

(hereinafter referred to as "the Second Defendant")

1.2 **NATHAN GEFEN**, a major male news editor and journalist, who resides at 12 Solmor Mansions, Hatfield Street, Cape Town, and whose full and further particulars are to the Plaintiff unknown.

unknown. (hereinafter referred to as "the First Defendant")

1.1 **RAYMOND JOSEPH**, a major male journalist whose identity number is 540403 5107 001, who resides at 11 Meyrick Avenue, Plumstead, Cape Town and whose full and further particulars are to the Plaintiff

INFORM

To the sheriff or his deputy:

COMBINED SUMMONS

PHILEMON RASEMATE LETWABA
and
RAYMOND JOSEPH
NATHAN GEFEN
COMMUNITY MEDIA TRUST
First Defendant
Second Defendant
Third Defendant
Plaintiff

IN THE HIGH COURT OF SOUTH AFRICA
WESTERN CAPE DIVISION, CAPE TOWN
OFFICE OF THE CHIEF JUSTICE
PRIVATE BAG 8000
CAPE TOWN 8000
2019 - 10 - 03
GENERAL OFFICE
WESTERN CAPE HIGH COURT
In the matter between

Case No. 17803/19

1.3 **COMMUNITY MEDIA TRUST**, a non-profit organisation, with registration number 1998/021731/08 duly incorporated in terms of the Company Laws of the Republic of South Africa, having its registered address at Suite 08, South Block, Tannery Park, 23A Belmont Road, Rondebosch, Cape Town and whose full and further particulars are to the Plaintiff unknown (hereinafter referred to as "the Third Defendant")

THAT

PHILLEMON RASEMATE LETWABA, a major male businessman whose identity number is 830717 5774 083, who resides at 120 Wildwood Way, Silver Woods Country Estate, Silver Lakes, Pretoria East (hereinafter referred to as "the Plaintiff")

hereby institutes action in which action the Plaintiff claims the relief on the grounds set out in the particulars annexed hereto.

INFORM the Defendants further that if the Defendants dispute the claims and wish to defend the action, the Defendants shall:

(i) Within **10 (TEN) DAYS** of the service upon the Defendant of this summons, file with the Registrar of this Court at Keerom Street,

DATED at CAPE TOWN this 3rd day of OCTOBER 2019.

have done thereupon.

Summons and return the same to the Registrar or Clerk with whatsoever you
AND IMMEDIATELY thereafter serve on the Defendants a copy of this

INFORM the Defendants further that if the Defendants fail to file and serve
notice as aforesaid, judgment may be given against the
Defendants without further notice to the Defendants, or if having filed and
served such notice, the Defendants fail to plead, except, make application to
strike out or counter-claim, judgment may be given against the Defendants.

with or without a Counter-claim.

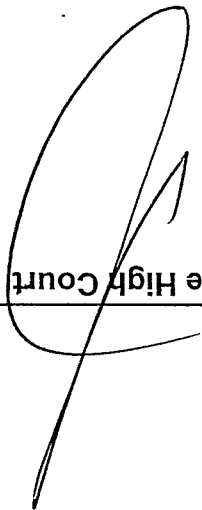
and serve upon the Plaintiff a Plea, Exception, Notice to strike out,
notice of intention to defend as aforesaid, file with the Registrar

(ii) Thereafter and within **20 (TWENTY DAYS)** after filing and serving

notices and documents in the action.

referred to in rule 19(3) for the service upon the Defendants of all
shall give an address (not being a post office or poste restante)
serve a copy thereof on the attorneys of the Plaintiff, which notice
Cape Town, notice of the Defendants' intention to defend and

Registrar of the High Court
High Court
Cape Town



OFFICE OF THE CHIEF JUSTICE
PRIVATE BAG X9020
CAPE TOWN 8000
2019-10-03
GENERAL OFFICE
WESTERN CAPE HIGH COURT

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Ref: B Botha/L Fine/LET95

To:
Registrar of the High Court
High Court
Cape Town

And to:

Raymond Joseph
First Defendant
11 Meyrick Avenue, Plumstead, Cape Town

And to:

Nathan Giffen
Second Defendant
12 Solmor Mansions, Hatfield Street, Cape Town

And to:

Community Media Trust
Third Defendant
Suite 08, South Block, Tannery Park, 23A Belmont Road, Rondebosch, Cape Town

PARTICULARS OF CLAIM

The Parties

- 1 The plaintiff is **Phillemon Rasemate Letwaba**, a major male businessman whose identity number is 830717 5774 083, who resides at 120 Wildwood Way, Silver Woods Country Estate, Silver Lakes, Pretoria East.
- 2 The plaintiff is employed as the Chief Operating Officer ("COO") of the National Lotteries Commission ("NLC"), established in terms of the Lotteries Amendment Act 32 of 2013.
- 3 The first defendant is **Raymond Joseph**, a major male journalist whose identity number is 540403 5107 001, who resides at 11 Meyrick Avenue, Plumstead, Cape Town.
- 4 The second defendant is **Nathan Geffen**, a major male news editor and journalist, who resides at 12 Solmor Mansions, Hatfield Street, Cape Town, and whose further particulars are unknown to the plaintiff.
- 5 The second defendant is the editor of the online news agency GroundUp, which is hosted on the <https://www.groundup.org.za> website ("GroundUp").
6. The third defendant is **Community Media Trust**, a non-profit organisation, with registration number 1998/021731/08 duly incorporated in terms of the Company Laws of the Republic of South Africa, having its registered address at Suite 08, South Block, Tannery Park, 23A Belmont Road, Rondebosch, Cape Town.

6 The third defendant manages and co-owns GroundUp.

7 The other co-owner(s) of GroundUp is/are unknown to the plaintiff.

The Publications

8 The table below sets out six articles that were published on the <https://www.groundup.org.za> website. The table lists the (i) the date of publication, (ii) the web address where the publication was made, and (iii) the title of the publication. Copies of the articles are attached as referenced in the last column of the table.

Date of publication	Web address of publication	Title of publication	Annexure
22 November 2018	https://www.groundup.org.za/article/how-hijacked-npos-scored-millions-lottery/	How a hijacked organisation scored millions from the Lottery	POC1
19 March 2019	https://www.groundup.org.za/article/lottery-gives-out-more-money-to-associates-lawyer/	Lottery gives out more money to associates of controversial lawyer	POC2
13 May 2019	https://www.groundup.org.za/article/probe-fraud-and-corruption-national-lotteries-commission/	Probe into fraud and corruption at National Lotteries Commission	POC3
1 August 2019	https://www.groundup.org.za/article/conflicts-interest-and-incomplete-projects-how-lottery-money-being-spent/	Conflicts of interest and incomplete projects: How Lottery money is being spent	POC4
5 August 2019	https://www.groundup.org.za/article/kuruman-unfinished-r23-million-old-age	Kuruman's unfinished R23 million old age	POC5

	age-home/	home	
7 August 2019	https://www.groundup.org.za/article/lottery-funded-library-empty-shelves/	The Lottery-funded library with empty shelves	POC6

9 GroundUp makes its articles available for republication to other news agencies. Articles published on GroundUp are widely read by the public.

10 The articles annexed as POC1 to POC6 were read by the readers of the <https://www.groundup.org.za> website.

11 The first defendant is the author of the articles annexed POC 1 to POC6.

12 Following the articles' publication on the GroundUp website, the articles were shared over social media and republished on the websites of other news agencies.

Claim A

13 On or about 22 November 2018, the second and third defendants wrongfully and intentionally published an article ("the first article") on the <https://www.groundup.org.za> website regarding and concerning the plaintiff, titled 'How a hijacked organisation scored millions from the lottery'. A copy of the first article is attached hereto marked "POC1".

14 The first defendant is the author of the first article.

15 The first article contained, inter alia, the following statements of and concerning the plaintiff:

- 15.1 [Our investigations] also revealed that a company – of which the brother of the Chief Operating Officer of the NLC was sole director – signed a R15-million contract to build the “new” Denzhe rehabilitation centre”;
- 15.2 “When the NLC was requested to provide details of the project earlier this year, the emails were forwarded to the COO, Phillemon Letwaba. He was very reluctant to make any information available....”
- 15.3 “It transpired that a R15 million building contract was signed in October 2016 with Upbrand Properties. The first payment of R7,165,000 was made the same day, according to NLC records we have seen. Upbrand Properties was registered in January 2016 with Johannes Kgomo as Letwaba, the older brother of the NLC’s COO, Phillemon Letwaba, as the sole director. Asked whether this did not constitute a conflict of interest, Phillemon Letwaba initially denied that any of his family members were involved.”
- 15.4 “I have checked with all my family members and none of them is a director of Upbrand Properties and this information you can check it with CIPC directly. Additionally they have no knowledge of any contract signed between Denzhe and Upbrand Properties.” Letwaba said via email.
- 15.5 “A company search, however, showed that Johannes Letwaba was a director of Upbrand Properties in December 2016, but resigned in March 2017. When this was pointed out to the NLC’s COO, he denied

that a contract had been signed between Upbrand Properties and Denzhe.”

15.6 “Timeline: 20 October 2016 – Contract between Denzhe and the contractor, Upbrand Properties, in which NLG COO Phillemon Letwaba’s family has a stake.”

16 The said words, in the context of the first article are wrongful and defamatory of the plaintiff in that the article was intended and was understood by the readers of the article to mean that the plaintiff is dishonest in the following respects:

16.1 the plaintiff facilitated the improper and/or unlawful funding of recipients with whom he had familial relationships;

16.2 the plaintiff abused his position of authority to advance his own self-interest and/or that of his family;

16.3 the plaintiff abused his position of authority to the detriment of his employer;

16.4 the plaintiff abused his position authority to the detriment of more worthy recipients;

16.5 the plaintiff manipulated and/or orchestrated grant funding in breach of the National Lotteries Commission’s policies and/or mandate;

16.6 the plaintiff is not suited for the position of Chief Operating Officer of the National Lotteries Commission, or a similar position of authority and responsibility;

- 16.7 the plaintiff engaged in morally reprehensible conduct by virtue of the aforesaid;
- 16.8 the plaintiff is involved in illegal activities; and/or
- 16.9 the plaintiff is generally corrupt.
- 17 Alternatively to paragraph 16 above, the statements referred to in paragraph 15, read in the context of the first article as a whole, are wrongful and defamatory of the plaintiff in that they impute and were intended to impute, and would reasonably be understood by the persons to whom they were made, to mean that the plaintiff is dishonest in the ways described in paragraphs 16.1 to 16.9.
- 18 The publication of the statements in the article annexed POC1 was made with the intention to defame the plaintiff, and to injure his reputation.
- 19 Apart from the defamatory meaning of the first article as set out above (whether in the main or the alternative claim), the first article carries the additional sting that the plaintiff, whom sits in a position of authority:
- 19.1 engages in unethical conduct;
- 19.2 is untrustworthy;
- 19.3 does not act in the best interests of a public enterprise;
- 19.4 is not a law-abiding citizen; and
- 19.5 lacks moral fibre.

