EXHIBIT RR 4

TREVOR SEAN WHITE

JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE

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AFFIDAVIT

I the undersigned,

TREVOR SEAN WHITE

do hereby state under oath:

1.

I am an adult male South African citizen and a director of PricewaterhouseCoopers Incorporated (**PwC**), 4 Lisbon Lane, Waterfall City, Jukskei View, South Africa with telephone number +27 (31) 2712020.

2.

All facts stated herein are, unless the context indicates otherwise, within my personal knowledge and are to the best of my belief both true and correct.

3.

I joined Price Waterhouse in1989, and was admitted as a director of PwC on 1 July 1998, following the merger of Price Waterhouse and Coopers & Lybrand. I am presently, and have been since July 1998, a director in the Forensic Services Department of PwC.

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4.

I have conducted numerous fraud investigations for both public and private sector clients since 1996 and have testified as an expert in the South African High and Regional Courts and the Lesotho High Court on numerous occasions. The vast majority of the cases I have testified in relate to criminal proceedings. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration and at various disciplinary hearings.

5.

I am trained in auditing techniques and hold a Bachelor of Commerce degree (1987) and Post Graduate Diploma in Accountancy (1989) from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of Certified Fraud Examiners, a Texas based organisation, in 1998. My specialist field is Forensic Auditing and as such I have extensive experience in analysing, reviewing and verifying financial information. I have also chaired three investigative Commissions of Enquiry into Fraud and Corruption in Swaziland.

6.

I am duly authorised to attest to the contents of this affidavit by PwC.

COMMISSION OF INQUIRY INTO STATE CAPTURE

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7.

I was served with a "SUMMONS TO: APPEAR AS A WITNESS/ PRODUCE BOOKS, DOCUMENTS AND/OR OBJECTS, Tracking reference: SPS18/0181/LG" at these proceedings by the Sheriff for Inanda District Two on 22 November 2019.

8.

The summons was issued in terms of section 3(2) of the Commissions Act 8 of 1947, read with:

i. Proclamation 3 published in Government Gazette No. 41403 on 25 January 2018;
ii. Government Notice No.105 published in Government Gazette No. 41436 on 9 February 2018 (as amended); and
iii. Rules of the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State published in Government Gazette No. 41774 on 16 July 2018.

9.

The summons directed me to:

i. "produce an affidavit as listed in the attached letter of request, together with a copy of your forensic report into:

a. Allegations against Mr Toshan Panday and others in respect of Durban Central CAS 781/06/2010;

b. *Allegations against former Members of the Executive Council (**"MEC"**) Peggy Nkonyeni, Michael Mbuyakhulu and others in the Gaston Savoi Intaka matter (Durban Central GAS 1538/01/2009)."*

10.

There are two district matters that I am required to provide copies of my reports and cover in this affidavit. The first that I will cover is that relating to *"Allegations against Mr Toshan Panday and others in respect of Durban Central CAS 781/06/2010"* which I will refer to as the "Panday matter".

11.

Secondly, I will deal with the "*Allegations against former Members of the Executive Council Peggy Nkonyeni, Michael Mbuyakhulu and others in the Gaston Savoi Intaka matter*" which I will refer to as the "Intaka matter".

12.

PANDAY MATTER

PwC was appointed by the South African Police Services (**"SAPS"**) on 25 January 2012 to undertake a forensic investigation into suspected procurement fraud and corruption within their Supply Chain Management (**"SCM"**) Division regarding various payments made to Mr Toshan Panday (**"Mr Panday"**) or any of his related companies and to prepare a forensic accounting report required for purposes of criminal prosecution in Durban Central CAS 781/06/2010.

13.

Before dealing with the issues that arose and the decision of the NPA not to prosecute any of the suspects in this matter, I will briefly set out some background to the facts and my summary of findings, which are more fully set out in my report dated 24 November 2014 (**Annexure TSW1**). The annexures to this report comprise 20 lever-arch files are not attached, but have been provided to the Commission.

14.

This was an investigation into payments by the SAPS into entities related to Mr Panday for services ranging from accommodation to equipment, during the period November 2009 to August 2010, for use while providing policing services relating to the 2010 Soccer World Cup. The contracts awarded to Mr Panday's entities were made without following proper procurement procedures in that responsible officials in the SAPS failed to call for competitive quotes as required in terms of the SCM policy. These goods and services were then supplied at inflated prices and in some instances, were not supplied at all, to the prejudice of the State.

15.

During the period November 2009 to May 2010, payments were made to various police officials who were involved in the procurement process, or in the instance of the KZN Provincial Commissioner of Police Lieutenant General Ngobeni, could provide protection should these procurement irregularities ever be queried.

16.

There were twelve suspects in this matter who were the following:

i. Mr Panday;

ii. Colonel Navin Madhoe;

iii. Captain Ashwin Narainpershad;

iv. Lieutenant General Ngobeni;

v. Major General RS Pillay;

vi. Ms Privisha Panday (nee Summerjeeth);

vii. Ms Avendra Panday;

viii. GoldCoast Trading CC ("**Goldcoast Trading**");

ix. Unite Msanzi Trading and Projects CC ("**Unite Msanzi Trading**");

x. Valotone 21 CC;

xi. Bravosat 25 CC;

xii. Kaseev Traders CC.

17.

The relationship between the above listed persons and entities and their role in the illegal activities is as follows:

i. Mr Panday was the sole member of Goldcoast Trading from 2 June 2006, the sole member of Unite Msanzi Trading from 12 January 2010, the sole member of Bravosat 25 from 9 November 2009 (previously owned by Ms Arvenda Panday who is Mr Panday's mother), the sole member of Valotone 21 from 9 November 2009 (previously owned by Ms Privisha Panday; Mr Panday's wife).

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ii. Kaseev Traders was owned by Mr Seevesh Ishwarkumar, who is married to Mr Pandy's sister, Ms Kajal Panday.

18.

The high-level findings in my report as far as they deal with the relationship between the entities controlled by Mr Panday can be summarised as follows:

1. *"The Bank accounts in respect of four of the five (5) entities have different signatories on the accounts all of which are related to Panday in some way. These persons, despite the statutory information indicating that they resigned as members of these entities, are still the signatory on the bank accounts.*
2. *I have also determined, from the examination of all the documents, that when these entities were registered on the police supplier's database, the initial members had already resigned their membership and therefore, no longer had an interest in any of the entities yet their particulars were provided to the Police when registration of the supplier took place on the suppliers database.*
3. *For example, Privisha Summerjeeth resigned as a member of Valotone 21 CC on 9 November 2009 however, the records of the SAPS indicate that when this entity was registered on their supplier database on 30 November 2009, her particulars were provided to the police together with all the supporting registration documents instead of Panday's since he obtained a 100% interest in this entity on the same day. I can also conclude that, despite the fact that she resigned as a member of this entity, the bank account for Valotone 21 CC, in respect of ABSA account number 4075017618 reflect that she is the only signatory on the account, which account was opened by her on 18 November 2009 after she*

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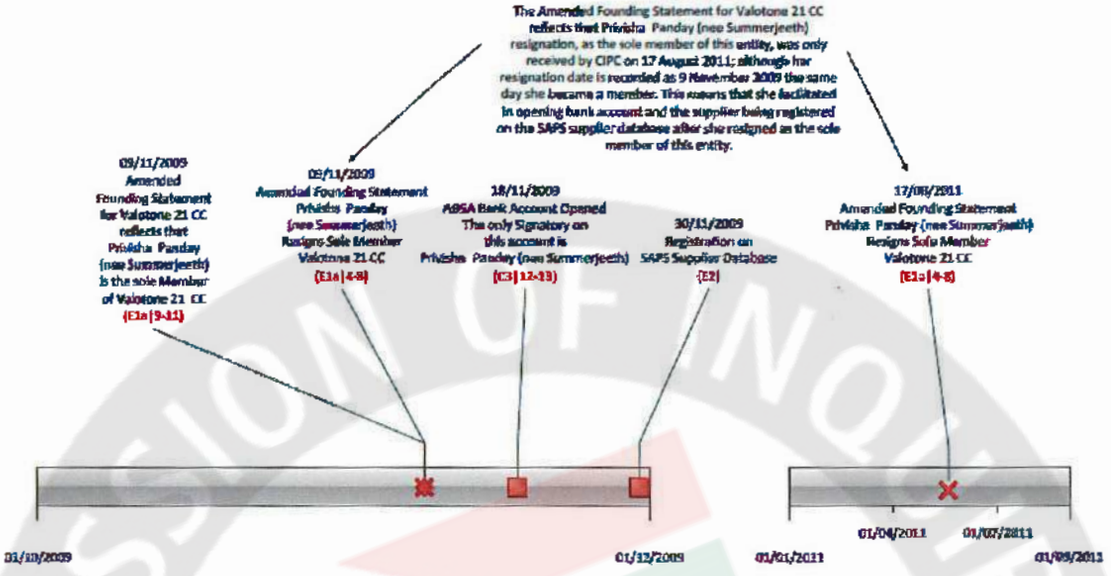
resigned as a member of Bravosat 25 CC. A timeline of these events is illustrated hereunder:

Timeline of Events relating to Valotone 21 CC



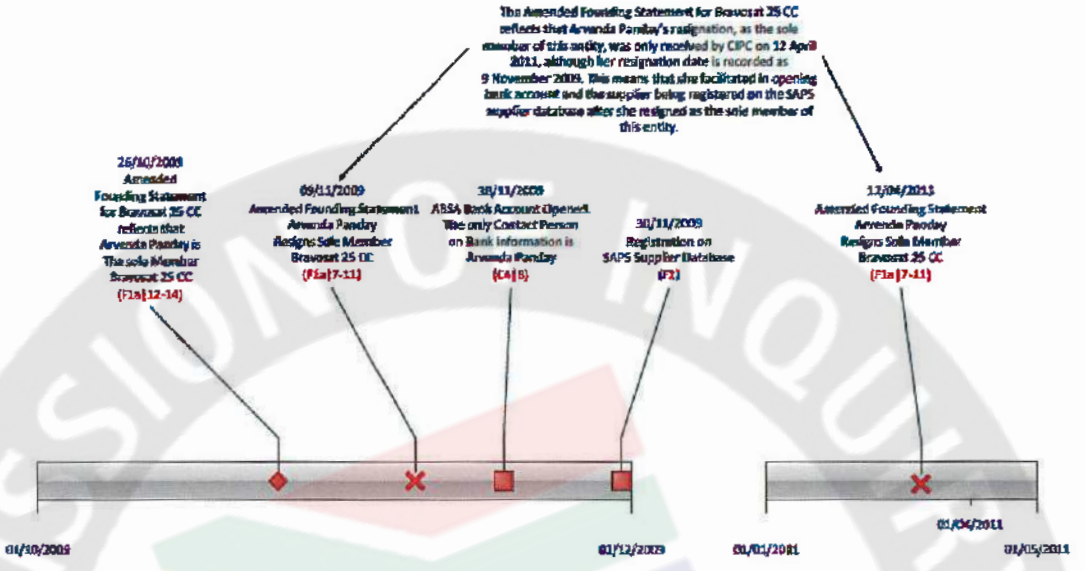
An enlarged copy of this timeline is attached hereto as **Annexure TSW 25**.

4. *The only reasonable inference to be drawn from the fact that her particulars were provided to the SAPS when registering as a supplier on their database is because Panday did not want anyone to identify his relationship with this entity when submitting quotations for services to be provided. The reasons for this behavior will also become apparent later in my report when I discuss the fact that the entities associated to Panday quoted against one another and that they used one bank account for the purposes of their business transactions.*

5. *A second example of the aforementioned modus operandi occurred in the Bravosat 25 CC matter where the details of Arvenda Panday was used in registering the supplier on the SAPS database on 30 November 2009 although*

she resigned as a member of this entity on 9 November 2009 and Panday obtained 100% interest in this entity on the same day. A timeline of these events is illustrated hereunder:

Timeline of Events relating to Bravosat 25 CC



An enlarged copy of this timeline is attached hereto as **Annexure TSW 26.**

19.

During my investigation I identified numerous instances where entities controlled by Mr Panday purportedly quoted against each other for the supply of the same goods and services with no independent third party quoting in competition to them. Examples of the Procurement Authority Submissions, found in the SAPS records, where the following entities, Unite Mzansi Trading, Valotone 21 or Kaseev Traders, quoted against one another **(Annexure TSW 1 page 158)**, are reflected in the table below:

No	Date	Goods Required	Kaseev Traders	Unite Mzansi	Valotone	Company Approved	Document Ref No	Order No[1]
1	06/05/2010	DIGITAL CAMERA (2)	37,000.00	38,500.00	39,500.00	Kaseev Traders	13081	AD341780
2	05/05/2010	SLEEPING BAGS	44,460.00	45,360.00	47,240.00	Kaseev Traders	13084	AD341779
3	06/05/2010	FLOOD LIGHTS	125,000.00	139,250.00	146,750.00	Kaseev Traders	13101	AD341785
4	06/05/2010	FLOOD LIGHTS	126,000.00	139,250.00	146,750.00	Kaseev Traders	13103	AD341781
5	06/05/2010	NOTICE BOARDS (18)	68,639.40	76,194.00	79,524.00	Kaseev Traders	13139	AD341778
6	06/05/2010	SUN SCREEN HIGHEST SPF	57,600.00	48,000.00	54,600.00	Unite Mzansi	13108	AD341775
7	05/05/2010	SAND BAGS	197,000.00	195,000.00	199,500.00	Unite Mzansi	13109	AD341774
8	05/05/2010	RATION PACK	165,000.00	142,500.00	177,500.00	Unite Mzansi	13112	AD341773
9	06/05/2010	GARMIN NUVI 1410 GPS	79,600.00	76,000.00	78,000.00	Unite Mzansi	13115	AD341776
10	06/05/2010	RATION PACK	165,000.00	142,500.00	177,500.00	Unite Mzansi	13131	AD341777
11	06/05/2010	ENDO SCOPE (4)	100,000.00	97,200.00	92,000.00	Valotone 21 CC	12929	AD341792
12	06/05/2010	MULTI MEDIA PROJECTORS	49,200.00	47,560.00	44,500.00	Valotone 21 CC	13090	AD341790
13	06/05/2010	BELLY SCOPE (12)	43,560.00	40,200.00	42,000.00	Valotone 21 CC	13093	AD341791
14	06/05/2010	ANGLE IRON	53,760.00	50,400.00	47,040.00	Valotone 21 CC	13097	AD341788
15	05/05/2010	BEDS CAMPFOLDING (40)	100,000.00	93,920.00	85,500.00	Valotone 21 CC	13116	AD341784
16	05/05/2010	VENTER TRAILERS	98,700.00	93,000.00	89,100.00	Valotone 21 CC	13122	AD341785
17	06/05/2010	BEDS TORCH BATTERIES (2100)	137,550.00	149,000.00	143,425.00	Valotone 21 CC	13129	AD341786
18	06/05/2010	SPOT LIGHTS (60)	44,762.00	43,935.00	40,012.50	Valotone 21 CC	13128	AD341787
19	05/05/2010	RANGE FINDER X2	90,000.00	95,000.00	92,700.00	Valotone 21 CC	13133	AD341782
20	06/05/2010	BEDS HASSAIN SACKS (1500M)	83,250.00	79,500.00	76,000.00	Valotone 21 CC	13142	AD341789
21	06/05/2010	HANDHELD SCANNERS	95,988.00	99,400.00	99,840.00	Valotone 21 CC	13145	AD341793
22	06/05/2010	HANDHELD SCANNERS	95,988.00	99,400.00	99,840.00	Valotone 21 CC	13148	AD341794
23	06/05/2010	RANGE FINDER X2	90,000.00	95,000.00	92,700.00	Valotone 21 CC	13154	AD341783

[1] I have reconciled each of the twenty three (23) procurement authority submissions to order numbers issued to each of Panday's related entities which order numbers are recorded in this column.

20.

An example referred to in my report **(Annexure TSW 1 pages 124 - 147)** where Mr Panday's entities kept a record of the cover quoting was included amongst the exhibits provided to me for further analysis. This was a Waltons Counter Book marked as "Tasleem Rahiman Record Book" (Document No's 19026 to 19238), which book was seized from the premises of Goldcoast Trading and filed in SAPS exhibit bag number 6798.

21.

The aforementioned book contains, *inter alia*, a daily account of the duties and tasks performed by Tasleem Rahiman (who I understand is the secretary or personnel assistant to Mr Panday) for the period 17 December 2009 (Document No. 19102) to 28 April 2010 (Document No. 19235). It is clear from the entries in this book that it was prepared by a person who is a personal assistant to Mr Panday.

22.

My examination of this record book indicated that Tasleem Rahiman was performing duties for Goldcoast Trading, Valotone 21CC, Bravosat 25CC and Unite Mzansi. Examples of some entries where Tasleem Rahiman has recorded the fact that she was preparing cover quotes on the instruction of Mr Panday are set out below:

Record 9

18. Then thoshan requested a breakdown for the 3 different companys as to who won the last invoice and what was the unit prices.

GOLDCOAST CC	Won	Price Per Unit
NOTHING		

Valotone 21 CC	Won	Price Per Unit
1. Knee & Elbow pads	R41,700-00	R695,00
2. Bottle Jackets	R147,000-00	R2450,00
3. Tactical gloves	R29,700-00	R495,00

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Record 10

019120

Bravoset 25cc	Won	Price Per unit
1. Slings	R51,000-00 (60)	R 850-00
2. Jumpsuits	R144,000-00 (60)	R2400-00
3. Helmets	R99,900-00 (60)	R3330-00
4. Equipment bags	R117,000-00 (60)	R1950-00
5. Ess goggles	R64,200-00 (60)	R 1070-00
6. Double Duty belt	R93,000-00 (60)	R1550-00
7. Barais	R56,250-00 (60)	R 250-00

Record 11

11. Thoshan called to redo quotes for the FPG:
Garmin GPS 140 x 10 units each.
Should have 2 Set's of quotes one bravoset wins and the other Valotone.

Record 14

To do quotes for the generators
1 Bravoset so we should have 12 quotes
2 Valotone must win and 2 Bravoset
=done all quotes left on Thoshan desk.

Record 53

VALTONE

019091

1. Interactive Penrite Board 5x2m (1)
2. Urn - 30LT (x6)
3. Camp folding beds (40)
4. Uprite fridges 120LT (x4)
5. DVD Players (x3)
6. Video Camera Sony Hdr cx100 (x2)
7. Jenks 20ton (x2)
8. Multimedia Projector & Screen (x2)
9. Medical kits (x6)

AD341784 –
R2,139 each x 40 =
R85,560
(E41)

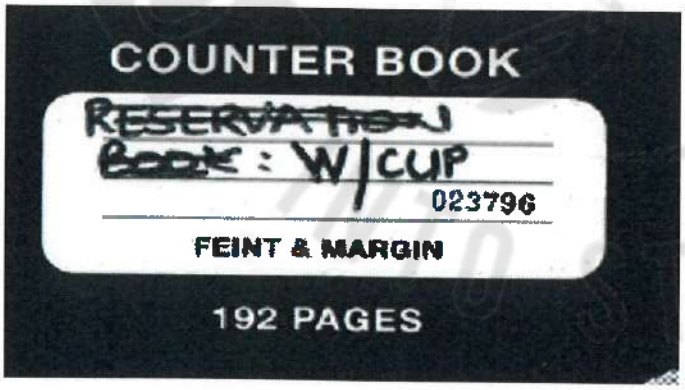
AD341784
R4,200 x 4 =
R16,800
(E38)

	V	~~S~~ U	K
1.	R39.330.	R42.000 2.	R45.550 3.
2.	R6099.00	R6325.00 3	R6200.00 2
3.	R ~~1283~~ 2139.00	R1345.00	R1550.00
4.	R4200	R4800.00	R4450.00
5.	R600.00	R685.00	R725.50.
6.	R14.697.00	R15.797.00	R17.000
7.	R1598.34	R1750.50	R1885.90
~~8.~~	~~R1559.70~~	R	
8.	R15,597.00	R16.250	R17.000.00
9.	R1692.90	R1785.85	R1895.98.

23.

Without going into all the detail, which is set out in my report, I set out below one example of the type of records Mr Panday kept, reflecting the overcharging of the SAPS by the entities he controlled, for accommodation services that were not supplied. Below is an extract from my report **Annexure TSW 1 page 381 – 383.**

i. *"I have also identified, amongst Goldcoast Trading's records, a Walton's A4 counter book (Document No. 23796 – 23821) which contains the heading "W/Cup" on the face thereof. A copy of this heading is illustrated Record 127 below*



ii. *The first page of the abovementioned Walton's Counter book contains the heading "World Cup 2010" and based thereon, I would conclude that the content of this book contains a record of the deployment of police members during the SWC by Goldcoast Trading. A copy of this heading, as it appears on the first page of this counter book, is illustrated in Record 128 below.*

iii. *Record 128*

023797

WORLD
CUP 2010

iv. *I have determined from the examination of the abovementioned Walton's counter book that there are various entries relating to the accommodation of members during the SWC at ten (10) venues. These entries contain three headings for each venue namely: "Date Start"; "True Stay"; and "Goldcoast Charge." An extract of this document (Document No. 23798), which relates to the accommodation of members in the Reservoir area, is illustrated Record 129 below.*

v. *Record 129*

DATE START	TRUE STAY	GOLD COAST CHARGE
6: 06: 2010	48 MEMBERS.	60 MEMBERS.
7- 06: 2010	48 MEMBERS	60 MEMBERS
8: 06: 2010	48 MEMBERS	60 MEMBERS
9: 06: 2010	48 MEMBERS	60 MEMBERS
10: 06: 2010	48 MEMBERS + 148	200 MEMBERS
11: 06: 2010	141 MEMBERS	200 MEMBERS
12: 06: 2010	141 MEMBERS	200 MEMBERS
13: 06: 2010	141 MEMBERS	200 MEMBERS
14: 06: 2010	141 MEMBERS	200 MEMBERS
15: 06: 2010	141 MEMBERS	200 MEMBERS

24.

I was able to determine that the "Goldcoast Charge" was the number of members SAPS was charged for even although, in many instances, I could determine from the accommodation suppliers' records that Goldcoast Trading was only charged for the "True Stay" number of members. This type of overcharging resulted 5,287 nights of accommodation being charged for by Goldcoast Trading, when they knew the SAPS members did not stay in the respective hotel. As a result, SAPS were charged R4,968,775 by Goldcoast for accommodation that was not provided.

25.

The final conclusion in my report dated 24 November 2014 is as follows:

i. *The five entities discussed in my report, namely Goldcoast Trading; Bravosat 25 CC; Valotone 21 CC; Unite Mzansi Trading; and Kaseev Traders, are all related to Panday in that he is the sole member for four of the five entities with the*

exception of Kaseev Traders whose sole member is Seevesh Iswarkumar, who appears to be Panday's brother in law.

ii. *Reports from the CIPC indicate that one of these five entities was initially owned by Panday's mother, Arvenda Panday, who was the sole member of Bravosat 25 CC, but resigned as a member thereof on 9 November 2009, although the documents relating to her resignation were only submitted to CIPC on 17 August / September 2011.*

iii. *Despite Arvenda Panday's resignation as a member of Bravosat 25 CC being effective on 9 November 2009, and Panday becoming the sole member on the same date, she facilitated in the opening of an ABSA Bank account for Bravosat 25 CC on 18 November 2009, and still remains the only contact person on this account, whilst she also facilitated the registration of Bravosat 25 CC on the SAPS Supplier database on 30 November 2009.*

iv. *The second of the five entities, being Valotone 21 CC, was initially solely owned by Panday's wife, Privisha Panday (nee Summerjeeth), who became the sole member thereof on 9 November 2009 and resigned her membership to this entity, effective 9 November 2009, although CIPC was officially informed of this resignation on 17 August 2011.*

v. *Despite Privisha Panday (nee Summerjeeth) resignation as the sole member for Valotone 21 CC on 9 November 2009, she facilitated in the opening of a bank account for this entity with ABSA Bank on 18 November 2009 and continues to remain the sole signatory on this account even though she was no longer a member thereof. In addition, she also facilitated in registering Valotone 21 CC on the SAPS Supplier database on 30 November 2009, which was after her resignation date as a member for this entity.*

vi. *Based on the above, I can conclude that Panday was the sole member of Goldcoast Trading, Valotone 21 CC, Bravosat 25 CC, and Unite Mzansi Trading with effect from 9 November 2009 when these entities started to perform work for the SAPS which relationship is best illustrated hereunder:*

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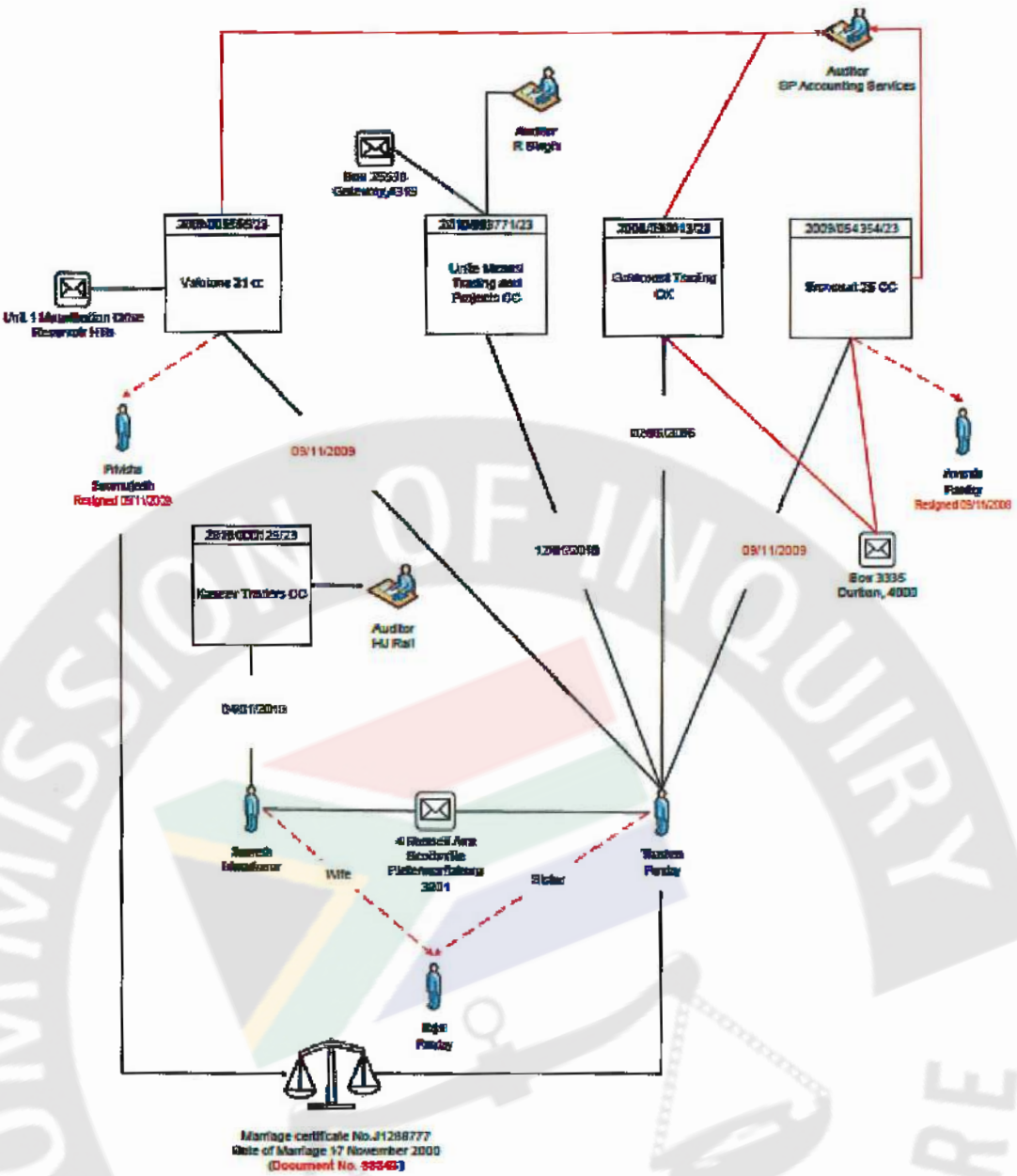

An enlarged copy of this document is attached hereto as **Annexure TSW 27**.

vii. It has been determined that these entities gave the false impression of competing against one another for the supply of the same goods and/or services to the SAPS and therefore, created the impression that there was competitive bidding

taking place and that the prices tendered/quoted were market related when in fact they were not.

viii. *In aggregate, the SAPS paid, between the period November 2009 to August 2010, R47,346,597.52 to these five entities of which R39,336,283 was paid to Goldcoast Trading. Of the R39,336,283 paid to Goldcoast Trading R26,320,250 was in respect of accommodation of police members during the SWC.*

ix. *The order awarded to Goldcoast Trading in the amount of R26,320,250 to accommodate police members during the SWC was done on the basis that the matter was urgent and therefore, the tender was not advertised in the Government Tender Bulletin as required in terms of the SCM policy and therefore, competitive bidding procedures were not complied with.*

x. *According to the Information Note that was presented to the Bid Adjudication Committee, and the supporting documents relating thereto, it is being certified by Major General R S Pillay that the tender for the accommodation of police members during the SWC was an urgent matter and because of the safety and security of police members during the SWC the matter did not go out to tender. Although it is also a requirement that the motivation must state that the urgency did not arise as a result of the lack of proper planning this was not done. This urgency arose because of the lack of proper planning since the SAPS knew from*

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at least October 2009 that accommodation of police members during the SWC was required yet the information was only submitted to the BAC in June 2010.

xi. *Narainpershad divided the police members between three suppliers being Goldcoast Trading (80%), Coastlands (16%) and Pendleburys (4%) even though he was aware that there was additional accommodation available at Coastlands, in addition to the fact that Coastlands rate per night was significantly less than that of Goldcoast Trading (R400 per person sharing as opposed to R850 per person sharing) which would have been a saving of R2,760,130 to the SAPS. This is aggravated even further as Panday approached Coastlands during May 2010 to accommodate police members at Coastlands during the SWC and therefore, resulted in the police paying significantly more for these services had Narainpershad divided the members transparently and in the most cost effective way between the various providers of accommodation.*

xii. *During the period when these orders were awarded to Panday's related entities, Madhoe, Narainpershad, Lieutenant General Ngobeni and Major General RS Pillay received gifts from Panday in the aggregate amount of R171,265.58 and based thereon, neither of the four should have been involved in any decisions relating to work awarded to any of his related entities.*

xiii. *The amounts paid for the benefit of each of these four police members is detailed hereunder:*

No	Name	Value of Benefit (R)
1	Madhoe	89,104.95[1]
2	Narainpershad	59,662.71[2]
3	Lieutenant General Ngobeni	20,962.00[3]
4	Major General RS Pillay	1,535.92
	Total	171,265.58

[1] Oyster Box R8,010 + SA Airways R8,564 + Advocate Cars R60,000 + Westin Grand Cape Town R14,510.95= R89,104.95
[2] Varsity College R43,500 + Game Stores R7,154 + Protea Hotel Kamden R1,752.71 +Protea Hotel Richards Bay R7,256= R59,662.71
[3] Royal Palm / Dish Restaurant R18,712 + Zindx Productions / Mr Maharaj R2,250 = R20,962

xiv. I have been able to reconcile R12,749,533.32 of the R20,138,222.52 invoiced to the SAPS by Panday's related entities to their supplier invoices and have determined from these reconciliations that Panday and/or his related entities have made a gross profit of R8,480,149.12 of the R12,749,533.32 that was paid to them by the SAPS, excluding any payments for the SWC.

xv. A summary of the aforementioned profit margins and the cost of sale amounts in respect of each of these related entities are detailed hereunder:

Name	Total Amount Invoiced (R)	Value of Reconcilable Invoice Amount (R)	Cost of Sales (R)	Gross Profit (R)	Gross Profit %
Kaseev Traders	1,552,019.40	1,552,019.40	734,365.44	817,653.96	111
Valotone 21 CC	3,515,704.36	3,227,891.86	945,215.38	2,282,676.48	241
Unite Mzansi Trading	863,122.06	863,122.06	232,995.40	630,126.66	270
Bravosat 25 CC	2,079,468.70	1,858,100.00	652,100.08	1,205,999.92	185
Goldcoast Trading (Goods)	195,450.00	194,450.00	65,686.50	129,764.00	196
Goldcoast Trading (KZN Deployments)	11,932,458	5,053,950.00	1,640,021.90	3,413,928.10	208
Total	20,138,222.52	12,749,533.32	4,270,384.70	8,480,149.12	199

xvi. *Owing to the manner in which Goldcoast Trading invoiced the SAPS for the accommodation of members during the SWC it was not possible to reconcile cost of sale invoices to specific invoices issued by Goldcoast Trading. Consequently, the only means in which an analysis of the various types of information could be completed was to compare the aggregate quantity and amounts that were invoiced by Goldcoast Trading to their supplier invoices and the aggregate number of members, whilst using the average rate charged per member and comparing that with the rate to determine whether there was any variances with the amounts and quantities that were invoiced to the police.*

xvii. *As a result of the constraints encountered in respect of reconciling Goldcoast Trading supplier invoices to the invoices issued by them to the SAPS for the SWC, I had to provide for four scenarios in my analysis to be taken into account when determining the prejudice or losses that have been sustained by the police*

as a result of the various misrepresentations made by Goldcoast Trading and/or Panday as detailed hereunder:

Scenario	Scenario Description	Prejudice (R)
Scenario 1	Calculation of the value of overstated invoices	4,968,775.47
Scenario 2	Calculation of overcharge based on incorrect tariff used by Goldcoast Trading	2,025,035.88
Scenario 3	Calculation of potential overpayment to Goldcoast Trading.	12,357,656.88
Scenario 4	Calculation of Losses less 20% Gross Profit	10,995,983.16

(Scenario 3 & 4 are mutually exclusive and cannot be added together to calculate the total prejudice)

xviii. *I have also prepared a flow chart containing a summary of the movement of funds between Panday's related entities and the accounts into which money was paid by these entities and/or Panday. This flow chart is annexed to this conclusion for ease of reference and should be examined together with my conclusion to understand the movement of funds between the accounts.* **(Annexure TSW 2)**

xix. *Of the R47,346,597.52 that was paid to Panday's related entities by the SAPS, R39,336,283 was paid into Goldcoast Trading's Nedbank account No. 1442016728 which was disbursed from this account as follows:*

Beneficiary	Bank Account Details	Amount (R)
Thoshan Panday	Standard Bank Account No. 252133412	2,070,000.00
	ABSA bank Account No. 4058448969	8,506,000.00
	Nedbank Account No. 5898460804057768	35,500.00
Privisha	Unknown	10,310,000.00
Cambric	Unknown	4,000,000.00
Bamath	Unknown	5,404,174.34
Seevesh Ishwarkumar	FNB Account No. 50429038596	1,080,639.21
	FNB Account No. 62254021878	17,500.00
Momentum		775,994.21
Cheques Cashed / or bearer cheques cashed[1]		3,225,746.24
Cash Withdrawal		207,200.00
Total		35,632,754.00

[1] Copies of all these paid cheques have not been provided to me for further analysis and therefore, this information has merely been extracted from the bank statements and or the available returned paid cheques that have been located amongst Goldcoast Trading's records.

xx. *The Nedbank statements of Goldcoast Trading indicate that, in aggregate, R10,310,000 was transferred to "Privisha" where one transaction was in the amount of R10,000,000 and was transferred on 4 August 2010. I have inferred that this is Panday's wife however, I do not have the supporting documents relating to these transactions and therefore, I am unable, at this time, to verify the contra account into which these funds were paid.*

xxi. *Of the R2,070,000 paid into Panday's Standard bank account No. 252133412, R553,439.91 thereof was transferred to his Dinners Club account No. 36135773216 which account was used by Panday to pay for various items for Madhoe, Narainpershad and Lieutenant General Ngobeni.*

xxii. *It has also been determined that a significant portion of the money paid into the other bank accounts of Panday's related entities by the SAPS were paid into*

Goldcoast Trading's account with the exception of money paid into the account of Kaseev Traders.

xxiii. *Of the R1,552,019.40 paid into the aforementioned entity's bank account R1,246,755 was paid into the FNB accounts of Seevesh Ishwarkumar whilst a further R207,200 was withdrawn from the account in cash.*

xxiv. *Panday, with the assistance of Privisha Panday (his wife) and Arvenda Panday (his mother), set up a number of entities which he controlled but gave the impression they were independent of each other. These entities were then used, with assistance of Madhoe, Narainpershad and Major General Pillay, to make various misrepresentations to the SAPS and, in so doing, manipulated the SAPS procurement process so that they were awarded orders for the supply of goods and accommodation at significantly inflated prices that were not market related.*

xxv. *Lieutenant General Ngobeni intervened in the investigation into the procurement related procedures and tried to put a stop to any further investigation by giving direct instructions in this regard.*

xxvi. *During the same time period that the goods/accommodation was being supplied by Panday linked entities at inflated prices to the prejudice of the SAPS, and when Lieutenant General Ngobeni tried to stop any further investigation, Panday was making payments on behalf of or purchasing various items from airfares, a*

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car, accommodation, a birthday party dinner, etc. for Madhoe (R89,105), Narainpershad (59,663), Major General Pillay (R1,536) and Lieutenant General Ngobeni (R20,962)."

26.

I have prepared a time line that summarises the relationship between the significant events and benefits paid to SAPS personnel. (**Annexure TSW 3**)

27.

There were a number of consultations and interactions with various representatives of the NPA regarding this investigation, the most significant of which I have detailed below.

28.

A draft report dated 10 May 2013, comprising 373 pages and 20 lever arch files of annexures, was prepared and given to the Colonel H van Loggerenberg from the Directorate of Priority Crime Investigations ("**DPCI**"). A copy of this report was also given to the prosecutor in this case, Advocate Letsholo from the Specialised Commercial Crime Court ("**SCCC**") in Durban at a meeting on 21 May 2013. This was to enable him to raise any queries he had before the final report was issued.

29.

A number of months passed with no feedback or queries from Advocate Letsholo.

30.

On 2 December 2013 I received a message from Colonel van Loggerenberg that Advocate Letsholo wanted to meet to discuss the draft report. A meeting was scheduled

for 10 December 2013 at the SCCC Durban's offices. The meeting was chaired by prosecutor Advocate Letsholo and Advocate Vimbani, the head of the SCCC in Durban, was also present. In addition to myself, the meeting was attended by Colonel H van Loggerenberg, Colonel SY Govender and Colonel P Herbst from the DPCI and Ms Frenelle Noble from PwC. The meeting was to discuss queries Advocate Letsholo had on the draft PwC report dated 10 May 2013. Whilst we made good progress and got to page 116, we did not complete the exercise. A follow up meeting was scheduled for after the holidays on 15 January 2014.

31.

The meeting on 15 January 2014 was again chaired by the prosecutor Advocate Letsholo and Advocate Vimbani was also present. In addition to myself, it was again attended by Colonel H van Loggerenberg, Colonel SY Govender, Colonel P Herbst and Ms Frenelle Noble. Advocate Letsholo raised some minor additional aspects that he wanted me to consider for inclusion in my final report.

32.

I attended to all Advocate Letsholo's queries and updated my report. There was then a further meeting on 14 March 2014 at PwC's offices in Essenwood Road Durban. The meeting was chaired by prosecutor Advocate Letsholo and was in addition to myself, attended by Colonel H van Loggerenberg, Colonel SY Govender and Col C Jones from the DPCI and Ms Frenelle Noble. At this meeting we were planning to discuss how all Advocate Letsholo's queries had been addressed and the report updated. After some initial discussion about how all the queries were cleared and the report updated,

Advocate Letsholo asked the PwC representatives at the meeting, being myself and Ms Frenelle Noble, to please excuse ourselves as there was something confidential he wanted to discuss with the DPCI representatives.

33.

A short while later when they had finished their meeting Colonel H van Loggerenberg told me that Advocate Letsholo had decided that the evidence on which my report was drafted had been tainted as a result of an operation in terms of the Interception and Monitoring Act 70 of 2002 (**Act 70 of 2002**), that was being undertaken by Colonel B Padayachee from SAPS Crime Intelligence and, as a result, he had decided not to prosecute any of the suspects.

34.

I later understood that the Act 70 of 2002 operation was a process whereby Colonel B Padayachee from Crime Intelligence had obtained judicial authority to monitor electronic communications of Mr Panday. This monitoring was, I understood, undertaken because there had been threats made against the investigating officers in the case.

35.

I was amazed by this decision as at no stage had any information relating to the monitoring of Mr Panday's electronic communication been given to me, or any member of my team, to use in the PwC Forensic Investigation. I struggled to understand how the documentary evidence I had relied on to produce my draft report, that had been provided to Advocate Letsholo, could be tainted.

36.

At a meeting with Colonel van Loggerenberg on 9 April 2014, he handed me a copy of a letter from Advocate Letsholo dated 25 March 2014 regarding the reasons why he had decided not to prosecute the suspects in this matter. I annex this letter hereto as **Annexure TSW 28**.

37.

I wrote a letter **(Annexure TSW 4)** to Colonel van Loggerenberg the same day, being 9 April 2014, commenting on Advocate Letsholo's letter. My letter stated the following:

i. *"The draft PwC report dated 10 May 2013, consisting of 373 pages and 20 lever arch files of annexures was also discussed at the meeting with Adv Letsholo and Adv Vimbani on 21 May 2013 and he was given a copy thereof. This was in addition to the SAPS volumes containing witness statements. The first time I received feedback from Adv Letsholo regarding the draft report was on 10 December 2013.*

ii. *The sources of the information and documents that were used to prepare our draft report dated 10 May 2103 is set out in section 9 of that report. This included documents and computers seized by SAPS in terms of search warrants, documents subpoenaed by SAPS, internal SAPS documents and documents provided by witnesses interviewed by SAPS.*

iii. *No evidence from any Act 70 authorised recordings of telephone conversations of Mr Thoshan Panday or any other person was ever given to myself or any*

member of my team as part of our investigation in this matter. In addition neither myself or any other member of PwC have ever listened to any of the recordings that were obtained by the SAPS Crime Intelligence Unit in terms of Act 70.

iv. *The fact that there were Act 70 recordings was discussed at the meeting with Adv Letsholo on 21 May 2013 but it was clearly stated by Col van Loggerenberg that these did not related to Cas 781 but to Cas 466 and that they were not used in the investigation relating to Cas 781, being the matter in which PwC had prepared the report referred to in paragraph 1 above.*

v. *Towards the end of the meeting on 15 January 2014, referred to in paragraph 2 of Adv Letsholo's letter, Adv Letsholo was asked by one of the SAPS members present, I cannot recall which one, what he thought of the case and our evidence. Adv Letsholo stated that it was his view that there is a very good case against Narainpershad, Madhoe and Panday. After some discussion and further clarity regarding RS Pillay he agreed that there was also a case for Pillay to answer.*

vi. *Up to this stage Adv Letsholo had made no mention of Provincial Commissioner Ngobeni. Col van Loggerenberg asked what about the "PC" to which Adv Letsholo replied that he had some reservations. There was then further discussion during which Col Van Loggerenberg compared the evidence implicating Narainpersad (specific mention was made about the treadmill Mr Panday bought for him) and the birthday party that Mr Panday paid for, for the*

PC's husband. Col van Loggerenberg then went on to say if Adv Letsholo did not think there was enough evidence against the PC then there was not enough evidence against Narainpersad as the evidence was the same and he might as well close the docket. Adv Letsholo then said he would relook at the evidence and would provide feedback at the next meeting. No feedback was provided in this regard, while I was present, in the next meeting which was on 14 March 2014".

38.

There were a number of discussions between myself and Col H van Loggerenberg subsequent to this and he also could not understand what Advocate Letsholo's concerns were. A decision was then taken, I am not sure by whom, that the matter should be referred to the Independent Police Investigation Directorate (**"IPID"**) for investigation as it involved potential police corruption.

39.

On 21 October 2014, Advocate M Noko, the KwaZulu-Natal Director of Public Prosecutions (**"DPP"**) issued a Memorandum to "*The SAPS Investigating Officers Durban Cas 466/09/2011*" **(Annexure TSW 5).** This CAS number 466/09/2011 (**"CAS 466"**) relates to the case concerning the bribe of R1,362,000 that was allegedly paid by Colonel Madhoe to General Booysen on 8 September 2011. It is alleged that the money to pay the bribe originated from Mr Panday. The reason I am referring to this memorandum, is that it also deals with Durban Central CAS 781/06/2010 (**"CAS 781"**). In the memorandum, the DPP, Adv. Noko, sets out the reasons why she declined to prosecute (*Nolle Prosequi*) both Colonel Madhoe and Mr Panday for corruption in

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CAS 466 as well as the reasons why the suspects in CAS 781 should not be prosecuted.

40.

In this memorandum, DPP Adv. Noko did not rely on the reasons advanced by Advocate Letsholo, but instead, stated the following regarding CAS 761:

i. Paragraph 2.3 "*Case 781 was dealt with by the Specialised Commercial Crime Unit (SCCU) in Durban and disposed of recently with a decision not to prosecute anyone as there was no evidence to prosecute any person with any offence. It has been revealed by the SCCU that the SAPS members who were charged with the investigation of this 781 case was gunning for the prosecution of a specific person (KZN SAPS Provincial Commissioner, Lt. Gen. Ngobeni) and Mr Panday and Col. Madhoe were being pressurised to falsely implicate her in the commission of criminal offences, with a promise that they will be exonerated in 781. When the SAPS investigators realised that the PC cannot be charged in this case (781), simply because there is no evidence against her, one I/O reportedly said that the SCCU prosecutor may as well just close this 781 case. It appears Mr Panday and Col. Madhoe featured nowhere in the 781 then as the focus was on the PC. One then may ask a question, why was Col. Madhoe arrested in 466 case. Was this a lawfully justified arrest or was it a way to pressurise him to implicate the PC, as he (Col. Madhoe) even mentions in his representation that he was being regularly interviewed by the I/Os so as he falsely incriminate the PC, which he flatly refused*".

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ii. Paragraph 2.4: "*The SCCU revealed the scheming and intercepting of phone calls of, inter alia, Mr Panday, with a motive and agenda to falsely implicate certain people. They allegedly even went further to even boast to Mr Panday telling him that they know what his defence in the 781 case will be, as they heard his discussions with his legal representative through the intercepted calls*".

iii. Paragraph 2.5: "*Mr Panday was even promised by SAPS members in the 781 case that if he falsely implicate the PC, they would get rid of the 466 case. It was further explained to Mr Panday that the benefit of this sought incrimination of the PC for them (SAPS members) will be that the PC will be forced to resign and then Maj. Gen. Booysen will become the next KZN PC, further, Maj. Gen. Deena Moodley would remain in control of the secret fund*".

iv. Paragraph 2.10: "*The allegation that the accused in 466, Mr Panday and Col. Madhoe, wanted Maj. Gen. Booysen to predate a report in the 781 case in order to have the section 205 subpoenas set aside (subpoenas for access to the bank account records) and consequently bribed Maj. Gen. Booysen to do that, does not really hold water because the fact is that if there has been any corruption (bribing of Maj. Gen. Booysen) that took place, would not make the corruption and its successful prosecution impossible, as sections 3(b) and 4(1)(b) of the Prevention and Combating of Corrupt Activities Act 12 of 2004 state. The alleged report in the 781 case that it was alleged was to be predated to invalidate the section 205 subpoenas did not suffice to prove fraud or any offence against*

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anyone, especially Col. Madhoe and Mr Panday, who are alleged to have bribed Maj. Gen. Booysen for the predating of this very report. This report is made out to be the evidence in the 781 case to prove Fraud against Mr Panday and Col. Madhoe, but one wonders why it could not be seen in this way by the SCCU. If then there is no fraud that could be proven by the SCCU in the 781 case, why would Col. Madhoe (and Mr Panday) bribe Maj. Gen. Booysen, or anyone for that matter, in respect of the 781 case using this report? One would expect that they would know what is contained in the 781 case against them as they are part of it, they would know what they did to even know what this report has against them, especially Col. Madhoe who was then a procurement official who processed the accommodation documents leading to the 781 case".

41.

A meeting was scheduled for 14 November 2014 at the IPID offices in Durban to discuss the decision that had been made by the NPA not to prosecute the suspects in CAS 781 and CAS 466. The meeting was attended by Mr R McBride the Head of IPID, General Maharaj the KZN Head of IPID, Colonel H van Loggerenberg, Colonel SY Govender and Lieutenant Colonel P Du Plooy from the DPCI and me. I am not sure if there was anyone else present. Mr R McBride was briefed, and he said this was an extremely serious matter that needed to be taken forward and the suspects prosecuted. During the meeting, he called someone who I believe was the National Director of Public Prosecutions **("NDPP")**, Nxasana, to discuss the fact that this mater was serious, involved alleged police corruption and needed to be prosecuted.

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42.

On 19 November 2014, Major General Booysen wrote a letter to the NDPP titled "*Durban Central Cas 466/09/2012 : Corruption against Mr Toshan Panday and Colonel Navin Madhoe*" **(Annexure TSW 6).** He states that the abovementioned memorandum from DPP Noko is "*permeated with conjecture, innuendo, inaccuracies and in certain instances blatant untruths. Her assertions are an aberration which lacks substance supported by credible evidence*". He states as follows regarding CAS 761:

i. *"Ad par 2.3 I respectfully disagree with the submission by Advocate Noko that "there was no evidence to prosecute any person with any offence" in the main investigation pertaining to the R60M corruption. The reference number of this case is Durban Central CAS 781/09/2011. It is my submission that there is a prima facie case against Mr Thoshan Panday, Colonel Navin Madhoe as well as Captain Ashwin Narrainpersad.*

ii. *For purposes of this submission I refrain from detailing the evidence in this matter save to say that it contains in access of twenty (20) lever arch files of documents, more than two hundred (200) affidavits as well as a forensic audit report compiled by an independent group of auditors namely Price Waterhouse Cooper* (sic).

iii. *I find it objectionable that the Specialized Commercial Crimes Unit (SCCU) from her office seeks to entertain and attach credibility to the claims of the suspects in*

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this matter. Quite how it has been "revealed" by the SCCU that SAPS members charged with the investigation of Durban Central CAS 781/09/2011 was gunning for KZN Provincial Commission, Lieutenant General Ngobeni - is unclear. This imputation is not supported by any evidence other than the contrived version of the suspects themselves. I, for one, has never expressed any desire to become the Provincial Commissioner of KZN and neither have I applied for this position before. In my view this is a fallacious argument since the Durban Central CAS 781/09/2011 investigation pertained to procurement irregularities before the 2010 Soccer World Cup. The investigation focused on irregularities before her appointment as Provincial Commissioner. It is thus ludicrous to believe the suspects ie. Panday and Madhoe in this regard. The investigating officers could not have wanted to "falsely implicate" the Provincial Commissioner for a crime that took place before she assumed her post. Her involvement in the matter relates to attempts by her to interfere with the investigation after she assumed her position as Provincial Commissioner, and not with regard to the procurement irregularities per se.

iv. *The conclusion by Advocate Noko that neither Panday nor Madhoe features anywhere "no where" (sic) is manifestly wrong and this conclusion ought to be challenged. There is overwhelming evidence to support a converse conclusion.*

v. *Quite how the SCCU "revealed the scheming and intercepting of phone calls of, inter alia, Mr Panday, with a motive and agenda to falsely implicate certain*

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people" in my opinion is a mystery. The tenor and tone of Advocate Noko's assertions in this paragraph is indeed worrying and ought to be examined. In her own words there is no proof of Panday's claims as she refers to mere "allegations". Her preference of believing the suspect's version over the police's version raises to my mind a question of purpose of impropriety"

vi. *"Ad par 2.5 : Other than the claims by the suspects in this matter, who had much to lose, had the investigation led to a prosecution, and conversely much to gain should they have managed to derail the investigation, there is no evidence whatsoever to remotely support the claims contained in this paragraph. In any event, why would the Provincial Commissioner be forced to resign if she knew the evidence against her was contrived? Furthermore, there is no guarantee that I would succeed her as Provincial Commissioner. Pre-supposing that she had resigned, for this or any other reason, her vacant post would have been advertised and prospective candidates evaluated for possible appointment. It is my submission that Panday and company have failed to compromise me. They have attempted to have the investigation stopped. The Deputy National Commissioner for the HAWKS - Lieutenant General Dramat is aux fait with the detail. When this failed, they brought in an unsuccessful application in the High Court to thwart the investigation. After they failed to bribe me with R2M in cash, they have obviously run out of ideas. To now suggest an agenda by myself to become Provincial Commissioner at the expense of Lieutenant General Ngobeni is not supported by any evidence and ought to be rejected".*

vii. *"Ad par 2.10: Advocate Noko chooses to be deliberately obtuse. For one, there is indeed prima facie evidence against Colonel Madhoe and Mr Panday in Durban Central CAS 781/09/2011. The attempt by Colonel Madhoe and Mr Panday to derail the investigation in Durban Central CAS 781/09/2011 emanates from their unsuccessful application to have the Section 205 subpoenas set aside.*

viii. *Although the report in question itself does not contain prima facie evidence of a crime being committed, pre dating the report to a date before the application for the Section 205's could have rendered the 205's and subsequent evidence obtained, inadmissible. Information contained in this report obtained evidence gleaned as a result of the 205's. In other words, if I had predated this report it would have meant that the investigators had obtained the information illegally, before obtaining the Section 205 subpoenas.*

ix. *Advocate Noko rightly indicates that Colonel Madhoe was from the procurement section. He has inadequate legal knowledge to argue the points raised by Advocate Noko. The sentence : "One would expect that they would know what is contained in the 781 case against them as they are part of it, they would know what they did to even know what this report has against them, especially Col Madhoe who was then a procurement official who processed the accommodation documents leading to the 781 case." Is incoherent and difficult to understand ie. How and why would Panday and Madhoe know what is contained in 781? They*

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were the suspects in the matter and not the investigators. Furthermore, they knew exactly what was contained in this report since they had illegally obtained it. Two copies of the report was found in Madhoe's vehicle on two separate occasions. A third copy of the report had fingerprints that matched those of Panday on it. All this evidence is contained in the dockets and for some unknown reason appears not to have been considered".

43.

I was then asked to attend a follow up meeting on 21 November 2014 at IPID's offices in Pretoria. I do not recall exactly who was present at this meeting but there were a number of IPID representatives who were briefed on the detailed investigation to date and the status thereof. I was asked why the report was still in draft form and if there was anything stopping me from issuing a final report. I indicated that the only reason why a final report had not been issued was because the NPA had declined to prosecute the matter. I agreed I would issue a final report so that IPID could proceed with the matter.

44.

I issued my report dated 24 November 2014 with subject "*Forensic report relating to various transactions between the South African Police service and Goldcoast Trading CC, Unite Mzansi Trading and Projects CC, Bravosat 25 CC, Valotone 21 CC and Kaseev Traders CC*" (**Annexure TSW 1**).

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45.

There were follow up meetings with the IPID investigators at PwC's Durban office on 26 November 2014 and 23 January 2015 to discuss the details and evidence available in CAS 781.

46.

I was then asked to attend a meeting on 3 February 2015 at IPID's offices in Pretoria. This meeting was attended by a number of IPID representatives, including Mr McBride. Also, in attendance was Advocate Gerrie Nel and Mr Andrew Leask from the NPA as well as Major General Booysen and Colonel van Loggerenberg. Mr R McBride explained that Advocate Nel was attending the meeting as the NDPP had allocated him to assess the various cases relating to Mr Panday, including CAS 781 and CAS 466, and brief the NDPP, whereafter a decision would be made by the NDPP whether to review the decision taken by Adv. Noko not to prosecute these matters.

47.

However, before the meeting started, Mr R McBride made what at the time I thought was a strange comment when he said that he was going to dust off his fishing rods' as he would be doing a lot of fishing in the near future. When asked what he meant by this, he said that we have been going places we are not supposed to and were treading on the toes of the wrong people and as a result, he had heard that he would shortly be suspended. Mr R McBride was suspended the following month, March 2015.

48.

During the meeting on 3 February 2015, I was asked to brief Adv. Nel on CAS 761 and the reasons as far as I understood them as to why Adv. Letsholo has declined to prosecute. He said it did not make sense to him but that we would need further consultations and in the interim, he would recommend to the NDPP that the NPA proceed with the formalities of reopening the matter. However, shortly thereafter in May 2015, Mr Nxasana vacated the position of NDPP and Advocate S Abrahams was appointed as NDPP. Since then I have not been consulted regarding this matter by anyone from the NPA.

49.

IPID requested further information on 19 June 2016 and electronic copies of my report dated 24 November 2014, as well as the annexures, which were handed over on 23 June 2016, which had already been provided to IPID during 2014.

50.

In addition to this, in September 2018 Advocate W Obrien, a prosecutor at the SCCC in Durban, asked for copies of Flow of Funds and Time Lines diagrams that PwC had previously prepared, as it appeared that she was now somehow involved in the matter but to date, to my knowledge, no further progress has been made.

51.

I fail to understand the reasons provided by the NPA not to prosecute the suspects in CAS 781, as in my view, the documentary evidence upon which my report was based, was the strongest I had seen in my 20 years of investigating cases of this nature.

52.

INTAKA MATTER

PwC was initially appointed by the KwaZulu-Natal Department of Health (**KZN DOH**) and later by National Treasury to investigate this matter.

53.

The terms of PwC's appointment are detailed in our agreement, which was signed by Dr YL Mbele (**Dr Mbele**), Acting Head of KZN DOH on 20 May 2009. Our mandate was extended as detailed in our agreement which was signed by Mr N. Biyela (**Biyela**), Chief Financial Officer, of the KZN DOH on 9 February 2010.

54.

PwC's appointment was further extended by an agreement signed by Mr Freeman Nomvalo of the National Treasury, on 2 July 2010. This was because the investigation extended beyond the KZN DOH and also involved the investigation of alleged fraud and corruption involving officials from the KZN Department of Local Government and Traditional Affairs (**KZN LG & TA**) and the Northern Cape Department of Health (**Northern Cape DOH**).

55.

The terms of our appointment were further extended and are detailed in our agreement with National Treasury, which was signed by Mr Nomvalo, on 15 October 2010. The said Agreement relates to additional work required to assist the SAPS and the DPP in the criminal investigations involving the Intaka Group of Companies.

56.

Based on the work performed in terms of the above appointments, I issued nine separate reports and an affidavit as follows which are attached hereto as annexures:

i. S v G Savoi and Others - KZN Dept of Health - Awarding of a contract for Oxyntaka Self- Generating Oxygen Plants to Intaka - CAS 151/08/2010 – dated 24 May 2010 **(Annexure TSW 7)**;

ii. S v G Savoi and Others - KZN Dept of Health - Purchase of Water Purification Plants from Intaka – dated 24 May 2010 **(Annexure TSW 8)**;

iii. S v G Savoi and Others - Northern Cape Dept of Health - Procurement of x10 Water Purification Plants – dated 12 October 2010 **(Annexure TSW 9)**;

iv. S v G Savoi and Others - Northern Cape Dept of Health - Procurement of x30 Oxyntaka Self-Generating Oxygen Plants – dated 19 November 2010 **(Annexure TSW 10)**;

v. S v G Savoi and Others - Northern Cape Dept of Health - Procurement of x16 Dialysis Machines – dated 4 April 2011 **(Annexure TSW 11)**;

vi. S v G Savoi and Others - Northern Cape Local Government - Procurement of one Water Purification Plant – dated 8 July 2011 **(Annexure TSW 12)**;

vii. S v G Savoi and Others - KZN Dept of Local Government and Traditional Affairs - Procurement of x20 Water Purification Plants – dated 29 July 2011 **(Annexure TSW 13)**;

viii. S v G Savoi and Others (Peggy Nkonyeni) - KZN Dept of Health - Supplementary Report - Procurement of Water Purification Plants and awarding of contract for Oxyntaka Self- Generating Plants – dated 28 October 2011 **(Annexure TSW 14)**;

ix. S v G Savoi and Others - KZN Dept of Health - Supplementary Report - Awarding of a contract for Oxyntaka Self- Generating Oxygen Plant at Murchison Hospital to Intaka – dated 28 October 2011 **(Annexure TSW 15)**;

x. Affidavit dealing with MEC Mike Mabuyakhulu – dated 27 May 2011 **(Annexure TSW 16)**.

COMMISSION OF INQUIRY INTO STATE CAPTURE

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57.

The above reports are 785 pages in length and are accompanied by 30 lever arch files of annexures that are cross-referenced to the reports. The annexures to these reports are not attached; however, these have been provided electronically to the Commission.

58.

These reports are included in the various SAPS case dockets relating to these investigations that have been opened in KwaZulu-Natal and the Northern Cape.

59.

The investigation related to the alleged procurement fraud relating to the procurement of the supply of Water Purification Plants, Self-Generating Oxygen Plants and Dialysis machines from the Intaka group of companies. The investigation revealed that:

i. Intaka representatives secured cover quotations from associated parties thereby enabling them to circumvent SCM procedures and obtain contracts at inflated prices from KZN DOH, Northern Cape DOH and KZN LG & TA;

ii. In certain instances, the Water Purification Plants were either used for a short period, or not used at all. In one instance, a Water Purification Plant was installed at a hospital in the Northern Cape that was in the process of being relocated. Consequently, the plant was never used;

iii. In many instances, the hospitals at which the Water Purification Plants had been installed did not have the budget to procure the required chemicals and as a result the plants were bypassed and not used;

iv. The dialysis machines that were purchased for the Northern Cape DOH were in many instances not used and more than a year later were still in their original packaging;

v. The acquisition of Self-Generating Oxygen Plants was a controversial decision and was not supported by a large portion of the medical practitioners in both the Northern Cape and KZN. The specifications for the procurement of these plants appear to have been structured in such a way that Intaka was the preferred supplier. There was evidence that Intaka gave input into the specifications prior to these being made available to prospective bidders;

vi. R1 053 000 was paid by Intaka into the trust account of a law firm, Khuboni & Shezi (**Khuboni**), and spent for the benefit of Mr Sipho Shabalala, the Head of KZN Treasury. Mr Savoi, the director of Intaka, sought to explain this payment as a donation to the African National Congress (**ANC**). However, this was recorded as legal fees in the accounting records of Intaka. The money was in fact disbursed from the Khuboni trust account for the benefit of Mr Shabalala and was never recorded in the accounting records of the ANC.

vii. R1 million was paid by Intaka to an entity that was owned by Mr Mkhwanazi, who was the boyfriend of the Ms Peggy Nkonyeni (Nkonyeni), the KZN MEC for DOH at the time, allegedly for services he was providing relating to the marketing of the Water Purification Plants in KZN. No evidence of these services having been provided, could be found.

60.

A diagram reflecting the relationship between al the entities involved and the key transactions between them including the flow of funds, is annexed below as **Annexure TSW 19**.

61.

There is a second diagram which specifically details how the R1,053,000 that was paid into Kuboni & Shezi attorneys trust account by Intaka was spent/laundered by Mr Shabalala and Mr Mabuyakhulu, with the assistance of the attorneys from Kuboni & Shezi Attorneys (**Annexure TSW 21**).

62.

While the various accused were arrested on preliminary charge sheets, a final indictment **(Annexure TSW 17)** was filed in the KwaZulu-Natal High Court under Pietermaritzburg Case No CC14/12. This was an indictment that included charges relating to racketeering, fraud, corruption, money laundering and the contraventions of the Public Finance and Management Act.

63.

The abovementioned indictment was only given to the accused and filed at court after the NDPP had issued the required "*Authorisation in terms of section 2(4) of the Prevention of Organised Crime Act, Act 121 of 1998*", which he did on 31 July 2011 **(Annexure TSW 18).**

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64.

The evidence in this matter is contained in the various reports and annexures thereto that I have referred to above. I will not repeat the contents thereof in this affidavit but the flow of funds diagram referred to by me above, depicts the relationship between the main accused in KZN **(Annexure TSW 19).**

65.

The representatives, Mr Miller and Mr Geddes, of the two entities, Imvusa and Westpro respectively, that were accused of issuing cover quotes to enable Intaka to sell the Water Purification Plants to the KZN DOH and the Northern Cape DOH at inflated prices, both pleaded guilty to the offence of fraud. They entered into a plea and sentence agreement on 29 September 2011 in terms of S105A of ACT 51 of 1977 **(Annexure TSW 20).**

66.

The supplementary report which I prepared dated 28 October 2011 sets out the relationship between Ms Nkonyeni and Mr Savoi and between Ms Nkonyeni and Mr Mkhwanazi (Rowmoor Investments) **(Annexure TSW 14).** This report needs to be read with the original report dealing with the KZN Department of Health - Purchase of Water Purification Plants from Intaka – dated 24 May 2010 **(Annexure TSW8)**.

67.

The affidavit I signed on 27 May 2011 sets out a summary of the information regarding the involvement of Mr Mabuyakhulu, the KZN Provincial Treasurer of the ANC

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(Annexure TSW 16). The ANC's attorneys had consulted with Mr Mabuyakhulu and addressed a letter to the NPA averring that the R1 million which Mr Shabalala had averred was paid as a donation to the ANC, had been received by the ANC. I believe that this was done in order to persuade the NPA to withdraw the charges against Mr Shabalala. As I have said, this was not reflected in the accounting records of the ANC but was actually paid from Khuboni attorneys trust account for the benefit of Mr Shabalala. A copy of this letter is attached as **Annexure TSW 29**.

68.

On 19 March 2012 I received an email from Advocate N Dunywa, the lead prosecutor assigned to the matter, inviting me to attend a meeting on 23 March 2012 with the NPA at 10.00 in Durban. The meeting was also to be attended by the National Head of the SCCU (Adv. Mrwebi) and the National Head of Organised Crime Unit (Adv. A Mosing). **(Annexure TSW 22).** The email invitation was also sent to Colonel C Jones and Lieutenant Colonel P Du Plooy and copied to the KZN DPP Adv Mlotshwa.

69.

The invitation requested the following information from the investigating officer, Lieutenant Colonel P Du Plooy, and me regarding the investigation that we had conducted:

i. *"The investigating officer, Lt Colonel Du Plooy is requested to prepare the following:*

   a. *Summary of the investigating diary;*

M

b. *list of exhibits that were seized and/or handed to the investigating team from different government departments and chain statements.*

ii. *The forensic investigator, Mr White is requested to prepare the following:*

a. *Busisiwe Nyembezi companies flow of funds*

b. *Rowmoor funds flow analysis*

c. *Intaka flow of funds"*

70.

When we, Lieutenant Colonel Du Plooy and I, arrived for the meeting, I recall there was a problem with finding an available room as there was an issue with the air conditioning system and it was a very hot day. As a result, the meeting started approximately 20 minutes late.

71.

Present at the meeting were Advocate N Dunywa, Advocate Vimbani and Advocate M Mthembu from the prosecution team as well as Advocates Mrwebi and Mosing whom I was introduced to at the meeting. I had not had any dealings with them regarding this investigation prior to this. Also present, in addition to myself, were Colonel C Jones and Lieutenant Colonel Du Plooy.

72.

It immediately became clear that Advocate N Dunywa, who was the lead prosecutor in the matter, was not in charge of the meeting and that Advocates Mrwebi and Mosing were directing proceedings. The meeting started off in a fairly abrupt manner as Advocate Mrwebi informed us that a decision had been made to withdraw the charges against Mr Mabuyakhulu and they just wanted to know what the evidence against

Ms Nkonyeni was, as they were considering withdrawing the charges against her as well.

73.

We, being Lieutenant Colonel Du Plooy and myself, both asked why the decision had already been made to withdraw the charges against Mr Mabuyakhulu and what this was based on, as there had been extensive consultation over the years with numerous NPA representatives that ultimately resulted in the racketeering certificate being issued and the indictment that was currently at court. They told us that regardless of what had happened to date, there was no evidence and that we should not waste time on this aspect where a decision had already been made and concentrate on Ms Nkonyeni.

74.

They also said that we should stop wasting time as this meeting was only scheduled for an hour and we had already wasted 20 minutes. We informed them that this was not a simple task and that to do it properly we would need approximately three days to present the evidence to them which was included in the forensic reports that I had issued and which, together with other evidence in the various case dockets, was used to draw up the indictment that was currently before court.

75.

They (Adv. Mrwebi and Adv. Mosing) said they were not interested in a long drawn out process and needed to finalise their decision that day.

76.

Lieutenant Colonel Du Plooy told them that it looked like they had already made up their minds and this consultation was merely a formality so that they could say we had been consulted when making the decision to withdraw. They did not take kindly to this suggestion, but Lieutenant Colonel Du Plooy went further to say that while I would explain what I could in the time available, the SAPS were not part of this decision and that the NPA should just inform the SAPS in writing what their decision was.

77.

The prosecution team that was assigned to this case, which was led by Advocate N Dunywa, hardly said anything during the meeting. I got the impression that, while they did not agree with what was happening, they were not prepared to challenge their superiors and as a result, everybody was merely going through the motions so that they could say the investigation team was consulted.

78.

Following a meeting with Ad. Dunywa and his team to discuss the status of the prosecution, I sent an email to Mr Nomvalo, the Accountant General at National Treasury on 2 May 2012, which stated, amongst other things:

"I met with the prosecutors in the Intaka case this morning. They informed me that to date no charges have been formally withdrawn from any of the accused and the Acting DPP in KZN has challenged the interference by Adv Lawrence Mrwebi. In this regard he has written to the Acting NDPP and informed her that the process being followed by Adv Mrwebi is not in terms of the NPA Act and the Constitution. There is

M

apparently a very specific process that needs to be followed in terms of the NPA Act to review the decision by the DPP to prosecute a person" **(Annexure TSW 23).**

79.

During July 2012, the Acting KZN DPP Advocate Mlotshwa, who I understand had signed all the KZN warrants of arrest in this matter, was replaced with Advocate M Noko. Shortly thereafter, in mid-August 2012, the charges were withdrawn against Ms Nkonyeni and Mr Mabuyakhulu as well as Mr Mkhwanazi (who was linked to the charge against Ms Nkonyeni) and Ms Phindela, Mr Thusi and Mr Blose (all of whom were linked to the charge against Mr Mabuyakhulu).

80.

The charges were formally withdrawn in court by Advocate Dunywa, who told me he was not in agreement with the decision and was merely following orders. He made a specific point of this in court by stating something along the lines of "*I am withdrawing the charges on instructions*".

81.

Advocate Mlotshwa told me some time later that he had refused to withdraw the charges against Ms Nkonyeni and Mr Mabuyakhulu and that in terms of the NPA Act he could not be overruled unless his decision was taken on review, which the NDPP did not want to do. He said he believed that is the reason why he was removed as the Acting KZN DPP and replaced with Advocate M Noko.

82.

I was also told by both Lieutenant Colonel Du Plooy and Advocate Dunywa that neither of them had been requested to make the Case Docket or the Forensic Reports available to Advocate M Noko for her review prior to the charges against Ms Nkonyeni and Mr Mabuyakhulu being withdrawn.

83.

Subsequent to this, there have been various legal challenges by the remaining accused in this matter and as a result, it has dragged on for years. The first was a challenge as to whether the words "*ought to have known*" as contained in the Prevention of Organised Crime Act, were constitutional. The Constitutional Court ultimately ruled in March 2014, that the words were not unconstitutional.

84.

An application for a permanent stay of prosecution was brought by Mr Savoi, Mr Praderi and Intaka Holdings (Pty) Ltd by way of Notice of Motion issued on May 2013. While I was consulted by advocates briefed on behalf of the State to assist in preparing an answering affidavit, as far as I know, nothing has been finalised. It appears that there is a reluctance on the part of the accused as well as the State to set the matter down for hearing. As a result, neither the cases in KZN or Northern Cape have proceeded. The matters are remanded in about February each year, for a year, on the basis that the application for a permanent stay of prosecution is pending. The application for a permanent stay of prosecution has, accordingly, effectively sterilised the prosecution against the remaining accused.

85.

In the intervening period, Advocate N Dunywa was replaced as the lead prosecutor in KZN by Advocate Vimbani.

86.

Sometime in 2017, I was approached by Advocate Vimbani and requested to make myself available to consult with the new KZN prosecutors that had been allocated to the matter. I asked National Treasury, who was PwC's client and paying our fees, whether they were prepared to pay for this as their involvement in the matter had ceased in about 2012. They informed me that they would not pay PwC for these consultations and PwC was subsequently appointed by the NPA on 13 December 2017.

87.

However, it took six months to set up a meeting with the NPA and the first consultation only took place on 12 June 2018. A copy of the attendance register attached **(Annexure TSW 24).** In attendance, in addition to myself, were Advocate Vimbani and another three new prosecutors, Lieutenant Colonel Du Plooy and Mr Jansen van Vuuren from PwC. The prosecutors were totally unprepared for the consultation and had not read the forensic reports or the case docket. We spent a few hours giving them background and an overview of the matter. They then said they did not have copies of all the forensic reports and annexures. We undertook to provide these, which we did on 25 June 2018. There was agreement at the meeting that we would reconvene on 16 and 17 October 2018 for a detailed consultation once they had all had a chance to familiarise themselves with the facts of the matter. The meeting did not take place as they were not ready and to date has not been rescheduled.

88.

There was a request from Advocate Vimbani for a meeting on 18 November 2019 to discuss the terms of a potential plea agreement that some of the accused are proposing. I could not attend as I was overseas on the day in question but have been informed that the proposal is at a very preliminary stage.

89.

In both the Panday and Intaka matters there has been a very dedicated team of investigators from the DPCI, supported by PwC, who investigated and collected supporting evidence. This resulted in very strong criminal cases being presented to the NPA, with excellent supporting documentation. However, it appears that in both instances, the evidence has not been used for successful prosecutions due to the actions of individuals within the NPA, as detailed in my affidavit above.

I know and understand the contents of this statement.

I have no objection to taking the prescribed oath.

I consider the oath to be binding on my conscience.

Signed by Mr TS White

Date: 6/12/19

he

I certify that the deponent has acknowledged that ~~she~~ knows and understand the contents of this declaration, which was sworn to before me, and the deponent's signature was placed thereon in my presence at ..Sandton..... on the 6..... day of ..December 2019.

Signature of Commissioner of Oaths

MAGDALENA FRANCINA MARGARETHA VAN DER WALT
Commissioner of Oaths by Appointment
Reference Number: 1/9/4 19.06.2010
The Central, 96 Rivonia Road
Sandton, Johannesburg, 2196

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0058

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COMMISSION OF INQUIRY INTO STATE CAPTURE

In the matter between: **Case No. Durban CAS 781/06/2010**

THE STATE

and

THOSHAN PANDAY	**ACCUSED NO. 1**
COLONEL NAVIN MADHOE	**ACCUSED NO. 2**
CAPTAIN ASWIN NARAINPERSHAD	**ACCUSED NO. 3**
LIEUTENANT GENERAL NGOBENI	**ACCUSED NO. 4**
MAJOR GENERAL RS PILLAY	**ACCUSED NO. 5**
PRIVISHA PANDAY (NEE SUMMERJEETH)	**ACCUSED NO. 6**
ARVENDA PANDAY	**ACCUSED NO. 7**
GOLDCOAST TRADING CC	**ACCUSED NO. 8**
UNITE MSANZI TRADING AND PROJECTS CC	**ACCUSED NO. 9**
VALOTONE 21 CC	**ACCUSED NO. 10**
BRAVOSAT 25 CC	**ACCUSED NO. 11**
KASEEV TRADERS CC	**ACCUSED NO. 12**

REPORT OF TREVOR SEAN WHITE

Dated	24 November 2014
Specialist field	Chartered Accountant and Forensic Auditor
On behalf of the Prosecution	The Director of Public Prosecution
On the instruction of	The South African Police Service
Subject matter	Forensic report relating to various transactions between the South African Police Service and Goldcoast Trading CC, Unite Mzansi Trading and Projects CC, Bravosat 25 CC, Valotone 21 CC, and Kaseev Traders CC.

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Report of Trevor White

Chartered Accountant and Forensic Auditor

State versus Thoshan Panday and Others– Durban Central CAS 781/06/2010

24 November 2014

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ABBREVIATIONS AND DEFINITIONS

Abbreviated Name / Terminology	Full Name and or Description
BAC	Bid Adjudication Committee.
BEC	Bid Evaluation Committee.
Bravosat 25 CC	Bravosat 25 CC, registration No. 2009/054354/23.
Brigadier Kemp	Brigadier Laurence Charles Kemp, Head of Provincial Financial Services in KwaZulu-Natal.
CCMA	The Commission for Conciliation, Mediation and Arbitration.
EFT	Electronic Funds Transfer.
FNB	First National Bank.
Goldcoast Trading	Goldcoast Trading CC, registration No. 2006/090013/23.
Kaseev Traders	Kaseev Traders CC, registration No. 2010/000129/23.
KZN	KwaZulu-Natal.
Madhoe	Superintendent Madhoe.
Narainpershad	Captain Aswin Narainpershad.
ORS	Operational Response Services.
Panday	Thoshan Panday, owner of Goldcoast Trading CC.

Abbreviated Name / Terminology	Full Name and or Description
Panday's Related Entities	Goldcoast Trading, Unite Mzansi Projects, Valotone 21 CC and Bravosat 25 CC.
PFMA	Public Finance Management Act.
PwC	PricewaterhouseCoopers.
SAPS	South African Police Service.
SCM	Supply Chain Management.
Section 4 Meeting	Administration Support: Section 4: Soccer World Cup 2010: Priority Committee KwaZulu-Natal.
SWC	Soccer World Cup.
Unite Mzansi Trading	Unite Mzansi Trading and Projects CC, registration No. 2010/003771/23.
Valotone 21 CC	Valotone 21 CC, registration No. 2009/005565/23.

RR4-TSW-0069

LIST OF ANNEXURES

A. South African Police Documents

Reference	*Description*
A1	The South African Police Supply Chain Manual.
A2	Letter from the Office of the Provincial Commissioner Supply Chain Management: Major General K V Mekute dated 29 June 2010 re: Access to Information: Advertised Bids/Invitation of Price Quotations.
A3	Waltons Counter Book for Tasleem Rahiman (19026-19238).
A4	Schedule of quotations – Unite Mzansi projects (19300).
A5	Schedule of quotations – Bravosat 25 CC (19301|2).
A6	Schedule of quotations – Kaseev Traders (19303).
A7	Schedule of quotations – Valotone 21 CC (19304|5).
A8	PwC Analysis of Twenty Three (23) Procurement Authority Submissions for Panday's related entities.
A9	Procurement Authority Submission – Digital Camera – R37,000 – AD341780 (13081).
A10	Procurement Authority Submission – Sleeping Bags – R44,460 – AD341779 (13084).
A11	Procurement Authority Submission – Flood Lights – R125,000 – AD341779 (13101).
A12	Procurement Authority Submission – Flood Lights – R125,000 – AD341781 (13103).

Reference	***Description***
A13	Procurement Authority Submission – Notice Boards – R68,639.40 – AD341778 (13139).
A14	Procurement Authority Submission – Sun Screen – R48,000 – AD341775 (13106).
A15	Procurement Authority Submission – Sand Bags – R195,000 – AD341774 (13109)
A16	Procurement Authority Submission – Ration Packs – R142,500 – AD341773 (13112).
A17	Procurement Authority Submission –Garmin Nuvi 1410 GPS – R76,000 – AD341776 (13115).
A18	Procurement Authority Submission – Ration Packs – R142,500 – AD341777 (13131).
A19	Procurement Authority Submission – Endo Scope (4) – R92,000 – AD341792 (12929).
A20	Procurement Authority Submission – Multi Media Projectors – R47,560 – AD341790 (13090).
A21	Procurement Authority Submission – Belly Scope (12) – R42,000 – AD341791 (13093).
A22	Procurement Authority Submission – Angle Iron – R47,040 – AD341788 (13097).
A23	Procurement Authority Submission – Beds Campfolding (40) – R85,560 – AD341784 (13118).

Reference	***Description***
A24	Procurement Authority Submission – Venter Trailers – R89,100 – AD341785 (13122).
A25	Procurement Authority Submission – Beds Torch Batteries (2100) – R145,425 – AD341786 (13125).
A26	Procurement Authority Submission – Spot Lights – R46,012.50 – AD341787 (13128).
A27	Procurement Authority Submission – Range Finder – R92,700 – AD341782 (13133).
A28	Procurement Authority Submission – Beds Hussain Sacks (1500M) – R75,000 – AD341789 (13142).
A29	Procurement Authority Submission – Handheld Scanners – R99,840 – AD341793 (13145).
A30	Procurement Authority Submission – Handheld Scanners – R99,840 – AD341794 (13148)
A31	Procurement Authority Submission – Range Finder – R92,700 – AD341783 (13154).
A32	First page heading contained in lever arch file marked as volume 76 (exhibit bag 6799) with heading “Different Letterheads”.
A33	Pearl Star Investment 246 letter dated 24 January 2008 addressed to Yvonne Hodge of TAB Gold (24985).
A34	Launchzone Travel Solutions letter (24986).
A35	Plastic Brown Containers (Pty) Ltd letter (24987).
A36	Blank A4 page with “Block A45 Peters Road” appended thereon (24988).

Reference	***Description***
A37	Rocksteel Investments (Pty) Ltd letter (24989).
A38	Afeefah Investments T/A Bassa's Wholesale letter (24990).
A39	Afeefah Investments T/A Bassa's Wholesale letter (24991).
A40	A4 blank page "Rock Steel, Mishmart, P C and Rashin" (24992).
A41	Mish Mart Holdings (Pty) Ltd letter (24993).
A42	A4 blank page with "119 Garbut Road, Sherwood" appended thereon (24993A).
A43	Experian Report on Pearl Star Investment 246 CK 2006/010187/23.
A44	Experian Report on Rocksteel Investments (Pty) Ltd, registration No. 2004/031161/07.
A45	Experian Report on Plastic Brown Containers (Pty) Ltd, registration No. 1947/027849/07.
A46	Experian Report on Bassa's Wholesalers CC, registration No. 1988/010704/23 and Sole Proprietor's report.
A47	Experian Report on Mish Mart Holdings (Pty) Ltd, registration No. 2004/002599/07.
A48	Experian Report on Launchzone Travel Solutions, registration No. 2003/013702/23.
A49	Quotations Afeefah Investments T/A Bassa Wholesale – Jan 118 dated 22 January 2010 for R57,500 (16616).
A50	Quotations Afeefah Investments T/A Bassa Wholesale – Dec 15 dated 9 December 2006 for R25,580 (14779).

Reference	***Description***
A51	Quotations Afeefah Investments T/A Bassa Wholesale – Oct 32 dated 22 October 2009 R31,848 (14769).
A52	SAPS Procurement Authority Submission dated 22 January 2010 (vol 46) including the following documents: (16612-16617)
	(i) Quotation from Bravosat 25 CC for R45,000 (16614).
	(ii) Quotation from Mishmart Holdings for R60,000 (16617).
	(iii) Quotation from Afeefah Investments for R57,500 (16616).
	(iv) Tax Invoice No. 10027 from Bravosat 25 CC for R45,000 (16615).
A53	Standard Bank statement from Account No. 252133412 (Panday) dated 5 February 2008 (29952).
A54	Blank Rocksteel Investments letter with the word cancelled appended thereon (24989)
A55	ABSA Bank statement for Valotone 21 CC dated 18 July 2010 (33390|1).
A56	Quotation Pearl Star Investment dated 22 February 2010 – R235,000 – deployment Nongoma (14764) **(Vol 41)**
A57	Quotation Pearl Star Investment dated 22 February 2010 – R104,000 – deployment Nongoma (14759)
A58	Quotation Pearl Star Investment dated 22 February 2010 – R189,000 – deployment Nongoma (14753).
A59	Quotation Pearl Star Investment dated 22 February 2010 – R193,750 – deployment Nongoma (14749).

Reference	*Description*
A60	Quotation Pearl Star Investment dated 22 February 2010 – R175,000 – deployment Nongoma (14744).
A61	Quotation Pearl Star Investment dated 7 June 2010 – R27,000 – deployment Ballito and Nongoma (21218).
A62	Letter from the KwaZulu-Natal Provincial Commissioner's Office Supply Chain Management dated 24 February 2010 (14740) together with the following documents (14740-14744).
	(i) Quotation from Goldstar Trading for R150,000 (14742);
	(ii) Quotation from Rocksteel Investments (Pty) Ltd for R165,750 (14743); and
	(iii) Quotation from Pearl Star Investments 246 for R175,000 (14744).
A63	Letter from the KwaZulu-Natal Provincial Commissioner's Office Supply Chain Management dated 24 February 2010 together with the following documents (14750|51):
	(i) Quotation from Goldcoast Trading for R184,600 (14752);
	(ii) Quotation from Pearl Star Investments 246 for R189,200 (14753);
	(iii) Quotation from P B C Accommodation Specialist for R190,000 (14754); and
	(iv) Goldcoast Trading Invoice No.100100 for R184,600 (14751).
A63a	Crocodile Creek tax invoice No. 7 dated 28 February 2010 for R70,800 (22426).
A64	Goldcoast Schedule of unpaid invoices (19055).

Reference	***Description***
	Forensic Analysis of Computers
A65	Profile of Kaseev Traders CC – Author Thoshan Panday created 21 July 2010.
A66	Email dated 12 February 2010 re: Guest from thoshan.panday@momentum.co.za addressed to sales2@karridene.co.za.
A67	Fax Protea Hotel Karridene Beach dated 13 February 2010 (020698).
A68	Credit card authorisation dated 10 February 2010 for R1,752.71 (20699).
A69	Fax from Protea Hotel Karridene Beach dated 13 February 2010 (20703).
A70	Credit card authorisation dated 10 February 2010 – R1,752.71 (20704).
A71	Protea Hotel Beach Proforma Invoice R1,752.71 dated 10 February 2010 (20705|6).
A72	Protea Hotel Karridene Beach reservation quote dated 8 February 2010 for R1,432.71 (20707|8).
A73	Protea Hotel Karridene Beach reservation quote dated 8 February 2010 for R1,182.71 (20709|10).
A74	Fax Protea Hotel Karridene Beach dated 13 February 2010 addressed to T Panay (20711).
A75	Credit card payment authorisation form for R1,752.71 (20712).
A76	T Panday's Credit Card Account No 5898460759074594 (30265|6).
A77	Email from Colonel Madhoe to Thoshan Panday dated 20 November 2007 re: Land Sale: 14 Stepford Road.

Reference	***Description***
A78	Email from Colonel Madhoe to Thoshan Panday dated 20 November 2007 re: Land Sale: 14 Stepford Road - Second email submitted at 02:42PM.
A79	Email from Janine Grieves, the Chief Legal Advisor, Legal Support, eThekwini Municipality dated 18 February 2013 04:51PM.
A81	Documents annexed to the affidavit of Mr Damian Dallos – Security Manager at the Oyster Box.
A81a	The Oyster Box Credit Card Authorisation Form dated 13 November 2010 for Thoshan Panday, together with Merchant Receipt dated 15 November 2009 in the amount of R6,010 (21916).
A81b	The Oyster Box Credit Card Authorisation Form dated 13 November 2010 for Thoshan Panday (21918).
A81c	Diners Club Invoice for Mr T Panday dated 15 December 2009 for account No. 3613 577321 6 (30621).
A82	Documents annexed to the affidavit of Mr Marche Arnold – South African Airways at King Shaka International Airport.
A82a	Diners Club Invoice for Mr T Panday dated 15 January 2010 for account No. 3613 577321 6 (30624)
A83	Documents annexed to the affidavit of Ms Cheryl Baxter, Vice Principal of Varsity College.
A83a	Diners Club Invoice for Mr T Panday dated 15 February 2010 for account No. 3613 577321 6 (30627).
A84	Documents annexed to the affidavit of Mr Nickesh Maharaj, Salesman at Game Stores.

Reference	***Description***
A84a	SAA Premium Credit Card for T Panday for account No. 5898460759074594 (30266).
A85	Documents annexed to the affidavit of Mr Justin Naidoo, Director of Advocate Cars.
A85a	ABSA Bank statement for account No. 40-5844-8969 for Mr T Panday for 9 March 2010 (32840).
A86	Documents annexed to the affidavit of Freddy Singh, Operations Manager at Dish Restaurant.
A86a	Diners Club card for Mr T Panday dated 15 June 2010 for account No. 3613 577321 6 (30634).
A86b	Two receipts from Dish Restaurant dated 29 May 2010 and 30 May 2010 in the amounts of R2,290 and R16,422 respectively (21961) located amongst Panday's records.
A87	Documents annexed to the affidavit of Mr Narendra Maharaj, Owner of Discotheque Trading as Zindx Productions.
A87a	Nedbank statement for Goldcoast Trading with account No. 1442016728 for 15 June 2010 (39626).
A88	Documents annexed to the affidavit of Mr Bhekitamba Enock Hlekwane, a Distribution Manager at Games Stores.
A89	Email from Shameela Abdulah, a Reservations Manager at the Westin Grand Cape Town addressed to Thoshan Panday on 6 January 2010 at 08:28AM regarding the subject "Credit Card Auth form – Madhoe Party.

Reference	*Description*
A90	Diners Club statement for account No. 3613 577321 6 reflected a R3,710.95 payment to the Westin Grand Cape Town on 12 January 2010 (42977).
A91	Documents annexed to the affidavit of Mr Kobus Small, A Risk Investigator at Europcar, specifically annexure KS5 relating to the rental of a Toyota 4x4 vehicle by Goldcoast Trading on behalf of Mr RS Pillay.
A92	Nedbank Goldcoast Trading statement for account No. 1442016728 reflects that an amount of R1,535.92 was paid from this account to Europcar (**Document No. 39605**) on 4 August 2010.
A93	Documents annexed to the affidavit of Ms Shameela Abdullah, the Manager at The Westin Cape Town
A94	Documents annexed to the affidavit of Mr Andre De Klerk, The General Manager, Protea Hotel Waterfront, Richards Bay
A95	Documents annexed to the affidavit of Thokgele Bizzah Masemola, a Colonel in the SAPS stationed at the Section Personnel Placement and Records Management, Division HRM, at Pretoria Head Office
A96	Annexure not Used
A97	Documents annexed to the affidavit of Mr Ebrahim Cassim Bassa Bassa, the owner of Afeefah Investments, trading as Bassa Wholesale Hardware CC
A98	Documents annexed to the affidavit of Colonel Lulama Siphokazi Mfuza Tyesi, stationed at SCM, at Pretoria Head Office and attached to Acquisition Management.

Reference	***Description***
A99	Documents annexed to the affidavit of Colonel Yogavelli Moodley, Service Head: Budget and Monitoring, Financial and Administration Services situated at the KZN SAPS Provincial Head Office
A100	Documents annexed to the affidavit of Mr Johannes Vusumuzi Ngubane, attached to the Organisational Development and Strategic Management Department and the minute taker during the Section 4 Meetings
A101	Preliminary Report: Commercial Crime Inquiry 07/05/2010

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B Soccer World Cup Documents

Reference	*Description*
B1	Composition of Section 4: Soccer World Cup 2010: Priority Committee-KwaZulu-Natal (42323).
B2	Cover page of lever arch file containing the section 4 Committee minutes (42322).
B3	Minutes of Section 4 Committee Meeting held on 9 March 2009 (42330).
B4	Minutes of Section 4 Committee Meeting held on 25 March 2009 (42334|5).
B5	Minutes of Section 4 Committee Meeting held on 13 July 2009 (42336|7).
B6	Minutes of Section 4 Committee Meeting held on 3 August 2009 (42338|40).
B7	Minutes of Section 4 Committee Meeting held on 7 September 2009 (42341|2).
B8	Minutes of Section 4 Committee Meeting held on 21 September 2009 (42343|4).
B9	Minutes of Section 4 Committee Meeting held on 28 September 2009 (42351|3).
B10	Minutes of Section 4 Committee Meeting held on 9 November 2009 (42357|9).
B11	Minutes of Section 4 Committee Meeting held on 18 November 2009 (42384|91).

Reference	***Description***
B12	Minutes of Section 4 Committee Meeting held on 19 January 2010 (42366|71).
B13	Minutes of Section 4 Committee Meeting held on 25 January 2010 (42371|3).
B14	Minutes of Section 4 Committee Meeting held on 8 February 2010 (42374|5).
B15	Minutes of Section 4 Committee Meeting held on 15 February 2010 (42379|81).
B16	Minutes of Section 4 Committee Meeting held on 22 February 2010 (42376|8).
B17	Minutes of Section 4 Committee Meeting held on 8 March 2010 (42394|6).
B18	Minutes of Section 4 Committee Meeting held on 6 April 2010 (42397 – 42401).
B19	Minutes of Section 4 Committee Meeting held on 12 April 2010 (42402|10).
B19a	Letter from the Provincial Commissioners KwaZulu-Natal addressed to the Chairperson of the National Joints in Pretoria dated 12 April 2010 (42411|6).
B20	Minutes of Section 4 Committee Meeting held on 26 April 2010 (42425|7).
B21	Minutes of Section 4 Committee Meeting held on 3 May 2010 (42429|31).

Reference	***Description***
B22	Minutes of Section 4 Committee Meeting held on 10 May 2010 (18409|11).
B23	Goldcoast Trading letter dated 16 October 2009 for the attention of SAPS or Charles Chauke (18440).
B24	Goldcoast Trading letter dated 22 October 2009 – Attention Colonel Madhoe (21021-2).
B25	Goldcoast Trading letter dated 9 May 2010 for the attention of SAPS Provincial Management and Colonel Madhoe regarding "Escort Deployment" (18412|3).
B26	Letter from the KwaZulu-Natal Provincial Commissioner dated 11 February 2009 (423325).
B27	Needs 2010 Soccer World Cup KwaZulu-Natal (42327|9).
B28	Letter from the KwaZulu-Natal Provincial Commissioner dated 20 April 2010 (42421|2).
B29	Needs 2010 Soccer World Cup KwaZulu-Natal (42419|20).
B30	Application for Soccer World Cup – Approval of Accommodation.
B31	Application for Soccer World Cup – Approval of Accommodation.
B32	Affidavit of Roshini Naidoo – Coastlands Hotels and Resorts.
B32a	Coastlands documentation supporting the outstanding payment of R306,200.
B33	Addendum Affidavit of Roshini Naidoo – Coastlands Hotels and Resorts.
B34	Letter from the KwaZulu-Natal Provincial Commissioner dated 8 October 2009 – Application for Authority: Accommodation for 2010: World Cup:

Reference	***Description***
	Operational Deployment (18435|6).
B35	SAPS Written Price Quotation from Goldcoast Trading for R21,703,500 (18437|8).
B36	Goldcoast Trading letter dated 6 October 2009 re: Accommodation for the SAPS (18439).
B37	Goldcoast Trading letter dated 16 October 2009 for the attention of SAPS or Charles Chauke (18440).
B38	SAPS Written Price Quotation from Goldcoast Trading for the period 1 to 12 June 2010 (18441-2).
B39	SAPS Written Price Quotation for Holiday Inn for the period 1 to 12 June 2010 (18443|4).
B40	SAPS Written Price Quotation for the Blue Waters Hotel for the period 1 to 12 June 2010 (18447|8).
B41	SAPS Written Price Quotation for Pendlebury's for the period 1 to 12 June 2010 (18449|50).
B42	SAPS Written Price Quotation for Tropicana Hotel for the period 1 to 12 June 2010 (18451|2).
B43	SAPS Written Price Quotation for Southern Sun Hotel for the period 1 to 12 June 2010 (18453|4).
B44	SAPS Written Price Quotation for Coastlands for the period 1 to 12 June 2010 (18455|6).
B45	SAPS Written Price Quotation for Emakhosini Hotel for the period 1 to 12 June 2010 (18457|8).

Reference	***Description***
B46	Information Note to the National Commissioner of the SAPS re: Application for Approval Accommodation & Meals for SA Police Service Members who will be deployed as the Soccer World Cup 2010 KwaZulu-Natal from 2010-05-31 to 2010-07-12 (000025|1-2).
B47	Submission to the Bidding Committee dated 4 June 2010 re: 11/1/3 (09/10): Application for Approval: Accommodation and Meals for SA Police Service Members who will be deployed at the soccer world cup 2010 in KwaZulu-Natal from 2010-05-31 to 2010-07-12 (000025|3-4).
B48	SAPS letter from the KwaZulu-Natal Provincial Commissioner addressed to the Divisional Commissioner Supply Chain Management in Pretoria dated 2 June 2010 re: Submission: Soccer World Cup 2010: Accommodation Needs" KwaZulu-Natal (000025|5-6).
B49	Annexure B (12) part 5 Urgent and Emergency Cases marked as annexure "B" (000025|7)
B50	SAPS letter to the Provincial Commissioner dated 26 May 2010 (000025|8-9).
B51	SAPS Written Price Quotation from Coastlands dated 15 May 2010 for R2,240,000 (000025|10-11).
B52	Tax Clearance Certificate for Coastlands (000025|12).
B53	SAPS Written Price Quotation from Pendlebury's dated 26 May 2010 for R1,827,500 (000025|13-15).
B54	Tax Clearance Certificate for Pendlebury's (000025|16).
B55	SAPS Written Price Quotation for Goldcoast Trading dated 27 May 2010 for R22,551,350; R3,451,000; and R1,985,600 (000025|17-22).

Reference	*Description*
B56	Tax Clearance Certificate Goldcoast Trading (000025|23).

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C Bank Documents

Reference	*Description*
C1	Annexure not used.
C2	Nedbank Account No. 1442016728 for Goldcoast Trading CC.
C2a	PwC Analysis of the bank statements for the Nedbank Account No. 1442016728 for Goldcoast Trading.
C2b	Returned paid cheques drawn on Goldcoast Trading's Nedbank account No. 1442016728 located amongst the exhibits seized from Goldcoast Trading.
C3	ABSA Bank Account No. 4075017618 for Valotone 21 CC.
C3a	PwC analysis of the bank statements for the ABSA Bank account No. 4075017618 for Valotone 21 CC.
C4	ABSA Bank Account No.4075017197 for Bravosat 25 CC.
C4a	PwC Analysis of the bank statements for the ABSA Bank account No. 4075017197 for Bravosat 25 CC.
C5	FNB Account No. 62321345903 for Unite Mzansi Trading Projects CC.
C6	ABSA Account No. 4075205065 for Unite Mzansi Trading Projects CC.
C6a	PwC analysis of the bank statements for the ABSA Bank account No. 4075205065 for Unite Mzansi Trading Projects CC.
C6	FNB Account No. 62251113313 for Kaseev Traders CC.
C7a	PwC analysis of the bank statements for FNB account No. 4075205065 for Kaseev Traders CC.

Reference	***Description***
C8	Standard Bank statements for account No. 252133412 for T Panday.
C9	ABSA Bank statements for account No. 4058448969 for T Panday.
C10	Diners Club statements for account No. 3613 577321 6 for T Panday.
C11	ABSA Bank statements for account No.4071945067 for the Thoshan Panday Family Trust.
C11a	PwC Analysis of the bank statements for the ABSA Bank account No. 4071945067 for Thoshan Family Trust.
C12	Nedbank statements for account No. 5898460804057768 for Mr Thoshan Panday.
C13	ABSA Bank statements for account No. 92 4511 0948 for Mr T Panday.
C14	FNB statements for account No. 50429038596 for Seevesh Ishwarkumar for the periods 31 December 2009 to 30 January 2010 (statement No. 94), 27 February 2010 to 31 March 2010 (statement No. 97), 31 March 2010 to 30 April 2010 (statement No.98) and 31 May 2010 to 30 June 2010 (statement No. 100).
C15	FNB statements for account No. 62254021878 for Seevesh Ishwarkumar being statement No 2 and 3 for the period 31 March 2010 to30 September 2010.

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D Kaseev Traders

Reference	*Description*
D1	Experian Report on Kaseev Traders.
D1a	Combined Affidavit / Certificate Pursuant to Sections 212 and 234 (1) of the Criminal Procedure Act 51 of 1977 of Felicia Mills, a Senior Administration Clerk in the employ of the Companies and Intellectual Property Commission.
D2	South African Police Supplier Application Form for Kaseev Traders.
D3	Polfin Payments to Kaseev Traders.
D4	PwC Analysis of Payments to Kaseev Traders.
	Payment vouchers for Kaseev Traders

	Order Date	**Order No**	**Date Paid**	**Amount (R)**
D5	07/05/2010	AD341779	01/06/2010	44,460.00
D6	20/05/2010	AD339900	01/06/2010	4,200.00
D7	06/05/2010	AD341735	01/06/2010	22,500.00
D8	06/05/2010	AD341737	01/06/2010	27,000.00
D9	06/05/2010	AD341739	01/06/2010	13,980.00
D10	06/05/2010	AD341740	01/06/2010	4,320.00
D11	07/05/2010	AD341778	01/06/2010	68,639.40
D12	07/05/2010	AD341780	01/06/2010	37,000.00
D13	07/05/2010	AD341781	01/06/2010	125,000.00
D14	07/05/2010	AD341795	17/06/2010	125,000.00
D15	08/05/2010	AD333664	28/07/2010	788,000.00
D16	13/07/2010	AE017157	28/07/2010	135,000.00
D17	15/07/2010	AE017155	30/07/2010	15,070.00
D18	15/07/2010	AE017158	30/07/2010	37,000.00

Reference	***Description***			
D19	23/07/2010	AE017159	06/08/2010	97,500.00
D20	23/07/2010	AE017160	30/07/2010	7,350.00
D21	Documents annexed to the affidavit of Bert Edward Schultz, the Risk manager of Makro.			
D22	Documents annexed to the affidavit of Amar Mundlal, a Store Manager at Hirsch Home Stores.			
D23	Documents annexed to the affidavit of Gary Dawson, Genlux Lighting.			
D24	Agreement of Sale between Constance Rolando and Seevesh Ishwarkumar and Kajal Panday for the purchase of an immovable property described as Erf 302 Mount Edgecombe.			
D25	Report of Debra Marise Oakley, a Social Worker in Private Practise, addressed to the Commissioner of Child Welfare.			
D26	Email from Denise Wolfe- Botha of the Financial Services Board addressed to thoshan.panday@momentum.co.za dated 15 May 2008 re: licence certificate (FSP. 33571 – Thoshan Panday Financial Planning Solutions CC).			
D27	Email from Durate Veronica of Alexander Forbes addressed to thoshan.panday@momentum.co.za dated 3 September 2009 re: Building Quote.			

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E Valotone 21 CC

Reference	*Description*		
E1	Experian Report on Valotone 21 CC.		
E1a	Combined Affidavit / Certificate Pursuant to Sections 212 and 234 (1) of the Criminal Procedure Act 51 of 1977 of Felicia Mills, a Senior Administration Clerk in the employ of the Companies and Intellectual Property Commission.		
E2	South African Police Supplier Application Form for Valotone 21 CC.		
E3	Polfin Payments to Valotone 21 CC.		
E4	PwC Analysis of Payments to Valotone 21 CC.		
	Order Date	**Order No**	**Order Amount**
E5	15/12/2009	AC910584	147,000.00
E6	15/12/2009	AC910586	41,700.00
E7	15/12/2009	AC910589	59,700.00
E8	15/12/2009	AC910590	29,700.00
E9	15/12/2009	AC910592	117,000.00
E10	15/12/2009	AC910593	20,000.00
E11	15/12/2009	AC910595	99,900.00
E12	15/12/2009	AC910598	59,700.00
E13	26/01/2010	AD338740	100,000.00
E14	26/01/2010	AD338743	90,000.00
E15	26/01/2010	AD338745	91,050.00
E16	26/01/2010	AD338747	97,500.00
E17	26/01/2010	AD338749	1,900.00
E18	26/01/2010	AD339853	109,500.00
E19	09/02/2010	AD339863	120,000.00

Reference	*Description*		
E20	09/02/2010	AD339864	15,000.00
E21	09/02/2010	AD339865	69,500.00
E22	09/02/2010	AD339866	120,000.00
E23	09/02/2010	AD339867	122,500.00
E24	09/02/2010	AD339868	166,500.00
E25	09/02/2010	AD339869	195,000.00
E26	09/02/2010	AD339871	33,000.00
E27	09/02/2010	AD339872	77,500.00
E28	09/02/2010	AD339873	45,000.00
E29	09/02/2010	AD339660	5,394.00
E30	09/02/2010	AD339663	12,959.64
E31	09/02/2010	AD339665	89,999.97
E32	05/05/2010	AD341729	24,000.00
E33	05/05/2010	AD341730	1,998.00
E34	05/05/2010	AD341732	10,788.00
E35	06/05/2010	AD341738	3,600.00
E36	05/05/2010	AD341763	1,097.25
E37	05/05/2010	AD341765	10,800.00
E38	05/05/2010	AD341766	16,800.00
E39	07/05/2010	AD341782	92,700.00
E40	07/05/2010	AD341783	92,700.00
E41	07/05/2010	AD341784	85,560.00
E42	07/05/2010	AD341785	89,100.00
E43	07/05/2010	AD341786	145,425.00
E44	07/05/2010	AD341787	46,012.50
E45	07/05/2010	AD341788	47,040.00
E46	07/05/2010	AD341789	75,000.00
E47	07/05/2010	AD341790	44,500.00
E48	07/05/2010	AD341791	42,000.00
E49	07/05/2010	AD341792	92,000.00

Reference	*Description*		
E50	07/05/2010	AD341793	99,840.00
E51	07/05/2010	AD341794	99,840.00
E52	15/07/2010	AE017151	52,400.00
E53	15/07/2010	AE017152	53,000.00
E54	15/07/2010	AE017153	120,000.00
E55	23/07/2010	AE017163	4,000.00
E56	29/07/2010	AE017181	28,500.00
E57	Documents annexed to the affidavit of Louisa Jane Els of Imperial Armour.		
E58	Documents annexed to the affidavit of Amar Mundlal of Hirsch Home Store.		
E59	Documents annexed to the affidavit of Douglas Fraser of Hire It (Pty) Ltd.		
E60	Documents annexed to the affidavit of Lee Arjunun of Wysalls (Pty) Ltd.		
E61	Documents annexed to the affidavit of Drene Priscilla Charmaine Herbert of Lightsaver (Pty) Ltd.		
E62	Documents annexed to the affidavit of Karam Soorjbully of Natal Caravans and Marine.		
E63	Documents annexed to the affidavit of Mbalenhle Shozi of ZZZ Promotions.		
E64	Documents annexed to the affidavit of Desmond Joseph of Gateway Steel.		
E65	Documents annexed to the affidavit of Gerhard Mans of Kwando Systems.		
E66	Documents annexed to the affidavit of Fiona Roden of Doculam.		
E67	Documents annexed to the affidavit of Michael Bernard Levitan of Spark & Ellis (Pty) Ltd.		

Reference	***Description***
E68	Documents annexed to the affidavit of Robert John Duk of Bamar (Pty) Ltd.

COMMISSION OF INQUIRY INTO STATE CAPTURE

F Bravosat 25 CC

Reference	*Description*		
F1	Experian Report on Bravosat 25CC.		
F1a	Combined Affidavit / Certificate Pursuant to Sections 212 and 234 (1) of the Criminal Procedure Act 51 of 1977 of Felicia Mills, a Senior Administration Clerk in the employ of the Companies and Intellectual Property Commission.		
F2	South African Police Supplier Application Form for Bravosat 25CC.		
F3	Polfin Payments to Bravosat 25CC.		
F4	PwC Analysis of Payments to Bravosat 25CC.		
	Payment documents for Bravosat 25 CC as detailed hereunder:		
	Order Date	**Order No**	**Amount (R)**
F5	15/12/2009	AC910585	93,000.00
F6	15/12/2009	AC910587	46,500.00
F7	15/12/2009	AC910588	27,000.00
F8	15/12/2009	AC910591	144,000.00
F9	15/12/2009	AC910594	99,900.00
F10	15/12/2009	AC910596	56,250.00
F11	16/02/2010	AD338681	45,000.00
F12	16/02/2010	AD338741	99,950.00
F13	26/01/2010	AD338744	92,500.00
F14	26/01/2010	AD338746	91,000.00
F15	26/01/2010	AD338748	97,500.00
F16	26/01/2010	AD338750	1,250.00
F17	26/01/2010	AD339852	23,000.00
F18	26/01/2010	AD339854	109,500.00

Reference	***Description***		
F19	09/02/2010	AD339874	49,500.00
F20	09/02/2010	AD339875	99,500.00
F21	09/02/2010	AD339876	95,000.00
F22	09/02/2010	AD339877	25,000.00
	Order Date	**Order No**	**Amount (R)**
F23	09/02/2010	AD339878	120,000.00
F24	09/02/2010	AD339879	122,500.00
F25	09/02/2010	AD339880	166,500.00
F26	09/02/2010	AD339881	155,000.00
F27	09/02/2010	AD339882	99,500.00
F28	09/02/2010	AD339656	9,576.00
F29	09/02/2010	AD339657	21,570.00
F30	09/02/2010	AD339658	20,609.82
F31	09/02/2010	AD339659	39,588.00
F32	09/02/2010	AD339661	6,599.88
F33	09/02/2010	AD339662	17,887.00
F34	09/02/2010	AD339664	4,788.00
F35	Documents annexed to the affidavit of Douglas Fraser of Hire It (Natal (Pty) Ltd.		
F36	Documents annexed to the affidavit of Lee Arjunun of Whysalls (Pty) Ltd.		
F37	Documents annexed to the affidavit of Amar Mundlal of Hirsch Home Store.		
F38	Documents annexed to the affidavit of Gernot Knomoser of Global Armour.		
F39	Documents annexed to the affidavit of Louisa Jane Els of Imperial Armour.		

Reference	***Description***
F40	Documents annexed to the affidavit of Bert Edward Schultz of Makro.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0097

G Unite Mzansi Trading

Reference	*Description*
G1	Experian Report on Unite Mzansi Trading and Projects CC.
G1a	Combined Affidavit / Certificate Pursuant to Sections 212 and 234 (1) of the Criminal Procedure Act 51 of 1977 of Felicia Mills, a Senior Administration Clerk in the employ of the Companies and Intellectual Property Commission.
G2	South African Police Supplier Application Form for Unite Mzansi Trading and Projects CC.
G3	Polfin Payments to Unite Mzansi Trading and Projects CC.
G4	PwC Analysis of Payments to Unite Mzansi Trading and Projects CC.
	Payment documents for Unite Mzansi Trading and Projects CC as detailed hereunder:

	Order Date	**Order No**	**Amount**
G5	05/02/2010	AD339888	198,765.00
G6	05/05/2010	AD341727	14,288.76
G7	05/05/2010	AD341733	6,900.00
G8	05/05/2010	AD341764	18,000.00
G9	05/05/2010	AD341767	2,212.74
G10	05/05/2010	AD341768	2,455.56
G11	07/05/2010	AD341773	142,500.00
G12	07/05/2010	AD341774	195,000.00
G13	07/05/2010	AD341775	48,000.00
G14	07/05/2010	AD341776	76,000.00
G15	07/05/2010	AD341777	142,500.00
G16	15/07/2010	AE017154	16,500.00

Reference	***Description***
G17	Documents annexed to the affidavit of Colin Naidoo of Europcar Rentals.
G18	Documents annexed to the affidavit of Rodric Royan Appialsamy of Thrifty Car Rental.
G19	Documents annexed to the affidavit of Amar Mundlal of Hirsch Home Store.
G20	Documents annexed to the affidavit of Yvonne Holmes of Snippets Hampers.
G21	Documents annexed to the affidavit of Thavanathan Pillay of Classic Fire & Plumbing.
G22	Documents annexed to the affidavit of Rennette Van Der Merwe of Budget Car Rentals.

RR4-TSW-0099

H Gold Coast Trading

Reference	*Description*				
H1	Experian Report on Goldcoast Trading.				
H1a	Combined Affidavit / Certificate Pursuant to Sections 212 and 234 (1) of the Criminal Procedure Act 51 of 1977 of Felicia Mills, a Senior Administration Clerk in the employ of the Companies and Intellectual Property Commission.				
H2	South African Police Supplier Application Form for Goldcoast Trading.				
H3	Polfin Payments to Goldcoast Trading.				
H4	Annexure number not used.				
H5	PwC Analysis of Payments to Goldcoast Trading for the procurement of Goods and equipment.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H6	AD336684	02/12/2009	17/12/2009	22/12/2009	24,500
H7	AD337271	22/10/2009	05/11/2009	20/11/2009	28,800
H8	AD337283	16/11/2009	03/12/2009	08/12/2009	48,900
H9	AD338742	26/01/2010	07/04/2010	09/04/2010	93,250
H10	AD339851	26/01/2010	07/04/2010	09/04/2010	4,000
H11	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members during the Soccer World Cup.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H12a|19	AD333657	25/06/2010	08/07/2010	13/07/2010	10,200
H12a|20	AD333657	25/06/2010	08/07/2010	13/07/2010	134,300
H12a|21	AD333657	25/06/2010	08/07/2010	13/07/2010	1,880,400
H12a|22	AD333657	25/06/2010	08/07/2010	13/07/2010	2,640,600
H12a|23	AD333657	25/06/2010	08/07/2010	13/07/2010	1,342,700

Reference	*Description*				
H12a|24	AD333657	25/06/2010	08/07/2010	13/07/2010	1,866,300
H12a|25	AD333657	25/06/2010	08/07/2010	13/07/2010	790,500
H12a|26	AD333657	25/06/2010	08/07/2010	13/07/2010	2,766,400
H12a|27	AD333657	25/06/2010	08/07/2010	13/07/2010	1,726,050
H12a|28	AD333657	25/06/2010	08/07/2010	13/07/2010	2,816,550
H12a|13	AD333657	25/06/2010	08/07/2010	13/07/2010	1,742,200
H12a|14	AD333657	25/06/2010	08/07/2010	13/07/2010	2,613,300
H12a|15	AD333657	25/06/2010	08/07/2010	13/07/2010	1,742,200
H12a|7	AD333657	25/06/2010	28/07/2010	30/07/2010	1,904,400
H12a|8	AD333657	25/06/2010	28/07/2010	30/07/2010	1,291,150
H12a|9	AD333657	25/06/2010	28/07/2010	30/07/2010	892,500
H13	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Durban.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H14	AC910570	10/11/2009	19/11/2009	24/11/2009	131,250
H15	AD339685	19/04/2010	22/04/2010	28/04/2010	31,600
H16	AD339686	19/04/2010	22/04/2010	28/04/2010	28,000
H17	AD339965	16/04/2010	22/04/2010	28/04/2010	199,800
H18	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Durban North.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H19	AD341711	22/04/2010	06/05/2010	11/05/2010	112,500
H20	AD341712	22/04/2010	06/05/2010	11/05/2010	105,000
H21	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Estcourt.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H22	AD336693	16/04/2010	22/04/2010	28/04/2010	73,500
H23	AD336694	16/04/2010	22/04/2010	28/04/2010	73,500

Reference	*Description*				
H24	AD338703	22/12/2009	04/01/2010	05/01/2010	181,140
H25	AD338704	22/12/2009	04/01/2010	05/01/2010	30,190
H26	AD338705	22/12/2009	04/01/2010	05/01/2010	61,600
H27	AD338707	22/12/2009	04/01/2010	05/01/2010	73,500
H28	AD338718	04/01/2010	24/02/2010	01/03/2010	73,500
H29	AD338721	04/01/2010	24/02/2010	01/03/2010	73,500
H30	AD338730	13/01/2010	24/02/2010	01/03/2010	73,500
H31	AD338737	19/01/2010	24/02/2010	01/03/2010	73,500
H32	AD339681	16/04/2010	22/04/2010	28/04/2010	118,800
H33	AD339682	16/04/2010	22/04/2010	28/04/2010	137,940
H34	AD339687	19/04/2010	22/04/2010	28/04/2010	113,400
H35	AD339966	16/04/2010	22/04/2010	28/04/2010	73,500
H36	AD339967	16/04/2010	22/04/2010	28/04/2010	73,500
H37	AD339968	16/04/2010	22/04/2010	28/04/2010	73,500
H38	AD339969	16/04/2010	22/04/2010	28/04/2010	73,500
H39	AD341708	22/04/2010	06/05/2010	11/05/2010	75,600
H40	AD341751	22/04/2010	06/05/2010	11/05/2010	75,600
H41	AD341752	22/04/2010	06/05/2010	11/05/2010	75,600
H42	AD341754	22/04/2010	06/05/2010	11/05/2010	27,300
H43	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Gamalakhe.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H44	AD336696	16/04/2010	22/04/2010	28/04/2010	120,000
H45	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Greytown.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H46	AC910575	24/11/2009	17/12/2009	22/12/2009	131,600
H47	AC910582	11/12/2009	22/12/2009	24/12/2009	127,400
H48	AD338708	22/12/2009	04/01/2010	05/01/2010	127,400
H49	AD338709	22/12/2009	04/01/2010	05/01/2010	135,800
H50	AD338719	04/01/2010	24/02/2010	01/03/2010	126,000

Reference	*Description*				
H51	AD338722	04/01/2010	24/02/2010	01/03/2010	126,000
H52	AD338732	13/01/2010	24/02/2010	01/03/2010	126,000
H53	AD338738	19/01/2010	24/02/2010	01/03/2010	126,000
H54	AD339692	21/04/2010	22/04/2010	28/04/2010	126,000
H55	AD339693	21/04/2010	22/04/2010	28/04/2010	126,000
H56	AD339698	21/04/2010	22/04/2010	28/04/2010	126,000
H57	AD339985	22/04/2010	06/05/2010	11/05/2010	108,000
H58	AD339986	22/04/2010	06/05/2010	11/05/2010	126,000
H59	AD339987	22/04/2010	06/05/2010	11/05/2010	126,000
H60	AD339988	22/04/2010	06/05/2010	11/05/2010	126,000
H61	AD339989	22/04/2010	06/05/2010	11/05/2010	126,000
H62	AD341707	21/04/2010	22/04/2010	28/04/2010	126,000
H63	AD341710	22/04/2010	06/05/2010	11/05/2010	126,000
H64	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments at Ingwenyama Conference and Sports Resort.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H65	AD339990	22/04/2010	06/05/2010	11/05/2010	20,400
H66	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Ladysmith.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H67	AD336697	16/04/2010	22/04/2010	28/04/2010	172,800
H68	AD341709	22/04/2010	06/05/2010	11/05/2010	113,400
H69	AD341755	22/04/2010	06/05/2010	11/05/2010	194,400
H70	AD341756	22/04/2010	06/05/2010	11/05/2010	194,400
H71	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Newcastle.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H72	AD339694	21/04/2010	22/04/2010	28/04/2010	138,530

Reference	*Description*				
H73	AD339695	21/04/2010	22/04/2010	28/04/2010	138,530
H74	AD339982	21/04/2010	22/04/2010	28/04/2010	118,740
H75	AD339983	21/04/2010	22/04/2010	28/04/2010	138,530
H76	AD339984	21/04/2010	22/04/2010	28/04/2010	138,530
H77	AD341703	20/04/2010	22/04/2010	28/04/2010	118,740
H78	AD341704	20/04/2010	22/04/2010	28/04/2010	138,530

H79	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Nongoma.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H80	AC910554	26/10/2009	05/11/2009	20/11/2009	133,280
H81	AC910564	05/11/2009	19/11/2009	24/11/2009	66,640
H82	AC910565	05/11/2009	19/11/2009	24/11/2009	146,688
H83	AC910572	13/11/2009	03/12/2009	08/12/2009	163,800
H84	AC910574	24/11/2009	03/12/2009	08/12/2009	149,760
H85	AC910581	11/12/2009	17/12/2009	22/12/2009	131,040
H86	AC910583	11/12/2009	17/12/2009	22/12/2009	131,040
H87	AD338713	22/12/2009	04/01/2010	05/01/2010	131,600
H88	AD338727	04/01/2010	24/02/2010	01/03/2010	131,040
H89	AD338728	04/01/2010	24/02/2010	01/03/2010	131,040
H90	AD338729	11/01/2010	24/02/2010	01/03/2010	131,040
H91	AD338733	13/01/2010	24/02/2010	01/03/2010	131,040
H92	AD338739	19/01/2010	24/02/2010	01/03/2010	131,040
H93	AD339683	29/01/2010	22/04/2010	28/04/2010	131,040
H94	AD339684	21/01/2010	22/04/2010	28/04/2010	131,040
H95	AD339688	20/04/2010	22/04/2010	28/04/2010	131,040
H96	AD339689	20/04/2010	22/04/2010	28/04/2010	131,040
H97	AD339690	20/04/2010	22/04/2010	28/04/2010	131,040
H98	AD339691	20/04/2010	22/04/2010	28/04/2010	112,320
H99	AD339978	21/04/2010	22/04/2010	28/04/2010	131,040
H100	AD339979	20/04/2010	22/04/2010	28/04/2010	131,040
H101	AD339981	20/04/2010	22/04/2010	28/04/2010	131,040
H102	AD341706	21/04/2010	22/04/2010	28/04/2010	131,040

H103	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Pinetown.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H104	AC910573	24/11/2009	03/12/2009	08/12/2009	29,970
H105	AD336695	16/04/2010	22/04/2010	28/04/2010	119,880

H106	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Pongola.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H107	AC910552	08/10/2009	05/11/2009	20/11/2009	240,375
H108	AC910569	10/11/2009	03/12/2009	08/12/2009	196,000
H109	AD337273	27/10/2009	19/11/2009	24/11/2009	194,000
H110	AD338701	22/12/2009	04/01/2010	05/01/2010	181,875
H111	AD338702	22/12/2009	04/01/2010	05/01/2010	36,375
H112	AD341748	07/06/2010	17/06/2010	22/06/2010	196,000
H113	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Stanger.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H114	AD341702	15/04/2010	22/04/2010	28/04/2010	94,600

H115	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Sundumbili.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H116	AD338710	22/12/2009	04/01/2010	05/01/2010	116,865
H117	AD338711	22/12/2009	04/01/2010	05/01/2010	116,865
H118	AD338712	22/12/2009	04/01/2010	05/01/2010	110,250
H119	AD338723	04/01/2010	24/02/2010	01/03/2010	110,250

	Order No	Order Date	Date Paid	Date Deposited	Amount
H120	AD338720	04/01/2010	24/02/2010	01/03/2010	110,250
H121	AD338731	13/01/2010	24/02/2010	01/03/2010	110,250
H122	AD338736	19/01/2010	24/02/2010	01/03/2010	110,250
H123	AD338699	19/04/2010	22/04/2010	28/04/2010	110,250
H124	AD338698	19/04/2010	22/04/2010	28/04/2010	110,250
H125	AD336700	19/04/2010	22/04/2010	28/04/2010	110,250
H126	AD336699	19/04/2010	22/04/2010	28/04/2010	110,250
H127	AD336698	19/04/2010	22/04/2010	28/04/2010	110,250
H128	AD339976	19/04/2010	22/04/2010	28/04/2010	110,250
H129	AD339974	19/04/2010	22/04/2010	28/04/2010	110,250
H130	AD339975	19/04/2010	22/04/2010	28/04/2010	110,250
H131	AD339973	19/04/2010	22/04/2010	28/04/2010	110,250
H132	AD339972	19/04/2010	22/04/2010	28/04/2010	94,500
H133	AE017172	26/07/2010	06/08/2010	11/08/2010	170,800
H134	PwC Analysis of Payments to Goldcoast Trading for the payment accommodation of members for the KwaZulu-Natal deployments in Ulundi.				
	Order No	**Order Date**	**Date Paid**	**Date Deposited**	**Amount**
H135	AD341701	20/04/2010	22/04/2010	28/04/2010	146,400
H136	AD341753	22/04/2010	06/05/2010	11/05/2010	170,800
H137	Documents relating to an unpaid Goldcoast Trading Invoice No. 100228 for 32,760 as detailed hereunder:				
	(i) First page titled "Nongoma Extention" [sic] from 28 May 2010 to 4 June 2010 (**Document No. 14715**);				
	(ii) Submission from the SCM Provincial Commissioner's Office in KwaZulu-Natal dated 28 May 2010 addressed to the Section Head of SCM Acquisition Management (**Document No. 14716|7**);				

	Order No	Order Date	Date Paid	Date Deposited	Amount
	(iii) Interoffice Memo marked for the attention of Madhoe from the Provincial Commander Operational Response Services KwaZulu-Natal (**Document No. 14718**);				
	(iv) A letter from the Unit Commander of the Public Order Police Durban dated 28 May 2010 (**Document No. 14721**);				
	(v) A letter from the Office of the Provincial Commander Operational Response Services KwaZulu-Natal dated 26 May 2010 re: Deployment of ORS (KZN) Personnel (**Document No. 14722|24**);				
	(vi) Goldcoast Trading Invoice No. 100228 for R32,760 (**Document No.14725**);				
	(vii) Goldcoast Trading quotation dated 25 May 2010 (**Document No. 14726**);				
	(viii) Brakenshaw Investments (Pty) Ltd quotation No. 193 dated 25 May 2010 for R35,900 (**Document No. 14727**);				
	(ix) PBC Accommodation Specialist quotation No. MA30 dated 25 May 2010 (**Document No. 14728**);				
H138	Documents relating to an unpaid Goldcoast Trading Invoice No. 100198 for 32,760 as detailed hereunder:				
H138	(i) First page titled "Nongoma (8) (Extention)" [sic] from 7 May 2010 to 14 May 2010 (**Document No. 14729**);				
	(ii) Submission from the SCM Provincial Commissioner's Office in KwaZulu-Natal dated 7 May 2010 addressed to the Section Head of SCM Acquisition Management (**Document No. 14730\1**);				

	Order No	Order Date	Date Paid	Date Deposited	Amount
	(iii) Goldcoast Trading quotation dated 4 May 2010 (**Document No. 14732**);				
	(iv) Goldcoast Trading Invoice No. 100198 for R32,760 (**Document No.14733**);				
	(v) Brakenshaw Investments (Pty) Ltd quotation No. 190 dated 4 May 2010 for R36,760 (**Document No. 14727**);				
	(vi) Launchzone Travel Solutions quotation No. 100 dated 4 May 2010 for R40,500 (**Document No. 14735**);				
	(vii) Letter from the Office of the Provincial Commander Operational Response Services KwaZulu-Natal dated 7 May 2010: re "Detachment Duties: POP members: Taxi Conflict: Nongoma Area: From Friday 2010-05-07 to Friday 2010-05-14" (**Document No. 14736|7**); and				
	(viii) Schedule of Police Members (**Document No. 14738**).				
H139	Documents relating to an unpaid Goldcoast Trading Invoice No. 100102 for R150,000 as detailed hereunder:				
	(i) First page titled "Nongoma & Ulundi (SAO)" from 26 February 2010 to 28 February 2010 (**Document No. 14739**);				
	(ii) An unsigned submission from the Provincial Commissioner's Office SCM KwaZulu-Natal dated 24 February 2010 (**Document No. 14740**);				
	(iii) Goldcoast Trading Invoice No. 100102 for R150,000 (**Document No. 14741**);				

	Order No	Order Date	Date Paid	Date Deposited	Amount
	(iv) Goldcoast Trading quotation dated 22 February 2010 (**Document No. 14742**);				
	(v) Rocksteel Investments (Pty) Ltd quotation No. 248 dated 22 February 2010 (**Document No. 14743**);				
	(vi) Pearl Star Investments 246 quotation dated 22 February 2010 (**Document No. 14744**).				
H140	Documents relating to an unpaid Goldcoast Trading Invoice No. 100101 for R185,00 as detailed hereunder:				
	(i) An unsigned submission from the Provincial Commissioner's Office SCM KwaZulu-Natal dated 24 February 2010 (**Document No. 14745**);				
	(ii) Goldcoast Trading Invoice No. 100101 for R185,000 (**Document No. 14746**);				
	(iii) Goldcoast Trading quotation dated 22 February 2010 (**Document No. 14747**);				
	(iv) Rocksteel Investments quotation No. 247 dated 22 February 2010 (**Document No. 14748**);				
	(v) Pearl Star Investments 246 quotation dated 22 February 2010 (**Document No. 14749**).				
H141	Documents relating to an unpaid Goldcoast Trading Invoice No. 100100 for R184,600 as detailed hereunder:				
	(i) An unsigned submission from the Provincial Commissioner's Office SCM KwaZulu-Natal dated 24 February 2010 (**Document No. 14750**);				

	Order No	Order Date	Date Paid	Date Deposited	Amount
	(ii) Goldcoast Trading Invoice No. 100100 for R184,600 (**Document No. 14751**);				
	(iii) Goldcoast Trading quotation dated 22 February 2010 (**Document No. 14752**);				
	(iv) Pearl Star Investments 246 quotation dated 22 February 2010 (Document No. **14753**).				
	(v) P.B.C Accommodation Specialist quotation No. Feb129 dated 22 February 2010 (**Document No. 14754**);				
H142	Documents relating to an unpaid Goldcoast Trading Invoice No. 100103 for R91,600 as detailed hereunder:				
	(i) An unsigned submission from the Provincial Commissioner's Office SCM KwaZulu-Natal dated 24 February 2010 (**Document No. 14755**);				
	(ii) Goldcoast Trading Invoice No. 100103 for R91,600 (**Document No. 14756**);				
	(iii) Goldcoast Trading quotation dated 22 February 2010 (**Document No. 14757**);				
	(iv) Rocksteel Investments (Pty) Ltd quotation No 249. dated 22 February 2010 (**Document No. 14758**);				
	(v) Pearl Star Investments 246 quotation dated 22 February 2010 (**Document No. 14759**).				
H143	Documents relating to an unpaid Goldcoast Trading Invoice No. 10099 for R199,400 as detailed hereunder:				

	Order No	Order Date	Date Paid	Date Deposited	Amount
	(i) An unsigned submission from the Provincial Commissioner's Office SCM KwaZulu-Natal dated 24 February 2010 (**Document No. 14760**);				
	(ii) Goldcoast Trading Invoice No. 10099 for R199,400 (**Document No. 14761**);				
	(iii) Goldcoast Trading quotation dated 22 February 2010 (**Document No. 14762**);				
	(iv) Rocksteel Investments (Pty) Ltd quotation No 250. dated 22 February 2010 (**Document No. 14763**);				
	(v) Pearl Star Investments 246 quotation dated 22 February 2010 (**Document No. 14764**).				
H144	Experian Report on Brakenshaw Investments (Pty) Ltd with registration No. 2004/030817/07.				

A. AUTHOR'S DETAILS

1.000 Name

1.001 Trevor Sean White.

2.000 Personal details

2.001 I am a male with South African identity number 661124 5014 087, 48 years old. I am a director of PricewaterhouseCoopers, 102 Stephen Dlamini Road, Durban, South Africa with telephone number +27 (31) 271 2020.

3.000 Experience and qualifications

3.001 I joined Price Waterhouse in 1989, and was admitted as a director of PricewaterhouseCoopers on 1 July 1998, following the merger of Price Waterhouse and Coopers and Lybrand. I am presently the partner in charge of the Forensic Investigations Department of PricewaterhouseCoopers in KwaZulu-Natal, South Africa.

3.002 I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the Lesotho High Court and the South African High Court and Regional Court. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration (**CCMA**) and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree (1987) and Post Graduate Diploma in Accountancy (1989) from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing, reviewing and verifying financial information and accounting records. I have also chaired three Investigative Commissions of Enquiry into fraud and corruption in

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Swaziland.

B. MANDATE AND ISSUES TO BE INVESTIGATED

4.000 Appointment

4.001 PricewaterhouseCoopers (**PwC**) was appointed by the South African Police Services (**SAPS**) to perform a forensic investigation into suspected procurement fraud and corruption within their Supply Chain Management (**SCM**) Division regarding various payments made to Thoshan Panday (**Panday**) or any of his related companies and to prepare a forensic accounting report required for purposes of criminal prosecution.

4.002 I was not required to and did not undertake an audit in terms of International Standards on Auditing. The scope of my work was limited to a review of the documentary evidence made available to me and enquiries undertaken to address issues identified in the execution of the investigation undertaken. I have not verified the authenticity or validity of the records and documents provided to me, unless otherwise stated.

4.003 I have included information relevant to the investigation and related circumstances but cannot conclude on the completeness of such information as the possibility exists that not all-relevant information and documentation was made available to me. Any document or information brought to my attention subsequent to the date of this report, which will affect the findings detailed herein, will require my findings to be adjusted and qualified accordingly.

4.004 This report contains hearsay evidence based on interviews conducted with individuals and affidavits taken by the SAPS. I deem the inclusion of the aforementioned evidence to be appropriate to sketch the full picture of the allegations raised.

5.000 Background

5.001 The SAPS made various payments to Panday and his related entities for services ranging from accommodation to equipment. The contracts awarded to Panday's companies are alleged to have been made without following proper procurement procedures in that responsible officials within the SAPS failed to call for competitive quotes as required in terms of the SCM policy; whilst it has also been alleged that the prices tendered have been inflated, in some instances as much as 400% and that officials in the SAPS have been given benefits by Panday or his related entities.

5.002 Panday's alleged related companies include the following entities:

i) Goldcoast Trading CC (CK2006/090013/23) (**Goldcoast**);

ii) Unite Mzansi Trading and Projects CC (CK2010/003771/23) (**Unite Mzansi Trading**);

iii) Bravosat 25 CC (CK2009/054354/23) (**Bravosat 25 CC**);

iv) Valotone 21CC (CK2009/005565/23) (**Valotone 21 CC**); and

v) Kaseev Traders CC (CK2010/000129/23) (**Kaseev Traders**).

6.000 Issues addressed in my investigation

6.001 This report focuses on documentary evidence provided by the SAPS which documents have been acquired from the SAPS SCM Division, Operational Response Services (**ORS**), Goldcoast Trading, Unite Mzansi Trading, Kaseev Traders, Bravosat 25 CC, Valotone 21 CC and the residence of Panday in addition to the bank accounts of the aforementioned entities.

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C. OBJECTIVE OF REPORT

7.000 Purpose and objective of the report

7.001 This report has been prepared for the use in the criminal matter registered with the SAPS and in any Asset Forfeiture proceedings that the Asset Forfeiture Unit may initiate. It may also, with the prior written consent of the Director of Public Prosecutions, be used in any civil or disciplinary proceedings that the SAPS may wish to initiate. It may not be suitable for any other purpose and it should not be used, reproduced, or circulated for any other purpose without my prior written consent. It should be a condition of such consent, if given, that PwC and myself accept no responsibility to that third party and that such third party will hold PwC and myself harmless in respect of any consequences of such disclosure. Whether or not I have given consent, PwC and myself will not accept liability or responsibility to any other party who may gain access to this report.

D. BASIS OF INVESTIGATION

8.000 Execution of fieldwork and gathering of information

8.001 Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this report, however, where an opinion is expressed in this report it is my own opinion.

9.000 Sources of Information

9.001 The sources of information used to compile this report were the following:

i) SAPS Supply Chain Management Policy;

ii) Bank statements obtained from various Banks on the authority of subpopena's in terms of section 205 of the Criminal Procedure Act, 51 of 1977;

iii) Images of various computers that were made by the SAPS Cyber Crime Unit;

iv) Documentary evidence obtained from the SAPS which were obtained from various places as detailed hereunder:

PwC ID	Volume No.	Description 1	From	To
1	1	ORS	0	297
2	2	ORS	298	525
3	3	ORS	526	912
4	4	ORS	913	1192
5	5	ORS	1193	1408
6	6	ORS	1409	1612
7	7	ORS	1613	1867
8	8	ORS	1868	2324
9	9	ORS	2325	2750
10	10	ORS	2751	3167
11	11	ORS	3168	3569
12	12	ORS	3577	3915
13	13	ORS	3916	4318
14	14	Pendleburys	4319	4714
15	15	Pendleburys	4715	5020
16	16	Pendleburys	5021	5426
17	17	Pendleburys	5427	5837
18	18	Pendleburys	6205	6513
19	19	Pendleburys	5838	6204
20	20	Pendleburys	6514	6888
21	21	Pendleburys	6889	7315
22	22	Pendleburys	7316	7588
23	23	Pendleburys	7589	8019
24	24	Pendleburys	8020	8437
25	25	Pendleburys	8438	8918
26	26	Pendleburys	8919	9236
27	27	Pendleburys	9237	9540
28	28	Pendleburys	9541	9826
29	29	Pendleburys	9827	10234
30	30	Pendleburys	10235	10650
31	31	Pendleburys	10651	11080
32	31A	Pendleburys	11801	11366
33	32	Finance	11367	11624
35	33	Finance	11625	12158
36	34	Finance	12159	12636
37	35	Finance	12637	12879
38	36	Finance	12880	13192
39	37	SCM	13193	13592
41	38	SCM	13593	13947
47	39	SCM	13948	14166
48	40	SCM	14167	14550
49	41	SCM	14551	14950
50	42	SCM	14951	15382

PwC ID	Volume No.	Description 1	From	To
52	43	SCM	15383	15782
54	44	SCM	15783	16182
55	45	SCM	16183	16585
58	46	SCM	16586	16685
62	47	SCM	16686	17101
63	48	SCM	17102	17206
64	49	SCM	17207	17675
65	50	SCM	17676	18141
66	51	SCM	18142	18462
72	52	SCM	18463	18567
73	53	Goldcoast Trading cc	18508	19025
74	54	Goldcoast Trading cc	19026	19238
75	55	Goldcoast Trading cc	19239	19412
76	56	Goldcoast Trading cc	19413	19543
78	57	Goldcoast Trading cc	19544	19801
83	58	Goldcoast Trading cc	19802	20052
84	59	Goldcoast Trading cc	20053	20242
85	60	Goldcoast Trading cc	20243	20579
86	61	Goldcoast Trading cc	20580	20945
87	62	Goldcoast Trading cc	20946	21310
88	63	Goldcoast Trading cc	21311	21647
89	64	Goldcoast Trading cc	21348	21957
90	65	Goldcoast Trading cc	21958	22246
91	66	Goldcoast Trading cc	22247	22662
92	67	Goldcoast Trading cc	22663	22901
94	68	Goldcoast Trading cc	22902	23108
95	69	Goldcoast Trading cc	23109	23424
96	70	Goldcoast Trading cc	23425	23657
98	71	Goldcoast Trading cc	23658	23793
100	72	Goldcoast Trading cc	23794	24050
101	73	Goldcoast Trading cc	24051	24445
102	74	Goldcoast Trading cc	24446	24578
103	75	Goldcoast Trading cc	29579	24983
104	76	Goldcoast Trading cc	24984	25362
105	77	Goldcoast Trading cc	25363	25771
106	78	14 Blemheim Court, Umhlanga Ridge	25772	25820
107	79	14 Stepford Road,Sunford, Phoenix	25821	25859
108	80	Valotone 21 cc 294 Mount Batton Drive	25860	26116
110	81	Bravosat 25 cc 6 Aurora Ridge, Umhlanga	26117	26352
	82	Kaseev Traders cc, 1 Gumtree Road, Mount Edgecombe	26353	26841

PwC ID	Volume No.	Description 1	From	To
113	83	Durban Central CAS781/6/2010 Goldcoast Trading cc Polfin Inquiry Function 4.4.2	26842	27167
114	84	Durban Central CAS781/6/2010 Goldcoast Trading cc Polfin Inquiry Function 4.4.2	27168	27749
115	85	Durban Central CAS781/6/2010 Goldcoast Trading cc Polfin Inquiry Function 4.4.2	27490	27880
116	86	Durban Central CAS781/6/2010 Valotone 21 cc 294 Mount Batton Drive Polfin Inquiry Function 4.4.2	27881	28310
117	87	Durban Central CAS781/6/2010 Bravosat 25 cc 6 Aurora Ridge, Umhlanga, and Unite Mzansi Trading and Projects cc Polfin Inquiry Function 4.4.2	28311	28711
118	88	Durban Central CAS781/6/2010 Pendleburys Polfin Inquiry Function 4.4.2	28712	29103
119	89	Durban Central CAS781/6/2010 Pendleburys Polfin Inquiry Function 4.4.2	29104	29481
120	90	Durban Central CAS781/6/2010 Pendleburys Polfin Inquiry Function 4.4.2	29482	29892
121	01/781/06/2010	Bank Statements	29873	30314
129	02/781/06/2010	Bank Statements	30315	30772
135	03/781/6/2010	Bank Statements	30773	31048
140	04/781/6/2010	Bank Statements	31041	31471
147	05/781/6/2010	Bank Statements	31473	31846
154	06/781/6/2010	Bank Statements	31847	32252
161	07/781/6/2010	Bank Statements	32253	32598
168	08/781/6/2010	Bank Statements	32857	33427
175	09/781/6/2010	Durban Central CAS 781/06/2010	32857	33121

PwC ID	Volume No.	Description 1	From	To
177	10/781/6/2010	No Description on file	33122	33427
180	11/781/6/2010	Original Bank Statements	33428	33746
184	12/781/6/2010	Original Bank Statements	33747	34253
196		Volume 13	34254	34760
203		Volume 14	34761	35254
210		Volume 15	35255	35727
217		Volume 16	35728	36169
224		Volume 17	36170	36548
234		Volume 18	36545	37018
242		Volume 19	37019	37490
251		Volume 20	37491	37961
259		Volume 21	37962	38398
267		Volume 22	38399	38849
275		Volume 23	38850	39431
282		Volume 24	39432	39575
290		Volume 25	39576	40154
298		Volume 26	40155	40438
306		Volume 27	40439	40883
312		Volume 29	41034	41407
320		Volume 30	41408	41774
329		Volume 31	41775	42155
332		Cellphone + Telkom	42156	42321
335		Volume 2	42320	42512
338		Telkom	42513	42876
343		Diners club Card	42877	42996
346		Volume 5	42997	43246
348		Volume 6	43247	43700

E. DETAILS OF INVESTIGATION

10.000 INTRODUCTION

10.001 The SAPS SCM division in Durban, KwaZulu- Natal (**KZN**), provided purchase orders to five (5) suppliers to procure the services of goods or accommodation. These suppliers and a summary of payments that were made to them in the period 5 November 2009 to 6 August 2010, and who form part of this investigation, are as follows:

No	Supplier	Amount (R)	
i.)	Gold Coast Trading	39,336,283.00	**H3**
ii.)	Unite Mzansi	863,122.06	**G3**
iii.)	Kaseev Trading	1,552,019.40	**D3**
iv.)	Valotone 21 cc	3,515,704.36	**E3**
v.)	Bravosat 25 cc	2,079,468.70	**F3**
	Total	**47,346,597.52**	

10.002 Allegations have been made that the purchase orders made to the aforementioned entities were done without following proper procurement procedures in order to provide an unfair benefit or advantage to these entities and, these entities are alleged to have made corrupt payments to members of the SAPS who were involved with the procuring the services from each of these suppliers.

OWNERSHIP OF SUPPLIERS

(i) Gold Coast Trading CC **H1**

10.003 An Experian report extracted from the CIPC database on Gold Coast Trading CC, CK 2006/090013/23, revealed that the only member for this entity is Panday whose appointment date is 2 June 2006 being the same date as this entity's registration date. A summary of information contained on this Experian report is detailed hereunder: **H1**

Name	Goldcoast Trading CC	**H1**
CK Registration No.	2006/090013/23	
Registration Date	02/06/2006	
Tax No.	9037232197	
Start Date	02/06/2006	
Registered Address	9 Palm Boulevard, 302 Africa Palm, Umhlanga Rocks	
Principal	Thoshan Panday	
Identity No.	720402 5192 080	
Interest Size	100%	
Date of Appointment	02/06/2006	
Residential Address	4 Russel Avenue, Scottsville, Pietermaritzburg	

10.004 I have also reviewed the Combined affidavit / certificate pursuant to sections 212 and 234 (1) of the Criminal Procedure Act 51 of 1977 that has been prepared by Felicia Mills, a Senior Administration Clerk in the employ of the Companies and Intellectual Property Commission (CIPC), which affidavit contains the relevant information relating to Goldcoast Trading. **H1a**

10.005 According to paragraph 5 of the aforementioned affidavit, the deponent has satisfied herself that Goldcoast Trading has been duly incorporated and registered with the Commission and that the forms which are annexed to the affidavit, have either been issued by the Commission or have been lodged with the Commission in terms of the provisions of the Companies Act. **F1a|2** **G1a|4-7**

10.006 Annexed to the abovementioned deponent's affidavit are the following documents: **H1a|4-9**

1. Amended Founding Statement dated 18 March 2011; and **H1a|4-7**
2. Founding Statement dated 1 June 2006. **H1a|8-9**

10.007 I can also confirm that the information contained on the abovementioned Founding Statement corroborates the abovementioned information contained on the Experian report for Goldcoast Trading in addition to the fact that Panday's residential address recorded on the Amended Founding Statement is also recorded as *"4 Russell Avenue, Scottsville, Pietermaritzburg, 3201."* **H1a|4-7** **H1** **H1a|6**

(ii) Unite Mzansi Trading & Projects **G1**

10.008 An Experian report extracted from the CIPC database on Unite Mzansi Trading and Projects CC, CK 2010/003771/23, revealed that the only member for this entity is Panday whose appointment date is 12 January 2010 being the same date as this entity's registration date. A summary of information contained on this Experian report is detailed hereunder: **G1**

Name	Unite Mzansi Trading and Projects CC
CK Registration No.	CK 2010/003771/23
Registration Date	12/01/2010
Tax No.	None available
Start Date	12/01/2010
Registered Address	45 Zenith Drive, Unit 303 The Quartz, Umhlanga Rocks
Principal	Thoshan Panday
Identity No.	720402 5192 080
Interest Size	100%
Date of Appointment	12/01/2010
Residential Address	45 Zenith Drive, Unit 303 The Quartz, Umhlanga Rocks

G1

10.009 I have also reviewed the Combined affidavit / certificate pursuant to sections 212 and 234 (1) of the Criminal Procedure Act 51 of 1977 that has been prepared by Felicia Mills, a Senior Administration Clerk in the employ of the Companies and Intellectual Property Commission (CIPC), which affidavit contains the relevant information relating to Unite Mzansi Trading. **G1a**

10.010 According to paragraph 5 of the aforementioned affidavit, the deponent has satisfied herself that Unite Mzansi Trading have been duly incorporated and registered with the Commission and that the forms which are annexed to the affidavit, have either been issued by the Commission or has been lodged with the Commission in terms of the provisions of the Companies Act. **F1a|2** **G1a|4-7**

10.011 Annexed to the abovementioned deponent's affidavit is Founding Statement for Unite Mzansi Trading dated 12 January 2010 which information corroborates the information contained on the Experian report for this entity as discussed above. **G1a|4-7** **G1**

(iii) **Bravosat 25 CC** **F1**

10.012 An Experian report extracted from the CIPC database on Bravosat 25CC, CK 2009/054354/23, revealed that the only member for this entity is Panday whose appointment date is 9 November 2009. A summary of information contained on this Experian report is detailed hereunder: **F1**

Name	Bravosat 25CC	**F1**
CK Registration No.	2009/054354/23	
Registration Date	17/03/2009	
Tax No.	9790259155	
Start Date	17/03/2009	
Registered Address	Suite 302 African Palms, 9 Boulevard Drive, Umhlanga Rocks	
Principal	Thoshan Panday	
Identity No.	720402 5192 080	
Interest Size	100%	
Date of Appointment	09/11/2009	
Residential Address	302 African Palm, Umhlanga	

10.013 The Experian report also indicates that Arvenda Panday[1], of 25 Shepstone Close, Sommerset Park, Umhlanga, had a 100% interest in this entity before Panday's appointment but was appointed and resigned as a member on 9 November 2009. **F1|2**

10.014 I have also reviewed the Combined affidavit / certificate pursuant to sections 212 and 234 (1) of the Criminal Procedure Act 51 of 1977 that has been prepared by Felicia Mills, a Senior Administration Clerk in the employ of the Companies and Intellectual Property Commission (CIPC), which affidavit contains the relevant information relating to Bravosat 25 CC. **F1a**

10.015 According to paragraph 5 of the aforementioned affidavit, the deponent has satisfied herself that Bravosat 25 CC has been duly incorporated and registered with the Commission and that the forms which are annexed to the affidavit, have either been issued by the Commission or have been lodged with the Commission in terms of the provisions of the Companies Act. **F1a|2** **F1a|4-18**

10.016 Annexed to the abovementioned deponents affidavit are the following documents:

1. Amended Founding Statement dated 12 March 2012; **F1a|4-6**
2. Amended Founding Statement dated 12 April 2012; **F1a|7-11**
3. Amended Founding Statement dated 26 October 2009; **F1a|12-14**
4. Amended Founding Statement in respect of Accounting Officer dated 26 October 2009; and **F1a|15-16**
5. Founding Statement dated 11 March 2009. **F1a|17-18**

[1] Id 570508 0160 080.

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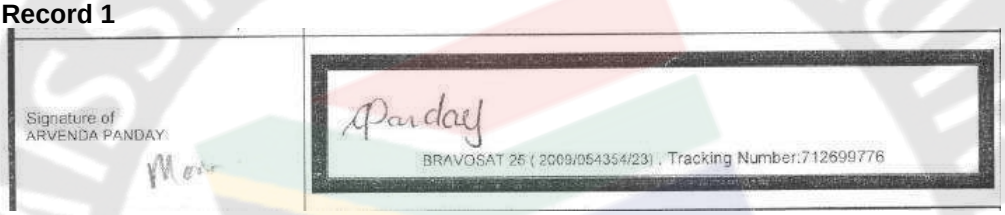
10.017 My review of the aforementioned documents corroborates the information contained on the abovementioned Experian report for Bravosat 25 CC with the exception that Arvenda Panday[1] became a member of Bravosat 25 CC on 26 October 2009 and resigned on 9 November 2009. However, the Commissioner of CIPC was only notified of her resignation as a member of Bravosat 25 CC on 12 April 2011. Prior to Arvenda Panday becoming a member of Bravosat 25 CC on 26 October 2009 there was only one member, Mr Christian Gouws, with an interest of 100%.

F1
F1a|12-14
F1a|7-11
F1a|4
F1a|18

10.018 I have further observed from the information contained on this Amended Founding Statement that the word "*mom*" is handwritten below the reference to "Signature of Arvenda Panday" on this document. This is illustrated in Record 1 below.

F1a|7-11

Record 1 **F1a|10**



10.019 Based on the aforementioned two Amended Founding Statements for Bravosat 25 CC, I can conclude that on 26 October 2009 Arvenda Panday became the sole member of Bravosat 25 CC and thereafter, she resigned as a member on 9 November 2009.

F1a|12-16
F1a|7-11

10.020 However, Arvenda Panday's resignation as the sole member for Bravosat 25 CC was only reported to the Commissioner of CIPC on 12 April 2011 this being more than a year after the date of her resignation.

F1a|7

[1] Id 510508 0160 080.

(iv) Valotone 21 CC **E1**

10.021 An Experian report extracted from the CIPC database on Valotone 21 CC, CK 2009/005565/23, revealed that the only member for this entity is Panday whose appointment date is 9 November 2009. A summary of information contained on this Experian report is detailed hereunder: **E1|1**

Name	Valotone 21 CC	**E1**
CK Registration No.	2009/005565/23	
Registration Date	13/01/2009	
Tax No.	9461578164	
Start Date	13/01/2009	
Registered Address	25 Shepstone Close, Sommerset Park, Umhlanga	
Principal	Thoshan Panday	
Identity No.	720402 5192 080	
Interest Size	100%	
Date of Appointment	09/11/2009	
Residential Address	302 African Palm, Umhlanga	

10.022 The Experian report also indicates that Privisha Summurjeeth[1] of 25 Shepstone Close, Sommerset Park, Umhlanga, had a 100% interest in this entity before Panday's appointment but was appointed and resigned as a member on 9 November 2009. **E1|2**

10.023 I have also determined from the examination of the documentary evidence provided by ABSA in respect of account No. 4075017618 that Privisha Summurjeeth was married to Panday on 17 November 2000 (**Document No. 33343**[2]).

10.024 I have also reviewed the Combined affidavit / Certificate pursuant to Sections 212 and 234 (1) of the Criminal Procedure Act 51 of 1977 that has been prepared by Felicia Mills, a Senior Administration Clerk in the employ of the Companies and Intellectual Property Commission (CIPC), which affidavit contains the relevant information relating to Valotone 21 CC. **E1a**

10.025 According to paragraph 5 of the aforementioned affidavit, the deponent has **E1a|2**

[1] ID 750729 0163 085.
[2] Refer to paragraph 10.078 No. 12 of this report (**C3|34**).

satisfied herself that Valotone 21 CC has been duly incorporated and registered with the Commission and that the forms which are annexed to the affidavit, have either been issued by the Commission or have been lodged with the Commission in terms of the provisions of the Companies Act.

10.026 Annexed to the abovementioned deponents affidavit are the following documents:

1. Amended Founding Statement dated 17 August 2011; **E1a|4-8**
2. Amended Founding Statement dated 3 November 2009; **E1a|9-11**
3. Amended Founding Statement in respect of Accounting Officer dated 3 November 2011; and **E1a|12-13**
4. Founding Statement dated 6 January 2009. **E1a|14-15**

10.027 My review of the aforementioned documents corroborates the information contained on the abovementioned Experian report for Bravosat 25 CC in that Privisha Summerjeeth[1] became a member of Valotone 21 CC on 9 November 2009 but resigned same day although the Commissioner of CIPC was only notified of her resignation on 17 August 2011. Prior to Privisha Summerjeeth becoming a member of Valotone 21 CC on 9 November 2009 there was only one member, Mr Christian Gouws, with an interest of 100%. **E1** **E1a|4** **E1a|4-8** **E1a|15**

10.028 It also confirms that Panday became the sole member of this entity with effect from 9 November 2009 although this change was also reported to the Commissioner of CIPC on 17 August 2011. **E1a|4-8** **E1a|6**

(v) Kaseev Traders CC **D1**

10.029 An Experian report extracted from the CIPC database on Kaseev Traders CC, CK 2010/000129/23, revealed that the only member for this entity is Seevesh Ishwarkumar (Id 750922 5224 081) whose appointment date is 4 January 2010. A summary of information contained on this Experian report is detailed **D1**

[1] Id 750729 0163 085.

hereunder:

Name	Kaseev Traders CC	**D1**
CK Registration No.	CK 2010/000129/23	
Registration Date	04/01/2010	
Tax No.	None Available	
Start Date	04/01/2010	
Registered Address	4 Russel Avenue, Scottsville, Pietermaritzburg	
Principal	Seevesh Ishwarkumar	
Identity No.	Id 750922 5224 081	
Interest Size	100%	
Date of Appointment	04/01/2010	
Residential Address	4 Russel Avenue, Scottsville, Pietermaritzburg	

10.030 The address of Mr Ishwarkumar, as detailed in the above mentioned report, is the same residential address that has been recorded for Panday in respect of the report extracted on Goldcoast Trading namely, 4 Russel Avenue, Scottsville, Pietermaritzburg[1]. **D1** **H1**

10.031 I have also reviewed the Combined affidavit / Certificate pursuant to Sections 212 and 234 (1) of the Criminal Procedure Act 51 of 1977 that has been prepared by Felicia Mills, a Senior Administration Clerk in the employ of the Companies and Intellectual Property Commission (CIPC), which affidavit contains the relevant information relating to Kaseev Traders. **D1a**

10.032 According to paragraph 5 of the aforementioned affidavit, the deponent has satisfied herself that Kaseev Traders has been duly incorporated and registered with the Commission and that the forms which are annexed to the affidavit, have either been issued by the Commission or have been lodged with the Commission in terms of the provisions of the Companies Act. **D1a|2**

10.033 Annexed to the abovementioned deponent's affidavit is Founding Statement for Kaseev Traders dated 4 January 2010 which information corroborates the information contained on the Experian report for this entity as discussed above. **D1a|4-6** **D1**

[1] Refer to paragraph 10.003 of this report.

10.034 I have identified amongst the records of Goldcoast Trading an Agreement of Sale (**Document No. 26513|6**) between Constance Murle Rolando and Seevesh Ishwarkumar and Kajal Panday, both of whom are married out of community of property, for the purchase of an immovable property being Erf 302 Mount Edgecombe. An extract of the description of the Purchaser and Seller on this Agreement is illustrated in Record 2 below. **D24**

Record 2 **D24|1**

AGREEMENT OF SALE

Memorandum of Agreement of Purchase and Sale made and entered into by and between

CONSTANCE MURLE ROLANDO
Identity Number 420307 0109 08 3
unmarried
(hereinafter referred to as the SELLER)

026513

and

SEEVESH ISHWARKUMAR
Identity Number 750922 5224 08 1
married out of community of property
and
KAJAL PANDAY
Identity Number 830616 0264 08 4
married out of community of property
(hereinafter referred to as the PURCHASERS)

10.035 The domicililium citandi et executandi for the Purchaser of this immovable property, as described on this Agreement, is 4 Russell Avenue, Scottsville, Pietermartitzburg, 3201. This address is also recorded on a number of emails located on Panday's computer which emails are addressed to him (thoshan.panday@momentum.co.za) one of which is from Denise Wolfe-Botha of the Financial Services Board dated 15 May 2008 which states the following: **D24|3** **D26**

> *"Dear Mr Panday. Your licence certificate has been returned by the Post Office to the FSB as being unclaimed. It was posted to: 4 Russell Avenue Scottsville Pietermartizburg Is the address correct? Can I have it reposed to you? Please advise."* **D26**

10.036 In a further email that is also addressed to Panday (thoshan.panday@momentum.co.za) from Duarte Veronica of Alexander Forbes dated 3 September 2009 with the subject heading "Building Quote" the following has been recorded: **D27**

> *"Dear Mr Panday POLICY NO: 432713 I refer to the above policy and wish to quote as follows: 4 Russell Avenue, PMB Sum Insured: R700,000 Comprehensive R137 I await your instructions. Many thanks."* **D27**

10.037 In addition to the aforementioned document, I have identified a report that purports to originate from Debra Marise Oakley, a Social Worker in Private Practise Accredited in Adoption, addressed to the Commissioner of Child Welfare which report reflects that Panday and his wife appear to have been involved in the process of adopting two children. **D25**

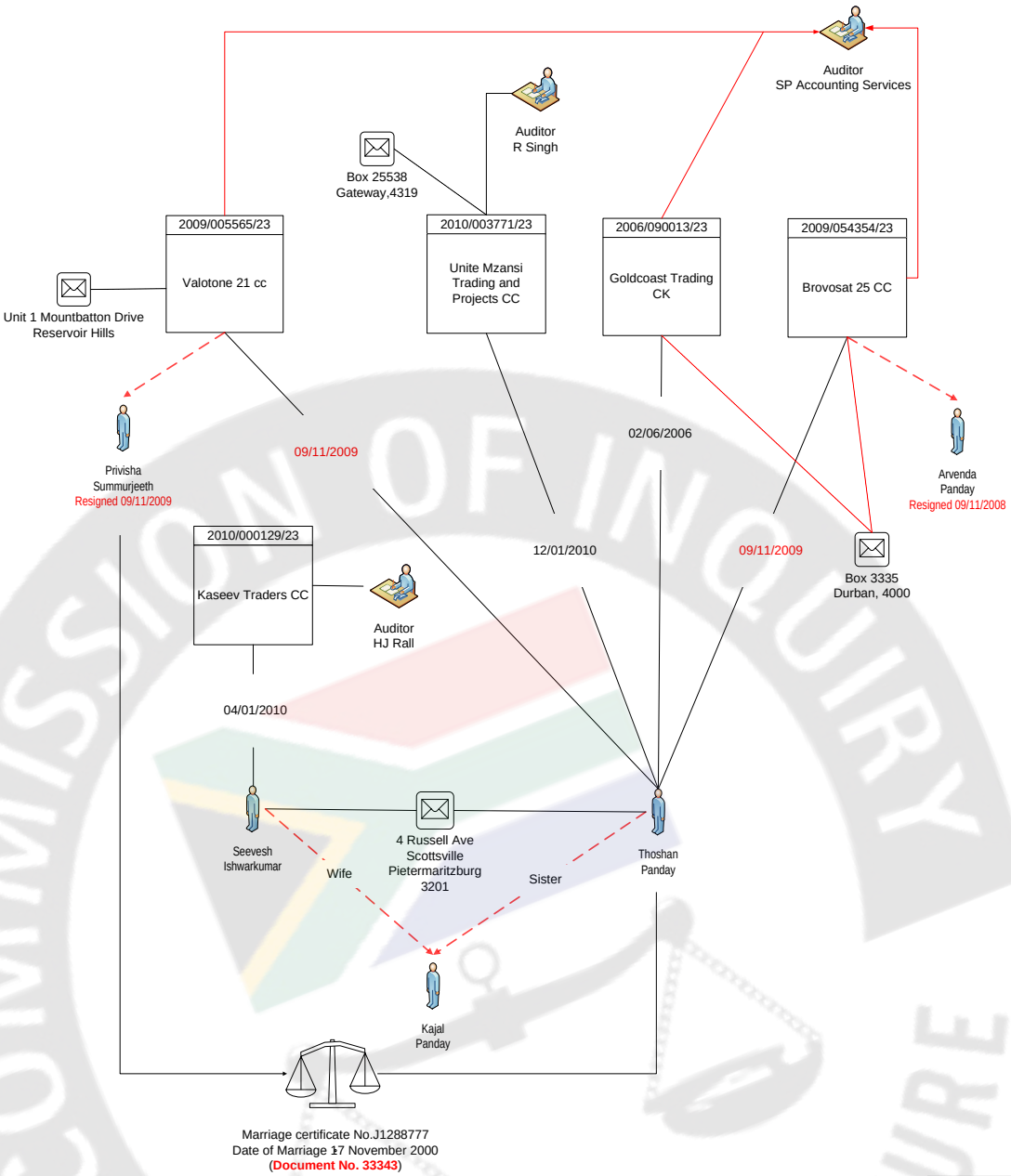
10.038 I will not discuss the detailed content of this report other than to confirm that on page 2 thereof under the heading "References Obtained & Sources of Information" it is recorded "Ms Kajal Panday – Thoshan' sister" who is also described on page 8 of this report as being recently married. **D25** **D25|2** **D25|8**

10.039 It is therefore reasonable for me to conclude from the information contained on the abovementioned documents that Seevesh Ishwarkumar is the brother in law to Panday. **D24-D27**

Summary of Information

10.040 I have determined from the reports extracted from Experian and that provided by the CIPC that Panday is a member of four of the five entities under investigation whilst, Seevesh Iswarkumar the member of the fifth entity[1] appears to be Panday's brother in law through the marriage to his sister Kajal Panday. A summary of this information is illustrated hereunder:

[1] Kaseev Traders.



10.041 It is further evident from the information contained on the abovementioned Experian reports that Panday become a member of Valotone 21 CC and Bravosat 25 CC on the same day namely 9 November 2009, which entities were previously owned by Privisha Summurjeeth (Panday's wife[1]) and Arvenda Panday (Panday's mother[2]).

C3|34
D25|2 & 8

[1] Refer to paragraph 10.078 No. 12 of this report (**C3|34**).
[2] The alleged report of Debra Marise Oakley to Child Welfare reflects on page 2 and 8 thereof that Panday's mother is Arvanda Panday.

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SAPS Supplier database

10.042 The SAPS regulations require all suppliers, who are interested in conducting business with the SAPS, to register on their suppliers database. The information provided to the police in respect of the entities included in this investigation was provided to me for further analysis, and my findings are discussed hereunder.

(i) Goldcoast Trading CC **H2**

10.043 Goldcoast Trading completed the necessary SAPS supplier application form on 27 August 2009 on the required police documents in addition to, providing the necessary supporting documentation in respect of their application. These documents include the following: **H2**

1. SAPS Supplier Application Form Acquisition Management: MGP and Services; **H2|1**
2. SAPS 432(b) Electronic Fund Transfer (**EFT**) Instruction dated 27 August 2009; **H2|2-3**
3. Goldcoast Trading letter containing a cancelled Nedbank cheque No. 67 from account No. 1442 016728; **H2|4**
4. Identity document of Thoshan Panday with identity number 720402 5192 080; **H2|5**
5. SARS Tax Clearance Certificate for Goldcoast Trading with Income Tax reference number 9037232197; and **H2|6**
6. Certificate issued by the Registrar of Companies and Close Corporations dated 2 June 2006 for Goldcoast Trading. **H2|7**
7. Certificate issued by the Registrar of Companies and Close Corporations dated 28 June 2010. **H2|8-9**

10.044 The instructions provided on the application form requires the supplier to complete all 18 pages although it is evident from the documents provided to me for analysis that only three of the eighteen pages have been completed (one being the instructions and the remaining two pages being the EFT transfer information). **H2|1**

10.045 According to the information provided on the EFT instruction, Goldcoast Trading have indicated that their bank account is domiciled at Nedbank with account number 1442016728. This document also purports to have been signed by Panday. **H2|2**

10.046 The Goldcoast letter with the cancelled Nedbank cheque No. 67 records their physical address as "*45 Zenith Drive, Quartz, Unit 303, Umhlanga Rocks, 4021*" whilst the Certificate issued by the Registrar of Companies and Close Corporations dated 2 June 2006, reflects that Panday is the only member of this entity. **H2|4** **H2|7** **(H2|8)**

10.047 I have furthermore established from the aforementioned certificate that Panday's residential address and the registered office address of Goldcoast Trading is the same namely "*4 Russell Avenue, Scottsville, Pietermaritzburg, 3201*". This address is also identified as the registered address for Kaseev Traders and the residential address of their only member, Mr Seevesh Ishwarkumar, on the Experian Report that was extracted for this entity[1]. **H2|7** **H2|8**

(ii) Bravosat 25 CC **F2**

10.048 The supplier information held by the SAPS in respect of Bravosat 25 CC was provided to me for further examination and included the following documents:

1. A Polfin Supplier Maintenance Request dated 3 December 2009; **F2|1**
2. SAPS 432(b) EFT instruction for registration and amendments of creditors banking details dated 30 November 2009; **F2|2**

[1] Refer to paragraph 10.029 to 10.030 of this report. (**D1**)

3. SAPS instruction form marked as paged 18 of 18 that forms part of the SAPS 432(b); **F2|3**

4. An unissued Bravosat 25CC tax invoice including an ABSA cancelled cheque No. 1 for account No. 4075017197; **F2|4**

5. An unused Bravosat 25 CC letter; **F2|5**

6. Identity document for Arvenda Panday with identity No. 510508 0160 080; **F2|6**

7. SARS Application for a tax clearance certificate; **F2|7**

8. CK2 and Certificate issued by the Registrar of Companies and Close Corporations dated 10 November 2000; and. **F2|8-10**

9. Certificate issued by the Registrar of Companies and Close Corporations dated 28 June 2010. **F2|11-12**

10.049 The aforementioned documents indicate that Arvenda Panday was a member of this entity when the supplier was registered with the SAPS; and whose bank account is domiciled at ABSA with account No. 407501797. The address of this entity, as recorded on the EFT application and their unissued invoice and letter, is "Unit 10, Ridgeton Towers, 6 Aurora Drive, Umhlanga Ridge" whilst the address of Arvenda Panday, as detailed on the Certificate issued by the Registrar of Companies and Close Corporations, is "25 Shepstone Close, Sommerset Park, Umhlanga". This is the same address that appears on the Experian report for Valotone 21 CC[1] whilst Panday has provided Nedbank with the eThekwini Municipal account[2] for account No. 1442016728 in respect of 25 Shepstone Close, Sommerset Park (**Document No. 39357**).

F2|2
F2|4
F2|8-12
E1
C2|19

[1] Refer to paragraph10.021 of this report.
[2] Refer to paragraph 10.075 number 3) of this report.

10.050 Once again, the documents provided to me for examination indicate that the supplier's application for registration comprises of 18 pages although I have only been provided with the EFT information and therefore, cannot comment on what information, if any, may have been recorded on these remaining pages. **F2|2-3**

10.051 The Certificate issued by the Registrar of Companies and Closed Corporations dated 28 June 2010 reflects that, as at 28 June 2010, the only member for Bravosat 25 CC was Arvenda Panday. However, the Experian report extracted on this entity reveals that she resigned as a member thereof on the same date that she became a member, namely 9 November 2009, at which date, Panday became the sole member of this entity. I have also established from documents provided by CIPC that Arvenda Panday became a member of Bravosat 25 CC on 26 October 2009 and resigned on 9 November 2009 although the CIPC was only informed of her resignation on 12 April 2011. **F2|11-12** **F1** **F1a** **F1a|7-11**

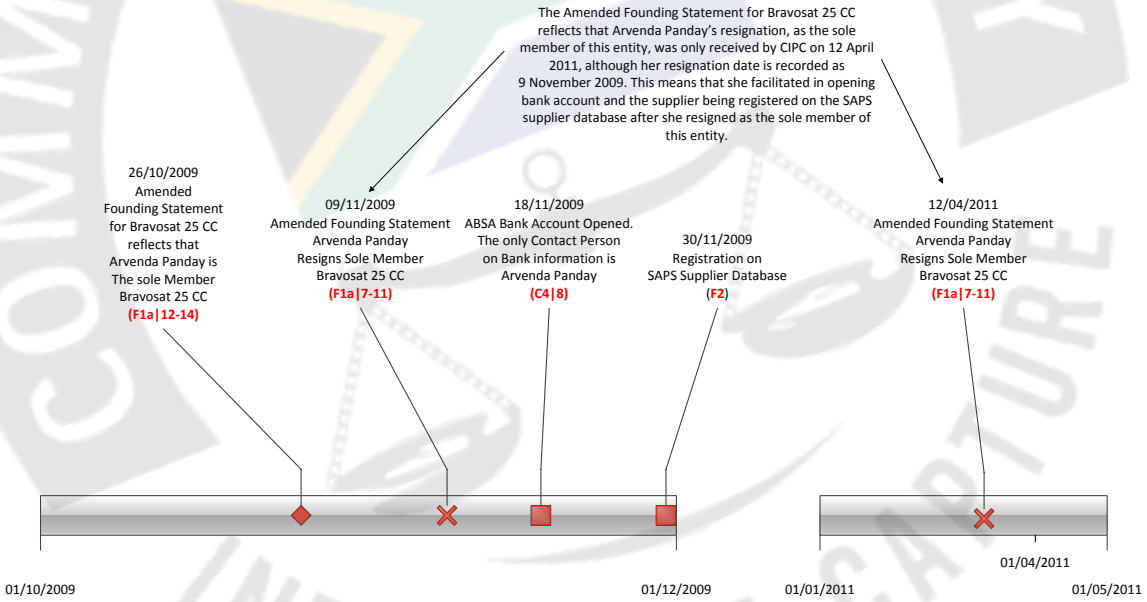
10.052 I can therefore conclude from the aforementioned documents that Arvenda Panday was initially the only member for this entity, and who was recorded as the only member thereof as at 28 June 2010, a year **after** the registration on the SAPS Supplier database. However, subsequent to the aforementioned date, the CIPC was informed of her resignation as the only member of Bravosat 25 CC, which date is recorded as 9 November 2009 although the CIPC was only informed of her resignation on 12 April 2011. The aforementioned documents concur with each other that Panday became the sole member of Bravosat 25 CC on 9 November 2009 – this means that he was a member thereof prior to the date of Bravosat 25 CC's application for registration on the SAPS supplier database which appears to have been completed by Arvenda Panday. **F2|11-12** **F1 & F1a** **F1 & F1a** **F1a|7-11** **F2|1-2**

10.053 Based on the aforementioned observations, it would be is reasonable to conclude that when Arvenda Panday completed the SAPS 432(b) EFT instruction she was no longer a member of Bravosat 25 CC and therefore, has mislead the police into believing that she was such a member when, in fact, the actual member was Panday but the relevant document had not been sent to the CIPRO for processing. **F2|2**

10.054 I have also received correspondence from ABSA Bank regarding the bank account of Bravosat 25 CC which documents reflect that the only contact person for this entity is Arvenda Panday which means that she was and still is responsible for this account which was opened on 18 November 2009. **C4|8-9** **C4|10**

10.055 A summary of a timeline of events, as it relates to the dates on which Arvenda Panday is either reflected as an active or resigned member of Bravosat 25 CC is detailed hereunder:

Timeline of Events relating to Bravosat 25 CC



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(iii) Valotone 21 CC **E2**

10.056 The supplier information held by the SAPS in respect of Valotone 21 CC was provided to me for further examination and included the following documents: **E2**

1. A Polfin Supplier Maintenance Request dated 7 December 2009; **E2|1**
2. SAPS 432(b) EFT instruction for registration and amendments of creditors banking details dated 30 November 2009; **E2|2**
3. An unissued Valotone 21 CC tax invoice; **E2|3**
4. A blank Valotone 21 CC letter; **E2|4**
5. Identity document for Privisha Summurjeeth with identity number 750729 0163 085; **E2|5**
6. An unissued Valotone 21 CC letter included a cancelled cheque No. 1 drawn on the ABSA account No. 4075017618. **E2|6**
7. SARS Application for a tax clearance certificate; and **E2|7**
8. CK2 and Certificate issued by the Registrar of Companies and Close Corporations dated 10 November 2009. **E2|8-10**
9. Certificate issued by the Registrar of Companies and Close Corporations dated 1 July 2010. **E2|11-12**

10.057 The aforementioned documents indicate that Privisha Summurjeeth was a member of this entity when the supplier was registered with the SAPS and whose bank account is domiciled at ABSA with account No. 4075017618. Their address, and that of the Privisha Summurjeeth, as appearing on the EFT application, their unissued invoice and letter is recorded as "14 Blenheim Court, Umhlanga Ridge"[1]; whilst the address of Privisha Summurjeeth, as detailed on the Certificate Issued by the Registrar of Companies and Close Corporations, is recorded as "25 Shepstone Close, Sommerset Park, Umhlanga". **E2|2 & 5** **E2|2** **E2|8-10**

10.058 I have also established from documentary evidence acquired from ABSA in respect of their account with number 4075017618 that Privisha Summurjeeth was married[2] to Panday on 17 November 2000 (**Document No. 33343**). Hence, when she registered this supplier on the SAPS supplier database she was already married to Panday yet she has not used her married surname in the application. **C3|34**

10.059 The Certificate issued by the Registrar of Companies and Closed Corporations dated 1 July 2010 reflects that, as at 1 July 2010, the only member for Valotone 21 CC was Privisha Summurjeeth. However, the Experian report extracted on this entity reveals that she resigned as a member thereof on the same date that she became a member, namely 9 November 2009, at which date Panday became he sole member of this entity. I have also established from documents provided by CIPC that Privisha Summurjeeth became a member of Valotone 21 CC on 9 November 2009 and resigned the same day, although the CIPC was only informed of her resignation on 17 August 2011. **E2|11-12** **E1** **E1a** **E1a|4-8**

10.060 I can therefore conclude, from the aforementioned documents, that Privisha Summurjeeth was initially the only member for this entity, and who is recorded as the only member thereof as at 1 July 2010, a year **after** the registration on the SAPS Supplier database. However, subsequent to the **E2|11-12** **E1** **E1a**

[1] Document No. 40656 is an eThekwini Municipal account addressed to T Panday of 14 Blenheim Court, Umhlanga Rocks. Refer to paragraph 10.087 No. 8 of this report (**C5|15**).
[2] Refer to paragraphs 10.078 No. 12 of this report (**C3|34**).

aforementioned date, the CIPC was informed of her resignation as a member of Valotone 21 CC, which date is recorded as 9 November 2009, although the CIPC was only informed on 17 August 2011. The aforementioned documents concur that Panday became the sole member of Valotone 21 CC on 9 November 2009 – this means that he was a member thereof prior to the date that Valotone 21 CC's application for registration on the SAPS supplier database was completed by Privisha Summurjeeth as per the aforementioned documents. **E1a|4-8** **E1 & E1a**

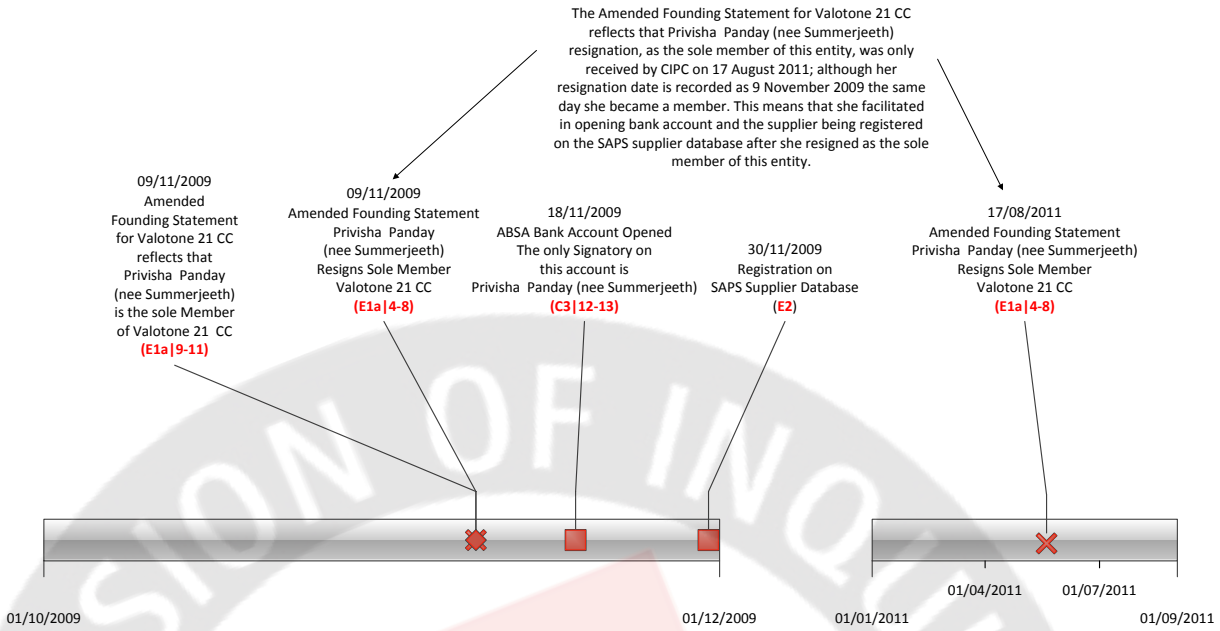
10.061 Based on the aforementioned observations, it would be reasonable to conclude that the SAPS 432(b) EFT instruction was completed by what purports to be Privisha Summerjeeth. She was no longer a member of Valotone 21 CC and therefore, has mislead the police into believing that she was such a member when, at all intent times, the actual member was Panday but the relevant documents had not been sent to CIPC for processing. **E2|2**

10.062 I have also received correspondence from ABSA Bank regarding the bank account[1] of Valotone 21 CC which documents reflect that the only signatory on this account is Privisha Summurjeeth who opened the account on 18 November 2009 and still remains the only signatory on the account. **C3** **C3|14** **C3|36**

10.063 A summary of a timeline of events, as it relates to the dates on which Privisha Summurjeeth is either reflected as an active or resigned member of Valotone 21 CC is detailed hereunder:

[1] Refer to paragraph 10.078 No. 14 (**C3|36**).

Timeline of Events relating to Valotone 21 CC



10.064 The modus operandi, in both Bravosat 25 CC and Valotone 21 CC are identical in that, in both instances, the records held by CIPC indicate that the members of these entities resigned on the same date or a few days after becoming a member of each of these entities. Whilst subsequent to these resignation dates, these same persons completed the necessary documentation to register these two suppliers on the police supplier database as well as opened bank accounts for each of them at ABSA Bank. The CIPC records also indicate that Panday became a member of both these entities subsequent to the resignation of the initial members although he, at no time, has any authority on the bank accounts in respect of these two entities.

(iv) Kaseev Traders CC **D2**

10.065 The supplier information held by the SAPS in respect of Kaseev Traders CC was provided to me for further examination and included the following documents: **D2**

1. A Polfin Supplier Maintenance Request dated 17 March 2010; **D2|1-2**
2. SAPS 432(b) EFT instruction for registration and amendments of creditors banking details dated 18 January 2010; **D2|4-5**
3. An unissued Kaseev Traders CC tax invoice; **D2|3**
4. Identity document for Seevesh Ishwarkumar with identity number 750922 5224 081; **D2|6**
5. FNB letter dated 18 January 2010 addressed "to whom it may concern" confirming the bank account of Kaseev Traders CC in their books; **D2|7**
6. FNB bank statement for Kaseev Traders with account No. 62251113313 for the period 7 to 16 January 2010; and **D2|8**
7. SARS Tax Clearance Certificate in respect of Kaseev Traders CC; **D2|9**
8. CIPRO Company report dated 26 July 2010. **D2|10-12**
9. ENATIS report on S Ishwarkumar dated 26 July 2010. **D2|13**

10.066 The aforementioned documents indicate that Seevesh Ishwarkumar[1] is the only member of this entity whose bank account is domiciled at ABSA with account No. 62251113313. Their address, as recorded on the EFT application and their unissued invoice and letter, is recorded as "529 Aldrovande Palace, Umhlanga Ridge, 4319." **D2|4-5**

(v) Unite Mzansi Trading and Projects CC **G2**

10.067 The supplier information held by the SAPS in respect of Unite Mzansi Trading and Projects CC was provided to me for further examination and included the following documents:

[1] It appears from documentary evidence examined by me and which is discussed in preceding paragraphs of my report, refer to paragraphs10.034 to 10.039, that Seevesh Iswarkumar is Panday's brother in law as he is married to his sister namely to Kajal Panday (**D24 & D25**).

1. A Polfin Supplier Maintenance Request dated 12 February 2010; **G2|1-2**
2. SAPS 432(b) EFT instruction for registration and amendments of creditors banking details dated 17 January 2010; **G2|4-5**
3. An unissued Kaseev Traders CC tax invoice[1] including a copy of a cancelled cheque No. 1 drawn on account No. 4075205065; **G2|3 & 10**
4. Identity document of Thoshan Panday with identity number 720402 5192 080; **G2|6**
5. CK1 dated 12 January 2010 re: Application to Register a Close Corporation; **G2|7**
6. A Certificate issued by the Registrar of Companies and Close Corporations dated 12 January 2010; and **G2|8**
7. SARS Tax Clearance Certificate in respect of Unite Mzansi Trading and Projects CC; **G2|9**
8. Certificate issued by the Registrar of Companies and Close Corporations dated 28 June 2010. **G2|11-12**

10.068 The aforementioned documents indicate that Panday is a member of this entity whose bank account is domiciled at ABSA with account No. 4075205065. Their address appearing on the EFT application and their unissued invoice is not the same in that the address on the EFT application is recorded as "48 Peter Road, Seacow Lake" whilst the address appearing on their unissued tax invoice is recorded as "28 Peter Road, Seacow Lake[2]". **G2|4** **G2|4** **G2|3 & 10**

10.069 In addition to the above addresses, I have also observed that the address of this entity on the Certificate issued by the Registrar of Companies and Close Corporations, as well as the residential address of Panday, is "45 Zenith Drive, Unit 303 The Quartz, Umhlanga Rocks, 4319". **G2|8** **G2|11-12**

[1] The address of this entity as recorded on this document is "28 Peter Road, Sea Cow Lake."
[2] This is the address that appears on all Unite Mzansi Trading Invoices (**G5-G16**).

10.070 I perused the affidavit of Colonel Lulama Siphokazi Mfuza Tyesi from Supply Chain Management at Pretoria Head Office and attached to Acquisition Management. Her responsibility is database and irregular expenditure. Colonel Tyesi described the data capturing role as follows; **A98**

1. The AMD 1 form is to be completed especially the SAPS 432(b) which must be signed by the person that is responsible for finance of the company and the signature of that person must appear on both SAPS 432(b) forms and that person that signed must attach his or her identity document; **A98|2-15**

2. When these forms are received there is a checklist that follows including:

   a) The company CK documents;

   b) Tax clearance certificate;

   c) Certified copy of identity document of the Director or shareholder and most important if the Director or shareholder did not sign the SAPS 432(b) then that person that signed must attach a certified copy of their identity document;

   d) Written proof of bank account and a SAPS 432(b) stamped by bank; and

   e) Cancelled or blank invoice or company letterhead.

3. If the checklist is not in order then the AMD 1 documents are sent back to the sender for rectification.

4. If the AMD 1 forms are correct the following procedure is followed:

   a) The documents are captured on Polfin function 4.1.8 for capturing of information;

   b) A request number is produced and placed on the file and thereafter

the entire file is sent to the finance department;

c) Finance does a 4.1.9 which is verification of all information that was captured ;

d) Thereafter the finance department does an approval on 4.1.10 and then issues a vendor number or supplier code; and

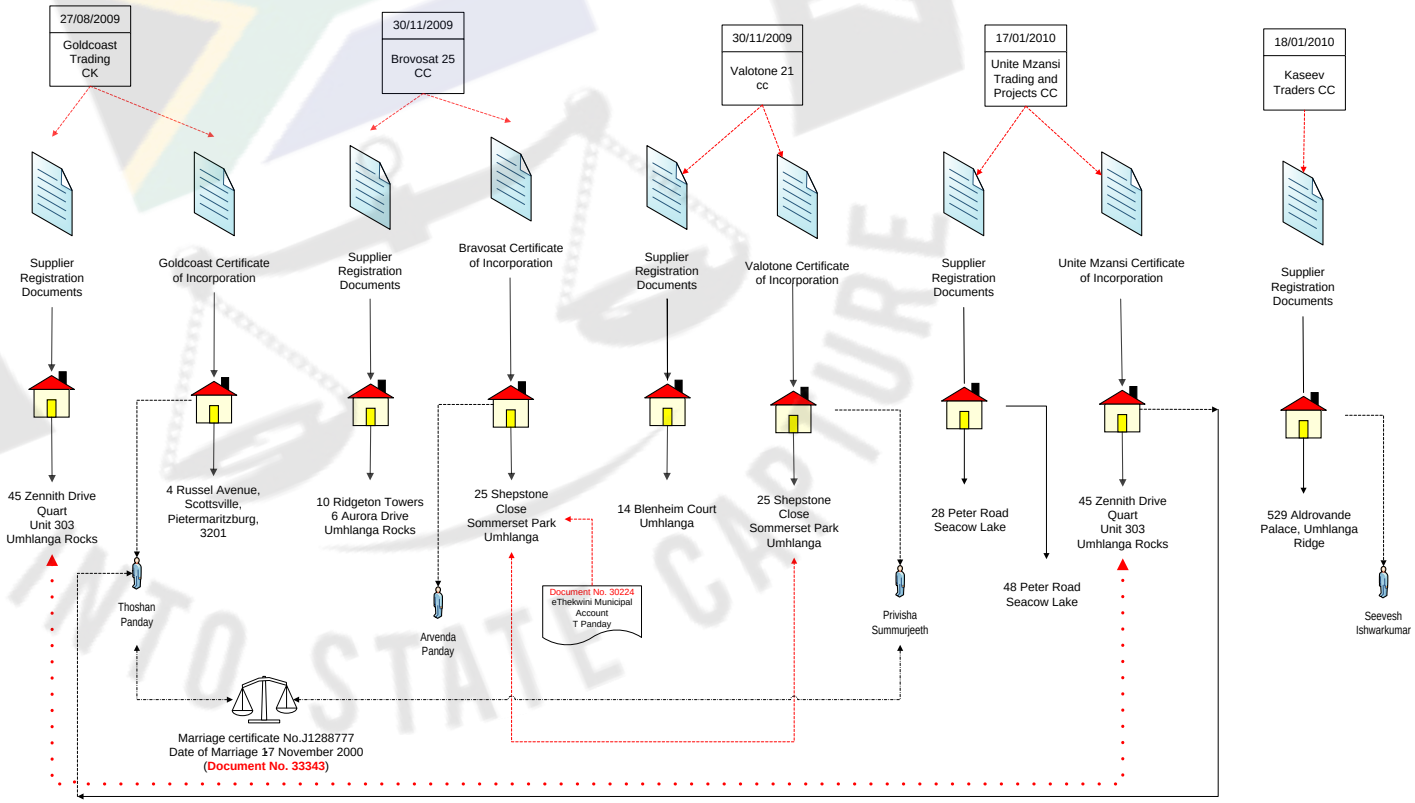
e) Once this is finalised the entire file is returned to the data capturing department for a final accreditation on function 4.1.44. On this function, it allows the capturer to put in the vendor or supplier number and then the supplier's name appears on the screen. Once this is verified as correct the capturer types in 01 and the date and the final accreditation is recorded.

10.071 Colonel Tyesi stated that the application of Goldcoast Trading CC, Valotone 21 CC, Kaseev Traders CC, Unite Mzansi Trading and Projects CC and Bravosat 25 CC were all captured on the system by the finance department of SCM, which to her recollection were able to do function 4.1.8. **A98|16-31**

10.072 At this stage, I am unable to comment as to the reason behind the finance department of SCM capturing the applications of the above mentioned suppliers instead of following the usual process where the data capturing section would do so.

Summary of Findings – SAPS Supplier Database – Graphical Illustration

SA Police Supplier Information – Supplier Database



RR4-TSW-0145

BANK ACCOUNTS

10.073 The payments made by the SAPS to each of these five (5) suppliers, as detailed in paragraph 10.001 of my report, were electronically paid into their respective bank accounts. These accounts were subpoenaed by the police and these documents were subsequently handed over to me for further examination. Included in these documents are opening documents, signature cards, personal account information, bank statements and other relevant documents necessary to open a bank account.

10.074 Each of these accounts and their documents relevant to the signatory of the account is discussed hereunder.

(i) Nedbank Account No. 1442016728 – Goldcoast Trading **C2**

10.075 Nedbank have provided various documents relating to account number 1442016728 in the name of Goldcoast Trading CC which include the following: **C2**

1) Bank statements for the period 29 December 2008 (**Document No. 30182**) to 17 May 2010 (**Document No. 30220**); **C2|23-61**

2) Bank statements for the period 11 May 2010 (**Document No. 39621**) to 21 November 2011 (**Document No. 39386**); **C2|62-118**

3) Nedbank Business Account Signature Card (**Document No. 39345**); **C2|7**

4) Identity document for Thoshan Panday with Identity No. 720402 5192 080 (**Document No. 39356**); **C2|18**

5) eThekwini Municipality account for municipal services in respect of account No. 83247061027 for T Panday and 25 Shepstone Close, Umhlanga Rocks dated December 2006 (**Document No. 39357**); **C2|19**

6) A Credit report on Panday (**Document No. 39358**); **C2|20**

7) CK1 re: Application to register a Close Corporation dated 2 June 2006 in respect of Goldcoast Trading CC (**Document No. 39359)**; **C2|21**

8) Certificate issued by the Registrar of Companies and Close Corporations dated 2 June 2006 in respect of Goldcoast Trading CC (**Document No. 39347**); **C2|9**

9) Nedbank request to open a business current account dated 29 January 2007 (**Document No. 39348/9**); **C2|10-11**

10) Nedbank Certificate of Signing Authorities (business accounts) dated 29 January 2007 (**Document No. 39346**); **C2|8**

11) Nedbank Needs Analysis in respect of short –term as well as long-term bank deposits (non individuals) (**Document No. 39350**); **C2|12**

12) Indemnity in respect of Limited mandates (**Document No. 39351/2**); and **C2|13-14**

13) Nedbank Extract of minutes – Close Corporations dated 29 January 2007 (**Document No. 39353/4**); **C2|15-16**

4 Russell Avenue Scottsville Pietermaritzburg

10.076 I have determined from the examination of some of the abovementioned documents that the address of either Panday or Goldcoast Trading has been recorded as *"4 Russell Avenue, Scottsville, Pietermaritzburg, 3201."* This is the same address that has been used on the Experian report for Kaseev Traders CC[1]. A summary of where this address may be found on these documents is detailed hereunder: **C2|9-10** **C2|12** **D1**

1. The Certificate issued by the Registrar of Companies & Close Corporations (**Document No. 39347**) in respect of Goldcoast Trading reflects that the registered address of this entity and the residential address of Panday is "*4 Russell Ave, Scottsville, Pietermaritzburg,* **C2|9**

[1] Refer to paragraphs10.029 to 10.030 of this report.

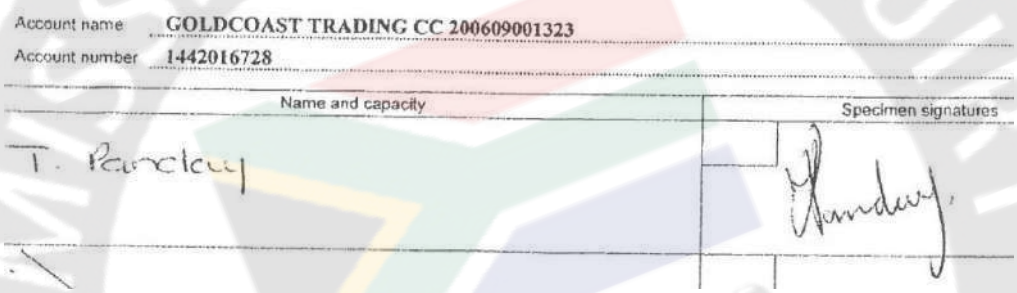
3201".

2. The Nedbank Request to Open a Business Current Account (**Document No. 39348**) also records Goldcoast Trading's *domicilium Citandi et executandi* as "*4 Russell Avenue, Scottsville, Pietermaritzburg*"; and **C2|10**

3. The Nedbank Needs Analysis in respect of short-term, as well as long-term bank deposits (**Document No. 39350**) records Goldcoast Trading's Business address as "*4 Russell Avenue, Scottsville*". **C2|12**

10.077 I have also determined that Panday is the only signatory on this account and a copy of his specimen signature as appended on the signature card (**Document No. 39345)** is illustrated hereunder: **C2|7**

C2|7


Account name GOLDCOAST TRADING CC 200609001323
Account number 1442016728

Name and capacity	Specimen signatures
T. Panday	Panday

(ii) Account No. 4075017618 – Valotone 21 CC **C3**

10.078 ABSA Bank have provided various documents relating to account number 4075017618 in the name of Valotone 21 CC which include the following:

1. ABSA Bank small business account application (**Document No. 33317/20**); **C3|8-11**

2. ABSA details of principals and authorised signatories (**Document No. 33321**); **C3|12-13**

3. Account opening application form checklist (**Document No. 33323**); **C3|14**

4. ABSA Bank signature card (**Document No. 33324**); **C3|15**

5.	FAIS Act Notice (**Document No. 33325/8**);	**C3|16-19**
6.	ABSA Comprehensive client information (**Document No. 33329/30**);	**C3|20-21**
7.	CK2 re: Application to Amend Close Corporation dated 10 November 2009 (**Document No. 33336**);	**C3|27**
8.	Certificate issued by the Registrar of Companies & Close Corporation dated 10 November 2009 (**Document No. 33337/8**);	**C3|28-29**
9.	Certificate issued by the Registrar of Companies & Close Corporation dated 18 November 2009 (**Document No. 33339/40**);	**C3|30-31**
10.	Affidavit (Business Address Verification) dated 18 November 2009 (**Document No. 33341**);	**C3|32**
11.	Telkom invoice in favour of Ms P Panday "c/o House No. 12/14, 12 Blenheim Co, Umhlanga" dated 8 October 2009 (**Document No. 33342**);	**C3|33**
12.	Marriage certificate No. J1288777 between Thoshan Panday and Privisha Summurjeeth (id 750729 0163 085) whose date of marriage is recorded as 17 November 2000 (**Document No. 33343**);	**C3|34**
13.	ABSA cheque account basic detail (**Document No. 33344**);	**C3|35**
14.	Signing Instructions on cheque account (**Document No. 33345**);	**C3|36**
15.	Identity document of Privisha Summerjeeth with identity number 750729 0163 085 (**Document No. 33348**); and	**C3|39**
16.	Bank statements for the period 18 November 2009 (**Document No. 33376**) to 18 November 2010 (**Document No. 33399**).	**C3|67-90**

10.079 Based on the examination of these documents, I can conclude that the only signatory on this account is Ms Privisha Summurjeeth who opened the account on 18 November 2009 (**Document No. 33376**) nine years after her marriage to Panday on 17 November 2000 (**Document No. 33343**). There is no evidence from these bank documents to prove that Privisha Summurjeeth ever resigned as a signatory on this account; neither is there any evidence to confirm that the she resigned as a member of this entity. It is evident for the Telkom invoice for October 2009 that Mrs Privisha Summerjeeth sometimes uses the name Mrs P Panday. **C3|15** **C3|67** **C3|34**

10.080 According to the Experian report extracted on Valotone 21 CC[1], Privisha Summurjeeth resigned as a member of this entity on 9 November 2009, the same day that Panday acquired a 100% interest in this entity. **E1**

10.081 I have also noted from the examination of the certificate issued by the Registrar of Companies and Close Corporations that the registered address of Valotone 21 CC is "*25 Shepstone Close, Sommerset Park, Umhlanga, 4021*" which is the one of the addresses that was used on the bank documents for Goldcoast Trading. **C3|30**

10.082 I have also observed, from the examination of the opening documents for Goldcoast Trading's Nedbank account No. 1442016728, that Panday provided an eThekwini municipal account No. 83247061027 as proof of his residence when opening the bank account which municipal account is addressed to T Panday of 25 Shepstone Close, Sommerset Park, Umhlanga (**Document No. 39357**[2]). Hence, it is therefore reasonable to conclude that Panday was domiciled at 25 Shepstone Close, Umhlanga on or about December 2006. **C2|19**

[1] Refer to paragraphs 10.021 to 10.023.
[2] Refer to paragraphs 10.075 5) of this report.

(iii) Account No. 4075017197 – Bravosat 25 CC **C4**

10.083 ABSA have only provided a Comprehensive Client Information report (**Document No. 33400/1**) on account number 4075017197 and bank statements for the period 18 November 2009 (**Document No. 33402**) to 9 November 2010 (**Document No. 33426**). **C4|8-9** **C4|10-34**

10.084 I am able to conclude from this information that the account is held in the name of Bravosat 25 CC whose physical address is recorded, on both the bank statements (**Document No. 33402/26**) and the Comprehensive Client Information report (**Document No. 33400/1**), as "*4 Russel avenue, Scottsville*". **C4|10-34** **C4|8**

10.085 I have also observed from the examination of the aforementioned document that the contact person is recorded as Mrs A Panday with cell number 083 4970 718 although there is no identity number appended on this document. **C4|8**

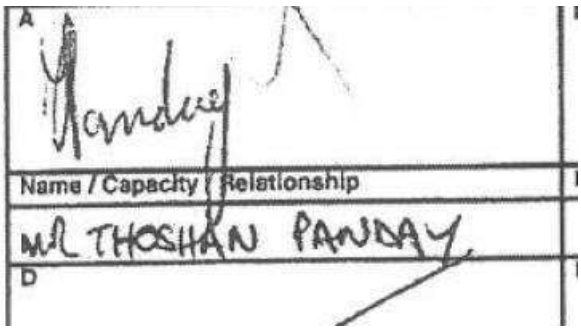
10.086 The examination of the Experian report for this entity[1] revealed that A Panday is in fact Arvenda Panday with identity number 510508 0160 080 who resigned as a member of this entity on 9 November 2009, the same date when Panday became a member acquiring a 100% interest. **F1**

(iv) Account No. 62321345903 – Unite Mzansi Trading Projects CC **C5**

10.087 First National Bank (**FNB**) have provided various documents relating to account number 62321345903 in the name of Unite Mzansi Trading and Projects CC which include the following:

1. FNB signature card (**Document No. 40641**) that purports to be signed by Panday as the only signatory on this account. A copy of this signature is detailed hereunder; **C5|1a**

[1] Refer to paragraphs 10.013 of this report.



C5|1a

2. FNB Commercial Banking Customer Agreement (**Document No. 40642/8**); **C5|1-7**

3. Identity document of Thoshan Panday with Id 720402 5192 080 (**Document No. 40649**); **C5|8**

4. Certificate issued by the Registrar of Companies and Close Corporations dated 1 August 2011 for Unite Mzansi Trading and Projects CC (**Document No. 40650/1**); **C5|9-10**

5. CK1 from the Registrar of Close Corporations dated 12 January 2010 re: Application to Register a Close Corporation (**Document No. 40652**); **C5|11**

6. Certificate issued by the Registrar of Companies and Close Corporations dated 12 January 2010 for Unite Mzansi Trading and Projects CC (**Document No. 40653**); **C5|12**

7. An invoice from Essential Design in favour of Unite Mzansi for the amount of R57,228 (**Document No. 40655**); **C5|14**

8. eThekwini Municipality account number 83247061027 for T Panday of 14 Blenheim Court, Umhlanga Rocks, 4319 dated 14 June 2011 (**Document No. 40656**) **C5|15**

9. Bank statements for the period 2 August 2011 (**Document No. 40657**) to 1 December 2011 (**Document No. 40662**); **C5|16-21**

10.088 I can conclude from the examination of the FNB documents for this entity that Panday is the only member thereof and the sole signatory on the account which was opened on 2 August 2011 (**Document No. 40657**). According to the Certificates that were issued by the Registrar of Companies and Close Corporations, and the bank statements for this account, the registered address for Unite Mzansi is "*45 Zenith Drive, Unit 303 The Quartz, Umhlanga Rocks, 4320*". **C5|1A** **C5|16** **C5|9 & 12** **C5|16-21**

10.089 I have also determined from the examination of this entity's bank statements that the account has been inactive from the period 2 August 2011 to 31 December 2011 whilst no payments have been credited to this account from the SAPS or any other business. **C5|16-21**

(v) Account No. 4075205065 - Unite Mzansi ABSA **C6**

10.090 ABSA Bank have provided various documents relating to their account number 4075205065 and includes the following:

1. CSA form (**Document No. 47329**); **C6|10**
2. Client Acceptance Screening (**Document No. 47331**); **C6|12**
3. Client Acceptance Screening – Relationship Enquiry (**Document No. 47332**); **C6|13**
4. Middle Office Instruction Sheet (**Document No. 47333**); **C6|14**
5. Small Business Account Application (**Document No. 47334|6**) reflects that Panday is the only authorised main user for internet banking (**Document No. 47334**); **C6|15-17** **C6|15**
6. Details of Principals and Authorised Signatories (**Document No. 47337|8**) which indicates that Panday is the only authorised signatory on this account. **C6|18**
7. Account Opening Application Form Checklist (**Document No. 47339**); **C6|20**

8. FAIS Act Notice (**Document No. 47340|3**) signed by what appears to be Thoshan Panday; **C6|21-24**

9. ABSA Comprehensive Client Information (**Document No. 47344|5**); **C6|25-26**

10. Application to register a Close Corporation – CK1 dated 12 January 2010 (**Document No. 47346**); **C6|27**

11. Certificates Issued by the Registrar of Companies and Close Corporations for Unite Mzansi Trading and Projects (**Document No. 47347|8**); **C6|28-29**

12. Cheque Account Basic Detail (**Document No. 47349**); **C6|30**

13. Signing Instructions (**Document No. 47350**); **C6|31**

14. NotifyMe New Registration (**Document No. 47352**); **C6|33**

15. Client Service Limit Details (**Document No. 47353**); **C6|34**

16. ABSA Bank South African Identity Document Verification Checklist including a copy of the identity document of Thoshan Panday with identity number 720402 5192 080 (**Document No. 47355**); **C6|36**

17. Affidavit (Business Address Verification) (**Document No. 47356**) that purports to be signed by Panday; **C6|37**

18. eThekwini Municipality Metro Bill for T Panday of 14 Blenheim Court, Umhlanga Ridge dated 16 December 2009 (**Document No. 47357**); and **C6|38**

19. Bank Statements for the period 13 January 2010 to 13 March 2011 (**Document No. 47358 to 47381**). **C6|39-62**

10.091 I have determined from the examination of the abovementioned ABSA Bank documents that the only signatory for this account is Panday (**Document No. 47337**) who is, according to the in the Certificate issued by the Registrar of Companies and Close Corporations (**Document No47347|8**), the only member of this entity. **C6|18** **C6|28-29**

10.092 I have also determined from the examination of the supporting documentation for this account that Panday opened the account on 13 January 2010 and who, in support of the application to open an account, provided a copy of his eThekwini Municipality Municipal account, No. 832 4706 1027, for 14 Blenheim Road, Umhlanga Rocks, dated 16 December 2009 (**Document No. 47357**) as well as his identity document (**Document No. 47355)**. **C6|39** **C6|38** **C6|36**

(vi) Account No. 62251113313 – Kaseev Traders CC **C7**

10.093 FNB have provided various documents relating to account number 62251113313 in the name of Kaseev Traders CC which include the following:

1. FNB Commercial Customer Information Form Related Party Details – Non Natural person (**Document No. 40823/31**); **C7|13-21**
2. FNB signature card dated 7 January 2010 (**Document No. 40832**); **C7|22**
3. Identity document for Seevesh Ishwarkumar (**Document No. 40833**); **C7|23**
4. Onsite visit to confirm physical address / Business Operating Address (**Document No. 40834/5**); **C7|24-25**
5. FNB Commercial Customer Information Form - Details from the Primary User (**Document No. 40836**); **C7|26**
6. Certificate of Registrar of Companies and Close Corporations dated 6 January 2010 (**Document No. 40837/9**); **C7|27-29**
7. FNB AOO Form CCI0608 (**Document No. 40840/2**); **C7|30-32**
8. FNB Resolution Demand Deposit Accounts For Commercial / Business Customers (**Document No. 40843/6**); **C7|33-36**
9. FNB Account User Nomination Sole Access Rights for Commercial / Business Demand Deposit Accounts (**Document No. 40847/51**); **C7|37-41**

10.	FNB Commercial Customer Information Form Related Party Details – Natural person (**Document No. 40852**);	**C7|42**
11.	FNB Confirmation of BEE Status (**Document No. 40853**);	**C7|43**
12.	FNB Resolution Demand Deposit Accounts For Commercial / Business Customers (**Document No. 40854/7**);	**C7|44-47**
13.	FNB Account User Nomination Sole Access Rights for Commercial / Business Demand Deposit Accounts (**Document No. 40858/62**);	**C7|48-52**
14.	FNB Commercial Customer Information Form Related Party Details – Non Natural person (**Document No. 40863**);	**C7|53**
15.	FNB Confirmation of BEE Status (**Document No. 40864**); and	**C7|54**
16.	Bank statements for the period 6 January 2010 (**Document No. 30930**) to 6 January 2011 (**Document No. 40881**).	**C7|55-79**

10.094 I have determined from the examination of the abovementioned documents that the only signatory to this account is Mr Seevesh Ishwarkumar who, at the time of opening the account, provided FNB with his address as 529 Aldrovanda Place, Umhlanga Rocks (**Document No. 40834/5**). **C7|22** **C7|24-25**

10.095 I have also observed from the examination of the onsite visit to Mr Seevesh Ishwarkumar's address by an FNB representative that they have indicated that *"client is currently doing business from his premises. Its a 4 room apartment with balcony and windows all around, clients family photos on the bedroom wall indicating that he lives there. Chemicals that he sells e.g. Johnson etc. are kept in the third room, his entrance doubles as a reception area. Clients wife is the receptionist and bookkeeper."* **C7|24-25**

10.096 In addition, I have also observed that the Certificate issued by the Registrar of Companies and Close Corporations (**Document No. 40837**) records Kaseev Traders postal and registered office address as "4 Russel Avenue, Scotsville, Pietermaritzburg, 3209" which is also recorded as the residential address of Mr Seevesh Ishwarkumar the sole member of this entity. Therefore, the address of Kaseev Traders which appears on the Certificate from the Registrar of Companies and Close Corporations differs to the residential address provided to FNB which address was inspected during their onsite visit.

C7|27
C7|27
C7|24-25
C7|13

10.097 I have also noticed that the date that the information was provided in the abovementioned two documents are only 2 days apart namely 4 January 2010 and 6 January 2010 respectively. Therefore, it would appear that the address "4 Russel Ave, Scottsville, Pietermaritzburg" is not or was never the residential address of Mr Seevesh Ishwarkumar, but was nevertheless used on the registration document for this entity.

C7|27
C7|13

Summary of Findings Bank Accounts

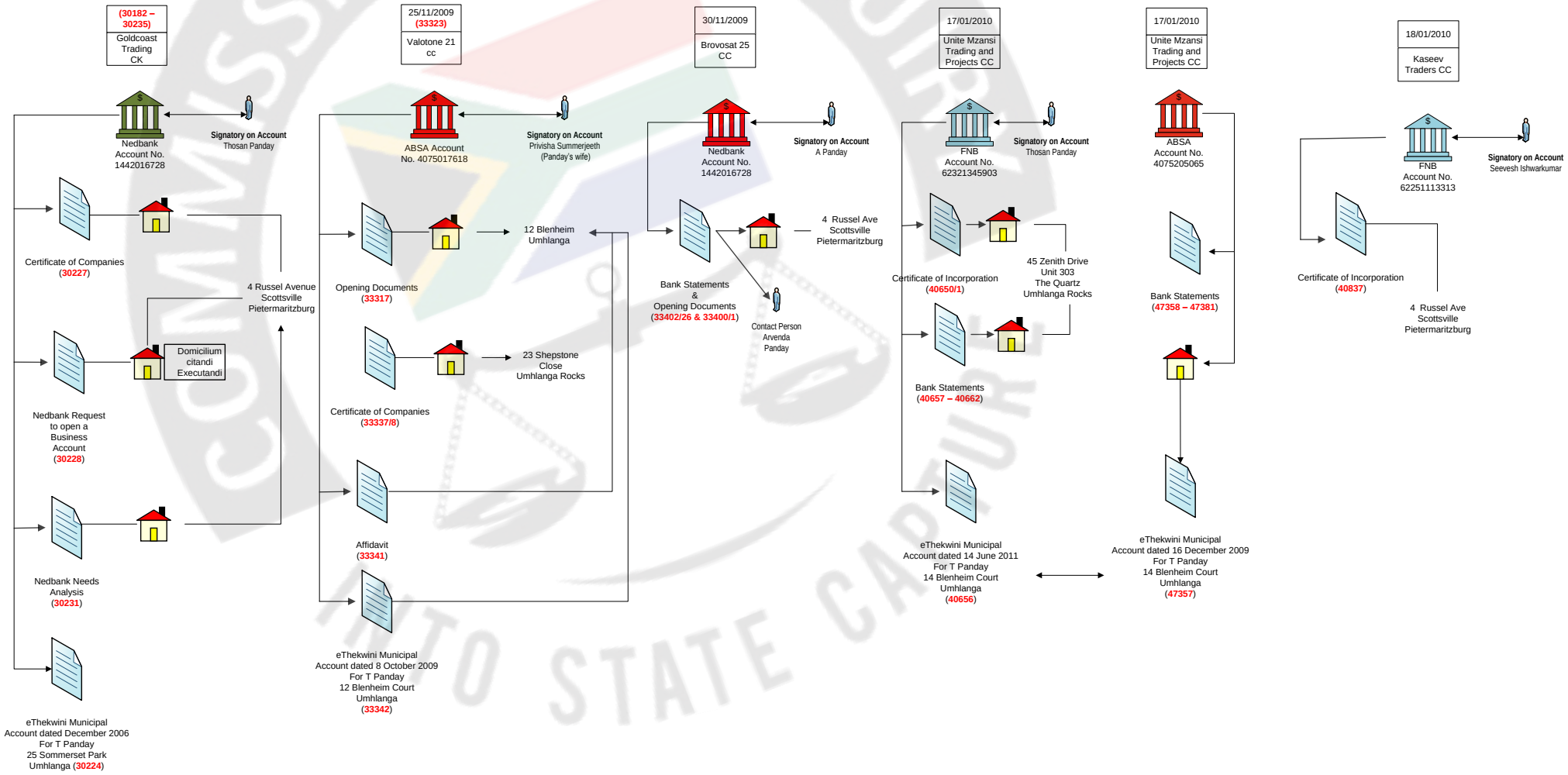
10.098 A graphical illustration of the information provided in respect of the bank accounts opened for the entities under investigation is detailed hereunder:

Report of Trevor White

Chartered Accountant and Forensic Auditor

State versus Thoshan Panday and Others– Durban Central CAS 781/06/2010

24 November 2014



RR4-TSW-0158

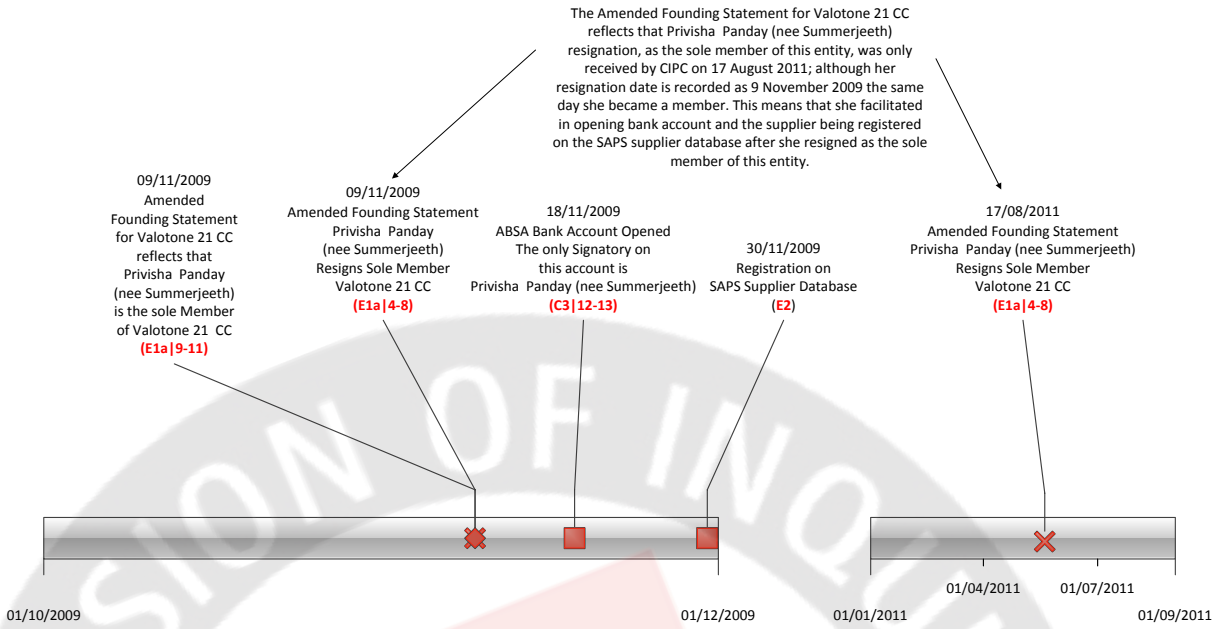
Findings

10.099 The Bank accounts in respect of four of the five (5) entities have different signatories on the accounts all of which are related to Panday in some way. These persons, despite the statutory information indicating that they resigned as member's of these entities, are still the signatory on the bank accounts.

10.100 I have also determined, from the examination of all the documents, that when these entities were registered on the police supplier's database, the initial members had already resigned their membership and therefore, no longer had an interest in any of the entities yet their particulars were provided to the Police when registration of the supplier took place on the suppliers database.

10.101 For example, Privisha Summerjeeth resigned as a member of Valotone 21 CC on 9 November 2009 however, the records of the SAPS indicate that when this entity was registered on their supplier database on 30 November 2009, her particulars were provided to the police together with all the supporting registration documents instead of Panday's since he obtained a 100% interest in this entity on the same day. I can also conclude that, despite the fact that she resigned as a member of this entity, the bank account for Valotone 21 CC, in respect of ABSA account number 4075017618 reflect that she is the only signatory on the account, which account was opened by her on 18 November 2009 after she resigned as a member of Bravosat 25 CC. A timeline of these events is illustrated hereunder:

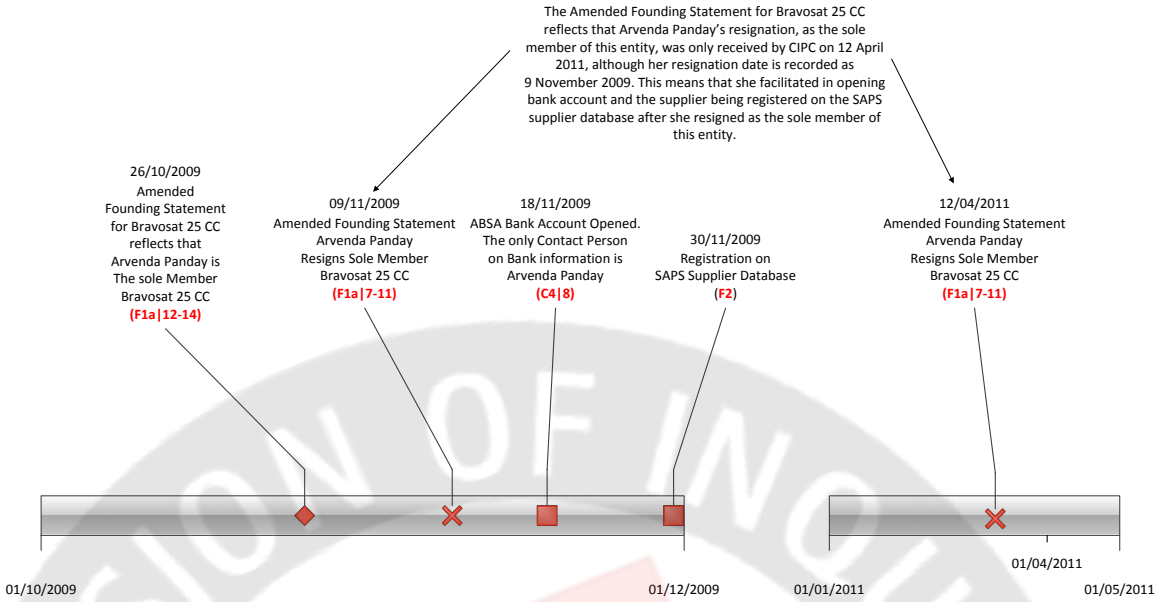
Timeline of Events relating to Valotone 21 CC



10.102 The only reasonable inference to be drawn from the fact that her particulars were provided to the SAPS when registering as a supplier on their database is because Panday did not want anyone to identify his relationship with this entity when submitting quotations for services to be provided. The reasons for this behaviour will also become apparent later in my report when I discuss the fact that the entities associated to Panday quoted against one another and that they used one bank account for the purposes of their business transactions.

10.103 A second example of the aforementioned modus operandi occurred in the Bravosat 25 CC matter where the details of Arvenda Panday was used in registering the supplier on the SAPS database on 30 November 2009 although she resigned as a member of this entity on 9 November 2009 and Panday obtained 100% interest in this entity on the same day. A timeline of these events is illustrated hereunder:

Timeline of Events relating to Bravosat 25 CC



11.000 SUPPLY CHAIN MANAGEMENT USER MANUAL

A1

Preamble

A1|2

11.001 The SAPS SCM user manual was included in my examination together with all supporting documents. My examination of the preamble to this document revealed that the Minister of Finance approved the promulgation of the Regulatory Framework for SCM which framework applied to all national and provisional departments and trading entities, constitutional institutions and public entities listed in Schedules 3A and 3C of the PFMA.

11.002 It is also recorded therein that the Framework took effect on 5 December 2003 and that it is a formal requirement of accounting officers to ensure the implementation of a SCM process that forms part of the financial systems. **A1|2**

11.003 Paragraph 2 states that it is a requirement in terms of section 38 of the Public Finance Management Act (**PFMA**) that the Accounting Officer ensures that the SAPS has and maintains an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective. **A1|2**

11.004 The SCM manual that has been provided to me for further examination was compiled to achieve the aforementioned requirement for the SAPS and therefore the purchase orders and payments made to the five (5) entities under investigation ought to have been carried out in accordance with this SCM policy.

Introduction

11.005 Chapter 1 of the SCM manual describes the purpose of the abovementioned manual which essentially is to "*spell out the procurement directives for the SAPS*". **A1|11**

11.006 It further *"provides all stakeholders involved in the procurement process with:* **A1|11**

a.) Guidelines for ensuring that all procurement transactions are carried out in a manner that is fair, equitable, transparent, competitive and cost-effective, thereby promoting good governance;

b.) It also outlines guidelines for promoting BEE/HDI's and SMME's e.g. though awarding preference points, waiver of security/sureties, break-out procurement, early payment cycles, simplification of bid submission requirements, establishment of data base of suppliers, etc; and [sic]"

11.007 Paragraph 1.2 of the SCM policy provides a background to this document and the content thereof has been copied verbatim as detailed hereunder: **A1|11**

"1.2 Background

1.2.1 Section 217 of the Constitution of the Republic of South Africa, Act 108 of 1996 is the foundation on which all procurement policies and procedures are based. It prescribes that when all organs of state procure goods and services they should do so through a system which is fair, equitable, competitive and cost effective. It also states that national legislation should prescribe a framework for the implementation of a procurement policy that will promote and protect Historically Disadvantages Individuals (HDI's) and provide categories of preference in allocating contracts.

1.2.2 To give effect to Section 217 of the Constitution the Department of Finance enacted:

(a) The PFMA and related Regulation to provide guidelines for achieving good governance in the financial management including procurement; and

(b) The Preferential Procurement Policy Framework Act, 2000 (Act 5 of 2000) and Regulations to provide guidelines for achieving the socio-economic objectives of government through procurement."

11.008 Paragraph 1.3.3 reflects that in exceptional circumstances when price quotations or bids are received that exceed the delegated limits a motivation containing recommendations must be submitted to the delegated official in the next level of authority whilst paragraph 1.3.4 indicates that all SCM Practitioners and other role players must take all reasonable steps to prevent the abuse of the SCM system. It is further indicated in paragraph 1.3.5 that all SCM officials involved with SCM should adhere to the Code of Conduct for SCM Practitioners which document is contained as Annexure E to this manual. **A1|12** **A1|12** **A1|12**

Code of Conduct Supply Chain Practitioners **A1|258-264**

Introduction

11.009 The introduction to the Code of Conduct for SCM Practitioners provides the background as to what is expected of SCM practitioners from an ethical point of view, both in their individual conduct and their relationship with others. **A1|260**

11.010 Paragraph 2.4 of this Code states that SCM Practitioners should comply with the Code of Conduct for the Public Service as contained in chapter 2 of the Public Service Regulations, 2001 especially items C.4.5 to C4.12 and C.5.3 to C.5.4 thereof which are detailed verbatim hereunder: **A1|260**

An employee:

C.4.5 Does not engage in any transaction or action that is in conflict with or infringes on the execution of her or his official duties; **A1|260**

C.4.6	*Will recuse herself or himself from any official action or decision-making process which may result in improper personal gain, and this should be properly declared by the employee;*	**A1|260**
C.4.7	*Accepts the responsibility to avail herself or himself of ongoing training and self development throughout her or his career;*	**A1|260**
C.4.8	*Is honest and accountable in dealing with public funds and uses the public service's property and other resources effectively, efficiently, and only authorised official purposes;*	**A1|260**
C.4.9	*Promotes sound, efficient, effective, transparent and accountable administration;*	**A1|261**
C.4.10	*In the course of her or his official duties, shall report to the appropriate authorities, fraud, corruption, nepotism, maladministration and any other act which constitutes an offence, or which is prejudicial to the public interest;*	**A1|261**
C.4.11	*Gives honest and impartial advice, based on all available relevant information, to higher authority when asked for assistance of this kind;*	**A1|261**
C.4.12	*Honours the confidentiality of matters, documents and discussions, classified or complied as being confidential or secret;*	**A1|261**
C.5.3	*Does not use her or his official position to obtain private gifts or benefits for herself or himself during the performance of her or his official duties nor does she or he accepts any gifts or benefits when offered these as these may be construed as bribes;*	**A1|261**

C.5.4 Does not use or disclose any official information for personal gain of others." **A1|261**

11.011 Paragraph 4 of this Code of Ethics also deals with ethics and fair dealings where the following is recorded: **A1|261**

4.1 A supply chain management official or other role player:

- *Must recognise and disclose any conflict of interest that may arise;*
- *Must treat all suppliers and potential suppliers equitably;*
- *May not use their position for private gain or to improperly benefit other persons;*
- *Must ensure that they do not compromise the credibility or integrity of the supply chain management system through the acceptance of gifts or hospitality or any other act;*
- *Must be scrupulous in their use of public property; and*
- *Must assist accounting officers or accounting authorities in combating corruption and fraud in the supply chain management.*

11.012 Paragraph 9 of this Code of Conduct prohibits combative practises and further defines examples of such practises as follows: **A1|263**

9.1 Combative practises are unethical and illegal and should be avoided at all cost. They include but are not limited to:

- *Suggestions to fictitious lower quotations;*
- *Reference to non-existent competition;*
- *Exploiting errors in bids;*

- *Soliciting bids from bidders whose names appear on the list of restricted bidders/suppliers/persons.*

11.013 The abovementioned extracts referred to from the SCM Practitioners Code of Conduct is not a comprehensive summary of this Code as I have only referred to those sections that may be relevant to my report. Therefore, the reader of this report should read this Code in its entirety to appreciate the full extent of the Code of Ethics that is applicable for SCM Practitioners. **A1|258-264**

Delegations of Powers **A1|206-222**

11.014 Annexure B1 of the abovementioned manual sets out the definitions applicable to this annexure as well as six parts that deal with the adjudication, evaluation and awarding of quotations or bids as detailed hereunder: **A1|207**

1. Part 1: Designation of Bid Committees; **A1|209**
2. Part 2: Invitation and Acceptance of Price Quotations up to the value of R200,000; **A1|210-213**
3. Part 3: Invitation of bids (exceeding R200,000 per case); **A1|214**
4. Part4: Acceptance of bids (exceeding R200,000 per case); **A1|215-217**
5. Part 5: Urgent and Emergency Cases; and **A1|218**
6. Part 6: Contract Administration. **A1|219-222**

Part 2: Invitation and Acceptance of Price Quotations up to the value of R200,000 **A1|210-213**

11.015 The general conditions for the invitation and acceptance of price quotations up to the value of R200,000 are set out in paragraph 2.1 of the delegations. I shall refer to these general conditions hereunder although the reader of my report should read this paragraph in its entirety to appreciate the relevance of these delegations. **A1|210**

11.016 Any order up to the value of R200,000 may be accepted on a single quotation provided that the prices are proved and certified to be fair and reasonable. Proof of reasonableness must be obtained by: **A1|210**

(a) Comparing prices, after discounts, to other normal clients and the relative discount that the state enjoys;

(b) Profit before tax based on a full statement of relevant costs, if (a) is not possible;

(c) Comparing previous prices where available; and

(d) Obtaining an explanation from the supplier if the net profit before tax is more than 15% (which is the acceptable International Standard according to the World Bank).

11.017 Where a single quotation has been obtained the proof of reasonableness must be available for audit purposes and the approval must be granted by a functionary, who must indicate the applicable delegation number and date of approval. It is also indicated in these delegations that the official who is involved with the invitation of the price quotation may not approve the order. **A1|210**

11.018 A summary of these delegations in accordance with the various purchase amounts are detailed hereunder:

No	Amounts	Description of Power	Delegation Post	NOTE	A1|211-212
1.	≤ R2000	No price quotations			**A1|211**
2.	> R2,000 and ≤ R10,000	No price quotations	A senior Provisioning Administration Officer at SCM	(01)	**A1|211**
3.	> R2,000 and ≤ R10,000	To approve reasons or motivation for not obtaining 3 price quotations	Equal or higher than Director attached to SCM.		**A1|211**
4.	> R10,000 and ≤ R30,000	Written competitive price quotations	Equal or higher level than Senior Provisioning Officer attached to SCM	(02)	**A1|212**
5.	< R200,000	Written competitive price quotations	Equal or higher level than Superintendent attached to SCM.	(02)	**A1|212**
6.	<R200,000	No Quotations	Equal or higher level than Director attached to SCM	(02)	**A1|212**
7.	<R200,000	To approve reasons or motivation for not obtaining at least three price quotations.	Equal or higher level than Director attached to SCM		**A1|212**

NOTE

(01)
- (i) The functionary must obtain at least three verbal or written quotations from a list of prospective suppliers established for this purpose.
- (ii) The order must be placed against a written confirmation of the price by the selected supplier.

(02)
- (i) The power may only be exercised after written competitive price quotations have been obtained from as many suppliers as possible that are registered on the suppliers database.
- (ii) The PPPF Act applies to quotations and invitations exceeding R30,000.
- (iii) The quotation may be declined if supplier failed to submit a valid tax clearance certificate after being afforded an opportunity to comply.
- (iv) It is not necessary to submit a new tax clearance certificate every time a new quotation is submitted if the SAPS is in possession of the suppliers original tax clearance certificate.

11.019 The aforementioned delegations empower the procurement of supplies and services between the amount of R10,000 to R200,000 on the condition that three price quotations are obtained from suppliers registered on the SAPS database. This condition may be relaxed in cases where three quotations cannot be obtained and the reasons therefore are clearly motivated. In such cases the approval of the motivation may only be performed by an official with a rank of Director or higher attached to SCM Unit.

11.020 Where written price quotations have been obtained for an amount between R30,000 and R200,000 these purchases may only be approved by an official with the rank of Superintendent or higher attached to the SCM Unit.

Part 3: Invitation Of Bids Exceeding R200,000 **A1|214**

11.021 The approval of bids which are greater than R200,000 may only be approved by the Bid Adjudication Committee. Hence, any procurement of goods and services of an amount greater than R200,000 can only be approved by the Bid Adjudication Committee. However, these delegations in part 3 also authorises the Section Head of SCM and Superintendents with the power to determine whether firm prices or non firm prices are applicable and they have the duty to supervise the receipt and processing of bids respectively. **A1|214**

Part 4: Acceptance of Bids Exceeding R200,000

11.022 The General Conditions for the acceptance of bids are the same as that provided for in part 2 – acceptance of price quotations up to R200,000 specifically with regards to reasonableness of accepting single bids as detailed in paragraph 11.016 to 11.017 of this report with the exception of the following: **A1|215**

(3) Bids must be duly scheduled and brought on a comparative basis and submitted together with a motivated recommendation to the relevant Bid Evaluation Committee for consideration. **A1|215**

(4) Reasons for the acceptance or rejection of a bid must be recorded in writing. The reasons must be comprehensive and clear and may on request, be submitted to the bidder concerned. **A1|215**

(8) Minutes must be recorded. All the decisions of the bidding committees and the signatures of the chairperson and secretary of the committee must confirm the minutes. **A1|215**

(9) Copies of the submissions to committees, their minuted decisions as well as copies of formal contracts must be placed on record for audit purposes. **A1|215**

11.023 Paragraph 4.2 of the delegations contain the provisions with regard to the acceptance of bids exceeding R200,000. This paragraph provides that, *inter alia*, the following: **A1|216-217**

No	Amounts	Description of Power	Delegation Post	NOTE
1.	< R3,000,000	Approve a bid	Bid Adjudication Committee with at least a Divisional Commissioner as Chairperson	
2.	>R3,000,000	Approve Bid	Bid Adjudication Committee with a Deputy National Commissioner as chairperson	

A1|217

A1|217

11.024 The conditions imposed on the abovementioned power delegated to these officials may only be exercised after consideration of the recommendations made by a Bid Evaluation Committee (**BEC**) for the commodity. **A1|217**

11.025 To summarise, any bid that exceeds R3,000,000 must be approved by a Bid Adjudication Committee (**BAC**) whose chairperson must be a Deputy National Commissioner. (Goldcoast was awarded a contract to the value of R29 million in respect of the 2010 soccer world cup (**SWC**) and therefore, their bid ought to have been approved by a Bid Adjudication Committee whose chairperson should have been a Deputy National Commissioner[1].) **A1|217**

Part 5 – Urgent and Emergency Cases **A1|218**

11.026 The SCM manual delegations in part 5 permit the SAPS to procure goods or services in cases when either an urgent or an emergency exists without following the set SCM policies as detailed above. **A1|218**

11.027 The general conditions for urgent and emergency cases are detailed hereunder: **A1|218**

1. In cases were early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical or in cases of emergency where immediate action is necessary in order to avoid a dangerous or risky situation or misery, it is permissible to deviate from the bid process and to invite price quotations.

2. The relevant parties must confirm their offers in writing as soon as possible.

3. The general conditions of contract apply to the purchase. All attempts must be made to obtain an original tax clearance certificate of the bidder before acceptance. Proof of all such attempts must be placed on record.

4. The reasons for the urgency or emergency and the losses or consequences that will follow if action is not taken, must be certified by a functionary holding at least the rank of Director and placed the reasons on file for audit purposes. A lack of proper planning is,

[1] Refer to paragraphs 12.000 to 13.050 of this report.

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however, not regarded as an urgent case. It must therefore also be certified that the urgency is not as a result of lack of proper planning. Reasons for dispensing of competitive bids due to the urgency or emergency of the case should be clearly recorded and approved by the functionary.

5. The principle of competition must be adhered to as far as possible.

6. The PPFA must apply in all price quotations.

7. If only one price quotation is received and accepted, and taking the circumstances into account, reasonable steps must be taken to ensure that a fair price is obtained.

8. Statistics of all urgent and emergency cases must be recorded and placed on file to make them available upon request.

11.028 The delegation of powers to procure goods or services in respect of urgent and emergency cases may only be authorised by the BAC.

Chapter 4 – Satisfy Requirements by means of Price Quotations **A1|27-31**

11.029 Chapter 4 of the SCM manual provides the detailed procedures that must be adhered to by SCM when obtaining price quotations from suppliers. This section must be read in conjunction with Part 2 of the Delegations re: Invitation and Acceptance of Price quotations up to R200,000 that is discussed in preceding paragraphs of this report[1]. **A1|27-31** **A1|210-213**

11.030 The procedures set out in chapter 4 are comprehensive and therefore, I have not repeated them in this report. The reader of this report should examine the content of these procedures and requirements in its entirety in order to understand the extent of them.

[1] I refer to paragraphs 11.015 to 11.020 of this report.

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11.031 However, I have summarised some of these procedures and requirements as detailed hereunder:

1. Price quotations **must** only be invited from suppliers appearing on the list of prospective suppliers; (The word must has been highlighted in the SCM manual in order to emphasise that this is mandatory); **A1|27**

2. Suppliers must be rotated when inviting price quotations up to a value of R29,999.99; **A1|27**

3. Orders should not be split in order to stay within the approved delegated amount; **A1|28**

4. Users are responsible for inviting quotations up to R200,000; **A1|28**

5. Items must be approved on the physical price quotation by the authorised SCM Practitioner; **A1|28**

6. **The official responsible for the invitation of the price quotation may not approve such a price quotation**; (The words are in bold in the SCM manual); **A1|28**

7. Copies of the price quotations must be attached to the PAS2-forms/Provisioning Advices that are filed on the G4 Voucher Files. **A1|28**

8. In all cases at least three quotations must be obtained. In the event that it is not possible to obtain at least three quotations then a motivation must be prepared and submitted to a delegated official to consider approving it. **A1|28**

9. Formal price quotations must be obtained when the price is between R10,000 and R200,000. The process followed in these instances are as follows: **A1|29**

   9.1. Approval must be obtained from the relevant SCM Acquisition office; **A1|29**

9.2. A number Control Register must be opened with the following headings: **A1|29**

9.2.1. Price quotation number;

9.2.2. Description;

9.2.3. Closing Date;

9.2.4. Date awarded; and

9.2.5. Successful company.

9.3. A file must be opened per price quotation number and must be filed in number sequence; **A1|29**

9.4. All quotations equal to or greater than R30,000 must be performed on the prescribed price quotations; **A1|29**

9.5. Price quotations that exceed R30,000 must be opened in public as soon as possible after the closing date. The price quotation is given a registration mark of authenticity as proof that it was received no later than the closing time and a list of all these quotations must be prepared. **A1|29**

9.6. Price quotations must be considered per item and approved, with reference to the applicable delegation number and date. Note that the official involved with the invitation of the price quotation may not approve the price quotation. **A1|29**

9.7. In instances where a single price quotation is received it may be accepted provided that the prices are proved and certified to be fair and reasonable. Proof of reasonableness must be determined as follows: **A1|30**

9.7.1. Comparison with previous prices where these are **A1|30**

available;

9.7.2. Where it is not possible, profit before tax based on a full statement of relevant costs; **A1|30**

9.7.3. The acceptable nett profit for the different industrial sectors according to the International Standards by the World Bank is 15%. Therefore, when the nett profit before tax is more than 15%, the reasonableness of the price must be questioned and the supplier approached for an explanation. **A1|30**

9.7.4. In cases where there is doubt regarding the cost figures, supplier must be requested to have the cost figures, in particular the inclusion of other cost elements and their allocation to the division or product concerned, certified as correct by an external auditor. These figures are usually questioned only when they appear to be unrealistically high as a result of suspected inefficiency, dishonesty, ignorance or whatever other reason. **A1|31**

Summary of Chapter 4

11.032 In all instances where price quotations are requested, at least three quotations should be obtained from suppliers registered on the SAPS suppliers' database. However, should it not be possible to obtain three quotations then it is permissible to procure on a single quote provided that it is clearly motivated to a delegated official who must approve the motivation.

11.033 When an item is procured on a single quotation above R30,000 there must be an investigation performed into the goods being supplied to determine the reasonableness thereof.

11.034 It is important to note that the procedure to be followed when requesting quotations includes opening a number control register which register must contain certain information relating to the quotation. Included in this procedure

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is the opening of a file which file must contain the price quotation number and be filed in sequential order.

11.035 Any quotation over R30,000 must also be completed on the prescribed price quotations

Chapter 5 – Invitation of Bids **A1|32-46**

11.036 Chapter 5 of the SCM manual provides the detailed procedures that must be adhered to by SCM when requesting invitation of bids. This section must be read in conjunction with Part 3 of the delegations Invitation of Bids exceeding R200,000 that is discussed in preceding paragraphs of this report[1]. **A1|32-46** **A1|214**

11.037 The procedures set out in Chapter 5 are comprehensive and therefore, the content thereof has not been repeated in this report. The reader of this report is encourage to read the content of chapter 5, in its entirety, in order to appreciate the requirements necessary to invite bids. **A1|32-46**

11.038 I have referred to some of the more relevant information contained in chapter 5 for the purposes of this report as detailed hereunder:

1. All bids must be numbered in sequence preceding with an allocated alpha code. The number must be obtained from the Number Control Register with the following headings: **A1|33**

   1.1. Bid number;

   1.2. SCM/Unit;

   1.3. Collective name of case;

   1.4. Publication date;

   1.5. Closing date; and

   1.6. Expiry date.

[1] Refer to paragraphs 11.021 to 11.025.

2. The numbers must commence with 1 annually and must end annually (the annual period being 1 January to 31 December); **A1|33**

3. A separate bid file must be opened for each invitation to bid and which must contain the following headings on the cover page: **A1|33**

   3.1. Description of bid;

   3.2. Bid number;

   3.3. Advertising date;

   3.4. Closing date;

   3.5. Expiry date; and

   3.6. Extension date.

4. The aforementioned bid file should contain the following information relevant to the bid: **A1|33**

   4.1. Prior approval (financially and functionally);

   4.2. Request from end user;

   4.3. Progress of bid;

   4.4. Master set of bid documents;

   4.5. Notice of advertisements;

   4.6. Copy of advertisement of the invitation to bid in Government Tender Bulletin;

   4.7. Record of bids issued;

   4.8. Record of bids received;

   4.9. Comparative lists;

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4.10. Correspondence with bidders;

4.11. Certificate and Report from Black Economic Empowerment section with regard to verification;

4.12. Bid recommendation;

4.13. Signed contract (Relevant SBD7 – form);

4.14. Record of verification from SARS, prior to award;

4.15. Letter / memorandum to the relevant role player;

4.16. All bids received (original);

4.17. Advertising of results (request to Government Printers);

4.18. Copy of the advertisement of the result in the Government Tender Bulletin;

4.19. Amendments on contract (either price adjustments, ceding of contracts or payments etc)

4.20. Approved appointment of the members of the Evaluation Committee;

4.21. Correspondence of verification of bidders with National Treasury with regard to the list of restricted suppliers;

Advertisement **A1|38-39**

11.039 Chapter 5 deals with a number of issues concerning the invitation to bid and includes in paragraph 5.4 and 5.5 the requirement to advertise in the Government Tender Bulletin and advertisements in the media respectively. **A1|38-39**

11.040 It is recorded in this chapter that bids are usually advertised in the Government Tender Bulletin only. However, when selling department assets, bids must also be advertised in at least two widely read and representative **A1|38**

newspapers to ensure wide spread exposure. In addition, bids should also be advertised at Acquisition Management: Bid Management.

11.041 Advertisements in the media, in all other matters, is left to the discretion of the SCM Unit unless otherwise approved beforehand and are in addition to the advertisements that are recorded in the Government Tender Bulletin. Hence, all invitation for bids for the SAPS must be advertised in the Government Tender Bulletin. **A1|39**

11.042 Paragraph 5.7 of chapter 5 deals with the single bid or sole source supplier. Essentially this section of chapter 5 states that the obtaining of single bids has a negative impact on the state procurement system because of the following: **A1|39**

1. The market is never informed of the requirements and therefore, alternative suppliers are not afforded an opportunity to offer their products / services;

2. Providing bid documents directly to selected suppliers / service providers without advertising the requirement creates the impression of favouritism or preference; and

3. The principle of competition when inviting bids is not adhered to and comparable bids are therefore not obtained to test the reasonableness of prices.

11.043 As a result of the abovementioned impact it is recorded in paragraph 5.7.2 of chapter 5 the following: **A1|39**

> *"To eliminate the above perception and to achieve greater transparency on the requirements of the Department, all bids, including single or selected supplier / service provider bids must be advertised in at least the Government Tender Bulletin. Bid specifications for single or selected supplier / service provider must clearly indicate the specific requirement and the fact that only bidders complying with the requirements will be considered*

for acceptance."

11.044 I can therefore conclude that it would be mandatory for the SCM unit to advertise any tender on behalf of the SAPS in the Government Tender Bulletin.

Urgent and Emergency Cases **A1|45**

11.045 Paragraph 5.18.6 of chapter 5 contains the provisions when dealing with urgent and emergency cases which are defined as follows: **A1|45**

1. **Urgent cases** where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical, an institution may dispense with the invitation of bids and may obtain the required goods, works or services by means of quotations by preferably making use of the database of prospective suppliers.

2. **Emergency cases** are defined as cases where immediate action is necessary in order to avoid a dangerous or risky situation or misery.

General conditions for urgent and emergency cases **A1|45**

11.046 Paragraph 5.18.6.1.1 to 5.18.6.1.8 contains the terms and conditions for urgent and emergency cases. The most important aspect of these terms and conditions is contained in paragraph 5.18.6.1.4 which states that *the reason for the urgency or emergency and the losses or consequences that will follow if action is not taken must be certified by a functionary holding at least the rank of director in the line function and placed on file for audit purposes.* ***A lack of proper planning is, however, not regarded as an urgent case. It must therefore also be certified that the urgency is not as a result of lack of proper planning*** *(bold is my emphasis).* **A1|45**

11.047 It is also stated in these general conditions that the principle of competition must be adhered to as far as possible whilst the SAPS are also required to record the statistics of all urgent and emergency cases which statistics must be kept on file and be available upon request.

COMMISSION OF INQUIRY INTO STATE CAPTURE

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12.000 2010 SOCCER WORLD CUP

Background

12.001 I have determined that, prior to the 2010 Soccer World Cup (**SWC**) in South Africa, the SAPS had various meetings relating to the logistical and planning requirements for this event which meetings were known as *"Administration Support: Section 4: Soccer World Cup 2010: Priority Committee-KwaZulu-Natal"* (**Section 4 meetings**) (**Document No's. 42322 to 42512**). **B1 – B22**

12.002 The composition of this meeting comprised of the following persons (**Document No. 42323**): **B1**

No	Rank	Surname	Component
1.	Director	N G Govender	Management Services
2.	Senior Superintendent	MC Stander	Information Systems Management
3.	Superintendent	R Govender	Information Systems Management
4.	Senior Superintendent	Wessels	Personnel Services
5.	Senior Superintendent	K Govender	Personnel Services
6.	Senior Superintendent	Moodley	Finance
7.	Captain	Cadman	Finance
8.	Senior Superintendent	Madhoe	Supply Chain Management
9.	Senior Superintendent	Odendaal	Supply Chain Management
10.	Superintendent	Nariadoo	Radio Communications
11.	Senior Superintendent	Gantanh	Radio Technical
12.	Senior Superintendent	Williams	Training
13.	Superintendent	Nayager	Training

12.003 Some of the names that appear on the abovementioned table have been handwritten over a typed name. One of these officials being Senior Superintendent Madhoe (**Madhoe**) who is the section leader of the SCM Unit in KwaZulu-Natal . An example of this document is illustrated hereunder:

B1

No	Rank	Surname	Component
1.	Director	N Govender	Management Services
2.	Senior Superintendent	MC Stander	Information Systems Management
3.	Superintendent	R GOVINDER	Information Systems Management
4.	Senior Superintendent	Wessels	Personnel Services
5.	Superintendent	K Govender	Personnel Services
6.	Superintendent	Moodley	Finance
7.	Captain	Cadman	Finance
8.	Superintendent	Buttingaan	Supply Chain Management
9.	Superintendent	Odendaal	Supply Chain Management
10.	Superintendent	Nariadoo	Radio Communications 0798899664
11.	Inspector	GANTHANA Govensamy	RADIO TECHNICAL Radio Communications 0824176156
12.	Superintendent	Williams	Training
13.	Superintendent	Nayager	Training

Section 4 Meetings

12.004 The documents contained in a lever arch file marked volume 1 with reference 3/1/11(1) (**Document No. 42322**) included various documents relating to the section 4 meetings some of which included minutes of meetings, the earliest of which was held on 9 March 2009 (**Document No 42330**). However, I have determined from the aforementioned minutes that this meeting also dealt with "Matters Arising" and therefore, it would be reasonable for me to conclude that a previous meeting took place.

B2

B3

12.005 I can also conclude from the examination of the aforementioned minutes that Madhoe was not present at the aforementioned meeting although he was present at a subsequent meeting held on 25 March 2009 (**Document No. 42334/5**) in addition to, subsequent meetings thereafter. A summary of these meetings that formed part of my analysis and which shows which of these meetings was attended by Madhoe is detailed hereunder. **B4**

No	Date of Meeting	Next Meeting	Doc Ref	Attended by Colonel Madhoe	
1	09/03/2009	16/03/2009	**42330-2**	No	**B3**
2	25/03/2009	06/04/2009	**42334-5**	Yes	**B4**
3	13/07/2009	*Not indicated*	**42336-7**	No	**B5**
4	03/08/2009	*Not indicated*	**42338-40**	No	**B6**
5	07/09/2009	*Not indicated*	**42341-2**	No	**B7**
6	21/09/2009	*Not indicated*	**42343 -4**	No	**B8**
7	28/09/2009	*Not indicated*	**42351-3**	Yes	**B9**
8	09/11/2009	23/11/2009	**42357-9**	No	**B10**
9	18/11/2009	04/12/2009	**42384-91**	No	**B11**
10	19/01/2010	25/01/2010	**42366-71**	**Yes**	**B12**
11	25/01/2010	Monday	**42372-3**	No	**B13**
12	08/02/2010	Monday	**42374-5**	No	**B14**
13	15/02/2010	Monday	**42379-81**	No	**B15**
14	22/02/2010	*Not indicated*	**42376-8**	**Yes**	**B16**
15	08/03/2010	15/03/2010	**42394-96**	No	**B17**
16	06/04/2010	Thursday	**42397-42401**	**Yes**	**B18**
17	12/04/2010	19/04/2010	**42402-10**	**Yes**	**B19**
18	26/04/2010	03/05/2010	**42425-7**	No	**B20**
19	03/05/2010	10/05/2010	**42429-31**	**Yes**	**B21**
20	10/05/2010	17/05/2010	**18409-11**	**Yes**	**B22**

12.006 I perused the affidavit of Johannes Vusumuzi Ngubane, the designated minute taker of the Section 4 Minutes. Based on the Ngubane's minutes Madhoe was present at a meeting dated 09/02/2009. I further determined that in addition to the above there were also Section 4 meetings on the following days: **A100**

No	Date of Meeting	Next Meeting	Doc Ref	Attended by Colonel Madhoe	
1	19/01/2009	22/01/2009	JVN1	No Attendance Register	**A100|1**
2	22/01/2009	Not Indicated	JVN2	No Attendance Register	**A100|2**
3	09/02/2009	16/02/2009	JVN3	**Yes**	**A100|3**
4	16/02/2009	02/03/2009	JVN4	No	**A100|4**
5	06/04/2009	Not Indicated	JVN7	No	**A100|10**
6	11/05/2009	18/05/2009	JVN8	No	**A100|12**
7	01/06/2009	Not Indicated	JVN9	No	**A100|14**
8	24/08/2009	Not indicated	JVN12	No	**A100|21**
9	31/08/2009	Not Indicated	JVN 13	No	**A100|23**
10	07/09/2009	Not Indicated	JVN14	No	**A100|25**
11	12/10/2009	Not Indicated	JVN16	No	**A100|30**
12	26/10/2009	09/11/2009	JVN17	**Yes**	**A100|32**
13	23/11/2009	07/12/2009	JVN19	No	**A100|37**
14	04/01/2010	18/01/2010	JVN21	No	**A100|39**
15	01/03/2010	08/03/2010	JVN25	No	**A100|54**
16	15/03/2010	Not Indicated	JVN27	No	**A100|60**
17	23/03/2010	29/03/2010	JVN28	No	**A100|63**
18	29/03/2010	06/04/2010	JVN29	**Yes**	**A100|66**
19	19/04/2010	26/04/2010	JVN30	**Yes**	**A100|70**

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20	17/05/2010	24/05/2010	JVN34	**Yes**	**A100|81**
21	07/06/2010	14/06/2010	JVN35	**Yes**	**A100|83**

Analysis of Section 4 Documents

12.007 I have determined from an examination performed on all the documents contained in the section 4 file that, at no time, in any of the minutes or in correspondence between the various sections within the SAPS, was any reference made to Goldcoast Trading, especially when the issue of accommodation is discussed. However, I have determined that there were many references to either "accommodation" or "Coastlands[1]" in these documents. **B3 – B22**

12.008 In her affidavit, Colonel Moodley confirmed that she attended the Section 4 Meetings as a representative of the financial office of Province. She stated that during these meetings, when accommodation was discussed, Colonel Madhoe informed the meeting that Head Office was taking care of accommodation and they were arranging block booking and that they at Province did not have to sort out accommodation.

12.009 She further stated that at no stage during these meetings was Goldcoast Trading mentioned as a possible supplier that would be involved in sourcing and/or providing accommodation.

(i) Meeting held on 11 May 2009

12.010 The first time that accommodation is discussed in these minutes is in the meeting held on 11 May 2009 however, Madhoe was not present. According to these minutes, Senior Superintendent Odendaal was responsible for accommodation where the following is recorded: **A100|12**

[1] Coastlands is a group of hotels and resorts operating in KwaZulu-Natal. Refer to the affidavit of Ms Roshini Naidoo as discussed in paragraph 13.043 to 13.044 of this report.

- **Accommodation POP members** Director Govender requested S/S Odendaal and S/S Ngema to assist on this matter urgently. - Schools - Universities - Police Colleges S/S Odendaal was also requested to draft a letter to Head Office requesting authority to use Police colleges during SWC period.	S/S Odendaal

(ii) Meeting Held on 13 July 2009 **B5**

12.011 In the meeting held on 13 July 2009 (**Document No. 42336/7**) accommodation was also discussed however, Madhoe was not present. **B5** According to these minutes, Senior Superintendent Odendaal was responsible for accommodation where the following is recorded **B5|2**

- **Accommodation of redeployment of members** • Accommodation of POP members • 300 at Coastlands • 100 at Training College	S/S Odendaal Outstanding

12.012 It would be reasonable to conclude from these minutes that on 13 July 2009 that the police intended to accommodate at least 300 members at Coastlands whilst at a follow up meeting held on 3 August 2009 (**Document No. 42338/40**) the minutes indicated, in paragraph 4.6, that Senior Superintendent Odendaal informed the meeting Madhoe was waiting feedback from Coastlands and that the price was reduced to R295 per person. Further to the above, a follow up meeting on 24 August 2009 the minutes indicated "*awaiting quotation from Coastland. Email sent to S/S Kapp to confirm the exact number of members that will require accommodation".* **B6|2** **A100|22**

12.013 Based on the content of the aforementioned minutes, I can conclude that as of 13 July 2009, Madhoe participated in some of the discussions surrounding the accommodation of police members during the SWC and that he was involved in negotiations with Coastlands.

(iii) Meeting held on 28 September 2009 **B9**

12.014 The minutes of the Section 4 meeting held on 28 September 2009 (**Document No. 42351|3**) indicates that another discussion surrounding the accommodation of police members for the SWC was discussed. It was at this meeting that the number of members to be accommodated increased from 300 (as reflected in the minutes for the meeting held on 13 July 2009, as discussed above) to 530 members. **B9|1-2**

12.015 Madhoe was present at this meeting and he reported to the Committee that he was busy arranging accommodation for 530 police members which accommodation had to be booked and paid for in advance. He also reported to this Committee that the number of members had to be correct in order to avoid any unnecessary delays. **B9|1-2**

12.016 Madhoe also reported to the Committee that he would arrange to get the contractor to inspect "the place" in order to get a quotation although the exact details of this place is not clear from these minutes. Senior Superintendent Moodley also stated that the matter would be reported to Director Nelson at Head Office. **B9|2**

(iv) Meeting held on 12 October 2009 **A100|30**

12.017 The minutes of the Section 4 meeting held on 12 October 2009 indicates that Madhoe was not present at this meeting.

12.018 It is also recorded in these minutes in paragraph 4.1, under the heading *"Accommodation"* Senior Superintendent Odendaal informed the committee that "the *letter has been forwarded to Head Office by Snr Supt Madhoe to request approval for accommodation of 530 members within Durban".*

(v) Meeting held on 26 October 2009 **A100|32**

12.019 The minutes of the Section 4 meeting held on 12 October 2009 indicates that Madhoe was present at this meeting.

12.020 It is also recorded in these minutes in paragraph 4.1, under the heading *"Accommodation"*, that Madhoe informed the committee that "*a letter was forwarded to Head for approval.Feedback outstanding from Head Office".*

(vi) Meeting held on 09 November 2009 **A100|35**

12.021 The minutes of the Section 4 meeting held on 09 November 2009 indicates that Madhoe was not present at this meeting.

12.022 It is also recorded in these minutes in paragraph 4.1, under the heading *"Accommodation for 530 members"*, that *"Feedback outstanding from Head Office. Snr Supt Odendaal to follow up and report feedback on the next meeting".*

(vii) Meetings held on 23 November 2009, **A100|37**

12.023 The minutes of the Section 4 meeting held on 23 November 2009 indicates that Madhoe was not present at this meeting.

