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GENERAL NOTICES

NOTICE 1 OF 1995

DEPARTMENT OF TRADE AND INDUSTRY

HARMFUL BUSINESS PRACTICES ACT, 1988

I, Trevor Andrew Manuel, Minister of Trade and Industry, do hereby, in terms of section 10 (3) of the Harmful Business Practices Act, 1988 (Act No. 71 of 1988), publish the report of the Business Practices Committee on the result of an investigation made by the Committee pursuant to General Notice 852 of 1994 as published in *Government Gazette* No. 15879 dated 29 July 1994, as set out in the Schedule.

T. A. MANUEL,

Minister of Trade and Industry.

ALGEMENE KENNISGEWINGS

KENNISGEWING 1 VAN 1995

DEPARTEMENT VAN HANDEL EN NYWERHEID

WET OP SKADELIKE SAKEPRAKTYKE, 1988

Ek, Trevor Andrew Manuel, Minister van Handel en Nywerheid, publiseer hiermee, kragtens artikel 10 (3) van die Wet op Skadelike Sakepraktyke, 1988 (Wet No. 71 van 1988), die verslag van die Sakepraktykekomitee oor die uitslag van die ondersoek deur die Komitee gedoen kragtens Algemene Kennisgewing 852 van 1994 soos gepubliseer in *Staatskoerant* No. 15879, gedateer 29 Julie 1994, soos in die Bylae uiteengesit.

T. A. MANUEL,

Minister van Handel en Nywerheid.

SCHEDULE

BUSINESS PRACTICES COMMITTEE

REPORT IN TERMS OF SECTION 10 (1) OF THE HARMFUL BUSINESS
PRACTICES ACT, 1988 (ACT No. 71 OF 1988)

Report No. 39**INVESTMENT AND DERIVATIVES EXCHANGE LTD**

1. Introduction

The Business Practices Committee ("the Committee") operates in terms of section 2 of the Harmful Business Practices Act (Act No. 71 of 1988, "the Act"). The purpose of the Act is to prohibit or control harmful business practices. The latter is defined as any business practice which has the effect of harming the relations between businesses and consumers, unreasonably prejudicing any consumer or deceiving any consumer.

2. The complaint

The business practices of Investment and Derivatives Exchange Limited (IDE) came to the attention of the Committee during August 1993 when it received a copy of a story on IDE which appeared in the Star. The story was about a 76-year-old Vanderbijlpark widow who was allegedly "... conned out of JSE-listed shares worth R53 000 by agents of share pedlar George Richter, who runs Investment and Derivatives Exchange Brokers (IDE) from Midrand". The George Richter referred to in the story refers to George Timothy Richter, hereafter called Richter.

3. The section 4 (1) (c) investigation**3.1 The decision to conduct a section 4 (1) (c) investigation**

At a meeting on 9 August 1993 the Subcommittee (instituted in terms of section 3 of the Act) of the Committee decided to institute a preliminary investigation in terms of section 4 (1) (c) of the Act into the business practice as applied by IDE, any director or member (as may be applicable) and any employee and/or agent of the aforementioned.

A section 4 (1) (c) investigation enables the Committee to make such preliminary investigation as it may consider necessary into, or confer with any interested party in connection with, any harmful business practice which allegedly exists or may come into existence.

The purpose of section 4 (1) (c) investigations is to enable the Committee to make a more informed decision as to whether a section 8 (1) (a) investigation is called for. The Minister of Trade and Industry is not empowered to make any decisions on the strength of a section 4 (1) (c) investigation. He may do so in terms of a section 8 investigation.

3.2 Richter summonsed to appear before the Committee

On 6 October 1993 the Committee, in terms of section 5 (1) of the Act, summonsed Richter to appear before the Committee on 21 October 1993.

3.3 Notice of IDE's annual general meeting

On 20 October 1993 IDE sent a notice to shareholders informing them that an Annual General Meeting would be held on 17 November 1993. The notice included the directors' report and the financial statements for the year ended 29 February 1992. Richter signed the directors' report. The directors' report states *inter alia* (Committee's translation from the Afrikaans directors' report): "IDE's results are satisfactorily in the light of the economical and political atmosphere in which it operates. . . . As a result of problems in the

BYLAE**SAKEPRAKTYKEKOMITEE**

VERSLAG INGEVOLGE ARTIKEL 10 (1) VAN DIE WET OP SKADELIKE
SAKEPRAKTYKE, 1988 (WET No. 71 VAN 1988)

Verslag No. 39**INVESTMENT AND DERIVATIVES EXCHANGE BEPERK****1. Inleiding**

Die Sakepraktikekomitee ("die Komitee") tree op ingevolge artikel 2 van die Wet op Skadelike Sakepraktike (Wet No. 71 van 1988, "die Wet"). Die doel van die Wet is om skadelike sakepraktike te verbied of te beheer. Laasgenoemde word omskryf as enige sakepraktyk wat die uitwerking het om die verhoudinge tussen besighede en verbruikers te skaad, of om 'n verbruiker onredelik te benadeel of te mislei.

2. Die klagte

Die sakepraktike van Investment and Derivatives Exchange Beperk (IDE) het gedurende Augustus 1993 onder die aandag van die Komitee gekom toe hy 'n afskrif ontvang het van 'n artikel oor IDE wat in The Star verskyn het. Die artikel was oor 'n 76-jarige Vanderbijlparkse weduwee wat na bewering "... gekul is deur agente van die aandele-smous George Richter, wat Investment and Derivatives Exchange Brokers (IDE) uit Midrand bestuur, en so JE-genoteerde aandele ter waarde van R53 000 verloor het". Die George Richter na wie in die artikel verwys word, is George Timothy Richter, hierna Richter genoem.

3. Die artikel 4 (1) (c)-ondersoek**3.1 Die besluit om 'n artikel 4 (1) (c)-ondersoek in te stel**

By 'n vergadering op 9 Augustus 1993 het die Subkomitee (aangestel ingevolge artikel 3 van die Wet) van die Komitee besluit om ingevolge artikel 4 (1) (c) van die Wet 'n voorlopige ondersoek in te stel na die sakepraktyk soos toegepas deur IDE, enige direkteur of lid (soos van toepassing) en enige werknemer en/of agent van voornoemde.

'n Artikel 4 (1) (c)-ondersoek stel die Komitee in staat om sodanige voorlopige ondersoek as wat hy nodig ag, in te stel na, of om met enige belanghebbende party te beraadslaag in verband met, enige skadelike sakepraktyk wat na bewering bestaan of mag ontstaan.

Die doel van artikel 4 (1) (c)-ondersoeke is om die Komitee in staat te stel om 'n meer ingeligte besluit te neem oor die nodigheid van 'n artikel 8 (1) (a)-ondersoek. Die Minister van Handel en Nywerheid is nie gemagtig om enige besluite op grond van 'n artikel 4 (1) (c)-ondersoek te neem nie. Hy kan dit wel ingevolge 'n artikel 8-ondersoek doen.

3.2 Richter gedagvaar om voor die Komitee te verskyn

Op 6 Oktober 1993 het die Komitee Richter ingevolge artikel 5 (1) van die Wet gedagvaar om op 21 Oktober 1993 voor die Komitee te verskyn.

3.3 Kennis van IDE se algemene jaarvergadering

Op 20 Oktober 1993 het IDE 'n kennisgewing aan aandeelhouders gestuur waarin hulle ingelig is dat 'n algemene jaarvergadering op 17 November 1993 gehou sou word. Die kennisgewing het die direkteursverslag en die finansiële state vir die jaar geëindig 29 Februarie 1992 bevat. Richter het die direkteursverslag onderteken. Die direkteursverslag verklaar onder andere die volgende: "IDE se resultate is bevredigend in die lig van die ekonomiese en politieke klimaat waarin dit opereer. ... As gevolg van probleme in die

financial markets, changes to legislation, which inhibited innovative financing, were effected by the authorities. Management did not always agree with these changes. However, negotiations are continuing to settle the dispute with the controlling bodies so that management can concentrate to ensure profitability for all the shareholders". The directors of IDE at this stage were Richter and MJ Craig.

The financial statements were qualified by IDE's auditors, on two grounds, namely an investigation into the affairs of IDE by the Financial Services Board and the incomplete accounting and administrative records that prevented the auditors in performing the necessary audit procedures.

IDE's auditors referred these financial statements to the Public Accountants and Auditors Board in terms of section 20 (5) (a) of the Public Accountants' and Auditors' Act, 1991 (No. 80 of 1991). Section 20 (5) (a) reads as follows:

"If any person acting in the capacity of auditor to any undertaking is satisfied or has reason to believe that in the conduct of the affairs of such undertaking a material irregularity has taken place or is taking place which has caused or is likely to cause financial loss to the undertaking or to any of its members or creditors, he shall forthwith despatch a report in writing to the person in charge of that undertaking giving particulars of the irregularity, at the same time drawing the attention of such person in charge to the provisions of paragraph (b) and (c) and requesting him to acknowledge receipt of such report in writing."

Section 20 (5) (b) and 20 (5) (c) of Act No. 80 of 1991 respectively read as follows:

- (b) "Unless within 30 days after an auditor has despatched such a report, he has been satisfied that no such irregularity has taken place or is taking place or that adequate steps have been taken for the recovery of any such loss so caused or for the prevention of any such loss likely to be so caused, he shall forthwith furnish the board with copies of the report and of any acknowledgement of receipt thereof and reply thereto and such other particulars as he may deem fit.
- (c) The board may disclose any information supplied to it in terms of paragraph (b) to any attorney-general or the Registrar of Deposit-taking Institutions or any officer in the public service or any member or creditor of the undertaking concerned or any juristic person of whom the undertaking is a member or who has control over the undertaking or who has the power to take disciplinary steps against the undertaking, or to the committee of any stock exchange on which shares of the undertaking are listed."

The board referred to in section 20 (5) (b) is the Public Accountants' and Auditors' Board. IDE's 1992 financial statements reflected a nett loss of R511 372. The share capital was R1 139 751.

3.4 Richter's appearance before the Committee

On 21 October 1993 Richter assisted by his attorney, Mr R of the firm MP Inc., appeared before the Committee. Richter volunteered the following information to the Committee:

Investments and Derivatives Exchange (Pty) Ltd was established in 1990. (It subsequently transpired that Investments and Derivatives Exchange (Pty) Ltd (89/ 06231/06) had been incorporated on 24 October 1989 and converted to a public company on 5 June 1991). IDE was a public company engaged in futures, shares in companies and properties. IDE also had interests in a film company and property syndication. Clients of IDE signed CM 42 forms and sold their shares in companies quoted on the Johannesburg Stock Exchange (JSE). These transactions were usually handled by the broking firm of ABC. (Mr OHR

finansiële markte is veranderings aan wetgewing aangebring deur die owerhede wat innoverende finansiering strem en waarmee die bestuur nie altyd saamgestem het nie. Daar word egter steeds onderhandel om hierdie geskille met die beheerliggame so spoedig moontlik te besleg sodat die bestuur kan konsentreer om redemente (sic) vir al die aandeelhouders te verseker". In hierdie stadium was Richter en MJ Craig die direkteure van IDE.

