



SPECIAL INVESTIGATING UNIT

Presentation

Status of SIU's investigations relating to National Lotteries Commission

2 March 2022

By

Adv. Andy Mothibi



Presentation Outline

1. Legislative Mandate
2. SIU Operating Model
3. SIU Proclamations
4. Status and Outcomes of SIU Investigations
 - Maladministration in the affairs on the NLC in relation to the-
 - (a) Investments of funds in the National Distribution Trust Fund, established in terms of section 21 of the Lotteries Act (Act No. 57 of 1997), contrary to the provisions of the said act; and
 - (b) Allocation of money in the Fund referred to in paragraph (a) to beneficiaries who were not entitled thereto in terms of the Lotteries Act, 1997, including the causes of such maladministration





SIU LEGISLATIVE MANDATE

The work of the SIU is primarily governed by the following Acts:

- Special Investigating Units and Special Tribunals Act, 1996 (Act 74 of 1996)
- Criminal Procedure Act, 51 of 1977 (Act 51 of 1977)
- Prevention and Combatting of Corrupt Activities (Act 12 of 2004)



Major Functions

- Investigate corruption, malpractice and maladministration
- Institute civil proceedings



SIU Powers

- Able to subpoena, search and seize evidence, and interrogate witnesses under oath (once a proclamation has been issued)
- Institute civil litigation to recover state funds lost or to prevent future losses



Out of SIU Mandate

- Arrest or prosecute offenders
- Implement disciplinary actions
- Works closely with other relevant agencies where its powers fall short



SIU VISION AND MISSION

VISION

The State's preferred and trusted anti-corruption, forensic investigation and litigation agency

MISSION

We provide forensic investigation and civil litigation services to combat corruption, serious malpractices and maladministration to protect the interest of the State and the public

VALUES

**Integrity; Co-operation; Teamwork; Professionalism; Efficiency; Independence
Drive and Passion**

SIU OUTCOMES CONSEQUENCE MANAGEMENT



CIVIL LITIGATION

- Institute civil proceedings where there are potential recoveries of assets.
- Apply for preservation orders at an early stage of investigation where there is prima facie evidence.

DISCIPLINARY ACTION REFERRALS TO STATE INSTITUTIONS

PROSECUTION REFERRALS TO THE NPA

REFERRAL TO OTHER REGULATORY AUTHORITIES SUCH AS: SARS

SYSTEMIC RECOMMENDATIONS



PROCLAMATION



INVESTIGATION





Proclamation R32 of 2020

National Lotteries Commission



BACKGROUND



On 6 November 2020 Government Gazette Number 43885, Proclamation No. R.32 of 2020 was published. The Honorable President referred the matters set out in the Schedule of the Proclamation to the Special Investigating Unit for investigation.

The period of investigation - 1 January 2014 and 6 November 2020.

The scope of investigation refers to maladministration in the affairs of the NLC in relation to:

- (a) the investment of funds of the National Lottery Distribution Trust Fund, established in terms of section 21 of the Lotteries Act, No. 57 of 1997, contrary to the applicable provisions of the Lotteries Act; and
- (b) allocation of money in the Fund to beneficiaries who were not entitled thereto in terms of the applicable provisions of the Lotteries Act, 1997



NLC BOARD MEMBERS & OFFICIALS



Investigation 1 – Former Board member (Resigned)

Background

- One former board member was appointed as a NLC Non – Executive Member to serve on its Board on 20 April 2017, by the then Minister of Trade and Industry. His period of appointment was for five years with effect from 1 April 2017 ending 13 March 2022.
- One Former Board member, has been identified as a trustee of one trust and he is the sole director of Group of Companies.



Money laundering by Former Board member

NPO 1

- The investigation has identified that the identity of Non-profit Organisation, NPO 1 was hijacked and R23 000 000.00 grant funding was paid to the NPO.
- The purpose of the grant was to build an old age home in Mpumalanga. The project was started but not completed as funds allocated to the project were redirected to individuals connected to the NLC.



