

IN THE OFFICE OF THE OMBUD FOR FINANCIAL SERVICES PROVIDERS

Case Number: FOC 19/08-09/EC/(1)

In the matter between:-

Harish Bhaj Rama **1st Complainant**

Vareena Rama **2nd Complainant**

And

Sanlam Life Insurance Limited **First Respondent**

Willie Adriaan Jordaan **Second Respondent**

DETERMINATION IN TERMS OF SECTION 28(1) OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT NO. 37 OF 2002 ('FAIS ACT')

A. The Parties

[1] 1st complainant is Harish Bhaj Rama ("Rama"), an adult male, buyer who resides at 29 Utrecht Avenue, BONNIE DOON, EAST LONDON, 5201. 1st complainant is the father of the second complainant.

[2] 2nd complainant is Miss Vareena Rama ("Vareena"), a student and daughter of the 1st complainant. 2nd complainant resides with 1st complainant.

[3] 1st respondent is Sanlam Life Insurance Limited ("Sanlam"), a public company duly registered in accordance with the laws of South Africa. 2nd respondent is also a registered Financial Services Provider with its registered

office, alternatively, principal place of business at 2 Strand Road, Belville, Western Cape.

- [4] 2nd respondent is Mr Willie Adriaan Jordaan (“Jordaan”), of 21 Trafalgar Road, Cambridge, East London, 5241, formally an employee of the first respondent and formally an authorised Financial Services Provider under FSP Licence No. 11923 in terms of The Financial Advisory and Intermediary Services Act no. 37 of 2002 (‘The FAIS ACT’). (2nd respondent’s licence has since been withdrawn by the Financial Services Board on the 28th of October 2008)

B. The Background

- [5] The first complainant, sought advice from Jordaan about investing the proceeds from an educational policy, which matured on the 1st of October 2004, in order to secure capital for Vareena’s University fees. After discussing a Sanlam money market investment, which Rama found inadequate for his daughter’s needs. Jordaan suggested an investment in the Fidentia Group of investment companies (“Fidentia”).
- [6] The investment was to be effected through one Hermann Heydenrych, a trustee of the Antheru Trust. Rama found the return of 16% offered by Fidentia attractive and proceeded to invest an amount of R 25 000. Rama’s mandate to Jordaan was that he required the capital to be guaranteed. Jordaan recommended the investment in Fidentia and pointed out that the returns were much better than what the money market returns was.
- [7] Complainants, through Jordaan, invested R 25 000 in Fidentia. Early in 2007 Rama requested withdrawal of capital as it was required for the payment of

Vereena's university fees. The amount invested with Fidentia was invested in Vareena's name. After Rama requested a withdrawal he discovered that this was not possible as Fidentia has been placed under curatorship. It is not in dispute that Rama never received payment of his capital. For purposes of this determination it must be accepted that it is highly unlikely that Rama will receive any payment of his capital from the trustees of Fidentia.

C. Complaint

[8] The complainants' complaint may be summarised as follows:

[8.1] Rama enjoyed a long standing relationship with Jordaan whom he knew to be an employee of Sanlam. During the course of this relationship Rama purchased a number of financial products through Jordaan.

[8.2] In keeping with this relationship, complainants' invested in Fidentia upon the recommendation of Jordaan.

[8.3] Rama lost his capital due to Fidentia being placed under curatorship.

[8.4] At all material times Rama accepted Jordaan's advice on the basis that the latter was employed by Sanlam and that the product he was purchasing was a product that was recommended by Sanlam.

[8.5] At all material times Rama would not have made an investment in Fidentia if he was informed that the Fidentia Product was not recommended by Sanlam and that Jordaan was on a frolic of his own when he marketed the product him.

[8.6] Rama holds both Sanlam and Jordaan liable for the loss of his capital in the amount of R 25 000.

D. The relief sought

[9] The complainants' want their capital of R 25 000 plus the interest thereon refunded by Sanlam alternatively Jordaan or both.

E. The issues

[10] The issues for determination may be summarised as follows:

[10.1] At the time of purchasing the Fidentia investment, did Rama do so in the understanding that the product was approved by Sanlam?

[10.2] Was any disclosure made by the respondents to Rama that the product was not approved by Sanlam and that Jordaan was acting on a frolic of his own?

[10.3] Was Jordaan's conduct in advising Rama in contravention of the FAIS Act and the Code?

[10.4] Did the conduct of Sanlam and/or Jordaan cause the loss suffered by complainants'?

