



SIU SA
STRIKING AGAINST CORRUPTION

Presentation
Status of SIU's investigations relating to
National Lotteries Commission
27 September 2022

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



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

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





EXECUTIVE SUMMARY

On 20 November 2020 the Honorable President of the Republic of South Africa has given the SIU the powers to investigate matters relating to the affairs of the National Lotteries Commission (“NLC”). The Investigation commenced with Phase 1 comprised of allegations that emanate from the Department of Trade and Industry through Nexia SAB&T report. The SIU has completed Phase 1 of the investigation which comprised of 12 allegations (NPO's / NPC's).

The amount involved in Phase 1 investigations is **R279 million**. The said amount was corruptly siphoned out of NLC with the assistance of Executive and Board members.

SIU commenced with Phase 2 investigation with 17 matters on 1 March which later increased to 24 matters .



Focus of the investigation:

- To investigate the 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



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

Former Board Member 2

The former board member was appointed as the board chairperson of the NLC during the period 2009 to 30 November 2020.

The investigation has revealed that various NPO's contributed towards the purchase of an immovable property on behalf of the board member. Mentioned below are the NPO's that contributed towards the purchase .

NPO's/NPC's that contributed towards the purchase of the former board members property

NPO 5 (Phase1)

- NPO 5 was hijacked by the persons mentioned in the application form in that the persons who applied are not the legitimate members of the NPO
- On 1 September 2017 , the hijacker who purported to be the manager whereby she signed and submitted the application form.

New information since last meeting

- No new information
- Civil litigation will be instituted in order to recover monies misappropriated.



FORMER BOARD MEMBER

Information previously reported on the 2nd March 2022

- On 13 September 2017 the application was adjudicated by the NLC's Charities Distributing Agency. The committee resolved to grant the NPO total amount of R23 000 000.00 comprising of: R20 000 000, 00 for construction and furnishing of old age home and R3 000 000, 00 for operation costs.
- On or around 16 October 2017 the NPO represented by the hijacker signed the grant agreement .
- On 16 October 2017 the NLC effected a payment of R20 million into the NPO's bank account.

New information since last meeting

None



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- On 20 October 2017 the NPO transferred R11 700 000.00 to an entity associated to the hijackers of the NPO. The entity transferred an amount of R9 203 000.00 to conveyancers. The conveyancers confirmed that the amount was part of the deposit paid towards the property of the former board member 2.

New information since last meeting

- None



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

NPO's/NPC's that contributed towards the purchase of the former board members property continued

NPO 6 (Phase 1)- Ingaba Yokulinda NPO

- 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 conveyancer attorney of the former board member 2.

New information since last meeting

None



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

NPO's/NPC's that contributed towards the purchase of the former board members property continued

NPO 7 (Phase 1) – Mushumo

- 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 .
- The Application was subsequently approved and R20 000 000.00 was granted to NPO 7 by the NLC.

New information since last meeting

No new information



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- 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 to try and resolve the issues. The meeting was attended by the chairperson of the real NPO and two officials from NLC . The Senior official told the member of the NPO to forget about the issue as NLC would deal matter regarding the hijacking of the NPO. 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.

New information since last meeting

- None



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- 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.

New information since last meeting

None



Information previously reported on the 2nd March 2022

NPO's/NPC's that contributed towards the purchase of the former board members property continued

NPO 16 (Phase 2)

- NPO 16 was originally registered to look after orphans in the Qinaabout area in Port Shepstone, KZN.
- When the NPO was hijacked in 2018, the hijackers submitted an application for grant funding to the NLC to promote and develop standards of farming and agriculture in Eastern Cape
- On 01 November 2018 the NLC Adjudication committee approved funding of R13 000 000-00 (Thirteen Million Rand) in two tranches of R7 000 000-00 (Seven Million Rand) and R6 000 000-00 (Six Million Rand) respectively.

New information since last meeting

- The bank statement analyses of the NPO shows that R5.9 million was transferred to a company related to the younger brother of one of NPO hijacking kingpins
- R100 000.00 was paid to a company owned by board member 3.



FORMER BOARD MEMBER 2

Information previously report on the 2nd March 2022

- The NLC effected payment of R7 000 000-00 (R7 Million) to the NPO on 21 November 2018.
- Upon receipt of these funds, the NPO effected payment of R 600 000,00 (Six Hundred Thousand Rands) to conveyancers on 28 November 2018 for the purchase of furniture and appliances of the property purchased on behalf of former board member 2.

New information since last meeting

None



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- None

New information since last meeting

NPO's/NPC's that contributed towards the purchase of the former board members property continued

NPC 17 (Phase 2)

- On 13 November 2017, the NPC applied for funding at NLC to organise a soccer tournament for the Ba-Phalaborwa municipality.
- The grant funding of R4.8 million was approved on 20 November 2017 and the Grant Agreement was signed on the same day.
- The NPC received funding of R4 800 000.00 from the NLC on 21 November 2017.
- On 22, 23 and 27 November 2017 a total of R 3 000 000.00 was transferred to one Consulting Engineers entity associated with one of the NLC hijacking kingpins. On 27 November 2017 the entity transferred R 2 750 000.00 and on 28 November 2017 R 250 000.00 was transferred again to conveyancers for the purchase of a R27 million immovable property for the benefit of Former board member 2.



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

None

New information since last meeting

- It should be noted that the identified hijacking kingpin and the wife to one Former Executive 1 of NLC are directors of the NPC and signatories of NPC's bank account



Information previously reported on the 2nd March 2022

- None

New information since last meeting

NPO's/NPC's that contributed towards the purchase of the former board members property continued

NPC 18 (Phase 2)

- On 12 May 2017, the NPC submitted an Application for funding to the NLC to construct a drug rehabilitation centre for the community in Soshanguve, Pretoria.
- The adjudication committee rejected the application submitted by the NPC as it did not meet the minimum requirements.