12.024 It is also recorded in these minutes in paragraph 4.1, under the heading *"Accommodation for 530 members"*, that *"Snr Supt Odendaal informed the committee that the request was forwarded to Head Office for approval and no feedback has been received yet. Snr Supt Madhoe to follow-up".*

(viii) Meeting Held on 19 January 2010 **B12**

12.025 The minutes of the Section 4 meeting held on 19 January 2010 (**Document No. 42366/71**) indicates that a further discussion surrounding accommodation of police members for the SWC was discussed. I have determined from these minutes that Madhoe was present at this meeting. **B12**

12.026 It is also recorded in these minutes, in paragraph 1, under the heading "*Accommodation for 530 members*", that Madhoe has informed the committee that no progress had been received[1] and that National was handling all progress. He furthermore, indicated to the Committee that he had sent a letter to National and that Commissioner Pruis was addressing the matter Nationally; and that the Province had given their cost estimates[2] although National was handling the matter and they were sourcing service providers. **B12|1**

12.027 The Committee is also informed by Captain P Govender on this same issue that "National Joints" had two meetings regarding accommodation. National had formed an Oversight Committee with Directors Kruser and Lemoer. Commissioner Pruis was to meet with suppliers and thereafter, reports would be forwarded to the "oversight committee" who will report to the National Commissioner. Captain P Govender also indicated to the Section 4 Committee that a suggestion had been made to use the Training Colleges for accommodation. **B12|1**

12.028 Madhoe responded further to this issue stating that National had not sent a response to the query regarding accommodation although they had verbally responded. However, these minutes do not record what this verbal response was from National and therefore, I am unable to determine exactly what National's response was concerning the accommodation of the 530 members. **B12|2**

12.029 Superintendent Pillay also informed the Section 4 Committee under this specific subject that Director Pillay had met with the Section 1 Commanders and that the target of 530 members was estimated to be higher than that stated in these minutes; although, I can conclude from the content of these minutes that he has indicated that the 530 members are for police officials that need to be accommodated from out of town and who would not be going home. **B12|2**

[1] The minutes do not explain what progress was expected but it would be reasonable to conclude that, based on the minutes of meeting held on 22 February 2010, it had to do with funding and procurement. Refer to paragraph 12.039.
[2] A letter addressed to the National Commissioner dated 11 February 2009 sets out the costs of overtime, accommodation, equipment and expendables (**Document No. 42325|6** (**B26**)).

RR4-TSW-0191

Summary

12.030 I can conclude that as of 19 January 2010, the Section 4 Committee in their discussions surrounding accommodation of 530 members, had indicated that National Joints had been meeting to discuss this subject and further that two of its members being Directors Kruser and Lemoer were part of an "oversight committee".

12.031 I am unable to confirm the status or contents of these reports, if any, or what the outcome of this Oversight Committee was in relation to meeting with suppliers as no correspondence concerning this subject with this Committee has been provided to me.

12.032 I can conclude that Madhoe was involved in the discussions surrounding this subject, and that he had been liaising with National thereon, although the alleged verbal responses received from them have not been recorded in these minutes despite that fact that he had informed the Committee that he had received such responses.

(ix) Meeting held on 25 January 2010 **B13**

12.033 The subject matter of accommodating 530 members is again discussed in the Section 4 Committee minutes which meeting was held on 25 January 2010 (**Document No. 42372|3**) and which was not attended by Madhoe as he was arranging transport to Bloemfontein. **B13|1**

12.034 According to the content of these minutes, I can conclude that the Committee was informed by Superintendent Steyn that no further progress had been received from National on the abovementioned subject.

RR4-TSW-0192

(x) Meeting held on 8 February 2010 **B14**

12.035 The subject matter of accommodating 530 members is discussed in the Section 4 Committee meeting held in 8 February 2010 (**Document No. 42374/5**). Madhoe does not appear on the attendance list neither is there a record of an apology for non attendance and therefore, I can conclude that he was not present at this meeting. **B14|1**

12.036 The minutes once again indicate that the subject matter was being handled by National and that no progress had been received. It is unclear from these minutes exactly who was responsible for updating the Committee on this subject.

(xi) Meeting Held on 15 February 2010 **B15**

12.037 The subject matter of accommodating 530 members is discussed in the Section 4 Committee meeting held on 15 February 2010 (**Document No. 42379/80**). Madhoe does not appear on the attendance list neither is there a record of an apology for non attendance and therefore, I can conclude that he was not present at this meeting. **B15|1**

12.038 The minutes once again indicate that the subject matter is being handled by National and that no progress had been received. It is unclear from these minutes exactly who was responsible for updating the Committee on this subject. **B15|1**

(xii) Meeting Held on 22 February 2010 **B16**

12.039 The Section 4 Committee meeting held on 22 February 2010 (**Document No. 42376/7**) indicates that Madhoe has informed the Committee on the subject of accommodating 530 members that Director Prinsloo at National was busy with the process of funding and procurement. **B16|1**

(xiii) Meeting held on 01 March 2010 **A100|54**

12.040 The Section 4 Committee meeting held on 1 March 2010 indicates, under the subject of accommodating 530 members, that "*this is still outstanding awaiting feedback from National Head Office (Dir Prinsloo)".*

(xiv) Meeting Held on 8 March 2010 **B17**

12.041 The Section 4 Committee meeting held on 8 March 2010 (**Document No. 42394/6**) indicates, under the subject of accommodating 530 members, that the SAPS financial section were unable to create a FA (Financial Authority) for this subject as the Polfin system was closed. **B17|1**

(xv) Meeting held on 15 March 2010 **A100|60**

12.042 The Section 4 Committee meeting held on 15 March 2010 indicates, under the subject of accommodating 530 members, "*Outstanding: Cannot Awaiting authority from Head Office".*

(xvi) Meeting held on 23 March 2010 **A100|63**

12.043 The Section 4 Committee meeting held on 23 March 2010 indicates, under the subject of accommodating 530 members, "*Outstanding: Awaiting authority from Head Office. Snr Supt Madhoe to give feedback in the next meeting".*

(xvii) Meeting held on 29 March 2010 **A100|66**

12.044 The Section 4 Committee meeting held on 29 March 2010 indicates, under the subject of accommodating 530 members, "*Outstanding: Snr Supt Madhoe informed the committee that a reminder has been forwarded to National Head Office for Feedback. Awaiting authority from Head Office. Feedback will be reported once response received from Head Office".*

(xviii) Meeting held on 6 April 2010 **B18**

12.045 The Section 4 Committee meeting held on 6 April 2010 (**Document No. 42397/401**) indicates, under the subject of accommodating 530 members, that Madhoe informed the Committee that a letter had been forwarded to National Treasury for additional funding and that feedback was outstanding. He also indicated that the budget for the accommodation 530 members had been approved and that it was coming from National budget. **B18|1-2**

12.046 The minutes also stated that *"LT Colonel DDS Pillay has included an extra month to cater for in addition to the 42 days. Colonel Madhoe stated that the deployment dates could become a problem.* ***This has a major impact of securing the accommodation bookings and funding****."* Bold is my emphasis as it would indicate from this statement that there had been some negotiations with securing accommodation although there is no evidence in these minutes from exactly whom the SAPS had attempted to secure accommodation and the impact that this had on planning and securing the accommodation. **B18|2**

12.047 Paragraph 19 of these minutes also deal with the subject "deployment dates" in which Madhoe has informed the Committee that additional dates for deployment would pose a problem whereupon Brigadier Govender requested Madhoe to obtain the initial request for accommodation as proof of deployment dates. **B18|4**

Evidence Refuting Madhoe's Statement

12.048 During the examination of documentary evidence seized by the police from various premises I identified three letters from Goldcoast Trading addressed to the police, two of which were addressed to Madhoe which refutes the above statement made by Madhoe to the Section 4 Committee on 6 April 2010 (**Document No. 42397/401**) being that "*the deployment dates could become a problem. This has a major impact on securing the accommodation bookings and funding".* The particulars of these three letters are detailed hereunder: **B18|2**

1. Goldcoast Trading letter dated 16 October 2009 for the attention of SAPS and or Charles Chauke (**Document No. 18440**); **B23**

2. Goldcoast Trading letter dated 22 October 2009 for the attention of Madhoe regarding "Letter sent on 19 October 2009" (**Document No. 21021|2**); and **B24**

3. Goldcoast Trading letter dated 9 May 2010 for the attention of SAPS Provincial Management and Madhoe regarding "Est court Deployment" (**Document No. 18412**). **B25**

12.049 The information contained in the abovementioned three letters with regards to the evidence of refuting Madhoe's statement is discussed hereunder:

Goldcoast Letter dated 16 October 2009 **B23**

12.050 Goldcoast Trading issued a letter to the SAPS on 16 October 2009 (**Document No. 18440**) which letter purports to have been signed by Panday and which letter reads as follows: **B23**

> *"As per our telephone conversation that Goldcoast Trading CC is an accommodation broking company.*
>
> *We have blocked booked ±20,000 rooms in South Africa in various hotels and bed and breakfast. We will be accommodating in excess of 30,000 people during June and July 2010.* **B23**
>
> *Please note and understand that these bookings were done mid 2008.*
>
> *Thank you for your interest shown in our company and please understand that the demand for accommodation is exceptionally high during our world cup period. If this does not fulfil the need of the SARS [sic] various other companies are on our waiting list."*

12.051 Based on the above statement in this letter that was made by Panday on behalf of Goldcoast Trading, he has represented to the SAPS or Charles Chauke that Goldcoast Trading had block booked in excess of 20,000 rooms in South Africa and that they furthermore, had other companies on their waiting list. *(Investigations performed into their bank accounts and invoices issued revealed that there is no evidence of Goldcoast Trading ever conducting business with any other clients other than the SAPS especially with regards to brokering accommodation.)* **B23**

12.052 Xibengubengu George Chauke is a Colonel in the Sub Section Head Professional Diverse and Forensic Procurement. Je stated the following in an affidavit regarding Goldcoast and SWC accommodation:

"During October 2009 we received an application from the Provincial Commissioner, Provincial SCM for the authority for accommodation for members to be deployed for the Soccer World Cup 2010. I handed this application to my commander Brig. F Mashika. **B34**

Brig. Mashika perused the application and requested me to phone Col. N Madhoe and to request him to indicate the following:

1. *If Gold Coast Trading was accredited by the LOC for the provision of accommodation*
2. *How did he (Col. N Madhoe) arrive at the figure (number) of members to be deployed as it was not yet indicated by NATJOC or the LOC*
3. *As well as to inform him that the 50% requested in the application will not be approved by the Bid Adjudication Committee as it is in contravention of the Treasury Regulations.*

I phoned Col. N Madhoe and informed him about all the queries mentioned above in paragraph 4 and requested him to respond to the Brig. F Mashika's request. Col. N Madhoe never came back to me on these issues and I never phoned him again in this regard.

Col. J van Loggerenberg from ACTT, DPCI showed me a copy of a fax dated the 16th October 2009. This is a fax from a company called Gold Coast Trading CC and addressed to SAPS/Charles Chauke. The fax is from a Thoshan Panday. Col. Van Loggerenberg asked me if I had spoken to Thoshan Panday as the contents indicated. I am George Chauke not Charles Chauke as indicated in the fax and cannot recall speaking to Thoshan Panday as I handle many phone calls from different people on a daily basis. Col. Van Loggerenberg then asked me how would Thoshan Panday know about a Chauke in Head Office. I told him I don't know however because of the fact that I had already spoken to Col. N Madhoe as indicated above, he could have given the contact details to Thoshan Panday". **B23**

Goldcoast Letter dated 22 October 2009 **B24**

12.053 I have identified an unsigned Goldcoast Trading letter dated 22 October 2009 (**Document No. 21021**) amongst Goldcoast Trading exhibits which letter is addressed to Madhoe and appears to respond to a letter received from the SAPS dated 19 October 2009. **B24**

12.054 Paragraph 2 of this letter is in response to paragraph 2 of SAPS letter wherein the following is recorded: **B24|1**

"With regards to paragraph 4 **B24|1**

- *The order must be issued to Goldcoast Trading Cc*
- *Goldcoast Trading*
  - *Goldcoast Trading is a vendor for the SAPS with a vendor number (please see annexure C). Please note that Goldcoast is in business of accommodation broking.*
  - *We deal with various hotels in the Durban area. We have blocked booked hotels for the World Cup.*
  - *The above was done around end 2008*
  - *We are going to place approximately 20000 people for this event.*

With regard to paragraph 5 **B24|2**

- *Registration with the SAPS and vendor no. (please see annexure C)*
- *Our company works on a profit margin of 20% gross.*

Regards

Goldcoast Trading
Director: Thoshan Panday"

12.055 The content of this letter confirms the letter that was submitted to SAPS / Charles Chauke (**Document No. 18440**)[1] in that Goldcoast Trading is an accommodation brokering company and that they had block booked hotels for the SWC which booking was done around the end of 2008 for which they were going to place approximately 20000 people. **B23**

[1] Refer to paragraphs 12.050 to 12.051.

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12.056 Although this has nothing to do with the comment made by Madhoe at the Section 4 Committee meeting discussed in the abovementioned paragraphs, it is relevant to our analysis of their invoices since they have indicated to the SAPS that Goldcoast Trading only work on a profit margin of 20%. In other words, their mark up is 20% on their cost of sales[1].

Goldcoast Letter dated 9 May 2010 **B25**

12.057 I have identified an unsigned Goldcoast Trading letter dated 9 May 2010 (**Document No. 18412/3**) amongst the SCM exhibits which letter is addressed to Madhoe and appears to respond to a query received from the SAPS on the Estcourt deployment. **B25**

12.058 The content of this letter surrounds the placement of members over the Christmas period (24 December 2009) where Goldcoast Trading invoiced the SAPS at a rate of R1,350 per person (including VAT) in respect of their invoice numbers 10040, 10052, 10060, 10072, 10080, 10087 and 1001007. **B25**

12.059 Goldcoast Trading have provided the SAPS with the merits of their costs and the reasons for placing the NIU members at the said venues. I shall not discuss these in detail but advise the reader of my report to examine this document in its entirety to appreciate the reasons given by Goldcoast Trading. **B25**

12.060 What is relevant to my report is that it is recorded is this letter that *"Goldcoast works on a profit margin of 20%. We pay hotels upfront for accommodation booked by us*[2]*."* Hence, this statement corroborates the statement made in their letter to Madhoe dated 22 October 2009 (**Document 21021**). **B25|3**

[1] Refer to paragraphs 20.000 to 0 of this report where I discuss the markups of costs by Goldcoast Trading to the SAPS in respect of the SWC and other deployments.
[2] Refer to paragraphs 20.000 to 0 of this report where I discuss the markups of costs by Goldcoast Trading to the SAPS in respect of the SWC and other deployments.

RR4-TSW-0200

Summary of Goldcoast Letters

12.061 It is therefore, reasonable to conclude, from the examination of the content of the three letters that were prepared in favour of the SAPS as discussed above, that Goldcoast Trading represented to SAPS representatives, including Madhoe, that they had block booked hotels for the SWC towards the end of 2008 and that they were going to accommodate 20,000 people during this event.

12.062 Madhoe was aware that accommodation was available and although Goldcoast Trading have indicated that they had other clients on their waiting list there is no evidence from the examination of their bank account or documentary evidence that they ever invoiced anyone else other than the SAPS.

12.063 Furthermore, they have represented to the SAPS that they are an accommodation brokering company who works on a profit margin of 20%. Evidence contained in my report will show that this statement is false as their margins vary between 60% to 560%[1]

(xix) Meeting held on 12 April 2010 **B19**

12.064 The minutes of the Section 4 Committee meeting held on 12 April 2010 (**Document No. 42402/9**) are identical to the minutes of the Section 4 meeting held on 19 January 2010 (**Document No. 42366/71**) with the exception that the ranks of the police officials referred to in these minutes are not the same. **B19** **B12**

12.065 Hence, I shall not repeat the content thereof again other than to mention that the previous minutes held on 6 April 2010[2] indicate that the accommodation of 530 members had been resolved by National yet it is reported in these minutes that no progress had been made and that National are dealing with it (refer to paragraphs 12.025 to 12.029 of this report). **B18**

[1] Refer to paragraphs 20.000 to 20.292.
[2] Refer to paragraphs 12.045 to 12.047.

12.066 As a result, it would appear that the content of the minutes for the Section 4 Committee meeting on 12 April 2010 may not be a true account of the discussions that took place at this meeting. However, also included in the Section 4 Committee file is a letter dated 12 April 2010 from the Provincial Commissioner of the SAPS in Durban addressed to the Chairperson of the National Joints in Pretoria for the attention of Lieutenant General Pruis titled "*Physical Resources 2010 KZN Needs*" wherein it is recorded in paragraph 2.1 that *"it was indicated by the Head: Supply Chain Management National that accommodation for 800 members will be handled via their office, which will include the funding. To date no official confirmation in this regard has been received."*

B19

B19a|1-2

12.067 The Minutes between the period 6 to 12 April 2010 appear ambiguous in that, in the minutes of the meeting for the 6 April 2010, Madhoe has informed the Committee that the budgets have been approved whilst the subsequent meeting held on 12 April and 3 May 2010 he has indicated that the accommodation issue is still with National. Even in the minutes for the meeting,[1] held on 10 May 2010, it is confirmed that this matter is still outstanding.

B18 – B19

B19 & B21

B22

(xx) Meeting held on 26 April 2010

B20

12.068 The Section 4 Committee meeting held on 26 April 2010 (**Document No. 42425/7**) indicates, under the subject of accommodating 530 members, that Colonel Odendaal informed the Committee that this matter was at National and that feedback would be reported once finalised by Head Office.

B20

12.069 It was further submitted to this Committee by Lieutenant Colonel Pillay that the deployment of the 530 members was expected to take place between the period 14 May 2010 to 30 July 2010; whilst the members who were to be deployed at Highway Command would be deployed between the period 14 May 2010 to 20 July 2010.

B20|1

[1] Refer to paragraph 12.073 to 12.074 of my report.

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12.070 The minutes for this meeting do not record Madhoe's name as one of the participants at this meeting and based thereon, it would be reasonable to conclude that he was not in attendance.

(xxi) Meeting Held on 3 May 2010 **B21**

12.071 The Section 4 Committee meeting held on 3 May 2010 (**Document No. 42429/30**) indicates, under the subject Accommodation for 760 members, that Madhoe informed the Committee that this issue was still outstanding and that a reminder had been sent to Head Office on 29 April 2010 whilst a copy thereof had been forwarded to Brigadier Nelson of the National Finance Section where feedback was expected a week subsequent to the date of this meeting. **B21|1**

12.072 The Committee was also informed by Colonel Moodley that correspondence had been received from Head Office Budget Section on 28 April 2010 in which the Committee was required to provide feedback to Head Office on manpower by 3 May 2010 and that this had been delegated to Lieutenant Colonel Pillay for consolidation. **B21|1**

(xxii) Meeting Held on 10 May 2010 **B22**

12.073 During the examination of documentary evidence made available to me for the purposes of this report, I identified minutes of the Section 4 Committee meeting in another file for a meeting that was held on 10 May 2010 (**Document No. 18409/11**). **B22**

12.074 Paragraph 1 of these minutes deals with the subject *"accommodation for 760 members"* wherein Madhoe "informed the committee that the issue of accommodating members was outstanding and that no written feedback had been received from Head Office. He also informed the Committee that General Pillay had informed him that he was busy sorting out this issue and the feedback would be received once approval had been obtained. **B22|1**

RR4-TSW-0203

(xxiii) Meeting held on 17 May 2010 **A100|81**

12.075 The Section 4 Committee meeting held on 17 May 2010 indicates, under the subject of accommodating 760 members, that *"Brigadier Govender informed the committee that this issue was discussed with Lt Gen Prius in the meeting on Friday last week where it was mentioned that Head Office is waiting for the final deployment list and this will only approved once the list has been received.*

Lt Colonel Pillay informed the committee that he received the needs accommodation for Mounted Unit members from Lt Colonel Mdlalose and he also mentioned that Brigadier Harry wants more people and Lt Colonel Pillay was tasked to verify and get the final name list".

(xxiv) Meeting held on 07 June 2010 **A100|83**

12.076 The Section 4 Committee meeting held on 7 June 2010 indicates, under the subject of accommodating 760 members, "*Outstanding: Colonel Madhoe informed the committee that this has been approved at National*".

Summary of Findings (SWC Committee Meetings)

12.077 Madhoe attended the Section 4 Committee meetings from at least 9 February 2009 although he was not in attendance at all meetings subsequent thereto. At these meetings he was actively involved in reporting to the committee on the status of accommodating 530 to 760 police members that formed the subject of some of these meetings concerning the funding and procurement.

12.078 The issue with regard to accommodation was submitted to Head Office and no responses appear to have been received. The last minutes that have been reviewed are for a meeting that took place on 07 June 2010. In these minutes, Madhoe has informed the Committee that the accommodation for the 760 members had been approved at National. It should be noted that from the Section 4 minutes it appears that a decision was only made between end on May 2010 to 7 June 2010 which coincides with the function arranged by Panday for the Provincial Commissioner's husband's 50th birthday party held on 29 May 2010 to be discussed in further detail under the section "*Benefits or Payments made to Police Personnel by Panday*".

12.079 Minutes of a meeting held on 19 January 2010 and 12 April 2010 are identical with the exception of font size and the ranks of police officials involved in these meetings. For example, Madhoe is referred to as Senior Superintendent and Colonel respectively at these meetings. (During these periods the police changed its rank structure to a Military organisation hence, the change in the rank names.)

12.080 It is recorded in the minutes of the meeting held on 6 April 2010 that Madhoe informed the Committee that the budget for the accommodation of the 530 members had been approved from the National budget however, in subsequent meetings held on 12 April 2010, 3 May 2010 and 10 May 2010 it is recorded in these minutes that the Committee was still waiting for National on the accommodation issue.

RR4-TSW-0205

12.081 The minutes of the meeting held on 6 April 2010 also indicate that the Committee was informed by Madhoe that deployment dates could be a problem, and that this was because of the major impact of securing accommodation bookings and funding. However, one of the documentary exhibits contained in a file seized from Goldcoast Trading (File 62) included a letter dated 22 October 2009 that was addressed to Madhoe in which they have indicated that Goldcoast Trading deal with various hotels in the Durban area and as a result, they had block booked hotels for the SWC. Allegedly, this was done around the end of 2008.

12.082 In addition, there was a further letter from Goldcoast Trading, although not addressed to Madhoe but addressed to the SAPS, wherein Goldcoast Trading confirmed that they had block booked 20,000 rooms across South Africa in various hotels to accommodate in excess of 30,000 people which bookings were done in 2008. The SAPS were further advised that if these rooms did not fulfil the need of the SAPS there were various other companies on their waiting list.

12.083 Based on the documentation found amongst Goldcoast Trading's exhibits, it would appear that the statement made by Madhoe to the Section 4 Committee on 6 April 2010, that securing accommodation bookings and funding was impacting on the deployment dates, is not true since Madhoe had already known on or about 22 October 2009 that Goldcoast Trading had already made block bookings for the SWC in 2008 and was offering these to SAPS.

Correspondence regarding the Soccer World Cup

12.084 The Section 4 Committee file contained additional documents relating to correspondence on the planning and logistical requirements for the SWC. Some of these documents including the following:

1. Letter from KZN Provincial Commissioner dated 11 February 2009 to the National Commissioner (**Document No. 42325**); **B26**

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2. Letter from KZN Provincial Commissioner's dated 20 April 2010 addressed to the Chairperson of the National Joints in Pretoria and marked for the attention of Major General Pillay and Lieutenant General Pruis (**Document 42421**); **B28**

(i) Letter from KZN Provincial Commissioner dated 11 February 2009 **B26**

12.085 The Office of the Provincial Commissioner in KZN submitted a consolidated needs for the SWC which appears to be signed by BA Ntanjana to the National Commissioner's Office on 11 February 2009 (**Document No. 42325**) in which the Province reported that "in order to approach the challenges of the '2010' successfully, the Province requires an amount of R30 million, which includes overtime, accommodation, equipment and expendables. **B26 & B27**

12.086 The Province requested the National Office to be given directives on the following issues: **B26|1**

1. Procurement of the needs and time frames (Head Office / Province);
2. Financial process in terms of issuing financial authorities and budget account number from where funds can be accessed.

12.087 There is no evidence available to confirm what the response was from National Office in respect of the Provincial request and therefore, I cannot determine what instructions, if any, were provided in response to these questions detailed above.

(ii) Letter from KZN Provincial Commissioner dated 20 April 2010 **B28**

12.088 On 20 April 2010 the KZN Provincial Commissioner submitted a letter to the Chairperson of the National Joints which appears to be signed by BA Ntanjana, marked for the attention of Major General Pillay and Lieutenant General Pruis, regarding the physical resources required for the SWC (**Document No. 42421/2**). **B28 & B29**

12.089 According to the content of this letter, I have determined that the KZN Province had revised its operational plans and resources for the SWC where it is indicated that an amount of R75,681,119.84 was required. The addressee of this letter was asked to ignore a previous letter that was submitted in this regard dated 12 April 2010. **B28|1** **B29**

12.090 Paragraph 2.1 of this letter states that Head Office SCM National had indicated that accommodation for 800 members would be handled by their office including the funding thereof. The author of this document has informed the addressee that no official correspondence had been received concerning this statement. I have also not been able to locate any documents which confirms that the SAPS National Office have responded to the contents of this letter. **B28|1**

12.091 Included with this letter is a schedule titled "Needs 2010 Soccer World Cup: KwaZulu-Natal" (**Document No. 42419/20**) where I can confirm that accommodation costs were estimated at R62 million rand (**Document No. 42420**). **B29**

Summary of Findings

12.092 Documentation in the Section 4 Committee meeting indicates that National Office of the SAPS was requested to provide some directives on procurement and accommodation requests concerning the logistical arrangements with the SWC however, there is no evidence to corroborate whether they ever responded to the letters submitted to them by the Provincial Office in KZN.

12.093 It can be corroborated that as of 20 April 2010 that the estimated needs analysis indicated that accommodation would be R62 million.

13.000 TENDER DOCUMENTS 2010 SOCCER WORLD CUP FOR ACCOMMODATION

Background

13.001 On 8 October 2009 the Office of the KZN Provincial Commissioner submitted an application for authority for accommodation for the SWC which was addressed to the National Commissioner (**Document No. 18435/6**) and which appears to be signed by BA Ntanjana. Madhoe's name appears in the Enquiries column of this letter and therefore, it would be reasonable to conclude that he would have been involved with this application. **B34**

13.002 According to paragraph 3 of this letter the following is recorded: **B34|1**

"In view of their needs various service providers were contacted for accommodation and their responses were as follows:

1. Holiday Inn Garden Court	*No accommodation available*
2. Blue Waters	*Fully Booked*
3. Pendleburys Guest Suites	*No Response*
4. Tropicana Hotel	*No Response*
5. Southern Sun Hotel	*No Response*
6. Coastlands	*No Response*
7. Emakhosini Hotel	*No Response*
8. Goldcoast Trading	*Response Received"*

13.003 It is also recorded in paragraph 4 of this letter that Goldcoast Trading had managed to source accommodation for all 530 members at the following venues: **B34|1**

1. Bellaire Hotel;

2. Coastlands; (Paragraph 3 indicates that Coastlands did not respond. It will be discussed hereunder that Coastlands disputes that they were approached by the SAPS to provide a quotation. They also deny that Panday or Goldcoast Trading had secured accommodation with them as the first time that they became aware of Panday or Goldcoast Trading was in May 2010.) **B33**

3. PL Lodge; and

4. Albany Suite.

13.004 The addressee of this letter has indicated in paragraph 3 that Coastlands did not respond to their request yet Goldcoast Trading in paragraph 4 have indicated that they have secured accommodation from Coastlands. From the evidence available to me, specifically the affidavit of Roshini Naidu[1], I have determined that Coastlands had responded to the police however, it appears that their documentation was ignored or not included with the accommodation pricing. **B34|1** **B32 & B33**

13.005 In addition to the above, the analysis of suppliers used by Goldcoast Trading to accommodate police members during the SWC on behalf of the police revealed that they used the following suppliers:

1. Reservoir (Willow Park);

2. McDonalds B&B Lodge;

3. Windermere Apartments;

4. Coastlands;

5. Seaboard Hotel;

[1] Refer to paragraph 13.043.

6. Tenbury;
7. Beach Hotel;
8. Hampshire Hotel;
9. Impala Flats; and
10. Royal Hotel

13.006 The abovementioned letter also indicates that the deployments would take place between the period 1 June 2010 to 12 July 2010 and that the aggregate cost of accommodation was R21,703,500. (The date of this letter was some time prior to the letter from the KZN Provincial Commissioner dated 20 April 2010[1]). **B34**

13.007 Included with this letter are the following documents:

1. SAPS Written price quotation from Goldcoast Trading in the amount of R21,703,500 (**Document No. 18437/8**) that appears to be signed by Panday for the period 1 June 2010 to 12 July 2010; **B35**
2. Goldcoast letter dated 6 October 2009 regarding "Accommodation for the SAPS" (**Document No. 18439**) that appears to be signed by Panday; **B36**
3. Goldcoast letter dated 16 October 2009 for the attention of SAPS or Charles Chauke (**Document No. 18440**)[2] that appears to be signed by Panday; **B37**
4. SAPS Written price quotation from Goldcoast Trading for the period 1 to 12 June 2010 (**Document No 18441/2**); **B38**
5. SAPS Written price quotation for Holiday Inn for the period 1 to 12 June 2010 (**Document No. 18443/4**); **B39**

[1] Refer to paragraph 12.088 to 12.091.
[2] This document has already been discussed in paragraphs 12.050 to 12.051 and I shall not repeat the findings thereof again.

6. SAPS Written price quotation for Bluewaters Hotel for the period 1 to 12 June 2010 (**Document No. 18447/8**); **B40**

7. SAPS Written price quotation for Pendlebury's for the period 1 to 12 June 2010 (**Document No. 18449/50**); **B41**

8. SAPS Written price quotation for Tropicana Hotel for the period 1 to 12 June 2010 (**Document No. 18451/2**); **B42**

9. SAPS Written price quotation for Southern Sun Hotel for the period 1 to 12 June 2010 (**Document No. 18453/4**); **B43**

10. SAPS Written price quotation for Coastlands for the period 1 to 12 June 2010 (**Document No. 18455/6**); and **B44**

11. SAPS Written price quotation for Emakhosini Hotel for the period 1 to 12 June 2010 (**Document No. 18457/8**). **B45**

13.008 I have determined from the examination of the abovementioned SAPS price quotations that all of them, with the exception of the first one from Goldcoast (**Document No. 18437/8**), were not signed or completed by the representative of each of these hotels and therefore, I cannot verify that the information contained thereon is from either of these entities. Neither is there any evidence to validate that the quotations were either faxed or emailed to these entities by the SAPS SCM personnel which I would usually expect to be available as proof that there was an attempt to obtain quotations from the suppliers who were unresponsive in the attached quotations[1]. **B35 – B45** **B35**

13.009 I can conclude that it is recorded on all the price quotations that any enquiries regarding the technical information may be directed to Captain Aswin Narainpershad and therefore, it would be reasonable to conclude that Narainpershad was involved with the process of obtaining quotations. **B35 – B45**

[1] Refer to the affidavit of Roshini Naidu, an Executive Director at Coastlands. Refer to paragraphs 13.043 to 13.050.

13.010 The price quotation from Goldcoast Trading is dated 2 October 2009 and reflects that the quotation was for 530 persons for 42 days at R975[1] per person with the aggregate cost being R21,703,500. Based on the aforementioned cost, and the fact that the cost of this service was above R3,000,000, it was necessary, in terms part 3 of the SCM policy Invitations of bids exceeding R200,000, that such procurement be approved by the Bid Adjudication Committee whose chairperson had a rank of Deputy National Commissioner[2] in addition to, the requirement that it is mandatory for bids in excess of R200,000 to be advertised in the Government Tender Bulletin[3]. **B35** **A1|217**

13.011 There is no evidence to corroborate that the abovementioned quotations were obtained in response to an advertisement that had been placed in the Government Tender Bulletin. Furthermore, the price quotations for those suppliers that were not signed by their representatives suggests that the suppliers responded to verbal requests that may have been conducted over the telephone (with the exception of Coastlands) by Captain Narainpershad. In light of the motivation in the submission to the Bid Adjudication Committee dated 4 June 2010 (**marked 000025|3-4**[4]), namely that the accommodation of police members during the SWC must not be known to members of the public and therefore, it was impossible to advertise, would therefore, be reasonable to conclude that the procurement for the accommodation of members during the SWC was never advertised. **B47|2**

Tender Documents SWC Accommodation

13.012 I have been provided the source documents relating to the procurement of the service providers for accommodation for the SWC and have determined from the examination thereof that the abovementioned price quotation supplied by Goldcoast Trading (**Document No. 18437/8)** was not used in the final assessment or approved by the SAPS management. **B35**

[1] The minutes of the Section 4 Committee meeting dated 13 July 2009 indicates that Madhoe was allegedly waiting for feedback from Coastlands and that the price was reduced to R296. Refer to paragraph 12.012.
[2] Refer to paragraphs 11.023 to 11.025.
[3] Refer to paragraphs 11.039 to 11.044.
[4] Refer to paragraphs 13.022 to 13.039 (Specifically 13.025).

13.013 The procurement documents provided to me include the following:

1. Information Note to the National Commissioner of the SAPS re: "*11/1/3 (09/10): Application for Approval: Accommodation and Meals for SA Police Service Members who will be deployed at the soccer world cup 2010 in KwaZulu Natal from 2010-05-31 to 2010-07-12.*" (**marked 000025|1-2**); **B46**

2. Submission – Bid Adjudication Committee dated 4 June 2010 re:"*11/1/3 (09/10): Application for Approval: Accommodation and Meals for SA Police Service Members who will be deployed at the soccer world cup 2010 in KwaZulu Natal from 2010-05-31 to 2010-07-12.*" (**marked 00025|3-4**); **B47**

3. SAPS letter from the KZN Provincial Commissioner addressed to the Divisional Commissioner SCM in Pretoria dated 2 June 2010 re: "*Submission: Soccer World Cup 2010: Accommodation Needs: KwaZulu Natal*" (**marked 000025|5-6**); **B48**

4. Annexure B(12) Part 5 Urgent and Emergency Cases marked as Annexure "B" (Marked 000025|7); **B49**

5. SAPS letter from the KZN Provincial Commissioner addressed to the Divisional Commissioner SCM dated 26 may 2010 re: "*Submission: Soccer World Cup 2010: Accommodation Needs: KwaZulu Natal*" marked as Annexure "A" (**marked 000025|8-9**); **B50**

6. SAPS Written Price Quotation from Coastlands dated 15 May 2010 in the amount of R2,240,000 (**marked 000025|10-11**); **B51**

7. Tax clearance certificate for Coastlands (**marked 000025|12**); **B52**

8. SAPS Written Price Quotation from Pendleburys dated 26 May 2010 in the amount of R1,827,500 (**marked 000025|13-15**); **B53**

9. Tax Clearance certificate Pendleburys (**marked 000025|16**); **B54**

10. SAPS Written Price Quotations from Goldcoast Trading dated 27 May 2010 for the amounts of: R22,551,350; R3,451,000; R1,985,600; R4,760,000 (**marked 000025|17-22**); and **B55**

11. Tax clearance certificate for Goldcoast (**marked 000025|23**); **B56**

13.014 I shall discuss the content of the information contained in these documents below:

(i) Goldcoast Trading Price Quotations Soccer World Cup

13.015 As a result, I can conclude that Goldcoast Trading completed four price quotations in relation to the services provided which in aggregate amounted to R32,748,950. A summary thereof is detailed hereunder:

Deployment Period	No. of Attendees	No. of Days	Tariff per person per day (R)	Total (R)	
					B55
31 May – 12 July 2010	617	43	850	22,551,350	**B55|1**
1 June – 29 June 2010	140	29	850	3,451,000	**B55|2**
10 June – 12 July 2010	73	32	850	1,986,600	**B55|3**
11 June – 8 July 2010	200	28	850	4,760,000	**B55|4**
Total				**32,748,950**	

(ii) SAPS Submission dated 26 May 2010 (000025|8-9) **B50**

13.016 The submission from the KZN Provincial Commissioner to the Divisional Commissioner at SCM in Pretoria dated 26 May 2010 indicates that the addressee *"managed to secure accommodation within the Durban Metropolitan area (4 km radius) which is in close proximity to the venues that are going to be used for the SWC 2010*". **B50**

13.017 Only three entities were recommended to provide the services required being Pendleburys', Coastlands and Goldcoast Trading whose services in aggregate amounted to R36,877,500. A summary of the individual costs payable to each of these service providers are detailed hereunder: **B50**

Deployment	Supplier	No Members	No of days	Rate / Night (R)	Cost (R)	**B50|**
1	Pendlebury	50	43	850	1,827,500	**B50|2 & B53**
4	Coastlands	200	28	400	2,240,000	**B50|2 & B51**
1-4	Goldcoast Trading	1030	28 - 43[1]	850	32,810,000	**B50|2 & B55**
Total					**36,877,500**	

13.018 According to the content of this document, it is recorded therein that Goldcoast Trading is an accommodation broker who would be able to accommodate the police members at the following venues: **B50|2**

1. McDonalds Lodge;
2. Bellarie Suite;
3. Bayside Hotel;
4. Palm Beach Hotel;
5. Hampshire Hotel;
6. Bayside Lodge; and
7. Wyham Court.

[1] The number of days booked for members varied between 28 and 43 (refer to paragraph 13.015).

13.019 The aforementioned seven entities are different to the names that were initially provided to the National Commissioner's office on 8 October 2009 (**Document No. 18435/6**)[1]; whilst it is also indicated in paragraph 4 of the SAPS letter dated 8 October 2009 (**Document No. 18435|6**) that Coastlands was one of Goldcoast Trading's service providers although their name is not one of the seven entities identified in paragraph 13.018 1 to 7 (**marked 000025|5-6**). **B34** **B48**

13.020 I will further show in my report that Goldcoast Trading did not use all seven of the abovementioned suppliers when sourcing accommodation for the SAPS during the SWC[2] although they did use Coastlands who were, according to the recommendation in the submission to the Bidding Committee (**marked 000025|3-4**), one of the suppliers identified by the police and who were awarded a contract in the amount of R2,240,000 where the rate of R400 per person per night was provided instead of Goldcoast Trading's rate of R850 per night. This means that Goldcoast Trading's profit margin, in relation to the deployments at Coastlands, was 113% as opposed to 20% as alleged in their letters to the SAPS dated 22 October 2009 (**Document No. 21021**)[3] and 9 May 2010 (**Document No. 18412/3**)[4]. **B47** **B24** **B25**

13.021 The aforementioned submission, that was submitted from the office of the Provincial Commissioner SCM (**marked 000025|5-6**), also contains Madhoe's name in the enquiries column and therefore, it would be reasonable to conclude that he was involved with this process. **B48**

[1] Refer to paragraph 13.003 numbers 1 to 4.
[2] Refer to paragraph 20.261 1) to 10).
[3] Refer to paragraphs 12.053 to 12.056.
[4] Refer to paragraphs 12.057 to 12.060.

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(iii) Submission – Bid Adjudication Committee dated 4 June 2010 (000025|3-4) **B47**

13.022 The submission made to the bid adjudication committee dated 4 June 2010 (*this is the same date when the first deployments were to take place – Refer to Deployment 1 which was for the period 4 to 30 June 2010*) is addressed to the Chairperson of the BAC and purports to come from Captain Court and or PAC Sindane (**marked 000025|3-4**). **B47**

13.023 The submission is in respect of the Application for approval of accommodation and meals for the SAPS who were to be deployed at the SWC in 2010, between the period 31 May 2010 to 12 July 2010 and the purpose thereof, was "*to obtain approval to deviate from normal bidding procedures by finalising the abovementioned requirement on a quotation basis in terms of paragraph 16A6.4 of treasury regulations issued in terms of the PFMA dated March 2005 on an urgent basis.*" **B47**

13.024 The author of this document has also indicated that in light of the request that was made by the Provincial Commissioner's SCM Office, it was difficult to find one service provider who would be able to accommodate a large number of members and therefore, accommodation was sourced from different service providers namely: Pendlebury's; Coastlands; and Goldcoast Trading. **B47|2**

13.025 Paragraph 3 of this submission sets out the motivation for the reasons to deviate from normal bidding procedures namely: **B47|2**

> *"Due to the short period between now and the indicated dates on which the accommodation is required as well as the fact that the accommodation must not be known to the public, it becomes impossible to advertise a bid in this regard."*

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13.026 I am unable to determine how the impact of advertising this tender would have alerted the public to where the police would be accommodated during the SWC. It is my view that by placing an advert in the Government Tender Bulletin it would have only invited interested suppliers to submit their proposals to the SAPS SCM which information would subsequently not have been accessible to the public. Hence, I am of the view that the motivation that accommodation must not be known to the public is not a valid reason to deviate from normal bidding procedures especially with regards to the advertising the tender in the Government Tender Bulletin as required in Chapter 5 of the SCM manual[1].

13.027 The recommendation in this submission stated that *"it is recommended that approval be granted to accept the quotations from the abovementioned service providers for the provision of accommodation and meals for the SAPS members who will be deployed for the Soccer World Cup 2010, in KwaZulu Natal, in terms of paragraph 16A.6.4 of the Treasury Regulations issued in terms of the PFMA dated March 2005 (attached as Annexure "B")."* **B47|2**

13.028 Treasury Regulation 16A.6.2 is included with the tender documents provided to me for analysis and is discussed in subsequent paragraphs to my report[2] and therefore, the detailed content thereof shall not be repeated. However, I will confirm from the attached regulation (**marked 000025|7**) that Treasury Regulation 16A6.4 states the following: **B49**

> *"The power to procure goods, works or services making use of the list of prospective suppliers, if such list is available, in cases where early delivery is of critical importance and the invitation of competitive bids is either impossible or impractical."*

13.029 The aforementioned regulation also provides that the lowest delegated post who has powers to procure in this regard is the Bid Adjudication Committee.

[1] Refer to paragraphs 11.039 to 11.044.
[2] Refer to paragraphs 11.045 to 11.047.

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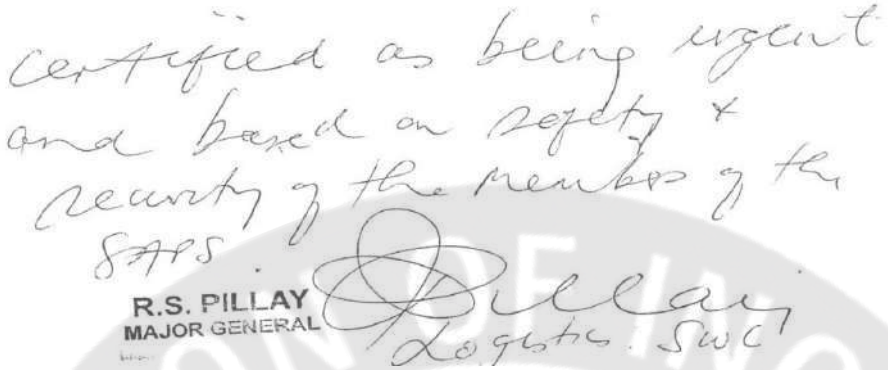
13.030 The Submission in question has been certified by Major General RS Pillay as "*being urgent and based on safely and security of the members of the SAPS*." An extract of this certification is detailed hereunder: **B47|2**

Figure 1 - Certificate by Major General R S Pillay


certified as being urgent
and based on safety &
security of the members of the
SAPS.
R.S. PILLAY
MAJOR GENERAL
Logistics SWC

13.031 Paragraph 4 of the general conditions for urgent and emergency cases indicates that "the reasons for the urgency or emergency and losses or consequences that will follow if action is not taken, must be certified by a functionary holding at least the rank of Director and placed on file for audit purposes." **B49** **A1|218**

13.032 The police rank structure has subsequently changed from the date that the abovementioned document was prepared and therefore, should now read "*must be certified by a functional holding at least the rank of Brigadier*". Major General RS Pillay is above the rank of Brigadier (refer to Figure 2 below) and therefore, was delegated the authority in terms of Part 5 of the SCM Manual and Treasury regulations with the authority to certify that an urgency existed. **A1|218**

13.033 A summary of the police rank structure, both past and present, is detailed hereunder:

Figure 2 Senior Management SAPS

Figure 3 -Commissioned Officers SAPS

13.034 Paragraph 4 of the general conditions for urgent and emergency cases also states that *"a lack of proper planning is, however, not regarded as an urgent case. It must therefore also be certified that the urgency is not as a result of a lack or proper planning."* With reference to the certificate of Major General RS Pillay (Refer to Figure 1 on page 109), I can confirm that he has failed to verify that this urgency was not as a result of a lack of proper planning. **A1|218**

13.035 I can also conclude, based on the examination of the Section 4 Committee meeting minutes, that the police were discussing the accommodation of police members during the SWC as early as 9 March 2009[1] whilst it is also evident, from the communication between the SAPS and Goldcoast Trading, that they were in discussions concerning accommodation for the SWC from as early as 16 October 2009 (**Document No. 18440**). **B37**

13.036 In addition, various correspondence that has already been discussed in preceding paragraphs of my report[2] confirms that the SAPS were already in discussions with service providers as early as 6 October 2009 (**Document No. 18439**) some of whom had provided written price quotations (**Document No. 18437 to 18458**) although all of them, except Goldcoast Trading, were either fully booked or no responses were received. These price quotations are discussed in preceding paragraphs[3] of my report and I shall not repeat the content thereof other than to state that, since the police had commenced this process as early as October 2009, their delay in complying with Treasury Regulations can only be attributed to their lack of proper planning since there was sufficient time to comply with these Treasury Regulations. **B36** **B35 – B45**

[1] Refer to paragraphs 12.004 to 12.083.
[2] Refer to paragraphs 13.001 to 13.011.
[3] Refer to paragraphs 13.007 to 13.011.

13.037 I would also like to refer to my previous discussions in this report where documents in the Section 4 Committee meetings have made reference to Major General Pillay. These documents, being either the correspondence from the KZN Provincial Commissioner's office or the Section 4 Committee minutes, indicate that Major General Pillay was responsible for arranging accommodation. The discussions surrounding the aforementioned documents have already been discussed in preceding paragraphs of my report and therefore, I shall not repeat the content thereof other than to identify the documents in question and raise the issue between these documents and the certificate made by Major General RS Pillay as regards to the urgency of the matter in terms of the delegations of authority in the SCM manual.

13.038 The three instances where I have referred to General Pillay are detailed hereunder:

1. In paragraph 12.074 of my report, I have referred to the minutes of the Section 4 Committee meeting held on 10 May 2010 where Madhoe has indicated to the Section 4 Committee members that Major General Pillay had informed him that he was sorting out the issue of accommodation. **B22|1**

2. In paragraph 12.085 and 12.088 of my report, I have referred to a letter from the KZN Provincial Commissioner's office dated 20 April 2010 that was addressed to the National Joints in Pretoria and marked for the attention of Major General Pillay (**Document No. 42421**) which letter contained the details of the physical resources necessary for the SWC. **B28|1**

13.039 Based on these two documents, it would appear that Major General RS Pillay may have been involved with the procurement of suppliers from as early as 10 April 2010, if not earlier. As a result, it appears that the urgency arose as a result of improper planning by the SAPS.

(iv) Information Note to National Commissioner (000025|1-2) **B46**

13.040 The Information Note to the National Commissioner with reference 11/1/3(09/10) (**marked 000025|1-2**) indicates that the National Commissioner approved the submission made in terms of paragraph 2.4[1] of the National Treasury Circular on Code of Conduct for Bid Adjudication Committee which was also approved by Brigadier Potgieter, Brigadier Motaung, Brigadier Dladla and Brigadier Mogosetjie. An extract of their approval on this document is reflected in Figure 4 below: **B46**

Figure 4 **B46**

13.041 Based on the signatures appended in Figure 4 above, it would appear that the SAPS held a Bid Adjudication Committee meeting where they ratified the recommendations made to them by the bid committee of the SAPS KZN Provincial SCM.

[1] Paragraph 2.4 of the circular on the code of conduct reads as follows:

2.4 The Bid Adjudication Committee must consider the recommendations/reports of the Bid Evaluation Committee and depending on the delegated powers make:

- A final award; or
- A recommendation to the accounting officer / authority to make a final award; or
- Make another recommendation to the accounting officer / authority on how to proceed with the relevant procurement.

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Non Compliance Urgent and Emergency Delegations or SCM Manual

13.042 I have already discussed the general conditions for urgent and emergency cases in my report[1] above and shall not repeat it again other than to confirm that:

1. Major General RS Pillay did not certify that the urgency was not as a result of lack of proper planning which certification was a requirement in terms of paragraph 4 of the General conditions of urgent and emergency delegations whilst there are reasonable grounds to conclude that the urgency arose because of a lack of proper planning by the SAPS since there were negotiations with suppliers as early as October 2009. **B47|2**

2. The principle of competition must be adhered to as far as possible.

3. The tender or bid for accommodation for KZN was not advertised as required in terms of chapter 5 of the SCM manual[2] in the Government Tender Bulletin allegedly because the accommodation of police personnel must not be known to the public in order to protect their safety. The justification for failing to advertise on these grounds cannot be considered to be reasonable in view that the advertisement would not identify the venues at which the police would be accommodated but would, instead, only invite interested suppliers to submit to the police their bid documents, prices and number of personnel available to accommodate which bids would have been confidential and not subject to public scrutiny. Therefore, it is my view that had the tender been advertised in the Government Tender Bulletin it would not have affected the safety of police personnel.

[1] Refer to paragraphs 11.046 to 11.047.
[2] Refer to paragraphs 11.039 to 11.044.

RR4-TSW-0225

Affidavit Roshini Naidu – Coastlands Hotels and Resorts **B32**

13.043 Included in the documents I have received is an affidavit of Roshini Naidu, an Executive Director at Coastlands, who deposed the following that is relevant to my report:

1. Coastlands were registered on the SAPS Supplier Database in 1994 and were allocated supplier number DJJGG;

2. She confirmed that she knew Madhoe and Narainpershad of the SAPS SCM Provincial Head Office;

3. During April and May 2010 she received three tender documents from Narainpershad for the accommodation of members during the SWC but was unable to provide copies of the documents supporting this statement[1];

4. She alleged that she submitted three tender documents to the SAPS and that each request was made by Narainpershad who subsequently told her, on each occasion, to ignore the previous tender. Each one of these occasions the number of members decreased;

5. Coastlands were eventually awarded two orders with numbers AD342097 and AD342098. (I have also verified that these two orders were issued to Coastlands in the amount of R696,000 and R1,900,000 respectively), but these orders were allegedly for less members and a shorter period of time than she had tendered.

6. Upon the discovery of the aforementioned information, Roshini Naidu called Narainpershad and advised him that Coastlands had not advertised for clients during the SWC as they had received three tender requests from him which were for higher numbers and a longer period.

[1] I have examined the available documents provided and cannot find any evidence to corroborate this statement.

7. She alleged further that Narainpershad had indicated that he was dividing the accommodation for the members between three hotels. (I have determined from the tender documents that were approved by Major General RS Pillay that three entities had been identified namely Pendleburys, Coastlands and Goldcoast Trading[1] (**000025|3-4**). However, the numbers allocated to each of these institutions does not confirm that the members were divided amongst the three suppliers. In fact, Goldcoast Trading were allocated the bulk thereof – 1030 members (80%) (000025|8-9), Coastlands 200 (16%) and Pendleburys 50 (4%). **B47**

8. Narainpershad was also informed by her that Coastlands had given the SAPS a good rate of R400 per person sharing and the room rate of R800 for two members; however Narainpershad "kept to his story" saying that he had divided the members between three hotels.

9. Subsequent to receiving the above mentioned two orders from the SAPS, she received a call from Panday (prior to this telephone call she had never had any dealings with Panday and did not know him, yet the initial application dated 8 October 2009 (**Document No. 18435/6**) reflects that Goldcoast Trading had secured accommodation at Coastlands[2].) **B34**

10. Panday allegedly informed her that he was an agent for the SAPS National Head Office and got the contract to accommodate SAPS members for the SWC. The two of them negotiated a rate being the same rate that was charged for local members whilst Panday alleged that he would be paid by the National Office and not the local provincial office.

11. Subsequent to the aforementioned discussions with one another, she received another call from Panday who wanted to negotiate a better rate as he needed to make a small commission for his efforts (As discussed in preceding paragraphs of this report, Goldcoast Trading quoted the SAPS R850 per person sharing whereas Coastlands quoted R400 per person

[1] Refer to paragraphs 13.022 to 13.039.
Refer to paragraphs 13.001 to 13.003
[2] Refer to paragraphs 13.001 to 13.003.

sharing.) Hence, he was already making a profit of 112.5% before the negotiation for further discounts with Roshini Naidu was discussed.)

12. A new rate was agreed between the two parties namely R350 per person sharing and a room rate of R700 for two persons excluding meals. It was at this time that Panday informed her the name of his company namely Goldcoast Trading.

13. The aggregate bookings made by Panday in respect of Goldcoast Trading for the deployment of police members is detailed hereunder: **H11|8**[1]

No Members	No Rooms	Arrival Date	Departure Date	Annexure No	Invoice No	Invoice Amount (R)	
55	29	18-Jun-10	19-Jun-10	RN1	33614/1538	20,300.00	**B32|7-15**
158	79	19-Jun-10	01-Jul-10	RN2	33710/1566	288,750.00	**B32|16-46**
140	70	19-Jun-10	13-Jul-10	RN3	33711/1567	929,750.00	**B32|47-124**
90	45	21-Jun-10	09-Jul-10	RN4	33714/1569	642,070.00	**B32|125-181**
	Total					**1,880,870.00**	

14. The initial arrangement between Coastlands and Goldcoast Trading was that the latter would make payments on a weekly basis, however this arrangement was not adhered to. Instead the following payments were advanced to Coastlands by Goldcoast Trading:

Payment No	Date	Annexure No	Amount (R)	
1	22/06/2010	RN5|1	131,600.00	**B33|182**
2	24/06/2010	RN5|2	612,500.00	**B33|183**
3	06/07/2010	RN5|3	350,000.00[2]	**B33|184**
4	07/07/2010	RN5|4	262,500.00	**B33|185**
5	13/07/2010	RN5|5	300,000.00	**B33|186**
6	20/07/2010	RN5|6	100,000.00	**B33|187**
7	30/07/2010	RN5|7	100,000.00	**B33|188**
Total			**1,856,600.00**	

[1] This annexure contains my analysis of the Coastland's invoices provided to Goldcoast Trading relating to the accommodation of police members at Coastlands from the period 18 June 2010 to 12 July 2010, although the quantity of members accommodated over this period, per night, varied from 8 to 158 members a night. However, the aggregate number of members (i.e. total beds) over this period was 5,460 which Goldcoast Trading would have invoiced to the police at 5,460 x R850 = R4,641,000. Hence, the police would have paid R2,760,130 more for this service than they should have.
[2] R250,000 of this deposit was in cash.

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15. Roshini Naidu alleges in her affidavit that Goldcoast Trading still owed Coastlands R306,200[1] at the time of making her affidavit, being 29 July 2011. **B32a**

Addendum Affidavit of Roshini Naidu **B33**

13.044 In an addendum affidavit, Ms Roshini Naidu has, *inter alia*, commented on the SAPS application to the National Commissioner dated 8 October 2009 (**Document No. 18435|6**) with regards to the statements made in respect of Coastlands, which comments are detailed hereunder: **B34**

1. "Coastlands – No response" to written request for price quotations for 530 members – She disputes ever receiving such a request and therefore, alleged that this statement in this application is false; **B33|11** **B33|9-10**

2. She disputes that Goldcoast Trading had secured accommodation at Coastlands as alleged in paragraph four of this application. She also alleged that the first time that she came to know of Panday and or Goldcoast Trading was sometime in May 2010 when he approached Coastlands for assistance during the SWC and where she accommodated between 8 and 158 members of the police, per day, for Goldcoast Trading.

3. On or about 8 October 2009 Coastlands had ample accommodation for the period mentioned in the request for quotation and therefore, it would have been "ludicrous" not to respond to such a request.

[1] R20,300+R149,100+R136,800

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Summary of Findings

13.045 Based on the content of Roshini Naidu's affidavit, I can conclude that Narainpershad was aware that Coastlands had ample accommodation at a rate far cheaper than Goldcoast but elected to allocate 1030 members, 80% of the police personnel, to Goldcoast Trading at a rate of R850 per person sharing per night instead of selecting Coastlands at a rate of R400 per person sharing per night. Coastlands were only allocated 204 persons (16%).

13.046 Narainpershad was aware of these price differences and in spite of being questioned by Roshini Naidu he alleged that he had divided the accommodation between three suppliers. Clearly, from the review of payments and tender documents, this never happened. In fact, there is nowhere in the documents available to me that demonstrates how the number of members was allocated amongst the three suppliers.

13.047 Even after the *tender* was awarded to the suppliers, Goldcoast Trading negotiated with Coastlands to accommodate police members on their behalf that resulted in them accommodating between 8 and 158 members a night over a period of 27 nights at an aggregate cost of R1,880,870 to Goldcoast Trading. This aggregates to 5,460 members over the aforementioned period and means that Goldcoast Trading would have invoiced the SAPS for these 5,460 members an amount of R4,641,000. This means that the police have paid R2,760,130 more for the accommodation of these members than they should have. This also indicates that Goldcoast Trading's profit margins were not 20% as indicated in previous discussed correspondence with the SAPS[1].

13.048 Coastlands had block booked rooms for the SAPS for the SWC based on previous discussions and tenders submitted to the police whilst they were also registered as a supplier on the SAPS database with effect from 1994. Despite block booking significantly more rooms than what were initially allocated to them, their initial price quotations (or tenders) was never accepted and their quantities were consistently reduced even though

[1] Refer to paragraph12.053 to 12.060. (**Document No.'s 21021 (B24)** and **18412|3 (B25))**

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Goldcoast Trading quantity of members increased.

13.049 This means that Narainpershad was aware of Coastland prices and that they were significantly cheaper than Goldcoast Trading yet failed to take reasonable steps to ensure that the best interest of the police would be taken into account when considering this tender, in addition to the fact that Coastlands were a supplier to the SAPS since 1994.

13.050 The only reasonable conclusion that can be made from the above observations is that the tender to award a significant portion of accommodation of police members to Goldcoast Trading instead of Coastlands was done to favour Goldcoast Trading to the prejudice of the SAPS and other service providers. This becomes even more evident when one considers that Goldcoast Trading accommodated between 8 and 158 of their allocated 1030 members at Coastlands a night and the fact that Panday has paid to Narainpershad and Madhoe R52,406.71 and R78,304.95 respectively, in respect of gifts and services prior to the award of the tender[1].

13.051 Roshini Naidu disputes that Coastlands were ever requested to provide a quotation for accommodating members during the SWC around about 8 October 2009 when the first application was submitted.

13.052 The statement that Coastlands did not respond to such a request is false. Coastlands had ample space available to accommodate 530 members and therefore, it would have been "*ludicrous*" from a business perspective to ignore a request from the police to quote.

13.053 The application also indicates that Goldcoast Trading had secured accommodation at Coastlands but Roshini Naidu disputes this as the first time that she met Panday to discuss Goldcoast Trading accommodating police members at Coastlands was during the month of May 2010. Hence, such a statement is false.

[1] Refer to paragraphs 15.000 to 15.119.

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13.054 It is also surprising that Panday is negotiating with Coastlands for the accommodation of police members in May 2010 when the submission to the Bid Adjudication Committee is dated 4 June 2010 and the order to Goldcoast Trading (Order No. 333657) in the amount of R26,320,250 is dated 10 June 2010.

13.055 This could only mean that Panday was aware, before the aforementioned order was provided to him, that Goldcoast Trading would be successful with the tender, and this was before it was submitted to the Bid Adjudication Committee.

13.056 A detailed discussion of my analysis of payments made to Goldcoast Trading for the SWC and their supplier invoices is contained in paragraphs 20.231 to 20.292 of my report.

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14.000 PROCUREMENT DOCUMENTS

Background

14.001 I have already discussed in previous paragraphs of my report the requirements as set out in the SCM manual when requesting price quotations and shall not repeat the detailed content thereof again other than to mention that any order for goods or services greater than R10,000 but less than R200,000 can be made subject to the obtaining of written competitive price quotations[1].

14.002 This policy also provides for obtaining goods or services on a single quotation provided that the prices are proved and certified to be fair and reasonable[2].Hence, the SCM policy allows for the procurement of goods or services on a single quotation.

Evidence of Quotations

14.003 The SAPS have been requested to provide copies of all documents relating to the procurement of goods and services from the five (5) suppliers included in this investigation however, I have been informed that these documents are not available or cannot be located.

14.004 As a result, all orders placed with the suppliers included in this investigation do not have any evidence of the mandatory procurement procedures being followed, if any, other than those discussed in this report.

Letter from KZN Provincial Commissioners Office dated 29 June 2010 A2

14.005 I have also been provided with a letter from the Office of the Provincial Commissioner SCM's (Major General K V Mekute) which letter was addressed to: The Provincial Head Financial Services; The KZN Deputy Provincial Commissioner; and the KZN Provincial Commissioner regarding "Access to Information; Advertised Bids/Invitation of Price Quotations" dated A2

[1] Refer to paragraphs 11.015 to 11.020.
[2] Paragraph 11.016 (a) to (d) of my report explains how proof of reasonableness must be obtained.

29 June 2010.

14.006 I shall not repeat the detailed content of this letter other than to refer to paragraph 5 and 6 thereof which reads as follows:

> *"5. All documentation for any transaction which comprises of users requirements, supplier profiles, quotations, rough notes, etc are retained at Acquisition Section for audit purposes.* (my emphasis) **A2|1**
>
> *6. Should your office require any documentation in future, please reduce it in writing as required by the relevant SCM Guidelines, and this office will endeavour to provide same to yourself."* **A2|1**

14.007 Based on the content of this letter, it would be reasonable to conclude that, with effect from 29 June 2010, the Provincial Commissioner's Office of SCM informed the Provincial Head of Financial Services that they would in future be excluded from making copies of any supporting quotations obtained for any services or goods ordered by the SAPS SCM and furthermore, any quotations would be retained at Acquisition Section for Audit purposes. **A2**

14.008 At the time of issuing my report there is no evidence to validate that quotations have been obtained and if any, where they are being safeguarded for audit purposes as referred to by Major General K V Mekute in her letter dated 29 June 2010. **A2**

14.009 Major General KV Mekute stated as follows in an affidavit regarding the letter dated 29 June 2010: **A2**

"During that period of June 2010 I was acting as Support Service Head for KZN Province. I was approached by Col. Naveen Madhoe the Saps Provincial Head of Acquisition for KZN SCM and he brought to my notice his administration concerns about customer related protection and his concern was the duplication of files at KZN Finance office of suppliers details. He requested that Finance be prevented from duplicating supplier's details as this was a concern that it will affect customer relationship, profile and

information".

The Letter dated 29 June 2010 "*was drafted by Col Madhoe and the concerns regarding the protection of supplier's information is explained and I endorsed the letter as the Support Service Head for the province and not as the legal Head.*

During the interview with Col Govender he raised the concern that he was unable to gather evidential files from SCM during an authorised search as nobody was able to account for the files of suppliers and he was unable to gather same from Finance, due to files not being handed to Finance in terms of the instruction signed by me as per" the letter dated 29 June 2010.

"I brought to his attention that Finance was not cut off as if they required the files or copies thereof they had to request it from SCM as per paragraph six (6) of" the letter dated 29 June 2010. "*I am unable to comment on the files not being at SCM during the search".*

Waltons Counter Book "Tasleem Rahiman Record Book" **A3**

14.010 Included amongst the exhibits provided to me for further analysis is a Waltons Counter Book marked as "*Tasleem Rahiman Record Book*" (**Document No's 19026 to 19238**) which book was seized from the premises of Goldcoast Trading and filed in exhibit bag number 6798. **A3**

14.011 The aforementioned book contains, *inter alia*, a daily account of the duties and tasks performed by Tasleem Rahiman (who I understand is the secretary or personnel assistant to Panday) for the period 17 December 2009 (**Document No. 19102**) to 28 April 2010 (**Document No. 19235**). It is clear from the entries in this book that it was prepared by a person who is a personal assistant to Panday. **A3|76 - 209**

14.012 My examination of this record book indicated that Tasleem Rahiman was performing duties for Goldcoast Trading, Valotone 21CC, Bravosat 25CC and Unite Mzansi.

14.013 Examples of some entries where Tasleem Rahiman has eluded to each of the entities included in this investigation are detailed hereunder:

Document No.	Description of Record	
19107	*"8. Bravostat in charge as well Valotone. All quotes + invoices. Back up every day."* **Record 3** 8. Bravostat incharge as well Valotone. All quotes + Invoices Back up every day	**A3|81**
19107	*"17. Made new invoices on new computer for Vatone and Bravosat"* **Record 4** 11. Made new invoice's on new Computer for Vatone & Bravosat	**A3|81**

Document No.	Description of Record	
19110	*Thoshan asked to redo quotes for the ffg:* *Video Cameras - x12* *Digital Cameras - x10* *Throw Phones - x2* *GPS Units - x20* *White boards - (Dry Wipe)x1* *Flip Chart Boards - x2* *Generators - x4* *Gazebos* *All must be done on 3 Companys Goldcoast Bravosat and Valotone.* **Record 5** * Thoshan asked to redo quotes for the ffg: Video Camera's – X 12 Digital Camerds – x10 Throw phones – X 2 GPS Units – X 20 white boards – (Dry wipe) x1 flip chart boards – x2 Generators – x4 Gazebos All must be done on 3 Companys Goldcoast Bravosat and Valotone.	**A3|84**
19111	*Direshen Kay Makan – called he said the [sic] only have the 215 – R2,795. He said that he can get the 1410 its the replacement of the 310 and it has all the same features.* *= Informed Thoshan he said to do quote @R9,995* *= Done Quotes* **Record 6** * Direshen Kay Makan - called he said the only have the 215 - R2795,00. He said he can get the 1410 its the replacement of the 310 and it has all the same features = Informed Thoshan he said to do quote @9995 = Done quotes	**A3|85**

Document No.	Description of Record	
19116	*"7. To go with Thoshan and cash cheque for R2,100.00* *R700-00 Mzansi* *R700 Valotone* *R700 Bravosat* *Done"* **Record 7** 7. To go with Thoshan and cash cheque for R2100,00 R700-00 Mzansi R700-00 Valotone R700-00 Bravosat Done 019116	**A3|90**
19118	*"3. Thoshan asked me to open files for the ffg companies:* *1. Goldcoast Trading* *2. Unite Mzansi* *3. Bravosat* *4. Valotone."* *Adjacent to this entry are the following:* *1. "CK doc* *2. Vat Certi* *3. Copy bank state* *4. Supplier No."* **Record 8** 3. Thoshan asked me to open files for the ffg Companies : 1. Goldcoast Trading 2. Unite Mzansi 3. Bravosat 4. Valotone 1. CK doc 2. Vat cert 3. Copy bank state 4. Supplier no. Phoning	**A3|92**

Document No.	Description of Record	
19119	*"6. Then Thoshan requested a breakdown for 3 different companys as to who won the last invoice and what was the Unit prices."* I have included an example of this entry in the record book hereunder for ease of reference instead of explaining the entries : **Record 9** 6. Then thoshan requested a breakdown for the 3 different companys as to who won the last invoice and what was the Unit prices. GOLDCOAST CC — Won — Price Per Unit NOTHING Valotone 21 cc — Won — Price Per Unit 1. Knee & Elbow pads — R 41,700-00 — R695,00 2. Battle Jackets — R147,000-00 — R2450,00 3. Tactical gloves — R29,700-00 — R495,00 **Record 10** 019120 Bravosat 25 cc — Won — Price Per Unit 1. Slings — R51,000-00 (60) — R 850-00 2. Jumpsuits — R144,000-00 (60) — R2400-00 3. Helmets — R99,900-00 (60) — R3330-00 4. Equipment bags — R117,000-00 (60) — R1950-00 5. Ess goggles — R64,200-00 (60) — R 1070-00 6. Double Duty belt — R93,000-00 (60) — R1550-00 7. Barais — R56,250-00 (60) — R250-00	**A3|93**

Document No.	Description of Record	
19120	*"11. Thoshan called to redo quotes for ffg:* *Garmin GPS 1410 x 10 units each.* *Should have 2 sets of quotes one bravosat wins and the other Valotone"* **Record 11** 11. Thoshan called to redo quotes for the ffg: Garmin GPS 1410 x 10 units each. Should have 2 Set's of quotes one bravosat wins and the other Valotone.	**A3|94**
19120	*"12. Video Cameras do 6 each qty* *do the quotes the same 2, sets – one time Valotone wins and one time Bravosat."* **Record 12** 12. Video Camera's do 6 each qty do the quotes same 2, sets – one time Valotone wins and one time Bravosat. = Done *"13. Digital Cameras – 5 each qty* *Do the quotes the same. 2 sets one time Valotone one time Bravosat wins – Goldcoast nothing* *= done all quote"* **Record 13** 13. Digital Camera's - 5 each qty. Do the quotes same 2 sets one time Valotone one time Bravosat wins – Goldcoast nothing = Done all quote.	**A3|94** **A3|94**

Document No.	Description of Record	
19123	*"* To do quotes for the generators* *1. Each so we should have 12 quotes* *2. Valotone must win and 2 Bravosat* *= Done all quotes left on Thoshan Desk"* **Record 14** * To do quotes for the generators 1 each so we should have 12 quotes 2 Valotone must win and 2 Bravosat = Done all quotes left on thoshan Desk.	A3|97
19126	*"Deliver bags – Submitted all invoices* ⇨ *Bravosat* ⇨ *Valotone"* **Record 15** * Deliver bags. – Submitte all Invoices → Bravosat → Valotone	A3|100
19127	"1. When we receive the 45 bags, submit all outstanding invoices for Bravosat and Valotone" **Record 16** 26/01/2010 019127 Tuesday. 1. When we receive the 45 bags, Submitte all outstanding invoices for Bravosat + Valotone.	A3|101

Document No.	Description of Record	
19129	*"*Went to SAPS to deliver the 45 bags also dropped of the correct invoices for the digital + video camera's with Ashwin he said they will sort out"* **Record 17** *Went to S.A.Ps to deliver the 45 bags also dropped of the correct Invoices for the digital + video Camerde with Ashwin he said they will sort out	**A3|103**
19140	*"12. Valotone / Bravosat = Complete given to Thoshan a copy"* **Record 18** 12 Valotone / Bravosat = Complete given to Thoshan a Copy.	**A3|114**
19143	*"= Informed Thoshan he said to do a quote on Bravosat letterhead the same what Roleen sent but change price to R135,000 = done and sent to Captain Ashwin via email as well as fax"* **Record 19** = Informed Thoshan he said to do a quote on Bravosat Letterhead the same what Roleen Sent but change price to : R135.000. = Done and Sent to Capt Ashwin Via email as well as fax	**A3|117**

Document No.	Description of Record	
19146	*"(fridge) – Thoshan said get the small items and we will work together WINS NOTHING* *GOLDCOAST* *BRAVOSAT* *VALOTONE"* **Record 20** 019146 Quotes for fridge: fridge – Thoshan said get the Small Items and we will work together: GOLDCOAST WIN'S NOTHING BRAVOSAT VALOTONE	**A3|120**
19148	The book contains a summary of invoices issued by Bravosat 25 CC and Valotone 21 CC copies of which are detailed hereunder: **Record 21** Bravosat 019148	**A3|122**

DESCRIPTION	QTY	INVOICE NO	AMOUNT
1. Double Duty belts	60	R1001	R93,000
2. D. Shell holster in polyform	60	1002	R46,500
3. Hand gun retention Cable	60	1003	R27,000
4. Jumpsuits	60	1004	R144,000
5. Level in A ballistic Helmets	30	1005	R99,900
6. Baraise	225	1006	R56,250
		TOTAL =	R466,650

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Document No.	Description of Record	
19148	**Record 22** VALTONE 21CC DESCRIPTION / QTY / INV NO: / AMOUNT 1. UTILITY LEG RIG Fitted with Pouch / 60 / 100 / R59,700 2. Elbow & Knee Pads / 60 / 101 / R41,700 3. Ess Goggles / 60 / 102 / R59,700 4. Tactical gloves / 60 / 103 / R29,700 5. Battle Jackets / 60 / 104 / R147,000 6. Equipment bag / 60 / 105 / R17,000 7. Jumpsuits to be Altered & Fitted Name / 60 / 106 / R20,000 8. Level iii A ballistic Helmets / 30 / 107 / R99,900 TOTAL = R574,700	A3|122
19149	*"9 Done all quotes for tactical wear and invoices"* **Record 23** 019149 (9) Done all quote's for Tactical wear and Invoices	A3|123
19151	*"5. Thoshan also wanted all the invoices for Goldcoast Trading, Bravosat and Valotone to be captured onto the pastel system....."* *(refer to extract for detailed record of this entry)* **Record 24** (5) Thoshan also wanted all the invoices for Goldcoast trading, Bravosat & Valotone to be Captured onto the pastel System = Captured the invoices for October and only to realize that there was alot errors on the accomadation part everything that was entered with regards to the no of people, no of days and dates kept on Repeating on each line which did not make sense to me = Called yesh he was in a meeting he said he will call back Called me back @ 10:35 informed him about the problem he will look into it and give me a call	A3|125

Document No.	Description of Record	
19151	*"I then tried to capture the invoices for Bravosat as well as Valotone and I needed a supplier invoice no: I made up no's...."* (refer to extract for detailed record of this entry) **Record 25** (c) I Then tried to Capture the Invoices for Bravosat as well as Valotone and I needed a Supplier invoice no: I made up no's. but when Capturing its not giving me a (4 barcode) its giving me a 6L code. = Tried calling yesh there was no Ringtone on phone = Tried about 3 times = I then Called Thoshan to inform with regards to the factel	**A3|125**
19160	*"3. Taken all files for Bravosat and valotone and Goldcoast to Shamilla"* **Record 26** 3/ Taken all files for Bravosat and Valotone and goldcoast to Shamilla.	**A3|134**

Document No.	Description of Record	
19165	*"5. Called Shamilla. Captain Ash is gone to the commissioners office but she can help me with the invoices that she requires:* *1. Flipchart - R2,000ea - R4,000 – Goldcoast + INV* *2. Generators: 10Kva Yamaha* *Bravosat – 1 x R92,500* *- 1 x R91,000* *Valotone - 1 x R91,050* *- 1 x R90,000* *Goldcoast - 1 x R93,250* *Resubmitted new invoices for the above:* *3. Digital Camera – Bravosat – Inv 1021 – R97,500* *4. Valotone – No invoice for GPS 1410 – (10 @ R100,000)* *5. Goldcoast Invoice No. 10067 – make it the generator* *Done all the above called Captain Ash he has received everything is fine = Shamilla is just captureing all the 2010 equipment once she's done she will do all the tactical wear.* *= Informed Thoshan as to what Captain Ashwin requires.*	A3|139

Document No.	Description of Record	
19165	**Record 27** 1. Flipchart - R2000.00 - R4000 - Goldcoast Inv 2. Generators: 10kva yamaha Bravosat - 1x R92.500 - 1x R91.000 Valotone - 1x R91,050. - 1x R90.000 Goldcoast - 1x R93.250 Resubmitted new Invoices for the above: 3. Digital Camera - Bravosat - Inv 1021 - R97.500 4. Valotone - No Invoice for GPS 1410 - (10@ R100000) 5. Goldcoast Invoice No: 10067 - make it the Generator. Done all the above called Captain Ash he has recieved everything is fine =Shamilla is just Capturing all the 2010 Equipment once she's done she will do all the tactical wear. =Informed Thoshan as to what captain Ashwin Requires:	**A3|139**
19167	*"2. Thoshan brought form to fill for Valotone and Bravosat for Shamilla.* *=filled form."* **Record 28** 18/02/2010 Thursday: Sebastian - Siya sabonga 0836271357 - (Bravosa) =Informed Thoshan 019167 2. Thoshan Brought form to fill for Valotone and Bravosat for Shamilla. =filled form.	**A3|141**

Document No.	Description of Record	
19168	*"Thoshan wanted break down for Bravosat and Valotone.* *Done breakdown* *Bravosat - R2,190,350* *Valotone - R2,086,350* *Gold - R97,250* *R4,373,950* *Given."* **Record 29** * Thoshan wanted break down for Bravosat and Valtone * Done Breakdown Bravosat - R2190,350 Valtone - R2086350 Gold - R97250 R4,373,950 given.	**A3|142**
19170	*"Shamilla called all invoices for Valotone – Tactical wear to pls make the date the 9/02/10 and send to her* *=changed dates and faxed captain ash received." (This was done on Friday 19 February 2010.)* **Record 30** * Shamilla called all invoices for Valtone - Tactical wear to pls make the date the 9/02/10 and send to her = Changed dates and faxed captain ash received.	**A3|144**
19173	*"4. Done letter for Snr Supt Madhoe"* **Record 31** * Done letter for Snr Supt Madhoe.	**A3|147**

Document No.	Description of Record	
19174	*"2. Sorting out invoices on pastel could not change the fonts and formats.* *=Tried calling Yesh he said that he is going to a meeting, he cannot make it today."* **Record 32** 2 Sorting out invoices on pastel could not change the fonts and formats = Tried calling yesh he said that he's going into a meeting, he cannot make it today.	**A3|148**
19181	*"Done all invoices for Bravosat and Valotone = faxed and emailed."* **Record 33** Done all invoices for Bravosat and Valotone. =Faxed and emailed.	**A3|155**
19181	*"on Unite Mzanzi* *= submitted to Ashwin"* **Record 34** CARS - 2 weeks ago - 3 Day before expt - R198.765. 02 in - 3 before. 03 out - 1 day after. on Unite Mzanzi =Submitted to Ashwin	**A3|155**

Document No.	Description of Record	
19182	*"Thoshan bought files for the ffg:* **Goldcoast* **Invoices that are paid* **quotes* **Pending Invoices:* *Valotone* **Paid Invoices* **Quotes* **Pending Invoices* *Bravosat* **Paid Invoices* **Quotes* **Pending Invoice* *Same for Unite Msansi and Kaseev Traders"* **Record 35** * Thoshan bought files for the ffg: * Goldcoast * Invoices that are paid * Quotes * Pending Invoices: Valtone * Paid invoices * Quotes * Pending Invoices Bravosat * Paid invoices * Quotes * Pending invoice Same for Unite Msansi and Kaseev Traders.	**A3|156**

Document No.	Description of Record	
19182	*"Done quote and invoice for Unite Mzansi ffg items:* *1. 1000 x bottle water – R15 each* *2. 8 x paint brushes – R130 each* *3. 6 x paint scrapper – R60 each* *4. 40 x spray cannister – 20 gold, 20 silver @ R250 each* *5. 2 x 5L Bitumin @ R800 each."* **Record 36** 4. Done quote and Invoice for Unite Mzansi ffg items: 1. 1000 x Bottled water - R15 each 2. 8 x Paint Brushes - R130 each 3. 6 x Paint Scrapper - R60 each 4. 40x Spray paint Canister - 20 Gold 20 Silver @ R250 each 5. 2 x 5L Bitumin @ R800 each	A3|156
19186	*"3. Filed Unite Mzansi quote and invoice"* **Record 37** 3. Filed Unite Mzansi quote and invoice	A3|160
19190	*"3. Valotone _ R108,353 – Seevesh* *Bravosat – R120,617.87 – Seevesh* *= R228,969.88"* **Record 38** 3. Valtone - R108 353 - Seevesh Bravosat - R120.617.87 Seevesh = R228 969.88	A3|164
19191	*"4. Capturing Bravosat invoices on Pastel."* **Record 39** 4. Capturing Bravosat invoices on pastel.	A3|165

Document No.	Description of Record	
19192	*"2. Printed Bravosat invoice. Shown to Thoshan he was happy"* **Record 40** 2. Printed Bravosat invoice Shown to Thoshan he was happy.	A3|166
19193	*"8. Thoshan called he said that what are the amounts for Bravosat & Valotone because its defferent from what Shamilla has.* *= called Shamilla she says we must understand only the invoices that are captured will show amounts.* *=informed Thoshan"* **Record 41** 8. Thoshan called he said that what are the amounts for Bravosat & Valtone because its Different from what shamilla has. =called shamilla she says we must understand only the invoices that are captured will show amounts. =Informed Thoshan.	A3|167
19194	*"5. Thoshan wanted a list in all invoices loaded onto the system from inception with invoice no, amount and status. Done only to give to him. = given to him."* **Record 42** 5 Thoshan wanted a list on all invoices loaded onto the system from inception with Invoice no, amount and status ~~given to him~~. Done only to give to him =given to him.	A3|168

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Document No.	Description of Record	
19200	*"Went with Thoshan to his house to do payments for today'* *1. Done payments."* **Record 43** Went with Thoshan to his house to do payment's for today 1. Done payments	A3|174
19201	*"1. Came in started loading Pastel Invoices -> that were not loaded also added new deploy for this week."* **Record 44** 1. Came in started loading Pastel invoices → that were not loaded also added new deploy for this week.	A3|175
19201	*"5. Done all outstanding quotes and invoices"* **Record 45** 5. Done all outstanding quotes and Invoices	A3|175
19210	*"Came in sorted out Captain Ashwin booking with Karen @ Protea R/Bay. Informed Thoshan."* (this entry is dated 31 March 2010) **Record 46** Came in Sorted out Captain Ashwin booking with Karen. @ Protea R|Bay Informed Thoshan	A3|184
19215	*"Made copies of all invoices and given to Shamilla"* **Record 47** Made copies of all invoices and given to Shamilla.	A3|189

Document No.	Description of Record	
19218	*"Sorted out pastel* *Bravosat Valotone – Whats not paid"* **Record 48** Sorted out pastel Bravostat Valotone . – What's not paid .	A3|192
19220	*"Done backup of Bravosat and Valotone"* **Record 49** Done backup of Bravosat & Valotone	A3|194
19229	*"Given Thoshan all outstanding invoices for Shamilla"* **Record 50** given Thoshan all outstanding Invoices for Shamilla .	A3|203

Document No.	Description of Record	
19238	This page contains the bank account details of Valotone 21 CC, Bravosat 25 CC and Goldcoast Trading but also contains the name of Unite Mzansi Trading. An extract of the entries that appear in this regard are detailed hereunder: **Record 51** Deena – Telephone – Nashua Valotone 21 cc Banking details : ABSA BANK Cheque acc acc no: 40750 17618 B/code : 510829 Umhlanga Ridge. Business acc Unite Mzansi Trading & Projects cc. 019238 Bravosat : 25 cc ABSA B/code : 510829 Acc no : 40750 17 197 Cheque acc. Business acc. Aircon :- Vishnu * Invoice * Application. Vat no : for 3 Companies : Valotone. Brav Goldcoast Nedbank Dbn Central B/c - 187505 acc no: 1442 016728 Vat no: * 4590254555	**A3|212**

14.014 I have also identified in the abovementioned book titled "Tasleem Rahiman Record Book" three pages of information relating to Kaseev Traders, Valotone 21 CC and Unite Mzansi Trading (**Documents 19090, 19091** and **19092** respectively) which information indicates that these three suppliers were competing against each other for the same items. **A3|64-66**

14.015 The information contained in each of the abovementioned pages of this book was compared to the orders that were issued to each of these entities by the SAPS, the quantity of items requested and the unit price or aggregate selling price from which I have identified some examples where the information contained in the abovementioned records agrees with the orders that were issued to these entities.

14.016 An example of my findings from this analysis in respect of these entities are illustrated Record 52 and Record 53 below:

COMMISSION OF INQUIRY INTO STATE CAPTURE

Record 52

Kaseev · Traders :

019090

1. Venter Trailers (x3) 1,5M
2. Notice Board 2.5 x 1.5 (x18)
3. Sleeping bags (x40)
4. 40" LCD TVS (x6)
5. Canon EOS Digital Camera (x4)
6. Binoculars (x4) 10x50
7. Gas Bottles 4.5kg (x5)
8. 42" LCD TVS (x1)
9. Bottled Water 500ml x24 (x50) boxes

AD341778
R3,813 each X18
Notice Boards =
R68,639.40
(**D11**)

AD341740
R3,813 each x 4
Binoculars =
R4,320
(D10)

K	V	U
~~1. R76980~~		
1. R25.650 ea	1. R26.500 2	R28.000 3
2. R3813.80 ea	2. R3800.00 3	R345000 2
3. R437.52	3. R485.50 3	R452.00 2
4. R29.999.00	4 R31.250.00 2	R32.500.00 3
5. R14.997.00	5. 15.750.00 3	R15.150.00 2
6. R1080.00	6. R1150.00 2	R1250.00 3
7. R1283.11 ea	7. R1525.25 3	R1385.29 2
8. R44.997	8. R47.000 3	R45.985.20 2
9. R9.74 per bott	9. R12.00 2	R14.20 3
25 Litre Jerry cans	720	743
Plastic chairs	195	177

Record 53

VALTONE

019091

1. Interactive Penrite Board 3x2m (1)
2. Urn - 30LT (x6)
3. Camp folding beds (40)
4. Uprite fridges 120LT (x4)
5. DVD Players (x3)
6. Video Camera Sony Hdr cx100 (x2)
7. Jacks 20ton (x2)
8. Multimedia Projector & Screen (x2)
9. Medical Kits (x6)

AD341784 – R2,139 each x 40 = R85,560 (**E41**)

AD341784 R4,200 x 4 = R16,800 (**E38**)

	V	~~S~~ U	K
1.	R39.330.	R42.000 2	R45.550 3
2.	R6099.00	R6325.00 3	R6200.00 2
3.	R ~~1283.00~~ 2139	R1345.00	R1550.00
4.	R4200	R4800.00	R4450.00
5.	R600.00	R685.00	R725.50
6.	R14.697.00	R15.797.00	R17.000
7.	R1598.34	R1750.50	R1885.90
~~8.~~	~~R1559.10~~	R	
8.	R15,597.00	R16.250	R17.000.00
9.	R1692.90	R1785.85	R1895.98.

Summary of Evidence in Tasleem's Counter Book

14.017 I have been able to identify from the handwritten entries appearing in the counter book titled "Tasleem Rahiman Record Book", as per Record 3 on page 125 to Record 51 on page 144, that there is evidence that Panday was actively involved and participated in the business activities of Goldcoast Trading, Bravosat 25 CC and Valotone 21 CC. In addition to these three entities, the handwritten notes that appear in this counter book also make reference to Unite Mzansi Trading and one instance of Kaseev Traders (Record 35 on page 139).

14.018 It is further evident from the entries that appear in these records that there was collusion between Panday and or his related entities and the SAPS which collusion resulted in the police deviating from the required SCM procedures and which procedures favoured Panday and his related entities. An example of such behaviour is illustrated in Record 11 on page 129, Record 12 on page 129, Record 13 on page 129 and Record 14 on page 130.

14.019 In all of the aforementioned instances, there is evidence that Panday was manipulating quotations for his related entities to ensure that the awards by the SAPS are distributed between these entities. For example, in Record 11 on page 129 of this report, it is recorded that Panday has requested Tasleem to prepare two sets of quotations, one in which Bravosat 25CC would be the successful bidder and the other Valotone 21 CC. (I will further show in subsequent paragraphs of this report how this procedure was manipulated further by Panday and his related entities[1].)

14.020 There is also evidence in these records that the SAPS SCM representatives were aware that Panday was related to these entities for example, in Record 27 on page 136 of this report, the writer has indicated that she called Captain Ash who was not available and therefore, spoke with Shamilla where they discussed a number of invoices relating to Bravosat 25 CC, Valotone 21 CC and Goldcoast Trading relating to the procurement of generators. The entry further indicates that new invoices were resubmitted to the SAPS SCM unit which were received by Captain Ash and who also indicated that he was satisfied with these documents.

14.021 On Wednesday 3 March 2010, the writer made an entry in her counter record book wherein she has indicated that she had “done a quote and invoice for Unite Mzansi Trading”. The fact that she had prepared a quotation and invoice simultaneously confirms that a proper procurement process was not followed by the SCM unit when awarding work to Panday and his related entities.

[1] Refer to paragraph 14.044 to 14.055 (14.056 to 14.085).

14.022 Panday, on numerous occasions, requests a breakdown of all the companies who had previously won work from the SAPS and also appears to have in some instances set out the amounts to be included in the quotations. In Record 6 on page 126 of my report the writer obtained prices of GPS units at a cost of R2,795 whereafter Panday has instructed her to issue quotes for these units in the amount of R9,995. I have already eluded above that when she was preparing the quotations for these GPS Units she received an instruction from Panday to prepare two sets of quotes – one for Valotone 21 CC and another for Bravosat 25 CC to win the work.

14.023 The aforementioned prices also indicate that Panday's mark up on these GPS units was not market related as his profit margin, based on the entry in Record 6 would have been 258%. (The exact margins are discussed in subsequent paragraphs of this report when dealing with each of Panday's related entities orders and suppliers invoices.)[1]

COVER QUOTING RECORDS – GOLDCOAST TRADING

14.024 My analysis of documentary evidence contained in a lever arch file marked volume 55 which was seized from the premises of Goldcoast Trading at 303 The Quartz, 45c Zenith Drive, Umhlanga Ridge contains numerous schedules which contain information as to how Panday, and his related entities, manipulated the quotations to the prejudice of the SAPS.

14.025 The aforementioned schedules related to the following entities:

1. Mzansi Trading Projects (**Document No. 19300**); **A4**
2. Bravosat (**Document No. 19301|2**); **A5**
3. Kaseev (**Document No. 19303**); and **A6**
4. Valotone (**Document No. 19304|5**). **A7**

[1] Refer to paragraph 17.017 to 17.021 (Valotone 21 CC), 18.029 to 18.036 (Unite Mzansi Trading) and 19.031 to 19.038 Bravosat 25 CC.

14.026 The headings that appear on the abovementioned schedules include: invoice number; description, amount, unpaid, quotes and the names of the entities who quoted against the said entity. Each of these schedules are discussed hereunder:

(i) Unite Mzansi Projects (Document No. 19300) **A4**

14.027 A screenshot of the schedule in respect of Mzansi Trading Projects (**document No. 19300**) is illustrated in Record 54 below: **A4**

Record 54

A4

Invoice number	Description	Amount	Unpaid	Quotes	Valotone	Kaseev
1001	Mercedes Bens c180	R198,765.00	Paid	Nil		
1002	Bottled Water, Paint Brushes , Piant Scrapper	R28,000.00	Unpaid	Nil		
1003	5x Cases Bottled Water (24 Bottles)	R1800.00	Unpaid	Nil		
1004	Piant etc	R13,451.00	Unpaid	Nil		
1005	Remote Controlled Car	R13,799.00	Unpaid	Nil		
1006	Defy Microwaves	R6900.00	Unpaid	1	3	2
1007	Fire Extinguishers	R18,000.00	Unpaid	1	3	2
1008	Water Coolers	R14,288.76	Unpaid	1	3	2
1009	Ration Packs	R142,500.00	Unpaid	1	3	2
1010	Sand Bags	R195,000.00	Unpaid	1	3	2
1011	Sun Screen	R48,000.00	Unpaid	1	2	3
1012	Garmin	R76,000.00	Unpaid	1	2	3
1013	Ration Packs	R142,500.00	Unpaid	1	3	2
1014	Extention Cord	R2,212.74	Unpaid	1	3	2
1015	Cable Ties	R2,455.56	Unpaid	1	2	3
1016	Dinner Set	R16,500.00	Unpaid	1		2

14.028 I have interpreted the abovementioned information to be, in all instances where for example the column labelled "Quotes" and which I have marked as "A" above and there is a "1", that this indicates that Unite Mzansi Projects provided the lowest quotation of the two suppliers identified in columns marked "B" and "C", who are Valotone and Kaseev respectively. **A4**

14.029 Based on the abovementioned schedule, I can conclude that, in respect of these specific invoice numbers (as per "D" in Record 54 above), that the SCM representatives and Panday colluded with another to ensure that three quotations are supplied in each instance to ensure that they were compliant with the procedures set out in the SAPS SCM Manual. Therefore, the procurement process was not fair, equitable, competitive and cost effective as required in section 38 of the PFMA and section 217 of the Constitution of South Africa. **A4**

(ii) Bravosat 25CC (Document No. 19301|2) **A5**

14.030 A screenshot of the schedule in respect of Bravosat (**Document No's 19301|2**) is set out below as per Record 55 and Record 56: **A5**

Record 55

A5|1

Invoice number	DESCRIPTION	AMOUNT	UNPAID	Quote	Valtone	Goldcoast
1001	60 x Double Duty Belts	R93,000.00	Paid	1	2	3
1002	60 x D Shell Holster	R46,500.00	Paid	1	2	3
1003	60 x Hand Gun Retention Cables	R27,000.00	Paid	1	3	2
1004	60 x Jumpsuites	R144,000.00	Paid	1	2	3
1005	30 x Leveliii a Balistice Helmets	R99,900.00	Paid	1	2	3
1006	225 x Berets	R56,250.00	Paid	1	2	3
1007	250 x Berets	R62,500.00	Unpaid	Nil		
1008	120 x Manufacture name and tactical badges	R40,000.00	Unpaid	Nil		
1009	60 x Torches	R72,000.00	Unpaid	Nil		
10010	60 x Slings	R57,000.00	Unpaid	Nil		
10011	100 x Tactical Gloves	R49,500.00	Paid	1	2	3
10012	100 x Ess Goggles	R99,500.00	Paid	1	2	3
10013	100 xSlings	R95,000.00	Paid	1	2	3
10014	100 x Berets	R25,000.00	Paid	1	2	3
10015	50 x Jumpsuits	R120,000.00	Paid	1	2	3
10016	50 x Battle Jackets	R122,500.00	Paid	1	2	3
10017	50 x Level iii Balistice Helmets	R166,500.00	Paid	1	2	3
10018	100 x Heavy Duty Belts	R155,000.00	Paid	1	2	3
10019	100 x Leg Rig With Pouches	R99,500.00	Paid	1	2	3
10020	6 x Video Camera's	R109,500.00	Paid	1	2	3
10021	5 x Digital Camera's	R97,500.00	Paid	1	3	2
10022	10 x Nuvi Garmin	R99,950.00	Paid	1	2	3
10023	1 x White Board	R1250.00	Paid	1	3	2

Record 56

A5|2

10024	3 x Water Cooler Dispensers	R20,609.82	Paid	NIL		
10025	2 x Gazebo's	R23,000.00	Paid	1	3	2
10026	1 x Generator	R92,500.00	Paid	1	2	3
10027	5000 x Neon Green Armbands	R45,000.00	Paid	NIL		
10028	1 x Genrator Yamaha	R91,000.00	Paid	1	2	3
10029	4 x Defy Fridge	R39,588.00	Paid	Nil		
10030	4 x Microwaves	R6599.00	Paid	Nil		
10031	1 x Steel Stationery Cupboard	R4788.00	Paid	Nil		
10032						
10033	2 x 4 Draw Filing Cabinets	R9576.00	Paid	Nil		
10034	1 x LG Projector & Screen	R21,570.00	Paid	Nil		

RR4-TSW-0263

14.031 Once again it appears that in a number of instances that Bravosat, Valotone and Goldcoast competed against one another and therefore, this would again indicate that the procurement process in respect of orders awarded to Bravosat 25 CC as detailed in Record 55 and Record 56 above was not fair, equitable, competitive and cost effective. **A5**

(iii) Kaseev Traders (Document No 19303) **A6**

14.032 A screenshot of the schedule in respect of Kaseev (**Document No's 19303**) is set out below as per Record 57 below:

Record 57

Invoice number	DESCRIPTION	AMOUNT	UNPAID	Quotes	Valtone	Unite Mzansi
001	Dustcoats, white caps, goggles & Masks	R88,908.00	Unpaid	Nil		
002	10 x Aluminium Boards	R16,530.00	Unpaid	Nil		
003	1x Bmw , 2 x Vw T5 Bus	R20,257.80	Unpaid	Nil		
004	3 x Hp Laptops	R75,240.00	Unpaid	Nil		
005	Bottled Water	R4200.00	Unpaid	Nil		
007	Notice boards	R68,639.49	Unpaid	1	3	2
008	Sleeping Bags	R44,460.00	Unpaid	1	2	3
009	Digital Camera	R37,000.00	Unpaid	1	3	2
0010	Flood Lights	R125,000.00	Unpaid	1	3	2
0011	Flood Lights	R125,000.00	Unpaid	1	3	2
0012	Upclose Binoculars	R4320.00	Unpaid	1	2	3
0013	Polydrop Plastic Stackable chairs	R22,500.00	Unpaid	1	3	2
0014	Jerry cans 25 lt	R13,980.00	Unpaid	1	2	3
0015	Steel Tables	R27,000.00	Unpaid	1	2	3

A6

14.033 Once again, it appears from the information contained in Record 57 above that, in a number of instances, Kaseev, Valotone and Unite Mzansi cover quoted against one another. Therefore, this indicates that the procurement process in respect of orders awarded to Kaseev Traders as detailed in Record 57 above was not fair, equitable, competitive and cost effective. **A6**

(iv) Valotone 21CC (Document No. 19304|5) **A7**

14.034 A screenshot of the schedule in respect of Valotone (**Document No's 19304|5**) is set out in Record 58 and Record 59 below: **A7**

Record 58

A7|1

Invoice number	DESCRIPTION	AMOUNT	Unpaid	Quotes		
					Bravosat	**Goldcoast**
100	60 x Utility Leg Rig	R59,700.00	Paid	1	3	2
101	60 x Knee Elbow Pads	R41,700.00	Paid	1	2	3
102	60 x Ess Goggles	R59,700.00	Paid	1	3	2
103	60 x Tactical Gloves	R29,700.00	Paid	1	2	3
104	60 x Battle jackets	R147,000.00	Paid	1	2	3
105	60 x Equipment Bags	R117,000.00	Paid	1	2	3
106	60 x Jumpsuits altered and Fitted Name Badge	R20,000.00	Paid	1	2	3
107	30 x Level iiia Ballistic Helmats	R99,900.00	Paid	1	2	3
108	120 x Torch Batteries	R18,000.00	Unpaid	1	2	3
109	100 x Padlock Brass Locks	R25,000.00	Unpaid	Nil		
1026	100 x Torch Batteries	R15,000.00	Unpaid	1	2	3
					Unite Mzansi	**Kaseev**
1031	75 x Jumpsuits	R195,000.00	Unpaid	Nil		
1032	75 x Jumpsuits	R195,000.00	Unpaid	Nil		
1033	4 x Upright Fridges	R16,800.00	Unpaid	1	3	2
1034	2 x Dvd Players	R1998.00	Unpaid	1	2	3
1035	4 x Salton Urn	R10,788.00	Unpaid	1	3	2
1036	6 x Medical Aid Kite s	R10,800.00	Unpaid	1	2	3
1037	7000x Security Stickers	R1097.00	Unpaid	1	2	3
1038	2x 20 Ton Nyala Jack	R3600.00	Unpaid	1	2	3
1039	2 x Range Finder	R92,700.00	Unpaid	1	3	2
1040	2x Range Finder	R92,700.00	Unpaid	1	3	2
1041	40x Camp Folding Beds	R85,560.00	Unpaid	1	2	3

Record 59

A7|2

1042	3 x Venter Trailers	R20,700.00	Unpaid	1	3	2
1043	2100 x Torch Batteries	R145,425.00	Unpaid	1	3	2
1044	50 x Spotlights	R46,012.00	Unpaid	1	2	3
1045	1x Angle iron	R47,040.00	Unpaid	1	2	3
1046	1 x Hessian	R75,000.00	Unpaid	1	2	3
1047	2x Multimedia Projector and Screen	R44,500.00	Unpaid	1	2	3
1048	12 x Belly Scopes	R42,000.00	Unpaid	1	2	3
1049	4 x Endo Scopes	R92,000.00	Unpaid	1	2	3
1050	12 x Hand Held Scanners	R99,840.00	Unpaid	1		
1051	12 X Hand Held Scanners	R99,840.00	Unpaid	1	3	2
1052	4x Normal T V	R24,000.00	Unpaid	1	2	3
1053	200x Berets	R53,000.00	Unpaid	Nil		
1054	11x Garmin	R104,500.00	Unpaid	1	3	2
1055	200 x Duracell Batteries	R13,100.00	Unpaid	1	3	2

14.035 Once again, it appears from the information contained in Record 58 and Record 59 above that, in a number of instances, Valotone, Bravosat and Goldcoast competed against one another and in other instances Valotone, Unite Mzansi and Kaseev competed against one another. This observation indicates that the procurement process in respect of orders awarded to Valotone 21 CC as detailed in Record 58 and Record 59 above was not fair, equitable, competitive and cost effective. **A7**

Summary of Findings for Volume 55

14.036 Based on the information contained in the abovementioned schedules, I am able to conclude that the information contained thereon confirms that Unite Mzansi Trading, Bravosat 25 CC, Kaseev Traders, Valotone 21 CC and Goldcoast Trading all competed against one another.

14.037 The effect of this is that they colluded in such a way that there was no open competition resulting in a procurement process that was not fair, equitable, competitive and cost effective and this conduct prejudiced the SAPS.

EVIDENCE OF COVER QUOTING IN SAPS PROCUREMENT AUTHORITY SUBMISSIONS **A8 – A31**

14.038 I have identified amongst the exhibits seized from the SAPS Finance Section a number of submissions for the "Procurement Authority" to purchase items for SAPS ORS KZN. **A8 – A31**

14.039 All these submissions show that three quotations were obtained by Provincial SCM and which documents also include the suppliers name, price, points for price, HDI, woman equity and disability for each of the three suppliers who provided a quotation. An example of this information (**Document No. 13148**) is shown in Record 60 below: **A30**

Record 60

	KASEEV TRADERS CC	UNITE MZANSI TRADING AND PROJECTS	VALTONE 21 CC
Price	R95 988,00	R98 400,00	R99 840,00
Points for Price	80	78	76.77
HDI	0	0	0
Women Equity	0	0	5
Disability	0	0	0
TOTAL	80	78	**81.77**

A30

14.040 I can also conclude, for each of these submissions for orders that were awarded to Panday and his related entities, that they have been signed by what appears to be Narainpershad who has certified in paragraph 3.1 that he has verified the documents in accordance with the preferential procurement point system (80/12) to evaluate the suppliers. An example of this information in shown in Record 61 below: **A8** **A30**

Record 61 **A8**

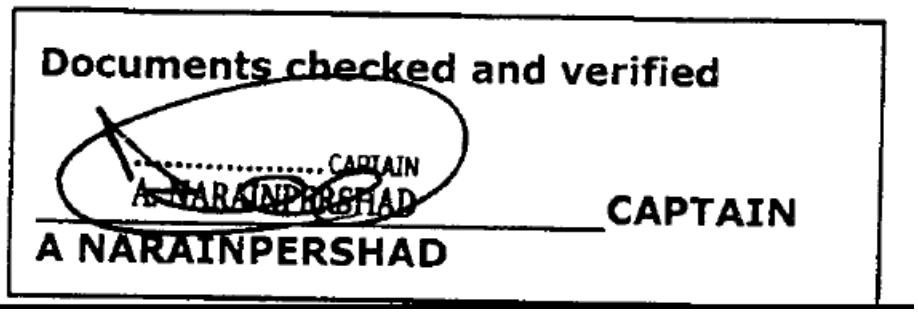
3.1. The preferential procurement point system (80/20) is used to evaluate suppliers. **A30**

POINTS CALCULATED BY	DOCUMENTS VERIFIED
CPAC S RAMDHANI	CAPT A NARAINPERSHAD

14.041 Appended on each of these submissions is a stamp which stamp verifies that Narainpershad has checked and verified the documents and has appended his signature on the submission to confirm that this has been done. An example thereof is illustrated in Record 62 below: **A8 & A30**

Record 62

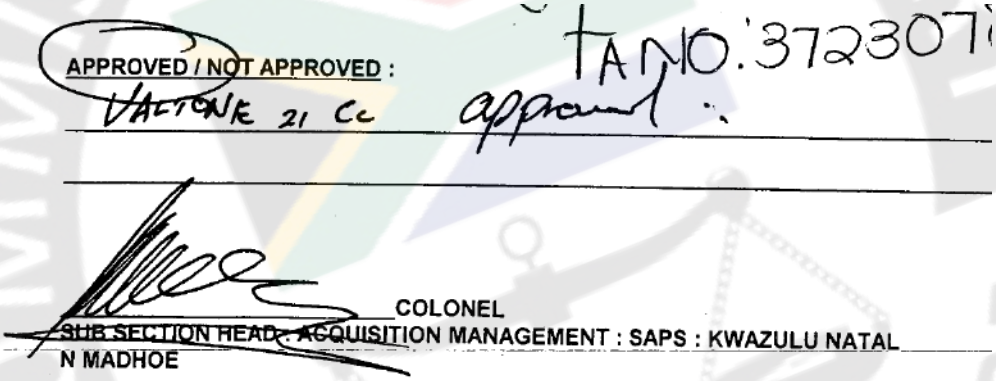
A30



14.042 I have further observed that for each one of these documents that Madhoe, as the Sub Section Head: Acquisition Management: has approved the recommendations made in this submission by appending what appears to be his signature to the place provided at the bottom of the page of this submission. An example of this approval and signature is illustrated in Record 63 below: **A8 & A30**

Record 63

A8 & A30



14.043 The submission also indicates that all points calculated were done by CPAC S Ramdhani (refer to Record 61 above) whilst she also appears to have signed in the place for the recommendation. **A8 & A30**

Procurement Authority Submissions for Panday's Related Entities

A9 – A31

14.044 My examination of documents contained in a lever arch file marked Finance-Volume 36 identified twenty three (23) Procurement Authority Submissions where recommendations were made to award orders to Unite Mzansi Trading, Valotone 21 CC or Kaseev Traders. **A8**

14.045 The details of these twenty three submissions are set out below: **A9 – A31**

No	Date	Goods Required	Kaseev Traders	Unite Mzansi	Valotone	Company Approved	Document Ref No	Order No[1]
1	06/05/2010	DIGITAL CAMERA (2)	37,000.00	38,500.00	39,500.00	Kaseev Traders	**13081**	AD341780
2	05/05/2010	SLEEPING BAGS	44,460.00	45,360.00	47,240.00	Kaseev Traders	**13084**	AD341779
3	06/05/2010	FLOOD LIGHTS	125,000.00	139,250.00	146,750.00	Kaseev Traders	**13101**	AD341795
4	06/05/2010	FLOOD LIGHTS	125,000.00	139,250.00	146,750.00	Kaseev Traders	**13103**	AD341781
5	06/05/2010	NOTICE BOARDS (18)	68,639.40	76,194.00	79,524.00	Kaseev Traders	**13139**	AD341778
6	06/05/2010	SUN SCREEN HIGHEST SPF	57,600.00	48,000.00	54,600.00	Unite Mzansi	**13106**	AD341775
7	05/05/2010	SAND BAGS	197,000.00	195,000.00	199,500.00	Unite Mzansi	**13109**	AD341774
8	05/05/2010	RATION PACK	165,000.00	142,500.00	177,500.00	Unite Mzansi	**13112**	AD341773
9	05/05/2010	GARMIN NUVI 1410 GPS	79,600.00	76,000.00	78,000.00	Unite Mzansi	**13115**	AD341776
10	05/05/2010	RATION PACK	165,000.00	142,500.00	177,500.00	Unite Mzansi	**13131**	AD341777
11	06/05/2010	ENDO SCOPE (4)	100,000.00	97,200.00	92,000.00	Valotone 21 CC	**12929**	AD341792
12	06/05/2010	MULTI MEDIA PROJECTORS	49,200.00	47,560.00	44,500.00	Valotone 21 CC	**13090**	AD341790
13	06/05/2010	BELLY SCOPE (12)	43,560.00	46,200.00	42,000.00	Valotone 21 CC	**13093**	AD341791
14	06/05/2010	ANGLE IRON	53,760.00	50,400.00	47,040.00	Valotone 21 CC	**13097**	AD341788
15	06/05/2010	BEDS CAMPFOLDING (40)	100,000.00	93,920.00	85,560.00	Valotone 21 CC	**13118**	AD341784
16	05/05/2010	VENTER TRAILERS	86,700.00	93,000.00	89,100.00	Valotone 21 CC	**13122**	AD341785
17	06/05/2010	BEDS TORCH BATTERIES (2100)	137,550.00	149,000.00	145,425.00	Valotone 21 CC	**13125**	AD341786
18	06/05/2010	SPOT LIGHTS (50)	44,762.00	43,935.00	46,012.50	Valotone 21 CC	**13128**	AD341787
19	06/05/2010	RANGE FINDER X2	90,000.00	95,000.00	92,700.00	Valotone 21 CC	**13133**	AD341782
20	06/05/2010	BEDS HASSAIN SACKS (1500M)	83,250.00	79,500.00	75,000.00	Valotone 21 CC	**13142**	AD341789
21	06/05/2010	HANDHELD SCANNERS	95,988.00	98,400.00	99,840.00	Valotone 21 CC	**13145**	AD341793
22	06/05/2010	HANDHELD SCANNERS	95,988.00	98,400.00	99,840.00	Valotone 21 CC	**13148**	AD341794
23	06/05/2010	RANGE FINDER X2	90,000.00	95,000.00	92,700.00	Valotone 21 CC	**13154**	AD341783

[1] I have reconciled each of the twenty three (23) procurement authority submissions to order numbers issued to each of Panday's related entities which order numbers are recorded in this column.

14.046 My observations from the examination of the aforementioned procurement authority submissions, in addition to those detailed above in paragraphs 14.038 to 14.043, revealed that they are all dated either 5 or 6 May 2010 and, according to paragraph 1 thereof, they are all in respect of an application from SAPS Provincial ORS dated 26 March 2010. **A8** **A9 – A31**

14.047 In each of the abovementioned twenty three cases, all three of these entities competed against each other in the SAPS procurement process and therefore, my conclusions earlier in this report with regard to the procurement process not being fair, equitable, transparent, competitive and cost effective is supported by the above mentioned finding. **A8** **A9 – A31**

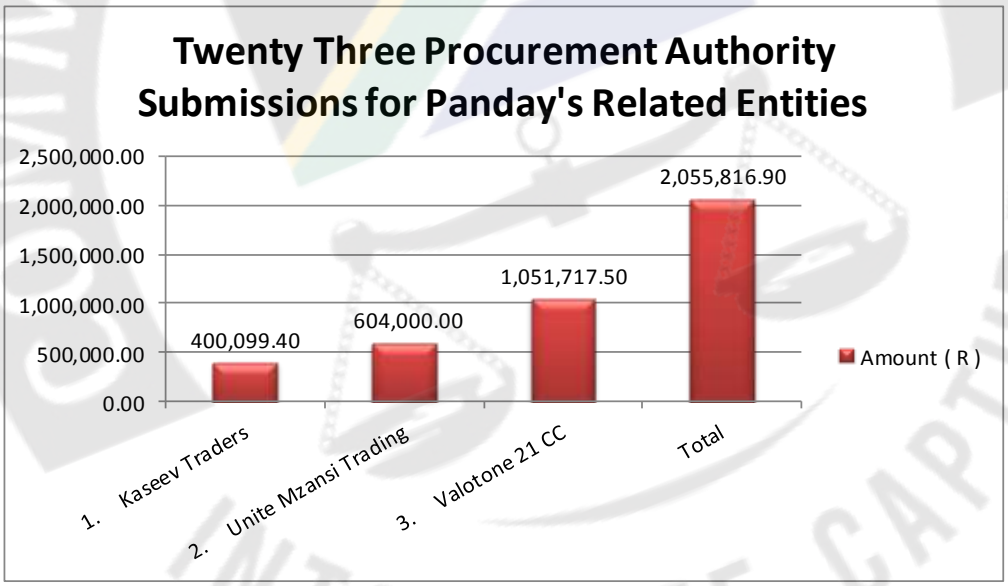
14.048 I do not want to discuss the cost effectiveness of each of these purchases in this section of my report as I have dealt with this aspect in more detail further on when discussing the orders awarded to each of these suppliers. However, in order to support my aforementioned conclusions, I will briefly refer to order No. AD341773 (**Document No. 12867**) and order No. AD341777 (**Document No. 12851**) that was given to Unite Mzansi Trading in the amounts of R142,500 each. **A16 – A18** **G11 & G15**

14.049 Both the aforementioned orders and their supporting invoices (**Document No. 12866** and **12850**) indicate that each order was for the procurement of 500 ration packs at a cost of R285 a unit. The aggregate quantity of ration packs of 1000 units purchased from Unite Mzansi Trading by the SAPS cost them R285,000. Both the orders for Unite Mzansi Trading are dated the same day (10 May 2010) in addition to, their supporting invoices also having the same date (17 May 2010). This indicates that the order was spilt so that it would not exceed R200,000 in order to stay within the approved delegated amount (Refer to paragraph 4.2.1.2 of the SCM manual or paragraph 11.031 number 3 on page 63 of this report which Madhoe was authorised to approve). **G11** **G15** **G11b|1-3** **G15b|1-3** **A1|28**

14.050 I have also identified in the records of Panday an invoice (**Document No 26665**) from Hampers Sales (Pty) Ltd t/a Snippets Hampers dated 12 May 2010 in the amount of R93,201 for 1000 ration packs (this includes the delivery charge). The cost prices of these ration packs for Panday is R77.15 a unit (excluding VAT and delivery) or R93.20 a unit (including VAT and delivery). **G11b|3** **G15b|3**

14.051 This means that Panday's profit margin on this specific transaction is 206%[1] and, in view that the procurement process was not competitive, fair and transparent this further supports my conclusion that it was not cost effective to the police. Had the police procured the ration packs directly from the supplier the same ration packs would have only cost them R93,201 instead of R285,000.

14.052 The aggregate sum of orders awarded to the Kaseev Traders, Unite Mzansi Trading and Valotone 21 CC in accordance with the twenty three orders referred to in paragraph 14.045 above is R2,055,816.90 which amount can be broken down for each supplier as follows:



[1] =100 x (((142,500 x 2) – 93,201)) ÷93,201 = 205.79%

14.053 If I were to assume that the profit margin earned on the ration packs was the same for other items purchased from Panday and his related entities (i.e. 206%), then it would mean that the aggregate cost of all these items to Panday would have been R671,835[1]. Therefore, Panday would have made a profit of R1,383,981[2] on the twenty three orders awarded to his related entities. This would further suggest that the procurement process was not cost effective and that the cost to the police should only have been the value of Panday's cost of sales (R1,383,981). However, I will show later in my report that while the assumption of a 206% profit margin is reasonable these margins varied from 60% to 560% and it would therefore be inaccurate to apply this profit margin retrospectively to all orders placed with Panday's related entities.

14.054 In addition to the aforementioned finding, I can also conclude that the unsuccessful quotations received in respect of the purchase of the ration packs was from Kaseev Traders and Valotone 21 CC whose prices quoted are as follows:

Supplier	AD341773, AD341777 Amount (R)	Unite Mzansi Traders Amount (R)	
Kaseev Traders	165,000	142,500	**G11a|1**
Valotone 21 CC	177,500	142,500	**G15a|1**

14.055 These figures indicate that the profit margins on Kaseev Traders and Valotone 21 CC quoted amounts would have been 254%[3] and 281%[4] respectively. Hence, there was no competitive bidding in the purchase of the ration packs by the police from Unite Mzansi Trading.

[1] =(2,055,816.90) ÷ (1+(206/100)) = 671,835.59
[2] 2,055,816.90 – 671,835.59 = 1,383,981.31.
[3] =100 x (((165,000 x 2) – 93,201)) ÷ 93,201 = 254.07%
[4] =100 x (((177,500 x2) – 93,201)) ÷ 93,201= 280.90%

Additional Evidence of Cover Quoting

A32 – A63

14.056 The examination of volume 76 of the exhibits, being a lever arch file marked "Goldcoast Trading CC Exhibit bag 0006799", revealed that Panday was also in possession of various letterheads from other entities not included in this investigation. The heading, as appearing on the first page in this file, is illustrated in Record 64 below: **A32**

Record 64

A32

14.057 Immediately subsequent thereto are, *inter alia*, a number of blank letterheads for other entities other than Panday's related entities. Detailed hereunder is a summary of the documents found immediately after Record 64:

1.	Pearl Star Investment 246[1]	(**Document No 24985**)	**A33**
2.	Launchzone Travel Solutions	(**Document No. 24986**)	**A34**
3.	Plastic Blown Containers (Pty) Ltd	(**Document No. 24987**)	**A35**
4.	Blank A4 page with "Block A 45 Peters RD" written thereon	(**Document No. 24988**)	**A36**
5.	Rocksteel Investments (Pty) Ltd	(**Document No. 24989**)	**A37**
6.	Afeefah Investment T/A Bassa's Wholesale	(**Document No. 24990**)	**A38**

[1] This letter is addressed to Yvonne Hodge of TAB Gold and therefore, not blank although it is filed in the in Volume 76 under the heading "Different Letterheads".

7.	Afeefah Investment T/A Bassa's Wholesale Hardware	(**Document No. 24991**)	**A39**
8.	A4 blank page with "Rock Steel, Mish Mart, P.B.C and Rashin" written thereon.	(**Document No. 24992**)	**A40**
9.	Mish Mart Holdings (Pty) Ltd	(**Document No. 24993**)	**A41**
10.	A4 blank page with "119 Garbut Rd, Sherwood, Fax 031 207 8092, 031 207 3699" written thereon.	(**Document No. 24993A**)	**A42**

14.058 I have observed from the examination of these documents that the address appended on the letterhead for Plastic Blown Containers (Pty) Ltd (**Document No. 24987**) is the same as that that appears on Unite Mzansi Trading's EFT application[1] for registration on the SAPS supplier database namely "*48 Peters Road, Sea Cow Lake Durban*." This address as printed on this letter is illustrated in Record 65 below: **A35** **G2|4**

Record 65 **A35**

48 PETERS ROAD SEA COW LAKE DURBAN 4051
P.O.BOX 74158 ROCHDALE PARK 4034
TEL: (031) 577 7407 FAX: (031) 577 1350
E-MAIL: plasblo@iafrica.com
DIRECTORS: M.N.E JOOSAB (MANAGING) I.E. JOOSAB

14.059 Based on the above-mentioned observations, it would be reasonable to conclude that Unite Mzansi Trading and Plastic Blown Containers (Pty) Ltd may be related.

[1] Refer to paragraph 10.068.

14.060 Experian reports were obtained of the statutory information on each of the entities identified in paragraph 14.057 1 to 10 above from which I have been able to determine that Mr Mahomed Naheem Ebrahim Joosab (id 621120 5212 050) is a director of:

1. Rocksteel Investments (Pty) Ltd[1]; **A44**
2. Mishmart Holdings (Pty) Ltd[2]; **A47**
3. Plastic Blown Containers (Pty) Ltd[3]. **A45**

14.061 The physical address appended on the reports for each of the aforementioned entities, with the exception of Rocksteel Investments, is the same as Unite Mzansi Trading being 48 Peters Road, Sea Cow Lake. The aforementioned address is the same address that is printed on the blank letter head of Plastic Blown Containers (Pty) Ltd (**Document No. 24987**) as already discussed above and referred to in Record 65 above. **A44 & 45** **A47** **A35**

14.062 Based on the abovementioned observation, it would be reasonable to conclude that Unite Mzansi Trading, Mish Mart Holdings and Plastic Blown Containers all operated from 48 Peters Road, Sea Cow Lake and therefore, are linked with each other in one way or another.

14.063 I have observed from the examination of the two blank letter heads for Afeefah Investment t/a Bassa's Wholesale (**Document 24990** and **24991**) that was located in volume 76 that both these letter heads are the same except that, in the latter document, the name of the business includes the word "Hardware". This is best illustrated in Record 66 and Record 67 below: **A38 & A39**

[1] Registration No. 2004/031161/07.
[2] Registration No. 2004/002599/07.
[3] Registration No. 1947/027849/07.

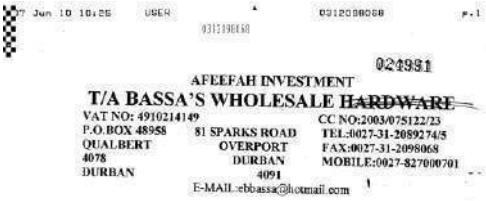
Record 66

7 Jun 10 10:25 USER 0312098068 P.1

024930

AFEEFAH INVESTMENT
T/A BASSA'S WHOLESALE
VAT NO: 4910214149 CC NO:2003/075122/23
P.O.BOX 48958 81 SPARKS ROAD TEL:0027-31-2089274/5
QUALBERT OVERPORT FAX:0027-31-2098068
4078 DURBAN MOBILE:0027-827000701
DURBAN 4091
E-MAIL:ebbassa@hotmail.com

Record 67


7 Jun 10 10:25 USER 0312098068 P.1

024931

AFEEFAH INVESTMENT
T/A BASSA'S WHOLESALE ~~HARDWARE~~
VAT NO: 4910214149 CC NO:2003/075122/23
P.O.BOX 48958 81 SPARKS ROAD TEL:0027-31-2089274/5
QUALBERT OVERPORT FAX:0027-31-2098068
4078 DURBAN MOBILE:0027-827000701
DURBAN 4091
E-MAIL:ebbassa@hotmail.com

A38 & A39

14.064 It appears that the letterhead of Bassa's Wholesale Hardware was amended by deleting the word "Hardware" from the original letter identified in Record 67 above and thereby creating a new letterhead, as per Record 66, which changed the trading name to Bassa's Wholesale.

14.065 The aforementioned conclusion is further supported by the three quotations located amongst the exhibits in SCM unit records as follows:

1. Quotation No. "Jan118" dated 22 January 2010 in the amount of R57,500 (**Document No. 16616**); **A49**
2. Quotation No. "Dec 15" dated 9 December 2006 in the amount of R25,580 (**Document No. 14779**); and **A50**
3. Quotation No. "Oct 32" dated 22 October in the amount of R31,848 (**Document No. 14769**). **A51**

14.066 In all three of the abovementioned documents, the name of the entity is recorded as "Afeefah Investment T/A's Bassa's Wholesale" and not "Afeefah Investment T/A's Bassa's Wholesale Hardware". **A49 – A51**

14.067 I have also located a procurement authority submission dated 22 January 2010 (**Document No 16613**) amongst the exhibits (volume 46 retrieved from SCM) from which I have determined that Bravosat 25 CC, Mishmart Holdings and Afeefah Investments all "*competed*" against each other for the supply of arm bands. According to paragraph 2 of this document, Narainpershad obtained the quotations from these three companies and he has also certified and verified that he checked the documents. An extract of this is illustrated hereunder in Record 68 below: **A52|1-6** **A52|2**

RR4-TSW-0276

Record 68

2. ***Three*** quotations were obtained from the following suppliers by Captain Narainpershad

3.

	BRAVOSAT 25 CC	MISH MART HOLDINGS (PTY) LTD	AFEEFAH INVESTMENTS
Price	R45 000,00	R60 000,00	R57 500,00
Points for Price	80	53.33	57.78
HDI	0	0	0
Women Equity	0	0	0
Disability	0	0	0
TOTAL	80	53.33	57.78

A52|

14.068 In this instance, Madhoe approved the recommendation that the Bravosat 25 CC be awarded the work and I can conclude that order no AD338681 was in fact issued to Bravosat 25 CC in the amount of R45,000 on 16 February 2010 **F11**

14.069 Mr Ebrahim Cassim Bassa Bassa, the owner of Afeefah Investments trading as Wholesale Hardware CC was interviewed and an affidavit obtained. He stated that he did not submit any of the quotations listed in 14.064 above or any other quotations to the SAPS. He further stated that he is not registered on the SAPS database nor has he ever applied to be registered on the SAPS database as a supplier.

Plastic Brown Containers

14.070 I have only been able to trace three documents amongst the documentary evidence seized by the police that related to "Plastic Brown Containers". These three documents are detailed hereunder:

1. Standard Bank statement from Account No. 252133412 (Panday) dated 5 February 2008 (**Document No. 29952**); **A53**

2. A blank Rocksteel Investments letter with the word cancelled appended thereon (**Document No. 24989**); and **A54**

3. Absa Bank statements for Valotone 21 CC dated 18 July 2010 (**Document No. 33390/1**). **A55**

14.071 On 1 February 2008 Panday deposited a cheque in the amount of R100,000 into his Standard Bank account No. 252133412 which was unpaid and which transaction was identified as :"Plastic Blown STP". A copy of this transaction is detailed hereunder: **A53**

Record 69

CHEQUE DEPOSITED UNPAID 3008 PLASTIC BLOWN STP	100.000,00-	02	01	62.094,27-000635584
CHEQUE 93	450,00-	02	02	62.544,27-013992688
ELECTRONIC TRF - CREDIT CARD 9363 NEDCARD A P 5898460759074594	67.692,36-	02	02	130.236,63-019490587
CHEQUE DEPOSIT T PANDAY UMHLANGA RID 347	100.000,00	02	04	30.236,63-000782984

Copy

A53

14.072 Included amongst the documents seized from Panday (Volume 76) is a Rocksteel Investments letter (**Document No. 24989**) that was faxed from Plastic Brown Containers on 7 June 2010 at 09:57. This is illustrated in Record 70 below: **A54**

Record 70

7/06/2010 09:57 Plastic Blown Containers (FAX)0315776285 P.001/001

2010 06/07 08:58 FAX 0118132979 PRISTINE 0315776285 001/001

024989

ROCKSTEEL INVESTMENTS (PTY) LTD

CK REG : 2004/031161/07

VAT NO: 4940217765

A54

14.073 I have also identified a transaction in the ABSA Bank statements of Valotone 21 CC in which it appears that, on 12 July 2010, Valotone 21 CC has paid R200,000 to Plastic Brown Containers (**Document No. 033390|1**). **A55|1 – 2**

RR4-TSW-0278

Pearl Star Investments

14.074 I have identified six quotations in exhibits (volume 41) seized from SCM offices that are for Pearl Star Investments 246 all of which are for accommodation. The particulars of these quotations are detailed hereunder:

1. Quotation dated 22 February 2010 in the amount of R235,000 for 150 personnel for a deployment in Nongoma and Ulundi (**Document No. 14764**); **A56**

2. Quotation dated 22 February 2010 in the amount of R104,000 for 40 personnel for a deployment in Nongoma and Ulundi (**Document No. 14759**); **A57**

3. Quotation dated 22 February 2010 in the amount of R189,000 for 125 personnel for a deployment in Nongoma and Ululndi (**Document No. 14753**); **A58**

4. Quotation dated 22 February 2010 in the amount of R193,750 for 125 personnel for a deployment in Nongoma and Ulundi (**Document No. 14749**); and **A59**

5. Quotation dated 22 February 2010 in the amount of R175,000 for 100 personnel for a deployment in Nongoma and Ulundi (**Document No. 14744**). **A60**

6. Quotation dated 7 June 2010 in the amount of R27,000 for 12 personnel for deployments in Ballito and Hluhluwe (**Document No. 21218**); **A61**

14.075 For the purposes of illustrating the cover quoting between Goldcoast Trading and these additional entities, I shall briefly refer to some of the documents recovered from exhibits seized from the police (Volume 41) with specific reference to the quotation from Pearl Star Investments 246 dated 22 February 2010 (**Document No. 14744**). **A60**

Deployment Nongoma & Ulundi 25 to 28 February 2010. **A62**

14.076 A letter from the Provincial Commissioner's Office SCM dated 24 February 2010 (**Document No. 14740**) addressed to the Section Head of Acquisition Management SCM, that purports to be from Narainpershad (this letter is unsigned although his name appears in the enquiries column on the top left hand side of the page), indicates in paragraph 2 thereof that three quotations were received from letting Agents as detailed hereunder: **A62|1**

1. Goldcoast Trading R150,000 (**Document No. 14742**) **A62|3**
2. Rocksteel Investments R165,750 (**Document No. 14743**) **A62|4**
3. Pearl Star Investments 246 R175,000 (**Document No. 14744**) **A62|5**

14.077 Both quotations from Pearl Star Investments and Rocksteel Investments are the same as the blank supplier letter heads referred to in paragraph 14.056 to 14.062 above that were located amongst Panday's documents. **A62|4-5** **A33 & A37**

14.078 The only reasonable conclusion that can be made from the abovementioned observation is that Panday, or persons acting on his instruction, used the supplier letterheads for both Pearl Star and Rocksteel Investments to prepare cover quotes in order to create the impression that there was competitive bidding. **A33 & A37** **A62|4-5**

PBC Accommodation Specialist **A63**

14.079 I have also identified another letter, from the Provincial Commissioner's Office SCM dated 24 February 2010 (**Document No. 14750**), that Narainpershad appears to have been the author of, addressed to the Section Head of Acquisition Management, which indicates, in paragraph 2 thereof, that quotations were obtained from letting Agents as detailed hereunder: **A63|1**

1. Goldcoast Trading R184,600 **(Document No. 14752)** **A63|2**
2. Pearl Star Investments 246 R189,200 **(Document No. 14753)** **A63|3**

3. PBC Accommodation Specialist R190,000 **(Document No. 14754)** **A63|4**

14.080 The quotation from PBC Accommodation Specialist has been prepared in a very similar format to other quotations that have been found amongst Panday's records. This quotation does not include any addresses or contact details of this supplier. An extract of their letterhead is illustrated in Record 71 below: **A63|4** **A35**

Record 71 **A63|4**

P . B . C

Accommodation Specialist

CO. REG .NO . 05/27849/07

14.081 The invoice for Goldcoast Trading in respect of this deployment, being invoice No. 100100 in the amount of R184,600 (**Document No. 14751**), indicates that the 125 members were accommodated at Crocodile Creek between the period 25 and 28 February 2010 i.e. 3 nights for 125 people. The invoice does not show the cost per person per night and therefore, I can only conclude that the cost per person per night, for the SAPS, would have been R492.27[1]. **A63|5**

[1] R184,600 ÷(3 x 125) = R492.27.

14.082 I have also identified an invoice from Crocodile Creek to Goldcoast Trading being invoice No. 7 in the amount of R141,600 (**Document No. 22426**), as per Record 72 below, who has invoiced Goldcoast Trading for 349 members for one night. Their rate per person, as reflected on this invoice, is either R240 per night (inclusive of bed and breakfast), or R200 a night (bed only). However, of the 349 members accommodated at Crocodile Creek, only 25 had bed and breakfast at a cost of R6,000 whilst the remaining 324 were booked in for accommodation only. The invoice from Goldcoast Trading to the SAPS (**Document No. 14751**) indicates that breakfast was included with the quotation for 125 members whilst they have also indicated that the duration of the stay was for three nights whilst Crocodile Creek's invoice indicates that the stay was for one night in respect of 349 members. **A63a** **A63|5**

Record 72 **A63a**

TAX INVOICE

7

CROCODILE CREEK LODGE
PONGOLA 3170

28/02/2010

GOLDCOAST TRADING

25 Bed & Breakfast R240 R6000-00
(one night)

022426

288 accommodation only R200 R57600-00
(one night)

36 accommodation only R200 R7200-00
(one night)

R70800-00

TERMS TERME

R70800-00

14.083 Irrespective of the differences in the abovementioned two invoices, I can conclude that the profit margin of Goldcoast Trading, in respect of three nights deployment at Crocodile Creek Lodge, would have amounted to 105%,[1] if their cost price was only R90,000[2] . Hence, the police would have paid R94,600 more for this specific order and therefore, it would be reasonable to conclude that the procurement process followed in Goldcoast Trading's appointment was not fair, transparent, competitive and cost effective. **A63|5** **A63a**

14.084 I have also performed a google search on Crocodile Creek Lodge using the internet[3] and have determined from the result of this search that Crocodile Creek Lodge has "*25 en-suite rooms and a conference room that can accommodate up to seventy people. A restaurant that can accommodate sixty is also available".* The telephone number recorded for Crocodile Creek on the internet enquiry – 0343161490, is the same as that that appears on their invoice to Goldcoast Trading (**Document No. 22426**).

14.085 I have also determined from the examination of Polfin records that Goldcoast Trading invoice No. 100100 is not recorded as paid whilst a document contained in their records (**Document No. 19055**) reflects that this invoice is unpaid. **A64**

Analysis of Bank statements **C**

14.086 The Polfin records of the SAPS indicate that the payments made to Panday's related entities were paid into the following bank accounts:

Name	Account No.	
1. Bravosat 25 CC	ABSA Account No. 4075017197	**F3**
2. Valotone 21 CC	ABSA Account No.4075017618	**E3**

[1] = 100 x (185,600-90,000) ÷ 90,000 = 105.11%
[2] R240 x 3 x 125 = R90,000.
[3] http://www.openafrica.org/participant/crocodile-creek-lodge

3.	Kaseev Traders	FNB Account No. 62251113313	**D3**
4.	Unite Mzansi Trading	ABSA Account No.4075205065	**G3**
5.	Goldcoast Trading	Nedbank Account No. 1442016728	**H3**

14.087 These bank accounts were subpoenaed by the SAPS and the statements on each of these accounts provided to me for further analysis and investigation. A summary of my findings in relation to the movement of funds between these related entities accounts are discussed hereunder in more detail.

(i) Bravosat 25 CC - ABSA Account No. 4075017197 **C4**

14.088 Between the period 23 February 2010 and 27 May 2010 the SAPS have paid in aggregate R2,079,468.70 into ABSA account No. 40575017197 belonging to Bravosat 25CC. During this same period the aggregate sum of credits to this account was R2,181,409.09 which comprised of R100,000.00 from Goldcoast Trading and two insignificant credits in the amounts of R950.00 and R990.30. **F3** **C4a|5** **C4a|5**

14.089 The proceeds of the total credits in this account, including credits from the SAPS, were transferred from this account as follows: **C4a|6**

	Description	Amount (R)	%
1.	Goldcoast Trading Account No 1442016728	1,572,000.00	72.06
2.	AE Bamath	100,000.00	4.58
3.	EC Bassa	110,000.00	5.04
4.	T Panday Account No. 4058448969	200,100.00	9.17
5.	Salary for Mumtaz and Tasleem	10,000.00	0.46
6.	Rates	56,990.08	2.61
7.	External EpayFin	104,743.54	4.80
8.	Cheques (unknown awaiting reply SAPS)	25,000.00	1.15
9.	Bank Charges	2,575.38	0.12
	Total	**2,181,409.00**	**100%**

14.090 This indicates that Bravosat 25 CC paid 72% (R1,572,000) of all receipts into their account, most of which was from the SAPS, into Goldcoast Trading's Nedbank account No. 1442016728 and a further 9.17% (R200,100) into Panday's Standard Bank account No. 4058448969. **C4a|6**

14.091 It is further evident from these statements that no or very little, if any, of this money was used to pay suppliers. In addition, it would also appear from the extent of credits into this account that the only customer of Bravosat 25CC between the period 23 February 2010 and 27 May 2010 was the SAPS since they are the only entity who made payments into Bravosat 25 CC's bank account.

(ii) Valotone 21 CC ABSA Account No. 4075017618 **C3**

14.092 I have determined from the examination of the ABSA bank statements for Valotone 21 CC with account No. 40575017197 for the period 18 November 2009 to 17 March 2011 that, in aggregate, this account was credited in the amount of R3,616,920.38. R3,515,704.36 of this amount comprised of deposits made by the SAPS in respect of orders placed with Valotone 21 CC. The balance was from Goldcoast Trading account in the amount of R100,000.00 and two insignificant credits in the amount of R700.00 and R516.02. **C3a|1-4** **C3a|5**

14.093 During the same period Valotone 21 CC paid in aggregate R3,617,111.30 from the account to the following entities: **C3a|9**

	Description	Amount (R)	%
1.	Goldcoast Trading Account No 1442016728	2,298,000.00	63.53
2.	P Panday	160,000.00	4.42
3.	External EpayFin	217,108.41	6.00
4.	Accommodation (Beach and Durban Hotel)	168,400.00	4.66
5.	Plastic Blown Container	200,000.00	5.53
6.	Carl Van der Merwe	150,000.00	4.15
7.	Cheques	120,000.00	3.32

8. Cash Withdrawal	300,000.00	8.29
9. Bank Charges	3,602.89	0.10
Total	**3,617,111.30**	**100%**

14.094 Once again, Valotone 21 CC has paid 64% (R2,298,000) of all receipts into their account, most of which was from the SAPS, into Goldcoast Trading's Nedbank account No. 1442016728 and a further 4.42% (R160,000) to P Panday's Standard Bank Account No 053099486 (**Document No. 34212 (R100,000) and Document No. 34238 R60,000)**) **C3a|9**

14.095 It is further evident from these statements that very little of this money was used to pay suppliers. In addition, it would also appear from the extent of credits into this account that the only customer of Valotone 21 CC between the period 12 January 2010 and 11 August 2010 was the SAPS since they are the only entity who made payments into Valotone's bank account.

(iii) Kaseev Traders FNB Account No. 62251113313 **C7**

14.096 I have examined the FNB bank statements for Kaseev Traders, with account No. 62251113313 for the period 8 June 2010 to 20 August 2010, and have determined that, in aggregate, R2,433,406.90 was credited to their account of which R1,552,019.40 originated from the SAPS. **C7a|1-4** **C7a|5**

14.097 I have also determined that Kaseev Traders have paid the expenses of Valotone 21 CC, Unite Mzansi Trading and themselves, in the aggregate amounts, as detailed hereunder: **C7a|9-10**

No	Supplier	Amount Paid (R)
1.	Valotone 21 CC	59,412.31
2.	Unite Mzansi Trading	147,382.64
3.	Kaseev Traders	194,811.79
Total		**401,606.74**

14.098 The abovementioned observation supports my earlier conclusions that these entities are related and hence, the reason why I have referred to them as Panday's related entities in my report.

14.099 It also supports my earlier conclusions that while these entities gave the impression of competing against one another when the SAPS where procuring goods from them they were not and therefore, the procurement process was not fair, transparent, competitive, and cost effective.

14.100 I can also conclude from the examination of the available bank statements for Kaseev Traders that a significant portion of the R2,433,406.90 deposited into this account, (63.78%) - R1,552,019.40, originated from the SAPS and based thereon, it would be reasonable to conclude that their major customer was the SAPS. A summary of credits paid into Kaseev Traders FNB account is detailed hereunder: **C7a|5**

C7a|5

Transactions Description	**No of credits**	**Total (R)**	**Note**
Internet Transfer	6	47,400.00	(01)
Internet Transfer	11	643,000.00	(02)
Bank Charges / Interest	7	47.50	
Loan	5	189,400.00	(03)
Purchase	1	1,540.00	
SAPS	5	1,552,019.40	
Total		**2,433,406.90**	

Note

(01) The transaction merely indicates that the credit originated from an internet transfer which transactions are described on these bank statements - as "xxxx". I have also examined the cheque account of Seevesh Ishwarkumar for account number 50429038596 and have verified that the account was debited with the same amounts, on the same day, which transactions are recorded thereon as "……."

(02) This transaction merely indicates that the credit originated from an internet transfer which transactions are described on these bank statements as "xxxxxxxxxxxxxxxxxxxxxxxxx". I have also examined the money market account for Seevesh Ishwarkumar for account number 62254021878 which statements reflect that these credits could have originated from this account as the date of the transactions and amounts occurred on the same day.

(03) The bank statements of Kaseev Traders record the transaction as "internet transfer – loan" and as a result, I am unable to confirm the contra account number for each of these five transactions.

14.101 I have determined that of the R2,433,406.90 deposited into Kaseev Traders FNB account No. 62251113313 that R2,432,740.87 was paid from the account to the following beneficiaries: **C7a|12-14**

Transactions Description	No of debits	Total (R)	Note
Internet Transfer	3	246,755.00	(02)
Internet Transfer	3	1,000,000.00	(03)
Bank Charges	36	3,518.30	
Cash	6	207,200.00	
Kaseev Traders	11	194,811.79	(01)
Payment (and name of supplier)	14	197,520.50	(04)
Purchase (debit card point of sale)	60	151,639.33	(05)

Rent	4	24,500.00	
Salary	7	200,000.00	
Unite Mzansi Trading	7	147,383.64	(01)
Valotone 21 CC	7	59,412.31	(01)
Total		**2,432,740.87**	

Note

(01) These transactions are in relation to payments made to third parties and are not to the entities as identified in the aforementioned table. In each instance, the bank statements contains the description or name of the contra account debited together with the reference of either: Kaseev Traders, Unite Mzansi Traders or Valotone 21 CC.

(02) The transaction merely indicates that the debit is recorded as an internet transfer which transactions are described on these bank statements - as "xxxx". I have also examined the cheque account of Seevesh Ishwarkumar for account number 50429038596 and have verified that the account was credited with the same amounts, on the same day, which transactions are recorded thereon as "……."

(03) The transaction merely indicates that the debit is recorded as an internet transfer which transactions are described on these bank statements - as "xxxx". I have also examined the money market account of Seevesh Ishwarkumar for account number 62254021878 and have verified that the account was credited with the same amounts, on the same day, which transactions are recorded thereon as "……."

(04) These are payments made in relation to third parties and where there is no reference to any of the suppliers identified in Note (01).

(05) These transactions are all debit card point of sale transactions.

(iv) Unite Mzansi Trading ABSA Account No. 4075205065 **C6**

14.102 I have determined, from the examination of bank statements for Unite Mzansi Trading domiciled at ABSA Bank account No. 4075205065 between the period 13 January 2010 to 4 March 2011, that, in aggregate, this account was credited in the amount of R928,122.06. The aforementioned amount comprised of these deposits made by the SAPS in respect of orders placed with Unite Mzansi Trading and one deposit by Goldcoast as detailed hereunder:

	Date	Amount (R)	
1.	14 May 2010	198,765.00	**C6|44**
2.	2 June 2010	647,857.06	**C6|44**
3.	22 June 2010	65,000.00	**C6|46**
4.	4 August 2010	16,500.00	**C6|48**
	Total	**928,122.06**	

14.103 Based on the fact that the only deposits into Unite Mzansi bank account, from unrelated entities, originated from the SAPS it is reasonable to conclude that the only customer for this entity was the police.

14.104 I have also determined, from my examination of the Unite Mzansi Trading's bank statements, that the proceeds of the money paid into this account by SAPS was disbursed as follows:

No	Date	Description	Dr	Cr	
1	14/05/2010	Payment SAPS		198,765.00	**C6|44**
2	31/05/2010	Cheque No. 2	198,000.00		**C6|44**
3	02/06/2010	Payment SAPS		647,857.06	**C6|44**
4	09/06/2010	Transfer to 1027473659 PB Umhlanga	640,000.00		**C6|45**

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5	04/08/2010	Payment SAPS		16,500.00	C6|48
6	23/09/2010	Cheque No. 5	3,000.00		C6|51
7	08/10/2010	Cheque No. 6	11,000.00		C6|51
8	12/10/2010	Cheque No. 8	5,000.00		C6|52
TOTAL			**857,000.00**	**863,122.06**	

14.105 I have determined that on 31 May 2010 a cheque in the amount R198,000 [025664] was credited to the Nedbank account of Goldcoast Trading which amount reconciles to the abovementioned cheque amount. (The deposit slip was provided). **C6b|1**

(v) Goldcoast Trading Nedbank Account No. **C2**

14.106 I have examined the Nedbank bank statements in respect of Goldcoast Trading in respect of account No. 1442016728 for the period 29 December 2008 to 21 November 2011 and have determined that, in aggregate, R55,672,644.58 was credited to this account of which R39,336,283 was paid therein by the police. **C2** **C2a|1-23** **C2a|24-25**

14.107 A summary of the aggregate value of these transactions , as appearing in descending order, together with the number of transactions are detailed hereunder: **C2a|24-25**

PwC Analysis	Sum of Credit	Count of Credits
SAPS	39,336,283.00	20
(blank)	3,915,707.52	13
Cambric	2,650,000.00	5
Valotone	2,298,000.00	6
TP Solutions	1,735,000.00	16
Bravosat	1,572,000.00	4
Loan	533,500.00	6
Naheen Joosab	500,000.00	1
MI	400,000.00	1
P Panday	335,800.00	5

PwC Analysis	Sum of Credit	Count of Credits
T Panday	325,500.00	6
Pranash	263,000.00	2
AFEEFA	250,000.00	1
Momentum	214,511.78	4
Seevesh	201,471.62	2
Subash Maharaj	151,058.48	1
Thoshan Panday	150,000.00	1
Financial Consultation	120,000.00	2
Transfer	100,000.00	1
Gonow	100,000.00	1
T Rahiman	100,000.00	1
Anisa Ebrahim	100,000.00	1
Shakaland	72,577.80	1
B Browning	45,000.00	3
Amir	40,000.00	1
Thasleem Rahiman	40,000.00	1
Gonow Auto	40,000.00	1
Road Lodge Richards Bay	30,164.20	1
Hibiscus	18,240.00	1
Nedbank	16,053.58	3
T GIYAPERSAD& ASSOCIATES	11,130.00	1
Spion kop Lodge	6,300.00	1
Cashfocus Protea Hotel Richard	1,171.60	1
Airtime	100.00	1
Bank Charges	75.00	1
Grand Total	**55,672,644.58**	**117**

14.108 Given the high number of transactions that appear on Goldcoast Trading's bank statements it is difficult for me to report on every transaction and, in some instances, I have merely cross-referenced a deposit, whether it was received from Panday or another third party, to the heading "deposit" that appears in the column PwC Analysis in the abovementioned table.

14.109 I can however conclude that the description of the transactions identified as Valotone 21 CC and Bravosat 25 CC on Goldcoast Trading's bank statements is reflected as either "ABSA Bank Valotone", "Valotone 21 CC", "ABSA bank Bravosat 25 CC" and or "Bravosat" and, based on these entries on these statements, I have classified them as such. Until I have been provided with the source documents relating to each of these transactions, I cannot confirm from whom the payments were received. **C2a|24-25**

14.110 I can however confirm that the aggregate sum of credits that originate from the SAPS in the amount of R39,336,283 reconciles to the amounts stated in the Polfin records for Goldcoast Trading[1]. **C2a|24-25**

14.111 I have also determined that Goldcoast Trading drew a number of cheques in favour of various beneficiaries, which cheques are bearer cheques and which were not crossed. This means that the payee would have been entitled to cash the cheque over the bank counter or to endorse it in favour of another third party. However, the bank statements for all these cheques indicate that the cheque was cashed and based thereon, I can conclude that cheques to the value of R692,887 were drawn against Goldcoast Trading's account and cashed over the counter. **C2b**

14.112 I have been unable to identify any payments that may have been made from Goldcoast Trading to Narainpershad, Madhoe or any other police representative from Goldcoast Trading's bank statements although it appears that various transfers were made to various accounts. For example, on 4 August 2010 an amount of R10 million was transferred from Goldcoast Trading's account purportedly to Privisha for a loan as the entry on the statement merely states "Privisha Loan." Panday's wife's name is Privisha. **C2a|1-23** **C2a|26** **C2|76**

14.113 I have also ascertained from the examination and analysis of these bank statements that, in aggregate, R11,179,415 purports to be paid into various accounts of Panday with the highest transaction being the R5,606,000 that was transferred to his account on 13 July 2010 and which entry reads "T Panday (Absa)". **C2a|26-27**

[1] Refer to the table in paragraph 20.001 of my report for the detailed schedule of orders and payments made to Goldcoast Trading by the SAPS.

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Forensic Analysis of Computer Images – Panday's Related Entities

14.114 The SAPS have provided a number of computer images that were seized from the various premises, three of which I have determined to have originated from Panday.

14.115 These images were subjected to further analysis from which I have identified numerous documents which shall be discussed further in my report in more detail.

14.116 Specific key word searches were performed on key words identified in preceding paragraphs of this report namely: Pearl Star Investments 246; Launchzone Travel Solutions; Rocksteel Investments t/a Bassa's Wholesale, Mish Mart Holdings, Plastic Blown Containers and P.B.C Accommodation Specialist. It was determined from these searches that none of these computer images had any electronic documents for any of the entities identified above.

Pastel Accounting System

14.117 There is a number of instances where Tasleem Rahiman has indicated in her counter record book, as discussed in paragraphs 14.010 to 14.023 above, that she was instructed by Panday to update the Pastel accounting system with the necessary information. In this regard, I would refer to the following document numbers and record numbers where these entries can be examined:

1. **Document No. 19251** - Record 24 on page 133 wherein she has indicated that Panday wanted all invoices for Goldcoast Trading, Bravosat 25 CC and Valotone 21 CC to be captured onto the pastel system; **A3|125**

2. **Document No. 19151 -** Record 25 on page 134 wherein she has recorded that she tried to capture invoices for Bravosat 25 CC and Valotone 21 CC but required a supplier invoice number; **A3|125**

3. **Document No. 19174 -** Record 32 on page 138 where she has indicated that she was sorting out the invoices on pastel but was unable to change the fonts and formats; **A3|148**

4. **Document No. 19201 -** Record 44 on page 142 where she has indicated that she arrived at work and started loading pastel invoices; and **A3|175**

5. **Document No. 19218 -** Record 48 on page 143 wherein she has indicated that she has sorted out pastel. **A3|192**

14.118 It was determined from an examination of the computer images seized from Panday or his related entities that these images did not contain pastel accounting software.

Profile of Kaseev Traders **A65**

14.119 I have identified a document in image number 023, being an image of a computer that was seized from Panday's Office at Suite 303 The Quartz, 45 Zenith Road, Umhlanga Rocks, that contains the profile of Kaseev Traders. **A65**

14.120 Under the heading of Financial Facts it is recorded that "*Kaseev Traders is very competitive in the market of supplying goods. The marginal profit is minimum compared to other companies providing the same service. The company is not restricted to any specific goods for resale.*" I will demonstrate, in subsequent paragraphs of this report[1], that the profit margins on goods supplied to the SAPS by this entity were not competitive as indicated in the company profile of this entity. **A65**

14.121 I have also determined from the document properties that the company profile of Kaseev Traders was created by Panday and last saved by Seevesh. Based on this document, it would be reasonable to conclude that Panday was responsible for creating this document. **A65**

[1] Refer to paragraphs 16.000 to 16.040.]

Gift to Captain Narainpershad

14.122 I have identified an email contained on the computer image 023 seized from the premises of Thoshan Office, Suit 303, The Quarts, 45 Zenith Road, Umhlanga Ridge dated 12 February 2010 with the subject "RE: guest". **A66|1**

14.123 This email is from Panday to sales2@karridene.co.za where Panday has indicated to them on the same date the following: **A66|1**

> *Good morning Brenda Reservation No. 318049.I have my guest arriving on 13/02/2010 and checking out on the 14/02/2010 and it is booked under Mr T Panday could you please make a note that these are the 2 guest that will be coming in Mr and Mrs Narainpershad. And once again please assist them in whatever they require and you can just forward me an account on Monday as this is a gift. Regards Tasleem."*

14.124 Based on the information contained in the aforementioned email, it would be reasonable to conclude that Panday intended to pay for the accommodation for Narainpershad, and his wife, for the period 13 to 14 February 2010 at the Protea Hotel Karridene Beach. **A66|1**

14.125 To corroborate my aforementioned conclusion, I examined the supporting documents seized from Panday, and bank statements provided by Nedbank, from which I have identified the following documents relating to Narainpershad's stay at the Protea Karridene Beach Hotel:

1. Panday's credit card statement for account number 5898460759074594 dated 20 May 2010 (**Document No. 30265|6**); **A76|1-2**

2. Fax from Protea Hotel Karridene Beach addressed to Panday relating to confirmation number 318049 for two adults checking in on 13 February 2010 and checking out 14 February 2010 (**Document No. 020698**); **A67**

3. Credit card payment authorisation, appears to be signed by Panday, dated 10 February 2010 for Panday for the amount of R1,752.71 relating to reservation number 318049 for credit card number 4901 3682 1745 8069 (**Document No. 20699**) ; **A68**

4. Fax from Protea Hotel Karridene Beach addressed to Panday relating to confirmation number 318049 for two adults checking in on 13 February 2010 and checking out 14 February 2010 (**Document No. 020703**); **(Captain Ashwin)** **A69**

5. Credit card payment authorisation dated 10 February 2010 for Panday for the amount of R1,752.71 relating to reservation number 318049 for credit card number 4901 3682 1745 8069 (**Document No. 20704**) **A70**

6. Protea Hotel Karridene Beach proforma invoice in the amount of R1,752.71 dated 10 February 2010 (**Document No. 20705**); **A71**

7. Protea Hotel Karridene Beach Reservation Quote dated 8 February 2010 in the amount of R1,432.71 (**Document No. 20707** and **20708**); **A72**

8. Protea Hotel Karridene Beach Reservation Quote dated 8 February 2010 in the amount of R1,182.71 (**Document No. 20709**); **A73**

9. Fax from Protea Hotel Karridene Beach addressed to Panday relating to confirmation number 318049 for two adults checking in on 13 February 2010 and checking out 14 February 2012 (**Document No. 020711**); (SAA Voyager – Premium Credit Resubmitted FNB was declined); and **A74**

10. Credit card payment authorisation undated and unsigned for Panday for the amount of R1,752.71 relating to reservation number 318049 for credit card number 4923 0300 0018 6315 (**Document No.20712**). **A75**

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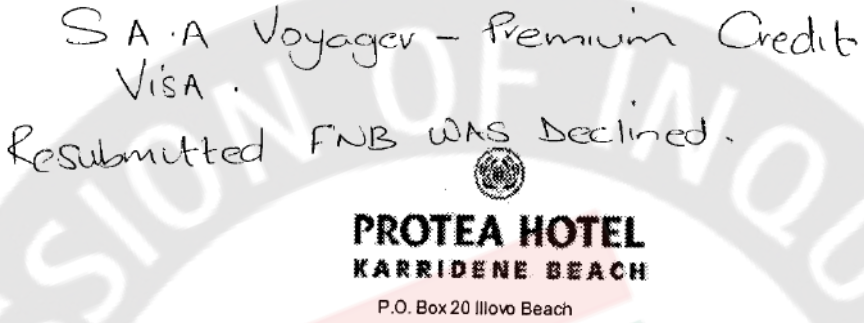
14.126 All the faxes from the Protea Hotel Karridene Beach above are the same with the exception that, in some instances, the credit card number of Panday is different. It would appear that he was attempting to book accommodation for Narainpershad, prior to the SWC, but did not have the cash or credit available in some of his credit cards to make the payment. This opinion is based on the handwritten entry that appears on the Fax from the Protea Hotel Karridene Beach (**Document No. 20711**) which is illustrated in Record 73 below: **A67** **A69** **A74** **A74**

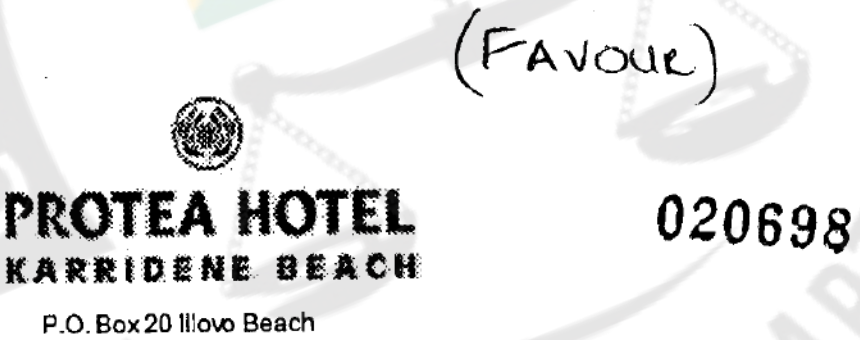
Record 73



A74

14.127 I have also noticed, on one of these faxes from the Protea Hotel Karridene Beach, that at the top of the page, the word "(FAVOUR) " is appended and is illustrated Record 74 below: **A67**

Record 74



A67

14.128 On a second fax from this hotel the word "Captain Ashwin" is also appended at the top of the fax (**Document No. 20703**) which is illustrated in Record 75 below: **A67**

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Record 75

Captain Ashwin

A69

PROTEA HOTEL
KARRIDENE BEACH
P.O. Box 20 Illovo Beach

020703

14.129 The statement for Panday's credit card (**Document No. 30265** and **30266**) dated 20 May 2012 contains two transactions that were for Protea Hotel Karridene namely: **A76**

1. 10 February 2010 in the amount of R1,752.71 (**Document No. 30265**); and **A76|1**
2. 14 February 2010 in the amount of R1,196.00 (**Document No. 30266**); **A76|2**

14.130 Based on the abovementioned two records, it would be reasonable to conclude that Panday has paid at least R1,752.71 in respect of Narainpershad's stay at the Protea Hotel Karridene Beach. It is unclear, at this time, whether the second payment of R1,196 (**Document No. 30266**) was also in respect of Narainpershad. **A76|1**

Summary of Findings

14.131 I can conclude that on 12 February 2010, a few months prior to the SAPS Submission to the their Bid Adjudication Committee for the urgent appointment of Goldcoast Trading[1] in the amount of R32 million to supply accommodation to police members during the SWC, and without following proper procurement procedures, Panday provided Narainpershad with a gift being a night stay, for him and his wife, at the Protea Hotel Karridene Beach with all expenses paid.

[1] Refer to paragraphs 13.012 to 13.039 where the submission to the Bidding Committee is dated 4 June 2010.

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14.132 The cost of this gift is only R1,752.71; however, this indicates that Narainpershad had an improper relationship with Panday from at least February 2010 and was thereafter involved in the adjudication process when orders were allocated to entities linked to Panday.

Westin Grand Cape Town – Accommodation Madhoe

14.133 I have identified an email, on one of the computer images provided to me for analysis by the SAPS, from Panday (thoshan.panday@momentum.co.za) to Shameela Abdullah (Shameela.Abdullah@westincapetown.co.za) dated 6 January 2010 at 08:28 AM with the subject "*Credit Card Auth form – Madhoe party*." The content of this email reads as follows: **A89** **A89|1**

> *"Good morning and thank you for the fax received.* **A89|1**
>
> *I have noted that the credit card details provided starts with the number 2 and not 3 as per all Diners Card, is this correct as the credit details are unclear on the credit card copy.*
>
> *Regards,*
>
> *Shameela"*

14.134 This email includes various replying emails, one of which includes an email sent by Panday to Shameela Abdullah on 5 January 2010 at 06:13PM which email reads as follows: **A89|1**

"Hi Shameela **A89|1**

I have completed the document that you have requested and have faxed it to these numbers 021 4129003 and 021 4129001

Please advise receipt of my fax once you have read my mail. It is imperative that we get this right as the stay of my guests is unhinded any further.

Thanking you in advance for your co-operation

Regards

Thoshan Panday"

14.135 The third and last responding email is an email from Shameela Abdulla addressed to Panday dated 5 January 2010 at 04:19PM which email reads as follows: **A89|2**

"Dear Mr Panday, **A89|2**

Once again my sincerest apologies for the inconvenience caused to your guests.

Attached please find the credit card auth form for your perusal. May I kindly request that you complete the attached form including a copy of the back and front of the card and also a copy of the ID.

Best regards,

Shameela"

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14.136 I can conclude from the aforementioned emails that Panday has paid for the accommodation of Madhoe at the Westin Cape Town. I have also examined an affidavit from Shameela Abdullah who confirms therein that the payments were made by Panday and that the rooms were booked for the Madhoe family who checked into the hotel on 5 January 2010 and check out on 10 January 2010.

14.137 The aforementioned check in and out dates reconcile to the dates on which Madhoe and his family flew to Cape Town, which trip was also paid for by Panday on his credit card. The details surrounding this trip and the payment thereof are discussed in subsequent paragraphs of my report and therefore, they shall not be repeated[1]. **A82|3-6**

14.138 I have also determined from the examination of Panday's Diners Club card for account No. 3613 577321 6 (**Document No. 42977**) that a transaction in the amount of R3,710.95 was processed for the Westin Grand Cape Town on 12 January 2010. Based on this entry, it would be reasonable for me to conclude that Panday paid for Madhoe's accommodation at The Westin Grand in Cape Town for the period 5 to 10 January 2010. **A90**

14.139 Shameela Abdullah provided the invoice for the Madhoe family's stay which reflected that the total for the accommodation for the period 5 January 2010 to 10 January 2010 was R14,510.95 which includes the R3,710.95 mentioned in paragraph 14.138 above as well as a cash deposit of R10,800.00 paid on 6 January 2010. **A93|15-16**

[1] Refer to paragraph 15.032 to 15.041.

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Summary of Findings

14.140 I can conclude that on 5 January 2010, a few months prior to the SAPS Submission to the Bid Adjudication Committee for the urgent appointment of Goldcoast Trading, in the amount of R32 million to supply accommodation to police members during the SWC, and without following propoer procurement procedures, Panday provided Madhoe with a week's accommodation for Madhoe and his family at the Westin Grand Cape Town, with all expenses paid.

14.141 The cost of this accommodation is R14,510.95 and as with Narainpershad, indicates that Madhoe had an improper relationship with Panday from at least January 2010 and was thereafter involved in the adjudication process when orders were allocated to entities linked to Panday.

15.000 BENEFITS OR PAYMENTS MADE TO POLICE PERSONNEL BY PANDAY

Forensic Analysis of Computer Images – SAPS Computers

15.001 The police also imaged various computers that were located at the SAPS SCM unit which computer images were also subjected to further forensic analysis.

15.002 During the analysis of the aforementioned computers, I identified an email dated 20 November 2009 that was from Madhoe to Panday with the subject "Land Sale: 14 Stepford Road". In this email, Madhoe has requested financial assistance from Panday in the amount of R20,000 as he needed to amend the title deed to his property after completing renovations at the abovementioned address without having building plans approved. **A77**

15.003 The exact content of this email is detailed hereunder: **A77**

> *Good day Thoshan*
> *Please help me with this problem as I have discussed with you this morning. Details are as follows: Address as follows: 14 Stepford Road Sunford 4068 Erf 398 of Sunford Sale Agreement Number 4690 Ref 58/1/6590 ID No. ENS4690.sr Amount of R20,000 for the portion of land as shown on plan SJ4478/2 for 96 square metres*
> *Your humble assistance will be appreciated as I have built on the said portion without the plans being approved. The plans cannot be submitted without the title deed being amended, as this is a requirement for submission. I am very sorry to burden you with my issues.*
> *Regards Navin Madhoe"*

15.004 A second email that was sent to Panday on the same day at 02:42PM by Madhoe includes a Sale Agreement between Madhoe and the eThekwini Municipality. I have determined from the examination of this Agreement that the purchases price of R20,520 for the land described as portion 1 of Erf 425 Sunford was payable by Madhoe to the Municipality within 30 days of the date of sale. Included with this attachment is a plan showing land to be alienated at Stepford Road Sunford. **A78|1** **A78|2-10**

15.005 Based on the aforementioned email that was sent to Panday by Madhoe, I can conclude that Madhoe has requested financial assistance from Panday in the amount of R20,000. **A78|1**

15.006 This request was made on 20 November 2009 and just over a month after the KZN Provincial Commissioner's Office submitted an application to the National Commissioner's Office on 8 October 2009 for authority to accommodate police members during the SWC (**Document No 18435/6**)[1]. **A78|1** **B34**

15.007 In terms of the aforementioned application, Goldcoast Trading were the only supplier who was able to accommodate police members whilst Coastlands allegedly did not respond to the SAPS request. Roshini Naidu, the Executive Director at Coastlands, denied that they had ever been approached to provide quotations by the SAPS for the period covering the SWC and had that been the case then she would have promptly responded thereto as her response time to the police is always quick. **B34** **B33**

15.008 The abovementioned application to the National Commissioner's Office (**Document No. 18435/6**) also indicates in paragraph 2 that Goldcoast Trading had sourced accommodation at Coastlands which Roshini Naidu has refuted as she had only met Panday in May 2010 and, prior to that date, had no previous dealings with either him or Goldcoast Trading. **B34** **B33**

[1] Refer to paragraphs 13.001 to 13.011.

15.009 Hence, it would appear that Madhoe, and or Narainpershad, together with Panday, were already manipulating the tender to award accommodation to Goldcoast Trading as earlier as October 2009 and subsequent thereto, both of these members started receiving and / or requesting "gifts" from Panday.

Investigations performed by SAPS at eThekwini Municipality

15.010 An email received from Ms Janine Grieves, eThekwini Municipality Legal Services, on 18 February 2013 at 04:51 pm, indicates that an application was received in 2007 to purchase a small portion of Erf 425 Sunford for Mr & Mrs Madhoe. **A79**

15.011 She confirmed that a draft sale agreement had been prepared, however no further formalities regarding the purchase of this land had been finalised because the MEC required all proposals for municipal land to receive clearance from the housing unit. **A79**

15.012 Ms Grieves indicated the Madhoes was given an opportunity to purchase the land, but despite being sent reminders, failed to confirm his intentions. As a result, the matter has been referred to Legal Services to have their structure built on Municipal land removed. **A79**

15.013 Mr Keith Douglas Matthias, the Head: Real Estate Unit of Ethekwini Municipality confirmed Ms Grieves account as mentioned before. He further stated that on 29 October 2009, a contravention notice in terms of the National Building Regulations and Building Standards Act 103 of 1977 was served on Mr and Mrs Madhoe calling upon them to cease all work forthwith and to demolish or submit an application within 30 days from the date of the notice for consideration and approval in respect of the building works on site,

15.014 Mr Matthias further stated that in February 2010 Mr and Mrs Madhoe were informed that the market value of the land had increased to R35,000.00, exclusive of VAT. They were requested to signify whether they wished to purchase the land. They have not done so despite numerous reminders.

15.015 Mr Matthias further stated that following a site inspection it appears that Madhoe has encroached upon the municipal site and accordingly the matter has been referred to an official in Legal Services to take appropriate action to have the encroaching structure removed.

15.016 Based on the above it appears that Madhoe has not made any payments in respect of the R20,000.00 mentioned in the email he sent to Thoshan Panday mentioned in paragraph 15.003 above.

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OTHER BENEFITS PAYABLE TO SUPERINTENDENT MADHOE, CAPTAIN NARAINPERSHAD, LIEUTENANT GENERAL NGOBENI AND MAJOR GENERAL RS PILLAY

15.017 In addition to the discovery of the abovementioned documents, I have also been provided with additional evidence in the form of affidavits taken by the SAPS, which affidavits show that Panday paid additional expenses for either Madhoe or Narainpershad or General Ngobeni as detailed hereunder:

No	Date Paid	Amount Paid (R)	Supplier	Goods Purchased	SAPS Member	
1	14/11/2009	6,010.00	Oyster Box Hotel	Accommodation	Madhoe	**A81**
2	17/12/2009	8,584.00	SA Airways	Flight DBN-CPT	Madhoe	**A82**
3	05/01/2010	1,535.92	EuropCar	Leased Vehicle	Major General RS Pillay	**A91**
4	20/01/2010	43,500.00	Varsity College	Tuition Fees	Narainpershad	**A83**
5	25/02/2010	7,154.00	Game Stores	Trojen Treadmill	Narainpershad	**A84**
6	08/03/2010	60,000.00	Advocate Cars	Toyota Corolla	Madhoe	**A85**
7	20/05/2010	1,752.71	Protea Hotel, Karridene	Accommodation	Narainpershad	**A76**
8	29/05/2010	20,962.00	Royal Palm (Dish Restaurant)	Birthday function	General Ngobeni	**A86-A87**
9	05/04/2010	7,256.00	Protea Hotel Waterfront, Richards Bay	Accommodation	Narainpershad	**A94**
10	10/01/2010	14,510.95	The Westin, Cape Town	Accommodation	Madhoe	**A93**
	Total	**171,265.58**				

15.018 A summary of the evidence obtained in relation to the aforementioned matters are discussed hereunder:

(i) Oyster Box – R6,010 **A81**

15.019 An affidavit obtained from Mr Damian Dallos, the Security Manager at The Oyster Box Hotel in Umhlanga, revealed that, according to the Hotel's records, a room was booked and paid for by Panday for the period 14 to 15 November 2009 although the guest registration documents indicated that Madhoe (id 690427 5198 080) appears to have signed the check in form. **A81**

15.020 Mr Dallos provided the following documents from the hotel which are annexed to his affidavit: **A81**

No	Description of Document	Annexure No	
1.	The Oyster Box Credit Card Authorisation Form dated 13 November 2010 (appears to be signed by Panday) (date appears to have been incorrectly written as 2010 instead of 2009).	DD1	**A81|4**
2.	Speed Point Merchant Receipt for Preauthorisation for R5,500 dated 14 November 2009.	DD2	**A81|5**
3.	The Oyster Box Guest Registration form. Arrived 14 November 2009.	DD3	**A81|6**
4.	The Oyster Box Invoice in favour of "Navin Madhoe" for R6,010	DD4	**A81|7-8**
5.	Check Detail form from The Oyster Box Hotel and Spa Grill room to the value of R932.	DD5	**A81|9**
6.	A faded copy of a receipt that purports to be in the amount of R932 dated 14 November 2009.	DD6	**A81|10**
7.	A receipt for room service in the amount of R150;	DD7	**A81|11**

8.	A receipt for the mini bar in room 204 for the amount of R80	DD8	**A81|12**
9.	Credit card Authorisation for the Oyster Box Hotel dated 13 November 2010 and the speed point merchant receipt for R6,010 dated 15 November 2009.	DD9	**A81|13**
10.	Credit card sales report.	DD10	**A81|13a**
11.	Nedbank statement enquiry in respect of the Oyster Box Hotel account reflecting the payment of R6,010.	DD11	**A81|14**

15.021 I shall not repeat the detailed content of Mr Dallos's affidavit in my report but instead shall refer to my observations from the examination of the supporting documents annexed to his affidavit as **Annexures DD1** to **DD11** as reflected in the abovementioned paragraph. **A81|4-14**

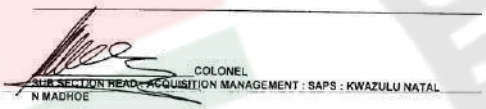
15.022 The Credit Card Authorisation form annexed as **Annexure DD1** and **DD09** are identical although the second copy includes a copy of the speed point slip for R6,010. **A81|4** **A81|13**

15.023 The credit card authorisation indicates that Panday has authorised the Oyster Box Hotel to debit his credit No. 36135773216801 for the "*full amount*" of the accommodation and the "*Total*" amount incurred by Madhoe for sundry services. **A81|4** **A81|13**

15.024 In the space provided for guest name on this document, the author has appended Panday's name thereon although immediately adjacent thereto the words "- *Booker Guest: Mr Navin Madhoe*" is recorded. I would conclude from the entries that are appended on this document that Panday has booked and paid for the accommodation for Madhoe at the Oyster Box Hotel and has further confirmed with the Hotel that all costs incurred during Madhoe's one night stay would be payable by Panday. **A81|4** ***(A81|13)***

15.025 The guest registration form (annexed as **Annexure DD3**) indicates that Madhoe's arrival and departure date was the 14 and 15 November 2009 respectively. This document further reflects that he was allocated room 204 which cost to Panday was R4,800 a night. **A81|6**

15.026 Madhoe has appended his identity number, 690427 5198 080, and signature on this document (Record 76) which signature is similar to that which appears on the other letters (Record 77) that purport to be signed by him as the Sub Section Head of Acquisition Management of the SAPS . An example of these two signatures are illustrated in Record 76 and Record 77 below: **A81|6** **A9-A31**

Guest Register at Oyster Box Hotel **Record 76**	**Submission for Procurement Authority (Document No. 13148)** **Record 77**
	

A81|6 & A30

15.027 The same signature also appears on the faded copy of a receipt for R932 that is annexed as **Annexure DD6**. This signature is illustrated hereunder in Record 78 below: **A81|6**

Record 78

15.028 I have also determined from the examination of the invoice from the Oyster Box in the amount of R6,010 that the invoice is drawn in favour of Madhoe although someone has appended adjacent thereto "*name change Thoshan Panday*." **A81|7-8**

15.029 This invoice indicates further that the cost of the accommodation, for one night, was R4,800 whilst the balance of the cost was as a result of dinner and other incidental costs incurred by Madhoe during his stay at this hotel. **A81|7-8**

15.030 I have identified two copies of the abovementioned credit card authorisations in the records seized from Panday (**Document No. 21918** and **21916**) whilst his Diners Club Invoice (**Document 30621**) confirms that his credit card with account number 3613 577321 6 was credited in the amount of R6,010 on 17 November 2009. **A81a** **A81b** **A81c**

Summary of findings

15.031 Based on the aforementioned observations, it would be reasonable to conclude that Madhoe has received a benefit from Panday just shortly after an application dated 8 October 2009 (**Document No 18435/6**) was submitted to the National Commissioners Office for the authority for accommodation of police members for the SWC[1]. It is also recorded in this letter that only Goldcoast Trading had responded to the request for quotations whilst Coastlands ignored the police's request to provide a quotation (Coastlands refute this statement).

(ii) Flight DBN to CPT- R8,584 **A82**

15.032 An affidavit obtained from Mr Marche Arnold, the South African Airways Security and Avsec Specialist at King Shaka International Airport, revealed that, according to the records of SAA, that Panday paid for air tickets for Madhoe and his family to fly, return trip, from Durban to Cape Town on 5 and 10 January 2010 respectively. **A82**

[1] Refer to paragraphs 13.001 to 13.011.

15.033 Mr Arnold provided the following documents from SAA which are annexed to his affidavit:

No	Description of Document	Annexure No	
1.	A computer generated print out from the SAA system confirming that reservations were made.	MA1	**A82|3**
2.	A copy of a printout from SAA's Finance department reflecting the sale Diners Club Card number, date of purchase, cost per passenger and ticket numbers.	MA2	**A82|4**
3.	Evidence that four passengers boarded flight 607 to Cape Town on 5 January 2010	MA3	**A82|5-6**

15.034 I shall not repeat the detailed content of Mr Arnold's affidavit but instead shall refer to my observations of the supporting documents annexed to this affidavit being **Annexures MA1** to **MA3**. **A82|3-6**

15.035 The first document provided by Mr Arnold purports to be a reservation booking that contains Madhoe's name in addition to the following: **A82|3**

1. Master Prinolin Madhoe;
2. Miss Trishane Madhoe; and
3. Mrs Vijayanthy Madhoe.

15.036 I have further determined from the examination of this document that the payment thereof purports to have been made by credit card "CCDC361357xxxx6801"; and that the booking was made by Panday as his contact details and email (Thoshan.Panday@momentum.co.za) is appended on this document. The aforementioned credit card number is similar to that of Panday's Diner club card which conclusion is supported by **Annexure MA2** as the complete credit card number, 36135773216801, is appended on this document. **A82|3** **A82|4**

15.037 According to Mr Arnold, **Annexure MA2** is a print out from SAA Finance Department which document contains the Diners Club Card No, date of purchase, cost per passenger and ticket numbers. This information is set out below: **A82|4**

No	Diners Club Card No	Date of Purchase	Cost per passenger	Ticket No.	Passenger
1.	36135773216801	17/12/2009	1,946.00	0832112403268	Ms Trishane Madhoe
2.	36135773216801	17/12/2009	1,946.00	083211403266	Mr Navin Madhoe
3.	36135773216801	17/12/2009	1,946.00	0832112403267	Mrs Vijayanthy Madhoe
4.	36135773216801	17/12/2009	1,946.00	0832112403269	Master Prinolin Madhoe
	Total		**7,784.00**		

15.038 An additional cost of R200 per person is also included in the abovementioned document and therefore, the aggregate cost to Panday for Madhoe and his family's flight was R8,584 (R7,784 + R800). **A82|4**

15.039 I have also examined Panday's Diners Club statements for his account No. 3613 577321 6 dated 15 January 2010 (**Document No. 30624**) and can confirm that the aforementioned amounts reflected in **Annexure MA2** of Mr Arnold's affidavit were debited against Panday's credit card account. The entries on this statement also make reference to Madhoe and his family members. An extract of these entries is illustrated in Record 79 below: **A82a** **A82|4**

Record 79

MR T PANDAY
P O BOX 3361
SOMMERSET PARK
UMHLANGA ROCKS
4320

030625

030624

IF YOU HAVE ANY QUERIES REGARDING THIS ACCOUNT PLEASE PHONE OUR MEMBER SERVICES DEPARTMENT ON (011) 358-8400

CABLES "DINCLUB"
FAX (011) 482-6993
P O BOX 590
AUCKLAND PARK, 2006
35 SYMONS ROAD
AUCKLAND PARK, 2092
REG.NO. 1956/000068/07
VAT.NO. 4760108975 (RSA)
TAX INVOICE
custserv@dinersclub.co.z

ACCOUNT NUMBER: 3613 577321 6
INVOICE DATE: 15/01/2010
INVOICE DUE DATE: 15/01/2010
PAGE: 1

A82a

TRANS DATE	DATE RECD	REF NUMBER	DESCRIPTION OF TRANSACTION	AMOUNT	TOTAL
			CLOSING BALANCE ON YOUR LAST INVOICE DATED 15/12/09		77185.47
			PAID BY DEBIT ORDER ON 15/12/09 - THANK YOU		77185.47CR
	0801		PAYMENT RECEIVED - THANK YOU		112869.33CR
	1501		INTEREST - TRAV CHEQUES		200.43
	MR T PANDAY (801)				
1712	1812		HIRSCH ELECTRICAL LA LUCIA	19600.00	
			EDC* S*00895-014 HIRSCH		
1712	1812		SAA DURBAN AIRPORT	200.00	
			0832701593303 VIJAYANTHY MRS MADHO		
1[illegible]	1812		SAA DURBAN AIRPORT	200.00	
			0832701593304 TRISHANE MISS MADHOE		
1712	1812		SAA DURBAN AIRPORT	200.00	
			0832701593305 PRINOLIN MAST MADHOE		
1712	1812		SAA DURBAN AIRPORT	1946.00	
			0832112403266 NAVIN MR MADHOE		
			D:CPT A:DUR		
1712	1812		SAA DURBAN AIRPORT	1946.00	
			0832112403267 VIJAYANTHY MRS MADHO		
			D:CPT A:DUR		
1712	1812		SAA DURBAN AIRPORT	1946.00	
			0832112403268 TRISHANE MISS MADHOE		
			D:CPT A:DUR		
1712	1812		SAA DURBAN AIRPORT	1946.00	
			0832112403269 PRINOLIN MAST MADHOE		
			D:CPT A:DUR		
1712	1812		SAA DURBAN AIRPORT	200.00	
			0832701593302 NAVIN MR MADHOE		
1712	1812		FURNITURE CITY UMHLANGA RI	9647.00	
			76297625000		

15.040 I have been provided with an affidavit obtained from Colonel Thokgele Bizzah Masemola from Section Personnel Placement and Records Management. Annexed to his affidavit is documentation that confirms the following: **A95**

i) Madhoe is married to Vijayanthy Madhoe; **A95|6**

ii) He has two (2) sons: Trishane Madhoe (Date of Birth 24 March 1991) and Prinolin Madhoe (Date of Birth 14 October 1994); and **A95|8-9 & A95|4**

iii) He was on leave from 04 January 2010 to 15 January 2010. **A95|5**

Summary of Findings

15.041 I can conclude from the examination of the above mentioned documents that, Panday has paid the costs for Madhoe and his family to fly, return trip, from Durban to Cape Town, which means that Madhoe received a benefit in the amount of R8,584. This benefit was received just shortly after the submission was made to the National Commissioner's Office on 8 October 2009 to obtain authority for accommodation of police members during the SWC where this application indicates that the only supplier who was able to accommodate police personnel was Goldcoast Trading.

(iii) Varsity College – R43,500 **A83**

15.042 An affidavit obtained from Ms Cheryl Baxter, the Vice Principal of Varsity College Durban North Campus, revealed that, according to the records of Varsity College, the fees of one of their students known as Mr Nirvash Narainpershad (id 911212 5276 083) was paid by Panday. **A83**

15.043 Ms Baxter annexed the following documents to her affidavit in support of the transaction between Varsity College and Panday or Mr Nirvash Narainpershad as detailed hereunder:

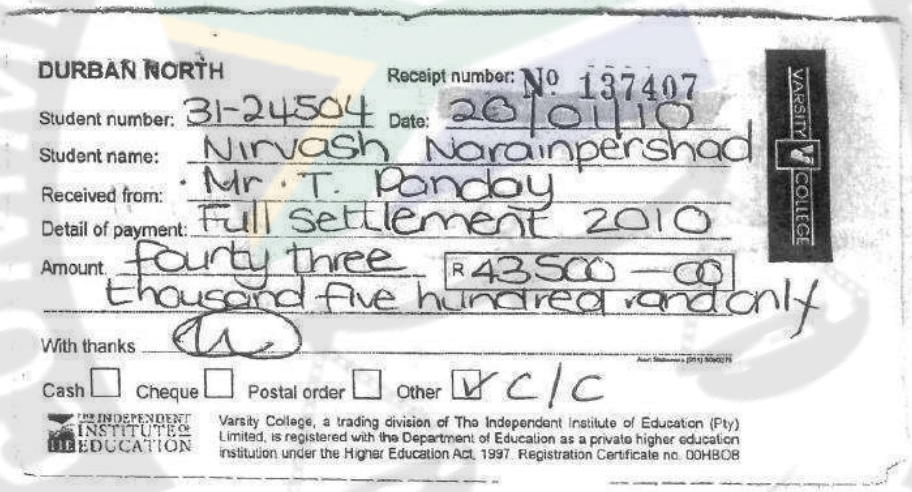
No	Description of Document	Annexure No	
1.	A print out of the student records for Mr Nirvash Narainpershad – Student No. 31-24504.	CB1	**A83|3**
2.	Receipt No.137407 in the amount of R43,500 from Varsity College.	CB2	**A83|4**

15.044 I shall not repeat the detailed content of Ms Baxter's affidavit but shall instead comment on the documents annexed to her affidavit as per **Annexure CB1** and **CB2** hereunder. **A83|3-4**

15.045 I have determined from the document annexed as **Annexure CB1** to Ms Baxter's affidavit that this document indicates that Varsity College has a student registered by the name of Mr Nirvash Narainpershad, with id No. 911212 5276 083, whose residential address is reflected as 12 Gokal Road, Effingham Heights. This document also indicates that Mr A Narainpershad, with identity number 670622 5190 087, is the father of the student and who also resides at the aforementioned abode. Based on the aforementioned document, it would be reasonable to conclude that the student registered at Varsity College is Narainpershad's son. **A83|3**

15.046 The receipt annexed as **Annexure CB2** to Ms Baxter's affidavit indicates that the R43,500 receipted against Narainpershad son's student account on 20 January 2010 was received from Panday and the method of payment is recorded as credit card. An extract of this receipt is illustrated in Record 80 below: **A83|4**

Record 80


DURBAN NORTH Receipt number: No 137407
Student number: 31-24504 Date: 20/01/10
Student name: Nirvash Narainpershad
Received from: Mr T. Panday
Detail of payment: Full settlement 2010
Amount: fourty three thousand five hundred rand only R 43500 — 00
With thanks
Cash ☐ Cheque ☐ Postal order ☐ Other ☑ C/C
VARSITY COLLEGE
THE INDEPENDENT INSTITUTE OF EDUCATION
Varsity College, a trading division of The Independent Institute of Education (Pty) Limited, is registered with the Department of Education as a private higher education institution under the Higher Education Act, 1997. Registration Certificate no. 00HB08

A83|4

15.047 I have also examined Panday's Diners Club statements for his account No. 3613 577321 6 dated 15 February 2010 (**Document No. 30627**) and can confirm that the aforementioned amount of R43,500 reflected in **Annexure CB2** or Record 80 above was debited against Panday's credit card account. An extract of this entry is illustrated in Record 81 below: **A83a** **A83|4**

Record 81

A83a

MR T PANDAY
P O BOX 3361
SOMMERSET PARK
UMHLANGA ROCKS
4320

030627

IF YOU HAVE ANY QUERIES REGARDING THIS ACCOUNT PLEASE PHONE OUR MEMBER SERVICES DEPARTMENT ON (011) 358-8400

FAX (011) 482-6993
P O BOX 590
AUCKLAND PARK,2006
35 SYMONS ROAD
AUCKLAND PARK, 2092
REG.NO. 1956/000068/07
VAT.NO. 4780108975 (RSA)
TAX INVOICE
custserv@dinersclub.co.za

ACCOUNT NUMBER: 3613 577321 6
INVOICE DATE: 15/02/2010
INVOICE DUE DATE: 15/02/2010

PAGE: 1

TRANS DATE	DATE RECD	REF NUMBER	DESCRIPTION OF TRANSACTION	AMOUNT	TOTAL
			CLOSING BALANCE ON YOUR LAST INVOICE DATED 15/01/10		2971.63
			PAID BY DEBIT ORDER ON 15/01/10 - THANK YOU		2971.63CR
	1502		PAYMENT RECEIVED - THANK YOU		3000.00CR
	0402		PAYMENT REVERSED(PAYMENT STOPPED)		2971.63
	MR T PANDAY (801)				
2001	2201		VARSITY COLLEGE DURBAN		43500.00
			760357 00097 ADVTECH EDUCATION DU		
2501	2601		HIRSCH ELECTRICAL LA LUCIA		10098.99
			EDC* S*00933-012 HIRSCH		

15.048 I have been provided with an affidavit obtained from Colonel Thokgele Bizzah Masemola from Section Personnel Placement and Records Management. Annexed to his affidavit is documentation that confirms the following: **A95**

i) Nirvash Narainpershad (Identity Number 911212 5276 08 3) is Aswin Narainpershad's son **A95|21**

Summary of Findings

15.049 I can conclude from the examination of the above mentioned documents that Panday has, on 22 January 2010, paid the Varsity fees for Narainpershad's son in the amount of R43,500. This payment was made just shortly after the submission was made to the National Commissioner's Office on 8 October 2009 to obtain authority for accommodation of police personnel during the SWC and where it was recorded that the only supplier who was able to accommodate police personnel was Goldcoast Trading.

15.050 In this specific instance, Narainpershad was also responsible for requesting quotations from suppliers, one of which was Coastlands who allegedly did not respond. However, Coastlands have denied that they were ever contacted in this regard and they have indicated that when Narainpershad provided the final numbers to them for accommodation, just prior to the SWC, they were far less than what they had quoted. Narainpershad was approached about the concerns that they had but he indicated that he had divided the numbers between the three suppliers. I can conclude the numbers were never divided equally; in fact, Goldcoast Trading was allocated 1030 members (80%) at a cost of R32,810,000 and Coastlands 200 members (16%) at a cost of R1,827,500[1]. Even when Panday approached Coastlands for assistance during the SWC, he allegedly indicated to them that he had been mandated by Head Office and asked them to reduce their rate per night as he was not making much of a profit. This is untrue as he was billing the SAPS at a rate of R850 per person per night.

(iv) Game Stores – R7,154 **A84**

15.051 An affidavit obtained from Mr Nickesh Maharaj, a salesman at Game Stores, revealed that, Panday approached him one day at the Store and purchased a Trojan Treadmill at a cost of R7,154 inclusive of delivery. **A84**

15.052 Mr Maharaj annexed the following documents to his affidavit in support of the transaction between Game Stores and Panday as detailed hereunder:

No	Description of Document	Annexure No	
1.	Game Tax Invoice No 2611641.	NM1	**A84|4**
2.	Speed Point slip dated 25 February 2010 in the amount of R7,154.	NM2	**A84|5**
3.	Confirmation of SMS to 0834770718 confirming delivery.	NM3	**A84|6**

[1] Refer to paragraphs 13.016 to 13.021.

15.053 I have examined the abovementioned documents annexed to Mr Maharaj's affidavit and can confirm that a Trojan Treadmill was purchased in the amount of R7,154. **Annexure NM3**, the proof of a sms, indicates that the customer to this transaction is Panday (Mr T Panday) whose delivery address is 12 Gokal Road Effingham Durban. This is the same address provided for Narainpershad's son on the Varsity College records as discussed in preceding paragraphs of this report[1]. **A84|6** **A83|3**

15.054 I have also examined Panday's SAA Premium Credit card account statement for the period 20 May 2010 (**Document No. 30266**) from which I have determined that, on 25 February 2010, the amount of R7,154 was debited to his credit card account. **A84a**

15.055 An additional affidavit was obtained from Mr Bhekitamba Enock Hlekwane, a Distribution Manager at Game Stores, who annexed to his affidavit a drivers control sheet No. 796288 as **Annexure BEK1**. According to this document, the Trojan Treadmill was delivered to 12 Gokal Road on 26 February 2010 and the signature appended thereon appears to represent the name Narainpershad whilst the name of the customer on this document is recorded as Mr "T Panday." **A88** **A88|1**

Summary of Findings

15.056 I can conclude from the examination of the above mentioned documents that Panday has purchased a Trojan Treadmill in the amount of R7,154 on his credit card which was delivered to the residential address of Narainpershad on 26 February 2010. This purchase was made subsequent to the SAPS application to the National Commissioner's Office on 8 October 2009 to obtain authority for accommodation of police members where it is recorded that the only supplier who was able to accommodate police personnel was Goldcoast Trading. This purchase was also made prior to the appointment of Panday's related entities for a number of orders before the SWC.

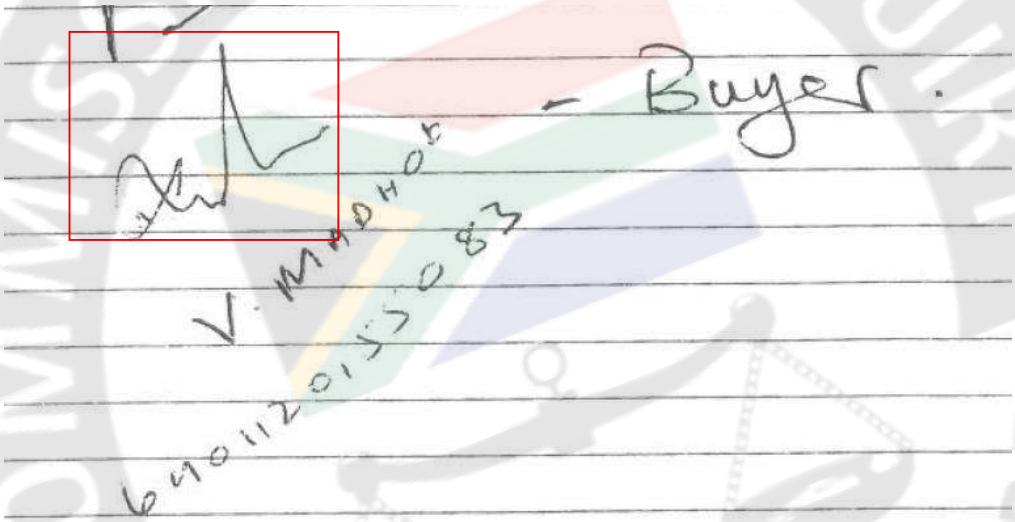
[1] Refer to paragraph 15.045.

(v) Toyota Corolla – R60,000 **A85**

15.057 An affidavit from Mr Justin Naidoo, A Director of Advocate Cars CC, alleged that Panday purchased a Toyota Corolla from Advocate Cars CC on 8 March 2010 on behalf of Mr T Madhoe. **A85**

15.058 Annexed to Mr Naidoo's affidavit is a document marked as **Annexure JN1** being tax invoice No. 313 from Advocate Cars dated 9 March 2010 in favour of T Madhoe of Stepford Place Sunford. According to this invoice, a 2002 Toyota Corolla 160i was sold for cash in the amount of R60,000 to T Madhoe. This invoice further indicates that the buyer is V Madhoe with Identity number 690112 0155 083 who also appended a signature to the invoice. A copy of V Madhoe's signature, is illustrated in Record 82 below: **A85|3**

Record 82 **A85|3**



15.059 I have also concluded from the examination of Mr Naidoo's affidavit that he alleges that he received a phone call from Panday on 8 March 2010 in response to an advertisement that he placed in the newspaper for the sale of a Toyota Corolla. Panday requested to view the vehicle in question and Mr Naidoo drove the vehicle that was being advertised to 14 Blenheim Road, Umhlanga Ridge where Panday examined it, and agreed to purchase it for R60,000 subject to licensing and registration. **A85**

15.060 Mr Naidoo alleges further in his affidavit that, the following day, 9 March 2010, Panday provided him with a copy of the identity document of Mr T Madhoe and requested that the vehicle be registered in his name, as it was a gift from Panday. **A85**

15.061 Mr Naidoo has also indicated that Panday made payment for this vehicle by means of a cheque drawn on an ABSA Bank account in his name which cheque was drawn in favour of Justin Naidoo. He however, does not confirm the exact details of the cheque or into which account it was paid or the amount of the cheque. **A85**

15.062 I have reviewed the ABSA Bank statements for Panday's account with number 40-5844-8969 for the period 8 March 2010 to 7 April 2010 (**Document No 32840**) and have identified that two cheques were drawn on his account on 9 March 2010 namely: **A85a**

1. Cheque 701 – R8,000; and
2. Cheque 702 – R55,000.

15.063 The aggregate sum of these two cheques is R63,000 being R3,000 more than the sale of the vehicle but these are the only cheques that were drawn against Panday's ABSA Bank account at the time of the purchase of the Toyota Corolla . **A85a**

15.064 The documentation annexed to Colonel Masemola's affidavit further confirms that Madhoe's wife, Vijayanthy Madhoe's identity number is 6901120155083. This is the identity number reflected on invoice from Advocate Cars CC discussed in paragraph 15.058 above. **A95|6**

Summary of Findings

15.065 I can conclude from the examination of the above mentioned documents that Panday has purchased a 2002 Toyota Corolla in the amount of R60,000 for Mr T Madhoe on 8 March 2010. This purchase was made subsequent to the SAPS application to the National Commissioner's Office on 8 October 2009 to obtain authority for accommodation of police members during the SWC where it is recorded that only supplier was able to accommodate police personnel namely Goldcoast Trading. In addition, this purchase was also made prior to the appointment of Panday's related entities for a number of orders before the SWC specifically the final order (**Order No 333657)** issued to Goldcoast Trading in the amount of R26,320,250 dated 10 June 2010.

(vi) Royal Palm – Dish Restaurant – R18,712 **A86**

15.066 An affidavit obtained from Mr Freddy Singh, the Operations Manager at the Dish Restaurant at the Royal Palm Hotel in Umhlanga, revealed that Panday had paid for the costs of a private function in the amount of R18,712. **A86**

15.067 Mr Singh provided the following documents from the restaurant which are annexed to his affidavit as follows:

No	Description of Document	Annexure No	
1.	Daily Cash up Sheet dated 26 May 2010.	FS1	**A86|4**
2.	Standard Bank deposit slip in the amount of R10,000 dated 27 May 2010	FS2	**A86|5**
3.	Itemised billing of purchases at function	FS3	**A86|6-8**
4.	Speed point slip in the amount of R8,712 dated 1 June 2010	FS4	**A86|9**
5.	Account statement for invoice No. 271 dated 20 September 2010	FS5	**A86|10**

6.	Tax Invoice No. 16022010 dated 30 May 2010 for Mrs BM Ngobeni of 6 Palm Boulevard in the amount of R29,712	FS6	**A86|11**

15.068 Mr Singh has alleged that Panday approached him towards the end of May 2010 to enquire about booking a private function on 29 May 2010. Subsequent to providing a quotation, Panday provided Mr Singh with a R10,000 cash deposit which was banked by Mr Singh into their Standard Bank account on 27 May 2010 (**Annexure FS2**). **A86|5**

15.069 Mr Singh is unable to confirm for whom the function was in aid of. He only established that Panday would not be attending the function when he called him on the day of the function, just shortly before the guests started to arrive. It was only when guests started to arrive did he establish that the function was for a "Brigadier" in the police but he still was unable to confirm with certainty for whom the function was in aid of.

15.070 The documents annexed to Mr Singh's affidavit included a speed point slip in the amount of R8,712 dated 1 June 2010 (**Annexure FS4**) which was the balance of money payable after this function. I have examined Panday's bank statement for his Diners Club account number 3613 577321 6 dated 15 June 2010 (**Document No. 30634**) and have determined that his account was debited in the amount of R8,712 on 6 June 2010. This transaction is illustrated in Record 83 below: **A86|9** **A86a**

Record 83

MR T PANDAY
P O BOX 3361
SOMMERSET PARK
UMHLANGA ROCKS
4320

IF YOU HAVE ANY QUERIES REGARDING THIS ACCOUNT PLEASE PHONE OUR MEMBER SERVICES DEPARTMENT ON (011) 358-8400

CABLES "DINCLUB"
FAX (011) 462-6993
P.O BOX 590
AUCKLAND PARK, 2006
35 SYMONS ROAD
AUCKLAND PARK, 2092
REG NO. 1956/000068/07
VAT NO. 4780108975 (RSA)
TAX INVOICE
custserv@dinersclub.co.za

ACCOUNT NUMBER: 3613 577321 6
INVOICE DATE: 15/06/2010
INVOICE DUE DATE: 15/06/2010
PAGE: 1

TRANS DATE	DATE RECD	REF NUMBER	DESCRIPTION OF TRANSACTION	AMOUNT	TOTAL
			CLOSING BALANCE ON YOUR LAST INVOICE DATED 15/05/10		75270.67
			PAID BY DEBIT ORDER ON 15/05/10 - THANK YOU		75270.67CR
	MR T PANDAY (801)				
2305	2505		1 TIME AIRLINE ISANDO	818.00	
			EDC* S*00654-015 1 TIME JIA		
2605	2705		DENKIT HOBBIES 2 CC DBN NR	2032.90	
			76496324772 DENKIT HOBBIES 2 CC 030634		
2705	3105		KENNEDYS MUTTON MARKET SYD	883.05	
			EDC* S*00956-003 KENNEDY MUTTON MARKE		
C[redacted]	0306		DISH UMHALANGA RIDGE	8712.00	
			00812580031060015933 006350000000095585600		
0506	0706		GAME DISC GATEWAY 49	143.40	
			922658 00156 GAME GATEWAY 49		

15.071 The account statement with invoice number 271 dated 20 September 2010[1] (**Annexure FS5**) reflects that the account was settled in full whilst the total charges incurred by Panday for this function, in aggregate, cost him R18,712[2]. **A86|10**

15.072 I have also identified amongst Panday's records two receipts from the Dish Restaurant dated 29 and 30 May 2010 (**Document No. 21961**) in the amount of R2,290 and R16,422 respectively. These amounts agree with the amounts stated on the abovementioned statement of account (**Annexure FS5**) annexed to Mr Singh's affidavit. **A86b** **A86|10**

15.073 The final document annexed to Mr Singh's affidavit is a tax invoice No. 16022010 in the amount of R29,712 dated 30 May 2010 (**Annexure FS6**) which invoice is prepared in favour of Mrs BM Ngobeni. None of the amounts detailed on this invoice correlate to the financial payments made by Panday to the Dish Restaurant whilst I have determined from Mr Singh's affidavit that it was Panday who requested him to inflate the invoice amounts detailed in this document and to include the name of Mrs BM Ngobeni in the addressee of this invoice. The information contained in this invoice is illustrated in Record 84 below: **A86|11**

[1] It appears that this document is dated 2 days prior to the date on which Mr Singh made his affidavit and based thereon, I would conclude that the statement has been dated the date that it was printed for the police.
[2] R16,422 + R2,290.

Record 84

A86|11

Dish Restaurant
1st Floor Royal Palm Hotel
6 Palm Boulevard
New Town Center
Umhlanga Ridge

DISH

Invoice No. 16022010

Customize...

TAX INVOICE

Customer

Name	Mrs BM Ngobeni
Address	6 Palm Boulevard,New Town Center
City	Umhlanga
Phone	031 581 8000

Inv Date	May 30, 2010
Func Date	30/05/2010
JOB NO.	Mr Panday
CONTACT.	Freddy Singh

Qty	Description	Unit Price	TOTAL
40	Dinner Buffett	R 470.00	R 18,800.00
1	Beverages	R 8,312.00	R 8,312.00
4	Gold Overlays	R 50.00	R 200.00
40	Gold Chair Covers	R 15.00	R 600.00
4	Flower Bouquet	R 200.00	R 800.00
1	Gratuity	R 1,000.00	R 1,000.00

15.074 An affidavit obtained from Mr Narendra Maharajh, the owner of Discotheque Trading as Zindix Productions, revealed that Panday had paid him R2,250 in order for him to entertain people at the function held on 29 May 2010 at the Royal Palm Hotel Umhlanga Ridge. **A87**

15.075 Mr Maharajh annexed to his affidavit an Nedbank Payment Confirmation in the amount of R2,250 dated 15 June 2010 which payment purports to have been paid by Goldcoast Trading (**Annexure NM1**). I have examined Goldcoast Trading's Nedbank statements for account number 1442016728, statement number 69, (**Document No. 39626**) and can verify that the amount disclosed in the Nedbank payment confirmation was paid from Goldcoast Trading's account to Mr Maharaj on 15 June 2010. This transaction is illustrated in Record 85 below: **A87|3** **A87a**

Record 85

A87a

To GOLDCOAST TRADING CC

PO BOX 25538
GATEWAY
UMHLANGA ROCKS
04321

Account Number 1442016728 Date 2011/09/13 Time 11:12:03

Statement Number 69

Date	Description	Charge	Debit	Credit	Balance	Branch
9 Jun 2010	BROUGHT FORWARD BALANCE				2,419,508.59	
9 Jun 2010	T Panday	.	-7,000.00		2,412,508.59	0960
9 Jun 2010	Hluhluwe Hotel & Safaris	.	-3,780.00		2,408,728.59	0960
10 Jun 2010	MONDAZUR REFUND	.		20,750.00	2,429,478.59	0960
10 Jun 2010	CHEQUE 00000124 C00000124 CASHED	32.25	-50,000.00		2,379,478.59	0353
10 Jun 2010	CHEQUE 00000125 C00000125 CASHED	32.25	-50,000.00		2,329,478.59	0899
10 Jun 2010	CHEQUE 00000122 C00000122 CASHED	25.65	-1,100.00		2,328,378.59	0356
10 Jun 2010	Royal Hotel	.	-280,000.00		2,048,378.59	0960
10 Jun 2010	Allawill Investments (pty) Ltd	.	-150,000.00		1,898,378.59	0960
10 Jun 2010	Wheco Group	.	-10,659.00		1,887,719.59	0960
10 Jun 2010	CHARGE CHQ 00000122 CASHED	.	-21.00		1,887,698.59	0442
10 Jun 2010	CHARGE CHQ 00000124 CASHED	.	-225.00		1,887,473.59	0442
10 Jun 2010	CHARGE CHQ 00000125 CASHED	.	-225.00		1,887,248.59	0442
11 Jun 2010	CHEQUE 00000126 KARIM,ZE	32.25	-71,400.00		1,815,848.59	0999
12 Jun 2010	CHEQUE 00000121	32.25	-1,500.00		1,814,348.59	0999
15 Jun 2010	T Panday (Absa)	.	-100,000.00		1,714,348.59	0960
15 Jun 2010	T Panday (std bank)	.	-100,000.00		1,614,348.59	0960
15 Jun 2010	Emcebokazulu Lodge	.	-26,880.00		1,587,468.59	0960
15 Jun 2010	N Maharajh	.	-2,250.00		1,585,218.59	0960
15 Jun 2010	Sibusiso Xoseka	.	-250.00		1,584,968.59	0960
15 Jun 2010	FSB	.	-37.90		1,584,930.69	0960
	CARRIED FORWARD BALANCE				1,584,930.69	

15.076 According to the content of this affidavit, Mr Maharajh has alleged that he was introduced to Lieutenant General Ngobeni (the KZN Provincial Commissioner) and her husband Brigadier Ngobeni at this function. He has also annexed to his affidavit photographs that he took of the aforementioned people as **Annexures NM3** and **NM2** respectively. **A87|4-6**

15.077 I have perused the affidavit obtained from Laurence Charles Kemp (**Brigadier Kemp**), a Brigadier in the SAPS and the Head of Provincial Financial Services in KwaZulu-Natal, and can confirm from the content thereof that this investigation commenced because of the observations he made regarding the increased financial expenditure with the relevant budget allocations in 2010 that were assigned to the Province of KwaZulu-Natal. Based on the aforementioned observations made by Brigadier Kemp, the criminal investigations into Panday and his related companies were convened by police investigators and management.

15.078 However, on Wednesday 5 May 2010 at approximately 08:30 he received a phone call from Lieutenant General Ngobeni, the Provincial Commissioner of KwaZulu-Natal, who allegedly instructed Brigadier Kemp to stop the investigations into the procurement procedures and detachment duties and that he should notify the late Deputy Commissioner Ntanjana and Deputy Commissioner Booysen of this instruction.

15.079 On Saturday, 8 May 2010 at 17:00, Brigadier Kemp allegedly received another telephone call from Lieutenant General Ngobeni who made some enquiries with him concerning the increased detachment expenditure and the procurement processes relating thereto. It is alleged in his affidavit that he related his concerns regarding the abnormal charges of these detachment duties to her and indicated that if the current expenditure continued it would negatively affect the Provincial budget. The telephonic conversation was concluded by Lieutenant General Ngobeni indicating that they would discuss it further in her office on 10 May 2010.

15.080 Brigadier Kemp allegedly received an instruction to call at Lieutenant General Ngobeni's office on Monday morning at 08:30 on 10 May 2010 and, upon complying with this instruction, he determined that the three Deputy Commissioners being Masemola, Ntanjana and Booysen were present in her office together with Madhoe.

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15.081 It was at this meeting that Madhoe was asked to explain the procurement procedures that were being followed however, before he could commence with the detailed content therewith, Lieutenant General Ngobeni interrupted him and requested Brigadier Kemp to highlight the details of his report relating to the expenditure for detachment duties.

15.082 During the feedback provided by Brigadier Kemp, he referred to a letter that had been received from Head Office that was addressed to Lieutenant General Ngobeni and himself which letter requested the Province to supply Head Office with certain information. Brigadier Kemp confirmed with Lieutenant General Ngobeni that he was busy preparing a response to Head Office and upon hearing this she became upset with him and indicated that the direct lines with Head Office should be terminated. Brigadier Kemp describes Lieutenant General Ngobeni's attitude as being aggressive towards him and this became the main issue of their meeting which became unpleasant to such a degree that General Booysen recommended that he and Madhoe be excused so that the Commissioners could discuss the matter further.

15.083 It is evident from the dates of the alleged conversations between Brigadier Kemp and Lieutenant General Ngobeni that she had intervened in the investigation of Panday and his related entities shortly before the 50th birthday party of her husband was held at Royal Palm Hotel in Umhlanga Rocks on 29 May 2010, where the cost thereof was paid by Panday which in aggregate amounted to R20,962.

15.084 The affidavit of Brigadier Kemp is corroborated by the affidavit of General Masemola, who was the former KwaZulu-Natal Deputy Provincial Commissioner, in that he has confirmed that a meeting was convened in Lieutenant General Ngobeni's office in May 2010 where Brigadier Kemp raised the issue that he had discovered that SCM were not acquiring goods/services in accordance with the policy and this was affecting the financial position of the Province.

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15.085 Recommendations were allegedly made by Major General Booysen that a criminal case be opened although it was decided that Brigadier Kemp look further into his findings and prepare a report for the committee but Lieutenant General Ngobeni instructed General Ntanjana to conduct an investigation and report to her on his findings.

15.086 I have perused the affidavit of Major General Booysen and have set out below relevant extracts thereof which, corroborate the affidavit of Brigadier Kemp, where relevant,:

15.087 *"On 28th April 2010, Brigadier Kemp approached me during the morning management meeting. Brigadier Kemp is the Provincial Head of Finance in Kwa-Zulu Natal. He expressed his concern regarding suspicious transactions that had gone through his department. I requested him to supply me with something in writing. The following morning he handed an "INFORMATION NOTE" dated 29th April 2010 to me, which on face value indicated that there could be irregularities taking place in the Supply Chain Management department at the KZN SAPS Provincial Head Office. On the same day I summoned Brigadier Lategan, who was at the time the Provincial Head of the Commercial Crime Unit, which is a section withing DPCI, to my office. I handed the "INFORMATION NOTE" to him and requested him to initiate an investigation into the matter.* **A99|1-3**

A few days later while I was on my way home in the afternoon, I received a call from the Provincila Commissioner, Lieutenant General Ngobeni. She asked me "Johan, what is this investigation you busy with?" I asked her which one? To which she replied, "The one for Supply Chain Management". I briefly told her. The Provincial Commissioner however said to me that there were too many things going on in the Province, like the Mountain Rise Police Station, referring to the investigation against management at Mountain Rise SAPS, and that we must stop the investigation. She was referring to the investigation in respect of the suspicious transactions taking place in the Supply Chain Management department at the SAPS Provincial Head Office. I then informed Brigadier Lategan that the Provincial Commissioner had instructed that the investigation is to be stopped.

A day or two later, Brigadier Lategan returned the investigation file to me stating that Colonel Soobramoney was not happy. I recall at some stage, Major General Bala Naidoo, who is the Durban Cluster Commander, phoned me to tell me that Colonel Soobramoney was not happy with the Provincial Commissioner stopping the investigation.

On the 8th May 2010 the Provincial Commissioner phoned me. She asked me why we were continuing with the investigation after she had stopped it. I told her that I had the file in my office and had stopped the investigation as per her instruction. She then asked me, "What is wrong with your people?" to me this meant the investigators under my command. I then phoned Brigadier Lategan and he confirmed that he had instructed Colonel Soobramoney to stop the investigation.

On 10th May 2010 when I arrived at the office in the morning I received a call from the Provincial Commissioner's secretary to go and see her. I arrived at her office and went into her private boardroom. Seated in the boardroom was the Provincial Commissioner, Major General Ntanjana and Masemola, Brigadier Kemp from Provincial Finance and Colonel Madhoe from Supply Chain Management.

The Provincial Commissioner remonstrated with us in general for being concerned about deployments, yet people are dying and we worry about finances. I was taken aback and sensed that the attention was diverted from the real cause for the investigation. The Provincial Commissioner looked at me and asked for my comments. Since Colonel Madhoe was a possible suspect in this matter I was firstly surprised to see him there and secondly wasn't going to comment with him being present. I told her that I would rather talk to her alone. She then excused Brigadier Kemp and Colonel Madhoe from the meeting, I said to her " We are not querying the deployments, but rather the procurement for the accommodation for the deployments". I also expressed my concern because as I put it to her, everything from blankets, television sets, generators and accommodation were going through the books of Panday from Gold Coast Trading. I also told her that some of the prices were inflated and thus far about fifteen million rand had been paid to Gold Coast Trading by the SAPS. The Provincial Commissioner then told General Ntanjana to investigate the matter. I found this to be odd as he was the Provincial Head of Support and did not have the resources to investigate such a complicated matter. The Provincial Commissioner further told him to finalise his investigation within two weeks.

We were then dismissed from her office.

On the 19th May 2010 I was at a meeting at Burgers Park Hotel in Pretoria. During a tea break, Deputy National Commissioner, Lieutenant General Dramat, who is the National Head of the DPCI, approached me and enquired from me as to why the investigation into irregularities at KZN Provincial Supply Chain Management had been stopped. I informed him what had happened and suggested that the investigation continue and that perhaps the investigation should continue under Head Office's supervision, I sensed that he had a concern with regards to the KZN Provincial Commissioner's handling of the matter. At some stage the investigation was supervised by Brigadier Nkozi from the office of the Serious Economic Offences Unit.

During the last week of May 2010 I received a call from the Provincial Commissioner. She invited ne to a surprise party that had been arranged for her husband, Brigadier Ngobeni. The party was to be held on the 29th May 2010 at the Royal Palm Hotel in Umhlanga Rocks. She told me that I could invite my friend Vic to the party. I did not attend the party as I already had a previous engagement planned at the Caledon Hotel on the same day.

During this period Brigadier Lategan was enquiring from me about the investigation. At this stage I knew that the investigation was ongoing, albeit surreptitiously. I asked him to obtain a progress report from the investigating officers. On the 31st May 2010 I was provided with a progress report. This report contained incriminating information. This report named inter alia, Colonel Madhoe, Captain Narainpershad and Thoshan Panday as possible suspects. I took this report to the Provincial Commissioner and Major General Ntanjana. I informed them that I had an obligation to investigate the irregularities at KZN Provincial Supply Chain Management. I showed the report to both the Provincial Commissioner and General Ntanjana. They both asked for a copy of the report. I provided each of them with a copy of the report. Subsequently a copy of this report was found in Colonel Madhoe's vehicle during a search and seizure operation that was conducted on 12th August 2010. I mentioned this to the Provincial Commissioner, who brushed my concerns off saying, "Anyone could have given it to him".

A101|1-7

On the 12th June 2010 I handed the main investigation file back to Brigadier Lategan. I informed the Provincial Commissioner that Lieutenant General Dramat was monitoring the investigation from Head Office.

On the 15th June 2010, General Ntanjana and I were summoned to the Provincial Commissioner's office. In her office she again told me to stop the investigation. This somewhat confused me as I had told her that the investigation was going on and was being monitored by Head Office. I was then ushered into her boardroom. In her board room, the Provincial Commissioner introduced me to the following people: Advocate Mkhize, attorney Giyapersad and Thoshan Panday. I was shocked, because the Provincial Commissioner was now fully aware that Thoshan Panday was being investigated in respect of the irregularities at KZN Provincial Supply Chain Management. I was then peppered with questions by Giyapersad and Panday. Panday even threatened that he would sue Colonel Soobramoney. I merely listened to them and avoided discussing details of the investigation, They insisted that the investigation be stopped. At this stage the Provincial Commissioner had left the room. They indicated that the Provincial Commissioner had assured then that the investigation would be stopped. The Provincial Commissioner then returned to her board room. They lamented the fact that Colonel Soobramoney was still investigating Panday. They also complained about Colonel Soobramoney. I responded that although the Provincial Commissioner had given instructions for the investigation to be stopped, I could not guarantee that Head Office would do the same. To my surprise the Provincial Commissioner instructed me to investigate Colonel Soobramoney.

On 21st June 2010 I was again summoned to the Provincial Commissioner's office. I informed the Provincial Commissioner that a criminal docket had been opened. She then said that we could not stand in the way of the investigation. She further said that she would meet with Panday's attorneys.

On 22nd June 2010 I was summoned to the Provincial Commissioner's office. This time I was met by Thoshan Panday's attorney, Giyapersad, Advocate Styx Madlala, Advocate Chowdrie (SC) and Major General Ntanjana. Panday's defence team made enquiries regarding the investigation. The Provincial Commissioner indicated to them that a docket had been opened and that she could not stop the investigation.

On the 28th June 2010 the National Commissioner, General Cele, phoned me. He enquired about the investigation. I briefed him and told him about how I had been pressured to stop the investigation. He instructed me to continue with the investigation and that the investigators should report to me. I suspected that Lieutenant General Dramat had spoken to general Cele since Lieutenant General Dramat phoned me later that day to confirm that I had received a call from General Cele.

At one stage I told the Provincial Commissioner that Brigadier Lategan needed a statement from Brigadier Kemp, She would have none of that. I advised her that it would be better to co-operate since it would look bad if we had to serve a Section 205 Subpoena on Brigadier Kemp, who works at her office. I also recall advising her to speak to the National Commissioner about the investigation during one of her visits to Pretoria. She agreed. After the Provincial Commissioner returned from one such visit I asked her if she had spoken to the National Commissioner, to which she replied, "We did not have time". I got the impression however that the Provincial Commissioner remained opposed to the investigation.

During the investigation, Colonel Van Zyl from Support Services in Pietermaritzburg was assisting in the investigation. Colonel Van Zyl could be regarded as an expert in Police procurement and financial matters. Colonel Van Zyl had been co-opted with several other police officers outside of the Directorate of Priority Crime Investigation to assist in various investigations. Unfortunately, no permission had been granted for these members to assist on a full time basis. The Pietermaritzburg Cluster Commander, Major General Maharaj complained to the Provincial Commissioner about this. A decision was taken that these members, including Colonel Van Zyl report back to their posts. I supported the principle of this decision at the time. The investigators in this case however needed Colonel Van Zyl's assistance to continue with the investigation that he started from them. I broached the subject with the Provincial Commissioner, but she was adamant that Colonel Van Zyl will not assist in the investigation. I further recall Major General Moodley mentioning to me that the Provincial Commissioner had tried to find out from him as to what was going on in the investigation.

The investigation continued at a slow pace as we awaited the appointment of forensic auditors from SAPS Head Office.

On 25th August 2011, while at a restaurant in the Bluff I received a call from the Provincial Commissioner. She asked me if I was alone. I responded that I was having supper with friends. She asked me to step aside to one side, which I did. She sounded concerned. She said to me "Johan someone told me that Panday had made a statement against me". I told her that that was nonsense. She asked me if I was sure. I assured her that there was no such statement.

I recall on an occasion, I bumped into Brigadier Kemp in Amanzimtoti. I cannot remember the date. Brigadier Kemp told me that when the investigation was in its initial stages, he had received a phone call from the Provincial Commissioner. Brigadier Kemp told me that she had told him to contact me and tell me to stop the investigation. He said that he was not able to get hold of me. He further expressed his apprehension in that he is merely a Brigadier and felt that he could not give me an instruction even though it came from the Provincial Commissioner".

15.088 I further perused the affidavit of Colonel Yogavelli Moodley, a Colonel in the SAPS employed as the Section Head: Budget and Monitoring, Financial and Administration Services. **A99**

15.089 Colonel Moodley provided a copy of the Information Note written by Brigadier Kemp and dated 28 April 2010 with the subject line *"EXPENDITURE INCURRED IN TERMS OF DETACHMENTS".* This information note was marked for the attention of Lieutenant General Ngobeni, Major General Masemola, Major General Ntanjana and Major General Booysen and outlines that for four (4) travel and subsistence items the total cost was R11,194,000 which is 12.91% of the total expenditure for the budget category Goods and Services for the month April 2010. In all four (4) instances the supplier was Goldcoast Trading. **A99|1-3**

15.090 Further to the above, she provided a copy of a schedule marked "Deployment Schedules Already Paid" which reflected deployments paid to Goldcoast Trading in the amount of R12,809,733.00. **A99|4-12**

15.091 On 5 May 2010 she made copies of the payment schedules which contained invoices, order forms and covering schedules which cover the supplier's details and the approved signatures one (1) from SCM and two (2) from the finance office. These schedules were handed to Colonel Soobramoney.

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15.092 Colonel Moodley confirmed that she was in the company of Brigadier Kemp on 5 May 2010 when he had received a call from Lieutenant General Ngobeni where he was instructed to call off the investigation into the procurement process at Provincial SCM.

15.093 On 6 May 2010 she received a call from Colonel Soobramoney who informed her that he was requested to hand over all documents as the investigation was closed. Colonel Soobramoney informed her that he was informed by Brigadier Lategan that it was at the instruction of the PC that he must hand back all documents and that the case was closed.

15.094 On 3 June 2010 she was summoned to the office of the late Major General Ntanjana. He enquired as to whether she had been assisting anyone with documents pertaining to the investigation of SCM and he informed her that if she was she must stop as it was in her best interest.

Summary of Findings

15.095 I can conclude from the examination of the above-mentioned documents that Panday has paid the cost of Lieutenant General Ngobeni husband's birthday party that was held at the Royal Palm Hotel in Umhlanga Rocks on 29 May 2010. The cost of this service amounted to R20,962[1].

15.096 Panday also requested Mr Singh to inflate an invoice for this function to the amount of R29,712, and to further prepare the invoice in favour of Mrs BM Ngobeni. I cannot determine on what basis Panday would have requested Mr Singh to have issued him with another invoice at an inflated amount and therefore, cannot conclude why this would have been done. However, I can conclude that this gift or gratification to Lieutenant General Ngobeni was done shortly before the deployments for the SWC and the final order (**Order No 333657)** that was issued to Goldcoast Trading in the amount of R26,320,250 dated 10 June 2010.

[1] R18,712 + R2,250

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15.097 In addition, Lieutenant General Ngobeni was aware from the reports received from Brigadier Kemp that there was an unusually high expenditure for detachment duties in the Province and that the SAPS SCM were not complying with their SCM policy when making these appointments, which reports were received just prior to the date of her husband's 50th birthday party. She also appears to have been instrumental in attempting to put a stop to this investigation.

(vii) Protea Hotel Waterfront, Richards Bay

15.098 An affidavit obtained from Mr Andre de Klerk, the General Manager of the Protea Hotel Waterfront, Richards Bay revealed that Panday had paid for the costs for accommodation for the period 3 April 2010 to 5 April 2010 for a guest with identity number 670622 5190 08 7, which I have determined is the identity number for Narainpershad. **A95|23**

15.099 Mr de Klerk provided the following documents which are annexed to his affidavit as follows: **A94**

No	Description of Document	Annexure No	
1	Completed and signed registration forms for room 112	ADK1	**A94|1**
2	Completed and signed registration forms for room 110	ADK2	**A94|2**
3	Full account for room 110 and 112	ADK3	**A94|3-8**
4	Expenses incurred during stay	ADK4	**A94|9-16**
5	Speedpoint machine slip, signed and reflecting card number 36135773216801	ADK5	**A94|17**
6	Cashier audit documentation reflecting the diners club card number, amount and date of transaction	ADK6	**A94|18-19**

15.100 Based on the above-mentioned documentation two (2) rooms, room 110 and 112 were booked. In terms of the registration forms for each of these rooms were signed by an individual with identity number 670622 5190 08 7, cellphone number 0845002881 and car registration number ND353878. As mentioned above, I have determined that this identity number belongs to Narainpershad

15.101 In terms of the invoice provided the total cost of accommodation was R7,256.00. Further to this, the signature reflected on the invoice appears to be that of Narainpershad. **A94|6**

15.102 Mr de Klerk stated on departure, 5 April 2010 a Diners credit card in the name of Mr T Panday was used to pay the full amount. It should be noted that the signature reflected on this document appears to be that of Narainpershad. **A94|17**

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15.103 The documents annexed to Colonel Masemola's affidavit confirms that Narainpershad's was on leave from 23 March 2010 to 07 April 2010, which covers the period he was at the Protea Hotel Waterfront, Richards Bay. **A95|22**

15.104 ***Summary of Findings***

I can conclude from the examination of the above mentioned documents that Panday paid for the costs for accommodation for Narainpershad at the Protea Hotel Waterfront, Richards Bay during the period 3 April 2010 to 5 April 2010 in the amount of R7,256.00.

(viii) Europcar – R1,535.92

15.105 An affidavit obtained from Mr Kobus Small, a Risk Investigator employed at Europcar, who annexed various documents thereto, one of which related to the rental of a vehicle from King Shaka International airport by Goldcoast Trading and/or Panday on behalf of Mr R S Pillay.

15.106 Annexed to Mr Kobus Small's affidavit are the supporting documents relating to the rental of the abovementioned vehicle for Mr RS Pillay and marked **Annexure KS5**. **A91**

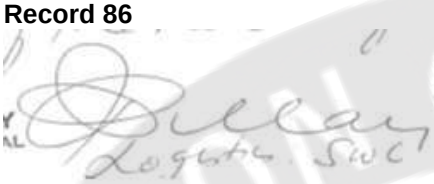
15.107 One of the documents that are included with annexure KS5 is a Rental Agreement No. 146524121 which document indicates that a Toyota 4x4 double cab with registration No. ZCX630GP was received by Mr RS Pillay whose drivers licence and identity recorded thereon is 411600000FD1 and. 6208215049084 respectively. This Agreement also contains Mr RS Pillay's cell phone number "0827789716". According to the information contained on this Agreement the vehicle was leased from King Shaka International Airport on 24 June 2010 and that the due date of its return was 26 June 2010. **A91|1**

RR4-TSW-0341

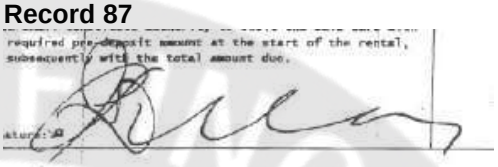
15.108 I have compared the signature of Mr RS Pillay that appears on the aforementioned Rental Agreement (Record 87 below) to that of Major General RS Pillay that appears on the motivation and certificate to appoint Goldcoast Trading on an urgent basis during the SWC (as per Figure 1 - Certificate by Major General R S Pillay on page 109 or Record 86 on page 231) and it appears that the two signatures are similar. **A91|1 & B47|2**

15.109 A comparison of these two signatures is illustrated hereunder:

Record 86



Record 87



15.110 I have also observed from the examination of the "Obtain payments for rental agreement 146524121" that the amount R1,535.92 is recorded thereon and therefore, I would conclude that this was the cost of this service to Goldcoast Trading and/or Panday. **B91|11**

15.111 Also included with Annexure KS5 is a copy of what purports to be Mr RS Pillay's driver's licence although the copy is a poor one and therefore, I am unable to corroborate whether the information contained on the drivers licence reconciles with the information contained on the Rental Agreement. **A91|2**

15.112 The Nedbank Goldcoast Trading statement for account No. 1442016728 reflects that an amount of R1,535.92 was paid from this account to Europcar (**Document No. 39605**) on 4 August 2010. **A92**

Findings

15.113 I can conclude from the abovementioned examination that Panday has purchased goods or services for Madhoe, Narainpershad and Lieutenant General Ngobeni, the Provincial Commissioner, which in aggregate amount to:

No	Name	Value of Benefit (R)
1	Madhoe	89,104.95[1]
2	Narainpershad	59,662.71[2]
3	Lieutenant General Ngobeni	20,962.00[3]
4	Major General RS Pillay	1,535.92
Total		**171,265.58**

15.114 These benefits were paid between the period 14 November 2009 to 29 May 2010 which is the same period when Madhoe and Narainpershad were busy with the procurement of suppliers for the accommodation of members during the SWC.

15.115 On 8 October 2009 an application for accommodation was submitted to the National Commissioners Office where it is recorded that, of the eight suppliers contacted, only three were responsive namely Holiday Inn Garden Court, who did not have accommodation available, Blue Waters Hotel who were fully booked and Goldcoast Trading. One of the suppliers included with these eight suppliers is Coastlands who, according to the application, did not respond to the police's request. An affidavit obtained from Ms Roshini Naidu, the Executive Director at Coastlands, disputed that they were approached by the SAPS to provide a quotation for accommodation of members whilst their turnaround time to the SAPS for such requests was always quick.

15.116 The application also indicates that Goldcoast had, *inter alia*, secured accommodation at Coastlands. Ms Roshini Naidu disputes this statement because the first time she met Panday or became aware of Goldcoast Trading was during the month of May 2010, just prior to the SWC.

[1] Oyster Box R6,010 + SA Airways R8,584 + Advocate Cars R60,000 + Westin Grand Cape Town R14,510.95= R89,104.95
[2] Varsity College R43,500 + Game Stores R7,154 + Protea Hotel Karriden R1,752.71+ Protea Hotel Richards Bay R7,256 = R59,662.71
[3] Royal Palm / Dish Restaurant R18,712 + Zindx Productions / Mr Maharaj R2,250 = R20,962

15.117 Ms Roshini Naidu has also alleged that when the final numbers were provided to her for the accommodation of members during the SWC she noticed that these numbers they were significantly lower than what she had initially provided and hence, contacted Narainpershad to complain. She alleged that he informed her that he had divided the accommodation between the three suppliers which is not true as Goldcoast Trading were allocated 1030 members at a cost of R32,810,000 and Coastlands 200 members at a cost of R2,240,000.

15.118 During the SWC Coastlands accommodated between 8 and 158 members a day (5,460 members in aggregate) on behalf of Goldcoast Trading at a cost of R1,880,870 which would have been invoiced to the SAPS at R4,641,000 (R850 per person per night). Narainpershad was aware of the vacancies that were available at Coastlands yet never chose to ensure that these cost savings were passed onto the SAPS. In addition, when Panday approached Coastlands for assistance to accommodate SAPS members he informed Ms Roshini Naidu that he was appointed by National and not Provincial office and as a result, requested a further reduction in Coastlands rate per person per night from R400 to R350. (Hence, he was making a profit of R500 per person per night on the 5,460 members accommodated at Coastlands on behalf of Goldcoast Trading.)

15.119 Madhoe and Narainpershad, who were involved in the appointment of Panday's related entities for the supply of accommodation for the SWC, facilitated their appointment through various misrepresentations whilst at the same time receiving gratification in the amounts of R89,104.95 and R59,662.71 respectively from either Panday or Goldcoast Trading.

RR4-TSW-0344

16.000 KASEEV TRADERS CC

Introduction

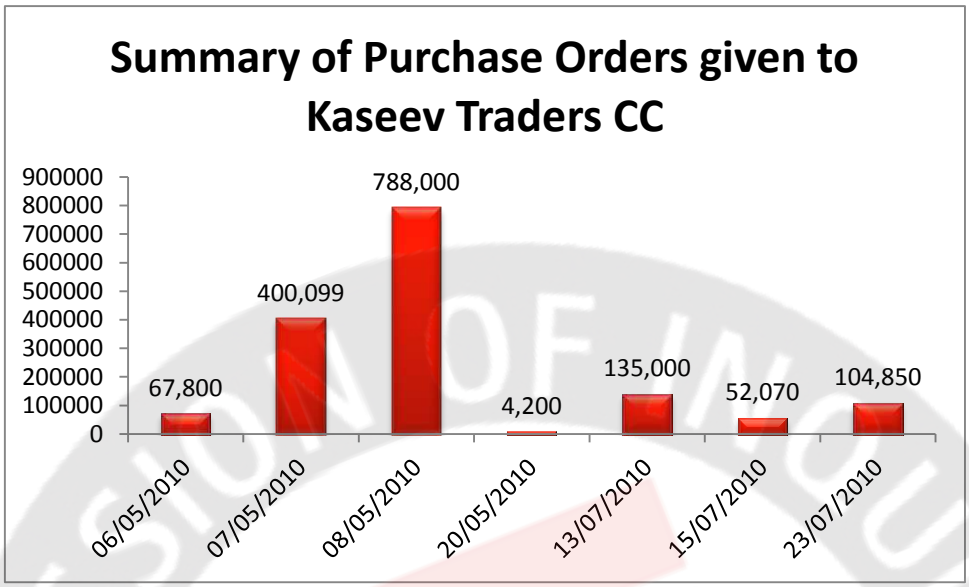
16.001 The polfin records indicate that, between the period 1 June 2010 to 30 July 2010, the SAPS paid into Kaseev Traders FNB account No. 62251113313 in aggregate, R1,552,019.40. A summary of these orders and payments are detailed hereunder:

PwC ID	Order Date	Order No	Date Paid	Date Deposited	Amount (R)	Note	
1	07/05/2010	AD341779	01/06/2010	08/06/2010	44,460.00	(01)	D5
2	20/05/2010	AD339900	01/06/2010	08/06/2010	4,200.00		D6
3	06/05/2010	AD341735	01/06/2010	08/06/2010	22,500.00		D7
4	06/05/2010	AD341737	01/06/2010	08/06/2010	27,000.00		D8
5	06/05/2010	AD341739	01/06/2010	08/06/2010	13,980.00		D9
6	06/05/2010	AD341740	01/06/2010	08/06/2010	4,320.00		D10
7	07/05/2010	AD341778	01/06/2010	08/06/2010	68,639.40	(01)	D11
8	07/05/2010	AD341780	01/06/2010	08/06/2010	37,000.00	(01)	D12
9	07/05/2010	AD341781	01/06/2010	08/06/2010	125,000.00	(01)	D13
10	07/05/2010	AD341795	17/06/2010	22/06/2010	125,000.00	(01)	D14
11	08/05/2010	AD333664	28/07/2010	30/07/2010	788,000.00		D15
12	13/07/2010	AE017157	28/07/2010	30/07/2010	135,000.00		D16
13	15/07/2010	AE017155	30/07/2010	04/08/2010	15,070.00		D17
14	15/07/2010	AE017158	30/07/2010	04/08/2010	37,000.00		D18
15	23/07/2010	AE017159	06/08/2010	20/08/2010	97,500.00		D19
16	23/07/2010	AE017160	30/07/2010	04/08/2010	7,350.00		D20
Total					**1,552,019.40**		

NOTES

(01) These orders have been discussed in paragraph 14.045 of my report and are included in the twenty three procurement authority submissions where I discussed how three of Panday's related entities being Kaseev Traders, Unite Mzansi Traders and Valotone 21 CC cover quoted against one another and therefore, conclude that the procurement process for their appointment was not fair, competitive, transparent and cost effective. The aggregate amount of these orders is R400,099.40.

16.002 A summary of orders awarded to Kaseev Traders obtained from the abovementioned table is graphically illustrated hereunder:



16.003 I can also confirm from my examination of the payment order transaction forms for each of the abovementioned orders that was awarded to Kaseev Traders (except Order No. AD341739) by the SAPS that Narainpershad appears to have signed the certificate for payment which certificate reads as follows: **D5 – D20** **D9**

> *"I certify that this order satisfies the requirements as to charges in accordance with the contract/agreement/tariff* that the said charges are fair and reasonable, that the payee is entitled to this payment. That the necessary invoices or other payment documents are attached, that disallowances have been made and that payment is authorised."*

16.004 An extract of this document containing the signature that appears to be that of Narainpershad and the certificate, obtained from order No. AD341779, is illustrated in Record 88 below: **D5|1**

Record 88

D5|1

BETALING • PAYMENT

Ek sertifiseer dat hierdie bestelling aan die vereistes voldoen t.o.v. vorderings ooreenkomstig die kontrak/ooreenkoms/tarief* dat dit billik en redelik is, dat die begunstigde op die betaling geregtig is. Dat die nodige faktuur of ander betaaldokumente aangeheg is, die afkeurings gedoen is en betaling gemagtig word.

I certify that this order satisfies the requirements as to charges in accordance with the contract/agreement/tariff* that the said charges are fair and reasonable, that the payee is entitled to this payment. That the necessary invoices or other payment documents are attached, that the disallowances have been made and that payment is authorised.

* Skrap indien nie van toepassing nie • Delete if not applicable.

Handtekening • Signature	Rang • Rank
CAPTAIN A. NARAINPERSHAD	CAPTAIN

Datum • Date	J/Y	J/Y	M	D
	20	10	05	12

16.005 Based on this certificate, and the fact that Narainpershad appears to have appended his signature thereto, I can conclude that he has certified that the supplier can be paid and furthermore that the charges are fair and reasonable. I have indicated in previous paragraphs of this report that the procurement process was not fair, transparent, competitive and cost effective and I shall show further hereunder, how the payments certified by Narainpershad for Kaseev Traders were not for fair and reasonable prices after taking into account the cost price and profit margins realised on each order. **D5|1**

Common Documents

16.006 The records of Kaseev Traders did not include all their accounting records and therefore, I have been unable to reconcile each of their orders to their suppliers invoice. However, I have been able to identify some documents that make reference to purchases from their suppliers and I have also been able to reconcile the payments for these items to their bank statements and therefore, I have assumed that the purchase was made from these suppliers and that these prices are Kaseev Traders cost price.

D5b|1 & D7b|1
D9a & D12b
D18b & D19b
D20b

16.007 One of the documents used in my analysis is a spreadsheet that contains information for Unite Mzansi Trading, Valotone 21 CC and Kaseev Traders (**Document No. 19269**) which was also found amongst Goldcoast Trading's records[1]. This document shows the quantity of items procured by either of these three entities and the cost price thereof a copy of which is illustrated in Record 89 below:

Record 89

Unite Mzansi	QNTY	INV AMT	Valtone	QNTY	INV AMT	KASEEV	QNTY	INV AMT
bio derm SPF100	120	14400.00	endo scopes	4	21833.28	Flood lights	5	42077.40
ration packs	1000	93201.00	belly scopes	12	11796.95	Sleeping bags	40	10298.00
extension cord	2	778.62	hessian	1500 m	20520.00	jerry cans 25lt	25	6197.26
sandbags	2000	30000.00	Normal TV	4	7996.00	Binoculars	4	1439.96
cable ties	1000	501.60	security stickers	1000X7	553.00	Chairs	150	6600.00
fier extinguishers	9	3420.00	Angle iron	500 m	11760.29	Digital camera	2	9999.98
microwaves	3	1559.97	Camp beds	40	19960.00	Steel tables	15	5985.00
water cooler	2	4762.92	Projector	2	8899.90	Notice boards	18	0.00
garmin	8	22399.92	Nyala Jacks	2	937.08	Flood lights	5	0.00
			Medical kit	6	3762.00			
			Fridges	4	9600.00			
			DVDPlayer	2	399.98			
			Proj Screens	2	0.00			
			Ranger finder	4	45001.50			
			Salton urns	4	3599.94			
			Venter trailers	3	25650.00			
			Batteries	2100	37910.19			
			Hand scanners	24	0.00			
			torches	50	9199.80			
		171024.03			239379.31			82597.60
		TOTAL ALL	493001.54					
		3 way payments	164333.85		328667.69			

AD341795
R125,000 (D14b)

AD341779
R44,460 (D5b|1)

AD341739
R13,980 (D9b|1)

AD341735
R22,500 (D7b|1)

AD341780
R37,000 (D12b)

AD341737
R27.000 (D8b|1)

AD341778
R68,639.40 (D11b)
R27,000 (D8b|1)

AD341781
R127,000 (D13b|1)
AD341795
R125,000 (D14b|1)

16.008 I have reconciled each of these items to purchase orders awarded to Kaseev Traders by the SAPS and the order number and amount is recorded in the call out box adjacent to each entry in Record 89 above (**Document No. 19269**).

[1] Volume 55 – Exhibit bag No. 6798.

16.009 Three[1] of the six order numbers for Kaseev Traders, identified in Record 89 above, are included in the twenty three procurement authority submissions where I have determined that these three entities "competed" against each other, whilst for the remaining orders I have not been able to trace the procurement authority submissions and therefore, cannot conclude from whom the other quotes were received, if any. In spite of not having conclusive documentary evidence from whom quotations were received, it would be reasonable to conclude that these entities competed amongst themselves based on some of the entries that appear in Tasleems Record Counter Book[2]. **D5** **D12** **D14** **A3|94** **A4-A6**

16.010 A summary of the information relating to my analysis and findings of these six orders are detailed hereunder:

Order No	Amount	Cost Price	Document No	Bank Price	Document No	Profit	Profit Margin	
AD341779	44,460.00	10,298.00	19269	10,298.00	30939	34,162.00	331.73%	D5
AD341735	22,500.00	6,600.00	19269	-	0	15,900.00	240.91%	D7
AD341737	27,000.00	5,985.00	19269			21,015.00	351.13%	D8
AD341739	13,980.00	6,197.26	19269			7,782.74	125.58%	D9
AD341780	37,000.00	9,999.98	19269	9,999.98	30939	27,000.02	270.00%	D12
AD341795	125,000.00	42,077.40	19269	42,077.40	30939	82,922.60	197.07%	D14

16.011 My analysis above, with reference to the three orders that were included in the twenty three cover quotes referred to above and in paragraph 14.045, revealed that the profit margins on the items sold to the SAPS by Kaseev Traders varied from 125% to 331%. **D5a & D12a** **D14a** **D4**

[1] AD341779 – R44,460; AD341780 - R37,000; and AD341795 – R125,000.
[2] Refer to Record 11 (on page 99), Record 12 (on page 99). Record 54 (on page 116), Record 55 (on page 117) Record 56 (on page 117) and Record 57 on page 118.

16.012 I have already discussed the Company Profile of Kaseev Traders in paragraph 14.119 to 14.121 of my report and shall not repeat the content thereof again other than to say that according to this document this entity is said to be very competitive when supplying goods and their profit margins are small when compared to similar entities. This statement is not true because when I calculated their profit margins on the sale of goods to the SAPS, I have determined that these profit margins were between 58% to 550% with the average profit margin being 111%. **A65** **D4**

16.013 Narainpershad has certified each payment made to Kaseev Traders (other than order No. AD 341739) and by doing so has indicated, *inter alia*, that the amounts invoiced were fair and reasonable. It would be reasonable to conclude that after taking into account that their profit margins were between 58% to 550% with the average profit margin being 111% it would have been false for him to have certified all their payments as being fair and reasonable. **D9|1** **D4**

16.014 Narainpershad has also received benefits from Panday in the aggregate amount of R52,406.71 before these payments were made to Kaseev Traders in addition to being involved in the procurement process by verifying and checking the procurement documents used in the evaluation of supplier quotations. This has already been discussed in preceding paragraphs of this report and shall not be repeated[1].

Fair and Reasonable Charges

16.015 My detailed findings from the analysis of all documents relating to Kaseev Traders is included as an annexure to my report and titled "PwC Analysis of documents" from which I can conclude that I have been able to reconcile nine of Kaseev Traders orders to supplier invoices or other document. **D4**

[1] Refer to paragraphs 14.038 to 14.055.

16.016 For ease of reference I shall not discuss each of these orders in the detailed content of the report but instead have included a table hereunder detailing the order number, cost to the SAPS, Kaseev Traders cost price, their profit margin as a value and a percentage. The detailed analysis is however attached as annexure D4. **D4**

PwC ID	Order No	Invoice Amount (R)	Cost of Sales (R)	Gross Profit (R)	Gross Profit %	
1	AD341779	44,460.00	10,298.00	34,162.00	332%	**D5**
2	AD339900	4,200.00	869.66	3,330.34	383%	**D6**
3	AD341735	22,500.00	6,600.00	15,900.00	241%	**D7**
4	AD341737	27,000.00	5,985.00	21,015.00	351%	**D8**
5	AD341739	13,980.00	6,197.26	7,782.74	126%	**D9**
6	AD341740	4,320.00	1,439.96	2,880.04	200%	**D10**
7	AD341778	68,639.40	19,678.00	48,961.40	249%	**D11**
8	AD341780	37,000.00	9,999.98	27,000.02	270%	**D12**
9	AD341781	125,000.00	42,077.40	82,922.60	197%	**D13**
10	AD341795	125,000.00	42,077.40	82,922.60	197%	**D14**
11	AD333664	788,000.00	474,012.00	313,988.00	66%	**D15**
12	AE017157	135,000.00	85,386.00	49,614.00	58%	**D16**
13	AE017155	15,070.00	3,240.00	11,830.00	365%	**D17**
14	AE017158	37,000.00	9,999.98	27,000.02	270%	**D18**
15	AE017159	97,500.00	15,000.00	82,500.00	550%	**D19**
16	AE017160	7,350.00	1,504.80	5,845.20	388%	**D20**
	Total	**1,552,019.40**	**734,365.44**	**817,653.96**	**111%**	

16.017 The order awarded to Kaseev Traders for which they earned a profit margin of 351% is order No. AD341737 in the amount of R27,000 which relates to the supply of fifteen steel tables at a cost of R1,800 a table. **D8**

16.018 An affidavit obtained from Bert Edward Schultz, the Risk Manager at Makro Springfield, included various reprinted invoices for Makro cards allocated to Panday, Goldcoast Trading and Seevesh Iswarkumar (**Annexure BES1 – BES3** (**Document No.50489 – 50551**)). I determined, from my examination of these documents, that, on Friday 7 May 2010, fifteen steel Canteen Tables 1800X770 were purchased using the Makro card of Mr Seevesh Iswarkumar which cost R399.00 a table (**Document No. 50548**). The total cost to Kaseev Traders was R5,985 and the payment thereof was made by means of a credit card with number 490115******1029. **D21** **D21|3-65** **D21|62**

16.019 These tables were sold to the SAPS by Kaseev Traders at an aggregate cost of R27,000 which means that they made an aggregate profit of R21,015 or 351% profit margin on the sale of these tables. As indicated in previous paragraphs of my report, Narainpershad certified the items for payment and by doing so he indicated that the said charges were fair and reasonable when in fact they were not. (The market price for steel tables would be R399 a table and not R1,800). **D8|2** **D8|1**

Noncompliance Procurement procedures

16.020 The SAPS awarded two orders to Kaseev Traders both on 17 May 2010 in the amount of R125,000 each which was for the procurement of five flood lights per order. Order No's AD341781 and AD341795 refers (**Document No.12823** and **12827**). **D13 & D14**

16.021 The procurement authority submissions for both these orders are included in the twenty three procurement authority submissions that are discussed in preceding paragraphs[1] of my report where I have discussed the combative practises of Kaseev Traders, Unite Mzansi Trading and Valotone 21 CC. **D13a|1** **D14a|1**

[1] Refer to paragraphs 14.044 to 14.055.

16.022 My review of the two procurement authority submissions relating to order No. AD 341781 (**Document No13101**) and AD341795 (**Document No. 13013**) revealed that, in both instances, Unite Mzansi Trading and Valotone 21 CC quoted against Kaseev Traders whilst Narainpershad checked and verified the documents and Madhoe has approved the purchase. **D13a|1** **D14a|1**

16.023 In these two instances the prices submitted by all three entities are the same for both orders, as detailed hereunder:

Kaseev Traders	Unite Mzansi Trading	Valotone 21 CC
R125,000	R139,250	R146,750

D13a|1 **D14a|1**

16.024 In both instances, the SAPS dealt with these orders in terms of Part 2 Invitation and Acceptance of Price Quotations up to the value of R200,000 as per the SCM manual[1]. Kaseev Traders were asked to complete "*Written Price Quotations – Firm Prices (Above the value of R30,000 but not exceeding R200,000 (VAT included))" (**Document No. 13100 and 13104**)* to quote on five flood lights for each request. **D13a|1** **D14a|1**

16.025 Both these orders, in aggregate, amount to R250,000 and therefore, exceed the value of R200,000 and in my opinion, ought to have been dealt with in Part 3 and 4 of the SCM manual i.e. Part 3: Invitation of bids (Exceeding R200,000 per case) and Part 4: Acceptance of Bids (Exceeding R200,000 per case). **D13|1** **D14|1**

[1] Refer to paragraphs 11.015 to 11.020.

16.026 This means that Narainpershad and Madhoe spilt the order to stay within the approved delegated amount, which is contrary to *"Chapter 4 - Satisfy Requirements by means of Price Quotations*[1]*."* Madhoe also had the delegated authority, in terms of the SCM manual, to approve orders greater than R10,000 but less than R200,000 (inclusive of VAT)[2] and therefore, did not have the authority to approve any order greater than R200,000, as this would have to have been done by the Bid Adjudication Committee with at least a Divisional Commissioner as Chairperson[3]. **A1|28** **A1|212** **A1|217**

16.027 Based on the following facts, it would be reasonable to conclude that Narainpershad and Madhoe spilt the order to procure 10 flood lights from Kaseev Traders so that Madhoe would have had the authority to approve the purchases and therefore, give Kaseev Traders and or Panday, an unfair advantage. Had they followed the correct procedures then the authority to approve would have had to be submitted to the Bid Adjudication Committee who had a Divisional Commissioner as the Chairperson. **D13 & D14**

16.028 The affidavit obtained from Gary Dawson (**Document No. 50460 – 50466**), an employee at Genlux Lighting, revealed that they had sold ten flood lights and accessories to Kaseev Traders, which order was placed with them on 10 May 2010 (**Annexure GD1(b) (Document No. 50463)**). My review of this document revealed that Kaseev Traders placed an order for ten floodlights, and accessories, with Genlux Lighting which order reaffirms my opinion stated earlier that the orders were spilt by the police to stay within Madhoe's delegated limit i.e. less than R200,000. **D23** **D23|4**

[1] Refer to paragraph 11.029 to 11.031 and11.031 paragraph 3.
[2] Refer to paragraph 11.018 number 5.
[3] Refer to paragraph 11.023 number 1.

16.029 I have also determined from Genlux Lighting's quotation and invoices annexed to Gary Dawson's affidavit that the cost of sales to Kaseev Traders for these ten flood lights was R84,154.80 (**Document No. 50463**) which was sold to the police for R250,000. This means that Kaseev Traders made a profit of R82,922.60 on each order or an aggregate profit of R165,845.20 (197% profit margin). **D23|4** **D23|6-8** **D13|2** **D14|2**

16.030 In this instance, the procurement process followed was not fair, equitable, competitive or cost effective as the police have had to pay R165,845 more for these services than what they should have.

Summary of Findings

16.031 Kaseev Traders was awarded sixteen (16) orders by the SAPS SCM Unit in KwaZulu-Natal which in aggregate amount to R1,552,019.40.

16.032 Of these sixteen (16) orders, only five, in the aggregate amount of R400,099.40, have been reconciled to procurement documents which documents show that Valotone 21 CC, Unite Mzansi Trading and Kaseev Traders all competed against each other for these orders.

16.033 Of the aforementioned five orders, Madhoe has authorised the procurement of all the goods from Kaseev Traders whilst the Procurement Authority Submission indicates that these documents were verified by Narainpershad.

16.034 Except for one, all payments were certified for payment by Narainpershad who validated, when he appended his signature to these documents, that the price charged to the police was fair and reasonable.

16.035 Analysis of the cost price of these items revealed that the prices charged by Kaseev Traders was not fair and reasonable. In fact, Kaseev Traders gross profit margin for these items varied between 58% to 550%. The example discussed in preceding paragraphs with regards to the steel table reflects that they procured a table at a cost of R399 and sold it to the police for R1,800 and as a result, had a profit margin of 351%.

16.036 The aforementioned findings also rebuts an electronic document located amongst the electronic data on one of the computers seized by the SAPS where the profile of Kaseev Traders was located in which it is stated that *"Kaseev Traders is very competitive in the market of supplying goods. The marginal profit is minimum compared to other companies providing the same service.*[1]*"*

16.037 In addition to the aforementioned, I have determined from my analysis of the bank statements of Kaseev Traders that the only amounts credited to their FNB bank account originated from the SAPS. In fact, their account was credited with the aggregate amount of R1,552,019.40 between the period 8 June 2010 to 1 August 2010 and therefore, this illustrates that their only customer was the SAPS.

16.038 I have further determined from the analysis of Kaseev Traders bank statements[2] that they have paid the expenses for Valotone 21 CC and Unite Mzansi Trading who are the same companies who competed against them for five of the orders awarded to them in the aggregate amount of R400,099.40.

16.039 The only reasonable conclusion that can be drawn from all the aforementioned facts is that Panday, and his related entities, conspired to defraud the SAPS into believing that the procurement process was fair, equitable, competitive, and cost effective when it was not. The effect of these misrepresentations was that the SAPS were misled into believing that they were paying market related prices for the goods procured from Kaseev Traders when in fact they were not, whilst the process followed was not fair. Because of these misrepresentations, the police paid R817,653.96 more for the items procured from Kaseev Traders than they would have had they gone to the suppliers in the market.

[1] Refer to paragraphs 14.119 to 14.120.
[2] Refer to paragraphs 14.096 to 14.100.

16.040 It is further evident that paragraph 9 of the Code of Conduct for Supply Chain Practitioners that combative practises, which include reference to non-existent competition, are prohibited. It would be reasonable to infer, based on all the facts discussed in my report, that Narainpershad and Madhoe were aware of these non-competitive practises and therefore, assisted Panday and his related entities in winning work that was not competitively contested.

COMMISSION OF INQUIRY INTO STATE CAPTURE

17.000 VALOTONE 21 CC

E

Introduction

17.001 The Polfin records indicate that, between the period 3 March 2010 to 6 August 2010, the SAPS paid into the Valotone 21 CC ABSA Bank account No. 4075017618 in aggregate R3,515,704.36. A summary of these orders and payments are detailed hereunder: **E3**

PwC ID	Order Date	Order No	Order Amount	Date Paid	Amount Paid	Notes	
1	15/12/2009	AC910584	147,000.00	03/03/2010	147,000.00		E5
2	15/12/2009	AC910586	41,700.00	03/03/2010	41,700.00		E6
3	15/12/2009	AC910589	59,700.00	03/03/2010	59,700.00		E7
4	15/12/2009	AC910590	29,700.00	03/03/2010	29,700.00		E8
5	15/12/2009	AC910592	117,000.00	03/03/2010	117,000.00		E9
6	15/12/2009	AC910593	20,000.00	03/03/2010	20,000.00		E10
7	15/12/2009	AC910595	99,900.00	03/03/2010	99,900.00		E11
8	15/12/2009	AC910598	59,700.00	03/03/2010	59,700.00		E12
9	26/01/2010	AD338740	100,000.00	07/04/2010	100,000.00		E13
10	26/01/2010	AD338743	90,000.00	07/04/2010	90,000.00		E14
11	26/01/2010	AD338745	91,050.00	07/04/2010	91,050.00		E15
12	26/01/2010	AD338747	97,500.00	07/04/2010	97,500.00		E16
13	26/01/2010	AD338749	1,900.00	07/04/2010	1,900.00		E17
14	26/01/2010	AD339853	109,500.00	07/04/2010	109,500.00		E18
15	09/02/2010	AD339863	120,000.00	07/04/2010	120,000.00		E19
16	09/02/2010	AD339864	15,000.00	07/04/2010	15,000.00		E20
17	09/02/2010	AD339865	69,500.00	07/04/2010	69,500.00		E21
18	09/02/2010	AD339866	120,000.00	07/04/2010	120,000.00		E22
19	09/02/2010	AD339867	122,500.00	07/04/2010	122,500.00		E23
20	09/02/2010	AD339868	166,500.00	07/04/2010	166,500.00		E24
21	09/02/2010	AD339869	195,000.00	07/04/2010	195,000.00		E25
22	09/02/2010	AD339871	33,000.00	07/04/2010	33,000.00		E26
23	09/02/2010	AD339872	77,500.00	07/04/2010	77,500.00		E27
24	09/02/2010	AD339873	45,000.00	07/04/2010	45,000.00		E28
25	09/02/2010	AD339660	5,394.00	06/05/2010	5,394.00		E29
26	09/02/2010	AD339663	12,959.64	07/04/2010	12,959.64		E30
27	09/02/2010	AD339665	89,999.97	07/04/2010	89,999.97		E31
28	05/05/2010	AD341729	24,000.00	01/06/2010	24,000.00		E32
29	05/05/2010	AD341730	1,998.00	01/06/2010	1,998.00		E33
30	05/05/2010	AD341732	10,788.00	01/06/2010	10,788.00		E34
31	05/05/2010	AD341738	3,600.00	01/06/2010	3,600.00		E35

PwC ID	Order Date	Order No	Order Amount	Date Paid	Amount Paid	Notes	
32	05/05/2010	AD341763	1,097.25	01/06/2010	1,097.25		E36
33	05/05/2010	AD341765	10,800.00	01/06/2010	10,800.00		E37
34	05/05/2010	AD341766	16,800.00	01/06/2010	16,800.00		E38
35	07/05/2010	AD341782	92,700.00	01/06/2010	92,700.00	(01)	E39
36	07/05/2010	AD341783	92,700.00	01/06/2010	92,700.00	(01)	E40
37	07/05/2010	AD341784	85,560.00	01/06/2010	85,560.00	(01)	E41
38	07/05/2010	AD341785	89,100.00	01/06/2010	89,100.00	(01)	E42
39	07/05/2010	AD341786	145,425.00	01/06/2010	145,425.00	(01)	E43
40	07/05/2010	AD341787	46,012.50	17/06/2010	46,012.50	(01)	E44
41	07/05/2010	AD341788	47,040.00	17/06/2010	47,040.00	(01)	E45
42	07/05/2010	AD341789	75,000.00	17/06/2010	75,000.00	(01)	E46
43	07/05/2010	AD341790	44,500.00	17/06/2010	44,500.00	(01)	E47
44	07/05/2010	AD341791	42,000.00	17/06/2010	42,000.00	(01)	E48
45	07/05/2010	AD341792	92,000.00	17/06/2010	92,000.00	(01)	E49
46	07/05/2010	AD341793	99,840.00	17/06/2010	99,840.00	(01)	E50
47	07/05/2010	AD341794	99,840.00	17/06/2010	99,840.00	(01)	E51
48	15/07/2010	AE017151	52,400.00	30/07/2010	52,400.00	(03)	E52
49	15/07/2010	AE017152	53,000.00	30/07/2010	53,000.00	(03)	E53
50	15/07/2010	AE017153	120,000.00	30/07/2010	120,000.00	(03)	E54
51	23/07/2010	AE017163	4,000.00	06/08/2010	4,000.00		E55
52	29/07/2010	AE017181	28,500.00	06/08/2010	28,500.00		E56
53		AE017187	195,000.00			(02)	
54		AE017188	195,000.00			(02)	
			3,905,704.36		**3,515,704.36**		

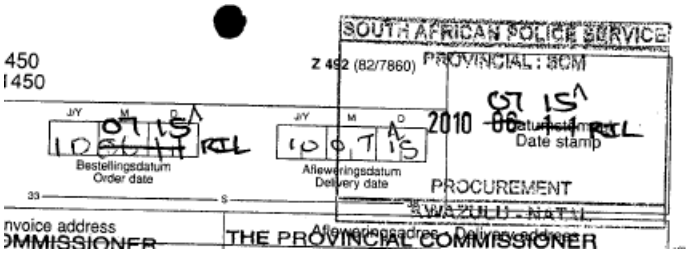
NOTES

(01) These orders have been discussed in paragraph 14.045 of my report and are included in the twenty three procurement authority submissions where I discussed how three of Panday's related entities being Kaseev Traders, Unite Mzansi Traders and Valotone 21 CC "competed" against one another and therefore, conclude that the procurement process for their appointment was not fair, competitive, transparent and cost effective. The aggregate amount of these orders is R1,051,717.50 and were all awarded to Valotone 21 CC on the same day being 7 May 2010.

