# Updated Corrections - Reflecting Actual Business Practices

**Date**: October 13, 2025  
**Case**: 2025-137857

## Critical Context Update

**Business Practice**: Directors have loan accounts with credit balances of several million across different entities. Companies owe directors large sums at all times. Formal board resolutions are NOT produced for every director-company transaction. The practice is:

* ✅ Transactions clearly marked on bank statements
* ✅ Bank feeds allocate transfers to corresponding accounts
* ✅ Later reconciliation against director loan accounts
* ✅ This is the **established, legitimate business practice**

**Impact on Corrections**: This changes how we frame authorization and governance arguments.

## REVISED CORRECTIONS

### Correction 1: R500,000 Director's Loan Payment

**PREVIOUS CORRECTION** (Incorrect - assumed formal authorization needed):

"Board meeting minutes dated [date] show discussion of director's loan repayment..."

**UPDATED CORRECTION** (Reflects actual practice):

"**141. THE R500,000 DIRECTOR'S LOAN PAYMENT**

141.1 **Background and Business Practice**:

141.1.1 On or about 16 July 2025, a payment of R500,000 was processed from [company name] to [recipient/account];

141.1.2 This payment relates to the directors' loan accounts, which are a standard feature of the RegimA business structure;

141.1.3 **Established Business Practice**: Directors maintain loan accounts with credit balances of several million rand across different entities. The companies owe the directors substantial sums at all times;

141.1.4 The established practice for director-company transactions is:

* Transactions are clearly marked on bank statements;
* Bank feeds allocate transfers to corresponding director loan accounts;
* Reconciliation occurs during regular accounting processes;
* Formal board resolutions are NOT required for routine director loan account transactions.

141.2 **Evidence of Established Practice**:

141.2.1 Director loan account statements showing credit balances of R[amount] for myself, R[amount] for the Second Respondent, and R[amount] for the Applicant as of [date] (Account statements, Annexure JF-X1);

141.2.2 Historical pattern of similar transactions over [timeframe] without formal board resolutions (Transaction history, Annexure JF-X2);

141.2.3 Bank statement dated 16 July 2025 clearly marking the R500,000 payment with reference to director loan account (Bank statement, Annexure JF-X3);

141.2.4 Accounting records showing allocation to appropriate director loan account (Accounting records, Annexure JF-X4).

141.3 **Applicant's Knowledge and Prior Acceptance**:

141.3.1 The Applicant has been aware of and participated in this director loan account system for [X years];

141.3.2 The Applicant himself has received similar payments from director loan accounts without formal board resolutions on [number] occasions, including:

* [Date]: R[amount] (Bank statement, Annexure JF-X5);
* [Date]: R[amount] (Bank statement, Annexure JF-X6);
* [Date]: R[amount] (Bank statement, Annexure JF-X7);

141.3.3 The Applicant never objected to this practice until [date/event];

141.3.4 The Applicant's sudden objection to the R500,000 payment, despite years of accepting the same practice, is inconsistent and suggests a pretext for the interdict application.

141.4 **Context and Timing**:

141.4.1 The R500,000 payment was made on 16 July 2025;

141.4.2 The Applicant first consulted attorneys on 5 August 2025 (20 days later);

141.4.3 The ex parte interdict was filed on 19 August 2025 (34 days after the payment);

141.4.4 This payment appears to have been used as a pretext for the interdict, despite being consistent with established business practice that the Applicant had accepted for years."

### Correction 2: Financial Irregularities Argument

**PREVIOUS CORRECTION** (Incorrect - focused on lack of formal authorization):

"None bear the required dual director signatures as mandated by the Companies Act..."

**UPDATED CORRECTION** (Reflects actual practice and focuses on real issues):

"**10. FINANCIAL IRREGULARITIES AND BREAKDOWN OF NORMAL PRACTICE**

10.1 **Established Business Practice**:

10.1.1 The RegimA businesses have operated with certain established practices for [X years]:

* Directors maintain loan accounts with substantial credit balances;
* Routine director-company transactions are processed based on clear bank statement references;
* Bank feeds allocate transactions to appropriate accounts;
* Reconciliation occurs during regular accounting processes;
* Formal board resolutions are not required for routine transactions within established practices.

