



# THE GRAND SCAM

HOW BARRY TANNENBAUM CONNED SOUTH AFRICA'S BUSINESS ELITE

ROB  
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# Contents

Preface . . . . .	vii
Abbreviations . . . . .	ix
Prologue . . . . .	1
1 White knuckles . . . . .	5
2 Krugersdorp royalty . . . . .	19
3 Big shoes, small steps . . . . .	39
<i>Celebrity swindle: The story of June Kraus</i> . . . . .	46
4 This time, they came for the Jews . . . . .	49
5 The dry run . . . . .	62
6 The scheme takes off . . . . .	85
<i>Not just the rich: The story of Sherry</i> . . . . .	102
7 Welcome, Dean Rees . . . . .	104
8 ‘Agents’ of destruction . . . . .	121
<i>How the smart were swindled: The case of Sean Summers</i> . . . . .	136
9 Going international . . . . .	140
10 Fault lines . . . . .	151
11 Snap! . . . . .	167
<i>The depressing case of Professor Peter Beale</i> . . . . .	177
12 Admissions . . . . .	181
13 Hiding in plain sight . . . . .	197
<i>Rags to Riches: The story of Kate Hoggan</i> . . . . .	218
14 The banks that greased the wheels . . . . .	220

15	Crime and punishment 1: Liquidators and tax collectors. . . .	233
	<i>Jawmend Rossi and the R140 million bonus</i> . . . . .	255
16	Crime and punishment 2: All the president's men, and the prosecutor who didn't know when to quit . . . . .	260
17	The forgotten men . . . . .	271
	<i>Ian Irvine-Fortescue: Twice bitten, not shy</i> . . . . .	288
18	Flushed out . . . . .	291
	Notes . . . . .	311
	Index . . . . .	325

# Preface

The story of Barry Tannenbaum isn't a new one. It is a record on repeat that has played out in forgotten corners of the country through the 'vrotmelk' scandal in the 1960s, the Krion scam in the early 1990s, the Miracle 2000 fraud a few years later, and the Brett Kebble swindle during the early years of this century.

How an innocuous former advertising salesman in his early forties, described as a 'great human being', managed to dupe South Africa's cleverest and most financially savvy out of so much money makes it perhaps the most audacious of all South Africa's cons.

I realised a few years back, after I'd worked as a journalist for a while at publications like *Business Day*, the *Financial Mail* and the *Sunday Times*, that this country has so many spectacular stories to which few other countries could lay claim. These stories often make sensational headlines for a few months then flame out into a series of scrappy ill-informed updates, anorexic in detail and insight. Institutional memory fades quickly, and before you know it it's the same thing all over again in a new dress, ten years later. As if it has never happened before.

But I realised that the Tannenbaum story, labyrinthine in its development and intriguing in its peculiar detail, was one of those that demanded to be set to paper as a narrative, told from front to back so that, next time it happens, we'll know that this time it isn't different. The Americans, with a rich history of narrative journalism, do this well. At last count, there were more than ten books on Bernie Madoff, deconstructing that country's biggest fraud and tabulating the lessons from it. Yet on Tannenbaum, who fleeced South Africans with a fearful symmetry to Madoff, we have nothing.

My goal, based on the new information I found out in the past year, was to provide a recipe book for how a Ponzi scheme is brewed, as well as provide insight into what personal demons would lead someone to do this.

I first happened upon the story as any journalist would, a tip-off back in May 2009, and I wrote about it extensively at the time. But drawing together the strands into a cohesive narrative wasn't easy. Many investors didn't want to speak about it, understandably, as it had rudely embarrassed them. To the fifty or so investors who did have the courage to confront their own painful past on-the-record, as well as the members of Barry's family, the investigators, lawyers,

bankers and public officials, thank you for helping tell a story that should prove instructive to the country.

Distilling the details, personal stories and numerous documents onto the pages you're now reading was a grind, not least because whole sections of my house were commandeered and promptly buried underneath about 200 lever arch files of court documents, transcripts and bank statements. It demanded endless patience from my wife Janice, not least because when I started writing, my son Jamie was three months old. Ten months later, he's had his first birthday and he's tripped over many of those files while learning to walk. Simply thanking my family for their indulgence doesn't come close to cutting it.

Many other people helped too: my editors Robert Plummer and Mark Ronan must have torn out their hair as they saw yet another email land in their inbox with yet more final, last-last-minute changes. And I can still taste the first chocolate I got as a 'reward' for writing the first chapter of this book in Paige Williams's Nieman writing class at Harvard, where I learnt a lot about telling the true story. Hopefully, this is a true story that will resonate beyond simply Barry Tannenbaum.

ROB ROSE  
OCTOBER 2013

# Abbreviations

**AFU:** Asset Forfeiture Unit  
**ANC:** African National Congress  
**APIs:** active pharmaceutical ingredients  
**ARVs:** antiretrovirals  
**BEE:** black economic empowerment  
**Didata:** Dimension Data  
**DTC:** Depository Trust Company  
**ENS:** Edward Nathan Sonnenbergs  
**FNB:** First National Bank  
**ICT:** Imperial Crown Trading  
**IRBA:** Independent Regulatory Board for Auditors  
**IRS:** Internal Revenue Service  
**JSE:** Johannesburg Stock Exchange  
**JTA:** Jewish Telegraphic Agency  
**MCC:** Medicines Control Council  
**NPA:** National Prosecuting Authority  
**PwC:** PricewaterhouseCoopers  
**RMB:** Rand Merchant Bank  
**SAPI:** South African Pharmacists in Industry  
**SARS:** South African Revenue Service  
**SEC:** Securities and Exchange Commission  
**UN:** United Nations  
**WHO:** World Health Organization



# Prologue

‘Are you sitting down?’ asked the voice on the end of the line. ‘I’ve got the story of your life.’

Journalists are told that a lot. Usually it’s a whopping exaggeration. Usually it’s just the story of the caller’s life. Perhaps good enough for a 400-word page-nine filler. With a big picture. If you’re lucky.

But this time, the caller was Warren Goldblatt, a five-foot-eight investigative veteran who runs his own ‘intelligence company’, Specialised Security Group. The first time you see him, you’re struck by his resemblance to the box-shaped children’s character Mr Strong. Goldblatt, who operates out of an innocuous office park in the industrial area of Marlboro, has a mystique about him.

The rumour, whispered behind lowered fingers in some circles, was that Goldblatt’s company was a Mossad front. But then, an equally prominent rumour was that he assisted al-Qaeda cells in South Africa, so you took your water-cooler chatter with a taste of salt.

What was true was that Goldblatt got sharp intelligence. Thanks to an extensive network of informants in government departments you didn’t even know existed, Goldblatt would drop several facts into any casual conversation, each of which could easily be the subject of a Pulitzer Prize-winning investigation. If you had the tentacles to confirm the spectacular tales, that is.

But Goldblatt had come in for some serious heat in the previous four years for supposedly using illegal tactics to spy on his targets. It was scary stuff: stories emerged in the press detailing how, for not much more than R100, he could get you a copy of someone’s bank accounts or their telephone records. Illegal, sure, but then everyone was doing it. Goldblatt denied it. ‘I’m not Rockefeller, I’m the other fella,’ was a favourite line he trotted out, as if to suggest that had he broken the rules, he would be a lot richer.

It was Goldblatt who called me out of the blue with the story of my life. ‘You might want to see what you can find about someone called Barry Tannenbaum,’ he said. ‘And a lawyer called Dean Rees.’

I hadn’t heard of either. Goldblatt said I’d know about them soon enough. He added that we needed to meet. ‘I’ve got a library for you,’ he told me. We planned to meet a few days later, with his client – one of the ‘investors’.