20 In consequence of the aforesaid publication, the plaintiff has been injured in his good name, reputation and dignity and has sustained damages in the amount of one hundred thousand Rand (R100 000).

Claim B

21 On or about 19 March 2019, the second and third defendants wrongfully and intentionally published an article ("**the second article**") on the <https://www.groundup.org.za> website of and concerning the plaintiff titled '*Lottery gives out more money to associates of controversial lawyer*'. A copy of the second article is attached hereto marked "**POC2**".

22 The first defendant is the author of the second article.

23 The second article contained, *inter alia*, the following statement regarding and concerning the plaintiff:

"Denzhe Primary Care was dormant when it was hijacked and used to receive about R28.5 million between June 2017 and January 2018 to build and run a drug rehabilitation centre near Pretoria ... The brother of the Lotteries Commission's Chief Operating Officer Phillemon Letwaba was sole director of the construction company at the time it signed a R15 million Lottery-funded contract to build the rehab. He subsequently resigned his directorship."

24 The said words, in the context of the second article are wrongful and defamatory of the plaintiff in that the second article was intended and was understood by the readers of the second article to mean that the plaintiff is dishonest in the ways described in paragraphs 16.1 to 16.9.

25 In consequence of the aforesaid publication, the plaintiff has been injured in his good name, reputation and dignity and has sustained damages in the amount of one hundred thousand Rand (R100 000)

Claim C

26 On or about 13 May 2019, the second and third defendants wrongfully and intentionally published an article ("the third article") on the <https://www.groundup.org.za> website of and concerning the plaintiff titled 'Probe into fraud and corruption at National Lotteries Commission'. A copy of the third article is attached hereto marked "POC3".

27 The first defendant is the author of the third article.

28 The third article contained, *inter alia*, the following statement of and concerning the plaintiff:

"A usually reliable senior NLC source claimed that the DTI had not accepted a report by the NLC board ... that found that Lotteries Chief Operating Officer Philemon Letwaba had declared a conflict of interest when a company of which his brother was sole director was awarded a R15 million construction contract for a rehabilitation centre ... in Pretoria."

29 The said words, in the context of the third article, annexed as POC3, are wrongful and defamatory of the plaintiff in that the third article was intended and was understood by the readers of the third article to mean that the plaintiff is dishonest in the ways described in paragraphs 16.1 to 16.9.

30 Alternatively to paragraph 29, the statements referred to in paragraph 28, read in the context of the third article as a whole, are wrongful and defamatory of the

plaintiff in that they impute and were intended to impute, and would reasonably be understood by the persons to whom they were made, to mean that the plaintiff is dishonest in the ways described in paragraphs 16.1 to 16.9.

31 The publication of the statements in the article annexed POC 3 was made with the intention to defame the plaintiff, and to injure his reputation.

32 Apart from the defamatory meaning of the third article as set out above (whether in the main or the alternative claim), the article carries the additional sting that the plaintiff, whom sits in a position of authority, is the ways described in paragraphs 19.1 to 19.5.

33 In consequence of the aforesaid publication, the plaintiff has been injured in his good name, reputation and dignity and has sustained damages in the amount of one hundred thousand rand (R100 000).

Claim D

34 On or about 1 August 2019, the second and third defendants wrongfully and intentionally published an article ("the fourth article") on the <https://www.groundup.org.za> website regarding and concerning the plaintiff titled '*Conflicts of interest and incomplete projects: How lottery money is being spent*'. A copy of the fourth article is attached hereto marked "POC4".

35 The first defendant is the author of the fourth article.

36 The fourth article contained, *inter alia*, the following statements of and concerning the plaintiff:

- 36.1 "Dodgy Lottery part one: National Lotteries Commission COO Phillemon Letwaba linked to controversial grants";
- 36.2 "Over the next week, we will publish stories describing how companies linked to Phillemon Letwaba, the NLC's Chief Operating Officer (COO), are involved in Lottery deals involving tens of millions of rands."
- 36.3 "This follows our publication of previous stories ... exposing corruption and incompetence involving NLC projects. Letwaba's brother was implicated in one such project."
- 36.4 "PKT Consulting Engineers ... which is involved in the construction of Lethabong Old Age, and the recently completed Credo Mutwa Museum and Library, has links to NLC chief operating officer Phillemon Letwaba and members of his family.
- 36.5 Letwaba ... were all directors of PKT before they resigned their directorships on March 1, 2017."
- 36.6 "On the same day that the Letwabas resigned, Themba Mabundza was appointed as the sole director of PKT. Mabundza, 37, is an active director in 54 different companies across a wide spectrum of industries."
- 36.7 "Two of the companies of which he is a director have received grants from the Lottery. One, Life for Impact in the 21st Century, was awarded R8 million on 19 April 2017, and a further R2,106,800 just over a month later on 31 May 2017, a total of R10,106,800. The grants were made via the NLC's Arts, Culture and Natural Heritage sector."

36.8 "Kaone Wethu, a second company involved in the construction of the

museum and old age home, also has links to business associates of Letwaba. One of its former directors, Kenelwe Constance Maboja, is either still an active director or has resigned some of her directorships in at least five companies linked to Letwaba's family. These include Mosadi Ditshabeng Modjadji, where she is a still a co-director with Letwaba's younger brother, Thabo. She was also a co-director of Ironbridge Traveling Agency and Events and Redtaq with Thabo Letwaba before they resigned in March and June respectively."

36.9 "The current listed director of Kaone Wethu is Karabo Charles Sithole, a

former director of PKT, Redtaq, and Ironbridge. These companies are or were at one time linked to Letwaba or members of his family."

36.10 "Philemon Letwaba served as the NLC's Chief Financial Officer (CFO)

before being appointed COO in 2017. For at least two years he was simultaneously both CFO and the NLC's acting executive on all grants."

36.11 "A leaked document compiled three years ago by a concerned high-up

NLC whistleblower emphasises the power Letwaba wielded through holding these joint positions. The whistleblower also raised the potential for "conflicts of interest" and the "manipulation" of grants".

36.12 "In November last year, GroundUp revealed ... how Uprand Properties, a company in which Letwaba's brother, Johannes, was the sole director, signed a R15 million contract to build a rehabilitation centre near Pretoria. Although Johannes Letwaba subsequently resigned his directorship, Companies and Intellectual Property

Commission records confirm that he was a director at the time of the signing of the multimillion-rand contract."

37 The said words, in the context of the fourth article are wrongful and defamatory of the plaintiff in that the fourth article was intended and was understood by the readers of the fourth article to mean that the plaintiff is dishonest in way described in paragraphs 16.1 to 16.9.

38 Alternatively to paragraph 37, the statements referred to in paragraph 36, read in the context of the fourth article as a whole, are wrongful and defamatory of the plaintiff in that they impute and were intended to impute, and would reasonably be understood by the persons to whom they were made, to mean that the plaintiff is dishonest in the ways described in paragraphs 16.1 to 16.9.

39 The publication of the statements in the fourth article was made with the intention to defame the plaintiff, and to injure his reputation.

40 Apart from the defamatory meaning of the article as set out above (whether in the main or the alternative claim), the fourth article carries the additional sting that the plaintiff, whom sits in a position of authority, is the ways described in paragraphs 19.1 to 19.5.

41 In consequence of the aforesaid publication, the plaintiff has been injured in his good name, reputation and dignity and has sustained damages in the amount of one hundred thousand rand (R100 000).

42 On or about 5 August 2019, the second and third defendants wrongfully and intentionally published an article ("the fifth article") on the <https://www.groundup.org.za> website of and concerning the plaintiff titled 'Kuruman's unfinished R23 million old age home'. A copy of the fifth article is attached hereto marked "POCS".

43 The first defendant is the author of the fifth article.

44 The fifth article contained, *inter alia*, the following statements of and concerning the plaintiff:

44.1 "#DodgyLottery part two: the National Lotteries Commission has denied that companies linked to its COO are involved. We present evidence to the contrary."

44.2 "At least two companies linked to the National Lotteries Commission (NLC) Chief Operating Officer (COO) Phillemon Letwaba are involved in multimillion-rand Lottery-funded projects in Kuruman in the Northern Cape."

44.3 "The companies are PKT Consulting, which is involved with the

construction of an old age home and library and museum complex, and Kaone Wethu, which is involved at the old age home. The links between these companies and Letwaba are explained in part one of this series".

44.4 "The NLC was apparently so concerned about the delay that COO

Letwaba visited Kuruman in January this year to investigate."

45 The said words, in the context of the fifth article are wrongful and defamatory of the plaintiff in that the fifth article was intended and was understood by the readers of the fifth article to mean that the plaintiff is dishonest in ways described in paragraphs 16.1 to 16.9.

46 Alternatively to paragraph 45, the statements referred to in paragraph 44, read in the context of the fifth article as a whole, are wrongful and defamatory of the plaintiff in that they impute and were intended to impute, and would reasonably be understood by the persons to whom they were made, to mean that the plaintiff is dishonest in the ways described in paragraphs 16.1 to 16.9.

47 The publication of the statements in the fifth article annexed was made with the intention to defame the plaintiff, and to injure his reputation.

48 Apart from the defamatory meaning of the article as set out above (whether in the main or the alternative claim), the fifth article carries the additional sting that the plaintiff, whom sits in a position of authority, is the ways described in paragraphs 19.1 to 19.5.

49 In consequence of the aforesaid publication, the plaintiff has been injured in his good name, reputation and dignity and has sustained damages in the amount of one hundred thousand rand (R100 000).

Claim F

50 On or about 7 August 2019, the second and third defendants wrongfully and intentionally published an article ("the sixth article") on the <https://www.groundup.org.za> website of and concerning the plaintiff titled 'The

lottery-funded library with empty shelves. A copy of the sixth article is attached hereto marked "POC6".

51 The first defendant is the author of the sixth article.

52 The sixth contained, *inter alia*, the following statement of and concerning the

plaintiff:

52.1 "Two companies, PKT Consulting Engineers and Kaone Wethu, which were involved in the construction of the complex have links ... to NLC Chief Operating Officer Phillemon Letwaba and members of his family:"

53 The said words, in the context of the sixth article are wrongful and defamatory of the plaintiff in that the sixth article was intended and was understood by the readers of the article to mean that the plaintiff is dishonest in ways described in paragraphs 16.1 to 16.9.

54 Alternatively to paragraph 53, the statement referred to in paragraph 52, read in the context of the sixth article as a whole, are wrongful and defamatory of the plaintiff in that they impute and were intended to impute, and would reasonably be understood by the persons to whom they were made, to mean that the plaintiff is dishonest in the ways described in paragraphs 16.1 to 16.9.