IDE se ouditeure het hierdie finansiële state op twee gronde gekwalifiseer, naamlik 'n ondersoek deur die Raad op Finansiële Dienste na die sake van IDE en die onvolledige rekeningkundige en administratiewe rekords wat die ouditeurs verhoed het om die nodige auditprosedures uit te voer.

IDE se ouditeure het hierdie finansiële state ingevolge artikel 20 (5) (a) van die Wet op Openbare Rekenmeesters en Ouditeurs, 1991 (Wet No. 80 van 1991), na die Openbare Rekenmeesters- en Ouditeursraad verwys. Artikel 20 (5) (a) lui soos volg:

"Indien iemand wat in die hoedanigheid van ouditeur van 'n onderneming optree, oortuig is of rede het om te glo dat by die bestuur van die sake van die onderneming 'n wesenlike onreëlmatigheid plaasgevind het of plaasvind wat geldelike verlies aan die onderneming of aan enige van sy lede of krediteure berokken het of waarskynlik sal berokken, stuur hy onverwyld aan die persoon in beheer van daardie onderneming 'n skriftelike verslag waarin besonderhede van die onreëlmatigheid aangegee word en terselfdertyd vestig hy die aandag van die persoon in beheer op die bepalings van paragrawe (b) en (c) en versoek hy hom om skriftelik ontvangs van die verslag te erken."

Artikel 20 (5) (b) en (c) van Wet No. 80 van 1991 lui soos volg:

- (b) "Tensy binne 30 dae nadat 'n ouditeur so 'n verslag afgestuurd het, hy oortuig is dat geen sodanige onreëlmatigheid plaasgevind het of plaasvind nie of dat doeltreffende stappe gedoen is om enige sodanige verlies wat aldus berokken is, te verhaal of om enige sodanige verlies wat waarskynlik aldus berokken sal word, te voorkom, verstrek hy onverwyld aan die raad afskrifte van die verslag en van enige ontvangserkenning daarvan of antwoord daarop en die ander besonderhede wat hy goedgevind.
- (c) Die raad kan aan 'n prokureur-generaal of die Registrateur van Depositone-mende Instellings of 'n beampte in die staatsdiens of 'n lid of krediteur van die betrokke onderneming of enige regspersoon van wie die onderneming 'n lid is of wat beheer oor die onderneming het of wat bevoeg is om dissiplinêre stappe teen die onderneming te doen, of aan die komitee van enige effektebeurs waarop aandele van die onderneming genoteer word, enige inligting openbaar wat ingevolge paragraaf (b) aan die raad verstrek is."

Die raad waarna in artikel 20 (5) (b) verwys word, is die Openbare Rekenmeesters- en Ouditeursraad. IDE se finansiële state vir 1992 het 'n netto verlies van R511 372 getoon. Die aandeelkapitaal was R1 139 751.

3.4 *Richter se verskyning voor die Komitee*

Op 21 Oktober 1993 het Richter, bygestaan deur sy prokureur, mnr. R. van die firma MP Inc., voor die Komitee verskyn. Richter het die volgende inligting vrywillig aan die Komitee verstrek:

Investment and Derivatives Exchange (Edms.) Bpk. is in 1990 gestig. (Dit het daarna geblyk dat Investment and Derivatives Exchange (Edms.) Bpk. (89/06231/06) op 24 Oktober 1989 geïnkorporeer en op 5 Junie 1991 na 'n publieke maatskappy omgeskakel was). IDE was 'n publieke maatskappy betrokke by termynhandel, aandele in maatskappye en eiendomme. IDE het ook belange in 'n filmmaatskappy en eiendomsindikasie. IDE se kliënte het CM 42 formuliere onderteken en hulle aandele in genoteerde maatskappye op die Johannesburgse Effektebeurs (JE) verkoop. Hierdie transaksies was gewoonlik

Hurni, who later became a director of IDE, had access to an office at ABC. He was, however, not in their employ and in a telephone conversation in late October 1994, a partner in ABC, said they have not seen him since June 1994). The proceeds were used to buy IDE shares through private placements. IDE had proxies from their clients to place their (the clients') funds. IDE had two managers who trained the brokers regarding IDE's potential. Investors bought shares in IDE because of the tremendous ("geweldige") potential of the firm. One could compare IDE to a unit trust. Buyers (investors) are not necessarily interested in financial statements. The brokers who sell IDE shares dispose of the financial information of potential clients already known to them. These clients form the client base. Potential investors are referred to the auditors should they require financial statements.

Mr R had nothing to say during the meeting. The Chairman put various questions to Richter regarding the financial position and growth of IDE but he could not furnish answers. Richter said the questions put to him could only be answered by his auditors. The Chairmain requested that the following information be supplied to the Committee within a week:

1. What information was given by the brokers to the public in order to solicit investments?
2. What were the assets of IDE?
3. All financial statements since the registration of the company.
4. List of names and addresses of IDE shareholders.
5. The proceeds of the selling of shares in IDE.
6. The manner in which the capital in 5. had been employed.
7. A list of the names and addresses of brokers.

Richter indicated that he would comply with the request.

3.5 Efforts to obtain information

On 29 October 1994 MP Inc., on behalf of Richter, informed the Committee that they had difficulty in supplying the information requested on 21 October 1993 because the Commercial Branch of the South African Police had attached all relevant documents necessary for a police investigation. MP Inc. also attached a letter from IDE's auditors addressed to him (MP Inc.) in which they state that they have not yet started with the 1993 audit because of a personnel shortage and the fact that the police attached a major part of the documentation to conclude an audit.

An official of the Committee phoned Mr R. on the same day (21 October 1993) and informed him that the Committee required information regarding the marketing of shares, the total amount raised by issuing of shares and the application of these funds. Mr R. indicated that the 1993 financial statements would be available early in December 1993.

On 10 November 1993 MP Inc. informed the Committee that the required information which was in their possession would be furnished on or before 12h00 on 11 November 1993.

On 11 November 1993 IDE's auditors informed the Committee that they would do everything possible to have available an exposition of the 1992 and 1993 financial years' expenses by 15 November 1993.

In a letter dated 8 December 1993 the Committee told MP Inc. that IDE's auditors had indicated that the financial information would be available by 10 December 1993. On the designated date the Committee received a statement of sources and application of funds for the 1992 and 1993 financial years (see Annexure 1). Obviously this information did not reflect IDE's financial position. The following are salient points for the financial year that ended on 28 February 1993:

- (i) R2 900 067 was raised through the issuing of shares.

deur die makelaarsfirma ABC hanteer. (Mnr. OHR Hurni, wat later 'n direkteur van IDE sou word, het toegang tot 'n kantoor by ABC gehad. Hy was egter nie in hulle diens nie. Gedurende laat Oktober 1994 het 'n vennoot van ABC tydens 'n telefoongesprek gesê dat hulle hom nie sedert Junie 1994 gesien het nie). Die opbrengs is aangewend om IDE aandele deur privaatplasing te koop. IDE het volmagte van hulle kliënte gehad om hulle (die kliënte) se fondse te belê. IDE het twee bestuurders gehad wat die makelaars oor IDE se potensiaal opgelei het. Beleggers het aandele in IDE gekoop weens die geweldige potensiaal van die onderneming. 'n Mens kan IDE vergelyk met 'n effektrust. Kopers (beleggers) stel nie noodwendig belang in finansiële state nie. Die makelaars wat IDE aandele verkoop beskik oor die finansiële inligting van potensiele kliënte wat reeds aan hulle bekend is. Hierdie kliënte vorm die kliëntebasis. Potensiele beleggers word na die ouditeure verwys sou hulle finansiële state vereis.

Mnr. R het tydens die vergadering niks te sê gehad nie. Die Voorsitter het verskeie vrae aan Richter gestel oor die finansiële posisie en groei van IDE, maar hy kon nie antwoorde verskaf nie. Richter het gesê dat die vrae wat aan hom gestel is, slegs deur sy ouditeure beantwoord kon word. Die Voorsitter het versoek dat die volgende inligting binne 'n week aan die Komitee verskaf word:

1. Watter inligting is deur die makelaars aan die publiek gegee om beleggings te werf?
2. Wat is die bates van IDE?
3. Alle finansiële state sedert die registrasie van die maatskappy.
4. Lyste van name en adresse van IDE-aandeelhouders.
5. Die opbrengs van die verkoop van aandele in IDE.
6. Die manier waarop die kapitaal in 5. aangewend is.
7. 'n Lys van die name en adresse van makelaars.

Richter het aangedui dat hy aan die versoek sal voldoen.

3.5 Pogings om inligting te verkry

MP Inc. (namens Richter) het op 29 Oktober 1993 die Komitee in kennis gestel dat hulle dit moeilik vind om die inligting te verskaf wat op 21 Oktober 1993 aangevra is, omdat die Handelstak van die Suid-Afrikaanse Polisie beslag gelê het op alle toepaslike dokumente nodig vir 'n polisie-ondersoek. MP Inc. het ook 'n brief van IDE se ouditeure, wat aan hom (MP Inc.) gerig is, aangeheg, waarin hulle aanvoer dat hulle nog nie met die 1993-oudit begin het nie weens 'n personeeltekort en die feit dat die polisie beslag gelê het op 'n groot deel van die dokumentasie wat vir die afhandeling van 'n oudit nodig is.

'n Beampte van die Komitee het mnr. R. op dieselfde dag (21 Oktober 1993) gebel en hom ingelig dat die Komitee inligting benodig aangaande die bemerking van aandele, die totale bedrag wat deur die uitgifte van aandele verdien is en die aanwending van hierdie fondse. Mnr. R. het aangedui dat die finansiële state vir 1993 vroeg in Desember 1993 beskikbaar sou wees.

Op 10 November 1994 het MP Inc. die Komitee in kennis gestel dat die vereiste inligting wat in hulle besit is, voor of teen 12h00 op 11 November 1993 verskaf sou word.

Op 11 November 1993 het IDE se ouditeure die Komitee in kennis gestel dat hulle al die moontlike sou doen om teen 15 November 1993 'n uiteensetting van die 1992- en die 1993-boekjaar se uitgewes beskikbaar te hê.

In 'n brief gedateer 8 Desember 1993 het die Komitee MP Inc. meegedeel dat IDE se ouditeurs aangedui het dat die finansiële inligting teen 10 Desember 1993 beskikbaar sou wees. Op die aangewese datum het die Komitee 'n bron en aanwending van fondsestaat vir die 1992- en die 1993-boekjaar ontvang (sien Aanhangel 1). Hierdie inligting het klaarblyklik nie IDE se finansiële posisie getoon nie. Die volgende is opvallende items vir die boekjaar wat op 28 Februarie 1993 geëindig het:

- (i) R2 900 067 is deur die uitgifte van aandele verkry.