Two hours later, I got another call, from a lawyer I knew. A reliable source of

scandal, but as jumpy as a colt. ‘I’ve got the story of your life,’ he told me. ‘We need to talk.’ There was a big meeting the following week at law firm Routledge Modise, he said, about this massive investment scheme that had gone bust. ‘Stands to embarrass the whole country, big CEOs who lost out. Looks like it’s a scam,’ he assured me. ‘I’ll call you later with details,’ he said, ‘but don’t tell anyone, it’s a big secret.’ Then he hung up.

I was intrigued. But this Barry Tannenbaum was nowhere to be found: anonymous on the internet, absent from all the databases I could lay my hands on. The only thing Barry Tannenbaum had done until that point, it seemed, was to work at Times Media – the media conglomerate that owns the *Sunday Times* and *Business Day* newspapers – during the late 1990s, peddling advertisements. Then he’d disappeared.

A week later, I snuck into the Routledge Modise meeting, and was struck by the similarities with the Bernie Madoff scandal in the US, which was just unravelling. As with Madoff, hundreds of people thronged into the law firm’s auditorium, as confused as each other by the presence of the others in the room.

The story was remarkable. This Barry Tannenbaum, it turned out, was the mastermind of South Africa’s largest scam, its most audacious raid on the pockets of South Africa’s rich, and the most embarrassing episode in the careers of the well-heeled executives who had parked their SUVs outside Routledge Modise.

Straight after that meeting, I called Barry Tannenbaum on his cellphone in Australia. He answered immediately, and wasn’t shaken by my call in the least. After I introduced myself as a journalist from the *Financial Mail*, he said, ‘Oh, yes. Do you know I worked there? For your company?’

Faced with a journalist posing awkward questions and dropping words like ‘fraud’ and ‘Ponzi scheme’, this Barry Tannenbaum just wanted to reminisce.

Taken aback by Barry’s nonchalance – even if it was a pretence – I figured it best to put my questions down in an email. Perhaps it would help him realise the gravity of the situation – after all, *he* hadn’t spoken to the investors, spitting flames and darkly threatening a trip to Sydney to ‘sort him out’.

I wrote a breezy enough email: ‘Like I said on the phone, I really want to present your side of the story accurately, so that the full truth emerges. Some of the investors I spoke to believe you’re the bad guy in all this, who sold them a line, and pocketed the proceeds. So I wanted to give you the forum to tell people what happened.’ I included twelve questions, one of which was: ‘There was much talk this morning that criminal charges would be laid, and attempts would be made to have you extradited back to South Africa. Would you return back to South Africa to deal with this matter voluntarily?’

Barry replied immediately: ‘Thanks, Rob, email received, and I will work on it over the weekend. Have a good day. Kind regards, Barry.’

Two days later, he hadn't responded, so I pressed him for a reply. After midnight on Sunday, Barry wrote: 'Hi, Rob, sorry to have missed your call. Been very busy this side, as you can imagine. I will get to responding to your email tomorrow. When is the deadline? Thanks and regards, Barry.'

I replied, saying my deadline was the next day, Monday, imploring him to please reply and explain what had happened, lest we unfairly brand him as a con artist.

'Thanks, Rob, will make sure I do,' Barry replied in an email from his BlackBerry. 'What time in SA will you need it? Do you know of any other papers or publications that are covering the story? Thanks, Barry.'

He seemed relaxed, but again, it was long after midnight in Australia.

Over the next two days, he deflected my pestering. On Monday morning, he wrote: 'Hi, Rob. Thanks, all going very well. Been in meetings all day with very important guys. Will try you later. Looks like I am winning the race! Will call you later ... Barry.'

Later that day, he emailed again: 'I am still very busy here, and looks like it will go on all night. In the meantime, all I can say is that I deny the truth of the aspersions that have been levelled against me and the fanciful allegations that are being made. I will come back to you in due course with more detailed responses. I would still very much like to use you as my forum. I am sure you can understand that what I am doing at the moment is very important in providing evidence to support my innocence. I will be in touch soon. Thanks and kind regards, Barry.'

Time was exceptionally tight. The *Financial Mail* magazine was being laid out, the 3 000 words I'd written that would break the story were being edited and the cover picture was being crafted. The only picture available anywhere was one of Barry Tannenbaum donating a Torah to a Chabad house in KwaZulu-Natal: the Torah had to be airbrushed out. The words on the cover read 'SA's Madoff?'

Still Barry dodged my calls and ignored the emails asking him for some explanation. At about 9 p.m., he sent another email, again saying he would try to call later.

At 11 p.m. Australian time, Barry said he was 'still stuck in meetings. Going to be a long one.' He said: 'I will only be able to respond to your questions once I have finished my investigations. I am not sure who the responsible parties are, but intend finding out.' He added, as he had all week: 'I will still try give you a call later.' He signed the email 'many thanks'.

The dice had been thrown. All journalists have the fear, the cold-sweat paralysis, as soon as the button has been pushed, and their story is spirited along the cable to the printers, and then into the distribution trucks, and then onto the shelves: What if I have it wrong? What if I've overlooked something, some

reasonable explanation? What if it was a legitimate business, not some Madoff-style Ponzi scheme?

You don't sleep that night, as if closing your eyes would somehow halt the printing presses from causing the damage that you *know* the story will.

Wednesday morning, a person called Darryl Ackerman called. 'I'm Barry's lawyer,' he said. 'I understand you've been saying all kinds of things about my client which aren't true.' The story had been printed, but wouldn't be on the shelves until midday, so Ackerman didn't know it was too late to stop anything. I told him. 'Well, if it's too late, it's too late. We'll deal with it as we must,' Ackerman said. He put down the phone.

The *Financial Mail* is usually delivered to some newsagents by about midday on Wednesday, and by that evening it had sold out. Investigative magazine *Noseweek* had clearly been tipped off too, because as soon as the editor, Martin Welz, had heard about the *Financial Mail* story late on Wednesday, he called around town, trying to get a copy. Welz immediately appeared on Radio 702, seeking to break the story. To the public, of course, it means nothing if a story emerges at midday in a magazine or 6 p.m. on a radio show. But to journalists like me and Welz, such competitive anxieties are fundamental to how well we do our jobs.

Within hours, the internet had lit up as searches for 'Barry Tannenbaum' flooded Google. The story of Barry's 'investment scheme' was intriguing: son of a pharmaceutical empire and using the Madoff template to siphon cash from South Africa's elite. It made for easy telling. As the daily newspapers flashed Barry's Torah-donation photo across its front pages, new details drip-fed through to the public, reinforcing the narrative.

Four years later, the story of *how* he did it is well known, as are the headline flashes of *who* he did it to. But what wasn't known, what hadn't properly been answered, was *why* he did it. What drives a man to betray his impressive family legacy, his community, his friends?

Why would Barry Tannenbaum, a portly, unobtrusive man in his late forties – he appears as indistinct as anyone else you'd pass by in a neighbourhood hardware store – construct a complex, darkly insidious fraud, complete with a sophisticated series of forged invoices and bank statements?

In the four years since the news articles first appeared, new facts and details have emerged that throw a sensational light on what Barry Deon Tannenbaum was doing in the death hours between midnight and 4 a.m. in his Sydney house, and why he was doing it.

This is that story.

# 1

## White knuckles

‘It looks like we’ve all been caught in a gigantic Ponzi scheme.’

– Lawyer Dean Rees to ‘investors’ (June 2009)

The Johannesburg winter had dug in its claws, but that wasn’t why Dean Rees’s hands were trembling when the thirty-nine-year-old lawyer stood up to face the mob of shell-shocked millionaires.

