30,000 6-metre containers – almost all carrying Namibian imports or exports. Last year 370,000 containers passed through Walvis Bay en route to places as far-flung as Lusaka in Zambia, Lubumbashi in the Democratic Republic of Congo, and Gaborone in Botswana.

With the Walvis Bay port currently undergoing massive expansion (by 2019 it'll be able to handle one million containers annually), the Customs office having a reputation for efficiency and approachability, and Namibia boasting the best roads on the continent (the 2016/7 World Economic Forum Global Competitive Index rated the country's roads 23rd in the world – above South Africa, Italy and the UK) – there's a very real feeling that "the sky's the limit for Walvis Bay".

By identifying strategic corridors and bringing together key players from government and the private sector (both in Namibia and, through MOUs with neighbouring countries, across borders), the WBCG has been able to create an all-inclusive proposition where "unlike South Africa, everyone is pulling in the same direction," says Mike Johnston, an independent logistics consultant based in Johannesburg.

It hasn't been easy, says WBCG CEO Johnny Smith, who describes having to "literally clear the bush" to establish the corridors, and developing relationships with neighbouring countries "in the same way you'd treat a woman," but he is proud to report that, in the past five years, "clients have been calling us, not the other way around."

Global logistics comes down to two things – time and money – and the WBCG has both on its side, according to Gavin Thomas, the executive director of Capital Fisheries in Lusaka, Zambia. More than ten years ago the congestion, red tape and constant downtime in Durban led him to search for an alternative, and since first using Walvis Bay for rice (2006) and fish (2008/9) he "hasn't looked back". He's grown his operation from five containers per month to between 40 and 50 and he's even opened a trucking subsidiary which has close to 40 vehicles plying the Walvis Bay-Lusaka route. Thomas only uses Walvis Bay, even if he's bringing in stuff from China or Thailand: while either Durban or Dar es Salaam would make more sense geographically, he finds the Walvis Bay route both faster and more affordable – and so do a growing number of his colleagues in landlocked Zambia.

This comes as no surprise to Smith, as Zambia – which is pretty much equidistant from Durban, Windhoek, Dar es Salaam and Walvis Bay – is currently the WBCG's most successful market. There's also been a marked uptick in traffic on the Lubumbashi route, but other markets have been less receptive.

Even though businesses trying to get product in or out of Gaborone, Johannesburg and Harare can easily save seven days by choosing Walvis Bay over Durban (especially when working with Western hemisphere countries), South Africa's largest port still handles around seven times as much cargo as its Namibian neighbour. What's more, the Angolan route has taken a knock due to the slump in oil prices and the multi-million dollar Walvis Bay dry port constructed by Sea Rail Botswana with the backing of the Botswana and Namibian governments has been under-utilised since its completion in 2014 – prompting Botswana's *Sunday Standard* to describe it as a "white elephant getting whiter still".

Smith is realistic about the challenges involved. "Logistics companies are stuck in their ways. Sometimes you can't understand why a company uses a certain port," he says, before explaining that it often comes down to the fact that all of the big decisions are made in Johannesburg.

Johnston agrees with this assessment of the industry, to a point, but notes that the WBCG's concerted marketing efforts ("they're at all the trade shows and in all the right journals") are finally reaping rewards. "Walvis Bay is definitely on the map," he says. The next step for Smith and his team is to persuade international companies who "don't have ties to Johannesburg" to headquarter their African operations in Walvis Bay. While most of the big firms do have a presence in Walvis Bay, they are all at "branch office" level at the moment.

The other focus area for the WBCG is its over-reliance on road freight. At the moment less than 5% of the containers passing through Walvis Bay travel by rail, says Smith, when ideally "all bulk commodities" should travel that way. This rail problem cannot be marketed away: the same WEF report that reflected so brightly on Namibia's roads ranks its railroad infrastructure as the world's 50th best, ten places behind South Africa. Although Smith has noticed improvements in railroad maintenance and the quantity of rolling stock in the last few months, and there are plans to develop a rail link with Botswana, he is the first to concede that "a lot more needs to be done in this regard".

While improved railroads would further improve the WBCG's offering, they're only one part of the overall package. "South Africa is meant to be the gateway to Africa," says Johnston, but thanks to the power of the unions and crippling red tape, the region's largest economy is "blowing that option".

Businesses can easily save seven days by choosing Walvis Bay over Durban

Businesses and governments are rightly looking for alternatives and although money is being ploughed into the ports at Maputo, Dar es Salaam and Luanda, to mention a few, Walvis Bay remains a very attractive option: "They have ample capacity and great management, and logistically it makes a lot of sense" says Johnston. "While we're slugging it out with politics and border controls it's a pleasure to work with people who are so accommodating."

For now, Walvis Bay – which is about the size of Oudtshoorn – is still best known for the flamingos in its lagoon, and the ever-present stench from its fish-processing factories. But Thomas, who visits about once a month, reports seeing "improvements every time I visit, not just in the port and warehousing facilities but also in the town itself".

Walvis Bay airport is serviced by several daily flights from Cape Town and Johannesburg and if things go according to plan the town will "be bigger than Windhoek in 20 years' time," says Smith. "Even 15 if things go really well."