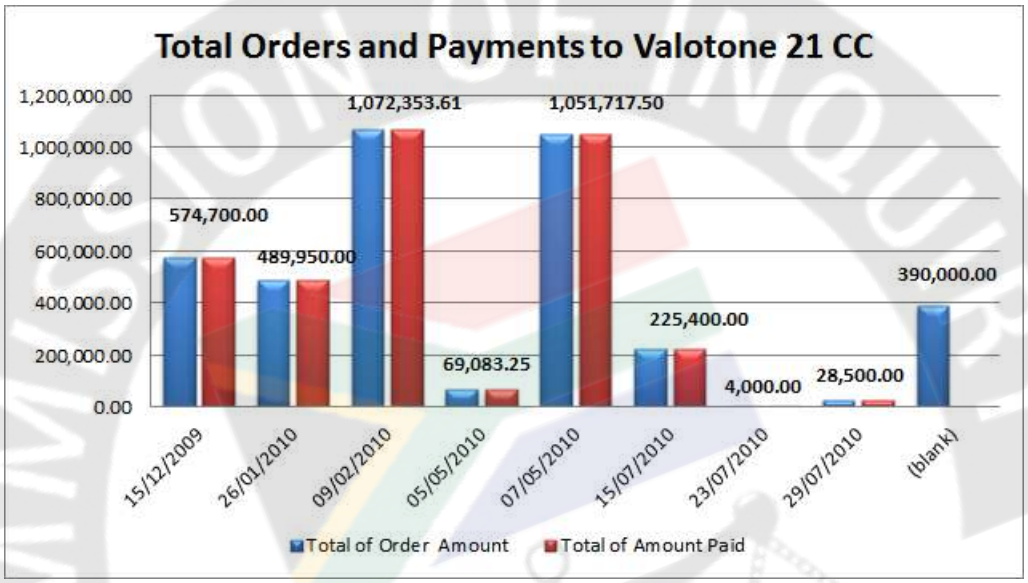
(02) These orders were given to Valotone 21 CC but there is no evidence that they were paid.

(03) These orders were all dated the same date being 11 June 2010 but this date was deleted and the new date, 15 July 2010, was rewritten on the order. This is illustrated in Record 90 below:

Record 90



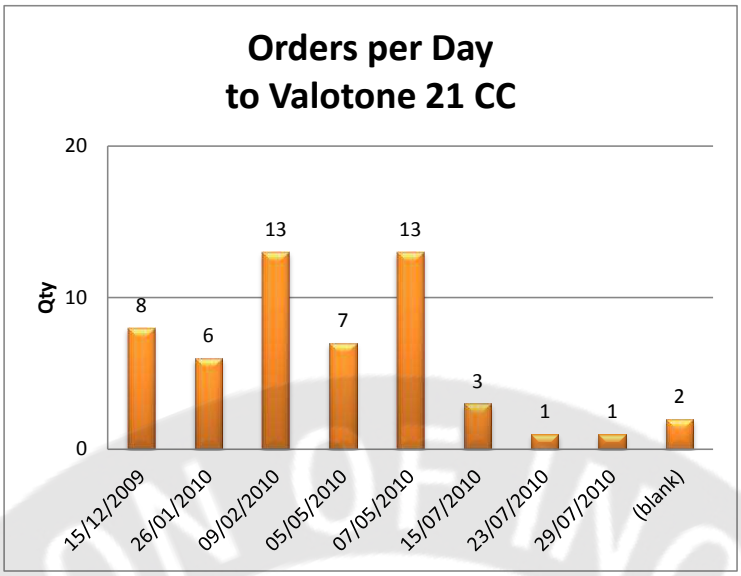
17.002 A summary of the orders awarded to Valotone 21 CC obtained from the abovementioned table is graphically illustrated hereunder: **E5-E56**



17.003 All orders allocated to this entity, in aggregate, amount to R3,905,704.36 although the aggregate sum of payments made was R3,515,704.36. This means that the last two orders in the amount of R195,000[1] each were not paid although the reasons therefore, are unknown to me. **E5 – E56**

17.004 In aggregate, 54 orders were placed with Valotone 21 CC by the SAPS, a summary thereof are detailed hereunder:

[1] AE01787 AND AE017188.



17.005 Based on the aforementioned chart, almost half of the 54 orders placed with Valotone 21 CC were done on the 9 February and 7 May 2010 in the amounts of R1,072,353.61 and R1,051,717.50 respectively. Those 13 orders that were placed with Valotone 21 CC on 7 May 2010 are included in the twenty three (23) procurement authority submissions that have already been discussed in preceding paragraphs of my report where I have shown that Kaseev Traders, Unite Mzansi Trading and Valotone 21 CC have "competed" against one another and therefore, concluded that the procurement process was not fair, equitable, transparent, competitive and cost effective[1]. **E39 – E51**

17.006 All payments that were made to Valotone 21 CC by the SAPS were certified as being fair and reasonable by what appears to be Narainpershad (an example of this certificate can be examined on Record 88 on page 236) however, the prices paid, when compared to their cost price, was not market related and therefore, not fair and reasonable. **E5|1 – E56|1**

[1] Refer to paragraphs 14.044 to 14.055.

RR4-TSW-0361

Analysis of Supplier invoices

17.007 The records of Valotone 21 CC that have been provided to me for analysis did not include their accounting records and therefore, I have been unable to reconcile each of their orders to their supplier invoices, other than what is available in Record 91 below. This schedule is a document which I have already discussed in paragraph 16.007 of my report (**Document No. 19269**) and which schedule contains the names of three of Panday's related entities and includes, for each entity, the description and quantity of goods procured and the cost price to Valotone 21 CC.

17.008 This schedule is illustrated in Record 91 below whilst I have also identified each order number and the amount invoiced to the SAPS in respect of these purchases in the call out blocks to the right of this record.

Record 91

Unite Mzansi	QNTY	INV AMT	Valtone	QNTY	INV AMT	KASEEV	QNTY	INV AMT
bio derm SPF100	120	14400.00	endo scopes	4	21833.28	Flood lights	5	42077.40
ration packs	1000	93201.00	belly scopes	12	11796.95	Sleeping bags	40	10258.80
extension cord	2	778.62	hessian	1500 m	20520.00	Jerry cans 25lt	25	6197.26
sandbags	2000	30000.00	Normal TV	4	7996.00	Binoculars	4	1439.96
cable ties	1000	501.60	security stickers	1000X7	553.00	Chairs	150	6600.00
fier extinguishers	9	3420.00	Angle iron	500 m	11760.29	Digital camera	2	9999.98
microwaves	3	1559.97	Camp beds	40	19960.00	Steel tables	15	5985.00
water cooler	2	4762.92	Projector	2	8899.90	Notice boards	18	0.00
garmin	8	22399.92	Nyala Jacks	2	937.08	Flood lights	5	0.00
			Medical kit	6	3762.00			
			Fridges	4	9600.00			
			DVDPlayer	2	399.98			
			Proj Screens	2	0.00			
			Ranger finder	4	45001.50			
			Salton urns	4	3599.94			
			Venter trailers	3	25650.00			
			Batteries	2100	37910.19			
			Hand scanners	24	0.00			
			torches	50	9199.80			
		171024.03			239379.31			83597.60
		TOTAL ALL	493001.54					
		3 way payments	164333.85		328667.69			

AD341792 – R92,000 (E49)

AD341791 – R42,000 (E48)

AD341789 – R75,000 (E46)

AD341729 – R24,000 (E32)

AD341763 – R1,097.25 (E36)

AD341790 – R44,500 (E47)

AD341738 – R3,600 (E35)

AD341765 – R10,800 (E37)

AD341766 – R16,800 (E38)

AD341730 – R1,998 (E33)

AD341782 – R92,700 (E39)
AD341783 – R92,700 (E40)

AD341732 – R10,788 (E34)

AD341785 – R89,100 (E42)

AD341793 – R99,840 (E50)
AD341794 – R99840 (E51)

AD339863 – R120,000 (E19)
AD017153 – R120,000 (E54).

17.009 I have compared and reconciled the items and quantities detailed in Record 91 above to the orders that were allocated to Valotone 21 CC and my findings are appended adjacent to each of these where available. The profits realised by Valotone 21 CC in relation to these orders are also set out hereunder. **E4**

Suppliers Invoice

17.010 In view that Valotone 21 CC records did not contain the accounting records for this entity, the SAPS were requested to investigate with the suppliers of the items sold to them to verify that the information contained in Record 91 above was valid and so that I could confirm the profit margins realised by this entity.

17.011 I have been able to determine the profit margins realised by Valotone 21 CC in relation to these orders based on the investigations performed by the SAPS together with the available documentation located amongst Panday's records which are detailed hereunder: **E4**

PwC ID	Order No	Selling Price Invoice (R)	Cost (R)	Gross Profit (R)	Gross Profit %	
1	AC910584	147,000.00	37,620.00	109,380.00	**291**	**E5**
2	AC910586	41,700.00	13,611.60	28,088.40	**206**	**E6**
3	AC910589	59,700.00	27,907.20	31,792.80	**114**	**E7**
4	AC910590	29,700.00	13,543.20	16,156.80	**119**	**E8**
5	AC910592	117,000.00	20,520.00	96,480.00	**470**	**E9**
6	AC910593	20,000.00				**E10**
7	AC910595	99,900.00	40,185.00	59,715.00	**149**	**E11**
8	AC910598	59,700.00	28,386.00	31,314.00	**110**	**E12**
9	AD338740	100,000.00	36,000.00	64,000.00	**178**	**E13**
10	AD338743	90,000.00	22,686.00	67,314.00	**297**	**E14**
11	AD338745	91,050.00	22,686.00	68,364.00	**301**	**E15**
12	AD338747	97,500.00	26,000.00	71,500.00	**275**	**E16**
13	AD338749	1,900.00				**E17**
14	AD339853	109,500.00	37,200.00	72,300.00	**194**	**E18**
15	AD339863	120,000.00	30,646.85	89,353.15	**292**	**E19**
16	AD339864	15,000.00	3,400.00	11,600.00	**341**	**E20**
17	AD339865	69,500.00	22,686.00	46,814.00	**206**	**E21**
18	AD339866	120,000.00	52,725.00	67,275.00	**128**	**E22**
19	AD339867	122,500.00	31,250.00	91,250.00	**231**	**E23**
20	AD339868	166,500.00	66,975.00	99,525.00	**149**	**E24**
21	AD339869	195,000.00	34,200.00	160,800.00	**470**	**E25**
22	AD339871	33,000.00				**E26**
23	AD339872	77,500.00				**E27**
24	AD339873	45,000.00	20,000.16	24,999.84	**125**	**E28**
25	AD339660	5,394.00	1,798.00	3,596.00	**200**	**E29**
26	AD339663	12,959.64	4,319.88	8,639.76	**200**	**E30**
27	AD339665	89,999.97	30,000.00	59,999.97	**300**	**E31**

PwC ID	Order No	Selling Price Invoice (R)	Cost (R)	Gross Profit (R)	Gross Profit %	
28	AD341729	24,000.00	7,996.00	16,004.00	**200**	**E32**
29	AD341730	1,998.00	399.98	1,598.02	**400**	**E33**
30	AD341732	10,788.00	3,599.94	7,188.06	**200**	**E34**
31	AD341738	3,600.00	937.08	2,662.92	**284**	**E35**
32	AD341763	1,097.25	563.00	534.25	**95**	**E36**
33	AD341765	10,800.00	3,762.00	7,038.00	**187**	**E37**
34	AD341766	16,800.00	9,600.00	7,200.00	**75**	**E38**
35	AD341782	92,700.00	45,001.50	70,199.25	**312**	**E39**
36	AD341783	92,700.00	22,500.75	70,199.25	**312**	**E40**
37	AD341784	85,560.00	19,960.00	65,600.00	**329**	**E41**
38	AD341785	89,100.00	25,650.00	63,450.00	**247**	**E42**
39	AD341786	145,425.00	37,910.19	107,514.81	**284**	**E43**
40	AD341787	46,012.50				**E44**
41	AD341788	47,040.00	11,760.29	35,279.71	**300**	**E45**
42	AD341789	75,000.00	20,520.00	54,480.00	**265**	**E46**
43	AD341790	44,500.00	10,780.90	33,719.10	**313**	**E47**
44	AD341791	42,000.00	11,796.95	30,203.05	**256**	**E48**
45	AD341792	92,000.00	21,833.28	70,166.72	**321**	**E49**
46	AD341793	99,840.00	25,329.20	74,510.79	**294**	**E50**
47	AD341794	99,840.00	25,329.20	74,510.80	**294**	**E51**
48	AE017151	52,400.00				**E52**
49	AE017152	53,000.00				**E53**
50	AE017153	120,000.00	29,640.00	90,360.00	**305**	**E54**
51	AE017163	4,000.00				**E55**
52	AE017181	28,500.00	8,399.96	20,100.04	**239**	**E56**
		3,515,704.36	**945,215.38**	**2,282,676.48**	**241**	

17.012 Based on the information contained in the abovementioned table, I have been able to conclude that Valotone 21 CC have sold goods to the SAPS in the aggregate amount of R3,515,704.36. Their cost of sales in respect of R3,227,891.86 of these sales, where I have supplier invoices, was R945,215.38 and therefore, they made a gross profit of R2,282,676.48. This means that their gross profit margin on these sales was 241%.

17.013 Included in the above mentioned table are thirteen orders that were awarded to Valotone 21 CC, which orders are included in the twenty three procurement authority submissions that I have discussed in preceding paragraphs of my report which I shall not repeat other than to say that, in respect of these orders, Valotone 21 CC, Unite Mzansi Trading and Kaseev Traders all "competed" against each other, and, as a result of this behaviour, they created the false impression that there was competitive bidding when in fact there was none.

17.014 This is further supported by Valotone 21 CC's cost of sales in respect of the items sold to the SAPS and their gross profit margins realised in respect of these sales, which margins are between 247% to 329%. A summary of Valotone 21 CC's selling price, cost of sales and gross profit and gross profit percentage for these thirteen orders is detailed hereunder:

PwC ID	Order No	Selling Price Invoice (R)	Cost Of Sales (R)	Gross Profit (R)	Gross Profit %	
35	AD341782	92,700.00	45,001.50	70,199.25	**312**	**E39**
36	AD341783	92,700.00	22,500.75	70,199.25	**312**	**E40**
37	AD341784	85,560.00	19,960.00	65,600.00	**329**	**E41**
38	AD341785	89,100.00	25,650.00	63,450.00	**247**	**E42**
39	AD341786	145,425.00	37,910.19	107,514.81	**284**	**E43**
40	AD341787	46,012.50				**E44**
41	AD341788	47,040.00	11,760.29	35,279.71	**300**	**E45**
42	AD341789	75,000.00	20,520.00	54,480.00	**265**	**E46**
43	AD341790	44,500.00	10,780.90	33,719.10	**313**	**E47**

PwC ID	Order No	Selling Price Invoice (R)	Cost Of Sales (R)	Gross Profit (R)	Gross Profit %	
44	AD341791	42,000.00	11,796.95	30,203.05	**256**	**E48**
45	AD341792	92,000.00	21,833.28	70,166.72	**321**	**E49**
46	AD341793	99,840.00	25,329.20	74,510.79	**294**	**E50**
47	AD341794	99,840.00	25,329.20	74,510.80	**294**	**E51**
TOTAL		**1,051,717.50**	**278,372.26**	**749,833.48**	**261**[1]	

17.015 I can therefore conclude that the SAPS paid R749,833.48 more for the items procured in relation to these thirteen (13) orders than they should have as the market related prices of the items purchased, in aggregate, amount to only R278,372.26. This observation further supports my earlier conclusions that the procurement process followed was not fair, equitable, transparent, competitive, and cost effective. **A1|2**

17.016 Narainpershad appears to have approved all the payment vouchers in respect of these thirteen orders that were awarded to Valotone 21 CC and by doing so, he certified, *inter alia*, that the prices were fair and reasonable (Refer to Record 88 on page 236 for an example of this certificate.) whilst Madhoe appears to have approved all these orders. **E39|1 – E51|1**

AD338740 – R100,000 – Garmin NUVI 1410 **E13**

17.017 One of the notable instances where the evidence of the collusive behaviour between the Panday related entities (Valotone 21 CC, Bravosat 25 CC and Goldcoast Trading) and members of the SAPS where Valotone 21 CC was awarded an order and where the SAPS did not receive reasonable and fair value, can be illustrated with the purchase of ten Garmin Nuvi 1410 as per order number AD338740 in the amount of R100,000 (**Document No. 11489**). **E13|1**

[1] (R1,051,717.50 – 46,012.50) – 278,372.26 = profit (727,332.74) ÷(278,372.26) x 100 = 261%

17.018 Each of these Garmins were sold to the SAPS at a cost of R10,000 a unit (**Document No. 11488**) after they were purchased from Hirsch (**Document No. 25153**), by Goldcoast Trading, at a cost of R3,600 a unit. Therefore, Valotone 21 CC made a profit of R6,400.00 on each of these Garmins sold to the SAPS or an aggregate gross profit margin of R64,000 or 178%. **E13|2** **E13b|1** **E58|9**

17.019 Narainpershad has certified the payments to Valotone 21 CC by appending what appears to be his signature to the certificate on the payment transaction form and, by doing so, he has certified, *inter alia*, that the prices invoiced for these Garmins were fair and reasonable when they were not. Therefore, this misrepresentation to the SAPS has resulted in them paying R64,000 more for the Garmins than they should have. **E13|1**

17.020 It is also evident that Valotone 21 CC and Bravosat 25 CC were involved in anti-competitive bidding practises as illustrated in the record book of Tasleem Rahiman, specifically Record 11 on page 129 of my report, where it is recorded by her that "*Thoshan called to redo quotes*" for the supply of "*Garmin GPS 1410 x 10 units each*" and that she *"should have two sets of quotes one Bravosat wins and the other Valotone."* **A3|94**

17.021 Based on the aforementioned entry that appears in Tasleem Rahiman's record counter book, it would be reasonable to conclude that the procurement process in respect of these Garmin's was not fair, equitable, transparent, competitive or cost effective; whilst it would also appear that between Bravosat 25 CC and Valotone 21 CC there was collusion to create the false impression that there was competitive bidding when in fact there was not.

Summary of Findings

17.022 Valotone 21 CC were awarded fifty four (54) orders by the SAPS which in aggregate amount to R3,905,704.36 although two (2) of these orders, in the aggregate amount of R390,000, have not been paid. Hence, in total, the SAPS paid R3,515,704.36 to Valotone 21 CC in respect of the abovementioned orders that were awarded to them.

17.023 Of these fifty four (54) orders, thirteen (13), in the aggregate amount of R1,051,717.50 have been reconciled to SAPS procurement documents which documents show that Valotone 21 CC, Unite Mzansi Trading and Kaseev Traders all "competed" against each other for these orders.

17.024 Each of these payments were certified for payment by Narainpershad, who was also responsible for verifying and checking the procurement documents before the procurement thereof was approved by Madhoe. Narainpershad, by appending his signature to the payment documents for Valotone 21 CC certified, *inter alia*, that the prices were fair and reasonable.

17.025 The profits realised by Valotone 21 CC in respect of the thirteen orders alone revealed that their cost price was only R278,372.26 and therefore, the SAPS have paid R749,833.48 more for the goods procured in respect of these thirteen (13) orders than they could have been bought for on the open market.

17.026 In addition to these thirteen (13) orders, the evidence of Valotone 21 CC's cost price in relation to the remaining orders revealed that the prices charged by them were not fair and reasonable. In fact, their gross profit margins on these purchases varied between 75% to 475% with their average profit margin being 261%.

17.027 The example discussed in preceding paragraphs with regards to the supply of ten (10) Garmin Nuvi 1410 GPS units at R10,000 a unit (aggregate cost to police R100,000), which was supplied to Valotone 21 CC by Hirsch at R3,600 a unit, revealed that Valotone 21 CC made a gross profit of R64,000 or 178% on these items alone. In addition thereto, the entry that appears in a Walton's Record book of Tasleem Rahiman revealed that Panday had instructed Tasleem Rahiman to prepare two sets of quotes for the supply of these GPS units, one in which Valotone 21 CC would win the work and the other Bravosat 25 CC. This therefore indicates that Panday manipulated the process in advance and knew who would win and that there was no competitive bidding in securing these orders.

17.028 In addition to the above, I have determined from my analysis of the bank statements for Valotone 21 CC that the only significant amounts credited to their bank account originated from the SAPS in respect of the fifty two (52) orders that were awarded to them by the SAPS, in addition to R101,216.02 that originated from Goldcoast Trading. This therefore indicates that Valotone 21 CC's only client was the SAPS, as no additional deposits were made into their bank account other than that from the SAPS and Goldcoast Trading.

17.029 Of the R3,616,920.38 that was credited to Valotone 21 CC bank account, R2,272,000 (63% of credits) was transferred to the bank account of Goldcoast Trading whilst a further R160,000 was paid to P Panday. It would therefore indicate that the majority of money received from the SAPS by Valotone 21 CC was paid to Goldcoast Trading. Hence, this supports my earlier conclusions that Panday was related to, or controlled, all these entities and they operated together with a common purpose namely to create the impression that there was competitive bidding when in fact there was none.

17.030 The only reasonable conclusion that can be drawn from all the aforementioned facts is that Panday, and his related entities, conspired to mislead the SAPS into believing that the procurement process was fair, equitable, transparent, competitive, and cost effective when it was not. The effect of these misrepresentations was that the SAPS were misled into believing that they were receiving market related prices for the goods procured from Valotone 21 CC when in fact they were not, in addition to the process not being fair. As a result of these misrepresentations, the SAPS paid R2,292,033.50 more for the goods procured from Valotone 21 CC than they would have had they gone directly to the suppliers in the market.

17.031 It is further evident that paragraph 9 of the Code of Conduct for Supply Chain Practitioners that combative practises, which include reference to non-existent competition, are prohibited. It would be reasonable to infer, based on all the facts discussed in my report, that Narainpershad and Madhoe were aware of these combative practises and therefore, assisted Panday and his related entities in winning the work that was not competitively contested and therefore, the goods were not obtained on a cost effective basis.

COMMISSION OF INQUIRY INTO STATE CAPTURE

18.000 UNITE MZANSI TRADING

G1 – G22

Introduction

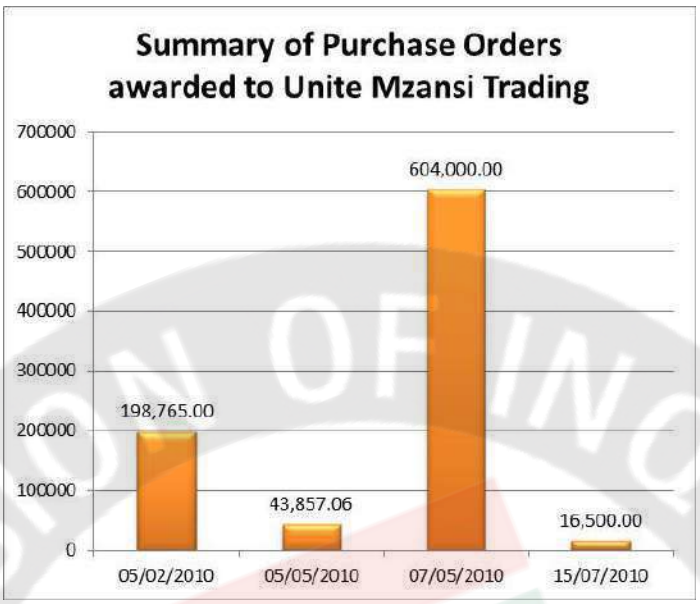
18.001 The Polfin records indicate that, between the period 7 April 2010 to 30 July 2010, the SAPS paid into Unite Mzansi Trading's ABSA Bank account No. 4075205065 in aggregate, R863,122.06. A summary of these orders are detailed hereunder **G3**

PwC ID	Order Date	Order No	Order Amount	Date Paid	Amount	Notes	
1	05/02/2010	AD339888	198,765.00	07/04/2010	198,765.00		G5
2	05/05/2010	AD341727	14,288.76	01/06/2010	14,288.76		G6
3	05/05/2010	AD341733	6,900.00	01/06/2010	6,900.00		G7
4	05/05/2010	AD341764	18,000.00	01/06/2010	18,000.00		G8
5	05/05/2010	AD341767	2,212.74	01/06/2010	2,212.74		G9
6	05/05/2010	AD341768	2,455.56	01/06/2010	2,455.56		G10
7	07/05/2010	AD341773	142,500.00	01/06/2010	142,500.00	(01)	G11
8	07/05/2010	AD341774	195,000.00	01/06/2010	195,000.00	(01)	G12
9	07/05/2010	AD341775	48,000.00	01/06/2010	48,000.00	(01)	G13
10	07/05/2010	AD341776	76,000.00	01/06/2010	76,000.00	(01)	G14
11	07/05/2010	AD341777	142,500.00	01/06/2010	142,500.00	(01)	G15
12	15/07/2010	AE017154	16,500.00	30/07/2010	16,500.00		G16
Total					**863,122.06**		

NOTES

(01) These orders have been discussed in paragraph 14.045 of my report and are included in the twenty three procurement authority submissions where I discussed how three of Panday's related entities being Kaseev Traders, Unite Mzansi Traders and Valotone 21 CC "competed" against one another and therefore, conclude that the procurement process for their appointment was not fair, equitable, competitive, transparent and cost effective. The aggregate amount of these orders is R604,000 and were all awarded to Unite Mzansi Trading on the same day being 7 May 2010.

18.002 A summary of the orders awarded to Unite Mzansi Trading obtained from the abovementioned table is graphically illustrated hereunder:



18.003 In aggregate, Unite Msanzi Trading were awarded twelve (12) orders, five (5) of which were awarded the same day namely 7 February 2010 and were only awarded after Kaseev Traders, Unite Mzansi Trading and Valotone 21 CC "competed" against each other[1]. **G5 – G16** **G11 – g15**

18.004 I have determined that each of these twelve (12) payments were certified for payment by what appears to be Narainpershad who, by appending his signature to the order payment transaction document (as per Record 88 on page 236 of my report) has certified, *inter alia*, that the prices invoiced were fair and reasonable. I have shown in subsequent paragraphs of this report when discussing Unite Mzansi Trading's profit margins that their prices invoiced to the SAPS were not fair and reasonable. **G5|1 – G16|1**

[1] Refer to paragraphs 14.044 to 14.055.

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Analysis of Supplier Invoices

18.005 The records of Unite Mzansi Trading made available to me for analysis did not include their accounting records and therefore, I have been unable to reconcile each of their orders to their supplier invoices, other than what is available in Record 91 below. This schedule is a document which I have already discussed in paragraph 16.007 of my report (**Document No. 19269**) and which schedule contains the names of three of Panday's related entities and includes, for each entity, the description and quantity of goods procured and the cost price to Unite Mzansi Trading. It must also be noted that it is these same entities that competed together with the twenty three (23) procurement authority submissions that I have discussed in preceding paragraphs[1] of my report.

G6b|1
G9b|1
G10b|1
G12b|1
G13b|1

18.006 This schedule is illustrated in Record 92 below, whilst I have also identified each order number and the amount invoiced to the SAPS in respect of these purchases in the callouts to the right of this record.

[1] Refer to paragraphs 14.044 to 14.055.

Record 92

Unite Mzansi	QNTY	INV AMT	Valtone	QNTY	INV AMT	KASEEV	QNTY	INV AMT
bio derm SPF100	120	14400.00	Endo scopes	4	21833.28	Flood lights	5	42077.40
ration packs	1000	93201.00	Belly scopes	12	11796.95	Sleeping bags	40	10298.00
extension cord	2	778.62	Fission	1500 m	20520.00	jerry cans 25lt	25	6197.26
sandbags	2000	30000.00	Normal TV	4	7996.00	Binoculars	4	1433.96
cable ties	1000	501.60	Security stickers	1000X7	553.00	Chairs	150	6600.00
fier extinguishers	9	3420.00	Angle iron	500 m	11760.29	Digital camera	2	9999.98
microwaves	3	1559.97	Camp beds	40	19960.00	Steel tables	15	5985.00
water cooler	2	4762.92	Projector	2	8899.90	Notice boards	18	0.00
garmin	8	22399.92	Nyala Jacks	2	937.08	Flood lights	5	0.00
			Medical kit	6	3762.00			
			Fridges	4	9600.00			
			DVDPlayer	2	399.98			
			Proj Screens	2	0.00			
			Ranger finder	4	45001.50			
			Salton urns	4	3599.94			
			Venter trailers	3	25650.00			
			Batteries	2100	37910.19			
			Hand scanners	24	0.00			
			torches	50	9199.80			
		171024.03			239379.31			82597.60
		TOTAL ALL	493001.54					
		3 way payments	164333.85		328667.69			

AD341775 – R48,000 (G13)

AD341773 - R142,500 (G11)
AD341777 – R142,500 (G15)

AD341767 – R2,212.74 (G9)

AD341774 – R195,000 (G12)

AD341768 – R2,455.56 (G10)

AD341764 – R18,000 (G8)

AD341733 – R6,900 (G7)

AD341727 - R14,288.76 (G6)

AD341776 – R76,000 (G14)

18.007 The information contained in Record 92 above contains the particulars of nine (9) different items which I have been able to reconcile to ten(10) of the twelve (12) orders that were awarded to Unite Mzansi Trading. **G6 – G15**

18.008 Based on the description, quantity and invoice amount for Unite Mzansi Trading detailed in Record 92 above, I have calculated the profit margins realised by this entity in the table hereunder:

Order No	Order Amount	Doc No	Cost Price	Profit	Profit Margin	Doc No.	Notes	
AD341727	14,288.76	12847	4,762.92	9,525.84	200.00%	19269		**G6**
AD341733	6,900.00	12839	1,559.97	5,340.03	342.32%	19269		**G7**
AD341764	18,000.00	12845	3,420.00	14,580.00	426.32%	19269		**G8**
AD341767	2,212.74	12871	778.62	1,434.12	184.19%	19269		**G9**
AD341768	2,455.56	12875	501.60	1,953.96	389.55%	19269		**G10**
AD341773	142,500.00	12867	46,600.50	95,899.50	205.79%	19269	(01)(02)	**G11**
AD341774	195,000.00	12854	30,000.00	165,000.00	550.00%	19269	(01)(02)	**G12**
AD341775	48,000.00	12859	14,400.00	33,600.00	233.33%	19269	(01)	**G13**
AD341776	76,000.00	12863	22,399.92	53,600.08	239.29%	19269	(01)	**G14**
AD341777	142,500.00	12851	46,600.50	95,899.50	205.79%	19269	(01)	**G15**
Total			**171,024.03**	**476,833.03**	**278.81%**			

NOTES

(01) These orders have been discussed in paragraph 14.045 of my report and are included in the twenty three procurement authority submissions where I discussed how three of Panday's related entities being Kaseev Traders, Unite Mzansi Traders and Valotone 21 CC "competed" against one another and therefore, conclude that the procurement process for their appointment was not fair, equitable, competitive, transparent and cost effective. The aggregate amount of these orders is R604,000 and were all awarded to Unite Mzansi Trading on the same day being 7 May 2010.

(02) These orders relate to the supply of ration packs. These orders are discussed in detail in paragraphs 14.048 to 14.054 and 18.015 to 18.018

18.009 Five (5) orders awarded to Unite Mzansi Trading as detailed in the abovementioned table as per Note (01) amount to R604,000. These five (5) orders were awarded to Unite Mzansi Trading after they "competed" with Kaseev Traders and Valotone 21 CC in respect of these same orders and I have determined that their profit margin realised on these transactions is 277.50%[1]. **G11 – G15** **G11a – G15a**

[1] = 100 x (604,000 – 160,000.92) ÷ 160,000,92 = 277.50%.

18.010 This means that the procurement process in respect of these specific orders was not fair, equitable, transparent, competitive and cost effective. Narainpershad was also involved with the process of verifying and checking the procurement documents in the evaluation of quotations whilst he also appears to have certified all payments to Unite Mzansi Trading.

18.011 In addition, Narainpershad has also received benefits from Panday between the periods that these orders were awarded to Unite Mzansi Trading.

18.012 I can also confirm that Madhoe was responsible for authorising the procurement from Unite Mzansi Trading in respect of the abovementioned five (5) orders whilst he has also benefited from "gifts" made by Panday during the same period. **G11 – G15**

18.013 I have also identified from one of the bank statements for Kaseev Traders FNB account No. 62251113313 (**Document No. 30939**) that a number of payments have been made from this entity's account for purchases to Unite Mzansi Trading suppliers. An example of this bank statement is illustrated in Record 93 below: **C7|64**

Record 93

BUSINESS CHEQUE ACCOUNT: 62251113313

Tax Invoice/Statement Number : 5

Date	Description			Amount	Balance	Accrued Bank Charges
	Opening Balance				8,790.00 Cr	0.00
7 May	Internet Trf From	Loan		100,000.00 Cr	108,790.00 Cr	
7 May	Internet Pmt To	H20 Water Dispensers	Unite Umzansi & Trad	4,762.92	104,027.08 Cr	
7 May	Internet Pmt To	Surgicon Sa Cc	Valtone 21 Cc	3,762.00	100,265.08 Cr	
7 May	Internet Pmt To	Bovill Cc	Valtone 21 Cc	563.00	99,702.08 Cr	
7 May	Debit Card POS Purchase	Voltex Briardene	410589*2830 07 May	1,280.22	98,421.86 Cr	2.75
7 May	Debit Card POS Purchase	Hirsch	410589*2830 07 May	12,600.00	85,821.86 Cr	2.75
10 May	Internet Pmt To	Gateway Steel	Seevesh	11,760.00	74,061.86 Cr	
10 May	Internet Pmt To	Imperial Armour	Kaseev Traders	45,001.50	29,060.36 Cr	
10 May	Internet Trf From	Loan		100,000.00 Cr	129,060.36 Cr	
10 May	Internet Pmt To	Genlux Lighting	Kaseev Traders	42,077.40	86,982.96 Cr	
10 May	Internet Pmt To	Canvas Construction	Valtone 21 Cc	20,520.00	66,462.96 Cr	
10 May	Internet Pmt To	Mr Power Tool	Valtone 21 Cc	937.08	65,525.88 Cr	
10 May	Internet Pmt To	Bamr (Pty) Ltd	Valtone 21 Cc	16,374.96	49,150.92 Cr	
10 May	Internet Pmt To	Venter Manufacturing	Kaseev Traders	25,650.00	23,500.92 Cr	
11 May	Internet Pmt To	Solmed Pharmacy	Unite Mzansi	14,400.00	9,100.92 Cr	
11 May	Internet Pmt To	Classic Fire & Plumb	Unite Mzansi & Tradi	3,078.00	6,022.92 Cr	
11 May	Internet Trf From	Loan		50,000.00 Cr	56,022.92 Cr	
11 May	Internet Pmt To	Natal Caravans	004463	15,820.00	40,202.92 Cr	
11 May	Internet Pmt To	Sportsmans Warehouse	Kaseev Traders	10,298.00	29,904.92 Cr	
11 May	Internet Pmt To	Kwando Systems	Valtone 21 Cc	11,796.95	18,107.97 Cr	
11 May	Debit Card POS Purchase	Nbk Killerdeals	410589*2830 11 May	1,540.00	16,567.97 Cr	2.75
11 May	Debit Card POS Purchase	S*outdoor Warehouse	410589*2830 11 May	3,457.30	13,110.67 Cr	2.75
11 May	Rev Debit Card POS Purchase	Rev Nbk Killerdeals	4105895003652830	1,540.00 Cr	14,650.67 Cr	
12 May	Internet Trf From	Loan		120,000.00 Cr	134,650.67 Cr	
12 May	Internet Pmt To	Hamper Sales	Unite Mzansi	93,201.00	41,449.67 Cr	
12 May	Internet Pmt To	Lightsaver	Unite Mzansi	9,199.80	32,249.87 Cr	
12 May	Debit Card POS Purchase	Game Gateway	410589*2830 12 May	1,199.96	31,049.91 Cr	2.75
12 May	Debit Card POS Purchase	Game Gateway	410589*2830 12 May	7,996.00	23,053.91 Cr	2.75
12 May	Debit Card POS Purchase	S*incredible Connec	410589*2830 12 May	8,899.90	14,154.01 Cr	2.75
13 May	Internet Pmt To	M.H Suliman Hardware	Seevesh	10,000.00	4,154.01 Cr	
13 May	Internet Pmt To	Classic Fire & Plumb	Unite Mzansi Trading	342.00	3,812.01 Cr	
13 May	Internet Trf From	Loan		30,000.00 Cr	33,812.01 Cr	
13 May	Internet Pmt To	Hirsch B Trust	Kaseev Traders Cc	9,999.98	23,812.03 Cr	
13 May	Debit Card POS Purchase	S*makro Springfield	410589*2830 13 May	1,037.55	22,774.48 Cr	2.75
14 May	Internet Trf From	Loan		10,000.00 Cr	32,774.48 Cr	
14 May	Internet Trf From	Loan		10,000.00 Cr	42,774.48 Cr	
14 May	Internet Pmt To	Zzz	Kaseev Traders Cc	37,910.19	4,864.29 Cr	
14 May	Debit Card POS Purchase	S*natal Sprite Pty	410589*2830 14 May	4,140.00	724.29 Cr	2.75
24 May	Internet Trf From	Loan		100,000.00 Cr	100,724.29 Cr	
24 May	Internet Pmt To	Zzz	Kaseev Traders Cc	3,510.20	97,214.09 Cr	
24 May	Internet Pmt To	Hirsch	1344019	33,588.00	63,626.09 Cr	
24 May	Internet Pmt To	Bamr (Pty) Ltd	Valtone 21 Cc	5,458.32	58,167.77 Cr	
24 May	Internet Pmt To	Salary - March	Salary-March Back Pa	25,000.00	33,167.77 Cr	
24 May	Internet Pmt To	Salary-April Back Pa	Salary April Back Pa	25,000.00	8,167.77 Cr	
24 May	Internet Trf From	Loan		44,400.00 Cr	52,567.77 Cr	

C7|64

18.014 This document further reaffirms my earlier conclusions that these entities are Panday's related entities and therefore, reasonable to conclude that they were not independent of each another and are colluding with each other to create the impression that there was competitive bidding when there was not. As a result, the procurement process would not have been fair, equitable, transparent, competitive, and cost effective.

RR4-TSW-0378

Order No. AD341773 & AD 341777 – R285,500 **G1 & G15**

18.015 I have already discussed in preceding paragraphs of this report the twenty three (23) procurement authority submissions where recommendations were made to award orders to Unite Mzansi Trading, Kaseev Traders and Valotone 21 CC for orders where these entities *competed* with one another.

18.016 I have also discussed in these paragraphs[1] the procurement of 1000 ration packs from Unite Mzansi Trading and shall not repeat the detailed content thereof other than to say that the "*competitive*" prices obtained from Kaseev Traders and Valotone 21 CC were not market related and therefore, the SAPS paid 206% more than what they should have had they gone directly to the supplier. Based on this information, it would be reasonable to conclude that these entities misrepresented to the SAPS that the prices quoted were market related and that there was competitive bidding when in fact there was not. **G11 & G15** **G11b|3 & G20|3** **G15b|1 & G20|3**

18.017 In summary, the SAPS paid Panday or Unite Mzansi Trading R285,000 for the same items which they could have purchased from Hamper Sales (Pty) Ltd at R93,201. The suppliers who "competed" in this process were related to or controlled by Panday and, after determining the cost price of the goods supplied to the SAPS, the only reasonable conclusion to be made there from is that Panday manipulated the procurement process by competing with his related entities and thereby ensured that the procurement process was not fair, equitable, transparent, competitive and cost effective. This is also aggravated by the fact that Narainpershad was aware of the interest that Panday had in these entities and was responsible for checking and verifying the documents from the suppliers when evaluating their bid prices. This conclusion is based on the fact that Tasleem Rahiman has recorded in her counter book in certain instances that Captain Ash was happy with the new invoices / orders etc.[2]. **G11 & G15** **G11b|3 & G15b|1 (G20)** **G11a|1** **G15a|1** **A3|139**

[1] Refer to paragraphs 14.048 to 14.054.
[2] Refer to Record 27 on page 120 of this report.

18.018 Narainpershad has also certified by appending what appears to be his signature on both payments made to Unite Mzansi Trading for the ration packs that the amounts invoiced were fair and reasonable when it was not. **G11|1** **G15|1**

Non Compliance Procurement Procedures

18.019 The procurement of these ration packs were done in two separate orders on the same day, namely 17 May 2010, for R142,500 per order both of which were for 500 ration packs. In view that the orders were given on the same day, it would be reasonable for me to conclude that the order was split so that it did not exceed the delegated amount of the approver who was once again Madhoe. **G11|1** **G15|1** **A1|28**

18.020 This means that, had the procurement thereof been done on a single order, it would have amounted to R285,000 which amount is greater than the delegated amount Madhoe was authorised to approve in terms of the SAPS SCM manual. However, the procurement thereof was done on the basis of "*Written Price Quotations – Firm Prices (Above the value of R30,000 but not exceeding R200,000 (VAT Included))*" (**Document No. 13113** and (unnumbered document between **13131** and **13132**) which Madhoe had the authority to approve in terms of the SCM manual[1] but, as indicated in previous discussions, I am of the opinion that the procurement of these two orders should not have been spilt to avoid the delegated authority limits as indicated in "*Chapter 4 – Satisfy Requirements by means of Price Quotations*[2]*.*" **A1|212** **A1|217** **G15a|2** **G11a|2** **A1|28**

[1] Refer to paragraph 11.018 number 5.
[2] Refer to paragraph 11.029 to 11.031 and11.031 paragraph 3.

18.021 I have already discussed this in preceding paragraphs of this report, but will emphasise it once again, that the cost price of these ration packs to Unite Mzansi Trading was R93,201 which ration packs were sold to the police for R285,000. This means that Unite Mzansi made a profit of R191,799, or 206% profit margin, which was achieved as a result of collusive behaviour as there was false competitive bidding amongst Pandays' related entities when competing for this work. **G11B|3 or G15b|1 (G20)**

AD341774 – R195,000 – Sand Bags **G12**

18.022 Order No. AD341774 in the amount of R195,000 was awarded to Unite Mzansi Trading on 7 May 2010. The procurement authority submission for this order is included with the twenty three procurement authority submissions discussed in preceding paragraphs of my report and therefore, I shall not repeat the detailed content thereof but instead will merely reaffirm my opinion that Unite Mzansi Trading, Kaseev Traders and Valotone 21 CC appear to have colluded to create the impression that that there was completive bidding when there was none. **G12** **G12a|1**

18.023 The procurement authority submission indicates all these suppliers "competed" against each other whilst Narainpershad appears to have certified and verified the documents and Madhoe appears to have approved the procurement of the goods. **G12a|1**

18.024 I have not been able to reconcile the purchase of the sand bags that were procured for this order to a suppliers invoice however, taking cognisance of Record 91 above (on page 252) (**Document No.19269**), I have noted that the cost of sales to Unite Mzansi Trading for these items is reflected as R30,000. **G12b|1**

18.025 I have also identified in the bank statements of Kaseev Traders that they made three payments to MH Sulman Hardware or MH Sulman in the amounts of R10,000 each (**Document No. 43010, 43011** and **43013**) which information supports the content detailed in Record 91 above (on page 252). **G12b|2-4** **G12b|1**

18.026 I can also confirm from the content of information detailed in Record 91 above (on page 252) (**Document No. 19269**) that the invoice amounts and quantity of items for three of the entries appearing thereon can be corroborated to Unite Mzansi Trading's suppliers invoices namely:

Record 91 above (on page 252) (Document No. 19269)				Supplier Invoices				
Order No	**Description**	**Qty**	**Invoice Amount**	**Name**	**Qty**	**Invoice Amount**	**Document No**	
AD341773	Ration Packs	500	93,201.00	Hamper Sales	1000	93,201.00	50407	**G11b|1 & G11b|3**
AD341777	Ration Packs	500						**G15b|1 & G15b|3**
AD341733	Microwaves	3	1,559.97	Hirsch	3	1,559.97	50301	**G7b|1 & G19|8**
AD341776	Garmin	8	22,399.92	Hirsch	8	22,399.92	50297	**G14b|1 & G19|4**

18.027 Based on the above, I conclude that the cost price of the sand bags for Unite Mzansi Trading is R30,000 and therefore, the profit realised by Unite Mzansi Trading on this transaction is R165,000, or a profit margin of 550%.

18.028 Narainpershad appears to have certified the payment for this specific order and, by doing so, has confirmed that the charges were fair and reasonable when in fact they were not. In view that Unite Mzansi Trading, Kaseev Traders and Valotone 21 CC quoted for the same work, and in view that they are Panday's related entities, it is reasonable to conclude that there was collusion and there was not any competitive bidding and as a result, the SAPS have been prejudiced in the amount of R165,000. **G12|1** **G12a|1**

AD341776 – R76,000 – Garmin Nuvi 1410 **G14**

18.029 One of the instances where there is evidence of collusive behaviour between the Panday's related entities (Kaseev Traders, Unite Mzansi Trading and Valotone 21 CC) and members of the SAPS where Unite Mzansi Trading was awarded an order and where the SAPS did not receive reasonable and fair value, can be illustrated with the purchase of eight Garmin Nuvi 1410 with order No. AD341776 in the amount of R76,000 (**Document No.012863**). **G14**

18.030 The procurement authority submission (**Document No. 13115**) in relation to this item is included in the twenty three (23) procurement authority submissions that I have discussed in preceding paragraphs of my report. Therefore, I shall not repeat the detail content thereof other than to mention that Unite Mzansi Trading, Kaseev Traders and Valotone 21 CC all "competed" in the procurement process for this order. The prices submitted by each of these entities for the eight (8) Garmins are detailed hereunder: **G14a|1**

Unite Mzansi Trading	Valotone 21 CC	Kaseev Traders
R76,000	R78,000	R79,600

G14a|1

18.031 These eight (8) Garmins were purchased by Unite Mzansi Trading from Hirsch Stores at a cost of R22,399.92 (**Document No. 50297**) which means that they made a profit of R53,600.08 (or a profit margin of 239%) on the sale of these eight items to the SAPS. Effectively, this means that each Garmin was sold to the police for R9,500 a unit although the market related price thereof is R2,799.99. Hence, Unite Mzansi Trading realised a gross profit margin of R6,700.01 (239%) for each of these units sold to the SAPS. **G19|4**

18.032 I would expect a reasonable person, and more so someone who is involved in supply chain management, to be aware of the market related prices of the items they are procuring and, if the item is not specialised, as in this case, to be able to apply that knowledge to their purchases.

18.033 Narainpershad, by appending what appears to be his signature, has indicated on the procurement authority submission that he has checked and verified the documents, in addition to certifying that the charges were fair and reasonable when authorising the payment and clearly, this is not the case whilst Madhoe, by appending his signature on the submission, appears to have approved the order. **G14a|1** **G14|1**

18.034 I can only conclude from their behaviour that they were colluding with Panday and his related entities to ensure that they would always win the work without taking into consideration the requirements of section 217 of the Constitution of South African and the SAPS's own SCM policies as detailed in the SCM manual.

18.035 As a result, they have mislead the police that the prices quoted and invoiced were fair and reasonable and further that the procurement process was fair, equitable, transparent, cost effective and competitive when it was not and as a result, the police have been prejudiced in the amount of R53,600.08.

18.036 To also reaffirm the non competitive and collusive practises of Panday's related entities, I refer to previous discussions regarding the entries that appeared in Tasleem Rahiman's record counter book, specifically Record 11 on page 129 of my report (**Document No. 19120**) where she has indicated that Panday requested her "*to prepare two sets of quotes; one where Bravosat wins and one where Valotone wins*". Although none of these entries relate to Unite Mzansi Trading, it is clear that the practise of collusion was performed by Panday for other Garmins that were sold to the police through other related entities and this supports my conclusions discussed in this report. **A3|94**

Analysis of Unite Mzansi Trading Invoices **G4**

18.037 My detailed findings and analysis of documents relating to Unite Mzansi Trading is included as an annexure to my report titled "PwC Analysis of documents" and therefore, for ease of reference, I shall not discuss each of these orders in the detailed content of this report but would instead direct the reader of my report to this schedule. **G4**

18.038 I can conclude from this analysis that orders, in aggregate, R863,122.06 were given to Unite Mzansi Trading by the SAPS while I have determined that their aggregate cost of sales in respect of these orders is R232,995.40. Therefore, Unite Mzansi Trading realised a gross profit of R630,126.66 or 270% on these orders. **G4**

18.039 A summary of Unite Mzansi Trading's selling price, cost of sales, gross profit and gross profit percentage is detailed hereunder: **G4**

PwC ID	Order No	Selling Price	Cost of Sales (R)	Gross Profit (R)	Gross Profit %	
1	AD339888	198,765.00	58,108.77	140,656.23	**242**	**G5**
2	AD341727	14,288.76	4,762.92	9,525.84	**200**	**G6**
3	AD341733	6,900.00	1,559.97	5,340.03	**342**	**G7**
4	AD341764	18,000.00	3,078.00	14,922.00	**485**	**G8**
5	AD341767	2,212.74	778.62	1,434.12	**184**	**G9**
6	AD341768	2,455.56	501.60	1,953.96	**390**	**G10**
7	AD341773	142,500.00	46,600.50	95,899.50	**206**	**G11**
8	AD341777	142,500.00	46,600.50	95,899.50	**206**	**G15**
9	AD341774	195,000.00	30,000.00	165,000.00	**550**	**G12**
10	AD341775	48,000.00	14,400.00	33,600.00	**233**	**G13**
11	AD341776	76,000.00	22,399.92	53,600.08	**239**	**G14**
12	AE017154	16,500.00	4,204.60	12,295.40	**292**	**G16**
Total		**863,122.06**	**232,995.40**	**630,126.66**	**270**	

18.040 Included in the aforementioned twelve (12) orders are five (5) orders that were awarded to Unite Mzansi Trading, which orders are included in the twenty three (23) procurement authority submissions that I have discussed in preceding paragraphs of my report which I shall not repeat other than to say that , in respect these orders, Unite Mzansi Trading, Valotone 21 CC and Kaseev Traders all "competed" against each other, and as a result of this behaviour, they created the false impression that there was competitive bidding when in fact there was none.

18.041 This is further supported by Unite Mzansi Trading's cost of sales in respect of the items sold to the SAPS and their gross profit margins realised in respect of these sales, which margins varied between 206% and 550%. A summary of Unite Mzansi Trading's selling price, cost of sales, gross profit and gross profit percentage for these five (5) orders are detailed hereunder:

PwC ID	Order No	Selling Price	Cost of Sales (R)	Gross Profit (R)	Gross Profit %	
7	AD341773	142,500.00	46,600.50	95,899.50	**206**	**G11**
8	AD341777	142,500.00	46,600.50	95,899.50	**206**	**G15**
9	AD341774	195,000.00	30,000.00	165,000.00	**550**	**G12**
10	AD341775	48,000.00	14,400.00	33,600.00	**233**	**G13**
11	AD341776	76,000.00	22,399.92	53,600.08	**239**	**G14**
		604,000.00	**160,000.92**	**443,999.08**	**278**	

18.042 Three (3) of these orders[1] have already been discussed in preceding paragraphs of this report and I shall not repeat the content thereof other than to say that these three entities created the false impression of competitive bidding practises, whilst the prices for which the police paid for these goods were not market related or cost effective. This supports my earlier conclusions that the procurement process followed was not fair, equitable, transparent, competitive, and cost effective.

18.043 This is evident based on the fact that the total cost to the police for these five (5) orders was R604,000 whilst Unite Mzansi Trading's cost of sales for these same items was only R160,000.92. This means that the SAPS paid R443,999.08 (278%) more for these items than they should have.

[1] AD341773 , AD341777 and AD341774.

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18.044 Narainpershad, appears to have certified all the payment vouchers in respect of these orders and in by doing so has, *inter alia*, certified that the prices tendered by Unite Mzansi Trading were fair and reasonable. He has also verified, by appending what purports to be his signature, all the documents received during the procurement process whilst Madhoe appears to have approved these purchases.

Summary of Findings

18.045 Unite Mzansi Trading were issued twelve (12) orders by the SAPS SCM Unit in KwaZulu-Natal which in aggregate amount to R863,122.06.

18.046 Of these twelve (12) orders, five (5), in the aggregate amount of R604,000, have been reconciled to procurement documents which documents show that Unite Mzansi Trading, Valotone 21 CC and Kaseev Traders all competed against each other and therefore, were colluding by representing that there was a completive bidding process when there was none.

18.047 Of the aforementioned five (5) orders, Madhoe, by appending what appears to be his signature on the submission, has authorised the procurement of all goods from Unite Mzansi Traders whilst the procurement authority submission indicates that these documents were verified by Narainpershad as he appears to have appended his signature to the submission.

18.048 All twelve (12) payments to Unite Mzansi Trading were certified for payment by Narainpershad who validated, when he appended , what appears to be, his signature to these documents, that the goods charged to the police were fair and reasonable.

18.049 Analysis of the cost price of these items revealed that the prices charged by Unite Mzansi Trading were not fair and reasonable. In fact, Unite Mzansi Trading's gross profit margin on these purchases varied between 184% to 550%.

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19.000 BRAVOSAT 25 CC

F1 – F

Introduction

19.001 The Polfin records indicate that, between the period 1 January 2010 to April 2010, the SAPS paid into Bravosat 25 CC ABSA Bank account No. 4075017197, in aggregate, R2,079,468.70. A summary of these orders and payments are detailed hereunder: 7 F3

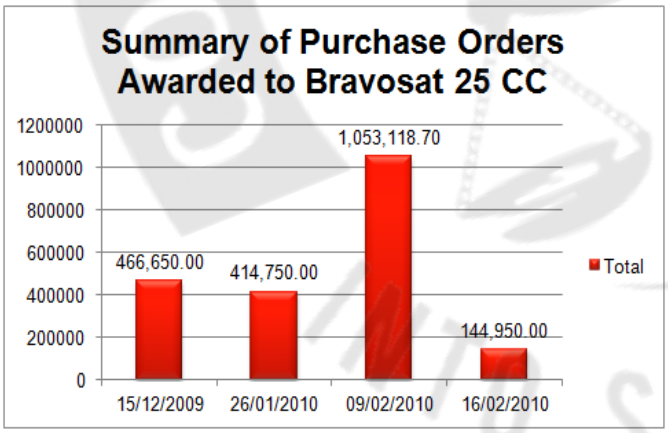
PwC ID	Order Date	Order No	Date Paid	Date Deposited	Amount (R)	Note	
1	15/12/2009	AC910585	01/01/2010	13/01/2010	93,000.00		F5
2	15/12/2009	AC910587	01/01/2010	13/01/2010	46,500.00		F6
3	15/12/2009	AC910588	01/01/2010	13/01/2010	27,000.00		F7
4	15/12/2009	AC910591	01/01/2010	13/01/2010	144,000.00		F8
5	15/12/2009	AC910594	01/01/2010	13/01/2010	99,900.00		F9
6	15/12/2009	AC910596	01/01/2010	13/01/2010	56,250.00		F10
7	16/02/2010	AD338681	20/02/2010	24/02/2010	45,000.00		F11
8	16/02/2010	AD338741	03/03/2010	09/03/2010	99,950.00		F12
9	26/01/2010	AD338744	03/03/2010	09/03/2010	92,500.00		F13
10	26/01/2010	AD338746	07/04/2010	09/04/2010	91,000.00		F14
11	26/01/2010	AD338748	03/03/2010	09/03/2010	97,500.00		F15
12	26/01/2010	AD338750	03/03/2010	09/03/2010	1,250.00		F16
13	26/01/2010	AD339852	07/04/2010	09/04/2010	23,000.00		F17
14	26/01/2010	AD339854	07/04/2010	09/04/2010	109,500.00		F18
15	09/02/2010	AD339874	07/04/2010	09/04/2010	49,500.00		F19
16	09/02/2010	AD339875	07/04/2010	09/04/2010	99,500.00		F20
17	09/02/2010	AD339876	07/04/2010	09/04/2010	95,000.00		F21
18	09/02/2010	AD339877	07/04/2010	09/04/2010	25,000.00		F22
19	09/02/2010	AD339878	07/04/2010	09/04/2010	120,000.00		F23
20	09/02/2010	AD339879	07/04/2010	09/04/2010	122,500.00		F24
21	09/02/2010	AD339880	07/04/2010	09/04/2010	166,500.00		F25
22	09/02/2010	AD339881	07/04/2010	09/04/2010	155,000.00		F26
23	09/02/2010	AD339882	07/04/2010	09/04/2010	99,500.00		F27
24	09/02/2010	AD339656	07/04/2010	09/04/2010	9,576.00		F28
25	09/02/2010	AD339657	07/04/2010	09/04/2010	21,570.00		F29
26	09/02/2010	AD339658	07/04/2010	09/04/2010	20,609.82		F30
27	09/02/2010	AD339659	06/05/2010	11/05/2010	39,588.00		F31
28	09/02/2010	AD339661	07/04/2010	09/04/2010	6,599.88		F32
29	09/02/2010	AD339662	06/05/2010	11/05/2010	17,887.00		F33
30	09/02/2010	AD339664	07/04/2010	09/04/2010	4,788.00		F34
Total					**2,079,468.70**		

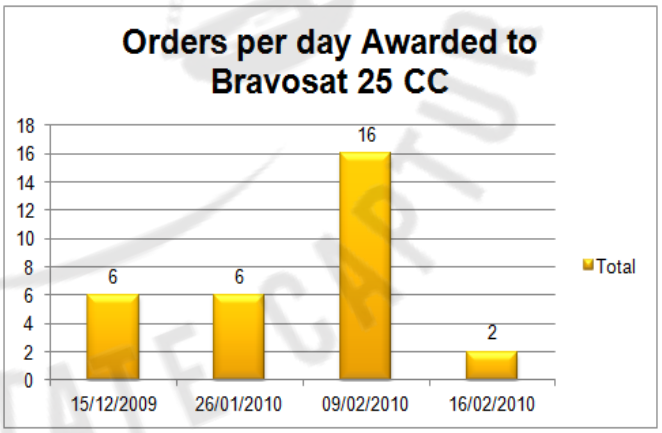
19.002 I have not been able to determine the supply chain procedures that were performed by the police in respect of the abovementioned orders that were awarded to Bravosat 25 CC and therefore, I cannot conclude on whether these procedures were fair, transparent, competitive and cost effective.

19.003 I have already mentioned earlier in my report the evidence contained in the record counter book of Tasleem Rahiman that there are various references to the fact that she was instructed to prepare different sets of quotations for Valotone 21 CC and Bravosat 25 CC and where she indicated that for each set of quotations either entity should win. In this regard, I refer to Record 11[1] (on page 129) to Record 14 (on page 130) where these specific entries have already been discussed and therefore, they shall not be repeated. **A3|94** **A3|97**

19.004 Based on the aforementioned entries, I would concluded that the intention of Panday was to prepare quotations to ensure that the respective entities were the most cost effective bidder and thereby recommended as the successful supplier to be awarded the order. This would also indicate that the procurement of goods and services from Bravosat 25 CC was not fair, transparent, competitive and cost effective. **A3|94** **A3|97**

19.005 A summary of the orders awarded to Bravosat 25 CC as detailed in the abovementioned table is graphically illustrated hereunder:





[1] The order for the Garmins Nuvi 1410 is discussed in paragraphs 19.031 to 19.038.

19.006 This means that all thirty (30) orders awarded to Bravosat, between the period 15 December 2009 to 16 February 2010, were awarded on four days namely 15 December 2009, 26 January 2010, 9 and 16 February 2010. **F5 – F10** **F11 - F12** **F13 – F18** **F19 – F34**

19.007 The payment order transactions held by SAPS Finance indicates that, for each of these orders, Narainpershad has certified that the amounts invoiced are fair and reasonable by appending what appears to be his signature to each of these documents. An example of this certificate is illustrated in Record 88 on page 236 of my report. **F5|1 – F34|1**

19.008 These orders were awarded to Bravosat 25 CC during the same period when Narainpershad and Madhoe received gifts from Panday as discussed in paragraphs 15.000 to 15.020 of my report.

Analysis of Supplier Invoices

19.009 I have reconciled, where available, some of the Bravosat 25 CC invoices held in Panday's records to the orders issued to Bravosat 25 CC with the objective of determining the cost price to this entity and their profit margins. Some of my findings in relation to this analysis are discussed hereunder: **F4**

Order No.AD339881 – R155,000 – Heavy Duty Belts **F26**

19.010 Order No. AD339881 was awarded to Bravosat 25 CC for 100 heavy duty belts in the amount of R155,000 on 9 February 2010. (**Document No. 132728**). Bravosat 25 CC have issued invoice No.10018 dated 9 February 2010 for R155,000 for the supply of 100 heavy duty belts (**Document No. 12727**). The invoice and order is dated the same i.e.9 February 2010 which indicates that the order and invoice was issued on the same day. Both these documents have the SCM date stamp appended thereon which is also dated 9 February 2010. **F26|1** **F26|2**

19.011 I would also like to point out that Bravosat 25 CC invoice No. 10018 is dated 8 February 2010 however, someone has amended the date by deleting it and rewriting the date as 9 February 2010. This is illustrated in Record 94 below: **F26|2**

Record 94

Invoice Number: 10018

Date: ~~08~~ 09 February 2010.

19.012 The discovery of the abovementioned change indicates that the SAPS SCM issued Bravosat with an order on 9 February 2010 and, on the same day, received their invoice for payment. This indicates that the order and delivery took place on the same day. It would be unusual for a supplier to have been issued with an order and supplied the goods both on the same day especially when the items requested is not a stock item or something that they have readily available. From the examination of all items supplied by Panday's related entities to the SAPS, I can conclude that they do not appear to specialise in any specific commodity but instead supply anything on demand. **F26|1** **F26|2**

19.013 I have also identified an invoice No. 118 from Imperial Armour for the supply of 100 "*heavy duty belts with torch pouch*" in the records of Panday for R22,800 including VAT. This invoice is dated 26 January 2010 and is in favour of Goldcoast Trading marked for the attention of Panday (**Document No. 25381**). This means that Panday knew in advance that he would win the work and therefore, procured the belts from Imperial Armour before the order was issued to him. **F26b|1**

19.014 I have also determined from the documentation provided that only Bravosat 25 CC had been given an order to supply heavy duty belts and therefore, have reconciled the abovementioned invoice from Imperial Armour to order No. AD339881. **F26|1**

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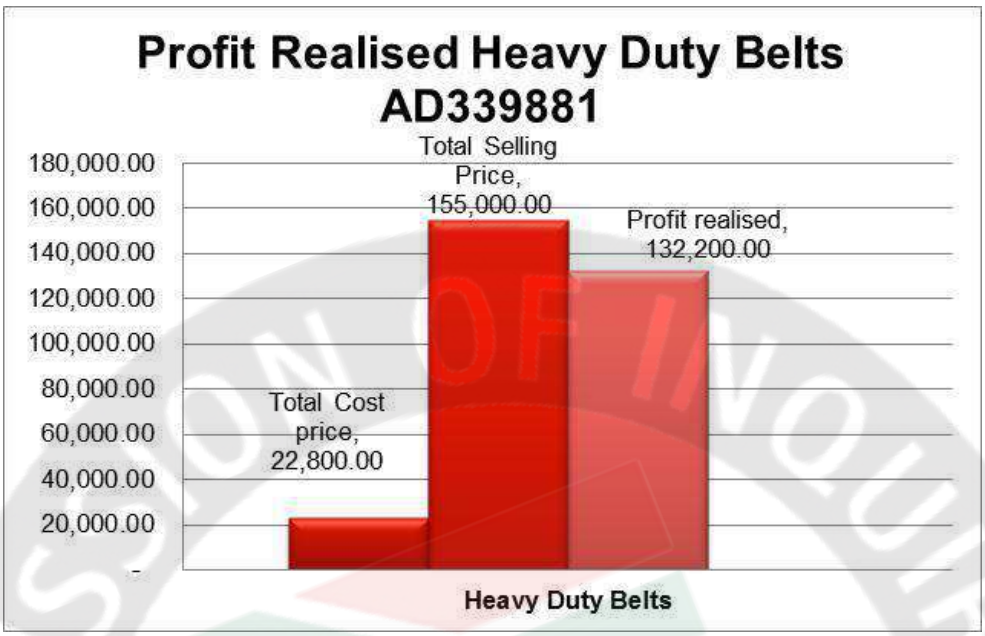
19.015 This means that Bravosat 25 CC made a gross profit of R132,000 on the supply of these belts to the SAPS or a 579.82% profit margin which can be summarised as follows:



19.016 It would also be reasonable to conclude that, because the invoice from Imperial Armour is drawn in favour of Goldcoast Trading and the description of items were invoiced to the SAPS by Bravosat 25 CC, there is a relationship between Bravosat 25 CC and Panday.

AD338746 – R91,0000 – Yamaha Generators **F14|1**

19.017 Order No. AD338746 was awarded to Bravosat 25 CC for the supply of a 10Kva Yamaha EF13000TE generator in the amount of R91,000 on 26 January 2010 (**Document No. 12682**). Bravosat 25 CC have issued **F14|1** invoice No.10028 dated 8 February 2010 for R91,000 to the SAPS for the supply of a generator – 10 KVA Yamaha EF1300 (**document No. 12681**). **F14|2**

19.018 I have located, amongst the documents seized from Panday, a tax invoice from Hire It (Pty) Ltd bearing invoice No. 112521 for five (5) generators in the amount of R113,430 (including VAT) which invoice is addressed to Goldcoast Trading and Panday (**Document No. 25131**). The unit price of each of these generators is R19,900 (excluding VAT) or R22,686 (including VAT). **F14b|1**

19.019 The SAPS have obtained an affidavit from Mr Douglas Fraser, a Director of Hire It (Pty) Ltd, who has annexed to his affidavit the following: **F35|1**

No.	Description of Document	Annexure No.	
1.	Hire It (Pty) Ltd tax invoice No. 112521 in favour of Goldcoast Trading for R113,430 (inclusive of VAT)	DF1	**F35|3**
2.	Hire It (Pty) Ltd Debtors Transaction Report dated 29 January 2010 for Goldcoast Trading.	DF2	**F35|4**
3.	Bank statement for Hire It (Pty) Ltd for account No. 1025762921 reflecting a cash deposit of R133,430 on 29 January 2010 that purports to originate from Goldcoast Trading.	DF3	**F35|5**

19.020 I have examined the invoice from Hire It (Pty) Ltd and have determined that they have sold to Goldcoast Trading, 5 Yamaha EF1200E generators at a cost of R22,686 a unit which, in aggregate, amounted to R113,430 **F35|3**

19.021 Based on the cost price of each generator, I can conclude that Bravosat 25 CC has realised a gross profit of R68,314 for each generator sold to the SAPS. This equates to profit margin of 301%[1]. **F35|3**

19.022 I have also determined from the records provided by the SAPS that the remaining four generators were also sold to the SAPS by Panday's related entities. A summary of these transactions are detailed hereunder:

[1] = 100 x (91,000 – 22,686) ÷ 22,686 = 301.13%

Supplier	Order No	No Of Units	Selling Price (R)	Cost (R)	Profit (R)	Profit Margin %	
Bravosat 25 CC	AD338746	1	91,000	22,686	68,314	301%	**F14**
Bravosat 25 CC	AD338744	1	92,500	22,686	69,814	308%	**F13**
Valotone 21 CC	AD338743	1	90,000	22,686	67,314	297%	**E14**
Valotone 21 CC	AD338745	1	91,050	22,686	68,364	301%	**E15**
Goldcoast Trading	AD338742	1	93,250	22,686	70,564	311%	**H9**
Total		**5**	**457,800**	**113,430**	**344,370**	**304%**	

19.023 Based on the aforementioned information, I can conclude that Panday has procured, in the name of Goldcoast Trading, the generators from Hire It (Pty) Ltd at a cost price of R113,430 (**Document No. 25131**) and sold them to the SAPS at an aggregate selling price of R457,800. This means that he made a total profit of R344,370 and his profit margin was 304% **F14b|1**

19.024 I can also confirm from the content of Record 27, as discussed on page 136 of my report, that, in the record counter book maintained by Tasleem Rahiman, it has been recorded in this book the number of generators sold to the SAPS and the unit price of each sale which amounts corroborate to the selling price detailed in paragraph 19.022 above. **A3|139**

19.025 It is also recorded in item number 5 of Record 27 (**Document No. 19165**) that Goldcoast Invoice No. 10067 should be prepared for the sale of a generator. I can confirm from the examination of order No. AD338742 that the invoice number issued to the police by Goldcoast Trading for the generator is invoice No. 10067 (**Document No.11639**) which corroborates the entry appearing in the abovementioned record number. **A3|139** **H9a|2**

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19.026 I can also conclude that the entry appearing in the abovementioned record number indicates that Tasleem Rahiman had prepared all the documentation relating to the sale of generators and furthermore, that Captain Ash had received these documents and all was in order. This would indicate that Captain Ash, or Narainpershad, was satisfied with the procurement of the generators whilst he would also have been aware of the relationship between Panday's related entities since the procurement appears to have been done simultaneously as the order numbers are sequential and are all dated 26 January 2010.

19.027 The procurement documentation in relation to each of these purchases is not available and therefore, I cannot determine what procedures, if any, were followed by SAPS when procuring the goods from the suppliers in question. If the lack of such documentation suggests that, the items procured were done on a single quotation it would be necessary for the police personnel involved with the process to have ensured that the prices were fair and reasonable. This clearly is not the case since the market related price of the five generators was R113,430 and yet they were sold to the police at a profit of 304% or R457,800.

19.028 Narainpershad has also certified when approving the payments for these generators, by appending what appears to be his signature, that the prices invoiced were fair and reasonable. It is my submission from the examination of the cost price of these goods that the prices at which they were sold to the police were not fair and reasonable. **F14|1** **F13|1** **E14|1 & E15|1**

19.029 I can also confirm that the period when all these payments were made to Panday's related entities was during the same period when Panday paid for certain benefits for both Narainpershad and Madhoe.

19.030 The bank statement annexed to Mr Douglas Fraser's affidavit as per Annexure DF3 indicates that Hire It (Pty) Ltd's account was credited in the amount of R133,430 on 29 January 2010. I have identified in the records of Panday an ABSA Bank cash deposit slip for R113,430 which deposit was paid into Hire It (Pty) Ltd's account number 1025762921 on 29 January 2010 (**Document No. 25130**). **F35|5** **F14b|2** **F13b|2**

AD338741 – R99,950 – Garmin Nuvi 1410 **F12**

19.031 Order number AD338741 was awarded to Bravosat 25 CC for the supply of ten (10) Garmin Nuvi 1410 GPS units in the amount of R99,950 (**Document No. 12715**). Bravosat 25 CC have issued invoice No. 10022 in the amount of R99,950 (**Document No. 12714**) for the supply of ten (10) Garmin Nuvi 1410 at a cost of R9,995 per unit. **F12|1** **F12|2**

19.032 I have located amongst Goldcoast Trading exhibits a proforma invoice from Hirsch Appliances dated 25 January 2010 in the amount of R146,400 which invoice was for, *inter alia*, 20 Garmin Nuvi 1410 (**Document No. 25153**) which items cost to Bravosat 25 CC was R3,600 a unit. This invoice is also made in favour of Goldcoast Trading whilst Panday's email address is also appended thereon. **F12b|1**

19.033 Goldcoast Trading's records also contain a Standard Bank cash deposit slip in the amount R146,400 dated 29 January 2010. The account into which the payment was made is recorded thereon as Hirsch B Trust, whilst the reference appearing on this deposit slip is "*Goldcoast Trading.*" I am unable to determine the identity of the depositor. **F12b|2**

19.034 The procurement authority submissions for the procurement of these Garmins from Bravosat 25 CC are not available, neither are they included in the twenty three (23) submissions that I have already discussed in preceding paragraphs of my report.

19.035 However, I can confirm from the entries that appear in the Waltons record counter book of Tasleem Rahiman, specifically Record 11 on page 129, that she has recorded therein that Panday had requested that she redo the quotes for Bravosat 25 CC and Valotone 21 CC, for the supply of Garmin GPS units, where each of them would win. The fact that she was preparing quotations that enabled either party to win indicates that she had to be manipulating the quotations to ensure that the outcome requested by Panday, namely that either party wins, would be achievable. Hence, by providing the police with three quotations to create the impression that there was competitive bidding. **A3|94**

19.036 I have already discussed in preceding paragraphs of this report[1] the order that was awarded to Valotone 21 CC for the supply of ten (10) Garmin Nuvi 1410 GPS units which order (AD338740) was for R100,000. This means that the above-mentioned entry that appears in the Waltons counter book of Tasleem Rahiman is true in that both these entities received orders to supply ten (10) Garmin Nuvi 1410 GPS units each. **E13**

19.037 Bravosat 25 CC made a gross profit of R63,950 or 178% on the sale of these ten (10) Garmin Nuvi 1410 to the SAPS alternatively a gross profit of R6,395 or 178% on each Garmin that was sold to the SAPS.

19.038 Narainpershad has certified the payment to Bravosat 25 CC by appending what appears to be his signature to the certificate on the payment transaction form and, by doing so, he has certified that the prices invoiced for these Garmins were fair and reasonable when they were not. Therefore, this misrepresentation to the SAPS has resulted in them paying R63,950 more for these Garmins than they should have. **F12|1**

[1] Refer to paragraph 17.017 to 17.021.

Analysis of Bravosat 25 CC Profit Margins

F4

19.039 My detailed findings and analysis of documents relating to Bravosat 25 CC is included as an annexure to my report titled "PwC Analysis of documents" and therefore, for ease of reference, I shall not discuss each of these orders, other than those already discussed in preceding paragraphs of my report, but would instead direct the reader of my report to this schedule. **F4**

19.040 Detailed hereunder is a summary of Bravosat 25 CC's selling price, cost, gross profit and gross profit percentages for each of the thirty (30) orders that were awarded to them by the SAPS:

PwC ID	Order No	Selling Price (R)	Cost (R)	Gross Profit (R)	Gross Profit %	Note	
1	AC910585	93,000.00	40,140.00	52,860.00	132		**F5**
2	AC910587	46,500.00	17,400.00	29,100.00	167		**F6**
3	AC910588	27,000.00	9,000.00	18,000.00	200		**F7**
4	AC910591	144,000.00	58,140.00	85,860.00	148		**F8**
5	AC910594	99,900.00	45,120.00	54,780.00	121		**F9**
6	AC910596	56,250.00	25,137.00	31,113.00	124		**F10**
7	AD338681	45,000.00	5,415.00	39,585.00	731		**F11**
8	AD338741	99,950.00	36,000.00	63,950.00	178		**F12**
9	AD338744	92,500.00	22,686.00	69,814.00	308		**F13**
10	AD338746	91,000.00	22,686.00	68,314.00	301		**F14**
11	AD338748	97,500.00	26,000.00	71,500.00	275		**F15**
12	AD338750	1,250.00				**(02)**	**F16**
13	AD339852	23,000.00	9,544.08	13,455.92	141		**F17**
14	AD339854	109,500.00	37,200.00	72,300.00	210		**F18**
15	AD339874	49,500.00	15,960.00	33,540.00	144		**F19**
16	AD339875	99,500.00	31,350.00	63,650.00	203		**F20**
17	AD339876	95,000.00	11,172.00	13,828.00	124		**F21**
18	AD339877	25,000.00	52,725.00	67,275.00	128		**F22**
19	AD339878	120,000.00	55,150.00	67,350.00	122		**F23**
20	AD339879	122,500.00	66,975.00	99,525.00	149		**F24**
21	AD339880	166,500.00	22,800.00	132,200.00	580		**F25**
22	AD339881	155,000.00	41,500.00	58,000.00	140		**F26**
23	AD339882	99,500.00				**(02)**	**F27**
24	AD339656	9,576.00				**(02)**	**F28**
25	AD339657	21,570.00				**(02)**	**F29**
26	AD339658	20,609.82				**(02)**	**F30**
27	AD339659	39,588.00				**(02)**	**F31**

PwC ID	Order No	Selling Price (R)	Cost (R)	Gross Profit (R)	Gross Profit %	Note	
28	AD339661	6,599.88				**(02)**	**F32**
29	AD339662	17,887.00				**(01)(02)**	**F33**
30	AD339664	4,788.00				**(02)**	**F34**
Total		**2,079,468.70**	**652,100.08**	**1,205,999.92**			

Total of Reconcilable items	**1,858,100.00**	**652,100.08**	**1,205,999.92**	**185**

NOTE

(01) Only a few items appearing of Bravosat 25 CC's invoice could be reconciled to supplier invoices. I therefore excluded the gross profits in respect of this order as I cannot conclusively determine their gross profit margin on the majority of items listed on their invoice.

(02) I have not been able to identify Bravosat 25 CC supplier invoices for these specific orders and therefore, I cannot determine their cost of sales and gross profit margins realised on these specific orders.

19.041 I have been able to reconcile R1,858,100.00 of the R2,079,468.70 that was paid to Bravosat 25 CC for the thirty (30) orders that were awarded to them to their cost of sale invoices, which amounted to R652,100.08. This means that Bravosat 25 CC made an aggregate gross profit of R1,205,999.92 on the R1,858,100 that was invoiced to the SAPS or 183%.

19.042 Bravosat 25 CC's profit margins in respect of the reconcilable cost of sale invoices to orders awarded to them by the SAPS varied from between 121% to 580%.

RR4-TSW-0399

Summary of findings

19.043 Bravosat 25 CC were issued thirty (30) orders by the SAPS SCM Unit in KwaZulu-Natal which, in aggregate, amount to R2,079,468.70. I have been able to reconcile their cost of sale invoices in respect of R1,858,100 of these orders and have determined from this reconciliation that their cost of sales amounted to R655,700. As a result, Bravosat 25 CC made a gross profit of R1,192,399.92 or (183%).

19.044 I have not been able to determine what procurement procedures were followed, if any, in the awarding of these thirty (30) orders to Bravosat 25 CC as there are no SAPS procurement authority submissions available for any of these thirty (30) orders. As a result, I cannot conclude on whether there was competitive bidding in each of these instances.

19.045 However, it is evident from the records of Tasleem Rahiman that she was instructed by Panday to redo quotations for Bravosat 25 CC and Valotone 21 CC to ensure that each of them would win the work to supply ten (10) Garmin Nuvi GPS units to the SAPS. Based on this entry (Record 11), it would therefore be reasonable to conclude that there was not competitive bidding as both these entities won the work to supply these Garmin GPS units to the police, and therefore, she had to have prepared the quotations for the unsuccessful suppliers in order to ensure that either of these two entities won the work.

19.046 It is also evident from some of the cost of sale invoices for some of the items procured for the SAPS by Bravosat 25 CC that these cost of sale invoices were prepared in favour of Goldcoast Trading whilst it has also been observed from the analysis of their bank statements that the only money credited to their account originated from the SAPS and R100,000 from Goldcoast Trading. This would also indicate that the Bravosat 25 CC's only client was the SAPS.

19.047 A significant portion of these credits (72%) was transferred to the bank account of Goldcoast Trading whilst a further R220,100 was paid into the bank account of Panday. This therefore, reaffirms my earlier conclusions that Bravosat 25 CC is one of Panday's related entities and therefore, they, with the assistance of Narainpershad and Madhoe, misled the police into believing that the procurement process followed was fair, equitable transparent, competitive, and cost effective in addition to the fact that there was competitive bidding when in fact there was none.

C4a|6

19.048 Bravosat 25 CC is related to Panday whilst documents show that, for example, the purchase of the five generators was made from Hire It (Pty) Ltd, but the suppliers invoice is made in favour of Goldcoast Trading although these generators were sold to the SAPS by Bravosat 25 CC (2 units), Valotone 21 CC (2 units) and Goldcoast Trading (1 unit). The cost price of these generators, in aggregate, was R113,430 but were sold to the SAPS for R457,800. Hence, the profit margins realised were in aggregate 304% although the profit margins realised by Bravosat 25 CC for these same items was 301% and 308%.

19.049 There is also evidence in the record counter book maintained by Tasleem that the sale of these generators were allocated to the three different entities above and that Narainpershad was satisfied with the invoices. It would therefore be reasonable to conclude that he would have been aware of the relationship between these entities and therefore, knew that competitive bidding was non-existent.

19.050 The thirty (30) orders that were awarded to Bravosat 25 CC by the SAPS were done over the same period when Panday paid for certain benefits for both Narainpershad and Madhoe, which benefits vary from the payment of accommodation at various hotels to the payment of university fees or the purchase of a motor vehicle.

19.051 Bravosat 25 CC and or Goldcoast Trading and or Panday procured the Heavy duty belts that were supplied to the police as per order No. AD339881 before the order was issued to them by the police. This indicates that Panday knew in advance that he would win the work and therefore, he was able to procure the items in advance without the risk of losing the quote in respect of this order.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0402

20.000 GOLDCOAST TRADING

H1 - H

Introduction

20.001 The Polfin records indicate that, between the period 17 December 2009 to 6 August 2010, the SAPS paid into Goldcoast Trading's Nedbank account No. 1442016728 in aggregate, R39,336,283. A summary of these orders and payments are detailed hereunder: H3

PwC ID	Order No	Order Date	Date Paid	Date Deposited	Amount Paid (R)	Notes	
1	AD336684	02/12/2009	17/12/2009	22/12/2009	24,500	(01)	H6
2	AD337271	22/10/2009	05/11/2009	20/11/2009	28,800	(01)	H7
3	AD337283	16/11/2009	03/12/2009	08/12/2009	48,900	(01)	H8
4	AD338742	26/01/2010	07/04/2010	09/04/2010	93,250	(01)	H9
5	AD339851	26/01/2010	07/04/2010	09/04/2010	4,000	(02)	H10
6	AD333657	25/06/2010	08/07/2010	13/07/2010	10,200	(03)	H12a|19
7	AD333657	25/06/2010	08/07/2010	13/07/2010	134,300	(03)	H12a|20
8	AD333657	25/06/2010	08/07/2010	13/07/2010	1,880,400	(03)	H12a|21
9	AD333657	25/06/2010	08/07/2010	13/07/2010	2,640,600	(03)	H12a|22
10	AD333657	25/06/2010	08/07/2010	13/07/2010	1,342,700	(03)	H12a|23
11	AD333657	25/06/2010	08/07/2010	13/07/2010	1,866,300	(03)	H12a|24
12	AD333657	25/06/2010	08/07/2010	13/07/2010	790,500	(03)	H12a|25
13	AD333657	25/06/2010	08/07/2010	13/07/2010	2,766,400	(03)	H12a|26
14	AD333657	25/06/2010	08/07/2010	13/07/2010	1,726,050	(03)	H12a|27
15	AD333657	25/06/2010	08/07/2010	13/07/2010	2,816,550	(03)	H12a|28
16	AD333657	25/06/2010	08/07/2010	13/07/2010	1,742,200	(03)	H12a|13
17	AD333657	25/06/2010	08/07/2010	13/07/2010	2,613,300	(03)	H12a|14
18	AD333657	25/06/2010	08/07/2010	13/07/2010	1,742,200	(03)	H12a|15
19	AD333657	25/06/2010	28/07/2010	30/07/2010	1,904,400	(03)	H12a|7
20	AD333657	25/06/2010	28/07/2010	30/07/2010	1,291,150	(03)	H12a|8
21	AD333657	25/06/2010	28/07/2010	30/07/2010	892,500	(03)	H12a|9
22	AC910570	10/11/2009	19/11/2009	24/11/2009	131,250	(02)	H14
23	AD339685	19/04/2010	22/04/2010	28/04/2010	31,600	(02)	H15
24	AD339686	19/04/2010	22/04/2010	28/04/2010	28,000	(02)	H16
25	AD339965	16/04/2010	22/04/2010	28/04/2010	199,800	(02)	H17
26	AD341711	22/04/2010	06/05/2010	11/05/2010	112,500	(02)	H19

PwC ID	Order No	Order Date	Date Paid	Date Deposited	Amount Paid (R)	Notes	
27	AD341712	22/04/2010	06/05/2010	11/05/2010	105,000	(02)	**H20**
28	AD336693	16/04/2010	22/04/2010	28/04/2010	73,500	(02)	**H22**
29	AD336694	16/04/2010	22/04/2010	28/04/2010	73,500	(02)	**H23**
30	AD338703	22/12/2009	04/01/2010	05/01/2010	181,140	(02)	**H24**
31	AD338704	22/12/2009	04/01/2010	05/01/2010	30,190	(02)	**H25**
32	AD338705	22/12/2009	04/01/2010	05/01/2010	61,600	(02)	**H26**
33	AD338707	22/12/2009	04/01/2010	05/01/2010	73,500	(02)	**H27**
34	AD338718	04/01/2010	24/02/2010	01/03/2010	73,500	(02)	**H28**
35	AD338721	04/01/2010	24/02/2010	01/03/2010	73,500	(02)	**H29**
36	AD338730	13/01/2010	24/02/2010	01/03/2010	73,500	(02)	**H30**
37	AD338737	19/01/2010	24/02/2010	01/03/2010	73,500	(02)	**H31**
38	AD339681	16/04/2010	22/04/2010	28/04/2010	118,800	(02)	**H32**
39	AD339682	16/04/2010	22/04/2010	28/04/2010	137,940	(02)	**H33**
40	AD339687	19/04/2010	22/04/2010	28/04/2010	113,400	(02)	**H34**
41	AD339966	16/04/2010	22/04/2010	28/04/2010	73,500	(02)	**H35**
42	AD339967	16/04/2010	22/04/2010	28/04/2010	73,500	(02)	**H36**
43	AD339968	16/04/2010	22/04/2010	28/04/2010	73,500	(02)	**H37**
44	AD339969	16/04/2010	22/04/2010	28/04/2010	73,500	(02)	**H38**
45	AD341708	22/04/2010	06/05/2010	11/05/2010	75,600	(02)	**H39**
46	AD341751	22/04/2010	06/05/2010	11/05/2010	75,600	(02)	**H40**
47	AD341752	22/04/2010	06/05/2010	11/05/2010	75,600	(02)	**H41**
48	AD341754	22/04/2010	06/05/2010	11/05/2010	27,300	(02)	**H42**
49	AD336696	16/04/2010	22/04/2010	28/04/2010	120,000	(02)	**H44**
50	AC910575	24/11/2009	17/12/2009	22/12/2009	131,600	(02)	**H46**
51	AC910582	11/12/2009	22/12/2009	24/12/2009	127,400	(02)	**H47**
52	AD338708	22/12/2009	04/01/2010	05/01/2010	127,400	(02)	**H48**
53	AD338709	22/12/2009	04/01/2010	05/01/2010	135,800	(02)	**H49**
54	AD338719	04/01/2010	24/02/2010	01/03/2010	126,000	(02)	**H50**
55	AD338722	04/01/2010	24/02/2010	01/03/2010	126,000	(02)	**H51**
56	AD338732	13/01/2010	24/02/2010	01/03/2010	126,000	(02)	**H52**
57	AD338738	19/01/2010	24/02/2010	01/03/2010	126,000	(02)	**H53**
58	AD339692	21/04/2010	22/04/2010	28/04/2010	126,000	(02)	**H54**
59	AD339693	21/04/2010	22/04/2010	28/04/2010	126,000	(02)	**H55**
60	AD339698	21/04/2010	22/04/2010	28/04/2010	126,000	(02)	**H56**
61	AD339985	22/04/2010	06/05/2010	11/05/2010	108,000	(02)	**H57**

PwC ID	Order No	Order Date	Date Paid	Date Deposited	Amount Paid (R)	Notes	
62	AD339986	22/04/2010	06/05/2010	11/05/2010	126,000	(02)	**H58**
63	AD339987	22/04/2010	06/05/2010	11/05/2010	126,000	(02)	**H59**
64	AD339988	22/04/2010	06/05/2010	11/05/2010	126,000	(02)	**H60**
65	AD339989	22/04/2010	06/05/2010	11/05/2010	126,000	(02)	**H61**
66	AD341707	21/04/2010	22/04/2010	28/04/2010	126,000	(02)	**H62**
67	AD341710	22/04/2010	06/05/2010	11/05/2010	126,000	(02)	**H63**
68	AD339990	22/04/2010	06/05/2010	11/05/2010	20,400	(02)	**H65**
69	AD336697	16/04/2010	22/04/2010	28/04/2010	172,800	(02)	**H67**
70	AD341709	22/04/2010	06/05/2010	11/05/2010	113,400	(02)	**H68**
71	AD341755	22/04/2010	06/05/2010	11/05/2010	194,400	(02)	**H69**
72	AD341756	22/04/2010	06/05/2010	11/05/2010	194,400	(02)	**H70**
73	AD339694	21/04/2010	22/04/2010	28/04/2010	138,530	(02)	**H72**
74	AD339695	21/04/2010	22/04/2010	28/04/2010	138,530	(02)	**H73**
75	AD339982	21/04/2010	22/04/2010	28/04/2010	118,740	(02)	**H74**
76	AD339983	21/04/2010	22/04/2010	28/04/2010	138,530	(02)	**H75**
77	AD339984	21/04/2010	22/04/2010	28/04/2010	138,530	(02)	**H76**
78	AD341703	20/04/2010	22/04/2010	28/04/2010	118,740	(02)	**H77**
79	AD341704	20/04/2010	22/04/2010	28/04/2010	138,530	(02)	**H78**
80	AC910554	26/10/2009	05/11/2009	20/11/2009	133,280	(02)	**H80**
81	AC910564	05/11/2009	19/11/2009	24/11/2009	66,640	(02)	**H81**
82	AC910565	05/11/2009	19/11/2009	24/11/2009	146,688	(02)	**H82**
83	AC910572	13/11/2009	03/12/2009	08/12/2009	163,800	(02)	**H83**
84	AC910574	24/11/2009	03/12/2009	08/12/2009	149,760	(02)	**H84**
85	AC910581	11/12/2009	17/12/2009	22/12/2009	131,040	(02)	**H85**
86	AC910583	11/12/2009	17/12/2009	22/12/2009	131,040	(02)	**H86**
87	AD338713	22/12/2009	04/01/2010	05/01/2010	131,600	(02)	**H87**
88	AD338727	04/01/2010	24/02/2010	01/03/2010	131,040	(02)	**H88**
89	AD338728	04/01/2010	24/02/2010	01/03/2010	131,040	(02)	**H89**
90	AD338729	11/01/2010	24/02/2010	01/03/2010	131,040	(02)	**H90**
91	AD338733	13/01/2010	24/02/2010	01/03/2010	131,040	(02)	**H91**
92	AD338739	19/01/2010	24/02/2010	01/03/2010	131,040	(02)	**H92**
93	AD339683	29/01/2010	22/04/2010	28/04/2010	131,040	(02)	**H93**
94	AD339684	21/01/2010	22/04/2010	28/04/2010	131,040	(02)	**H94**
95	AD339688	20/04/2010	22/04/2010	28/04/2010	131,040	(02)	**H95**
96	AD339689	20/04/2010	22/04/2010	28/04/2010	131,040	(02)	**H96**

PwC ID	Order No	Order Date	Date Paid	Date Deposited	Amount Paid (R)	Notes	
97	AD339690	20/04/2010	22/04/2010	28/04/2010	131,040	(02)	**H97**
98	AD339691	20/04/2010	22/04/2010	28/04/2010	112,320	(02)	**H98**
99	AD339978	21/04/2010	22/04/2010	28/04/2010	131,040	(02)	**H99**
100	AD339979	20/04/2010	22/04/2010	28/04/2010	131,040	(02)	**H100**
101	AD339981	20/04/2010	22/04/2010	28/04/2010	131,040	(02)	**H101**
102	AD341706	21/04/2010	22/04/2010	28/04/2010	131,040	(02)	**H102**
103	AC910573	24/11/2009	03/12/2009	08/12/2009	29,970	(02)	**H104**
104	AD336695	16/04/2010	22/04/2010	28/04/2010	119,880	(02)	**H105**
105	AC910552	08/10/2009	05/11/2009	20/11/2009	240,375	(02)	**H107**
106	AC910569	10/11/2009	03/12/2009	08/12/2009	196,000	(02)	**H108**
107	AD337273	27/10/2009	19/11/2009	24/11/2009	194,000	(02)	**H109**
108	AD338701	22/12/2009	04/01/2010	05/01/2010	181,875	(02)	**H110**
109	AD338702	22/12/2009	04/01/2010	05/01/2010	36,375	(02)	**H111**
110	AD341748	07/06/2010	17/06/2010	22/06/2010	196,000	(02)	**H112**
111	AD341702	15/04/2010	22/04/2010	28/04/2010	94,600	(02)	**H114**
112	AD338710	22/12/2009	04/01/2010	05/01/2010	116,865	(02)	**H116**
113	AD338711	22/12/2009	04/01/2010	05/01/2010	116,865	(02)	**H117**
114	AD338712	22/12/2009	04/01/2010	05/01/2010	110,250	(02)	**H118**
115	AD338723	04/01/2010	24/02/2010	01/03/2010	110,250	(02)	**H119**
116	AD338720	04/01/2010	24/02/2010	01/03/2010	110,250	(02)	**H120**
117	AD338731	13/01/2010	24/02/2010	01/03/2010	110,250	(02)	**H121**
118	AD338736	19/01/2010	24/02/2010	01/03/2010	110,250	(02)	**H122**
119	AD338699	19/04/2010	22/04/2010	28/04/2010	110,250	(02)	**H123**
120	AD338698	19/04/2010	22/04/2010	28/04/2010	110,250	(02)	**H124**
121	AD336700	19/04/2010	22/04/2010	28/04/2010	110,250	(02)	**H125**
122	AD336699	19/04/2010	22/04/2010	28/04/2010	110,250	(02)	**H126**
123	AD336698	19/04/2010	22/04/2010	28/04/2010	110,250	(02)	**H127**
124	AD339976	19/04/2010	22/04/2010	28/04/2010	110,250	(02)	**H128**
125	AD339974	19/04/2010	22/04/2010	28/04/2010	110,250	(02)	**H129**
126	AD339975	19/04/2010	22/04/2010	28/04/2010	110,250	(02)	**H130**
127	AD339973	19/04/2010	22/04/2010	28/04/2010	110,250	(02)	**H131**
128	AD339972	19/04/2010	22/04/2010	28/04/2010	94,500	(02)	**H132**
129	AE017172	26/07/2010	06/08/2010	11/08/2010	170,800	(02)	**H133**

PwC ID	Order No	Order Date	Date Paid	Date Deposited	Amount Paid (R)	Notes	
130	AD341701	20/04/2010	22/04/2010	28/04/2010	146,400	(02)	**H135**
131	AD341753	22/04/2010	06/05/2010	11/05/2010	170,800	(02)	**H136**
Total					**39,336,284**		

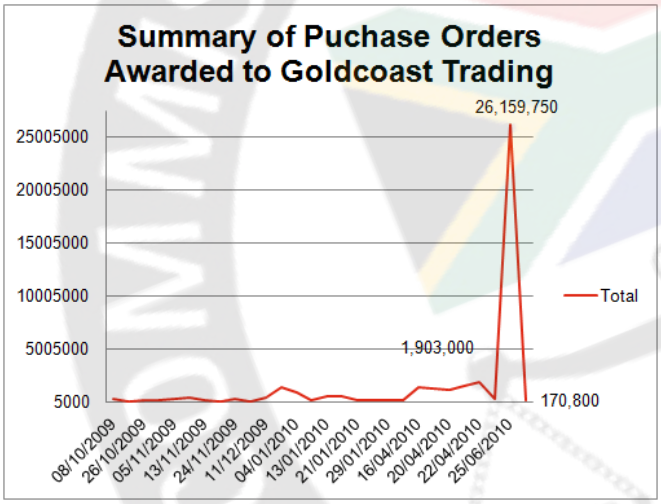
NOTES

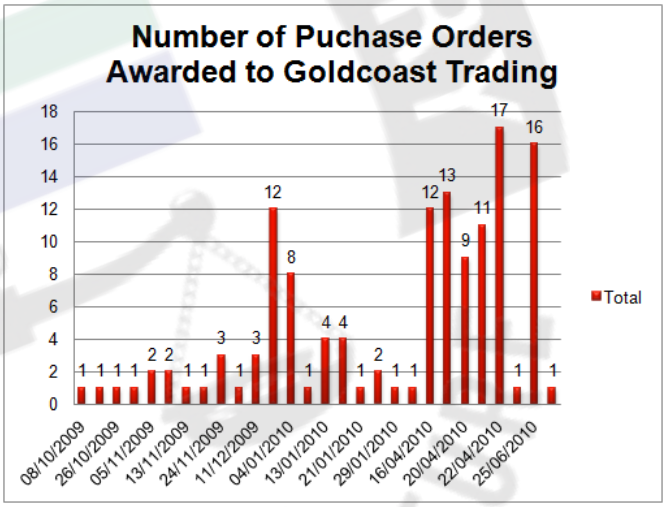
(01) All these orders are for the supply of goods which in aggregate amount to R195,450 and are discussed in paragraphs 20.005 to 20.038 of my report.

(02) All these orders are for accommodation which in aggregate amount to R12,981,083 which are discussed in paragraphs 20.080 to 20.292 of my report.

(03) This was the order that was issued in respect of accommodation of police members during the SWC which in aggregate amounted to R26,159,750.

20.002 These orders were awarded between the periods 8 October 2009 to 25 June 2010 and is illustrated graphically hereunder:





20.003 A significant amount of the R39,336,283 paid to Goldcoast Trading was for invoices submitted for accommodation although I have determined that R195,450 of the aforementioned amount was for the supply of goods. (An example is the supply of a generator that has already been discussed in previous paragraphs of my report when discussing payments to Bravosat 25 CC[1]).

[1] Refer to paragraphs 19.017 to 19.030.

20.004 I shall first discuss hereunder the orders awarded to Goldcoast Trading for the supply of various items and thereafter shall discuss the orders relating to accommodation and the SWC.

ORDERS FOR GOODS

20.005 Four orders, in the aggregate amount of R195,450, were awarded to Goldcoast Trading between the period 22 October 2009 to 26 January 2010. I have determined that their profit margins realised on the sale of goods to the SAPS varies from 123% to 311% in respect of these orders.

20.006 Goldcoast Trading's highest profit margin, on goods sold to the police, was for the sale of a generator which sale has already been discussed in preceding paragraphs of my report[1] and the content thereof shall not be repeated.

AD337283 – R48,900 **H8**

20.007 The next highest profit margin realised by Goldcoast Trading is for an item sold to the SAPS in respect of order No. AD337283 for R48,900 which order was for the supply of two Sony 40' Bravia TV's (**Document No. 11697**). The documentary evidence indicates that these TV's were purchased from Hirsch for R20,000 on 12 November 2009 (**Document No 25323** and **25322**) and therefore, Goldcoast Trading's profit margin on this specific order is 144.5%. **H8** **H8c|12**

20.008 The order date was initially recorded on the order payment transaction document as 25 November 2009 however, this date has been amended to 16 November 2009 which date correlates to the invoice date from Goldcoast Trading for invoice No.10007 (**Document No.11696**). **H8a|1**

20.009 However, I have compared the handwritten date and the date of the SCM stamp that was appended to the books copy of this order (**Document No. 15052**), to that on the suppliers copy of order No. AD337283, and can confirm that the actual date of the order is 25 November 2009. **H8b|2**

[1] Refer to paragraphs 19.017 to 19.030.

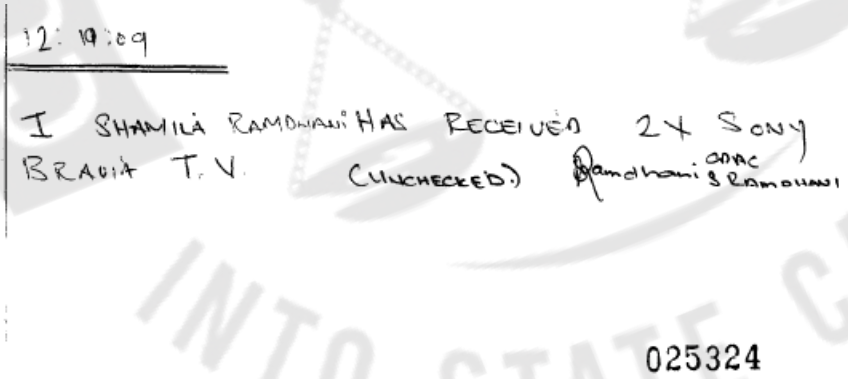
20.010 The aforementioned observation would suggest that Goldcoast Trading issued their invoice before the order was issued to them which is further supported by the fact that their invoice does not contain the SAPS order number.

20.011 I have also noticed that the invoice from Goldcoast Trading has the SAPS SCM stamp appended thereon which stamp is dated 16 November 2009 (**Document No. 11696**) the same date as the invoice. In spite of these observations, the payment transaction form for this order indicates that the receipt of goods was certified by Shamila Ramdhani on 26 November 2009 and payment was certified by Narainpershad on the same day. **H8a|2** **H8a|1**

20.012 In spite of these inconsistencies with the dates, I have identified an invoice from Hirsch for R20,000 that indicates that Panday's wife (Mrs P Panday) purchased two Sony Bavaria TV's on 12 November 2009 which were, according to the invoice, delivered to 45 Zennith Drive Umhlanga Rocks (**Document No. 25323**). **H8c|1**

20.013 In addition to the aforementioned invoice, I have also identified in Panday's records a handwritten acknowledgement of receipt dated 12 November 2009 (**Document No. 25324**) which receipt is signed by what appears to be Shamilla Ramdhani. An extract of this acknowledgement of receipt is illustrated in Record 95 below: **H8c|5**

Record 95 **H8c|5**


12: 11:09

I SHAMILA RAMDHANI HAS RECEIVED 2X SONY BRAVIA T.V. (UNCHECKED) Ramdhani ODAC S RAMDHANI

025324

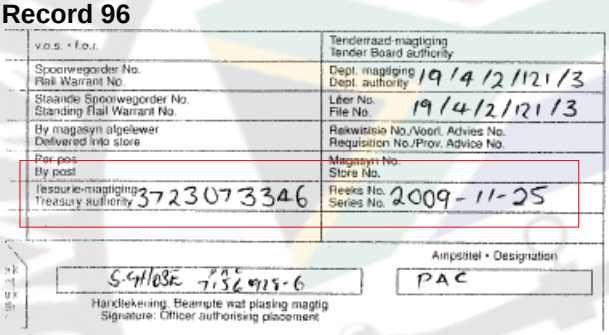
RR4-TSW-0409

20.014 Based on the content of Record 95, it would be reasonable to conclude that Shamilla Rhamdhani, on behalf of the SAPS, has acknowledged receipt of the two Sony Brava TV's on 12 November 2009 five days before the order was issued to Goldcoast Trading and therefore, it is immaterial whether the order date was 16 or 25 November 2009.

20.015 It is immaterial which date is taken into account on the order as both these dates occurred after Shamilla Ramdhani signed the acknowledgment of receipt for the tvs. **H8a|1** **H8c|5**

20.016 All the documents held by the SAPS would indicate that the procurement of this specific item was only authorised on 25 November 2009 as this is the date that the financial authority was obtained. This date and the financial authority number 3723073346 is appended on all copies of order No. AD3377283 (**Document No. 11697, 19005 15052**) which is further illustrated below: **H8a|1** **H8a|1,H8b|1, H8b|2**

Record 96 **H8a|1**



v.o.s. • f.o.r.	Tenderraad-magtiging Tender Board authority
Spoorwegorder No. Rail Warrant No.	Dept. magtiging Dept. authority 19/4/2/121/3
Staande Spoorwegorder No. Standing Rail Warrant No.	Lêer No. File No. 19/4/2/121/3
By magasyn afgelewer Delivered into store	Rekwisisie No./Voorl. Advies No. Requisition No./Prov. Advice No.
Per pos By post	Magasyn No. Store No.
Tesourie-magtiging Treasury authority 3723073346	Reeks No. Series No. 2009-11-25

Ampstitel • Designation

S.GHOSE PAC 7156928-6 PAC

Handtekening, Beampte wat plasing magtig
Signature: Officer authorising placement

20.017 Record 96 was extracted from the Suppliers Advice of AD 337283 which was located amongst the records of Panday or Goldcoast Trading (**Document No. 19005**). This document includes the date when the financial authority was obtained namely 25 November 2009 and therefore, had the order been issued to Goldcoast Trading on 16 November 2009, as indicated in the SAPS copy of order AD337283 (**Document No. 11697**), then Goldcoast Trading should not have had a copy of the order with this date appended on their document. This therefore indicates that Panday knew in advance to the order date that he would win the work. **H8b|1**

AD 337271 – R28,800 - Blankets **H7**

20.018 Order No. AD337271 for R28,800 was issued to Goldcoast Trading on 22 October 2009 for the supply of 120 blankets at a cost of R240 a unit (**Document No. 11743**) which Goldcoast Trading invoiced on the same day as per invoice No.10001 (**Document No. 11742**). **H7a|1** **H17a|2**

20.019 The payment to Goldcoast Trading's was certified by Narainpershad who certified, by appending what appears to be his signature, that the charges were fair and reasonable. I have located amongst the exhibits seized from Panday, invoice No. 13453 from Marine Wholesalers dated 22 September 2009 in favour of Goldcoast Trading for the supply of 120 double mink blankets at R100 a unit. The total invoice is for R12,000 (**Document No. 24876**). Also included with this document is a speed point slip from Marine Wholesalers for R12,000 dated 22 October 2009. This means that Goldcoast Trading's profit margin on the sale of these blankets to the SAPS was R16,800 or 140%. **H7a|1** **H7c|1**

20.020 An affidavit obtained from Mr Amal Ramharry, self employed at Marine Wholesalers, annexed a copy of Marine Wholesalers Invoice to his affidavit as per **Annexure AR1**. I can confirm that this invoice is the same as that described in the aforementioned paragraph of my report and therefore, shall not be repeated. **H7d|1** **H7d|3**

20.021 I will also confirm, from the affidavit of Mr Amal Ramharry and the invoice from Marine Wholesalers, that the transaction between Marine Wholesalers and Goldcoast Trading took place on 22 September 2009 i.e. a month before the order No. AD337271 was issued to Goldcoast Trading. This means that Panday knew before the order was awarded to Goldcoast Trading that his company would win the work. (See below) **H7d**

20.022 I also identified in the SAPS records three quotations relating to the supply of 120 blankets from the following entities:

No	Date	Supplier	Total	Doc No	
1	22/10/2009	Afeefah Investments t/a Bassa's Wholesale	31,848	**14769**	**H7b|1**
2	22/10/2009	Mish Mart Holdings (Pty) Ltd	32,000	**14770**	**H7b|2**
3	Undated	Goldcoast Trading	28,800	**14771**	**H7b|3**

20.023 These three entities have already been discussed in preceding paragraphs[1] of my report and shall not be repeated other than for me to reaffirm that blank copies of these entities letter heads[2] were located amongst Panday's records. Based on this finding, and the fact that they have been used in this instance, it would be reasonable to conclude that he was using these bank letterheads to create false quotations compete against himself in the procurement process with the police, which process should have been fair, transparent, competitive, and cost effective, but it was not. It also means that these quotes were prepared to create the impression of the existence of competitive competition when in fact there was none.

[1] Refer to paragraph 14.057.
[2] Afeefah Investments t/a Bassa's Wholesale (**Document No. 24990**); Mish Mart Holdings (Pty) Ltd (**Document No. 24993**)

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20.024 The SAPS procurement process for these blankets from Goldcoast Trading was manipulated with the primary objective of ensuring that Goldcoast Trading would win the work and therefore, there was no competitive bidding. In addition, there would have had to have been collusion between the SAPS representatives who were involved with this process and Panday in order for the above objective to be realised simply because the quotations for all the suppliers discussed in the abovementioned table are all dated 22 October 2009, the same day the order was issued, however, the evidence from Mr Amal Ramharry, and the invoice from Marine Wholesalers, reflects that these blankets were procured by Panday a month before i.e. on 22 September 2009. **H7b|1-3** **H7d**

20.025 Taking all the above findings into account, the only reasonable conclusion to be made is that Panday, together with the Narainpershad, Madhoe and other police representatives involved with the procurement process, misrepresented to the SAPS that the procurement process complied with the procedures set out in the SAPS SCM manual and that it was fair, transparent, competitive and cost effective when in fact it was not.

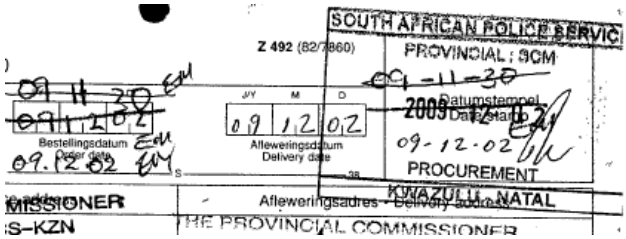
Order No. AD336684 – R24,500 – Mink Blankets **H6**

20.026 Order No. AD336684 for R24,500 was issued to Goldcoast Trading on 2 December 2009, for the supply of 100 mink blankets at a cost of R245 a unit (**Document No. 12078**) which Goldcoast Trading invoiced on 6 December 2009 per invoice No.10013 (**Document No. 12077**). **H6a|1** **H6a|2**

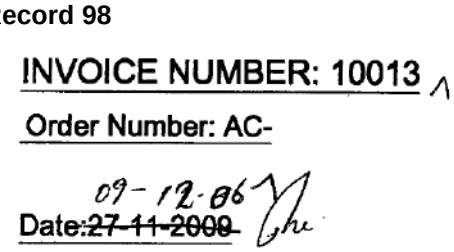
20.027 The dates that have been written on both the order and the invoice have been altered in that the date appearing on order No. AD336684 appears to have been altered from 2 December 2009 to 20 November 2009 and back to 2 December 2009, whilst the invoice has been altered from 27 November 2009 to 6 December 2009. Examples of these alterations are illustrated in Record 97 and Record 98 below respectively: **H6a|1-2**

RR4-TSW-0413

Record 97



Record 98



H6a|1-2

20.028 I have located amongst Panday's records a number of documents which include invoices, deposit slips and emails which contains evidence of, *inter alia*, the supplier from whom Goldcoast Trading procured the blankets.

20.029 One of documents included in the aforementioned information is invoice No.3 dated 23 November 2009 from Limco Blankets for R11,000 in favour of Goldcoast Trading (**Document No. 24868**). I also identified a delivery note dated 23 November 2009 that was signed by Inspector Els of SAPS Marianhill Crime Combat Team (**Document No. 24869**) however, I am unable to confirm from this document the exact date the delivery took place.

H6c|1

H6c|2

20.030 Panday was also in possession of a Standard Bank deposit slip for R11,000, dated 23 November 2009, where the name of the account holder is recorded as Plush Mink (**Document No. 24867**). This document was contained with other documents held by Panday and as a result, I have concluded that it is proof of payment of the transaction between Goldcoast Trading and Limco Blankets.

H6c|3

20.031 Based on the date the payment was made to the aforementioned supplier by Panday i.e. 23 November 2009, confirms that he was aware that he had won the work before the order No. AD336684 was awarded to Goldcoast Trading on 2 December 2009.

20.032 Another document located amongst Panday's records is a quotation dated 24 November 2009 addressed to the SAPS which reflects that the amount quoted is R24,500 (**Document No. 24871**). Although I have not seen the quotations of other suppliers who may have quoted for the supply of these items, I can conclude that Goldcoast Trading's quotation is dated a day after he paid for the exact same number of blankets from Limco Blankets i.e. 23 November 2009 and, based thereon, it would be reasonable to conclude that he knew in advance that he would win the work. As a result, there was no risk for him to procure the blankets in advance and taking all the above into account, it would be reasonable to conclude that there must have been some collusion amongst Narainpershad, Madhoe and or other representatives at SAPS SCM who were involved with the procurement process together with Panday. **H16c|4**

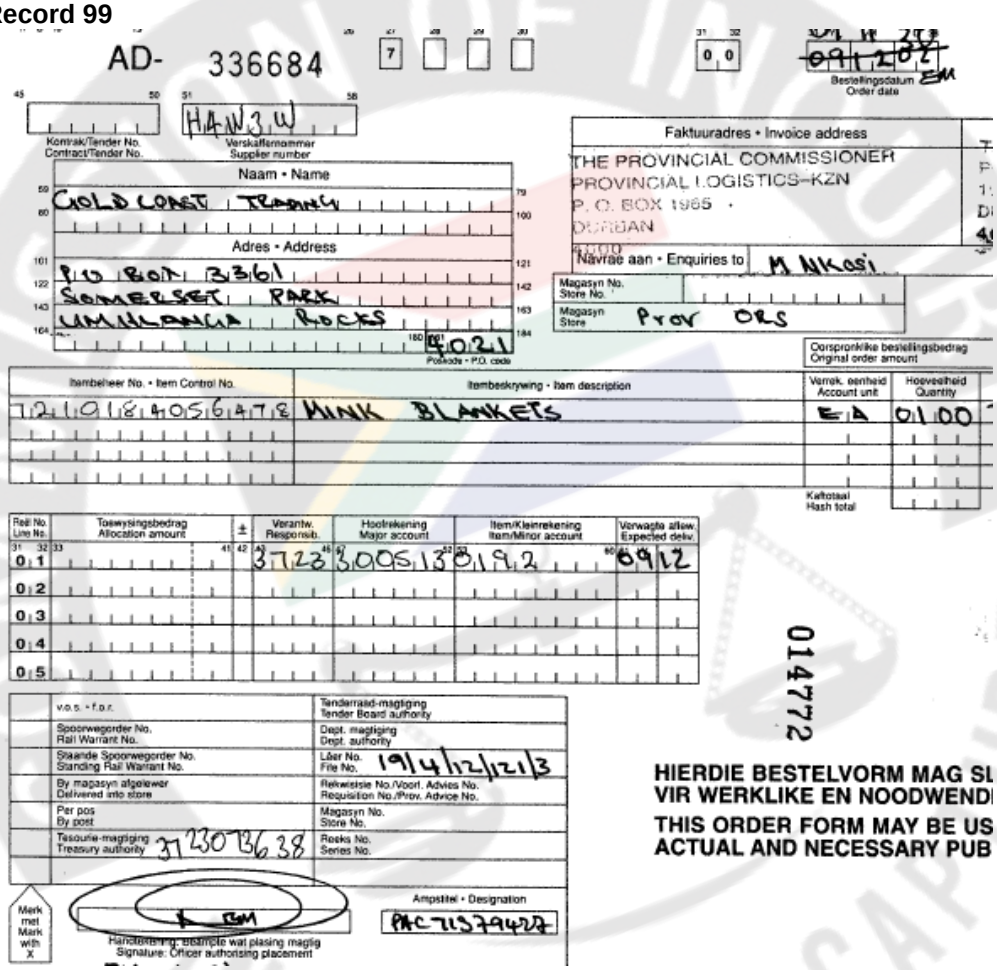
20.033 I have also identified in the SAPS SCM records the quotations received in respect of this order which quotations are from Goldcoast Trading (**Document No. 14778**) Afeefah Investments t/a Bassa's Wholesale (**Document No.14779**) and Mish Mart Holdings (Pty) Ltd (**Document No. 14780**). **H16b|4-5**

20.034 A summary of the information contained on these quotations are detailed hereunder:

No	Date	Supplier	Total	Doc No	
1	9/12/2006	Afeefah Investments t/a Bassa's Wholesale	25,580	**14779**	**H6b|4**
2	9/12/2006	Mish Mart Holdings (Pty) Ltd	26,750	**14780**	**H6b|5**
3	Undated	Goldcoast Trading	24,500	**14778**	**H6b|3**

20.035 Both the quotations from Afeefah Investments and Mish Mart Holdings are dated 2006 instead of 2009 and are included with documentation in the SCM file under the financial authority number 3723073638 (**Document No. 14777**). This is the same financial authority number that is appended on the order payment transaction form with number AD336684 which order was only issued on 2 December 2009 and based thereon, it would be reasonable to conclude that these quotations, although both dated 9 December **<u>2006</u>**, relate to an order awarded in 2009. An extract of order payment transaction is reflected in Record 99 below: **H6b|4-5**

Record 99 **H6b|1**


AD- 336684

Kontrak/Tender No. Contract/Tender No.

Verskaffernommer Supplier number: HAW3W

Bestellingsdatum Order date: 09/12/02

Naam • Name: GOLD COAST TRADING

Adres • Address: P.O. BOX 33361 SOMERSET PARK UMHLANGA ROCKS 4021

Poskode • P.O. code

Faktuuradres • Invoice address: THE PROVINCIAL COMMISSIONER PROVINCIAL LOGISTICS–KZN P. O. BOX 1965 DURBAN 4000

Navrae aan • Enquiries to: M NKOSI

Magasyn No. Store No.

Magasyn Store: Prov ORS

Oorspronklike bestellingsbedrag Original order amount

Itembeheer No. • Item Control No.	Itembeskrywing • Item description	Verrek. eenheid Account unit	Hoeveelheid Quantity
7211018405647 8	MINK BLANKETS	EA	01.00

Kaftotaal Hash total

Reël No. Line No.	Toewysingsbedrag Allocation amount	±	Verantw. Responsib.	Hoofrekening Major account	Item/Kleinrekening Item/Minor account	Verwagte aflew. Expected deliv.
01			3723	3005 13	3192	09 12
02						
03						
04						
05						

v.o.s. • f.o.r.	Tenderraad-magtiging Tender Board authority
Spoorwegorder No. Rail Warrant No.	Dept. magtiging Dept. authority
Staande Spoorwegorder No. Standing Rail Warrant No.	Lêer No. File No. 19/4/12/121/3
By magasyn afgelewer Delivered into store	Rekwisisie No./Voorl. Advies No. Requisition No./Prov. Advice No.
Per pos By post	Magasyn No. Store No.
Tesourie-magtiging Treasury authority 3723073638	Reeks No. Series No.

Merk met Mark with X

Handtekening: Beamptte wat plasing magtig Signature: Officer authorising placement

Ampstitel • Designation: PAC 71379427

014772

HIERDIE BESTELVORM MAG SL
VIR WERKLIKE EN NOODWENDI
THIS ORDER FORM MAY BE US
ACTUAL AND NECESSARY PUB

RR4-TSW-0416

20.036 I have also identified a printed copy of an email in Panday's records which email is between Panday and Mr Yusuf Haffejee of Limco Blankets and is dated 24 November 2009 (a day after payment for the blankets had been made) (**Document No. 24874**). Although the top of this page contains the name "Thoshan Panday" it would appear that the correspondence is between Pranash and Mr Yusuf Haffejee. The communication between these two parties merely relates to Panday attempting to solicit from Mr Haffejee a higher discount on the unit price of each blanket supplied. **H6c|7**

20.037 Hence, although Panday was already making a profit of R13,500 (122%) on these blankets he nevertheless attempted to make an even higher one by attempting to obtain a greater discount from this supplier (this is something that he did with both Coastlands and Hire It (Pty) Ltd).

20.038 In support of my earlier conclusions regarding the fact that Goldcoast Trading, and or Panday, procured the blankets before the order was awarded by the SAPS, I have also located a Goldcoast Trading letter dated 23 November 2009 (**Document No. 24872**) in which Pranesh has confirmed, on behalf of Panday, that they would be procuring 100 blankets from Limco Blankets at a total cost of R11,000. **H6c|5**

RR4-TSW-0417

UNPAID INVOICES GOLDCOAST TRADING & ALLEGED COVER QUOTING

20.039 During my review of documents contained in a lever arch file, marked volume 41 (**Documents No. 14551 – 14950**) that contain copies of exhibits that were seized from the SAPS SCM Unit (exhibit bag 671405), I was able to identify seven instances where the police were in possession of various procurement documents relating to alleged *orders* awarded to Goldcoast Trading. In these documents, I also identified various quotations that were provided by some of the entities that I have discussed in preceding paragraphs of my report, and which include, *inter alia*, Pearl Star Investments, Rocksteel Investments (Pty), Launchzone and P B C Accommodation Specialist or Plastic Blown Containers (Pty) Ltd[1]. However, none of these invoices submitted by Goldcoast Trading have been paid by the SAPS, neither is there any evidence of there being any financial authority or an order number or commitment of funds document authorising the procurement of the services as detailed in the quotations and or invoices from Goldcoast Trading.

20.040 A summary of these documents is detailed below:

1. Goldcoast Trading Invoice No. 100228 in the amount of R32,760 (**Document No. 14725**) for the Nongoma deployment between the period 28 May 2010 to 4 June 2010 (**Document No.'s 14715 – 14728**); **H137**

2. Goldcoast Trading Invoice No. 100198 in the amount of R32,760 (**Document No. 14733**) for the Nongoma deployment between the period 7 May 2010 to 14 May 2010 (**Document No.'s 14729 – 14738**); **H138**

[1] These entities have been discussed in paragraphs 14.056 to 14.085. of my report.

3. Goldcoast Trading Invoice No. 100102 in the amount of R150,000 (**Document No. 14741**) for the Nongoma and Ulundi deployment between the period 25 February 2010 to 28 February 2010 (**Document No.'s 14739 – 14744**); **H139**

4. Goldcoast Trading Invoice No. 100101 for R185,000 (**Document No. 14746**) for the Nongoma and Ulundi deployment between the period 25 February 2010 to 28 February 2010 (**Document No's 14745 – 14749**); **H140**

5. Goldcoast Trading Invoice No. 100100 for R184,600 (**Document No.14751**) for the Nongoma and Ulundi deployment between the period 25 February 2010 to 28 February 2010 (**Document No's 14750-14754**); **H141**

6. Goldcoast Trading Invoice No. 100103 for R91,000 (**Document No. 14756**) for the Nongoma and Ulundi deployment between the period 25 February 2010 to 28 February 2010 (**Document No's 14755 - 14759**); and **H142**

7. Goldcoast Trading Invoice No. 10099 for R199,400 (**Document No.14761**) for the Nongoma and Ulundi deployment between the period 25 February 2010 to 28 February 2010 (**Document No's 14760 - 14764**). **H143**

20.041 Each of the documents provided in relation to each of the abovementioned invoices are discussed hereunder in detail:

RR4-TSW-0419

(i) Goldcoast Trading Invoice No. 100228 in the amount of R32,760 **H137**

20.042 I have identified numerous documents contained amongst the exhibits in SCM records and which include the following:

(i) First page titled "Nongoma Extention" [sic] from 28 May 2010 to 4 June 2010 (**Document No. 14715**); **H137|1**

(ii) Submission from the SCM Provincial Commissioner's Office in KwaZulu-Natal dated 28 May 2010 addressed to the Section Head of SCM Acquisition Management (**Document No. 14716|7**); **H137|2-3**

(iii) Interoffice Memo marked for the attention of Madhoe from the Provincial Commander Operational Response Services KwaZulu-Natal (**Document No. 14718**); **H137|4**

(iv) A letter from the Unit Commander of the Public Order Police Durban dated 28 May 2010 (**Document No. 14721**); **H137|5**

(v) A letter from the Office of the Provincial Commander Operational Response Services KwaZulu-Natal dated 26 May 2010 re: Deployment of ORS (KZN) Personnel (**Document No. 14722|24**); **H137|6-8**

(vi) Goldcoast Trading Invoice No. 100228 for R32,760 (**Document No.14725**); **H137|9**

(vii) Goldcoast Trading quotation dated 25 May 2010 (**Document No. 14726**); **H137|10**

(viii) Brakenshaw Investments (Pty) Ltd quotation No. 193 dated 25 May 2010 for R35,900 (**Document No. 14727**); **H137|11**

(ix) PBC Accommodation Specialist quotation No. MA30 dated 25 May 2010 (**Document No. 14728**); **H137|12**

20.043 The submission from the Provincial Commissioner's Office SCM dated 28 May 2010 (**Document No. 14716**) contains Narainpershad's name in the enquiries column of this document (refer to Record 100 below) and at the bottom of the page where the signature of the author is required (refer to Record 101 below) also contains a place for his signature. **H137|2**

Record 100 **H137|2**

Verwysing Reference	3/3/1/121/3
Navrae Enquiries	Capt Narainpershad
Telefoon Telephone	031-3255824
Faksnommer Fax number	031-3255823

Record 101

_____ CAPTAIN
A NARAINPERSHAD

APPROVED / NOT APPROVED

_____

_____ COLONEL
SECTION HEAD: ACQUISITION MANAGEMENT
SUPPLY CHAIN MANAGEMENT : KWAZULU NATAL
N MADHOE

20.044 As indicated in Record 101 above, Narainpershad has not signed this document, whilst Madhoe has not approved the content of this submission which is for the extension of accommodation of members to be deployed to Nongoma between the period 28 May 2010 to 11 June 2010. **H137|2**

20.045 Paragraph 2 of the submission indicates that three quotations were obtained from letting agents as detailed in Record 102 below: **H137|2**

Record 102

QUOTATIONS OBTAINED

Three quotes were received from the following letting agents for the period 2010-05-28 to 2010-06-04

2.1	Brackenshaw Invstments (Pty) Ltd	: 8 members	: R35 900,00
2.2	PBC Accommodation Specialists	: 8 members	: R40 210,00
2.3	Goldcoast Trading	: 8 members	: R32 760,00

014716

20.046 The quotation from PBC Accommodation Specialist (**Document No 14728**) is similar to the blank letterhead of Plastic Blown Containers located amongst Panday's records (**Document No. 24987**). In fact, both these entities registration number are the same i.e. 05/27849/07. The differences in these two letterheads are illustrated in Record 103 and Record 104 below. **H137|12**

(Document No.14754)	**(Document No. 24987)**	H137|2
Record 103	**Record 104**	**A35**
P.B.C Accommodation Specialist CO. REG .NO . 05/27849/07	024987 PLASTIC BLOWN CONTAINERS (PTY) LTD CO.REG NO 05/27849/07	

20.047 A search performed with CIPC through Experian revealed that the correct registration number for Plastic Blown Containers is 1947/027849/07 and not 05/27849/07 as reflected in both the aforementioned documents. I have also determined that the correct name for this entity, with the registration number 1947/027849/07, is Plastic Blown Containers (Pty) Ltd and not P.B.C Accommodation Specialist. **A45**

20.048 I have not been able to connect the quotation from BrackenShaw Investments (Pty) Ltd to Panday or his related companies; however, I have determined from an Experian report extracted on this entity that the only member thereof is Mr MNE Joosab (Id 621120 5212 050) who resides at 565 Musgrave Road Berea Durban, and whose business address is recorded as 48 Peters Road, Sea Cow Lake. **H137|11**

20.049 The aforementioned business address of Mr MNE Joosab, namely 48 Peters Road, Sea Cow Lake, is the same as the address that is appended on the letterhead of Plastic Blown Containers (**Document No 24987**) as illustrated on Record 65 on page 163 of my report which document was also located amongst Panday's records. I have also identified, on a letterhead from Rocksteel Investments (Pty) Ltd, the residential address of Mr MNE Joosab namely 565 Musgrave Road, Berea Durban, which has been handwritten on this document and is also included amongst Panday's records (**Document No. 24989**). An extract of the address, as appended on this document (**Document No. 24989**), is reflected in Record 105 below.

RR4-TSW-0422

Record 105

565 MASGRAVE - R
MUGRAVE, DURBAN
4034
031 2084852

20.050 The aforementioned Experian report of Brakenshaw Investments (Pty) Ltd also includes other business interest of Mr MNE Joosab which include: Mish Mart Holdings (Pty) Ltd and Plastic Blown Containers (Pty) Ltd whose letterheads were also located amongst Panday's records and which has already been discussed in preceding paragraphs of this report[1]. **A41** **A35**

(ii) Goldcoast Trading Invoice No. 100198 in the amount of R32,760 **H138**

20.051 I have identified numerous documents contained amongst the exhibits in SCM records relating to Goldcoast invoice No. 100198 and which include the following:

(i) First page titled "Nongoma (8) (Extention)" [sic] from 7 May 2010 to 14 May 2010 (**Document No. 14729**); **H138|1**

(ii) Submission from the SCM Provincial Commissioner's Office in KwaZulu-Natal dated 7 May 2010 addressed to the Section Head of SCM Acquisition Management (**Document No. 14730\1**); **H138|2-3**

(iii) Goldcoast Trading quotation dated 4 May 2010 (**Document No. 14732**); **H138|4**

[1] Refer 14.056 to 14.085

(iv) Goldcoast Trading Invoice No. 100198 for R32,760 (**Document No.14733**); **H138|5**

(v) Brakenshaw Investments (Pty) Ltd quotation No. 190 dated 4 May 2010 for R36,760 (**Document No. 14727**); **H138|6**

(vi) Launchzone Travel Solutions quotation No. 100 dated 4 May 2010 for R40,500 (**Document No. 14735**); **H138|7**

(vii) Letter from the Office of the Provincial Commander Operational Response Services KwaZulu-Natal dated 7 May 2010: re "Detachment Duties: POP members: Taxi Conflict: Nongoma Area: From Friday 2010-05-07 to Friday 2010-05-14" (**Document No. 14736|7**); and **H138|8-9**

(viii) Schedule of Police Members (**Document No. 14738**). **H138|10**

20.052 The submission from the Provincial Commissioner's Office SCM dated 7 May 2010 (**Document No. 14730**) contains Narainpershad's name in the enquiries column of this document (refer to Record 106 below) and at the bottom of the page where the signature of the author is required (refer to Record 107 below) also contains a place for his signature. **H138|2**

Record 106 **Record 107** **H138|2**

Verwysing Reference	3/3/1/121/3
Navrae Enquiries	Capt Narainpershad
Telefoon Telephone	031-3255824
Faksnommer Fax number	031-3255823

_____ CAPTAIN
A NARAINPERSHAD

APPROVED / NOT APPROVED

_____

_____

_____ COLONEL
SECTION HEAD: ACQUISITION MANAGEMENT
SUPPLY CHAIN MANAGEMENT : KWAZULU NATAL
N MADHOE

20.053 As indicated in Record 107 above, Narainpershad has not signed this document, whilst Madhoe has not approved the content of this submission which is for the extension of accommodation of members to be deployed to Nongoma between the period 7 May 2010 to 14 May 2010. **H138|2**

RR4-TSW-0424

20.054 Paragraph 2 of the submission indicates that three quotations were obtained from letting agents as detailed in Record 108 below: **H138|2**

Record 108

QUOTATIONS OBTAINED

Three quotes were received from the following letting agents for the period 2010-05-07 to 2010-0514:

2.1	Launchzone Travel Solutions	: 8 members	: R40 500,00
2.2	Brakenshaw Investment (Pty) Ltd	: 8 members	: R36 760,00
2.3	Goldcoast Trading	: 8 members	: R32 760,00

014730

20.055 The quotations of each of the aforementioned suppliers identified in Record 108 above are also available in the SCM file (**Document No. 14732, 14734 (14727) and 14735**). I shall not repeat the content of my discussion relating to Brackenshaw Investment (Pty) Ltd, as discussed in paragraphs 20.046 to 20.050 above; however, I am able to confirm that the quotation of Launchzone Travel Solutions is written on the same letterhead of this entity that was located amongst Panday's records[1]. **H138|4-7** **A34**

(iii) Goldcoast Trading Invoice No. 100102 in the amount of R150,000 **H139**

20.056 The documents held by SCM relating to Goldcoast Trading Invoice No. 100102 include the following documents:

(i) First page titled "Nongoma & Ulundi (SAO)" from 26 February 2010 to 28 February 2010 (**Document No. 14739**); **H139|1**

(ii) An unsigned submission from the Provincial Commissioner's Office SCM KwaZulu-Natal dated 24 February 2010 (**Document No. 14740**); **H139|2**

(iii) Goldcoast Trading Invoice No. 100102 for R150,000 (**Document No. 14741**); **H139|3**

(iv) Goldcoast Trading quotation dated 22 February 2010 (**Document No. 14742**); **H139|4**

[1] Refer 14.056 to 14.085

(v) Rocksteel Investments (Pty) Ltd quotation No. 248 dated 22 February 2010 (**Document No. 14743**); and **H139|5**

(vi) Pearl Star Investments 246 quotation dated 22 February 2010 (**Document No. 14744**). **H139|6**

20.057 The unsigned submission indicates that both Narainpershad and Madhoe were involved in this process although none of them have appended their signatures on the submission and therefore, the recommendation to appoint Goldcoast Trading was not approved (**Document No. 14740**). **H139|2**

20.058 Paragraph 2 of this submission indicates that three quotations were obtained from letting Agents as detailed in Record 109 below. **H139|2**

Record 109

QUOTATIONS OBTAINED

Three quotes were obtained from the following letting Agents for the period 2010-02-25 to 2010-02-28

2.1	Goldcoast Trading	:	100 members	:	R150 000,00
2.2	Rocksteel Investments (Pty) Ltd	:	100 members	:	R165 750,00
2.3	Pearl Star Investvestmentss 246	:	100 members	:	R175 000,00

20.059 The quotations from the suppliers detailed in Record 109 above, are also contained in the SCM file. I can conclude from the examination thereof that the letterheads in respect of the quotations from Rocksteel Investments (Pty) Ltd (**Document No. 14743)** and Pearl Star Investments 246 (**Document No. 14744**) are the same as those blank and completed letterheads that were located amongst Panday's records (**Document No 24989** and **24985** respectively) in a file marked "different letterheads"[1] which have been discussed in preceding paragraphs of my report[2]. **H139|4-6** **A37|A33**

[1] Refer to Record 64 on page 138 of my report.
[2] Refer to paragraphs 14.056 to 14.085.

RR4-TSW-0426

(iv) Goldcoast Trading Invoice No. 100101 for R185,000 — H140

20.060 The documents held by SCM relating to Goldcoast Trading Invoice No. 100101 include the following documents:

(i) An unsigned submission from the Provincial Commissioner's Office SCM KwaZulu-Natal dated 24 February 2010 (**Document No. 14745**); — **H140|1**

(ii) Goldcoast Trading Invoice No. 100101 for R185,000 (**Document No. 14746**); — **H140|2**

(iii) Goldcoast Trading quotation dated 22 February 2010 (**Document No. 14747**); — **H140|3**

(iv) Rocksteel Investments quotation No. 247 dated 22 February 2010 (**Document No. 14748**); and — **H140|4**

(v) Pearl Star Investments 246 quotation dated 22 February 2010 (**Document No. 14749**). — **H140|5**

20.061 The unsigned submission indicates that both Narainpershad and Madhoe were involved in this process although none of them have appended their signatures on the submission and therefore, the recommendation to appoint Goldcoast Trading was not approved (**Document No. 14745**). — **H140|1**

20.062 Paragraph 2 of this submission indicates that three quotations were obtained from letting Agents as detailed in Record 110 below. — **H140|1**

Record 110 — **H140|1**

QUOTATIONS OBTAINED

Three quotes were obtained from the following letting Agents for the period 2010-02-25 to 2010-02-28

2.1	Goldcoast Trading	: 125 members	:	R185 000,00
2.2	Rocksteel Investments (Pty) Ltd	: 125 members	:	R189 750,00
2.3	Pearl Star Investvestmentss 246	: 125 members	:	R193 750,00

20.063 The quotations from the suppliers detailed in Record 110 above, are also contained in the SCM file. I can conclude from the examination thereof that the letterheads in respect of the quotations from Rocksteel Investments (Pty) Ltd (**Document No. 14748)** and Pearl Star Investments 246 (**Document No. 14749**) are similar as those blank and completed letterheads that were located amongst Panday's records (**Document No 24989** and **24985** respectively) in a file marked "different letterheads"[1] which have been discussed in preceding paragraphs of my report[2]. **H140|3-5** **A37|A33**

(v) Goldcoast Trading Invoice No.100100 in the amount of R184,600 **H141**

20.064 The documents held by SCM relating to Goldcoast Trading Invoice No. 100100 include the following documents:

(i) An unsigned submission from the Provincial Commissioner's Office SCM KwaZulu-Natal dated 24 February 2010 (**Document No. 14750**); **H141|1**

(ii) Goldcoast Trading Invoice No. 100100 for R184,600 (**Document No. 14751**); **H141|2**

(iii) Goldcoast Trading quotation dated 22 February 2010 (**Document No. 14752**); **H141|3**

(iv) Pearl Star Investments 246 quotation dated 22 February 2010 (Document No. **14753**); and **H141|4**

(v) P.B.C Accommodation Specialist quotation No. Feb129 dated 22 February 2010 (**Document No. 14754**). **H141|5**

20.065 The unsigned submission indicates that both Narainpershad and Madhoe were involved in this process although none of them have appended their signatures on the submission and therefore, the recommendation to appoint Goldcoast Trading was not approved (**Document No. 14750**). **H141|1**

[1] Refer to Record 64 on page 138 of my report.
[2] Refer to paragraphs 14.056 to 14.085.

20.066 Paragraph 2 of this submission indicates that three quotations were obtained from letting Agents as detailed in Record 111 below.

Record 111

QUOTATIONS OBTAINED

Three quotes were obtained from the following letting Agents for the period 2010-02-25 to 2010-02-28

2.1	Goldcoast Trading	:	125 members	:	R184 600,00
2.2	Pearl Star Investments	:	125 members	:	R189 200,00
2.3	PBC Accommodation Specialist	:	125 members	:	R190 000,00

20.067 The quotations from the suppliers detailed in Record 111 above, are also contained in the SCM file. I can conclude from the examination thereof that the letterheads in respect of the quotations from P.B.C Accommodation Specialist[1] (**Document No. 14754)** and Pearl Star Investments 246 (**Document No. 14753**) are the similar as those blank and completed letterheads that were located amongst Panday's records (**Document No 24987** and **24985** respectively) in a file marked "different letterheads"[2] which have been discussed in preceding paragraphs of my report[3]. **H141|4-5** **A33|A35**

(vi) Goldcoast Trading Invoice No.100103 for R91,000

20.068 The documents held by SCM relating to Goldcoast Trading Invoice No. 100100 include the following documents:

(i) An unsigned submission from the Provincial Commissioner's Office SCM KwaZulu-Natal dated 24 February 2010 (**Document No. 14755**); **H142|1**

(ii) Goldcoast Trading Invoice No. 100103 for R91,600 (**Document No. 14756**); **H142|2**

(iii) Goldcoast Trading quotation dated 22 February 2010 (**Document No. 14757**); **H142|3**

[1] Refer to paragraphs 12.067 to 12.068 where I discuss the difference between the letterhead of PBC Accommodations Specialist and Plastic Brown Containers (Pty) Ltd
[2] Refer to Record 64 on page 138 of my report.
[3] Refer to paragraphs 14.056 to 14.085.

(iv) Rocksteel Investments (Pty) Ltd quotation No 249. dated 22 February 2010 (**Document No. 14758**); and **H142|4**

(v) Pearl Star Investments 246 quotation dated 22 February 2010 (**Document No. 14759**). **H142|5**

20.069 The unsigned submission indicates that both Narainpershad and Madhoe were involved in this process although none of them has appended their signatures on the submission and therefore, the recommendation to appoint Goldcoast Trading was not approved (**Document No.14755**). **H142|1**

20.070 Paragraph 2 of this submission indicates that three quotations were obtained from letting Agents as detailed in Record 112 below.

Record 112 **H142|1**

QUOTATIONS OBTAINED

Three quotes were obtained from the following letting Agents for the period 2010-02-25 to 2010-02-28

2.1	Goldcoast Trading	: 40 members	:	R91 000,00
2.2	Rocksteel Investments (Pty) Ltd	: 40 members	:	R95 500,00
2.3	Pearl Star Investvestmentss 246	: 40 members	:	R104 000,00

20.071 The quotations from the suppliers detailed in Record 112 above, are also contained in the SCM file. I can conclude from the examination thereof that the letterheads in respect of the quotations from Rocksteel Investments (Pty) Ltd (**Document No. 14758)** and Pearl Star Investments 246 (**Document No. 14759**) are similar as those blank and completed letterheads that were located amongst Panday's records (**Document No 24989** and **24985** respectively) in a file marked "different letterheads"[1] which have been discussed in preceding paragraphs of my report[2]. **H142|4-5** **A33|A37**

[1] Refer to Record 64 on page 138 of my report.
[2] Refer to paragraphs 14.056 to 14.085.

(vii) Goldcoast Trading Invoice No.10099 for R199,400

20.072 The documents held by SCM relating to Goldcoast Trading Invoice No. 100099 include the following documents:

(i) An unsigned submission from the Provincial Commissioner's Office SCM KwaZulu-Natal dated 24 February 2010 (**Document No. 14760**); **H143|1**

(ii) Goldcoast Trading Invoice No. 10099 for R199,400 (**Document No. 14761**); **H143|2**

(iii) Goldcoast Trading quotation dated 22 February 2010 (**Document No. 14762**); **H143|3**

(iv) Rocksteel Investments (Pty) Ltd quotation No 250. dated 22 February 2010 (**Document No. 14763**); and **H143|4**

(v) Pearl Star Investments 246 quotation dated 22 February 2010 (**Document No. 14764**). **H143|5**

20.073 Paragraph 2 of this submission indicates that three quotations were obtained from letting Agents as detailed in Record 113 below.

Record 113 **H143|1**

QUOTATIONS OBTAINED

Three quotes were obtained from the following letting Agents for the period 2010-02-25 to 2010-02-28

2.1	Goldcoast Trading	:	150 members	:	R199 400,00
2.2	Rocksteel Investments (Pty) Ltd	:	150 members	:	R205 000,00
2.3	Pearl Star Investvestmentss 246	:	150 members	:	R235 000,00

20.074 The quotations from the suppliers detailed in Record 113 above, are also contained in the SCM file. I can conclude from the examination thereof that the letterheads in respect of the quotations from Rocksteel Invetsments (Pty) Ltd (**Document No. 14763)** and Pearl Star Investments 246 (**Document No. 14764**) are similar as those blank and completed letterheads that were located amongst Panday's records (**Document No 24989** and **24985** respectively) in a file marked "different letterheads"[1] which have been discussed in preceding paragraphs of my report[2]. **H143|4-5** **A33|A37**

Summary of Findings

20.075 The SAPS SCM Unit is in possession of invoices from Goldcoast Trading in the aggregate amount of R725,520 which invoices are for deployments that allegedly took place at Nongoma and Ulundi between the period 25 February 2010 to 4 June 2010 in KwaZulu-Natal .

20.076 In all the above instances, Goldcoast Trading quotations were the most cost effective in comparison to the unsuccessful suppliers quotations that are on record. Whilst, in all seven instances, Goldcoast Trading have issued their invoices for payment of the alleged services rendered despite the fact that none of the recommendations to award the work to Goldcoast Trading, as detailed in the seven submissions, was approved by Madhoe, in addition to the fact that there is no financial authority for these expenses.

[1] Refer to Record 64 on page 138 of my report.
[2] Refer to paragraphs 14.056 to 14.085.

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20.077 It has also been established, in respect of the unsuccessful suppliers who also quoted for this work, that Panday had copies of their letterheads in his records, and which were described therein as "different letterheads," as illustrated in Record 64 on page 162 of my report. In most occasions, the same entities competed against Goldcoast Trading but were not successful with their quotation as their prices were consistently higher than that of Goldcoast Trading. The only reasonable inference that can be drawn from this information is that Panday conspired to, or with, the SAPS SCM personnel to mislead management that the procurement process was fair, transparent, equitable, cost effective and competitive when it was not. Panday was successful in manipulating this process as he was in possession of the unsuccessful suppliers letterheads in addition to, having a relationship with Narainpershad and Madhoe as he was paying for benefits on behalf of these two officials[1].

20.078 It has further been determined from the examination of the various procurement documents relating to these invoices that one of the suppliers who quoted against Goldcoast Trading, namely PBC Accommodation Specialist, used a letter head similar to that of Plastic Blown Containers (Pty) Ltd, and whose letterheads both contain the same registration number 05/27849/07. Enquiries performed with CIPC revealed that this registration number is invalid, although it was also determined that registration number 1947/027849/07 belongs to Plastic Blown Containers (Pty) Ltd whose director has business interests in Mish Mart Holdings (Pty) Ltd and Brakenshaw Investments (Pty) Ltd, two suppliers who have been used in the procurement process to compete with Goldcoast Trading.

20.079 Detailed hereunder is a table illustrating a summary of the Goldcoast Trading invoices and the alleged suppliers who quoted against this company together with their prices.

[1] Refer to paragraphs 15.019 to 15.119.

GOLDCOAST TRADING			SUPPLIER 1		SUPPLIER 2	
Invoice No	**Invoice. Date**	**Invoice Amount**	**Name**	**Amount (R)**	**Name**	**Amount (R)**
100228	04-06-2010	32,760	Brakenshaw Investments (Pty) Ltd	35,900	P.B.C Accommodation Specialists	40,210
100198	14-05-2010	32,760	Brakenshaw Investments (Pty) Ltd	36,760	Launchzone Travel Solutions	40,500
100102	01-03-2010	150,000	Rocksteel Investments (Pty) Ltd	165,750	Pearl Star Investments 246	175,000
100101	01-03-2010	185,000	Rocksteel Investments (Pty) Ltd	189,750	Pearl Star Investments 246	193,750
100100	01-03-2010	184,600	P.B.C Accommodation Specialist	190,000	Pearl Star Investments 246	189,200
100103	01-03-2010	91,000	Rocksteel Investments (Pty) Ltd	95,500	Pearl Star Investments 246	104,000
10099	01-03-2010	199,400	Rocksteel Investments (Pty) Ltd	205,000	Pearl Star Investments 246	235,000
		875,520				

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KWAZULU-NATAL DEPLOYMENTS

Introduction

20.080 The Operational Response Services (**ORS**) of the SAPS is responsible for deploying members of the SAPS to various areas within the Province of KwaZulu-Natal during times of unrest or occasions when communities may be exposed to potential threats such as taxi violence or political instability. As such, it is also necessary to ensure that accommodation for these personnel is provided during their deployment period.

20.081 I understand that, historically, the ORS section was responsible for securing accommodation for these police members however, at some point, this changed and the SAPS SCM unit became solely responsible for securing accommodation for these members during their deployments.

Orders Issued to Goldcoast Trading

20.082 One of the suppliers that were used in securing accommodation for these deployments is Goldcoast Trading who have received orders in the aggregate amount of R12,981,083 from the SAPS as detailed in paragraph 20.001 of my report.

20.083 According to the available documentation, I have determined that the deployments in respect of the aforementioned orders took place at the following locations:

1. Durban;
2. Estcourt;
3. Greytown;
4. Ingwenyama Conference & Sports resorts;
5. Ladysmith;

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6. Newcastle;
7. Nongoma;
8. Pinetown;
9. Pongola;
10. Stanger;
11. Sundumbili; and
12. Ulundi

20.084 As such, my analysis of the payments and supporting documents in relation to the abovementioned deployments have been grouped in respect of each of these locations and will be discussed hereunder in subsequent paragraphs of my report. The only exception is that for all the orders that were issued to Goldcoast Trading in respect of deployments in the Pongola region, the submissions reflect that three quotations were provided although copies of these alleged quotations are not available for my review.

Procurement Procedures

20.085 I can however confirm, for each of the orders awarded to Goldcoast Trading, that only one quotation was obtained either because it was an urgent matter, or there was no accommodation available, or because the deployment was an extension to an existing urgent matter.

20.086 The SCM Manual does allow for the procurement of services on a single quotation provided that proof of reasonableness of the quotation is available for audit purposes[1]. I can confirm, from my review of all the above-mentioned documents, that there is no evidence to validate that this requirement of the SCM manual had been complied with, either by Madhoe or Narainpershad or any other person involved with SCM. **A1|210**

20.087 I can also confirm that any order awarded on a single quotation, that is less than R200,000, may only be approved by a functionary equal to or higher than a Director attached to the SCM unit[2]. Madhoe has approved a number of these orders when he did not have the authority to do so, as he is only a Senior Superintendent (Colonel)[3] in the SAPS SCM unit. **A1|212**

20.088 There is also a provision in the SCM manual to allow the procurement of the services of a supplier on a single quotation, or an urgent or emergency basis provided that the nature of the urgency, or emergency, or the losses or consequences that will follow if action is not taken, is certified by a person holding the rank of at least Director or higher. **A1|218**

20.089 There have been a number of instances where orders to Goldcoast Trading were split so that the order stayed within the approved delegated amount of Madhoe. One of these, which is discussed in detail in subsequent paragraphs of my report, is the Sundumbili deployments where it appears that Goldcoast Trading were asked to quote on a reduced deployment period even though the call up instruction[4] was for the full deployment period. Taking cognisance of Goldcoast Trading's aggregate quoted price for the deployment period, it is reasonable to conclude that the quoted deployment period was reduced so that the order stayed within the approved delegated amount. **H115 - H133**

[1] Part 2 Invitations and Acceptance of Price Quotations up the value of R200,000 is discussed in paragraphs 11.015 to 11.020 of my report.
[2] Refer to paragraph 11.018 of my report.
[3] Refer to Figure 2 and Figure 3 on page 95 of my report for an illustration of the police rank structure both present and past.
[4] A call up instruction is the authority from ORS for the deployment of members at a specific place and for a specific period. It also identifies the financial authority for members to claim a standing advance.

(i) Durban Deployments **H13 – H17**

20.090 Four (4) orders in the aggregate amount of R390,650 were awarded to Goldcoast Trading for the accommodation of police members in Durban. A summary of these four (4) orders, the cost of sales and gross profit margins realised by Goldcoast Trading is detailed hereunder: **H13**

Order No	Invoice Amount (R)	Cost Price (R)	Gross Profit (R)	Gross Profit %	Note	
AC910570	131,250.00	65,155.50	66,094.50	101	(01)	**H14**
AD339685	31,600.00	13,747.40	17,852.60	130	(02)	**H15**
AD339686	28,000.00	10,400.00	17,600.00	169	(02)	**H16**
AD339965	199,800.00	70,200.00	129,600.00	185	(03)	**H17**
Total	**390,650.00**	**159,502.90**	**231,147.10**	**145**		

Notes

(01) The submission document for this order indicates that only one quotation was obtained due to the urgency of the call up (**Document No. 000721**). **H14b|1**

(02) The submission document for this order indicates that only one quotation was obtained due to the non availability of other accommodation (**Document No.000859** and **000872)** **H15b|2 H16b|2**

(03) The submission document for this order indicates that only one quotation was obtained due to the urgency of the situation (**Document No. 000850**). **H17b|2**

20.091 I have determined, from the signatures appended on the payment authorisation form for each of the abovementioned four (4) orders, that Narainpershad appears to have certified the payment to Goldcoast Trading and, by doing so, has certified that the charges are fair and reasonable whilst Madhoe, by appending what appears to be his signature, has approved the order.

20.092 I can conclude from my analysis of the supporting documents in relation to these four (4) orders that, of the R390,650 paid to Goldcoast Trading, they made a profit of R231,147.10 or 145% on their cost of sales.

20.093 All accommodation was secured at either the Road Lodge Umhlanga, Southern Sun Elangeni, Hilton or La Mercy Beach Hotels most of which are well known in Durban and therefore, I can conclude that the reasonableness of the motivation in the submission with regards to the non availability of accommodation in Durban appears to be untrue. This is because Goldcoast Trading, who purports to be an accommodation broker, is able to provide accommodation despite the alleged non-availability of accommodation in Durban.

20.094 The cost of sales to Goldcoast Trading in relation to the aforementioned four (4) orders indicates what the market related prices of the accommodation for these orders ought to have been and therefore, it would be reasonable to conclude that the requirement of reasonableness, as stipulated in the SCM manual, could never be applied to any of these orders. It is also reasonable to conclude that these prices were not market related and therefore, the appointment of Goldcoast Trading was not fair, equitable, transparent, competitive and cost effective.

20.095 Effectively, the SAPS paid R231,147.10 more than they should have to accommodate the police members in respect of these four (4) orders whilst there does not appear to be any issue concerning the availability of accommodation.

20.096 I can also conclude from previous documents[1] identified amongst the records of Goldcoast Trading and or the SAPS SCM unit, which are letters from Goldcoast Trading addressed to the SAPS wherein it was recorded that Goldcoast Trading was only an accommodation broker and therefore, makes a 20% profit on their cost of sales. It is clearly evident from my examination of these four (4) orders that their profit margins were nowhere near 20% and as a result, they have misrepresented their profit margins to the SAPS. **B24** **B25|3**

[1] Refer to paragraph 12.053 to 12.056 (Document No 21021 (**B24**)) and paragraph 12.057 to 12.060 (Document No. 18412|3 (**B25|3**)).

20.097 Madhoe has approved these orders and did not have the authority to do so as only a functionary of Director or higher had the authority to approve orders where only a single quotation was obtained. **A1|212**

(ii) Durban North **H18 – H20**

20.098 Two (2) orders in the aggregate amount of R217,500 were awarded to Goldcoast Trading by the SAPS for deployments in Durban North. A summary of these two orders, the cost of sales and gross profit margins realised by Goldcoast Trading are detailed hereunder: **H18**

Order No	Invoice Amount (R)	Cost Price (R)	Gross Profit (R)	Gross Profit %	Note	
AD341711	112,500.00	60,000.00	52,500.00	88	(01)	**H19**
AD341712	105,000.00	56,000.00	49,000.00	88	(01)	**H20**
Total	**217,500.00**	**116,000.00**	**101,500.00**	**88**		

Notes

(01) The submission document for this order indicates that only one quotation was obtained as no other accommodation was available (**Document No. 000689 (H19b|2)** and **000696 (H20b|2)**). **H19b|2** **H20b|2**

20.099 In both instances, Narainpershad has certified, by appending what appears to be his signature, that the charges by Goldcoast Trading were fair and reasonable. Taking into account Goldcoast Trading's cost of sales it is clear that these charges were not fair and reasonable and therefore, the police have paid R101,500 more for these services than they should have.

20.100 I have also determined that, in these two instances, Goldcoast Trading's gross profit margins realised was 88% which margin is in conflict with two letters they addressed to the police that is discussed in preceding paragraphs of my report where they have indicated that their profit margins are only 20%[1]. **B24** **B25|3**

20.101 Madhoe has approved, by appending what appears to be his signature, the procurement of these services on the submission document, which he did not have the authority to do as only a Director, or higher ranked officer had the authority to approve orders on a single quotation whilst ensuring that proof of the reasonableness of their quotation is available for audit purposes. **A1|212** **A1|210**

(iii) Gamalakhe **H43 – H44**

20.102 One (1) order in the amount of R120,000 was awarded to Goldcoast Trading for the accommodation of police members at Gamalakhe region. A summary of this order, the cost of sales and gross profit margins realised by Goldcoast Trading is detailed hereunder: **H43**

Order No	Invoice Amount (R)	Cost Price (R)	Gross Profit (R)	Gross Profit %	Note
AD336696	120,000	26,400	93,600	355	(01)

H44

Notes

(01) Only one quotation was obtained due to the urgency of the matter (**Document No. 000839**). **H44b|2**

[1] Refer to paragraph 12.053 to 12.056 (Document No 21021 (**B24**)) and paragraph 12.057 to 12.060 (Document No. 18412|3 (**B25|3**)).

20.103 The call up instruction received from the deployment of police personnel in the Port Shepstone region is dated 29 December 2009 (**Document No. 000890**) and states in paragraph 4.1 that :"*POP Empangeni members will be accommodated at no. 795 Marine Drive Shelly Beach – Coastals Letting Apartment, (Bed only)"*. Based on this call up instruction, it appears that the members were pre-booked to stay at Coastal Letting Apartments as at 29 December 2009. **H44b|3-4** **H44b|4**

20.104 The submission document (**Document No. 000839**) dated 29 December 2009 reflects in paragraph 2.1 that *"one quote obtained due to the urgency of the situation"* and this quote was from Goldcoast Trading in the amount of R120,000, Based thereon, Narainpershad has recommended that Goldcoast Trading be appointed to provide the service in the interest of public safety and to maintain law and order. An extract of paragraph 2 to 4 of this submission is illustrated in Record 114 below. **H44b|2**

Record 114 **H44b|2**

2. **QUOTATIONS OBTAINED**

2.1 One quote obtained due the urgentcy of the situation.

3. **COST IMPLICATIONS**

3.1. Goldcoast Trading : 2009-12-30 to 2010-01-23 :R120 000.00 (8 members)

4. **RECOMMENDATION**

In view of the above, paragraph 3.1. is recommended. It is in the interest of public safety and to maintain law and order that this application be approved.

CAPTAIN A NARAINPERSHAD

A NARAINPERSHAD CAPTAIN

20.105 However, the quotation obtained from Goldcoast Trading (**Document No. 893**) is dated 6 January 2010 seven (7) days after the submission (**Document No. 000839**) was prepared and signed by Narainpershad, which is dated 29 December 2009. The only reasonable conclusion to make from this observation is that when the submission was signed by Narainpershad, and or approved by Madhoe, they did not have Goldcoast Trading's quotation and may have only obtained a verbal one from Panday and or Goldcoast Trading on the 29 December 2009. **H44b|6** **H44b|2**

20.106 I have also observed that the call up instruction indicates that the members would be accommodated at Coastal Letting Apartments and therefore, it would be reasonable to conclude that the accommodation of these members, at the aforementioned venue, had already been prearranged when this call up instruction was issued. Therefore, there was no urgency or reason to approach Goldcoast Trading for a quotation as Narainpershad or members of the SCM unit could have approached Coastal Holiday Letting directly. **H44b|3-4**

20.107 I have also identified amongst Goldcoast Trading's records a statement from Coastal Holiday Letting (**Document No. 021237**) and an email from Cindy McDonald of Coastal Holiday Letting dated 29 December 2009 addressed to Panday (**Document No. 021236**). **H44c|1** **H44c|2**

20.108 The aforementioned statement reflects that Goldcoast Trading were charged by Coastal Holiday Letting for accommodating eight (8) members for twenty four (24) nights at R1,100 per night which equates to R26,400[1]. **H44c|2**

20.109 There is also an email from Cindy McDonald to Panday's email address although the email itself is addressed to Kajal which email included a quote for the amount of R27,400 and which quote included a R1,000 breakage deposit. **H44c|2**

[1] 24 nights x R1,100 per night = R26,400

20.110 Based on the aforementioned documents, I can conclude that the Goldcoast Trading made a gross profit in the amount of R93,600 (355%) of the R120,000 invoiced to the police.

20.111 It would appear therefore that the police had paid R93,600 more for this service as the market related, or fair and reasonable price for this accommodation was only R26,400. At the very least, Narainpershad should have verified whether the quoted price of Goldcoast Trading was fair and reasonable taking into account that only one quotation was obtained.

20.112 Madhoe has also approved the order, as what appears to be his signature is appended to the submission, on a single quotation when he did not have the delegated authority to do so in addition to, the fact that there is no evidence of the proof of reasonableness being made available for audit purposes on file.

(iv) Ingwenyama Conference and Sport Resort **H64 - H65**

20.113 One (1) order in the amount of R20,400 was awarded to Goldcoast Trading for the accommodation of police members at Ingwenyama Conference and Sport's Resort. A summary of this order, the cost of sales and gross profit margins realised by Goldcoast Trading is detailed hereunder: **H64**

Order No	Invoice Amount (R)	Cost Price (R)	Gross Profit (R)	Gross Profit %	Note
AD339990	20,400.00	8,700.00	11,700.00	134	(01)

H65

Notes

(01) The basis on which Goldcoast Trading was awarded this order is not known at time of issuing this report. I have been unable to locate a submission or any other document which indicates the procurement procedures followed, if any, in respect of this order.

20.114 Narainpershad, by appending what appears to be his signature, has certified that the charges invoiced by Goldcoast Trading were fair and reasonable. Taking into account Goldcoast Trading's cost of sales it is clear that these charges were not fair and reasonable and therefore, the police have paid R11,700 more for this service than they should have.

20.115 Goldcoast Trading's profit margin in relation to this order is 134% which margin is in conflict with two letters that was addressed to the police and which is discussed in preceding paragraphs of my report where they have indicated that their profit margins are only 20%[1]. **B24** **B25|3**

20.116 I cannot conclude who approved this order as the supporting documentation is not available in the documents that have been provided to me for analysis.

(v) Newcastle **H71 - H78**

20.117 Seven (7) orders in the aggregate amount of R930,130 were awarded to Goldcoast Trading for accommodation of police members in the Newcastle region. A summary of these orders, Goldcoast Trading's cost of sales and profit margin's realised on these orders is detailed hereunder: **H71**

[1] Refer to paragraph 12.053 to 12.056 (Document No 21021 (**B24**)) and paragraph 12.057 to 12.060 (Document No. 18412|3 (**B25|3**)).

Order No	Invoice Amount (R)	Cost Price (R)	Gross Profit (R)	Gross Profit %	Note	H71
AD339694	133,280	37,440	95,840	256	(01)	H72
	5,250	1,800	3,450	192	(01)	H73
AD339695	133,280	43,680	89,600	205	(01)	H74
	5,250	2,100	3,150	150	(01)	H75
AD339982	114,240	33,480	80,760	241	(02)	H76
	4,500	1,800	2,700	150	(02)	H77
AD339983	133,280	43,680	89,600	205	(02)	H78
	5,250	2,100	3,150	150	(02)	H79
AD339984	133,280	39,060	94,220	241	(02)	H80
	5,250	2,100	3,150	150	(02)	H81
AD341703	114,240	0	0		(02)	H82
	4,500	0	0		(02)	H83
AD341704	133,280	0	0		(02)	H84
	5,250	0	0		(02)	H85
Total	**930,130**	**207,240**	**465,620**			

Total Reconcilable invoices to cost of sale invoices	**672,860**	**207,240**	**465,620**	**225**

Notes

(01) The supporting documents for these orders indicate that only one quotation was obtained due to the urgency of the situation.

(02) Only one quotation was obtained as this was an extension to an existing deployment and members were already residing at the venue.

20.118 In respect of all seven (7) payments to Goldcoast Trading, Narainpershad appears to have certified that the charges were fair and reasonable. Taking into account Goldcoast Trading's cost of sales (R207,240) for the R672,860 invoiced to the police it is reasonable to conclude that these charges were not fair and reasonable. As a result, the police have paid R465,620 more for the accommodation that was invoiced to them than they should have. **H72 - H78**

20.119 In all five (5) instances where I have been able to determine Goldcoast Trading's cost of sales, I have also been able to confirm that their profit margins on these invoices to the police was in conflict with two letters that they have addressed to the police that is discussed in preceding paragraphs of my report where they have indicated that their profit margins are only 20%[1]. **B24** **B25|3**

20.120 The first order (AD339694) indicates that Goldcoast Trading was appointed because of the urgency that existed in the Amajuba District Municipality and therefore, only one quotation was obtained. However, as I have already discussed in detail in my report under the topic of Part 5 - Urgent and Emergency Cases[2], it is a requirement in the SAPS SCM manual that the principle of competition is adhered to, as far as possible, whilst it is also mandatory to take reasonable steps to ensure that a fair price is obtained. It is evident from the gross profit margins realised by Goldcoast Trading that the prices tendered to the police were not fair and reasonable. **H72b|2** **A1|218**

20.121 It is also a requirement that when procuring goods or services on an urgent or emergency basis, as defined in the SCM manual, to ensure that the reasons for the urgency or emergency or the losses or consequences that will follow if action is not taken, must be certified by a functionary holding at least the rank of Director and placed on file for audit purposes. **A1|218**

20.122 Madhoe has approved the procurement of the services of Goldcoast Trading in respect of this order while he did not have the authority to do so as he is only a Senior Superintendent. Neither is there any evidence on the submission, or elsewhere, that confirms that the urgency of the situation was certified by a functionary holding the rank of at least director. **H72b|2**

[1] Refer to paragraph 12.033 to 12.036 (Document No 21021 (B24)) and paragraph 12.037 to 12.040 (Document No. 18412|3 (B25|3)).
[2] Refer to paragraph 11.026 to 11.028.

20.123 All subsequent orders are an extension to the initial order in which the urgent situation was addressed and approved in a submission contrary to the SAPS SCM manual, which therefore means that, in spite of the fact that it was an extension, it was still necessary to ensure that the prices submitted were fair and reasonable whilst these extensions had to be approved by a functionary of Director or higher should only one quotation have been obtained. There is no evidence available to suggest that any of these orders were approved by a functionary of Director or higher.

(vi) Pinetown **H103 – H105**

20.124 Two (2) orders in the aggregate amount of R149,850 were awarded to Goldcoast Trading for accommodation of police members in the Pinetown region. A summary of these orders, Goldcoast Trading's cost of sales and gross profit margins realised for these orders is detailed hereunder:

Order No	Invoice Amount (R)	Cost Price (R)	Gross Profit (R)	Gross Profit %	Note	
AC910573	29,970	10,500	19,470	185	(01)	**H104**
AD336695	119,880	30,492	89,388	293	(02)	**H105**
Total	**149,850**	**40,992**	**108,858**	**266**		

Notes

(01) Only one quotation was obtained due to the call up instruction received on 18/11/2009 at 10:00 only and the close proximity to the training venue (**Document No.000715**). **H104b|1**

(02) Only one quote was obtained as no other accommodation available that is close to the training (**Document No. 000673**). **H105b|2**

20.125 The call up instruction received in respect of order No. AC910573 (**Document No. 00716**) is an email from Inspector K Stephen dated 17 November 2009 at 03:20pm addressed to POP Commanders in Pietermaritzburg, Newcastle and Port Shepstone. **H104b|2**

20.126 Paragraph 2 of this call up instruction indicates that members would be accommodated at Miss Gets, 10 Beare Drive, Padfield Park, Pinetown. This means that, when the call up instruction was issued on 17 November 2009, Inspector K Stephen already knew that the police members identified in the call up instruction would be accommodated at Miss Gets, before the call up instruction was sent to Narainpershad and Madhoe. I have further observed that, at the bottom of the page, there is a KwaZulu-Natal SCM stamp appended thereon which contains a signature similar to Narainpershad. An extract of this stamp is illustrated in Record 115 below: **H104b|2**

Record 115

2. MEMBERS WILL BE ACCOMMODATED AT MISS GETS, 10 BEARE DRIVE, PADFIELD PARK, PINETOWN

3. MEMBERS WILL QUALIFY FOR DAILY SUSBSITANCE AND MEALS (BREAKFAST, LUNCH AND SUPPER) FOR THE DURATION OF THE TRAINING INTERVENTION.

4. FOR THIS PURPOSE MEMBERS MUST USE THE FOLLOWING CODES:

   OBJECTIVE: 3723
   RESPONSIBILITY: 0192

5. MEMBERS MUST REPORT AT POP DURBAN NO LATER THAN 07:00 ON THE 18TH OF NOVEMBER 2009.

SENT ON BEHALF OF
DIRECTOR HUNTER
PROVINCIAL COMMANDER : OPERATIONAL RESPONSE SERVICE
KWA-ZULU NATAL

2009/11/18

SOUTH AFRICAN POLICE SERVICE
PROVINCIAL : SCM
2009 -11- 18
PROCUREMENT
KWAZULU - NATAL

20.127 The submission from Narainpershad dated 18 November 2009 (**Document No. 000715**) indicates that only one quote was obtained from Goldcoast Trading due to the call up instruction being received on 18 November 2009 at 10:00 as a result, he made a recommendation to Madhoe to approve the order to Goldcoast Trading. An extract of this statement is illustrated in Record 116 below: **H104b|1**

RR4-TSW-0449

Record 116 **H104b|1**

2. **QUOTATIONS OBTAINED**

2.1 Only one quote was obtained due to the call up instruction received on 2009-11-18 at 10:00 only and the close proximity of the training venue.

3. **COST IMPLICATIONS**

3.1. GOLDCOAST TRADING : 2009-11-18 to 2009-11-23 : 5 Members R29 970.00

4. **RECOMMENDATION**

In view of the above, paragraph 3.1 is recommended. 3723002200

20.128 Included with these documents is a quotation from Goldcoast Trading (**Document No. 000717**) dated 18 November 2009 for the accommodation of members at Miss Gets Bed and Breakfast which quote is in the amount of R29,970. This quote is dated a day after the date of the call up instruction and therefore, it would be reasonable for me to conclude that this quotation was obtained subsequent to the call up instruction being issued. Therefore, when Goldcoast Trading were asked to quote the only reasonable inference to be made is that they already knew where to book the accommodation. **H104b|3** **H104b|2**

20.129 I have not identified the sales invoice from Miss Gets Bed and Breakfast in the records of Panday, however I can confirm that the bank statements of Goldcoast Trading (**Document No. 030195**) indicates that, on 25 November 2009, an amount of R10,500 was paid to Mrs Gets B & B in Pinetown. As a result of this entry appearing in Goldcoast statement, I have concluded that Goldcoast Trading's cost of sales, in relation to this invoice, is R10,500. **H104d|1**

20.130 Madhoe, by appending what appears to be his signature, has approved the recommendation made by Narainpershad that the order be awarded to Goldcoast Trading in the amount of R29,970 on the basis of a single quotation. The SCM manual provides that only a Director and or higher rank has the authority to approve quotations on the basis of a single quotation greater than R10,000 and as a result, Madhoe had no authority to approve this order. **H104b|1** **A1|211-212**

20.131 Based on the above, it would be reasonable to conclude that the price of accommodation for police members at Miss Gets Bed and Breakfast in the amount of R29,970 is unreasonable as the cost price to Goldcoast Trading was only R10,500. This means that they made a gross profit of R19,470 (185%) on their cost of sales which cost is the reasonable price for this deployment.

20.132 Narainpershad was involved with the procurement of the services of Goldcoast Trading, in addition to making the recommendation to Madhoe that the order is awarded to this entity; whilst Narainpershad has also certified, by appending what appears to be his signature, the payment to Goldcoast Trading and by doing so has certified that the prices are fair and reasonable when they were not. **H104a|1**

20.133 Effectively, the police have paid R19,470 more for the services procured from Goldcoast Trading whilst Narainpershad has also misled Madhoe and or the police into believing that only one quote was obtained when he ought to have approached Mrs Gets Bed and Breakfast directly as he knew from Inspector K Stephens email that accommodation had already been secured at Mrs Gets Bread and Breakfast.

20.134 The second order (AD336695) was issued to Goldcoast Trading in the amount of R119,880 for the accommodation of police members at Miss Gets Bed and Breakfast on the basis of a single quotation which was approved by Madhoe, by appending what appears to be his signature. **H105a|1**

20.135 I will not discuss the detail content of this order other than to reaffirm that Madhoe did not have the authority to approve the recommendation to procure on a single quotation that was made to him by Narainpershad in the submission document (**Document No. 000673**) and there had to be evidence available to show the reasonableness of the quoted price, however there is none. **H105b|2**

20.136 I have also located amongst Panday's records an invoice from Mrs Gets Bed and Breakfast dated 3 March 2010 (**Document No. 020312**) which is for the accommodation of five members for the period 21 February 2010 to 14 March 2010 in the amount of R30,492. In addition to this invoice, I have been able to confirm from the bank statements of Goldcoast Trading that the aforementioned invoice amount was paid to Mrs Gets Bed and Breakfast on 12 March 2010 (**Document No. 030208**). **H105c|1** **H105d|1**

20.137 The fact that the Goldcoast Trading bank statement shows a payment to Mrs Gets B & B in Pinetown, which payment also reconciles to their invoice, reaffirms my conclusion made above with regards to order No. AC910573 (**Document No. 012026**) and the cost price of this service to Goldcoast Trading that was obtained from the payment made to Mrs Gets Bed and Breakfast in the amount of R10,500. **H104a|1**

20.138 In aggregate, Goldcoast Trading invoiced the police an amount of R149,850 for deployments in the Pinetown region, specifically where accommodation was for Mrs Gets Bed and Breakfast. Their cost of sales from Mrs Gets was only R40,992 which means that Goldcoast Trading made a gross profit of R108,858 or 266% on their cost of sales.

20.139 This was all done based on single quotations, which were recommended by Narainpershad and approved by Madhoe, who did not have the delegated authority to approve these orders.

20.140 In one instance, Narainpershad already knew when he received the call up instruction from Inspector K Stephen that the members would be accommodated at Mrs Gets but indicated in his submission to Madhoe that only one quotation was obtained from Goldcoast Trading because of the lateness in which the instruction was received and the urgency of the matter being a day after the call up instruction was prepared.

RR4-TSW-0452

(vii) Pongola

H106 – H112

20.141 Six (6) orders in the aggregate amount of R1,044,625 were awarded to Goldcoast Trading for the accommodation of police members in the Pongola region. A summary of these orders, Goldcoast Trading's cost of sales and their gross profit margins realised on these orders is detailed hereunder: **H106**

Order No	Invoice Amount (R)	Cost Price (R)	Gross Profit (R)	Gross Profit %	Note	
AC910552	240,375	120,000	120,375	100	(02)	**H107**
AC910569	196,000	90,000	106,000	118	(01)	**H108**
AC337273	194,000	96,000	98,000	102	(01)	**H109**
AD338701	181,875	90,000	91,875	102	(01)	**H110**
AD338702	36,375	18,000	18,375	102	(01)	**H111**
AD341748	196,000	50,400	145,600	289		**H112**
Total	**1,044,625**	**464,400**	**580,225**	**125**		

Notes

(01) The submission indicates that three quotes were obtained from Pongola Country Lodge, Pendlebury's Guest Suites and Goldcoast Trading although these quotes are not available for audit purposes. Although the submission indicates the identity of the entities who issued quotations, there is no evidence on these quotations as to the amounts quoted by either entity.

(02) The submission indicates that three quotes were obtained from Pongola Country Lodge, Pendleburys Guest Suites and Goldcoast Trading although these quotes are not available for audit purposes. Paragraph 3.1. and 3.2 reflects two prices for Goldcoast Trading and Pongola Country Lodge both which appear to have been treated as two separate orders as there appears to be different financial authority numbers appended adjacent to each of these two entities. Refer to Record 117 below for an extract of this entry.

Record 117 **H107b|1**

2. **QUOTATIONS OBTAINED**

2.1 Three quotations were obtained by me from the following service providers .
2.2 PONGOLA COUNTRY LODGE
2.3 PENDLEBURYS GUEST SUITES
2.4 GOLDCOAST TRADING

3. **COST IMPLICATIONS**

3723001879

3.1. PONGOLA COUNTRY LODGE :2009-10-11 to 2009-11-08 : 20 Members R196000.00
3.2. GOLDCOAST TRADING :2009-10-11 to 2009-10-30 : 25 Members R200000.00

3723001880

4. **RECOMMENDATION**

In view of the above paragraph 3.1.and 3.2 is recommended. It is in the interest of public safety and the safety of members from the justice department that this application be approved.

CAPTAIN
A NARAINPERSHAD

20.142 All the submissions were from Narainpershad and these were all approved by Madhoe who had the delegated authority to procure from services providers when three quotes were obtained provided that the amount payable to the service provider was less than R200,000.

20.143 However, I have observed from the examination of documents relating to Order No. AC910552 that Madhoe has approved the order in the submission that was presented to him by Narainpershad, whilst he has also certified the payment to Goldcoast Trading by appending what appears to be his signature to the order payment transaction form (**Document No. 011746**) which is contrary to the SCM manual. **H107b|1** **H107a|1**

20.144 I have also established from the available documents that the accommodation of the members in relation to all six (6) of these orders was done at Crocodile Creek whose cost price to Goldcoast Trading, inclusive of breakfast, was R240 per person (**Document 022409**). **H107c|1**

20.145 Based on the aforementioned Crocodile Creek invoice, I have established that the aggregate cost of sales to Goldcoast Trading, in relation to the deployments in Pongola region, was R464,400 which means that they have made a gross profit of R580,225 (125%) in relation to these orders. **H107c|1** **H106**

20.146 I cannot conclude what exact procurement procedures were followed, if any, other than what has been disclosed on the submissions and therefore, cannot determine whether there was anything unusual or irregular in Goldcoast Trading's appointment for either of these orders. I can conclude that, shortly after these orders were awarded to Goldcoast Trading, Narainpershad and Madhoe started to receive benefits or gifts from Panday; the first of which was received on 14 November 2009 by Madhoe for accommodation at the Oyster Box[1]. **A81**

20.147 I can also conclude from documents located amongst the exhibits made available to me that Goldcoast Trading have indicated in letters to the SAPS that they are an accommodation broker and only make a gross profit of 20% on their cost of sales. My analysis of all the documents relating to the Pongola deployments has revealed that they marked up their cost of sale invoices by significantly more than 20%.

(viii) Stanger **H113 – H114**

20.148 One (1) order was awarded to Goldcoast Trading in the amount of R94,600 for accommodation of police members in the Stanger region. A summary of this order, Goldcoast Trading's cost of sales and gross profit margins are detailed hereunder:

Order No	Invoice Amount (R)	Cost Price (R)	Gross Profit (R)	Gross Profit %	Note
AD341702	94,600	33,867	60,733	179	(01)

H114

Notes

(01) There are no submissions available for me to examine in respect of this order and therefore, I cannot conclude on what basis Goldcoast Trading were appointed to provide accommodation to the police.

[1] Refer to the table in paragraph 15.017 for a summary of these payments / benefits and the dates that they accrued to either Narainpershad or Madhoe.

20.149 Goldcoast Trading have invoiced the police an amount of R94,600 as per their invoice No. 100109 (**Document No. 011688**) which invoice indicates that nineteen (19) members were located at Channel Rock and twenty four (24) members at Kearsney Manor. An extract of this invoice is illustrated in Record 118 below **H114a|2**

Record 118

QTY	DESCRIPTION	@	R	
43	Stanger Deployment	R550.00	R94,600	00
	19 Member @ Channel Rock			
	24 Members @ Kearsney Manor			
	Check in - 08-03-2010			
	Check out - 12-03-2010			
	(4 nights)			
	NO BREAKFAST			

20.150 Based on the aforementioned description appearing on Goldcoast Trading's invoice, I have located amongst Goldcoast Trading's records two (2) invoices from Channel Rock Duplexes (**Document No. 020898** and **020899**) in the amounts of R1,800 each and an invoice from Kearsney Manor (**Document No. 020904**) in the amount of R30,267. **H114c|1-2** **H114c|3**

20.151 Based on the discovery of the aforementioned cost of sale invoices to Goldcoast Trading, I can conclude that they made a gross profit of R60,733 or 179% on R94,600 that was invoiced to the police. **H114c|1-3** **H114a|2**

20.152 I have also determined from an affidavit obtained from Monique Pretorius, the Manageress of Channel Rocks Duplexes, that their cottages cannot accommodate nineteen (19) persons at any given time. She further stated that Goldcoast Trading booked members into cottage number 1 and number 2 both of which have three (3) rooms and five (5) beds.. Therefore, I estimate that the maximum number of members that could be accommodated for each cottage that was hired from Channel Rocks Duplexes would be ten (10). **H114e**

20.153 It would therefore appear, in this instance, that Goldcoast Trading have inflated their invoice to the police for nine (9) additional police members at Channel Rocks which in aggregate amount to R550 per person per night which equates to R19,800[1]. **H114a|2**

20.154 Narainpershad has certified, by appending what appears to be his signature to the payment document that the prices charged by Goldcoast Trading were fair and reasonable. Based on Goldcoast Trading's cost price of these services is reasonable to conclude that the R94,600 invoiced to the police was not fair and reasonable and therefore, he has misled the police when he authorised the payment. **H114**

(ix) Sundumbili **H115 – H133**

20.155 Eighteen (18) orders in the aggregate amount of R2,042,530 have been awarded to Goldcoast Trading for accommodation of police members in the Sundumbili region. A summary of these orders, Goldcoast Trading's cost of sales and their profit margins are detailed hereunder: **H115**

[1] 4 nights x 9 members x R550 a night = R19,800

Order No	Invoice Amount (R)	Cost Price (R)	Gross Profit (R)	Gross Profit %	Note	
AD338710	116,865	36,400	80,465	221	(01)	**H116**
AD338711	116,865	36,400	80,465	221	(01)	**H117**
AD338712	110,250	36,400	73,850	203	(01)	**H118**
AD338723	110,250	41,600	68,650	165	(01)	**H119**
AD338720	110,250	36,400	73,850	203	(01)	**H120**
AD338731	110,250	36,400	73,850	203	(01)	**H121**
AD338736	110,250	41,600	68,650	165	(01)	**H122**
AD338699	110,250	36,400	73,850	203	(02)	**H123**
AD338698	110,250	36,400	73,850	203	(01)	**H124**
AD336700	110,250	36,400	73,850	203	(02)	**H125**
AD336699	110,250	36,400	73,850	203	(02)	**H126**
AD336698	110,250	36,400	73,850	203	(02)	**H127**
AD339976	110,250	36,400	73,850	203	(02)	**H128**
AD339974	110,250	36,400	73,850	203	(02)	**H129**
AD339975	110,250	36,400	73,850	203	(02)	**H130**
AD339973	110,250	36,400	73,850	203	(02)	**H131**
AD339972	94,500	36,400	58,100	160	(02)	**H132**
AE017172	170,800					**H133**
Total	**2,042,530**	**629,200**	**1,242,530**	**225**		

Total Reconcilable invoices to cost of sale invoices	**1,871,730**	**629,200**	**1,242,530**	**197**

Notes

(01) Only one quotation was obtained due to the urgency of the situation.

(02) Only one quotation was obtained as this was an extension to an existing deployment and members were already residing at the venue.

20.156 My findings from the analysis of the abovementioned Sundumbili orders revealed that, for seventeen (17) of the aforementioned eighteen (18) orders, there was no competitive bidding as the submission documents indicate that only one quotation was obtained either because it was an urgent matter or it was an extension to an existing order. **H115**

20.157 Madhoe has authorised sixteen (16)[1] of these seventeen (17) orders, by appending what appears to be his signature to the submission confirming that he approves the recommendation made by Narainpershad that the order should be awarded to Goldcoast Trading on the basis that it was either an urgent matter or an extension to an existing deployment. This was done by Madhoe even though he was not authorised to approve the orders in terms of the SCM manual where only single quotations were obtained.

20.158 I can also conclude that Goldcoast Trading's cost of sales for R1,871,730 of R2,042,530 invoiced to the police is R629,200 which means that they made a gross profit of R1,242,530 or 197% on their cost of sales for the Sundumbili deployments alone.

20.159 Narainpershad, who was involved with the procurement of Goldcoast Trading, has also certified, by appending what appears to be his signature, the payment order transaction form and by doing so has certified that the charges invoiced by Goldcoast Trading were fair and reasonable.

20.160 The SAPS SCM manual does permit officials to procure goods, and or services, on a single quotation provided that the order is approved by an officer of the police with the rank of Director or higher, and provided that there is evidence in the file for audit purposes validating that the prices charged were fair and reasonable. I have not been able to locate, amongst these documents, any evidence to confirm that any of these two requirements had been performed by Narainpershad or Madhoe. **A1|210**

[1] Order No.AD338731 (**H121**) was approved by Superintendent L Naidoo (**H121b|2**).

20.161 However, one of my more significant findings from my analysis of the supporting documents for all the orders that were awarded to Goldcoast Trading for the Sundumbili Deployment is that, either Narainpershad and or Madhoe, have spilt the orders so that they were less than the approved delegated amount of Madhoe i.e. R200,000. A reasonable inference that can be concluded from the abovementioned observation is that the only reason for splitting the orders was so that Madhoe could approve these orders without the matter being referred to the BAC, as Madhoe only had the delegated authority to authorise the procurement of goods and services that were less than R200,000. Anything above R200,000 had to be approved by the BAC. **H115a**

20.162 My analysis comprises of an examination of the dates that appear on the call up instructions, the submission, the Goldcoast Trading quotations and their invoices from which I can confirm that only eight call up instructions were issued which were used for seventeen (17) orders so that the amounts invoiced by Goldcoast Trading would be less than the R200,000. A summary of these findings is detailed hereunder: **H115|3**

Report of Trevor White

Chartered Accountant and Forensic Auditor

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24 November 2014

Payment Documents			Call Up Instruction			Submission				Invoice	
No	Order No	Invoice Amount (R)	Description of letter	Start	End	Date	Quote Start	Quote End	Quote Amount (R)	Amount (R)	Total (R)
1	AD338710	116,865	Detachment Letter	04/12/2009	18/12/2009	04/12/2009	04/12/2009	11/12/2009	116,865	116,865	
2	AD338711	116,865	Detachment Letter	04/12/2009	18/12/2009	10/12/2009	11/12/2009	18/12/2009	116,865	116,865	233,730
3	AD338712	110,250	Extension letter	18/12/2009	08/01/2010	18/12/2009	18/12/2009	25/12/2009	110,250	110,250	
4	AD338723	110,250	Extension letter	18/12/2009	08/01/2010	24/12/2009	25/12/2009	01/01/2010	110,250	110,250	
5	AD338720	110,250	Extension letter	18/12/2009	08/01/2010	30/12/2009	01/01/2010	08/01/2010	110,250	110,250	330,750
6	AD338731	110,250	Extension letter	08/01/2010	22/01/2010	07/01/2010	08/01/2010	15/01/2010	110,250	110,250	
7	AD338736	110,250	Extension letter	08/01/2010	22/01/2010	15/01/2010	15/01/2010	22/01/2010	110,250	110,250	220,500
8	AD338699	110,250	Extension letter	22/01/2010	05/02/2010	21/01/2010	22/01/2010	29/01/2010	110,250	110,250	
9	AD338698	110,250	Extension letter	22/01/2010	05/02/2010	28/01/2010	29/01/2010	05/02/2010	110,250	110,250	220,500
10	AD336700	110,250	Extension letter	05/02/2010	19/02/2010	04/02/2010	05/02/2010	12/02/2010	110,250	110,250	
11	AD336699	110,250	Extension letter	05/02/2010	19/02/2010	11/02/2010	12/02/2010	19/02/2010	110,250	110,250	220,500
12	AD336698	110,250	Extension letter	19/02/2010	05/03/2010	18/02/2010	19/02/2010	26/02/2010	110,250	110,250	
13	AD339976	110,250	Extension letter	19/02/2010	05/03/2010	26/02/2010	26/02/2010	05/03/2010	110,250	110,250	220,500
14	AD339974	110,250	Extension letter	05/03/2010	19/03/2010	11/03/2010	12/03/2010	19/03/2010	110,250	110,250	
15	AD339975	110,250	Extension letter	05/03/2010	19/03/2010	04/03/2010	05/03/2010	12/03/2010	110,250	110,250	220,500
16	AD339973	110,250	Extension letter	19/03/2010	01/04/2010	25/03/2010	26/03/2010	01/04/2010	110,250	110,250	
17	AD339972	94,500	Extension letter	19/03/2010	01/04/2010	25/03/2010	26/03/2010	01/04/2010	110,250	94,500	204,750
18	AE017172	170,800	Not available			Not Available				170,800	170,800
	Total	**2,042,530**									**2,042,530**

20.163 I shall not discuss the supporting documents in relation to all of the abovementioned orders but shall merely refer to a few examples to illustrate the reasons why I have concluded that Narainpershad and or Madhoe have spilt the orders.

20.164 The first two (2) orders detailed in the abovementioned table, AD338710 and AD338711, both contain the same call up instruction which is for the period 4 December 2009 to 18 December 2009. The headings that appear on both these call up instructions are identical as illustrated in Record 119 and Record 120 below. **H116 & H117** **H116b|4** **H117b|4**

Document No 666 (H116b|4) **Document No. 000658 (A117b|4)**

Record 119

DETACHMENT DUTIES : POP EMPANGENI AND POP ULUNDI MEMBERS : INTERGROUP CONFLICT : SUNDUMBILI : FROM FRIDAY 2009-12-04 TO FRIDAY 2009-12-18

Record 120

DETACHMENT DUTIES : POP EMPANGENI AND POP ULUNDI MEMBERS : INTERGROUP CONFLICT : SUNDUMBILI : FROM FRIDAY 2009-12-04 TO FRIDAY 2009-12-18

20.165 Despite the dates on these call up instructions being identical, Goldcoast trading have provided the SAPS with two quotations for the aforementioned period but have spilt the quotes for the following days:

i) 4 December 2009 to 11 December 2009 R116,865 (**Document No. 00665**) (Illustrated in Record 121 below); and **H116b|3**

ii) 11 December 2009 to 18 December 2009 R116,865 (**Document No. 000657**) (illustrated in Record 122 below). **H117b|3**

Record 121

4 December 2009

Att: SAPS

Re: Sundumbili Deployment

As per inquiry 27 police personal to be accommodated from the 4th December 2009 till the 11th December 2009

The quote comprises of the following:
- R585:00 per person sharing (24)
- R885:00 Single rooms (3)

The total amount for the above stay is R 116,865:00

Regards

P.P. Panday

Thoshan Panday

Record 122

22 December 2009

Att: SAPS

Re: Sundumbili Deployment

As per inquiry 27 Police Personnel to be accommodated from the 11th December 2009 till the 18th December 2009.

The quote comprises of the following:

24 members @R585.00 per person sharing

3 Members @R885.00 Single Rooms

The total owing is R116.865.00

Regards

P.P. Panday

20.166 There is no reason why it was necessary for Goldcoast Trading to have spilt their quotes for the same deployment period and I can only draw an inference that, to award the work to Goldcoast Trading, the police had to ensure that the order amount was less than the delegated authorised amount for which Madhoe could approve i.e. R200,000. The aggregate cost to the police for this entire deployment period was R233,730 whilst Narainpershad and Madhoe both were aware, when they received the call up instructions, of the duration of the deployment.

20.167 The only reasonable inference that I can draw from the fact that Goldcoast Trading issued two quotations for different periods within the same deployment period is because the aggregate order amount would have been R233,730 and therefore, this would have had to have been submitted to BAC to approve. As a result, the deployment was spilt into two amounts of R116,865 so that it would be less than R200,000 which is the authorised delegated amount Madhoe could approve. Narainpershad, and or Madhoe, consistently followed this procedure for all seventeen (17) of the Sundumbili deployment orders that were awarded to Goldcoast Trading.

20.168 The subsequent orders to follow were issued on the same basis although the motivation, in these instances, is that the call up was an extension to the existing deployment and therefore, only one quotation was obtained. In all these instances, Narainpershad and or Madhoe have split each of the extensions and I suspect that they have requested Goldcoast Trading to simultaneously spilt their quotations so that the order amounts would be less than the R200,000 authorised amount delegated to Madhoe that he could approve.

20.169 In fact, the one deployment which was for the period 18 December 2009 to 8 January 2010 was spilt into three orders, which in aggregate amount to R330,750. Had a consolidated quotation been obtained for this deployment period, the matter would have had to be approved by the BAC who had a Divisional Commissioner as a Chairperson and therefore, it would be out of Madhoe's control.

20.170 These orders were awarded to Goldcoast Trading between the period 22 December 2009 to 26 July 2010 which is the same period when Narainpershad and Madhoe receive gifts from Panday in the aggregate amount of R143,960[1].

(x) Ulundi **H134 – H136**

20.171 Two (2) orders were awarded to Goldcoast Trading in the aggregate amount of R317,200 for accommodation of police members in the Ulundi region. A summary of these two orders, Goldcoast Trading's cost of sales and their gross profit margins are detailed hereunder: **H134**

Order No	Invoice Amount (R)	Cost Price (R)	Gross Profit (R)	Gross Profit %	Note	
AD341701	146,400	36,920	109,480	297	(01)	**H135**
AD341753	170,800	42,000	128,800	307	(02)	**H136**
Total	**317,200**	**78,920**	**238,280**	**302**		

Notes

(01) Only one quotation was obtained as a result of the short notice and non-availability of accommodation. **H135b|1**

(02) Only one quotation was obtained as members already residing at the same venue and the deployment has been extended.

[1] Refer to the table in paragraph 15.017 for a summary of these payments / benefits and the dates that they accrued to either Narainpershad or Madhoe.

20.172 The call up instruction received in respect of order No. AD341701 (**Document No. 000908**) dated 15 February 2010 indicated, *inter alia*, in paragraph 4.1 that members would be deployed at the venues listed in Record 123 below. **H135b|3**

Record 123 **H135b|4**

4. ***FINANCIAL IMPLICATIONS***

4.1. Members will be accommodated as follows :-

M S Thana B&B	-	18
Vigaries Lodge	-	06
Manana Lodge	-	02

20.173 The submission for authority to procure the services of Goldcoast Trading is dated 15 February 2010 and indicates that only one quotation was obtained due to the short notice and non availability of accommodation. The recommendation of Narainpershad in this submission is that Goldcoast Trading should be awarded the order in the amount of R146,400 (**Document No. 000907**) whilst Goldcoast Trading's quotation (**Document No. 000910**) dated 15 February 2010 contains some of the venues in Record 123 above although the quantity of personnel differ as illustrated in Record 124 below. **H135b|2**

Record 124

The quote comprises of the following:The 27 Members lived @ Vigaries, Emacusini B & B and Mathema Guest House

16 members @R700.00 Sharing Rooms

11 Members @R1200.00 Per Single Rooms

The total owing is R146,400.00

Regards

_____

Thoshan Panday.

20.174 I have also located the sales invoices from Virgaries (**Document No. 020345**), Emacusini B & B (**Document N0. 020362**) and Mthema Guest House (**Document No. 020371**) amongst Goldcoast Trading's records and can conclude that Goldcoast Trading's cost of sales in relation to their invoice in the amount of R146,400 was only R36,920 which means that they made a gross profit of R109,480 or 297% on their invoice to the police. **H135c|1** **H135c|2** **H135c|3**

20.175 The submission (**Document No. 000907**), referred to above, has been approved by Madhoe, who has appended what appears to be his signature. He did not have the delegated authority to approve the procurement of these services on a single quotation as this authority is only delegated to a Director or higher ranked police officer. In addition, it is a requirement in terms of the SCM manual that, when procuring goods on a single quotation, the proof of reasonableness is placed on file for audit purposes. I have been unable to locate such evidence and, based on the gross profit margins realised by Goldcoast Trading, it is reasonable to conclude that this requirement was never adhered to. **H135b|2**

20.176 The second order No. AD341753 (**Document No. 011806**) was awarded to Goldcoast Trading was also done on the basis of a single quotation and, according to the submission (**Document No. 00899**), this was because the members were already residing at the same venue and the deployment had been extended. **H136a|1** **H136b|2**

20.177 Narainpershad has recommended that the order be awarded to Goldcoast Trading whilst Madhoe has approved this recommendation even though he did not have the delegated authority to do so as only a Director or higher ranked officer had this authority. **H136b|2**

20.178 I have also observed from the examination of the two orders referred to above that the call up instructions for the first part and second part (extension) are identical and therefore, cannot determine on what authority this extension was authorised. **H135b|3** **H136b|3**

20.179 Upon further examination of the supporting documents relating to these two orders, I have discovered that the call up instructions, for both orders, indicate that the deployment period was from 16 February 2010 to 1 March 2010, however Goldcoast Trading spilt their quotations for the aforementioned period into two periods as detailed hereunder: **H135b|3-4** **H136b|3-4**

Order No	Period of Accommodation	Document No	Quotation Amount	
AD341701	16 February 2010 to 22 February 2010	**(000910)**	R146,400	**H135b|5**
AD341753	22 February 2010 to 1 March 2010	**(000902)**	R170,800	**H136b|5**
Total			**R317,200**	

20.180 Goldcoast Trading's invoices also support the aforementioned periods on their quotations and as a result, I can conclude that there was no extension to this deployment. Either Narainpershad or Madhoe have split the order so that a higher amount could be approved by Madhoe without referring the matter to the BAC. Had Goldcoast Trading provided a single quotation for the amount of R317,200 then, according to the SCM manual, this would have had to have been approved by the BAC who had at least a Divisional Commissioner as the Chairperson[1] and hence, Madhoe would not have had the delegated authority to authorise the order. **A1|217**

20.181 As a result, Narainpershad, with the assistance of Madhoe, has misled the police by indicating, in the submission for the extension order, that only one quotation was obtained as this was an extension to an existing deployment when in fact there was no extension.

20.182 These deviations from the SCM procedures set out in the police's manual were done around about the same time that Panday paid for gifts for Narainpershad and Madhoe which, in aggregate, amounted to R143,960[2] whilst the police have also paid R238,280 more for these services than they should have.

[1] Refer to paragraph 11.022 to 11.023 regarding Part 3: Invitation of Bids Exceeding R200,000.
[2] Refer to the table in paragraph 15.017 for a summary of these payments / benefits and the dates that they accrued to either Narainpershad or Madhoe.

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(xi) Estcourt

H21 – H42

20.183 Twenty one (21) orders, in the aggregate amount of R1,705,670, were awarded to Goldcoast Trading for the accommodation of police members in the Estcourt region. **H21**

20.184 I have not been able to reconcile Goldcoast Trading invoices to all their cost of sale invoices, because either the quantities of members on supplier invoices did not reconcile to the numbers that appear on Goldcoast Trading invoices, or the period detailed on the suppliers invoice overlapped the deployment period on the call up instructions. As a result, I have been unable to reconcile orders and invoices in respect of Goldcoast Trading to the exact quantities. **H21**

20.185 I have been able to determine from the invoices issued by Goldcoast Trading that, in aggregate, they have invoiced the SAPS for 391 members over a period of 164 days which, in aggregate amount to R1,705,670. I have also identified, amongst Goldcoast Trading's records, their cost of sale invoices for 241 members for 81 days to be R281,860 however, a number of the orders issued to Goldcoast Trading could not be reconciled to any supplier invoice.

20.186 A summary of my findings in relation to this analysis is detailed hereunder:

Order No	**Deployment Period**	**Days**	**Guests**	**Invoiced Amount (R)**	**Days**	**Guests**	**Cost Of Sale Amount (R)**	**Cost of sale Supplier**	
AD338718	01/01/2010 - 08/01/2010	7	18	73,500.00					**H28**
AD338703	04/12/2009 - 09/12/2009	6	54	181,140.00	6	25	15,000.00	White Mountain Lodge	**H24**
AD338703						13	14,040.00	Kwahlangabeza Cultural Hub	
AD338704	10/12/2009 - 11/12/2009	1	54	30,190.00	1	25	2,500.00	White Mountain Lodge	
AD338704						13	2,340.00	Kwahlangabeza Cultural Hub	
AD338705	11/12/2009 - 18/12/2009	7	16	61,600.00	7	2	3,500.00	Summerplace	**H26**
AD341754	18/12/2009 - 08/01/2010	21	1	27,300.00					**H42**
AD338707	18/12/2009 - 25/12/2009	7	18	73,500.00					**H27**
AD339687	24/12/2010 - 06/01/2010	14	6	113,400.00					**H34**
AD338721	25/12/2009 - 01/01/2010	7	18	73,500.00					**H29**
AD338730	08/01/2010 - 15/01/2010	7	18	73,500.00	7	16	24,640.00	Summerplace	**H30**
AD338737	15/01/2010 - 22/01/2010	7	18	73,500.00	7	16	24,640.00	Summerplace	**H31**
AD339682	19/01/2010 - 25/01/2010	6	30	137,940.00	6	18	27,000.00	Willow Grange Country Hotel	**H33**
AD339682						17	30,600.00	Blue Haze	
AD336694	22/01/2010 - 29/01/2010	7	18	73,500.00	7	16	24,640.00	Summerplace	**H23**
AD339681	25/01/2010 - 05/02/2010	11	8	118,800.00					**H32**
AD336693	29/01/2010 - 05/02/2010	7	18	73,500.00	7	16	24,640.00	Summerplace	**H22**
AD339969	05/02/2010 - 12/02/2010	7	18	73,500.00	6	8	7,200.00	Bergville	**H38**
AD339968	12/02/2010 - 19/02/2010	7	18	73,500.00	7	16	24,640.00	Summerplace	**H37**
AD341708	12/02/2010 - 19/02/2010	7	8	75,600.00	6	8	7,200.00	Bergville	**H39**

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Order No	**Deployment Period**	**Days**	**Guests**	**Invoiced Amount (R)**	**Days**	**Guests**	**Cost Of Sale Amount (R)**	**Cost of sale Supplier**	
AD339967	19/02/2010 - 26/02/2010	7	18	73,500.00	7	16	24,640.00	Summerplace	**H36**
AD341751	19/02/2010 - 26/02/2010	7	8	75,600.00					**H40**
AD339966	26/02/2010 - 05/03/2010	7	18	73,500.00	7	16	24,640.00	Summerplace	**H35**
AD341752	26/02/2010 - 05/03/2010	7	8	75,600.00					**H41**
		164	391	**1,705,670.00**	**81**	**241**	**281,860.00**		

20.187 I have also established from my examination of the deployment dates on the call up instructions to the dates appearing on Goldcoast Trading's quotations and invoices that they have spilt the orders although Madhoe's delegated authority in respect of these orders was only exceeded on two occasions, in respect of the following order numbers:

	Order No	Amount (R)	Total (R)	
i)	AD338703	181,140		**H24**
ii)	AD338704	30,190		**H25**
iii)	AD338705	61,600	272,930	**H26**
iv)	AD338707	73,500		**H27**
v)	AD338718	73,500		**H28**
vi)	AD338721	73,500	220,500	**H29**
	Total	**493,430**	**493,430**	

20.188 Owing to the lack of information available, I cannot conclusively comment on what Goldcoast Trading's aggregate cost of sales was in relation to the abovementioned Estcourt deployments.

20.189 In view that the aforementioned information is lacking, I cannot comment on the reasonableness of the amounts invoiced by Goldcoast Trading.

20.190 I am able to conclude that, for each of these orders that were issued to Goldcoast Trading, there was no competitive bidding and the orders were either issued to Goldcoast Trading on an urgent basis or because it was an extension to an existing order.

(xii) Ladysmith **H66-H70**

20.191 Four (4) orders, in the aggregate amount of R675,000, was awarded to Goldcoast Trading for the accommodation of police members in the Ladysmith region. **H66**

20.192 I have not been able to reconcile Goldcoast Trading invoices to all their cost of sale invoices, because either the number of members on supplier invoices did not reconcile to the numbers that appear on Goldcoast Trading invoices, or the period detailed on the suppliers invoice overlapped the deployment period on the call up instructions. As a result, I have been unable to reconcile orders and invoices in respect of Goldcoast Trading to the exact quantities. **H66**

20.193 I have been able to determine from the invoices issued by Goldcoast Trading that, in aggregate, they have invoiced the SAPS for 44 members over a period of 47 days which, in aggregate amount to R675,000. I have also identified, amongst Goldcoast Trading's records, their cost of sale invoices for 28 members for 44 days to be R64,480 however, a number of the orders issued to Goldcoast Trading could not be reconciled to any supplier invoice.

20.194 A summary of my findings from this analysis is detailed hereunder:

Order No.	Deployment period	Nights	Guests	Amount (R)	Rate / Night (R)	
AD336697	06/01/2010 - 22/01/2010	16	8	172,800.00	**1,350**	**H67**
AD341755	06/01/2010 - 17/01/2010	12	12	194,400.00	**1,350**	**H69**
AD341756	17/01/2010 - 29/01/2010	12	12	194,400.00	**1,350**	**H70**
AD341709	17/01/2010 - 29/01/2010	7	12	113,400.00	**1,350**	**H68**
		47	**44**	**675,000.00**		

Per Goldcoast Records

Supplier	Period	Nights	Guests	Amount (R)	Rate / Night (R)	
Budleigh	07/01/2010 - 17/01/2010	11	8	26,400.00	300	**H67e|8-10**
Budleigh	18/01/2010 - 24/01/2010	7	8	16,800.00	300	**H67e|11-13**
Budleigh	25/01/2010 - 29/01/2010	5	8	12,000.00	300	**H67e|13-15**
Tuskers	14/01/2010 - 22/01/2010	8	2	5,120.00	320	**H67c|2 & H67d|2**
Tuskers	07/01/2010 - 13/01/2010	7	1	2,240.00	320	**H67d|1 & H67c|1**
Tuskers	07/01/2010 - 13/01/2010	6	1	1,920.00	320	**H67d|1 & H67c|1**
		44	**28**	**64,480.00**		
Difference		**3**	**16**			

20.195 Based on the aforementioned, I have been unable to reconcile sixteen (16) members accommodation and three (3) nights of the entire Ladysmith deployment period. Therefore, either there was an overcharge by Goldcoast Trading to the SAPS or I have not identified one of their cost of sale invoices and this could be the reason why I have been unable to reconcile the aforementioned amount. **H66|1**

20.196 Irrespective of the above, I can conclude from the abovementioned analysis that Goldcoast Trading has invoiced the police R1,350 a night per member although the cost of sale invoices indicate that their costs were only R300 – R320 per person per night. This means that they were making a gross profit of at least R1,030 a person a night which equates to 322% (using the cost price of R320 a person per night).

20.197 Assuming that Goldcoast Trading have not overcharged the police, and that their invoice quantities and rates are correct, then it would be reasonable to conclude that their total cost to the police, using the higher rate of R320 per person per night, would be as follows:

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Goldcoast Trading					Cost of Sales		Profit		
Order No.	Nights	Guests	Rate/ Night (R)	Amount (R)	Rate/ Night (R)	Total Cost of Sales (R)	Gross Profit (R)	Gross Profit %	
AD336697	16	8	1,350	172,800	320	40,960	131,840	322%	H67
AD341755	12	12	1,350	194,400	320	46,080	148,320	322%	H69
AD341756	12	12	1,350	194,400	320	46,080	148,320	322%	H70
AD341709	7	12	1,350	113,400	320	26,880	86,520	322%	H68
	47	**44**		**675,000**		**160,000**	**515,000**		

20.198 This means that of the R675,000 that was invoiced to the SAPS, Goldcoast Trading made a gross profit of R515,000 on their cost of sales or alternatively 322% gross profit margin. This is the same entity who alleged in correspondence with the police that they are an accommodation broker and only make a 20% profit margin.

20.199 Madhoe, by appending what appears to be his signature, has authorised all these orders that were issued to Goldcoast Trading which was done on an urgent basis, or because it was an extension to an existing deployment. As a result, there was no competitive bidding whilst it is required, in accordance with the terms and conditions of the SCM manual, that when a service provider is appointed on a single quotation that the prices quoted are proved and certified to be fair and reasonable.

20.200 There is no evidence in the documentary evidence made available to me in respect of these orders that were issued to Goldcoast Trading that either Narainpershad and or Madhoe and or any other representative in the SCM Unit complied with this requirement.

20.201 Narainpershad has also certified, when he appended, what appears to be, his signature to the Goldcoast Trading's order payment transaction form, that the prices charged were fair and reasonable. It would be reasonable to conclude, based on Goldcoast Trading's cost of sales, that their prices to the police were not fair and reasonable and therefore, Narainpershad and or Madhoe could not have complied with this requirement.

20.202 Madhoe has also approved all the above-mentioned orders that were issued to Goldcoast Trading in respect of these Ladysmith deployments even though only a single quotation was obtained and the SCM manual requires a Director or higher ranked officer to approve orders where only single quotations are obtained. As a result, it appears that Madhoe did not have the authority to issue these orders to Goldcoast Trading.

20.203 I have also established from my analysis of the call up instruction dates to the quotation dates and invoice dates of Goldcoast Trading that one call up instruction was split into three orders, which in aggregate amount to R502,200, in respect of the Ladysmith deployments. **H66|*2*** **H68b|3** **H69b|3** **H70b|3**

20.204 This means that the order was spilt so that Narainpershad and Madhoe could stay within the approved delegated amount which Madhoe was authorised to approve in accordance with the SCM manual. **A1|28**

(xiii) Greytown **H45 – H63**

20.205 Sixteen (16) orders, in the aggregate amount of R2,268,200, was issued to Goldcoast Trading for accommodation of police members in the Greytown region. **H45**

20.206 I have not been able to reconcile Goldcoast Trading invoices to all their cost of sale invoices, because the quantities of members on supplier invoices did not reconcile to the quantities that appear on Goldcoast Trading invoices. As a result, I have been unable to reconcile orders and invoices in respect of Goldcoast Trading to the exact quantities.

20.207 Of the R2,268,200 that was paid to Goldcoast Trading, I have been able to reconcile the aggregate amount of R488,632.47 as their cost of sales. I have also determined from the examination of Goldcoast Trading's invoices that they charged the SAPS between R550 to R850 a person for this deployment which price was dependent on whether the members were sharing or not. However, their cost from these suppliers varies from R170 per person to R300 per person. This means that Goldcoast Trading's profit margins, in relation to their cost of sales, varies between 183% to 224%. **H45|1**

20.208 Madhoe has authorised all, but one, the orders that were issued to Goldcoast Trading which was done on the basis that there was no other accommodation available and or there was an extension to an existing deployment. As a result, only one quotation was obtained from Goldcoast Trading and therefore, there was no competitive bidding for any of these orders. **H45|1**

20.209 In view that only one quotation was obtained, it was also necessary in terms of the SCM manual that the order be approved by an officer with the rank of Director or higher and the prices must be proved to be fair and reasonable. There is no evidence, from the documents provided to me, that either of these two requirements had been complied with. In fact, Madhoe was not authorised in terms of the SCM manual to approve the order to Goldcoast Trading as he is only a Senior Superintendent. **H45|1**

20.210 From the available cost of sale invoices that can be reconciled to Goldcoast Trading's invoices, I am able to conclude that their prices charged to the police were not fair and reasonable. This is despite the fact that Narainpershad has certified, by appending what appears to be his signature, on the payment transaction form for payment to Goldcoast Trading that their price was fair and reasonable.

20.211 Madhoe has also approved the procurement of the services of Goldcoast Trading for order No. AC910582 whilst he has also certified the payment to them on the order payment transaction form which is not allowed in terms of the SCM manual. **H47|1**

20.212 I have also established from my analysis of the call up instruction dates to the quotation dates and invoice dates of Goldcoast Trading that eight (8) call up instructions were spilt into seventeen (17) orders so that the order amounts would not exceed Madhoe's delegated authorised amount. **H45|3**

20.213 This means that the order was spilt so that Narainpershad and or Madhoe could stay within the approved delegated amount which Madhoe was authorised to approve in accordance with the SCM manual.

(xiv) Nongoma **H79 – H102**

20.214 Twenty three (23) orders, in the aggregate amount of R3,000,728, were issued to Goldcoast Trading for the accommodation of police members in the Nongoma region. **H79|1-2**

20.215 I have not been able to reconcile Goldcoast Trading invoices to all their cost of sale invoices, because the quantities of members on the supplier invoices did not reconcile to the quantities of members that appear on Goldcoast Trading's invoices. As a result, I have been unable to reconcile orders in respect of Goldcoast Trading to the exact quantities of members deployed. **H79|3**

20.216 I can conclude from the aforementioned analysis that, either Goldcoast Trading have overstated their invoices to the SAPS or there are a number of supplier invoices that are missing and hence, this could be the reason why it may appear that Goldcoast Trading have overstated their invoices. **H79|3**

20.217 Nevertheless, I am able to confirm that, for four (4) of these orders in the aggregate amount of R524,160, I have been able to reconcile their cost of sale invoices to their invoices issued in respect of these orders. The particulars of these four (4) orders, the cost of sales, gross profit and gross profit percentages realised in relation to these orders is detailed hereunder: **H79|3**

Order No	Amount (R)	Cost of Sales (R)	Gross Profit (R)	Gross Profit %	
AD338729	131,040.00	44,800.00	86,240.00	193%	**H90**
AD338733	131,040.00	44,800.00	86,240.00	193%	**H91**
AD338739	131,040.00	44,800.00	86,240.00	193%	**H92**
AD339684	131,040.00	44,800.00	86,240.00	193%	**H94**
Total	**524,160.00**	**179,200.00**	**344,960.00**		

20.218 Madhoe has authorised all of the orders that were awarded to Goldcoast Trading which was done on the basis of a single quotation of Goldcoast Trading because either the call up instruction was received late or it was an existing deployment that needed to be extended. Hence, there was no competitive bidding for any of these orders that were issued to Goldcoast Trading. **H79|1**

20.219 In view that only one quotation was obtained, it was necessary in terms of the SCM manual that the order be approved by an officer with the rank of Director or higher and the prices must be proved to be fair and reasonable. There is no evidence, from the documents provided, that either of these two requirements has been complied with. In fact, Madhoe was not authorised, in terms of the SCM manual, to approve the orders to Goldcoast Trading as he is only a Senior Superintendent. **H79|1**

20.220 I can also conclude from the available cost of sale invoices to Goldcoast Trading that their prices charged to the police were not fair and reasonable. In the four matters described above, Goldcoast Trading cost of sales is only R179,200 of the R524,160 invoiced to the SAPS This means that they made a gross profit of R344,960 in respect of these four invoices alone. Therefore, Narainpershad, and or Madhoe, could not have complied with the requirement of certifying that the prices charged were fair and reasonable as they were not. In spite thereof, I can confirm that Narainpershad has certified for all the above mentioned payment order transaction forms for Goldcoast Trading, except one[1], that the prices charged by Goldcoast Trading were fair and reasonable when in fact they were not. **H79|1**

20.221 I have also established from my analysis of the call up instruction dates to the quotation dates and invoices dates of Goldcoast Trading that eight (8) call up instructions were spilt into eighteen (18) orders so that the order amounts would not exceed Madhoe's delegated authorised amount. **H79|4**

20.222 This means that the order was spilt so that Narainpershad and or Madhoe could stay within the approved delegated amount which Madhoe was authorised to approve in accordance with the SCM manual. **H79|4**

Summary of findings

20.223 A significant majority of the orders that were issued to Goldcoast Trading for the KwaZulu-Natal deployments were done without any competitive bidding taking place, other than those that are alleged in the Pongola Deployments although there are no documents available to support this allegation. The reasons as to why there was no competitive bidding is because Goldcoast Trading were either appointed on an urgent basis, or on the basis that there was a non-availability of accommodation, or on an extension to an existing order. In all these instances, a single quotation was obtained from Goldcoast Trading which submission in respect of their appoint was, where available, approved by Madhoe as he appears to have signed the submission.

[1] AC910554 was certified by Madhoe.

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20.224 The SAPS SCM manual requires that the approval of a supplier on a single quotation shall only be carried out provided that it is approved by an officer with the rank of Director or higher. In all these instances, Madhoe has approved the order when he was not authorised to do so as he was only a Senior Superintendent when he signed these orders.

20.225 In cases where the appointment is made on an urgent basis, I can confirm that the requirements that are set out in the SCM manual were not complied with in these instances. This means that the nature of the urgency and or the losses or consequences that should follow should action not be taken was not certified by an officer with the rank of Director or higher whilst the appointment was not approved by the BAC. There is no evidence from any of the available documents to confirm that this procedure and requirement was complied with.

20.226 It is further a requirement in terms of the SCM manual that when procuring goods or items on a single quotation that reasonable steps must be taken to ensure that a fair price is obtained. It is also a requirement that the proof of reasonableness must be obtained and be available for audit purposes. There is no evidence from any of the documents available to confirm that this requirement was complied with and therefore, it would be reasonable for me to conclude that this was never done.

20.227 The gross profit margins realised on these orders awarded to Goldcoast Trading are also indicative of the fact that the prices invoiced to the SAPS were not fair and reasonable. Goldcoast Trading have also indicated in two letters addressed to the police that they are an accommodation broker and therefore, their gross profit margins are only 20% on cost of sales. I can conclude that there is no evidence for those orders that have formed part of my analysis that this statement is true. In fact, the profit margin was in all instances significantly more than 20%.

20.228 Narainpershad has certified, by appending what appears to be his signature, the payments to Goldcoast Trading and by doing so has indicated that the prices charged are fair and reasonable when in fact they are not and as a result, the police have paid Goldcoast Trading at least R3,413,928.10 more than they should have.

20.229 I have also observed from the analysis of Goldcoast Trading's cost of sale invoices that their profit margins realised are never a consistent amount which would be reasonable taking into account that Goldcoast Trading is only an accommodation broker. The fact that these profit margins vary to the extents that the due is also extremely unusual.

20.230 In conclusion, detailed hereunder is a summary of my findings in relation to those cost of sale invoices that could be reconciled to the invoices issued by Goldcoast Trading. It is illustrated in this table that I have been able to reconcile R5,053,950 of the R11,932,458 invoiced to the police by Goldcoast Trading to their cost of sale invoices in the amount of R1,640,021.90. This means that Goldcoast Trading made a Gross Profit of R3,413.928.10 of the R5,053,950 that was invoiced to the police. The balance of R6,878,508 cannot be reconciled to any of their cost of sale invoices .

	Goldcoast Invoices			Reconcilable Cost of Sale Invoices			Irreconcilable
No	**Deployment Name**	**Invoice Amount (R)**	**Value of Reconcilable Invoice Amount (R)**	**Cost Price (R)**	**Gross Profit (R)**	**Gross Profit %**	**Goldcoast Trading Invoice Amount (R)**
1	Durban	390,650.00	390,650.00	159,502.90	231,147.10	**145**	
2	Durban North	217,500.00	217,500.00	116,000.00	101,500.00	**88**	
3	Gamalake	120,000.00	120,000.00	26,400.00	93,600.00	**355**	
4	Ingwenyama Conference and Sport Resort	20,400.00	20,400.00	8,700.00	11,700.00	**134**	
5	Newcastle	930,130.00	672,860.00	207,240.00	465,620.00	**225**	257,270.00
6	Pinetown	149,850.00	149,850.00	40,992.00	108,858.00	**266**	
7	Stanger	94,600.00	94,600.00	33,867.00	60,733.00	**179**	
8	Sundumbili	2,042,530.00	1,871,730.00	629,200.00	1,242,530.00	**197**	170,800.00
9	Ulundi	317,200.00	317,200.00	78,920.00	238,280.00	**302**	

Report of Trevor White

Chartered Accountant and Forensic Auditor

State versus Thoshan Panday and Others– Durban Central CAS 781/06/2010

24 November 2014

	Goldcoast Invoices			Reconcilable Cost of Sale Invoices			Irreconcilable
No	**Deployment Name**	**Invoice Amount (R)**	**Value of Reconcilable Invoice Amount (R)**	**Cost Price (R)**	**Gross Profit (R)**	**Gross Profit %**	**Goldcoast Trading Invoice Amount (R)**
10	Estcourt	1,705,670.00					1,705,670.00
11	Ladysmith	675,000.00	675,000.00	160,000.00	515,000.00	**322**	
12	Greytown	2,268,200.00					2,268,200.00
13	Nongoma	**3,000,728.00**	524,160.00	179,200.00	344,960.00	**193**	2,476,568.00
Total		**11,932,458.00**	**5,053,950.00**	**1,640,021.90**	**3,413,928.10**	**208**	**6,878,508.00**

SOCCER WORLD CUP

Introduction

20.231 Goldcoast Trading was issued with an order in the amount of R26,320,250 million by the SAPS to supply accommodation for 1030 police members during the SWC. Two other suppliers were also included in this *tender* namely Coastlands Holiday Resorts and Pendleburys both of whom were issued with orders for 200 members in the amount of R2,240,000 and 50 members in the amount of R1,377,000 respectively. **H12a|2**

20.232 I have already discussed, in preceding paragraphs of my report, the procedures performed in awarding this *tender* and hence, I shall not repeat the detailed content thereof.

20.233 However, I will reassert, for the purposes of this section of my report, that no actual tender was submitted neither was the work advertised in the Government Tender Bulletin as required in terms of the SCM manual. According to the certificate that is appended to the motivation to award the work to the three suppliers, Major General RS Pillay has certified that the work is awarded on an urgent basis, and because of the safety of the members of the SAPS. Hence, this order was awarded to Goldcoast Trading in accordance with the Urgent and or Emergency delegations as provided for in the SCM manual.

20.234 Based on the alleged urgency to procure accommodation for the SWC, the three accommodation brokers / suppliers were selected by Narainpershad, and or Madhoe, whilst there does not appear to be any information available as to why Goldcoast Trading was awarded a significant majority of work (80%) when compared to the other two suppliers, especially when Coastlands rate per night was significantly cheaper than Goldcoast Trading's rate who also had many rooms available that could have accommodated at least a further 158 members of Goldcoast Trading's 1030 members allocated to them.

20.235 In alleged discussions that took place between Roshini Naidoo, the Executive Director of Coastlands, and Narainpershad, she alleged that when the final number of members had been provided to her by Narainpershad for the accommodation of police members at Coastlands she complained to him as they had been reduced and as a result, she informed him that Coastlands had ample rooms available.

20.236 Allegedly, Narainpershad response to Roshini Naidoo was that he had divided the members amongst the three suppliers and therefore, it is reasonable to conclude that he was responsible for the allocation of members to each of these three entities.

AD333657 – R26,320,250 – Accommodation Soccer World Cup **H12**

20.237 Order No. AD333657 in the amount of R26,320,250 was issued to Goldcoast Trading on 25 June 2010 which order was for the accommodation of police members during 2010 soccer world cup. **H12a|1**

20.238 Payments to Goldcoast Trading were made in three parts as detailed hereunder:

Payment Advice Details			Invoice Details			
Advice No	Date	Amount (R)	Date	No.	Amount (R)	
F222191	30/06/2010	15,974,000				H12a|18
			29/06/2010	100245	10,200	H12a|19
			29/06/2010	100246	134,300	H12a|20
			29/06/2010	100247	1,880,400	H12a|21
			29/06/2010	100248	2,640,600	H12a|22
			29/06/2010	100249	1,342,700	H12a|23
			29/06/2010	100250	1,866,300	H12a|24
			29/06/2010	100251	790,500	H12a|25
			29/06/2010	100252	2,766,400	H12a|26
			29/06/2010	100253	1,726,050	H12a|27
			29/06/2010	100254	2,816,550	H12a|28
Subtotal		**15,974,000**			**15,974,000**	
F247860	14/07/2010	4,088,050				H12a|4
			13/07/2010	100267	1,904,400	H12a|7
			13/07/2010	100268	1,291,150	H12a|8
			13/07/2010	100269	892,500	H12a|9
Sub Total		**4,088,050**			**4,088,050**	
F222193	17/07/2010	6,097,700				H12a|10
			06/07/2010	100261	1,742,200	H12a|13
			06/07/2010	100260	2,613,300	H12a|14
			06/07/2010	100259	1,742,200	H12a|15
Sub Total		**6,097,700**			**6,097,700**	
Total		**26,159,750**			**26,159,750**	

20.239 For two of the abovementioned incidents, Narainpershad appears to have authorised the payment on the part payment transaction form by appending, what appears to be his signature to the certificate at the bottom right hand corner whilst the third was authorised by Lt Colonel LTA Majozi. **H12a|4 & 18** **H12a|10**

20.240 According to the content of these two certificates, the aforementioned two members have certified that the order complied with the requirements in that the payment was made according to the contract / agreement / tariff reasonability or fairness and therefore the payee may receive payment. **H12a|4** **H12a|10** **H12a|18**

20.241 The only supporting documents provided, in relation to the abovementioned payments, is the Goldcoast Trading invoice which invoice contains limited information regarding the deployment such as number of members accommodated, check in date and total cost to the SAPS only. An example of one of these invoices is illustrated in Record 125 below.

Record 125

Check in	DESCRIPTION / World Cup Deployment	No of Members	Total
08/07/2010	World Cup Deployment	883	
09/07/2010	World Cup Deployment	636	
		Grand Total	R1,291.150.00

20.242 Goldcoast Trading has not provided the rate per member per night, in addition to the aggregate cost for each deployment for each line item on their invoice and therefore, I cannot establish from the mere examination of the invoice on what basis it was calculated. As a result, I have analysed these invoices with the objective of determining what rates were used to calculate the accommodation of members for each of these invoices which analysis is detailed hereunder:

Invoice No.	Invoice Amount	Qty of Members stated on Invoice					Total Qty of Members	Rate per member (R)	
100267	1,904,400	947	1117				2,064	922.67	**H12a|7**
100268	1,291,150	883	636				1,519	**850.00**	**H12a|8**
100269	892,500	450	424	176			1,050	**850.00**	**H12a|9**
100261	1,742,200	966	966				1,932	901.76	**H12a|13**
100260	2,613,300	966	966	966			2,898	901.76	**H12a|14**
100259	1,742,200	966	966				1,932	901.76	**H12a|15**
100245	10,200	6	6				12	**850.00**	**H12a|19**
100246	134,300	158					158	**850.00**	**H12a|20**
100247	1,880,400	169	171	172	541	571	1,624	1,157.88	**H12a|21**
100248	2,640,600	576	595	600	865		2,636	1,001.75	**H12a|22**
100249	1,342,700	731	731				1,462	918.40	**H12a|23**
100250	1,866,300	1039	1039				2,078	898.12	**H12a|24**
100251	790,500	930					930	**850.00**	**H12a|25**
100252	2,766,400	928	928	928			2,784	993.68	**H12a|26**
100253	1,726,050	935	978				1,913	902.27	**H12a|27**
100254	2,816,550	947	949	947			2,843	990.70	**H12a|28**
	26,159,750						**27,835**		

20.243 It is evident from the aforementioned table that the rates that were used by Goldcoast Trading reconciled to the R850 provided for in their quotation for five (5) of their sixteen (16) invoices issued to the SAPS in respect of accommodation of members during the SWC. The remaining rates used by Goldcoast Trading varied from R898.12 to R1,157.88 per member. The basis for these variances is not recorded on Goldcoast Trading's invoices neither is there any notation appended on the payment documents, by either Narainpershad or Lt Colonel LTA Majozi, being the two persons who certified these payments to Goldcoast Trading, as to the reasons for these differences and therefore, they have misrepresented to the SAPS, when they appended, what appears to be, their signatures to the part payment transaction form that the prices charged by Goldcoast Trading were in accordance with contract/ agreement or tariff when they were not.

RR4-TSW-0487

20.244 The effect of the payment of Goldcoast Trading's invoices that contained these variances means that the SAPS paid R2,5 million more to Goldcoast Trading than they should have had the correct rate per member been charged on their invoices. This overcharge is illustrated in the table hereunder:

No.	Invoice Amount	Total Qty Members invoiced	Rate / member (R)	Cost @ R850 / member	Prejudice (R)	
100267	1,904,400	2,064	922.67	1,754,400	150,000	**H12a|7**
100268	1,291,150	1,519	850.00	1,291,150	-	**H12a|8**
100269	892,500	1,050	850.00	892,500	-	**H12a|10**
100261	1,742,200	1,932	901.76	1,642,200	100,000	**H12a|13**
100260	2,613,300	2,898	901.76	2,463,300	150,000	**H12a|14**
100259	1,742,200	1,932	901.76	1,642,200	100,000	**H12a|18**
100245	10,200	12	850.00	10,200	-	**H12a|19**
100246	134,300	158	850.00	134,300	-	**H12a|20**
100247	1,880,400	1,624	1,157.88	1,380,400	500,000	**H12a|21**
100248	2,640,600	2,636	1,001.75	2,240,600	400,000	**H12a|22**
100249	1,342,700	1,462	918.40	1,242,700	100,000	**H12a|23**
100250	1,866,300	2,078	898.12	1,766,300	100,000	**H12a|24**
100251	790,500	930	850.00	790,500	-	**H12a|25**
100252	2,766,400	2,784	993.68	2,366,400	400,000	**H12a|26**
100253	1,726,050	1,913	902.27	1,626,050	100,000	**H12a|27**
100254	2,816,550	2,843	990.70	2,416,550	400,000	**H12a|28**
	26,159.70			**23,659,750**	**2,500,000**	

20.245 This means that Goldcoast Trading ought to have invoiced the SAPS the amount of R23,659,750 instead of R26,159,750 had they used the rate per member as detailed in their quotation to the SAPS.

Schedule of Deployments SWC - 4 to 28 June 2010

20.246 I have located amongst Goldcoast Trading's records a schedule that purports to reflect the number of members that were accommodated by Goldcoast Trading at eight (8) suppliers for the period 4 to 28 June 2010 (**Document No 19308|9**). **H12p|1-2**

20.247 I have been able to determine from the examination of the aforementioned schedule that Goldcoast Trading used the following venues to accommodate SAPS members during the SWC:

1. Mc Donalds Lodge;
2. Reservoir Hills;
3. Beach Hotel;
4. Royal Hotel;
5. Windermere Apartments;
6. Coastlands;
7. Seaboard Hotel; and
8. Tenbury Hotel.

20.248 I have also determined that the aforementioned schedule was provided to the SAPS by Goldcoast Trading probably to account for some of the payments that were or had to be made to them for the accommodation of police members during the SWC. I have come to this finding based upon the fact that another copy of the aforementioned schedule (**Document No14573|4**), together with a covering letter from Goldcoast Trading, dated 28 June 2010 (**Document No. 14572**), was also located amongst the records of the SAPS SCM. **H12p|3-5**

20.249 The content of the aforementioned letter (**Document No. 14572**) is illustrated in Record 126 below.

Record 126

28/06/2010

Att:Captain Ashwin / Shamilla

Please find the attached World Cup Details As per request

Regards

Tasleem Rahiman

P A TO Director of Goldcoast Trading

20.250 Based on the addressee of this letter (**Document No. 14572**) and the content thereof, is reasonable to conclude that this information was requested by Narainpershad, and or Shamilla, on or about 28 June 2010, two days prior to the first part payment being authorised by Narainpershad. **H12p|3**

20.251 I have compared the total quantity of members in the aforementioned schedule, and the check in dates, to the number of members and dates that appear on Goldcoast Trading invoices and can conclude from this examination that initially the quantity reconciled to the invoices however, of the eight (8) days the quantities were initially overstated by two (2) members a day which increases to twenty one (21) and twenty three (23) members per day. **H12p|1-2** **H12p|4-5**

20.252 My findings from the aforementioned examination is illustrated hereunder for ease of reference:

Invoice No[1]	Invoice Date	Deployment Date	Qty Members	Rate (R)	Total (R)	Qty / Doc19308 (H12p|1-2)	Over stated Qty	Prejudice (R)
100245	29/06/2010	04/06/2010	6	850.00	5,100.00	6	0	-
100245	29/06/2010	05/06/2010	6	850.00	5,100.00	6	0	-
100246	29/06/2010	06/06/2010	158	850.00	134,300.00	158	0	-
100247	29/06/2010	07/06/2010	169	1,157.88	195,684.60	169	0	-
100247	29/06/2010	08/06/2010	171	1,157.88	197,997.48	171	0	-
100247	29/06/2010	09/06/2010	172	1,157.88	199,155.36	172	0	-
100247	29/06/2010	10/06/2010	541	1,157.88	626,413.08	541	0	-
100247	29/06/2010	11/06/2010	571	1,157.88	661,149.48	571	0	-
100248	29/06/2010	12/06/2010	576	1,001.75	577,005.16	574	2	1,700.00
100248	29/06/2010	13/06/2010	595	1,001.75	596,038.32	593	2	1,700.00
100248	29/06/2010	14/06/2010	600	1,001.75	601,047.04	598	2	1,700.00
100248	29/06/2010	15/06/2010	865	1,001.75	866,509.48	863	2	1,700.00
100249	29/06/2010	16/06/2010	731	918.40	671,350.00	729	2	1,700.00
100249	29/06/2010	17/06/2010	731	918.40	671,350.00	729	2	1,700.00
100250	29/06/2010	18/06/2010	1039	898.12	933,150.00	1037	2	1,700.00
100250	29/06/2010	19/06/2010	1039	898.12	933,150.00	1037	2	1,700.00
100251	29/06/2010	20/06/2010	930	850.00	790,500.00	928	2	1,700.00
100252	29/06/2010	21/06/2010	928	993.68	922,133.33	926	2	1,700.00
100252	29/06/2010	22/06/2010	928	993.68	922,133.33	926	2	1,700.00
100252	29/06/2010	23/06/2010	928	993.68	922,133.33	926	2	1,700.00
100253	29/06/2010	24/06/2010	935	902.27	843,626.11	930	5	4,250.00
100253	29/06/2010	25/06/2010	978	902.27	882,423.89	976	2	1,700.00
100254	29/06/2010	26/06/2010	947	990.70	938,189.54	926	21	17,850.00
100254	29/06/2010	27/06/2010	949	990.70	940,170.93	926	23	19,550.00
100254	29/06/2010	28/06/2010	947	990.70	938,189.54	926	21	17,850.00
			16440		**15,974,000.00**	**16344**	**96**	**81,600.00**

20.253 I can therefore conclude, from the aforementioned analysis, that Goldcoast Trading has overstated their abovementioned invoices by ninety six (96) members when compared to the schedule that was submitted to Narainpershad by Tasleem Rahiman which, in aggregate, amounts to R81,600. **H12a|7-9 H12a|13-15 H12a|19-28 H12p**

[1] H12a|7-9, H12a|13-15 and H12a|19-28.

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20.254 The aforementioned schedule also indicates that 440 members were accommodated at Tenbury Hotel for the period 18 to 28 June 2010 (**Document No.19309**). I have also identified an invoice from Opitma Management Services (Pty) Ltd in favour of Goldcoast Trading dated 3 June 2010 in the amount of R1,296,000 for the accommodation of 30 units at The Oceanic and the Tenbury respectively. **H12p|2**

20.255 I have also examined an affidavit obtained from Jane Siripal, a reservationist at Optima Management Services, who confirms that she prepared the aforementioned invoice at the request of an accommodation broker by the name of Laura Pillay on behalf of Goldcoast Trading but that the accommodation was not confirmed and therefore not paid by Goldcoast Trading.

20.256 Hence, I cannot validate whether members actually stayed at the Trenbury although I can verify, based on Jane Siripal's affidavit, that the invoice in favour of Goldcoast Trading was never paid neither was accommodation booked (**Document No. 19309**).

True Stay versus Goldcoast Stay

20.257 I have also identified, amongst Goldcoast Trading's records, a Walton's A4 counter book (**Document No. 23796 – 23821**) which contains the heading "W/Cup" on the face thereof. A copy of this heading is illustrated Record 127 below **H12o**

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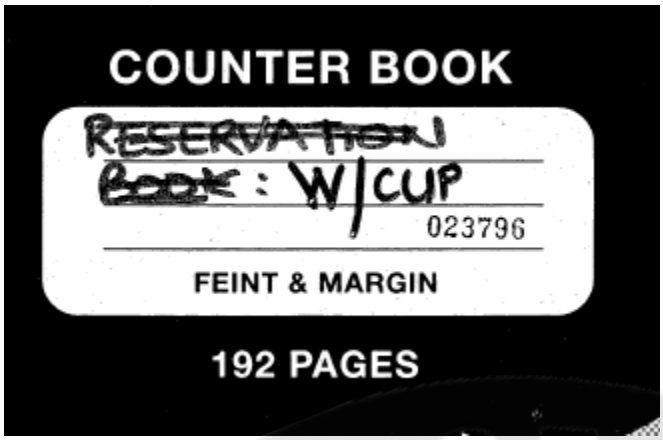
Record 127 **H12o|1**



20.258 The first page of the abovementioned Walton's Counter book contains the heading "World Cup 2010" and based thereon, I would conclude that the content of this book contains a record of the deployment of police members during the SWC by Goldcoast Trading. A copy of this heading, as it appears on the first page of this counter book, is illustrated in Record 128 below. **H12o|2**

Record 128

20.259 I have determined from the examination of the abovementioned Walton's counter book that there are various entries relating to the accommodation of members during the SWC at ten (10) venues. These entries contain three headings for each venue namely: "Date Start"; "True Stay"; and "Goldcoast Charge." An extract of this document (**Document No. 23798**), which relates to the accommodation of members in the Reservoir area, is illustrated Record 129 below. **H12o** **H12o|3**

Record 129 **H12o|3**

DATE START	TRUE STAY	GOLD COAST CHARGE
6: 06: 2010	48 MEMBERS.	60 MEMBERS.
7- 06: 2010	48 MEMBERS	60 MEMBERS
8: 06: 2010	48 MEMBERS	60 MEMBERS
9: 06: 2010	48 MEMBERS	60 MEMBERS
10: 06: 2010	48 MEMBERS +143	200 MEMBERS
11: 06: 2010	191 MEMBERS	200 MEMBERS
12: 06: 2010	191 MEMBERS	200 MEMBERS
13: 06: 2010	191 MEMBERS	200 MEMBERS
14: 06: 2010	191 MEMBERS	200 MEMBERS
15: 06: 2010	191 MEMBERS	200 MEMBS

20.260 For each of the above mentioned entries that appear in this counter book, it is preceded with a cover page which contains either the venue or the area where members were accommodated. An example of the Reservoir Hills cover page is illustrated in Record 130 below. **H12o|2**

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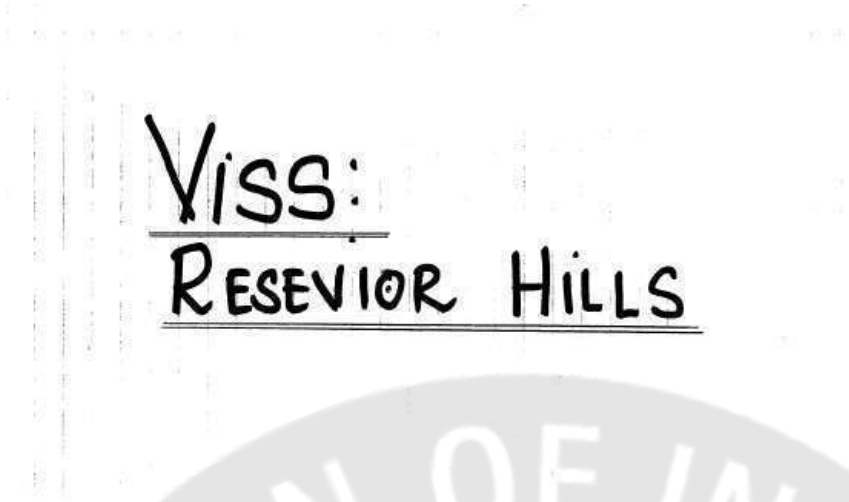
Record 130 **H12o|2**



20.261 I have also determined from my examination of this Walton's counter book that the entries contained therein relate to the following venues or places:

1. Reservoir Hills (**Document No. 23797**); **H12o|2**
2. Mc Donalds Lodge (**Document No. 23800**); **H12o|5**
3. Royal Hotel (**Document No. 23803**); **H12o|8**
4. Beach Hotel (**Document No. 23806**); **H12o|11**
5. Windermere Apartments (**Document No. 23810**); **H12o|15**
6. Hampshire Hotel (**Document No. 23812**); **H12o|17**
7. Coastlands Hotel (**Document No. 23814**); **H12o|19**
8. Tenbury Hotel (**Document No. 23816**); **H12o|21**
9. Seaboard Hotel (**Document No. 23818**); and **H12o|23**
10. Impala Holiday Flats (**Document No. 23819**). **H12o|24**

20.262 I have interpreted the information contained in the aforementioned document to indicate that all the quantities reflected in the column titled "True Stay" is the actual number of members that were accommodated by Goldcoast Trading on behalf of the SAPS during the SWC, whilst the column titled "Goldcoast Charge" is the number of members that Goldcoast Trading invoiced the SAPS for. **H12o**

20.263 Upon comparison of the quantities stated in the abovementioned example (Record 129 above), I am able to conclude that it appears that, for the Reservoir Hills accommodation, Goldcoast Trading has overstated their quantities to the police between nine (9) and twelve (12) members per day. **H12o|3** **H11|4**

20.264 I have also been able to verify from my examination of all of Goldcoast Trading cost of sale invoices in respect of the accommodation of police members in the Reservoir Hills area that their sole supplier for this area was Willow Park Transport and Projects CC. I have been able to validate, from my examination of Willow Park Transport and Projects CC invoices for Goldcoast Trading, that the number of members appearing on their invoice reconciles to the quantity of members appearing in the "True Stay" column of the document illustrated in Record 129 above. Based on this finding, it would be reasonable to conclude that the content of the information contained on this schedule is correct. **H11|4** **H12e**

20.265 I am also able to confirm from my analysis of information relating to the other suppliers that in most instances the "true stay" reconciles to the suppliers cost of sale invoices although there are instances where the quantities deviate to the "true stay" although these deviations are not significant. My analysis of Royal Hotel[1], McDonalds Lodge[2], Windermere Apartments[3], Coastlands[4] and Impala Holiday Flats[5] will show these minor deviations. **H11**

[1] H11|2-3
[2] H11|16-17
[3] H11|5-6
[4] H11|7-8
[5] H11|11-14

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20.266 It would also be a reasonable to infer, from the aforementioned document, that Goldcoast Trading and Panday were intent on misleading the police with regards to the actual number of members that were being accommodated during the SWC which misrepresentation has resulted in the police having to pay more for the services than they should have.

PwC Analysis **H11**

20.267 I have performed the same procedures that have been detailed in previous paragraphs where I have discussed the appointment of Goldcoast Trading for the KwaZulu-Natal deployments.

20.268 To summarise, I have identified all the cost of sale invoices contained in Goldcoast Trading's records for the eight (8) suppliers detailed in paragraph 20.247 of my report, in addition to all Goldcoast Trading's "true versus Goldcoast charge" documents and attempted to reconcile the quantities to the total quantity of members that were invoiced to the police. **H11**

20.269 Based on the procedures performed, I have been able to conclude that Goldcoast Trading were issued an order in the amount of R26,320,250 which amounts to 30,925 members per night, using the rate of R850 per member per night. **H12a|1**

20.270 However, Goldcoast Trading have invoiced the police the aggregate amount of R26,159,750 for 27,835 members per night which means that only R160,500 of the R26,320,250.00 authorised as per order No AD333657 was not used. Initially the quantity of members to be accommodated, at R850 per member was 30,965, but after taking into account the value of Goldcoast Trading's invoices and number of members accommodated into account, I have determined that the balance of members is 3,130, and therefore the value invoiced by Goldcoast Trading is not in proportion to the rate of R850 per member. Hence, the remaining 3,130 members would have had to be accommodated at a rate of R51.28 per night. It therefore appears that Goldcoast Trading have attempted to utilise the majority of funds allocated to them in accordance with order No. AD333657 and by doing so, have increased their average rate per member from the R850 to R939.81. **H12a**

20.271 A summary of the abovementioned is detailed hereunder:

Description	Rate / night	Amount (R)	Total Beds / Qty	
Order No AD333657	R850.00	26,320,250.00	30,965	**H12a|1**
Invoiced	R939.81	26,159,750.00	27,835	**H12a**[1]
Difference	R51.28	**160,500.00**	**3,130**	

20.272 I have also only been able to locate cost of sale invoices for 22,548 members which means that Goldcoast Trading appear to have overstated the number of members accommodated by 5,287. This is also supported by the records of Goldcoast Trading in their Walton's record counter book that is discussed in preceding paragraphs of my report and which a sample of is illustrated in Record 129 above. **H11** **H12o**

20.273 The basis on which the aforementioned was determined is illustrated hereunder

[1] H12a|7-9, H12a|13-15, and H12a|19-28.

	Amount (R)	True Stay Qty	Goldcoast Charge Qty	
Invoiced	26,159,750.00	27,835	**27,835**	**H12a**
Cost of Sales	6,808,242.81	22,548	**26,320**	**H11**
Royal Hotel	1,060,000.00	2,650	4,131	
Willow Park	1,252,664.06	5,694	5,994	
Windermere Apartments	639,300.00	2,131	2,939	
Coastlands	1,880,870.00	5,460	5,804	
Seaboard Hotel	15,100.00	50	50	
Beach Hotel	706,026.00	2,283	2,493	
Hampshire	28,482.00	87	87	
Impala Holiday Flats	35,700.00	178	170	
Tenbury		0		
McDonalds Lodge	1,190,200.75	4,015	4,652	
Difference	**19,351,507.19**	**5,287**	**1,515**	

20.274 I have had to record my findings as detailed above because of the manner in which Goldcoast Trading have invoiced the police for the deployments of members during the SWC period, and the fact that their invoices did not reflect the quantity of members during the SWC period, and the duration of their stay at a specific venue. As a result, it was difficult to reconcile cost of sale invoices to specific invoices issued by Goldcoast Trading. **H12a** **H12a|7-9** **H12a|13-15** **H12a|19-28**

20.275 Consequently, the only means in which an analysis of the various types of information could be completed was to compare the aggregate quantity and amounts that were invoiced by Goldcoast Trading to their supplier invoice and aggregate quantity of members, whilst using the average rate charged per member and comparing that with the rate to determine whether there was any variances with the amounts and quantities that were invoiced to the police. **H11|1** **H11|2-17**

20.276 As a result of the constraints encountered in respect of reconciling Goldcoast Trading supplier invoices to the invoices issued by them to the SAPS for the SWC, I have provided for four (4) scenarios in my analysis to be taken into account when determining the prejudice or losses that have been sustained by the police as a result of various misrepresentations made by Goldcoast Trading and Panday.

20.277 These four (4) scenarios are explained hereunder:

Scenario 1: Calculation of the value of Overstated Invoices

20.278 I have determined, using the formula detailed hereunder and the procedures explained in preceding paragraphs of my report, that Goldcoast Trading have overstated their invoices by an aggregate amount of 5,287 members. In view that Goldcoast Trading have not invoiced the police at their quoted tariff of R850 per member I have used their average rate per member to calculate the value of the overstated 5,287 members from which I can conclude that prejudice or loss to the police is R4,968,775.47.

20.279 The formula used, and the basis as to how I have arrived at the aforementioned amount, is detailed hereunder:

$$\text{(Qty invoiced Goldcoast} - \text{Qty of members Cost of Sales) x avg rate invoiced Goldcoast}$$ **H11**

$$= (27{,}835 - 22{,}548) \text{ x } (26{,}159{,}749.99 \div 27{,}835)$$

$$= 5{,}287 \; x \; R939.81$$

$$= \underline{R4{,}968{,}775.47}$$

Scenario 2: Calculation of overcharge based on incorrect tariff used by Goldcoast Trading

20.280 For the second scenario, I have calculated the value of the overcharge to the police based on the fact that Goldcoast Trading did not use the correct tariff of R850 per member per night and on the assumption that they have invoiced the police for the members they actually purchased accommodation for.

20.281 My findings from this analysis revealed that, as a result of Goldcoast failing to charge the police the correct tariff, they have therefore overstated their invoices to the police by R2,499,861.35. The formula used and the basis as to how I have arrived at the aforementioned amount is detailed hereunder:

H11

$$\text{Total Qty members Invoiced by Goldcoast x (Avg rate invoiced Goldcoast-R850)}$$
$$= 22{,}548\ x\ (R939.81 - R850)$$
$$= 22{,}548\ x\ R89.81$$
$$\underline{= R2{,}025{,}035.88}$$

Scenario 3: Calculation of Potential overpayment to Goldcoast Trading

20.282 For the third scenario, I have calculated the value of the prejudice or loss suffered by the police taking into account that the cost price to Goldcoast Trading was the market related price for the accommodation and therefore, the price that the police ought to have paid for the accommodation of police members during the SWC.

20.283 For that reason, I have ascertained that the difference between Goldcoast Trading's quoted tariff of R850 per member per night and the average cost of sale invoices is the value of the prejudice or loss per member per night.

20.284 This means that the police have paid R12,405,909.60 more for the deployments of police members during the SWC, in respect of the 22,548 members identified on Goldcoast Trading's cost of sale invoices. The formula used, and the basis as to how I have arrived at the aforementioned amount, is detailed hereunder:

H11

$$(\text{R850 - }\left(\frac{\text{aggregate value Goldcoast Trading cost of sales}}{\text{Qty of members-Cost of sales}}\right)) \times \text{Qty of members-Cost of sales}$$
$$= (\text{R850} - \left(\frac{6{,}808{,}242.81}{22{,}548}\right)) \times 22{,}548$$
$$= (\text{R850} - (\text{R301.94}\ )) \times 22{,}548$$
$$= (\text{R548.06} \times 22{,}548$$
$$\underline{= \text{R12,357,656.88}}$$

Scenario 4: Calculation of Losses Less 20% Gross Profit

20.285 For the fourth scenario, I have calculated the prejudices or losses sustained by the police after considering the difference between Goldcoast Trading's profit margins on their cost sale invoices and the alleged 20% mark up on these cost of sales being the alleged profit that they make which was indicated in written representation to the police. (Scenario 3 and 4 are mutually exclusive and cannot be added together to calculate a total prejudice.)

20.286 I have determined from this calculation that the prejudice or losses sustained to the police, based on the fact that Goldcoast Trading did not charge a 20% mark up on their cost of sale invoices, is R10,995,908.63. **H11**

20.287 The formula used and the basis as to how I have arrived at the aforementioned amount is detailed hereunder:

$$\left(\left(\left(\frac{\text{aggregate value of cost of sales}}{\text{Qty of members cost of sales}}\right) + 20\%\ \text{Gross Profit}\right) - \text{R850}\right) \times \text{Qty of members Cost of sales}$$

$$= \left(\left(\left(\frac{6{,}808{,}242.81}{22{,}548}\right) + 20\%\ \text{Gross Profit}\right) - \text{R850}\right) \times 22{,}548$$

$$= \left(\left((301.94) + 20\%\ \text{Gross Profit}\right) - \text{R850}\right) \times 22{,}548$$

$$= \left(\left((301.94) + 20\%\ \text{Gross Profit}\right) - \text{R850}\right) \times 22{,}548$$

$$= \left(R362.33 - \text{R850}\right) \times 22{,}548$$

$$= \left(R362.33 - \text{R850}\right) \times 22{,}548$$

$$= R487.67 \times 22{,}548$$

$$\underline{= R10{,}995{,}983.16}$$

Block Booking of Rooms

20.288 I have discussed in preceding paragraphs of my report that Goldcoast Trading had indicated to representatives of the SAPS that they had blocked booked approximately 20,000 hotel rooms for the SWC as they were going to place between 20,000 to 30,000 people during this event. **B23** **B24|1**

20.289 I have been able to determine from the examination of affidavits obtained from representatives of the venues who accommodated the police members during the SWC that the abovementioned statement is not true.

20.290 The table hereunder indicates the dates that Panday, and or Goldcoast Trading, approached the representatives responsible for the venues where police members were accommodated during the SWC in order to arrange the accommodation of members during this SWC.

Venue	Date Approached
Seaboard Hotel	25 June 2010.
Windermere Apartments	Beginning of June 2010
McDonalds Lodge	Beginning of June 2010
The Beach Hotel	19 May 2010
Willow Park	March / April 2010
Coastlands	May 2010

20.291 Based on the abovementioned dates that these representatives were approached by Panday is reasonable for me to conclude that he did not have 20,000 rooms block booked for the SWC despite the aforementioned statement being made in two letters that were addressed to the police. These rooms were only negotiated once he became aware that he would be awarded orders by the police. **B23** **B24|1**

20.292 It is further evident from Goldcoast Trading's bank statement that their only client during the SWC period was in fact the SAPS and therefore, the only reasonable inference that can be made from this is that Panday was attempting to mislead the police in securing the tender for the SWC.

21.000 CONCLUSION

21.001 The five entities discussed in my report, namely Goldcoast Trading; Bravosat 25 CC; Valotone 21 CC; Unite Mzansi Trading; and Kaseev Traders, are all related to Panday in that he is the sole member for four of the five entities with the exception of Kaseev Traders whose sole member is Seevesh Iswarkumar, who appears to be Panday's brother in law.

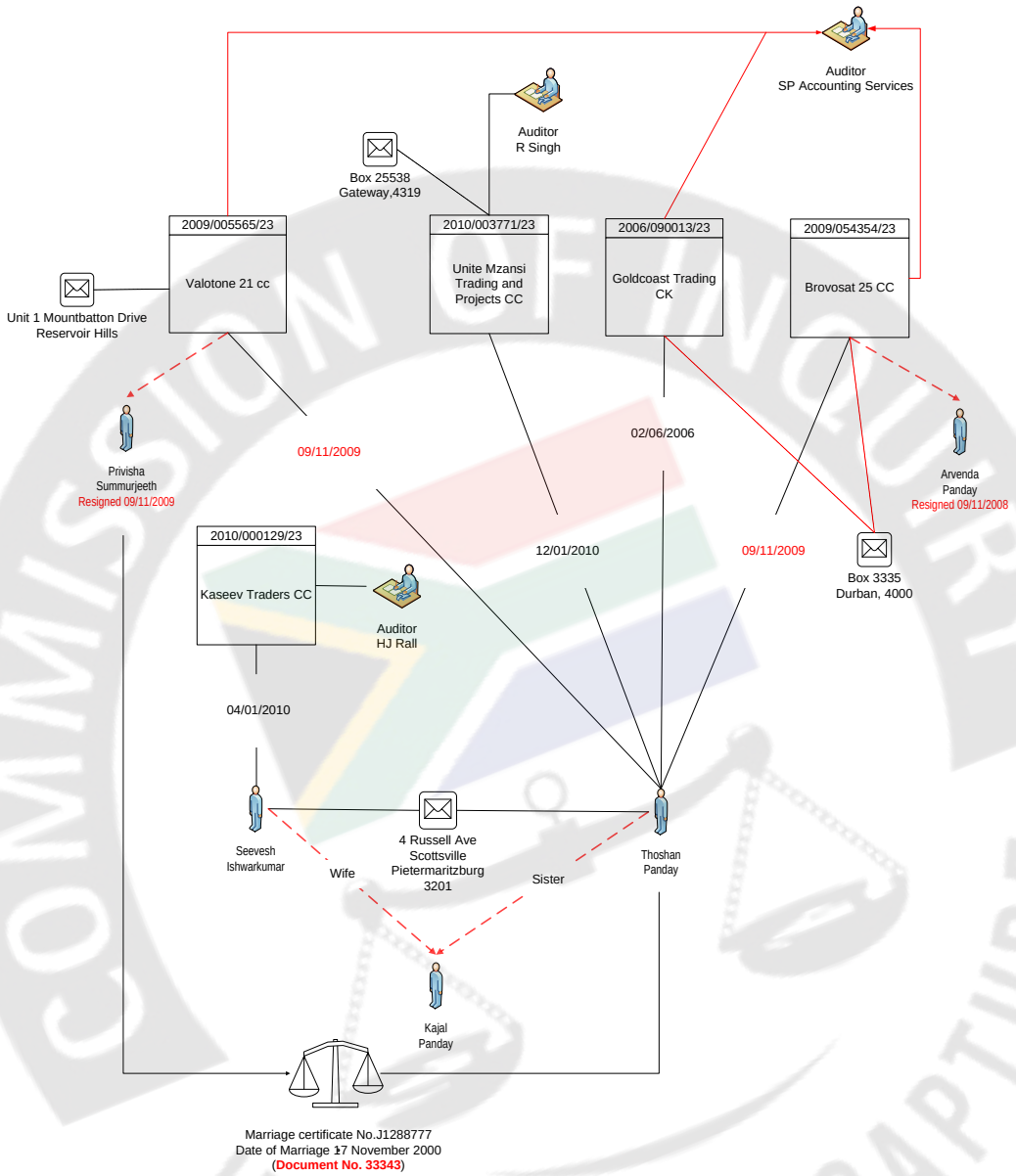
21.002 Reports from the CIPC indicate that one of these five entities was initially owned by Panday's mother, Arvenda Panday, who was the sole member of Bravosat 25 CC, but resigned as a member thereof on 9 November 2009, although the documents relating to her resignation were only submitted to CIPC on 17 August / September 2011.

