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13 February 2009

Tax haven scandal snares Minister, former Minister

Osama's money movers worked from Auckland office

By Ian Wishart

A global business conglomerate tied to international money laundering and linked by Indian police, the CIA and MI6 to one of the world's most wanted criminals and terrorists, is trying to get listed on the New Zealand Stock Exchange by leveraging its connections to a couple of senior NZ politicians.

National's Internal Affairs Minister Richard Worth is named in Companies Office records as a shareholder in the New Zealand arm, WSD Global Markets Ltd (via his family trust), while the deputy leader of Jim Anderton's Progressive Party – Matt Robson – is chairman of the board and has been on the board for four years.

The "WS" in the name stands for "Wall Street", which is the overall brand name of the international group of companies. But they have many offshoots. WSD in New Zealand stands for "Wall Street Derivatives", whilst there has also been in this country a WSBC Financial Ltd (Wall Street Banking Corporation, in case you're wondering), a WSD Financial Group Ltd (formerly WSBC Financial Group Ltd), a WSD Financial (NZ) Ltd, WSD Intellectual Property Ltd, and Wall Street Derivatives Ltd.

Some of those companies have chopped and changed names numerous times, and that's just the New Zealand entities.

While most are still in existence, one of them, WSD Global Markets Ltd, is being prepared for a listing on the New Zealand stock exchange. That would give the mysterious entities behind this web some serious international credibility, and that's why this story is important – because internationally the wider group of companies associated with these entities have been linked to money-laundering.

Embarrassingly for Matt Robson, some of the international group's alleged money-laundering – involving fundraisers for Osama bin Laden's terror network al Qaeda on one occasion – may have been physically carried out from the Auckland offices of its New Zealand division, during Robson's time on the board.

For his part Richard Worth, who serves as a Minister outside Cabinet, only bought into the company with a tiny stake of 5,000 shares in November last year, around the same time as a larger buy-in by Tasman Capital Ltd, which is planning to help WSD Global list on the New Zealand Stock Exchange.

Neither Worth's nor Tasman Capital's sharehold-

ings are large in the greater scheme of things – WSD Global has a total of 109 million shares allocated across five investors, and Tasman's holdings are just over 2.7 million shares while Worth's trust has only 5,000, as we've already said.

The remaining 106 million shares are ultimately owned by an Auckland-based trust company, which is likely to be holding them on behalf of an undisclosed beneficial owner, believed to be interests associated with India's Patel Group. If the company lists successfully, existing private shareholders will benefit from that float.

Apart from its involvement in some key transactions as you'll see, there are no specific complaints about WSD Global Markets Ltd – the NZ entity due to the sharemarket front – but it's the activities of other companies in the Wall Street group that have attracted the attention of investigators around the world. WSD NZ's managing director is Riaz Patel, son of a wealthy Indian business magnate, Asgar Patel. The Patel family, or as their business is known in India, "The House of Patels", is one of that country's largest family conglomerates, with stakes in

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Progressive Party deputy Matt Robson in electioneering mode last year, but tonight as chairman of WSD Global he's discovering his business partner has been tied to money-laundering investigations

Both families devastated by verdict

AUCKLAND, FEB 13 – A convicted killer showed no emotion in a High Court dock today as the sister of his young victim told him how much she hated him and how she would like to rip out his eyeballs.

Manurewa businessman Bruce Emery was being sentenced after a jury found him not guilty of murder but guilty of the manslaughter of 15-year-old tagger Pihema Cameron on January 26 last year.

Emery armed himself with a knife and chased Pihema Cameron and another young tagger down the road in Manurewa when they tried to tag his garage.

He claimed he took a knife for self defence and

after the 300 metre chase the teenager was stabbed in the chest and died.

Before he was sentenced several members of the victim's family read their victim impact statements to the court.

Minutes before he was jailed for four years and three months, the dead youth's sister, Aquitania, 15, told Justice Hugh Williams she never got a chance "to say goodbye to her beloved bro".

She said she hated Emery and wanted to rip his eyes out.

Her mother Leanne Cameron told Emery he had

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off BEAT

KIDNEY DIVORCE CASE GETS MORE COMPLICATED

GARDEN CITY, N.Y., Feb. 13 (UPI) — A New York surgeon suing his estranged wife for the kidney he donated to her admits it was he who turned his divorce case into a media circus, his lawyer said.

The case got even more complex when Richard Batista's lawyer held a news conference to talk about Batista's former fiancée, *Newsday* reported. Pamela Rathburn-Ray held her own news conference this week to claim that he physically abused her during their engagement 20 years ago.

"It turned out to be a Jerry Springer show," Batista said.

Batista, a vascular surgeon at Nassau University Medical Center, denies hitting Pamela Rathburn-Ray. His wife, Dawnell Batista, has requested that Rathburn-Ray testify at their divorce trial.

"I never laid a hand on her," Batista said.

Batista is seeking either the kidney or \$1.5 million. He says he took action because his wife would not let him see his children.

TRUCK ROLLS AWAY, RE-PARKS ITSELF

LAGUNA BEACH, Calif., Feb. 13 (UPI) — A California man who called police after his truck disappeared from a convenience store said security video revealed the vehicle had effectively stolen itself.

Michael Otero said he left the keys in the ignition and the doors unlocked when he exited the red pickup truck to enter a 7-Eleven store Sunday in Laguna Beach, so he feared the worst when he came out of the store to find no trace of his vehicle, the Orange County (Calif.) Register reported today.

Otero said police arrived and screened surveillance camera footage to find a most improbable explanation for the mystery. The video shows the manual transmission truck — which Otero said had been put into first gear with the parking brake on — rolling in reverse from its parking space and heading toward the street until it curved and slid into an empty parking spot in an adjacent lot.

"I'm just cracking up," Otero said. "I just thank God it didn't hurt anyone."

Otero said the truck received only minor damage from hitting a wall when it slid into its new parking space.

DAD ARRESTED AFTER BOY, 8, CRASHES VAN

BRADENTON, Fla., Feb. 13 (UPI) — Florida authorities say a man was charged with child abuse for allegedly allowing his 8-year-old son to drive and the child nearly struck two pedestrians.

Mark Belanger, 34, was arrested just before midnight Sunday in Bradenton and charged with child abuse and permitting an unlicensed driver to drive, *The Bradenton Herald* reported today.

Witnesses said the young driver nearly struck two pedestrians, coaches with a Toronto Major League Soccer club team, before crashing into two trees, shattering the rear driver's side window of the van and damaging the vehicle's radiator.

Belanger told investigators he allowed the boy to drive because he was feeling woozy and didn't want to drive and because he wanted to have a bonding moment with his son.

Police said the boy told them his father took liquid medicine in order to feel better and gestured toward an empty bottle of Canadian whiskey inside the van. The police report said Belanger resisted arrest and attempted to kick out the windows of the patrol car before he was subdued with pepper spray.

Belanger was jailed in lieu of \$10,120 bond.

AGE NOT A FACTOR FOR MARRYING SENIORS

LAS VEGAS, Feb. 12 (UPI) — A 72-year-old woman says she is looking forward to marrying an 80-year-old man in Las Vegas on Valentine's Day despite their senior status.

Maxine Hollander said while she and Gene Adler have a combined age of 152 years that does not mean they are an average elderly couple, the *Las Vegas Sun* said Thursday.

"We're just two crazy people, not your average couple," said Hollander, who is set to wed Adler on Saturday. "We can just look at each other and laugh, which is what makes it so beautiful."

The couple has been dating for nearly three years after meeting on a dating Web site for Jewish singles.

Hollander admitted not being bowled over by the driver's license photo Adler posted online, but thanks to an accidentally click of a mouse button the couple eventually met and fell in love.

The *Sun* said the couple is set to marry at the Excalibur Hotel and Casino following a matinee showing of *Defending the Caveman*.

FROM FRONT PAGE



Chris Comeskey, Lawyer of businessman Bruce Emery who fatally stabbed 15 year old Pihema Cameron when he suspected the 15 year old of tagging his house, talks to the Media after Emery was found guilty of manslaughter. NZPA / Wayne Drought

brutally and needlessly taken her child.

She said as a solo mother of four she had gone to Australia to earn more money and when she was in Australia she learned Pihema had died.

"There is not a day that goes by when I don't think about my son."

She told Emery he had 300 metres to stop and think but he did not and in a "few moments of senselessness" her son died.

He had shown no remorse to the family.

"He thinks he has done nothing wrong."

"I have never felt so much hatred towards a person as I do to this man."

"I am serving a life sentence without my son."

Other family members also told Emery of their hate for him and the pain he had caused.

Throughout the reading of the victim impact statements, Emery showed no emotion.

Crown prosecutor Aaron Perkins said Emery was angry at the tagging but his response was out of all proportion.

"The prisoner deliberately stabbed a 15-year-old boy in anger in response to the tagging of his garage."

For Emery, Chris Comeskey said the killing was a matter of great tragedy and great sadness but it

was not time for hatred and not time for a teenager to say she wanted to rip Emery's eyes out.

"Now is the time for people to move on and see the brighter side of life."

He said the dead youth's family had received great support and so had Emery's family.

"That is because a great proportion of New Zealanders can identify with the position he found himself in."

He said Emery had shown a lot of remorse despite the absence of a guilty plea.

However, the judge rejected his submissions that Emery should be considered for home detention.

He said Emery was not lured into the street where the youth was stabbed, nor was it a dark place.

He said he accepted Emery was remorseful.

He said a starting point was between 5-1/2 and six years but taking his age, background, his good family standing and his community contribution, that would be reduced to four years and three months.

Outside the court Mrs Cameron said he should have been given 10 years.

She said she wanted nothing from Emery nor did she want him to approach her family.

"I won't allow it."

She said she wanted him to swear on a Bible her

EMERY ARMED HIMSELF WITH A KNIFE AND CHASED PIHEMA CAMERON AND ANOTHER YOUNG TAGGER DOWN THE ROAD IN MANUREWA WHEN THEY TRIED TO TAG HIS GARAGE. HE CLAIMED HE TOOK A KNIFE FOR SELF DEFENCE AND AFTER THE 300 METRE CHASE THE TEENAGER WAS STABBED IN THE CHEST AND DIED

son walked into the knife and he did not stab him.

"You can talk s*** to a cop, you can't talk s*** on a Bible."

She said the crying and the pain "just doesn't stop".

Aquitania said since the killing she did very little with her life.

"I just stay home, bum from my dad, get some money, go get stoned, drink alcohol and do whatever," she said.

Mr Comeskey said Emery would be distraught and would appeal his conviction.

He said his family was devastated and the case had cost them very heavily.

He said he had received two cheques for Emery's wife and three daughters and would accept more donations to help them.

Emery was not on legal aid because his assets included two houses but his family was "completely tapped out" and was surviving on very little.

"Any donations would be gratefully received. This is not for his legal fund at all. He is not on legal aid."

He said Emery was genuinely remorseful and the judge accepted that in court.

— NZPA

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JUDGE: THINK BEFORE GRABBING KNIFE

AUCKLAND, FEB 13 — A High Court judge has urged people carrying knives to think about how little it took for them to become a killer weapon.

As he sent convicted killer Bruce Emery to prison for four years and three months in the High Court at Auckland today, Justice Hugh Williams held up a credit card and said a knife wound only half the width of the card (2cm) could be fatal.

He said many people did not realise how short the blade of a knife needed to be to kill someone.

He said 40 percent of violent crime was committed with knives. It took very little pressure to penetrate the chest between the ribs.

"Two centimetres is all it takes to be lethal."

"People should not be carrying knives in public

places in this country.

"In close range encounters they are only slightly less lethal than a gun. Even small knives can be lethal."

Emery was charged with the stabbing murder of 15-year-old south Auckland tagger Pihema Cameron after he found him tagging his property in Manurewa on January 26 last year. He was found not guilty of murder but guilty of manslaughter.

The youth died from a chest wound. Emery's defence was that he fell onto the knife but the prosecution said he stabbed him with the knife he had armed himself with before he chased Mr Cameron and another youth.

The officer in charge of the case, Detective Senior Sergeant Gary Lendrum said the police were "alarmed" at how many people carried knives.

"People have got to be realistic. Just the slightest use of those knives can cause a death."

"In the 30 years I have been in the police it has become more prevalent that people are carrying knives."

"A lot of youngsters are found with knives in their possession and I don't think they realise how lethal knives can be," Mr Lendrum said.

Although Emery was jailed for four years and three months, he could be eligible for parole in 14 months considering the time he had already served, said his lawyer Chris Comeskey.

He may also be eligible to apply for home detention in 11 months. Mr Comeskey said he was likely to appeal his conviction.

— NZPA

Public asked for comment on laws

WELLINGTON, FEB 13 — The Government is calling for public comment on property managers and how they should be regulated.

A public consultation document was released today by Justice Minister Simon Power.

National opposed the Real Estate Agents Act which became law in September and at the time Kate Wilkinson said property managers should be covered by its provisions.

Today, Mr Power said the consultation sought perspectives on all aspects of the industry, but specifically "whether there are any gaps in the law relating

to property managers that are causing problems for property owners".

"People need to have confidence that property managers will carry out their duties appropriately, and that if things do go wrong there are adequate mechanisms available for redress."

The Justice Ministry, which is leading the review process, wants to gather the views of property owners, property managers, real estate agents, industry organisations, tenants, tenancy advocates, accountants, lawyers and consumer organisations.

The Real Estate Agents Bill established the Real

Estate Agents Authority, oversees licensing, sets industry standards, fees and levies and deals with complaints and disciplinary action against agents.

Then associate justice minister Clayton Cosgrove introduced the bill after numerous buyers and sellers complained about being ripped off by agents, and the lengthy and often ineffective in-house procedure for dealing with those who broke the rules.

At the time he said property managers could easily be brought under the legislation if there was evidence that they should be.

— NZPA

Telecom down, but no hang-ups

WELLINGTON, FEB 13 – Telecom's first half net profit plunged 59 percent from a year earlier but its share price barely moved.

The company today reported a profit for the six months to the end of December of \$163 million, compared to \$397 million in the corresponding period a year earlier.

But Telecom said its adjusted net earnings were \$254m, down 36 percent from a year earlier, after the one-off impact of \$101m of impairment charges, and a \$10m tax benefit, were included.

The impairment charges included the previously announced \$33m on GSM mobile equipment, relating to the decision to upgrade to W850 mobile technology. The other was a \$68m write-off of goodwill relating to Australian broadband operator PowerTel, as its carrying value was no longer supported by forecast earnings.

Despite the size of the profit slide, Telecom's share price moved just 2c either side of the overnight close of \$2.66 in the hours after the result was released.

Telecom chief executive Paul Reynolds told the market good progress was being made in a slowing economy, and that strong operating metrics had been delivered in the focus areas of broadband, mobile and ICT.

Revenue – which increased 0.4 percent to \$2.84 billion in the half – had been held constant, the business was managing operational expenses responsibly, and major capital investments were on schedule, he said.

Guidance of adjusted group net profit of \$460m to \$500m for the full year was unchanged.

The impact of the slowing economy had been assessed to be up to \$10m during the second quarter, consistent with the first three months.

Telecom said its broadband and internet revenue was up \$24m in the half, while Gen-i, Telecom's information and communications technology operation for business customers, had revenue growth of \$38m in IT services revenue.

Mobile revenues fell \$27m due to lower pricing, increased data caps and reduced roaming revenues. Local service revenue was down \$5m, calling down \$16m and resale down \$18m.

Labour costs of \$468m were \$31m higher than a

year earlier, with the increase all in the first quarter, while second quarter labour costs were less than the year before.

Dr Reynolds said underlying financials of ebitda (earnings before interest, tax, depreciation and amortisation), capital spending and net profit were all on track with the plan announced by Telecom last year.

Factors contributing to that included a step change improvement in churn in the retail business, a clear plan that was on schedule for the launch of the company's new mobile network, and some promising signs on the regulatory front, he said.

Cost containment activities were also starting to deliver, net additions in mobile and broadband had improved, and good results were achieved in major contracts in the Gen-i business.

A 5.5 percent decline in adjusted ebitda to \$884m for the half year reflected flat revenues and a 3 percent growth in costs.

A mammoth amount of work was under way and on track in Telecom including the new mobile network, fibre-to-the-node broadband, fixed network transformation and operational separation, Dr Reynolds said.

On the broadband plan of the new National-led government, Telecom was waiting to see how the Government wanted to engage.

On regulatory issues, Dr Reynolds said more than 80 percent of all investment in the industry in this country was being made by Telecom and it was vital the company's shareholders received a reasonable return.

"We've got a big programme of work with regulators to get the right framework in place, and that's about clear recognition of cost of capital and having an acceptable rate of return on that capital," Dr Reynolds said.

"It's about bringing New Zealand up to international practice because we're quite different from best international practice in some of these areas."

In three or four areas Telecom was seeing a "good and better dialogue, a hint that things could get better here".

Telecom's capital spending during the half was \$632m, an increase of \$217m or 52 percent from a year earlier.

– NZPA

Crunch time for NZ First

WELLINGTON, FEB 13 – After being bumped out of Parliament in the last election New Zealand First has acknowledged it ran an "awful campaign".

Last month it was confirmed Winston Peters would continue to lead NZ First in the near future, but was yet to commit to fighting the 2011 election.

"We ran an awful (election) campaign. There's no two ways about it. We didn't get our message out.

