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PRESENTATION TO THE PORTFOLIO COMMITTEE ON TRADE, INDUSTRY AND COMPETITION ON CASES INVOLVING THE NATIONAL LOTTERY COMMISSION

21 NOVEMBER 2024

Presentation by: Major General Makinyane:
Directorate for Priority Crime Investigation



Presentation outline

- Introduction and purpose
- Mandate
- Status of cases under investigation by the DPCI
- Cases under investigation by Detective and Forensic Services
- Conclusion



Introduction and purpose

- The Directorate for Priority Crime Investigation (DPCI) received an invite from the Portfolio Committee on Trade, Industry and Competition in line with the provisions of section 17K(1) of the South African Police Service Act 68 of 1995, which provides that Parliament shall effectively oversee the functioning of the Directorate and the Committees established in terms of Chapter 6A of the Police Act.
- The Committee requested the National Head to provide an update on investigations involving the National Lottery Commission cases.
- The following legend is used to depict the statuses of the cases:

Legend

- Number of cases/enquiries on hand

19

- Number of court cases:

1

- Number of cases pending decision by the NPA:

2

- Number of cases under Investigation:

16



MANDATE OF THE DPCI

In terms of Section 17D of the South African Police Service Act, the Mandate of the DPCI is as follows:

(1) The functions of the Directorate are to **prevent, combat and investigate**—

(a) national priority offences, which in the opinion of the National Head of the Directorate need to be addressed by the Directorate;

(aA) offences referred to in Chapter 2 and Section 34 of the Prevention and Combating of Corrupt Activities Act (PRECCA), 12 of 2004;

(2) If, during the course of an investigation by the Directorate, evidence of any other crime is detected and the National Head of the Directorate considers it in the **interests of justice, or in the public interest**, he or she may extend the investigation so as to include any offence which he or she suspects to be connected with the subject of the investigation.

Section 17A of the Police Act defines “National Priority Offence” as organised crime; crime that **requires national prevention or investigation**; crime that **requires specialised skills** as referred to in section 16(1) of the SAPS Act. The priorities are cross-cutting. One cannot occur without affecting the other(s) and because of this, the DPCI specialises in **project investigations** which draws in the investigative expertise of multiple investigators in different environments.



GEOGRAPHICAL DEPICTION OF WHERE THE CASES ARE INVESTIGATED AND THE STATUS THEREOF

Province	No. of cases on hand	No. of cases in court	No. of cases submitted for decision	No. of cases under investigation
Gauteng	14	0	02	12
Limpopo	02	0	0	02
Northern Cape	03	01	0	02
TOTAL	19	01	02	16

A total number of **four hundred (479)** statements have already been obtained.

**ESTIMATED AMOUNT INVOLVED:
NATIONAL LOTTERY COMMISSION CASES**

COURT DOCKETS		CASES SUBMITTED FOR DECISION		CASES UNDER INVESTIGATION	
NO OF CASES	VALUE / POTENTIAL VALUE	NO OF CASES	VALUE	NO OF CASES	VALUE
01	R 885 000,00	02	R 4 600 000,00	16	R 15 307 210 881,00

COURT ROLL

NATIONAL LOTTERY COMMISSION CASES

Case number	Kimberly CAS 748/08/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>The accused persons submitted falsified applications for funding to the National Lottery Commission (NLC) on pretence that they are committee members of a non-profit organisation, Kgatelopele Foundation in Kimberley. The NLC approved R885 000.00 and paid R500 000.00 with R385 000.00 to be paid on the 2nd tranche.</p> <p>The accused persons presented misleading information to NLC regarding the business address of the NPO together with their residential addresses.</p> <p><u>CURRENT STATUS</u></p> <p>The matter appearing at the Upington Specialised Commercial Crime Court (SCCC).</p>
Offence	Fraud and Money Laundering	
Date Reported	2023-08-16	
Date of Referral to DPCI	2023-09-26	
Loss involved	R885 000.00	
Entity/Individual involved	Kgatelopele Foundation, Peter Sedibe and Johannes Khoza	
Number of charges	Fraud- Money Laundering-	
Number of statements obtained	31 Statements	