55 The publication of the statement in the sixth article annexed POC6 was made with the intention to defame the plaintiff, and to injure his reputation.

56 Apart from the defamatory meaning of the sixth article as set out above (whether in the main or the alternative claim), the sixth article carries the

additional sting that the plaintiff, whom sits in a position of authority, is the way described in paragraphs 19.1 to 19.5.

57 In consequence of the aforesaid publication, the plaintiff has been injured in his good name, reputation and dignity and has sustained damages in the amount of one hundred thousand rand (R100 000).

WHEREFORE the plaintiff prays for the following orders.

1 The defendants are ordered jointly and severally to pay damages of R600 000 to the plaintiff.

2 The defendants are ordered to pay interest on the aforementioned amount of R600 000 at the prescribed rate of interest *a tempore morae* from date of judgment to date of payment.

3 The second and third defendants are ordered to take all reasonable steps to remove the defamatory statements in the first to sixth articles published on the <https://www.groundup.org.za> website as set out in the table contained in paragraph 9 above.

4 The defendants are ordered to publish an apology to the plaintiff on the <https://www.groundup.org.za> website in the following terms:

"We have published statements in the media stating or implying that Phillemon Rasemate Letwaba, the Chief Operating Officer of the National Lotteries Commission:

facilitated the funding of recipients with whom he had familial relationships;

abused his position of authority to advance his own self-interest and/or that of his family;

abused his position of authority to the detriment of the National Lotteries Commission

abused his position authority to the detriment of more worthy recipients of public funds;

manipulated and/or orchestrated grant funding in breach of the National Lotteries Commission's policies and/or mandate;

is not suited for the position of Chief Operating Officer of the National Lotteries Commission, or a similar position of authority and responsibility;

engaged in morally reprehensible conduct by virtue of the aforesaid;

is involved in illegal activities; and

is generally corrupt.

We, Raymond Joseph and Nathan Geffen, personally and on behalf of GroundUp, unequivocally retract all these statements and imputations and unreservedly apologise that they were made. We regret any inconvenience or harm caused to Phillemon Rasemate Letwaba."

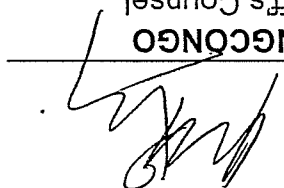
The second and third defendants are ordered to publish the aforesaid apology on the GroundUp twitter handle at https://twitter.com/GroundUp_News, including a hyperlink to the apology published in terms of prayer 4 in the following terms:

"Read GroundUp's apology to Phillemon Rasemate Letwaba here: [insert hyperlink]."

6 The defendants are jointly and severally ordered to pay costs of suit.

7 Further and/or alternative relief.

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PMP NGCONGO
Plaintiff's Counsel

SIGNED at Cape Town on this 3rd day of October 2019.



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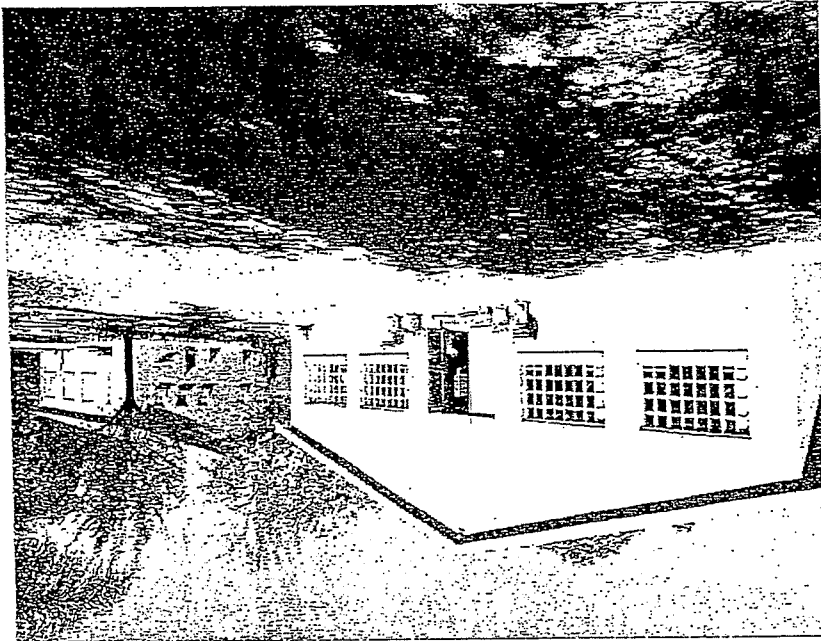
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How a hijacked organisation scored millions from the Lottery

22 November 2018 By Raymond Joseph (author/241) and Anton van Zyl (author/419)

Troubling questions for the COO of the National Lotteries Commission



(media/uploads/images/Third%20Party/LottoBuildings.jpg)

These two buildings, part of a rehab centre, were built with Lottery funding. The roofs leak and doors and windows do not fit properly and will need to be repaired.

When Takalani Tshikalange set up a non-profit organisation in rural Limpopo in 2012 to help people with HIV she hoped to make a real difference.

But despite her best intentions, Denzhe Primary Care failed to take off. The organisation lay dormant for four years.

Then, out of the blue, Tshikalange received an SMS alert from her bank in October 2016 informing her that R7.5-million had been deposited into Denzhe's bank account by the National Lotteries Commission (NLC).

But when Tshikalange visited the bank and asked for printouts of statements, she was refused because, according to the bank's records, she was no longer a signatory on the NPO's account. The bank froze the account while it conducted an investigation.

Tshikalange laid a complaint of fraud with the Midrand Police in November 2016, saying she was "the owner" of Denzhe and "someone took my NPO documents and changed the details at FNB".

What followed has left Tshikalange terrified.

POC1

"People have been threatening me ... about my NPO," Tshikalange said when contacted by phone. "They keep calling me on my phone. I have kids; I do not need this stress anymore. I saw the money going into the account on my phone ... and I saw it going out. I did not get anything."

An investigation into Denzhe has revealed a colourful cast of characters. They include controversial Pretoria-based lawyer Lesley Ramulifho; Melanie du Plessis, his girlfriend; and Ado Krige, a former biker who spent time in jail where he found religion and who now runs an unregistered drug rehabilitation facility near Pretoria that uses religion and prayer to try cure addicts.

Ramulifho has been in the news several times over the past decade, including being accused of defrauding (<https://www.iol.co.za/news/politics/law-firm-in-trouble-over-inflated-bills-1426335>) government departments and parastatals. He was also linked (<https://www.pressreader.com/south-africa/business-day/20151127/281479275329859>) to a dodgy deal to supply aircraft to SAA.

Despite Denzhe receiving a total of R27.5 million in Lottery funding to build a new drug rehabilitation and sports centre, the facility is still incomplete. It is shoddily built, roofs leak, there are cracks in walls, and doors and windows do not fit properly. An existing Iapa was converted into a "sports centre" at a cost of about R5 million. An independent quantity surveyor later found that the total value of work done was R4.8 million.

Our investigation uncovered two payments totalling R535,240 from Denzhe's bank account towards two Ocean Basket franchises.

It also revealed how a company — of which the brother of the Chief Operating Officer of the NLC was sole director — signed a R15-million contract to build the "new" Denzhe rehabilitation centre. He subsequently resigned although he was a director at the time of the signing of the contract.

So what had happened to Denzhe?

By the time Tshikalange became aware that her NPO was no longer under her control, it had already secured a R22 million grant from the NLC.

The application to the NLC for funding a drug rehabilitation centre was submitted on 9 September 2016. The three directors of Denzhe Primary Care were Nkhumbuleni Lesley Ramulifho, Karabo Charles Sithole and Liesl Joy Moses, according to the application. The "new" directors initially asked for more than R31.36 million. But this was trimmed down, although an additional R5.58 million was approved in early 2017 to complete outstanding work.

The application did not go through the normal channels where it would have been considered by one of the NLCs three Distribution Agencies. Instead, it was handled via a "proactive funding" process which was introduced in 2015 when amendments were made to the National Lotteries Act. The amendments allowed the Minister of Trade and Industry, the Lotteries Board or the Commission to identify "worthy" projects and fast-track these applications.

"The introduction of proactive funding has enabled us to assist in areas with limited access to resources," the NLC said in a statement earlier this year.

In the case of Denzhe, basic checking would have raised red flags. But the NLC has previously confirmed that it only checks whether an NPO is registered on the official Department of Social Development database. It does not check whether the NPO is compliant and whether the names of the people applying for funding on behalf of an NPO match the office bearers registered with the DSD.

A little more than a month after Denzhe's funding application was submitted, the first tranche of R7.5 million was paid into the NPO's FNB account, which had been dormant for many years and only had a balance of R68. A month later a second tranche of R7.5 million was paid into the account by the NLC.

When Tshikalange became suspicious and reported the matter to the police, FNB immediately froze the bank account. But Ramulifho obtained a court order to unblock it. A day later the account was emptied and on 8 December Denzhe opened a new account with Nedbank. The NLC was notified of this change the following day.

How was the money spent?

Instead of constructing a new rehab centre, Ramulifho found a much easier way; he used an existing one and gave it a bit of a facelift. This was House Regeneration (<http://www.hr7.co.za/>) north of Pretoria. It has been in existence since 2009 and is run by former biker-turned-saviour, Dr Ado Krige, who claims on the organisation's website that they have been involved in drug rehabilitation projects for over 30 years.

House Regeneration is privately owned and for-profit. It is also not registered with the Department of Social Development, and both these facts should disqualify it from receiving NLC funding.

Krige's centre spurns conventional treatments. Instead it uses religion and prayer as a cure for addiction.

Krige says he met Ramulifho in July 2016 through mutual friends at the church they attend. "At our first meeting about this project Mr Ramulifho told us that he had a mandate from the NLC to set up a national network of rehabilitation centres in SA and that R300 million had been earmarked for this." Ramulifho was accompanied by his girlfriend, Melanie du Plessis, and both gave the impression that they were representing the NLC, says Krige.

Ramulifho and du Plessis impressed Krige and they discussed plans to upgrade the existing rehab facility. But when Ramulifho told Krige that Denzhe Primary Care wanted to buy the property, he and his family refused, stating that "we were acting on a mandate from Jesus Christ and the ministry was not for sale".

During a follow-up meeting, Ramulifho and Du Plessis said that the NLC might be willing to provide R6 million for the renovation and upgrading of the facilities, according to Krige. At that stage House Regeneration catered for about 70 male patients.

"It was then proposed that an entire new complex be built and Ramulifho mentioned an amount of R18 million to be funded by Lotto with Denzhe Primary Care as the project manager," says Krige.

Out with the old - in with the old

Documents were drawn up by Ramulifho's office and signed on 14 October 2016. The project was to be completed at the latest by the end of May 2017.