"We got bogged down, and when I say we, Winston in particular, with defending all these issues that really amounted to not very much at the end of the day but it all became very tense," deputy leader Peter Brown told Radio New Zealand today.

Nearly 100 members of NZ First will meet in Auckland tomorrow to discuss the party's future in a closed conference.

Party president George Groombridge said the meeting would discuss restructuring the party and a possible co-leadership model.

"We want to do it in such a way that electorates feel that they have more of a part in the running of the party and also we will be working right through to the top, to leadership."



Mr Groombridge said he hoped Mr Peters would be at the meeting.

Mr Brown said NZ First's structure was fine and changing it amounted to little more than "shifting deckchairs around on the Titanic".

NZ First can make a return to Parliament, although it would be "very very difficult", he said.

The party failed to reach the 5 percent party vote threshold in the election last year and Mr Peters was well beaten by National's Simon Bridges in the Tauranga electorate.

– NZPA

Survey finds home dangers

WELLINGTON, FEB 13 – Three common home hazards could be fixed at low cost to make homes safer, according to new research.

A study of 1000 homes in Taranaki found that many have hazards that result in claims to Accident Compensation Corporation costing millions of dollars a year as well as pain and suffering to individuals and their families.

Otago University, Wellington, together with Better Homes, Taranaki, carried out the research on behalf of ACC. The study was commissioned to determine how injury hazards in the home could be reduced and to assess the cost effectiveness of making homes safer.

It also looked at the prevalence of home hazards, whether they were associated with increased risk of injury and whether slip/trip/fall hazards could be associated with injury claims for slips, trips and falls.

The study found that three common home injury hazards could be fixed at very low cost. Most houses studied did not have working smoke alarms; the hot water was turned up dangerously high in nearly 50 percent of homes, which could be changed by simply turning down the thermostat; and 20 percent of homes had a ranch slider or low windows without a safety visibility sticker or strip, which could result in serious injury.

"Fixing these hazards would reduce the risk of potentially serious injury in a home at virtually no cost to the householder," said lead investigator Michael Keall.

"We also found that for a modest cost of \$500, most householders could fix other injury hazards in their homes to make a significant difference in terms of reducing injury risk.

"As has been found in many other countries, we've confirmed that home injury in New Zealand is both common and costly."

The study analysed links between ACC claims for injuries in the home and injury hazards in those houses that were identified by a rating system developed from international systems to suit New Zealand housing – the Healthy Housing Index.



FIXING THESE HAZARDS WOULD REDUCE THE RISK OF POTENTIALLY SERIOUS INJURY IN A HOME AT VIRTUALLY NO COST TO THE HOUSEHOLDER

It showed the rate of slip/trip/fall injuries increased by about 14 percent for each additional slip/trip/fall hazard in the house.

There were also many hazards assessed that were specific to children.

"This research is unprecedented internationally," said Dr Keall.

"We hope to obtain funding from the Health Research Council to carry out a high quality community trial as a continuation of the study, which will provide a strong scientific and economic basis for further investment in home safety."

The importance of addressing injury hazards in the home will be covered in a seminar at Otago University, Wellington, next Tuesday. International expert Professor David Ormandy, from Britain's Warwick University, will speak on the housing health and safety rating system in the UK, which his research team developed, as well as discussing the cost-effectiveness of reducing home injury hazards.

– NZPA

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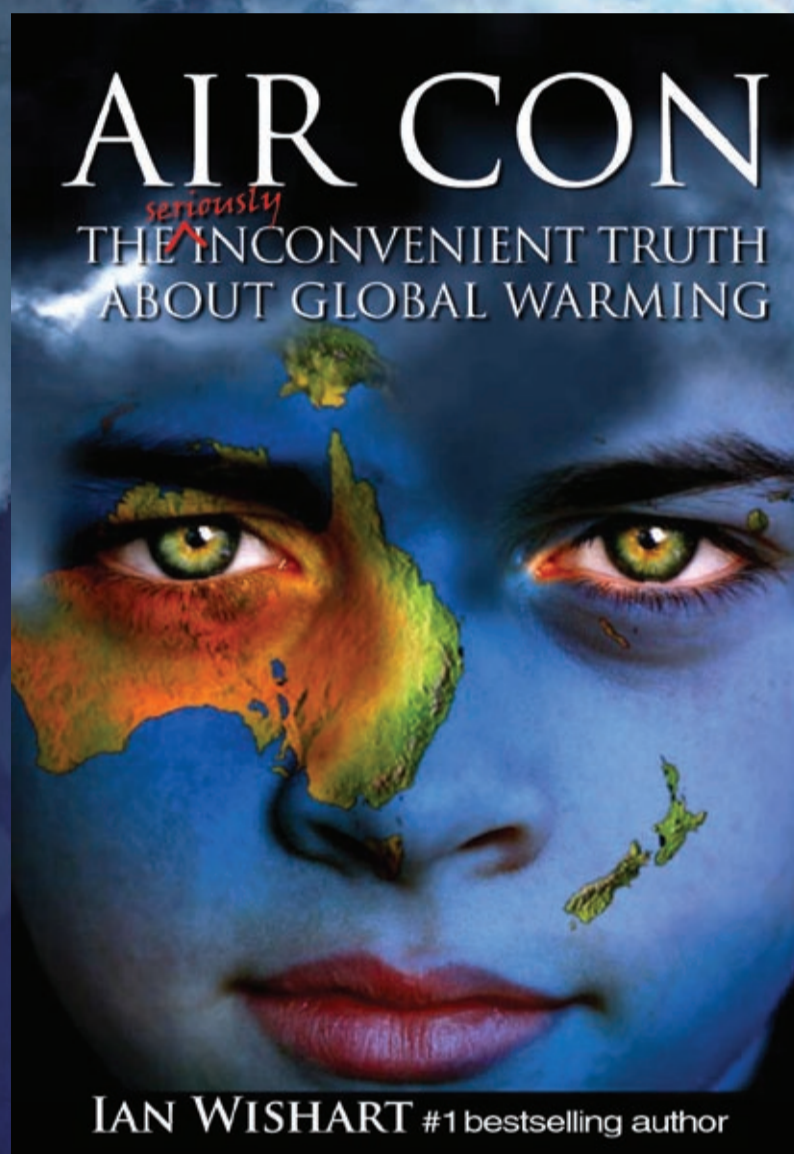
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Editorial

Greens to blame for bushfires

There's a fine line between being environmentally friendly, and being stupid. Last weekend, up to 200 or so Australians paid for the collective stupidity of the green movement with their lives.

While TV stations prated on about "global warming" being responsible for the Aussie bushfires, the culprits were a lot closer to home than atmospheric carbon dioxide.

Six years ago, scientists warned that the buildup of forest floor debris in the Kingslake area of Victoria was dangerous in the extreme, but they were shouted down by greenies who had the ear of local councils.

The greens argued the buildup of debris was a natural thing, and therefore it shouldn't be cleared by way of controlled burnoffs in cooler months

because that would defeat nature. Humans, they said, had to fit in with nature, and not the other way around.

It was important, they argued, to protect the natural habitat of the lesser spotted Victorian tree wombat or some such creature.

Some councils even went so far as to recommend bush planting closer to houses for aesthetic and carbon-sink reasons.

The cruel irony of the fires is that residents who broke the bylaws and cleared debris away from their homes stood a higher chance of survival than the residents who dutifully obeyed the law.

The mood in Australia has gone very dark in the wake of revelations about green stupidity. So many lives have been destroyed, so much economic dam-

age has been done and, ironically, waiting for Nature to do a massive burnoff has killed far more wildlife than small controlled fires ever would have.

Not that radical greens are overly worried about the loss of human life. When push comes to shove, you'll find any number of radical green websites advocating a need for human population reduction to save the planet.

Did global warming play any part?

No. The Australian climate is adversely affected by conditions unrelated to CO2. Firstly, it has a mighty hot central desert which the prevailing winds rip across, lose moisture in and soak up dry heat from. The desert is there because forests were lost some 40,000 years ago.

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Comment

Does Obama have the jets?

By Steven Thomma and David Lightman

McClatchy Newspapers

WASHINGTON – President Barack Obama won the first big test of his presidency, but the way he won suggests that he faces challenges going forward as he fights to solve the nation's banking crisis, expand health care and achieve the rest of his agenda.

His path to victory in a US\$789 billion plan to stimulate the economy raised questions about how much clout the Obama White House has in Congress – and whether it knows how to use it.

In the end, the president is likely to win approval of the stimulus plan with little margin for error – it's on track to get one vote more than necessary in the Senate – despite his popularity and the sense of urgency that opened the doors for quick action by a slow-moving legislative branch.

The slender margin, punctuated by tensions up to the last minute between the liberal Democratic caucus in the House of Representatives and the three moderate Republicans who hold the key to the Senate, mean that Obama likely will be tested repeatedly as he seeks approval for proposals such as bank rescues and health care, which could be even more difficult to sell.

His emerging leadership style suggests that Obama is taking a middle ground – somewhere between Ronald Reagan, who set broad goals and left the details to his aides and Congress, and Bill Clinton, who immersed himself in details and dealmaking, sometimes to great effect and sometimes to great failure.

"He's in the middle between the two of them," said Bruce Buchanan, a political scientist and a scholar of the presidency at the University of Texas at Austin. "He isn't in one camp or the other."

White House chief of staff Rahm Emanuel, a former congressman from Illinois, said Thursday in an interview with a small group of reporters that Obama set his strategy back on Dec. 12. While conceding that the White House learned some lessons along the way, Emanuel said that Obama's blend of broad goals first and a detailed, hands-on role in the final days paid off.

"This is close to 90 percent of what we were thinking about," Emanuel said.

From the start, Obama signalled that he would draw the broad brushstrokes of what he wanted to create jobs – spending on roads and bridges, schools and energy conservation, computerized health records, tax cuts for business that create new jobs and for people to reduce the payroll tax.

Yet by leaving it to House Democrats to write the first proposal, Obama ceded power over the process to them. That caused Obama to lose the initial public relations battle, as Republicans bore in on Democratic proposals such as money for family planning and sod for Washington's National Mall.

Emanuel conceded that the White House "lost" four days of the clash, but said it was because Obama focused too much on bipartisanship at the

expense of talking up the benefits of the still-emerging proposal.

Still, members of Congress grumbled that Obama wasn't involved enough. Why, lawmakers said, didn't he send his own bill up to Congress and let members work from that? Why didn't he get involved in the bargaining?

Members also complained that Obama wasn't tough enough when he did engage members, particularly in his Jan. 27 meetings with Republicans. He and the GOP leaders emerged from those sessions praising one another, but Republicans quickly complained that Obama didn't press congressional Democrats to compromise.

When the House of Representatives voted the next day, not a single Republican voted for the package.

While House Republicans saw their unified "no" vote as a bargaining message, Obama and the Democrats saw it as a slap in the face.

By the time the president spoke to House Democrats on Feb. 5 at a meeting in Williamsburg, Va., he'd shifted from inviting bipartisan support – albeit without significant concessions – to ripping Republicans as obstructionists.

The partisan lines were drawn.

As the fight shifted to the Senate, Obama and his lieutenants grew more active.

A key move came on Feb. 6, when the Senate was deadlocked, short of the 60 votes needed under Senate rules. Democrats controlled 58 seats and needed at least two GOP members.

A major stumbling block was the proposal from House Democrats for \$20 billion in school construction money and a separate \$79 billion fund to help states with education expenses. "School spending should not be part of a federal funding package. I'm not willing to go along with that," said Sen. Mel Martinez, R-Fla.

Emanuel and White House Budget Director Peter Orszag met with a group of moderate senators

that included Democrat Ben Nelson of Nebraska and Republicans Susan Collins of Maine and Arlen Specter of Pennsylvania.

The White House got just enough concessions from the two Republicans and Nelson to move forward; Emanuel quickly took the plan to a closed-door Democratic caucus.

Emanuel knew that he had little time to get the House and Senate to resolve their differences and produce a final version for Obama to sign by Presidents Day. So within hours of the Senate bill's passage Tuesday, he and Orszag began cutting deals.

"After the Senate passed their bill, we at the White House began working on a very detailed compromise," Emanuel said. Coming in late with a specific blueprint "would make this the president's plan," said Emanuel, a veteran of the Clinton White House.

Within 24 hours of Senate passage, the deal was complete, but it left some sour legacies.

Obama may have annoyed members of his own party. When the congressional negotiating committee sat down to ink a final agreement Wednesday, Senate leaders sat around the table. The three chairs for House Democrats were empty.

Everyone waited half an hour, then left – House Speaker Nancy Pelosi was annoyed at the school cuts. White House officials as well as Senate Majority Leader Harry Reid, D-Nev., tried to calm her, and two hours later, the committee regrouped and finished its business.

However, with a national television audience and dozens of reporters looking on, the scene had the air of chaos, as the White House couldn't control Congress' most powerful player.

"On balance, there is some evidence of rookie-type mistakes," Buchanan said of Obama. "On the other hand, this really uncharted territory... Getting \$800 billion past Congress in his first month, his record is looking pretty impressive."



Family Matters

By Bob McCoskrie

New govt should fix prostitution law now – not later

The National government cannot ignore the pleas from communities throughout NZ who are saying that the decriminalisation of prostitution has been a spectacular failure, was based on flawed ideology, and should be immediately repealed.

Since decriminalisation, there has been an increase in street prostitution, brothels operating in residential areas, an increase in teenage prostitution (involving girls reportedly as young as 11 in some areas and a recent report of a parent making financial gain from 'selling' their daughter). There is also an association of brothels and prostitutes with drugs, alcohol, gangs, and used condoms littering the area.

The best way to protect all prostitutes is to prosecute the buyer – as evidenced by the trend in Europe including Sweden, Bulgaria, and Norway – which has resulted in a dramatic decrease in the number of prostitutes.

The opposition to a residential based brothel in the Wellington area, opposition to a brothel in the main street of Dannevirke, opposition to brothels being zoned for the main shopping areas in Lower Hutt, opposition to a sex parlour operating in the same building as a preschool in Wellington, Hamilton City Council's successful restriction on residential brothels, and now attempts by the Manukau City Council to tackle the problems of street prostitution show that communities are not accepting the liberalised laws.

NZ'ers voted out the previous government because of the incessant level of social engineering. National needs to fix this particular failed piece of social engineering – now.

'Nanny state' evicted from school canteens

The Minister of Education has made a great decision by releasing schools from being 'food police' and dictating what can and can't be sold in school canteens.

Research demonstrates that parents are still the gatekeepers of the family food supply and that parents act as important role models for children's eating behaviours. We must understand that parental attitudes and actions are a key contributor to the obesity epidemic in NZ.

For the Minister to transfer the responsibility back to parents is a welcome policy and shows that 'nanny state' may be on her last legs.

The ultimate way to promote healthy eating and exercise and sleep patterns is via parents. If parents believe in the benefits of healthy food, and are prepared to overcome factors such as cost, time in preparation, pressure from children, and lack of convenience, we will start to see progress.

It is time we tackle the serious issue of our obesity epidemic by working with families – rather than expecting schools to pick up yet another parenting responsibility.

Anti-smacking law putting families through hell

Family First NZ has published further evidence that the anti-smacking law is penalising good parents while failing to have any effect on the rates of actual child abuse.

The tragedy is that families are seeking help in their role as parents but as soon as they acknowledge that they smack or have smacked, they are immediately being referred to CYF and in some cases their children are being removed.

The anti-smacking legislation is being used as a legislative sledgehammer by CYF and other agencies who should be working with these types of families, not against them.

The politicians have tried to link light smacking with child abuse and in the process have created a 'snitch' mentality causing the abuse of child abuse laws, huge angst and trauma for good families, while ignoring the 'rotten' parents who we should be targeting our resources and efforts at. The child abuse rate has continued unabated.

The message is clear to the new government. Fix this law and leave good parents to raise law-abiding and responsible citizens.

Family Matters is a new editorial column from Family First's Bob McCoskrie, designed to provoke discussion on issues of the week affecting households. To receive McCoskrie's FREE regular updates, visit http://www.familyfirst.org.nz/index.cfm/Sign_Up

Walker's World

Is Hillary truly in charge?

By Martin Walker

WASHINGTON — This week Hillary Clinton embarks on her first foreign tour as secretary of state, visiting Japan, Indonesia, South Korea and China. And the first question on the minds of her various hosts will be whether she is the true face of American diplomacy or just a hollow symbol.

Given the force of her personality, her record in the Senate and the votes she stacked up in the primaries last year, it sounds bizarre to question her authority. But consider Hillary's curious position from the point of view of a Chinese or Japanese foreign minister.

The first big foreign policy statement by the Obama administration was delivered last weekend in Munich by Vice President Joe Biden. As former chairman of the Senate Foreign Relations Committee, Biden sees himself as the administration's real expert on the world.

His speech at the Munich Conference on Security Policy announced a change of tone to an America that again would listen to its NATO allies, along with a more conciliatory approach (press the reset button) toward Russia and a pragmatic readiness to seek a deal with Iran. Even before being sworn in, Biden used his lame duck status as committee chairman to make a fact-finding trip in January to the three hot spots of Iraq, Pakistan and Afghanistan.

Biden is clearly determined to be an important foreign policy player, and also to be the big ideas man of the administration. In a little-noticed speech during the campaign, Biden said the biggest error of the Bush administration was its failure to face



the biggest forces shaping this century: the emergence of Russia, China and India as great powers. "The Obama-Biden administration will repair those criminal mistakes. Barack and I will end that neglect."