- (ii) The income was R62 671 or 2,2 per cent of R2 900 067. Interest received (R34 503) accounted for 55 per cent of the income. The income was not enough to cover the remuneration of the directors which was R85 954.
- (iii) The cost of issuing shares and salaries is grouped together. This amounted to R643 147 or 22,1 per cent of the funds raised by the issuing of shares.
- (iv) Losses of R50 696 and R259 100 were suffered due to share transactions and "Futures".
- (v) "Available for investments" were R1 446 776. This meant that only 49,9 per cent of the nearly R3 million raised by the issuing of shares was available for re-investment. It is an open question whether shareholders knew about this state of affairs. It is also doubtful if they would have bought shares in IDE if they had known. IDE and Richter have their offices on a spacious piece of land in Midrand. It is not income generating for the investors who sold their quoted shares to buy IDE shares.
- (vi) Investment Foundation CC, owned by Richter, paid back R53 152 on a loan it received from IDE. It still owed R101 301 to IDE. This loan from IDE to Investment Foundation CC is a disguised loan to Richter.

During the period 21 October 1993 to 10 November 1993 the Committee received a list of the names of brokers (no addresses) and an incomplete response to the manner in which the capital in IDE had been employed.

On 18 January 1994 the Committee wrote to Richter requesting certain information regarding the loan accounts reflected in the statement of sources and application of funds, such as the names and addresses of persons and institutions to whom IDE had granted loans, the terms of the loans and copies of contracts. The Committee received no response from Richter.

On 18 May 1994 the Committee summonsed an employee of IDE's auditors to appear before the Committee on 26 May 1994. He was of the opinion that properties to the value of approximately R2 million were the only assets of IDE. He later added that Richter also had a share portfolio of which the value was more or less R200 000. He also said that IDE had suffered a loss of $\pm$ R1,2 million during the first two years of its operation. He further said that the selling and re-sale of shares in IDE was done by Investment Foundation CC. The latter held 3,5 million shares in IDE which was obtained by selling certain assets (furniture) to IDE.

During July 1994 officials of the Committee visited IDE's offices on the 8th, 14th and 22nd. Although Richter was pleasant and apparently helpful, it was extremely difficult to get direct and meaningful answers to most of the questions that were put to him. He evaded questions, digressed, laid the blame for the unavailability of financial figures on the auditors and at times alleged that the requested information was available at MP Inc.

A letter dated 20 July 1994 obtained from IDE's offices showed that the directors of IDE now were Richter and OHR Hurni.

4. The section 8 (1) (a) investigation and the harmful business practices

In the following discussion the harmful business practices are displayed in *italics*. Notice of the investigation was given in terms of section 8 (4) of the Act, under General Notice No. 852 of 1994, as published in *Government Gazette* No. 15879, dated 29 July 1994.

- (ii) Die inkomste was R62 671, of 2,2 persent van R2 900 067. Rente ontvang (R34 503) het 55 persent van die inkomste beloop. Die inkomste was nie genoeg om die vergoeding van die direkteure, wat R85 954 beloop het, te dek nie.
- (iii) Die koste van die uitgifte van aandele en salarisse is saamgegroepeer. Dit het R643 147 beloop, of 22,1 persent van die fondse wat deur die uitgifte van aandele ingesamel is.
- (iv) Verliese van R50 696 en R259 100 is gely weens aandeletransaksies en "futures".
- (v) "Beskikbaar vir beleggings" was R1 446 776. Dit beteken dat slegs 49,9 persent van die bykans R3 miljoen wat deur die uitgifte van aandele verkry is, vir herbelegging beskikbaar was. Dit is 'n ope vraag of aandeelhouders van hierdie toedrag van sake bewus was. Dit is ook te betwyfel of hulle aandele in IDE sou gekoop het indien hulle geweet het. IDE en Richter se kantore is op 'n ruim stuk grond in Midrand. Dit genereer geen inkomste nie vir die beleggers wat hulle genoteerde aandele verkoop het om IDE-aandele te koop.
- (vi) Investment Foundation BK, wat aan Richter behoort, het R53 152 terugbetaal op 'n lening wat hy van IDE ontvang het. Hy het IDE steeds R101 301 geskuld. Hierdie lening van IDE aan Investment Foundation BK is 'n bedekte lening aan Richter.

Gedurende die tydperk 21 Oktober 1993 tot 10 November 1993 het die Komitee 'n lys van die name van makelaars (geen adresse nie) ontvang asook 'n onvolledige antwoord oor die manier waarop die kapitaal in IDE aangewend is.

Op 18 Januarie 1994 het die Komitee aan Richter geskryf en sekere inligting aangevra oor die leningsrekeninge wat in die bron en aanwending van fondse-staat weerspieël is, soos die name en adresse van persone en instellings aan wie IDE lenings toegestaan het, die voorwaardes van die lenings en afskrifte van kontrakte. Die Komitee het geen antwoord van Richter ontvang nie.

Op 18 Mei 1994 het die Komitee 'n werknemer van IDE se ouditeure gedagvaar om op 26 Mei 1994 voor die Komitee te verskyn. Hy was van mening dat eiendomme ter waarde van ongeveer R2 miljoen die enigste bates van IDE is. Hy het later bygevoeg dat Richter ook 'n aandeleportefeulje ter waarde van min of meer R200 000 het. Hy het ook gesê dat IDE gedurende die eerste twee jaar wat hy sake gedoen het, 'n verlies van ongeveer R1,2 miljoen gely het. Hy het verder gesê dat die verkoop en herverkoop van aandele in IDE deur Investment Foundation BK gedoen word. Laasgenoemde het 3,5 miljoen aandele in IDE gehou en verkry is deur sekere bates (meubels) aan IDE te verkoop.

Op 8, 14 en 22 Julie 1994 het amptenare van die Komitee IDE se kantore besoek. Hoewel Richter aangenaam en oënskynlik hulpvaardig was, was dit uiters moeilik om direkte en betekenisvolle antwoorde te kry op die meeste van die vrae wat aan hom gestel is. Hy het vroeë ontwijk, afgedwaal, die skuld vir die onbeskikbaarheid van finansiële syfers op die ouditeure gelê en by tye beweer dat die aangevraagde inligting by MP INC. beskikbaar is.

'n Brief gedateer 20 Julie 1994 wat by IDE se kantore gekry is, het aangetoon dat die direkteurs van IDE nou Richter en OHR Hurni is.

4. Die artikel 8 (1) (a) -ondersoek en die skadelike sakepraktyke

In die bespreking wat volg, word die skadelike sakepraktyke in *kursief* getoon. Kennis van die ondersoek is ingevolge artikel 8 (4) van die Wet gegee in Algemene Kennisgewing No. 852 van 1994 gepubliseer in *Staatskoerant* No. 15879 van 29 Julie 1994.

During the course of the investigation the Committee obtained a number of "newsletters" that were sent to IDE shareholders. These newsletters were invariably undated. The following are excerpts from a newsletter that was apparently compiled during the middle of 1992:

"You are probably aware of the events that have taken place in the South African financial markets lately. Not only have interest rates dropped but we have seen a dramatic decline in share values on the JSE. The good news is that the decline which occurred will not be affecting IDE investors adversely, contrary to what many people may think".

This statement is an unsubstantiated generalisation. To which people does the newsletter refer? There is no evidence that the "decline . . . will not be effecting IDE investors". In fact, for the year ended 29 February 1992 IDE suffered a loss. One could possibly argue that Richter did not know about the loss because the 1992 financial statements were available only at the latest in October 1993 (when Richter sent the notice to shareholders informing them of the Annual General Meeting 17 November 1993). This argument would be self-defeating, unless he had proper management accounts. In this event failure to inform investors about the loss would require explanation. Under no circumstances can management claim to have been ignorant regarding the financial position of a company when issuing a statement such as ". . . will not be effecting . . . investors". Nobody should be allowed or may take millions of Rands from the public to invest and then at any stage not know how profitable (or detrimental) these funds were invested. The phrase "decline . . . will not be effecting IDE investors adversely" could have, by accident or design, misled investors.

"Management is proud to announce that IDE's new share price is 23c per share. We are now well geared to capitalise on new opportunities as they arise and remain optimistic in achieving a share price of between 40c – 50c by the end of 1992".

The statement is incomplete and meaningless and evades the real issues of background information. At least audited figures and declared realistic underlying assumptions are imperative to substantiate this statement. It is an amateurish attempt to generate credibility among an unsophisticated audience. This statement could have, again by accident or design, misled investors.

The following is an excerpt from a newsletter that was apparently compiled late 1992 or early 1993:

"Good news!—the share price of 23c per share in Investment & Derivatives Exchange Ltd (IDE) has closed and the current share price is 25c per share which means a 8,5% profit since October to December 1992. Shareholders that were able to purchase shares at 15c per share have shown a profit of 67% profit which implies that R20 000,00 invested during June 1992 would be worth almost R33 300,00 currently. Shareholders must remember the portfolio periods are 3 to 5 years".

These three sentences are in the opinion of the Committee meaningless. The determination of the share prices will be discussed in more detail. No investor has ". . . shown a profit of 67%" unless the shares have actually been sold. The sentence "Shareholders must remember the portfolio periods are 3 to 5 years" is not susceptible to comprehension. Again these statements are attempts to generate credibility among an unsophisticated audience. These statements could have misled investors.

In die loop van die ondersoek het die Komitee 'n aantal "nuusbriewe" bekom wat aan IDE-aandeelhouders gestuur is. Hierdie nuusbriewe was sonder uitsondering ongedateerd. Die volgende uittreksels kom uit 'n nuusbriewe wat skynbaar gedurende die middel van 1992 opgestel is:

"U is waarskynlik bewus van die gebeurtenisse wat in die laaste tyd op die Suid-Afrikaanse finansiële markte plaasgevind het. Nie alleen het rentekoerse gedaal nie, maar ons het 'n dramatiese afname in aandelewaardes op die JE gesien. Die goeie nuus is dat die afname wat plaasgevind het, IDE-aandeelhouders nie nadelig sal raak nie, in teenstelling met wat baie mense mag dink". [Vertaling]

Hierdie stelling is 'n ongegronde veralgemening. Na watter mense verwys die nuusbriewe? Daar is geen bewys dat die "afname . . . IDE-aandeelhouders nie nadelig sal raak nie". IDE het trouens 'n verlies vir die jaar geëindig 29 Februarie 1992 gely. 'n Mens sou kon aanvoer dat Richter nie van die verlies geweet het nie omdat die finansiële state vir 1992 eers op die laaste in Oktober 1993 beskikbaar sou wees (toe Richter die kennisgewing aan aandeelhouders gestuur het om hulle in te lig oor die algemene jaarvergadering van 17 November 1993). Hierdie argument sou selfverydelend wees, tensy hy oor behoorlike bestuursrekeninge beskik het. In hierdie geval sou versuim om beleggers van die verlies in te lig 'n verduideliking verg. Onder geen omstandighede kan die bestuur onkundig pleit ten opsigte van die finansiële posisie van 'n maatskappy nie wanneer hulle 'n verklaring uitreik soos ". . . aandeelhouders nie nadelig sal raak nie". Niemand behoort toegelaat te word om miljoene rande van die publiek te vat om te belê en dan in enige stadium nie te weet hoe winsgewend (of swak) hierdie geld belê is nie. Die uitdrukking ". . . afname . . . IDE-aandeelhouders nie nadelig sal raak nie" kon aandeelhouders, bewustelik of onbewustelik, mislei het.