Information previously reported on the 2nd March 2022

- None

New information since last meeting

- On 14 July 2017 Executive of the NLC drafted a letter addressed to Chairperson of the NPC, informing the NPC that after careful consideration of their appeal, the adjudication committee decided to reverse their initial decision and approve an amount of R23, 877,838.00 subject to the terms and conditions of the enclosed in the Grant Agreement



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- none

New information since last meeting

- NLC and the NPC signed Addendum C to Grant Agreement and dated 21 May 2019. In the Addendum an additional amount of R2, 939,717.11 was allocated to the NPC.
- The NLC paid the NPC in 3 tranches; R8 715411.00 (26 July 2017), R7 939,381.00 (4 September 2017) and R5 014,346.00 (25 January 2018).
- On 5 September 2017 the NPC paid R1 million to a account identified as that of conveyancers.
- The SIU confirmed that the payment was part of the deposit for the purchase of the property on behalf of former board member 2.



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- None

New information since last meeting

NPO's/NPC's that contributed towards the purchase of the former board members property continued

NPO 19 (Phase 2)

- On 15 February 2018 the NPO applied for grant funding at NLC for Renovations and refurbishment to "Majakaneng Sports Complex".
- On 22 February 2018 application was adjudicated, R 15 000 000.00 was allocated by Adjudication Committee .
- A grant agreement was signed.
- R5 700 000.00 of the payment made to the NPO was paid to entity linked to NLC Senior Official.



Information previously reported on the 2nd March 2022

- None

New information since last meeting

- The entity paid the following amounts to conveyancers immediately after receiving R5.7 million from the NPO; On the 12 March 2018 an amount of R900 000.00, 15 March 2018 R1million and 16 March 2018 R450 000.00 .
- The purpose of the payments was for the purchase of an immovable property of behalf of **former board member 2**.



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- None

New information since last meeting

NPO's/NPC's that contributed towards the purchase of the former board members property continued

NPO 22 – Phase 2

- The NPO applied for funding on or around 19 Oct 2018 based on a Proactive funding.
- The purpose of the application was to offer employment of the local community and training of the local farmers. The application was successful and the NPO was granted R13 000 000, 00.
- Subsequent to the approval of the funding, a grant agreement was signed on 19 November 2018.



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- On or around 06 Dec 2018 NLC paid the NPO R7 000 000.00 and on or around 20 March 2019 the NLC paid R6 000 000, 00
- The NPO transferred R650 000,00 and R500 000,00 to an entity situated in Pretoria
- The entity effected payment of R500 000,00 to conveyancers on 12 Dec 2018 for the purchase of furniture and appliances on behalf of former board member 2.
- The noted that the appliances and furniture was part of a R27 million property purchased on behalf of former board member 2.



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- None

New information since last meeting

NPO's/NPC's that contributed towards the purchase of the former board members property continued

NPO 23 - Phase 2

- The NPO applied for grant funding on or around 03 October 2018 through an approved pro-active funding proposal for Agricultural farming in the Free State dated September 2018.
- The application was successful and a grant agreement was signed on 08 January 2019 granting the NPO an amount of R16 million.
- The amount was paid into the NPOs bank account. First tranche of R12,8 million was paid on 23 January 2019, and the 2nd tranche of R3.2 million was paid on 02 Oct 2019.



Information previously reported on the 2nd March 2022

- None

New information since last meeting

- On 01 Feb 2019 the NPO transferred R400 000.00 to a known private entity. On the same day, the entity transferred R35 000.00 and R50 000.00 to conveyancers referenced for furniture and appliance for the benefit of former board member 2.
- On 07 Feb 2019 the entity further transferred and amount of R260 000.00 to the same conveyancer



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- None

New information since last meeting

NPO 23 – Phase 2

- On or around 25 January 2019 the another private entity received R2 000 000,00 from the NPO.
- The entity paid conveyancers an amount of R14 000,00 on 13 Feb 2019 for the purchase of furniture and appliances for the benefit of former board member 2.



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- None

New information since last meeting

NPO's/NPC's that contributed towards the purchase of the former board members property continued

NPO 24 PHASE 2

- The NPO applied for funding in or around 21 August 2017, to construct an Old age Home in Dumbe, Zululand KZN.
- The application was successful and a grant agreement was signed on 27 September 2017 granting the NPO R23 000 000,00. The amounts were paid in 4 trenches (R20m, R1m x3).
- On 11 October 2017 the NPO transferred R5 000 000,00 to an entity known to the SIU.



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- On 11 October 2017 the NPO transferred R5 000 000,00 to an entity known to the SIU .
- Upon receipt of the money from the NPO, the entity paid/transferred an amount of R4 000 000 on the same day (11 Oct 2017) to conveyancers towards the payment of the property for former board member 2.



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

NPO's/NPC's that contributed towards the purchase of the former board members property continued

NPO 25 - Phase 2

- The NPO applied for grant funding on or around 19 May 2016. The purpose of the application was to provide basic business skills and incubation around Mpumalanga.
- The application was successful and funded for R1 million which was paid on 15 November 2016.
- The NPO paid an amount R500 000.00 to conveyancer for purchase of an immovable property of a trust where former board member 2 is a sole trustee.
- The deal was cancelled and the money was transferred to conveyancer who facilitated the sale of R27 million property on 2 November 2017 on the instruction former board member 2.



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

None

New information since the last meeting

- An entity owned by one of the hijacking kingpins paid R470 000.00 to conveyancers, again the transaction was cancelled and the money to conveyancers who facilitated the sale of property for the benefit of former board member 2.



FORMER BOARD MEMBER

Information previously reported on the 2nd March 2022

None

New information since the last meeting

NPC 7 – PHASE 2

- The NPC applied for grant funding to the NLC on 22 July 2015 . The application was rejected due to non submission of mandatory documents such as business and project plans
- On 15 June 2016 the NPC submitted an appeal and it was determined that the documents were indeed received but were not scanned as they were not labeled properly
- On 23 August 2016 the application submitted for reevaluation as it was discovered that the NPC did not submit progress report for other projects funded by the NLC.
- The NPC again submitted an appeal as they alleged that the reports were submitted to the NLC.