Note that "Barack and I". The speech was delivered before Hillary was named to the State Department, but Biden didn't seem to leave much room for a secretary of state, whoever it might be.

Biden is determined to continue the way Al Gore and Dick Cheney have sharply raised the power

and profile of the vice presidency, and says Obama agrees. "The agreement he and I have is that I would be available for every single major decision that he makes. I'd have all the paper, all the material, all the meetings," he told ABC's This Week. "I'm the last person in the room with every important decision he makes."

Biden is not Hillary's only problem. Every key region of the world now seems to be getting its own presidential envoy, someone who arrives empowered to speak for President Obama, although that is supposed to be Hillary's job. The Middle East has former Senate Majority Leader George Mitchell, and it is rumoured that Middle East veteran Dennis Ross will get the job of special envoy for Iran.

Pakistan-Afghanistan gets former U.N. Ambassador Dick Holbrooke. (Holbrooke would have had India added to his portfolio, until New Delhi lobbied hard against any such suggestion that a rising superpower like India should be lumped together with two failing states like Pakistan and Afghanistan.)

All this means that Hillary will be wondering what's left for her to do, now that former Marine Gen. James Jones has taken over the National Security Council at the White House. He is talking grandly of ambitious plans to give the NSC its biggest overhaul in a generation, expanding its reach to embrace trade, homeland security, cyber-warfare, energy and climate change.

Doubtless Hillary will get a prominent seat at the table, but it hardly leaves her as the key figure in American foreign policymaking. And then there is Bob Gates at the Pentagon, who has the real executive power over the U.S. role in Iraq and

Afghanistan, and a very powerful voice over policy toward Iran.

And then there is the delicate issue of the Strategic Economic Dialogue with China that was launched and carefully nurtured by George W. Bush's treasury secretary, Hank Paulson. These days, those financial contacts with Beijing may be more important than the usual diplomatic routine over North Korea and Taiwan. And busy as new Treasury Secretary Tim Geithner will be, he and his staff do not want to give up the China connection.

Hillary is not just a highly intelligent woman with a host of top-level international contacts, she is also a veteran Washington insider who knows the bureaucracy and the rules of the Potomac power games. She always knew, as every recent secretary of state has had to learn, that the president is his own top diplomat, the guy who does the summits and the Group of Seven and the Group of 20 meetings.

But Hillary can hardly have been prepared for the erosion of her role that seems inevitable from the energetic travel schedule of Biden, the bureaucratic empire-building of the NSC and those new special envoys. This seems to leave Hillary with real authority over not much more than Africa, Latin America and Japan. It is hard to imagine that this is what she expected when she took over the State Department.

More to the point, it leaves the foreign ministers of other countries wondering just how far she really speaks for the United States when she travels. Or should they also check with the Pentagon, the NSC, the Treasury, the relevant special envoy and the office of the vice president?

— UPI

US can't afford its military

By Shaun Waterman

WASHINGTON — With the combined cost of the economic stimulus package and the Wall Street bailout now projected by some estimates to top \$2 trillion, and the federal deficit spiralling, U.S. officials are fretting that current levels of defence spending may be unsustainable.

Moreover, military leaders argue that they will need more money in future years to repair or replace equipment worn out or destroyed in the wars in Iraq and Afghanistan; transform the force to fight modern wars; and invest in new generations of high-tech weaponry.

"The spigot of defence spending that opened on Sept. 11 is closing," Defence Secretary Robert Gates told a hearing last month of the Senate Armed Services Committee.

According to the Congressional Budget Office, defence spending currently constitutes more than half of U.S. domestic discretionary spending — that is, the part of the federal budget that is not spent on mandatory items like Medicare, Medicaid and Social Security. That is about 4.5 percent of U.S. gross domestic product — more than double the proportion of national wealth most other industrialized countries spend on defence.

In absolute terms, the CBO says, Fiscal Year 2008 defence spending, adjusted for inflation, is now 20 percent more than it was in 1985 — at the height of the Cold War military buildup — and has risen 43 percent since its lowest post-Cold War level in 1998.

Yet although the military is much smaller than it was at that time, service chiefs projected last year that they will need continuing annual growth to maintain force readiness — even accounting for the gradually falling cost of smaller U.S. deployments in Iraq.

Quite bluntly, analyst Stephen Daggett of the non-partisan Congressional Research Service told a little-noticed hearing of the House Budget Committee last week, "the cost of everything we have been doing in defence has been accelerating upward too fast even for growing budgets to keep up."

Daggett in his prepared testimony listed several reasons for the explosive growth in the cost of the U.S. military.

"First, personnel costs have spiralled. The average military service member is about 45 percent more expensive, after adjusting for inflation, in Fiscal Year 2009 than in FY 1998," he said. Figures he presented showed that, although congressionally mandated increases in pay and benefits have grown by 30 percent more than inflation in that period, fully one-third of the total increase is down to the expanding costs of healthcare for military retirees under the TRICARE for life program.

And in the future, J. Michael Gilmore of the CBO told the same hearing his agency projected needed funding for the military medical system (including care for both veterans and serving personnel) "is growing seven, eight times more than rapidly than . . . costs as a whole for the Defence Department — and will more than double to \$90 billion a year by 2026."

Daggett also identified two elements related to the ballooning costs of major weapons systems, like the Air Force's new F-35 Joint Strike Fighter, or the Navy's controversial DDG-1000 multibillion-dollar destroyer: intergenerational cost growth and systematic underestimation of acquisition costs.

The growing price of weapons does much to explain why the expense of maintaining even a smaller force structure than in the past has climbed so high, he said.

Intergenerational cost growth refers to the fact that military weapons systems, unlike almost every other category of high-tech equipment, are more expensive than they were 20 years ago.

As an example, Daggett cited the comparative costs of the F-35, which the Air Force considers its low end fighter, and the F-16 it will replace.

The F-35 is now projected to have a flyaway cost of \$83 million each, compared with the inflation-adjusted cost in today's dollars of \$30 million for the F-16 when it was developed in 1985.

"Look at any part of the civilian sector," he told lawmakers, according to a transcript of the hearing,

"not just electronics, but automobiles or aircraft . . . the (cost) trends are not as good in (the Department of Defence) and sometimes they're going in the opposite direction . . . from what's going on in the civilian sector."

Daggett said the reasons for this were a matter far beyond the scope of this brief survey but did proffer some thoughts, including that developers often sought the highest possible performance — what Gates has referred to as the 99 percent solution, vs. a much more affordable 75 percent solution.

"The bottom line on it is seeking performance," Daggett said. "What drives it here is when you're developing a weapons system, what are you looking for? You're looking for performance, and you're trying to push the envelope in a lot of cases."

Another driver of escalating weapons costs, he added, was a requirements development process that tended to produce systems with multiple capabilities, and he cited the DDG-1000 as an example.

"The new destroyer will be half as large again as the DDG-51 it will replace, because it has state-of-the-art capabilities on so many different fronts, including air defence, anti-submarine warfare and communications — not to mention the ability to carry helicopters, unmanned aerial vehicles and a Marine Corps or Special Forces detachment.

"In short, it is all things to all requirements writers," he said, adding the result was a ship that is now projected to cost between \$3.5 (billion) and \$4 billion each, and that cannot, therefore, be afforded in substantial numbers.

The DDG-1000 also illustrated Daggett's second factor in the spiralling costs of weapons systems — the systematic underestimation of acquisition costs.

Figures he presented showed that, between 2000 and 2007, the cost growth of major weapons systems between first estimate and delivery rose from 6 percent of total costs to 27 percent, while delays in delivery rose from an average of 16 months to 21 months in the same period. In other words, major systems are now, on average, costing more than a quarter more than they were budgeted for, despite



SERVICE CHIEFS PROJECTED LAST YEAR THAT THEY WILL NEED CONTINUING ANNUAL GROWTH TO MAINTAIN FORCE READINESS — EVEN ACCOUNTING FOR THE GRADUALLY FALLING COST OF SMALLER U.S. DEPLOYMENTS IN IRAQ

being nearly two years overdue.

Gilmore said such overspending was in large part the result of unrealistic initial estimates.

He said the initial estimate of \$1.5 billion in today's dollars for the DDG-1000, then called the SC-21, "would've made it the cheapest surface combatant (vessel) ever built. . . . There were a lot of people in the building — I was in the building at that time — who knew that initial estimate was unrealistic."

He said that when initial costs are lowballed in such a fashion, no program manager in the world is going to be able to manage the program in such a way that the costs will not grow.

"It's not so much cost growth as cost realism setting in," he concluded.

— UPI

New life in Muqdadiya

By Richard Tomkins

MUQDADIYA, IRAQ — Across post-surge Iraq towns and villages, communities once devastated and depopulated by war are coming back to life amid dampened violence and efforts by U.S. and Iraqi authorities to spur stability and encourage a sense of normalcy and hope through economic revitalization and infrastructure rebuilding projects.

In this dusty agricultural market town, in what is still one of Iraq's most restive regions, that means breathing life back into the al-Aruba souk (market) district where al-Qa'ida, Shiite militias and Iraqi Security Forces all battled for control from 2004 to late 2007.

A year ago the legacy of conflict was everywhere in the district of two-story buildings centred around and radiating from a traffic circle. There were the expected bullet-holed walls, blown-out storefronts and collapsed roofs. But they were inconsequential to the biggest legacy: Al-Aruba, once the city's centre of commerce, was a ghost town.

"It's been like this a long time now," Hassan Abbas Mahmoud, the only shopkeeper open for business, said then. "There are no people shopping. I don't know why no one comes."

No one came because sectarian battles sent most nearby residents of the predominantly Sunni area fleeing for safety elsewhere. No one came because no stores were open. No stores were open because the district was once so dangerous, their owners closed and moved - if they still had goods or money to do so after al-Qa'ida looted them.

Today al-Aruba is on the mend.

"It's made a resurgence," said Army Lt. Col. James DeMoss. "We've put a lot of work into bringing it back. It's one of our biggest projects."

DeMoss is commander of the 3rd Battalion of the 21st Infantry Regiment, which operates in the Muqdadiya area. He said U.S. forces, in partnership with the local government and Iraqi Security Forces, have focused on al-Aruba since September when the troops arrived in the area.

About \$800,000 has been earmarked so far for revitalizing the area, he said, and the funding is coming from the government of Iraq and from other sources through the U.S. Agency for International Development.

None has been spent yet, but already residents and shopkeepers are returning on their own.

"There are a lot of shop owners committed to reopening," said a U.S. military officer. "As we see it, it's a cornerstone for bringing the whole area back. Just about the time we transitioned in (to Muqdadiya),

there was a swell of sentiment for reopening from shop owners and the government."

In al-Aruba today street vendors hawk vegetables, fruits, meat and grains from Diyala's nearby breadbasket region. A few storefronts have opened in the past four months and sell everything from clothing to rugs. More are in the process of opening. Shoppers, albeit in the hundreds rather than the thousands of the past, have returned.

Khalil Ibrahim Hussein borrowed money from family and friends four months ago to reopen the sundry shop his father had run for 20 years. Ahmad Karen Sahar is reopening a flower shop, and Fawzi Gaib's resurrected Rahman restaurant once again has become a favourite meeting place for al-Aruba's elderly men.

"It's very safe now. We can walk in the streets," said Abdul Azziz Ibrahim Naser, who sells foam mattresses. "Before it was too dangerous to do that. Al-Qaida is done and Jaish al-Mahdi (a Shiite militia) is done, so everything is getting better."

U.S. troops and Iraqi Security Forces indicate safer rather than safe may have been a better word for Abdul to have used. Al-Qaida, said to be few in number, still operate in Diyala; Sunni nationalist extremists such as Ansar al-Sunna also remain, as do extremist Shiite militias. Many of those Shiite militiamen are believed to have filled the ranks of local police and for months have been suspected of engaging in sectarian intimidation.

Adding to the volatile mix are terrorists and insurgents arrested earlier and imprisoned at Camp Bucca, a U.S. detention centre near the Kuwait border. Under rules of the new U.S.-Iraqi Strategic Framework, previously called the Status of Forces Agreement, prisoners at U.S. facilities are being released.

"These people are being released, so maybe it will be back to their old tricks," said Ali Essa abu al-Rahman, a lieutenant with an Iraqi Police Emergency Response Force unit in al-Aruba.

Muqdadiya's government and police force, like elsewhere in Diyala province, are dominated by Shiites, although Sunnis are the region's majority population. The situation is the result of Sunnis boycotting elections in 2005 to protest U.S. occupation and because of al-Qa'ida intimidation. Shiites gained provincial power, which includes appointing the province's police chief, who in turn appoints others to the force. New balloting last month will change that - there was no boycott this time. Existing sectarian tensions could well be stoked as a result.

"It's not a place where you can let your guard down," said DeMoss. "Things are improving, but we're not out of the hot water. There's a lot of tension here."

Late last week Shiite gunmen - some believed to



be police - reportedly went into Sunni neighborhoods near the al-Aruba market, fired their weapons in the air and warned residents they would be killed if they didn't abandon their homes, according to U.S. military sources. An improvised explosive device last week injured a prominent Shiite sheik from a village outside the town. This month so far nine Iraqi Security Force personnel have been killed in and around the town by bombs.

Shiites have told U.S. troops a known al-Qa'ida operative had recruited 10 men to commit suicide bombings.

Under terms of the Strategic Framework, American forces cannot hunt down and detain suspected terrorists on their own. U.S. soldiers can only carry out such missions in conjunction with Iraqi counterparts who are in the lead.

Information gathered at courtesy calls to sheiks and other leaders, such as the al-Qa'ida bomber recruitment tip, must be turned over to the Iraqis for their follow-up, which includes obtaining warrants for the arrest of suspects. U.S. troops, however, still perform presence patrols in places like the al-Aruba market or Hayy Mulamem, the market that burgeoned in a Shiite area of Muqdadiya after al-Aruba collapsed.

"Now operations have mainly shifted to the diplomatic angle," said Staff Sgt. Bryan Eull, who served in Mosul in 2005. "Before it was hunting down bad guys, now it's talking to sheiks, finding out people's needs and helping with security when needed."

No major attack has been made against U.S. forces here since Christmas, when a suicide bomber set off

his vest and some mortars in the car he was driving near soldiers walking back to their vehicles after visiting police headquarters in the town of Dali Abbas, about 16 km from Muqdadiya. No soldier was killed and the sole injury was minor.

Muqdadiya is a mixed-sect market community north of the provincial capital of Baquba. Sectarian violence erupted in 2004 when al-Qa'ida entered the area on the heels of Sunni refugees fleeing fighting between insurgents and U.S. forces in Anbar province.

Shiites formed militias to check al-Qa'ida and other Sunni groups. By 2006 Muqdadiya was totally transformed. Sunnis in mixed neighbourhoods had fled to all-Sunni neighbourhoods; Shiites did the same. Surrounding villages were purged of one sect or another. And the battles raged.

Al-Aruba was, and still is, a predominantly Sunni area. With its narrow streets and a large palm grove nearby for quick exit, al-Qa'ida used it as a stronghold. Draconian laws were imposed, shops looted of goods, people on the street parted from their money.

Some surrounding villages remain empty, their people hesitant to return. One is Chichon, about 7 kilometres south of Muqdadiya. Only a handful of poor Shiites remain. The majority population fled to Baghdad and elsewhere after al-Qa'ida invaded the village and then began slaughtering nearby Shiites. The name Chichon derives from Chechen. U.S. and Iraqi officials say those who fled to escape a reprisal attack by Shiite militias were the descendants of people who migrated to Iraq from Chechnya in Eastern Europe 150 years ago.

- UPI

Obama backing away from abortion fight

By James Oliphant

Chicago Tribune

WASHINGTON — When Barack Obama was campaigning for president, he promised to enact legislation to prohibit states from limiting the right to abortion. Now that Obama is in the White House and solid Democratic majorities are ensconced in Congress, opponents of abortion rights have been bracing for that and other major changes to abortion laws.

But there are indications that what those groups dread most and what some liberal voters eagerly anticipate as the rewards of victory may not come to pass - at least not yet. Democrats on Capitol Hill say that while they are committed to reversing several Bush administration policies with regard to abortion rights and family planning, they may hold off on pursuing the kind of expansive agenda feared by social conservatives.

Despite gains in the House and Senate in last year's elections, there are still significant numbers of moderate Democrats - particularly in the House - who either oppose abortion altogether or are not in favour of sweeping changes and favour a more incremental approach. And any large-scale effort involving something as polarizing as abortion neces-

sitates spending political capital, something the Obama White House needs in abundance to ensure the survival of its economic policies.

"We deal in reality," said Nancy Keenan, president of NARAL Pro-Choice America. "You have to be pragmatic, realistic and, in the end, strategic."

Keenan said that solid majorities that back abortion rights that could ensure passage of ambitious legislation don't exist. "The votes just aren't there," she said.

But the anti-abortion camp is not convinced. Topping its list of concerns is the Freedom of Choice Act, first introduced nearly 20 years ago. To abortion-rights supporters, the legislation would codify the constitutional right to abortion that was established by the Supreme Court in 1973 and prevent states from limiting that right.

While the scope of the measure remains the



subject of some debate, anti-abortion activists insist it would do away with waiting periods and parental notification laws - and perhaps even force religious hospitals to perform abortions.