F. The Complainants' version

[11] It is not in dispute that had a longstanding relationship with Jordaan. This is evident from the record of transactions conducted between Rama and Jordaan. The details of which are as follows:

i) 22 May 1986 – Life policy

- ii) 30 June 1986 – Retirement Annuity
- iii) 15 June 1994 – Endowment policy
- iv) 25 August 1994 – Two endowment policies
- v) 12 June 1997 – Retirement Annuity
- vi) 16 September 1999 – Life policy
- vii) 23 June 2005 – Unit trust

- [12]** According to Rama, in all his dealings with Jordaan, he knew that Jordaan was employed by Sanlam and he accepted that the products sold by Jordaan would enjoy the support of Sanlam. According to Rama it was important to him that his investments were in either Sanlam products or Sanlam recommended products.
- [13]** Rama had an educational policy for Vareena with Sanlam which matured during 2004. Rama wanted to invest the money for the benefit of Vareena. Jordaan advised Rama to invest in a money Market product with Sanlam. Rama made it clear that he wanted the money to be invested where it would be safe. He enquired from Jordaan whether there was another product with a better interest offering than the recommended money market product.
- [14]** Jordaan then introduced the investment in Fidentia which according to Jordaan offered an income of between 16 – 20%. Rama found the offered returns to be attractive and accepted Jordaan's recommendation to invest in Fidentia.

- [15] According to Jordaan the money was to be invested in Fidentia through the Antheru Investment Trust (“Antheru”). At that stage Rama had no personal knowledge of Fidentia nor did he know anything about Antheru. Rama relied entirely on the advice of Jordaan. At all material times Rama accepted that Jordaan was offering a Sanlam approved product.
- [16] On the 26th of November 2004, complainants’ concluded an investment in the amount of R 25 000 in Fidentia asset managers via Antheru. The money was deposited on the same date.
- [17] On the 15th of December 2004 Vareena received a letter from anther confirming that the investment was made. This letter states clearly that Jordaan is Vareena’s advisor. Attached to the letter was also the investment certificate.
- [18] In making the investment Rama specifically mentioned to Jordaan that he wanted his capital to be guaranteed. Jordaan assured Rama that the capital invested in Fidentia was in deed guaranteed. In this regard Jordaan presented Rama with a document called a ‘Personal Investment Builder Program’. It was pointed out to Rama by Jordaan that although the investment is described as high risk, the capital was guaranteed. The first paragraph of the document lend credence to the statement made by Jordaan.
- [19] Vareena signed the application for investment. That form was completed by Jordaan and was merely signed by Vareena. Vareena did not read this document. Jordaan did not explain the nature of the investment but merely stated that the capital would be guaranteed and that it will yield an income of 16%.

- [20] Rama states that they did not read the documentation presented to them by Jordaan but merely accepted Jordaan's recommendations and signed the forms just as he had done on numerous occasions in the past. Rama was satisfied that they had purchased a Sanlam approved product.
- [21] During 2007 Rama required the capital to pay for Vareena's university fees. It was at this stage that Jordaan informed Rama that the funds were frozen but that a written request for the capital will be made to Antheru. The written request was drawn up by Jordaan and signed by Rama. The request was unsuccessful.
- [22] After Rama received no response from Antheru, he was advised by Jordaan to send an e-mail to the forensic investigation unit of Sanlam. On the 19th of April 2007 Rama wrote to the forensic investigation unit of Sanlam. The letter is written for the attention of Ernest Pienaar whose name was supplied to Rama by Jordaan. This letter noted that the investment was made through Jordaan and that Jordaan is employed by Sanlam.
- [23] On the 1st of June 2007 Rama received a written response from Sanlam. Sanlam's view was that the investment in Fidentia was "in no way connected to Sanlam Life". Sanlam further alleges that Rama was aware that this was not an investment with Sanlam. Sanlam accordingly denied liability. Of significance in this letter, is Sanlam's complete silence regarding the role of Jordaan, this in the face of a direct allegation by Rama that the investment was made with an employee of Sanlam.
- [24] According to Rama he made the investment with an employee of Sanlam and both Sanlam and the employee represented, by their conduct, that the product

was a Sanlam product. In Rama's own words he states 'We only invested our capital because our Sanlam broker (W Jordaan) advised us to do so. He was always our Sanlam broker and we thought this to be a Sanlam product.'

G. Jordaan's response

[25] In keeping with the provisions of the FAIS Act Jordaan was invited to respond to the complaint. Jordaan responded in writing on the 17th of September 2008.

[26] Jordaan's response may be summarised as follows:

[26.1] Jordaan does not dispute that he advised Rama and that this happened at the time he was employed by Sanlam.

[26.2] He admits that he advised Rama to invest in money markets and that the return was between 7% and 9%.

[26.3] He admits that he told Rama about Fidentia and that income of 16% per annum could be expected.

[26.4] Jordaan states that he explained to Rama that Fidentia had nothing to do with Sanlam.

[26.5] Rama knew that Fidentia had nothing to do with Sanlam because when Fidentia's accounts were frozen Rama wrote directly to the curators of Fidentia.

[26.6] Although Jordaan does not deny that he asked Rama to write to the forensic investigation unit of Sanlam he denies that he suggested that Sanlam was liable.

[26.7] Jordaan admits that he kept in contact with the curators of Fidentia who suggested that the investments would be paid back.