21.003 Despite Arvenda Panday's resignation as a member of Bravosat 25 CC being effective on 9 November 2009, and Panday becoming the sole member on the same date, she facilitated in the opening of an ABSA Bank account for Bravosat 25 CC on 18 November 2009, and still remains the only contact person on this account, whilst she also facilitated the registration of Bravosat 25 CC on the SAPS Supplier database on 30 November 2009.

21.004 The second of the five entities, being Valotone 21 CC, was initially solely owned by Panday's wife, Privisha Panday (nee Summerjeeth), who became the sole member thereof on 9 November 2009 and resigned her membership to this entity, effective 9 November 2009, although CIPC was officially informed of this resignation on 17 August 2011.

21.005 Despite Privisha Panday (nee Summerjeeth) resignation as the sole member for Valotone 21 CC on 9 November 2009, she facilitated in the opening of a bank account for this entity with ABSA Bank on 18 November 2009 and continues to remain the sole signatory on this account even though she was no longer a member thereof. In addition, she also facilitated in registering Valotone 21 CC on the SAPS Supplier database on 30 November 2009, which was after her resignation date as a member for this entity.

21.006 Based on the above, I can conclude that Panday was the sole member of Goldcoast Trading, Valotone 21 CC, Bravosat 25 CC, and Unite Mzansi Trading with effect from 9 November 2009 when these entities started to perform work for the SAPS which relationship is best illustrated hereunder:



21.007 It has been determined that these entities gave the false impression of competing against one another for the supply of the same goods and/or services to the SAPS and therefore, created the impression that there was competitive bidding taking place and that the prices tendered/quoted were

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market related when in fact they were not.

21.008 In aggregate, the SAPS paid, between the period November 2009 to August 2010, R47,346,597.52 to these five entities of which R39,336,283 was paid to Goldcoast Trading. Of the R39,336,283 paid to Goldcoast Trading R26,320,250 was in respect of accommodation of police members during the SWC.

21.009 The order awarded to Goldcoast Trading in the amount of R26,320,250 to accommodate police members during the SWC was done on the basis that the matter was urgent and therefore, the tender was not advertised in the Government Tender Bulletin as required in terms of the SCM policy and therefore, competitive bidding procedures were not complied with.

21.010 According to the Information Note that was presented to the Bid Adjudication Committee, and the supporting documents relating thereto, it is being certified by Major General R S Pillay that the *tender* for the accommodation of police members during the SWC was an urgent matter and because of the safety and security of police members during the SWC the matter did not go out to tender. Although it is also a requirement that the motivation must state that the urgency did not arise as a result of the lack of proper planning this was not done. This urgency arose because of the lack of proper planning since the SAPS knew from at least October 2009 that accommodation of police members during the SWC was required yet the information was only submitted to the BAC in June 2010.

21.011 Narainpershad divided the police members between three suppliers being Goldcoast Trading (80%), Coastlands (16%) and Pendleburys (4%) even though he was aware that there was additional accommodation available at Coastlands, in addition to the fact that Coastlands rate per night was significantly less than that of Goldcoast Trading (R400 per person sharing as opposed to R850 per person sharing) which would have been a saving of R2,760,130 to the SAPS. This is aggravated even further as Panday approached Coastlands during May 2010 to accommodate police members at Coastlands during the SWC and therefore, resulted in the police paying significantly more for these services had Narainpershad divided the members transparently and in the most cost effective way between the various providers of accommodation.

21.012 During the period when these orders were awarded to Panday's related entities, Madhoe, Narainpershad, Lieutenant General Ngobeni and Major General RS Pillay received gifts from Panday in the aggregate amount of R171,265.58 and based thereon, neither of the four should have been involved in any decisions relating to work awarded to any of his related entities.

21.013 The amounts paid for the benefit of each of these four police members is detailed hereunder:

No	Name	Value of Benefit (R)
1	Madhoe	89,104.95[1]
2	Narainpershad	59,662.71[2]
3	Lieutenant General Ngobeni	20,962.00[3]
4	Major General RS Pillay	1,535.92
Total		**171,265.58**

21.014 I have been able to reconcile R12,749,533.32 of the R20,138,222.52 invoiced to the SAPS by Panday's related entities to their supplier invoices and have determined from these reconciliations that Panday and/or his related entities

[1] Oyster Box R6,010 + SA Airways R8,584 + Advocate Cars R60,000 + Westin Grand Cape Town R14,510.95= R89,104.95
[2] Varsity College R43,500 + Game Stores R7,154 + Protea Hotel Karriden R1,752.71 +Protea Hotel Richards Bay R7,256= R59,662.71
[3] Royal Palm / Dish Restaurant R18,712 + Zindx Productions / Mr Maharaj R2,250 = R20,962

have made a gross profit of R8,480,149.12 of the R12,749,533.32 that was paid to them by the SAPS, excluding any payments for the SWC.

21.015 A summary of the aforementioned profit margins and the cost of sale amounts in respect of each of these related entities are detailed hereunder:

Name	Total Amount Invoiced (R)	Value of Reconcilable Invoice Amount (R)	Cost of Sales (R)	Gross Profit (R)	Gross Profit %
Kaseev Traders	1,552,019.40	1,552,019.40	734,365.44	817,653.96	111
Valotone 21 CC	3,515,704.36	3,227,891.86	945,215.38	2,282,676.48	241
Unite Mzansi Trading	863,122.06	863,122.06	232,995.40	630,126.66	270
Bravosat 25 CC	2,079,468.70	1,858,100.00	652,100.08	1,205,999.92	185
Goldcoast Trading (Goods)	195,450.00	194,450.00	65,686.50	129,764.00	196
Goldcoast Trading (KZN Deployments)	11,932,458	5,053,950.00	1,640,021.90	3,413,928.10	208
Total	**20,138,222.52**	**12,749,533.32**	**4,270,384.70**	**8,480,149.12**	**199**

21.016 Owing to the manner in which Goldcoast Trading invoiced the SAPS for the accommodation of members during the SWC it was not possible to reconcile cost of sale invoices to specific invoices issued by Goldcoast Trading. Consequently, the only means in which an analysis of the various types of information could be completed was to compare the aggregate quantity and amounts that were invoiced by Goldcoast Trading to their supplier invoices and the aggregate number of members, whilst using the average rate charged per member and comparing that with the rate to determine whether there was any variances with the amounts and quantities that were invoiced to the police.

21.017 As a result of the constraints encountered in respect of reconciling Goldcoast Trading supplier invoices to the invoices issued by them to the SAPS for the SWC, I had to provide for four scenarios in my analysis to be taken into account when determining the prejudice or losses that have been sustained by the police as a result of the various misrepresentations made by Goldcoast

Trading and/or Panday as detailed hereunder:

Scenario	Scenario Description	Prejudice (R)
Scenario 1	Calculation of the value of overstated invoices	4,968,775.47
Scenario 2	Calculation of overcharge based on incorrect tariff used by Goldcoast Trading	2,025,035.88
Scenario 3	Calculation of potential overpayment to Goldcoast Trading.	12,357,656.88
Scenario 4	Calculation of Losses less 20% Gross Profit	10,995,983.16

(Scenario 3 & 4 are mutually exclusive and cannot be added together to calculate the total prejudice)

21.018 I have also prepared a flow chart containing a summary of the movement of funds between Panday's related entities and the accounts into which money was paid by these entities and/or Panday. This flow chart is annexed to this conclusion for ease of reference and should be examined together with my conclusion to understand the movement of funds between the accounts.

21.019 Of the R47,346,597.52 that was paid to Panday's related entities by the SAPS, R39,336,283 was paid into Goldcoast Trading's Nedbank account No. 1442016728 which was disbursed from this account as follows:

Beneficiary	Bank Account Details	Amount (R)
Thoshan Panday	Standard Bank Account No. 252133412	2,070,000.00
	ABSA bank Account No. 4058448969	8,506,000.00
	Nedbank Account No. 5898460804057768	35,500.00
Privisha	Unknown	10,310,000.00
Cambric	Unknown	4,000,000.00
Bamath	Unknown	5,404,174.34
Seevesh Ishwarkumar	FNB Account No. 50429038596	1,080,639.21
	FNB Account No. 62254021878	17,500.00
Momentum		775,994.21
Cheques Cashed / or bearer cheques cashed[1]		3,225,746.24
Cash Withdrawal		207,200.00
Total		**35,632,754.00**

[1] Copies of all these paid cheques have not been provided to me for further analysis and therefore, this information has merely been extracted from the bank statements and or the available returned paid cheques that have been located amongst Goldcoast Trading's records.

21.020 The Nedbank statements of Goldcoast Trading indicate that, in aggregate, R10,310,000 was transferred to "Privisha" where one transaction was in the amount of R10,000,000 and was transferred on 4 August 2010. I have inferred that this is Panday's wife however, I do not have the supporting documents relating to these transactions and therefore, I am unable, at this time, to verify the contra account into which these funds were paid.

21.021 Of the R2,070,000 paid into Panday's Standard bank account No. 252133412, R553,439.91 thereof was transferred to his Dinners Club account No. 36135773216 which account was used by Panday to pay for various items for Madhoe, Narainpershad and Lieutenant General Ngobeni.

21.022 It has also been determined that a significant portion of the money paid into the other bank accounts of Panday's related entities by the SAPS were paid into Goldcoast Trading's account with the exception of money paid into the account of Kaseev Traders.

21.023 Of the R1,552,019.40 paid into the aforementioned entity's bank account R1,246,755 was paid into the FNB accounts of Seevesh Ishwarkumar whilst a further R207,200 was withdrawn from the account in cash.

21.024 Panday, with the assistance of Privisha Panday (his wife) and Arvenda Panday (his mother), set up a number of entities which he controlled but gave the impression they were independent of each other. These entities were then used, with assistance of Madhoe, Narainpershad and Major General Pillay, to make various misrepresentations to the SAPS and, in so doing, manipulated the SAPS procurement process so that they were awarded orders for the supply of goods and accommodation at significantly inflated prices that were not market related.

21.025 Lieutenant General Ngobeni intervened in the investigation into the procurement related procedures and tried to put a stop to any further investigation by giving direct instructions in this regard.

21.026 During the same time period that the goods/accommodation was being supplied by Panday linked entities at inflated prices to the prejudice of the SAPS, and when Lieutenant General Ngobeni tried to stop any further investigation, Panday was making payments on behalf of or purchasing various items from airfares, a car, accommodation, a birthday party dinner, etc. for Madhoe, Narainpershad, Major General Pillay and Lieutenant General Ngobeni.

T S White
Director: Forensic Services
24 NOVEMBER 2014

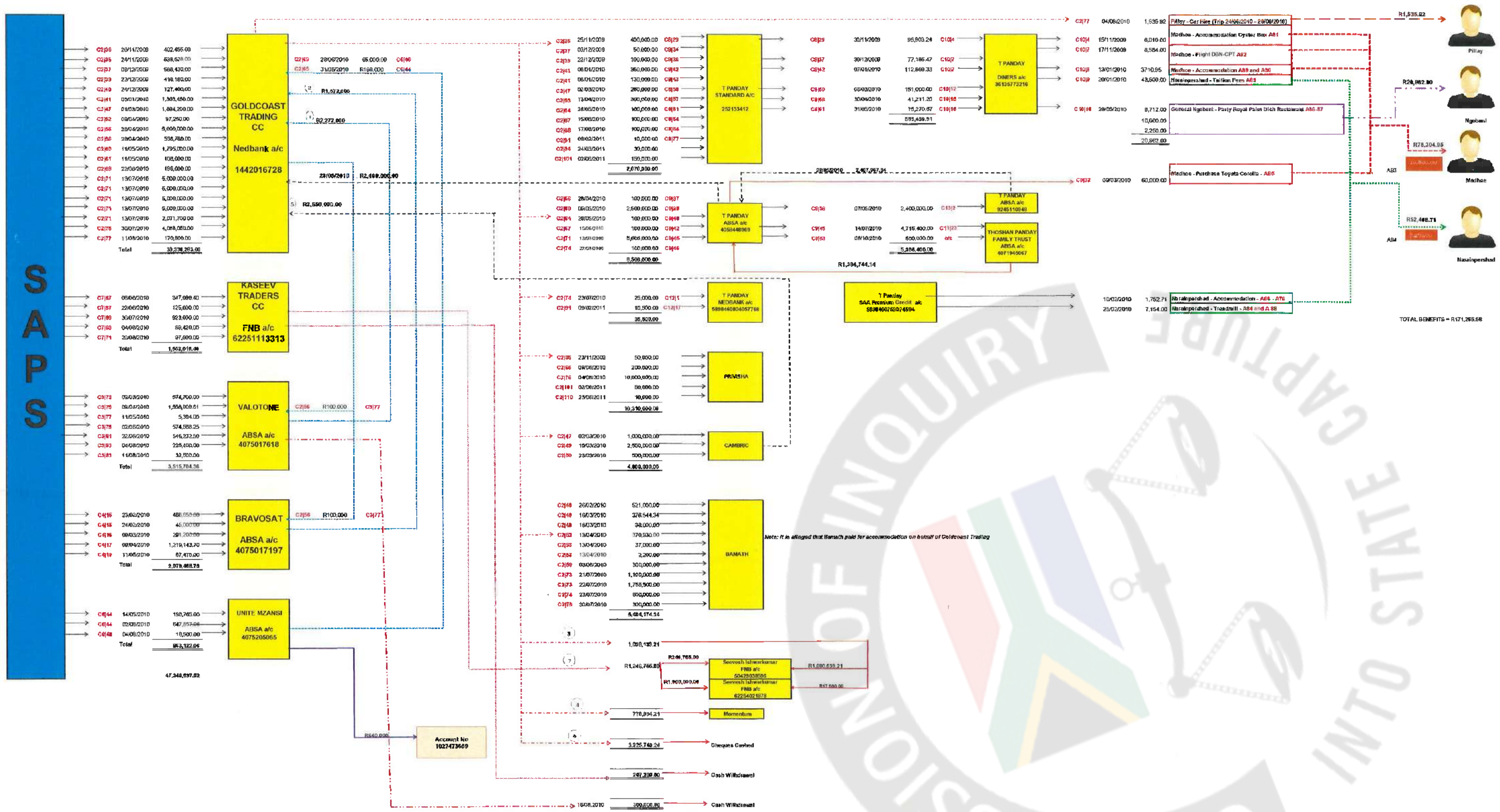
COMMISSION OF INQUIRY INTO STATE CAPTURE

2

COMMISSION OF INQUIRY INTO STATE CAPTURE

TSW 2

State v Panday Others



M

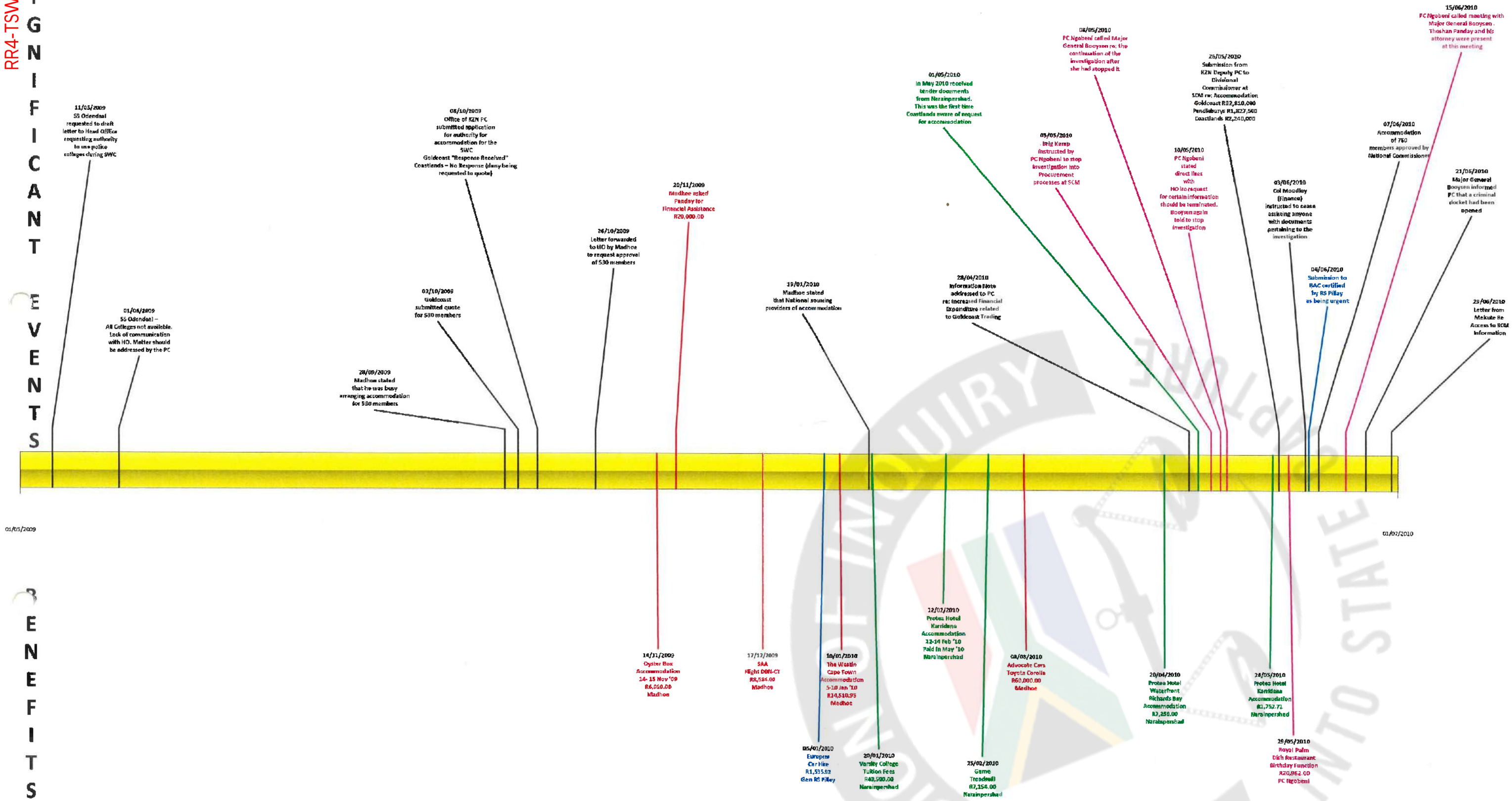
3

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0514

TSW 3

State v Panday: Relationship between Significant Events and Benefits to SAPS Personnel



KEY: **Pink** – PC Ngobeni, **Green** – Narainpershad, **Red** – Madhoe, **Blue** – RS Pillay

M

RR4-TSW-0515

4

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0516
TSW4

pwc

Col Hans van Loggerenberg
Directorate for Priority Crime Investigation
KwaZulu-Natal
Room 1421, 14th floor
SAPS Durban Central
Stanger Street
Durban
4001

9 April 2014

Dear Sir

DURBAN CENTRAL CAS : 781/06/2010

Our meeting this morning at which you handed me a copy of the letter from Adv TA Letsholo, dated 25 March 2014, regarding the aforementioned matter has reference.

I have read the letter and have the following comments.

1. The draft PwC report dated 10 May 2013, consisting of 373 pages and 20 lever arch files of annexures was also discussed at the meeting with Adv Letsholo and Adv Vimbani on 21 May 2013 and he was given a copy thereof. This was in addition to the SAPS volumes containing witness statements. The first time I received feedback from Adv Letsholo regarding the draft report was on 10 December 2013.
2. The sources of the information and documents that were used to prepare our draft report dated 10 May 2103 is set out in section 9 of that report. This included documents and computers seized by SAPS in terms of search warrants, documents subpoenaed by SAPS, internal SAPS documents and documents provided by witnesses interviewed by SAPS.
3. No evidence from any Act 70 authorised recordings of telephone conversations of Mr Thoshan Panday or any other person was ever given to myself or any member of my team as part of our investigation in this matter. In addition neither myself or any other member of PwC have ever listened to any of the recordings that were obtained by the SAPS Crime Intelligence Unit in terms of Act 70.

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J G Louw – National Advisory Leader
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.

annexure JVL / (2)

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4. The fact that there were Act 70 recordings was discussed at the meeting with Adv Letsholo on 21 May 2013 but it was clearly stated by Col van Loggerenberg that these did not related to Cas 781 but to Cas 466 and that they were not used in the investigation relating to Cas 781, being the matter in which PwC had prepared the report referred to in paragraph 1 above.

5. Towards the end of the meeting on 15 January 2014, referred to in paragrapgh 2 of Adv Letsholo's letter, Adv Letsholo was asked by one of the SAPS members present, I cannot recall which one, what he thought of the case and our evidence. Adv Letsholo stated that it was his view that there is a very good case against Narainpershad, Madhoe and Panday. After some discussion and further clarity regarding RS Pillay he agreed that there was also a case for Pillay to answer.

6. Up to this stage Adv Letsholo had made no mention of Provincial Commissioner Ngobeni. Col van Loggerenberg asked what about the "PC" to which Adv Letsholo replied that he had some reservations. There was then further discussion during which Col Van Loggerenberg compared the evidence implicating Narainpersad (specific mention was made about the treadmill Mr Panday bought for him) and the birthday party that Mr Panday paid for for the PC's husband. Col van Loggerenberg then went on to say if Adv Letsholo did not think there was enough evidence against the PC then there was not enough evidence against Narainpersad as the evidence was the same and he might as well close the docket. Adv Letsholo then said he would relook at the evidence and would provide feedback at the next meeting. No feedback was provided in this regard, while I was present, in the next meeting which was on 14 March 2014.

I have not commented on the remainder of the issues raised in Adv Letsholo's letter as I have no personal knowledge of these.

Yours faithfully

Trevor White
Director: Forensic Services

5

COMMISSION OF INQUIRY INTO STATE CAPTURE

DIRECTORATE OF PUBLIC PROSECUTIONS
KWAZULU NATAL

MEMORANDUM

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TO: **THE SAPS INVESTIGATING OFFICERS DURBAN CENTRAL CAS 466/09/2011**

FROM: **ADV. MOIPONE NOKO**
DIRECTOR OF PUBLIC PROSECUTIONS
KWAZULU-NATAL

SUBJECT: **DURBAN CENTRAL CAS 466/09/2011**
CORRUPTION AGAINST MR TOSHAN PANDAY AND COL. NAVIN MADOE

DATE: **21 OCTOBER 2014**

1. INTRODUCTION

I had previously provisionally withdrawn this matter on the basis that there were considerations of justice that I had to look into in order to arrive at a proper decision that is in the interests of justice. These have been so looked into and my decision is indicated hereunder with substantiation.

2. BACKGROUND

2.1 A case with Durban Central CAS 466/09/2011 (Case 466) originates from the alleged case with Durban Central CAS 781/06/2010 (Case 781) (the alleged 2010 FIFA World Cup R60 million Fraud at Durban SAPS) with allegations that, *inter alia*, Mr Thoshan Panday (a businessman and Col. Navin Madhoe (SAPS officer at Durban Headquarters at procurement services) committed fraud against the SAPS by

inflating accommodation costs for SAPS members who used Mr Panday`s accommodation services in KZN during the FIFA World Cup in 2010.

2.2 Case 466 has allegations that both Mr Panday and Col. Madhoe bribed Maj. Gen. Johan Booysen by offering and giving him an amount of R2 million in exchange for a report in the 781 case which would have assisted both Mr Panday and Col. Madhoe to be exonerated from criminal liability in the 781 case.

2.3 Case 781 was dealt with by the Specialised Commercial Crime Unit (SCCU) in Durban and disposed of recently with a decision not to prosecute anyone as there was no evidence to prosecute any person with any offence. It has been revealed by the SCCU that the SAPS members who were charged with the investigation of this 781 case was gunning for the prosecution of a specific person (KZN SAPS Provincial Commissioner, Lt. Gen. Ngobeni) and Mr Panday and Col. Madhoe were being pressurised to falsely implicate her in the commission of criminal offences, with a promise that they will be exonerated in 781. When the SAPS investigators realised that the PC cannot be charged in this case (781), simply because there is no evidence against her, one I/O reportedly said that the SCCU prosecutor may as well just close this 781 case. It appears Mr Panday and Col. Madhoe featured nowhere in the 781 then as the focus was on the PC. One then may ask a question, why was Col. Madhoe arrested in 466 case. Was this a lawfully justified arrest or was it a way to pressurise him to implicate the PC, as he (Col. Madhoe) even mentions in his representation that he was being regularly interviewed by the I/Os so as he falsely incriminate the PC, which he flatly refused.

2.4 The SCCU revealed the scheming and intercepting of phone calls of, *inter alia*, Mr Panday, with a motive and agenda to falsely implicate certain people. They allegedly even went further to even boast to Mr Panday telling him that they know what his defence in the 781 case will be, as they heard his discussions with his legal representative through the intercepted calls.

2.5 Mr Panday was even promised by SAPS members in the 781 case that if he falsely implicate the PC, they would get rid of the 466 case. It was further explained to Mr Panday that the benefit of this sought incrimination of the PC for them (SAPS members) will be that the PC will be forced to resign and then Maj. Gen. Booysen will become the next KZN PC, further, Maj. Gen. Deena Moodley would remain in control of the secret fund.

2.6 The 781 matter which forms the basis and reason for the alleged corruption of Maj. Gen. Booysen by Col. Madhoe, was found to be non-existent by the SCCU.

2.7 Maj. Gen. Booysen is the complainant and the only witness in the 466 case against Mr Panday and Col. Madhoe.

The very Mr Panday and Col. Madhoe who allegedly refused to pave the way for him to become the next KZN SAPS PC by refusing to falsely implicate the current Provincial Commissioner Lt. Gen. Ngobeni.

2.8 The 466 case is investigated by the members of the police who fall under the command of Maj. Gen. Booysen, who is the complainant in the 466 case. Their objectivity in dealing with this case (466) becomes questionable, especially with the Cato Manor case cloud hanging over their heads. This, I believe, would shake their credibility and the court would view all these in favour of the two, Mr Panday and Col. Madhoe.

2.9 Maj. Gen. Booysen, being the complainant in the 466 case, interfered with and exercised control in this case even going to an extent of determining and deciding on who visits Col. Madhoe when he was detained in the Durban Central police cells in the 466 case. This is exhibited by the letter that was issued on his direct instruction to the Durban Central Police Station Commander, Brigadier VR. Stokes. This letter, dated 16 September 2011, addressed to All Relief Commanders and Cell Commander and titled " VISITATION, DURBAN CENTRAL CAS 466/09/2011 : N. MADHOE", provides that

:"On the direct instruction from Maj. Gen. Booysen, only the following persons will be allowed to visit him, - 1. Maj. Gen Booysen; 2. Maj. Gen. Moodley, *et cetera*.

What is amazing with this is that Maj. Gen. Booysen issues an instruction regarding who must visit a suspect in a case that he is a complainant in himself. Further, he also has a visitation right in this as it appears in the letter him being mentioned as number one among those who are allowed to visit Col. Madhoe. By the way, what would a complainant want to visit a suspect in their own case for? This is unheard of and smacks of an agenda.

2.10 The allegation that the accused in 466, Mr Panday and Col. Madhoe, wanted Maj. Gen. Booysen to predate a report in the 781 case in order to have the section 205 subpoenas set aside (subpoenas for access to the bank account records) and consequently bribed Maj. Gen. Booysen to do that, does not really hold water because the fact is that if there has been any corruption (bribing of Maj. Gen. Booysen) that took place, would not make the corruption and its successful prosecution impossible, as sections 3(b) and 4(1)(b) of the Prevention and Combating of Corrupt Activities Act 12 of 2004 state. The alleged report in the 781 case that it was alleged was to be predated to invalidate the section 205 subpoenas did not suffice to prove fraud or any offence against anyone, especially Col. Madhoe and Mr Panday, who are alleged to have bribed Maj. Gen. Booysen for the predating of this very report. This report is made out to be the evidence in the 781 case to prove Fraud against Mr Panday and Col. Madhoe, but one wonders why it could not be seen in this way by the SCCU. If then there is no fraud that could be proven by the SCCU in the 781 case, why would Col. Madhoe (and Mr Panday) bribe Maj. Gen. Booysen, or anyone for that matter, in respect of the 781 case using this report? One would expect that they would know what is contained in the 781 case against them as they are part of it, they would know what they did to even know what this report has against them, especially Col. Madhoe who was then a procurement official who processed the accommodation documents leading to the 781 case.

2.11 Col. Madhoe alleges to have met with Maj. Gen. Booysen approximately on eight (8) occasions at Maj. Gen. Booysen`s instance regarding the Cato Manor unit`s shooting incidents before the 466 case came into being. I will say no more regarding this issue as the Cato Manor matter is *sub judice*. This, however, indicates a history of some sort being shared by the two, Col. Madhoe and Maj. Gen. Booysen, Now they are complainant and the accused in the 466 case, respectively.

2.12 There is an assumption that is not substantiated by evidence that Mr Panday is part of the alleged bribing of Maj. Gen. Booysen by Col. Madhoe. This assumption is derived from the position that they both are suspects in the 781 case. This will not stand in court as evidence for corruption against them.

2.13 This is one of those "your word against mine" kind of cases as it is Maj. Gen. Booysen`s word against that of Col. Madhoe. However, section 208 of the Criminal Procedure Act 51 of 1977 provides that a conviction may follow on evidence of a single witness. The cautionary rules may be applied by the court in this case especially given the background of this case, and the challenge here is that Maj. Gen. Booysen himself is alleged to be hitting back at Col. Madhoe for the damning information that Col. Madhoe has against him relating to the Cato Manor case. Col. Madhoe alleges that Maj. Gen. Booysen is trying to silence him with the allegation of the R2 million corruption for the damning information that he has against him. A22, a former SAPS Constable Sandesh Dhaniram, confirms the possession of this information about Maj. Gen. Booysen by Col. Madhoe in the form of discs.

2.14 If the legal strength of the section 205 subpoenas was based on the date on the report, as it is alleged, hence Col. Madhoe wanted it predated to invalidate the subpoenas, it is inconceivable that any person, let alone a Colonel in the SAPS (a person of Col. Madhoe`s calibre who was working on these issues of procurement at SAPS) would not know that SAPS could simply obtain other section 205 subpoenas that would tally with the new predated date in the report. His problem would not have been resolved, therefore, one may ask why would he bribe Maj. Gen. Booysen when this would

not provide a permanent solution to his alleged problem. This dating of this report would not have caused any subpoena to be set aside because it is not evidence in the 781 case, neither does it have any bearing as far as the procedural steps and prerequisites for obtaining a section 205 subpoena is concerned. This was proven by the SCCU in the 781 case.

2.15 Further, it appears that Maj. Gen. Booysen was not the investigator in the 781 case, but Col. Van Loggerenberg and others were. Therefore, a question arises that why would a favour of the predating of the report that should be in possession of those who are investigating the 781 case be sought from Maj. Gen. Booysen, not the investigators.

2.16 The cell phone records purported to reflect the calls between Mr Panday and Col. Madhoe do not indicate any specific crime having been planned. It is haphazard conversations with slang and profane language between the two people that one cannot really make out what issue was being discussed as a lot of different issues were being spoken about. More especially, a criminal offence cannot be deduced as constituted by the facts from their conversations in the cell phone records available. A question may be asked that on what basis was an inference drawn by the police Investigators that these conversations pertain to or constitute a criminal offence being planned by the couple, specifically that they were planning to bribe Maj.Gen. Booysen. The alleged authority to intercept the calls for which both Col.Madhoe and Mr Panday's calls are alleged to have been recorded was issued during June 2011 for June to September 2011. This appears to go way before the 466 case. This then ties up with what the SCCU has revealed that people's calls were being recorded and the period tallies with the 781 case rather than the 466. One then wonders if the 781 recordings are not utilised in another case, the 466 case, which is not permissible..

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3. **CONCLUSION**

3.1 I have decided to decline to prosecute (*Nolle Prosequi*) both Col. Madhoe and Mr Panday for corruption or any offence in the 466 case. This is due to lack of reasonable prospects of a successful prosecution, as explained and substantiated *supra*. Further, there appears to be agendas among the parties and scores to be settled, unfortunately we appear to be used to assist whoever to settle those scores and push those agendas. We are expected to act impartially and ethically in the execution of our duties as officials of the National Prosecuting Authority, thus any indication that we are being used in a manner that flies in the face of our values, ethics and Code of Conduct, must be avoided and not be entertained at all, hence I hereby do by declining to prosecute in this case.

Kind regards

ADV. M. NOKO
DIRECTOR OF PUBLIC PROSECUTIONS
KWAZULU-NATAL

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0526

6

COMMISSION OF INQUIRY INTO STATE CAPTURE

G.P.-S. 002-0222

SAP 21

SUID-AFRIKAANSE POLISIEDIENS

SOUTH AFRICAN POLICE SERVICE

Reference	:	Durban Central CAS 466/09/2012
Enquiries	:	Maj Gen Booysen
Telephone	:	031-3256069
E-Mail	:	BooysenJ2@saps.gov.za

OFFICE OF THE PROVINCIAL HEAD
DIRECTORATE FOR PRIORITY
CRIME INVESTIGATIONS
DURBAN

2014-11-19

National Director Public Prosecutions
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PRETORIA
0001

DURBAN CENTRAL CAS 466/09/2012 : CORRUPTION AGAINST MR THOSHAN PANDAY AND COLONEL NAVIN MADHOE :

1. I refer to a missive from the office of the DPP in KwaZulu-Natal, Advocate M Noko dated 21 October 2014. For your easy reference I attach a copy marked "Annexure A".

2. This missive from Advocate Noko is rather verbose. It is permeated with conjecture, innuendo, inaccuracies and in certain instances blatant untruths. Her assertions are an aberration which lacks substance supported by credible evidence.

3. I will deal with her assertions hereunder.

Ad par 2.3

I respectfully disagree with the submission by Advocate Noko that *"there was no evidence to prosecute any person with any offence"* in the main investigation pertaining to the R60M corruption. The reference number of this case is Durban Central CAS 781/09/2011. It is my submission that there is a *prima facie* case against Mr Thoshan Panday, Colonel Navin Madhoe as well as Captain Ashwin Narrainpersad.

For purposes of this submission I refrain from detailing the evidence in this matter save to say that it contains in access of twenty (20) lever arch files of documents, more than two hundred (200) affidavits as well as a forensic audit report compiled by an independent group of auditors namely Price Waterhouse Cooper.

I find it objectionable that the Specialized Commercial Crimes Unit (SCCU) from her office seeks to entertain and attach credibility to the claims of the suspects in this matter. Quite how it has been "revealed" by the SCCU that SAPS members charged with the investigation of Durban Central CAS 781/09/2011 was gunning for KZN Provincial Commission, Lieutenant General Ngobeni – is unclear. This imputation is not supported by any evidence other than the contrived version of the suspects themselves. I, for one, has never expressed any desire to become the Provincial Commissioner of KZN and neither have I applied for this position before. In my view this is a fallacious argument since the Durban Central CAS 781/09/2011 investigation pertained to procurement irregularities before the 2010 Soccer World Cup. The investigation focused on irregularities before her appointment as Provincial Commissioner. It is thus ludicrous to believe the suspects ie. Panday and Madhoe in this regard. The investigating officers could not have wanted to "falsely implicate" the Provincial Commissioner for a crime that took place before she assumed her post. Her involvement in the matter relates to attempts by her to interfere with the investigation after she assumed her position as Provincial Commissioner, and not with regard to the procurement irregularities *per se*.

The conclusion by Advocate Noko that neither Panday nor Madhoe features anywhere "no where" (sic) is manifestly wrong and this conclusion ought to be challenged. There is overwhelming evidence to support a converse conclusion.

The question by Advocate Noko as to why Madhoe was arrested in a subsequent attempt to bribe me is rather rhetoric. A reading of case 466/09/2011 will demonstrate beyond doubt that Advocate Noko's reasoning is fallacious and wrong. I find it reprehensible that the suspect's version of events is preferred by Advocate Noko. This is a worrying precedent.

INTO STATE CAPTURE

Ad par 2.4

Quite how the SCCU *"revealed the scheming and intercepting of phone calls of, inter alia, Mr Panday, with a motive and agenda to falsely implicate certain people"* in my opinion is a mystery. The tenor and tone of Advocate Noko's assertions in this paragraph is indeed worrying and ought to be examined. In her own words there is no proof of Panday's claims as she refers to mere "allegations". Her preference of believing the suspect's version over the police's version raises to my mind a question of purpose of impropriety.

Ad par 2.5

Other than the claims by the suspects in this matter, who had much to lose, had the investigation led to a prosecution, and conversely much to gain should they have managed to derail the investigation, there is no evidence whatsoever to remotely support the claims contained in this paragraph. In any event, why would the Provincial Commissioner be forced to resign if she knew the evidence against her was contrived? Furthermore, there is no guarantee that I would succeed her as Provincial Commissioner. Pre-supposing that she had resigned, for this or any other reason, her vacant post would have been advertised and prospective candidates evaluated for possible appointment. It is my submission that Panday and company have failed to compromise me. They have attempted to have the investigation stopped. The Deputy National Commissioner for the HAWKS – Lieutenant General Dramat is *aux fait* with the detail. When this failed they brought in an unsuccessful application in the High Court to thwart the investigation. After they failed to bribe me with R2M in cash, they have obviously run out of ideas. To now suggest an agenda by myself to become Provincial Commissioner at the expense of Lieutenant General Ngobeni is not supported by any evidence and ought to be rejected.

Lieutenant General Ngobeni has no control over the Secret Fund. If I had to succeed her the situation would remain the same. To postulate that Major General Moodley would therefore remain in control of the Secret Fund makes no sense and is in any event irrelevant.

Ad par 2.6

I have dealt with Durban Central CAS 781/09/2011 in par 3 *(Ad par 2.3) supra.* This submission by Advocate Noko, I repeat, is based on a fallacious argument.

Ad par 2.7

I am not the complainant in the matter of Durban Central CAS 466/09/2011. This is a disingenuous proposition by Advocate Noko so as to build a legend for her imputations contained in par 2.8 and 2.9 *infra*. For one, the State is the complainant in the corruption matter. I am merely one of many witnesses. Advocate Noko clearly doesn't understand my role in this investigation. She also chooses to ignore the fact that the Durban Central CAS 781/09/2011 investigation was initiated by none other than the Financial Head in the province Brigadier Laurence Kemp. It is inconceivable that Brigadier Kemp knew about my "aspirations" as alleged by Advocate Noko, unless he obviously colluded with me to discredit the Provincial Commissioner. Had Advocate Noko however bothered to examine Brigadier Kemp's statement in Durban Central CAS 781/09/2011, she would have established the origin and source of this entire investigation.

Ad par 2.8

Advocate Noko is mendacious in stating that the investigating officers's objectivity are questionable, especially with the Cato Manor case cloud hanging over their heads. The investigating officers in these matters are as follows :

Durban Central CAS 781/09/2011	Colonel van Loggerenberg
Durban Central CAS 466/09/2011	Colonel du Plooy
Durban Central CAS 122/04/2012	Colonel Herbst

None of these investigating officers were ever attached to the Cato Manor Unit. They are not implicated in the Cato Manor issue at all, hence their credibility cannot be questioned as implied by Advocate Noko.

In any event, it would appear that Advocate Noko is usurping the function of the courts, as the credibility of witnesses ought to be pronounced upon by the courts.

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Ad par 2.9

Advocate Noko is seriously misguided to suggest that I interfered with an exercised control in Durban Central CAS 466/09/2011. Had she complied with the NPA policy guidelines she was at liberty to consult with me to establish the facts which I will detail now.

- As the Provincial Head – HAWKS, it is incumbent upon me to exercise control over all investigations conducted by the HAWKS in KZN.
- The National Head – HAWKS, were kept abreast of all developments in this investigation.
- To suggest that I "interfered" with the investigation is akin to suggest that Advocate Noko herself is interfering with the functions of her subordinates.
- There is nothing mysterious regarding my instruction with regard to visits to Madhoe. Initial investigations revealed complicity by officers within SAPS. This entry into the occurrence book was made to obviate attempts by officers with *mala fide* intentions.
- I have dealt with the matter regarding me being the complainant above *(see Ad par 2.7)*. Once again the tenor and tone of Advocate Noko's contentions appears to be that of a defense counsel rather than that of a Prosecutor. The fact that I had not visited Colonel Madhoe at all subsequent to his arrest, or that I have not personally communicated with him directly or indirectly demonstrates that Advocate Noko's assertion that it *"smacks of an agenda"* is misguided and I reject it with contempt.

Ad par 2.10

Advocate Noko chooses to be deliberately obtuse. For one, there is indeed *prima facie* evidence against Colonel Madhoe and Mr Panday in Durban Central CAS 781/09/2011. The attempt by Colonel Madhoe and Mr Panday to derail the investigation in Durban Central CAS 781/09/2011 emanates from their unsuccessful application to have the Section 205 subpoenas set aside.

M

Although the report in question itself does not contain *prima facie* evidence of a crime being committed, pre dating the report to a date before the application for the Section 205's could have rendered the 205's and subsequent evidence obtained, inadmissible. Information contained in this report obtained evidence gleaned as a result of the 205's. In other words, if I had predated this report it would have meant that the investigators had obtained the information illegally, before obtaining the Section 205 subpoenas.

Advocate Noko rightly indicates that Colonel Madhoe was from the procurement section. He has inadequate legal knowledge to argue the points raised by Advocate Noko. The sentence : *"One would expect that they would know what is contained in the 781 case against them as they are part of it, they would know what they did to even know what this report has against them, especially Col Madhoe who was then a procurement official who processed the accommodation documents leading to the 781 case."* Is incoherent and difficult to understand ie. How and why would Panday and Madhoe know what is contained in 781? They were the suspects in the matter and not the investigators. Furthermore, they knew exactly what was contained in this report since they had illegally obtained it. Two copies of the report was found in Madhoe's vehicle on two separate occasions. A third copy of the report had fingerprints that matched those of Panday on it. All this evidence is contained in the dockets and for some unknown reason appears not to have been considered.

Ad par 2.11

Advocate Noko once again prefers to exclude reliable evidence in Durban Central CAS 466/09/2011 in favor of Colonel Madhoe's allegations who obviously stands to gain by making these false allegations. There is objective evidence in 466 such as cellphone tower and communication correlation analyses (obtained from the cellphone records of Colonel Madhoe and Mr Panday), sms's sent by Colonel Madhoe, affidavits from Brigadier Madonsela and Sergeant Govender as well as the cellphone records of Colonel Madhoe, Mr Panday and myself to prove that the converse is in fact true – it was Madhoe who in fact contacted myself on a number of occasions.

The objective facts will also prove that the meetings took place before the so called Cato Manor matter. I would venture to suggest that by not considering the objective evidence and to favor unsubstantiated submissions by accused smacks of an agenda itself. If Advocate Noko had regard to all the available evidence at her disposal she would not have come to the conclusion she has.

Advocate Noko should be aware that my involvement in the Cato Manor matter is not *sub judice.*

Once again the last sentence in this paragraph ie.:*"This, however indicates a history of some sort being shared by the two, Col. Madhoe and Maj. Gen. Booysen, Now they are complainant and the accused in the 466 case, respectively."* Is incoherent and difficult to understand

Ad par 2.12

Advocate Noko fails to ascribe these assumptions to anyone. Neither the investigators nor I have come to this assumption. If she is coming to this assumption she once again fails to consider *prima facie* evidence in 466. For instance the statement of the person who drew the money on behalf of Mr Panday, Mr Panday's fingerprints on the document in question, and the paper slips found amongst the money offered to myself which is linked to Panday's bank account, to name but a few.

Ad par 2.13

This is not a matter of *"your word against mine"* case. If Advocate Noko had regard to all the evidence it would be clear that there is not only direct witness evidence but also objective technical evidence and circumstantial evidence to support my version. No such evidence, other than false allegations by the suspects exist to support Madhoe's claims. The reference to Dhaniram's statement is rather surprising as a careful examination of this statement actually confirms my version.

Advocate Noko failed in her duty to study the outcome of my successful application in the High Court (see Booysen vs NDPP). Had she done so she would have realized that no such evidence as purported by Colonel Madhoe exist. I fail to understand how Advocate Noko seeks to accept an untested and unfounded allegation by a suspect who faces serious consequences. In this regard I also quote a passage of a finding by the Appeal Court in State vs Zuma - where the honorable Judges of the Appeal court held the following : ***"The court dealt at length with the non-contentious principle that the NPA must not be led by political considerations and that ministerial responsibility of the NPA does not imply a right to interfere with a decision to prosecute (para 88 et seq). This, however, does need some contextualization. A prosecution is not wrongful merely because it is brought for an improper purpose. It will only be wrongful if, in addition, reasonable and probable grounds for prosecuting are absent, something not alleged by Mr Zuma and which in any event can only be determined once criminal proceedings have been concluded. The motive behind the prosecution is irrelevant because, as Schreiner JA said in connection with arrest, the best motive does not cure an otherwise illegal arrest and the worst motive does not motive and otherwise legal arrest illegal. The same applies to prosecutions."***

Ad par 2.14

I have dealt with this adequately *supra*. I would like to add however that Advocate Noko wrongly assumes imputed knowledge of law by Madhoe, she herself points out that he works at Procurement who hardly if ever works with Section 205 subpoenas. What concerns me however of this paragraph is once again the tenor and tone of her assertions. She is once again deliberately obtuse and misconceives the allegation against Madhoe. I find it concerning that the SCCU seeks to "prove" allegations by suspects.

Ad par 2.15

Advocate Noko once again demonstrates her ignorance of the evidence at her disposal. The report in question was undated when I received it. It is common practice in SAPS communication protocol for the recipient to date stamp and sign reports when they receive it. It is this date Madhoe wanted me to predate. The fact that I, as a potential witness in this regard, was not interviewed, is indeed worrying.

Ad par 2.16

Advocate Noko, I respectfully submit, could not have listened to all the recordings between Panday and Madhoe. Her conclusion otherwise would be irrational and subjective. It is evident that she has considered some of the recordings to the exclusion of others, which may very well have resulted in a wrong conclusion.

It is common cause that Panday's calls were intercepted prior to the 466 case. In any event, even if she would argue that the recordings are inadmissible, it does not render them illegal. Furthermore, there is enough *prima facie* evidence to secure a successful prosecution in 466 – without presenting the Act 70 interceptions as evidence. This, I understand, was the stance and view of the investigator.

In conclusion, it is unfortunate that Advocate Noko seeks to accuse me of having an agenda in these investigations. Even if it was true, and I deny this strenuously, the AD has pronounced itself adequately in this regard. (see par 2.13 *supra).* I suspect that the converse is true. This matter had been outstanding for more than two years. I think it is no co-incidence that this missive co-insides with the renewal of the Provincial Commissioner's contract. The fact that Advocate Noko has failed to return the case docket to the investigating officers in spite of requests by them and the subsequent timing of this missive leaves me with this inescapable conclusion.

I hereby request you to summon all the relevant dockets to your office and to have same evaluated by an independent team from your office. This issue has been widely reported in the local media. It has drawn various negative remarks from the public and commerce. It is in the best interest of the Judicial System the National Prosecuting Authority, the South African Police Service, Mr Panday, Colonel Madhoe and Captain Narainpersad for these issues to be ventilated in an appropriate manner once and for all.

I trust that you will interpret my letter as a concern rather than a complaint.

Yours faithfully

MAJOR GENERAL
PROVINCIAL HEAD : DIRECTORATE PRIORITY CRIME INVESTIGATION
J W BOOYSEN

COMMISSION OF INQUIRY INTO STATE CAPTURE

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0538

7

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0539

TSW 7

In the matter between: PMB CASE NO: 151/8/2010

THE STATE

And

GASTON SAVOI	ACCUSED 1
BUSISIWE MURIEL NYEMBEZI	ACCUSED 2
FERNANDO PRADERI	ACCUSED 3
YOLISWA LULAMA MBELE	ACCUSED 4
INTAKA INVESTMENTS (PTY) LTD/ INTAKA TECH (PTY) LTD/ INTAKA HOLDINGS (PTY) LTD	ACCUSED 5

REPORT OF TREVOR SEAN WHITE

Dated	24 May 2010
Specialist field	Chartered Accountant and Forensic Auditor
On behalf of the Prosecution	The Director of Public Prosecutions
On the instruction of	The Department of Health KZN
Subject matter	Investigation conducted into the Awarding of a contract for Oxyntaka Self- Generating Oxygen Plants to Intaka Investments (Pty) Ltd

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COMMISSION OF INQUIRY INTO STATE CAPTURE

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Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

ABBREVIATIONS AND TERMINOLOGY

The following are abbreviations and terminology that have been used in this report:

Abbreviated name/ terminology	*Full name and/or description*
BAS	Basic Accounting System
Biyela	Ndodo Biyela, Chief Financial Officer
Buthelezi/ CFO	ASS Buthelezi, ex- Chief Financial Officer
Cheatle	Samantha Cheatle (Foulkes), Personal Assistant to Dr Nyembezi
CSCM	Central Supply Chain Management
Dr Mbele	Dr YL Mbele, ex- Acting Head of Department
Dr Nyembezi	Dr BM Nyembezi, ex- Head of Department
HOD	Head of Department
IALC Hospital	Inkosi Albert Luthuli Central Hospital
Intaka	Intaka Investments (Pty) Ltd, Intaka Tech (Pty) Ltd, Intaka Holdings (Pty) Ltd
Kantha Padayachee	Prenitha Kantha Padayachee, General Manager, Legal Service, DOH
Mthembu	Nozipho Mthembu, Manager, Human Resources Strategic Planning
Nkonyeni	Ms Peggy Nkonyeni, Ex- MEC KZN Department of Health
Ntshangase	VRM Ntshangase, General Manager, Budget and Supply Chain Management
Oxyntaka	Oxyntaka self- generating oxygen plants
PA	Personal Assistant
PFMA	Public Finance Management Act, Act 1 of 1999
PMSC	Provincial Medical Supply Centre
Praderi	Fernando Praderi, Intaka

Abbreviated name/ terminology	***Full name and/or description***
Prash Padayachee	Prasheeka Padayachee, General Manager, Corporate Governance, IGR and ISC
PwC	PricewaterhouseCoopers
Savoi	Dr Gaston Savoi, Intaka
SAPS	South African Police Services
SCM	Supply Chain Management
SCM Delegations	Department of Health, Interim Supply Chain Management Delegations
Sipho Shabalala	Sipho Shabalala, ex- Head Provincial Treasury and husband of Beatrice Shabalala
The Department/ DOH	KwaZulu-Natal Department of Health
van der Merwe	Gerhardus van der Merwe, ex- Manager, Infrastructure Development
Westwood	Robin Westwood, Infrastructure Development
Zondo	Andile Zondo, Manager, Central Supply Chain Management

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

A. AUTHOR'S DETAILS

1.000 Name

1.001 Trevor Sean White.

2.000 Personal details

2.001 I am a male with identity number 6611245014087, 43 years old. I am a director of PricewaterhouseCoopers Advisory Services (Pty) Ltd, 102 Stephen Dlamini Road, Berea, Durban with telephone number (031) 2712000.

3.000 Experience and qualifications

3.001 I joined Price Waterhouse in 1989, and was admitted as a director of PricewaterhouseCoopers on 1 July 1998, following the merger of Price Waterhouse and Coopers and Lybrand. I am presently the director in charge of the Risk Advisory Services department, which incorporates the Forensic Investigations Department of PricewaterhouseCoopers in KwaZulu-Natal.

3.002 I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the South African High Court and the Regional Court and in the Lesotho High Court. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration ("CCMA") and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree and Post Graduate Diploma in Accountancy from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of the Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing,

reviewing and verifying financial information and accounting records. I have also chaired three investigative Commissions of Enquiry into Fraud and Corruption in Swaziland.

B. MANDATE AND ISSUES TO BE INVESTIGATED

4.000 Appointment

4.001 The terms of our appointment are detailed in our agreement which was signed by Dr YL Mbele (**Dr Mbele**), Acting Head of Department, the KwaZulu- Natal Department of Health (**the Department**), on 20 May 2009. Our mandate was further extended as detailed in our agreement which was signed by Mr N. Biyela (**Biyela**), Chief Financial Officer, of the said Department on 9 February 2010.

4.002 The following represents the General Procedures performed:

1. Requested and received Basic Accounting System (BAS) reports for Intaka who received orders for the supply of Water Purification Systems and Oxyntaka Plants and were paid by the Department.

2. Obtained supporting payment vouchers.

3. In respect of the tender and/or other procurement procedures followed and where applicable obtained:
   - the bid specification document; the bid document; compulsory briefing/ site meeting documents; all tenders submitted; minutes of the Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee; and any objections raised;
   - Request for quotations, copies of quotations, minutes of Committee meetings referred to above and letter of award.

4. Interviewed the following officials and obtained affidavits where necessary:

chairman and members of the bid specification, evaluation and adjudication committees; Head/ Manager of Infrastructure Development; Head Legal Services; Manager Supply Chain Management; the HOD's secretary; the former CFO; Doctors/ Anaesthetist's who had objections to the self- generating oxygen; and Hospital Managers.

5. Determined whether any person involved in the procurement process irregularly manipulated the specifications to favour Intaka

6. Visited and/or requested additional documentation and information from hospitals where the water purification systems and Oxyntaka plants had been commissioned.

7. Interviewed third parties who objected to the tender process and obtain affidavits and supporting documents where necessary and applicable

8. Analysed and compared the Bid Specification document in respect of the Oxyntaka plants to the Agreement entered into between the Department and Intaka.

9. Calculated the difference in the price as envisaged and detailed in the Bid Specification document and Intaka's subsequent proposal, to their invoices submitted to the Department for payment and for which Intaka received payment.

10. Accompanied the SAPS investigating officer to Cape Town and reviewed the 156 lever arch files of documents seized from Intaka.

11. Reviewed the electronic data copied by the SAPS from computers seized from Intaka.

12. Examined bank accounts subpoenaed by the SAPS.

13. Assisted the SAPS investigating officer with interviewing any official or any

person related to any official from the Department of Health, or any other third party that may have been involved in any irregular conduct or who received any irregular payments, including suppliers who submitted quotations and bids.

4.003 I am not required to and did not undertake an audit in terms of the International Standards on Auditing. The scope of my work was limited to a review of the documentary evidence made available to me and enquiries undertaken to address issues identified in the execution of the investigation undertaken. I have not verified the authenticity or validity of the records and documents provided to me, unless otherwise stated.

4.004 This report has been prepared solely for use in the criminal matter registered with SAPS by the Department. It may also with the prior written consent of the Director of Public Prosecutions be used in any civil or disciplinary proceedings that the Department may wish to initiate. It may not be suitable for any other purpose and it should not be used, reproduced or circulated for any other purpose without my prior written consent. It should be a condition of such consent, if given, that PricewaterhouseCoopers and myself accept no responsibility to that third party and that such third party will hold PricewaterhouseCoopers and myself harmless in respect of any consequences of such disclosure. Whether or not I have given consent, PricewaterhouseCoopers and myself will not accept liability or responsibility to any other party who may gain access to this report.

4.005 I have included information relevant to the investigation and related circumstances but cannot conclude on the completeness of such information as the possibility exists that not all-relevant information and documentation was made available to me. Any documentation or information brought to my attention subsequent to the date of this report, which will affect the findings detailed herein, will require my findings to be adjusted and qualified accordingly.

4.006 This report contains hearsay evidence based on interviews conducted with individuals. I deem the aforementioned evidence to be appropriate to sketch the full picture of the allegations raised.

5.000 Background

5.001 The Department received a complaint from the Public Service Commission (**PSC**) Call Centre regarding allegations of tender and procurement irregularities for which undue payments are allegedly made and other financial irregularities by Mr ASS Buthelezi, Chief Financial Officer (**the CFO/ Buthelezi**) of the Department. The Department requested PricewaterhouseCoopers (**PwC**) to conduct a forensic investigation into all such allegations of tender and procurement irregularities, any allegations of undue payment and other related financial irregularities which may have been allegedly committed by the CFO for the period of his employment at the Department.

5.002 During the course of this investigation we received information and it was alleged that Intaka Investments (Pty) Ltd (**Intaka**) had received an order for the supply of water purification systems to the Department and that a corrupt payment was made to an official. We investigated this matter relying solely on the documentation in possession of the Department and interviews and information obtained from officials of the Department. At this stage we were informed that Intaka was the subject of a criminal investigation and when we attempted to interview an employee of Intaka we were advised by their Legal Advisor that we were required to address all correspondence through him. Hence, we did not have access to Intaka's records or their employees who may have been involved in the provision of the water purification systems (plants). We were subsequently informed that the SAPS had conducted a search of Intaka's premises and had seized documentation. We initially did not have access to these records.

5.003 Following the said investigation we issued our report dated 30 November 2009, that included the investigation and findings at that date in respect of the supply of water purification systems to the Department by Intaka.

5.004 We were thereafter on 9 February 2010 mandated to extend our forensic investigation into the awarding of a contract for Oxyntaka self- generating oxygen plants to Intaka and to assist the SAPS with the review of the documents and

computers seized from Intaka.

6.000 Issues addressed in my investigation

6.001 This report focuses on the tender awarded to Intaka for the supply of Oxyntaka plants for 52 hospitals within the Province.

6.002 The report further summarises the Procurement Procedures followed during the awarding of the order and tender in question, where these have been contravened and/or circumvented and where collusion has been taken place between Departmental Officials, suppliers and other third parties.

C. BASIS OF INVESTIGATION

7.000 Execution of fieldwork and gathering of information

7.001 Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this report, however, where an opinion is expressed in this report it is my own opinion.

8.000 Sources documents

8.001 The information dealt with in this report was obtained from the sources listed below:

i) Supporting tender and procurement documentation handed to us by the Department.
ii) Kreditinform Enquiries.
iii) BAS reports.
iv) Persal reports.
v) Department of Health, Interim Supply Chain Management Delegations, February 2006.
vi) KwaZulu- Natal Provincial Treasury Practice Notes.
vii) Interviews conducted with Management and staff at the Department.

viii) Information received from third parties.

ix) Interviews conducted with third parties.

x) Documents seized by the SAPS from Intaka.

xi) Bank records subpoenaed by the SAPS.

D. DETAILED PROCEDURES AND FINDINGS

9.000 The detailed procedures and my key findings are addressed below, for the tender in respect of Oxyntaka Plants for fifty two (52) x hospitals by the Department from Intaka.

Procurement Policy and Procedures

9.001 I deem it necessary to provide a brief description of the prescribed procurement and payment procedures within the Department before proceeding further.

KwaZulu- Natal Provincial Treasury: Delegations Framework: Practice Note Number : SCM- 02 of 2006 dated 9 February 2006 **A1**

9.002 I wish to briefly refer to this practice note and specifically the formation of the Bid Specification Committee, Bid Evaluation Committee and Bid Award Committee.

9.003 1. Delegation Policy:

1.1. With due consideration of predetermined financial limits, the general standing powers are delegated in order to expedite the process to procure goods and services, the acquisition or disposal of movable and immovable property and granting of rights. These powers, as set out herein, are delegated to bid committees and departmental officials in accordance with Treasury Regulations 16A promulgated in terms of the Public Finance Management Act, 1999.

1.2. These powers are granted subject to the provisions of any other Act of Parliament, as amended from time to time. Armaments may therefore not

be acquired in terms of these delegated powers.

1.3. Delegated powers contained herein must be applied strictly in accordance with the preference points system for a decision or finalisation.

1.4. Where any doubt exists with regard to the interpretation or application of any power or condition, the Accounting Officer must be approached through the normal service channels for a decision or finalisation.

1.5. The delegations set out below serve as a guideline to assist departments in compiling their own departmental delegations. In the interest of efficient and effective acquisitioning, departments are to formally issue their own set of delegations.

9.004 *Bid Committee refers to provincial department's bid specification, bid evaluation and bid adjudication committees as defined below:*

i) *Bid Specification Committee: The bid specification committee is responsible for the compilation of bid specifications. The specification committee may be comprised of officials of a department (i.e. the procurement section of the department requiring the goods and services), one or more suitably qualified specialist officials, or an external consultant under the direction of the official or component concerned. No minimum or maximum number of members is recommended.*

ii) *Bid Evaluation Committee: The bid evaluation is responsible for the evaluation of bids received. The bid evaluation committee should be cross-functional and should be comprised of supply chain practitioners and suitably skilled officials from other relevant disciplines. The evaluation committee should consist of a minimum of five members.*

iii) *Bid Adjudication Committee: The committee should consider the reports and recommendations made by the bid evaluation committee. The adjudication committee must consider whether the recommendation made by an evaluation committee sufficiently indicates that all relevant factors have been taken into account, and that the recommendation made represents a logical, justifiable conclusion, based on all relevant information at the evaluation committee's disposal. The adjudication committee should be cross- functional,*

in order to ensure that collectively, the committee members possess sufficient expertise to ensure sound adjudication of each bid it has to consider. It is recommended that committee members be reprehensive of appropriate operational disciplines within a department, and that members be appointed for a period of three consecutive years. At least one member should be a supply chain practitioner. The committee should be comprised of at least four members, at appropriately senior level. The chairperson of the committee should be the chief financial officer of the institution or his/her delegate.

005 Abbreviations:

BSC: Bid Specification Committee.
BEC: Bid Evaluation Committee.
BAC: Bid Adjudication Committee.
HOD: Head of Department.

Treasury Regulation 16A Supply Chain Management

9.006 I wish to briefly refer to this document as it preceded the previous document "KwaZulu- Natal Provincial Treasury: Delegations Framework: Practice Note Number: SCM- 02 of 2006 dated 9 February 2006" that was issued in consequence of Treasury Regulation 16A Supply Chain Management. **A2**

9.007 *"Institution" is defined as a department, constitutional institution or public entity listed in Schedule 3A and 3C of the Act.*

9.008 *This framework applies to all:*

a) Departments;
b) Constitutional institutions; and
c) Public entities listed in Schedules 3A and 3C of the Act

9.010 *The accounting officer or accounting authority of an institution to which these regulations apply must develop and implement an effective and efficient supply chain*

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management system in his or her institution for:

a) *The acquisition of goods and services; and*

b) *The disposal and letting of state assets, including the disposal of goods no longer required.*

9.011 *The accounting officer or accounting authority must establish a separate supply chain management unit within the office of that institution's chief financial officer, to implement the institution's supply chain management system.*

9.012 Regulation 16A8 "***Compliance with ethical standards**: All officials and other role players in a supply chain management system must comply with the highest ethical standards in order to promote:*

a) *Mutual trust and respect; and*

b) *An environment where business can be conducted with integrity and in a fair and reasonable manner".*

The remainder of the said regulation 16A8 is self- explanatory.

Department of Health, Province of KwaZulu- Natal, Interim Supply Chain Management Delegations, dated February 2006 **A3**

9.013 Detailed below is a summary of applicable and relevant sections of the Department of Health, Province of KwaZulu- Natal, Interim Supply Chain Management Delegations (**SCM Delegations**), dated February 2006, as it relates to this investigation.

9.014 *The Public Finance Management Act, 1999 (**PFMA**), Act 1 of 1999 as amended by Act 29 of 1999, was approved by National Parliament, "to regulate financial management in the National Government and Provincial Governments, to ensure all revenue, expenditure, assets and liabilities of those Governments are managed efficiently and effectively and to provide for the responsibilities of persons entrusted with financial management in those Governments".* **A3/4**

9.015 *In terms of Section 76(4)(c) of the Act "the National Treasury may make regulations* **A3/4**

or issue instructions applicable to all institutions to which this Act applies, concerning the determining of a framework for an appropriate supply chain management system which is fair, equitable, transparent, competitive and cost- effective". However, according to section 38(1)(a)(iii) of the Act it is the responsibility of the "accounting officer/ authority of a department, trading entity or constitutional institution to have and maintain an appropriate procurement and supply system which is fair, equitable, transparent, competitive and cost effective".

9.016 *Where applicable, Provincial Treasury must set complementary standards within the parameters as set by National Government. These standards may not jeopardise national objectives. A provincial treasury must also submit to the National Treasury such SCM information as National Treasury may require.* **A3/4**

9.017 *Within this context, Provincial Treasury issued this practice note to provide guidance and support to Provincial departments in the implementation of supply chain management* **A3/4**

9.018 *The implementation of Supply Chain Management from* ***1 February 2006*** *brings about fundamental changes in the procurement process in government. The objective of this is to create a more efficient and effective system of procurement, and to vest full procurement authority and accountability in the Accounting Officer of the Department. To this end, various levels of authority have been clearly distinguished in this document to ensure a clear understanding and to facilitate decision making by the Accounting Officer.* **A3/4**

9.019 *With due consideration of predetermined financial limits, the general standing powers are delegated in order to expedite the process to procure goods and services, the acquisition or disposal of moveable and immovable property and the granting of rights. These powers, as set out herein, are delegated to bid committees and departmental officials in accordance with the Regulations in terms of the Public Finance Management Act, 1999: Framework for Supply Chain Management* **(SCM)**. **A3/4**

9.020 A Bid is defined as: "*a written or verbal offer which may be in a prescribed or* **A3/5**

stipulated form, in response to an invitation by a department or Parliament for the provision of goods or services, based on the delegated limits for bids".

9.021 A Quotation is defined as: "*a written offer, by a supplier which is not necessarily subject to the general conditions and procedures contained in the KZN SCM Standard Bid Document and which is invited and dealt with in a manner appropriate to the particular circumstances, but in adherence to the primary objectives contemplated in the SCM Policy Framework*". **A3/5**

.022 For purposes of this report I wish to refer to level 3 delegations only of the SCM Delegations for the Department.

9.023 <u>Level Three exceeding R200,000.01 Head Office: Directorate SCM Unit, Procurement of Goods and Services, Conditions/Control Measures applicable to level three contracts</u> **A3/13**

1. For values exceeding R200,000.01 per case, bids are invited for the procurement of supplies or services, the hiring or letting of property, the acquisition or granting of any right by the Head-Office Supply Chain Management Unit.
2. Particulars of the requirement must be advertised in the Provincial Gazette and/or local newspapers. Bids close at the address indicated in the document.
3. Consideration and acceptance of bids will at all times be in accordance with the policy and directives of the SCM Unit and must be strictly adhered to.
4. Bids submitted after the relevant closing date and time in respect of bid invitations will not be accepted.
5. Bids will only be called for, based on a requisition approved within the applicable financial delegation and in line with the strategic plan.
6. The stipulated monetary limit per consolidated requirement must be taken into account before bids are invited.
7. When it is not feasible to follow the standard procurement procedure for every individual requirement, contracts may be arranged for the supply over a period that may not exceed three years (to promote competition), provided that it is proven to be cost- effective, competitive and fair to arrange a period contract.

8. The period must however not be shortened in order to bring the requirement with the delegated financial limit. A requirement that exists for different branches of the Department must be combined as a case.
9. Bid conditions not previously used must also be submitted to the Department's Legal Services and Department of Health Bid Award Committee beforehand, for consideration and recommendation.
10. Bids must be invited in writing. Space must be provided for the insertion, where applicable, of the price, delivery basis, delivery period and percentage bid price preference for local content.
11. The closing time and date, the validity period and the address to which the bids must be sent, must be clearly indicated in the invitation.
12. Notices of bid invitations must be forwarded to the relevant local Contractors Organisations when building and related bids are invited.
13. The given closing date and time must be strictly observed. Where extension of the closing date is requested and considered appropriate, there must be sufficient time to give written notice to all prospective bidders.
14. In the case of an advertised bid invitation, the bid closing date may be postponed only if the postponed dated can be advertised in the Provincial Government Gazette and relevant local newspapers.
15. Bids must be opened in public as soon as possible after the closing time, but not later than the close of business on the closing date, and the names of the bidders must be read out, including the bid process, except where the number of items or the complexity of the bid make it impractical.
16. Where only one offer is received, it may be accepted; provided it complies with the specification and that the prices are proved to be and are certified as fair and reasonable. Proof of reasonableness must be determined in the following sequence:
    - 16.1 Industry must be reviewed and only market related prices must be used as a benchmark;
    - 16.2 Comparison with prices, after discounts, to his other normal clients and the relative discount that the Province enjoys;
    - 16.3 In all cases, comparison with previous bid prices where these are available.
17. Proof of reasonableness of prices where only one bid is received, must be

available for audit purposes.

18. Bids must be duly scheduled and brought to a comparative basis and submitted (by the Bid Evaluation Committee) together with a motivated recommendation to the Bid Award Committee for consideration.
19. The Act makes specific provision for written reasons to be supplied to bidders, by the Department of Health Bid Adjudication Committee, or delegates, for non-acceptance of their offers. It is thus essential that decisions are taken and recorded in such a way that this requirement is complied with.
20. Bids must be accepted, before expiry of validity, by means of a letter of acceptance. If this is not possible, extension of validity must be requested timeously from the relevant bidders. If a bid cannot be finalised within the validity period, the letter of acceptance or order must be held in abeyance until such time as the extension is confirmed in writing.
21. Internal Bid Committees, in all their proceedings, must comply with the directives and procedures issued by the Directorate SCM Unit. Minutes must be taken of all the decisions of the Bid Adjudication Committees and the signature of the Chairperson of the Committee must confirm these minutes. The resolutions of the Bid Adjudication Committee with regard to bids with a value greater than R500,000 per case will only be valid if validated by the Head of Department
22. Where further documentation is signed by all parties concerned as an agreement in addition to the letter of acceptance, it is defined as a formal contract. Formal contracts are concluded only where this is stated as a requirement in the bid document.
23. The written acceptance of an offer constitutes a legal and binding contract if no appeals are lodged. This may be by letter or the placing of an order.
24. The Department's Chief Directorate Legal Services approval of the draft formal contract is required prior to the signing thereof.
25. Contracts must be awarded to suppliers registered on the Provincial Suppliers Database and with SARS valid original tax Clearance Certificate.
26. All reporting requirements must be complied with.
27. The award of the contract must be advertised in the Provincial Gazette and/or local newspapers.
28. The levels referred to hereunder apply to the occupational class Supply Chain

Management or equivalent posts.

THE AWARDING OF A CONTRACT FOR OXYNTAKA SELF- GENERATING OXYGEN PLANTS

9.024 It was alleged that Intaka had received an order for the supply of Oxyntaka self-generating oxygen plants **(Oxyntaka plants)** for 52 hospitals within the Province of KZN from the Department. It was further alleged that there were a number of irregularities that were identified in the tender process; certain medical doctors and anaesthetists raised issues of concern with regard to Intaka's product and safety issues with Dr Nyembezi and thereafter Dr Mbele, but they were ignored; legal services were not satisfied with the Agreement that Intaka had compiled, but the signing thereof was fast tracked prior to issues being resolved; and Intaka subsequently did not provide the product as detailed in the tender bid specification document, including not being ISO 10083 compliant and not providing a back-up system as required in terms of the bid specification document.

9.025 During the course of investigating the purchase of the 2 water purification plants; the findings of which are detailed in a separate report, a number of health officials had files and documents relating to the Oxyntaka plants and it was evident that they had concerns with the tender, the subsequent award to Intaka and what had transpired in the interim.

9.026 We requested a list of all payments made to Intaka from BAS and identified those made in respect of the supply of Oxyntaka self- generating oxygen Agreement. I determined that as at 31 December 2009 payments amounting to R7,233,427.45 had been made to Intaka from the date the first plant was commissioned. **H1-H24**

Background into the contract awarded to Intaka for Oxyntaka plants by the KZN Department of Health

9.027 The following was determined by me during the course of investigating the purchase of the 2 water purification plants from Intaka by the KZN Department of Health, that is relevant to the investigation of the Oxyntaka plants and requires repeating in this report:

1) Intaka Investments (Pty) Ltd

9.028 We conducted a Kreditinform enquiry and determined that registration number 2003/021018/07 belongs to Intaka Holdings (Pty) Ltd. The said entity was previously known as Intaka Tech (Pty) Ltd and was first registered on 28/08/2003. The holding company is recorded as "Savoi Family Trust". The Active Principals are Dr G Savoi id 521226 0000 000 appointed on 28/08/2003 and Mr R Savoi id 810212 5000 000 appointed on 21/11/2007. In terms of the footer of the quotation the other 2 directors as at 2 October 2006 were Fernando Praderi and Clement Morris. In terms of the Kreditinform Report these 2 persons resigned as Directors, however the date of resignation is not reflected. It would appear that the entity with registration number 2003/021018/07 was known as Intaka Investments (Pty) Ltd at the date of the quotation and subsequent thereto changed its name to Intaka Tech (Pty) Ltd and then Intaka Holdings (Pty) Ltd. Intaka Investments was registered on the Provincial Suppliers Data Base on 14 September 2005. **C1/1-12** **C1/13-14**

2) Interview with Gerhardus van Der Merwe

9.029 We conducted an interview with Gerhardus (**van Der Merwe**) who was previously employed as Manager of the Infrastructure Development component and who was one of 3 senior managers, who were instructed by Dr Nyembezi to attend a meeting at the offices of Savoi during August 2006. We obtained his affidavit in respect of the water purification plants. The said affidavit included details of his visit to Somerset Hospital and Intaka in the Western Cape where he met Savoi. I will not repeat the contents of the said affidavit. **D1**

3) Interview conducted with Ms Prasheeka Padayachee

9.030 We conducted an interview with Ms Prasheeka Padayachee (**Prash Padayachee**), one of 3 senior managers, who were instructed by Dr Nyembezi to attend a meeting at the offices of Savoi during August 2006. She was at the time employed as the General Manager: Corporate Governance, and Inter- Governmental Relations (IGR) Inter- Sectoral Collaboration (ISC), a position she still occupies. We obtained an affidavit from her that also includes the investigation into another supplier. Detailed below is the section of her affidavit dealing with Intaka: **D9**

"On 3 August 2007 I was part of a delegation of three Senior Managers: comprising myself, Mr VRM Ntshangase and Mr GC van der Merwe, Manager Infrastructure; who undertook a visit to the Western Cape, on the instruction of the HOD. The purpose of the visit was to further explore the "Oxyntaka self- generating oxygen plant" and visit the offices of Dr G Savoi, the CEO of Oxyntaka (at the time I understood the name of the company to be Oxyntaka). Prior to visiting Dr Savoi, the delegation was taken to Somerset Hospital, to view their Oxygen Plant which was procured from Oxynteka. During the course of visiting Dr Savoi he also informed us of another product of his company, being the "Wataka Water Purification Plant or System". Upon return to office I compiled a report detailing the delegations visit to Somerset Hospital and "Oxyntaka". The report included a brief discussion on the Wataka Water Purification Plant".

"I also undertook a prior visit to the Department of Health Northern Cape on 27 July 2006 and visited 2 hospitals in the said province being Manne Dipco Hospital and Kimberley Hospital. Both of these hospitals have the Oxyntaka Oxygen Plant (and not the Water Purification Plant). For ease of reference I attach the report I compiled for the said visit upon return to office".

"This was my only contact with Dr Savoi and Oxyntaka (I now understand the company is called Intaka) and the Water Purification Systems. I was not thereafter involved in the procurement process of appointing Intaka to provide the Water Purification Systems to Rietvlei and Appelsbosch Hospitals, and have no knowledge

thereof".

Affidavit of Gaston Savoi

9.031 Following the issuing of our report dated 30 November 2009 and the extension of our appointment by the Department on 9 February 2010, I was handed a copy of an affidavit of Gaston Savoi (**Savoi**) by the SAPS. The said affidavit purports to have been signed by Savoi on 14 July 2008. I will refer to this affidavit and particularly that part relevant to the tender for the Oxyntaka self- generating oxygen plants, later in this report. Detailed below are extracts of the affidavit as it relates to the background into his and Intaka's introduction to Provincial Governments: **E1**

1) In paragraph 10 and 11 he details the background into how he was introduced to the KZN Provincial Government (KZNPG) by Mr Rafiq Bagus, Special Advisor to the Minister of Trade and Industry. He states that he made contact with relevant persons at the KZNPG and made various presentations to them. In paragraph 12 he states: "*from information provided to Intaka by TIKZN and KZNPG and from information that my company obtained independently, I became aware that KZN was facing- as it continues to do- formidable challenges in relation to the provision of potable drinking water*".

2) In paragraph 15 and 16 he refers to a fact-finding visit to South America for a delegation from KZN that included self- generating oxygen plants and whether they might indeed prove useful in KZN, "at Intaka's cost". There is no reference to a consultant or "middle-man". Hence, Intaka was funding the delegation and was dealing directly with KZNPG officials. Savoi added: "*the discussions and actions thus far were entirely in accordance with my experience of international business*".

3) In paragraph 17 he refers to the return to South Africa and that "*the KZNPG indicated that it was interested in pursuing both the issue of self- generating oxygen equipment as also the water purification plants, the key persons in the process of further discussions being Mr Shabalala and Professor Green*

Thompson". Hence, Professor Green- Thompson, the HOD, KZN Department of Health at the time was interested in the self- generating oxygen plants and Intaka was dealing directly with him.

4) In paragraph 18 he refers to a pilot project at Murchison Hospital including on-site oxygen and a medicinal air generating plant, and the delays in pursuing same.

Subsequent background information

9.032 During the course of initially requesting all relevant procurement and payment documentation, we determined that Intaka had commissioned an Oxyntaka plant as a pilot project at Murchison Hospital and thereafter an Oxyntaka plant at Rietvlei hospital (at the same time the water purification plant was commissioned at Rietvlei hospital in terms of emergency delegations), prior to the awarding of the contract for 52 hospitals for Oxyntaka plants. Savoi has referred to the Murchison Hospital pilot project in paragraph 18 of his affidavit, however he has not mentioned the Rietvlei Oxyntaka plant at all. I believe it is necessary to briefly refer to the awarding of the orders to Intaka for the Murchison Hospital pilot project and the Rietvlei Oxyntaka plant, however we have not performed a detailed investigation into these 2 matters. **E1/5**

Murchison Hospital

9.033 We were not provided with any documentation from the Department setting out the procurement procedure followed in the awarding of the said order to Intaka. I determined based on BAS records that payments amounting to R1,717,717.80 were made to Intaka for Murchison Hospital commencing 4 October 2005 to 15 December 2009. We are not in possession of all payment vouchers or the Agreement entered into with Intaka. Based on available payment vouchers and paid invoices the Department paid for a fixed amount of 3,000kg's of oxygen per month, recorded as "one months rental" on the Intaka invoice. Hence, this would suggest that the Department was not paying for the "actual" amount of oxygen consumed by Murchison Hospital. For ease of reference I attach a copy of one payment voucher and supporting document only. We were not requested or mandated to investigate **I1/1** **I1/2-6**

the "contract" awarded to Intaka for Murchison Hospital. However, I wish to refer to documentation where Intaka and/or Savoi first introduced themselves to the Department when Professor Green- Thompson was the HOD and the fact that Sipho Shabalala was copied on this correspondence. The documents themselves are self-explanatory and do not require further explanation. They cover the period 29 March 2004 to 19 September 2005. These documents were located in the file maintained by the Office of the HOD by Samantha Cheatle. **I1/7-11**

9.034 I identified the attached e-mails from Intaka's electronic records seized by the SAPS that reflect Shabalala's involvement in the approval of the draft contract and his relationship with Savoi whom he addresses as "Hi Amigo" in the e-mail titled "Invoices- Murchison Hospital" although the content thereof has no bearing on the title of the e-mail. In a further e-mail from Savoi to "*Busi Nyembezi- personal*" dated 3 August 2006 Savoi states "*Just for your historical Westwood file*". Westwood is a Departmental Official that worked under Dr Nyembezi; it is thus apparent that the e-mail in question is not appropriate and that Savoi and Dr Nyembezi knew each other to the extent that he could communicate to her in this manner about one of her officials. This is further supported by an earlier e-mail from Dr Nyembezi to Savoi dated 31 July 2006, titled "*self generating O2 District Hospitals*": "*Amigo, here is a list of different hospitals. Please do quotes for District and Regional Hospitals separately, muchas gracias*". Significantly, in addition she has attached a list and has asked for quotes, as opposed to going out to a formal tender. Also on 3 August 2006 another "personal" e-mail titled "*todays menu*" but attached is Oxyntaka price lists including Afrox prices. A further "personal" reply from Savoi dated 8 August 2006 commences "*let's play rock and roll*", but refers to oxygen requirements at various hospitals. This will be discussed in more detail later in this report. **I1/12-13** **I1/14** **I1/15-16** **I1/17-18** **I1/19-25**

Rietvlei Hospital

9.035 We determined that Mr Robin Westwood, Deputy Manager: Engineering Advisory Services, Infrastructure Development and the subordinate of van Der Merwe at the time, was requested to prepare a bid specification document for Rietvlei hospital by van Der Merwe. He was allegedly not involved in the pilot project at Murchison and this happened during the time Professor Green- Thompson was the HOD.

9.036 He received a document that had previously been used by the Western Cape, Department of Health and changed it so that it was relevant to Rietvlei and KZN Department of Health. Once he completed and made the necessary changes he sent it to van Der Merwe via e-mail, who in turn forwarded it to Dr Nyembezi, who he understood had requested same. A copy of the document prepared by Westwood and handed to us by him is attached hereto for ease of reference. I will again refer to this document in more detail when discussing the contract awarded to Intaka and documents seized by the SAPS at Intaka. **J1**

9.037 However, I wish to refer to paragraph 8 dealing with Payments as I will refer to this again when dealing with the 52 Oxyntaka plant bid specification document and agreement: **J1/31**

8.1 On each anniversary of the contract the monthly instalment shall be increased by the Consumer Price Index as published prior to the year expired;
8.2 All payments shall be made to the contractor, monthly in arrears based on the amount of kilograms consumed;
8.3 The contractor shall submit to the hospital an invoice on the day following the last day of the month of usage, which shall stipulate the actual quantity of oxygen used. Payment shall be made by the Hospital within twenty- five (25) days of presentation of the invoice.

Note: The contractor would be paid based on actual amount of kilograms consumed.

9.038 The said tender bid specification document was sent by van Der Merwe to Dr **J2/1**

Nyembezi on 15 August 2006 and a request was made that the matter be declared an Urgent case and that Delegation 701 be applied for. This was the same delegation used for the procurement of the 2 water purification plants for Rietvlei and Appelsbosch hospitals. It was approved by Dr Nyembezi on 16 August 2006. We identified an e-mail in the Intaka electronic data seized by the SAPS from Dr Nyembezi's personal e-mail address to Savoi dated 15 August 2006; the attachment is "*manufacture & delivery of bulk med. oxygen Rietvlei2. doc*". The content is "*please check paragraph 9*" and ends "*ciao*". I have attached the front page of the attachment and page 32 of the said attachment for ease of reference. It is evident that Intaka had input into the Specification document for Rietvlei Hospital. A further "*personal*" e-mail from Savoi to Dr Nyembezi dated 10 August 2006 reads as follows: **J2/2-4** **J2/5**

"*Dear amiga Busi,*

Retelecon of today, the 3 strong points to keep as close tender are:

- *Local production in the country (South Africa) and maintenance.*
- *Proudly South African.*
- *Pilots full of success on the supply of medical oxygen and medical air after 1 and a half years (18 months).*
- *Please comment.*
- *Hasta la vista*
- *Abrazos*".

9.039 It appears that changes were made to the specifications by van Der Merwe at the request of Dr Nyembezi, in terms of an e-mail sent to Malcolm Peters (SCM) by van Der Merwe on 18 August 2006 at 09:42 am, and a fax between Andile Zondo (SCM and Malcolm Peters' superior at the time) and Dr Nyembezi on the same day at 13:20. We were not provided with the revised document by the Department and van Der Merwe has since retired from the Department **J3/3** **J3/1**

9.040 On 22 August 2006 Dr Nyembezi approved a request from Andile Zondo, supported by Ntshangase and recommended by Buthelezi, that an Oxygen generating plant be procured for Rietvlei in terms of Delegation 701. The said approval also states that offers will be invited from all known suppliers that are listed on the Provincial **J4**

Suppliers Database.

9.041 We are not in possession of all relevant documents, however it appears from that available to us, that Afrox, Insmed and Intaka Investments were requested to bid and/or provided a bid. Further, Afrox addressed a letter dated 29 August 2006 to the Department expressing their concerns with the Department's intention to providing on-site manufacturing and supply of bulk medical oxygen and medical air at Rietvlei Hospital. Of significance was that Afrox had received verbal indications from the Medicine Control Council (**MCC**) that on-site units such as described in the bid documents do not comply with the full spectrum of MCC registration, and further it would thus be against legislated regulations to include such method of supply as part of the current range on offer. I have not investigated the Afrox concerns and have no further documents that deal with the matter. **J5**

9.042 On 29 November 2006 Dr Nyembezi advised Dr Sewlal that the "tender" had been awarded to Intaka Investments (Pty) Ltd, and that authority had been granted to incur expenditure in terms of Delegation 0201 to the value of R16.50 per kilogram of gas including VAT and to be escalated as per paragraph 6.1.3 of the Agreement. **J6**

9.043 On 30 November 2006 Intaka were advised in writing that the tender had been awarded to them as detailed in the letter referred to above and that they were provided with order number N0734189 **J7**

9.044 However, a copy of an Agreement that appears to have been signed by Dr Nyembezi, based on the signature similar to that appearing on the letter dated 29 November 2006, was signed on 17 November 2006. The Agreement was signed by Intaka on 24 November 2006 (these dates are prior to Dr Nyembezi informing Dr Sewlal that the tender had been awarded to Intaka and prior to Intaka being informed in writing that they had been awarded the contract and provided with an order number). In terms of paragraph 6.1.2 the rental amount is determined based on the actual usage of the Lessee (Department) as measured on a monthly basis by the flow meter installed on the equipment. Further, in terms of schedule "B" to the Agreement the rental amount is R16.50 per kilogram of gas including VAT. **J8** **J6** **J8/17** **J8/6** **J8/6** **J8/19**

9.045 On 16 July 2007 Intaka sent an e-mail to Natasha Pillay (of Infrastructure Development) advising that an amount of R148,500 was due to Intaka for oxygen consumption for the period January to June 2007, comprising six invoices in the amount of R24,750 per invoice. The said invoices were subsequently sent to Rietvlei by Lindie Xulu on 19 July 2007. Of significance is that each of the invoices were for an identical amount of oxygen being consumed being 1,500 kg per month, that is highly unlikely and most improbable. **J9** **J10**

9.046 The said invoices were queried by Mr R Burn with Rietvlei Hospital on 15 August 2007 that is self- explanatory. It was similarly queried with Intaka on the same day. **J11/1** **J11/2**

9.047 The Hospital Manager Rietvlei replied to Mr Burns query on 30 August 2007. Intaka responded on 18 September 2007 to Mr Burn. They conceded that an error had been made and that the total consumption for the period 5 January 2007 to 15 August 2007 was 4086kg. The amount payable to the Department was thus R67,419 (4086kg x R16.50 per kg). Following the Department requesting a corrected invoice, "Intaka Tech (Pty) Ltd" issued a credit note and corrected invoice amount. Note that the Department also queried the name change from Intaka Investments (Pty) Ltd to Intakatech. A payment in the amount of R67,419 was subsequently prepared in favour of Intakatech on 31 October 2007. Intaka further provided a Certificate of change of name of company effective 23 May 2007. **J11/3** **J11/4-8** **J11/9** **J11-10-11** **J11/12** **J11/13**

9.048 On 5 December 2007 a Parliamentary question was asked by Mr J Krog (DA) of the MEC for Health. These questions are relevant and self- explanatory. Attached thereto is the Department's reply. The response is brief and lacks detail. In addition no mention is made of the Tender awarded to Intaka on 26 June 2007 for the 52 hospitals in question and the Department has further replied that they are not in a position to answer question 12 and 13. I believe Dr Mbele and the Department avoided answering these questions as opposed to not being in a position to answer them. If no private hospitals in South Africa used the self- generating oxygen units it would raise questions as to their suitability both from a safety and economic point of view. In addition the Department could not have refuted the concerns of private Surgeons and Anaesthetists, by referring to their own Anaesthetists, as the latter had **J11/14-17-**

raised their concerns to the Department that will be discussed later in this report. This occurred on 13 July 2007 to Dr Nyembezi (HOD at the time) and again on 20 October 2007 to Dr Mbele (HOD at the time). Dr Mbele deliberately withheld this information and her response to the Parliamentary question. It will become evident hereunder that the signing of the Agreement with Intaka was speeded-up and became a matter of urgency, following the Parliamentary question.

9.049 I determined based on BAS records that payments amounting to R535,449.21 were made to Intaka for Rietvlei Hospital commencing 12 November 2007 to 31 December 2009. It was evident as discussed above, that the Department paid for the "actual" amount of oxygen consumed by Rietvlei Hospital and not a monthly minimum rental based on a fixed amount of oxygen, as was the case with Murchison. We were not requested or mandated to investigate the "contract" awarded to Intaka for Rietvlei Hospital Oxyntaka, although it is evident this was done in terms of "emergency delegations", similarly used for the water purification system for Rietvlei. **J12**

Documents relating to the tender and subsequent contract awarded to Intaka for Oxyntaka plants for 52 hospitals and explanations of officials where necessary

9.050 I have earlier in this report referred to the affidavit of Prash Padayachee and that she stated that three Senior Managers from the Department were instructed by Dr Nyembezi, to attend a meeting at the offices of Dr Savoi, the CEO of Intaka during August 2006. The purpose of the meeting was to view the self-generating oxygen plant known as the Oxyntaka and to attend a presentation on the working of the system. The three Senior Managers were van Der Merwe, Prash Padayachee and Ntshangase. Details of the said meeting are included in the affidavits of Prash Padayachee and van Der Merwe. We have subsequently interviewed van Der Merwe again as his first affidavit dealt primarily with the water purification plants, being our mandate at the time. I will refer to his 2nd affidavit later in this report. I wish to point out at this early stage however, that van Der Merwe in his affidavit stated that when he visited Somerset Hospital and viewed the Oxyntaka plant, it appeared that it could be better utilised at smaller institutions and that Afrox cylinders were still being used **D1&D9** **D1/2-3**

as back-up for the system. He alleged further that Savoi told him that Intaka does not provide oxygen cylinders.

9.051 Prash Padayachee also undertook a prior visit to the Department of Health Northern Cape on 27 July 2006 and visited 2 hospitals in the said Province being Manne Dipco Hospital and Kimberley Hospital. Both of these hospitals have the Oxyntaka Oxygen Plant. Prash Padayachee compiled a report for the said visit upon return to office. I wish to point out that Prash Padayachee in her report stated that when she visited Kimberley Hospital it was indicated to her that the said hospital was using Oxygen cylinders from Oxyntaka, although none were physically shown to the delegation i.e. this is contrary to what van Der Merwe subsequently determined at Somerset Hospital. The back- up issue would later become a contentious issue in the main Agreement awarded to Intaka, forming the basis of this investigation. Significantly, Prash Padayachee also included the following under section 3.1 of her report: Lessons Learnt: "*Perhaps the Department would need to explore the value of Oxyntaka more intensely and conduct a cost comparison with the AFROX product and service*". We were not provided with any documents reflecting this was officially adhered to; a thorough analysis and cost comparison completed; and a decision taken and authorised as the best way forward, both from an Operational and Financial perspective. **D9/58** **D1/2-3** **D9/58**

.052 I previously referred to the sources of the documents obtained, examined and referred to in this report, for both the water purification plants and Oxyntaka plants.

9.053 We received a number of documents from Departmental officials. We compiled a list and reviewed the documents, in order to obtain a clear understanding of the sequence of events in terms of the documents. There are a vast number of documents, however I deem it necessary to refer only to those that appear to be of significance. I will briefly discuss each of the said documents and the relevant content of each. All documents discussed hereunder were obtained from the Departments records unless otherwise stated. The other documents include documents and electronic records seized by the SAPS from Intaka: **K1**

1) **KwaZulu- Natal Health: Specification for the "On- site manufacture and delivery of bulk medical air and oxygen for clinical use at Provincial Hospitals of the Department of Health, in the KwaZulu- Natal Province"** **K2**

9.054 I determined the said document referred to as the Bid Specification Document was prepared by Westwood around the same time as he prepared a similar document for Rietvlei. He provided us with the copy in question from his hard drive. The footer of both documents reflects the date as "08/2006" (August 2006). As previously stated Westwood informed us that he received a document that had previously been used by the Western Cape, Department of Health and changed it so that it was relevant to KZN Department of Health. Once he completed and made the necessary changes he sent it to van Der Merwe via e-mail, who in turn forwarded it to Dr Nyembezi, who he understood had requested same. We located a copy of an e-mail dated 3 August 2006 from Lucille Welgemoed of the Western Cape Provincial Government sent to Samantha Foulkes, Ntshangase and Dr Nyembezi, copied to Cesar Alexandre, titled "Spec- Manufacture & Delivery Of Bulk Medical Oxygen". Attached is the said document that is relevant to the Western Cape Province, which supports Westwood's explanation that he received the document that had been previously used by the Western Cape Department of Health. The footer reflects the date as 11/2005. The said e-mail and attachment was located in the file maintained by the Office of the HOD by Samantha Foulkes. **K2** **J1** **K2A**

2) **E- mail from Dr Nyembezi to van Der Merwe dated 18 August 2006 at 09:01am** **K3**

9.055 I do not have any correspondence reflecting the said document was sent to Nyembezi, however an e-mail from busisiwen@mweb.co.za dated 18 August 2006 09:01am was sent to van Der Merwe, by Dr Nyembezi according to van Der Merwe's explanation to us (this is Dr Nyembezi's private e-mail address). The body of the e-mail reads as follows: **K3**

"Hi Gerrie

As discussed the following changes to be made all indicated in red:

Page 4 Remove ISO requirement not necessary.

Page 8 Professional Certified Engineer instead of Industrial Engineer MCC requirement.

Page 19 Need to specify distance where contractor will obtain electrical supply.

Thanks Gerrie".

3) E-mail from van Der Merwe to Westwood dated 18 August 2006 at 09:19am and Westwood's reply **K3**

9.056 Van Der Merwe forwarded the e-mail to Westwood on the same day at 09:19am "*for your records*". **K3**

9.057 Westwood replied to van Der Merwe as follows: **K3**

"Hi Gerrie,

The changes requested by the Head of Department are respectfully accepted and implemented, however I feel it my duty to comment on the following. For the past four years I have had every confidence that technically these units have a place in some of our hospitals.

1. *The ISO requirement was inserted to protect both patients and the Head of Department in the event that the impossible should occur on any of the units.*

2. *I have no problem with the Professional Certified Engineer and I assume Certified means with the Engineering Council of South Africa.*

3. *I also have no problem with this but in any event the Contractor has to determine*

M

the electrical loading of his plant and where he can obtain this power from Clause 4.8 page 19.

Regards
Robin".

9.058 I wish to refer again to the Rietvlei bid specification document and the bid specification document for the 52 hospitals, as the contents are almost identical (apart from reference to Rietvlei). **J1** **K2**

1. On page 4 of both documents the following appears in bold and caps under section 4: **J1/4** **K2/4**

"THE/ ALL OXYGEN GENERATING UNITS MUST COMPLY WITH ISO 10083 OXYGEN CONCENTRATOR SUPPLY SYSTEMS FOR USE WITH MEDICAL GAS PIEPLINE SYSTEMS"

2. On page 8 of both documents the words "Industrial Engineer" appears in the paragraph immediately above paragraph 4.1.1.1.20 "Warranties". **J1/8** **K2/8**

3. On page 19 of both documents paragraph 4.8.1 is identical: "*The Department of Health will indicate the position where the contractor will obtain the Electrical supply at 400V+- 10% 3 phase plus neutral*". **J1/18** **K2/19**

4) **KwaZulu- Natal Health: Specification for the "On- site manufacture and delivery of bulk medical air and oxygen for clinical use at Rietvlei Hospital, situated in the Sisonke District, for the Department of Health Provincial Administration of KwaZulu- Natal"** **K4**

9.059 I located a document in the Intaka records seized by the SAPS, that is identical, (apart from the last section 11 "*Schedule of Information*") to that prepared by Westwood for Rietvlei Hospital and forwarded by van Der Merwe to Dr Nyembezi on 15 August 2006 and amended per her request on 18 August 2006. The said **K4** **J1** **J2/J3**

document contains a handwritten note on the front cover: "(signature) *Mr. Praderi Dir File*". The following handwritten notes have been made in the document that is consistent with the changes that van Der Merwe was instructed to make to the bid specification document for the 52 hospitals by Nyembezi on 18 August 2006 at 09:01: **K4** **K3**

1. On page 4 section 4, an "asterix" has been made alongside the wording in the paragraph: "**THE OXYGEN GENERATING UNITS MUST COMPLY WITH ISO 10083 OXYGEN CONCENTRATOR SUPPLY SYSTEMS FOR USE WITH MEDICAL GAS PIPELINE SYSTEMS**" **K4/4**
2. On page 8 the word Industrial has been scratched out and the words "*Professional Certified*" has been written before the word "*Engineer*" **K4/8**
3. On page 19 the words "*within one metre of the unit*" has been written after the last word in paragraph 4.8.1 **K4/19**

9.060 The aforementioned official document located in Intaka records contains a "***PRIVATE AND CONFIDENTIAL***" stamp and no Bid number in the space provided. The Bid number would in the ordinary course of events be inserted in the space provided; in this case Rietvlei's bid number was ZNB 557/2006- H (refer to annexures J6 and J7), prior to the Bid document being provided to potential bidders. Thus, Intaka should not have been in possession of this document and it is apparent that Dr Nyembezi's changes sent to van Der Merwe for the 52 hospitals, were the same as those recorded in the document in Intaka's possession for Rietvlei Hospital. The 52 hospitals Tender Specification document was still an official document and not a public one that had gone out to tender. **K4** **K3** **K4**

9.061 I also located an e-mail from Savoi to Dr Nyembezi dated 27 November 2006 06:45 pm, in the electronic data recovered by the SAPS from Intaka. The e-mail is titled "AGREEMENT" and the following message: "*Dear amiga, checking the document with our technical staff it was detected that a lot of things were added that are not according to our specifications neither to ISO 10083 specifications with which we comply. Therefore, I enclose the draft with the modifications/ withdrawals highlighted in red*". Attached thereto is a Bid Specification word document titled "*Self Generated* **N1/1** **N1/2-29**

Specs Nov 06 do". This document is similar to that prepared by Westwood and attached as annexure K2 to this report, after he made the changes as instructed by Dr Nyembezi on 18 August 2006 as discussed above. Upon further examination I noted the following modifications/ withdrawals marked in red print as indicated by Savoi in his e-mail:

1) On the front page five red crosses have been added before the words: Bid No: /2006-H;
2) The last sentence in the 3rd paragraph on page 1 under the heading Scope is marked "WITHDRAW".
3) Section 3.1.1.1.2 Air Compressors on page 2, a section of the 1st paragraph is marked "WITHDRAW".
4) On the same page Section 3.1.1.1.4 is marked "ADD".
5) Section 3.1.1.1.6 on page 3 is marked "ADD"; section 3.1.1.1.8 on the same page a section has been marked "WITHDRAW"; and section 3.1.1.1.10 Air Tank the words "63mm" is marked "WITHDRAW".
6) Section 3.1.1.1.14 Pre-Filter Saturation Sensor has been marked "WITHDRAW" on page 4; section 3.1.1.1.16 on the same page the words "one (instead of two)"; section 3.1.1.1.17 the word "valve" marked "WITHDRAW"; and the next paragraph marked "SUBSTITUTE THE WHOLE SENTENCE FOR".
7) Section 3.1.1.1.18 Oxygen Pressure in the tank on page 5, a section of the 1st sentence and the 2nd sentence is marked "WITHDRAW"
8) Sections 3.3.1.5.1.1.3; 3.3.1.5.2.3; and 3.3.1.5.3.3 on page 10 are all marked "WITHDRAW".
9) Section 3.12 Fail Safe Design on page 17, the entire section is marked "WITHDRAW"
10) Sections 3.14 Compressors; 3.15.1.1 and 3.15.1.5 Maintenance on pages 18 and 19, have all been marked "WITHDRAW".
11) Sections 3.20.1.1.2.2; and 3.20.2.3 on pages 22 and 23 the words "CE Standards instead of British Standards".
12) Section 3.20.2.8.3 on page 23 the words "or cubic metre".

9.062 I interpreted the word "WITHDRAW" to mean delete from the document and the word "ADD" to mean add to the document; this will become clearer when I discuss this further.

9.063 I also located an e-mail from Nyembezi to Savoi dated 29 November 2006 at 10:04am (2 days after the e-mail referred to in the previous paragraph in the electronic data recovered by the SAPS from Intaka. The e-mail is titled "DOCUMENT" and the following message "Success at last hope you get it". Attached thereto is a Bid Specification word document titled "*Self Generated Specs Nov 06 2 doc*". This document is similar to that referred to in the previous e-mail (and to that prepared by Westwood and attached as annexure K2 to this report), after he made the changes as instructed by Dr Nyembezi on 18 August 2006 as discussed above. Upon further examination I noted the following questions in blue ink that have been added to the document: **N1A/1** **N1A/2-29**

1) Included in Section 3.1.1.1.10 Oxygen tank on page 3.
2) After Section 3.1.1.1.15 Heat Sensors on page 4.
3) After Section 3.1.1.1.18 on page 5 Oxygen pressure in the tank
4) After Sections 3.14.1.2.2.4 and 18; 3.15.1.1 on page 18 and 3.15.1.5 on page 19.
5) Included in Section 3.20.1.1.2.2 on page 21.

064 Savoi replied on the same day at 12:02pm and the following message "*Dear amiga, I'm sending the replies in green underlined*". Attached thereto is a Bid Specification word document titled "*Self Generated Specs Nov 06 do*". This document is similar to that referred to in the previous e-mail (and to that prepared by Westwood and attached as annexure K2 to this report), after he made the changes as instructed by Dr Nyembezi on 18 August 2006 as discussed above. Upon further examination I noted a number of additions in green ink (as stated by Savoi in his e-mail), that appear to be an explanation as to why he has made further changes as questioned by Nyembezi in blue ink: **N2/1** **N2/2-30**

1) Section 3.1.1.1.10 Oxygen tank on page 3.
2) Section 3.1.1..1.14 Pre- filter Saturation Sensor on page 4, however he has

marked the next section 3.1.1.1.15 Heat Sensors as "can remain" that was previously marked "WITHDRAW".

3) Section 3.1.1.1.18 on page 5 Oxygen pressure in the tank.
4) Sections 3.14.1.2.2.4 on page 19; 3.15.1.1 and 3.15.1.5 on the same page.
5) Section 3.20.1.1.2.2 on page 22.
6) Section 3.20.2.4 on page 23.

9.065 I will again refer to these changes as indicated by Savoi in the aforementioned documents titled "*Self Generated Specs Nov 06 do*", when discussing the Bid Specification document approved by the Bid Specification Committee below . It is clear however that Intaka was advising the Department what to include and exclude in the Bid Specification document for the 52 hospitals tender; that this was still an official document and not a public one that had gone out to tender; and that Intaka themselves would later provide a bid. **N1+N2** **K7**

9.066 I further identified a "*personal*" e-mail in the Intaka electronic data seized by the SAPS from Savoi to Dr Nyembezi dated 25 August 2006, titled "Tender". He has attached 2 documents: an annexure A and a page 25 (marked 83). It is noticeable that a mark has been made next to point 11.2 "does the unit comply with ISO 10083". I wish to add that this was changed in the final Bid Specification document to read "does the oxygen enriched air comply with ISO 10083", that will be discussed below. The question of the "*Unit*" as opposed to the "*oxygen enriched air*" being ISO 10083 compliant will also be discussed in more detail later in this report and Westwood of the Department will also cover this is his affidavit provided to us. I also refer to another "personal" e-mail between the 2 parties dated 30 August 2006 titled "Confidential" and the attachments "*Tender prices Afrox v Intaka*". The body of the e-mail reads: "*before you send to me your top confidential information today in the evening, herewith my top confidential information to you, just to keep 0 to 0. This is the result of the Namibian tender yesterday*". I also attach 2 further "personal" e-mails between the parties dated 17 October 2006 and 26 October 2006. It is evident that Intaka were expecting to be the providers of oxygen and medicinal air for a significant number of hospitals in KZN and in fact refer "*to meet with the aim to finalize the procedure of continuing the installation of Oxyntakas for the supply of* **K4A/1-3** **K7/26** **K4A/4-6** **K4A/7-10**

oxygen and medicinal air. We are finalising the production of 21 machines in the next 45 days and would like to forecast the production of the balance of the machines", prior to the matter going out to tender.

5) Minutes of the 5th Department of Health Bid Specification Committee meeting for 30 November 2006 **K5**

9.067 The minutes of the Department of Health Bid Specification Committee dated 30 November 2006 reflect that item 7.3 referred to the Tender ZNB 7295/2006- H on site manufacture and delivery of bulk medical oxygen and medical air for clinical use. In terms of the discussion column the following was recorded: "*The Chairperson gave the Committee background information regarding the specification. The Committee was to note that the new specification document was originally for Rietvlei but was now been rolled out to other institutions*". The bid document was approved, subject to amendments being made. The minutes were signed by the Chairperson Mrs N Mthembu on 15 December 2006 and confirmed by Dr Nyembezi on the same day. **K5/3**

6) Bid for Ratification by the Bid Specification Committee and the attached KwaZulu- Natal Health: Specification for Bid No: ZNB 7295/2006- H "On- site manufacture and delivery of bulk medical air and oxygen for clinical use at Provincial Hospitals, situated in all Districts, for the Department of Health Provincial Administration of KwaZulu- Natal" **K6** **K7**

9.068 Attached to the aforementioned minutes is a document titled "Bid for Ratification by the Bid Specification Committee" dated 30 November 2006. I wish to briefly refer to the "*Background*" as detailed on the document as this would later be disputed and/or challenged: **K6/1-2**

"Demand Management initiated this contract. A decision was taken by Senior Management that on- site self- generating oxygen and medical air for clinical use shall be used throughout the Department. Reasons for such a decision were based on:

The on-site generating process is cost effective.
Furthermore the process is independent of hospitals.
Cylinders can be filled in at clinics

The Committee is requested to note that some specifications were approved by the Head of Department for Rietvlei Hospital and a Mr. Alexandra was used as a technical advisor.

The matter is submitted to the Committee for noting".

9.069 The Bid for Ratification was approved by Dr Nyembezi on 7 December 2006. Dr Nyembezi was communicating with Intaka, who had advised her what changes to add and delete from the final Bid Specification document. The said submission makes no reference to Intaka and Savoi providing the said input into the final specifications- reference is made to Mr Alexandre only, or the fact that he joined Intaka during this process. Intaka's involvement in finalising the Bid Specification document should have excluded them from submitting a bid. **K6/2**

9.070 The approved Bid Specification document the KwaZulu- Natal Health: Specification for Bid No: ZNB 7295/2006- H "On- site manufacture and delivery of bulk medical air and oxygen for clinical use at Provincial Hospitals, situated in all Districts, for the Department of Health Provincial Administration of KwaZulu- Natal" is attached to the Bid for Ratification document. **K7**

9.071 The changes that Dr Nyembezi had instructed van Der Merwe to make to the Bid document on 18 August 2006 and the changes made on the Rietvlei document located in Intaka's records, that are the same, as previously discussed, have now also been made to the final approved Bid Specification document, that I repeat hereunder for ease of reference: **K3** **K4** **K7**

1) On page 2 under the heading "Specifications of the Oxygen Generating Units" the words **"THE/ ALL OXYGEN GENERATING UNITS MUST COMPLY WITH** **K7/3**

ISO 10083 OXYGEN CONCENTRATOR SUPPLY SYSTEMS FOR USE WITH MEDICAL GAS PIEPLINE SYSTEMS" has been excluded.

2) On page 5 the word "Industrial" has been excluded and the words "*Professional Certified*" has been written before the word "*Engineer*". **K7/6**

3) On page 14 the words "*within 1 metre of the unit*" has been added after the last word in paragraph 4.8.1 (should read 3.8.1). **K7/15**

9.072 In addition with the exception of paragraph 3.1.1.1.15 Heat Sensors and paragraph 3.1.1.1.18 and "a maximum pressure of 5 bars", all the changes as recorded by Savoi appearing in the documents titled "*Self Generated Specs Nov 06 do*" e-mailed by Savoi to Dr Nyembezi on 27 and 29 November 2006 respectively have been made to the final approved Bid Specification document. **N1/6+N1/7** **N1+N2** **K7**

9.073 I further wish to refer briefly to certain sections of the Bid Specification document and attachments, that will become relevant later in this report: **K7**

1) Section 3.5 Quantities, sub- section 3.5.2 "***quantities are not guaranteed***". **K7/12**
2) Sub- section 3.5.4 "*LOAD PROFILE is **estimated** as follows*". **K7/13**
3) Section 6: **Filling of cylinders from the Generating Units**: "*It is the intention of the Department of Health (DOH) to eliminate the purchase of Medicinal Air and Oxygen in cylinders due to the high cost of such mode of supply. Instead the DOH envisages having cylinders, at some hospitals, filled with Medical Oxygen from the Generating Units specified in this Bid. The bidder is therefore free to elaborate and give indication of such capability to supply the DOH with cylinders, under rental, to be filled from the generating units, during off peak demands, as well as the capacity to supply the cylinder filling equipments necessary for such operation*". **K7/23**
4) Section 7 **Payments (where applicable):** **K7/25**
   1. "*On each anniversary of the contract the monthly instalment shall be increased by the Consumer Price index as published prior to the year expired.*

2. *All payments shall be made to the contractor, monthly in arrears based on the amount of kilograms consumed.*
3. *The contractor shall submit to the hospital an invoice on the day following the last day of the month of usage, which shall stipulate the actual quantity of oxygen used. Payment shall be made by the Hospital within twenty- five (25) days of presentation of the invoice".*

5) Section 8: **Maintenance of Equipment (Oxygen Generating Units) (Where applicable)** **K7/25-26**

1. *"The contractor shall maintain the equipment in good order and repair.*
2. *The cost of maintenance of the equipment and any service or repair shall be for the exclusive account of the contractor.*
3. *The contractor guarantees that the equipment shall at all times comply with the bid specifications.*
4. *The contractor shall indicate the costs of maintenance of the equipment after the termination of the 5 year contract.*
5. *The contractor shall manufacture the self generating units in South Africa be "Proudly South Africa" compliant and have the ability to maintain the equipment in South Africa.*
6. *The contractor shall indicate successful use of their self generating units for the period of no less than 12 months in South African Government Hospitals.*
7. *The contractor shall have at all times, technicians available to repair the equipment within twenty four (24) hours of receiving notice of break- down of the equipment from the hospital.*
8. *Have sufficient spare parts available in South Africa to replace any part of the equipment that has broken or is defective.*
9. *Have equipment available to replace the equipment in the event of complete failure or destruction of the equipment.*
10. *Regularly inspect the equipment.*
11. *In the event of any maintenance or repairs or replacement of the equipment being required as a consequence of damage or destruction of equipment caused by neglect or wilful actions of the client the Hospital shall be liable for such repairs to or replacement of the equipment",*

6) Section 11: **Schedule of information: General:** **K7/26-27**

Tenderers must complete the following schedule of information for each **Institution/ Hospital** and are to submit with their tender comprehensive literature of the equipment offered:

1. *Institution/ Hospital.*
2. *Does the oxygen enriched air comply with ISO 10083.*
3. *PSA Plant Manufacturers Name.*
4. *Country of Origin.*
5. *Model No.*
6. *Does the equipment comply fully with the specification? Yes/ No.*
7. *NB: if the reply to the above is in the negative detail the variations.*
8. *Are all Spare Parts available in the republic of South Africa? Yes/ No.*
9. *Electrical power requirements:*
10. *Total connected electrical load in KW.*
11. *Estimated monthly electrical consumption KWHours.*

7) Attached to and forming part of the Bid Specification document is a document titled "***Rollout of self Generated Oxygen 3 Phases and Districts***". This document contains the names and districts of the hospitals envisaged under the tender. It further contains the "*Average Monthly Consumption (Kg)*" of oxygen per hospital. **K7/31-41**

8) Also attached to and forming part of the Bid Specification document is Section F to be completed for each of the 52 hospitals. The document makes provision for the total bid price including VAT, the amount in words and time for completion/ delivery in calendar days/ months. The document makes no reference to the "average monthly consumption (Kg)" or any other reference to quantities of oxygen. **K7/49-100**

9) Attached to and forming part of the Bid Specification document is Section H Official Briefing Session/ Site Inspection Certificate to be completed for each of the 52 hospitals where applicable. **K7/102-153**

10) Attached to and forming part of the Bid Specification document is Annexure B Technical Ability. It makes provision for amongst others the company's contribution towards social responsibility within KwaZulu- Natal. **K7/167**

11) The General Conditions of Contract makes provision for amongst others the following definitions: **K7/170**

1. *"Corrupt practice" means the offering, giving, receiving, or soliciting of any thing of value to influence the action of a public official in the procurement process or in contract execution.*
2. *"Fraudulent practice" means a misrepresentation of fact in order to influence a procurement process or the execution of a contract to the detriment of any bidder, and includes collusive practice among bidders (prior to or after bid submission) designed to establish bid prices at artificial non- competitive levels and to deprive the bidder of the benefits of free and open competition.*

12) Section 13 of The General Conditions of Contract "*Offering of Commission or Gratuity*": "*If the Contractor, or any person employed by him, is found to have either directly or indirectly offered, promised or given to any office bearer of the Province or person in the employ of the Province, any commission, gratuity, gift or other consideration, the Province shall have the right, summarily and without recourse to law and without prejudice to any other legal remedy which it may have in regard to any loss or additional cost or expenses, to cancel the Contract without paying any compensation to the Contractor*". **K7/177**

13) A Price Page is required to be completed for each of the 52 hospitals and signed by the Bidder. The questions and information to be provided is similar to the appearing at Section 11 of the Bid Specification document and the form at section F referred to earlier in this report. The document makes provision for amongst others: whether the offer complies with the specification; whether it conforms to SANS/ SABS specifications and inspected by the SANS/ SABS; and the total bid price. There is no reference to the "*average monthly consumption (Kg)*" or any other reference to quantities of oxygen. **K7/197-247** **K7/26-27** **K7/49-100**

7) **A copy of an advertisement: Invitation to Bid: Supply: On-site manufacturing and delivery of bulk medical oxygen and medical air to all institutions** **K8**

9.074 The said document refers to Bid number ZNB 7295/2006-H and a closing date of 15 February 2007.

8) **Intaka Investments (Pty) Ltd Bid in respect of Tender no: ZNB 7295/2006- H dated 13 February 2006** (it is evident from the remainder of the document that the year is in fact 2007, refer to pages K9/65- K9/120) **K9**

9.075 I shall briefly refer to relevant parts of Intaka's bid:

1) Intaka submitted their bid under the signature of Fernando Praderi a duly authorised representative on 14 February 2007. **K9/65, 66 + 211**
2) Intaka would provide 7 hospitals with Oxyntaka units free of charge and associated consumption costs. Every hospital in the bid would be provided with free medical air. The Department would be vested with ownership of every unit after 5 years. Based on the lifespan of each unit the Department could continue to generate medical air and medical oxygen for an additional 25 years (or possibly more). **K9/3-4**
3) "*During the second phase of operation (i.e. following completion of the initial 5 year lease), the DOH will be in a position to fill cylinders with medical air and medical oxygen from the generating units, thereby enabling it to supply clusters of small clinics and Community Health Clinics around each hospital, at a neglible cost*". However, Intaka contradict themselves later in their bid under "*Benefits*": "*cost effective filling of cylinders for clinics. During off peak periods cylinders may be filled from the Oxyntaka units for use at the clinics. Currently the cost of oxygen at the clinics is substantially more expensive than that for bulk usage*", where it is implied that this can be done at any time including during the initial 5 year lease period. **K9/4** **K9/11**
4) The Intaka Group Structure makes provision for a "*Future Empowerment Partner*" that falls under "Intaka KZN (Pty) Ltd to do "*marketing, installation and maintenance*". **K9/6**
5) Section F has been completed for each of 53 hospitals. Intaka has provided the total bid price including VAT for each of the said hospitals. This document makes no reference to the "*average monthly consumption (Kg)*" or any other reference to the bid price being dependent on specific quantities of oxygen. Note: Taylor Bequest Hospital was not included in the 52 hospitals in the initial bid as it questioned whether the hospital was in the Eastern Cape, however a bid price **K9/67-119**

was provided by Intaka **K9/100**

6) The bid prices have been repeated and inserted in the "*rollout of self generated Oxygen 3 Phases and Districts*" section, and on the Price pages for each of the 53 hospitals. The price pages also make no reference to the bid price being dependent on specific quantities of oxygen. I wish to point out that Intaka has answered yes to all questions requiring a yes or no answer and the word "NA" has been provided as an answer to "facility fee per month" and "rental/ consumption per month". They have further provided a "total bid price" and have inserted no comments in the column marked "remarks". **Hence, this would imply that Intaka's offer has complied with the specification; it conforms to SANS/ SABS standards and has been inspected by the SANS/ SABS; there is no facility fee per month or rental/ consumption per month additional costs involved; and the total bid price is that recorded on each Price Page per hospital.** **K9/241-249** **K9/250-302**

7) We prepared a schedule detailing the average monthly consumption provided by the Department in the Bid document that forms part of Intaka's bid and the bid price per hospital provided by Intaka in their bid. I will refer again to this document and specifically the average monthly consumption when discussing the Agreement subsequently entered into between Intaka and the Department. **K10**

8) In Annexure B Intaka has referred to their contribution to social responsibility within KwaZulu- Natal, should they be awarded the contract: "*Intaka is currently in the process of negotiations with an empowerment partner in KZN and has registered the local company. Intaka will provide facilities, mentorship and skills transfer to offer to empower the local partners to be self sufficient in marketing the equipment and to provide all local support and maintenance*". Earlier in their bid they referred to "*Intaka Investments is currently engaged in setting up Oxyntaka KZN which will be an empowerment company*" (as opposed to "*has registered the local company*"). **K9/188** **A9/12**

9) Section M: Schedule of variations from goods or services information, makes provision for the bidder to make any departure from or modifications in the Special Conditions of Contract, Specifications, Schedule list of prices/ quantities/ drawings or to qualify the bid in any way. Intaka has endorsed this documents "not applicable". **K9/189**

10) In Section 11 Schedule of Information of the Specifications, Intaka has answered a number of questions including: Does the oxygen enriched air comply with ISO 10083? Intaka has answered "Yes"; does the equipment comply fully with the specifications? Intaka has answered "Yes". Questions 11.8.1 and 11.8.2 remain unanswered. **K9/240**

9.076 I determined that an entity was registered in the name of Intaka KwaZulu Natal (Pty) Ltd with registration number 2005/006527/07 on 3 March 2005. It was previously known as Yahoola Investments. It would also appear that the entity is now deregistered. Gaston Savoi with id 521226 was an active principal and was appointed on 3 March 2005. The remaining three non- active principals were also appointed on 3 March 2005: Christian Gouws, id 590828 5147 004; Rafique Moegemat Bangus id 631026 5029 089; and Sipho Joseph Gcabashe id 540113 5633 084. There is no record of an entity registered in the name of Oxyntaka KZN. Savoi in his affidavit has also referred to a Rafique Bagus (not "Bangus") as the Ministers Special Advisor. We performed a Director Enquiry on the identity number provided and determined the surname is Bagus. **K11**

9) Documentation relating to the Technical Committee and minutes of the Bid Evaluation and Adjudication Committees

.077 There are a number of documents relating to the Technical Committee, the Bid Evaluation Committee and Bid Adjudication Committee. I shall briefly refer to each and the relevance thereof.

9.078 On 28 February 2007 Ntshangase sought authority from Dr Nyembezi for the formation of the Technical Committee to evaluate the technical aspect of the Bid before submission to the Bid Evaluation Committee. Included in the proposed committee is Mr C Alexander, Chief Engineer, Department of Health, Western Cape. **K12**

On 5 March 2007 Buthelezi advised Ntshangase that he was required to add a representative from Supply Chain Management to the committee. The following handwritten endorsement has been made on the memorandum "*having discussed the composition of the committee with HOD and she advised that C. Alexandre* **K13**

should be withdrawn as he is now employed by one of the service providers of bulk oxygen and she was also going to get the name of the engineer in Western Cape who took over from him". It appears to have been signed by Ntshangase.

9.079 At the meeting of the Bid Evaluation Committee (**BEC**) held on 23 March 2007, Mr V Halvey (**Halvey**), Technical Support Services Northern Cape, Department of Health, provided a report to the BEC. It was resolved that a full investigation be undertaken to ascertain the current monthly consumption of medical oxygen by the various institutions and that these costs be standardised to ensure a common denominator is established for the evaluation process. The BEC also requested that the Chairperson, Ntshangase, obtain authority to invite Mr Halvey to take part in the investigation with the KZN Province. **K14**

9.080 At the meeting of the BEC held on 3 May 2007, a technical report was presented by the Technical Committee present, being Halvey and Westwood. Out of the discussions the following was noted: Successful Service Providers are to consult with Engineers and Health Technology Unit as Site Location is important, and sites need to be prepared and registered with the Medicine Control Council as the gasses involved are a Schedule 3 drug; Bidders need to supply ISO Certification viza: ISO 10083 as proof of compliance as per specification; Halvey advised the Committee that it is not beneficial to take ownership of these units after 5 years due to the nearing of the lifecycle with a lifespan of between 5 and 7 years; for some hospitals there was only 1 offer *Ntaka* Investments PTY. The BEC recommended the bid be awarded to *Ntaka* Investments PTY for all hospitals per 4 phases. **K15**

9.081 At the meeting of the BAC held on 9 May 2007, chaired by Buthelezi, the BAC requested that the next meeting be aligned to Mr Westwood's availability to consider the bid. **K16**

9.082 At the meeting of the BAC held on 28 May 2007, chaired by Buthelezi, the BAC did not support the recommendation of the BEC and requested the bids be returned for clarification. Clarity was sought on the following: **K17**

- Whether consideration should be given to the joint award of the tender;

- Confirmation of compliance to ISO 10083;
- Conformation of price for budgeting purposes;
- Clear reasons as to why companies were eliminated;
- Conformation whether prices are based on current or future services.

It was also noted under the discussion column that Westwood advised the BAC that Mr D Goddin of Pharmaceutical Services had informed him that oxygen is now considered a registered medicine and must therefore be registered with the Medical Control Council. These minutes were only signed by Buthelezi on 25 September 2007.

9.083 At the meeting of the BEC held on 29 May 2007, chaired by Ntshangase, the BEC had a number of items under discussion: District Hospitals to serve as Pilot Sites as opposed to phase 1; buying out the unit as opposed to lease; bidders needed to provide ISO 10083 certification; multiple awards; and the price of Intaka compared to Afrox and additional costs to be incurred. The BEC recommended that the matter be referred to the Accounting Officer as the BEC was abiding by the decisions of the Technical Committee and decisions made by the BEC. **K18**

9.084 At the meeting of the BAC held on 4 June 2007, chaired by Buthelezi, the BAC was informed by Buthelezi that Ntshangase had submitted a letter that Intaka did comply with ISO 10083. The BAC approved that the tender be awarded to Intaka subject to: either the production of the ISO compliance certificate or the provision of a letter detailing the extent of compliance with ISO; and receipt of the recommended company's Execution Plan. It was concluded *"Due to the urgency of the item, it was requested that the criteria will be circulated to all members for comments prior to the Chairperson signing the submission to the Head of Department to expedite the entering into a Service Level Agreement"*. I was unable to determine the urgency of the matter and whether all members provided comments. These minutes were only signed by Buthelezi on 22 October 2007. **K19**

9.085 A Submission was prepared and submitted to the BAC on 25 June 2007. It was approved by Buthelezi on 26 June 2007 and validated by Dr Nyembezi on the same **K20**

day. In terms thereof it was recommended that the tender be awarded to Intaka who was "*the only bidder who fully complied with the specifications*". The following annexures form part of the submission:

1) Annexure A a Submission (undated) prepared by the BEC for consideration by the Bid Adjudication Committee (BAC), detailing the events that preceded the submission. It has been signed by Ntshangase. A number of hospitals were excluded from the 1st and 2nd phases, based on the input of the Technical advisors. The BEC recommended that the tender be awarded to Intaka in respect of 25 hospitals, subject to the drafting of a service level agreement which should address the points as raised in paragraph 10, being issues raised by the Technical Committee, that is consistent with the minutes of the BEC held on 3 May 2007. The prices per kg of the 25 hospitals in question are consistent with Intaka's bid and there is no reference to quantities of Oxygen associated with the price per kg. **K21**
2) Annexure B a Technical Report titled "The Evaluation of Pressure Swing Absorption (PAS) Units" that is signed by Halvey . I wish to point out that we showed this document to Westwood when we interviewed him and which will be discussed later in this report. He provided us with his copy where he noted a number of significant instances where he did not agree with Halvey's report. The said Technical Report was to be amended according to Westwood to include these changes; there is no evidence that the report was subsequently changed. **K22/1-2** **K22/3-4**
3) Annexure C comprising 25 schedule of comparative bid prices (for phase 1 and 2 as envisaged by the BEC) detailing Intaka's bid price and Insmed's bid price where applicable **K23**
4) Annexure D a spreadsheet detailing costs per hospital. Included in the spreadsheet is an "*estimated monthly kg's*" and "*estimated monthly costs*". The estimated monthly kg's is the same as the "*average monthly consumption*" provided by the Department in the bid specification document, with the exception of Lower Umfolozi Hospital reflecting an estimated monthly kg's of 6,500 kg, where none was provided in the bid specification document. The price/ kg is the same as that provided by Intaka in their bid. Included are 7 hospitals where Intaka would not charge the Department i.e. no costs involved. The total cost for **K24**

60 months based on estimated monthly kg's is reflected as R93,843,180.

5) Annexure E is an extract of Intaka's bid document consisting of 12 pages and a letter from Intaka dated 6 June 2007, where they have explained their interpretation of the contents of the bid specifications, as it relates to ISO 10083. Their explanation is that the bid does not call for a certificate of compliance, but that the oxygen enriched air is to comply with the minimum oxygen concentration and purity as stated in the ISO 10083, and that it does not call for the equipment compliance with ISO 10083. The said letter from Intaka has been signed by Professor Alexandre, whom I understand was previously employed by the Western Cape Department of Health and who was removed from the technical committee and replaced with Halvey. It is also my understanding that Halvey left the Northern Cape Provincial Government and joined Intaka shortly after the contract was awarded to Intaka. **K25**

9.086 At the meeting of the BAC held on 27 June 2007 (i.e. a day after Buthelezi had already approved the tender be awarded to Intaka and it being validated by Dr Nyembezi on 26 June 2007), chaired by Buthelezi, the following was recorded: **K26** **K20**

1) Under Discussion: "*the Chairperson informed the members for the purpose of clarity that the ISO compliance had been a recommendation but not a requirement in terms of the specification. The concerns raised by Mr Westwood at the Departmental Bid Adjudication Committee meeting had been addressed and resolved at the Departmental Bid Evaluation Committee meeting. It was noted that a meeting was held on 22 June 2007, where the above matters were discussed and resolved*".
2) Under Resolution: "*The Departmental Bid Adjudication Committee approves the recommendation of the Departmental Bid Evaluation Committee that the tender be awarded to the only bidder who fully complied with the specifications, Intaka Investments (Pty) Ltd subject to the crafting of a Service Level Agreement*".

9.087 We determined from Ms Sally Crichton, who was responsible for the compilation of the minutes of the BEC and BAC that she has no record of any meeting of the BAC on 22 June 2007 and she did not attend such a meeting. We determined further from Mrs Mthembu, Ms Deonundhan and Ms Ndaba, members of the BAC, that there was

no official BAC meeting on 22 June 2007. They were summoned to a meeting by Buthelezi (Chairman of the BAC) in the office of Ntshangase (Chairman of the BEC) and the tender was discussed. Minutes were not kept. It is my submission that it is highly irregular for the Chairman of the BEC to meet on his own with members of the BAC, as this undermines the independence of the BEC and BAC and the whole intention of having committee's such as these. Further, the meeting of 22 June 2007 cannot be deemed to be an official meeting of the BAC. I will again refer to this when discussing our interviews with the members of the committees.

.088 On 18 July 2007 Ms Crichton sent the minutes of the BAC meeting held on 27 June 2007, approved by the BAC on 11 July 2007, to the Buthelezi to approve (as Chairman) and to be forwarded to Dr Nyembezi for signature. **K26**

10) Appeal by AFROX, INSMED and Myriad Medical and findings of the Bid Appeal Tribunal

9.089 In July 2007 AFROX, INSMED and Myriad Medical lodged a Notice of Appeal of the award of the tender to Intaka with the Bid Appeals Tribunal that resulted in a Bid Appeal Tribunal Hearing. AFROX referred to the KwaZulu- Natal Procurement Act no 3 of 2001 in their Appeal. I wish to refer to the fact that the said Act was repealed on 20 December 2005, from which date the KwaZulu- Natal SCM Policy Framework and Treasury Regulations 11A came in effect (previously referred to in this report). **A2**
Practice Note number SCM-07 of 2006 issued in terms of the said SCM Policy Framework, deals with the Bid Appeal Tribunal, attached hereto for ease of reference. Hence, the Appeal should have been made in terms of the said SCM Policy Framework and relevant Practice Note. I wish to mention that the said Practice Note is silent on what the duties of the Tribunal are and specifically whether they only rely on the evidence presented before them, or whether they are required to do any independent enquiries and research. This will become evident when discussing the documentation relating to the appeal. **K27**

9.090 We obtained a copy of all correspondence dealing with the Appeal from Ms Mandy Du Toit of the KZN Bid Appeals Tribunal, that is attached hereto in it's entirety, apart **K28+ K29**

from duplicates and I have further sorted them ito date sequence:

9.091 The file consists of a document that serves as an index of the contents of the file. **K28/1-3-**
The first 5 documents are copies of documents already discussed in this report, namely:

1. The Invitation to Bid advertisement. **K28/4**
2. The Bid Specification document. **K28/5-45**
3. The minutes of the BEC dated 23 March 2007. **K28/46-50**
4. The minutes of the BEC dated 3 May 2007. **K28/51-63**
5. A Technical Report signed by Halvey. **K28/64-65**

9.092 The remainder of the file consists of: the letters of appeal; correspondence of the Bid Appeal Tribunal; correspondence from the Department; replies from the Appellants and Intaka; and the findings of the Tribunal, as detailed hereunder: **K29**

1) On 5 July 2007 Myriad Medical sent an e-mail to the Department requesting the reasons why Myriad Medical was not successful with their bid. **K29/1**
2) On 9 July 2007 AFROX sent a letter addressed to the Bid Appeals Tribunal of their notice to appeal the tender award. Their grounds and basis for the appeal is detailed hereunder: **K29/2-3**
   i. *"To the best of our knowledge and belief, the party to whom the tender was awarded, Intaka Investments (Pty) Limited, is in liquidation (either provisional or final);*
   ii. *Intaka Investments (Pty) Ltd (and its related companies) is currently subject to an investigation by the National Prosecuting Authority as a result of installation and use of it's products in the Northern Cape Province;*
   iii. *The Bid called for a supply of a product not in compliance with MCC regulation and as such supply of the product may be illegal and dangerous; and*
   iv. *Afrox is a current supplier of gaseous products within the province. Afrox has serious reservations about the potential of "mixing gases", the consequences for MCC compliance and the liability of the facilities that use such mixed gases".*

3) On 9 July 2007 Ntshangase replied to Myriad Medical and provided the reasons why Myriad Medical was not successful in their tender: "*Your Company does not have a Pressure Swing Absorption Unit installed in South Africa and therefore your product has not been tried and tested in South African conditions as yet. It is noted that Myriad Medical has been appointed as the agent for sub-Saharan Africa for Dinatec Oxygen Generators, and the equipment would be imported from Brazil*". **K29/4**

4) On 10 July 2007 Myriad Medical sent a letter addressed to the Bid Appeals Tribunal of their notice to appeal the tender award. They stated that they will together with their legal representative in due course present their basis for their appeal. They requested minutes of the various meetings including "*technical reports, minutes of the Evaluation Committee and minutes of the Award Committee*". **K29/5**

5) On 11 July 2007 INSMED sent a fax addressed to the Bid Appeals Tribunal of their notice to appeal the tender award. Their reason was that "*the tender was awarded to a sole tenderer*". They also requested a detailed commercial and technical report. **K29/6**

6) On 11 July 2007 the Bid Appeals Tribunal notified the Chairperson of the BAC of the appeal of AFROX, Myriad Medical and INSMED, and of the procedure to be followed. **K29/7-9**

7) On 12 July 2007 AFROX sent a further letter of request to the Manager CSCM. **K29/10**

8) On 16 July 2007 the Bid Appeals Tribunal notified Intaka of the appeals lodged by AFROX, Myriad Medical and INSMED, and informed them of the procedure to be followed in respect of their submission **K29/11**

9) On 20 July 2007 AFROX sent a further fax to the Manager CSCM. **K29/12**

10) On 23 July 2007 AFROX sent a fourth letter to Buthelezi (the CFO and Chairman of the BAC) and referred to their 3 previous requests to which no reply had been received. **K29/13**

11) On 23 July 2007 Intaka replied to the Bid Appeals Tribunal and included their response to the 3 Appeals. Intaka's reply is for the most a legal opinion in response to the 1) the documentation requested by INSMED and Myriad Medical and 2) the grounds for Appeal by the 3 Appellants. I wish to refer to specific objections raised by Intaka: **K29/14**

i. INSMED was not entitled to the reports as requested but only to be provided with written reasons. **K29/16**

ii. Myriad Medical was not entitled to the technical reports as requested but only to be provided with written reasons. **K29/17**

iii. "*Intaka is, to the best of its knowledge after having made reasonable enquiries, not currently subject to any investigation by the National Prosecuting Authority as a result of the installation and use of its products in the Northern Cape Province*". **K29/18**

iv. They refuted that Intaka's product was required to be MCC compliant or that it was required that oxygen had to be registered with the MCC, as the resolution had been approved but not yet published. **K29/18-19**

v. The oxygen enriched air produced by their unit complied with amongst others International Standards ISO 10083 **K29/19**

12) On 30 July 2007 AFROX sent a further request to the Bid Appeals Tribunal following telephonic discussions on 23 and 24 July 2007. **K29/21**

13) On 1 August 2007 Buthelezi as Chairman of the BAC committee replied to 2 of the reasons for the appeal raised by AFROX: the onus was on AFROX who are alleging same to prove liquidation; and the BID document did not specify compliance with the MCC standards. This was forwarded to the Bid Appeals Tribunal on 2 August 2007. Similarly Ntshangase's reply to Myriad Medical dated 9 July 2007 was forwarded to the Bid Appeals Tribunal on 3 August 2007. **K29/22** **K29/23** **K29/4** **K29/24**

14) On 1 August 2007 Buthelezi replied to INSMED's letter of appeal dated 11 July 2006. He referred amongst others to the Technical Committee report, but appears not to have attached same: "*This company's PSA is installed at Vryheid Hospital. The unit is imported from France and is called the Oxyplus Technologies which is supported by the NOVAIR group. This unit is functional but is not supplying low pressure air to the Hospital*". It is apparent that Buthelezi is quoting from the report prepared by Halvey. In terms of the Submission dated 25 June 2007 there is no reference to INSMED being excluded based on the grounds referred to by Buthelezi, despite reference being made in the Submission to the said Technical report; and the minutes of the meeting of the BAC held on 27 June 2007 makes no reference to INSMED being excluded on the grounds referred to by Buthelezi. I wish to add further that we have not **K29/25** **K22/1** **K20+K21** **K21/2-3** **K26/3-4**

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interviewed Halvey as we understand that he is employed by Intaka.

15) On 6 August 2007 the Bid Appeals Tribunal sent Buthelezi's reply above to INSMED by fax. **K29/26**

16) On 7 August 2007 INSMED replied directly to Buthelezi and dealt specifically with his letter dated 1 August 2007: **K29/27-28**

   i. *"With reference to the Technical Committee Report, the comments are true with the exception that all of our units have the ability to supply Oxygen and low pressure air to all hospitals, but the Vryheid Unit was asked to be delivered and installed without the air option (refer contract signed with KwaZulu Natal Department of Health).*

   ii. *We also requested a Technical evaluation on all bids as we believe that "apples with apples" was not taken into consideration. Please forward as requested.*

   iii. *We therefore wish to state herewith that our objection still stands until all matters raised are addressed in the interests of transparency"*

   Hence, INSMED agreed that their Unit was not manufactured in South Africa, but disputed that they were not in a position to supply low pressure air. I agree with their request that a Technical Evaluation should have been performed as it was evident that "*apples with apples*" was not taken into consideration, that will become more evident later in this report, when dealing with issues such as the manner in which the price per kg was to be determined; the provision of a back-up system and related equipment and expenses; and the provision of maintenance.

17) An e-mail from the Bid Appeals Tribunal to the Department dated 7 August 2007 refers to the appeal process to date and that 20 August 2007 has been set aside to hear the Appeal. **K29/29-31**

18) On 7 August 2007 Mrs Zondo, SCM sent a Memorandum to Ntshangase, as GM SCM. Included is a note that Provincial Treasury has indicated that they would like to expedite this matter and are considering holding the hearing on 15 August and not 20 August 2007. We were unable to determine who and why Provincial Treasury wanted the matter expedited. **K29/32**

19) A KwaZulu Natal Bid Appeals Tribunal notice reflecting that the matter was set down on 13 July 2007 for a hearing on 15 August 2007. Mandy Du Toit of the Bid **K29/33-34**

Appeal Tribunal had only indicated in her e-mail on 7 August 2007 that the matter was set down for 20 August 2007 (and not 15 August 2007, being the date Treasury wanted the hearing to take place). She has also signed the document on behalf of the Chairperson of the Bid Appeals Tribunal. **K29/29**

20) AFROX sent another letter to the Bid Appeals Tribunal on 8 August 2007: **K29/35-36**
    i. The adjudication process completely ignored the offer in respect of "*...and the delivery of bulk medical oxygen*"
    ii. Their explanation with regard to "*Medical Oxygen*" and that they believed Intaka did not meet these requirements.
    iii. They submitted that the allegations with regard to the liquidation of Intaka and/or Intaka being subject to an investigation by the NPA was provided for the Bid Appeals committee to further investigate this should it be deemed appropriate.

21) On 10 August 2007 Ntshangase sent a further letter to Myriad Medical in respect of their Appeal and attached an extract of the Technical Report: "*Myriad Medical (Pty) Ltd: this company does not have a PSA installed in South Africa. Myriad Medical is the agent in sub-Saharan Africa for Dinatec Oxygen Generators which will be imported from Brazil. Hence, not tried and tested in South African conditions*". "It is apparent that Ntshangase is quoting from the report prepared by Halvey. The Submission dated 25 June 2007 refers to Myriad Medical being eliminated based on the input provided by the Technical Advisors in their report. The minutes of the meeting of the BAC held on 27 June 2007 makes no reference to Myriad Medical being excluded on the grounds referred to by Buthelezi. **K29/37-38** **K22/1-2** **K21/3** **K26/3**

22) A handwritten note (undated, but refers to 15 August 2007) that appears to have been signed by Mandy Du Toit, based on the signature being similar to that appearing on a previous document" "*To: Matthew and Members. This response was received from Myriad Medical today 15/08/2001. They are not satisfied with the reply. It is a possibility that they may still withdraw*". I will refer to the Myriad Medical reply below, however of concern is Mandy Du Toits comments "*it is a possibility that they may still withdraw*", as I interpret this to mean that should Myriad Medical withdraw their appeal or from the appeal hearing, then the Tribunal need not concern themselves with the latest response from Myriad **K29/39** **K29/33**

Medical.

23) The Myriad Medical response is dated 14 August 2007 and is addressed to Mr M Francis, Chairperson, Bid Appeals Tribunal, and summarised hereunder: **K29/40-46**

i. They disputed the Departments response that Myriad Medical does not have a PSA installed in South Africa. They attached copies of correspondence that confirmed that in 2004 they supplied Intaka Investments with a Dinatec Pressure Swing Absorption Oxygen Generating Unit, which they understood was installed at Somerset West Hospital and successfully operated there for an extended period of time. **K29/40**
They further added that Intaka had failed to pay for the unit and the amount remains outstanding. They also attached photographs of the Dinatec unit together with Intaka Investments logos at the Dinatec installation in Somerset West at the time. They also stated that they offered to fly an official nominated by the Department to Brazil at their own cost, to inspect the over 300 units which are successfully operating in Brazilian hospitals. **K29/42-43** **K29/44-45** **K29/40**

ii. The failure by the Department to provide the requested minutes of the various committees and the technical report has seriously hampered their ability to deal with their objection in the appeal. It further remained unclear to them if the technical specifications when comparing the various tenders received were in fact comparable. They added that they were to the best of their knowledge and belief, aware that their prices were the most favourable priced in a number of sites. **K29/46**

iii. They attached an article that appeared in the media relating to an investigation in the Western Cape with regards to a tender for oxygen generating units. The said article makes reference to Intaka Investments, Oxyntaka and Wataka and that it was alleged Intaka and affiliated companies are money making schemes. This is in terms of one of the reasons lodged by AFROX , to which Buthelezi replied that the onus is on AFROX to prove same; whereafter AFROX requested that the Bid Appeals tribunal conduct further investigation into this matter. **K29/41**

iv. They have concluded as follows" *In the absence of information as requested in order for this company to prepare for the hearing and study*

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documentation to satisfy ourselves that offers were brought to comparative levels as well as the short time period allowed before the hearing we will only be in a position to present our case to the Bid Appeals Tribunal once this information has been made available to us. Due to the objections raised by ourselves and other parties to the awarding of this tender it may be pertinent that this tender be put on hold until this matter has been thoroughly investigated". I submit that the request by Myriad Medical was reasonable and that their concerns appeared to have substance as supported by relevant documentation; that necessitated further investigation and that the appeal should have been adjourned to a later date.

24) The decision of the Appeal hearing is contained in a document dated 22 August 2007 signed by what appears to be Mr M Francis only as Chairman. He subsequently confirmed to me that he had signed the document and that it was the practice at the time for only the Chairman to sign the judgement. I wish to refer to issues that appear to place the Appeal hearing in dispute and not serving the best interests of the Department and the 3 Appellants (initially pages 4 and 6 of the judgement were missing but subsequently supplied to us by Mandy Du Toit): **K28/47-57**

i. "*Although having been given notice of the hearing, the Third Appellant* (Myriad Medical) *did not attend.* **K29/48**

ii. *Whilst the Third Appellant did lodge an objection, its letter of objection did not provide any reasons for the objection. The Department, however, advised the Third Appellant that its bid had been rejected because it (the Third Appellant) had failed to comply with tender specifications in that it did not have a Unit installed in a South African hospital*". This is factually incorrect. The Tribunal was advised and provided with detail as to the reasons for their objection, including supporting documents on 14 August 2007. The Third Appellant also requested further documents and information that would enable them to be in a position to present their case. They also provided evidence that they had a Unit installed at Somerset West Hospital. This was known to the Chairman and the Members based on Mandy Du Toits note to them on 15 August 2007, **K29/54** **K29/40-46**

where she attached the Third Appellants letter dated 14 August 2007. Even in the absence of the Third Appellant at the hearing itself, the Tribunal was aware of their reasons for appeal, however no reference is made to these documents at all.

iii. *"No evidence was tendered to support the assertion that the preferred bidder was being investigated by the National Prosecuting Authority, this allegation was also vehemently denied by the preferred bidder at the hearing.* As stated above the Tribunal was provided with the newspaper article alleging the Scorpions had been called upon to investigate Intaka on 15 August 2009. No reference is made to this article at all. In addition Intaka lied to the Tribunal, as they were aware of an investigation by the NPA in November 2006 already that will be discussed later in this report when discussing documents seized by the SAPS at Intaka. **K29/55-56** **M4+M5**

iv. *"Registration with the MCC was not a specification of tender. In any event, the product offered by the preferred bidder complied with the stringent international standards prescribed by the USA and European pharmacopoeia, and ISO 10083".* The Technical Report prepared by Halvey and a copy of which was provided to the Tribunal raised a number of points that should be taken into consideration when procuring and commissioning the PSA Units. that included: "*The Oxygen produced by the PSA units should meet the Medicine Control Councils Standards*". The said Technical Report was also accepted by the BEC on 3 May 2007, in terms of the minutes of the said meeting (a copy of which was provided to the Tribunal), where it was recorded "*Sites need to be prepared and registered with the Medicine Control Council as the gasses involved are schedule 3 drug*". Similarly, the said minutes reflect "*Bidders need to supply ISO Certification viz. ISO 10083 as proof of compliance and registration as per specification*". Hence, MCC registration was a requirement of the Technical Advisors and accepted by the BEC; the Tribunal was aware of same but made no reference thereto in their findings. Further, the Tribunal accepted that Intaka would be ISO 10083 compliant and registered, without any evidence of same being produced at the Tribunal hearing. The ISO 10083 registration would later become a **K29/56** **K22/1-2** **K28/64-65** **K15** **K28/53**

contentious issue after the Department entered into the Agreement with Intaka.

25) The Bid Appeals Tribunal forwarded their decision to the Head of Provincial Treasury, Mr DSD Shabalala on 23 August 2007. The said Shabalala was referred to by Savoi in his affidavit as one of the officials who at Intaka's cost went on a fact- finding mission to South America from 20- 23 March 2004. He was also the person who requested a donation to the ANC from Savoi. Shabalala will be referred to again later in this report in more detail. Shabalala sent the decision of the Tribunal to the Minister of Finance and Economic Development on 30 August 2007, under covering minute signed by him. This was subsequently endorsed by the Minister. **K29/58** **E1/4** **E1/4** **K29/59**

9.093 I located an e-mail in the Intaka electronic records seized by the SAPS from Alicia Marcos to Raoul De Lange (both of Intaka). The body of e-mail titled "KZN" contains the following: "*I enclose text of an sms sent by Sipho Shabalala to Dr Savoi*". Attached is a document on an Intaka letterhead marked "***FILE NOTE Sms sent by Sipho Shabalala to Dr Savoi on 24.08/2007 at 10.20.*** *Amigo hearing went very well. Expecting results early next week*". This is highly irregular: the Appeals Tribunal Secretariat falls under Provincial Treasury headed by Sipho Shabalala, who also forwarded the decision of the BAT to the Minister under his signature and seeking the Ministers ruling to the judgement/ findings of the BAT. Prior to the Minister approving same (30 August 2007), Shabalala has sent a personal sms to Intaka commenting on the Appeal hearing. This reflects on the personal relationship between Savoi and Shabalala and the impartiality required of the latter, to the detriment of the Department and the 3 Appellants. **K29B/1** **K29B/2** **K29/58-59**

9.094 We requested clarity from Mandy du Toit on issues we had identified in the Appeal process. I attach hereto our questions to her and her reply, for ease of reference, however will only refer to significant replies: **K29A**

1) The e-mail to Sally Crichton on 7 August 2007 with regard to the hearing taking place on 20 August 2007, was sent out on instruction of Mr Mlangeni, Acting GM at the time and if her memory served her correctly the instruction **K29A/1**

came via the HOD (Mr Shabalala) on instruction of the MEC (Dr Z Mkhize). The 15 August 2007 may have been a date that the MEC/HOD found suitable (for the hearing), but the BAT members were not all available, hence it was set down for 20 August 2007.

2) She provided us with an e-mail sent to the Chairperson of the BAT dated 13 August 2007 (one week prior to the hearing that was held on 20 August and not 15 August) wherein she stated the following with reference to the appeal in question "*there is an urgent matter for Health that they want expedited*". **K29A/28**

3) The matter was initially set down for 15 August 2007 per Notice of Set Down dated 13 July 2007. However, she could not get all the members of the BAT together for this date and the matter was subsequently set down for 20 August 2007 per Notice of Set Down dated 14 July 2007. She was unable to provide documentary evidence that the notices were sent out to the Appellants, hence that they were informed timeously of the hearing, being one of the complaints lodged by Myriad Medical. **K29A/1** **K29A/5** **K29A/7**

4) She vaguely recalled a telephonic conversation was held with an official of Myriad Medical wherein they indicated that they may still withdraw their appeal and hence her note to Mr Francis and other members of the BAT. She confirmed passing on Myriad Medicals letter received on 15 August 2007. The BAT should not ignore any information passed onto them, but the fact that Myriad Medical indicated they may withdraw was important since they were not at the hearing. **K29A/2**

5) The Department of Health was responsible for replying to Myriad Medicals request (I dispute this as the request was addressed to the BAT and not the Department), but she was unsure whether this occurred as Myriad Medical were not present at the hearing. **K29A/3**

Interview with Chairperson of the BAT

9.095 We interviewed the Chairperson of the BAT Mr Mathew Francis. He confirmed that he was the Chairperson of the Bid Appeals Tribunal in question. He stated that he is appointed by the Minister of Finance and that the BAT acts independently of Provincial Treasury and the Department of Finance. He was not aware of who was

putting pressure on the BAT Secretariat to expedite the hearing, as he received a date from the Secretariat (Du Toit) and confirmed the date based on his and the other members of the BAT's availability. It was pointed out to him that we have identified a number of findings in the judgment that are incorrect and of most significance is that the letter and attached documents of Myriad Medical dated 14 August 2007 was excluded from the judgment in totality. He informed us when we showed him the document in dispute that he could not say whether he had seen it or not. However, when we informed him that it was not referred to in his judgement at all he said it appeared strange as he would in the normal course of events include such a document and refer to it in his judgement. He added that the content of the document was of such a nature that it would have impacted on the judgment. He then concluded that he probably had not seen it. It was also put to him that some of the information presented to the Tribunal by Mr Mthethwa from Treasury on behalf of the Department of Health was false and that this coupled with the non- consideration of the Myriad Medical letter dated 14 August 2007 created significant doubt about the findings of the Tribunal. He agreed that the BAT process had been manipulated and that he felt "dirty" being part of this process. **K29/40-46**

11) Issues raised by the Departments Chief Specialist Anaesthesiologist with Dr Nyembezi

.096 On 13 July 2007 three of the Departments Chief Specialist Anaesthesiologists, based at Ngwelezane, Greys and Inkosi Albert Luthuli Hospitals, sent a letter to Dr Nyembezi citing amongst other things the issue of the Oxygen being required to be subject to a licence in terms of Section 22c of the Medicines and Related Substances Act, Act 101 of 1965. They concluded that in order to reduce certain risks it is advisable that any installation of Oxygen Concentrators should be inspected and commissioned jointly by the Health Technology Services and Engineering Services before being placed into operation. This commissioning should be witnessed by themselves and the licensing be verified by Pharmaceutical Services. **K30**

12) Enquiry from Ntshangase with the Registrar of Medicine

9.097 On 16 August 2007 Ntshangase sent an enquiry to the Registrar of Medicines with regard to the Registration of Medicinal Air and Oxygen. He states that the Department advertised a bid for the supply of Oxygen and it is now in the process of evaluating the bid for the supply of Oxygen to the institutions within the KwaZulu-Natal Province. This is incorrect, as Ntshangase had as Chairman of the BEC recommended to the BAC that the tender be awarded to Intaka as the only bidder who fully complied with the specifications, in terms of the minutes of the BAC dated 27 June 2007. Ntshangase had also held an informal meeting with the BAC on 22 June 2007 where the issues were resolved. This was approved by Buthelezi and validated by Dr Nyembezi on 26 June 2007. The tender award had also subsequently been appealed. Hence, the process was beyond "evaluating the bid" and Ntshangase had mislead the BAC into believing Intaka had complied fully with the specifications. **K31**

13) Recommendations of the Bid Appeals Tribunal

9.098 The approval of the Minister of Finance and Economic Development of the Bid Appeals Tribunal Findings was disclosed in terms of a letter sent to Intaka by the Department on 11 September 2007. On 26 September 2007 Intaka replied to the Department and undertook to start working on their rollout plan in order to ensure compliance with their tender obligations. At this stage there was no formal agreement in place as resolved by the TAC in their meeting of 27 June 2007. On 4 October 2007 Westwood sent a letter to SCM as Infrastructure Development had no knowledge of the award of the tender and significantly "*the installation of these units requires a certain engineering standards which this office would need to ensure compliance*". **K32/1** **K32/2-3** **K33**

14) A Memorandum from Ntshangase to Legal Services dated 2 September 2007

9.099 On 2 September 2007 Ntshangase sent a Memorandum to Legal Services. In terms **L1**

thereof he attached a copy of the bid documents of the successful bidder, the Copy of the Specification and Minutes of the Departmental BAC. We determine that the documents that are attached are the following that were previously discussed in this report :

1) A copy of an unsigned letter and the Submission prepared and submitted to the BAC on 25 June 2007. This is relevant to 25 hospitals only. **K20-K21**
2) The Technical Report prepared by Halvey. It does not contain any changes envisaged by Westwood. **K22/1-2** **K22/3-4**
3) Tables comprising 25 schedules of comparative bid prices (for phase 1 as envisaged by the BEC) detailing Intaka's bid price and Insmed's bid price where applicable. **K23**

He requested the assistance of Legal Services in finalising a service level agreement "expediously".

15) Report on meeting held with Intaka on 10 October 2007

9.100 The report in question (unsigned) reflects that Ntshangase and Deonundhan of the Department attended a meeting with Raoul De Lange and Cesar da S Alexandre of Intaka. Deonundhan informed us that she prepared the report. Issues of significance are : **K34**

1) Intaka are going to be MCC certified in November (I assume 2007).
2) In respect of the Passive system of a backup, the bid requires the filling of cylinders from the PSA for primary use, and it was the intention of the Department for 1 company to provide the entire system being cylinders and back-up. Intaka it would appear disputed this and agreed to supply diesel alternators only when there is an electricity problem, and that the Passive system as a back-up is a decision that needs to be addressed by the Department. I earlier referred to the back-up system being a requirement in terms of the bid specification. It is apparent they now disputed they were responsible for the back-up.
3) In respect of the Oxygen Peak Flow discussions centred on whether to use the monthly consumption, average monthly consumption or the peak flow consumption. This had to be done in order to correctly size the plants.
4) In respect of the Oxygen gas complying with ISO 10083 it was recorded that

Intaka does comply with ISO 10083 and that the analysis must be an addendum to the contract.

16) Site visits conducted by Intaka and differences between the average monthly consumption as detailed in the tender document as to actual consumptions as determined by Intaka

9.101 Following the said meeting Reka Deonundhan sent out e-mails to various hospitals, dated 10 October 2007. The e-mails refer to the fact that the quantities in terms of the oxygen consumption as provided in the tender documents vastly differs with that as provided at the site inspection conducted by Intaka. Attached is a spreadsheet reflecting the tender document quantities and a "*site visit Oxygen consumption*". It has been reported to us by Deonundhan that the said list was handed to her by Ntshangase, as the figures differed and she was requested to obtain actual figures from hospitals in phase 1 only. She did so by sending e-mails to the hospitals in question. The replies she received are referred to in the attached e-mails and summarised in the table below. I am unable to determine what the Benedictine and Ladysmith reply means and have excluded it from the table. It is however evident that there was differences in the 3 sources that gathered the information and in particular King George V and CJ Crookes, where Intaka's figures are approximately 90% and 120% respectively higher than the amounts provided by the 2 hospitals. **K35**

Hospital	Bid Specs doc (kg)	Intaka site visit (kg)	Hospital reply (kg)
Nkonjeni	1,100	2,450	2,417
Charles Johnson	2,400	4,400	3,876
Nkandla	820	1,150	1,153
Eshowe	7,500	9,000	9,050
King George V	3,600	15,000	8,000
St Aidens	1,400	2,000	1,600
Port Shepstone	14,900	16,000	12,000
CJ Crookes	8,300	29,000	13,000

17) E-mail from Dr Barrett, Chief Anaesthesiologist, Ngwelezane Hospital to Dr Mbele dated 10 October 2007

9.102 On the same day Ntshangase was holding a meeting with Intaka as referred to in sub- paragraph 15) above, being 10 October 2007, Dr Barrett sent an e-mail to the new HOD Dr Mbele, titled "*Concerns PSA letter to HOD*". He referred to their letter of 13 July 2007 that was sent to Dr Nyembezi, however they did not receive any reply from Dr Nyembezi other than the matter was receiving her attention and that she would revert to them shortly (a copy of this reply was located in the file maintained by the Office of the HOD). He added that he considered the matter urgent as the tender had already been awarded. We interviewed Dr Barrett and Dr Farina and they confirmed that they did not receive any reply from Dr Mbele. **K36/1** **K36/2-3** **K36/4**

9.103 Attached to this e-mail is an article recorded as an "*extract from Medical Chronicle September 2007*". The article commences with the MCC being urged to step in after several provincial health departments allowed the installation of unregistered oxygen supply units at hospitals. It went further to say that the Pressure Swing Absorption (PSA) or on site units, manufactured by a Brazilian company, Intaka Tech, hasn't been registered with the council. The article went further in describing the current status in the provincial health departments. It concluded that PSA's certainly have a place in the supply of gases to hospitals, but only under the correct standards and processes and with appropriately engineered back- up. The industry's concern is that all of these factors have been blatantly ignored and that it might be only a matter of time before a catastrophic failure results in the death of hospital patients. **K37**

18) A Memorandum from Ntshangase to Dr Mbele dated 29 October 2007

9.104 On 29 October 2007 Ntshangase sent a Memorandum to Dr Mbele and referred to a meeting held on 25 October 2007. He also referred to a letter received in the interim from Southern Africa Compressed Gases Association, which had been previously sent to Dr Nyembezi, in which they raised concerns on safety to hospitals, staff and patients with regard to on-site manufacture and delivery of bulk oxygen at various institutions. He further referred to the Technical Report (of Halvey) and the report **L2/1-8** **K22/1-2**

following the meeting with Intaka on 10 October 2007. He adds that more work still needs to be done with regard to the bid and requested the HOD's advice going forward. On 31 October 2007 Kantha Padayachee sent a memorandum to Ntshangase and copied it to Dr Mbele. She raised her concerns with regard to Ntshangase's handling of the matter and information was not placed before the BEC and BAC in the evaluation and award of the tender, as patient safety issues "surely could not have been overlooked". She concluded that she awaited confirmation of the scheduled meeting with the SA Compressed Gases Association, and that she was of the view that the HOD, COO, CFO, Mr Mbangwa from the MEC's office as well as the relevant clinical heads be invited to attend this meeting. She further added that in the interim, as discussed with the Acting HOD on 25 October 2007, the company awarded the tender should not commence with any work until concerns have been addressed and the relevant contract drafted. **K34** **L2/9**

19) Unsigned "Preventative Maintenance and Component Replacement Agreement" between Intaka and the Department

9.105 We were provided with a copy of the said document. Section 5 Maintenance Service Charges details the costs involved and for which the Department would have been liable had the agreement been agreed to and signed. I earlier in the report referred to the maintenance of the Oxyntaka plants being included in the Bid Specification document and to be provided by the successful bidder at no additional cost to the Department. The Department never agreed to this and argued that it was Intaka's responsibility, which was finally accepted by Intaka. I will again refer to relevant documentation later in this report. **K38**

20) Edited Agreement between Intaka and the Department

9.106 We located an edited version (unsigned) of an Agreement between Intaka and the Department in the files maintained by Legal Services. The following formatting is noticeable and relevant: **L3**

1) Section 3.2 has been added that impacts directly on the relevance and **L3/3**

importance of the Bid Specification document taking preference. This will be discussed in more detail when referring to the signed version in sub- paragraph 22) below.

2) Section 4.1.4: the words "as per the Bid Specification document has been handwritten". **L3/5**

3) Section 4.1.5: the word "guaranteed" and the last sentence commencing "shall constitute.....by the rental price", have been deleted. The following has been handwritten "shall be calculated on the minimum usage, indicated in the Bid Specification Document marked annexure C. **L3/5**

4) Section 4.1.6: the word "guaranteed" (on 2 occasions) and the last sentence commencing "each of the schedules..... Guaranteed Minimum Rental", have been deleted. The following has been handwritten: "Bid Specification Document attached hereto as annexure C". **L3/5**

5) Section 12.2.5: the word "guaranteed" has been deleted on 3 occasions. **L3/10**

21) E-mails from Kantha Padayachee to Ntshangase, Dr Mbele and others prior to the signing of the Agreement between Intaka and the Department.

9.107 An e-mail dated 15 November 2007 from Kantha Padayachee to Ntshangase and copied to Buthelezi she referred to comments to the agreement. She also referred to comments required from technical experts (mechanical engineer and anaesthetist/ relevant medical personnel) and that the CFO (Buthelezi) should look at the clauses with financial implications as outlined in her previous memorandum of 2 November 2007 (not provided to me). An e-mail dated 26 November 2007 from Kantha Padayachee to Dr Mbele, copied to Buthelezi and Ntshangase, she refers to: **L4/1** **L4/2**

1) She redrafted the Agreement based on the Bid Specification document;
2) Ntshangase had indicated that he had an anaesthetist report, which she had not seen;
3) She had included the Bid Specification document to ensure that the Department was covered in terms of specific conditions;
4) Ntshangase was to clarify the maintenance aspect as she understood this was the contractors responsibility in terms of the Bid document;
5) She has forwarded the maintenance agreement to Westwood as she could not

comment;

6) Rietvlei Hospital had a separate agreement and should not be included in this agreement;
7) She requested comments that may assist her in finalising the agreement, particularly from a technical aspect.

9.108 An e-mail from Raoul De Lange of Intaka to Kantha Padayachee dated 4 December 2007. He refers to a further mark-up of the Rental Contract together with a marked-up copy of the Maintenance Agreement. He also includes: "*the schedules will follow shortly*" and then attached the schedules in a letter e-mail sent later on the same day. **L4/3** **L4/4**

9.109 An e-mail from Kantha Padayachee to Ntshangase dated 10 December 2007. The contents thereof are self- explanatory; Intaka are alleging to be in compliance with ISO 10083; the Bid Document appears to be in conflict with the purity as reported; and the responsibility of the maintenance had not been concluded that she required clarity on. **L4/5**

9.110 An e-mail from Kantha Padayachee to Sarah Drake dated 13 December 2007 is titled "*Intaka Agreement schedule 12 12 07*". Attached is an annexure B and Schedule to Annexure B. The table at the schedule makes provision for amongst others: "Minimum usage" and "Minimum Rental", and makes no reference to "guaranteed". **L4/6-8** **L4/8**

9.111 An e-mail from Raoul De Lange to Kantha Padayachee dated 18 December 2007, he has requested advice as to the quantity that she wished to include as a "minimum quantity". She requested he request the information from Ntshangase the following day. **L4/9** **L4/9**

22) Agreement between Intaka and the Department

9.112 On 13 December 2007 an Agreement **(the Oxyntaka Agreement)** was entered into between Intaka represented by Fernando Praderi and the Department represented **K39**

by Dr YL Mbele. I will refer to relevant sections of the Oxyntaka Agreement and discuss the same where applicable:

1) Section 2.3 : "*The Lessee* (the Department) *conducts the business of health care services and wishes to enter into an agreement for the lease and maintenance of Oxyntaka oxygen manufacturing units to be installed at the hospitals situated at the locations stipulated in Annexure "B" hereto as the operating premises following the award of Tender Number: ZNB 7295/2006- H to the Lessor* (Intaka Tech (Pty) Ltd) *on 11 September 2007*". I have already referred to the letter sent to Intaka confirming the award of the tender to them following the appeal tribunal process. "Annexure B" to the Agreement consists of 2 pages and a "Schedule to annexure B" In terms thereof the schedule will be used as a sample document, to be completed by each hospital for the purposes of indicating: **K39/2** **K32** **K39/22-23** **K39/24**
   1. Commencement date.
   2. Lease Period.
   3. Date of Termination.
   4. Minimum Usage.
   5. Rental Price as quoted in the tender document.
   6. Minimum rental as indicated by the Bid Specification document marked annexure "C".
   7. Proportional rental
2) It adds further that annexure B will form part of and be governed by the master lease agreement entered into between the 2 parties, and lists 51 hospitals that are included in 3 phases (Stanger and Taylor Bequest Hospitals do not appear on annexure B). The Schedule to Annexure B consists of 1 page only, is blank and has not been completed at all. Further, there is no reference to "minimum rental" in the Bid Specification document marked annexure "C", as recorded in sub- paragraph 6. above. As previously stated the Department provided "an average monthly consumption (kg)" for each hospital in Part B of the Bid Specification document. **K39/22** **K39/24**
3) Section 3.2: "*The annexures to this main agreement shall be read as if incorporated herein provided that if there is a conflict between this main agreement and the annexures the meaning of the main agreement shall take* **K39/3**

preference, except where the specifications, marked as Annexure "C", contained in Part A of the Bid Specification document under Bid Number ZNB 7295/2006H, pages 1 to 26 inclusive, apply, or unless the context expressly otherwise indicates". There appears to be a conflict with regard to what exactly is "minimum rental", as Annexure B to the Agreement refers to "minimum rental" as indicated by the Bid Specification document marked annexure "C", but it is in fact not referred to in annexure "C" at all. The "average monthly consumption (kg)" is also not referred to in part A of the Bid Specification document, pages 1 to 26 only, but in part B, that has been initialled and included as part of the main agreement.

4) Section 4.1.6: "***Minimum Rental** shall be the minimum amount of rental payable by the Lessee to the Lessor each month and shall be calculated on the Minimum Usage, indicated in the Bid Specification Document, marked annexure C*". The Bid Specification document does not make reference to "Minimum Usage" at all. Quantities are specifically discussed under Section 3.5 of the Bid Specification document and it does not make reference to "minimum usage". As previously stated "average monthly consumption" is referred to in the tables at Part B to the Bid Specification document. **K39/5**

5) Section 4.1.7: "***Minimum Usage** means the monthly usage as stipulated in the Bid Specification document*". I have already discussed this in 4) above, and in addition there is no reference to "monthly usage" in the Bid Specification document. Further, "*monthly usage*" cannot be interpreted as "*average monthly consumption*". **K39/5**

6) Section 4.1.11: "***Proportional Rental** means the amounts payable in addition to the Minimum Rental by the Lessee to the Lessor monthly, and as determined for each hospital, the Rental Price by the actual quantity of oxygen consumed by that hospital in excess of the Minimum Usage; for the purposes of this Agreement, the Proportional Rental and Minimum Rental shall collectively be referred to as the Rental*". I have not been able to determine what the "*Minimum Rental*" is as discussed in 4) above, however it is apparent that the Department would be liable for the actual amount of Oxygen consumed in excess of the "*Minimum Usage*", that I have not been able to determine based on the contents of the Main Agreement and Annexures thereto. "Rental Price" will be discussed below. **K39/6**

7) Section 4.1.13: "***Rental Price** means the price as indicated in the schedule to Annexure B hereto for each hospital as being payable in respect of the Minimum Usage and every kilogram of oxygen consumed by the relevant hospital in excess of the Minimum Usage*". I have already referred to the fact in 1) and 2) above that the Schedule to Annexure B consists of 1 blank page only and not 52 Schedules completed for each hospital, reflecting vital information that includes: "*Minimum Usage; Rental Price quoted; Minimum Rental*; and *Proportional Rental*" per hospital. **K39/6**

8) I am unable to determine what the Department had agreed to pay Intaka, based on the definitions provided as discussed above and the incomplete Schedule to Annexure B. It is my submission that the Agreement conflicts with the annexures and therefore the Bid Specification document takes preference. The Bid Specification document provided "average monthly consumptions (kg)" per hospital. This cannot be interpreted to be "minimum usage" or "monthly usage". It has been reported to us by Westwood who compiled the said Bid Specification document that the "average monthly consumption (kg)" was provided as a guide in order for the potential bidders to determine the size of the plant that would be required at any given hospital. He further added that these quantities were not provided as some form of guaranteed quantities. This is supported in: Section 3.5 Quantities of the Bid Specification document, in 3.5.2 "*As a result of the above bidders are to note that implementation **quantities are not guaranteed***"; Section 3.5.4: "*Load Profile is **estimated** as follows*"; and Section 3.5.5.1: "*The peak consumption as estimated above is merely an educated guess*". In addition the Bid Specification document is clear and unambiguous in so far as payment is concerned: Section 7 Payments is applicable: 7.2: "*All payments shall be made to the contractor, monthly in arrears based on the amount of kilograms consumed*". I wish to emphasis the words "***based on the amount of kilograms consumed***". There is no reference to minimum or monthly usage and it was always the intention of the Department to pay for the actual amount of kilograms consumed. This was confirmed by Westwood and various members of the Bid Specification Committee, BEC and BAC, who adjudicated on the awarding of the tender. This is further absolutely clear in 7.3: "*The contractor shall submit to the hospital an invoice on the day following the last day of the month of usage, which*

K39/36
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K39/49

shall stipulate the actual quantity of oxygen used". I do not believe this requires any further explanation, other than to repeat the main Agreement is in conflict with the Annexures thereto and specifically the Bid Specification document that takes preference in such a case. **K39/49**

9) Section 7.1 Makes it a provision of the Agreement for Intaka to comply with all necessary and applicable statutory and regulatory aspects in all respects relating to the registration of the EQUIPMENT, it's accessories and its products including the self generated oxygen and medical air as provided for in Annexure C **K39/7**

10) Section 18.3: "*the Lessor shall ensure that the EQUIPMENT installed in terms of Annexure B will supply medical oxygen at 93% oxygen purity according to the USP26NF 21 standard, with a final concentration of 95% according to the above mentioned pharmacopeia*". The Bid Specification document required the following question to be answered in section 11.2: "*Does the oxygen enriched air comply with ISO 10083?*" Intaka's answer was "*yes*". A further question was: "*Does the equipment comply fully with the specification?*" Intaka's answer was "*yes*". The Bid Specification document and Intaka's bid makes no reference to "USP26NF-21 standard" and hence it is questionable whether the equipment to be provided by Intaka complied fully with the specifications, that required ISO 10083 compliance. **K39/14**

11) Section 18.4: "*The Lessor guarantees that the EQUIPMENT will be supplied with a back-up system as provided for in the Bid Specification Document: ZNB 7295/2006- H, annexed hereto as C*". I have already discussed the back- up system earlier in this report and specifically that it was the intention of the Department to eliminate the purchase of medicinal air and oxygen in cylinders due to the high costs involved, and further that the Department envisages having cylinders filled with medical oxygen from the Generating Units specified . However, the Agreement is clear in that the back-up system is "**guaranteed**". This is not ambiguous at all. **K39/14**

12) Section 23.3: "*This is the entire agreement between the parties. No variation hereof, the waiver of any right or the release from any obligation in terms of this agreement or consensual cancellation hereof shall be of force or effect unless reduced to writing and signed by the parties*". I earlier referred to the Schedule to Annexure B being blank and have not been completed for each of the 52 **K39/18**

hospitals. Based on section 23.3 it would appear that once these 52 Schedules have been completed (reduced to writing) it is a requirement of the Agreement that they are signed by the parties. I will again refer to these schedules later in this report, however we only located 1 schedule that was subsequently completed and signed by both the parties.

9.113 I located a document (similar to the file note and e-mail of Sipho Shabalala referred to and discussed per annexure K29B to this report), it is titled "***FILE NOTE Sms sent by Peggy Nkonyeni to Dr Savoi on 14.12.2007 at 11:50***". The body of the file note reads: "*Doc! The contract was signed yesterday although your guys were not happy with maintenance and few other things buy they were cruched because of what was reflected in the bid document. Next time we'll have to be more careful and perhaps u need to cancel the donation since u r losing on maintenance, what do u suggest? Peggy*". It is evident that this is a personal message between Peggy Nkonyeni and Dr Savoi. She was aware of the contract being signed, that Intaka was liable for the maintenance (due to the Bid Specification document including same) and that she was conspiring with Intaka going forward to the detriment of the Department for which she was the MEC. I further obtained a copy of the diary of Buthelezi at the time obtained from his secretary. It relicts that he had a meeting at 10.00 am to 4.30pm on 13 December 2007 (the day the Agreement was signed) with the MEC at IALC Hospital (the venue where the Agreement was signed. Hence, Peggy Nkonyeni was scheduled to be at IALC Hospital on 13 December 2007 when the Agreement was signed. Kantha Padayachee reported to us that the MEC was in the same room where the Agreement was signed. We have been unable to conclude our interview with Kantha Padayachee or obtain an affidavit from her as she has been suspended from duty on another unrelated matter. **K39A/1** **K39A/2**

23) Documentation relating to subsequent developments after the signing of the Agreement and issues regarding Intaka's responsibilities in terms of the Agreement and Bid Specification Document

9.114 Following the signing of the Oxyntaka Agreement a number of issues arose regarding Intaka's responsibilities in terms of the Agreement in question and the Bid **K39**

Specification document. I will briefly refer to these documents.

1) The minutes of a meeting held on 31 January 2008 between officials of the Department and Intaka with regard to the installation of the plants, reflect the purpose of the meeting was to ensure "*all the installations comply fully with the original bid*" which included compliance with the standard KZN Medical Gas Specification. A copy of this document was handed to one of the Intaka representatives present. **K40/1-2**
2) A letter to Intaka from Westwood dated 4 February 2008 refers to a meeting of 1 February 2008 (not 31 January 2008) and to one important aspect that was not covered in the meeting but is deemed essential in ensuring the success of the rollout; being the procedure that needs to be adopted when commissioning the units: "*It is imperative that a joint meeting be held with the Engineering Services Manager, Anaesthetist, Hospital Maintenance Supervisor and a staff member from Health Technology Services. Included in the commissioning must be a full explanation together with documentation detailing the functioning of the unit. The purity of the oxygen must be measured and recorded by Health Technology services and witnessed by all parties mentioned above*". **K40/3**
3) An e-mail from Dr Barrett to Dr Mbele dated 5 February 2008 concerning previous concerns not addressed by her and a further concern with regard to electrical supply to hospitals. **K40/4**
4) An e-mail from Kantha Padayachee to Westwood dated 14 February 2008 refers to an attached document received from Intaka and she has requested Westwood confirm the contents thereof are in order and in the Departments interest. In the attached Intaka letter (undated) addressed to Kantha Padayachee they refer to clause 18.4 of the Agreement and an e-mail of 4 February 2008. In summarising Intaka have agreed (with Halvey's technical evaluation) that the passive back-up system currently being supplied by the Departments incumbent supplier (I assume AFROX) be retained and that Intaka shall ensure that their PSA units feed into the same supply back-up line. Intaka further undertook to provide generators to those hospitals facing inefficient capacity. They conclude that the "necessary schedules" as contemplated by the Agreement (schedule to annexure B) will be prepared by Intaka in respect of Phase 1 and forwarded to Kantha **L5**

Padayachee.

5) Westwood replied to the above e-mail from Kantha Padayachee the same day. In respect of the emergency electrical generating sets, he states that he has advised Intaka of the 4 sites in Phase 1 that require same; whilst in respect of the passive back-up, Westwood states that it is essential that these remain "*as it is the only guarantee for patient safety in the event of self- generating oxygen plant failing to produce oxygen for whatever reason*". He questioned who would be responsible for the payment of oxygen from the back-up system i.e. Intaka or the Department. Kantha Padayachee replied the following day 15 February 2008 "*my view would be that as Intaka is taking over the provision of the service, it should be Intaka that will ensure any backup where necessary and the cost should be borne by Intaka where backup is used*" **L6**

6) A letter from AFROX dated 10 March 2008 addressed to the District Manager, Uthungulu District, placing on record that AFROX cannot be held accountable for death or injury to patients caused in the event of the PSA (Oxyntaka plants) failure occurring and AFROX not having sufficient bulk or cylinder medical oxygen to provide back-up. Hence, the said letter and situation related specifically to the back-up issue and the installing of PSA units "*without appropriate back-up systems and processes*". **K40/5-7**

7) An e-mail from Dr Barrett to Westwood dated 9 July 2008 reminding him that oxygen is subject to licence under Section 22c. He further requested a copy of the MCC licence for all oxygen concentrators in area 3 hospitals (his area) before these units are commissioned. **K40/8**

8) A Memorandum from Miss S Moonsamy, Deputy Manager, Legal Services to Dr Mbele dated 11 July 2008, refers to a meeting between the Department and Intaka on 10 July 2008. This document is important as a number of issues with the Oxyntaka Agreement, not previously resolved have been discussed and reported on and specifically "***Whether or not Intaka is obliged to supply back-up oxygen to the Department, in the form of oxygen- filled cylinders, in the event that the primary supply of oxygen is interrupted for any reason***". Intaka argued "*that there was no provision in the Contract (Oxyntaka Agreement) for Intaka to supply back-up oxygen and that the Department should "negotiate a contract with Afrox or Liquid air" to supply the cylinders which can link up to* **L7**

Intaka's system". Legal Services indicated that the contract does provide that it is Intaka's responsibility to supply the back-up oxygen; they referred to clause 18.4 of the Oxyntaka Agreement and Items 6 and 7 of the Bid Specification document in support of their argument. Intaka also referred to clause 21.6 of the Agreement relating to a breach of the contract by Intaka, but the Department required the back-up supply of oxygen to be available at all times, and hence a breach would not resolve the issue. Two further issues were discussed namely: Commencement date of the contract; and Legal Compliance with the MCC, none of which appear to have been resolved and agreed upon. The Memorandum concluded on the way forward and based on the fact that Dr Mbele was present, I assume she authorised the way forward, which effectively freed Intaka from responsibility of the backup system and all associated financial implications, and placed the Department in a worse position than was envisaged at the time the Oxyntaka Agreement was signed. I believe it is necessary to report on the way forward as the decision was taken contrary to the Departments Legal Services advice: "***Despite Legal Service's indication that the contract provides that Intaka should provide the back-up oxygen, the meeting resolved that the Department would look into accessing a National Treasury Tender for the supply of oxygen and source a service provider in this way. The Department also requires oxygen cylinders for its emergency vehicles and in other areas as well. The meeting resolved that SCM undertake a costing exercise to establish what the financial implications would be for the Department to rent cylinders for the back-up supply of oxygen and to look into the Department accessing the National Treasury Tender in this regard and provide the Acting HOD with the timeframes within which this can be achieved. The meeting also resolved that Intaka could not commence with making their units operational at institutions prior to the Department resolving the issue of the cylinders and the supply of back-up oxygen. Intaka indicated that it would, however, continue installing its units at institutions***".

9) Kantha Padayachee forwarded the Memorandum of Ms Moonsamy to Dr Mbele on 21 July 2008. She concurred with Ms Moonsamy's interpretation of the Agreement supported by the Bid Specification document. She argued further that **L8**

the contract can now not be unilaterally interpreted by Intaka to indicate their own understanding of what a back-up system entails. She pointed out further that the contract was entered into to capture the common intent of both parties and it was certainly not the Department's intention to supply back-up cylinders with oxygen. She requested Dr Mbele's instruction in this regard.

10) Dr Mbele's office only replied on 18 August 2008 (approximately 1 month after Kantha Padayachee requested directive going forward) that Dr Mbele wanted to discuss the "cylinders" clause. **L9**

11) A Memorandum from Westwood to Mr Z Ndlela (Head Infrastructure Development at the time) dated 6 October 2008, advising him of the status of the commissioning of the Oxyntaka plants. *He referred to "other outstanding items which are not of a technical nature include*: **K40/9-10**

    1. *Who is responsible for the provision of the passive backup system and how will it be procured?*
    2. *Whether it is a requirement for registration with the Medical Control Council?*
    3. *SCM has not notified each hospital of the cost implication of this contract*".

12) An e-mail from Raoul De Lange to Ntshangase dated 9 October 2008 refers to a meeting of 6 October 2008 and an undertaking by him to provide the Schedules relevant to Phase 1. The remainder of the e-mail is self- explanatory. Attached to the e-mail are .15 x Schedules to Master Lease Agreement completed but unsigned. Ntshangase forwarded the e-mail and the Schedules to Reka Deonundhan and requested she has the Schedules signed by the HOD, and copied it to De Lange on 14 October 2008. The latter then forwarded both e-mails to Kantha Padayachee on 16 October 2008 **L10/1** **L10/2-16**

13) A Memorandum dated 10 October 2008 from Kantha Padayachee to Dr Mbele once more raises the common unresolved issues. She refers to an Intaka letter dated 1 October 2008, that we were not provided with. However, of significance is: Intaka continued to deny their obligations in terms of the back-up system; Ntshangase had not performed a costing exercise for the back-up and the Department accessing the National Treasury Tender in this regard; Intaka was no longer prepared to wait until the Department had sourced alternate oxygen cylinders before "switching on" (commissioning) their units; and Intaka still maintaining that they do not have to be registered in terms of the MCC. Kantha **L11**

Padayachee has made recommendations that appear to have been agreed to by Dr Mbele, based on her handwritten directive. On 23 October 2008 Kantha Padayachee referred the matter to Ntshangase as per Dr Mbele's directive and also referred to his meeting with Intaka on 7 October 2008. **L12**

14) A Memorandum from Deonundhan to Ntshangase dated 21 October 2008 that relates to the schedules (Schedule to Annexure B of the Oxyntaka Agreement) being completed by Intaka and forwarded to Legal Services for vetting prior to being sent to the HOD for signature. I previously reported that these Schedules were not completed or signed at the date of signature of the Oxyntaka Agreement (13 December 2007) and that it was not clear what the Department had agreed to pay for each hospital based on "minimum quantity". This Memorandum would indicate the said Schedules had still not been signed more than 10 months after the agreement was signed and during which time Intaka had installed Oxyntaka plants at 13 hospitals. **K40/11** **K39/24** **K40/9**

15) A letter from Dr Mbele to Intaka dated 24 October 2008 advising them that all aspects with regard to the safe operation and functioning of the plants (at 13 hospitals) have been complied with and that Intaka are authorised to place the 13 plants at the hospitals referred to in the letter into service. **K40/12**

16) A letter from Intaka to Dr Mbele dated 3 November 2008 in response to her letter dated 24 October 2008 and the fact that per the meeting they will proceed with phase 2. **K40/13**

17) A Memorandum from Ntshangase to Dr Mbele dated 20 November 2008 with regard to the signing of the Schedules to Annexure B of the Oxyntaka Agreement and that Intaka has completed the schedules. We were not provided with the Schedules referred to in the memo, reflecting what the Department was obliged to pay per hospital, as determined by Intaka. **K40/14**

18) A letter from Intaka to Westwood dated 15 December 2008, with regard to amongst others the issue of who was responsible for the supplied of diesel for the back-up generators. Intaka made reference to the Oxyntaka Agreement is justifying their view that they were not responsible for providing the diesel in question. **K40/15-17**

19) On 19 December 2008 Westwood sent a memorandum to Mr Z Ndlela advising him of the status of commissioning. He once more referred to "*Other outstanding* **K40/18-19**

items which are not of a technical nature include:

1. *Please see attached letter from Intaka Tech with regard to the provision of diesel for the 6 generating sets which they have provided as the existing generator could not take the additional load of oxygen concentrator. I do not agree with the Nashua example as I am of the opinion that the end product we are paying for is oxygen per kilogram and Intaka must ensure they provide the oxygen 24 hours a day, 365 days a year and these 6 Intaka generators are deemed to be part of the production process. Please could legal services advise on this matter? See attached extract from the tender specification.*
2. *Who is responsible for the provision of the passive backup system and how will it be procured?*
3. *Whether it is a requirement for registration with the Medicine Control Council?*
4. *The hospital management has still not been notified by SCM of the cost implication of this contract".*

Westwood also asked whether Phase 2 was going to proceed and if so he requested a discussion with Mr. Ndlela as he had some concerns with the installation in the larger hospitals.

20) On 24 December 2008 Mr Ndlela sent Westwood's report and questions (excluding the financial implications as this was not a legal issue) to Legal Services, Kantha Padayachee and marked it "**URGENT PLEASE**". **K40/20-21**

21) On 30 December 2008 Legal Services advised Mr Ndlela as follows: **K40/22**

1. *"Provision of diesel to Intaka Generator sets:*
   We agree with your analysis, as the specification provides for "a complete working system". Intaka must therefore meet the contractual obligations, please note that I included the tender specification document to be read with the contract, as our specifications were badly drafted and not applied uniformly when the bid was awarded to Intaka.
2. *I am of the view that Intaka is responsible for the back up system, but Mr Ntshangase can advise you better in this agreement as there appears to be some deviation in this regard (of which I am unaware of). There was mention of National Tender for the supply of oxygen, which Mr Ntshangase is aware of, against my legal advice of Intaka obligations.*
3. *Again, Intaka continues to deny that it is obliged to register with the MCC. We*

have advised that it is mandatory for it to do so. Clause 7.1 of the agreement obliges Intaka to "comply with all applicable statutory and regulatory aspects." We have advised on the applicable provisions of the Medicines and Related Substances Act, 1965 and our advice is that Intaka must comply with the relevant legislation".

Mr Ndlela has written on the memo: "*Mr Westwood and Mr Ntshangase for your attention*" and dated it 06/01/2009.

22) On 10 February 2009, Intaka sent a letter to Dr Mbele and referred to the status of delivery and installations of phase 2 and further requested Dr Mbele to sign and return the schedules for each of the hospitals "*sent some time ago to Mr VRM* Ntshangase *and approved by Ms Padayachee*". The attached schedule reflects a further 8 hospitals to be commissioned during the period 5- 24 March 2009. **K40/23-24**

23) On 16 February 2009 Ntshangase replied to Mr Ndlela and referred to his correspondence of 12 January 2009 (we do not have a copy of this), however it is apparent that it relates to the letter of Legal Services dated 30 December 2008. Ntshangase agreed with Mr Ndlela and Legal Services on the provision of diesel and the passive back up system being the responsibility of Intaka. He stated the following in respect of registration with the MCC: "*At the time of the tender, it was not a requirement for the registration with the Medicine Control Council. However, in view of the statutory changes, a response from the Chief Technical Advisor, Pharmaceutical Services is awaited. However, attached please find for your perusal a response from the Director General, National Department of Health*" (we do not have a copy of this). **K40/25** **K40/22**

24) On 16 February 2009 Westwood sent a Memorandum to Mr Ndlela recommending that until the issues of : the provision of diesel for the Intaka generating sets; the provision of the passive back up system; and the registration with the MCC, are resolved between Intaka and the Department the installation and commissioning of phase 2 be placed on hold. Mr Ndlela agreed with Westwood and requested Ntshangase comments. **K40/26**

25) On 16 February 2009 Dr Mbele sent a letter to Intaka informing them of the 3 issues as detailed by Westwood and advised them that phase 2 cannot commence until the issues were cleared up. The same letter in Legal Services **K40/27** **L13**

file reflects the date as 18 February 2009. On 5 March 2009 Dr Mbele sent a letter to Intaka and referred to the said letter dated 18 March 2009. In terms thereof the issues raised in the letter between Intaka and the Department "have been resolved". I am unable to determine the basis upon which Dr Mbele came to such a conclusion. She further requested Intaka continue with the roll-out of Phase 2 and that the terms and conditions are as per the terms of the contract. Ntshangase's name and contact details have been provided in the event of any further queries. **L14**

26) On 6 April 2009 Mr CB Shabalala, Chief Technical Advisor: Pharmaceutical Policy and System Development, sent a memorandum to Mr Nduli, Acting GM, CSCM and copied to Mr Ndlela and Ms N Phillips, GM: Public Health Policy and System Development and he referred to documents attached. I will briefly refer to these documents in date sequence: **K40/28**

1. On 17 February 2009 the Director General sent a letter to Intaka informing them of the resolution of the MCC (Council Resolution B7 MCC31): **K40/29-30**
   i. *"The Pressure Swing Absorption (PSA) oxygen generating unit be classified as a medical devise;*
   ii. *It is further recommended that:*
      - *The quality of the Oxygen generated by the PSA be monitored and controlled by the Responsible Pharmacist of the applicable hospital;*
      - *The product (Oxygen) produced by the continuous manufacturing process be considered a medicine as provided in terms of Section 14 (4) of the Medicines Act i.e. Extemporaneous compounding in terms of small scale manufacturing of medicines".*
2. On 19 February 2009 Prof I Moodley of Intaka sent an internal letter to Savoi. He referred to the letter of the Director General copied to him and his understanding of the resolution of the MCC was that it is therefore not necessary to register the preparation of oxygen as a medicine at each of the sites where the devices is installed. **K40/31**
3. On 26 February 2009 Mr Nduli referred the matter to Mr CB Shabalala and requested assistance in interpreting the findings of the Director General. **K40/32**
4. On 6 March 2009 the Director: Inspectorate and Law Enforcement for the Registrar of Medicines, MCC sent a further letter to Intaka, confirming the **K40/33**

resolution referred to in the MCC letter dated 17 February 2009. **K40/29-30**

5. Following this Mr Ndlela confirmed the following with Mr Nduli following their face-to-face discussion, as per the memorandum referred to earlier above: **K40/28**
   i. *The Responsible Pharmacist at each facility will monitor the quality of the oxygen generated by the PSA Unit.*
   ii. *Intaka must supply Pharmaceutical Policy and System Development with a specification detailing the acceptable quality of the oxygen so generated particular the limits for impurities and other undesirable pollutants.*
   iii. *Intaka must undertake to supply the Responsible Pharmacist with the same specification document* (as described in sub-paragraph ii above).
   iv. *Intaka must undertake to calibrate the measuring equipment on a regular basis to ensure the integrity of the apparatus.*
   v. *It is not clear from the correspondence who will be operating the PSA. If our personnel are in any way involved, the Intaka must provide the requisite training.*
   vi. *Our Head Office component would welcome further discussion with Intaka to clear up a number of issues before production of Oxygen commences".*

27) On 9 April 2009 Miss Moonsamy sent a memorandum to Kantha Padayachee and referred to a meeting between Intaka and the Department held on 6 April 2009 in order to discuss the following: **L15/1-3** **L15-4-8**
   1) Intaka's registration with the MCC;
   2) The backup supply of oxygen in terms of the contract; and
   3) The roll out of Phase 2.

   The following is relevant as reported on in the memorandum:

   1) MCC Registration: Westwood expressed concern that the Departments Pharmacists should monitor the quality of the oxygen when the Department is paying Intaka to provide the acceptable quality of oxygen. Ms Moonsamy advised that Intaka's units have been classified as a medical device and the oxygen produced is classified as a "medicine", therefore Intaka is responsible for compliance with the requirements of the MCC and its legislation in respect of the quality of the oxygen produced, whilst the Department would then

monitor the quality in terms of its ordinary monitoring and evaluation processes in terms of the contract. Intaka attempted to debate this issue but the HOD reaffirmed Legal Services advice.

2) Back- up system: Legal Services had advised in the meeting in July 2008 that it was Intaka's responsibility; however it was decided at the said meeting that the Department would access a national tender for back-up, however Legal Services were unhappy with this as it was contrary to the provisions of the Agreement. "***Ntshangase confirmed that he shared this view and that it was discussed with the tenderers prior to appointment that the successful tenderer would be required to provide passive back-up oxygen to ensure a constant supply of oxygen***". "***The CFO advised that if the other companies that tendered had tendered with a back-up supply within their price then the bids would not have been equitably considered because the understanding was that the back-up supply was included in the price***". This issue was not resolved at the meeting as it was decided that the issue would be further discussed between Legal Services, SCM and Infrastructure, that Intaka would be informed in writing and Legal Services would prepare an addendum to the contract to clarify.
3) Supply of Diesel: The CFO (Buthelezi) showed the meeting letters from the HOD dated 18 February 2008 and 5 March 2009, that indicated the Department would supply the diesel, he advised that he agrees and that the matter had been resolved.
4) The donation of Units for 7 hospitals by Intaka: these units had not been installed at the hospitals in question; the procedure for donations had not to date been complied with; and the financial implications for maintenance of the donated units must still be addressed.
5) 10% Escalation: Intaka threatened legal action, however the HOD advised that the Department was not solely responsible for the delay. Intaka were advised they need to apply to the Department and it would be considered by the Departments BAC. The meeting resolved that Phase 2 would be put on hold pending the outcome of the above issues.

28) The letter of the MCC to Intaka dated 17 February 2009, was thereafter sent to the MCC by Dr Mbele on 20 April 2009 questioning the responsibility for the **K40/29-30** **L16/1-3**

monitoring and control of the quality of the oxygen as the Department was of the opinion that it was Intaka's responsibility and not the Departments Pharmacists. The Department faxed the said letters once more to the MCC on 22 May 2009 as it would appear they had not received a reply **L16/4-5**

29) On 29 April 2009 Intaka sent a letter to Ntshangase informing him of an increase in the price of Medical oxygen to the hospitals. Also attached is a spreadsheet detailing: the name of the hospital; the minimum rental; minimum volumes (kg's); the price per kg recorded in their tender (15/02/2007); the 1st increase in price at phase 1 (01/11/2008); and the 2nd increase in price at phase 2 (01/05/2009) I wish to mention that we have not to date with the exception of Benedictine Hospital been provided with any document or individual schedule per hospital as contemplated in annexure B to the Oxyntaka Agreement, where the "*minimum rental*" and "*minimum volumes*" also referred to as "*minimum usage*" in the Agreement, have been agreed upon by and signed by both parties to the said Agreement. Intaka has asked the Department to "*sign the attached Schedules to the Master Lease Agreement which reflect the new prices as detailed above for Phases 1 and 2 and return to us for our records. Included is the Schedule for Benedictine Hospital, which has already been approved by YL Mbele on 6 April 2009, as an example*". The said Benedictine Hospital Schedule is to my knowledge the only schedule that was ever signed by both Intaka and the Department. The remaining 21 Schedules have been completed but signed by Intaka only and not by the Department. We compiled a spreadsheet detailing the quantities per the Bid Specification document described as "*average monthly usage*" as provided by the Department to the tenderers, and the "*minimum volumes*" per Intaka's spreadsheet dated 29 April 2009, which is now described as "*guaranteed minimum usage*" on the individual schedules attached. **K41** **K41/4** **K41/26**

30) On 3 July 2009 the MCC responded to the Department's letter of 20 April 2009 and the subsequent fax of 22 May 2009. They concluded that the appointment of an appropriate responsible Pharmacist is the duty of the compounding person, however they undertook to table the concerns of the Department at the MCC meeting to be held in August (2009) **L16/1-3** **L16/4-5** **L17**

31) On 8 July 2009 Mr Ndlela sent a letter to Ntshangase marked "URGENT PLEASE". He once more referred to the unresolved issues of the provision of a **K42**

passive backup system and supply of diesel to Intaka electrical generating sets. He further referred to a meeting with Intaka and the Acting HOD on 6 April 2009, where it was resolved that a letter would be sent to Intaka by no later than 9 April 2009. He requested a copy of the letter together with the final resolution on the 2 matters. Attached are the minutes of the meeting of 6 April 2009. In summarising and in respect of the 2 matters in dispute the Department argued that Intaka was obliged to fulfil it's contractual obligations including backup and diesel and Savoi of Intaka argued that they had received legal opinion and that the backup system is additional with additional costs.

32) On 24 July 2009 the Department sent the MCC another letter with regard to the Registration of Oxygen Generating Units, Council Resolution number B7, MCC 31. The history surrounding this issue was again repeated and reference was also made to a letter from AFROX addressed to the MCC dated 9 April 2009. The writer has requested a response from the MCC to the issues raised and their input into the AFROX letter. The MCC replied on 4 August 2009 and advised that the matter will be tabled at the MCC meeting of 14 August 2009, after which the Department would be informed of the outcome. **L18** **L19**

33) On 3 August 2009 Intaka sent a letter to the HOD at the time Dr Zungu and requested an urgent meeting with the HOD to discuss the 3rd phase of the installations. The said letter was then sent by the HOD to Mr Ndlela on 18 August 2009. **K43/1** **K43/2**

34) On 24 August 2009 Mr Ndlela sent a reply to the HOD. He summarised the status of the contract/ tender to date. It is evident the 2 issues: passive backup and diesel remained unresolved; the concerns of the Departments Chief Anaesthesiologists had not been resolved to their satisfaction (letter dated 13 July 2007 to Dr Nyembezi was attached); Mr Ndlela recommended an audit of the Phase 1 rollout to evaluate the cost effectiveness of the contract compared to bulk liquid oxygen and cylinder contract; and he concluded that further phasing be placed on hold until these issues have been dealt with. **K43/2-7**

35) On 4 November 2009 Intaka sent a letter to Dr Dlomo , MEC KZN Department of Health. They summarised the contract to date and that "*Intaka has become <u>increasingly frustrated by the continuous delays</u> in the installation of the Equipment that have been caused by KZNDOH*". They concluded by requesting **K43/8-9**

the MEC intervene in the matter in order to expedite the finalisation of the installation of the Equipment, and "*in this regard KZNDOH must agree, as a matter of urgency, the roll-out of phase 3 followed by phase 4 and must complete and sign schedules to annexure "B" in relation to phase 1-3*". I wish to point out and it is in accordance with my findings that the Department has never signed schedules to annexure B, other than 1 for Benedictine Hospital; this is admitted by Intaka in paragraphs 1.2, 1.5 and the last paragraph of their letter in question. Hence, apart from Benedictine Hospital there is no signed agreement to pay a specific "*guaranteed minimum usage*" for each of the hospitals.

36) The said letter was followed up by a letter from Edward, Nathan Sonnenbergs attorneys for Intaka dated 18 November 2009, that is self- explanatory and refers to their client's letter of 4 November 2009. **K43/10**

37) On 26 January 2010 Mrs L Naidoo, General Manager SCM sent a letter to the current HOD Dr Zungu, copied to the current CFO Mr Biyela and requested authority for the termination of the Oxyntaka Agreement, based on the Departments financial situation and the fact that the phases 3 and 4 were not approved since there was no report relating to the success of phases 1 and 2. **L20**

Documents seized by the SAPS from Intaka

9.115 We reviewed the documentation and electronic records seized by the SAPS from Intaka. The documents discussed hereunder are relevant to the Oxyntaka Agreement. I have already referred to the Bid Specification document located in Intaka records, prior to the finalisation of same and the tender being advertised, and hence will not repeat same in detail. **K4**

9.116 Based on our review of Departmental records and interviews conducted I was satisfied that there is evidence that Dr Nyembezi sent the Bid Specification document to Intaka prior to it being finalised and before it went out to tender. Furthermore, the changes that Dr Nyembezi instructed van Der Merwe to make to the said Bid Specification document were consistent with the changes made on the Bid Specification document located at Intaka. This would suggest that Dr Nyembezi and Intaka colluded with each other in order to ensure Intaka would meet the requirements as detailed in the Bid Specification document. The most significant change was the complete removal of the requirement "**ALL OXYGEN GENERATING UNITS MUST COMPLY WITH ISO 10083 OXYGEN CONCENTRATOR SUPPLY SYSTEMS FOR USE WITH MEDICAL GAS PIPELINE SYSTEMS**" from the Bid Specification document.

9.117 Secondly, Intaka (and the other bidders) submitted a Bid Price per kg of oxygen for each of the hospitals, based on an average monthly consumption provided by the Department per hospital. The Bid Specification document was also clear that the Department would pay for actual consumption and not on an average monthly consumption. At the time of signing of the Oxyntaka Agreement, it made provision for minimum rental and minimum usage; that was not in terms of the Bid Specification document. At a later stage Intaka completed a number of Schedules to Annexure B, for hospitals where Oxyntaka plants had been installed/ commissioned. This document made provision for a guaranteed minimum usage and guaranteed minimum rental; that was not in terms of the Bid Specification document and the Oxyntaka Agreement. None of the other bidders were aware that they would be guaranteed a minimum usage or minimum rental, at the time they submitted their

bids. In addition the BEC and BAC did not recommend and approve a "minimum rental", "minimum usage", "guaranteed minimum usage" or "guaranteed minimum rental". Only one of the schedules were subsequently signed by the HOD at the time Dr Mbele.

9.118 Furthermore, the Bid Specification document and Intaka's bid made provision for a back-up system and the Department interpreted Intaka's bid to be inclusive of back-up. The other tenderers included the back-up in their bid price. Subsequent to the signing of the Oxyntaka Agreement between the Department and Intaka, the latter disputed and argued that their bid excluded the back-up. The Departments Legal Services advised the HOD at the time Dr Mbele and supported their argument with reference to the Bid Specification document and the Oxyntaka Agreement, that Intaka was responsible for the back-up. Despite this a meeting that was attended by Dr Mbele decided that the Department should investigate activating the National Tender for the supply of the back-up; the service provider being Afrox. There appeared to be no reasonable explanation for Dr Mbele making such a decision, when her Legal Services had advised her otherwise.

9.119 The Bid Specification document, Intaka's Bid and the Oxyntaka Agreement provided for maintenance to be provided by the contractor being Intaka. A draft Maintenance Agreement was subsequently drawn up, but not signed. The Department argued that Intaka was responsible for same and that they must fulfil their responsibilities in terms of the Agreement. This was subsequently accepted by Intaka.

9.120 The entire debate around ISO 10083 compliant and MCC registration continued throughout the period the contract has been in effect. There is insufficient evidence to conclude that these 2 issues were ever completely agreed upon and resolved. These issues were significant and had a direct impact on the patient safety it was argued, however despite concerns being raised by the Departments anaesthetists to both Dr Nyembezi and Dr Mbele, their requests for intervention and discussion on the matters were ignored.

9.121 The provision of diesel for the generators supplied by Intaka, being their sole

contribution to the back-up system, was a further cost that had to be incurred by the Department, despite the fact that this was part of the provision of self- generating oxygen for which the Department was paying Intaka on a monthly basis for each hospital. Once more there appeared to be no reasonable explanation for Dr Mbele to agree to this.

9.122 I wish to refer to and discuss the following documents seized by the SAPS from Intaka:

123 On 26 May 2006 Savoi sent an e-mail to Praderi titled: "*KwaZulu- Natal*" and details the following: *"Following my meeting with the HOD Dr BM Nyembezi I enclose a list with hospitals and number of beds. I need the following report for Wednesday 31st May:* **M1/1**

- *Check to which zone each hospital corresponds to.*
- *Mark the zone that pays more".*

9.124 Attached thereto is a list containing 3 columns: hospital name; type of hospital; and a third column that is illegible, however it contains figures and based on Savoi's e-mail is the number of beds per hospital. The words "*budget +-3.8 mil p/m*", "*tender out in next week/ two*" and "*73 hospitals has been written thereon*". The list has been faxed on 3 May 2006. This would indicate Dr Nyembezi was providing Intaka with information prior to the tender being advertised in December 2006. **M1/2-3**

9.125 On 31 July 2006 Savoi received an e-mail from busisiwen@mweb.co.za. This is Dr Nyembezi's private e-mail address and is the same as that used on 18 August 2006 when she e-mailed van Der Merwe informing him of the changes that had to be made to the Bid Specification document. The e-mail in question is titled: "*Self-Generating O2 District Hospitals xls*". The body of the e-mail reads: "*Amigo, here is a list of different hospitals. Please do quotes for District and Regional Hospitals separately. Muchas Gracias*". Attached are 3 lists; the 3rd list containing what I deem to be confidential information in respect of: "*Oxygen 10.2kg cylinder usage June 2005 to May 2006*", in addition to "*these hospitals could be converted to bulk if there was a supply contract in place*". Significantly Dr Nyembezi has provided a potential **M2** **K3** **M2/4**

bidder with details including: the total annual usage (kg); the average monthly usage (kg); the cost of the cylinder @ R18.41/kg; and the bulk cost @R6.68/kg. These quantities and prices per kg were not included in the subsequent Bid Specification document and this may be deemed to be an unfair advantage not afforded to the other potential bidders.

9.126 On 11 December 2006 a fax was sent on behalf of Dr Nyembezi to Savoi consisting of 3 pages. It contains a copy of the tender being advertised with a closing date of 15 February 2007. It appears from the endorsements thereon that it was published in the City Press the previous day 10 December 2006. **M3**

9.127 A document titled: "*Confidential: Briefing Document on Intaka Investments (Pty) Ltd issues*" was prepared by Moores Roland Forensic Services. The name Gill Bolton and the date 12 December 2006 concludes the document. I do not wish to refer to this document in it's entirety at this stage. I wish to point out however, that Savoi and Intaka were aware of an investigation being conducted into Intaka by the Scorpions on 22 November 2006 and confirmed by Gill Bolton in her meeting with the DSO on 24 November 2006. She met them on 28 November 2008 and she reported as follows: "*During the meeting, the investigators advised that there were three areas in respect of which allegations had been made and/or in respect of which there were certain prima facie concern*". The said confirmation of Intaka's knowledge of the DSO investigation is further confirmed in an e-mail to Phillip Haywood of the NPA from Gill Bolton on 20 February 2007. Hence, it is evident that an investigation was being conducted by the DSO into Intaka. I wish to refer back to the Bid Appeals Tribunal Findings dated 22 August 2007. In terms of section 3.1.2 of their findings the following was reported: "*No evidence was tendered to support the assertion that the preferred bidder was being investigated by the National Prosecuting Authority; <u>this allegation was also vehemently denied by the preferred bidder at the hearing</u>*". It is clear Intaka did not disclose the investigation being conducted into them by the DSO as confirmed in the report referred to above and mislead to the Appeals Tribunal. **M4** **M5** **K31/10-11**

9.128 De Lange sent a letter to Dr Mbele on 15 November 2007 and copied it per e-mail to the MEC, Ms Nkonyeni. The content thereof is self- explanatory and refers to the **M6/1-2**

delays experienced and the need to finalise the Agreement. Savoi sent an e-mail to De Lange on the same day at 10:17. It is titled: "KZN Tender Contract" and includes the following: **M6/3**

"After long conference with MEC:

- *She is very disappointed with HOD and Victor attitude, not proceeding as per her instructions.*
- *All the situation was created because Victor received questionnaire from DA and only today disclosed to MEC.*
- *MEC will reply to DA*
- *Victor must send to you legal documents, as you requested, today; if you don't receive them claim them to him by e-mail with a copy to MEC.*
- *I informed the MEC that as per my instructions once you receive these documents you will e-mail him cc MEC and HOD informing that you and the Commercial Director will be there to make a short presentation of the company and product to HOD. She will make sure that you return with the document signed.*
- *I explained to her the reason why I will not be there and she fully agreed".*

9.129 The above would indicate that Savoi had spoken directly with the MEC Ms Nkonyeni and that she had instructed the HOD and Ntshangase to proceed and they had not. Further, she would ensure that they did not return without the Agreement being signed. I cannot determine the reason why Savoi would not be at the meeting (and the signing of the Agreement).

9.130 Savoi sent another e-mail to De Lange on the same day at 10:23 stating: "*the letter sent and received by the HOD was the bomb that made all happen. It was the right movement*". **M6/4**

9.131 On 19 November 2007 Savoi sent an e-mail to De Lange titled "KZN Tender": "*The Agreement regarding the KZN Tender must be signed by no later than Wednesday 21 November 2007, as stated in the letter to the HOD dated 13 November 2007*". **M7**

9.132 On 27 November 2007 Ntshangase sent a fax to De Lange titled "Parliamentary Question No. NW2832E, consisting of 2 pages. The content of the said questions is self-explanatory, but pertinent questions have been asked e.g. MCC certified; details of tenders; oxygen purity; and awarding of contracts without going through tender procedures. It appears questionable as to why Ntshangase sent this to Intaka. De Lange sent his reply dated 3 December 2007, that appears appropriate. **M8/1-2** **M8/3-4**

9.133 On 5 December 2007 Savoi sent an e-mail to De Lange titled "KZN Contract Oxygen Generators". He advised De Lange as follows: "*According to yesterday telephone conversation with the MEC of Health KZN I reiterate the need for both parties to have the contract signed this week*". **M9**

9.134 On 7 December 2007 (after Intaka had been awarded the tender and the Appeal process had been finalised, but prior to the signing of the Agreement), Stefan Oosthuizen, Industrial and Technical Director of Intaka, sent an e-mail to De Lange, copied to Praderi and Erasmus. He raised concerns with regard to the Bid and Bid offer. These concerns are relevant particularly point 1: "***Scope*** *is clear that supply must be continuous on line supply. Our standard machines (as a stand alone) cannot provide this without the cylinder manifold or VIE of the hospital as a back-up*". Hence, at this stage prior to the Agreement being signed Intaka's legal representative (De Lange) and Praderi (Intaka's representative who signed the Agreement) were aware that their bid did not comply with the Scope. In addition the Scope states there will be no VIE available and any envisaged storage will need to be gaseous and not liquefied. However, they would later argue as already discussed in this report, that their Bid offer did not provide for a back-up and that it was in terms of the Bid Specification document. I do not know if De Lange replied to Oosthuizen's concerns. **M10**

9.135 On 13 December 2007 at 18:03 (the Agreement was signed earlier in the day at Inkosi Albert Luthuli Hospital) Savoi sent an e-mail to four of his staff. The content of the e-mail relates to Intaka's relationship with Rowmoor Investments (as at 13 December 2007, being more than a year after they had been awarded the supply of 2 water purification plants for Rietvlei and Appelsbosch Hospitals), and things that either did not or were not going to happen: quantities; maintenance contract; and **M11/1-2**

removal of 1 hospital:

"*Considering that the conditions of the KZN tender contract that was signed are different from what was initially approved between our company and the department of Health, I believe it is necessary and important to check the draft contract sent to Rowmoor Investments. It must be transmitted to Rowmoor that there are a lot of things agreed with the department of health of KZN that were going to happen and did not happen as:*

1. *The decided to consider the wrong quantities mentioned in the tender and not the volumes that our technicians got during the visit and that most of them were confirmed later by Mr Victor of the Chain Supply Management"* (there is no evidence that any quantities were considered at the signing of the Agreement, as the Schedule to Annexure B was not complete).
2. "*They did not accept the maintenance contract*".
3. "*They took one hospital out alleging that it is part of the Eastern Cape and not KZN (not substituting it for another one).*
4. *Etc*".

9.136 Also attached is a spreadsheet titled: "KwaZulu- Natal Tender Profitability Analysis". **M11/3**
In terms thereof commission in the amount of R8,391,052.57 has been provided for in scenario 1 and 3.

9.137 The "Minutes of a meeting to discuss the various situations relating to KZN, held in Intaka Tech Boardroom on Wednesday, the 23rd of January 2008", included a discussion on KZN Department of Health. The first paragraph details what was said initially by Mr Oosthuizen, is self- explanatory and includes the following comments: **M12** **M12/2**
"*We profess to supply equipment that we do not have; there are things that we commit to that we can not deliver and do not have*"; and "*this whole tender is full of information that is not what our machines do or offer as our standard equipment and it also implies that our units offered are ISO 10083 compliant*".

9.138 Mr Oosthuizen again commented thereafter: "*if there were one or two things which didn't make sense, that would be different, but this whole document is questionable*". **M12/2**

Later on he added when discussing ISO 10083 the following: "*In terms of ISO 10083 this is not the problem, where the problem lies is in our bid offer the wording has become so twisted- what Mr de Lange has mentioned is that the wording has become so twisted that it actually implies that we will supply the whole entire system- primary, secondary and reserve supply*". **M12/3**

9.139 Mr Oosthuizen commented again later and referred specifically to Clause 18.4 of the Agreement: "*the lessor guarantees that the equipment will be supplied with a back up system, as provided in the bid specification document. Here it says clearly that our equipment will be supplied with a back up system. There is reference to backup/ secondary supply in the bid specifications*". **M12/3**

9.140 At an Intaka Directors Board meeting held on 30 January 2008, the tender in question was discussed. The following relevant points were raised that reflects on the integrity of Intaka and that they were not making decisions in good faith: "*There is one outstanding issue with the KZN Bid with regards to clause 18.4 as it does affect the type of machine which is to be installed. Until Intaka Tech has clarity on what the Department of Health's expectations are, it will affect the final product*"; "*The fact is that the Bid offer was full of equipment which we were not able to offer*"; and "*Mr De Lange added, this will become a legal and political argument which will be resolved by the time the first 2 or 3 units are installed*". I question the reasoning for a "*political argument*" when clause 18.4 was a legal argument, that impacted directly on the Department's ability to provide the Department with a back-up system thus ensuring patients lives are not endangered: Clause 18.4 reads as follows: "*The Lessor guarantees that the EQUIPMENT will be supplied with a back-up system as provided for in the Bid Specification document: ZNB 7295/2006H, annexed hereto as C*". The following was added: "*Mr Oosthuizen confirmed that Commercially the machines are being installed with no back-up*". **M13** **K39/14** **M13/2**

9.141 Intaka produced a document titled "CLIENT SERVICES" 2007 document. Due to the size of the document I will only attach and refer to parts that conflict with the manner in which they were dealing with the issues surrounding the Bid Specification document and their own Bid, and the product they intended supplying to the **M14**

Department:

1) *"The Objective of this Client Services 2007 document is to market us, and to develop our Customer Relationship capabilities by:* **M14/2**
   1. *Being customer focused. Having a satisfied customer is our best prospect and the best reference we can make.*
   2. *Strengthening the relationship between our Organisation and our Customers.*
2) *It is our job to satisfy the needs and expectations of our customers and, whenever possible, resolve their fears and complaints.* **M14/3**
3) *We do everything in our power to ensure that we provide our customers with the products, services and solutions to meet their needs, provided that everything we do for them, as based on sound, ethical business principles.* **M14/4**
4) *Our entire business organisation is based on trust and integrity as perceived by our stakeholders, especially our customers".* **M14/4**

9.142 E-mails between Intaka staff on 6 February 2008 refers to the issue surrounding the donation of 7 plants to hospitals as indicated in their bid document. The Technical Director, Mr Oosthuizen recommended that Intaka retract the donation offer if the Department is uncomfortable with it. He suggested that "commercial" (Praderi) speak to the CFO (Buthelezi) or Victor (Ntshangase) regarding this. **M15**

143 On 30 September 2008 Intaka replied to an earlier letter from Kantha Padayachee dated 25 September 2008. Intaka provided their version of the interpretation of the Oxyntaka Agreement and advanced their argument as to why they believed that Intaka was not responsible for the back-up and that their Bid did not provide for same. They further argued the issue of MCC registration. **M16/1-3** **M16/4-5**

Interviews conducted with KZN Department of Health officials

9.144 We interviewed a number of Department of Health officials whose names appeared on various documentation and/or who were referred to us by officials at interviews as officials that had knowledge of the Oxyntaka Self- Generating Oxygen Plants under investigation. We obtained affidavits from these officials where deemed necessary

and where they were willing to provide the same. Some of these officials also provided affidavits during the course of the water purification plants investigation and have been referred to an attached earlier in this report, where the first affidavits were relevant to the Oxyntaka investigation. Detailed hereunder is a summary of all officials interviewed and relevant information obtained from them.

Interview with Nozipho Mthembu

9.145 We conducted an interview with Nozipho Mthembu (**Mthembu**) who is currently a Manager in the Departments Human Resources Strategic Planning component. During 2006/2007 (when the tender was awarded to Intaka) she was employed at the Departments Central SCM component and was responsible for a division known as Targeted Enterprise Development within SCM. We obtained an affidavit from her in respect of the Oxyntaka, a summary of which is detailed below: **P1**

1) She was the Chairperson of the BSC when the Bid in question was discussed and approved at the meeting held on 30 November 2006. Further an official from the Western Cape Department of Health was used as a technical advisor (she could not recall his name).
2) She was also a member of the BAC chaired by Buthelezi. She did not recall attending any BAC meeting held on 22 June 2007.
3) She attended the BAC meeting on 27 June 2007. She was unable to explain why the Submission to the HOD dated 25 June 2007 was validated by the HOD on 26 June 2007, prior to the BAC meeting held on 27 June 2007.
4) She never attended another BAC to amend any conditions of the Contract in respect of the Oxyntaka i.e. no knowledge of any BAC approval of the Schedules to Annexure B of the Agreement.

Interview with Andile Zondo

9.146 We conducted an interview with Andile Zondo (**Zondo**) who is currently a Manager at the Departments Central SCM component, Demand Management. We obtained another affidavit from her in respect of the Oxyntaka, a summary of which is detailed **P2**

below:

1) She was a member of the BSC when the Bid in question was discussed and approved at the meeting held on 30 November 2006. The specs were similar to that of Rietvlei Hospital.
2) She was also a member of the BEC chaired by Ntshangase. She attended a BEC meeting on 29 May 2007, after the matter had been referred back to the BEC. It was agreed by the BEC that the matter be referred to Buthelezi who was the Accounting Officer, CFO and the Chairperson of the BAC, as the BEC was abiding by their decisions of the BEC and Technical Committee. This was subject to compliance with the issues identified in paragraph 10 "Comments of the Technical Committee" of the Submission and the subsequent signing of a Service Level Agreement.
3) She prepared the document for validation by the HOD dated 25 June 2007 and she understood the BAC had already approved the recommendations of the BEC prior to this date (despite the meeting of the BAC on 27 June 2007).

Interview with Busisiwe Ndaba

9.147 We conducted an interview with Busisiwe Ndaba (**Ndaba**) currently employed as Principal Supply Chain Management Officer, Contracts Department, Central Supply Change Management. We obtained an affidavit from her a summary of which is detailed hereunder: **P3**

1) She confirmed she was a member of the BAC chaired by Buthelezi.
2) She attended a meeting of the BAC on 28 May 2007 where Westwood provided a presentation. The BAC did not approve the recommendations of the BEC and returned the matter to the BEC for attention.
3) She also attended a meeting of the BAC on 4 June 2007, where the matter was approved subject to: the production of an ISO compliance certificate or a letter detailing the extent of compliance with ISO; and the receipt of Intaka's execution plan.
4) She was called to a meeting held on 22 June 2007 at the office of Ntshangase.

This meeting was attended by Ntshangase (Chairperson of the BEC) and the following member of the BAC: Buthelezi (Chairperson of the BAC) and Deonundhan (member of the BEC).

5) The secretary of the BAC did not attend the said meeting and she could not recall if the meeting was recorded (I have no evidence of a recording or minutes). The meeting was called by Buthelezi to discuss the award of the tender to Intaka. He informed those present that the tender specifications indicated that the ISO compliance had been a recommendation and not a requirement. In addition to the above he confirmed that the concerns raised by Westwood during the BAC held on 28 May 2007 had been addressed and was resolved at the BEC. The BAC then approved the recommendation of the BEC during this meeting that the tender be awarded to Intaka subject to the drafting of a Service Level Agreement.
6) The said approval by the BAC (on 22 May 2007) was placed on official record at the next meeting of the BAC held on 27 May 2007
7) She understood that Intaka would provide a "back-up" and that the Department would only pay for actual kg of oxygen supplied and not a "guaranteed minimum". She never attended another BAC to amend any conditions of the Contract in respect of the Oxyntaka i.e. no knowledge of any BAC approval of the Schedules to Annexure B of the Agreement.

Interview with Reka Deonundhan

9.148 We conducted an interview with Reka Deonundhan (**Deonundhan**) who is currently a Deputy Manager at the Departments Central SCM component, Policies and Systems Management. We obtained an affidavit from her in respect of the Oxyntaka, a summary of which is detailed below: **P4**

1) She confirmed she was a member of the BAC chaired by Buthelezi.
2) She attended a meeting of the BAC on 28 May 2007 where Westwood provided a presentation and raised a number of issues. The BAC did not approve the recommendations of the BEC and returned the matter to the BEC for attention.
3) She was called to a meeting held on 22 June 2007 at the office of Ntshangase. This meeting was attended by Ntshangase (Chairperson of the BEC) and the

following member of the BAC: Buthelezi (Chairperson of the BAC) and Ndaba (member of the BEC). She could not recall if Mthembu was present.

4) The secretary of the BAC did not attend the said meeting and she could not recall if the meeting was recorded (I have no evidence of a recording or minutes). The meeting was called by Buthelezi to discuss the award of the tender to Intaka. He informed those present that the tender specifications indicated that the issues raised by Westwood during the BAC held on 28 May 2007 had been addressed and resolved . The BAC then approved the recommendation of the BEC during this meeting that the tender be awarded to Intaka subject to the drafting of a Service Level Agreement. The said meeting was very informal according to Deonundhan.
5) The submission was sent to the HOD for validation on 25 June 2007 based on the meeting of 22 June 2007, and was confirmed as recorded in the minutes of the BAC meeting of 27 June 2007.
6) A meeting was held on 10 October 2007 with Intaka, attended by her, Ntshangase, De Lange (Intaka) and Alexandre (Intaka). She prepared the minutes of the said meeting and confirmed the issues raised including: Oxygen Peak Flow, she was to contact the various hospitals to obtain confirmation; and ISO 10083 Compliance and that the analysis must be an addendum to contract.
7) She referred Intaka to Legal Services when they enquired about the completion of the Schedules to Annexure B to the Agreement, as she had no knowledge of these Schedules.
8) It was her understanding as a committee member of the BAC that the successful tenderer would have been responsible to supply an entire PSA unit per institution and will be responsible for the entire unit. This will according to her understanding include a "back-up" system because the Bid Specification document indicates clearly that "it is the intention of the Department of Health to eliminate the purchase of Medicinal Air and Oxygen".
9) The Department have always according to her understanding entered into an agreement wherein they have agreed to pay for actual services rendered. She was unaware of any other contract wherein the Department has agreed to pay for a "Guaranteed Minimum Usage". According to her understanding the Department would not agree to pay Intaka any "Guaranteed Minimum Usage" of oxygen per

month. She was never called to, present or aware of any BAC meeting which was held after the award wherein the BAC was requested to amend any of the conditions of the tender entered into between the Department and Intaka.

Interview with Malcolm Peters

9.149 We conducted an interview with Malcolm **(Peters)** who was previously employed as a Deputy Manager at the Departments Central SCM component. We obtained an affidavit from him in respect of the Oxyntaka, a summary of which is detailed below: **P5**

1) He became involved with the tender in question after tender closure during February 2007. It was his responsibility to ensure that the Acquisition Management Division prepared the submission together with the tender documents to the BEC and BAC for consideration and evaluation of the respective tenderers prior to the award.
2) He prepared the request to the BEC dated 22 March 2007 to consider and evaluate the Bid. He also prepared a schedule indicating the Price and correctness of the tender documents for the respective bidders to assist with the proceedings.
3) He attended the BEC meeting that was held on 23 March 2007 to present the submission to the BEC together with the relevant tender documentation. His involvement in the meeting is purely to provide administration support and he was not actively involved with any of the discussions held during the meeting. The said meeting was attended by Mr Halvey, who was employed by the Northern Cape Department of Health to provide technical assistance to the committee. The Committee resolved during the said meeting to mandate Ntshangase, Halvey and Westwood to visit the sites of the companies who tendered for the Bid and to report back to the BEC before any further discussions could by entertained.
4) The BEC held in the next meeting on 26 April 2007 to discuss the technical report submitted by Halvey, which referred to a number of points of concern which required clarification. The Committee resolved that the Technical Advisors, Halvey and Westwood, attend the next BEC meeting to give a presentation and

to clarify the issues surrounding their points of concern.

5) The BEC held the next BEC meeting on 3 May 2007 to clarify the said issues that was raised in the Technical Report by Halvey. A number of issues were discussed by the Technical Committee during their presentation, whereafter it was recommended by the BEC to award the tender to Intaka. He then prepared the submission to the BAC wherein he summarised the proceedings of the various BEC meetings that was held. The date of the meeting in paragraph 7.1 of the submission was typed incorrectly as "March" and should read "April".
6) He attended the BAC meeting that was held on 4 June 2007. He was requested to provide the Committee with the costing for the tender. He determined that the financial implications for the first phase of hospitals was estimated at R37 million over the first five (5) x year period, with an average of R7 million per year. He calculated this costing from the price per kg of oxygen provided by Intaka in their tender document for the first twenty-five (25) x hospitals included in his submission to the BAC. He was also requested by the BAC to obtain confirmation from Intaka that they comply with ISO 10083 standards. He then asked Quinton van Wyhe, who was employed at CSCM directly under his supervision, to obtain the required certificate. Van Wyhe reported to him later that Intaka refused to provide the Department with a certificate, but agreed to follow it up in writing. He received a letter from Intaka in this regard dated 6 June 2007, which he submitted to the BAC for their attention.

Interview with Quinton van Whye

9.150 We conducted an interview with Quinton van Whye **(van Whye)** who was previously employed as an Administration Clerk (temporary position) within the Acquisition Department in CSCM during the period under investigation and reported to Peters. We obtained an affidavit from him in respect of the Oxyntaka, a summary of which is detailed below: **P6**

1) He was responsible for obtaining all the tender documents submitted for the tender in question after the tender closed and then prepared a summary on a worksheet from the information that was contained in the respective tender

documents. The worksheet was attached to the submission to the TEC to consider and evaluate the bid. He attended the TEC held on 23 March 2007 and assisted with the submission of the tender documentation to the TEC.

2) He did not attend the TEC meeting in June 2007. He was however requested to contact Intaka to obtain confirmation from them in writing that they comply with ISO 10083 standards. He has no knowledge of what the standards mean or entail. The request was faxed to Intaka and followed up with a telephone call. He contacted their offices and left a message with one of the secretaries requesting the said confirmation in writing. He received a telephone call shortly thereafter from one of the Intaka representatives. He could not recall the name of the person, who was very hostile over the phone and told him that the Bid Specifications for the tender does not call for a certificate of compliance but regards it only as a recommendation. He then provided feedback to Peters based on his telephone conversation with the representative from Intaka.

Interview with Sally Crichton

9.151 We conducted an interview with Sally Crichton (**Crichton**) employed as Senior Supply Chain Management Practitioner, at SCM. We obtained an affidavit from her in respect of the Oxyntaka, a summary of which is detailed below: **P7**

1) She was the Secretary responsible for the BEC and the BAC meetings during 2007 when the tender was awarded to Intaka.
2) She attended most of the BEC and BAC meetings in the capacity as Secretary and was responsible for recording down a summary of the proceedings and then prepared the minutes for the meetings. The extract of the minutes for the meetings in respect of the Intaka tender as listed hereunder reflects a true and accurate record of events.
   i. Minutes of the BEC meeting held on 23 March 2007.
   ii. Minutes of the BEC meeting held on 26 April 2007.
   iii. Minutes of the BEC meeting held on 3 May 2007.
   iv. Minutes of the BAC meeting held on 9 May 2007.
   v. Minutes of the BAC meeting held on 28 May 2007.

vi. Minutes of the BEC meeting held on 29 May 2007.

vii. Minutes of the BAC meeting held on 4 June 2007.

viii. Minutes of the BAC meeting held on 27 June 2007.

3) She did not attend a meeting on 22 June 2007 and has no knowledge of the meeting other than what was noted during the BAC meeting held on 27 June 2007. She does not have any other records for the said meeting and there is no record that minutes were kept for the said meeting..

4) She has no knowledge of any BAC meeting which was held after the award of the tender to Intaka i.e. after 27 June 2007.

Interview with Dr Derek Barrett

9.152 We conducted an interview with Dr Derek Barrett employed as a Chief Specialist Anaesthesiologist, Ngwelezane Hospital, KwaZulu- Natal Department of Health. We obtained an affidavit from him in respect of the Oxyntaka, a summary of which is detailed below: **P8**

1) He was not involved with the procurement process that superseded the award of the tender to Intaka. His involvement was limited to concerns that he had surrounding the commissioning of the PSA Plants that could affect the safety of patients.

2) It came to his attention during early 2007 that tenders were called for the installation of these PSA units in many Departmental Institutions situated in KwaZulu-Natal. As the major end user of oxygen, and by virtue of his responsibility towards his patients and staff, he, together with other Chief Specialist Anaesthesiologists employed by the KZN Department of Health, voiced their concern over a number of issues related to the installation of these oxygen concentrators to the Infrastructure Component. Substandard installations are a danger to staff, property and the patients they treat. Hence, they felt that it is vital that any installation should meet the necessary safety standards, particularly regarding the purity of the oxygen enriched air produced and safety precautions.

3) He confirmed that a meeting was held to discuss their concerns. He attended the said meeting on 13 July 2007 at the Health Technology Services, Wentworth

Hospital. The meeting was also attended by other "concerned" Anaesthesiologists and representatives from the Infrastructure Component. The major concerns that they raised were the following:

i. The selection of suitable Departmental Institutions prior to the installation of the PSA units;
ii. Compliance to ISO 10083 and SABS specifications;
iii. Registration with the Medicines Control Council; and
iv. Inspection of the PSA Units after commissioning and before they are placed into operation.

4) The tender was not awarded at the time (July 2007) and they were advised to draft a report to the HOD to report their concerns in writing and to ensure it is addressed prior to the award of the tender. The concerned Anaesthesiologists then prepared a report wherein they addressed their concerns to the than HOD, Dr Nyembezi dated 13 July 2007. The report was jointly drafted and signed by them.

5) He was advised that the matter was receiving attention and that the HOD would revert back to him. He never received a reply from Dr Nyembezi iro the aforementioned report. The contract was later awarded to Intaka and the Department, represented by the then Acting HOD Dr Mbele, entered into an agreement with Intaka during December 2007, wherein it was agreed that Intaka would commission PSA units at various Departmental Institutions. The Anaesthesiologists had an additional concern at the time which was the electrical supply to the hospitals in light of Eskom's load shedding and the strain that the oxygen concentrators may place on the emergency electricity supply to hospitals. He raised the additional concern to Dr Mbele in an e-mail dated 5 February 2008 together with the report he prepared, prior to the installation of any PSA units. He never received a reply from Dr Mbele iro the aforementioned matter and the Department has subsequently continued with the commissioning a number of PSA units without their concerns being addressed.

6) He supports the idea of having PSA units commissioned at smaller Departmental Institutions that are not big enough to justify liquid oxygen and which are situated in remote areas where it is difficult to transport oxygen cylinders, on condition that it meets the required safety standards. He has doubts as to whether the

Regional and Tertiary Hospitals should be using PSA units at this stage. All hospitals that use PSA units must have adequate back-up systems in case of failure of any component of the PSA unit. It is not sufficient to have just a second compressor as there must be a reservoir supply of oxygen. Hence, any installation must include adequate back-up of either cylinders or liquid oxygen. The cost of the back-up supply must be calculated and considered together with the cost of the PSA units to determine the cost effectiveness of these units. He was not sure if the Department have considered all these factors carefully prior to the awarding of the contract.

7) He has considerable records of correspondence between himself and interested parties with regard to the contract awarded to Intaka and subsequent developments. Dr Zane has also shared his concerns and has actively participated in the interest of the Department in raising their concerns. To his knowledge their concerns have never been sufficiently addressed or resolved (we confirmed during this investigation that this is the case).

Interview with Dr YL Mbele

9.153 We conducted an interview with Dr YL Mbele (**Dr Mbele**). Dr Mbele held the position of Acting HOD) at the Department during the period early October 2007 to the end of June 2009. Mrs P Nkonyeni (**Nkonyeni**) was the MEC for the Department during this period. Dr Mbele took over as HOD from Dr Nyembezi, who was the previous HOD. We obtained an affidavit from her in respect of the Oxyntaka, a summary of which is detailed below: **P9**

1) She joined the Department during October 2007 after the finalisation of the tender and it was awarded to Intaka. She was not involved with the tender process or the Bid Appeals Tribunal for the aforementioned tender.
2) With regard to the events prior to the signing of the Agreement she stated the following:
3) She was briefed by Mrs PK Padayachee General Manager, Legal Services of the Department on the tender awarded to Intaka prior to the signing of the Service Level Agreement entered into between the Department and Intaka. It was the

responsibility of Padayachee as the Head of Legal Services to advise her on matters such as these with a high cost implication to the Department because she as the Accounting Officer was ultimately responsible for all expenditure by the Department during her appointment as Acting HOD.

4) There was "general pressure" from both the Department and Intaka to finalise the Service Level Agreement between the Department and Intaka in order to commence with the commissioning of the PSA units at various Departmental Institutions. Padayachee was involved in negotiations with Intaka during this period and responsible for drafting the Service Level Agreement.

5) She was present during a meeting that was held on 13 December 2007 between the Department and Intaka. The meeting was held at the Inkosi Albert Luthuli Hospital (**IALH**) for the signing of the Service Level Agreement. She cannot recall who called for the meeting and why it was to be held on the said day at IALH. She assumed that she was in the Durban area and was then informed by one of her colleagues to attend the meeting that was scheduled between the Department and Intaka due to the urgency in the matter. She was represented by Padayachee and Mr F Praderi was represented by one of his legal advisors, whose details she cannot remember. She signed the Service Level Agreement entered into between the Department and Intaka on behalf of the Department on 13 December 2007, which was witnessed and signed by Padayachee. Mr F Praderi signed the Service Level Agreement on behalf of the Department, which was witnessed and signed by his legal advisor during the same meeting. She cannot remember if Mrs Nkonyeni was present during the said meeting. Mrs Nkonyeni was not a party to the contract and not involved with any of the discussions. She signed the said Service Level Agreement on the advice of Padayachee and can recall that Padayachee had included the Bid Specification document as an annexure to the Service Level Agreement due to the technical specifications in the Bid Specification document.

6) The implementation of the contract was managed thereafter by the Central Supply Chain Management component (**CSCM**) and the Infrastructure Component of the Department. She recalled that she attended a meeting during the latter part of 2008 between the Department and representatives from Intaka to discuss progress of the contract awarded to Intaka iro the installation of the

PSA units at various Departmental institutions within KZN.

7) She further recalled that they discussed during the meeting amongst other issues whether or not Intaka is obliged to supply back-up oxygen to the Department as part of the agreement. There was a legal debate between the Department and Intaka surrounding the issue and it was resolved that SCM would undertake a costing exercise to establish what the financial implications would be for the Department to rent additional cylinders for the back-up supply of oxygen and to look into the Department accessing the National Tender with Afrox, another service provider to the Department in this regard. She cannot remember what the outcome was of this matter and or whether the Department had resolved who is responsible for the cost of the additional back-up supply. It was always her understanding that Intaka would be responsible for the supply of the back-up. This issue was however never raised prior to the signing of the agreement entered into between the Department and Intaka, but only subsequently thereto.

8) She attended another meeting between the Department and Intaka on 6 April 2009. She was referred to the minutes of the meeting held and confirmed that she was present during the latter part of the meeting. She confirmed that it is evident from the minutes of the meeting that the issue surrounding the responsibility for the additional back-up supply was not resolved as yet. As she was not present when the meeting first started, she cannot comment on all the issues that were discussed. She recalled that Intaka had raised a concern about unnecessary delays in the commissioning of the PSA units at the next implementation phase. She informed the meeting that the Department had to resolve the queries that were raised and it was important to resolve these issues before they could continue with the "finalisation of the contract". Her interpretation of this comment was to resolve the outstanding queries first before they could continue with the installation of further PSA units.

9) She was shown a letter from Intaka together with a number of "Schedule to Master Lease Agreement" forms attached to the said letter. She confirmed that she signed the first "Schedule to Master Lease Agreement" for Benedictine Hospital, which is dated 6 April 2009. She cannot remember the purpose of this schedule and or why she signed the schedule. She cannot remember when the contents of the schedule were discussed with her nor can she remember the

circumstances under which she signed the said "Schedule". She assumed that it was signed during the meeting that was held between the Department and Intaka on 6 April 2009.

10) Her understanding of the contract entered into between the Department and Intaka was that Intaka would supply PSA units to various Departmental Institutions and that the Department would pay Intaka for oxygen delivered per kg. It was never her understanding the Department had guaranteed to pay Intaka for a "Minimum Usage" of oxygen as indicated in the aforementioned "Schedule to Master Lease Agreement".

11) She was not certain about the details of all the technical requirements of the contract entered into between the Department and Intaka. Her first priority as HOD of the Department was patient safety and hence she agreed to a contract wherein she assured that each and every hospital had sufficient oxygen. The Department had to have a back-up supply at every hospital in addition to the PSA units to ensure patient safety in the event that the PSA unit would have failed. She signed the Service Level Agreement on the basis that she was advised by Padayachee to do so and in good faith. She left the Department during June 2009 and has no knowledge of the current status of the implementation phase.

Interview with Gerhardus van Der Merwe

154 I previously referred to van Der Merwe who was previously employed as Manager of the Infrastructure Development component, that we interviewed him and obtained his affidavit in respect of the water purification plants. We obtained another affidavit from him in respect of the Oxyntaka, a summary of which is detailed below: **D1** **P10**

1) Afrox, another supplier to the Department, provided oxygen cylinders as well as Bulk Oxygen to the Department at the time and the HOD wanted the implementation of these Oxyntaka plants at various Departmental institutions. He then reported to her that the Department had implemented self-generating oxygen plants at two (2) x smaller institutions as a pilot project during 2005 as follows:

   i. A self-generated oxygen plant at Vryheid hospital supplied by Insmed (Pty)

Ltd; and

ii. A self-generated oxygen plant at Murchison hospital supplied by Intaka.

2) The then HOD instructed me to draw up specifications for the "On site Manufacture and delivery of bulk medical air and oxygen for clinical use" at Provincial Hospitals of the KZN Department of Health. It was during August 2006 and during the same period that Rietvlei hospital was taken over by the KZN Department of Health from the Eastern Cape Department of Health. The then HOD was concerned about Rietvlei hospital due to the unstable supply of Medical Oxygen at Rietvlei Hospital and had requested me to call for a urgent tender for the installation of the said plant at Rietvlei. Hence I was also requested by the HOD to draw up the specifications for the said "On Site Manufacture and Supply of Bulk Medical Oxygen and Medical Air at Rietvlei hospital and to submit it for her approval in order to procure for the services of an Oxygen Generating Plant as a matter of urgency.

3) He then requested Westwood to draw up the specifications for the two tenders and advised him to use the tender specifications that were used by the Western Cape Department of Health. This formed the basis of the KZN specification document.

4) Westwood drafted the specification document for the "On site manufacture and delivery of bulk medical air and oxygen for clinical use for both Rietvlei Hospital as well as for the supply to other KZN Provincial Hospitals. Van der Merwe then submitted these drafted specifications to the then HOD for her comments and approval prior to the submission to CSCM for procurement of the said services. A copy of the draft specifications that was submitted to Dr Nyembezi, the then HOD, for her approval was provided by Van der Merwe.

   i. Tender Specification for the "On site manufacture and delivery of bulk medical air and oxygen for clinical use at Provincial Hospitals of the Department of Health, in the KwaZulu Natal Province"; and

   ii. Memorandum addressed to Dr BM Nyembezi dated 15 August 2006, with the Tender Specification for the "On site manufacture and delivery of bulk medical air and oxygen for clinical use at Rietvlei Hospital, situated in the Sisonke District, for the Department of Health Provincial Administration of KwaZulu Natal" attached to the said memorandum.

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5) Dr Nyembezi forwarded him an e-mail dated 18 August 2006, wherein she instructed him to make the changes on the specification document as detailed hereunder:
   - *"Page 4. Remove ISO requirement not necessary*
   - *Page 8 Professional Certified Engineer instead of Industrial Engineer MCC requirement*
   - *Page 19 Need to specify distance where contractor will obtain electrical supply."*
6) He forwarded the said e-mail from Dr Nyembezi on to Westwood who was responsible for the drawing up of the tender specifications as earlier stated by him. Westwood made the necessary amendments to the respective tender specification documents, which was then submitted to CSCM for tender purposes.
7) Infrastructure Development component was not involved with the procurement procedures thereafter. He was provided with a memorandum from the then HOD addressed to Dr Sewlal dated 29 November 2006, wherein the then HOD requested CSCM to call for a Tender for the installation of a Plant for the On Site Manufacture and Supply of Bulk Medical Oxygen and Medical Air at Rietvlei hospital. She referred to a Tender in favour of Intaka and authorised the Department to incur expenditure in terms of "Delegation 0201"for R16,50 per kg of gas for the first year, escalated as agreed to in terms of paragraph 6.1.3 of the agreement entered into. Infrastructure Development was then instructed by CSCM to issue an order to Intaka for the required services at Rietvlei Hospital. Infrastructure Development then issued order number N 0734189 for the aforementioned services on 30 November 2006. They monitored the project and were initially responsible for the payment of these services. It was later agreed that the cost for the supply of the oxygen to Rietvlei hospital was part of their day-to-day running of the hospital and hence they were responsible for future payments iro this system.
8) The purchasing and installation of further self-generating oxygen plants were procured by CSCM. The Infrastructure component was not involved in any of the procurement procedures during the tender allocation other than Westwood who attended some of the meetings and provided technical advice together with

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Vincent Halvey, who was employed by the Northern Cape Department of Health. He has no knowledge of how or why Halvey became involved with this process, because Westwood is a Deputy Manager, Engineering Advisory Services who is employed in the KZN Department of Health and familiar with the province and local conditions and has the necessary experience and expertise. He was in the process of finalising his retirement during the period when the tender was awarded to Intaka and Westwood took control of the commissioning of the Oxyntaka plants at the various Departmental institutions on behalf of Infrastructure Development.

Interview with Robin Westwood

9.155 We conducted an interview with Robin Westwood (**Westwood**) employed as a Deputy Manager, Engineering Advisory Services, Infrastructure Development component. We obtained an affidavit from him in respect of the Oxyntaka, which is detailed below: **P11**

1) *"I wish to state from the outset that I was not involved in the procurement process when Tender Number ZNB 7295/2006H for the "On-Site Manufacture and Delivery of Bulk Medical Oxygen at Various Institutions", also known as a Pressure Swing Absorber (PSA), was awarded to Intaka. I am employed at the Infrastructure component and I report to Ms Hadebe who is the current Manager of Infrastructure Component. I reported to Mr G van der Merwe (van der Merwe), who was the Manager of Infrastructure Component during the latter part of 2006 and 2007 when Tender Number ZNB 7295/2006H was advertised and awarded to Intaka. I am responsible to provide technical advice to the Department and hence my involvement was limited to the technical aspects of the tender which I will discuss in more detail hereunder.*
2) *I was instructed by van der Merwe during August 2006 to draw up tender specifications for the "On site Manufacture and delivery of bulk medical air and oxygen for clinical use" at 1). Rietvlei Hospital and 2). Various Provincial Hospitals of the KZN Department of Health. It was shortly after van der Merwe attended a meeting in Cape Town and was instructed by the then Head of*

*Department (**HOD**), Dr Nyembezi, to draw up tender specifications for the aforementioned matters as two (2) x separate projects. He provided me with a copy of a Tender Specification document that was used by the Western Cape Department of Health that formed the basis of our Tender Specification documents. I drafted the Tender Specifications for the two (2) x projects and submitted it to van der Merwe for his further attention and submission to the Bid Specification Committee for approval.*

3) *Included amongst others the requirement that all Oxygen Generating Units must comply with ISO 10083 standard. The purpose of the International Standard is to specify minimum safety and performance requirements for the PSA Unit to deliver oxygen-enriched air to a medical gas pipeline distribution system. My objective of this International Standard was that the successful tenderer are to ensure that the PSA Unit is tested after commissioning and then certified that it complies with the standard. I referred to the ISO 10083 standard in the draft Tender Specification document as follows:*

   i. *This requirement that "All Oxygen Generating Units must comply with ISO 10083 Oxygen Concentrator Supply Systems for use with Medical Gas Pipeline Systems" was included under the heading "SPECIFICATIONS OF THE OXYGEN GENERATING UNITS" in paragraph 4 and in bold. My intention with this provision was to ensure that the entire PSA Unit complies with the standard.*

   I included a "Schedule of Information" in paragraph 11 of the Specification document that had to be completed by the tenderer for each Institution. The Schedule of Information included amongst others the following:

   "11.2 Does the unit comply with ISO 10083……..

   11.6 Does the equipment comply fully with the specification? Yes/No…"

4) *Van der Merwe forwarded the Draft Specifications to Dr Nyembezi for her comments prior to the submission to the Tender Bid Specifications Committee for approval. She replied to him by e-mail dated 18 August 2006, wherein she instructed us to make the following changes on the specification document:*

"Page 4. Remove ISO requirement not necessary

Page 8 Professional Certified Engineer instead of Industrial Engineer MCC requirement

Page 19 Need to specify distance where contractor will obtain electrical supply."

5) *The ISO requirement was inserted to protect both patients and the Department. I removed the ISO requirement as requested by Dr Nyembezi on page 4 of the document but kept it included in the "Schedule of Information" under paragraph 11. I also replaced paragraph 4.3.1.2 that reads "The oxygen/gas mixture is to be approved by the Medicine Control Council" with the statement that reads "The oxygen/gas mixture is to meet the requirements of the ISO 10083 of 2006 paragraph 4.5". This was done to ensure that the tenderer comply with ISO 10083. I also made the other two (2) x changes as requested by the HOD. I replied to van der Merwe's e-mail and noted my concerns to him. I added that technically these units have a place in some of our hospitals, i.e. not all hospitals.*
6) *The Bid Specification document was then submitted to the Tender Bid Specification Committee for their consideration and approval. PwC shown me another copy of the Tender Bid Specification document that reflects further changes to the document that I sent to the Committee for approval. I am unaware of these changes and I was not involved with any further amendments to the document after I sent it to the Tender Bid Specification Committee for approval in August 2006.*
7) *I also provided the Tender Bid Specification Committee with information such as the average number of kilograms of oxygen consumed per month. The average consumption was obtained from Afrox and based on consumption figures of the previous year per institution. These "Average Monthly Consumption (Kg)" figures were included to help the tenderers in their Bid to ensure they tendered for a plant that is capable of supplying sufficient oxygen during peak demand. The "Average Monthly Consumption (Kg)" figures were not supplied to provide any "guaranteed monthly consumption" to the tenderer and it was only provided with the intention to help the tenderer to size the PSA unit correctly. I was not a member of the Tender Bid Specification Committee and never attended any of their meetings. It is my understanding that Mr C Alexander (**Alexander**), who was formerly employed by the Western Cape Department of Health as an Engineer and thereafter employed by Intaka, attended the Bid Specifications Committee meeting to present the Committee with technical advice.*
8) *The Central Supply Chain Management component (**CSCM**) then appointed*

*Alexander, Dr Sewlal, General Manager of the Infrastructure and Clinical Support Division, and van der Merwe as members of a Technical Committee to advice the Tender Bid Evaluation Committee (**BEC**) on technical aspects of the Bid. This was during February 2007 whilst I was acting in the position of both General Manager and Manager of the Infrastructure component. Alexander resigned from the Western Cape Department of Health during this period and Mr V Halvey (**Halvey**), a former employee of the Northern Cape Department of Health, was then appointed to replace Alexander and to serve on the Committee. It is my understanding that he is now also employed by Intaka. I was then tasked with providing assistance to Halvey on the technical aspects of the tender. I am not sure why Halvey was involved with the process because it is the responsibility of Infrastructure Component of the KwaZulu-Natal Department of Health to provide assistance to our BEC on technical aspects and we do have the necessary expertise and experience to do so. Hence, we did not require the Northern Cape's involvement.*

9) *Halvey attended a BEC meeting and, according to my understanding, made a recommendation to the Committee to visit all the sites where the tenderers have plants in operation in order to investigate the Technical Operation of these Units. I was then instructed to accompany Halvey and Mr Ntshangase, General Manager of CSCM on these site visits. We visited the following sites:*
   - *i. A PSA unit at Vryheid Hospital commissioned by Insmed (Pty) Ltd;*
   - *ii. A PSA unit at uShaka Marine World commissioned by Dalingcebo Gas Consortium;*
   - *iii. A Nitrogen Unit that was used in the Industry at Port Elizabeth commissioned by Afrox (Pty) Ltd;*
   - *iv. A PSA unit at Rietvlei Hospital commissioned by Intaka; and*
   - *v. The manufacturing plant of Intaka situated in the Western Cape.*

10) *Halvey prepared a Technical Report, which we had to present to the next BEC meeting based on our assessment of the units. I provided Halvey with a few technical points that he had to include in his report. I attended the BEC meeting that was held on 3 May 2007 and was provided with a copy of the Technical Report prepared by Halvey. I did not agree with the entire content of his report and made some handwritten notes on the document which was presented to the*

BEC as follows:

i. *The comment by Halvey under the heading "Insmed (Pty) Ltd that "A point of concern is that the plant does not shut down when the oxygen concentration level drops"; and "The unit viewed was not set up as the one tendered for by the tenderer hence it leaves doubt whether it can operate as specified" is not correct. Although the plant tendered for is different to the one in operation it can operate as required and comply with the required specifications. It is also ISO 10083 certified and delivers a continuous supply of oxygen as required with the necessary bank of back-up cylinders.*

ii. *I deleted the paragraph under the heading "Myriad Medical (Pty) Ltd". My reason for this was that the company does not have to my knowledge a PSA plant installed in South-Africa and hence not visited.*

iii. *It is recommendation in the third bullet point that "the project be implemented in phases starting with district hospitals". I included "which presently have cylinder supply" to ensure that the Department will prioritise the implementation at smaller institutions.*

iv. *It is recommended in the fourth bullet point that "When installing these units it is recommended that the PASSIVE system must be retained as a backup. I changed the word "recommended" to "essential" because it is vital to have a back-up supply of oxygen to ensure the continuous supply of oxygen at all times.*

v. *I deleted the "Conclusion" because I did not agree with the statement that "Intaka was the most comprehensive functional PSA unit that was installed in South-Africa". It was up to the BEC to make the necessary recommendations after we provided them with technical advice.*

I have never seen the minutes of the BEC meeting that was held on 3 May 2007 and cannot confirm the correctness thereof.

11) *Malcolm Peters (**Peters**), who was employed at CSCM, requested me by e-mail dated 3 May 2007 to comment on a reply that he received from Insmed regarding "when oxygen concentration level drop". This comment was based on the remark by Halvey in his Technical Report to the BEC that "the plant does not shut down when the oxygen concentration level drops" and was shortly after our presentation to the BEC. I replied to Peters on the same and stated that "it is*

completely acceptable and how I understood the operation of the plant from the start". The reply from Insmed confirms that the statement in Halvey's Technical report iro Insmed is incorrect.