FORMER BOARD MEMBER

Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- 19 October 2017 a Review committee comprising of former board member 2 accepted the appeal and R5million grant funding was awarded to the NPC.
- On 26 October 2017 a grant funding agreement was signed by the NLC and the NPC.
- On 9 and 11 November 2017 the NPC transferred R1million and R1.5 million respectively to an entity that has the same directors and bank signatories as the NPC.



FORMER BOARD MEMBER

Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- On 10, 11, 13 and 16 November 2017 the entity transferred R350 000.00, R350 000.00 and R300 000.00 respectively to another entity associated to one of the hijacking kingpins.
- On 10, 15 and 17 November 2017 the entity in turn transferred R300 000.00, R100 000.00 and R100 000.00 respectively to conveyancers for a purchase of a property on behalf of former board member 2



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

Preservation Order and Review Application

- On 15 June 2022 the SIU obtained a preservation order to preserve the property registered under Vhutanda Investment (Pty) Ltd where Professor Nevhutanda is the sole director.
- Civil Litigation process is underway to review and set aside the grant funding contracts of all the NPO's / NPC's that contributed towards the sale of the property purchased for the benefit of Prof Nevhutanda.



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- None

New information since the last meeting

Vehicle 1 purchased on behalf of former board member 2

- The SIU identified that during the period August 2016 the former board member 2 purchased a Rolls Royce using funds from the NLC.
- An Invoice dated 31 August 2016 indicates that R6,300,000.00 was invoiced to former board member 2 for the above mentioned vehicle.
- Notification of payments indicating the origin of the payments made for the purchase of the vehicle. The Notifications are tabled in the next slide.



FORMER BOARD MEMBER 2

Information previously reported on the 2nd March 2022

- None

New information since the last meeting

Date of payments	Payment from	Recipients	Amount paid
18 April 2016	[REDACTED]	Daytona Pty Ltd	R1000 000.00
6 May 2016	[REDACTED]	Daytona Pty Ltd	R1000 000.00
10 August 2016	[REDACTED]	Daytona Pty Ltd	R1000 000.00
01 September 2016	[REDACTED] Pty Ltd	Daytona Pty Ltd	R574,185.13
06 September 2016	[REDACTED]	Daytona Pty Ltd	R5 000 000.00



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

Vehicle purchased on behalf of former board member 2

- As indicated in the table in the previous slide, payments for “former board member 2” Rolls Royce were received from an entity that has been contracted by NPO’s and also received grant funding.



Information previously reported on the 2nd March 2022

- The Senior official joined the NLC on 1 August 2014 on a fixed term contract of five years. On or about 27 November 2017, he was appointed at the NLC on a fixed term contract of five years for a different position

Information previously reported on the 2nd March 2022

Property purchased using NLC funds – NPO 15 (Phase 2)

- The NPO received grant funding of R28 million for the construction of Vhafamadi Secondary school in Limpopo.
- After receiving the first tranche of R20 million on 17 August 2016, the NPO transferred R15 million to the entity that transfer the money for the purchase of the property former board member 2.



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

Property purchased by the Senior Official using NLC funds – NPO 15 continued

- On 31 October 2016 the entity transferred R1 million to conveyancers. The purpose of the payment was for the purchase of a property on behalf of a Family Trust.
- NLC senior official has been identified as a trustee of the trust at the time when the property was purchase.



Information previously reported on the 2nd March 2022

- None

New information since last meeting

Property purchased by the Senior official of using NLC funds – NPO 5

- The NPO was hijacked in that the individuals that applied for grant funding are not the legitimate members of the NPO.
- On 16 October 2017, the NPO received 20 million grant funding from the NLC
- On the following day, 17 October 2017 the NPO transferred R5 million to entity an entity linked to the hijackers.



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

Property purchased by the Senior official of using NLC funds – NPO 5 (Phase 1) continued

- The entity transferred R2.2 million to conveyancers on 19 October 2017 for the purchase of an immovable property on behalf of a trust.
- During the period in question the brother and wife of the Senior officials were trustees of the trust.



Information previously reported on the 2nd March 2022

Establishment of Trusts by NLC Senior Official and Family to siphon money from the 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.

New information since the last meeting

- Two disciplinary referrals were submitted to the NLC.
- NPA Referrals.
- Pension of the former Senior Executive has been preserved.



Information previously reported on the 2nd March 2022

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

New information since the last meeting

- None



Information previously reported on the 2nd March 2022

After the Trust received funds from the NLC funds, the funds were further redistributed to the Officials 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

New information since the last meeting

- None



Information previously reported on the 2nd March 2022

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;

New information since the last meeting

- None



Information previously reported on the 2nd March 2022

No	Entity &/ (enabling NPO)		Amount Received by Uobrand
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		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			<u>34,870,709.98</u>



NLC SENIOR EXECUTIVE

Information previously reported on the 2nd March 2022

During the a period 3 March 2016 to 11 July 2018, the company of the brother of one senior executive of NLC paid a total of R5,6 million to the benefit of the senior NLC Executive 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

New information since last meeting

- None



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

Settlement of vehicle using NLC funds - NLC Senior Executive

- 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 NPO 14 a total funding of R23 000 000.00.



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- It should be noted that the hijackers applied for grant funding of R20,036472.18 but the NLC approved funding of R23 million.
- On 23 October 2017 the NLC paid R20 million to the NPO and on 14 February 2019, R1million. On 4 March 2019 R1 million was again paid to the NPO by the NLC. On 13 March 2019 another R1million was paid to the NPO.
- The NLC later paid an additional funding of R3 825 063.16 on 23 May 2019 to the NPO.



