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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

THE NATIONAL ASSEMBLY

QUESTION FOR WRITTEN REPLY

QUESTION NO. 578

Mr A G Bateman (DA) to ask the Minister of Trade, Industry and Competition:

Whether, with reference to the enforcement recommendations of the Commission of Inquiry into Allegations of Corruption at the Public Investment Corporation (PIC), also known as the Mpati Commission, the Companies and Intellectual Property Commission has taken any steps to ensure that every director implicated in potential wrongdoing in the recommendations has been investigated and considered for possible disqualification as a director; if not, why not; if so, what are the relevant details of the directors considered and/or submitted for disqualification in this regard? NW640E

REPLY:

I have been advised by the Companies and Intellectual Property Commission (CIPC) as follows:

The CIPC has reviewed the recommendations of the Commission of Inquiry into Allegations of Corruption at the Public Investment Corporation (the Mpati Commission). As part of this review, and considering competing resource demands arising from the release of the Zondo Commission findings at the time, the CIPC adopted a strategic approach in prioritising specific matters for enforcement action.

1) Investigation of Directors Implicated in the Mpati Commission

The CIPC focused its resources on the **AYO Technologies** transaction, which was highlighted in the Mpati Commission Report. This transaction had been the subject of a compliance notice previously issued by the CIPC to the Public Investment Corporation (PIC) during the Mpati Commission enquiry stage. The compliance notice required the PIC Board to:



- a) Institute formal legal proceedings to recover the R4.3 billion investment made in AYO, together with statutory interest;
- b) Report to the Commissioner of the CIPC within 15 business days on the steps taken to institute such proceedings; and
- c) Within 30 business days of any recovery, provide written confirmation of the funds recovered.

Although the North Gauteng High Court subsequently set aside the compliance notice on technical grounds, the concerns raised by the CIPC prompted the PIC to institute civil proceedings. These proceedings resulted in the PIC seeking to recover R600 million of the capital invested. In addition to this civil process, the CIPC continues to support the Directorate for Priority Crime Investigation (DPCI) in its ongoing criminal investigation into the conduct of directors and the company. This includes providing information and cooperation where required.

2) **Sagarmatha Technologies**

With respect to Sagarmatha Technologies—another entity referenced in the Mpati Commission—the CIPC has an established Memorandum of Understanding (MOU) with the Johannesburg Stock Exchange (JSE) governing the sharing of regulatory information. The information shared by the CIPC assisted the JSE in its decision to withdraw its listing approval for the company. The withdrawal was based on the company's failure to comply with section 33 of the Companies Act, 2008.

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