You could argue that it would not be entirely legitimate to describe an elite of 200 collared and primped professionals, sausage elbow to elbow into the genteel surroundings of a law firm’s auditorium, as a ‘mob’.

Nor, strictly speaking, were all of them millionaires – especially now, at any rate.

But then, legitimacy wasn’t exactly enjoying much currency at that moment. Legitimacy had flown out the window a long time ago.

Pale and startled, Rees stood at the front of the auditorium clutching a folder of papers, as tightly as a poker player does his cards. Glowing under the unrelenting downlights, he didn’t open the folder to glance at the papers as he began to speak.

The investors facing him that cold Thursday morning in June 2009 were taking up every inch of the cavernous auditorium, either seated in the chairs randomly scattered near the front, propped against the nearest pillar or wall, or jostling for standing space at the rear.

Almost exclusively white, about half were older than sixty, which made it more difficult to discern the ripples of concern on their foreheads from general weathering. Many of them appeared furtive, as ill at ease as Rees, glancing round the room skittishly without recognition in their eyes.

When he spoke, Rees said he knew how concerned ‘all of us are’ with finding out what had happened to the money. Rees said he was ‘doing his best’ to figure out what had happened and that he was ‘as shocked as anyone by all this’.<sup>1</sup>

Rees said he’d only figured out there was a problem a few weeks before when angry investors had confronted him about why they hadn’t been paid, as promised. He’d contacted Barry, but hadn’t got a straight answer. This was the first mention of Barry, the supposed kingpin, the man at the centre of the drama.

Rees said he had then contacted Aspen Pharmacare to find out why it, one of South Africa's two largest pharmaceutical firms, hadn't paid the R140 million it supposedly owed Barry for pharmaceutical supplies. (Technically, that R140 million wasn't owed to Barry Tannenbaum. Rather, it was owed to Frankel Chemicals, the company in which these investors believed they had put their cash. Incorrectly believed, it turned out.)

Rees then opened the folder for the first time. He extracted a single piece of paper, which was dated 19 May and signed by Aspen's senior executive Bert Marais, and began to read: '... as of the date of this letter, there are no monies due and payable to Frankel Chemicals by Aspen Pharmacare ... the signature on the [invoice] is false, together with the company letterhead.'

Rees put the letter down. 'The invoice was forged,' he told the audience. 'They don't owe Frankel any money.'

Rees told the audience that he'd then gone to Frankel Chemicals, where someone called Arlene Tannenbaum had apparently 'shocked' him when she extracted the company's accounts, which showed debts of only R2 million to investors. This from a company that had taken more than R3.7 billion in 'investments' from people in the room. This from a company whose glossy brochures boasted that it was making R6 billion in annual sales.

Rees paused. The audience remained mute, staring at him. The penny clearly hadn't dropped entirely, so he punched in the bottom line.

'It appears it was a Ponzi scheme,' he said. 'It looks like we've all been caught in a gigantic Ponzi scheme.'

Still no one shifted position. It was as if he was talking about someone else, someone else's money. They waited for Rees to continue, to reveal some punchline. This wasn't what they wanted to hear.

While it was clear from looking around that many of the people in the room were old, wealthy and Jewish, there were exceptions.

Uraj Tewary, a thirty-two-year-old call-centre administrator from Johannesburg, was watching quietly from the back, ruing his decision to plough R800 000 (roughly \$80 000) – including his wife's entire pension after she had lost her job – into Barry's scheme.

'My wife is due to have a baby any day now, and I don't have money to pay the doctor,' he said later, after the meeting had finished. As if someone had a solution for him.

Allon Rock, a professional tennis coach in his early forties, was even worse off. Rock had cashed in his investments, taken out a second mortgage on his house and ploughed everything into this 'get-poor-quick' scheme. 'I've got an extra bond, a daughter that needs orthodontic treatments,' he said later that day.

The common thread was that all of them had assumed they were part of

Barry's coveted inner circle, a group of less than fifty people for whom he had drawn back the curtain and shared the secrets of his fantastic investment elixir.

Unfortunately, Barry had emigrated to Australia two years before. According to the lawyer, Dean Rees, Barry wasn't likely to come back either. Instead, for months already, Barry had been relying on his two agents in South Africa to handle the investments and repayments. These agents were a disagreeable, fast-talking, Lamborghini-obsessed lawyer named Darryl Leigh and a flashy attorney with a patchy legal career named Dean Rees – the man who was now addressing them.

Having unveiled the forged invoice, Rees said he'd confronted Barry. Barry had then apparently admitted that certain invoices were indeed 'fake'. Barry hadn't said why he'd done this, but it seemed pretty clear to Rees. Barry, it appeared, was a very bad guy, and it wasn't clear to what extent his business had ever been real.

Rees stopped speaking and invited questions. Initially, no one spoke, as if fearing being identified, as if doing so would somehow compromise the odds of clawing back any of the cash they'd given to Barry to invest for them.

Then, Mervyn Serebro, the once celebrated CEO of supermarket chain OK Bazaars, stepped up to the confessional. Serebro said he felt violated. He described how members of his family had sold their houses and invested that cash with Barry. 'What must they do now?' he asked.

Warren Drue, a brash, spiky-haired mergers-and-acquisitions lawyer from Routledge Modise, the law firm where the meeting was taking place, said Serebro's family weren't alone in losing their shirt. 'We've all been devastated ... it appears there was no fundamental business, so the money we've invested must be gone.'

Though the tightly wound Rees was the main act of the day, it was Drue who was really running the meeting, based on the fact that his firm was hosting it. It was Drue who had kicked off events by introducing Rees, before sitting down directly in front of him, as if to provide protection were someone to lose it and attack him.

But the angrier elements in the audience did not speak up, remaining menacingly silent instead, stewing on thoughts of culpability and vengeance. For them, the perpetrator was no longer 'Barry', the affable Santa Claus 'incapable of hurting a fly', as someone later described him.

Instead, they could only spit out his surname: Tannenbaum.

\* \* \*

On that Thursday, 4 June 2009, the name Barry Tannenbaum wouldn't have netted a single entry on Google, let alone a flicker of recognition at any one of Joburg's affluent society dinner parties that would take place that weekend.

Of course, some of the city's wealthiest citizens, its corporate elite, who lived

behind twenty-foot walls with round-the-clock security guards in the city's old-money northern suburbs, had known Barry for years. Based on this, they had unwisely trusted him with truckloads of their money. But most wouldn't have admitted it publicly, either before or after he was exposed.

Perhaps the most respected of Tannenbaum's victims was Norman Lowenthal, a bespectacled seventy-one-year-old former stockbroker, businessman and serial director. Along with his accountant son, Howard, Lowenthal was instantly recognisable as a proper blue-blooded member of Joburg's corporate aristocracy.

For three years until 2000, Lowenthal had chaired the Johannesburg Stock Exchange, Africa's largest stock exchange and ranked the eighteenth-largest in the world. With \$1 trillion worth of listed stock, the JSE is the epicentre of Africa's financial world.

Appropriately, the JSE's glass-encased headquarters bobs in the centre of a sea of glistening skyscrapers in Sandton, a suburb ten kilometres from central Johannesburg, which is moated by a constantly flowing river of Mercedes-Benz sedans. It is dubbed, with equal measures of scorn, envy and awe, 'Africa's richest mile'.

It wasn't always like that. A century ago, when gold prospectors shook off mining dust before entering the overtraded taverns on Harrison Street in central Johannesburg, companies jostled for position in the coveted city centre. But as inner-city crime soared and cufflinked drivers were hauled out of their BMWs at gunpoint, companies fled north, up the see-sawing Oxford Road, to Sandton, where the security guards at least bothered to create the illusion that they were in control.