(*A shorter version of this story originally appeared on OZY.com.)* ■

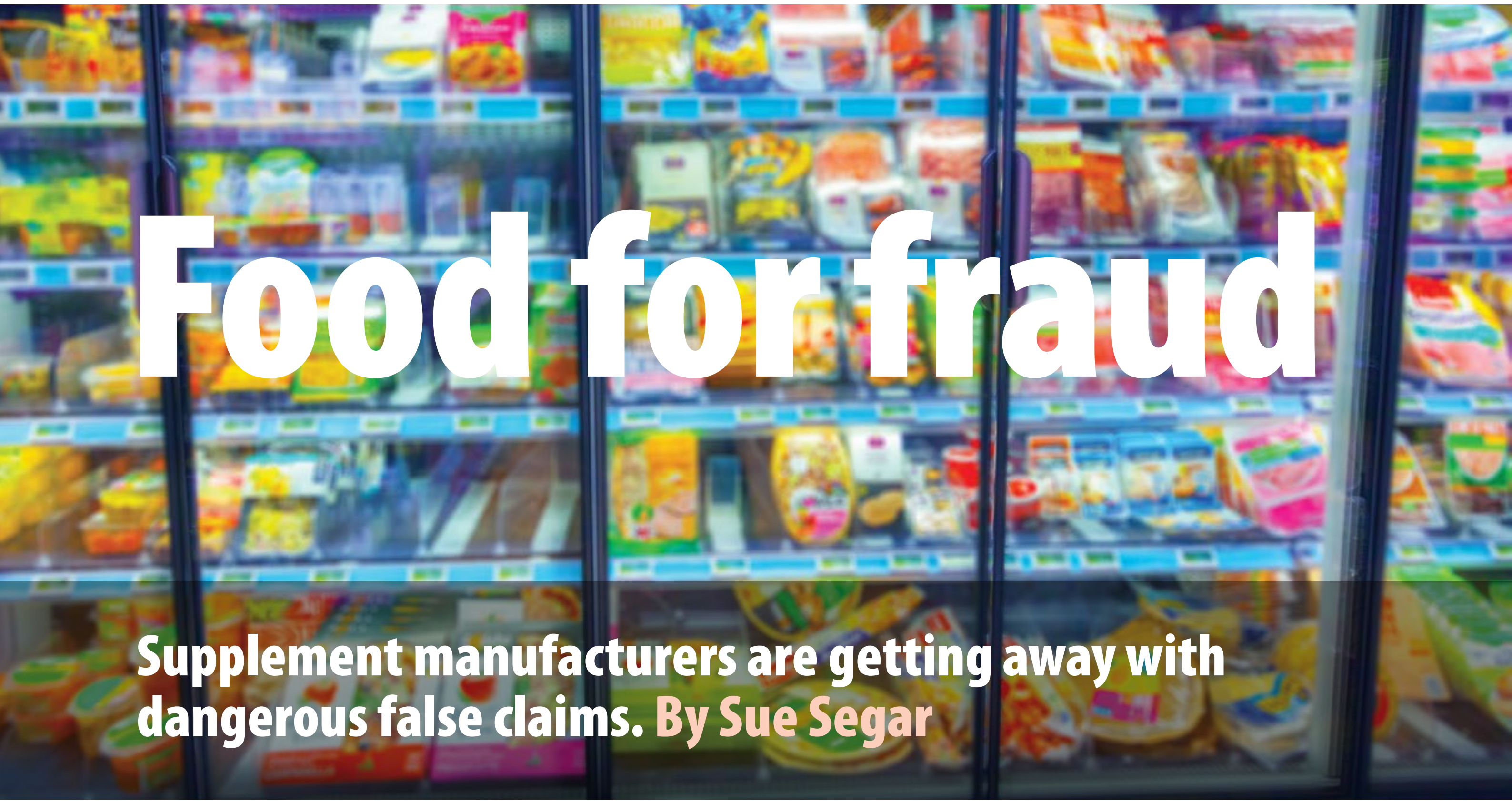
The corridors at a glance

1. **The Trans-Cunene Corridor** links the Port of Walvis Bay with southern Angola up to Lubango, over a distance of 1,600 km. Transit time from Walvis Bay to Lubango is four days.

2. **The Walvis Bay-Ndola-Lubumbashi Development Corridor** extends into Zambia, the southern Democratic Republic of Congo (DRC) and Zimbabwe. The corridor runs via the former Caprivi Strip in north-eastern Namibia and enters Zambia via the Katima Mulilo bridge. Transit times to Lubumbashi (DRC), Lusaka and Harare are between four and five days.

3. **The Trans-Kalahari Corridor** links Walvis Bay with Botswana and Gauteng and it also offers an alternative route into Zimbabwe. Transit times to Gaborone and Johannesburg are two days and getting cargo to Harare takes four days.

4. **The Trans-Oranje Corridor** links the ports of Walvis Bay and Lüderitz with the Northern Cape Province of South Africa. Transit time to Upington is two days.



Food for fraud

Supplement manufacturers are getting away with dangerous false claims. By Sue Segar

FOOD FRAUD IS ALIVE AND WELL IN South Africa, where consumers are "getting screwed" by manufacturers all over the show – and nobody is taking action.

It's happening with fish in restaurants, with meat, biltong, spices, chocolate, honey and – big ones – breakfast cereals and sport supplements.