12) *I was invited to attend a Tender Bid Adjudication Committee (**BAC**) meeting that was held on 28 May 2007. I attended the said BAC meeting and made the following recommendations:*
    i. *I recommended that the implementation of the PSA units has to be done in phases, starting with the smaller Institutions; and*
    ii. *I was informed at the time by Mr Dave Gooden, Pharmaceutical Services, that oxygen was considered a medicine and had to be registered with the Medical Control Council (**MCC**). I sent the e-mail from Mr Goodin to Mr Buthelezi, who was the Chairperson of the BAC, on the following day 29 May 2007.*

13) *I did not attend any other BEC or BAC meeting iro Bid Number ZNB 7295/2006H thereafter. I can recall that Dr Barrett together with other Chief Specialist Anaesthesia employed by the KZN Department of Health voiced their concerns to me over a number of issues related to the installation of these oxygen concentrators prior to the award. I invited them to inspect the PSA plant at Murchison Hospital. This PSA plant had been installed as a pilot project by Intaka and known as the "Oxyntaka". They had a number of concerns about the safety and the standard of maintenance of the pilot project. I then scheduled a further meeting between Infrastructure Component and the group of concerned Medical Practitioners to discuss their concerns. The meeting was held on 13 July 2007 at the Health Technology Services, Wentworth Hospital. I was not in a position to address all their concerns and recommended that they draft a report to the HOD, wherein they raised their concerns. We have also tried to address some of these concerns. Dr Barrett has subsequently amongst other correspondence sent me an e-mail dated 9 July 2008 wherein he asked me to ensure that "all oxygen manufacturing plants comply with MCC registration" and quoted a paragraph from their report to the HOD that deals with the "Registration with Medicines Control Council". To my knowledge their concerns have never been sufficiently addressed or resolved. I agree with both Dr Barrett and Mr Goodin that oxygen is considered a medicine and has to be registered with the MCC.*

14) *I attended to some queries from CSCM prior to the award in order to provide clarity on matters such as the average kg of oxygen consumed per month. It came to my notice that Intaka visited some hospitals prior to the award of the tender in October 2007. The installation of these units requires certain engineering standards wherein Infrastructure needs to ensure compliance. I then requested CSCM to communicate with us in the event that the tender is awarded to ensure compliance when the units are commissioned and tested before it is placed in operation.*

15) *I became actively involved with the commissioning of these PSA units after the tender was awarded to Intaka in December 2007. I attended a meeting with Intaka which was held on 31 January 2008. The purpose of the meeting was to ensure that all the installations comply with the original Bid that was included for compliance with the standard KZN Medical Gas Specification. The reason for compliance with this specification is that it covers all aspects of the installation of medical gas systems and details the technical as well as commissioning requirements. I handed a copy of this document to Intaka during the said meeting. I can make a copy of this document available if I am required to do so.*

16) *Further to our meeting it was agreed that a joint meeting be held at every Institution between Intaka, the Engineering Services Manager, Anaesthetist, Hospital Maintenance Supervisor and a staff member from Health Technology Services when the commissioning take place. A full explanation together with documentation detailing the functioning of the unit had to be provided to the Hospital staff. There is currently still an on-going debate between Intaka and the Department whether the PSA unit has to be ISO 10083 certified or if is only a "requirement" that the oxygen/gas mixture has to meet the requirements of paragraph 4.5 of the ISO 10083 standard, and if is a requirement to have a MCC registration certificate. To my knowledge these issues have not been resolved to date.*

17) We agreed to a process going forward to avoid any unnecessary delays with the commissioning of the PSA units. The purity of the oxygen had to be measured and recorded by a Health Technology Services representative and witnessed by all the parties referred to in paragraph 16 above to ensure that the unit complies with the required purity and safety standards. I attended the commissioning of all

the PSA units commissioned to date and can confirm that the relevant procedure has always been followed. The units were always tested in the presence of a Health Technology Services representative before the plant could be placed in operation. Detailed hereunder is the relevant documentation that was completed after the commissioning of the PSA unit at Dundee Hospital. Similar tests were conducted at all the other Institutions.

i. *A KZN Certificate of Acceptance witnessed and signed by the relevant parties dated 26 June 2008, which reflects the various tests that were conducted and results achieved.*

ii. *A Certificate of Compliance for Electrical Installations that was carried out by Mr I van Reenen, an accredited person.*

iii. *A letter I addressed to Intaka dated 30 June 2008, wherein I reported a number of items that required attention before the plant could be operational. The unit was switched off pending the finalisation of my queries.*

iv. *Pressure Vessel Test Certificates conducted by Mechanical Marine & Boiler Engineers CC T/A Boiler Engineers on all the Vessels attached to the PSA unit at Dundee Hospital.*

v. *A letter from Intaka addressed to me dated 8 December 2008, wherein Intaka confirmed that all my remarks and Intaka's responsibilities other than the MCC Certificate had been adhered to and that the PSA unit was restarted and operational.*

18) *Intaka commissioned twenty-three (23) x PSA units.*

19) *The commissioning of the aforementioned PSA units has been completed as indicated in the roll out plan of phase I and phase 2 of the tender. A few concerns/issues of significance were raised by me with Departmental staff during the commissioning of the PSA units. Some of these matters are not of a technical nature and include the following:*

i. *Who is responsible for the provision of the passive back-up system and how will it be procured?*

ii. *Whether it is a requirement for registration with the Medical Control Council?*

iii. *Whether it is a requirement for an independent person to test the PSA unit*

and to certify that the unit comply with ISO 10083 before it can be placed in operation?

iv. *CSCM has not notified each Hospital of the cost implication of this contract.*

v. *Who is responsible for the provision of diesel for the Intaka electrical generating sets?*

20) *Infrastructure Component is responsible to ensure that the commissioning of these plants are carried out according to the technical requirements and is not responsible or involved with payment to Intaka for services rendered. I therefore referred the various Institutions to CSCM for clarity on these issues referred to in paragraph 18 above. I also reported these concerns to CSCM for their further attention.*

21) *I attended a meeting that was held between the Department and Intaka on 6 April 2009 and raised a number of these concerns that I referred to in paragraph 18 above. The minutes of the meeting reflects a true and accurate record of events. Numerous letters were sent to Legal Services and CSCM in order to obtain clarity with regard to the abovementioned issues.*

22) *I prepared a Briefing Report on the said contract with Intaka to the current HOD, Dr Zulu, dated 21 August 2009 wherein I reported the current status of the contract. I also reported the issues that require clarity. To my knowledge these issues have not been sufficiently addressed or resolved.*

Interview with Sherlene Moonsamy

9.156 We conducted an interview with Sherlene Moonsamy (**Moonsamy**) Deputy Manager, Legal Services, KZN Department of Health. She reported to Kantha Padayachee. She only became involved on 10 July 2008 after the Agreement was signed. She provided us with an affidavit summarised hereunder: **P12**

1) She attended a meeting with Intaka on 10 July 2008. At the conclusion thereof she prepared a memorandum to the HOD Dr Mbele dated 11 July 2008, where she advised that it was her interpretation of the Agreement, that it was Intaka's responsibility to provide back- up in the form of Oxygen cylinders.

2) Despite Legal Services advise the meeting took a resolution that the Department would access a National Tender for the provision of the back-up (we are not in

possession of the minutes of the meeting and they are not available.

3) Her interpretation in respect of MCC requirement is that they were legally obliged to comply.
4) On 6 April 2009 she attended another meeting on behalf of Kantha Padayachee; the issues discussed included the back-up of oxygen and Intaka's registration of the MCC. She confirmed compiling a memorandum dated 9 April 2009 addressed to Kantha Padayachee. I have already discussed this memorandum in detail per annexure L15 to this report and needs no further discussion.
5) She further stated that the Schedule to the Agreement Annexure B was not discussed at the meeting held on 6 April 2009 and she is not aware that Dr Mbele had signed any addendum to Agreement. Hence, she disputes Legal Services had been consulted on the matter at the meeting in question.

Interview with Steven Reece

9.157 We conducted an interview with Steven Reece a director of Insmed (Pty) Ltd. We obtained an affidavit from him in respect of Insmed's Bid and subsequent developments, which is detailed below: **P13**

1) *"Insmed is a manufacturer and supplier of oxygen manufacturing machines, also known as the PSA unit, which generates medical oxygen and medical air, providing a cost effective supply of oxygen on demand. It is a good alternative to traditional oxygen supply at smaller institutions. Insmed commissioned a PSA unit at Vryheid Hospital during April 2005. The commissioning of the PSA unit was part of a "Pilot Project" initiated by the Department to determine the feasibility of a PSA unit as opposed to the supply of oxygen cylinders to the hospital. The unit is currently in good working order and operational*
2) *I recall that there was an advertisement in the Sunday Times newspaper during the latter part of 2006 wherein a Bid for the supply of "On-Site Manufacturing and Delivery of Bulk medical Oxygen and Medical Air to various institutions in KwaZulu-Natal" was advertised. I do not have a copy of the advertisement. We (Insmed) supply amongst other products PSA units and agreed to submit a Bid for the said tender.*

3) *I attended some of the compulsory site inspections that were held at various Departmental Institutions in KwaZulu-Natal during January and February 2007, whilst Tom de Scally, another director of Insmed, attended the others. We had a meeting amongst our directors of Insmed thereafter to discuss the tender and requirements by the Department. We agreed that it would not be feasible for Insmed to tender for the bigger hospitals such as Greys Hospital, which is situated in Pietermaritzburg and Addington Hospital, which is situated in Durban. The demand for oxygen at these institutions are big and we cannot compete competitively with suppliers of oxygen, i.e. Afrox, who is situated near these hospitals that can supply liquid oxygen and oxygen contained in cylinders at a very reasonable price to the bigger institutions. We then prepared our Tender Bid document for Tender Number ZNB 7295/2006H to supply PSA units at the smaller institutions as listed hereunder:*
   i. *Benedictine Hospital;*
   ii. *Bethesda Hospital;*
   iii. *Charles Johnson Hospital;*
   iv. *Greytown Hospital;*
   v. *Ithselejuba Hospital;*
   vi. *St Francis Hospital;*
   vii. *Eshowe Hospital;*
   viii. *Lower Umfolozi;*
   ix. *Nkandla Hospital;*
   x. *Ngwelezane Hospital; and*
   xi. *Niemeyer Hospital.*
4) *It was resolved at a meeting of the complete Board of Directors of Insmed held on 7 February 2007 that Mr Thomas P de Scally, in his capacity as Director, be authorised to sign the tender and any other document to give effect of the proposed offer. Hence, our tender document was signed by Mr de Scally on 13 February 2007 and submitted to the Department on 15 February 2007 before the tender was officially closed. I was later informed that the tender was awarded to Intaka.*
5) *Insmed lodged an appeal against the award to Intaka shortly after the award was published. The Department replied to us in writing dated 1 August 2007 in*

response to our letter of appeal, wherein they stated in paragraph 3 of the said letter that "This unit is functional but is not supplying low pressure air to the Hospital". It is not clear what the Department meant by this statement and it is not factually correct. Our PSA unit at Vryheid Hospital is capable of delivering "High" and "Low" pressure air. The Unit have a High Pressure Booster for filling up "back-up" cylinders, ensuring that a "back-up supply" of oxygen is always available to the hospital in the event that the oxygen level drops. The back-up supply then automatically kicks in to ensure the continuous supply of oxygen. The unit has an alarm system in place that serves to inform the responsible staff in the event that the "back-up" oxygen is in use.

6) *I attended the Bid Appeals Tribunal on behalf of Insmed that was held in Pietermaritzburg on 22 August 2007. Our submission to the tribunal comprised of the following:*
   i. *Our PSA unit at Vryheid does have the capacity to produce low pressure air although the unit had been installed under a different contract which did not require the low pressure air option. Hence, the reason for our disqualification was incorrect.*
   ii. *We doubted the technical abilities of the Unit offered by Intaka given its relatively low price in comparison to us. The Unit offered by Insmed included all the technical specifications as required by the Department in the Bid Specification document including the supply of a "back-up" system.*
7) *Our appeal was rejected whereafter the tender was awarded to Intaka. I wish to comment briefly on what my understanding was of some of the requirements as stipulated in the Bid Specification document prepared by the Department.*

Back- up supply of oxygen through oxygen-filled cylinders

i. The "*Scope*" of the Bid Specification stipulates that "*The intention is to have in the provincial hospitals a unit to produce their own continuous on-line oxygen and medical air, on site, ending regular oxygen and medical air purchases.*

Item 6 of the Bid Specification document reads as follows:

"It is the intention of the Department of Health (D.O.H.) to eliminate the

purchase of Medicinal Air and Oxygen in cylinders due to the high cost of such mode of supply.

Instead the D.O.H. envisages having cylinders, at same hospitals, filled with Medical Oxygen from the Generating Units specified in this Bid.

The bidder is therefore free to elaborate and give indication of such capability to supply the D.O.H. with cylinders, under rental, to be filled from the generating units, during off peak demands, as well as the capability to supply the cylinder filling equipments necessary for such operation".

ii. *It is clear from the aforementioned information contained in the Bid Specification that the bidder is responsible for supplying "continuous" oxygen and medical air, which will include a unit that provide back-up oxygen to the Department. Our price tendered for included the supply of back-up oxygen at all the institutions tendered for and it had an effect on our price per kg of oxygen tendered for. The word "Booster" included in the "State of Delivery Period" on the Price Page for every Hospital on the Tender Bid document refers to the said Back-up that is included in our PSA unit. It is detailed in our "Offer" attached to the "Price Page" under "**Note**" which reads as follows: "System sized to accommodate average consumption as specified in the Tender Document and the "Back-up" System to sustain peak demand".*

Compliance with ISO 10083 standards

i. *The purpose of the aforementioned International Standard is to specify minimum safety and performance requirements for oxygen concentrator supply systems used to deliver oxygen-enriched air to a medical gas pipeline distribution system such as the PSA unit. One of the objectives of the ISO 10083 standard is to ensure that tests are carried out after installation and certified by an authorised person who is qualified in the testing of medical gas pipeline systems before the system is used. The testing of the plant will be carried out on the entire Unit to ensure that it complies in its entirety with ISO 10083.*

ii. *Paragraph 11 of the Bid Specification document referred to a "Schedule of Information" that had to be completed by the tenderer for every Departmental Institution. The "Schedule of Information" included amongst others the following*

questions:

"11.2 Does the oxygen enriched air comply with ISO 10083.....

11.6 Does the equipment comply fully with the specification? Yes/No....."

iii. The above questions indicated to me that it was the Department's intention to ensure that the PSA unit comply in its entirety with ISO 10083. Hence, this will include that the Unit has to be tested and then certified by an authorised person who is qualified to do so after installation of the Unit and before it is used. Our PSA plant at Vryheid Hospital is ISO 10083 certified and complies with the standard. We have completed the "Schedule of Information" for all the Departmental Institutions that we tendered for and answered the above two (2) x questions in the affirmative due to the fact that our PSA plant deliver oxygen enriched air that complies with ISO 10083 in its entirety, which include the testing and certification there-of.

8) We have considerable doubt whether Intaka offered the type of system with the same technical capabilities as that offered by Insmed to the Department, given its relatively low price in comparison to us. Our PSA unit tendered for included all the features and specifications prescribed in the Bid Specification document, including a back-up of oxygen supply, which had a considerable effect on our price per kg of oxygen tendered for".

Comparison and calculation of payments made to Intaka based on Guaranteed Minimum Usage as opposed to actual usage

9.158 Based on the information and affidavits provided by various Departmental Officials already discussed in this report, the Bid Specification documents and the Agreement, it is apparent that the Department intended in their Bid Specification document only to pay for actual kilograms of oxygen consumed at each of the 52 hospitals. Further, the Department has been signature to only one (1) x Schedule to Annexure B where they agreed to pay for a "guaranteed minimum usage" per month; for Benedictine Hospital at 5,000 kg's per month. Dr Mbele who signed the Agreement and the said Schedule for Benedictine stated that it was never her understanding the Department had guaranteed to pay Intaka for a "Minimum Usage" of oxygen. She signed the Agreement and the said Benedictine Schedule as she was being advised by her **K41/4**

Legal Department. It is also my interpretation that the wording of the Agreement is in conflict with the Bid Specification document, in so far as payment is concerned, and in this case the Bid Specification document stipulated that the Department would pay for actual usage takes preference.

9.159 Based on the above interpretation we attempted to obtain the month end meter reading for each of the 23 hospitals where the Oxyntaka Plants were installed and commissioned, and compare these readings to the quantity of Oxygen charged by Intaka on a monthly basis per hospital as recorded on their invoices.

9.160 We requested records of all month end-meter readings from the hospitals from the date of commissioning. We did not receive all records that reflected the month end readings; the readings were conducted on various dates and intervals that made performing a complete exercise difficult. It is my understanding that Intaka has access to these readings sent to them via GPS; however the hospitals have insufficient records. I thus selected six (6) x hospitals where we were in possession of accurate and reliable month end meter readings, from both the hospitals and Intaka invoices The purpose thereof was to compare the hospital records to each of the Intaka invoices submitted for payment where they recorded the month end meter readings and for which Intaka received payment.

9.161 We performed the said analysis for the 6 hospitals and prepared a spreadsheet detailing the information from the said source documents. The spreadsheet consists of a number of columns as detailed and explained hereunder: **R1/1** **R1/2-13**

1) Column A: the name of the hospital.
2) Column B: the date the Oxyntaka plant was commissioned.
3) Column C: the flow meter reading as provided to PwC by the hospital.
4) Column D: the date the flow meter reading was provided to PwC by the hospital per column C.
5) Column E: the total usage kg's of oxygen obtained from the Intaka invoices, as calculated on the individual spreadsheets per hospital. **R1/2-13**
6) Column F: the rate per kg charged by Intaka per their invoices (inclusive of VAT).

7) Column G: the rate per kg charged by Intaka per their invoices (exclusive of VAT).
8) Column H: the total payments made to Intaka per their invoices and BAS records.
9) Column I : flow meter reading as provided to PwC by the hospital as recorded in column C and adjusted to take into account the additional days to the end of the month i.e. 30 November 2009 where necessary.
10) Column J: Prejudice (kg's) suffered by Department being the difference between the actual flow meter reading (column I) and the total usage kg's of oxygen obtained from the Intaka invoices (column E).
11) Column K: Prejudice (rands) suffered by the Department based on the number of kg's multiplied by rate per kg charged by Intaka per their invoice (inclusive of VAT) per column F.

9.162 The Department has been overcharged and suffered prejudice in the amount of R1,031,888.72 for the six hospitals subject to our analysis. This amounts to an overcharge of approximately 45% of the total amount paid to Intaka for the 6 hospitals (R2,288,069.17). **R1/1**

Cost of Back- Up

9.163 Similarly, based on the information and affidavits provided by various Departmental Officials already discussed in this report, the Bid Specification documents and the Agreement, it is apparent that the Department's Bid Specification document intention is to have in the provincial hospitals a unit to produce their own continues on-line oxygen and medical air, on site, ending regular oxygen and medical air purchases, due to the high cost of such mode of supply. In addition the Department envisaged having cylinders at these hospitals filled with Medical Oxygen from the Generating Units specified in the Bid. Intaka in their Bid listed the "Cost effective filling of cylinders for clinics" as one of the additional benefits of the Oxyntaka. At no stage in their Bid or the Agreement did Intaka state that their Bid and Unit excluded the Back-Up. It is therefore my submission that Intaka was responsible for the back- up and associated costs thereof. Both Westwood and the other Bidders we interviewed confirmed their Units in their Bids included a back-up and this was included in their

Bid price. This was also the view of Intaka's Oosthuizen as recorded in the Intaka records.

9.164 The Department only became aware of the back-up being in dispute after the tender was awarded to Intaka and after the Agreement had been signed. This was never resolved and as a result Intaka did not fulfil their obligation in terms of the Bid Specification document, their Bid and the Agreement entered into with the Department. The Department was forced to obtain a Back-Up system for each of the 23 hospitals commissioned to date from AFROX for the Departments expense.

9.165 We determined the date of Commissioning of each plant at each of the 23 hospitals from Westwood. He provided us with a letter dated 21 August 2009 addressed by him to the HOD, wherein he provided the date of commissioning for 14 hospitals in Phase 1 and 9 hospitals in Phase 2. Note that all the issues with the Intaka tender and contract are again referred to by Westwood in this letter, including who was responsible for the Oxygen passive backup. **R2/1-3**

9.166 We further had determined that AFROX provided the backup for all 23 hospitals in terms of their National Tender. We requested AFROX to provide us with the cost of back up supply for each of the 23 hospitals since the date of commissioning of each. AFROX provided us with a spreadsheet detailing the Cost of Back Up Supply at PSA Supplied Hospitals from the date of PSA Commissioning. It reflects payments amounting to R2,348,980 were made to AFROX. These costs should have been for Intaka's expense, however the Department has paid AFROX the full amount. I have not verified the accuracy of the AFROX calculation nor examined any supporting documents. **R2/4**

Summary of Findings

9.167 Detailed below is a summary of significant findings from the investigation conducted into the Oxyntaka Tender awarded to Intaka:

1) Intaka, an entity based in the Western Cape, received a tender awarded to them for the "On site manufacture and delivery of bulk medical air and oxygen for clinical use at Provincial Hospitals of the Department of Health, in KwaZulu-Natal".
2) The awarding of the tender was preceded by the compilation of a Bid Specification document. The Bid Specification document was prepared by Westwood of the KZN Department of Health Infrastructure Development component, who used a document prepared by the Western Cape, Department of Health as a starting point. He made the necessary changes to the document so that it was relevant to the KZN Department of Health. He prepared a similar document for Rietvlei Hospital, that resulted in the awarding of an order to Intaka for the provision of an Oxyntaka plant for the said hospital, that fell outside of the tender investigated by us. **K2** **J1**
3) A number of changes were made to the Bid Specification document prepared by Westwood. These changes were made as a result of collusion between Nyembezi and Savoi of Intaka, who manipulated the process in the interests of Intaka, whilst attempting to limit any other potential bidders. Hence, the Bid Specification document was changed based on correspondence between Savoi and Nyembezi, prior to the Tender being advertised. It is further evident that Savoi and Nyembezi had a "personal" relationship that extended beyond a client/ supplier relationship, to the detriment of the KZN Department of Health. This is evident in the various e-mails sent between them to Nyembezi's private e-mail address and not to her official e-mail address or that of her personal assistant Cheatle, the majority of which are after official working hours. I refer specifically to the following e-mails as examples: **K3,K4, K4A,N1, N1A,N2**
   i. 31 July 2006 at 07:39pm **I1/15-16**
   ii. 3 August 2006 at 01:15pm. **I1/17-18**
   iii. 8 August 2006 at 07:12pm. **I1/19-25**

iv.	10 August 2006 at 06:58pm.	**J2/5**
v.	15 August 2006 at 07:49pm.	**J2/2**
vi.	25 August 2006 at 05:09pm	**K4A/1-3**
vii.	30 August 2006 at 05:17pm.	**K4A/4-6**
viii.	17 October 2006 at 08:12pm.	**K4A/7-9**
ix.	26 October 2006 at 10:56am.	**K4A/10**
x.	27 November 2006 at 06:45pm.	**N1/1**
xi.	29 November 2006 at 12:02pm	**N2/1**

4) The final Bid Specification document was presented to the Departmental Bid Specification Committee on 30 November 2006. It was reported in the Bid for Ratification submission to the said meeting that some of the specifications were approved by the Head of Department for Rietvlei Hospital and Alexandre (who was employed as a Chief Engineer by the Western Cape Department of Health) was used as a technical advisor. The Bid for Ratification was approved by Nyembezi on 7 December 2006, shortly after her final personal communications with Intaka on 29 November 2006 relating to changes to the Bid Specification document, as detailed in 3), i. to xi. above. **K7** **K5-K6** **K6/2** **K7**

5) Intaka submitted their Bid on 13 February 2007 under signature of Praderi following the advertising of the Bid in December 2006 with a closing date of 15 February 2007. Intaka's Bid provided for a total bid price per kg of oxygen per hospital for 53 hospitals. They further confirmed that their bid complied with the specifications per the Bid Specification document. **K9** **K8** **K9/67-119** **K9/240+** **K9/189**

6) On 28 February 2007 Ntshangase sought authority from Nyembezi for the formation of a Technical Committee to evaluate the technical aspect of the Bid before submission to the Bid Evaluation Committee. Alexander employed at the Western Cape Department of Health at the time, was included in the said proposed committee, but was withdrawn based on the following note of Ntshangase: "*having discussed the composition of the committee with the HOD and she advised that C Alexandre should be withdrawn as he is now employed by one of the service providers of bulk oxygen and she was also going to get the name of the engineer in Western Cape who took over from him*". Alexandre had left the Western Cape Department of Health and joined Intaka. **K12** **K13**

7) Halvey of Technical Support Services Northern Cape Department of Health, who

took over from Alexandre did a presentation to the TEC meeting on 23 March 2007. The TEC recommended a full investigation into monthly consumptions of medical oxygen and authority for Halvey to be part of the investigation is obtained. **K14/1-4**

8) The Technical Committee comprising Westwood and Halvey did a presentation to the BEC meeting of 3 May 2007. It was resolved that amongst others that sites needed to be prepared and registered with MCC and Bidders need to supply certification that they are ISO 10083 compliant. The BEC recommended the bid be awarded to Intaka for all hospitals for 4 phases. **K15**

9) The BAC meeting of 9 May 2007 resolved the next meeting be aligned with Westwood's availability. The BAC meeting of 28 May 2007 did not accept the recommendation of the BEC to award the bid to Intaka and sought clarity on a number of issues including: Confirmation of compliance with ISO 10083; and clear reasons as to why companies were eliminated. Westwood also advised the BAC that he had determined that Oxygen is considered a registered medicine and must be registered with the MCC. **K16** **K17**

10) The BEC meeting of 29 May 2007 recommended the matter be referred to the Accounting Officer as the BEC was abiding by the decisions of the Technical Committee and decisions made by the BEC (of 3 May 2007). **K18**

11) The BAC meeting of 4 June 2007 was informed by Buthelezi that Ntshangase had submitted a letter that Intaka did comply with ISO 10083. The BAC approved the tender be awarded to Intaka subject to either the production of the ISO compliance certificate or the provision of a letter detailing the extent of compliance with ISO. **K19**

12) A Submission was thereafter prepared and submitted to the BAC on 25 June 2007, which was approved by Buthelezi on 26 June 2007 and validated by Nyembezi on the same day. In terms thereof it was recommended that the tender be awarded to Intaka who was "*the only bidder who fully complied with the specifications*". **K20**

13) Attached to the said Submission are annexures A to E. Annexure A signed by Ntshangase recommended the Tender be awarded to Intaka for 25 hospitals, subject to the drafting of a service level agreement which should address the issues raised by the BEC at their meeting held on 3 May 2007, discussed in 9) **K21** **K15**

above. Annexure B a Technical Report signed by Halvey, however Westwood informed us that he had disagreed with the content of the said report and that it was to be amended. There is no evidence that it was amended, and the same report was provided to the Appeals Tribunal. Annexure D details the costs per hospital for 53 hospitals. Intaka indicated that there would be no cost for 7 hospitals. The total cost for the 53 hospitals (including 7 at no cost) for 60 months based on estimated monthly kg's is R93,843,180. Annexure E includes a letter from Intaka arguing that the Bid called for the Oxygen enriched air to comply with the minimum oxygen concentration and purity as stated in ISO 10083, and that it does not require the equipment to be ISO 10083 compliant. This was one of the changes manipulated by Savoi and Nyembezi in the Bid Specification document previously discussed.

K22 **K28/64** **K24** **K25** **K4A/3**

14) The BAC however only approved the awarding of the tender at its meeting held on 27 June 2007, a day after Buthelezi had approved the Submission and it had been validated by Nyembezi. It was further recorded in the minutes that the concerns raised by Westwood at the BAC meeting (28 May 2007) had been addressed and resolved at the BEC meeting. There is no evidence of this. Reference was made to a meeting held on 22 June 2007, where the above matters were discussed and resolved. We determined that this was not an official BAC meeting on 22 June 2007 and no minutes were taken. Buthelezi and other members of the BAC were called to Ntshangase's office where informal discussions were held. This undermined the independence of both the BEC and BAC and is irregular. **K26**

15) The Appeal process was held on 20 August 2007 and was flawed as the Chairman of the Bids Appeal Tribunal and/or the other members of the BAT did not take into consideration a letter addressed to Mr M Francis, Chairperson of the BAT, dated 14 August 2007 from one of the appellants Myriad Medical. Some of the information provided by Mr Mthethwa of Treasury on behalf of the Department of Health at the hearing was false. The reasons for the appeal as disclosed in the said Myriad Medical letter coupled with Mthethwa's false information creates significant doubt about the findings of the Tribunal. Intaka also mislead at the hearing as they were aware of an investigation by the NPA into Intaka in November 2006. The BAT recommended the Minister reject the **K28-K29** **K29/40-46** **K29/47-57** **M4-M5** **K29/57**

Appeals and confirm the decision of the Department to award the tender to Intaka.

16) The Secretariat of the BAT falls under Provincial Treasury. The BAT sent their findings to Sipho Shabalala as Head of Provincial Treasury on 23 August 2007. Shabalala who like Nyembezi had a personal relationship with Savoi, which is evident based on e-mails sent to his personal e-mail addresses and the wording of the e-mails. On 24 August 2007 Shabalala sent a sms to Savoi "*Amigo hearing went very well. Expecting results early next week*". This was prior to Shabalala sending the findings of the BAT to the Minister and the Minister approving same on 30 August 2007. This is highly irregular, it reflects on the personal relationship between Savoi and Shabalala and the impartiality of Shabalala, to the detriment of the Department of Health and the 3 Appellants. Savoi in his affidavit dealt extensively with his communications with Shabalala, who he also alleged requested a donation for the ANC from him. **K29/58** **K29B/1-2** **K29/59** **E1**

17) Prior to an Agreement being entered into between the Department and Intaka, a number of issues arose that were not sufficiently dealt with or finalised, by both Nyembezi and Mbele:

   i. Concerns in respect of ISO 10083, SABS specifications and registration with the MCC raised by a group of Departmental Anaesthesiologists. **K30, K36**

   ii. Concerns in respect of MCC registration, Oxygen Peak Flow, a Passive back up system and ISO 10083 compliant, raised by the Departments Legal Services. **K34**

18) An Agreement was entered into between the Department and Intaka and signed on 13 December 2007 by Dr Mbele on behalf of the Department and Praderi of Intaka. There were a number of concerns with the Agreement compiled by Intaka and edited by Kantha Padayachee. She was uncomfortable with the Agreement and included the Bid Specification document and attached it as part of the Agreement. It cannot be determined with certainty who was placing pressure on Dr Mbele to sign the Agreement. She knows very little about the Agreement and was unable to remember or answer a number of questions put to her. Of significance is that the Bid Specification document Part B provided the bidders with "an average monthly consumption (kg)" for each hospital. However, the Agreement referred to "minimum usage", "minimum rental" and "proportional **K39**

rental", whilst the Schedule to Annexure B to the Agreement to be completed for each hospital consisted of one page only and was not completed reflecting relevant quantities and amounts, at the time the Agreement was signed. I have been provided with only one Schedule to Annexure B that has been signed by both parties to the Agreement, for Benedictine Hospital. This schedule has made provision for a "guaranteed minimum usage" per month. Further, the Bid Specification document was clear and unambiguous in so far as payment was determined, section 7.2 "*All payments shall be made to the contractor, monthly in arrears based on the amount of kilograms consumed*". **K41/4**

19) The wording of the Agreement is in conflict with the wording of the Bid Specification document in respect of the basis upon which the Department would be charged for the Oxygen. Clause 3,2 of the Agreement makes provision for such a circumstance in which case the Bid Specification document takes preference. **K39/3**

20) Peggy Nkonyeni was present at IALC Hospital on 13 December 2007 when the Agreement was signed. On 14 December 2007 she sent the following sms to Savoi: "*Doc! The contract was signed yesterday although your guys were not happy with maintenance and few other things buy they were cruched because of what was reflected in the bid document. Next time we'll have to be more careful and perhaps u need to cancel the donation since u r losing on maintenance, what do u suggest? Peggy*". It is evident that this is a personal message between Nkonyeni and Savoi. She was aware of the contract being signed, that Intaka was liable for the maintenance (due to the Bid Specification document including same) and that she was conspiring with Intaka going forward to the detriment of the Department for which she was the MEC. **K39A**

21) Subsequent to the signing of the Agreement and prior to implementation of the project and commissioning of the plants at the 25 hospitals approved by the BAC, a number of issues again arose with regard to Intaka's responsibility in terms of the Agreement and significantly the Bid Specification document that formed part of and was attached to the Agreement as previously indicated, as detailed below:

   i. The provision of a passive back-up system.
   ii. Legal compliance and registration with the Medical Control Council.
   iii. ISO 10083 compliance.

iv. The hospitals being informed by SCM of the cost implication of the provision of the oxygen from Intaka and who would be responsible for same.

v. The issues raised by the Anaesthetists who were concerned with the implications of non- compliance and patient safety.

22) Dr Mbele at a meeting held on 10 July 2008 advised that SCM look at the Department accessing the back up from the National Treasury Tender, despite the Departments Legal Services advice that the contract provides that Intaka should provide the back up. I am unable to determine the basis upon which Mbele made this decision and she was unable to provide me with an explanation. The issues of MCC registration and ISO 10083 compliance were never satisfactorily resolved according to my understanding. I have further not been able to determine the basis upon which the hospitals are approving payments to Intaka on a monthly basis, and what document they are relying on to confirm the amount to be paid as the Annexure B's have never been signed. **L7**

23) The other tenderers provided Bids that included provision for a passive back up in their price; I confirmed this with Insmed. Hence, their prices could not have been compared with Intaka's as Intaka's bid excluded back up and the Department had to incur additional costs in this regard after the back up was sourced via the National Treasury Tender. Additional costs for diesel for the generators were also incurred by the Department.

24) Mr Oosthuizen of Intaka commented on his understanding of the Agreement in a meeting at Intaka on 23 January 2008: Intaka has implied that their unit (plant) offered is ISO 10083 compliant (as opposed to their argument with the Department that only the purity of the oxygen is ISO 10083 compliant); that they will supply the whole entire system, primary, secondary and reserve supply; and to clause 18.4 of the Agreement namely that the lessor (Intaka) guarantees that the equipment will be supplied with a back up system, as provided in the bid specification document. Mr Oosthuizen again commented at an Intaka meeting on 30 January 2008 and confirmed that the machines are being installed with no back up. **M12** **M13**

25) The Department per the Bid Specification document agreed to pay for "actual quantity of oxygen", however Intaka invoiced the Department based on a

"guaranteed minimum usage" per month, or when the actual usage exceeded the guaranteed minimum usage they charged for actual usage. As a result the Department has been overcharged and suffered prejudice in the amount of R1,031,888.72 for 6 of the 23 hospitals commissioned to date, where we had reliable and accurate records. This amounts to an overcharge of approximately 45% of the total amount paid to Intaka for the 6 hospitals (R2,288,069.17). **R1/1**

26) The Department has paid AFROX R2,348,980 for the provision of back up from the date of commissioning of the 23 Oxyntaka plants commissioned by Intaka, during which time they also paid Intaka for the self- generating oxygen. The back up costs should have been for Intaka's account. **R2/4**

27) The collusive behaviour amongst Intaka (represented by Savoi) and Nyembezi has resulted in the Department approving and advertising a Bid document and entering into an Agreement that was manipulated from the outset and that will potentially cost the Department approximately R93,843,180 over a five year period. In addition the Department will incur additional costs for back up that would have been included in the price of the successful bidder if the Bid was not manipulated in favour of Intaka.

28) It would appear that Dr Nyembezi and Dr Mbele, by approving the engagement of Intaka to supply self generating oxygen units, contravened:

- The provisions of section 217 of the constitution of the Republic of South Africa Act 108 of 1996 in that:
  - They failed to follow a procurement system which is fair, equitable, transparent, competitive and cost effective.
- Section 38(1)(a)(b)(c) of the PFMA in that they failed to:
  - Maintain effective, efficient and transparent systems of financial risk management and internal control;
  - Implement an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;
  - Ensure that processes and procedures were in place for the effective, efficient, economical, and transparent use of the institution's resources; and

- Exercise reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure.

T S White
Director: Forensic Services
24 May 2010

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0677

8

COMMISSION OF INQUIRY INTO STATE CAPTURE

TSW 8

In the matter between:

THE STATE

And

GASTON SAVOI	ACCUSED 1
BUSISIWE MURIEL NYEMBEZI	ACCUSED 2
FERNANDO PRADERI	ACCUSED 3
DONALD KEITH MILLER	ACCUSED 4
RONALD JAMES GEDDES	ACCUSED 5
ANSANO ROMANI	ACCUSED 6
VICTOR NTSHANGASE	ACCUSED 7
INTAKA INVESTMENTS (PTY) LTD/ INTAKA TECH (PTY) LTD/ INTAKA HOLDINGS (PTY) LTD	ACCUSED 8

REPORT OF TREVOR SEAN WHITE

Dated	24 May 2010
Specialist field	Chartered Accountant and Forensic Auditor
On behalf of the Prosecution	The Director of Public Prosecutions
On the instruction of	The Department of Health KZN
Subject matter	Investigation conducted into the purchase of Water Purification Plants from Intaka Investments (Pty) Ltd

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

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COMMISSION OF INQUIRY INTO STATE CAPTURE

ABBREVIATIONS AND TERMINOLOGY

The following are abbreviations and terminology that have been used in this report:

Abbreviated name/ terminology	*Full name and/or description*
BAS	Basic Accounting System
Beatrice Shabalala	Beatrice Ntombenhle Otrina Shabalala
Biyela	Ndodo Biyela, Chief Financial Officer
Buthelezi/ CFO	ASS Buthelezi, ex- Chief Financial Officer
Cheatle	Samantha Cheatle (Foulkes), Personal Assistant to Dr Nyembezi
CSCM	Central Supply Chain Management
Don Miller	Donald Keith Miller, Imvusa Stainless
Dr Nyembezi	Dr BM Nyembezi, ex- Head of Department
Dr Sewlal	Dr A Sewlal, General Manager, Infrastructure Development
Grotto	Grotto Manufacturing (Pty) Ltd
HOCF	Head Office Controlled Fund
HOD	Head of Department
IALC Hospital	Inkosi Albert Luthuli Central Hospital
Imvusa	Imvusa Stainless CC
Intaka	Intaka Investments (Pty) Ltd, Intaka Tech (Pty) Ltd, Intaka Holdings (Pty) Ltd
Kantha Padayachee	Prenitha Kantha Padayachee, General Manager, Legal Service, DOH
Mkhwanazi	Lindelihle Henry Mkhwanazi, Rowmoor
Mthembu	Nozipho Mthembu, Manager, Human Resources Strategic Planning
Mulder	Tammy Crous, Senior Administrative Clerk, Corporate Governance

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

Abbreviated name/ terminology	*Full name and/or description*
Mvuyane	Linda Mvuyane, Office Administrator, Office of the CFO
Nkonyeni	Ms Peggy Nkonyeni, Ex- MEC KZN Department of Health
Ntshangase	VRM Ntshangase, General Manager, Budget and Supply Chain Management
Pandaram	Joelene Pandaram, Senior Administrative Clerk, Infrastructure Development
PA	Personal Assistant
PFMA	Public Finance Management Act, Act 1 of 1999
PMSC	Provincial Medical Supply Centre
Praderi	Fernando Praderi, Intaka
Prash Padayachee	Prasheeka Padayachee, General Manager, Corporate Governance, IGR and ISC
PwC	PricewaterhouseCoopers
Rabie	Ron Rabie, Imvusa Stainless
Romani	Ansano Romani, Imvusa Stainless
Ron Geddes	Ronald James Geddes, Westpro
Savoi	Dr Gaston Savoi, Intaka
SAPS	South African Police Services
SCM	Supply Chain Management
SCM Delegations	Department of Health, Interim Supply Chain Management Delegations
Sipho Shabalala	Sipho Shabalala, ex- Head Provincial Treasury and husband of Beatrice Shabalala
Skyros	Skyros Properties (Pty) Ltd
Skyros Medical	Skyros Medical Supplies (Pty) Ltd

Abbreviated name/ terminology	***Full name and/or description***
The Department/ DOH	KwaZulu-Natal Department of Health
Tony Gerrans	Tony Gerrans, Grotto
van der Merwe	Gerhardus van der Merwe, ex- Manager, Infrastructure Development
WD Khanyile	WD Khanyile, Manager, Environmental Health
Westpro	Westpro Fluid Handling Systems (Pty) Ltd
Xulu	Lindie Xulu. Administrative Clerk, Infrastructure Development
Zondo	Andile Zondo, Manager, Central Supply Chain Management

COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

A. AUTHOR'S DETAILS

1.000 Name

1.001 Trevor Sean White.

2.000 Personal details

2.001 I am a male with identity number 6611245014087, 43 years old. I am a director of PricewaterhouseCoopers Advisory Services (Pty) Ltd, 102 Stephen Dlamini Road, Berea, Durban with telephone number (031) 2712000.

3.000 Experience and qualifications

3.001 I joined Price Waterhouse in 1989, and was admitted as a director of PricewaterhouseCoopers on 1 July 1998, following the merger of Price Waterhouse and Coopers and Lybrand. I am presently the director in charge of the Risk Advisory Services department, which incorporates the Forensic Investigations Department of PricewaterhouseCoopers in KwaZulu-Natal.

3.002 I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the South African High Court and the Regional Court and in the Lesotho High Court. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration ("CCMA") and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree and Post Graduate Diploma in Accountancy from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of the Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing,

reviewing and verifying financial information and accounting records. I have also chaired three investigative Commissions of Enquiry into Fraud and Corruption in Swaziland.

B. . MANDATE AND ISSUES TO BE INVESTIGATED

4.000 Appointment

4.001 The terms of our appointment are detailed in our agreement which was signed by Dr YL Mbele (**Dr Mbele**), Acting Head of Department, the KwaZulu- Natal Department of Health (**the Department**), on 20 May 2009. Our mandate was further extended as detailed in our agreement which was signed by Mr N. Biyela (**Biyela**), Chief Financial Officer, of the said Department on 9 February 2010.

4.002 The following represents the General Procedures performed:

1. Requested and received Basic Accounting System (**BAS**) reports for Intaka who received orders for the supply of Water Purification Systems and Oxyntaka Plants and were paid by the Department.

2. Obtained supporting payment vouchers.

3. In respect of the tender and/or other procurement procedures followed and where applicable obtained:
   - the bid specification document; the bid document; compulsory briefing/ site meeting documents; all tenders submitted; minutes of the Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee; and any objections raised;
   - Request for quotations, copies of quotations, minutes of Committee meetings referred to above and letter of award.

4. Interviewed the following officials and obtained affidavits where necessary:

chairman and members of the bid specification, evaluation and adjudication committees; Head/ Manager of Infrastructure Development; Head Legal Services; Manager Supply Chain Management; the HOD's secretary; the former CFO; Doctors/ Anaesthetist's who had objections to the self- generating oxygen; and Hospital Managers.

5. Determined whether any person involved in the procurement process irregularly manipulated the specifications to favour Intaka

6. Visited and/or requested additional documentation and information from hospitals where the water purification systems and Oxyntaka plants had been commissioned.

7. Interviewed third parties who objected to the tender process and obtain affidavits and supporting documents where necessary and applicable

8. Analysed and compared the Bid Specification document in respect of the Oxyntaka plants to the Agreement entered into between the Department and Intaka.

9. Calculated the difference in the price as envisaged and detailed in the Bid Specification document and Intaka's subsequent proposal, to their invoices submitted to the Department for payment and for which Intaka received payment.

10. Accompanied the SAPS investigating officer to Cape Town and reviewed the 156 lever arch files of documents seized from Intaka.

11. Reviewed the electronic data copied by the SAPS from computers seized from Intaka.

12. Examined bank accounts subpoenaed by the SAPS.

13. Assisted the SAPS investigating officer with interviewing any official or any

person related to any official from the Department of Health, or any other third party that may have been involved in any irregular conduct or who received any irregular payments, including suppliers who submitted quotations and bids.

4.003. I am not required to and did not undertake an audit in terms of the International Standards on Auditing. The scope of my work was limited to a review of the documentary evidence made available to me and enquiries undertaken to address issues identified in the execution of the investigation undertaken. I have not verified the authenticity or validity of the records and documents provided to me, unless otherwise stated.

4.004 This report has been prepared solely for use in the criminal matter registered with SAPS by the Department, Pietermaritzburg Cas 626/01/2010. It may also with the prior written consent of the Director of Public Prosecutions be used in any civil or disciplinary proceedings that the Department may wish to initiate. It may not be suitable for any other purpose and it should not be used, reproduced or circulated for any other purpose without my prior written consent. It should be a condition of such consent, if given, that PricewaterhouseCoopers and myself accept no responsibility to that third party and that such third party will hold PricewaterhouseCoopers and myself harmless in respect of any consequences of such disclosure. Whether or not I have given consent, PricewaterhouseCoopers and myself will not accept liability or responsibility to any other party who may gain access to this report.

4.005 I have included information relevant to the investigation and related circumstances but cannot conclude on the completeness of such information as the possibility exists that not all-relevant information and documentation was made available to me. Any documentation or information brought to my attention subsequent to the date of this report, which will affect the findings detailed herein, will require my findings to be adjusted and qualified accordingly.

4.006 This report contains hearsay evidence based on interviews conducted with individuals. I deem the aforementioned evidence to be appropriate to sketch the full picture of the allegations raised.

5.000 Background

5.001 The Department received a complaint from the Public Service Commission (**PSC**) Call Centre regarding allegations of tender and procurement irregularities for which undue payments are allegedly made and other financial irregularities by Mr ASS Buthelezi, Chief Financial Officer (**the CFO/ Buthelezi**) of the Department. The Department requested PricewaterhouseCoopers (**PwC**) to conduct a forensic investigation into all such allegations of tender and procurement irregularities, any allegations of undue payment and other related financial irregularities which may have been allegedly committed by the CFO for the period of his employment at the Department.

5.002 During the course of this investigation we received information and it was alleged that Intaka Investments (Pty) Ltd (**Intaka**) had received an order for the supply of water purification systems to the Department and that a corrupt payment was made to an official. We investigated this matter relying solely on the documentation in possession of the Department and interviews and information obtained from officials of the Department. At this stage we were informed that Intaka was the subject of a criminal investigation and when we attempted to interview an employee of Intaka we were advised by their Legal Advisor that we were required to address all correspondence through him. Hence, we did not have access to Intaka's records or their employees who may have been involved in the provision of the water purification systems (plants). We were subsequently informed that the SAPS had conducted a search of Intaka's premises and had seized documentation. We initially did not have access to these records.

5.003 Following the said investigation we issued our report dated 30 November 2009, that included the investigation and findings at that date in respect of the supply of water purification systems to the Department by Intaka.

5.004 We were thereafter on 9 February 2010 mandated to extend our forensic investigation into the awarding of a contract for Oxyntaka self- generating oxygen plants to Intaka and to assist the SAPS with the review of the documents and

computers seized from Intaka.

6.000 Issues addressed in my investigation

6.001 This report focuses on the order awarded to Intaka for 2 x water purification plants by the KZN Department of Health at Rietvlei and Appelsbosch Hospitals. The tender awarded to Intaka for the supply of Oxyntaka plants for 52 hospitals within the Province will be covered in a separate report.

002 The report further summarises the Procurement Procedures followed during the awarding of the order in question, where these have been contravened and where collusion has been taken place between Departmental Officials, suppliers and other third parties.

C. BASIS OF INVESTIGATION

7.000 Execution of fieldwork and gathering of information

7.001 Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this report, however, where an opinion is expressed in this report it is my own opinion.

8.000 Sources documents

8.001 The information dealt with in this report was obtained from the sources listed below:

i) Supporting tender and procurement documentation handed to us by the Department.
ii) Kreditinform Enquiries.
iii) BAS reports.
iv) Persal reports.
v) Department of Health, Interim Supply Chain Management Delegations, February 2006.

vi) KwaZulu- Natal Provincial Treasury Practice Notes.
vii) Interviews conducted with Management and staff at the Department.
viii) Information received from third parties.
ix) Interviews conducted with third parties.
x) Documents seized by the SAPS from Intaka.
xi) Bank records subpoenaed by the SAPS.

D. DETAILED PROCEDURES AND FINDINGS

.000 The detailed procedures and my key findings are addressed below for the purchase of two (2) x Water Purification Systems by the Department from Intaka.

Procurement Policy and Procedures

9.001 I deem it necessary to provide a brief description of the prescribed procurement and payment procedures within the Department before proceeding further.

KwaZulu- Natal Provincial Treasury: Delegations Framework: Practice Note Number : SCM- 02 of 2006 dated 9 February 2006 **A1**

9.002 I wish to briefly refer to this practice note and specifically the delegation policy and Urgent and Emergency Cases.

9.003 1. <u>Delegation Policy</u>:

1.1. With due consideration of predetermined financial limits, the general standing powers are delegated in order to expedite the process to procure goods and services, the acquisition or disposal of movable and immovable property and granting of rights. These powers, as set out herein, are delegated to bid committees and departmental officials in accordance with Treasury Regulations 16A promulgated in terms of the Public Finance Management Act, 1999.

1.2. These powers are granted subject to the provisions of any other Act of

Parliament, as amended from time to time. Armaments may therefore not be acquired in terms of these delegated powers.

1.3. Delegated powers contained herein must be applied strictly in accordance with the preference points system for a decision or finalisation.

1.4. Where any doubt exists with regard to the interpretation or application of any power or condition, the Accounting Officer must be approached through the normal service channels for a decision or finalisation.

1.5. The delegations set out below serve as a guideline to assist departments in compiling their own departmental delegations. In the interest of efficient and effective acquisitioning, departments are to formally issue their own set of delegations.

9.004 *Bid Committee refers to provincial department's bid specification, bid evaluation and bid adjudication committees as defined* further in the document.

9.005 Urgent and Emergency Cases are defined as:

"Cases are defined as urgent or emergency cases when the following criteria have been met:-

- *The duration of invitation of bids would have a material impact on service delivery/ community/ public i.e. early delivery is of crucial importance;*
- *Resulted from natural disaster i.e. beyond human control; and*
- *Immediate action is required to avoid a dangerous or life threatening situation, misery or want.*

Poor planning is not a justifiable cause of an emergency or urgent situation. Written motivation must be provided, detailing the reason/s as to why procurement must be done under circumstances of urgency or emergency".

9.006 Abbreviations:

BSC: Bid Specification Committee.

BEC: Bid Evaluation Committee.

BAC: Bid Adjudication Committee.

HOD: Head of Department.

Treasury Regulation 16A Supply Chain Management

9.007 I wish to briefly refer to this document as it preceded the previous document "KwaZulu- Natal Provincial Treasury: Delegations Framework: Practice Note Number: SCM- 02 of 2006 dated 9 February 2006" that was issued in consequence of Treasury Regulation 16A Supply Chain Management. **A2**

9.008 *"Institution" is defined as a department, constitutional institution or public entity listed in Schedule 3A and 3C of the Act.*

9.009 *This framework applies to all:*

a) Departments;

b) Constitutional institutions; and

c) Public entities listed in Schedules 3A and 3C of the Act

9.010 *The accounting officer or accounting authority of an institution to which these regulations apply must develop and implement an effective and efficient supply chain management system in his or her institution for:*

a) The acquisition of goods and services; and

b) The disposal and letting of state assets, including the disposal of goods no longer required.

9.011 *The accounting officer or accounting authority must establish a separate supply chain management unit within the office of that institution's chief financial officer, to implement the institution's supply chain management system.*

Department of Health, Province of KwaZulu- Natal, Interim Supply Chain Management Delegations, dated February 2006 **A3**

9.012 Detailed below is a summary of applicable and relevant sections of the Department of Health, Province of KwaZulu- Natal, Interim Supply Chain Management Delegations (**SCM Delegations**), dated February 2006, as it relates to this investigation.

9.013 *The Public Finance Management Act, 1999 (**PFMA**), Act 1 of 1999 as amended by Act 29 of 1999, was approved by National Parliament, "to regulate financial management in the National Government and Provincial Governments, to ensure all revenue, expenditure, assets and liabilities of those Governments are managed efficiently and effectively and to provide for the responsibilities of persons entrusted with financial management in those Governments".* **A3/4**

9.014 *In terms of Section 76(4)(c) of the Act "the National Treasury may make regulations or issue instructions applicable to all institutions to which this Act applies, concerning the determining of a framework for an appropriate supply chain management system which is fair, equitable, transparent, competitive and cost- effective". However, according to section 38(1)(a)(iii) of the Act it is the responsibility of the "accounting officer/ authority of a department, trading entity or constitutional institution to have and maintain an appropriate procurement and supply system which is fair, equitable, transparent, competitive and cost effective".* **A3/4**

9.015 *Where applicable, Provincial Treasury must set complementary standards within the parameters as set by National Government. These standards may not jeopardise national objectives. A provincial treasury must also submit to the National Treasury such SCM information as National Treasury may require.* **A3/4**

9.016 *Within this context, Provincial Treasury issued this practice note to provide guidance and support to Provincial departments in the implementation of supply chain management* **A3/4**

9.017 *The implementation of Supply Chain Management from **1 February 2006** brings* **A3/4**

about fundamental changes in the procurement process in government. The objective of this is to create a more efficient and effective system of procurement, and to vest full procurement authority and accountability in the Accounting Officer of the Department. To this end, various levels of authority have been clearly distinguished in this document to ensure a clear understanding and to facilitate decision making by the Accounting Officer.

9.018 *With due consideration of predetermined financial limits, the general standing powers are delegated in order to expedite the process to procure goods and services, the acquisition or disposal of moveable and immovable property and the granting of rights. These powers, as set out herein, are delegated to bid committees and departmental officials in accordance with the Regulations in terms of the Public Finance Management Act, 1999: Framework for Supply Chain Management* (**SCM**). **A3/4**

9.019 A Bid is defined as: "*a written or verbal offer which may be in a prescribed or stipulated form, in response to an invitation by a department or Parliament for the provision of goods or services, based on the delegated limits for bids*". **A3/5**

9.020 A Quotation is defined as: "*a written offer, by a supplier which is not necessarily subject to the general conditions and procedures contained in the KZN SCM Standard Bid Document and which is invited and dealt with in a manner appropriate to the particular circumstances, but in adherence to the primary objectives contemplated in the SCM Policy Framework*". **A3/5**

9.021 For purposes of this report I wish to refer to level 1, level 2 and level 3 delegations, Urgent and Emergency Cases and Exemptions only of the SCM Delegations for the Department.

<u>Level One R0.01 to R1,500.00 inclusive of VAT. All responsibilities within Department of Health involved in the Procurement of Goods and Services conditions/ control measures applicable to level one contracts</u> **A3/8**

9.022 For this level it is not mandatory for Responsibilities to invite bids by utilizing the

prescribed bid form. However, it is the responsibility of the Systems Manager to prove that the procurement was carried out in the most cost effective manner. The practice of a minimum of three bids must be encouraged. A report of all purchases must be submitted to the Responsible Financial Officer who must monitor the procurement inter alia ensure that orders are not split to keep within the levels of delegation and to ensure that the purchases are made in a fair and equitable manner.

1. Up to an estimated value of R1,500 inclusive of VAT, per consolidated requirement, bids are invited for the procurement of supplies or services, the hiring or letting of anything.
2. Telephonic bids may be obtained and the successful bidder must be confirmed by fax and/ or in writing.
   The Control Register (catalogue number **23 18701**) must be completed.
   Award the prices in the best interest of the Department.
3. The levels of authority referred to in the table contained on page 7 of the Interim SCM Delegations apply to the occupational class SCM Practitioners or equivalent posts.

Level Two R1,500.01 to R200,000 including VAT, All responsibilities within Department of Health involved in the Procurement of Goods and Services conditions/ control measures applicable to level two contracts **A3/9**

9.023 A report of all purchases must be submitted to the Responsible Financial Officer who must monitor the procurement inter alia ensure that orders are not split to keep within the levels of delegation and to ensure that the purchases are made in a fair and equitable manner.

1. Up to an estimated value of R200,000 including VAT, per consolidated requirement, written bids are invited for the procurement of supplies or services, the hiring or letting of anything. If the estimated value (VAT included) exceeds the delegated limits, the SCM Unit must be approached with a request to invite bids. It may happen that all the bids received exceed the delegated limit. In such cases motivation and the recommendations of the Bid Evaluation Committee must be forwarded to the Department of Health Bid Adjudication Committee regarding the

adjudication.

2. Written bids must be invited based on a requisition approved within the applicable financial delegations.
3. The prescribed price bid form must be used when inviting price bids.
4. Invitations to bid must be advertised for a minimum period of 5 working days.
5. The Control Register (catalogue number **23 18701**) must be completed.
6. Manner in which price bids must be received and dealt with:

9.024 6.1 R1,500.01 to R30,000.00

i) Invitations must be advertised on a notice board designated for bids at a security point that is not close to the Supply Chain Management Office and/or strategic areas that are accessible to the targeted group. In addition to the adverts on the notice board companies who have expressed an interest in quoting (mailing list retained by Acquisition Section) for certain items, must be invited to bid.

ii) Bids must be in writing. Faxes will be accepted.

iii) The given closing time and date must be strictly observed.

iv) All price bids (from fax machine and bid box) must be assembled and sorted at the appointed time on the appointed day by a responsible official, specially detailed in the presence of at least one other official similarly detailed.

v) A locked box marked "Bids" or "Quotations" must be provided in which price bids may be deposited by the bidder. In order to facilitate the lodging of price bids, all such boxes must be sited in an area easily accessible to all interested parties e.g. the reception area of an institution/ district office/ clinic/ office. The bid box must be fitted with two locks, with each lock having a key of a different pattern. One key is to be held by the Responsible Financial Officer or his/ her nominee and the other by the Systems Manager. Both officials must be present whenever the box is opened. Any duplicate keys supplied with the locks must be placed in sealed envelopes and held in safe custody by an officer specially nominated for the purpose. Such officer must be someone other than those who are in possession of the original keys.

vi) Each price bid and annexure thereto must be numbered in sequence from the first to the last. The price page(s) must be dated and initiated by at least two

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officials in charge of the bid opening.

vii) Procurement of goods and services must be in line with the Procurement Plan of the Institution/ Program.

viii) A supply/ service may not be sub- divided in order to bring estimated value within the delegated limit.

9.025 <u>6.2 R30,000.01 to R200,000</u>

i) Bids must be advertised/ published in the Provincial Gazette and/or local newspapers.

ii) Each price bid must be submitted by bidders in a sealed envelope that reflects the bidder's name, address, the bid number and the closing time and date of the bid.

iii) The given closing time and date must be strictly observed.

iv) A locked box marked "Bids" or "Quotations" must be provided in which price bids may be deposited by the bidder. In order to facilitate the lodging of price bids, all such boxes must be sited in an area easily accessible to all interested parties e.g. the reception area of an institution/ district office/ clinic/ office. The bid box must be fitted with two locks, with each lock having a key of a different pattern. One key is to be held by the Responsible Financial Officer or his/ her nominee and the other by the Systems Manager. Both officials must be present whenever the box is opened. Any duplicate keys supplied with the locks must be placed in sealed envelopes and held in safe custody by an officer specially nominated for the purpose. Such officer must be someone other than those who are in possession of the original keys.

v) Price bids must be opened by a responsible official, especially detailed in the presence of at least one other official similarly detailed. The price page must be initiated and stamped by at least two officials in charge of opening tenders.

vi) Price bids must be opened and sorted at the appointed time on the appointed day. Each price bid and annexure thereto must be numbered in sequence from the first to the last. The price page(s) must be dated and initialled by at least two officials in charge of the bid opening.

7. No negotiation of prices.
8. No telephonic price bids. All price bids invited and received must be in writing. Bidders may fax their price bids.
9. Queries to the bidder must be in writing and the bidder must reply in writing.
10. If one bid is received the price must be certified to be fair and reasonable and held on file for audit purposes.
11. If the commodity is such that only one supplier is available in the market (sole supplier), for example patented product, written motivation must be placed on file for audit purposes for the following:
    a) Why less than three bids were invited/ why the invitation of bids should be dispensed with;
    b) What the implications would be should the invitation of bids be insisted upon;
    c) Who the previous supplier was, when the transaction took place and what price;
    d) Description, value and age of the compliance and/or remaining equipment.
12. Reasons for cancelling a bid must be tabled before the institution/ district
13. Cancellations may occur where:
    - No offer is received.
    - The items are no longer required.
    - There are errors in the price bid invitation documents.
    - The price bid is certified as being exorbitant.
14. Reasons for the extension of the validity period why it was necessary to extend the bidding period must be furnished to the Responsible Financial Officer and in his/her absence, the Systems Manager.
15. Contracts shall only be awarded to suppliers registered on the Provincial Suppliers Database.
16. The responsible Financial Manager and in his/ her absence the Systems Manager must report to the Head Office SCM Directorate Unit in terms of the reporting requirements.
17. Price Bids must be accepted before the expiry of the validity period by means of an order written out to the successful bidder. Faxed orders to the successful business are permissible. The original can be hand delivered/ collected or posted.
18. The award must be advertised in the same media used for the invitation.

19. A supply may not be purposely sub-divided in order to bring estimated value within the delegated limit.
20. Procurement of goods and services must be in line with the strategic plan of the Institution/ Program.
21. Information on the award bids/ quotations in a prescribed format must be forwarded to the Supply Chain Management Unit (Head Office) within 10 days of the end of the month.
22. Where only one offer is received it may accepted, provided it complies with the specification and that the prices are proved to be and are certified as fair and reasonable. Proof of reasonableness must be determined in the following sequence:
    - 22.1 Industry must be reviewed and only market related prices must be used as a benchmark.
    - 22.2 Comparison with prices, after discounts, to his other normal clients and the relative discount that the Province enjoys.
    - 22.3 Where this is not possible, profit before tax, based on a full statement of relevant costs; and
    - 22.4 In all cases, comparison with previous bid prices where these are available.
23. The levels of authority referred to in the table contained on page 10 of the Interim SCM Delegations apply to the occupational class SCM Practitioners or equivalent posts.

9.026 <u>Level Three exceeding R200,000.01 Head Office: Directorate SCM Unit, Procurement of Goods and Services, Conditions/Control Measures applicable to level three contracts</u> **A3/13**

1. For values exceeding R200,000.01 per case, bids are invited for the procurement of supplies or services, the hiring or letting of property, the acquisition or granting of any right by the Head-Office Supply Chain Management Unit.
2. Particulars of the requirement must be advertised in the Provincial Gazette and/or local newspapers. Bids close at the address indicated in the document.
3. Consideration and acceptance of bids will at all times be in accordance with the

policy and directives of the SCM Unit and must be strictly adhered to.

4. Bids submitted after the relevant closing date and time in respect of bid invitations will not be accepted.
5. Bids will only be called for, based on a requisition approved within the applicable financial delegation and in line with the strategic plan.
6. The stipulated monetary limit per consolidated requirement must be taken into account before bids are invited.
7. When it is not feasible to follow the standard procurement procedure for every individual requirement, contracts may be arranged for the supply over a period that may not exceed three years (to promote competition), provided that it is proven to be cost- effective, competitive and fair to arrange a period contract.
8. The period must however not be shortened in order to bring the requirement with the delegated financial limit. A requirement that exists for different branches of the Department must be combined as a case.
9. Bid conditions not previously used must also be submitted to the Department's Legal Services and Department of Health Bid Award Committee beforehand, for consideration and recommendation.
10. Bids must be invited in writing. Space must be provided for the insertion, where applicable, of the price, delivery basis, delivery period and percentage bid price preference for local content.
11. The closing time and date, the validity period and the address to which the bids must be sent, must be clearly indicated in the invitation.
12. Notices of bid invitations must be forwarded to the relevant local Contractors Organisations when building and related bids are invited.
13. The given closing date and time must be strictly observed. Where extension of the closing date is requested and considered appropriate, there must be sufficient time to give written notice to all prospective bidders.
14. In the case of an advertised bid invitation, the bid closing date may be postponed only if the postponed dated can be advertised in the Provincial Government Gazette and relevant local newspapers.
15. Bids must be opened in public as soon as possible after the closing time, but not later than the close of business on the closing date, and the names of the bidders must be read out, including the bid process, except where the number of items or

the complexity of the bid make it impractical.

16. Where only one offer is received, it may be accepted; provided it complies with the specification and that the prices are proved to be and are certified as fair and reasonable. Proof of reasonableness must be determined in the following sequence:
    - 16.1 Industry must be reviewed and only market related prices must be used as a benchmark;
    - 16.2 Comparison with prices, after discounts, to his other normal clients and the relative discount that the Province enjoys;
    - 16.3 In all cases, comparison with previous bid prices where these are available.
17. Proof of reasonableness of prices where only one bid is received, must be available for audit purposes.
18. Bids must be duly scheduled and brought to a comparative basis and submitted (by the Bid Evaluation Committee) together with a motivated recommendation to the Bid Award Committee for consideration.
19. The Act makes specific provision for written reasons to be supplied to bidders, by the Department of Health Bid Adjudication Committee, or delegates, for non-acceptance of their offers. It is thus essential that decisions are taken and recorded in such a way that this requirement is complied with.
20. Bids must be accepted, before expiry of validity, by means of a letter of acceptance. If this is not possible, extension of validity must be requested timeously from the relevant bidders. If a bid cannot be finalised within the validity period, the letter of acceptance or order must be held in abeyance until such time as the extension is confirmed in writing.
21. Internal Bid Committees, in all their proceedings, must comply with the directives and procedures issued by the Directorate SCM Unit. Minutes must be taken of all the decisions of the Bid Adjudication Committees and the signature of the Chairperson of the Committee must confirm these minutes. The resolutions of the Bid Adjudication Committee with regard to bids with a value greater than R500,000 per case will only be valid if validated by the Head of Department
22. Where further documentation is signed by all parties concerned as an agreement in addition to the letter of acceptance, it is defined as a formal contract. Formal contracts are concluded only where this is stated as a requirement in the bid

document.

23. The written acceptance of an offer constitutes a legal and binding contract if no appeals are lodged. This may be by letter or the placing of an order.
24. The Department's Chief Directorate Legal Services approval of the draft formal contract is required prior to the signing thereof.
25. Contracts must be awarded to suppliers registered on the Provincial Suppliers Database and with SARS valid original tax Clearance Certificate.
26. All reporting requirements must be complied with.
27. The award of the contract must be advertised in the Provincial Gazette and/or local newspapers.
28. The levels referred to hereunder apply to the occupational class Supply Chain Management or equivalent posts.

9.027 <u>Urgent and Emergency Cases</u> **A3/23**

1. Urgent and Emergency Cases

Cases are defined as urgent or emergency cases when the following criteria have been met:

i) Resulted from natural disaster i.e. beyond human control; and
ii) Immediate action is required to avoid a dangerous or life threatening situation, misery or want.

2. Bids may only be called for, based on a requisition approved within the applicable financial delegations.
3. Where practical, at least three quotations must be invited. The relevant parties must confirm their offers in writing as a soon as possible.
4. The reasons for the urgency or emergency and the losses or consequences that will follow if the action was not taken, must be certified at least at Manager Level and placed on record for audit purposes.
5. Where only one bid is received and accepted, and taking the circumstances into account, all reasonable steps must be taken to ensure that a fair (market related) price is obtained.
6. In these instances service/ supply need not be advertised in the Provincial

Gazette.

7. Companies must be registered on the Provincial Suppliers Database.
8. Contracts for offers from the threshold of R200,000.00 will only be awarded to bids/ quotations that are accompanies by a valid tax clearance certificate.

9.028 Exemptions **A3/28**

Exemptions delegations are dealt with in the table contained on page 27 of the Interim SCM Delegations.

1. Where a bid is invited from a sole agent or supplier, provision must be made in the bid documents for the inclusion of particulars in order to determine the reasonableness of the price(s). Sole supplier bids may be accepted; provided it complies with the specification and that the prices are proved to be and are certified as fair and reasonable. Proof of reasonableness must be determined in the following sequences:
   1.1. Comparison with prices, after discounts, to other clients and the relative discount that the Province enjoys;
   1.2. Where this is not possible, profit before tax, based on a full statement of relevant costs; and
   1.3. In all cases, comparison with previous bid prices where these are available.
2. Proof of reasonableness of prices where only one bid is received, must be available for audit purposes.
3. SCM allows for negotiation with preferred bidders.

THE PURCHASE OF WATER PURIFICATION SYSTEMS FROM INTAKA INVESTMENTS (PTY) LTD

9.029 It was alleged that Intaka Investments (Pty) Ltd (**Intaka**) had received an order for the supply of water purification systems to the Department and that a corrupt payment was made to an official.

9.030 I determined that Intaka received an order in the amount of R9,960,000 on 30 November 2006 via order number N0734192, for the supply of two (2) x Water Purification Systems from the Department, for Rietvlei and Appelsbosch Hospitals at R4,980,000 per system. In terms of the official order Intaka's address is recorded as PO Box 30080, Tokai, Cape Town. The official who compiled the order and whose name is also recorded under the "enquiries to" column is Miss Lindie Xulu. **B1/1**

9.031 I further determined the following payments were made to Intaka against the said order number N0734192:

	Invoice #	Invoice date	Invoice amount (R)	Payment date	Payment amount (R)	
1	254	18/12/2006	4,780,000	12/01/2007	4,780,000	B1/2-3
2	311	16/02/2007	4,780,000	26/02/2007	4,780,000	B1/4-5
3	347	22/03/2007	200,000	29/05/2007	200,000	B1/6-7
4	348	22/03/2007	200,000	21/06/2007	200,000	B1/8-9
			9,960,000		9,960,000	

9.032 I determined the following upon examination of the Intaka paid invoices:

1) All four invoices are addressed to the KwaZulu- Natal Department of Health, Private Box/ Bag X9051, Pietermaritzburg, 3200, Mr Harry van der Merwe. **B1/2,4,6,8**
2) The 1st payment is for 1 x Wataka Unit Model 025, less transport, installation and commissioning. **B1/2**
3) The 2nd is for 1 x Wataka HWT 025, (no mention of the transport, installation and commissioning cost). **B1/4**
4) The 3rd payment is for transport, installation and commissioning of Wataka at Appelsbosch. **B1/6**

5) The 4th payment is for transport, installation and commissioning of Wataka at Rietvlei. **B1/8**

Background into obtaining all relevant documentation from the Department and from the SAPS

9.033 The aforementioned documents were provided to PwC through the Departments Internal Audit and Risk Management Component. We then requested all procurement documentation that preceded the awarding of the order to Intaka e.g. the specifications; tender document; tender award; and Service Level Agreement. I assumed at this stage that the order awarded to Intaka was done in terms of SCM Delegations: Level 3, Procurement of Goods and Services exceeding R200,000.01. **A3/13-14**

9.034 We initially interviewed the CFO on 8 July 2009, where our mandate was explained to him and we requested all relevant documentation from him, including the documents for the Intaka order under investigation. We did not receive any documents relevant to Intaka from him. On 1 August 2009 he was seconded/ transferred to Provincial Treasury (until end March 2010 in terms of his explanation to us). The new CFO Mr N Biyela then advised us that we must go directly to the Departments/ Officials within the Department in order to obtain whatever information and documentation we required. We had determined that the order in question was compiled by Miss Lindie Xulu and hence this was our first "port of call". We further ascertained that she was employed within the Department's Infrastructure Development Component.

9.035 We then proceeded to obtain various documentation from the following sources, conducted interviews with officials and obtained affidavits where necessary; that will be referred to later in this report:

1) Development Infrastructure Component;
2) Legal Services;
3) Central Supply Chain Management;
4) The Office of the HOD Dr BM Nyembezi at the time (2006/2007);

5) Environmental Health.
6) SAPS seized from Intaka in Cape Town;
7) Documents subpoenaed by the SAPS.
8) Documents requested from various hospitals that had received water purification and/or Oxyntaka plants.

9.036 We received a number of documents from the said sources and compiled a comprehensive list. In order to obtain a clear understanding of the sequence of events in terms of the documents. I deem it necessary to briefly refer to each document and the relevant content of each. All documents discussed hereunder were obtained from the Department's records unless otherwise stated:

1) Rietvlei Hospital Infection Control Committee: Report on Contaminated Water (17/05/2006) **B2**

9.037 The opening paragraph of this report contains the following: "*The quality of drinking water at Rietvlei Hospital has been a source of great concern to this committee for quite some time. This report will outline events regarding the water supply from November 2005 until May 2006*". The remainder of the report details the said events.

9.038 "*On 11/05/2006 a sample of tap water was taken from the main hospital kitchen. The results arrived on 16/05/2006 and showed that the total coliform count was 2419 per 100 ml (maximum allowed: 5 cfu/100 ml). The E-Coli type 1 count was 13 cfu/100 ml (maximum allowed: 0cfu/ 100 ml). The remarks on this report are as follows: This water is faecal contaminated and therefore not potable*". **B2/4**

9.039 The report is concluded as follows: "*The situation at Rietvlei Hospital is dire. The quality of water is extremely distressing, but despite repeated letters and reports to hospital management the ICC has seen no improvement in the water quality since November 2005. In fact, the quality of water supply seems to have worsened. This situation places patients, visitors and staff at risk and can not be allowed to continue*" It is signed and dated 18/05/2006. **B2/5**

9.040 Hence, based on the above report the quality of water at Rietvlei appeared to have been a problem for 7 months from November 2005 to May 2006, and there was a potential risk to all users.

2) KZN Health Memorandum dated 14 August 2006 **B3**

9.041 The said Memorandum from Dr SSS Buthelezi, General Manager, Western Area Operations to Mr DN Nkosi, Chief Operating Officer is titled: "*Contaminated Water at Rietvlei Hospital*", and an index number is recorded as "*1524/06*". It reads as follows: "*The Chief Operating Officer is requested to forward the attached report to the MEC as requested telephonically by the MEC*". We were not provided with the attached report, and it is unclear whether the writer is referring to the previous report discussed above and dated 17/05/2006, or another report **B2**

3) A report from the Sowetan dated Friday 22 September 2006 **B4**

9.042 A copy of a report "*Muddy Water Not On*" from the Sowetan dated Friday 22 September 2006, that refers to dirty drinking water at Appelsbosch Hospital. The article is concluded as follows: "*Leon Mbangwa, spokesman for the KwaZulu- Natal health department, said the department had not heard about the hospital's plight. 'As the department of health, it is not our mandate to deliver water services. But we will contact the appropriate stakeholder. We do not want to see the patients drinking dirty water*".

4) KZN Health Memorandum dated 29 September 2006 **B5**

9.043 The said Memorandum from Mr WD Khanyile (**WD Khanyile**), Manager, Environmental Health to Dr Nyembezi is titled: "*Situation of Water Supply at Appelsbosch and other rural hospitals*". It commences as follows: "*the on-site inspections of water supplies at the hospitals of the Provincial Department of Health have been carried out to identify actual and potential sources of contamination*". "*Periodic surveys of water supply to the hospitals of the Provincial Department of Health are conducted to monitor and assess the microbiological safety status of the*

water supplies".

9.044 The writer then discusses microbiologically polluted water and faecal coliforms. He also states that the overall concept adopted for microbiological quality is that no water intended for human consumption shall contain faecal coliform (Escherichia Coli or E. Coli) in any 100 ml sample. He then lists the results of the survey per hospital. Of significance is that the results reflect Appelsbosch contained no Coliform Organisms or Faecal E Coliforms. This report is dated one week after the Sowetan Article of 22 September 2006. **B5/2**

5) KZN Health Memorandum dated 6 October 2006 **B6**

9.045 The said Memorandum from Mr VRM Ntshangase (**Ntshangase**), General Manager: Budget and Supply Chain Management to Dr BM Nyembezi, Head of Department is titled: "*Contaminated Water at Rietvlei & Appelsbosch Hospitals: Request for Exemption from SCM Procedures and Process: SCM Delegation 701*" and an index number is recorded as "*Memo 313*".

9.046 The entire body of the Memorandum is relevant:

"*A report received from Integrated Health Services Cluster and an article from the Sowetan dated 22nd September 2006 attached hereto has reference.*
The contaminated water at the abovementioned institutions imposes a health risk hazard to the Hospital employees, patients and visitors at the hospitals. The quality of drinking water at the hospitals has been a source of great concern.

Three quotations were invited by the Supply Chain Management Unit with the intention to deal with this matter urgently as this is a health threatening situation.

Approval to nominate the lowest bidder, namely Messrs Intaka Investments at a total cost of R9,960,000 including VAT and no hidden costs, is kindly sought in terms of Supply Chain Management Interim Delegation 701. All the copies of the stakeholders are attached for your attention".

9.047 The Memorandum is signed by Ntshangase; recommended by Buthelezi and approved by Dr Nyembezi. The date/s of recommendation and approval has not been recorded, and thus assumed to be 6 October 2006, being the date of the Memorandum.

9.048 The Memorandum makes no reference to the memorandum of Mr WD Khanyile dated 29 September 2006 where Appelsbosch was cleared of contaminated water. It is unclear from the above how Ntshangase became involved in the issue of alleged contaminated water at the hospitals in question, as no previous correspondence or reports were addressed to him and there is no instruction on files provided to us for him to invite quotations. Further, the Appelsbosch water matter was now a Department of Health issue, contrary to the statement alleged to be made by Leon Mbangwa as reported in the Sowetan newspaper article. More significantly, it is unclear what the specifications were for the water purification system (not specifically referred to in the memorandum) that was quoted on and where the budget for the purchase would come from. **B5**

6) Three (3) x quotations referred to in the Memorandum dated 6 October 2006

9.049 Attached to the previous memorandum discussed and dated 6 October 2006 are three quotations as detailed below:

1. Intaka Investments (Pty) Ltd

9.050 A hard copy of an e-mail addressed to Samantha Foulkes from Alicia Marcos (amarcos@skyros.co.za) dated 2 October 2006, subject: "*Water Purification System*", states: "*please see enclosure*". The writer recorded her details and that she was "*PA to Dr Savoi*". Attached to the e-mail is a hard copy of a letter on an Intaka letterhead that I have interpreted to be the "enclosure" referred to in the e-mail. The letter is dated 2nd October 2006 and is addressed to the Head of Department, Department of Health, KwaZulu- Natal, attention Ms Samantha Cheatle (also known as Samantha Foulkes), PA to Dr BM Nyembezi, Head of Department. It also contains the e-mail **B7/1** **B7/2-3**

address of Samantha Foulkes. Intaka's address is recorded as PO Box 30080, Tokweni, 7966 which is in Cape Town.

9.051 The letter is titled: "*Re: Water Purification System*". It commences "attending to your kind request of 26th September and after the visit of our Director of the Technical and Industrial area to the sites and evaluating the needs, hereby we submit our proposal as follows". I will not comment on the entire letter/ quotation at this point as this will be referred to after referring to each of the 3 quotations, other than the price being R4,980,000 per unit and additional costs for "*ingredients per one year of supply through our BEE partner in KZN at R39,900 p/month, including VAT*".

9.052 The letter is signed off by Alicia Marcos that is a further indication that the letter was attached to the e-mail of the same date (2 October 2006). The writer refers to a request from the HOD dated 26 September (2006), however we have not been provided with such a request. This also contradicts Ntshangase's Memorandum of 6 October 2006, where he stated that "*Three quotations were invited by the Supply Chain Management Unit*". Hence, it was unclear who requested the quotation from Intaka and significantly what the specifications were for the water purification system.

2. Imvusa Stainless

9.053 A letter on an Imvusa Stainless (**Imvusa**) letterhead dated 2nd October 2006 is addressed to Dr BM Nyembezi, Head of Department, Department of Health, KZN. Imvusa's address is recorded as PO Box 156, Blackheath, 7581, hence they are also in the Western Cape. **B8/1-2**

9.054 The letter is titled: "*Request for Quotation: Water Purification System for Appelsbosch and Rietvlei Hospitals*". It commences "*we thank you for your enquiry and following our site visit of the Hospitals in question we offer our water purification plant to provide 40m3 per hour of potable water supplied by nearby river and/or dam*". They have quoted a price of R5,802,000 per unit. The letter is signed by Don Miller.

3. Westpro Fluid Handling Systems (Pty) Ltd

9.055 A letter on a Westpro Fluid Handling Systems (Pty) Ltd (**Westpro**) letterhead dated 29th September 2006 is addressed to Department of Health, KZN, att: Ms Samantha Cheatle. Westpro's address is recorded as PO Box 6484, Parow East, 7501, hence they are also in the Western Cape. **B9/1-2**

9.056 The letter is titled: *"Re: Water Purification Plant"*. It commences "*with reference to your valued enquiry we take pleasure to submitting our offer for the manufacture and deliver of water purification plants for the listed hospitals: 1. Appelsbosch Hospital, 2. Rietvlei Hospital*". They have quoted a price of R6,210,000 per unit. The letter is signed by Ron Geddes.

Summary of information provided in each of the quotations

9.057 We prepared a spreadsheet listing the information provided in the three quotations in question. The spreadsheet consists of a number of columns and is self- explanatory; the following key findings were identified in terms thereof: **B10**

1) All 3 "suppliers" addressed their "quotation" to Dr Nyembezi and/or her PA.
2) All 3 "suppliers" referred to a request/ enquiry of Dr Nyembezi and/or her PA. This is contrary to Ntshangase's Memorandum dated 6 October 2006 wherein he stated Supply Chain Management invited the quotes.
3) There is no reference to any form of prescribed specifications and whether each of the 3 "suppliers" quoted on the same specifications and a similar end product.
4) Intaka's price included all relevant costs e.g. freight, connection, installation and commissioning, whilst Imvusa and Westpro's quotations excluded certain costs that were included by Intaka.
5) Intaka referred to additional costs for "*ingredients for the operation of the units will be quoted per 1 year supply through our BEE partner in KZN at R39,000 per month, including VAT*". It cannot be determined whether this would be a condition of the agreement between Intaka and the Department, if their quotation for the supply of the water purification systems was successful. Further, the type of the

ingredients required has not been disclosed and there is no indication why Imvusa and Westpro did not refer to ingredients and the price thereof.

6) The fact that all 3 entities came from the Western Cape also appeared suspicious to me, since it was reasonable to expect that suppliers of water purification systems could also be found in KZN. This is particularly relevant when the approved submission (Memorandum dated 6 October 2006) refers to SCM Delegation 701, being Urgent and Emergency cases; that there is a vast distance to transport the systems to KZN; and the remote areas in KZN where these systems had to be supplied and commissioned.

7) KZN Health letter dated 9 October 2006 **B11**

9.058 A letter on a Department of Health letterhead dated 9 October 2006 was addressed to Intaka, for the attention of Dr Caston Savoi (**Savoi**), from Central Supply Chain Management. The enquiries official is recorded as Mr VRM Ntshangase, whilst the letter is signed for Head of Department, KwaZulu- Natal Department of Health. The subject matter is: "*Water Purification System for Rietvlei and Appelsbosch Hospitals*".

9.059 The writer has informed Savoi: "*I have pleasure in advising you that the Department has awarded the above- mentioned quotation to your organisation at a total cost of R9,960,000 including VAT*". The letter is copied to the Auditor General and Mr N Nkosi, the COO advising him: "*you may proceed with placing the order*".

8) Letter of Intaka dated 10 October 2006 and fax cover dated 11 October 2006 **B12**

9.060 A letter on an Intaka letterhead dated 10 October 2006 from Savoi to Dr Nyembezi acknowledging receipt of the letter of award dated 9 October 2006. He concludes that Intaka will be waiting for the official order from the COO to start pertinent procedures. The said letter was faxed to Ntshangase (033- 3943324) on 11 October 2006 by Intaka. **B12/1** **B12/2**

9) KZN Health Memorandum dated 11 October 2006 **B13**

9.061 The said Memorandum dated 11 October 2006 from Mrs PK Padayachee (**Kantha Padayachee**), Acting General Manager, Legal Services to Ntshangase is titled: "*Water Purification System for Rietvlei & Appelsbosch Hospitals*".

9.062 The entire body of the Memorandum is relevant and I do not deem it necessary to repeat same, but to emphasise the following issues raised by the writer:

1. No instruction to Legal Services to draft a service level agreement.
2. Detailed information pertaining to the award is required.
3. A suggestion for the development of a project plan and a responsible person.
4. Uncertainty as to whether the system is going to be purchased or leased.
5. A total breakdown of the cost structure was required and clarity on the ingredients and BEE partner.
6. They required specifications relating to the quotation and any further information that may assist in drafting the agreement.

10) KZN Health Memorandum dated 12 October 2006 **B14**

9.063 The said Memorandum dated 12 October 2006 is a reply from Ntshangase to Kantha Padayachee and is titled: "*Service Level Agreement: Water Purification*". The letter is signed for Mr VRM Ntshangase: General Manager: Budget and Supply Chain Management, whilst his e-mail address has also been provided on the document.

9.064 The reply is vague particularly in so far as: the specifications that were quoted on; detailed information in respect of the award; full details of the system to be supplied; and the ingredients and BEE partner. However, Ntshangase has repeated that "*quotations were requested by Demand Section and received on the 29 September 2006. Three quotations were received*".

11) KZN Health Memorandum dated 13 October 2006 **B15**

9.065 The said Memorandum dated 13 October 2006 from Kantha Padayachee to Ntshangase is titled: "*Water Purification System for Rietvlei & Appelsbosch Hospitals*. She refers to his reply dated 12 October 2006 and once more has raised pertinent issues that were not addressed, and particularly in view of the fact that the Auditor General had been copied on the matter. I do not deem it necessary to repeat same as the entire content is relevant and self- explanatory. She has concluded: "*Kindly assist our offices urgently as we would need to give input to the Head of Department, who has requested that this matter be attended to urgently*". Hence, it is apparent that the HOD wanted the matter to be attended to urgently. The memorandum was also copied to Mrs N Mthembu, Manager: Targeted Enterprises. At this stage I was uncertain what role this person played in the matter, and this will be dealt with later in this report.

12) KZN Health Memorandum dated 17 October 2006 **B16**

9.066 The said Memorandum dated 17 October 2006 from Kantha Padayachee to Ntshangase is titled: "*Water Purification System for Rietvlei & Appelsbosch Hospitals*". She refers to their memorandum dated 13 October 2006 (it is apparent that Ntshangase did not reply to the said memorandum), and at the request of the Head of Department, she liaised telephonically with Savoi of Intaka. She has raised pertinent points once more and has requested Ntshangase's urgent input. She further refers to the fact that no document was supplied for Appelsbosch hospital other than the newspaper article, and that the submission to the HOD was for both Appelsbosch and Rietvlei hospitals. It is evident to me that Legal Services had problems with the entire process and the memorandum was a means of recording this. The memorandum was faxed to Dr Nyembezi by Ntshangase on 18 October 2006 (5 x page fax) , together with a similar memorandum dated 16 October 2006 from Kantha Padayachee to Ntshangase which although titled: "*Water Purification System for Rietvlei & Appelsbosch Hospitals*", this has been crossed out and the word "*Oxygen*" written (this appears to be for the purchase of Oxygen). It appeared to me that Kantha Padayachee again, based on the content of this memorandum, was

B16/1-2

B16/3

B16/4-5

ensuring that it was clear that the responsibility for the process was initiated and driven by Ntshangase and Dr Nyembezi.

13) Undated and unsigned draft Agreement between the Department and Intaka **B17**

9.067 We were provided with this document by Legal Services who compiled it during the period Legal Services were sending Ntshangase memorandums requesting information as detailed in the documents referred to in sub-paragraphs 9) to 12) above. It has not been signed or dated. For the record the agreement refers to the supply of two x Wataka HWT-1-25 transportable water purification units to Rietvlei and Appelsbosch hospitals in the amount of R4,980,000 per unit including vat. No reference is made to the Ingredients or the BEE partner. I understand that this draft agreement was never signed.

14) KZN Health Memorandum dated 19 October 2006 **B18**

9.068 The said Memorandum dated 19 October 2006 from WD Khanyile to Dr Nyembezi is titled: "*Microbiological quality of Water Supply at the Hospitals and Clinics in the Province*". The writer refers to his memorandum dated 29 September 2006 and a further progress report as detailed in the memorandum in question dated 19 October 2006. **B5** **B18**

9.069 WD Khanyile then reports on and lists the results of the microbiological quality of water supply for the health care facilities in the Province as confirmed by the laboratory analysis. Neither Rietvlei nor Appelsbosch were reported on in the said memorandum. I wish to point out that we received a copy of this report from both WD Khanyile's office and from the file retained by Dr Nyembezi's office. In the latter copy all cases where Organisms or Faecal E s were an issue have been highlighted; this will become significant when discussing the document at annexure B19 below. The conclusion of WD Khanyile makes no reference to Rietvlei or Appelsbosch Hospitals, water purification systems or Intaka. Appelsbosch had already been reported on in the earlier report dated 29 September 2006, as previously discussed in paragraph **B5/2**

6.047 and the water contained no Coliform Organisms or Faecal E Coliforms. I am unable to determine whether the Rietvlei water results had been tested but were outstanding at 19th October 2006, the date the 2nd report was issued.

15) Undated and unsigned KZN Health report **B19**

9.070 Contained in the file retained by Dr Nyembezi's office are two copies of an undated and unsigned KZN Health report. There is no indication of the identity of the author. The one copy contains a cover titled "*Microbiological Quality of Water Supply at the Hospitals and Clinics in the Province of KwaZulu- Natal*" and a ten page report, whilst the other copy has no cover. The document commences: "*Purpose: the purpose of this document is to provide a Business Plan to the Department of Water Affairs and Forestry to elicit funding assistance to deal with the poor quality of the water in some of our health facilities*".

9.071 The report also contains an introduction and background, The report contains "*Motivation for the request of assistance with Water Purification*" section. I will refer to certain parts thereof only: "*In August/ September 2006 we were faced with water quality problems at both Appelsbosch and Rietvlei Hospitals which needed urgent action. Quotations were sought for the procurement of water purification plants. The Wataka purification plant was the preferred solution and procured for both hospitals. When we received the results of the surveys for all the health facilities in the province in September and October 2006 we approached the Provincial Department of Local Government and Traditional Affairs for assistance. We subsequently learnt that they had also procured Wataka water purification plants for some of the municipalities. The Head of Department of Local Government and Traditional Affairs has been very supportive in seeking assistance to alleviate the poor quality water problem and has approached the Department of Water Affairs and Forestry who we understand are in a position of providing some financial assistance. The current provincial status of the health facilities with poor water quality as per September/ October 2006 survey is reflected below. We have prioritised these into phases 1 and 2 according to the severity of the problem*". **B19/3**

9.072 The writer then lists the status in a table commencing at page 3 and ending at page 9. The content of the table consists of the information where an issue has been highlighted, relating to Organisms or Faecal E s, contained in the report of by WD Khanyile dated 19 October 2006 located in the file at Dr Nyembezi's office only. The said report of WD Khanyile was addressed to the Dr Nyembezi only. In addition the undated report under discussion was only located in the file located at Dr Nyembezi's office. This would indicate the author was within Dr Nyembezi's office. WD Khanyile informed us that it was the first time he had seen the undated report when we showed him it on 27 October 2009 and was not aware of the author. **B19/4** **B18**

9.073 The content of the "*Recommendation*" and "*Cost Implication*" on page 10 further indicates the document in question emanates from Dr Nyembezi's office: **B19/11**

Recommendation

"Seeing that Local Government and Traditional Affairs already have an existing tender for the purchase of the purification plants, we would request them to procure these for us from funds from DWAF. We have engaged the supplier and agreed that we would focus mainly on clinics so we would cover a number of facilities with the funds available".

Cost Implication

"After negotiations with the supplier based on the social need of the exercise he has agreed to reduce the price from R1.95 million per Wataka inclusive of VAT and provide six (6) Watakas for clinics at a cost of R1.5 million each inclusive of VAT which will come to R9 million.

In addition for 1 million inclusive of VAT the supplier will for all six:

- *Handle the freight from the Western Cape to the clinics;*
- *Provide a crane to transfer the equipment from the truck to the site;*
- *Prepare a concrete slab to place the equipment;*
- *Install and commission;*

- *Provide chemicals for one month- the monthly cost of chemicals is R20,000 but we hope to negotiate a lower price going forward between R17,000 and R18,000.*

The total cost of procuring and installing 6 water purifiers would therefore come to R10 million".

9.074 A copy of the abovementioned proposal was attached to a letter from Nyembezi to the Department of Local Government and Traditional Affairs (refer para 9.099). Of concern however, is that the writer has not included the costs for Rietvlei and Appelsbosch Hospitals: R4,980,000 per unit and additional costs for ingredients R39,900 p/month, as opposed to R1,950,000 reduced to R1,500,000 per unit, and R20,000, reduced to between R17,000 and R18,000 per month for chemicals, nor explained why the prices for Rietvlei and Appelsbosch were more than double the "negotiated" price". The above cost implication reflects 6 Watakas can be purchased for R10,000,000; whilst the Department paid R9,960,000 for 2 Watakas. It is however recognised that these are HWT015's and the previous two purchased were HWT25's, but even so the price difference is excessive. **B33/2**

16) KZN Department of Works letter dated 23 October 2006 **B20**

9.075 The said letter dated 23 October 2006 from KZN Department of Works addressed to Dr Nyembezi is titled: "*Appelsbosch Hospital: Water Purification System*". The writer refers to "*Your query of today regarding the problems being experienced by the seemingly reluctance of our Departmental representatives assistance refers*". **B20/1**

9.076 The entire document is self explanatory, but repeated hereunder as it is relevant:

"The Department of Works is responsible for the supply of potable water to various institutions within the Appelsbosch community of which the hospital is one. The Department of Works is at present in the process of handling the water and sewerage systems over to the local municipality. The Municipality has indicated the required changes that needed to be done to ensure that the potable water supplied to

the various users is up to standards as laid down by the Department of Water Affairs. A consultant team was appointed by the Department of Works to carry out the necessary designs and implement the required changes.

This Department has engaged the services of a Contractor who will be on site on Thursday, 26th October 2006, to replace the reservoir which feeds the hospital complex. This will rectify the poor quality water supply.

With the appointment of the consultant/ contractor by the Department of Health, the Department of Works was not part of the initial brief and it has been ascertained that neither was the Department of Health's Facilities Management staff of this institution. It is now apparent the Central Procurement Stores component of the Department of Health has appointed the team of consultants from Cape Town to intervene in the water issue. After making telephonic queries with the firm it is apparent that they want to cut into the existing system and make changes to our system which can not be accepted as no input nor mandate has been obtained from this department.

This Department will however communicate with the Dept of Health's appointed consultant and arrange for a site meeting tomorrow, 24th October 2006, to thoroughly investigate this matter".

.077 I do not believe the above needs any further explanation, but to emphasise the lack of any form of input from the Department of Works responsible for water supply, and the unilateral decision to award an order in the amount of R9,960,000 prior to any meaningful planning or dialogue. Of significance and I have highlighted this above, is that the replacement of the Reservoir would rectify their poor quality water supply according to the Department of Works. The said letter followed a report dated 20 October 2006 sent by the CEO of Appelsbosch Hospital to the District Manager, copied to Dr Nyembezi, who faxed it to KZN Works on 23 October 2003. The CEO reported on the problems experienced between the Department of Works and Intaka that needs no further explanation. Following this there was further correspondence between the Department of Works and Intaka that was reported to Dr Nyembezi by Intaka, and between Appelsbosch and Dr Nyembezi on 24 October 2006. I do not

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B20/4-8

believe this requires any explanation.

9.078 Contained in the file at Dr Nyembezi's office is various correspondence between the parties now involved in the process during the period 26 October 2006 to 22 November 2006, attached for ease of reference. I wish to point out however that Ntshangase represented the Department at site meetings at Appelsbosch, where technical issues were being discussed. I question his knowledge of water purification systems, and his presence as a Department official instead of an expert from the Departments Infrastructure Development section for example. **B21**

17) KZN Department of Health Memorandum dated 22 November 2006 **B22**

9.079 The said Memorandum dated 22 November 2006 from Mrs A Zondo (**Zondo**), Central Supply Chain Management to Mr G van der Merwe (**van der Merwe**), Manager: Infrastructure Development is titled: "*ZNB 5575/2006-H: Water Purification System for Rietvlei & Appelsbosch Hospitals: Issuing of order*". The following is recorded in the Memorandum: "*Your discussion on 22nd November 2006 with Mr ASS Buthelezi (Chief Financial Officer) on the offer mentioned contracts have reference. You are kindly requested to issue orders as these services are now urgently required; Attached hereto for your attention are the letters of acceptance issued to the successful bid. Your co-operation is highly appreciated*". The 2nd letter was for the manufacture and supply of bulk medical oxygen and medical air for Rietvlei hospital (ZNB 5575/2006-H). **B22/1** **B22/2** **B22/3**

9.080 The Memorandum and attachments were received by Roger Burn (**Burn**) of Infrastructure Development on the same day. The following handwritten endorsement has been made thereon on 23 November 2006: " *Gerrie* (we would later determine this was made by Burns and addressed to van der Merwe) *for your directive please. These projects are completely new to me and as such are <u>not</u> funded. It is unclear also as to whether the necessary financial approval was obtained. As the Prg 8 budget has been reduced significantly (without consultation), there are no funds to implement. Note also water* (illegible) @ *Appelsbosch*". It is evident that Infrastructure Development only became involved in the process when the official order had to be **B22/4**

issued to Intaka.

18) KZN Health Memorandum dated 27 November 2006 **B23**

9.081 The said Memorandum dated 27 November 2006 from Dr A Sewlal (**Dr Sewlal**), General Manager, Infrastructure Development to Buthelezi is titled: "*Appelsbosch Hospital: Water Purification Plant, Rietvlei Hospital: Water Purification Plant & Bulk Oxygen/ Medical Air*. The writer has raised a number of issues regarding the funding for the project and a request for an additional R9,960,000. He has also requested the relevant contract document, in order to ensure compliance with specification and adherence to Provincial norms and standards. Similar concerns were raised by Legal Services as previously discussed in October 2006, but were not addressed in terms of documentation provided to us. The writer appears to be Burn as his e-mail address is furnished in the enquiry section and the handwritten endorsement is similar to the handwriting appearing on annexure B22/4, and later confirmed by van der Merwe: "*this letter was drafted in response to a meeting between myself* (Burn), *Dr Sewlal and Mr vd Merwe. Matter discussed again with Dr Sewlal 30/11/2006- I have advised that there are not funds for this project- He advised me to continue + he would sort it out. NB: Issue of upfront payment also discussed- advised to ignore*". **B23/1**

19) KZN Health Memorandum dated 29 November 2006 **B24**

9.082 The said Memorandum dated 27 November 2006 from Dr Nyembezi to Dr Sewlal is titled: "*Water Purification system for Rietvlei and Appelsbosch Hospitals*":

"*Dear Dr Sewlal as I am concerned about the quality of water at our Institutions in general and that of Rietvlei and Appelsbosch in specific, I have requested Supply Chain Management to call for a Tender for the installation of Water Purification Systems at both of the hospitals.*

The attached Tender documentation in favour of Intaka Investments (Pty) Ltd refers.

Authority is hereby granted to incur expenditure in terms of Delegation 0201 to the

value of R9,960,000 for the purchase of the Water Purification Systems for Rietvlei and Appelsbosch Hospitals.

Please issue the order for the service to be rendered".

9.083 The above would indicate Dr Nyembezi replied to the Memorandum addressed to Buthelezi by Dr Sewlal on 27 November 2006, annexure B23 refers. Further, there is no evidence of a "*call for a tender*"- the fact is three vague quotations were received without any specifications being provided and received by Ntshangase (according to his own Memorandum), but received by Dr Nyembezi according to the quotations themselves, recommended by Buthelezi without confirming that the required budget was available and approved by Dr Nyembezi. This was done without any consultation with Infrastructure Development.

20) KZN Health Memorandum dated 29 November 2006 **B25**

9.084 The said Memorandum dated 29 November 2006 from Dr Nyembezi to van der Merwe is titled: "*Appelsbosch and Rietvlei Hospitals":* **B25/1**

"Dear Mr van der Merwe, reference is made to our telephonic discussions this morning, as well as the attached correspondence received from Intaka Investments.

Kindly attend to these matters urgently and submit a progress report to my office by Thursday, 30th November 2006.

Your urgent assistance in this matter would be appreciated".

9.085 Attached is a fax cover and letter from Intaka dated 28th November 2006. The letter is addressed to Dr Nyembezi and details the progress at the 2 hospitals. Van der Merwe replied to Dr Nyembezi on the same day, whilst Dr Nyembezi also replied to Intaka. The continued involvement with a supplier by Dr Nyembezi is unusual and why she did not simply delegate responsibility to van der Merwe or some other appropriate person. **B25/2-3** **B25/4** **B25/5**

21) KZN Health letter dated 30 November 2006 **B26**

9.086 The said letter dated 30 November 2006 from Burn, KZN Department of Health addressed to Intaka is titled: "*Department of health: ZNB 7670/2006- H (Project No. - A0761) Rietvlei & Appelsbosch Hospitals- Water Purification System*". This is self-explanatory- at this stage official order N0734192 was issued to Intaka, previously discussed in this report. **B1/1**

22) E-mail from van der Merwe to Buthelezi dated 11 December 2006 **B27**

9.087 On 11 December 2006 van der Merwe sent an e-mail to Buthelezi titled: Wataka Rietvlei/ Appelsbosch Invoice 50%. The sender also attached Intaka invoice number 251 dated 12 December 2006 in the amount of R4,980,000.01 for 2 x Wataka HWT 025 units. The payment terms are reflected as: "*COD, 50% deposit as per agreement of sale order 26- Customer Order No. 0734192*". **B27/1** **B27/2**

9.088 On 11 December 2006 KZN Health letter from Dr Nyembezi to Intaka advised them that Government does not pay for goods in advance. Intaka's quotation dated 2nd October 2006 included a payment of 50% by electronic transfer against the signature of the agreement and 50% against delivery. Their quotation was accepted per the Department's letter of award to them dated 9 October 2006. This reflects on the overall poor management of the entire procurement process and the disregard for same. No formal contract was entered into between the 2 parties; however the letter of award constitutes a "legal and binding contract", in terms of the Interim Delegations. **B27/3** **B7/3** **B11** **A3/14**

9.089 Intaka replied the following day 12 December 2006, that they proceeded with the conditions stated in their proposal and confirmed through the awarding letter- as I pointed out in the previous paragraph. However, Intaka agreed to pass a credit note and only invoice the Department upon delivery and then installation. **B27/4-5**

23) KZN Health letters dated 15 December 2006 **B28**

9.090 The said letters dated 15 December 2006 from the office of the HOD requesting the Hospital Managers of Rietvlei and Appelsbosch to advise the HOD as soon as delivery and installation of the water purification systems has been completed satisfactorily, in order for payment to be made. **B28/1-2**

9.091 On 18 December 2006 the Acting Hospital Manager of Rietvlei Hospital sent a letter to Intaka, confirming delivery of the water purification system on 15 December 2006, and awaited the installation thereof. On 20 December 2006 Adriaan Laubscher, the Financial Manager of Skyros Properties (Pty) Ltd (**Skyros**), (an entity linked to Savoi and to be discussed later in this report) sent an e-mail to van der Merwe, attaching an Intaka invoice for a Wataka 025 delivered to Rietvlei Hospital on 15 December 2006 and requesting payment details. **B28/3** **B28/4**

9.092 On 28 December 2006, Jolene Pandaram (employed within Infrastructure Development) replied to the above-mentioned e-mail from Skyros and requested the original invoice number 254 in order for her office to effect payment. **B28/5-6**

24) KZN Health letter dated 18 January 2007 **B29**

9.093 The said letter dated 18 January 2007 is addressed to Mr DSD Shabalala, Head of Department, Provincial Treasury from Dr Nyembezi, titled "*Survey on quality of water at Health Facilities*". The writer has summarised the events from September 2006 to 18 January 2007 and has requested Provincial Treasury assist the Department with funding.

25) KZN Health letter dated 22 January 2007 **B30**

9.094 The said letter dated 22 January 2007 from Dr Nyembezi to Savoi is titled: "*Appelsbosch Hospital*" and reads as follows: "*Further to our discussions regarding the delays in the installation of the Wataka Water Purifier at Appelsbosch Hospital, it is my understanding that representatives from Health, Works and Intaka met at*

Appelsbosch on 28 September 2006 and decided on where the plant should be installed. Please proceed with the installation as agreed at that meeting".

26) Intaka delivery note number 11 (undated) and other relevant documents relating to delivery, commissioning and workings of the water purification plants/ systems **B31**

9.095 On 16 February 2007 NP Dladla, Hospital Manager of Rietvlei Hospital acknowledged receipt of 1 x Wataka HWT 025. On 1 March 2007 Intaka sent a letter on Dr Nyembezi advising her of the status of the Wataka HWT 025 for Rietvlei and Appelsbosch. On 23 March 2007 Intaka sent a letter to Dr Nyembezi advising her that the installation and commissioning was complete. On 27 March 2007 NB Mlindazwe of Rietvlei confirmed that the equipment and goods have been properly installed and is in good working order. On 30 March 2007 NP Dladla of Rietvlei advised Lindie Xulu (Infrastructure Development, who were responsible for payments to Intaka), advising of problems encountered with the water purification system. On 10 April 2007 Dr Nyembezi sent a letter to van der Merwe, attached the Intaka letter dated 23 March 2007 and informed him to process payment. On 19 April 2007 Lindie Xulu sent a letter to Appelsbosch requesting the status as to whether the water purification system has been completed satisfactorily, in order for her office to process payment. On 24 April 2007 NP Dladla of Appelsbosch confirmed that the system has been completed satisfactorily. On 14 May 2007 Rietvlei Hospital sent a letter to Lindi (Xulu) advising her that the cylinder head of the compressor on the water purification system had cracked on Monday 7 (May 2007) after "*Wantaka*" increased the revs. The compressor was then changed, however the job is not yet complete as the pipe for the polyfar that was broken was not yet replaced. In addition the operational manual was still not submitted to their Artisan for continuity of care. There is no further documentation on file in so far as it relates to the problem experienced at Rietvlei Hospital with the system. Final payments were then made to Intaka as previously discussed in paragraph 9.031 of this report on 29 May 2007 and 21 June 2007 for Appelsbosch and Rietvlei Hospitals respectively.

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B1/6-9

27) Additional documents on file at Dr Nyembezi's office

9.096 I wish to briefly refer to additional documentation located in the file maintained at Dr Nyembezi's office:

9.097 On 19 April 2007 Dr Nyembezi was requested to attend a meeting with the Ministry of Water Affairs and Forestry at the request of the African National Congress (ANC) on 20 April 2007 to discuss water provision in the Province. Dr Nyembezi on 20 April 2007 requested W Khanyile attend the meeting on behalf of the Department as she would only be able to join the meeting later. A letter to the ANC of the same date however states that Mr J Maniram would attend the meeting in question. I have no further documentation as to what transpired at the meeting. **B32/1** **B32/2** **B32/3** **B32/4**

9.098 On 3 May 2007 Dr Nyembezi sent a letter to the Ms G Gumbi- Masilela, Head of Department, Department of Local Government and Traditional Affairs. It is titled Wataka HWT015 and reads as follows: **B33/1**

"Further to our discussions regarding the Department of Water Affairs and Forestry support to the Department of Health for the amount of R10 million to purchase water purifiers as part of the Local Government and Traditional Affairs tender, could you kindly indicate the way forward in this regard. I have attached herewith a Proposal from the Service Provider for water purifiers for clinics for your ease of reference".

9.099 The proposal referred to by Dr Nyembezi is dated 5 April 2007 on an Intaka letterhead. It is addressed to Dr Nyembezi and is titled Wataka HWT015. The writer then commences: "I hereby confirm our proposal for the clinics as follows": **B33/2**

Item	Description	Amount
1	**Quantity:** Six units Wataka HWT 015 each capable of purifying up till 15,000 litres per hour. This system is fully automated and manufactures 100% of stainless steel for durability and effortless maintenance.	1,500,000.00 per unit, VAT included
2	**Other:** Transport, concrete slab, installation and commissioning	170,000.00 per unit
3	**Delivery:** 45 working days from receipt of order	
4	**Note:** manufactured at KwaZulu- Natal premises. Payment 75% against receipt of order of unit at clinic. Balance, 30% after commissioning validity of offer 23 April 2007	

9.100 I earlier in paragraph 9.073 of this report referred to an undated and unsigned report located in the file at Dr Nyembezi's office. In terms thereof the supplier had agreed to supply six Watakas for R1,500,000 each inclusive of VAT, plus an additional R1,000,000 for transport, installation and commissioning. Hence, the above quote (5 April 2007) is similar to the report that I deemed to be issued in October 2006 from the office of Dr Nyembezi. In this instance (5 April 2007) Intaka has indicated that the unit would be a Wataka HWT 015, whilst that supplied to Rietvlei and Appelsbosch was a Wataka HWT 025. **B19/11**

9.101 We also located a document titled Wataka: Patent no. 2003/9900 in the file at Dr Nyembezi's office. The "*technical specifications*" are listed in a table on page 6 of the document. In terms thereof there are 4 models: 025, 030, 040 and 050. Hence, there is no model 015 listed in terms of this document and Rietvlei and Appelsbosch Hospitals received the smallest of the 4 Wataka models: it produces 25,000 litres per hour as opposed to the 050 that produces 50,000 litres per hour. **B34** **B34/6**

9.102 Also contained in the file at Dr Nyembezi's office is a copy of the front page and page 2 of the "*Gansbaai Courant*". It is an Afrikaans newspaper article and I briefly refer to relevant parts of the article. In terms thereof a system known as a Wataka, manufactured by a Cape Company "*Inkata*" can be manufactured and commissioned within 3 weeks. It can produce 14 litres per second. It was purchased for R1,9 million. I calculated the litres per hour by taking the quoted 14 litres per second x 60 seconds = 840 litres per minute, x 60 minutes = 50,400 litres per hour. Hence, the product **B35**

appears to be a Wataka 050 (quoted at 50,000 per hour in terms of the Wataka document), that was purchased for R1,9 million in December 2005. The Department paid R4,980,000 for the smaller Wataka 025 approximately I year later. **B34/6**

Investigation conducted into the 3 quotations

9.103 I previously in paragraphs 9.049 to 9.056 referred to and discussed the 3 quotations alleged to have been obtained by the Supply Chain Management Unit, in terms of Ntshangase's Memorandum dated 6 October 2006. I further summarised the information provided on each of the 3 quotations in a spreadsheet and identified key findings in paragraph 9.057 of this report. Of significance is that we were unable to determine what specifications were provided to these entities, by whom and whether they had quoted on like systems. In addition all 3 entities came from the Western Cape and it was unclear how Ntshangase, the Supply Chain Management Unit or Dr Nyembezi or her personal assistant, to whom the quotations were addressed, had acquired the details of these entities, particularly Imvusa and Westpro who are not listed on the Provincial Suppliers Database. (The fact that Westpro and Imvusa were referred by Intaka became evident when the Intaka records were reviewed – refer paragraph to 9.219, 1) and 2)). **B7-B9** **B10**

9.104 Detailed below are the results of my investigation into each of these entities and information received from them where applicable. We also communicated with and obtained information from a 3rd party entity closely linked to the 3 entities who submitted the quotations. During the course of investigating these entities we also interviewed officials involved in the procurement process that will be dealt with later in this report. Hence, we were gathering information simultaneously from both within the Department and external thereto as part of the bigger investigation; but each aspect is reported on separately in this report.

Intaka Investments (Pty) Ltd

9.105 The registration number recorded on the footer of their quotation dated 2 October 2006 is 2003/021018/07. We conducted a Kreditinform enquiry and determined that the said registration number belongs to Intaka Holdings (Pty) Ltd. The said entity was previously known as Intaka Tech (Pty) Ltd and was first registered on 28/08/2003. The holding company is recorded as "Savoi Family Trust". The Active Principals are Dr G Savoi id 521226 0000 000 appointed on 28/08/2003 and Mr R Savoi id 810212 5000 000 appointed on 21/11/2007. In terms of the footer of the quotation the other 2 directors as at 2 October 2006 were Fernando Praderi and Clement Morris. In terms of the Kreditinform Report these 2 persons resigned as Directors, however the date of resignation is not reflected. It would appear that the entity with registration number 2003/021018/07 was known as Intaka Investments (Pty) Ltd at the date of the quotation and subsequent thereto changed its name to Intaka Tech (Pty) Ltd and then Intaka Holdings (Pty) Ltd. Intaka Investments was registered on the Provincial Suppliers Data Base on 14 September 2005. **B7/2** **C1/1-12** **C1/13-14**

9.106 I further previously referred to the Intaka quotation being e-mailed from amarcos@skyros.co.za. We conducted a Kreditinform enquiry and determined that an entity is registered in the name of Skyros Medical Supplies (Pty) Ltd (**Skyros Medical**). The entity with registration number 2004/010238/07 was registered on 20/04/2004. It was previously known as Mpisi Trading 129. The Active Principals are recorded as Gaston Savoi id 521226 0000 000 and Beatrice Ntombenhle Otrina Shabalala (**Beatrice Shabalala**) id 690119 0332 083, both appointed on 20/04/2004. **B7/1** **C2**

Imvusa Stainless

9.107 The registration number recorded on the footer of their quotation dated 2 October 2006 is 2006/116265/23. We conducted a Kreditinform enquiry and determined that the said registration number belongs to Imvusa Stainless cc. The said entity was previously known as Imvusa Trading 1319 and was first registered on 11/07/2006. The Active Principals are: Donald Keith Miller (**Don Miller**) id 521204 5002 082 **B8/1** **C3/1-9**

appointed on 27/09/2006; Gregory George Petersen id 601229 5092 083 appointed on 09/11/2006; Ronald Desmond Rabie id 500311 5060 088 appointed on 09/11/2006; and Ansano Romani id 470130 5041 088 appointed on 26/03/2007. Hence, only Don Miller was a Principal at the date of the quotation; that was also signed under the name Don Miller. He is also the sole member at the time in terms of the footer of the quotation. The entity was registered approximately 2.5 months (11/07/2006) prior to submitting the quotation to the Department (02/10/2006), whilst Don Miller became a registered member a week prior to the quotation (27/09/2006).

108 We determined that Imvusa was not at 2 October 2006 registered on the Provincial Suppliers Data Base, and is still not registered. **C3/10-11**

9.109 We initially attempted to contact Don Miller by telephone, but he was not in the office and his cellular was not answered. We then sent him an e-mail on 21 September 2009. We requested the following basic information from him and also provided him with his own quotation, as well as with a copy of the Intaka quotation after we deleted the price, for his information:

1) *"Do you confirm providing the attached quotation?*
2) *If so please provide us with the background into the matter: the circumstances under which Imvusa were requested to quote; the primary contact person at the Department; the specifications provided by the Department; the name of the person who provided the specifications etc.*
3) *Was a site visit conducted by Imvusa, if so when and was a Department official present.*
4) *Did your quotation meet the requirements of the specs provided, please comment on your product in more detail.*
5) *What was the estimated cost of the "exclusions"?*
6) *Are you familiar with the entity known as Intaka?*
7) *Are you familiar with the product they quoted on? If so, where is this system manufactured, who are the authorised agents etc.*
8) *What was/ is the price of the Intaka product if known to you i.e. are Imvusa able to provide the product?*

9) *Please also refer to the "ingredients" on page 2 of the Intaka quotation; we understand that the system requires monthly chemicals, please advice as to the cost thereof per month.*
10) *Does the Intaka product compare with your own system that you quoted on? If not what is the Imvusa equivalent and do the products differ if applicable.*
11) *Any other Information you wish to bring to our attention".*

9.110 We followed this up with telephone call again on 23/09/2009 and were advised that he was returning on 28/09/2009. We contacted his office again on 28/09/2009 and were informed that he was overseas until 05/10/2009. We requested to speak to someone who may have knowledge of the quotation. We initially were put through to a Mr Ron Rabie (**Rabie**); however he then referred us to Mr Ansano Romani (**Romani**) as he was the person who had knowledge of the matter; (both of these persons are Principals in terms of our Kreditinform enquiry). During our discussion he referred to an entity known as "**Grotto**" who manufactured the plants in question for Rietvlei and Appelsbosch Hospitals according to Romani. He also stated when prompted by us that a 3rd party in KwaZulu- Natal had done the installation and commissioning of the plants at the said hospitals. It was agreed that we would send him the e-mail questions we had sent Don Miller and he would attempt to answer same. We duly sent him the said e-mail on the same day (28/09/2009). We followed this up on 01/10/2009 and left a message on his cellular, but we received no reply.

9.111 We subsequently received the following reply from Don Miller on 09/10/2009: **C3A/1-3**

"Please find below my answers to your questions as best that I can recall without prejudice, one must realise that all of this took place three years ago and no effort was made to capture information as it was only an enquiry and there was no further correspondence .

1) *I confirm that Imvusa provided the offer as attached.*
2) *I was called on the phone by a person. I do not recall the persons name or gender requesting a price for water purification plants for two hospitals in Natal, I do not recall if I asked how he/she got hold of Imvusa. We discussed some of the basic*

requirements and since I had been involved with similar plants in my previous employment I felt I could give a price. The person I sent the quote to must have been given to me by the person who originally contacted me. Possibly a person by the name of Andile Zonvo.

3) *Prior to submitting the offer Imvusa used a third party to inspect the sites and at that time I was not aware whether any department official was present or not.*
4) *There was no spec's given to Imvusa by the hospital barring the flow rate of 40 cubic metres per hour. I based the offer on the plants manufactured for Intaka at my previous employer but with an efficient filtration system which I thought would be beneficial for hospitals applications.*
5) *Not sure as we did not have details of the water distribution requirements, electrical supply point, quality of the water. An estimated cost of the exclusion could be between R 500K to 700K.*
6) *I am familiar with Intaka as they were customers of my previous employer.*
7) *I am familiar with the Intaka water plants as they were manufactured by Grotto, my previous employer. I do not know whether Intaka had /has authorised agents.*
8) *I have no idea what Intaka sales their plants for. Imvusa could only manufacture an Intaka plant if contracted by Intaka to do so.*
9) *Difficult to estimate the consumption of the chemicals as this is largely dependent on the water quality, especially during rainy season.*
10) *Imvusa would have offered a similar product as there are many such systems available.*
11) *Imvusa had just been formed and we were looking for any work to get us going".*

9.112 After receiving the said reply and after examining the content thereof it was evident that the reply was vague and that it required further detail. We telephoned him on 19/10/2009 and discussed his reply. We specifically asked him who the third party was that he referred to in point 3 of his reply that Imvusa used to inspect the sites. He informed us that it was Romani. In his reply he stated the following under point 11: "*Imvusa had just been formed and we were looking for any work to get us going*". His reply to us and his verbal interaction with regard to the whole matter did not fit in with someone who had started up and was looking for work. The reality is that Imvusa had submitted a quotation in the amount of R5,802,000, but have minimal details of

who contacted them; how they obtained their name and contact details; no specifications were provided and it would appear very little follow-up as to whether their quotation was successful or not, was done. Like Romani he referred to Grotto and that they were his previous employer, in his written reply, as the entity who had manufactured the plants for Intaka. We told him that his reply was vague and that it was a serious matter. We requested he provide us with more details. We subsequently sent him another e-mail on the same day (19/10/2009) requesting whether he intends replying in more detail as his answers were vague in the extreme. Note: In his reply he refers to a person "*Andile Zonvo*" as the person who may have initially contacted him. An official named Andile Zondo is employed within Supply Change Management and will be discussed later in this report. She denied ever requesting a quotation from Don Miller or Imvusa.

9.113 We received the following reply from Don Miller on 21/10/2009: **C3A-4-5**

"I refer to your e-mail of the 19th of October 2009 and our previous correspondence herein. I write to you without prejudice to my rights and those of Imvusa Stainless (Pty) Ltd.

On the 9th of October I replied via e-mail to a list of questions which you sent me on the 21st of September 2009. I have replied to your enquires to the best of my recollection and having regard thereto that the quotation was prepared approximately 3 years ago. I am unable to assist you further herein.

Notwithstanding the above it has been now been brought to my attention by our consultant at the time that there were three persons from the department at the site meeting namely: F.W.Khnmo, M.M.Mhlomgo and P.S.Biyese.

Should you have any new questions or enquires I would gladly consider the same.

With regard to your enquiry regarding the specifications of the plant, I confirmed that no written specifications were received from the department at that time. The only telephonic specification was that the plant should have a capacity of 40,000lt/hour. I would advise that in order to meet the above-mentioned specification, our water plant would likely have comprised of the following components, namely:

a) 1 x 25,000lt Water storage tank manufactured from stainless steel.

b) 1 x 40,000lt/hr Reactor unit manufactured from stainless steel.

c) 1 x Set sand water filters manufactured from stainless steel.

d) 1 x Micro pore filter unit for hygienic filtration.

e) 1 x Electronic control panel complete with vales, pipe work and pumps.

Please note that the supply lines to and from the filtration unit was not part of the scope of supply.

We did not retain any of the working papers and the costing schedules which was used to prepare our offer, accordingly the above-mentioned composition of the water plant is based on a fair assumption, but is not necessary an accurate record of how our offer of 2006 was arrived at".

Westpro Fluid Handling Systems (Pty) Ltd

9.114 The registration number recorded on the header of their quotation dated 29 September 2006 is 1994/04063/07. We conducted a Kreditinform enquiry and determined that registration number 1994/004063/07 (i.e. an extra 0 before the 04063) belongs to Westpro Fluid Handling Systems (Pty) Ltd trading as Westpro. The said entity was previously registered as a cc. It was first registered on 15/06/1994. The Active Principals are: CJ Scott id 471112 5064 087 appointed on 15/06/1994; RJ Geddes id 530427 5140 003 appointed on 15/06/1994; and D Meagan id 600521 5098 107 appointed on 14/05/2001. Hence, all 3 were Principals at the date of the quotation; that was signed under the name **Ron Geddes**. They are also reflected as directors in terms of the header of the quotation. It is evident that this was an established business at the time of the quotation. **B9/1** **C4**

9.115 We initially contacted Ron Geddes by telephone and discussed the matter under investigation on 21 September 2009. We then followed this up with an e-mail on the same day. We requested the same basic information from him as we had requested from Imvusa and also provided him with his own quotation, as well as with a copy of the Intaka quotation after we deleted the price, for his information.

9.116 Mr Geddes telephoned us on or about 25/09/2009 and left a message stating he would get back to us on 28/09/2009. He added that he would have to look for the documents and would try and answer the questions as best he could. During the conversation he also (like Romani and Don Miller) stated that Grotto is the entity who

provided the water purification systems for Rietvlei and Appelsbosch Hospitals.

9.117 On 9 October 2009 and 19 October 2009 we sent reminders to Ron Geddes and enquired whether he intended replying to our request dated 21 September 2009. On each occasion he replied that he would be responding. On the last occasion he stated in his e-mail the following: "*Sorry for the delay. We have found the quote from Grotto and will send you all the details on Wednesday as I am out of the office and will be back then*". At this stage we were not certain what "*the quote from Grotto*" meant, as had not previously seen a Grotto quote.

9.118 Ron Geddes replied in writing on 21 October 2009 as detailed hereunder: **C4A/1-4**

"Further to your request, we enclose for your perusal the answers to the questions posed regarding the Department of Health:

1) *Yes we confirm providing the quotation.*
2) *We received a call for a 50m3/hr raw water filtration plant. No additional specifications were attached or discussed. The contact person's name I cannot recall as this was in 2006. We were asked to send a quotation to the department of health for the attention of Ms Samantha Cheatle.*
3) *No* (in answer to our question: was a site visit conducted by Westpro?)
4) *No specifications were given however the plant quoted is capable of processing the capacity required.*
5) *We were not asked to price on any other items.*
6) *Yes* (in answer to our question: are you familiar with an entity known as Intaka?)
7) *We do not know what they quoted on in this instance but know their product. Their product does however carry a patent number which ensures that competitors cannot copy their design.*
8) *We do not know what their pricing structure is, or the intimate specifications of their design. We are however able to offer a suitable alternative as there are a number of companies who build water purification plants.*
9) *We did not offer on any additional products required as this was not requested.*
10) *We do not know what Intaka quoted for and therefore cannot comment.*

11) We attach a copy of a quotation received from Mr Ansano Romani which details more fully the specifications for the plant offered". **C5**

9.119 I wish to briefly refer to the explanation above and attached quotation of Romani issued on a Grotto letterhead. In terms of Ron Geddes explanation I interpret this as follows: Westpro were requested to submit a quotation by an unknown person at the Department, for attention of Samantha Cheatle. The only specifications they received was that the system must produce 50m3/ hour. He then requested and received a quotation from Romani as per attached annexure C5, as Grotto was manufacturing the plants and Westpro do not. He then prepared his quotation to the Department based solely on the quotation of Grotto issued by Romani, adding on a mark-up. The quotation of Grotto to Westpro is dated 26 October 2006, whilst Westpro's quotation to the Department is dated 29 September 2006 i.e. approximately 1 month before Grotto's quote, and hence the dates contradict Ron Geddes' explanation. The amount quoted by Romani amounts to R4,525,000. Ron Geddes added a mark-up of approximately 37% and quoted a price of R6,210,000 to the Department, without any other specifications, site visits or technical analysis. In addition to Romani quoting on behalf of Grotto, we had been informed by Don Miller of Imvusa as earlier discussed, that the said Romani was the third party who conducted the site visit on behalf of Imvusa (whilst being employed by Grotto). **C5** **B9**

Grotto Manufacturing (Pty) Ltd and Information provided by Mr Tony Gerrans

9.120 We were provided with the name Grotto by both Don Miller and Romani of Imvusa and Ron Geddes of Westpro; Don Miller having also referred to Grotto in his written correspondence to us. We subsequently contacted Mr Tony Gerrans (**Tony Gerrans**) the Managing Director of Grotto. We initially determined from him that Grotto had manufactured a number of water purification plants on behalf of their client Intaka during 2006; that Westpro are suppliers of pumps and not water purification plants; and that Imvusa were a break- away entity of former Grotto staff that had only just been formed at the time of the quotations (October 2006). We requested his assistance in reviewing the 3 quotations from the point of view of someone who is knowledgeable about water purification systems and to identify the 2 water **B7-B9**

purification systems at Rietvlei and Appelsbosch Hospitals, based on photographs we had obtained during our visit to Rietvlei and Appelsbosch Hospitals. We further requested his knowledge of the quotation alleged to have been provided by Grotto to Westpro referred to earlier. **C6-C7** **C5**

9.121 He provided us with information during the course of the investigation, as we obtained additional information and documentation, that is detailed hereunder and contained in an affidavit provided by him:

General Background of The "Wataka" Water Filtration System, Intaka, Grotto and Imyusa Stainless

9.122 *In the first few months of 2005, Intaka approached Grotto to develop and manufacture water filtration plants in South Africa. The two companies formed a loose arrangement to build the plants at Grotto's facility in Cape Town. Initial discussions between the companies were held between Romani from Grotto and Dr Savoi from Intaka, but the bulk of the project was handled for Intaka by Mr. Praderi and Mr. Sanchez from Intaka. Romani remained the responsible person at Grotto until his departure from the company in January 2007.* **C8/1-2**

9.123 *Grotto came to learn later that Intaka had canvassed other stainless steel manufacturers (Windmuel Ingeneurswerke and Velo SA) prior to selecting Grotto to build the plants. There were also some early discussions about Intaka possibly taking a share in, or purchasing Grotto outright, but these discussions never gained any real traction.*

9.124 *Intaka marketed these plants under the name 'Wataka'. Grotto's understanding was that they were intended for use in rural areas, to clean river and/or ground water for human consumption. Between May 2005 and October 2006, Grotto was commissioned by Intaka to build 30 complete "Wataka" units. These plants were completed by the end of 2006. The first two plants were (unilaterally) discounted by some 50% by Mr. Romani, ostensibly as Grotto's contribution to developing this new product. Subsequent plants were sold to Intaka for between R412,000 and*

R475,000, the price variance being the result of fluctuating steel prices and some specification creep relating to the control system of the plants. This price included all the elements of the plants namely:

- *A stainless steel reactor (really a circular open top reservoir with an internal cone and associated walkways);*
- *Two stainless steel filter tanks, filled with sand filter media, and mounted on a free standing steel frame;*
- *All the necessary pumps, control panels, electrical and pneumatic control lines.*

Grotto's price did not include transport to site or installation as these items were sub-contracted directly to 3rd parties by Intaka.

9.125 *The relationship with Intaka was a difficult one for Grotto, as the plants were clearly still in a developmental phase, and they required constant and ongoing modification during and after manufacture to meet a changing specification. There was substantial schedule pressure imposed by Intaka during manufacture, but then the majority of the completed plants stood in Grotto's yard for up to 18 months. Intaka took in excess of 12 months to settle all the payments due under these contracts.*

9.126 *It was also clear that Intaka was experiencing significant difficulties with the sales and installation of the plants. The chosen locations evolved from rural communities to local or regional hospitals. We understood that the plants manufactured at Grotto were originally destined for hospitals in the Northern Cape, but were then reallocated to sites in KwaZulu-Natal. Due to the way our contracts with Intaka were managed, Grotto staff was never sure where the plants were ultimately sent, other than in one instance, where we were pretty sure one unit went to Upington Hospital in the Northern Cape.*

9.127 *Between June and August 2006, a number of senior staff left Grotto due to persistent disagreements with the MD about work performance and ethical standards. Don Miller and Ronnie Rabie were given retrenchment packages in July 2006 and left Grotto to set up their own business in Blackheath with one of Grotto's subcontractors,*

Petersen's Engineering. The new company was called Imvusa Stainless. Romani stayed on at Grotto, but it later became clear that it was always his intention to join Imvusa. He resigned voluntarily from Grotto in January 2007 and immediately took up his position as one of the four directors at Imvusa.

9.128 *During the period after Don Miller and Rable left Grotto and before Romani's departure six months later (July 2006 – January 2007), Grotto continued to court Intaka's business, but were unsuccessful in securing any further orders. The responsibility for managing this account remained with Romani. Subsequent to his departure from Grotto in January 2007, the company learnt that Intaka has placed a large order for further Wataka plants on Imvusa during this six month window. Romani never disclosed to Grotto that this work had been lost, so it is likely that he retained contact with Intaka in his personal capacity and simply orchestrated that the work be placed on his new business.*

9.129 *During 2007 and 2008, Grotto came to learn that Intaka was contemplating another 60 water plants, and the company attempted to secure an opportunity to quote for this business. These efforts were unsuccessful, and we later came to learn that Intaka had purchased approximately 50 additional units from Imvusa. The new company was quite incapable of building this new volume of work and sub-contracted significant amounts of the work to Velo (in Wellington), Cape Pipe Developers and a small private contractor in Cape Town named Abdul Arnold. It is our understanding that these plants were destined for Angola, however significant numbers still remain in storage near Intaka in Blackheath, Cape Town. Grotto's efforts to re-establish a business relationship with Intaka have been met with failure until recently, when Intaka has provided a new secrecy agreement to Grotto, and we have subsequently begun discussions about updating Grotto's drawings and looking at re-pricing the units.*

<u>Quotations</u>

9.130 We initially sent him copies of 3 quotations (the prices were deleted by us) and requested his comments on the quotations and specifically whether each of the 3

entities in question were quoting on a similar product and the same specifications:

1) Intaka quotation dated 2 October 2006;
2) Imvusa quotation dated 2 October 2006; and
3) Westpro quotation dated 29 September 2006.

9.131 *We do not understand the quotations you have attached. There is insufficient information in the Imvusa and Westpro quotes to determine the fundamentals of the scope of supply. However, I can comment as follows:* **C8/3-4**

1) *The Intaka quotation details their 25m3 unit, and refers to it by their brand name Wataka. We are not aware that Intaka has capacity to manufacture these units in house – hence their appointment of Grotto and later Imvusa to manufacture the units on their behalf. We have no knowledge of the patent they claim to hold, but can confirm that whilst Grotto was building for Intaka, the design was protected by a secrecy/non-disclosure agreement concluded by the parties.*
2) *The attached quotation from Imvusa appears to be for equipment identical or very similar to what Grotto previously supplied to Intaka, and what Imvusa have recently built for Intaka for export. It is our understanding that Imvusa has no water plant design of their own, and that this quote most likely refers to the Intaka design they have been building under licence.*
3) *Grotto has no knowledge of the Westpro equipment. Westpro is a pump supply company that has previously supplied pumps to both Grotto and Imvusa for the Intaka water plants. Their description is consistent with the principal elements of the Intaka system.*

9.132 He further provided us with a copy of the most recent quotation sent to Intaka for work awarded to Grotto dated 8 June 2006. *The said quotation provides for a detailed description of some of the technical elements of the plant.* **C8/5-7**

<u>Grotto letter dated 26 October 2006</u> **C5**

9.133 *The letter in question first came my attention on Friday 16 October 2009, when Mr* **C8/8-12**

David Meagan of Westpro advised me that it had been e-mailed to Westpro earlier that week. On Monday 19 October 2009, he provided me with a copy of the letter, but not with a copy of the email itself. I was requested by PwC to comment on the letter in question. It was my immediate opinion that the letter was not genuine, and subsequent investigations have reinforced this view. My investigations into the matter confirm the following:

a) *Grotto employs a sequential numerical enquiry and offer tracking system. There is no record of this enquiry, or of the subsequent letter signed by Romani in this system. This is highly irregular. Each enquiry, no matter its nature, is allocated a number, prior to processing by the sales dept. This number is indicated on all letters sent from the company, whether they are firm offers, budget prices, or any other correspondence related to an enquiry. A review of all the enquiries received during September and October 2006 has failed to uncover any enquiry from Westpro. The letter itself, inexplicably, does not contain an enquiry number.*
b) *A thorough search through Romani's archived documents at Grotto has failed to uncover any evidence of such letter being written in October 2006*
c) *Other letters of offer sent by Romani around this time differ in appearance from the letter in question. The background in the corporate logo on letters in Grotto's possession is filled with shading, whereas the logo on Romani's letter is not. The company registration number on Romani's letter is partially obscured, further suggesting the letter is a fabrication. Finally, our standard offer template at the time included the customer name and enquiry number a second time in the footer, both of which are absent in Romani's letter. He also provided a copy of another letter of offer sent by Romani at this time.* **C9**
d) *Romani's letter is dated 26 October 2006, but Westpro's bid to the KZN government is dated 19 September 2006 – nearly one month earlier. It is not clear therefore how Westpro could have relied on the contents of Romani's letter in preparing their bid to the government, if Romani's letter was written a month after Westpro's bid was submitted.*
e) *Finally, as MD of Grotto at the time the letter was alleged to have been written, I would have known if any enquiry of (i) this magnitude or (ii) for an alternative design of water purification plant was received by the company. This would*

especially be true if such an enquiry came from a supplier company, (and one currently part of our supply chain for products to Intaka).

9.134 *Romani was appointed to the position of Director: New Products in 1 February 2005. In this role he was tasked with developing new product lines and expanding into new markets, primarily tankage for the food and beverage industries. In July 2006, the company concluded a restructuring process, during which Romani's job description was changed to Marketing and Sales Manager. He was the thus appointed as the most senior person responsible for all sales and marketing activities in the company. His responsibilities included managing and maintaining all sales, enquiries, and associated documentation. He represented the sales function at a senior management level, and was party to all management decision making. Although his title was "manager", he remained a director at Grotto until 9 November 2006, when he inexplicably resigned as Director. He went on to resign from the company in January 2007, and almost immediately took up a position at Imvusa.*

9.135 *Mr Romani was authorized to sign all letters of offer on behalf of the company. Although there were no formal mandates or limits to authority in place at the time, the pricing, payment terms and other details of larger contracts were typically discussed within the management team prior to being sent to clients. The letter in question purports to provide information to a supplier company, which would allow them to submit a competitive bid against Intaka, which was at that time Grotto's largest single client. Such co-operation with Westpro would not only be prejudicial to our largest client, but would also potentially be very damaging to Grotto. If Intaka had come to know that Grotto was facilitating competition against them, this would have been deeply damaging to our relationship with them. If Westpro has succeeded in the tender against Intaka, Grotto would have lost substantial business. As such, the content of this letter (if genuine) is not only illogical, but also probably constitutes a breach of Romani's duty of care to Grotto. As such, the preparation and distribution of such a letter could not possibly have been within any reasonable interpretation of Romani's powers within the company.*

9.136 *There was no knowledge of such an enquiry from Westpro in 2006. Grotto was very active with Westpro at that time, as they were supplying us with the pumps for the Intake water plants. Our Logistics Manager, being the primary point of contact with all supplier companies, informs me that he was not aware of such a quotation to Westpro. For such an enquiry to exist, but not to have been mentioned to our Logistics Manager, is highly improbable considering the almost daily contact Grotto was having with Westpro at this time. Grotto's Sales Administrator, (who is responsible for all admin surrounding enquiries, quotations and the collation of sales activity statistics such as orders won and lost, conversion ratios, competitor pricing etc), denies having even seen or been aware of such an enquiry, let alone a letter of such a suspicious nature. As discussed above, such an enquiry – even a budget enquiry - would have been processed through a systematic document system, and would have been traceable through its own unique number.*

9.137 *I cannot comment as to why (or if) Westpro was approached by the KZN government for a quote for water plants. It is however in my view highly unusual for Westpro to make such an enquiry on Grotto. Pursuing this line of business with the KZN government would (i) damage Westpro's relationship with Intaka, in that they were supplying substantial numbers of pumps for the Intaka water plants through Grotto, and (ii) would have damaged Westpro's relationship with Grotto, as they would in effect have been competing with our client. It is furthermore my understanding that Westpro was also quoting for the supply of pumps to Imvusa during October 2006. These pumps were the same pumps that are fitted to the Intaka water plants. The observation that Westpro would be damaging their relationship with Grotto by quoting the KZG government directly, would thus also be applicable to their relationship with Imvusa. Quoting against Intaka makes no sense for Westpro, as they would in effect be alienating both companies that were specifying their pumps, not only on the water plants, but into the wine industry generally as well.*

9.138 *Romani is referring to a confidentiality agreement concluded between Grotto Defranceschi and Intaka Investments. This agreement was signed in October 2003, and it expressly prohibited Grotto from revealing confidential information relating to Intaka's water plants to third parties, or even to staff at Grotto not working on the* **C10**

project. It may perhaps be possible to argue that Romani's letter to Westpro is so carefully worded that it avoids the contractual restrictions on disclosing information that Intaka was seeking to enforce, but it is nevertheless true that the content of such a letter would be in bad faith and contrary to the spirit of the existing agreement with Intaka. We noted the agreement was valid for 5 years after the date of signature, being 16 October 2003 and hence it had expired on 16 October 2008.

9.139 *It is my opinion that it is not possible to contract for the provision of a water purification system without certain fundamental information. At the very least, the following would be required:*

- *The technology by which the water will be cleaned (i.e. ultraviolet, osmosis, filtration, precipitation, chemical etc);*
- *What raw water sources are acceptable;*
- *What input rate of flow is required;*
- *What power source is required;*
- *What additives are required;*
- *What is the plant's output;*
- *What output rate is generated;*
- *How will the clean water be stored;*
- *What reticulation is required to access the raw water and deliver the cleaned water;*
- *What other infrastructure is required (e.g. concrete plinths, fencing, high voltage electricity, backup gen sets etc);*
- *What are the maintenance requirements of the unit;*
- *What operators are required, and what skills set must they possess;*
- *Is the plant robust and protected against the weather, theft, corrosion etc;*
- *What process guarantees are offered;*
- *Whether the plant is mobile or fixed; and*

- *How easily can it be transported and installed in rural areas.*

9.140 *I cannot understand therefore how the KZN government adjudicated the tender on the documents supplied to me by PwC, being the 3 quotations referred to in paragraph 11 of this affidavit. Nor do I believe it is possible for Westpro to have tendered for such a system without being technically competent in at least the categories of enquiry listed above. And it is thus equally improbable that Romani was able to offer any form of budget pricing without resolving these general issues with Westpro first. Clearly, the information listed above must be supplied and agreed as part of the specification, before any attempt can be made to specify and cost a suitable system.*

9.141 *I have no knowledge of what "experience and research" Romani is talking about. Prior to working with Intaka, Grotto had no institutional knowledge of water purification whatsoever. The development of the water plants with Intaka was an expensive process of trial and error. Grotto was working exclusively with Intaka designs, and many fundamental issues relating to the design and performance of the plants had to be learnt as the project progressed. I cannot recall a single incident during Romani's employment at Grotto where other research and/or experience were apparent. I can definitively state that it was not the company's policy, nor was it my instruction to Romani, that we should explore alternative systems. This would in any event have constituted bad faith in our relationship with Intaka, in which we were striving to develop, manufacture and sell the Wataka system. I can find no record in any of Romani's archived documents that he was engaged in any form of relevant research whatsoever. The product he is referring to in the second paragraph of his letter is presumably water filtration plants generally.*

9.142 *I have no knowledge of Romani visiting either of the two sites being Rietvlei and Appelsbosch hospitals, nor do his travel claims reflect any expenditure to get to, or travel within KZN during the second half of 2006. If he did indeed visit the sites, it was without my knowledge and I can only speculate in which capacity he was there.*

9.143 *In our industry, the term "budget prices" is commonly used to describe a price forecast that can be used by a client to secure funding, project approval or to assess the feasibility of some form of capital expansion. As such, the prices are not precise, but are usually an honest estimate of what a project might cost at some agreed time in the future. It is Grotto's policy to be conservative with budget prices, and to slightly overcost the projects if there is any uncertainty regarding specification or project timetables, so as to not to leave potential customers with inadequate resources when the projects are implemented. That being said, accuracy is important to ensure the work is successfully awarded, and we strive for these price forecasts to be within 5% of the final expected costs. Many enquiries in our industry are "budget prices" and we typically treat them the same way as firm enquiries insofar as the quality of our estimating, quotations, and record keeping is concerned. I have no knowledge of what Romani is referring to when he states "the most stringent water quality requirements". I can only surmise that this is an attempt to motivate for the quality of the equipment in which he is professing to be an expert. It is my understanding that there are clearly defined international and local guidelines for water quality, and the specification of any water purification systems producing water for human consumption would need to make reference to these empirical standards.*

9.144 *The plant elements that Romani has described mirror very closely the Wataka system supplied by Intaka. Clearly there is a primary plant made from stainless steel used to precipitate larger solids from the raw water, a filtration plant using sand as the primary filter medium to remove finer particles, a chemical dosing system to destroy organic matter, and various control elements. This same architecture is evident in the various photographs PwC have supplied to me of the two Wataka plants at Rietvlei and Appelsbosch. There is no material difference between what Romani has described in his letter, and the Wataka system.*
It is my opinion that the indicated costs associated with each element are grossly inflated.:

- *The purification plant (reactor unit in Intaka terminology) is the principal structure, but it need not cost R800,000. 316 grade steel is only used in highly corrosive environments, and any educated person in our industry would know that a 304 grade specification would be adequate for most applications. The reactor units*

supplied by Grotto to Intaka cost approximately R200,000, when the plants were last built in 2006.

- *Likewise, the control panel and stainless steel box is very expensive. The system Grotto supplied allowed for a high degree of automation, was also fitted in a lockable stainless steel cabinet, and cost in the region of R80,000*
- *The prices for the valves also seems high, but could perhaps be justified depending on the number and exact specification of the valves themselves. The same can be said of the chemical dosing pumps. The transport costs seem to have been inflated significantly.*
- *The pricing for the filtration plants seems to be a total fabrication. In essence, this unit is comprised of one or two small tanks filled with sand of varying coarseness, through which water is pumped. Some ancillary equipment is required, such as pumps, pipe work, inlet and outlet fittings etc. but the entire structure remains an inexpensive construction. In any case, Romani has quoted the valves separately. Since the filter tanks contain only water, sand and perhaps some residual (and by definition benign chemicals) 304 grade stainless is adequate. There is also no reason for a stainless steel frame – galvanized mild steel is more than adequate in most cases. Even if the entire unit, frame, all pipes and valves etc was specified in 316 grade, a cost of R3,300,000 seems wildly overstated. The cost of this component of the Wataka system when manufactured by Grotto was approximately R150,000.*

9.145 *The description of the system offered by Westpro is identical in principle to that described by Romani, in that it contains the same three primary elements – settling tank (reactor), sand filter and chemical dosing system. As described in the Westpro offer, it is indistinguishable from the Wataka system.*

9.146 *I cannot explain how Romani could reasonably have got the prices so wrong. He personally did most of the estimating and costing work when the Wataka plants were first built at Grotto. Grotto also has a rigorous system of collecting accurate costs and reviewing completed jobs in detail, so in October 2006 Romani would have had accurate estimates and very precise costing records for the 30 plants already built at Grotto at his fingertips.*

Furthermore, in September 2006, Romani was corresponding with Dr Savoi of Intaka about the price for a further 12 Wataka plants, which Intaka was at that time considering purchasing from Grotto. A copy of this correspondence is attached hereto for ease of reference. You will note that the negotiations centred on a price level of approximately R500,000 per plant, this after 46% increase in the price of steel. How Romani might attempt to reconcile this correspondence with the subsequent letter allegedly supplied to Westpro three weeks later is clearly a matter of some conjecture. **C11**

147 *The total cost of the plant quoted on by Romani to Westpro amounts to R4,525,000. Grotto has never sold a water plant for R4,525,000.*

<u>Summary</u> **C8/11-12**

9.148 *After considering this matter at length, I have drawn the following personal conclusions:*

1) *Intaka, Grotto and Westpro constituted a single supply chain for the manufacture of Wataka water plants. The understanding between the parties at that time was that Grotto would manufacture the plants, Westpro would supply the pumps and Intaka would sell the completed units to their clients.*
2) *The plants were sold to Intaka for different amounts as the prices of raw materials and the specification of the plants changed. The most expensive plant Grotto sold to Intaka was R475,000 ex works. Negotiations were underway between the companies for the purchase of a further 12 plants, at a price not exceeding R500,000 each.*
3) *These negotiations, being handled by Romani for Grotto, stalled early in October 2006. The fact that Imvusa was quoting, and the reason why the discussions between Grotto and Intaka were called off were never made clear to the rest of the company at that time.*
4) *Imvusa prepared a bid for these 12 plants at about this time, and was ultimately appointed by Intaka to build these plants, with the work being done in the first half*

of 2007.

5) *Romani left Grotto in January 2007 to join Imvusa.*
6) *A social relationship existed between Mr Miller (formerly of Grotto but by this time a co-founder of Imvusa), Mr Geddes of Westpro and Mr Romani of Grotto that predated all these transactions.*
7) *In October 2006, Intaka, Imvusa and Westpro all submitted technically indistinguishable bids for water purification plants to the KZN government.*
8) *As a result of an investigation into these bids, Westpro has been asked to substantiate their offer from a commercial and financial point of view.*
9) *A fraudulent letter, addressed to Westpro, presented on a Grotto Defranceschi letterhead and signed by Romani was prepared to retrospectively justify Westpro's bid.*

Information received from Mr David Meagan of Westpro

9.149 We were subsequently contacted by Mr David Meagan, a Director of Westpro as previously discussed in annexure C4. He was concerned with what was going on and the potential damage to Westpro, and offered his full co-operation. We sent him a set of questions including those sent to Ron Geddes earlier and received the following reply from him that included only the questions we had put to Ron Geddes: **C4B/1-3**

1) *Firstly I would like to confirm that Mr. Geddes has operated outside of his mandate with Westpro Pumps by submitting the offer for water plants as this is not our business.*
2) *We cannot verify the authenticity of the quotation submitted by Mr. Ansano Romani of Grotto Defranchesci. It is clear that the submission dates are in conflict with one another which therefore creates doubt.*
3) *The background as far as we can work out is that Mr. Ansano Romani requested Mr. Geddes to submit a quotation to the Department of Health KZN for a water treatment plant with the capability of processing 50m3/hr of water. However no relevant specifications were*

given by Mr. Romani or the Department of Health.

4) *There was no site meeting conducted by ourselves and on questioning Mr. Geddes as to whom the contact person was, he genuinely cannot recall the name but does confirm that the person is female. We will still however pursue this avenue and submit and further findings*
5) *We believe that Mr. Geddes relied solely on the expertise of Mr. Romani as we do not supply water plants*
6) *I suspect that Mr. Geddes did not consider the exclusions*
7) *Yes – Intaka are a company that - to the best of our knowledge, have water purification plants produced under license. We have supplied numerous water pumps for two different applications to them*
8) *The system quoted on, we assume, would have in all probability been a copy of the Grotto Defranchesci unit which was being produced for Intaka at the time.*
9) *The price offered by Intaka is unknown to us. It appears that Mr. Geddes accepted the price from Mr. Romani at face value and submitted accordingly.*
10) *No we are not familiar with this specific product however we fully understand the operation of these systems. We understand that it is Intaka who are the authorized agents as it is their patent design*
11) *It must be noted that Westpro Fluid Handling Systems were only ever the provider of pumps for this and other water purification plants ordered by Grotto and Imvusa. To date we have not met the directors of Intaka and have only dealt with their logistic personnel and their group engineer. We received orders on the basis that we were competitively priced and able to deliver the units timeously. We confirm that we have not received any other form of income, based on the sale of the water plants*

9.150 We requested David Meagan to explain how the Grotto letter dated 26 October 2006 came into possession of Westpro as Tony Gerrans informed us: *"the letter in question first came my attention on Friday 16 October 2009, when Mr David Meagan of Westpro advised me that it had been e-mailed to Westpro earlier that week. On* **C5**

Monday 19 October 2009, he provided me with a copy of the letter, but not with a copy of the email itself". I have to date not been provided with a reply to this question by David Meagan.

Interviews conducted with KZN Department of Health officials

9.151 We interviewed a number of Department of Health officials whose names appeared on various documentation and/or who were referred to us by officials at interviews as officials that had knowledge of the procurement of the 2 water purification systems under investigation. We obtained affidavits from these officials where deemed necessary and where they were willing to provide the same. Detailed hereunder is a summary of all officials interviewed and relevant information obtained from them.

9.152 We first interviewed the official who issued the order, as at this point in time we only had the order reflecting it had been issued by Miss Lindie Xulu **(Xulu)** on 30/11/2006 **B1**
and no other procurement documents. I reported in paragraph 9.034 of this report, that we had ascertained that she was employed within the Departments Infrastructure Development Component. Upon interviewing Xulu we were provided with a number of documents already referred to in this report, by Infrastructure Development. We determined that the first document reflecting Infrastructure Development role is a Memorandum dated 22 November 2006, addressed to "*Manager: Infrastructure Development Mr G van der Merwe*" from "*Manager: Central* **B22**
Supply Chain Management Mrs A Zondo", titled "*ZNB 5575/2006-H: Water Purification System for Rietvlei & Appelsbosch Hospitals: Issuing of order*".

Interview with Mr Gerhadus van der Merwe

9.153 We interviewed Mr Gerhadus van der Merwe, previously employed by the Department during the period 1st March 1968 and until his retirement on 30th September 2008. He was employed as a Manager within the Infrastructure Development component and responsible for the management thereof, during the period the order was awarded to Intaka until his retirement. We obtained an affidavit from him that includes the procurement of the 2 x Water Purification Systems for **D1**

Rietvlei and Appelsbosch Hospitals. Detailed below are extracts from his affidavit as it related to the water purification systems (his entire affidavit is relevant):

9.154 *"The functions of the Infrastructure Development component included amongst others the following:*

i. To develop and maintain a policy framework, norms and standards for the development and maintenance of Departmental buildings;

ii. To facilitate and coordinate processes for the acquisition of land, the design and construction of new buildings inclusive of the coordination of activities to equip newly constructed buildings for commissioning in accordance with the objectives of the Health Service Delivery Improvement Plan;

iii. Oversee the executing of major capital maintenance projects in accordance with the objectives of the Departmental Multi-year Upgrading Plan;

iv. Liaise with the Department of Works, Agencies and Service Providers to ensure that activities are executed according to plan and facilitate quality control arrangements; and

v. Provide technical advisory services to the Department".

9.155 *"I was one of three Senior Managers who were instructed by the Acting Head of the Department, Dr Nyembezi, to attend a meeting at the offices of Dr Savoi, the CEO of Intaka during August 2006. The purpose of the meeting was to view the self-generating oxygen plant known as the Oxyntaka and to attend a presentation on the working of the system. The two Senior Managers who accompanied me to this meeting were the following:*

i. Mrs P Padayachee, General Manager at the Corporate Governance component; and

ii. Mr VRM Ntshangase, General Manager at the Central Supply Management component".

9.156 *"We viewed the oxygen plant at Somerset Hospital during our visit where it was in use. We met with Dr Savoi thereafter with some of his technical staff. They gave us a presentation on the Oxyntaka and pointed out in their presentation that it was being utilized in approximately 500 hospitals and clinics throughout SA. Dr Savoi also*

briefed us on another product of their company, being a Wataka Water Purification Plant. I have noted that the water purification system (known as the Wataka system) is suitable for rural areas where municipal piped water is not available".

9.157 *"Rietvlei hospital was just taken over by KZN Department of Health from the Eastern Cape Department of Health. The then HOD was concerned about Rietvlei hospital. The then HOD was very interested in the water purification system. I can recall that there was a problem at Rietvlei iro the quality of the water and the then HOD enquired from me whether the water purification system could be used to resolve the water problem at Rietvlei hospital. I advised the then HOD against it and advised her that the water problem at Rietvlei needed to be addressed by the Department of Water and Land affairs because the water at Rietvlei was a Municipal District problem that also affected the hospital. I pointed out that it would be senseless to purify only the hospital water because the public will still be exposed to the poor quality of the water in the area when discharged from hospital and then end back in hospital".*

9.158 *"I was not involved with the procurement of the installation of the water purification system or part of any discussion iro the procurement process to obtain these services until I had a discussion with Mr Buthelezi, the CFO of the Department in November 2006. He contacted me wherein he confirmed that SCM awarded a contract to Intaka wherein it was agreed that they would supply water purification systems to Rietvlei and Appelsbosch hospitals and that we must issue an order for the required services in addition to the Oxyntaka system. It was despite my advice to the then HOD not to purchase the water purification system and it was during the same period of the installation of the oxygen system at Rietvlei hospital. The project iro the water purification system was new to me and not budgeted for by Infrastructure Development. SCM forwarded an instruction dated 22 November 2006, wherein we were requested to issue an order to Intaka for the installation of the water purification system at Rietvlei and Appelsbosch hospitals".* **B22/1**

9.159 *"Mr Roger Burn (**Burn**) who was employed as a Deputy Manager at Infrastructure Development reported to me and his section was responsible for the issuing of the*

order and the payment thereof. Hence, his section was instructed to issue an order for the supply of the water purification system. During a meeting he pointed out that the project for the water purification system was completely new to him and was not budgeted for by the Department. I can confirm the contents of the handwritten note that he addressed to me on the Mail Tracking form from SCM wherein he raised his concern that 'these projects are completely new to me and as such are not funded. It is unclear also as to whether the necessary financial approval was obtained. As the Prg 8 budget has been reduced significantly (without consultation), there are no funds to implement'. **B22/4**

Burn signed this handwritten entry which is dated 23 November 2006".

9.160 *"We will under normal circumstances liaise with the Department of Works in projects of such a nature to ensure that the activities are executed according to plan and will facilitate quality control arrangements. We were not involved with the procurement of these services and I was very concerned about this project because of the following reasons:*

i. The project did not form part of our Infrastructure Development Programme and was therefore not funded;

ii. It was unclear whether any financial authority had been granted for the expenditure thereof; and

iii. We as the Infrastructure component were not involved in the procurement of these services and the programme and deliverables were unknown to us and hence I was of the opinion that it could not be adequately monitored or verified by us".

9.161 *"During a meeting with Dr A Sewlal and Burn we discussed the project iro the water purification system and the availability of funds. Dr A Sewlal and myself discussed the matter with the then HOD wherein Dr Sewlal obtained authority from the then HOD to incur expenditure in terms of Delegation 0201, a financial authority granted by the then HOD, to the value of R9 960 000 for the purchase of the water purification systems for Rietvlei and Appelsbosch Hospitals. The said authority from the then HOD is dated 29 November 2006".* **B24**

9.162 *"We issued order number N 0734192 for the installation of the water purification system at Rietvlei and Appelsbosch hospitals on 30 November 2006. Burn and his staff managed the project and ensured that the payments were made to Intaka upon the completion of the delivery and the installation of the two (2) x water purification systems. Technical staff from my Component took control of the installation and commissioning of the installations at both hospitals".* **B1**

9.163 *"I have no knowledge of whether the Department and Intaka entered into a Service Level Agreement for the delivery and the installation of the water purification systems at Appelsbosch and Rietvlei hospitals".*

9.164 We determined that Burn has since left the Department and is currently resident in Australia. We further determined that Intaka had addressed all four of their invoices to "Harry van der Merwe". Van der Merwe is known as "Gerrie", but Intaka appear to have interpreted this as "Harry"; hence the invoices were intended for van der Merwe, as his office had issued the order. **B1/2,4,6,8**

Interview with Balindile (also known as Lindie) Xulu

9.165 We conducted an interview with Lindie Xulu (**Xulu**) employed within Infrastructure and Development as an Administrative Clerk. We obtained an affidavit from her as summarised hereunder (the affidavit also included the procurement of the Oxyntaka): **D2**

1) She confirmed compiling the order for the supply of two (2) x Water Purification Systems at Rietvlei and Appelsbosch hospitals in the amount of R9,960,000 in favour of Intaka. **B1/1**
2) SCM was involved with the procurement for these Water Purification Systems and instructed Infrastructure Development to issue the order. She was provided with a letter from the HOD addressed to Dr Sewlal dated 29 November 2009, wherein the HOD authorised the Department to incur expenditure in terms of Delegation 0201 to the value of R9,960,000 for the purchase of the Water Purification Systems for Rietvlei and Appelsbosch hospitals. **B24**
3) She prepared a letter to Intaka dated 30 November 2006, wherein she informed **B26**

them that the Department had accepted their offer for the supply of the two (2) x Water Purification Systems and provided them with a copy of the said order. This was done under instruction of Burn.

4) She was thereafter involved in an administrative function of processing payments to Intaka based on their invoices submitted for payment and the goods/ services certified as being provided by the respective Hospital Managers at Rietvlei and Appelsbosch hospitals.
5) She has no knowledge of whether the Department and Intaka entered into a Service Level Agreement in respect of the supply of the Water Purification Systems. Intaka is not known to her personally and she was not at any stage involved with the procurement process for these services. She only became involved with the administration of this project when instructed to compile the orders.

Interview with Jolene Pandaram (Pandaram)

9.166 We conducted an interview with Pandaram employed within Infrastructure and Development as a Senior Administrative Clerk and the immediate supervisor of Xulu, who reported to Burn at the time. We obtained an affidavit from her as summarised hereunder: **D3**

1) She confirmed the involvement of Infrastructure Development in the orders for the water purification systems for Rietvlei and Appelsbosch hospitals, as explained by Xulu.
2) She further confirmed a letter was prepared and addressed to Intaka dated 30 November 2006, wherein they informed them that the Department had accepted their offer for the supply of the two (2) x Water Purification Systems and provided them with a copy of the said order. **B26** **B1/1**
3) Infrastructure Development did not provide technical advice to the Department in respect of this project and was not involved with the procurement thereof. They were only involved with the delivery and the commissioning of the installation of the two (2) x Water Purification Systems at the two hospitals.
4) Her primary role was that she checked that the payment amount that was

captured corresponded with the order amount. She then signed the order for payment. The expenditure was authorised by Burn.

5) She was not personally involved with the procurement for these services and has no knowledge of whether the Department and Intaka entered into a Service Level Agreement for the supply of the Water Purification Systems.

Interview with Natasha Pillay (Pillay)

9.167 We conducted an interview with Pillay employed within Infrastructure and Development as an Assistant Manager, who reported to Burn at the time. We obtained an affidavit from her as summarised hereunder: **D4**

1) She confirmed that SCM was involved with the procurement for these Water Purification Systems and instructed Infrastructure Development to issue the order.
2) Xulu compiled the order on 30 November 2006. They then prepared a letter to Intaka dated 30 November 2006, wherein they informed Intaka that the Department have accepted their offer for the supply of the two (2) x Water Purification Systems and provided them with a copy of the said order. **B26** **B1/1**
3) The project did not form part of Infrastructure Development programme and was therefore not funded. They were provided with a letter from the then Head of the Department, Dr Nyembezi, to incur expenditure in terms of Delegation 0201, a financial authority granted by the HOD, to the value of R9,960,000 for the purchase of the two (2) x Water Purification Systems. **B24**
4) Her primary role was like Pandaram an administrative process; that she checked the invoice amount against the order amount and signed the part payment where applicable. This occurred after Intaka had submitted their invoices for payment and the respective Hospital Managers had certified the invoices for payment.
5) She was not personally involved with the procurement for these services and has no knowledge of whether the Department and Intaka entered into a Service Level Agreement for the supply of the Water Purification Systems.

Interview with Ms Andile Zondo

9.168 We previously referred to a reply we had received from Don Miller of Imvusa dated 9/10/2009 wherein he stated: *"the person I sent the quote to must have been given to me by the person who originally contacted me. Possibly a person by the name of Andile Zonvo".* We referred to an official named Andile Zondo (**Zondo**) employed within Supply Change Management and that she denied ever requesting a quotation from Don Miller or Imvusa.

9.169 We conducted an interview with Zondo and obtained an affidavit from her. In addition to being referred to by Don Miller her name also appeared on documentation handed to us. Zondo is employed at the Departments SCM Component and was a Manager at the time the order was awarded to Intaka for the 2 water purification systems under investigation. **D5**

9.170 Detailed below is the content of her affidavit that is important as she distances herself from Don Miller's claim that she initially contacted him.

9.171 *"I can recall that the then Head of the Department, Dr Nyembezi, called for a meeting during the later part of 2006. The HOD discussed a media article that appeared in the Sowetan newspaper about the water conditions at Appelsbosch hospital during this meeting. Other officials who attended this meeting were the following:* **B4**

i. Mr Ntshangase (my Supervisor);
ii. Mr ASS Buthelezi who was the CFO of the Department during this period; and
iii. Mrs Nozipho Mthembu who is currently employed as a Manager at the Human Resources Strategic Planning component, but at that time was a Manager Targeted Enterprise Development.

9.172 *"At the said meeting it was clear that the issue of water for Appelsbosch was to be prioritized as it imposed health risks to patients. I was not included in any further discussions hereafter and was not involved with the procurement process. Mr Ntshangase's office was situated in Natalia building in Pietermaritzburg during this period, which was in the same building in which the office of the HOD is situated".*

9.173 *"To my knowledge Mr Ntshangase, CFO, HOD, Legal Services and other ManCo members dealt with the procurement of the water for Appelsbosch and Rietvlei Hospitals. I am a Manager for SCM which included Demand and Acquisition Management, I was neither involved nor aware if any of my staff members were involved in the request to service providers to submit quotations for the supply and installation of the two (2) x said Water Purification Systems to the Department. I never phoned any supplier personally and cannot recall that I have ever received any quotation from any supplier for the supply of these services".*

9.174 *"Mr Ntshangase provided me with an approved submission by the HOD which was granting approval on the following:- (i) exemption from following SCM procedures and procure the service required using the emergency SCM Delegation 701. (ii) to nominate the lowest bidder, namely Intaka Investments at a total cost of R9 960 000.00 to provide the service required. I signed the letter of acceptance to Intaka Investments dated 9 October 2009 in terms of SCM Delegation 119".* The said delegation authorises an official with a minimum salary level 11 to sign a letter of acceptance for level 3 bids exceeding R200,000.01, upon finalisation of award. Hence, Zondo was authorised to sign the letter of acceptance addressed to Intaka. **B6-B9** **B11** **A9/16**

9.175 *"I was later requested by the CFO to advise Infrastructure Development component to issue an order to Intaka for the required services. The approved submission by the HOD is sufficient authority to issue the order. I then prepared the request to Mr van der Merwe of Infrastructure Development, wherein we requested them to issue an order to Intaka for the supply and installation of the Water Purification Systems for Rietvlei and Appelsbosch hospitals. I enclosed all the relevant documentation to the said letter".* **B22**

9.176 *"I was not involved with the project other than the correspondence I prepared on the instruction the CFO. I am not aware if Infrastructure Development issued the order as I did not receive any feedback on the matter. Infrastructure Development is the custodian of all our buildings hence they should control the delivery and installation of the Water Purification Systems at both hospitals according to my understanding".*

9.177 *"I have no knowledge of whether the Department and Intaka entered into a Service Level Agreement or Purchase and Sale Agreement for the delivery and the installation of the Water Purification Systems at Appelsbosch and Rietvlei hospitals".*

Interview with Ms Nozipho Mthembu

9.178 We conducted an interview with Nozipho Mthembu (**Mthembu**) who is currently a Manager in the Departments Human Resources Strategic Planning component. During 2006 (when the order was awarded to Intaka) she was employed at the Departments Central SCM component and was responsible for a division known as Targeted Enterprise Development within SCM. We obtained an affidavit from her that is detailed below, that we deem to be significant as there appeared to be no reason why she would be involved in the procurement process, but she signed a Memorandum titled "*Service Level Agreement: Water Purification*" addressed to Legal Services dated 12 October 2006. It was further reported to us that she attended a meeting with Legal Services to discuss the Service Level Agreement in question, however she informed us that she does not recall attending such a meeting. **D6**

9.179 *"I can recall that the then Head of the Department (HOD), Dr Nyembezi, contacted me during the later part of 2006 and requested me to attend a meeting at her office to discuss a media article that appeared in one of the newspapers which was about the water conditions at Appelsbosch hospital. Other officials who attended this meeting were the following:*

1) Mr ASS Buthelezi who was the CFO of the Department during this period;
2) Mr VRM Ntshangase who was the General Manager of Budget and CSCM".

9.180 *"The HOD discussed the newspaper article with the heading "Muddy Water Not On" that appeared in the Sowetan on 22 September 2006 during this meeting. The HOD discussed the nature of the publicity and Mr Ntshangase later became involved with the matter. I was not personally involved with the project".* I wish to add that when we initially interviewed Mthembu she informed us that the Dr Nyembezi "*instructed* **B4**

Ntshangase to become the 'champion' for the matter and attend to it as a matter of urgency". When this was included in her affidavit she changed it to read as recorded in the first sentence above.

9.181 *"It is my understanding that Mr Khanyile, employed as Manager at Environmental Health, was requested by the HOD to investigate the condition of the water at various institutions as a result of the newspaper article that appeared in the Sowetan and was responsible to provide SCM with the specifications for the project. Mr Ntshangase was responsible for the procurement for these services. I was a member of the BID evaluation committee at CSCM during this period being 2006/2007 and cannot recall that I have ever attended a meeting for the award of these Water Purification Systems".*

9.182 *"I can recall that I received a copy of a quotation from Intaka for the supply and installation of a Water Purification System that was addressed to Sam Cheatle of the office of the HOD. I did find it strange that the quotation was sent to the office of the HOD as opposed to CSCM. I was contacted by a representative from Intaka shortly thereafter who requested the fax number of CSCM in order to re-submit their quotation to CSCM. I personally did not request any quotation from any supplier".*

9.183 *"I signed the letter on behalf of Mr Ntshangase that he addressed to Mrs PK Padayachee of Legal Services dated 12 October 2006, wherein Legal Services was requested to draft a Purchase and Sale agreement. I only signed this letter on behalf of Mr Ntshangase. I was not involved with the procurement for these services. I attended a number of meetings within the Department and cannot recall if I attended a meeting with Legal Services to discuss the Purchase and Sale agreement".* It appears strange that Mthembu recalled the initial meeting with the Dr Nyembezi, Buthelezi and Ntshangase, but could not recall a meeting with Legal Services to discuss the Service Level Agreement, that was the subject of a memorandum that she was a signatory to. **B14**

9.184 *"I have no knowledge of whether the Department and Intaka entered into a Service Level Agreement or Purchase and Sale Agreement for the delivery and the*

installation of the Water Purification Systems at Appelsbosch and Rietvlei hospitals".

Interview with Ms Samantha Cheatle (also Samantha Foulkes)

9.185 We conducted an interview with Samantha Cheatle (**Cheatle**) who is currently employed as a Manager within the Office of the HOD. We obtained an affidavit from her as detailed hereunder that is significant as she alleged everything she was involved in as it relates to the matter was done under instruction of or on behalf of Dr Nyembezi: **D7**

9.186 *"I confirm that I was the personal assistant to the previous HOD Dr BM Nyembezi (Dr Nyembezi) during the period 1 January 2006 to September 2007. Thereafter, I was the personal assistant to the Acting HOD Dr Mbele during the period September 2007 to 31 July 2009. The current HOD is Dr Zungu effective 1 August 2009. Mrs P Nkonyeni (Mrs Nkonyeni) was MEC for the period 2004 to 2009 (I am not certain of the exact dates). The order in question was issued during the period Dr Nyembezi was HOD and the MEC was Mrs P Nkonyeni. During this time there was no Manager within the HOD's office and hence I did the majority of work for the HOD when required, as personal assistant. This included receiving e-mails and faxes on behalf of the HOD".*

187 *"I confirm that a Memorandum addressed to Dr Nyembezi from Mr VRM Ntshangase, General Manager: Budget and Supply Chain Management, KZN Department of Health, dated 6 October 2006, was received by and approved by Dr Nyembezi".* **B6**

9.188 *"I further confirm that three quotations referred to in the above memorandum were addressed to Dr Nyembezi or myself as summarised hereunder:*

1) *Intaka quotation dated 2 October 2006 addressed to the HOD Department of Heath, attention Ms Samantha Cheatle, PA to Dr BM Nyembezi, HOD, was sent to me via e-mail by Alicia Marcos, PA to Dr Gaston Savoi, Chairperson of Intaka. The said Alicia Marcos is known to me from the days that Professor Green-Thompson was the Head of Department (prior to Dr Nyembezi).* **B7**

2) *Imvusa Stainless dated 2 October 2006 addressed to Dr BM Nyembezi, Head of Department, Department of Health, from Don Miller. The said quotation appears to have been faxed to the HOD. I do not know Don Miller and do not recall speaking to him.* **B8**

3) *Westpro Fluid Handling Systems (Pty) Ltd dated 29 September 2006 addressed to the Department of Health: KZN, attention Ms Samantha Cheatle from Ron Geddes. The said quotation appears to have been faxed to me. I do not know Ron Geddes and do not recall speaking to him".* **B9**

189 *"I wish to state that at no stage did I request the quotations from the aforementioned companies; this is not my job function and I further have no idea about the specifications or any other part of the quotations".*

9.190 *"I have been shown a letter on a Department of Health letterhead, Central Supply Chain Management, dated 9 October 2006 addressed to Intaka, advising them that the Department has awarded them the quotation in question in the amount of R9,960,000. I confirm the letter appears to have been signed by Dr Nyembezi as her signature is known to me".* **B11**

9.191 *"I have been shown a Memorandum on a Department of Health letterhead, dated 29 November 2006 addressed to Dr C Sewlal from Dr Nyembezi. I confirm compiling this memorandum as my name appears at the top of the document. I confirm the memorandum appears to have been signed by Dr Nyembezi as her signature is known to me".* **B24**

9.192 *"I have been shown a Memorandum on a Department of Health letterhead, dated 29 November 2006 addressed to Mr G Van Der Merwe from Dr Nyembezi. I confirm compiling this memorandum as my name appears at the top of the document. I confirm the memorandum has been signed by me on behalf of Dr Nyembezi.* **B25/1**
Attached to the said memorandum is a fax and letter from Intaka addressed to Dr Nyembezi dated 28 November 2006. I do not know why Intaka was dealing directly with Dr Nyembezi. It must be noted however, that various service providers do deal with the Head of Department with more serious issues". **B25/2-3**

9.193 *"I have been shown a letter on a Department of Health letterhead, dated 22 January 2007 addressed to Dr G Savoi of Intaka from Dr Nyembezi, titled "Appelsbosch Hospital" and discussions between the said two persons. I confirm compiling this letter as my name appears at the top of the document. I confirm the letter appears to have been signed by Dr Nyembezi as her signature is known to me".* **B30**

9.194 *"I have been shown a Memorandum on a Department of Health letterhead, dated 10 April 2007 addressed to Mr G Van Der Merwe from Dr Nyembezi. I confirm compiling this memorandum as my name appears at the top of the document. I confirm the memorandum has been signed by me on behalf of Dr Nyembezi. Attached to the said memorandum is a letter from Intaka addressed to Dr Nyembezi dated 23 March 2007".* **B31/8**

9.195 Subsequent to our meeting with Cheatle and the obtaining of her affidavit we requested she conduct a search of all her electronic records, as the quotation of Intaka commences as follows: "*Attending to your request of 26th September*". We thus wanted her to check whether she typed such a request for Dr Nyembezi dated 26 September 2006. She replied as follows: "*I have done a search under my correspondence that I typed and sent out during September 2006 but found no correspondence relating to this matter. I then did a search under my e-mails sent in 2006 and have found the attached e-mails relating to Intaka and Westpro. I can't find anything I may have sent for Imvuso. Once again, I will reiterate that all correspondence was done on behalf of the HOD and/or on instruction of the HOD".* **D8/1**

9.196 She provided us with the following e-mails that are self- explanatory and clearly indicate that Dr Nyembezi and/or Cheatle under instruction from Dr Nyembezi requested the quotations from Intaka and Westpro and that no specifications were provided:

1) Samantha Foulkes to Savoi dated 26 September 2006 titled "Quotation: Water Purification System". **D8/2**
2) Samantha Foulkes to Savoi dated 2 October 2006 titled "Installation of Water Purification System". **D8/3**

3) Samantha Foulkes to Geddes dated 26 September 2006 titled "Quotation: Water Purification System". **D8/4**
4) Samantha Foulkes to Geddes dated 27 September 2006 titled "Installation of Water Purification System". **D8/5**
5) Samantha Foulkes to Geddes dated 2 October 2006 titled "Installation of Water Purification System". **D8/6**

Interview conducted with Ms Prasheeka Padayachee

197 We conducted an interview with Ms Prasheeka Padayachee (**Prash Padayachee**), as she was referred to by van der Merwe as one of the other 2 senior managers, who were instructed by Dr Nyembezi to attend a meeting at the offices of Savoi during August 2006. She was at the time employed as the General Manager: Corporate Governance, and Inter- Governmental Relations (IGR) Inter- Sectoral Collaboration (ISC), a position she still occupies. We obtained an affidavit from her that also includes the investigation into another supplier. Detailed below is the section of her affidavit dealing with Intaka: **D9**

9.198 *"On 3 August 2007 I was part of a delegation of three Senior Managers: comprising myself, Mr VRM Ntshangase and Mr GC van der Merwe, Manager Infrastructure; who undertook a visit to the Western Cape, on the instruction of the HOD. The purpose of the visit was to further explore the "Oxyntaka self- generating oxygen plant" and visit the offices of Dr G Savoi, the CEO of Oxyntaka (at the time I understood the name of the company to be Oxyntaka). Prior to visiting Dr Savoi, the delegation was taken to Somerset Hospital, to view their Oxygen Plant which was procured from Oxyntaka. During the course of visiting Dr Savoi he also informed us of another product of his company, being the "Wataka Water Purification Plant or System". Upon return to office I compiled a report detailing the delegations visit to Somerset Hospital and "Oxyntaka". The report included a brief discussion on the Wataka Water Purification Plant".* **D9/48-51**

9.199 *"I also undertook a prior visit to the Department of Health Northern Cape on 27 July 2006 and visited 2 hospitals in the said province being Manne Dipco Hospital and*

Kimberley Hospital. Both of these hospitals have the Oxyntaka Oxygen Plant (and not the Water Purification Plant). For ease of reference I attach the report I compiled for the said visit upon return to office". **D9/52-60**

9.200 *"This was my only contact with Dr Savoi and Oxyntaka (I now understand the company is called Intaka) and the Water Purification Systems. I was not thereafter involved in the procurement process of appointing Intaka to provide the Water Purification Systems to Rietvlei and Appelsbosch Hospitals, and have no knowledge thereof".*

Interview conducted with Ms Kantha Padayachee

9.201 We conducted an interview with Ms Kantha Padayachee (**Kantha Padayachee**), Manager Legal Services, within the Department, a position she still occupies. Her name was recorded on a number of documents; it was evident she wanted answers on a number of questions reflected in her correspondence; and we also required confirmation as to whether a Service Level Agreement was drafted or not. She provided us with a file containing numerous documentation that has been included in documents discussed and commencing at paragraph 9.037 of this report. She further provided us with an affidavit; detailed below is a summary of same and reference to documentation where relevant. **D11**

1) Legal Services first became involved in the matter when she received copies of the following documents personally from Ntshangase on 9 November 2006. She assumed Ntshangase wanted Legal Services to draft a contract/ service level agreement between the Department and Intaka based on the available documentation:
   a) Memorandum dated 14 August 2006. **B3**
   b) Sowetan article dated 22 September 2006. **B4**
   c) Memorandum dated 6 October 2006. **B6**
   d) Intaka quotation and e-mail dated 2 October 2006. **B7**
   e) Imvusa quotation dated 2 October 2006. **B8**
   f) Westpro quotation dated 29 September 2006. **B9**

g) Letter of award to Intake dated 9 October 2006. **B11**

2) She responded to this request and receipt of the said documentation, by sending a Memorandum to Ntshangase dated 11 October 2006. I have already referred to the content of this document in paragraph 9.061 of this report. Kantha Padayachee confirmed she raised the issues as she had concerns. **B13**

3) The following day being 12 October 2006, Dr Nyembezi called her and told her that Ntshangase informed her that she (Kantha Padayachee) did not want to do the Service Level Agreement for Intaka. She informed Dr Nyembezi that she had sent a memorandum to him setting out requests. Nozipho Mthembu who at this stage was employed by SCM was requested to bring the file to her. Mthembu arrived at 04:30 pm. Kantha Padayachee and Ms Reka Deonundhan who was employed within Legal Services at the time, went through the file and quotations. She noted they had been requested/ received through Dr Nyembezi's office and thereafter the submission was prepared by Ntshangase. She further noted that there was no proof of registration on the Provincial Suppliers Data base, no specifications document and no uniformity in the quotations. These were the issues that I too was concerned with upon initial examination of the documentation. She provided us with a copy of a handwritten note reflecting the meeting had taken place, however as early referred to by me, Mthembu did not recall such a meeting. Deonundhan also had no recollection of this meeting when we questioned her. She is currently employed within SCM, Deputy Manager Policy and Systems Development. She added that the three of them also discussed at length the issues in respect of the water purification unit including: whether it was to be a purchase and sale agreement; and Mthembu advised Deonundhan that the Hospital Manager would be responsible for monitoring. **D11/39**

4) On the same day at 05:10 pm (after the meeting above) she received a reply by hand from Ntshangase in the form of a Memorandum dated 12 October 2006, titled: "*Service Level Agreement: Water Purification*", enclosing a letter on an Intaka letterhead dated 10 October 2006. He concludes that Intaka will be waiting for the official order from the COO to start pertinent procedures. The said letter appears to have been faxed to Ntshangase (033-3943324) on 11 October 2006 by Intaka. The said reply from Ntshangase did not fulfil the requirements that had to be complied with prior to the compilation of a Service Level Agreement.

5) Her response was a further Memorandum to Ntshangase dated 13 October 2006. It is evident that she still had concerns and required clarity despite Ntshangase's reply dated 12 October 2006. She concluded as follows: "*Kindly assist our offices urgently as we would need to give input to the Head of Department, who has requested that this matter be attended to urgently*", hence Dr Nyembezi had requested they urgently finalise the matter. **B15**

6) Dr Nyembezi called her on the same day (13 October 2006) and left a message for her to call her urgently. She spoke to Dr Nyembezi and raised her concerns and the process to be followed. Dr Nyembezi told her that she would get Savoi to phone her and discuss the matter. She was instructed by Dr Nyembezi to finalise the contract "*today*". She duly liaised with Savoi and following this prepared a further Memorandum to Ntshangase dated 17 October 2006. I have already referred to the contents of this document in paragraph 9.066 of this report and that it was faxed to Dr Nyembezi on 18 October 2006 by Ntshangase. As previously stated Kantha Padayachee was ensuring there was a record of who initiated and drove the process. **B16**

7) On 18 October 2006, both Ntshangase and Kantha Padayachee were called to a meeting with the CFO, who advised that he had been instructed by the HOD to find a way forward in respect of challenges to finalise an agreement/ contract. She reiterated that Legal Services was not given the relevant information to draft an agreement despite the information given by Savoi. She also advised the meeting that Ntshangase was responsible internally for due procedure and that if he did not deem it necessary to reply to the concerns raised by Legal Services, he ought to indicate so especially as the Auditor General had been copied on all correspondences.

8) On 19 October 2006 she was then called into Dr Nyembezi's office with Ntshangase. She had not received a reply from Ntshangase in response to her latest memorandum dated 17 October 2006. It was evident that Ntshangase had now taken the matter up with Dr Nyembezi. Dr Nyembezi told her that she was not happy with the tone of her memorandums and why can't she use the telephone. She added that procurement processes are hindering service delivery and whilst they should not flout rules and regulations they needed to be flexible. Dr Nyembezi added that she appreciated legal prescripts but that Kantha

Padayachee was hindering process. Savoi was then contacted telephonically and was put on speaker phone. The Service Level Agreement was discussed. Subsequent thereto she had further conversation with Dr Nyembezi where she reiterated she has to comment on her observations and that she did not stop the process. The meeting was concluded by Dr Nyembezi informing her that she should not put these things in writing, but "talk we have cell phones". Personally, she deemed it necessary to document all correspondence as the Auditor General had been copied on certain documents, and it was imperative that they were following policy and procedures.

9) Legal Services then prepared a draft Service Level Agreement and retained a copy that has not been signed or dated. The agreement refers to the supply of two x Wataka HWT-1-25 transportable water purification units to Rietvlei and Appelsbosch hospitals in the amount of R4,980,000 per unit including vat. The "Ingredients" and the "BEE partner" were excluded from the said agreement. She has no knowledge of whether this draft agreement was ever signed and has further not been provided with a signed version. **B17**

10) She attached her personal notes of the meeting with Mthembu and Deonundhan; and her telephonic and face-to-face discussions with Dr Nyembezi and Ntshangase (refer to annexures PKP15 and PKP16 of her affidavit), that supports the contents of her affidavit in the absence of official correspondence.

Policy for the Drafting of Contracts/ Agreements signed by the HOD on 18 July 2008

9.202 Kantha Padayachee also provided us with the said policy document dated 2008. She informed us that the policy prior to this and in effect at October 2006 was not too dissimilar to the 2008 policy, but did not have a copy of same. I briefly refer to the said policy and specifically to section ***4: Summary of Procedures***: **D10**

4.1 The need for the Department to enter into all Contract/ Service Level Agreements should be identified in accordance with the Departmental Strategic and Plan within the Department's financial resources.

4.2 Prior to any contract being drafted by Legal Services, the project/ service

*required must be approved in principle by the Head of Department. In this regard a **submission must be prepared and submitted by the responsible person to the Head of Department**, according to the following format:*

- ***Purpose***

9.203 *It must be stated that the purpose is to request approval in principle of the intended service that is to be procured. The purpose for procuring the service must be fully explained.*

- ***Motivation***

9.204 *Under this heading the type of contract to be drafted must be mentioned and the reasons for the intended service must be detailed, taking into account the advantages of such service, target areas and groups and the effect such service will have in terms of its outcome on the Department. At this stage all the necessary investigations should have been concluded with respect to the needs for the services. The motivation must include value add for the Department and must detail a transfer of skill to the Department officials where applicable (especially in requests for consultancy contracts).*

- ***Financial Implications***

9.205 *Based on the cost estimates that would have been obtained during the research stage, the financial implications must be included here. The Submission must be accompanied by a separate written confirmation from the CFO/ Finance Manager in respect of the availability of funds for the duration of the contract.*

- ***Compliance with Procurement Processes***

9.206 *The submission must detail all procurement processes followed in procuring the service in line with SCM prescripts and must be accompanied by written confirmation from the responsible procurement officer that all procurement processes have been*

complied with.

- ***Recommendation/ Request***

9.207 *The recommendation/ request must be clearly stated under this heading.*

9.208 Based on my analysis of the documentation and notes retained by Kantha Padayachee is it evident that Ntshangase did not respond appropriately to Legal Services' concerns and was unable to provide evidence that policy had been complied with. Further, Dr Nyembezi was actively involved in the process so much so that she got Savoi to talk to Legal Services. There is no reasonable explanation as to why Dr Nyembezi was against things being put in writing, as opposed to using telephones and cell phones, other than she did not want a record of issues raised and who should be held accountable. Furthermore, Dr Nyembezi was dealing directly with Savoi as correspondence and telephone calls are between the two of them, and there is little evidence of third party involvement.

Interview with Ntshangase

9.209 We interviewed Ntshangase and he informed us that he did not wish to discuss the Intaka matter as it was *sub- judicia*, due to the criminal matter involving Intaka and the procurement of an ultra sound scanner, where the State allegedly withdrew the charges provisionally in order to add another 3 accused. However, he did inform us that he did not request the quotations, despite him stating this was the case in his submission to Dr Nyembezi on 6 October 2006. He alleged he was "forced" to sign the document. He further referred us to a report compiled by Strauss Daly Inc appointed by the Office of the Premier, where he explained the quotations and his signature on the document confirming he had requested the quotations. I have not had access to the said report. **B6**

Interview with Buthelezi

9.210 We first interviewed Buthelezi on 8 July 2009 when we initially started the investigation at which point we had no supporting documentation. At the said meeting he informed us as follows:

1) He recalled Dr Nyembezi, Professor Green- Thompson, ex- HOD, and Mr Sipho Shabalala (**Sipho Shabalala**), Head of Provincial Treasury at the time, went to Brazil, and this was the start of the Departments relationship with Intaka, pre-January 2006.
2) The water purification systems in question started after the Environmental Health Unit issued a report on the quality of water.
3) He was called to Dr Nyembezi's office where she discussed the said report on "dirty water".
4) Dr Nyembezi wanted to engage a service provider without going out to tender- this discussion first occurred on a Friday.
5) However, on the following Monday Dr Nyembezi informed him that she had discussed the matter with Sipho Shabalala and decided not to go out to tender.
6) He also referred to an affidavit that the "Scorpions" had; that Shabalala had received monies- he also thinks Du Plooy (Superintendant Du Plooy) was mentioned.

9.211 Buthelezi informed us at our subsequent interview with him on 19/10/2009, after we had obtained all relevant documentation, that it was his understanding that Ntshangase obtained the quotations and it was SCM's responsibility to ensure the prices were reasonable and market related. He merely recommended the order be awarded to Intaka, based on the Memorandum prepared by Ntshangase.

9.212 However, it is a requirement of Delegation 701 that "bids (quotations) may only be called for, based on a requisition approved within the applicable financial delegations". Further, it is a requirement of Delegation 701 that "contracts for offers from the threshold of R200,000 will only be awarded to bids/quotations that are accompanied by a valid tax clearance certificate. There is no evidence that these **A9/23**

requirements were complied with; we determined that the Infrastructure Development Component was instructed to issue the order by SCM based on a discussion between the CFO and van der Merwe on 22 November 2006, referred to in a memorandum sent by SCM to van der Merwe on the same day, at which point there were no funds for this project. Hence, at the time that the CFO recommended Intaka be appointed on 6 October 2006 relevant financial delegations had not been complied with as there was no budget for the project. It would have been expected of the CFO to ensure there were funds for the project prior to recommending the appointment of Intaka on 6 October 2006, who was then advised on 9 October 2006 that they had been awarded the order in the amount of R9,960,000. **B22/1** **B6**

9.213 In addition the policy in respect of the drafting of contracts requires the following in respect of *"Cost Implications"* be included in the submission to the HOD: *"Based on the cost estimates that would have been obtained during the research stage, the financial implications must be included here. The Submission must be accompanied by a separate written confirmation from the CFO/ Finance Manager in respect of the availability of funds for the duration of the contract"*. Hence, Buthelezi had not complied with the said policy as at 6 October 2006. **D10/4**

9.214 Buthelezi was interviewed by the investigating officer, where I was present on 27 January 2010. A Constitutional Warning Statement was obtained by the investigating officer. I wish to briefly refer to specific parts thereof where he confirmed what he had told us on a previous interview and added additional information: **D12**

1) *"I, as part of a team from KZN, also visited a hospital in Kimberley to observe a "water purification plant" that was installed by Intaka.*
2) *Dr Nyembezi wanted to appoint a service provider without following the tender procedures. I would have preferred that this procurement was done by way of tender and informed Dr Nyembezi accordingly during a meeting on a Friday. The following Monday Dr Nyembezi informed me that she obtained advice from the then Head of Treasury, whom I understood to be Mr Sipho Shabalala, and was going to authorise the procurement in terms of Supply Chain Management Interim Delegation 701 i.e. without going to tender.*

3) *The first time Mr Ntshangase (General Manager: Budget and Supply Chain Management)approach me for my signature on the document referred to as memo 313, I told him I first wanted to look at the contents of the document and would deal with it later. At that stage I did not feel comfortable with the situation.* **B6**
4) *The same day he came back and informed me that I must not ask questions as the HOD (Dr Nyembezi) wanted this document signed like yesterday. He informed me that he went to Dr Nyembezi and she told him I must sign the document now.*
5) *At the time I felt threatened by what Ntshangase said. It is generally known that I do not sign procurement documents easily. People therefore don't like me. I was however aware of the consequences and knew I could be fired if I did not do as Dr Nyembezi instructed as this could be seen as insubordination. I also did not have a good relationship with her at the time because I had previously queried procurement documents before signing them.*
6) *I signed the document and gave it back to Ntshangase. There were 3 quotations attached to this memo that were addressed to Dr Nyembezi or her personal assistant Samantha Cheatle. There was no "ManCo Resolution" attached to these documents.*
7) *I would like to add that I received a memo to attend a meeting with Dr Nyembezi on the 5th of October 2006. A copy of this memo is attached to my statement. On the 5th of October 2006 I attend this meeting. I and my staff, as per the memo received written warnings because we had not yet finalised the procurement for the water purification plants for Appelsbosch and Rietvlei Hospitals. We had to explain the delay. Dr Nyembezi only got involved in these issues if her office was directly involved. She generally did not get involved in normal procurement issues.*
8) *I was also aware that the quotes did not come from Mr Ntshangase. They came from the office of the HOD Dr Nyembezi.*
9) *I signed the document as I knew Dr Nyembezi approved it in principal and had informed me accordingly. I believe that signing this document was a formality as Dr Nyembezi had already decided that she was going to authorise this purchase and not go out to tender as I had recommended. I did not source any quotations for this procurement".*

Affidavit of Gaston Savoi

9.215 Following the issuing of our report dated 30 November 2009 and the extension of our appointment by the Department on 9 February 2010, I was handed a copy of an affidavit of Gaston Savoi by the SAPS. The said affidavit purports to have been signed by Savoi on 14 July 2008. I refer to this affidavit and particularly that part relevant to the 2 x Water Purification Systems for Rietvlei and Appelsbosch Hospitals. **E1**

1) In paragraph 5 he states as follows: *"I have been advised that the issues that have been raised and with which I should deal in this affidavit are, firstly, a certain donation that was paid by Intaka in February 2007 and, secondly, two commission payments paid by Intaka to Rowmoor Investments 738 (Pty) Ltd ("Rowmoor") in August 2007. I shall now deal; with each of these issues".*

2) In paragraph 10 and 11 he details the background into how he was introduced to the KZN Provincial Government (KZNPG) by Mr Rafiq Bagus, Special Advisor to the Minister of Trade and Industry. He states that he made contact with relevant persons at the KZNPG and made various presentations to them. In paragraph 12 he states: *"from information provided to Intaka by TIKZN and KZNPG and from information that my company obtained independently, I became aware that KZN was facing- as it continues to do- formidable challenges in relation to the provision of potable drinking water"*. I wish to emphasise the word "*independently*" and that there is no mention or reference to any consultant involved in respect of the discussions between Intaka and KZNPG and information obtained.

3) In paragraph 15 and 16 he refers to a fact-finding visit to South America for a delegation from KZN that included water purification plants and whether they might indeed prove useful in KZN, "at Intaka's cost". Once more there is no reference to a consultant or "middle-man". Hence, Intaka was funding the delegation and was dealing directly with KZNPG officials. Savoi added: *"the discussions and actions thus far were entirely in accordance with my experience*

of international business".

4) In paragraph 17 he refers to the return to South Africa and that "*the KZNPG indicated that it was interested in pursuing both the issue of self- generating oxygen equipment as also the water purification plants, the key persons in the process of further discussions being Mr Shabalala and Professor Green Thompson*". Hence, Professor Green- Thompson, the HOD, KZN Department of Health at the time was interested in the water purification plants and Intaka was dealing directly with him.

5) He then details the events surrounding the purchase of 20 Wataka units (water purification plants) by the KZNPG, Department of Local Government and Traditional Affairs. I will not discuss this at this point as it did not form part of our mandate at the time we were conducting this investigation.

6) In paragraph 36 he commences with commission paid to Rowmoor. In paragraph 37 he refers to Mr Lindelihle Mkhwanazi "*with whom we had come into contact during our discussions with various role- players in KZN, approached us expressing an interest in marketing our products in KZN. He indicated that he was already supplying stationery and other products to KZNPG departments and we therefore thought that there would be no harm in giving him an opportunity to market ours as well*".

7) In paragraph 38 and 39 he refers to a "*standard agency agreement*" between Rowmoor and Intaka Tech and that training was provided to Mkhwanazi. He then states that "*Although Mr Mkhwanazi has yet to sign the agreement concerned, he has in the interim sold two water purification plants to hospitals in KZN, these being at Rietvlei and Appelsbosch (Greytown) and, on that basis, in August 2007, we paid him the commissions to which he would have been entitled in terms of the agreement had it already been signed. This appears to me to be a fair way of doing business with him*". In paragraph 40 he refers to Rowmoor being indebted to another of his companies: Intaka Nutri (Pty) Ltd in the amount of R746,317.80, and that the "commission" that was owed to Rowmoor for the sale of the two

water purification plants was payable by Intaka Tech (Pty) Ltd, and as a result the two amounts could not be off-set against each other

9.216 I wish to briefly comment on Savoi's explanation regarding the Mkhwanazi and/or Rowmoor's role in the sale of the 2 water purification systems to Rietvlei and Appelsbosch Hospitals and how it conflicts with his own version; all documentary evidence reviewed by us and interviews conducted by us with the officials from the Department involved in the procurement procedure:

1) Intaka was introduced to KZNPG by Bagus and Intaka sourced information independently.
2) Intaka paid for a fact- finding mission to South America that included Professor Green- Thompson, HOD, KZN Department of Health at the time. The mission included reviewing the suitability of the water purification plants for KZN.
3) A delegation of the Department of Health also visited the Western Cape, Northern Cape and Intaka, where they met Savoi, for purposes of looking at the water purification plants and self- generating Oxygen plants. There is no evidence that Mkhwanazi or Rowmoor was part of this delegation or that they acted as an agent for Intaka in this process.
4) The documentary evidence in possession of the Department reflects that Department dealt directly with Intaka in respect of the procurement of the 2 water purification systems in question. Their quotation was sent directly to Dr Nyembezi and not via an agent.
5) There is not a single bit of evidence from the Department's records of Mkhwanazi and/or Rowmoor being involved in the "sale" thereof, and no official ever indicated that there was a third party involved.
6) Neither Don Miller of Imvusa or Ron Geddes of Westpro who provided the so called "competitive quotes" mentioned Mkhwanazi and/or Rowmoor; they alleged they were contacted by a Department official.
7) Intaka already had a "foot- hold" in KZNPG by providing 20 water purification plants to the KZN Department of LG and TA, following their funding of a fact findings mission to South America and a delegation from the KZN Department of Health visiting Intaka and being introduced to Savoi. Despite this Savoi saw "*no*

harm" with giving Mkhwanazi the opportunity to market Intaka's product. This does not make business sense, as Intaka had done all the ground work and incurred time and expenses. There would be absolutely no reason to engage an agent and no reasonable business would do so.

8) The standard agency agreement was never signed by Rowmoor/ Mkhwanazi and there is no documentary or other evidence (apart from Savoi alleging same) that Mkhwanazi sold the 2 water purification plants to the Department of Health. In addition and despite the fact that Rowmoor was indebted to another of Savoi's businesses, Savoi paid Mkhwanazi his commission as "*this appears to me a fair way of doing business with him*". Once more this does not make sound business sense and consequently Savoi's explanation should be rejected. I wish to mention that Savoi at no stage referred to the amount of "commission" paid and how this was determined. I shall elaborate on this later in this report.

Documents seized by the SAPS from Intaka

9.217 I reviewed the documentation and electronic records seized by the SAPS from Intaka. The documents discussed hereunder are relevant to the 2 x Water Purification Systems for Rietvlei and Appelsbosch Hospitals.

9.218 I identified the following documents relating specifically to the quotations:

1) A printout of an e-mail of Ashleigh Spencer from Info@intaka.com sent on 2 October 2006 at 16:00, to rgeddes@westpropumps.co.za, titled "WATER PURIFICATION PLANTS". The body of the e-mail reads as follows" *Dear Mr Geddes please find the attached letter,* ***with the amendment concerning the spelling of the name*** *kind regards Fernando Praderi*". Attached thereto is a letter dated 29/09/2006 addressed to the Department of Health: KZN, att: Ms Samantha Cheatle, titled "***Re: Water Purification Plants***". This would indicate that Intaka prepared a letter on a blank letterhead and sent it to Ron Geddes at Westpro. I have examined this document and compared it to the "competitive quotation" sent by Ron Geddes to Samantha Cheatle of the Department of Health on 3 October 2006 at 14:44 in terms of the fax print on the top and bottom of the **E2** **B9**

pages, already discussed in this report. The said letter is identical in all respects to the quotation apart from the quotation being on a Westpro letterhead and the spelling of the surname as "Geddis" on the letter sent by Intaka. Hence, this supports my earlier view that Westpro and/or Ron Geddes and Intaka colluded in the preparation of a fraudulent quotation.

2) A printout of an e-mail of Ashleigh Spencer from info@intaka.com sent on 2 October 2006 at 15:53, to millers@xsinet.co.za, titled "REQUEST FOR QUOTATION KZN". The body of the e-mail reads as follows" *Dear Mr Miller please find the attached letter kind regards Fernando Praderi*". Attached thereto is a letter dated "*2006 2nd October*" addressed to Dr BM Nyembezi Head of Department, Department of Health: KZN, titled "***Request for Quotation: Water Purification Systems for Appelsbosch and Rietvlei Hospitals***". This would indicate that Intaka prepared a letter on a blank letterhead and sent it to Don Miller. I have examined this document and compared it to the "competitive quotation" sent by Don Miller to Dr Nyembezi on 2 October 2006 at 17:10 in terms of the fax print on the top of the pages, already discussed in this report. The said letter is identical in all respects to the quotation apart from the quotation being on an Imvusa letterhead and the footer being included on quotation. This includes the date being presented in a rather unusual way. Hence, this supports my earlier view that Imvusa and/or Don Miller and Intaka colluded in the preparation of a fraudulent quotation. **E3** **B8**

9.219 On 17 February 2010 whilst in Cape Town reviewing the documents seized by the SAPS, I accompanied the investigating officer to Westpro where he conducted an interview with Ron Geddes. The latter continued to deny any wrongdoing. He confirmed his earlier explanations given to us, already discussed in this report and added additional information. Of significance is that he still maintained that he was contacted by a lady whose name he did not remember. He did not know where they got Westpro's name from. The specifications were for a 45 to 50 cubic meter per hour water treatment plant. He requested a quote from Grotto for this plant and that quote was used to prepare Westpro's quote dated 29/09/2006. He could not explain why the Grotto quote is dated 26/10/2006, i.e. after his own quote, but assumed it **B9** **C4A/4**

must have been incorrectly dated by them. Upon receipt of the Grotto quote he prepared the quote dated 29/09/2006 and submitted it to the Department of Health. He received a call a day later requesting him to resubmit it to a different person on 3/10/2006.

9.220 Geddes was asked whether he received any assistance from Intaka in the preparation of his Westpro quotation dated 29/09/2006. He replied: "*I can categorically state no*". He was further asked whether he knew Ansano Romani who allegedly sent him the Grotto quote dated 26/10/2006. He replied as follows: "*Yes, we are in the same industry. We socialise together but we are not house friends*"."He added that they play golf together. At the conclusion of the interview he was asked whether he knew Mr Fernando Praderi of Intaka (the person from Intaka who had sent him the quotation for submission to the Department on 2 October 2006). He denied any knowledge of Fernando Praderi and claimed only to have heard of Savoi. **B9** **C4A/4** **E2**

9.221 We also had visited Rietvlei and Appelsbosch hospitals and obtained photographs and specifications of the water purifications systems supplied by Intaka. These plants appeared similar to that described to us by Grotto. We sent the photographs to Grotto in order to determine whether these are Grotto's plants that they supplied to Intaka. Grotto informed us that they cannot make a 100% identification, however the plants are otherwise identical to what Grotto supplied to Intaka. Grotto concluded that the plants cost between R412,000 and R475,000, as previously reported above, and an additional amount of approximately R250,000 for transport and commissioning. Hence, Grotto's price for one water purification plant would have been a maximum of R725,000. Intaka charged the Department R4,980,000 per plant. Hence, an overpayment and prejudice to the Department of R8,510,000.

9.222 Similar products were purchased by the Department of Local Government and Traditional Affairs from Intaka for approximately half the price paid by the Department of Health, during the same period. (5 June 2006, 20 plants at R44,563,636.49 or R2,228,181.82 per plant, and on 17 November 2006, R5,617,919.40 for transport, delivery, site preparation, installation and commissioning of 20 plants or R280,895.97 per plant, i.e. R2,509,077.79 per plant inclusive of all costs).

9.223 I identified the following documents relating specifically to the price of the Wataka 25, being the 2 water purification plants commissioned by Intaka at Rietvlei and Appelsbosch Hospitals:

1) A document titled: "Intakatech Water & Gas Water Purification Plant Cost Price List 2007" dated 14 August 2007. The cost price of the Wataka Model 025 is listed as R783,100 inclusive of all costs including: complete unit R497,600; Freight R95,000; Concrete Slab R77,000; Installation: R85,000; and Commissioning and Chemicals R28,000. The said price list, based on the stamp thereon was approved by "*Dr Gaston Savoi*" and also contains what appears to be the name "*F Praderi*". This is approximately 10 months after Intaka provided the Department with a quotation of R4,980,000 for the same plant on 2 October 2006 and for which they invoiced the Department and were paid R9,960,000 for 2 plants. **E4** **B7** **B1**

2) A document on a letter from Loftus Neethling to Dr Gaston Savoi dated 31 August 2006 titled: "Prices and terms on building the Wataka 050 complete with automation". In terms thereof the selling price of the Wataka 50, that is bigger than the Wataka 25, is R531,341.53 excluding VAT. **E5**

3) An Intaka Tech Purchase Order number 32380 issued to Imvusa Trading 1319cc dated 2 June 2008. In terms thereof Intaka ordered 18 x water treatment plants 050 in the amount of R730,000 each excluding VAT. Hence, Intaka's own records support my earlier findings that the Department paid grossly inflated prices for the 2 x Wataka 25 water purification plants. It is further my submission that this was only achieved as a result of the collusion between Intaka, Westpro and Imvusa representatives in the preparation of fraudulent quotations. **E6**

9.224 I identified the following documents relating to "commission" paid to Rowmoor by Intaka referred to in the affidavit of Savoi: **E1**

1) A handwritten Rowmoor Investments (Pty) Ltd tax invoice number 06 dated 24 August 2007. It is addressed to Intakatech and refers to "commission for **E7/1**

marketing and sale of water purification plant at Rietvlei Hospital" in the amount of R500,000. Rowmoor's bank details are recorded as FNB, cheque account no: 62139684402 and branch code: 220226.

2) A Rowmoor Investments 738 (Pty) Ltd tax invoice dated 24 August 2007. It is addressed to Intakatech and refers to "commission for marketing sale of water purification plant at Rietvlei Hospital" in the amount of R500,000. Rowmoor's bank details are recorded as FNB, cheque account no: 62139684402 and branch code: 220226. It is stamped "*paid*" and endorsed "*to replace original invoice #06 paid, VAT number now included*". **E7/2**

3) An Intaka Tech (Pty) Ltd remittance advice dated 31 August 2007 reflecting a payment in the amount of R500,000 via EFT to Rowmoor Investments. **E7/3**

4) Corporate cheque account number 62106988150 reflecting a payment of R500,000 to Rowmoor Investments on 30 August (2007). **E7/4**

5) A handwritten Rowmoor Investments (Pty) Ltd tax invoice number 07 dated 20 August 2007. It is addressed to Intakatech and refers to "commission for marketing and sale of water purification plant at Appelsbosch Hospital" in the amount of R500,000. Rowmoor's bank details are recorded as FNB, cheque account no: 62139684402 and branch code: 220226. **E7/5**

6) A Rowmoor Investments 738 (Pty) Ltd tax invoice dated 20 August 2007. It is addressed to Intakatech and refers to "commission for marketing sale of water purification plant at Rietvlei Hospital" in the amount of R500,000. Rowmoor's bank details are recorded as FNB, cheque account no: 62139684402 and branch code: 220226. It is stamped "*approved Dr Gaston Savoi*" **E7/6**

7) An Intaka Tech (Pty) Ltd remittance advice dated 21 November 2007 reflecting a payment in the amount of R500,000 via EFT to Rowmoor Investments. **E7/7**

8) Corporate cheque account number 62106988150 reflecting a payment of R500,000 to Rowmoor Investments on 23 November (2007). **E7/8**

9.225 Thus, Savoi paid Rowmoor Investments R1 million for "marketing and sale of water purifications plants at Rietvlei and Appelsbosch Hospitals". There is no evidence that Rowmoor Investments and/or Mkhwanazi performed any sale or marketing for the 2 x water purification plants under investigation. It has been reported to me that Mkhwanazi was the "boyfriend" of the Ms Nkonyeni, the MEC at the KZN Department

of Health at the time.

Rowmoor Investments 738 (Pty) Ltd

9.226 We performed a Kreditinform search report for Rowmoor Investments 738 (Pty) Ltd **(Rowmoor)**. The said entity was registered on 26 March 2007 with registration number 2007/009358/07. The sole active principal is Lindelihle Henry Mkhwanazi, identity number 701027 5432 088 appointed on 4 May 2007. **E8**

9.227 Savoi alleged in paragraph 38 of his affidavit referred to a "standard agency agreement" between Rowmoor, previously in paragraph 5 of his affidavit referred to by him as "Rowmoor Investments 738 (Pty) :Ltd, and Intaka Tech, prepared by Intaka's Legal Department. He added that although Mkhwanazi has yet to sign the agreement concerned, he has in the interim sold two water purification plants to hospitals in KZN, being at Rietvlei and Appelsbosch (Greytown) and, on that basis, in August 2007, we paid him the commissions to which he would have been entitled in terms of the agreement had it already been signed. **E1**

9.228 However, the actual "sale" took place on 2 October 2006 when Intaka submitted their "quotation" to the Dr Nyembezi and they subsequently advised on 9 October 2006 that they had been awarded the order in the amount of R9,960,000. Hence, it stands to reason that the "marketing" took place prior to the "sale". Rowmoor Investments 738 (Pty) Ltd was only registered on 26 March 2007 and Mkhwanazi was appointed on 4 May 2007. Hence, the "standard agency agreement" referred to by Savoi with the said Rowmoor Investments 738 (Pty) Ltd, could not have been prepared in October 2006, as the said entity did not exist and was not registered in October 2006 or at any stage prior to 26 March 2007. **B7** **B11**

Electronic records recovered from Intaka

9.229 I was further provided with the electronic records recovered by the SAPS from Intaka. I identified a number of documents, messages and e-mails that further supports my findings of collusion in the submission of "competitive" quotations and the personal

relationship between Dr Nyembezi and Savoi, to the detriment of the Department and the role (or absence thereof) of Rowmoor Investments and/or Mkhwanazi. The said documentation is self- explanatory, however I will briefly refer to those that are significant:

1) A letter from Savoi to the MEC Peggy Nkonyeni dated 31 March 2005. This followed an introductory meeting with Savoi, the MEC, Sipho Gcabashe and Sipho Shabalala on 30 March (2005). **F1/1-2**
2) An e-mail from Samantha Foulkes official KZN e- mail address (she was Dr Nyembezi's personal assistant at the time) to Intaka dated 1 August 2006, with regard to flights for Prash Padayachee, van Der Merwe and Ntshangase. **F1/3**
3) An e-mail from Savoi to Alexandre dated 3 August 2006. He attached the business card of Dr Nyembezi but requested he send the requested documents to Dr Nyembezi's personal e-mail address: busisiwen@mweb.co.za. Her business card contains the official e-mail address of Samantha Foulkes. **F1/4-5**
4) An e-mail from Savoi to Dr Nyembezi "personal" dated 16 August 2006 titled "*specifications Wataka 050 WTH*". He commences "*Dear amiga*" and attached the specifications and patent certificate of the Wataka. I understand that "*amiga*" means female friend. **F1/6-7**
5) An e-mail from Savoi to Dr Nyembezi "personal" dated 8 September 2006 titled "*Advantages and benefits of Watakas*". He commences "*Dear amiga*". **F1/8**
6) An e-mail from Savoi to Dr Nyembezi "personal" dated 25 September 2006 titled "various". He commences "*Dear amiga*". He further states "*As agreed upon, please note as follows:* **F1/9-10**

   1 Water purification system:

   herewith the name of the companies:

   Westpro. Mr Ron Geddes, tel: 021- 930 1402, fax: 021- 939 3512, e-mail: wespro@mweb.co.za, address: Unit 9, Kilpatric building, Huguenot street, Parow, 7500.

   Imvusa Stainless. Mr Don Miller, tel: 021- 905 5324, fax: 021- 905 1771, e-mail: millers@xsinet.co.za, address: PO Box 156, Blackhealth, 7561.

   And ourselves, Intaka Investments for the patented equipment Wataka.

   Do not hesitate to contact me.

Please bear in mind that we have Watakas model HWT ready for delivery just in time". I will refer to the remainder of this e-mail when discussing the Oxyntaka plants later in this report.

7) An e-mail from Samantha Foulkes official KZN e- mail address to Savoi dated 26 September 2006 titled "*Quotation: water purification system*". The content is self-explanatory. **F1/11**

8) An e-mail from Savoi to Dr Nyembezi "personal" dated 29 September 2006. He commences "*Amiga*" and "*Buenos dias*" that I understand is a greeting meaning "good day", "*regarding the additional hospital, which will be the procedure, when we can expect the order? This is to program our production*". **F1/12**

9) An e-mail from Samantha Foulkes official KZN e- mail address to Savoi dated 2 October 2006 titled "*Installation of water purification system*". The content is self-explanatory. **F1/13**

10) An e-mail from Savoi to Dr Nyembezi "personal" dated 2 October 2006 titled "Quotation: water purification system- Appelsbosch & Rietvlei". The content is self- explanatory as it relates to their quotation in the amount of R4,980,000 including VAT. The quotation is repeated in an evenly dated letter addressed to Dr Nyembezi via Samantha Cheatle **F1/14-15** **F1/16-17**

11) A File Note being an sms from Savoi to Dr Nyembezi dated 4 October 2006. He refers to a projection of around 50 to 55 Watakas. **F1/18**

12) An e-mail from Savoi to Dr Nyembezi "personal" dated 16 November 2006 titled "*FW: Letter to Dr Nyembezi re Rietvlei and Appelsbosch Hospitals*" The content is "*As you can see a lot of bla, bla, and not progress from their side. On top of that, I see that they are copying the famous Westwood. Just give me your guidance how to proceed, once we are trying to avoid the hospital to appear again on the newspaper as last time*". **F1/19-20**

13) A document dated 10 July 2007 being a "Confidentiality Agreement" between Intaka Tech (Pty) Ltd and Rowmoor Investments 738 (Pty) Ltd. This document although unsigned (as confirmed by Savoi) is consistent with Rowmoor Investments only being registered on 26 March 2007 and could not have provided marketing and/or sales that took place in October 2006. In addition none of Intaka's electronic records contain any evidence that Rowmoor Investments and/or Mkhwanazi provided these services. I located 4 quotations all dated 3 **F1/21-28**

September 2007 addressed to Mr Linda Mkhwanazi, Rowmoor Investments 738 (Pty) Ltd. There is no evidence of any quotation being provided for the 2 Water Purification Systems for which Intaka paid a commission of R1,000,000. F1/29-32

Bank accounts subpoenaed by the SAPS

9.230 At the time of issuing this report this information was not available and an addendum will be issued should the bank account once received contain relevant information.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Summary of Findings

9.231 Detailed below is a summary of significant findings from the investigation conducted into the procurement of Water Purification Plants at Rietvlei and Appelsbosch Hospitals:

1) Intaka, an entity based in the Western Cape, received an order in the amount of R9,960,000.00 on 30 November 2006, for the supply of two (2) x Water Purification Systems from the Department, for Rietvlei and Appelsbosch Hospitals (R4,980,000 per system). **B1/1**
2) The awarding of the said order was made in terms of SCM Delegation 701: Urgent and Emergency Cases, based on a Memorandum (also referred to as a Submission or Memo 313) from Ntshangase to Dr Nyembezi dated 6 October 2006, signed by Ntshangase, Buthelezi and Dr Nyembezi. In terms thereof three quotations were invited by the Supply Chain Management Unit with the intention to deal with the matter as it was a health threatening situation. **A3/23** **B6**
3) The said awarding was preceded by the submission of 3 quotations (as referred to above) by the following entities, all based in the Western Cape to Dr Nyembezi and/or her personal assistant:
   1. Intaka Investments (Pty) Ltd on 2 October 2006. **B7**
   2. Imvusa Stainless (Pty) Ltd on 2 October 2006. **B8**
   3. Westpro Fluid Handling Systems (Pty) Ltd. The quotation is dated 29 September 2006, but was faxed on 3 October 2006 in terms of the fax imprint from Westpro on the top and bottom of the document. **B9**
4) Neither Imvusa nor Westpro were registered on the KZN Provincial Suppliers Data base at the time, nor are they currently registered.
5) Dr Gaston Savoi provided Dr Nyembezi via her personal e-mail address with the names and contact details of Imvusa Stainless and Westpro on 25 September 2006, (prior to receiving the quotations). There is no evidence of the Supply Chain Management Unit, whose duty it is to source quotations and procure goods and services, being involved in this process, contrary to what is recorded in the Memorandum referred to in 2) above. **F1/9-10** **B6**

6) On 2 October 2006 Intaka via Ashleigh Spencer, on behalf of Fernando Praderi sent quotations to Ron Geddes and Don Miller of Westpro and Imvusa respectively. These quotations are identical (apart from the spelling of the surname "Geddis", to those subsequently sent to Dr Nyembezi by the said Ron Geddes and Don Miller). Both have denied any wrongdoing despite the overwhelming evidence of collusion in the submission of fraudulent quotations. Ron Geddes in an effort to cover-up his tracks further provided another quotation alleged to have been issued by Ansano Romani of Grotto another entity based in the Western Cape and suppliers of water purification systems, upon which he alleged he based his quotation to the Department. It was pointed out to him that this could not have occurred as the Grotto quotation is dated 26 October 2006, one month after his own quotation to the Department dated 29 September 2006. Grotto confirmed that the said quotation is false. **E2+E3** **B8+B9** **C4A/4** **B9** **C4A/4** **B9**

7) Ntshangase informed us at our interview with him, that he did not wish to discuss the Intaka water purification matter as it was sub- judicia, due to the criminal matter involving Intaka and the procurement of an ultra sound scanner, where the State allegedly withdrew the charges provisionally in order to add another 3 accused. However, he did inform us that he did not request the quotations, despite him stating this was the case in his Submission to the HOD on 6 October 2006. He alleged he was "forced" to sign the document. There is no evidence that he requested or received the quotations; as discussed above the documentation reflects Dr Nyembezi performed the said SCM function in consultation with Savoi. **B6**

8) Buthelezi has detailed his involvement in the said process in his Warning Statement referred to earlier in this report: he wanted the matter to go out to tender but Dr Nyembezi decided otherwise after she obtained advice from the then Head of Treasury, Sipho Shabalala; she authorised the procurement in terms of Supply Chain Management Interim Delegation 701; he did not want to sign the Submission as he felt uncomfortable with the situation when Ntshangase brought it to him for signature and informed Ntshangase accordingly; Ntshangase returned to him at a later stage and told him that Dr Nyembezi said he must sign the Submission now; at the time he felt threatened by what Ntshangase said, but signed the Submission as he was aware of the **D12**

consequences and knew he could be fired if he did not do as Dr Nyembezi instructed as this could be seen as insubordination; he was also aware that the quotations did not come from Ntshangase; they came from the office of the HOD Dr Nyembezi; he did not source any of the quotations; and he signed the Submission as he knew Dr Nyembezi approved it in principal and had informed him accordingly.

9) The Departments Infrastructure Component were not involved in the drafting of specifications or the sourcing of a suitable service provider, and were only made aware of same when instructed by the HOD to issue the order to Intaka on 29 November 2006. Dr Nyembezi has again stated in this Memorandum that she had requested SCM to call for a Tender for the Installation of Water Purification Systems at both of the hospitals. This is untrue as the matter did not go out to tender and she obtained the "quotations" herself. **B24**

10) Grotto informed us that they were commissioned by Intaka to build 30 complete 'Wataka' water purification units. These plants were completed by the end of 2006. The first two plants were (unilaterally) discounted by some 50% by a Mr. Romani (now employed by Imvusa), ostensibly as Grotto's contribution to developing this new product. Subsequent plants were sold to Intaka for between R412,000 and R475,000, the price variance being the result of fluctuating steel prices and some specification changes relating to the control system of the plants. **C8**

11) Tony Gerrans of Grotto informed us further that they were unable make a 100% identification of the plants at Rietvlei and Appelsbosch Hospitals after we sent them photographs obtained by us when we visited the hospitals. However, they added that the plants are otherwise identical to what Grotto supplied to Intaka. Grotto concluded that the plants cost between R412,000 and R475,000 and an additional approximately R250,000 for transport and commissioning. Hence, Grotto's price for one water purification plant would have been a maximum of R725,000. Intaka charged the Department R4,980,000 per plant. **C8**

12) Similar products were purchased by the KZN Department of Local Government and Traditional Affairs from Intaka for approximately half the price paid by the Department of Health, during the same period. (5 June 2006, 20 plants at R44,563,636.49 or R2,228,181.82 per plant, and on 17 November 2006,

R5,617,919.40 for transport, delivery, site preparation, installation and commissioning of 20 plants or R280,895.97 per plant, i.e. R2,509,077.79 per plant inclusive of all costs).

13) Savoi in his affidavit dated 14 July 2008 has referred to 2 x payments to Rowmoor Investments 738 (Pty) Ltd for "commission that was owed to Rowmoor for the sale of two water purification plants". The payments in the amounts of R500,000 each were made on 30 August 2007 and 23 November 2007 respectively. The marketing and sale took place on or prior to 6 October 2006. Rowmoor Investments 738 (Pty) Ltd was only registered on 26 March 2007. There is no evidence that Rowmoor Investments and/or the sole principal Lindelihle Mkhwanazi provided any such "marketing and sale" services. Savoi referred in his affidavit to an unsigned Confidentiality Agreement between Intaka and Rowmoor Investments. A document matching this was located in Intaka's records and is dated 10 July 2007. Hence, Savoi's explanation regarding the payments made to Rowmoor Investments is not supported by any other documentary evidence. **E1** **E7** **B6** **E8** **F1/21-28**

14) The collusive behaviour amongst Intaka (represented by Praderi), Geddes using Westpro and Don Miller using Imvusa with the assistance of Savoi of Intaka and Nyembezi and Ntshangase of the Department and Romani using Grotto, has been designed to establish bid prices at artificial non- competitive levels and to deprive the Department of the benefit of free and open market competition.

15) It would appear that Nr Nyembezi, by approving the engagement of Intaka to supply water purification plants for Rietvlei and Appelsbosch hospitals, contravened:

- The provisions of section 217 of the constitution of the Republic of South Africa Act 108 of 1996 in that:
  - She failed to follow a procurement system which is fair, equitable, transparent, competitive and cost effective.
- Section 38(1)(a)(b)(c) of the PFMA in that she failed to:
  - Maintain effective, efficient and transparent systems of financial risk management and internal control;
  - Implement an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;

- Ensure that processes and procedures were in place for the effective, efficient, economical, and transparent use of the institution's resources; and
- Exercise reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure.

T S White
Director: Forensic Services
24 May 2010

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0792

9

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0793

TSW9

In the matter between: KIMBERLEY CAS 02/05/2010

THE STATE

And

GASTON SAVOI	ACCUSED 1
FERNANDO PRADERI	ACCUSED 2
ANSANO ROMANI	ACCUSED 3
RONALD JAMES GEDDES	ACCUSED 4
SANJAY MITHA	ACCUSED 5
DANILE DEON MADYO	ACCUSED 6
JOHN BLOCK	ACCUSED 7
DANIEL GABORONE	ACCUSED 8
INTAKA NORTHERN CAPE (PTY) LTD	ACCUSED 9
INTAKA INVESTMENTS (PTY) LTD/ INTAKA TECH (PTY) LTD/ INTAKA HOLDINGS (PTY) LTD	ACCUSED 10
CHISANE INVESTMENTS (PTY) LTD	ACCUSED 11
STRATFIT CC TRADING AS WATERTECH	ACCUSED 12
YADHAV INVESTMENTS CC	ACCUSED 13
NELMARIE OOSTHUIZEN	ACCUSED 14
ALICIA MARCUS	ACCUSED 15

REPORT OF TREVOR SEAN WHITE

Dated	12 October 2010
Specialist field	Chartered Accountant and Forensic Auditor
On behalf of the Prosecution	The Director of Public Prosecutions
On the instruction of	The Department of National Treasury
Subject matter	Investigation conducted into the purchase of ten (10) x Water Purification Plants by the Northern Cape Department of Health from Intaka Investments (Pty) Ltd.

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

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Chartered Accountant and Forensic Auditor

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Report of Trevor White
Chartered Accountant and Forensic Auditor

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ABBREVIATIONS AND TERMINOLOGY

The following are abbreviations and terminology that have been used in this report:

Abbreviated name/ terminology	*Full name and/or description*
Barnardt	Barend Barnardt
BAS	Basic Accounting System
Forgeweld Stainless	Forgeweld Stainless (Pty) Ltd
Gaborone	Daniel Gaborone
Gerrans	Tony Gerrans, Grotto
Grotto	Grotto Manufacturing (Pty) Ltd
High- Tech Packaging	High- Tech Packaging (Pty) Ltd
HOD	Head of Department
Imvusa	Imvusa Stainless cc
Intaka	Intaka Investments (Pty) Ltd, Intaka Tech (Pty) Ltd, Intaka Holdings (Pty) Ltd
John Block	John Fikile Block
KZN	Kwa-Zulu Natal
KZN Health	The Department of Health KwaZulu- Natal
KZN LG & TA	KwaZulu- Natal Department of Local Government and Traditional Affairs
Madyo	Deon Madyo
Meagan	David Meagan, Westpro
Miller	Donald Miller, Imvusa Stainless cc
Mitha	Sanjay Kumar Mitha
National Treasury	The Department of National Treasury
Northern Cape DOH	The Northern Cape Department of Health
PFMA	Public Finance Management Act, Act 1 of 1999

Praderi	Fernando Praderi, Intaka
PwC	PricewaterhouseCoopers
Romani	Ansano Romani, Imvusa
Saima Shahzad	Saima Shahzad, sole member of Watertech
SAPS	South African Police Services
Savoi or Dr Savoi	Dr Gaston Savoi, Intaka
SCM	Supply Chain Management
Selao	Ms DD Selao, MEC Northern Cape DOH
Shabbir	Hamid Shabbir
Skyros Health	Skyros Health (Pty) Ltd
The Provincial Tender Board	The Northern Cape Provincial Tender Board
The Watertech Agreement	A Marketing and Distribution Agreement between Intaka and Watertech 1 January 2007
TP Kubheka	Tebogo Philip Kubheka
Watertech	Stratfit cc trading as Watertech
Westpro	Westpro Fluid Handling Systems (Pty) Ltd

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

A. AUTHOR'S DETAILS

1.000 Name

1.001 Trevor Sean White.

2.000 Personal details

2.001 I am a male with identity number 6611245014087, 43 years old. I am a director of PricewaterhouseCoopers Advisory Services (Pty) Ltd, 102 Stephen Dlamini Road, Berea, Durban with telephone number (031) 2712000.

3.000 Experience and qualifications

3.001 I joined Price Waterhouse in 1989, and was admitted as a director of PricewaterhouseCoopers on 1 July 1998, following the merger of Price Waterhouse and Coopers and Lybrand. I am presently the director in charge of the KwaZulu-Natal Risk Advisory Services department, which incorporates the Forensic Investigations Department of PricewaterhouseCoopers in KwaZulu-Natal.

3.002 I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the South African High Court and the Regional Court and in the Lesotho High Court. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration ("CCMA") and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree and Post Graduate Diploma in Accountancy from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of the Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing, reviewing and verifying financial information and accounting records. I have also

chaired three investigative Commissions of Enquiry into Fraud and Corruption in Swaziland.

B. MANDATE AND ISSUES TO BE INVESTIGATED

4.000 Appointment

4.001 The terms of our appointment are detailed in our agreement which was signed by Mr Freeman Nomvalo of the Department of National Treasury (**National Treasury**), on 2 July 2010. The said Agreement relates to the investigation into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN Department of Local Government and Traditional Affairs (**KZN LG & TA**) and the Northern Cape Department of Health (**the Northern Cape DOH**). This report covers the investigation into the Northern Cape DOH and the purchase of Wataka Water Purification Plants only; separate reports will be issued for the investigation conducted at the KZN LG & TA; the procurement of Oxyntaka Self-Generating Oxygen Plants by the Northern Cape DOH; and the purchase of Dialysis Machines by the Northern Cape DOH.

4.002 The following represents the General Procedures performed:

1. Requested and received Basic Accounting System (**BAS**) reports for Intaka who received orders for the supply of Water Purification Systems and were paid by the Northern Cape DOH.

2. Obtained supporting payment vouchers.

3. In respect of the procurement procedures followed, obtained all relevant documents including quotations, applications to and approvals by the Provincial Tender Board and minutes of meetings.

4. Interviewed and obtained affidavits where necessary from officials involved in the procurement procedure and/or who were referred to in relevant correspondence.

5. Determined whether any person involved in the procurement process or otherwise irregularly manipulated the procurement process to favour Intaka.

6. Visited and/or requested additional documentation and information from hospitals where the water purification plants had been delivered and/or commissioned.

7. Interviewed third parties and obtained affidavits and supporting documents where necessary and applicable, including Intaka staff whose names featured on documentation and electronic records between the Northern Cape DOH and/or officials, and Intaka.

8. Accompanied the SAPS investigating officer to Cape Town and reviewed the 356 lever arch files of documents seized from Intaka.

9. Reviewed the electronic data copied by the SAPS from computers seized from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.

10. Examined bank accounts subpoenaed by the SAPS.

11. Assisted the SAPS investigating officer with interviewing any official or any person related to any official from the Northern Cape DOH, or any other third party that may have been involved in any irregular conduct or who received any irregular payments.

12. Examined additional documents seized by the SAPS from Intaka.

4.003 I am not required to and did not undertake an audit in terms of the International Standards on Auditing. The scope of my work was limited to a review of the documentary evidence made available to me and enquiries undertaken to address issues identified in the execution of the investigation undertaken. I have not verified the authenticity or validity of the records and documents provided to me, unless

otherwise stated.

4.004 This report has been prepared solely for use in the criminal matter registered with the SAPS; Kimberley CAS 02/05/2010. It may also with the prior written consent of the Director of Public Prosecutions be used in any civil or disciplinary proceedings that the Northern Cape DOH may wish to initiate. It may not be suitable for any other purpose and it should not be used, reproduced or circulated for any other purpose without my prior written consent. It should be a condition of such consent, if given, that PricewaterhouseCoopers and myself accept no responsibility to that third party and that such third party will hold PricewaterhouseCoopers and myself harmless in respect of any consequences of such disclosure. Whether or not I have given consent, PricewaterhouseCoopers and myself will not accept liability or responsibility to any other party who may gain access to this report.

4.005 I have included information relevant to the investigation and related circumstances but cannot conclude on the completeness of such information as the possibility exists that not all-relevant information and documentation was made available to me. Any documentation or information brought to my attention subsequent to the date of this report, which will affect the findings detailed herein, will require my findings to be adjusted and qualified accordingly.

4.006 This report contains hearsay evidence based on interviews conducted with individuals. I deem the aforementioned evidence to be appropriate to sketch the full picture of the allegations raised.

5.000 Background

5.001 During the course of an investigation conducted by PwC in the KZN Department of Health into allegations of tender and procurement irregularities for which undue payments were allegedly made and other financial irregularities, we received information and it was alleged that Intaka Investments (Pty) Ltd (**Intaka**) had received an order for the supply of water purification systems to the Department of Health KwaZulu- Natal (**KZN Health**) and that a corrupt payment was made to an official.

We investigated this matter relying solely on the documentation in possession of KZN Health and interviews and information obtained from officials of the said Department. At this stage we were informed that Intaka was the subject of a criminal investigation and when we attempted to interview an employee of Intaka we were advised by their Legal Advisor that we were required to address all correspondence through him. Hence, we did not have access to Intaka's records or their employees who may have been involved in the provision of the water purification systems (plants). We were subsequently informed that the SAPS had conducted a search of Intaka's premises and had seized documentation. We initially did not have access to these records.

5.002 Following the said investigation we issued our report dated 30 November 2009, that included the investigation and findings at that date in respect of the supply of water purification systems to KZN Health by Intaka.

5.003 We were thereafter on 9 February 2010 mandated to extend our forensic investigation into the awarding of a contract for Oxyntaka self- generating oxygen plants to Intaka and to assist the SAPS with the review of the documents and computers seized from Intaka. We have completed the said investigation; and we issued a report in this regard dated 24 May 2010.

5.004 On 4 May 2010 we were appointed by National Treasury to conduct a preliminary investigation into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN LG & TA and the Northern Cape DOH. The purpose thereof was to obtain sufficient evidence and information in order to prepare an affidavit for purposes of a restraint order by the Asset Forfeiture Unit (AFU) for Intaka and other identified parties. Our mandate was further extended on 2 July 2010 as previously referred to in paragraph 4.001 of this report.

5.005 My findings into the investigation conducted at the Northern Cape DOH and the procurement of Wataka water purification plants are detailed below.

M

6.000 Issues addressed in my investigation

6.001 This report focuses on orders awarded to Intaka for Wataka water purification plants.

6.002 The report further summarises the Procurement Procedures followed during the awarding of the orders in question, where these have been contravened and where collusion has taken place between the Northern Cape DOH Officials, suppliers and other third parties.

C. BASIS OF INVESTIGATION

7.000 Execution of fieldwork and gathering of information

7.001 Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this report, however, where an opinion is expressed in this report it is my own opinion.

8.000 Sources documents

8.001 The information dealt with in this report was obtained from the sources listed below:

i) Supporting procurement documentation handed to us by the Department.
ii) Kreditinform Enquiries.
iii) BAS reports.
iv) Persal reports.
v) Interviews conducted with Management and staff at the Northern Cape DOH.
vi) Information received from third parties.
vii) Interviews conducted with third parties.
viii) Documents seized by the SAPS from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.
ix) Electronic records seized by the SAPS from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.
x) An affidavit provided by Dr Savoi of Intaka to the SAPS.

xi) Bank records subpoenaed by the SAPS.

D. DETAILED PROCEDURES AND FINDINGS

9.000 Prior to discussing the investigations into the water purification plants I deem it necessary to refer to the relevant procurement policy and procedures in place at the Northern Cape DOH at the time the purchases were made. The detailed procedures and my key findings are addressed thereafter for the investigations conducted into the purchase of ten (10) x water purification plants by the Northern Cape DOH from Intaka.

Code of Conduct for Supply Chain Management Practitioners: Practice Note Number 4 of 2003 **A1**

9.001 The aforementioned Practice Note number 4 of 2003 was issued by National Treasury to amongst others all National and Provincial Departments, CFO's and CEO's on 5 December 2003. Further, it is applicable to all officials and other role players involved in supply chain management (**SCM**). The entire document is relevant however, I wish to refer to the General Principles: **A1/1-3**

1) The Government of South Africa commits itself to a policy of fair dealing and integrity in the conducting of its business. The position of a SCM practitioner is, therefore, a position of trust, implying a duty to act in the public interest. Practitioners should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or supplier/ contractor for themselves, their family or their friends.
2) Practitioners should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation and regulations including the Public Service Regulations issued by the Department of Public Service and Administration, National Treasury Regulations and Practice Notes and directives issued by accounting officers/ authorities. They should ensure that public resources are administered responsibly.

3) Practitioners should be fair and impartial in the performance of their functions. They should at no time afford any undue of preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority invested in them.
4) Practitioners should comply with the Code of Conduct for the Public Service as contained in Chapter 2 of the Public Service Regulations, 2001 especially items C4.5 to C4.12 and C5.3 to C5.4 thereof. I attach Chapter 2 of the Public Service Regulations, Code of Conduct for the Public Service hereto for ease of reference. **A1/4-8**

Supply Chain Management: Threshold values for the procurement of goods and services by means of petty cash, verbal/ written price quotations and competitive bids: Practice note number SCM 2 of 2005 and Treasury Practice Note 8 of 2007/2008

9.002 The aforementioned Practice Note number 2 of 2005 was issued by National Treasury to amongst others all National and Provincial Departments, CFO's and CEO's on 10 May 2005. The document sets out the threshold values when procuring goods or services, hiring or letting anything, acquiring or granting any right or disposing of movable state property. I wish to refer to relevant sections in respect of the procurement of goods or services above the value of R200,000 (vat included): **A2**

1) Accounting officers/ authorities should invite competitive bids for all procurement above R200,000.
2) Competitive bids should be advertised in at least the Government Tender Bulletin and in other appropriate media should an accounting officer/ authority deem it necessary to ensure greater exposure to potential bidders.
3) Should in be impractical to invite competitive bids for specific procurement e.g. in urgent or emergency cases or in cases of a sole supplier, the accounting officer/ authority may procure the required goods or services, in accordance with Treasury Regulation 16A 6.4 by other means, such as price quotations or negotiations. The reasons for deviating from inviting competitive bids should be recorded and approved by the accounting officer/ authority or his/ her delegate.

9.003 The aforementioned Practice note SCM 2 of 2005 was repealed with effect from 1 December 2007 and replaced with Treasury Practice Note number 8 of 2007/2008. **A3** The relevance is that the threshold for inviting competitive bids was increased from R200,000 to R500,000. I further attach Treasury Regulation 16A for ease of reference. **A4**

9.004 I wish to mention further that the Northern Cape DOH implemented a Provincial Supply Chain Management (SCM) Policy effective 5 April 2006. However, the procurement of the water purifications plants in 2005 and 2006 to be discussed in this report was not dealt with in terms of the said policy. The Department applied to the Provincial Tender Board for deviation from the tender procedures; the calling for competitive bids SCM 2 of 2005 and SCM 8 of 2007/2008, when the water purification plants were procured. The said Provincial Tender Board was dissolved in June 2006 after it had approved the deviations in question. I do not deem it necessary to attach the aforementioned Provincial Supply Chain Management (SCM) Policy as it was not applicable to the water purification plants.

Background: Affidavit of Dr Gaston Savoi

9.005 I attach hereto for ease of reference an affidavit of Dr Gaston Savoi's (**Dr Savoi or Savoi**) signed and dated 21 August 2008. The affidavit deals primarily with a donation paid by Intaka in February 2007 and two commission payments made in August 2007 that relate to Intaka's business transactions with the KZN Department of Health and KZN Department of LG & TA respectively. The affidavit refers to how he and Intaka were introduced to the KZN Provincial Government; however it does not refer to the Northern Cape Province or business transacted with the Northern Cape DOH. **B1**

Intaka Investments (Pty) Ltd

9.006 I determined when investigating an order awarded to Intaka by the KZN Department of Health for the supply of 2 water purification plants, that the registration number recorded on the footer of their quotation dated 2 October 2006 is 2003/021018/07,

attached hereto for ease of reference. A Kreditinform enquiry determined that said registration number belongs to Intaka Holdings (Pty) Ltd. The said entity was previously known as Intaka Tech (Pty) Ltd and was first registered on 28/08/2003. The holding company is recorded as "Savoi Family Trust". The Active Principals are Dr G Savoi id 521226 0000 000 appointed on 28/08/2003 and Mr R Savoi id 810212 5000 000 appointed on 21/11/2007. In terms of the footer of the quotation the other 2 directors as at 2 October 2006 were Fernando Praderi and Clement Morris. In terms of the Kreditinform Report these 2 persons resigned as Directors, however the date of resignation is not reflected. It would appear that the entity with registration number 2003/021018/07 was known as Intaka Investments (Pty) Ltd at the date of the quotation and subsequent thereto changed its name to Intaka Tech (Pty) Ltd and then Intaka Holdings (Pty) Ltd. **B2/1-3** **B3**

Intaka Northern Cape

9.007 I determined that the first 2 water purification plants purchased by the Northern Cape DOH, to be discussed later in this report, were awarded to an entity known as Intaka Northern Cape. A Kreditinform Enquiry determined that Intaka Northern Cape (Pty) Ltd with registration number 2005/006456/07 was previously known as Tarree Investments and was registered on 2 March 2005. The Directors appointed effective 2 March 2005 and who are still active principals are: John Fikile Block (**John Block**) id 680210 5802 089 and Gaston Savoi id 521226 0000 000. The current status of this entity is recorded as de-registered. **B4**

THE PURCHASE OF TEN (10) X WATER PURIFICATION PLANTS FROM INTAKA

Orders awarded to Intaka and payments made by the Northern Cape DOH

9.008 I requested a list of BAS payments made by the Northern Cape DOH to Intaka and identified payments made for the purchase of water purification plants; I was informed that the Northern Cape DOH had purchased 10 water purification plants from Intaka. I identified ten (10) x payments made during the period 1 September 2005 to 7 December 2006 amounting to R42,351,240.00 as summarised hereunder: **C1**

	Invoice #	Payment date	Payment amount (R)	
1	10015	01/09/2005	2,015,520	
2	10014	01/09/2005	1,935,720	
3	54	01/08/2006	4,800,000	**C2**
4	55	10/08/2006	4,800,000	**C3**
5	56	17/08/2006	4,800,000	**C4**
6	85	15/09/2006	4,800,000	**C5**
7	86	27/09/2006	4,800,000	**C6**
8	87	02/10/2006	4,800,000	**C7**
9	83	16/10/2006	4,800,000	**C8**
10	84	07/12/2006	4,800,000	**C9**
			42,351,240	

9.009 I have been provided with payment vouchers by the Northern Cape DOH for eight (8) of the ten (10) plants purchased. I have been informed that the payment vouchers for the first two payment reflected as payments for invoice numbers 10015 and 10014 above cannot be traced in the archived records (the payments were made approximately 5 years ago). I will discuss the payments in more detail later in this report, particularly those officials involved in the payment procedures. I have however determined from examination of the invoices referred to in the above table, that the water purification plants were delivered to the hospitals detailed below:

	Invoice #	Hospital	
1	54	De Aar	C2/4
2	55	Kimberley	C3/4
3	56	Kuruman	C4/4
4	85	Barkly West	C5/4
5	86	Postmasburg	C6/4
6	87	Gordonia (Upington)	C7/4
7	83	Galeshewe	C8/4
8	84	West End	C9/4

Background into obtaining all relevant documentation from the Department and from the SAPS

9.010 We initially received and examined documents from the SAPS in the Western Cape under "Project X Cross Ref 26/102/2 (17)" being hard copy and electronic records, after they conducted a search of Intaka's premises. We thereafter received and examined documents seized by the SAPS in the Northern Cape, being hard copy and electronic records, after they conducted searches at various business entities and suspected persons premises in the Northern Cape. We then requested all relevant procurement documentation and other official records from the Northern Cape Department of Health relating to the water purification plants. In addition to this we obtained documents and records from: the office of the Secretariat of the ex-Northern Cape Provincial Tender Board; a report prepared by the Auditor General; third parties interviewed by SAPS and us during the investigation phase; bank records subpoenaed by the SAPS; and records from the office of the Registrar of Companies and Close Corporations. In addition the SAPS performed a further search of Intaka's premises on 25 August 2010 and seized additional documents that were examined by me.

Detailed investigation into all documents received and interviews conducted

9.011 We received a number of documents from the said sources and compiled a comprehensive list, in order to obtain a clear understanding of the sequence of events in terms of the documents. I deem it necessary to briefly refer to each relevant document and the content of each where applicable. All documents discussed hereunder were obtained from the sources listed above, unless otherwise stated.

1. **The purchase of 2 water purification plants from Intaka**

1) **Letter from the Office of the Deputy Director General, Kimberley Hospital Complex dated 17 June 2005 to Ms P Potgieter, Office of the Provincial Tender Board** **D1**

9.012 On 17 June 2005 the Office of the Deputy Director General, Kimberley Hospital Complex sent a letter to Ms P Potgieter (**Potgieter**), Office of the Northern Cape Provincial Tender Board (**the Provincial Tender Board**). The letter contains the name Mr S Mitha (**Mitha**) in the enquiries section on the top left of page 1 and his phone number and fax number. The letter is titled "Deviation of Tender- Water Purification Plants". **D1/1-3**

9.013 The writer sets out the purpose and refers to two completed revitalized projects completed at Colesberg and Calvinia hospitals. He also refers to recent outbreaks of diarrhea in various communities throughout the Province that have raised concerns about the quality of water supplied by the municipalities. He adds that bed occupancy rates have increased resulting in an increase in hospital expenditure and that an installation of a water purification plant will eliminate the poisoning of water fed to patients who are vulnerable to many strains of bacteria. **D1/1**

9.014 There are no reports or other documentation that reflects on the outbreaks of diarrhea and that it is linked to the quality of water supplied by municipalities. There is further no evidence that tests were carried out on water supply and it was deemed to "poisoned" or unfit for human consumption. There is further no evidence that Mitha

was qualified to make such a statement or how he reached these conclusions.

9.015 Mitha then on page 2 of the document lists the advantages of a water purification plant. I am unable to determine where he obtained this information from. He states the following: **D1/2**

"The Department has received three quotes namely:

1. High- Tech Packaging R3,445,000
2. Forgeweld Stainless R3,190,700
3. Intaka Northern Cape R2,015,520"

The following handwritten notes then appear: *"(Colesberg)* next to the amount R2,015,520; "*R1,935,720 (Calvinia) = Av= R1,975,620*". He added that the above are quoted for one unit and these revitalized projects will be funded by the Hospital Revitalization grant.

9.016 There is no evidence that the specifications were determined prior to the said suppliers being requested to quote, how the suppliers were identified and who requested them to submit quotations. However, I identified the following document amongst those seized by the SAPS at the premises of John Block, 10 Golden Gate Street, Cartes Glen, Kimberley related to Intaka Northern Cape:

1) On 2 March 2005 the minutes of an inaugural meeting of Tarree Investments (Pty) Ltd was held. In terms thereof Gaston Savoi, John Heinrich Cerff and John Fekile Block were appointed directors of the company. **E1**

I further identified the following document in the electronic records seized by the SAPS from Intaka:

2) On 9 March 2005 Gaston Savoi's name appears on a document titled "Ref: Oxyntaka- Wataka" addressed to John Block. The content refers to an introductory meeting between Gaston Savoi, John Block, Hamid Shabbir and Deon Madyo on 7 March (assumed to be 2005, based on the date of the document). **E2**

9.017 Mitha concluded by recommending "Intaka Investment" as opposed to "Intaka Northern Cape" who submitted the quotation, as they are the lowest quoted price for the above project. The letter has been signed by the following officials approving the **D1/3**

recommendation:

1) Mr D Gaborone (**Gaborone**), Chairperson Departmental Tender Committee on 20 June 2005;
2) Mr DD Madyo (**Madyo**), Head of Department on 20 June 2005; and
3) Ms ES Selao (**Selao**), MEC for Health on 21 June 2005.

2. Interviews with Northern Cape DOH Technical Officials

9.018 Interviews were conducted with Mr Vincent Halvey (**Halvey**), Manager Mechanical Engineering, Northern Cape DOH and Mr Clifton Saltwater (**Saltwater**), Senior Artisan Superintendent Technical Support Services, Kimberley Hospital. At the time Halvey was Deputy Director, Head of Engineering and Clinical Support Services and Saltwater reported to him.

9.019 Halvey stated he was instructed by Shabbir who was CEO of Kimberley Hospital, after the plants had already been procured, to commission the plants. Halvey then passed this responsibility onto Saltwater, and hence was not involved in the commissioning phase. Halvey stated further that the specifications for the water plants was a "thumb suck" as the Engineering and Clinical Support was not involved in any needs analysis or the drafting of specifications. Halvey provided an affidavit that included his involvement in the water purification plants and the Oxyntaka oxygen plants. **F9**

9.020 Saltwater stated that he was not involved in the first 2 plants for Colesberg and Calvinia respectively. He was further not consulted nor did he provide input into the specifications for the plants, prior to the 8 additional plants being procured. He was first introduced to Intaka by Shabbir prior to the 8 plants being commissioned. As a technical person his main purpose was to identify the sites at the various hospitals where the plants had to be installed and commissioned. He did so, although he was not part of the commissioning itself as this was Intaka's responsibility and they also provided training to the hospital staff responsible for the plants.

9.021 He added that there was a problem at Barkly West, as they were busy building a new hospital (Professor ZK Matthews Hospital) in Barkly West; he was concerned as Intaka installed the plant at the old hospital site (Barkly West) and there would be no use for it in the future. Halvey allegedly told him that the department had already paid for the plant and that they could always move it to the new hospital. He added that the plant was installed at the old hospital and it has never been used. I confirmed this to be the case when I visited Barkly West and Professor ZK Matthews hospitals on 6 October 2010. I attach hereto photographs taken during my site visit. Saltwater added further that only 3 of the 10 plants are currently operational due to problems encountered with the plants; being lack of water that resulted in there not being a continuous supply of water to be purified and power related problems, as summarised in the table below: **J5**

	Hospital	Status
1	Colesberg	Operational
2	Calvinia	Operational
3	Kuruman	Operational
4	Barkly West	Not operational
5	De Aar	Not operational
6	Galeshewe day	Not operational
7	Kimberley	Not operational
8	Postmasburg	Not operational
9	Gordonia (Upington)	Not operational
10	West End	Not operational

9.022 Saltwater provided an affidavit detailing his involvement in the water purification plants, which was post procurement. **F10**

2) Quotations for High Tech Packaging (Pty) Ltd, Forgeweld Stainless (Pty) Ltd and Intaka Northern Cape **D2-D4**

9.023 Attached to the said letter dated 17 June 2005 are the quotations referred to by Mitha above and discussed in more detail hereunder.

9.024 The High- Tech Packaging (Pty) Ltd (**High- Tech Packaging**) quotation is dated 23 May 2005 and is addressed to "Department of Health, Northern Cape Provincial Government". It is titled "*40,000lt Capacity Water Treatment Plants*". The price quoted is R3,445,000 each. Based on my investigation conducted at the KZN Department of Health I suspected this quotation was false: the entity is a packaging business by it's very name; the quotation is vague; it is not addressed to anybody in particular which is strange taking into account that the amount quoted is substantial to any businessman; and the alleged author "Charles Marsden's" position and contact details has not been provided despite him concluding that they "*look forward to discuss the process in more detail at your earliest convenience*",. **D2/1-2**

9.025 The footer of the quotation contains the addresses and contact details of High- Tech Packaging and the names of the Directors. We initially contacted Mr Aldert Kotze (**Kotze**), one of the listed Directors by telephone and followed this up with a fax request to him. I determined the following from Kotze:

1) He had no knowledge at all of the quotation in question;
2) Charles Marsden was not employed by High- Tech Packaging at any stage on or before 23 May 2005;
3) High- Tech Packaging operates mainly in the packaging industry with clients such as SAB Miller;
4) They have not supplied any quotations to the Northern Cape DOH particularly in 2005.

9.026 Kotze was interviewed and he provided an affidavit confirming the above. He concluded that the High- Tech Packaging quotation is fraudulent. **F1**

9.027 The Forgeweld Stainless (Pty) Ltd (**Forgeweld Stainless**) quotation is dated 15 April 2005 (at least a month prior to the date of the High- Tech Packaging quotation) and is also addressed to "Department of Health, Northern Cape Provincial Government". It is titled "*Tender Price for Two 37m³ Capacity Water Treatment Plants*". The price quoted for manufacture is R3,190,700 each. Based on my investigation conducted at the KZN Department of Health I suspected this quotation was false: another entity based in the Western Cape; the name would indicate they were suppliers of stainless **D3/1-4**

steel rather than water purification plants; it was also not addressed to anybody in particular at Northern Cape DOH; and although it contained more detail than that provided in the High- Tech Packaging quotation it looked similar to the fraudulent quotations provided in the KZN Health investigation. It appears to have been signed by "*TP Kubheka*". The Directors are listed in the footer as B Carter and P Booysen.

9.028 I received another Forgeweld Stainless quotation that will be discussed later in this report, prior to receiving the one under discussion and I had determined from Mr Tony Gerrans (**Gerrans**), the Managing Director of an entity in the Western Cape, known as Grotto Manufacturing (Pty) Ltd (**Grotto**), that the first mentioned quotation was fraudulent. I also had prior dealings with Gerrans during the KZN Department of Health investigations. I attach hereto an affidavit provided by Gerrans during the course of the said investigation as it sets out Grotto's relationship with Intaka, Ansano Romani a former Grotto employee and other entities implicated in the KZN Department of Health investigation, summarised hereunder for convenience sake: **F2**

1) Grotto was commissioned by Intaka to build 30 complete 'Wataka' water purification units. These plants were completed by the end of 2006. The first two plants were (unilaterally) discounted by some 50% by a Romani (now employed by Imvusa), ostensibly as Grotto's contribution to developing this new product. Subsequent plants were sold to Intaka for between R412,000 and R475,000, the price variance being the result of fluctuating steel prices and some specification changes relating to the control system of the plants.
2) He was unable make a 100% identification of the plants at Rietvlei and Appelsbosch Hospitals after we sent them photographs obtained by my managers when they visited the hospitals. Gerrans added that the plants are otherwise identical to what Grotto supplied to Intaka. He concluded that the plants cost between R412,000 and R475,000 and an additional approximately R250,000 for transport and commissioning. Hence, Grotto's price for one water purification plant would have been a maximum of R725,000.

9.029 Gerrans was requested to comment on the quotation for the Northern Cape dated 15 April 2005 and alleged to have been signed by TP Kubheka. I determined the

following from Gerrans:

1) TP Kubheka was never employed by Forgeweld Stainless. He only joined Grotto Defranceshci in 2000, after operations at Forgeweld Stainless had been discontinued;
2) The water plant business was managed by a Mr Ansano Romani (**Romani**), who I will discuss later in this report, and Kubheka had no reason to submit tenders for water plants;
3) Kubheka resigned from Grotto on 1 July 2004 and hence was not employed within the Forgeweld Group on 15 April 2005 being the date of the quotation;
4) The said date co-insides with the date of commencement of Romani's dealing on behalf of Grotto with Intaka;
5) The physical address recorded on the quotation is that of Grotto where Romani was employed, and Forgeweld Stainless was at all times operated out of a separate address in Parow;
6) The Forgeweld Stainless logo is absent on the quotation;
7) The Directors Carter and Booysen were unknown to him and the group had never to his knowledge employed directors with these names;
8) Romani was the Managing Director of Forgeweld Stainless until the time it ceased manufacturing operations in early 2000;
9) The level of specification and the cost of the equipment as detailed in the quotation, was inconsistent with his knowledge of the equipment and Grotto's history of building this equipment for Intaka;
10) The quotation states that the plants will be built and assembled in a factory owned or managed by Forgeweld Stainless; this would have been impossible, as Forgeweld Stainless ceased manufacturing operations in early 2000.

9.030 Gerrans provided an affidavit confirming the above and it is evident that the Forgeweld Stainless quotation is fraudulent. **F3**

9.031 The contact details of Tebogo Philip Kubheka (**TP Kubheka**) were obtained from Gerrans. He confirmed what Gerrans had stated in so far as his employment with Grotto was concerned, the time frames and that he was never employed by

Forgeweld Stainless. He further stated that he had no knowledge of the quotation in question and that it was not his signature or initials appearing on the document. He added that he had at no stage received or responded to an enquiry from the Department of Health, Northern Cape Provincial Administration and he did not do any business with the said Department. He concluded that the Forgeweld Stainless quotation was fraudulent. An affidavit was provided by Kubheka confirming the above. **F4**

9.032 Intaka Northern Cape provided 2 documents purporting to be quotations, but that appear in the format of an invoice, but titled "Sales Order". Both documents are on an Intaka Northern Cape letterhead, however the address and phone numbers are in Cape Town. This is the same address, phone number and fax number as recorded on the Intaka Investments quotation provided to the KZN Department of Health previously referred to by me. The 2 quotations are dated what I interpret to be 12 April 2005 (which is consistent with the dates of the quotations for High- Tech Packaging and Forgeweld Stainless) and are addressed to Mr Dion Madyo. They have quoted an amount of R2,015,520 for 1 x Wataka Unit Model 50 for Colesberg Hospital and R1,935,720 for 1 x Wataka Unit Model 50 for Calvinia Hospital. The quotations contain 2 signatures: **D4/1-2** **B2/2** **D4/1-2**

1) The 1st is similar to the signature of Dr Savoi as recorded on his affidavit previously referred to; **B1/12**
2) The 2nd is similar to the signature of Dr Hamid Shabbir as recorded on a Northern Cape DOH, Creditors Payment Advice, as the official who authorised the expenditure. **C2/1**

9.033 I identified the following e-mails in the electronic date seized by the SAPS from Intaka, from the computer of Alicia Marcos (**Marcos**) the personal assistant to Dr Savoi, relevant to the above quotations of Intaka Northern Cape:

1) On 26 April 2005 at 12:58 from John Block to Marcos titled: "Visit to De Arar, Colberg and Calvinia". He included the following: "*I could not respond as I was out of town. Our meeting in De Aar will start at 11h00 and thereafter we can move to Colesberg and return to De Aar for their trip to Calvinia. I have made all the* **J1/1**

arrangements with the Head of Department of Health. I will be in De Aar on Thursday to receive Dr Savoi. Please inform him that the best landing place is at the Military base in De Aar". He was replying to an e-mail from Marcos dated 25 April 2005 05:34pm.

2) On 9 May 2005 at 06:29pm from John Block to Marcos titled: "Follow up to our discussions". He included the following: "*I have followed up with the gentleman from the hospital and they will give me a firm response by the end of the week. This has to do with the Wataka purchasing orders*". **J1/2**

3) On 10 May 2005 at 05:01 pm from Dr Savoi to John (Block) titled: "*WATAKA/ OXYNTAKA. Dear John please let us know if you can reply and send us the purchase orders for the Wataka's before you go to Botswana on Thursday*". This e-mail was included as part of an e-mail dated 6 June 2005 to be discussed in sub- paragraph 7) below. **J1/8**

4) On 12 May 2005 at 12:04pm from Dr Savoi to John (Block) titled: "Watakas-Oxyntakas". **J1/3**

   1. "*WATAKA Following your telephone conversation with Mr Fernando Praderi, I understand that we can proceed as per your guidance invoicing 1 Wataka to Calvinia and 1 Wataka to Coleberg, according to the sales orders dated 12th April, 2005, dully signed by the client. Please confirm by return that we can proceed accordingly, informing the details to issue the invoices. On the other hand, we are still waiting for the formal purchase orders from Calvinia and Colesberg. When we will receive them?*"

   For purposes of this report I will not repeat point 2 of the e-mail titled "OXYNTAKA" as this will be included in separate report. The above e-mail indicates that the client had signed the orders for Colesberg and Calvinia. The quotations discussed above have as stated been signed by what appears to be the signature of Dr Savoi and Dr Hamid Shabbir. I located a hard copy of the quotation that appears to be a Sales Order in the records seized by the SAPS from Intaka that has been signed by what appears to be the signatures of the aforementioned persons. Thus, the 2 orders were signed by Shabbir prior to the matter going through the required procurement procedure i.e. subject to a formal bid process. **J1/4**

5) On 20 May 2005 at 07:43pm from John Block to Dr Savoi titled: "Progress Report on Northern Cape". He included the following: "*Dear Fernando I am sorry that I could not respond to the various mail that I received. I have been informed that both Dr Shabir and the head of the department of health, Mr Dion Madyo are in the USA and will only return on the 23rd May 2005. I will suggest that we await their return to finalise the purchasing orders and the site visits to Kimberley and Upington hospitals respectively. The gentleman that did not respond to the messages was given the task to handle the close tender and receive our invoice. I presume he acted strange because of attitude problems some state officials have when their seniors are not around. I will follow this matter up with his seniors*". Hence, this appears to be an arrangement between John Block, Dr Savoi, Madyo and Shabbir that the matter would be subject to a closed tender (Mitha's Submission to the Tender Board is dated 17 June 2005). **J1/5**

6) On 3 June 2005 at 06:49pm from John Block to Dr Savoi titled: "8th June site visits". He included the following: "It is my pleasure to report on the following matters. **J1/6**
   1. Purchasing orders for the watakas Colesberg and Calvinia. The Tender board has given permission for a closed tender. They need to get at least invoices/ quotations to make a final decision. We need two more from other companies to arrive at a decision. I am awaiting the other two by courier on Monday.
   2. We are visiting Upington and Kimberley on Wednesday 8th June. I propose we start in Upington and pick up the water samples from Namaqualand and do the site visit for the Oxyntaka.
   3. We then come to Kimberley for the site visit and pick up the water samples from De Aar. We should then also visit another site in Kimberley and collect a water sample.