It was Lowenthal who relocated the JSE from the city centre to what he called the 'new financial centre' of Sandton in 1999. 'We are joining the migration from the Johannesburg city centre where conditions have deteriorated and made it difficult to recruit staff,' he said at the time.

Lowenthal was street smart, and should have known a bit about investment. So why would he plough millions into an investment scheme that promised returns in some cases of beyond 219 per cent a year? Especially with Tannenbaum, whom he barely knew?

How could Lowenthal's son, Howard, an accountant who ran a stockbroking firm selling bona fide investment schemes all day long, have thought that Tannenbaum ran a legitimate business, with such stratospheric investment returns?

Later that week, Howard Lowenthal tried to answer these questions, as much for himself as for others asking. 'We were told Frankel Chemicals was a high-margin business,' he said. 'There are many lending businesses charging 5 per cent interest a month, and so it seemed we were being paid a similar return for bridging finance. At the time, I thought being paid interest of 12 per cent over three months was high, but not entirely unfeasible.'<sup>2</sup>

If you annualise that 12 per cent, it comes to 48 per cent over the course of a single year. Far higher than you'd get in most legitimate businesses, of course, but still less than the 219 per cent that Tannenbaum was offering to some investors. If you had invested R1 000 under that scenario in January, you'd expect to get back R3 190 just after Christmas.

For two weeks after the story broke, the country was gripped in a curious cocktail of voyeurism and *Schadenfreude*, as more names of high-profile victims – the very cream of Joburg's financial society – tumbled out.

Sean Summers was the first high-profile victim to publicly acknowledge he'd been suckered. 'Yes, I was a participant,' he said, before joking, 'but unlike with food extortion, we appear to know who the perpetrators are in this case.' (Pick n Pay, one of South Africa's largest supermarket chains, which Summers headed until 2007, had been hit a few years earlier by an extortionist threatening to poison food in the stores unless the company paid him.)

Summers, it later became clear, had lost R19 million through his dalliance with Tannenbaum.

As CEO of Pick n Pay (market value: R17 billion), Summers had been roundly lauded as 'a visionary', 'an exemplary leader' and one of corporate South Africa's brightest lights. Summers himself cultivated this image. 'If you're not taking risks, having fun, you're in the wrong business,' he told the *Financial Mail* magazine in 2005. 'If this was just about the money, I'd be working overseas like some of our sports stars. But this is about commitment to a company and a country.'<sup>3</sup>

If Summers had considered Barry Tannenbaum's investment scheme a risk worth taking, well, who else shouldn't?

There were some who refused to speak, or to acknowledge their involvement at all. And the way that corporate big shots who were involved handled their 'outing' spoke volumes about their character.

Take Jeremy Ord, the chairman of South Africa's largest home-grown technology company, Dimension Data. Rumours of Ord's involvement rippled around Joburg, but when asked directly, Ord denied it emphatically, claiming that it had happened to 'some of his friends'.<sup>4</sup>

Well, it turned out that this wasn't the whole truth. Emails, spreadsheets and documents later confirmed that, yes, Ord had invested big with Tannenbaum. Only after being directly confronted did Ord eventually admit his involvement. For Ord, perhaps the biggest lesson of the Tannenbaum debacle was that perhaps it would have been better to use the words 'no comment'.

Tom Lawless, the gruff former CEO of South Africa's Bond Exchange, which trades more than R1.5 trillion a year in government and company bonds, also attended the Routledge Modise meeting.<sup>5</sup> Lawless had been sitting mute towards the back of the auditorium, but he must have wished he'd been wearing a large

hat as well. When contacted later that day to be asked if he had invested, Lawless snapped back: ‘How do you know that?’ When it was pointed out that he had filled out the list of names and telephone numbers at the meeting, he relented. ‘Well, it’s quite a painful thing for me, to be honest,’ he said. ‘I don’t want to discuss it.’

This was another point about the Tannenbaum scheme. Privacy was high priority, privacy was *essential*, for this well-to-do clan. Being known as stupid, reckless or just plain unlucky for having been trapped in a Ponzi scheme wouldn’t have charmed investors in Dimension Data, for example. (A year after the event, after the Tannenbaum scheme had hit prime-time television news as far away as Australia and the UK, one of the wealthier investors confided to a friend: ‘If someone else calls me stupid, I’ll pop him one.’)

For many investors, any hint that the media were aware of this swindle would have driven them into hiding. They certainly wouldn’t have attended the meeting at Routledge Modise, or revealed their exposure to the scam. Notice of this gathering was meant to remain secret.

On 2 June, two days before the meeting, Rees had sent a two-page letter to some of the investors. ‘Dear participant,’ it read, ‘the writer’s status as chief operating officer and general power of attorney were revoked yesterday. The commencement of the audit yesterday by Deloitte and Touche was not allowed.’

Rees detailed how he had discovered various problems, including that ‘purchase orders placed on Frankel are forgeries.’

The letter concluded: ‘The writer recommends that a general meeting of all investors be held at 09h00 on Thursday 4 June 2009, where a full briefing will occur. This will take place at Routledge Modise Eversheds ... please call Patrick on 011 519 9000 to confirm attendance.’

Not all the investors who eventually attended the meeting got Rees’s notice. But they heard soon enough, as it was whispered along a grapevine that hadn’t existed until the previous few weeks. So they simply pitched up.

Had they known that their anguished revelations in the auditorium would be recorded, or that they would be attending the unmasking of South Africa’s grandest scam, they would probably have thought twice about coming at all.

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For Dean Rees, the mood in the auditorium that Thursday morning swiftly darkened as the questions from the investors gained pace.

During his speech, Rees had offered to ‘investigate’ what had happened to their cash. He asked for a ‘mandate to get to the bottom of this.’ An incoherent rumble crept through the audience. Eyebrows narrowed. Then someone stood up: ‘I don’t think Dean is the man to do that,’ challenged Ian Levitt, a lawyer

known to love a good tussle and a good scandal. Levitt was often written off by those he crossed as simply an ambulance-chasing lawyer, but this would be to diminish his prowess for sniffing out the bad guys.

'I wrote to Dean three months ago, saying that the pharmaceutical companies don't unilaterally extend credit terms [like Tannenbaum suggested]. I didn't get a response,' said Levitt.

Warren Goldblatt, dressed in black and wearing an earpiece, had been standing ominously at the back of the auditorium with his client. He spoke up now, echoing Levitt's sentiment. 'I don't think Dean is in a position to spearhead this on behalf of investors either,' he said.

Then Goldblatt directly challenged Rees: 'You emphatically informed us that you had successfully concluded two trades in Hong Kong and the funds would be available shortly ... what has happened to these funds?'

Some in the audience nodded, others grumbled their assent with Goldblatt's sentiment. Rees didn't answer.

Immediately, Warren Drue stood up, turned to face the crowd and held his hands up, a traffic warden trying to redirect the flow. 'Now, this is not a thing about Mr Rees,' he said. 'Dean came forward as a white knight.'

There were a number of dismissive snorts. An elderly man near the back, who also didn't identify himself, added derisively: 'A white knight? He's the one who took my money.'

Why, Goldblatt continued, would anyone allow Rees to 'investigate' what had happened to the cash when he was part of it, when he had earned millions in 'commission' by acting as an agent for the scheme.

Rees protested: 'Why would I fly back here if I was part of it?'

But Drue again killed the discussion. 'We don't need to be blaming people now,' he said. 'We need to find a strategy to track down the money, and Dean is doing his best to help.'

