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# The Cape Times

## *Now go to the country*

THE RESIGNATION of Mr Vorster as State President is no cause for jubilation, even among the bitterest of his opponents while he still held party political office. A man who little more than a year ago enjoyed a national prestige and an international respect unequalled in recent years has ended his career in ignominy. More than that. He has scarred the office of State President and severely damaged the principle that it should be untainted by personal controversy or culpability. His resignation was the only honourable action left to him, but the pity is that, in the circumstances, he accepted the post in the first place.

His going places on the cabinet, which he led while still prime minister, an obligation to defend decisions he took in its collective name. As the latest Erasmus Report states, "every innocent member of the cabinet... had, because of the collective responsibility of the cabinet, to bear the stigma of public accusations without knowing the facts". Now that every single member does know the facts, as revealed in the report, the collective responsibility must still be borne. For holding a general election, while its leader had full knowledge of all the irregularities, without informing the public; for allowing Dr Mulder, with whom Mr Vorster is now held jointly responsible for the

information affair, to be nominated as a prime ministerial candidate; for allowing Mr Vorster himself to be elected State President. These three acts alone have done at least as much, if not more, to undermine public confidence in the democratic structures of South Africa as the gross irregularities uncovered.

Both Dr Mulder and Mr Vorster have now belatedly retired from public office. But the National Party continues to hold the biggest majority in parliament in South African history, gained in an election held under false pretences. The government is indeed the benefactor of its erstwhile leader's cover-up. It is holding seats it would probably never have won had the public known of the massive misuse of their taxes for party political or private ends. Belatedly it, too, can do the proper thing, two years after the electorate were rushed to the polls in case they found out what was going on before the due date of the next election — 1979. It can resign, and go to the country again. The people who have forked out R32m on the Citizen, R14m on To the Point, R6,5m on the Washington Star, tens of thousands on private junkets, "pocket-lining", Loftus Versveld boxes, blocks of seafront flats, mountain hideaways and foreign womanizing should have the right to express their feelings in the traditional democratic way.



# 'The hand of the one Rhoodie washed the hand of the other'

CAPE TIMES

5 JUNE 1979

HOUSE OF ASSEMBLY. — The Erasmus Commission, in its final report tabled yesterday says unanswered questions in connection with the Rhoodie banking accounts arouse a strong suspicion that the hand of the one Rhoodie had washed the hand of the other Rhoodie.

Certain transactions involving the three Rhoodie brothers also give rise to the suspicion that a most profitable partnership had been set up.

The commission reports on its inquiries into the financial position of Dr Eschel Rhoodie, his wife Mrs C E H Rhoodie, and his two brothers, Dr D O Rhoodie and Prof N Rhoodie, and lists some of the accounts it looked into.

These include Dr E Rhoodie's cheque accounts with Nedbank, and Standard Bank, a savings account with Nedbank and two with the Standard Bank; Mrs Rhoodie's cheque account with the Trust Bank, a savings account with Nedbank, and two savings accounts with the Standard Bank; Dr D O Rhoodie's cheque and savings accounts with Barclays Bank, and a savings account with the United Building Society; and Prof Rhoodie's cheque and savings accounts with Nedbank.

Large amounts were transferred backwards and forwards between the respective accounts of Dr Rhoodie and Mrs Rhoodie. Large sums of money were paid over between the Rhoodie brothers, especially from Prof Rhoodie to Dr D

O Rhoodie and Dr E Rhoodie.

The commission examined only deposits to these accounts exceeding R1 000, and did not take into account deposits originating from other accounts of the same person, and in the case of Dr and Mrs Rhoodie, from each other's accounts.

In Dr Rhoodie's case, a total of R291 913,20 was deposited in his various accounts between April 5, 1974 and May 29, 1978 — R81 200 in cash and R35 000 by means of bank cheques.

In the case of Mrs Rhoodie,



Mrs Kate Rhoodie

R124 352,50, of which R42 500 was in cash and R5 000 by means of bank cheques was paid in to her accounts between January 14, 1975, and May 12, 1978.

Dr D O Rhoodie's total was

R99 784,70, of which R22 000 was in cash and R10 000 by means of bank cheques between December 9, 1974, and May 15, 1978.