"The antennas are way up in the pro-life community," said Bill Donohue, president of the Catholic League. "I've never seen anything like it. It's like the community is on high alert."

That has led to a post-card drive launched by the U.S. Conference of Catholic Bishops that has been hitting schools, churches and civic organizations for weeks. A similar drive helped torpedo abortion legislation in 1993, the last time Democrats had control of the White House, the Senate and the House.

There are signs the Obama administration is in no mood for a politically draining fight over abortion. The White House persuaded Democratic leaders in

the House last month to drop a provision from the economic stimulus package that would have increased Medicaid funding for family planning services.

At the same time, Democratic leaders on the Hill are taking a go-slow approach. The office of Sen. Barbara Boxer, D-Calif., a past sponsor of the Freedom of Choice Act, says there are no plans to reintroduce the bill in the immediate future.

She said Obama's victory combined with the current makeup of Congress and the Supreme Court means that abortion rights are "not in immediate danger."

Instead, Democrats are concentrating on rolling back Bush administration policies on abortion and contraception. Obama already has acted to revise the Mexico City Policy, also known as the "global gag rule," which prevented international health organizations receiving U.S. aid from promoting or providing abortion services as a means of family planning.

The administration also is expected to scuttle a Department of Health and Human Services rule enacted shortly before President George W. Bush left office that allows health-care workers to refuse to engage in any practice that violates their "religious beliefs or moral convictions." Critics say it could be used to keep patients from receiving information about abortion services or contraception.

Pakistan admits Mumbai bombing

By Saeed Shah

McClatchy Newspapers

ISLAMABAD — Pakistani officials took what could be a decisive step forward in the country's fight against Islamic extremism today, publicly admitting for the first time that the Mumbai terrorist attacks were planned in and launched from Pakistan.

"Some part of the conspiracy has taken place in Pakistan," Rehman Malik, the top security official in the Interior Ministry, told a news conference in Islamabad. "I want to assure the international community, I want to assure all those who have been victims of terrorism, that we mean business."

Before the announcement, Pakistani officials had denied that there was any proof that its citizens were involved in the November Mumbai bombings, which killed some 170 people and pushed nuclear-armed Pakistan and India to the verge of war. Indian officials promptly welcomed the Pakistani admission as a "positive development."

The steps Malik outlined could be Islamabad's most serious action yet against militant groups, and they coincided with a visit this week from the Obama administration's new special envoy for Afghanistan, Richard Holbrooke. Washington has long pressed Pakistan for tougher measures against extremists, but some Pakistani military and intelligence officials have been reluctant to take action against Islamist groups when they consider India to be Pakistan's main enemy.

Malik said that Pakistan has eight suspects in the Mumbai attacks, including the alleged master-



mind, who are together accused of orchestrating the attacks. Six of the eight are in custody, and criminal cases were filed against them on Thursday. The interior ministry said that most, and possibly all, of the conspirators belonged to Lashkar-e-Taiba, a Pakistan-based militant group that Indian officials have accused of carrying out the Mumbai carnage.

Malik said the ringleader, Hamad Amin Sadiq, a 38-year-old he described as the "main operator", was among those in custody. Sadiq wasn't previously named as a suspect. A resident of Karachi, he's originally from the southern Punjab province, a hotbed of Islamic militancy.

Pakistani authorities found one of the boats used by the Mumbai assailants and the crew, confirming that the terrorists set off from Karachi. They located

the shop in Karachi where the attackers bought a boat engine to power the inflatable craft they used to land in India, and that led them to an arrest and to the bank account used for payment, Malik said.

Investigators also discovered that the attackers had made extensive use of Internet and telephone communications from Texas to Europe and the Middle East. A man named Javed Iqbal who lived in Barcelona, for instance, set up some of the Internet phone accounts — which were paid for in Italy. Iqbal was "lured" back to Pakistan during the investigation and detained, officials said. The attackers in Mumbai used phones to keep in touch with their handlers throughout the operation.

Malik stressed that the conspirators were "non-state actors," a response to Indian allegations that

Pakistan — especially its Inter-Services Intelligence agency — helped orchestrate the attack.

The leaders of Lashkar-e-Taiba, including founder Hafiz Saeed, were placed under house arrest soon after the Mumbai attack, but they aren't part of the Pakistani probe. The fate of Saeed, a powerful figure who in the past was said to have ties to ISI, remains unclear.

Ten gunmen attacked Mumbai, but the only one caught alive was Ajmal Kasab, who has made a lengthy confession to Indian authorities. The Pakistani investigation had been unable to trace the origins of any of the nine who were killed, saying Thursday that India hadn't provided enough information on them. Islamabad said it has submitted 30 questions to Indian authorities, whom it says have withheld notes from Kasab's interrogation and other evidence.

"We will continue our investigation, but we want tenable evidence from India. We want full cooperation from India so that this kind of ring be smashed," said Malik.

There appeared to be divisions among the Pakistani authorities on how much to cooperate with India, and a senior official was fired last month for confirming that Kasab was a Pakistani, although a McClatchy Newspapers investigation had traced him to his home village in Pakistan.

"If somebody here is involved in terrorism, and there is ample evidence about it, why cover it up?" said Ikram Sehgal, a security analyst based in Karachi. "They (the Pakistani government) could have said these things earlier but it's better late than never."

UN: Slave trade growing

NEW YORK/VIENNA — The United Nations said today more women than men are human traffickers, particularly in Eastern Europe and Central Asia.

The UN Office on Drugs and Crime (UNODC) published a global report on trafficking in persons with a warning that the UN still has a lot to learn about the worldwide problem, as it admitted that data and understanding still elude researchers on the sad plague of modern-day slavery.

"We have a big picture, but it is impressionistic and lacks depth," said Antonio Maria Costa, the UNODC executive director.

"We fear the problem is getting worse, but we cannot prove it for lack of data, and many governments are obstructing," Costa said in releasing the report at UN headquarters in New York. "It is sick that we should even need to write a report about slavery in the 21st century."

American actress Mira Sorvino, an academy-award winner, was appointed goodwill ambassador for UNODC to lead the fight against human trafficking. She called her new duty "daunting."

She said she decided to accept the title of goodwill ambassador as a mother who wants to make sure that "children of other mothers are also protected from exploitation." Her position calls on her to campaign around the world to ensure that domestic laws are adopted to stop human trafficking.

The report provided no data regarding the global scale of the problem, noting only that the total number of identified victims rose from 11,700 to 14,900 between 2003 and 2006 in 71 selected countries.

Costa called for help for the victims, and for measures to deter trafficking, increase the risks for traffickers and "lower the demand for the goods and services of modern-day slaves."

In addition to the need for more research, the report said many governments still lack the legal tools to identify, report or prosecute human trafficking. A total of 155 countries have signed on to implement agreements or laws against human trafficking in the past five years, but only 61 of them provided data for the present report.

"Either they are blind to the problem, or they are ill-equipped to deal with it," Costa said.

Sexual exploitation is the predominant reason for

human trafficking making up 79 per cent of cases, followed by forced labour. But there were worrying instances of new types of trafficking, including trade with human organs, the report said.

The report said 30 per cent of countries that provided information for the report showed that women made up the largest proportion of traffickers. In Eastern Europe and Central Asia, females accounted for more than 60 per cent of convictions, many of them were former victims.

UNODC said human trafficking has become a multi-billion-dollar business, with profits second only to arms trafficking around the world.

Forced labour represents 18 per cent of human trafficking, but has eluded detection and is less reported than trafficking for sex because the latter is highly visible in cities and along highways.

"We only see the monster's tail," Costa said.

Forced labour involves hundreds of thousands of victims in sweat shops, fields, mines, factories or trapped in domestic servitude, the report said.

Another form of human trafficking involves child soldiers and the exploitation of children for street begging or sex.

Southern Africa was cited as the region with the weakest mechanisms for prosecuting and reporting abuses. Of the 11 countries in the region, only Zambia has prosecuted suspects since 2003.

Some countries, including China, Saudi Arabia and Iran, did not provide any data to the UNODC.

The UNODC said it was alarmed by reports of cases involving new forms of trafficking, including for organ trade in Europe and other regions, ritual killings in Southern Africa and forced marriages in Asia.

According to earlier UN estimates, annual profits from human trafficking are 32 billion dollars. Around 2.5 million people are estimated to be held in forced labour, including forced sex, at any given time.

Citing a lack of information, the report said: "Today, the member states lack the ability to say with any precision how many victims of human trafficking there are, where they come from or where they are going."

— DPA



Middle East truce nearer

CAIRO — A truce between Hamas and Israel is expected to be announced within the coming few days after the Islamist Palestinian group gave its final reply on an Egyptian proposal today.

Sources, who took part in meetings between the Hamas delegation in Cairo and Egypt's intelligence chief Omar Suleiman, were quoted by the official MENA news agency as saying that both sides had reached an agreement of an 18-month truce between Hamas and Israel.

Hamas officials said they were still waiting for Israel to approve the details of the emerging agreement.

The agreement would ensure the lifting of Israel's blockade of the Gaza Strip, the reconstruction of the strip and opening of border crossings, sources said.

Egypt has been brokering parallel, indirect talks between Hamas and Israeli negotiators to establish a lasting ceasefire, that would replace the fragile calm that ended Israel's devastating 22-day offensive in Gaza on January 18.

Also Thursday, Mussa Abu Marzouq, a senior member of the group, told al-Jazeera news channel that a truce will most likely be announced within the next few days.

Abu Marzouq told the Doha-based television

station that Egypt has agreed to work with Israel to make new arrangements for reopening Gaza's crossing into Egypt, without giving any details.

Besides mediating a truce, Egypt is also trying to reconcile Hamas and President Mahmoud Abbas' rival Fatah group, and form a unity government that can move ahead with peace negotiations with Israel.

Marzouq also said that Egypt invited both Fatah and Hamas for direct talks soon.

Representatives of rival Palestinian movements Fatah and Hamas have held preliminary talks in Cairo this week, in what Egypt hoped will be the first of many meetings on forming a national unity government.

"Other factions will be invited later for all-inclusive reconciliation talks," he added.

Egypt has invited Palestinian factions to attend reconciliation talks in Cairo, scheduled for February 22.

Cairo has been trying to broker a reconciliation between Fatah and Hamas since September 2008. But the last round of talks stalled in November, when Hamas refused to continue participating in meetings Abbas released Hamas supporters held in Fatah-controlled prisons in the West Bank.

— DPA

Britain bows to Islamic pressure, bans MP

LONDON – A right-wing Dutch politician who has publicly denounced the Koran as a “fascist book” was refused entry to Britain this morning, sparking diplomatic tensions between the two European Union (EU) member states.

Geert Wilders, the leader of the liberal-right Freedom Party PVV, had been invited by members of Britain’s House of Lords to show his controversial anti-Islamist film *Fitna* to an invited audience.

But despite an official protest from the Dutch government against the entry ban, immigration officials today detained Wilders on his arrival at London Heathrow airport on the grounds that his presence in Britain would be a threat to public security.

In an interview with the BBC, Wilders described British Prime Minister Gordon Brown as the “biggest coward in Europe” by not allowing free speech.

He said he had been detained on arrival, had his passport taken away and was told “in 45 seconds” that he would be returned to the Netherlands.

The Dutch ambassador to Britain, Pim Waldeck, who had earlier made representations at the Foreign Office and the Home Office in London, was at the

airport to meet Wilders.

British Foreign Secretary David Miliband defended the decision to ban Wilders. While Britain was “totally committed” to free speech, it would use legislation to exclude anyone who came to incite racial and religious hatred.

Officials from the European Commission, the EU’s executive, said that member states have the right to refuse entry to EU citizens on the grounds of public order, security or health.

However, they had to explain to the would-be traveller the reasons for the refusal and grant them the right to appeal, commission justice spokesman Michele Cercone said.

Commission officials refused to comment directly on the Wilders case, saying that it was up to member states to make their own risk assessments.

The travel ban received solid backing from Muslim groups in Britain, who described Wilders as an “open and relentless preacher of hate.”

Nazir Ahmed, a Muslim Labour peer in the House of Lords, said: “If this man was allowed into this country it would certainly cause problems within



shown at the scheduled gathering anyway.

Pearson, who is a member of the UK Independence Party, accused the Brown government of “appeasing violent Islam.”

It was important that the majority of moderate Muslims in Britain should be engaged in a debate about Islamic fundamentalism and the use of the

communities around Britain.”

However, the man who invited Wilders, House of Lords member Malcolm Pearson, insisted that it was wrong to suppress free speech “on one of the most important issues of our time.”

He said the film would be

Koran for the pursuit of violent goals.

Wilders’ 16-minute film caused outrage across the Muslim world when it was posted on the internet last year.

Its opening scenes juxtapose a copy of the Koran with images of major terrorist attacks, including September 11 in the US and the Madrid and London bombings in 2004 and 2005.

It warns against the spread of radical Islam and the alleged “Islamization” of the Netherlands.

In December, Wilders announced in a newspaper interview that he would travel abroad to create “international alliances for peace and against Islamization.”

Wilders, who is facing trial in his home country for inciting hatred, said Thursday that, as a democratically-elected politician, he was an advocate of free speech.

“I have no choice,” he said about his enforced return to the Netherlands. “It is a sad day.”

Watch *Fitna* online (warning, contains footage of graphic violence)

– DPA



Queen launches own website

LONDON – If there’s anything you want to know about the British monarchy, just go the website: that is the message of an online offensive launched by Queen Elizabeth II today.

Anyone seeking employment as a royal butler, or keen to find out the names of the queen’s four Corgis, can do so at the click of a mouse on <http://www.royal.gov.uk>

As is fit for a queen, the 82-year-old monarch hired Tim Berners-Lee, one of the inventors of the worldwide web, to revamp the British Monarchy Website, first launched 12 years ago, for the advanced digital age.

Back in 1997, when the image of the monarchy was battered by the outpouring of grief over the death of Princess Diana, the queen’s initiative to enhance transparency by going online was little more than a desperate exercise in damage limitation.

But the idea proved a hit. More than 100 million people visited the site in its first 12 months - a figure that has now increased to an average 250,000 users per week.

“Each country needs to celebrate its own culture. Britain needs to reach out to the world, there are many people across the world who would like to find out more about the monarchy,” Berners-Lee said at the launch in Buckingham Palace this morning.

The revamp overseen by him introduces a number of new features.

It offers virtual tours of Buckingham Palace and other royal residences and, for the first time, gives the viewer access to videos of key historic events, such as the 1953 coronation and the future queen’s first public speech at the height of war in 1940.

Apart from rare archive material, users will be able to access the royal diary of engagements, fully integrated with Google Maps, and see all the clips currently available on the popular Royal Channel

on YouTube, launched in 2007.

The YouTube videos, which attract millions of viewers, include short documentaries on the history of the monarchy, clips from Christmas broadcasts going back 50 years and news footage from royal weddings.

While, back in 1997, the queen (like many others at the time) described the world surrounding the internet as a “bit of a mystery,” she has since embraced the new technology to the full, a spokeswoman said.

The queen had been “heavily involved” in the revamp and was “determined” to make her website more user-friendly and relevant to modern-day society.

Although she only started to use a computer two years ago, the queen is known to be in regular e-mail contact with her grandchildren, who also gave her an iPod on which she reportedly listens to the annual Last Night of the Proms concert.

Under the section Royal Pets, the user will learn that the queen’s four corgis - Linnnet, Monty, Willow and Holly - travel with her to the various residences, with “Her Majesty looking after them herself as much as possible given her busy schedule.”

The user is informed that, among the many animal gifts the queen has received from hosts and well-wishers around the globe are giraffes, turtles, cheetahs and sloths.

“These are not kept by the royal household but are instead given to zoos or wildlife sanctuaries where they can be properly cared for.”

Jobseekers will learn that the palace is currently looking for trainee butlers, housekeepers, ticket sellers and wardens.

Applicants are advised to undergo security clearance and medical checks, while those “who do not have a right to work in the UK” are told to not even try.

– DPA

Boy king’s reach much greater

DOHUK, IRAQ – A Kurdish archaeological expedition announced today that it had found a small statue of the ancient Egyptian pharaoh Tutankhamen in northern Iraq, a Kurdish news agency reported.

Hassan Ahmed, the director of the local antiquities authority, told the Kurdish news agency Akanews that archaeologists had found a 12-centimetre statue of the ancient Egyptian king in the valley of Dahuk, 470 kilometres north of Baghdad, near a site that locals have long called Pharaoh’s Castle.

He said archaeologists from the Dahuk Antiquities Authority believe the statue dates from the mid-14th Century BC.

Ahmed said the statue of Tutankhamen showed “the face of the ancient civilization of Kurdistan

and cast light on the ancient relations between pharaonic Egypt and the state of Mitanni.”

The kingdom of Mittani occupied roughly the same territory spanning Syria, Iraq, Turkey, and Iran in the 14th Century BC that many Kurds now hope will one day form an independent Kurdistan.

“Historical information indicates familial and political ties between Mittani and Egypt,” Ahmed said.

“The discovery of this statue shows us that the name of Pharaoh’s Castle, was not invented out of vacuum, but rather arose out of historical fact,” Ahmed told Akanews. “This calls for strengthening archaeological research ties between the territory of Kurdistan and the Arab Republic of Egypt.”

– DPA

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Alinghi leads going into final race day

AUCKLAND, FEB 13 – High winds forced racing in the Louis Vuitton Pacific Series yachting final off Auckland to be called off early today, with Alinghi leading Team New Zealand 1-0.