But disruptions with the construction work took their toll and tension began mounting between Denzhe and the Krige family, particularly after demands were made for references to Christianity to be removed from sign boards at the rehab. Things got worse when the NLC realised that House Regeneration was not registered as a rehabilitation centre, even though Krige said he had declared this "upfront" to Ramulifho.

Over the next few months there were numerous promises about when work would be completed. Krige became so frustrated that he visited the NLC's offices in Pretoria early in January to complain to the Commissioner, Thabang Mampone. He also reported his concerns about Ramulifho to her.

By March 2018 the relationship had broken down completely. Ramulifho wrote to Denzhe stating that Denzhe had decided to terminate the operational partnership "due to the ongoing slandering of Denzhe Primary Care name and myself as a

chairman," Ramulifho also informed Krige that Denzhe would have his organisation evicted from the premises and a new operating partner would be appointed to complete the project.

The Denzhe project is now mired in controversy and Ramulifho has sent a lawyer's letter demanding R17 million, claiming he was misled that the rehab was registered with DSD.

Krige said: "I was upfront about the fact that we were faith-based and not registered with DSD, but that I was working hard to get the facility registered. We were running a successful rehabilitation centre that was profitable. It supported me and my three sons, who were all involved in the business. The business suffered and we have lost a fortune because of this."

Who is the real builder?

When the NLC was requested to provide details of the project earlier this year, the emails were forwarded to the COO, Phillemon Letwaba. He was very reluctant to make any information available and after a lot of pressure gave the name of Denzhe's "chairman", Lesley Ramulifho.

An application was made under the Promotion of Access to Information Act (PAIA) to force the NLC to provide information, but without success. Even an appeal was turned down, with the NLC reverting to a "secrecy clause" in the regulations and the protection of the privacy of NPOs. Documents were, however, leaked to us which helped provide the missing pieces of the puzzle.

It transpired that a R15 million building contract was signed in October 2016 with Upbrand Properties. The first payment of R7,165,000 was made the same day, according to NLC records we have seen. Upbrand Properties was registered in January 2016 with Johannes Kgomo as Letwaba, the older brother of the NLCs COO, Phillemon Letwaba, as the sole director. Asked whether this did not constitute a conflict of interest, Phillemon Letwaba initially denied that any of his family members were involved.

"I have checked with all my family members and none of them is a director of Upbrand Properties and this information you can check it with CIPC directly. Additionally they have no knowledge of any contract signed between Denzhe and Upbrand Properties," Letwaba said via email.

A company search, however, showed that Johannes Letwaba was a director of Upbrand Properties in December 2016, but resigned in March 2017. When this was pointed out to the NLCs COO, he denied that a contract had been signed between Upbrand Properties and Denzhe.

In a press release posted on its website last week in response to our questions, the NLC said it "follows strict prescribed processes and continually encourages its employees to disclose matters of conflict of interests where applicable. It has since engaged individuals who may have been highlighted in some of the issues raised around the implementation and funding of the project (Dhenze) and is satisfied with explanations provided."

Further investigation also showed that this is not the only NLC-funded project Lesley Ramulifho is involved with. He played a key role in applying for funding for I am made 4 God's Glory (IM4GG), which was also dormant and non-compliant. Like Denzhe it had never submitted annual financial statements and other legally required documentation to DSD and should not have been eligible for Lottery funding.

IM4GG's registered address in Garfontein, Pretoria, is the same as that of the law offices of Ramulifho, who applied for the funding as "chairman" of the NPO. DSD officials became suspicious when they discovered that the supporting documentation was not included when an application was submitted to replace the

original IM4GG board with Ramulifho, his stepdaughter Lesli Moses and Karabo Charles Sithole, Ramulifho's co-trustee in the Denzhe Primary Care Trust, which was set up in 2016. (We were unable to track down Moses or Sithole.)

The same three were inserted as directors when the details of Denzhe were changed, although the original 2012 Denzhe directors are still listed with DSD.

The details of the original IM4GG directors were reinstated by DSD on its NPO register. But the document reflecting the initial changes was used to get an R11.9 million grant from the Lottery, which was less than the R15 million originally

applied for.

In the application for funding, Ramulifho said the aim of the project was to "provide appropriate infrastructure in order to advance sport, recreation and physical activity in communities across the country while addressing government's

transformation agenda".

Ramulifho failed to answer a series of questions about the rehab, or how Lottery money was used for Ocean Basket franchises.

His lawyer, Victor Mabe, responded on his behalf, merely to state that the matter is before the High Court and as such his client may not respond. He said his client had been "defrauded by serious and criminal misrepresentations". Asked to explain, he did not respond.

In a follow-up email he praised the merits of the project to curb addiction to drugs such as nyasope. He also said that the NLC had given a clean audit of the rehab centre during construction, and that it had given positive feedback about the centre once it was completed.

This is the first of a series of articles on the lottery.

CORRECTION: The article originally gave the incorrect name for the NLC

Timeline

- 1 February 2012 - Denzhe Primary Care registered as NPO, but it never takes off.
- March to September 2016 - Lesley Ramulifho takes over Denzhe, apparently without the knowledge of the founder Takalani Tshikalange.
- July 2016 - Ado Krige and Ramulifho meet.
- 19 October 2016 - NLC deposits R7.5 million into Denzhe's bank account.
- 20 October 2016 - Contract between Denzhe and the contractor, Uprand Properties, in which NLC COO Phillemon Letwaba's family has a stake.
- 4 November 2016 - Construction work starts at House Generation. This is followed by numerous problems and delays, and escalating tension between Krige and Ramulifho.
- March 2018 - Krige and Ramulifho's relationship completely breaks down.

More about National Lotteries Commission (/topic/lotto/)

- DTI washes its hands of lottery scandal (/article/dti-washes-its-hands-lottery-scandal/) 15 August 2019
- Lottery-funded rehab centre unfinished after two years (/article/lottery-funded-rehab-centre-unfinished-two-years-later/) 12 August 2019

• The Lottery-funded library with empty shelves (article/lottery-funded-library-empty-shelves/) 07 August 2019



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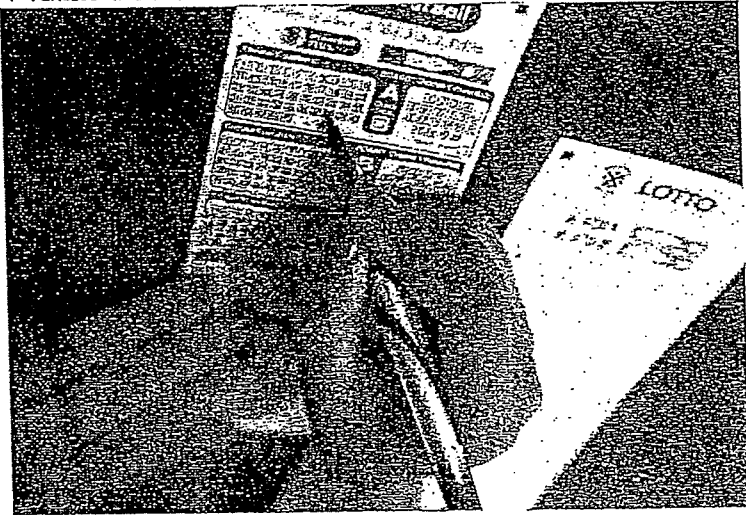
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FEATURE (category/feature) | SOUTH AFRICA (region/South%20Africa)

Lottery gives out more money to associates of controversial lawyer

19 March 2019 By Raymond Joseph (author/341)

R20m awarded to companies linked to Lesley Ramulifho whose other project is under investigation



(media/uploads/images/photographs/ashraf%20hendricks%20180220%20lotto%20photo-9058HR.jpg)

The National Lotteries Commission has been giving substantial funds to projects associated with Pretoria lawyer Lesley Ramulifho. Photo: Ashraf Hendricks

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Favour-inefficiency-2019-08-21

The grants, to build "sanitation facilities" at 25 schools, were awarded in November 2018 to two non-profit companies (NPOs) that have employees of Pretoria attorney Lesley Ramulifho as their directors.

The National Lotteries Commission has awarded two grants totalling R20-million rand to two non-profit companies associated with a controversial lawyer, despite the fact that another multi-million-rand project in which he is involved is under investigation (<https://www.groundup.org.za/article/lawyer-lottery-and-millions-dodgy-grants/>).

The latest funding brings to R60-million the known total in grants allocated since 2017 to four different non-profit organisations (NPOs) and non-profit companies (NPCs) associated with Ramulifho. The funding is for a variety of projects; a drug rehabilitation centre, a sports development programme and the construction of toilets at schools.

Ramulifho was a director of both companies but resigned his directorships a few months before the grants were awarded, according to Companies and Intellectual Property Commission (CIPC) records.

At least two of the four known projects funded by Lottery use Ramuiffho's law offices (<https://www.ramuiffho.co.za/>) in Garfontein as their registered postal address. A third NPO used the office address as its official address in its successful application for Lottery funding.

And three of Ramuiffho employees - Liesl Moses, Tsietsi Joseph Tshabalala, and Louisa Mangwagape - are listed directors of both of the latest non-profit companies to be funded. Tshabalala describes himself on LinkedIn as a "receptionist" employed at Ramuiffho's law offices.

Lotteries Commission communications head Ndivhuhlo Mafela avoided answering specific and detailed questions about the funding and the relationship between Ramuiffho and the people involved, saying: "It is bizarre for you to expect the Lotteries Commission to answer questions

about people's private personal relationships due to the fact that they are mere beneficiaries. The Lotteries Commission deals with registered organisations, a fact that you deliberately ignore at all cost"

Projects

Here are the details of the projects associated with Ramuiffho that have received Lottery funding.

Dinosys signed a R10-million contract with the Lottery in November 2018 for the "construction of sanitation facilities" at 15 schools. Both the Lotteries Commission and Liesl Moses, the "chairperson" and a director of the company and an employee of Ramuiffho, refused to say where the schools were, whether Dinosys had any experience in construction projects, or who would build the facilities.

Moses cited a "confidentially agreement signed with the Lotteries Commission as a reason for not answering questions. She also denied that Ramuiffho had any association with Dinosys.

All three of the Dinosys directors listed in CIPC records - Moses, Mangwagape and Tshabalala - are employed by Ramuiffho at his Garfontein offices. Ramuiffho was appointed a director of Dinosys in January 2018 but resigned his directorship in September 2018, about two months before the grant agreement was signed, according to CIPC records.

In its application for Lottery funding, Dinosys said its physical address was 14 Summit Road, Beaconhurst, East London, suggesting that the recipient schools may be in the Eastern Cape.

But when journalist Lisekho Madikane visited this address for GroundUp, she discovered it was for a complex called Summit Green. She spoke to several residents and a helper working there, but none of them knew of any business being run out of any of the flats. An elderly couple who have lived at the neighbouring 16 Summit Road for many years said they were not aware of a construction company operating from the next door flats. And the owner of Loyiso Civil Construction, which operates from a nearby house, said he was not aware of Dinosys or any other construction company operating in the area.

