



Nic Frangos

Frangos resurrects accusations

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Nic Frangos, the director who blew the whistle on corporate governance abuse at Corpcapital, yesterday renewed his allegations of malpractice against executives at the financial services group after passing on new information to the state.

Frangos said he had given the department of trade and industry the results of six

independent forensic investigations into affairs at Corpcapital that he had commissioned at his own expense.

The reports were handed to the department in December, but their existence emerged only yesterday, when Frangos updated the website he set up to expose what he says is one of South Africa's "most significant serial corporate scandals".

Frangos said the six probes had emphatically confirmed

that there was substance to his allegations, that serial irregularities appeared to have taken place, that executives had "benefited hugely" at the expense of shareholders and that much of the conduct of certain key executives was unlawful.

The findings were based on the same evidence used in a government probe of the saga - whose findings trade and industry minister Mandisi Mphahlele reluctantly released in 2006.

against Corpcapital bosses

That inquiry cleared Corpcapital of all charges levelled by Frangos. But it drew criticism from Mphahlele, who expressed reservations about weaknesses, including straying from its mandate by questioning Frangos's motives.

Frangos has spent tens of millions of rands to get to the bottom of a sudden change in accounting policy that obscured a dramatic fall in valuation of Corpcapital's online gambling

subsidiary, Cytech. He resigned from Corpcapital's board over the issue in December 2002.

In June the saga took a fresh turn when successor company New Corpcapital warned shareholders that distributions might be affected by a possible appeal by Mphahlele against the court order that forced him to release the inquiry results.

New Corpcapital said the appeal had lapsed last year, but after it had published its results

to February the state attorney had informed the firm's attorneys that Mphahlele would apply for condonation of the late prosecution of the appeal and, if successful, the minister intended pursuing the appeal.

This action could pave the way for reopening the inquiry into Corpcapital.

Frangos said he had no specific hope that the latest forensic investigations would prompt a fresh probe of Corpcapital.