The final, which is scheduled to finish tomorrow, has also been reduced from a best-of-seven match to a maximum of five races, with the first crew to three wins taking the title.

Regatta organisers called the boats back to shore this afternoon when winds reached a steady 28 knots.

The forecast for tomorrow is for moderate easterlies of 12 to 18 knots.

The opening race was sailed in winds that began around 17 knots and rose to 25 knots, with gusts of up to 30 knots.

Team NZ dominated the pre-start, holding Alinghi for a period above the line.

As the clock counted down, the New Zealanders broke away, targeting the left-hand side of the course as they crossed the line.

Team NZ had the lead briefly up the first beat, but they didn't get the expected left-hand windshift and saw Alinghi edge in front.

The Swiss were never headed over the remainder of the race and Team NZ's pursuit was hampered on the first downwind leg when they had a problem with their spinnaker halyard.

Alinghi went to win by 22sec.

– NZPA



Team New Zealand battles it out against Alinghi in race one of the best of seven final series of the Louis Vuitton Pacific Series, Auckland, New Zealand, Friday, February 13, 2009. NZPA / Wayne Drought.

Charles back at NZ Open

By Martin Davidson of NZPA

WELLINGTON, FEB 13 – Golf legend Sir Bob Charles has long been a champion of natural remedies but he has never had to pop humble pills.

He is a natural when it comes to self deprecation, with the famous septuagenarian these days describing himself as a fair weather player.

The 72-year-old today announced his intention to contest the \$US600,000 (\$NZ1.18 million) New Zealand Open, telling NZPA he has his fingers crossed for warm temperatures at The Hills near Queenstown on March 12-15.

He has set a high benchmark for himself after finishing in a tie for 23rd in the last championship, held at the same venue in late 2007.

Charles astounded the galleries on that occasion by twice beating his age and becoming the oldest player in history to make the cut at a regular tour event.

He doesn't know if he can repeat that feat but he is keen to find out.

"One of the reasons I've decided to play is because my golf game has not deteriorated in the 15 months since the last New Zealand Open," the 1963 British Open and four-time New Zealand Open winner said.

"I thought, what the heck, let's see if I can't improve on my performances here last time.

"In 2007 it was out of the box, but then again everything fell into place. The conditions were perfect for my game. I'm a fine weather golfer and we had some perfect weather between 20-25degC.

"If the weather is good I play good, if it is bad I play bad. I'm just hoping and praying for the sort of weather we had last time."

He can handle wind and rain, but the cold is a different matter entirely.

"I cannot function in the cold. When you have three or four sweaters on I have difficulty getting my swing past the vertical," said Charles, a 2008 inductee into the World Golf Hall of Fame.

"The worst thing about cold weather is that I have very poor circulation, particularly in my hands, and if the temperature gets below 15degC I lose all my feel."

Next month's tournament marks the first New Zealand Open staged under a joint Australasian Tour and Nationwide Tour banner.

Charles expects competition to be considerably stiffer than 15 months ago when the championship

was co-sanctioned by the European Tour, whose players largely stayed away.

He thinks the addition of the United States' secondary Nationwide Tour will only do the championship good.

"The young guys who you or I probably haven't heard of are very talented players.

"The Nationwide is the feeding ground for the regular tour in the US and most of the successful guys on the regular tour have come from the Nationwide.

"I think the quality of golf will be stronger than in 2007 because we did not get any kind of response from the high profile Europeans, which was the only disappointment of the tournament.

"Even though there is unlikely to be any high profile names the quality of golf will be far more competitive this year."

The championship marks Charles' first event of a year which will again see him compete in the United States and Europe as his remarkable career shows no signs of ending.

He is looking forward to locking horns with South African friend and rival Gary Player in the Legends of Golf event in Savannah, Georgia, on April 24-26 ahead of the US Senior PGA Championship at Beachwood, Ohio, in May.

He is then set for the Ryder Cup Wales Senior Open in June before the Senior British Open the following week at Sunningdale, the scene of his maiden win as a professional in Europe, in 1961 in the Bowmaker Tournament.

The secret to Charles' success at The Hills in 2007 was his thorough preparation as he crammed in close to a dozen practice rounds at The Hills before the championship.

He will not have the same luxury this time, with tractor driving duties beckoning on his farm outside Christchurch as he helps his staff with the barley harvesting chores.

Rest assured, though, that he will find the time to ensure he again does himself credit.

There is extra motivation for him, too, because he will celebrate his 73rd birthday on the Saturday of the championship.

Given his nature, he will be quietly determined to celebrate the milestone with a club in hand rather than miss the second round cut and watch on as others contest the money rounds that weekend.

– NZPA



Nadal looking for traction

ROTTERDAM, NETHERLANDS – Rafael Nadal struggled in a second straight match at the ABN-AMRO World Tennis today before finally defeating Bulgarian teenager Grigor Dimitrov 7-5, 3-6, 6-2.

Nadal said the contest brought back memories of when he played – and beat – Roger Federer as a 17-year-old in Miami. "The motivation is great and you have nothing to lose. It was the same for me then.

"He is for sure heading to the Top 10," said the Spaniard, who broke on seven of 12 chances. "It was a really tough match."

Dimitrov won the Wimbledon and US Open juniors last season and is currently improving from his 490th ranking. The teenager showed poise as he claimed the second set but could not stand in the way of the final Nadal charge to victory.

Andy Murray struggled in a sloppy first set littered with four breaks before lifting his level to overcome Italian Andreas Seppi 7-6 (7-4), 7-5.

The second seed admitted that he had to drasti-

cally cut his error count to go through.

It took him seven set points spread over three games to lift the opening set in just under an hour. But a late break of Seppi in the second from the Italian's double-fault proved key to finally finishing the win in one and three quarter hours.

"There were a lot of errors from both sides in the first set," said Murray, aiming for his second title of 2009 after winning Doha to start the season.

"The standard was not good but we started playing better. In the second set it was really tough."

Seppi, ranked 36th, had won their only previous match on grass.

"I had to play my way into the match," said Murray, now 10-1 for the season. "There were many long rallies and I was able to improve my rhythm from the baseline."

Murray next plays France's Marc Gicquel, a winner over compatriot Paul-Henri Mathieu 6-4, 6-3.

– DPA



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TV & Film



'Confessions' of an actress: Shopaholic star Isla Fisher

By Rick Bentley

LOS ANGELES — Acting is like dancing. Some lead. Some follow.

Until now, Australian actress Isla Fisher has been following the lead of the likes of Vince Vaughn in *Wedding Crashers* and Ryan Reynolds in *Definitely, Maybe*. Her comedy and acting skills kept her in step.

Now, she has taken the lead.

Fisher stars in the film version of the popular *Confessions of a Shopaholic* series by Sophie Kinsella. The books offer a glimpse into the life of journalist and shopping addict Rebecca Bloomwood.

The character also is a slave to fashion. In keeping with that theme, Fisher shows up for an interview at the Four Seasons Hotel dressed in a dark royal blue dress designed by Zac Posen. The vibrant hue of the dress is a sharp contrast to her porcelain skin and red hair.

Fisher admits she is still a little surprised she was picked to star in the movie. Going from being a quirky supporting player to being at the heart of every scene kicked up the pressure.

"I definitely felt far more responsible for the tone of the movie as a lead than you do as a supporting cast member where you can just come in and muck about," Fisher says. She's no longer trying to hide the Australian accent as she has done in each of her American films.

"And on top of that, playing a beloved character from a book that is extraordinarily successful, and knowing that she is now going to be American, and wanting to just capture the essence of her properly added more pressure. Ultimately, when you have an

incredible producer like Jerry Bruckheimer behind you, an amazing cast, it was just an amazing, rewarding, creative experience for me."

The experience had Fisher playing a New York woman who dreams of landing a writing job at a hot fashion magazine. That dream gets sidetracked and she winds up writing a column for a business magazine. The comedy comes from her being a well-dressed fish out of water.

Additional laughs come from Bloomwood having never met a sale she didn't like. Fisher's quick to explain in that way she is nothing like the character. As the actress puts it, she shops rarely and poorly.

Fisher threw herself into the project. That meant long hours discussing exactly which fashions would be right for her character. Fisher also met with members of Spender's Anonymous groups. She was fascinated to discover there were so many types of shopping addictions: trophy shopping; image shopping; collecting.

The film's theme of rabid economic consumption is timely, considering the state of the economy.

"The lessons that Rebecca Bloomwood learns in the movie, we have all been learning recently. So it feels really topical," Fisher says.

Bruckheimer says Fisher was cast because she has both an ability to handle comedy and is a strong dramatic actress. He says the movie would not have worked if Fisher had not been able to show that the character has a serious side.

The executive producer applauds the drama. Fisher embraces the comedy. She has been training all her life, including attending mime school in France, to make people laugh.

"I love the freedom that comedy brings. But I'm open to work with all filmmakers. It is more about the story and character with me rather than the genre," Fisher says.

Confessions gave Fisher a chance to live out one comedy dream. She has always wanted to be part of a scene where her character tries to use her dance moves to seduce a man.

She embarrassingly admits the odd gyrations that pass for a dance in the movie are all her own moves.

"I have been someone who has loves to tap into their inner idiot," Fisher says. "I have always been the clown of my family. I have always enjoyed mucking about. I am just fortunate I get paid to do that."

Fisher gets serious when asked questions about her personal life: her relationship with comedian Sacha Baron Cohen and becoming a mum in 2007. She politely explains those are subjects she doesn't like to talk about in the press.

She puts no such limits on other topics.

Fisher says that unlike her character, there is really nothing material she just has to buy. That the 32-year-old has maintained her petite size over the years has meant she can keep going to her closet to find plenty to wear. If she does need something special for a red carpet event, there are designers willing to help.

She pauses and then confesses there is one item she can't help buying.

"Underwear. Just out of necessity. Just in general. Underwear. Not such a good look, not having underwear," Fisher says.

Watch the trailer



The Class

➤ **Cast:** Francois Begaudeau

➤ **Director:** Laurent Cantet

➤ **Length:** 128 minutes

➤ **Rated:** R (for some sequences of violence and language)

★ ★ ★ ☆ ☆

The Class, the marvellous Paris schoolroom story that won the Palme d'Or at Cannes last year, has a different title at home. In France, it's called *Between the Walls*, which suggests the pressurized environment inside which Mr. Marin (Francois Begaudeau) attempts to teach his unruly, diverse students.

It also implies that educators believe they can seal off students from society at large. Director Laurent Cantet's film is a subtle, truthful lesson in setting more realistic expectations.

After a quick gulp of coffee, Marin starts the first day of the semester, breaking the ice with his new crop of 13-year-olds, and the interactions do not go brilliantly. The kids don't accept his authority, they mulishly resist his efforts to draw them out with probing questions. Marin's job is to teach these diverse kids French, but also to socialize them into the established culture.

Many of them aren't having it. One asks if Marin is gay. He replies "no," and tries to turn the joke into a teachable moment, but the lesson dies in mid-air. When he writes grammar lessons on the chalkboard, using traditional names, one student asks why he chooses "whitey names." Marin says if he used names representing every background in the class "it would never end."

A fair point, but Marin's vision of normal French identity is out of sync with the ethnic, religious and economic realities of his students' lives. The kids are realistically sketched. They can be insolent, but they're not stock juvenile delinquents. Each one has problems at home affecting them in class, from parents who expect academic perfection to troubles with the immigration authorities.

Begaudeau's engrossing performance arises from his first-person familiarity with the material. He is a former schoolteacher whose memoir of his experiences inspired this film. The film doesn't make him a pillar of virtue, only a human mix of ideals and flaws. His snappish observation that a couple of girls in his class are behaving like "skanks" sets off a disruptive, unwinnable argument that poisons the atmosphere for days.

The teachers in the faculty break room are more engaged with the economics of the coffee fund than finding ways to inspire their pupils. With an improvisational cinema-verite style and untrained student actors playing the kids, Cantet's quasi-documentary captures the dynamics of one suburban school and the multicultural learning curve that all of Europe is on today.

Watch the trailer

— By Colin Covert

Music



Van Morrison's new album, 'timeless'

By Greg Kot

Chicago Tribune

On one evening last year, Van Morrison finally got around to revisiting the album that many consider his masterpiece, "Astral Weeks."

This week, a recording of that performance — "Astral Weeks: Live at the Hollywood Bowl" (Listen to the Lion/EMI) — was released. It presents a singer who sounds more engaged, more passionate than he has been about anything in years.

No work in Morrison's canon — or in the rock lexicon, for that matter — sounds quite like "Astral Weeks." Forty-one years after its release it still occupies its own world. It was never meant to be a rock album. Nor is it quite jazz either, even though a bunch of accomplished jazz musicians play on it. It's not readily identifiable as the blues and R&B that Morrison revered as a youth. It's steeped in the spirit of Irish poetry, but more in how it is sung rather than in how the words scan or what they mean.

The album produced no radio hits to rival Morrison's best known songs, such as "Brown Eyed Girl," "Domino," "Wild Night" and "Moondance." And it has been outsold by several Morrison albums. But it has never gone out of print, and it continues to hold an almost sanctified place in the history of popular music. It consistently appears on lists extolling the top albums of all time, and it has been dissected and praised by discerning music listeners for decades.

More significantly, it is an album that Morrison himself has never topped.

The original studio album arrived at a crucial time in Morrison's transformation from the R&B shouter who fronted the Irish garage-rock band Them to the solo artist who chased his muse "into the mystic" and defined Celtic soul. Morrison had

established his solo career in 1967 with "Brown Eyed Girl," but he couldn't have been more discouraged. He had a vision for how he wanted his music recorded, and to his ears, producer Bert Berns had sabotaged it with pop sugarcoating.

Soon after, the Irish singer was banging around Boston, testing new songs in coffeehouses with an acoustic trio. He was moving toward a more meditative sound outside the boundaries of rock, R&B and blues, though it was informed by all of those genres.

Most producers he auditioned for didn't get it, but one did: Lewis Merenstein, a New York studio veteran whose credits would include the Mamas and Papas, Curtis Mayfield, John Cale, Miriam Makeba and Gladys Knight.

In Morrison's idiosyncratic voice, Merenstein heard echoes of jazz vocalese, the style of vocal improvisation briefly popular in the early '50s. He hired jazz musicians for a recording session in New York, naming the bassist Richard Davis as session leader.

Davis in turn recruited Jay Berliner, a veteran of Charles Mingus' bands, to play guitar, and the Modern Jazz Quartet's Connie Kay to play drums. The session also would include strings, horns, keyboards and flute.

Morrison's non-linear songs lent themselves to a more open-ended interpretation. In these songs, his native Belfast figures prominently, but more as a state of mind than a geographical location. In these songs, Belfast becomes a place where time ceases to matter and childhood memories, adolescent passions and adult anxieties merge in a free zone of pure feeling. Cypress Avenue, the Belfast street where the rich folks lived, would become a lyrical metaphor for all that was out of reach for young Van.

Morrison was only 23 years old when the album was completed, but the songs on "Astral Weeks" showed the perspective of a much older man.

The album opens with the wondrous invitation of the title song to "be born again," in a place "between the viaducts of your dreams." The extraordinary sound of Richard Davis' upright bass functions as a second voice, a foil for Morrison's mercurial musings. The song unfolds and then gently recedes over seven minutes, with strings trembling like leaves in a sun-kissed breeze, and Morrison's voice drifting away to a whisper.

He is a "stranger in this world," and his true home is "in another time, in another place."

The album tells the story of that search for home by focusing on commonplace details. Morrison repeats phrases and words until they become incantations.

Freed from the confines of pop structure and chord changes, he bends and twists lyrics in search of every possible nuance until he liberates them from literal meaning. "You breathe in, you breathe out, you breathe in, you breathe out," he chants on "Beside You."

"Then you're high, on your highflying cloud."

Morrison doesn't belong to the world he describes because he feels too much; implied is the notion that life is only worth living in these emotional extremes, from the reverie of "The Way That Young Lovers Do" to the torment of "Cypress Avenue." The images conjured in these whirls of madness and ecstasy are all the more powerful because they're uncensored. His hometown street of elusive dreams becomes the setting for a tale of illicit obsession. Morrison pines for a 14-year-old girl in "Cypress Avenue," and over stately harpsichord, his self-denial turns into physical pain.



Yet there is still a reward in feeling so deeply about anything. What is most unbearable is the impermanence of it all. The specter of loneliness haunts Morrison throughout "Astral Weeks," and as the album winds down it overwhelms him. "Madame George" describes the life of an aging, kind-hearted drag queen who throws parties for "the little boys comin' round," only to be abandoned by them again when the music fades, the booze runs out and the dancing stops. Amid these decadent liaisons, Morrison sees only the sadness of another human being, and he is moved to tears even as he makes his exit. The music is more of a tone poem than a song, a gentle weave of melancholy violin, flute and guitar with Davis wielding his bass like a beacon in the gloaming.

The light is extinguished for good on the closing "Slim Slow Slider." Death closes in and Davis' unflappable bass suddenly turns agitated as Morrison mutters the album's epitaph. And then it's done, an abrupt "Sopranos"-like shift to inky black silence.

