

SOFTBANK ADDS FORTRESS INVESTMENT TO GROWING EMPIRE

TOKYO: The \$3.3 billion acquisition by SoftBank Group Corp., the Japanese telecommunications, internet and solar energy giant, of Fortress Investment Group marks tycoon Masayoshi Son's latest step in building an investment empire.

Son said the deal, announced by both sides Wednesday, will immediately contribute to his strategy for growth and complement his Softbank Vision Fund plan for investing in leading technologies including artificial intelligence and the "internet of Things," which links devices through the Internet.

"Fortress' excellent track record speaks for itself, and we look forward to benefiting from

its leadership, broad-based expertise and world-class investment platform," Son said in a statement.

Tokyo-based Softbank has been aggressive in global acquisitions and has been seeking partners for its private fund for technology investments that it says may grow to \$100 billion. Son appears determined to deliver on his promise to President Donald Trump to invest \$50 billion in US startups and create 50,000 jobs. In buying New York-based Fortress, he is betting more on Fortress's wide ranging expertise and heft in global investment than on gaining any edge in the technology sector: the US investment house has largely focused

on finance and real estate, leisure industries, transport and other infrastructure.

Private equity accounts for nearly two-thirds of the company's investments. Softbank's shares jumped 1.6 percent Wednesday in Tokyo trading. Shares in Fortress were up 6.5 percent late Tuesday.

Softbank also owns the US wireless company Sprint Corp and Britain's ARM Holdings, which is known as an innovator in the "internet of things," and in technology used in smartphones.

Fortress said its senior professionals will stay to keep up its fund performance. Fortress co-chairmen Pete Briger and Wes Edens

praised Son as "visionary." They said the companies have much in common, and the deal will benefit shareholders. "We join a company with tremendous scale and resources, and a culture completely aligned with our focus on performance, service and innovation," they said in a joint statement.

SoftBank, the first carrier to offer the iPhone in Japan, also sells the Pepper human-shaped companion robot. The company, founded in 1981, has within its investment empire financial technology and ride-booking services. Last week, the company reported its October-December profit soared to about 40 times what it was a year ago. —AP

ANC ATTACKS BANKS OVER FOREX RIGGING CHARGES

JOHANNESBURG: South Africa's ruling ANC party called yesterday for the toughest possible sanctions against more than a dozen local and foreign banks accused of rigging the rand currency, piling political pressure on lenders that have become a target for public anger.

The Competition Commission said on Wednesday it had found the banks, including US, European, Japanese and Australian lenders, had colluded to coordinate their trading activities when dealing in the rand and US dollar.

South Africa's banking index fell 1 percent yesterday after the Commission, which has been conducting an investigation since April 2015, recommended heavy fines be imposed on the lenders.

The ANC attacked the banks, which many South Africans view as a symbol of the stark racial inequality that persists 23 years after the fall of apartheid. "The African National Congress takes an extremely dim view of the activities of the listed banks. These acts of corruption have crudely exposed the ethical crisis in the South African banking sector," the party said in a statement.

"It is further an indication of how the markets are and can be manipulated by dominant oligopolies to cripple its functioning to suit their nefarious agendas."

Financial regulators are clamping down worldwide, with dozens of traders fired and big banks fined around \$10 billion in total in separate cases for rigging the level of the Libor interest rates and other market benchmarks. The opposition Democratic Alliance accused the ANC of politicising the issue, saying ministers want "to do battle with the banks, regardless of the economic fallout".

Michael Cardo, who speaks on economic development for the right-leaning party, said President Jacob Zuma's State of the Nation Address last week had made clear "he intends using the competition authorities as a tool of his populist and destructive agenda of 'radical economic transformation'".

Last year the ANC suffered its worst ever local election performance as the left-wing Economic Freedom Fighters (EFF) won over many poor black South Africans with promises of radical redistribution of wealth.