(A year before, Rees had relocated, along with his wife, Dominique, to Switzerland. At the time, he was perhaps the only man in South Africa who described himself as 'commuting' between the two countries, 8 400 kilometres apart.)

Rees backtracked, saying that even if he wasn't involved in any committee, he thought that investors urgently needed to form a group to investigate. Drue suggested the investors write down their names and contact details, and he would 'coordinate' this committee. Clearly, some people weren't happy with Rees having *any* further involvement, but this seemed a workable compromise, initially at any rate. Foxes and henhouses were mentioned in the same breath as the name 'Rees'.

After nearly three hours, the meeting just sort of ended without punctuation, as many of the investors began drifting towards the back of the auditorium to

write down their names. Rees was still standing at the front, the survivor of what could have been a far worse assault. He had been smiling, his shoulders noticeably less taut than when he'd begun speaking, but he blanched when he saw a business card that read 'journalist'.

'I'll help you whatever way I can,' he said. 'It's terrible. Really. We couldn't have known.'

\* \* \*

News of the meeting, or of the Tannenbaum Ponzi scheme, wouldn't break publicly for another week. Even then, it would take months for the identities of various investors to emerge. Many of the largest investors have yet to be publicly identified.

Some of them could not stand the embarrassment of Joburg society knowing they had been trapped in such a wretched scheme, knowing that their fêted investment skills had so thoroughly deserted them and they would be accused of indulging in nothing more complicated than raw greed.

For others, it was far worse: the mystique they had built up of having a special power, a magical ability to read the investment markets, to decode the lousy stocks from the winners, had been exposed as a convenient myth. After years devoted to darkened boardrooms, ratifying minutes and reinforcing this myth, some of Tannenbaum's investors could not stomach seeing themselves naked.

So how did it work exactly?

All the investors were wooed with a similar refrain, passed along by word of mouth from those in the know – from someone who had by chance happened to find out about this fantastic opportunity from 'Barry', and mentioned it to someone else.

This 'Barry' would then be implored to expand his 'select club' by just one more person, to allow just one more investor into his 'investment scheme', a scheme run through Frankel Chemicals, an anonymous company with a pleasingly generic name located incongruously in the wealthy residential suburb of Bedfordview.

Reluctantly, 'Barry' would agree. But just as a favour, just this one time, and just because he so loved 'helping' members of the community, just because he was such a nice guy that he wanted to share his good fortune.

And no one must know that the rules were broken to accommodate you. Like children who had stumbled on a magical Easter egg tree, these participants were warned to jealously guard this knowledge. Tell too many people about this secret investment club, and the magic would vanish.

So, to arrive at the crowded auditorium of a Sandton law firm and find out

your secret club extended into the hundreds, filled with people also granted admission ‘as a special favour’, was enough to make you feel ‘violated and stupid’.

For this magic Easter egg tree to remain a potent fable for investors, Tannenbaum needed a plausible ‘unique investment advantage’ that you wouldn’t find elsewhere in the world. Something *believable* that could plausibly explain why investors would be paid returns that were hundreds of times more than they would get from any bank or investment elsewhere.

Tannenbaum found this plausibility in HIV/AIDS, a blistering epidemic in a country with the highest infection rate in the world.

In South Africa, HIV/AIDS has been alarmingly, chaotically, out of control. In South Africa, in the age group between the ages of fifteen and forty-nine, 17.3 per cent are estimated to be HIV-positive. By 2011 the United Nations (UN) estimated that 5.6 million South Africans had been infected, and the virus was still spreading at a time when other countries were getting a grip on curbing this beast, if not defeating it outright.<sup>6</sup>

Partly, this impotence was thanks to a lost decade of health management, in which hocus-pocus snake-oil remedies had been proposed as a solution for HIV/AIDS by South Africa’s dotty former health minister, Manto Tshabalala-Msimang – a former physician whose grasp on reality in the last few years before her death had receded almost as sharply as her fondness for an odd drink had increased.

Tshabalala-Msimang was derisively called ‘Dr Beetroot’ for advocating AIDS remedies including garlic and herbs, rather than AIDS drugs ‘with unknown side effects’ – an attack on antiretroviral drugs, which she characterised as ‘toxic’.<sup>7</sup>

Infamously, at the global 2006 International AIDS conference in Toronto, South Africa’s exhibition showcased garlic, lemon and beetroot, rather than antiretrovirals. This infuriated the UN’s ambassador to Africa for AIDS, Stephen Lewis, who closed the Toronto conference with a blistering attack on South Africa’s government, calling it ‘obtuse, dilatory and negligent’.<sup>8</sup>

Lewis said South Africa was ‘the only country in Africa whose government continues to propound theories more worthy of a lunatic fringe than of a concerned and compassionate state’.<sup>9</sup>

Tshabalala-Msimang responded in a way that was characteristic of her tone-deaf stubbornness: ‘We haven’t shocked the world, we have told the truth ... I don’t mind being called Dr Beetroot.’<sup>10</sup>

Playing politics is all very well. But the upshot of this bureaucratic numbskullery was that South Africa had precious few regulations governing the production of antiretroviral drugs. As far as the government was concerned, at least during Dr Beetroot’s tenure, these drugs were a sordid poison anyway. The thinking was, you can have all the rules you want for the production of arsenic, but at the end of the day, you’re still making arsenic.

Enter Barry Tannenbaum.

In an audit report he signed for Frankel Chemicals, Tannenbaum described his business as that of ‘pharmaceutical components’. A description boring enough to cause most people to nod and look away.

The way it worked – well, the way he said it worked, at any rate – was that you, as an investor, would ‘finance’ the purchase of small components that would ultimately go into making AIDS drugs. These raw materials from countries like India and China, known as active pharmaceutical ingredients, or APIs for short, would be used to make the drugs.

That investor would be ‘lending’ the cash to Barry’s company, Frankel Chemicals, so he could buy the APIs. Then, drug companies, like Aspen Pharmacare or Novartis’ generic drugs unit Sandoz, would ‘buy’ these APIs from Frankel Chemicals, and combine them to make the drugs you would see in a pharmacy and ultimately buy off the shelf.

The theory was that Tannenbaum would then take the money paid him by Aspen or Sandoz and repay the investors a ‘return’, while keeping a small portion for himself, as an ‘intermediary fee’.

Usually, the investors would be asked to stump up cash for a ‘consignment’ lasting between ten and twelve weeks. Theoretically, they would then be ‘repaid with interest’ within a few weeks.

But because the money on offer was so mouthwatering, investors would often ‘roll over’ their investment, allowing Tannenbaum to keep the money to be used for future investments. You could of course take your profit, or even part of it, but given the immense profits on offer to those who rolled over, most did.

There were a few holes in this business plan, however.

The first yawning chasm was this: why didn’t Tannenbaum just go to a bank and take out a loan to finance the purchase of these drugs? Then, not only would he be able to keep all the immense profits he was supposedly making, but it would also be less hassle than managing a sprawling network of investors, all with different accounts. After all, what proper businessman likes giving away money to other people that he could keep for himself?

Tannenbaum’s answer was that the banks were too full of red tape. Pharmaceutical deals need to be done quickly, on the fly. And he just couldn’t wait around while one bureaucrat filled out papers and faxed them to another bureaucrat two floors up, and then waited a week for the funds. It was easier to get short-term finance from individuals.

And as for the super-profits, well, that is just the nature of pharmaceutical firms – they are just that ridiculously profitable. Or so he claimed.

When pressed for evidence of these orders, Tannenbaum would provide letters or invoices from ‘clients’. For example, one letter he produced was from drug

multinational Pfizer, signed by Bindert K. Vriesema, its vice president for Europe, Middle East and Africa, on 7 March 2008.