NLC BOARD MEMBERS & OFFICIALS



- The investigation has revealed that R5 000 000.00 of the R23 000 000.00 received from the bank account of NPO 1 was transferred to one attorney of the group of companies belonging to the former board member, for the transfer of a luxurious immovable property in favor of their client.



Money Laundering by Former board member through his Family Trust

- On 6 December 2017, the Family Trust paid R565 000.00 from its account to the former board member's private account. On 29 January 2020, further R300 000.00 was paid to an unidentified bank account. The reference for the payment has been identified as that of the former board member.



Money laundering by Former member through, **NPO 2**

1. On 9 September 2016, NPO 2 submitted an application for grant funding for construction of a drug rehabilitation centre. On 7 October 2016 the application was approved for funding of R17 million.
2. On 20 October 2016, two days after the signing of the Grant Agreement by NLC and NPO 2, NPO 2 appointed a company linked to one of the senior official of NLC for the construction and refurbishment of the rehabilitation centre.



NLC BOARD MEMBERS & OFFICIALS

- 3 On 22 November 2016, a day after NPO 2 received a payment of R7.5 million into their account, R3,350.000.00 was transferred to the appointed company linked to senior official of NLC. On the same day the same company transferred R1 million into the private bank account of the former board member 1.
4. It should be noted that the company appointed by NPO 2 was owned by the brother to one of the senior official of NLC.



NLC BOARD MEMBERS & OFFICIALS



- 5 NPO 2 submitted an application to the NLC to build a new drug rehabilitation center in Gauteng. The NPO refurbished and build extra building structures to an existing drug rehabilitation center.



NLC BOARD MEMBERS & OFFICIALS

NPC 1



Money laundering by former board member

- On 19 October 2016, NPC 1 received grant funding of R7.5 million from the NLC. On 29 November 2016 a further grant of R7.5 million was paid by NLC to the NPC.
- The purpose of the grant application was to build a drug rehabilitation center in Mpumalanga. The construction of the center was on going in 2021 when SIU visited the area for site inspection and interview.



NLC BOARD MEMBERS & OFFICIALS

NPC 1



Money laundering by former board member

- On 1 December 2016 NPC 1 transferred an amount of R3,499,024.83 into the bank account of the company owned by the brother of the senior official of NLC. On the following day, 2 December 2016, the same company transferred R1 million to the former board member's bank account.
- The construction of Drug Rehabilitation Center was still ongoing when SIU visited the Center in November 2021.



Conflict of Interest by the former board member 1

- The SIU investigation has revealed that during the period March to May 2018, the former board member received a total amount of R5,470.000.00 into his personal bond account from various NPO's. The bond was for his primary residence house situated in Gauteng.



NLC BOARD MEMBERS & OFFICIALS

NPO 3



Conflict of Interest by Former board member 1

1. It has been determined that NPO, NPO 3 received grant from NLC to the tune of R8 million in 2015.
2. NPO 3 was used as a conduit to make an application on behalf of another NPO. The purpose of application was to develop women in the Eastern Cape. NPO 3 also received funds from Hijacked NPOs then transfer some of the funds to certain NLC officials.



NLC BOARD MEMBERS & OFFICIALS

NPO 3



Conflict of Interest by Former board member

3. The SIU has determined that upon receipt of grant funding from NLC, the hijacked NPOs transferred monies to one of the key role player's bank account.
4. On 28 March 2018, NPO 3 paid R2 000 000.00 of the R5,470.000.00 paid into the personal bond account of the former board member 1.



NLC BOARD MEMBERS & OFFICIALS



NPO 4

Conflict of by board member

- During the period 2015 to 2018 NPO 4 received three NLC grants to the value of R6,408,000.00.
- NPO 4 transferred R1,428,357.90 to one known company. On 4 April 2018, the known company transferred R1,970,000.00 to one former board member's personal Bond account.