When Morrison performed "Astral Weeks" at the Hollywood Bowl last year, he tinkered with the sequencing so that "Slim Slow Rider" arrived in the middle of the set, rather than the end. And he reshaped many of the songs, adding new codas, playing with vocal phrasing and expanding the orchestration. It is a different work but no less emotionally devastating. Morrison's invocation to "get on the train" in "Madame George" evokes Curtis Mayfield's civil-rights anthem "People Get Ready." Like the soul classic, "Madame George" becomes a hymn to transcendence, an invitation to the better world Morrison describes in the title song — one that may exist only in our imagination.

Brown Eyed Girl 

NEW CD RELEASES

Lily Allen

➔ **It's Not Me, It's You**

➔ Capitol

★★★★☆



Lily Allen is so consistently clever – and, at her best, so unflinchingly honest – that we can forgive her (this time) for not really updating the musical approach or personal point of view that made

her 2007 debut, “Alright, Still,” such a sharp-tongued surprise. “It’s Not Me, It’s You” is still built around nursery-rhyme tunes and stinging barbs, albeit ones that seem to reflect the real-life misadventures of the 23-year-old Brit wit. They run from the keenly observed drug-hypocrisy song “Everyone’s At It” to the country-flavoured “Not Fair,” in which Allen is once again let down by a selfish bloke unable to get the job done between the sheets. For the melancholy-tinged album, whose highlight, tellingly, is “The Fear,” Allen hired Greg Kustin, rather than Alright’s Mark Ronson. But the new album’s poppy production suffers in comparison with her ska-flavoured debut.

– Dan DeLuca

Van Morrison

➔ **Astral Weeks:**

Live at the Hollywood Bowl

➔ Manhattan

★★★★☆



Released in 1968, Van Morrison’s “Astral Weeks” is a sui generis masterpiece. Backed by a small combo of jazz musicians and occasionally fleshed out with strings, Morrison meditates deeply and soulfully on

spirituality (the title track), love (“Sweet Thing”) and transvestites (“Madame George”).

Four decades later, Morrison revisited the album for a live performance at the Hollywood Bowl. Morrison seemed like an old soul when he recorded the original at 23, but songs like “The Way That Young Lovers Do” that sounded wistful then sound even more so now. Backed by a large band that includes strings, horns and original “Astral Weeks” guitarist Jay Berliner, Morrison growls, murmurs and utters incantations (like the famous line from “Madame George”: “the love that loves to love the love that loves to love”). He stretches some songs with extended codas and stretches the album with later songs “Listen To the Lion” and “Common One.”

– Steve Klinge

Renee Olstead

➔ **Skylark**

➔ Reprise

★★★★☆



Originally slated for release in 2006, “Skylark” was postponed and tweaked while the Texas songstress focused on her movie and TV career. Working again with pop producer David Foster

– nurturer of mega-voices like Celine Dion, Josh Groban and Michael Buble – the now-19-year-old Olstead takes some well-measured risks here without venturing too far from the formula that made her buzzworthy to begin with. And while it’s easy to be cynical about such a young talent – how much of her life can possibly inform some of these world-weary ballads? – it’s far easier to be impressed with Olstead’s vocal confidence and ability to make standards like “When I Fall in Love” (with trumpeter Chris Botti), “My Baby Cares for Me” and the title track sound fresh and unfettered. This is a slick, big-sounding record, but Olstead’s flexible, bluesy voice and stylistic range remain at the forefront throughout. She even proves herself a capable cowriter on four tracks, including the honky-tonk-flavored “Midnight In Austin, Texas,” highlighted by a scorching Robert Randolph guitar solo.

– Nicole Pensiero

Books

Author-father recalls daughter’s psychosis

Hurry Down Sunshine

➔ **Michael Greenberg**

➔ Other Press, (US\$13.20 via Amazon)



James Joyce once took his beloved, mentally ill daughter Lucia to see Carl Jung. The famed psychoanalyst compared father and child to two people going to the bottom of a river – one falling, the other diving.

Michael Greenberg is as close to knowing how Joyce felt as anyone. In July 1996, he watched helplessly as his bright, creative daughter snapped. Overnight, it seemed, 15-year-old Sally went from reading Shakespeare sonnets in their West Village apartment to grabbing strangers on the street and charging into oncoming traffic, delusional beyond reach.

When Sally’s mania didn’t fade, Greenberg reluctantly checked her into a double-locked psychiatric ward, where drug-dulled patients were “heavy-eyed, out of focus, like smudged photographs of themselves.” So begins the summer chronicled in *Hurry Down Sunshine*, a memoir that reads more like a page-turner.

Poets Robert Lowell and Sylvia Plath, novelist William Styron and others have vividly described mental disorders in the first person, but Greenberg contributes something new – the grief of a parent on the sidelines of madness. A gifted writer, he seeks understanding through literary comparisons and wonders how much his psyche has in common with his daughter’s. At one point, he even sampled her medication in an effort to understand what she was going through.

Greenberg now lives on Manhattan’s Upper West Side with his second wife, choreographer Pat Cremins, and their 10-year-old son. On a recent winter morning, his sparse but comfortably appointed living room was sun-drenched, a weathered baby grand in one corner. Ceiling-high bookshelves bear out his wide-ranging reading interests, from Dante to DeLillo.

Slightly built, with an amiably inquisitive face, Greenberg has a centred demeanour cut by bursts of intensity. His gestures grew animated when he described the “diabolical siren song” of mania that he came to know through Sally.

“In its earliest moments, it’s extremely pleasurable, a feeling of charisma, linguistic fluidity, energy, omnipotence. Who among us would turn away from that? You have to be burned quite a few times before you realize the signs – agitation, grandiosity, no sleeping, paranoia.”

Greenberg and Cremins visited the hospital every day, bringing Sally artichokes and chocolates. She fluctuated between incoherence and wild oracular pronouncements, her mind as unruly as her mop of amber curls.

“Pat was a steadying voice of realism,” Greenberg said of those days. “I was emotionally buffeted between hope and despair. ... I kept trying to re-establish some point of contact that would show me she was coming back, and every time I failed, it stabbed me. This shell of a person was impersonating my daughter.”

Sally’s mother, Robin, also visited, curling up on the bed with her. Robin and Michael had been high school sweethearts, married young and divorced when Sally was in first grade. Tired of the city, Robin moved to rural Vermont, where she remarried and became a baker.

“It didn’t seem possible we could be responsible for this kind of thing,” Greenberg said. “It seemed a force of nature. You’re either told it’s genetic, which is a kind of blame, or that it’s environmental, which is total blame. At least we’ve advanced since the 1960s, when the mother was always blamed for everything.”

His widowed mother also visited, and they discussed Greenberg’s brother Steve, diagnosed as a borderline sociopath and incapable of holding a job or maintaining relationships. Every week, Greenberg meets him at a supermarket to buy him groceries. Steve’s bleak, lonely existence portends a similar possible future for Sally.

When Sally was well enough to come home, she had to maintain a strict regimen of drugs that made her, she said, “feel like I’m packed in foam rubber.” One morning, Greenberg took a full dose himself, and soon felt “neck-deep in a swamp.”

“I quickly understood that drugs were not going to save her,” he said. “I think it’s very difficult and unrewarding for psychiatrists and nursing staff, because there’s very little in the way of a cure.”

Hurry Down Sunshine was not a book that Greenberg intended to write.

“I felt there was something gauche, too revealing, about it,” he said. “I wasn’t sure I could universalize it. It started as an essay on mental illness, but then I dropped that, and just wrote about the moment, like you would a storm or a shipwreck. All the great writing about mental illness, all the way back to ‘King Lear,’ was about the experience of being psychotic. So I saw justification in doing something different, that it wouldn’t be just exhibitionism.”

His teenage years had been unusual in a far different way from his daughter’s. The fourth of five sons in a Brooklyn Jewish family, he moved into his own apartment at age 16 and worked nights at a bookstore to pay the rent.

At 19, lured by the Latin American literary boom of the 1960s and early ‘70s, he and Robin moved to Buenos Aires, where he taught himself to be a reporter. He wrote pieces for the UPI news service and several U.S. publications, including the Boston Globe and Village Voice.

Back in New York by 1975, he supported himself with odd jobs while working on a 700-page novel about two New Jersey brothers. It was bought by a major publisher, but the company changed hands before the book could be published.

After that disappointment, Greenberg worked as a criminal court interpreter and later started a small trucking company. He eventually returned to creative journalism and has been writing *Freelance*, an observational lifestyle column, for the London Times Literary Supplement since 2003. A collection of his columns in book form, interspersed with what he calls “graphic interruptions,” is coming out in September, about the same time as the paperback version of *Hurry Down Sunshine*.

Sally Greenberg has now had manic depression for 12 years. In his book’s postscript, her father summarizes the events in her life since then, including graduation from high school, a short marriage to a former classmate, and work with children and the elderly. Her successes have been interspersed with periods of psychosis and hospitalization. In 2008, she lived in a “therapeutic community” near Robin’s home in Vermont, where residents raise their own vegetables and work with animals. She recently graduated to independent living, and got a job with a veterinarian. She and her father talk almost daily.

Her illness has had a strong impact on everyone in the family, he added. Cremins disbanded her modern-dance company four years ago to pursue a graduate degree in social work and infant development. Sally’s older brother, Aaron, works in child protection for UNICEF.

In the decade since Sally’s hospitalization, societal attitudes toward mental illness have evolved somewhat. But those affected by it still feel alone, Greenberg said.

“We can change the language. We can call it bipolar mental illness or a disorder or a disease. But it’s difficult to change the deep-seated fear and suspicion. When someone’s depressed, it’s their fault, a failure of will. The taboo persists because it’s a very lonely thing ... excruciating for the person who’s ill and has lost the ability to communicate, but also for the family.”

– By Kristin Tillotson

Return to World War II in *The Shanghai Moon*

The Shanghai Moon

➔ **S.J. Rozan**

➔ St. Martin’s Press (US\$16.47 via Amazon)



From the mid-1930s until just before World War II, about 20,000 European Jews found a refuge in Shanghai, one of the few ports that had no quotas on immigrants during those turbulent times. That little known fact about WWII is the foundation for S.J. Rozan’s engrossing *The Shanghai Moon*,

which marks the return of her series characters Lydia China and Bill White after six years.

Lydia and Bill are hired to find a famed brooch stolen from a young refugee and rumoured to have resurfaced in New York. The priceless jade and diamond brooch named the Shanghai Moon is said to be cursed and has not been seen for more than 65 years.

Rozan alternates the suspense-filled contemporary story of Lydia and Bill’s investigation with a gripping historical view of the young Jewish woman’s life in China in *The Shanghai Moon*.

The author smoothly revises her series, which has earned her numerous awards. The characters’ different backgrounds – Lydia is a young Chinese-American, Bill a middle-age white man – continue to give the series texture.

– By Oline H. Cogdill

NYC and its people star in *Lethal Legacy*

Lethal Legacy

➔ **Linda Fairstein**

➔ Doubleday (\$17.16 via Amazon)



A hallmark of Linda Fairstein’s fine legal thrillers is the behind-the-scenes view of New York City that may be new to even those who think they are experts on the Big Apple. In *Lethal Legacy*, Fairstein gives an insider’s view of that most benign and sturdy of cultural

institutions – the New York Public Library.

From the catacombs beneath the building to hidden rooms and forgotten apartments, Fairstein imagines the library as a fairly spooky place where anything can happen. It takes more than just those two wonderful lions out front – which, by the way, are named Patience and Fortitude – to guard this New York stalwart, “the soul of the community.”

But *Lethal Legacy* isn’t just an armchair travel guide. Fairstein brings her A game to her 11th Alexandra Cooper novel with a top-notch plot, realistic situations and believable characters.

Alex, an assistant D.A. and sex-crimes prosecutor, is trying to help a rare-books restorer who may have been the victim of an assault. The investigation leads back to the viperous Minerva and Talbot Hunt, wealthy sister and brother bibliophiles whose hatred of each other is “as ugly as anything in Greek mythology.”

Fairstein seamlessly weaves in ancient maps, manuscript restoration and rare books, illustrating that forensic science comes in many forms. Fairstein makes a trip to the library exciting and dangerous – even if you just came for the books.

Each outing with Alex gives new insight to this character. The author is careful not to make Alex a super sleuth; she is a prosecutor whose job takes her behind the scenes of crimes but, as in real life, the detectives do the investigating. Alex’s close friendship with the two detectives and their devotion to the final question of “Jeopardy” bring a texture to Fairstein’s novels.

– By Oline H. Cogdill

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TAPS NA 3132

Amazon debuts the future of books

By Jeffrey Bartash

MarketWatch

NEW YORK — Amazon.com on Monday unveiled a slimmer, lighter version of the Kindle, its electronic book reader, with a host of new features but the same price as the original device.

At a news conference at the Morgan Library & Museum in New York, Chief Executive Jeff Bezos demonstrated the new device, which will be available for shipping Feb. 24. Dubbed the Kindle 2, it's easier to read, half as thick as the original and thinner than Apple Inc.'s popular 3G iPhone.

Perhaps its niftiest new feature is a high-quality text-to-speech function enabling the Kindle to read books out loud. It also has additional memory and can store 1,500 books, with 25 percent more battery life compared to the original version.

"It's a sexy device. It appeals to the heavy reader," said Avi Greengart, research director of mobile devices at Current Analysis. He said the original version had a "goofy" design and other flaws that Amazon appears to have fixed.

The new device comes barely a year after Amazon launched the original Kindle, which has been sold out for much of that time. The Seattle-based company has never disclosed specific sales figures for the device, though analysts guess as many as 500,000 units have been bought.

"We've been selling e-books for years, and guess what? It didn't work, until 14 months ago," Bezos said. He said Kindle books now account for 10 percent of all sales involving books that are available both in print or digital form.

The Kindle, originally launched in December 2007, is the first reading device that allows customers to buy and download books without a connection to a computer. The goal of Amazon, the nation's largest Internet retailer, is to use the Kindle to remake the book market for the digital age.

"Our vision is every book ever printed in any language, available in less than 60 seconds," said Bezos, who noted that 230,000 books can now be purchased in digital form.

The Kindle 2 is just 0.36 of an inch thick — nearly half the width of the original — and weighs slightly less at 10.2 ounces. The device offers 2GB of memory capacity that Amazon says will hold more than 1,500 books, compared with just 200 books for the original version.

Amazon says its extended battery life will allow Kindle 2 users to read for four to five days on a single charge if the device's wireless service is turned on,



Perhaps its niftiest new feature is a high-quality text-to-speech function enabling the Kindle to read books out loud. It also has additional memory and can store 1,500 books, with 25 percent more battery life compared to the original version

or up to two weeks with wireless off. The Kindle 2 downloads books via the high-speed wireless network run by Sprint Nextel Corp., though no wireless fees apply.

Amazon kept the price of the device at US\$359. A price cut for the original Kindle was implemented last fall.

Several analysts had speculated that the Kindle 2's price would drop to under \$299.

Even with an improved design, the Kindle is likely to remain a niche product unless its price comes down, analysts say. Greengart, for one, said the cost could discourage buyers, especially in light

of the deepening U.S. recession.

"It fits into the 'nice to have but not desperately needed' category," he said.

The use of electronic readers, however, is almost certain to grow. Younger people increasingly get their news and other information from the Internet and they often connect to the Web with electronic devices — wireless phones, BlackBerrys and iPhones.

In the near future, Amazon plans to allow customers to use certain smart phones — and perhaps other devices — to read digital books sold on its Web site.

"I wouldn't rule anything out," said Jay Marine, Amazon's director of product management.

Yet those devices are too small for extensive book reading, opening the way for Amazon to create a new market with its Kindle. Sony Corp. also makes an electronic reading device, or e-reader, and other companies could eventually join the fray, particularly if Amazon allows its digital book copies to work on them.

Asked if they would consider such a strategy, Amazon executives decline to comment.

The first Kindle was generally considered easy to read, but some customers complained about the placement of buttons and the number of steps it took to perform certain tasks. Some critics said it was easy to get dirty or accidentally turn a page.

Despite those flaws, Amazon periodically ran out of Kindle and the device hasn't been available for several months.

Marine said that the company did not anticipate such high demand at the end of 2008 but that Amazon has learned its lesson. "We think we're ready for the Kindle 2," he said.

Prices for books are basically the same. Bestsellers cost US\$10 or less digitally compared to as much as \$35 for a hardcover edition. Major publications such as the New York Times, The Wall Street Journal and now the New Yorker are also available for a regular fee.

The emergence of a mass market for digital books would be beneficial for customers and Amazon alike.

The price of a book — still Amazon's single biggest category of sales — derives mainly from the cost of ink, paper and transportation. Amazon can sell books more cheaply to customers and more profitably for itself when they are distributed over the Internet and read on a Kindle.

Best-selling author Stephen King, who attended the Amazon event, said the device makes reading easier, especially for people with poorer vision, and he praised its storage capacity: "I can have 20 different books on the Kindle."

Scientists release Neanderthal's genome

By Robert S. Boyd

McClatchy Newspapers

WASHINGTON — It was an unfortunate accident, but a lucky break for modern science.

About 38,000 years ago, a Neanderthal man living in what's now Croatia broke his left arm, forcing him to use his other arm for most tasks. That increased the mass and density of the bone in the upper right arm, and preserved his DNA for researchers — using a dentist's drill — to recover many millennia later.

With that bit of material, along with scraps of DNA collected from half a dozen other Neanderthal fossils, scientists have now completed a rough partial draft of the genome of humans' prehistoric cousins.

The Neanderthals lived for hundreds of thousands of years in Europe and western Asia, but went extinct about 30,000 years ago. They were replaced by Cro-Magnons — modern humans.