This was the startling message from respected consumer activist, Dr Harris Steinman at a major food conference in the Mother City recently.

Steinman, who is director of the Cape Town-based Food and Allergy Consulting and Testing Services (Facts) has featured in numerous *Noseweek* reports exposing false advertising and fake remedies. (See *noses* 89,90,105,111,115,118, 143,160,185&188.) For his pains, he is currently facing a R2-million defamation lawsuit by sport supplement company Ultimate Sports Nutrition (USN), for calling USN owner Albie Geldenhuys a "liar" and a "scam artist". He's also being sued for claiming that the advertisements put out by the Medical Nutrition Institute (MNI) for their supplement AntaGolin bordered on being "scams". The supplement is claimed to encourage weight loss by fighting insulin resistance in the body. These cases have yet to be decided.

Speaking during the session *Food Fraud, Pseudoscience and Ethics*, at the 22nd Biennial International Congress of SAAFoST (The SA Association for Food Science and Technology – and other Professionals serving the food and allied industries), Steinman cited examples of food fraud taking place in South Africa and abroad.

Bottled water, he said, is one of the biggest scams around. In SA there are regulations governing bottled water, but there is no policing taking place.

According to Steinman, food fraud is "a collective term used to encompass substitutions, additions, tampering, or misrepresentation of food, food ingredients, or food packaging; or false or misleading statements made about a product, for economic gain."

South Africans had a major dose of food fraud in 2013 when researchers found "fraudulent meat products" – including soya or donkey, goat and water buffalo meat – in various minced meat, sausage, dried meat and burger patty products across the country.

But, said Steinman, it's an ongoing problem and runs much wider afield than the much-publicised meat saga.

Historically, he said, food fraud has been going on for centuries: In the 1800s, adulteration of food was widespread, with bakers cutting their flour with alum, chalk, plaster or sawdust to make it heavier, brewers adding strychnine to beer and confectioners using lead, copper or mercury salts to brighten the colours of sweets. In 2005 there was the dog food scandal and infant milk formula being contaminated with melamine; in 2007, it emerged that fertilizer with dangerous levels of heavy metals cadmium, arsenic and lead had led to farm produce being similarly contaminated (*noses* 93&94); and in 2005, 2007 and again in 2014, there was the saga of the Sudan Red 1 Dye (considered both genotoxic and carcinogenic) being used in chilli spices.

Another, lesser-known food fraud came in 2012, when cocoa leaf tea was marketed in boxes similar to normal teas, as a "100 percent natural caffeine-free tea, very high in nutrients and a connoisseur's favourite. This pleasant tasting tea revitalizes, restores and energises. It balances mood, curbs appetite, is detoxifying and helps digestive processes."

Said Steinman: "Those leaves actually contain cocaine!"

Food fraud encompasses all the above plus falsely labelling (for example incorrect information about expiry dates or origin); grey market production/theft/ diversion (sale of excess unreported product); and counterfeiting (copying popular foods without adhering to accepted safety measures).

More recent examples of food fraud cited by Steinman include a 2011 study of fish being served in 215 restaurants which found that 21 percent of species served were falsely labelled. "Hake was hake but Kingklip and other expensive fish were not what menus said they were."

When the restaurants were revisited four years later to see if there had been improvements, it was found that 18 percent of species were wrongly labelled. In 2016 a study of labelling of crustaceans in restaurants found that 31 percent were misrepresented.

A number of samples of buffalo mozzarella were tested and found not to be made of buffalo milk, he added.

In 2015, when his organisation was asked to test banana bread from a bakery in Cape Town famous for its gluten-free, wheat-free and banting products, "we tested it and it was not gluten free, in fact it had high levels of gluten and wheat".

In October 2016 he was asked to test some "coconut rolls" which were, in fact, ordinary wheat rolls. The owner was offended when a consumer journalist wrote about this food fraud, and threatened legal action. Steinman began testing samples every month after that – and the products were still full of wheat and gluten.

"We reported them to the Department of Health in October last year. Today, they are still trading unhindered, selling gluten-containing products to people who are meant to avoid gluten, and to banters. That's when things go horribly wrong," he said.

In 2015, a chocolatier in Stellenbosch brought out a chocolate which was "low fat, low carb, banting and paleo". We were asked to test it. As scientists, we know you can't have chocolate without fat. It is pseudoscience. The chocolates contained high levels of fat – and sugar!"

In August, the bottled water brand Poland Spring Water (whose parent company is Nestlé Waters North America) was smacked with a class-action lawsuit for a "colossal fraud" for claiming that its bottled water contained "100 percent natural spring water" that is "proudly from Maine" when in fact the company was bottling common groundwater.

"Bottled water is one of the biggest scams. It is a massive market, and almost half of all bottled water is taken directly from a tap. What's frightening is that we know virtually nothing about what's happening in South Africa with bottled water. Zilch."

In his presentation, the often jocular Steinman showed a slide of two jars of honey available at a major retailer. The colour of the honey differs greatly between the two bottles. "Look at the label … it says made in South Africa, Zambia and Malaysia. The one is pure syrup," said Steinman.

Then there were the "steak and kidney-flavoured pies" marketed by a company called Mighty Pies. "Look at the ingredients. It's actually chicken in these pies. These are steak-flavoured chicken pies!"

