



FM Focus

Edited by Shannon Sherry

BICEPS NOT BRAINS

“ The governor of California and I share a lot in common. We both married above ourselves and we both have trouble with the English language. ”

US President George W Bush, campaigning in California. He is quoted by the *Washington Times*

Corpcapital

PHONE FUNNIES

The heavy file landed on the desk. Its pages were opened and I was shown an illuminating selection of my telephone call records.

The records were delivered by a deep throat, who insisted on anonymity. I was one of five journalists whose telephone records (not conversations, just a list of all the numbers dialled) were in the file.

My contact said he had been commissioned by Corpcapital – the former bank, which had plenty of bad publicity – via Associated Intelligence Networks (AIN), a group of private detectives. He claimed the instructions were to pull my phone records and those of other journalists to find out who in Corpcapital was talking to whom.

The timing was July 2002, when Corpcapital was merging its three listed entities into one.

The merger was not without controversy. The valuations of the different companies were strongly disputed and, in retrospect, unfair on minority shareholders, who were kicking up a fuss at the time.

But all is not necessarily as it seems. The phone records are accompanied by one printed e-mail from the office of Corpcapital director Neil

Lazarus with my phone number and those of other financial journalists and some bankers. There are no instructions. Also accompanying the phone records is a four-page document, without letterhead or signature, that purports to report on an investigation into who had been talking to journalists.

Says Lazarus: “I’ve never seen that report and neither has anyone at Corpcapital. No invoice has ever been presented to Corpcapital for payment, and no payment has been made. It’s a document whose authenticity has never been verified. It is believed to come from a former employee of AIN whose motives are highly questionable.”

There is nothing in the documentation to refute what Lazarus says. Our deep throat says he was indeed instructed to undertake the work.

Lazarus says that the e-mail that listed the phone numbers was sent after a request from AIN, without his knowledge.

It all seems to be part of what could be billed as one of the greatest corporate ego clashes of all time. The heat is rising as a long-awaited report by advocate John Myburgh into Corpcapital remains out of the public eye.

The report is now with

trade & industry minister Mandisi Mpahlwa, who must decide whether to make it public. It was commissioned by his predecessor, who had been presented with two reports by former Corpcapital director Nic Frangos.

A further aside to the saga is an ongoing civil dispute between Frangos, AIN and Corpcapital. On the basis of allegations of invasion of privacy, Frangos is suing Corpcapital, AIN and Lazarus. In turn, Lazarus is suing Frangos for defamation.

Calls to the department of trade & industry elicited no information on when the re-

port might be released.

But in a curious turn, the minister has reportedly indemnified Myburgh (of Regal and rand inquiry fame) and co-investigator Keith Prinsloo against prosecution. In terms of the Companies Act, such investigators act as agents of government, so it is unclear what personal liability there could be. Clearly, though, the investigators are worried someone might launch action against them.

It’s true that the saga has already generated substantial legal bills. Frangos alone has spent millions in legal fees and accounting investigations in the course of acting on his fiduciary duty as a former director.

Back to the phone records. Lazarus says AIN was hired by Corpcapital to sweep for bugs at its offices, nothing more. AIN boss Warren Goldblatt says his firm was also asked to investigate Corpcapital’s switchboard records, but that nothing came of it.

Dead end. All we know for sure is that our deep throat pulled some phone records. How might this happen? A Vodacom spokesman says: “Operators are obliged to work with law-enforcement agencies. But they need a subpoena from a judge. Each employee who works in an environment where they have access to customer records works within clear confidentiality rules. If they breach them, the system allows people to track who released what kind of information.”

Stuart Theobald



Neil Lazarus Didn't see it