Zibhuson signed a grant agreement in November 2018, for the "implementation of sanitation in ten public schools". The "physical address" for the company is given as a post office box in Malamulele in Limpopo in the grant agreement signed with the Lotteries Commission. The "registered office" of the company is that of Ramuiffho's law offices. The agreement was signed by "chairperson" Louisa Mangwagape, an employee of Ramuiffho. She failed to respond to emailed questions about the grant and Ramuiffho's relationship to the company.

CIPC records reveal that Mangwagape, Moses, and Tshabalala are all active directors of the company and list Ramulifho's law offices as their postal address. Ramulifho became a director of the company in May 2017 and resigned in March 2018, a few months before the Lottery funding grant was signed.

Denzhe Primary Care was dormant when it was hijacked and used to receive about R28.5 million between June 2017 and January 2018 to build and run a drug rehabilitation centre near Pretoria. The project is the subject of litigation and is facing allegations

(<https://www.groundup.org.za/article/how-hijacked-npos-scored-millions-lottery/>) of shoddy, incomplete construction, and claims that as much as R20 million in Lottery funding is unaccounted for. The brother of the Lotteries Commission's Chief Operating Officer Philemon Letwaba was sole director of a construction company at the time it signed a R15 million Lottery-funded contract to build the rehab. He subsequently resigned his directorship.

I AM MADE 4 GOD'S GLORY (IAM4GG), a Limpopo-based project "to provide infrastructure in order to advance sport, recreation and physical activity in communities across the country", signed a R11,375,000 grant agreement with the Lotteries Commission in April 2018.

In its application, IAM4GG said the project was aimed at sports "transformation" and athletes from "disadvantaged ... especially rural communities". In its funding application, IAM4GG lists Ramulifho as chairperson and Moses as "Treasurer", and gives the lawyers' offices as the company's address. According to the funding application, the project would create 60 full-time and 40 part-time jobs and benefit over 16,000 people.

Ramulifho has also confirmed that he used over R535,000 of Denzhe's Lottery funding for two Ocean Basket franchises he purchased in Gauteng. He made this admission in a sworn affidavit confirming a confused and contradictory affidavit by Denzhe's founder Takeane Tshikalange, who had earlier laid a complaint with police that her organisation had been "stolen" and used to apply for Lottery funding. The affidavit contradicts the sworn affidavit she had earlier made to police. It came after a GroundUp investigation (<https://www.groundup.org.za/article/how-hijacked-npos-scored-millions-lottery/>) revealed the Ocean Basket payments. In her statement Tshikalange confirmed that Ramulifho had used the company's money to pay for the Ocean Basket franchises, but claimed he had "repaid it". The Lotteries Commission ignored a request from GroundUp for comment on whether this was an acceptable use of grant funding.

Responses

In her response to detailed questions emailed to her, Moses said: "We are under a confidentiality and non-disclosure clause agreement with our funders. Should you wish to get any information relating to the grants, kindly address the same to the funder [Lotteries Commission]."

But she added: "We will be happy to invite you and your newsmakers for the opening of these new toilets school facilities upon completion to help you write more constructive stories around our black school pupils dying in the toilet pits."

Denying that Ramulifho was involved in the two latest non-profit companies to receive Lottery funding, she added: "We cannot speak on behalf of Mr. Ramulifho and you will be better served if you refer any questions relating to him directly."

Lesley Ramulifho also failed to answer detailed questions emailed to him. Instead he responded: "Your various repeated articles and email questions about me since last year are well noted and frankly exhausting to read.

"On Denzhe - you have repeated same issues enough and I'm happy to answer any new questions in this regard. To this point this matter was fully ventilated and settled from the NPO stand point. On the other two NPOs my advice to you is to contact the relevant directors of the said NPOs and ask whatever questions you deem fit. Accordingly, I'm not a director of either or a spokesperson thereof."

When clarification of his answers was sought, Ramulifho responded: "I don't work for you Raymond. Stop harassing me."

In his response to very detailed emailed questions, Lotteries Commission communications head Mafela said: "The three organisations listed in the query (IAM4GG, Dinoyys and Zibisifusion) are beneficiaries of the Lottery, and funding was recently granted to them.

"These projects are underway, and the normal National Lotteries Commission process of monitoring progress reports and monitoring and evaluation are also being implemented as per each organisation's grant agreement

"It is important to note that the Lotteries Commission does not fund individuals, but organisations in the form of NGOs, NPOs and other Public Benefit Organisations and that relationship with a beneficiary is governed by a grant agreement which is a civil contract."



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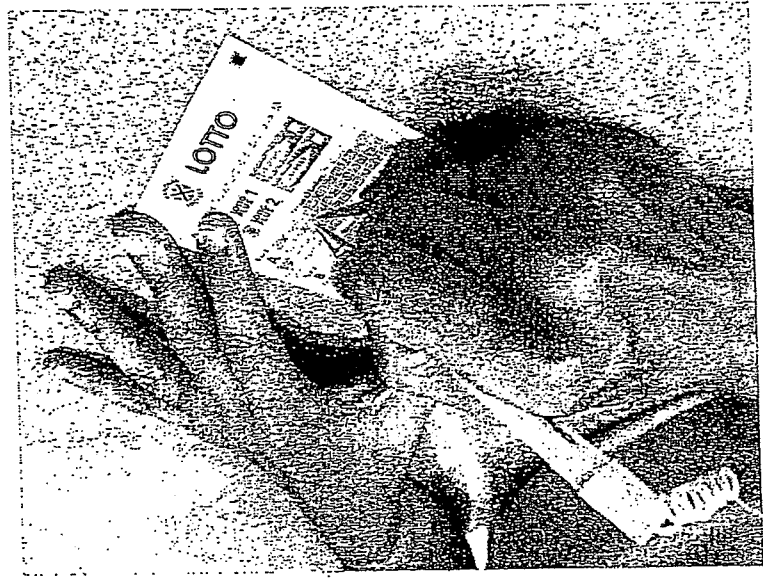
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Probe into fraud and corruption at National Lotteries Commission

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13 May 2019 By Raymond Joseph (author/241)

Trade and Industry minister Rob Davies orders investigation



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Minister of Trade and Industry Rob Davies has ordered an investigation into the spending of Lotto money. Photo: Roxanne Joseph

An investigation has been launched into the National Lotteries Commission (NLC) following allegations of fraud and corruption involving grant allocations to "good causes".

The investigation by the Department of Trade and Industry (DTI) follows numerous reports (<https://gamingsouthafrica.com/stories/south-africa.htm>) over the past 18 months by investigative journalists describing alleged fraud and corruption involving Lottery grants running into hundreds of millions of rands. The NLC is an agency of the Department of Trade and Industry.

"The Minister has instructed the NLC Board and DTI Internal Audit to institute an investigation," DTI spokesman Sidwell Medupe said in a brief statement via WhatsApp. The investigation is still continuing, he wrote.

The investigation began "a few weeks ago ... at least a month", according to Moosa Ebrahim, Chief of Staff in the office of Trade and Industry Minister Rob Davies. Ebrahim declined to elaborate on the statement which he said was "the departments official position for the moment".

But a DTI source with knowledge of the investigation said it involved both "forensic and internal audits". Setting it up had involved "some back and forth" between the DTI and the NLC "on the scope of the investigation". Finally was reached on the terms of reference and the investigation had now begun," the source said.

A usually reliable senior NLC source claimed that the DTI had not accepted a report by the NLC board — see from minute 8.03 of this Carte Blanche report (<https://www.youtube.com/watch?v=LpCS6XvAgJM>) — that found that Lotteries Chief Operating Officer Philemon Letwaba had declared a conflict of interest when a company of which his brother was sole director was awarded a R15 million construction contract for a rehabilitation centre (<https://www.dailymaverick.co.za/article/2018-11-22-how-a-hijacked-organisation-scored-millions-from-the-lottery/>) in Pretoria. The project where at least R20-million of a total of R27.5 million in Lottery grants is unaccounted for, is now the subject of litigation.

A preliminary report submitted by the NLC to the DTI contradicted the Board's report and Davies had requested a full forensic audit, the source said. The NLC had attempted to block the auditors' access to certain documents but had been told that access was "not negotiable", the source added.

Last year Parliament's trade and industry committee said it would ask Davies (<https://www.businesslive.co.za/bd/national/2018-11-27-parliament-wants-lotteries-commissions-use-of-proactive-fund-investigated/>) to investigate the NLC's use of proactive funding, which amounts to about R140 million annually. This type of funding was introduced in a 2015 amendment to the Lotteries Act and allows the minister, the NLC or its board to identify areas for funding without a grant application being received.

DA spokesperson on trade and industry Dean Macpherson claimed during a meeting of the portfolio committee that proactive funding was being used as a "slush fund" to enrich some people. "We know that there are shady characters that exist in the murkiness of proactive funding," Macpherson said.

"There are some serious questions that exist within the proactive funding model. The only way to deal with this is to institute a forensic audit into all

Joan Fubbs, the chair of the committee in the previous Parliament which was dissolved before last week's election, said the investigation was ongoing.

"We asked the Minister to investigate. Anything we started will be continued by the new committee when Parliament reconvenes," she said.



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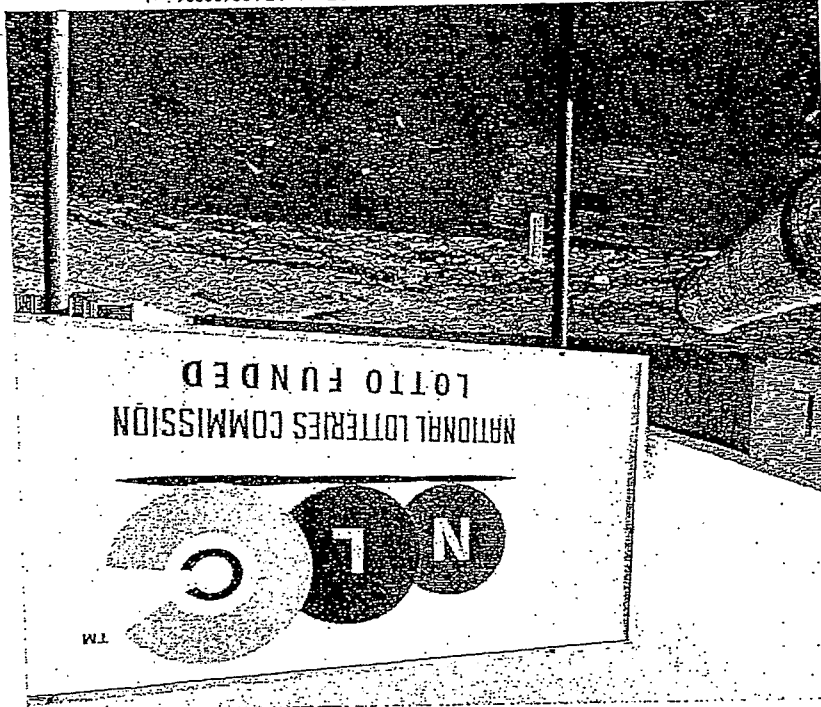
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FEATURE (category/feature) | NORTHERN CAPE (region/SouthAfrica/Northern%20Cape)

Conflicts of interest and incomplete projects: How Lottery money is being spent

1 August 2019 By Raymond Joseph (author341)

#DodgyLottery part one: National Lotteries Commission COO Phillimon Letwaba linked to controversial grants



(/media/uploads/images/photographers/Raymond%20Joseph/NLC-funded-RJ-20190801.jpg)

The National Lotteries Commission has funded three projects in Kuruman. After two years two of them are incomplete and the third project consists of a library with empty shelves and a museum with one exhibit. Photo: Raymond Joseph

Undeclared conflicts of interest and incomplete or shoddy construction characterise many projects funded by the National Lotteries Commission (NLC). Our research uncovers what is possibly only a fraction of the questionable grants involving Lottery money.