CASE SUBMITTED FOR DECISION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 118/07/2022	<p><u>SYNOPSIS OF CASE</u></p> <p>It is alleged that the directors of three entities applied for funding (R1, 5 million). The funds were approved for the accommodation for training and capacity building, buying of office equipment and Theatre Production and Festival Programme.</p> <p>The NLC, after the payment of the funds were paid, went to visit the mentioned premises and found that they did not exist. The funds were not used for the purpose they were approved for.</p> <p><u>CURRENT STATUS</u></p> <p>On 2023/10/16 the docket was forwarded to the Prosecutor for decision.</p> <p>On 2024-11-12 the Investigating Officer followed up with the appointed prosecutor who indicated that he is still busy with the matter. No decision has been made as yet.</p>
Offence	Fraud	
Date Reported	2022/07/06	
Date of Referral to DPCI	2022-09-16	
Loss involved	R1,2 Million – Actual Loss R300 000-00 (Potential Loss)	
Number of charges	01	
Number of statements obtained	06	

CASE SUBMITTED FOR DECISION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 52/02/2022	<p><u>SYNOPSIS OF CASE</u></p> <p>During May 2019 a foundation applied for grant funding from the NLC for the construction of Mukondeni Sports Facility and which was approved by the NLC in July 2019.</p> <p>NLC has two funding models which were introduced in 2015, namely: Application-based funding and Pro-active funding model, this was an application based funding model.</p> <p>However, it became apparent through a tip off received, that the grant funding awarded was not utilised for the purpose they were intended for.</p> <p>The funding awarded to HMF by NLC was R3 100 000,00.</p> <p>Seven (7) suspects that benefited from these crimes were identified, some of these individuals were linked to different entities that also benefited.</p> <p><u>CURRENT STATUS OF INVESTIGATION</u></p> <p>Under Investigation.</p>
Offence	Fraud Theft POCA (Money Laundering)	
Date Reported	2022-02-03	
Date of Referral to DPCI	2022-02-03	
Loss involved	R3 100 000,00	
Number of charges	Still to be determined	
Number of statements obtained	79	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 76/05/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>On 2015/02/26, a Non-Profit Organisation (NPO) made an application to NLC for a grant of R7 000 000,00 to develop sports through education, focus on sports development and sports management.</p> <p>The application was approved on 2015/10/14 and the funds were paid to the entity.</p> <p>The NPO failed to provide the NLC with evidence on how the funds were utilised and also failed to submit progress reports. It is alleged that the funds were not utilised for the purpose applied for.</p> <p><u>CURRENT STATUS</u></p> <p>The matter is under investigation</p>
Offence	Fraud	
Date Reported	2023-05-03	
Date of Referral to DPCI	2023-05-18	
Loss involved	R7 000 000,00 (Actual Loss)	
Number of charges	01	
Number of statements obtained	03	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 77/05/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>On 2022/07/13 the Legal Division of the NLC received a referral from the Delinquency Committee reporting an organisation that was allocated R5 970 000-00 on 2017/10/16.</p> <p>Progress reports were not submitted to NLC as per requirements. The funds were not utilized for the applied purpose.</p> <p><u>CURRENT STATUS</u></p> <p>The matter is under investigation.</p>
Offence	Fraud	
Date Reported	2023-05-03	
Date of Referral to DPCI	2023-05-18	
Loss involved	R5 970 000-00 (Actual Loss)	
Number of charges	01	
Number of statements obtained	02	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 540/05/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>On 2022-07-13, the Legal Division of the NLC received a referral from the NLC Delinquency Committee reporting an organisation that was allocated R31 305 000-00. The organisation was funded for operations and trailer designs, fittings and installation to the amount of R31 305 000-00. The NLC only paid R6 525 00-00 as initial payment for the application. Progress reports were not submitted to NLC as per requirements. Funds were not utilized for what they were applied for.</p> <p><u>CURRENT STATUS</u></p> <p>The matter is under investigation</p>
Offence	Fraud	
Date Reported	2023-05-16	
Date of Referral to DPCI	2023-05-18	
Loss involved	R31 305 000-00 (Potential Loss) R6 525 000-00 (Actual Loss)	
Number of charges	01	