Svante Paabo, a geneticist at the Max Planck Institute for Evolutionary Anthropology in Leipzig, Germany, and his team of researchers announced their achievement today, on the 200th anniversary of the birth of Charles Darwin.

"We really need to compare ourselves with our

closest relatives," Paabo said. "They're not very different from us."

By contrasting the two genomes, scientists hope to discover "what makes humans human, and what makes modern humans the way they are?"

The goal is a "catalogue of all the differences between the human and Neanderthal genome," Paabo said. "For the vast majority, human DNA looks like Neanderthal DNA."

Despite the similarity, Paabo ruled out any attempt to use the genome to bring a Neanderthal back to life.

"We won't be able to recreate a Neanderthal from DNA even if we wanted to," he said. "It is and will remain impossible."

The Neanderthal DNA, however, could shed light on how early humans increased their brain power and developed the ability to use language. The two species share a variant of a common gene, FOXP2, that plays a role in the ability to speak.

"We cannot say from this they could speak," Paabo said. "We can just say there is no reason to assume they couldn't speak."

Humans and Neanderthals shared a common ancestor about 830,000 years ago, according to Paabo. The two lines gradually diverged until truly

modern humans, Homo sapiens, arose about 200,000 years ago.

"Neanderthals were a separate branch of humanity, our closest relatives," said Henry Harpending, an anthropologist at the University of Utah, who was not part of Paabo's team. "I call them human."

Paabo was skeptical about speculation that humans and Neanderthals may have mated with each other, even though the two species overlapped in Europe for thousands of years.

If Neanderthals contributed to the human gene pool, "it was very small, if anything. It's tiny," he said.

However, researchers may now be able to see if they can find human DNA in a Neanderthal. "Interbreeding is a two-way street," he added.

Paabo said the decoding, or sequencing, of the Neanderthal genome required "revolutionary new



technology" developed by a firm called 454 Life Sciences, a division of pharmaceutical giant Roche in Branford, Conn. The technology uses fibre optics to read stretches of DNA at a blinding speed.

"This was a humongously challenging project," said Michael Egholm, a vice president of 454 Life Sciences. "The amount of DNA is extremely limited."

The draft covers about 63 percent of the 3.2 billion base pairs — the chemical units that make up DNA

— in the Neanderthal genome.

So far, the team has gone through the genome once, meaning that many gaps and errors remain.

Over the next two years, they will repeat the process 10 to 20 times to achieve much greater accuracy.

ON THE WEB

Video of the news conference

FROM FRONT PAGE



The Cook Islands, previously the centre of the European Pacific Bank Winebox scandal in the 1990s, were blacklisted by US regulators soon after that for being too soft on money-laundering. As a result, they toughened up in the mid 2000s demanding new accountability standards. The irony is that Cooks regulators now consider Riaz Patel unfit to run even a tax haven bank, yet his New Zealand operation has escaped scrutiny

transport, courier and logistics companies, and a global financial arm called Wall Street Financial with various subsidiaries spun off under different "Wall Street" brand names.

Less than two years ago, police and customs agents in India and United Arab Emirates raided several businesses in a money-laundering sting, and found that a Cook Islands' registered tax haven bank – Wall Street Banking Corporation – had issued what India alleges were three fraudulent Letters of Credit to enable Dubai importers to purchase Indian food shipments (of a crop known as 'pulses'), those Letters of Credit having a face value far exceeding the money they actually represented. Additionally, the Letters were allegedly "back-dated" according to investigating agencies – often a sign of criminal intent where export documentation is concerned.

Wall Street Banking Corporation, although based in the Cook Islands, had a big administrative office in Auckland.

A number of Indian businessmen were arrested for allegedly falsifying export records as part of the operation, and a total of 40 people were also arrested in Dubai "on charges of laundering illegal money of Indian politicians and top industrialists to Italy, the UK and the US," reported one Indian newspaper in 2007.

In simple terms, it's alleged the food shipments and their documentation were simply cover for financial transactions designed to launder large sums of money on behalf of powerful clients.

The Indian papers reported the Central Bureau of Investigations (CBI) was examining the involvement of Dawood Ibrahim, an organized crime boss and Islamic terror fundraiser for al Qa'ida, in the money laundering, while "yet another investigating agency, Enforcement Directorate, is looking into the role of a Cook Islands registered bank – the Wall Street Banking Corporation."

The *Times of India* was even more gung ho about the role of the Cook Islands tax haven bank and its "proximity" to international terrorist and Asian mafia boss Dawood Ibrahim.

"NEW DELHI: In the Rs 250-crore (NZ\$100 million) pulse-scam case, the Enforcement Directorate is looking into the role of a Cook Islands reg-

istered bank – the Wall Street Banking Corporation – which issued Letters of Credit (LCs) to the three Indian companies that exported pulses to Dubai during a ban period.

"Sources said the value of LCs issued by the Wall Street Banking Corporation for the three firms involved in the pulse scam far exceeded its net worth. The 'briefcase' bank, sources said, operates from a one-room office in Cook Islands and has 26 employees that includes six directors.

"Started by Riyaz [sic] Patel, a Dubai-based businessman of Indian origin, the bank's operations are being scanned by intelligence agencies for its suspected involvement in money laundering on behalf of many Indian tycoons.

"Patel's proximity with Dawood associates is also on the radar of the sleuths whose findings point to links between those involved in the pulse scam with D-gang members," reported the *Times of India*.

One of the Indian exporters that Wall Street Banking Corporation provided Letters of Credit for was Jetking International. Not only was Jetking's owner, Shyam Sunder Jain arrested in India, but Jain's brother Naresh Chandra Jain was picked up on the other side of the transaction in Dubai.

Another report in the *Times of India*, from earlier in May 2007 [details that side of the story](#).

"Naresh Chandra Jain, the man accused in one of the biggest money-laundering rackets to be busted abroad which involves Indians, has confessed to interrogators in Dubai that he had routed funds to Al-Qaida, besides having links with terrorist mastermind Dawood Ibrahim.

"Sources said the accused made the disclosures during his interrogation by intelligence agencies of US, UK and Italy, which had separately questioned him in Dubai. Jain is among seven Indians arrested by UAE police in the last week of February.

"The money laundering racket was busted in a synchronised 18-month operation involving intelligence agencies of several countries, including US and UK. UAE authorities had seized bank accounts of 21 expatriates in the hawala racket, pegged at US\$50 million, in which money was laundered to countries like Italy, UK and US, a part of which was used by Al-Qaida operatives.

"India was apprised of the developments by US

intelligence around the same time that the racket was busted in UAE and was given some key documents to take the probe forward as it involved some Indian politicians and industrialists.

"Besides huge investments in real estate, the hawala racket has been linked to Rs 250 crore pulse scam which the DRI and the CBI are currently investigating.

"The racket was unearthed after close surveillance of the Indian kingpin, Jain, who was spotted at the marriage reception of Dawood's daughter. During more than a year's close watch, sleuths discovered the Indian was a conduit for laundering D-gang's narcotics money and channelising a part of the funds to Al-Qaida.

"Sources said the 21 expatriates whose bank accounts were frozen in Dubai include 15 Indians, two Pakistanis and one each from US, Lebanon, Venezuela and the Netherlands.

"One of the nine companies being probed in the money laundering racket was a recipient of pulses exported from India, the initial investigation revealed," concluded the *Times of India* report.

It is a matter of public record that Wall Street Banking Corporation issued the Letters of Credit to the pulse exporters and dated them for its clients, and it is a matter of public record that at least one of the companies using those L/Cs had definite links to al Qa'ida fundraisers.

But it's not the only brush with a money laundering investigation that the Wall Street companies have endured.

Wall Street Banking Corporation was named in a 2003 Indonesian criminal investigation as well.

"Robbing banks by using fictitious letters of credit (L/Cs) seems to work well," reported one financial journal in November 2003. The article detailed how officials at an Indonesian bank, BNI, conspired with two companies to steal NZ\$278 million using letters of credit issued by "Wall Street Banking Corporation, Cook Islands; Dubai Bank Kenya Ltd; Middle East Bank Kenya Ltd; and Rosbank Switzerland."

Indonesian police audit teams found "a host of irregularities in the L/C transactions", including that the tax haven banks writing the credits didn't normally do business with BNI, that inappropriate

"discounts" were loaded, that "documents delivered carried no export notifications as proof of the existence of goods exported", and there was "no confirmation of shipping documents (bills of lading)."

What shipping documentation existed was clearly fraudulent, such as one document that claimed "1.5 million metric tons of quartz sand" had been "transported in one shipment".

To put that little fib into perspective, the world's largest cargo ship, at 661,000 tons, weighs ten times more than the *Titanic* and is capable of hauling 250,000 tons. There isn't a ship in the world capable of carrying 1.5 million tons.

All of this taking place with a raft of tiny banks in the Cooks, Switzerland and Kenya.

WSD NZ boasts in company profiles about its Kenyan operations, so it's a fair bet the Kenya entities have some kind of connection with the wider Wall Street group.

For the sake of clarity, there is no suggestion that Wall Street Bank Corporation knowingly assisted in the defrauding of the BNI, but the majority of its income was made from writing Letters of Credit for commission, and it appears to have been none too picky about its customers provided they paid their bills.

Riaz Patel's father Asgar, based in India, was the beneficial owner of Wall Street Banking Corp (WSBC) at the time the BNI Indonesia deals were done, although his son Riaz had a role in the management of the bank during this time. However, the fallout from the Indonesian bank staff's crimes coincided with WSBC crashing to its knees as well.

In August 2003, just as Indonesian fraud investigators were pouncing on BNI and arresting the officials involved for their \$278 million swindle, staff at WSBC's Auckland office – where the actual "back room" running of the Cook Islands bank was actually done – found that WSBC urgently needed restructuring because, in reality, it was now broke. What Auckland staff didn't know was what had happened in Indonesia, and they were never told.

Asgar Patel later confided that he was "sick to the stomach to the point of vomiting" with fear; everything, the survival of the entire Patel business empire across the world, hung on making the ownership transfer, recapitalizing the bank and renewing its banking licence, because there were so many intercompany transactions and deals routed through their bank.

A spokesman for WSBC in the Cook Islands, fending off media inquiries as news of the Indonesian scandal broke, told journalists his bank had actually "helped uncover the fraud".

"Indeed, WSBC believes that it was its own internal procedures and consequent communications with the legal department at BNI early this year [2003]... that... alerted the authorities within BNI to the possible fraudulent documents and the misuse of the L/Cs," said the spokesman.

Which, although it sounded great, doesn't sound convincing. The BNI audit found the Letters of Credit scam continued undetected from September 2002 right through until July 2003, when investigators found out, and WSBC would have been earning fees on each Letter they issued (41 L/Cs were involved across the four issuing banks). Given that it was BNI's biggest ever fraud at the time, and nearly tipped the government owned bank over, it's unlikely that BNI head office staff sat on their hands for months after allegedly receiving a tip-off "early" in 2003.

A Wall Street subsidiary, with both Riaz and Asgar as directors, was also at the centre of National Crime Authority investigations on several occasions in Australia – one of those involved shipments of cash, being smuggled into Australia on false documentation.

The senior Patels escaped prosecution, as they have in a number of jurisdictions, by blaming the offending on junior staff. But Australian court records (**R v GUPTA [1999] NSWCCA 384**) disclose amounts that beggar belief:

"On each of seven occasions between January and October 1995 the applicant [appellant] received on behalf of his employer [the Patels' Wall Street Exchange and Financial] an amount of money in Australian currency and later signed an interna-

tional currency transfer report declaring that a far larger amount of money had been received on that occasion.

“The smallest discrepancy concerned money received on 22nd September 1995. \$10,315 was received but \$498,000 was declared as [having] been received, a difference of \$487,685. The greatest discrepancy concerned the declaration made on 13 February 1995 when \$18,255 was received, whereas \$950,000 was declared as having been received, a difference of \$931,745.

“Altogether approximately \$4,800,000 was declared as having been received whereas only a little under \$80,000 was in fact received, a difference of approximately \$4.7 million.

“On each occasion the method used was the same. The money would be received in a packet and money from another source would be added to it. A complicated series of transactions would be entered into, presumably to try to give the intended declaration an appearance of correctness.”

The massive discrepancy, making it appear that Wall Street was in possession of more cash than it really was in Australia, would have given the company the ability to take in funds under the table from organised crime, tax evaders or clients trying to evade financial reporting laws, and ship that money out, in real terms, as clean cash (its arrival in Australia supposedly having already been documented by authorities). In other words \$4.7 million of documentation (at face value) came in, and \$4.7 million in real cash, with face value documentation, could later be exported.

That \$4.7 million, by the way, only involved cash shipments signed for by one employee of the firm. Another employee (there were only two staff) was identified as signing for the shipments on other occasions, and he too was prosecuted.

Australia's National Crime Authority then turned its attention to some of Wall Street Exchange and Finance Pty Ltd's clients, applying for search warrants in what became known as “Operation Gordon”.

“It was said to have been conducted under a reference to the Authority described as the “Limbic Money Laundering Reference”. The application recounted that this investigation concerned the activities of a currency exchange and investment business conducted by Wall Street Exchange and Finance Pty Limited (“Wall Street”) located in Kings Cross. Allegations had been made that directors of that company engaged in financial transactions designed to assist clients to systematically evade payment of income tax and/or launder the proceeds of crime.”

The investigation found that clients had been taking undocumented sums of cash to Wall Street, and the NCA was unable to find records of how much. The Patels later agreed to cough up more than A\$1 million in a 2002 settlement with authorities for WSEF's role.

The particular method of under-reporting or over-reporting cash shipments, using false documentation, is similar to the drug money laundering systems used by Indian crime boss Dawood Ibrahim, currently listed at No. 4 on the Forbe's list of the World's Top 10 Most Wanted Criminals.

“His businesses include gold and drug smuggling,” reports [one entertaining profile](#) on Dawood. “The gang is also heavily involved in [cricket] match-fixing... Dawood's business activities are not confined to the subcontinent. His network extends to several countries of the African continent, and to Malaysia, Singapore, Thailand, Sri Lanka, Nepal, Dubai, Germany, France and UK.”

“Dawood Ibrahim heads an organization known as the D-Company which carries out billions of dollars of operations in Mumbai alone,” claims his Wikipedia entry. “He is believed to control much of the hawala system, which is the very commonly used unofficial system for transferring money and remittances outside the view of official agencies.”

And in fact, that ‘hawala’ money laundering system got Wall Street Financial's Indian office in trouble, when it was caught – again – shipping money on false documentation and raided.

On that occasion, August 1994, Riaz Patel, a director of the company and present in the office, was placed in “judicial custody” and questioned. Reports

available to *TGIF Edition* however indicate Patel was held for three weeks and at one point even tortured as part of the inquiry.

Yet, when we put questions to Patel today, he denied ever being detained in India or Dubai over his business dealings.

Four years later, Wall Street Finance was again hauled before the courts to explain its role in a money laundering capture that had snared one of its clients.

“The alleged smuggling was detected when DRI officers intercepted a vessel ‘Ya Hajipir’, carrying onions to Dubai, and the foreign currency including travellers cheques (TCs) worth Rs 1.44 crore (NZ\$580,000) were found concealed under the cargo,” reported Bombay's *Indian Express* newspaper 10 years ago.

“The investigation revealed that foreign currency worth Rs 13.9 crore (NZ\$5.6 million) in TCs which had been obtained through Wall Street Finance Ltd and its sub-agent, Time Travel and Cargo (TTC), were allegedly smuggled out to the Middle East. The recipients were identified as Salim Dady, Dost/Dosa, and one DD, suspected to be associates of the notorious gold smuggling syndicates of Dubai. The amount is identified from transactions during a period of two months.”

So what is New Zealand's Minister for Internal Affairs doing mixed up with the Wall Street group of companies, and their unique way of doing business?

Richard Worth told *TGIF* he had absolutely no idea that the majority beneficial owner of New Zealand's WSD Global, Riaz Patel, had been implicated in money laundering and financial fraud investigations.

“I know nothing of these issues and I doubt if they are true. If there is any evidence of irregularity in relation to WSD New Zealand my trust will immediately divest itself of its minor shareholding.”

It seems the company has made a concerted effort to cultivate NZ business leaders and politicians. Jim Anderton's Progressive Party Deputy, Matt Robson, has been on the board of WSD and its earlier incarnations since 2005 and serves as chairman. Whether he realized the Letters of Credit operation for WSBC in the Cook Islands was actually being run out of the group's Auckland office, we simply don't know. Nor do we know what due diligence Robson did on his business partner before agreeing to join the company.

Meanwhile, Tasman Capital's due diligence appears to have concentrated on the nuts and bolts financials, rather than reputational hazards. Wall Street's dodgy past, and the 2007 swoop by Indian police and intelligence agencies – whilst these are matters of public record just a mouse click away for anyone with access to Google – were missed.

For WSD Global, there are clear reputation benefits from operating their global network out of Auckland, because New Zealand doesn't arouse suspicion. In a promotional business to business feature dated 3 December 2007, WSD says “being a New Zealand company helped it secure clients because of the country's good international name and tight regulatory frameworks.”

The first inkling that Tasman Capital, a new investment company trying to make a go of it in a tight market, had been sucker-punched into supporting WSD Global came in a letter to Tasman shareholders dated 4 July last year:

“The directors are delighted to inform shareholders that Tasman Capital has entered into an exclusive Heads of Agreement to purchase a substantial NZ business. The business is profitable and we believe it is a very suitable candidate for a NZAX listing.