   Hence, this appears to be an agreement that 2 other quotations would be obtained by Dr Savoi and couriered to John Block. In addition they were already planning on providing water purification plants to Upington, Kimberley and De Aar.

7) On 6 June 2005 at 10:45 pm a reply from Dr Savoi to John Block titled "8th June site visits". He included the following: "*I acknowledge receipt with many thanks of your report email and I comment as follows:* **J1/7**

1. *We are sending today by courier to your personal address the original offers from 2 other companies for 2 water treatment plants each, in order to conclude the closed tender*". Hence, collusion between Dr Savoi and John Block in the submission of 2 fraudulent quotations.

8) On 7 June 2005 at 09:01 am from John Block to Dr Savoi relates to finalising the site visits of 8th June. **J1/9-10**

9.034 The SAPS seized further documents from Intaka on 25 August 2010. Included were photocopies of the following documents attached to one another consisting of 8 pages:

1) A letter on an Intaka letterhead dated 6 June 2005 addressed to "*Dear Mr Block Hereby I am enclosing the letters with the quotations for the water purification plants" from Carina Romanello, Secretary*; The address is the same as that belonging to John Block that was the subject of a search by the SAPS in Kimberley. This confirms the e-mail discussed in sub- paragraph 7) above. **J2/1**
2) The fraudulent Forgeweld Stainless quotation purported to have been signed by TP Kubheka; **J2/2-5**
3) The fraudulent High- Tech Packaging quotation purported to have been signed by Charles Marsden; **J2/6-7**
4) A "Courier It" waybill number 1552349 reflecting a package from Intaka to John Block, at 10 Golden Gate, Carters Glen, Kimberley. **J2/8**

9.035 Hence, Intaka sent the 2 fraudulent quotations to John Block on 6 June 2005. Mitha referred to these 2 quotations to his Submission dated 17 June 2005 to the Provincial Tender Board.

9.036 On 23 June 2005 the Provincial Tender Board sent a letter to Intaka Northern Cape, in Cape Town, for the attention of Mr N Praderi fax 021- 7022260. I am not aware of a Mr N Praderi being employed by Intaka, but am aware of Fernando Praderi as he was involved in the investigation conducted at KZN Health. I am unable to determine how Praderi became involved as his name does not appear on the 2 Intaka Northern Cape quotations; in fact no name of an Intaka Northern Cape representative appears **D5/1**

on these documents i.e. John Block or Dr Savoi. Fernando Praderi was copied/referred to in some of the email correspondence between Block and Savoi referred to above, however, the writer refers to a telecom between Praderi and Mr Williams of the Provincial Tender Board. They requested additional information. **D5/2**

Memo 7 dated 23 June 2005 was then prepared by the Head: Provincial Supply Chain, recommending the Provincial Tender Board supports the recommendation to accept Intaka Northern Cape's quotation for the 2 water purification plants at Colesberg and Calvinia Hospitals, however the approval should be in principle depending on the information requested from Intaka (per the letter above dated 23 June 2005). Praderi replied on the same day with the requested information, however it appears this letter arrived after the meeting of the Provincial Tender Board of the same day as detailed below. **D5/1** **D5/3-4**

9.037 The minutes of the Provincial Tender Board for their meeting held on 23 June 2005, Memo 7, reflects that the said Board unanimously approved in principle the procurement of the two water purification plants from Intaka. The Office of the Provincial Tender Board must however report back to the Board concerning the outstanding information. Ms Block moved for adoption and Mr Beuzana seconded. I wish to point out that Gaborone was present at the said meeting and also commented on the matter. Gaborone was also the Chairperson of the Northern Cape DOH, Departmental Tender Committee and approved the letter sent to the Provincial Tender Board prepared by Mitha dated 17 June 2005; this is irregular as he is voting on something he had already approved. I have been unable to determine the relationship between John Block of Intaka Northern Cape and Ms SF Block, a member of the Provincial Tender Board as we were unable to trace and interview Ms Block. **D6** **D1/3**

9.038 On 27 June 2005 the Provincial Tender Board sent a letter to the Northern Cape DOH for the attention of Mitha and referred to his submission dated 17 June 2005. In terms thereof the Provincial Tender Board approved the recommendation to accept Intaka Northern Cape's quotation for two water purification plants at Colesberg and Calvinia Hospitals. **D7** **D1**

9.039 The following documents seized by the SAPS at the premises of John Block, 10 Golden Gate Street, Cartes Glen, Kimberley relates to the order awarded to Intaka Northern Cape for the 2 water purification plants in question:

1) Two (2) x Northern Cape DOH, order numbers D 747867 and D 747868 dated 29 June 2005 issued to Intaka Northern Cape for the supply of one (1) x "Water Purification Plants Wataka Unit Model 050" , for Colesberg and Calvinia hospitals each, in the amount of R2,015,000 and R1,935,720 respectively. **D8/1-2**
2) An Agenda for a Board Meeting of Intaka Northern Cape to be held on 3 August 2005 at Intaka Investment (Pty) Ltd Cape Town, included distribution to Gaston Savoi and John Block. Reference is made to installation of Wataka's at Calvinia and Colesberg Hospitals against formal orders. **D8/3-4**
3) Two (2) x Intaka Northern Cape tax invoices dated 1 September 2005 addressed to the Northern Cape DOH: R1,935,720 for a Wataka Unit Model 050 for Calvinia Hospital; and R2,015,520 for a Wataka Unit Model 050 for Colesberg Hospital. **D8/5-6**
4) I previously referred to payments made to Intaka by the Northern Cape DOH, that included payments for the above mentioned tax invoices numbers 10014 and 10015. **C1**
5) Intaka Northern Cape sent a fax to the Department on 7 September 2005 and referred to the abovementioned invoices. The writer was Ellen Jacobs of Intaka Investments and she requested payment into Standard Bank Claremont account number 071 8788 90, branch code 025109. I confirm that the said account is held in the name of Intaka Investments and not Intaka Northern Cape, hence payment was made to Intaka (Investments). I am not in possession of the bank statement reflecting the said payments were received by Intaka **D8/7**

3. The purchase of a further 8 water purification plants from Intaka

1) Letter from the Office of the Deputy Director General, Kimberley Hospital Complex dated 24 April 2006 to Ms P Potgieter, Office of the Provincial Tender Board

9.040 On 24 April 2006 the Office of the Deputy Director General, Kimberley Hospital Complex sent a letter to Potgieter, Office of the Provincial Tender Board. The letter contains the name Mitha once more in the enquiries section on the top left of page 1 and his phone number and fax number. The letter is titled "Deviation of Tender-Water Purification Plants". **D9**

9.041 Mitha sets out the purpose and refers to two completed revitalized projects at Colesberg and Calvinia hospitals. He again refers to recent outbreaks of diarrhea in various communities throughout the Province that have raised concerns of the quality of water supplied by the municipalities. He further attached the letter of approval for the installation of the plants at Colesberg and Calvinia, previously discussed in detail by me and attached once more with the application and quotations for ease of reference under the "Old" Memo 7. **D10**

9.042 He further referred to letters from doctors complaining about the (quality) of the drinking water and attached same. I received copies of letters from 4 doctors in the bundle of documents handed to me by the Office of the Provincial Tender Board. The wording of each of the letters is similar indicating the doctors compiled the letters together or there was one author who drafted the letters on their behalf, and were then signed by the respective Doctors. I identified 3 of the 4 letters in the documents seized by the SAPS at Intaka's premises. There is no reason why Intaka should be in possession of these documents. **D11/1-4** **D11/5-7**

9.043 The letter (Submission) by Mitha further includes "Comments", identical to his 1st submission for Calvinia and Colesberg Hospitals dated 17 June 2005. He also refers to the previous quotations received, that are fraudulent in terms of my findings, and repeated hereunder for ease of reference: **D9** **D1**

1. High- Tech Packaging R3,445,000
2. Forgeweld Stainless R3,190,700
3. Intaka Northern Cape R2,015,520.

9.044 Mitha added that "these revitalized projects will be funded by the Hospital Revitalization grant". He concludes that the Department has recommended "Intaka Investment" (not Intaka Northern Cape who submitted the quotation) as they are the lowest quoted price. The letter has been signed by Mr DD Madyo, Head of Department only and dated 24 April 2006. **D9/2-3**

9.045 Memo 5 dated 15 May 2006 was then prepared by the Head: Provincial Supply Chain, recommending the Provincial Tender Board supports the recommendation for Intaka to install water purification plants at the hospital revitalised sites. **D12**

9.046 The minutes of the Provincial Tender Board for their meeting held on 18 May 2006, Memo 5, reflects that the said Board unanimously approved the recommendation for Intaka to install the water purification plants at the hospital- revitalized sites. The Board added that the cost should remain fixed at R2,015,520 (or less for sites closer to the company's base). Any price increase should result in the department testing the market. The two-year guarantee should be confirmed per case. **D13** **D13/3**

9.047 On 19 May 2006 the Provincial Tender Board sent a letter to the Northern Cape DOH for the attention of Mitha and referred to his submission dated 24 April 2006. In terms thereof the Provincial Tender Board approved the recommendation for Intaka Northern Cape to install the water purification plants at the hospital- revitalized sites. The letter is concluded: "*The cost per unit remains fixed at R2,015,520 (or less for sites closer to company base). Any price increase should result in your department testing the market. The two-year guarantee should be confirmed per case*". **D14**

2) Subsequent quotations for Intaka Investments (Pty) Ltd, Westpro Fluid Handling Systems (Pty) Ltd and Forgeweld Stainless (Pty) Ltd

9.048 I previously briefly referred to and attached 8 of the 10 payment vouchers for payments made to Intaka by the Northern Cape DOH for the 10 water purification plants purchased. I wish to refer to the payment made for De Aar hospital as an example. Attached to the said payment voucher is the letter of authority from the Provincial Tender Board dated 19 May 2006. Also attached are 3 letters purporting to be competitive quotations. Two of the quotations are dated 25 May 2006, i.e. after the submission dated 24 April 2006 and the authority dated 19 May 2006, whilst the third quotation is undated. Hence, it would appear that the quotations were obtained to "test the market" after the Provincial Tender Board had approved Mitha's recommendation. As was the case with KZN Department of Health, all 3 quotations were from entities based in the Western Cape as detailed hereunder: **C2-C9** **C2** **C2/5** **C2/6-9**

1) Intaka Investments (Pty) Ltd (not Intaka Northern Cape) quoted an amount of R4,800,000 including VAT, freight and installation for a Wataka unit model 050. It is dated 25 May 2006 and appears to be signed by Gaston Savoi. This is six days after the Provincial Tender Board approved an amount of R2,015,520 (or less for sites closer to company base) and that any price increase should result in the department testing the market. It is inconceivable that the price can increase by approximately 138% over a period of less than 1 week and it is further my submission that the Provincial Tender Board would never have anticipated such an increase. **C2/6**
2) Westpro Fluid Handling Systems (Pty) Ltd (**Westpro**), quoted an amount of R6,195,000 exclusive of VAT and ex-works Cape Town that appears to be signed by Ron Geddes (Geddes). I wish to add that the said Geddes of Westpro provided a quotation to the KZN Department of Health, investigated by me and I determined that Westpro do not manufacture or distribute water plants. I will again refer to this later in this report. The quotation is addressed to "Dr Hammid Shabbir". The quotation is undated. **C2/7**
3) Forgeweld Stainless (Pty) Ltd, already referred to by me as Forgeweld Stainless, quoted an amount of R5,680,000 exclusive of VAT that appears to be signed by **C2/8-9**

A Romani, previously referred to by me as Ansano Romani. The said Ansano Romani was also implicated in the investigation performed by me at the KZN Department of Health that I will refer to again later in this report. The quotation is dated 25 May 2006. The quotation is addressed to "Dr Hammid Shabbir". I will later show that this name is spelt incorrectly and appears as such on both the Westpro and Forgeweld Stainless quotations. The correct spelling is Hamid Shabbir hereinafter referred to as **Shabbir**.

9.049 I had previously investigated Westpro in the KZN Department of Health investigation. For ease of reference I attach a Kreditinform Enquiry. I determined that Westpro Fluid Handling Systems (Pty) Ltd trading as Westpro with registration number 1994/004063/07 was previously registered as a cc. It was first registered on 15/06/1994. The Active Principals are: CJ Scott id 471112 5064 087 appointed on 15/06/1994; RJ Geddes id 530427 5140 003 appointed on 15/06/1994; and D Meagan id 600521 5098 107 appointed on 14/05/2001. Hence, all 3 were Principals at the date of the quotation; that was signed under the name Ron Geddes. They are also reflected as directors in terms of the header of the quotation. It is evident that this was an established business at the time of the quotation. I had also previously obtained an affidavit from Mr David Meagan (**Meagan**) of Westpro in the KZN Department of Health investigation. He was interviewed again regarding the Northern Cape DOH quotation and stated the following: **B5**

1) He had no knowledge of the existence of the Westpro quotation;
2) The main and primary function of Westpro is to sell industrial pumps;
3) Westpro have not provided any water purification plants to the Northern Cape DOH;
4) Westpro does not have capacity to manufacture water purification plants;
5) Westpro is a small business and have never quoted for such a large amount being R6,195,000 per unit x 12 units.

9.050 Meagan provided an affidavit confirming the above and it is evident that the Westpro quotation is fraudulent. **F5**

9.051 Geddes was interviewed by the SAPS who obtained a warning statement from him summarised hereunder: **F6**

1) He had no re-collection of the quotation at all;
2) In 2006 he had no dealings with Intaka;
3) He had never heard the name Dr Hammid Shabbir or spoken to a person by that name;
4) It could be his signature, but as he can recall he had never signed a quotation for the Northern Cape DOH Kimberley.

9.052 Gerrans of Grotto was also interviewed in respect of the Forgeweld Stainless quotation dated 25 May 2006 issued under signature of Romani. He provided a further affidavit confirming the said quotation to be fraudulent, primarily for the following reasons: **C2/8-9** **F7**

1) Romani acted as Managing Director of Forgeweld Stainless (and Grotto Defranceschi) until 1999 at which point Gerrans was appointed to oversee the cessation of manufacturing operations;
2) Forgeweld Stainless vacated its premises, sold or transferred all plant and equipment, and did not actively solicit manufacturing work from third parties after 1999;
3) It was thus impossible that the company was receiving enquiries or submitting quotations for water plants in 2006;
4) It is also impossible for Romani to have been acting within any type of mandate or authority to trade on water plants through Forgeweld Stainless in 2006;
5) The letterhead of the quotation is not authentic and the telephone numbers listed are those of Grotto, where Romani was based in 2006;
6) The structure and presentation of the letterhead bears no resemblance to the letterhead of Forgeweld Stainless when it was trading in the 1990's.

9.053 I attach a Kreditinform Enquiry for Forgeweld Trading and Manufacturing (trading as Forgeweld Stainless). I determined that their registration number is 199200522107 is the same as that appearing on the disputed quotation. It was registered on 10/09/1992. It further reflects Gerrans as an active director appointed on 1 July 2009 **B6**

and hence his authority in respect of his knowledge of the business. Romani does not appear as either an active or non- active director.

9.054 Romani was interviewed by SAPS and he effectively denied any wrongdoing and also could not recall specifics.

1) He could not recall who contacted him from the Northern Cape DOH requesting the quotation;
2) He admitted preparing the quotation;
3) Forgeweld Stainless was not trading as at 25 May 2006;
4) Forgeweld Stainless did not manufacture water purification plants;
5) He could not recall how he sent the quotation to the Department; and
6) He did not know how Intaka came into possession of the Forgeweld Stainless quotation (to be discussed below).

9.055 Romani confirmed the above explanation in his warning statement obtained by the SAPS. **F8**

9.056 I located copies of the 3 quotations in question amongst the documents seized by the SAPS at Intaka premises on 25 August 2010. They were faxed by Alicia Marcos to Shabbir on fax number 053- 8314587 on 26 May 2006 at 16:47. Heidi Williams, personal assistant to the CEO, Kimberley Hospital Complex confirmed that the said fax number is that used in the CEO's office and hence was Shabbir's fax number at the time. They are identical to the copies in the Departments records apart from the "paid" stamp, a handwritten telephone number "021 9301402" on the Westpro quotation and a handwritten address "PO Box 6484" on the last copy of the Westpro quotation. There is no reason why Intaka should be in possession of these quotations: this indicates to me that there was collusion between Dr Savoi of Intaka, Geddes representing Westpro who do not manufacture or distribute water purification plants, Romani representing Forgeweld Stainless who were not trading in 2006, and Mitha, Hamid Shabbir and other officials from the Northern Cape Department of Health. **J3/2-5** **J3/1+6** **J3/7-8** **C2/6-9** **C2/7** **C9/7**

9.057 I further identified a hard copy e-mail amongst the Intaka records seized by the SAPS on 25 August 2010, from Alicia Marcos to Shabbir's private e-mail address hshabbir@mweb.co.za dated 25 May 2006 at 15:50. She has attached the fraudulent Westpro quotation and the Intaka quotation. Heidi Williams, personal assistant to the CEO, Kimberley Hospital Complex, confirmed that Shabbir had an official e-mail address which he hardly used, but used the aforementioned mweb address. I further identified a similar e-mail in the electronic records of Intaka seized by the SAPS during the first search of Intaka, from Alicia Marcos to Shabbir's private e-mail address hshabbir@mweb.co.za dated 25 May 2006 at 04:40pm. She also attached the fraudulent Westpro quotation and the Intaka quotation. **J4/1-3** **J3/7-8** **J4/4-6**

9.058 I previously briefly referred to and attached 8 of the 10 payment vouchers for payments made to Intaka by the Northern Cape DOH for the 10 water purification plants received. I determined that all 8 Intaka invoices were addressed to Shabbir (refer to annexures C2/4, C3/4, C4/4, C5/4, C6/4, C7/4, C8/4 and C9/ 4). The invoices should have been addressed to Mitha as Director Hospital Revitalisation as will become evident later in this report. Upon further examination I determined the 8 payments were authorised by the following officials: **C2-C9**

1) Shabbir- 3 payments (annexures C2/1, C3/1, C4/1);
2) Gaborone- 4 payments (annexures C5/1, C6/1, C8/1, C9/1);
3) Mitha- 1 payment (annexure C7/1)

9.059 In addition Gaborone checked and verified the payment to be correct on 3 of the 4 payments where he had not authorised the expenditure (annexures C3/1, C4/1, C7/1). A cursory review of the documents attached to the "Order Payment Transaction" form would have alerted even a person with no financial background that the prices had been significantly inflated subsequent to the Tender Board Approval.

4. Interviews with Northern Cape DOH administrative officials

9.060 Interviews were conducted with Northern Cape DOH administrative officials as

discussed hereunder:

Jefferson Baloyi

9.061 Jefferson Baloyi is an Assistant Director SCM Demand Section. At the time the plants were procured he reported to Mitha, Director SCM. Mitha's personal assistant at the time the late Ms Truia Deetlifs was responsible for general administrative duties and he assisted her in this role. He has no knowledge of any of the Submission or quotations submitted by Mitha and is unaware of how the Department procured the plants. He provided an affidavit detailing his involvement in the procurement of the water purification plants. **F11**

Heidi Williams

9.062 Heidi Williams is the personal assistant of Mr G Moncho the current CEO of Kimberley Hospital. At the time the plants were procured she was the personal assistant of Shabbir who was the CEO of Kimberley Hospital from 2005 to the date Shabbir resigned. She was responsible for general administrative duties in the office of Shabbir. She has no knowledge of any of the Submissions or quotations specifically those addressed to Shabbir personally. She is further unaware of how the Department procured the plants as Shabbir was not involved in procurement and was not a member of any SCM Committees. She provided an affidavit detailing her involvement in the procurement of the water purification plants. **F12**

Martha Kgomongwe

9.063 Martha Kgomongwe is a Senior Administrative Officer is the Infrastructure Management Component and reports to Mr Mabona, Director Finance and Hospital Revitalisation Programme (HRP). At the time she reported Mitha until he resigned in June 2007. She is responsible for managing the registering of any expenditure occurring from the revitalisation grants. She recalled receiving invoices from Intaka for water purification plants for hospitals that did not form part of the HRP. She approached Mitha who informed her that the Department did not have money

available and that they should be paid out of the HRP Grant received from the National Department of Health. She confirmed the following to be the status of the 10 hospitals that received the water purification plants in relation to the HRP:
Calvinia and Colesberg Hospitals were part of the initial HRP, however the infrastructure had to be completed in the financial year 2004/2005 and not 2005/2006;
Barkly West and Gordonia Hospitals were included in the HRP for 2005/2006 financial year, as they replaced Calvinia and Colesberg Hospitals;
None of the remaining 6 hospitals were part of the HRP.

9.064 Hence, Mitha's Submission for the 8 additional hospitals: "*these revitalised projects will be funded by the Hospital Revitalisation Gant*" was incorrect and amounts to a misrepresentation to the Provincial Tender Board. Martha Kgomongwe provided an affidavit detailing her involvement in the procurement of the water purification plants. **F13**

Lesetja Mabona

9.065 Lesetja Mabona is the current Director of the HRP and assumed this role from Mitha with effect from July 2008. With regard to the "other revitalised sites" (the 8 additional hospitals) referred to by Mitha in his Submission dated 24 April 2006, he stated that he was unaware of what Mitha was referring to as his office has no correspondence or documentation regarding these sites and he cannot find any record thereof. It is my submission that ordinarily one would expect to find official records confirming the 8 additional sites were part of the HRP in the office of the Director responsible for same. Lesetja Mabona provided an affidavit detailing his knowledge of the HRP as referred to in the aforementioned Submission of Mitha. **F14**

Yvonne Nowell

9.066 Yvonne Nowell is an Assistant Director, Acquisition SCM. She reported to Mitha as Director SCM and she was a Senior Administration Officer at the time. She was responsible amongst other duties for obtaining quotations, placing of orders and authorising placement of orders within her delegated authority. She confirmed that

the Department submitted tenders for adjudication to the Provincial Tender Board in 2005 per SCM Policy and in this case applications for waiver of deviation from tender procedures.

9.067 She confirmed placing the 10 orders for Intaka for the purchase of the water purification plants, although as previously stated I have not been provided with the orders for Calvinia and Colesberg hospitals. She did not call for any of the quotations nor did she prepare any of the Submissions. She compiled the orders supported by Mitha's application, the quotations and letters of authorisation from the Provincial Tender Board.

9.068 In respect of the 8 additional orders she noted that the huge price increase in the amount of R4,8 million as set out in the quotation. She questioned this with Mitha and he told her that the market had been tested. Upon instruction of Mitha she compiled the 8 orders, but did not authorise placement thereof. She did not know the hospital names at the time and hence did not include the names of the hospitals on the orders. She confirmed that Mitha authorised placement of 3 of the 8 orders whilst Shabbir authorised placement of the remaining 5 orders; both being authorised to do so. Yvonne Nowell provided an affidavit detailing her involvement in the procurement of the water purification plants **F15**

5. Interviews with members of the Provincial Tender Board and the Secretariat

9.069 Interviews were conducted with members of the Provincial Tender Board who could be traced as detailed below:

Philipene Potgieter

9.070 Potgieter is the Director Asset Management, Northern Cape Provincial Treasury. At the time 2005 and 2006 when the Submissions were made by Mitha to the Provincial Tender Board she was the Secretariat for the Provincial Tender Board. She confirmed receiving the Submissions prepared by Mitha and compiling the relevant Memo's addressed to the Provincial Tender Board. She did not recall the specific

Submissions or anything related thereto. She provided the following documents already referred to in this report in respect of the Submission for Calvinia and Colesberg Hospitals and thereafter the additional 8 hospitals:

Supply of two (2) x Water Purification Plants at Colesberg and Calvinia Hospitals by Intaka

1) A memorandum from the Office of the Provincial Tender Board titled "Memo 7" with file reference number TP4/1/15-G dated 23 June 2005 with the supporting documentation attached thereto as listed hereunder.
2) A letter from Mr S Mitha addressed to Ms P Potgieter of the Tender Board titled "Deviation of Tender- Water Purification Plant" dated 17 June 2005;
3) A letter from Charles Marsden of High-Tech Packaging (Pty) Ltd addressed to the Department of Health, Northern Cape Provincial Government titled "4000lt Capacity Water Treatment Plants" dated 23 May 2005.
4) A letter from TP Kubheka of Forgeweld Stainless (Pty) Ltd addressed to the Department of Health, Northern Cape Provincial Administration titled "Tender Price for Two 37m³ Capacity Water Purification Plants" dated 15 April 2005.
5) A letter on an Intaka Northern Cape letterhead addressed to Mr Dion Madyo, Department of Health marked "Sales Order 4-2" dated 4 December 2005.
6) A 2nd letter on an Intaka Northern Cape letterhead addressed to Mr Dion Madyo, Department of Health marked "Sales Order 4-1" dated 4 December 2005.
7) A letter from Mr H Williams of the Office of the Provincial Tender Board addressed to Mr N Praderi of Intaka Northern Cape titled "Quotation for Water Purification Plant-Colesberg Hospital: Department of Health-Northern Cape" dated 23 June 2005.
8) A fax from Fernando Praderi of Intaka addressed to Mr Williams titled "Quotation for water purification plant-Colesberg Hospital: Department of Health-Northern Cape" dated 23 June 2005.
9) Minutes of the Provincial Tender Board Committee meeting held on 23 June 2005.

Supply of (8 additional) Water Purification Plants to the hospital revitalised sites by Intaka

1) A memorandum from the Office of the Provincial Tender Board titled "Memo 5" with file reference number TP4/1/15-G dated 15 May 2006 with the supporting documentation attached thereto as listed hereunder.
2) A letter from Mr S Mitha addressed to Ms P Potgieter of the Tender Board titled "Deviation of Tender- Water Purification Plant" dated 24 April 2006.
3) A memorandum from Dr H Saeed addressed to Dr D Theys titled "Inpatient Health Care" dated 11 January 2006.
4) A memorandum from Dr S Hayat addressed to Dr D Theys titled "Inpatient Health Care" dated 19 January 2006.
5) A memorandum from Dr A Wonner addressed to Dr D Theys titled "Inpatient Health Care" dated 2 February 2006.
6) A memorandum from Dr S Maqbool addressed to Dr D Theys titled "Inpatient Health Care" dated 8 February 2006
7) Minutes of a Special Meeting of the Provincial Tender Board Committee held on 18 May 2006.
8) A letter from the Office of the Provincial Tender Board addressed to Mr S Mitha of the Department of Health titled "Deviation from BID Procedures: Water Purification Plant" dated 19 May 2006.

9.071 Potgieter provided an affidavit and attached the documentation referred to above. **F16**

9.072 I determined that 3 of the 4 doctors who purportedly provided letters of motivation previously discussed by me have left South Africa. Dr Hamid Saeed is the only remaining doctor in the country and still employed at Kimberley Hospital. He provided an affidavit where he stated that he could not recall making a formal motivation to management for purified water as detailed in the letter. He added that the letter looked suspicious for reasons given by him, although the signature on the letter "appears to be like my signature". I cannot determine whether Dr Saeed's signature has been forged. I wish to repeat that a copy of Dr Saeed's letter was located within the Intaka seized records. **D11/1-4** **F23** **D11/7**

Anna Margaretha van Niekerk

9.073 Anna van Niekerk is a private sector person and the owner of Diamond Pak. She was nominated by the Northern Cape Chamber of Commerce and Industry (NOCCI) to represent the private business sector in the Northern Cape on the Provincial Tender Board. She was a member of the Provincial Tender Board who adjudicated on the 2 water purification plants for Colesberg and Calvinia on 23 June 2005. She confirmed the procedure was that the members of the Provincial Tender Board would receive the documentation and Memo prepared by Potgieter a day or two before the meeting. She further confirmed receiving all relevant documents, as detailed by Potgieter above, including the quotations and Submission by Mitha. She received them in good faith believing them to be authentic.

9.074 She was not present when the Provincial Tender Board approved the additional 8 plants on 18 May 2006. Anna van Niekerk provided an affidavit confirming her involvement in the procurement of the water purification plants as a member of the Provincial Tender Board. **F17**

Magdalena Petronella Vosloo

9.075 Magdalena Vosloo is a Manager SCM, Northern Cape Department of Social Development. She was a member of the Provincial Tender Board from 2004 until it was phased out in approximately June 2006.

9.076 She was not present when the Provincial Tender Board approved the initial Submission for Calvinia and Colesberg. She was a member of the Provincial Tender Board who adjudicated on the additional 8 plants on 18 May 2006. She could not recall the specific award, but that the application referred to the first award in respect of Calvinia and Colesberg. She also confirmed the procedure was that the members of the Provincial Tender Board would receive the documentation and Memo prepared by Potgieter a day or two before the meeting. She further confirmed receiving all relevant documents, as detailed by Potgieter above, including the quotations and Submission by Mitha. She received them in good faith believing them to be authentic.

9.077 She added further that the increase of the water purification plants from R2,015,520 to R4,800,000 was a "huge increase" and had to be referred back to the Provincial Tender Board for consideration. Hence, the Department was not authorised to approve this increase without Provincial Tender Board authority. Magdalena Vosloo provided an affidavit confirming her involvement in the procurement of the water purification plants as a member of the Provincial Tender Board. **F18**

Abdul Kazie

9.078 Abdul Kazie is a private sector person and a member of AM Kazie Accountants. He applied to be a member of the Provincial Tender Board in late 1998 and became the chairperson in 2004 as far as he could recall until it was phased out. He did not attend either of the two Provincial Tender Board meetings in respect of the water purification plants- he attended the 2nd meeting for the Oxyntaka's only. He was asked to respond to the increase from R2,015,520 to R4,800,00. He stated that based on his (considerable) experience as a member and thereafter Chairperson of the Provincial Tender Board, that any change to the price or specifications must be referred back to the Provincial Tender Board for approval. He added that the increase is in addition a substantial increase and the Tender Board may or may not have approved it. Abdul Kazie provided an affidavit that included the above. **F19**

9.079 I wish to add that based on the explanations offered by the aforementioned members of the Provincial Tender Board and the minutes of the meetings of 23 June 2005 and 18 May 2006, it is evident that no person or official was requested to provide any information from a technical perspective in relation to the water purification plants, their capabilities and associated costs, including maintenance, chemicals and that a comprehensive needs analysis had been done and the sites identified. It is my submission that the Provincial Tender Board merely accepted what Mitha had included in his Submissions that was repeated by Potgieter in her Memo's and that they did not request any additional information. It is evident that none of the members of the Provincial Tender Board can be deemed to be a technical person knowledgeable in water purification plants.

6. Northern Cape DOH officials involved in the procurement and payment procedures for the 10 water purification plants purchased from Intaka

9.080 I have discussed the role played by Mitha, Gaborone, Madyo and Shabbir in the respective procurement and payment procedures for the 10 water purification plants purchased from Intaka. I wish to briefly refer to their official positions at the time as contained in their personal records maintained by the Northern Cape DOH.

i. Sanjay Mitha

9.081 I determined from the Department's Persal records that SK Mitha (**Mitha**), identity number 710129 5016 082 was employed by the Northern Cape DOH; he was appointed on 1 April 1998 and resigned on 30 June 2007. A letter on a Department of Health letterhead dated 30 March 2005 contained in his personal file maintained by the Northern Cape DOH, reflects that Mitha was appointed to the post of Director: Hospital Revitalisation and Infrastructural Development effective 1 April 2005. On the date of assumption of duty he was to report to the office of the Head of Department, Kimberley Office Complex. A further letter on Department of Health letterhead dated 27 October 2006 contained in his personal file reflects that Mitha was relocated from the Hospital Revitalisation Component to Supply Chain Management effective 1 November 2006. A curriculum vitae attached to the bundle of documents relating to the aforementioned post, reflects his full names as Sanjay Kumar Mitha with identity number 710129 5016 082. Two of his references are Mr DD Madyo, HOD, Department of Health, Northern Cape Province and Dr H Shabbir, CEO, Kimberley Hospital Complex.

G1/1-3 **G1/4-5** **G1/6** **G1/7-12**

ii. Daniel Gaborone

9.082 I determined from the Department's Persal records that DM Gaborone (**Gaborone**) id 690815 5655 085 is employed by the Northern Cape DOH. He was appointed on 1 July 2000 and is still employed by the said Department. A letter on a Department of Health letterhead dated 11 July 2000 contained in his personal file maintained by the Northern Cape DOH, confirms the said appointment as a Deputy Director. His was

G2/1-3 **G2/4** **G2/5-6**

appointed as Chief Financial Officer (**CFO**)for the Northern Cape DOH for a period of 5 years with effect from 1 January 2002, in terms of a letter issued to him dated 30 November 2001. The appointment was accepted by him in terms of an undated "Acceptance of offer of employment". He further signed a Senior Management Performance Agreement for the period 1 April 2006 to 31 March 2007, on 26 October 2006, at which time he was still the CFO. I understand that Gaborone is currently the CFO of the Kimberley Hospital Complex. **G2/7** **G2/8-15**

iii. Deon Madyo

9.083 I determined from the Department's Persal records that Deon Danile Madyo (**Madyo**) identity number 691220 5421 084 was employed by the Northern Cape DOH; he was appointed on 1 July 1998 and resigned on 4 August 2006, at which time he was Deputy Director General. I understand that he was the Head of Department (**HOD**) during the period of the procurement of the water purification plants. I have not been provided with his personal file as the Department has been unable to locate it. **G3/1-3**

iv. Hamid Shabbir

9.084 I determined from the Department's Persal records that Hamid Shabbir (**Shabbir**) identity number 650703 5878 089 was employed by the Northern Cape DOH; he was appointed on 1 August 1993 and resigned on 20 August 2008, at which time he was the Chief Executive Officer (**CEO**) of Kimberley Hospital. His resignation was confirmed in a letter dated 19 July 2008 contained in his personal file maintained by the Northern Cape DOH. A further document titled "Hamid Shabbir" under Career Progression reflects the following: **G4/1-3** **G4/4** **G4/5-8**

1) Acting CEO Kimberley Hospital Complex since 2003;
2) Medical Director Kimberley Hospital Complex June 2001 to September 2003;
3) Principal Medical Officer Kimberley Hospital Complex August 1993 to May 2001.

In terms of a Northern Cape DOH letter dated 31 August 2004 he was appointed CEO of Kimberley Hospital Complex with effect from 1 August 2004. **G4/9-10**

9.085 I further located a form Z864 National Treasury Pensions Administration Personal Particulars in the personal file of Shabbir. The said form consists of 3 pages. It reflects the spouse of Shabbir as Samina Hamid date of birth 29 October 1964, and date of marriage 22 September 1988. Attached is a Marriage Certificate consisting of 2 pages issued in Islamabad. It reflects that Hamid Shabbir as the bridegroom and his father as Muhammad Shabbir Ahmad. The bride is Samina Gulzar daughter of Malik Gulzar Ahmad. One of the witnesses is Hefeez Ur- Rehman. The marriage was registered on 25 September 1988. I will discuss the relevance of this when referring to Rehman Enterprises later in this report. **G4/11-13** **G4/14-15**

9.086 In addition to the above 4 officials, I determined upon examination of documents seized at Intaka, that an ex-official Nelmari Oosthuizen was linked to an entity known as Watertech who received commissions from Intaka to be discussed later in this report.

v. Nelmari Oosthuizen

9.087 I determined from the Departments Persal records that Nelmari Oosthuizen **(Oosthuizen)** identity number 750525 0016 087 was employed by the Northern Cape DOH; she was appointed on 1 August 1998 and resigned on 31 January 2006. At the time of her resignation she was an administrative officer. Her resignation was confirmed in a letter dated 30 December 2005 contained in her personal file maintained by the Northern Cape DOH. **G5/1-3** **G5/4**

7. Northern Cape DOH officials linked to entities that received commission payments for sales from Intaka

9.088 I determined that a number of entities linked to Northern Cape DOH officials received commission payments from Intaka for the sale of water purification plants to Northern Cape DOH. This report excludes commission payments to entities from Intaka for the sale of Oxyntaka plants and Dialysis machines to Northern Cape DOH as these will be covered in separate reports.

Stratfit cc trading as Watertech

9.089 A number of documents seized by the SAPS at Intaka in the Western Cape related to an entity known as Watertech with registration number 2006/145315/23 recorded on their documentation, an example being Watertech invoice no 1 dated 15 January 2007. I determined that the said registration number is allocated to Stratfit cc which trades as Watertech (**Watertech**) registered on 23 August 2006. The sole member (active principal) is Saima Shahzad id 700731 0627 086 (**Saima Shahzad**) effective 30 January 2007, whilst Barend Barnadt (**Barnadt**) was a member from 23 August 2006 but has resigned (date unknown). A summary of significant Watertech documents is recorded in the table below: **H1** **B7**

	Date	Description	Location	Amount (R)	
1	11/01/2007	Agreement between Intaka and Watertech	Intaka		**H2**
2	15/01/2007	Watertech invoice # 1 for Commission on sale W 50	Intaka	877,193	**H3**
3	02/02/2007	Watertech invoice # 2 for Commission on sale W 50	Intaka	877,193	**H5**
4	01/03/2007	Watertech invoice # 3 for Commission on sale W 50	Intaka	877,193	**H6**
5	23/04/2007	Watertech tax invoice # 4 for Commission on sale W 050	Intaka	1,000,000	**H10**
6	23/05/2007	Watertech tax invoice # 5 for Commission on sale W 050	Intaka	1,000,000	**H11**
			Total (R)	**4,631,579**	

9.090 I wish to refer to the above mentioned documents in more detail:

1) A Marketing and Distribution Agreement (**the Watertech Agreement**) entered into between Intaka and Watertech was signed on 11 January 2007 for **the distribution of composite of chemicals** effective from the date of signature for a period of 1 year. It appears to be signed by Dr Savoi on behalf of Intaka and Nelmarie Oosthuizen on behalf of Watertech, based on her signature recorded on her letter of resignation referred to earlier. The definition of "the products" to be **H2** **H2/15-16** **G5/4** **H2/3**

marketed and distributed appears to be chemicals only for the water purification plants sold by Intaka, as recorded in the Preamble and Annexure 1 to the Watertech Agreement. The agreement was signed (11 January 2007) just prior to Saima Shahzad becoming a member (30 January 2007). Hence, the entity appeared not to have traded prior to this, which was confirmed by Barnadt's explanation. I further wish to point out that the initial introductory meeting between Dr Savoi, John Block, Shabbir and Madyo occurred on 7 March 2005. The water purification plants were then purchased directly between Intaka/ Intaka Northern Cape and the Northern Cape DOH in 2005 and 2006; there is no reference to any involvement of Watertech and/or Saima Shahzad and/or Oosthuizen, and in any event Watertech was not yet trading during the said period. **H2/4** **H2/17**

2) Watertech invoice number 1, seized at Intaka, and issued to Intaka is dated 15 January 2007 in the amount of R877,193, however the VAT amount has not been recorded on the invoice. The account details of Watertech are recorded as: Stratfit cc; Standard Bank; Chapel Street, Kimberley; branch code 051001; and account number 040090116. Saima Shahzad became a member of Watertech on 30 January 2007. I am not in possession of an Agreement between the said parties for the "Commission on sale of W 50"; being the Wataka 50 Water Purification Plant supplied by Intaka. There is further no evidence based on documents examined by me that Watertech were in any way involved in the provision of the water purification plants that would entitle them to a commission. The payments to Intaka by the Northern Cape Department of Health for Water Purification Plants were made during the period 5 October 2005 to 7 December 2006 as previously stated. The words "New Beneficiary" has been written alongside the bank account details on the invoice that would indicate this was the first occasion Intaka was making a payment to this account. I also acquired a copy of the invoice in question from Adriaan Loubscher previously employed by Intaka. **H3/1** **H3/2**

3) I performed a calculation and determined that R877 193 plus VAT amounts to R1 million. There is no evidence that Watertech were entitled to the said commission. The quotations received from Intaka, Westpro and Forgeweld were submitted to the Department and the last mentioned 2 were addressed to Hamid

Shabbir. This would suggest the said entities dealt directly with the Department and/or Hamid Shabbir. I have already in this report stated that I had determined the cost of the Wataka 50 to be a maximum of R725,000. Hence, Watertech's "commission" alone of R1 million exceeded the cost of the plant to Intaka. **C4**

4) Watertech invoice number 2 issued to Intaka is dated 2 February 2007 in the amount of R877,193, however the VAT amount has not been recorded on the invoice as was the case with invoice number 1. The remainder of the details recorded thereon is consistent with that recorded on invoice number 1. **H5**

5) Watertech invoice number 3 issued to Intaka is dated 1 March 2007 in the amount of R877,193, however the VAT amount has not been recorded on the invoice. The remainder of the details recorded thereon is consistent with that recorded on invoice numbers 1 and 2. **H6**

6) Watertech Tax Invoice number 4 is dated 23 April 2007 in the amount of R877,193 excluding VAT, and R1,000,000 inclusive of VAT. The description is recorded as "Commission on sale of W050". The bank details are the same as that recorded on Watertech invoices 1, 2 and 3; however the branch code is recorded as 050002, as opposed to 051001. **H10**

7) Watertech Tax Invoice number 5 is dated 23 May 2007 in the amount of R877,193 excluding VAT, and R1,000,000 inclusive of VAT. The remainder of the details recorded thereon is consistent with that recorded on tax invoice number 4. **H11**

9.091 In addition file number 131 containing the following markings on the side "Intaka Nutri Tenders: Dr Shabbir/ Watertech/ Spectrum Health" was seized by the SAPS at Intaka. The contents of the file related to the procurement of dialysis machines by Northern Cape DOH and will be covered in a separate report by me; however the markings are significant as it reflects Shabbir's involvement with Watertech and not Saima Shahzad or Nelmarie Oosthuizen, according to Intaka's records. **H12**

Stratfit cc Standard Bank account number 040090116

9.092 The aforementioned bank account was subpoenaed by the SAPS. The Application to open an Enterprise/ Business account, reflects the following: **H13**

1) The document was completed in respect of Chapel Street branch and is dated 19 December 2006;
2) The postal address is furnished as PO Box 3211, Kimberley. This is the same postal address provided by Shabbir on a form Z864 National Treasury Pensions Administration Personal Particulars in the personal file of Shabbir previously discussed; **G4/12**
3) The type of business conducted is recorded as Hotel and Restaurant;
4) Dr Maqbool is recorded as the Manager with contact telephone number 053-8331472;
5) The references are: Meridian Hotel Dr Maqbool telephone number 082 468 3982; and Dr Shabbir telephone number 083 411 9017. The contact telephone for Dr Maqbool is the same number as that provided by Saima Shahzad as sole member on page 2 of the Application. Her address is furnished as 20 Kestel Street, Monument Heights. Shabbir's address on the form Z864 is 16 Kestel Street, Monument Heights. **G4/12**

9.093 A Consumer Report enquiry was conducted for Shabbir. His address is listed as PO Box 3211, Kimberley, being the address of Watertech per Standard bank records and 16 Kestel Street, Kimberley. A Consumer Report enquiry was also conducted for Saima Shahzad. One of her addresses is 20 Kestel Street, Kimberley. Under employer information the name Dr Maqbool is recorded. I further determined from a Kredit search report that an entity known as Kim Corp 960 cc with registration number 2004/097688/23 was registered on 16/09/2004. Shabbir is an active principal and his address is recorded as 16 Kestell Street, Kimberley. Shahzad Maqbool is another active member and his address is listed as 20 Kestell Street, Kimberley; and hence the name Shahzad linked to Saima Shahzad. I understand that the said Shahzad Maqbool and Saima Shahzad are related. The documentation discussed above would indicate that Shabbir, (Dr) Shahzad Maqbool and Saima Shahzad are linked to Watertech. When the SAPS went to conduct a search of 20 Kestel Street, Kimberley they located a Dr Mahmood and Dr Bushra who were living there since December 2008. Neither Shahzad Maqbool nor Saima Shahzad could be traced. Shabbir was found to be the occupant of 16 Kestel Street, Kimberley where the SAPS conducted a search. **B8** **B9** **B10**

9.094 I examined the personal file of Shahzad Maqbool maintained by the Northern Cape DOH and determined the following: **G6**

1) A copy of his identity number reflects his full names as Shahzad Maqbool id 640601 6044 185, born in Pakistan and issued on 1994/09/27. **G6/1**
2) A Persal Administration: NC Health: Enquiry Service Record dated 16 April 2009 reflects he was appointed on 13 February 2001 and was still employed by the Department on 16 April 2009. **G6/2** **G6/3**
3) A Northern Cape DOH letter dated 16 April 2009 reflects that Shahzad Maqbool ID 640601 6044 086 worked in the Kimberley Hospital Complex from 1 September 2001 to date (being 16 April 2009). **G6/4**
4) Page 1 of a form National Treasury Pensions Administration Withdrawal from Fund, reflects he resigned on 31 January 2010. **G6/5**
5) A "Naeem Translation House", Islamabad form is a Marriage Certificate. It reflects that Shahzad Maqbool date of birth 01/06/2004 was married to Saima Mazhar dated of birth 31/07/1970, on 12 November 1994. **G6/6-7**
6) A Republic of South Africa Permit for Permanent Residence reflects that the permit was issued to Shahzad Maqbool on 5 July 1993. Attached is a certified copy of birth entry no 55/96 issued in Lahore on 14/03/1996. It reflects that infant as Dania, the fathers name as Shahzad Maqbool and the mothers name as Saima Shahzad. Also attached to these 2 documents is a copy of an identity book of Saima Shahzad; it reflects her id 700731 0627 185, born in Pakistan and issued on 1998/07/08. **G6/8** **G6/9** **G6/10**

9.095 I further examined statements no 1 to 41 inclusive subpoenaed by the SAPS from Standard Bank. I will refer to these documents and link them to the Watertech invoices to Intaka where possible. I will also refer to entries that are relevant and that required further investigation. **H14**

1) Statement number 1 reflects a zero opening balance as at 6 February 2007 and a debit service fee of -R55.00. The opening of the account was within a week of Saima Shahzad becoming a member of Stratfit. **H14/1** **B7**
2) Statement number 2 is dated 6 March 2007 and covers the period 16 February **H14/2**

2007 to 1 March 2007. The opening balance as at 7 February 2007 was R55. A credit transfer in the amount of R877,193 was made by Intaka Investments on 16 February 2007. Watertech invoice number 1, seized at Intaka, and issued to Intaka is dated 15 January 2007 in the amount of R877,193, **H3**

3) A magtape transfer in the amount of R612,000 was made by Skyros Health on 28 February 2007. Skyros Health is linked to Intaka. A Watertech invoice dated 15 January 2007 addressed to Skyros Health refers to "Commission on Sales" only in the amount of R612,000. A copy of this invoice was provided to me by Adriaan Laubscher previously employed by Intaka during an interview with him. This was preceded by an e-mail from Savoi to Shabbir, contained in the electronic data of Shabbir seized by the SAPS. It is dated 23 August 2006 and titled "Revised quotation: Siemens CT Scanner 64- Slice". The body reads as follows: "*Dear Amigo, I'm enclosing the surprise as promised. Please bear in mind that this is the net price. We need to calculate our profits, best regards*". Attached is a Skyros Health letter dated 23 August 2006 addressed to Hamid Shabbir in respect of a revised quotation for the Siemens CT Scanner 64- slice. Thereafter an internal e-mail was sent by Alicia Marcos of Skyros to Tracey Ward dated 29 January 2007 seized in the electronic data of Intaka by the SAPS. The subject is Watertech and commission in respect of the sale of 16 dialysis machines in the amount of R612,109 including VAT. It commences "*please send an e-mail to Elma Oosthuizen of Watertech*". The writer has requested that the names of Dr Savoi and Rodrigo Savoi are not mentioned on the Skyros Health letterhead. The said payment by Skyros to Watertech will be covered in a separate report as it involves third parties not involved in the water purification plants investigation. I have referred to it in this report however, as it reflects on the relationship between Dr Savoi and Shabbir, who was employed by the Department at the time as previously stated and Shabbir's link to Watertech, together with Elma Oosthuizen. **H14/2** **H15/1** **H15/2** **H15/3** **H15/4**

4) A credit transfer in the amount of R877,193 was made by Intaka Investments on 1 March 2007. Watertech invoice number 2 issued to Intaka is dated 2 February 2007. Watertech invoice number 3 issued to Intaka is dated 1 March 2007 in the amount of R877,193, however the amount subsequently paid appears to have included the VAT as discussed below. **H14/2** **H5** **H6**

5) A credit transfer in the amount of R1,000,000 was made by Intaka Investments on 2 May 2007. **H14/5**

6) A credit transfer in the amount of R1,000,000 was made by Intaka Investments on 22 May 2007. Watertech tax invoice number 4 is dated 23 April 2007 in the amount of R1,000,000. **H14/6** **H10**

7) The first credit from any other third party other than Intaka Investments was made on 23 May 2007, more than 3 months after the account was opened, in the amount of R3,330 from Northern Cape Health. **H14/6**

8) IB Payment to Nelmari on 3 September 2007 in the amount of R18,500; IB Payment to Nelmari Oosthuizen on 29 October 2007 in the amount of R19,326.18; IB Payment to Nelmari Oosthuizen on 29 January 2008 in the amount of R15,824.84: IB Payment to Nelmari Oosthuizen on 29 February 2008 in the amount of R15,824.84; IB Payment to Nelmari Oosthuizen on 31 March 2008 in the amount of R18,464.39. The aforementioned payments appear to be salary payments to Nelmari Oosthuizen, who communicated with Intaka in respect of payments for Watertech as previously discussed. **H14/13** **H14/19** **H14/27** **H14/30** **H14/34**

9) IB Payment to Bennie Burger on 10 September 2007 in the amount of R3,499.80. I will discuss this when dealing with cheques that were cashed by Watertech. **H14/15**

10) Fee payment confirm e-mail Dr Maqbool appears 5 times on 10 September 2007. Hence, further evidence of Dr Maqbool's link to Watertech. **H14/15-16**

11) Interbank transfer "Mr Waseemahmed" on 9 October 2007 in the amount of R200,000. **H14/19**

12) Cheque number 100128 in the amount of R1,800,000 is reflected on bank statement number 11 and paid on 9 November 2007. Upon further investigation I determined that the payment was made to Van Der Wall and Partners Attorneys. It was determined from the said attorneys that the payment related to the sale of a property known as 26 Hugo Street, Monument Heights, Kimberley, Erf 3577, held in the name of Samina Hamid and Hamid Shabbir to Stratfit cc represented by Saima Shahzad in the amount of R1,8 million. I was provided with a copy of the Sale of Property Agreement signed and dated 26 September 2007. The witness to Samina Hamid's signature appears to be that of Shabbir (even though he is the joint owner of the property with Samina Hamid) as it is similar to that appearing on his letter of resignation dated 19 July 2008. I submit that this sale **H14/22** **F20** **G4/4**

was completed as a formality to legitimise the receipt of R1,8 million by Shabbir and his wife Samina Hamid. Van Der Wall and Partners Attorneys provided me with additional documents relevant to the sale agreement attached hereto for ease of reference. **F21**

13) I further determined from the said attorneys and upon examination of the additional documents that a further amount of R166,683.82 was received by them from Stratfit cc in respect of transfer duties and related costs. I traced this payment to the Stratfit bank account that reflects a payment via cheque number 100126 in the amount of R166,683.82 on 30 October 2007. The attorney who dealt with the sale was Mr Nicolaas Gouws who has left the employment of Van Der Wall and Partners Attorneys; at the time of issuing of this report he had not provided an affidavit. **F21/32-33** **H14/20**

14) A magtape transfer in the amount of R500,000 was made by Intaka Investments on 19 December 2007. Watertech tax invoice number 5 is dated 23 May 2007 in the amount of R1,000,000. **H14/24** **H11**

15) A magtape transfer in the amount of R500,000 was made by Intaka Investments on 29 February 2008. Watertech tax invoice number 5 is dated 23 May 2007 in the amount of R1,000,000. Hence, the aforementioned 2 payments of R500,000 may be linked to tax invoice number 5 as there is no evidence from examination of the bank statements that this tax invoice was previously paid **H14/30** **H11**

16) During the period July 2009 to May 2010 the account had very little activity and a considerable number of items were reversed as unpaid due to insufficient funds. **H14/72-H14/101**

9.096 An Experian Business Information Services enquiry determined the following in respect of Erf 3577 referred to in sub- paragraph 12) and 13) above: **B14**

1) Shabbir purchased the property and it was bonded at R665,000. This is confirmed in Van Der Wall and Partners Attorneys documents Deed of Transfer that reflects Shabbir purchased the property from Kenneth Paget Quinn on 23 August 2005. **F21/16-20**

2) The property was sold by Shabbir to Stratfit cc in the amount R1,8 million. This is confirmed per the Sale of Property Agreement signed and dated 26 September 2007 referred to in sub- paragraph 12). **F20**

3) The property was purchased by Wessels Family Trust on 30 January 2010 in the amount of R1,125,000. I am not in possession of the supporting documents pertaining to the said sale, however it is evident that Stratfit sold the property at a loss in the amount of R675,000, more than 2 years after they had purchased same from Shabbir. **B14/1**

9.097 For ease of reference I have summarised the Watertech invoices and above payments made by Intaka to Watertech in the table below (excluding the payment made by Skyros), which is also consistent with an explanation provided by Adriaan Loubscher, an ex- financial manager of Intaka to be discussed later in this report:

	Invoice/ tax invoice	Invoice amount (R)	Payment date	Payment amount (R)
1	1	877,193	16/02/2007	877,193
2	2	877,193	01/03/2007	877,193
3	3	877,193	02/05/2007	1,000,000
4	4	1,000,000	22/05/2007	1,000,000
5	5	1,000,000	19/12/2007	500,000
6			29/02/2008	500,000
		(I) **4,631,579**		**4,754,386**

(I) The difference of R133,807 is the VAT on invoice 3.

9.098 The SAPS subpoenaed Intaka Investments (Pty) Ltd FNB bank account number 62106988150. I identified the following internet payments made by Intaka that correspond with the above payments received by Watertech:

	Date	Reference	Amount (R)	
1	16/02/2007	Watertech	877,193.00	**H14A/1**
2	01/03/2007	Watertech	877,193.00	**H14A/2**
3	02/05/2007	Watertech	1,000,000.02	**H14A/3**
4	22/05/2007	Int 18 April 2007- 5	1,000,000.02	**H14A/4**
5	19/12/2007	Watertech	500,000.00	**H14A/5**
6	29/02/2008	Watertech	500,000.00	**H14A/6**
			4,754,386.04	

9.099 A considerable number of cheques were cashed from the account of Stratfit cc during

the period 1 March 2007 to 1 October 2008, during which time Watertech received R4,754,386 from Intaka. The cheques are for rounded amounts that in itself is unusual. Saima Shahzad was the sole signatory on the bank account, however it appears based on communication between Intaka and Watertech that Nelmarie Oosthuizen was running the day-to- day business, whilst Saima Shahzad existed in name only . I compiled a list consisting of 34 cheques in question amounting to R1,813,000. This excludes the payments in the amounts of R166,683.82 and R1,800,000 made to Van de Wall and Partners. **H16**

9.100 I previously in paragraph 9.098 sub- paragraph 9) referred a payment to Bennie Burger on 10 September 2007 in the amount of R3,499.80. The relevance thereof is that I determined Bennie Burger is a member of Benjamin Accounting Services cc t/a Accounting Kimberley and I pursued this in an effort to trace Saima Shahzad as her whereabouts are unknown. Benjamin Burger (Bennie Burger) was interviewed and provided the following information relevant to Watertech:

1) He is the auditor of Watertech and they have been his client since early 2007 when the business started trading;
2) The owner and sole member of Watertech is Saima Shahzad. He has never been informed of any change in membership. He never met Shahzad in person or spoke to her and always dealt with Nelmarie Oosthuizen (also known as Elma) who is the Operations Manager of the business and the primary contact person for Watertech;
3) Shabbir is unknown to him and he is not aware if he was ever a member of Watertech. The first time he saw documentation relating to Shabbir was when Oosthuizen requested him to add Shabbir as an employee on the payroll of Spectrum Health;
4) In respect of the Cashed cheques (he referred to 32 cheques amounting to R1,613,000 and I identified 2 additional cheques subsequent to Bennie Burger providing his affidavit), these cheques were processed to a cash control account or the member's loan account. This was then allocated to an expense account from the cash control account or member's loan account when details were provided by Oosthuizen. I have not had access to these records, however it is apparent that like Intaka, Benjamin Accounting Services only ever dealt with

Oosthuizen. Bennie Burger provided an affidavit confirming the above. **F22**

Rehman Enterprises

9.101 An Exclusive Agency Contract was completed between Intaka Northern Cape represented by Gaston Savoi and Rehman Enterprises, allegedly a legal entity registered in Pakistan, represented by Muhammad Shabbir Ahmad on 29 July 2005. This document was located in Intaka's records seized by the SAPS. A witness signature to the signature of Muhammad Shabbir Ahmad appears to be similar to that of Shabbir, based on previous signatures on documents already discussed in this report. I previously referred to Shabbir's marriage certificate and his fathers names were recorded as Muhammad Shabbir Ahmad, hence Intaka Northern Cape entered into an Agreement with a person who I believe is Shabbir's father This agreement was signed after the first 2 water purification plants were awarded by the Provincial Tender Board on 23 June 2005 to Intaka Northern Cape and the issuing of official order numbers D 747867 and D 747868 on 29 June 2005. **H17**

9.102 The Agreement relates to the marketing of Intaka Northern Cape potable water service products by Rehman Enterprises in the Islamic Republic of Pakistan, United Arab Emirates and India.

9.103 I identified the following documents amongst the documents seized by the SAPS from Intaka relating to Rehman Enterprises: **H18**

1) An e-mail from Shahzad to info@intaka.com dated 28 August 2006 08:57 pm. The subject is "invoices" and the body "Amigo attached are the invoices as requested"; **H18/1**
2) A fax cover page from Adriaan Laubscher of Intaka to FNB dated 12 September 2006; he refers to an invoice attached and the rand amount he would like to pay of R1,315,789.47; **H18/2**
3) A Rehman Enterprises Invoice for "Marketing and Advertising" dated 28 May 2006 addressed to Intaka for "Professional services rendered in Pakistan" in the amount of 187,969.92$USD; **H18/3**

4) A Rehman Enterprises Invoice for "Marketing and Advertising" dated 28 June 2006 addressed to Intaka for "Professional services rendered in Pakistan" in the amount of 187,969.92$USD; **H18/4**
5) A letter on a Rehman Enterprises letterhead addressed to Dr Savoi providing their bank account details; **H18/5**
6) A Rehman Enterprises Invoice for "Marketing and Advertising" dated 31 July 2006 addressed to Intaka for "Electronic Media" in the amount of 140,000$USD; **H18/6**
7) A Rehman Enterprises Invoice for "Marketing and Advertising" dated 26 June 2006 addressed to Intaka for "Newspaper Adverts" in the amount of 140,000$USD; **H18/7**

9.104 I further identified an e-mail in the electronic records of Shabbir seized by the SAPS, dated 23 August 2006 12:24pm from Dr Savoi to Shabbir titled "PRIVATE AND CONFIDENTIAL": "*Dear amigo the invoices from Rehman Enterprises must be each one for a total amount based on R877,193.00 and as description it will be better to put "professional services rendered in Pakistan". Please send me the revised invoices*". **H18/9**

9.105 The SAPS subpoenaed Intaka Investments (Pty) Ltd FNB bank account number 62106988150. I identified the following 2 Forex Sale Transaction; the amounts are in terms of Laubscher's fax to FNB dated 12 September 2006, referred to in sub-paragraph 2) above. **H18/2**

	Date	Reference	Amount (R)	
1	13/09/2006	Med Sha Bbir Ahmed	1,315,789.47	**H18/8**
2	18/09/2006	Star R Eal Estate Brok	1,315,789.47	**H18/8**
			2,631,578.94	

Interview with Adriaan Laubscher

9.106 I conducted an interview with Adriaan Laubscher (**Laubscher**) who was employed as the financial manager at Intaka Manage (Pty) Ltd from October 2005 to March 2008. He resigned in October 2007, but stayed on until March 2008, the last three months

of which were in a consulting capacity.

9.107 He provided the following information to me relating specifically to the sale of the water purification plants by Intaka to the Northern Cape DOH and the role of Watertech, Shabbir and Madyo:

1) Shabbir was the CEO of the Kimberly Hospital. He came to the Intaka offices in Cape Town on about five times that he knew of. He also once met Shabbir and Gaborone, the CFO for Health in the Northern Cape, in Bloemfontein to discuss appointing an agent to collect money due to Intaka by the Department of Health
2) Dr Savoi told him that commission of R2 million per Wataka was to be paid on the additional 8 Watakas sold to the Northern Cape DOH. This commission was to be split equally between Shabbir and Madyo. Block was not part of this deal (he was involved in the first 2 water purification plants for Colesberg and Calvinia and will be referred to later in this report). The money due to Shabbir was R8 million. The money due to Madyo had not been paid when he left Intaka as Madyo was worried that he was under investigation at the time the commission was earned and did not want to have to explain where he got this money from. **H24**
3) R5million of the money due to Dr Shabbir was paid in to Watertech; he suspected the remaining R3million was paid to Rehman Enterprises, comprising two amounts of R1,315,789.47 each.
4) The invoices provided to support this payment stated that they are for "Professional services rendered in Pakistan" in the amounts of $187,969.92 each. He did not specifically recall what Dr Savoi said about these invoices but he suspected that they were for the commission due to Dr Shabbir on the first three Watakas. The amount paid in Rand was two payments of R1 315 789.47 which is two payments of R1.5 million less VAT. The US Dollar equivalent of these payments was the $187,969.92 that the Rehman Enterprises invoices were made out for.
5) He was not involved in setting up Watertech. Dr Savoi dealt with Watertech. Copies of two of the Watertech invoices against which payments were made are in the amounts of R877,193 each. He was uncomfortable about these payments but never spoke to Dr Savoi about this but discussed it with Raoul de Lange

(Intaka in-house attorney). The invoices are for R877,193 and not the full R1 million as Watertech was not registered for VAT and as Intaka could not claim the input VAT they paid them the amount due (R1 million per Wataka) less VAT. As far as he could recall the remaining R3million was paid to Watertech as well.

9.108 Laubscher provided an affidavit that includes the information detailed above. He informed me that prior to resigning from Intaka a number of transactions that resulted in payments to various entities came to his attention that made him suspicious and that entities in the Intaka Group were involved in some irregular activity. As a result of his concerns, on 14 March 2007 he scanned e-mailed copies of some of the documents supporting the suspicious payments to an external e-mail address where he later retrieved the e-mails. He attached copies of these documents to his affidavit and discussed them. **F24**

Hamid Shabbir ABSA bank account number 940174805

9.109 The aforementioned bank account was subpoenaed by the SAPS. This was Shabbir's account into which his salary was paid by Northern Cape DOH. It is evident upon examination of the bank statements that Shabbir had another source of income other than that received from the department during the period he was still employed by the department. Further, it is evident based on funds in and out of this account that he holds other bank accounts that I have not had access to. Hence, I have not performed a detailed investigation into this account and other bank accounts held by Shabbir. I identified fourteen (14) x payments into the account in question amounting to R207,000 made up of rounded amounts, during the period 05/05/2006 to 28/05/2008 when he was still employed by the department (he resigned on 20 August 2008). **H38**

Mapquest Trading (Pty) Ltd

9.110 I determined upon examination of documents seized from Madyo's premises that Intaka corresponded with and entered into business transactions with an entity known as Mapquest Trading (Pty) Ltd (**Mapquest**) as discussed hereunder:

1) On 21 November 2006 Intaka sent a letter to Deon Madyo, Executive Director, Mapquest, Rustenberg on 21 November 2006 iro a request for a presentation by Intaka of their services. Madyo was in initial introductory discussions with Dr Savoi, Block and Shabbir and he signed both Submissions on 20 June 2005 and 24 April 2006 respectively as HOD, prepared by Mitha dated 17 June 2005 and 24 April 2006, and sent to the Provincial Tender Board. He resigned from the Department on 4 August 2006, prior to the letter in question. **H19**
2) On 30 November 2006 Intaka and Madyo of Mapquest entered into an Agency Agreement to promote, market and sell Oxyntaka's and Wataka's in the North West and Limpopo Province i.e. not the Northern Cape. The registration number of Mapquest is recorded as 2006/016908/07. A Kreditinform Enquiry determined that Mapquest Trading (Pty) Ltd with the said registration number was registered on 1 June 2006. The sole active principal is Danile Deon Madyo (Madyo) with effect from 29 June 2006.One of his current business interests in Sakhiwo Health Solutions (**Sakhiwo Health**) to be referred to below in more detail. **H20** **B11**
3) A Mapquest Tax Invoice dated 1 October 2007 in the amount of R336,140.91 refers to "Marketing and product promotion Wataka & Oxyntaka Limpopo" The bank details are recorded as: Mapquest, ABSA Bank, account no: 4065783726. **H21**
4) The said bank account was subpoenaed by the SAPS. I determined that the account is held in the name of Mapquest Trading (Pty) Ltd and was opened on 20 July 2006. I have not been provided with the opening documents and signature card. For purposes of this report I am not going to attach the bank statements in their entirety and will only attach those relevant to this investigation. The first significant deposit was recorded as a Credit Transfer "Karibuni Loan Mapquest" in the amount of R650,000 on 4 August 2008 i.e. after Madyo had left the Northern Cape DOH. I identified 3 payments from Intaka Investments as detailed below: **H22/1** **H22/1**

	Date	Amount (R)	
1	30/04/2007	50,000.00	H22/2
2	12/10/2007	336,140.91	H22/3
3	17/01/2008	286,128.50	H22/4
	Total (R)	**672,269.41**	

5) The said payments were made after Madyo resigned from the Northern Cape DOH. The 2nd payment appears to relate to services provided in Limpopo as detailed in the Mapquest invoice above. Loubscher provided me with a copy of the first invoice dated 12 December 2006 and it also relates to services in Limpopo for oxyntaka. In sub-paragraph 2) above I referred to Sakhiwo Health. The 1st payment received by Mapquest from Sakhiwo Health was on 25 June 2008, attached hereto for ease of reference. The relevance is that I would later determine Mitha was employed by Sakhiwo Health after he left the Northern Cape DOH and hence his continued relationship with Madyo. **H23** **H22/5**

6) A document titled "Cash Requirements" located in the electronic records of Intaka, refers to the background into the cash requirements and a meeting held on 11 December 2007. On page 3 of the document the following is recorded: **H24**

   "*There is also a Commission due to Mr Deon Madyo of approximately R8million (Vat included) which is still outstanding and which has not been brought into the table above as it is uncertain as to when the money will be paid. This commission is due for the provision of 8 Watakas to the Northern Cape. There is also a commission due to Watertech of R500,000*".Hence, the commission of R8million was not due to Deon Madyo for the North West and Limpopo Provinces as envisaged in the Agency Agreement referred to a payment to in sub-paragraph 2) above. On page 6 the document is dated 19 February 2008 beneath the name MG Erasmus. Erasmus confirmed to me that he prepared this document. I have already referred to a payment to Watertech by Intaka in the amount of R500,000 on 29 February 2008 i.e. consistent with the above and within 10 days of the date of the document. I have examined the Mapquest account statements and have not identified any payments subsequent to 19 February 2008 from Intaka (the last being on

17/01/2008 as detailed in the table above. The R8 million due to Madyo by Intaka for the additional 8 water purification plants was confirmed by Laubscher as previously discussed.

9.111 The SAPS subpoenaed Intaka Investments (Pty) Ltd FNB bank account number 62106988150. I identified the following internet payments from Intaka to Mapquest that corresponds with the amounts received by Mapquest as detailed in sub paragraph 4) above:

	Date	Amount (R)	
1	30/04/2007	50,000.00	**H22/6**
2	12/10/2007	336,140.91	**H22/7**
3	17/01/2008	286,128.50	**H22/8**
		672,269.41	

8. Intaka Northern Cape and Chisane Investments: links to Intaka and commission payments for sales from Intaka

9.112 I previously discussed Intaka Northern Cape being linked to Intaka; the former submitted the quotations, whilst the latter received the payments for the 10 water purification plants; and the involvement of John Block. I identified a number of documents seized by the SAPS at the premises of John Block, 10 Golden Gate Street, Cartes Glen, Kimberley relevant to Intaka Northern Cape and Chisane Investments. I have already referred to some of these documents iro Intaka Northern Cape in this report and they summarised hereunder for ease of reference:

1) Inaugural meeting of Tarree Investments (Intaka Northern Cape on 2 March 2005; **E1**
2) Two (2) x Northern Cape DOH order numbers D 747867 and D 747868 dated 29 June 2005 in the amounts of R2,015,000 and R1,935,720 respectively; **D8/1-2**
3) An Agenda for Intaka Northern Cape Board meeting to be held on 3 August 2005; **D8/3-4**
4) Two (2) x Intaka Northern Cape tax invoices issued to the Northern Cape DOH dated 1 September 2005 in the amounts of R2,015,000 and R1,935,720 respectively; and **D8/5-6**

5) A request for payment by Intaka Northern Cape to the Northern Cape DOH dated 7 September 2005, to be made to a designated Intaka bank account. **D8/7**

9.113 I wish to refer to the following additional documents located at the premises of Block as they will be again referred to in my interview with Laubscher:

1) Chisane Investments Invoice number CHI003 is dated *31 June* 2005 (June has only 30 days) and addressed to Eugene Hope. It refers to "Consultancy Services provided in the Northern Cape Province" in the amount of R139,707. It reflects John Block as Company Director. **H25**
2) Chisane Investments Invoice numbers CHI008 and CHI010 dated 14 September 2005 and 29 November 2005 are addressed to Eugene Hope. They refer to "Consultancy Services provided in the Northern Cape Province" in the amounts of R187,986 and R62,814 respectively. The invoices reflect John Block as Company Director. **H26/1-2**

9.114 I also located the following document in the records of Intaka seized by the SAPS

1) On 4 April 2006 John Block, Company Director Chisane Investments sent a fax and 2 invoices to Intaka Investments in respect of "Sales Commission due for Services rendered in Northern Cape Province", in the amounts of R85,000 and R80,000 respectively. The bank details provided is ABSA Bank Chisane Investments, City Centre, Kimberley, cheque account number 4060501886, branch code 500902. **H27/1-3**
2) A document that reflects that commission was payable to John Block for sales by Intaka Northern Cape. The first sale of R1,698,000 being the invoice amount (R1,935,720) excluding VAT (R237,720) of the water purification plant supplied to Calvinia Hospital a commission of R80,000 was payable; and the second sale of R1,768,000 being the invoice amount (R2,015,720) excluding VAT (R247,520) of the water purification plant supplied to Colesberg Hospital a commission of R85,000 was payable. This amounts to commission of 4.7% and 4.8% of the sale amounts exclusive of VAT. **H28**

9.115 A Kreditinform Enquiry determined that Chisane Investments (Pty) Ltd with registration number 2004/004027/07 was previously known as Sage Wise 117 and was registered on 18 February 2004. The sole Active Principal appointed 8 March 2004 is Block. **B12**

Interview with Laubscher

9.116 I previously referred to my interview with Laubscher. He provided the following information to me relating specifically to the sale of the water purification plants by Intaka to the Northern Cape DOH and the role of Intaka Northern Cape, Block and Chisane Investments:

1) John Block was initially Dr Savoi's contact in the Northern Cape. He knew that Block was the leader of the ANC in the Northern Cape. Block was initially involved in Health and then mainly in the various municipalities. He did not specifically know what the commission payments of R139 707, R187 986 and R62 814 were for, but he did suspect that they were for playing an intermediary role with customers in local and provincial government in the Northern Cape. **H25,H26/1-2**
2) On Dr Savoi's instruction he prepared a schedule which sets out how the profit on the Wataka's sold in the Northern Cape would be split as 30% commission to Block and 70% as Management fee to Intaka. Dr Savoi told him that this schedule was to show Block what his share of the profit was and how it was calculated. The signature on this document is that of Dr Savoi and is dated 13 April 2006. As far as he could recall Block was at Intaka's offices when he prepared this schedule. **H28**
3) He later received a fax from Chisane Investments, which was Block's company, and pages 2 and 3 of the fax were Chisane Investments invoices for R80 000 and R85 000. These invoices were for Block's commission on the first 2 Wataka's purchased by the Northern Cape Department of Health for the hospitals in Calvinia and Colesberg. The amounts on the invoices are for the same amount as set out on the schedule he prepared on Dr Savoi's instruction (refer sub-paragraph 2) above. An invoice for a third Wataka in the Northern Cape was also received from Block in the amount of R136,000. This was also in terms of the **H27/1-3** **H28** **H29/1**

schedule he prepared for Dr Savoi being R120,000 (R136,000 less VAT) but he was not sure which Wataka it related to. The correct amount of the invoice should read R136,800, which is in terms of the copy provided to me by Laubscher where a suitable endorsement has been made, however the payment receipt reflects R136.000. **H29/1** **H29/2**

4) As far as he could recall Dr Savoi informed him that the invoice from Chisane Investments for R456 000, dated 15 August 2006 was a once off payment to Block for the oxygen contract for the first 7 hospitals that signed a contract for the Oxyntaka machines. This will be discussed by me in a separate report with regard to the Oxyntakas purchased by Northern Cape DOH from Intaka, but attached and referred to for ease of reference. The invoice was located in the documents seized by the SAPS from Intaka. **H30**

Chisane Investments (Pty) Ltd ABSA Bank account number 4060501886

9.117 The aforementioned bank account was subpoenaed by the SAPS. The bank has stated that they were unable to locate the opening documents as per the FICA Centre. I have been provided with bank documents with effect from 1 January 2006 only. I identified the following payments that I have linked to 4 Chisane Investments invoices issued to Intaka for payment; the remaining 3 invoices were issued in 2005 and as stated above I do not have bank statements prior to 1 January 2006:

1) On 19 April 2006 "ACB Credit Inv. CHI025" in the amount of R136,000. This is consistent with Chisane Investments invoice number CHI025 in the amount of R136,000. In terms of Laubscher's explanation this was for a 3rd unknown Wataka. The balance of the account prior to the said deposit was -R4,689.96. **H31/1** **H29/1-2**
2) On the same day 19 April 2006 "ACB Credit Inv. CHI023/ HI024" in the amount of R188,100. Chisane Investments invoice numbers CHI023 and CHI024 in the amounts of R85,000 and R80,000 respectively amounts to R165,000 inclusive of VAT per the invoices. Laubscher provided me with 2 more Chisane Investments invoices: CH1023 and CH1024 in the amounts of R85,000 excluding VAT (R96,900 inclusive of VAT) and R80,000 excluding VAT (R91,200 inclusive of VAT. These amounts total R188,100. Laubscher also provided me with a **H31/1** **H27/2-3** **H31/6-7**

Standard Bank payment receipt confirming the payment of R188,100 on 18 April 2006 by Intaka to Chisane Investments. These payments were commissions for the Wataka's commissioned at Colesberg and Calvinia Hospitals. Intaka Standard Bank account number 071878890 reflects payments in the amount of R136,000 and R188,100 respectively on 18 August 2006. This statement was located in the Intaka records seized by the SAPS, **H31/8** **H31/3**

3) On 24 August 2006 "ACB Credit Intaka Investments" in the amount of R456,000. This is consistent with Chisane Investments invoice number CHI0018 in the amount of R456,000. In terms of Laubscher's explanation this was a once off payment to Block for the oxygen contract for the first 7 hospitals that signed a contract for the Oxyntaka machines. Intaka FNB account number 62106988150, subpoenaed by the SAPS reflects an Internet payment on the same day 24 August 2006 in the amount of R1,045,380; the reference is Chisane Investments. However, I located a copy of this statement in the Intaka records seized by the SAPS and it contains the following handwritten note alongside "Chisane Investments": "R456,000-00, Skyros Man fee & Rental R589,380", which confirms the payment to Chisane Investments in the amount of R456,000. **H31/2** **H30** **H31/4** **H31/5**

9. Yadhav Investments

9.118 I received information and it was confirmed to me by Laubscher that Mitha was contracted by Intaka to recover debt for Intaka. He informed me that the Department of Health did not pay Intaka on time for the monthly oxygen invoices. He spoke to Gaborone about this on numerous times. Raoul de Lange was involved in setting up an agreement with a collection company, involving Mitha who had left the Department of Health at the time. He believed this arrangement was above board as Mitha was no longer employed by the Department of Health.

9.119 Laubscher added that he flew to Bloemfontein with de Lange to meet with Mitha. However, Shabbir and Gaborone attended the meeting and Mitha was not there. Shabbir said he was mandated on behalf of Mitha to speak on his behalf. Laubscher was not comfortable with this and thought it strange that Shabbir and Gaborone who were from the department of health were involved in setting up a company to collect

debts due by Health to Intaka. Mitha was paid up to a point, in terms of a contact with him, for his involvement in collecting money due to Intaka.

9.120 The following electronic records and hard copy documents seized by the SAPS are relevant to Mitha, Yadhav Investments and Intaka:

1) An unsigned Agency Agreement effective 14 November 2007, between Intaka and Yadhav Investments cc to "*facilitate expeditious approval, uploading and payment management process*" to Intaka by the Department of Health, Northern Cape, for the 32 medical oxygen and medical air generating units installed at 32 hospitals. The commencement date is recorded as 14 November 2007. **H32**
2) On 17 April 2008 Intaka sent a letter to Sanjay Mitha and referred to the Agency Agreement executed on 19 November 2007.He was notified that he has persistently failed to ensure that payments are received by Intaka in a timely manner, despite full commissions being paid to the Agent. They further advised him of a breach of the agreement and that Intaka reserved the right to terminate the Agreement in the event that the Agent (Yadhav) fails to ensure that payments are rendered in accordance with the terms of the Agreement. **H33**

9.121 I examined the electronic records seized by the SAPS from Intaka. I identified 9 Remittance Advice's that reflect nine (9) x payments were made to Yadhav Investments by Intaka amounting to R610,657.70 during the period 8 February 2008 to 17 December 2008. **H34**

Yadhav Investments cc Standard Bank account number 040091732

9.122 The aforementioned bank account was subpoenaed by the SAPS. I determined that the account was opened on 26 June 2006 and the sole signatory is Mitha. The type of business is recorded as "Distributor of steel and cement". One of his references is "Dr Shabir" whose cellular number is recorded as 083 411 9017; this is the same number provided to the bank for Shabbir as a reference in the Stratfit cc application form to open a bank account. I examined the bank statements of Yadhav Investments and identified twenty (20) x payments from Intaka to Yadhav **H35/2-6** **H13**

Investments amounting to R1,544,315.52 during the period 18 December 2007 to 16 April 2010. The balance on the account as at 10 June 2010 is -R79.12. I further determined that a Cheque deposit was made by "Kim Corp 960 cc" in the amount of R10,000 into the Yadhav Investments bank account on 6 February 2008. This occurred during the period of the 1st and 2nd payment received from Intaka. The balance on the account was R10,401.80 before the cheque was deposited and R10, 306.68 prior to receipt of the 2nd Intaka payment; and hence there were funds available. I previously referred to Kim Corp 960 cc and that Shabbir and Maqbool are active principals. **H35/1** **H35/12**

9.123 It is evident that the vast majority of payments into this account were made by Intaka, and there is no indication that this account was used for purposes of receiving income for the conducting of business as a "Distributor of steel and cement". This brings into question and places significant doubt as to exactly what Mitha was doing for Intaka that could speed up payments to Intaka by the Northern Cape DOH; that Gaborone the CFO of the Department could not have done and further Gaborone and Shabbir representing Mitha had attended a meeting with Intaka beforehand and were involved in setting up Mitha's company to collect debts.

9.124 In addition to this I determined that one of the main reasons why the hospitals were refusing to pay Intaka was because they were not happy to pay a guaranteed minimum amount for oxygen per month to Intaka that far exceeded the actual usage. Hence, this was an issue that should have been resolved internally by the Department and specifically by Gaborone as CFO and not by Mitha an outsider. Gaborone was in a position of strength and should have acted in the best interests of the Department. He may have requested Intaka for example to pass on the anticipated fees to be earned by Mitha to the Department as a savings, on condition he ensured Intaka were paid in a timely manner by his Department. Based on Shabbir's link to Watertech and his close relationship with Mitha in the obtaining of the fraudulent quotations and Submissions to the Tender Board, it is my submission that this was just another method of obtaining payments that were not due to Mitha, aided by Shabbir who was also not acting in the best interests of the Department.

SK Mitha ABSA Bank account number 4072874140

9.125 The aforementioned bank account was subpoenaed by the SAPS. Based on the bank statement number 1 provided by ABSA it would appear that the account was opened on 21 November 2008 as it reflected a nil balance at the said date and the SAPS had subpoenaed the bank statements from 1 January 2006. I previously referred to Sakhiwo Health, an entity linked to Madyo. I determined upon examination of Mitha's bank account that he received a monthly salary payment from Sakhiwo Health. I identified eighteen (18) x payments from Sakhiwo Health to Mitha amounting to R613,246.80 during the period 19 December 2008 to 26 May 2010. During the same period he was receiving payments from Intaka as discussed above. **H36/2** **H36/1**

SK Mitha Standard Bank account number 143891081

9.126 The aforementioned bank account was subpoenaed by the SAPS commencing 1 January 2006. I have attached the bank statements received in their entirety as the only significant deposits were those identified as detailed in the table below, during which time Mitha was employed by Northern Cape DOH (his last working day was 30 June 2007): **H37**

	Description	Date	Amount (R)	
1	Cash deposit S Mitha	04/01/2006	30,000	H37/1
2	Cash deposit S Mitha	17/01/2006	10,000	H37/1
3	Cheque deposit SK Mitha	27/06/2006	50,000	H37/6
4	Cheque deposit SK Mitha	15/01/2007	20,000	H37/14
			110,000	

9.127 The said deposits appear not be salary related. The closing balance on the account as at 30 June 2008 was nil.

10. Site visits

9.128 I visited two (2) x sites in the Northern Cape Province on 6 October 2010, where

Intaka installed 2 of their water purification plants; being Kimberley Hospital and Barkly West Hospital (old hospital complex). Photographs were obtained and attached hereto. The following was determined: **J5**

1) The plant at Kimberley Hospital complex was commissioned and was operational after commissioning, however it is currently not operational. Photographs 1- 5 relate to Kimberley Hospital. **J5/1-5**
2) The plant at Kimberley hospital has an identification plate of Grotto Defranceschi with job number 2464 attached to the storage tank, indicating this is a Grotto plant. The water inside the water tank is green indicating the plant is not operational. Further, the water pump fitted to the plant is a Westpro pump. **J5/3** **J5/4** **J5/5**
3) The plant was installed at the old Barkly West Hospital site. It was never switched on nor been operational as a new hospital Professor ZK Matthews was built at the time. This was confirmed by Halvey and Saltwater. Hence, fruitless expenditure in the amount of R4,8 million. Photographs 6- 10 relate to Barkly West Hospital. **J5/6-10**

Summary of Findings

9.129 Detailed below is a summary of significant findings from the investigation conducted into the procurement of Water Purification Plants by the Northern Cape DOH from Intaka:

1) Intaka Northern Cape, an entity based in the Western Cape, received two orders in the amounts of R2,015,000 and R1,935,720 on 29 June 2005, for the supply of two Water Purification Systems from the Department, for Colesberg and Calvinia Hospitals. **D8/1-2**
2) The awarding of the said order was approved by the Provincial Tender Board on 23 June 2005 in terms of Practice Note number SCM 2 of 2005. This occurred after the Northern Cape DOH made an application for a deviation from calling for competitive bids for purchases above the threshold of R200,000 as prescribed, based on a Submission from Mitha to the Provincial Tender Board dated 17 June 2005. The said Submission was signed by Gaborone, Madyo and Selao. In terms thereof the Department had received three quotations: **D6** **A2** **D1**
   i. High- Tech Packaging R3,445,000; **D2**
   ii. Forgeweld Stainless R3,190,700; **D3**
   iii. Intaka Northern Cape R2,015,000 (Colesberg) and R1,935,720 (Calvinia). **D4**
3) Mitha concluded the Submission by recommending Intaka Investment as opposed to Intaka Northern Cape who submitted the quotation, as they submitted the lowest quoted price. The address of Intaka Northern Cape recorded on their quotation is however the address of Intaka in the Western Cape and payment was subsequently made to the latter. **D4**
4) The aforementioned Submission would indicate that the SCM Unit, whose duty it is to source quotations and procure goods and services, were involved in this process and further that the said quotations are deemed to be three independent competitive quotes.
5) I determined that the High- Tech Packaging and Forgeweld Stainless quotations are fraudulent; neither of these 2 entities are involved in the manufacture or distribution of water purification plants and the owners and/or signatories of the said entities denied issuing the quotations in question. High-Tech Packaging is **F1/F3/F4**

based in Gauteng and their core business is packaging, whilst Forgeweld Stainless from the Western Cape stopped trading in the year 2000. Romani was the Managing Director of Forgeweld until it stopped trading.

6) Praderi was informed by John Block on 20 May 2005 that the procurement of the water purification plants was going to be the subject of a closed tender and hence an arrangement between himself John Block, Dr Savoi, Madyo and Shabbir prior to Mitha's submission to the tender board dated 17 June 2005. **J1/5**

7) The fraudulent High- Tech Packaging and Forgeweld Stainless quotations were couriered by Intaka to John Block on 6 June 2005, prior to Mitha's Submission dated 17 June 2005.This occurred after John Block and Dr Savoi colluded in obtaining the two quotations. **J2** **J1/6-7**

8) Intaka an entity based in the Western Cape, received eight (8) x additional orders in the amounts of R4,800,000 during June 2006, for the supply of eight Water Purification Systems from the Department, for Hospitals within the Northern Cape Province. **C2-C9**

9) The awarding of the said order was approved by the Provincial Tender Board on 18 May 2006 in terms of Practice Note number SCM 2 of 2005. This occurred after the Northern Cape DOH made an application for a deviation from calling for competitive bids for purchases above the threshold of R200,000 as prescribed, based on a Submission from Mitha to the Provincial Tender Board dated 24 April 2006. The said Submission was signed by Madyo. In terms thereof the Department had received three quotations: **D13** **A2** **D9**
   i. High- Tech Packaging R3,445,000; **D10/9-10**
   ii. Forgeweld Stainless R3,190,700; **D10/5-8**
   iii. Intaka Northern Cape R2,015,000 **D10/11-12**

10) Mitha added to the Submission that the above are previous quotations, the Department was satisfied with the work done by Intaka and that the Department required approval for the additional water plants to be installed at the other revitalized sites. Mitha concluded the Submission by recommending Intaka Investment as opposed to Intaka Northern Cape who submitted the quotation, as they submitted the lowest quoted price. **D9** **D9/3**

11) The Provincial Tender Board approved the Submission at a fixed cost of R2,015,520 or less for sites closer to the company's base and on the basis that **D14**

any price increase should result in the department testing the market. This condition was repeated in a letter from the Provincial Tender Board to Mitha dated 19 May 2006. I have already referred to and determined that these quotations were fraudulent.

12) Three quotations were subsequently obtained by the Department to test the market:

i.	Intaka Investments R4,800,000;	**C2/6**
ii.	Westpro Fluid Handling Systems (Pty) Ltd R6,195,000;	**C2/7**
iii.	Forgeweld Stainless (Pty) Ltd R5,680,000.	**C2/8-9**

13) Two of the quotations are dated 25 May 2006, whilst the Westpro quotation is undated, i.e. within a week of the Provincial Tender Board approving the deviation in the amount of R2,015,000 on 18 May 2006. I determined that the **F5/F7** Westpro and Forgeweld Stainless quotations are fraudulent; neither of these 2 entities are involved in the manufacture or distribution of water purification plants and the owners and/or signatories of the said entities denied issuing the quotations in question. Westpro distributes pumps, whilst Forgeweld Stainless from the Western Cape stopped trading in the year 2000 as previously stated. **F6** Romani was the Managing Director of Forgeweld until it stopped trading and it appears to be his signature appearing on the fraudulent quotation. Geddes of **F8** Westpro denied knowledge of the quotation, but was not certain whether it was his signature appearing thereon; whilst Romani admitted that he did submit the quotation and that it is his signature appearing thereon.

14) Copies of the fraudulent Westpro and Forgeweld Stainless quotations and the **J3** Intaka quotations were located in Intaka records seized by the SAPS. They were faxed to Shabbir on 26 May 2006 at 16:47. The fraudulent Westpro quotation and the Intaka quotation was e-mailed to Shabbir's private e-mail address on 25 May **J4** 2005 at 15:50 in terms of the electronic records of Intaka seized by the SAPS.

15) The aforementioned fraudulent quotations were never presented to the Provincial Tender Board for further approval for deviation from tender procedures and for **F18/F19** the board to approve the price increase of approximately 140%. Mitha instructed the responsible official to issue the orders after the official questioned the price **F15** increase and Mitha advised her that "the market had been tested".

16) I determined from Gerrans of Grotto that they were commissioned by Intaka to **F2**

build 30 complete 'Wataka' water purification units. These plants were completed by the end of 2006. The first two plants were (unilaterally) discounted by some 50% by Romani, ostensibly as Grotto's contribution to developing this new product. Subsequent plants were sold to Intaka for between R412,000 and R475,000, the price variance being the result of fluctuating steel prices and some specification changes relating to the control system of the plants.

17) Gerrans stated further that an additional approximately R250,000 for transport and commissioning is normally incurred. Hence, Grotto's price for one water purification plant would have been a maximum of R725,000. Intaka charged the Department R2,015,000 and R1,935,720 per plant for the 1st two plants and R4,800,000 per plant for the subsequent eight plants. **F2**

18) Gaborone authorised 4 of the 8 payments that are available and checked and verified the payments to be correct on 3 of the remaining 4 payments, where he had not authorised payment. The amount of the order had increased from R2,015, 000 to R4,800,000; A cursory review of the documents attached to the "Order Payment Transaction" form would have alerted even a person with no financial background that the prices had been significantly inflated subsequent to the Tender Board Approval. **C2-C9**

19) The collusive behaviour amongst Dr Savoi, John Block, Madyo, Shabbir, Mitha, Gaborone, Geddes and Romani, has been designed to establish bid prices at artificial non- competitive levels and to deprive the Department of the benefit of free and open market competition.

20) Shabbir, Saima Shahzad and Nelmarie Oosthuizen conspired to set up a bogus company Watertech. The main purpose was to receive undue benefits from Intaka in the form of commission's payable for alleged services rendered in respect of the sale of the additional 8 water purification plants by Intaka to Northern Cape DOH. These undue payments amount to R4,754,386. **H1-H16**

21) Based on a number of cheques cashed by Watertech it is evident that Shabbir, Saima Shahzad and Nelmarie Oosthuizen laundered the proceeds of the undue benefits received from Intaka through this account.

22) Shabbir further obtained additional undue payments for the first 2 plants purchased through Rehman Enterprises an entity registered in Pakistan by Shabbir's father Muhammad Shabbir Ahmad. These payments amount to **H17-H18**

R2,631,578.94.

23) Laubscher has alleged that it was agreed that Shabbir would receive R8million from Intaka for the 10 water purification plants under investigation. The payments referred to in sub- paragraph 20) and 22) above amount to R7,385.964.94 if VAT is added to payments where it was deducted by Intaka the amount paid will be R8million.

24) Laubscher further alleged that Intaka agreed to pay Madyo R8 million in undue payment for the water purification plants under investigation. Although this R8 million had not been paid when he left Intaka as Madyo was concerned that he was under investigation The Intaka financial records reflect the said payment was due to Madyo "for the provision of 8 Watakas to the Northern Cape". I have not traced any payment to Madyo relating to this entry, however Intaka made 3 payments to Madyo through Mapquest during the period 30 April 2007 to 17 January 2008 amounting to R672,269.41, after Madyo has resigned from Northern Cape DOH. **H24** **H22**

25) John Block received 2 undue payments through Chisane Investments from Intaka amounting to R188,100 for commission on the sale of the first two water purification plants. He further received a payment in the amount of R136,000; Laubscher alleged that this was for a 3rd water purification plant the site of which is unknown to him. . Block received a further payment of R456,000 from Intaka that I have not linked to the water purification plants'. Laubscher alleged as far as he could recall Dr Savoi informed him that the payment was for the Oxygen plants purchased by Northern Cape DOH. **H31/1** **H31/1** **H31/2**

26) Mitha received twenty payments from Intaka through Yadhav Investments amounting to R1,544,315.52 during the period 18 December 2007 to 16 April 2010; after he had left the Department. These payments were alleged to have been made to Mitha based on an Agreement between Yadhav Investments and Intaka to facilitate the approval, uploading and payment management process of payments due to Intaka by the Northern Cape DOH. It is my submission that Mitha benefited as a direct result of his complicity in a corrupt and fraudulent procedure that he was instrumental in setting up and carrying out. During the period Mitha received these payments he was employed by Sakhiwo Health; an entity linked to Madyo. He received eighteen (18) x salary payments from **H35/1**

Sakhiwo Health amounting to R613,246.80 during the period R19 December 2008 to 26 May 2010. **H36/1**

27) It would appear in addition that Madyo, by approving the engagement of Intaka to supply water purification plants for the ten hospitals in question, contravened:

- The provisions of section 217 of the constitution of the Republic of South Africa Act 108 of 1996 in that:
  - He failed to follow a procurement system which is fair, equitable, transparent, competitive and cost effective.
- Section 38(1)(a)(b)(c) of the PFMA in that she failed to:
  - Maintain effective, efficient and transparent systems of financial risk management and internal control;
  - Implement an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;
  - Ensure that processes and procedures were in place for the effective, efficient, economical, and transparent use of the institution's resources; and
  - Exercise reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure.

T S White
Director: Forensic Services
12 October 2010

RR4-TSW-0871

10

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-0872

TSW 10

In the matter between:

KIMBERLEY CAS02/05/2010

THE STATE

And

GASTON SAVOI	ACCUSED 1
SANJAY MITHA	ACCUSED 5
DANILE DEON MADYO	ACCUSED 6
JOHN BLOCK	ACCUSED 7
DANIEL GABORONE	ACCUSED 8
INTAKA NORTHERN CAPE (PTY) LTD	ACCUSED 9
INTAKA INVESTMENTS (PTY) LTD/ INTAKA TECH (PTY) LTD/ INTAKA HOLDINGS (PTY) LTD	ACCUSED 10
CHISANE INVESTMENTS (PTY) LTD	ACCUSED 11
YADHAV INVESTMENTS	ACCUSED 13

REPORT OF TREVOR SEAN WHITE

Dated	19 November 2010
Specialist field	Chartered Accountant and Forensic Auditor
On behalf of the Prosecution	The Director of Public Prosecutions
On the instruction of	The Department of National Treasury
Subject matter	Investigation conducted into the purchase of thirty (30) x Oxyntaka Self- Generating Oxygen Plants by the Northern Cape Department of Health from Intaka Investments (Pty) Ltd.

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

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ABBREVIATIONS AND TERMINOLOGY

The following are abbreviations and terminology that have been used in this report:

Abbreviated name/ terminology	*Full name and/or description*
BAS	Basic Accounting System
CEO	Chief Executive Officer
De Lange	Raoul De Lange
Gaborone	Daniel Gaborone
Halvey	Vincent Halvey
HOD	Head of Department
Insmed	Insmed (Pty) Ltd
Intaka	Intaka Investments (Pty) Ltd, Intaka Tech (Pty) Ltd, Intaka Holdings (Pty) Ltd
John Block	John Fikile Block
KZN	Kwa-Zulu Natal
KZN Health	The KwaZulu- Natal Department of Health
KZN LG & TA	The KwaZulu- Natal Department of Local Government and Traditional Affairs
Laubscher	Adriaan Laubscher
Madyo	Deon Madyo
Mitha	Sanjay Kumar Mitha
National Treasury	The Department of National Treasury
Northern Cape DOH	The Northern Cape Department of Health
PFMA	Public Finance Management Act, Act 1 of 1999
Potgieter	Philipene Potgieter, Secretariat Northern Cape Provincial Tender Board
Praderi	Fernando Praderi, Intaka

Abbreviated name/ terminology	***Full name and/or description***
PSA	Pressure Swing Absorption
PwC	PricewaterhouseCoopers
SAPS	South African Police Services
Savoi or Dr Savoi	Dr Gaston Savoi, Intaka
SCM	Supply Chain Management
Selao	Ms DD Selao, MEC Northern Cape DOH
Shabbir	Hamid Shabbir
The Provincial Tender Board	The Northern Cape Provincial Tender Board
Watertech	Stratfit cc trading as Watertech

COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

A. AUTHOR'S DETAILS

1.000 Name

1.001 Trevor Sean White.

2.000 Personal details

2.001 I am a male with identity number 6611245014087, 43 years old. I am a director of PricewaterhouseCoopers Advisory Services (Pty) Ltd, 102 Stephen Dlamini Road, Berea, Durban with telephone number (031) 2712000.

3.000 Experience and qualifications

3.001 I joined Price Waterhouse in 1989, and was admitted as a director of PricewaterhouseCoopers on 1 July 1998, following the merger of Price Waterhouse and Coopers and Lybrand. I am presently the director in charge of the KwaZulu-Natal Risk Advisory Services department, which incorporates the Forensic Investigations Department of PricewaterhouseCoopers in KwaZulu-Natal.

3.002 I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the South African High Court and the Regional Court and in the Lesotho High Court. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration ("CCMA") and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree and Post Graduate Diploma in Accountancy from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of the Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing, reviewing and verifying financial information and accounting records. I have also

chaired three investigative Commissions of Enquiry into Fraud and Corruption in Swaziland.

B. MANDATE AND ISSUES TO BE INVESTIGATED

4.000 Appointment

4.001 The terms of our appointment are detailed in our agreement which was signed by Mr Freeman Nomvalo of the Department of National Treasury (**National Treasury**), on 2 July 2010. The said Agreement relates to the investigation into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN Department of Local Government and Traditional Affairs (**KZN LG & TA**) and the Northern Cape Department of Health (**the Northern Cape DOH**). This report covers the investigation into the Northern Cape DOH and the purchase of Oxyntaka Self- Generating Oxygen Plants only; separate reports will be, or have been, issued for the investigation conducted at the KZN LG & TA; the procurement of Water Purification Plants by the Northern Cape DOH; and the purchase of Dialysis Machines by the Northern Cape DOH.

4.002 The following represents the General Procedures performed:

1. Requested and received Basic Accounting System (**BAS**) reports for Intaka who received orders for the supply of Water Purification Systems, Oxyntaka self generating oxygen plants and Dialysis Machines and were paid by the Northern Cape DOH.

2. Obtained supporting payment vouchers.

3. In respect of the procurement procedures followed, obtained all relevant documents including quotations, applications to and approvals by the Provincial Tender Board and minutes of meetings.

4. Interviewed and obtained affidavits where necessary from officials involved in the

procurement procedure and/or who were referred to in relevant correspondence.

5. Determined whether any person involved in the procurement process or otherwise irregularly manipulated the procurement process to favour Intaka.

6. Visited and/or requested additional documentation and information from hospitals where the water purification plants, oxygen plants and dialysis machines had been delivered and/or commissioned.

7. Interviewed third parties and obtained affidavits and supporting documents where necessary and applicable, including Intaka staff whose names featured on documentation and electronic records between the Northern Cape DOH and/or officials, and Intaka.

8. Accompanied the SAPS investigating officer to Cape Town and reviewed the 356 files of documents seized from Intaka.

9. Reviewed the electronic data copied by the SAPS from computers seized from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.

10. Examined bank accounts subpoenaed by the SAPS.

11. Assisted the SAPS investigating officer with interviewing any official or any person related to any official from the Northern Cape DOH, or any other third party that may have been involved in any irregular conduct or who received any irregular payments.

12. Examined additional documents seized by the SAPS from Intaka.

4.003 I am not required to and did not undertake an audit in terms of the International Standards on Auditing. The scope of my work was limited to a review of the documentary evidence made available to me and enquiries undertaken to address

issues identified in the execution of the investigation undertaken. I have not verified the authenticity or validity of the records and documents provided to me, unless otherwise stated.

4.004 This report has been prepared solely for use in the criminal matter registered with the SAPS; Kimberley CAS 02/05/2010. It may also with the prior written consent of the Director of Public Prosecutions be used in any civil or disciplinary proceedings that the Northern Cape DOH may wish to initiate. It may not be suitable for any other purpose and it should not be used, reproduced or circulated for any other purpose without my prior written consent. It should be a condition of such consent, if given, that PricewaterhouseCoopers and myself accept no responsibility to that third party and that such third party will hold PricewaterhouseCoopers and myself harmless in respect of any consequences of such disclosure. Whether or not I have given consent, PricewaterhouseCoopers and myself will not accept liability or responsibility to any other party who may gain access to this report.

4.005 I have included information relevant to the investigation and related circumstances but cannot conclude on the completeness of such information as the possibility exists that not all-relevant information and documentation was made available to me. Any documentation or information brought to my attention subsequent to the date of this report, which will affect the findings detailed herein, will require my findings to be adjusted and qualified accordingly.

4.006 This report contains hearsay evidence based on interviews conducted with individuals. I deem the aforementioned evidence to be appropriate to sketch the full picture of the allegations raised.

5.000 Background

5.001 During the course of an investigation conducted by PwC in the KZN Department of Health into allegations of tender and procurement irregularities for which undue payments were allegedly made and other financial irregularities, we received information and it was alleged that Intaka Investments (Pty) Ltd (**Intaka**) had received

an order for the supply of water purification systems to the Department of Health KZN (**KZN Health**) and that a corrupt payment was made to an official. We investigated this matter relying solely on the documentation in possession of KZN Health and interviews and information obtained from officials of the said Department. At this stage we were informed that Intaka was the subject of a criminal investigation and when we attempted to interview an employee of Intaka we were advised by their Legal Advisor that we were required to address all correspondence through him. Hence, we did not have access to Intaka's records or their employees who may have been involved in the provision of the water purification systems (plants). We were subsequently informed that the SAPS had conducted a search of Intaka's premises and had seized documentation. We initially did not have access to these records.

5.002 Following the said investigation we issued our report dated 30 November 2009, that included the investigation and findings at that date in respect of the supply of water purification systems to the KZN Health by Intaka.

5.003 We were thereafter on 9 February 2010 mandated to extend our forensic investigation into the awarding of a contract for Oxyntaka self- generating oxygen plants to Intaka and to assist the SAPS with the review of the documents and computers seized from Intaka. We have completed the said investigation; and we issued a report in this regard dated 24 May 2010.

5.004 On 4 May 2010 we were appointed by National Treasury to conduct a preliminary investigation into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN LG & TA and the Northern Cape DOH. The purpose thereof was to obtain sufficient evidence and information in order to prepare an affidavit for purposes of a restraint order by the Asset Forfeiture Unit (AFU) for Intaka and other identified parties. Our mandate was further extended on 2 July 2010 as previously referred to in paragraph 4.001 of this report.

5.005 My findings into the investigation conducted at the Northern Cape DOH and the procurement of Oxyntaka self- generating oxygen plants are detailed below.

6.000 Issues addressed in my Investigation

6.001 This report focuses on orders awarded to Intaka for Oxyntaka self- generating oxygen plants.

6.002 The report further summarises the Procurement Procedures followed during the awarding of the orders in question, where these have been contravened and where collusion has taken place between the Northern Cape DOH Officials, suppliers and other third parties.

C. BASIS OF INVESTIGATION

7.000 Execution of fieldwork and gathering of information

7.001 Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this report, however, where an opinion is expressed in this report it is my own opinion.

8.000 Sources documents

8.001 The information dealt with in this report was obtained from the sources listed below:

i) Supporting procurement documentation handed to PwC by the Department.
ii) Kreditinform Enquiries.
iii) BAS reports.
iv) Persal reports.
v) Interviews conducted with Management and staff at the Northern Cape DOH.
vi) Information received from third parties.
vii) Interviews conducted with third parties.
viii) Documents seized by the SAPS from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.
ix) Electronic records seized by the SAPS from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.

x) An affidavit provided by Dr Savoi of Intaka to the SAPS.

xi) Bank records subpoenaed by the SAPS.

D. DETAILED PROCEDURES AND FINDINGS

9.000 Prior to discussing the investigations into the Oxyntaka self- generating Oxygen plants I deem it necessary to refer to the relevant procurement policy and procedures in place at the Northern Cape DOH at the time the purchases were made. The detailed procedures and my key findings are addressed thereafter for the investigations conducted into the purchase of thirty (30) x Oxygen Plants by the Northern Cape DOH from Intaka.

Code of Conduct for Supply Chain Management Practitioners: Practice Note Number 4 of 2003 **A1**

9.001 The aforementioned Practice Note number 4 of 2003 was issued by National Treasury to amongst others all National and Provincial Departments, CFO's and CEO's on 5 December 2003. Further, it is applicable to all officials and other role players involved in supply chain management (**SCM**). The entire document is relevant however, I wish to refer to the General Principles:

1) The Government of South Africa commits itself to a policy of fair dealing and integrity in the conducting of it's business. The position of a SCM practitioner is, therefore, a position of trust, implying a duty to act in the public interest. Practitioners should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or supplier/ contractor for themselves, their family or their friends.
2) Practitioners should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation and regulations including the Public Service Regulations issued by the Department of Public Service and Administration, National Treasury Regulations and Practice Notes and directives issued by accounting officers/ authorities. They should ensure that public resources are administered

responsibly.

3) Practitioners should be fair and impartial in the performance of their functions. They should at no time afford any undue of preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority invested in them.
4) Practitioners should comply with the Code of Conduct for the Public Service as contained in Chapter 2 of the Public Service Regulations, 2001 especially items C4.5 to C4.12 and C5.3 to C5.4 thereof. I attach Chapter 2 of the Public Service Regulations, Code of Conduct for the Public Service hereto for ease of reference. **A1/4-8**

Supply Chain Management: Threshold values for the procurement of goods and services by means of petty cash, verbal/ written price quotations and competitive bids: Practice note number SCM 2 of 2005 and Treasury Practice Note 8 of 2007/2008

9.002 The aforementioned Practice Note number 2 of 2005 was issued by National Treasury to amongst others all National and Provincial Departments, CFO's and CEO's on 10 May 2005. The document sets out the threshold values when procuring goods or services, hiring or letting anything, acquiring or granting any right or disposing of movable state property. I wish to refer to relevant sections in respect of the procurement of goods or services above the value of R200,000 (vat included): **A2**

1) Accounting officers/ authorities should invite competitive bids for all procurement above R200,000.
2) Competitive bids should be advertised in at least the Government Tender Bulletin and in other appropriate media should an accounting officer/ authority deem it necessary to ensure greater exposure to potential bidders.
3) Should in be impractical to invite competitive bids for specific procurement e.g. in urgent or emergency cases or in cases of a sole supplier, the accounting officer/ authority may procure the required goods or services, in accordance with Treasury Regulation 16A 6.4 by other means, such as price quotations or negotiations. The reasons for deviating from inviting competitive

bids should be recorded and approved by the accounting officer/ authority or his/ her delegate. I will later show in this report that the Northern Cape DOH in their submission to the Provincial Tender Board presented Intaka as a sole supplier of oxygen plants which is not true.

9.003 The aforementioned Practice note SCM 2 of 2005 was repealed with effect from 1 December 2007 and replaced with Treasury Practice Note number 8 of 2007/2008. **A3** The relevance is that the threshold for inviting competitive bids was increased from R200,000 to R500,000. I further attach Treasury Regulation 16A for ease of **A4** reference and refer to 16A6.5: "*The accounting officer or accounting authority may* **A4/4** *opt to participate in transversal contracts facilitated by the relevant treasury. Should the accounting officer or accounting authority opt to participate in a transversal contract facilitated by the relevant treasury, the accounting officer or accounting authority may not solicit bids for the same or similar products or service during the tenure of the transversal term contract*".

9.004 I wish to mention further that the Northern Cape DOH implemented a Provincial Supply Chain Management (SCM) Policy effective 5 April 2006. However, the procurement of the oxygen plants in 2005 and 2006 to be discussed in this report was not dealt with in terms of the said policy. The Department applied to the Provincial Tender Board for deviation from the tender procedures; the calling for competitive bids SCM 2 of 2005 and SCM 8 of 2007/2008, when the oxygen plants were procured based on Intaka being an alleged sole supplier. The said Provincial Tender Board was dissolved in June 2006 after it had approved the deviations in question. I do not deem it necessary to attach the aforementioned Provincial Supply Chain Management (SCM) Policy as it was not applicable to the oxygen plants.

Background: Affidavit of Dr Gaston Savoi

9.005 I attach hereto for ease of reference an affidavit of Dr Gaston Savoi's (**Dr Savoi or Savoi**) signed and dated 21 August 2008. The affidavit deals primarily with a donation paid by Intaka in February 2007 and two commission payments made in August 2007 that relate to Intaka's business transactions with the KZN Department of **B1**

Health and KZN Department of LG & TA respectively. The affidavit refers to how he and Intaka were introduced to the KZN Provincial Government, however it does not refer to the Northern Cape Province or business transacted with the Northern Cape DOH.

Intaka Investments (Pty) Ltd

9.006 I determined when investigating an order awarded to Intaka by the KZN Department of Health for the supply of 2 water purification plants, that the registration number recorded on the footer of their quotation dated 2 October 2006 is 2003/021018/07, attached hereto for ease of reference. A Kreditinform enquiry determined that the said registration number belongs to Intaka Holdings (Pty) Ltd. The said entity was previously known as Intaka Tech (Pty) Ltd and was first registered on 28/08/2003. The holding company is recorded as "Savoi Family Trust". The Active Principals are Dr G Savoi id 521226 0000 000 appointed on 28/08/2003 and Mr R Savoi id 810212 5000 000 appointed on 21/11/2007. In terms of the footer of the quotation the other 2 directors as at 2 October 2006 were Fernando Praderi and Clement Morris. In terms of the Kreditinform Report these 2 persons resigned as Directors, however the date of resignation is not reflected. It would appear that the entity with registration number 2003/021018/07 was known as Intaka Investments (Pty) Ltd at the date of the quotation and subsequent thereto changed its name to Intaka Tech (Pty) Ltd and then Intaka Holdings (Pty) Ltd. This is confirmed by CIPRO on 6 October 2010. **B2/1-3** **B3** **B3/15**

Intaka Northern Cape

9.007 I determined that the first 2 water purification plants purchased by the Northern Cape DOH, discussed in a separate report, were awarded to an entity known as Intaka Northern Cape. A Kreditinform Enquiry determined that Intaka Northern Cape (Pty) Ltd with registration number 2005/006456/07 was previously known as Tarree Investments and was registered on 2 March 2005. The Directors appointed effective 2 March 2005 and who are still active principals are: John Fikile Block (**John Block**) id 680210 5802 089 and Gaston Savoi id 521226 0000 000. The current status of this entity is recorded as de- registered. However according to CIPRO, on 6 October **B4**

2010, the status is recorded as "In Business". I will again refer to this entity and payments made to John Block later in this report. **B4/15**

THE PURCHASE OF OXYNTAKA SELF- GENERATING OXYGEN PLANTS FROM INTAKA

Orders awarded to Intaka and payments made by the Northern Cape DOH

9.008 We requested a list of all payments made to Intaka by the Northern Cape DOH from BAS and identified those made in respect of the supply of Oxyntaka self- generating oxygen. I determined that as at 3 June 2010 payments amounting to R66,729,078.24 had been made to Intaka from the date the first plant was commissioned. These payments relate to all 30 hospitals and include payments not allocated to specific hospitals, as I have not been provided with the relevant payment vouchers and I have been unable to link the payments to a specific hospital. Where the payment voucher is outstanding, I have linked the payment based on the amount and period to a specific hospital. A spreadsheet was prepared, capturing all relevant information and sorted per hospital. The relevant source documents from the Northern Cape DOH consist of 12 lever arch files and hence have not been attached to this report. Every source document has been provided with a page number in each of the 12 files that is recorded in the last column of annexure C1 "PwC Ref No". These are available for inspection if required. **C1/1-17**

9.009 A further spreadsheet per hospital was prepared and attached thereto is an example of an Intaka invoice to each. I wish to point out at this early stage, as it was identified in the KZN Health investigation, that Intaka invoiced the Northern Cape DOH and were paid based on a "guaranteed usage" and the invoices were worded for example as follows "*Charged for oxygen consumed in January 2007 in accordance with contract from 01/01/2007 – 31/01/2007 (666kg @ R16.00 p/kg*") or "*Service supplied for August 2006 rental in accordance with contract from 01/08/2006 to 31/08/2006 (3000kg @ rate of R16,00)*" and not actual monthly usage. This is evident based on identical quantities of oxygen and identical amounts recorded on the Intaka invoices for each specific hospital and paid for each of the 30 respective hospitals each **C2/1-63** **C2/2** **C2/4**

month.

9.010 Intaka did not record the kilograms of oxygen "consumed" in their invoices for 2 hospitals: Kenhardt and Postmasburg, examples of which are attached. I have attached the relevant "Schedules" to the Agreement to be discussed later in this report for these 2 hospitals in order to show they were invoiced based on a "guaranteed usage" of 1,085 kg for Kenhardt hospital and 1,500 kg for Postmasburg Hospital. I further wish to refer to Gordonia Hospital as this would become an issue and will be discussed later in this report. The description of services provided on invoice number 110 dated 31/08/2006 includes rental for 7,583 kg, whilst on invoice number 645 dated 29/10/2007 the description of services provided merely states: "Oxygen supply for the month of October 2007 in terms of contract" with no reference to the number of kilogram's.

C2/30
C2/45
C2/31
C2/46
C2/56
C2/57

Background into obtaining all relevant documentation from the Department and from the SAPS

9.011 I initially received and examined documents from the SAPS in the Western Cape under "Project X Cross Ref 26/102/2 (17)" being hard copy and electronic records, after they conducted a search of Intaka's premises. I thereafter received and examined documents seized by the SAPS in the Northern Cape, being hard copy and electronic records, after they conducted searches at various business entities and suspected persons premises in the Northern Cape. We then requested all relevant procurement documentation and other official records from the Northern Cape Department of Health relating to the water purification plants, oxygen plants and dialysis machines. In addition to this we obtained documents and records from: the office of the Secretariat of the ex-Northern Cape Provincial Tender Board; a report prepared by the Auditor General; third parties interviewed by SAPS and PwC representatives during the investigation phase; bank records subpoenaed by the SAPS; and records from the office of the Registrar of Companies and Close Corporations. In addition SAPS performed a further search of Intaka's premises on 25 August 2010 and seized additional documents that were examined by me.

Detailed investigation into all documents received and interviews conducted

9.012 We received a number of documents from the said sources and compiled a comprehensive list, in order to obtain a clear understanding of the sequence of events in terms of the documents. I deem it necessary to briefly refer to each relevant document and the content of each where applicable. All documents discussed hereunder were obtained from the sources listed above, unless otherwise stated.

1. **The purchase of two (2) x Oxyntaka plants from Intaka for Calvinia and Colesberg Hospital**

9.013 On 15 June 2005 the Office of the Deputy Director General, Kimberley Hospital Complex sent a letter to Ms P Potgieter (**Potgieter**), Office of the Northern Cape Provincial Tender Board (**the Provincial Tender Board**). The letter contains the name Mr S Mitha in the enquiries section on the top left of page 1 and his phone number and fax number. The title is "Deviation of Tender- Oxygenator". "Oxygenator" refers to the Intaka product namely the "Oxyntaka medical oxygen and medicinal air self- generating unit" (**Oxygen plants**). **D1/1-3**

9.014 Mitha sets out the purpose and refers to two completed revitalized projects at Colesberg and Calvinia hospitals, "*However due to the geographic conditions experienced in the Northern Cape, service delivery of oxygen, which is vital in stabilizing patients, is often compromised. The lead times by the supplier results in overstocking which increases the cost of renting a cylinder*". There are no reports or other documentation supporting this statement from any hospital i.e. that service delivery of oxygen has been compromised and that there is overstocking which results in increases in the costs of renting cylinders at a specific hospital.

9.015 Furthermore, there is no evidence that Calvinia and Colesberg are or would fall into this category. There is further no evidence that Mitha was qualified to make such a statement or how he reached these conclusions.

9.016 Mitha adds the following: "*Modern Technology has made in possible to produce oxygen on site ending regular oxygen purchase*". This statement is incorrect. I determined during the course of investigating Oxyntaka's supplied to KZN Health that despite the presence of the Oxyntaka supplied by Intaka, the relevant hospitals were still required to purchase oxygen cylinders for back-up supplies, as the Oxyntaka did not come with a back-up system and in the case of bigger hospitals liquid oxygen from AFROX was still purchased for back up purposes. I will discuss the back-up requirement in more detail later in this report.

9.017 He adds: "*The expense, adminitrsrative work, incoveniences, and uncertain deliveries often associated with purchased oxygen are eliminated. The Department of Health has explored this option of utilizing modern technology to provide excellent health service to the communities of Colesberg and Calvinia*". There is no evidence supporting this statement i.e. that the problems as alleged actually exist and that there has been an in depth analysis and report on the "*modern technology*". Mitha adds on page 2 under Comments: "*The concept of providing oxygen on site are used by South American countries due to the geographic locations of many of those hospitals. One company Intaka Investments (Pty) are the only supplier of this technology in South Africa*". This is false. During the KZN Health investigation I determined from Mr Steven Reece a Director of Insmed (Pty) Ltd (**Insmed**), another South African company, that Insmed also supply units that produce medicinal oxygen and medicinal air. When interviewed Steven Reece he advised as follow: "*Insmed is a supplier of oxygen manufacturing machines, also known as the PSA unit, which generates medical oxygen and medical air, providing a cost effective supply of oxygen on demand. It is a good alternative to traditional oxygen supply at smaller institutions. Insmed commissioned a PSA unit at Vryheid Hospital during April 2005. The commissioning of the PSA unit was part of a "Pilot Project" initiated by the Department to determine the feasibility of a PSA unit as opposed to the supply of oxygen cylinders to the hospital. The unit is currently in good working order and operational*". PSA referred to by Reece is the abbreviated name for "Pressure Swing Absorption" (**PSA**). I confirmed that such a pilot project had been undertaken by Insmed and a similar pilot project by Intaka at Murchison Hospital on behalf of KZN Health.

D1/1
D1/2
E1

9.018 In addition to Insmed a number of other entities submitted tenders in KZN when KZN Health advertised the bid for tenders, including an entity known as Myriad Medical. The said Myriad Medical lodged an appeal with the KZN Bids Appeals Tribunal after the tender was awarded to Intaka. Myriad Medical disputed the Departments response (made to Myriad Medical prior to the formal appeal being heard) that Myriad Medical does not have a PSA installed in South Africa. They provided copies of correspondence that confirmed that in 2004 they supplied Intaka Investments with a Dinatec Pressure Swing Absorption Oxygen Generating Unit, which they understood was installed at Somerset West Hospital and successfully operated there for an extended period of time. They further added that Intaka had failed to pay for the unit and the amount remains outstanding. They also attached photographs of the Dinatec unit together with Intaka Investments logos at the Dinatec installation in Somerset West at the time. They also stated that they offered to fly an official nominated by KZN Health to Brazil at their own cost, to inspect the over 300 units which are successfully operating in Brazilian hospitals. **E2**

9.019 Hence, Mitha's submission that Intaka is the only supplier of this technology in South Africa amounts to a misrepresentation.

9.020 Mitha repeated that the Oxyntaka system will end regular oxygen purchase and that in the unlikely event of the system deviating from preset limits; it immediately switches to the secondary supply. I determined that the Oxyntaka's supplied to KZN Health does not come complete with the whole entire system: being primary, secondary and reserve supply, and as previously stated without a back-up system. This was confirmed by Intaka's Mr Oosthuizen on two occasions at Intaka meetings held on 23 and 30 January 2008 respectively. I refer specifically to the following comments by Oosthuizen: "*In large hospitals the PSA becomes a primary supply and the bulk tank a secondary supply and the cylinders play the role of a reserve supply*". **E3** **E3/4**

9.021 In addition to the above I have observed that there is no indication of:

1) The full and exact specifications of the plant;
2) That a substantive needs analysis had been performed by a technically qualified

person;

3) That the costs have been sufficiently budgeted for and that there was an approved budget;
4) That there was evidence that the industry had been analysed and that it was determined by an official of SCM that Intaka are the sole suppliers of the plant in the country.

9.022 Mitha concluded by recommending: "*In light of the above information, we hereby respectfully request that this modern technology be considered as an alternate means of supplying oxygen to the above communities*". The letter has been signed by the following officials approving the recommendation:

1) Mr D Gaborone (**Gaborone**), Chairperson Departmental Tender Committee on 20 June 2005;
2) Mr DD Madyo (**Madyo**), Head of Department on 20 June 2005; and
3) Ms ES Selao (**Selao**), MEC for Health on 21 June 2005.

9.023 I wish to state that a similar Submission was made by Mitha to the Provincial Tender Board dated 17 June 2005 i.e. 2 days after the Submission in question dated 15 June 2005. The said Submission recommended the awarding of an order to Intaka for the supply of two (2) x water purification plants to the same hospitals as the Oxygen plants namely Colesberg and Calvinia. The said Submission was also signed by the same 3 signatories as detailed above. **D1/4-6** **D1/6**

9.024 For convenience sake I will refer to the names of the 2 hospitals at Calvinia and Colesberg, as these names are used inter- changeably by the Department and by Intaka in various correspondence:

	Place/ site	Name of hospital
1	Calvinia	Abraham Esau hospital
2	Colesberg	Manne Dipico hospital

9.025 Potgieter, the Secretariat of the Provincial Tender Board at the time, prepared Memo 8 dated 23 June 2005. In terms thereof she recommended to the Provincial Tender **D2**

Board that a decision be reserved pending a written offer by *Intaka Investment (Pty)* (as referred to by Mitha), and secondly that the Department (Northern Cape DOH) should also submit a comparison between the current costs for the supply of oxygen and their proposal as per the memo.

9.026 On the same day Fernando Praderi (**Praderi**) of Intaka sent a fax to Mr W Williams, Department of Finance Northern Cape Province, confirming a price of R16 plus VAT per kg of oxygen, to be adjusted annually by 6% or by the Consumer Price Index. He also stated that after 10 years of lease the Oxyntaka equipment becomes the property of the hospital. I wish to mention that in KZN Health ownership of the Oxyntaka's reverted to the Department after 5 years. **D3**

9.027 It would appear that the recommendation by Potgieter was approved by the Tender Board and that she thereafter on 27 June 2005 sent a letter to Mitha requesting the abovementioned 2 requirements be attended to, as evidenced it Mitha subsequent letter to Potgieter dated 2 July 2005. Mitha provided additional information relating to an analysis of the cost implications for the 2 hospitals and why Intaka's price of R18.24 per kg is economically justifiable. I am unable to determine where he obtained these figures from and will refer to these again when discussing annexure D4A below and reports received from Colesberg and Calvinia hospitals later in this report. **D4A1** **D4/1-2**

9.028 Also attached to the aforementioned letter is a Comparative Oxygen Consumption Costs schedule and an extract of "National Tender Prices". The contract number is recorded as RT50-2005CV on annexure D4/7-8. The comparative costs schedule reflects a saving of more than 60% when comparing the prices per the National (Afrox) tender and the cost of using Intaka's Oxyntaka, for 6 hospitals including Colesberg and Calvinia. The price per kg for Colesberg and Calvinia being R12.96 and R23.46 are prices appearing in the attached "National Tender Prices" for the Northern Cape, but I am unable to link these to the 2 hospitals. In addition I am unable to determine where Mitha obtained the rental cost of R5.00 per cylinder and per kg from. The monthly base oxygen consumption per month of 3,000kg also does not reconcile nor is it referred to in the figures in his letter to Potgieter dated 2 July **D4/3** **D4/4-8** **D4/8** **D4/1-2** **D4/3**

2005. Intaka quoted an amount of R16 per kg based on a "monthly base consumption" of 3,000 kg and not actual consumption. Based on the above letter, the Comparative Oxygen Consumption Costs schedule and an extract of "National Tender Prices" the alleged savings of 60% cannot be verified by me.

9.029 I wish to add that neither the Northern Cape DOH nor Potgieter provided a copy of the letter dated 27 June 2005 referred to by Mitha. A copy of this letter was however located in the records of Intaka seized by the SAPS, that in itself is unusual as the letter was addressed to Mitha at Northern Cape DOH from the office of Potgieter, Head Provincial Supply Chain Management. I would have expected the Provincial Tender Board to have been in possession of a copy of this letter as it originated from their office. Reference is made to the Submission dated 15 June 2005, that the matter was presented to the Provincial Tender Board Committee (I am not in possession of the minutes of this meeting or other documents confirming the presentation to the Tender Board) and that the following was resolved: a decision be reserved pending a written offer by Intaka Investments; and secondly that a comparison should be made between Intaka's offer and the current tender. This letter appears to have been faxed to Intaka from "Dept Finance 053 8322959", which I assume to be the Department of Health Finance Department. **D4A/1** **D1**

9.030 Paragraph 3 of the letter refers to the fact that the price received from Intaka is considerably higher than that reflected in the attached contract RT 88/2000 price schedule (previously attached above as annexure D4/4-8). I am unable to determine from the said schedule how the prices of R10,668 per kg for Calvinia and R9,585 per kg for Colesberg was determined. However, the writer (assumed to be Potgieter as Mitha's reply was addressed to her) was clearly concerned about the price as is evident in paragraph 4 of the letter that I deem necessary repeating: "*Purely from a financial point of view, your recommendation is not justifiable. However, this office shall re-submit your request to the Board but only if you are explicit when motivating that "the expense, administrative work, inconveniences and uncertain deliveries often associated with purchased oxygen are eliminated". You should also indicate the nearest Afrox depots to the towns of Calvinia and Colesberg*". **D4A/1** **D4A/2-6** **D4A/1**

9.031 Thus, the said letter was dated 27 June 2005, but a reply had already been received from Intaka on 23 June 2005 being the written confirmation of the price. Secondly, Mitha's reply dated 2 July 2005 did not disclose the higher price as determined by Potgieter and/or her office, and any further information that would explain why he disagreed with her regarding the matter not being financially viable. His reply also falls short of the motivation requested by Potgieter's office. Significantly, he failed to disclose where he obtained the "monthly base 0^2 consumption" figures from and that the Departmental would be charged R16.00 per kg based on the said quoted "monthly base 0^2 consumption". **D4A/1** **D3** **D4**

9.032 On 12 July 2005 Potgieter prepared Memo 6 effectively summarising the Submission of Mitha and recommending the acquisition of two (2) x Oxyntaka plants from Intaka, in the amount of R16 plus VAT per kg that will be adjusted by 6% annually or by CPIX as published. She has partially referred to Mitha's calculation/costing per his letter dated 2 July 2005 in respect of Colesberg and Calvinia hospitals and has concluded that "*It is therefore obvious that the new proposed method will be very cost effective*". It is my view that Memo 6 contains insufficient information that would allow me to conclude that there is an "*obvious*" cost effectiveness (saving). Significantly, Potgieter has also not referred to the price "viability" of the letter dated 27 June 2005, how it differed to Mitha's and how this was resolved, to the Tender Board. Potgieter was interviewed during the course of this investigation as she was identified as having dealt with all Submissions submitted by Northern Cape DOH for both the water purification plants and oxygen plants at the Secretariat for the Tender Board. Her role as Secretariat to the Provincial Tender Board was the preparation of Memorandums for consideration by the Tender Board, as summarised in her various Memo's to the Tender Board, discussed above and to be further discussed in this report. She was adamant that she could not recall anything specific or of relevance other than what is included in the documents, from any of the Submissions and was only prepared to confirm that she was the custodian of the official documents of the Tender Board that were subsequently handed over. Alternatively, she chose not to say anything. This also brings into question why she was unable to provide a copy of the letter dated 27 June 2005, where the price was an issue and then it was subsequently never mentioned again. I will again refer to the interview with her later **D5** **D4** **D5** **D4A** **D4A**

in this report.

9.033 The minutes of the meeting of the Provincial Tender Board of 13 July 2005 reflect that the Board under Memo 6 unanimously approved the acquisition of two (2) x Oxyntaka plants from Intaka, in the amount of R16 plus VAT per kg that will be adjusted by 6% annually or by CPIX as published. In the absence of any mention of a minimum monthly usage I submit that the Provincial Tender Board approved the amount R16 per kg based on actual quantity of oxygen to be consumed per month. In KZN Health the Bid Specification document required the Department to be invoiced monthly based on actual usage as opposed to a guaranteed monthly minimum as provided for in the subsequent Agreement entered into between KZN Health and Intaka. I determined as will be discussed later in this report that Intaka invoiced the hospitals in Northern Cape DOH based on a fixed monthly amount that was repeatedly questioned by some of the hospitals. **D6** **D6/3**

9.034 I wish to point out that Gaborone was present at the said meeting as a member of the Provincial Tender Board. Gaborone was also the CFO of the Northern Cape DOH at the time and approved the letter sent to the Provincial Tender Board prepared by Mitha dated 15 June 2005. I have been unable to determine the relationship, if any, between John Block of Intaka Northern Cape and Ms SF Block, a member of the Provincial Tender Board as we were unable to trace and interview Ms Block. **D6/1** **D1**

9.035 On 13 July 2005 the Office of the Head Provincial Supply Chain Management sent a letter to the HOD Department of Health for the attention of Mitha. Reference was made to their Submission of 2 July 2005 and that the Provincial Tender Board had approved their recommendation for the acquisition of two (2) x Oxyntaka plants from Intaka, in the amount of R16 plus VAT per kg that will be adjusted by 6% annually or by CPIX as published. No mention is made of a "base consumption" or "guaranteed usage" **D7**

2. The purchase of a further five(5) x Oxyntaka plants from Intaka for Gordonia, Kimberley, Kuruman, De Aar and Springbok Hospitals

9.036 On 7 September 2005 Mitha sent a further letter to the Tender Board for another deviation from tender procedures and referred to their letter dated 13 July 2005. He refers to "*the viability of these units as spelled out in the letter dated 2 July 2005 is positive. Based on these calculations the Department would like to install five more units at Gordonia Hospital, Kimberley Hospital Complex, Kuruman Hospital, De Aar Hospital and Springbok Hospital*". The remainder of the information is a repeat of that provided in Mitha's letter dated 2 July 2005. **D8**

9.037 There is no report on whether the plants have been installed at Colesberg (Manne Dipico hospital) and Calvinia Hospital (Abraham Esau): the functioning of the plants; whether they had met the requirements as envisaged; actual financial costs to date; whether saving of in excess of 60% as anticipated had in fact been made; and any motivating factor post commissioning of the 2 plants that would make the installation of 5 additional plants a viable proposition for consideration by the Provincial Tender Board. Further, Mitha has not disclosed whether the hospitals will be charged in terms of a fixed monthly consumption amount or actual usage of oxygen, and what the fixed monthly consumption amount is per hospital. This submission has been signed by Madyo as HOD and Ms ES Selao MEC of Health, and not by Gaborone on this occasion.

9.038 I determined that Mitha was the Director of the Hospital Revitalisation Programme and as such it was his responsibility to ensure the plants at the first 2 hospitals were operating effectively and that the Department was realising the savings as envisaged in his submission to the Tender Board prior to requesting a further deviation for another 5 hospitals. I also determined that the additional 5 hospitals did not fall within the Hospital Revitalisation Programme and hence Mitha's role in the additional 5 hospitals appears to be as Director of SCM. I will later in this report refer to Mitha's official responsibilities at the time the oxygen plants were purchased and the fact that the 5 additional hospitals did not fall within the Hospital Revitalisation Programme.

9.039 For convenience sake I will refer to the names of the hospitals at the 5 additional places/ sites, as these names are used inter- changeably by the Department and by Intaka in various correspondence:

	Place/ site	Name of hospital
1	Upington	Gordonia hospital
2	Kimberley	Kimberley hospital complex
3	Kuruman	Kuruman hospital
4	De Aar	Karoo hospital
5	Springbok	Van Niekerk hospital

9.040 Potgieter prepared Memo 6 dated 28 November 2005. In terms thereof she supported the Departments recommendation for the installation of five (5) x Oxyntaka machines, in the amount of R16 plus VAT per kg of oxygen that will be adjusted by 6% annually or by CPIX as published. It is evident she relied solely on what was presented to her in the brief and unqualified Submission of Mitha. The Memo like Mitha's Submission is vague and lacks substance as to what the viability of the Oxyntaka's is. **D9**

9.041 The minutes of the meeting of the Provincial Tender Board of 1 December 2005 reflect that the Board under Memo 6 unanimously approved the installation of five (5) x Oxyntaka machines at the 5 hospitals per Mitha's Submission, in the amount of R16 plus VAT per kg that will be adjusted by 6% annually or by CPIX as published. Once more in the absence of any mention of a "guaranteed usage" I submit that the Provincial Tender Board approved the amount R16 per kg based on actual quantity of oxygen consumed per month. As previously stated and repeated as it is relevant, I determined as will be discussed later in this report that Intaka invoiced the hospitals in Northern Cape DOH based on a fixed monthly amount that was repeatedly questioned by some of the hospitals. **D10**

9.042 On 2 December 2005 the Office of the Head Provincial Supply Chain Management sent a letter to the HOD Department of Health for the attention of Mitha. Reference was made to their Submission of 7 September 2005, received on 23 November **D11**

2005, and that the Provincial Tender Board had approved their recommendation for the installation of five (5) x Oxyntaka machines at the 5 hospitals per Mitha's Submission , in the amount of R16 plus VAT per kg, that will be adjusted by 6% annually or by CPIX as published.

3. Agreements entered into between the Northern Cape DOH and Intaka for the 1st seven hospitals

9.043 I determined that the Northern Cape DOH is not in possession of any formal written agreements alternatively they have not been provided to me as requested, for any of the 7 hospitals discussed thus far, and that was approved by the Provincial Tender Board. I identified a number of Agreements in the records of Intaka seized by the SAPS relevant to the 7 hospitals in question.

1) Agreement entered into between Intaka Northern Cape and Northern Cape DOH dated 11 April 2005 **D12**

9.044 The said Agreement was signed Dr Savoi representing Intaka Northern Cape on 11 April 2005 and Madyo representing the Northern Cape DOH on 12 April 2005. One of the witness signatures to Madyo's signature appears to be that of Dr Hamid Shabbir who will be referred to later in this report. **D12/2** **D12/18**

9.045 Clause 2.3 refers to the lease and maintenance of oxygen plants at hospitals per schedules A, B, C and D attached thereto. The said annexures contain the names of 4 hospitals: Kimberley; Gordonia; *AdamEsua* (should read Abraham Esau) and Manne Dipico. The annexures also contain the following information: **D12/2-3** **D12/19-22**

	Kimberley	Upington	Calvinia	Colesberg
Delivery date	14 June 2005	6 June 2005	23 June 2005	28 June 2005
Commencement date	22 June 2005	14 June 2005	27 June 2005	29 June 2005
Term date	5 years from the commencement date	5 years from the commencement date	5 years from the commencement date	29 June 2005
Guaranteed usage	288,000 kg's per year	28,800 kg's per year	5,760 kg's per year	5,400 kg's per year
Operating premises	Kimberley hospital complex	Gordonia hospital	*Adam Esua* hospital (Abraham Esau)	Manne Dipico hospital
Rental amount for the initial period	R9.00 per kg of gas with a guaranteed min of 288,000kg per annum, plus VAT	R9.00 per kg of gas with a guaranteed min of 28,800kg per annum, plus VAT	R9.00 per kg of gas with a guaranteed min of 5,760kg per annum, plus VAT	R9.00 per kg of gas with a guaranteed min of 5,400kg per annum, plus VAT

9.046 "Guaranteed usage" is defined in clause 4.5 as "the guaranteed stipulated in Schedules A, B, C and D, which is the quantity of oxygen that determines the minimum monthly rental". **D12/6**

9.047 The Provincial Tender approved the procurement for oxygen plants for Calvinia and Colesberg hospitals on 13 July 2005 and for Kimberley and Upington hospitals on 1 December 2005 in the amount of R16 per kg. The Agreement in question was signed 3 months and 7 months respectively prior to these dates on 12 April 2005 by Madyo. Further, the amount per the agreement in question is R9.00 per kg, whilst the Provincial Tender Board approved an amount of R16.00 per kg. **D6** **D10**

9.048 I identified the following e-mails in the electronic date seized by the SAPS from Intaka, from the computer of Alicia Marcos (**Marcos**) the personal assistant to Dr Savoi, relevant to the oxygen plants and that confirm Agreements were signed prior to the approval of the Provincial Tender Board and/or that unofficial authority had been communicated:

1) On 26 April 2005 at 12:58 from John Block to Marcos titled: "Visit to De Aar, Colesberg and Calvinia". He included the following: "*I could not respond as I was out of town. Our meeting in De Aar will start at 11h00 and thereafter we* **J1/1**

can move to Colesberg and return to De Aar for their trip to Calvinia. I have made all the arrangements with the Head of Department of Health. I will be in De Aar on Thursday to receive Dr Savoi. Please inform him that the best landing place is at the Military base in De Aar". He was replying to an e-mail from Marcos dated 25 April 2005 05:34pm.

2) On 12 May 2005 at 12:04pm from Dr Savoi to John (Block) titled: "Watakas-Oxyntakas". I will only refer to the Oxyntaka: "*As we have already informed you the Oxyntaka 020 for Upington, Oxyntaka 03 for Calvinia and Oxyntaka 03 for Colesberg are ready. We must know if we can proceed with their installation, according to the agreement signed. On the other hand, the Oxyntaka 0100 for Kimberley will be ready in the date stipulated in the agreement to then be installed*". As stated above the Provincial Tender Board only approved the procurement for oxygen plants for Calvinia and Colesberg hospitals on 13 July 2005 and for Kimberley hospital on 1 December 2005, however Dr Savoi in his correspondence with John Block, is referring to an Agreement prior to these dates on 12 May 2005. **J1/2**

3) On 19 July 2005 at 02:29pm from Dr Savoi to John (Block) titled "Various"; I will only refer to the relevant section: "*Nevertheless at this stage the Northern Cape is the priority, considering that we must receive the Oxyntaka orders till Friday this week for Kimberley and Upington and in not more than 2 weeks, according to Dr Shabbir, the consumption of oxygen and medical air for the new 6 hospitals and after that we go ahead with the remaining hospitals*". **J1/3**

9.049 I further identified a letter from Intaka to John Block dated 15 June 2005 that is self-explanatory but partially repeated hereunder for ease of reference as it serves as further evidence that Agreements for R9.00 per kg and R16.00 per kg were signed prior to Tender Board approval and that Madyo was party to this arrangement and that John Block also had knowledge thereof: **D13A**

"*Please appreciate that the initial contracts were priced at a potential loss to Intaka. This was done with the intention of securing possible future sales in the Northern Cape. Due to new information that has come to light over the past two weeks, as well as our objective of supplying Gordonia Hospital, Upington with oxygen outlet points*

at our cost we require to increase the cost per kilogram to R16 (currently stated as per R9 per kilogram). We therefore include two copies of the respective annexures to the original signed contract.
It would be appreciated of you could forward the annexures to Mr Deon Madyo, Deputy Director general, Department of Health, province of the Northern Cape for signature. Please return to us a set of the annexures signed together with the copy of the annexures with the old price".

2) 2nd Agreement entered into between Intaka Investments and Northern Cape DOH dated 11 April 2005 **D13**

9.050 A 2nd Agreement was signed Dr Savoi representing Intaka Investments (Pty) Ltd on 11 April 2005 and Madyo representing the Northern Cape DOH undated. The witness signature to Madyo's signature again appears to be that of Dr Hamid Shabbir who will be referred to later in this report. **D13/2** **D13/19-20**

9.051 Clause 2.3 refers to the lease and maintenance of oxygen plants at hospitals per schedules A, B, C and D attached thereto. The said annexures contain the names of 4 hospitals: Kimberley; Gordonia, *AdamEsua* (should read Abraham Esau) and Manne Dipico. The information contained in these annexures is the same as that appearing on the previous annexures, other than: the rental amount for the initial period being R16.00 per kilogram of gas plus VAT as opposed to R9.00; and the actual Term Date being referred to for Kimberley, Gordonia and Manne Dipico as opposed to the words "5 years from the commencement date". **D13/2-3** **D13/21-24** **D12/19-22**

9.052 "Guaranteed usage" is defined in clause 4.5 as "the guaranteed stipulated in Schedules A, which is the quantity of oxygen that determines the minimum monthly rental". **D13/6**

9.053 As previously stated the Provincial Tender approved the procurement for oxygen plants for Calvinia and Colesberg hospitals on 13 July 2005 and for Kimberley and Upington hospitals on 1 December 2005 in the amount of R16 per kg. The Agreement in question was signed prior to these dates on 11 April 2005 by Dr Savoi, **D6** **D10**

whilst the date that Madyo signed the agreement has been left incomplete.

3) 3rd Agreement entered into between Intaka Northern Cape and Northern Cape DOH dated 22 August 2005 **D14**

9.054 A 3rd Agreement was signed Dr Savoi representing Intaka Investments (Pty) Ltd on 22 August 2005 and Madyo representing the Northern Cape DOH, however the date Madyo signed the document being 22 August 2005 has been deleted. There are further no witness signatures to Madyo's signature. I have also located a copy of the said Agreement in the Mazars, Moores Rowland working papers (marked page number 473 to 498) that were subpoenaed by the SAPS. **D14/2** **D14/18**

9.055 Clause 2.3 refers to the lease and maintenance of 12 oxygen plants at hospitals per schedules A- L inclusive. However, only schedules A- F and I are attached thereto. Hence, schedules G, H, J, K and L are missing (from the document located in Intaka's records by the SAPS). The available attached schedules contain the names of 7 hospitals: Kimberley; Colesberg (Manne Dipico); Calvinia (Abraham Esau); Springbok (Van Niekerk); De Aar (Karoo); Upington (Gordonia); and Kuruman. These are the 7 hospitals that were approved by the Provincial Tender Board thus far as discussed in this report. Each of the 7 schedules is dated 22 August 2005. However, the word "date" has been written on 5 schedules purporting to contain the signatures of Madyo but the actual date has not been written and hence it is not clear when Madyo signed the schedules if he indeed did so. The 2 remaining schedules contain what appears to be forgeries of Madyo's signature although I am unable to determine this with certainty. **D14/2-3** **D14/19-25** **D14/19, 22-25** **D14/20-21**

9.056 The 7 schedules also contain similar information as to that recorded on the previous schedules as detailed on the attached spreadsheet. The schedules have also provided the guaranteed usage per month in addition to the annual usage, and hence the basis upon which the Department would be billed per month. The monthly usage is the same as that reflected on the Comparative Oxygen Consumption Costs schedule previously referred to by me for 6 of the hospitals (Kimberley hospital was not included on the Comparative Oxygen Consumption Costs schedule). **D15** **D4/3**

9.057 As previously stated the Provincial Tender approved the procurement for oxygen plants for Calvinia and Colesberg hospitals on 13 July 2005 and for Kimberley and Upington hospitals on 1 December 2005 in the amount of R16 per kg. The Agreement in question was signed after the approval dated 12 June 2005, but prior to the second approval dated 1 December 2005 by Dr Savoi, whilst the date 22 August 2005 that Madyo purportedly signed the agreement has been deleted. **D6** **D10**

4. The purchase of Oxyntaka plants from Intaka for installation in all (Provincial) hospitals in the Province

9.058 On 13 April 2006 Mitha sent a third letter to the Tender Board for another deviation from tender procedures and referred to their letter dated 2 December 2005 (this was the letter of approval for the additional 5 oxygen plants already discussed). He refers to: "*based on these calculations (see attached copy) the Department would like to install oxygenators in all hospitals in the Province. Below is a calculation done on Colesberg and Calvinia. These costs are similar for the other hospitals (attach is a copy of National Tender prices)*". I was not provided with a copy of the National Tender prices in this instance, however I previously referred to such a document. The remainder of the information is a repeat of that provided in Mitha's letters dated 2 July 2005 and 7 September 2005. There is no additional new information and my concerns previously discussed with regard to the plants being monitored and reports being compiled on millstones, objectives achieved, savings realised etc being done and reported on still apply. This submission has been signed by Madyo as HOD and Ms ES Selao MEC of Health and again not by Gaborone on this occasion. **D16** **D11** **D4/4-8** **D4/1-2, D8/1-2** **D16/2**

9.059 Potgieter prepared Memo 6 dated 15 May 2006. She included the following: **D17**

i. "*The Board is reminded that the Oxyntaka machines are for the production of oxygen on site, ending regular oxygen purchase*"; this statement is false and Potgieter has not provided any confirmatory information from the 7 hospitals where the Oxyntaka's had been installed, that regular oxygen purchase had in fact ended.

ii. "*The Department re-affirmed that this method of production is economically*

justifiable, hence their request for approval to install oxygenators in all hospitals in the Province. Price comparisons between the National Bid and Oxyntaka show a savings of 60% if the latter used"; there is no evidence that a 60% saving was actually realised at the first 7 hospitals and nothing to support that this would be the case for all other hospitals in the Province.

Potgieter supported the Departments recommendation for the installation of Oxyntaka machines at all other Provincial Hospitals, in the amount of R16 plus VAT per kg of oxygen that will be adjusted by 6% annually or by CPIX as published. It is evident based on the documents examined by me that she once more relied solely on what was presented to in the brief and unqualified Submission of Mitha.

9.060 The minutes of the meeting of the Provincial Tender Board of 18 May 2006 reflect that the Board under Memo 6 unanimously approved the installation of Oxyntaka machines at all other Provincial Hospitals (excluding the seven sites previously approved), in the amount of R16 plus VAT per kg, that will be adjusted by 6% annually or by CPIX as published. Once more in the absence of any mention of a "guaranteed usage" I submit that the Provincial Tender Board approved the amount R16 per kg based on actual quantity of oxygen consumed per month. As previously stated and repeated as it is relevant, I determined as will be discussed later in this report that Intaka invoiced the hospitals in Northern Cape DOH based on a fixed monthly amount that was repeatedly questioned by some of the hospitals. Further, there is no number allocated to the "*all other Provincial hospitals*". **D18** **D18/3**

9.061 On 19 May 2006 the office of the Tender Board replied to Mitha and referred to the submission dated 13 April 2006. The Provincial Tender Board approved the installation of Oxyntakas at all other Provincial hospitals, in the amount of R16 plus VAT per kg of oxygen. This will be adjusted by 6% annually or by the CPIX as published. A document located in the documents seized by the SAPS from Intaka is a letter from Madyo to Shabbir dated 23 May 2006. The content of the letter confirmed the approval by the Provincial Tender Board. Madyo concluded by requesting Shabbir to proceed with the matter and finalise the extension contract with Intaka. **D19/1** **D19/2**

5. Agreement entered into between the Northern Cape DOH and Intaka Investments for "all other Provincial hospitals"

9.062 A 4th Agreement was signed Dr Savoi representing Intaka Investments (Pty) Ltd and Hamid Shabbir on behalf of Madyo representing the Northern Cape DOH on 28 April 2006. This agreement was located in the documents seized from Intaka. **D20/2** **D20/18**

9.063 Clause 2.3 refers to the lease and maintenance of oxygen plants at 23 hospitals per schedules A to W inclusive attached thereto. The said annexures contain the names of 23 hospitals. The information contained in these schedules is similar to that appearing on the previous schedules for the first 7 hospitals as detailed on the attached spreadsheet compiled by me. Each of the 23 schedules is dated 28 April 2006 and is signed by Dr Savoi and Hamid Shabbir. Alicia Marcos and A Spencer of Intaka appear to have signed the Agreement and each of the 23 schedules as witnesses. **D20/2-3** **D20/19** **D21**

9.064 In between the said schedules are 2 forms: Installation Form; and Acceptance Certificate by Customer, an example of which is relevant to Barkly West hospital. The said forms were based on the dates and content thereof completed once the oxygen plants were commissioned at the various hospitals. I determined that there is an Installation Form and Acceptance Certificate for 21 of the 23 hospitals; the missing forms are for Phillipstown hospital and Joe Slovo Hospital in Garies. However, also attached to the Agreement is an Installation Form and Acceptance Certificate for Olifantshoek hospital. I determined that Phillipstown is a clinic and that the oxygen plant intended for Phillipstown was commissioned at Olifantshoek hospital. An oxygen plant was also commissioned at Joe Slovo hospital in Garies, but I am not in possession of the relevant Installation Form and Acceptance Certificate. **D20/20-21** **D20/84-85**

9.065 Clause 4.5 defines "guaranteed usage" as "the guaranteed year usage stipulated in Schedules A, B, C, D, E, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V and W which is the quantity of oxygen that determines the minimum monthly rental calculated by dividing the guaranteed year usage by 12 (twelve) months". **D20/6**

9.066 The Provincial Tender approved the procurement for oxygen plants for all other provincial hospitals on 18 May 2006 in the amount of R16 per kg. The Agreement in question was signed prior to the approval date on 28 April 2006 by Dr Savoi and Hamid Shabbir on behalf of Madyo. **D18**

9.067 I have also located a copy of a 5th Agreement in the Mazars, Moores Rowland working papers (marked page number 2782 to 2814) that were subpoenaed by the SAPS. The Agreement was signed by Dr Savoi representing Intaka Investments (Pty) Ltd and Hamid Shabbir representing the Northern Cape DOH on 29 May 2006. **D20A**

9.068 Clause 2.3 refers to the lease and maintenance of oxygen plants at 23 hospitals per schedules A to W inclusive attached thereto. The information contained in these schedules is similar to that appearing on the previous schedules for the 23 hospitals in the 4th Agreement referred to herein above. Each of the 23 schedules is dated 29 May 2006 and is signed by Dr Savoi and Hamid Shabbir. Alicia Marcos and Fernando Praderi of Intaka appear to have signed the Agreement and each of the 23 schedules as witnesses. **D20A/2-3**

9.069 I obtained copies of the said Agreement in possession of the Northern Cape DOH from 3 different sources, being Gaborone, Mr Thabo Holela, the CFO of the Northern Cape DOH and Ms Heidi Williams, the Personal Assistant of the CEO of Kimberley Hospital Complex, and they are the same. However, the Departments copy contains a handwritten date that reflects Hamid Shabbir signed the Agreement on 31 May 2006 i.e. after the approval date of the Provincial Tender Board. The Agreement however is incomplete: page 10 containing clauses 7.4 to 8.3 is missing. In addition the schedules are a mixture between those attached to previous Agreements and already referred to and discussed by me in the Intaka records seized by the SAPS and new schedules: **D22** **D22/18**

i. Schedule A is the schedule relevant to the Agreement dated 22 August 2005 (D22/19), but includes the watermark "confidential"; **D14/19**

ii. Schedule D is the schedule relevant to the Agreement dated 22 August 2005 (D22/22), but includes the watermark "confidential"; **D14/22**

iii. Schedule F is the schedule relevant to the Agreement dated 22 August 2005 (D22/24), but includes the watermark "confidential"; **D14/24**

iv. Schedule K differs to schedule K of the Intaka copy (D22/29) as it is now dated 29 May 2006 as opposed to the Intaka copy which is dated 28 April 2006 and the signatures differ. The name of the hospital and the other details including the price of R16.00 per kg are however the same on both copies. **D20/49**

v. Schedules C, E, G, H, I, J, L, M and N (D22/21, 23, 25, 26, 27, 28,30,31 and 32) differ to the corresponding schedules in the Intaka copy as an additional handwritten date of 31 May 2006 has been added and signed by Hamid Shabbir and the signatures differ. The names of the hospital and the other details including the price of R16.00 per kg are however the same of both sets of copies; **D22** **D20**

vi. Schedules O, P, Q, R, S, T, V and W (D22/33, 34, 35, 36, 37, 38 and 40) differs to the corresponding schedules in the Intaka copy as an additional handwritten date of 31 May 2006 has been added and signed by Hamid Shabbir and the signatures differ. The names of the hospital and the other details are however the same of both sets of copies, but significantly the price has increased to R22.00 per kg on the Departments copy. **D22** **D20**

vii. Schedule U is missing from the Departments copy.

9.070 Based upon examination of the Agreement in Intaka's records compared to that in the Departments records for the 23 additional provincial hospitals as detailed above, it is evident that the Schedules to the Agreement differ significantly. In addition the Intaka copy reflects Hamid Shabbir signed the Agreement on 28 April 2006, whilst the Departments copy reflects he signed it on 31 May 2006. One would expect the 2 parties to have identical copies. However, I located amongst the documents seized by the SAPS from Intaka a letter dated 5 June 2006 from Intaka to Shabbir. It refers to the "Original Contract" dated 28 April 2006 and the "Subsequent Contract" dated 29 May 2006. Inataka has referred an omission in the Original Contract regarding ownership of the equipment and "*As a consequence the parties agreed to enter into a Subsequent Contract to introduce additional provisions to give effect to the parties' original intentions together with any consequential amendments brought about by such changes*". It is concluded that "*the parties hereby record and agree that the* **D20** **D22** **D23**

Subsequent Contract constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes and extinguishes the Original Contract together with any representations previously given or made other than those included in the Subsequent Contract". It appears to have been signed by Dr Savoi on behalf of Intaka and Shabbir on behalf of Northern Cape DOH.

9.071 I examined the 2 Agreements referred to and discussed by me. Clause 10.2 of the Agreement located in Intaka records dated 28 April 2006 makes provision for the transfer of ownership of the equipment, whilst the Agreement in the Departments records dated 28 May 2006 (and a further handwritten date of 31 May 2006) does not contain a clause 10.2. The date of the Subsequent Contract that contains the additional transfer of ownership being 31 May 2006 according to Intaka, does not correspond with the 2 Agreements in question discussed by me above. Intaka's letter dated 5 June 2006 further does not explain why the Schedules differ significantly. **D20/11** **D22/10**

9.072 I further located amongst the documents seized by the SAPS from Intaka a letter dated 19 June 2006 from Shabbir to Dr Savoi. He commences as follows: "It is to inform you the Northern Cape Department of Health has conducted a performance review on the Oxyntaka and Wataka plants in the following hospitals". He then lists 7 hospitals being those 7 first approved by the Provincial Tender Board on 13 July 2005 and 1 December 2005. He further lists the key benefits and efficiency output, that includes the following for the oxygen plants: **D24** **D6** **D10**

1) A definitive cost saving based on usage and consumption of medical gases as compared to historical spending;
2) No charge for medical air, as it is provided free;
3) Improved access and better clinical outcomes, due to the provision of piping and gas outlets, within the clinical areas. This has resulted in improved efficiencies by reducing the cylinder transportation within the hospitals;
4) A complete ownership of the pipelines and gas outlets;
5) Provision of system backup facilities at no cost to the department;
6) Electrical power supply back up at no cost to the department.

9.073 I wish to state that the above letter and purported benefits is not supported by any "performance review" as eluded to by Shabbir that I am aware of. In fact contrary to the above I later determined that the costs increased substantially and that back up supply of oxygen had to be continued to be procured from Afrox. Hence, the letter of Shabbir is misleading and contains a number of misrepresentations. I will later in this report discuss an investigation conducted by the Auditor General (**AG**) and replies received from 4 hospitals in the Northern Cape DOH. I do however at this stage wish to refer to a letter dated 26 May 2006 from Mr Moncho, Hospital Manager Gordonia Hospital to Shabbir i.e. a month prior to Shabbir's "key benefits and efficiency outputs" letter to Dr Savoi dated 19 June 2006. I was provided with a copy of this letter by both the AG and Mr Moncho. This letter reflects an increase in the price of oxygen by more than 100%; this and other letters from Mr Moncho contradict Shabbir's letter of 19 June 2006, that will be discussed in more detail later in this report. **E7/7-8** **D24**

6. Interviews with Northern Cape DOH Technical Officials

9.074 An interview was conducted with Vincent Halvey (**Halvey**) Manager Mechanical Engineering, Northern Cape DOH. He was first mentioned in documents obtained from KZN Health when we performed the investigation into the procurement of oxygen plants by KZN Health from Intaka. I determined that Halvey was employed by Northern Cape Health during the period 1986 to February 2008, at the time Halvey was Deputy Director, Head of Engineering and Clinical Support Services; he then left to take up employment at Intaka. He thereafter resigned from Intaka on 30 June 2010 and rejoined Northern Cape Health on 1 July 2010 where he is currently employed. Detailed below is a summary of an interview with him:

1) He had no knowledge of how the oxygen plants were procured and his involvement was limited to the commissioning process.
2) He was not consulted with from a technical perspective and was not requested to nor did he draw up any specifications at any stage.
3) He was fist called to Shabbir's office to facilitate the implementation of the plants at Calvinia and Colesberg hospitals that was part of a pilot project;

4) He was thereafter informed that the Department had appointed Intaka to provide a further 5 oxygen plants and thereafter plants for all other hospitals;
5) He was not personally involved in the commissioning but facilitated the process between Intaka and the hospital staff;
6) He provided a breakdown of the thirty (30) x oxygen plants commissioned to date in the Northern Cape DOH. Fourteen (14) of the 30 hospitals where the Intaka Oxyntaka plants have been commissioned require oxygen cylinders for the purposes of a back up supply that is provided by Afrox. These cylinders are for the larger hospitals. The remaining sixteen (16) of the 30 hospitals where the Intaka Oxyntaka plants have been commissioned require the 10.2kg and smaller 4.6kg oxygen cylinder holdings for the purposes of a back up supply that is also provided by Afrox;
7) Kimberley hospital being 1 of the 14 hospitals referred to above, has in addition a bulk tank of liquid oxygen for the purposes of a back up supply that is also provided by Afrox;
8) He confirmed that the Intaka Oxyntaka plants do not come with the supply of oxygen cylinders for back up and hence the continued use of Afrox as a supplier;
9) He has no knowledge of how it was agreed that the Department agreed to pay Intaka for a guaranteed monthly usage of oxygen as he was not involved in this process;

9.075 Halvey provided an affidavit detailing his involvement in the procurement and implementation phases of the oxygen plants. **F1**

9.076 An interview was conducted with Mr Clifton Saltwater (**Saltwater**), Senior Artisan Superintendent Technical Support Services, Kimberley Hospital. At the time Halvey was Deputy Director, Head of Engineering and Clinical Support Services and Saltwater reported to him. He provided the following additional information:

i. He was aware that the Provincial Tender Board approved a submission to award a tender to Intaka for the supply of Oxyntaka machines at various Hospitals in the Department. He was not involved in the procurement process

and has no knowledge of how these services were procured.

ii. Halvey facilitated the commissioning of the Oxyntaka Generators as far as Saltwater could recall. The Department experienced problems with the emergency generators at several institutions as a result of the Oxyntaka Units because of the additional electricity required by these units and hence the emergency generators could not cope with the increased demand of energy required. He prepared a Memorandum addressed to Halvey titled "Emergency Standby Generators at Hospitals in the Province" dated 30 January 2007 wherein he reported the problems that had been experienced at the various institutions. Halvey then attended to the matter.

9.077 Saltwater provided an affidavit detailing his involvement in the procurement and implementation phases of the oxygen plants. **F2**

7. Interview with Mr Jefferson Baloyi

9.078 Jefferson Baloyi is an Assistant Director SCM Demand Section. At the time the plants were procured he reported to Mitha, Director SCM. Mitha's personal assistant at the time the late Ms Truia Deetlifs was responsible for general administrative duties and he assisted her in this role. He has no knowledge of any of the Submission submitted by Mitha and is unaware of how the Department procured the oxygen plants. He provided an affidavit detailing his involvement in the procurement of the oxygen plants. **F3**

8. Interviews with members of the Provincial Tender Board and the Secretariat

9.079 Interviews were conducted with members of the Provincial Tender Board who could be traced as detailed below:

Philipene Potgieter

9.080 Potgieter is the Director Asset Management, Northern Cape Provincial Treasury. At

the time 2005 and 2006 when the Submissions were made by Mitha to the Provincial Tender Board she was the Secretariat for the Provincial Tender Board. I have already referred to her and that she alleges she did not recall the matter. She provided the following documents already referred to in this report in respect of the Submissions for: Calvinia and Colesberg Hospitals: Upington, Kimberley, Kuruman, De Aar and Springbok; and all other hospitals in the Northern Cape DOH.

Supply of two (2) x Oxyntaka self-generating oxygen plants by Intaka

i. A memorandum from the Office of the Provincial Tender Board titled "Memo 7" with file reference number TP4/1/15-G dated 12 July 2005 with the supporting documentation attached thereto as listed hereunder.
ii. A memorandum from the Office of the Provincial Tender Board titled "Memo 8" with file reference number TP4/1/15-G titled "Deviation from Tender Procedures: Acquisition of Oxygenator: Department of Health" dated 23 June 2005.
iii. A letter from Mr S Mitha addressed to Ms P Potgieter of the Tender Board titled "Deviation of Tender- Oxygenator" dated 17 June 2005
iv. A letter from Mr S Mitha addressed to Ms P Potgieter of the Tender Board titled "Deviation from Tender Procedures: Acquisition of Oxygenator" dated 2 July 2005.
v. A fax from Fernando Praderi addressed to Mr Williams of the Department of Finance, Northern Cape Province titled "Oxyntaka medical oxygen and medical air self-generating unit" dated 23 June 2005.
vi. Minutes of the Provincial Tender Board Committee Meeting held on 13 July 2005.
vii. A letter from the Office of the Provincial Tender Board addressed to Mr S Mitha of the Department of Health titled "Deviation from Tender Procedures: Acquisition of Oxygenators" dated 13 July 2005.

Supply of five (5) x Oxyntaka self-generating oxygen plants by Intaka

i. A memorandum from the Office of the Provincial Tender Board titled "Memo

6" with file reference number TP4/1/15-G dated 28 November 2005 with the supporting documentation attached thereto as listed hereunder.

ii. A letter from Mr S Mitha addressed to Ms P Potgieter of the Tender Board titled "Deviation from Tender Procedures: Acquisition of Oxygenator" dated 7 September 2005

iii. Minutes of the Provincial Tender Board Meeting held on 1 December 2005.

iv. A letter from the Office of the Provincial Tender Board addressed to Mr S Mitha of the Department of Health titled "Deviation from Tender Procedures: Acquisition of Oxygenators" dated 2 December 2005.

Supply of Oxyntaka self-generating oxygen plants to all other Provincial Hospitals by Intaka

i. A memorandum from the Office of the Provincial Tender Board titled "Memo 6" with file reference number TP4/1/15-G dated 15 May 2006 with the supporting documentation attached thereto as listed hereunder.

ii. A letter from Mr S Mitha addressed to Ms P Potgieter of the Tender Board titled "Deviation from Tender Procedures: Acquisition of Oxygenator" dated 13 April 2006.

iii. Notice of a Tender Board Meeting of a Provincial Tender Board to be held on 18 May 2006.

iv. Minutes of a Special Meeting of the Provincial Tender Board Committee held on 18 May 2006.

v. A letter from the Office of the Provincial Tender Board addressed to Mr S Mitha of the Department of Health titled "Deviation from Tender Procedures: Acquisition of Oxygenators" dated 19 May 2006.

9.081 Potgieter provided an affidavit and attached the documentation referred to above. I wish to add that Potgieter refers to PwC not following protocol by not informing her Head of Department, Northern Cape Provincial Treasury. I wish to state that I, together with a SAPS representative, Capt (f) H Myburgh had prior to the investigation commencing held a meeting with the Head of Northern Cape Department of Health and the CFO of the Northern Cape DOH where I informed **F4**

them of PwC's appointment by National Treasury and provided them with a copy of our appointment. The CFO then communicated with the Northern Cape Provincial Treasury, requested documents from them and subsequently handed over these documents to PwC. Hence, the Head of Northern Cape Provincial Treasury was aware of our appointment and hence I dispute Potgieters statement that we did not follow protocol. Despite this I do not know what the relevance is as Potgieter handed over the requested documents and it should further not impact on her ability to recall the matters in 2005 and 2006.

Anna Margaretha van Niekerk

9.082 Anna van Niekerk is a private sector person and the owner of Diamond Pak. She was nominated by the Northern Cape Chamber of Commerce and Industry (NOCCI) to represent the private business sector in the Northern Cape on the Provincial Tender Board. She was a member of the Provincial Tender Board who adjudicated on the 2 oxygen plants for Colesberg and Calvinia and the subsequent five for Upington, Kimberly, Kuruman, De Aar and Springbok hospitals. She confirmed the procedure was that the members of the Provincial Tender Board would receive the documentation and Memo prepared by Potgieter a day or two before the meeting. She further confirmed receiving all relevant documents, as detailed by Potgieter above, including the Submissions by Mitha. She received them in good faith believing them to be authentic and made the recommendations to award to Intaka.

9.083 She added that Gaborone was present during the 1st meeting of the Tender Board as a representative of the Department and was in a position to advise the Tender Board on any aspects that require clarity. Further, the Tender Board did not call anybody to provide any advise on technical aspects, according to the minutes in or possession.

9.084 Anna van Niekerk provided an affidavit confirming her involvement in the procurement of the oxygen plants as a member of the Provincial Tender Board. **F5**

Magdalena Petronella Vosloo

9.085 Magdalena Vosloo is a Manager SCM, Northern Cape Department of Social Development. She was a member of the Provincial Tender Board since 2004 until it was phased out in approximately June 2006.

9.086 She was a member and was present when the Provincial Tender Board approved all three (3) x Submissions made by Mitha and the Northern Cape DOH being:

i. Calvinia and Colesberg hospitals;
ii. Upington, Kimberly, Kuruman, De Aar and Springbok hospitals; and
iii. All other hospitals in the Northern Cape DOH.

She could not recall the specific awards. She also confirmed the procedure was that the members of the Provincial Tender Board would receive the documentation and Memo prepared by Potgieter a day or two before the meeting. She further confirmed receiving all relevant documents, as detailed by Potgieter above including the Submissions by Mitha. She received them in good faith and recommended the respective awards.

9.087 She added that Gaborone was present during the 1st meeting of the Tender Board as a representative of the Department and was in a position to advise the Tender Board on any aspects that require clarity. Further, the Tender Board did not call anybody to provide any advise on technical aspects.

9.088 She provided an affidavit confirming her involvement in the procurement of the oxygen plants as a member of the Provincial Tender Board. **F6**

Abdul Kazie

9.089 Abdul Kazie is a private sector person and a member of AM Kazie Accountants. He applied to be a member of the Provincial Tender Board in late 1998 and became the chairperson in 2004 as far as he could recall until it was phased out. He attended the 2nd meeting of the Tender Board for Upington, Kimberly, Kuruman, De Aar and Springbok hospitals, as Chairman. He did not recall the specific award, but commented on the minutes of the meeting as discussed below.

9.090 The minutes of the said meeting reads that "*Installation is free of charge and an amount of R16 plus VAT is payable per kg of Oxygen*". His understanding of this statement is that the Department will pay R16 per kg of oxygen for actual monthly usage per hospital; there is no indication in the submission or minutes of the meeting that the Department would agree to pay for a Guaranteed Minimum amount of oxygen or based on a fixed amount of oxygen per month. He accepted the submission that was addressed to the Tender Board with the supporting documentation in good faith and hence recommended the award. The approval was based on the Tender Board's prior approval of the two (2) x Oxyntaka units for Calvinia and Colesberg Hospitals. The second paragraph of Memorandum 6 dated 28 November 2005 reads that "*The department informed this Office that the viability of the Oxyntaka machines are positive*". The Provincial Tender Board placed a lot of reliance on the initial submission and hence approved the award to Intaka, according to Abdul Kazie.

9.091 He provided an affidavit confirming his involvement in the procurement of the oxygen plants as a member of the Provincial Tender Board. **F7**

9.092 I wish to add that based on the explanations offered by the aforementioned members of the Provincial Tender Board and the minutes of the meetings of the Tender Board, it is evident that no person or official was requested to provide any information from a technical perspective in relation to the oxygen plants, their capabilities, including back up and that a comprehensive needs analysis had been done and the sites identified. It is my submission that the Provincial Tender Board merely accepted what Mitha had included in his Submissions that was repeated by Potgieter in her Memo's and that they did not request any additional information. It is evident that none of the members of the Provincial Tender Board can be deemed to be a technical person knowledgeable in oxygen plants.

9. Reports by Abraham Esau Hospital (Calvinia) and Manne Dipico Hospital (Colesberg)

9.093 I determined that an investigation was conducted by the Auditor General (**AG**) into

the financial affairs of the Department of Health, Northern Cape. I wish to refer to the investigation by the AG into Abraham Esau and Manne Dipico Hospitals in Calvinia and Colesberg respectively, as these were the 1st two hospitals for which Mitha submitted a Submission to the Tender Board.

9.094 Mitha's Submission included a "Comparative Oxygen Consumption Cost" schedule that concluded there would be savings of more than 60%, and even more as the medical air supply is free of charge. I was provided with a copy of a letter from the AG addressed to the Hospital Manager of Abraham Esau Hospital dated 14 April 2008. The AG has requested a number of answers to questions put forward in so far as the Oxyntaka commissioned at the hospital in question is concerned. The reply from Abraham Esau Hospital is dated 30 April 2008. The following answers are significant: **D4/3** **E4/1-3** **E4/4-5**

i. It is difficult to measure the oxygen consumption of the Oxyntaka supply, as there are no specifications in the contract and consequently comparing the two (minimum supply to the hospitals needs) is impossible;
ii. The Oxyntaka does not display the reading (in response to what the reading is in cubic meters); it only displays the oxygen purity, compressor and concentrator work time. Indications are that this particular machine is of the earlier models and not as advanced as some of the later models installed after the Abraham Esau hospital one;
iii. The total payments to Intaka to date is R1,495,976.40 (2 years and 6 months being October 2005 to April 2008). Total payments to Afrox from 2004 to date i.e. approximately a 4 year period, is R554,630.49 including rental and supply;
iv. It is not clear what the objective for the installation of the machine was since the hospital still rents cylinders and procures oxygen from Afrox, practically paying two suppliers concurrently for the same service rendered simultaneously;
v. Queries were raised with the legal department around the absence of a contract and service level agreement at facility (hospital) level and with the finance department about payment of the supplier.

9.095 I was provided with a copy of a letter from the AG addressed to the Hospital Manager of Manne Dipico Hospital dated 14 April 2008. The AG has requested a number of answers to questions put forward in so far as the Oxyntaka commissioned at the hospital in question is concerned. The reply from Manne Dipico Hospital is dated 17 April 2008. The following answers are significant: **E5/1-3** **E5/4-5**

i. The contract was not discussed with the facility manager, everything was handled by province. The hospital uses 40 Afrox cylinders a month which amounts to approximately R6,000 despite having the Intaka plant that costs approximately R60,000 per month;
ii. The minimum oxygen supply (paid to Intaka) is too high given the fact that they still purchase the 40 cylinders from Afrox;
iii. The writer (T Landu) refused to make any payments to Intaka as he did not understand properly how much was to be paid. Landu alleged further that he was suspended and upon return to work determined that the outstanding balance to Intaka was authorised by the District Manager Mrs Eckard;
iv. Total payments made to Afrox per year is approximately R200,000 for rental and R6,000 per month for usage i.e. R72,000 plus R200,000 equals R272,000. The attached invoice reflects R54,720 per month to Intaka which amounts to R656,640 per year i.e. more than double what is still paid to Afrox. **E5/6**

10. Reports by Sutherland and Gordonia Hospitals

9.096 These 2 hospitals were also part of the investigation conducted by the AG into the financial affairs of the Department of Health, Northern Cape. I was provided with a copy of a letter from the AG addressed to the Hospital Manager of Sutherland Hospital dated 2 June 2008. The AG has requested a number of answers to questions put forward in so far as the Oxyntaka commissioned at the hospital in question is concerned. The reply from Sutherland Hospital is dated 6 June 2008 and is in Afrikaans. The following answers are significant: **E6/1-2** **E6/3-4**

i. The Commissioning was done on 27 October 2006.

ii. The Oxyntaka was operational from December 2006 after the power was reconnected.

iii. The rental per month is based on a minimum usage of 830kg, per the attached invoice.

iv. The minimum paid for is far in excess of the requirements of the facility, Sutherland is no longer a hospital but a community health centre. The majority of patients are transferred or referred (to other institutions), although Oxygen is used but only in cases of emergency. Weeks go by without any oxygen being used and never for a continuously long time.

v. Have no idea where the budget comes from for payments to Intaka, although administer the payments and authorise same.

vi. Still make use of Afrox in cases where there is a power failure or the Oxyntaka is faulty.

vii. The total payments made to Afrox for the period 1 April 2003 to January 2007 for oxygen and hiring of cylinders (i.e. approximately 3 years and 9 months) amounted to R56,812.59. The total payments made to Intaka for a 17 month period (January 2007 to May 2008) amounted to R245,439.64.

9.097 Based on these figures Afrox were paid on average R1,262.50 per month (R56,812.59 over a period of 45 months). Intaka is being paid R16,407.11 per month.

9.098 I further wish to refer to a similar investigation at Gordonia Hospital. I was provided with a copy of a letter from the AG addressed to the Hospital Manager of Gordonia Hospital dated 14 April 2008. The AG has requested answers on similar questions put to Sutherland Hospital, in so far as the Oxyntaka commissioned at Gordonia hospital is concerned. The reply from Gordonia hospital is dated 17 April 2008. The following answers are significant: **E7/1-2** **E7/3-6**

i. The Commissioning was done on 13 March 2006.

ii. The Oxyntaka was operational from May 2006.

iii. The rental per month is based on a minimum usage of 7586kg.

iv. The minimum usage is too high when compared to the needs of the hospital. The old meter reflected a (actual) reading of 1503kg's per month,

whilst the new meter a reading of 2833.15kg's per month. Afrox reading dating back to 2003 reflected an average use of only 1295.09kg's per month.

v. They still procure from Afrox in cases: where back up is required when the plant breaks down; when the electricity is off; and home patients requiring continuous O2 therapy.

vi. The total payments made to Afrox for the period 2003 to 2008 (five years) for oxygen amounts to R1,676,215.81 and rental of cylinders for the period 2003 to 2007 (4 years) amounted to R1,255,999.30. The total paid to Afrox is therefore R2,932,215.11, that includes 2007 and 2008 where Intaka were the suppliers of self generating Oxygen. The total payments made to Intaka for a 2 year period (May 2006 to April 2008) amounted to R3,427,419 (this again is a contradiction in the extreme of Mitha's motivation of savings of more than 60%).

vii. Oxyntaka is being paid for amounting to R138,313.92 per month based on a fixed charge of 7,583kg's (not 7,586 kg's as set out in Moncho's letter dated 17 April 2008) per month. The hospital first questioned this on 26 May 2006 in a letter sent to Hamid Shabbir by Mr GI Moncho, Hospital Manager. He raised a few issues from a practical and financial aspect:

- As the running cost of the plant was unknown and is still unknown to the hospital they only budgeted for the Afrox agreement being R720,000 per year including rental and consumption;
- There will still be cost implications for Afrox for the oxygen bank and emergency back-up;
- The initial assessment of the number of points was not accepted by the service provider and the hospital had to cut back on the number of points; there still exists a critical need for additional points;
- Failure to install additional points would require the hospital to keep bottled oxygen;
- There is no medical back-up air banks and this can lead to medical legal implications in the future;
- The financial implications to the hospital are of a huge concern; the cost for oxygen and medicinal air from Afrox for the period 1 January

2005 to 31 December 2005 was R768,315.68, including rental of cylinders, that equates to R64,026.31 per month. The Intaka plant monthly cost is R138,313.92 that is an increase of more than 100%;

- They are not in possession of the contractual agreement and have never seen it and can therefore not confirm when the billing came into effect;
- The hospital requested clarity on the monthly cost as it appeared to be alarmingly high.

viii. There is no record that Shabbir replied to the said letter from Gordonia Hospital dated 26 May 2006. These questions continued from the hospital up to and including August 2007, however it appears that the hospital started communicating directly with Intaka, despite them not being involved in any prior agreement or discussions with Intaka.

9.099 I wish to briefly refer to a letter from Mr Moncho to Intaka dated 21 December 2006 relating to clarity sought on invoices for oxygen consumed at Gordonia Hospital. In terms thereof the usage for the period May 2006 to November 2006 was recorded as follows: **E7/36**

	Month	Usage Kg's
1	May 2006	126.43
2	June 2006	1273.9
3	July 2006	2130
4	August 2006	703
5	September 2006	746
6	October 2006	624
7	November 2006	985
	Total	**6588.33**
	Average usage per month	**941.19**

9.0100 Intaka was invoicing Gordonia Hospital based on a fixed rate of 7,583 kg per month. This was more than the actual usage for the 7 month period referred to above. Intaka would have been paid R16.00 per kg x 6588.33kg for actual usage amounting to R120,771.14 (inclusive of VAT). Intaka were paid R16.00 per kg x 7,583 kg x 7 **E7/36** **E7/38-42**

months for a fixed monthly usage amounting to R968,197.44 (inclusive of VAT).

9.0101 Mr Moncho the current Head of Kimberley Hospital Complex and the Hospital Manager of Gordonia at the time was interviewed. He confirmed the above explanation to the AG and the correspondence attached. He further confirmed that he stopped paying Intaka as he refused to do so, because the hospital was paying for a fixed rate of usage that far exceeded actual usage and that they had not been involved in any form of communication with Intaka nor were they privy to the Agreement entered into between the Department and Intaka. The matter was resolved by Intaka in their invoices providing a description: "Oxygen supply in terms of contract" as opposed to "rental in terms of contract" and "7,583 kg". I previously referred to this change in the wording of the invoices. Moncho advised that a file was retained by him at Gordonia Hospital and provided a copy of the file. The file contains documents relevant to the commissioning of the oxygen plants and water purification plants provided by Intaka to Gordonia Hospital. The majority of the documents have been attached to Mr Moncho's reply supplied to the AG as detailed above and there are very few documents of relevance subsequent to the AG investigation, apart from that detailed below: **C2/56-57** **E8**

1) An Intaka Client Satisfaction Survey Questionnaire dated 25 March 2008 was completed by Wilhelm Stemmet of Gordinia Hospital. Two issues raised under any other comments was the hospital did not receive a contract and the oxygen bill was up more than R1 million per year. **E8/1**
2) Intaka replied on 7 May 2008 and referred to an attached letter dated 23 February 2007 that included the contract and Intaka's invoices for the hospital. **E8/2-3**
3) Intaka replied that they could not provide Gordonia Hospital with a copy of the Agreement as this was entered into between Intaka and the Northern Cape DOH, and the request for a copy should be made to the Department.
4) They replied further that the information on the invoices are per the instructions received on 23 February 2007. Significantly Intaka did not refer to the alleged increase of more than R1 million per year at all.
5) The letter of 23 February 2007 includes the following as it relates to "*Queries* **E8/4-5**

on invoices from Oxyntaka":

"With regard the first point it was clear that the absence of a service level agreement or contract governing the provision of services to our institution caused major confusion in the interpretation of the invoices received by us. If we could elaborate we were not aware that there is a fixed rate of payment for each facility as per contract. However, this explained the first query on the consistency of amounts reflected on our invoices".

"The description part of the invoice would be reviewed to indicate only services rendered as per contract and not based on consumption rates".

11. Northern Cape DOH officials involved in the procurement procedures for the Oxyntaka plants purchased from Intaka

9.100 I have discussed the role played by Mitha, Gaborone, Madyo and Shabbir in the respective procurement procedures for the Oxyntaka plants purchased from Intaka. I wish to briefly refer to their official positions at the time as contained in their personal records maintained by the Northern Cape DOH.

i. Sanjay Mitha

9.101 I determined from the Departments Persal records that SK Mitha (**Mitha**) was employed by the Northern Cape DOH; he was appointed on 1 April 1998 and resigned on 30 June 2007. A letter on a Department of Health letterhead dated 30 March 2005 contained in his personal file maintained by the Northern Cape DOH, reflects that Mitha was appointed to the post of Director: Hospital Revitalisation and Infrastructural Development effective 1 April 2005. On the date of assumption of duty he was to report the office of the Head of Department, Kimberley Office Complex. A further letter on Department of Health letterhead dated 27 October 2006 contained in his personal file reflects that Mitha was relocated from the Hospital Revitalisation Component to Supply Chain Management effective 1 November 2006. A curriculum vitae attached to the bundle of documents relating to the aforementioned post, reflects his full names as Sanjay Kumar Mitha with identity number 710129 5016 082. Two of his references are Mr DD Madyo, HOD, Department of Health, Northern Cape

G1/1-3
G1/4-5
G1/6
G1/7-12

Province and Dr H Shabbir, CEO, Kimberley Hospital Complex.

ii. Daniel Gaborone

9.102 I determined from the Departments Persal records that DM Gaborone (**Gaborone**) id 690815 5655 085 is employed by the Northern Cape DOH. He was appointed on I July 2000 and is still employed by the said Department. A letter on a Department of Health letterhead dated 11 July 2000 contained in his personal file maintained by the Northern Cape DOH, confirms the said appointment as a Deputy Director. His was appointed as Chief Financial Officer (**CFO**)for the Northern Cape DOH for a period of 5 years with effect from 1 January 2002, in terms of a letter issued to him dated 30 November 2001. The appointment was accepted by him in terms of an undated "Acceptance of offer of employment". He further signed a Senior Management Performance Agreement for the period 1 April 2006 to 31 March 2007, on 26 October 2006, at which time he was still the CFO. I understand that Gaborone is currently the CFO of the Kimberley Hospital Complex. **G2/1-3** **G2/4** **G2/5-6** **G2/7** **G2/8-15**

iii. Deon Madyo

9.103 I determined from the Departments Persal records that Deon Danile Madyo (**Madyo**) identity number 691220 5421 084 was employed by the Northern Cape DOH; he was appointed on 1 July 1998 and resigned on 4 August 2006, at which time he was Deputy Director General. I understand that he was the Head of Department (**HOD**) during the period of the procurement of the oxyntaka and water purification plants. I have not been provided with his personal file. **G3/1-3**

iv. Hamid Shabbir

9.104 I determined from the Departments Persal records that Hamid Shabbir (**Shabbir**) identity number 650703 5878 089 was employed by the Northern Cape DOH; he was appointed on 1 August 1993 and resigned on 20 August 2008, at which time he was the Chief Executive Officer (**CEO**) of Kimberley Hospital. His resignation was confirmed in a letter dated 19 July 2008 contained in his personal file maintained by the Northern Cape DOH. A further document titled "Hamid Shabbir" under Career **G4/1-3** **G4/4** **G4/5-8**

Progression reflects the following:

1) Acting CEO Kimberley Hospital Complex since 2003;
2) Medical Director Kimberley Hospital Complex June 2001 to September 2003;
3) Principal Medical Officer Kimberley Hospital Complex August 1993 to May 2001.

In terms of a Northern Cape DOH letter dated 31 August 2004 he was appointed CEO of Kimberley Hospital Complex with effect from 1 August 2004. **G4/9-10**

12. Northern Cape DOH officials linked to entities who entered into Agreements with Intaka and/or who received commissions or other payments from Intaka

9.105 I determined that a number of entities linked to Northern Cape DOH officials entered into agreements with and/or received commission payments from Intaka for the sale of Oxyntaka plants to Northern Cape DOH. This report excludes commission payments to entities from Intaka for the sale of water purification plants and Dialysis machines to Northern Cape DOH as these are covered in separate reports.

Stratfit cc trading as Watertech and Rehman Enterprises

9.106 I however, wish to refer to an entity known as Stratfit cc trading as Watertech (**Watertech**) that is linked to Shabbir, that did not in terms of my findings receive payments from Intaka for the oxygen plants. I determined that Watertech received payments amounting to R4,754,386 from Intaka for the water purification plants purchased by the Northern Cape DOH. I further determined that Rehman Enterprises an entity based in Pakistan and linked to Shabbir's father received payments amounting to R2,631,578.94 from Intaka for the water purification plants purchased by the Northern Cape DOH. I examined the bank statements of Watertech subpoenaed by the SAPS and did not identify any payments made by Intaka to Watertech or Rehman Enterprises that may be linked to the purchase of oxygen plants by Northern Cape DOH. However, I wish to refer to the Watertech bank account in order to reveal the relationship between Shabbir and Dr Maqbool.

9.107 Stratfit cc Standard Bank account number 040090116 was subpoenaed by the SAPS. The Application to open an Enterprise/ Business account, reflects the following: **H1**

1) The document was completed in respect of Chapel Street branch and is dated 19 December 2006;
2) The postal address is furnished as PO Box 3211, Kimberley. This is the same postal address provided by Shabbir on a form Z864 National Treasury Pensions Administration Personal Particulars in the personal file of Shabbir previously discussed; **G4/12**
3) The type of business conducted is recorded as Hotel and Restaurant;
4) Dr Maqbool is recorded as the Manager with contact telephone number 053-8331472;
5) The references are: Meridian Hotel Dr Maqbool telephone number 082 468 3982; and Dr Shabbir telephone number 083 411 9017. The contact telephone for Dr Maqbool is the same number as that provided by Saima Shahzad as sole member on page 2 of the Application. Her address is furnished as 20 Kestel Street, Monument Heights. Shabbir's address on the form Z864 is 16 Kestel Street, Monument Heights. **G4/12**

9.108 I conducted a Consumer Report enquiry on Shabbir. His address is listed as PO Box 3211, Kimberley, being the address of Watertech per Standard bank records and 16 Kestel Street, Kimberley. I also conducted a Consumer Report enquiry on Saima Shahzad. One of her addresses is 20 Kestel Street, Kimberley. Under employer information the name Dr Maqbool is recorded. I further determined from a Kredit search report that an entity known as Kim Corp 960 cc with registration number 2004/097688/23 was registered on 16/09/2004. Shabbir is an active principal and his address is recorded as 16 Kestell Street, Kimberley. Shahzad Maqbool is another active member and his address is listed as 20 Kestell Street, Kimberley; and hence the name Shahzad is the same as Saima Shahzad. **B5** **B6** **B7**

9.109 I examined the personal file of Shazhad Maqbool maintained by the Northern Cape DOH and determined the following: **G6**

1) A copy of his identity number reflects his full names as Shahzad Maqbool id 640601 6044 185, born in Pakistan and issued on 1994/09/27. **G6/1**
2) A Persal Administration: NC Health: Enquiry Service Record dated 16 April 2009 reflects he was appointed on 13 February 2001 and was still employed by the Department on 16 April 2009. **G6/2** **G6/3**
3) A Northern Cape DOH letter dated 16 April 2009 reflects that Shahzad Maqbool ID 640601 6044 086 worked in the Kimberley Hospital Complex from 1 September 2001 to date (being 16 April 2009). **G6/4**
4) Page 1 of a form National Treasury Pensions Administration Withdrawal from Fund, reflects he resigned on 31 January 2010. **G6/5**
5) A "Naeem Translation House", Islamabad form is a Marriage Certificate. It reflects that Shahzad Maqbool date of birth 01/06/2004 was married to Saima Mazhar dated of birth 31/07/1970, on 12 November 1994. **G6/6-7**
6) A Republic of South Africa Permit for Permanent Residence reflects that the permit was issued to Shahzad Maqbool on 5 July 1993. Attached is a certified copy of birth entry no 55/96 issued in Lahore on 14/03/1996. It reflects that infant as Dania, the fathers name as Shahzad Maqbool and the mothers name as Saima Shahzad. Also attached to these 2 documents is a copy of an identity book of Saima Shahzad; it reflects her id 700731 0627 185, born in Pakistan and issued on 1998/07/08. **G6/8** **G6/9** **G6/10**

9.110 The documentation discussed above would indicate that Shabbir, (Dr) Shahzad Maqbool and Saima Shahzad are linked to Watertech. When the SAPS went to conduct a search of 20 Kestel Street, Kimberley they located a Dr Mahmood and Dr Bushra who were living there since December 2008. Neither Shahzad Maqbool and Saima Shahzad could be traced. Shabbir was found to be the occupant of 16 Kestel Street, Kimberley where the SAPS conducted a search.

9.111 I further determined from a Kreditinform search report that an entity known as Kim Corp 970 cc with registration number 2004/097662/23 was registered on 16/09/2004. Madyo is an active principal and was appointed on 11 April 2005. Shabbir and Shahzad Maqbool are also listed as been appointed on 11 April 2005, but have **B8**

subsequently resigned although I cannot determine the resignation date. The status of this entity is recorded as "De-registered". **B8/1**

9.112 However, I conducted an interview with Adriaan Laubscher (**Laubscher**) who was employed as the financial manager at Intaka Manage (Pty) Ltd from October 2005 to March 2008. He resigned in October 2007, but stayed on until March 2008, the last three months of which were in a consulting capacity.

9.113 He provided the following information to me relating specifically to the sale of the Oxygen plants by Intaka to the Northern Cape DOH and the role of Shabbir, Gaborone and Mitha:

1) Intaka imported oxygen generators and installed them locally at clients. These units were called Oxyntakas.
2) Shabbir was the CEO of the Kimberly Hospital. He came to the Intaka offices in Cape Town on about five times that he knew of. He also once met Shabbir and Gaborone, the CFO for Health in the Northern Cape, in Bloemfontein to discuss appointing an agent to collect money due to Intaka by the Department of Health.
3) The Department of Health did not pay Intaka on time for the monthly oxygen invoices. He spoke to Daniel Gaborone, the CFO for Health, about this numerous times. Raoul de Lange (Intaka in- house legal representative at the time) was involved in setting up an agreement with a collection company, involving Sanjay Mitha who had left the Department of Health at the time. He believed this arrangement was above board as Mitha was no longer employed by the Department of Health.
4) He flew to Bloemfontein with de Lange to meet with Sanjay Mitha. Dr Shabbir and Gaborone attended the meeting but Mitha was not there. Shabbir said he was mandated by Mitha to speak on his behalf. He was not comfortable with this and thought it strange that Shabbir and Gaborone who were from the Department of Health were involved in setting up a company to collect debts due by the Northern Cape DOH to Intaka. Mitha was paid up to a point, in terms of a contact with him, for his involvement in collecting money due to

M

Intaka.

9.114 Laubscher provided an affidavit that includes the information detailed above. He informed me that prior to resigning from Intaka a number of transactions that resulted in payments to various entities came to his attention that made him suspicious that entities in the Intaka Group were involved in some irregular activity. As a result of his concerns, on 14 March 2007 he scanned and e-mailed copies of some of the documents supporting the suspicious payments to an external e-mail address where he later retrieved the e-mails. He attached copies of these documents to his affidavit and discussed them. F8

9.115 I will refer to and discuss payments made to Yadhav Investments the company referred to by Laubscher that was set up to collect debts due by the Northern Cape DOH to Intaka, and payment to Chisane Investments (John Block) later in this report.

Hamid Shabbir ABSA bank account number 940174805

9.116 The aforementioned bank account was subpoenaed by the SAPS. This was Shabbir's account into which his salary was paid by Northern Cape DOH. It is evident upon examination of the bank statements that Shabbir had another source of income other than that received from the Department during the period he was still employed by the department. Further, it is evident based on funds in and out of this account that he holds other bank accounts that I have not had access to. Hence, I have not performed a detailed investigation into this account and other bank accounts held by Shabbir. I identified fourteen (14) x payments into the account in question amounting to R207,000 made up of rounded amounts, during the period 05/05/2006 and 28/05/2008 when he was still employed by the department (he resigned on 20 August 2008). H2

Mapquest

9.117 I determined upon examination of documents seized from Intaka that Intaka corresponded with and entered into business transactions with an entity known as

Mapquest as discussed hereunder:

1) On 21 November 2006 Intaka sent a letter to Deon Madyo, Executive Director, Mapquest, Rustenberg on 21 November 2006 in respect of a request for a presentation by Intaka of their services. Madyo was involved to the extent that he signed all 3 Submissions dated 15 June 2005, 7 September 2005 and 13 April 2006 as HOD, prepared by Mitha and sent to the Provincial Tender Board. It also appears to be his signature on 3 Agreements on behalf of the Northern Cape DOH, entered into with Intaka. A 4th Agreement appears to have been signed by Shabbir on behalf of Madyo as HOD. He resigned from the Department on 4 August 2006, prior to the letter in question. **H3** **D1, D8, D16** **D12, D13, D14** **D20**
2) On 30 November 2006 Intaka and Madyo of Mapquest entered into an Agency Agreement to promote, market and sell Oxyntaka's and Wataka's in the North West and Limpopo Province i.e. not the Northern Cape. The registration number of Mapquest is recorded as 2006/016908/07. I performed a Kreditinform Enquiry and determined that Mapquest Trading (Pty) Ltd with the said registration number was registered on 1 June 2006. The sole active principal is Danile Deon Madyo (Madyo) with effect from 29 June 2006.One of his current business interests in Sakhiwo Health Solutions (**Sakhiwo Health**) to be referred to below in more detail. **H4** **B9**
3) A Mapquest Tax Invoice dated 1 October 2007 in the amount of R336,140.91 refers to "Marketing and product promotion Wataka & Oxyntaka Limpopo" The bank details are recorded as: Mapquest, ABSA Bank, account no: 4065783726 **H5**
4) The said bank account was subpoenaed by the SAPS. I determined that the account is held in the name of Mapquest Trading (Pty) Ltd and was opened on 20 July 2006. The first significant deposit was recorded as a Credit Transfer "Karibuni Loan Mapquest" in the amount of R650,000 on 4 August 2006 i.e. the same day he left the Northern Cape DOH. I identified 3 payments from Intaka Investments as detailed below. Each of the payments was made by Intaka when the balance in the Mapquest account was low. **H6/1**

	Date	Amount (R)	
1	30/04/2007	50,000.00	H6/2
2	12/10/2007	336,140.91	H6/3
3	17/01/2008	286,128.50	H6/4
	Total (R)	672,269.41	

5) The said payments were made after Madyo resigned from the Northern Cape DOH. The 2nd payment appears to relate to services provided in Limpopo as detailed in the Mapquest invoice above. Laubscher provided me with a copy of an invoice dated 12 December 2006 in the amount of R50,000 and it also relates to services in Limpopo for Oxyntaka. In sub-paragraph 2) above I referred to Sakhiwo Health. The 1st payment received by Mapquest from Sakhiwo Health was on 25 June 2008, attached hereto for ease of reference. The relevance is that I would later determine Mitha was employed by Sakhiwo Health after he left the Northern Cape DOH and hence his continued relationship with Madyo. H5 H7 H6/5

6) A document titled "Cash Requirements" refers to the background into the Intaka cash requirements and a meeting held on 11 December 2007. On page 3 of the document the following is recorded: H8 H8/3
"*There is also a Commission due to Mr Deon Madyo of approximately R8million (Vat included) which is still outstanding and which has not been brought into the table above as it is uncertain as to when the money will be paid. This commission is due for the provision of 8 Watakas to the Northern Cape. There is also a commission due to Watertech of R500,000*". Hence, the commission of R8 million was not due to Deon Madyo for the North West and Limpopo Provinces as envisaged in the Agency Agreement referred to a payment to in sub-paragraph 2) above. On page 6 the document is dated 19 February 2008 beneath the name MG Erasmus. I have included this even though it relates to the water purification plants as it shows the relationship Madyo had with Intaka. H8/6

7) On 14 March 2008 Intaka sent a letter to Deon Madyo and referred to the Agency Agreement dated 30 November 2006.They further advised him that H8/7

the agreement had now expired and thanked him for trying to procure the necessary sales.

13. Northern Cape and Chisane Investments: links to Intaka and commission payments for sales from Intaka

9.118 I determined when investigating the supply of water purification plants by Intaka to the Northern Cape DOH that an entity known as Intaka Northern Cape was linked to Intaka, and that the former received commission payments from Intaka for the sale of water purification plants to Northern Cape Health. I further determined that the directors Intaka Northern Cape were Dr Savoi and John Block. I identified a number of documents seized by the SAPS at the premises of John Block, 10 Golden Gate Street, Cartes Glen, Kimberley relevant to Intaka Northern Cape and another entity known as Chisane Investments. I wish to refer to some of these documents:

1) The minutes of an inaugural meeting of Tarree Investments (Pty) Ltd held on 2 March 2005. In terms thereof Gaston Savoi, John Heinrich Cerff and John Fekile Block were appointed directors of the company. I performed a Kreditinform Enquiry and determined that Intaka Northern Cape (Pty) Ltd with registration number 2005/006456/07 was previously known as Tarree Investments. The Directors appointed effective 2 March 2005 and who are still active principals are: John Fikile Block and Gaston Savoi. John Block was allocated 36 shares (30%) and Intaka Holdings 84 shares (70%) at the aforementioned meeting. **H9** **B4**
2) On 9 March 2005 Gaston Savoi's name appears on a document titled "Ref: Oxyntaka- Wataka" addressed to John Block. The content refers to an introductory meeting between Gaston Savoi, John Block, Hamid Shabbir and Deon Madyo on 7 March (assumed to be 2005, based on the date of the document). (This document was located in the electronic data seized by the SAPS from Intaka). **H10**
3) On 15 June 2005 Intaka sent a letter to John Block, Director of Intaka Northern Cape titled "Contract for the supply of four Oxyntaka to Northern Cape". They referred to Gordonia Hospital and Upington Hospitals that were **H11**

supplied with oxygen outlet points and an increase of the cost per kilogram from R9 to R16. They further included 2 annexures to the signed agreement to be signed by Deon Madyo, Deputy Director General, Department of Health, Northern Cape

4) Chisane Investments Invoice number CHI003 is dated *31 June* 2005 and addressed to Eugene Hope. It refers to "Consultancy Services provided in the Northern Cape Province" in the amount of R139,707. **H12**

5) An Agenda for a Board Meeting of Intaka Northern Cape to be held on 3 August 2005, included distribution to Gaston Savoi and John Block. Reference is made to installation of Oxyntaka's and Intaka's at Calvinia and Colesberg Hospitals. **H13**

6) Chisane Investments Invoice number CHI008 dated 14 September 2005 and is addressed to Eugene Hope . It refers to "Consultancy Services provided in the Northern Cape Province" in the amount of R187,986. The invoice reflects John Block as Company Director. **H14**

7) Chisane Investments Invoice number CHI010 dated 29 November 2005 is addressed to Eugene Hope. It refers to "Consultancy Services provided in the Northern Cape Province" in the amount of R62,814. The invoice reflects John Block as Company Director. **H15**

8) An Intaka Tech reconciliation of consultancy fees for year ending 28 February 2007 reflects an amount of R400,000 was paid to Chisane Investments on 15 August 2006. A copy of the General Ledger reflects the payment was posted and due on 15 August 2006. Attached is a Chisane Investments invoice number CHI0018 dated 15 August 2006 for "Consultancy Services provided in Northern Cape Province" for Intaka Investments, in the amount of R400,000 excluding VAT, and R456,000 inclusive of VAT. The bank details provided is ABSA Bank Chisane Investments, City Centre, Kimberley, cheque account number 4060501886, branch code 500902. (These documents were seized at Intaka's premises by the SAPS). **H16/1** **H16/2** **H16/3**

9.119 A Kreditinform Enquiry determined that Chisane Investments (Pty) Ltd with registration number 2004/004027/07 was previously known as Sage Wise 117 and was registered on 18 February 2004. The sole Active Principal appointed 8 March **B10**

2004 is Block.

9.120 I previously referred to my interview with Laubscher and he provided the following information specific to the Oxygen plants purchased by the Northern Cape DOH from Intaka. I will not repeat the explanation he provided to me in respect of the water purification plants and Intaka Northern Cape, John Block and Chisane Investments and the payments made by Intaka to Chisane Investments for the water purification plants.

1) John Block was initially Dr Savoi's contact in the Northern Cape. He knew that Block was the leader of the ANC in the Northern Cape. Block was initially involved in Health and mainly in the various municipalities. He did not specifically know what the commission payments of R139 707, R187 986 and R62 814 were for, but he did suspect that they were for playing an intermediary role with customers in local and provincial government in the Northern Cape. The invoices for the said amounts have been referred to by me in sub- paragraphs 4), 6) and 7) of paragraph 9.099 above. **H12,H14, H15**
2) As far as he could recall Dr Savoi informed him that the invoice from Chisane Investments for R456 000, dated 15 August 2006 was a once off payment to Block for the oxygen contract for the first 7 hospitals that signed a contract for the Oxyntaka machines. **H16/3**

Chisane Investments (Pty) Ltd ABSA Bank account number 4060501886

9.121 The aforementioned bank account was subpoenaed by the SAPS. The bank has stated that they were unable to locate the opening documents as per the FICA Centre. I have been provided with bank documents with effect from 1 January 2006 only. I identified a payment in the amount of R456,000 to Chisane Investment that is consistent with Chisane Investments invoice number CHI0018 dated 15 August 2006 as detailed hereunder. In terms of Laubscher's explanation this was a once off payment to Block for the oxygen contract for the first 7 hospitals that signed a contract for the Oxyntaka machines. The remaining 3 invoices that have been referred to above and that Laubscher was not certain what services they related to, **H17/1** **H16/3**

were issued in 2005 and as stated above I do not have bank statements prior to 1 January 2006.

9.122 Intaka FNB account number 62106988150, subpoenaed by the SAPS reflects an Internet payment on the same day 24 August 2006 in the amount of R1,045,380; the reference is Chisane Investments. However, I located a copy of this statement in the Intaka records seized by the SAPS and it contains the following handwritten note alongside "Chisane Investments R456,000-00, Skyros Man fee & Rental R589,380", which confirms the payment to Chisane Investments in the amount of R456,000. **H17/2** **H17/3**

14. Yadhav Investments

9.123 I previously referred to my interview with Laubscher; that Mitha set up a business entity to collect debts due by Health to Intaka and that Mitha was paid up to a point, in terms of a contact with him, for his involvement in collecting money due to Intaka.

9.124 The following electronic records and hard copy documents seized by the SAPS are relevant to Mitha, Yadhav Investments and Intaka:

1) An unsigned Agency Agreement effective 14 November 2007, between Intaka and Yadhav Investments cc to "*facilitate expeditious approval, uploading and payment management process*" to Intaka by the Department of Health, Northern Cape, for the 32 medical oxygen and medical air generating units installed at 32 hospitals (I am only aware of 30). The commencement date is recorded as 14 November 2007. **H18**
2) On 17 April 2008 Intaka sent a letter to Sanjay Mitha and referred to the Agency Agreement executed on 19 November 2007.He was notified that he has persistently failed to ensure that payments are received by Intaka in a timely manner, despite full commissions being paid to the Agent. They further advised him of a breach of the agreement and that Intaka reserved the right to terminate the Agreement in the event that the Agent (Yadhav) fails to ensure that payments are rendered in accordance with the terms of the Agreement. I do not know if this letter was ever sent to Mitha or not. **H19**

9.125 I examined the electronic records seized by the SAPS from Intaka. I identified 9 Remittance Advice's that reflect nine (9) x payments were made to Yadhav Investments by Intaka amounting to R610,657.70 during the period 8 February 2008 to 17 December 2008. **H20**

Yadhav Investments cc Standard Bank account number 040091732

9.126 The aforementioned bank account was subpoenaed by the SAPS. I determined that the account was opened on 26 June 2006 and the sole signatory is Mitha. The type of business is recorded as "Distributor of steel and cement". One of his references is "Dr Shabir" whose cellular number is recorded as 083 411 9017; this is the same number provided to the bank for Shabbir as a reference in the Stratfit cc application form to open a bank account. I examined the bank statements of Yadhav Investments and identified twenty (20) x payments from Intaka to Yadhav Investments amounting to R1,544,315.52 during the period 18 December 2007 to 16 April 2010. The balance on the account as at 10 June 2010 is -R79.12. I further determined that a Cheque deposit was made by "Kim Corp 960 cc" in the amount of R10,000 into the Yadhav Investments bank account on 6 February 2008. This occurred during the period of the 1st and 2nd payment received from Intaka. The balance on the account was R10,401.80 before the cheque was deposited and R10, 306.68 prior to receipt of the 2nd Intaka payment; and hence there were funds available. I previously referred to Kim Corp 960 cc and that Shabbir and Maqbool are active principals. **H21/2** **H1/1** **H21/10-31** **H21/1** **H21/32** **H21/12**

9.127 It is evident that the vast majority of payments into this account were made by Intaka, and there is no indication that this account was used for purposes of receiving income for the conducting of business as a "Distributor of steel and cement". This brings into question and places significant doubt as to exactly what Mitha was doing for Intaka that could speed up payments to Intaka by the Northern Cape DOH; that Gaborone the CFO of the Department could not have done and further Gaborone and Shabbir representing Mitha had attended a meeting with Intaka beforehand and were involved in setting up Mitha's company to collect debts.

9.128 In addition to this I determined that one of the main reasons why the hospitals were refusing to pay Intaka was because they were not happy to pay a guaranteed minimum amount for oxygen per month to Intaka that far exceeded the actual usage. I previously referred to examples being at Gordonia Hospital and Abraham Esau Hospital. Hence, this was an issue that should have been resolved internally by the Department and specifically by Gaborone as CFO and not by Mitha an outsider. Gaborone was in a position of strength and should have acted in the best interests of the Department. He could have requested Intaka for example to pass on the anticipated fees to be earned by Mitha to the Department as a savings (a settlement discount), on condition he ensured Intaka were paid in a timely manner by his Department. Based on Shabbir's link to Watertech and his close relationship with Mitha in the obtaining of the fraudulent quotations for Water Purification Plants and Submissions to the Tender Board for Oxyntaka units that contained numerous misrepresentations in Intaka's favour, it is my submission that this was just another method of disguising payments that were not due to Mitha, aided by Shabbir.

SK Mitha ABSA Bank account number 4072874140

9.129 The aforementioned bank account was subpoenaed by the SAPS. Based on the bank statement number 1 provided by ABSA it would appear that the account was opened on 21 November 2008 as it reflected a nil balance at the said date and the SAPS had subpoenaed the bank statements from 1 January 2006. I previously referred to Sakhiwo Health, an entity linked to Madyo, I determined upon examination of Mitha's bank account that he received a monthly salary payment from Sakhiwo Health. I identified eighteen (18) x payments from Sakhiwo Health to Mitha amounting to R613,246.80 during the period 19 December 2008 to 26 May 2010. During the same period he was receiving payments from Intaka as discussed above. **H22/2** **H22/3-19** **H22/1**

SK Mitha Standard Bank account number 143891081

9.130 The aforementioned bank account was subpoenaed by the SAPS commencing 1 January 2006. I have attached the bank statements received in their entirety as the **H23**

only significant deposits were those identified as detailed in the table below, during which time Mitha was employed by Northern Cape DOH (his last working day was 30 June 2007):

	Description	Date	Amount (R)	
1	Cash deposit S Mitha	04/01/2006	30,000	H23/1
2	Cash deposit S Mitha	17/01/2006	10,000	H23/1
3	Cheque deposit SK Mitha	27/06/2006	50,000	H23/6
4	Cheque deposit SK Mitha	15/01/2007	20,000	H23/14
			110,000	

9.131 The said deposits appear not to be salary related. The closing balance on the account as at 30 June 2008 was nil. H23/31

15. Comparative costs Intaka and Afrox

9.132 Mitha in his Submission dated 2 July 2005 provided a "Comparative Oxygen Consumption Costs" spreadsheet (D4/3) attached hereto for ease of reference for 6 hospitals. He furnished the "monthly base 02 consumption" for 6 hospitals per National Tender provided in kilograms and concluded by calculating the monthly cost. Afrox was requested to provide the monthly oxygen consumed in kilograms in order to determine if Mitha's figures were accurate. Afrox provided a spreadsheet with information. Afrox had been provided with the "commencement date" as recorded in column 2 of the spreadsheet. The said date was obtained from the signed Schedules to the Agreement entered into between Intaka and Northern Cape DOH referred to previously in this report for the 6 hospitals subject to this analysis. Detailed below is a further explanation of the various columns contained in the spreadsheet: K1/1 K2 D14

1) Hospital- name of hospital and place where applicable;
2) Commencement date- already discussed above;
3) 3 Month Period- the 3 month period prior to the commencement date (not necessarily immediately prior to actual installation);

4) Month 1 (kgs)- the 1st months usage/ consumption in kilograms;
5) Month 2 (kgs)- the 2nd months usage/ consumption in kilograms;
6) Month 3 (kgs)- the 3rd months usage/ consumption in kilograms;
7) Total (kgs)- the total usage/ consumption for months 1-3;
8) Monthly average (kgs)- the average monthly usage/consumption for months 1-3.

9.133 I wish to point out that according to Afrox, Abraham Esau hospital in Calvinia did not purchase any medical oxygen during the 3 month period in question, recorded as nil on the Afrox spreadsheet and the sales value (to be referred to on a separate spreadsheet was for cylinder hire only). **K2**

9.134 I further determined the "monthly oxygen consumption (in kilograms) per the contract" charged by Intaka subsequent to the commissioning of their plants, as recorded in their invoices for the 6 hospitals in question, attached hereto for ease of reference is **K3** the same as that furnished by Mitha in his "Comparative Oxygen Consumption Costs" **K1** spreadsheet and the signed Schedules to the Agreement. Detailed below is a **D14** comparison between:

A. Actual average monthly usage/consumption provided by Afrox for a 3 month period prior to the commissioning of the Intaka plants for the 6 hospitals; **K2**
B. The monthly base 0^2 consumption provided by Mitha for Afrox in his "Comparative Oxygen Consumption Costs" spreadsheet; and **K1**
C. Actual subsequent monthly consumption charged by Intaka and for which they received payment. **K3**

	Name of hospital	A (kg)	B (kg)	C (kg)
1	Abraham Esau (Calvinia)	0	3,000	3,000
2	Manne Dipico (Colesberg)	544	3,000	3,000
3	Dr Van Niekerk (Springbok)	492	3,500	3,500
4	De Aar (Central Karoo)	682	2,000	2,000
5	Gordonia (Upington)	1,540	7,583	7,583
6	Kuruman	298	850	850
	Total	**3,556**	**19,933**	**19,933**

9.135 Hence, based on the above Mitha mispresented the monthly usage/consumption for

the 6 hospitals in question per the National Tender to the Provincial Tender Board in the amount of 19,933 kgs. The actual average usage/ consumption per month to Afrox in terms of the National Tender for oxygen was 3,556 kgs . The Department subsequently paid Intaka for the inflated monthly usage of 19,933 kgs for the same 6 hospitals.

9.136 Afrox was also requested to provide the monthly cost of Oxygen to the 30 hospitals where the Intaka oxygen plants were installed, for a period of 3 months prior to the Intaka plants being installed and commissioned. They provided a spreadsheet similar to the previous one, but reflecting the costs of sales in Rands, that excludes VAT. They were provided with the "commencement date" as recorded in column 2 of the spreadsheet. The said date was obtained from the Schedules to the Agreements entered into between Intaka and Northern Cape DOH referred to previously in this report. The installation dates recorded on the relevant Installation Forms to the Agreement for 22 hospitals differed to the commencement date as the installations did not take place as envisaged but at a later date as detailed on a spreadsheet prepared. Nevertheless, this did not effect the information provided by Afrox. I will discuss the Monthly Average for all 30 hospitals recorded in column 8 later in this report.

K4/1
D14/D20
D14/D20
D20
K4/2

9.137 For purposes of the 6 hospitals in question I extracted the Monthly Usage from the said table in order to determine the financial implications of Mitha's misrepresentation. Detailed below is a comparison between:

A. Amount for the actual average monthly usage/consumption of oxygen provided by Afrox for a 3 month period prior to the commissioning of the Intaka plants for the 6 hospitals; **K4**
B. Amount for the "monthly base 0^2 consumption" provided by Mitha for Afrox in his "Comparative Oxygen Consumption Costs" spreadsheet; and **K1**
C. Amount for subsequent monthly consumption charged by Intaka and for which they received payment. **K3**

		A	B	C
	Name of hospital	**Amount (R)**	**Amount (R)**	**Amount (R)**
1	Abraham Esau (Calvinia)	401.00	85,380.00	48,000.00
2	Manne Dipico (Colesberg)	11,072.00	53,880.00	48,000.00
3	Dr Van Niekerk (Springbok)	14,409.00	99,610.00	56,000.00
4	De Aar (Central Karoo)	14,979.00	35,920.00	32,000.00
5	Gordonia (Upington)	61,076.00	215,812.18	121,328.00
6	Kuruman	14,154.00	24,191.00	13,600.00
	Total amount (R)	**116,091.00**	**514,793.18**	**318,928.00**

9.138 Hence, Mitha mispresented the monthly costs for the 6 hospitals in question per the National Tender to the Provincial Tender Board in the amount of R514,793.18. The actual amount paid per month to Afrox in terms of the National Tender for oxygen and rental amounted to R116,091.00 exclusive of VAT, that amounts to R132,343.74 inclusive of VAT. The Department subsequently paid Intaka R318,928.00 per month for the same 6 hospitals. Mitha further stated that the savings would be more than 60%. The costs for the 6 hospitals actually increased by R186,584.26 per month (R318,928.00- R132,343.74) or by approximately 141%.

9.139 As previously stated Afrox provided a spreadsheet reflecting the monthly cost of Oxygen to the 30 hospitals where the Intaka oxygen plants were installed, for a period of 3 months prior to the Intaka plants being installed and commissioned. I prepared a spreadsheet in order to determine the Comparative costs between what Afrox charged Northern Cape DOH prior to the installation of the Intaka oxygen plants and what Intaka subsequently charged the Department. Detailed below is a explanation of the various columns contained in the spreadsheet: **K4** **K5**

1) Column A- the number of hospitals who received Intaka oxygen plants;
2) Column B- the name of the hospital and place where applicable;
3) Column C- the 3 month sales period used by Afrox for purposes of obtaining costs for comparative purposes, being dates prior to the installation of Intaka oxygen plants;
4) Column D- the Afrox monthly average sales in Rands over the 3 month sales period;

5) Column E- the Afrox highest amount in Rands in any of the 3 months of the sales period;
6) Column F- the amount per month Intaka invoiced the Department subsequent to the installation of the Intaka oxygen plants;
7) Column G- the relevant Intaka invoice annexure number included in this report;

9.140 I determined that the Afrox Monthly Average costs was R291,844.56 (R256.004 + VAT) (Column D) over a 3 month period prior to installation of the Intaka oxygen plants, whilst the Intaka fixed costs per month was R1,276,081.92 (Column F) in the month following installation of their plants, that resulted in an increase of R984,237.36 or 337%. I determined further based on the Afrox highest amount in Rands in any of the 3 months of the sales period, that an amount of R313,036.00 (Column E) was paid to Afrox, and hence an increase of R919,220.88 or approximately 258%. **K5**

9.141 In addition to the above all the hospitals where Intaka oxygen plants were installed and commissioned, continued to rely on Afrox for a back up supply of oxygen. Afrox provided a spreadsheet titled: "Cost of Back Up Supply to Northern Cape Hospitals until August 2010 inclusive". The spreadsheet lists 12 of the 30 hospitals. Detailed below is an explanation of the various columns contained in the spreadsheet: **K6**

1) Hospital- the name of the hospital;
2) Start of cost calculation- the date Afrox commenced providing back up cylinders (at which point Intaka had installed their plants);
3) 10.2kg cylinder rental- the cost of renting the cylinders;
4) Cost of cyl gas- the cost of the oxygen used;
5) Bulk tank rental- the cost of renting the liquid oxygen tank (Kimberley hospital only);
6) Cost of bulk- the cost of the oxygen used from the liquid oxygen tank;
7) Total- total costs for rental of cylinders, oxygen used, rental of bulk tank and oxygen used from bulk tank.

9.142 The aforementioned spreadsheet reflects that the Northern Cape DOH incurred **K6/1**

additional expenses amounting to R3,041,543 (R3,467,359 inclusive of VAT), for the back up supply of oxygen at 12 of the 30 hospitals where the Intaka oxygen plants were commissioned.

9.143 At the remaining 18 of the 30 hospitals Afrox was unable to distinguish between back up costs and other costs, as these costs included supply to clinics of the hospitals and mobile oxygen cylinders used for purposes other than back up. Afrox provided a spreadsheet titled: "Cost of Medical Oxygen for 18 x Northern Cape Hospitals from January 2007 to September 2010 inclusive". The spreadsheet lists 18 of the 30 hospitals and reflects that the Northern Cape DOH incurred additional expenses amounting to R2,784,349 (R3,174,157.86 inclusive of VAT), for the medical oxygen including back up supply of oxygen at 18 of the 30 hospitals where the Intaka oxygen plants were commissioned. **K6/2**

9.144 Ms Rose Mabelis of Afrox provided an affidavit confirming the participation of Afrox in the transversal contract number RT50 of 2005CV. She further confirmed providing the costs and quantities referred to by me and used for purposes of calculation and comparison as detailed above. **F9**

16. Affidavit of Ndleleni Mathebula

9.145 Mr Ndleleni Mathebula, Chief Director, Contract Management, National Treasury provided an affidavit that deals primarily with Treasury Regulation 16A6.5 and the participation by accounting officers or accounting authority in transversal term contracts facilitated by National Treasury, and how this relates to the matter under investigation. The following is significant: **F10**

9.146 1) Contract RT50 of 2005 for the supply and delivery of industrial compressed, medical compressed, industrial bulk and liquid petroleum gasses (LPG) was advertised during 2004/2005 and awarded to Afrox and Air Liquide for the period 1 July 2005 to 30 June 2008. The contract was extended for a six month period to end on 31 December 2008. I previously referred to the attachment to Mitha's Submission dated 2 July 2005 where the aforementioned Contract RT50 of 2005

was disclosed. Mabelis of Afrox also referred to this contract in her affidavit;

2) The Provincial Government of the Northern Cape participated in Contract RT50 of 2005;
3) Once a department or institution opts to participate in a transversal term contract, such a department or institution is prohibited from soliciting bids for the same or similar products for the tenure of that specific transversal contract;
4) During 2006 Afrox lodged a complaint with National Treasury in which it alleged that the Northern Cape had installed pressure swing absorption (PSA) units at seven hospitals and clinic services by Afrox and sought National Treasury intervention;
5) He wrote formal letters to the CFO of the National Department of Health and Head of Provincial Treasury in the Northern Cape asking for their intervention in the matter;
6) The Office of the Accountant General also received a similar complaint and instituted formal investigations into the matter;
7) The investigations revealed that a company called "Oxyntaka/ Intaka Tech" was responsible for the installation of the PSA units not only in Northern Cape, but also at various hospitals and clinics in KwaZulu- Natal and at a certain hospital in the Western Cape;
8) He had no knowledge of the process that was followed in the appointment of Oxyntaka/ Intaka Tech to supply the PSA Units;
9) In the current contract, which is due to end in January 2012, contract RT50 of 2009, all provincial departments are participating. Therefore, in terms of Treasury Regulation 16A6.5 these departments are prohibited from entering into or having any other contract for the same or similar products for the tenure of this contract.

9.147 Hence, based on the above the Northern Cape DOH had no authority to enter into or have any other contract with Intaka.

17. Site visits

9.148 I visited two sites in the Northern Cape DOH on 6 October 2010, where Intaka installed 2 of the oxygen plants; being Kimberley and Barkly West hospitals. Photographs were obtained and attached hereto. The following is significant: K7

1) The Oxyntaka was installed at Kimberley Hospitals (photos 1 and 2)
2) An identification plate of an entity known as Grotto Defranceschi who manufactured water purification plants for Intaka, and discussed in detail in my report dealing with the investigation of the water purification plants procured by Northern Cape DOH, has been fitted to the Compressed Air Tank (photo 4) at Kimberley hospital;
3) The Oxyntaka oxygen outlet pipe is disconnected (photo 5) at Kimberley hospital;
4) The Oxygen analyser that measures the percentage of purity of the oxygen reflects it dropped below the required level of 93% to 81.92% (photo 6) at Kimberley hospital;
5) Afrox still provide bulk liquid oxygen as reflected in their tank (photo 7) and a bank of oxygen cylinders for back up (photo 8). The iced condition of the bulk liquid oxygen tank outlet pipe (photo 9) indicates that oxygen is being drawn from the tank at Kimberley hospital, and the temperature gauge of the car I was driving at the time, reflecting the temperature was 36°C (photo 10),
6) The Oxyntaka was installed at Barkly West hospital (photo 11 and 12); and
7) A bank of oxygen cylinders for back up (photo 13) at Barkly West hospital.

Summary of Findings

9.149 Detailed below is a summary of significant findings from the investigation conducted into the procurement of Oxygen Plants by the Northern Cape DOH:

1) On three occasions the Northern Cape DOH received authority from the Provincial Tender Board for "*The Deviation from Tender Procedures: Acquisition of Oxygenators*" from Intaka, an entity based in the Western Cape, for clinical use at Provincial Hospitals within the Northern Cape DOH, as summarised hereunder in the minutes of the Tender Board and letters from the Tender Board to the Northern Cape DOH:
   - 13 July 2005 for Colesberg (Manne Dipico) and Calvinia (Abraham Esau) hospitals; **D6/D7**
   - 1 December 2005 for Gordonia, Kimberley, Kuruman, De Aar and Springbok hospitals; and **D10/D11**
   - 18 May 2006 at all Provincial hospitals (excluding the seven sites previously approved). **D18/D19**
2) Gaborone was present at the meeting of the Provincial Tender Board as a member representing Northern Cape DOH on 13 July 2005. **D5**
3) The approvals of the Provincial Tender Board were preceded by the compilation of three Submissions by Mitha to the Provincial Tender Board:
   - 15 June 2005 for Colesberg and Calvinia hospitals; **D1**
   - 7 September 2005 for Gordonia, Kimberley, Kuruman, De Aar and Springbok hospitals; and **D8**
   - 13 April 2006 at all other hospitals in the Province. **D16**
4) The said Submissions were signed by the following officials prior to Mitha sending same to the Provincial Tender Board:
   - 15 June 2005 for Colesberg (Manne Dipico) and Calvinia (Abraham Esau) hospitals: Gaborone (who subsequently attended the meeting of the Tender Board held on 13 July 2005 where the Approval for deviation from tender procedures was granted), Madyo and Ms Selao; **D1**
   - 7 September 2005 for Gordonia, Kimberley, Kuruman, De Aar and Springbok hospitals: Madyo and Ms Selao; and **D8**

➢13 April 2006 at all other hospitals in the Province: Madyo and Ms Selao. **D16**

5) Mitha made a number of unsubstantiated comments and misrepresentations in the 1st Submission most noticeably that: **D1**

➢"*Intaka Investments (Pty) are the only supplier of this technology in South Africa*"; there are other suppliers in South Africa including Insmed and Myriad Medical; **E1, E2**

➢"*Oxyntaka systems allow health care facilities to produce their own oxygen on site- ending regular oxygen purchase*"; the hospitals where the oxygen plants were subsequently supplied and commissioned by Intaka continue to purchase oxygen from Afrox in the form of 2 different size cylinders for smaller and larger hospitals respectively and bulk liquid oxygen to Kimberley hospital;

➢"*Continuous on- line oxygen*"; the oxygen plants supplied by Intaka do not come with a back up system. This was confirmed by Intaka's Mr Oosthuizen on two occasions at Intaka meetings held on 23 and 30 January 2008 respectively. **E3**

6) Mitha replied to a letter from the Provincial Tender Board dated 27 June 2005 in his letter dated 2 July 2005. He provided a "*Comparative Oxygen Consumption Costs*" schedule that concluded that the Intaka Oxyntaka system would realise a saving of more than 60%. This was a further misrepresentation as I determined all 30 hospitals continue to use Afrox in addition to the Intaka plant and the costs have increased substantially and not decreased. **D4** **K5**

7) The Submissions prepared by Mitha further failed to disclose that Intaka would be charging the Department and each hospital R16.00 per kg of oxygen based on a "*guaranteed usage*" per month and not based on actual usage. Mr Kazie the Chairman of the Provincial Tender Board referred to the minutes of 1 December 2005 and the words: "*Installation is free of charge and an amount of R16 plus VAT is payable per kg of Oxygen*". His understanding of this statement is that the Department will pay R16 per kg of oxygen for actual monthly usage per hospital; and that there is no indication in the submission or minutes of the meeting that the Department would agree to pay for a Guaranteed Minimum amount of oxygen or based on a fixed amount of oxygen per month. **D1,D8, D16** **F7** **D10** **D8**

8) Mr Kazie added that the (2nd) approval was based on the Tender Board's prior approval of the two (2) x Oxyntaka units for Calvinia and Colesberg Hospitals. The second paragraph of Memorandum 6 dated 28 November 2005 reads that **F7** **D6** **D9**

"*The department informed this Office that the viability of the Oxyntaka machines are positive*". The Provincial Tender Board placed a lot of reliance on the initial submission and hence approved the award to Intaka. It is my submission that the alleged "*viability of the Oxyntaka machines are positive*" is a further misrepresentation by Mitha to the Secretariat of the Provincial Tender Board who included this in the Memo 6 to the Tender Board. No viability study or analysis was performed that I am aware of that would justify Mitha making such a statement and the significant cost increases associated with the Oxyntaka's makes it anything but viable. **D1**

9) After the first Submission by Mitha, the Office of the Provincial Tender Board sent a letter to Mitha where they clearly stated "*purely from a financial point of view, your recommendation is not justifiable*". This contradicted Mitha's subsequent Submission of a 60% savings. However, this was never resolved and there is no evidence that the Provincial Tender Board was made aware of this in Potgieter's subsequent Memo to them. There is insufficient information in the said Memo to conclude that "*It is therefore obvious that the new proposed method will be very cost effective*". Potgieter was also the primary official involved in 2 Submissions prepared by Mitha for the water purification plants during the same period 2005-2006. The content of the correspondence between Mitha and the office of the Provincial Tender Board is vague and lacked sufficient information that would enable me to conclude that the procurement of oxygen plants from Intaka was financially viable. The only conclusion I can draw is that there must therefore have been verbal communication between Mitha and Potgieter or she did not apply her mind when preparing the memo's to the Tender Board. **D1** **D4A** **D4** **D5**

10) There were 2 Agreements entered into in terms of Intaka records, for the 1st two hospitals approved at Calvinia and Colesberg, and for two of the 2nd five hospitals approved at Kimberley and Upington. I have explained in detail the content of these Agreements in this report. Both were signed by Dr Savoi on 11 April 2005, whilst Madyo signed the 1st Agreement on 12 April 2005. I am unable to determine the date Madyo signed the 2nd Agreement, although it is reasonable to assume he signed it on or about 12 April 2005. Significantly, the Provincial Tender Board only approved the 1st and 2nd Submissions on 13 July 2005 and 1 December 2005 respectively i.e. after the date of signing of the aforementioned **D12, D13** **D6** **D10**

Agreements. The price per kg of oxygen in the 1st Agreement was R9.00, whilst the price was increased to R16.00 per kg in the 2nd Agreement. The price increase was discussed in a letter dated 15 June 2005 from Dr Savoi to John Block, where the following is included: "*please note that the initial contracts were priced at a potential loss to Intaka*", and hence reference to an initial contract that was not approved by the Provincial Tender Board beforehand. **D13A**

11) An email on 12 May 2005 at 12:04pm from Dr Savoi to John (Block) titled: "Watakas- Oxyntakas" provides further evidence of the entering into Agreements prior to approval by the Provincial Tender Board: "*As we have already informed you the Oxyntaka 020 for Upington, Oxyntaka 03 for Calvinia and Oxyntaka 03 for Colesberg are ready. We must know if we can proceed with their installation, according to the agreement signed. On the other hand, the Oxyntaka 0100 for Kimberley will be ready in the date stipulated in the agreement to then be installed*". As stated above the Provincial Tender approved the procurement for oxygen plants for Calvinia and Colesberg hospitals on 13 July 2005 and for Kimberley hospital on 1 December 2005, however Dr Savoi is referring to an Agreement prior to these dates on 12 May 2005. **J1/2**

12) A subsequent e-mail on 19 July 2005 at 02: 29pm from Dr Savoi to John (Block) titled "Various"; I will only refer to the relevant section: "*Nevertheless at this stage the Northern Cape is the priority, considering that we must receive the Oxyntaka orders till Friday this week for Kimberley and Upington and in not more than 2 weeks, according to Dr Shabbir, the consumption of oxygen and medical air for the new 6 hospitals and after that we go ahead with the remaining hospitals*", provides additional evidence and that Shabbir was also involved in awarding of the orders for Kimberley and Upington prior to Tender Board approval on 1 December 2005. **J1/3**

13) A 3rd Agreement was entered into in terms of Intaka records, signed by Dr Savoi on 22 August 2005. The date that Madyo purportedly signed the Agreement cannot be determined as the date 22 August 2005 has been deleted and there are no witness signatures to his signature. Further, the Agreement refers to annexures A to L, but only annexures A to F are attached. The said attachments relates to seven (7) x hospitals: Colesberg (Manne Dipico); Calvinia (Abraham Esau); Springbok (van Niekerk); Kimberley; De Aar (Karoo); Upington (Gordonia); **D14** **D14/18** **D14/19-25**

and Kuruman. Each of the 7 schedules contain the date 22 August 2005 however additional handwritten entries has resulted in there being uncertainty as to the date these were signed by the Northern Cape DOH. The signature on 2 of the schedules purporting to be Madyo's signature appears to be forgeries, although I am unable to state this with certainty. This Agreement appears to have been signed by Dr Savoi and Madyo on or about 22 August 2005 (based on the dates recorded on the annexures), subsequent to Tender Board approval for Calvinia and Colesberg hospitals on 12 June 2005, but prior to approval of the remaining 5 hospitals on 1 December 2005. **D14/20-21**

14) A 4th Agreement was entered into in terms of Intaka records signed by Dr Savoi and Shabbir for Madyo on behalf of the Northern Cape DOH on 28 April 2006. The Agreement relates to 23 hospitals and the attached 23 schedules are also dated and appear to be signed by Dr Savoi and Shabbir on 28 April 2006. I summarised the information contained in the 23 schedules in a spreadsheet. Each of the schedules provided for a "Guaranteed usage" that differed from one hospital to the next, but the price per kg of oxygen was R16 for all 23 hospitals. None of these "guaranteed usage" figures was provided to nor was the Provincial Tender Board made aware of this and that Northern Cape DOH would pay Intaka for a "guaranteed usage". The Agreement in question was in addition signed prior to the date of approval by the Provincial Tender Board on 18 May 2006. **D20** **D20** **D21**

15) A 5th Agreement was entered into in terms of the Agreement I located in the Mazars, Moores Rowland records signed by Dr Savoi and Shabbir on 29 May 2006. The Agreement relates to the same 23 hospitals referred to in paragraph 14. above and the attached 23 schedules are also dated and appear to be signed by Dr Savoi and Shabbir on 29 May 2006. The Agreement in question was signed shortly after the date of approval by the Provincial Tender Board on 18 May 2006. **D20A**

16) A similar Agreement to that referred to above was obtained from the Northern Cape DOH records (as opposed to Intaka records). The Department's copy reflects Dr Savoi signed the Agreement on 28 April 2006, however it also contains a handwritten date of 31 May 2006 and a signature that appears to be Shabbir's. Hence, based on this it appears Shabbir signed the Agreement after Tender Board approval on 18 May 2006. There is however a number of issues with the attached schedules that differ to the Intaka copy of the Agreement that I **D20** **D22**

have discussed in detail in this report, that includes schedules dated 22 August 2005, witness signatures that differ and a price of R22.00 per kg on some of the schedules. It is evident that the 2 Agreements and schedules differ substantially. I am unable to determine the authority in terms of which Shabbir signed the Agreement and schedules attached thereto.

17) Halvey, Deputy Director, Head of Engineering and Clinical Support, Northern Cape Department of Health, confirmed no technical advice was requested from him and no specifications were compiled prior to the orders being awarded to Intaka for the oxygen plants. He was only requested by Shabbir to facilitate the implementation of the plants at Colesberg and Calvinia and thereafter at the additional 5 hospitals. He confirmed that 30 plants in total had been commissioned to date and that the Department was still purchasing oxygen cylinders for the purposes of a back up supply at these hospitals from Afrox. **F1**

18) Intaka invoiced the Department based on a "guaranteed usage" per month. This was a direct result of Mitha's misrepresentations to the Provincial Tender Board dated 2 July 2005. He concluded that the Northern Cape DOH would realise a saving of more than 60% when switching from the Afrox National Tender to the Oxyntaka unit. The average monthly payments made to Afrox for a 3 month period prior to the installation and commissioning of the Oxyntaka plants amounted to R256,004 (R291,844.56 including VAT) per month for the 30 hospitals under investigation. The amount paid to Intaka subsequent to their Oxyntaka plants being installed and commissioned at the said 30 hospitals increased to R1,276,081.92, and by R984,237.36 or by approximately 337%. **C2** **D4** **D4/3** **K5**

19) Mitha's submission dated 15 June 2005 included the following "*oxyntaka systems allow health care facilities to produce their own oxygen on site- ending regular oxygen purchase*". This was a further misrepresentation. The Department has paid AFROX an additional R3,041,543 (R3,467.359.02 including VAT) for the provision of back up from the date of commissioning of 12 of the 30 Oxyntaka plants by Intaka, during which time they also paid Intaka for the self- generating oxygen as detailed in 17) above. In addition the Department has paid Afrox a further R2,784,349 (R3,174,157.86 including VAT) for the provision of back up and other oxygen supplies to the remaining 18 hospitals, from January 2007 to September 2010 after the date of commissioning of these plants by Intaka. **D1** **K6/1** **K6/2**

20) The collusive behaviour amongst Intaka represented by Dr Savoi, John Block, Madyo, Shabbir, Mitha, and Gaborone has resulted in the Provincial Tender Board approving Submissions that were flawed and contained a number of misrepresentations, designed to deprive the Department of the benefit of free and open market competition. Thereafter the Department entered into Agreements with Intaka that were manipulated to include a clause that the Department would be liable for "guaranteed usage" at each of the 30 hospitals; quantities that far exceeded the actual usage. The Department has entered into contracts resulting in R66,729,078.24 being paid to Intaka to 3 June 2010, as a result of the misrepresentations that had been made to the Provincial Tender Board that would not have been entered into as there was no sound business reason for doing so.

21) Intaka made a payment of R456,000 to John Block on 15 August 2006 against Chisane Investments invoice number CHI0018 for "Consultancy Services provided in Northern Cape Province". Laubscher alleged this he was told by Dr Savoi that this was a once off payment to Block for the oxygen contract for the first 7 hospitals that signed a contract for the Oxyntaka machines. **H17** **H16** **F8**

22) Mitha, Shabbir and Gaborone conspired to set up a company Yadav Investments. The said entity under the control of Mitha received undue benefits from Intaka in the form of commission's payable for alleged services rendered to "*facilitate expeditious approval, uploading and payment management process*" to Intaka by the Department of Health Northern Cape, for the 32 medical oxygen and medical air generating units installed at 32 hospitals (I am only aware of 30 hospitals). **H18**
These undue payments amount to R1,544,315.52 were made during the period 18 December 2007 16 April 2010, after he had left the Northern Cape DOH. **H21/1**
Mitha was employed by Sakhiwo Health, an entity linked to Madyo and received eighteen (18) x monthly salary payments from Sakhiwo Health amounting R613,246.80 during the period 19 December 2008 to 26 May 2010; during which time he was also contracted to Intaka as referred to above. **H22**

23) Intaka made 3 payments amounting to R672,269.41 to Madyo during the period 30/04/2007 to 17/01/2008 after he had left the Northern Cape DOH. These payments were made into the bank account of Mapquest, an entity linked to Madyo. Two of the payments allegedly relate to services rendered in the Limpopo **H6**

Province by Madyo according to the corresponding Mapquest invoices. The 3rd payment of R286,128.50 on 17/01/2008 is not supported by any documentation.

24) Fourteen (14) x payments were made into the personal bank account of Shabbir amounting to R207,000 made up of rounded amounts, during the period 05/05/2006 and 28/05/2008 when he was still employed by the Department. **H2**

25) It would appear that Madyo, by entering into Agreements with Intaka to supply oxygen plants, contravened:

- The provisions of section 217 of the Constitution of the Republic of South Africa Act 108 of 1996 in that:
  - They failed to follow a procurement system which is fair, equitable, transparent, competitive and cost effective.
- Section 38(1)(a)(b)(c) of the PFMA in that they failed to:
  - Maintain effective, efficient and transparent systems of financial risk management and internal control;
  - Implement an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;
  - Ensure that processes and procedures were in place for the effective, efficient, economical, and transparent use of the institution's resources; and
  - Exercise reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure.

T S White
Director: Forensic Services
19 November 2010

RR4-TSW-0956

11

COMMISSION OF INQUIRY INTO STATE CAPTURE

TSW 11

In the matter between:

THE STATE

And

GASTON SAVOI	ACCUSED 1
RODRIGO SAVOI	ACCUSED 2
ALICIA MARCOS	ACCUSED 3
TRACEY WARD	ACCUSED 4
SANJAY MITHA	ACCUSED 5
LEONARD DE LANGE	ACCUSED 6
SKYROS HEALTH (PTY) LTD	ACCUSED 7

REPORT OF TREVOR SEAN WHITE

Dated	4 April 2011
Specialist field	Chartered Accountant and Forensic Auditor
On behalf of the Prosecution	The Director of Public Prosecutions
On the instruction of	The Department of National Treasury
Subject matter	Investigation conducted into the procurement of sixteen (16) x Dialysis Machines by the Northern Cape Department of Health from Skyros Health (Pty) Ltd.

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

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COMMISSION OF INQUIRY INTO STATE CAPTURE

ABBREVIATIONS AND TERMINOLOGY

The following are abbreviations and terminology that have been used in this report:

Abbreviated name/ terminology	*Full name and/or description*
B Braun	B Braun Medical (Pty) Ltd
Barnardt	Barend Barnardt
BAS	Basic Accounting System
Bennie Burger	Benjamin Burger Accounting Services t/a Accounting Kimberley
Cape Medical	Cape Medical Supplies cc
CFO	Chief Financial Officer
Clother-Sinclair	Graham Clive Clother-Sinclair
Fondse	Helene Fondse
Gaborone	Daniel Gaborone
HOD	Head of Department
Intaka	Intaka Investments (Pty) Ltd, Intaka Tech (Pty) Ltd, Intaka Holdings (Pty) Ltd
KZN	Kwa-Zulu Natal
KZN Health	The Department of Health KwaZulu- Natal
KZN LG & TA	KwaZulu- Natal Department of Local Government and Traditional Affairs
Leon De Lange (Dr De Lange)	Leonard Kruger De Lange
Mafungo	Victor Mafungo
Marcos	Alicia Marcos, personal assistant to Dr Gaston Savoi
Mitha	Sanjay Kumar Mitha
Mokotso	Lindiwe Marcia Makotso
National Treasury	The Department of National Treasury

Northern Cape DOH	The Northern Cape Department of Health
Nowell	Yvonne Nowell
Oosthuizen	Nelmari Oosthuizen
Peirone	Roydon Peirone
PFMA	Public Finance Management Act, Act 1 of 1999
PwC	PricewaterhouseCoopers
SAPS	South African Police Services
Rodrigo Savoi	Rodrigo Savoi, CEO of Skyros Health
Savoi (Dr Savoi)	Dr Gaston Savoi, Intaka
SCM	Supply Chain Management
Shabbir	Dr Hamid Shabbir
Sinbiz	Sinbiz cc
Sister Gilbert	Sister Margory Gilbert
Skyros Health	Skyros Health (Pty) Ltd
SSEM	Scientific Systems Electro Medical (Pty) Ltd or SSEM Mthembu Medical (Pty) Ltd
The Provincial Tender Board	The Northern Cape Provincial Tender Board
Ward	Tracey Ward, personal assistant to Rodrigo Savoi, CEO of Skyros Health
The Watertech Agreement	A Marketing and Distribution Agreement between Intaka and Watertech 11 January 2007
Watertech	Stratfit cc trading as Watertech

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

A. AUTHOR'S DETAILS

1.000 Name

1.001 Trevor Sean White.

2.000 Personal details

2.001 I am a male with identity number 6611245014087, 44 years old. I am a director of PricewaterhouseCoopers Advisory Services (Pty) Ltd, 102 Stephen Dlamini Road, Berea, Durban with telephone number (031) 2712000.

3.000 Experience and qualifications

3.001 I joined Price Waterhouse in 1989, and was admitted as a director of PricewaterhouseCoopers on 1 July 1998, following the merger of Price Waterhouse and Coopers and Lybrand. I am presently the director in charge of the KwaZulu-Natal Risk Advisory Services department, which incorporates the Forensic Investigations Department of PricewaterhouseCoopers in KwaZulu-Natal.

3.002 I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the South African High Court and the Regional Court and in the Lesotho High Court. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration ("CCMA") and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree and Post Graduate Diploma in Accountancy from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of the Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing, reviewing and verifying financial information and accounting records. I have also

chaired three investigative Commissions of Enquiry into Fraud and Corruption in Swaziland.

B. MANDATE AND ISSUES TO BE INVESTIGATED

4.000 Appointment

4.001 The terms of our appointment are detailed in our agreement which was signed by Mr Freeman Nomvalo of the Department of National Treasury (**National Treasury**), on 2 July 2010. The said Agreement relates to the investigation into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN Department of Local Government and Traditional Affairs (**KZN LG & TA**) and the Northern Cape Department of Health (**the Northern Cape DOH**). This report covers the investigation into the Northern Cape DOH and the purchase of Dialysis Machines only; separate reports will be or have been issued for the investigation conducted at the KZN LG & TA; the procurement of Oxyntaka Self-Generating Oxygen Plants by the Northern Cape DOH; and the purchase of Wataka Water Purification Plants by the Northern Cape DOH.

4.002 The following represents the General Procedures performed:

1. Requested and received Basic Accounting System (**BAS**) reports for Skyros Health who received an order for the supply of Dialysis Machines and were paid by the Northern Cape DOH.

2. Obtained supporting payment vouchers.

3. In respect of the procurement procedures followed, obtained all relevant documents including quotations, applications to and approvals by the Provincial Tender Board and minutes of meetings.

4. Interviewed and obtained affidavits where necessary from officials involved in the procurement procedure and/or who were referred to in relevant correspondence.

5. Determined whether any person involved in the procurement process or otherwise irregularly manipulated the procurement process to favour Intaka.

6. Visited and/or requested additional documentation and information from hospitals where the dialysis machines had been delivered and/or commissioned.

7. Interviewed third parties and obtained affidavits and supporting documents where necessary and applicable, including Intaka staff whose names featured on documentation and electronic records between the Northern Cape DOH and/or officials, and Intaka/ Skyros Health.

8. Accompanied the SAPS investigating officer to Cape Town and reviewed the 356 lever arch files of documents seized from Intaka.

9. Reviewed the electronic data copied by the SAPS from computers seized from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.

10. Examined bank accounts subpoenaed by the SAPS.

11. Assisted the SAPS investigating officer with interviewing any official or any person related to any official from the Northern Cape DOH, or any other third party that may have been involved in any irregular conduct or who received any irregular payments.

12. Examined additional documents seized by the SAPS from Intaka.

4.003 I am not required to and did not undertake an audit in terms of the International Standards on Auditing. The scope of my work was limited to a review of the documentary evidence made available to me and enquiries undertaken to address issues identified in the execution of the investigation undertaken. I have not verified the authenticity or validity of the records and documents provided to me, unless

otherwise stated.

4.004 This report has been prepared solely for use in the criminal matter registered with the SAPS; Kimberley CAS 02/05/2010. It may also with the prior written consent of the Director of Public Prosecutions be used in any civil or disciplinary proceedings that the Northern Cape DOH may wish to initiate. It may not be suitable for any other purpose and it should not be used, reproduced or circulated for any other purpose without my prior written consent. It should be a condition of such consent, if given, that PricewaterhouseCoopers and myself accept no responsibility to that third party and that such third party will hold PricewaterhouseCoopers and myself harmless in respect of any consequences of such disclosure. Whether or not I have given consent, PricewaterhouseCoopers and myself will not accept liability or responsibility to any other party who may gain access to this report.

4.005 I have included information relevant to the investigation and related circumstances but cannot conclude on the completeness of such information as the possibility exists that not all-relevant information and documentation was made available to me. Any documentation or information brought to my attention subsequent to the date of this report, which will affect the findings detailed herein, will require my findings to be adjusted and qualified accordingly.

4.006 This report contains hearsay evidence based on interviews conducted with individuals. I deem the inclusion of aforementioned evidence to be appropriate to sketch the full picture of the allegations raised.

5.000 Background

5.001 During the course of an investigation conducted by PwC in the KZN Department of Health into allegations of tender and procurement irregularities for which undue payments were allegedly made and other financial irregularities, we received information and it was alleged that Intaka Investments (Pty) Ltd (**Intaka**) had received an order for the supply of water purification systems to the Department of Health KZN (**KZN Health**) and that a corrupt payment was made to an official. We investigated

this matter relying solely on the documentation in possession of the Department and interviews and information obtained from officials of the Department. At this stage we were informed that Intaka was the subject of a criminal investigation and when we attempted to interview an employee of Intaka we were advised by their Legal Advisor that we were required to address all correspondence through him. Hence, we did not have access to Intaka's records or their employees who may have been involved in the provision of the water purification systems (plants). We were subsequently informed that the SAPS had conducted a search of Intaka's premises and had seized documentation. We initially did not have access to these records.

5.002 Following the said investigation we issued our report dated 30 November 2009, that included the investigation and findings at that date in respect of the supply of water purification systems to the KZN Department of Health by Intaka.

5.003 We were thereafter on 9 February 2010 mandated to extend our forensic investigation into the awarding of a contract for Oxyntaka self- generating oxygen plants to Intaka and to assist the SAPS with the review of the documents and computers seized from Intaka. We have completed the said investigation; and issued a report in this regard dated 24 May 2010.

5.004 On 4 May 2010 we were appointed by National Treasury to conduct a preliminary investigation into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN LG & TA and the Northern Cape DOH. The purpose thereof was to obtain sufficient evidence and information in order to prepare an affidavit for purposes of a restraint order by the Asset Forfeiture Unit (AFU) for Intaka and other identified parties.

5.005 My findings based on the investigation conducted at the Northern Cape DOH regarding the procurement of Dialysis machines from Skyros Health which was conducted in terms of our appointment dated 2 July 2010 are detailed below.

6.000 Issues addressed in my investigation

6.001 This report focuses on an order awarded to Skyros Health (Pty) Ltd (**Skyros Health**), an entity linked to Intaka for Dialysis machines.

6.002 The report further summarises the Procurement Procedures followed during the awarding of the order in question, where these have been contravened and where collusion has taken place between the Northern Cape DOH Officials, suppliers and other third parties.

C. BASIS OF INVESTIGATION

7.000 Execution of fieldwork and gathering of information

7.001 Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this report, however, where an opinion is expressed in this report it is my own opinion.

8.000 Sources documents

8.001 The information dealt with in this report was obtained from the sources listed below:

i) Supporting procurement documentation handed to us by the Department.
ii) Kreditinform Enquiries.
iii) BAS reports.
iv) Persal reports.
v) Interviews conducted with Management and staff at the Northern Cape DOH.
vi) Information received from third parties.
vii) Interviews conducted with third parties.
viii) Documents seized by the SAPS from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.
ix) Electronic records seized by the SAPS from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.

x) An affidavit provided by Dr Savoi of Intaka to the SAPS.

xi) Bank records subpoenaed by the SAPS.

D. DETAILED PROCEDURES AND FINDINGS

9.000 Prior to discussing the investigation into the procurement I deem it necessary to refer to the relevant procurement policy and procedures in place at the Northern Cape DOH at the time the purchases were made. The detailed procedures and my key findings are addressed thereafter for the investigation conducted into the purchase of 16 Dialysis Machines by the Northern Cape DOH from Skyros Health.

Code of Conduct for Supply Chain Management Practitioners: Practice Note Number 4 of 2003 **A1**

9.001 The aforementioned Practice Note number 4 of 2003 was issued by National Treasury to amongst others all National and Provincial Departments, CFO's and CEO's on 5 December 2003. Further, it is applicable to all officials and other role players involved in supply chain management (**SCM**). The entire document is relevant however, I wish to refer to the General Principles:

1) The Government of South Africa commits itself to a policy of fair dealing and integrity in the conducting of it's business. The position of a SCM practitioner is, therefore, a position of trust, implying a duty to act in the public interest. Practitioners should not perform their duties to unlawfully gain any form of compensation, payment or gratuities from any person, or supplier/ contractor for themselves, their family or their friends.
2) Practitioners should ensure that they perform their duties efficiently, effectively and with integrity, in accordance with the relevant legislation and regulations including the Public Service Regulations issued by the Department of Public Service and Administration, National Treasury Regulations and Practice Notes and directives issued by accounting officers/ authorities. They should ensure that public resources are administered responsibly.
3) Practitioners should be fair and impartial in the performance of their functions.

They should at no time afford any undue of preferential treatment to any group or individual or unfairly discriminate against any group or individual. They should not abuse the power and authority invested in them.

4) Practitioners should comply with the Code of Conduct for the Public Service as contained in Chapter 2 of the Public Service Regulations, 2001 especially items C4.5 to C4.12 and C5.3 to C5.4 thereof. I attach Chapter 2 of the Public Service Regulations, Code of Conduct for the Public Service hereto for ease of reference. **A1/4-8**

Supply Chain Management: Threshold values for the procurement of goods and services by means of petty cash, verbal/ written price quotations and competitive bids: Practice note number SCM 2 of 2005 and Treasury Practice Note 8 of 2007/2008

9.002 The aforementioned Practice Note number 2 of 2005 was issued by National Treasury to amongst others all National and Provincial Departments, CFO's and CEO's on 10 May 2005. The document sets out the threshold values when procuring goods or services, hiring or letting anything, acquiring or granting any right or disposing of movable state property. I wish to refer to relevant sections in respect of the procurement of goods or services above the value of R200,000 (vat included): **A2**

1) Accounting officers/ authorities should invite competitive bids for all procurement above R200,000.
2) Competitive bids should be advertised in at least the Government Tender Bulletin and in other appropriate media should an accounting officer/ authority deem it necessary to ensure greater exposure to potential bidders.
3) Should in be impractical to invite competitive bids for specific procurement e.g. in urgent or emergency cases or in cases of a sole supplier, the accounting officer/ authority may procure the required goods or services, in accordance with Treasury Regulation 16A 6.4 by other means, such as price quotations or negotiations. The reasons for deviating from inviting competitive bids should be recorded and approved by the accounting officer/ authority or his/ her delegate.

9.003 The aforementioned Practice note SCM 2 of 2005 was repealed with effect from 1

December 2007 and replaced with Treasury Practice Note number 8 of 2007/2008. **A3**
The relevance is that the threshold for inviting competitive bids was increased from R200,000 to R500,000. I further attach Treasury Regulation 16A for ease of reference. **A4**

Northern Cape Provincial Supply Chain Management (SCM) Policy

9.004 I wish to mention further that the Northern Cape DOH implemented a Provincial Supply Chain Management (SCM) Policy effective 5 April 2006, following Executive Council Resolution No. 48/2006 (04) that a number of Departments within the Province of the Northern Cape, including the Department of Health, should ensure compliance by 30 June 2006 to procure independently in line with the Northern Cape SCM Policy. I wish to refer to relevant sections of this policy document (page 5 of the document has not been provided to me): **A5** **A6**

Definitions:

"Competitive bid" means a bid in terms of a competitive bidding process. **A5/6**
"Competitive bidding process" means a competitive bidding process referred to in *paragraph C (iii)* of this policy **A5/6**
Chapter 2: 15 Competitive Bidding Process (and not paragraph C (iii)). **A5/6**
(i) Acquisition of goods and services must be within the threshold values as determined by both National and Provincial Treasury.
(ii) The Supply Chain Management system must provide for:

- The establishment in accordance with Provincial Supply Chain Management Policy note of Specification, Evaluation and Adjudication Committees;
- Following of bid procedures in conjunction with General Conditions of contract and practice notes issued both by National and Provincial Treasury;
- The approval of bids using both Evaluation and Adjudication Committees in accordance with delegations and sign of contracts;
- Requirement for goods and services above an estimated transaction value of R200,000 per case (VAT included) may not deliberately be split into parts or items of lesser value to acquire goods and services using quotations instead

of competitive bidding.

Chapter 2: 9 Acquisition processes and threshold values: (iii) A competitive bidding process for acquisitions exceeding R200,000 per case (VAT Included) is applicable. Bids must at least be advertised in the Government Tender Bulletin, DFA and Die Volksblad and where applicable in the Northern Cape Regional Newspapers. **A5/13**

Chapter 2: 17.1 Committees to be appointed: The following Committees have to be appointed in writing by the Accounting Officer for a two-year period initially and thereafter rotated: **A5/19**

- Specifications (standing with co-opting of members according to goods, service or commodity);
- Evaluation (standing);
- Adjudication (standing).

Chapter 2: 23 Deviation from Acquisition processes in an urgent or emergency situation: **A5/31**

- The Accounting Officer may deviate from the official acquisition processes established by this Policy and acquire any required goods/ services through any convenient processes, which may include direct negotiations in an extremely urgent or emergency situation, Service providers must be registered on the Provincial databases;
- Price quotations can be invited verbally, telephonically or per facsimile. The relevant parties in case of a verbal or telephonic quotation must confirm their offers in writing as soon as possible. The Accounting Officer must approve all relevant acquisitions and record reasons for audit purposes. All reasonable steps must be taken to ensure market related prices are obtained.

Chapter 2: 28 Compliance with Ethical Standards: All officials and other role players in the SCM system must comply with the highest ethical standards in order to promote: **A5/33**

- Mutual trust and respect; and
- An environment where business can be conducted with integrity and in a fair and reasonable manner.

Northern Cape DOH: Members of the Supply Chain Management Committee

9.005 Following the said Executive Council Resolution the HOD (being the Accounting Officer) appointed the 3 committees in accordance with SCM Policy Chapter 2: 17.1, in a letter dated 1 June 2006 to the Tender Board (Northern Cape Provincial Treasury). I wish to point out that Mr D Gaborone (**Gaborone**) and Mr S Mitha (**Mitha**) were appointed to the Bid Adjudication Committee. I will refer to these officials during the course of this report. **A7**

Background: Affidavit of Dr Gaston Savoi

9.006 I attach hereto for ease of reference an affidavit of Dr Gaston Savoi's (**Dr Savoi or Savoi**) signed and dated 21 August 2008. The affidavit deals primarily with a donation paid by Intaka in February 2007 and two commission payments made in August 2007 that relates to Intaka's business transactions with the KZN Department of Health and KZN Department of LG & TA respectively. The affidavit refers to how he and Intaka were introduced to the KZN Provincial Government, however it does not refer to the Northern Cape Province or business transacted with the Northern Cape. **B1**

Intaka Investments (Pty) Ltd

9.007 I determined when investigating an order awarded to Intaka by the KZN Department of Health for the supply of 2 water purification plants, that the registration number recorded on the footer of their quotation dated 2 October 2006 is 2003/021018/07, attached hereto for ease of reference. A Kreditinform enquiry determined that said registration number belongs to Intaka Holdings (Pty) Ltd. The said entity was previously known as Intaka Tech (Pty) Ltd and was first registered on 28/08/2003. The holding company is recorded as "Savoi Family Trust". The Active Principals are Dr G Savoi id 521226 0000 000 appointed on 28/08/2003 and Mr R Savoi id 810212 5000 000 appointed on 21/11/2007. In terms of the footer of the quotation the other 2 directors as at 2 October 2006 were Fernando Praderi and Clement Morris. In terms of the Kreditinform Report these 2 persons resigned as Directors, however the date **B2/1-3** **B3**

of resignation is not reflected. It would appear that the entity with registration number 2003/021018/07 was known as Intaka Investments (Pty) Ltd at the date of the quotation and subsequent thereto changed its name to Intaka Tech (Pty) Ltd and then Intaka Holdings (Pty) Ltd.