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- On 18 June 2019, the NPO transferred R1 million to an entity linked to one of the hijacking kingpins.
- On the same day, R338 900.00 was paid from the above mentioned entity to BMW financial service towards a balloon payment for a vehicle purchased by the said Senior Executive of NLC.



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

Property purchased on behalf of the former **NLC FORMER SENIOR EXECUTIVE “2”** using NLC Funds

- The investigation has revealed that NPO 15 (Phase 2) received grand funding from the NLC to the tune of R28 million for the construction of a Vhafamadi Secondary school in Limpopo.
- On 17 August 2016 the NPO received the first tranche of R20 million from the NLC.
- On 29 August 2016 the NPO transferred R4 million to entity linked to NLC Senior official and R2 million another entity linked to the same official.



FORMER BOARD MEMBER 1

Information previously reported on the 2nd March 2022

Former Board member 1

- Former board member 1 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 , Dr Rob Davies , MP. His period of appointment was for five years with effect from 1 April 2017 ending 13 March 2022 .

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.

New information since the last meeting

None



FORMER BOARD MEMBER 1

Information previously reported on the 2nd March 2022

- 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 1 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 1.

New information since the last meeting

None



FORMER BOARD MEMBER 1

Information previously reported on the 2nd March 2022

Money laundering by Former board member 1 through, NPO 2 –

- 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 R27 million.
- 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.
- 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.
- It should be noted that the company appointed by NPO 2 was owned by the brother to one of the senior official of NLC.

New information since the last meeting

- None



Information previously reported on the 2nd March 2022

- 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.

NPC 1

Money laundering by former board member 1

- On 19 October 2016, NPC 1 received grant funding of R7.5 million form 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.

New information since last meeting

- None



FORMER BOARD MEMBER 1

Information previously reported on the 2nd March 2022

Money laundering by former board member 1

- 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.

New information since the last meeting

- None



FORMER BOARD MEMBER 1

Information previously reported on the 2nd March 2022

Conflict of Interest by 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.

NPO 3

Conflict of Interest by Former board member 1

- It has been determined that NPO, NPO 3 received grant from NLC to the tune of R8 million in 2015.

New information since last meeting

- None



Information previously reported on the 2nd March 2022

- 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.
- 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.
- 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.

New information since the last meeting

- None



Information previously reported on the 2nd March 2022

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.