"Bestuur is trots daarop om aan te kondig dat IDE se nuwe aandeelprys 23c per aandeel is. Ons is nou in 'n goeie posisie om voordeel te trek uit nuwe geleenthede na gelang hulle voorkom, en bly optimisties om 'n aandeelprys van tussen 40c en 50c teen die einde van 1992 te behaal." [Vertaling]

Die stelling is onvolledig en betekenisloos en vermy die werklike kwessies van agtergrondinligting. Minstens geouditeerde syfers en verklaarde realistiese onderliggende aannames is onontbeerlik om hierdie bewering te staaf. Dit is 'n amateuragtige poging om geloofwaardigheid by 'n ongesofistikeerde gehoor te wek. Hierdie stelling kon, weer eens bewustelik of onbewustelik, beleggers mislei het.

Die volgende uittreksel kom uit 'n nuusbriewe wat skynbaar laat in 1992 of vroeg in 1993 opgestel is:

"Goeie nuus!—die aandeelprys van 23c per aandeel in Investment & Derivatives Exchange Ltd (IDE) het gesluit en word huidiglik verhandel teen 25c per aandeel wat beteken dat 'n wins van 8,5% getoon word desert (sic) Oktober tot Desember 1992. Aandeelhouders wat gekoop het teen 15c per aandeel wys 'n wins van 67% wat beteken dat indien R20 000,00 in aandele bele (sic) is gedurende Junie 1992 die bedrag nou gegroei het na R33 300,00. Aandeelhouders moet asseblief in gedagte hou dat die portfolio (sic) periodes 3 tot 5 jaar beloop".

Hierdie drie sinne is na die mening van die Komitee betekenisloos. Die vasstelling van die aandeelprys sal in meer besonderhede bespreek word. Geen belegger ". . . wys 'n wins van 67%" nie, tensy die aandele werklik verkoop is. Die sin "Aandeelhouders moet asseblief in gedagte hou dat die portfolio (sic) periodes 3 tot 5 jaar beloop" is onverstaanbaar. Weer eens is hierdie stellings pogings om geloofwaardigheid by 'n ongesofistikeerde gehoor te wek. Hierdie stellings kon beleggers mislei het.

On 18 July 1994 the BPC again wrote to Richter requesting certain information. Some of the information required had been called for previously while other questions were put to him for the first time. The Committee gave an estimate of the funds raised by the issuing of shares and asked Richter if he agreed with the figure and if not, his reasons for disagreeing. Again a detailed analysis of the application of shareholders' funds was asked. IDE issued shares ranging from 15 cents per share to 28 cents per share. These shares were sold from 1991 to 1993. Richter was asked to explain how the different prices for the shares were calculated. Included in the letter was a photocopy of a document that came into the possession of the Committee. See Annexure 2 for a copy of this document. The letter was taken by an official to IDE's offices in Midrand and it was signed for by Richter. The Committee requested that the information be made available by 18 August 1994.

On 1 August 1994 Richter appointed an "internal auditor". The internal auditor told an official of the Committee that he was writing up the books. His post was a new one in IDE.

On 14 September 1994 Mr M of MP Inc., Richter and an audit clerk from IDE's auditors held discussions with officials of the Committee at the Committee's offices. The gist of the discussions was that not all the information requested in the Committee's letter dated 18 July 1994 to Richter was immediately available, but that the audit clerk would phone the next day to inform when the information would be available. Richter did however, concede that he was in a position to answer the questions in the letter relating to the share prices. The following day the audit clerk indicated that the required information would be available by the end of September 1994.

On 23 September 1994 the Committee received a fax of five pages from CC (Pty) Limited (CC). The fax was signed by CC's Chief Executive, HPH. In the fax it was stated that they (CC) acted on behalf of IDE. Richter had handed the Committee's letter of 18 July 1994 to them. HPH evidenced a serious lack of comprehension of the implications of the investigation for his client. Two examples suffice. HPH writes:

"We shall appreciate it if you could indicate whether the said letter by your Committee has been addressed to our client in terms of any of the provisions of the Harmful Business Practices Act, Act No. 71 of 1988, and if so, the specific provision of the said Act"; and

"Kindly furnish us with full particulars of the 'commodity' which any 'consumer' alleges has been offered, supplied or made available to him/her in the course of business of IDE which business practice it is alleged may have been either harmful and/or prejudicial and/or deceiving".

On 26 September 1994 an official called Mr M and inquired from him what role CC played in view of the agreement reached on 14 September 1994 at the Committee's offices. He said that he would find out from his client (Richter) and revert to the official.

On 27 September 1994 the official concerned received calls from Mr M, Richter (twice) and HPH. Richter said that the required information would be available on Friday, 30 September 1994. The official told Richter that he was not sure of his (the official's) availability on that date but that the official would phone him on 29 September 1994 if available. Richter was not available when called but called back later to say that the information would be available on 3 October 1994.

On 3 October 1994 Richter and HPH had discussions with officials of the Committee. HPH and Richter indicated that the information would be available by the end of the week (7 October 1994). It was pointed out to HPH that especially the answers regarding the assets of IDE had to be substantiated.

Op 18 Julie 1994 het die Sakepraktykekomitee weer aan Richter geskryf en sekere inligting aangevra. Van die inligting wat verlang is, is al voorheen aangevra, terwyl ander vrae vir die eerste keer aan hom gestel is. Die Komitee het 'n raming gegee van die fondse ingesamel deur die uitgifte van aandele en het Richter gevra of hy met die syfer saamstem en, indien nie, sy redes waarom hy verskil. Weer is 'n gedetailleerde ontleding van die aanwending van die aandeelhoudersfondse aangevra. IDE het aandele in IDE uitgereik wat wissel van 15c per aandeel tot 28c per aandeel. Hierdie aandele is van 1991 tot 1993 verhandel. Richter is gevra om te verduidelik hoe die verskillende pryse vir die aandele bereken is. Ingesluit by die brief was 'n fotokopie van 'n dokument wat die Komitee bekom het. Sien Aanhangsel 2 vir 'n afskrif van die dokument. Die brief is deur 'n beampte na IDE se kantore in Midrand geneem en Richter het daarvoor geteken. Die Komitee het versoek dat die inligting teen 18 Augustus 1994 beskikbaar gestel word.

Op 1 Augustus 1994 het Richter 'n "Interne ouditeur" aangestel. Die interne ouditeur het aan 'n beampte van die Komitee vertel dat hy besig was om die boeke by te werk. Sy pos was nuut by IDE.

Op 14 September 1994 het mnr. M van MP Inc., Richter en 'n ouditeursklerk van IDE se ouditeure samesprekings met beamptes van die Komitee by die Komitee se kantore gehou. Die hoofsaak van die samesprekings was dat nie al die inligting aangevra in die Komitee se brief van 18 Julie 1994 aan Richter, onmiddellik beskikbaar was nie, maar dat die ouditeursklerk die volgende dag sou bel om te sê wanneer die inligting beskikbaar sou wees.

Richter het nietemin toegegee dat hy in 'n posisie was om die vrae in die brief wat op die aandeelpryse van toepassing is, te beantwoord. Die volgende dag het die ouditeursklerk aangedui dat die verlangde inligting teen einde September 1994 beskikbaar sou wees.

Op 23 September 1994 het die Komitee 'n faks van vyf bladsye van CC (Edms.) Beperk (CC) ontvang. Die faks is onderteken deur CC se Hoof Uitvoerende Beampte, HPH. In die faks is gesê dat hulle (CC) namens IDE opgetree het. Richter het die Komitee se brief van 18 Julie 1994 aan hulle gegee. HPH het 'n ernstige gebrek aan begrip oor die implikasies van die ondersoek vir sy kliënt getoon. Twee voorbeelde is voldoende. HPH skryf:

"Ons sal dit op prys stel indien u kan aandui of genoemde brief deur u Komitee aan ons kliënt gerig is ingevolge enige van die bepalings van die Wet op Skadelike Sakepraktyke, Wet No. 71 van 1988, en indien wel, die spesifieke bepalings van genoemde Wet". [Vertaling.]; en

"Geliewe ons te voorsien van volledige besonderhede van die 'handelsartikel' wat enige 'verbruiker' beweer aan hom/haar aangebied, verskaf of beskikbaar gestel is in die loop van sake van IDE, welke sakepraktyk na bewering skadelik en/of benadelend en/of misleidend is". [Vertaling.]

Op 26 September 1994 het 'n beampte mnr. M. gebel en by hom navraag gedoen oor watter rol CC gespeel het in die lig van die ooreenkoms aangegaan op 14 September 1994 by die Komitee se kantoor. Het hy gesê dat hy dit by sy kliënt (Richter) sou uitvind en na die beampte sou terugkom.

Op 27 September 1994 het die betrokke beampte oproepe ontvang van mnr. M. Richter (twee maal) en HPH. Richter het gesê dat die verlangde inligting op Vrydag 30 September 1994 beskikbaar sou wees. Die beampte het aan Richter gesê dat hy nie seker van sy (die beampte se) beskikbaarheid op daardie datum was nie, maar dat hy Richter op 29 September 1994 sou bel indien hy beskikbaar sou wees. Richter was nie beskikbaar toe hy gebel is nie, maar het later teruggebel om te sê dat die inligting op 3 Oktober 1994 beskikbaar sou wees.

Op 3 Oktober 1994 het Richter en HPH samesprekings met beamptes van die Komitee gevoer. HPH en Richter het aangedui dat die inligting teen die einde van die week (7 Oktober) beskikbaar sou wees. HPH is daarop gewys dat veral die antwoorde oor IDE se bates gestaaf moes word.

On 11 October 1994 HPH's answers to the questions put in the Committee's letter of 18 July 1994 to Richter were received. Some answers were incomplete. Regarding the question as to how the share prices were calculated, HPH replied as follows:

"We are instructed to advise that the price of the shares fixed by IDE's Board of Directors to be issued from time to time, was based on the value of underlying assets, corresponding liabilities and on projected future expectations of growth of such shares, potential dividend flows and projects which were being planned at the time".