“The agreement is non-binding and will only go ahead on the completion of satisfactory due diligence. The name of the business cannot be disclosed until later in the year... if the deal proceeds, we expect the deal will significantly increase the net assets of Tasman Capital.”

That letter was also posted in the Sharetrader forum on the internet by Tasman Capital's MD, Joseph van Wijk.

On 9 October last year, Tasman Capital advised shareholders it was pushing ahead with the listing of a company it now named as WSD:

“WSD is an international broking house specialising in foreign exchange, precious metals, futures

and options. WSD is headquartered, registered and regulated in New Zealand and also has branches in Bangkok, Dubai, Johannesburg, Los Angeles, Mumbai and Nairobi... we are very excited by this company's prospects.”

Initially, Tasman Capital expected National MP Richard Worth to be a director, because in reply to a question, Joseph van Wijk answered, “The CEO of WSD is Riaz Patel, the Chairman is Matthew Robson and the other directors are Richard Worth and myself.”

But instead, Worth has remained simply a minority shareholder, probably in recognition that he could not serve as a private company director and be a cabinet minister without incurring a potential conflict of interest.

TGIF Edition approached Matt Robson for comment as well. Sounding extremely nervous, he told us he would make no verbal comment and would only respond to questions in writing. He failed to answer by press time, however, and instead instructed his lawyers to issue a legal threat against the newspaper – a threat we've told his lawyers is a waste of time.

There's no suggestion that Robson has done anything untoward, but his association with Riaz Patel brings with it the reputational collateral damage that the public record provides. Whilst embarrassing that the Letters of Credit used in the alleged al Qa'ida money-go-round had input from the New Zealand office – confirmed to *TGIF* today by Riaz Patel – during Robson's association with the group, that's all it is: embarrassing. As a non-executive chairman, Robson's role doesn't include riding shotgun on daily transactions of the group.

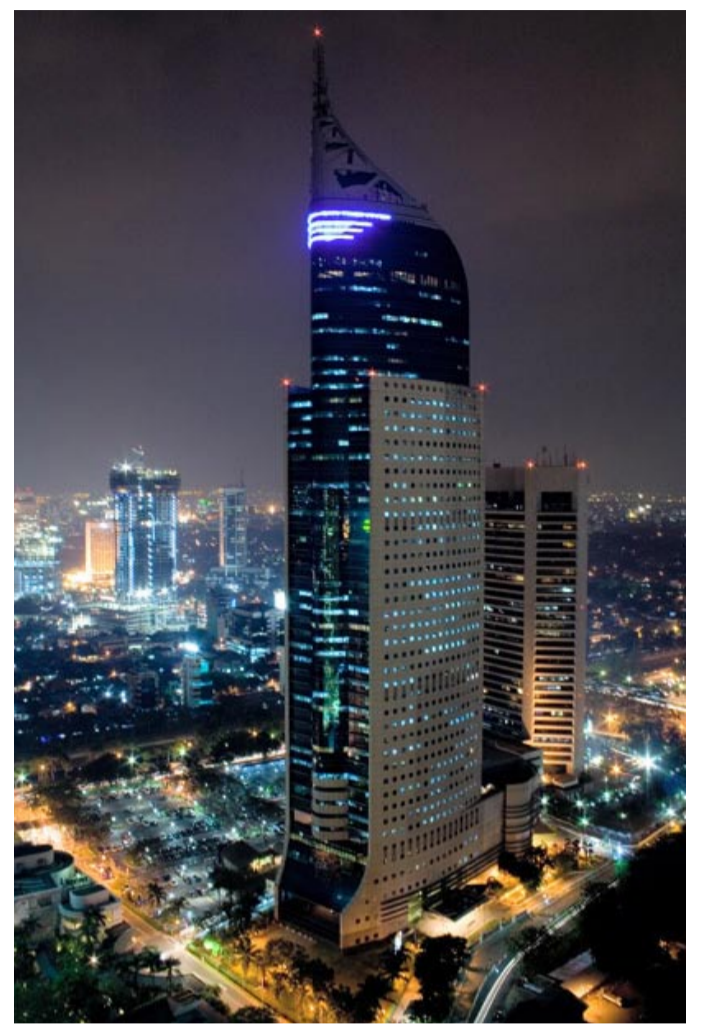
However equally, as chairman, his role arguably does include protecting shareholders, especially public investors if the company is listed, from potential negative fallout. Given a semi-regular series of brushes with the law around the world over the past two decades, Patel's reputation risk is a matter of public interest not only for investors in WSD Global but also New Zealand generally; future incidents could reflect badly on New Zealand supervisory agencies.

Riaz Patel is seeking to create a publicly listed company in first world New Zealand, yet the Cook Islands authorities recommended he was “not a fit and proper person” to hold a tax haven bank licence.

On a best case construction, and Riaz Patel has admitted this himself to *TGIF*, we believe the incidents, particularly those in Australia, disclose a massive failure as director and company secretary to supervise his Australian office. On a worst case construction, we believe the incidents suggest a reckless negligence in providing deals to virtually anyone who asks, or possibly even criminal involvement. It's the old problem, is it incompetence or corruption?

It should be noted that whilst WSD's NZ operations are under a different legal entity (ie, separate companies on paper) than the Cook Island or Indian operations, Riaz Patel is the common link across them, and he appears to own the lion's share of the NZ entities through some kind of private trust structure, believed to be ultimately based in the British Channel Islands via a trust structure called Natar Holdings. Additionally, WSD is claiming its global operations are run from New Zealand, and the company has admitted it did the transactional work in Auckland, for the controversial tax haven bank in the Cooks.

“The Patels group's first family bank was opened in the Cook Islands, The Wall Street Banking Corporation. The bank, which holds Class A rankings of the Bankers Almanac, is managed by a team of



Bank Negara Indonesia, victim of an NZ\$278 million fraud perpetrated by some of its own staff, who used the tax haven bank Wall Street Banking Corporation to help prepare the documents used in the scam. WSBC stood to earn fee income for each Letter of Credit it transacted.

highly qualified bankers and is supported by state-of-the-art IT set-up and back office operations from Auckland,” reported *Gulf News* on March 24, 2003.

Cook Islands regulators actually had to fly to Auckland to investigate the activities of the Rarotonga bank, because the supposed head office in Rarotonga didn't have the relevant transactional records.

Investors hoping to get a slice of the WSD action despite what we've revealed here could be out of luck – regulators in the Cook Islands are in the middle of a massive court battle, believed to be costing nearly a third of what the island makes in tax haven licensing fees each year (about \$3 million), to try and cancel the banking license of WSBC in Rarotonga, and last night the Cooks announced a new move in the chess game: they are changing the law, and will be booting out banks like WSBC.

The reason for the Cooks having a downer in WSBC is because they regard it as a “shell” bank, and they're particularly incensed that Riaz Patel failed to disclose the money laundering investigations in Australia when he applied for the banking license. And of course the 2007 al Qa'ida allegations have not given Cook Islands regulators any confidence that the bank's practices have improved.

And in our view, if the Cook Islands, already a tax haven black sheep itself back at the time, felt Patel was too risky and his executive team too inexperienced at running a proper bank, what does that say about Patel's business approach?

New Zealand, it seems, is crucial to the continued operation of WSD group in the Western financial system.

For Tasman Capital, meanwhile, the story is an unfolding nightmare. What seemed like a great potential listing and a chance to put Auckland more on the world financial map, has suddenly taken on a whole Fonterra/Sanlu dimension or, to use an Indian analogy, they've grabbed a tiger by the tail.

Whether Tasman Capital can tame that tiger, and create a New Zealand financial services company that doesn't rip them to shreds down the track, is the \$64 million question.

As for Robson and Worth, we are not suggesting for a moment they've done anything wrong. What we are suggesting is that relying on Riaz Patel's assurances may be a reputational risk they can't afford to take.

Next week: Riaz Patel's side of the story, we speak to him, and test his claims. [Back to the front page](#)

Between the Devil and the deep

Acclaimed science fiction writer Jules Verne didn't just write *Around the World in 80 Days*, he also wrote an epic about New Zealand and Australia called *In Search of the Castaways*, published in 1867. If you missed the previous instalment of this serial, you can download it [here](#).

For three days the little party made their way under these vast arches, over a clayey soil which the foot of man had never trod. They knew this by the quantity of resinous gum that lay in heaps at the foot of the trees, and which would have lasted for native exportation many years.

The sportsmen found whole coveys of the kiwi, which are scarce in districts frequented by the Maoris; the native dogs drive them away to the shelter of these inaccessible forests. They were an abundant source of nourishing food to our travellers.

Paganel also had the good fortune to espy, in a thicket, a pair of gigantic birds; his instinct as a naturalist was awakened. He called his companions, and in spite of their fatigue, the Major, Robert, and he set off on the track of these animals.

His curiosity was excusable, for he had recognized, or thought he had recognized, these birds as "moas" belonging to the species of "dinornis," which many naturalists class with the extinct birds. This, if Paganel was right, would confirm the opinion of Dr. Hochstetter and other travellers on the present existence of the wingless giants of New Zealand.

These moas which Paganel was chasing, the contemporaries of the Megatherium and the Pterodactyles, must have been eighteen feet high. They were huge ostriches, timid too, for they fled with extreme rapidity. But no shot could stay their course. After a few minutes of chase, these fleet-footed moas disappeared among the tall trees, and the sportsmen lost their powder and their pains.

That evening, March 1, Glenarvan and his companions, emerging at last from the immense kauri-forest, camped at the foot of Mount Ikirangi, whose summit rose five thousand five hundred feet into the air. At this point they had traveled a hundred miles from Maunganamu, and the shore was still thirty miles away. John Mangles had calculated on accomplishing the whole journey in ten days, but he did not foresee the physical difficulties of the country.

On the whole, owing to the circuits, the obstacles, and the imperfect observations, the journey had been extended by fully one-fifth, and now that they had reached Mount Ikirangi, they were quite worn out.

Two long days of walking were still to be accomplished, during which time all their activity and vigilance would be required, for their way was through a district often frequented by the natives. The little party conquered their weariness, and set out next morning at daybreak.

Between Mount Ikirangi which was left to the right, and Mount Hardy whose summit rose on the left to a height of 3,700 feet, the journey was very trying; for about ten miles the bush was a tangle of "supple-jack," a kind of flexible rope, appropriately called "stifling-creeper," that caught the feet at every step. For two days, they had to cut their way with an ax through this thousand-headed hydra. Hunting became impossible, and the sportsmen failed in their accustomed tribute. The provisions were almost exhausted, and there was no means of renewing them; their thirst was increasing by fatigue, and there was no water wherewith to quench it.

The sufferings of Glenarvan and his party became terrible, and for the first time their moral energy threatened to give way. They no longer walked, they dragged themselves along, soulless bodies, animated only by the instinct of self-preservation which survives every other feeling, and in this melancholy plight they reached Point Lottin on the shores of the Pacific.

Here they saw several deserted huts, the ruins of a village lately destroyed by the war, abandoned fields, and everywhere signs of pillage and incendiary fires.

They were toiling painfully along the shore, when they saw, at a distance of about a mile, a band of natives, who rushed toward them brandishing their weapons. Glenarvan, hemmed in by the sea, could not fly, and summoning all his remaining strength he was about to meet the attack, when John Mangles cried:

"A boat! a boat!"

And there, twenty paces off, a canoe with six oars lay on the beach. To launch it, jump in and fly from the dangerous shore, was only a minute's work. John Mangles, McNabbs, Wilson and Mulrady took the oars; Glenarvan the helm; the two women, Robert and Olbinett stretched themselves beside him. In ten minutes the canoe was a quarter of a mile from the shore. The sea was calm. The fugitives were silent. But John, who did not want to get too far from land, was about to give the order to go up the coast, when he suddenly stopped rowing.

He saw three canoes coming out from behind Point Lottin and evidently about to give chase.

"Out to sea! Out to sea!" he exclaimed. "Better to drown if we must!"

The canoe went fast under her four rowers. For half an hour she kept her distance; but the poor exhausted fellows grew weaker, and the three pursuing boats began to gain sensibly on them. At this moment, scarcely two miles lay between them. It was impossible to avoid the

attack of the natives, who were already preparing to fire their long guns.

What was Glenarvan about? — standing up in the stern he was looking toward the horizon for some chimerical help. What did he hope for? What did he wish? Had he a presentiment?

In a moment his eyes gleamed, his hand pointed out into the distance.

"A ship! a ship!" he cried. "My friends, row! row hard!"

Not one of the rowers turned his head — not an oar-stroke must be lost. Paganel alone rose, and turned his telescope to the point indicated.

"Yes," said he, "a ship! a steamer! they are under full steam! they are coming to us! Found now, brave comrades!"

The fugitives summoned new energy, and for another half hour, keeping their distance, they rowed with hasty strokes. The steamer came nearer and nearer. They made out her two masts, bare of sails, and the great volumes of black smoke. Glenarvan, handing the tiller to Robert, seized Paganel's glass, and watched the movements of the steamer.

John Mangles and his companions were lost in wonder when they saw Glenarvan's features contract and grow pale, and the glass drop from his hands. One word explained it.

"The DUNCAN!" exclaimed Glenarvan. "The DUNCAN, and the convicts!"

"The DUNCAN!" cried John, letting go his oar and rising.

"Yes, death on all sides!" murmured Glenarvan, crushed by despair.

It was indeed the yacht, they could not mistake her — the yacht and her bandit crew!

The major could scarcely restrain himself from cursing their destiny.

The canoe was meantime standing still. Where should they go? Whither fly? What choice was there between the convicts and the savages?

A shot was fired from the nearest of the native boats, and the ball struck Wilson's oar.

A few strokes then carried the canoe nearer to the DUNCAN.

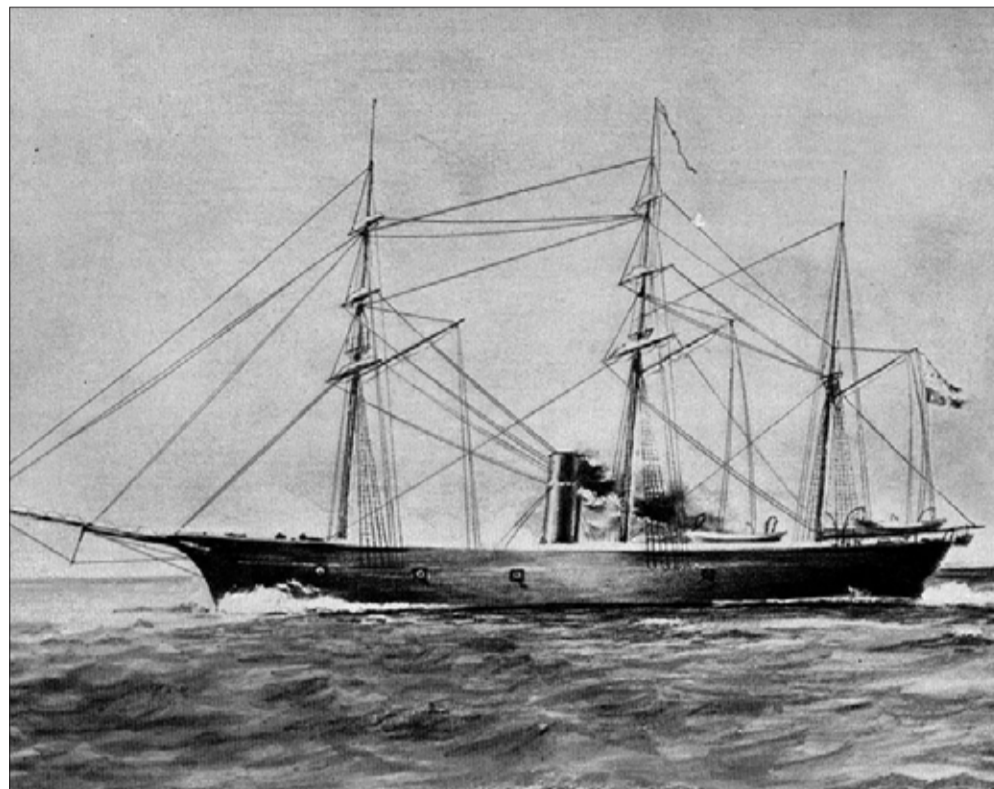
The yacht was coming down at full speed, and was not more than half a mile off.

John Mangles, between two enemies, did not know what to advise, whither to fly! The two poor ladies on their knees, prayed in their agony.

The savages kept up a running fire, and shots were raining round the canoe, when suddenly a loud report was heard, and a ball from the yacht's cannon passed over their heads, and now the boat remained motionless between the DUNCAN and the native canoes.

John Mangles, frenzied with despair, seized his ax. He was about to scuttle the boat and sink it with his unfortunate companions, when a cry from Robert arrested his arm.

"Tom Austin! Tom Austin!" the



lad shouted. "He is on board! I see him! He knows us! He is waving his hat."

The ax hung useless in John's hand.

A second ball whistled over his head, and cut in two the nearest of the three native boats, while a loud hurrah burst forth on board the DUNCAN.

The savages took flight, fled and regained the shore.

"Come on, Tom, come on!" cried John Mangles in a joyous voice.

And a few minutes after, the ten fugitives, how, they knew not, were all safe on board the DUNCAN.



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