It read: 'I, the undersigned ... hereby declare that Frankel Chemicals, PO Box 75804, Garden View 2047, South Africa, are our sole distributors for our active pharmaceutical ingredients in South Africa, and this since March 1994. Our main contact with Frankel Chemicals is Mr Barry Tannenbaum, sales and marketing director.'

He would also produce 'invoices' for immense amounts of money, from Aspen Pharmacare, from Sandoz-Novartis, casual evidence of the river of cash flowing to Tannenbaum and, by extension, his investors.

As it turned out, many of these invoices were blunt forgeries. In some cases, these companies did have some business dealings with Frankel Chemicals. But nothing of the magnitude described in the invoices, nothing running into the hundreds of millions, as Tannenbaum would have the investors believe.

Then there were the heavy secrecy clauses, the almost obsessive requirement that not a word should be breathed to anyone. Ever. About anything.

One investment contract sent to a surgeon, Julius Preddy, in exchange for a R66 245 investment, reads: 'You will not disclose your investment, any documentation in your possession or any details with regard to the financed party/parties to any third parties, without the prior written consent of the financed party and who, in their sole and absolute discretion, can withhold [that consent].'

Spies have been recruited with less onerous restrictions.

Preddy was to be repaid a 16 per cent return on that R66 245 in only nine weeks. So, within weeks, he could transform R66 245 into R76 844. In this case, as in so many, it was Rees who had drawn up the contract and sent it to Preddy.

But for a Ponzi scheme, it was exactly the design needed: absolute secrecy, a unique investment advantage you could sell, agents on the ground to spread the word covertly. And a queue of people who cannot believe their luck, and think they are one of the chosen few.

Sipping coffee outside Routledge Modise's auditorium after the June meeting, one Johannesburg businessman (who would not give his name) mournfully recounted how he had blown his family's savings against his better judgement. 'Up until last week, my head was telling me it would never work, but my heart was saying "please let it work",' he said. 'I invested first two years ago, and in the end, I had R3.2 million invested with him after two years, even going so far as to selling part of my business to raise the cash. Now I feel stupid.'

Howard Lowenthal describes the way the scheme was sold to him: 'Essentially, Barry borrowed money from me to buy these medical components which he then on-sold, and he'd pay me a return. So, I'd deposit R1 million into his RMB

Private Bank account for a twelve-week term, and he'd send me two post-dated cheques – one for R1 million for the capital, and R160 000 in interest.'

The cheques were meant to act as security: had Tannenbaum not repaid the money, the investor could then simply cash the cheques. (It didn't work out quite like that, as you might imagine.)

When the twelve weeks were up, Darryl Leigh (who, like Rees, was acting as Tannenbaum's agent) would call Lowenthal and ask him if he wanted to 'roll over' the investment. 'I would agree because the interest I'd earn on it [by rolling it over] was about 15 per cent for the two months, which is very good. It worked well for two years, but towards the end of April, there were cash-flow issues and he asked us to wait before cashing [the cheques],' he says.

Some investors got out in time. They opted not to roll over their investments and took the cash. They were the lucky ones.

Lowenthal says, 'When I got to the meeting ... I was astounded: it looked like we'd all been caught in a local Madoff scheme.'

\* \* \*

Though no one explicitly mentioned Bernard Madoff's twenty-year Ponzi scheme in the US at the meeting, it was an implied presence. And the similarities were eerie, especially since the two schemes were operating in tandem on two different continents, and would blow up at roughly the same time.

Madoff, like Tannenbaum, was seen as a pillar of the Jewish community, and wealthy Jewish investors were the core market for the scheme. Madoff, like Tannenbaum, had begrudgingly 'allowed' investors to place their money with him, to join the select club.

Both would turn out to be the largest investment scams in their respective countries. In Madoff's case, about \$65 billion was said to be involved. In Tannenbaum's case, the initial estimates were around R2 billion, but this later escalated to nearly R12 billion – easily the largest scam to hit a continent that has seen its fair share of con men.<sup>11</sup>

Madoff, a former chairman of the NASDAQ stock exchange in the US, had run into trouble towards the end of 2008, when he realised he couldn't repay his investors. On 9 December 2008, he confessed to his family that his business was 'a big lie' and 'basically, a giant Ponzi scheme'.<sup>12</sup>

But the comparisons diverge after that.

Madoff was arrested on 11 December 2008, charged with eleven counts of fraud on 12 March 2009 and sentenced to 150 years in prison on 29 June (three weeks after the Tannenbaum meeting at the Sandton law firm).<sup>13</sup>

The thing is, rapid justice is just not South Africa's style. Especially when it

comes to extraditing a mastermind residing in the upmarket suburb of St Ives in Sydney. The sharpest South African con men know how to string out a good prosecution for years – and, sometimes, decades.

Most notorious was the case of financial-services company Tigon, once the fortieth-largest South African company. The breadth and audacity of what happened in Tigon led financial journalist Deon Basson to dub the case ‘South Africa’s Enron’.<sup>14</sup>

In the real world, a tigon is the genetic mutation you get when a tiger mates with a lioness – a sterile mixture that says more about humans’ desire to say ‘we did it’, rather than ask ‘should we do it?’ But in South Africa’s financial world, Tigon became a catchphrase for how to run circles around an increasingly inept prosecutions service.

Tigon was led by a tall, white-quiffed and silver-tongued schemer named Gary Porritt. Nominally, Porritt and his business partner, Sue Bennett, ran a financial-services outfit and a telecoms company called Shawcell. But when the police came calling, they accused Porritt of simply running a crack fraud racket, inflating their assets through smart related-party deals that no one could see through.

Porritt and Bennett were hit with 3160 criminal charges ranging from racketeering and fraud to money laundering in a charge sheet that ran to 1385 pages. It’s one thing to throw the book at someone, but quite another to risk crushing them with it.<sup>15</sup>

The thing is, the pair were arrested more than a decade ago. By 2013, Porritt and Bennett were no closer to going to trial than they were in 2002. Both are bailed and living in multimillion-rand houses. Prosecutors will chortle that Porritt and Bennett will die of old age before they hear a judge read their sentence.

To string it out for so long, you need some tricks up your sleeve. And Porritt and Bennett have long sleeves. Most recently, Porritt and Bennett filed papers in the Constitutional Court to get better-quality free ‘legal aid’ – money paid by government to hire lawyers – a service that is usually only given to the poorest South Africans. Close your eyes, and you can almost picture Gary Porritt popping his tongue firmly inside his cheek, before lodging his ‘legal aid’ papers.<sup>16</sup>

In a country whose legal system operates like this, you can imagine Tannenbaum has little fear of the courts. And that’s before the small matter of extradition is even discussed.

Back at the Routledge Modise meeting, someone asked whether they couldn’t just ‘get him back’ here, referring to Tannenbaum. Rees replied to the effect that extraditing Tannenbaum from Australia would be unlikely to succeed, mainly because of a previous ruling in Australia, conveniently enough, in which a court had rejected an extradition request from South Africa.

This was true. In what was a real *snotklap* for South Africa’s correctional-

services proficiency, the Australian Federal Court ruled in 2004 that Jacob de Bruyn could not be extradited to South Africa to face fraud charges because conditions in South African jails were so gruesome that De Bruyn was likely to contract HIV/AIDS. This, they ruled, would have amounted to ‘cruel and unusual punishment’.<sup>17</sup>

This weakened the prospects of getting Tannenbaum back to South Africa: any fight to extradite him would inevitably be protracted. And even if it were a success, the Tigon disaster meant that any trial would likely take the better part of a decade.

But in June 2009, most investors weren’t even convinced Tannenbaum was the bad guy – some believed that Rees himself was the mastermind instead. Or even Darryl Leigh.

