BLUE FILE

SUMMARY REPORT 2004

Investigation into the Affairs of the Bernard Glazer Estate (Deceased)

An International Fraud?

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Bernard Glazer 1913 - 1984

A truly remarkable story, of a great man, that lay the foundation for an international empire.

IN MEMORY OF MY FATHER

Every snowflake perusing the ground
Remains intact fleetingly
Vanishing into fluid, digested by soil.
You selected a deviant destiny,
Inspirited into our present
Teardrops are too fulfilled to fall ….

Michelle Glazer.

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INTRODUCTION

The discovery referenced as the 'Blue File' arose as a result of an investigation into a fraud concerning the Estate of the late Bernard Glazer. Nowhere in history are the Glazer Brothers mentioned for their achievements, and yet as research has revealed, they were very powerful men on this continent as well as abroad. Bernard Glazer [opposite] was a private individual who played a major role in developing Southern and Central Africa when he consolidated their interests, after his brother Sam's [below], untimely death in 1959. Bernard represented honour, integrity and courage, representative of the former generation that built this country. He acted behind the scenes in conjunction with the highest executive levels of both government and private enterprise, in Africa and globally.

In his Will he appointed his son Sam Glazer [after reaching 21], Julius Feinstein and Cyril Jaffe as Administrators, the latter two, his oldest and most trusted directors of numerous companies locally and abroad, to ensure and perpetuate his vision. Bernard Glazer passed away under unusual circumstances on 17 July 1984. Michele Glazer, his eldest daughter and a beneficiary, entered into a family agreement in 1997 were she ceded her entitlement in terms of the Will, to her brother Sam Glazer.

Based upon the evidence and with a proper reading of the Will and Powers of Trustees, the contract entered into with her brother and the so-called ratification thereof by the Administrators and with reference to the above, the Administration of Deceased Estates Act and certain provisions therein, we believe that Michele is compelled to set the matter right by way of an application to Court for an Order setting aside the agreement entered into. We are of the view that the agreement entered into between Michele and her brother, wherein she cedes her entitlement in terms of the Will from that date to him, is irregular and unenforceable and in fact void abinitio in view of the fact that the position that he, her brother, occupied at the time of concluding the contract, was as a heir as well as an Administrator of the Trust and that there is a clear conflict between the two positions with regard to prejudicing other heirs and furthermore, the agreement is not approved by the Master of the Supreme Court. We advise that on our interpretation of the Will wherein the Trust is created, the Will does not make provision for this scenario.

Further to the above, having regard to the assets of the Estate and the complex web of transactions of the Tati Concessions and mineral rights and royalties accruing thereto, and its successors, there appears to have been a massive fraud committed by the Administrators and Executors of the late estate, whereby assets that were the property of the deceased at the time of his death, were wilfully and deliberately concealed from the Master of the Supreme Court and are not referred to in the Liquidation & Distribution (L&D) accounts and have effectively been siphoned off.

This, no doubt, prejudices not only the South African, UK Government and others, by not disclosing the estate duty that would be due to it, but there is the further question of prejudice to heirs in that the impression is created that the Trust does not have assets, wherein, in fact, the substantial portions thereof were never in the first place brought into the Trust, which we are sure will be of interest to the Receiver of Revenue, as well as to constitute a criminal offence. Furthermore, that her brother fraudulently withheld relevant information from her, which would be a further ground of setting aside the 1997

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Agreement, based on fraudulent misrepresentation, as well as whether or not one can cede in the context of a vesting estate, a future right or hope.

The reconstruction of the Glazer Brother's history in Southern Africa and internationally, remains the significance of the intellectual property that will provide an understanding of what is happening in South Africa presently and is perhaps the entry point for much that was excluded from the TRC.

Contrary to public opinion of mineral rights ownership in Southern Africa, beginning with Cecil John Rhodes and the Charter Group of companies, and the well publicised history of Anglo American/De Beers, Rio Tinto and Lonrho, there is the unpublished history of the Glazer Brothers. It is this extraordinary story that demonstrates a far more sinister and unbridled greed that casts long shadows, reaching across the decades to darken the reputations of some of South Africa's most eminent professional men.

Bernard Glazer did much to open up Botswana, Zimbabwe and Zambia from the early 1950's with acquisitions of former British South Africa Company's (BSAC), such as Tati Co [1.6 million acres in Botswana] and The Bechuanaland Exploration Co, the former managers for the BSAC in Southern Africa. This company held vast interests in Botswana, Zimbabwe and Zambia, including mineral, trading, timber and water rights. A schedule of some principal investments included Central Mining and Investment Corp/Rand Mines, African & European Investment Co, Charterland & General, Durban Roodepoort Deep, Rand Selection Corp, SA Mines Selection Ltd, Rhodesian Anglo American, President Steyn Gold Mining Co and Pretoria Portland Cement. With these various share interests the Glazer Brothers made controlling bids for Central Mining, Investment Corp and Lonrho in 1956/57. At the same time Consolidated Gold Fields was formed and records indicate an interest therein. One must bear in mind that the foundation of Southern Africa's wealth and development after WWII was created in all commercial spheres, with mining at the core. An understanding of current developments such as the Gold Fields/Harmony take-over and Barclays/Absa acquisition, requires an understanding of those foundation structures put in place between 1948 – 1984.

A core asset of the Glazer Brothers property portfolio was their acquisition of African City Properties Trust in 1952. This company was incorporated in England in 1894 and owned a large portfolio of land and buildings mostly in the JHB CBD area. This company, with its entire asset portfolio, was sold in 1965 to Urban Investment Properties (Pty) Ltd, the sole shareholder of which was the Joint Municipal Pension Fund (Transvaal), situated in Benoni. The entire parcel was later acquired by Retco Ltd at some time in the seventies. Retco's major shareholder appears to have been Federated Employers Insurance Ltd, which later became Fedsure, before it was taken over by Investec in 1987. However, the parcel of land didn't move all the way with the Federated bundle. It was hived off in 1981 – after having been held through Retco by South African Breweries for a while – to the CBD Property Fund, which was controlled by Sage Holdings Ltd through Sage-Ned-Equity Properties (Pty) Ltd. The start of the exit trail was when ACP (1952) Ltd was converted to a private company in 1983, as were many of Glazer's companies around this time. By 1997, the year Michele signed the questionable Family Agreement with her brother Sam, Sage Group was ranked at number 51 on the *Sunday Times Business Times* Top 100 Companies list. It had a turnover of R2.4 billion, total assets of R5.8 billion and managed assets exceeding R9 billion.

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Of particular relevance was Glazer's expansion of his international operations in the 1970's. He enjoyed a close friendship with his banker, Jan Hurter, who at the time was Chairman of Volkskas and also sat on the board of the South African Reserve Bank. One important subsidiary acquired was E.S. Schwab, a small merchant bank in London, which facilitated the banking licence so necessary in the days of apartheid sanctions. Prior to his death Bernard Glazer entered into a Joint Venture (JV) with Volkskas Limited resulting in him owning a 25% share in Volkskas International. Also acquired in the 1970's was the Siberian Syndicate Limited (Inc.1913), an investment holding company with interests in Siberia and other mining investments, such as a substantial holding in Gold Fields. The name was changed to Crest International Securities and had on its board numerous influential South Africans such as the Lubner brothers.

One cannot look at the future without taking into account the structures that he created and how these have been used by creative legal and accounting brains to funnel large amounts of wealth out of a number of African countries, particularly since his death in 1984. The same group that has used his structures to 'run away with the bone' currently holds sway over Africa's destiny through the control of, or at least a major influence over, the financial and mining sectors. The historical relevance of his story lies in exposing, or illuminating, the global political and financial structures that existed behind the veil of apartheid and in spite of economic sanctions; it will also suggest a plan to bring the ANC into government and to strip the country of its wealth at the same time.

Our investigation reveals a pattern of destruction of company records both from the DTI, Companies House London and various other depositories to reconstruct the history of Bernard Glazer outside the orbit of the Administrators. Michele Glazer has suffered undue and unnecessary prejudice since her father's passing way, in her attempts to unravel the truth. There was no effort made to memorialise his legacy and Michele was marginalised and every effort was made for her to cede her rights and entitlement through debt-for-equity entrapments, which included Regal Treasury.

After a 20 year battle the matter rested with the High Court of Pretoria where the Estate had been temporarily suspended from closing on the 5th of July 2004. Her Application had been made for the suspension of the Administrators subject to an investigation into the affairs of the Trust. The Administrators deny mineral and other international financial interests, yet our research strongly suggests otherwise. In October 2005, our client Michele Glazer "unilaterally" withdrew Case No 9575/2004 in the High Court of Pretoria and suspect an arrangement with her family ensued.

Notwithstanding extreme prejudice, the project team salutes a remarkable South African, Bernard Glazer a truly larger than life individual. The scope of this draft report was limited to the denials in the Application as an introduction. The scope is far broader and more sinister as the pursuit for truth evolved. The private acquisition of BSA Companies in the 1950`s remains an historical precedent and a foundation for transparency today.

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RESEARCH

I salute the “project team” that rose above adversity in this journey of discovery. We began with limited information other than unsubstantiated allegations by client. The name “Blue File” was derived from a file to include correspondence from Sam Glazer (brother) which Michele found in her late fathers London Penthouse in 1992. The contents revealed relationships and non-disclosure which activated this study.

In order to establish what Glazer had purchased by the time of his passing in 1984 we had to go back to the beginning. Reconstruction of 100-year history involved following mineral right ownership in various countries from the inception of Rhodes Companies and management by the Crown Agents for Overseas Governments. Also, to complete the matrix interconnectivity and symbiotic corporate activity over a hundred years, hundreds of local and international Companies were researched, social network charts were constructed manually, dusty archives scoured and interviews with the intelligence community, Academia, Retiree’s ,& Media. This daunting task received the cooperation of numerous individuals from every sector. There unselfish contribution to establish the truth remains the basis for this salutation. The object was not to audit financials rubber-stamped by the Glazer Will Trustees but also illuminate historical misrepresentation.

We had no idea where this investigation would lead us or what budget to set aside. We initially focused on Botswana mineral rights and the Tati Exploration Company. We began with all government records of correspondence between SA & Botswana since inception and finally retrieved physical copies of title deeds. Mineral right ownership was further validated with recently declassified correspondence from the Commonwealth Foreign Office UK. Nathan Werksman, Glazer legal representative, defended a takeover bid 21 January 1960 by the UK Commonwealth Office to exclude mineral right ownership and trading rights from any sale. The bid via Syfrets Executor & Trust Co. Ltd was unsuccessful, but defence of Tati mineral rights ‘then, confirmed there relevance as opposed to the arrogant denials made by Administrators in 2003.

By March 2003, evidence of fraud by the Administrators had received favourable legal opinion by a team of professionals and Glazer passing in 1984 was suspect.

Research was seriously hampered by the lack of resources to thoroughly investigate the finances of the Panamanian registered holding company, Amarena, and/or the Swiss Bank accounts held by Bernard Glazer before his death. Also, the confidential records maintained by the SA Reserve Bank, relating to the Reserve Bank approval that was previously granted for certain financial institutions. We could not solicit help from the Botswana Government, regarding royalty arrangements but the private agreement in 1970 between Sir Seretse Khama and Bernard Glazer is self explanatory and elaborated on later in this draft report.

The interlocking mineral interests of Glazer Companies acquired in the 1950`s included amongst others vast areas Zambia, Congo (DRC) and Zimbabwe. Glazer Brothers Zimbabwe (Pty) Ltd was head quartered in Bulawayo and ultimately controlled by Panamanian shell Amarena. Due to political instability in Zimbabwe formerly Southern Rhodesia, we retrieved

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the mirror image of mineral succession records from Northern Rhodesia (Zambia-See CH.6 Rhodesian Anglo Holdings 1962 and Company interrelationships for BSA Chartered Company).

Interviews with senior intelligence personnel in 2002 revealed there was no information on Glazer other than the Kidnapping ransom for Sam Glazer jnr. Ownership of mineral interests in Africa was vested with Anglo/ De Beers, Lonhro (formerly London Rhodesia) & Rio Tinto, period. History was silent on the controlling bid by Glazer Brothers for the investment holding company Central Mining –Rand Mines 1956/57 and Lonhro 1958. This acquisition trail may go some way to explaining the equally unusual passing away of Sam Glazer (Bernard Brother) in 1959. However , they spoke frankly of a predetermined plan to destabilize South Africa and bring the ANC into power.

The industrial development that evolved in Southern Africa in the 1960`s resulted with an investigation that expanded exponentially to include financial institutions such as Volkskas international UK established at the apex of sanctions in the 1970`s. The results described in Chapter 4 leaked in 2003 and the subsequent ABSA acquisition by Barclays followed. We were bound by law to report a fraud to SARS and summary evidence of the Blue File investigation was placed on record with the Business Intelligence Division of SARS and validated by December 2005.

Since 2003, the scope simply expanded to a point where it became obvious the race was on to retrieve records that were being destroyed as fast as we requested or retrieved them. Those records we planned for retrieval later due to budgetary constraints were gone by the time we got back there. Relevant company records from our Department of Trade and Industry (DTI) were simply missing or in many cases diluted to render them useless. Physical records of principal UK controlling entities with Companies House UK were burnt by an “employee” in Cardiff, the main repository which is not accessible to the public. We were fortunate on various occasions to have specific permission and access to share registers. We thank those archivists from Cardiff for assistance to company records and share registers.

Logistically, we relocated on numerous occasions for security reasons and remained confined to premises for 3 years. The volume of data retrieved was so voluminous that history was segregated between 1890-1960- the foundation period of Glazer acquisitions, 1960-1970 Glazer consolidation, 1970-1984 -Glazer deceased- establishment of international operations, 1985 -1994- the exit of “property” and ANC appointment, 1995-2004 SA destabilisation, debt for equity and Glazer Will Trust liquidation. I salute our legal representatives who endured endless frustration as they waded through mountains of information and defended Michele various debt- for- equity entrapments. Also, for there protection and motivation.

The project team invested millions of Rand for the cost of international records, but unfortunately, Michele sought to come to a private family arrangement rather than suffer marginalisation by family, friends and ongoing financial duress. Her father’s legacy could not be illuminated without successful conviction of Defendants.

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Michele chose to disappear without contact from 2005 and Blue File Summary Report 04 was simultaneously filed with SARS Business Intelligence Unit, our mandatory responsibility.

Our initial request was for assistance to complete this investigation and for access to SA Reserve Bank Records. The SARB had indicated that substantial files exist, but without consent from the Administrators or a Court Order, the SARB was unable to assist. After 12 months the results of the Blue File investigation received National Security Status. Individuals were assigned from National Intelligence Agency, Military Intelligence, SA Secret Service, SARS Business Intelligence, Counter Intelligence, Organised Crime, Department of Minerals, Legal and other for International Liaison. Direct correspondence to the Presidents Office is void of any response or recognition for information supplied. The intelligence task force have also disappeared with no further contact.

In a few years, we have witnessed the exit of miners, seen consolidation as never before, explosion of mining development in Africa, reduction and delineation of the interests of Anglo/ De Beers, old faces like General Mining disappear, new faces front for old. What is really going on?

The African invasion is Rhodes Revisited with a different mask? A similar invasion is that of foreigners in all parts of Africa not dissimilar to a gold rush 100 years ago. An article in Sunday Times 18 February 07 p26, "The Chinese are the new 'colonials' - …the state keeps slicing an ever – shrinking pie, believing you can build a sustainable economy purely on the services sector and raw material exports. The Chinese are wooing Africa to build infrastructure and create permanent jobs for Africans. They are the new "colonials" and it would appear that, like George Bush who learnt nothing from Vietnam, our politicians have learnt nothing from colonialism.".

Is "Government up for sale"- Sunday Times 18 February 07 p28 and violent crime is more prevalent than it was 10 years ago.

Our media frenzy continues with the suspect leadership in SA. Various journalists like Ann Crotty and Renee Bonorchis received prize winning accolades from SANLAM for related subjects such as, "Executives Golden Parachute" for ABSA Directors. Nallie Bosman, Frans Du Toit and Rupert Pardoe were implicated with the Barclays takeover (See VolksKas International CH 4).

Also, the Harmony/ Gold Fields bid required Harmony to honour golden parachutes for three directors, Holland, Ian Cockrill and Craig Nelson.

There was speculation as to Anglo shares in Gold Fields that were suddenly sold to Norlisk in March 2004.

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(Mineweb 20 Feb 07 AngloGold and Polyus gold stake rumour. Is Prokhorov reviving Project Golf?) " Mikhail Prokhorov, co-owner of Polyus Gold, Russia's leading gold miner, once utilized a sporting theme in a scheme to buy control of Gold Fields, and take the South African company offshore. It was called Project Golf.

Although Prokhorov's strategist for that game, Leonid Rozhetskin, was fired when the scheme got Prokhorov into Kremlin trouble, Prokhorov and his partner Vladimir Potanin, ended up clearing a billion dollars in profit, when the scheme was abandoned, and the Gold Fields shares sold.

More recently, Prokhorov made himself famous with a form of ball game that got him into trouble of another sort. But can he be thinking of reviving Project Golf, and taking a swing at acquiring AngloGold Ashanti?

According to the confidential takeover plan prepared by HSBC in August 2004, Project Golf required Prokhorov to join Harmony Gold to create "a new international goldco ('I') from G, H and N's international gold assets." G stood for Gold Fields, 20% of which had been sold in March 2004 by Anglo American to Norilsk Nickel, Prokhorov's and Potanin's principal mining company before Polyus was spun off as a goldco. Anglo required the Russians pay $1.16 billion in cash. H stood for Harmony, and N Norilsk Nickel. I, according to Project Golf, was to be "listed as a new 'major' in North America attracting premium valuation."

The HSBC document acknowledged that the proposed full takeover of Gold Fields was "highly desirable to demonstrate that the original stake purchase had real commercial synergy". There was an admission that the gold spin off idea, which turned into Polyus, had been preceded by a number of abortive schemes to take Prokhorov's and Potanin's Russian gold assets offshore, out of reach of the Kremlin. "N has also looked at reversal candidates (e.g., Kinross, IAMGold)."

Project Golf failed in South Africa, because Harmony's bid was rejected by Gold Fields shareholders. The Polyus spin-off took place successfully, but Kremlin permission for reversal into an offshore company, controlled abroad, has not been tested. That is not for lack of trying on Prokhorov's part, along with Polyus's chief executive, Yevgeny Ivanov, to sell their valuation of Polyus to Kinross. Kinross has dismissed the Russian price as inflated.

The stock market has been more generous to Polyus than Tye Burt, Kinross's chief executive, multiplying the value of the gold reserves Polyus claims in the ground -- from an acquisition price of about $1 billion to a current market capitalization of $10.5 billion.

What if Norlisk origins and history coincide with The Siberian Syndicate(1913) UK acquired by Glazer in 1970? What if Anglo held the shares on behalf of "nominees" as managers? Anglo and Norlisk ?

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CONCLUSION

There is a new generation of South Africans born since the time of the UNION; generations which have shouldered their father's responsibilities and think they are heavier than they used to be-they might well be right. The history of an era in which South Africa came of age and grew in stature will stir up events of the past thirty years ago, that influence our destiny. In some African quarters, the two 'world wars' are considered little more than European wars for world dominance- which to some degree they were."

This must be measured, however , against the tendency to excise the colonised from history. This plays down the contribution of previously colonised people to the making of the modern world and oppressive forces of every kind.

I conclude with this quote:

'Oh, what a tangled web we weave, when first we practice to deceive!'
- Sir Walter Scott.

A BRIEF HISTORY OF BERNARD GLAZER

1.1 An African pioneer

Bernard Glazer was born in Lithuania in 1913 and came to South Africa in 1930, when he was 17. The Lithuanian Jews who immigrated *en masse* to South Africa in the late nineteenth and early twentieth century played a dominant role in the latter country's economic history and Bernard Glazer was no exception.

Bernard Glazer

While most people were active in Kimberley and the Witwatersrand, Glazer headed north to Botswana, Southern Rhodesia (now Zimbabwe) and Northern Rhodesia (now Zambia). He acquired a company Tati Goldfields, a Company listed on the London Stock Exchange and the first ledger entry is dated 30 April 1955, wherein there is royalty and rental payments reflected, with specific reference made to the Monarch Mine, which claims date back to 1934.

Importantly, for Glazer it was not all gold and diamonds. Strategic metals such as zinc, lead and copper played an important part in the development of the West following the Industrial Revolution. Copper, in particular, was crucial for the expansion of electricity and telephony and for ammunition shells, and the Rhodesia's were rich in copper. According to the book *Oppenheimer and Son* by Anthony Hocking (McGraw-Hill, 1973), 'Northern Rhodesia possessed a mining field likely to achieve greater importance than any other in the British Empire with the possible exception of the Rand.' And, the author continues, Ernest Oppenheimer told the shareholders of Anglo America that he was not convinced that the area wouldn't surpass the Witwatersrand in value and importance.

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To understand the business of procurement in the colonies it is necessary to understand the British Crown Agents. The Crown Agents, which was established in 1863 and still exists today, was an independent organisation (self-funded and answerable to no-one, not to the Crown nor to the British parliament) whose job it was to procure supplies and contracts on behalf of colonial administrations for the development of the colonies. For example if a colonial government or administration needed a railway line or a harbour to be built, the Crown Agents would procure the contractors and the materials necessary for the operation. Naturally this type of business put them in a position to benefit Great Britain commercially, but it also meant that they could perform a vital intelligence function.

The Crown Agents managed the Colonies and mineral interests of the British South Africa Company [BSAC]. The Glazer Brothers had close links with the British establishment, such as Baron Ellie de Rothschild and the French with Leopold David de Rothschild. (See Central Mining Bid)

It is possible that his Estate was wrested from Glazer and his beneficiaries, by those who were concerned about his powerbase in Africa. Bernard Glazer had access to a top-level system locally and internationally. The risks of doing business in Africa would necessitate

the creative use of shell corporations as is still applicable today.

The Blue File contains much evidence of the trans-national flow of capital and the pattern is evident as was necessary with the development of southern Africa. This evidence includes: classified foreign affairs documents which give an insight into the workings of a global network of influence that has the power to steer world events towards a predetermined plan; reports on the flow of trans national capital from Europe and America during apartheid, with particular reference to bank loans; copies of documents lodged at Companies House in London which reveal the use of front companies to acquire an international bank that became Volkskas International and how control of this bank was wrested from Bernard Glazer by Afrikaner interests only a year before his passing – only a year before the South African rand began a dramatic slide that has lasted almost two decades but which has suddenly corrected itself – in the very year that the Glazer estate closes.

Samuel Lieb Glazer

Bernard Glazer operated in partnership with his brother, Samuel Lieb Glazer, who was found, slumped over his desk in 1959, having suffered what the coroner said was a heart attack. This, a mere two years after their much published controlling bids for Central Mining Investment Corporation/Rand Mines and London Rhodesia Mining Corporation [Lonrho] of which their substantial interests therein have yet to be determined. It may be argued that these interests were acquired in the 1950's, however, a closer look at the share registers of these companies clearly show that large share blocks were held by Nominee entities, registered in tax safe havens such as Panama, Bermuda, the Jersey Islands, to name but a few. The Administrators are being economic with the truth by hiding behind technical limitations imposed by financial institutions in various jurisdictions. Therefore our investigation is restricted as to the true identity of the Nominee companies utilised and the non-disclosure by the South African Reserve Bank on a substantial file held by them on Bernard Glazer. By his own admission, Feinstein was Bernard Glazer's financial advisor.

Research has revealed that the Glazer Brothers acquired, with the purchase of the Bechuanaland Exploration Company Limited, principal investments in over 40 Transvaal finance and Gold Mining Companies, Rhodesian Companies and Commercial and Industrial holdings. These were in the form of cumulative preference and ordinary stock, preference shares, convertible notes and

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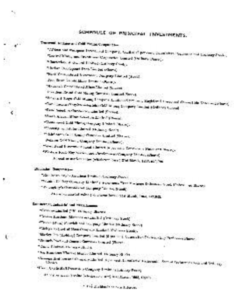

shares, mortgage debenture stock and so forth. After the acquisition these assets disappeared from the financials and this would tie in with the opening of a Swiss bank account in 1956. Prior to the introduction of the electronic system, these shares were elaborately engraved certificates. An example is the 6% Cumulative Preference Stock of African and European Investment Company, of which these shares can be tracked in the financials up until 1990, when the Company is de-registered from Companies in London. The solution remains access to his fiscal records maintained by his primary bankers.

The Glazer brothers' first post-war transaction on record is their acquisition of Marston House, a building in Johannesburg in January 1946 and the subsequent registration of a company, Embassy Investments (Pty) Ltd. This was the first investment in a real estate portfolio that by the mid-1950s would include dozens of companies and even more buildings, most of which were in the Johannesburg CBD and which included most if not all of the prime spots around the intersections of Eloff/Plein/Jeppe/ Joubert Streets. But it was the acquisition of vast landholdings – with mineral rights – in Bechuanaland (now Botswana) and Northern and Southern Rhodesia (now Zambia and Zimbabwe respectively) in the mid-1950s that would announce the Glazer brothers' arrival as major players on the African scene.

The link between urban real estate and mineral rights is important: In the same way that cash-rich pension funds and insurance companies invest in real estate, so too did the cash-rich holders of mineral rights, the Glazer brothers. So while they were well known around Johannesburg as property magnates, nobody guessed at the real source of their income, nor the extent of it, a fact which would serve the administrators of Bernard's estate only too well.

1.2 Mineral rights: the Glazer modus operandi

The ownership of mineral rights is quite separate from the physical act of mining. Following the discovery of diamonds in Kimberley and gold on the Witwatersrand in the late nineteenth century, the race was on to see what other riches Africa had in store and prospectors headed northwards. However it was not a free-for-all, but rather controlled in a most gentlemanly manner. Most of the expeditions were sponsored by corporate backers in London and Paris, and were conducted by teams that included more businessmen and lawyers than prospectors. For the first priority was not to determine the value of the gold or base metal deposits, but rather to secure the rights to do so over vast areas from the tribal chiefs. The biography of Cecil John Rhodes, *The Founder* by Robert I. Rotberg (Jonathan Ball, 2ed., 2002), illustrates this process clearly when it tells about the team that Rhodes sent to negotiate with King Lobengula of the Ndebele, who ruled over the independent Matabeleland.

The team included Charles Rudd, a wealthy businessman who was a principal in Gold Fields and held shares in De Beers, as well as Rochfort Maguire, an Oxford graduate and one of the up-and-coming star lawyers of the day. When they arrived, 'Gbulawayo was … crowded with a motley collection of would-be syndicate creators, hunters, traders, prospectors and other hopefuls'. The king kept Rhodes's party on a string for more than a month – they were camped outside his kraal – while he considered his options, but eventually he awarded the concession to Rhodes's team and it became known as the Rudd Concession. In return for paying Lobengula £100 a month and supplying him with guns and ammunition and an armed steamboat to patrol the Zambezi, the king

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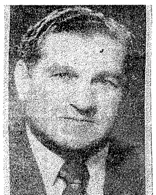
'assigned Rudd and company "the complete and exclusive charge over all the metals and minerals situated and contained in my kingdoms, principalities and dominions…"'.

The concession gave the company *carte blanche* to do whatever was necessary to extract the metals and minerals and to protect their rights to the profits; it gave the company the right 'to exclude all others seeking land or prospecting privileges from his kingdom'. It is known that the Glazer Brothers gained control over what was known as the Tati Concession, which would have been acquired in very much the same way and with similar terms and conditions.

The actual work of prospecting, and the wholly separate operation of physically extracting the metals or minerals from the ground and transporting and marketing them, was done by companies created and financed specifically for that purpose. Such mining companies were sometimes created by the same people who owned the mineral rights, but more often than not it was a completely different company that moved in on the land with the consent of the rights holder. The rights holder, in effect, became the mining company's landlord. This structure and practice remains in place today.

The physical component of mining requires large investments in equipment, negotiations with labour, and a risk exposure to the vicissitudes of the market. The landowner, on the other hand, just sits back and waits. If gold – or nickel or copper – comes out of the ground, he gets a few pennies for every ounce, by simple virtue of the fact that he owns the mineral rights. What's more, until such mining takes place, the landowner can sell the surface rights to a farmer, who will farm subject to allowing prospecting to take place on that farm. If a decision is taken to mine the area, the farmer – in exchange for certain compensation – has to allow the mining company access and he has to allow the mining company to put up whatever structures are necessary. The mineral rights in most African countries were nationalised following the independence of those countries. It is not known what compensation was paid to the holders of those rights, either by the Governments in question or by the British government. The possibility exists that deals were made whereby African presidents formed partnerships with the original owners of the mineral rights; the history of corruption and skewed wealth in Africa strongly suggests such an arrangement and it is the hope of the Blue File investigators that the Glazer case will expose a few of these arrangements.

The infrastructure required to support a mining operation is vast; it includes roads, railway lines, electrical and telecommunications supplies, offices, housing for the workers, shops and so on. In many cases this infrastructure extends to whole towns being built. It's a great business for landlords to be in, a fact well noted by Bernard and Sam Glazer, who, as mentioned, acquired a number of Cecil John Rhodes's companies, with landholdings that stretched from Botswana through Zimbabwe (the former Rhodesia) to Zambia (the former Northern Rhodesia). For example, a report in *The Bulawayo Chronicle* of 7 May 1955 on the acquisition by Glazer Brothers (Pty) Ltd of 90% of Bechuanaland Exploration Company (a former Rhodes company) put the latter company's holdings at 'more than 500 000 acres of land in Southern Rhodesia, Northern Rhodesia and Bechuanaland, together with many prominent buildings and businesses in Bulawayo, Salisbury, Fort Victoria, Broken Hill, and the Aberfoyle Estates near Gwelo.' The report continued thus: 'With these properties, together with their tobacco ranches, and their



Mr. Samuel Lieb Glazer, J.P., who on behalf of the Glazer Brothers of Johannesburg recently completed in London the negotiations for the 90 per cent control of the Bechuanaland Exploration Co., Ltd. The "B.E. Company," as it is known in Central Africa, owns more than 500,000 acres of land in Southern Rhodesia, Northern Rhodesia and Bechuanaland, together with many prominent buildings and businesses in Bulawayo, Salisbury, Fort Victoria, Broken Hill and the Aberfoyle Estates near Gwelo. With these properties, together with their tobacco plantations and ranches, and their investments in more than 40 leading South African and overseas companies, the "B.E.'s" assets are estimated at more than £1,000,000.