Over the next week, we will publish stories describing how companies linked to Phillimon Letwaba, the NLC's Chief Operating Officer (COO), are involved in Lottery deals involving tens of millions of rands.

This follows our publication of previous stories (<https://www.groundup.org.za/topic/lotto/>) exposing corruption and incompetence involving NLC projects. Letwaba's brother was implicated in one such project (<https://www.groundup.org.za/article/lottery-investigate-projects-it-once-defended/>).

#DodgyLottery series

- Part one: Conflicts of interest and incomplete projects (<https://www.groundup.org.za/article/conflicts-interest-and-incomplete-projects-how-lottery-money-meant-develop-country-being-spent/>)
- Part two: Kurnuman's unfinished R23 million old age home (<https://www.groundup.org.za/article/kurnumans-unfinished-r23-million-old-age-home/>)
- Part three: The Lottery-funded library with empty shelves (<https://www.groundup.org.za/article/lottery-funded-library-empty-shelves/>)
- Part four: Lottery-funded rehab centre unfinished after two years (<https://www.groundup.org.za/article/lottery-funded-rehab-centre-unfinished-two-years-later/>)

Several strategies underpin these projects:

First, money is directed to them making use of a 2015 amendment to the Lotteries Act that allows the Minister of Trade and Industry, the NLC or its board to identify projects to be funded without receiving applications. This is known as proactive funding. The problem with proactive funding is that there is often no rigorous prior scrutiny of the projects awarded money by NLC officials.

Second, the projects are often based in towns far from large cities, where reporters are less likely to venture.

Third, the appointment of service providers for multi-million-rand construction projects, like construction and engineering companies, is left to the recipients of the funding. In contrast to government departments, these projects often do not have transparent tender processes. The NLC's own audits seldom check for conflicts of interest on the projects themselves. This is despite regulations (<http://pmg-assets.s3-west-eu-west-1.amazonaws.com/141001/lotteriesregs.pdf>) of the Lotteries Act requiring organisations that receive grants to procure "goods or services" using a "transparent and competitive process".

"The processes of the NLC are such that funded entities independently source services from the market to achieve whatever it is that they have been funded for," the NLC's communications head Ndihuhho Mafela said in an email in response to questions. "Technically, therefore, the NLC would not be aware of information about such service providers."

And, often, the proactive funding is given to non-profit companies with no track record. These are formed by accountants or attorneys and made tax compliant. They are then sold "off-the-shelf" and ready for business, with the original directors who set them up resigning and new directors being appointed.

Kurnuman's Lottery-funded projects

For our latest stories we visited Kurnuman in the Northern Cape to investigate three different projects: an old age home, a drug rehabilitation centre and a library and museum meant to celebrate the life and work of sangoma, author and African storyteller Credo Mutwa.

Almost R60 million was granted to the three projects but two are still under construction almost two years after they received Lottery funding, while the museum has a single exhibit and the library's shelves are empty.

Responding to a question about the delays in construction, NLC spokesperson Ndihuhho Mafela said: "It is in the nature of construction that you have unplanned

reported regularly by our engineers and we are satisfied with the progress on all the facilities that we are building. We have however indicated that all projects should be handed over to the communities this year."

Links to NLC's COO

PKT Consulting Engineers (<https://pktingineers.com/>), which is involved in the construction of Lethabong Old Age, and the recently completed Credo Mutwa Museum and Library, has links to NLC Chief Operating Officer Phillemon Letwaba and members of his family.

Letwaba, his wife Daisy, and his brother Johannes, as well as their father Oupa, who has since died, were all directors of PKT before they resigned their directorships on March 1, 2017.

On the same day that the Letwabas resigned, Themba Mabundza was appointed as the sole director of PKT. Mabundza, 37, is an active director in 54 different companies across a wide spectrum of industries.

Two of the companies of which he is a director have received grants from the Lottery. One, Life for Impact in the 21st Century, was awarded R8 million on 19 April 2017, and a further R2,106,800 just over a month later on 31 May 2017, a total of R10,106,800. The grants were made via the NLC's Arts, Culture and Natural Heritage sector.

The first payment to Life for Impact was made about six weeks after the purchase of an existing non-profit company, which appears to have been bought "off-the-shelf" as a tax compliant entity. The three original directors resigned and Mabundza, Ivonne Sibongile Kheswa and Patricia Dikeledi Nkosi were then appointed as directors on 3 March 2017.

Zibisimani, a second off-the-shelf company where Mabundza is a director, received a R4,8 million grant from the NLC's Sports sector on 21 November 2017. The grant was made about eight months after Mabundza, Rebottle Mashaba and Judith Nonhlanhla were appointed directors on 4 May 2017.

It is unclear what projects the funds granted to Life for Impact and Zibisimani were for. A search of both turned up no NLC-funded or any other projects that they are - or have been - involved in. The NLC has not responded to our query asking for details.

Kaone Wethu, a second company involved in the construction of the museum and old age home, also has links to business associates of Letwaba. One of its former directors, Kenelwe Constance Maboqa, is either still an active director or has resigned some of her directorships in at least five companies linked to Letwaba's family. These include Mosadi Ditshabeng Modjadji, where she is a still a co-director with Letwaba's younger brother, Thabo. She was also a co-director of Ironbridge Travelling Agency and Events and Redtaq with Thabo Letwaba before they resigned in March and June respectively.

The current listed director of Kaone Wethu is Karabo Charles Sithole, a former director of PKT, Redtaq, and Ironbridge. These companies are or were at one time linked to Letwaba or members of his family.

Phillemon Letwaba served as the NLC's Chief Financial Officer (CFO) before being appointed COO in 2017. For at least two years he was simultaneously both CFO and the NLC's acting executive on all grants.

A leaked document compiled three years ago by a concerned high-up NLC whistleblower emphasises the power Letwaba wielded through these joint positions. The whistleblower also raised the potential for "conflicts of interest" and the "manipulation" of grants

"The sudden urgency of approving so many proactive funding applicants whilst long-standing grant agreements are not being finalised for payment are worrisome."

In November last year, GroundUp revealed

(<https://www.groundup.org.za/article/how-hijacked-npos-scored-millions-lottery/>) how Upbrand Properties, a company in which Letwaba's brother, Johannes, was the sole director, signed a R15 million contract to build a rehabilitation centre near Pretoria. Although Johannes Letwaba subsequently resigned his directorship, Companies and Intellectual Property Commission records confirm that he was a director at the time of the signing of the multi-million-rand contract.

Despite this, the NLC issued a statement (<http://www.nlcsa.org.za/wp-content/uploads/2018/11/Media-Statement-Denzhe.pdf>) clearing its COO of any

conflict of interest. "The NLC follows strict prescribed processes and continually

encourages its employees to disclose matters of conflict of interest where applicable. It has since engaged individuals who may have been highlighted in

some of the issues-raises around the implementation and funding of the project [the rehab] and is satisfied with explanations provided."

The NLC has also released a statement saying it received a clean audit

(https://www.groundup.org.za/media/uploads/documents/NLC_CLEAN_AUDIT-1.pdf) for 2018/19.

Letwaba's wife, Daisy, and Melanie du Plessis are directors of a company called

Signature Kitchen Design that was registered on 20 September 2016. Du Plessis is the girlfriend of a controversial lawyer

(<https://www.groundup.org.za/article/lawyer-lottery-and-millions-dodgy-grants/>) who is associated with companies and organisations that have received tens of

millions of rands in Lottery funding.

In response to questions about Letwaba, the NLC wrote: "We have been advised by

the official that he has referred the matter to his lawyers but he has denied any conflict of interest on this matter."

Letwaba's lawyer later said in an email that Letwaba had been given insufficient

time to respond to our questions, but nevertheless said his client had nothing further to add to the NLC's responses. (We gave Letwaba ample time. He has had

sight of the questions sent to the NLC for several days. Despite this we gave him an additional day after receiving this letter. We have received no response.)

His wife also did not respond to questions we sent to Letwaba's lawyer for her.

After becoming aware of this writer's visit to Kuruman, the NLC distributed a media

statement claiming that I had approached Lottery-funded projects "requesting sensitive information".

And, despite the fact that I had identified myself to all the people I spoke to in

Kuruman as a journalist on assignment for GroundUp, the NLC alleged that I was falsely "claiming to be from a mine that is working in partnership with the NLC".

The NLC statement added: "We encourage beneficiaries who have been approached in this manner or by anybody claiming to be a representative of the

NLC to report this to the organisation's fraud line."

The South African Editors Forum subsequently issued a statement

(<https://sanef.org.za/sanef-calls-on-national-lotteries-commission-not-to-spread-disinformation-about-reporters/>) condemning the NLC's media release.

Themba Mabunda failed to respond to questions sent to his official PKT email

address.

Melanie du Plessis did not respond to questions sent to her via WhatsApp.

We will publish part two of this series on Monday.

The role of proactive funding

All three of the projects in Kurnuman were "proactively" funded using a 2015 amendment to the Lotteries Act that makes provision for the Minister of Trade and Industry, the NLC or its board to identify projects to be funded without receiving applications.

There are two types of proactive funding: planning and unplanned. Planning proactive funding starts with research before approval from the Commission, the Minister and the Board. Unplanned proactive funding is a response to emergencies and disasters. It's unclear why Life for Impact should have needed proactive funding on such short notice.

Since the amendment hundreds of millions of rands have been granted via

For example, the NLC proactively funded 20 projects valued at R285 million in 2017 and 2018, according to its Integrated Report (<http://www.nlcsa.org.za/ir/ir2018/divisional/operations-division.php>) covering that period.

"The majority of projects funded under proactive funding were in the Charities Sector at 57%, followed by Sports at 27%, Arts and Miscellaneous at 14% and 2% respectively," according to the report. "Most of the funding under the Charities Sector was for the construction of Old Age Homes and a Drug Rehabilitation Centre".