Another minefield is breakfast cereals, which, according to Steinman, excel in making prohibited declarations about what's in their products.

"Many cereals are now adding complementary medicine to their products. Is this a food or a complementary medicine? Who is regulating all this? Who cares?"

According to Steinman, "we work in an environment where everything that passes your lips is supposed to be regulated either as a food or as a drug.

"About 80 percent of the so-called complementary medicines or alternative medicine products are unregistered, and this is illegal, but they are being sold, unfettered, unchecked, unmonitored and unpoliced."

The institutions which are meant to monitor foods are the Department of Health, under which the Medicines Control Council and the Directorate for Food Control fall, as well as the Department of Trade and Industry and the Department of Agriculture, Forestry and Fisheries.

"These bodies are all under-resourced and fraud and pseudoscience are everywhere," said Steinman.

He has a great deal to say about pseudoscience in the form of anti-aging tablets, or products that exploit emotional issues and customer vulnerability, such as those which promise to increase breast or penis size, or that will supposedly help you lose weight.

He has a great deal to say about pseudo-science in products that exploit emotions

"Pseudoscience has been going on forever. People were once told they could lose weight by eating tapeworms in tablets."

Muscle-building products made from whey don't escape his scrutiny. "These products argue that you need protein to build muscle, but many of these supplements contain a lot that is not protein – and many have only been tested on rats and quite probably don't have the same result for humans."

Steinman, a medical doctor, trained at UCT and at the Red Cross Children's Hospital, as well as in the Allergology Unit at Groote Schuur Hospital, has received numerous awards for his research on allergies, intolerance, additives, preservatives and general food safety. He has been the Allergy Society of South Africa's (ALLSA) representative on the South African Department of Health's Food Legislation Advisory Group (FLAG) since its beginnings.

Steinman also closely monitors – and takes on – the often misleading claims by complementary medicines companies about products that are often not properly tested. These include Herbex's Attack the Fat syrup which claims to help weight loss; Solal's anti-aging pill to boost life-span; AntaGolin's weight loss plans and USN's testosterone-boosting Tribulus.

Steinman has met with the National Consumer Commission (which is meant to implement the Consumer Protection Act) to attempt to enlighten them about some of the complementary medicine scams – but came to the conclusion that "they simply don't have the will or appetite to take on the issue. About the only issue they have taken on is the Kuga car that is prone to suddenly bursting into flames

"A massive number of complementary medicines are unregistered. There are laws about this, but nobody's taking action to see if they are registered or not, to test them or to remove the unregistered and untested ones from the market. We need to keep up the pressure on the government and the bodies which are meant to regulate food fraud," said Steinman.

Dr Steinman runs a website called CAMCheck, "a South African consumers' guide to scams, pseudoscience and voodoo science". ■

Who paid (or didn't) for Danny Jordaan's campaign?

How Mohlaleng Media brought the ANC message to Nelson Mandela Bay: "Break the rules and don't pay the bills".

By Jonathan Erasmus

While in ANC hands, the Nelson Mandela Bay Metro council ran what was, effectively, a secret procurement wing that circumvented the open tender process, did party political work on the city's tab – and, ultimately, did not pay debts run up with local service providers.

These are among charges currently being investigated by the city's new DA-led coalition government. The charges are corroborated by a tranche of emails (obtained by *Noseweek)* sent and received by former mayor Danny Jordaan's office, as well as by interviews with people who, wittingly or not, took part in swindling the city out of an alleged R21 million, over 23 months.

In October 2014 the Nelson Mandela Bay Metro awarded a three-year communications tender to an entity called Mohlaleng Media. Mohlaleng became the vehicle to circumvent the Public Finance Management Act, which is designed to protect public money by putting onerous checks and balances in place, such as a requirement to obtain at least three quotes, or advertise an open tender, for any purchase or service contract above a minimum amount. The ANC-run council appears to have turned a blind eye to what was going on, possibly even openly encouraging the swindle.

According to a September 2016 news report in local paper *The Herald*, city manager Johann Mettler confirmed that Mohlaleng's initial three-year R10 million cap had been lifted. The company had been paid R20.6 million, and the motivation for the cap lift was because "more directorates wanted to make use of this service provider".

On 7 September 2016 the coalition government, installed by vote and party negotiation the previous August, froze the tender, claiming it had "all the hallmarks of an irregular contract".

The owner of Mohlaleng Media is Sandown smart guy Mbuso Thabethe, married to former TV soapie actress Sarah Ngubani. They count among their friends "sushi king" Kenny Kunene. Their wedding was celebrated on the pages of *You* magazine. Mohlaleng would supply anything and everything, from overalls to meals and transport, to hosting and managing city events. The company wrote the city's internal newsletter, did their printing, supplied corporate gifts and arranged accommodation.

Mohlaleng was also responsible for hiring Grant Pascoe, a former DA Cape Town chairperson, who has since joined the ANC, and Vukile Pokwana, a former journalist turned PR hack, to work in the mayor's office as political advisors and spin-doctors to Jordaan. They billed by the hour for their services, via Mohlaleng, and over a five month period cost the city R771,552.

This cosy relationship between Mohlaleng and Jordaan meant that complaints by local businesses over non-payment were ignored.