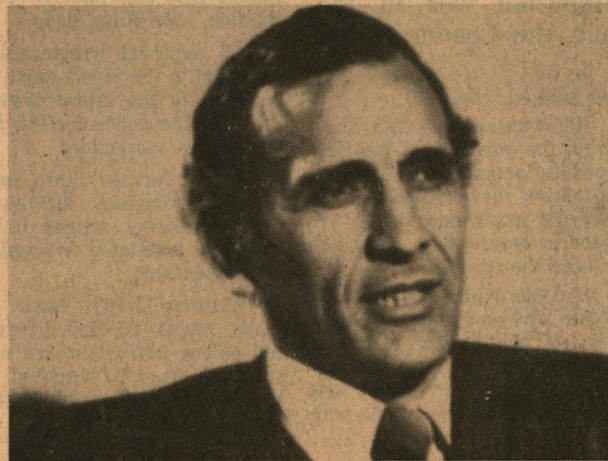
In the case of Prof N Rhoodie, the total was R214 279,07, of which R18 400 was in cash, and deposited between November 13, 1974 and March 10, 1978.

"The above summary of the deposits made by Dr and Mrs Rhoodie shows receipts of such exceptionally large sums as to call for further discussion. In this regard, it should be borne in mind that Dr Rhoodie, as his family's only bread-winner, was earning a net salary of not more than R1 146 a month at any time material to these events.

"Notwithstanding this fact, the deposits made to the accounts of these two persons total R416 265,70 which amount does not include deposits of less than R1 000. Furthermore, R123 700 of this total amount flowed into these accounts in the form of cash.

● According to Dr Rhoodie's testimony, he might have used his accounts once, but not

The commission points out that among the fairly large amounts included in the sum-



Dr Eschel Rhoodie

more than twice, for departmental purposes.

● In most cases, no corresponding disbursements to unknown payees, which can be reconciled with the deposits can be traced."

mary is one of R54 550,93 received by Mrs Rhoodie as a legacy and an amount of R44 928,18 realised on the sale of a flat at Plettenberg Bay. Also, payments made to Dr Rhoodie by the Department of





Social Welfare and Pensions have not been included.

The commission says special attention was given to cash deposits made to the accounts of Dr and Mrs Rhoodie.

A summary shows that between March 11, 1975 and May 19, 1978, a total of R81 200 in cash and cheques was paid into Dr Rhoodie's various accounts.

In Mrs Rhoodie's case, R42 500 in cash and cheques was paid into her accounts between November 11, 1974 and May 19, 1978.

In the absence of an explanation by the Rhoodie couple, the source of this cash remains a mystery. Although Braam Fourie (an accountant in the planning branch of the former Department of Information) testified that considerable amounts of cash were paid to Dr Rhoodie from the Secret Fund for payment of so-called anonymous collaborators, and although such payments were made at the same time as some of the cash deposits in the accounts concerned, there is not sufficient evidence for a finding that the cash deposits originated from such payments. This is, however, a possibility."

The commission then deals with the deposit of bank cheques, for which, it says, there are records that can be used to trace these cases properly.

Referring to a cheque for R5 000 drawn on Volkskas in favour of Trust Bank, and dated January 21, 1976, it says that on January 15, 1976, Dr Rhoodie instructed Braam Fourie to draw the cheque on the Secret Fund for payment of anonymous collaborators. The cheque was handed to Dr Rhoodie, and on January 23, it was deposited to Mrs Rhoodie's Trust Bank cheque account.

"As far as the commission could establish, no similar amount was withdrawn from any of the banking accounts concerned. The credit which this built up in Mrs Rhoodie's cheque account was gradually reduced by payments made in the normal use of her personal cheque account. Prima facie it therefore appears that in this instance R5 000 was paid from state funds for Mrs Rhoodie's personal use."

Another cheque for R5 000 was drawn on Volkskas in favour of Nedbank and dated January 21, 1976. Fourie said he was instructed by Dr Rhoodie on January 15 to draw the cheque for payment of so-called anonymous collaborators. Dr Rhoodie deposited the cheque in his savings account with Nedbank on January 23.

"No similar amount was withdrawn from any of Dr Rhoodie's banking accounts during the ensuing period."

Another cheque for R10 000 drawn on Volkskas in favour of Standard Bank and dated January 21, 1976, for a similar purpose, was handed to Dr Rhoodie and deposited to one of his bank accounts on January 23. On February 6, 1976, an amount of R10 000 was withdrawn from one cheque account and paid into one of his savings accounts.

"No corresponding withdrawal from any of the accounts in question can be traced for the ensuing period."

A cheque for R10 000 for my

the same amount made out to cash. Fourie drew a bank cheque for R10 000 in cash on February 4, 1977, and handed it to Dr Rhoodie, who paid it into one cheque account on February 11. On the same day, Dr D O Rhoodie paid a cheque, drawn against this account for R10 000, into another cheque account.

"Dr D O Rhoodie testified that this amount of R10 000 represented a personal loan from his brother to him.