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investments in more than 40 leading South African and overseas companies, the "B.E.'s" assets are estimated at more than £1,000,000.' A schedule of principal investments included shares in companies such as African and European Investments Company, Central Mining and Investments Corporation Limited, Charterland and General, Durban Roodepoort Deep Limited, Free State Geduld Mines Limited, President Steyn Gold Mining Company, Rand Selection Corporation, South African Mines Selection Limited, West Rand Investment Trust, Western Reefs Exploration and Development Co, Rhodesian Anglo American and Pretoria Portland Cement to name but a few. African and European Investment Co Ltd played a major role in developing the Orange Free State goldfields during the 1950's. The 6 % cumulative preference shares held by BE can be traced to 1990 when African and European Investment Co is de-registered from the records in Companies House, London, due to the fact that the company ceased to have an office in the United Kingdom.

As can be seen, they held a substantial portfolio even then. And more importantly, they held the mineral rights to all that land.

A study of the financial records of the BE Company reveal that within a few months of having gained control of the company, the Glazers moved the registered office to Zimbabwe and, true to form in other companies acquired by them, they raised mortgages on all the properties within the company to a total value of nearly £500 000. With this gearing they launched new developments, acquired more companies and financed the establishment of many others. The value of his estate at the time of his passing was given as being in the region of R30 million. Having acquired companies worth some £5 million in the 1950s, this would not represent good growth over 30 years. The Blue File wished to uncover whether this was the true state of affairs or whether certain assets were hidden from his beneficiaries – his wife and children – who would have known little or nothing about the true nature and extent of his business at the time of his passing.

1.3 Making an 'invisible' asset disappear

Bernard Glazer did much to open up Botswana, Zimbabwe and Zambia and to provide the kind of infrastructure mentioned earlier. His involvement in the development of Francistown in Botswana is perhaps the best example. Extensive details of his activities are available in the Blue File and will be discussed below. However, it's important at this stage to understand the implications of the 'invisible' asset of mineral rights and how they provide the spine for the claims made by the Blue File.

The Rudd Concession mentioned above was the crucial deal that enabled Rhodes to gain a Charter from the British parliament. The Charter was Britain's colonial arrangement whereby a company that showed itself to be worthy was given the right to govern a territory on its behalf. It could collect taxes, run an army, and generally turn the landscape into a private commercial enterprise. In this way the British government could tax the profits of the colonies without having to incur the expenses of maintaining them. But more importantly, this arrangement gave the English commercial control – to the exclusion of all others – over the world's richest mineral and metal deposits. This changed in the latter half of the twentieth century, when public pressure forced the political face of the colonised countries to change. However, it remains to be seen whether confidential agreements ensured that the mineral rights, which in most cases were nationalised, remained under the covert control of British companies.

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The information in the Blue File invites the conclusion that Bernard Glazer was a force for stability and long-term growth in Africa through the gradual opening up of mining areas and the reinvestment of profits locally. However it would appear that his interests ran contrary to those of certain people around him.

In the third quarter of 1984, the South African rand, until then a strong and stable currency, lost nearly 13% of its value against the British pound and 19% of its value against the US dollar. This was by far the largest fall in the rand's value since 1972. (Prior to 1972 exchange rates were fixed against the dollar.) In the 50 quarter-year periods from the first-quarter 1972 up to and including the second-quarter 1984, the rand had only lost value (quarter-on-quarter) against the British pound 24 times. This reflects a stable currency with the number of times it increased in value being almost the same as the number of times it decreased in value (26 vs 24). It should be noted too that this was during the years of economic sanctions against the apartheid regime, although as will be shown, many European and American banks still made millions of dollars worth of loans to the South African government during this time.

From third-quarter 1984 up to and including fourth-quarter 2002, the rand increased in value against the British pound (quarter-on-quarter) only 16 times. In other words its trend was dramatically downwards, decreasing (quarter-on-quarter) 58 times, or in 78% of the periods in question. Graphs in the Blue File illustrate this dramatic shift in the rand's value.

It should be remembered that Bernard Glazer died on 17 July 1984 and it is the contention of the Blue File that for the following decade and more, his assets were systematically restructured and moved offshore. In particular, it is alleged that if any sums were paid to him or, following his passing, to his Estate in the form of mining royalties, then they were similarly redirected and, possibly, used to finance or collateralise new structures, including, possibly, an international investment bank and other international mining and property companies.

At the same time, it is alleged that structures created by him were used by other groups to move vast sums of their own money offshore in advance of a change of government that they knew would happen in accordance with a predetermined plan. The Blue File has evidence of these structures as well as evidence to support this notion of a predetermined plan. The foreign exchange figures indicate that this process started immediately following Bernard Glazer's death and some actions of his employees which are revealed in the Blue File are indicative of this urgency.

The real estate parcel

3.1 Overview

The Glazer property portfolio must be seen in the context of the ownership of mineral rights. It is the contention of the Blue File investigators that the buildings were linked to companies with mining interests. In other words, the Receiver of Revenue would see a building and tax the income on that; meanwhile, the true asset was virtually invisible: certificates of mining rights for mines all over the continent, stashed somewhere deep inside the building, or in another building, it didn't matter. These certificates would have entitled their holders – coincidentally also the owners of the buildings – to royalty payments in a bank account –

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probably confidential, probably foreign, most likely Swiss. Bernard Glazer had numerous overseas bank accounts, including an account at Credit Suisse, which he opened in 1955.

Proving this would be interesting historically, but not critical to establishing the rights of Bernard Glazer's heirs. If the buildings were not fronts, if the payments were not being treated off-ledger, then the property businesses were certainly sponges for all that cash that kept pouring in from the mining royalties. What better way to absorb it than to raise mortgage bonds and build; raise new, bigger, mortgage bonds and rebuild. As more mines came on stream and more cash flowed in, you just kept building and making a loss on the rentals – and paying no tax.

A man called Jan Hurter was Bernard Glazer's best friend and a director of many of the Glazer brothers' property companies. Hurter joined the Afrikaner-controlled Volkskas Bank in 1942 and rose through the ranks until he became MD in 1968 and later chairman, not only of Volkskas, but also of Saambou and numerous other companies; he was a director of the South African Reserve Bank and a member of the Broederbond (see *The Super Afrikaners*, at A109).

When Benny Glazer's wife and infant son Sam were kidnapped in 1966, Glazer had John Vorster at his home to console him. The ransom demanded was R140 000, which was four times as much as the $50 000 paid in the famous Lindbergh kidnapping, until that time the highest in the world. The head of the security police, Brigadier Hendrick van den Bergh headed the investigation. A task force of 500 hand picked policemen from Pretoria were instructed to pose as telephone personnel, and ordered to visit the 6 000 houses in the Bramley area. The house, which had been used in the kidnapping, was discovered in the first day. Four men were arrested and the case solved within 2 weeks. During the ensuing court case the Levy brothers were represented by Mr. H.J. Hanson, Q.C and Dr. A.I. Katz, and Mr Leonard Levy was represented by Mr. F. Zwarenstein, S.C and Mr. Mervin E. King. Mr. R.E. D'Arcy, S.A. Deputy Attorney-General of the Transvaal and Mr. J.H. Liebenberg, senior assistant to the Attorney-General led the prosecution case. During the trial Mr. Glazer states:

"..and I have moreover been requested by the Police Authorities not to disclose the said circumstances to any person except at the said trial. For these reasons I have not enlarged or elaborated thereon in this application as I do not consider that it is in my interests, the interests of my wife and family, the interests of the State or in the public interest to do so." In view of these events one must bear in mind that Ian Smith declared UDI in 1964 in Southern Rhodesia and Northern Rhodesia followed. Botswana gained independence in 1966, with Glazer's already substantial land and mineral holdings in these regions. Also the ensuing dispute that arose with Mr. Benny Struck and the formation of the Tati Territory Exploration Company Limited. The dispute arose

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as a result of non-performance/disclosure by Struck of the mineral potential and an agreement with Anglo American of South African [via a subsidiary Sedge Limited] followed for this area.

Avril Malan, the academic and politician, and father of the apartheid general Magnus Malan, was on the board of one of the Glazer brothers' companies namely African City Properties Trust (1952) Limited, whose ultimate holding company was A.C.P Investments.

The Glazers demonstrated enormous wealth already in the fifties and sixties. In 1951, for example, when most people could barely afford a car, and a six-storey building cost less than £100 000, they put £1,1 million into ACP Investments towards the purchase of The African City Properties Trust Ltd from its UK shareholders. A few years later they would pay almost the same again for a 90% share in the Bechuanaland Exploration Company, which held mining concessions covering a vast area of Botswana, Northern and Southern Rhodesia and Central Africa. During the same period they would also acquire Tati Ltd, which held a similar portfolio of mining assets.

When they sold the African City Properties Trust, along with a few other property holding companies in 1965, they raked in more than R16 million, which was to be paid to them in quarterly payments ranging between R500 000 and R750 000. This was the year that the unit trust industry was launched in South Africa: Legend has it that Louis Shill split from the insurance company Liberty Life to form the unit trust company Sage with a capital of R650 000.

Provable actions by Bernard Glazer in the purchase of Ashbourne Investments Ltd in the UK (which had a banking subsidiary called ES Schwab, which became Volkskas International) show that he was not averse to remaining in the background and appointing other people to do the desk work and deal with the press.

A few years before the formation of Sage, in 1958, Donald Gordon had launched Liberty Life with a capital of £42 000. Mendel Kaplan, in his book *Jewish Roots in the South African Economy* (C. Struik Publishers, 1986, p.10), tells how Gordon, having realised the potential in the short-term insurance industry, 'made calls on leading men in Johannesburg' hoping to raise capital. He was turned down by most of them, including Rudy Frankel, who went on to become life president of Tiger Oats Ltd. Eventually Gordon did find people to back him, and it has to be asked: Was Glazer – along with his brother Sam, who died in 1959 – an investor of Liberty Life? The insurance industry would have been a perfect vehicle through which to hold their property portfolio and absorb all that mining royalty cash. Gordon approaching Glazer is not at all a fanciful possibility when you consider this: Gordon was a chartered accountant; he served his articles and became a partner at Isaacs, Kessel, Feinstein (later Kessel Feinstein, now Grant Thornton South Africa). This firm had been auditing Glazer companies for years - certainly as early as 1942, when they showed up on the Glazer-owned company Parkleigh Court (Pty) Ltd as Isaacs & Kessel. Julius Feinstein would stay with Bernard Glazer throughout, eventually becoming an Administrator of his Estate after he passed away in 1984. There can be no doubt that Glazer was one of the people approached by Gordon, and if he got involved, he may well have chosen to stay in the background. Certainly Gordon's reticence regarding the identity of his original backer cannot go unnoticed.

The exact relationship between Sage and Glazer's assets is hard to determine, but their paths and trails seem to have crossed on a number of occasions. For example, a parcel of property assets once controlled by Bernard Glazer and his brother Sam came under the control of the Sage Group when it formed the CBD Property Fund in 1981. Sage manages a portfolio of specialised unit trust funds on behalf of its investors, who come to it seeking life assurance, retirement products and unit trust

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investments. Its 'embedded value' – the unit of measure used by such companies – was given as R1,68bn in December 2001 – just before it ran into 'trouble' with its USA expansion plans (*Financial Mail*, 30 August 2002), but the pattern is remarkably similar to other 'failures' that turned out to be orchestrated efforts to get funds out of the country. The ball of property assets mentioned above has been passed from hand to hand many times – a process that began even while Bernard was alive; and each time it served as the seed for a larger operation. The question, of course, is why should we care? Firstly, the unusual degree of power yielded by South African interests in the UK property market – for example Liberty Life and the Credo Group – who together hold billions of pounds worth of property there, can be explained. This goes hand in hand with the second reason: The telling of the Glazer story reveals a long-term plan to strip South Africa of its assets in advance of the ANC coming to power, a plan that was formulated as far back as 1973 by a group of bankers and industrialists who later styled themselves as the Enlightened Action Group (*The Star*, 5 February 1997), and which appears to have swung into action in 1984.

Shadowy group 'seeks to seize power by 2004'

BY CHRIS STEYN
Investigative Unit

A top-secret destabilisation campaign is allegedly being waged by an elite group of 38 former and present political leaders, bankers, businessmen and some prominent rightwingers to gain economic power and take political control by the year 2004.

The campaign involves the use of organised syndicates smuggling drugs, guns, gold and diamonds as well as the movement of hundreds of millions of rands of apartheid slush funds out of the country on a "rolling programme".

Sources in the group have divulged that it is privately known as the Verligte Aksie Groep (VAG).

Founded in the early 90s, it tasked certain apartheid intelligence structures to develop and execute a suitable strategy to deal with the expected loss of the democratic election.

Sources have named key figures in the group. The informers

Planned economic coup said to be funded by crime

do not wish to be named because they say their lives and considerable financial security would be in danger.

The sources make three extraordinary claims: crime syndicates are a big source of income to VAG members; and the group is being driven by a political agenda and has built up a fortune offshore.

At least 250 files on operators who were involved in criminal operations – and in certain cases still are – are being kept in the offices of one of the group's estimated 27 local front companies. The name of the Pretoria-based company where the files are kept is known to the Investigative Unit.

The unit also has lists of names of people who have been involved in the crime syndicates in, among other countries, Britain, Switzerland, the United States and Germany.

Those who see a political agenda behind the campaign say the VAG wants to take power in 2004, wants a return to a white government and wants economic control.

Besides these conspiracy allegations, the masterminds are said to be laundering money in the "Rolling Programme" out of and into South Africa through a complex web of banks, trusts and front companies.

The names of these front companies in America and Europe have been given to the Investigative Unit.

It is alleged that major banks are being used in Japan, Germany, the United Kingdom, the United States, Switzerland and Lichtenstein.

The trust funds are said to be held in the Canary Islands and Honduras.

Investigations into the VAG are continuing and questions on its activities are expected when Parliament opens on Friday.

It was a plan to ensure that the mineral rights remained in private hands and that the ANC government would not enjoy the riches that the National Party government had. Thirdly, an accounting pattern is revealed whereby assets have been deliberately undervalued in the midst of social chaos (the Johannesburg CBD, land in Zimbabwe). Nobody would bother to question or inspect the loss-making accounts and low values of the property assets in those areas, while the real business – the mining royalties – got milked for all it was worth. The high degree of property consolidation in the Johannesburg CBD gives an indication that something is afoot. Could it be that the 'problems' are about to suddenly and miraculously correct themselves and the value of the assets revived?

The final reason for telling this story is that the existence of mineral rights was never declared to Bernard's daughter Michele by the three Administrators of his Estate – Julius Feinstein, Werksmans attorney Cyril Jaffe and Michele's younger brother Sam. A legal action is pending as a result of which she hopes to restore her rights and her father's legacy.

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3.2 The core assets

The African City Properties Trust Ltd formed the core of the Glazer brothers' Johannesburg real estate portfolio. It was incorporated in England on 31 October 1894 and officially it owned a portfolio of land and buildings, mostly in the Johannesburg CBD. ACP Investments Ltd was incorporated by Bernard Glazer and his brother Sam in South Africa in 1948 – the year that the National Party came to power in South Africa and that the state of Israel was formed. ACP Investments was created specifically to acquire the shares of The ACP Trust Ltd from its British shareholders. This was effected, it appears, through a hostile management buyout led by Sam and Bernard Glazer and underwritten by Volkskas. Once complete, the entire business of ACP Trust was transferred to a South African-incorporated company called The African City Properties Trust (1952) Ltd. This company, with its entire asset portfolio, was sold in 1965 to Urban Investment Properties (Pty) Ltd, the sole shareholder of which was the Joint Municipal Pension Fund (Transvaal), situated in Benoni. The entire parcel was later acquired by Retco Ltd some time in the seventies; Retco's major shareholder appears to have been Federated Employers Insurance Ltd, which later became Fedsure, before it was taken over by Investec in 1987. However, the parcel of land didn't move all the way with the Federated bundle. It was hived off in 1981 – after having been held through Retco by South African Breweries for a while – to the CBD Property Fund, which was controlled by Sage Holdings Ltd through Sage-Ned-Equity Properties (Pty) Ltd (see flowcharts).


Enquiry by Property

as at 14:30 on 14/01/2004

ANNAN HOUSE 1/14

egistrar	Johannesburg
operty Type	Erf
wnship Name	Marshalls Town
f Number	140
rtion Number	0

formation

ovince	Gauteng
gistration Division	IR
cal Authority	City Of Johannesburg
evious Description	-
agram Deed Number	T2721/930
tent	347.0000sqm

wners

of 1	
rson Type	Company
me	Apexhi Pty Ltd
Number	199900023806
tle Deed	T12832/2001
gistration Date	20010305
rchase Price	R 7,300,000.00 *
are	
rchase Date	20001124
crofilm Reference	2002 0207 2163
ltiple Properties	Yes
ltiple Owners	No

ndorsements

of 8	
dorsement	B7543/2001 (Bond)
ount	R 39,000,000.00
crofilm Reference	2001 0657 4053
of 8	
dorsement	B9497/2002 (Bond) Standard Bank Of South Africa Ltd
ount	R 348,000.00
crofilm Reference	2002 0207 2231
of 8	
dorsement	K119/1989S (Contract Servitudes/Minerals/Leases/PC)
ount	Unknown
crofilm Reference	Not Microfilmed
of 8	
dorsement	K284/1993RM (Contract Servitudes/Minerals/Leases/PC)
ount	Unknown
crofilm Reference	1993 0379 1269
of 8	
dorsement	K285/1993RM (Contract Servitudes/Minerals/Leases/PC)
ount	Unknown
crofilm Reference	1996 0598 2838
of 8	
dorsement	K4327/1996RM (Contract Servitudes/Minerals/Leases/PC)
ount	Unknown
crofilm Reference	1999 0301 0664
of 8	
dorsement	K567/1999RM (Contract Servitudes/Minerals/Leases/PC) Gencor Ltd
ount	Unknown
crofilm Reference	1999 0301 0730
of 8	
dorsement	K643/1987S (Contract Servitudes/Minerals/Leases/PC)
ount	Unknown
crofilm Reference	Not Microfilmed

An inspection of the title deeds for these properties show that a number of them share exactly the same four rights to minerals (RM) endorsements. This is unusual, as mineral rights endorsements are usually unique to the property in question. Further investigation reveals that 571 properties in the Johannesburg CBD have these same rights to minerals endorsements on their title deeds.

The history appears to be as follows: A certificate (K283/1993RM) was taken out by the Marshalls Township Syndicate Ltd in January 1993. It simultaneously transferred these rights to the newly formed General Mining, Metals & Minerals Ltd (Genmin) for a meagre R100 in terms of an agreement dated 25 October 1989. Genmin was intended to be the mining arm of mining finance house Gencor. It was launched with a big splash at Ellis Park rugby stadium, but the plans for the company never materialised. In 1993 Genmin changed its name to Gencor SA Ltd, which ceded all its mineral rights to Gencor Ltd, the aforementioned mining finance house. No price was set for this transaction. Gencor had been formed in 1980 through the merger of General Mining & Finance Corporation (incorporated in 1895) and General Mining Union Corporation. In 1999 Gencor Ltd

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ceded all its mineral rights to Gold Fields Ltd – in which it held shares – in terms of an agreement of sale reached in 1997. The price this time was R73 401 000! In March 2000 Gencor distributed its entire holdings in Gold Fields to shareholders by way of a dividend in specie.

The plan to take over The African City Properties Trust Ltd of the UK was put into action in 1948 and members to its board of directors lends itself to the notion that this was not just a handful of buildings and empty stands. The fact that The ACP Trust's English chairman prior to the takeover, William G Fossick, was also a director of the mining company Bechuanaland Exploration and Tati Ltd in 1956 is a further clue to the link between The ACP Trust and mining. Another lies in the fact that its Johannesburg office was in a building which it owned, called Annan House. Englishman Robert Annan became chairman of Consolidated Gold Fields in 1944, by which time he'd been a member of the South African Institute of Mining and Metallurgy for almost a decade. Born in 1885, he was listed in the 1960 *Who's Who* as a 'director of mining companies'. Then there is the secretary of the ACP Trust until 1952, Charles Forbes, whose son Sir Archibald Forbes became chairman of Central Mining and Investment Corporation and a director of Rand Mines, in 1959. The fact that the company created to be the South African holding entity, ACP Investments Ltd is one more clue to the strategic importance of this company.

The original UK version of The ACP Trust had its own political heavyweights on its board: The chairman in 1934 – when the first records are available – was Major Sir George Manners, DL, JP, grandson of the 5th Duke of Rutland, who held the seat at Haddon Hall, which had been the seat of the family for more than five centuries and had been linked to mining in England for much of that time. Another director was Sir Arthur Fell, Knight-Bachelor, a conservative MP and a significant shareholder in The Siberian Syndicate Ltd, which had mining interests in Russia and Luipaardsvlei Estate & Gold Mining Company Limited. In 1970 Gold Fields Mining & Industrial Limited held 18.83% in Luipaardsvlei as well as 11.97% in Crest International Securities [formerly The Siberian Syndicate] acquired by Bernard Glazer. The incorporation of S.Glazer & Co (Pty) Ltd on 16 September 1936 provides evidence of their early mineral interests. The nominal amount of shares issued is 2 000 £1 shares in 1936, were issued as follows: Bernard Glazer 1 999 and Sam Glazer 1 share and address given as Luipaardsvlei Estate, Krugersdorp. Auditors Isaacs & Kessel and address Netherlands Building, Fox Street, Johannesburg.

The company's head office was in London and a local committee ran the South African office, which in 1937 moved into one of the company's newly rebuilt properties: Annan House in Commissioner St, Johannesburg. Annan House consisted of seven shops and 173 offices and cost £70 220 to build. The total asset portfolio of the company – at cost – in 1934 was some £900 000, although the financial statements stated that the market value was much higher. The authorised and issued share capital had a nominal value of £375 000. The rateable value of land and buildings exceeded £74 million. This rose to £112 million in 1938, in which year the value of plans passed was £11 million.

Demolishing and rebuilding was *de rigeur* in the thirties as Johannesburg expanded and property values increased: New technology and a growing population meant that two- and three-storey buildings on high-value sites in the Johannesburg CBD

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were regularly razed and replaced by new buildings of 10 to 15 floors. The turnover of The ACP Trust from rents, dividends, interest and commission in 1938 was £149 305.

The action surrounding The ACP Trust began in 1948 and an interesting character joined the board of ACP: Lt-Col Richard Lowther Broad, MC, about whom a book has been written, called *A Talent To Survive: The Wartime Exploits of Lt-Col Richard Lowther Broad* by Rex Woods. Sadly the book is now out of print, but a copy could probably provide an interesting insight into wartime activities. The suspicion regarding Lt-Col Broad arises because he only remained on the board until March 1950, and by the time he resigned a new local committee had been appointed in Johannesburg, one that included Bernard and Sam Glazer as well as JJ Bosman and W Buhrmann. Bosman was the Broederbond Treasurer and the first manager of Volkskas when it was created in 1933. According to Hermann Giliomee (The Afrikaners: Biography of a People, Tafelberg 2003) Bosman 'and his nationalist zeal' had been critical to the bank's early survival. Buhrmann was also a manager at Volkskas in Pretoria. All four would become directors within a year, along with Jan Hurter.

Each year the directors' report expressed appreciation for the work of the local committee. The directors' report for the financial year ended 31 December 1949 stated, 'Your Directors record their appreciation of the services during this difficult year of the Manager and Staff in South Africa…' The same report mentions an offer by 'Messrs. Glazer Brothers and Volkskas Limited', through ACP Investments Ltd, 'to purchase the Preference and Ordinary shares' of the company, conditional on a 90% acceptance of the offer. The chairman's report for the same year 'strongly [advised] shareholders to accept this offer … without loss of time; being fully convinced that, in the events which have happened, to adopt any other course would be very unwise'.

However, the directors did not go quietly. Their parting shot was a special resolution passed on 5 July 1949 that gave the board the power to grant 'pensions or other allowances' to any person who had worked at the company or to that person's widow or dependants if he was already dead. On the face of it, this was a legitimate attempt to secure the pensions of the staff and would have been passed by the shareholders as such. A sentence at the end of the resolution mentions the term 'Salaried Director' and defines this as a director receiving salary or remuneration in addition to his fees as a director 'whether under a Service Agreement or otherwise'. A further special resolution passed on 13 April 1950 deleted paragraphs in the Articles of Association relating to bearer shares, although bearer shares were authorised by the Articles of Association of ACP Investments Ltd, the South African company that would become the new holding company.

On 27 July 1951, Sam and Bernard Glazer were appointed to the board of directors, along with Bosman, Buhrmann and Hurter. Sam's address was given as 113 Manners Mansions, Jeppe Street in Johannesburg; Bernard's, as 2 Lauriston Court. Both were buildings owned by the company they had just bought.

The acquisition was effected through the issue of debenture stock in ACP Investments Ltd, the new, South African-based holding company (Flowchart A). The original UK shareholders received debentures to the tune of £1,3 million; Volkskas, to the tune of £0,6 million. The last payment in terms of these debentures was due in December 1970. In addition to the debentures, a further £1,1 million of ordinary shares were issued. Glazer Bros and Volkskas took up the majority of these shares; some 200 members of the public held the rest. Some of the money raised through this issue went to the original UK shareholders; the rest, towards acquiring other subsidiaries for ACP Investments Ltd. These new subsidiaries were companies that they already owned, so effectively they bought from themselves; it was a consolidation exercise. One of the companies transferred into the ACP

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Investments stable was Stedelike Grondbeleggings Korporasie, which owned a building called the Bank Building, situated at 1 De Villiers St, Johannesburg, an address which will become relevant later on.

The debentures were secured against the shares and ultimately against the properties themselves and the new company was not allowed to raise mortgages against the buildings it had acquired. However, it was boom time in Johannesburg and some of the buildings occupied valuable CBD properties and, just like Annan House earlier, they needed to be rebuilt. In order to gain the right to raise the mortgages to accomplish this, the South Africans offered a higher rate of interest on the debentures, by one half of a percent, and pledged to pay them off earlier – by 1962. Such was their level of confidence in the asset they'd acquired.

The African City Properties Trust (1952) Ltd was registered in South Africa as a subsidiary of ACP Investments and the business of the original UK version of the company was transferred to it; the UK company was then liquidated. Two important names arise at this stage: The secretary of the new company was Pieter van Wyk de Vries. The other noteworthy name was that of Nathan Werksman, whose law firm would become the giant Werksmans and whose senior partner Cyril Jaffe would become an administrator of Glazer's estate. Nathan Werksman's list of directorships at this time already ran to more than five pages.

The significance of the ACP transaction is not only that the Glazer Bros were able to raise – or put up themselves – a good portion of the £1,1 million cash, but that they had the contacts to facilitate the deal. In order to get onto the company's local committee, to get the sanction they needed to take over the company, they must have had access to a higher system.

A few years later, in 1955, the Glazer brothers would emerge as the majority shareholders in Bechuanaland Exploration Company Ltd and Tati Company Ltd, both founded by Cecil John Rhodes and subsidiaries of the British South Africa Company, the company through which England had effectively owned and managed the southern African colonies all the way from South Africa to Northern Rhodesia (now Zambia). The Glazer's would also acquire Read's Drift, which produced 60% of the world's lime, during that same period.

Another interesting fact about The African City Properties Trust Ltd was that it was the chief local agent for the Union Assurance Society Ltd.

In 1954 the issued share capital of The African City Properties Trust (1952) Ltd was increased by £500 000 by means of an issue of 6% non-redeemable cumulative preference shares. In that year the South African auditors Kane, Fine, Berman & Co resigned as joint auditors and left Peat, Marwick, Mitchell & Co as sole auditors. In 1982, when the asset passed to Sage under the umbrella of the CBD Property Fund, the same firm would become joint auditors once again, this time with Kessel Feinstein; they would replace Coopers & Lybrand, who served a term as auditors while it was at the feet of South African Breweries. (The South African Breweries years were 1973 to 1981, which bumps into the period of the Carling Black Label royalties scheme, which was a structure set up for the company to get its cash out the country.)

3.3 The cast and the accounting pattern

Bernard Glazer died on 17 July 1984. A renounceable rights issue of nine million shares in Ned-Equity Insurance Company Ltd [a subsidiary of Sage, now called Sage Life] was announced in a circular to shareholders on 9 November 1984 [see Flowchart G]. Sage and NN-Sage renounced their entitlement to the new shares in favour of the ordinary shareholders, which meant that the public shareholders could take up all nine million. After this had taken place, Sage would then take up those shares in exchange for shares in Sage. The outcome would be that Sage would hold 75% of Ned-Equity Insurance Company Ltd [up from

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an effective 38,2%]; the public would hold shares in Sage instead of Ned-Equity. In terms of the circular, any unallocated shares could be allocated at the discretion of the directors. But on 17 October 1984, each director signed a Power of Attorney in favour of Werksmans and Weavind & Weavind Inc of Pretoria, granting the law firms the power to 'sign the circular and letter of allocation and any alteration thereto' with regard to the rights issue. Cyril Jaffe, a partner at Werksmans, was by this stage the executor of Glazer's estate. It would be fascinating to see how Werksmans handled this share transaction. One may well ask why one has any reason to be suspicious of a great, old, established – and giant – law firm whose great, old, established – and giant correspondent firm in the US is Sherman & Sterling.

Former judge Mervyn King [see 1966 kidnapping] was one of the trustees of Natal textile magnate Phillip Frame's estate. Frame expressly required that his legacy be managed for the sake of his workers' job security; this was to be achieved by conservative expansion through profit retention. Unfortunately the estate was stripped down and shipped off to his daughters in London, who clearly didn't want to deal with all those workers; 24 000 jobs were lost [*Noseweek* 45, April 2003]. There were four trustees of Philip Frame's estate, including King; one of the others was Werksmans partner and Sage board member, Carl Stein.

