

## Court Asked to Throw Out R150m Arms-Deal Claim

<b>Publication</b>	Business Day
<b>Date</b>	2004-02-03
<b>Reporter</b>	Chantelle Benjamin
<b>Web Link</b>	<a href="http://www.bday.co.za">www.bday.co.za</a>

The Pretoria High Court was asked yesterday by government to throw out with costs Richard Young's R150m lawsuit for loss of income following a decision not to award his firm, C<sup>2</sup> I<sup>2</sup>, the contract to provide information management systems for the navy's new corvettes.

The defence department, Armscor and African Defence Systems (ADS), headed by Schabir Shaik, have filed exceptions to Young's lawsuit, claiming that it is "vague and embarrassing".

The department also questioned whether Young's claim for R150m in damages was appropriate relief, and said that it would open the way for everyone who had not won contracts in the arms acquisition deal, to demand this form of compensation.

Young is claiming for lost income from the state, which he says flouted correct procedure in awarding the contract, and from ADS for unlawful competition. The damages claim is a landmark case as it is for damages for a loss of profit arising from a contract that did not exist.

The state said that if Young's argument that he was entitled to financial compensation on the grounds that the German Frigate Consortium's bid was accepted, despite not meeting minimum defence industrial participation requirements, it would mean that all tenderers would have cause to litigate.

" The state may be liable to pay once for the acquisition and three times to the unsuccessful tenderers and their trains of supporting contractors all of whom would have suffered from administrative injustices."

Young was criticised for not taking action immediately after his company lost its bid in December 1999. The state argued that had he been successful the contract would have been set aside and a new review process implemented.

*With acknowledgements to Chantelle Benjamin and the Business Day.*

---