

Investigating the investigators (Globes [online])

Who are Black Cube, the firm probing Moti Ben-Moshe's affairs for Nochi Dankner?

Do you think that your rival knows everything about you? That incidents and secrets from your past are suddenly reported in the media? If the answer is yes, you were probably targeted by a business intelligence firm.

In the global business world, no private or public company operates in a vacuum, and money that changes hands always leaves some kind of trail. Moti Ben-Moshe, the new co-controlling shareholder of IDB Holding Corp. Ltd. (TASE:IDBH), who was until recently an unknown private businessman, has personally experienced this lately, following the investigation into his business affairs by IDB's previous controlling shareholder, Nochi Dankner.

Dankner hired the services of business intelligence firm Black Cube Ltd. and Barlev Investigative Auditing, reportedly paying them hundreds of thousands of dollars for several weeks of work. The main points were filed with the court last week as part of Dankner's motion to cancel the decision to take IDB away from him. Dankner also requested to lift the confidentiality of the report by the Tel Aviv District Court-appointed team that examined the sources of Ben-Moshe's money.

Yehudah Barlev CPA has been a familiar name in the Israeli market for years, as the owner of a leading investigative auditing firm, especially regarding the accounting aspects of audits, and the location and quantification of fraud, money laundering, and even the funding of terrorism. In contrast, Black Cube was basically revealed to the Israeli capital market when Dankner filed his motion with the court.

The motion included a 13-page affidavit signed by one of Black Cube's two partners and VP Avi Yanus. The affidavit details the findings of Black Cube's investigation, which raises serious claims against Ben-Moshe, raises doubts about his statements that he is the sole owner of Extra Holding GmbH, raises suspicion of financial fraud through a pyramid scheme, and raises many other questions about taxes and VAT fraud.

Who doesn't need business intelligence?

Black Cube is a registered trademark (in Israel, the UK, and the US), which is owned by BC Strategy Ltd., which was founded in 2011 by Dan Zorella and his partner Yanus, who are both in their 30s. The main shareholder in the company is Zorella, a veteran of IDF Military Intelligence, whom an associate calls a "brilliant guy with a quick grasp and sharp analytical ability."

Yanus's affidavit states that Black Cube "is based on a select group of veterans of the Israeli intelligence community, legal and financial experts." The company has more than 50 investigators, including lawyers, economists, and financial experts, with extensive professional experience and who speak several languages.

Black Cube's main business is litigation support, where it brings to legal hearings intelligence which helps its clients and aid in tracing assets, evidence collection, analysis of conflicts of interest, and knowledge of the legal systems in other countries.

Mining the web and working in the field

The first case that put Black Cube on the media radar was a legal dispute involving British real estate tycoon and international playboy Vincent Tchenguiz (formerly Khadouri). In March 2011, police raided his home and offices, and arrested him on suspicion of corrupt relations with Icelandic bank Kaupthing. Tchenguiz had hired Black

Cube to help him gather business intelligence on the investigation. But when the time came to pay, the parties fell out and filed lawsuits against each other. Black Cube sued Tchenguiz for £330,000. In April 2013, the parties reached a settlement, the details of which are confidential.

Dankner personally hired Black Cube a month ago, the day Tel Aviv District Court Judge Eitan Orenstin decided to transfer control of IDB to Ben-Moshe and Eduardo Elsztein (who won against the Dankner-Alexander Granovsky group).

At the height of the investigation into Ben-Moshe, Black Cube operated a team of more than ten operatives, not including external experts who gathered intelligence for it. While Black Cube was responsible for the gathering of intelligence, **Barlev served as the expert and writer of the investigation's report.**

The Black Cube's investigators initially carried out an online search of Ben-Moshe's businesses in an attempt to map his business and social ties. The team then sought Ben-Moshe's current and former employees, ranging from secretaries to accountants. Because Ben-Moshe has a complex structure of scores of companies, the task involved dozens of people who had to be checked in a short period of time.

Sources close to the investigation said that Black Cube uncovered Ben-Moshe's pattern of operation: every year, he would fire scores of employees, some of whom claim that they had not been paid in months. Black Cube found people embittered by Ben-Moshe's treatment and who were prepared to cooperate.

Apparently, this activity is behind reports that, in the early 2000s, Ben-Moshe was behind a German company called MM International Advertising, which, among other things, operated a website with offensive sexual content and was mentioned in a report by the German child welfare authorities. Ben-Moshe's spokesman said in response that everything was a lie, and that the website was an online platform for the sale of ringtones and logos, and nothing more, and that Ben-Moshe was not responsible for the content.

The next stage of Black Cube's investigation involved foreign trips to some of the scores of companies belonging to Ben-Moshe's complex holdings tree, and scheduled and unscheduled meetings with former employees. For example, the investigative teams visited a company in Cyprus. The registered address was in an almost empty building, with an elderly guard at the entrance. Dozens of companies were registered at the address, but there were no signs on the doors mentioning their names. The same thing happened at another Ben-Moshe company in Luxembourg.

Ben-Moshe has made several comments about Dankner's activity through Black Cube, which he has called a campaign of lies and a witch hunt, and even implied that the methods of the investigation against him were illegal.

It seems that Black Cube, which has already completed the bulk of its work for Dankner, has come out ahead in the case, at least as far as the media exposure it has garnered is concerned. The company is still working for Dankner, albeit less extensively than before. IDB is a flagship case for Black Cube and success in it could open many doors in the Israeli and foreign capital markets, and possibly even turn its young owners into millionaires in their own right.

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