Now consider this: Around the time that Sage was launching its American arm, the Health & Racquet Club owners Leisurenet went to the wall, ostensibly driven by the onerous burden of its too-hasty international expansion drive. However there is much to suggest it was part of a well-orchestrated plan to justify the movement of funds overseas and then to simply shut up shop. The empowerment group Sekunjalo Investments is currently suing the Leisurenet auditors Deloitte & Touche for what they allege is the accounting firm's involvement in the scam. Deloitte & Touche, in turn, have served notice on a number of the former directors of Leisurenet. Among them is Archie Aaron, a partner at Werksmans.

In December 2002 Sage chairman Louis Shill told *Moneyweb* that he was 'planning to retire in the financial year after he turned 74. That would have put his retirement date around June 2004.' (*Moneyweb Digest*, 11 April 2003) This is an odd age for a man to set for his retirement; people usually set these targets in multiples of five, so why did he not choose an age like 70, or 75? In the end, Shill retired during 2003 following 'disastrous' financial results for the company as a result of their foray into America. However, one has to ask whether the poor results in the USA were really as devastating for Sage as it appears, or whether it was just part of the same capital flight plan. The pattern is compelling.

The auditors of Sage are Grant Thornton South Africa, formerly Kessel Feinstein. The old doyen of the firm, Julius Feinstein, was with Bernard Glazer throughout. His name appears on all the Tati and Bechuanaland Exploration Company accounts and he became an administrator of Glazer's estate – and a director of all of his companies – after Benny died.

Grant Thornton has its origins in the city of Chicago in 1934. Paul Marcinkus, head of the Vatican Bank when it was being managed by Michele Sindona was from Chicago, as was David Kennedy, head of Continental Illinois of Chicago, the bank that was involved with the Crown Agents when Franklin National and six other banks around the world collapsed in 1974. Grant Thornton were the auditors of Italian giant Parmalat, which collapsed in December 2003 with hundreds of companies declaring false assets while the real money was apparently siphoned off.

The head of Werksmans's recently formed specialist tax division is Ernest Mazansky. When Werksmans acquired the services of Mazansky, it was touted by the *Sunday Times* (26 May 2002) as 'one of the most audacious corporate poaches in SA business history'. It wasn't really; he was just playing musical chairs: Mazansky came from Grant Thornton (then Grant Thornton Kessel

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Feinstein). It was clearly intended to try to create a perception of distance between the two firms, and the editor never picked it up. That editor would have cringed had he read this before seeing the *Financial Mail* supplement of 14 November 2003: When it finally dropped the 'Kessel Feinstein' and became simply 'Grant Thornton', the auditing firm promoted the fact through a 20-page leaflet, and Mazansky was one of the people quoted; he said, 'It (Grant Thornton) was my cradle, nursery school and high school.' Other people quoted in the same supplement included Mervyn King and Garth Griffin, chief executive of Sage and former CE of Old Mutual, which has also moved its listing to London, where it bills itself as an global player, even though 'still makes most of its money in South Africa' (*The Guardian*, 23 Dec 2003).

Sage took out a full page advert to support the supplement, as did Netpartner Investments Ltd, which controls the private hospital group Netcare and features former Werksmans partner HR Levin on its board

There's also a full page ad for Ellerine Holdings, and a quote by Eric Ellerine, who used that vehicle to list himself on the Stock Exchange. Ellerine is also chairman of Redefine Income Fund Ltd, and on the board of Corpcapital, which owns Coronation Fund Managers, which also took out a full-page ad. A few others within this group filled half and quarter-page advertising berths, while Werksmans managed to squeeze itself into a tiny quarter page. It has also ensconced itself in one of the prime sites in the Sandton CBD, which is the first stop on the capital flight road out of Johannesburg. Werksmans recently tucked itself in between a couple of six-star hotels there, where it renovated a whole building in between the main hotels. Investec is just up the road and Sun International has erected its new head office directly over the road.

Louis Shill has remained on the board of Sage as a non-executive director, and still holds 11% of the company (*Moneyweb Digest*, 23 May 2003). Shill, the accredited founder of Sage, was a chartered accountant who served his articles at Kessel Feinstein. A man called Seftel Shill was managing director of the Premier Trading Company (not related to Premier Milling) in Benoni; the older Shill was born in Lithuania in 1914, a year after Bernard Glazer, who emigrated from Lithuania in 1930. As the story on the acquisition of Ashbourne Investments Ltd in the UK shows, Glazer was not averse to using front men. In that instance he used Lionel Casper, who shares the same name as the former chief rabbi of Johannesburg, Bernard Moses Casper.

Today, Sage holds about 5% of the shares of the banking giant Absa through Sage Life, formerly Ned-Equity Insurance Company Ltd, who made the rights issue in 1984; Absa in turn holds more than 20% of the shares of Sage. The person who took over from Shill was Dr Danie Cronje, who is also chairman of Absa. Cronje was on the board of Volkskas International when Glazer resigned after a fierce conflict had emerged between the two in late 1982; this was just some 18 months before Glazer died.

The board of Sage has been populated by a band of heavyweights: a mixture of Jews and Afrikaners, the latter having strong banking and Broederbond/National Party ties: Apart from Dr Cronje, Garth Griffin [former Old Mutual managing director] and Werksmans partner Carl Stein, the following names have featured: Dave Winckler, former executive partner of KPMG SA [formerly Peat, Marwick, Mitchell & Co, the auditors of The African City Properties Trust (1952) Ltd]; John Postmus, former GM of the SA Reserve Bank; Dr Dirk Mostert, chairman of the Mines Pension Funds; Theo van Wyk of the Rembrandt Group and Denis Falck of the related Remgro Ltd; as well as none other than Barend du Plessis, who was Minister of Finance under the National Party.

On 29 December 2003, when the whole world was on holiday and nobody would see or care, a cautionary notice was issued by Imara Corporate Finance South Africa (Pty) Ltd via the JSE Securities Exchange News Service (Sens) regarding a transaction

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between Alpina Investments Ltd (formerly Gold Edge Holdings Ltd) and Fairvest Property Holdings Ltd. It was to do with the purchase of the shares and loan accounts in a company called Daisy Street Investments No 127 (Pty) Ltd for a consideration of R251 million. Apparently there had been a change of plan: Alpina was going to delay the acquisition of certain properties and acquire other ones instead. The interesting thing is that Imara is the company chaired by Adam Fleming (he of Harmony Gold and James Bond-reflected fame), while the accountants for Fairvest were Grant Thornton, who were also preparing 'independent professional opinions on the fair (sic) and reasonableness of the … transactions'. Grant Thornton's offices are situated in Daisy Street in Sandton. It would be interesting to know what properties Daisy Investments suddenly decided not to sell.

3.4 The new face

South Africans have a penchant for celebrating their fellow countrymen's success overseas. Stories of boytjies who make it in London or New York never fail to generate a warm glow. So when a tale of four thirty-something South Africans making waves in the financial services and property markets in London hit the South African press in 2001 you can be sure that there were warm glows all round. These four were Gavin Rabinowitz, Jacques Tredoux and Neil Hasson, who had 'built up a heavyweight financial services company' called Credo, according to the *Financial Mail Focus* of 23 November 2001. Then, in the June 2002 edition of *Property News*, the same writer, Ian Fife, told how another South African, the former Old Mutual chief investment officer Liliane Barnard, 38, had joined them. She was 'one of SA's most respected young property people, inundated with job offers since she left Old Mutual early this year'. Barnard was going to launch Credo's '£50 million (then R750 million) office fund of London properties for South African investors'. She was also 'on their investment committee, as (were) ex-Investec property chief David Kuper and ex-lord mayor of London Sir Anthony Jolliff'. Not bad for a bunch of South Africans who had only been going for four years. To have the ex-lord mayor of London, who was also listed on their website as a magistrate, a former president of the London Chamber of Commerce, adviser to HRH Prince Charles on unemployment, chairman of the advisory board to the governor of Yunnan Province in China, member of the investment advisory board of ABN AMRO ventures… to have such a heavyweight on board when you're doing property deals must take some doing.

Barnard said she'd 'chosen Credo because it's a smart, no-nonsense group with integrity – "a young Investec"'. The article revealed that Barnard was also a director of PLS Pangbourne, and would remain so. PLS Pangbourne was the Jo'burg-based property loan stock (hence the PLS) outfit that acquired the CBD and Pioneer Property Funds from Sage for about R90 million in 2002 and sold them in the same year to ApexHi in exchange for units worth R137 million. Credo's plan was to 'raise money first … and then buy properties' (www.sapoa.org.za, June 2002). They clearly had faith in their 'reputation in the City for their ability to structure prime investments with strong cash flows' (*Financial Mail*, 26 April 2002). After all, as the same article pointed out, they'd just completed the 'sell-out syndication of Old Mutual's £94,1 million (R1,5 billion) London headquarters'. In total, they'd done about £200 million (R3,5 billion) worth of property deals in that short space of time.

If the presence of the ex-Lord Mayor of London on their investment committee was interesting, it was nothing compared to the name of one of the directors that turned up on their website: the name of Charles Zell Rangecroft, 'chartered accountant and former partner for 40 years of Grant Thornton Kessel Feinstein and at present a consultant to Radcliffe's Trustee Company SA (a division of the Investec Trust Group)'. Now Rangecroft also happens to have turned up somewhere else on the globe, which is going to bring this whole story together: Rangecroft is listed as a director – and the treasurer – of Bernard Glazer's Panamanian

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holding company, Amarena Holdings Inc., at the time of its incorporation in 1975. The other director at the time, and the secretary of the company, was Julius Feinstein. The resident agent was given as the Panamanian law firm Arias, Fabrega & Fabrega.

Confidential internal papers known as the ‘Frankfurt Documents’ escaped from the vaults of the European-American Banking Corporation in 1973 (Corporate Information Centre Brief, July 1973). They revealed how a consortium of 40 banks from Europe, America and Canada had made secret loans totalling more than $200 million to South Africa over the previous three years. The secrecy arose as a result of the Bank Campaign of 1966-1969 in which lobby groups – mostly religious – had successfully campaigned against a group of 10 American banks with whom the apartheid government had a $40 million revolving credit facility. The banks involved in the credit facility included Chase Manhattan and First National City Bank, and the lobby groups had caused the withdrawal of some $25 million worth of funds from these institutions. According to the documents, European-American was the main organiser of these loans. European-American was jointly owned by six of the largest banks in Europe: Deutsche Bank of West Germany; the Societe Generale, France; Midland Bank, UK; Amsterdam-Rotterdam Bank NV of the Netherlands; the Societe-Generale de Banque SA of Belgium; and the Creditanstalt-Bankverein of Austria. Iscor and Eskom were generally the fronts for these loans, and would issue paper in exchange. Billions of rands in loans were made to Iscor during this period. A internal memorandum classified ‘secret’ from the South African Secretary for Finance to the Secretary for Foreign Affairs, dated 26 April 1974, stated that ‘The European-American Banking Corporation … is … continuing to arrange extensive loans to South Africa; in the most recent case the funds are being channelled through a subsidiary in Panama.’

So, the money was coming in through Panama, and obviously arrangements were necessary to pay it back. The great advantage of Panama is that its laws do not require companies to be audited – a strategy designed to attract banking and investment business.

Exactly one year after Glazer died, South African Breweries directors decided ‘it was “desirable” to assign all the “right, title and interest” in the “Carling” (Black Label) trademarks from Southern Investments NV in the Netherlands Antilles (a Caribbean tax haven), to Avalon International Inc, a Panamanian company with its offices at Arias, Fabrega & Fabrega, Bank of America Building in Panama City’ (*noseweek* 51, November 2003). On the face of it, this was a simple loan-back scheme.

At the same time, Breweries was collecting royalties from the sale of Black Label in the so-called ‘independent homelands’, where Sol Kerzner (who was on the board of SAB at the time) had been allowed to set up casinos. The combined cash business of beer – sold mostly through shebeens – and casinos must have been too tempting for words. What better way to launder the skim than to repay the government’s foreign loans – and have them overlook your tax returns in exchange?

In the mid-1960s Glazer leant $1million to his cousin Dennis Bileca; the amount was used to finance property in New Jersey via Samit Inc.(see Mary Carter Paint/Resorts International).This was 3 years after the Glazers were active at the time of the brewery merger (also controlling bid for Central Mining- Rand Mines) to acquire brewery properties ,but also to get control of Ohlssons Brewery on behalf of Afrikaner Interests.(Sunday Times 26 May 1957 p.4)

On the board of Kerzner International is Peter Buckley, chairman and CEO of Caledonia Investments, a UK investment trust listed on the stock exchange. (Kerzner, in turn, is a director of Caledonia.) Holding nearly 40% of the share capital of Caledonia is the Cayzer Trust Company Ltd, founded on the wealth of the Cayzer family, which owned the Clan Line Steamers, that plied the Cape route from Great Britain to India from the late nineteenth century. The Clan Line grew into one of the largest cargo-

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carrying fleets in the world until in 1955 it merged with Union Castle to become British & Commonwealth Shipping Company Ltd (B&C). With the growth of affordable air travel and the advent of containerisation in the sixties and seventies, the Cayzer's decided to diversify. They added Servisair to their already useful Dock Services operation, thereby controlling everything that got loaded and offloaded in both the harbours and airports of Great Britain. They also formed a small airline and a helicopter company, but ultimately the shipping revenue was diverted into the stock market and the investment trust replaced the original business.

Sir Nicholas Cayzer, who became chairman of B&C in 1958 following the death of his uncle, Lord Rotherwick, was also the president of the UK-South African Trade Association (Uksata), which was formed in 1966 and which 'became a zealous apologist for Pretoria' (*Black & Gold: Tycoons, Revolutionaries & Apartheid* by Anthony Sampson, p118); Sir Nicholas 'usually saw the prime minister when he went to Pretoria' (*ibid*). At the time 'British and American businessmen also worked closely with a well-funded new lobby, the South Africa Foundation, which had been formed just before Sharpeville to improve the country's image abroad'. It counted among its supporters Harry Oppenheimer, Anton Rupert and Charles Engelhard. Dr Danie Cronje is Absa's representative today.

In 1987 Caledonia acquired a 20% stake in Close Brothers, presently the UK's largest independent listed merchant bank which was a subsidiary of Consolidated Gold Fields for a short period from 1974 until a management buyout in 1978. A director of Gold Fields at the time, Lord Denman, is still an adviser to the board of Close Brothers. Consolidated Gold Fields held shares in Crest International Securities – formerly Siberian Syndicate Ltd – which Glazer used in his first attempt to acquire Ashbourne Investments Ltd around the same time (see banking chapter). And guess who had a 10% share in The Siberian Syndicate Ltd in 1913 and sat on the board of that company? Arthur (later Sir Arthur) Fell, chairman of The African City Properties Trust Ltd. And where did the money come from for the management buyout of Close Brothers from Consolidated Gold Fields? Midland Bank (now HSBC).

Caledonia Mining Corporation was formed on 5 February 1992. Subsidiaries in South Africa include Barbrook Mines Ltd, which operates near Barberton, Eersteling Gold Mining Company operating near Pietersburg. Caledonia also hold 80% of the concessions covering an area of 13 740km2 in the Kasai Province of the Democratic Republic of Congo through a 100% owned subsidiary Caledonia Kananga S.P.R.L. Most notably Caledonia Mining Nama Limited holds four exploration licences which cover 1 148km2 in northern Zambia. Further more they hold three exploration licences covering 6 099km2 in the "Zambian Copperbelt". [See Caledonia Annual Report 1999-2004 second quarter report]

Glazer had a series of numbered accounts at Midland Bank in the UK, which was one of the banks listed in the Frankfurt Papers as making loans to South Africa. A joint shareholder in European-American was Amsterdam-Rotterdam Bank (AMRO), which merged in 1990 with Algemene Bank Nederland (ABN) to become ABN-AMRO, which took over European-American in 1991, and on whose investment advisory board that ex-Lord Mayor of London from the Credo Property Group also sits. In mid-1985, at precisely the time when South African Breweries opened Avalon International in Panama, another group of South Africans were busy doing a deal in Holland that would set up a whole parallel structure: The deal involved Financiere Credit Suisse First

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Boston, through its subsidiary Sodefi AG, and Ian Kantor, then-chief executive of Investec Bank in South Africa. He'd resigned in April and moved to Holland, where he established Investec Bank AG in August 1985.

Which brings us back to Credo, because according to Liliane Barnard, Credo is 'a young Investec'. Credo even has the chairman of the Investec Property Group, David Kuper, on its investment committee. It also has a former employee of Midland Bank (now HSBC) on its property management team, although this may be sheer coincidence. Credo Sterling Properties Ltd is registered in the British Virgin Islands. The London operation goes by the name of the Credo Property Group Ltd, while its international operation is run out of the Bahamas – or Panama, depending on which way you look at it.

An email from Sam Glazer – Benny's son and the administrator along with Feinstein and Jaffe of his estate, to a Mr M Soames of Knight, Frank & Rutley dated 29 June 1992 indicates that it had been suggested to him that he should consider buying the troubled Canary Wharf in London. His reply went: 'We certainly would not be interested in investing in a property which is mainly vacant and without any income flow. We are not in any hurry to make an investment and are quite prepared to wait for the right opportunity.

'Perhaps the most appropriate investment for us would be a blue-chip property which a cash-strapped developer is forced to sell.' Clearly there was lots of liquidity sloshing around in his pockets.

In a 'rare interview on the eve of his retirement', published in the Sunday Business Report on 5 April 2003, Julius Feinstein told reporter Winnie Graham that he was 'strongly against the introduction of further legislation to control the auditing profession'. The way he saw it, enough was enough: There were already two industry watchdogs in the form of the SA Institute of Chartered Accountants and the Public Accountants and Auditors Board. If practitioners did not comply with standards and regulations they would be 'severely dealt with'. Which begs the question: How does one deal with a person who has been entrusted with upholding the standards, but who appears to have been at the centre of one of the biggest and most well-organised asset strips. The way the Hebrew University dealt with him was to create the Julius Feinstein chair of accounting, 'acknowledging his philanthropy and professional achievement'. Chevra Kadisha, [The Jewish Helping Hand] paid tribute to his firm for its 'longstanding contribution and service to the Chevra Kadisha'. Perhaps all we can do is accept what he said as his conclusion to the matter: '"Fraud is rampant worldwide and not just in South Africa," he said. "Man's greed has made it a problem."' The article continues: 'He is a man well known for his mentoring skills and many of South Africa's top business leaders were nurtured by him. Among them are Liberty Life founder and chairman Donald Gordon, Sage chairman Louis Shill… Former finance minister Derek Keyes also worked for the firm for a while.' (Keys was a director of Gencor, which sold the mining rights endorsed to the properties in central Johannesburg.) Then comes the double whammy: 'Feinstein sees himself as truly South African. He speaks sadly of the many

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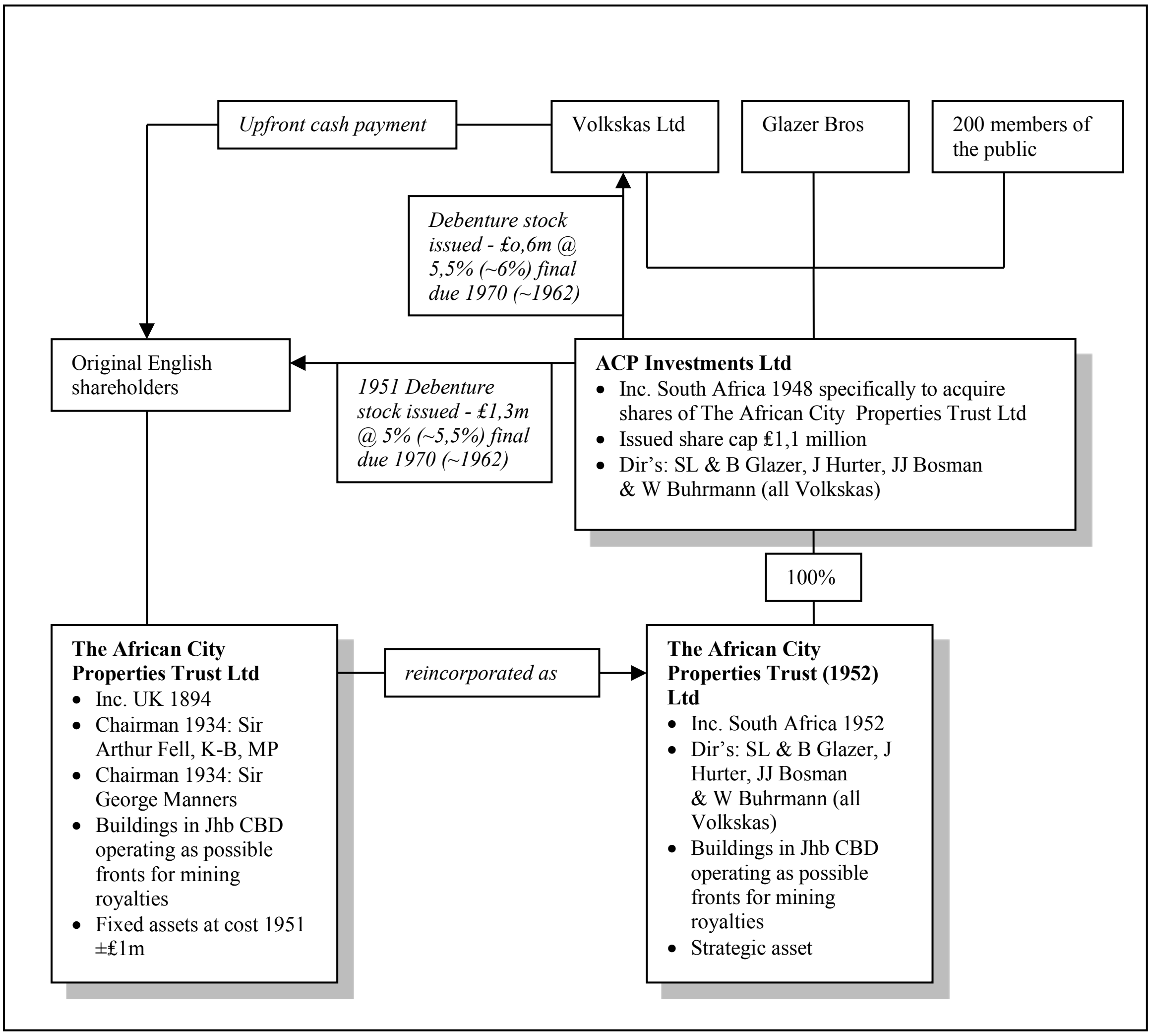
talented people who have left the country to make their mark elsewhere. Neither he nor his family have ever been tempted to emigrate… [he] believes South Africa has a rosy future.'

The acquisition of The African City Properties Trust Ltd (inc. in England) by ACP Investments Ltd (inc. in South Africa) in 1948, and conversion of The ACP Trust to The African City Properties Trust (1952) Ltd.



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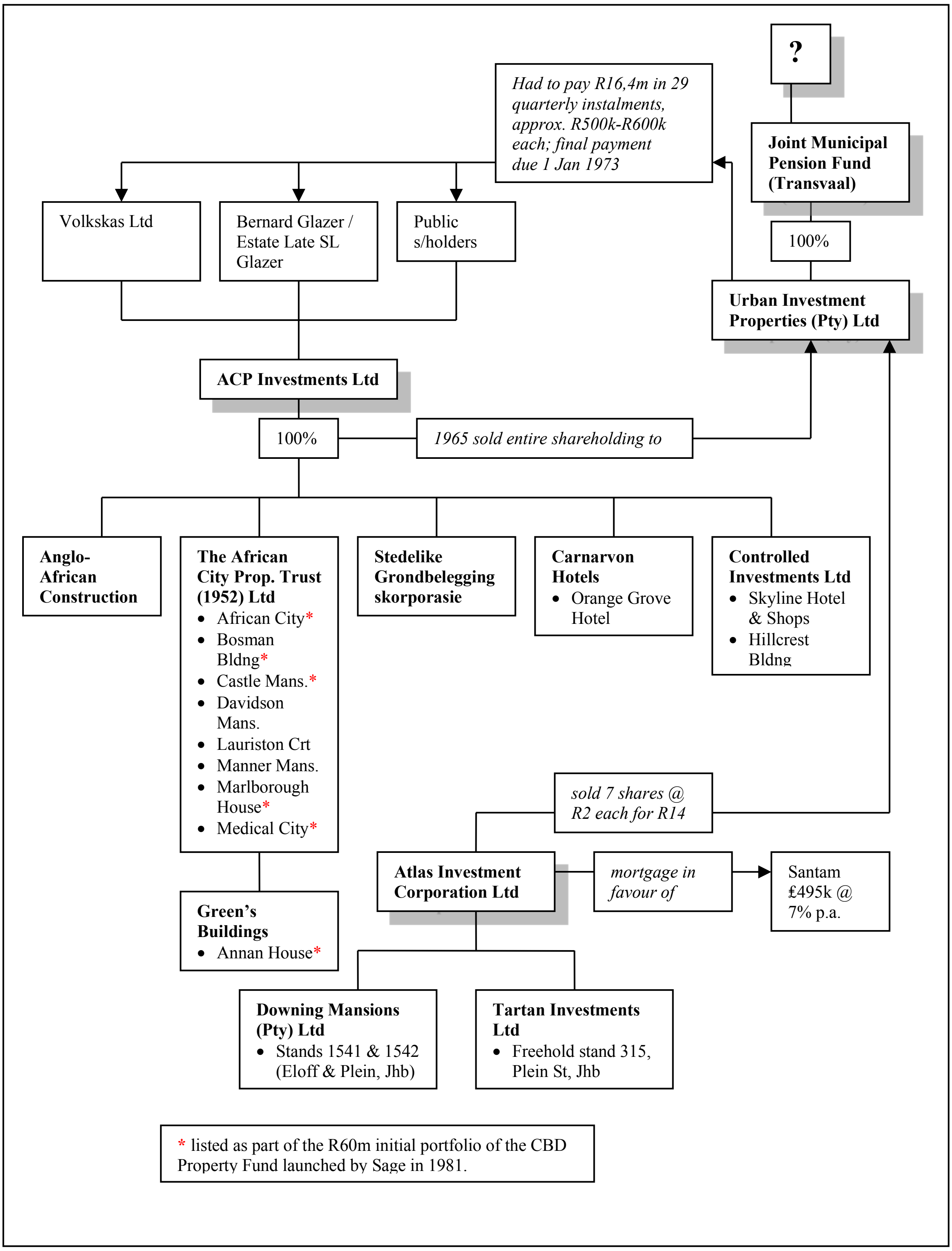
The sale in 1965 of the assets of ACP Investments Ltd to Urban Investment Properties (Pty) Ltd



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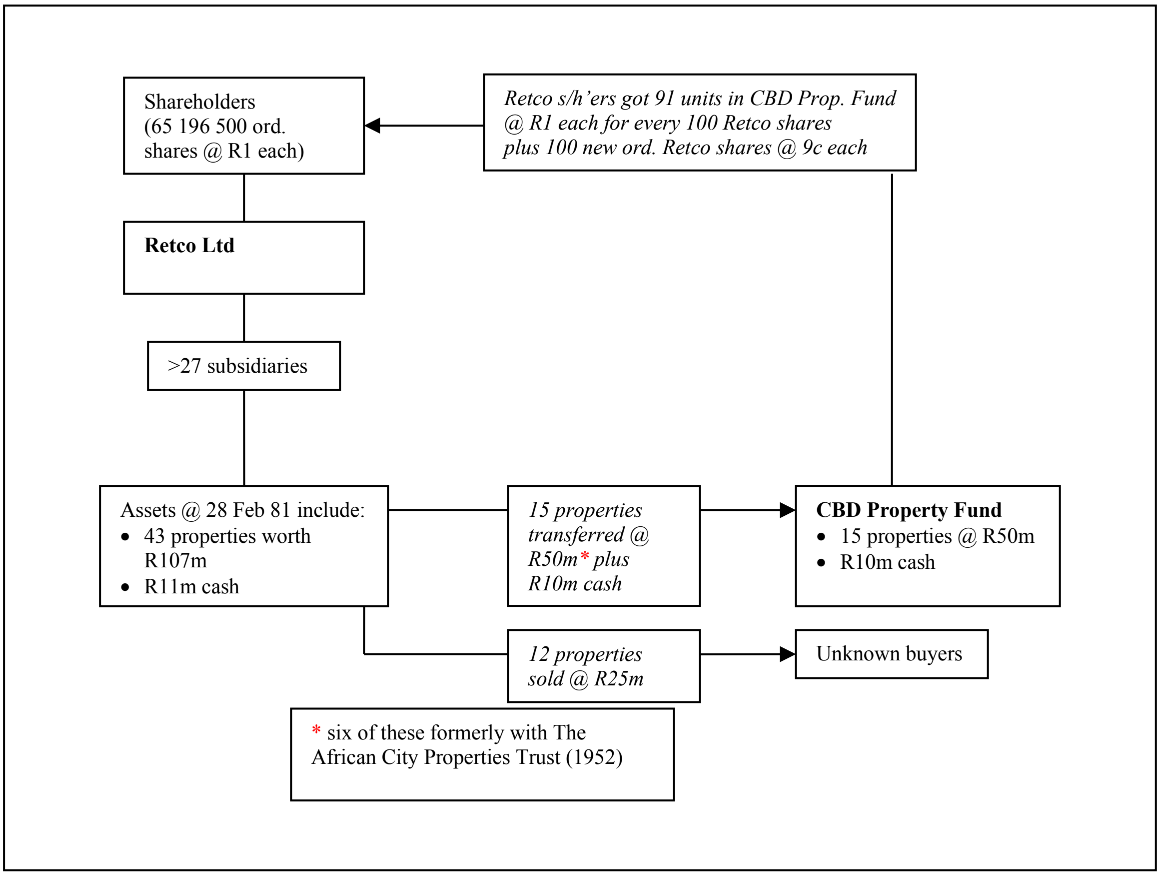
Transfer of Retco properties to the CBD Property Fund in 1981.