INVESTIGATION 2 – “Former Board member 2”

Money Laundering and Conflict of Interest – “Former board member 2”

1. On 6 March 2018 board member 2, signed an Agreement of sale as purchaser of a property in Gauteng for R27 000 000.00.
2. A deposit in the amount of R25 003,000.00 (twenty five million and three thousand rand) was paid by the “**former board member 2**” into the trust account of one conveyancer attorney.



NLC BOARD MEMBERS & OFFICIALS

NPO 5



- NPO 5 applied for grant funding for the construction of an old age home to the NLC. The application was approved and a grant funding of R23 000 000.00 was approved by the NLC. On 16 October 2017 the NLC effected a payment of R20 million into NPO 5 bank account.
- Construction of the old age home was started but the construction remain incomplete to this date.
- On 20 October 2017 NPO 5 transferred R11 700 000.00 to one company belonging to one of the key role player who ultimately transferred an amount of R9 203 000.00 to the conveyance attorney of the “former board **member 2**”. The money was part of the deposit paid towards the property purchased by the “**former Board member 2**”.



NLC BOARD MEMBERS & OFFICIALS

NPO 5



- **“former Board member 2”** further received R1 million from the company owned by the brother of one senior official of NLC for the deposit of a luxury vehicle.
- It is clear that the company belonging to the brother of one Senior official of NLC was used as a vehicle to launder money received by NPOs from NLC.



NLC BOARD MEMBERS & OFFICIALS

NPO 6



- NPO 6 applied for grant funding in 2016/2017 for construction of athletics tracks in Northern Cape. The application was approved and grant funding to the tune of R15 000 000.00 was approved. NPO 6 and NLC signed a Grant Agreement on 26 February 2018. NLC effected the payment of R15 million into the account number of NPO 6 on 7 March 2018.
- The initial 15 million granted to the NPO 6 was misused. The Project only started when NLC granted further amount of R4.2 million to the NPO.
- NPO 6 paid R10 000 000 to one known company on the same day the money was paid into their account. On 14 March 2018, the known company paid an amount of R2 500 000.00 to the conveyance attorney of the “former board member 2.



NLC BOARD MEMBERS & OFFICIALS

NPO 7



- The “**former board member 2**” also received R4 000.000.00 from NPO 7 through his Attorneys in order to purchase the R27 million immovable property.



NLC BOARD MEMBERS & OFFICIALS

INVESTIGATION 3 – SENIOR OFFICIAL OF NLC



Establishment of trusts by senior official of NLC and /or members of his families as vehicle to siphon money from NLC

1. The senior official of NLC was involved in a number of business activities with individuals and entities that are directly or indirectly benefiting from NLC grants. We have identified the key individuals involved.
2. During 2015 and 2016, both the senior official of NLC and one known individual registered two Trusts.
3. Tabled in the next slide are the NPOs that transferred monies to one of the trust account.



NPO/ Entity	Amount received
NPC 2	R1,033,323.00
Private company 1	R2,950,000.00
Private company 2	R3,012 ,000.00
Private company 3	R1,400,000.00
Private company 4	R850 000.00
Private company 5	R1005,000.00
Private company 6	R3.700 000.00
Private company 7	R101,000.00



After the Trust received funds from the NLC NPO, the funds were further redistributed to senior official of NLC's personal account and other family business.

Entity paid	Amount paid
Private company 6	R240,565.00
XXX Family Trust	R1,232,483.00
Restaurant	R560 000.00
Private company 8	R100 000.00
XXX Bank	R1326,487.00
XXX Bank	R938,751.00
Private company 9	R950,000.00



Company belonging to the brother of the Senior official of NLC

- The company was established by the elder brother to the senior official of NLC in 2016. The elder brother resigned as member in March 2017. The directorship remained in the close cycle of the friends and family members of the senior official of NLC.
- Tabled in the next slide shows the NPOs that transferred monies to the company belonging to the brother of one senior official of NLC;