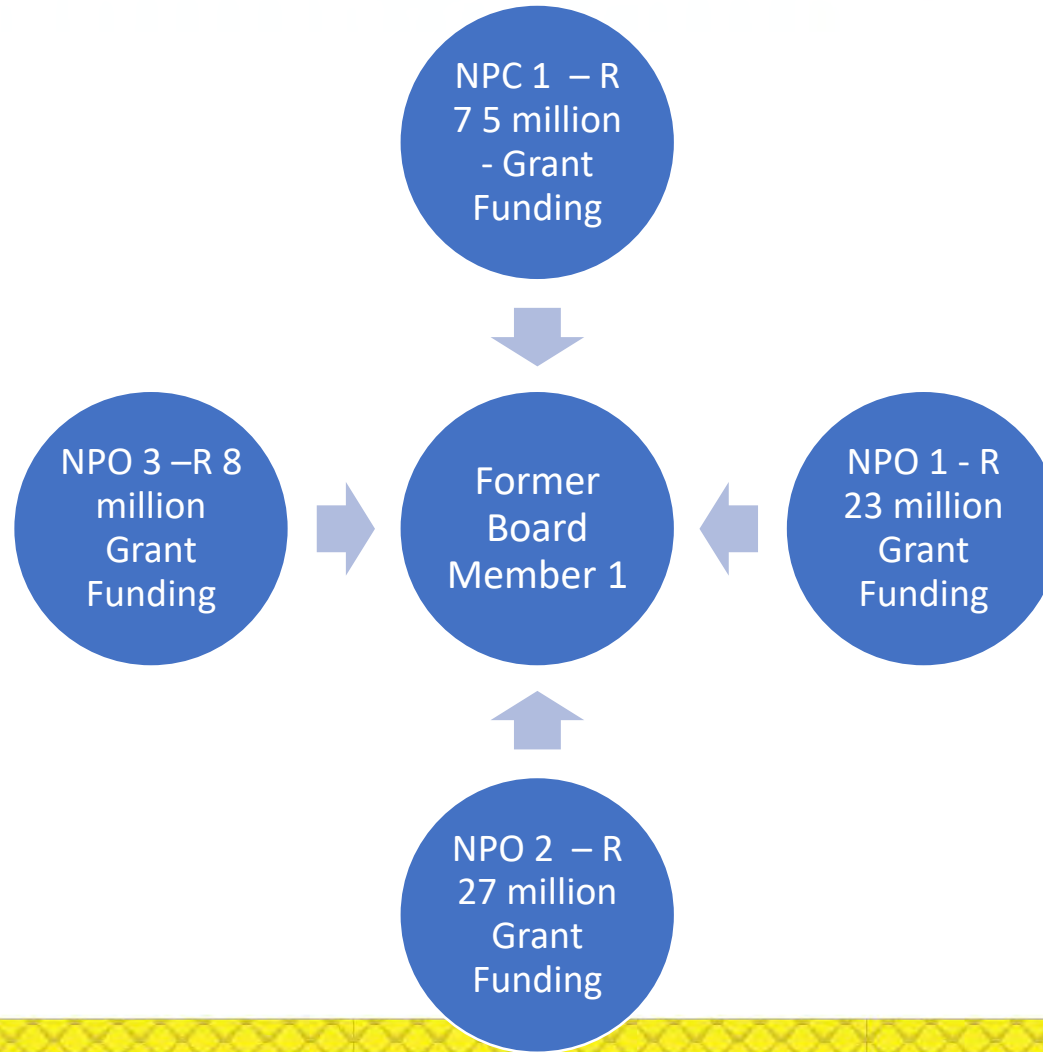
New information since the last meeting

None



Summary – Former Board Members 1 & 2

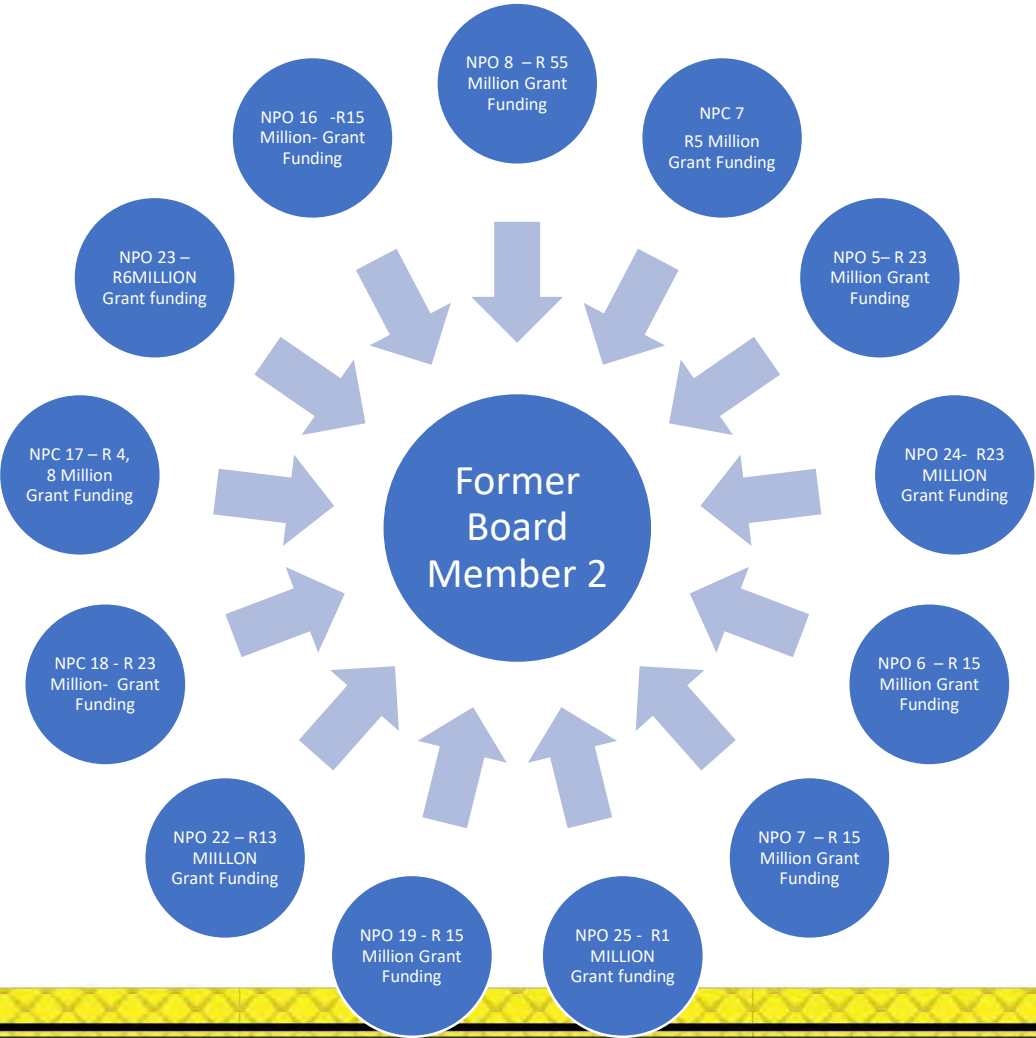
Summary of NPOs where board members and executives were involved in





Summary Former Board Member 1 + 2

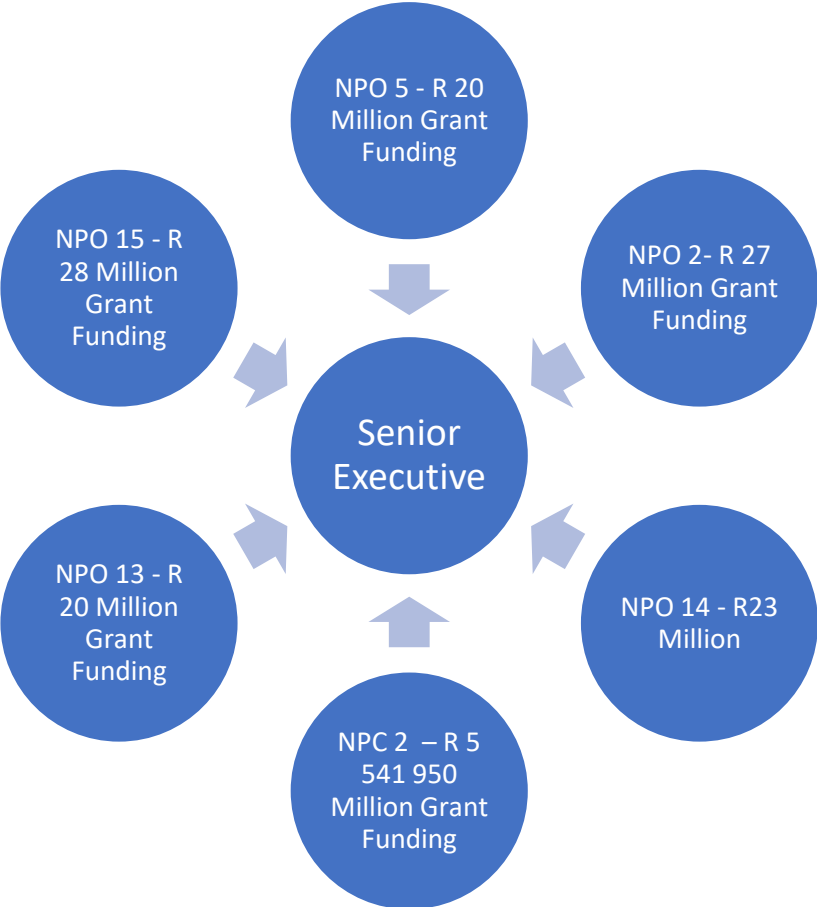
Summary of NPO where board members and executives were involved in