- Retco incorporated 1968
- Major shareholder Federated Employers Insurance Ltd (>16%), later Fedlife, later Fedsure, taken over by Investec 1987
- Major private investor Stanley Simon Kaplan & Cyril Kaplan (5%). Stanley Kaplan started Lease Plan International, merged w/ Credcor in 1974 to become Nedfin (later Nedbank Commercial Division). He became CE of Nedfin
- Other shareholders see Appendix D
- Early directors' names not in file; no financial statements before 1981, no record of contract by which Retco acquired the assets of The African City Properties Trust (1952) Ltd from Urban Investment Properties (Pty) Ltd or its shareholder Joint Municipal Pension Fund (Transvaal);
- South African Breweries acquired 38% in 1973, by which time issued share capital stood at 72 396 500 ordinary shares. New board of directors and Articles of Association.(NB Glazer links to SAB property acquisition/Ohlssons – Sunday Times 26 May 1957)

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- Issued share capital reduced by 7,5m in July 1972; no details provided other than a sheet (not stamped) stating that the reduction was authorised by the Supreme Court (Witwatersrand Local Division)
- Authorised share capital reduced from 85m to 7,65m in 1981; issued share capital from 65 206 500 to 5 876 685
- SA Breweries sold its then 31% share 'to a consortium of investors headed by Sage Holdings Ltd'
- Other shareholders were offered units in CBD Property Fund as per above flowchart
- Union Acceptances (owned by Nedbank) was the merchant banker
- Questions:
  - Who did SA Breweries acquire its shares from?
- - Did Federated Insurance still hold shares in Retco? If so, it would have become a unit holder in Sage's CBD Property Fund, unless it opted for the cash alternative

  - Who was the major shareholder in Federated?

  - Which company managed the Joint Municipal Pension Fund (Transvaal), which previously held some of the assets transferred in this deal (see Appendix B) and how did they end up with Retco? Where are those agreements? Was Glazer ultimately in control of these assets while they were with Urban?
- Did Bernard Glazer have shares in Sage? (Sage was started in 1965 by Louis Shill with R600 000 capital after he split from Donald Gordon at Liberty Life; how was he funded?)
- In 1984 Denis Kaplan, a director of Sage, was the director with the biggest shareholding (21 000 prior to a rights issue). He later became vice-chairman of Sage of America, and a Leon Kaplan appeared on the board of Sage. Were they related and how were they funded?

<u>Share allotments for Retco Ltd: first public issue</u>

A study of the first share allotments for Retco Ltd reveals the following:

- That the vast majority of the allottees for the 'A' and 'B' ordinary shares were based in Natal.
- That the major 'A' ordinary shareholders were:

  - Federated Employers Insurance (3 021 600; 9,4% of total shares in issue)

  - Stanley Simon Kaplan and Cyril Kaplan (1 644 900; 5%)

  - Hugh Stocks Property Holdings (1 280 000; 4%)
- That the major 'B' ordinary shareholders were:

  - Federated Employers Insurance (2 210 000; 6,9%, making 16,5% in total)
- That the major blocks of 'A' deferred ordinary shares were held by:

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- Town & City Development and Investment Corp Ltd (91 800)

- Nedbest Investments (Pty) Ltd c/o Netherlands Bank of SA Ltd (61 100)

- Juelca Holdings (Pty) Ltd (30 600)

- That the major blocks of 'B' deferred ordinary shares were held by a range of private individuals, all of whom were given as c/o SS Kaplan & Kaplan; the biggest of these were:

  - Nedbest Investments (Pty) Ltd c/o Netherelands Bank of SA Ltd (281 200)

  - Juelca Holdings (Pty) Ltd (140 600)

Other potentially interesting or relevant names with smaller allotments included:

'A' ordinary shares:

- Ceyo (Pty) Ltd (276 300)

- Norman Douglas Emslie (450 000)

- Hill Samuel (83 300)

- Nathan Hurwitz (34 000)

- Ruth Hurwitz (163 200)

- Juelca Holdings (Pty) Ltd (282 800)

- Motor Industry Pension Fund (489 800)

- Netherlands Bank (117 300)

- Douglas Barrington Porritt (96 300)

- Standard Bank Nominees Tvl (240 000)

- Volkskas Ltd (238 100)

'B' ordinary shares:

- Mulinder (232 000)

- Munro (200 000)

- Nefic Acceptances (150 000)

- CMB Nominees (100 000)

- Netherlands Bank (100 000)

- Willis (100 000)

- Wolk c/o Mulinder (100 000)

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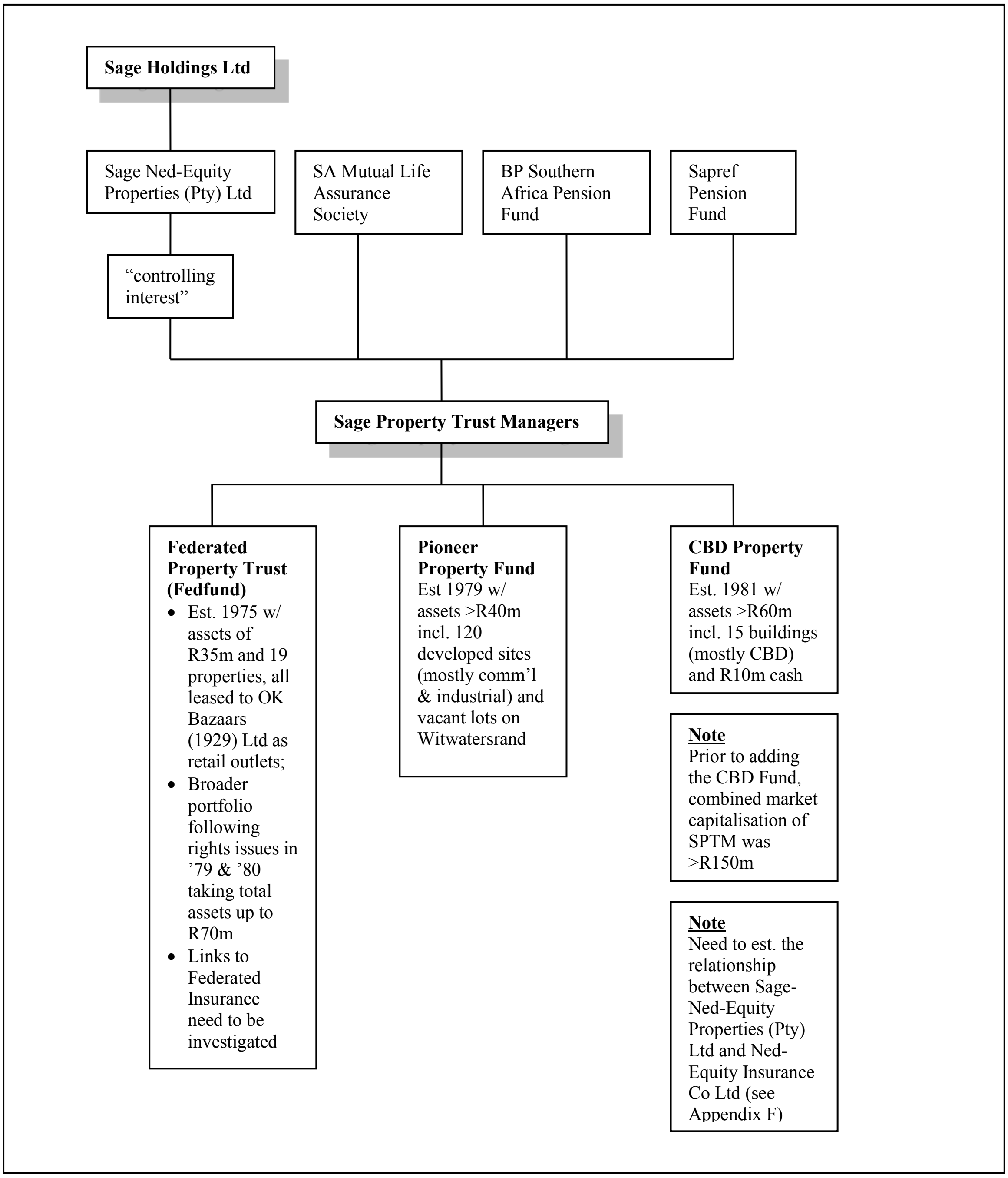
- Douglas Barrington Porritt (father of Gary Porritt of the Tigon affair) (62 000)

- Brian Stanley Porritt (12 000)

- Stanley Herbert Porritt (6 000)

Group structure – Sage Property Trust Managers (SPTM) Ltd



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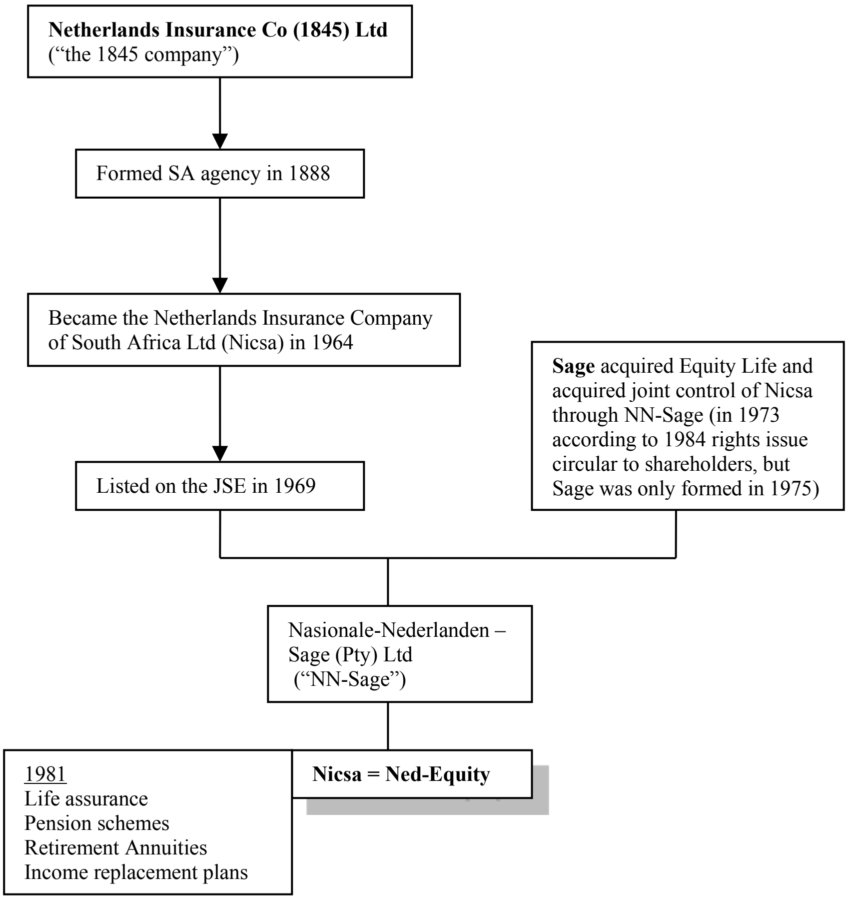
History of the Sage/Ned-Equity relationship



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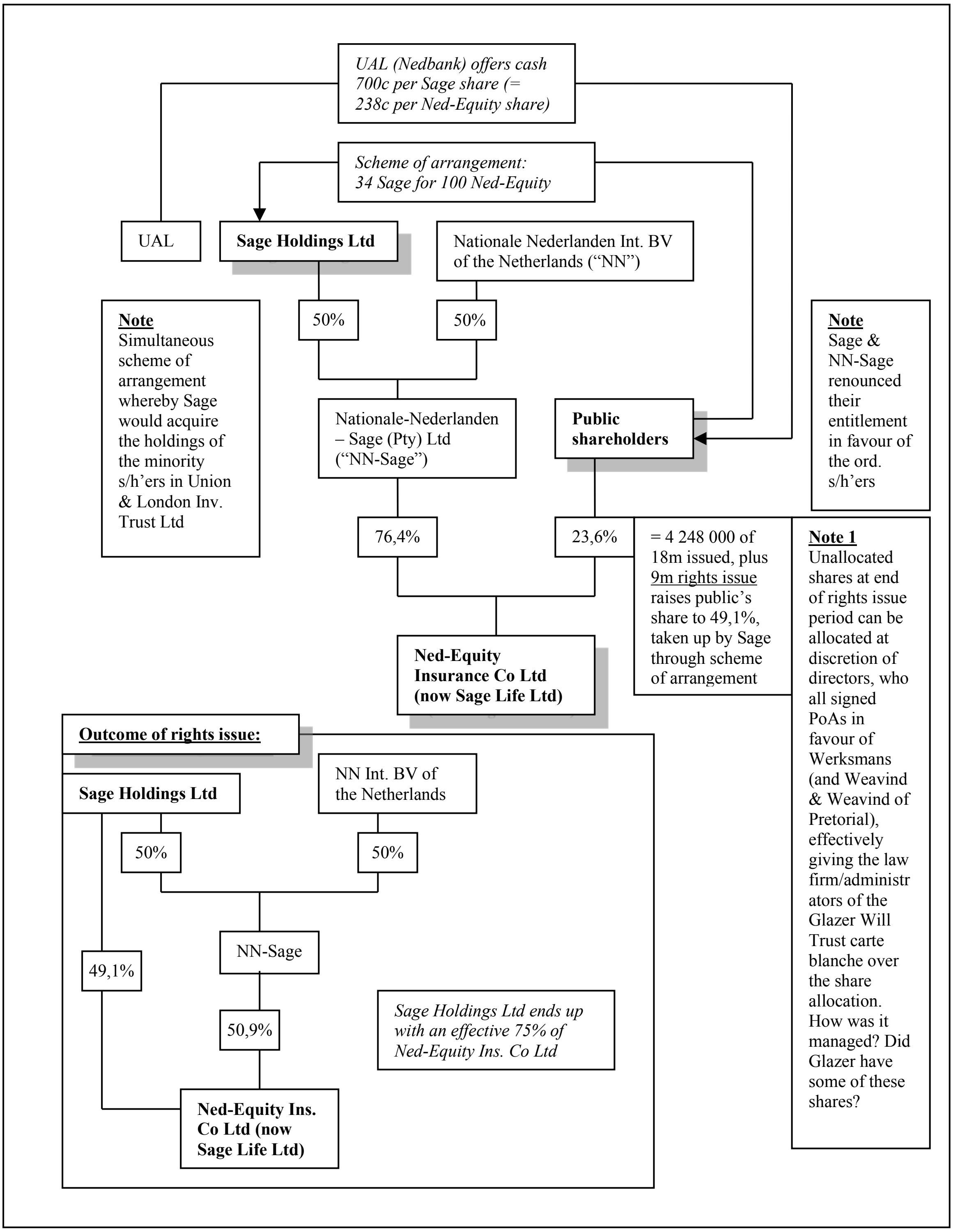
Renounceable rights issue in Ned-Equity Insurance Co Ltd (later Sage Life Ltd), October 1984



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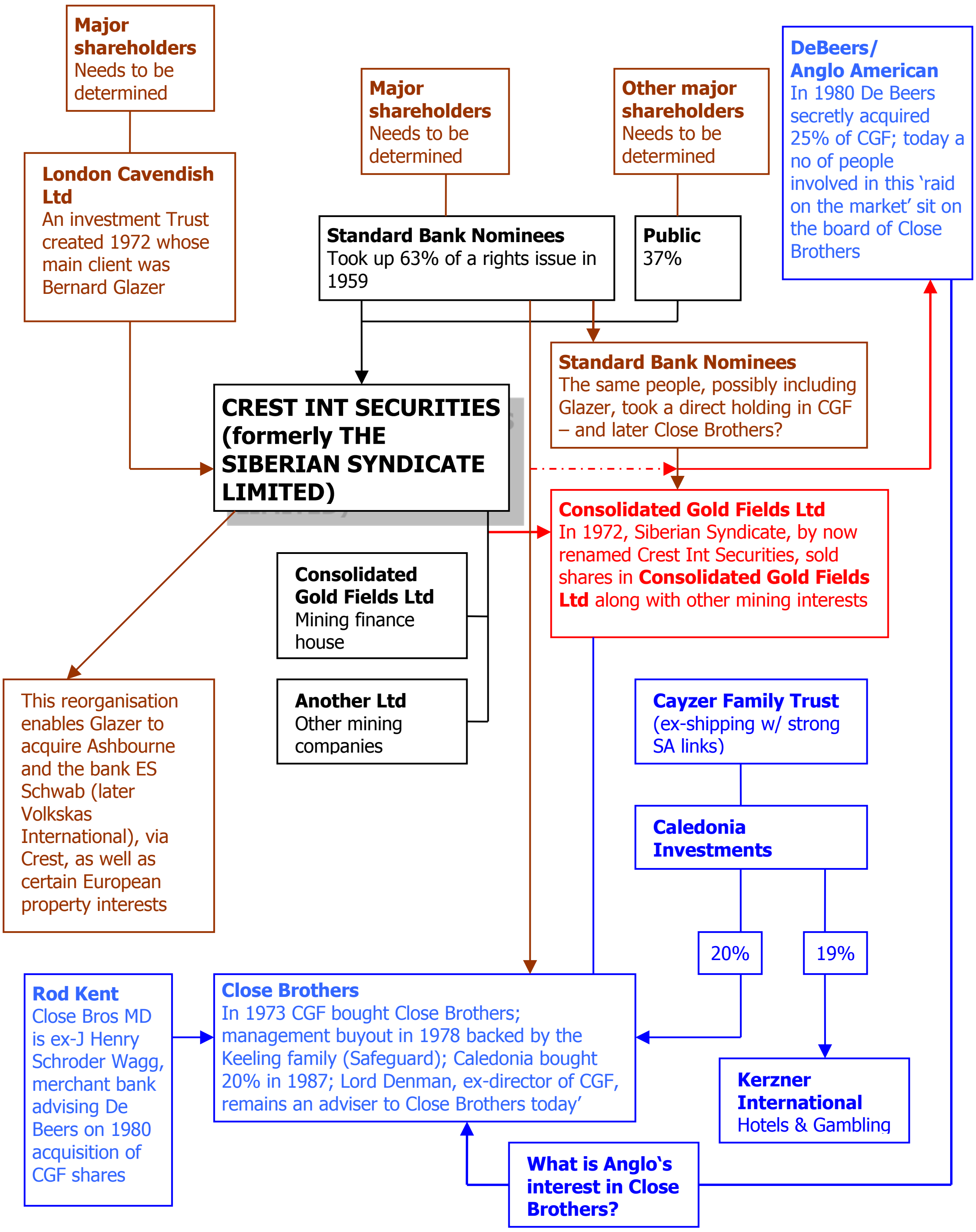

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4. Volkskas International

In 1976 Bernard Glazer acquired control of a UK-registered company, Ashbourne Investments Ltd. The acquisition of Ashbourne became the subject of a UK Department of Trade investigation that produced a seven-volume report in 1975. The investigation arose as a result of technical difficulties with the bid process. The take-over of Ashbourne Investments by Bernard Glazer attracted much attention from British and South African authorities such as The Bank of England, Dr. Stals [South African Reserve Bank], Lord Shawcross [London Take-over Panel & Morgan Guaranty Trust Company, NY] and Carel de Wet [SA ambassador in London].

After much ado, as will be dealt with below, Glazer acquired control of Ashbourne Investments, and Incentive Investments became the ultimate holding company. The 1982 financials were filed with Companies House London two years after the fact on 13 December 1984. The 1983 financials are treated in a similar manner and filed on 28 December 1984. During this time it would appear that most of the subsidiaries were being dissolved or disposed of. It is also intimated that there was a legal claim for damages against a former MD [of Chelton] inter alia on the basis of misrepresentation made at the time of the sale. This issue was settled in December 1988 with a settlement amount of £1,633,500, part of which was satisfied by way of share issue. It is not clear what the 'share issue' entailed. Another interesting book entry appears on the 26 June 1987 when 'a subsidiary made donations to charities under deeds of covenants amounting to £737,000.'

Feinstein states: 'It is correct that Amarena Holdings Inc held 75 'A' ordinary shares in Incentive Investments Limited. The holding of shares by Chase Manhattan Nominees Ltd [who held 75 'A' shares, making them a 50% shareholder of Incentive], appears to be *completely irrelevant*. …Incentive was regarded as an unprofitable investment and was disposed of, in or about April 1988 to Joanna Holdings Limited and Nina Bonita SA, two companies nominated by the other holders of shares in Incentive. [Bearing in mind that the only 'other holders of shares' were Chase Nominees.]. Sam Glazer collaborates this in his Response, which states: '…was beneficially sold by the Administrators in or about 1987 to a group of investors which included the other shareholders on Incentive Investments.'

In response to the Administrators statements we can only follow the Annual Returns, as submitted to Companies House UK, which tells a different tale. Julius Feinstein and Sam Glazer did in fact resign as directors on 11 June 1987. J. Margulies and I. Pels are appointed as directors on 26 June 1987 and neither holds a beneficial interest in the share capital of the Company. Naturally the 1988 financials are missing from the Companies House records.

Mr. Margulies is feeling very charitable and sets up the "Margulies Charitable Foundation Ltd", with various charitable donation made from 1987 onwards. The Annual Return for 1993 states that Amarena Holdings Inc and Catton Securities [Swiss Bank Corp] each hold 75 'A' shares. On the 10 April 1995 [bear in mind that 7 years has elapsed since the Administrators 'sold' the shareholding of Incentive and 7 months before the first tranche of the Trust is paid to the beneficiaries] Amerana Holdings Inc transfers the 75 'A' shares to Duncan Nominees Ltd of 1 Hobart Place, London. Duncan Lawrie is a small Private Bank situated at the same address. On 1 May 1997 [2 weeks prior to an Agreement signed between Michele and the Administrators to oust her from the Will] Swiss Bank Corp transfer their 75 'A' shares to Barclays Nominees (Grove) Ltd and finally the 150 'A' shares are consolidated on 15 July 1998 and are all held by Duncan Nominees. It is most interesting to note that Incentive Investments together with all its subsidiary companies have been put into voluntary liquidation in March 2004.

The company Ashbourne Investments Ltd was a holding company listed on the London Stock Exchange (LSE) with subsidiaries in the financial, industrial and property sectors. At the end of April 1973 its shares were valued at 48p each, making a market capitalisation of about £4, 25 million. It was a medium-sized company, with strategically valuable assets.

First among these was ES Schwab & Co Ltd, which Ashbourne held through a subsidiary, Coptic Finance Ltd. In 1971 the issued share capital of the bank was £350 000; it was increased to £1 million following an issue by Ashbourne of loan stock in 1972. According to the investigation report, it had built up a 'sound reputation' in the City and 'good contacts' abroad. It could make loans, it could deal in securities and it held certain permissions to hold currency balances with foreign banks.

According to the investigation report, 'Schwab's business consisted principally of the provision of mortgage and other finance for clients and for Ashbourne, the underwriting of new issues, and advising and acting for clients and Ashbourne in takeover bids. Schwab also invested on its own behalf and on behalf of investment clients and Ashbourne in quoted and unquoted companies. It had a modest deposit-taking and lending business. Schwab also acted as a banker for Ashbourne.' It made a profit of £211 000 in 1973.

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The intermediate holding company was Coptic Finance Ltd, which had an unusually long list of subsidiaries about which nothing was ever discussed in the financial statements. The possibility of bank accounts being held in the names of these companies and used for channelling money needs to be investigated.

Ashbourne's industrial holdings included a number of subsidiaries which made bathroom and kitchen equipment and fittings, John Boulding & Sons; surgical supplies and equipment; printed circuit boards, Rivlin Group; antenna systems, Chelton Group; and static discharge devices for civil and military aircraft. It seems likely that it held a number of patents.

If the holdings so far look strangely diversified, then one company held by Ashbourne looks distinctly odd: the Argentine Southern Land Co Ltd (ASL) was a quoted English company that, together with its wholly-owned subsidiary The Patagonian Sheep Farming Co (1908) Ltd, owned vast tracts of land in the Argentine and 'had considerable cash resources in England'. It traded in the Argentine as 'sheep and cattle breeders and producers of wool and livestock'. The Anglo Welsh Investment Trust (Continuation) was another investment whereby Ashbourne held a 31% interest. The Company also held an 11% interest in Control Securities Limited.

The acquisition of Ashbourne was fronted by two young accountants, Lionel Casper and Brian Simmons, who formed a company called LC Securities (Properties) Ltd in 1969 to 'carry on business as merger and investment advisers'. One of their clients was Bernard Glazer, who by 1973 had placed £150 000 with LC. (By 1970 Glazer would have earned R16 million from the sale of the properties held by ACP Investments Ltd to Urban Investments Ltd. In 1972 he sold land to the Botswana government for the development of Francistown.) The investigation report made the nature of their relationship quite clear: 'Mr Casper usually consulted Mr Glazer before he … carried out transactions on Mr Glazer's behalf, but occasionally he acted at his own discretion.' The investigation report reveals the following, based on Casper's testimony: 'Apart from his £150 000 portfolio in London, Mr Glazer had about £1,5 million that he wished to invest permanently in the United Kingdom. He had asked Mr Casper to find a suitable investment for these funds in the form of a public company, preferably in real estate, with good capital growth potential which he could purchase outright and over which he would have complete control.'

In December 1972 Casper changed the name of his company to London Cavendish Securities Ltd with the intention of launching it as a merchant bank. As part of this strategy he'd acquired 30% of the shares of a quoted investment company called Crest International Securities Ltd 'through purchases … made by LC, certain of its investment clients and associates, and himself and Mr Simmons…' It seems likely that the bulk of the funds for this acquisition came from Glazer.

Crest International Securities was, until 1970, called The Siberian Syndicate Ltd, which had mining interests in Russia and elsewhere, including shares in Consolidated Gold Fields. Records are missing from the files for the years 1959-1969, but it appears to have been held 63% by Standard Bank Nominees (Transvaal) Ltd and the board was controlled by the Lubners of South Africa (PGSI) until this takeover, after which Casper ended up, at the tender age of 31, as chairman and managing director of Crest. Casper's plan, as told to the investigation team, was to use Crest as a stock exchange vehicle for acquisitions and takeovers. However, there was clearly a much bigger agenda in the background. This company is dealt with in a separate chapter.

Casper used share and loan stock issues in Crest to acquire properties and quoted investments until by September 1973 Crest's market capitalisation was about £1,4 million. Its investments at that stage included the whole of the share capital of a company called London & Foreign Investment Trust Ltd, an investment trust with a net asset value of about £735 000, and a 50% interest in a property development in Amsterdam. Ladbroke's held the other 50%.

Despite his success with Crest, Casper had no luck in his attempt to turn London Cavendish into a bank. He was unable to attract sufficient deposits, capital or reserves to get the all-important certificate of recognition that he needed. He offered this as the reason why he decided to acquire a large enough shareholding – say 20% – in Ashbourne, which had ES Schwab as a subsidiary, to 'get onto the board'. By September 1973 Crest held 11,3% of Ashbourne's issued share capital, but didn't have the resources to go further.

At this point he and his partner Simmons teamed up with two chartered accountants, Stephen Barry and Stephen Ross, who managed a small investment fund of around £1,5 million under the banner of Corporate Guarantee Trust Ltd. Corporate acquired 9,7% of Ashbourne's equity; it accomplished this by means of 'secured loans through two separate stockbrokers and some spare cash'; Crest and Corporate jointly held 21% of Ashbourne's issued share capital. However, they couldn't get themselves nominated on the board, so, to go with Casper's version

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of events, he approached Glazer to get involved. It's quite possible, however, that the pressure was being exerted in the other direction.

The report puts it like this: 'Although Mr Casper's proposal did not give Mr Glazer the measure of control which he had previously stipulated, he showed immediate interest in it. In the first week of November [Glazer] made available £350 000 at the Overseas Branch of Midland Bank Ltd … for the purchase of Ashbourne shares.' Casper visited Glazer in Johannesburg, where Glazer committed to purchasing 28% of Ashbourne, but got Casper to sign a written heads of agreement that Casper and his colleagues in England would, for a period of ten years, bind themselves to exercise their respective votes in the manner directed by him (Mr Glazer). In this way they would jointly control about 52% of the company. At a price of about 55p per share (required in terms of the City Code because of the price that Corporate had recently paid to acquire its blocks of shares) Glazer was in for £1 354 000.

On the same day that Casper signed the agreement with Glazer, Simmons and Barry took their news to the Ashbourne board and stated that, as required by the City Code, they'd also be making a bid for the remainder of the company at the same price.

However, on 12 November 1973 the UK stock market went into freefall and the consortium found it impossible to secure the £3,5 million needed to take up the remaining 48% of shares that they were obliged to make an offer for. (Glazer had increased his deposit of funds with Midland Bank from £350 000 to £1 million during that same day, representing his commitment to the deal.)

Casper turned to a mentor of his, William George Stern, who owned Wilstar Securities Ltd, which held industrial and property portfolio worth some £163 million. Stern was also involved with the Crown Agents and a whole chapter is devoted to him in the report of the Justice Fay Commission into the activities of the Crown Agents leading up to their collapse in 1974. Despite the state of the market, and the onerous burden it placed on Stern, he offered to underwrite the outstanding amount. His involvement at this stage suggests that there may have been other background forces at work.

The consortium's failure to make good the bid for Ashbourne due to the collapse in the market was the subject of the Department of Trade investigation and an orderly selling off of the assets of Crest International Securities followed (see chapter on Crest) while Glazer bought Ashbourne through another vehicle, Topview and its subsidiary Incentive Investments. In fact it's possible that Glazer bought all or most of the subsidiaries of Crest through the back door using nominee shareholders or front companies. If this was so, however, these assets were not declared in his estate.

A case in point is the sale in 1975 of Ashbourne's 24% interest in Argentine Southern Land Co (ASL) to Great Western Societe Anonyme, a Luxembourg company with invisible shareholders. This needs to be investigated.

Casper sold Crest's 12,2% shareholding in Ashbourne to Topview, a company ostensibly owned by a French property developer, Leon Faust, for about £138 000; this represented a share price of less than 13p a share. Corporate went into voluntary liquidation and sold its 9,7% share in Ashbourne to Topview for £150 000, which represented about 17,5p a share. By the end of 1975, following other purchases of Ashbourne shares, Topview held 23,6%; Glazer still held 22,1% of Ashbourne directly. The Takeover Panel had ruled that he was restricted from selling these in terms of the failed takeover bid, so he used a £100 shelf company called Incentive Investments to take over his share. Incentive made its bid for Ashbourne through County Bank Ltd and on 23 June 1976 the offer went unconditional with 80,97% acceptances in respect of the shares and a good portion of the loan stock.