NLC BOARD MEMBERS & OFFICIALS

No	Entity &/ (enabling NPO)	Amount Received by Upbrand
1	Private company 10	560,000.00
2	Private company 6	2,710,000.00
3	Private Company 10	150,069.23
4	NPO 10	2,301,438.41
5	Private Company 1	1,160,000.00
6	Family trust	950,000.00
7	Private Company 11	1,509,923.40
8	Private Company 5	2,562,250.00
9	NPO 10	4,000,000.00
10	Private Company 4	2,305,000.00
11	Private Company	303,840.44
12	Private Company 2)	5,900,000.00
13	Private Company 3	2,772,010.00
14	NPO 2	3,588,700.00
15	NPC 3	4,097,478.50
Total identified transactions value		34,870,709.98

During the a period 3 March 2016 to 11 July 2018, the company of the brother of one senior official of NLC paid a total of R5,6 million to the benefit of the senior NLC official and entities linked to his family members.

Tabled below shows the amounts received from the company to the official and his family members.

Date	Amount Paid	Amount paid to
19 May 2016	R3500	“School” payment for official’s son
24 May 2016	R830.00	Maths lessons for official's son
19 July 2017	R100,000.00	official's bank account
1 July 2017	R37 500.00	Official’s bank account
29 March 2017 to 14 December 2017	R1.668,863.80	Travelling Agency company of the official’s brother
On 24 December 2016	R200 000.00	Official’s Family Trust
26 April 2016 to 23 August 2017	R101,000.00	Official’s company
From 19 July 2017 – 11 July 2018	R1,509,250.00	Official’s farming business
On 12 October 2017	R50,000.00	Officials Family Trust



INVESTIGATION



NPO 6

Background

- In 2015, the NPO 6 submitted an application for grant funding to the NLC for an amount of **R25 000 000.00**. The application was unsuccessful.
- In 2018 the NPO 6 submitted a second application for grant funding for the construction of athletics tracks in the North West and Northern Cape Provinces.
- The application was approved and grant funding to the value of **R15 000 000.00** was granted to the NPO 6.



INVESTIGATION



Findings

- Upon receipt of the grant funding, **R10 000 000.00** was transferred to one known entities' bank account.
- R5 million was used for personal capacity.
- One senior official of NLC submitted a motivation to NLC for additional funding of **R4 278 000.00** to be issued to the NPO and the request was subsequently approved.
- NLC paid NPO 6 a total of R19 million (**R15000 000.00** grant funding and Additional **R4 278 000.00**).



NPO 6 Financial Investigation

- Athletic tracks, change room renovations, soccer field grass and Stadium grand stand painting were only done after NLC approved further funding amounting to R4,278 million. There is no value for money.



INVESTIGATION



Flow of money from Bank Account

- Company used the money to purchased properties.
- Company transferred R2,5 000 000.00 to the conveyancer attorney of the “former board member 2” for the purchase of a church.
- R2 207,000.00 was transferred to Financial Services for the payment of a loan.
- Other amounts were transferred to other accounts and used for personal benefit. They used it for purchasing and repairing of vehicles. The vehicles include Honda Jazz, Mercedes Benz AMG E63, Mercedes Benz SLK AMG E63 and Audi A3.



INVESTIGATION



NPO 2

Background

- In 2016, the NPO 2 submitted an application for grant funding for HIV programmes to the value of R700 000.00. Their application was unsuccessful.
- In late November 2016, an amount of R15 000 000.00 was paid into the NPO's bank account. The NPO 2 was hijacked and the signatories to the bank was changed to three known individuals.



INVESTIGATION



Findings

- The known individual hijacked the identity of NPO 2 and submitted an application to the NLC dated 9 September 2016 requesting funding for the construction of a drug rehabilitation centre in Gauteng.
- The application was approved and NLC awarded a total of R27 585,625,29 grant funding to the NPO 2.
- Few building blocks were constructed in an existing Drug rehab in Gauteng. The newly constructed structures are in poor quality. No Value for money.



