

**Inkululeko SA Media NPC**

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For the purpose of this query, we will focus on the illicit money flows from VBS Mutual Bank into Sgameka Trading Pty Ltd and Mahuna Investments Pty Ltd, as well as the operation of these two companies. Kindly answer the questions posed in this email by 17:00 Tuesday, 20 November.

It is common cause that funds with orphans and widows as beneficiaries, small depositors, stokvels and municipalities banked with VBS. Through various schemes – including the creation of fictitious and phantom accounts – these depositors’ money was stolen by politicians and the well connected, as shown by adv. Terry Motau and Werksmans in *The Great Bank Heist* report.

Adv. Motau and Werksmans only included primary evidence in the VBS report, meaning the investigators highlighted the first tier receivers of the illicit VBS funds. Therefore the intended receivers of the stolen funds were not necessarily mentioned in the report. Scorpio has investigated the matter further to trace the money flow to, in some cases and where possible, up to the fifth receiver of the illicit financial flows.

One primary beneficiary of the proceeds of crime is Sgameka Trading Pty Ltd, a company ostensibly owned and managed by mr Brian Shivambu.

Four factors, read together with the evidence to follow in this email, suggests that Sgameka however operated as a front and a slush fund for the EFF and select EFF leaders. These are:

1. Whatsapp: I have a series of verified whatsapps between mr Tshifhiwa Matodzi and mr Phophi Mukhodobwane where a transfer of money from Malibongwe Petroleum Pty Ltd to Sgameka is discussed. On 8 June 2017, mr Matodzi requested a transfer of R5m into the account of Sgameka. Said mr Matodzi of Sgameka: “This is an extremely strategic account.”;
2. Email: Mr Floyd Shivambu is linked directly to the company by emails from his personal gmail account relating to a property. (Mr Shivambu is not the focus of this specific investigation);
3. Sgameka’s income: Based on verified bank statements, it is clear that Sgameka has no legitimate income, did not operate like a normal business bank account and has paid no taxes;
4. Sgameka’s true income streams: Sgameka received R16 148 569 from companies named Robvet Pty Ltd, Wegezi Power Holdings Pt Ltd, Vele Investments Ltd, Malibongwe Petroleum as well as cash deposits and what is labelled as “allocations”.

Considering Sgameka’s income stream, adv. Motau and Werksmans had this to say about the relevant companies in their report:

1. Malibongwe Petroleum: A fictitious deposit of R40million was created for the company. Malibongwe Petroleum became a vehicle that was used to illegally extract money from VBS;
2. Vele: Through a fraudulent deal the company became a majority shareholder in VBS Bank and was directly and indirectly a beneficiary of a myriad of fraudulent transactions. The company existed for little else other than to facilitate fraudulent deals. Vele played a central and crucial part in the VBS scandal, so much so that the “…principle beneficiary of the looting was certainly Vele..”, adv. Motau and Werksmans found, and further said that “…it emerges very clearly that VBS and Vele have been operated as a single criminal enterprise, with (mr Tshifhiwa) Matodzi firmly at the helm.”;
3. Robvet: The company was used as a slush fund for “commissions” paid to influential politicians and municipal managers in order to get municipalities to invest in VBS. Illicit VBS funds flowed directly to Robvet, or in other instances flowed through companies in the Vele group (including Wegezi and Malibongwe Petroleum) into Robvet. Payments earmarked for front companies, politicians, mayors, municipal managers and municipal CFO’s were paid in cash or electronically transferred. Adv. Motau and Werksmans found that “VBS, from the Robvet account, made payment directly to front companies for the benefit of various municipal officials…” and that the VBS-management “did not regard the payments [from Robvet] as legitimate operating expenses and sought to conceal them”.

Receiving funds from Robvet – as Sgameka did – is a clear indication that the politicians in control of Sgameka were somehow influential in getting municipalities to invest in VBS. A pattern of criminality involving Sgameka and its beneficiaries emerges when considering Sgameka’s “income”, the money flows out of Sgameka as well as the above mentioned Whatsapp’s about Sgameka’s “extreme strategic” influence.