By the end of 1977 Incentive had acquired all the outstanding shares and obtained complete control of Ashbourne. Faust (Topview) and Glazer held the entire beneficial interest in Incentive, with Glazer holding 75 of the 100 'A' shares and Topview the rest. These 'A' shares only carried one vote each. The heavyweight directors that he'd brought on board held 10 'B' shares between them, each of which carried 11 votes, but no rights to dividends nor participation in a liquidation.

These holders of the 'B' shares had the look and feel of London's 'A' team: Lord Mancroft; Norman Henry Castle; Lord Fisher of Camden; and Ephraim Solomon Margulies. Lord Mancroft had been lord-in-waiting to the Queen from 1952 to 1954, a parliamentary secretary for the Ministry of Defence, a minister without portfolio during 1957-58, and chairman of a clutch of gambling-related boards, including horseracing and greyhound racing. It should be remembered that Glazer was in a 50/50 partnership with British gaming company Ladbrokes in Holland. Lord Mancroft was also a director of Bank Leumi, a bank which is inextricably linked with the history of the Zionist movement and the economic development of the State of Israel. Leumi, along with Bank Hapoalim, United Mizrahi Bank and Israel Discount Bank, was convicted of fraud for its role in a 1983 stock scandal that led to the collapse of Israel's securities market and a $7 billion government bailout. Lord Mancroft was also a member of the Council of Tribunals from 1970 to 1980. He was a director of Group 4 Total Security, which is the security and services operation company of

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Group 4 Falck, the world's second-largest security and related services company. Margulies was a director of S&W Berisford & Co Ltd and Berisford Mocatta & Co Ltd.

After the takeover, Glazer and his accountant Julius Feinstein – later one of the administrators of his estate – became directors of Incentive, Ashbourne and ES Schwab; Lord Mancroft was appointed chairman of Incentive and ES Schwab; Castle, of Ashbourne.

In December 1981 Ashbourne sold Coptic Finance, with its subsidiary ES Schwab & Co. A 25% share went to Glazer's Panamanian holding company Amarena Holdings Inc., the other 75% to a company called Boohat Thirty Nine Ltd which was a shelf company that had been acquired for the purpose by the Volkskas Group Ltd of South Africa. ES Schwab was renamed Volkskas International. The reason for this change to a foreign ownership structure may be explained by the following statement from *The Collapse of the Franklin National Bank* by Joan Edelman Spero: 'Foreign banks operating in such an important international financial centre as London need not conform to regulation that applies to banks chartered there.'

Over the following two years Ashbourne sold off all of its subsidiaries and was reduced to a virtual shell; its turnover went from more than £5 million in 1981 to just £60 000 in 1984. In 1982 it was converted to a private company and by July 1983 Lord Mancroft, Levison, Margulies and Castle had all resigned, Lord Fisher having passed away in 1979.

New directors appointed to the board of ES Schwab/Volkskas International as per the 1982 financial statements were LP Korsten as chairman, A Pienaar as managing director, Dr DC Cronje and Dr PR Morkel; a few alternate directors with names just as distinctively Afrikaans were also appointed. The new chairman, LP (Laurie) Korsten, would later be charged with 'stealing more than R30 million from the AMK Technologies pension fund in a case billed as "South Africa's biggest ever pension fraud" '; the judge dismissed the case without requiring he or his co-accused (his brother) to present their defence (*www.moneyweb.co.za*, 19 November 2000). Danie Cronje had joined Volkskas in 1975 and would go on to become the deputy group chief executive of Absa until 1997. He is presently chairman of Absa and non-executive chairman of insurance services group Sage (see property portfolio and Crest International Securities). Dr PR Morkel was a director of Iscor, the government-owned iron- and steel-producing corporation whose bond issues were used as a front for foreign loans to the South African government via European-American Bank while the country was still under economic sanctions.

The plan for Volkskas International according to the directors' report for 1982, was to 'broaden the scope of the company's activities with particular emphasis on international banking business'. The ultimate holding company was given as Volkskas Group Ltd in South Africa, its bankers were given as Barclays, Midland, National Westminster and Williams & Glyn's, and its foreign correspondent banks were given as Banque Bruxelles Lambert S.A. of Brussels; Banque Populaire Suisse (Zurich); Credit Lyonnais S.A.(Paris); Credito Italiano (Milan); Deutsche Bank A.G. (Frankfurt); Hollandsche Bank Unie N.V. (Amsterdam); Chase Manhattan Bank (New York); Manufacturers Hanover-Trust Company (New York); Skandinaviska Enskilda Banken (Stockholm); and Toronto-Dominion Bank (Montreal). The new auditors for Coptic and Volkskas International were Dearden Farrow.

The authorised share capital for Coptic and Ashbourne was increased to £10 million each – Coptic from a base of £440 000; Volkskas, from £1 million. In 1982, Volkskas International's issued share capital was increased twice – first on 6 April by £1,6 million and then on 30 June by another £2,4 million. These shares were issued to Coptic Finance and were paid for by long-term, interest-free loans to Coptic Finance of £1 million by Glazer and £3 million by Volkskas Ltd in South Africa, which made its loan via Boohat Thirty Nine. Both parties had made smaller loans the year before and the totals owing were repayable in three tranches in 1987.

These loans were reflected in the consolidated accounts of Boohat Thirty Nine, the holding entity for Coptic Finance. However, while the statements for Coptic Finance reflect an amount owing *to* group companies (the amount of its loan from Volkskas Ltd of South Africa via Boohat) of some £3,5 million, the accounts of Boohat reflect and amount owing *from* group companies of £6,35 million. However, those same accounts list the only subsidiaries as being Coptic Finance (which was apparently a holding company and did not trade during the year), Volkskas International and ESS Nominees Ltd (also listed as non-trading). The Volkskas International financials for 1983 and 1984 were missing from the Companies House files, but one would have to assume that Boohat made a further 'loan' to Volkskas International of some £2,8 million. It's not clear whether Glazer made a similar additional loan. This would need to be investigated.

More intriguing is the steep trajectory made by the bank's levels of deposits and advances over this period. The level of deposits at ES Schwab & Co had remained well below £1 million until the end of the 1980 financial year. Then, just prior to it being taken over by Volkskas the level of deposits suddenly started to climb. They reached £2,9 million in 1981 and jumped again to £4,2 million the

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next year, after the change of ownership and name. By the time of the 1983 financial statements they had rocketed to over £15 million! These funds had been 'loaned' out (£13 million) and 'placed on short-term deposit with other banks' (£4 million, up from zero the year before). It's not clear whether these were local UK-originated deposits or whether they had emanated from Volkskas in South Africa, but this should make it clear: South Africa held whites-only elections in 1983; a trilateral parliament was voted into power and came into being in 1984; PW Botha made his famous Rubicon speech in 1985. The writing was on the wall for white power and the Broederbond members of the Volkskas board would have been well aware of that while these plans were being drafted. The possibility exists that this was the primary channel through which billions of rands were routed out of South Africa to foreign banks. A study of the rand/dollar and rand/pound exchange rates (see below) bears testimony to this: The structures were put in place prior to 1984 and the flood began in that year, the year in which Glazer died. The question has to be asked, therefore, which other banks did Volkskas International have accounts with, either in its own name or for and on behalf of nominee clients? All movements of funds through these accounts would have to be investigated.

It is known that Glazer had a fallout with Cronje at this time and it may well have been over this plan to use the structures he'd set up as a vehicle for capital flight on a grand scale. Either way, Bernard Glazer and Julius Feinstein both resigned as directors of Coptic Finance and Volkskas International in November 1983; the loan from Amarena was terminated. However the official notification to Companies House of their resignation was only registered four months later, on 2 April 1984.

On 17 July 1984 Bernard Glazer passed away.

On 5 October the respective boards approved the next set of financial statements for Boohat, Coptic Finance and Volkskas International and promptly registered them with Companies House. This is important: A process that had sometimes taken up to two years this time took only a few months. The statements all reflected that Volkskas Limited, 'incorporated in the Republic of South Africa,' had replaced Amarena Holdings as a 25% shareholder, with Boohat Thirty Nine still holding the other 75%. However, a closer look reveals that the Volkskas Limited that took over Amarena's shareholding was in fact not the same one that had been 'incorporated in the Republic of South Africa'. In the notes to the Boohat Thirty Nine statements a new subsidiary was listed, called Monkgold, which had 'changed its name to Volkskas Limited on 25 April 1984'.

Records at Companies House reveal that Monkgold was in fact 'incorporated in England/Wales' by an entity called Instant Companies Ltd of 7 Bell Yard, London, in January 1983. Its registered address, secretary, directors and Memorandum of Association was changed on 5 January 1984; its name, to Volkskas Limited, on 25 April 1984 – and again one year later to Volkskas (UK) Limited. Cronje, AG Lewis and PM Vivier were appointed directors on 5 October 1984. The notes to the same set of financials stated the following: 'On 30 March 1984 Volkskas Limited, incorporated in the Republic of South Africa, established its Branch in London. Consequently, at the close of business on that date Volkskas International Limited transferred its trade and all the assets and liabilities, except for investments in subsidiaries, to Volkskas Limited.' Everything had been shifted and set up under another umbrella, an umbrella that had been made to look like it was being taken over by the South African company when in fact it wasn't. The Eurocurrency market is an international money market for currencies deposited and re-lent outside their countries of origin. There is a Eurocurrency market for many currencies (was/is there one for the rand?) but the main one is the dollar. The Eurocurrency market boomed in the late sixties and early seventies as international banking expanded exponentially; it went from $14 billion in 1964 to nearly $380 billion in 1977 (*Collapse of the Franklin National Bank*, pp17 & 22). 'The major participants in this wholesale market are banks from many countries located in Europe, especially in London, the most important centre of the market. Because the currencies and banks in the Eurocurrency market are outside the country of origin they have been largely exempt from national regulation.

'Eurodollar deposits are short-term deposits placed by central banks or monetary authorities, commercial banks, large corporations, or insurance companies. These institutions hold large amounts of dollars which they prefer to deposit outside the [country where the owner of the funds resides] for a variety of reasons: higher yields, avoidance of national controls including taxation, political concerns. These deposits are transformed by Eurobanks into large credits, ranging from tens to hundreds of millions of dollars, mainly to prime customers: other banks, large corporations, public entities, or governments. Such loans are used to finance both trade and domestic transactions. Their terms range from "call" to ten years and their interest rate in recent years has been a floating rate linked to the London Interbank Offered Rate (LIBOR)… Governments do not regularly collect statistics on the volume of trading and banks consider their trading activities highly confidential. Several studies, however, reveal the huge dimensions of such operations.'

Despite all of the above, despite the fact that the trade, assets and liabilities of Volkskas International having been transferred to it, and despite South Africa's position as the world's primary producer of gold, the financial statements of Volkskas (UK) Ltd (formerly

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Volkskas Ltd, formerly Monkgold) stated consistently, from 1984 until it was voluntarily wound up and dissolved in 1991, that the company 'has not traded during the period'.

The financial statements of Volkskas International for the 1983 and 1984 financial years appear to have gone missing from the Companies House records, but the accounts for the year ended 31 March 1985 also state, quite simply, that the company 'has not traded during the period', and one has to go to the accounts of Boohat and Coptic Finance to find out what happened to its assets. Which was quite simple: they disappeared. Not a trace of a deposit or a loan anywhere in the consolidated accounts from 1984 onwards. The only balances reflected were those relating to loans that had been necessary to create the structure and buy up shares in the first place – all of which had been neatly cancelled out and written off and repaid by 1987. (The authorised and issued share capital of both Coptic Finance and Volkskas International had also been reduced to £100 following a resolution passed at the extraordinary general meeting of 5 October 1984.) A note stated that, '£1 176 108 was originally due to Amarena Holdings Inc., which was taken over by Volkskas Ltd, Pretoria, on 23 September 1984.' Once again, was this taken over by Volkskas Ltd, Pretoria, or Volkskas (UK) Ltd, formerly Monkgold and what were the implications of this for the Glazer estate? Glazer's will still had him owning 25% of Coptic Finance and who held the Banking Liscence?

The statements for all these companies from 1984 onwards stated the same thing: 'The Company has not traded during the period.' They were all dissolved in 1991, the year that Absa (Amalgamated Banks of South Africa) was formed through the amalgamation of Volkskas and other South African banks Allied and United.

The auditors during this period were Dearden Farrow, who would later merge with BDO Binder Hamlyn. Binder Hamlyn would merge with Arthur Andersen in 1994. However, they resigned as auditors from all the abovementioned companies in 1989 and KPMG Peat Marwick took over during the winding up period.

Another noteworthy fact that emerges from the same set of financials is that Glazer and Feinstein were listed as having resigned, but no mention was made of Glazer's passing. Technically they didn't have to, as he'd resigned and no longer held shares, at least according to them. The question remains: Who owns the banking licence when South Africa was at its apex of sanctions? It would seem probable that Bernard Glazer fiduciary position with interests in many countries pertaining to strategic minerals provided the necessary infrastructure to meet the trans- national flow of resources and capital. However, this omission dovetails quite conveniently with other apparent efforts by the administrators and others to conceal the fact that he'd died. For example, his continued appearance in the *Who's Who* of South Africa until 1991 – an action that would have required the positive confirmation of his details, according to its publishers. The origins of this confirmation should be investigated. Years later Bernard's daughter Michele would query overseas travel expenses by the administrators of his estate; she would be told that the trip had been made to 'finalise the settlement and other matters relating to legal action in the High Court in London which the late Mr Glazer and his co-shareholders in Incentive Investments commenced just prior to [his] death'. The details of this court action should be investigated.

When Coptic Finance and Volkskas International were finally wound up the loans by Volkskas were shown to be worth £2. The shares were transferred to Absa and a new batch of directors were appointed. On 20 December 1992 a letter from KPMG Peat Marwick and addressed to Volkskas International stated, "As the Company is no longer trading, we understand that the members wish to take advantage of the provisions of Section 250(1)(b), exempting the company from the obligation to produce audited accounts. We will then cease to hold office." Volkskas International continued for another seven years without audited accounts, while the rand continued to slide. On 7 September 1999 it was finally dissolved.

5. From Russian mining to exhaust fitting: Crest International Securities

When Ford Motor Co ran into trouble just as the new millennium dawned, it decided to offload some of its unnecessary baggage. One of the companies it planned to dispose of was the pan-European exhaust fitment franchise Kwik-Fit, which it had acquired in 1999 for $1,6 billion (£1 billion). However, when the bidder's auditors did a quick check they found a $5 million (£3,4 million) hole in Kwik-Fit's books; apparently the company had not been accounting for its short-term creditors properly; the effect of this was to overstate its profits and the company's overall value. Ford finally got rid of the company – to CVC Capital Partners, the European private equity arm of America's giant Citibank – for $500 million (£330 million), taking a knock of over a billion dollars at a time when it could ill afford it.

Of course, the previous owner of Kwik-Fit, Sir Thomas (Tom) Farmer, pleaded ignorance. However, one would have to assume that the devious accounting arose during his tenure of ownership, not Ford's. The public cried, 'Another Enron!', particularly since

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Farmer's auditors had been Arthur Andersen, the global auditing firm that was brought to its knees by the accounting scandal that rocked the American power giant. However, a closer look at the history of Kwik-Fit shows that its core business was property ownership and that it used a company registered in England with a history of involvement in Russian and South African mining – and later of property ownership in England – to reverse list on the London Stock Exchange in 1981. Interestingly enough, Farmer acquired control of this company – it was called Crest International Securities – from our own Bernard Glazer.

Glazer's point of entry into and original involvement in Crest is not known at this stage, as the records for Crest are missing from the Companies House file for the years 1959 to 1969. However, by the time Farmer reversed his three companies into Crest, Glazer held 30,9% of the issued share capital. It was this 30,9% that Farmer initially acquired, through a holding company called Angliana Ltd. Farmer's subsidiary companies were called Tom Farmer Ltd (TFL) and Parben Ltd; the latter had a subsidiary called Arrowspeed. TFL's assets consisted of 17 purpose-built workshop sites spread around England and Scotland, while Parben held 16 more. Interestingly, Farmer had acquired these properties in two blocks only a year before: The 17 sites in TFL were acquired from a company called Nationwide Properties (NW) Ltd; the 16 in Parben, from Trucaris Nominees Ltd. A share issue immediately after the deal saw a company called Ridgefield Nominees Ltd holding almost 50% of the issued share capital. Information on these companies is given below.

Whether Sir Tom was simply the most brilliant apprentice mechanic ever to qualify, or whether he had another ace up his sleeve is not known, but the official version of his history goes like this: Born in 1940 in Edinburgh, he left after completing his apprenticeship in 1964 and started his own business, Tyres & Accessory Supplies; he sold this a mere four years later for a whopping £450 000! After this meteoric success, he 'retired' to America, where he soaked up all the business skills he possibly could before returning to launch Kwik-Fit in 1971. Or so the Internet version goes (*http://www.geo.ed.ac.uk/scotgaz/people/famousfirst 595.html*). Perhaps his inspiring visit to the US lasted only a few weeks or months, but the fine print in the contract for the purchase of the shares in Crest states that he had been in business with his partner, Walter Alec Stenson, since 1968 'in businesses which have involved the identification and acquisition of suitable retail and wholesale outlets throughout the United Kingdom'. The 33 centres they introduced into Crest were all let on '25-year full repairing and insuring' leases to a public listed company called Automotive Products Ltd. It's not known whether Farmer was running his Kwik-Fit franchise through this company, but it does state further on that 'neither TFL nor Arrowspeed is engaged in any other activity'.

The suspicion that Farmer's business was a front that absorbed cash from some other kind of operation is heightened by the musical chairs that the directors played during the year that Bernard Glazer died and the fact that Crest emerged from that year with a new holding company despite not having recorded with Companies House any notices to shareholders nor minutes of meetings nor resolutions passed. But before we take that journey it may be more useful to go right back to the beginning.

Crest International Securities was incorporated in England in 1913 as The Siberian Syndicate Ltd. It took over the 'undertakings and assets' of a company that had been registered under the same name in 1905; the reason for this transfer is not known, although it may have been for secretarial reasons. The Memorandum of Association granted it the status of an investment holding company with a special interest in mining and mineral rights. The main asset it took over from its namesake was 50 632 shares in the Spassky Copper Mine Ltd, which was in Russia. The same draft extel card that relayed Tom Farmer's history gave Crest's history as follows: The company was incorporated in 1913 in order to pursue mining activities in Russia, but this object was frustrated by the Russian Revolution, following which the company invested its funds primarily in other mining companies.'
To stay with this period for a minute: The Siberian Syndicate's address was given as 60 London Wall, which today is the address for the Baring Foundation, founded in 1969. According to the Baring Foundation's website, www.bvcp.ru, 'From the 1850s until [the Russian Revolution occurred in] 1917, Baring's [was] the financial agent in London to the Imperial Russian Government.'

But more important for our story is that Arthur (later Sir Arthur) Fell was the biggest private individual shareholder in The Siberian Syndicate, with some 10% of the issued share capital; he was also a director. Fell was simultaneously chairman of the African City Properties Trust, which was at the centre of the Glazer property portfolio and which the Blue File alleges may have been a front for the cash from mineral rights. The only shareholder with a greater holding than Fell in 1913 was The Transvaal Agency Ltd, which gave a London address and held about 20% of the shares.

Details of Crest's investments in mining companies are not known, given the big chunks that are missing from the files prior to 1970, but the company did emerge in that year with 63% of its shares being held by Standard Bank Nominees Ltd of 10 Clements Lane, London. There are no records of a Standard Bank Nominees Ltd ever having been registered in England. Today one of the most prominent shareholders on the JSE Securities Exchange – and one that has proved to be particularly prominent in the

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companies central to the Glazer case – is Standard Bank Nominees (Transvaal) Ltd. Could the Transvaal Agency Ltd and the two Standard Bank nominee companies mentioned above ultimately all be the same, with the same beneficial shareholders?.

A statement in the 1972 financial statements – the first on record – reveals that The Siberian Syndicate held shares in Consolidated Gold Fields Ltd, which it disposed of, along with all its other mining interests, during that year. Crest also had a cluster of South Africans on the board, three of which shared the surname Lubner. The Lubner family owned an eponymous furniture retail chain in South Africa, but their real wealth came through their plate glass manufacturing company, Plate Glass (PG, today PGSI); the company was a world leader in the field of auto glass and exported patents and materials to all corners of the globe, including America and Japan. In 1983 PG merged with the UK giant Pilkington Glass to form Glass South Africa, but Pilkington sold off this share in 1992 – to South African Breweries, which ended up with a 68% share; the brewery offloaded this share in 1999 to two Belgian companies, D'leteren and Cobepa; the latter is a listed investment bank active in the Benelux countries and Canada. Today the Lubner operation is one of the world's largest automotive glass suppliers in the form of Beltron International.
It's not known who the Consolidated Gold Fields shares were sold to, but it was a mining finance house and secondary banking activity was at its apex. President Nixon had closed the gold window in August 1971, a debt money system with floating exchange rates had been introduced; there was opportunity for profit and everybody wanted a piece of the action. Amidst the stampede, a small merchant bank called Close Brothers was bought by an investment trust called London & Western in 1972. Within a year this bank would try to buy Consolidated Gold Fields's export finance subsidiary Tennant Guaranty; instead, Consolidated Gold Fields turned around and, through its subsidiary C Tennant, Sons & Co, bought the shares of London & Western, which held Close Brothers, for £2,7 million. A management buyout in 1978 would sever this link, but Close Brothers would continue to have an intimate relationship with Consolidated Gold Fields throughout the next three decades; this relationship continues today, with Lord Denman, for many years a director of both Consolidated Gold Fields and Close Brothers, still an adviser to the latter. (The MBO was supported by the Keeling family through their issuing house London & Yorkshire Trust, and their investment trust, called Safeguard. The directors paid for their share through loans from Midland Bank, which was the bank for Crest and other Glazer companies.) Close Brothers also has strong links to the apparently anomalous bedfellows Anglo American and Kerzner International. These will be explained later.

The year 1972 was also the year that Lionel Casper and Brian Simmons acquired The Siberian Syndicate through their own investment trust, called London Cavendish, and changed its name to Crest International Securities Ltd. As the Ashbourne Investigation report makes clear, their major client at the time was Bernard Glazer, and their target was to form their own merchant bank, with Crest as the holding entity. Just like the former Samuel Montagu employees who formed London & Western and acquired Close Brothers, Casper and Simmons went after Ashbourne, with its merchant banking subsidiary ES Schwab. Sadly for them, though, the market turned just as they were about to make their bid for the company, and they were forced to stall.

Until the relaxation of exchange control regulations in England in 1979, a non-resident of the UK could not control more than 10% of the shares of a UK company. Glazer was a South African citizen, so his involvement would always have involved fronts. According to the Ashbourne investigation report, by 1972 Casper had acquired 30% of the shares of Crest 'through purchases made by London Cavendish, certain of its investment clients and associates, and himself and Mr Simmons'. It's not known who these 'clients and associates' were, nor what percentage of the 30% they held, nor what the total value of the holdings were. Another interesting historical point is that the auditors for Crest were Annan, Dexter & Co, which became Dearden, Lord, Annan, Morrish and, later on, Dearden Farrow, who would be the auditors for Boohat Thirty-Nine, the company that acquired the shares of Volkskas International via Coptic Finance Ltd a short while before Glazer died in 1984. The address for The African City Properties Trust in Johannesburg, and one of its main assets, was Annan House. The chairman of Consolidated Gold Fields of South Africa Ltd from 1944 through 1960 was Robert Annan.

Ronnie and Bertram Lubner, along with most of the other board members who'd been with them, resigned from Crest following the takeover by Casper and Simmons.
Gerald Lubner remained, but he would eventually sue the company for breach of contract when his office was terminated prematurely.

Casper and Simmons attacked the market hungrily, and by mid-1973, just before it collapsed spectacularly, they had merged with another investment trust (London & Foreign) and held either 50% or 100% interests in ten companies, each of which held a property or listed securities portfolio; Crest was planning a merger with a second investment trust, Corporate Guarantee, with which it held – along with Bernard Glazer – a 43% share in Ashbourne; the latter company had about ten industrial and landholding

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subsidiaries of its own, plus its own bank. The Crest/Corporate/Glazer consortium was preparing to make its obligatory offer for the outstanding shares in Ashbourne when the UK property and stock markets collapsed in November 1973.

No financial statements were prepared during 1974 as they tried to sort out the mess, and in the financial statements for the 18 months ended 31 March 1975 Lionel Casper, the young 32-year-old chairman, explained the situation like this: '…the group's financial position has reached a critical stage … [however] there is … some potential for recovery in the value of the group's retained investments. The purpose of a reorganisation would be to stabilise the financial position of the Group, enabling the anticipated potential of these investments to develop to the advantage of shareholders. The principal asset upon which the future of the Group is considered to be based is the Group's major property in Prinsengracht, Amsterdam. The proposals and means of effecting a viable reconstruction are in the course of being finalised, and it is hoped that shareholders will give it their unqualified support in due course.

'Our special thanks … to Mr Bernard Glazer whose preparedness to capitalise his very substantial unsecured loan to the company (£213 322), which itself arose through the repayment by him of one of the company's largest bank borrowings, has created a real possibility of a capital reorganisation.'

An orderly exit followed, with Bernard Glazer not only allowing them to capitalise his loans to the company, but also taking up new share issues until he held more than 30% of the company. Most of the assets were converted to cash, and it appears that just as Glazer bought Ashbourne through the back door using Incentive Investments – ostensibly owned by a Mr Faust, who by all appearances was nothing more than a company secretary – he also bought some of the companies from Crest through the back door: At the time of the transfer of ownership of Crest to Tom Farmer, a contract still pending was the sale of the share capital of one of its subsidiaries, Crest International Holland BV, to Faust NV for a cash consideration of DFl19 000 (equivalent at that date to about £4 150). An inspection of the files for Ridgefield Nominees will make for interesting reading and will answer the question: Did Glazer perhaps hang on to Crest as well? Nowhere does it say how, or how much, he was paid for his 30,9% share.

On the face of it there should be no grounds for suspicion: Glazer wanted to recoup his losses in the least disruptive way possible. By the time Farmer had moved in during early 1981 the company had four subsidiaries, all of which were dormant, and a net asset value of £318 000, mostly in the form of cash. After Farmer took over it shot up to £2,8 million and beyond. But the movement of directors and the chain of events that took place from late 1983 until early 1985 (Glazer died in July 1984) deserve further investigation.

In the financial statements for the period ended 29 February 1984, it says: 'On 22 April 1983 all of the issued share capital of the company was acquired by Kwik-Fit (Tyres & Exhausts) Holdings plc and the company became a wholly-owned subsidiary of that company.' Kwik-Fit was the tenant of a 'warehouse and exhaust centre' in Edinburgh which was the main property asset of Parben Ltd; in effect the tenant had taken over the landlord, which is not impossible. More importantly, the 1984 financial statements were only lodged with Companies House in February 1985, almost a year after the financial year end. There was a change of registrars during 1983, from Midland Bank to Ravensbourne Registration Services Ltd, and a new secretary, Robert Huthersall – who was not at this stage appointed to the board – replaced Brian Simmons on 12 April 1984.

Walter Alec Stenson, the chairman, and James Brown, the property director, also resigned prior to July 1984 and were replaced by Duncan Whyte, the new chairman, who was also a partner in Arthur Andersen, the company's auditors, and one David Henry Ishmael Jenkins. Apart from Brown, all these movements happened officially on 30 Dec 1983 and the forms were lodged with Companies House on 12 Jan 1984. Tom Farmer remained on the board throughout.

Ervin Landau, who had been with the company for a number of years, and whose legal firm represented the company throughout the period – and still does today – resigned on 5 October 1984, as did David Jenkins, who had only been on the board for nine months. A handwritten date on the form submitted to Companies House is dated 10/10/84, but the form is not stamped); both were still listed as directors in the 1984 accounts, although those accounts were only lodged with Companies House on 6 February 1985. It's unusual not to list changes of directorship that happen post-balance sheet, and the date of submission of the accounts suggests that this should have been possible.

These irregularities form a pattern similar to that which beset the other Glazer-owned UK companies around this time, including Ashbourne Investments, Coptic Finance, Incentive Investments and Volkskas International. It's worth noting, too, that at the time of the takeover by Tom Farmer, Crest applied for admission to the Unlisted Securities Market (USM), which was an alternative to listing on the Stock Exchange that was aimed at the smaller company wishing to expand its business with the assistance of a public market in its securities but without being subject to the same degree of regulation as listed companies.

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Pertinent as well is the fact that a share restructuring took place and yet in the files no mention was made of any such plan and no explanation was given. There were no contracts, no minutes, no resolutions passed and no circular to shareholders.

The annual return that followed this restructuring was dated 29 June 1984, but was only lodged on 14 January 1985. Companies House requires these forms to be submitted within fourteen days of the annual general meeting. However, no mention of such meeting was made in the 1984 accounts; the only oblique reference to a meeting is one made regarding the presentation of the Budget on 13 March 1984. The previous annual return was dated 5 April 1983 and was lodged 10 June 1983, two months after the aforesaid date. A 'bulk list (over 10 pages)' of shareholders was submitted with that earlier return, made up on 5 April 1983. It would be useful to view this list. (The 1984 annual return in fact showed one share in the name of Kwik-Fit Euro Ltd (a private company) and the remainder in the name of Kwik-Fit (Tyres & Exhausts) Holdings plc as aforementioned.) Another quirky fact that may have more relevance than we want to admit is that the name Kwik-Fit was not the genius of Tom-Farmer: Kwik-Fit (Tyre & Exhausts) Holdings plc (company #00362333) had been incorporated under that name in England on 12 July 1940, the year Tom Farmer was born! Its name was changed on 20 July 1987 to Kwik-Fit Holdings Ltd, at which time it was also changed to a private company.

The simple question is: Did Ridgefield Nominees Ltd dispense of its shares in Crest International Securities in exchange for shares in Kwik-Fit (Tyres & Exhausts) Holdings plc? Once again, who was the beneficial owner of these shares? Ridgefield Nominees was incorporated in 1972 and acts as a nominee for Henry Cooke, Lumsden & Co, a stock broking firm with a strong presence in the English midlands. Its auditors from 1976 were Thornton Baker, who in 1986 became Grant Thornton.