Summary – Former Commissioner & Senior Executive

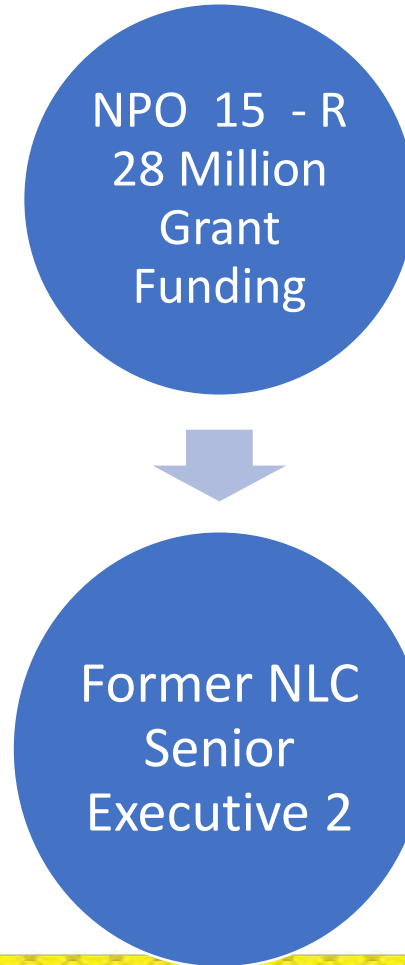
Summary of NPOs where board members and executives were involved in





SUMMARY – FORMER COMMISSIONER & SENIOR EXECUTIVE

Summary of NPOs where board members and executives were involved in





Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- The Credo Mutwa project was a proactive funded project to build a museum and a library in honor of the great Credo Mutwa in Kuruman, Northern Cape.
- NPO 13 received R22 million in two tranches. R12 million (first tranche) and R10 million (2nd tranche) into two different bank accounts of the NPO.
- The Chairperson of the NPO, told the SIU that he received a call from a gentleman who informed him that he works with the NLC and that he was aware that the NPO received a construction grant from the NLC. He further informed him that a certain entity associated with a NLC Senior official should be given the construction part of the contract.



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- The Chairperson of the NP is from the area where said NLC official comes from .
- The SIU has identified that the NPO paid an amount of R1 500,000 to a construction company responsible for building the house of the NLC official in Pretoria.
- A criminal referral has been submitted to the NPA.
- Civil process to recover the property is underway.
- The official resigned before the SIU could submit a disciplinary referral to the NLC.



Information previously reported on the 2nd March 2022

None

New information since the last meeting

Purchase of property ERF 1194 Peach Street Ext 2
township on behalf of Hijacking Kingpin

- On 5 September 2017, NPO 7 submitted an application for grant funding to the NLC for the purposes of the construction of an old age home facility in Muila Village Limpopo.
- The NLC approved the application for the grant funding to the amount of R22 578,350.00 to the NPO.



PROPERTIES PURCHASED BY HIJACKING KINGPIN – MR C

Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- On 13 October 2017 (8 days after the receiving payment from the NLC) the NPO transferred R3.3 million to a known entity.
- The hijacking kingpin has been identified as the sole director of the said entity.
- On 23 October 2017 the entity transferred R830 000.00 in two tranches of R300 000.00 and R530 000.00 to Conveyancers for the purchase of a property on behalf of the hijacking kingpin
- On 20 October 2017 R300 000.00 was transferred from entity the to Conveyancers & Administrators of Estates. The transfer went towards the purchase of another property on behalf of the kingpin. The purchase price for the property was R980 000.00.



Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- NPO 15 applied for funding from the NLC on 21 July 2016 for an amount of R25 089 836.00
- The grant was for the construction of a school in Mashau Village, Vuwani in Limpopo.
- On 17 August 2016 NLC paid an amount of R25 089 836.00 to their account.
- On 23 August 2016, NPO 15 transferred R15 000 000.00 to a known private company in two tranches; R14 000 000.00 and R1 000 000.00.



Information previously reported on the 2nd March 2022

Background - NPO 1- PHASE 1

- 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.

New information since the last meeting

- Referral for former board member 1 has been referred to the National Prosecuting Authority for prosecution
- Civil Litigation to preserve properties is ongoing.



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

Financial Investigation - NPO 1 – PHASE 1

- 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 NP1.
- Construction of the old age home in Mpumalanga, commenced but remain unfinished to this day.

New information since the last meeting

None



Information previously reported on the 2nd March 2022

Background - NPO 2 – PHASE 1

- 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.

New information since the last meeting

- Referrals for two individuals has been referred to the National Prosecuting Authority for prosecution
- Civil Litigation to set aside the grant award and preserve properties is ongoing.



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

Findings - NPO 2 - PHASE 1

- 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.

New information since the last meeting

- None



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

New information since last meeting

NPO 2 Financial Investigation - NPO 2 – PHASE 1

- None

- 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.
- 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.



Information previously reported on the 2nd March 2022

NPO 2 – PHASE 1

- 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.

New information since the last meeting

- None



Information previously reported on the 2nd March 2022

NPO 6 – PHASE 1

- 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.

New information since the last meeting

- The SIU obtained a preservation order against properties purchased through NLC funds.
- An application is being drafted to review and set aside the grant funding contract.



INVESTIGATION INTO NPO'S AND NPC's

Information previously reported on the 2nd March 2022

NPO 6 – PHASE 1 –

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 conveyancer

New information since the last meeting

- Between 7 April 2018 and 23 July 2018 a total amount of R110 000.00 was paid for car repairs and deposit for vehicle on behalf of an individual known to the SIU.
- On 26 March 2018 the same individual purchased a vehicle to the value of R205 000.00 using the funds received from the NLC.
- R58 500 00 was paid for a center known to SIU 30 March 2018.