Skyros Health (Pty) Ltd

9.008 During the course of my investigations I determined that an entity known as Skyros Health transacted with the Northern Cape DOH and that the said entity was linked to Dr Savoi and Intaka. I identified various documents amongst those seized by the SAPS from Intaka that reflected Skyros Health transacted with the Northern Cape DOH. Skyros Health tax invoice number 185 in possession of the Northern Cape DOH, to be discussed in more detail later in this report, reflects the registration number as 2004/026404/07. A Kreditinform enquiry determined that the said registration number belongs to Intaka Nutri (Pty) Ltd registered on 15 September 2004. The active directors are Dr Savoi and Rodrigo Savoi, whom I determined is the son of Dr Savoi, both appointed on 15 September 2004. Two of the non- active members are Leonard Kruger De Lange (**Leon De Lange**) id 551002 5134 084 and Graham Clive Clother-Sinclair (**Clother-Sinclair**) id 511219 5082 084, who both appointed on 1 February 2006. The aforementioned Leon De Lange and Clother-Sinclair are linked to 2 further entities as detailed below. Tracey Ward (**Ward**) was the personal assistant to Rodrigo Savoi the Executive Officer of Intaka Nutri (formerly Skyros Health). Alicia Marcos (**Marcos**) was the personal assistant to Dr Gaston Savoi the Executive Chairman of Intaka Nutri.

B4/1
B4/2-8
B4/20-21

Sinbiz cc

9.009 During the course of investigating the purchase of the Dialysis Machines from Skyros Health I determined that one of three competitive quotations was alleged to have been provided by Sinbiz cc (**Sinbiz**) with registration number 1989/025816/23 issued under signature of G Sinclair. A Kreditinform Enquiry determined that the said registration number belongs to Sinbiz and was registered on 9 August 1989. The current active principal is Clother-Sinclair.

B5/1
B5/2-8

Cape Medical Supplies cc

9.010 During the course of investigating the purchase of the Dialysis Machines from Skyros Health I determined that one of three competitive quotations was alleged to have been provided by Cape Medical Supplies cc (**Cape Medical**) with registration number 91/22492/23 issued under signature of Dr Leon De Lange. A Kreditinform Enquiry determined that the said registration number belongs to Cape Medical and was registered on 30 August 1991. One of the current active principal is Mrs Carine De Lange, whilst the company is associated through common principals with Leon De Lange Family Trust. **B6/1** **B6/2-9**

THE PROCUREMENT OF SIXTEEN (16) X DIALYSIS MACHINES FROM SKYROS HEALTH

Background

9.011 During the course of examining documents seized by the SAPS from Intaka premises, I identified a number of documents of Skyros Health that appeared suspicious and required further investigation. The majority of these documents were found in file number 131 marked "Intaka Nutri Tenders: Dr Shabbir/ Watertech/ Spectrum Health". The markings of this would indicate that Dr Shabbir (**Shabbir**) was linked to Watertech and Spectrum Health, that transacted with or who had a business relationship with Intaka Nutri (trading as Skyros Health). Watertech had been identified by me as an entity that was linked to Shabbir and that had received irregular commission payments from Intaka relating to the procurement of water purification plants by the Northern Cape DOH. The procurement of the water purification plants and the commissions paid is the subject of a separate report I issued dated 12 October 2010. Shabbir will be discussed in more detail later in this report. I will briefly list these documents as they will be discussed in more detail later in this report. **C1/1**

1) A Quotation on a Skyros Health letterhead dated 10 August 2006. **C1/2**
2) A similar quotation to the one discussed above appears to have been signed by **C1/3**

Tracey Ward.

3) A similar quotation to that discussed in 2) above is dated 18 August 2006 **C1/4**
4) A similar quotation to that discussed in 3) above is dated 26 October 2006. **C1/5**
5) A similar quotation to that discussed in 4) above is now dated 12 October 2006 and appears to be signed by Tracey Ward. **C1/6**
6) A quotation on a Cape Medical Supplies cc letterhead is dated 8 August 2006. **C1/7**
7) A handwritten note "*please file with the other quotation sent before thanks*" appears to be signed "*Alicia*". Attached are 2 quotations; the 1st is a quotation on a Cape Medical Supplies cc letterhead similar to that in 6) above dated 11 October 2006. An electronic copy of this document was found on the Intaka "mail and back up server" seized by the SAPS. **C1/8** **C1/9** **C1/10**
8) A quotation on a Sinbiz cc letterhead is dated 10 August 2006. **C1/11**
9) A quotation on Sinbiz cc letterhead similar to that in 8) above is dated 11 October 2006. This is the 2nd quotation attached to the handwritten note previously referred to by me. An electronic copy of this document was found on the Intaka "mail and back up server" seized by the SAPS. **C1/12** **C1/8** **C1/13**

9.012 I further identified the e-mails detailed below in the electronic records seized by the SAPS at the premises of Hamid Shabbir during the same period as the abovementioned correspondence seized at Intaka. The said e-mails relate to a quotation for a Siemens CT Scanner 64- slice and not the dialysis machines. I have not investigated this matter, but wish to make reference to these e-mails as it is evidence of communication between Dr Savoi and Hamid Shabbir and the business relationship between the two persons, whilst Shabbir was employed as the CEO of Kimberley Hospital Complex. **C2**

9.013 An e-mail from Savoi to Shabbir is dated 23 August 2006 -1:25pm and titled "Revised quotation: Siemens CT Scanner 64- Slice". The body reads as follows: "*Dear Amigo, I'm enclosing the surprise as promised. Please bear in mind that this is the net price. We need to calculate our profits, best regards Dr Gaston Savoi*". Attached is a Skyros Health letter dated 23 August 2006 addressed to Hamid Shabbir in respect of a revised quotation for the Siemens CT Scanner 64- slice. **C2/1** **C2/2**

9.014 Shabbir replied to the aforementioned e-mail on 26 August 2006 at 11:31am, the body reads as follows: "Dear Dr Savoi, thanks for the proposal but please take note of the following: the units required are two and not nine i.e. De Aar and Upington. The functionality is fine. The tender will be advertised as discussed earlier. Maintenance plan inclusion will be good option". **C2/3**

Orders awarded to Skyros Health and payments made by the Northern Cape DOH

9.015 I requested a list of BAS payments made by the Northern Cape DOH to Skyros Health and determined that Skyros Health had received 4 payments during the period 13/12/2006 to 19/09/2007 amounting to R4,074,784. I identified a payment in the amount of R4 million made on 29 January 2007 against order number G 217773. This amount is consistent with the Skyros Health quotation for 16 Formula Dialysis Machines in the amount of R250,000 each including VAT, amounting to R4 million dated 10 August 2006, located in Intaka's seized records and previously referred to by me. This report deals only with the said payment in the amount of R4 million. **C3** **C1/2**

Background into obtaining all relevant documentation from the Department and from the SAPS

9.016 We initially received and examined documents from the SAPS in the Western Cape under "Project X Cross Ref 26/102/2 (17)" being hard copy and electronic records, after they conducted a search of Intaka's premises. We thereafter received and examined documents seized by the SAPS in the Northern Cape, being hard copy and electronic records, after they conducted searches at various business entities and suspected persons premises in the Northern Cape. We then requested all relevant procurement documentation and other official records from the Northern Cape Department of Health relating to the water purification plants, oxygen plants and dialysis machines. In addition to this we obtained documents and records from: the office of the Secretariat of the ex-Northern Cape Provincial Tender Board; bank records subpoenaed by the SAPS; and records from the office of the Registrar of Companies and Close Corporations.

Detailed investigation into all documents received and interviews conducted

9.017 We received a number of documents from the said sources and compiled a comprehensive list, in order to obtain a clear understanding of the sequence of events in terms of the documents. I deem it necessary to briefly refer to each relevant document, the content of each where applicable and information received from various officials and third parties in relation thereto. All documents discussed hereunder were obtained from the sources listed above, unless otherwise stated.

Kimberley Hospital Complex Renal Unit Memo dated 13 September 2004 and subsequent reports **D1**

9.018 On 13 September 2004 Dr Van Staden of the Renal Unit, Kimberley Hospital Complex prepared a Memo titled: "Meeting with Gordonia Hospital on 23 September 2004 and De Aar Hospital on 7 October 2004". I deem it necessary to repeat the entire content of the Memo as it reflects on the background into the matter and the goals and objectives. I will later in this report conclude as to whether these goals and objectives were in fact achieved: **D1/1**

"Renal Unit (Kimberley Hospital Complex) is busy assessing and implementing goals set for it as is stated in Strategic objectives for Kimberley Hospital.
Access and equity is not satisfactorily dealt with in the Renal Unit at present. The establishment of satellite Renal Units is crucial in this regard.
We have identified Upington and De Aar as the 2 priority centres to start satellite units.
A visit to each town is planned for the dates as set out above. Meetings and discussions will take place with the role players there.
We need your approval and authorisation to have the visits as official and approve transport".

9.019 Attached to the said Memo are 2 reports:

1) Dated 5 October 2004 in respect of a visit to Gordonia hospital that took place on 23 September 2004. **D1/2**

2) Dated 22 October 2004 in respect of a visit to De Aar hospital that took place on 7 October 2004. **D1/3-4**

9.020 In terms of the said reports there was no definite decision taken on whether the setting up of the Renal Units as envisaged would take place at the hospitals in question. My understanding is that these were introductory meetings and that there was further consideration required. The report for De Aar hospital makes reference to the Group that undertook the visit including "Sr Gilbert". I determined that this was reference to Sister Margory Gilbert (**Sister Gilbert**) employed as a Chief Professional Nurse in the Renal Unit at Kimberly Hospital Complex. She was interviewed and an affidavit was provided by her. She provided the following information relevant to the Memo and reports discussed above: **F1**

1) A Project Team was formed during 2004 to determine the feasibility of the proposed Satellite Renal Units and she was part of the team;
2) The purpose behind the Satellite Renal Units was that the Renal Unit at Kimberley Hospital is accommodating patients that require Dialysis to almost twice its capacity, which made Satellite Renal Units in the Northern Cape Region an emergency. Satellite Renal Units would improve the quality of service delivery to patients by making dialysis accessible, available, efficient and effective to all patients. The Renal Unit at Kimberley Hospital is the only State owned Dialysis Unit in the entire Northern Cape and hence the reason for the motivation to set up satellite Renal Units in the Northern Cape;
3) Gordonia Hospital in Upington and Sentraal Karoo Hospital in De Aar were initially identified as two (2) x of the District Hospitals which needed satellite dialysis units as a matter of urgency. She was part of the team who visited the two (2) x hospitals in 2004 to determine the feasibility thereof. She prepared a report iro these two visits. There was a general acceptance by the Departmental staff for the placing of Renal Dialysis Units at both Upington and De Aar Hospitals.

9.021 I will refer to Sister Gilbert's explanation again during the course if this report.

Minutes of meetings of the Renal Unit Project Team **D2**

9.022 I obtained copies of the notes/ minutes of the meetings of the Renal Unit provided by Sister Gilbert. She added that the project team experienced a number of delays to implement the project as contained in the notes. I wish to refer to the key issues as summarised hereunder:

Meeting of 15 August 2005 **D2/1**

9.023 The immediate requirements were identified as 2 stations for Upington and 2 stations for De Aar, whilst should they in 2-3 years time move to 4 stations, then they would have planned and implemented for Springbok, Kuruman and Calvinia hospitals. The emphasis was more around Upington hospital and the way forward.

Meeting of 18 August 2005 **D2/2-3**

9.024 The aim of this meeting was to finalise arrangements for the start of a satellite renal unit at De Aar. The meetings were concluded with a number of issues to be addressed on the "Way Forward" for De Aar hospital.

Meeting of 11 May 2006 **D2/4**

9.025 The date of this meeting indicates a period of approximately 9 months had passed from the last meeting of 18 August 2005. The aim of this meeting was "to clear out obstacles with regard to the Satellite Renal Units". Training of professional nurses had been completed at Upington and De Aar. It was the understanding of the committee (project team) that funding for the Satellite Unit was approved, whilst Dr Theys was under the impression that dialysis machines for De Aar and Upington had already been bought. Dr Theys would further liaise with Mr Sanjay Mittah as to why procurement had not taken place. It was concluded that the start up of De Aar and Upington was urgent and that it would be instituted in the existing hospitals.

Quotations obtained by Sister Gilbert in September and October 2006 **D3**

9.026 Sister Gilbert provided copies of 3 quotations she obtained same from service providers, known to her. She had submitted them to the SCM Component:

1) Fresenius Medical Care dated 9 October 2006; **D3/1-3**
2) Adcock Ingram dated 18 September 2006; and **D3/4**
3) B Braun dated 9 October 2006. **D3/5**

I am not in possession of the request sent out by her as she was unable to provide same. I further am not aware of the specifications provided to these service providers and hence have not conducted a detailed investigation and analysis of the quotations from a comparative perspective; my purpose of referring to these quotations is to illustrate quotations were requested by a member of the Project Team being a trained Professional Nurse, who had knowledge of Dialysis machines and who also provided training, from known suppliers.

Documents seized by the SAPS from Intaka premises for the period 10 August 2006 to 26 October 2006

9.027 I previously referred to and listed documents identified by me amongst the documents seized by the SAPS from Intaka premises. I will now discuss these documents in more detail

1) A Quotation on a Skyros Health letterhead dated 10 August 2006. The address of the "Head Office" and "Manufacturing" is recorded on the top left and right hand sides of the page respectively. The registration number is recorded as 2004/026404/07. The quotation is addressed to the Department of Health Northern Cape, Kimberley Hospital Complex, attention Dr Hamid Shabbir, Chief Executive Officer. The quotation is for the supply of 16 Formula Dialysis Machines in the amount of R250,000 each including VAT, amounting to R4,000,000. The document is unsigned but contains the name "Tracey Ward". The footer contains the names of the Directors, being Mr R Savoi (CEO), Dr G Savoi and Mr G Eisenberg (Legal Advisor). **C1/2**
2) A similar quotation to the one discussed above appears to have been signed by **C1/3**

Tracey Ward. The "Head Office" address appearing on the top left hand side of the document has been circled and the words "Intaka" and "Salamax" have been written alongside. This is the same address as recorded on the Intaka quotation for the water purification systems as previously discussed. The "Manufacturing" address has been circled and deleted. The directors names at the bottom of the page have been deleted.

3) A similar quotation to that discussed in 2) above is dated 18 August 2006. It includes the changes as envisaged at sub-paragraph 2) above. The new registered office address is recorded as 27th Floor, 1 Thibault Square, Cape Town, 8001. The document is unsigned but contains the name "Tracey Ward". **C1/4**

4) A similar quotation to that discussed in 3) above is dated 26 October 2006. The words "*sorry but they need a date of the second week of October*" have been written on the document. The day 26 has been deleted and the day written as 12. It appears to have been signed by Tracey Ward. The aforementioned changes are clearly an attempt to hide the link between Intaka and Skyros Heath, and the interests of Gaston Savoi and Rodrigo Savoi in Skyros. **C1/5**

5) A similar quotation to that discussed in 4) above is now dated 12 October 2006 and signed by what appears to be Tracey Ward. **C1/6**

6) A quotation on a Cape Medical Supplies cc letterhead is dated 8 August 2006. The registration number is recorded as CK91/22492/23. It is also addressed to the Department for the attention of Dr Hamid Shabbir. The quotation is for the supply of 16 Dialysis Machines in the amount of R261,000 each including VAT, amounting to R4,176,000. It is unsigned but contains the name Dr Leon De Lange. **C1/7**

7) A handwritten note "*please file with the other quotation sent before thanks*" appears to be signed "*Alicia*". Attached are 2 quotations; the 1st is a quotation on a Cape Medical Supplies cc letterhead similar to that in 6) above dated 11 October 2006. It now purports to have been signed by Dr Leon De Lange. An electronic copy of this document was found on the Intaka "mail and back up server" seized by the SAPS. This document was saved as "Dr Shabbir – quotation – dialysis – Cape Med.doc" and the properties section of the file reflects that the author was Alicia Marcos, who is the personnel assistant to Dr Savoi. **C1/8** **C1/9** **C1/10**

8) A quotation on a Sinbiz cc letterhead is dated 10 August 2006. The registration **C1/11**

number is recorded as 1989/025816/23. It is addressed to Dr Hamid Shabbir, Chief Executive Officer, Department of Health Northern Cape. The quotation is for the supply of 16 Dialysis Machines in the amount of R259,000 each including VAT, amounting to R4,144,000. It appears to be signed by G Sinclair. The format of the quotation is similar to that of Cape Medical Supplies cc. The address is recorded as Unit 1, Boulevard Park, Mike Pienaar Boulevard, Belville. This is the same "Manufacturing" address appearing on the Skyros Health letterhead that I previously referred to and that was deleted. Further, significantly there is no telephone or fax numbers on the quotation. **C1/3**

9) A quotation on Sinbiz cc letterhead similar to that in 8) above is dated 11 October 2006. This is the 2nd quotation attached to the handwritten note previously referred to by me. It purports to have been signed by G Sinclair, however the signature is noticeably different to that appearing on the quotation in 8) above. An electronic copy of this document was found on the Intaka "mail and back up server" seized by the SAPS. This document was saved as "Dr Shabbir – quotation – dialysis – Sinbiz.doc" and the properties section of the file reflects that the author was Alicia Marcos. **C1/12** **C1/8** **C1/13**

10) As was the case with the quotations for the water purification plants for Intaka, Westpro and Forgeweld Stainless, there is no reason for Intaka to be in possession of these quotations and it is evident that the quotations have been forged and have been used as cover quotes. There is clearly a pattern and *modus operandi* that is similar to that which occurred for the procurement of water purification plants in the KZN Department of Health and the Northern Cape Department of Health. I will again refer to these documents in this report in the date sequence in which the events occurred.

Minutes of the meeting of the Departmental Evaluation Committee held on 8 November 2006 **D4**

9.028 The minutes of the meeting of the Departmental Evaluation Committee held on 8 November 2006 reflect that the meeting was chaired by Mrs L Nyati Mokotso. This document was obtained from the official electronic records of Ms Yvonne Nowell of the Northern Cape DOH, SCM Component, who was a member of the Departmental **D4/1-2**

Evaluation Committee. I previously referred to the officials nominated to the various SCM Committees and in terms thereof Mokotso was a member of the Departmental Evaluation Committee. Mokotso was interviewed and she confirmed that she was the Chairperson of the Departmental Evaluation Committee. It is noticeable that this was the 1st meeting of the Departmental Evaluation Committee. I wish to point out that Mr SK Mitha was present on behalf of SCM in an advisory capacity and Mr W Groenewald was present as the Clinical Technologist, co- opted. I will refer to these minutes in more detail below: **A7**

Purpose: "*evaluation of offers received for the purchase of 16 Renal Dialysis Machines, De Aar Hospital Gordonia Hospital Sanjay please add other names of hospitals*". I am unable to determine how it was determined 16 dialysis machines were required, as the meetings of the Project Team only referred to 2 stations for Upington (Gordonia) and 2 stations for De Aar hospitals, nor how Mitha as a SCM representative was in a position to provide the names for the other hospitals as he was not a member of the Project Team.

Financial Implications: "*Mr Mitha informs meeting that the National Department has given approval that funds from the Hospital Revitalisation could be used with the assurance that the machines will be transferred to the new hospitals presently under construction. This will result in a smooth transition as all personnel will then be fully trained to operate the dialysis machines*". I have not been provided with any documentation reflecting National Department authority had been obtained as reported by Mitha.

Offers: "*Five (5) offers were received from the under mentioned companies:*
B Braun Medical;
Cape Medical;
Skyros Medical;
Sinbiz;
Bellco".

I was not provided with the offers as detailed above. The 1st entity B Braun Medical was 1 of 3 entities that provided quotations to Sister Gilbert, whilst Cape Medical, **D3/5**

Skyros Health and Sinbiz are the 3 entities whose quotations were located by me in Intaka seized records. **C1**

Evaluation Process: "*A comparative assessment could not be made as specifications varied from Supplier to Supplier and it would be improper to make a decision based solely on price. Furthermore no offer was received in respect of the Reverse Osmosis plant and it is critical that the procurement of the Dialysis machines not be finalized in isolation*". It is apparent that the quotations were not adequate and that the Reverse Osmosis plant was not included in these quotations.

Conclusion: "*Mr Werner Groenewald tasked with the drafting of uniform specifications that will meet the requirements of the Institutions concerned. He requests that Mr Vincent Halvey, Clinical Engineering, KHC be co-opt to assist him with the specifications in respect of the Osmosis plant. The specifications are to be presented to the committee before 24 November 2006. Should more information be required Companies will be requested to give a presentation*". I interpret this to mean that Groenewald assisted by Halvey would finalise the specifications and that they were to be presented to the Departmental Evaluation Committee before 24 November 2006.

E-mail dated 9 November 2006 from Alicia Marcos to Tracey Ward **D5**

9.029 I located a printed copy of an e-mail in the records seized by the SAPS from Intaka. The e-mail is dated 9 November 2006 at 06:07pm from Alicia Marcos (amarcos@skyros.co.za) to Tracey Ward. I determined both of these persons were employed by Intaka at the time. The e-mail is titled "*Letter to Northern Cape*" and reads as follows: "*Dear Tracey, please find below the text of a letter to be sent to Dr Shabbir of Northern Cape. The letter must be in Skyros Health letterhead paper and signed by you: 16 dialysis machines Formula 2000. Further to our proposal dated .... (the last one you did in October if I'm not wrong) we hereby reconfirm that our equipment comes with reverse osmosis filters to remove impurities and ions*". **D5/1**

9.030 The e-mail is dated a day following the meeting of the Departmental Evaluation

Committee. It is my submission that it is unlikely the specifications could have been finalised by Groenewald and Halvey and there is no evidence that Skyros Health was provided with the specifications. In addition the specifications had still to be presented to the Departmental Evaluation Committee before 24 November 2006.

9.031 Attached to the hard copy e-mail is a Skyros Health letter dated 10 November 2006. **D5/2**
It is addressed to the Department of Health Northern Cape, for the attention of Dr Hamid Shabbir, Chief Executive Officer. It is titled "*Re: Quotation- Dialysis Machines*" and the body reads as follows: "*Further to our proposal dated 12 October 2006 we hereby reconfirm that our equipment comes with reverse osmosis filters to remove impurities and ions*". I previously referred to the Skyros Health quotation dated 12 **C1/6**
October 2006 and that it had been changed and manipulated.

Submission from the Office of the Deputy Director General, Kimberley Hospital Complex dated 24 November 2006 **D6**

9.032 I was provided with the Payment Advice and Order Payment Transaction form 1450 by the Northern Cape DOH, to be referred to later in this report. Attached thereto are a number of documents including a Submission from the Office of the Deputy **D6/1-3**
Director General, Kimberley Hospital Complex dated 24 November 2006 addressed to the MEC ES Selao. The document is titled: "*Procurement of Dialysis Machines*".

9.033 I have been unable to determine who prepared this document. The writer sets out the purpose and comments and refers only to De Aar and Gordonia Hospital, he also makes reference to training. I have not been provided with any documentation reflecting that training was provided, to whom and by whom. Under **Financial Implication** the following is included:

"The Department has received four quotations namely:

1	*Skyros Health*	*R250,000 with RO filters*
2	*Sinbiz cc*	*R259,000*
3	*Cape Medical Supplies cc*	*R261,000*
4	*B. Braun*	*R200,457 without RO filters*

We received specification from two companies namely Skyros Health and B Braun.

The above are quoted for 16 units. However, an additional six units is required. These machines will be funded by the Hospital Revitalisation grant. Below is the allocation for hospitals:

1	*Gordonia*	*6*
2	*De Aar*	*4*
3	*Springbok*	*2*
4	*Kuruman*	*4*
5	*Postmasburg*	*2*
6	*Colesberg*	*1*
7	*Calvinia*	*1*
8	*Barkley*	*1*
9	*Hartswater*	*1*

The total units required are 22 machines which will be funded by the above conditional grant, therefore it has no impact on the equitable share.

9.034 The document is concluded as follows: "*It is recommended that two companies be awarded the procurement of these machines namely, Skyros Health and B. Braun. Furthermore, the former company has indicated that the renal machine is equipped with a reverse osmosis filter*".

9.035 It has been recommended by Dr V Mafungo, Acting Head of Department on 27 November 2006 and approved by Ms ES Selao, MEC for Health on the same day.

9.036 I am unable to determine how the need for dialysis machines progressed from 2 hospitals, namely Gordonia and De Aar, and planning for another 3 namely Springbok, Kuruman and Calvinia by the Project Team, to 9 hospitals. I have not been provided with any documentation reflecting the Project Team made such a decision. It is further evident that the specifications that were to be prepared by

Groenewald with the assistance of Halvey, was not presented to the Departmental Evaluation Committee prior to 24 November 2006. It is unclear from the Submission in question whether it approved in terms of an urgent or emergency case; that permits the Accounting Officer to deviate from the official acquisition processes established by the Northern Cape DOH SCM Policy and acquire any required goods/ services through any convenient processes.

9.037 Attached to the Submission dated 24 November 2006 are the 3 quotations and 2 specifications referred to in the Submission as detailed hereunder:

1) Skyros Health quotation dated 12 October 2006. This is identical to the Skyros Health quotation previously referred to by me dated 12 October 2006 in Intaka's records and that it had been changed and manipulated. Two numbers have been written on the bottom of the quotation. These numbers previously appeared on the Skyros Health quotation dated 10 August 2006 and that was subsequently deleted on the Skyros Health quotation dated 18 August 2006. The name Tanya and another telephone number has been written on the top of the document. **D7/1** **C1/6** **C1/3** **C1/4**
2) Cape Medical Supplies quotation dated 8 August 2006. This is identical to the Cape Medical Supplies quotation previously referred to by me dated 8 August 2006 in Intaka's records, however it has now been signed although the signature is not similar to others I have seen of Dr Leon De Lange. **D7/2** **C1/7**
3) Sinbiz cc quotation dated 11 October 2006. This is identical to the Sinbiz quotation previously referred to by me dated 11 October 2006 in Intaka's records. **D7/3** **C1/12**
4) B Braun Medical quotation dated 9 October 2006. This is identical to the quotation previously referred to by me dated 9 October 2006 provided by Sister Gilbert. **D7/4** **D3/5**
5) B Braun letter dated 21 October 2006 addressed to Werner Groenewald, Kimberley Hospital. It refers to the Optional Extras for the Dialog Machines. The total has been added at the foot of the quotation being R111,720 for the "Dialog + Double Pump Standard" plus R88,736.98 for the Optional Extras amounting to R200,483. **D7/5**
6) A "Formula" technical data from Bellco and a Cape Medical Supplies technical data document. I assume these are the 2 specifications referred to in the **D7/6-8** **D6/2**

Submission dated 24 November 2006, although the Submission refers to specifications obtained from Skyros Health and B Braun.

7) A Skyros Health letter dated 10 November 2006 addressed to the Department of Health Northern Cape for attention of Dr Hamid Shabbir, Chief Executive Officer. The letter is titled "*Re: Quotation- Dialysis Machines*" and the body of the letter reads as follows: "*Further to our proposal dated 12 October 2006 we hereby reconfirm that our equipment comes with reverse osmosis filters to remove impurities and ions*". It is signed by what appears to be Tracey Ward. This letter is identical to the letter previously referred to by me and prepared by Tracey Ward under instruction of Alicia Marcos. **D7/9** **D5/2** **D5/1**

9.038 Based on the date of the documents referred to above, they were all obtained prior to the meeting of the Departmental Evaluation Committee held on 8 November 2006, apart from the letter to Dr Hamid Shabbir dated 10 November 2006. Hence the decisions taken at the said meeting were not adhered to other than Skyros confirming their equipment comes with reverse osmosis filters. I am unable to determine what the specifications are and whether the 4 entities who purportedly issued the quotations, quoted on the same specifications. Sister Gilbert has no knowledge of what transpired after she obtained the 3 quotations requested from her. She was later aware of delivery of equipment in 2007 that will be referred to later in this report. She has no knowledge of Skyros Health or Intaka.

Order number G 217773 dated 27 November 2006

9.039 On 27 November 2006 (the same day that the abovementioned Submission was recommended by the Acting HOD and approved by the MEC), order number G 217773 was issued by the Northern Cape DOH to Skyros, for 16 Dialysis Machines @ R250,000 each, amounting to R4million. **D8**

Interviews with officials of the Northern Cape DOH

9.040 Interviews were conducted with a number of officials of the Northern Cape DOH referred to thus far in various correspondences that relates to the procurement procedures followed.

Lindiwe Marcia Mokotso

9.041 Lindiwe Marcia Mokotso (**Mokotso**) is employed as Director, Priority Programmes, Northern Cape DOH who provided the following information:

1) She confirmed that she was elected as a member of the Departmental Bid Evaluation Committee when the Tender Board was phased out and the Northern Cape DOH procured services independently effective 1 June 2006 (not the Departmental Adjudication Committee);
2) She has no knowledge of Skyros Health or Intaka;
3) She confirmed attendance at the Departmental Evaluation Committee held on 8 November 2008, being one of the 1st meeting of the said committee. Sanjay Mitha also attended the meeting; although he was a member of the Departmental Adjudication Committee, he was Director: SCM and attended the meeting in an advisory capacity;
4) She was not aware who requested the quotations presented to the committee, but the committee was unable to do a comparative assessment as the specifications on the quotations differed;
5) The committee requested Werner Groenewald, Clinical Technologist, to draft the uniform specifications to be provided to suppliers for purposes of an official tender document;
6) She later became aware that the Dialysis Machines had been purchased. This was not done through the formal process and the Departmental Evaluation Committee did not discuss it further as it was not approved by the committee;
7) She was not aware of the procurement procedure that was followed in the procurement of the Dialysis Machines.

9.042 Mokotso provided an affidavit detailing her knowledge of procurement of the Dialysis Machines as a member of the Departmental Evaluation Committee. **F2**

Werner Groenewald

9.043 Werner Groenewald (**Groenewald**) employed as Control Clinical Technologist, ICU, Kimberley Hospital provided the following information contained in an affidavit provided by him. I deem it necessary to repeat almost his entire affidavit as the information is relevant and is not contained in any other documentation that serves as confirmation thereof: **F3**

1) He confirmed that the Department had identified a need for renal dialysis machines at various hospitals during 2006 and called for quotations to determine the cost and to procure for these services. As far as he can recall he was not personally involved with the calling of the quotations and does not know who was responsible for obtaining quotations. He was invited to attend a Departmental Evaluation Committee meeting during which time the purchase of sixteen (16) x dialysis machines was discussed, however he cannot recall the date when the meeting was held. He attended the meeting as he was co-opted to provide information on the clinical- and technical aspects of the dialysis equipment;
2) He further confirmed that the said committee could not make a comparative assessment between the quotations obtained because the specifications of the units quoted on differed from each other; he was then tasked to draft uniform specifications for the suppliers to Bid on and that would meet the requirements of the Department. He was also requested to give feedback to the committee on or before their next meeting;
3) He drafted a specification document for the types of Haemodialysis machines required by the Department a copy of which is attached for ease of reference. The name and contact details of the suppliers referred to on the first page of the document was obtained from the SCM component. He added the names of possible suppliers well known in the field. The names of the suppliers: Cape Medical; Bellco, Skyros and Sinbiz were obtained from the Departmental Evaluation Committee meeting. He did not have the contact details of these **D9**

entities and requested Yvonne Nowell from provincial SCM to add the details before sending out the finalized tender document responsible for the finalisation and the distribution of the official tender document to the various service providers;

4) According to his knowledge the official Tender document was never completed and or circulated to any of the service providers;
5) He was later informed by Yvonne Nowell of SCM that the Specification Document prepared by him was no longer required because the machines were already procured;
6) He could not recall the letter from Helene Fondse of B Braun addressed to him dated 21 October 2006 iro prices for their Dialog Machines and optional extras to the said machines. He added that Helene Fondse is a representative of B Braun known to him. He assumed that Helene Fondse provided the different options of their dialysis equipment to the Department for information purposes and addressed it to him, because he works in the ICU Department and is responsible for the technical aspects of the dialysis equipment. He cannot recall attending another meeting during which time they discussed the procurement of the Dialysis Machines.
7) He was later involved in facilitating the installation of sixteen (16) x Dialysis Machines supplied to the Department by Skyros Health. The said Dialysis Machines delivered to the Department were Bellco products supplied by Scientific Systems Electro Medical (**SSEM**). To his knowledge SSEM are the sole suppliers (agents) for the Bellco dialysis machines in RSA. They are not agents for Skyros. It was further his understanding that Skyros purchased the dialysis machines (without Reverse Osmosis units) from SSEM and resold it to the Department. Further, SSEM (not Skyros) service and maintain the Bellco dialysis machines;
8) He dealt with Dr De Lange of Skyros Health in 2007 iro the installation of the Dialysis Machines i.e. De Lange was not from Cape Medical Supplies. Groenewald provided a number of e-mails and correspondence reflecting same, that I do not deem necessary repeating, however I will refer to a Memo he sent to De Lange on 6 September 2007 as it reflects on the quality of the Dialysis Machines provided by Skyros and Dr Shabbir's involvement:

- He was referred to the manufacturers of the RO filters by De Lange and spoke to Tony, a representative of H20, who confirmed that the units supplied to the Department (by Skyros) are of "non-medical grade". The specifications did not provide for water softening and did not comply with other aspects that were required by the Department for the dialysis. The capacity of the storage tanks was also inadequate. He reported these aspects to De Lange in a memorandum dated 6 September 2007 and copied it to Dr Shabbir. The Reverse Osmosis units supplied by Skyros Health were inadequate and hence his request to De Lange to address these issues in order to have the Dialysis Machines operational as soon as possible; **D10**
- De Lange replied to his request on 14 September 2007 stating amongst others that " *the RO filters supplied to you was free of charge. The filters you are specifying will be for the Hospitals account as it is costly*". He forwarded the reply from De Lange to Dr Shabbir on the same day at 03:40 for his attention. Dr Shabbir dealt with the matter thereafter and instructed Groenewald to cease his inquiry regarding the Reverse Osmosis units supplied to the department. He is not sure what was decided or happened after this process. Mrs. Maretha le Roux (Provincial non-communicable) contacted him several times after this process to find out what happened regarding the "water supply" of the dialysis machines. He informed her that he had no knowledge as he was instructed by Dr Shabbir not to continue with the matter. To his knowledge the dialysis machines from Skyros were not installed at the different sites as directed by the department. The e-mail from De Lange is also copied to "Dr Gaston Savoi" **D11**

9) B Braun supplied six (6) Dialysis Machines to the Department during the same period in 2007. The Dialog Dialysis Machines supplied by B Braun were supplied with mobile Reverse Osmosis units.

Yvonne Nowell

9.044 Yvonne Nowell (**Nowell**) employed as Assistant Director: Acquisition Department within the Supply Chain Management was interviewed and provided the following information:

1) During the period 2005/2006 she reported to Sanjay Mitha who was Director: Hospital Revitalisation and Infrastructure Development and Director: SCM;
2) She confirmed her attendance of the Departmental Evaluation Committee meeting of 8 November 2006;
3) The Department received five offers from different suppliers as listed in the minutes. She never called for these quotations and does not know who sourced them; her duties within SCM included obtaining quotes from service providers, placing orders and authorised the placement of orders within her delegated authority. Mitha attended the said meeting in an advisory capacity and she recalled that he brought some of the quotations to the meeting. She recalled further that he informed the meeting that the National Department of Health had given approval that "funds from the Hospital Revitalization could be used" for the purchase of the dialysis machines as stated in the minutes. **D4**
4) She further confirmed that the committee was unable to perform a comparative assessment; that Groenewald was tasked with drawing up the specifications for purposes of an official tender document and that he was required to report back to the committee before 24 November 2006;
5) She was working in the James Exum Building, Kimberley Hospital Complex. Mitha, situated in the Admin Building, Kimberley Hospital Complex, phoned her after the initial meeting of 8 November 2006 and said she must bring an order book down to his office because the MEC, Ms Selao wants the Dialysis Machines ordered immediately as patients are in dire need of dialysis throughout the region. Mitha was well aware that Groenewald was preparing the specifications and that SCM were busy compiling an official Tender Document. Mitha showed her the submission addressed to the MEC titled "Procurement of Dialysis Machines" dated 24 November 2006 that had been approved by Ms ES Selao. The said submission reflected that quotes were received for 16 units and that "an additional six (6) x units were required". The submission reflected that it was recommended that "*two companies be awarded the procurement of these machines namely, Skyros Health and B Braun*". **D6**
6) She then compiled the order number G 217773 in Mitha's office issued to Skyros Health for 16 x dialysis machines in the amount of R4,000,000 as instructed by **D8**

Mitha which was supported by the approved submission. The Dialysis Machines were delivered to the Department thereafter. The order issued to Skyros Health was not discussed by the Departmental Evaluation Committee thereafter.

7) She also compiled order number G 217775 issued to B Braun for 6 x dialysis machines in the amount of R1,202,742 (this copy was provided to me by B Braun). **D12**

8) Ms Helene Fondse from B Braun phoned her after she received the order and offered additional machines. She was surprised when Helene Fondse said she could offer more machines as the submission listed that they were priced in excess of R200,000 per machine. Helen Fondse was now offering more units for the price specified in the order. The handwriting at the bottom of the quotation supplied by B Braun (the handwritten calculation of the price) is that of Mitha. She based the order amount on the said amount written down by Mitha on the quotation of B Braun (the correct amount is R200,457). The Department only required 6 Dialysis Machines from B Braun and she requested Helene Fondse to rather add the additional components (optional extras) relating to the equipment that was specified in her quotation. She based this on the fact that she could not change the submission amount of 6 machines to include additional Dialysis Machines. Nowell's explanation will be further discussed when I refer to the interview with Helene Fondse. **D7/5**

9.045 Nowell provided an affidavit detailing her knowledge of procurement of the Dialysis Machines as a member of the Departmental Evaluation Committee and SCM. **F4**

Victor Mafungo

9.046 Victor Mafungo (**Mafungo**) employed as Chief Director, Forensic Medical Services, Kimberley Hospital Complex was interviewed. He confirmed that he was Acting HOD at the time he signed the Submission dated 24 November 2006. He was unable to provide any additional information not already included in the Submission and already referred to by other officials. Detailed below is a summary of the information provided by Mafungo:

1) He recalled the Department experienced a shortage of renal dialysis machines and there was a need to procure same for use at various hospitals during late 2006;
2) He does not recall who prepared the Submission or who addressed it to him for recommendation;
3) He was not involved in the procurement process nor did he serve on any of the SCM Committees;
4) The only entity he knew that was listed on the Submission was B Braun, an entity known to supply the equipment in question; hence he did not know Skyros Health, Sinbiz or Cape Medical Supplies;
5) He was not involved in sourcing any of the quotations.

9.047 Mafungo provided an affidavit detailing his knowledge of procurement of the Dialysis Machines as Acting HOD. **F5**

Order Payment Transaction number G 217773

9.048 I previously referred to the Submission dated 24 November 2006 and the 4 quotations attached to the order payment transaction form in the Northern Cape DOH official records. Also attached are the following documents:

1) Order payment transaction number G 217773 reflecting a payment in the amount of R4,000,000 was made by the Northern Cape DOH to Skyros on 24 January 2007. The number **185** and *20061201* has been written on the form. This is reference to the Skyros invoice number and invoice date to be discussed below. **D13/1**
2) Department of Health Creditor Payment Advice reflecting the payment and that the expenditure was authorised by DM Gaborone on 24 January 2007. A 2 page Department of Health Allocations form. I do not deem it necessary to discuss this document in detail as it relates to the information provided on the Skyros delivery notes to be discussed below. **D13/2** **D13/3-4**
3) Skyros Health Tax Invoice number 185 dated 1 December 2006 in respect of 16 Formula Dialysis machines amounting to R4,000,000. The bottom left hand corner of the tax invoice contains a box reflecting the distribution of the 16 **D13/5**

dialysis machines as detailed below:

	# Units	Hospital
1	6	De Aar
2	4	Kuruman
3	2	Springbok
4	1	Barkly West
5	1	Colesberg
6	1	Calvinia
7	1	Hartswater
Total	**16**	

4) Seven (7) x Skyros Health delivery notes as detailed below:

	Delivery note #	Delivery note date	Hospital	Date of receipt by hospital	# Units	
1	1	01/12/2006	De Aar	08/12/2006	6	**D13/6**
2	2	01/12/2006	Kuruman	06/12/2006	4	**D13/7**
3	3	01/12/2006	Springbok	07/12/2006	2	**D13/8**
4	4	01/12/2006	Barkly West	06/12/2006	1	**D13/9**
5	5	01/12/2006	Colesberg	08/12/2006	1	**D13/10**
6	6	01/12/2006	Calvinia	unknown	1	**D13/11**
7	7	01/12/2006	Hartswater	06/12/2006	1	**D13/12**
Total					**16**	

The allocation and delivery to hospitals above is consistent with the Submission dated 24 November 2006; except 4 units were allocated to De Aar in the Submission and not 6; and the distribution of the remaining 6 plants (8 according to the Submission) to Gordonia and Postmasburg are outstanding (I assumed these were to be supplied by B Braun). **D6** **D12**

5) A Skyros Health letter dated 5 December 2006 addressed to Nowell from Adriaan Laubscher, Financial Manager. He has referred to various attached documents, **D13/13** **D13/14-17**

however not all were handed to me. Of significance is that the full Head Office address, Manufacturing address and Directors has been included in the letterhead that had been previously deleted when Skyros Health manipulated their quotation. **C1/2-6**

Interview with Roydon Peirone of SSEM Mthembu Medical (Pty) Ltd

9.049 During the course of investigating the 16 Dialysis Machines supplied by Skyros Health I determined that they were delivered to the various hospitals by an entity known as SSEM Mthembu Medical (Pty) Ltd (**SSEM Mthembu**).I further determined that SSEM Mthembu sold the machines to Cape Medical Supplies and not Skyros Health, this appeared suspicious to me and required further investigation. Roydon Peirone (**Peirone**), Regional Director of SSEM Mthembu was interviewed and provided the following information and supporting documents:

1) At the beginning of August 2006 he was contacted by Dr Leonard De Lange from Cape Medical Supplies regarding a quotation for 16 Formula Dialysis Machines. He prepared the quotation and sent it to Cape Medical Supplies for the attention of Dr Leonard De Lange on 4 August 2006. The price quoted was R123,337.50 less a 20% Discount and including VAT, that amounted to R112,483.80 each. I previously referred to the Cape Medical Supplies quotation purportedly issued by Dr Leon De Lange dated 8 August 2006 (4 days after SSEM Mthembu's quotation) attached to the Departments payments vouchers; the price quoted is R261,000 each inclusive of VAT. This is a mark up of approximately 130%. The mark up excluding the 20% discount amounts to approximately 85%. **D14/1** **D7/2**
2) During September 2006 he was informed by Dr De Lange that they had accepted the quotation and on 26 October 2006 SSEM Mthembu invoiced Cape Medical Supplies. I wish to briefly refer to the invoices: **D14/2-3**
   - It has been charged to Cape Medical Supplies PO Box 15190, Panorama. This is the same postal address as that appearing on a Skyros Health quotation Manufacturing address, prior to it being deleted; **C1/2**
   - It is also the same postal address as that appearing on the Cape Medical Supplies quotations; **C1/7,9,10 & D7/2**

- The machines were to be delivered to Cape Medical Supplies, 17 Boulevard Park, Bellville. None of the Cape Medical Supplies quotations contained a street address. The street address of Skyros Health appearing on a Skyros Health quotation Manufacturing address, prior to it being deleted is Unit 1, 10 Boulevard Park, Bellville; **C1/2**
- The invoiced amounts are detailed in the tables below:

# units	12	4
Price per unit	123,337.50	123,337.50
Sub- total (R)	1,480,000.00	493,350.00
Less 20% discount	296,010.00	98,670.00
Sub- total (R)	1,184,040.00	394,680.00
14% VAT	165,765.60	55,255.20
Total (R)	1,349,805.60	449,935.20

The total amount including the discount and VAT is thus R1,799,740.80. Cape Medical Supplies quoted R4,176,000 to the Northern Cape DOH. Skyros Health quoted R4,000,000 to the Northern Cape DOH, received an order for R4,000,000 and was paid R4,000,000 by the Northern Cape DOH. **D7/2** **D7/1** **D13/1**

- The invoices appear to have been signed by Dr Leon De Lange on 10 November 2006.

3) On 1 December 2006 SSEM Mthembu was informed by Dr De Lange that they must deliver the dialysis machines to the Northern Cape DOH. Dr De Lange also provided SSEM Mthembu with delivery notes on Skyros Health letterheads that included the names of hospitals and number of machines to be delivered to each hospital. The delivery notes provided by Peirone are identical to those in the Northern Cape DOH records previously discussed attached hereto for ease of reference. Peirone added that he was not familiar with Skyros Health and had not dealt with them prior to this. **D14/4-10**

4) SSEM Mthembu delivered the machines to the hospitals per the delivery notes and provided training. It was subsequently determined after following up the training issue with Mr Jannie Coetzee Regional Manager of SSEM Mthembu Bloemfontein office, that training was provided to Kimberley Hospital renal and **D14/11**

engineering department only. The Formula Dialysis Machines according to Peirone comes standard with a multiple water inlet and a forclean dialystate filter; Reverse Osmosis Filters are supplied separately depending if they are being supplied to an acute or chronic unit at an additional cost.

9.050 Peirone provided an affidavit detailing his knowledge of supply of the Dialysis Machines by SSEM Mthembu to Cape Medical Supplies and delivered under Skyros Health delivery notes. He subsequent to his affidavit confirmed receipt of payment by SSEM Mthembu from Cape Medical Supplies on 5 February 2007 (after they had been invoiced on 26 October 2006 as previously discussed) **F6** **F6/18**

Interview with Helene Fondse of B Braun

9.051 Helene Fondse (**Fondse**) provided a copy of an order awarded to B Braun previously referred to by Yvonne Nowell. Fondse employed as the Product Manager: Renal Division B Braun Medical (Pty) Ltd (**B Braun**) was interviewed and provided the following information and supporting documents: **D12**

1) She prepared a quotation and addressed it to Sister Gilbert employed at Kimberley Hospital dated 9 October 2006. The quotation included the supply of a "Dialog A+ (Plus) Incl BIC (Single Pump)" dialysis machine in the amount of R94,506 (incl VAT) per unit. The content is identical to the copy provided by Sister Gilbert and that attached to the payment vouchers and Submission dated 24 November 2006, with the only exception being it is signed by the Customer Services Co Coordinator Jitsendra Naran whereas the other copies are not. **D15/1** **D3/5** **D7/4**
2) She was later contacted by Groenewald employed in the Intensive Care Unit at Kimberley Hospital who requested her to provide him with a list of optional equipment available for their dialysis machines. She then prepared a letter and addressed it to Groenewald dated 21 October 2006 wherein she listed the "Optional Extra's" that was available for the dialysis machines that she had quoted on. The quotation was for the supply of item code number 710500C, a "Dialog Plus Single Pump" machine in the amount of R94,506 (incl VAT) and for item code number 7105013, a "Dialog + Double Pump Standard" machine in the **D15/2**

amount of R111,720 (incl VAT). The Dialog + is a Haemodialysis machine manufactured by B Braun. The content of the letter is the same as the letter attached to the payment vouchers and Submission dated 24 November 2006. Hence, the price of the dialysis machine to be provided by B Braun was R111,720 including VAT each, whilst the price of the dialysis machines received from Skyros Health was R250,000 including VAT each. **D7/5**

3) Order number G217775 for the supply of six (6) x Dialysis Machines per unit was issued to B Braun in the amount of R200,457 per unit. The order form was faxed through to Fondse on 28 November 2006 by Mrs Yvonne Nowell of the Department. She noticed that the amount per unit was very high and contacted Nowell to discuss the order that was issued. She explained to Nowell that the order that was issued to B Braun specified only one item code (7105013) for the supply of six (6) x "Dialysis Machines" and that the order amount (R200,457) was much higher than the price they quoted on (R111,720). Fondse then offered to supply nine (9) x machines with additional equipment at the same price. Nowell then advised Fondse to rather provide six (6) x machines together with Reverse Osmosis filters because she could not change the number of machines. She made short handwritten notes of the telephone conversation that day and kept her notes on file. An extract of the notes reads as follows: "*it will make B Braun far cheaper than the one they have accepted- R250,000 each*". Fondse's understanding of this comment by Nowell was that the Department had issued an order to another supplier for the supply of dialysis machines in the amount of R250,000 per unit, which was more expensive than B Braun (R111,720). Fondse determined later that the Department had issued an order to Skyros Health for the supply of sixteen (16) x dialysis machines. Skyros Health was unknown to Fondse at the time and is unknown in their industry. **D15/3** **D15/4**

4) The above would indicate that Nowell was not acting in the best interests of the Department. Her explanation that she could not change the number of machines from 6 to 9 is absurd. She could have either accepted the 9 machines offered by B Braun or alternatively requested a lower price for the 6 machines. This would merely require that she take the matter up with her superiors and logic tells me, if there was nothing irregular taking place, that the existing order would be cancelled and a new order issued to either included 9 machines at the same price

or 6 machines at a lesser price. Further the words recorded by Fondse:" *it will make B Braun far cheaper than the one they have accepted- R250,000 each*" is evidence of a smoke screen to cover up the highly inflated price of Skyros Health. Nowell denied any wrongdoing when she was interviewed.

5) She agreed to supply the Department with six (6) x "Dialog A + (Plus) Incl BIC (Single Pump)" dialysis machines with additional options (extra equipment) available to the dialysis machines, although these items were not listed on the order. They also provided two (2) x Reverse Osmosis machines at no charge to the Department. One Reverse Osmosis system was sufficient to supply enough water for two (2) x dialysis machines and would be sufficient until the Department have installed a Reverse Osmosis plant. The value of a Reverse Osmosis system was approximately R16,000 during this period. B Braun issued Invoice number INV 0280625 dated 16 March 2007 to the Department for the supply of six (6) x Dialog dialysis machines and included the optional extras, all for the order amount of R1,202,273.98 (incl. VAT). **D15/5**

6) B Braun supplied the six (6) x dialysis machines together with the optional extras and the two (2) x Reverse Osmosis machines and delivered it to Kimberley Hospital Complex early 2007. They were later requested to transfer the equipment to Gordonia Hospital in Upington which they did at no additional costs to the Department. They were again asked to transport the equipment back to Kimberley Hospital during early 2009 at which time the units were still unopened and in the original packaging. They transported the equipment back to Kimberley Hospital at no extra cost to the Department. Hence, no Dialysis Machines were delivered to Postmasburg as per the Submission dated 24 October 2006 and those delivered to Gordonia hospital were returned to Kimberley Hospital.

7) She confirmed, which is consistent with my findings, that if B Braun had supplied only one item as listed on Order number G-217775 they would have supplied it to the Department in the amount of R111,720 (incl VAT) per unit, the same amount that they had quoted on. The said price is within a similar price range to that quoted by SSEM Mthembu to Skyros Health being R112,483.80 and substantially less than the Skyros Health selling price to Northern Cape DOH being R250,000.

9.052 Fondse provided an affidavit detailing her knowledge of the supply of the Dialysis **F7**

Machines by B Braun and her discussion with Nowell.

9.053 I wish to refer back to the information provided by Sister Gilbert in so far as it relates to the need for the Dialysis Machines and that they were not used and therefore the procurement thereof cannot have been deemed to be an urgent or emergency situation: **F1**

1) Nine (9) x Bellco Hemodialysis machines were delivered to Kimberley Hospital during 2007 by SSEM Mthembu during which time these machines were placed into operation. It is thus evident that the said machines were 1st delivered to the hospitals per the Skyros Health delivery notes and then were delivered to Kimberley. Sister Gilbert was unfamiliar with the Bellco product delivered by SSEM Mthembu at the time and SSEM Mthembu was also not known to her. SSEM Mthembu gave training to her and her staff on the equipment at Kimberley Hospital. It was further reported to her that Bellco Dialysis Machines were also delivered to other hospitals in the Northern Cape during this period.
2) B Braun delivered six (6) Dialysis Machines to Gordonia Hospital in Upington.
3) Despite their efforts to set up Satellite Renal Units at various Hospitals it never succeeded. Patient numbers increased in 2009 which resulted in frequent breakdowns of the Bellco Machines in Kimberley Hospital (supplied by Skyros Health). As a result thereof they required more Dialysis Machines at Kimberley Hospital.
4) A Management decision was then made to return all the Dialysis Machines to the Renal Unit at Kimberley Hospital in order to place these machines into operation. The six (6) x Formula Dialysis Machines supplied by B Braun were then transferred from Gordonia Hospital to Kimberley Hospital. These machines were unopened and in their original packaging when they arrived at the Hospital.
5) The further seven (7) x Bellco Dialysis Machines supplied by SSEM Mthembu (to various hospitals) were also transferred to Kimberley Hospital. These Dialysis Machines were also unopened and in their original packaging when they arrived at the hospital.
6) The said seven (7) x Bellco Dialysis Machines were opened and programmed by the technician from SSEM Mthembu on 1 September 2010. These Dialysis

Machines are now all operational and in use by the Renal Unit at Kimberley Hospital.

9.054 Based on the above explanation none of the 16 x Dialysis Machines delivered by SSEM Mthembu on behalf of Skyros Health was used at the hospitals where they were delivered and were later transferred to Kimberley Hospital where they were put into use. Similarly, none of the 6 Dialysis Machines delivered by B Braun to Kimberley Hospital, then transported to Gordonia Hospital, then back to Kimberley Hospital, were used at Gordonia Hospital.

Interview with Heidi Williams personal assistant to Dr Hamid Shabbir

9.055 Heidi Williams is the personal assistant of Mr G Moncho the current CEO of Kimberley Hospital. At the time the Dialysis Machines were procured she was the personal assistant of Dr Hamid Shabbir who was the CEO of Kimberley Hospital from 2005 to the date he resigned in 2008. She was responsible for general administrative duties in the office of Shabbir. She has no knowledge of any quotations specifically those addressed to Shabbir personally:

1) Skyros Health quotation dated 12 October 2006; **D7/1**
2) Cape Medical Supplies quotation dated 8 August 2006; **D7/2**
3) Sinbiz quotation dated 11 October 2006; and **D7/3**
4) Skyros Health letter dated 10 November 2006. **D7/9**

She is further unaware of how the Department procured the Dialysis Machines as Shabbir was not involved in procurement and was not a member of any SCM Committees. She provided an affidavit detailing her knowledge of documents addressed to Hamid Shabbir relating to the procurement of the Dialysis Machines. **F8**

Other documentary records of Intaka seized by the SAPS

9.056 I identified the following additional e-mails and correspondence in the documents of Intaka seized by the SAPS:

1) A Skyros Health quotation dated 10 August 2006 addressed to Northern Cape DOH for the attention of Dr Hamid Shabbir. It is identical to the Skyros Health quotation previously referred to but it has been signed by what appears to be Tracey Ward. **E1** **C1/2**

2) An e-mail from Alicia Marcos to Tracey Ward dated 24 January 2007 at 10:36 am. The writer refers to the details for a letter she is preparing. The e-mail address of Dr Shabbir is provided: hshabbir@mweb.co.za. Attached is a handwritten note that appears to be the wording for the letter. **E2/1** **E2/2**

3) An e-mail from Tracey Ward to Dr Shabbir dated 24 January 2007 at 12:13pm. She has attached the letter referred to above titled "Request for Assistance with Outstanding Payment" dated 24 January 2007 and an age analysis in respect of invoice number 185 in the amount of R4,000,000. The letterhead is the same as that prepared on the manipulated quotation of Skyros Health; the addresses and names of the Directors that link Skyros Health to Intaka and Dr Savoi and Rodrigo Savoi have been excluded. **E3/1** **E3/2** **E3/3** **E3/2** **C1/6** **C1/2**

4) A letter from Northern Cape DOH DM Gaborone, CFO to Skyros Health attention Tracey Ward dated 26 January 2007 refers to her letter of 24 January 2007. He advised her that R4,000,000 would be paid into Skyros Health bank account on 29 January 2007. A BAS print out dated 24 January 2007 17:16 reflecting the payment of R4,000,000 to Skyros Health for order number G 217773. **E4/1** **E4/2**

5) An e-mail from Alicia Marcos to Tracey Ward dated 26 January 2007 04:24 pm titled "Re Dialysis Machines". She has requested Tracey Ward to send a fax to Mr Gaborone acknowledging receipt of his fax and thanking him for the information. She concludes as follows: "Remember to send it in the same letterhead as you sent to the MEC". As stated above the letter to the MEC was prepared without the addresses and names of the Directors that link Skyros Health to Intaka and Dr Savoi and Rodrigo Savoi. Hence, the intention to deceive Gaborone and to hide the true identity of Skyros Health. Attached is the letter requested dated 26 January 2007 on the manipulated letterhead of Skyros Health and fax receipt. **E5/1** **E5/2** **E5/3**

6) An e-mail from Alicia Marcos to Tracey Ward dated 29 January 2007 02:45 pm titled "*Watertech*". The body reads as follows: "*Dear Tracey, please send an e-mail to Elma Oosthuizen of Watertech (I attach the details). Ref: 16 dialysis machines. Please send your invoice to Skyros Health for the following concept:* **E6/1**

Commission in respect of sale of 16 dialysis machines to the following hospitals. Total R612,109 including VAT.
If you are going to send the text in Skyros Health letterhead, please use the one that you used to send the fax to MEC of the Department of Health Northern Cape (not mentioning Dr Savoi and Rodrigo Savoi)". I determined during the course of investigating the procurement of water purification plants by the Northern Cape DOH from Intaka, that an entity known as Watertech had received "commission" payments from Intaka. I will elaborate on Watertech later in this report and how it is linked to Elma Oosthuizen referred to in the e-mail above and Dr Hamid Shabbir. The conclusion of this e-mail again reflects the intention to deceive and to hide the true identity of Skyros Health.

7) Attached to the e-mail is an information sheet relating to Watertech. The company registration number is recorded as 2006/145315/23. The banking details are recorded as Standard Bank Ltd, name of account holder Stratfit cc, account number 040090116, branch code 051001 Chapel Street, Kimberley. **E6/2**

8) An electronic record of the e-mail referred to in sub-paragraph 6) above was also identified in the electronic data seized by the SAPS from Intaka. **E6/3**

Northern Cape DOH officials involved in the procurement and payment procedures for the 16 Dialysis Machines purchased from Skyros Health

9.057 I have referred to the role played by Mitha, Gaborone and Shabbir in the respective procurement and payment procedures for the 16 Dialysis Machines purchased from Skyros Health. I wish to briefly refer to their official positions at the time as contained in their personal records maintained by the Northern Cape DOH.

i. Sanjay Mitha

9.058 I determined from the Department's Persal records that SK Mitha (**Mitha**), identity number 710129 5016 082 was employed by the Northern Cape DOH; he was appointed on 1 April 1998 and resigned on 30 June 2007. A letter on a Department of Health letterhead dated 30 March 2005 contained in his personal file maintained by the Northern Cape DOH, reflects that Mitha was appointed to the post of Director: **G1/1-3** **G1/4-5**

Hospital Revitalisation and Infrastructural Development effective 1 April 2005. On the date of assumption of duty he was to report to the office of the Head of Department, Kimberley Office Complex. A further letter on Department of Health letterhead dated 27 October 2006 contained in his personal file reflects that Mitha was relocated from the Hospital Revitalisation Component to Supply Chain Management effective 1 November 2006. A curriculum vitae attached to the bundle of documents relating to the aforementioned post, reflects his full names as Sanjay Kumar Mitha with identity number 710129 5016 082. Two of his references are Mr DD Madyo, HOD, Department of Health, Northern Cape Province and Dr H Shabbir, CEO, Kimberley Hospital Complex. **G1/6** **G1/7-12**

ii. Daniel Gaborone

9.059 I determined from the Department's Persal records that DM Gaborone (**Gaborone**) id 690815 5655 085 is employed by the Northern Cape DOH. He was appointed on 1 July 2000 and is still employed by the said Department. A letter on a Department of Health letterhead dated 11 July 2000 contained in his personal file maintained by the Northern Cape DOH, confirms the said appointment as a Deputy Director. His was appointed as Chief Financial Officer (**CFO**) for the Northern Cape DOH for a period of 5 years with effect from 1 January 2002, in terms of a letter issued to him dated 30 November 2001. The appointment was accepted by him in terms of an undated "Acceptance of offer of employment". He further signed a Senior Management Performance Agreement for the period 1 April 2006 to 31 March 2007, on 26 October 2006, at which time he was still the CFO. I understand that Gaborone is currently the CFO of the Kimberley Hospital Complex. **G2/1-3** **G2/4** **G2/5-6** **G2/7** **G2/8-15**

iii. Hamid Shabbir

9.060 I determined from the Department's Persal records that Hamid Shabbir (**Shabbir**) identity number 650703 5878 089 was employed by the Northern Cape DOH; he was appointed on 1 August 1993 and resigned on 20 August 2008, at which time he was the Chief Executive Officer (**CEO**) of Kimberley Hospital. His resignation was confirmed in a letter dated 19 July 2008 contained in his personal file maintained by **G4/1-3** **G4/4**

the Northern Cape DOH. A further document titled "Hamid Shabbir" under Career Progression reflects the following: **G4/5-8**

1) Acting CEO Kimberley Hospital Complex since 2003;
2) Medical Director Kimberley Hospital Complex June 2001 to September 2003;
3) Principal Medical Officer Kimberley Hospital Complex August 1993 to May 2001.

In terms of a Northern Cape DOH letter dated 31 August 2004 he was appointed CEO of Kimberley Hospital Complex with effect from 1 August 2004. **G4/9-10**

9.061 In addition to the above 3 officials, I determined that Nelmari Oosthuizen, referred to in the e-mail from Alicia Marcos to Tracey Ward dated 29 January 2007 02:45 pm titled "*Watertech*" was previously employed by the Northern Cape DOH. **E6/1**

iv. Nelmari Oosthuizen

9.062 I determined from the Departments Persal records that Nelmari Oosthuizen (**Oosthuizen**) identity number 750525 0016 087 was employed by the Northern Cape DOH; she was appointed on 1 August 1998 and resigned on 31 January 2006. At the time of her resignation she was an administrative officer. Her resignation was confirmed in a letter dated 30 December 2005 contained in her personal file maintained by the Northern Cape DOH. **G5/1-3** **G5/4**

Skyros Health Standard Bank account

9.063 An application to open an Enterprise/ Business account was seized by the SAPS from Intaka premises for "Skyros Health (Pty) Ltd, registered address No 2 Fairhill Park, No 7 Bell Crescent, Westlake Business Park, Westlake, Tokai. The physical and registered addresses are the same as those appearing on the Skyros Health quotations before they were altered, and not the registered office address "27th Floor, 1 Thibault Square, Cape Town, 8001" appearing on the Skyros Health quotation subsequently submitted to the Northern Cape DOH **H1/1** **C1/2-3** **D7/1**

9.064 The contact persons and contact details are recorded as follows: **H1/2**

Contact person	*illegible*	Contact telephone #	E-mail
Dr G Savoi	Director	021- 7013129	Gsavoi@skyros.co.za
Dr L De Lange	Director	0832618530	capemed@31.co.za
*Mr Rodrigo Savoi	Director/CEO	021- 7013129	rsavoi@skyros.co.za

*Replaced Mr G Sinclair

9.065 The authorised signatories are listed as: **H1/3**

1) Dr Gaston Savoi;
2) Dr Leonard De Lange;
3) GC Clother Sinclair (no signature provided);
4) Rodrigo Savoi;
5) Adriaan Laubscher;
6) Alicia Marcos (no signature provided).

9.066 Section E- The Resolution was signed on 12 October 2005 by what appears to be Rodrigo Savoi and Leonard De Lange. **H1/4**

9.067 The SAPS subpoenaed Standard Bank who provided bank statements for Skyros Health (Pty) Ltd, no 2 Fairhill Park, 7 Bell Crescent, Tokai, 7945, account number 62109604183. I am not aware of another bank account held by Skyros Health at Standard Bank. Standard Bank did not provide the opening documents or signature cards. I have not attached all the bank statements to this report. Statement number 1 covers the period 31 July 2006 to 31 August 2006; the opening balance was zero **H2/1** and the closing balance R106.29dr. Hence, it appears the account was opened in July 2006. On 29 January 2007 a magtape credit was made into the said account in **H2/1** the amount of R4,000,000 with reference "Basshw Nc Health 000077784". The disbursement number according to the Northern Cape DOH BAS records is 77784 **C3** for a payment of R4,000,000 on 29 January 2007 and hence the payment was made **E4/2** by Northern Cape DOH. On 1 February 2007 an internet payment in the amount of **H2/5** R2,528,130.22 was made to Leon De Lange. This is R728,389.42 (R2,528,130.22- **H2/5** R1,799,740.80) more than the 16 dialysis machines were procured from SSEM Mthembu for. On 27 February 2007 an internet payment in the amount of R612,000

was made to Watertech.

Stratfit cc trading as Watertech

9.068 I previously referred to an Intaka information sheet relating to Watertech with company registration number is recorded as 2006/145315/23. I determined that the said registration number is allocated to Stratfit cc which trades as Watertech (**Watertech**) registered on 23 August 2006. The sole member (active principal) is Saima Shahzad id 700731 0627 086 (**Saima Shahzad**) effective 30 January 2007, whilst Barend Barnadt (**Barnadt**) was a member from 23 August 2006 but has resigned (date unknown). **E6/2** **B7**

9.069 I previously referred to the e-mail from Alicia Marcos to Tracey Ward dated 29 January 2007 02:45 pm titled "*Watertec*" included "*Commission in respect of sale of 16 dialysis machines to the following hospitals. Total R612,109 including VAT*". I further concluded that the e-mail reflected the intention to deceive and to hide the true identity of Skyros Health. I conducted an interview with Adriaan Laubscher (**Laubscher**) who was employed as the financial manager at Intaka Manage (Pty) Ltd from October 2005 to March 2008. He resigned in October 2007, but stayed on until March 2008, the last three months of which were in a consulting capacity. He informed me that prior to resigning from Intaka a number of transactions that resulted in payments to various entities came to his attention that made him suspicious that entities in the Intaka Group were involved in some irregular activity. As a result of his concerns, on 14 March 2007 he scanned and e-mailed copies of some of the documents supporting the suspicious payments to an external e-mail address where he later retrieved the e-mails. One of these documents he provided is a: Watertech invoice number 1 dated 15 January 2007. It is addressed to Skyros Health for "Commission on sales" in the amount of R612,000. The bank account details are recorded as Stratfit cc, Standard Bank Chapel Street, Kimberley, branch code 051001 and account number 040090116; this is consistent with the information sheet of Watertech in Intaka's records. **E6/1** **H3** **E6/2**

9.070 A Marketing and Distribution Agreement (**the Watertech Agreement**) entered into **H4**

between Intaka and Watertech seized by the SAPS from Intaka premises, was signed on 11 January 2007 for **the distribution of composite of chemicals** effective from the date of signature for a period of 1 year. It appears to be signed by Dr Savoi on behalf of Intaka and Nelmari Oosthuizen on behalf of Watertech, based on her signature recorded on her letter of resignation referred to earlier. The definition of "the products" to be marketed and distributed appears to be chemicals only for the water purification plants sold by Intaka, as recorded in the Preamble and Annexure 1 to the Watertech Agreement. The agreement was signed (11 January 2007) just prior to Saima Shahzad becoming a member (30 January 2007). Hence, the entity appeared not to have traded prior to this. The Skyros Health quotation is dated 12 October 2006 addressed to Hamid Shabbir of Northern Cape DOH. There is no evidence of Watertech involvement between Skyros Health and the Northern Cape DOH that would entitle them to a commission on the sales of the Dialysis Machines.

H4/15-16
G5/4
H4/3
H4/4
H4/17
D7/1

9.071 Stratfit cc Standard Bank account number 040090116 was subpoenaed by the SAPS. The Application to open an Enterprise/ Business account, reflects the following: **H5**

1) The document was completed in respect of Chapel Street branch and is dated 19 December 2006;
2) The postal address is furnished as PO Box 3211, Kimberley. This is the same postal address provided by Shabbir on a form Z864 National Treasury Pensions Administration Personal Particulars in the personal file of Shabbir previously discussed; **G4/12**
3) The type of business conducted is recorded as Hotel and Restaurant;
4) Dr Maqbool is recorded as the Manager with contact telephone number 053-8331472;
5) The references are: Meridian Hotel Dr Maqbool telephone number 082 468 3982; and Dr Shabbir telephone number 083 411 9017. The contact telephone for Dr Maqbool is the same number as that provided by Saima Shahzad as sole member on page 2 of the Application. Her address is furnished as 20 Kestel Street, Monument Heights. Shabbir's address on the form Z864 is 16 Kestel **G4/12**

Street, Monument Heights.

9.072 A Consumer Report enquiry was conducted for Shabbir. His address is listed as PO Box 3211, Kimberley, being the address of Watertech per Standard bank records and 16 Kestel Street, Kimberley. A Consumer Report enquiry was also conducted for Saima Shahzad. One of her addresses is 20 Kestel Street, Kimberley. Under employer information the name Dr Maqbool is recorded. I further determined from a Kredit search report that an entity known as Kim Corp 960 cc with registration number 2004/097688/23 was registered on 16/09/2004. Shabbir is an active principal and his address is recorded as 16 Kestell Street, Kimberley. Shahzad Maqbool is another active member and his address is listed as 20 Kestell Street, Kimberley; and hence the name Shahzad linked to Saima Shahzad. I understand that the said Shahzad Maqbool and Saima Shahzad are husband and wife. The documentation discussed above would indicate that Shabbir, (Dr) Shahzad Maqbool and Saima Shahzad are linked to Watertech. When the SAPS went to conduct a search of 20 Kestel Street, Kimberley they located a Dr Mahmood and Dr Bushra who were living there since December 2008. Neither Shahzad Maqbool nor Saima Shahzad could be traced. Shabbir was found to be the occupant of 16 Kestel Street, Kimberley where the SAPS conducted a search. **B8** **B9** **B10**

9.073 I examined the personal file of Shahzad Maqbool maintained by the Northern Cape DOH and determined the following: **G6**

1) A copy of his identity number reflects his full names as Shahzad Maqbool id 640601 6044 185, born in Pakistan and issued on 1994/09/27. **G6/1**
2) A Persal Administration: NC Health: Enquiry Service Record dated 16 April 2009 reflects he was appointed on 13 February 2001 and was still employed by the Department on 16 April 2009. **G6/2** **G6/3**
3) A Northern Cape DOH letter dated 16 April 2009 reflects that Shahzad Maqbool ID 640601 6044 086 worked in the Kimberley Hospital Complex from 1 September 2001 to date (being 16 April 2009). **G6/4**
4) Page 1 of a form National Treasury Pensions Administration Withdrawal from Fund, reflects he resigned on 31 January 2010. **G6/5**

5) A "Naeem Translation House", Islamabad form is a Marriage Certificate. It reflects that Shahzad Maqbool date of birth 01/06/2004 was married to Saima Mazhar dated of birth 31/07/1970, on 12 November 1994. **G6/6-7**

6) A Republic of South Africa Permit for Permanent Residence reflects that the permit was issued to Shahzad Maqbool on 5 July 1993. Attached is a certified copy of birth entry no 55/96 issued in Lahore on 14/03/1996. It reflects that infant as Dania, the fathers name as Shahzad Maqbool and the mothers name as Saima Shahzad. Also attached to these 2 documents is a copy of an identity book of Saima Shahzad; it reflects her id 700731 0627 185, born in Pakistan and issued on 1998/07/08. **G6/8** **G6/9** **G6/10**

9.074 I further examined statements no 1 to 41 inclusive subpoenaed by the SAPS from Standard Bank iro Stratfit cc account number 040090116 and determined the following (I have not attached these bank statements in their entirety): **H6**

1) Statement number 1 reflects a zero opening balance as at 1 January 2007 and a debit service fee of -R55.00 on 31 January 2007. **H6/1**

2) Statement number 2 is dated 6 March 2007 and covers the period 7 February 2007 to 1 March 2007. The opening balance as at 7 February 2007 was -R55. A credit transfer in the amount of R877,193 was made by Intaka Investments on 16 February 2007 (I have already investigated this payment and it is covered in a separate report as it relates to the water purification plants investigation). A "Magtape Credit 9234 Skyros Health (Pty) in the amount of R612,000 was made on 28 February 2007. **H6/2**

9.075 I have discussed this account in detail in the report issued by me in respect of the procurement of 10 water purification plants by the Northern Cape DOH from Intaka that deals with commission payments made by Intaka to Watertech. I do not deem it necessary to repeat same.

9.076 However, I determined that Stratfit had made a payment to Bennie Burger on 10 September 2007 in the amount of R3,499.80. I determined that Bennie Burger is a member of Benjamin Accounting Services cc t/a Accounting Kimberley and I pursued

this in an effort to trace Saima Shahzad as her whereabouts are unknown. Benjamin Burger (**Bennie Burger**) was interviewed and provided the following information relevant to Watertech:

1) He is the auditor of Watertech and they have been his client since early 2007 when the business started trading;
2) The owner and sole member of Watertech is Saima Shahzad. He has never been informed of any change in membership. He never met Shahzad in person or spoke to her and always dealt with Neimari Oosthuizen (also known as Elma) who is the Operations Manager of the business and the primary contact person for Watertech;
3) Shabbir is unknown to him and he is not aware if he was ever a member of Watertech. The first time he saw documentation relating to Shabbir was when Oosthuizen requested him to add Shabbir as an employee on the payroll of Spectrum Health.

Bennie Burger provided an affidavit confirming the above. **F9**

E-mails and other correspondence linking Shabbir to Watertech

9.077 I identified the following additional documents linking Shabbir to Watertech and his relationship with Dr Savoi and/or Skyros Health, and Leon De Lange's link to Skyros Health:

1) An e-mail from Tracey Ward to hshabbir@mweb.co.za on 1 February 2007 at 08:03 am, titled "quotation- various medicine"; **J1/1-3**
2) A letter on a Skyros Health letterhead dated 10 May 2007 addressed to Watertech for the attention of Dr H Shabbir, which has been deleted and replaced with "Spectrum Health" and "Elma" (Bennie Burger has referred to Spectrum Health however I have not performed a detailed investigation into this entity. The subject is "Re: Quotation for dialysis consumables". This letter appears to have been signed by Rodrigo Savoi, as CEO. **J2/1-2**
3) An e- mail from Alicia Marcos to Tracey Ward on 21 May 2007 at 08:45 am titled "FW: Rapid tests". The body reads as follows: "*Dear Tracey, please send an e-mail/ fax to Watertech attention Elma Oosthuizen with copy to Dr Shabbir with the* **J3**

text of Dr de Lange's email signed by Rodrigo Savoi or you on behalf of Skyros Health. Also attach the pictures but only if you do something to erase the name of the company (Smart Check Rapid Diagnostic Products Global Medial SA (Pty) Ltd). Try with paint even if it doesn't look perfect it works".

4) E-mail between Alicia Marcos and Tracey Ward on 9 May 2007. The e-mails relate to a fax sent by Dr Leon De Lange to "Intaka Health" for the attention of "Alicia Marcos" and "Dr G Savoi" on 6 May 2007. He refers to an attached quotation for hospital equipment and a quotation for the disposables for the Dialysis Machines; the latter is on a Cape Medical Supplies letterhead. Alicia Marcos requested the following from Tracey at 05:02 pm (on 9 May 2007): "*could you please add 20% to the quotation sent by Dr De Lange and print it in Skyros Health letterhead paper? I need it for tomorrow at 11:30*". Attached are the quotations of Skyros Health that includes the 20% mark up on Dr De Lange's prices. **J4/1-2** **J4/3** **J4/4-5** **J4/6-7** **J4/1** **J4/8-10**

Affidavit of Graham Clive Clother- Sinclair

9.078 I was provided with a copy of an affidavit obtained by the SAPS from Graham Clive Clother- Sinclair (**Clother- Sinclair**). I do not deem it necessary to repeat same, but make reference to it in so far as it relates to the investigation of the Dialysis Machines and whether this is supported by other documentary evidence: **F10**

1) He was the sole member of Sinbiz. Leon De Lange then bought an interest in Sinbiz. Sinbiz was then sold to Skyros Health and he received a 9% interest in Skyros Health. He has not referred to any dates. The Kreditinform enquiry reflects he became a member of Sinbiz on 5 May 2005 and he is still a member. It also reflects that he resigned, but I am unable to determine the date. It further reflects that Leon De Lange was also appointed on 5 May 2005 and resigned, but I am unable to determine the date. It does not reflect that either Dr Savoi or Rodrigo Savoi were members of Sinbiz. **B5**
2) He received a 9% share in Skyros Health and was appointed on 1 February 2006 as a Director. The balance of the shares was Savoi Family Trust 51% and Dolphin Trust IT 3078/96 (De Lange) 40%. The other company Directors were

Leon De Lange, Dr Savoi and Rodrigo Savoi. In July 2006 he sold his Skyros Health shares to Skyros Health and as part of the deal he assumed ownership again of Sinbiz. The Kreditinform enquiry confirms he was appointed as a director of Skyros on 1 February 2006 and that he resigned; I am unable to determine the date of resignation. **B4**

3) He denied knowledge of any of the Sinbiz quotations shown to him and stated that it is also not his signature appearing on those quotations purporting to be his signature. He further has no knowledge that a Sinbiz quotation was submitted by Skyros Health to Dr Hamid Shabbir of the Northern Cape DOH as part of the procurement process to supply Dialysis Machines. He added that Sinbiz was still the property of Skyros Health at the time of the quotations; it was only returned to him in mid- 2007 and he was not in a position to provide quotations on behalf of Sinbiz. I agree with him that the signatures appearing on the disputed Sinbiz quotations purporting to be his, differ to his specimen signature and concur that the signatures appear to have been forged. I am unable to confirm the date he assumed ownership again of Sinbiz. There is no evidence (apart from the quotations themselves) that he prepared the quotations or that he sent them to the Northern Cape DOH as part of a formal procurement procedure; the evidence reflects they were prepared and submitted from Intaka premises and by Intaka staff. **C1/11-12** **D7/3**

9.079 It has been reported to me that Leon De Lange was approached by the SAPS and has denied any wrongdoing; including denying that it is his signature on the Cape Medical Supplies quotations created by Marcos. It is evident that the Cape Medical Supplies quotations that De Lange claims are forged were used to inflate the prices the Northern Cape Department of Health agreed to pay for the Dialysis Machines.

Verification and Inspection of Dialysis Machines at Kimberley Hospital Complex

9.080 I previously referred to Sister Gilbert's explanation in so far as it relates to the status of the sixteen (16) x Bellco Haemodialysis machines supplied by SSEM Mthembu on behalf of Skyros Health. According to Sister Gilbert 9 machines were delivered to

Kimberley Hospital in 2007 (after the machines were initially delivered to other hospitals and then taken to Kimberley Hospital) and the remaining 7 were placed into operation on 1 September 2010. On 16 September 2010 I determined from a member of my team who visited Kimberley Hospital, that 9 machines are being used at Kimberley Hospital. On 6 October 2010 I visited Kimberley Hospital and verified the above. I further determined that the remaining 7 dialysis machines are marked No 10 to No 16 inclusive and the date of delivery is marked as 01/09/2010. This was the first time the machines were opened from their original packaging after being delivered on 8 December 2006 i.e. approximately 3 years and 8 months later. The following note appears on machine marked No 16: "*Enter Choice 1 tested 21-09-2010 was used only once and did not finish dialysis. Time worked for 30 min*". I attach hereto photographs taken on 16 September 2010 and 6 October 2010. **J5**

9.081 I further attach hereto a spreadsheet containing the serial numbers and the original delivery note details of 8 December 2006, of the 7 Dialysis Machines delivered to Kimberley Hospital on 1 September 2010. **J6**

Summary of Findings

9.082 Detailed below is a summary of significant findings from the investigation conducted into the procurement of Dialysis Machines by the Northern Cape DOH from Skyros Health:

1) Skyros Health, an entity based in the Western Cape and linked to Intaka, Dr Savoi, Rodrigo Savoi, Marcos, Ward and Leon De Lange received an order from the Northern Cape DOH in the amount of R4,000,000 on 27 November 2006, for the supply of sixteen (16) x Dialysis Machines. **B4, H1** **D8**
2) This was preceded by the formation of a Project Team in approximately 2004 who identified a need for the establishment of Satellite Renal Units at Upington (Gordonia hospital) and De Aar (Sentraal Karoo hospital) as a matter of urgency, that would improve the quality of service delivery to patients by making dialysis machines accessible, available, efficient and effective to all patients. The Project Team met in August 2005 and May 2006. Sister Gilbert, employed as a Chief Professional Nurse in the Renal Unit, Kimberley Hospital complex was a member of the Project Team. **F1**
3) During September and October 2006 Sister Gilbert obtained copies of quotations from service providers known to her namely: **F1**
   1. Fresenius Medical Care;
   2. Adcock Ingram; and
   3. B Braun.
4) The Departmental Evaluation Committee held a meeting on 8 November 2006; being the 1st meeting of the newly formed committee. Mitha attended the meeting on behalf of SCM in an Advisory Capacity. The purpose was the "*evaluation of offers received for the purchase of 16 Renal Dialysis Machines, De Aar Hospital, Gordonia Hospital, Sanjay please add other names*". I am unable to determine why 16 dialysis machines were required, as the meetings of the Project Team only referred to 2 for Upington and 2 for De Aar, nor how Mitha (referred to above as Sanjay) as an SCM representative was in a position to provide the names of the other hospitals as he was not a member of the Project Team. **D4**
5) The meeting was presented with five (5) x "offers" (I assume written quotations, **D4/1**

however I was not provided with the said documents presented to the Project Team):

1. B Braun Medical;
2. Cape Medical;
3. Skyros Medical;
4. Sinbiz; and
5. Bellco.

6) The Task Team was unable to make a comparative assessment as specifications varied from supplier to supplier and it was reported in the minutes that it would be improper to make a decision based solely on price. In addition no offer was received in respect of the Reverse Osmosis plant. **D4/2**

7) Werner Groenewald, Clinical Technologist was tasked with the drafting of uniform specifications that meet the requirements of the Institutions concerned. He requested that Vincent Halvey, Clinical Engineering, Kimberley Hospital Complex be co-opted to assist him with the specifications in respect of the Osmosis plant. The specifications were to be presented to the committee before 24 November 2006. In addition should more information be required Companies would be requested to give a presentation. **D4/2**

8) The Evaluation Committee did not meet again subsequent to the said meeting of 8 November 2006 to receive the specifications compiled by Groenewald on or before 24 November 2006. However, a Submission was prepared titled "Procurement of Dialysis Machines" dated 24 November 2006. The author of the document is unknown, however all previous Submissions prepared in respect of water purifications plants and oxygen plants procured by the Northern Cape DOH from Intaka were prepared and submitted by Sanjay Mitha. He was the Director SCM at the time and also attended the Project Team meeting of 8 November 2006 previously referred to. Yvonne Nowell recalls Mitha bringing some of the quotations to the said meeting. She further alleged that Mitha showed her the Submission (a signed version) at the time he instructed her to bring an order book to his office as the MEC wanted the Dialysis Machines ordered immediately. I therefore suspect that Mitha prepared the Submission in question. **F2-F4** **D6/1-3** **D4** **F4**

9) The Submission reflects the Department received 4 quotations:. **D6/2**

1	Skyros Health	R250,000 with RO filters
2	Sinbiz cc	R259,000
3	Cape Medical Supplies cc	R261,000
4	B Braun	R200,457 without RO filters

10) The number of Dialysis Machines required however, increased from 16 to 22. A breakdown of how the 22 Dialysis Machines were to be distributed to 9 hospitals was included in the Submission. The writer (as previously stated whom I suspect to be Mitha) concluded: "*It is recommended that two companies be awarded the procurement of these machines namely, Skyros Health and B. Braun. Furthermore, the former company has indicated that the renal machine is equipped with a reverse osmosis filter*". **D6/2**

11) It was recommended by Dr V Mafungo, Acting Head of Department on 27 November 2006 and approved by Ms ES Selao, MEC for Health on the same day. **D6/3**

12) I am unable to determine how the need for dialysis machines progressed from 2 hospitals, namely Gordonia and De Aar, and planning for another 3 namely Springbok, Kuruman and Calvinia by the Project Team, to 9 hospitals. I have not been provided with any documentation reflecting the Project Team made such a decision. It is further evident that the specifications that were to be prepared by Groenewald with the assistance of Halvey, was not presented to the Departmental Evaluation Committee prior to 24 November 2006 (I will again refer to Groenewald below). It is unclear from the Submission in question whether it was approved in terms of an urgent or emergency case; that permits the Accounting Officer to deviate from the official acquisition processes established by the Northern Cape DOH SCM Policy and acquire any required goods/ services through any convenient processes. **D2/1** **D6/2** **D9** **A5/31**

13) The 4 quotations comprised the following:

1. Skyros Health quotation dated 12 October 2006. I determined this quotation was changed, manipulated and prepared at Intaka. It was addressed to the Northern Cape DOH for the attention of Hamid Shabbir. **D7/1** **C1/6**

2. Cape Medical Supplies quotation dated 8 August 2006. I determined that this quotation had been was changed, manipulated and prepared at Intaka. It was addressed to the Northern Cape DOH for the attention of Hamid Shabbir. **D7/2** **C1/7**
3. Sinbiz quotation dated 11 October 2006. I determined that this quotation had been was changed, manipulated and prepared at Intaka. It was addressed to the Northern Cape DOH for the attention of Hamid Shabbir. **D7/3** **C1/12**
4. B Braun Medical quotation dated 9 October 2006. I determined this was 1 of the 3 quotations requested by Sister Gilbert. **D7/4** **D3/5**

14) Also attached was: a B Braun letter dated 21 October 2006 addressed to Groenewald that includes a quotation for a Dialog and Double Pump Standard in the amount of R111,720 and Optional Extras, amounting to R200,483 according to a handwritten calculation); and 2 documents purporting to be specifications for a "Formula" machine from Bellco and Cape Medical Supplies. The Submission indicates the said specifications were obtained from Skyros Health (Formula machines) and B Braun (Bellco machines). **D7/5** **D7/6-8**

15) Also attached was a Skyros Health letter dated 10 November 2006 addressed to the Northern Cape DOH for the attention of Hamid Shabbir reconfirming their machine comes with a reverse osmosis filter. **D7/9**

16) Groenewald confirmed that he prepared a specification document as requested by the Departmental Evaluation Committee, but that it was never presented to the said committee nor used for the purpose it was intended. He was not familiar with Cape Medical Supplies, Skyros Health, Sinbiz and Bellco, names provided by the Departmental Evaluation Committee. He provided a number of e-mails and correspondence where he dealt with Dr Leon De Lange of Skyros Health. The same person was the purported signatory of the Cape Medical Supplies quotation, however Groenewald knew him from Skyros Health only. **D9** **F3/59-77** **D7/2**

17) Nowell confirmed that Mitha was in possession of the signed Submission and instructed her to issue the order to Skyros Health for 16 Dialysis Machines @ R250,000 each amounting to R4 million, despite the fact that he was aware that Groenewald was preparing the Specification documents and that SCM was preparing an official tender document (he also attended the meeting of the Departmental Evaluation Committee of 8 November 2006). **F4** **D6** **D8**

18) Clother- Sinclair confirmed that he has no knowledge of the Sinbiz quotations in **F10**

possession of Intaka and the Sinbiz quotation attached to the Submission and hence the Sinbiz quotation has been forged. **C1** **D7/3**

19) The 16 Dialysis Machines were delivered by SSEM Mthembu for Skyros Health to 7 hospitals in the Northern Cape DOH during the period 6-8 December 2006. **D13/6-12**

20) Roydon Peirone of SSEM Mthembu stated that he provided a quotation to Leon De Lange of Cape Medical Supplies on 4 August 2006 for the supply of 16 Formula Dialysis Machines. The price was R123,337.50 less 20% discount and VAT that amounted to R112, 483.80. The forged Cape Medical Supplies quotation to the Northern Cape DOH dated 8 August 2006 was R261,000 each. SSEM Mthembu subsequently received the order from Cape Medical Supplies in September 2006 and invoiced them on 26 October 2006. On 1 December 2006 De Lange instructed SSEM Mthembu to deliver the machines to hospitals in the Northern Cape DOH and also provided Skyros Health delivery notes. Peirone stated that he was not familiar with Skyros Health and had not dealt with them previously. SSEM Mthembu made the deliveries as instructed by De Lange. He added that the Formula Dialysis Machines provided by SSEM Mthembu comes standard with a multiple water inlet and a forclean dialystate filter; the Reverse Osmosis Filters are supplied separately. SSEM Mthembu invoiced Cape Medical Supplies R1,799,740.80 for the 16 Dialysis machines delivered to the Northern Cape DOH on 26 October 2006 and received payment on 5 February 2007; the Department paid Skyros Health R4,000,000. **F6** **D14/1** **D7/2** **D14/2-3** **D14/4-10** **F6/18**

21) It was reported to me by the SAPS that Leon De Lange has denied any wrongdoing in so far as the Cape Medical Supplies quotation is concerned, despite him being conclusively linked to Skyros Health. **C1/9** **D7/2**

22) The collusive behaviour amongst Dr Gaston Savoi, Rodrigo Savoi, Marcos, Ward, Leon De Lange, Shabbir and Mitha, that included the preparation, submission and receipt of forged quotations, has been designed to establish bid prices at artificial non- competitive levels and to deprive the Department of the benefit of free and open market competition. **D7/1-3** **C1**

23) This was further aggravated with the awarding of the order for 6 Bellco Dialysis Machines to B Braun. B Braun quoted an amount of R111,720 for the Dialysis machines only. Mitha then manipulated the process to increase the price of the B Braun machines to R200,457 per machine to include extras. B Braun offered to **D15/3** **D15/2** **D15/4** **F7**

provide 9 machines at the said price, but this was rejected by Nowell. It appears that Nowell was aware of the irregular behaviour of Mitha and did not act within the best interests of the Department. Her explanation is not reasonable. B Braun was awarded the order in question at the inflated price as it would otherwise have reflected that the Skyros Health price was more than double the B Braun price; R250,000 per machine compared to R111,720 per machine- the latter is also within a similar price range as the SSEM Mthembu price to Cape Medical Supplies being R112,483.80. B Braun also provided two Reverse Osmosis filters to the Department at no additional cost. **D15/4** **D14/1** **F7**

24) The Northern Cape DOH paid Skyros Health R4,000,000 on 29 January 2007. **H2/2**

25) Skyros Health made a payment in the amount of R2,528,130.22 to Cape Medical Supplies on 1 February 2007 i.e. within 2 days of receipt of payment from Northern Cape DOH. Peirone confirmed that SSEM Mthembu received payment of R1,799,740.80 for the 16 dialysis machines from Cape Medical Supplies on 5 February 2007 i.e. within 4 days of Cape Medical Supplies/Leon De Lange receiving payment from Skyros Health. **H2/5** **F6/18**

26) Shabbir, Saima Shahzad and Nelmari Oosthuizen conspired to set up a company Watertech and open a bank account. The main purpose was to receive undue benefits from Intaka in the form of commission's payable for alleged services rendered in respect of the sale of the water purification plants by Intaka to Northern Cape DOH. The said account was also used to receive an undue payment in the amount of R612,000 on 27 February 2007 from Skyros Health for "commission in respect of the sale of 16 dialysis machines". **H5** **E6** **H2/5, H6/2**

27) The length of time it took for the 16 machines purchased from Skyros Health to be put into use is further indicative of the collusion; there was clearly no urgency or emergency for these machines and no need to deviate from procurement procedures, as all 16 are at Kimberley Hospital, 7 of which were delivered in their original packaging from other hospitals and used for the first time on 1 September 2010. It is my submission that the entire irregular procurement procedure was designed for purposes of self- enrichment as illustrated below: **J5/J6**

	Date	Payer	Recipient	Amount (R)	
1	29 January 2007	Northern Cape DOH	Skyros Health	4,000,000.00	H2/2
2	1 February 2007	Skyros Health	Leon De Lange	2,528,130.22	H2/5
	Sub- total			1,471,869.78	
3	27 February 2007	Skyros Health	**Watertech**	**612,000.00**	**H2/5, H6/2**
	Net **Skyros Health**			**859,869.78**	
4	5 February 2007	Leon De Lange/ Cape Medical Supplies	SSEM Mthembu	1,799,740.80	F6
	Net **Leon De Lange** (2- 4)			**728,389.42**	

28) In order to justify the highly inflated price of the Dialysis Machines of Skyros Health, the price of the Dialysis Machines of B Braun was manipulated and increased from R111,720 to R200,457; Mitha was instrumental in this process. **D7/4-5** There is no evidence that B Braun was involved in any irregular conduct or that they made any undue payments to officials and/or third parties. They offered to provide 9 machines at the same price, however Nowell declined this as it would **F7/15** reflect negatively on the highly inflated price of the Skyros Health machines. The Department could have paid B Braun R670,320 for six dialysis machines; they **D12** paid R1,202,742.

T S White
Director: Forensic Services
4 April 2011

RR4-TSW-1025

12

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1026

TSW 12

In the matter between:

KIMBERLEY CAS 02/05/2010

THE STATE

And

GASTON SAVOI	ACCUSED 1
FERNANDO PRADERI	ACCUSED 2
JOHN BLOCK	ACCUSED 3
FRANK MASHILO	ACCUSED 4
NANDIPHA DAPHNE MADIBA	ACCUSED 5
INTAKA INVESTMENTS (PTY) LTD/ INTAKA TECH (PTY) LTD/ INTAKA HOLDINGS (PTY) LTD	ACCUSED 6
INTAKA NORTHERN CAPE (PTY) LTD	ACCUSED 7

REPORT OF TREVOR SEAN WHITE

Dated	8 July 2011
Specialist field	Chartered Accountant and Forensic Auditor
On behalf of the Prosecution	The Director of Public Prosecutions
On the instruction of	The Department of National Treasury
Subject matter	Investigation conducted into the purchase of one (1) x Water Purification Plant by the Sol Plaatje Municipality in the Northern Cape from Intaka Investments (Pty) Ltd.

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

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COMMISSION OF INQUIRY INTO STATE CAPTURE

ABBREVIATIONS AND TERMINOLOGY

The following are abbreviations and terminology that have been used in this report:

Abbreviated name/ terminology	*Full name and/or description*
AFU	Asset and Forfeiture Unit
BAC	Bid Adjudication Committee
BEC	Bid Evaluation Committee
Brooker	Russel Kevin Brooker, Sol Plaatje Municipality
Bogacwi	Mr KA Bogacwi, Infrastructure and Services, the Municipality
Cooper	Tony Cooper
Coetzee	Stafford Coetzee, Head: Water Purification Works, the Municipality
DFA	Diamond Fields Advertiser
Gerrans	Tony Gerrans, Grotto
Grotto	Grotto Manufacturing (Pty) Ltd
Intaka	Intaka Investments (Pty) Ltd, Intaka Tech (Pty) Ltd, Intaka Holdings (Pty) Ltd
John Block	John Fikile Block
KZN	Kwa-Zulu Natal
KZN Health	The Department of Health KwaZulu- Natal
KZN LG & TA	KwaZulu- Natal Department of Local Government and Traditional Affairs
Lenyibi	Patrick Lenyibi, former Mayor of the Municipality
Mashilo	Frank Mashilo, former Municipal Manager of the Municipality
Matsie	Sello Matsie, Communication Manager, the Municipality

Madiba	Nandipha Daphne Madiba, former Executive Director, Finance and Chairperson of the BAC, the Municipality
the Municipality	The Sol Plaatje Municipality
MFMA	Municipal Finance Management Act, Act No 56 of 2003
National Treasury	The Department of National Treasury
Northern Cape DOH	The Northern Cape Department of Health
PFMA	Public Finance Management Act, Act 1 of 1999
Praderi	Fernando Praderi, Intaka
PwC	PricewaterhouseCoopers
Romani	Ansano Romani, Imvusa
SAPS	South African Police Services
Savoi or Dr Savoi	Dr Gaston Savoi, Intaka
SCM	Supply Chain Management
Swiegers	Willem Swiegers, Contract Administration Division, the Municipality
Van Niekerk	Ms J van Niekerk, the Municipality

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

A. AUTHOR'S DETAILS

1.000 Name

1.001 Trevor Sean White.

2.000 Personal details

2.001 I am a male with identity number 6611245014087, 44 years old. I am a director of PricewaterhouseCoopers Advisory Services (Pty) Ltd, 102 Stephen Dlamini Road, Berea, Durban with telephone number (031) 2712000.

3.000 Experience and qualifications

3.001 I joined Price Waterhouse in 1989, and was admitted as a director of PricewaterhouseCoopers on 1 July 1998, following the merger of Price Waterhouse and Coopers and Lybrand. I am presently the director in charge of the KwaZulu-Natal Risk Advisory Services department, which incorporates the Forensic Investigations Department of PricewaterhouseCoopers in KwaZulu-Natal.

3.002 I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the South African High Court and the Regional Court and in the Lesotho High Court. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration ("CCMA") and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree and Post Graduate Diploma in Accountancy from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of the Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing, reviewing and verifying financial information and accounting records. I have also

chaired three investigative Commissions of Enquiry into Fraud and Corruption in Swaziland.

B. MANDATE AND ISSUES TO BE INVESTIGATED

4.000 Appointment

4.001 The terms of our appointment are detailed in our agreement which was signed by Mr Freeman Nomvalo of the Department of National Treasury (**National Treasury**), on 2 July 2010. The said Agreement relates to the investigation into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN Department of Local Government and Traditional Affairs (**KZN LG & TA**), the Northern Cape Department of Health (**the Northern Cape DOH**) and the Sol Plaatje Municipality (**the Municipality**) in the Northern Cape. This report covers the investigation into the purchase of one (1) x Wataka Water Purification Plant by the Sol Plaatje Municipality only; separate reports have been or will be issued for the investigation conducted at the KZN LG & TA; the procurement of Oxyntaka Self-Generating Oxygen Plants and Water purification systems by the Northern Cape DOH; and the purchase of Dialysis Machines by the Northern Cape DOH.

4.002 The following represents the General Procedures performed:

1. Requested and received payment reports from the Promun financial system of the Municipality for payments to Intaka who received an order for the supply of a Water Purification System and were paid by the Sol Plaatje Municipality, Kimberley.

2. Obtained supporting payment documentation.

3. In respect of the procurement procedures followed, obtained all relevant documents including quotations, applications to and approvals by the Bid Evaluation and Bid Adjudication Committee and minutes of meetings.

4. Interviewed and obtained affidavits where necessary from officials involved in the procurement procedure and/or who were referred to in relevant correspondence.

5. Determined whether any person involved in the procurement process or otherwise irregularly manipulated the procurement process to favour Intaka.

6. Visited and/or requested additional documentation and information from the Municipality where the water purification plant had been delivered and/or commissioned.

7. Interviewed third parties and obtained affidavits and supporting documents where necessary and applicable, including Intaka staff whose names featured on documentation and electronic records between the Sol Plaatje Municipality and/or officials, and Intaka.

8. Accompanied the SAPS investigating officer to Cape Town and reviewed the documents seized from Intaka.

9. Reviewed the electronic data copied by the SAPS from computers seized from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.

10. Examined bank accounts subpoenaed by the SAPS.

11. Examined additional documents seized by the SAPS from Intaka.

4.003 I am not required to and did not undertake an audit in terms of the International Standards on Auditing. The scope of my work was limited to a review of the documentary evidence made available to me and enquiries undertaken to address issues identified in the execution of the investigation undertaken. I have not verified the authenticity or validity of the records and documents provided to me, unless otherwise stated.

4.004 This report has been prepared solely for use in the criminal matter registered with the SAPS; Kimberley CAS 02/05/2010. It may also with the prior written consent of the Director of Public Prosecutions be used in any civil or disciplinary proceedings that the Sol Plaatje Municipality may wish to initiate. It may not be suitable for any other purpose and it should not be used, reproduced or circulated for any other purpose without my prior written consent. It should be a condition of such consent, if given, that PricewaterhouseCoopers and myself accept no responsibility to that third party and that such third party will hold PricewaterhouseCoopers and myself harmless in respect of any consequences of such disclosure. Whether or not I have given consent, PricewaterhouseCoopers and myself will not accept liability or responsibility to any other party who may gain access to this report.

4.005 I have included information relevant to the investigation and related circumstances but cannot conclude on the completeness of such information as the possibility exists that not all-relevant information and documentation was made available to me. Any documentation or information brought to my attention subsequent to the date of this report, which will affect the findings detailed herein, will require my findings to be adjusted and qualified accordingly.

4.006 This report contains hearsay evidence based on interviews conducted with individuals. I deem the aforementioned evidence to be appropriate to sketch the full picture of the allegations raised.

5.000 Background

5.001 During the course of an investigation conducted by PwC in the KZN Department of Health into allegations of tender and procurement irregularities for which undue payments were allegedly made and other financial irregularities, we received information and it was alleged that Intaka Investments (Pty) Ltd (**Intaka**) had received an order for the supply of water purification systems to the Department of Health KwaZulu- Natal (**KZN Health**) and that a corrupt payment was made to an official. We investigated this matter relying solely on the documentation in possession of KZN

Health and interviews and information obtained from officials of the said Department. At this stage we were informed that Intaka was the subject of a criminal investigation and when we attempted to interview an employee of Intaka we were advised by their Legal Advisor that we were required to address all correspondence through him. Hence, we did not have access to Intaka's records or their employees who may have been involved in the provision of the water purification systems (plants). We were subsequently informed that the SAPS had conducted a search of Intaka's premises and had seized documentation. We initially did not have access to these records.

5.002 Following the said investigation we issued our report dated 30 November 2009, that included the investigation and findings at that date in respect of the supply of water purification systems to KZN Health by Intaka.

5.003 We were thereafter on 9 February 2010 mandated to extend our forensic investigation into the awarding of a contract for Oxyntaka self- generating oxygen plants to Intaka and to assist the SAPS with the review of the documents and computers seized from Intaka. We have completed the said investigation; and we issued a report in this regard dated 24 May 2010.

5.004 On 4 May 2010 we were appointed by National Treasury to conduct a preliminary investigation into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN LG & TA and the Northern Cape DOH. The purpose thereof was to obtain sufficient evidence and information in order to prepare an affidavit for purposes of assisting with the application of a restraint order by the Asset Forfeiture Unit (**AFU**) for Intaka and other identified parties. Our mandate was further extended on
2 July 2010 as previously referred to in paragraph 4.001 of this report. We have completed the said investigation and prepared three (3) x forensic accounting reports for the Northern Cape Department of Health; the status of which is summarised below:

1) Issued our report dated 12 October 2010 iro the investigation conducted into the procurement of ten (10) x water purification plants by the Northern Cape

Department of Health from Intaka in the amount of R42,351,240;

2) Issued our report dated 4 November 2010 iro the investigation conducted into the procurement of sixteen (16) x Dialysis machines by the Northern Cape Department of Health from Skyros Health (Pty) Ltd an Intaka related entity in the amount of R4,000,000; and
3) Issued our report dated 19 November 2010 iro the procurement of thirty (30) x oxygen plants by the Northern Cape Department of Health from Intaka in the amount of R66,729,078.24.

5.005 I further determined when examining documents seized by the SAPS from Intaka and from the premises of Mr John Block (**John Block**) that Intaka communicated with John Block in respect of municipalities and Intaka products. PwC was not initially mandated to investigate the procurement of goods from Intaka by municipalities although the mandate has now been extended to cover this aspect. My findings into the investigation conducted at the Sol Plaatje Municipality and the procurement of one (1) x Wataka water purification plant are detailed below.

6.000 Issues addressed in my investigation

6.001 This report focuses on the order awarded to Intaka for the supply of one (1) x Wataka water purification plant by the Sol Plaatje Municipality (**the Municipality**).

6.002 The report further summarises the Procurement Procedures followed during the awarding of the order in question, where these have been contravened and where collusion has taken place between the Municipality officials, suppliers and other third parties.

C. BASIS OF INVESTIGATION

7.000 Execution of fieldwork and gathering of information

7.001 Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this report, however, where an opinion is expressed in this report it is my own opinion.

8.000 Sources documents

8.001 The information dealt with in this report was obtained from the sources listed below:

i) Supporting procurement documentation provided by the Municipality.
ii) Kreditinform Enquiries.
iii) Payment reports.
iv) Interviews conducted with Management and staff at the Municipality.
v) Information received from third parties.
vi) Interviews conducted with third parties.
vii) Documents seized by the SAPS from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.
viii) Electronic records seized by the SAPS from Intaka and from premises in the Northern Cape linked to various persons identified in this investigation.
ix) An affidavit provided by Dr Savoi of Intaka to the SAPS.
x) Bank records subpoenaed by the SAPS.

D. DETAILED PROCEDURES AND FINDINGS

9.000 Prior to discussing the investigations into the water purification plants I deem it necessary to refer to the relevant procurement policy and procedures in place at the Municipality at the time the purchase was made. The detailed procedures and my key findings are addressed thereafter for the investigations conducted into the purchase of the water purification plant by the Municipality from Intaka.

Municipal Finance Management Act, Act No 56 of 2003 **A1**

9.001 The Municipal Finance Management Act, Act No 56 of 2003 (**MFMA**) was adopted by Parliament, and assented to by the President on 13 February 2004, as published in Government Gazette 26019. The MFMA applies to all municipalities and municipal entities. I wish to refer to relevant sections thereof in respect of the procurement of goods or services as it relates to this investigation. **A1/1**

9.002 The Object of the Act is set out in section 2 of the MFMA and reads as follows: **A1/13**

"The object of this Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for-

(a) Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities:
(b) The management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;
(c) Budgetary and financial planning processes and the co-ordination of those processes with the processes of organs of state in other spheres of government;
(d) Borrowing;
(e) The handling of financial problems in municipalities;
(f) Supply chain management; and
(g) Other financial matters".

9.003 Section 60 of the Act sets out the responsibilities of Municipal Managers to be accounting officers and reads as follows: **A1/14**

"The municipal manager of a municipality is the accounting officer of the municipality for the purposes of this Act, and, as accounting officer, must-

(a) Exercise the functions and powers assigned to an accounting officer in terms of this Act: and
(b) Provide guidance and advice on compliance with this Act to –

(c) The political structures, political office-bearers and officials of the municipality; and

(d) Any municipal entity under the sole or shared control of the municipality.

9.004 Section 111 deals with the implementation of a Supply Chain Management (SCM) Policy and reads as follows: **A1/15**

"Each municipality and each municipal entity must have and implement a supply chain management policy which gives effect to the provisions of this part".

9.005 The SCM policy has to comply with the prescribed framework as set out in section 112 of the Act. The entire section is relevant, however, I wish to refer to the following sub sections: **A1/15-16**

112 (1): *The supply chain management policy of a municipal entity must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management, which must cover at least the following:*

1 The range of supply chain management processes that municipalities and municipal entities may use, including tenders, quotations, auctions and other types of competitive bidding.

112 (2): *The regulatory framework for municipal supply chain management must be fair, equitable, transparent, competitive and cost-effective.*

Sol Plaatje Municipality Supply Chain Management Policy, adopted by Council on 17 November 2005

9.006 The aforementioned SCM Policy of the Sol Plaatje Municipality was adopted by Council on 17 November 2005. The document sets out the threshold values when procuring goods and services and sets out the processes to be followed through the bidding process. I wish to refer to sections of the Policy relevant to the procurement of goods or services above the value of R200,000 (VAT included): **A2**

5. Subdelegations **A2/9-10**

(1) The accounting officer may in terms of section 79 or 106 of the Act subdelegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such subdelegation must be consistent with subparagraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award-

(a) Above R200 000 (VAT included), must be referred to the bid adjudication committee of which the chief financial officer or a senior manager is a member;

(3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the official referred to in subparagraph

(4) a written report containing particulars of each final award made by such official or committee during that month, including-

(a) The amount of the award;

(b) The name of the person to whom the award was made; and

(c) The reason why the award was made to that person.

(5) A written report referred to in subparagraph (3) must be submitted-

(a) To the accounting officer, in the case of an award by-

(b) The chief financial officer; or

(c) *A bid adjudication committee of which the chief financial officer or a senior manager is a member.*

19. Competitive bids **A2/18**

(1) "Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this Policy".

22. Public invitation for competitive bids **A2/20**

(1) "The procedure for the invitation of competitive bids, is as follows:

a) Any invitation to prospective providers to submit bids must be by means of

a public advertisement in newspapers commonly circulating locally, the website of the municipality or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and

b) The information contained in a public advertisement, must include-

(i). The closure date of the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2).;

(ii). A statement that bids may only be submitted on the bid documentation provided by the municipality; and

(iii). Date, time and venue of any proposed site meetings or briefing sessions.

(2) *The accounting officer may determine a closure date for the submission of bids which is less than 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process".*

35. Deviation from, and ratification of minor breaches of, procurement processes **A2/28-29**

The accounting officer may-

(a) Dispense with the official procurement processes established by this Policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only-

(i) "In an emergency;

(ii) If such goods or services are procured or available from a single provider only;

(iii) For the acquisition of special works of art or historical objects where specifications are difficult to compile;

(iv) Acquisition of animals for zoos; or

(v) *In any other exceptional case where it is impractical or impossible to follow the official procurement processes".*

Department of Health, Province of KwaZulu-Natal, Interim Supply Chain Management Delegations, dated February 2006 **A3**

9.007 Both the MFMA and the Sol Plaatje SCM Policy I referred to herein above are silent on the criteria for urgent or emergency cases. The Department of Health, Province of KwaZulu-Natal, Interim Supply Chain Management Delegations **(SCM Delegations)**, dated February 2006 contains the conditions and/or control measures applicable to urgent and emergency cases. The said SCM Delegations are not relevant to this investigation however I wish to refer to the section relevant to "Urgent and Emergency Cases" for ease of reference.

1. Urgent and Emergency Cases

"Cases are defined as urgent or emergency cases when the following criteria have been met:-

i) Resulted from natural disaster i.e. beyond human control; and

ii) Immediate action is required to avoid a dangerous or life threatening situation, misery or want".

Background: Affidavit of Dr Gaston Savoi

1.008 I attach hereto for ease of reference an affidavit of Dr Gaston Savoi's **(Dr Savoi or Savoi)** signed and dated 21 August 2008. The affidavit deals primarily with a donation paid by Intaka in February 2007 and two commission payments made in August 2007 that relate to Intaka's business transactions with the KZN Department of Health and KZN Department of LG & TA respectively. The affidavit refers to how he and Intaka were introduced to the KZN Provincial Government; however it does not refer to the Northern Cape Province or business transacted with the Municipality. **B1**

Intaka Investments (Pty) Ltd

9.009 I determined when investigating an order awarded to Intaka by the KZN Department of Health for the supply of 2 water purification plants, that the registration number recorded on the footer of their quotation dated 2 October 2006 is 2003/021018/07, attached hereto for ease of reference. A Kreditinform enquiry determined that said registration number belongs to Intaka Holdings (Pty) Ltd. The said entity was previously known as Intaka Tech (Pty) Ltd and was first registered on 28/08/2003. The holding company is recorded as "Savoi Family Trust". The Active Principals are Dr G Savoi id 521226 0000 000 appointed on 28/08/2003 and Mr R Savoi id 810212 5000 000 appointed on 21/11/2007. In terms of the footer of the quotation the other 2 directors as at 2 October 2006 were Fernando Praderi and Clement Morris. In terms of the Kreditinform Report these 2 persons resigned as Directors, however the date of resignation is not reflected. It would appear that the entity with registration number 2003/021018/07 was known as Intaka Investments (Pty) Ltd at the date of the quotation and subsequent thereto changed its name to Intaka Tech (Pty) Ltd and then Intaka Holdings (Pty) Ltd. **B2/1-3** **B3**

Intaka Northern Cape

9.010 I determined that the first 2 water purification plants purchased by the Northern Cape DOH (as discussed in further detail in my report dated 12 October 2010) were awarded to an entity known as Intaka Northern Cape. A Kreditinform Enquiry determined that Intaka Northern Cape (Pty) Ltd with registration number 2005/006456/07 was previously known as Tarree Investments and was registered on 2 March 2005. The Directors appointed effective 2 March 2005 and who are still active principals are: John Fikile Block (**John Block**) id 680210 5802 089 and Gaston Savoi id 521226 0000 000. The current status of this entity is recorded as de-registered. **B4**

THE PURCHASE OF ONE (1) X WATER PURIFICATION PLANT FROM INTAKA

Order awarded to Intaka and payments made by the Sol Plaatje Municipality

9.011 I requested a list of payments made by the Sol Plaatje Municipality to Intaka and was provided with payment information extracted from the Promun financial system of the Municipality. I identified three (3) x payments made to Intaka during the period 7 April 2006 to 14 May 2007 amounting to R 3,205,575.91 as summarised in the table hereunder. **C1**

	Payment date	Payment amount (R)
1	07/04/2006	2,794,000.00
2	24/10/2006	73,575.60
3	14/05/2007	338,000.31
	Total (R)	**3,205,575.91**

9.012 I have been provided with supporting documentation iro the payments made by the Municipality to Intaka and determined that Intaka received payment in the amount of R2,794,000 on 7 April 2006 for the supply of one (1) x Wataka water purification plant to Ritchie, a town near Kimberley in the Northern Cape Province. The other two (2) x payments to Intaka in the amount of R73,575.60 and R338,000.31 respectively were for the supply of chemicals to the Municipality. This report deals only with the procurement of the water purification plant. **C2**

9.013 The Municipality could not provide a copy of the order, delivery note, payment certificate and or any correspondence confirming the date when the Wataka water purification plant had been commissioned. Mr Russel Brooker **(Brooker)** of the Municipality was interviewed and an affidavit was provided by him. He stated that *"the documents could not be traced as these documents are kept for three years only"*. **F11**

9.014 The Municipality provided an e-mail from Fernando Praderi to Tony Cooper titled "Wataka Ritchie" dated 12 April 2006. Praderi thanked Mr Cooper in the e-mail **C3**

stating "Thank you so much for receiving us in Kimberley yesterday and driving us to Ritchie in order to coordinate the technical details for the installation and connection of the Wataka 050". Hence, the commissioning of the Wataka water purification plant was commissioned at Ritchie after 12 April 2010 and after Intaka had received the full payment from the Municipality for the Wataka water purification plant in the amount of R2,794,000 on 7 April 2006. This is despite the tender documents making provision for a 10% retention. **D22/24**

Background into obtaining all relevant documentation from the Municipality and from the SAPS

9.015 I initially examined documents from the SAPS in the Western Cape under "Project X Cross Ref 26/102/2 (17)" being hard copy and electronic records, after they conducted a search of Intaka's premises. I thereafter received and examined documents seized by the SAPS in the Northern Cape, being hard copy and electronic records, after they conducted searches at various business entities and suspected persons premises in the Northern Cape. The SAPS performed a search of the Municipality's premises on 18 November 2010 and provided hard copies of the records seized during the search. All other relevant procurement documentation and other official records from the Municipality relating to the purchase of the water purification plant were then requested. In addition to this I obtained documents and records from: third parties interviewed by SAPS and PwC representatives during the investigation phase; bank records subpoenaed by the SAPS; and records from the Office of the Registrar of Companies and Close Corporations. In addition the SAPS had performed a further search of Intaka's premises on 25 August 2010 and seized additional documents that were examined by me.

Detailed investigation into all documents received and interviews conducted

9.016 I received a number of documents from the said sources and compiled a comprehensive list, in order to obtain a clear understanding of the sequence of events in terms of the documents. I deem it necessary to briefly refer to each relevant document and the content of each where applicable. All documents discussed

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hereunder were obtained from the sources listed above, unless otherwise stated.

1) Fax dated 27 October 2005

9.017 Included in the documents seized from John Block's residence was a fax dated 27 October 2005 which appears to have come from the ANC office in Kimberley. Page 2 of this fax contains amongst others the name and contact numbers for the Mayor (Patrick Lenyibi) and the Municipal Manager (Frank Mashilo) of the Sol Plaatjie municipality. **D2/11**

2) Letter from Intaka to Mr Patrick Lenyibi, the former Mayor of Sol Plaatje Municipality, dated 4 November 2005 **D1**

9.018 The letter from Intaka to Mr Lenyibi (**Lenyibi**), the former Mayor of Sol Plaatje Municipality, titled "Wataka- Portable Water Purification Unit" dated 4 November 2005 was located amongst the Intaka seized records. Dr Savoi provided a brief background of himself and his business to Mr Lenyibi and gave a short introduction of the Wataka water purification plant. The purpose of the letter was to introduce Intaka to Lenyibi in order to promote his business. I located a similar letter amongst Intakas records dated 4 November addressed to Mr Frank Mashilo (**Mashilo**), the former Municipal Manager of the Municipality. **D1/1-2** **D1/3-4**

9.019 Dr Savoi states in paragraph 2 of the said letters that "*The company is called Intaka. I have been referred to you by Mr John Block, he is my local partner in the Northern Cape through Intaka NC Pty.*"

9.020 I have identified the following documents seized by the SAPS that further illustrate the relationship between John Block and Dr Savoi and Intaka.

1) An e-mail from Fernando Praderi to jfblock@mweb.co.za dated 19 May 2005 titled "Wataka Northern Cape" located in the electronic records seized by the SAPS from John Block. The e-mail commences with "Dear John" and is dealing with water samples obtained by John Block. It is evident from the **D2/1**

content of the e-mail that the water samples obtained have already been treated by the municipalities and the writer has requested John Block to obtain raw water samples of each municipality to "*monitor the whole process avoiding deviations on the process and therefore on the final results. That is why it is so important to have raw water samples to be treated with our Wataka by the municipalities*".

2) An e-mail from Intaka to jfblock@mweb.co.za titled "Water samples analysis" dated 3 August 2005 located in the Intaka records seized by the SAPS. The e-mail commences with "Dear Mr Block" and deals with the procedure of how to obtain water samples from all municipalities where Intaka has committed to solve the problem of "quantity and quality of drinkable water supply by installing a Wataka". **D2/2**

3) A letter from Dr Savoi to John Block titled "Wataka Official Launching" dated 11 August 2005 located in the Intaka records seized by the SAPS. The letter deals with the official launching of the Wataka model 050 that took place at the Overberg Water Rural Water Supply Scheme in Heidelberg, Western Cape on 8 August 2005. The writer further confirms that the launch was attended by various municipalities and districts. **D2/3**

4) A fax from John Block marked "Attention Alicia" located in the Intaka records seized by the SAPS. The fax contain various names and contact numbers of Mayors and Municipal Managers for various regions including the names and contact numbers for Sol Plaatje Municipality situated in the Frances Baard Region in the Northern Cape.(Only the details for Sol Plaatjie and Dikgatlong appear on this schedule and these are the only two that were not crossed out on the fax referred to in paragraph 9.017 above for the Frances Baard Region) **D2/4-8** **D2/7** **D2/11**

5) An e-mail from John Block to Alicia Marcos dated 11 November 2005 located in the Intaka records seized by the SAPS. John Block requested Alicia Marcos to forward the contact details of Lenyibi and Mashilo to "Fernando". **D2/9**

6) An e-mail from John Block to Dr Savoi dated 11 November 2005 located in the Intaka records seized by the SAPS. The content of the e-mail is self-explanatory and I am not going to repeat the entire content thereof. John Block refers to the details of the Mayors and Managers who visited **D2/10**

Heidelberg and he continues to say the following: "*They are very impressed with the quality and price of the Wataka and they committed themselves to speed up the decision making process in their councils.*
I agree with the price of R2,694,000 per unit and I think we should proceed with the offer to them as speedily as possible. I will be in touch with them on Monday and Tuesday to finalise their decision".

3) **Letter from Intaka to Mashilo of Sol Plaatje Municipality dated 14 November 2005**

9.021 Intaka sent a letter titled "Ref: Wataka – Portable Water Purification Unit Model 050" to Mashilo dated 14 November 2005. Dr Savoi referred to the visit to see the Wataka unit which is operating at Heidelberg for Overberg Water. He provided an offer for the Wataka model 050 and gave a description of the unit, price schedule, payment terms and optional items available if required. **D3/1-2**

9.022 Intaka quoted an amount of R2,694,000 per unit including VAT, freight and installation. The "offer" was valid until 25 November 2005. I have also located a copy of the said letter in the Intaka records seized by the SAPS that was faxed on 14 November 2005. **D3/3-5**

9.023 I have located an e-mail from Dr Savoi to John Block dated 14 November 2005 in the electronic records seized by the SAPS from John Block. Dr Savoi refers to the fax he sent to Mashilo and enclosed a copy of the said letter for his information. **D3/6-8**

9.024 I have identified the following documents in the records seized by the SAPS that further illustrate the communication between the Municipality and John Block and Intaka prior to the implementation of a competitive bidding process as set out in the Municipality's SCM Policy I previously referred to.

1) A letter from Intaka to Lenyibi dated 12 December 2005 located in the Intaka records seized by the SAPS. Praderi thanked Lenyibi for the interest he showed in the Wataka model and invited him and his team to visit the Wataka **D4/1-2**

unit that had been transported from Heidelberg to Franskraal. He referred to a telephonic discussion with Lenyibi and states that "*Monday 19 December is a suitable day for us to organise that one of our representatives meets you there*".

2) An e-mail from Praderi to John Block titled "Northern Cape Municipalities" dated 5 January 2006 located in the electronic records seized by the SAPS from John Block. Praderi has requested John Block to inform them when he was expecting to receive purchase orders for the Wataka plants from the Northern Cape Municipalities. He also raised the issue of requested water samples. **D4/3**

3) An e-mail from Dr Savoi to jfblock@mweb.co.za titled "Wataka" dated 24 January 2006 located in the Intaka records seized by the SAPS. The e-mail commences with "Dear John " and deals with some of the issues that had to be discussed at the Intaka Board meeting. Dr Savoi requested feedback or comments from the municipalities who had visited the Heidelberg and Franskraal plants and to whom Intaka had sent quotations for the Wataka units. Mashilo and Lenyibi of the Sol Plaatje Municipality were included under paragraph (m) of the list. **D4/4**

4) A letter from Intaka to Lenyibi dated 26 January 2006 located in the Intaka records seized by the SAPS. The letter is signed by Dr Savoi and he quoted an amount of R2,794,000 for the supply of one (1) x Wataka Transportable Water Purifying Plant, model 50. The amount included VAT, freight and installation work. He concluded as follows: *The installation will be completed upon reception (sic) of payment. Kindly send the formal purchase order by fax to our offices (021 7021243), and the original document by courier to*
Intaka Investments Pty Ltd
No.1 Fairhill Park. Bell Cresent
Westlake Business Park
Tokai": **D4/5**

A proof of fax transmission report dated 27 January 2006 attached to the said letter contain the name "*Mayor Lenyibi*" written next to fax number 0538306268, and the name "*Mr Mashilo/Municipal Manager*" written next to fax number 0538331005. This indicates that the said letter was faxed to both **D4/6**

Lenyibi and Mashilo of the Municipality on 27 January 2006.

5) An e-mail from John Block to Dr Savoi dated 13 February 2006 located in the Intaka records seized by the SAPS. He indicated to Dr Savoi the following: "I will follow up on the matters this week and give you feedback". **D4/7**

6) An e-mail from John Block to Dr Savoi titled "Progress Report" dated 17 February 2006 located in the Intaka records seized by the SAPS. I have also located a copy of the said e-mail in the electronic records seized by the SAPS from John Block. He commences: "*The blessings of my birthday are indeed paying off. The younger I get the more Watakas we seem to be getting. I need a birthday every month*", implying the sale of wataka's is going well. He confirms that Sol Plaatje Municipality will need a Wataka for a town called Ritchie as soon as possible. He continued as follows: **D4/8** **D4/9**

"They are ready and they have the money to pay for the Wataka. Please send the request for the order to the following people:
Mr Frank Mashilo
Municipal Manager
1st Floor Civic Centre
Kimberley,8300
Fax number: 053-8306268
Mr Tony Cooper
City Engineer
4th Floor Civic Centre
Kimberley,8300
Fax number: 053-8306268".

He concluded as follows: "*I am still on the pulse of Upington Municipality, I will have feedback by next week. I feel like El Presidente when he commands his people. Patria o muerte! Venceremos!*"

4) Memorandum from the Office of the Executive Mayor to Mr Cooper of the Municipality dated 17 February 2006

9.025 On 17 February 2006 the Mayor sent a memo to Mr Cooper (**Cooper**), City Engineer of the Municipality titled "Proposal- Transportable Water Purification Plant" dated **D5**

17 February 2006. (I determined that Mr Tony Cooper is now deceased). The Mayor attached the letter from Intaka dated 26 January 2006 as discussed earlier in paragraph 9.022 above to the said memo and requested Cooper to liaise directly with Intaka and to give feedback to his office. I have not been able to determine why the quotation was forwarded to Mayor Lenyibi nor have I been provided with a request by Lenyibi to Intaka for the quotation. **D4/5**

5) Fax from Dr Savoi to Cooper titled "Wataka Unit Model 50" dated 21 February 2006

9.026 On 21 February 2006 Dr Savoi sent a fax to Cooper with the following documents: **D6/1**

i. A letter from Intaka to Mashilo dated 20 February 2006. The letter refers to a telephone conversation between the writer and Mashilo; the content thereof is self-explanatory. Paragraph 3 of the letter reads as follows: "*We understand that you require this water solution and we, as Intaka Investments, would like to provide potable water systems to our communities. We trust that this will be the beginning of a long and fruitful relationship*". **D6/2**

ii. A copy of an Intaka Sales Order SO 0001 for the supply of a "Wataka Unit Model 50 Portable Water Treatment Plant" in the amount of R2,794,000 (including VAT) dated 20 February 2006. The Sales Order is addressed for the attention of Mashilo and Cooper of the Municipality. The Sales Order indicates that delivery and installation can be made "*immediately against reception (sic) of full payment*". The Sales Order set out the Payment terms as "*70% of the amount cash in advance*", and "*30% of the amount cash against invoice presentation*". **D6/3**

9.027 An e-mail from Alicia Marcos of Intaka to John Block dated 21 February 2006 located in the electronic records seized by the SAPS from John Block indicates that the said letter to Mashilo and the Intaka Sales Order was also forwarded to John Block. I wish to point out that the Intaka Sales Order No SO 0001 was issued to the Municipality prior to the implementation of a competitive bidding process, to be discussed later in more detail in this report. **D6/4-6**

9.028 Ms Johanna van Niekerk (**van Niekerk**), Integrated Development Planning Department of the Municipality was interviewed and an affidavit was provided by her. She was the former Personal Assistant (**PA**) of Cooper. She stated that the name "MR AG Cooper" that is appearing on the top left hand side of the letter was written by Mrs L Coetzee, the PA of the former Municipal Manager. Van Niekerk confirmed that she received the letter whereafter she handed it over to Cooper for his attention in the matter. **F3** **D6/2**

6) Fax from Cooper to Dr Savoi titled "Wataka Portable Water Plant" dated 23 February 2006

9.029 On 23 February 2006 Cooper sent a fax to Dr Savoi wherein he requested Intaka to provide him with the following information: **D7**
"*Kindly advise technical specifications of Wataka Unit Model 050 Including Expected Daily Production, Power Requirements etc. to enable me to assess suitability of plant.*

7) Fax from Praderi of Intaka to Mr Cooper titled "Wataka Unit Model 050" dated 23 February 2006

9.030 On 23 February 2006 Praderi sent a fax to Cooper in reply to his request dated 23 February 2006 and provided the requested information. He concluded by stating the following: "*The plant is ready for installation as soon as we receive the order*". **D8**

9.031 An e-mail from Dr Savoi to Praderi titled "Results of Trips- Confidential" dated 28 February 2006 was located in the electronic records seized by the SAPS from Intaka. Dr Savoi discussed the results of various trips in the said e-mail and states under the paragraph "23 February Kimberley" the following: "*We concluded the sale of a Wataka model 050 for R2,794,000, including VAT, freight, installation for Ritchie town. The plant is ready for installation*". **D9**

8) Memorandum from Cooper to the Mayor titled "Proposal: Transportable Water Purifying Plant" dated 3 March 2006

9.032 The Municipality provided a copy of a memorandum sent to the Mayor titled "Proposal: Transportable Water Purifying Plant" dated 3 March 2006. The said memorandum was copied to Financial Services and was in reply to the memorandum from the Office of the Executive Mayor discussed in paragraph 9.025 above. The memorandum reads as follows: **D10** **D5** **D10**

"According to the report of Africon regarding extensions to Rietvale and Motswedimosa the capacity of the water plant at Richie is sufficient for present requirements. Problems have been experienced with the availability of raw water from the Riet River as well as operational problems".

The required capacity for proposed extensions to Rietvale and Motswedimosa is 1.8Ml/day which is in excess of the capacity of 1Ml/day for the Watako plant. The cost of R2 794 000 appears excessive for the capacity of the plant and excludes civil works and extensions to the raw water capacity".

The estimated cost of R4.85 million for extensions to the works includes for extensions to raw water extraction as well as for repair work to the existing plant including consultants' fees.

The purpose of the plant would serve no purpose at this stage without increasing the capacity of raw water provision".

9.033 The memorandum contain a handwritten note "See attached report dd June 2006" which will be dealt with later in this report when I discuss the Africon report issued in June 2006. **D29**

9.034 Van Niekerk stated that she typed the memorandum to the Mayor as instructed by Cooper. She confirmed that she wrote the note " See attached report dd June 2006" and confirmed that she referred to the feasibility study that was performed by Africon **F3/2** **D29**

as contained in their report dated June 2006. She recalls that Cooper was not in favour of the purchasing of the water purification plant and hence the reason why he sent the memorandum to the Mayor dated 3 March 2006 which I referred to herein above. **D10**

9.035 Mr Kgosiebonya Bogacwi (**Bogacwi**), former Executive Director, Infrastructure and Services Department of the Municipality was interviewed and an affidavit was provided by him. He reported to Mashilo during 2006 and stated that his office was situated on the 4th floor in the new wing of the Municipality building. He confirmed that Cooper reported to him and his office was located on the second floor in the old municipal building. The offices of Mashilo and Mr Lenyibi, the former Mayor of the Municipality were situated on the first floor in the old municipal building where Cooper was sitting. Although Cooper was reporting to Bogacwi he also dealt with Mashilo as the Municipal Manager and Bogacwi stated that he was often not aware of the discussions between Cooper, Mashilo and the former Mayor. **F2**

9.036 Bogacwi was amongst other services responsible for water and sanitation services and confirmed that they had experienced water shortages in the Ritchie area during 2006 as a result of the limited of raw water allocated to Ritchie at the time. He stated further that he had no knowledge of the memorandum that Cooper sent to the Mayor dated 3 March 2006 and confirmed that it was signed by Cooper on his behalf. He agrees with the contents of the memorandum that "*the water shortages in the Ritchie area were as a result of the capacity of the raw water provision*" and that the Wataka water purification plant was not required. **F2/2**

9.037 Stafford Coetzee (**Coetzee**) provided an affidavit to the SAPS attached hereto for ease of reference. He is employed as Head: Water Purification Works at the Municipality. He accompanied Mr Dirk Karsens and another two (2) x colleagues during early 2006 on a visit to the Wataka water purification plant that is situated at Heidelberg in the Western Cape (This was a separate visit to Heidelberg and after the visit by the Mayors and Managers referred to by Intaka during November 2006).He stated that Mr Karstens was instructed by Mr Lenyibi, the former Mayor of the Municipality, to visit the plant and to report back to Cooper on the feasibility of the **F4** **D2/10**

unit. They had to report back to Cooper on the technical aspects of the Wataka water purification plant and if it would be feasible for the Municipality to purchase the unit. He confirmed that they visited the water plant as instructed and interviewed the plant operator during which time they determined that the Wataka water purification plant could only supply up to 1 mega litre of water per day appose to the 162 mega litre of water per day required by Kimberley. Hence, they reported to Cooper that the plant was not suitable for Kimberley whereafter Cooper agreed to draft a report based on their recommendation that the purchase of the water plant was not suitable for Kimberley.

9.038 Willem Swiegers (**Swiegers**) provided an affidavit to the SAPS attached hereto for ease of reference. He is employed in the Contract Administration Division and was employed at the Municipality during 2006. He was not personally involved in the procurement process when the Municipality purchased the Wataka water purification plant. His involvement was limited to a conversation he had with Cooper regarding the purchasing of the Wataka water purification plant. He stated that "*Cooper het my ingelig dat hy nie tevrede was met die besluit om die filter aan te koop nie, omdat die probleem in werklikheid gele het by ons onttrekkings kapasiteit en nie by die suiwerings kapasitiet nie. Hy het ook genoem dat hy n verslag daaroor die aangeleentheid geskryf het maar dat hy onder druk was om die verslag te verander. Dit het natuurlik druk op sy integritiet as profesionele Ingenieur geplaas wat hom ongelukkig gemaak het en dis dalk die rede waarom hy dit vir my genoem het*" and hence confirms the concerns that were raised by Cooper in the memorandum he sent to the Mayor dated 3 March 2006. **F5** **D10**

9) Fax from Mr KA Bogacwi of the Municipality to Intaka dated 8 March 2006

9.039 A fax dated 8 March 2006 was sent from Bogacwi of the Municipality to Intaka wherein he requested Intaka to supply a "price quotation for 2 x Wataka-Model 050". This request was sent to Intaka despite Cooper's memorandum I referred to herein above wherein he concluded that "*The purpose of the plant would serve no purpose at this stage without increasing the capacity of raw water provision*". Cooper was **D11**

working with Bogacwi at the time and reported to him. Bogacwi requested a further price quotation for two (2) x Wataka units after Cooper had advised the Mayor that the purchase of the plant would serve no purpose due to the capacity of the raw water provision, only five (5) x days earlier. **D10**

9.040 Bogacwi stated that Mashilo came to him prior to when the tender for the water purification plant was advertised and confirmed that he had discussions with a company called Intaka who could supply a Wataka water purification plant that will solve the water problem in the Ritchie area. He stated that Mashilo said to him that they must consider the purchase of the water purification plant and could deviate from the procurement process because the water purification plant was available from a single provider only and that he (Mashilo) as accounting officer would authorise the deviation from the procurement process in terms of the Municipality's SCM Policy. This instruction was not given to him in writing and Mashilo provided him with Intaka's contact details. Bogacwi then contacted Intaka and sent the fax dated 8 March 2006 wherein he requested a "*price quotation for 2 x Wataka-Model 050*" units in order to determine the cost of the Wataka water purification unit. He cannot recall why he requested a price quotation for two (2) x Wataka units. **F2/2-3**

10) Letter from Intaka to Bogacwi titled "Wataka Potable Water Treatment Plant" dated 8 March 2006

9.041 A letter titled "Wataka Potable Water Treatment Plant" sent to Bogacwi dated 8 March 2006 was located in the electronic records seized by the SAPS from Intaka. Dr Savoi referred to the request by Bogacwi for a quotation of two (2) x Wataka Potable Water Treatment Plants. He attached a quotation to the said letter; Intaka quoted an amount of R2,794,000 (including VAT) per Wataka model 050. The price quoted on the two (2) x Wataka units is the same price per unit as previously quoted on by Intaka in the letter dated 26 January 2006 referred to in paragraph 9.022 above. **D12** **D4/5**

11) Letter from Mr Mashilo to Bogacwi titled "Procurement: Transportable Water Purifying Plant" dated 9 March 2006

9.042 A letter dated 9 March 2006 was sent to Bogacwi from Mashilo, the Municipal Manager of the Municipality. I will not repeat the entire document but wish to refer to specific sections thereof. **D13**

i. In paragraph 1 the writer states the following: "*In terms of the Supply Chain Management Policy when a product or service of not more than R10m has to be procured, the Accounting Officer has powers to decide on a time period less than the 14 days for which an advert for a bid needs to be left open for responses*".

ii. The first part of paragraph 2 reads as follows: "*It has come to the attention of my office that major problems are being experienced in regard to water supply in certain locations in the townships. These water shortages have a negative impact on providing basic necessity to the indigents communities. Sol Plaatje Municipality wants to mitigate the inhuman conditions that the indigent citizens occasional endure due to water supply shortages*".

iii. Paragraph 3 reads as follows: "*It can, therefore, not be overemphasized that there is an urgent need for the municipality to have a mobile water purification relief plant, that can suite our needs.*

iv. The writer make the following recommendation: "*Due to the urgency of the need, and the nature of the basic service of which the indigents communities are occasionally denied, I hereto attach my input towards the specifications a plant to relief this urgent need for the indigents*".

v. The writer concludes by stating the following: "*The urgency requires that we do not delay this requisition on the basis of awaiting new delegations and bid communities review. You are authorised to minimize the period for which the tender advert is left open to 4 (four) days, in consideration of the urgency of this matter*".

9.043 Van Niekerk stated that Bogacwi instructed Cooper to procure for the services through the SCM bidding process and confirmed that Mashilo had authorised the time period for the closure of the tender to be reduced to four (4) x days. She further stated that it placed immense pressure on Cooper to draft a tender document within such a short period of time. **F3/2**

9.044 Bogacwi stated that he reported to Mashilo that the cost per Wataka unit was too high and that they had to follow a competitive bidding process for procurement above a transaction value of R200,000 (including VAT). He confirmed that they could not follow the deviation from the tender procedure as initially suggested by Mashilo who then sent him the memorandum dated 9 March 2006 in order to procure for the required services. Bogacwi confirmed that he handed the memorandum over to Cooper and requested him to initiate the tender process. He stated that Cooper was the person responsible for the project thereafter and had to ensure that the specifications were drawn up and communicated through to the Communication Manager to place an advertisement for purposes of the tender. **F2/3** **D12**

12) Memorandum from Bogacwi to the Communications Manager titled "Advert of the Wataka Portable Water Treatment Plant" dated 13 March 2006

9.045 A memorandum dated 13 March 2006 was sent to the Communications Manager from Bogacwi titled "Advert of the Wataka Portable Water Treatment Plant". He stated in the memorandum that the advert must be placed before 11:00 am on 13 March 2006 and had to run for 4 days. Attached to the memorandum is an "Invitation to bid" document that sets out the details of the bids that are urgently invited. **D14**

9.046 The Invitation to bid document reflects "Tony Cooper" as the contact person and sets out the conditions that the bids had to be complied with.

9.047 Sello Matsie (**Matsie**) provided an affidavit to the SAPS attached hereto for ease of reference. He stated that he is employed at the Municipality and was employed as the Communication Manager during 2006. He confirmed that he received the memorandum from Bogacwi to place the said advert and stated "*The strange fact about the placement of this advert is that we do not normally place Tender adverts. This is normally done by Supply Chain Management*". **F6**

9.048 Bogacwi confirmed that he signed the memorandum to the Communications Manager titled "Advert of the Wataka Portable Water Treatment Plant" dated 13 March 2006 and confirmed that he can recall that Mashilo had authorised to minimize the period for which the tender advert was left open to four (4) x days "*in consideration of the urgency of the matter*" as a result of problems with regard to water supply in certain locations. **F2/3**

13) Memorandum from Bogacwi to the Communications Manager titled "Advert of the Wataka Portable Water Treatment Plant" dated 15 March 2006

9.049 A memorandum dated 15 March 2006 from Bogacwi was sent to the Communications Manager titled "Advert of the Wataka Portable Water Treatment Plant". He attached a letter to the said memorandum that sets out the details of the advertisement that had to be placed in the Diamond Fields Advertiser (**DFA**) and "Die Volksblad". **D15**

9.050 The letter reflected that bids had to be placed in the Bid Office, First Floor, New Complex, Civic Offices not later than 11:00 on Monday, 3 April 2006.

9.051 Matsie confirmed that he received the memorandum dated 15 March 2006 and stated that it was for the placement of the same advertisement he referred to in the memorandum dated 13 March 2006 and confirmed that the advertisement was placed in the DFA on 17 March 2006 and on 18 March 2006 in "Die Volksblad". **F6**

9.052 Bogacwi confirmed that the memorandum to the Communications Manager dated 15 March 2006 was signed by Cooper and the purpose thereof was to place the advertisement of the tender in the Diamond Fields Advertiser and "Die Volksblad". **F2/4**

14) Memorandum from J van Niekerk of the Municipality to the Office of "Gemeenskap en Sosiale Ontwikkelingsdienste" dated 17 March 2006

9.053 A memorandum dated 17 March 2006 was sent from van Niekerk to the office of **D16**

"Gemeenskap en Sosiale Ontwikkelingsdienste". She confirmed that the advertisement for the supply of the "Mobile Emergency Water Plant and supply for indigents" was placed in the DFA on 17 March 2006 and would appear in "Die Volksblad" on 18 March 2006. The closing date for the tender was 3 April 2006 at 11:00. She had requested the office of "Gemeenskap en Sosiale Ontwikkelingsdienste" to make the necessary arrangements for the opening of the tender.

9.054 Bogacwi confirmed that the memorandum dated 17 March 2006 was also signed by Cooper and the purpose thereof was to inform the office of the closing date, being 3 April 2006. **F2/4**

15) A copy of an advertisement: Sol Plaatje Municipality, Mobile Emergency Water Purification and Supply for Indigents

9.055 A copy of the advertisement in both the DFA and "Die Volksblad" for the supply of a "Mobile Emergency Water Purification Plant" refers to Contract CE/T2/06. The advertisement reflects amongst other information the conditions that bids had to comply with. One of the conditions was that Bids had to be submitted not later than "*11:00 on Monday, 3 April 2006*". **D17/1-2**

9.056 I have identified the following documents in the records seized by the SAPS that further illustrates that Intaka had prior knowledge of the fact that the Municipality would advertise the tender. It further illustrates that Intaka and John Block had a relationship with the Municipality that extended beyond a client/supplier relationship to the detriment of the Municipality and other potential bidders.

1) An e-mail from Dr Savoi to Praderi of Intaka titled "Ritchie" dated 16 March 2006 located in the electronic records seized by the SAPS from Intaka. The e-mail reads as follows: "*Tomorrow the request for 2 water treatment plants will be published mentioning Wataka specifications. Mr Block will provide us with copy of this publication in order for us to quote again. In our quote we must mention that the Wataka is patented. We need to quote until Monday of next* **D18/1**

week and the matter will be concluded by Friday 24th"

2) An e-mail from Intaka to John Block titled "Wataka tender-Sol Plaatje" dated 17 March 2006 located in the electronic records seized by the SAPS from John Block. The e-mail reads as follows: "*Thank you for your fax of today (17/03/06). We are astonished to see that a two- week period (until April 3) has been given until the closing of the tender, instead of the four days you mentioned, and furthermore to find that there is no mention of our specs at all in published the text. We need to know as soon as possible if we should quote for 1 or 2 Wataka Plants.* **D18/2**

3) An e-mail from Intaka to John Block titled "Sol Plaatje Tender" dated 17 March 2006 located in the electronic records seized by the SAPS from John Block and in the records of Intaka. Dr Savoi refers to the pages of the Sol Plaatje Tender that was faxed to him and he requested John Block to collect the bid documents from the office of the City Engineer in Kimberley. **D18/3-7**

4) An e-mail from Dr Savoi to Praderi titled "Tender for Ritchie" dated 22 March 2006 located in the electronic records seized by the SAPS from Intaka. The e-mail reads as follows: "*Mr John Block will send by courier all the documentation related to the tender for Ritchie. As soon as we have the documents we have to prepare the tender urgently. Laubscher- Please check that Intaka has all the documentation requested for the tender. I suggest that we include a copy of the Wataka patent in the documentation to be submitted".* **D18/8**

16) Memorandum from Bogacwi to the Communications Manager titled "Advert of the Wataka Protable Water Treatment Plant" dated 22 March 2006

9.057 A memorandum dated 22 March 2006 was sent from Bogacwi to the Communications Manager. He refers to the advertisement to be placed in the DFA and "Die Volksblad" and attached a document titled "Contract CE/T2/06 Mobile Emergency Water Purification Plant and Supply for Indigents" to the said memorandum for the purposes of placing another advertisement. The document attached to the memorandum reads as follows and is in bold: "***Please note that the*** **D19**

Closing Date for Bids for the above-mentioned contract which was advertised on Friday, 17 March and Monday, 20 March 2006 has been changed from Monday, 3 April 2006 to Friday, 24 March 2008 at 11:00"

9.058 Matsie confirmed that he received the memorandum dated 22 March 2006 from Bogacwi in order to advertise the new closing date of the tender. He stated that another advertisement was not placed for reasons unknown to him. **F6**

9.059 Van Niekerk stated that the closure date for the submission of bids in the case of transactions less than R10m is normally a period of fourteen (14) x days and hence the reason why the Communications Department had advertised the closing date as Monday, 3 April 2006. This was two (2) x weeks (14 x days) after the tender was advertised and not four (4) x days as instructed by Mashilo. She recall that Cooper was contacted thereafter by Bogacwi and was placed under immense pressure to immediately rectify the situation and to ensure that the tender had been closed within four (4) days after it had been advertised as instructed by Mashilo. She then prepared the document titled "Contract CE/T2/06 Mobile Emergency Water Purification Plant and Supply for Indigents". **F3/3-4** **D19A/2**

17) Memorandum from Bogacwi to the Office of "Gemeenskap en Sosiale Ontwikkelingsdienste" dated 22 March 2006

9.060 A memorandum dated 22 March 2006 was sent from Bogacwi to the office of "Gemeenskap en Sosiale Ontwikkelingsdienste". He refers to the memorandum dated 17 March 2006 and confirmed that the closing date for the said tender had been changed from Monday, 3 April 2006 to Friday, 24 March 2006. **D19A**

9.061 Van Niekerk confirmed that she prepared the memorandum to the "Gemeenskap en Sosiale Ontwikkelingsdienste dated 22 March 2006 and confirmed that the closing date of the tender had been changed from Monday, 3 April 2006 to Friday, 24 March 2006. **F3/3**

9.062 Bogacwi stated that the purpose of the memorandum was to inform the office that the **F2/4**

closing date for the tender was changed from 3 April 2006 to Friday 24 March 2006. He stated that he was not personally involved in this process but can recall that the tender was not advertised with a tender closing date of four (4) x days as authorised by Mashilo and had to be rectified.

18) Memorandum from Bogacwi to the Municipal Manager titled "Delays caused by Communication Unit" dated 23 March 2006

9.063 A memorandum dated 23 March 2006 was sent from Bogacwi to the Municipal Manager titled "Delays caused by Communications Unit". The said memorandum reads as follows: "*The delays of the procurement of the Wataka 050 Model Portable Water Treatment Plant is being caused by the Communication Unit's inability to meet deadlines". The Communications Unit has failed to place adverts on time, I do not have authority over the Communication Unit. I hereby humbly request your prompt intervention".* **D19B**

19) Memorandum from Bogacwi to the Acting Executive Director Corporate Services titled "Complain on failure to reach deadline" dated 23 March 2006

9.064 A memorandum dated 23 March 2006 was sent from Bogacwi to the Acting Executive Director Corporate services titled "Complain on failure to reach deadline". The memorandum reads as follows: **D19C**

"*The procurement of the Wataka 050 Model Portable Water Treatment Plant was authorised by the Municipal Manager on 13 March 2006. Communication was requested to advertise it on 14 March 2006.*

Communalisations was requested that the closing date must be within 4 day's because of the urgency of the matter. Instead the advert was only placed on 17 March 2006 and the closing date extended beyond 4 days.

Communications was subsequently asked to put a corrective advert on 22 March 2006 for the 23 March 2006. It has not been done.

Because of the ineffectiveness and inefficiencies of the Communication Unit the Directorate Infrastructure Services is unable to discharge its responsibilities timeously.

I request your intervention on the matter."

20) Sol Plaatje Municipality: Tender document for the Delivery and Commissioning of a Water Treatment Plant with contract number CE/T2/06

9.065 The tender document was prepared by the Infrastructure and Services Department of the Municipality for purposes of completion by the service providers who intended to bid for the said tender. The tender document contains the following annexures: **D20**

i. Conditions of Contract;
ii. General Conditions of Contract;
iii. Specifications;
iv. Annexure "A" – Alterations to Bid;
v. Annexure "B" – Special Conditions of Contract;
vi. Annexure "C" – Details of previous experience;
vii. Schedule of Quantities;
viii. Daywork Schedule;
ix. Form of Bid; and
x. Form of Agreement.

9.066 The closing date "Monday, 3 April 2006" on the second page of the tender document is crossed out and the date "*Friday 24/03/06*" is written on the document. The closing date "Monday, 3 April 2006" that is appearing on the Conditions of Tendering document is also crossed out and the date "Friday 24/03/06" is written on the document. **D20/2** **D20/4**

9.067 A document titled "Contract CE/T2/06 Mobile Emergency Water Purification Plant and Supply for Indigents" attached to the back of the tender document reads as **D20/22**

follows and is in bold: "***Please note that the Closing Date for Bids for the above-mentioned contract which was advertised on Friday, 17 March and Monday, 20 March 2006 has been changed from Monday, 3 April 2006 to Friday, 24 March 2008 at 11:00***"

9.068 Van Niekerk stated that Cooper was placed under immense pressure to draft the tender document within a short period of time and confirmed that she typed the bid document for tender number CE/T2/06. She prepared the document titled "Contract CE/T2/06 Mobile Emergency Water Purification Plant and Supply for Indigents" and attached it to the back of each tender document that reflects "*that the closing date for bids for the above-mentioned contract which was advertised on Friday, 17 March and Monday, 20 March 2006 has been changed from Monday, 3 April 2006 to Friday, 24 March 2006 at 11:00*". She also crossed out the date "Monday, 3 April 2006 that is appearing on the second page of the tender document and on the Conditions of Tendering page of the tender document and wrote the date "Friday 24/03/06" on the document. **F3/3-4**

21) Tender Deposit Register in respect of Tender no CE/T2/06: Mobile Emergency Water Purification and Supply for Indigents

9.069 The Tender Deposit Register in respect of Tender No CE/T2/06: Mobile Emergency Water Purification and Supply for Indigents reflects only one undated entry from Intaka as contained in the table hereunder. Hence, Intaka was the only supplier who paid a deposit in the amount of R100 for a bid document. **D21**

NAME	TELEPHONE NUMBER	ADDRESS	DEPOSIT R100
Wataka	0722513859	10 Golden Gate, Carters Glen, Kby	R100 kontant

22) Intaka Investments (Pty) Ltd Bid in respect of Tender no CE/T2/06 dated 24 March 2006

9.070 I shall briefly refer to the relevant parts of Intaka's bid: **D22**

1) A Sol Plaatje Municipality stamp dated 24 March 2006 appears on the envelope that contains Intaka's Bid document and serves to confirm that the bid document was received by the Municipality and opened on the said day. **D22/1**
2) Intaka submitted their bid under the signature of Fernando Praderi as their representative on 24 March 2006. **D22/15 and 23**
3) Intaka indicated that they would be able to deliver a Wataka unit to the site within five (5) x days of the tender being awarded for the amount of R2,794,000 (including VAT). **D22/4**
4) In paragraph 2 Intaka has referred to their product specifications for the Wataka Unit model 050 and states that "*The Wataka unit can produce up to 1,000,000 litres of potable water per day, working 20 hours/day*" as set out in the tender advert. The last paragraph under the heading "Product Specifications" reads as follows: "*Knowing that the Municipality has a consumption of approximately 1,800,000 litres of drinking water per day, we consider that 2 Wataka Units model 050 would be able to supply for the needs of the area. Given the case that 2 units were required, the costs of supply, delivery installation and commissioning of water (as specified in page 11.2 of the tender's documents) will not be duplicated*". **D22/5**
5) The conditions of tendering contain the following in point 3 "*All bids are to be accompanied by a bank guaranteed cheque of R200.00 which the Municipality may retain if the bid is withdrawn after the bid has been awarded by the municipality. The deposits of unsuccessful bidders shall be returned when they are informed that their bid was not successful.*" **D22/13**
6) The schedule of quantities as completed by Intaka allocates R80 000 to "Supply, delivery, installation and commissioning of water" and R40 000 to "Supply, delivery and installation of raw water pump complete." **D22/20**
7) The percentage retention is set at 10%. **D22/24**

23) Copy of Intake Investments (Pty) Ltd Bid in respect of Tender No CE/T2/06

9.071 An undated signed copy of the Intaka Bid for the abovementioned tender was seized by SAPS from the residence of John Block. **D22A**

24) Memorandum from Bogacwi to Office of the Executive Mayor titled "Proposal Transportable Water Purifying Plant" dated 4 April 2006

9.072 A memorandum dated 4 April 2006 was from Bogacwi to the office of the Executive Mayor wherein he reported that tenders had been invited for the purchase of a portable water purifying plant. He also advised the Mayor that tenders had closed on 24 March 2006 and that the items would be submitted to the Bid Evaluation and Adjudication Committees as soon as possible. **D23**

9.073 Van Niekerk stated that she typed the memorandum on the instruction of Cooper in order to report progress to the Mayor and confirmed that the memorandum was signed by Cooper. **F3/3**

25) Minutes of the Bid Evaluation Committee Meeting held on 4 April 2006

).074 At the meeting of the Bid Evaluation Committee (**BEC**) meeting held on 4 April 2006 chaired by Mrs N Tayabashe the following was recorded: **D24**

1) Under Evaluation of Bids: *"Only one bid was received by the closing time and date from Intaka Investments (Pty) Ltd in the amount of R2,794,000 including VAT for the supply, installation and commissioning of a Wataka model 050 portable water treatment plant capable of producing 1Ml of water per day. The bid includes provision of R40 000 for increasing the raw water supply capacity from the Modder River but does not include for non-specified civil works to be done by the Sol Plaatje Municipality.*
Members of the Directorate: Infrastructure and Services as well as councillors have had the opportunity to see a similar unit which was installed at **D24/5**

Heidelberg in the Cape during June 2005 for Overberg Water".
The minutes further read as follows: "*The Evaluation Committee considered the fact that this is the sole bidder and it meets the specification*"

2) Under Recommendation: "*That it be recommended to the Bid Adjudication Committee that Contract CE/T2/06 for the supply, delivery, installation and commission of a water treatment plant at Ritchie in the amount of R2 794 000 including VAT be awarded to Intaka Investments Pty".* **D24/6**

3) Under Resolved: "*As recommended".* **D24/6**

9.075 The BEC meeting closed at 14:45 and the minutes was signed by the Chairperson on 21 April 2006. **D24/6**

9.076 Nomonde Tyabashe-Kesiamang (**Kesiamang**), the Executive Director for Strategy, Economic, Development and Planning of the Municipality was interviewed and an affidavit was provided by her. She reports to the Municipal Manager and was the Chairperson of the BEC during 2006 and hence the Chairperson of the BEC meeting that was held on 4 April 2006. **F7**

9.077 She stated that she was appointed as the Chairperson of the BEC on 30 March 2006 and attended a meeting on 3 April 2006 to discuss her roles and responsibilities. She cannot recall the details of the meeting and was appointed as Chairperson of the BEC just prior to this meeting and confirmed that it was her first BEC meeting in the capacity as Chairperson and was still very new in the position. The meeting was urgently called for by the Committee Services due to the nature of the services required and she confirmed that she signed the minutes of the meeting in her capacity as Chairperson of the BEC.

9.078 She noted from the minutes of the meeting that only one bid document was received from Intaka in the amount of R2,794,000 for the supply, delivery, installation and commissioning of a Wataka model 050 water purification plant and stated that the following were considered when evaluating a bid:

i. "*The Municipal Manager authorised the Directorate: Infrastructure to urgently call for bids to supply, deliver and install a water purification plant. Hence, the*

Municipal Manager supported the recommendation that a contract be awarded.

ii. *Due to the urgency of the matter the bid document was not submitted to the Bid Specification Committee as contained in the item as signed by the ED: Infrastructure Services.*

iii. *The BEC meeting was attended by Mr Cooper who was the Line Manager and advised the BEC of the required services.*

iv. *Only one (1) x supplier submitted a bid document and hence we could not compare bid documents from more than one supplier; and*

v. *The Financial Implications had been provided for and the budget was available.*

9.079 Mr Jeffrey Lionel Samuels (**Samuels**), Acquisition Manager, SCM of the Municipality was interviewed and an affidavit was provided by him. He is currently a serving member of the BEC and was a committee member of the BEC during 2006. **F8**

9.080 He confirmed that he attended the BEC meeting that was held on 4 April 2006 as reflected in the minutes of the meeting and stated that he cannot recall the details of the meeting and has to rely on the minutes of the meeting to refresh his memory. He noted from the minutes of the meeting that only one bid document was received from Intaka. The meeting was attended by Cooper as reflected in the minutes and Samuels stated that his knowledge and experience was highly regarded by the BEC and they would have relied on his presentation in order to make a recommendation to the Bid Adjudication Committee.

26) Minutes of the Bid Adjudication Committee Meeting held on 4 April 2006

9.081 At the meeting of the Bid Adjudication Committee (**BAC**) meeting held on 4 April 2006 chaired by Ms Madiba the following was recorded: **D25**

1) Under Inter-Sectoral Consultation it is recorded that "*The Municipal Manager* **D25/6**

and the Chief Financial Officer were consulted".

2) Under Resolved to Recommend to the Adjudication Committee it is recorded "That Contract CE/T2/06 for the supply, delivery, installation and commission of a water treatment plant at Ritchie in the amount of R2 794 000 including VAT be awarded to Intaka Investments Pty. **D25/6**

3) A handwritten note at the bottom of the last page of the minutes reads as follows: "*Approved in terms of section 5 (3) of the Supply Chain Management Policy*" and the entry is signed by the Accounting Officer. The signature appears to be the signature of Mr Mashilo. **D25/6** **D13**

9.082 The BAC meeting closed at 16:33 and the minutes was signed by the Chairperson on 3 May 2006. **D25/6**

9.083 The stores requisition No 418525 dated 4 April 2006 must therefore have been prepared and then authorised by Madiba after 16.33 on 4 April 2006 or it was done prior to the BAC meeting on 4 April 2006. **D32**

9.084 Bogacwi confirmed that he was a member of the BAC during 2006 and attended a number of BAC meetings. He cannot recall the details of the BAC meeting that was held on 4 April 2006 when the said tender was discussed but can recall that Intaka was the only bidder who submitted a tender document whereafter the BAC had approved the award to Intaka based on the recommendation from the BEC. He confirmed that Ms Madiba was the Chairperson of the BAC and the person responsible to call the meeting. The minutes of the meeting reflects that Mashilo was consulted in the process and Bogacwi stated that his involvement in the matter added value to the recommendation of the award to Intaka. **F2/4**

9.085 Brooker confirmed that he attended the BAC meeting on behalf of Mr Fred Barnard on 4 April 2006 when the contract was awarded to Intaka. He stated that he "*was not part of any other processes that has taken place after the Adjudication Committee e.g signing of contract, placing the official order, signing off of official for payments.*" **F11**

9.086 Mr Petrus Jakobus van der Walt,(**van der Walt**), Chief Officer, Corporate Services of **F9**

the Municipality was interviewed and an affidavit was provided by him. He confirmed that he attended BEC and BAC meetings on behalf of the Committee Services Section as reflected in the minutes of the meetings.

9.087 He recall that he attended some of the committee meetings on behalf of Ms Cornelia Burger (**Burger**) during 2006 when she was not able to do so. She was the person responsible to attend all the BEC and BAC meetings on behalf of her Section but could not attend all the meetings due to the shortage of staff and hence the reason why he attended some of the meetings on her behalf. He cannot recall the details of the aforementioned BEC and BAC meetings and has to rely on the minutes of the meetings to refresh his memory. The Committee Services Section was responsible for the preparation and recording of the agenda and minutes of the meetings and hence not his responsibility. He noticed from the minutes of the BEC and the BAC meetings that the BEC and the BAC was held on the same day shortly after each other. He cannot recall the circumstances under which these meetings were held and stated that he "*assume that it was urgently called for because these meetings are normally held a few days apart from each other in order to allow the committee members' sufficient time to prepare for their respective meetings*". His involvement was limited to the attendance of the BEC and the BAC as reflected in the minutes.

9.088 Burger, Head: Committee Services of the Municipality was interviewed and an affidavit was provided by her. Her job description as Head: Committee Services is to take responsibility for the Committee Services and to take responsibility for providing support to the various committees such as the Bid Specification Committee; BEC and the BAC. Her work activities includes amongst other duties the following: **F10**

i. *"Convene of committee meetings as instructed by the Municipal Manager, Chief Financial Officer (CFO) or relevant Executive Director of the Municipality.*

ii. *Receiving items with the relevant annexure from the directorate to call the committee meetings;*

iii. *Preparing of agenda's for committee meetings;*

iv. *Copying and distributing documentation to all the committee members prior to meetings for purposes of review and preparation;* and

v. *Attending and recording of committee meetings held.*

9.089 She confirmed that she was not at work on 4 April 2006 and van der Walt attended the meetings on behalf of the Committee Services Department. She stated that Mrs N Madiba was the Chief Financial Officer during this period and also the Chairperson of the BAC. She occasionally instructed Burger to convene BEC and BAC meetings, whereafter they issued a "Notice" and informed the various committee members of the date and time when the meetings had been convened for. Burger stated that she also made entries of these instructions in her diary and normally recorded it down in red pen. She reviewed her diary and determined that she had preliminary noted the instruction in pencil that the BEC and the BAC had to be set for the 4th of April 2006. She has also reviewed her electronic records and cannot find any record of the official "Notice" for both the BEC and BAC meetings and stated that "*This is an indication that these meetings were urgently called for on short notice and the normal procedures were not followed*".

9.090 Mrs Nandipha Daphne Madiba (**Madiba**), the former Director: Finance of the Municipality was interviewed by the SAPS and an affidavit was provided by her. She was the Chairperson of the BAC during the period 1 January 2006 to 31 December 2008. **F12**

9.091 Madiba stated that she had no knowledge nor involvement in the process that lead up to the procurement of the Wataka Water Purification Plant and had not met any of the Intaka employees prior to when she chaired the BAC meeting that was held on 4 April 2006. She recalls that the BAC made a recommendation "*to the City Manager in support of the BEC recommendation to award the bid to Intaka*". She cannot explain why the BEC and BAC meetings were held on the same day and stated that "*the urgency of acquiring the Water Purifier might have been the reason thereof, as it was practice that where there was urgency on acquiring products or services, such meetings would be held on the same day*". She stated further that she was not **F12/1**

pressurized by anyone to attend to the said meeting.

27) Stores requisition No 418525 dated 4 April 2006

9.092 A copy of the stores requisition No 418525 dated 4 April 2006 was seized by SAPS from John Block's residence. This requisition is made out to "Intaka Investment Pty" and is for the "Supply, Delivery and Commissioning of Water Treatment Plant for Indigents" and is for an amount of R2 794 000. The requisition appears to have been authorised by Madiba as the signature thereon is similar to that on the BAC minutes of the meeting held on 4 April 2006 where Madiba was the chairperson. **D32** **D25/6**

28) Letter from the Municipal Manager to Intaka dated 5 April 2006

9.093 On 5 April 2006 Mashilo, the Municipal Manager, sent a letter to Intaka titled "Contract CE/T2/06: Supply, Delivery, Installation and Commissioning of Water Treatment Plant" advising them that "*the Bid Adjudication Committee awarded the above contract in the amount of R2 794 000 including VAT to you firm*". The contact person of the Municipality is recorded as Mr Cooper, the City Engineer. This letter has "Cheque of R200.00 also attached – refund for tender" written on the bottom. The Conditions of Tendering item 3 states that "Allbids must be accompanied by a bank guaranteed cheque of R200.00 which the Municipality may retain if the bid is withdrawn after the bid has been awarded by the Municipality. The deposits of unsuccessful bidders shall be returned when they are informed that their bid was unsuccessful." **D26/1** **D22/13**

9.094 I have located a copy of the said letter in the Intaka records seized by the SAPS together with the "Form of Agreement" that appears to be signed by Praderi of Intaka dated 24 March 2006, and Mashilo on behalf of the Employer (the Municipality) dated 5 April 2006. Paragraph 4 of the said Agreement reads as follows: "*The employer hereby covenants to pay to the contractor in consideration of the construction, completion and maintenance of the works the contract price at the times and in the manner prescribed by the contract*". **D26/2-4**

9.095 Van Niekerk stated that she prepared the letter on the instruction of Cooper, "*advising Intaka that the Bid Adjudication Committee awarded the above contract*" to Intaka. **F3/4**

29) Letter from Intaka to Sol Plaatje Municipality titled "Contract CE/T2/06: Supply, Delivery and Commissioning of Water Treatment Plant" dated 6 April 2006

9.096 On 6 April 2006 Intaka sent a letter for the attention of Ms N Madiba, Chairperson of the BAC, confirming that they have received the award letter from Mashilo and the fax from Madiba with order number A/25278. Intaka have attached a Sales Order No SO 0001 and Invoice number INA 10047 to the said letter and have confirmed that "*The plant is ready to be sent against reception of payment*". I could not locate a copy of Order No A/25278 from the Municipality which is referred to by Intaka. **D27/1** **D27/2-3**

9.097 An e-mail from Alicia Marcos of Skyros on behalf of Intaka to John Block titled "Sol Plaatje Municipality" dated 6 April 2006 located in the electronic records seized by the SAPS from John Block reflects that Intaka sent a copy of the said letter together with the Sales Order and Invoice to John Block for his information. The e-mail reads further as follows: "*We are also sending the original invoice by courier today, as they need it to proceed with payment*". The Intaka Sales Order No SO 0001 I referred to earlier in paragraph 9.026 of this report dated 20 February 2006 contains the same information as the Intaka Sales Order No SO 0001 dated 6 April 2006. **D28** **D6/3**

30) Feasibility Report titled "Ritchie: Extension of Bulk Water Supply Project" prepared by Africon dated June 2006

9.098 I was provided with a report issued by Africon to the Sol Plaatje Municipality titled "Ritchie: Extension of Bulk Water supply Project: Feasibility Report dated June 2006. Cooper has referred to a report issued by Africon in his memorandum he sent to the Mayor dated 3 March 2006 regarding extensions to Rietvale and Motswadimosa as discussed earlier in paragraph 9.031 of this report. The said memorandum dated 3 March 2006 contains a handwritten comment by van Niekerk "See attached report **D29** **D10**

dd June 2006" which refers to the report in question. I assume that the writer had received some form of report (i.e. verbal feedback) from Africon at the time when he sent the memorandum because Africon issued their feasibility report only in June 2006 (four months after the said memorandum was sent).

9.099 I will not repeat the content of the entire Africon report but wish to refer to specific sections thereof.

1) The first paragraph of the introduction reads as follows: "*This feasibility Report was compiled by Africon on behalf of the Sol Plaatje Municipality. The project entails the expansion of bulk water supply infrastructure for the Ritchie settlement in Sol Plaatje Municipality.* **D29/4**

2) Paragraph 4 of the introduction reads as follows: "*The expansion will put pressure on the bulk water supply infrastructure, of which portions are already under pressure. This business plan makes provision for the upgrading of bulk water supply infrastructure including raw water extraction capacity, purification capacity, storage capacity and transfer pumping capacity to meet the projected demand for the next ten years".* **D29/4**

3) Paragraph 2.2 deals with the "Existing Water Source". An extract of said paragraph reads as follows: "*Ritchie and associated Modderriver settlements derive their water supplies from the Riet River which forms the southern boundary of the town. The water is extracted directly from the Riet River and from an irrigation canal in Ritchie. The main water source is the river where water is extracted at a weir. The canal water cannot be seen as a dependable allocation as it is dependent on discharge into the canal. The current allocations for these two sources are 500 000kl/annum and 83 950 kl/annum respectively. The 83 950 kl/annum is actually allocated for an erf belonging to the municipality so their Schedule 1 allocation is in reality limited to 500 000 kl/annum which is already substantially exceeded".* **D29/6**

4) Paragraph 2.4 deals with the "Existing Water Services Infrastructure" and

refers to the Water Source (paragraph 2.4.1) and Supply Pipelines and Pump Intakes (paragraph 2.4.2) in further detail. Paragraph 2.4.2.5 refers to the Pumps to Elevated Reservoirs and reads as follows: "*The Motswedimosa/ Ritchie zone is supplied from a 620 kl elevated reservoir on a 15 m stand. The reservoir is supplied via duty and standby M&B Normaflo pumps with a capacity of approximately 8,5 l/s. The motors driving these pumps are rated at 15kw. This supply zone is subject to frequent water shortages during summer when portions of the community are without water for periods that vary from a few hours to a few days.* **D29/11** **D29/12-13**

5) Paragraph 2.4.4 deals with the "Water Purification Works" and states that the purification works comprises of a conventional treatment facility with a number of components. They have identified some minor problems in the water treatment facility which is self-explanatory and I am not going to repeat the entire content thereof. **D29/16-18**

6) Paragraph 3.2 deals with "Future Water Demand" and indicates that Africon has projected a water demand for 2015. Africon projected that "*The future water demand for Ritchie will translate in a raw water demand of approximately 1 000 000 kl per year*". **D29/23-24**

7) They concluded their report with "Conclusions and Recommendations" summarised as follows: **D29/32**

"*In the light of the existing waterworks and access to a reliable water source from the Riet River, the upgrading of the existing works is considered the only viable method of supplying water to the additional stands currently being developed and the future needs of the Ritchie community.*

It is therefore recommended that:

- *An application be made to increase the water allocation from the Riet River to 1 000 000 kl/annum;*
- *The works proposed in this Feasibility Report and the associated MIG Application be approved;*

- *The final configurations of the various components be determined during the detailed design stage of the project;*
- *The qualifications of operators at the existing Ritchie plant be investigated.*

9.100 It is evident from the Africon report that the problems that had been experienced in the Ritchie area were mainly as a result of the shortage of raw water and hence the reason why they recommended an increase in the water allocation to Ritchie from the Riet River to 1 000 000 kl/annum. The findings of this report did not indicate that there was a problem with the quality of the water or that the water purification works required upgrading or a water purification plant. Cooper in his memorandum to the Executive Mayor dated 3 March 2006 concluded as follows: "*The purchase of the plant will serve no purpose at this stage without increasing the capacity of raw water provision*". This statement by Cooper was confirmed by both Coetzee and Swiegers. **D10** **F5-F6**

Intaka Northern Cape and Chisane Investments: links to Intaka and commission payments for sales from Intaka

9.101 I previously discussed Intaka Northern Cape being linked to Intaka; and the involvement of John Block. I identified a number of documents seized by the SAPS at the premises of John Block, 10 Golden Gate Street, Cartes Glen, Kimberley relevant to Intaka Northern Cape and Chisane Investments. I have already referred to some of these documents iro Intaka Northern Cape. Further documents are summarised hereunder for ease of reference:

1) Inaugural meeting of Tarree Investments (Intaka Northern Cape) on 2 March 2005; and **D30**
2) An Agenda for Intaka Northern Cape Board meeting to be held on 3 August 2005. **D31**

9.102 I wish to refer to the following additional documents located at the premises of John Block as they will be referred to in my interview with Adriaan Laubscher (**Laubscher**), a former Intaka employee.

1) Chisane Investments Invoice number CHI003 is dated *31 June* 2005 (June has **E1**

only 30 days) and addressed to Eugene Hope. It refers to "Consultancy Services provided in the Northern Cape Province" in the amount of R139,707. It reflects John Block as Company Director.

2) Chisane Investments Invoice numbers CHI008 and CHI010 dated 14 September 2005 and 29 November 2005 are addressed to Eugene Hope. They refer to "Consultancy Services provided in the Northern Cape Province" in the amounts of R187,986 and R62,814 respectively. The invoices reflect John Block as Company Director. **E2/1-2**

9.103 Another document that was located at the residence of John Block was a draft "Water Maintenance Agreement Ritchie" which was incomplete and unsigned." **E8**

9.104 I also located the following document in the records of Intaka seized by the SAPS

1) On 4 April 2006 John Block, Company Director Chisane Investments sent a fax and 2 invoices to Intaka Investments in respect of "Sales Commission due for Services rendered in Northern Cape Province", in the amounts of R85,000 and R80,000 respectively. The bank details provided is ABSA Bank Chisane Investments, City Centre, Kimberley, cheque account number 4060501886, branch code 500902. **E3/1-3**
2) A document that reflects that commission was payable to John Block for sales by Intaka Northern Cape. The relevance of this document is discussed by me in a separate report dated 12 October 2010 with regard to the ten (10) x water purification plants purchased by Northern Cape DOH from Intaka. The first sale of R1,698,000 being the invoice amount (R1,935,720) excluding VAT (R237,720) of the water purification plant supplied to Calvinia Hospital a commission of R80,000 was payable; and the second sale of R1,768,000 being the invoice amount (R2,015,720) excluding VAT (R247,520) of the water purification plant supplied to Colesberg Hospital a commission of R85,000 was payable. This amounts to commission of 4.7% and 4.8% of the sale amounts exclusive of VAT. **E4**

9.105 A Kreditinform Enquiry determined that Chisane Investments (Pty) Ltd with registration number 2004/004027/07 was previously known as Sage Wise 117 and **B5**

was registered on 18 February 2004. The sole Active Principal appointed 8 March 2004 is John Block.

Interview with Laubscher

9.106 I conducted an interview with Laubscher who was employed as the financial manager at Intaka Manage (Pty) Ltd from October 2005 to March 2008. He resigned in October 2007, but stayed on until March 2008, the last three months of which were in a consulting capacity.

9.107 He provided an affidavit that includes the information relating to the business transacted between the Intaka Group and the Northern Cape DOH and KZN DOH. I have referred to his affidavit in further detail in my forensic accounting reports issued iro these investigations and hence will not repeat the content thereof. I will only refer to the relevant part of his affidavit that deals with the information relating to Intaka, John Block and the municipalities. **F1**

1) John Block was initially Dr Savoi's contact in the Northern Cape. He knew that Block was the leader of the ANC in the Northern Cape. Block was initially involved in Health and then mainly in the various municipalities. He did not specifically know what the commission payments of R139 707, R187 986 and R62 814 were for, but he did suspect that they were for playing an intermediary role with customers in local and provincial government in the Northern Cape. **E1,E2/1-2**
2) On Dr Savoi's instruction he prepared a schedule which sets out how the profit on the Wataka's sold in the Northern Cape would be split as 30% commission to Block and 70% as Management fee to Intaka. Dr Savoi told him that this schedule was to show Block what his share of the profit was and how it was calculated. The signature on this document is that of Dr Savoi and is dated 13 April 2006. As far as he could recall Block was at Intaka's offices when he prepared this schedule. **E4**
3) He later received a fax from Chisane Investments, which was Block's company, and pages 2 and 3 of the fax were Chisane Investments invoices for R80 000 and **E3/1-3**

R85 000. These invoices were for Block's commission on the first 2 Wataka's purchased by the Northern Cape Department of Health for the hospitals in Calvinia and Colesberg. The amounts on the invoices are for the same amount as set out on the schedule he prepared on Dr Savoi's instruction (refer sub- **E4**
paragraph 2) above. An invoice for a third Wataka in the Northern Cape was also **E5**
received from Block in the amount of R136,000. This was also in terms of the schedule he prepared for Dr Savoi being R120,000 (R136,000 less VAT) but he was not sure which Wataka it related to. The correct amount of the invoice should read R136,800, which is in terms of the copy provided to me by Laubscher where **E5/1**
a suitable endorsement has been made, however the payment receipt reflects **E5/2**
R136.000.

Chisane Investments (Pty) Ltd ABSA Bank account number 4060501886

9.108 The aforementioned bank account was subpoenaed by the SAPS. The bank has stated that they were unable to locate the opening documents as per the FICA Centre. I have been provided with bank documents with effect from 1 January 2006 **E7**
only. I identified the following payments that I have linked to Chisane Investments invoices issued to Intaka for commissions for the Wataka units in the Northern Cape Province; the remaining 3 invoices were issued in 2005 and as stated above I do not have bank statements prior to 1 January 2006:

1) On 19 April 2006 "ACB Credit Inv. CHI025" in the amount of R136,000. This is **E7/4**
consistent with Chisane Investments invoice number CHI025 in the amount of **E5/1**
R136,000. Laubscher provided me with a Standard Bank payment receipt **E5/2**
confirming the payment of R136,000 on 18 April 2006 by Intaka to Chisane Investments. In terms of Laubscher's explanation this was for a 3rd Wataka. The balance of the account prior to the said deposit was -R4,689.96. Intaka Standard Bank account number 071878890 reflects the payment in the amount of R136,000 on 18 August 2006. This statement was located in the Intaka records **E5/3**
seized by the SAPS.
2) On the same day 19 April 2006 "ACB Credit Inv. CHI023/ HI024" in the amount of **E7/4**
R188,100. Chisane Investments invoice numbers CHI023 and CHI024 in the **E3/2-3**

amounts of R85,000 and R80,000 respectively amounts to R165,000 inclusive of VAT per the invoices. Laubscher provided me with 2 more Chisane Investments invoices: CH1023 and CH1024 in the amounts of R85,000 excluding VAT (R96,900 inclusive of VAT) and R80,000 excluding VAT (R91,200 inclusive of VAT. These amounts total R188,100. Laubscher also provided me with a Standard Bank payment receipt confirming the payment of R188,100 on 18 April 2006 by Intaka to Chisane Investments. These payments were commissions for the Wataka's commissioned at Colesberg and Calvinia Hospitals. Intaka Standard Bank account number 071878890 reflects the payment in the amount of R188,100 on 18 August 2006. This statement was located in the Intaka records seized by the SAPS. **E6/1-2** **E6/3** **E6/4**

Site visits

9.109 I visited Ritchie where Intaka installed the water purification plant that was purchased by the Sol Plaatje Municipality. Photographs of the Wataka unit were taken and are attached. I determined the following: **G1**

1) The plant at Ritchie was commissioned and is not currently operational. **G1/1**
2) The Wataka storage tank is empty indicating the plant is not operational. **G1/2**
3) The water pump fitted to the plant is a Westpro pump; and **G1/3**
4) The water purification works that was operational during my site visit comprises of the old conventional treatment facility. **G1/4**

Summary of Findings

9.110 Detailed below is a summary of the significant findings from the investigation conducted into the procurement of the Water Purification Plant by the Sol Plaatje Municipality from Intaka:

1) Intaka received an order from the Sol Plaatje Municipality in the amount of R2,794,000 on 5 April 2006, for the supply, delivery, installation and commissioning of a Wataka water treatment plant. **D26-D27**

2) The awarding of the said order was approved by the Municipality's BAC on 4 April 2005 in terms of Section 5 (3) of the Municipality's SCM Policy. This occurred after Mashilo, the former Municipal Manager of the Municipality, sent a letter to Bogacwi of the Infrastructure and Services Department dated 9 March 2006 to follow SCM procedures to procure for the services of a "Transportable Water Purifying Plant". Mashilo stated in his letter that "*There is an urgent need for the municipality to have a mobile water purification relief plant*" and he authorised the closure date for the submission of bids to be shortened to four (4) x days. Mashilo as Accounting Officer is authorised in terms of paragraph 22 (2) of the Municipality's SCM Policy to "*determine a closure date for the submission of bids which is less than the 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process*". **D25** **D13** **A6/20**
3) John Block and Intaka have entered into discussions with Mashilo and Lenyibi, the former Mayor of the Municipality, five (5) x months prior to the implementation of the aforementioned bidding process and hence this indicates that the application to purchase the water purification plant cannot be justified on the grounds of an urgent or emergency or exceptional case.
4) On 4 November 2005 Dr Savoi sent a letter to Lenyibi and Mashilo wherein he introduced Intaka in order to promote his business. **D1**
5) On 14 November 2005 Dr Savoi sent a letter to Mashilo and quoted an amount of R2,694,000 per water purification unit including VAT, freight and installation. The said letter was also sent to John Block. Dr Savoi sent another letter to Lenyibi, the former Mayor of the Municipality, on 26 January 2006 and quoted an amount of R2,794,000 per water purification unit, including VAT, freight and installation. This quotation is R100,000 more than the initial price quoted on 14 November 2005 and an increase of 5.6% in price. **D3** **D4/5**
6) On 17 February 2006 Dr Savoi was informed by John Block that "*The blessings of my birthday are indeed paying off. The younger I get the more Watakas we seem to be getting. I need a birthday every month*", implying the sale of Wataka's is going well. He confirms that Sol Plaatje Municipality will need a Wataka for a town called Ritchie as soon as possible. He continue by saying the following: "*They are ready and they have the money to pay for the Wataka. Please send the* **D4/8-9**

request for the order to the following people", whereafter he listed the details of Mashilo and Cooper. He concluded the said e-mail by stating the following: *"I am still on the pulse of the Upington Municipality, I will have feedback by next week. I feel like El Presidente when he commands his people. Patria o muerte! Venceremos!"*

7) On 17 February 2006 Mr Lenyibi sent a memorandum to the Municipality and attached the Intaka quotation dated 26 January 2006. He then requested the Municipality to liaise directly with Intaka. **D5**

8) On 21 February 2006 Intaka sent a fax to Cooper and attached a letter they sent to Mashilo dated 20 February 2006 with a Sales Order No So 0001 iro a "Wataka unit Model 050" in the amount of R2,794,000. I determined that the said letter and Sales Order issued to the Municipality was also sent to John Block. **D6/1-3** **D6/4-6**

9) On 23 February 2006 Cooper requested Intaka to supply him with the technical specifications of the Wataka unit. Praderi of Intaka replied to him on the same day with the information he required iro the water purification plant. **D7** **D8**

10) On 28 February 2006 Dr Savoi sent an e-mail to Praderi and reported that "*We have concluded the sale of a Wataka model 050 for R2,794,000, including VAT, freight, installation for Ritchie town. The plant is ready for installation*". **D9**

11) On 3 March 2006 Cooper sent a memorandum to the Mayor and advised him as follows: **D10**

    i. *"According to the report of Africon regarding extensions to Rietvale and Motswedimosa the capacity of the water plant at Richie is sufficient for present requirements. Problems have been experienced with the availability of raw water from the Riet River as well as operational problems*

    ii. *The cost of R2 794 000 appears excessive for the capacity of the plant and excludes civil works and extensions to the raw water capacity;* and

    iii. *The purpose of the plant would serve no purpose at this stage without increasing the capacity of raw water provision".*

12) Africon prepared a feasibility report titled "Ritchie: Extension of Bulk Water Supply Project" dated June 2006 They concluded their report with "Conclusions and Recommendations" summarised as follows: **D29** **D29/31**

    "*In the light of the existing waterworks and access to a reliable water source*

from the Riet River, the upgrading of the existing works is considered the only viable method of supplying water to the additional stands currently being developed and the future needs of the Ritchie community.

It is therefore recommended that:

- *An application be made to increase the water allocation from the Riet River to 1 000 000 kl/annum;*
- *The works proposed in this Feasibility Report and the associated MIG Application be approved;*
- *The final configurations of the various components be determined during the detailed design stage of the project;*
- *The qualifications of operators at the existing Ritchie plant be investigated.*

13) It is evident from the Africon report that the water problems that had been experienced in the Ritchie area were mainly as a result of the shortage of raw water and agree with the information Cooper provided to Lenyibi that "The purpose of the plant would serve no purpose at this stage without increasing the capacity of water". The statement by Cooper was confirmed by both Coetzee and Swiegers of the Municipality. **D10** **F3-4**

14) On 9 March 2006 Mashilo sent a memorandum to Bogacwi to follow the SCM procedures in order to purchase a "Transportable Water Purifying Plant". He stated in the memorandum that "*there is an urgent need for the municipality to have a mobile water purification relief plant, that can suite our need*" and concluded that "*The urgency requires that we do not delay this requisition on the basis of awaiting new delegations and bid communities review. You are authorised to minimize the period for which the tender advert is left open to 4 (four) days, in consideration of the urgency of this matter*". **D13**

15) The tender for the supply of a "Mobile Emergency Water Purification Plant" iro Contract CE/T2/06 was advertised on 17 and 18 March 2006 and reflected that bids had to be placed in the Bids Office not later than 11:00 on Monday, 3 April 2006. Hence, the closing date was not advertised within four days as authorised by Mashilo and was subsequently changed. It appears that the closing date was changed to four days after Savoi complained to John Block in his e-mail dated 17 March 2006. **D16** **D18/2**

16) I determined that Intaka and John Block had information on the advertisement of the tender prior to the date when the article was published and hence indicates that Dr Savoi, Intaka and John Block had a relationship with the Municipality that extended beyond a client/supplier relationship.
    i. On 16 March 2006 Dr Savoi informed Praderi that the request for two Water Purification Plants for Ritchie would be published on the following day (17 March 2006) mentioning Wataka specifications. **D18/1**
    ii. On 17 March 2006 Dr Savoi sent an e-mail to John Block titled "Wataka tender-Sol Plaatje" and state the following: "*Thank you for your fax of today (17/03/06). We are astonished to see that a two- week period (until April 3) has been given until the closing of the tender, instead of the four days you mentioned, and furthermore to find that there is no mention of our specs at all in published the text. We need to know as soon as possible if we should quote for 1 or 2 Wataka Plants*". **D18/2**
17) On 22 March 2006 Dr Savoi sent an e-mail to Praderi and confirmed that John Block will send the documentation relating to the Ritchie tender by courier and Intaka had to prepare the tender urgently. **D18/8**
18) The tender document that was handed out contains a handwritten amendment that indicates the closing date for the bid from Monday 3 April 2006 was changed to Friday 24 March 2006. The tender document also contains a schedule attached to the document that indicates the said amendment. Matsie confirmed that the amendment to the tender was not published in the newspapers. **D20** **F6**
19) Intaka was the only supplier who paid a deposit for a bid document and hence was the only supplier who had submitted a bid document for the said tender. Intaka's bid document for the said Tender No CE/T2/06: Mobile Emergency Water Purification and Supply for Indigents is dated 24 March 2006. **D21**
20) The BAC approved the award of the tender to Intaka on 4 April 2006 in terms of section 5(3) of the SCM Policy and sent a letter of award to Intaka on 5 April 2006 wherein they advised Intaka to supply the water purification plant in the amount of R2,794,000 including VAT. The Municipality paid Intaka the full contract amount of R2,794,000 on 7 April 2006. Madiba also sent a fax to Intaka with order A/25278. Neither the fax or the order can be found at the Municipality. **D25** **D26**
21) John Block received 2 payments through Chisane Investments from Intaka **E3/E6**

amounting to R188,100 for commission on the sale of the first two water purification plants delivered to the Northern Cape Department of Health on 18 April 2006. He further received a payment in the amount of R136,000 on 18 April 2006; Laubscher alleged that this was for a "third Wataka in the Northern Cape". It is my submission that John Block received this payment through Chisane Investments from Intaka for commission on sale of the water purification plant delivered to the Sol Plaatje Municipality, being the only other Wataka water purification plant delivered to the Northern Cape during April 2006 according to my understanding. This payment of R136,000 for commission was made on 10 April 2006 which was 3 days after the Municipality paid Intaka R2,794,000. **E5** **F1/5**

22) In summary, on 4 November 2005 Dr Savoi sent a letter to Lenyibi and Mashilo wherein he introduced Intaka in order to promote his business and subsequently sent them quotations for a water purification plant dated 14 November 2005 and 26 January 2006 respectively. On 28 February 2006 Dr Savoi sent an e-mail to Praderi and reported that they have concluded the sale of a Wataka model 050 for installation at Ritchie. On 3 March 2006 Cooper sent a memorandum to the Mayor (Lenyibi) that "*The purpose of the plant would serve no purpose at this stage without increasing the capacity of raw water provision*". On 9 March 2006 Mashilo sent a memorandum to Bogacwi to follow the SCM procedures in order to purchase the water purification plant because "there was an urgent need" and authorised to minimise the period for which the tender advert is left open to four (4) x days. The tender for the supply of a "Mobile Emergency Water Purification Plant" was advertised on 17 and 18 March 2006 and closed on 24 March 2006 after Dr Savoi complained to John Block in an e-mail dated 17 March 2006. Both the BEC and the BAC meetings were held on 4 April 2006 whereafter the BAC approved the award of the tender to Intaka on the same day. A stores requisition No 418525 was prepared and then authorised by Madiba on 4 April 2006 even although the BAC meeting only finished at 16.33 on 4 April 2006. Intaka was the only supplier who submitted a Bid document for the said tender and the Municipality sent a letter of award to Intaka on 5 April 2006. The Municipality paid Intaka the full contract amount of R2,794,000 on 7 April 2006 which was prior to the plant being delivered and commissioned. John Block received a payment through Chisane Investments from Intaka in the amount of R136,000 for

commission on 10 April 2006 which was 3 days after the Municipality paid Intaka R2,794,000.

23) It would appear in addition that Mashilo, by recommending and approving the engagement of Intaka to supply the water purification plant to the Municipality, contravened:

- The provisions of section 217 of the constitution of the Republic of South Africa Act 108 of 1996 in that:
  - He failed to follow a procurement system which is fair, equitable, transparent, competitive and cost effective.
- Section 61 (1)(a)(c) of the MFMA in that he failed to:
  - Act with fidelity, honesty, integrity and in the best interests of the municipality in managing its financial affairs; and
  - Seek, within the sphere of influence of the accounting officer, to prevent any prejudice to the financial interests of the municipality.

T S White
Director: Forensic Services
8 July 2011

13

COMMISSION OF INQUIRY INTO STATE CAPTURE

TSW13

In the matter between:

THE STATE

And

GASTON SAVOI	ACCUSED 1
DUMISANI SIPHO DERRICK SHABALALA	ACCUSED 2
BEATRICE NTOMBENHLE OTRINA SHABALALA	ACCUSED 3
WELCOME SANDILE KHUBONI	ACCUSED 4
IAN BUHLLEBAKHE BLOSE	ACCUSED 5
NOSIBELE PRISCILLA PHINDELA	ACCUSED 6
JABULANI LANGELIHLE THUSI	ACCUSED 7
INTAKA INVESTMENTS (PTY) LTD/ INTAKA TECH (PTY) LTD/ INTAKA HOLDINGS (PTY) LTD	ACCUSED 8
KUBONI AND SHEZI ATTORNEYS	ACCUSED 9

REPORT OF TREVOR SEAN WHITE

Dated	29 July 2011
Specialist field	Chartered Accountant and Forensic Auditor
On behalf of the Prosecution	The Director of Public Prosecutions
On the instruction of	The Department of National Treasury
Subject matter	Investigation conducted into the purchase of twenty (20) x Water Purification Plants by the KZN Department of Local Government and Traditional Affairs from Intaka Investments (Pty) Ltd

Trevor White
PricewaterhouseCoopers
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DURBAN
4000

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Cell phone 082 454 6864

COMMISSION OF INQUIRY INTO STATE CAPTURE

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Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

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Report of Trevor White
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ABBREVIATIONS AND TERMINOLOGY

The following are abbreviations and terminology that have been used in this report:

Abbreviated name/ terminology	*Full name and/or description*
Badenhorst	Matthys Badenhorst, Regional Director, National Department of Water Affairs
Baldie	Rene Baldie, Deputy Manager, SCM, KZN COGTA
BAS	Basic Accounting System
Beatrice Shabalala	Beatrice Ntombenhle Otrina Shabalala
Beykirch	Desmond Beykirch, Manager Human Capital Development, COGTA
Blose	Ian Buhlebakhe Blose
Blue Serenity Investments	Blue Serenity Investments (Pty) Ltd t/a City Royal Hotel
Bolton	Gillian Bolton, Mazars Director Forensic Services
Braithwaite	Geoff Braithwaite, Variquip
Coetzee	Carol Coetzee, Head of Department, KZN Department of Economic Development and Tourism
COGTA	KwaZulu-Natal, Department of Co- Operative Governance and Traditional Affairs
Conradie	Hermann Conradie, Acting Accountant General, KZN Provincial Treasury
CPC	KZN Provincial Treasury, Central Procurement Committee
Dr Mkhize	Dr ZL Mkhize, Premier of the Province of KZN and ex- MEC for KZN Finance and Economic Development
DWA	National Department of Water Affairs
Evetts	Andre Evetts, Manager Infrastructure Development, KZN COGTA
Gerrans	Tony Gerrans, Grotto

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

Abbreviated name/ terminology	*Full name and/or description*
Govender	Dhanaseelan Govender, Project Manager, Municipal Infrastructure, COGTA
Grotto	Grotto Defranceschi
HOD	Head of Department
Imvusa	Imvusa Stainless cc
Health Department	Department of Health KwaZulu-Natal
Intaka	Intaka Investments (Pty) Ltd, Intaka Tech (Pty) Ltd, Intaka Holdings (Pty) Ltd
Johnson	John Johnson, Head of Local Government, COGTA
Kruger	Margaret Kruger
Kuboni	Welcome Sandile Kuboni
Kuboni and Shezi	Kuboni and Shezi Attorneys
Kuhn	Karl- Heinz Kuhn, Manager Legal Services, COGTA
KZN	Kwa-Zulu Natal
KZN LG & TA	KwaZulu-Natal Department of Local Government and Traditional Affairs
Mabuyakhulu	Mr Michael Mabuyakhulu, MEC for KZN Economic Development and Tourism and ex- MEC for KZN LG & TA
Maduna	Makenete Maduna, General Manager, Urban and Rural Development, COGTA
Matsau	Alvina Matsau, Kuboni and Shezi Attorneys
Miller	Donald Miller, Imvusa Stainless cc
Mvelase	Skhumbuzo Mvelase, Manager Intergovernmental Relations, KZN Provincial Treasury
Mzila	Delani Mzila, Finance Manager, ANC KZN
Naidoo	Jonathan Naidoo, ex- TIKZN
National Treasury	The Department of National Treasury

M

Abbreviated name/ terminology	*Full name and/or description*
Ntsalla	T Ntsalla, ex- project manager, KZN Department of Economic Development
Olckers	Michele Olckers, Mazars Moores Rowland
Persad	Ranweer Persad, General Manager, Local Economic Development, KZN, Department of Economic Development and Tourism
PFMA	Public Finance Management Act, Act 1 of 1999
Phindela	Nozibele Priscilla Phindela
Povall	Mark Povall, Manager, Development Administration, Land Development, COGTA
Praderi	Fernando Praderi, Intaka
Pupuma	Fikiswa Pupuma, General Manager, Trade and Investment KZN, Department of Economic Development and Tourism
PwC	PricewaterhouseCoopers
Romani	Ansano Romani, Imvusa
Salamax	Salamax 1608 (Pty) Ltd
SAPS	South African Police Services
Savoi (Dr Savoi)	Dr Gaston Savoi, Intaka
SCM	Supply Chain Management
Shabalala	Dumisani Sipho Derrick Shabalala, ex- Head Provincial Treasury and husband of Beatrice Shabalala
Shaw	Nicky Shaw (Brown), Assistant Manager Municipal Governance, COGTA
Skyros Medical	Skyros Medical Supplies (Pty) Ltd
Smith	Jurgen Smith, Yara South Africa (Pty) Ltd
Solomon	Selwyn Solomon, Partner Mazars
The Act	The KZN Procurement Act No 3 of 2001
Thusi	Jabulani Langelihle

Abbreviated name/ terminology	***Full name and/or description***
Wilson	Lionel Wilson, Assistant Manager, SCM, COGTA

COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

A. AUTHOR'S DETAILS

1.000 Name

1.001 Trevor Sean White.

2.000 Personal details

2.001 I am a male with identity number 6611245014087, 44 years old. I am a director of PricewaterhouseCoopers Advisory Services (Pty) Ltd, 102 Stephen Dlamini Road, Berea, Durban with telephone number (031) 2712000.

3.000 Experience and qualifications

3.001 I joined Price Waterhouse in 1989, and was admitted as a director of PricewaterhouseCoopers on 1 July 1998, following the merger of Price Waterhouse and Coopers and Lybrand. I am presently the director in charge of the KwaZulu-Natal Risk Advisory Services department, which incorporates the Forensic Investigations Department of PricewaterhouseCoopers in KwaZulu-Natal.

3.002 I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the South African High Court and the Regional Court and in the Lesotho High Court. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration ("CCMA") and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree and Post Graduate Diploma in Accountancy from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of the Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing, reviewing and verifying financial information and accounting records. I have also

chaired three investigative Commissions of Enquiry into Fraud and Corruption in Swaziland.

B. MANDATE AND ISSUES TO BE INVESTIGATED

4.000 Appointment

4.001 The terms of our appointment are detailed in our agreement which was signed by Mr Freeman Nomvalo of the Department of National Treasury (**National Treasury**), on 2 July 2010. The said Agreement relates to the investigation into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN Department of Local Government and Traditional Affairs (**KZN LG & TA**) and the Northern Cape Department of Health. This report covers the investigation into KZN LG & TA only; separate reports have been issued for the investigation conducted at the Northern Cape Department of Health.

4.002 The following represents the General Procedures performed:

1. Requested and received Basic Accounting System (**BAS**) reports for Intaka who received orders for the supply of Water Purification Systems and were paid by the KZN LG & TA.

2. Obtained supporting payment vouchers.

3. In respect of the procurement procedures followed, obtained all relevant documents authorising waiver of tender procedures where applicable and minutes of meetings.

4. Interviewed and obtained affidavits where necessary from officials involved in the procurement procedure and/or who were referred to in relevant correspondence.

5. Determined whether any person involved in the procurement process or otherwise irregularly manipulated the procurement process to favour Intaka.

6. Verified water purification systems to the extent considered necessary.

7. Interviewed third parties and obtained affidavits and supporting documents where necessary and applicable, including Intaka staff whose names featured on documentation and electronic records between the KZN LG & TA and/or officials, and Intaka.

8. Accompanied the SAPS investigating officer to Cape Town and reviewed the 356 files of documents seized from Intaka.

9. Reviewed the electronic data copied by the SAPS from computers seized from Intaka.

10. Examined bank accounts subpoenaed by the SAPS.

11. Reviewed documents seized from Kuboni and Shezi Attorneys.

12. Reviewed affidavits and warning statements taken by the SAPS.

13. Assisted the SAPS investigating officer with interviewing any official or any person related to any official from the KZN LG & TA, or any other third party that may have been involved in any irregular conduct or who received any irregular payments.

4.003 I am not required to and did not undertake an audit in terms of the International Standards on Auditing. The scope of my work was limited to a review of the documentary evidence made available to me and enquiries undertaken to address issues identified in the execution of the investigation undertaken. I have not verified the authenticity or validity of the records and documents provided to me, unless otherwise stated.

4.004 This report has been prepared solely for use in the criminal matter registered with the SAPS; Durban Central CAS 1538/01/2009. It may also with the prior written consent

of the Director of Public Prosecutions be used in any civil or disciplinary proceedings that the KZN LG & TA may wish to initiate. It may not be suitable for any other purpose and it should not be used, reproduced or circulated for any other purpose without my prior written consent. It should be a condition of such consent, if given, that PricewaterhouseCoopers and myself accept no responsibility to that third party and that such third party will hold PricewaterhouseCoopers and myself harmless in respect of any consequences of such disclosure. Whether or not I have given consent, PricewaterhouseCoopers and myself will not accept liability or responsibility to any other party who may gain access to this report.

4.005 I have included information relevant to the investigation and related circumstances but cannot conclude on the completeness of such information as the possibility exists that not all-relevant information and documentation was made available to me. Any documentation or information brought to my attention subsequent to the date of this report, which will affect the findings detailed herein, will require my findings to be adjusted and qualified accordingly.

4.006 This report contains hearsay evidence based on interviews conducted with individuals and affidavits/ warning statements taken by the SAPS. I deem the aforementioned evidence to be appropriate to sketch the full picture of the allegations raised.

5.000 Background

5.001 During the course of an investigation conducted by PwC into allegations of tender and procurement irregularities in the Department of Health KwaZulu-Natal (Health Department) for which undue payments were allegedly made and other financial irregularities, we received information and it was alleged that Intaka Investments (Pty) Ltd (**Intaka**) had received an order for the supply of water purification systems to the Health Department and that a corrupt payment was made to an official. We initially investigated this matter relying solely on the documentation in possession of the Health Department and interviews and information obtained from officials of the Health Department. At this stage we were informed that Intaka was the subject of a

criminal investigation and when we attempted to interview an employee of Intaka we were advised by their Legal Advisor that we were required to address all correspondence through him. Hence, we did not have access to Intaka's records or their employees who may have been involved in the provision of the water purification systems (plants). We were subsequently informed that the SAPS had conducted a search of Intaka's premises and had seized documentation.

5.002 Following the said investigation we issued our report dated 30 November 2009, that included the investigation and findings at that date in respect of the supply of water purification systems to the Health Department by Intaka.

5.003 We were thereafter on 9 February 2010 mandated to extend our forensic investigation into the awarding of a contract for Oxyntaka self- generating oxygen plants to Intaka and to assist the SAPS with the review of the documents and computers seized from Intaka. We have completed the said investigation; and we issued a report in this regard dated 24 May 2010.

5.004 On 4 May 2010 we were appointed by National Treasury to assist the SAPS in conducting a preliminary investigation into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN LG & TA and the Northern Cape Department of Health. The purpose thereof was to obtain sufficient evidence and information in order to prepare an affidavit for purposes of a restraint order by the Asset Forfeiture Unit (AFU) for Intaka and other identified parties. Our mandate was further extended on 2 July 2010 as previously referred to in paragraph 4.001 of this report.

5.005 My findings from the investigation conducted at the KZN LG & TA and the procurement of water purification plants from Intaka are detailed below.

6.000 Issues addressed in my investigation

6.001 This report focuses on the order awarded to Intaka for 20 x water purification plants by the KZN LG & TA.

6.002 The report further summarises the Procurement Procedures followed during the awarding of the order in question, where these have been contravened and where collusion has taken place between KZN LG & TA Officials, suppliers and other third parties.

C. BASIS OF INVESTIGATION

7.000 Execution of fieldwork and gathering of information

7.001 Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this report, however, where an opinion is expressed in this report it is my own opinion.

8.000 Sources documents

8.001 The information dealt with in this report was obtained from the sources listed below:

i) Supporting procurement documentation handed to us by the KZN LG & TA.
ii) Kreditinform Enquiries.
iii) BAS reports.
iv) Persal reports.
v) KZN Procurement Act of 2001.
vi) KwaZulu-Natal Provincial Treasury Practice Notes.
vii) Interviews conducted with Management and staff at the KZN LG & TA.
viii) Information received from third parties.
ix) Interviews conducted with third parties.
x) Documents seized by the SAPS from Intaka and Kuboni and Shezi attorneys.
xi) Electronic records seized by the SAPS from Intaka.
xii) An affidavit provided by Dr Savoi of Intaka to the SAPS.
xiii) Bank records subpoenaed by the SAPS.
xiv) Physical inspection of water purification plants.
xv) Affidavits and warning statements taken by the SAPS.

D. DETAILED PROCEDURES AND FINDINGS

9.000 The detailed procedures and my key findings are addressed below for the purchase of twenty (20) x Water Purification Systems by the KZN LG & TA from Intaka.

KwaZulu-Natal Provincial Treasury: Delegations Framework: Practice Note Number : SCM- 02 of 2006 dated 9 February 2006 **A1**

9.001 I wish to briefly refer to this practice note and specifically the delegation policy and Urgent and Emergency Cases.

9.002 1. Delegation Policy:

1.1. With due consideration of predetermined financial limits, the general standing powers are delegated in order to expedite the process to procure goods and services, the acquisition or disposal of movable and immovable property and granting of rights. These powers, as set out herein, are delegated to bid committees and departmental officials in accordance with Treasury Regulations 16A promulgated in terms of the Public Finance Management Act, 1999.

1.2. These powers are granted subject to the provisions of any other Act of Parliament, as amended from time to time. Armaments may therefore not be acquired in terms of these delegated powers.

1.3. Delegated powers contained herein must be applied strictly in accordance with the preference points system for a decision or finalisation.

1.4. Where any doubt exists with regard to the interpretation or application of any power or condition, the Accounting Officer must be approached through the normal service channels for a decision or finalisation.

1.5. The delegations set out below serve as a guideline to assist departments in compiling their own departmental delegations. In the interest of efficient and effective acquisitioning, departments are to formally issue their own set of delegations.

9.003 *Bid Committee refers to provincial department's bid specification, bid evaluation and bid adjudication committees as defined* further in the document.

9.004 Urgent and Emergency Cases are defined as:

"Cases are defined as urgent or emergency cases when the following criteria have been met:-

- *The duration of invitation of bids would have a material impact on service delivery/ community/ public i.e. early delivery is of crucial importance;*
- *Resulted from natural disaster i.e. beyond human control; and*
- *Immediate action is required to avoid a dangerous or life threatening situation, misery or want.*

Poor planning is not a justifiable cause of an emergency or urgent situation. Written motivation must be provided, detailing the reason/s as to why procurement must be done under circumstances of urgency or emergency".

9.005 Abbreviations:

BSC: Bid Specification Committee.
BEC: Bid Evaluation Committee.
BAC: Bid Adjudication Committee.
HOD: Head of Department.

Treasury Regulation 16A Supply Chain Management

9.006 I wish to briefly refer to this document as it preceded the previous document "KwaZulu-Natal Provincial Treasury: Delegations Framework: Practice Note Number: SCM- 02 of 2006 dated 9 February 2006" that was issued in consequence of Treasury Regulation 16A Supply Chain Management. **A2**

9.007 *"Institution" is defined as a department, constitutional institution or public entity listed*

in Schedule 3A and 3C of the Act.

9.008 *This framework applies to all:*

a) Departments;

b) Constitutional institutions; and

c) Public entities listed in Schedules 3A and 3C of the Act

9.010 *The accounting officer or accounting authority of an institution to which these regulations apply must develop and implement an effective and efficient supply chain management system in his or her institution for:*

a) The acquisition of goods and services; and

b) *The disposal and letting of state assets, including the disposal of goods no longer required.*

9.011 *The accounting officer or accounting authority must establish a separate supply chain management unit within the office of that institution's chief financial officer, to implement the institution's supply chain management system.*

KwaZulu-Natal Provincial Treasury: Delegations Framework: Practice Note Number : SCM- 02 of 2005 **A3**

9.012 I will briefly refer to this document as the procurement of the water purification plants by the Department of LG & TA commenced in 2005. The introduction commences as follows: "*The implementation of Supply Chain Management from 1 April 2005 brings about fundamental changes in the procurement process of Government*". The remainder of the document in so far as "urgent and emergency cases" is concerned is similar to Practice Note No 2 of 2006 previously discussed by me, and is dealt with in terms of delegation 5.1. Despite this document on 13 January 2006 the KwaZulu-Natal Provincial Treasury issued a directive to all Heads of KZN Departments and the Head of the KZN Provincial Legislature. I wish to refer specifically to paragraphs 1- 3 as summarised hereunder: **A3** **A4**

1) The KZN Procurement Act 2001 as amended, together with its relevant Regulations was repealed on 20 December 2005;

2) Any procurement process commenced with before 20 December 2005, must be finalised in accordance with the KZN Procurement Act 2001;
3) The commencement of procurement processes will be deemed to include all tenders advertised and requests for quotations from 20 December 2005 to 31 January 2006.

The procurement of the water purification plants by the Department of LG & TA was done initially in terms of the KZN Procurement Act 2001 and thereafter in terms of SCM Delegations that will become evident and discussed later in this report.

KwaZulu-Natal Procurement Act No 3 of 2001

9.013 The purpose of KwaZulu-Natal Procurement Act No 3 of 2001 **(the Act)** was "to provide for a procurement system to give effect to section 217 of the Constitution and to provide for matters connected therewith". It further defines a "Central Procurement Committee" and the functions of the Central Procurement Committee are defined in section 5. **A5**

Purchase of twenty (20) x water purification plants from Intaka

Background: Affidavit of Dr Gaston Savoi

9.014 I firstly wish to briefly refer to Dr Gaston Savoi's **(Dr Savoi or Savoi)** affidavit signed and dated 21 August 2008 and his explanations in so far as the KZN LG & TA is concerned and the role of Sipho Shabalala **(Shabalala)** the Head of Provincial Treasury at the time. I will again during the course of this report refer to this affidavit as it relates to specific issues investigated in detail. **B1**

1) During the course of 2003/2004 (no specific date mentioned) with the assistance of a Mr Bagus he made contact with relevant persons within the KZN Provincial Government and Trade and Investment KZN. **B1/3**
2) KZN was facing formidable challenges in the provision of potable drinking water, especially at clinics and community health centres under its control. **B1/3**
3) The decision by Intaka to build or not to build a factory in KZN to manufacture **B1/3**

water purification and treatment units and create jobs in KZN, would be based on business considerations such as the number of units ordered *("At the time, as I can recall, there was some discussion about the possibility of 80 units for one area alone in KZN")*.

4) *"In addition, at this time, the question of a donation "to the party" was also raised, which I understood to refer to the ANC. As I can recall, the person who did so was Mr Sipho Shabalala (Head: KZN Treasury) ("Mr Shabalala") and I was not averse to the idea of making such a donation as is a common procedure in any country. However, I did not pursue the matter any further at the time"*. **B1/4**

5) Dr Savoi arranged a fact finding visit to South America for a delegation from KZN to view the self- generating oxygen and water purification plants, which took place from 20- 23 March 2004, and included Shabalala. Upon return to South Africa the KZN delegation indicated it was interested in both products, the key persons in the process of further discussions being Shabalala and Professor Green Thompson (HOD KZN Department of Health at the time). **B1/4**

6) *"Against this background, the KZNPG, via its Department of Local Government and Traditional Affairs, subsequently purchased 20 Wataka units from my company at a unit cost of R2,228,181.82. The total amount involved was therefore R44,563,636.40 inclusive of VAT, the relevant Departmental contract/tender number being ZNT 1426/2005LS. I have no direct knowledge of the specific procedures followed within the KZNPG in order to purchase the equipment from Intaka but I have always assumed that whatever steps necessary to be taken departmentally, were in fact taken"*. **B1/5**

7) The amount of R44,563,636.40 included the cost of equipment ex-works, excluding freight, installation, commissioning and materials. Intaka initially received an order for R43,000,000 on 15 March 2006 for 1 unit, that was subsequently changed at Intaka's request to reflect 20 units in the amount of R44,653,636.40 on 5 June 2006. The installation of the 20 units was to be "immediate" and was to take place at various municipalities as designated by the KZNPG. **B1/6**

8) *"However, the installation could not be effected immediately, apparently as a result of political and other difficulties in or in respect of the various municipalities chosen as sites for the Watakas by the KZNPG. There were also difficulties in* **B1/7**

securing our payment".

9) "*We have since supplied eight out of the original 20 Watakas to the KZNPG. I do not regard the fact that we received the entire payment before delivery of all 20 as meaning that we have received a pre-payment of any kind, since, by the time we were paid, the Watakas for the KZNPG had been standing for over a year at our premises in Cape Town and for which we had charged no storage fees. We had also forgone various other possible charges, which would have arisen in the course of a private sector contractual arrangement, for the sale of this sort of equipment*". **B1/8**

10) The Watakas were finally launched with some publicity for the Department of LG & TA in KZN on 5 April 2008, "*some two years after the initial purchase of the equipment*". **B1/8**

11) "*Be that as it may, when Intaka finally received payment in early 2007, I asked Mr Shabalala about the issue of the donation to the party, which had been originally raised with right at the outset of the initial discussions in KZN. He informed me that Intaka would be sent an invoice against which we should make payment. I also note that, as a general rule, we make payments for any goods or services only against invoices and that we had been informed by our professional advisers that we should always obtain documentation in support of payments*". **B1/8**

12) "*Subsequently, I received an invoice from a firm of attorneys called Shezi and Kuboni for an amount of R1,032,000.00 inclusive of VAT, and which invoice was subsequently paid by Intaka. I attach a copy of this invoice and the supporting Intaka documentation showing payment as GS4*". **B1/8**

13) "*I have no knowledge of what happened to this money once it had been paid to the attorneys and do not know whether the party in fact received it- I have no acknowledgement of this. However, I confirm that no legal services as referred to in that invoice were ever rendered to Intaka by the attorneys concerned*". **B1/9**

14) "*Although I acknowledge that it is incorrect to have categorised the donation as legal expenses, I am not familiar with the manner in which political donations are sourced and dealt with in South Africa. I merely responded to the directions of Mr Shabalala in this regard. I feel I should also add that Mr Shabalala was one of the more helpful officials with whom we dealt in the KZNPG and that he has never requested a personal donation for himself from me*". **B1/9**

Intaka Investments (Pty) Ltd

9.015 I determined when investigating an order awarded to Intaka by the Health Department for the supply of 2 water purification plants, that the registration number recorded on the footer of their quotation dated 2 October 2006 is 2003/021018/07, attached hereto for ease of reference. A Kreditinform enquiry determined that said registration number belongs to Intaka Holdings (Pty) Ltd. The said entity was previously known as Intaka Tech (Pty) Ltd and was first registered on 28/08/2003. The holding company is recorded as "Savoi Family Trust". The Active Principals are Dr G Savoi id 521226 0000 000 appointed on 28/08/2003 and Mr R Savoi id 810212 5000 000 appointed on 21/11/2007. In terms of the footer of the quotation the other 2 directors as at 2 October 2006 were Fernando Praderi and Clement Morris. In terms of the Kreditinform Report these 2 persons resigned as Directors, however the date of resignation is not reflected. It would appear that the entity with registration number 2003/021018/07 was known as Intaka Investments (Pty) Ltd at the date of the quotation and subsequent thereto changed its name to Intaka Tech (Pty) Ltd and then Intaka Holdings (Pty) Ltd. **B2/1-3** **B3**

Skyros Medical Supplies (Pty) Ltd

9.016 Intaka sent their quotation for the 2 water purification plants from an e-mail address of amarcos@skyros.co.za. I determined that A Marcos is the personal assistant of Savoi and I have conducted an interview with her during the course of investigating this matter. A Kreditinform Enquiry determined that Skyros Medical Supplies (Pty) Ltd (**Skyros Medical**), registration number 2004/010238/07 was registered on 20/04/2004, the Active Principals are Gaston Savoi id 521226 0000 000 and Beatrice Ntombenhle Otrina Shabalala ("**Beatrice Shabalala**") ID. 690119 0332 083, both appointed on 20/04/2004. I further understand that the latter is the wife of Sipho Shabalala. In terms of Gaston Savoi's affidavit the delegation to South America including Shabalala took place in March 2004; whilst Gaston Savoi and Shabalala's wife registered Skyros Medical Supplies in April 2004, one month later. Shabalala with Professor Green Thompson; the latter was the HOD KZN Department of Health and I assume had no role in the Department of LG & TA, became key persons in the **B2/1** **B4** **B1/4** **B4/1** **B1/4**

process of further discussions between Intaka and the KZNPG. Hence, the involvement of Shabalala as Head of Provincial Treasury with Intaka, and the potential conflict of interest at this early stage. A 2nd entity is registered in the name of Skyros Health that is also linked to Dr Savoi, however for purposes of this report I do not deem it necessary to refer further to Skyros Health. One of the current business interests of Beatrice Shabalala is Blue Serenity Investments (Pty) Ltd. This entity will again be referred to in more detail when discussing a payment made to "*a firm of attorneys called Shezi and Kuboni for an amount of R1,032,000.00*" as stated by Dr Savoi in his affidavit referred to earlier in this report. **B4/4** **B1/8**

Blue Serenity Investments (Pty) Ltd

9.017 A Kreditinform Enquiry determined that an entity known as Blue Serenity Investments (Pty) Ltd (**Blue Serenity**) trading as City Royal Hotel with registration number 2003/031649/07 was registered on 17 December 2003. The current Active Principals are: **B5**

1) Dumisani Sipho Derrick Shabalala id 651019 5396 082 of 11 Bonanza Road, Pietermaritzburg appointed on 9 January 2004; and
2) Beatrice Octrina Ntombenhle Shabalala id 690119 0332 083 of 11 Bonanza Road, Pietermaritzburg, appointed on 9 January 2004.

9.018 One of the previous business interests of Sipho Shabalala is Salamax 1608, that is deregistered and from which he resigned. As is the case with Blue Serenity Investments, this entity will again be referred to in more detail when discussing a payment made to "*a firm of attorneys called Shezi and Kuboni for an amount of R1,032,000.00*" as stated by Dr Savoi in his affidavit referred to earlier in this report. **B5/4** **B1/8**

Salamax 1608 (Pty) Ltd

9.019 A Kreditinform Enquiry determined that an entity known as Salamax 1608 (Pty) Ltd (**Salamax**) with registration number 2006/024729/07 was registered on 10 August 2006. The current status is recorded as in the process of deregistration. Dumisani Sipho Derrick Shabalala id 651019 5396 082 of Othandweni Farm, Greytown Road, **B6** **B6/6**

Pietermaritzburg is recorded as a non- active principal. He was appointed on 11 August 2006 (date of registration); and resigned on what I interpret to be 13 May 2008. This was confirmed by CIPRO **B6/11**

Orders awarded to Intaka and payments made by the Department of LG & TA

9.020 I initially upon requesting a list of BAS payments made by the Department of LG & TA to Intaka for the purchase of 20 water purification plants determined the orders listed hereunder were issued and payments made against the said orders. I later in the investigation determined that 2 orders had preceded this, however they were cancelled and a new order number N 642517 issued. No payments were made against the 1st two orders.

9.021 I determined that the Department of LG & TA issued order number N 642517 to Intaka in the amount of R44,563,636.40 for 20 water purification plants on 5 June 2006. This followed a Requisition for Supplies no. B126264 issued on 15 March 2006. Intaka issued their invoice no. 253 dated 6 February 2007 for the "*purchase*" of 20 "Wataka water purification units model 050" in the amount of R2,228,181.82 each, totalling R44,563,636.40.They were paid R44,563,636.40 on 5 March 2007. The entries on the attached Internal Departmental letterhead will be discussed later in this report. I further was unable to determine from the invoice whether the plants had been delivered and if so where; this will also be discussed in detail later in this report. **C1/1** **C1/2** **C1/3** **C1/4-6** **C1/5**

9.022 Intaka received a further order number N 0755793 in the amount of R5,617,919.40 on 15 November 2006 for "*balance of purchase of 20 Wataka Model 050 Plants (inclusive of VAT) @R2,447,061.79 - R2,228,181.82 x 20, supply of 20 Lots chemicals (1 month supply).* The following payments were then made against the said order number N 0755793: **C2/1-2**

	Invoice #	Payment date	Payment amount (R)	
1	553	31/08/2007	1,123,583.89	C3
2	660	24/12/2007	1,123,583.89	C4
3	697	01/12/2008	43,363.32	C5
4	1913 & 1914	31/03/2010	561,791.94	C6
			2,852,323.04	

1) The description of the goods/ services on invoice number 553 above is "*installation and commissioning of water purification plants*". There are 4 Certificates of Acceptance" forms attached that detail the locations where the plants were installed: **C3**
   i. Spekboom Waterworks;
   ii. Greytown Water Plant;
   iii. Bellgrade Waterworks;
   iv. Keates Drift.
2) The description of the goods/ services on invoice number 660 above is "*installation and commissioning of water purification plants*". There are 4 Certificates of Acceptance" forms attached that detail the locations where the plants were installed: **C4**
   i. Danhauser WPP;
   ii. Obanjeni, Mlalazi District;
   iii. Durnacol WPP;
   iv. Mtwalume Waterworks.
3) The description of the goods/ services on invoice number 697 above is: "*Electrical power installation incl all connections, cables PVC & Tracking at Danhauser, Piping LDPE 4" for Durnacol*". Hence, this was additional work performed at Danhauser WPP and Durnacol WPP. **C5**
4) The description of the goods/ services on invoice numbers 1913 and 1914 above is "*installation and commissioning of water purification plants*". In terms of the Intaka invoices these were for work done at sites in: **C6**
   i. Gogovuma
   ii. Bulwer.

9.023 Intaka received a further two sundry payments for the "rental storage costs for KZN Water Purification Plants" as detailed below:

	Invoice #	Payment date	Payment amount (R)	
1	1912	30/04/2010	85,500	C7
2	1911	30/04/2010	17,100	C8
			102,600	

9.024 Invoice number 1912 is rental for the months of October 2009 to February 2010 being 5 months @ R15,000 per month excluding VAT. Invoice number 1911 is rental for March 2010.

9.025 I have been provided with an updated list of BAS payments made by the Department of LG & TA to Intaka, which includes the payments referred to above annexures C1-C8 inclusive and the following additional payments that appear to be for rental (I am not in possession of the payment vouchers) C9

	Invoice #	Payment date	Payment amount (R)
1	1952	15/06/2010	17,100
2	1991	30/06/2010	17,100
3	2067	30/07/2010	18,810
4	2107	15/09/2010	18,810
			71,820

9.026 Thus, the total payments made to Intaka by the Department of LG & TA for the water purification plants amounts to **R47,590,379.44** as summarised hereunder. C9

	Date	Amount (R)
1	05/03/2007	44,563,636.40
2	03/08/2007- 31/03/2010	2,852,323.04
3	30/04/2010	102,600.00
4	15/06/2010- 15/09/2010	71,820.00
	Total	**47,590,379.44**

9.027 Gaston Savoi alleged in his affidavit that 8 of the 20 plants were commissioned at the time of the affidavit being 14 July 2008. I have been provided with 8 Certificates of Acceptance; that would indicate 8 of the 20 plants have been commissioned to date although . Mr Andre Evetts (**Evetts**) Manager Infrastructure Development, at the KZN Department of LG & TA Evetts has informed me that a further 2 have been commissioned i.e. a total of 10. I will refer to Evetts later in this report. **B1/7**

Background into obtaining all relevant documentation from the Department and from the SAPS

9.028 I initially received documents from the SAPS who received same from the Department of LG & TA prior to our appointment. We then requested all procurement documentation that preceded the awarding of the order to Intaka from the Department of LG & TA e.g. the specifications; tender document; tender award; and Service Level Agreement.

9.029 We then proceeded to obtain various documentation from the following sources, conducted interviews with officials and obtained affidavits where necessary; that will be referred to later in this report:

1) Development Infrastructure Component;
2) Legal Services;
3) Central Supply Chain Management;
4) The Office of the HOD;
5) SAPS seized from Intaka in Cape Town;
6) The KZN Department of Economic Development;
7) Provincial Treasury/ KZN Department of Finance;
8) Trade and Investment KZN;
9) Documents subpoenaed by the SAPS.

Detailed investigation into all documents received and interviews conducted

9.030 We received a number of documents from the said sources and compiled a comprehensive list, in order to obtain a clear understanding of the sequence of events in terms of the documents. I deem it necessary to briefly refer to each relevant document and the content of each where applicable. All documents discussed hereunder were obtained from the sources listed above, unless otherwise stated.

Memorandum from Sipho Shabalala to Dr Mkhize dated 9 May 2005 **D1/1-3**

9.031 Dr ZL Mkhize (**Dr Mkhize**) the current Premier of the Province of KwaZulu-Natal provided a copy of the memorandum he received from Shabalala dated 9 May 2005 titled "Proposal to Supply Gas Generating Equipment and Water Purification to the Province".

9.032 I will not repeat the entire document but wish to refer to specific sections thereof. The introduction reads as follows:

1. *"Proposals have been received from a company in Cape Town to supply equipment for onsite generation of gas as well as equipment that purifies water at source".*
2. *The Department of Health is piloting with the Gas Generating Equipment (Oxyntaka) at Murchison Hospital. Trade and Investment KZN has been involved with the Water Purification Equipment (Wataka) for some time.*

9.033 Shabalala refers to the implementation of the "Oxyntaka project" and that the "*water generating unit (Wataka) has been proposed through TIK and has not really taken off*". Paragraph 7 reads as follows: "*Going through communities during the pre-budget road shows we experienced first hand that communities still need water desperately. Whereas we are undergoing an exercise with Umgeni Water on the long term solution of water provisioning in the Province, we still have to contend with the fact that our communities still do not have access to clean water*".

9.034 He made the following recommendations:

> *11. It is recommended that we encourage the MEC for Health and her Head of Department to finalise the installation of the Oxyntaka at Murchison and to consider seriously the acquisition of further equipment to optimise on the benefits of the equipment.*
>
> *12. It is recommended that an amount of R22 m be allocated from the Poverty Alleviation to provide the water generating equipment to all the municipal districts.*
>
> *13. It is also recommended that negotiations are commenced with the benefiting municipalities on the running cost of the equipment".*

9.035 The handwritten comment by Dr Mkhize is illegible. Attached to the said memorandum is a typed note which is, according to my understanding, a typed version of Dr Mkhize's comment. It reads as follows:
"There are communities wherein this project can be utilised for immediate benefit in provision of safe and clean water. Consider the areas of Nkandla where already a pipe has been laid down for Thukela River. There should be a way to take an offshoot to feet into the tank as a supply for villages..... Consider priority areas where this facility can effect immediate benefit".

9.036 Dr Mkhize provided an affidavit to the SAPS attached hereto for ease of reference. **E19**
He was the former Head of the KZN Department of Finance and Economic Development. He stated that the provision of clean potable water in rural areas was an issue that needed urgent attention that was identified before 2005. He confirmed that he received the aforementioned written correspondence from Shabalala in May 2005, informing him of the water purification plants which had the potential to make a significant difference to the provision of potable water. He stated further that "*It was on this basis that I supported, in principle, the procurement of mobile water purification plants".*

Intaka letter to Sipho Shabalala dated 27 June 2005 **D1A**

9.037 On 27 June 2005 Intaka sent a letter titled "Wataka Transportable Water Purification Plant" to Shabalala, Provincial Treasury signed by Gaston Savoi. He quoted an amount of R1,935,720 for the supply of one (1) x Wataka 50, Transportable Water Purification Plant. The amount included VAT and Freight to Greytown. He concluded as follows: "*Awaiting your decision to issue the purchase order and we look forward to evaluating additional 10 areas*".

9.038 I have not been able to determine why Shabalala received this quotation nor have I been provided with a request by Shabalala to Intaka for the quotation. This is the function of the SCM Component of the relevant Department. In the ordinary course of events I would expect to have found a specification document detailing the required specifications of the water purification plant that Intaka were requested to quote on. I confirm that there is no specification document in the records I examined, which included those seized from Intaka by SAPS. I previously in paragraph 9.016 of this report discussed a potential conflict of interest with Shabalala and Intaka, relating to Skyros Medical. I identified the following documents in the electronic records seized by the SAPS from Intaka that further illustrates the relationship between Shabalala and Dr Savoi and Intaka:

1) An e- mail from Dr Savoi to ss75@pixie.co.za that commences "Dear Sipho" dated 9 September 2004. It is evident from the contents of the e-mail that it was sent to Shabalala. Dr Savoi has requested a letter of referral from Shabalala to be prepared and sent to Netcare by Shabalala. Dr Savoi goes so far as to set out the wording he wants Shabalala to put in the letter of referral. **D1B/1**
2) An e-mail from Carolina Savoi of Skyros (Pty) Ltd to Shabalala dated 24 February 2005. The writer refers to Shabalala's conversation with Dr Savoi and lists a number of products that appear to be medical equipment; **D1B/2**
3) An e-mail from Shabalala to Dr Savoi dated 25 February 2005 titled "Update on Intaka Water Purification Presentation". He was responding to an earlier e-mail from Dr Savoi relating to the cancellation of a meeting with Trade and Investment KZN. The body reads as follows: "*Dear Dr Savoi. Please let me know what help I* **D1B/3-4**

can give to facilitate further discussions on the water project. I am making some discussions at Health regarding additional oxyntakas in KZN. Regards Sipho". I wish to mention that "oxyntaka's" are self- generating oxygen plants supplied by Intaka to the KZN Department of Health and Northern Cape Department of Health, investigated by me and reported on under separate reports;

4) A letter from Dr Savoi to Shabalala dated 21 April 2005. The content of the letter is self- explanatory; I have already discussed Skyros Health, however the letter also refers to Goldex 264. An Experian Kredit Search Report reflects that Goldex 264 (Pty) Ltd was registered on 19 April 2004. Beatrice Ntobenhle Otrina Shabalala is the sole Principal, although the status is recorded as "De-registered". **D1B/5** **D1B/6-8**

5) An e-mail from Shabalala to Dr Savoi dated 11 May 2005 titled "Wataka". He was replying to an earlier e-mail from Dr Savoi regarding Intaka having obtained the patent for Wataka for 20 years. The e-mail reads as follows: "Well done. We have started the process to acquire the Watakas in the Province. I will brief you once I have received some responses to the letters I have written". **D1B/9**

6) A letter from Dr Savoi to Goldex 264 (Pty) Ltd for the attention of Shabalala dated 23 June 2005 relates to medical supplies. **D1B/10**

7) An e-mail from Shabalala to Dr Savoi dated 3 November 2005 titled "Wataka". The e-mail reads as follows: "Wataka Hola Amigo. Thank you for the e-mail. I have received it. Thank you also for the tie it is bright and lovely. I wish to assure you that the Province is really doing its best to ensure that by the end of the year there is real progress on this issue". **D1B/11**

8) The de- registration of Goldex 264 (Pty) Ltd is confirmed in an e-mail from Dr Savoi to various staff at Intaka, including Selwyn Solomon and Adriaan Laubscher the CFO at the time, at a much later date being 11 May 2007. This was preceded by an e-mail from Selwyn Solomon dated 10 May 2007 titled "Goldex 264 (Pty) Ltd". The body of the said e-mail reads as follows: "*The abovementioned company is owned by B Shabalala who is also the sole director. According to my understanding its sole asset is 40 Shares (40%) in Skyros Medical Supplies (Pty) Ltd which in itself is a dormant company, Please confirm that I can prepare nil tax returns for Goldex for 2006 and prior and also confirm whether Goldex is still required and whether we can transfer the shares in Skyros* **D1B/12** **D1B/13**

Medical Supplies out of Goldex. Also, I want to prepare nil tax returns for Medical Supplies for 2006 and prior. Please confirm".

9.039 With further reference to the letter in question from Dr Savoi to Shabalala dated 27 June 2005, I am unable to determine why the plant was to be delivered to Greytown. Evetts was initially interviewed and he informed me that he was nominated to serve on the task team by the HOD; that will be discussed later in this report and was the project manager from the Department of LG & TA. An affidavit was obtained from Evetts. He stated that Dr Dorning of Provincial Treasury (the Head being Shabalala) approached him in his office in the latter half of 2005; he did not recall the exact date. (I determined that Dorning is now deceased). He had known Dorning for a number of years from Provincial Government. Dorning informed Evetts of twenty two (22) x water purification plants that were to be supplied to the Department of LG & TA and that he was under pressure from his principals to make the project happen. Dorning added that funds in the amount of R43 million had been allocated to the project. As he understood Dorning the matter was not getting off the ground as it involved supplying the water purification plants to Municipalities and hence the need to involve the Department of LG & TA. Dorning requested that Evetts get involved in the implementation thereof. **D1A** **E1**

9.040 Evetts agreed to get involved provided the following occurred that would ensure the Department of LG & TA was covered:

1) The funds of R43 million is allocated to the Department of LG & TA by Provincial Treasury;
2) Provincial Treasury are responsible for acquiring a waiver of tender procedures.

9.041 On this basis he received documentation from Dorning, the dates of which preceded Dorning approaching him and the involvement of the Department of LG & TA. He confirmed receiving a copy of the quotation in question dated 27 June 2005. **D1A**

9.042 Evetts was not certain what the relevance of Greytown was as he is not aware that

there was a requirement for a water purification plant in the Greytown area, and secondly there was no storage facility in Greytown, but there was a storage facility in Pietermaritzburg, if the intention was to store the plant in Greytown.

Intaka letter to Sipho Shabalala dated 7 July 2005 **D2**

9.043 On 7 July 2005 Intaka sent a letter titled "Request for Proposals on Wataka Equipment" to Shabalala, Provincial Treasury signed by Dr Savoi. This is approximately 10 days after the 1st quotation to Shabalala dated 27 June 2005. **D1A** There is no evidence that Intaka had concluded "evaluating additional 10 areas during these 7 days. Dr Savoi referred to an e-mail dated 6 July 2005, however I have not had access thereto. He provided an introduction and listed the advantages of the Wataka. On page 6 Intaka quoted an amount of R1,965,000 ex works Cape Town excluding VAT for the supply of twenty two (22) x Wataka 50's. The said price included a generator and raw water pump, but excluded freight, civil works (if requested) and chemical products, the latter being included in the operating cost of R0.0006 per litre. Thus, the price had increased within a period of ten days and it also excluded transportation costs previously included. The delivery period was split over a period of 90 days from date of order, provided all 22 units were ordered simultaneously. The price was valid until 15 December 2005.There is no indication as to sites where the plants would be commissioned and the costs involved in transportation/delivery and the civil works. Further, there is no mention of 80 plants **B1/3** as alleged by Dr Savoi in his affidavit.

9.044 The quotation is concluded as follows: "*My approach to introducing this facility in South Africa is not merely of equipment sales but goes further to investing towards creation of a manufacturing base in South Africa, and particularly in the Province of KwaZulu-Natal as I believe this is the best base to do so. As a foreign investor, I have great belief in South Africa and it's potential and I believe by investing in this manufacturing facility it could play a significant role in respect of job creation and social development in this country*". **D2/7**

9.045 Evetts confirmed receipt of a copy of this quotation from Dorning. He also confirmed

that there is no indication as to location of the sites where the plants would be commissioned. His own assessment of this is that KZN Provincial Treasury could not and would not have known where the plants were to be delivered and this was the reason for the price being quoted "ex- works Cape Town". Furthermore, Provincial Treasury had little or no technical staff and hence would have limited knowledge of water purification plants and the requirement for a comprehensive needs analysis prior to determining the venues/ sites where the plants were to be commissioned. He assumed that the 22 units was determined by taking ten municipalities x 2 plants each, and 2 plants for the metro.

Memorandum from Shabalala to Dr Mkhize dated 11 July 2005 **D2A/1-2**

9.046 Dr Mkhize provided a copy of the memorandum he received from Shabalala dated 11 July 2005 titled "Allocation of R43m towards water purification and processing plants in District Municipalities". I will not repeat the entire document but wish to refer to specific sections thereof.

1) In paragraph 2 the writer states the following: "*Furthermore, we have sought specific costing details from the company. These have revealed that in order to provide 22 pieces of equipment producing 50 000 litres of water per hour, the costing will be R43,230m. The details of the costing and various models are included as part of this documentation*". (No explanation is given as to why the cost had increased from R22m to R43m).

2) He sets out the responsibility of Economic Development and the Department of LG and TA in paragraph 3, and stated that "*The running costs relate to maintenance and service costs as well as consumables. We believe TLGA is much closer to Municipalities on the issues of service delivery and that agreement would enhance that relationship even further*".

3) Paragraph 5 reads as follows: "*The poverty alleviation fund caters for the funding of this type of infrastructure. We are requesting the Minister to approve that an amount of R43m be allocated to the Department of Economic*

Development for the purchase of water provisioning equipment. Should this equipment be a success, the municipalities should be encouraged to consider procuring further equipment from their existing budgets".

9.047 Apart from this proposal from Intaka Dr Mkhize stated that he had no knowledge of the company, nor had he then or subsequently met with any of their representatives. Upon consideration of the Memo he commented that a Memo should be addressed to the MEC for Local Government and Traditional Affairs proposing that a task team be established comprising the Head of Department of the Departments of the Treasury, Economic Development and Local Government and Traditional Affairs, to investigate the proposal thoroughly. **E19**

Memorandum from the Ministry of LG & TA to Gumbi- Masilela dated 26 July 2005 **D3**

9.048 A Memorandum dated 26 July 2005 was sent to the HOD Department of LG & TA, Mrs G Gumbi- Masilela (**Gumbi- Masilela**) from the Ministry: Local Government Housing and Traditional Affairs. Attached is a letter signed on 15 July 2005 addressed to the MEC Department of LG & TA from Dr Z L Mkhize, the MEC Department of Finance and Economic Development. In summarising the writer refers to the following: **D3/1** **D3/2-3**

i. Trade and Investment KZN has been liaising with a Cape Town based company on the potential benefits which would accrue to the province from the purchase of Wataka water purification and processing plants;
ii. It has been established that 22 plants each capable of generating 50,000 litres of potable water per hour would cost a total of R43,230 million;
iii. If 22 plants were purchased it would enable two to be placed in each District municipality and the Metro;
iv. The lack of access to sufficient potable water supplies is a recurring theme in every impoverished rural community throughout the province;
v. There seems to be a huge potential for the province in the purchase of the wataka water processing plants. It is even possible that the company in question could be persuaded to relocate to KZN, given the potential for further

export of the equipment to the rest of Africa- the economic benefits of this to the province are self evident;

vi. It would be more than justified to fund the purchase of the equipment from the Poverty Alleviation Fund;

vii. Any decision to proceed with the proposal would however require close co-operation and formal agreements with all the municipalities involved;

viii. It was proposed that a team be formed of the 3 Departments involved: Treasury; Economic Development; and LG & TA.; with a view to investigating the matter further and finalising a proposal to both MEC's. Given the initial involvement of TIK it was further proposed that Economic Development should lead the process;

ix. There is a need to finalise this proposal in the shortest time possible given the dire circumstances of communities throughout the province owing to lack of access to potable water;

x. It would be an added benefit if the equipment could be formally handed over to the District municipalities still to be visited during the izimbizo scheduled for later in the year;

xi. It is concluded that the proposed investigation team be immediately set in motion, provided there was Agreement between the 2 MEC's.

9.049 Dr Mkhize confirmed that he addressed the letter dated 15 July 2005 previously discussed by me to the MEC for Local Government and Traditional Affairs motivating the appointment of the task team. He requested the investigation be finalised in the shortest possible time due to the urgency in rural areas for clean water and expected that the task team would ensure proper compliance with all procurement processes. **D3/2-3** **E19/5**

9.050 Part of the attraction to Dr Mkhize, as his portfolio also included economic development, concerned Intaka's comment that it was not only concerned with equipment sales, but its approach was also concerned with playing a "significant role in respect of job creation and social development" through the creation of a manufacturing base in KZN. **E19/6**

9.051 In an e-mail from Shabalala to Dr Savoi dated 11 May 2005 he says "we have started **D1B/9**

our process to aquire tha Wataka's in the Province. I will brief you once I have received some responses to the letters I have written".

9.052 Mr Michael Mabuyakhulu (**Mabuyakhulu**) the current MEC for the KZN Department of Economic Development and Tourism provided an affidavit to the SAPS attached hereto for ease of reference. He was the MEC for KZN LG & TA from 3 November 20004 to 11 May 2009. Given that the documents were prepared several years ago, he did not have a clear and precise recollection of the events, but endeavoured to answer questions put to him regarding specific documents, to the best of his recollection. Detailed below is a summary of the information contained in his affidavit as it related to the letter dated 15 July 2005: **H5**

1) He confirmed receiving the letter dated 15 July 2005 from Dr Mkhize on 27 July 2005;
2) He had not been aware of the interaction between Trade and Investment KZN and a Cape Town based company (Intaka). He had no knowledge whether anybody else from Provincial Government was liaising with the said company;
3) He has no recollection as to whether any documents were attached to the letter dated 15 July 2005.

Provincial Treasury letter from Shabalala to Gumbi- Masilela dated 31 August 2005 **D4**

9.053 On 31 August 2005 Shabalala sent a letter to Ms Gumbi- Masilela and referred to the letter signed on 15 July 2005 and the establishment of the task team. The letter is self- explanatory, however I wish to refer to the following as quoted by Shabalala: "*As we are now approaching mid-year in the financial year there is a considerable urgency to allocate and expend the funds in question, lest we are left with unspent funds at the financial year- end*". He added: "*As this project requires careful investigation and extensive consultation with the municipalities, it would be appreciated if you would update this Office as a matter of urgency as to the progress to date, if any*". Ms Gumbi-Masilela subsequently nominated the Department's Mr A Evetts and Mr M Povall on 16 September 2005 to participate in the task team and **D4/1**

informed them Dr Dorning of Provincial Treasury would be in contact with them and they were requested to provide updated reports on the matter on a regular basis. **D4/2**

9.054 I identified the following document in the electronic records seized by the SAPS from Intaka that further illustrates the relationship between Shabalala and Dr Savoi and Intaka during this period:

1) An e-mail from Dr Savoi to Fernando Praderi of Intaka dated 6 September 2005, the subject is "INTAKA KZN PTY". The body of the letter reads as follows: "*In a meeting with Mr Sipho Shabalala, Head of Department of the Provincial Treasury of KwaZulu-Natal we were informed that finally he sent a letter to his colleague in the Local Government Department giving her the money to order approximately 22 Watakas for KZN province, according to the studies conducted 2 years ago through TIK. A meeting was planned this week to finalise this issue*". **D4A/1**

9.055 Evetts confirmed that he and M Povall were nominated to the task team. Evetts stated further that Povall is a Civil Engineer however he was also involved in planning and hence his nomination, whilst Evetts himself was an electrical engineer. The Department of LG & TA did not and does not have an engineer who is a specialist in water services according to Evetts.

9.056 Mr Mark Povall (**Povall**) a Manager Development Administration, Land Development at the KZN Department of LG & TA was interviewed and an affidavit was provided by him. He stated that he was first consulted with regard to the water purification plants when Dorning of Provincial Treasury approached their office in the latter half of 2005. **E2** The late Dorning was known to him and Dorning's wife worked in the Department of LG & TA as an Assistant Town Planner at some stage. He understood that discussions had already taken place, Intaka were looking at setting up a plant in KZN and hence the water purification plants for the Department of LG & TA. His own interpretation was that this project was "dumped on" the Department of LG & TA and a Task Team had to be urgently formed. Their task was effectively to find fairly quickly suitable locations for these plants where: the water was needed by the community; there was a raw water source of supply; and a distribution point for the

purified water. He added that it was not as simple as just finding 20 or 22 suitable sites as the case may be and hence the need for the plants was clearly not there or had yet to be determined.

9.057 Povall confirmed his nomination to the task team by the HOD. He added that he was not certain why he was nominated as he has little or no experience in water affairs; the only reason he could think of is that he has a Civil Engineering degree that the HOD was aware of. He did not however provide any reports directly to the HOD as requested by her; he reported to Evetts who assumed the lead role. As it turned out he did not contribute significantly to the project and only attended a few of the initial meetings of the task team, to be referred to later in this report. Povall concluded that his involvement thereafter was insignificant.

Meetings of the Inter-Departmental Task Team held on 26 September 2005, 3 October 2005 and 7 October 2005 **D5**

9.058 The Inter- Departmental Task Team formed to consider the purchase of water purification plants in District Municipalities, held meetings on 26 September 2005, 3 October 2005 and 7 October 2005 respectively. I will not repeat the entire contents of the minutes, but refer to relevant parts. It must be noted that even at this early stage the only emergency seemed to be the need regarding the funding for this project with the following being stated in the minutes: "*There was extreme urgency to finalise this project given the fact that six months of the financial year had already lapsed, the Adjustments Estimate was just around the corner, and a decision regarding the funding allocation needed to be made soon*". A number of issues were raised under "Resolutions" on 26 September that required clarity from Intaka (referred to as Wataka) and alternative options with regard to technology available for similar water purification plants, and relative costing, availability of plants etc. These were addressed at the subsequent meeting of 3 October including: **D5A** **D5B-D5C** **D5A/2** **D5A** **D5B**

1) "*Wataka has reiterated its commitment to relocating to the Province if sufficient orders are placed. BEE is to play a role here with the possibility of a local BEE partner being introduced*";
2) "*In terms of economic spin-off benefits, very few jobs will be created during*

the implementation phase. During construction and assembly phases about 20 sustainable jobs will be created";

3) "*In order to investigate alternative options with regard to the technology available for similar water purification plants it would be necessary to issue a request for proposals, DWAF will also need to be consulted for their input into this exercise*";
4) Mr Maduna raised 2 possibilities in proposing a way forward:
   - "*The DLGTA could call for proposals by way of open tender over the next month, and then allocate plants to municipalities on a relative needs basis, with MOA's being drawn up with those municipalities prepared to accept and maintain the plants; or*
   - *Funding could be transferred to municipalities in the form of a conditional grant with accompanying MOA's, and municipalities would then enter into contracts with the service provider to purchase, operate and maintain the plants.*

Whichever option was decided on, DWAF would need to be intimately involved".

5) "*Mr Naidoo highlighted the critical need for a needs analysis to precede the tender process as such information will be required in preparing the tender documents. This analysis will also provide critical information such as the location and quantity of plants needed*";
6) "*Dr Dorning, in proposing a way forward, requested that an urgent meeting be convened this week between the task team, Mr Andre Evetts of DTLGA and DWAF. Mr Maduna undertook to co-ordinate such meeting and to furnish DWAF with background information prior to the meeting, with Dr Dorning drawing up a proposed agenda to guide discussions. The meeting will take place in Treasury House*".
7) "*Dr Dorning urged, in the meantime, that preliminary work be done to produce the document to the two MEC's, with such document being finalised once the above meeting has taken place. A comprehensive document should be ready for submission to the MEC's by the end of this week or early next week*".
8) "*If the above meeting takes place sometime next week, there will be no need for the task team to meet next Monday morning*".

9.059 At the meeting held on Friday 7 October 2005 (the same week as the meeting held on 3 October 2005). *Dr Dorning opened welcoming all present and extended a special welcome to Mr Badenhorst from DWAF. Dr Dorning elaborated that the project had now taken a new direction and that the point of focus would be on implementation. He explained that he had been advised that Cabinet had taken an in principal decision on the project at their Lekgotla in July this year, and that there was now considerable urgency to implement the project.* The entire contents of the minutes of this meeting is significant, however I deem it necessary to specifically refer to Badenhorst's contribution as a water authority: **D5C**

"Mr Badenhorst confirmed a definite need for a solution to address the need of providing all citizens with safe, clean and potable drinking water. He however, stated that this technology did not present anything new and that several similar proposals had been presented in the past. Mr Badenhorst nevertheless considered the project proposal to be sound but flagged the following technical aspects for consideration:

- *A reliable and sustainable source of water was a pre-requisite for installation of the purification plants as this fixture would be a semi-permanent installation;*
- *The energy requirement for operating the plants needed to be considered. He questioned whether R2m per plant was inclusive of energy generation, if not, the additional cost would need to be calculated;*
- *The plant is described as being fully automatic, this could be problematic in terms of maintenance. He expressed a preference for manually operated plants as they have proven to be more reliable and sustainable;*
- *The solution of applicability should be tested with the people on the ground. Mr Badenhorst questioned why, since the Cholera outbreak in 1999/2000, municipalities were still not using such plants;*
- *The economic development impact is to be considered since many service providers are available with similar technology. An investigation should be conducted into whether in fact any such plants were in operation in the province".*

9.060 A number of issues were raised at this meeting; and it is evident that a lot of work needed to be done. However, the meeting was concluded as follows: "*Dr Dorning* **D5C/3**

tabled a proposed document outlining the process of implementation for discussion and finalisation. He explained that this document once finalised, would be signed off by the three Heads of Department (DLGTA, Economic Development and Treasury) and forwarded to the two MEC's, Mr Mabuyakhulu and Dr Mkhize. Discussions proceeded and Dr Dorning made an undertaking to amend the document accordingly and submit it to the relevant signatories". I will refer to this document as it is the next document in terms of date sequence hereafter- it is dated 10 October 2005 (being the Monday following this meeting held on Friday 7 October 2005). There appears to have been an urgency in finalising this document, despite all the issues raised by the Task Team that were outstanding and required attention; issues that could not possibly have been resolved by Monday 10 October 2005. **D6**

9.061 Mr Makenete Maduna (**Maduna**) the General Manager, Urban and Rural Development of LG & TA was interviewed and an affidavit was provided by him. He stated that at the initial stages of the water purification plants project he was the General Manager, Municipal Infrastructure up until June 2008. The Senior General manager to whom he reported was Mr John Johnson, Head of the Local Government Branch. Evetts was the Manager, Municipal Infrastructure at the time and he reported to Maduna. He confirmed being introduced to the matter by Dorning as per the explanations of Evetts and Povall. He added that Dorning approached him from the perspective that the project had to happen and that Cabinet had already approved funds from the Poverty Alleviation Fund. He was part of the Water and Sanitation Committee which had been set up in the Province and he informed Dorning that he should present this to the said Committee, which he did. He also told Dorning to inform the water authorities and not to just go ahead and purchase the plants. The water services authorities were responsible for water services in the Province including District Municipalities, and not the Department of LG & TA according to Maduna. The official with whom they dealt with at the time was Mr Thys Badenhorst of the National Department of Water Affairs. I determined that Badenhorst is the Regional Manager based in KZN. **E3**

9.062 Maduna confirmed attending a meeting held on 3 October 2005 as recorded in the minutes of the said meeting held at Provincial Treasury. He further confirmed the

contents of that attributed to him and the two possibilities in proposing a way forward, however the calling for open tenders did not take place as Intaka had been appointed and the waiver would subsequently be approved by the CPC; and the Municipalities did not enter into contracts directly with Intaka for the purchase, operation and maintenance of the plants, according to Maduna.

9.063 Mr Dhanaseelan Govender also known as Vello (**Govender**) the Project Manager, Municipal Infrastructure Component at the Department of LG & TA was interviewed and an affidavit was provided by him. He stated that during the period 2002- 2009 he reported to Evetts. He confirmed attending the meeting of the task team held on 26 September 2005 as he was asked by Evetts to attend meetings on behalf of Evetts. He added that the minutes of the meeting in question confirmed his understanding that a Needs Analysis had still to be undertaken and that the locations for the plants had not been finalised. He further confirmed his attendance at the meeting of 3 October 2005 and the issues raised by Mr J Naidoo of KZN Trade and Industry, as previously discussed in this report. He concluded on these issues that the information obtained from the Needs Analysis was still outstanding as at the date of the meeting and still had to be attended to. I will again comment on Govender's explanation during the course of this report where applicable. **E4**

9.064 Mr Jonathan Naidoo (**Naidoo**) the former Chief Operations Officer, TIKZN, was interviewed and an affidavit was provided by him. He provided the background into how he was first introduced to Intaka, prior to KZN LG & TA engaging with Intaka and TIKZN. This commenced in a letter he first sent to Dr Savoi dated 25 June 2004 and Dr Savoi's response dated 5 July 2004. He also referred to Internal Memorandums in which TIKZN's involvement in the project was set out further. This correspondence is relevant to the relationship between TIKZN and Intaka, and is not specific to KZN LG & TA. In respect of KZN LG & TA his involvement is summarised hereunder: **E5**

1) He was copied on the letter dated 31 August 2005 from Shabalala regarding the establishment of an Inter- Departmental Task Team and confirmed the contents thereof; **D4**
2) He confirmed attending the meetings of the Task Team held on 26 September **D5A,B,C**

2005, 3 October 2005 and 7 October 2005, and the comments attributed to him; he was not aware of any actions that were taken as a result of his comments;

3) The meeting of 7 October 2005 was the last meeting of the Provincial Task Team that he attended and he is unaware of any other developments thereafter.

9.065 Mr Matthys Badenhorst (**Badenhorst**) the Regional Director, Department of Water Affairs (**DWA**) was interviewed and an affidavit was provided by him. He stated that Intaka is not known to him personally and he had not met anybody from Intaka as far as he could recall. He added that DWA is the custodian of water resources in South Africa and is primarily responsible for formulation and implementation of policy governing this sector. The water sector also promotes effective and efficient water resources management to ensure sustainable economic and social development. **E6**

9.066 The procurement and implementation of the twenty water purification plants under investigation did not form part of any DWA programme. He was invited to a meeting on 4 October 2005 by Maduna who is known to him and subsequently attended a meeting held on 7 October 2005 at Treasury House as requested; chaired by Doming who was also known to him. He confirmed the minutes of the meeting represents what was discussed and that attributed to him; which he discussed in more detail and which I have already referred to in paragraph 9.049 of this report.

9.067 Badenhorst further confirmed that it was agreed at the meeting of 7 October 2005 that a status quo report was to be obtained to justify the need for twenty or more plants in the Province. He added that this was significant as the need for the plants had as at 7 October 2005 not been justified. His involvement thereafter was minimal, although the supply of water resources is the function of DWA. He recalled that at subsequent WATSAN Committee meetings a number of objections to the proposal and concerns related to the usefulness of these plants were expressed by Municipal Engineers and Technical Experts, although he was not aware of where the plants were commissioned. He was also not aware of the status of the project.

Memo from Shabalala and 2 others to Dr Mkhize and Mr Mabuyakhulu **D6**

9.068 On 10 October 2005 a joint Memo was issued by Shabalala, Gumbi- Masilela and F Pupuma (Acting Head: Economic Development) addressed to Dr Z L Mkhize the Minister for Finance and Economic Development and Mr Mabuyakhulu Minister of LG & TA. It is titled "*Proposal to allocate R43m from the Poverty Alleviation Fund to Department of Local Government and Traditional Affairs to purchase Wataka Water Purification Plants*". I will not repeat the entire document but wish to refer to specific sections thereof:

1) *An added benefit to the province in purchasing the water purification plants is that the company concerned has indicated that it would be prepared to establish a manufacturing plant in KZN if a contract of this size was concluded with the provincial government. This would result in job creation and skills transfer and would fit perfectly with the provincial economic growth and development strategy of attracting inward investment into the province*". The companies name is included in paragraph 1 as *"Intaka Investments Pty"* and the contract consists of *"22 plants"*. There is no reference to 80 plants being a requirement to set up a plant in KZN. **D6/2** **D6/1**
2) The Department of LG & TA made a number of commitments including: "*accepting responsibility for the project; conducting preliminary investigations; compiling a business plan; obtaining waiver of tender requirements approval from the CPC with assistance of Treasury; entering into a contract with the supplier to purchase 20 plants at a price of original quotation; and compiling memoranda of agreements with District Municipalities prepared to accept plants*". The contract with Intaka was to include an agreement to relocate/ establish manufacturing facility in KZN, indicating commitment to timelines, jobs created, skills transfer etc; and contractual arrangements with District Municipalities/ Water Services Authorities for ongoing maintenance, supply of spare parts and components. The commitment from the supplier in terms of spin-off benefits, skills transfer and black economic empowerment, was further a commitment to be undertaken by the Department of Economic Development and was to be included in the contract with Intaka. **D6/2-3**
3) Provincial Treasury also made two commitments to expedite the project: **D6/3**
   - Transferring an amount of R43 million from the Poverty Alleviation Fund to LG

& TA in the Adjustments Estimate for the 2005/06 financial year, subject to an approved Business Plan;

- Ensuring that LG & TA obtains CPC approval for waiver of tender procedures.