The share prices and the dates on which the prices were changed are as follows:

Date	Price per share	Percentage increase over previous price (%)
May 1991	1c	—
June 1991	15c	1 400,0
October 1991	18c	20,0
February 1992	20c	11,1
June 1992	23c	15,0
October 1992	25c	8,7
March 1993	28c	12,0
July 1993	30c	7,1

The question as to how the share prices were calculated was also put to Richter when the officials visited IDE's offices on 8 July 1994. Richter's explanation was not clear. A meaningful and intelligible response was unforthcoming from him. HPH's response that IDE's Board of Directors (read Richter) fixed the prices should be read literally. The share prices were fixed. The statement "... was based on the value of underlying assets, corresponding liabilities and on projected future expectations of growth of such shares, potential dividend flows and projects which were being planned at the time" is an attempt to impress. Richter could not provide working papers to show how these factors were quantified to calculate a particular price. Investors were misled. They were given the "good news" of an increase in the share price. The price was not determined by the market but contrived by Richter.

Referring to the copy of the document included in the Committee's letter dated 18 July 1994 to Richter, HPH wrote the following:

"We are however instructed to point out to your Committee that the photocopied document annexed to your letter was never intended by IDE as a document to be used by any person to introduce to any third person".

The contents of the document, however, clearly indicates that it was used to introduce IDE to somebody. The document (the "document") starts off by asking **WHO IS I.D.E.?** It goes on to explain how IDE functions and where investments are placed. "... a spread of investments are placed in 3 Major areas:

1. Equities and Debentures into the 40 top performing Blue Chip Companies on the Johannesburg Stock Exchange. Thus adding security to the Portfolio. (See attached portfolio)". The "attached portfolio" is to be found on the second page of the document. The names of the companies in this portfolio are impressive.
2. Government Stocks, Escom Stocks, Municipal Funds, Utility Funds which provide the Investor with Guarantees.
3. The Derivatives Market as well as Local and Money Market instruments, Leveraged buy-outs and commercial property options. Returns of 25% per annum—40% per annum and more can easily be achieved."

HPH se antwoorde op die vrae wat in die Komitee se brief van 18 Julie 1994 aan Richter gestel is, is op 11 Oktober 1994 ontvang. Sommige antwoorde was onvolledig. Op die vraag oor hoe die aandeelpryse bereken is, het HPH soos volg geantwoord:

"Ons het opdrag ontvang om u te adviseer dat die aandeelpryse wat deur IDE se Direksie vasgestel is vir uitreiking van tyd tot tyd, gebaseer is op die waarde van die onderliggende bates en ooreenstemmende laste en op geprojekeerde toekomsverwagtinge vir die groei van sodanige aandele, potensiele dividendbewegings en projekte wat destyds beplan is". [Vertaling]

Die aandeelpryse en die datums waarop die pryse verander is, is soos volg:

Datum	Prys per aandeel	Persentasie toename vergeleke met vorige prys (%)
Mei 1991	1c	—
Junie 1991	15c	1 400,0
Oktober 1991	18c	20,0
Februarie 1992	20c	11,1
Junie 1992	23c	15,0
Oktober 1992	25c	8,7
Maart 1993	28c	12,0
Julie 1993	30c	7,1

Die vraag oor hoe die aandeelpryse bereken is, is ook aan Richter gestel toe die beamptes IDE se kantore op 8 Julie 1994 besoek het. Richter se verklaring was nie duidelik nie. Hy het nie 'n betekenisvolle en verstaanbare antwoord verstrek nie. HPH se reaksie dat IDE se Direksie (die wil sê Richter) die pryse vasgestel ("fixed") het, moet letterlik verstaan word. Die aandeelpryse was inderdaad vasgestel ("fixed"). Die stelling "... gebaseer is op die waarde van die onderliggende bates en ooreenstemmende laste en op geprojekeerde toekomsverwagtinge vir die groei van sodanige aandele, potensiele dividendbewegings en projekte wat destyds beplan is", is 'n poging om te beïndruk. Richter kon nie werkstukke voorlê om te toon hoe hierdie faktore gekwantifiseer is om 'n bepaalde prys te bereken nie. Beleggers is mislei. Aan hulle is die "goeie nuus" van 'n verhoging in de aandeelprys gegee. Die prys is nie deur die mark bepaal nie, maar deur Richter versin.

HPH het die volgende geskryf met verwysing na die afskrif van die dokument ingesluit by die Komitee se brief van 18 Julie 1994 aan Richter:

"Ons is egter opdrag gegee om u Komitee daarop te wys dat die gefotokopieerde dokumente, aangeheg by u brief, nooit deur IDE bedoel is as 'n dokument wat deur enigiemand gebruik kon word vir bekendstelling aan 'n derde party nie". [Vertaling]

Die inhoud van die dokument dui egter duidelik aan dat dit gebruik is om IDE aan iemand bekend te stel. Die dokument ("die dokument") begin met die vraag "WIE IS I.D.E.?" [vertaling]. Dit gaan voort met 'n verduideliking van hoe IDE funksioneer en waar beleggings geplaas word. "... 'n spreiding van beleggings word op 3 Belangrike terreine geplaas:

1. Ekwiteite en Skuldbriewe in die 40 Prima Maatskappye wat die beste op die Johannesburgse Effektebeurs vaar. So word sekuriteit by die Portefeulje gevoeg. (Sien aangehegte portefeulje)". Die "aangehegte portefeulje" verskyn op die tweede bladsy van die dokument. Die name van die maatskappye in hierdie portefeulje is indrukwekkend.
2. Staatseffekte, Eskom-effekte, Munisipale fondse, Nutsfondse wat Waarborges aan die Belegger verskaf.
3. Die Afgeleide-instrumentemark asook Plaaslike- en Geldmarkinstrumente, Hefboomuitkope en kommersiële eiendomsopsies. 'n Opbrengs van 25% per jaar tot 40% per jaar en meer kan maklik verhaal word." [Vertaling]

Whether the document "... was never intended by IDE as an document to be used by any person to introduce to any third person" is of no consequence. The Committee was furnished with the document by an IDE shareholder. The document was given to the IDE shareholder by the broker who sold the IDE shares to her. The document was used to introduce IDE to somebody and the "... spread of the investments are placed in 3 Major areas" is a misrepresentation. Anyone (broker or potential investor) reading through the document would think that IDE invested mainly on the JSE (and especially the top 40 "Blue Chip Companies") and in Government and Escom Stocks. This was clearly not the case. During the financial year ended 29 February 1992 the investment in unsecured loans totalled R301 388 or 37,4 per cent of the total assets.

In the same financial year the shares held (unaudited) by IDE in listed companies were the following:

Name of company	Number of shares
De Beers.....	300
Randfontein.....	1 000
Southvaal Holdings.....	100
Deelkraal Gold Mine Co.....	3 000
Driefontein Cons. Ltd.....	700
Middel Wits W Areas.....	700
Bankorp Holdings Ltd.....	2 000
Metje & Ziegler Ltd.....	300
Felec Mexlia Network Ltd.....	2 100
SA Breweries Ltd.....	100
Sun International Ltd.....	107
African Oxygen Ltd.....	100
Buffalo Corporation Ltd.....	5 000
Kanhym Investments Ltd.....	300
CNA Gallo Ltd.....	300
Pick 'n Pay Stores Ltd.....	500

This list, and especially the number of shares in each company, is less impressive than the "attached portfolio" (see the second page of Annexure 2).

An official tried to contact Richter on 12 October 1994 at his offices in Midrand. At first the official was informed that Richter was in the previous Transkei but it later turned out that he was somewhere in Uganda. The official contacted Mr M. and told him that the Committee found it difficult to conclude the report on the IDE because of the lack of information and the unavailability of his client. The official suggested that a meeting be held as soon as possible at IDE's offices in Midrand. All documents held by MP Inc. and the Committee were to be taken to this meeting and the official would himself verify the extent and nature of IDE's assets. Mr M. agreed and said that he would phone as soon as Richter arrived back in South Africa on 17 October 1994.

On 13 October 1994 officials of the Committee paid a visit to a partner in IDE's auditing firm. It was put to the partner that Richter blamed IDE's auditors for the unavailability of financial statements. The partner's response was that his firm conducted the audit of IDE's books of account. They were not responsible for writing up these books. It was a lack of records that prevented them from completing their audit. On the same day an official received a call from IDE to say that Richter would only be back in South Africa on 19 October 1994.

The fact that Richter could not furnish the Committee with the financial information it required points to a harmful business practice. In order to exercise financial control there is a need for continuous financial information. The management of any business operates in the dark if meaningful information is not available and if this is the case, investors (consumers) are likely to be prejudiced. Management can not make informed financial decisions or investment decisions without this information. IDE is an investment company.

Of die dokument "... nooit deur IDE bedoel is as 'n dokument wat deur enigiemand gebruik kon word vir bekendstelling aan 'n derde party nie", is van geen belang nie. Die Komitee het die dokument by die IDE-aandeelhouer gekry. Die dokument is aan die IDE-aandeelhouer gegee deur die makelaar wat die IDE-aandele aan haar verkoop het. Die dokument was gebruik om IDE aan iemand bekend te stel en die "... spreiding van beleggings ... op 3 Belangrike terreine" is 'n wanvoorstelling. Enigiemand (makelaar of potensiële belegger) wat die dokument deurlees, sal dink dat IDE hoofsaaklik op die JE (en veral die 40 "Prima Maatskappye" wat die beste vaar) en in Staats- en Eskom-effekte belê. Dit was duidelik nie so nie. Gedurende die boekjaar geëindig op 29 Februarie 1992, het die belegging in ongesekureerde lenings R301 388, oftewel 37,4 persent van al die bates, bedra.

In dieselfde boekjaar het IDE die volgende aandele (ongeouditeer) in genoteerde maatskappye gehou:

Naam van maatskappy	Getal aandele
De Beers.....	300
Randfontein.....	1 000
Southvaal Holdings.....	100
Deelkraal Gold Mine Mpy.....	3 000
Driefontein Cons. Bpk.....	700
Middel Wits W Areas.....	700
Bankorp Holdings Bpk.....	2 000
Metje & Ziegler Bpk.....	300
Felec Mexlia Network Bpk.....	2 100
SA Breweries Bpk.....	100
Sun International Bpk.....	107
African Oxygen Bpk.....	100
Buffalo Corporation Bpk.....	5 000
Kanhym Investments Bpk.....	300
CNA Gallo Bpk.....	300
Pick 'n Pay Stores Bpk.....	500

Hierdie lys, en veral die getal aandele in elke maatskappy, is minder indrukwekkend as die "aangehegte portefeulje" (sien die tweede bladsy van Aanhangsel 2).