[26.8] He states that Sanlam forensic investigation confirmed that all investors knew that Fidentia was not linked to Sanlam.

[27] Jordaan was asked to provide this Office with copies of the following documents:

- i) Financial needs analysis;
- ii) risk analysis; and
- iii) a client advice record

No response was received. One must therefore accept that these documents do not exist.

[28] No further representations were received from Jordaan. Attempts made by this Office to contact him were unsuccessful, thus the Office could not obtain anymore statements from Jordaan.

H. Sanlam's response

[29] Sanlam was invited to respond to the complaint. Appearing below is their version:

"Submissions: In the matter of Ms. Rama, Mr. Willie Jordaan, Sanlam Life Insurance Limited, Antheru Trust and Mr. Heydenrych

Submission 1:

1. *Sanlam Life Insurance Limited ('Sanlam Life') repeats its averments made in the matters of Elizabeth September, A.M. Venter and Sanlam Life Insurance Limited ('Sanlam Life'), Case Numbers: FOC 1291/07/08EC(1) and FOC 2967/07-08 EC 1 and contends that Mr. Willie Jordaan acted outside and beyond the course and scope of his mandate with Sanlam Life.*
2. *Accordingly, Sanlam Life contends that it is not liable for the loss suffered by Ms. Rama.*
3. *In the circumstances, Sanlam Life prays that any claim against Sanlam Life be dismissed.*

In the event that the FAIS-Ombudsman is of the view that, notwithstanding the above, Sanlam Life is, on the basis of law and equity, nevertheless liable, Sanlam Life contends the following

Alternative 1:

4. *Mr. Willie Jordaan is an adviser with more than 23 years experience in the financial services sector. He therefore knew, or at the very least ought to have known that*
- 4.1 *the return promised to Ms. Rama on the investment was one which neither Sanlam Life nor any other reputable financial institution neither could nor would make to any client. He was duty bound, on the basis of his experience and by way of a comparison of the investment returns of financial products offered by reputable financial institutions to have acted with due skill, care and diligence;*
- 4.1.1 *His failure to have acted as aforesaid, tantamounts to him not rendering the financial services to Ms. Rama honestly or fairly;*
- 4.1.2 *using the observations of the FAIS-Ombud in Mackrory v Naude as a point of entry, it is submitted that Mr. Jordaan knew or ought to have known that he owed some responsibility to the Complainant regarding the investments;*
- 4.1.3 *Extrapolating from the FAIS-Ombud's decision in Ramdass v Standard Bank Financial Consultancy, it is submitted that Mr. Jordaan (i) had a particular product in mind and was determined to sell it, regardless of the Complainant's needs and objectives; and (ii) that Mr. Jordaan's focus was on selling a particular product to the Complainant as opposed to rendering a professional service which took her needs and objectives into account;*

4.1.4 Furthermore, it is submitted that, using the FAIS-Ombud's finding in Comrie v Ewing Trust Company Limited, Mr Jordaan failed in his duty to the Complainant by not (i) considering, if the Complainant was concerned about capital loss with a view to retirement needs, on what basis did an intermediary conclude that the Complainant wanted to adopt an aggressive approach to investment?(ii) that indications were present that, Mr. Jordaan knew, or ought to have known because of his considerable experience, that the financial product recommended was unsustainable; and (iii) that indications are present that Mr. Jordaan did not fully and properly disclose, if at all, the risk to the Complainant;

4.1.5 Following upon the FAIS-Ombud's observations in Ramdass v Standard Bank Financial Consultancy, it is submitted that there is a sufficient basis to indicate that Mr. Jordaan lacked integrity and had shown a disregard for the interests of the Complainant when rendering the service. It is further submitted that Mr. Jordaan was primarily actuated by the commission he earned in recommending this product to the Complainant. Furthermore, even if Mr. Jordaan were to contend that he made a comparison between investing in a Sanlam Life financial product and the financial product sold to the Complainant, it is submitted that from his extensive experience, Mr. Jordaan knew or ought to have known that the promised returns were of such an unsustainable nature that, one must conclude as indicated in the FAIS-Ombudsman decision in Stephenson v Nedbank Limited that Mr Jordaan displayed a want of care in that, if he did in fact compare two

financial products on the basis of selective characteristics given that this could be grossly misleading;

4.1.6 It is submitted that what cannot be gainsaid, is that Mr. Jordaan is not an innocent party in the loss suffered by the Complainant. In any event, it is submitted that there was a duty on Mr. Jordaan when dealing with the Complainant to have taken into account the FAIS-Ombudsman observations that (i) the Complainant was a person in need of care, regard being, for example, to had the age and education of the Complainant; and (ii) there was an additional duty on Mr. Jordaan given that there a relationship of trust between the Complainant and the Representative, given the number of years that the Representative had been assisting the Complainant with the latter's financial affairs.