INVESTIGATION



NPO 2 Financial Investigation

- As mentioned above NPO 2 was awarded R27 585,625,29.
- Of the amount paid to NPO 2, R10 ,406 387.34 was paid to one known individual's personal account.
- R3.1 million was paid to the same individual's Law Firm.
- R3,588,700 was paid to the company owned by the brother to one senior official of NLC.



Financial Investigation – NPO 2

- NPO 2 bank statement reveal that two amounts R264 240,34 and R271 000.00, were used for the purchase of two Food outlet Franchises owned by known individual.
- The bank statements further revealed that R5 million was transferred to one Attorney for the purchase of R11 million farm.
- It has been determined that R201 400.00 was paid from NPO 2 bank account for the purchase of a vehicle.



INVESTIGATION

NPO 8



Background

- **NPO 8** submitted an application for grant funding to NLC on 11 February 2016 for R49 935 697.52.
- The purpose of the request was to assist another NPC, for the project of drilling 200 boreholes in Limpopo, Mpumalanga, North West, Free State and Eastern Cape Provinces.
- On 19 February 2016 NLC awarded NPO 8 Learning Centre grant funding of R 55,463,735.00.



INVESTIGATION

NPO 8



Background

- On 22 February 2016, NPO 8 and another NPC signed a memorandum of understanding that the grant will be transferred to another NPC within two working days upon receipt thereof.
- On 24 February 2016, NPO 8 transferred the grant funding of **R55 ,250,000.00** to the bank account of another NPC as per the signed Agreement.



INVESTIGATION



Financial Investigation (continued)

- A total of R10,005,200.00 was transferred to one entity for services which were never rendered.
- R599,750.30 was used to purchase a new vehicle. An amount of R158,000.00 was also used to purchase another new vehicle.
- R2,641,898.88 was used to purchase a property.
- R1 million was transferred to the Call account of the known entity.
- R2,2m was transferred to another known entity.
- R341, 575,30 was used to purchase a second hand car.



INVESTIGATION



Value for money

- 200 Boreholes in five different provinces were drilled and equipped by two private companies.
- One entity received R10 Million for doing no work.



INVESTIGATION



NPO 9

Background

- The NPO was registered with Department of Social Development on 24 May 2012.
- On 7 December 2017, one known individual submitted an application for grant funding to NLC on behalf of the NPO. The purpose of the application was for the construction of integrated sports facilities in Limpopo.
- NPO 9 was awarded a grant funding of **R15m**.



INVESTIGATION



Financial Investigation – NPO 9

- The financial analyses conducted on the NPO's bank account has revealed that a total of R695,000.00 was transferred from NPO 9's bank account to one known individual's personal bank account and R6,636,400.00 was transferred to his business.
- The remaining amount was transferred to unknown accounts that the SIU is still pursuing.



INVESTIGATION



Value for money

- The NPO 9 only changed 13 doors and painted the grand stand of an existing stadium. No value for money was received.



INVESTIGATION

NPC 2



Background

- NPC 2 submitted an application on 7 June 2016 for grant funding to the amount of R50 541 950 by the founding members of NPC. The NPC 2 did not receive a response from the NLC.
- One known individual submitted documentation to the NLC of change of NPC ownership and also changed the banking details of the NPC.
- The NLC adjudicated the initial application submitted on 7 June 2016.
- It should be noted that the initial application was adjudicated beyond the 150 days prescribed by the NLC Act.
- NPC 2 received a grant funding of R10 106 800.00 on 24 May 2017 from NLC.



INVESTIGATION



Findings

- The purpose of the Application submitted by NPC 2 to NLC was to host South African Youth Awards.
- In the Final Report submitted to NLC, the NPC indicated that the event took place as planned. Invoices were also submitted for the said event.
- According to one Government entity, NPO 2 has never funded, sponsored or went in joint venture for hosting the any Awards.



INVESTIGATION



Financial Investigation – NPC 2

- Financial analyses of the NPC 2 bank account shows that monies were transferred to Companies either owned by the known individual or his close friends.
- R3,210,200.00 was transferred to one entity linked to the known individual.
- R1,735, 000.00 was transferred to an investment entity.
- R1 033,323.00 was transferred to the trust account owned by the senior official of NLC and his family.