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

- None

New information since the last meeting

- R635 000.00 was paid to a business man known to the SIU.
- R2 207 000.00 was paid to service a loan.
- R182 000.00 was paid to the personal account of the individual mentioned above.
- R2122 550.00 was paid to the entity other bank account held at a known Bank.
- R806 550.00 was used to purchase an IT software.



Information previously reported on the 2nd March 2022

NPO 8 - PHASE 1

- 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.

New information since the last meeting

- Referral to be submitted to the National Prosecuting Authority by 30 October 2022.
- Civil litigation to recover the R10 million that was freely given to the company linked to NLC official and the house bought using NLC funds by NPO Chairperson is underway.



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

NPO 8 - PHASE 1

- 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.

New information since the last meeting

none



Information previously reported on the 2nd March 2022

NPO 8 - PHASE 1

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

New information since the last meeting

- None



INVESTIGATION INTO NPO'S AND NPC's

Information previously reported on the 2nd March 2022

NPO 8 - PHASE 1

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.

New information since the last meeting

- None



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

New information since the last meeting

NPC 2 - PHASE 1

- 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.

Referrals for one individual has been made to the National Prosecuting Authority for prosecution.



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

New information since the last meeting

Findings - NPC 2 - PHASE 1

- None

- 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.



Information previously reported on the 2nd March 2022

Financial Investigation – NPC 2 - PHASE 1

- 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.

New information since the last meeting

- None



Information previously reported on the 2nd March 2022

Financial Investigation – NPC 2 - PHASE 1

- 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.

New information since last meeting

- none



Information previously reported on the 2nd March 2022 Background - NPO 11 – PHASE 1

- 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.

New information since the last meeting

- none



Information previously reported on the 2nd March 2022

Financial Investigation – NPO 11– PHASE 1

- 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.

New information since last meeting

- None



Information previously reported on the 2nd March 2022

Background NPO 5 - PHASE 1

- 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.

New information since last meeting

- Disciplinary referral for NLC Senior Executive was submitted to the NLC for receiving a kickback in a form of a property. The official resigned before the disciplinary hearing could take place.



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

Financial Investigation – NPO 5 - PHASE 1

- 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.

New information since the last meeting

None



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

New information since the last meeting

Background NPO 7 – PHASE 1

None

- 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.



Information previously reported on the 2nd March 2022

New information since the last meeting

NPO 7

None

- 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



INVESTIGATION INTO NPO'S AND NPC's

Information previously reported on the 2nd March 2022 NPO 7

- 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.

New information since the last meeting

- None



Information previously reported on the 2nd March 2022

Background - NPO 13 - PHASE 1

- 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.

New information since the last meeting

- Referrals for four individuals has been made to the National Prosecuting Authority for prosecution.
- Civil Litigation to set aside and recover is underway.



Information previously reported on the 2nd March 2022

NPO 13 - PHASE 1

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.

New information since the last meeting

None



Information previously reported on the 2nd March 2022

Gratification - NPO 13 - PHASE 1

- 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

New information since the last meeting

None



Information previously reported on the 2nd March 2022

Background - NPO 14 PHASE 1

- 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.

New information since the last meeting

- Referral to the National Prosecuting Authority to be submitted by 30 October 2022.
- Civil Litigation to set aside and recover is underway.



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

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.

New information since the last meeting

- None



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

NPO 14 PHASE 1

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 remains unfinished to this day.

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.

New information since the last meeting

- None



INVESTIGATION INTO NPO'S AND NPC'S

Information previously reported on the 2nd March 2022

New information since the last meeting

NPO 9 PHASE 1

- On 7 December 2017 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.
- “The NPO was awarded with grant funding of R15 million.

None

Financial Investigation – I am made for God's Glory

- The financial analyses conducted on the NPO's bank account has revealed that a total of R695,000.00 was transferred from “I am made for God's Glory” bank account to the hijackers personal bank account and R6,636,400.00 was transferred to the hijackers law firm



PHASE 2 INVESTIGATIONS

NPO 20

- On 03 July 2018, the NPO submitted the application for grant funding at NLC for Sports and Recreation (Section 29 of the Act), for the amount of R17 792 000.00.
- The application was adjudicated by the NLC members on 18 July 2018.
- The grant agreement of R17 792 000.00 was signed between NLC and the NPO on 27 July 2018.



INVESTIGATION INTO NPO'S AND NPC's

Phase 2

NPO 20 Cont...

- The SIU interviewed one members of the NPO appearing in the application form. He indicated that was never involved in any non-profit activities of the said NPO or any other NPO. He further indicated that he gave one of the hijacking kingpin his identity document. The kingpin informed him that he would assist in finding a job for him. He was not aware that his identity document was used in application submitted to the NLC for funding.
- The NLC paid the NPO in two tranches, the first tranche was R14 233, 00.00 dated 02 August 2018, and the second tranche was on 13 January 2019.



PHASE 2

NPO 21

- The NPO was granted funding by NLC to host the Diamond and Doring festival which was an annual event in Kimberley that took place on 13 April 2017 to 17 April 2017. The festival showcases local art talent and skills and promotes local products in the Solplaatjie community. SolPlaatjie Municipality went out on a tender for service providers for the Diamond Doring Festival.
- The SIU has interviewed a representative of Solplaatjie Municipality who indicated that the municipality has no relationship with the NPO and that the festival was owned and funded by the Municipality.



NPO 21 Cont...