'n Beampte het op 12 Oktober 1994 probeer om met Richter by sy kantoor op Midrand in verbinding te tree. Aanvanklik is die beampte ingelig dat Richter in die voormalige Transkei was maar dit het later geblyk dat hy iewers in Uganda was. Die beampte het met mnr. M. in verbinding getree en aan hom gesê dat die Komitee dit moeilik vind om die verslag oor IDE af te handel vanweë die gebrek aan inligting en die nie-beskikbaarheid van sy kliënt. Die beampte het voorgestel dat 'n vergadering so gou moontlik by die IDE se kantore in Midrand gehou word. Alle dokumente in besit van MP Inc. en die Komitee moes na dié vergadering gebring word en die beampte sou self die omvang en aard van IDE se bates nagaan. Mnr. M het saamgestem en gesê dat hy sou bel sodra Richter op 17 Oktober 1994 terug in Suid-Afrika is.

Op 13 Oktober 1994 het beamptes van die Komitee besoek afgelê by 'n vennoot in IDE se ouditeursfirma. Daar is aan die vennoot genoem dat Richter IDE se ouditeure blameer vir die nie-beskikbaarheid van finansiële state. Die ouditeur se reaksie was dat sy firma die audit van IDE se rekeningboeke behartig het. Hulle was nie verantwoordelik vir die byhou van dié boeke nie. Dit was 'n gebrek aan rekords wat hulle verhinder om die audit te voltooi. Op dieselfde dag het 'n beampte 'n oproep van IDE ontvang dat Richter eers op 19 Oktober 1994 in Suid-Afrika terug sou wees.

Die feit dat Richter die Komitee nie kon voorsien van die finansiële inligting wat hulle nodig het nie, dui op 'n skadelike sakepraktyk. Ten einde finansiële beheer uit te oefen is deurlopende finansiële inligting nodig. Die bestuur van enige onderneming werk in die duister indien betekenisvolle inligting nie beskikbaar is nie, en indien dit die geval is, sal beleggers (verbruikers) waarskynlik benadeel word. Bestuur kan nie ingeligte finansiële besluite of investeringsbesluite sonder hierdie inligting neem nie. IDE is 'n beleggingsmaatskappy.

On 25 October 1994 an official of the Committee received a telephone call from Richter. Richter expressed his amazement that the Committee was unsatisfied with answers to some of the questions as supplied by HPH in response to the Committee's letter of 18 July 1994. The answers were contained in a letter from CC dated 7 October 1994. It was explained to Richter that crucial real issues were not addressed. Richter agreed that a meeting be held at 09h00 on 31 October 1994 at IDE's offices in Midrand. The meeting would be attended by Richter, MP Inc. (if Richter thought that this was necessary), and Richter's broker.

All relevant documents held by MP Inc., the broker and the Committee were to be taken to this meeting.

On 31 October 1994 a meeting was held at IDE's offices at Midrand. Present at this meeting were Richter, Mr M. of MP Inc., the internal auditor, a Mr V. and two of the Committee's investigating officials. The document again came under discussion. Richter said it was used for internal purposes only. His allegation was backed up by the internal auditor who said that it was taken from IDE's articles of association. The latter was a voluminous document and unfit for internal use. Richter said the document could be regarded as the "mission and vision of IDE". Mr M. said that the document did not mean much. He said that companies change their objectives all the time. Mr M.'s statement was correct. The shareholder who bought shares in IDE were influenced by the then existing document and not by, at that time possible, other future objectives of IDE. *These investors were misled by the document.*

Some of the assets of IDE as set out in CC's letter of 7 October 1994 came under discussion. When asked about a loan of R347 747 from IDE to IDE Brokers, Richter and Mr V. did not agree as to the existence thereof. In the end Richter asked Mr V. to find out what the real facts were.

The determination of the share prices was again discussed. Richter said that he consulted many brokers on the JSE as well as other consultants. He also consulted with the Mr V. who was present at the meeting (on previous occasions Richter did not say anything about consulting with others regarding IDE and its share prices). Mr V. also tried to explain the factors which influence a share's price. His explanation was general. In the absence or lack of working papers showing how the share prices were calculated, the Committee confirms its opinion that the shares prices were contrived.

When asked for the share register Richter said that it was not at IDE's offices, but the updated register was on a disk at Mr V's home. Richter then said the Committee could have the register early the next day. The Committee did not receive the shares register.

On 3 November 1994 the Committee received information from a shareholder regarding an IDE "prospectus". It turned out to be part of Annexure 2. It was part of the document Richter vehemently denied reaching shareholders. Richter did not tell the truth when he said the document was only for internal use setting out the "vision and mission" of IDE. *The document was used to mislead prospective investors.* Page 2 of this "prospectus" is attached as Annexure 3. The page starts off with "THE INVESTOR AND I.D.E." It contains *inter alia* the following sentences: "Growth over the past 5 years = 41% per annum compounded", "Capital will be fully secured by a commercial bank", "R10 000,00 invested into the GROWTH PORTFOLIO during 1987 is worth R98 000,00 in 1991". *These statements are unsubstantiated misrepresentations designed to mislead an unsophisticated investor audience and require no comment.*

Op 25 Oktober 1994 het 'n beampte van die Komitee 'n telefoonoproep van Richter ontvang. Richter het sy verbasing daaroor uitgespreek dat die Komitee ontevrede was met die antwoorde op sekere vrae soos verstrekte deur HPH in reaksie op die Komitee se brief van 18 Julie 1994. Die antwoorde verskyn in 'n brief van CC van 7 Oktober 1994. Daar is aan Richter verduidelik dat belangrike wesentlike sake nie aandag geniet het nie. Richter het ingestem tot 'n vergadering wat om 09h00 op 31 Oktober 1994 by IDE se kantore in Midrand gehou sou word. Richter, MP Inc. (indien Richter dit nodig sou ag), en Richter se makelaar sou die vergadering bywoon. Al die tersaaklike dokumente in MP Inc., die makelaar en die Komitee se besit moes na dié vergadering gebring word.

Op 31 Oktober 1994 is 'n vergadering by IDE se kantore in Midrand gehou. Richter, mnr. M. van MP Inc., die interne ouditeur, 'n mnr. V. en twee van die Komitee se ondersoekbeamptes was teenwoordig by hierdie vergadering. Die dokument het weer onder bespreking gekom. Richter het gesê dat dit slegs vir interne doeleindes gebruik is. Sy bewering is gestaaf deur die interne ouditeur, wat gesê het dat dit uit IDE se statute kom. Laasgenoemde was 'n lywige dokument en nie geskik vir interne gebruik nie. Richter het gesê dat die dokument as die "missie en visie van IDE" beskou kan word. Mnr. M. het gesê dat die dokument nie veel beteken nie. Hy het gesê dat maatskappye hulle doelwitte gedurig verander. Mnr. M se stelling was korrek. Die aandeelhouders wat aandele in IDE gekoop het, is beïnvloed deur die dokument wat toe bestaan het en nie deur ander toekomsdoelwitte wat IDE moontlik destyds gehad het nie. *Hierdie beleggers is deur die dokument mislei.*

Sommige bates van IDE, soos uiteengesit in CC se brief van 7 Oktober 1994, het onder bespreking gekom. Toe navraag gedoen is oor 'n lening van R347 747 van IDE aan IDE Brokers, het Richter en mnr. V. nie saamgestem oor die bestaan daarvan nie. Uiteindelik het Richter mnr. V. gevra om uit te vind wat die ware feite is.

Die bepaling van die aandeelpryse is weer bespreek. Richter het gesê dat hy met baie makelaars op die JE asook ander konsultante gekonsulteer het. Hy het ook met mnr. V. wat by die vergadering teenwoordig was, gekonsulteer (by vorige geleenthede het Richter niks gesê oor konsultasies met ander oor IDE se aandeelpryse nie). Mnr. V. het ook probeer om die faktore te verduidelik wat 'n aandeel se prys beïnvloed. Sy verduideliking was algemeen. In die afwesigheid van of by gebrek aan werkstukke wat toon hoe die aandeelpryse bereken is, bevestig die Komitee sy mening dat die aandeelpryse versin is.

Toe hy om die aandelereregister gevra is, het Richter gesê dat dit nie by IDE se kantore was nie, maar dat die bygewerkte register op 'n diskette by mnr. V. se huis was. Richter het vervolgens gesê dat die Komitee die register vroeg die volgende dag kon kry. Die Komitee het nie die aandelereregister ontvang nie.

Op 3 November 1994 het die Komitee inligting oor 'n IDE-"prospektus" van 'n aandeelhouer ontvang. Dit het geblyk 'n deel van Aanhangsel 2 te wees. Dit was deel van die dokument wat Richter heftig ontken het by aandeelhouders uitgekom het. Richter het nie die waarheid gepraat toe hy gesê het dat die dokument slegs vir interne gebruik daar was en die "missie en visie" van IDE uiteensit nie. *Die dokument is gebruik om voornemende beleggers te mislei.* Bladsy 2 van hierdie "prospektus" is as Aanhangsel 3 hierby aangeheg. Die bladsy begin met "DIE BELEGGER EN I.D.E." (vertaling). Dit bevat onder andere die volgende sinne: "Groei oor die afgelope 5 jaar = 41% per jaar saamgestel"; "Kapitaal sal ten volle deur 'n handelsbank gesekureer word"; "R10 000,00 gedurende 1987 in die GROEI PORTEFEULJE belê, is R98 000,00 in 1991 werd" (vertaling). *Hierdie stellings is ongegronde wanvoorstellings wat daarop gemik is om 'n ongesofistikeerde beleggergehoor te mislei en vereis geen kommentaar nie.*

5. Conclusion and recommendations

The Committee has in its view established extensive misrepresentations to investors. Many investors have also been harmed in that they have either overpaid for low quality investments or invested in low quality investments when they would not have done so but for the misrepresentations.

The name Investment and Derivatives Exchange Ltd itself could deceive investors. The name creates the impression of the existence of an exchange where unlisted securities could be bought and sold. This is clearly not the case.

The Committee will request the Registrar of Companies to reconsider the use of the word "Exchange" in a company's name.

In the opinion of the Committee the business practices of George Timothy Richter constitute harmful business practices. There are no grounds justifying the practices in the public interest. It is accordingly recommended that the Minister under section 12 (1) (b) and (c) of the Harmful Business Practices Act, 1988 (Act No. 71 of 1988)—

- (i) declares unlawful the business practice whereby Investment and Derivatives Exchange Limited and George Timothy Richter in the course of business—
 - (a) directly or indirectly invite the public to make investments; and/or
 - (b) receive investment funds from investors for management or re-investment of such funds on behalf of the investor,without the written consent of the Business Practices Committee; and
- (ii) directs Investment and Derivatives Exchange Limited and George Timothy Richter to—
 - (a) refrain from applying the harmful business practice;
 - (b) cease to have any interest in a business or type of business which applies the harmful business practice or to derive any income therefrom;
 - (c) refrain from at any time applying the harmful business practice; and
 - (d) refrain from at any time obtaining any interest in or derive any income from a business or type of business applying the harmful business practice.