INVESTIGATION



Financial Investigation – NPC 2

- R2,170,000.00 went to another known entity.
- R1,000,068.00 was transferred to another known entity.
- R151,600,46 went to another known entity.
- R1,500,000.00 was transferred to the senior official of NLC's family company.
- R500 000.00 went to the company of wife of the senior official of NLC.



NPO 11

Background

- NPC 11 was hijacked by known individual.
- In terms of the Application submitted to the NLC by the hijackers were to build a cricket sport development and training for the disadvantaged communities in the Northern Cape.
- The grant funding of R5,5 million was awarded to the NPO by NLC. The entire amount was not used for its intended purposes.



INVESTIGATION



Financial Investigation – NPO 11

Financial analyses of bank statements of NPO 11 revealed the following;

- R1,782,000.00 and R500 000.00 were transferred to two entities owned by one of the known NPO hijacker.
- R1 16 000.00 was transferred to one of the NPO hijacking key role player and close ally to the senior official of NLC. The entire amount was ultimately transferred to the entity linked to the family of the senior official of NLC.
- The entire grant was embezzled no work was done.



INVESTIGATION



NPO 5

Background

- NPO 5 was hijacked by one of the known hijacking key individual.
- They submitted a fraudulent application to the NLC in their name using NPO 5 profile to build an old age home in the North West Province.
- They then opened a new bank account for the NPO 5.
- The NPO 5 was approved R23 million grant funding by the NLC on 27 September 2017. On 16 October 2017 NLC made a payment of R20 000 000.00 to the NPO's bank account.



INVESTIGATION



Financial Investigation – NPO 5

- Between 17 and 27 October 2017 an amount totaling R11 700.000.00 was transferred from NPO 5's bank account to business bank account of private company 2.
- Between 19 and 27 October 2017 the owner of private company 2 transferred an amount totaling R9 203 000.00 to a bank account of conveyancing Attorneys for the purchase of a R27 million immovable property to the benefit of former NLC board member 2.
- The old age home construction that was started remain unfinished to this day.



INVESTIGATION

NPO 7

Background

- An application for grant was submitted on behalf of the legitimate NPO members by known individuals. The application was for the construction of an old age home in Limpopo.
- The known individual changed the banking account of the NPO 7 without the knowledge of the legitimate members of NPO 7.
- The Application was subsequently approved and **R20 000 000.00** was granted to NPO 7 by the NLC.



INVESTIGATION



NPO 7 (cnt...)

- The legitimate members of NPO 7 became aware that NLC paid grant funding to the value of **R22 578,350.00** to their NPO (i.e. NPO 7).
- They then approached the NLC to alert them that they paid money to the hijackers of NPO 7.
- NLC arranged a meeting with the legitimate members of NPO 7 and the hijackers to try and resolve the issues amicably. Instead of opening a criminal case against the hijackers and recover the money, NLC opted to grant further funding of **R7 829 353.00** to the legitimate members of NPO 7.



INVESTIGATION



NPO 7 cntd

- Out of the **R22 578,350.00** paid to the hijackers, R4 000 000.00 was transferred to conveyancing Attorneys for the purchase of R27 000 000.00 immovable property by the “former NLC board member 2”.
- The remainder of the **R22 578,350.00** loot was transferred to a company owned by one of the hijackers. The funds were laundered from his company to other companies linked to himself and those of the family of the senior official of NLC.
- Construction of the old age home was started by the legitimate members of NPO 7 after they were awarded over R7 million grant by the NLC but the project was abandoned few years back.



INVESTIGATION

NPO 13



Background

- The NLC initiated a project (i.e proactive funded project) to build a museum and a library in the Northern Cape province.
- The NPO 13 received R20.1 million in two tranches (i.e R10 million and 10.1 million) paid in two different bank accounts of NPO 13.
- The construction work was awarded by NPO 13 to a company owned by the cousin of a senior NLC official.