The EFF and sections of the ANC often criticise banks for keeping the wealth of the country in the hands of the white elite. This has turned up the heat on the banks, where a majority of executives are white despite black people making up 80 percent of the population.

The investigation found that from at least 2007, banks had an agreement to collude on prices for bids, offers and bid-offer spreads for spot trades involving the rand - whose international market code is ZAR - and the U.S. dollar, the Commission said.

Its inquiry centred on an instant messaging chat room called "ZAR Domination", which the Commission said was used to coordinate trading activities when giving quotes to customers who buy or sell currencies. Fines should amount to 10 percent of the banks' annual revenues, the Commission recommended, without saying whether this should relate to global revenues or just their South African business. The banks and brokerages named in the case were Citigroup, Nomura, Standard Bank, Investec, JP Morgan, BNP Paribas, Credit Suisse Group, Commerzbank AG, Standard New York Securities Inc, Macquarie Bank, Bank of America Merrill Lynch (BAML), ANZ Banking Group Ltd, Standard Chartered Plc and Barclays Africa (Absa), part of the Barclays Plc. — Reuters



VIENNA: This file photo taken on July 12, 2007 shows the first Eurofighter bought by Austria landing at Zeltweg air base, some 150 kilometers from Vienna. — AFP

AUSTRIA TO SUE AIRBUS OVER ALLEGED EUROFIGHTER FRAUD

GOVT SEES POTENTIAL DAMAGES OF UP TO 1.1 BN EUROS

VIENNA: Austria filed a lawsuit yesterday against Airbus and the Eurofighter consortium, alleging wilful deception and fraud linked to a 2 billion euro (\$2.1 billion) order for Eurofighter jets in 2003, the defence ministry said. The ministry said that following an investigation it believed Airbus and Eurofighter had misled Austria about the purchase price, deliverability and equipment of the jets.

Damages could amount to 1.1 billion euros, Defence Minister Hans Peter Doskozil said at a news conference in Vienna. Airbus said it was unable to comment as it had only just learnt about the action through the media. "We don't know any details," a spokesman said.

"We can however confirm that in recent years we have supported the activities by the legal authorities, for instance through (our) own investigations," he added. Austrian and German prosecutors have been investigating the case for years and Munich prosecutors have said they expect to complete separate preliminary proceedings by mid-

year. "As defence minister, I consider it my duty to report facts relevant for criminal prosecution and to claim compensation for the Austrian taxpayers' damage. This is what we did today," Doskozil said. Austria initially ordered 18 Eurofighter jets but reduced the order to 15 in 2007. It then ordered a review of the purchase four years ago following bribery allegations.

The deal was controversial from the outset and allegations surfaced almost immediately after its announcement in 2003 that money was pocketed by politicians, civil servants and others via brokers for side deals accompanying the purchase. A European defence executive, asking not to be identified, said Eurofighter had won the deal with the lowest price.

The Eurofighter is built by a consortium comprising Britain's BAE Systems and Italy's Leonardo as well as Airbus, which represents the other two nations in the European project: Germany and Spain. Airbus and the consortium illegally charged nearly 10 percent of the purchase price of 1.96 billion euros for

so-called offset deals, according to the defence ministry's findings. While offset deals - which involve work being given to local companies - were part of the agreement, their cost should have been reported separately, it said in a report.

Airbus and Eurofighter Jagdflugzeug GmbH, which coordinates the production of the aircraft and is headquartered in Munich, also deceived Austria about its ability and will to deliver the agreed equipment, the report said. The Eurofighter consortium was not immediately available to comment. The ministry said its damages estimate of up to 1.1 billion euros related to extra costs paid for the Eurofighter compared with a jet from another bidder and higher operating expenses.

Airbus, Europe's largest aerospace group, has said it is co-operating with a separate German probe into the fighter sale to Austria, as well as three probes into suspected irregularities in defense or security markets, including a UK investigation into a \$3.3 billion communications deal with Saudi Arabia. — Reuters