By July 2016, Mohlaleng owed local small businesses in excess of R756,973, for goods and services procured on the council's behalf. Several have still not been paid, and those that have had to

obtain court judgments.

Iqbal Sain of Bukani Print, who was leading a loosely formed "forum" of businessmen owed money by Mohlaleng, emailed their complaints to Jordaan on 15 July. Bukani was then owed R232,852. (They're still owed R30,000, despite a court order to enforce payment of the debt.)

Sain's email reads, in part: "We have been reliably informed that Mohlaleng Media have received payments from [*the metro*]. [*We need you to*] urgently address this matter, seeing that Mohlaleng Media have no intention to rectify the situation. The situation has adversely affected some businesses who have been forced to retrench some staff members. As a last resort we will have no alternative but to report this matter to the media which would place the city and its leadership in a bad light on the eve of the local government elections."

Previous emails sent by Sain had been ignored. It was the threat of public disclosure 16 days before the local election that prompted a response. *Noseweek* was told that Kupido Baron, onetime spokesperson for Jordaan, and still a senior official in the metro's communications department, frantically contacted Thabethe to get him to commit to a payment plan, and then convinced the forum not to go public.

But they weren't paid.

By contrast, the salaries of Pascoe and Pokwana were "fast-tracked" when it became common knowledge that Jordaan had lost the metro. On 4 August 2016, one day after the election, Jordaan's PA Ayesha Hoffman emailed Baron to "please assist in approving payment of R192,888" noting it was "the salary for Grant and Vukile [*titled as*] Executive Mayor's coordinators".

Two days later, with political change imminent, Hoffman asked Regina Maseti in the finance department to "fast track the [*salary*] payment to Mohlaleng".

Sain's business partner Alan Taylor confirmed that the printing jobs they did on Mohlaleng's numerous 11th hour requests included printing paraphernalia with ANC branding, such as the ANC 2016 Manifesto Launch held at Nelson Mandela Bay Stadium in April 2016.

"I've been told you should always be wary of doing business with an African guy who wears pointy shoes and this guy [Thabethe], when he visited, wore pointy shoes," quipped Taylor.

"These were such slippery characters – they slid up and flew down. They once sent us a fake proof of payment in order for us to release goods. We printed some political stuff for them. Some had ANC insignia but a lot just had the ANC colours for municipal events," said Taylor.

Sharon Viljoen said Mohlaleng contracted her to source 100 orange overalls for municipal workers, and was still waiting for her outstanding R38,000.

"They have no intention of paying. Small businesses like mine battle to recover from a loss like that. I had to retrench three people," said Viljoen.

They once sent us a fake proof of payment in order for us to release goods

Jerome Smith of Adhoc Productions, which provided photography and video services, said he had little option but to go through the courts to claw back his R150,000 fee.

"I met with Mbuso at the Boardwalk Hotel in about May 2016. Now Mbuso – he smelt like money. His suit jacket cost more than my entire outfit. He blamed everyone except his poor leadership. Mbuso made promises but I didn't trust him," said Smith.

Smith said that in September 2016 when *The Herald* ran a story that Mohlaleng had been paid nearly R21 million he emailed Johann Mettler to intervene. But the city manager simply told him: "NMBM is not contractually bound to your company or any of the other Mohlaleng services providers. Please direct your queries to Mohlaleng."

Reza Ebrahim, former local GM of Mohlaleng, declined to speak to *Noseweek*. However, *Noseweek* has learnt that Ebrahim joined Mohlaleng in March 2015 and left in April 2015 over money he was owed, damage to his reputation – and because his wife's company, Phoenix Consulting, was (and is still) owed R120,000 by Mohlaleng.

In September 2016 Thabethe told *The Herald* that the city has "never been billed for anything that does not relate" to the metro, and that the contract did not fund political activity. The appointment of Pascoe and Pokwana, he said, was to plug a gap in the communications department created by a suspension. He added that "many of the service providers have already received part-payments" and "we value our supply partners and service providers immensely, and it has never been our intention for this situation to occur".

"We are working on a plan on how and when exactly payment will be achieved," said Thabethe.

Johann Mettler would not answer questions related to the Mohlaleng investigation, other than to say it would be completed by October or November.

Thabethe's Johannesburg office was contacted for comment, without response from Thabethe. Nor were cell and landline numbers linked to Thabethe answered. ■

A case of cops vs cops?

Much of the gang violence in Cape Town has been fuelled by the sale of guns to criminals by members of the SAPS. Were two of the Western Cape's most senior anti-gang specialists, Peter Jacobs and Jeremy Vearey, unexpectedly shafted by former acting National Commissioner Khomotso Phahlane because they were getting too close to finding out which policemen and politicians are in cahoots with the gang bosses?

By Marianne Thamm

One of the more controversial assertions made by Major-General Peter Jacobs, the shafted provincial head of Crime Intelligence in the Western Cape, in his submission to the Labour Court earlier this year is that the SAPS could be facing massive damages claims from the families of bystanders, many of them children, maimed or killed while caught up in gang warfare that has raged unstoppably in the region for years. At least 261 children were shot in the Western Cape between 2010 and 2016.

It was as a direct result of police negligence in overseeing the destruction of recovered stolen firearms between 2010 and 2014 that these firearms had flooded communities, Jacobs told the court. Investigations into criminal activity in the Western Cape had revealed that corrupt officials were supplying illegal firearms, as well as illegally providing firearm licences to gang leaders such as Ralph Stansfield.