INVESTIGATION



NPO 13 continued

Companies appointed for the construction of the museum

- Construction company - owned by cousin of the senior NLC official.
- Engineering company - owned by the brother of the senior NLC official.
- Company B - owned by the wife of the senior NLC official.
- The biggest chunk of the grant went to the above mentioned companies.



INVESTIGATION



NPO 13 continued

Gratification

- NPO 13 paid an amount of R1.5 million to a construction company which was responsible for the building of a house for one senior NLC official.

Value for money

The project was completed but the building structure does not correlate with the money paid to NPO 13 by NLC. The SIU is in a process of acquiring services of a quantity surveyor to determine the value for money.



INVESTIGATION



NPO 1

Background

- NPO 1 was formed in Limpopo in 1999. The founding members of NPO 1 applied for grant funding and it was not approved.
- A fraudulent application was submitted to NLC on behalf of NPO 1 on 11 September 2017 by hijackers.
- On 23 October 2017 NLC approved the application and a grant funding of R23 000 000.00 was awarded to the hijacked NPO 1.
- The purpose of the grant was to build an old age home in a village in Mpumalanga.



INVESTIGATION



Financial Investigation

- On 28 October 2017, NPO 1 transferred an amount of R5 000 000.00 to an Attorneys for the purchase of a property owned by former NLC board member 1.
- Monies that came from NPO 1 and other NPO's went to different companies and was ultimately transferred to the bond account of the former NLC's board member 1.
- Almost R5 470 000 000.00 was paid from different companies that received money from different NPOs, including NPO1.
- Construction of the old age home in Mpumalanga, commenced but remain unfinished to this day.



NPO 14

Background

- NPO 14 submitted an application for grant funding to the NLC in 2015 and it was not successful.
- NPO 14 was hijacked by several members known to SIU and they submitted an application for grant funding to the NLC on 05 September 2017 for the construction of an Old age home in Northern Cape province. The NLC granted the NPO 14 a total funding of R23 000 000.00.



INVESTIGATION



NPO 14

Companies appointed for the construction of the old age home

- Construction company - owned by cousin of the NLC senior official.
- Engineering company - owned by the brother of the NLC senior official.
- Company B - owned by the wife of the NLC senior official.
- The biggest chunk of the grant received from the NLC went to the above mentioned companies.

Value for money

- Hijackers abandoned the project at the inception stage. They vanished with all the R20 million paid by the NLC. The Project restarted only after a further funding by the NLC was granted. Despite this, the project remain unfinished to this day.



INVESTIGATION



Financial Investigation NPO 14

- The investigation has revealed that R1 550 000.00 was transferred from NPO 14 to private farming business.
- R3 826 005.00 was transferred from NPO 14 to Private Company 2.
- NPO 14 also transferred R 15 000 000.00 to NPO 15.



INVESTIGATION



NPO 11

Background

- NPO 11 applied for grant funding to develop a boxing arena in the Eastern Cape.
- The initial application reflects that NPO 11 applied for R24 000 000.00 funding but was granted total amount of R31 985 555.00 by the NLC.
- The Application form reflects the names of the NPO 11 members who indicated to the SIU that they don't owned NPO 11.



INVESTIGATION



Financial Investigation NPO 11 Foundation

- NPO 11 received R31 985 555.00 grant from NLC.
- R 7,811,447.65 was transferred to one known Engineering company.
- R3 000 000.00 was transferred to a consulting company owned by one member of Private Company 12.
- R6, 118 .000.00 was paid to NPO 11 call account.



INVESTIGATION



Financial Investigation

Private Company 2 received R12 550,000.00 from NPO 11 and other different hijacked NPOs. After receiving the funds, the money was distributed as follows:

1. Company linked to the brother of the NLC senior official – R5,900 000.00.
2. Trust account opened by one NLC senior official – R3, 012, 000.00
3. Farming company owned by the NLC senior official's family – R800 000.00
4. Company owned by one NLC senior official - R236,417.26
5. Contribution to the Restaurant owned by a wife NLC senior official – R500 000.00
6. Private Company 1 owned by one of the key role player – R6,539,860.37



VALUE FOR MONEY



Appointment of Quantity Surveyors

The SIU is in the process of acquiring the services of Quantity Surveyors and Engineers to conduct a value for money exercise on the unfinished buildings constructed by the NPOs, for the purposes of recovery through Civil Litigation.