Number of statements obtained	02	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 541/05/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>On 2022/07/13, the Legal Division of the NLC received a referral from the Delinquency Committee reporting an organisation that was allocated R17 792 000-00.</p> <p>The organisation was funded for cycling equipment and trophies, salaries, promotional material and touring.</p> <p>Progress reports were not submitted to NLC as per requirements. Funds were not utilised for what was meant for.</p> <p><u>CURRENT STATUS</u></p> <p>The matter is under investigation</p>
Offence	Fraud	
Date Reported	2023-05-16	
Date of Referral to DPCI	2023-05-18	
Loss involved	R17 792 000-00 (Actual Loss)	
Number of charges	01	
Number of statements obtained	02	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 411/08/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>An NPO applied for funding through NLC for a project to provide support to victims of GBV.</p> <p>Progress reports were not submitted to NLC as per requirements. Funds were not utilized for what they were applied for.</p> <p><u>CURRENT STATUS</u></p> <p>Under investigation.</p>
Offence	Fraud	
Date Reported	23/08/2023	
Date of Referral to DPCI	25/08/2023	
Loss involved	R7 941 300 (Potential loss)	
Number of charges	01	
Number of statements obtained	10	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside 644/08/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>On 2019-05-17, an NPO applied for funding from the National Lottery Commission for a grant to build a sports complex to the value of R6 000 000-00.</p> <p>On 2019-10-23, the application was approved and an amount of R3 000 000-00 was paid to the NPO. After few months, the NLC team visited the site where the complex was supposed to be built and there was nothing build.</p> <p><u>CURRENT STATUS</u></p> <p>The matter is under investigation</p>
Offence	Fraud	
Date Reported	23/08/2023	
Date of Referral to DPCI	25/08/2023	
Loss involved	R6 000 000-00 (Potential Loss) R3 000 000-00 (Actual Loss)	
Number of charges	01	
Number of statements obtained	19	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Polokwane CAS 739/05/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>On 2019-05-17, an NPO applied for a grant for R6 500 000,00 with the intention to fund a project that was aimed to assist in preventing road accidents caused by straying livestock in the rural areas. The application was approved on 2019-07-11 and funds were paid to the NPO.</p> <p>It is alleged that the project was never implemented.</p> <p><u>CURRENT STATUS</u></p> <p>The matter is under investigation</p>
Offence	Fraud	
Date Reported	2023-05-25	
Date referred to DPCI		
Loss involved	R308 000.00	
Number of statements obtained	03	
Number of charges	To be determined	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Polokwane CAS 738/05/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>On 2019-05-17, an NPO applied for a grant for R7 128 500.00 with the intention to fund theatre auditions and shows held around a certain province.</p> <p>The application was approved on 2019-10-23 and funds were paid to the NPO.</p> <p>It is alleged that the project was never implemented.</p> <p><u>CURRENT STATUS</u></p> <p>The matter is under investigation</p>
Offence	Fraud	
Date Reported	2023-05-25	
Date referred to DPCI		
Loss involved	R987 000.00	
Number of statements obtained	04	
Number of charges	To be determined	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Kimberly CAS 501/06/2024	<p><u>SYNOPSIS OF CASE</u></p> <p>The National Lottery Commission received three (3) applications for grant to from 3 NPO's . It is alleged that the three entities misled the NLC by providing false names of the committee members. The NLC suffered prejudice for an amount of R383 000.00</p> <p><u>CURRENT STATUS</u></p> <p>The matter is under investigation</p>
Offence	Fraud and Money Laundering	
Date Reported	2024-06-21	
Date of Referral to DPCI	2024-07-31	
Loss involved	R1 000 800.00 Potential Loss R383 000.00 Actual Loss	
Number of charges	Fraud , Theft , Money Laundering	
Number of statements obtained	9 Statements	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Kimberly CAS 580/09/2024	<p><u>SYNOPSIS OF CASE</u></p> <p>The suspects submitted fraudulent application for funding to NLC on pretence that he is a Director of a certain NPO.</p> <p>The application was for a grant of R1,3 million and NLC approved R709 000.00. The funds were not used for the purpose they were meant for.</p> <p><u>CURRENT STATUS</u></p> <p>The matter is under investigation</p>
Offence	Fraud and Money laundering	
Date Reported	2024-09-26	