10.1.2 This practice has been accepted by all directors, including the Applicant, throughout the history of the businesses.

10.2 **Departure from Established Practice**:

The concern is not the absence of formal authorizations for routine transactions, but rather the **departure from established practice** and the **exclusion of directors from oversight** that has occurred since Rynette Farrar was granted expanded access.

10.3 **Specific Concerns** (Annexure JF-H):

| Date | Amount | Description | Concern | Evidence |
| --- | --- | --- | --- | --- |
| [Date] | R[amount] | Payment to [recipient] | Not clearly marked; unclear allocation | Bank statement, JF-H1 |
| [Date] | R[amount] | Transfer to [account] | No corresponding director loan account entry | Account statement, JF-H2 |
| [Date] | R[amount] | Expense claim | No supporting invoice; not business-related | Expense report, JF-H3 |
| [Date] | R[amount] | Payment to [recipient] | Outside normal business operations | Bank record, JF-H4 |

10.4 **Pattern of Concern**:

10.4.1 These transactions differ from established practice in that:

* They are **not clearly marked** on bank statements for proper allocation;
* They do **not correspond to director loan accounts** or normal business operations;
* They lack **supporting documentation** (invoices, contracts) that would normally exist;
* They were initiated by Rynette Farrar **without consultation** with other directors, departing from the collaborative approach historically used.

10.4.2 The issue is not the absence of formal board resolutions (which have never been required for routine transactions), but rather:

* **Lack of transparency**: Transactions not clearly marked for proper allocation;
* **Exclusion of directors**: Decisions made without consultation;
* **Departure from practice**: Transactions that fall outside established patterns;
* **Missing documentation**: Absence of supporting records that would normally exist.

10.5 **Contrast with Historical Practice**:

10.5.1 Historically, even without formal board resolutions, directors:

* Consulted with each other on significant transactions;
* Ensured transactions were clearly marked for proper allocation;
* Maintained supporting documentation;
* Operated transparently within established practices.

10.5.2 Since Rynette Farrar was granted expanded access, this collaborative approach has been replaced with:

* Unilateral decision-making by Rynette;
* Exclusion of directors from consultation;
* Transactions that are unclear or poorly documented;
* Systematic breakdown of transparency.

10.6 **Required Action**:

A forensic investigation is necessary not to impose formal requirements that have never existed, but to:

10.6.1 Determine whether transactions were properly allocated to appropriate accounts;

10.6.2 Identify transactions that fall outside established business practices;

10.6.3 Trace unclear or poorly documented transactions;

10.6.4 Restore the collaborative, transparent approach that historically characterized the businesses;

10.6.5 Establish whether the departure from established practice has resulted in financial harm."

### Correction 3: Corporate Governance Argument

**PREVIOUS CORRECTION** (Incorrect - assumed formal governance structures):

"Systematic circumvention of dual signature requirements..."

**UPDATED CORRECTION** (Reflects actual informal but functional practice):

"**7.4 BREAKDOWN OF COLLABORATIVE BUSINESS PRACTICE**

7.4.1 **Historical Business Model**:

The RegimA businesses have historically operated with an informal but functional collaborative approach:

* Directors consulted with each other on significant decisions;
* Financial transactions were transparent and clearly documented;
* Director loan accounts were maintained with clear allocations;
* All directors had visibility into business operations;
* Trust and collaboration characterized the business relationships.

7.4.2 **Systematic Breakdown Since Rynette's Expanded Access**:

Since the Applicant granted Rynette Farrar expanded access and authority, this collaborative model has been systematically dismantled:

**Loss of Consultation**:

* Decisions previously made collaboratively are now made unilaterally by Rynette;
* Directors are no longer consulted on significant transactions;
* The Second Respondent and I are excluded from decision-making processes.

**Loss of Transparency**:

* Transactions are no longer clearly marked for proper allocation;
* Supporting documentation is often missing or incomplete;
* Directors no longer have visibility into day-to-day operations.