The first loss since Tom Farmer had come roaring in was made in the 1984 financial year; it amounted to £129 150. The annual accounts looked very different in other ways, too: In particular, fixed assets were reduced from millions to a nominal figure, investments in subsidiary companies were put at £1 093 060, while amounts owing by subsidiaries climbed from a nominal figure to over £7m. The company had become an intermediate holding company so there were no more consolidated accounts.

The 1985 annual return was made up on 1 October 1985 and lodged with Companies House on 4 October, three days later, rather more promptly than the 199 days that the 1984 returns had taken.

While all this was going on, a parallel show with an interesting twist had taken place: On 12 February 1980 De Beers announced that it had acquired 24,4% of the shares of Consolidated Gold Fields Ltd and had a right of first refusal over another 1%. It did not, however, 'intend to acquire further shares which would require it to make a formal offer'. De Beers planned to 'offer half its total holding to Anglo American Corporation of South Africa Ltd'. By the time this announcement was made the Secretary of State for Trade had, on the same day, appointed inspectors to investigate this 'operation which has been referred to as a "raid" on the market'. (*Department of Trade Investigation under Section 172 of the Companies Act 1948. Report by Bryan James Welch and Michael Charles Anthony Osborne.*)

It turned out that all was above board, but here's an interesting twist that requires further investigation: At the beginning of 1987 Caledonia Investments, the low-profile investment company controlled by the Cayzer family, acquired a 10% stake in Close Brothers. (Sir Nicholas Cayzer, it will be remembered from the property portfolio chapter, had had close links with the South African government in the 1960s through Uksata.) Later that year, Close Brothers 'advised Caledonia on the disposal of its large shareholding in the financial and industrial conglomerate British & Commonwealth Holdings Ltd (B&C), for £427 million, of which a large proportion was deferred over several years. Some two years later B&C collapsed … but all of the deferred consideration then outstanding to Caledonia was safely received thanks to bank guarantees shrewdly negotiated back in 1987.' Around the same time, in July 1987, Close Brothers 'announced a simultaneous rights issue and share placing which together raised some £24 million of additional capital for the group. The share placing was with Caledonia Investments which thereby increased its stake in Close Brothers to around 20%.'

The same history according to the website of Caledonia Investments (www.caledonia.com) puts it this way: 'Proceeds of a share buy-back undertaken by B&C (were) received 'just three days before the infamous Black Monday of October 1987, in a move still regarded by commentators as one of the most prescient of its kind in recent history'.

In this same year, Sol Kerzner left South Africa 'to settle in the UK and to focus on European interests'. (*Sunday Times*, October 2001) As of July 2003 Caledonia held 19% of Kerzner International and had voting rights on a further 10%; Mr Peter Buckley, chairman and chief executive of Caledonia, sat on the board of Kerzner International – and of Close Brothers. The chairman of Close Brothers was Sir David Scholey, who was also a director of Anglo American, which was due to receive half of the

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Consolidated Gold Fields shares bought secretly by De Beers in 1980. Another director of Close Brothers is Peter Sacheverell Wilmot-Sitwell, who was a partner of Rowe & Pitman, the stockbrokers when De Beers bought the CGF shares and who gave oral testimony at the investigation that followed. Following Rowe & Pitman's merger with SG Warburg, Wilmot-Sitwell became chairman of SG Warburg Securities and vice-chairman of SG Warburg Group until he retired in 1994. He is currently chairman of Mercury World Mining Trust plc. A director of Caledonia Investments, which, as mentioned, holds 19% of Close Brothers, is Charles Allen-Jones, who was a partner for 33 years in the international law firm Linklaters, who were the solicitors in London for De Beers and supplied 'a substantial amount of information' to the investigation team.

Meanwhile, the clues to the true nature of Kwik-Fit's operation appear to run dry, but in 1995 a company called Kwik-Fit Insurance Services was formed. It sold car, home, travel insurance, breakdown cover, legal expenses cover, term life assurance and payment protection. Now watch this: A director of Kwik-Fit Insurance Services Ltd is Eric Sanderson, former chief executive of the British Linen Bank, which Tom Farmer used to fund his acquisition of Crest; Sanderson was also on the management board of Bank of Scotland and on the board of a company called City Group, a company which 'provides outsourced regulatory compliance and head office finance services to small listed companies'. Its clients are variously listed on the London, Luxembourg and Johannesburg Stock Exchanges. One of its clients is Falcon Investment Holdings Societe Anonyme, incorporated in Luxembourg. Its activities 'comprise the function of central supervision and control of the group's mining interests through a wholly owned subsidiary Falcon Mines Holdings Societe Anonyme. These interests include the Group investment in Falcon Gold Zimbabwe Ltd (Falgold), a 57,1% owned subsidiary, in Olympus Gold Mines Limited, a 66,67% owned subsidiary, and in Minera Falcon de Chile SCM, a 52% owned subsidiary. Falcon's shares are listed on the Luxembourg, Johannesburg and Zimbabwe Stock Exchanges and are occasionally traded on the London Stock Exchange.'

Another client of City Group is Monteagle Holdings Societe Anonyme, a 'financial holding company incorporated in Luxembourg [with] a portfolio of investments … in general trading, freehold properties, commercial agriculture and gold mining'. The company is listed on the Luxembourg, Johannesburg and London Stock Exchanges. It needs to be investigated whether either of these companies hold or control assets once belonging to Bernard Glazer and not declared to his beneficiary Michele.

One of the main clues to this suspicion is that another member of the board of City Group is Bryan Myerson, who qualified as a lawyer in South Africa in 1985 and, in 1994, established a company called Active Value Advisors Ltd along with another South African, Julian Treger. Active Value claims to 'invest in undervalued publicly listed companies in the UK and Europe. However they are seen as aggressive corporate raiders in the City and in the past few years they have launched attacks on a European media company as well as Primedia in South Africa.

An April 2003 Active Value South Africa (Avasa) put together a consortium which spent R123 million to acquire a 20% stake in 'embattled' South African life assuror Sage. The Avasa consortium included 'several well known South African investors', including Transnet; Myerson claimed that the other investors in his consortium 'could not be disclosed at this stage'. (*www.moneyweb.co.za*, 9 April 2003) Alongside the Avasa consortium, taking up the rest of a R350 million recapitalisation of Sage were its erstwhile backers Absa, Remgro and the Mines Pension Fund. At the time of this announcement, Sage also announced that it had 'managed to sell' its Bermuda operations to Old Mutual plc for an 'undisclosed sum'. Myerson and Treger sit on a reshuffled Sage board, which is headed by Dr Danie Cronje of Absa, who was on the board of Volkskas International when Bernard Glazer resigned in 1982, some 18 months before he died under suspicious circumstances.

Another clue that the link between Glazer and Kwik-Fit continued after the Tom Farmer deal comes to us through a 100% Glazer-owned company called CCP Crest City Properties Ltd: CCP Crest was incorporated in 1977 with the registered address given as Barnett House, 53 Fountain Street, Manchester and Ervin Landau as a director. Landau was the eponymous partner in the law firm Halliwell Landau, which represented Kwik-Fit; he was also a director of Crest International Securities until October 1984; he resigned from that company a few months after Glazer died. During all this time Landau held one share in CCP jointly with Bernard Glazer, who also held the other 99 shares in issue. Glazer would be replaced by his holding company Amarena Holdings Inc in 1980 and Landau would be replaced as the joint holder of one share by "Executors of B Glazer (deceased)" in 1984. However, he remained on the board of CCP until 1988 when he was replaced by Bernard's son Sam and Julius Feinstein, two of the three executors of the estate. Until this date, Landau continued to give his address and the address of CCP as Barnett House, Manchester. What's interesting is that this became the address of Crest International Securities in 1984 when it was taken over by Kwik-Fit (Tyres & Exhausts) Holdings Ltd. Even more interesting is that Landau had listed Kwik-Fit (Tyres & Exhausts) Holdings as one of his directorships as far back as 1977, when he was appointed as a director of CCP! We know that this company was registered under the same name in 1940, so once again we ask, was Kwik-Fit really Tom Farmer's idea? If not, what was its true

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purpose and what was Farmer's true role? And what was Landau's role, since he was clearly the point man between Glazer/Amarena and Kwik-Fit.

When Landau resigned from CCP in 1988 its address changed to 370/386 High Rd, Wembley, Middlesex, which was and still is the address of Landau Morley, the auditors for CCP. Possible connections to Ervin Landau and Michael Morley of Close Brothers are being investigated. At the same time, Crest International Securities moved with Halliwell Landau to its new address, St James's Court, 30 Brown St, Manchester.

It may be sheer coincidence, but Societe Generale has a branch at Barnett House.
Societe Generale was one of the banks involved in secret loans to South Africa during the 1970s, when apartheid sanctions were in full force. Other banks involved in loans to South Africa which also had a presence in Manchester include ABN Amro, Citibank and HSBC (then Midland Bank). The British Linen Bank, which Tom Farmer used to finance his acquisition in 1980, also had a presence in Manchester. Two other banks of interest to our story which also have a presence in Manchester are Bank Hapoalim and Bank Leumi. Bank Hapoalim is Israel's 'leading financial group and largest bank with a global presence in key markets'; its name appeared as the banker for Crest International Securities along with Midland Bank in 1979. Bank Leumi, meanwhile, was founded in 1902 as the Anglo-Palestine Company by Dr Theodore Herzl, the founder of political Zionism 'who prophesied the birth of the future State of Israel', according to its website. Lord Mancroft, who came onto the board of the merchant bank ES Schwab – which became Volkskas International – after Glazer acquired it, was also a director of Bank Leumi.

There is no clue in the financial statements of CCP Crest City Properties as to what its real business was. In the valuation of Bernard Glazer's estate by Kessel Feinstein done in 1984, CCP was 'dormant' with 'its only asset being sundry debtors'; the value of its shares was given as being R48 058. The few statements that are available state that the company did not trade during the year and that the expenses of the company were 'met by the members personally'. For most of the period until it was dissolved in 1997, the company applied for exemption from producing audited financial statements due to its dormant status. This is particularly relevant for the period leading up to the first disbursement in terms of Glazer's estate, which fell due in 1994: No audited statements were produced for four years preceding that date.

A company within the same stable that reveals only marginally more of the real picture is Crest International Holdings Ltd. This company was a subsidiary of Crest International Securities until Glazer bought it out in late 1975/ early 1976. Crest, and later Glazer, held 80 of the 100 issued shares in this company. The other 20 were – and still are – held by a former director of Crest called Conrad Jeffrey Morris, who appears to be involved in various political lobby groups in Israel. One such group is the Israel Centre for Social & Economic Progress (Icsep), which was 'founded in 1983 as an independent pro-market public policy think tank' (*www.icsep.org.il*).

Crest International Holdings has 50% share in a subsidiary called Loncrest (Holland) BV which has two direct subsidiaries of its own: BV Holland Film and Beleggingsmaatschappij Paragon BV. Film has a subsidiary called Exploitatie Maatschappij de Munt BV. According to the 1993 financial statements, Paragon acquired the 'economic ownership of the offices and shops, which form part of the so-called Plaza Building, in the Kalverstraat in Amsterdam' in December 1983. Exploitatie held the legal ownership of the same property; Paragon apparently paid Exploitatie NLG7,1 million for the privilege of 'economic ownership'.

The other 50% in Loncrest (Holland) BV is held by Ladbrokes plc, the UK betting and gaming arm of the Hilton Group. Ladbrokes entered the South African market in 2002 with an Internet operation that offered tax-free betting through its London offices, to the obvious ire of local bookmakers.

The bottom line for the companies falling under Crest International Holdings was their unusual accounting treatment, which is perhaps best summed up by forensic accountant Brian Watson, who studied them in 1996 on behalf of Michele Glazer's attorneys at the time, Hofmeyr Attorneys. Brooks found that Crest did not operate a bank account and that large amounts of money were lent to its subsidiary Loncrest by Amarena, that these loans were recorded by means of book entries, that interest was charged on them, and that they were capitalized. This activity increased significantly from 1988, the year in which Landau was replaced on the board by Feinstein and Glazer junior. As Brooks pointed out, the administrators 'coincidentally … undertook their first trip to Amsterdam during this time'. The administrators travelled to Holland in 1989, in which year Glazer Bros (the holding company for the Glazer Will Trust) also began to lend money to Crest.

On the face of it, the investment in the building was not a good one and was sucking money from Amarena. The administrators explained that they could not make a unilateral decision to sell it as Ladbrokes owned half and they'd been advised to hold onto it

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for a better price. According to the administrators 'The price that was finally achieved set a new record … on the Kalverstraat'. However, Brooks found it 'surprising that interest on the loan to Crest was accumulated. During the period … interest accounted for £1,3 million of the £2,2 million loans. In this was a genuine interest charge then the effect would merely be to inflate the figures of Amarena.' One explanation that Brooks thought of for capitalizing the loan was that the other 20% shareholder, Conrad Morris, had not put in anything toward the loans and the administrators were trying to ensure that Morris did not profit unduly by Amarena's support of Crest. However, he reckons that it would have been 'commercially expedient to liquidate Crest whilst Amarena's exposure was still relatively small'. This might have saved the Trust some R13 million, which was written off in 1994 and 1995, just prior to the first disbursement, which was delayed until well into 1995.

Of course, Brooks did not have the bigger picture. He took the declared contents of the estate at face value. But he came close to the true state of affairs when he said that 'the flow of funds between Amarena (and Glazer Bros), Crest and Loncrest cannot be positively identified.' In a later point he states that 'the cash, approximately R13,7 million, appears to have "disappeared"'. His final conclusion was this: 'There exists a real possibility that: (a) cash was 'moved' from South Africa; and (b) removed from Amarena for some other purpose.'

The question that remains is, how long is the piece of string?

CREST INTERNATIONAL SECURITIES LIMITED CO. No. 130445
Corporate structure as at 31 March 1973

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Shareholders
London Cavendish (12%)
Capital Introductions Ltd (9,3%) +
£54 375 loan stock
Directors (17,2%)
Public (61,5%)

Directors & their interests

LI Casper	42 000
B Simmons	7 199
GM Lubner	1 875
MR Heathcote	4 000 (+£1 000 loan stock)
WM Law	500 (+£125 loan stock)
AL Silver	5 000

'London Cavendish Securities, which is controlled by Casper & Simmons, is interested in 284 841 ordinary shares of 10p each'
'Capital Introductions Ltd, controlled by Heathcote & Law, is interested in 217 500 ordinary shares of 10p each & £54 375 of 10% Convertible Unsecured Loan Stock 1983'

CREST INTERNATIONAL SECURITIES LTD

50,01% — **Chromegrove Ltd**
Flats held for realisation

51% — **City & Comm'l Properties Ltd**
Rent-restricted properties

100% — **City & Cranbrook Securities Ltd**
Share investments

50,01% — **Mirivale (TC Investments) Ltd**
Property in Bristol and holding co for Crest Int Holland

- 100% — **Crest Int. Holland BV**
  50% int w/ Ladbrokes plc in building @ 612-622 Prinsengracht, Amst'dam; let to Univ. of Holland

100% — **London & Foreign Inv. Trust Ltd**
'Holds the portfolio of listed securities of the group'

- 100% — **Lonfor Securities Ltd**
  Listed securities

80% — **Crest Int. Holdings Ltd**
Planned 50% coventure in major commercial development in Europe w/ Ladbrokes Group

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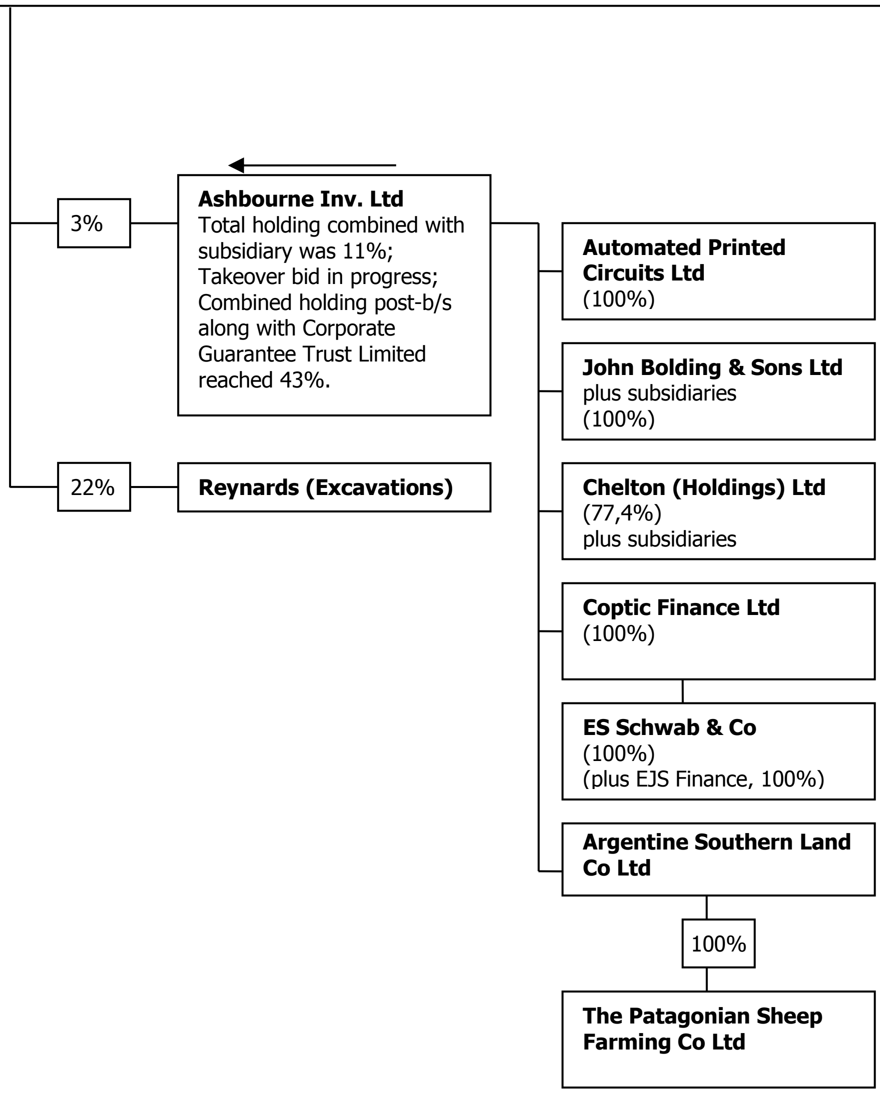
CREST INTERNATIONAL SECURITIES LIMITED CO. No. 130445
Corporate structure as at 31 March 1973 (cont)



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CREST INTERNATIONAL SECURITIES LIMITED CO. No. 130445
Corporate structure as at 31 March 1975

Shareholders
London Cavendish (12%)
Capital Introductions Ltd (9,3%) + £54 375 loan stock
Directors (2,3%)
Public (76,4%)
B Glazer ("agreed to capitalise unsecured loan of £213 322")

Directors & their interests

LI Casper	42 000
B Simmons	7 199
MR Heathcote	4 000 (+£1 000 loan stock)
WM Law	500 (+£125 loan stock)
AL Silver	5 000

"Mr GM Lubner … resigned … on 4 September 1974 was interested in 1 875 ordinary shares"
"London Cavendish Securities, which is controlled by Casper & Simmons, is interested in 284 841 ordinary shares of 10p each"
"Capital Introductions Ltd, controlled by Hathcote & Law, is interested in 217 500 ordinary shares of 10p each & £54 375 of 10% Convertible Unsecured Loan Stock 1983"

CREST INTERNATIONAL SECURITIES LTD

50,01% — **Chromegrove Ltd**
Flats held for realisation

51% — **City & Comm'l Properties Ltd**
Rent-restricted properties; disposed of post-balance sheet date
(acquired by?)

100% — **City & Cranbrook Securities Ltd**
Share investments? All sold early 1974.

50,01% — **Mirivale (TC Inv.) Ltd**
Property in Bristol and holding co for Crest Int Holland

100% — **Crest Int. Holland BV**
50% int w/ Ladbrokes plc in building @ 612-622 Prinsengracht, Amst'dam; let to Univ. of Holland

100% — **London & Foreign Inv. Trust Ltd**
'Holds the portfolio of listed securities of the group', most of which were sold during 1974

100% — **Lonfor Securities Ltd**
Listed securities?

80% — **Crest Int. Holdings Ltd**
Property in Kalverstraat, Amsterdam; 'disposed of our interest in this co.' – post b/s
(acquired by Glazer thru Amarena)

CREST INTERNATIONAL SECURITIES LIMITED CO. No. 130445
Corporate structure as at 31 March 1975 (cont)

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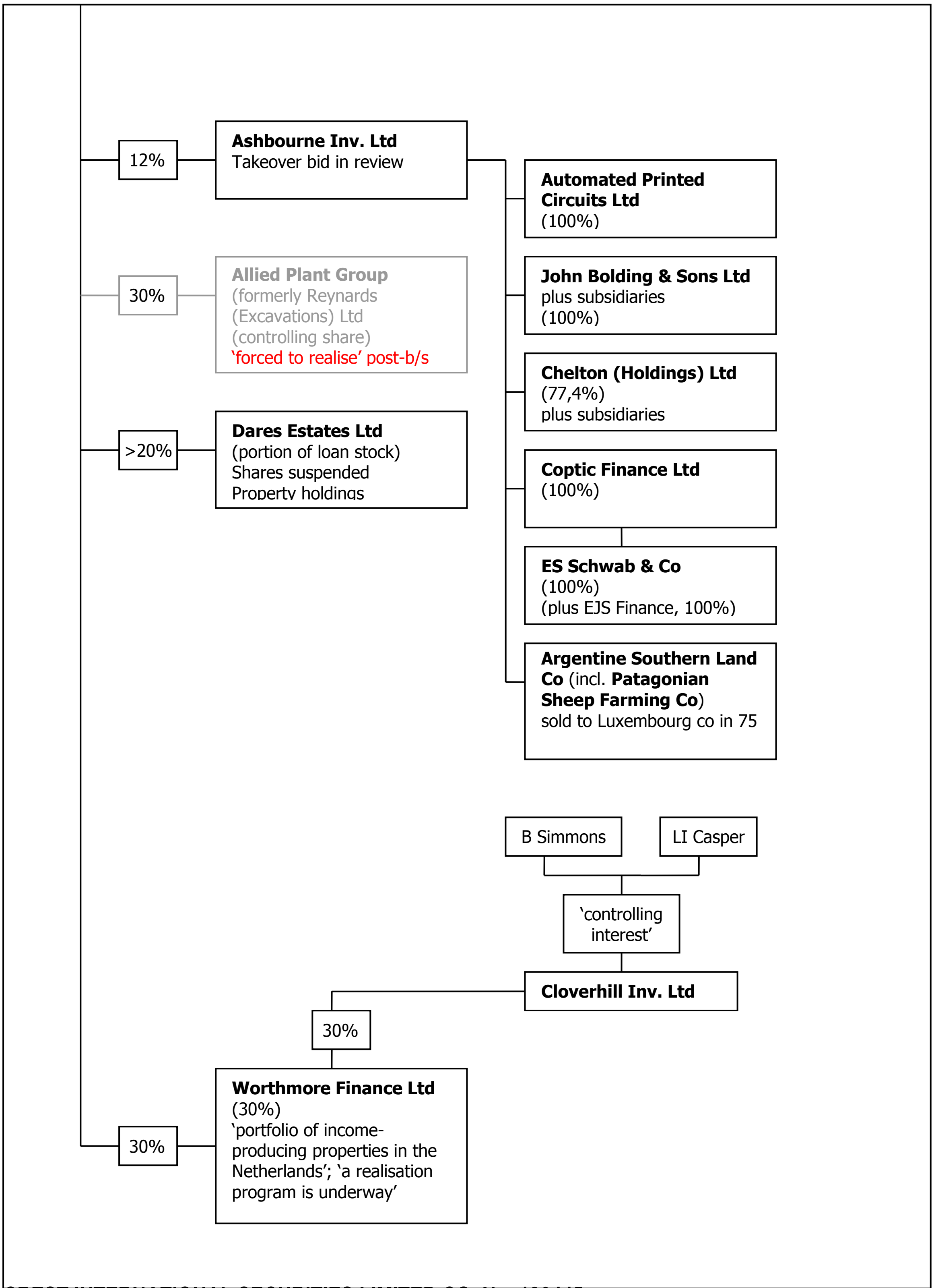

CREST INTERNATIONAL SECURITIES LIMITED CO. No. 130445
Corporate structure as at 31 March 1976

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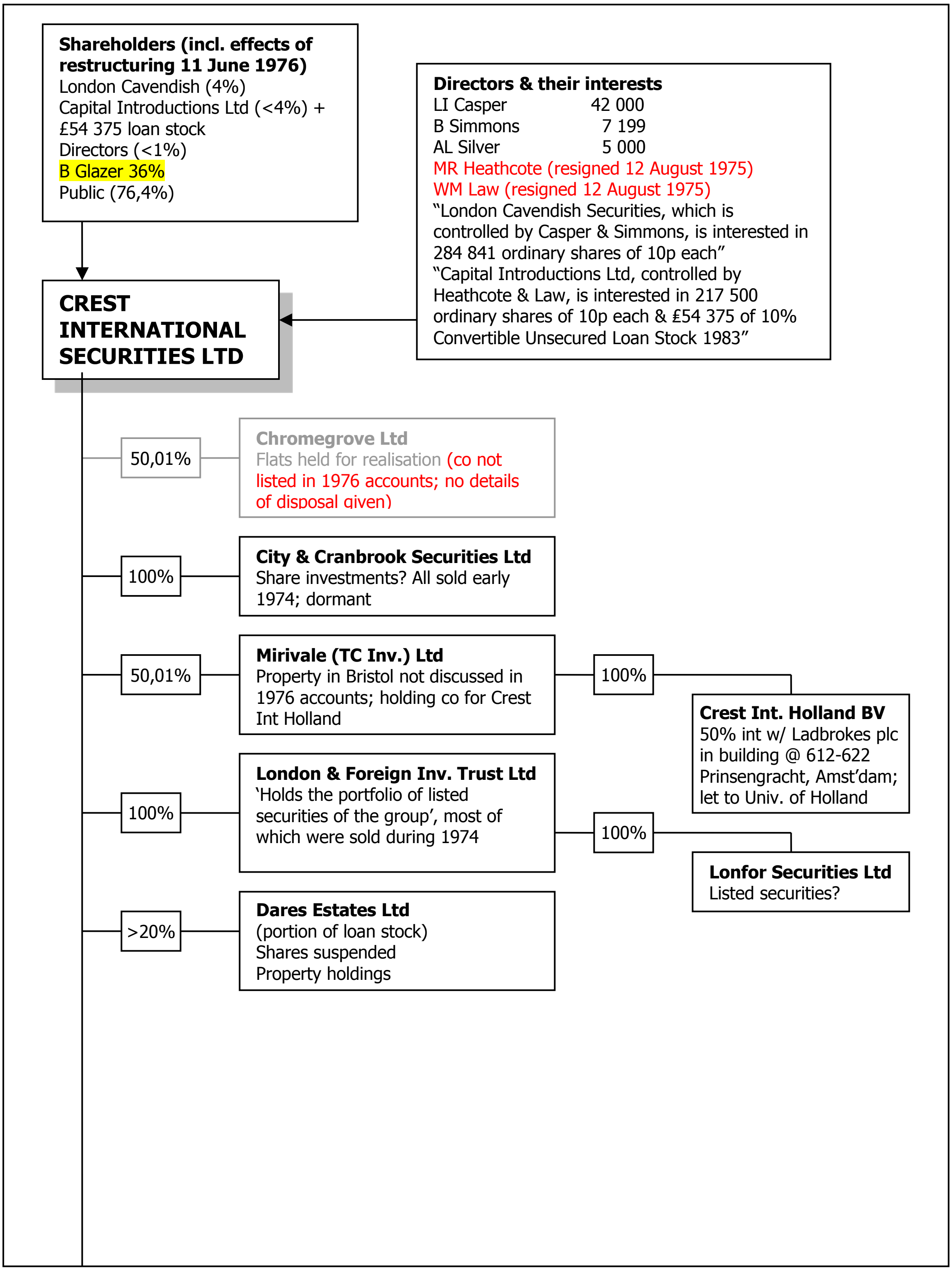

CREST INTERNATIONAL SECURITIES LIMITED CO. No. 130445
Corporate structure as at 31 March 1976 (cont)

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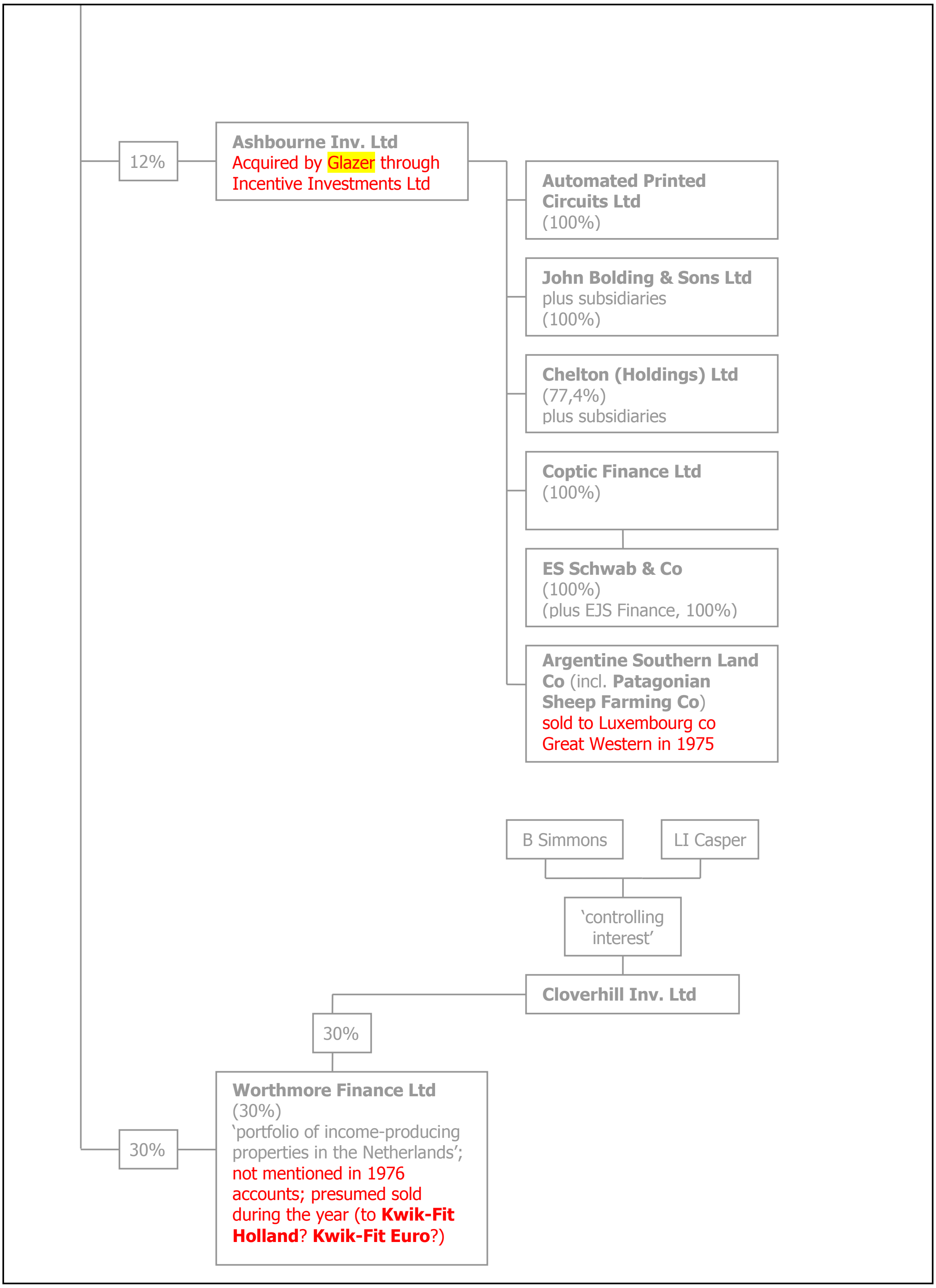