"The consequence was the injury and death of a large number of people. Self-evidently this use of weapons should have necessitated the increased allocation of resources to recover them and prevent further killing. The SAPS elected to do the opposite; 1,060 murders were committed with these weapons between 2010 and 2014. This figure will grow exponentially unless the firearms are recovered."

Jacobs added that former police colonel Chris Prinsloo, recently sentenced to 18 years for his role in the theft and sale of guns to gangsters, had not acted alone, and approximately 1,200 firearms had not yet been recovered. "Part of our investigation was to trace and recover the firearms, identify the people using them and bring them to justice," said Jacobs.

On 3 August this year the labour court set aside the sudden demotion in June 2016 of Jacobs as head of Crime Intelligence to cluster commander in Wynberg, and that of Major-General Jeremy Vearey from deputy provincial commissioner of Crime Detection to cluster commander, Cape Town Central. Both these new positions are regarded as "benign" and the demotions appear to have been directed at neutralising the pair.

"The SAPS has elected to curtail our investigations by transferring us and decimating the team we supervised," said Jacobs. He and Vearey suggest in court papers that they were about to make more arrests when they were suddenly removed from the operation.

And while the court in August ruled that both seasoned policemen immediately return to work, National SAPS leadership is appealing the decision.

The highest command of the SAPS is in essence in contempt of court, having informed Jacobs that he may not return to his job in spite of the court ruling.

Major-General Jeremy Vearey

The question is: why would SAPS leadership, with the apparent blessing of the minister, be so opposed to two experienced and fearless police officials returning to a job they appear to have been doing well?

There has been no real explanation from Minister Fikile Mbalula, or a succession of national commissioners or acting commissioners, who have played musical chairs in the top job while the country burns and bodies pile up. Some of the mystery is cleared up in Jacobs' and Vearey's affidavits in the case.

"At a national level, third applicant (Vearey) and I were tasked during April 2016 by the then acting national divisional head of Crime Intelligence, Major-General Makhele, to develop an approach to address and combat inter-provincial taxi conflict between Gauteng and KwaZulu-Natal. A report and project were duly produced, including implementation guidelines."

May following the money trail have led to powerful political players there?

Criminologist Mark Shaw reveals that 42% of hits in South Africa between 2000 and 2016 were related to taxi violence and points to a lethal and toxic intersection between organised crime, business, the SAPS and regional politics. (*See Books, page 32*)

Vearey is an expert on gangs, particularly in the arena of intelligence and detective investigation. He had been involved in Slasher, an anti-gang operation, as well as counterterrorism operations, yet, he says, his skills are not being used to curb gang violence in the Western Cape.

Jacobs and Vearey unexpectedly learned of their demotions at a meeting in Cape Town on 13 June – ostensibly called to discuss the placement of cluster commanders in line with a new cluster concept. At the meeting General Ngwenya informed Jacobs that he would in fact be transferred to Wynberg. This came as a shock, he says, as he had not been given any notice or reason for the transfer.

Later in the day Acting Commissioner Khomotso Phahlane announced the promotion of five brigadiers to the rank of major-general. One of them was Major-General Mzwandile Tiyo, who then replaced Jacobs in the key post as head of Crime Intelligence.

In 2014 Tiyo had unsuccessfully applied for that very position. Tiyo contends that then national commissioner Riah Phiyega and then provincial commissioner Arno Lamoer conspired to withdraw the post in order to frustrate his application, and that Jacobs had been "instructed" to find reasons to discipline and dismiss him.

In reply, Jacobs said that he had been informed that Tiyo was not suitably qualified for the senior position, that he did not have matric and, crucially, had not received the required security clearance.

The minister and SAPS commissioners' appeal against the Labour court's ruling reinstating Jacobs and Veary is still to be argued.

Make no mistake, those two police officers will not go quietly. They know too much.

Adapted from a story that first appeared in the Daily Maverick, where Marianne Thamm is assistant editor ■

Warriors won't win drugs war

The real cause of the addiction plague is social collapse. By Wessel Ebersohn

The War on Drugs is being pursued by the current American administration, just as it was by a number of presidents who came before Obama. But all the indications are that it is a war that cannot be won. "It should be treated as a health issue, not a criminal one," Obama has said.

In South Africa the problem is essentially the same as in the United States, and is at its most intense on the Cape Flats. "Law enforcement is essential, but addiction is the core problem," says Major-General Jeremy Vearey, South African Police Service cluster commander for Mitchells Plain, Cape Town, who has been dealing with drug-related crime in the Cape for all of three decades.

The moment drugs were banned, crime syndicates realised that a new opportunity had opened for them

Drug usage is found in all communities, but the problem is greatest in poor areas. In Vearey's view arresting and imprisoning suspects has very little effect. "By locking up the distributors, we are not stemming consumption. The problem with the war on drugs is that when we close one hole, sometimes imprisoning a dealer for many years, immediately another opens. Where poverty is intense there is always someone ready to step into a gap in the drug trade, no matter what the dangers."

And the dangers are severe. Both gang members and the innocents are killed on the streets of the Cape Flats.