4.1.7 It is submitted that, when considering Mr. Jordaan's conduct in this matter against the backdrop of his experience and the obligations imposed upon him under the General Code of Conduct for Authoised Financial Services Providers and Representatives, he did not treat the Complainant fairly.

In the circumstances, if Sanlam Life is to be held liable on the basis of vicarious liability, it is submitted then that Mr. Jordaan is also liable on the basis of (a) failing to comply with the requirements of the General Code of Conduct for Authoised Financial Services Providers and Representatives; and (b) on the basis of equity.

Sanlam Life pleads in the alternative that Mr. Jordaan also be held liable as the Second Respondent for the loss suffered by the Complainant. The one paying the other to be absolved.

Alternative 2:

5. *Sanlam Life contends even if there is a nexus between itself and Mr. Willie Jordaan, in the context of this matter, there is a simultaneous nexus between Mr. Jordaan and Antheru Trust and/or Mr. Heydenrych.*

5.1.1 *Regard must therefore be had to the fact that in his dealings with the complainant, Mr. Jordaan was in fact and in law a representative of Antheru Trust and/or Mr. Heydenrych. As such, in rendering the financial service to the complainant, it is submitted that the adjudication of Ms. Rama's complaint requires that the following matters be considered:*

5.1.1 *As indicated in the FAIS-Ombudsman ruling in the matter of Ramdass v Standard Bank Financial Consultancy, (a) is there a record of advice setting out the basis of the advice given to the Complainant; (b) was any record of advice furnished to the Complainant at any time?;*

5.1.2 *Which product provider's document did the Complainant sign? If statements were sent to the Complainant, from where did they emanate?*

Who made payment to the Complainant? Who rendered the intermediary services in respect of this Complaint?

5.1.3 The Fais-Ombud determination in the matter of Malan v Standard Bank Financial Consultancy necessitates that Mr. Jordaan and Antheru Trust and/or Mr. Heydenrych furnish information in respect of (a) Does the record of advice show how and where risks were explained to the Complainant? Did the client understand the import of the contents of the documentation?; (b) Is there any record of information and material on which the advice was based? In particular (i) were other products considered? (ii) was any explanation recorded anywhere which provided a clear picture as to why the product sold was likely to have suited the Complainant's identified needs and objectives?; (c) In the needs analysis has attention been paid to information which in the circumstances of the case are important, for example, (i) the marital status of the Complainant; (ii) whether the Complainant had other insurance policies or investments; (iii) whether there was a record of the income and expenditure statement of the Complainant that would have informed the financial needs analysis?;

5.1.4 In what capacity did Mr. Jordaan sign any documentation?

5.1.5 In sum, did Mr. Jordaan and/or Antheru Trust and/or Mr. Heydenrych comply with all the requirements of the General Code of Conduct for Authorised Financial Services Providers and Representatives regarding

disclosure and documentation? In this regard, it is submitted that liability also attached to these three parties because

5.1.5.1 if there was compliance, then a nexus between the Complainant has been established, each of the three parties are accordingly also liable for any loss suffered by the Complainant; and

5.1.5.2 if there was no compliance, then each of the three parties, for failing to comply with all the requirements of the General Code of Conduct for Authorised Financial Services Providers and Representatives are accordingly also liable for any loss suffered by the Complainant .

5.1.6 It is submitted that equity also requires that an investigation be made as to whether, besides Mr. Jordaan, Antheru Trust and/or Mr. Heydenrych derives any benefit from the financial product purchased by the Complainant.

5.2 In the circumstances, if Sanlam Life is held liable on the basis of vicarious liability then Sanlam Life pleads that Mr. Jordaan, and/or Antheru Trust and/or Mr. Heydercyh also be held liable on the basis of (a) a nexus existing between them and the Complainant; (b) failure to comply with all the requirements of General Code of Conduct for Authorised Financial Services Providers and Representatives; and (c) equity.

Sanlam Life pleads in the alternative that, in addition to Sanlam Life being liable, any one or some or all of the aforesaid parties be also made liable as further respondents, the one paying the other to be absolved.

Interest received

If the Fais Ombud would find Sanlam liable, it is submitted that in determining the amount of such liability, the Fais Ombud should also take into consideration the high income the Complainant received iro this investment.” [sic]

[30] The above response is the standard response that this Office has received from Sanlam in a number of similar cases. The finding of this Office are documented in other similar cases. In particular reference is made to the determination in the matter of September v Sanlam Case number FOC 1291/07-08/EC (1).

I. Findings

[31] Neither Jordaan nor Sanlam were able to provide this Office with any credible evidence that Rama knew that the Fidentia investment had nothing to do with Sanlam. This notwithstanding that respondents were invited to provide such evidence. In this regard all that this Office has is Jordaan's unsupported statement that he told Rama that the investment was not a Sanlam product. This is denied by Rama. Bearing in mind Rama's investment record with

Jordaan and Sanlam, it is highly improbable that he would have chosen the Fidentia investment if he was informed that this was not a Sanlam product.