As was the case with the Madoff tale, these investors just couldn’t reconcile the image they carried of Barry the Philanthropist with the portrait painted at the meeting of Barry the Scheming Charlatan.

Wayne Gaddin, one of Tannenbaum’s long-standing friends and an investor himself, says he just couldn’t fathom that he was involved. ‘Barry’s a great human being. He lives in a modest home and he’s so trusting: if you tell him it’s raining outside, he won’t even go to the window to check.’<sup>18</sup>

Many investors had a similar gut response. After a single meeting, usually breakfast or lunch, organised by Rees or Leigh, they felt they knew Barry. They felt they could trust him with their life savings.

The truth is, they didn’t know him well at all. Few of them knew what really motivated him or about the dark places in his head where he retreated to after midnight. Many had the rough sketch. But when pressed, hardly any could recall details of his family life, his upbringing, or where he’d worked before. They knew he was ‘related to’ Harold Tannenbaum, the man somehow responsible for the formation of Adcock Ingram, one of South Africa’s largest drug companies.

But they weren’t really sure if Harold was his father, his grandfather, or some other distant relative. And what exactly had happened to the Tannenbaums’ controlling interest in Adcock Ingram no one could say.

So who was this Barry Tannenbaum? How could this unknown man emerge from nowhere to cook up South Africa’s biggest swindle?

## 2

# Krugersdorp royalty

‘Today, a search for the name Tannenbaum on the Adcock Ingram website doesn’t return a single match.’

– Arnold Tannenbaum, lamenting how the family name vanished from the annals of the company they had founded

The story of how Barry Tannenbaum strung together the country’s largest swindle winds back to the dusty mining town of Krugersdorp, about twenty kilometres west of Johannesburg.

Before the scheme popped in 2009, brochures had been handed to investors – with characteristic faux reluctance – which contained a fantastical, stylised version of Barry’s heritage. Brochures long on grandiose claims, but short on truth.

‘Through [Barry Tannenbaum’s] knowledge, and reputation and history of the Tannenbaum name, Frankel Chemicals acquired new and more valuable agencies globally,’ these brochures proudly trumpeted.

Frankel, the brochures suggested, was simply the latest incarnation of the long-standing Tannenbaum pharmaceutical dynasty. Barry was simply the dutiful heir stepping up to shepherd the business through another generation. Frankel Chemicals ‘was founded in 1960 by Harold Tannenbaum,’ Barry’s father, they said.

‘Harold was one of the founding members of the biggest listed pharmaceutical manufacturing company in South Africa, namely Adcock Ingram, which was sold in 1980 to Tiger Oats, now known as Tiger Brands, and Harold was seconded to the board for three years.’ (It was actually sold in 1978, two years before.)

It goes on: ‘Harold then explored the possibilities of purchasing a company that would service Adcock with their APIs (active pharmaceutical ingredients) and other types of excipients that were utilised in the production of medicines.’

Liberally sprinkled with half-facts, it was largely a fairy tale. No doubt Barry *wanted* it to be true. It just wasn’t.

The real story of Barry Tannenbaum, Adcock Ingram and Frankel Chemicals starts in Krugersdorp towards the end of the nineteenth century.

Back then, Krugersdorp was a bustling pioneer town, percolating with gold panners and prospectors, and traders flogging them whatever they needed to get through the day.

Visit Krugersdorp now, and you’ll be struck by its tumbled-down factories,

streets pockmarked by signs for Viagra miracle cures, and furniture retailers hawking easy credit terms for junk lounge suites, guaranteed to last only as long as the payment term. Every second store seems to be either flogging liquor or hiring out DVDs – anything to suck up the tedious hours after the night dust settles, between clocking out and clocking in.

On Ockerse Street, where the Tannenbaums' family fortunes were launched, you'll now find the furniture shops Lewis, Morkels and Barnetts, alongside Camdix – '*wapens en ammunisie*', a store flogging bullets – each with its own three-foot posters. Once a frontier town, always a frontier town.

The unwelcoming Cue Tip Pub has an immense steel grate for an entrance, down the road from an Ekuphileni Muti Shop, selling superstition and body organs for all kinds of ailments. Next door is Akhalwaya's Fast Foods, providing greasy toasted-cheese sandwiches over lunchtime to the personnel of every fly-by-night driving school and cellphone shop hawking stolen electronics on the road.

You leave with the impression that when the mines stopped spluttering gold, everyone who could had left. Or might as well have left. You can imagine how someone would say, or do, anything to get out.

What the town's rotting centre masks, however, is a rich history that eloquently captures the texture of South Africa's messy clash of cultures, the brawling for resources, the boom and bust of its frontier towns, the desperate gulf between those who've made their fortunes and those who never will.

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Until 1880, Krugersdorp was just farmland, populated by cows and dry-as-dust highveld grass that grew up past your thighs. Then it was called Paardekraal and was owned by Vaal Martiens Pretorius, a farmer who had inherited the land from his nephew, Andries, the former leader of the Boers.

This was the way it had been ever since Andries stopped in the old Transvaal region where Krugersdorp is based, after a 1600-kilometre journey that had begun in the Cape in 1837 when he and a group of fellow Afrikaners packed their pots, children and chickens into ox-wagons, and trekked north. These Voortrekkers were searching for a simple thing: a world ungoverned by the Union Jack.

At first, the British left them alone, and let them have their independent Boer republics, thanks largely to Andries's negotiations. But after 1850, when the Afrikaner settlers began reporting spectacularly rich gold finds towards Barberton and Pilgrim's Rest, the British began to take notice of what was happening over their shoulders up north. By the time diamonds were found in 1867 on the banks of the Vaal River, the British were sitting bolt upright.

So in 1877 they simply annexed the Transvaal. The Afrikaners were furious, and Paardekraal became the site of one of the first major Afrikaner insurgencies

against the British when, in 1880, between 8 000 and 10 000 men gathered to pledge their support for a fight for an independent Transvaal – the original name for Africa’s richest bloc, the region encompassing Johannesburg and Pretoria.<sup>1</sup>

At Paardekraal, the Afrikaners asked their God for divine assistance to defeat the British. Remarkably, the Boer forces prevailed at the Battle of Majuba on 27 February 1881 – a victory commemorated by the lonely Paardekraal monument that still stands in the centre of Krugersdorp. Built by the revered Boer leader Paul Kruger in 1891 in honour of that victory, which secured a free Transvaal – the Boer Zuid-Afrikaansche Republiek – the monument is one of the few testaments to the blood spilt on the site. The Boers had won the battle, but it was simply a minor skirmish in a war they would ultimately lose.<sup>2</sup>

In the meantime, news began filtering west from the mining settlement known as Johannesburg – then only six years old – of extraordinarily rich gold finds, said to be stemming from the Witwatersrand reef, which runs from east to west through Paardekraal. Within months, public gold diggings were taking place on Paardekraal and neighbouring farms.<sup>3</sup>

In 1887 Pretorius donated a large chunk of Paardekraal to the newly independent Transvaal government, asking that it be named Krugersdorp after his friend and the man who lent his name to the iconic gold coins.

