

New auction boss fills Rael Levitt's shoes

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It is no accident that few people have ever heard of Rayhaan Hassim, the driving force behind Aucor, one of South Africa's biggest auction houses and a ream of other businesses. He is obsessively private. No photographs of him appear on any of his companies websites and he refused to be photographed by Business Times.



Hassim's way of operating under the radar appears to be a perfect fit for the auction industry, about which Aucor director Bradley Stephens recently said the public only knows about 5% of what goes on.

In a recent interview with Business Times, the socially reticent Hassim admitted that he runs a number of businesses. It turns out he has been involved in more than 90 of them, and Aucor is a mere bit player.

Hassim's chronic introversion evidently vaporises when it comes to doing business. Described as "ruthless" by several people who have worked with him, he evidently sees opportunity where few others do.

He also has what one bank executive termed a "phenomenal risk appetite" that has seen him betting millions on car dealerships, steel manufacturers, hotels, wholesalers, retailers, investment properties and financial services institutions. He even has a stake in Dairybelle.

Auction market changes

But it is his acquisition of Aucor that has pushed him into the public arena. The void left in 2012 by the implosion of Auction Alliance - the former industry giant - was filled with blinding speed by the once family-run auction house that Hassim took over six months before.

In late 2011, Auction Alliance founder Rael Levitt bungled one of the biggest sales in the country, the Quoin Rock wine estate, which was being bid for by heiress Wendy Applebaum. It ultimately ended in a messy dishonourable discharge for Levitt and Auction Alliance and tarnished the industry's reputation.

Despite turning the auction house from a modest operation to a nationwide operator, Hassim said business isn't what it should be. Despite Aucor's size - it has a national footprint and holds frequent, high-value sales - it has to vie for business

with many of other companies offering a similar service.

But what irks Hassim is that members of the Winterstein family - former owners of Aucor with years of experience in the industry - left Aucor to set up four other similar establishments.

"I could use the restraint of trade agreements as toilet paper," he said.

Since the Auction Alliance scandal, the banks have been reluctant to unload distressed properties through auctions to the same extent as they used to. But the apparent aversion goes further. Hassim said even getting finance for an auction house is almost impossible.

Auctioneering a 'swear word'

"Auctioneering has become a swear word," he said. His connections haven't managed to help either. "I wrote to Sim [Tshabalala, Standard Bank joint chief executive], I've got 73 accounts at Standard Bank. It has made no difference," he said.

But Hassim is adamant he's going to turn things around. "I'm not a loser," he said. His plan is to undercut the rest of the industry charging a 1% seller's fee and a 1% buyer's fee.

It's a no-brainer - Hassim has the financial power to withstand the initial losses and he will in all likelihood take over the market. Once everyone else is sunk, he can name his commission.

While Hassim appears never to have fallen foul of the law - according to a bank executive, he is "paranoid" about ensuring everything is above board - several people who have had dealings with him claim to be physically afraid of him.

Few people in the auction industry agreed to speak about him to Business Times on the record. One person who did speak candidly sent a panicked e-mail the following day threatening legal action if his or his company's name was mentioned or if any reference was made to the conversation.

He said he "might not make it home from work one day".

Hassim shrugged off the allegations.

Buying debt brings control

One of the ways Hassim gets the companies he wants is by buying their debt from whatever institution they have borrowed from. The company then owes him the debt, which he swaps for equity.

Earlier this year, management at AltX-listed Alert Steel were aghast to learn that the R230m debt they had raised to do a turnaround had been handed over to a third party.

Former Alert Steel chief executive Johan du Toit described Hassim as a "brilliant businessman", but said what was extraordinary was that when the bank sold their debt to Hassim's companies, the bank's management had known they were days away from concluding a deal with another steel producer.

The Alert Steel deal, which involved three of Hassim's companies - AKM Sons Property Trust, Southern Palace Investments 265 and Cannistraro Investments 282 - has got Hassim about 72% of the company's issued shares.

Hassim used the same method to take over Metcash, which he rapidly exited. It almost worked with the Blaauwberg Hotel in the Western Cape, the centre of a pyramid scheme that left more than 2,000 pensioners penniless.

As well as the Standard Bank's chief executive, Tshabalala, Hassim counts several Limpopo politicians as his close friends.

Last year, he gave finance, economic affairs and tourism MEC Alfred Mufamadi a R40,000 Breitling watch. In 2009, he handed over a R500,000 cheque to help former Limpopo premier Ngoako Ramatlhodi buy his R1-million "Pumpkin Palace" near Tzaneen.

While Hassim might find the spotlight overwhelming, his success and way of doing business - as well as the intriguing reaction he elicits in business associates - is likely to keep him there.

Source: Business Times via I-Net Bridge

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