"No other withdrawal during the ensuing period could be reconciled with this deposit of



Dr Denys Rhoodie

R10 000 to Dr Rhoodie's cheque account.

"The above transactions point to misappropriation of State funds by Dr Rhoodie."

The commission then says in the case of Dr D O Rhoodie, it was ascertained that a bank cheque for R10 000, which was drawn on January 21, 1976, was paid into his cheque account on January 24. This cheque represents an amount which had been requested by Dr Rhoodie, for payment of anonymous collaborators.

A corresponding amount was withdrawn from Dr D O Rhoodie's cheque account on February 13 and paid into the banking account of Alfesko Trust. Alberts placed this amount to Dr Rhoodie's personal credit in the investment account J D O E M (an account relating to the three Rhoodie brothers, Prof N J Rhoodie, Dr D O Rhoodie and Dr E M Rhoodie).

Dr D O Rhoodie said he had received this money for transfer to Alberts for payment of anonymous collaborators on a film project.

"After it had been pointed out to him that hundreds of



Mr Justice R B P Erasmus

thousands of rands that were on investment at that stage were available for the film project, Dr D O Rhoodie explained that this was for possible future anonymous collaborators. The amount in question was the only amount channelled to Alberts through his banking account.

"Alberts testified that he had entered this money in his books as an investment for Dr D O Rhoodie. At no time was money ever transferred to him for the purpose mentioned by Dr D O Rhoodie, and Truter confirmed that there was more than sufficient money available to pay R10 000 to anonymous collaborators on the film project, if necessary.

"Dr D O Rhoodie's explanation of the incident is not acceptable to the commission. The transaction in question is a possible misappropriation of state funds."

Referring to various cash deposits totalling R22 000 made by Dr D O Rhoodie's

accounts, including one of R10 000, two of R3 000 and three of R2 000, during the period January 1, 1975, to July 15, 1977, the commission says that according to his testimony, his net monthly income after deductions, came to R636 in 1977.

However, he said in evidence that, with the exception of R6 000, which he had borrowed from his brother, Dr Eschel Rhoodie, and which formed part of the deposit of R10 000 on January 16 1975, the other cash deposits had been made from cash he had on hand at home and that had been built up by him from time to time for contingencies.

"Viewed in the light of all the circumstances, the commission does not accept this explanation by Dr D O Rhoodie either, and a big question mark continues to hang over these deposits."

## Large amounts

"From the overall picture formed from these transfers, it was clear to the commission that all these accounts were used as a unit and that no separation of funds took place.

The commission then deals with transfers totalling R17 753 during 1974, 1975 and 1976 by Prof Rhoodie to Dr Eschel Rhoodie, and transfers totalling R19 446 during 1975 and 1976 by Prof Rhoodie to Dr D O Rhoodie; and transfers totalling R32 519 in 1975, 1977 and 1978 by Dr E Rhoodie to Dr D O Rhoodie.

Prof Rhoodie testified that his transfers to Dr E Rhoodie and Dr D O Rhoodie represented personal interest-free loans to his brothers.

"The commission is struck by the fact that, during the years in question, Prof Rhoodie owed a very large part of his income to work given to him either by direction of the department in which his brothers were in charge or by publishers who were largely dependent upon the department for the purchase of the publications concerned. As far as could be ascertained, in all, Prof Rhoodie received the enormous amount of at least R115 879.29 during the period in question for work he was commissioned to do by these parties.

"The fact that, on top of it all, Prof Rhoodie made allegedly interest-free loans of such large sums of money, which have not been repaid to date, to Drs Rhoodie and D O Rhoodie gives rise to the suspicion in the commission's mind that a most profitable partnership had in fact been set up here. This suspicion is strengthened by Prof Rhoodie's explanation to the commission of the purpose for which this money was allegedly lent to his brothers.

"He accounted for the amount of R9 730, which he lent to each of his brothers on April 21, 1975, by saying that his two brothers wanted to have a swimming bath built at their own expense on the small lowveld farm Reënberg, which was owned by a company in which the three Rhoodie brothers were shareholders with a number of other persons.

"Prof Rhoodie stated that he had personally calculated the cost at R19 460. He then made each of Drs Rhoodie and D O Rhoodie an interest-free loan of half this amount (i.e. R9 730) on April 21, 1975, without specifying any period for its redemption.

"He also testified that it had not been the intention to complete this bath within the next few months after April 21, 1975. As a matter of fact, this bath was never built, and Drs Rhoodie and D O Rhoodie are still sitting with the money.



"In point of fact, before this loan was made and for some considerable time afterwards, the banking accounts of both of the last-named Drs Rhoodie were so much in credit that they could easily have paid for the bath between them without negotiating a loan — Sapa

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