Date of Referral to DPCI	2024-10-29	
Loss involved	R1 300 000.00 Potential Loss R709 000.00 Actual Loss	
Entity/Individual involved		
Number of charges	Fraud ALT Theft Money Laundering	
Number of statements obtained	5 Statements	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 48/09/2020	<p><u>SYNOPSIS OF CASE</u></p> <p>In the year 2016, an NPO submitted an application for funding to NLC for an amount of R701 619.00 . No feedback or outcome of the application was received.</p> <p>In November 2016, one of the founding members of the NPO received bank notifications that an amount of R 27 585 625.29 was paid into the NPO account by NLC.</p> <p>The investigation revealed that a fraudulent application for funding for an amount of R31 638 000,00 was submitted to NLC without the knowledge of the members of the NPO .</p> <p><u>CURRENT STATUS</u> Under Investigation</p>
Offence	Fraud, Theft and Money Laundering	
Date Reported	2020-09-10	
Date of Referral to DPCI	2023-06-21	
Loss involved	Approximately R 27 585 625.29	
Number of charges	To be determined	
Number of statements obtained	226	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 281/12/2020	<p><u>SYNOPSIS OF CASE</u></p> <p>In November 2017, an NPO applied for funding in the amount of R4, 8million from the NLC during to host a soccer tournament. The funds received from NLC were not utilised for the purpose they were requested for.</p> <p><u>CURRENT STATUS</u></p> <p>Under Investigation</p>
Offence	Fraud Theft Money Laundering	
Date Reported	2020-12-10	
Date of Referral to DPCI	2023-06-20	
Loss involved	R4 800 000-00	
Number of charges	3	
Number of statements obtained	33	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 282/12/2020	<p><u>SYNOPSIS OF CASE</u></p> <p>In the year 2016, an NPO applied for funding in the amount of R10 106 800-00 from the NLC for the Youth Awards.</p> <p>The funding received from NLC was not utilized for the purpose they were meant for.</p> <p><u>CURRENT STATUS</u> Under Investigation</p>
Offence	Fraud, Theft and Money Laundering	
Date Reported	2020-12-10	
Date of Referral to DPCI	2023-06-23	
Loss involved	R10 106 800-00	
Number of charges	3	
Number of statements obtained	42	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 318/06/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>Grant funding allocated by the NLC to an NPO for the purpose of building and renovating community centres including schools in a province.</p> <p>It is alleged that some of the funds were not used for the purpose they were meant for.</p> <p><u>CURRENT STATUS</u></p> <p>Under Investigation</p>
Offence	Fraud Theft, and Money Laundering	
Date Reported	2023-06-15	
Date of Referral to DPCI	2023-06-12	
Loss involved	R28 589 736,41	
Number of charges	3	
Number of statements obtained	14	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 191/06/2023	<p><u>SYNOPSIS OF CASE</u></p> <p>Grant funding allocated by the NLC to an NPO for the purpose of constructing a library and museum.</p> <p>It is alleged that some of the funds (R20 182 588-74) were not used for the purpose they were meant for.</p> <p><u>CURRENT STATUS</u></p> <p>Under Investigation</p>
Offence	Fraud, Theft, Money Laundering	
Date Reported	2023-06-11	
Date of Referral to DPCI	2023-06-12	
Loss involved	R20 182 588-74	
Number of charges	3	
Number of statements obtained	14	

CASES UNDER INVESTIGATION NATIONAL LOTTERY COMMISSION CASES

Case number	Sunnyside CAS 629/07/2024	<p><u>SYNOPSIS OF CASE</u></p> <p>Grant funding allocated by the NLC to a Non Profit Organisation, for an amount of R80 million for the purpose of hosting the Commonwealth Games which would benefit the people of South Africa and boost the economy of the City of Durban and R55 250 000 for the drilling of 200 boreholes in five (5) provinces.</p> <p>It was established that the grant funds were not used for the purpose it was meant for.</p> <p><u>CURRENT STATUS</u> Under Investigation</p>
Offence	Fraud Theft Money Laundering	
Date Reported	2024-07-20	
Date of Referral to DPCI	2024-07-15	
Loss involved	R135 250 000-00	
Number of charges	Unknown	
Number of statements obtained	4	

CASES INVESTIGATED BY THE DETECTIVE AND FORENSIC SERVICE

The following five (5) matters are investigated by the Detectives:

- Western Cape - 03
- Kwazulu Natal - 01
- Gauteng - 01



Conclusion

The DPCI shall at all times enforce the Law of the Republic without fear, favour or prejudice and, as the circumstances of any particular case may require, in accordance with the Constitution and the Law

Thank You

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