**Loss of Oversight**:

* Rynette operates without any oversight or accountability;
* The Applicant defends her actions even when questioned;
* Attempts to restore collaborative oversight are characterized as "interference."

7.4.3 **This is Not About Formal Governance**:

The concern is not the absence of formal board resolutions or written policies, which have never been part of our business model. The concern is the **breakdown of the collaborative, transparent, trust-based approach** that successfully operated the businesses for [X years].

7.4.4 **Evidence of Breakdown**:

7.4.4.1 Email dated [date] where the Second Respondent and I raised concerns about unclear transactions, and the Applicant responded by defending Rynette and characterizing our concerns as "interference" (Email, Annexure JF-C1);

7.4.4.2 Access logs showing that our access to business systems was restricted while Rynette's access was expanded (Access logs, Annexure JF-C2);

7.4.4.3 Pattern of transactions initiated by Rynette without consultation, departing from historical collaborative approach (Transaction analysis, Annexure JF-C3);

7.4.4.4 The filing of an ex parte interdict to exclude us entirely, representing the complete abandonment of the collaborative model (Court order, Annexure JF1).

7.4.5 **Impact**:

The replacement of a collaborative, transparent business model with unilateral control by a non-director bookkeeper, combined with the systematic exclusion of directors, creates substantial risk and has already resulted in [documented consequences]."

## Key Changes in Approach

### What We're NO LONGER Arguing:

❌ **Lack of formal board resolutions** (these were never required)  
❌ **Absence of dual signatures** (not part of established practice)  
❌ **Violation of formal governance procedures** (these didn't exist)  
❌ **Companies Act compliance for routine transactions** (not applicable to informal practice)

### What We're NOW Arguing:

✅ **Departure from established practice** (what changed vs. historical approach)  
✅ **Breakdown of collaborative model** (unilateral vs. consultative)  
✅ **Loss of transparency** (unclear transactions vs. clear marking)  
✅ **Exclusion of directors** (systematic removal from oversight)  
✅ **Applicant's inconsistency** (accepted practice for years, suddenly objects)  
✅ **Timing and pretext** (R500K payment used to justify interdict)

## Revised Strongest Arguments

### 1. Regulatory Compliance (Para 44) ⭐⭐⭐⭐⭐

**NO CHANGE** - This argument is unaffected by business practice context and remains the strongest.

### 2. Applicant's Inconsistency ⭐⭐⭐⭐⭐

**STRENGTHENED** - Now we can show:

* Applicant accepted informal practice for years
* Applicant himself received similar payments without formal authorization
* Applicant's sudden objection is inconsistent and pretextual
* Timing suggests pretext for interdict (20 days after R500K payment)

### 3. Breakdown of Collaborative Practice ⭐⭐⭐⭐

**REFRAMED** - Focus on:

* Historical collaborative model worked successfully
* Systematic replacement with unilateral control
* Exclusion of directors from consultation
* Loss of transparency and oversight

### 4. Timeline/Coordination ⭐⭐⭐⭐⭐

**NO CHANGE** - This argument is unaffected and remains strong.

## Updated Evidence Requirements

### Priority 1 (Essential):

**JF-X: Director Loan Account Documentation**:

* Director loan account statements showing credit balances for all directors
* Historical transactions showing established practice (no formal resolutions)
* Examples of Applicant receiving similar payments without formal authorization
* Bank statement for 16 July 2025 (R500K payment) clearly marked
* Accounting records showing proper allocation

**Purpose**: Demonstrate established practice and Applicant's inconsistency

**JF-H: Transactions Departing from Established Practice**:

* Bank statements showing unclear or poorly marked transactions
* Transactions lacking supporting documentation
* Transactions outside normal business operations
* Comparison to historical transactions (clear vs. unclear)

**Purpose**: Show departure from practice, not absence of formal authorization

**JF-C: Evidence of Collaborative Model Breakdown**:

* Historical emails showing collaborative decision-making
* Recent emails showing exclusion and "interference" characterization
* Access logs showing restriction of director access
* Examples of unilateral decisions by Rynette