**Sgameka**

Bank statements further show that as quick as Sgameka received these proceeds of crime, the money was moved mainly to the accounts of the EFF, Grand Azania Pty Ltd and Mahuna Investments. The account was used as a conduit for illicit VBS funds. No legitimate income was earned and no taxes were paid. Very little of the illicit VBS funds were utilised by mr Brian Shivambu, the ostensible owner of the company, for personal use.

The last deposit into Sgameka was on 23 February 2018 – days before VBS was put under curatorship with effect from 11 March 2018. Since February money has only flowed out of Sgameka.

1. Between 28 July 2017 and 13 December 2017 four payments totalling just over R1,2million was made into two EFF accounts;
2. Between June 2017 and February 2018 Sgameka paid just over R4 800 000 in nine tranches into Mahuna’s account.

(Mr Floyd Shivambu also received funds flowing from Sgameka into his personal bank account as well as via at least one front Scorpio has traced so far. Mr Floyd Shivambu is not the focus of this particular investigation.)

**Mahuna**

The director of Mahuna, and the ostensible owner, is mr Matsobane Phaleng. An analysis of the Mahuna account however shows it is, like Sgameka, merely a slush fund with no proper income, expenses or any tax paid. Our analysis shows that mr Phaleng acted as a front and a conduit for mr Julius Malema and the EFF.

Mahuna earned no legitimate income and no taxes were paid.

VBS funds to mr Phaleng, through Mahuna:

Mr Phaleng received “director’s fees” between July 2017 and February 2018 totalling R110 000 in eight payments.

VBS funds to the EFF, through Mahuna:

From July to August 2017, another R600 000 earmarked for the EFF flowed from Mahuna. The descriptions on the bank statements include “July 26” and “EFF GP”.

The funds were paid into different bank accounts. There are more funds flowing from Mahuna to the EFF. Because of source sensitivities, these do not form part of the current investigation.

VBS funds to the Sandown property at 49a Edward Rubenstein, through Mahuna:

As early as 2012, mr Malema has rented the property at 49a Edward Rubenstein, Sandown, Johannesburg: <https://www.news24.com/SouthAfrica/News/Malema-rents-from-proteges-dad-20120415>

The neighbours of 49a Edward Rubenstein have confirmed that mr Malema has lived on the property until fairly recently.

In around June 2017, the property was transferred to the name of “Economic Freedom Fighters”. The purchase price was R5 250 000. Mr Dali Mpofu was allegedly the points man involved in discussions around the deal.

Between July 2017 and February 2018 three payments totalling just over R430 000 designated for this property flowed from Mahuna. The payments were made into different bank accounts and are linked to a “pool” and “renovations”. There are more funds flowing from Mahuna to this property. Because of source sensitivities, these do not form part of the current investigation.

From our analysis it seems that the illicit VBS funds were further utilised to prop up mr Malema’s lifestyle, flowed towards his family as well as his children. Our investigation into these payments continue.

**Conclusion**

Scorpio’s analysis shows that the poor and vulnerable of South Africa has been robbed to feed the political and private interests of mr Malema.

Scorpio has so far traced just over R1,8m of the illicit VBS funds flowing towards the EFF, of which R1,24m was paid directly into the party’s bank accounts. In this instance Sgameka and Mahuna, along with mr Brian Shivambu and mr Phaleng, have been used as conduits and fronts for the EFF and mr Malema.

**Questions to Brian Shivambu:**

1. In October 2018 you publicly stated that your only income was from Vele Investments. Sgameka’s bank account proves this is a lie. Your comment?
2. Why would Matodzi label Sgameka as “an extremely strategic account”?
3. What portion of the R16,1m did you keep to yourself?
4. Do you operate additional companies on behalf or at behest of your family, friends or a political party?
5. The evidence suggests you were/are a conduit for illicit VBS funds flowing to the EFF, mr Floyd Shivambu and mr Julius Malema. Your comment?

Regards,

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