The Second Anglo-Boer War, which broke out in 1899, changed things dramatically, as the British reasserted control of Krugersdorp. Pioneering the concept of concentration camps, the British rounded up groups of Afrikaners and corralled them into an area of Krugersdorp now known as Coronation Park.<sup>4</sup>

It was an epic migration, as more than 6 000 women and children were shifted into concentration camps. As one report puts it: ‘Many of the inhabitants perished in the over-crowded, unsanitary and ill-organised camp. Water pollution was a major health hazard, as well as starvation and malnutrition. The general unsanitary condition of the camp with exceptionally severe epidemics of measles, pneumonia and dysentery contributed to the high number of deaths the camp experienced in October and November 1901.’<sup>5</sup>

It was a move that shattered the unspoken truce between the English and Afrikaners in Krugersdorp, an intervention that created a legacy of poverty that continues to this day. When the war eventually ended in 1902, the shattered Afrikaner prisoners returned to unfarmed land mutilated by three years of neglect and Britain’s by-now infamous scorched-earth policy of setting fire to farms to cut off resources to Boer commandos in the field.

Visit Coronation Park now, and you’ll be struck by the fact that it seems to be something of an eerie twenty-first-century ‘concentration camp’, economically speaking. Initially transformed into a picnic site for Krugersdorp’s protected white middle class during the 1960s, Coronation Park is now a caravan park

thronging with squatting jobless poor whites, embittered about affirmative action, embittered about having to repay the sins of apartheid.

As Reuters photojournalist Finbarr O'Reilly puts it:

It's home to some 400 white squatters living in cramped tents and caravans and sharing a single ablution block. Cats and dogs roam noisily through the camp, dodging heaps of rubbish, piles of scrap metal and abandoned car parts. Water is heated and food cooked on open camp fires. The local council cut electricity to the camp after failing to evict the white squatters.<sup>6</sup>

Park manager Hugo van Niekerk told O'Reilly: 'We won't get houses from this government. If we were black maybe yes, but we are white.'<sup>7</sup>

Coronation Park's residents evoke images of a dispossessed monarchy. They are unclear of the reasons for their seismic fall from power; their caravans are cluttered with remnants from a privileged past – photographs of plush weddings on rolling lawns, inherited trinkets obviously worth more in sentimental value than could be wrestled out of the tills of the pawnbrokers lining Krugersdorp's Main Reef Road.

These poor whites, unable to parlay their years of considerable advantage under apartheid into an economic cushion, remain trapped on the outskirts of Krugersdorp, trapped on the wrong side of history once more.

Not that they would have an inkling about how black South Africans were forced to live by law, not simply through circumstance and poor decisions, during Krugersdorp's boom years between 1940 and 1980.

Blacks who came to work on the mines around Krugersdorp, like Westrand Consolidated and Leopardsvlei, were corralled into two 'native settlements' nearby, Munsieville north-west of the town and Kagiso to the south-east.

They were standard townships of the time, no title deeds, running water from a single tap per street and rickety shacks housing far more people than they should have.

Gerald Buitendach, a former director of BOC Africa, which included gas company Afrox and Afrox Healthcare, lived a block away from Hymie Tannenbaum in the 1960s. Buitendach says Krugersdorp's residents were simply blind to how the other half of their society lived at the time.

'Every day you'd see hundreds of people walking into Krugersdorp from Munsieville about five kilometres away,' he says. 'Our family, the Tannenbaums, nobody tried to change anything, we just accepted that as the way it was, which is one regret I have.'

But it was just the way it was in South Africa back then – there was nothing to provoke anyone to slip out of their comfort zone, which a black slave class

was institutionally mandated to make even cushier for the pampered white middle class.

A stone's throw away from Hymie Tannenbaum's house was the Krugersdorp fire station. Every night, at 9 p.m., the bell would sound. It was the signal that every black person had to be off the streets.

The Tannenbaums, Barry's forebears, were no different. Right from when the family arrived in town, a few years after the first 200 plots were auctioned off to form Krugersdorp, the Tannenbaums had other priorities, like establishing their presence amid a growing number of merchants. Soon enough, the name assumed a royal presence in the town.

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How the Tannenbaums of Lithuania ended up in a dusty mining town on the other side of the world is one of the thousands of untold migration stories among the Jewish population of the late nineteenth century.

More than two million Jews fled Russia and its satellite states between 1880 and 1920, escaping the choke exerted by the country after Czar Alexander II was assassinated – for which the Jews were widely blamed. Laws were passed stopping Jews living in villages, and preventing secular schools from having more than 10 per cent Jews in their ranks. Newspapers were full of unbridled hostility towards them.

Unlikely as it may have seemed, South Africa was a big drawcard for Jews fleeing Europe, so much so that it became known as a 'colony of Lithuania'.<sup>8</sup>

Charles Tannenbaum had heard great things about the new colonies of Africa, with stories of diamond and gold finds drifting as far east as Lithuania and Belarus, on the western fringes of the Russian Empire. So he and his brother boarded a ship, and set sail for South Africa to lay the platform for a new life.

They followed distant relatives who had already made the trip to the Transvaal – a bone-dry land of endless veld where you were as likely to get slain by the Ndebele tribes as you were to get eaten by lions. But it had diamonds and it had gold.

Satisfied with the newly formed town of Krugersdorp, and the need for a new merchant class, Charles and his brother sent for their wives. The Tannenbaums arrived in 1890 and bought two properties barely 100 metres from each other in Roodepoort.<sup>9</sup>

The Tannenbaum settlers joined the battle for trading space in the new, thriving mining town, and opened a general store amid a glut of similar shops that were starting up at the time.

The other Russian Jews of Krugersdorp provided the Tannenbaums with a ready-made community, and steadily they slotted into life on the reef, along with their four sons, Hymie, Jack, Len and Archie.

It was Charles's eldest son, Hymie, who was to be the empire builder of the Tannenbaum pharmaceutical name, its Shaka Zulu, its Julius Caesar. Charles and his wife Tilly had ambitions for Hymie, so they arranged that he be apprenticed to a friend of theirs, Jack Blair, who ran a pharmacy in Krugersdorp. Blair had bought the pharmacy at 47 Ockerse Street from its founder, E.J. Adcock, who had started the business in 1890, but had retired.<sup>10</sup>

Running a pharmacy in the early days of the twentieth century was far more of a lick-and-spit magic trick than the sophisticated prepackaged business it is today, where precisely apportioned ingredients are flagged on a perfectly symmetrical box.

Back then, the average life expectancy on the Joburg highveld was forty-seven. The main causes of death in those days were pneumonia, flu, tuberculosis and diarrhoea, according to a publication put out by Adcock Ingram in 2010 to commemorate 120 years of trading. Large families were obligatory because you never could predict when chickenpox, scarlet fever, dysentery or measles would decimate your family labour force. According to the profile,

the few doctors that have made the arduous trek to the Witwatersrand goldfields from the Cape or Kimberley have precious few medicines to choose from in their traditional black leather bags. These mainly comprise crude medications such as plant-based purgatives and intrinsically poisonous drugs, administered in quantities to hopefully kill the disease before killing the patient.<sup>11</sup>

A modern person walking into an early-twentieth-century pharmacy would be astounded by its resemblance to a snake-oil-peddling operation. On the shelves you would see a range of powders, mercury (for syphilis and ringworm) and colchicine for gout. If you'd been laid low by malaria, you could buy quinine from the pharmacy, or opt to take it the old-fashioned way, with three fingers of gin.

They seem primeval by today's standards, but back in 1900, these medications represented pulsating innovation compared to the crude medicines fashioned from mustard, opium and liquorice even further back in the mists of pharmaceutical time.

In the pioneer town that was early Krugersdorp, there was no dispute that any business promising to cure the frightening maladies of the highveld was guaranteed a thronging trade. So E.J. Adcock's owner, Jack Blair, didn't need too much persuading to take on young Hymie Tannenbaum.

Yellowed photographs of Hymie, in his later years when he'd begun to bald and grey, create the impression of a rough-featured gold trader, wedged uncomfortably into a three-piece suit by his wife, Polly, for the sake of the photographer,