[32] Jordaan alleges that Sanlam's investigators established that all clients who invested in Fidentia understood that this had nothing to do with Sanlam. No such proof was received evidencing the investigation and finding from Jordaan, nor did Sanlam provide such a report. On the facts before me, I am unable to find that Rama knew that he was investing in a product that was not supported by Sanlam. In fact the finding is irresistible that Rama made the investment only because he was dealing with an employee of Sanlam who was selling an authorised product.

[33] Equally I find in this case, as I did in the September case, that at all material times Jordaan was an employee of Sanlam and was acting within the course and scope of his employment. Notwithstanding that Jordaan was not authorised to sell the Fidentia product, clients of Sanlam had no means to objectively establish this. Accordingly the fact that Jordaan may well have been on a frolic of his own does not assist Sanlam in escaping liability.

[34] There is no evidence that Jordaan, in advising Rama to invest in Fidentia, carried out his duties as contemplated in the FAIS act And Code. In particular Jordaan:

[34.1] can show no proof that he carried out even the most basic due diligence in respect of Antheru and Fidentia.

[34.2] did not even apply his mind to the product that he was selling. In this regard reference is made to the document entitled Antheru Investment

Trust, Private Investment Club, Personal Investment Builder program and in particular the second paragraph on the first page. Any diligent FSP reading this paragraph would have serious concerns about the accuracy of the statements made therein. It states:

'An above average investment yield is usually associated with high risk. With the Personal Investment Builder Program, the risk is limited and an acceptable yield generated. The capital invested, has a capita guarantee purchases from any of the four top rated South African financial institutions.'

- [34.3] Can provide no proof that a risk profiling was done and that he satisfied himself that the Fidentia investment fitted the risk profile of Rama and;
- [34.4] Can provide no evidence that he acted with due skill, care and diligence in advising Rama.
- [35] Jordaan was obviously focussed on the commissions he would receive from Fidentia and failed in his obligations towards his clients. I therefore find that Jordaan acted contrary to the FAIS Act and General Code.
- [36] On the facts before this Office it is not disputed that Rama enjoyed a well-documented relationship with Sanlam through its employee Jordaan. There are no facts which support the suggestion that Rama knew that the Fidentia product had nothing to do with Sanlam. The facts before this Office suggest that, on a probabilities, Rama would not have invested if he was told that Jordaan was acting independently in selling a product that was not supported by Sanlam.

[37] Equally there are no facts before this Office which support Sanlam's contention that they cannot be held vicariously liable for Jordaan's conduct. On the contrary Sanlam's conduct in employing Jordaan and providing him with the infrastructure to carry out his duties created the reasonable inference in the minds of the public that Jordaan represented Sanlam and that the products he sold were authorised by Sanlam. I find that Sanlam accordingly created the circumstances which resulted in complainants' investing in Fidentia. Therefore, Sanlam must be held liable for the consequences.

[38] Accordingly Sanlam is liable for the consequences of Jordaan's conduct.

J. Quantum

[39] The amount of Rama's loss can easily be quantified. It is the amount he invested in Fidentia, namely R 25 000, plus interest on the said amount from the 1st of February 2007 to date of payment. Interest is to be calculated from the date when Rama claimed his money, namely, the 31st of January 2007.

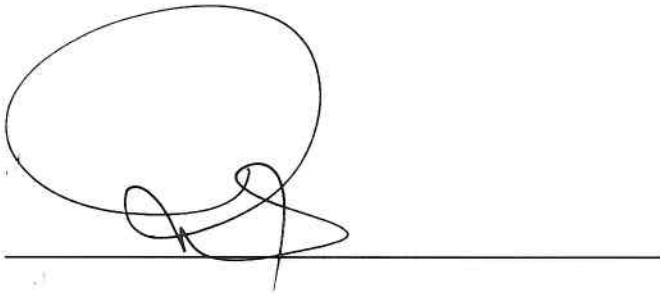
K. The Order

In the premises the following order is made:

1. The complaint is upheld;
2. First and second respondents are ordered to pay to first complainant the amount of R 25 000, jointly and severally the one paying the other to be absolved.
3. Interest is payable on the amount of R 25 000 at a rate of 15, 5% from the first of February 2007 to date of payment.

4. 1st and 2nd respondents are to pay a case fee of R 1000, 00 each to this office within 30 days of date of this order.

DATED AT PRETORIA ON THIS THE 10TH DAY OF SEPTEMBER 2010.

A handwritten signature in black ink, consisting of a large, loopy initial 'N' followed by 'BAM'. The signature is written above a solid horizontal line.

NOLUNTU N BAM

OMBUD FOR FINANCIAL SERVICES PROVIDERS

'A'



ESTMENTS • BELEGGINGS

15 December 2004

Ms V Rama
9 Utrecht Avenue
Bonnie Doone
EAST LONDON
5201

Dear Ms Rama

RE: Antheru Investment

I hereby wish to welcome you as a client of Antheru Investments. The funds were placed with Fidentiu Asset Managers and allocated on 1 December 2004. The details of the investment are as set out on the investment certificate.