LOUISE A. TAGER,

Chairman: Business Practices Committee.

5. Gevolgtrekking en aanbevelings

Die Komitee het syns insiens die bestaan van omvangryke wanvoorstellings aan beleggers vasgestel. Baie beleggers is ook skade berokken deurdat hulle óf te veel betaal het vir laegehaltebeleggings óf in laegehaltebeleggings belê het, wat hulle nie sou gedoen het as dit nie vir die wanvoorstellings was nie.

Die naam Investment and Derivatives Exchange Beperk op sigself sou beleggers kon mislei. Die naam wek die indruk van die bestaan van 'n beurs waarop ongenoteerde sekuriteite gekoop en verkoop kan word. Dit is duidelik nie die geval nie.

Die Komitee sal die Registrateur van Maatskappye versoek om die gebruik van die woord "Exchange" in 'n maatskappy se naam te heroorweeg.

Na die mening van die Komitee maak die sakepraktyke van Investment and Derivatives Exchange Beperk en George Timothy Richter skadelike sakepraktyke uit. Daar bestaan geen gronde waarop die praktyke in die openbare belang geregverdig is nie. Daar word dienooreenkomstig aanbeveel dat die Minister ingevolge artikel 12 (1) (b) en (c) van die Wet op Skadelike Sakepraktyke, 1988 (Wet No. 71 van 1988) —

- (i) die sakepraktyk onwettig verklaar waardeur Investment and Derivatives Exchange Beperk en George Timothy Richter in die loop van sake —

- (a) regstreeks of onregstreeks die publiek uitnooi om beleggings te maak; en/of
 - (b) beleggingsfondse van beleggers ontvang vir bestuur of herbelegging van sodanige fondse namens die belegger,

sonder die skriftelike toestemming van die Sakepraktykekomitee; en

- (ii) Investment and Derivatives Exchange Beperk en George Timothy Richter gelas om —

- (a) af te sien van die toepassing van die skadelike sakepraktyk;
 - (b) op te hou om enige belang in 'n besigheid of tipe besigheid te hê wat die skadelike sakepraktyk toepas, of om enige inkomste daaruit te verkry;
 - (c) te gener tyd die skadelike sakepraktyk te bedryf nie; en
 - (d) te gener tyd enige belang in 'n besigheid of tipe besigheid wat die skadelike sakepraktyk bedryf te bekom nie, of om enige inkomste daaruit te verkry nie.

LOUISE A. TAGER,

Voorsitter: Sakepraktykekomitee.

ANNEXURE/AANHANGSEL 1**INVESTMENT & DERIVATIVES BEPERK: BRON EN AANWENDING VAN FONDSE**

	1992 R	1993 R	Totaal R
Aandelekapitaal			
Uitgereikte aandelekapitaal.....	1 266 390	2 900 067	4 166 457
Inkomstes	20 592	62 671	83 263
Wins met aandele transaksies.....	6 861	18 851	25 712
Kommissies ontvang.....	154	—	154
Rente ontvang.....	10 751	34 503	45 254
Administrasie fooie.....	1 181	2 463	3 644
Dividende ontvang.....	1 645	6 854	8 499
Lenings en finansiering	64 380	49 019	113 399
Direkteurslening.....	2 572	—	2 572
Huurkoopfinansiering.....	12 304	(3 773)	8 531
Krediteurefinansiering.....	49 504	52 792	102 296
Skuldbriewe.....	113 000	(46 200)	66 800
Totale fondse	1 464 362	2 965 557	4 429 919
Vaste bates aangekoop	78 675	14 401	93 076
Rekenaartoerusting.....	22 735	4 778	27 513
Kantoormeubels.....	25 708	9 623	35 331
Kantoortoerusting.....	30 232	—	30 232
Min: Uitgawes	648 920	1 504 880	2 153 800
Administrasie fooie.....	—	12 771	12 771
Advertensies, borgskappe en promosies.....	14 105	10 289	24 394
Bankkoste.....	3 598	9 457	13 055
Boekhoufooie en konsultasies.....	—	13 012	13 012
Direkteursvergoeding.....	60 000	85 954	145 954
Drukwerk en skryfbehoeftes.....	24 356	14 471	38 827
Herstel en instandhouding.....	12 114	22 651	34 765
Huur—toerusting.....	1 267	2 634	3 901
Huur betaal.....	30 330	30 000	60 330
Aandele uitreikingskoste en salarisse.....	256 734	648 147	899 881
Ledegelde en kursusse.....	15 080	57 628	72 708
Lisensies, versekering en registrasiegeld.....	300	1 717	2 017
Makelaarskoste—Ed Hern.....	8 805	8 188	16 993
Motoruitgawes.....	93 805	84 942	178 747
Onthaalkoste, verversings, blomme en welwillendheidsgeskenke.....	9 012	38 115	47 127
Posgelde en seëls.....	17 504	34 085	51 589
Professionele fooie.....	10 500	8 988	19 488
Rente betaal.....	10 506	13 965	24 471
Regskoste.....	6 155	13 947	20 102
Reis en verblyfkoste.....	2 012	26 133	28 145

	1992 R	1993 R	Totaal R
Rekenaarkoste en programmatuur.....	11 168	7 410	18 578
Ouditeursvergoeding.....	8 000	1 625	9 625
Sekretariële fooie en dienste	282	1 314	1 596
Sekuriteitskoste.....	9 092	2 040	11 132
Telefoon verkope	4 211	—	4 211
Telefoon	18 499	43 755	62 253
Verlies met aandele transaksies.....	16 660	50 695	67 355
Verlies met futures	—	259 100	259 100
Water en elektrisiteit.....	4 826	6 847	11 673
Fondse beskikbaar vir beleggings	736 767	1 446 276	2 183 043
Beleggings en lenings.....	736 267	1 446 776	2 183 043
GENOTEERDE BELEGGINGS			
Aandele teen kosprys	167 550	39 500	207 050
ONGENOTEERDE BELEGGINGS			
Aandele teen kosprys:			
Digihold.....	85 000	35 000	120 000
Myko Corp.....	—	30 000	30 000
Geldmark:			
Bosman en Kie.....	17 997	(17 997)	0
PJL van Rensburg.....	—	30 000	30 000
Ed Hern.....	—	22 307	22 307
Mercantile Bank.....	—	67 675	67 675
LENINGS FILIALE			
Lawleystaat Consultants (Pty) Ltd	109 875	57 000	166 875
Southfork Midrand (Pty) Ltd	—	356 075	356 075
DIVERSE LENINGS			
Dreyer en Lecuana	48 875	(20 000)	28 875
First Township Development	8 000	44 066	52 066
Lissitaba	50 000	—	50 000
Wium	10 000	(10 000)	0
Investment Foundation BK	154 453	(53 152)	101 301
Glen's Bargain Store	30 060	5 000	35 050
Debiteure Projek.....	—	130 011	130 011
Digihold (Edms.) Bpk.....	—	115 289	115 289
Prosan (Edms.) Bpk.....	—	160 000	160 000
Classic Refrigeration BK.....	—	20 000	20 000
Andille BK.....	—	70 000	70 000
Capricon Films.....	—	190 000	190 000
Smit E. J.	—	12 000	12 000
Van Zyl	—	15 500	15 500
BANKE EN DEPOSITO			
Bank:			
Nedbank	54 457	(30 785)	23 672
Trustbank.....	—	38 123	38 123
Diverse beleggings.....	—	141 264	141 264
Deposito—Stadsraad	500	—	500

ANNEXURE/AANHANGSEL 2

I.D.E. is offering a unique guarantee and high return investment opportunity with exceptional financial rewards for the Investor.

WHO IS I.D.E.?

I.D.E. is a registered Financial Investment Company which operated as a Private Company from 1987 to 1990. In June 1991 I.D.E. was registered as a Public Company under the name of INVESTMENT AND DERIVATIVES EXCHANGE. Registration No. 89/06231/06.

HOW DOES I.D.E. FUNCTION?

I.D.E. manages a Financial Investment syndicate with a large Investment Portfolio similar to Unit Trusts, which is considered one of the safest ways of investing on the Stock Market and other financial Markets.

Under the expert direction of Financial Advisors Networks, Fund Managers and Brokers a spread of investments are placed into 3 Major areas:

1. Equities and Debentures into the 40 top performing Blue Chip Companies on the Johannesburg Stock Exchange. Thus adding security to the Portfolio. (See attached portfolio).
2. Government Stocks, Escom Stocks, Municipal Funds, Utility Funds which provide the Investor with Guarantees.
3. The Derivatives Market as well as Local and Money Market instruments, Leveraged buy-outs and commercial property options. Returns of 25% per annum-40% per annum and more can easily be achieved.

The Derivatives Market, comprising of options and futures on shares, indexes, commodities and gilts exchange rates has the largest daily trading volumes of all the markets in the world.

In South Africa the Stock Exchange is trading at approximately R60 million per day. The Derivatives Market in South Africa is just two years old and has already daily Trading Volumes of approximately R60 million per day.

BLUE CHIP PORTFOLIO

DIAMONDS De Beers	INDUSTRIAL HLDG Barlows Lonrho Plate Glass Richemond	FOOD Cadswepe ICS Rainbow Tiger Oats
GOLD Southvaal Dries Elands Kloof Western Deep	BEVS HOTELS & LEISURE Karos Kersaf S A Brew Sun Bop	MOTORS McCarthy Toyota
PLATINUM Rustplats	CONSTRUCTION Grinaker Stocks	PHARMACEUTICALS Adcock

MINING HOLDINGS Minorco	CHEMICALS AECI	RETAIL & WHOLESALE CNA Gallo Edgars Foschini Pepgro Pick 'n Pay Shoprite
INSURANCE Liberty	ELECTRONICS Altech Siltek	TOBACCO & MATCH Remgro
INVESTMENT TRUSTS Fit		

ANNEXURE/AANHANGSEL 3

THE INVESTOR AND I.D.E.

I.D.E. has three areas in which the Investor can participate in The Fund:

INVESTMENT AND DERIVATIVES EXCHANGE FINANCIAL SYNDICATE
--

GROWTH INVESTMENT Growth over the past five years = 41% per annum compounded	INCOME PLAN 24% per annum payable monthly in arrears. 2% per month on your investment.	DEBENTURES 2 yrs — 40% 5 yrs — 100% 10 yrs — 200%	GUARANTEES Capital will be fully secured by a commercial bank
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INCOME PLAN: To participate in the INCOME PLAN the Investor is required to invest 2/3 rds of his investment into GROWTH and 1/3 rd into INCOME PLAN thereafter capital on the INCOME PLAN is redeemable after 12 months.