The horrifying murder statistics (*see page 30*) become still more horrifying when you put some names to the numbers. On the night of 19 March 2017 the Shotspotter gunfire detection system recorded 250 shots in a 12-hour period, surprisingly causing only one fatality: Zinadine Peltor, 14 years old and innocent of gang business, was caught in Hanover Park crossfire and shot dead. In another month, 277 shots were recorded in 86 separate incidents. Sixteen-year-old Dillan Cornelius was shot dead two years after he had witnessed a fellow pupil being stabbed to death at school. Allan Boch was shot in the face three times while washing a car.

As *Noseweek* went to press, Aqeel

Davids, 9, was shot dead in his own home in Ocean View.

Most singular of all was the wounding of Chantelle Knight and the fatal shooting of her boyfriend. Her testimony against notorious gangster Rashied Staggie had resulted in his receiving a fifteen-year sentence. The attack took place just ten days before he was released on parole. Knight had been in witness protection, but came home because she could not handle the loneliness. She is back in witness protection now, but this time she is unlikely to return to the Flats.

Vearey was less than delighted with Staggie's parole and the possibility of renewed gang violence if, in his absence, other crime bosses had taken over his territory. What is clear is that drug-related crime continues to grow and the young are caught up in it, too often seeking careers in that area. According to Thurston Brown, principal of Manenberg High School: "If 250 pupils enrolled in Grade Eight this year, perhaps 60 will make it as far as matric. Of them, maybe 15 will go to FET colleges. Only five or six will go on to tertiary education."

Many who have been involved with Cape Flats communities agree with Vearey (and Obama in the US) that this is more than a crime problem. Reverend Donovan Meyer of the Anglican church believes that the high levels of gangsterism are caused largely by hunger and unemployment. Meyer feels that even a ceasefire among the gangs would not be enough. "We have to deal with the underlying problems."

Peter Portal, a young Londoner, who, with his South African wife, owns a home in Sherwood Park adjoining Manenberg, runs the Fusion Community Trust, assisting young people who are trying to rid themselves of the drug habit. Their methods are prayer, mission and justice. They believe that sobriety alone is not enough. "You cannot tell people to leave this thing, if you have nothing better to offer," says Portal. "We are working towards creating a redemptive community." Clearly he feels needed in Manenberg.

"Addiction is a feature of society," says Vearey. "Dagga had been in use in South Africa for many decades before it became illegal. Only in the 1920s, during the prohibition era, were drugs prohibited in the USA. South Africa was one of the countries that followed."

The moment drugs were banned, crime syndicates realised that a new opportunity had opened for them. An illegal trading infrastructure developed and, for the first time, ordinary people and their teenage children came into contact with organised crime. The product line grew with new additions flowing into the country across our borders. Cocaine arrived in the late 1970s, Mandrax in the 1980s, crack in the 1990s, and tik and heroin more recently. The popularity of smoking drugs began with tobacco and dagga. Mandrax, crack and tik only grew in popularity when people started smoking them.

Year by year Vearey and his colleagues have found themselves faced by a growing problem: "In the early 1980s, if you caught someone with cocaine, it might be half a kilogram. Now it's often ten kilograms. We have intercepted shipments of fifty or sixty kilograms of cocaine in a single bust. Consumption today is far greater, addiction is more severe and usage per square kilometre is far higher."

The war on drugs takes many forms. Bringing the army into trouble spots like the Cape Flats has been suggested by politicians and others. But Vearey feels that the functions of the army and the police should not be confused. "When the army enters an area they assume a hostile presence there. The police, on the other hand, must be part of the community. People assume that a big enough armed and uniformed presence will extinguish crime, but only a police state can watch everyone. Maintaining law and order is vital, but it is only part of the picture."

● Towards the end of August it was discovered that 33 firearms had disappeared from two police stations, Bellville South and Mitchells Plain. Only a brave person would bet against them being in criminal hands by now.

That taken into account, a police presence in the townships could be contributing more to the problem than they are to a solution.

Wessel Ebersohn is the author of The Classifier *and other novels.* ■

LEN **ASHTON**

Mean streets. Bursting the suburban bubble

ARE YOU A CORRUPTION FATIGUE SUFFERER? Got dem underworld blues? Or maybe a simple case of fatigue fatigue? If oppressed by any of the above, do not read this book. It will confirm your worst fears. And it will do so in a well-informed, thoroughly researched manner. Criminologist Mark Shaw knows who dunnit. And the likes of author Jonny Steinberg of *Numbers* fame are impressed by his sober analysis of the startling facts. For those of us who live in bubbles of suburban calm, he describes a crazed parallel world of mafia killings, booming drug empires and profound corruption.