The NLC has funded several drug rehabilitation centres around South Africa. One near Pretoria received R27.5 million in proactive funding. The project is mixed in controversy (<https://www.groundup.org.za/article/how-hijacked-npos-scored-millions-lottery/>) and at least R20 million is unaccounted for. It is now the subject of litigation and under investigation (<https://www.groundup.org.za/article/lawyer-lottery-and-millions-dodgy-grants/>) by the Department of Trade and Industry and the NLC's Board.

Another rehab near Nelspruit has never been built (<https://lowwelder.co.za/459724/lottery-grants-investigation/?fbclid=IwAR1W538jPmU0PRWHTe3w1gGRTTR0cUjnkFRNODY0m0iK7H66xxwkhLkVQ>), despite receiving R22 million in Lottery grants dating back to 2016.

Groundup also revealed how the NLC used proactive funding to pay R20 million to two companies associated with controversial lawyer (<https://www.groundup.org.za/article/lawyer-lottery-and-millions-dodgy-grants/>) Lesley Ramuliffho to build toilets (<https://www.groundup.org.za/article/lotterys-promises-toilets-leaves-nasty-smell/>) at schools in Limpopo and the Eastern Cape. It later transpired that the NLC may have paid twice as much (<https://www.groundup.org.za/article/limpopos-forgotten-schools-and-lotterys-expensive-toilets/>) for the toilets than necessary.

The Democratic Alliance DA spokesperson on Trade and Industry Dean Macpherson last year called for an investigation (<https://www.businesslive.co.za/bd/national/2018-11-27-parliament-wants-lotteries-commissions-use-of-proactive-fund-investigated/>) of the proactive fund, after claiming that it was being used as a "slush fund" to enrich very few people.

"We know that there are shady characters that exist in the murkiness of proactive funding," Macpherson said.



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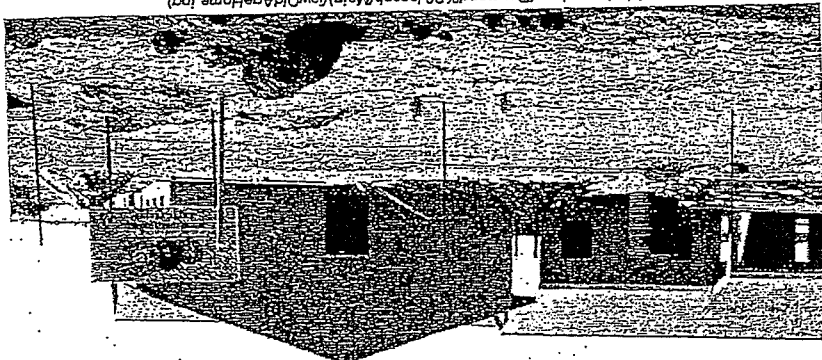
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Kuruman's unfinished R23 million old age home

5 August 2019 By Raymond Joseph (author/341)

#DodgyLottery part two: The National Lotteries Commission has denied that companies linked to its COO are involved. We present evidence to the contrary.



(/media/uploads/images/photographers/Raymond%20Joseph/MainViewOldAgeHome.jpg)

This incomplete old age home in Kuruman is funded by the Lottery. Photo: Raymond Joseph

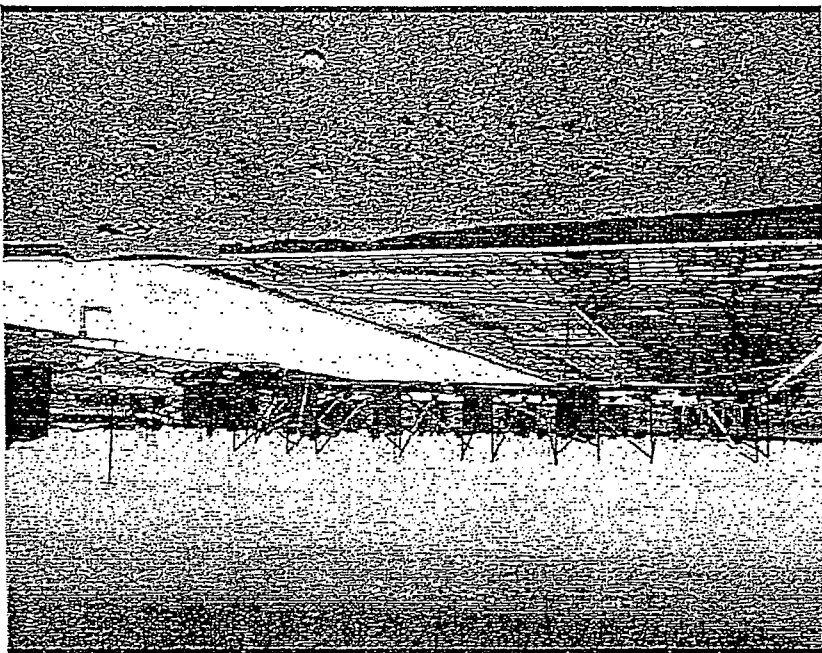
At least two companies linked to the National Lotteries Commission (NLC) Chief Operating Officer (COO) Phillemon Letwaba are involved in multimillion-rand Lottery-funded projects in Kuruman in the Northern Cape.

The companies are PKT Consulting, which is involved with the construction of an old age home and library and museum complex, and Kaone Wethu, which is involved at the old age home. The links between these companies and Letwaba are explained in part one of this series: Conflicts of interest and incomplete projects: How Lottery money is being spent (https://www.groundup.org.za/article/conflicts-interest-and-incomplete-projects-how-lottery-money-meant-develop-country-being-spent/). (https://www.groundup.org.za/article/conflicts-interest-and-incomplete-projects-how-lottery-money-meant-develop-country-being-spent/)

The NLC has denied these companies are contracted to the two projects, but in this article, we present evidence that they were indeed involved, at least on 19 February 2018.

#DodgyLottery series

- Part one: Conflicts of interest and incomplete projects (https://www.groundup.org.za/article/conflicts-interest-and-incomplete-projects-how-lottery-money-meant-develop-country-being-spent/)
- Part two: Kuruman's unfinished R23 million old age home (https://www.groundup.org.za/article/kurumans-unfinished-r23-)

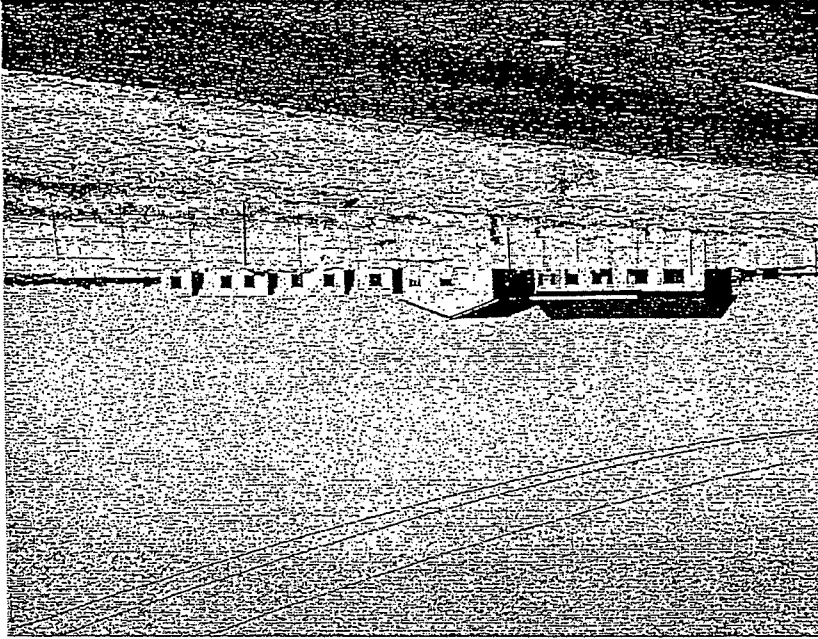


(/media/uploads/images/photographers/Raymond%20Joseph/TinyPicOfOldAgeHomeDecember2018.jpg)

This photo of the site where the old age home is being built was taken in December 2018.

The NLC was apparently so concerned about the delay that COO Letwaba visited Kuruman in January this year to investigate. According to local residents construction began in earnest in March or April.

When GroundUp visited in July there was no apparent activity on the site, although there are now several buildings nearing completion on the fenced-in property. A truck loaded with bricks and other materials was seen arriving at the site.



(/media/uploads/images/photographers/Raymond%20Joseph/SideViewOldAgeHome.jpg)

This photo (as well as the main photo on this article) was taken in mid-July. It shows that the old age home is still under construction almost two years after the NLC paid over at least R20 million of a R23 million grant. Photo: Raymond Joseph

Slow to build, but quick to get the money

The decision to proactively fund six old age homes in rural areas in North West Mpumalanga, Northern Cape, Limpopo, Free State and Kwazulu Natal, to the tune of R23 million each was taken at a special NLC board meeting on 28 August 2017. It is unclear how Lethabong was chosen, or if a call for organisations to develop old age homes was ever advertised or put out to tender by the NLC.

But from the date of the decision to fund old age homes, Lethabong moved rapidly and two weeks later, on 11 September 2017, an application for R23 million in funding was submitted to the NLC. Three days later the NLC wrote to the board of Lethabong informing them that their application had been successful. A contract was signed between the NLC and Lethabong on 15 September, and just over a month later, on 24 October, the first tranche of R20 million was paid to the organisation.

Many organisations that have applied for Lottery funding will be surprised by this astonishingly quick turnaround time.

Registration discrepancy

There is also a discrepancy with the NPO number, 079-579, used by Lethabong in its application.

A search for this number on the Department of Social Development (DSD) NPO register (<http://www.npo.gov.za/PUBLIC/NPO/NPO>) returns details for the Boikanyo Pre-School in the North West Province, which was registered on 19 May 2010. But a search for Lethabong Old Age returns four hits, two in Limpopo and one each in Gauteng and Northern Cape, where Kuruman is situated.

According to the DSD records, Lethabong Old Age in Limpopo was registered as an NPO on 4 November 2010 — the date provided on the Kuruman grant application — with the registration number 078-759. Even if this was an error with the NPO number on the application, it shows that the NLC failed to properly verify it. A cursory check would have led them to the Boikanyo DSD listing.

Since the Northern Cape Lethabong Old Age was only registered with DSD as an NPO a few months ago, on 15 April 2019 under the number 226-372, it may have used a sister organisation in Limpopo as a conduit to apply for funding. Nevertheless, Lethabong supplied a Kimberley, not a Limpopo address, in its application.

Responding to a question about the registration number inconsistency, the NLC said: "This is not correct, according to our records Lethabong Old Age Home was the implementing organisation and not Boikanyo as your source(s) alleges. In our records, the funded organisation was registered in 2010 and this has been verified independently with the Department of Social Development"

Exaggerating the number of beneficiaries?

