

MTN sued for US\$4bn over Iran contract

Turkish cellphone operator Turkcell has filed a US\$4.2bn (R32.45bn) lawsuit in a US court against MTN over alleged corruption in a deal in Iran, the companies said yesterday.



Turkcell said that it had filed the lawsuit in a US federal court in Washington, accusing MTN of violating international law.

MTN said separately that the case could seek up to US\$4.2bn in damages.

Turkcell said that it was awarded Iran's first private GSM license in 2004 through an international tender.

"Subsequently Turkcell was barred from concluding its license arrangement, and Iran entered into a license agreement with the South Africa-based operator MTN, instead of Turkcell," it said.

MTN owns a 49% stake in the Iranian cellphone company Irancell, which holds the operating licence in that country.

MTN's 33 million customers in Iran make up 21% of its total subscriber base.

MTN accused of bribery

Turkcell did not disclose the details of its lawsuit, but has previously accused MTN of bribing government officials and pressing the South Africa government to endorse Iran's nuclear programme in exchange for rights to the GSM licence.

"MTN continues to believe that there is no legal merit to Turkcell's claim and no basis for such claim to be brought before a US court," the South African firm said.

"MTN will accordingly oppose the claim. MTN further notes the South African government's denial of the allegations that MTN exercised influence over it."

The Turkcell dispute comes as the US is pressuring allies to cut business ties with Tehran.

Source: *The Times* via I-Net Bridge

MTN to oppose Turkcell claim

Following the Turkcell action, mobile services provider MTN Group (MTN) said yesterday it would oppose a claim filed against it by the Turkish mobile phone operator Turkcell Iletisim AS (Turkcell) in the US federal courts.

The South African group said that while the claim has not been served on MTN, it understood that a claim has now been filed by Turkcell in the US courts against MTN and its wholly owned subsidiary, MTN International (Mauritius) Limited, in which Turkcell was claiming no less than US\$4.2bn, plus interest and punitive, consequential and other damages in connection with the award of the second GSM licence in Iran to Irancell.

Irancell is 49% owned by MTN.

"MTN continues to believe that there is no legal merit to Turkcell's claim and no basis for such claim to be brought before a US court. MTN will accordingly oppose the claim. MTN further notes the South African government's denial of the allegations that MTN exercised influence over it," MTN said.

Independent committee

In advance of Turkcell filing its claim, MTN announced the formation of an independent committee, under the chairmanship of the internationally renowned jurist, Lord Hoffmann, to investigate Turkcell's factual allegations. The Hoffmann committee has already begun its investigations and will report its findings to the MTN board, together with any recommendations as to actions to be taken as a result of its findings, including as to their publication.

"The Hoffmann committee has invited Turkcell to participate in its investigation, but Turkcell has to date not done so. The invitation remains open to Turkcell to participate in the Hoffmann committee's investigation," MTN added.

When MTN first mentioned some weeks ago that Turkcell might be bringing a case against it, it said: "As MTN understands the Turkcell US claim, it would allege that, in approximately 2004 to 2005, in an effort to cause the Iranian government to issue the 2nd GSM Licence to MTN rather than Turkcell, MTN made improper payments to an Iranian and a South African government official; that MTN encouraged the South African government to take a favourable position toward Iran's civil nuclear power development programme at a meeting of the International Atomic Energy Agency in November 2005; and that MTN enlisted South African government support for the provision of military equipment to Iran."

The allegation was rejected as untrue by both the SA government and MTN.

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