CIVIL LITIGATION



SIU Civil Litigation Processes

- SIU has commenced with Civil Litigation proceedings to preserve illegally gained properties and set to aside grant awarded to above mentioned NPOs.
- The SIU has started with the preservation of properties acquired by members of Inqaba Yokulinda NPO.
- SIU is currently in the process to appoint Senior Counsel to institute Civil proceeding in the Special Tribunal to recover stolen money from all NPO and NPC's mentioned in the presentation.



CIVIL LITIGATION

Inqaba Yokulinda NPO



Preservation Order granted in favour of the SIU in respect of the following:

1. ERF 1618 Swartkop Ext 8 township belonging to Mr. Tshifhiwa Terrance Magogodela
2. Vehicles belonging to Mr Jabu Sibanda (i.e.Honda Jazz, Mercedes Benz AMG E63 , Mercedes Benz 63 and Mercedes Benz CLK AMG 63),
3. Vehicles owned by Boitumeo Diutlwikeng AUDI A3

On the main application, the SIU seeks to set aside the award of the grant to Inqaba Yokulinda by NLC to the amount of R19 275 000 000.00. The SIU will also request the court to order Buyisiwe Khoza , the CEO of the NPO, to pay back the R5 000 000.00 which she used for her personal gain (other than that which was intended for in terms of the grant agreement with the NLC)



REFERRALS TO THE NPA

NPA Referrals to section 4(1)(d) of the SIU Act

- Evidence which points towards commission of offence are referred to the NPA for further investigation and/or prosecution.
- Ten identified criminal referrals against NLC officials, NPO and NPC's will be finalised and referred to the NPA on or before 31 March 2022.



DISCIPLINARY REFERRALS



1. A Disciplinary recommendations letter dated 13 August 2021 was submitted to the Minister of Trade and Industry, for the former NLC board member 1. The member tendered his resignation immediately after he was requested by the Honorable Minister of Trade and Industry to furnish him with reasons why he should not be fired as result of the findings and/or recommendations of the SIU.
2. The SIU also submitted a Disciplinary recommendations letter to NLC dated 27 August 2021 against Senior official of NLC. The Disciplinary hearing was conducted from 17 January 2022 and the SIU received the outcome of the Disciplinary processes. The SIU will study the outcome of the Disciplinary hearing and will chart the way forward thereafter. There are some reservations with regard to the way the disciplinary hearing was conducted.
3. Further Disciplinary recommendations will be referred to the NLC as an when the evidence becomes available.



ONGOING INVESTIGATIONS



PHASE 1

SIU is in the process of finalizing 12 investigations that forms part of phase 1. Allegations of the said investigations were received in the latter part of 2021 and will be finalized on the 30th of June 2022.

PHASE 2

The SIU is currently in receipt of 23 new allegations. The investigations on the new allegations will commence from 1 March 2022 to November 2022.

In total, the SIU will investigate approximately 50 allegations relating to irregular allocation of funds by the NLC to unqualified beneficiaries.

The SIU will further investigate maladministration in relation to the investment of funds in the National Lottery Distribution Trust Fund contrary to the provisions of the Lotteries Act.



OBSERVATIONS



We have observed the following:

- Modus operandi used to siphon money from NLC through various NPO and NPCs.
- Collusion between NLC officials and NPO and NPCs.
- Collusion between some board members and NPO and NPCs.
- Abuse of NPO and NPCs.
- Hijacking of NPO and NPCs,
- Review of Proactive Funding processes,
- Ineffective Auditing of project.
- Maladministration in the approval of grants.



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Website: <https://www.siu.org.za>

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