CREST INTERNATIONAL SECURITIES LIMITED CO. No. 130445
Corporate structure as at 31 March 1979

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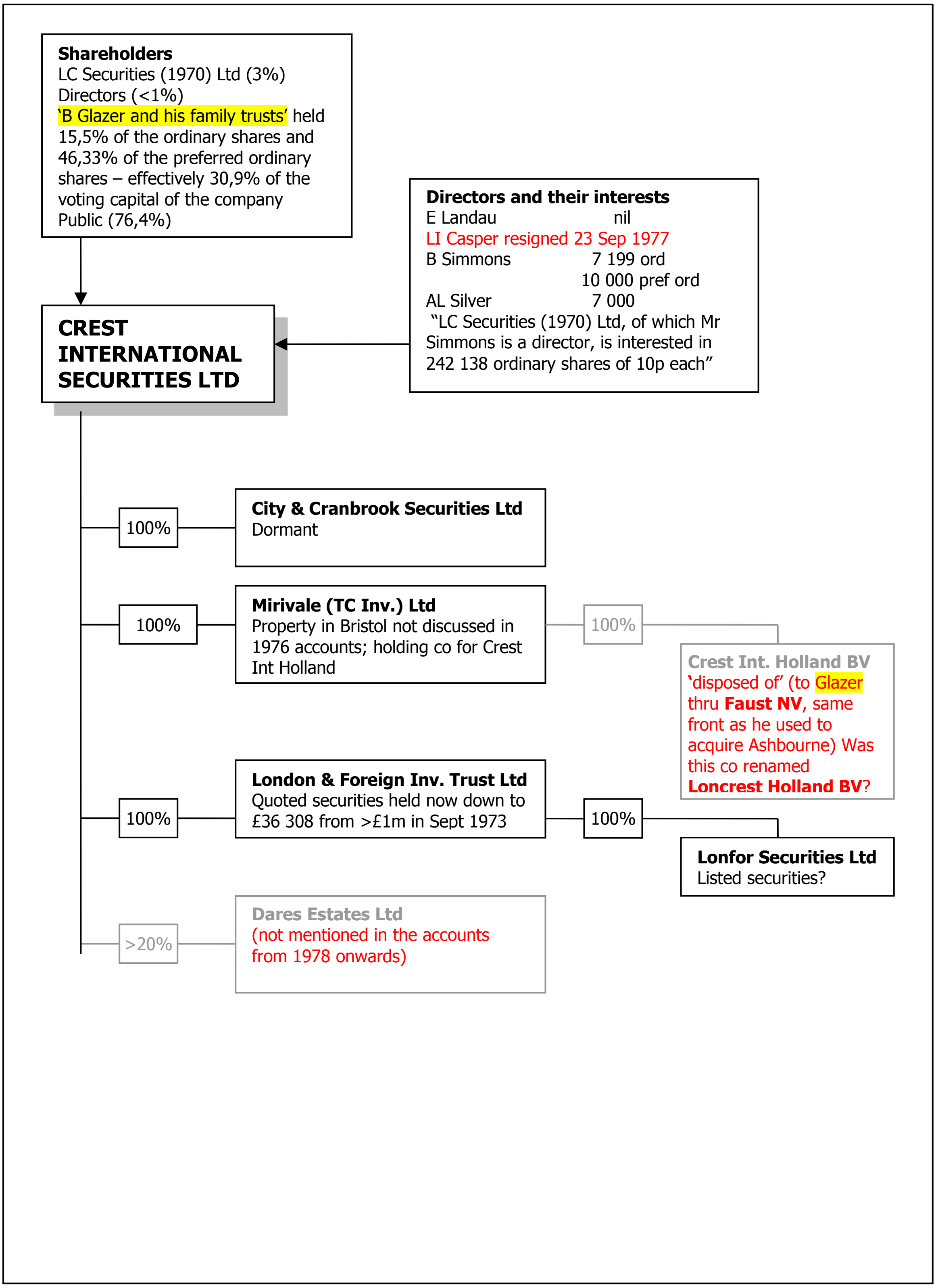

CREST INTERNATIONAL SECURITIES LIMITED CO. No. 130445
Corporate structure during reverse listing by Tom Farmer Ltd 1980/81

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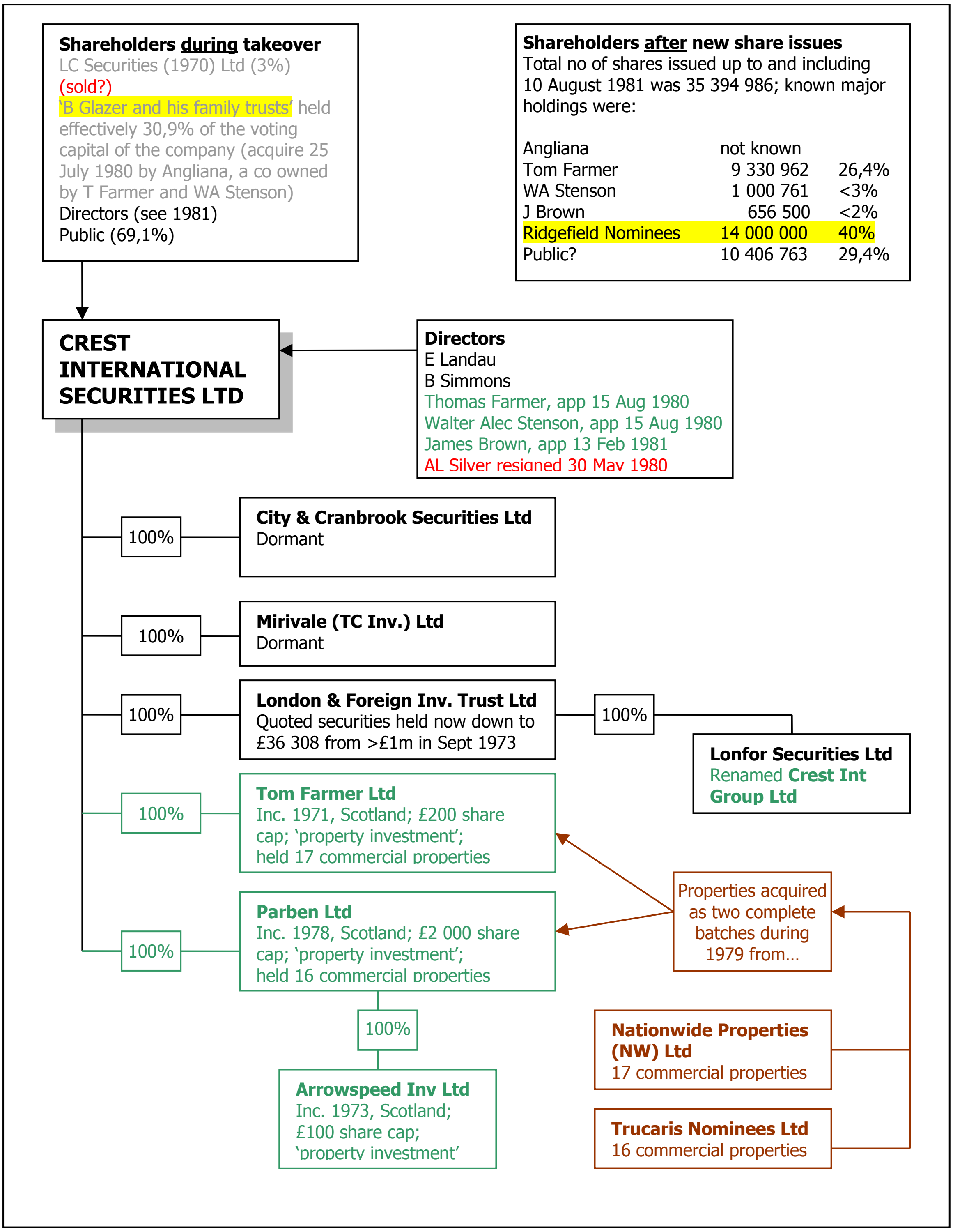

CREST INTERNATIONAL SECURITIES LIMITED CO. No. 130445
Corporate structure post-1984

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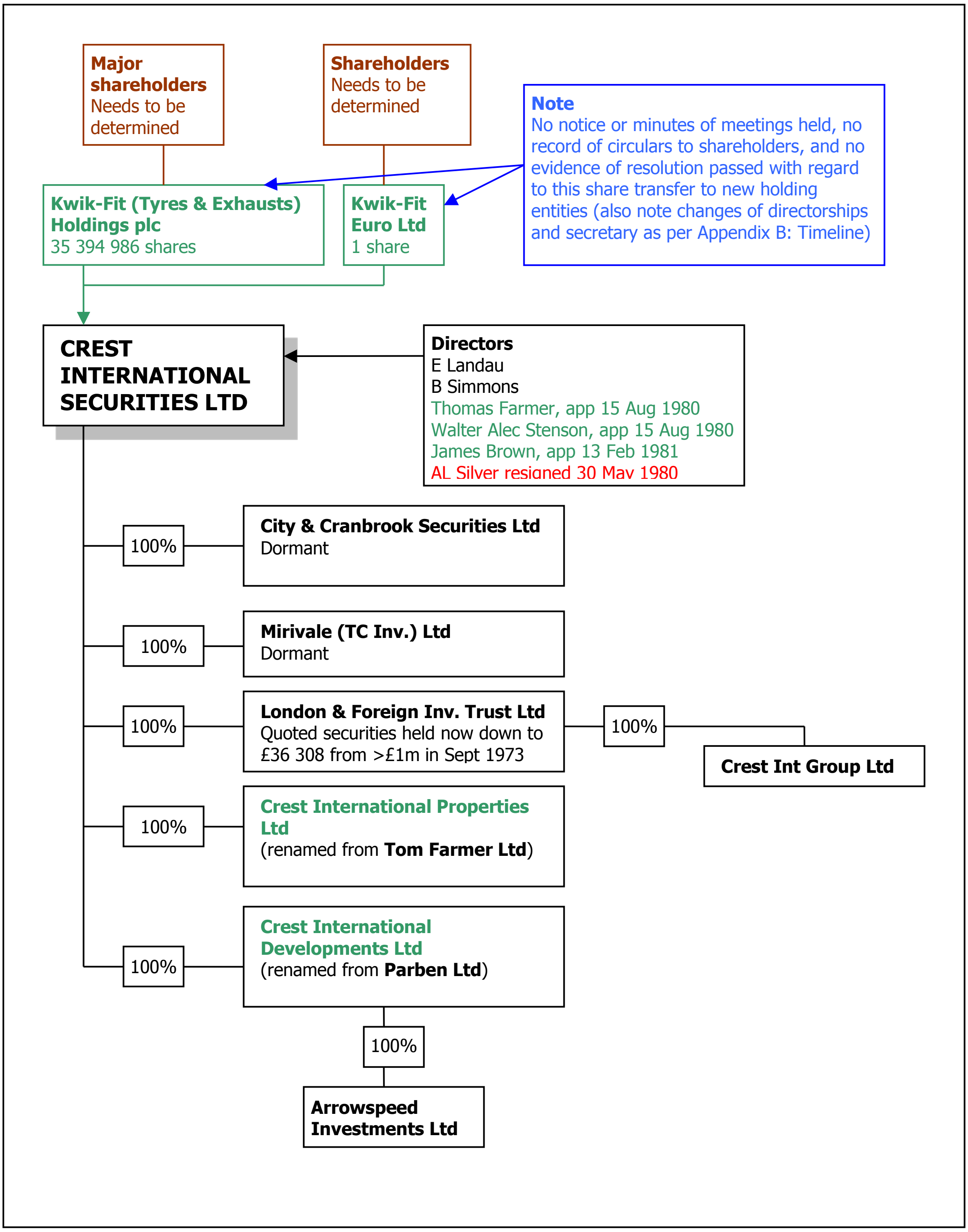

CREST INTERNATIONAL SECURITIES LIMITED CO. No. 130445
Theory of possible events

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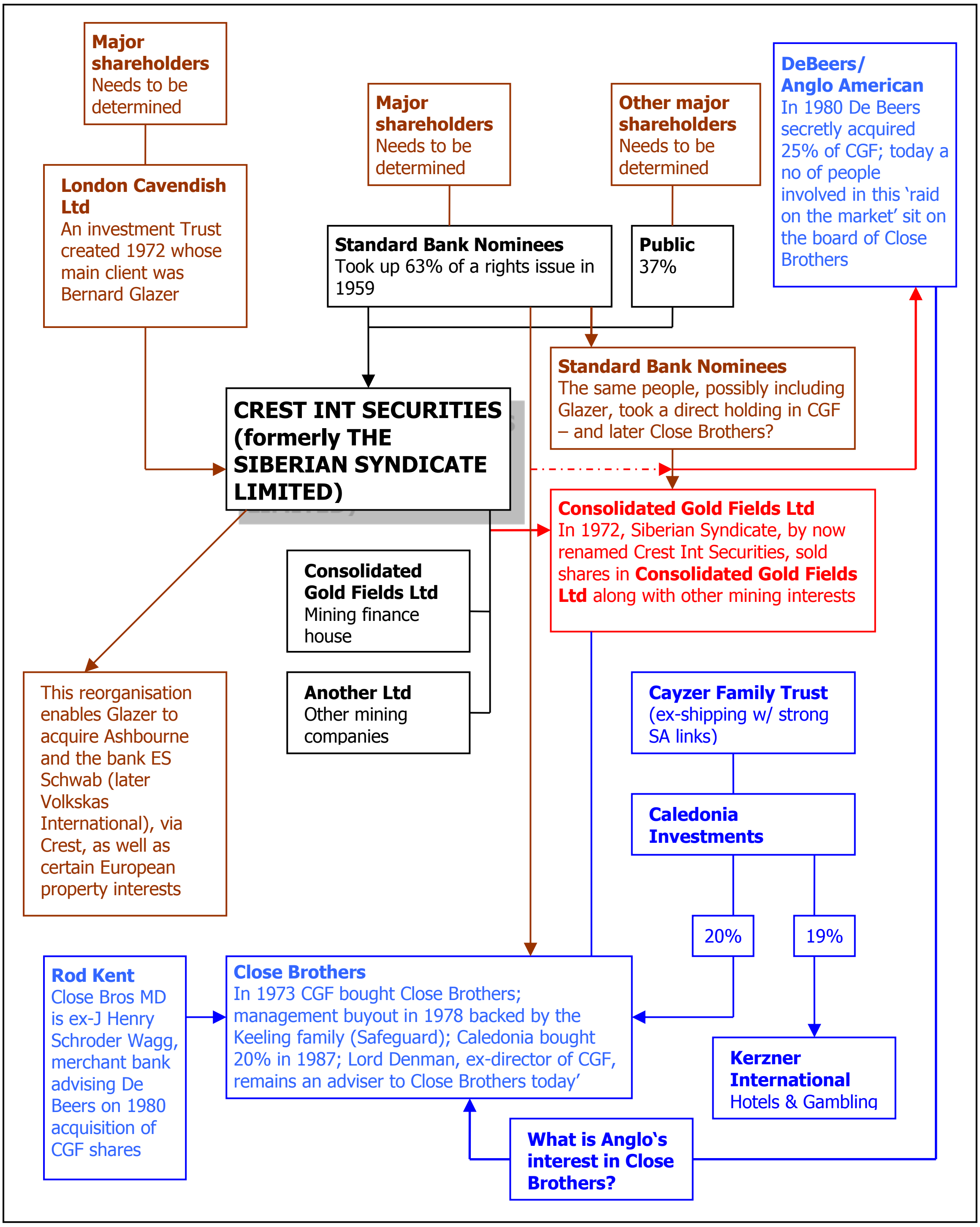

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6.1 Botswana / Zimbabwe / Zambia

MEMORANDUM OF AGREEMENT

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF BOTSWANA
REPRESENTED BY THE PRESIDENT OF THE REPUBLIC OF BOTWANA
HIS EXCELLENCY SIR SERETSE M. KHAMA, K.B.E

AND

TATI COMPANY LIMITED

AND

THE BECHUANALAND EXPLORATION COMPANY LIMITED

FEBRUARY 1970

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MEMORANDUM OF AGREEMENT

Made and entered into by and between

THE GOVERNMENT OF THE REPUBLIC OF BOTSWANA
(hereinafter referred to as the "GOVERNMENT")

herein represented by the President of the Republic of Botswana,

HIS EXCELLENCY SIR SERETSE M. KHAMA, K.B.E.

and

TATI COMPANY LIMITED
(hereinafter referred to as "TATI")

a company with limited liability incorporated according to the company laws of the United Kingdom, having its head office at 30 Annan House, 86 Commissioner Street, Johannesburg, South Africa, and represented herein by MR. BERNARD GLAZER, he being duly authorised hereto by virtue of a resolution of the Company dated 10th February, 1970, a copy of which resolution is annexed hereto and marked "A".

and

THE BECHUANALAND EXPLORATION COMPANY LIMITED
(hereinafter referred to as B. E. COMPANY)

a company with limited liability registered according to the company laws of the United Kingdom, having its registered office in London, and represented herein by MR. BERNARD GLAZER, he being duly authorised hereto by virtue of a resolution of the Company dated 10th February, 1970, a copy of which resolution is annexed hereto and marked "B".

W I T N E S S E T H :

/PART 1

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(c) the terms and conditions of this Agreement.

Save as aforesaid the Property shall vest in the GOVERNMENT free of encumbrances or conditions or reservations of title imposed by TATI or B. E. COMPANY. Nothing herein contained shall entitle the GOVERNMENT to receive better title to the Property or any portion thereof than TATI and/or B. E. COMPANY presently have.

15.

The GOVERNMENT shall be deemed to have acquainted itself with the nature, condition, extent and beacons, if any, of and relating to the Property, TATI and B. E. COMPANY being entirely freed from all liability in respect thereof.

16.

(a) All precious and base minerals and their ores, coal, limestones, precious stones, mineral oils and, without prejudice to the generality of the aforegoing words, all other minerals whatsoever upon or under the Property belong to and are reserved by TATI. TATI shall have the right by itself or its assigns at all times to enter the Property or any portion or part thereof for the purpose of inspection, survey, prospecting or mining.

(b) On the conveyance to the GOVERNMENT of any piece of the Property, the GOVERNMENT shall free of cost issue to TATI a Certificate of Rights to all Minerals in respect of each such piece of the Property, and each such Certificate shall be made subject to the same rights as are recognised to be vested in TATI by Certificate of Rights to Minerals No. 94 in respect of the Remaining Extent of the Tati Concession. TATI undertakes to make any application required for the above purposes and the GOVERNMENT undertakes to

/advise

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6.4 Zambia

On 16 December 1991 Sam Glazer drafted a letter to Mr. Neil Armstrong of Armstrong Attorneys in Botswana. It read:

As discussed please find enclosed copies of the following documents:

1. Title Deed Farm 157 (a) – Kafue Hot Springs (Kafue).
2. Title Deed Farm 158 (a) – Sugar Loaf (Kafue).
3. Title Deed Farm 159 (a) – Ninga (Kafue).
4. Title Deed Farm 709 – Chanobie (Kafue). [Reinstated to Tati Co. 6 September 1999]
5. Title Deed Farm 726 – Algoa (Luangwa). [Reinstated to Tati Co. 6 September 1999]
6. Certificate Number 40 – Northern Rhodesia Mines Department.
7. Certificate of registration of special grant number 003.
   - 5 Jan. 1923: Memorandum of Agreement between BSAC and South African Townships Mining and Finance Corporation Limited
   - 26 Jun. 1939: BSAC & South African Townships Mining and Finance Corporation Limited - Deed of Variation
   - 27 Jun. 1939: South African Townships Mining and Finance Corporation Limited and Another to African Gold & Base Metal Holdings Limited – Deed of Assignment of Mining Rights
8. Certificate of registration of special grant number 004.
   - 15 Dec. 1924: Memorandum of Agreement between BSAC and Kafue Copper Development Company Limited
9. Certificate of registration of special grant number 005.
   - 15 Dec. 1924: Memorandum of Agreement between BSAC and Bechuanaland Exploration Company Limited
10. Certificate of transfer number 2.

The above land and mineral rights were owned by the Bechuanaland Exploration Company plc (BE), an associate company, up until they were expropriated by the Zambian government in approximately 1970. BE never gave up the right to claim compensation from the Zambian government in respect of these assets. In 1988, all claims that BE had against the Zambian government, *not only in respect of the above assets but generally in respect of all land and mineral rights previously owned by BE,* were transferred to Tati Company Limited. (*Italics author's own.*)

A formal agreement recording the transfer was not concluded between the companies. The transaction was effected by means of journal entries in their respective financial records. The transfer was made in contemplation of the anticipated members voluntary liquidation of BE, which was commenced in 1989.

Please find attached a draft memorandum of agreement between the two companies. Could you advise whether such an agreement should be entered into and if so, whether the wording contemplated is correct? Furthermore, your advice on how to proceed with the claims and/or the reinstatement of the assets would be appreciated.

Yours sincerely
for: TATI COMPANY LIMITED

SAM GLAZER
DIRECTOR

The relevant section of the draft memorandum referred to in the above draft memorandum read as follows:
Draft Memorandum of Agreement between Tati Company Limited and B.E.
It has now been agreed:

1. That BE cedes, for a nominal amount of Z$2, to Tati all its rights to claim from Government compensation in respect of the assets and/or the return of the assets.
2. That this agreement shall cover any other assets previously owned by BE and subsequently expropriated by Government.

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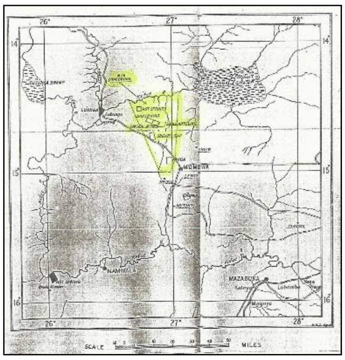
It is noted that the shareholders of BE and Tati are to all intents and purposes the same.
The semantics of this memorandum are important: Sam stated explicitly that in 1988, 'all claims that B.E. had against the Zambian government, *not only* in respect of the above assets but generally in respect of all land and mineral rights *previously* owned by BE, were transferred to Tati Company Limited' (*author's emphasis*). The first implication of this sentence is quite clear: BE also held other land and mineral rights in Zambia and 'not only' the assets mentioned in the memorandum. The second implication is ambiguous: it clearly states that BE had 'previously' owned other land and mineral rights; however it's not clear whether this statement implies that they are now owned by Tati, or that they are now owned (were expropriated) by the Zambian government.

Above all, one must bear in mind that Bechuanaland acquired all the rights and entitlements for the Northern Copper (BSA) Company on 28 September 1914.

The financial statements of BE stated consistently from 1970 onwards that 'three farms' belonging to the company had been expropriated. Presumably these were the same three farms that Sam referred to in his 1992 memorandum. This would also imply that whatever other land and mineral rights BE had held was not expropriated; they were transferred to Tati Co.

Although Kafue, Sugar Loaf and Hot Springs – the three farms mentioned in the memorandum – were described as farms, they were in fact mineral areas; each covered an area of 10 square miles, or 25km2; together they formed a single mineral area which was identified as MT24. Combined with two other mineral areas (MT3 and MT4), it was part of a much larger mineral area called the Big Concession (see map). Situated a few miles northwest of a town called Mumbwa, the Big Concession was a triangular piece of ground that covered 700 square miles (1 800 km2). It originated from three separate grants made by the British South Africa Company in 1895; these three grants were amalgamated then subdivided and, by 1922, had been assigned to three different companies: Kafue Copper Development Co Ltd; Bechuanaland Exploration Co Ltd; and The South African Townships Mining & Finance Corporation Ltd. (The South African Townships Mining & Finance Corporation Ltd transferred its rights to African Gold & Base Metal Holdings Ltd in 1939.) These companies in turn did deals with the BSAC whereby each one opened the area under its control to general prospecting; the BSAC got the first 10% of any licence fees or royalties received for so-called 'administration charges'; it also got 35% of the remaining 90%; the assignee company got the other 65% (see Appendix A: Flowcharts). However, according to a geological report (No 27) on the area completed in 1968 'no mining [was] undertaken in the Big Concession [from] about 1923, apart from the working of the dumps at Sable Antelope during 1952 and the period 1955-6'.



According to the abovementioned geological report, the BSAC's interests in terms of the above agreement 'were transferred to the Government of the Republic of Zambia on the eve of Independence in 1964'.

A government White Paper on ownership of mineral rights in Northern Rhodesia, as it was then known, was issued in that same year and stated that £135 million before tax (£70 million after tax) had accrued to the BSAC by that time; the BSAC received £40 for every ton of copper mined. It estimated that if the private ownership of mineral rights continued the company would receive between £7 million and £12 million a year after tax for the next 22 years, until 1986; the national budget for African (meaning black) education at the time was £3 million. Why 1986? It turns out that an agreement had been signed in 1950 whereby the BSAC would give the state a 20% cut of its share of the royalties until 30 September 1986; thereafter the company's entitlement to royalties would be transferred entirely to the state. On the surface, therefore, the date of this transfer of royalty interests was brought forward by 22 years as a result of the country gaining its independence.

This is further confirmed in South Africa Inc.: David Pallister, Sarah Stewart, Ian Lepper which states:" Anglo had first invested in the Rhodesian copperbelt (most of it in present-day Zambia) in 1924. This was the same year in which Cecil Rhode's B.S.A Company transferred its 30 year old administration of Northern Rhodesia to a legislative council that excluded Africans. After Anglo incorporated its Rhodesian holding company, Rhodesian Anglo American (Rhoanglo), in London in December 1928…" "The lineage began as far back as 1928, when Rhoanglo was formed in London to finance the expansion on the copperbelt. It moved to Zambia in 1954, and ten years later was renamed Zambian Anglo American (Zamanglo) when the country acquired its independence. In 1970, when the new government took 51% of the company, it was transferred to the tax haven of Bermuda to receive the compensation monies in the form of dividends from government bonds. Four years later, it was renamed Minorco and was soon to overtake Charter as the group's overseas flagship. The two big copper mining companies, Anglo and the US firm AMAX, had sent £260 million out of the country in dividends, interest and royalty payments during the previous ten years. The B.S.A Company had received £82 million net for its mineral royalties from 1923 to 1964. Over the same period, the British Treasury received £40 million in taxes, in part because the mining companies were based in London until the 1950's."

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It's also not made clear whether the other parties to the contract – Kafue Development Company, BE and African Gold & Base Metal Holdings Ltd – were made to give up their ownership – and consequent share of the royalties – in every instance or only in some.

The arguments presented for the nationalisation of mineral ownership in the 1964 White Paper were simple and compelling: Firstly, a private, UK-registered company controlled the country's most valuable resource – and one that was exhaustible to boot. Surely any decisions to exploit this resource should be made by the government on behalf of the people of the country. And, more to the point, surely Zambia and not some other country should benefit financially from its resources. Apparently, by 1964 the BSAC had only reinvested about 10% of its total gross royalty receipts in Zambia and its Zambian portfolio represented only one-fifth of its total investment portfolio.

The original or founding agreements were struck between the emissaries of Cecil John Rhodes and various African tribal chiefs or kings during the late nineteenth century; the African chiefs granted Rhodes ownership of the minerals in exchange for a few hundred pounds a year, maybe some guns, possibly a steamship patrol for protection, and invariably the promise of education and other trappings of 'civilisation'. The agreements took the form of letters addressed to the company, drawn up on behalf of the illiterate chiefs by Rhodes's lawyers who used deliberately ambiguous language that failed to draw a clear distinction between the British Crown and the company. Rhodes in turn waved these letters in front of the British prime minister, Lord Salisbury, and gained a Royal Charter, signed by Queen Victoria on 29 October 1889; the Charter gave the company immense powers to 'make treaties, promulgate laws, preserve the peace, maintain a police force and acquire new concessions'. Essentially, it could run the colonies like a government but make profits as a private company. Rhodes's model was the highly profitable East India Company which had done the same thing in India a century before. In both cases Britain enjoyed the fruits of control over vast natural and human resources without incurring any direct costs other than the occasional military intervention. The BSAC became known as the 'Chartered Company' and incurred the costs of running and developing the country.