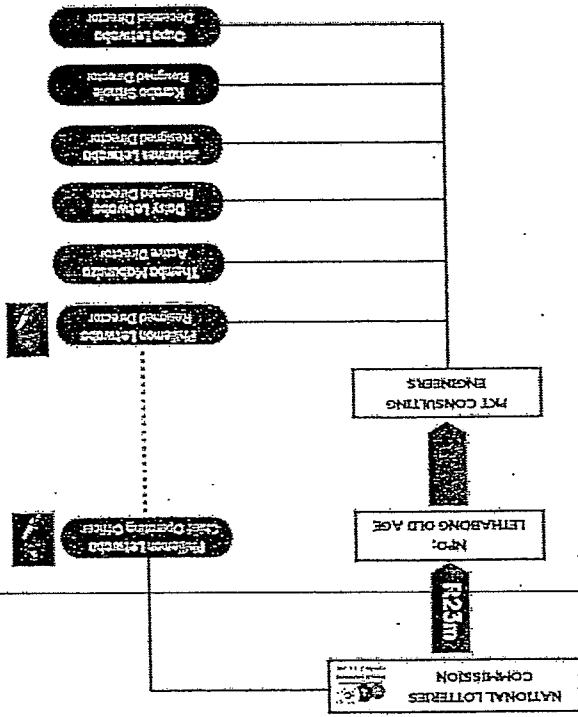
Lethabong said in its application that the old age home would benefit 150 children, 20 children with disabilities, 100 adults with disabilities, 500 youths, 50 unemployed people, and only 60 elderly. How the non-elderly would benefit was not stipulated.

"This is what we call indirect beneficiaries," the NLC said in response to our questions. "Part of the project objective was to deal with the burden put upon kids in looking after the elderly, create direct and indirect jobs for youth and people with disabilities based on the impact assessment."

In fact, the application states that there will be 300,000 "indirect beneficiaries".

A source with knowledge of the project, who asked not to be identified as they feared victimisation, said that service agreements were yet to be concluded with national or provincial government departments or other suitably qualified service providers to staff and run the facility after completion.

But the NLC said: "As this is a proactively funded project the NLC is at this point embarking on assistance for licensing of the facilities, capacitating the caregivers in collaboration with DSD and ensuring a proper handover of the facility for sustainable care by the DSD."



(/media/uploads/images/photographers/Raymond%20Joseph/LetwabaOldAge-Diagram2.png)

Diagram showing the relationship between Pkt Consulting Engineers, the Letwaba old age home in Kuruman, Letwaba and his family.

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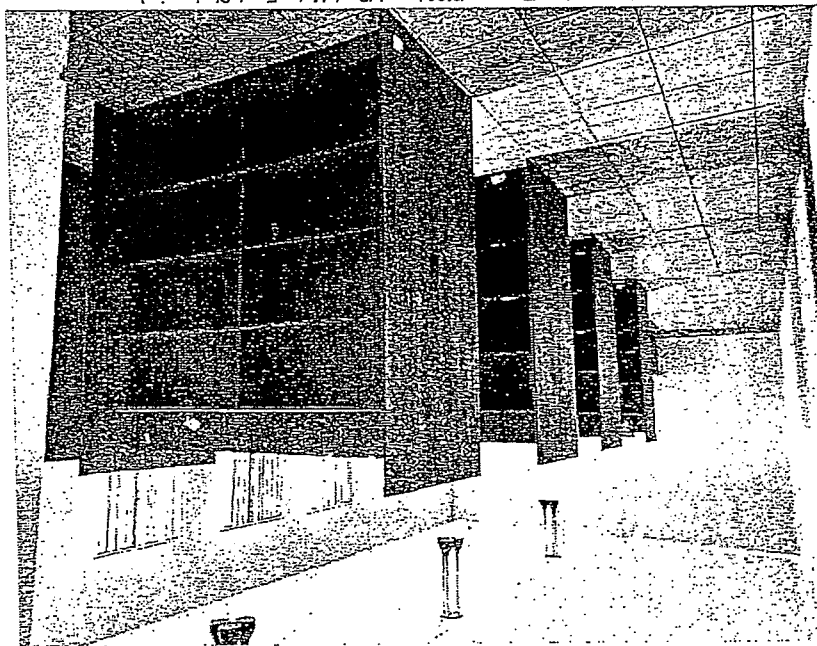
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POLL

The Lottery-funded library with empty shelves

7 August 2019 By Raymond Joseph (author/341)

#DodgyLottery part three: R20 million has been spent on the Credo Mutwa Museum and Library, with very little to show for it



(/media/uploads/images/photographers/Raymond%20Joseph/CredoMutwaEmptyShelves.jpg)

Nearly all the bookshelves in the Credo Mutwa museum and library are empty. Photo: Raymond Joseph

Even though the National Lotteries Commission has pumped over R19.6 million into a library and museum complex to celebrate the life and work of one of Kurnaran's most famous sons, there is very little other than a building to show for it.

And, although the Lottery funding was granted in 2017, the complex was only completed earlier this year.

Two companies, PKT Consulting Engineers and Kaone Wethu, which were involved in the construction of the complex have links (<https://www.groundup.org.za/article/conflicts-interest-and-incomplete-projects-how-lottery-money-meant-develop-country-being-spent/>) to NLC Chief Operating Officer Phillemon Letwaba and members of his family.

#DodgyLottery series

• Part one: Conflicts of interest and incomplete projects

(<https://www.groundup.org.za/article/conflicts-interest-and->

- incomplete-projects-how-lottery-money-meant-develop-country-being-spent/
- Part two: Kuruman's unfinished R23 million old age home (<https://www.groundup.org.za/article/kurumans-unfinished-r23-million-old-age-home/>)
- Part three: The Lottery-funded library with empty shelves (<https://www.groundup.org.za/article/lottery-funded-library-empty-shelves/>)
- Part four: Lottery-funded rehab centre unfinished after two years (<https://www.groundup.org.za/article/lottery-funded-rehab-centre-unfinished-two-years-later/>)

The complex is intended to preserve the heritage of the world-famous sangoma, author, and African storyteller, Credo Mutwa (<https://www.dailymaverick.co.za/opinionista/2018-08-10-credo-mutwa-tapping-into-the-wisdom-of-the-ancients/>), now 98 and sickly, who lives across the road from the newly-built brick building.

"In 2017, the NLC approved funding for the library and museum for the preservation and display of the work of Dr Vusamazulu Credo Mutwa, a well-known African healer, shaman and a writer. The establishment will contribute to the documentation and preservation of the indigenous knowledge systems (IKS) of South Africa," the NLC said in a media statement (<http://www.nlcsa.org.za/wp-content/uploads/2019/02/Media-Statement-NLC-completes-the-Dr-Credo-Mutwa-Library-and-Museum.pdf>) late in February this year, shortly before the centre was opened.

At the height of Mutwa's fame, famous people and celebrities (<http://www.thefreeibrary.com/spencer%27s-pilgrimage+to+a+mud+hut+meeting+with+diana%27s+witchdoctor%3B...a00658875>), including Nelson Mandela, Princess Diana and her brother, Earl Charles Spencer, sought Mutwa's counsel.

But despite the NLC's stated plans, the museum building is largely an empty shell and negotiations with Mutwa's family to display his work and the collection of books, artefacts and art he has collected over a lifetime are yet to bear fruit.



(media/uploads/images/photographers/Raymond%20Joseph/CredoMutwaLibraryShelves.jpg)

To be fair not every bookshelf is empty. The left bookshelf pictured above is filled with copies of Mutwa's seminal work *Indaba My Children*. Photo: Raymond Joseph

We visited the site in mid-July.

The only exhibit in the museum is a travelling one consisting of a series of illustrated banners that tell the history of the Northern Cape. It is on loan from the McGregor Museum in Kimberley.

There is also an audio-visual presentation of an SABC series about Mutwa, which is played when people visit the museum, in spite of the millions from the Lottery, curator Asandiswa Manatha says that funds are not yet available to stock the museum with exhibits.

In the library section, there is only one rack with any books – including several shelves of copies of Mutwa's seminal work, *Indaba My Children*, and an eclectic mix of paperbacks and some children's books. The rest of the shelves are bare and gathering dust, apparently because there are no funds to stock the library.

The NLC says it will continue to support the museum and the library, after spending almost R20 million on the building.

"The NLC has funded the construction of the museum in honour of Credo Mutwa," NLC spokesman Ndivhuho Mafela said in response to emailed questions.

"We have handed over the facility to the community and we are informed that curators are appointed to assist the facility. The Commission will continuously provide support where necessary and required to ensure that the facility fully operates to its potential."

After GroundUp published Part One of this series on Friday, the NLC released a statement saying: "The Credo Mutwa Museum has since been completed and handed over to the community. The NLC is assisting the community and the appointed curators to finalise issues surrounding intellectual property of Sanusi Credo Mutwa."



(/media/uploads/images/photographers/Raymond%20Joseph/CredoMutwaExhibit.jpg)

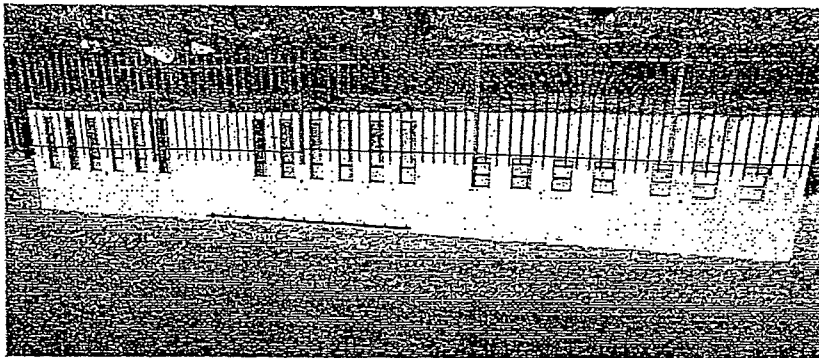
This travelling exhibit is the only display in the museum. It tells the history of the Northern Cape and is on loan from the McGregor Museum in Kimberley. Photo: Raymond Joseph

For the record

As this reporter's tour of the facility was ending, I was confronted by local activist Sandra Melato, who earlier in my investigation, had complained during phone calls with me of "corruption" involving the museum and some other NLC projects in Kuruman. She told me that her life was "in danger" because she had spoken out about corruption.

But now she accused me of being "against black development", saying: "When the NLC gives money to white people you do and say nothing, but when they help blacks you say they are corrupt."

Mafela said that Melato had made "serious allegations of intimidation" against me.



[/media/uploads/images/photographers/Raymond%20joseph/CredoMutowaOutside.jpg](#)

R20 million of Lottery money has gone to the Credo Mutowa museum and library in Kuruman. Photo: Raymond Joseph

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