Should you have any queries, please contact your advisor, Willie Jordaan, at 7066184.

Kind regards


Hermann Heydenrych

6-18

B



ANTHERU INVESTMENT TRUST

Private Investment Club

Investment Certificate

For

Verena Rama

Investment Amount: R25 000-00

Yield (historical and best effort basis): 16%(per year)

Allocation date: 1 December 2004

Monthly payment (based on yield):

- Date of 1st payment: 14 January 2005
- Yield (per month): R 333-33

Minimum Term : 12 months

FH Heydenrych
 FH Heydenrych
 (Trustee of Antheru Investment Trust)

7-18

✓



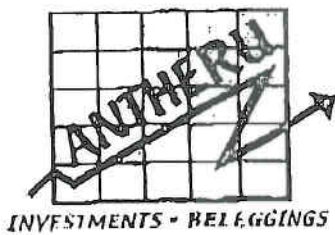
ANTHERU INVESTMENT TRUST
No IT1128/2002

Private Investment Club

Personal Investment Builder Program

Suite 120 Postnet Private Bag • Privaatsak X23 Parow 7499
Tel: 021 930 4305 Fax • Faks: 021 930 4303 Cell • Sci : 082 417 2998

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ANTHERU INVESTMENT TRUST

Personal Investment Builder Program

Investment description

Funds are placed, via a strictly regulated and audited channel, at *Fidentia Asset Managers (Pty) Ltd*. *Fidentia Asset Managers (Pty) Ltd* has been asset managers since 1998 and is approved as fund managers in terms of Section 4(1) of the Stock Exchange Control Act of 1985. *Fidentia Asset Managers (Pty) Ltd* is registered with the *Financial Services Board (FSB)* and it can be verified on the website of the *FSB*.

An above average investment yield is usually associated with high risk. With the Personal Investment Builder Program, the risk is limited and an acceptable yield generated. The capital invested, has a capital guarantee purchased from any of the four top rated South African financial institutions.

The investment functions as follows:

Allocation of Capital

The capital is placed with *Fidentia Asset Managers (Pty) Ltd*. The guarantee, as mentioned above, secures the capital.

The full investment amount is allocated with no up front commissions and there are no annual management fees.

Risk

A capital guarantee from any of the top four rated South African financial institutions secures the capital. The yield is not guaranteed and is subject to change. However, the fluctuation of the historical yield is minimal and the investment can be withdrawn should it decreases to an unacceptable level.

Suite 170 Postnet Private Bag • Privaatsak X23 Purow 7499

Tel: 021 930 4305 Fax • Faks: 021 930 4303 Cell • Sel.: 082 417 2998

Administration and distribution of profit

Fidentia Asset Managers (Pty) Ltd are responsible for the administration and distribution of the profit.

Yield is paid monthly, on the second Friday of every month.

General

Antheru Investment Trust functions as a private investment club and investments are accepted on an invitation basis only.

Term: The capital is guaranteed and a minimum investment term of 12 months is therefore required. Funds called up before expiry of the investment term is subject to a 5% penalisation.

The Trustees of *Antheru Investment Trust* reserves the right to at any time, withdraw the investment and to pay it back to the client without any further obligation. In this case the Trustees will be liable for the 5% penalty.

The yield is not to be seen as interest, therefore Section 10(1)(i) of the Income Tax Act (interest exemption) does not apply. It is seen as "Trade Bond Profits" and is fully taxable.

The yield is generated on a best effort basis and is not guaranteed. In the case of a yield that is decreasing the client has the option to withdraw the capital with a notice period of 33 days. (No penalty is applicable in this case). If no notice of withdrawal is received, the investment is to be continued to the end of the term.

No pro rata payments are made and therefore no yield is paid in the month of termination of the investment. It is recommended that funds are invested towards the end of a month, ie 25th.

At the end of a 12 month term the investment can be continued for a further 12 months.

Amended 23/08/2004



10-18

1 D 1



ANTHERU INVESTMENT TRUST

Application for Investment

Personal Investment Builder Program

(ENGLISH)

Investor Information

Surname: RAMA
 Name: VEREENA
 ID no.: 850201 0782 081
 Address: 29 UTRECHT AVE
BONNIE BOONE EAST LONDON Code: 5201
 Contact detail: Home: 03 7353290 Work: _____
 Cell: _____
 E-Mail: _____
 Income tax reference no.: _____

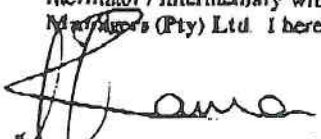
Banking details: (Depositing of yield)