**Purpose**: Demonstrate systematic breakdown of collaborative approach

## Updated Language Guidelines

### AVOID:

❌ "Unauthorized transactions"  
❌ "Lack of board approval"  
❌ "Missing dual signatures"  
❌ "Violation of Companies Act"  
❌ "Breach of formal governance"

### USE:

✅ "Departure from established practice"  
✅ "Breakdown of collaborative model"  
✅ "Unclear or poorly documented transactions"  
✅ "Exclusion from consultation"  
✅ "Loss of transparency"  
✅ "Systematic replacement of collaborative oversight"

## Example: R500,000 Payment Argument

### WRONG Approach (Assumes formal authorization needed):

"The R500,000 payment lacked board approval and dual signatures, violating the Companies Act and constituting an unauthorized transaction."

**Problem**: This is factually incorrect given the established business practice.

### RIGHT Approach (Reflects actual practice):

"The R500,000 payment on 16 July 2025 was consistent with the established practice of director loan account transactions that has operated successfully for [X years]. The Applicant himself has received similar payments without formal board resolutions on [number] occasions, most recently on [date] (R[amount]).

The Applicant's sudden objection to this payment, despite years of accepting the same practice, is inconsistent and suggests it was used as a pretext for the ex parte interdict filed 34 days later.

The payment was clearly marked on the bank statement (Annexure JF-X3) and properly allocated to the corresponding director loan account (Annexure JF-X4), consistent with established practice."

**Strength**: Uses Applicant's own acceptance of the practice against him.

## Updated Implementation Checklist

### Before Filing:

**Content Review**:

* Removed all references to "unauthorized" (unless truly outside established practice)
* Removed all references to "lack of board approval" for routine transactions
* Removed all references to "dual signatures" as a requirement
* Replaced with "departure from established practice"
* Replaced with "breakdown of collaborative model"
* Focused on Applicant's inconsistency

**Evidence Review**:

* Director loan account statements (all directors, showing credit balances)
* Historical transactions showing established practice
* Examples of Applicant receiving similar payments
* Evidence of collaborative model (historical emails)
* Evidence of breakdown (recent exclusion, "interference" characterization)

**Argument Review**:

* Emphasizes Applicant's inconsistency (accepted practice for years)
* Shows departure from practice (not absence of formal authorization)
* Demonstrates breakdown of collaboration (not violation of formal rules)
* Uses Applicant's own behavior against him

## Summary of Key Changes

### Old Approach (Incorrect):

* Assumed formal governance structures
* Focused on lack of board resolutions
* Emphasized dual signature requirements
* Characterized transactions as "unauthorized"
* Claimed Companies Act violations

### New Approach (Correct):

* Recognizes informal but functional practice
* Focuses on departure from established practice
* Emphasizes breakdown of collaboration
* Characterizes transactions as "unclear" or "outside normal practice"
* Uses Applicant's inconsistency as key argument

## Impact on Overall Case

### Strengthened Arguments:

1. ✅ **Applicant's inconsistency** - Now much stronger (he accepted practice for years)
2. ✅ **Pretext for interdict** - R500K payment used despite being consistent with practice
3. ✅ **Breakdown of collaboration** - More accurate description of what actually changed

### Unchanged Arguments:

1. ✅ **Regulatory compliance** - Still strongest argument (unaffected)
2. ✅ **Timeline/coordination** - Still strong (unaffected)

### Removed Arguments:

1. ❌ **Formal governance violations** - These didn't exist, so argument was incorrect

**The updated corrections now accurately reflect the actual business practices while still making strong, evidence-based arguments about what has genuinely changed and why it's problematic.**

## Next Steps

1. **Update all previous correction documents** to reflect this new understanding
2. **Gather director loan account evidence** (Priority 1)
3. **Document Applicant's similar transactions** to show inconsistency
4. **Focus on collaborative model breakdown** rather than formal authorization
5. **Emphasize Applicant's acceptance of practice** for years before sudden objection

This reframing actually **strengthens the case** by:

* Using Applicant's own behavior against him
* Showing inconsistency and pretext
* Focusing on real changes rather than imagined violations
* Demonstrating what actually worked historically vs. what's broken now