- Analysed bank statements of the NPO indicate that the grant funding received from the NLC was transferred to the individuals and /or entities
- Entity owned by hijacking kingpin - R 678 000,00
- Entity owned by hijacking kingpin - R 520 000,00
- Trust affiliated to NLC Senior official - R 500 000,00
- NPO 15 - R 19 000,00
- Wife to NLC official - R 40 000,00
- Service provider hired by the Municipality to host the event -R 1 000 000,



Phase 2

NPC 4

- NPC 4 was established 14 March 2011. The purpose of the NPO was to impact skills, in the following: music, business, videos, films production dance and overall business of radio.
- On 18 April 2013 the NPC 4 submitted an application for grant funding for Art, Culture and National Heritage for the amount of R18 623 101.23. The purpose of the application was to assist youth especially the unemployed ones in the poor and rural areas of the country, to impact skills in music, business video and film production dance and overall business of radio.



INVESTIGATION INTO NPO'S AND NPC'S

NPC 4 Cont...

- On 07 November 2013 Distribution Agency ("DA") committee issued the special instructions/conditions where the applicant was invited to do the presentation on the project.
- On 12 March 2014 the DA issued the special instructions/condition/justification wherein the applicant was requested to submit a revised detailed budget of R9, 300,000.00 million for the project. The project budget should cover all the nine provinces.
- The application by NPC 4 was again adjudicated by the NLC members on 26 May 2014 and signed on the 07 June 2014 for the amount of R9, 300 000.00.
- The grant agreement between NLC and NPC 4 was signed on 12 September 2014.
- The NLC paid NPC 4 into two tranches, the first tranche was R4 650, and 000.00 dated 28 October 2014 and the second tranche was R4 650,000.00 on 13 November 2015.
- The investigation is ongoing.



PHASE 2

NPC 5 and NPC 6

1. NPC 5 and 6 were both registered in 2015. The members of both companies are linked to one of NLC hijacking kingpins.
2. The NPC's submitted an applications to NLC the same day, i.e. 23 October 2018 NPC 5 applied to assist with social hygiene in the Limpopo Province. NPC 6 submitted an application for the same scope of works in the Eastern Cape Province.
3. The NLC Adjudication Committee adjudicated on the application the same day, 1 November 2018.



INVESTIGATION INTO NPO'S AND NPC'S

NPC 5 and NPC 6 Cont...

- NPC 5 was paid R7 million and NPC 6 R10 million.

Financial Investigation NPC 5

- On 21 November 2018 NLC made a payment of R7 million into the bank account of NPC 5.
- On 3 December 2018 R500 000.00 was paid from the NPC to the bank account of conveyancers attorney that facilitated the purchase of a property on behalf of former board member 2. The matter is still under investigation.

Financial Investigation NPC 6

- Between the dates 14 December 2018 and 3 June 2019 R265 000.00 was paid from the NPC's account to the hijacking kingpins account.



BREAKDOWN OF NLC FUNDS UNDER INVESTIGATION

Total value of matter under investigation

PHASE 1

The value of phase 1 investigation is **R279 710 409.**

PHASE 2

The value of phase 2 investigation is **R246 659.310**

PHASE 3

The value of phase 3 investigation is **R905 901.910.04**



Referrals for Disciplinary Action

1. A Disciplinary referral letter dated 13 August 2021 was submitted to the Minister of Trade and Industry, for former Board member 1. Based on the strength of evidence against him, former board member tendered his resignation before the disciplinary hearing.
2. The SIU also submitted a Disciplinary Referral letter to NLC dated 27 August 2021 against one NLC Senior official. Disciplinary hearing was conducted on 17 January 2022. The Senior official was acquitted on the initial charges. The SIU submitted further DC referrals and he was subsequently charged and he resigned before the hearing.
3. SIU was in the process of submitting a Disciplinary referral to the NLC Board against the former NLC Senior Executive 2 but the executive tendered a resignation with immediate effect immediately after the SIU called the executive for questioning.



CRIMINAL REFERRALS

SIU referred evidence pointing the commission of criminal offence to the National Prosecuting Authority for 13 Individuals.

- Former board member
- NPO 2 – 2 individuals
- NPO 13 – 4 individuals
- NPO 15– 4 individuals
- Former NLC Executive 2
- NPC 2- 1 individuals



Preservation Order and Review Application

- On 15 June 2022 the SIU obtained a preservation order to preserve the property registered under Vhutanda Investment (Pty) Ltd where Professor Nevhutanda is the sole director.
- Civil Litigation process is underway to review and set aside the grant funding contracts of all the NPO's / NPC's that contributed towards the sale of the property purchased for the benefit of Prof Nevhutanda.
- There are further 8 properties identified for preservation and the process of preserving them is at an advanced state.



OBSERVATIONS

Modus operandi used to siphon money from NLC through various NPO and NPCs.

- Misuse of proactive funding provision in the NLC Act;
- Inadequate project management;
- Lack of monitoring and evaluation;
- 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;
- Ineffective Auditing of project;
- Maladministration in the approval of grants;
- Use of Trust and family members to defraud the systems



SYSTEMIC RECOMMENDATIONS

The SIU has made recommendations to the NLC for Systemic improvements including the following;

- A committee to deal with new proactive funded matters must be established to eliminate the risk of individuals initiating proactive funding projects and ultimately awarding grant funding projects to family members and friends.
- All current proactive funded projects should be captured in the grant management system/ Fusion system.
- The system is designed in a manner in which it is unable to detect different applications for grant funding made by one individual using NPO's/ NPC's.
- The SIU recommends that the NLC procure an integrated system that is able to detect such abnormalities.



SYSTEMIC RECOMMENDATIONS

- The NLC system should be linked to that of the Department of Social Development in order identify hijacked NPO's and confirm original members NPO's.
- Project Management - Monitoring and evaluation to be done for all funded projects.
- The NLC should adhere to the policy of transferring money to the NPO's / NPC's in tranches as opposed to transferring the grant amount in one tranche prior to receiving progress reports.
- Life style audit to be conducted for all NLC officials and board members.
- Segregation of duties.
- Public Benefit tracking against funds granted.



THANK YOU

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