It seems the rot began during the innocent joys of the 1994 rainbow period, which allowed villains to exploit a permissive mood. Taxi empires flourished, and ruthless taxi bosses soon ruled like medieval thanes, killing off rivals with almost predictable regularity. When their muscle gangs became embarrassingly bloodthirsty and unruly, the bosses economised sensibly; nowadays the murders are committed by individual gunmen who earn up to R125,000 for a significant hit. These loners return to the shadows, disdaining the bosses' displays of opulent consumption. The real money comes from the enormous drug trade, as sustained by the taxi business on a national scale, moving the goods efficiently, while almost incidentally doing good business with actual passengers. Shaw has impressive credentials, as director of the Global Initiative Against Transnational Organized Crime, and senior visiting fellow at the London School of Economics and Political Science's International Drug Policy Project. He was previously National Research Foundation professor of justice and security at the Centre of Criminology at the University of Cape Town, where he is now adjunct professor. He mentions, in passing, an initiative from the old political order which eventually provided valuable information: the training and deployment of several deep-cover agents to infiltrate criminal groups. Two of them supplied valuable information for the book. As the tectonic plates of politics shifted, it was recognised that nascent forms of organised crime were often built on established political-criminal networks, both within the state and those fighting to overthrow it: " … today, the South African state is weaker in its capacity to fight this complex criminal challenge than perhaps at any point in its history." Further: "The Scorpions were to run foul of political, criminal and bureaucratic interests after investigations threatened members of the ruling ANC, and the unit was seen to usurp the role of the police and its then powerful National Police Commissioner, Jackie Selebi." After Selebi's disgrace, the Scorpions were replaced by the Hawks, whose poorer efforts give growing evidence that the unit is used as a tool for the interests of President Zuma.

Shaw says the high number of assassinations currently suggests that the leadership of criminal organisations is unstable. That should offer opportunities for a coordinated state response to break down the potency of the criminal underworld."Sadly, though, this has not occurred – partly because different factions within the underworld have achieved linkages to the upperworld, thereby protecting themselves". Has the secret state, even unwittingly, become part of a symbiosis of collective interests that maintains the underworld's status quo?

"This requires an urgent review." Fat chance. ■

HITMEN FOR HIRE: EXPOSING SOUTH AFRICA'S UNDERWORLD
By Mark Shaw
Jonathan Ball Publishers

Mark Shaw

Down and Out

ANNE **SUSSKIND**

Ordinary Australians. Endangered species

The bustling heart of Baking Board, Queensland

BAKING BOARD, A TOWN IN Queensland, population 97, and Boomanoomana in New South Wales, population 99, have the highest proportion of "ordinary" Australians – three each. They have Australian-born parents, are Christian, live in a registered marriage in a three-bedroom house with a spouse and two kids, have a mortgage, two cars and a family income fitting the national average. And, of course, have English ancestry and speak only English at home. There are only 5,782 of these extraordinary ordinary people in Australia according to the 2016 census – they represent just 0.02 percent of the population – yet their influence is huge as politicians use the stereotype "ordinary Australians" as a mantra to justify their pitch to narrow-mindedness.

Just as feared, the same-sex marriage postal vote (cost: $122 million) has brought the nasties out of the woodwork. The Antipodean Resistance (I was too scared to look online for fear of what might pop up in my future feeds, so am quoting other media), described as "An Australian white power group, whose members pledge allegiance to Hitler during secret radicalisation camps", often held in forests, has been linking gay marriage to paedophilia in posters put up in universities, shopping centres and schools with high Asian populations. Membership is limited to young white men in their teens or twenties "able to take a hit" for their beliefs. Gay men or those in relationships with people who are not white cannot join.

Then there are stories like that of the committed gay couple who oppose gay marriage and predict the vote could be Australia's Brexit or Trump moment of truth, when everyone we expect to vote yes votes no, or the serious scholarly articles about what the Bible really says on the subject. Apparently, the story of Sodom and Gomorrah, "long associated with biblical condemnation of male homosexual sex, is actually about gang-rape. In this story, the men of Sodom seek to rape two visitors (who are actually angels). Their host, Lot, defends them and offers them protection in his house, but offers his virgin daughters to be raped in their place." OMG, did I really need to know this?

So it goes, stirring the pot, the media exploring every peculiar angle, having a field day filling pages and airtime with this divisive debate, while North Korea (which is not that far away) twiddles its nuclear thumbs.

Some other questions discussed around here, along with whether dual citizens should be allowed to hold political office: Does an employer have the right to ask a woman potential employee if she intends to "reproduce"? Are the gifted and talented neglected in our classrooms? Whose sense of entitlement annoys us more, those welfare cheats who should be rooted out, or wealthier tax dodgers?

A homeless man living in a recently demolished camp in the city wrote in *The Guardian*: "The closest feeling to having nowhere to stay for the night is that of a broken heart. It is a feeling of abandonment, of rejection and loneliness. When you are homeless you feel rejected by all, not just by another."

A bright spot – tenants in 30-storey public housing commission towers in Waterloo, under threat of demolition for "revitalisation" by the state government (we all know what that means), have turned them into a glowing artwork on the sky-line. Nightly, about half the 480 windows are lit by five metre strips of LED light with remote controls that allow residents to make their windows change with all the colours of the rainbow.

Running for the bus just the other day, your columnist was publicly chastised and genuinely humiliated by the (ostensibly well-meaning but nanny-state) driver who told her off for setting a bad example for children who might copy her and get run over. And she had been so proud of her efforts, beaming at everyone as she boarded, although panting and out of breath. Then, horror of horrors, for the first time, a younger person stood up for her. Next, on the train, she was roundly criticised by a self-righteous eavesdropper for gossiping with a friend about a difficult man and the woman he's involved with – women ought to stand together and are our own worst enemies, said she of the wagging finger.

After that, I'm too frightened to tell you who I was gossiping about. ■

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