GUARANTEES: A Bank will issue you with a receipt indicating payment and a Certificate of Deposit stating the exact date in One, Two or Three years time on which the original investment will be repaid.

Example of GROWTH INVESTMENT in I.D.E.

R10 000,00 invested into the GROWTH PORTFOLIO during 1987 is worth R98 000,00 in 1991.

Should you have any queries or wish to take advantage of these guarantees please phone your broker or I.D.E. at (011) 314-1602/08.

NOTICE 2 OF 1995**DEPARTMENT OF TRADE AND INDUSTRY
BUSINESS PRACTICES COMMITTEE****NOTICE IN TERMS OF SECTION 8 (5) OF THE
HARMFUL BUSINESS PRACTICES ACT, 1988**

I, Trevor Andrew Manuel, Minister of Trade and Industry, in terms of section 8 (5) (a) (ii) of the Harmful Business Practices Act, 1988 (Act No. 71 of 1988), hereby give notice that, because I have reason to believe that Investment and Derivatives Exchange Limited and George Timothy Richter are applying a harmful practice, which practice is the subject of an investigation by the Business Practice Committee—

1. I attach the following assets of the said Investment and Derivatives Exchange Limited and George Timothy Richter until a curator referred to in section 12 (2) of the said Act takes these assets into his possession:
 - (a) Agricultural holding Glen Austin AH, Holding No. 0000212, Registration Division JR. Size: 8 566 sq. m. Title Deed T46720/1993.
 - (b) Agricultural Holding Glen Austin AH, Holding No. 000019, Registration Division JR. Size: 3,9357 ha. Title Deed: T49779/1993.
 - (c) Farm Grimman No. 0000193, Registration Division JU. Size 100,3446 ha. Title Deed: T83977/1993.
 - (d) Any money or other property whether movable or immovable which is related to the investigation by the Business Practices Committee and which is held by Morris Pokroy & Roux Inc. on account or on behalf of or for the benefit of Investment and Derivatives Exchange Limited or George Timothy Richter.
2. Investment and Derivatives Exchange Limited and George Timothy Richter are hereby prohibited from withdrawing or otherwise dealing with any money or movable or immovable property mentioned in paragraph 1.
3. This notice shall come into operation upon the date of publication hereof.

T. A. MANUEL,

Minister of Trade and Industry.

NOTICE 3 OF 1995**DEPARTMENT OF TRADE AND INDUSTRY****HARMFUL BUSINESS PRACTICES ACT, 1988**

I, Trevor Andrew Manuel, Minister of Trade and Industry, after having considered a report by the Business Practices Committee in relation to an investigation of which notice was given in Notice 852 of 1994, published in *Government Gazette* No. 15879 of 29 July

KENNISGEWING 2 VAN 1995**DEPARTEMENT VAN HANDEL EN NYWERHEID****SAKEPRAKTYKEKOMITEE****KENNISGEWING KRAGTENS ARTIKEL 8 (5) VAN
DIE WET OP SKADELIKE SAKEPRAKTYKE, 1988**

Ek, Trevor Andrew Manuel, Minister van Handel en Nywerheid, gee hiermee kragtens artikel 8 (5) (a) (ii) van die Wet op Skadelike Sakepraktyke, 1988 (Wet No. 71 van 1988), kennis dat aangesien ek rede het om te vermoed dat Investment and Derivatives Exchange Bpk en George Timothy Richter 'n skadelike sakepraktyk toepas, welke sakepraktyk die onderwerp is van 'n ondersoek deur die Sakepraktykekomitee—

1. Ek op die volgende bates van gemelde Investment and Derivatives Exchange Bpk. en George Timothy Richter beslag lê totdat 'n kurator bedoel in artikel 12 (2) van gemelde Wet sodanige bates in sy besit neem:
 - (a) Landbouhoewe Glen Austin AH, Hoewe No. 0000212, Registrasieafdeling JR. Grootte: 8 566 vk. m. Titellakte T46720/1993.
 - (b) Landbouhoewe Glen Austin AH, Hoewe No. 000019, Registrasieafdeling JR. Grootte: 3,9357 ha. Titellakte: T49779/1993.
 - (c) Plaas Grimman No. 0000193, Registrasieafdeling JU. Grootte: 100,3446 ha. Titellakte: T83977/1993.
 - (d) Enige geld of ander eiendom hetsy roerend of onroerend wat in verband staan met die ondersoek deur die Sakepraktykekomitee en wat gehou word deur Morris Pokroy & Roux Ing. op rekening, of namens of tot voordeel van Investment and Derivatives Exchange Bpk of George Timothy Richter.
2. Investment and Derivatives Exchange Bpk. en George Timothy Richter word hiermee verbied om enige geld of roerende of onroerende eiendom in paragraaf 1 vermeld, te onttrek of andersins daarmee te handel.
3. Hierdie kennisgewing tree in werking op die datum van publikasie hiervan.

T. A. MANUEL,

Minister van Handel en Nywerheid.

KENNISGEWING 3 VAN 1995**DEPARTEMENT VAN HANDEL EN NYWERHEID****WET OP SKADELIKE SAKEPRAKTYKE, 1988**

Ek, Trevor Andrew Manuel, Minister van Handel en Nywerheid, na oorweging van 'n verslag deur die Sakepraktykekomitee met betrekking tot 'n ondersoek waarvan in Kennisgewing No. 852 in *Staatskoerant* No. 15879 van 29 Julie 1994 kennis gegee is, welke

1994, which report was published in Notice 1 in *Government Gazette* No. 16203 of 5 January 1995, and being of the opinion that a harmful business practice exist which is not justified in the public interest, do hereby exercise my powers in terms of section 12 (1) (b) and (c) of the Harmful Business Practices Act, 1988 (Act No. 71 of 1988), as set out in the Schedule.

T. A. MANUEL,

Minister of Trade and Industry.

SCHEDULE

In this notice, unless the context indicates otherwise—

“harmful business practice” means—

- (a) directly or indirectly inviting the public to make investments; or
- (b) receiving investment funds from investors for management or re-investment of such funds on behalf of the investor,

without the written consent of the Business Practices Committee.

“the parties” mean Investment and Derivatives Exchange Ltd and George Timothy Richter.

1. The harmful business practice is hereby declared unlawful in respect of the parties.
2. The parties are hereby directed to—
 - (a) *refrain from applying the harmful business practice;*
 - (b) *cease to have any interest in a business or type of business which applies the harmful business practice or to derive any income therefrom;*
 - (c) *refrain from at any time applying the harmful business practice; and*
 - (d) *refrain from at any time obtaining any interest in or deriving any income from a business or type of business applying the harmful business practice.*
3. This notice shall come into operation upon the date of publication hereof.

verslag gepubliseer is by Kennisgewing 1 in *Staatskoerant* No. 16203 van 5 Januarie 1995, is van oordeel dat 'n skadelike sakepraktyk bestaan wat nie in die openbare belang geregtig is nie, en oefen hiermee my bevoegdheid uit kragtens artikel 12 (1) (b) en (c) van die Wet op Skadelike Sakepraktyke, 1988 (Wet No. 71 van 1988), soos in die Bylae uiteengesit.

T. A. MANUEL,

Minister van Handel en Nywerheid.

BYLAE

In hierdie kennisgewing, tensy uit die samehang anders blyk, beteken—

“skadelike sakepraktyk”

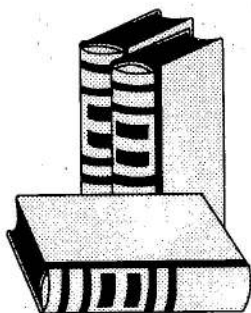
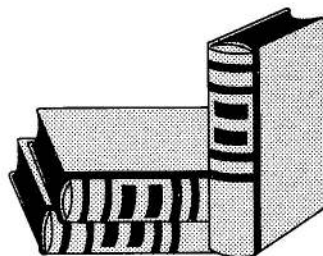
- (a) regstreeks of onregstreeks uitnodigings aan die publiek rig om beleggings te maak; of
- (b) beleggingsfondse van beleggers vir bestuur of herbelegging van sodanige fondse namens die belegger, te ontvang,

sonder die skriftelike toestemming van die Sakepraktykekomitee.

“die partye” Investment and Derivatives Exchange Bpk. en George Timothy Richter.

1. Die skadelike sakepraktyk word hiermee ten opsigte van die partye onwettig verklaar.
2. Die partye word hiermee gelas om—
 - (a) *af te sien van die toepassing van die skadelike sakepraktyk;*
 - (b) *op te hou om enige belang in 'n besigheid of tipe besigheid te hê wat die skadelike sakepraktyk bedryf, of om enige inkomste daaruit te verkry;*
 - (c) *te gener tyd die skadelike sakepraktyk te bedryf nie; en*
 - (d) *te gener tyd enige belang in 'n besigheid of tipe besigheid wat die skadelike sakepraktyk bedryf te bekom nie, of om enige inkomste daaruit te verkry nie.*
3. Die kennisgewing tree in werking op die datum van publikasie hiervan.

Where is the largest amount of meteorological information in the whole of South Africa available?



Waar is die meeste weerkundige inligting in die hele Suid-Afrika beskikbaar?

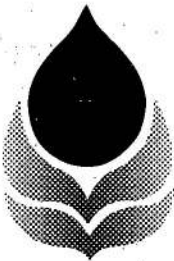
Department of Environmental Affairs and Tourism
Departement van Omgewingsake en Toerisme



IS YOUR SITE REGISTERED?
IS JOU TERREIN GEREGISTREER?



Use it

Don't abuse  it

water is for everybody



Werk mooi daarmee

Ons leef  daarvan

water is kosbaar

IMPORTANT!!

Placing of languages: *Government Gazettes*

1. Notice is hereby given that the interchange of languages in the *Government Gazette* will be effected annually from the first issue in October.
2. For the period 1 October 1994 to 30 September 1995, English is to be placed FIRST.
3. This arrangement is in conformity with Gazettes containing Act of Parliament etc. where the language sequence remains constant throughout the sitting of Parliament.
4. *It is therefore expected of you, the advertiser, to see that your copy is in accordance with the above-mentioned arrangement in order to avoid unnecessary style changes and editing to correspond with the correct style.*

—oOo—

BELANGRIK!!

Plasing van tale: *Staatskoerante*

1. Hiermee word bekendgemaak dat die omruil van tale in die *Staatskoerant* jaarliks geskied met die eerste uitgawe in Oktober.
2. Vir die tydperk 1 Oktober 1994 tot 30 September 1995 word Engels EERSTE geplaas.
3. Hierdie reëling is in ooreenstemming met dié van die Parlement waarby koerante met Wette ens. die taalvolgorde deurgaans behou vir die duur van die sitting.
4. *Dit word dus van u, as adverteerder, verwag om u kopie met bogenoemde reëling te laat strook om onnodige omskakeling en stylredigering in ooreenstemming te bring.*

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