



Business Day
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A case of calling market early?

ALL great senior counsel know very well, indeed it is an unwritten rule among them, never to ask a question to which they do not know in advance the answer.

Last week Corpcapital executive director Neil Lazarus (he has since translated himself to nonexecutive) told the JSE Securities Exchange SA that the company has asked the Pretoria High Court to instruct Trade and Industry Minister Mandisi Mpahlwa to release the long-awaited report into the company's affairs.

The report is the result of a year-long inspection ordered by former trade and industry department (DTI) minister Alec Erwin and conducted by advocate John Myburgh and Port Elizabeth university academic Keith Prinsloo. It was handed over in July and is now apparently being examined by DTI officials

and, presumably, the minister.

The only conclusion to be drawn from Corpcapital's action is that Lazarus, a prominent senior counsel before he joined the company, and his fellow executive director, attorney Benji Liebman, are fully conversant with the report's contents and the inspectors' conclusions. And that prompts the inevitable query as to how this is possible.

Myburgh applied for and was granted indemnity by the DTI before he handed over the report, but the reasons for this remain shrouded.

A central theme of the opposition mounted by former nonexecutive director and Corpcapital founder Nic Frangos, hinged on the valuations placed on its unlisted, foreign-domiciled gaming company, Cytech. It has been sold in the past month for about R20m — a far cry from the massive

number of R480m put on it in 2001. It was on the basis of those valuations, about which I wrote at some length at the time, that substantial bonuses were paid to Corpcapital executives. When the downturn came, the counterpoint was what looked to be a convenient change in accounting policy.

The valuation placed on Cytech was not a figment of Frangos's imaginings. It was at the centre of the storm of controversy that burst when the three elements of the old Corp-gro group were merged to form Corpcapital and a minority of Corpcapital Bank shareholders protested loudly that they were being forced to exchange a substantial cash resource for shares in a never-never undertaking.

'Lawyer who acts for himself has fool for client'

Lazarus has now referred, for the first time to my knowledge, to confirmatory valuations placed on Cytech by an Oxford University luminary and other, home-grown, analysts. I do not know whether these valuations are intended to rebut those provided to Frangos by accountants retained by him to examine Cytech's worth, but it is reasonable to presume so.

Nor does it pass notice that others deeply involved in Corpcapital's affairs have been conspicuously absent. Chairman Eric Ellerine's public profile has been significantly lowered in recent months. And the man at the centre of this cause célèbre, Jeff Liebesman, who left Corpcapital last year, is nowhere to be found.

Sometimes, of course, people do have a tendency to call the market early.

Another famous legal aphorism is that a lawyer who acts for himself has a fool for a client. I hope, for Lazarus's sake, this is not applicable.