Account Holder: Miss V. Rama
 Bank: STANDARD BANK
 Branch: 909E PARK VINCEN Branch code: 053731
 Account no: 346678137 Type of account: S

Detail of Investment:

Investment Amount (R): R25000 - 00
 Investment Yield (historical and best effort basis) (% p.a): 16.90
 Inception Date: (refer to certificate) Term: 12 months
 Payment: Cheque: _____ Deposit made into account of: FIDENTIA ASSET MANAGER S

I hereby declare that I understand the functioning of the above investment as described in the "Investment Description" and that I, investing via ATF, take part in a private investment club. I also understand that the yield, as presented, is not guaranteed but based on historical results and on a best effort basis. It can also not be described as interest. I understand that Paragraph 25 of the ATF Trust Deed, holds the Trustees liable in their personal capacity for losses that the Trust incur should these losses be the result of negligence to act with the necessary care and knowledge as expected of an individual managing the financial affairs of a client. I also understand that Antheru Investment Trust does not act as a Fund Manager but merely as a facilitator / intermediary with regard to this investment and that the funds are invested with Fidentia Asset Managers (Pty) Ltd. I hereby declare that the origin of these funds are not of an illegal source.


 Signature of Investor

26/11/04
 Date

Amended 23/08/2004

Suite 120 Postnet Private Bag • Privateok X23 Parow 7499
 Tel: 021 930 4305 Fax • Faks. 021 930 4303 Cell • Sel : 082 417 2998



V E

Mr. H.B Rama
29 Utrecht Avenuet
BONNIE DOONE
(EAST LONDON)
5241

31 January 2007

THE MANAGER
ANTHERU INVESTMENT TRUST
FIDENTIA

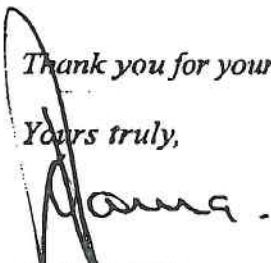
Dear Sir/Madam

V RAMA - REQUEST TO WITHDRAW FIDENTIA INVESTMENT

Hereby I request to withdraw all the money from this Fidentia Investment as soon as possible as I need the money urgently. Please pay into the Standard Bank account that was provided to you.

Thank you for your co-operation.

Yours truly,



H.B. RAMA

(for child V RAMA ID 8502010782081)

Annexure T

F!

"Voltex" <eliza@lantic.net>
2007/04/19 11:28 AM

To <emst.pienaar@sanlam.co.za>
cc
bcc
Subject FIDENTIA INVESTMENT

29 Utrecht Avenue
BONNIE DOONE
5241

Ernst Pienaar
Forensic Investigation
Sanlam Life

FIDENTIA INVESTMENT - VAREENA RAMA
ID 8502010782081

Dear Sir

Mr Jordaan came to see me to invest money in the Money Market for my daughter Vareena Rama I asked him if there was no better interest available on the market. He then told me about Fidentia that offered between 16% and 20% interest as an income. I then decided to invest the money in Fidentia and deposited the money Since the investigations into Fidentia started, the payment of interest stopped and when I enquired to withdraw the lump sum, I was informed that no payments would be made at this stage.

As Mr Jordaan is working for Sanlam, I am enquiring how I can get the lump sum paid out to me as I need the money now, for my daughter Vareena's education. University fees have to be paid by June and I am now in a very awkward situation

I would be obliged if you could give this matter your urgent attention and look forward to your early reply

Yours faithfully

H.B. RAMA

'G'



verw/Rama/FID/b
01 June 2007

Mr. H.B. Rama
29 Utrecht Avenue
Bonnle Doone
5241

2 Strand Road, Bellville, South Africa
PO Box 1, Sanlamhof 7532, South Africa
Tel: +27 21 947-9111
URL: <http://www.sanlam.co.za>
E-mail: webmaster@sanlam.co.za

Strandweg 2, Bellville, Suid-Afrika
Postbus 1, Sanlamhof 7532, Suid-Afrika
Tel: +27 21 947-9111
URL: <http://www.sanlam.co.za/af/>
E-pos: webmaster@sanlam.co.za

Dear Mr. H.B. Rama

COMPLAINT: FIDENTIA INVESTMENT

I refer to your email of 10 Apr 2007 .

From the information submitted it is clear that your investment was with Antheru Investment Trust ("Antheru") and with Fidentia Asset Managers ("Fidentia"), both of which are in no way connected to Sanlam Life Insurance Limited ("Sanlam Life").

It also seems clear that you were aware that the investment was made with Fidentia and not with Sanlam Life.

In the light hereof Sanlam cannot be held liable for any loss that you may suffer in connection with your investment with Fidentia.

Fidentia has been placed under curatorship and we suggest that you contact Antheru and/or Fidentia Head Office or the curators in this regard.

If you are not satisfied with the outcome of your enquiry with Antheru or Fidentia, please note that you have the option of reporting this matter to the FAIS Ombud as a further alternative. This complaint to the FAIS Ombud must be submitted within a period of 6 (six) months from receipt of their response.