According to the 1964 White Paper, the British government took over the administration of both Southern and Northern Rhodesia from the BSAC in 1923. The company agreed to drop its claim of a £1,6 million administration deficit in exchange for 'half the revenue from certain future land sales' and recognition of the company as owner of all Northern Rhodesia's mineral rights in perpetuity. As various Englishmen argued in disgust at the time, the British government effectively gave away the mineral rights of an entire country to a private company, registered on its (Great Britain's) own shores, without consulting the people of that country. The White Paper even implied a certain degree of complicity between the British government and the company in maintaining the status quo after it had been challenged publicly on numerous occasions and accused of having its own narrow financial interests ahead of those of an entire nation. It alleged that by the time of independence the British government had allegedly earned some £12 million in taxes on the royalties earned by the BSAC.

Rhodesia Broken Hill

The Rhodesia Broken Hill was formed by the Rhodesia Copper Company and registered in London on 30 November 1904. The authorised capital was £550,000, in shares of £1 each. The first board of directors consisted of Edmund Davis, Rt. Hon Lord Gifford, Rt. Hon Lord Teynham, C.H. Villiers, Sir Albert Markham, H.W. Fox and P.C. Tarbutt. On 1 July 1929 the Company was granted a lease over 64 square miles adjacent to the Mulunghushi River. It financed these developments by increasing its capital to £1,000,000 in 1923 and doubled it two years later to extend the Mulungushi scheme and erected a large zinc and vanadium plant. In 1925 Anglo American Corporation of South Africa was appointed as the consulting engineers. This contract was terminated in 1931 at the time when the world-wide depression was at its worst. In 1936 the Company was reconstructed with an authorised capital of £3,500,000 of which £3,250,000 was issued in 13,000,000 shares of 5s each.
The annual report for BE for the year ended 31 March 1937 stated:' Rhodesia Broken Hill: The operations of the Rhodesia Broken Hill Development Company Limited during the year ended 31st December 1936, resulted in an output of 20,730 tons Zinc, 179 tons fused vanadium oxide and 1,250 tons of vanadium concentrates. The Company recently increased its Capital upwards of £560 700 has been provided for development and equipment of the Mine to a greater depth to further the exploitation of the sulphide ores. The future management of the undertaking has been transferred to the Anglo American Corporation of South Africa and a profitable future is anticipated.' Rhodesian Anglo-American formed part of the list of 'principal investments' acquired by the Glazer Brothers in 1955. Below find a diagram of the financial interrelationships in 1962.

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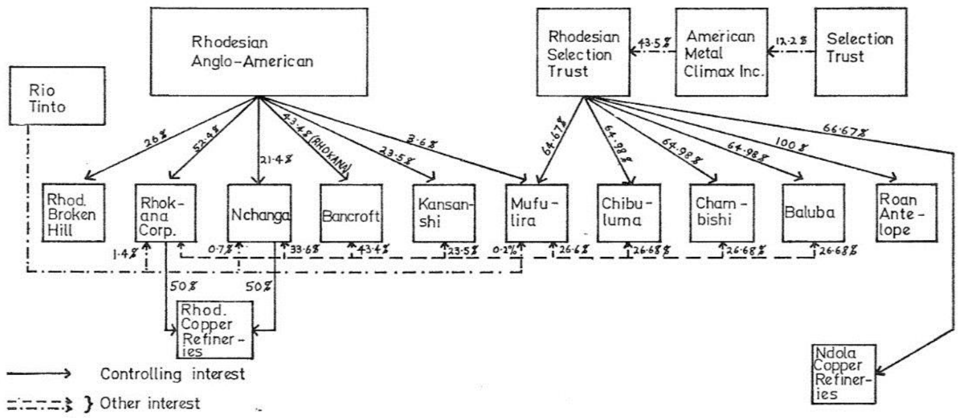

Fig. 10 Financial interrelationships in 1962. Approximate holdings are shown. *Note:* before the incorporation of Roan Antelope Copper Mines Ltd into Rhodesian Selection Trust Ltd in 1962 American Metal–Climax held a controlling 50·6 per cent interest in Rhodesian Selection Trust. The American interest in the combined company was 43·5 per cent

The annual report for BE for the year ended 31 March 1973 stated that, 'Claims for compensation [for the three farms which had been expropriated] have been lodged through the Foreign and Commonwealth Office in London and the directors anticipate that adequate compensation will be received.' According to Sam's 1992 memorandum, however, such compensation was never received. This is not to say that there were no agreements over other portions of land held by BE and any other companies which had been assigned land by the BSAC. Subsequent writings make no mention of any agreement between the government of Zambia and companies with claims to mineral rights ownership. Rather they make it emphatically clear that the ownership of minerals in Zambia reverted to the state with independence. For example a publication by Muna Ndulo called Mining Rights in Zambia (ISBN 9982-01-001-8) states emphatically that, 'the property in all minerals within Zambia is vested in the President on behalf of the people of Zambia'. However, the question remains whether a deal was done behind the scenes to the satisfaction of all parties.

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COMPANY INTERRELATIONSHIPS IN 1962

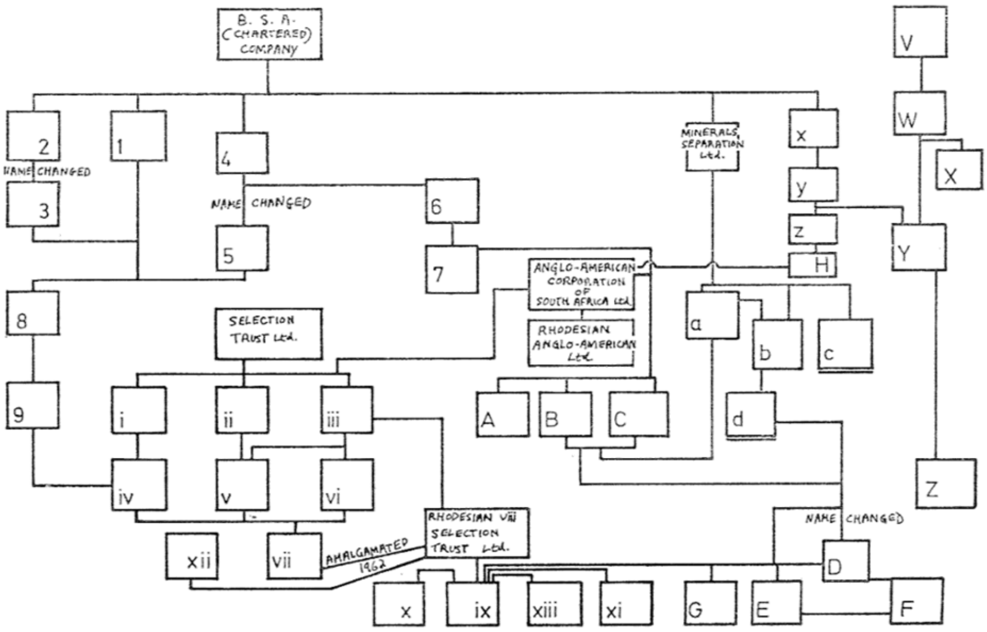

Fig. 9 Company interrelationships in 1962:

Group 1. British South Africa Company (Chartered), 1889: C. J. Rhodes

1 Bechuanaland Exploring Co. Ltd, 1888: E. Davis
2 Northern Territories (BSA) Exploring Co. Ltd, 1895
3 Northern Copper (BSA) Co. Ltd, 1899
4 Rhodesia Copper Co. Ltd, 1902: E. Davis
5 Rhodesia Copper and General Exploration and Finance Co. Ltd, 1911: E. Davis
6 Bwana Mkubwa mine
7 Bwana Mkubwa Copper Mining Co. Ltd, 1910: E. Davis
8 Roan–Rietbok claims
9 Northern Rhodesia Co. Ltd, 1925: E. Davis

Group 2. Selection Trust Ltd, 1914: A. Chester Beatty

i Northern Rhodesia Venture, 1925: A Chester Beatty
ii Muliashi Venture, 1926: A. Chester Beatty
iii Mineralized Venture, 1927: A. Chester Beatty
iv Roan–Rietbok claims
v Muliashi claims
vi Roan extension claims
vii Roan Antelope Copper Mines Ltd, 1927: A. Chester Beatty
viii Rhodesian Selection Trust Ltd, 1928: A. Chester Beatty
ix Mufulira Copper Mines Ltd, 1930: A Chester Beatty
x Chibuluma Mines Ltd, 1951: Rhodesian Selection Trust
xi Baluba Mines Ltd, 1952: Rhodesian Selection Trust
xii Ndola Copper Refineries Ltd, 1954: Rhodesian Selection Trust
xiii Chambishi Mines Ltd, 1962: Rhodesian Selection Trust

Group 3. Anglo-American Corporation of South Africa Ltd, 1917; Rhodesian Anglo-American Ltd, 1928: E. Oppenheimer

A Bwana Mkubwa mine
B Nkana concession
C Nkana mine
D Rhokana Corporation Ltd, 1931: Anglo-American Corporation
E Nchanga Consolidated Copper Mines Ltd, 1937: Anglo-American Corporation
F Rhodesia Copper Refineries Ltd, 1947: Anglo-American Corporation
G Bancroft Mines Ltd, 1953: Anglo-American Corporation
H Kansanshi mine (Kansanshi Copper Mining Co. Ltd)

Group 4. Minerals Separation Ltd, 1903

a Copper Ventures, 1921
b Rhodesia–Congo Border Concessions Ltd, 1923: E. Davis
c Rhodesia Minerals Concession Ltd, 1924
d Nchanga Copper Mines Ltd, 1926

Group 5

x Zambesia Exploring Company, 1891: R. Williams
y Tanganyika Concessions Ltd, 1899: R. Williams
z Rhodesia–Katanga Junction Railway & Mining Co. Ltd, 1909: R. Williams

Group 6

V King Leopold II of Belgium
W Comité Spécial du Katanga
X Forminière, 1906
Y Union Minière du Haut-Katanga, 1911
Z Union Minière, 1936

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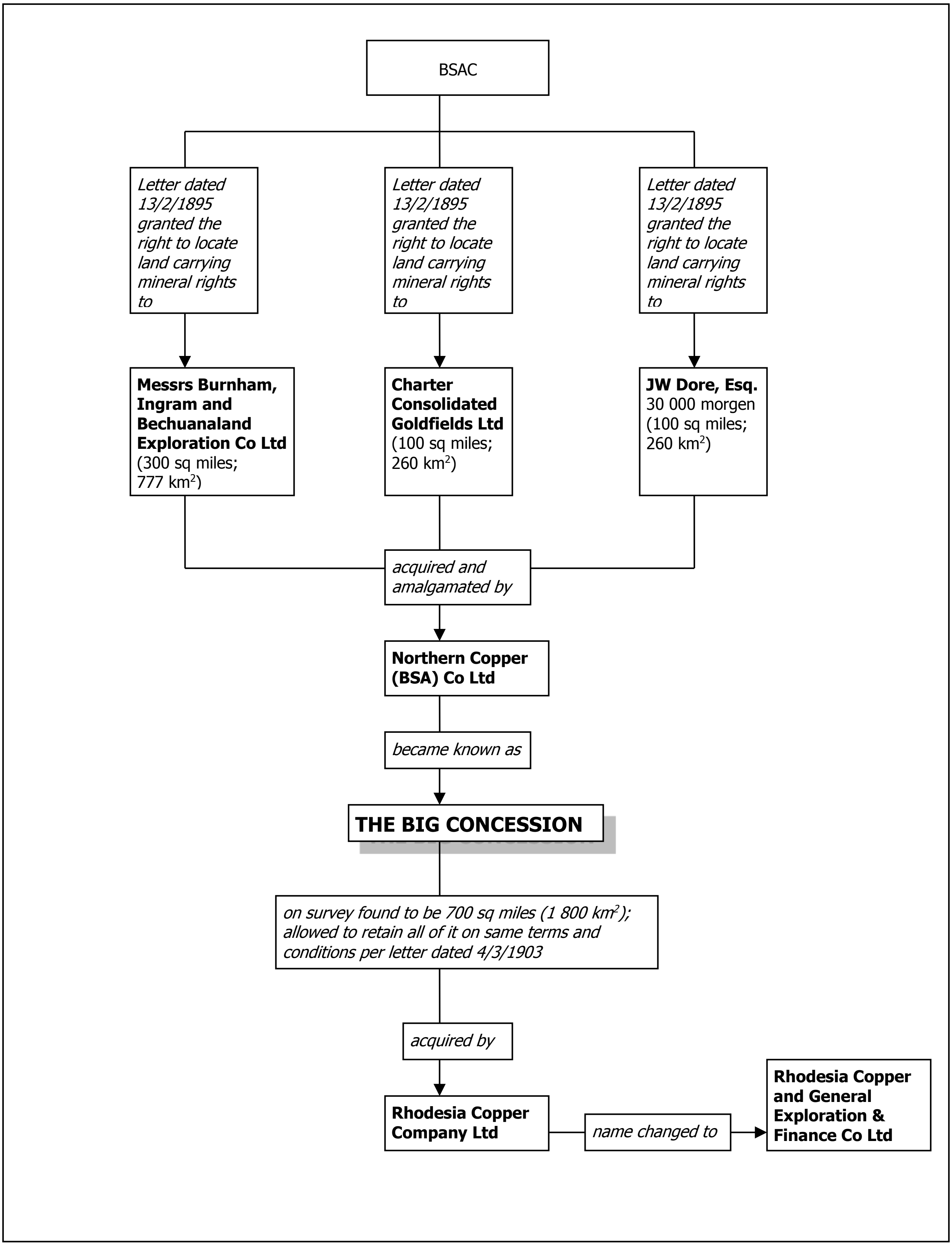
Mineral rights and The Big Concession (the area northwest of Mumbwa, Zambia)



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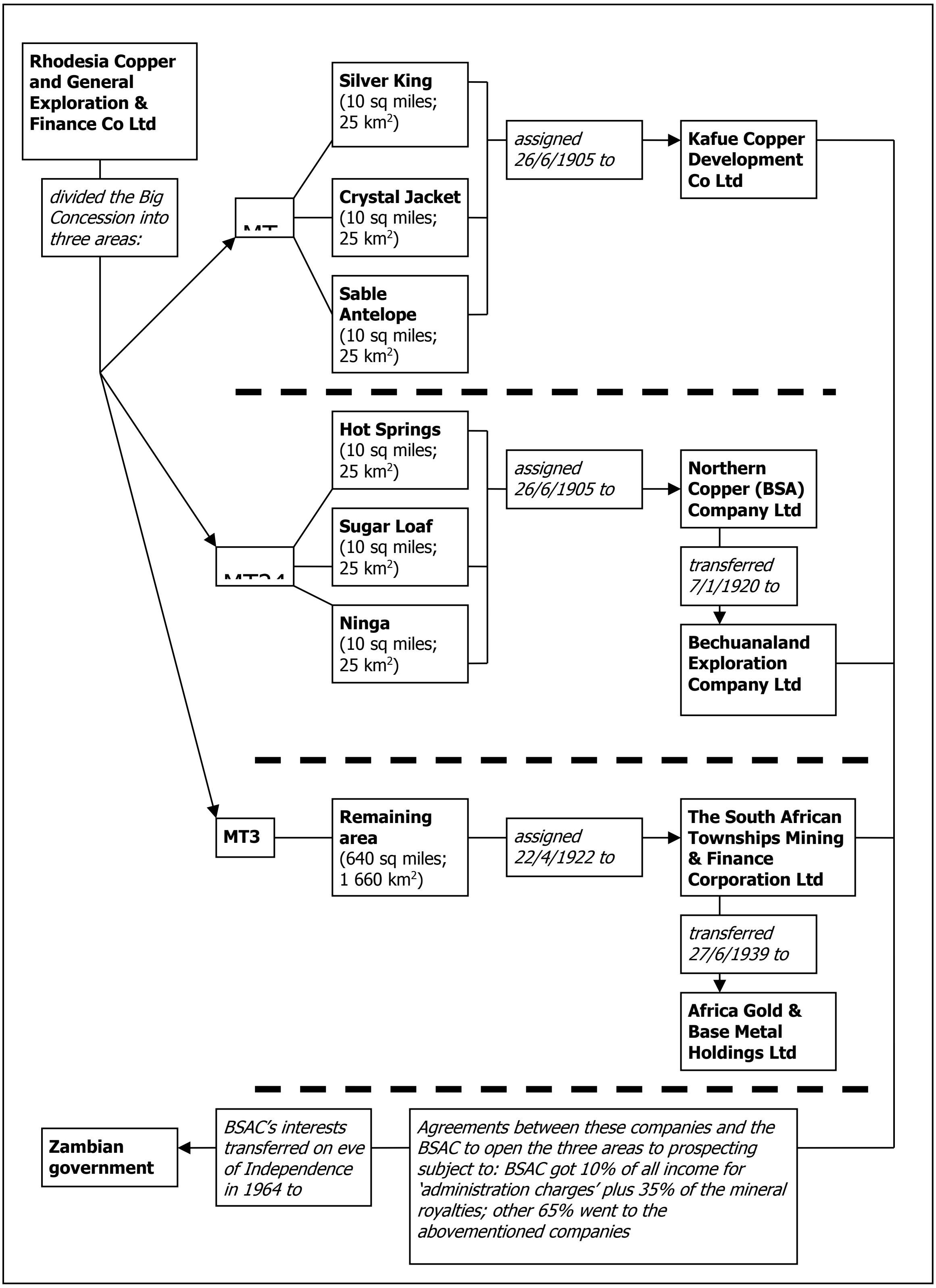

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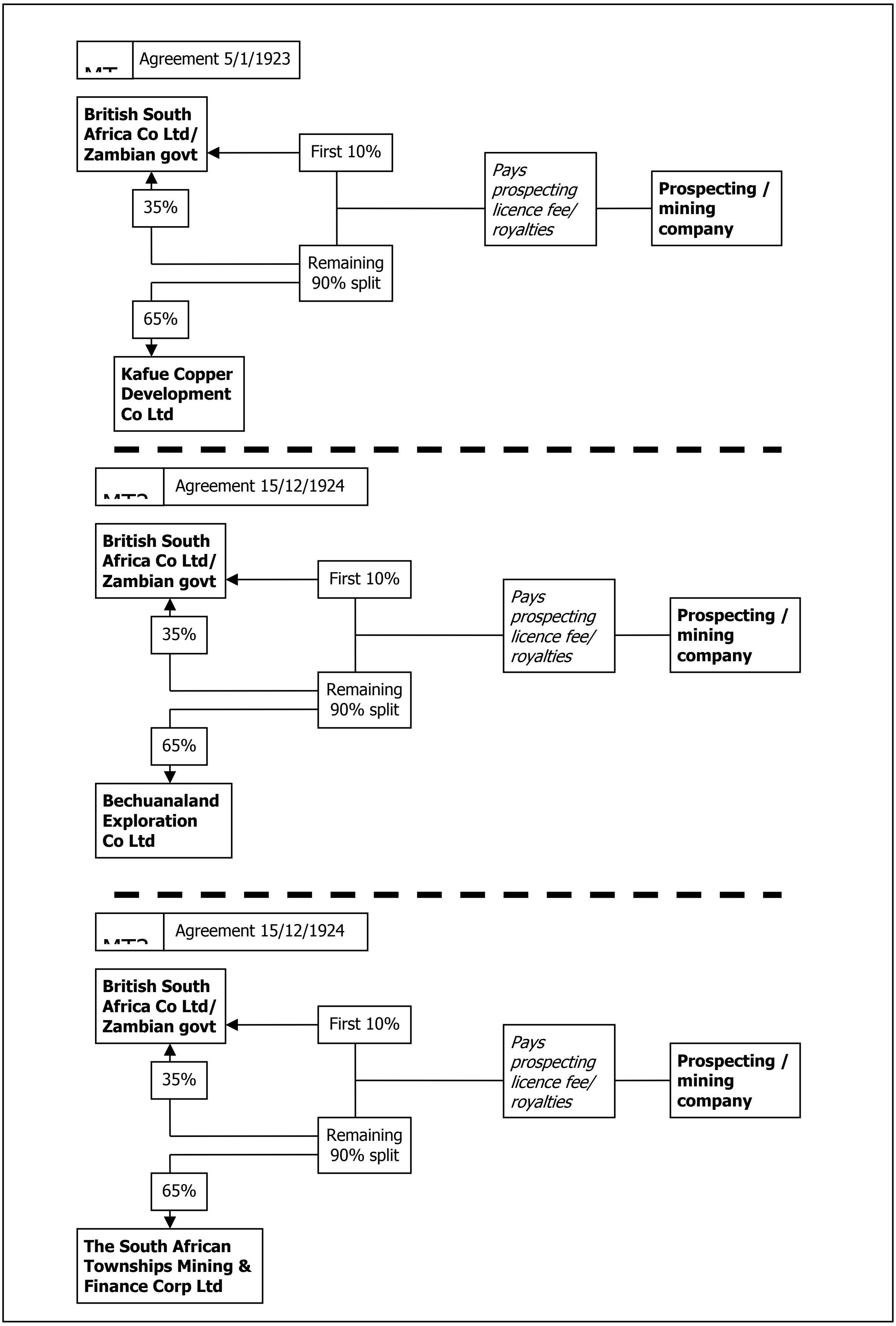

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All correspondence to be addressed to the Registrar of Lands and Deeds

Telephone: 50544

Telegrams: DEEDS

In any future correspondence on this subject please quote:

No. RD/................./197.....

REPUBLIC OF ZAMBIA

REGISTRY OF LANDS AND DEEDS

ROOM No. 102
MULUNGUSHI HOUSE
INDEPENDENCE AVENUE
P.O. 30069
LUSAKA

05th June, 2003

The Permanent Secretary
Ministry of Mine & Minerals Development
P.O. Box 31969
LUSAKA

Attention: Mr. J.C. Michelo

Dear Sir

RE: <u>REQUEST FOR DATA ON VARIOUS PLOT</u>

Reference is made to your letter dated 13th May, 2003 in which you requested for specific information on certain plots in the Kafue and Luangwa areas.

I wish to inform you that farms No. 157a, 158a and 159a were compulsorily acquired under section 19 of the Lands Acquisition Act of 1969. You may further wish to learn that Tati Company Limited currently owns farms No. 709 and 726.

Enclosed too are copies of the Lands Register printout for each property for your ease of reference.

I hope this will suffice

Yours faithfully

M.M. Makeleta
Senior Lands and Deeds Officer
For/**<u>ACTING CHIEF REGISTRAR LANDS AND DEEDS</u>**

7. Conclusion

The countries in Africa are heavily in debt. One only has to look at who owns that debt to know who pulls the strings in those countries, and therefore who is influencing the political landscape. An inspection of those banking groups' other interests may reveal something of the bigger picture.

In 2003 Zambia caved in to pressure from the International Monetary Fund (IMF) to sell 49% of the state-owned Zambian National Commercial Bank (Zanaco). Absa was a preferred bidder and is presently one of only two horses still in the race along with a crowd called African International Financial Holdings Ltd (*www.AfricaOnline.com*, 21 January 2004). According to a report in *Business Report* on 1 April 2003, the country had 'sold more than 250 state-owned firms, including copper mines, since 1992, under pressure from the IMF and other lenders'. A report on the website *www.union-network.org* dated 29 January 2003 stated that Absa had foreign debt of more than $6,3 billion and was 'asking for debt relief to help cut poverty in a country where three out of four people live on less than $1 a day'. According to the same report, its decision to stop the privatisation program had threatened more than $1 billion of debt relief from the IMF. The 2004 report by AfricaOnline.com stated that, 'The successful privatisation of Zanaco is one of the conditions for Zambia's attainment of the Highly Indebted Poor Countries completion point, expected by the

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middle of this year.' Another debt-for-equity trade-off and Absa is in the front of the queue. What will they extract as a means of securing payment of the country's debts? Absa was formed in 1992 from the amalgamation of a number of South African banks, including Volkskas, which was Glazer's partner in a number of ventures. Under the directorship of Dr Danie Cronje, the current chairman of Absa, Volkskas 'took over' Glazer's 25% share of Volkskas International in 1984, the year that Glazer died. Absa also owns 26% (increased to 50% in 2003?) of Commercial Bank of Zimbabwe and 55% of National Bank of Commerce Ltd (Tanzania) (*McGregor's Who Owns Whom* 2004 edition).

The 1973 annual report for BE stated clearly and simply that its fixed assets included mineral rights and that its dividends took the form of 'income received from mineral rights'. While no further income from mineral rights was listed in subsequent reports, the ownership of mineral rights remained a feature of the company's fixed assets, until they were transferred to Tati in 1987 prior to the company's 'voluntary liquidation'.

A letter from the Zambian Registry of Lands and Deeds, dated 5 June 2003, confirmed that 'farms No 157a, 158a and 159a were compulsorily acquired under section 19 of the Lands Acquisition Act of 1969'. It also confirmed that 'Tati Company Limited currently owns farms No. 709 and 726'.

In a letter dated 24 August 1995, addressed to Mr J Levison of Leviton Boner Consulting, the administrators disputed a valuation by Leviton Boner of the assets of the Trust. Leviton Boner were acting for Michele attempting to secure her rights to settlement of the first tranche in terms of the will, which had been due since July 1994; they were also arguing for an early settlement of her share of the estate. In the letter the administrators argued for a 50% discount of the 'unimproved land' belonging to Tati Company due to the 'uncertain and long-term nature' of the land. They put the value of such a discount at R9 743 548. This, of course, included the assets that had once belonged to BE, which by then was in 'voluntary liquidation'.

The reasons for the voluntary liquidation of BE were given by the administrators in a memorandum dated 12 December 1995 responding to queries raised by Hofmeyr Attorneys on behalf of Michele a few weeks earlier.
The reasons they gave were as follows:

a) 'The company was sustaining losses in the years prior to liquidation;
b) 'There was a threat by the Zimbabwean government of the expropriation of farms belonging to non-citizen farmers;
c) 'There was a threat that squatters would move onto the farms, which squatters would have been difficult to evict;
d) 'Zimbabwean exchange control regulations prohibited the remittance of funds from Zimbabwe to South Africa and the Administrators were not prepared to send money into Zimbabwe;
e) 'During the lifetime of the late Mr Bernard Glazer, Embassy Investments, a South African company owned by Glazer Bros, borrowed monies from [BE] amounting to some Z$1,8 million. The administrators did no wish to remit funds to Zimbabwe in repayment of that loan, notwithstanding the periodical requests by the Zimbabwean authorities to do so;
f) 'A large amount of estate duty became payable in Zimbabwe on the death of the late Me Bernard Glazer. This liability arose from the holding of his shares in Tati Company Limited by Glazer Bros Investments (Zimbabwe). Here again, the administrators were not prepared to remit funds to Zimbabwe in payment of such duty and the necessary funds were provided by the liquidation with the consent of the authorities.'

Press reports about land grabs in Zimbabwe started in 1999. Michele recorded in a conversation with her attorney that her brother Sam had boasted to her that they'd got out of Zimbabwe 'just in time'. Could it be that they had known what was coming?
After all, the chaos seems to have served them well in terms of undervaluing the estate: Bernard Glazer was busy – and successful – his whole life. He'd stamped his authority on the African scene along with his brother Sam in the 1950s, when they spent at least £5 million acquiring some of the biggest landholding companies in Africa. This excluded controlling bids for Central Mining & Investment Corp.- Rand Mines (15 million pounds) and London Rhodesia (Lonhro). Based on the audited balance sheet of the Glazer Will Trust as at 28 February 1995 "the shares and bearer warrants in The Bechuanaland Exploration Company Plc (BEC) held by Glazer Bros. Investments (Zimbabwe)(Pvt) Ltd. and ultimately Amarena Holdings in Panama were omitted from the COMPUTATION OF FIRST DISTRIBUTION TO MICHELE GLAZER as BEC is in voluntary liquidation" .What happened to those principal investments acquired in over 40 leading industrial , Mining and Finance Companies acquired with in the 1950,s with assets worth over 1 million pounds. ?

By the time the first Liquidation & Distribution (L&D) accounts were prepared 40 years later, the administrators could only find assets worth some R16 million; by the time of the second and final L&D it had actually shrunk to a dutiable amount of R12,8 million. The Glazer Will Trust was also placed into voluntary liquidation in 2000.

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Meanwhile, Donald Gordon, who had been an articled clerk at Kessel Feinstein when Glazer was already a millionaire, has since become a billionaire. At the time of his death Glazer held 2 000 shares in Liberty Holdings Ltd, valued at R21 100. Retired Sage chief Louis Shill was another ex-Kessel Feinstein protégé when the Glazers already owned great chucks of Africa. Shill retired to Nettleton Road in Clifton, Cape Town, the most expensive little street in Africa, where a mansion on the hill costs in excess of R25 million. Electronics billionaire Bill Venter lives in a glacier-like mansion in this street and a security development has been proposed that is intended for the likes of George Bush Sr, who has apparently become a regular visitor to South Africa.

If Bernard Glazer's administrators are to be believed, he did not enjoy similar success with his finances. Instead, his growth levelled out in what, if it was true, would be one of the most spectacularly poor portfolio showings of modern history.

Top Johannesburg leaders pay tribute to Feinstein as he retires [Grant Thornton Press Release 10 May 2002]: 'Julius Feinstein, who officially retired as senior partner of Grant Thornton Kessel Feinstein recently, was honoured with a function held at the Sandton Civic Art Gallery on Tuesday 7 May. The function was attended by prominent Johannesburg figures including Justice Richard Goldstone of the Constitutional Court; Louis Shill, Chairman of Sage Group Limited; C.A Jaffe, Chairman of the Securities Regulation Panel; Chris Liebenberg, Nedcor Chairman; Malcolm Segal, Chief Executive, NIB-MDM, amongst many other prominent community figures. Justice Goldstone spoke glowingly of his long friendship and professional associations with Feinstein. He paid tribute to Feinstein's valuable contribution to the Special Court Hearing Income Tax Appeals. Shill spoke about Feinstein, the friend and advisor. He reminisced on his time as an articled clerk in Feinstein's office and talked about Sage's client relationship with the firm, spanning many decades and said that Feinstein had been a loyal friend and business advisor to himself and to Sage. Segal, who was also part of the speaker's panel spoke warmly about Feinstein as a mentor during his time as Managing Partner of the Johannesburg Office and National Chairman of Grant Thornton Kessel Feinstein. Sean Meyersfeld, Feinstein's grandson and a Vice President at Credit Suisse First Boston, spoke on Feinstein as a family man.

Visibly overwhelmed Feinstein said: "If I hadn't enjoyed it, I simply wouldn't have stayed 67 years, 60 of which have been as a partner."

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