

# Turkcell looking to bring case against MTN in US

Turkcell İletişim Hizmetleri AS (Turkcell), which was unsuccessful in attaining the second GSM telecommunications licence in Iran, is looking to bring a case against South African mobile services provider MTN in a US court.



MTN, which owns 49% of Irancell, the group that was awarded the 2nd Iranian GSM licence, disclosed on Thursday evening that it had been informed by Turkcell that it believes it has a claim against MTN and its relevant subsidiary, arising out of the award of the 2nd GSM Licence, based on alleged violations of United States laws and has indicated an intention to bring such a claim before a United States court.

No such claim has been filed or served yet.

"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.

"Turkcell has intimated a range of putative claim amounts, the nominal value of which, if formally asserted, would be material. No basis for any such claim amount has been substantiated to date. The MTN Board of Directors, on legal advice, presently believes that the Turkcell US Claim lacks legal merit, and that, in any event, a US court would not have jurisdiction to entertain the claim," MTN stated.

## Zero tolerance for corruption, unethical business practices

MTN added it had zero tolerance for corruption and unethical business practices. Accordingly, the Board of Directors had established a special committee consisting of non-executive directors to consider the allegations made in support of the Turkcell US Claim.

"The board has appointed Lord Leonard Hoffmann, an internationally renowned jurist, to chair the committee, to oversee and validate its investigation, and to ensure the integrity and independence of the investigation. The Board has directed the committee to take all actions it deems appropriate to investigate the allegations, and to make recommendations to the Board as to any actions to be taken as a result of its findings, including as to publication of such findings and any measures

which may be warranted," the South African cellular services group said.

MTN chairman Cyril Ramaphosa said that irrespective of the validity of Turkcell's claims, the very fact that such allegations had been made was serious.

## **Not the first of Turkcell's efforts**

"MTN is an extraordinary success story for South Africa. We are a young, dynamic company that represents the best of our continent. The empowering role we have played in providing mobile communications to communities across Africa and the Middle East is something of which I am immensely proud. MTN and the Board remain committed to providing the highest quality of services and products to our customers. As Chairman, I know the pride that all of us at MTN feel in the work we do. We all remain committed to this vision," Ramaphosa added.

Turkcell Iletisim Hizmetleri AS (Turkcell) and its subsidiary, East Asian Consortium (EAC), have brought a variety of legal proceedings arising out of EAC's unsuccessful effort to obtain the 2nd GSM Licence in 2005. In late 2005, EAC commenced (ultimately unsuccessful) proceedings against the Iranian Ministry of Telecommunications. In 2008, Turkcell instituted (currently pending) international arbitration proceedings against the Iranian government under a bilateral investment treaty.

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