The FAIS Ombud's contact details are as follows:

PO Box 74571, Lynnwood Ridge 0040
Fax number: (012) 348-3447;
Email: info@faisombud.co.za

Kind regards

Hein Witbooi
Snr. Consultant
Client Relations
Tel: (021) 916 5833
Fax: (021) 947 2769

Sanlam Life Insurance Limited/Sanlam Lewensversekering Beperk Reg no/Reg.-nr. 1998/021121/06
Licensed Financial Services Provider/Gelisensteerde Varskaffer van Finansiële Dienste

Directors/Direkteure: R.C. Andersen (Chairman/Voorsitter), P.T. Morsepe (Deputy Chairman/Adjunk-Voorsitter), J. van Zyl (Group Chief Executive Officer/Grupp Uitvoerende Hoof), M.M.M. Bakani-Tuome, A.D. Botha, A.S. du Plessis, F.A. du Plessis, W.G. James, J.P. Moller, M.V. Moosa, R.K. Morathi, S.A. Nkusi, I. Pienderleth, M. Rabnos, G.E. Rudman, H.V. Simelane, Z.B. Swaneepoel, P.L. Zim
Company Secretary/Meewakappyskreteraris: M. Lombard

1008 08/2007

14-18

Willie Jordaan

From: "Willie Jordaan" <willieajordaan@telkomsa.net>
To: "Johan Scheepers" <johans@faisombud.co.za>
Sent: Wednesday, September 17, 2008 05:23 PM
Attach: Shortcut to Rama.Ink
Subject: Re: Complaint by Mr. and Miss. Rama JS FAIS 19/08-09/ EC 1

Dear Sir,

With reference to your e-mail below please see attachment for my comments to Mr. Rama's complaint.

I will answer in point form according to Mr. Rama's complaint.

Section C.

1. Noted
2. Noted
3. I did advise Mr. Rama to invest in money markets. I think the going rate at the time was between 7 to 9%.
I stand to be corrected.
4. It is clear that Mr. Rama misunderstood the concept of the two types of investments. In 3 above I did advise money markets and then told him about Fidentia and that he could expect 16% per annum and not 20% per month as he states.
5. Noted
6. I further explained to Mr. Rama that Fidentia had nothing to do with Sanlam. Mr. Rama new in no uncertain terms that Fidentia had nothing to do with Sanlam because when it became clear that the money was frozen he wrote directly to the curators of Fidentia and not to Sanlam.

1. Noted
2. The statement is not clear but I made no indication that Sanlam is liable to pay Mr. Rama.
3. My continuous contact with the curators through Mr. H Heydenrych suggested that the investments would be paid back when, according to the curators, the investments were reinvested according to the mandates of the funds. I also wish to draw your attention to the assurances given by Antheru Trust that the capital was guaranteed.
[See Risk in attach document.]
4. Noted.
5. Noted.

As to the allegation that this was thought to be a Sanlam product, I refer you to C 4 and C 6, further more, please take note that the Sanlam forensic investigation, which was done by a Mr. E Pienaar, confirm that all the investors questioned by Mr. Pienaar understood that this Fidentia investment was in no way linked to

21/09/2008

Sanlam as a company and that I have indeed explained it clearly to them.

As far as I am concerned all the investors knew and understood the above mentioned facts.

Mr. Rama was interested in the Fidentia investment . The necessary forms were forwarded to Mr .H Heydenrych who was responsible to see to compliance. Fidentia was registered with the Financial Servises Board thus had a valid licence to opperate and the funds were guaranteed . Nobody could forsees what would happen in the future and it is also easy to talk in hindsight.

Yours faithfully

Willie Jordaan.

----- Original Message -----

From: "Johan Scheepers" <johans@faisombud.co.za>
To: <williejordaan@telkomsa.net>
Sent: Tuesday, July 29, 2008 11:50 AM
Subject: Complaint by Mr. and Miss. Rama JS FAIS 19/08-09/ EC 1

> Dear Mr. Jordaan
>
> Please find attached a complaint for your attention.
>
> Kind Regards
>
> Johan Scheepers | Case Manager
> Office of the Ombud for Financial Service Providers, Baobab House, Ground
> Floor, Eastwood Office Park, Cnr Jacobson Drive and Lynwood Road, Lynwood
> Ridge
> Tel: 27-12-470-9080 | Fax: 27-12-470-9097 / 27-86-519-9297|E-Mail:
> johans@faisombud.co.za / Web: www.faisombud.co.za

> -----Original Message-----
> From: HP [mailto:192]
> Sent: 29 July 2008 11:47 AM
> To: Johan Scheepers
> Subject: FAIS 19/08-09/ EC 1 JOR

>
>
> This e-mail, its attachments and any rights attaching hereto are, unless
> the context clearly indicates otherwise, the property of the Office of the
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