9.069 Evetts has in his affidavit discussed in detail the deadline dates for completion of the various phases and concluded that he was not consulted and that the dates were unreasonable and for the most unachievable. **E1**

9.070 Ms Fikiswa Pupuma (**Pupuma**) the General Manager, Trade and Industry, KZN Department of Economic Development and Tourism was interviewed and an affidavit was provided by her. She was the Acting Head of Department at the Department of Economic Development at the time of the Submission to the 2 MEC's being 10 October 2005. She confirmed signing the document as Acting Head of Department. She denied liaising with Intaka and stated that she had never met or spoken to anybody from Intaka. She added that Shabalala as Department of Finance was liaising with Intaka. She agreed that Intaka undertook to the establishment of a manufacturing plant in KZN; it was mentioned at a briefing session she attended with Shabalala and Naidoo of TIK when the project was initially introduced to her. Shabalala was the champion of this project and the processes according to Pupuma. Ms T Ntsalla (**Ntsalla**) employed at the Department of Economic Development at the time was nominated to the task team; Ntsalla reported to Mr Ranveer Persad. She did not know whether the plant was subsequently established, but indicated Persad should have received quarterly reports from Ntsalla. **E7**

9.071 I wish to refer to the minutes of the 3 meetings of the task team, which has been referred to by Pupuma; they reflect that Ntsalla only attended the meeting of 26 September 2005 and tendered her apologies for the 2 subsequent meetings held on 3 and 7 October 2005. **D5A-C** **D5A**

9.072 Mr Ranveer Persad (**Persad**) the General Manager, Local Economic Development, KZN Department of Economic Development was interviewed and an affidavit was provided by him. He confirmed that he reported to Pupuma during the period 2005 to 2006, and that Ntsalla in turn reported to him as Manager in the Local Economic **E8**

Development component. He had no knowledge of the project and was unable to provide any additional information or documentation; the documents he had copies of were already in my possession and consisted of the minutes of the 3 meetings of the Task Team and the Memorandum dated 10 October 2005. He further was not aware of Ntsalla's involvement in the project. I was provided with a contact number for Ntsalla who has since left the Province; I understand that she may be in the Eastern Cape, however I have been unable to trace her.

9.073 Ms Gumbi- Masilela the current Head of Department, KZN Department of Human Settlement was interviewed and an affidavit was provided by her. She was the former Head of KZN LG & TA as previously stated. Her involvement in the matter and knowledge of relevant documentation discussed in this report is detailed below: **E18**

1) She has no knowledge of the 2 quotations addressed to Shabalala dated 27 June 2005 and 7 July 2005, or the basis upon which they were submitted to Shabalala. The first time she saw these quotations was when copies were provided to her during this investigation; **D1/D2**
2) She first became involved in the matter when she received a Memorandum dated 26 July 2005 sent to her as the HOD Department of LG & TA, from the Ministry: Local Government Housing and Traditional Affairs. Attached was a letter signed on 15 July 2005 addressed to the MEC Department of LG & TA from Dr Z L Mkhize, the MEC Department of Finance and Economic Development; **D3**
3) On 31 August 2005 Shabalala sent a letter to her and referred to the letter signed on 15 July 2005 and the establishment of the task team. Her understanding of this letter was that they had to spend the money that had been earmarked for poverty alleviation during the current financial year or the funds could be lost. She further confirmed that the water purification plants were urgently required to assist communities in the rural areas to have access to clean and potable water; **D4/1**
4) She confirmed nominating 2 members of her Department to the Task team; **D4/2**
5) On 10 October 2005 a joint Memo was issued by Shabalala, herself and F Pupuma addressed to Dr Z L Mkhize the Minister for Finance and Economic Development and Mr Mabuyakhulu Minister of LG & TA. She stated the following in respect of same: **D6**

1. The Memo was prepared by the office of KZN Provincial Treasury.
2. The task team that was formed was responsible to formulate the various phases and commitments as contained in the Memo. She did not personally sit in on any of these Inter-Departmental meetings during which these phases and commitments were discussed. She was briefed on the phases and commitments by Evetts who represented the Department of LG & TA on the Inter-Departmental Task Team meetings.
3. She was unable to comment on paragraph 4 with regard to the establishment of a manufacturing plant in KZN by Intaka as she was not at the meetings in question and this falls within the area of operation of Trade and Investment KZN and the Department of Economic Development.
4. Paragraph 5. She was not aware of this specific Cabinet Resolution. Cabinet meetings are closed meetings and she would only attend a Cabinet meeting if she was required to be present. She was not party to the submission to Cabinet. She presumed that KZN Provincial Treasury was responsible for the Submission to Cabinet. Apart from the documents provided to her by Treasury and disclosed by her, she is not in possession of any documents relating to cabinet approval, nor was she at any stage provided with any.
5. It was her understanding of the Memo that the Department of LG & TA with the assistance of Treasury, was to obtain a waiver of tender requirements approval from the CPC prior to 30 November 2005 as reflected on page 3 of the Memo.
6. She noted the "Commitments by Department of LG and TA" as detailed under paragraph 8 of the Memo. She was not personally consulted with regard to the various phases and has not agreed to the deadlines for completion of the various commitments made by the Department of LG & TA as detailed in the Memorandum. She noted the deadlines, but at that stage the Department of LG & TA was not aware of the processes that would be involved in each phase.
7. She confirmed that she signed the Memo as HOD of the Department of LG & TA.

9.074 Dr Mkhize confirmed in his affidavit that he had received the Memorandum in question dated 10 October 2005 and approved the memorandum. He could not recall the date he signed it but had no reason to doubt that he had received it shortly after 10 October 2005. He repeated his understanding of a manufacturing plant in KZN by **E19**

Intaka. He expected that any contract would include counter trade undertaking i.e. the establishment of a manufacturing plant in KZN. He added further that the project was urgent for 2 reasons:

1) To avoid a "dangerous of life threatening situation, misery or want" as a result of water borne diseases due to unclean water;
2) A need to utilize allocations in the Poverty Alleviation Fund prior to the end of the financial year.

It was on this basis he approved a Submission be made to the CPC for waiver of tender requirements. He believed that prior to the CPC granting approval, it would adhere to the relevant procedures that included the testing of the market and ensuring the Department concerned was receiving value for money.

9.075 Mabuyakhulu in his affidavit confirmed receiving and signing the Memorandum dated 10 October 2005. He had limited knowledge of Intaka at the time and had not met anybody from Intaka prior to receiving the Memorandum. He does not state whether or not he has subsequently met anybody from Intaka and if yes under what circumstances. He could not comment on the issue of the added benefit of a manufacturing plant within KZN as it was not within his portfolio, but this fell under his colleague (Dr Mkhize). He understood a waiver had to be obtained from the CPC, but it this was not his responsibility. **H5**

Provincial Treasury letters from Shabalala to Gumbi- Masilela dated 25 October 2005 and 3 November 2005 **D7**

9.076 On 25 October 2005 Shabalala sent a letter to Gumbi- Masilela confirming Treasury's commitment of R43 million to the project from the Poverty Alleviation Fund, subject to the Business Plan being approved and a number of conditions the Department of LG & TA was committed to. Also on 25 October 2005 Dr Dorning of Treasury sent a letter to the HOD of the Department of LG & TA, attached the joint Memo dated 10 October 2005 previously discussed by me signed by the 3 HOD's. The said Memo now signed ("formally approved") by the Minister of Finance and Economic Development and Minister of LG & TA was sent by Shabalala to Ms Gumbi- Masilela and Ms F Pupuma on 3 November 2005, copied to some of members of the Inter- **D7/1-2** **D7/3** **D7/4-7** **D7/8-12**

Departmental Task Team Department of LG & TA.

9.077 I identified the following document in the electronic records seized by the SAPS from Intaka that further illustrates the relationship between Shabalala and Dr Savoi and Intaka during this period:

1) An e-mail from Shabalala to Dr Savoi dated 3 November 2005 titled "WATAKA". The body reads as follows: "*WATAKA Hola amigo. Thank you for the email. I have received it. Thank you also for the tie it is bright and lovely. I wish to ensure you that the Province is really doing its best to ensure that by the end of the year there is real progress on this issue*". **D7A/1**

Submission from Gumbi- Masilela to the Central Procurement Committee dated 16 November 2005 **D8**

9.078 On 16 November 2005 Gumbi- Masilela sent a submission to the Chairperson of the Central Procurement Committee requesting a waiver of tender for the purchase of mobile water purification plants, as stipulated in the KZN Procurement Act. The background and other relevant information previously included in the joint Memo is repeated, including a Motivation and Discussion that includes "*the entire project can therefore be regarded as a pilot project, with major growth potential*" as a result of "*establishing a manufacturing plant in KZN*", "*job creation*" and "*skills transfer*" etc. **D8/4**
The writer does not include the relevant delegation applicable to the waiver, but concludes: "*it is submitted that waiver of tender and the placing of an order upon Messrs Intaka Investments is the only avenue by which the equipment can be procured and payment effected, within the timeframe of this financial year*". **D8/4**

9.079 Attached to the said submission are a number of pages signed by members of the CPC who commented as detailed hereunder where applicable, in so far as the submission for waiver of tender procedures for the purchase of mobile water purification plants is concerned: **D8/5-11**

1) The first page is blank. **D8/5**

2) Sipho Shabalala supported the recommendation on 6 December 2005. I submit that Shabalala should have withdrawn himself from this process due to his obvious conflict of interest with Dr Savoi and Intaka. **D8/6**
3) Dr K Mbanjwa supported the recommendation on 1 December 2005. **D8/7**
4) Mrs C Coetzee supported the recommendation on 8 December 2005 and commented: "*more info on how the particular supplier was selected would be useful*". **D8/8**
5) Mr HAW Conradie supported the recommendation on 30 November 2005 and commented: "*I have no problem with the waiver as an urgent case but the market should have been tested*". **D8/9**
6) Mr L Moloi supported the recommendation on 2 *November* 2005 (I believe the month should be December) and commented: "*information provided not entirely satisfactory, however the need and desirability for the project implementation is admissible*". **D8/10**
7) Ms F Ebrahim supported the recommendation on 30 November 2005. **D8/11**

9.080 Gumbi- Masilela confirmed in her affidavit that the Department of LG & TA had to apply for a Waiver of Tender as indicated in the Memo dated 10 October 2005. The matter was urgent as the need for their communities to have access to water was very critical. The Department of LG & TA could loose the allocation of R43 million from Treasury for the project if they did not utilise the amount in the said financial year. This would have a negative impact on their commitment to implement a project to give their communities access to water and hence contributed to the urgent nature of their application for the Waiver of Tender. Her understanding of a "mobile water plant" is that it can be easily moved to the area where it is needed. Evetts was responsible for compiling the application on her behalf. She confirmed that she signed the said application for Waiver of Tender on 23 November 2005. She was shown the comments made by one of the members of the CPC that the "market price should have been tested" and responded that she did not know if the market was tested. **E18**

9.081 Ms Carol Coetzee (**Coetzee**) the Head of Department, KZN Department of Economic Development and Tourism was interviewed and an affidavit was provided by her. She **E9**

confirmed that during the period 2005 to 2006 she was employed by KZN Provincial Treasury as a Senior General Manager and reported to Shabalala. She also confirmed serving on the CPC, chaired by Shabalala. She referred to the application by Gumbi- Masilela dated 23 November 2005 and the waiver; however regardless of the waiver, it is the responsibility of the Applicant Department to ensure they are receiving value for money. She confirmed the "Round Robin" approval by the CPC and the comments made by her "*more info in how the particular supplier was selected would be useful*". She stated that she made this comment as the application fell short of this and this would have been useful as it would have revealed whether other quotations had been obtained or whether Intaka were sole suppliers of the water purification plants. I will again comment on Coetzee's explanation during the course of this report where applicable.

9.082 Mr Hermann Conradie (**Conradie**) currently employed as the Acting Accountant General, KZN Provincial Treasury was interviewed and an affidavit was provided by him. He stated that he was previously employed by the KZN Department of Health in the capacity of Financial Manager during the period 1994 to 30 November 2005, at which date he went on pension. The post Financial Manager is currently known as the Chief Financial Officer. He is currently employed on a contract basis by the KZN Provincial Treasury and reports to the HOD Mr Magagula. He confirmed serving on the CPC in 2005, chaired by Shabalala. **E10**

9.083 Conradie referred to the application by Gumbi- Masilela dated 23 November 2005 and the waiver. He was also provided with a standard form that he was required to complete indicating whether he supported, did not support or abstained from making a decision in respect of the application. The form also made provision for comments by him if necessary. Upon reading the application it was evident that there was a need for the water purification plants and that the urgency related to the human factor, which is "to avoid a dangerous or life threatening situation, misery or want". The setting up of a manufacturing plant by Intaka in KwaZulu-Natal as recorded in the "Motivation and Discussion" section of the application was not in Conradie's view a reason for the urgency of the matter. He had no problem with the urgency of the matter as it related to water and it was common knowledge that the Province was

suffering from water shortages.

9.084 Conradie then completed the attached form to support the application, signed it and dated it 30 November 2005. He confirmed that he made the following comments: "*I have no problem with the waiver as an urgent case but the market should have been tested*". He explained further that this was not a waiver for the applicant to disregard testing the market; it was still a requirement that the Department should have determined before engaging Intaka that they were receiving value for money. It was evident that the Department had already decided that Intaka would be awarded the order. His comments were made to ensure this had been complied with, as a member of the CPC he would assume that it had been done. He also believed that a needs analysis had been done by the Department and that suitable sites had been identified in the communities where these water purification plants were to be used.

9.085 I will again comment on Conradie's explanation during the course of this report where applicable.

Letter from SCM to Tender Award Committee Department of TA & LG dated 12 December 2005 **D9**

9.086 On 12 December 2005 Mrs L Naidoo, Acting General Manager, SCM, Provincial Treasury sent a letter to the Chairperson of the Tender Award Committee, Department of LG & TA and referred to a submission in respect of the purchase of the mobile water purification plant. She stated: "*the Central Procurement Committee has by way of "Round Robin" granted approval for the waiver of normal tender procedures for the procurement of 22 mobile water purification plant through the Poverty Alleviation Fund from Messrs Intaka Investments at a total cost of R43,230,000. However, concerns were expressed that there is no problem with the waiver as an urgent but the market price should be tested*". Mrs Naidoo when interviewed by me stated that "*round robin*" means the submission for the waiver was submitted to the individual members of the CPC who signed the attached documents as detailed in the previous paragraph above, without the CPC formally sitting. I have examined the KZN Procurement Act and there is no provision for "*Urgent*" cases, nor **D9**

does it detail waivers in such a case. The subsequent KZN Provincial Treasury Practice Note No. 2 of 2006 however defines *"Urgent and Emergency case when the following criteria have been met:* **A1/3**

- *The duration of invitation of bids would have a material impact on service delivery/community/public i.e. is of critical importance;*
- *Resulted from Natural Disaster i.e. beyond human control; and*
- *Immediate action is required to avoid a dangerous or life threatening situation, misery or want.*

Poor planning is not justifiable cause of an emergency or urgent situation. Written motivation must be provided, detailing the reason/s as to why procurement must be done under circumstances of urgency or emergency". It is further my understanding that the waiver of tender procedures had to be approved by the Provincial CPC.

Letter from Shabalala to Gumbi- Masilela dated 27 January 2006 **D10**

9.087 On 27 January 2006 Shabalala sent a further letter to Gumbi- Masilela that is self-explanatory. He refers to a waiver of tender approval by the CPC on 12 December 2005. Shabalala was the Chairperson of the CPC. He further referred to the slow progress "in this key poverty alleviation project" is of great concern and the need to commit the funds by end of March 2006. "The fact that only two months remain in this financial year" seems to be as important to Shabalala as "the basic needs of the affected communities". He concludes by requesting a formal progress report, including revised details and timelines of the business plan by 3 February 2006, as well as to submit regular updates on the progress (or lack of) on the revised outputs/deliverables. The said request was sent to the LG & TA's Mr Maduna by the Office of the HOD on 31 January 2006. **D10/1-2** **D10/3-4**

Minutes of the KZN CPC meeting held on 2 February 2006 **D11**

9.088 The Minutes of the KZN CPC meeting held on 2 February 2006 reflect that the CPC ratified the decision granted by way of "Round Robin" for the waiver of tender procedures, "*however concerns were expressed that the market price should have been tested*". The minutes were however only confirmed and signed on 2 June 2006 **D11/15** **D11/17**

by what appears to be Shabalala. On 3 February 2006 Gumbi Masilela sent a letter to Shabalala (by hand) and referred to his letter dated 27 January 2006. She questioned whether "*the market price should be tested*" as it was not understood, and whether quotations should be obtained prior to issuing an order to Intaka. On 9 February 2006 Mr SA Mhlangu, GM SCM Provincial Treasury, attempted to clarify the waiver. He stated that the CPC had noted the urgency of the matter and granted the waiver, that the letter of approval should have read "*the market price should have been tested*" and that the invitation of quotations is not applicable to the approval. There is no doubt that this was not an "*urgent*" matter that would out way the need to obtain quotations. I have not been provided with any evidence that the municipalities required these plants; that the sites had been identified and that they were in urgent need of the plants. The key driver behind this entire process appears to be Shabalala who has already referred to has a conflict of interest when dealing with Dr Savoi and Intaka. Shabalala's office then made a similar report to Gumbi- Masilela on 13 February 2006 and stated "*it is clear that the CPC's reference to "the market price should be tested" was only meant to refer to the ideal situation, which would apply in normal circumstances where time is not an issue and where waiver of tender is not required*". The document appears to have been signed by Dr Dorning on behalf of Shabalala. I dispute that the situation was any different to the so-called "ideal situation", the only urgency that existed was the allocation and use of the funds for the project, as sites and the communities requiring the water purification plants had not been identified. Shabalala had been communicating with one supplier only (Intaka) since at least June 2005 i.e. 6 months had elapsed before the CPC approved the waiver. It is my submission that this was sufficient time to go out to tender, or at the very least obtain three competitive quotations to test the market price. It does not make sense that there was sufficient time to form a task team, but not sufficient time to request competitive quotations.

D11/18-19
D10
D11/20
D11/21

9.089 Coetzee confirmed her presence at the CPC meeting of 2 February 2006. And that "*Concerns were expressed that the market price should have been tested*". She agreed with this concern of the CPC, as she previously indicated the waiver does not override the requirement that the market price should have been tested thus ensuring the requirement of value of money has been complied with. It was also her view that

E9

the request for clarity dated 3 February 2006 from Gumbi- Masilela should have been referred back to the CPC, however it was not done as Mhlangu and Dorning of SCM and Provincial Treasury respectively responded. She added that neither Mhlangu nor Dorning were members of the CPC and as such were not authorised to comment on how the CPC would have responded to the request for clarification by Gumbi-Masilela. Mhlangu was as a member of SCM entitled to sit in on the meetings of the CPC, but was not a member of the CPC. The minutes of the CPC of 2 February 2006 reflects further that he was also not present at the said meeting representing the Procurement Office. **D11/18-19** **D11/20-21** **D11**

9.090 Conradie was also shown the letter dated 13 February 2006 addressed to the HOD of the Department of LG & TA, even though he had now retired and was no longer a member of the CPC. He referred specifically to the comments in paragraph 2 of the said letter. He disagreed with these comments. It was his view that the matter should have been referred back to the CPC, as the CPC would then have been in a position to stop the waiver, until the market price was tested and/or 3 quotations obtained. He concluded that there also appeared to be no reason why it was impractical or not possible to invite competitive quotations/ bids. **E10** **D11/18-19**

9.091 Gumbi- Masilela in her affidavit confirmed that she requested clarity on whether "*the market price should be tested*" in her letter dated 3 February 2006. When the CPC granted the approval it was not stated who specifically should undertake this task and this is the reason for her request. **E18**

Submission from Evetts to Gumbi- Masilela signed on 7 February 2006

9.092 An undated Submission was prepared by Evetts and then signed by Maduna on 7 February 2006, addressed to the Head of Department, Ms Gumbi- Masilela titled "*Appointment of Service Providers: Management Support to the Mobile Water Purification Plant Project*". The purpose was to obtain approval for the appointment of a Service Provider to assist in the management of the mobile water purification plant project at a cost of R1 million. The responsibilities of the Department are included in paragraph 3(6) and I assume the appointed consultant would assist the Department **D12** **D12/1** **D12/4-5**

in meeting these responsibilities. Further, 3 service providers would be approached, briefed on the assignment and be requested to submit proposals. This was approved in terms of Procurement Delegation 5.1 by the HOD as recorded in a memorandum to Evetts dated 10 February 2006. However, Evetts stated that this approval was only for the appointment to go out to tender. This occurred however the lowest tendered price exceeded R1 million and it was awarded to AB Projects. Gumbi- Masilela subsequently capped the amount to be expensed and payable to AB Projects at R100,000 per a letter issued by her and dated 29 May 2007. This resulted in the needs assessment never being completed by AB Projects or any other independent service provider. **D12/6** **D12/7** **D12/8** **D12/9**

9.093 I previously referred to the affidavit of Govender. He confirmed the Submission of Evetts as they urgently needed to appoint a service provider to assist in the management of the project, including verification and performing a needs analysis in order to determine the sites where the plants were to be commissioned. He further confirmed the HOD capped the amount at R100,000. This resulted in him preparing a letter of award to AB Projects (on 23 July 2007) together with a "revised scope of work". He was responsible for overseeing the involvement of AB Projects and also received 2 reports from them that he handed over to Gumbi- Masilela. Once the allocated funds had been exhausted the services of AB Projects was terminated. **E4**

Letter from Dr Dorning to Ms F Pupuma, Acting Head, Department of Economic Development dated 16 February 2006 **D13**

9.094 On 16 February 2006 Dr Dorning sent a letter to Ms F Pupuma, Acting Head, Department of Economic Development. In paragraph 4 he states the following: "*It is appropriate at this stage therefore that the Department of Economic Development should commence with the process of liaising with the supplier (if it has not done so already) with a view to ensuring that the commitment to establish a manufacturing facility in KZN is followed through and honoured- as you know the benefit flowing in the province from this inward investment and associated job creation was one of the main reasons this project obtained approval from the Cabinet in the first instance*".

9.095 Coetzee was not prior to being shown the letter in August 2010 aware of it, however she agreed with Doming comments and request to the said Department, and in this regard she referred back to the Application to the CPC dated 16 November 2005, and specifically paragraph 3 (4) "*the company concerned has indicated that it would be prepared to establish a manufacturing plant in KwaZulu-Natal if a contract of this size was concluded with the Provincial Government*". She added that she has no knowledge as to whether a manufacturing plant was established in KZN by Intaka. Pupuma stated that she may have received the document but would have passed it onto Ntsalla who was serving on the task team **E9**

Submission from Evetts to Manager: Assets Management dated 10 March 2006 **D14**

9.096 A Submission prepared by Mr A Evetts addressed to the Manager: Assets Management, is signed and dated 10 March 2006 by Maduna the GM Municipal Infrastructure, the purpose being to recommend an order be placed with Intaka. He has referred to the background into the matter in detail and attached relevant documentation, that I do not deem necessary repeating. I wish to refer to the following handwritten note alongside paragraph "2 (12) (b) Appointment of a service provider to support the Department, and in particular to do the investigation/ needs analysis", "*still to be finalised awaiting project brief from business unit*". I confirm that I have not been provided with any evidence that an investigation and/or needs analysis had been completed by the Department and/or a consultant at this stage (AB Projects were only appointed on 23 July 2007). Further, the writer also recommended confirmation of the price as it differed on various correspondence. On 15 March 2006 the Department issued order number N 0495916 in the amount of R43,000,000 to Intaka for "1" water purification plant. **D14/1-5** **D14/6-29** **D14/3** **D14/4** **E4/21-22** **D14/31**

Letter from Intaka dated 16 March 2006, order number N0495929 dated 11 April 2006 and a Submission from Evetts to Gumbi- Masilela dated 18 May 2006

9.097 On 16 March 2006 Intaka explained the price of the goods in response to order number N 0495916 issued to them. The handwritten notes prepared by Evetts refer to a shortfall of R1,563,636.40 for 20 Units. The Department subsequently on 11 **D15/1** **D15/2-3** **D15/4**

April 2006 issued a variation order; order number N 0495929 in the amount of R1,563,636.40 to Intaka. A Submission was prepared by Evetts recommending that a variation order be placed upon Intaka in the amount of R1,563,636.40, which was signed by him on 18 May 2006 i.e. appears to be after the order was issued. The document had been signed by a number of officials in the approval process, however it is concluded with the handwritten note: "*not necessary. This was superseded by an approach to the Business Unit and subsequent approach to CPC which then varied their initial approval*". This entry was initialled by Rene Baldie, refer paragraph 9.089, and dated 7 June 2006. **D15/5-9** **D15/9**

9.098 Mr Rene Baldie **(Baldie)** Deputy Manager, Supply Chain Management at the KwaZulu-Natal Department of Co-Operative Governance and Traditional Affairs was interviewed and an affidavit was provided by him. He was the official at SCM who mostly dealt with the matter from an SCM payment perspective, but only after the Tender Board had approved the waiver. He confirmed that he made the entry on the Submission referred to in paragraph 9.086 above dated 10 March 2006: "*still to be finalised awaiting project brief from business unit*". He did so as he was aware that Evetts was required to prepare a submission for the said appointment. Based on the abovementioned application and attached documentation SCM issued order number N 0495916 in the amount of R43,000,000 to Intaka. This order is incorrect, as would be determined later, that the quantity is listed as "1" x water purification plant only **E11** **D14/3**

9.099 He also confirmed receiving and making the entry on the Submission by Evetts dated 18 May 2006, which he dated 7 June 2006 and initialled same, refer to paragraph 9.087 above. The logic behind this entry will be explained in the documents discussed in the next paragraph; I will again refer to Baldie's explanation during the course of this report. **D15/5-9**

Letter from Gumbi- Masilela to the CPC dated 1 June 2006 and the resultant decisions taken by the CPC **D16-D18**

9.100 On 1 June 2006 Gumbi- Masilela requested a Waiver of Tender Procedures in her letter addressed to the Chairperson of the CPC. The document is self- explanatory **D16**

and all other relevant documents have been attached that have previously been referred to by me. Once more in paragraph 2 (5) (e) reference is made to: "*in order to preserve the principle of establishment of an Intaka manufacturing plant in KwaZulu-Natal*". She recommended the following: **D16/2**

1) "It is necessary to place a variation order upon Messrs Intaka Investments; **D16/3**
2) Granting of waiver of tender authority to enable orders to the value of R44,563,636.40 to be placed upon Messrs Intaka Investments, is recommended".

She concludes as follows: "*It is submitted that waiver of tender and the placing of an order upon Messrs Intaka Investments is the only avenue by which the equipment can be procured*". **D16/3** I dispute this as there was sufficient time between June 2005 and June 2006 for the matter not to be treated as "urgent" and for the matter to go out to tender, after all the amount involved was significant. On 2 June 2006 the CPC **D17** granted approval for the expansion of the original contract amount of R43,23 million to R44,564 million to include VAT; the meeting was chaired by Shabalala and the approval signed by him. The following was also recorded: "*The CPC also requested the Department of Local Government and Traditional Affairs to pursue Messrs Intaka Investment's commitment for the establishment of a manufacturing facility in KwaZulu-Natal*". **D17/6** I confirm that there is no evidence that the Department of LG & TA and/or the Department of Economic Development pursued Intaka in respect of the said commitment even although this commitment appeared to be a significant factor in the decision to approve the waiver and award the project to Intaka. On 5 June 2006 Shabalala advised Gumbi- Masilela that the CPC had granted approval for the **D18/1** expansion of the original contract amount of R43,23 million to R44,564 million, subject to Treasury approving the additional funding to cover VAT and that Treasury had committed the additional funding. A similar letter was sent by Mrs C Coetzee, Senior General Manager, Financial Management, KZN Provincial Treasury, to the **D18/2** CFO Department of LG & TA on the same day. She concluded "*the CPC also requested that the Department must pursue Messrs Intaka Investments' commitment for the establishment of a manufacturing facility in KwaZulu-Natal*".

9.101 SCM received Requisition number 126264 dated 15 March 2006 in respect of 20 **D18/3** water purification plants from Intaka in the amount of R44,563,636.40 (the original amount was R43 million and has been deleted), together with the letter dated 5 June **D18/2**

2006 from the KZN Provincial Treasury to the CFO. Order number N 642517 was then issued on 5 June 2006 to Intaka in the amount of R44,563,636.40, for the purchase of 20 water purification plants. Hence, this order replaced order numbers N 0495916 in the amount of R43,000,000 and N 0495929 in the amount of R1,563,636.40. Contained in the SCM file is a handwritten note also dated 5 June 2006. It reads as follows: "*No Andre, this is completely unacceptable these things could have been done parallel we already sent a letter re additional funding to cover VAT long time ago we should have done the order 2 months ago. Can you please ask Rene to go ahead and order these thing this is totally unacceptable this is too bureaucratic and it is not on*". The note appears to have been signed by the HOD. Significantly, she has failed to refer to the requirement of "*the CPC also requested that the Department must pursue Messrs Intaka Investments' commitment for the establishment of a manufacturing facility in KwaZulu-Natal*". **D18/4** **D18/5**

9.102 The sequence of events in respect of the issuing of order number N642517 has been explained in detail by Baldie in his affidavit. **E11**

9.103 Coetzee confirmed the meeting of the CPC on 2 June 2006 and that the CPC also requested the Department of LG & TA to pursue Intaka's commitment for the establishment of a manufacturing facility in KwaZulu-Natal. She further confirmed that she then on behalf of the CPC Secretariat sent a letter to the Chief Financial Officer of the Department of Local Government dated 5 June 2006. She was also shown a copy of a letter sent by Shabalala to Gumbi- Masilela on the same day, that she was not previously aware of, however this appeared to be sent from a budget perspective rather than reporting on the decision of the CPC according to her. **E9** **D18/2** **D18/1**

Letters from Intaka to the Head Department of LG & TA dated 6 June 2006 and 7 July 2006 **D19**

9.104 On 6 June 2006 Intaka sent a letter to the Department of LG & TA for the attention of Mr R Baldie and referred to a fax dated 5 June 2006 and order number 642517. They stated that they already had the plants ready and requested the Department inform them (Intaka) of the addresses where the plants have to be sent. This request was **D19/1**

referred to Mr Evetts on 7 June 2006 as per the handwritten note appearing at the bottom of the letter. On 4 July 2006 Mr Evetts received a list of 20 sites where the plants were to be commissioned from the Office of the HOD. On 7 July 2006 Intaka sent a further letter for the attention of Mr Baldie and attached a "Supplemental Sale Agreement", attached for ease of reference. This document was received by Mr Hein Kuhn, Manager Legal Services, he then sent an e-mail to Evetts on 24 July 2006 and requested copies of "an agreement that is already in place" and "our existing agreement" as quoted by Intaka. I have no knowledge of any such formal/ official agreement. Following the above, Mr Kuhn received a fax from Eisenberg and Associates Attorneys at Law on 31 July 2006 and attached a copy of the letter from the Department dated 6 June 2006 and a copy of official order number N 642517 in the amount of R44,563,638.40. I understand based on Mr Kuhn's affidavit that this was evidence of the "existing agreement". During the period 31 July to 28 August 2006 there was various correspondence between Mr Kuhn and Evetts with regard to the Agreement.

D19/2
D19/3
D19/4-18
D19/19
D19/20-23
E13/3
D19/24-26

9.105 Gumbi- Masilela in her affidavit confirmed that she provided Evetts with the list of sites dated 4 July 2006. She added that the list was compiled in consultation with the MEC regarding rural traditional community circumstances and water needs, and their expressions to the MEC. She further stated that the list was not final and it kept on changing due to the difficulty in identifying water sources in the rural areas in question. I submit that these comments by Gumbi- Masilela are indicative of the lack of planning in this project that was evident from the outset.

E18/7
D19/2

9.106 Ms Nicky Brown previously known as Nicky Shaw (**Shaw**), Assistant Manager, Municipal Governance, KZN Departmental of Co- Operative Governance and Traditional Affairs was interviewed and an affidavit was provided by her. She was the PA to Gumbi- Masilela during the period September 2000 to June 2010 i.e. the entire period of the water purification plant project. She had limited documentation apart from a few electronic records, as the file initially obtained by the SAPS from the HOD and handed to me, was the file maintained by the ex- HOD's office. She confirmed her involvement in documentation containing her name. She further added that she did not have access to Gumbi- Masilela's official e-mails as the latter dealt with this

E12

herself. She confirmed compiling the letter to Evetts dated 4 July 2006 where Gumbi-Masilela listed the venues where the 20 "tanks" (plants) would be commissioned. She stated that she recalled Gumbi- Masilela had a meeting with Mr Mike Mabuyakhulu the previous MEC and the list was handed to her after this meeting. **D19/2**

9.107 Mr Karl- Heinz Kuhn (**Kuhn**) Manager Legal Services, KZN Departmental of Co-Operative Governance and Traditional Affairs was interviewed and an affidavit was provided by him. He stated that he first became involved in the matter when Intaka started demanding payment in the amount of R44 million and the letter from them dated 7 July 2006. At this point in time he was Manager Legal Services for the Department of LG & TA and reported to the HOD. Prior to this he had no knowledge of the procurement of the plants or any agreement entered into between the Department and Intaka. At this point in time he also received the documentation referred to above from Intaka's attorneys, and with the assistance of Evetts started with the process of compiling a service level agreement. I will again refer to Kuhn's affidavit during the course of this report where necessary. **E13** **D19/3**

9.108 Baldie confirmed referring the Intaka letter of 6 June 2006 to Evetts and that he made the relevant entry thereon on 7 June 2006. **E11** **D19/1**

Letter from Intaka to the Department of LG & TA dated 11 July 2006 **D20**

9.109 Intaka sent a letter dated 11 July 2006 to the Department of LG & TA for the attention of Baldie informing him that the plants were ready to be collected by the Department. Baldie stated that he referred this to Evetts as it was not his responsibility.

Letter from Gumbi- Masilela to Shabalala dated 1 September 2006 **D21/1-2**

9.110 On 1 September 2006 Gumbi- Masilela sent a letter by hand to Shabalala. She referred to the allocation of R43 million from the Poverty Alleviation Fund and a further application for additional funds of R1,563,636.40. She further stated it has become evident that "*the initial negotiations, quotation and budgetary allocation, to which this Department was not party, failed to recognise that the price quoted was*

ex-works, Cape Town. Hence the price did not include the following items:

1) *Transportation and delivery of plants ex Cape Town to designated sites within KwaZulu-Natal;*
2) *Site preparation, primarily the construction of re-enforced concrete plinth capable of bearing the load of the plant and it's water content;*
3) *Plant installation (as opposed to assembly). Installation means the connection of the purification plant into raw water supply and to a storage facility of water reticulation network"*

9.111 She further "*formally requested that additional funds be identified and allocated to Budget Vote 11, in the current financial year, in the amount of R5,000,000*". It is evident that Gumbi- Masilela has distanced herself from the initial negotiations, quotation and budgetary allocation; I have determined that Shabalala was involved in the above processes.

Letter from Intaka to Evetts dated 6 September 2006 **D22/1-3**

9.112 On 6 September 2006 Intaka sent a letter to Evetts and referred to an e-mail dated 4 September 2006 and a subsequent telephone conversation with Dr Savoi. Intaka in this letter has informed the Department of LG & TA of additional costs in respect of Installation and Delivery not previously included in the price according to Intaka. These costs amount to an additional R192,000 per Unit excluding VAT and are dependent on the specific circumstances regarding each site. This is once more indicative of the poor planning and confirmation of the total costs to the Department beforehand. Intaka further referred to monthly ingredients of approximately R54,400 plus VAT per plant that according to their understanding must be covered by each municipality. I cannot determine where they obtained this "understanding" from as I am not in possession of any documentation where the municipalities had agreed to this. They further refer to a target date to start delivery of beginning October 2006.

Letter from Intaka to Evetts dated 11 September 2006 **D22/4-5**

9.113 A 2nd letter from Intaka to Evetts is dated 11 September 2006, in which they propose

supplying 18 plants (as opposed to the original 20 ordered) to remain within the order amount and conclude: "*we would then wait a second order which would cover the balance of the remaining 2 Wataka 050 units from the first order, and would have the option to include perhaps an additional 8 or more units based on your comments during your visit to Cape Town*".

9.114 Evetts and Maduna confirmed they had visited Intaka in Cape Town. Maduna stated that he did not recall discussion with regard to additional units as they in any event were trying to sort out the 20 plants that had already been ordered, let alone a further 8. Evetts disputed there was any official agreement or authority to procure an additional 8 units in the future. He added that they had purchased 20 units and their priority was with these 20 units, and not any additional units.

9.115 I identified the following document in the electronic records seized by the SAPS from Intaka that further illustrates the relationship between Shabalala and Dr Savoi and that Shabalala was being kept informed of the status of the project:

1) An e-mail from Dr Savoi to Shabalala dated 30 August 2006 where he attached a report of the visit by KZN representatives. The attached Intaka Internal Memo refers to a visit by Evetts and Maduna on 28 August 2006. It is evident from this Memo that the discussions related to who Intaka were and what exactly the Wataka product was and hence Evetts and Maduna's first engagement with Intaka and knowledge of the product. Significantly in the 4th last paragraph on page 2 of the Memo the following is stated: "*The project manager would need to come to Cape Town and meet with Intaka and see the facilities at Grotto*". I will later in this report refer to an entity known as Grotto and their role in the manufacture of water purification plants for Intaka. **D22A/1** **D22A/2-3**

Submission from Evetts to Gumbi- Masilela dated 10 October 2006 and letter from Gumbi- Masilela to Shabalala of the same date **D23**

9.116 Evetts prepared a Submission addressed to Gumbi- Masilela, which contains 2 signatures dated 10 October 2006.The purpose was to recommend the cancellation

of the existing order with Intaka and the issuing of a new order, as a result of the additional R5,617,919.40. The following handwritten note has been made by Johnson alongside his signature: "*As I was not involved in the process of acquiring these plants it is difficult to recommend. I however have the following questions: (1) If plants are to be manufactured in KZN why transport of plant costs, (2) Are we sure that the area reflected in par 3 (11) have raw water sources, pure water storage and reticulation systems in place. I would suggest that the DC's confirm the above to avoid embarrassment after delivery*". **D23/5**

9.117 Attached as annexure A is a letter from Gumbi- Masilela sent by hand to Shabalala dated 10 October 2006.. The letter is similar to that sent on 1 September 2006, however she now referred to a quotation obtained from Intaka (not attached to the copy in my possession). In paragraph 4. (7) she states the following: **D23/6-9/ D21** **D23/8**
"*During the project scoping last year, it is understood that purchase of the 22 units was envisaged. It is believed that one of the fundamental principles of the negotiation with Messrs Intaka Investments was that company's establishment of a manufacturing facility in KwaZulu-Natal. This was only viable if an order for a minimum of 20 units was received by Intaka Investments*".

9.118 She continues in paragraph 4. (8) that: "*in order to preserve the principle of establishment of an Intaka manufacturing plant in KwaZulu-Natal, as discussed in paragraph 4 (7) above, an additional R5,617,919.40 be required for three plants. In the interim, 17 plants will be purchased*". **D23/9**

9.119 She further "*formally requested that additional funds be identified and allocated to Budget Vote 11, in the current financial year, in the amount of R5,617,919.40*". **D23/9**
Evetts informed us that the said letter was not submitted to Treasury in terms of his understanding and the additional R5,617,919.40 was obtained internally by the Department. This was confirmed by Baldie.

9.120 Also attached to the Submission is a letter from DA Beykirch to the Deputy Manager Assets management dated 12 October 2006, requesting Wilson to draw up an office comment (Wilson will be referred to below). I determined that Baldie received this **D23/10**

document initialled it and requested Wilson to comply. Wilson compiled the said Office Comment on 26 October 2006. Baldie then made an entry alongside the space provided for Manager: Assets Management on the approval sheet: "*The Assets Management Unit cannot comment on the funding aspect. Comments have been furnished iro the procurement aspect. See comments dated 26-10-06*". Baldie was referring to Wilsons Office Comment. Baldie signed and dated the entry 27 October 2006. Baldie has included this information in his affidavit. **D23/11** **D23/12**

9.121 Mr John Johnson (**Johnson**) Manager Legal Services, KZN Departmental of Co-Operative Governance and Traditional Affairs was interviewed and an affidavit was provided by him. He decided not to recommend or not recommend the Submission to recommend the cancellation of the existing order with Intaka and the issuing of a new order, as a result of the additional R5,617,919.40. He then made the relevant entry, dated and signed the form on 10 October 2006. He added that he made the said note in respect of the manufacturing plant in KZN, as it had been included in Evetts Submission in February 2006. Further, he was aware that there was also still an issue with identifying suitable sites and proper planning beforehand, hence his 2nd point in the entry he wrote. He understands the Submission in question did not proceed further and he does not know if anybody took cognisance of his concerns. Johnson did not play any significant role in the project thereafter until a meeting of 4 February 2008 to be discussed later in this report **E14** **D23/5** **D12**

Submission from Evetts to Gumbi- Masilela dated 2 November 2006 **D24**

9.122 Evetts prepared a Submission addressed to Gumbi Masilela which is signed and dated 2 November 2006 by him. The purpose was to recommend the issue of a 3rd order to Intaka, based on the additional costs as disclosed in Intaka's letter dated 6 September 2006. Annexure B to the Submission is a document dated 27 October 2006 from Lionel Wilson to Maduna which provided information on "*the most expedient process of finalisation of the orders*". He sets out in this letter to explain the value of the 3rd order in the amount of R5,617,919.40 and what services will be provided for the said additional amount, and a further R3 million for the Municipalities to finance the cost of chemicals for a further 2 months. In the space provided for the **D24** **D24/1** **D24/9** **D24/4**

signature of the Manager: Assets Management the following has been written: "absent on vacation leave" and refer to e-mail as annexure B for comments". It is dated 6 November 2006. The Acting CFO has also signed the Submission, whilst the space provided for the signature of the Head of Branch: Local Government (Johnson) is blank. Gumbi- Masilela signed and dated the Submission on 11 November 2006, with the following comments: "*the three million rands will be a transfer payment to the municipalities and should not be used for chemicals*".

9.123 Baldie confirmed that a request was made for Wilson to prepare the aforementioned Annexure B that was used for the drafting of the Submission by Evetts. He also confirmed endorsing the Submission "*absent on vacation leave, refer to e-mail Annexure B for comments*" and dating it 6 November 2006. His immediate supervisor Des Beykirch was on leave at the time. **E11** **D24/9** **D24/6**

9.124 Mr Lionel Wilson **(Wilson)** Assistant Manager, Supply Chain management, KZN Departmental of Co- Operative Governance and Traditional Affairs was interviewed and an affidavit was provided by him. He confirmed preparing the "Office Comment" document on 26 October 2006 and Annexure B on 27 October 2006 relevant to the Submissions discussed above. I will again refer to Wilson's explanation later in this report where applicable. **E15** **D23/11** **D24/9**

Requisition in the amount of R5,617,919.40, official order number 0755793 and a Letter from the Head Department of LG & TA to Intaka dated 17 November 2006 **D25**

9.125 Following the approval of the Submission for a third order to be issued to Intaka, requisition number B 218284 was approved by the HOD on 11 November 2006, order number N 0755793 in the amount of R5,617.919.40 issued to Intaka on 15 November 2006 and a letter from the office of the Head of the Department of LG & TA was addressed to Intaka informing them of the award of the order on 17 November 2006. The content of the letter is self- explanatory: Intaka were provided with a further order number N 0755793 in the amount of R5,617,919.40 including VAT. It is my submission, which was previously questioned by Johnson, that the **D24** **D25/1** **D25/2** **D25/3**

transport costs was questionable when it was the understanding that the plants would be manufactured in KZN when the manufacturing plant was established in KZN. The CPC had interpreted this as such and they had not been informed of additional costs associated with transport and commissioning.

E-mail prepared by Wilson dated 1 December 2006

9.126 On 1 December 2006 an e-mail was prepared from Wilson's computer but in the name of Baldie. It referred to a discussion between Baldie and Kuhn and thereafter with Evetts. It related to the Agreement/ Contract with Intaka, and information that needed to be included in the Agreement. I previously reported that Intaka had informed the Department of LG & TA that the plants had been manufactured by Intaka and were ready for delivery on 6 June 2006 at which point Kuhn became involved in the project and again on 11 July 2006 Intaka informed the Department of LG & TA that the plants were ready for collection. The discussion referred to in Wilsons e-mail related to what was required to be done by the Department to ensure the contract was compiled in the interests of the State. I determined that the Contract would be dealt with by Kuhn in consultation with Evetts, and SCM were providing support only and advising from a procurement perspective, and hence Wilson's e-mail. **D26** **D19** **D20**

Documentation from Gumbi- Masilela to Maduna and Evetts dated 12 December 2006 and Submission for part payment to Intaka **D27**

9.127 On 12 December 2006 Gumbi- Masilela sent an internal letter to Maduna and Evetts. She referred to an attached a list of locations for the plants signed by Mr MA Nkosi on 27 November 2006. This list comprising 22 plants differs to the list recorded in the Memorandum signed by Evetts on 2 November 2006 containing 20 plants and to that compiled by Gumbi- Masilela in her letter to Evetts dated 4 July 2006. There is further no evidence that it had subsequently been determined that these plants "*have raw water sources, pure water storage and reticulation systems in place*" and that this was confirmed by the relevant DC's, as recorded and questioned by Johnson on 10 October 2006. The above situation reflects on the failure to perform a comprehensive **D27/1** **D27/2-3** **D24/3** **D19/2** **D23/5**

needs analysis.

9.128 Gumbi- Masilela in her affidavit confirmed receiving another list that contained different allocations from Mr Nkosi, presumably due to the difficulties experienced in identifying suitable sites and forwarded same to Evetts. **E18** **D27/2-3**

9.129 Mabuyakhulu in his affidavit noted the letter of 27 November 2006, but could not recall the meeting of 9 June 2006 referred to in the said letter. The sites were identified based on the needs of the communities; this was determined by their own observations or from information and representations received from the rural communities. **H5** **D27/2-3**

Submission from Evetts to Gumbi- Masilela dated 13 December 2006

9.130 Evetts prepared a Submission signed by Maduna on 13 December 2006. The purpose was to obtain authority to make a part payment to Intaka in the amount of R44,563,636.40. The HOD did not approve the recommendation after the Submission was submitted to all relevant stakeholders and she made the following entry: "*what are we paying for I thought we agreed on milestones*". Also attached as annexure A was a letter from Intaka to Evetts dated 12 December 2006 and their invoice number 263 dated 11 December 2006 in the amount of R44,563,636.40. An e-mail was then prepared by Wilson on 18 December 2006 to Evetts amongst others including Baldie, that the HOD had not approved the recommendation. **D28/1-5** **D28/6-8** **D28/10**

9.131 Gumbi- Masilela in her affidavit confirmed that she did not approve the said Submission and making the hand written note in question. According to her initial understanding they had agreed to pay Intaka once the water purification plants were delivered, installed and in working order. It was evident from the Submission by Evetts that although the water purification plants were manufactured and ready for delivery the Department of LG & TA had not received the units and hence they could not pay for goods that were not delivered. **E18/9**

9.132 Gumbi- Masilela added that Intaka were demanding payment from the Department of **E18/9**

LG & TA and requested the Department to pay for storage fees of the water purification units if the Department did not pay for the units that were ordered. They had at the time not entered into a formal agreement with Intaka and she instructed Mr Kuhn, Manager of Legal Services of the Department of LG & TA, to facilitate the legal process and to draft an Agreement between Intaka and the Department of LG & TA. She also instructed Mr Kuhn to visit Cape Town to personally verify that the manufacture of the twenty (20) x Wataka units had been completed.

Submissions from Evetts to Gumbi- Masilela dated 12 December 2006 and 18 January 2007 **D29-D30**

9.133 Evetts also prepared a Submission (recovered by him from his electronic records) that he marked 12 December 2006. The document provides for "*a progress report on the supply, delivery, assembly, installation and commissioning of twenty mobile water purification plants*". In paragraph 2 (5) he lists the location of the 20 plants, that is the same as that in the Memorandum dated 2 November 2006. In paragraph 3 (2) he further explains that the sites of the plants as per paragraph 2 (5) are not the same as that from the Ministry in the letter dated 27 November 2006, however he quantifies this in paragraph 5 "*As per the discussions with the Head of Department today, the following is confirmed*": (a) "*as this project is a Ministerial intervention, plants will be installed at the sites as confirmed by the Ministry in their letter of 27 November 2006 Consensus with the Water Services Authority is not a pre- requisite*". Evetts stated that he recalled having a telephonic discussion with Gumbi- Masilela prior to compiling this Memorandum. She told him somewhat crudely to proceed irrespective of the Water Services Authority. Based on this instruction he included it in the Memorandum. He concludes that "*the project cannot be completed before June 2007. This was based on consensus re siting of November 2006. As illustrated above, this has been delayed*". **D29/1-18** **D24/3** **D27/2-3**

9.134 Evetts added that this entire document is in his view important as it reflects on the history and more significantly the status of a project that was deemed to be urgent, however 1 year after the waiver had been authorised by the CPC not 1 of the plants had been delivered and commissioned. Paragraph 2 (8) explains in detail the issues **D29/4**

surrounding efforts to secure an agreement with the recipient Water Service Authority Municipalities and concerns raised by the 3 municipalities worst affected by the ongoing drought; including:

- the proposed siting did not conform to their own assessment of community needs;
- the existence of water supply already at some of the proposed sites; and
- the non- availability of raw water source at some of the proposed sites.

9.135 Evetts prepared a subsequent Document (recovered by him from his electronic records) that he marked 18 January 2007. The document provides for "*a progress report on the supply, delivery, assembly, installation and commissioning of twenty mobile water purification plants*". This document is an update of the previous progress report dated 12 December 2006. He further expanded on the 2 orders in respect of costs for the VAT in the amount of R1,563,636.40 and other associated transportation and delivery, site preparation and plant installation in the amount of R5,617,919.40, and provides a total budgetary allocation to the project of R50,181,555.80. **D30** **D29**

Visit by Kuhn to Intaka on 6 February 2007 **D31**

9.136 On 2 February 2007 Kuhn sent a letter to Eisenberg and Associates advising of his visit to Cape Town on 6 February 2007 to finalise the Agreement and to physically verify that the manufacture of the 20 Wataka plants had been completed. On 5 February 2007 Kuhn sent Gumbi- Masilela an e-mail and attached the amended agreement that he had prepared as instructed for his discussions with Eisenberg on 6 February 2007. He referred to the changes he had made and that he was to view the completed units as instructed. On 7 February 2007 (the dated is recorded as 7 February 2006, however it is evident based on the other documents and content of the document itself that the year is 2007) Kuhn sent a Submission to Gumbi-Masilela. He referred to his visit to Cape Town on 6 February 2007 and concluded that Intaka had manufactured 95% of the units purchased. The Agreement had been signed by Dr Savoi. He provided Gumbi- Masilela with 2 copies of the Agreement for her signature and an invoice dated 6 February 2007 "for the purchase of the units as **D31/1-2** **D31/3-4** **D31/5-6**

agreed". The said invoice has already been referred to in this report; the purchase of 20 Wataka water purification units model 50 amounting to R44,563,636.40 inclusive of VAT. Kuhn confirmed in his affidavit his visit to Intaka as instructed by Gumbi-Masilela and the content of his Submission to her. **C1/3**

9.137 Gumbi- Masilela in her affidavit confirmed that she received the Submission from Kuhn dated 7 February 2007, the contents of which are self-explanatory. Dr Savoi has signed the Agreement and a copy of the co-ordinates was attached to the agreement. It was agreed that Intaka would commence site preparation on 12 February 2007 (par 3.1 of the said agreement). She signed the Agreement based on Kuhn's verification of the plants and the motivation he prepared as contained in his Submission that he addressed to her. **E18/9** **D31/5-6**

Agreement between the Department of LG & TA and Intaka dated 9 February 2007 **D32**

9.138 The Agreement referred to by Kuhn was entered into between the Department and Intaka for the supply of twenty Wataka Model 50 Water Purification Units in the amounts of R44,563,636.40 and R5,617,919.40 for the "services" as defined in the Agreement, which was signed by Gumbi- Masilela on behalf of the Department on 9 February 2007, following Dr Savoi signing same on 6 February 2007 when Kuhn visited Intaka in Cape Town. Reference has been made to an Annexure A, however there are 2 attachments to the copy in my possession; the 1st page has been deleted and dated 6 February 2007, whilst 10 "place names" of the 20 "final locations" has been provided on the 2nd page. In terms of the said Agreement Intaka will commence site preparation and delivery, installation and commissioning of the plants on 12 February 2007 and the Department will inspect the installation sites on 16 February 2007, to ensure that the services have commenced. I wish to refer to the payment procedure as detailed in clause 5.2: in respect of the purchase price, "*upon verification of the completed manufacture of the product*". Ordinarily the Department would only pay for goods upon delivery, as previously stated by Gumbi- Masilela in her affidavit, i.e. in this case upon delivery of the plants by Intaka to the sites in question and not the manufacture of the plants only prior to delivery. There is no **D32** **D32/3-4** **D32/9** **D32/4** **D32/10-11** **D32/4** **D32/5** **E18/9**

reference to the establishment of a manufacturing plant by Intaka.

Payment to Intaka in the amount of R44,563,636.40 on 7 March 2007 **D33**

9.139 On 28 February 2007 an Internal Letter marked "Urgent" was sent by Beykirch to Baldie titled "Payment to Intaka: R44,563,636.40" that contained the following note: "*The HOD has today directed that the account be paid. She has also directed that the BU must sign off the invoice re- services rendered. Please proceed*". Baldie confirmed he received the said document and instruction to pay. He initialled the document and dated it 2 March 2007 acknowledging receipt thereof. On the same day he made an entry thereon and forwarded it to one of his colleagues Mrs Snell for payment to be processed urgently as instructed. A BAS printout reflects that payment was made to Intaka on 2 March 2007. Hence, payment had been made "*upon verification of the completed manufacture of the product*" by Kuhn and in terms of the Agreement.

9.140 The SAPS subpoenaed Intaka Investments Standard Bank account number 071878890 held at Claremont, Cape Town. Bank Statement number 42 reflects that R44 563 636.40 was received on 5 March 2007 from "*Dept of Local GVT & Tradition.*" **D33/3**

9.141 Gumbi- Masilela in her affidavit confirmed that she authorised the payment to Intaka based on the Agreement entered into between Intaka and the Department of LG & TA following Kuhn's Submission dated 7 February 2006. **E18/10** **D32** **D31**

9.142 Desmond Beykirch (**Beykirch**), Manager, Human Capital Development, Department of Co- Operative Governance and Traditional Affairs was interviewed and he provided an affidavit. He first became involved in the project in approximately November 2005 when he was the Caretaker Manager at SCM and reported to the CFO at the time. Baldie was subordinate to him and as such reported to him. His understanding of the matter, is that the procurement of the water purification plants from Intaka was initiated by and came from Provincial Treasury. He added that the SCM Component of the Department of LG & TA was not involved in the initial **E16**

procurement process, because had they been involved they would have insured the matter went out to tender. In this instance the waiver for tender was approved. He confirmed his involvement from an SCM perspective and referred to documentation in this report that he personally was involved in. Baldie was the official within SCM who was more involved in the matter and thus had more information that has been included in his affidavit.

9.143 I identified the following documents in the electronic records seized by the SAPS from Intaka that further illustrates the relationship between Shabalala and Dr Savoi during the period in question not related to his duties as Head of KZN Provincial Treasury:

1) An e-mail from Peter Laithwaite to Dr Savoi dated 22 May 2007; the body reads as follows: "*Our client, Mr DSD Shabalala has requested, based on a discussion that he has with you, to send the business plans and documents relating to the City Royal Hotel. Attached, please find the following:* **D33A/1-2**
   1. *Business plan for the City Royal Hotel.*
   2. *April 2007 Management accounts;*
   3. *Balance sheet as at April 2007;*
   4. *A cash flow model over the anticipated period of the loan payment*".

   Dr Savoi acknowledged receipt thereof on 30 May 2007. I previously referred to Blue Serenity trading as City Royal Hotel and the link to Shabalala. **B5**
2) An e-mail from Dr Savoi to Shabalala dated 30 October 2007 relates to a business opportunity being a 3,000 ha ranch located 20 km outside of Pietermaritzburg. I have not investigated the aforementioned e-mails in any detail, the reason I have raised same is merely to reflect on the relationship between Dr Savoi and Shabalala. **D33A/3-5**

9.144 I have been provided with very little documentation and information as to what transpired between 7 March 2007 (payment to Intaka) and 6 February 2008 to be discussed in paragraph 9.145 below. Evetts in his affidavit stated the following: **D33**
"*During the subsequent period, throughout 2007, intensive investigations were carried out, to determine appropriate sites for the plants, taking cognizance of*

accessibility (access to site by low bed truck, mobile crane), availability of sufficient raw water and electricity. Many of the predetermined sites proved to be un-workable and a substantial amount of re-planning, re- engineering and additional investigations (including further site visits) was necessary". I previously referred to the role of AB Projects in the water purification project within the Department of LG & TA, which occurred during the period August to October 2007.

Letter from Department of LG & TA to Intaka dated 6 February 2008 **D34**

9.145 On 6 February 2008 Johnson, Acting Head, Department of LG & TA sent a letter to Intaka and referred to the Agreement between the 2 parties and a meeting between Intaka and Departmental Officials on 4 February 2008. It is evident that there were a number of issues subsequent to the signing of the Agreement:

1) Intaka had been paid in full for the plants (referred to as Units), although not all plants had been delivered;
2) Intaka had been paid for a portion of the services notwithstanding the fact that the services had not been completed as envisaged in the Agreement;
3) At all times the services included the installation and commissioning of the plants;
4) At no stage was any additional cost to the Department associated with the commissioning of each unit contemplated;
5) The Department cannot accede to any further costs associated with the commissioning of the plants;
6) The Department requested an action plan for the installation and commissioning of the plants, at the sites agreed upon between the parties, by no later than 15 February 2008, that must indicate that all units are to be installed and commissioned by no later than 31 March 2008;
7) "*The purchase of the 20 Wataka units was conditional upon the establishment of a facility to manufacture the plants in KwaZulu-Natal, and it was on this basis that the KwaZulu-Natal Executive Council approved the purchase of the units on an emergency procurement basis, without obtaining comparative quotations from other suppliers of a similar product*";
8) As the Executive Council required a progress report on the establishment of the manufacturing plant, the Department requested a Business Plan from Intaka for

the construction of such a manufacturing plant by no later than 15 February 2008.

Intaka's reply to Johnson dated 15 February 2008 and a Letter from Johnson to Shabalala dated 19 February 2008 **D35**

9.146 On 19 February 2008 Johnson sent a letter to Shabalala, Head: Provincial Treasury. **D35/1** He referred to an attached letter from Intaka and to paragraph 4 of the letter. In terms **D35/6-9** thereof it appeared that Intaka is denying that the agreement to purchase the 20 plants was subject to the establishment of a manufacturing plant in KZN. He further stated that as the memorandum to the relevant Members of the Executive Council **D35/2-5** referred to such an agreement, the Department wished to enquire what the terms and conditions of the said agreement were, to enable the Department to advise the Member of the Executive Council responsible for Local Government accordingly.

9.147 The letter from Intaka referred to by Johnson is dated 15 February 2008 and is **D35/6-9** signed by Praderi, as Commercial Director. This letter was sent in response to Johnson's letter to Intaka dated 6 February 2008 previously discussed by me. They **D34** have addressed the issues raised by Johnson and in particular argued their interpretation of what services were included in the Agreement and what Intaka was obliged to provide. I will not refer to this document in it's entirety at this stage as I will refer to it again later in this report when summarising my findings. At this stage I will only refer to Intaka's explanation with regard to the "*establishment of a manufacturing plant within KZN*" being a condition approved by the CPC in terms of Johnson's interpretation, to which I concur, and which Johnson now requested clarity on from the CPC: "*It should also be mentioned that the purchase of the 20 units was not* **D35/8** *conditional upon a manufacturing facility being established in KwaZulu-Natal. What was, in fact, agreed was that in the event of any bulk order placed by the DLGTA subsequent to the purchase of these units, Intaka would set up a manufacturing facility. The reasoning for this was suggestions by the DLGTA at the time that they would require many more water purification plants in order to meet their social responsibilities*".

9.148 I dispute Intaka's explanation. Intaka's first "quotation" to Shabalala dated 27 June **D1**

2005 is for the supply of 1 (one) x Wataka 50 plant only in the amount of R1,935,720 including VAT and freight to Greytown. No reference is made to 22 plants; a bulk order or a manufacturing plant. However, Intaka's 2nd proposal ("quotation) to Shabalala dated 7 July 2005 includes the following: Intaka quoted R1.965,000 per plant for twenty two (22) x Wataka 50 plants ex- works Cape Town (excl VAT) and the timeframes referred to assume that the Province will order all 22 units simultaneously. They conclude as follows however: "*My approach to introducing this facility in South Africa is not merely of equipment sales but goes further to investing towards creation of a manufacturing base in South Africa, and particularly on the Province of KwaZulu-Natal as I believe this is the best base to do so. As a foreign investor, I have great belief in South Africa and it's potential and I believe by investing in this manufacturing facility it could play a significant role in respect of job creation and social development in this country*". I submit this needs no further explanation other than to say there is no reference to "*any bulk order placed by the DLGTA subsequent to the purchase of these units*", referred to by Intaka in their reply to Johnson dated 15 February 2008; Intaka's proposal was for 22 plants; and Intaka concluded that they will invest in a manufacturing plant in KZN.

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D2/6
D2/7
D35/8

Reply from Provincial Treasury to Johnson dated 2 April 2008 **D36**

9.149 On 2 April 2008 Skhumbuzo Mvelase for Head of Department Provincial Treasury replied to Johnson's letter to Shabalala dated 19 February 2008. The writer referred to Intaka proposal dated 7 July 2005 and their conclusion referred to by me in the previous paragraph of this report. The writer concluded as follows: "*In this regard, for me the mere mention of the above in the proposal was a sign of commitment from the Chairman in order for the Province to buy the product*". Johnson informed us that he had not seen the quotation from Intaka dated 7 July 2005 prior to Mvelase providing a copy to him.

Fax and Letter to Johnson from Intaka dated 16 April 2008 **D37**

9.150 On 16 April 2008 Raoul de Lange of Intaka sent a fax to Johnson. The attached letter is dated 16 April 2007 (it is evident the year is in fact 2008 as the fax imprint at the **D37/1** **D37/2-3**

top of the 3 page fax confirms the date as 16/04/2008). In the attached Intaka letter reference is made to a study performed by Trade and Investments KZN in 2005, which led Intaka to conclude that the province in question would be in need of approximately 100 plants in order to meet its socio- economic responsibilities. Intaka further refers to further discussions in which they proposed these plants be provided in phases and that the first order of 22 plants would be delivered from Cape Town. I do not deem it necessary to repeat the remainder of Intaka's explanation. The quotation/ submission to Shabalala dated 7 July 2005 made no reference to 100 plants or that the Department of LG & TA was aware of the 22 plants being part of a so-called "phase", or that that the manufacturing plant in KZN was subject to 100 plants being ordered. In addition no documentation has been provided to me that supports Intaka's explanation dated 16 April 2008. Dr Savoi in his affidavit referred to "*as I can recall, there was some discussion about the possibility of 80 units for one area alone in KZN*". Dr Savoi and/or de Lange have not provided any documentation in the form of minutes of meetings or any other record that supports their explanations and that reflects that the Department of LG & TA was represented at such a meeting or discussion. As previously stated their proposal to Shabalala dated 7 July 2005 referred to 22 plants only and the manufacturing plant being established in KZN.

D2

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D2

Letter from Johnson to Mvelase of Provincial Treasury dated 14 February 2008 (should read 6 May 2008) **D38**

9.151 Johnson sent a letter to Mvelase of Provincial Treasury and attached the reply from Intaka dated 16 April 2007 (should read 2008) dated 14 February 2008. He however stated that per his electronic records the date should read 6 May 2008. Johnson concluded that his office now considered the matter closed. Johnson in his affidavit explained that he had reached the said conclusion based on the fact that the price quoted by Intaka was ex- works Cape Town and hence it is clear the plants were to be manufactured in Cape Town. He was unaware of what transpired in 2005 with Trade and Investment KZN and was not part of any discussions with Intaka and/or Trade and Investments KZN.

9.152 Skhumbuzo Mvelase (**Mvelase**), Manager Intergovernmental Relations, KZN Provincial Treasury was interviewed and he provided an affidavit. He confirmed receipt of the initial request from Johnson dated 19 February 2008 and that he compiled the reply that he signed and dated 2 April 2008. He was on leave when Provincial Treasury received the request which was endorsed by Shabalala "*Mr Skhumbuzo Mvelase please follow this up DSD 10/03/2008*". **E17** **D35** **D36** **E17/4**

9.153 Mvelase confirmed that he then received the 2nd letter from Johnson dated 14 February 2008 and a letter from Intaka dated 16 April 2007. He was confused with the dates as his reply to Johnson was 2 April 2008 i.e. after the dates appearing on the latest correspondence from Johnson. Despite this he was not requested to reply and let it be as Johnson had informed him the matter was closed.

First addendum to Agreement dated 27 March 2009 **D39**

9.154 It was reported to me and it will be referred to in subsequent documentation that a First Addendum to the Agreement between the Department of LG & TA and Intaka was concluded in order to clarify the extent of the services to be provided by Intaka. I was provided with an unsigned copy only by Kuhn. Kuhn stated he was instructed by Gumbi- Masilela to facilitate the settlement of the dispute between the Department and Intaka with regard to the items included in the purchase price and installation fee, and those that are not, as a result of which several meetings were held between Intaka, Johnson and himself. He was then instructed to prepare a draft addendum, the terms of which were eventually agreed upon, and Gumbi-Masilela authorised Johnson to conclude the agreement on behalf of the Department with Intaka. He added that the First Addendum essentially clarified the original agreement, and expanded on the services included in the original agreement concluded between the parties, enforcing his opinion that Intaka was generally responsible for basic abstraction services, and the commissioning and installation of the plants without further expenses to the Department. **E13/7**

Minutes of a Meeting held on 28 July 2009 between Intaka and the Department of LG & TA **D40**

9.155 The minutes of the said meeting include the background, discussion on the status and concluded with an agreement on the way forward that is self explanatory. I do however wish to refer to specific points with regard to the status, that reflects on the planning, needs analysis and confirmation; before Intaka were requested to quote by Shabalala, prior to the CPC approving the awarding of the "bid" to Intaka and the Agreement being entered into with Intaka, that at least 20 sites had been identified and that it was urgent:

1) Intaka was contracted to supply and commission 20 plants;
2) All of the plants have been manufactured, however only 8 have been installed and commissioned;
3) Of the 12 sites where plants have not been installed (and commissioned), 4 have made "*appointments for the implementation of the necessary site works that do not fall within the scope of Intaka responsibility*". This is the 1st instance where I am aware that Intaka's responsibility was subject to the implementation of site works by 3rd parties and I submit was not disclosed in their quotations and correspondence with Shabalala or the Department of LG & TA or in the Agreement subsequently entered into between the 2 parties. I wish to refer to clause 3.1 of the Agreement once more: "*The seller (Intaka) will commence site preparation and the delivery, installation and commissioning of the product on 12 February 2007, as sites identified by the Department in writing as per the site co-ordinates attached hereto as Annexure A*"; **D32/4**
4) "*In relation to the remaining eight (8) sites, very little has happened to enable Intaka to install and commission the units*";
5) Units are being stored south of Durban at a cost of approximately R15,000 per month;
6) Some of the sites specified for the placement of concrete slabs are inappropriate in that infrastructure is lacking and access is limited;
7) R11.6 million had been allocated by the Department of LG & TA to Municipalities to spend on the infrastructure relating to the installation of the units was to be withdrawn and the Department of LG & TA would deal with the matter themselves. I was not previously aware of these additional costs associated with the installation and it has not been disclosed in any documentation in my

possession;

8) An additional issue was once the plants are operational, the clean water produced by them must be stored and distributed, and the infrastructure necessary to do this is not being installed by the Municipalities;
9) Many of the plants already installed are not being correctly operated and maintained by the Municipalities, which is resulting in damage to units and if this continues, the units could be destroyed;
10) Oosthuizen of Intaka "*raised for consideration, that a Service and Maintenance contract be concluded with Intaka at a cost of approximately R45,000 per unit per month, which includes chemicals, regular inspections and scheduled maintenance, but which excludes daily operations*";
11) The Department of LG & TA will report back to Intaka on an urgent basis and before 20 August 2009 regarding the HOD's discussions with Cabinet and the Water Boards, in respect of the return of funds to the Department of LG & TA by relevant Municipalities and the transfer thereof to relevant Water Boards, and what sites are being transferred to which Water Board;
12) The Department of LG & TA will be fully responsible for the storage costs of the units from 1st January 2009.

Documentation and events that resulted in the signing of a 2nd and 3rd Addendum to the Agreement

9.156 Subsequent to the above meeting on 28 July 2009, during the period 18 September 2009 and 17 May 2010, the Department of LG & TA entered into a further 2 addendums to the initial Agreement with Intaka, with potentially significant financial implications. It is my submission this was a direct result of insufficient planning and proper needs analysis being performed before the order was awarded to Intaka for the provision of 20 Water Purification Plants.

1) Edward Nathan Sonnenbergs acting on behalf of Intaka sent a letter to Gumbi-Masilela, Evetts, Johnson and Kuhn dated 18 September 2009, where they detailed their version of the events and concluded by demanding confirmation in writing by close of business on 25 September 2009 of the agreements reached in **D41**

the meeting of 28 July 2009. **D40**

2) On 7 October 2009 Kuhn sent an e-mail to Gumbi- Masilela titled "claim by Intaka Tech (Pty) Ltd" and referred to a memorandum concerning storage fees to Intaka. **D42/1**

3) The said Memorandum dated 6 October 2009 prepared by Kuhn wherein he recommended the HOD approves payment in the amount of R15,000 per month to Intaka effective 1 October 2009 i.e. for six months. The total foreseen expenditure is R90,000 provided that all units are installed by 31 March 2010. This was approved by Gumbi- Masilela on 13 October 2009. Kuhn drafted a Second Addendum to the Agreement that was subsequently signed by Gumbi- Masilela on 15 October 2009 and he sent it to Intaka. **D42/2-4** **D42/5-6**

4) On 3 November 2009 Intaka sent a letter to Gumbi- Masilela, Evetts, Johnson, Kuhn and Nomusa Dube. I will not repeat the contents of this document, but to say Intaka have concluded by demanding: the installation of four units at the sites so specified by the end of 2009; and the Department of LG & TA take delivery of the remaining 12 units by collecting them within 3 weeks from the site at which they are being stored. They also declined to sign the Second Addendum. **D43**

5) Kuhn then forwarded the Intaka letter to Evetts and copied it to Johnson on 6 November 2009. He discussed the letter and the status. He concluded by suggesting that they as the Department meet with Intaka as soon as possible after his return on 23 November 2009, to negotiate a settlement, and that Evetts discuss the matter with Johnson and the HOD, and advise him via e-mail what decision has been taken. **D44/1-2**

6) Intaka sent a further letter through their attorneys Edward, Nathan, Sonnenbergs on 16 November 2009 and referred to their letter of 3 November 2009. **D44/3**

7) On 7 January 2010 Ngubane Wills Inc Attorneys sent a fax to Kuhn and Evetts. **D45/1**
Attached was a letter sent by Ngubane Wills Inc Attorneys to Intaka's attorneys Edward, Nathan, Sonnenbergs also dated 7 January 2010. The letter related to the cost of the storage fees of the plants and that Ngubane Wills Inc Attorneys were representing the Department of LG & TA. A further fax was sent to Kuhn and Evetts from Ngubane Wills Inc Attorneys and an attached letter from Edward, Nathan, Sonnenbergs representing Intaka dated 20 January 2010 to John Wills of Ngubane Wills Inc. They referred amongst others to the storage fees being R16,689.50 (including VAT) and not R15,000. Also attached was an Agreement **D45/2-3** **D45/4-5** **D45/6-7**

for payment in the amount of R16,689.50 (including VAT) per month. I wish to state that I have not interviewed the said attorneys but am aware that John Wills approached the public prosecutor from the Durban Commercial Crime Court during the course of this investigation, representing Shabalala and the ANC in relation to the alleged donation of R1 million to the ANC by Intaka. I will refer to the representation he made later in this report. He has also subsequently been employed as a legal advisor to the Office of the Premier. **D45/8-9**

8) On 26 February 2010 Kuhn was advised by the HOD via e-mail that he was duly authorised to sign the agreement, being the "Second Addendum to the Memorandum of Agreement" in terms of which the Department of LG & TA agreed to compensate Intaka for the storage fees with effect from 1 October 2010 and that all risk in and to the remaining Units stored by Intaka be transferred from Intaka to the Department of LG & TA with effect from 26 February 2010. Kuhn signed the said Second Addendum on the same day (26 February 2010). Kuhn forwarded a copy of the signed Second Addendum to Evetts on 1 March 2010. **D46/1** **D46/2-4** **D46/5**

9) On 26 April 2010 Evetts prepared a Submission addressed to the HOD for purposes as detailed in said document. Of significance is that 12 of the original 20 plants had not been commissioned, site works in 8 had not yet started and 10 had not yet been delivered. I confirm that on 26 July 2010 I physically verified 10 plants are standing in the open on vacant land near Amanzimtoti on the Durban South Coast. I will elaborate on this later in this report. Reference is also made to a meeting with Intaka and the MEC on 26 February 2010, that the MEC agreed that Intaka should complete the works at the remaining sites and that a Third Addendum to the Agreement would be concluded. The cost of the work on 9 sites (the 1 site reflected "minor progress") amounted to R14,039,844 inclusive of Intaka's management fees of 10%. In addition a 10% contingency sum has been added which brings the total additional cost to R15,444,000. The document also made provision for the offsetting of this additional costs against an amount of R8,857,200 to be recovered from municipalities concerned. The Submission was signed and supported by Evetts, Kuhn of Legal Services and the CFO. Beykirch of SCM did not "*supported/not supported/supported as amended*", but wrote "*see notes by DD SCM*". Gumbi- Masilela deleted the options of "*approved/not approved/approved as amended*" and made the following entry: **D47**

"Varied. I think this memo lacks clear commitment on how to manage this process to ensure that all funds are recovered before additional funds are allocated. We cannot throw good money to bad project this process is only approved on condition of a clear process to recover the R11m from the municipalities. The MIG unit to provide this plan with clear timeframes for recovery before this kicks in".

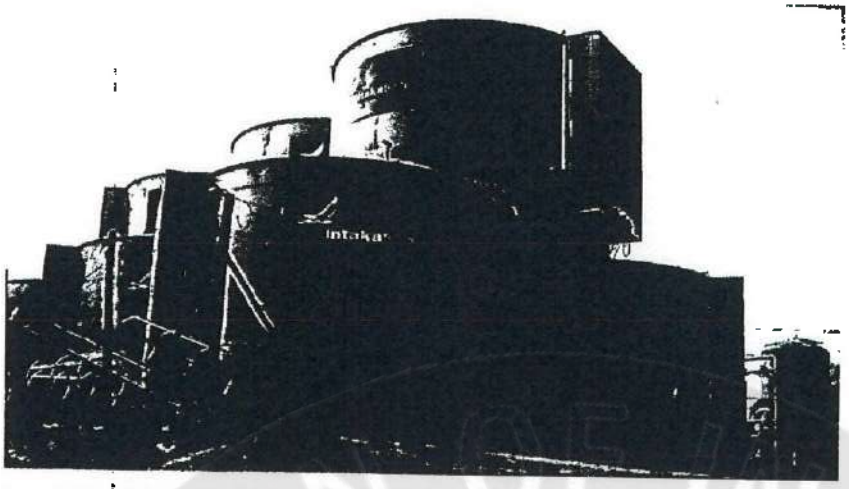
10) The notes referred to by Beykirch is a Memorandum dated 29 April 2010 issued by Baldie and related to SCM comments. I do not believe this requires further explanation. This was forwarded to Kuhn and copied to Evetts on 7 May 2010. **D48/1** **D48/2**

11) On 17 May 2010 the Department of LG & TA and Intaka entered into a Third Addendum to the Memorandum of Agreement for the provision of site works in the amount of R15,444,000. **D49**

Visit to Heartlands Industrial Park on 26 July 2010

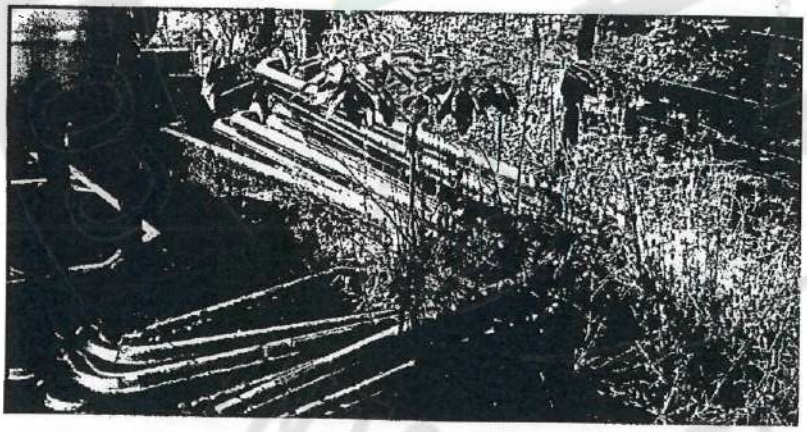
9.157 On 26 July 2010 I visited Heartlands Industrial Park near Amanzimtoti in KZN with Evetts. I determined that ten (10) of the twenty (20) water purification plants purchased by the Department of LG & TA were stored in an open yard. I examined these plants and noted that they are starting to rust in some areas. It is further evident that efforts had been made to clean up the tanks as I noted marks on the tanks similar to that made by an electric grinder. I further noted grinding discs on the ground (grass) in the yard amongst the tanks.

9.158 I obtained photographs of the said storage yard and the plants as detailed hereunder. **F1**



Ten (10) x Wataka Water Purification storage tanks

Ten (10) x Wataka Water Purification stainless steel sets of filters

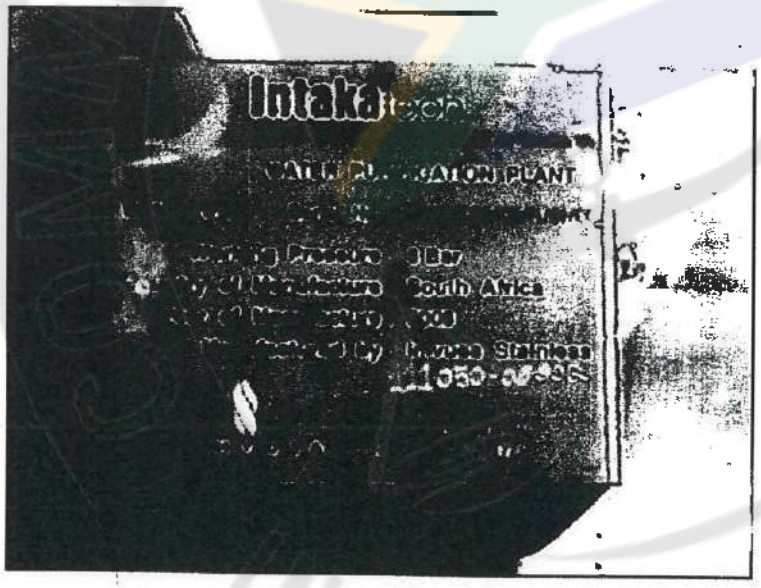


Ten (10) x pipes linking to the Wataka Water Purification units

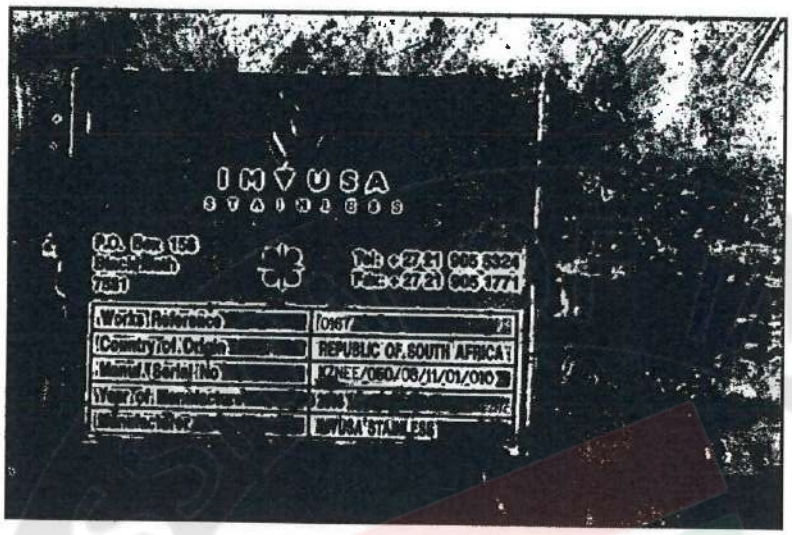
9.159 I also determined that there were engraved labels on the storage tanks. The 1st are Intaka Tech labels that contain the following information:

1) Intaka Tech, tel: +27217021559, fax: +27217022260, e-mail: info@intakatech.com;
2) Water Purification Plant, Model W050, Serial No: KZNEE/050/08/11/01;
3) Working Pressure: 3 Bar;
4) Country of Manufacture: South Africa;
5) Year of manufacture: 2008;
6) Manufactured by: Imvusa Stainless;
7) An engraved serial number beginning with the prefix 111050 and consisting of 10 serial numbers: 08001; 08002; 08004; 08005; 08006; 08008; 08009; 08010; 08011 and 08012;
8) Imvusa Stainless: tel: +27219055324, fax: +27219051771.

9.160 A photograph of the said label is detailed hereunder. **F1/9**



9.161 The 2nd are Imvusa Stainless Labels that contain amongst others the year of manufacture 2008 and the serial numbers that match those appearing on the Intaka Tech labels. A photograph of the said label is detailed hereunder. **F1/9**



9.162 I previously referred to Intaka's letters to the Department of LG & TA with reference to the completion of the 20 water purification plants and Kuhn's confirmation of being shown the plants:

1) On 6 June 2006 "*we have already the plants ready. Therefore, we would appreciate it if you could inform us the addresses where these plants have to be sent*"; **D19/1**
2) On 11 July 2006 "*we want to inform you that the Watakas model 50 are ready to be collected by your Department*". **D20/1**
3) On 6 February 2007 Kuhn visited Cape Town and "*was shown 18 completed units, as well as 6 further units in various stages of manufacture, of which 2 are scheduled for completion by 16 February 2007, although I am for obvious reasons unable to confirm whether the units shown to me are those that are to be delivered to KwaZulu-Natal*". **D31/5**
4) Intaka's invoice number 253 dated 6 February 2007 is in respect of the purchase of 20 Wataka water purification units model 050 in the amount of R44,563,636.40 and they were paid the following day 7 February 2007. **C1/3** **C1/6**

9.163 The ten plants currently stored at Heartlands Industrial Park reflect the date of manufacture as 2008. Hence, based on the above the Department paid for 10 plants in February 2007, that were only manufactured in 2008. In addition to this I determined when investigating the purchase of two x water purification plants by the KZN Department of Health in 2005 that Imvusa Stainless colluded with Intaka in the submission of a cover quotation. I further determined that Imvusa Stainless cc with registration number 2006/116265/23 was previously known as Imvusa Trading 1319 and was first registered on 11/07/2006. The Active Principals are: Donald Keith Miller id 521204 5002 082 (**Miller**) appointed on 27/09/2006; Gregory George Petersen id 601229 5092 083 appointed on 09/11/2006; Ronald Desmond Rabie id 500311 5060 088 appointed on 09/11/2006; and Ansano Romani id 470130 5041 088 (**Romani**) appointed on 26/03/2007. Both Miller and Romani have been implicated in defrauding the KZN Department of Health together with Dr Savoi and Praderi and Department of Health officials. **F2**

Interview with Tony Gerrans of Grotto Defranceschi

9.164 An interview was conducted with Tony Gerrans (**Gerrans**) of Grotto Defranceschi (**Grotto**) during the course of conducting the investigation into the KZN Department of Health, previously referred to by me. He provided a detailed document explaining Grotto's relationship with Intaka, the forming of Imvusa by Miller who was later joined by Romani and the price of the water purification plants. This was subsequently converted into an affidavit that is attached for ease of reference. Detailed below is a summary of this information received: **F3**

1) Grotto was commissioned by Intaka to build 30 complete 'Wataka' water purification units. These plants were completed by the end of 2006. The first two plants were (unilaterally) discounted by some 50% by Romani (now employed by Imvusa), ostensibly as Grotto's contribution to developing this new product. Subsequent plants were sold to Intaka for between R412,000 and R475,000, the price variance being the result of fluctuating steel prices and some specification changes relating to the control system of the plants.
2) He was unable make a 100% identification of the plants at Rietvlei and

Appelsbosch Hospitals after being sent photographs obtained by my managers when they visited the hospitals. Gerrans added that the plants are otherwise identical to what Grotto supplied to Intaka. He concluded that the plants cost between R412,000 and R475,000 and an additional approximately R250,000 for transport and commissioning. Hence, Grotto's price for one water purification plant would have been a maximum of R725,000. Intaka charged the Department of LG & TA R44,563,636.40 per plant for the manufacture of the 20 plants that amounts to R2,228,181.82 per plant; and a further R5, 617, 919.40 for delivery and commissioning, the latter being incomplete. This amounts to R2,509,077.79 per plant.

Documents seized by the SAPS from Intaka

9.165 I identified the following documents relating specifically to the price of the Wataka 50:

9.166 1) A document titled: "Intakatech Water & Gas Water Purification Plant Cost Price List 2007" dated 14 August 2007. The cost price of the Wataka Model 050 is listed as R840,600 inclusive of all costs including: complete unit R524,600; Freight R105,000; Concrete Slab R85,000; Installation: R95,000; and Commissioning and Chemicals R31,000. The said price list, based on the stamp thereon was approved by "*Dr Gaston Savoi*" and also contains what appears to be the name "*F Praderi*". This is approximately 2 years after Intaka provided Shabalala with a quotation of R1,965,000 ex works Cape Town excluding VAT, freight and civil works, for the same plant on 7 July 2005. **F4**

2) A document on a letter from Loftus Neethling to Dr Savoi dated 31 August 2006 titled: "Prices and terms on building the Wataka 050 complete with automation". In terms thereof the cost price to Intaka of the Wataka 50 is R531,341.53 excluding VAT. **F5**

3) An Intaka Tech Purchase Order number 32380 issued to Imvusa Trading 1319cc dated 2 June 2008. In terms thereof Intaka ordered 18 x water treatment plants 050 in the amount of R730,000 each excluding VAT. **F6**

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Payment made to Kuboni and Shezi Attorneys by Intaka

9.167 Dr Savoi confirmed in his affidavit that "*the Watakas were finally launched for the Department of LG & TA in KZN on 5 April 2008, some two years after the initial purchase of the equipment*". **B1/7**

9.168 I previously referred to Dr Savoi's affidavit and that he alleged he had received an invoice from a firm of attorneys called Kuboni and Shezi for an amount of R1,032,000 inclusive of VAT, and which invoice was subsequently paid by Intaka. He also referred to an attached a copy of this invoice and the supporting Intaka documentation showing payment as "GS4". The said invoice on a Kuboni and Shezi Attorneys letterhead is dated 14 February 2007 and is for R1 053 000. The first payment was made by the Department of LG & TA to Intaka was on 5 March 2007 in the amount of R44,563,636.40. The description on the Kuboni and Shezi invoice is "*to our fees for work done with the taking of instructions, telephone calls, correspondence, drafting of contracts, consultations, attending meetings, drafting legal opinions*". I located the following documents amongst the records seized from Intaka by the SAPS: **B1/8** **G1/1** **C1/6**

1) A Proof of Online Payment: Kuboni and Shezi confirming payment from account number 62106988150 on 12 March 2007 in the amount of R1,053.000 to Standard Bank account number 050871994. **G1/2**
2) A letter on a Kuboni and Shezi Attorneys letterhead dated 15 February 2007 addressed to Dr G Savoi of Intaka Investments (Pty) Ltd attaching their invoice and proving their banking details. **G1/3**
3) A copy of their invoice dated 14 February 2007 that is the same as that attached to Dr Savoi's affidavit. **G1/4**

9.169 I located a number of documents in the Intaka records seized by SAPS which detail how the payment to Kuboni was initially accounted for as legal fees and the subsequent reclassification as consultancy fees and ultimately as a donation. To simplify the entries I have not included the entries that account for the effect on income tax as a result of the reclassification between legal fees and donations.

9.170 First entry: **G2/1**

Dr Legal Fees	R923 684.21	
Dr VAT Receivable (Input Tax)	R129 315.79	
Cr FNB Current Account 6210 69 88 150		R1 053 000.00

(journal entry 5914 : Payment to Kuboni and recording of expense as legal fees and claiming the input VAT)

9.171 The Intaka Investments (Pty) Ltd FNB bank statement for account number 62106988150 subpoenaed by SAPS reflects that R1 053 000 was paid to "*Kuboni & Shezi Attor*" on 12 March 2007. The Kuboni and Shezi trust account held at Standard Bank account number 050871994 reflects that R1 053 000 was received from Intaka Investments on 12 March 2007. **G3/3** **G8/11**

9.172 A schedule dated 25 July 2007, which records that it was prepared by Michele King, who was the Intaka Tech Financial Accountant sets out a reconciliation of the legal fees and attaches copies of the supporting invoices from the various legal suppliers. It is evident from this schedule that the ongoing legal work was done by Eisenberg & Associates and Spoor & Fisher but that 80% of the total expenditure on legal fees in the year ended 28 February 2007 was for the one payment to Kuboni and Shezi Attorneys. **G2/2-24**

9.173 Second entry: **G2/25**

Dr Consultancy Fees	R923 684.21	
Cr Legal Fees		R923 684.21

(journal entry 15761 : audit reclassification of the legal fees as consultancy fees)

9.174 Attached to the copy of the above journal in Intaka's records is a copy of what appears to be an audit working paper, dated 8 April 2008, and it appears that as a result of the preliminary audit work performed the above reclassification between legal fees and consultancy fees took place on 11 April 2008. I subsequently confirmed that G2/26-35 were copies of audit working papers as these were included in the Mazars (Intaka external auditors) working paper files for the audit of Intaka Tech that were subpoenaed by SAPS. **G2/26-49** **G2/53-62**

9.175 Third entry: **G2/50**

Dr FNB Current Account 6210 69 88 150	R1 053 000.00	
Cr Legal Fees		R923 684.21
Cr VAT Receivable (Input Tax)		R129 315.79

(journal entry 18091 : Reversal of First entry re Payment to Kuboni and recording of expense as legal fees and claiming the input VAT)

9.176 Fourth entry: **G2/51**

Dr Donations	R1 053 000.00	
Cr FNB Current Account 6210 69 88 150		R1 053 000.00

(journal entry 18092 : Payment to Kuboni and recording of expense as a donation, no input VAT claimed)

9.177 Fifth entry: **G2/52**

Dr Legal Fees	R923 684.21	
Cr Consultancy Fees		R923 684.21

(journal entry 18093 : reversal of journal 15761 audit reclassification of the legal fees as consultancy fees)

9.178 The Third, Fourth and Fifth journal entries referred to above were processed on or before 20 June 2008.

9.179 Mr Mike Erasmus, the current Chief Financial Officer and former Financial Director of Intaka, was interviewed and during this interview amongst other things he stated that the auditors had reported the transaction involving the payment to Kuboni and the treatment of this as legal fees to the Independent Regulatory Board for Auditors ("IRBA"). He subsequently, via his attorney Mr Stephen Duffet of De Klerk & Van Gend, provided copies of the various documents regarding the Reportable Irregularity which are discussed in more detail hereunder.

9.180 On 25 June 2008, Michelle Olckers ("**Olckers**") the Mazars Moores Rowland ("**Mazars**") partner responsible for the Intaka audit addressed a letter to IRBA **G4/1**

wherein she stated the following:

"...I have reason to believe that such a reportable irregularity (as defined in the Act) is taking place in respect of Intaka Tech (Proprietary) Limited ("the company") (Registration Number 2003/021018/07).

I have included all the particulars and explanations outlining the reportable irregularity (as I deem appropriate) below:

Value Added Tax:

- *The client claimed VAT on an invoice for legal fees.*
- *It was subsequently discovered that the payment was not in fact for legal fees, but was a donation. The directors of the company confirmed this in a meeting of directors.*
- *No VAT should have been charged on the invoice and the company should not have claimed the VAT.*
- *The expense was reclassified to donations and the VAT reversed."*

9.181 On the same day being 25 June 2008 a letter from Mazars was addressed to Dr Savoi regarding the reportable irregularity and it stated amongst other things that: **G4/2**

"I have been in contact with Michael Erasmus, who has confirmed that the VAT referred to is being added back in your current VAT return. I will request information from him to evidence this fact and will then be able to write my second letter to the Board to confirm that the suspected reportable irregularity is no longer taking place and that adequate steps have been taken for the prevention or recovery of any loss as a result thereof."

9.182 Letter from Mazars to IRBA, dated 15 July 2010 within which it is stated that: **G4/4**

"I have fulfilled my responsibilities contained in S45(3) to discuss the initial report submitted with the Board and the director and to afford the director of the company an opportunity to make representations in respect of that report.

Following my investigations and having regard to all information that has come to my knowledge from any source, I have concluded that the reportable irregularity is no longer taking place and that adequate steps have been taken for the prevention of any loss as a result thereof."

9.183 Letter from Mazars to Dr Savoi dated 21 July 2008, attaching a copy of the letter to IRBA in which Olckers reports that the reportable irregularity is no longer taking place and that she is satisfied that the VAT has been paid to SARS. **G4/5**

9.184 Erasmus also provided copies of the following documents which he says he supplied to Olckers at a meeting and that it was based on these documents that the letters referred to above, dated 15 July 2008 and 21 July 2008, were written:

i. VAT reconciliation for the period 31 May 2008 showing that R129 315.79 has been added to output VAT. The description of the entry is "YE07 Audit Adj Kuboni and Shezi, input vat reversal." **G4/6**

ii. Intaka Investments (Pty) Ltd VAT return for period ended May 2008. This return is signed by what appears to be Erasmus in his capacity as Financial Director, is dated 23 June 2008 and contains a SARS stamp dated 25 June 2008. **G4/7**

iii. Intaka Tech Tax Report dated 23 June 2008. **G4/8**

iv. Intaka Tech VAT Payable General Ledger account for May 2008. **G4/9**

v. Intaka Investments (Pty) Ltd VAT return for period ended February 2007. This return is signed by what appears to be the signature of Adriaan Loubscher the Intaka Financial Manager at the time in his capacity as Financial Manager, is dated 23 March 200 (illegible but it is apparent the year is 2007) and contains a SARS stamp dated 23 March 2007. **G4/10**

vi. Intaka Tech Tax Report dated 22 March 2007 **G4/11**

vii. Intaka Tech VAT Receivable General Ledger account for February 2007 **G4/12-13**

viii. SAP screen print **G4/14**

ix. Journal entry 5914 (referred to as the First entry in paragraph 9.157 above) **G4/15**

9.185 The SAPS subpoenaed the following from Mazars, the auditors of the Intaka Group

of companies, for all entities in the Intaka Group :

i. Audit working papers;
ii. Correspondence between Mazars and Intaka;
iii. Minutes of all meetings with Intaka directors or employees; and
iv. Correspondence with the Independent Regulatory Board for Auditors (IRBA).

9.186 In addition to the documents received from Erasmus, referred to above, a number of other documents relevant to the R1 053 000 "donation" were included in the more than 10 000 pages provided and have been referred to below.

9.187 A document titled "Notes of discussion 29 May 2008" was in the file "IRBA Correspondence RI". The people present are recorded as Craig MacGillivray (Managing Partner Cape Town), Kevin Frohbus (National Risk Management Partner) and Kathy Robison (National Risk Management Partner). I obtained their respective positions from the Mazars web site, mazars.co.za, on 25 October 2010. **G4/16**

9.188 While there appears to have been discussion between the above Mazars partners about whether there was "reason to believe" a Reportable Irregularity had taken place and the fact that the suspicion of the irregular payment came from the Scorpions via Gillian Bolton, the Mazars Forensic Investigations partner, consensus regarding whether it should be reported to IRBA could not be reached. Kevin Frohous also suggested that obtaining an affidavit from the external party that received payment would be better audit evidence than relying on representations from directors which is usually much lower quality evidence. It was however agreed and recommended that: **G4/16**

i. The firm do not make decision on RI without seeking legal opinion (IRBA guide 2.8) on whether the information is sufficient to conclude there is "reason to believe".
ii. The audit team must perform additional audit procedures to understand the contradiction between working paper, invoice and directors' meeting minute before being able to render audit opinion. Classification of payment in the income statement may be incorrect and VAT may be incorrect.

iii. Audit team must do more work to investigate other transactions in financial statements to understand if this was once off.

9.189 At the time of the above internal Mazars meeting they had already received the standard Letter of Representation, dated 7 April 2008, signed by two directors of Intaka Tech. It appears to have been signed by Dr Savoi and Erasmus. There is no evidence that an updated representation letter was obtained from the directors where the circumstances surrounding this payment of R1053 000 for legal fees/donation was specifically dealt with. **G4/17** **G4/19**

9.190 The abovementioned representation letter contains amongst other things the following which are not true:

"We confirm, to the best of our knowledge, and belief, the following representations: **G4/17**

i. There has been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements.

ii. We have disclosed to you all significant facts relating to any frauds or suspected frauds known to us that may have affected the entity."

9.191 I asked Olckers on 11 October 2010 if she had any evidence that the ANC received the donation from Intaka. She said she did not but had never asked for it as she had relied on the representations from the directors in this regard. This was even although it was suggested by the Mazars risk management partner that an affidavit be obtained from the recipient of the donation as this would be better audit evidence than relying on representations from directors, which based on the content of the "Letter of Representation" referred to above are clearly not worth much. **G4/16** **G4/17**

9.192 Based on my review of the audit working papers for Intaka Tech, for the year ended 28 February 2007, I have not been able to identify any additional audit procedures that were performed to identify whether there were any other transactions in the financial statements of a similar nature or whether the payment was a once off. Nor is there any explanation in the audit working papers as to why Olckers accepted the

explanation of Savoi, in the minutes of the directors meeting of 14 May 2008, that Intaka merely did what Shabalala requested with regard to paying the donation based on a fraudulent invoice for legal services that were never provided.

9.193 Erasmus, on 20 May 2008, sent Olckers an electronic unsigned copy of the minutes of a directors meeting which took place on 14 May 2008. This meeting was attended by the following: **G4/20**

i. Gaston Savoi - Chairman **G4/21**
ii. Rodrigo Savoi - Director
iii. Raoul de Lange - General Counsel
iv. Michael Erasmus - Financial Director
v. Fernando Scelza - Swanton Enterprises Corp - invitee
vi. Fernando Praderi - Hawksbill - invitee

9.194 This meeting had been requested by de Lange to discuss two issues, the first of which relates to the matter covered by this report. De Lange also gave all the invitees a copy of a memorandum that he had addressed to Savoi on 9 May 2008 and requested that this memo be incorporated in the minutes. This memo was not attached to the copy of the minutes sent to Olckers nor is there any evidence that after receiving the minutes that she asked for a copy. I located a copy of this memo in the Intaka records seized from Intaka by SAPS. This memo deals with concerns de Lange had regarding the legitimacy of the R1 053 000 payment and concludes that **G4/21** **G4/24** **G4/28-29**
"On the face of it, the payment made to Kuboni & Shezi Attorneys seems to be in contravention of the abovementioned provisions, is a criminal offence and can lead to the imposition of a fine or imprisonment. In light of the fact that you, at the time, were a foreign national and not accustomed or versed with the protocols established for entering into a business relationship with a government body it is very likely the Mr Sipho Shabalala may have "duped" you into believing that this was destined as a donation to the African National Congress."

9.195 Further subpoena's were served on Gillian Bolton "Bolton" and Selwyn Solomon "Solomon" of Mazars by SAPS and in terms of these subpoenas further documents were provided to SAPS. Legal representatives of Intaka Holdings and Savoi claimed **G21**

that some of the documents provided by Marzas may be privileged and as a result an agreement was reached whereby the documents that Intaka Holdings and Savoi "do not claim privilege" would be provided to SAPS in hard copy. 9,677 pages were provided.

9.196 Included in the documents that Intaka Holdings and Savoi "do not claim privilege" was a copy of the abovementioned memo from de Lange to Savoi dated 9 May 2008. This memo contained some track changes that appear to have been made by Bolton. **G22/1-5**

9.197 The minutes state that de Lange *"was advised by Gillian Bolton, the forensic lawyer, that the Directorate of Special Operations (DSO) is investigating the sale of 20 water purification plants to the KwaZulu-Natal Department of Local Government and Traditional Affairs. The two folds are:* **G4/21**

i. *That the sale of the plants took place without the proper tender procedures. This first point is not a concern because it is the government that needs to deal with it.*

ii. *There are allegation by the DSO that Intaka Tech made a payment to Mr Sipho Shabala (sic), who at the time of the sale of the plants was the HOD of the Provincial Treasury of KZN and a member of the Board of the Tender Committee, to facilitate the process."*

9.198 The minutes then continue as follows and have been repeated here verbatim, with the exception of the names of the persons who the content is ascribed to which have been included in full instead of merely their initials, due to the significance of the content thereof:

"Savoi expressed that the company is really astonished with these comments. It is also tired of the recurrent episodes in which it has been a victim of internal political disputes among government officials and political agents including media negative exposure. As foreign investors that came to the country to bring solutions to healthcare problems we don't deserve this kind of treatment. **G4/22**

Savoi stated that Intaka Tech was only aware that Mr Shabalala was the HOD of the Provincial Treasury of KZN.

Regarding this second point there was a donation requested for ANC. De Lange commented that there is no problem with this donation, the only problem is that payment was made to Kuboni & Shezi Attorneys and the company received an invoice from them for work done by this firm which was not done.

Savoi stated that Mr Shabalala informed that our company would be contacted by a legal buffet (sic) handling the contributions to ANC, that they will provide the invoice for the donation of our company. As Intaka Tech does not know how the procedures of donations to the party work we proceeded as instructed.

De Lange said that the ultimate concern is that the company has primarily overseas investors and that Mr Shabalala has benefitted from this matter.

The first impression of this matter is that it could be a contravention of the prevention and combating of corrupt activities act and that this needs to be addressed.

One of the options is that Intaka Tech addresses this matter contacting the NPA directly and making an appointment to explain the situation.

De Lange mentioned that Ms Gill Bolton is also aware that DSO is investigating why Intaka Tech received the payment in advance of the delivery of the plants. In this regard Savoi explained that Intaka Tech did not receive a payment in advance of the delivery of the plants but that the company received it on delay due to the fact that the plants were initially sold ex-works. Therefore the Department of Local Government and Traditional Affairs had to pay as soon as Intaka Tech notified then that the order was ready which did not happen.

Afterwards Intaka Tech was asked to deliver the plants installed and commissioned. This request was accepted and the company received a formal order for that purpose.

It was agreed to follow de Lange's recommendation to have a meeting with the Director of the NPA to discuss the abovementioned matters.

G4/23

It was also agreed that a previous meeting will be arranged with Mazars Moores Rowland, both with Mr Solomon and Ms Gill Bolton so they can explain both the auditors and forensic issues." **G4/23**

9.199 There is no record in the documents that were provided to the SAPS in terms of the subpoena referred to above that this meeting with Mazars took place or if it did what was discussed.

9.200 On 27 June 2008 Deneys Reitz advised Olckers of Mazars that based on the information they had been provided that she had an obligation to report to IRBA as by definition this is a Reportable Irregularity. Olckers reported as required on 25 June 2008. **G4/30-31** **G4/1**

9.201 It is evident from the above documents that Olckers did not disclose all the information she had at her disposal regarding the R1 053 000 when she sent her letter to IRBA dated 25 June 2008 and as a result it was possible for the Reportable Irregularity to be cleared by merely reclassifying the payment as a donation and refunding the VAT that had been claimed. Had further information been included in the report to IRBA they may have considered it necessary to report this matter to the "appropriate regulator", which in this case is the Director of Public Prosecutions.

9.202 The audit working papers for the year ended 28 February 2008 contain a document dealing with sales of Watakas. This document under Note 1 states that 12 (60%) of the Watakas sold to KZN LG & TA were not delivered at year end and have therefore been excluded from Revenue for the year and reclassified as deferred revenue. The selling price of these Watakas, excluding VAT, was R23 454 545.52 (R39 090 909.20 x 60%). The 20 Watakas were sold for R44 563 636.40 or R39 090 909.20 excluding VAT. **G4/32**

9.203 The above adjustment of R23 454 545.52 to defer the recognition of the revenue was made on a schedule summarising Revenue from Trading with the result being that the total revenue, according to this schedule, for the year was R57 834 788. This was also the amount of revenue included in the income statement on page 9 of the **G4/33** **G4/45**

Annual Financial Statements for the year ended 29 February 2008. The deferred revenue of R23 454 545.52 was included in the R26 420 845.38 Deferred Income – Current Liability on page 8 of the Annual Financial Statements. **G4/44**

9.204 The Intaka Holdings Annual Financial Statements for the year ended 29 February 2008 were signed by the two directors who were Savoi and Rodrigo Savoi. **G4/40**

9.205 It is therefore evident that there were issues regarding the delivery of Watakas and the fact that from an accounting perspective the Revenue had not been earned for the sale of 12 of the Watakas and it was therefore not recognised in the financial statements as a sale, even although the money had been received, but rather as deferred revenue. This is despite the fact that Dr Savoi had gone to great lengths to convince, and was successful in this regard, the Department of LG & TA that they had "delivered' in terms of the contract and that payment should be made (which it was on 7 March 2007). However the auditors of Intaka were not satisfied that the revenue for this sale had been earned at 28 February 2008 (almost a year later) and therefore it could not be recorded as revenue in the financial statements for the year ended 28 February 2008.

9.206 The majority of the documents provided in terms of the further subpoenas served on Bolton and Solomon were documents under the control of Solomon. I have referred to some of the documents below which I believe are relevant to showing the extent of Solomon's involvement with Intaka and particularly this knowledge of "commissions" paid by Intaka.

9.207 Email from Savoi to Solomon and Eisenberg dated 31 August 2006. Attached to this email is memo from Loftus Neethling of Windmeul Engineering dated 31 August 2006 which refers to a meeting on 25 August 2006 with Praderi and Solomon. The cost of manufacturing the Wataka 050 complete with automation is R531,341.51 excluding VAT. **G23/1** **G23/2-3**

9.208 Email from Savoi to Solomon and various other people dated 4 September 2006, subject "Letter to Windmeul Engineering". The letter attached to the email is from **G23/4** **G23/5**

Savoi to Loftus Neethling and states that the price quoted in the letter dated 31 August 2006 is to too expensive and that Intaka have secured a quotation elsewhere for approximately 17% less.

9.209 Email from Laubscher to Solomon dated 17 May 2007, titled "Revised budget 2007/2008". The email reads as follows "Selwyn, please find attached the revised budget for 2007/2008. Please give me a call to discuss". The budget attached to the email records on the Income Statement that the following commission is budgeted for: **G23/6**

i. Commission paid in Wataka R34,520,175.44 **G23/7**
ii. Commission paid in Oxyntaka R 4,108,903.51

9.210 A detailed breakdown of the commission to be paid is also sent out on a separate schedule by Province and customer. Below is the information that relates to the 20 Watakas sold or to be sold in KZN: **G23/9**

Province KZN	Quantity	Sales Price Each	Cost Price	Interest	Total Sales Price	Commission
Project 20	20	R2,228,181	R10,344,000	R3,390,000	R44,563,636	R1,053,000

9.211 The profit on this sale was R30,829,636 (R44,563,636 – R10,344,000 – R3,390,000) before paying a commission of R1,053,000. The R1,053,000 is exactly the same amount that was paid to Kuboni and Shezi on 12 March 2007. It is clear from this email and budget that Solomon knew that the R1,053,000 was commission paid on the sale.

9.212 Email from Laubscher copied to Solomon dated 8 August 2007, titled "Intaka Tech - Due Diligence". Attached to this email is document titled "Due Diligence - Response to Outstanding Information". Included therein is a section titled "Commission payments and Agency Agreements" which contains the following: **G23/14** **G23/18**

"Monthly commission payable on Oxyntaka's – KZN?

The commission in the budget for the Oxygen Generating units for the KZN tender was the anticipated commission as calculated by Dr Savoi. No contract for this has been finalised yet.

Do you receive supplier tax invoices for commission paid?

Yes, we only pay commission on the receipt of valid VAT invoices from our agents (if they are VAT registered).

Details of outstanding commission accrual (R12m).

This is commission payable related to the sale of 8 Water Purification Plants in the Northern Cape. The commission negotiated was R1m each (incl VAT) per unit to two agents (Watertech & Mapquest) – total commission of R2m (incl VAT) per unit. The outstanding commission at year end was R10,526,316, which is R12m nett of VAT. Since year end R3m (incl VAT) has been paid and the current liability is R7,894,737".

9.213 Email from Bolton to Solomon dated 12 May 2008 with attachment "Intaka Tech memo as amended without tracking at 11 May 2008". The content of the email is as follows: **G23/20**

"As promised, I am updating you on the most recent developments concerning Intaka Tech in the form of a written memorandum that Raoul and I drafted for him to send to Dr Savoi (and in due course to a board meeting), the email I had sent him today following a conversation I had with him concerning the payments to Rowmoor and my email to Michele, who had also asked to be included in the loop".

9.214 The above email follows on from an email from Bolton to Olckers dated 12 May 2008. The content of the email are as follows: **G23/20**

"As discussed, please see my email to Raoul de Lange of this morning concerning the payments to Rowmoor Investments 738 (Pty) Ltd as well as a copy of the memorandum which Raoul handed to and discussed with Dr Savoi

yesterday evening (this is not the final copy but was the amended one Raoul and I had agreed upon prior to his meeting with Dr Savoi yesterday evening – I imagine there were few if any changes...)

In relation to such memorandum, as you will see the legal fees were not legal fees at all but, on the face of the information provided to Raoul by Alicia Marcos, a donation to the ANC, Dr Savoi apparently also categorised this as a donation to the party when Raoul spoke to him yesterday evening. This, of course, does beg the question though that if it was indeed a donation, why was it categorised as legal fees/expenses and how did the attorney's firm involved come to prepare an invoice allegedly in substantiation of this (on the face of it, the trigger for payment by Intaka Tech)? Perhaps Gary Eisenberg as the person who had been on retainer to provide legal services immediately prior to Raoul's arrival may be able to shed some light on this aspect if need be...

As you will see, Raoul is also in the process of arranging for a board meeting to be convened to deal with the first issue and, depending on the outcome of his investigations into the payments to the Rowmoor company, may also need to include this in the item for discussion by the board.

I am referring this matter to you so that you can take such steps as you may consider appropriate at this time. You will no doubt wish to discuss with Kevin and Selwyn in the context of possible reportable irregularities and related issues. Please let me know if I can be of any further assistance in such regard.

In the meantime, I will, obviously, stay in touch with Raoul and keep you posted on further developments. Raoul has mentioned that he thought it may assist if I were to be present at the board meeting when the relevant item is discussed but I await a formal invitation in this regard".

9.215 Email from Olckers to Solomon dated 26 May 2008 containing minutes of the Intaka Tech Directors meeting on 14 May 2008. These are the same minutes previously referred to in paragraph.9.193 which were also included in the documents provided **G23/22** **G23/24-26**

by Olckers.

9.216 It is evident from the above that Solomon was in possession of documents which contradicted each other as to what the reason for the R1,053,000 payment to Kuboni and Shezi was. Based on the documents provided by Olckers it appears that the documents supporting the fact that this was a "commission" rather than a "donation" was not shared with her by Solomon.

9.217 Col Du Plooy of the SAPS conducted a search at Kuboni and Shezi, 10th floor Salmon Grove Chambers on 24 March 2009 and seized the following:

1) A copy of a tax invoice dated 14 February 2007 referring to Intaka Investments. This copy was printed from the desktop computer by Alvina Matsau (Matsau) a secretary at Kuboni and Shezi and is the same as the invoice attached to Savoi's affidavit as "GS4". **G5/1** **G1/1**
2) A copy of a letter, dated 15 February 2007, addressed to Dr G Savoi, Intaka Investments (Pty) Ltd. This is the same as a copy located in the records seized from Intaka. This letter states that the tax invoice is enclosed and then sets out Kuboni and Shezi banking details as follows: **G5/2** **G1/3**

Bank	: Standard Bank
Branch	: Main Branch
Account Number	: 050871994
Branch Code	: 040026
Type of Account	: Current

9.218 A warning statement was taken from Kuboni on 6 May 2010 and while he declined to answer questions at the time, and did not provide the Investigating Officer with a statement or make himself available for questions despite undertaking to do so after he had consulted with his lawyer, he did subsequently provided the following documents to Col Du Plooy:

1) Copy of a letter to Dr G Savoi dated 14 February 2007. Apart from the date this letter is identical to the one referred to in para 9.204 2) above **G6/1**
2) Copy of the Kuboni and Shezi Tax Invoice to Intaka Investments dated **G6/2**

14 February 2007 referred to in above. (This invoice is exactly the same as that seized from Intaka and attached to Savoi's affidavit apart from the fact that the words "period 2003 to 2006" have not been included in brackets after the description of the services provide).

3) Copy of a fax confirmation report confirming that a fax of 2 pages was sent to 021 7011914 at 16.31 on 14 February 2007. **G6/3**

4) A copy of an email from Jeanne Fick to Kuboni and copied to Matsau. This email sets out the receipts and payments on the "Salamax" account "from beginning to our hand over". The account number is "1S150" and the period covered is 19 February 2007 to 16 March 2007. The seven payments recorded on this schedule are also recorded amongst the 24 payments referred to below. (Kuboni showed me a copy of this email on his computer when Col Du Plooy was taking his warning statement). **G6/4**

5) Schedule titled "PAYMENTS MADE OUT : SALAMAX : S 150/06" which details 24 payments. Not all the payments on this schedule are dated and those that are dated are not recorded in any specific order. The payments are made out to 13 different entities; the earliest date is 19 February 2007 and the last date is 10 July 2007. **G6/5**

9.219 The SAPS subpoenaed Kuboni and Shezi Attorneys Trust account number 050871994 held at Standard Bank Greyville. The following documents were provided in response to this subpoena:

1) Signing arrangements form dated 5 February 2007. Kuboni was the sole signatory. **G7/1**

2) Signing arrangements form dated 31 May 2007. Any two of the following to sign jointly from 31 May 2007: Kuboni, Nozibele Priscilla Phindela (Phindela), Ian Buhlebakhe Blose (Blose) and Jabulani Langelihle Thusi (Thusi) **G7/4**

3) Special Power of Attorney of Kuboni. **G7/7**

4) Copies of identity documents of Kuboni, Phindela, Blose and Thusi. **G7/8-11**

5) Copies of bank statements from 26 January 2007 (statement 106) to 26 March 2008 (statement 120). **G8**

6) Copies of paid cheques. **G9**

9.220 The SAPS subpoenaed Kuboni and Shezi Attorneys Business Account number **G10**

050033077 held at Standard Bank Greyville. Copies of bank statements from 1 March 2007 (statement 137) to 27 March 2008 (statement 161) were provided in response to this subpoena.

9.221 The SAPS subpoenaed Welcome Sandile Kuboni's personal Money Market/Call account number 268608482 held at Standard Bank Greyville. Copies of bank statements from 2 January 2007 (statement 5) to 31 March 2008 (statement 10) were provided in response to this subpoena. **G11**

9.222 Mr Victor Fernandes of Victor Fernandes & Co, the auditor who was appointed by Kuboni to provide accounting services in respect of writing up and reconciling the accounting records for the Kuboni and Shezi Trust account for the year ended February 2007 and then for the period March 2007 to July 2007 was interviewed on 11 June 2010. The working paper files prepared by Fernandes & Co in respect of these services were provided to the SAPS. These files contained amongst other documents the following for trust account number 050871994

1) Cheque stubs for cheque numbers 102301 to 102424 inclusive. **G12**
2) Copies of the bank statements with hand written notes which, Jeanne Fick of Fernandes & Co informed me, are details of the trust creditor the receipt of payment relates to. This was subsequently confirmed by Matsau of Kuboni and Shezi who in some instances made these notes. **G13**

9.223 Matsau who is employed in a secretarial position which includes office administration at Kuboni and Shezi, stated the following during an interview on 24 June 2010, subsequently confirmed in an affidavit dated 8 July 2010, conducted by Col Du Plooy and myself: **G14**

1) She took instructions from Kuboni who was the director of the firm until March 2007 and from the new directors being Phindela, Thusi and Blose from April 2007 onwards.
2) Kuboni was responsible for Salamax as a client until he left the firm. He would have generally instructed her on this file. She became aware that Salamax is the client file for Mr S Shabalala. Mrs Shabalala would phone and asked that Thusi issue trust cheques, or be reminded to issue trust cheques, on behalf of **G14/3**

Salamax. She personally spoke to Mrs Shabalala on occasions regarding this.

3) She wrote client reference numbers on the bank statements for the trust account on the instruction of the directors. A reference number was allocated to clients and it will indicate which clients must be debited or credited. During March 2007 Kuboni was the only Director and he would give her such instructions. **G14/4**

4) She wrote the handwritten reference "01/S150/07 Salamax" on the Kuboni's trust account bank statement next to the transfer of an amount of R200 00,00 on 16 March 2007. **G14/4** **G14/30**

5) Reference no. TRF181/07 was incorrectly written next to the R100 000, 00 on 23 March 2007 as that reference number belongs to a client named Nokutula Rosemary Dlamini. This R100 000,00 was a payment on behalf of Salamax. **G14/4** **G14/30**

6) Based on her knowledge of the handwriting of Kuboni and the current directors (Phindela, Blose and Thusi) the cheques stubs for the following cheques were either prepared by her or the director whose name is recorded next to the cheque number in the table below: **G14/3**

Cheque no.	Author	
102310	PHINDELA	G14/14
102321	PHINDELA	G14/16
102326	MATSAU	G14/17
102327	MATSAU	G14/18
102328	MATSAU	G14/18
102329	MATSAU	G14/19
102330	MATSAU	G14/19
102331	MATSAU	G14/20
102343	THUSI	G14/21
102353	PHINDELA	G14/26
102356	PHINDELA	G14/27

9.224 Salamax 1608 (Pty) Ltd with registration number 2006/024729/07 was registered on 10 August 2006. The current status is recorded as in the process of deregistration. Shabalala is currently recorded as a non-active principal. He was appointed as a director on 11 August 2006 (date of registration) and resigned on what I interpret to be 13 May 2008. Shabalala was a director of this entity during the entire period (19 **B6**

February 2007 to 2 August 2007) the payments were made by Kuboni, Phindela, Blose and Thusi to disburse the R1 053 000 received from Intaka.

9.225 Based on the aforementioned records relating to the Kuboni and Shezi Trust Account I have prepared a detailed analysis of the Trust Creditor known as "Salamax" with reference "S150/06". This analysis details the following: **G15**

1) Bank Statement Date.
2) Cheque Date.
3) Cheque number.
4) Cheque Signatories.
5) Payee.
6) Amount.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Kuboni & Shezi Attorneys Trust Account - Standard Bank a/c No 050871994

Trust Creditor : Salamax 01/S150

Payment Number	Bank Statement Date	Cheque Date	Cheque No	Cheque Signatory 1	Cheque Signatory 2	Payee	Debit	Credit	Cumulative Balance
	01-Feb-07					Opening Balance			0.00
1	20-Feb-07	19-Feb-07	102237	Kuboni		Variquip CC	80,000.00		80,000.00
2	20-Feb-07	19-Feb-07	102241	Kuboni		Trimbourne Agencies	30,000.00		110,000.00
3	21-Feb-07	19-Feb-07	102238	Kuboni		Farmers Agricare	80,000.00		190,000.00
4	21-Feb-07	19-Feb-07	102239	Kuboni		Yara SA (Pty) Ltd	38,209.23		228,209.23
5	22-Feb-07	19-Feb-07	102236	Kuboni		Bell Equipment	72,586.50		300,795.73
	12-Mar-07		EFT			Trf - Intaka Investments		(1,053,000.00)	(752,204.27)
6	16-Mar-07		EFT			Blue Serenity	200,000.00		(552,204.27)
7	23-Mar-07		EFT			Blue Serenity	100,000.00		(452,204.27)
8	13-Apr-07	11-Apr-07	102294	Kuboni		Variquip CC	33,047.96		(419,156.31)
9	13-Apr-07	11-Apr-07	102293	Kuboni		ER Browne Inc	113,471.33		(305,684.98)
10	26-Apr-07	24-Apr-07	102302	Kuboni		Trimborn Agency CC	33,745.50		(271,939.48)
11	10-May-07	10-May-07	102310	Kuboni		Bell Equipment	16,862.66		(255,076.82)
12	25-May-07	23-May-07	102321	Kuboni		Yara SA	109,758.61		(145,318.21)
13	06-Jun-07	30-May-07	102326	Phindela	Thusi	Bell Equipment	14,526.34		(130,791.87)
14	06-Jun-07	30-May-07	102330	Phindela	Thusi	Natal Arial Spray	7,292.40		(123,499.47)
15	06-Jun-07	30-May-07	102331	Phindela	Thusi	UCL	10,506.30		(112,993.17)
16	06-Jun-07	30-May-07	102327	Phindela	Thusi	Variquip CC	7,714.44		(105,278.73)
17	06-Jun-07	30-May-07	102329	Phindela	Thusi	Gap Chemicals	5,768.40		(99,510.33)
18	07-Jun-07	30-May-07	102328	Phindela	Thusi	Community Watch	10,136.88		(89,373.45)
19	11-Jul-07	09-Jul-07	102345	Thusi	Blose	Variquip CC	9,553.09		(79,820.36)
20	11-Jul-07	10-Jul-07	102351	Thusi	Blose	Martin's Plumbing	3,398.00		(76,422.36)
21	11-Jul-07	10-Jul-07	102350	Thusi	Blose	Yara SA	3,555.00		(72,867.36)
22	11-Jul-07	10-Jul-07	102348	Thusi	Blose	UCL	6,093.99		(66,773.37)
23	11-Jul-07	10-Jul-09	102349	Thusi	Blose	Electro Technical Agencies	2,017.00		(64,756.37)
24	11-Jul-07	09-Jul-07	102343	Thusi	Blose	Bell Equipment	4,000.00		(60,756.37)
25	18-Jul-07	18-Jul-07	102356	Thusi	Phindela	Community Watch	5,068.44		(55,687.93)
26	20-Jul-07	10-Jul-07	102352	Thusi	Blose	Umgeni Water	2,370.47		(53,317.46)
27	02-Aug-07	02-Aug-07	102363	Thusi	Phindela	Community Watch	5,068.44		(48,249.02)
28	02-Aug-07	02-Aug-07	102361	Thusi	Phindela	Trimborn Agency	37,314.00		(10,935.02)
29	21-Aug-07	02-Aug-07	102362	Thusi	Phindela	Electro Technical Agencies	14,140.00		3,204.98
							1,056,204.98	**(1,053,000.00)**	

PricewaterhouseCoopers

References in the margin refer to appendix numbers

RR4-TSW-1199

9.226 It is evident from the above table that the respective directors of Kuboni and Shezi Attorneys were responsible, as sole signatory or joint cheque signatory, for the following number of payments:

Directors	No of payments	Amount (R)
Kuboni	12	907,681.79
Thusi	17	148,523.19
Phindela	10	117,535.64
Blose	7	30,987.55

9.227 The Kuboni and Shezi trust account reflects a credit transfer from Intaka Investments on 12 March 2007 in the amount of R1,053,000. This is a week after Intaka received payment from the Department of LG & TA in the amount of R44,563,636.40 on 5 March 2007. **G8/11** **D33/3**

9.228 Prior to the R1 053 000 being received on 12 March 2007, 5 payments were made from the Kuboni and Shezi Trust Account on behalf of Salamax. The details of the 5 cheques are as follows:

Cheque No	Payee	Amount (R)	
102236	Bell Equipment	72 586.50	G9/5
102237	Variquip CC	80 000.00	G9/1
102238	Farmers Agri-care	80 000.00	G9/3
102239	Yara SA (Pty) Ltd	38 209.23	G9/4
102241	Trimbourne Agencies	30 000.00	G9/2
	TOTAL	**300 795.73**	

9.229 The abovementioned cheques were dated 19 February 2007 and were negotiated by the various recipients on 20, 21 and 22 February 2007 which was more than 2 weeks prior to the R1 053 000 being received from Intaka. The effect is that Kuboni used other trust creditor's funds to make payments on behalf of Salamax before any money had been received on behalf of this client. **G9/1-5** **G8/7**

9.230 The signature on the 5 cheques referred to above appears to be that of Kuboni, based on the fact that he was the only authorised signatory on the account at the time and the similarities between these signatures and his signature on the signing arrangements form. G7/1 G9/1-5

9.231 All these 5 payments, as were the other 24 payments that were made to disburse the balance of the R1 053 000 when it was received, were for the benefit of entities in which Shabalala and or his wife Beatrice Shabalala had an interest or was a director.

9.232 The entities to which the 29 payments were made to disburse the R1 053 000 (in fact R 1 056 204.98 was paid out being R3 204.98 more than was received by Kuboni and Shezi Attorneys) can be summarised as follows: G15

9.233 Blue Serenity Investments

Date	Cheque No	Amount (R)
16 Mar 07	EFT	200 000.00
23 Mar 07	EFT	100 000.00
	TOTAL	300 000.00

G8/12
G8/13

9.234 The SAPS subpoenaed Blue Serenity Investments cheque account number 4067797521 held at ABSA Bank, Victoria Road, Pietermaritzburg. The following documents were provided in response to this subpoena:

1) Signing Instruction printout with signatories for the said account. Both Shabalala and Beatrice Shabalala are signatories for the said account. It appears from the signature cards that they have each signed erroneously next to the name of the co-signatory of the account. G18/1-2
2) Copies of bank statements from 5 March 2007 (statement 1) to 5 November 2010 (statement 43). The bank statements consist of 2 lever arch files and hence all have not been attached to this report. These are available if

required. I enclose herewith copies of bank statement 1 which are relevant to the payments I referred to herein above. **G18/3-9**

9.235 The Blue Serenity Investments bank statement reflecting ACB credit transfer in the amount of R200,000 on 16 March 2007. The bank statement reflects the name "Kuboni and Shezi Atto". The bank statement reflecting ACB credit transfer in the amount of R100,000 on 23 March 2007 and reflects the name "Kuboni and". **G18/3** **G18/6**

9.236 The Blue Serenity Investments cheque account was opened on 5 March 2007 and received the aforementioned two payments totalling R300,000 from the Kuboni and Shezi Trust account within two weeks of the account being opened. In addition to the above the Blue Serenity Investments bank statement does not reflect other large deposits during this first month apart from small deposits and reflects limited activity. The balance on the account at 31 March 2007 was R194,713.13

9.237 <u>Variquip CC</u>

Date	Cheque No	Amount (R)	
19 Feb 07	102237	80 000.00	G9/1
11 Apr 07	102294	33 047.96	G9/6
30 May 07	102327	7 714.44	G9/13
09 Jul 07	102345	9 553.09	G9/16
	TOTAL	**130 315.49**	

9.238 Geoff Braithwaite (**"Braithwaite"**), who is a member Variquip stated in an affidavit that Variquip had issued various invoices to the Othandweni Family Trust for tractor spares and equipment and had received the above four payments for some of these invoices. He provided copies of the four receipts Veriquip issued for the above payments which were made by Kuboni and Shezi: **G16**

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Date	Receipt No	Amount (R)	
20 Feb 07	40891	80 000.00	G16/4
16 Apr 07	41537	33 047.96	G16/35
07 Jun 07	42168	7 714.44	G16/53
12 Jul 07	42614	9 553.09	G16/62
	TOTAL	**130 315.49**	

9.239 Based on a review of the invoices provided by Braithwaite it is clearly evident that Variquip had supplied various tractor spares to the Othandweni Family Trust. While the invoices are made out to Othandweni Family Trust the credit application form records the Trading Name as "DSD Shabalala T/A Othandweni Farm" and the Individual as Dumisani Sipho Derrick Shabalala whose occupation is Civil Servant. This application form was completed on 17 October 2006 by Ntombi Shabalala who has a signature which is similar to that of Beatrice Shabalala, whose full names are Beatrice Otrina Ntombeuhle Shabalala. G16/77 G16/78

9.240 Yara SA (Pty) Ltd

Date	Cheque No	Amount (R)	
19 Feb 07	102239	38 209.23	G9/4
23 May 07	102321	109 758.61	G9/8
10 Jul 07	102350	3 555.00	G9/18
	TOTAL	**151 522.84**	

9.241 Jurgen Smith ("**Smith**"), the Cost and Financial Controller at Yara South Africa (Pty) Ltd stated in an affidavit that Yara had issued various invoices to Blue Serenity Investments for products delivered to them and received the following three payments for some of these invoices. He provided statements recording the three receipts Yara issued for the above payments which were made by Kuboni and Shezi: G17

Date	Amount (R)	
22 Feb 07	38 209.23	G17/3
28 May 07	109 758.61	G17/9
13 Jul 07	3 555.00	G17/16
TOTAL	**151 522.84**	

9.242 Based on a review of the invoices provided by Smith it is clearly evident that Variquip had supplied fertilizer to Blue Serenity Investments. The invoices are made out to Blue Serenity Investments. The credit facility application form was completed on 30 November 2004 by Ntombenhle Shabalala, as a director. The signature is similar to that of Beatrice Shabalala. The application form records the directors as BON Shabalala and DSD Shabalala. G17/21 G17/19

9.243 Bell Equipment

Date	Cheque No	Amount (R)	
19 Feb 07	102236	72 586.50	G9/5
10 May 07	102310	16 862.66	G9/7
30 May 07	102326	14 526.34	G9/10
09 Jul 07	102343	4 000.00	G9/22
	TOTAL	**107 975.50**	

9.244 Jacquie Taylor ("**Taylor**"), the Credit Controller at Bell Equipment, Pietermaritzburg stated in an affidavit that Bell Equipment had issued various invoices to Othandweni Farm for products delivered to them and received the following three payments for some of these invoices. She provided copies of the said invoices. G19

Date	Cheque No	Amount (R)
19 Feb 07	102236	72 586.50
10 May 07	102310	16 862.66
30 May 07	102326	14 526.34
	TOTAL	**103,975.50**

9.245 Based on a review of the invoices provided by Taylor it is clearly evident that Bell Equipment had supplied various spare parts and services to Othandweni Farm. **G19/9-19**
While the invoices are made out to Othandweni Farm the Application for Credit Facilities form records the Registered Name of Applicant as "Dumisane Derrick Sipho Shabalala" and the Contact Person for the Account as "Ntombi Shabalala". This application form was completed and signed by "Ntombenhle Shabalala on 11 August 2005 and stated her Capacity of Signatory as "Farm Manager". Shabalala signed the application form as surety and co-principal debtor with the purchaser. **G19/5** **G19/7**

9.246 Trimbourne Agencies

Date	Cheque No	Amount (R)	
19 Feb 07	102241	30 000.00	G9/2
24 Apr 07	102302	33 745.50	G9/30
02 Aug 07	102361	37 314.00	G9/26
	TOTAL	**101 059.50**	

9.247 Community Watch

Date	Cheque No	Amount (R)	
30 May 07	102328	10 136.88	G9/15
18 Jul 07	102356	5 068.44	G9/23
02 Aug 07	102363	5 068.44	G9/25
	TOTAL	**20 273.76**	

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9.248 Electro Technical Agencies

Date	Cheque No	Amount (R)	
10 Jul 07	102349	2 017.00	G9/21
02 Aug 07	102362	14 140.00	G9/27
	TOTAL	**16 157.00**	

9.249 UCL

Date	Cheque No	Amount (R)	
30 May 07	102331	10 506.30	G9/12
10 Jul 07	102348	6 093.99	G9/20
	TOTAL	**16 600.29**	

9.250 Farmers Agri-care

Date	Cheque No	Amount (R)	
19 Feb 07	102238	80 000.00	G9/3

9.251 Alistair van der Avoort ("**van der Avoort**"), the Financial Manager at Farmers Agri-care (Pty) Ltd stated in an affidavit that Farmers Agri-care had issued various invoices to "Shabalala Othandweni" for products delivered to them during the period 15 September 2006 to 10 August 2007 and received payment in the amount of R80,000 on 19 February 2007 for these invoices issued. He provided copies of the said invoices issued. G20 G20/10-27

9.252 Based on a review of the invoices provided by van der Avoort it is clearly evident that Farmers Agri-care had supplied various chemicals to Shabalala Othandweni. While the invoices are made out to Shabalala Othandweni the Credit Application Form records the entity as "Blue Serenity Investments". The form was completed and dated 9 September 2004 and the signature of the customer appears to be that of Beatrice Shabalala. Attached to the Credit Application form is a letter from Beatrice Shabalala to Farmers Agri-care marked for the attention of the Accounts Department G20/10-27 G20/5 G20/8

dated 22 July 2008. The letter reads that "Othandweni Farm or DSD Shabalala is now trading as Othandweni Family Trust" and requested that all future invoices be made out in the name of the trust.

9.253 One payment was made to each of the following entities:

Date	Cheque No	Payee	Amount (R)	
13 Apr 07	102293	ER Browne Inc	113 471.33	G9/28
30 May 07	102330	Natal Arial Spray	7 292.40	G9/11
30 May 07	102329	Gap Chemicals	5 768.40	G9/14
10 Jul 07	102351	Martin's Plumbing	3 398.00	G9/17
10 Jul 07	102352	Umgeni Water	2 370.47	G9/24
	TOTAL		132 300.60	

9.254 I have not identified any payment made to the ANC out of the R1 053 000 as Savoi alleged the R1,053,000 was a donation to the party. Savoi also alleged that Shabalala was the person who raised the issue of "a donation to the party". The documents maintained by Kuboni and Shezi that record how the R1 053 000 received from Intaka was disbursed reflect that the money was in fact used for Shabalala's personal benefit in that it was either transferred to Blue Serenity an entity he jointly owns with his wife Beatrice Shabalala or to pay expenses of this entity or the Shabalala family expenses. H7

9.255 The R1 053 000 was recorded in Kuboni and Shezi trust account records as being for the benefit of Salamax, an attempt by Kuboni to disguise for whose benefit the money was really being held. It is however clearly evident from the disbursements made by Kuboni, Phindela, Blose and Thusi from the R1 053 000 that it was for Shabalala and Beatrice Shabalala and had nothing to do with the ANC.

9.256 Beatrice Shabalala, as Shabalala's business partner, knew or ought to have known

the source of the R1 053 000, that it was illegally obtained and that she was helping launder these funds and was directly benefiting as a result thereof.

9.257 Wills submitted a letter dated 2 February 2010 to Adv W O'Brien, Deputy Director of Public Prosecutions. This letter titled "Investigation Re Durban Central CAS 1538/01/09" is written on behalf of his client the ANC after consulting with Mabuyakhulu who is a senior member of the ANC and the Provincial Treasurer at the time. H1

9.258 It is evident from this letter that Mabuyakhulu confirms:

i. He was the Treasurer of the ANC in KZN at all material times;
ii. Having received R1 million (and not the full R1 053 000 as originally paid to Kuboni and Shezi by Intaka);
iii. The R1 million was received in cash and verified to be R1 million;
iv. The R1 million was used for various purposes related to the KZN ANC Provincial Conference which took place between 20 – 22 June 2008 (and must therefore have been received prior to this date);
v. His stance and that of the ANC is that under no circumstances does the ANC wish to compromise its donors and / or its operations by disclosing information concerning same (assumed to refer specifically to the donors names and that is the reason why details of the donor are not included in this letter);
vi. The R1 million donation was recorded in the Treasurer's report to the conference and included in the globular amount of R7 227 707 listed as donations in the income statement (assumed to refer to the year ended 29 February 2009).

9.259 At the time of writing this letter Wills should have been fully aware, as was Mabuyakhulu, that the R1 million originated from Intaka an entity that had done

business with the Department of LG & TA of which Mabuyakulu was the MEC at the time. In this position he signed various documents which referred to Intaka and the reasons why they should be appointed to supply the water purification plants.

9.260 In fact some 10 months prior to this on 4 May 2009 Delani Mzila (**Mzila**), who Wills refers to in his letter dated 2 February 2010, signed an affidavit which he later says was drafted by the ANC's attorneys Ngubane Wills Inc. In this affidavit Mzila states amongst other things the following: **H2**

i. He is the finance manager for the ANC in KZN and was appointed in September 2006;
ii. Confirms receipt of the donation of R1 million from a donor, who he was advised was Dr Savoi;
iii. Shabalala "*advised the organisation that such a donation had been made, and, when the money was requested, Mr Shabalala brought the money to our offices in cash*";
iv. Aware that the money was used to pay for items related to the provincial congress held in August 2008.

9.261 Mzila however signed a further affidavit dated 30 August 2010 wherein he stated the following which is significant: **H3**

i. "As a financial manager my duties and responsibilities involved Financial Management and Bookkeeping;
ii. When we receive donations we follow ANC internal processes;
iii. A while after the conference I was approached by former Provincial Treasurer Mr Micheal Mabuyakhulu. He asked whether I had noticed that certain items of the budget for the conference have not been paid for by the ANC Provincial Treasurer's office and further informed me that these items had been paid for by donations money;
iv. A few weeks later late I received a call from Miss S Ngubane Wills Incorporated advising me that there is a matter under investigation by South

African Police Services Commercial Crime relating to donations received by the ANC KZN. She further advised that she is acting for ANC KZN in the matter and she asked me to sign an affidavit that she prepared giving the circumstances of the donation;

v. *In my discussions with the Provincial Treasurer Mabuyakhulu, no amount or names were mentioned, save for saying items were paid for from money received in the form of donation. I have no knowledge of the donation;*

vi. *I have been under the impression that the lawyer investigated this matter and that she verified all the details provided in the affidavit. I therefore became aware of the amounts and persons involved through the prepared affidavit".*

9.262 The financial statements of the ANC KZN province for the year ended 31 March 2009, a copy of which was provided to the SAPS by Wills and extracts of which are attached to this report, contain the following accounting policy for income:

"Income comprises councillors' levies, regional fees, donations, grants, rent and interest and is accounted for on a cash basis." **H4/4**

9.263 The qualified report of the independent auditors, Manase & associates, includes the following:

"In common with similar organisations, it is not feasible for organisations to institute accounting controls over cash collections from donations prior to the initial entry for collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded. **H4/3**

Except for the effects of any adjustments which might have been necessary had it been possible for us to extend our examination of cash collections from donations, in our opinion, the financial statements fairly present the financial position of the African National Congress KwaZulu-Natal Province at 31 March 2009 and the results of its

operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice."

9.264 To date I have not received a copy of a receipt issued by the ANC when it allegedly received the R1 million. This is despite it being requested by SAPS. Mabuyakhulu has however stated that no receipt was issued and Savoi states in his affidavit as follows:

"I have no knowledge of what happened to this money once it had been paid to the attorneys and do not know whether the party in fact received it – I have had no acknowledgement of this." **B1/9**

9.265 It is also evident from the Intaka auditor's working papers that they never saw any proof that the ANC received the donation.

9.266 Mabuyakhulu in an affidavit dated 19 October 2010 states that during his tenure as Provincial Treasurer of the ANC he was, inter alia, responsible for fund raising for the ANC. During 2005 he made a call to the ANC leadership and members to fundraise on behalf of the ANC. The funds were required for the ANC's day to day administration and for the ANC Provincial Conference which was to take place in June 2008. Shabalala was one of those who undertook to raise funds on behalf of the ANC and approximately two months (which would have been in April/May 2008) prior to the conference he informed Mabuyakhulu that he had fundraised and wished to pay the funds to the ANC. Shabalala handed him R1 million in cash, to the best of his recollection on 11 June 2008, when he was still the ANC Provincial Treasurer and that no receipt was issued therefore. **H5**

9.267 He goes on to say in his affidavit that it is not the ANC's policy to disclose where private donations are received from nor is it policy to disclose how the funds are spent or disbursed. He does however say that the funds were used by him to defray

expenses arising from the then upcoming June 2008 conference and that the funds were used by him in his capacity as Provincial Treasurer at the time.

9.268 He states that a new Provincial Treasurer was elected in June 2008 and he has was not responsible for the manner in which the R1 million donation was treated in the next financial statements and cannot specifically say if the donation was included in the R7 227 707 listed as donations in the annual financial statements for the year ended 29 February 2009 or if it was included in the Treasurer's report to the Provincial Council. This contradicts what Wills stated in his letter dated 2 February 2010 after consulting with Mabuyakhulu "*...save to say that the particular donation was included in the report to the conference in the Treasurer's report. Specifically it was included in the globular amount of R7 227 707 listed as donation in the income statement.*" **H1/2**

9.269 If the ANC had followed its own internal processes, as set out by Mzila and in the financial statements, and the R1 million donation was received by the ANC, a receipt would have been issued and the donation of R1 million would have been accounted for in the records of the ANC. The fact that the donation was made by Intaka is well known and it would not have compromised the ANC's donors or their operations if the evidence of the receipt was provided.

9.270 The fact that no evidence of the alleged receipt, apart from representations made on behalf of and by Mabuyakhulu or by Mzila on Mabuyakhulu attorney's instruction, has been made available for review can only be because the money was never received by the ANC or if it was Mabuyakhulu kept it outside the accounting system and mislead the ANC members and auditors in this regard. I can see no reason from an accounting perspective for the donation to be kept out of the ANC's accounting records unless it was not received or there was a reason to hide the source of these funds even although they had already been laundered through Kuboni and Shezi's Trust Account and Shabalala and Beatrice Shabalala's business entities. **H7**

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9.271 No explanation has been provided by Mabuyakhulu as to why it took some 14 months from the date Intaka paid the donation to Kuboni and Shezi for the donation to allegedly be received by the ANC or what happened to the interest earned on this money during the 14 months or what happened to the R53,000, being the difference between the R1,053,000 paid by Intaka and the R1 million allegedly received by the ANC .

9.272 If the money was received by the ANC, and was accounted for, it had to have been received after 1 April 2008 (as donations of only R334 640 was received in the year ended 31 March 2008) and before 20 June 2008 (the date of the KZN provincial Conference for which the funds were allegedly used). Mabuyakhulu has stated that it was received on about 11 June 2008. **H4/5**

9.273 Based on the explanation provided by Mzila regarding the discussion he had with Mabuyakhulu, a while after the provincial conference, about the donations used to fund certain expenses it is evident that the issue of the receipt of this donation of R1 million and the creation of an explanation for the non accounting therefore was only started after Margaret Kruger ("**Kruger**") made enquiries in May 2008, and that Mabuyakhulu has played a significant role in assisting Shabalala with creating a scenario, no matter how improbable based on the documents, to support Savoi's explanation that the donation was to the ANC. **H6**

Summary of Findings

9.274 Detailed below is a summary of significant findings from the investigation conducted into the procurement of Water Purification Plants by the Department of LG & TA:

1) In terms of Savoi's affidavit he arranged a fact finding visit to South America for a delegation from KZN to view the self- generating oxygen and water purification plants, that took place from 20- 23 March 2004, and included Shabalala. Upon **B1**

return to South Africa the KZN delegation indicated it was interested in both products, the key persons in the process of further discussions being Shabalala and Professor Green Thompson (HOD KZN Department of Health at the time).

2) An entity known Skyros Medical Supplies (Pty) Ltd, registration number 2004/010238/07 was registered on 20/04/2004, the Active Principals are Gaston Savoi id 521226 0000 000 and Beatrice Ntombenhle Otrina Shabalala id 690119 0332 083, both appointed on 20/04/2004. The latter is the wife of Sipho Shabalala. **B4**

3) An entity known as Blue Serenity Investments (Pty) Ltd trading as City Royal Hotel with registration number 2003/031649/07 was registered on 17 March 2003. The current Active Principals are: **B5**
   i. Dumisani Sipho Derrick Shabalala id 651019 5396 082 of 11 Bonanza Road, Pietermaritzburg appointed on 9 January 2004; and
   ii. Beatrice Octrina Ntombenhle Shabalala id 690119 0332 083 of 11 Bonanza Road, Pietermaritzburg, appointed on 9 January 2004.

4) An entity known Salamax 1608 (Pty) Ltd with registration number 2006/024729/07 was registered on 11 August 2006. The current status is recorded as "deregistration process" .Dumisani Sipho Derrick Shabalala id 651019 5396 082 of Othandweni Farm, Greytown Road, Pietermaritzburg is recorded as a non- active principal. He was appointed on 11 August 2006 (date of registration); and resigned on what I interpret to be 13 May 2008. **B6**

5) On 9 May 2005 Shabalala sent a memo to Dr Mkhize titled "Proposal to Supply Gas Generating Equipment and Water Purification to the Province." As far as the Water Purification plants are concerned Shabalala recommended that an amount of R22 million be allocated from the Poverty Alleviation fund (22 units at a cost of R1 million each) to provide water generating equipment to all the municipal districts. **D1/1-3**

6) On 27 June 2005 Intaka sent a letter titled "Wataka Transportable Water Purification Plant" to Shabalala, Provincial Treasury signed by Savoi. He quoted an amount of R1,935,720 for the supply of one (1) x Wataka 50, Transportable **D1A**

Water Purification Plant. The amount included VAT and Freight to Greytown.

7) On 7 July 2005 Intaka sent a letter titled "Request for Proposals on Wataka Equipment" to Shabalala, Provincial Treasury signed by Savoi. He provided an introduction and listed the advantages of the Wataka. On page 6 Intaka quoted an amount of R1,965,000 ex works Cape Town excluding VAT for the supply of twenty two (22) x Wataka 50's. The said price included a generator and raw water pump, but excluded freight, civil works (if requested) and chemical process, the latter being included in the operating cost of R0.0006 per litre. Thus, the price had increased within a period of ten days and it also excluded transportation costs previously included. The delivery period was split over a period of 90 days from date of order, provided all 22 units were ordered simultaneously. The price was valid until 15 December 2005.There is no indication as to sites where the plants would be commissioned and the costs involved in transportation/delivery and the civil works. **D2**

8) There is no evidence of any involvement or reference to the KZN Department of LG & TA, the Departments Supply Chain Management Component or Infrastructure Development Component; that they had requested a quotation for 22 water purification plants and that they had provided specifications for the plants. There is no evidence that any other potential supplier was requested to provide a quotation. Intaka concluded in their quotation dated 7 July 2005 as follows: "*My approach to introducing this facility in South Africa is not merely of equipment sales but goes further to investing towards creation of a manufacturing base in South Africa, and particularly on the Province of KwaZulu-Natal as I believe this is the best base to do so. As a foreign investor, I have great belief in South Africa and it's potential and I believe by investing in this manufacturing facility it could play a significant role in respect of job creation and social development in this country*". **D2/7**

9) On 11 July 2005 Shabalala sent a further memo to Dr Mkhize titled "Allocation of R43 million towards water purification and processing plants in District Municipalities." This memo states that specific costing details have been obtained **D2A/1-2**

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and that 22 units will cost R43.23 million. No explanation is given as to why the cost has increased from R22 million (memo dated 9 May 2005) to R43.23 million. The memo states that the poverty alleviation fund caters for funding this type of infrastructure and he requests the Minister to approve that an amount of R43 million be allocated to the Department of Economic Development.

10) On 15 July 2005, being a week after Shabalala had received the 2nd quotation from Intaka and 4 days after Shabalala's memo to Dr Mkhize, the MEC of Finance and Economic Development sent a letter to the MEC of LG & TA requesting he consider the establishment of an inter- departmental team to consider the purchase of water purification plants in district municipalities to be funded from the Poverty Alleviation Fund. This was forwarded to Gumbi- Masilela on 26 July 2005 by the Office of the MEC for LG & TA. **D3/2-3** **D3/1**

11) On 31 August 2005 Shabalala sent a letter to Gumbi- Masilela and referred to the letter of the 15 July 2005 as discussed above. He included the fact that as they were approaching mid- year in the financial year, there is considerable urgency to allocate and expend the funds in question, otherwise they would be left with unspent funds at the financial year- end. He further requested a meeting between himself, Gumbi- Masilela and Pupuma of Economic Development be set up in the next 2 weeks, to finalise a recommendation to the MEC's on how the project should proceed. **D4**

12) An Inter- Departmental Task Team was then formed headed by the late Dorning of Provincial Treasury. They conducted 3 meetings on 26 September 2005, 3 October 2005 and 7 October 2005. A number of significant issues were raised including the necessity to perform a comprehensive needs analysis and consideration for the purchase of the water purification plants to be sent out to tender. The Department of Water Affairs was requested to attend the meeting of 7 October 2005. Badenhorst of the said Department raised a number of technical aspects for consideration. The meeting concluded that a proposed document tabled by Dorning outlining the process of implementation, once finalised and amended would be submitted to the relevant signatories. The meeting was held **D5A-C**

on Friday 7 October 2005. It was evident significant work still needed to be done.

13) A number of Department of LG & TA officials including Maduna, Evetts and Povell have stated that it was already a forgone conclusion that Intaka had been awarded the order for the water purification plants and that it was never a consideration that the matter would go out to tender, despite the Task Team discussing same. In addition the project was "dumped" on the Department by Treasury. The documentary evidence reflects Shabalala dealt exclusively with Intaka. **E1,E2,E3**

14) A joint Memo dated 10 October 2005 was then signed by Shabalala, Gumbi-Masilela and Pupuma, this being on the Monday following the meeting of the Task Team on Friday 7 October 2005. I am unable to determine how the document was finalised and the issues raised by the Task Team resolved over the weekend in question, due to the passing of Doming. **D6**

15) A number of deadline dates for completion of various phases was included in the aforementioned joint Memo; Evetts being the Department of LG & TA Project Manager stated that he had no input into these dates and largely they were unreasonable and unachievable. Pupuma stated that this was Shabalala's document as he was the champion of the project. Gumbi- Masilela in a document at a later date 1 September 2006 stated that her Department was not party to the initial negotiations, quotations and budgetary allocations. **E1** **E7** **D21**

16) The added benefit to the Province in respect of the establishment of a manufacturing plant in KZN by Intaka is included in paragraph 4. The phases included obtaining a waiver of tender requirements approval from the CPC, with the assistance of Treasury by the Department of LG & TA, by 15 November 2005. The application for waiver was subsequently made by Gumbi- Masilela on 16 November 2005 to the Chairperson of the CPC. The document detailed the background into the matter, similar to that contained in the joint Memo, however it failed to motivate why Intaka was the only supplier capable of providing the equipment and that the urgency of the matter was of such a nature that the calling for tender requirements needed to be waived. **D6/2** **D6/3** **D8/1-4**

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17) The CPC approved the waiver by way of a "round robin". Shabalala was the Chairperson of the CPC; he supported an application that he had been party to: he had obtained the quotations from Intaka; he was the person liaising with Intaka; he had compiled the joint Memo and signed as Head Provincial Treasury; and was the driver and champion of the project. The following members of the CPC commented and provided explanations when interviewed: **D8/5-11** **D8/6**

i. Carol Coetzee commented that "*more info on how the particular supplier was selected would be useful*". She stated that she made this comment as the application fell short of this and this would have been useful as it would have revealed whether other quotations had been obtained or whether Intaka were sole suppliers of the water purification plants. She added that there is a requirement that regardless of the waiver, it is the responsibility of the Applicant Department to ensure that they are receiving value for money. In the event that the supplier is a "sole supplier" the application would then have to be sufficiently motivated. In this instance Intaka would not appear to be a sole supplier. **D8/8** **E9**

ii. Hermann Conradie commented that "*I have no problem with the waiver as an urgent case but the market should have been tested*". He stated that this was not a waiver for the applicant to disregard testing the market; it was still a requirement that the Department should have determined before engaging Intaka that they were receiving value for money. It was evident that the Department had already decided that Intaka would be awarded the order. He added that his comments were made to ensure this had been complied with, as a member of the CPC he would assume that it had been done. He further also believed that a needs analysis had been done by the Department and that suitable sites had been identified in the communities where these water purification plants were to be used. **D8/9** **E10**

iii. L Moloi commented that "*Information provided not entirely satisfactory, however the need and desirability for the project implementation is admissible*". I have not interviewed Moloi as I am unaware of his current **D8/10**

whereabouts. I concur with his comments that the information provided is incomplete particularly on how Intaka was selected and where specifically the plants were to be installed and commissioned, that required the matter to be treated as urgent.

18) The decision of the CPC was ratified at their meeting of 2 February 2006, where concerns were expressed that the market price should have been tested. This was questioned by Gumbi- Masilela in her letter to Shabalala dated 3 February 2006. Shabalala did not reply personally, but Dorning on behalf of Shabalala replied in his letter dated 13 February 2006, after SA Mhlangu of SCM Provincial Treasury provided Dorning with an explanation on his interpretation of whether the market price should be tested. Dorning's reply was: "*It is clear that the CPC's reference to "the market price should be tested" was only meant to refer to the ideal situation, which would apply in normal circumstances where time is not an issue and where waiver of tender is not required*". As previously stated Dorning is now deceased and SA Mhlangu has left Provincial Treasury and his whereabouts are unknown. Coetzee stated in her affidavit that neither Mhlangu nor Dorning were members of the CPC and as such were not authorised to comment on how the CPC would have responded to the request for clarification by Gumbi-Masilela. Mhlangu was as a member of SCM entitled to sit in on the meetings of the CPC, but was not a member. The minutes of 2 February 2006 reflects he was not present at the said meeting representing the Procurement Office. **D11/1-17** **D11/18-19** **E9** **D11/1**

19) The commitment by Intaka to establish a manufacturing plant in KZN was addressed by Dorning in his letter to Pupuma dated 16 February 2006. **D13**

20) The issue of VAT not being included in the R43million approved by the CPC was addressed by Savoi in his letter to the Department of LG & TA dated 16 March 2006. **D15**

21) Gumbi- Masilela prepared a 2nd application for waiver of tender procedures to the CPC on 1 June 2006, for an additional amount of R1,563,636.40, being the VAT on the purchase of 20 plants and no longer 22 plants. This was approved by the CPC chaired by Shabalala on 2 June 2006. The CPC also requested the **D16** **D17**

Department of LG and TA to pursue Intaka's commitment for the establishment of a manufacturing facility in KZN. The said request of the CPC was repeated in Coetzee' s letter to the Department of LG & TA dated 5 June 2006; the latter did not pursue this as they believed it was the function of the Department of Economic Development in terms of the agreement included in the joint Memo dated 10 October 2005. The said Department did not pursue the establishment of a manufacturing facility in KZN with Intaka. Coetzee confirmed the request of the CPC on 2 June 2006 and her letter dated 5 June 2006, in her affidavit **D18/2**

22) The Department of LG & TA issued order number N 642517 to Intaka in the amount of R44,563,636.40 for 20 water purification plants on 5 June 2006. This followed a Requisition for Supplies no. B126264 issued on 15 March 2006. **C1/1** **C1/2**

23) Intaka informed the Department of LG & TA that the plants were ready in their letter dated 6 June 2006. The first list of where the plants were to be installed was issued by Gumbi- Masilela to Evetts on 4 July 2006. Intaka advised the Department again that the "Watakas model 050" were ready to be collected by the Department in their letter dated 11 July 2006. **D19/1** **D19/2** **D20/1**

24) The issue surrounding the costs involved in transportation, site preparation and plant installation, not previously planned or budgeted for was first addressed by Gumbi- Masilela in her letter to Shabalala, prepared by Evetts dated 1 September 2006. Intaka questioned the status of acquiring additional funds or alternatively supplying 18 plants in their letters to Evetts dated 6 and 11 September 2006 respectively. The application by Gumbi- Masilela to Shabalala did not proceed as the additional funds in the amount of R5,617,919.40 was provided by the Department of LG & TA and approved by Gumbi- Masilela on 11 November 2006. I am not in possession of any documents indicating Shabalala received or replied to the application in question. **D21** **D22** **D24/6**

25) Evetts had also prepared a Submission recommending the cancellation of the existing order with Intaka to accommodate the additional cost of R5,617,919.40 on 10 October 2006. This document appears not to have proceeded beyond Johnson who questioned: **D23** **D23/5**

i. If the plants were to be manufactured in KZN then why were there transport costs;

ii. Is the Department sure that the areas where the plants were to be distributed had raw water sources, pure water storage and reticulation systems in place.

26) Intaka received a further order number N 00755793 in the amount of R5,617,919.40 on 15 November 2006 for "*balance of purchase of 20 Wataka Model 050 Plants (inclusive of VAT) @R2,447,061.79- R2,228,181.82, supply of 20 Lots chemicals (1 month supply).* **C2**

27) A further list of where the plants were to be installed was issued by the Ministry of LG & TA in their letter to Gumbi- Masilela dated 27 November 2006. **D27/2**

28) Evetts prepared a progress report in his Submission to the HOD of 12 December 2006 and included the following in paragraph 5 "*As per the discussions with the Head of Department today, the following is confirmed*": (a) "*as this project is a Ministerial intervention, plants will be installed at the sites as confirmed by the Ministry in their letter of 27 November 2006*" and he adds "*Consensus with the Water Services Authority is not a pre- requisite*". Evetts stated that he recalled having a telephonic discussion with Gumbi- Masilela prior to compiling this Memorandum. She told him somewhat crudely to proceed irrespective of the opinion of the Water Services Authority. Based on this instruction he included it in the Memorandum. Significantly 1 year after the waiver had been authorised by the CPC not 1 of the 20 plants had been delivered and commissioned. **D29/5**

29) Kuhn visited Intaka in Cape Town on 6 February 2007 after being instructed by Gumbi- Masilela to do so and reported that he had been shown 18 completed units as well as 6 units in various stages of construction. This occurred as Intaka were demanding payment for the manufacture of the plants in the amount of R44,563,636.40. Intaka issued their invoice no. 253 dated 6 February 2007 for the "*purchase*" of 20 "Wataka water purification units model 050" in the amount of R2,228,181.82 each, totalling R44,563,636.40. **D31** **C1**

30) An Agreement was entered into between the Department of LG & TA and Intaka **D32**

on 9 February 2007 for the purchase of 20 plants in the amount of R44,563,636.40 and for the preparation of sites for delivery of the plants, and the delivery, installation, and commissioning of the plants in the amount of R5,617,919.40.

31) On 7 March 2007 the Department of LG & TA made payment of R44,563,636.40 for the manufacture of the plants that were in terms of Kuhn's report stored in Cape Town. **D33**

32) There were issues regarding the delivery of the Watakas and from an accounting perspective the Revenue had still not been earned by Intaka for the sale of 12 of the Watakas and it was therefore not recognised in the financial statements as a sale at 28 February 2008, even although the money had been received. It was treated as deferred revenue. This is despite the fact that Dr Savoi had gone to great lengths to convince, and was successful in this regard, the Department of LG & TA that they had "delivered' in terms of the contract and that payment should be made (which it was on 7 March 2007). However the auditors of Intaka were not satisfied that the revenue for this sale had been earned at 28 February 2008 (almost a year later) and therefore it could not be recorded as revenue in the financial statements for the year ended 28 February 2008.

33) On 12 March 2007 Intaka paid Kuboni R1,053,000 allegedly being a donation to the ANC that was requested by Shabalala from Dr Savoi, as detailed in Dr Savoi's affidavit. This followed the presentation of a fictitious Kuboni and Shezi invoice dated 14 February 2007 allegedly for legal services sent under Kuboni covering letter dated 15 February 2007. **G3/3 & G8/11 B1 G1/1&3**

34) The Intaka records, and those of Mazars, detail how the payment to Kuboni was first classified as legal fees, reclassified as consultancy fees and ultimately as a donation. **G2**

35) Olckers did not disclose all the information she had at her disposal regarding the R1 053 000 when she sent her letter to IRBA dated 25 June 2008 and as a result it was possible for the Reportable Irregularity to be cleared by merely reclassifying the payment as a donation and refunding the VAT that had been

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claimed. Had further information been included in the report to IRBA they may have considered it necessary to report this matter to the "appropriate regulator", which in this case is the Director of Public Prosecutions.

36) Solomon received an email from Laubscher on 17 May 2008 which contained a breakdown of budgetted commission to be paid. Included in the commission of R39,353,000 was the R1,053,000 payment to Kuboni and Shezi. **G23/9**

37) Solomon knew that Intaka was paying or was planning to pay significant commissions relating to sales of Watakas and Oxyntakas to government entities. **G23/9**

38) Kuboni and Shezi commenced disbursing the R1,053,000 against their client Salamax, linked to Shabalala and his wife Beatrice Shabalala on 19 February 2007, being after 14 February 2007 the date of their invoice to Intaka, but prior to Kuboni and Shezi receiving the payment on 12 March 2007. This initial disbursement consisted of 5 cheques dated 19 February 2007 amounting to R300,795.73 in favour of various suppliers. These 5 payments and a further 24 payments made by Kuboni and Shezi amounting to R1,056,204.98, which is R3,204.98 more than was received by Kuboni and Shezi from Intaka, were for the benefit of entities in which Shabalala and/or his wife Beatrice Shabalala had an interest or was a director. This included 2 EFT payments to Blue Serenity Investments bank account; Shabalala and Beatrice Shabalala are directors of this entity, amounting to R300,000. **G9/1-5** **G9** **G8/12-13**

39) The various directors and cheque signatories of Kuboni and Shezi, being Kuboni, Phindela, Thusi and Blose were involved in disbursing the R1 053 000 for the benefit of Shabalala and Beautrice Shabalala.

40) I have not identified any payment to the ANC out of the R1,053,000 as Savoi alleged this was a donation to the party. Savoi also alleged that Shabalala was the person who raised the issue of "a donation to the party". Kuboni attempted to disguise the true beneficiary of the money by allocating it to Salamax in the trust account records, whereas the true beneficiaries were Shabalala and his wife, and this had nothing to do with the ANC. **C1**

41) Mabuyakhulu alleged that he received R1 million in cash from Shabalala on **H5**

behalf of the ANC (and not R1,053,000). There is no other evidence that the said money was received by the ANC and I have to date not been provided with a copy of a receipt issued by the ANC confirming receipt of R1 million. Mabuyakhulu has further not provided any explanation as to why it took 14 months from the date Kuboni received the R1,053,000 from the Intaka being 12 March 2007, until 11 June 2008 when Mabuyakhulu alleges he received R1 million from Shabalala. The latter only occurred after Margaret Kruger made her enquiries within the ANC regarding the donation in May 2007 as it was subject to an investigation by the DSO. **H6**

42) AB Projects Consultants cc entered into an Agreement on 13 August 2007 to provide Support to the General Manager: Municipal Infrastructure, effective 25 July 2007, in the amount of R100,000 being the capped amount approved by Gumbi- Masilela. They issued 2 reports; the last being on 3 October 2007. In terms thereof 5 projects had been completed and were functional; 3 projects were classified as work in progress; and 11 projects were in a feasibility stage. This amounts to 19 plants. They concluded their report with "Recommendation and Conclusion" summarised as follows: **E4**

i. 5 plants have been installed at existing water treatment sites;
ii. In rolling out the programme, there has been an oversight in that additional infrastructure requirements for a fully functional water treatment plant were omitted, including power, abstraction systems, storage reservoirs and reticulation networks;
iii. It was recommended that the Department approve a further R7,075 million for capital works to complete a further 9 water treatment plants;
iv. The remaining 4 units in Umkhanyakude will require more time to investigate and find alternative water sources and has not been included in the above budget.

43) Intaka subsequently issued 2 invoices to the Department for payment in respect of the installation and commissioning (and I assume transportation) of 8 plants on 16 August 2007 and 6 November 2007. Hence, as at 6 November 2007 8 plants **C3-C4**

had been delivered and commissioned.

44) Johnson questioned the terms and conditions of the agreement between the 2 parties in his letter to Intaka dated 6 February 2008, including the question of the purchase of the 20 plants being conditional upon the establishment of a manufacturing plant in KZN. Various correspondence between Johnson and Intaka and Johnson and Provincial Treasury followed during the period 19 February 2008 and 6 May 2008. Johnson concluded that the matter was closed based on the fact that the price quoted by Intaka was ex- works Cape Town and hence it is clear the plants were to be manufactured in Cape Town. He was unaware of what transpired in 2005 with Trade and Investment KZN and was not part of any discussions with Intaka and/or Trade and Investment KZN. Johnson had requested a reply from Shabalala in his correspondence with Provincial Treasury as he was a signatory to the joint Memo, however the latter delegated the query from Johnson to Mvelase. **D34** **D35-D38** **D35** **D6**

45) The quotation submitted by Intaka to Shabalala dated 7 July 2005 quoted the price of the plants ex- works Cape Town, but concluded with an undertaking to establish a manufacturing plant in KZN. It therefore is apparent that their intention was to manufacture the 22 plants in Cape Town and if they were awarded an order for 22 plants then they would establish a manufacturing plant in KZN. This was also included in the joint Memo and the Submission to the CPC by Gumbi-Masilela that was chaired by Shabalala as previously stated. **D2** **D35** **D8**

46) A First Addendum to the Agreement of 9 February 2007 was entered into between the 2 parties on 27 March 2009. **D39**

47) Only 8 sites had as at 28 July 2009 been delivered and commissioned in terms of the minutes of a meeting held between the Department of LG & TA and Intaka of the same date. **D40**

48) During the period 18 September 2009 to 17 May 2010 various correspondence between the Department of LG & TA's legal services, Attorneys Ngubane Wills Inc representing the Department of LG & TA and Intaka's legal representatives resulted in the signing of a Second and a Third Addendum to the main **D41- D49**

Agreement between the 2 parties. The Department agreed to additional costs as detailed below:

i. R15,000 (excl VAT) per month for storage fees in respect of the remaining 10 plants manufactured but not delivered to the sites and commissioned, with effect from 1 October 2008; **D46**

ii. R15,444,000 for site works for the remaining 10 sites. **D49**

49) On 26 July 2010 I visited Heartlands Industrial Park near Amanzimtoti in KZN with Evetts. I determined that ten (10) of the twenty (20) water purification plants purchased by the Department of LG & TA were stored in an open yard. The Department of LG & TA paid R2,228,181.82 each for these plants to be manufactured. This amounts to R22,281,818.20, excluding subsequent storage costs for which the Department of LG & TA is still liable. **F1**

50) The purchase price of the plants R2,282,181.82 ex-works Cape Town has been grossly inflated as a result of the market not being tested and the failure to call for tenders or quotations as summarised hereunder:

i. Grotto concluded that the cost of manufacturing similar plants was between R412,000 and R475,000 in 2006; **F3**

ii. Intaka's price list dated 14 August 2007 reflects the cost price of the Wataka Model 050 is R840,600 inclusive of all costs including: complete unit R524,600; Freight R105,000; Concrete Slab R85,000; Installation: R95,000; and Commissioning and Chemicals R31,000; **F4**

iii. A document on a letter from Loftus Neethling to Dr Savoi dated 31 August 2006 titled: "Prices and terms on building the Wataka 050 complete with automation", reflects the selling price of the Wataka 50 is R531,341.53 excluding VAT. **F5**

iv. An Intaka Tech Purchase Order number 32380 issued to Imvusa dated 2 June 2008 reflects that Intaka ordered 18 x water treatment plants 050 in the amount of R730,000 each excluding VAT. The 10 plants examined by me at Heartlands were manufactured by Imvusa in 2008. **F6**

51) The Intaka profit on the sale of the 20 Wataka's to the Department of LG & TA was R30,829,636 before taking into account the commission paid of R1,053,000. **G23/9**

T S White
Director: Forensic Services
29 July 2011

COMMISSION OF INQUIRY INTO STATE CAPTURE

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COMMISSION OF INQUIRY INTO STATE CAPTURE

TSW 14

In the matter between:

THE STATE

And

GASTON SAVOI AND OTHERS

SUPPLEMENTARY REPORT OF TREVOR SEAN WHITE

Dated	28 October 2011
Specialist field	Chartered Accountant and Forensic Auditor
On behalf of the Prosecution	The Director of Public Prosecutions
On the instruction of	The Department of National Treasury
Subject matter	Investigation conducted into the purchase of Water Purification Plants and the Awarding of a contract for Oxyntaka Self-Generating Oxygen Plants to Intaka Investments (Pty) Ltd

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Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

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ABBREVIATIONS AND TERMINOLOGY

The following are abbreviations and terminology that have been used in this report:

Abbreviated name/ terminology	***Full name and/or description***
AFU	Asset and Forfeiture Unit
Beukes	Cheryl Beukes, Mazars
Buthelezi/ CFO	ASS Buthelezi, ex- Chief Financial Officer
De Lange	Raoul de Lange, former Intaka employee
Department of Health	KZN Department of Health
Dr Nyembezi	Dr Busisiwe Muriel Nyembezi, ex- Head of Department
Dr Savoi	Dr Gaston Savoi, Intaka
HOD	Head of Department
IALC Hospital	Inkosi Albert Luthuli Central Hospital
Intaka	Intaka Investments (Pty) Ltd, Intaka Tech (Pty) Ltd, Intaka Holdings (Pty) Ltd
KZN	KwaZulu-Natal
KZN LG & TA	KZN Department of Local Government and Traditional Affairs
Mazars	Mazars Moores Rowland
MEC	Member of an Executive Council
Mkhwanazi	Lindelihle Henry Mkhwanazi, shareholder and director of Rowmoor
Nkonyeni	Ms Peggy Nkonyeni, former MEC KZN Department of Health
Northern Cape DOH	Northern Cape Department of Health
Ntshangase	VRM Ntshangase, General Manager, Budget and Supply Chain Management
PFMA	The Public Finance Management Act No 1 of 1999
Praderi	Fernando Praderi, Intaka
PwC	PricewaterhouseCoopers

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Abbreviated name/ terminology	***Full name and/or description***
Rennies Travel	Rennies Travel (Pty) Ltd
Rowmoor	Rowmoor Investments 738 (Pty) Ltd
SAPS	South African Police Services
The Department/ DOH	KwaZulu-Natal Department of Health

COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

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A. AUTHOR'S DETAILS

1.000 Name

1.001 Trevor Sean White.

2.000 Personal details

2.001 I am a male with identity number 6611245014087, 44 years old. I am a director of PricewaterhouseCoopers Advisory Services (Pty) Ltd, 102 Stephen Dlamini Road, Berea, Durban with telephone number (031) 2712000.

3.000 Experience and qualifications

3.001 I joined Price Waterhouse in 1989, and was admitted as a director of PricewaterhouseCoopers on 1 July 1998, following the merger of Price Waterhouse and Coopers and Lybrand. I am presently the director in charge of the Risk Advisory Services department, which incorporates the Forensic Investigations Department of PricewaterhouseCoopers in KwaZulu-Natal.

3.002 I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the South African High Court and the Regional Court and in the Lesotho High Court. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration ("CCMA") and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree and Post Graduate Diploma in Accountancy from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of the Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing,

reviewing and verifying financial information and accounting records. I have also chaired three investigative Commissions of Enquiry into Fraud and Corruption in Swaziland.

B. MANDATE AND ISSUES TO BE INVESTIGATED

4.000 Appointment

4.001 The terms of our appointment are detailed in our agreement with National Treasury which was signed by Mr Freeman Nomvalo, on 15 October 2010. The said Agreement relates to additional work required by the SAPS and the Director of Public Prosecutions (DPP) as a result of the investigations we conducted into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN Department of Health (**Department of Health**), KZN Department of Local Government and Traditional Affairs (**KZN LG & TA**) and the Northern Cape Department of Health (**the Northern Cape DOH**). This report, which has been prepared at the request of the SAPS and DPP, covers additional information relating to Ms Peggy Nkonyeni (**Nkonyeni**), the former Member of the Executive Council (**MEC**) of the KZN Department of Health and must not be read in isolation but must be read in conjunction with my two reports dated 24 May 2010. These reports deal with the investigation conducted into the procurement of Oxyntaka Self- Generating Oxygen Plants and Wataka Water Purification Plants by the KZN Department of Health.

4.002 The following represents the General Procedures performed:

i. Accompanied the SAPS investigating officer and reviewed the 356 files of documents seized from Intaka.

ii. Reviewed the electronic data copied by the SAPS from computers seized from Intaka.

iii. Examined bank accounts subpoenaed by the SAPS.

iv. Reviewed affidavits and warning statements taken by the SAPS.

v. Examined additional documents obtained by the SAPS from third parties.

vi. Examined additional documents obtained from the Department of Health and third parties.

vii. Interviewed current and former officials from the Department of Health and third parties.

4.003 I am not required to and did not undertake an audit in terms of the International Standards on Auditing. The scope of my work was limited to a review of the documentary evidence made available to me and enquiries undertaken to address issues identified in the execution of the investigation undertaken. I have not verified the authenticity or validity of the records and documents provided to me, unless otherwise stated.

4.004 This report has been prepared solely for use in the criminal matters registered with SAPS by the Department. It may also with the prior written consent of the Director of Public Prosecutions be used in any civil or disciplinary proceedings that the Department may wish to initiate. It may not be suitable for any other purpose and it should not be used, reproduced or circulated for any other purpose without my prior written consent. It should be a condition of such consent, if given, that PricewaterhouseCoopers and myself accept no responsibility to that third party and that such third party will hold PricewaterhouseCoopers and myself harmless in respect of any consequences of such disclosure. Whether or not I have given consent, PricewaterhouseCoopers and myself will not accept liability or responsibility to any other party who may gain access to this report.

4.005 I have included information relevant to the investigation and related circumstances but cannot conclude on the completeness of such information as the possibility exists that not all-relevant information and documentation was made available to me. Any documentation or information brought to my attention subsequent to the date of this

report, which will affect the findings detailed herein, will require my findings to be adjusted and qualified accordingly.

4.006 This report contains hearsay evidence based on interviews conducted with individuals and affidavits/warning statements taken by the SAPS. I deem the aforementioned evidence to be appropriate to sketch the full picture of the allegations raised.

5.000 Background

5.001 This report focuses on the relationship between Nkonyeni, Dr Gaston Savoi (**Dr Savoi**), Intaka, Lindelihle Mkhwanazi (**Mkhwanazi**) and Rowmoor Investments 738 (Pty) Ltd (**Rowmoor**). It relates to the investigation conducted into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN Department of Health and covers additional information relating to Nkonyeni's relationship with Savoi, Intaka and Mkhwanazi. I have also included information relating to meetings that were allegedly held between Dr BM Nyembezi (**Dr Nyembezi**) and Dr Savoi.

C. BASIS OF INVESTIGATION

.000 Execution of fieldwork and gathering of information

6.001 Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this report, however, where an opinion is expressed in this report it is my own opinion.

7.000 Sources documents

7.001 The information dealt with in this report was obtained from the sources listed below:

i. Documents seized by the SAPS from Intaka;
ii. Electronic records seized by the SAPS from Intaka;

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iii. Documents obtained by the SAPS from third parties;
iv. Documents obtained from the Department of Health; and
v. Documents obtained by PwC representatives from third parties.

D. DETAILED PROCEDURES AND FINDINGS

8.000 I determined when examining documents and electronic records seized by the SAPS from Intaka that a number of documents, messages and e-mails related to communication between Nkonyeni and Intaka and/or Dr Savoi. The said documentation is self- explanatory, however I will briefly refer to the documents in further detail hereunder together with my key findings.

8.001 Unless stated otherwise all the documents referred to below were extracted from the electronic records seized by SAPS from Intaka.

8.002 I deem it necessary to refer to relevant legislation regarding the duties and responsibilities of the MEC. I shall only attach relevant sections of the legislation and policies where applicable as these documents are bulky and it is not necessary to attach the documents in their entirety.

The Executive Members' Ethics Act 82 of 1998

8.003 The Executive Members' Ethics Act 82 of 1998 was assented to on 20 October 1998 "*to provide for a code of ethics governing the conduct of members of the cabinet, Deputy Ministers and members of provincial Executive Councils: and to provide for matters connected therewith*". **D1**

8.004 MEC means "*a member of an Executive Council, and includes the Premier*". **D1/1**

8.005 Section 2 (2) of the Executive Members' Ethics Act deals with the code of ethics and reads as follows: **D1/1**

The code of ethics must -

(a) include provisions requiring Cabinet members, Deputy Ministers and MECs-

(i) at all times to act in good faith and in the best interest of good governance; and

(ii) to meet all the obligations imposed on them by law; and

(b) include provisions prohibiting Cabinet members, Deputy Ministers and MECs from-

(i) undertaking any other paid work;

(ii) acting in a way that is inconsistent with their office;

(iii) exposing themselves to any situation involving the risk of a conflict between their official responsibilities and their private interests;

(iv) using their position or any information entrusted to them, to enrich themselves or improperly benefit any other person; and

(v) acting in a way that may compromise the credibility or integrity of their office or of the government.

The Public Service Act, 1994

8.006 The Public Service Act of 1994 was assented to on 1 June 1994 "*to provide for the organisation and administration of the public service of the Republic, the regulation of the conditions of employment, terms of office, discipline, retirement and discharge of members of the public service, and matters connected therewith*". **D2**

8.007 The following definitions in terms of Section (1) of the Public Service Act are relevant:

1) "*Executing authority, in relation to (f) a provincial department within an Executive Council Portfolio*", means the member of such Executive Council responsible for such portfolio. **D2/2**

2) "*Head of department*" means the incumbent of a post mentioned in the second column of Schedule 1 or 2, and includes any officer acting in such post. **D2/2**

8.008 A Head of Department is, in terms of Section 7 (3) (b) of the Public Service Act, responsible for "*the efficient management and administration of his or her department, including the effective utilisation and training of staff, the maintenance of* **D2/4**

discipline, the promotion of sound labour relations and the proper use and care of State property, and he or she shall perform the functions that may be prescribed".

The Public Finance Management Act No 1 of 1999

8.009 The Public Finance Management Act No 1 of 1999 (**the PFMA**) was assented to on 2 March 1999 "*to regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith*". **D3**

8.010 The following definitions are relevant:

1) "*Accounting officer*" means a person mentioned in section 36. **D3/2**
2) "*Department*" means a national or provincial department or a national or provincial government component. **D3/2**
3) "*Executive authority*" in relation to a provincial department, means the member of the Executive Council of a province who is accountable to the provincial legislature for that department. **D3/3**

8.011 Subsection (1) of Section 36 of the PFMA provides for "*accounting officers*": "*every department and every constitutional institution must have an accounting officer*". Subsection (2) (a) of Section 36 further adds that: "*subject to subsection 3 the head of a department must be the accounting officer for the department*". **D3/4**

8.012 Section 38 of the PFMA provides for "*general responsibilities of accounting officers*"- **D3/5**
(1) "*The accounting officer for a department*"-

(a) "*must ensure that the department has and maintains: (iii) an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective*".

8.013 Hence, Dr Nyembezi as the then HOD and the Accounting Officer of the Department of Health had to ensure the efficient management and administration of the

Department, including "*an appropriate procurement and provisioning system*". The involvement of Nkonyeni with Intaka was unusual as will be discussed in further detail hereunder and it will become evident that Nkonyeni colluded with Intaka and Dr Savoi going forward to the detriment of the Department for which she was the MEC.

1) A letter from Dr Savoi to Nkonyeni dated 31 March 2005

8.014 This letter followed an introductory meeting between Dr Savoi, Nkonyeni, Sipho Gcabashe and Sipho Shabalala on 30 March 2005. Dr Savoi provided a brief background of himself and his business to Nkonyeni and gave a short introduction of the self-production Oxyntaka plant and the "Wataka" water purification plant. **A1/1-2**

2) A document with the contact details of Mrs N.P. Nkonyeni

8.015 A document titled "Worlds View VIP invite list" contains the following information: **A2**

Title	Minister of Health KZN
Name	Mrs N.P. Nkonyeni
Tel	033 395 2016
Fax	033 395 2258
Email	Neliswa.nkonyeni@kznhealth.gov.za

3) An e-mail from Dr Savoi to Dr Hamid Shabbir titled "Various" dated 7 March 2006

8.016 This e-mail from Dr Savoi to Dr Hamid Shabbir (CEO of Kimberley Hospital Complex in the Northern Cape) and copied to Fernando Praderi (**Praderi**) and Mr Adriaan Laubscher of Intaka is titled "Various" dated 7 March 2006. The e-mail starts with "*Dear amigos*" and Dr Savoi provided a review and update of different issues. Paragraph 4 under the heading "KZN" reads as follows: "*There is a huge potential. We have 1 Oxyntaka performing at Murchison hospital since 9 months ago. Prof. Green-Thompson, who came invited by us with the delegation that visited Brazil, South America, where they could see our equipments performing at various hospitals* **A3/1-2**

with success, was promoted to the National Health Department. He didn't succeed in going forward due to differences between him and the MEC at that stage. The current MEC, Peggy Nkonyeni, visited Somerset together with Prof. Green-Thompson and she is very supportive to the Oxyntaka process. I understand that a new HOD was appointed for the Kingdom and understand that it's the right moment to move forward there, considering that there are problems with approx 70 hospitals. Please let me know your thoughts".

4) Unsigned Affidavit of Gaston Savoi

8.017 I previously in my report dated 24 May 2010 referred to an affidavit of Dr Savoi handed to me by the SAPS. The said affidavit purports to have been signed by Dr Savoi on 14 July 2008. I received a further affidavit of Dr Savoi handed to me by the SAPS that purports to have been signed by him on 21 August 2008. The 2 affidavits are both silent on information relating to Nkonyeni's relationship or dealings with Dr Savoi. I located a further unsigned affidavit of Dr Savoi from the electronic records **A3A1** seized by the SAPS from Intaka. Page 7 of the affidavit contains the following information relating to Nkonyeni under the heading "Rietvlei and Appelsbosch" which **A3A/7** was excluded from the two affidavits I referred to herein above:

"Through Mr Sipho Shabalala, the head of the KZN Treasury, I met the MEC for the Department of Health, Ms Peggy Nkonyeni and, as referred to herein above, Professor Green-Thompson, the head of the department. Professor Green-Thompson was later replaced by Dr Busi Neymbezi (sic) *as the head of the department. Ms Nkonyeni and Dr Busi Neymbezi* (sic) *visited Brazil on, what I understand, was a departmental fact finding trip and was, like Professor Green-Thompson, extremely interested in our medical and oxygen plants as well as the water purification system. They also saw a portable ultrasound scanner that the Brazillian authorities use to diagnose breast, prostate and cervical cancer during visits to outlying areas.*

Both Ms Nkonyeni and Busi Neymbezi (sic) *discussed with me the problems they had with water at some of the hospitals in KwaZulu Natal and we discussed the*

possibility of Intaka supplying the Department of Health with water purification plants as well as medical air and oxygen plants for the hospitals".

8.018 The trip by Nkonyeni to Brazil is also referred to in an e-mail from de Lange to Bolton on 1 July 2008. **A33/1**

5) KwaZulu-Natal Provincial Administration Subsistence and Travelling Claim Form for Nkonyeni for the period 24 June 2006 to 5 July 2006

.019 I was provided by the Department of Health with a KwaZulu-Natal Provincial Administration Subsistence and Travelling Claim form for Nkonyeni completed for an "Overseas trip" to Brazil during the period 24 June 2006 to 5 July 2006. **A3B/1-5**

8.020 The SAPS provided me with copies of printouts from the Travellers Record System provided by the Movement Control Centre. These documents reflect the following in respect of travel from South Africa and return by Nkonyeni and Dr Nyembezi: **A3D/1-4**

Date	Name	Direction	Flight #
24/06/2006	Nkonyeni	Departure	SA205
04/07/2006	Nkonyeni	Arrival	SA206
24/06/2006	Nyembezi	Departure	SA205
04/07/2006	Nkonyeni	Arrival	SA206

8.021 The diary retained by the office of Dr Nyembezi for 2006, contains the handwritten note "*Brazil*" on the pages starting from 24 June 2006 to 4 July 2006. This will indicate that Dr Nyembezi had accompanied Nkonyeni on the trip to Brazil and it supports the information as contained in the unsigned affidavit of Dr Savoi. **A3C/1-11** **A3A/7**

8.022 Rennies Travel (Pty) Ltd (**Rennies Travel**), the travel agent who was responsible for travel and accommodation bookings for the Department of Health during 2006, could not locate any records that indicate that they had made travel bookings for either Nkonyeni and/or Dr Nyembezi to travel to Brazil in 2006 and confirmed that they have not made any travel bookings for either Nkonyeni or Dr Nyembezi during the

period 24 June 2006 to 5 July 2006 (the period when Nkonyeni and Dr Nyembezi travelled to Brazil) and hence an indication that the Department of Health had not paid for any of their flights and accommodation during their visit to Brazil.

6) Letter from Intaka to Ms Gill Bolton titled "Re: Confidential: Briefing Document on Intaka Investments (Pty) Ltd. Issues" dated 6 December 2006

8.023 The content of this letter is self-explanatory and it appears to be a reply to questions arising from information provided. Paragraph 1.7 under the heading "Intaka activities in KZN" reads as follows: "*The name of Peggy Nkonyeni is correct*". **A4/1-5** **A4/3**

7) E-mail from Ashleigh Spencer of Intaka to Cesar Alexandre and copied to Ignacio Benia, Celso Dos Santos and Stefan Oosthuizen of Intaka titled "Visit of the Head of Department and Minister of KwaZulu-Natal" dated 16 January 2007

8.024 Ashleigh Spencer of Intaka sent the e-mail to Cesar Alexandre and copied various Intaka staff on the e-mail, informing them as follows: "*Please note that on Thursday 18th January 2007 Dr Savoi will be receiving Dr Busi Nyembezi (HOD of KwaZulu-Natal) and the Minister of Health for KwaZulu-Natal at our premises. During this visit they will more than likely want a tour of our facilities. Please could you ensure that the premises are neat and tidy (as they should always be) and ready for the visitors to inspect. Please also ensure that the staff are dressed in the appropriate uniforms and are neat and tidy*". **A4A**

8) An electronic Diary entry for Dr Savoi dated 12 April 2007

8.025 An electronic Diary entry for Dr Savoi dated 12 April was on a document electronically filed as "Agenda 2 – 22 Abril.xls and reflects the date modified as 5 April 2007. The diary contains the following entries: **A5**

Dr Savoi

Thursday, 12th. April	MEC Peggy in CT – A Conf
Friday, 13th. April	MEC Peggy in CT – A Conf

9) An electronic Diary entry for Dr Savoi dated 4 May 2007

8.026 An electronic Diary entry for Dr Savoi dated 4 May was on a document electronically filed as "Agenda 30 abril – 13 mayo1.xls and reflects the date modified as 4 May 2007. The diary contains the following entry: **A6/1**

Dr Savoi

Friday, 4th.May	Peggy and Linda in CT 09:00 – Peggy Nkonyeni, Linda

8.027 An electronic meeting entry from the Mail and Back Up Server located in the Intaka electronic records reflects that Tracey Ward recorded a meeting with "Linda Mkwhanazi and Peggy (MEC Health KZN)" on 4 May 2007 from 09:00 to 10:00. This entry was created on 3 May 2007. **A6/2**

8.028 Rennies Travel Tax Invoice number 302420 dated 3 May 2007 reflects that ticket number 5997445584 was issued to Nkonyeni to travel from Durban to Cape Town and return on 4 May 2006 and hence confirms that Nkonyeni was in Cape Town as recorded in Dr Savoi's electronic Diary dated 4 May. **A6/3**

10) Rowmoor Investments 738 (Pty) Ltd

8.029 I dealt with Rowmoor Investments 738 (Pty) Ltd (**Rowmoor**) and with the two (2) x payments by Intaka to Rowmoor for "commission that was owed to Rowmoor for the sale of two water purification plants" in my report dated 24 May 2010. The SAPS have subsequently subpoenaed the following from Mazars Moores Rowland (**Mazars**), the auditors of the Intaka Group of Companies, for all entities in the Intaka Group:

i. Audit working papers;

ii. Correspondence between Mazars and Intaka;
iii. Minutes of all meetings with Intaka directors or employees; and
iv. Correspondence with the Independent Regulatory Board for Auditors (IRBA).

8.030 Documents relevant to the registration of Rowmoor were included in the documents provided and have been referred to below.

8.031 Email from Cheryl Beukes (**Beukes**) of Mazars to Lindelihle Mkhwanazi (lindelihle@telkomsa.net) titled "Shelf Company" dated 7 May 2007. Beukes referred to "our meeting on Friday" in the e-mail (which was 4 May 2007) and attached the documentation for the shelf company that required his signature. Beukes concluded as follows: "We will lodge the documentation with the Registrar of Companies and then send you copies of the company documents for your records". **B1**

8.032 Letter from Mazars to Mkhwanazi for the acquisition of Rowmoor Investments 738 (Pty) Ltd dated 7 May 2007 with the following documents attached thereto: **B2/1**

i. Minutes of a meeting of the shareholder; **B2/2**
ii. Form CM27; **B2/3**
iii. Form CM 29; **B2/4-7**
iv. Share Certificate; **B2/8**
v. Letter accepting appointment as public officer; and **B2/9**
vi. Mandate. **B2/10**

8.033 Rowmoor Investments 738 (Pty) Ltd was registered on 26 March 2007 and Mkhwanazi was appointed as Director on 4 May 2007, the same day when he had a meeting with Mazars (who are also the auditors of the Intaka Group of Companies) regarding the acquisition of Rowmoor which was a shelf company at the time.

11) An electronic Diary entry for Dr Savoi dated 7 June 2007

8.034 An electronic Diary entry for Dr Savoi dated 7 June was on a document electronically filed as "Agenda 4-17 junio1.xls" and reflects the date modified as 8 June 2007. The diary contains the following entry: **A7/1**

Dr Savoi

Thursday,7th. June	09:00 – Linda + MEC Peggy

8.035 Rennies Travel Tax Invoice number 304545 dated 8 June 2007 reflects that ticket number 5997722630 was issued to Nkonyeni to travel from Durban to Cape Town on 6 June2007 and return to Durban. Rennies Travel Tax Invoice number 305615 dated 19 June 2007 reflects that accommodation for Nkonyeni was booked on 6 June 2007 at the Southern Sun Hotel, Waterfront, Cape Town for two (2) x nights and hence confirms that Nkonyeni was in Cape Town on 7 June 2007 as recorded in Dr Savoi's electronic Diary dated 7 June 2007. **A7/2** **A7/3**

12) An electronic Diary entry for Dr Savoi dated 21 June 2007

8.036 An electronic Diary entry for Dr Savoi dated 21 June was on a document electronically filed as "Agenda 11 – 24 Junio1.xls" and reflects the date modified as 15 June 2007. The diary contains the following entry: **A8**

Dr Savoi

Thursday, 21st.June	07:00 – CT – Durban 09:00 - Collect Linda and MEC Peggy 09:30 – Durban – Kimberley Meeting with Dr. Shabbir, Linda and Peggy Kimberly-Durban-Cape Town

13) An electronic meeting entry dated 10 July 2007

8.037 An electronic meeting entry from the Mail and Back Up Server located in the Intaka electronic records reflects that Tracey Ward recorded a meeting with "Linda Mkwanazi and MEC Peggy" on 10 July 2007 from 20:00 to 22:00. This entry was created on 9 July 2007. **A9**

14) Electronic Diary entries for Dr Savoi dated 10 and 11 July 2007

8.038 Electronic Diary entries for Dr Savoi dated 10 and 11 July were on a document electronically filed as "Agenda 9-22 julio1.xls" and reflects the date modified as 13 July 2007. The diary contains the following entries: **A10/1**

Dr Savoi

Tuesday, 10th July	Linda and MEC Peggy in CT 20:00 – Linda and MEC Peggy @ Steenberg Hotel
Wednesday, 11th July	08:30 – Linda, MEC Peggy

8.039 Rennies Travel Tax Invoice number 306830 dated 26 July 2007 reflects that ticket number 4976908614 was issued to Nkonyeni to travel from Durban to Cape Town on 10 July 2007 and return to Durban. Rennies Travel Tax Invoice number 307562 dated 1 August 2007 reflects that accommodation for Nkonyeni was booked on 10 July 2007 at the Southern Sun Hotel, Waterfront, Cape Town for one (1) x night and hence confirms that Nkonyeni was in Cape Town from 10 to 11 July 2007 as recorded in Dr Savoi's electronic Diary dated 10 and 11 July 2007 respectively. **A10/3** **A10/4**

8.040 In the unsigned affidavit of Dr Savoi he dealt with whether Nkonyeni and Dr Nyembezi ever spent time at the Steenberg Hotel and stated the following: "*As I recall they both stayed at the Steenberg Hotel on more than one occasion during discussions with Intaka on the possibility of Intaka supplying water purification and medical air and oxygen plants to KZN Department of Health. Nothing however materialized as a result of these discussions. The water purification plants sold to the KZN Department of Health for Rietvlei and Appelsbosch were as a result of Mr Mkhwanazi's efforts*". **A3A/13**

8.041 Nkonyeni and Mkhwanazi attended regular meetings together with Intaka and were at the Steenberg Hotel on more than one occasion as will also be discussed in further detail hereunder. **A16/A18**

15) An electronic Diary entry for Dr Savoi dated 16 and 17 August 2007

8.042 An electronic Diary entry for Dr Savoi dated 16th and 17th August was on a document electronically filed as "Agenda 6 – 19 agostoi.xls" and reflects the date modified as 8 August 2007. The diary contains the following entries: **A11**

Dr Savoi

Thursday, 16th.August	Peggy Y Linda in CT to be Conf
Friday, 17th.August	Peggy Y Linda in CT to be Conf

16) An electronic Diary entry for Dr Savoi dated 3 September 2007

8.043 An electronic Diary entry for Dr Savoi dated 3 September was on a document electronically filed as "Agenda 3 – 16 Setiembre1.xls and reflects the date when the document was last modified as 7 September 2007. The diary contains the following entry: **A12/1**

Dr Savoi

Monday, 3rd September	9:00 – MEC Peggy, Linda in CT

8.044 An electronic meeting entry from the Mail and Back Up Server located in the Intaka electronic records reflects that Tracey Ward recorded a meeting with "Linda Mkwanazi, MEC Peggy" on 3 September 2007 from 08:00 to 10:00. This entry was created on 31 August 2007. **A12/2**

8.045 Rennies Travel Tax Invoice number 309254 dated 31 August 2007 reflects that ticket number 5628809753 was issued to Nkonyeni to travel from Durban to Cape Town and return on 3 September 2007 and hence confirms that Nkonyeni was in Cape Town on 3 September 2007 as recorded in Dr Savoi's electronic Diary dated 3 September 2007. **A12/3**

17) Letter from Intaka to Nkonyeni titled "Re: Water Purification Plant (Wataka) – Rietvlei Hospital and Appelsbosch Hospital" dated 18 September 2007

8.046 This letter refers to a certificate of analysis of raw water prior to water treatment and a certificate of analysis of the water after treatment by the water purification plant at Rietvlei and Appelsbosch Hospitals respectively. This letter is addressed to Ms Peggy Nkonyeni, MEC of Health and is from Fernando Praderi. **A13**

18) Minutes of an Internal Intaka Meeting held on 22 September 2007

8.047 The minutes are of an internal meeting held on 22 September 2007 at 16:00 and reflect that Dr Savoi, Mr Fernando Praderi and Ashleigh Spencer attended the said meeting. The minutes reflect in paragraph 3 that the patent certificates for the Oxyntaka and the Wataka applications were received on 22 January 2007. Dr Savoi requested that official letters be sent out concerning the acceptance to various officials including to "Mrs NP Nkonyeni, Minister of Health (MEC), KZN". **A14/1-2**

19) Letter from Praderi to Nkonyeni titled "Tender No: ZNB 7295/2006 – H: On-Site Manufacture and Delivery of Bulk Medical Oxygen and Medical Air For Clinical Use" dated 3 October 2007

.048 In this letter Praderi refers to the oxygen consumption levels that the tender document specified and pointed out that they determined the oxygen consumption during compulsory site visits and that substantial discrepancies existed at some hospitals. He requested Nkonyeni to advise by return of fax of the consumption figures they should apply when preparing for installation because they "*do not wish to end up under sizing a unit only to discover upon installation and commissioning that the relevant unit is not suitable to meet the consumption requirements of a particular hospital*". **A15/1-2** **A15/2**

8.049 It is unusual for a letter of this nature to be addressed to the MEC and not to the HOD as the Accounting Officer of the Department.

20) An electronic Diary entry for Dr Savoi dated 10 October 2007

8.050 An electronic Diary entry for Dr Savoi dated 10 October was on a document electronically filed as "Agenda 8 – 21 Octubre1.xls and reflects the date when the document was last modified as 12 October 2007. The diary contains the following entry: **A16/1**

Dr Savoi

Wednesday, 10th October	20:00 – Linda Y MEC Peggy @ Steenberg

.051 Rennies Travel Tax Invoice number 312529 dated 17 October 2007 reflects that ticket number 5629064203 was issued to Nkonyeni to travel from Durban to Cape Town and return on 10 October 2007 and hence confirms that Nkonyeni was in Cape Town on 10 October 2007 as recorded in Dr Savoi's electronic Diary dated 10 October 2007. **A16/2**

21) Letter from Praderi to Nkonyeni titled "Tender No: ZNB 7295/2006 – H: On-Site Manufacture and Delivery of Bulk Medical Oxygen and Medical Air For Clinical Use" dated 12 October 2007

8.052 This letter is self-explanatory and refers to the consumption discrepancies pertaining to some of the hospitals specified in the tender document. Praderi referred specifically the consumption discrepancies pertaining to seven (7) x hospitals to which they had undertaken to donate Oxyntaka units and stated in paragraph 5 that "*whilst we still undertake to meet our promise to donate, we should make it clear that Intaka Tech (Pty) Ltd will assume no liability to the Department of Health in the event that the units are unable to meet the consumption demands of the Donee Hospitals and should the demand, in fact, be higher than that which can be accommodated by these units*". **A17** **A17/2**

22) Steenberg Hotel Tax Invoice and Confirmation document issued to Intaka dated 2 November 2007

8.053 A Steenberg Hotel Tax Invoice and Confirmation document issued to Intaka Tech **A18/1**

(Pty) Ltd dated 2 November 2007 reflects the following information:

i. *"Name of Guest: Mr L Mkhwanazi and Ms O Nkonyeni;*
ii. *Date of arrival: 5 November 2007;*
iii. *Date of Departure: 6 November 2007;*
iv. *Room Type: Standard Luxury Twin*; and
v. *Number of Rooms 2*
vi. *Sub Total – Accommodation: R4 320".*

8.054 An electronic Diary entry for Dr Savoi dated 6 November was on a document electronically filed as "Agenda 5 – 18 noviembre1.xls and reflects the date when the document was last modified as 7 November 2007. The diary contains the following entry: **A18/2**

Dr Savoi

Thursday, 6th November	Dr Shabbir, Linda, MEC Peggy in CT

8.055 Rennies Travel Tax Invoice number 314071 dated 6 November 2007 reflects that ticket number 5629373107 was issued to Nkonyeni to travel from Durban to Cape Town and return on 6 November 2007 and hence confirms that Nkonyeni was in Cape Town on 6 November 2007 and stayed with Mkhwanazi at the Steenberg Hotel on 5 November 2007. **A18/3**

23) An electronic Diary entry for Dr Savoi dated 8 November 2007

8.056 An electronic Diary entry for Dr Savoi dated 8 November was on a document electronically filed as "Agenda 5 – 18 noviembre1.xls and reflects the date when the document was last modified as 7 November 2007. The diary contains the following entry: **A19/1**

Dr Savoi

Thursday, 8th November	MEC Peggy in CT 9:30 - Peggy

8.057 Rennies Travel Tax Invoice number 314217 dated 8 November 2007 reflects that ticket number 5629373142 was issued to Nkonyeni to travel from Durban to Cape Town and return on 8 November 2007 and hence confirms that Nkonyeni was in Cape Town on 8 November 2007 as recorded in Dr Savoi's electronic Diary dated 8 November 2007. **A19/2**

24) Letter from De Lange to Dr YL Mbele titled "Award of Tender: On-Site Manufacture and Delivery of Bulk Medical Oxygen for various Institutions. Bid No. ZNB 7295/2006-H" dated 15 November 2007

8.058 This letter from De Lange to Dr Mbele dated 15 November 2007 was located amongst the documents seized by the SAPS from Intaka. This letter to Dr Mbele was copied by e-mail to Nkonyeni. The content thereof is self- explanatory and refers to the delays experienced and the need to finalise the Agreement. Dr Savoi sent an e-mail to De Lange on the same day at 10:17. It is titled: "KZN Tender Contract" and includes the following: **A20/1-2** **A20/3**

"After long conference with MEC:

- *She is very disappointed with HOD and Victor attitude, not proceeding as per her instructions.*
- *All the situation was created because Victor received questionnaire from DA and only today disclosed to MEC.*
- *MEC will reply to DA*
- *Victor must send to you legal documents, as you requested, today; if you don't receive them claim them to him by e-mail with a copy to MEC.*
- *I informed the MEC that as per my instructions once you receive these documents you will e-mail him cc MEC and HOD informing that you and the Commercial Director will be there to make a short presentation of the company and product to HOD. She will make sure that you return with the document signed.*
- *I explained to her the reason why I will not be there and she fully agreed".*

8.059 The above would indicate that Savoi had spoken directly to the MEC, Nkonyeni and that she had instructed the HOD and Ntshangase to proceed and they had not. Further, she would ensure that the Intaka representatives did not return without the Agreement being signed. I cannot determine the reason why Savoi would not be at the meeting (and the signing of the Agreement).

8.060 Savoi sent another e-mail to De Lange on the same day at 10:23 stating: "*the letter sent and received by the HOD was the bomb that made all happen. It was the right movement*". **A20/4**

8.061 An email was sent by De Lange on 15 November at 18:28 to Ntshangase and various others at KZN Health requesting confirmation of the meeting on 19 November 2007. On the top of this email the following has been written "I re-sent this 16 November @ 13h12, incl Ms P Nkonyeni". **A20/5**

25) Report from Praderi to Dr Savoi titled "Meeting held in Pietermaritzburg on Monday 19th November 2007 regarding the KZN Tender for Self Generating Oxygen and Medical Air Units" dated 20 November 2007

8.062 The report from Praderi to Dr Savoi dated 20 November 2007 deals with a meeting that was held in Pietermaritzburg on 19 November 2007 regarding the KZN Tender for Self Generating Oxygen and Medical Air Units and reflects that the meeting was attended by Nkonyeni and the following KZN Department of Health employees: **A21/1-2**

- Dr Y L Mbele - Acting HOD, Department of Health KZN;
- Ms Kantha Padayachee - Legal Advisor;
- Mr V R M Ntshangase - General Manager, Supply Chain Management;
- Mr Leon Mbangwa - Media and Communication Representative.

Paragraph 5 of the report reads as follows: "*MEC, Ms Peggy Nkonyeni thanked Mr de Lange and I for attending the meeting in order to clarify the various matters of the tender*".

8.063 Praderi explained the process of the situation to the MEC from the start which is **A21/2**

discussed in further detail in his report to Dr Savoi and is self-explanatory. He further explained the "*savings which the Department of Health will have experienced during the first five years of the contract and how the savings would increase after the 5 year period due to ownership of the equipment*". He concluded the report as follows: "*Before the meeting finished, I mentioned that it is imperative the contract be signed by Wednesday 21 November 2007. The Legal Advisor, Mr Victor Ntshangase, Mr de Lange and I decided to meet in order to finalise the contract*".

26) E-mail from Dr Savoi to De Lange titled "KZN Contract Oxygen Generators" dated 5 December 2007

8.064 The e-mail from Dr Savoi to De Lange dated 5 December 2007 was located in the documents seized by the SAPS from Intaka. He advised De Lange as follows: "*According to yesterday telephone conversation with the MEC of Health KZN I reiterate the need for both parties to have the contract signed this week*". **A22**

27) E-mail from Alicia Marcos to Raoul De Lange titled "Peggy's Email address" dated 11 December 2007

8.065 An e-mail from Alicia Marcos to De Lange of Intaka dated 11 December 2007 contains the e-mail address of Nkonyeni as "nelisiwa.nkonyeni@kznhealth.gov.za". **A23**

28) File note titled "Sms sent by Peggy Nkonyeni to Dr Savoi on 14.12.2007 at 11:50"

8.066 This document is on an Intaka letterhead is titled "FILE NOTE Sms sent by Peggy Nkonyeni to Dr Savoi on 14.12.2007 at 11:50". The file note reads as follows: "*Doc! The contract was signed yesterday although your guys were not happy with maintenance and few other things buy (sic) they were cruched (sic) because of what was reflected in the bid document. Next time we'll have to be more careful and perhaps u need to cancel the donation since u r losing on maintenance, what do u suggest? Peggy*". It is evident that this is a personal message between Nkonyeni and Dr Savoi. She was aware of the contract being signed, that Intaka was liable for the **A24/1**

maintenance (due to the Bid Specification document including same) and that she was conspiring with Intaka going forward to the detriment of the Department for which she was the MEC. I further obtained a copy of the diary of Buthelezi at the time from his secretary. It reflects that he had a meeting at 10.00 am to 4.30pm on 13 December 2007 (the day the Agreement was signed) with the MEC at IALC Hospital (the venue where the Agreement was signed). Hence, Nkonyeni was scheduled to be at IALC Hospital on 13 December 2007 when the Agreement was signed. **A24/2**

29) Minutes of a meeting held at Intaka on 21 January 2008

8.067 The Minutes of the meeting are self-explanatory and I will not repeat the entire content thereof. Paragraph three of the minutes refers to Nkonyeni and reads as follows: "*In KZN Peggy Nkonyeni (MEC of Health) can also be contacted. GS* (the abbreviation for Dr Gaston Savoi as indicated in the minutes) *explained that they need 24 water purification plants in KZN but Treasury is not giving the funds to Health. Therefore it is important to meet her to see how the process of the 24 plants can go ahead*". **A25**

30) Minutes of a meeting held at Intaka on 25 January 2008

8.068 The Minutes of the meeting are self-explanatory and was attended by Intaka representatives and representatives of the Mvela group. Paragraph three of the minutes under the heading "Water" refers to Nkonyeni and reads as follows: *"LN* (abbreviation for Lunga Ncwana of the Mvela group as indicated in the minutes) *said that he will try to set up a meeting with Peggy Nkonyeni, MEC of Health of KZN, during Intaka Tech World's View Challenge event".* **A26**

31) E-mail from Dr Savoi to Nkonyeni titled "VIP invitation – Intaka Tech World's View Challenge" dated 25 January 2008

8.069 Dr Savoi invited Nkonyeni and her partner to attend the Intaka Tech Worlds View Challenge, as VIP spectators, that was taking place in Pietermaritzburg during the period 1 February 2008 to 7 February 2008. The documents pertaining to the event **A27/1-2**

are attached to the said e-mail. **A27/3-5**

32) E-mail from Dr Savoi to Nkonyeni titled "Intaka Tech Worlds View Challenge – Television Production" dated 12 February 2008

8.070 Dr Savoi referred to a 52 minute highlights package of the Intaka Tech Worlds View Challenge and indicated the details of the dates and the channels for when the Intaka Tech Worlds View Challenge would have been screened. **A28**

33) An electronic Diary entry for Dr Savoi dated 18 February 2008

8.071 An electronic entry for Dr Savoi dated 18 February 2008 was on a document electronically filed as "Agenda 18 febrero – 2 Marzo1.xls and reflects the date when the document was last modified as 22 February 2008. The diary contains the following entry: **A29**

Dr Savoi

Monday, 18th February	14:00 – Meeting with Peggy Durban - CT

8.072 It is apparent from the entries on this day that the meeting with Nkonyeni was to take place in Durban.

34) E- mail from Praderi to Nkonyeni titled "Second Email" Bid Number ZNB 7295/2006-H" dated 23 April 2008

8.073 Praderi sent the email to Nkonyeni, copied to various Intaka staff, which reads as follows: **A30**

"*Dear Ms Nkonyeni Attached herewith, please find correspondence relating to the above mentioned subject for your kind perusal. I look forward to receiving your urgent response to this email*". Attached to email was a letter from Intaka to Nkonyeni dated 18 April 2008.The letter refers to the Bid that was awarded to Intaka on 11 September 2007 and the agreement they have entered into with the Department on 13 December 2007. The writer refers to various meetings held between Intaka and

the Department and stated that "*the Department has shown little progress in preparing the sites for delivery of the equipment*". He stated further that "*This failure on the part of the Department is causing unnecessary stockpiling at our premises with associated costs*" and requested Nkonyeni to give a full report of progress in order to commence with the delivery program.

35) E-mail from Praderi to Nkonyeni titled "Bid Number: ZNB 7295/2006-H" dated 9 May 2008

074 Praderi sent the e-mail, which reads as follows "*Attached herewith please find correspondence with regards to the above mentioned subject for your kind perusal*", to Nkonyeni and attached the following two (2) x letters to the e-mail. **A31/1**

i. The letter from Intaka to Nkonyeni dated 18 April 2008 referred to above. **A31/2-3**

ii. A letter from Intaka to Nkonyeni dated 9 May 2008. The letter refers to the letter dated 18 April 2008 I referred to in paragraph i. above and indicates that Intaka have not yet received a reply in this regard from Nkonyeni. Paragraph three (3) of the letter reads as follows: "*As a consequence we are taking legal advise and would suggest that this matter be resolved to avoid the accumulation of legal costs which we will seek to recover from the Department.*" **A31/4**

36) E-mail from Gillian Bolton to De Lange of Intaka titled "Additional Issue" dated 12 May 2008

8.075 Bolton referred to her discussion with De Lange earlier the day regarding "the additional matter" in the e-mail. The e-mail reads further as follows: "*The additional matter relates to two payments of R500 000 each made by Intaka Tech to Rowmoor Investments 738 (Pty) Ltd – respectively made on 20 (Invoice 7) and 24 August 2007 (Invoice 6) – and which, although on the face of it, have apparently been described as "marketing commissions" are apparently being seen within the DSO in KZN as payments allegedly ultimately intended, whether in whole or in part, for Ms Peggy Nkonyeni, the current MEC for Health, routed, however, via her friend , Mr Mkhwanazi*"; and. "*I believe that this is also an issue, which you should look into as a* **A32**

matter of urgency and, depending on the outcome of your investigations in this regard, possibly incorporated this latter issue in the item to be included on the Board agenda when the first matter is discussed".

37) E-mail from De Lange to Gillian Bolton titled "Email to Ms Nkonyeni" dated 1 July 2008, 2:31 pm

8.076 In the email from De Lange he states as follows: **A33**

"Dear Gill As discussed with Raoul de Lange, please see proposed email below to Ms Peggy Nkonyeni. Kindly provide any comments you may have. Thank you. "Dear Ms Nkonyeni I have been forwarded you text message sent to the Intaka Tech (Pty) Ltd Chairman, Dr Gaston Savoi at 20h51 on Monday, 30 June 2008. For ease of reference I quote your text below: "Hi Doc! As my defence I've bin advancing the argument that the machine we bought from u was a Brazilian product. It has since bin discovered by the scorpions that it was bought by your company from the very same company that also tendered at a lower price in durban. Does this mean I've bin mislead?" I should like to refer you to your presentation of the KwaZulu-Natal Health Budget vote in the Provincial Legislature as delivered by you on 29 April 2008 in which you identified two different machines with different specifications and different brand names. The machine supplied by us to Rowmoor Investments 738 (Pty) Ltd and which it in turn supplied to the Department of Health, flowed from a request from Rowmoor for a machine serving a specific purpose. We, in turn, and, in fact, procured the machine in question from a company called Alpha Pharm, with which we have a long-standing business relationship and from which we have previously sourced medical/pharmaceutical equipment on a number of occasions. We did not source the machine from the manufacturer and were not aware that the same manufacturer had, as it now appears from your text message, also tendered to supply the equipment directly to the Department of Health. For this reason, we are a little perplexed by your message. Could you perhaps have mistakenly assumed, given your visit to Brazil, that the machine that Rowmoor had asked us to source would be of Brazilian origin? There is, of course, also the possibility that Rowmoor may not have provided the Department with all relevant information during the acquisition process, although we must point out that this would be a little strange,

given that we had submitted to Rowmoor the complete specification brochure for the machine as per the requirements provided to us. I hope that this assists in clarifying the matter for you. Kind regards"

38) E-mail from Gillian Bolton to De Lange titled "Email to Ms Nkonyeni" dated 1 July 2008, 3:07 pm

8.077 *"Hi Raoul Rearranged the order around a bit - see what you think (?). Kind regards Gill".* **A33**

39) E-mail from Gillian Bolton to De Lange titled "Email to MS Nkonyeni" dated 1 July 2008, 3:14 pm

8.078 *"Also meant to ask if Dr Savoi is keeping all the relevant SMSes on his phone (?)".* **A33**

40) E-mail from De Lange to Gillian Bolton titled "Email to Ms Nkonyeni" dated 1 July 2008, 3:32 pm

8.079 *"Dear Gill Yes, I advised him to keep the sms. Ta. Will review later".* **A33**

41) E-mail from De Lange to Sarah Drake titled "Email to Ms Nkonyeni" dated 1 July 2008, 3:34 pm

8.080 *"Dear Sarah Please prepare this response for peggy on Intaka letterhead – we'll fax it to her. URGENT Ta".* **A34**

42) Confirmation of email receipt from Nkonyeni Neliswa Peggy to Sarah Drake dated 2 July 2008, 9:14 am

8.081 The subject is "Read: Letter to Ms Nkonyeni" which was sent on Wednesday, 2 July 2008 at 8:46:05 and was read on Wednesday, 2 July 2008 at 9:14:25. **A35**

43) Letter from De Lange to Nkonyeni titled "Text message to Intaka (Pty) Ltd Chairman" dated 2 July 2008.

8.082 The above email contains the same content as the email from De Lange to Gillian Bolton on 1 July 2008, referred to above. **A36**

44) An electronic Diary entry for Dr Savoi dated 1 October 2008

8.083 An electronic entry for Dr Savoi dated 1 October 2008 was on a document electronically filed as "Agenda 29 Setiembre – 12 Octubre1.xls and reflects the date modified as 2 October 2008. The diary contains the following entry: **A37/1-2**

Dr Savoi

Wednesday, 1st October	10:00 – Peggy, Rodrigo, Lunga @ Table Bay

8.084 An electronic meeting entry from the Mail and Back Up Server reflects a meeting with "Peggy – MEC of Health KZN" on 1 October 2008 from 10:00 to 11:00. This entry was created on 3 October 2008. **A37/3**

8.085 Rennies Travel Tax Invoice number 333542 dated 8 October 2008 reflects that ticket number 3143699011 was issued to Nkonyeni to travel from Durban to Cape Town on 2 October 2008, one day later than as recorded in Dr Savoi's electronic Diary dated 1 October 2008.Rennies Travel Tax Invoice number 333174 dated 2 October 2008 reflects that accommodation for Nkonyeni was booked on 2 October 2008 at The Table Bay Hotel in Cape Town for one (1) x night and hence confirms that Nkonyeni was in Cape Town during this period. **A37/4**

45) Minutes of a "Intaka Tech Weekly Status Meeting Friday, 3 October 2008, 10:30 am".

8.086 Present at meeting were Rodrigo Savoi, Praderi and various other Intaka employees. These minutes contain various track changes and one of the items that has been inserted is on Page 2 under the heading "KZN Oxygen" and reads as follows:

"Mr Savoi had a meeting with the MEC of KZN, Ms Nkonyeni, who advised Intaka Tech to file a law suite against the Department of Health. Large sums of money have been spent on this project and to date we have been unable to receive payment for this. The pressure testing is outside of the contract and was never part of the contract. This was done merely due to compliancy issues". **A38**

46) A document titled "Meeting: 20 Jan 09, 2pm G Savoi – Chairman Mr R Savoi - CEO

.087 The document appears to be minutes of an internal meeting held between Dr Savoi and Rodrigo Savoi on 20 January 2009. The document is self explanatory and I am not going to repeat the entire content thereof. Paragraph 2 under the heading "South Africa" reads as follows: **A39/1-2**

"-KZN – Department of Provincial Local Government: Delivery of balance 12 WWP plus maintenance contract on total 20 units: COO, Water Department Manager, General Counsel to follow-up. **A39/1**

1. We will go to the top (Peggy and Local Gov)"

2. We will also sue government- meeting with ENS being arranged.

Relationship between Nkonyeni and Mkhwanazi

.088 Nkonyeni in a warning statement provided by the SAPS has acknowledged that she has *"a personal relationship with Lindelihle Mkhwanazi but no business relationship"* and *"that Mkhwanazi is a businessman and that Rowmoor Investments is his business entity"*. It is however also clearly evident from the Intaka records that Nkonyeni and Mkhwanazi frequently met with Dr Savoi together, at a time when Rowmoor was being established and in the lead up to the signing of the Oxyntaka contract by the Department of Health. **C1**

Meetings held between Dr Savoi and Dr Nyembezi

8.089 An electronic Diary located amongst the electronic records seized from Intaka by the SAPS contains amongst others an electronic entry for Dr Savoi for February (2007), **E1/1**

electronically filed as "Agenda 5 – 18 febrero1.xls and reflects the date modified as 19 February 2007. The diary contains the following entry:

Dr Savoi

Thursday, 15th. February	Compleanos Dra. Busi

8.090 I understand "*Compleanos*" means birthday and "*Dra.*" means Dr. which is the abbreviation for Doctor. A copy of Dr Nyembezi's identity document reflects her name as Busisiwe Muriel Nyembezi; with identity number 510215 0655 081. It is my understanding that the short name for Busisiwe is "Busi" and the date of her birth is 15 February (1951) and hence consistent with the abovementioned diary entry. **E1/3**

1) An electronic Diary entry for Dr Savoi dated 17 August 2006

8.091 An electronic entry for Dr Savoi dated 17 August 2006 was on a document electronically filed as "Agenda 7 – 20 agosto1.xls and reflects the date modified as 19 February 2007. The diary contains the following entry: **E2**

Dr Savoi

Thursday, 17th. August	Ida a KZN (Busi)

.092 I understand "*Ida a*" means trip to, and hence the entry refers to a trip to KZN.

2) An electronic Diary entry for Dr Savoi dated 4 September 2006

8.093 An electronic entry for Dr Savoi dated 4 September 2006 was on a document electronically filed as "Agenda 4 – 17 setiembre1.xls and reflects the date modified as 9 February 2007. The diary contains the following entry: **E3**

Dr Savoi

Monday, 4th. September	10:00 – Dra. Busi

3) An electronic Diary entry for Dr Savoi dated 25 September 2006

8.094 An electronic entry for Dr Savoi dated 25 September 2006 was on a document electronically filed as "Agenda 25 setiembre – 15 octubre1.xls and reflects the date modified as 19 February 2007. The diary contains the following entry: **E4**

Dr Savoi

Monday, 25th September	11:00 – Dra. Busi

4) An electronic Diary entry for Dr Savoi dated 16 October 2006

8.095 An electronic entry for Dr Savoi dated 16 October 2006 was on a document electronically filed as "Agenda 15 octubre – 5 noviembre 1.xls and reflects the date modified as 19 February 2007. The diary contains the following entry: **E5**

Dr Savoi

Monday, 16th. October	16:00 – Dr. Busi

5) An electronic Diary entry for Dr Savoi dated 7 November 2006

8.096 An electronic entry for Dr Savoi dated 7 November 2006 was on a document electronically filed as "Agenda 6 – 19 noviembre 1.xls and reflects the date modified as 19 February 2007. The diary contains the following entry: **E6**

Dr Savoi

Tuesday, 7th. November	Dra. Busi in CT 8:20 - Llegada Prof. Moodley a CT / Llegada Dra. Busi a CT

8.097 I understand "*Llegada*" means arrived.

6) An electronic Diary entry for Dr Savoi dated 12 January 2007

8.098 An electronic entry for Dr Savoi dated 12 January 2007 was on a document electronically filed as "Agenda 8-19 enero1.xls and reflects the date modified as 26 January 2007. The diary contains the following entry: **E7**

Dr Savoi

Friday, 12th.January	14:30 – Dra. Busi

7) An electronic Diary entry for Dr Savoi dated 13 February 2007

8.099 An electronic entry for Dr Savoi dated 13 February 2007 was on a document electronically filed as Agenda 5 – 18 febrero1.xls and reflects the date modified as 19 February 2007. The diary contains the following entry: **E1/1**

Dr Savoi

Tuesday, 13th. February	Dra. Busi in CT

8) An electronic Diary entry for Dr Savoi dated 23 February 2007

8.100 An electronic entry for Dr Savoi dated 23 February 2007 was on a document electronically filed as "Agenda 19 febrero-4marzo1.xls and reflects the date modified as 22 February 2007. The diary contains the following entry: **E8**

Dr Savoi

Friday, 23rd.February	8:00 – Dra. Busi @12 Apostoles

9) An electronic Diary entry for Dr Savoi dated 2 March 2007

8.101 An electronic entry for Dr Savoi dated 2 March 2007 was on a document electronically filed as "Agenda 26 febrero-11Marzo1.xls and reflects the date modified as 2 March 2007. The diary contains the following entry: **E9**

Dr Savoi

Friday, 2nd. March	13:00 – Dra. Busi

10) An electronic Diary entry for Dr Savoi dated 2 April 2007

8.102 An electronic entry for Dr Savoi dated 2 April was on a document electronically filed as "Agenda 26 marzo-15 abril1.xls and reflects the date modified as 29 March 2007. The diary contains the following entry: **E10**

Dr Savoi

Monday, 2nd. April	Dra. Busi, Sr. Solomon in CT 16:00 – Dr. Busi 20:00 – Dinner with Busi, Solomon, Rodrigo @ Constantia Uitsig

11) An electronic Diary entry for Dr Savoi dated 1 August 2007

8.103 An electronic entry for Dr Savoi dated 1 August 2007 was on a document electronically filed as "Agenda 30 julio – 12 agosto1.xls and reflects the date modified as 3 August 2007. The diary contains the following entry: **E11**

Dr Savoi

Wednesday, 1st. August	10:00 – Ct – Durban 12:00 – Meeting with Dr. Busi

12) An electronic Diary entry for Dr Savoi dated 13 May 2008

8.104 An electronic entry for Dr Savoi dated 13 May 2008 was on a document electronically filed as "Agenda 14 – 27 abril abril 1.xls and reflects the date modified as 18 April 2008. The diary contains the following entry: **E12/2**

Dr Savoi

Tuesday, 13th. May	11:00 – Dra. Busi @ Catherina's

Summary of Findings

8.105 Detailed below is a summary of significant findings from the investigation conducted into the relationship between Nkonyeni and Dr Savoi and or Intaka; and between Nkonyeni and Mkhwanazi of Rowmoor Investments.

1) From the documentation located in the electronic records seized by the SAPS from Intaka and from the documentation provided by Rennies it is evident that Nkonyeni often with Mkhwanazi, attended regular meetings in 2007 with Dr Savoi as summarised in the table hereunder. The contract for the Oxyntakas was signed by Dr Mbele on 13 December 2007 and two (2) x payments of R500,000 each were paid to Rowmoor Investments on 3 August 2007 and 23 November 2007:

	Date of meeting	Description of event	
1	18 January 2007	Dr Busi Nyembezi and the MEC of Health for KwaZulu-Natal at our (*Intaka*) premises	A4A
2	12 April 2007	MEC Peggy in CT – A Conf	A5
3	13 April 2007	MEC Peggy in CT – A Conf	A5
4	4 May 2007	Peggy and Linda in CT 09:00 – Peggy Nkonyeni, Linda	A6
5	7 June 2007	09:00 – Linda + MEC Peggy	A7
6	21 June 2007	09:00 – Collect Linda and Peggy 09:30 – Meeting with Dr Shabbir, Linda and Peggy	A8
7	10 July 2007	Linda Mkwanazi and MEC Peggy	A9
8	10 July 2007	Linda and MEC Peggy in CT 20:00 – Linda and MEC Peggy @ Steenberg	A10
9	11 July 2007	08:30 – Linda, MEC Peggy	A10
	3 August 2007	Payment of R500,000 to Rowmoor Investments	
10	16 August 2007	Peggy Y in CT to be Conf	A11
11	17 August 2007	Peggy Y in CT to be Conf	A11

	Date of meeting	Description of event	
12	3 September 2007	09:00 – MEC Peggy, Linda in CT	A12
13	10 October 2007	20:00 – Linda Y MEC Peggy @ Streenberg	A16
14	5-6 November 2007	Accommodation at Steenberg Hotel, Mr L Mkhwanazi and Ms O Nkonyeni	A18
15	8 November 2007	MEC Peggy in CT 09:30 - Peggy	A19
	23 November 2007	Payment of R500,000 to Rowmoor Investments	
16	18 February 2008	14:00 – Meeting with Peggy Durban – CT	A29
17	1 October 2008	10:00 – Peggy, Rodrigo, Lunga @ Table Bay	A38

2) Savoi in his affidavit dated 14 July 2008 has referred to 2 x payments to Rowmoor Investments 738 (Pty) Ltd for "commission that was owed to Rowmoor for the sale of two water purification plants". The payments in the amounts of R500,000 each were made on 30 August 2007 and 23 November 2007 respectively. The marketing and sale took place on or prior to 6 October 2006. Rowmoor Investments 738 (Pty) Ltd was only registered on 26 March 2007 and Mkhwanazi was appointed as a Director on 4 May 2007, the same day when he had a meeting with Mazars (who are also the auditors of the Intaka Group of Companies). It appears from the electronic Diary of Savoi and from the information provided by Rennies Travel that Mkhwanazi together with Nkonyeni also attended a meeting with Dr Savoi in Cape Town on 4 May 2007. B1 A6

3) Nkonyeni has acknowledged in that she has a personal relationship with Mkhwanazi, that Mkwanazi is a businessman and that Rowmoor Investments is his business entity.

4) Nkonyeni was present at IALC Hospital on 13 December 2007 when the Agreement was signed by the KZN Department of Health for the Awarding of a contract for Oxyntaka Self-Generating Oxygen Plants to Intaka. On 14 December 2007 she sent the following sms to Savoi: ""*Doc! The contract was signed yesterday although your guys were not happy with maintenance and few other things buy they were cruched because of what was reflected in the bid* A24

document. Next time we'll have to be more careful and perhaps u need to cancel the donation since u r losing on maintenance, what do u suggest? Peggy". It is evident that this is a personal message between Nkonyeni and Savoi. She was aware of the contract being signed, that Intaka was liable for the maintenance (due to the Bid Specification document) and that she was conspiring with Intaka going forward to the detriment of the Department for which she was the MEC.

5) According to the minutes of an Intaka meeting held on 30 October 2008, "*Mr Savoi had a meeting with the MEC of KZN, Ms Nkonyeni, who advised Intaka Tech to file a law suite against the Department of Health*". It is evident from the minutes that Nkonyeni is again conspiring with Intaka representatives to the detriment of the Department for which she was the MEC. **A38/2**

6) From the electronic Diary for Dr Savoi located in the electronic records seized by the SAPS from Intaka it is also evident that Dr Nyembezi attended regular meetings with Dr Savoi as summarised in the table hereunder.

	Date of meeting	Description of event	
1	17 August 2006	Ida a (*trip to*) KZN (Busi)	**E2**
2	4 September 2006	10:00 - Dra. Busi	**E3**
3	25 September 2006	11:00 - Dra. Busi	**E4**
4	16 October 2006	16:00 – Dr. Busi	**E5**
5	7 November 2006	Dra. Busi in CT 8:20 – Llegada Prof. Moodley a CT/ Llegada (*arrived*) Dra. Busi a CT	**E6**
6	12 January 2007	14:30 – Dra. Busi	**E7**
7	18 January 2007	Dr Busi Nyembezi and the MEC of Health for KwaZulu-Natal at our (*Intaka*) premises	**A4A**
8	13 February 2007	Dra. Busi in CT	**E1**
9	23 February 2007	08:00 – Dra. Busi @ 12 Apostoles	**E8**
10	2 March 2007	13:00 – Dra. Busi	**E9**

	Date of meeting	Description of event	
11	2 April 2007	Dra. Busi, Sr Solomon in CT 16:00 – Dr. Busi 20:00 – Dinner with Busi, Solomon, Rodrigo @ Constantia Uitsig	E10
12	1 August 2007	10:00 – CT – Durban 12:00 – Meeting with Dr. Busi	E11
13	13 May 2008	11:00 – Dra. Busi @ Catherina's	E12

T S White
Director: Forensic Services
28 October 2011

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1272

15

COMMISSION OF INQUIRY INTO STATE CAPTURE

TSW15

In the matter between:

THE STATE

And

GASTON SAVOI
and others

ACCUSED 1

REPORT OF TREVOR SEAN WHITE

Dated	28 October 2011
Specialist field	Chartered Accountant and Forensic Auditor
On behalf of the Prosecution	The Director of Public Prosecutions
On the instruction of	The Department of National Treasury
Subject matter	Investigation conducted into the Awarding of a contract for an Oxyntaka Self- Generating Oxygen Plant at Murchison Hospital to Intaka Investments (Pty) Ltd

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

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Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

ABBREVIATIONS AND TERMINOLOGY

The following are abbreviations and terminology that have been used in this report:

Abbreviated name/ terminology	*Full name and/or description*
Afrox	African Oxygen Limited
AFU	Asset Forfeiture Unit
Bagus	Mr Rafique Bagus, former Deputy Director General, Trade and Investment
Beatrice Shabalala	Ms Beatrice Ntombenhle Otrina Shabalala (wife of Shabalala)
Cheatle	Ms Samantha Cheatle (Foulkes), Office Manager, HOD KZN Department of Health
DPP	Director of Public Prosecutions
Dr Savoi	Dr Gaston Savoi, Intaka
Dr Sewlal	Dr Andy Sewlal, General Manager, Infrastructure Development and Clinical Support, KZN Department of Health
HOD	Head of Department
Intaka	Intaka Investments (Pty) Ltd, Intaka Tech (Pty) Ltd, Intaka Holdings (Pty) Ltd
KZN	KwaZulu-Natal
KZNLG & TA	The KwaZulu-Natal Department of Local Government and Traditional Affairs
Mazars	Mazars Moore Rowland, Intaka external auditors
Mrs Zondi	Ms AN Zondi, ex Head Legal Services KZN Department of Health
Nkonyeni	Ms Peggy Nkonyeni, former MEC KZN Department of Health
Northern Cape DOH	The Northern Cape Department of Health
PFMA	The Public Finance Management Act No 1 of 1999
Praderi	Mr Fernando Praderi, Intaka
Professor Green-	Professor Ronald Green-Thompson, former Superintendent

Thompson	General, KwaZulu-Natal Department of Health
PSA	Pressure Swing Absorber
PS Act	The Public Service Act of 1994
PwC	PricewaterhouseCoopers
SAPS	South African Police Services
Shabalala	Mr Sipho Shabalala, former Head KZN Provincial Treasury and husband of Beatrice Shabalala
Skyros Medical	Skyros Medical Supplies (Pty) Ltd
Stevens	Mr V Stevens, KZN Department of Health
The Constitution	The Constitution of the Republic of South Africa of 1996
The Department/ The Department of Health	The KwaZulu-Natal Department of Health
The KZN Procurement Act	The KwaZulu-Natal Procurement Act, Act no 3 of 2001
The PSA	The Public Service Act of 1994
van der Merwe	Mr Gerhardus van der Merwe, ex-Manager, Infrastructure Development Component, KZN Department of Health
Walker	Mr Terry Walker, ex- Manager Engineering Services, KZN Department of Health
Westwood	Mr Robin Westwood, Deputy Manager, Infrastructure Development Component, KZN Department of Health

Report of Trevor White
Chartered Accountant and Forensic Auditor

The State v Gaston Savoi and others

A. AUTHOR'S DETAILS

1.000 Name

1.001 Trevor Sean White.

2.000 Personal details

2.001 I am a male with identity number 6611245014087, 44 years old. I am a director of PricewaterhouseCoopers Advisory Services (Pty) Ltd, 102 Stephen Dlamini Road, Berea, Durban with telephone number (031) 2712000.

3.000 Experience and qualifications

3.001 I joined Price Waterhouse in 1989, and was admitted as a director of PricewaterhouseCoopers on 1 July 1998, following the merger of Price Waterhouse and Coopers and Lybrand. I am presently the director in charge of the Risk Advisory Services department, which incorporates the Forensic Investigations Department of PricewaterhouseCoopers (PwC) in KwaZulu-Natal.

3.002 I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the South African High Court and the Regional Court and in the Lesotho High Court. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration ("CCMA") and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree and Post Graduate Diploma in Accountancy from the former University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered Accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Association of the Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing,

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reviewing and verifying financial information and accounting records. I have also chaired three investigative Commissions of Enquiry into Fraud and Corruption in Swaziland.

B. MANDATE AND ISSUES TO BE INVESTIGATED

4.000 Appointment

4.001 The terms of our appointment are detailed in our agreement with National Treasury which was signed by Mr Freeman Nomvalo, on 15 October 2010. The said Agreement relates to additional work required by the South African Police Services (**SAPS**) and the Director of Public Prosecutions (**DPP**) as a result of the investigations we conducted into the Intaka Group of Companies (**Intaka**) and their alleged involvement in fraud and corruption involving officials from the KZN Department of Health (**the Department of Health**), KZN Department of Local Government and Traditional Affairs (**KZN LG & TA**) and the Northern Cape Department of Health (**the Northern Cape DOH**). This report, which has been prepared at the request of the SAPS and DPP, covers the awarding of a contract for an Oxyntaka Self- Generating Oxygen Plant at Murchison Hospital by the Department of Health, to Intaka Investments. It further includes information relating to Professor Ronald Green-Thompson (**Professor Green-Thompson**), the former Superintendent General and Head of Department (**HOD**) of the KZN Department of Health and Mr Sipho Shabalala (**Shabalala**) the former Head of KZN Provincial Treasury. This report must not be read in isolation but must be read in conjunction with my two reports issued dated 24 May 2010. The said reports deal with the investigation conducted into the procurement of Oxyntaka Self- Generating Oxygen Plants and Wataka Water Purification Plants by the KZN Department of Health.

4.002 I am not required to and did not undertake an audit in terms of the International Standards on Auditing. The scope of my work was limited to a review of the documentary evidence made available to me and enquiries undertaken to address issues identified in the execution of the investigation undertaken. I have not verified the authenticity or validity of the records and documents provided to me, unless

otherwise stated.

4.003 This report has been prepared solely for use in the criminal matters registered with SAPS by the Department. It may also with the prior written consent of the Director of Public Prosecutions be used in any civil or disciplinary proceedings that the Department may wish to initiate. It may not be suitable for any other purpose and it should not be used, reproduced or circulated for any other purpose without my prior written consent. It should be a condition of such consent, if given, that PwC and myself accept no responsibility to that third party and that such third party will hold PwC and myself harmless in respect of any consequences of such disclosure. Whether or not I have given consent, PwC and myself will not accept liability or responsibility to any other party who may gain access to this report.

4.004 I have included information relevant to the investigation and related circumstances but cannot conclude on the completeness of such information as the possibility exists that not all-relevant information and documentation was made available to me. Any documentation or information brought to my attention subsequent to the date of this report, which will affect the findings detailed herein, will require my findings to be adjusted and qualified accordingly.

4.005 This report contains hearsay evidence based on interviews conducted with individuals and affidavits/warning statements taken by the SAPS. I deem the aforementioned evidence to be appropriate to sketch the full picture of the allegations raised.

5.000 Background

5.001 This report focuses on the procurement procedures followed in the awarding of a contract for an Oxyntaka Self- Generating Oxygen Plant at Murchison Hospital by the Department of Health, to Intaka Investments in 2005. Professor Green-Thompson was the HOD of the Department of Health at the time, whilst Shabalala was the Head of the KZN Provincial Treasury. This report covers additional information on the relationship between Professor Green-Thompson, Shabalala and Dr Gaston Savoi (**Dr Savoi**) and Intaka. It relates to the investigation conducted into the Intaka Group of Companies and their alleged involvement in fraud and corruption involving officials from the KZN Department of Health.

C. BASIS OF INVESTIGATION

6.000 Execution of fieldwork and gathering of information

6.001 Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this report, however, where an opinion is expressed in this report it is my own opinion.

7.000 Sources documents

7.001 The information dealt with in this report was obtained from the sources listed below:

1) Official documents in the custody of the KZN Department of Health;
2) Documents seized by the SAPS from Intaka;
3) Electronic records seized by the SAPS from Intaka; and
4) Documents obtained by the SAPS from third parties including those from Mazars Moores Roland (**Mazars**) external auditors for Intaka.

D. DETAILED PROCEDURES AND FINDINGS

8.000 The detailed procedures and my key findings are addressed below in respect of the awarding of a contract for an Oxyntaka Self- Generating Oxygen Plant at Murchison Hospital by the Department of Health to Intaka Investments in 2005.

Applicable Legislation and Procurement Policy and Procedures

8.001 I deem it necessary to refer to the relevant/ applicable legislation and the prescribed procurement policies and procedures at the time (2005) when Intaka was awarded the contract before proceeding further. I shall only attach relevant sections of the legislation and policies where applicable as these documents are bulky and it is not necessary to attach the documents in their entirety.

The Public Finance Management Act No 1 of 1999 and the Public Service Act 1994 **A1-A2**

8.002 The Public Finance Management Act No 1 of 1999 (**the PFMA**) was assented to on 2 March 1999 "*to regulate financial management in the national government and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibilities of persons entrusted with financial management in those governments; and to provide for matters connected therewith*". **A1/1**

8.003 The following definitions are relevant:

1) "Accounting officer" means a person mentioned in section 36. **A1/2**
2) "Department" means a national or provincial department or a national or provincial government component. **A1/2**
3) "Fruitless and wasteful expenditure" means expenditure which was made in vain and would have been avoided had reasonable care been exercised. **A1/3**
4) "Irregular expenditure" means expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including: the PFMA; the State Tender Board Act No 86 of **A1/4**

1968, or any regulations made in terms of that Act; or any provincial legislation providing for procurement procedures in that provincial government.

5) "Provincial department" means: The Office of a Premier listed in Schedule 1 to the Public Service Act, 1994 (**PS Act**); and a provincial department listed in Schedule 2 to the PSA. The KwaZulu-Natal Department of Health is included in Schedule 2 of the PSA. **A1/6** **A2** **A2/4**

8.004 In terms of section 3 the PFMA, to the extent indicated in the Act, applies to amongst others "departments". **A1/8**

8.005 Subsection (1) of Section 36 (of the PFMA) provides for "*accounting officers*": "*every department and every constitutional institution must have an accounting officer*". Subsection (2) (a) of Section 36 further adds that: "*subject to subsection 3 the head of a department must be the accounting officer for the department*". Sub-section (3): "*the relevant treasury may, in exceptional circumstances, approve or instruct in writing that a person other than the person mentioned in subsection (2)* be the accounting officer for a department". **A1/9-10**

8.006 Section 38 of the PFMA provides for "*general responsibilities of accounting officers*"- (1) "The accounting officer for a department"- **A1/10**

(a) "*must ensure that the department has and maintains: (iii) an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost-effective*".

The KwaZulu- Natal Department of Health Procurement Policy and Procedures **A3**

8.007 The KwaZulu- Natal Department of Health Procurement Policy and Procedures (**the Departments Procurement Policy and Procedures**) is dated 14 October 1999 and provides for policy and procedures for amongst others tenders for level 4 contracts. Level 4 means contracts exceeding R250,000. In terms thereof "*all level 4 delegations must be advertised and processed by the Departmental Logistics Section in accordance with applicable Tender Board Act requirements*". The document appears to have been signed by Professor Green- Thompson on 14 **A3/1** **A3/3**

October 1999.

8.008 The notes to level 4 further provides for the following: "*all tenders for requirements exceeding the amount of R250,000 per case will be invited by Procurement Administration for the procurement of supplies or services, the hiring or letting of anything, the acquisition or granting of any right or the disposal of movable State property. Particulars of the requirement will be advertised in the Provincial Gazette and appropriate local newspapers and tenders will close at Procurement Administration*". **A3/18**

The KwaZulu-Natal Procurement Act No 3 of 2001 **A4**

8.009 The KwaZulu-Natal Procurement Act No 3 of 2001 (**the KZN Procurement Act**) was enacted "*to provide for a procurement system to give effect to section 217 of the Constitution, and to provide for matters connected therewith*". **A4/1**

8.010 The following definitions are relevant:

1) "*Accounting officer*" in relation to a department, means the accounting officer for the department within the meaning of section 36 of the PFMA". **A4/3**
2) "*Department*" means that department within the KZN provincial administration dealing primarily with finance matters. **A4/4**
3) "*department*" means a department within the KZN provincial administration and listed in the first column of Schedule 2 of the PSA. **A4/4**
4) "*Procurement Administration Office*" means the Procurement Administration Office established under section 26 (of the KZN Procurement Act). **A4/4**

8.011 Section 2 provides for the primary objectives of the KZN Procurement Act- "*to establish a system for the procurement of goods and services by the provincial government that is fair, equitable, transparent, competitive and cost-effective*". **A4/5**

8.012 Section 3 reflects that the KZN Procurement Act applies to every "*department*". **A4/5**

8.013 Section 4 provides for the establishment of a Central Procurement Committee (the **A4/5**

CPC) in the "*Department*" (i.e. in Provincial Treasury being the department in provincial administration dealing primarily with finance matters).

8.014 Section 5 (1) reflects that the CPC must do all that is necessary or expedient to achieve the objectives of this Act under section 2, and for this purpose must- (a) adjudicate tenders and award contracts for the procurement of immovable property, goods or services, the disposal of goods or the granting of rights by the provincial government in cases where the value of the contract is- (i) above the delegated limit **A4/5**

8.015 Section 26 provides for (1) the Establishment of a Procurement Administration Office within the "*Department*"; and (2) that the Procurement Administration Office must be composed of officials of the "*Department*" designated by the Head of the Department. **A4/11**

8.016 The KZN Procurement Act was repealed on 20 December 2005 from which date the KwaZulu-Natal SCM Policy Framework and Treasury Regulations 16A came into effect in the KZN Province.

The Constitution of the Republic of South Africa 1996 **A5**

8.017 Section 217 of the Constitution of the Republic of South Africa 1996 (**the Constitution**) provides for Procurement: **A5/2**

1) When an organ of state in the national, provincial or local sphere of government, or any other institution identified in national legislation, contracts for goods or services, it must do so in accordance with a system which is fair, equitable, transparent, competitive and cost-effective.
2) Subsection (1) does not prevent the organs of state or institutions referred to in that subsection from implementing a procurement policy providing for
   a) categories of preference in the allocation of contracts; and
   b) National legislation must prescribe a framework within which the policy referred to in subsection (2) must be implemented.
3) National legislation must prescribe a framework within which the policy referred

to in subsection (2) must be implemented.

Affidavits of Gaston Savoi **B1+B2**

8.018 I previously in my report dated 24 May 2010 referred to an affidavit of Dr Savoi handed to me by the SAPS attached hereto for ease of reference. The said affidavit purports to have been signed by Dr Savoi on 14 July 2008. I also received a further affidavit of Dr Savoi handed to me by the SAPS that purports to have been signed by him on 21 August 2008. The 2 affidavits are similar but not identical; the 1st consists of 41 paragraphs and the 2nd consists of 48 paragraphs, hence the latter contains additional information. Both affidavits contain the following information relevant to the investigation of the procurement of an Oxyntaka by the Murchison Hospital: **B1** **B2**

1) Dr Savoi arranged a fact finding visit to South America at Intaka's cost "*for a delegation from KZN so that it's members could see for themselves how both the self-generating oxygen and the water purification plants operated in order to assist the delegation in deciding whether the equipment might indeed prove useful in KZN*". **B1/4+B2/4**
2) The visit took place from 20 to 23 March 2004 and members of the South African delegation included Shabalala, Dr Moyo-Ndwandwa and Mrs Ngema (from TIKZN), Professor Green-Thompson (*the then head of the KZN Department of Health and now a Special Advisor to the National Minister of Health*) and Mr Bagus. **B1/4+B2/4**
3) "*On the delegation's return to South Africa, the KZNPG indicated that it was interested in pursuing both the issue of self-generating oxygen equipment as (sic) also the water purification plants, the key persons in the process of further discussions being Mr Shabalala and Professor Green Thompson*". **B1/4+B2/5**
4) "*After some time, the KZNPG subsequently decided that an on-site oxygen and medical air generation plant should be installed at Murchison Hospital in KZN as a pilot project, given, especially, the enormous potential savings on oxygen and medical gas costs that could result from the use of such equipment*". **B1/5+B2/5**

Affidavit of Professor Green-Thompson **B3**

8.019 During the course of this investigation I, together with the investigating officer, interviewed Professor Green-Thompson at which time he was still a potential State witness and not an accused in this matter. Subsequent to the interview process a draft affidavit was compiled for Professor Green-Thompson and provided to him for any additions, deletions or alterations. We met him again thereafter together with the investigating officer Lieutenant Colonel du Plooy during which time he reviewed the contents of his affidavit and requested changes thereto. The affidavit was subsequently amended and again presented to Professor Green-Thompson by Superintendent du Plooy who dealt with it further. I was provided with a copy of the affidavit purported to have been signed by Professor Green-Thompson on 5 May 2011.

8.020 I wish to refer to the affidavit of Professor Green-Thompson that relates to the background into the matter.

1) Professor Green-Thompson was employed as the HOD at the KZN Department of Health during the period May 1995 to 31 December 2005. Dr Zweli Mkhize (Dr Mkhize), the current Premier of the KZN Province was the MEC for the KZN Department of Health during the same term until mid 2005. Professor Green-Thompson reported directly to Dr Mkhize during this period and thereafter (i.e. mid 2005 to 31 December 2005) to Mrs (Peggy) Nkonyeni. Documentation located in the personal file of Professor Green-Thompson reflects he was employed by the Department of Health for the period 22 May 1995 to 31 December 2005. **B3/1** **B3/44**
2) As part of a cost savings initiative various items were identified by Professor Green-Thompson and Senior Management of the Department, as the Departments biggest expenditure items, which included oxygen. **B3/1-2**
3) Professor Green-Thompson investigated the supply of oxygen to the Department and determined that African Oxygen Limited (Afrox) was the only supplier of oxygen to the Department since 1994. The National Treasury had entered into a National Tender with Afrox to supply oxygen to the Department of Health which **B3/2**

included the KZN Department of Health. The latter had to honour the said Agreement and abide by it; and could not implement alternate methods "*during this period*" (I am not certain what period specifically is being referred to by Professor Green-Thompson as a number of National contracts were awarded to AFROX for the supply of oxygen during the period 1995 to 2005).

4) "*I recall from memory only I was attending a meeting with Mr Sipho Shabalala (Mr Shabalala), who was the then Head of KZN Treasury Department during early 2004, during which time he introduced me to Dr Gaston Savoi (Dr Savoi) as a Director of Intaka. Dr Savoi introduced himself to me and I recall having a discussion about the nature of his business that includes amongst other services the health care sector. Our initial conversation included a discussion surrounding an oxygen plant they offered that can generate oxygen on site known as an "Oxyntaka". I was a quite interested in the supply of this type of service because oxygen was one of the items the department wanted to make savings on and I saw it as an opportunity, hence my interest in the product. The patients are the Departments priority and the department had to ensure that the product is safe and can be used by the Department for our patients. A feasibility study into the Oxyntaka unit was then planned*". **B3/2**

5) Professor Green-Thompson then referred to a letter dated 29 March 2004 (*RGT1*), that will be discussed later in this report (refer to annexure D3 of this report). Of significance is that he states that he received the letter around the time of his first meeting with Dr Savoi during which time he was introduced to Dr Savoi by Shabalala. **B3/2-3** **B3/7-8**

6) "*Mr Baqus at the time was having discussions with Intaka and the nature of their business. I was thereafter invited by the DTI as part of a delegation of people to visit South America and to inspect the Oxyntaka plants installed that was operational and to determine the feasibility thereof in KZN and the safety of oxygen produced. This was an official visit as HOD. The other persons who accompanied me and Dr Savoi of Intaka to Brazil in South America are the following*: **B3/3**

   i. *Mr Rafique Bagus, former Deputy Director General, Department of Trade and Investment;*

   ii. *Mr Shabalala, former HOD of KZN Treasury; and*

iii. *Mrs Manana Nhlanhla, former Chairperson of KZN Trade and Investment".*

7) *"The delegation of people flew together to Brazil and we have stayed over in the same hotel. We visited a few hospitals in Brazil where the Oxyntaka plants are in use. We met with Intaka technicians during these site visits as well as with a number of Hospital Managers as well as technical and clinical staff who work at these institutions. The feedback from the staff was positive. We also met with surgeons and anaesthetists where the oxyntaka units were in use. They also gave positive feedback on the product and made the comment "on condition that the Oxyntaka unit come with a back up of oxygen in support of the primary source, i.e. the Oxyntaka unit in the event that the plant fail to generate sufficient oxygen or in the event the purity level drop below a certain %". I recall the comment was made to ensure the continuous supply of oxygen to patients at all times".* I wish to point out the relevance of the condition of back up of oxygen that will again be referred to by me later in this report. **B3/3**

8) Professor Green-Thompson alleged further that he only stayed for a few days in Brazil due to other business related commitments and had to return back to South Africa earlier than the other members of the party. Intaka paid for all their expenses during the aforesaid visit according to Professor Green-Thompson. **B3/3-4**

8.021 I will also during the course of this report again refer to the rest of Professor Green-Thompsons affidavit when relevant and applicable.

Background

8.022 In my report dated 24 May 2010 in paragraph 9.033, relating to the procurement of 52 Oxyntaka Self-Generating Plants by the Department of Health from Intaka, I referred to the commissioning of an Oxyntaka plant as a pilot project at Murchison Hospital by Intaka. I shall for ease of reference repeat below what I had determined at the time (May 2010).

8.023 We had not been provided with any documentation from the Department setting out the procurement procedures followed in the awarding of the said order to Intaka for Murchison Hospital. I determined based on the Departments BAS records that

payments amounting to R1,717,717.80 were made to Intaka for Murchison Hospital commencing 4 October 2005 to 15 December 2009. We further were not in possession of all payment vouchers or the Agreement entered into with Intaka. Based on available payment vouchers and paid invoices the Department paid for a fixed amount of 3,000kg's of oxygen per month, recorded as "one month's rental" on the Intaka invoice. Hence, this would suggest that the Department was not paying for the "actual" amount of oxygen consumed by Murchison Hospital. I will refer to this in more detail later in this report. We were not requested or mandated to investigate the "contract" awarded to Intaka for Murchison Hospital at the time (May 2010).

The awarding of a contract for an Oxyntaka Self- Generating Oxygen Plant at Murchison Hospital by the Department of Health to Intaka Investments in 2005

8.024 I determined from the Departments BAS records that payments amounting to R2,242,277.40 were made by the KZN Department of Health to Intaka, in respect of the awarding of the contract for an Oxyntaka self-generating oxygen plant at Murchison Hospital, during the period 4 October 2005 to 18 August 2010. I determined as will be discussed later in this report that the contract between the Department and Intaka (for the Oxyntaka plant for Murchison hospital) was for a period of 5 years commencing on 8 April 2005 and ending on the last day (31st) March 2010. **C1/1**

8.025 I prepared a spreadsheet detailing the payments made to Intaka and sorted in firstly into ascending payment date order and thereafter into ascending order for the period in which the oxygen was provided on a monthly basis. I wish to briefly refer to the payments and relevant months supported by payment vouchers. I have not attached all 58 (fifty eight) payment vouchers to this report, as I will only refer to some of them. However, all payment vouchers are available for inspection should this be required. **C1/1** **C1/2**

8.026 The Department made the first payment to Intaka on 4 October 2005 against order number N0381579 in the amount of R60,990. The said order comprised 2 (two) invoices submitted by Intaka for payment: **C2/1-2** **C2/5**

1) Invoice number IOA10001 dated 12 May 2005 for "*service supplied- one month's rental in accordance with contract, request for deposit*" in the amount of R28,500; and **C2/3**
2) Invoice number INA10014 dated 1 May 2005 for "*service supplied- one month's rental in accordance with contract, 1 July 2005 to 30 July 2005*" in the amount of R32,490 (R28,500 plus VAT). **C2/4**

8.027 I later determined when examining the contract, to be discussed later in this report, that it provided for the following: a deposit equal to one (1) month rental upon signature of the contract; and a "*guaranteed usage*" of 36,000kg's (thirty six thousand) per annum i.e. 3,000kg's per month at R9.50 per kilogram plus VAT (R32,490 per month). The commencement date was recorded as 8 April 2005. However the Oxyntaka was only commissioned at the hospital at a later date. Hence, the first payment was made in terms of the contract only in October 2005 due to the delay in the commissioning of the plant, the commencement date was 1 July 2005. **D31** **D31/9** **D31/20**

8.028 All Intaka invoices submitted for payment thereafter up to and including May 2006; invoice number INA10074, referred only to the description of services as "*service supplied- one month's rental in accordance with contract*" and the relevant month, or similarly worded invoices. The reference to the 3000 kilograms of oxygen invoiced does not say if this was actually used by Murchison hospital. **C3/3**

8.029 Invoice number 74 for July 2006 attached to order number P0041026 referred to the description of services provided as follows: "*Service supplied rental for July 2006 in accordance with contract from 01/07/2006 to 31/07/2006 (3,000kg rate of R9.50)*". Again, even though the format of the invoice has changed, it does not specify if the 3000 kg's of oxygen was actually consumed. **C4/3**

8.030 Invoice number 163 for September 2006 attached to order number P0041995 referred to the description of services provided as follows: "*Charge for oxygen consumed in September 2006 in accordance with contract from 01/09/2006 to 30/09/2006 (3,000kg @ R10.07/kg)*". Hence, this was the first time Intaka had recorded the number of kilograms "*consumed*" which is factually incorrect as Intaka **C5/3**

charged the Department for 3,000kgs of oxygen per month for the duration of the contract period regardless of how much oxygen was actually consumed.

8.031 Intaka from September 2006 always referred to "*oxygen consumed*" and "*3,000kg*" in the description column on the invoices. The Department made a final payment to Intaka on 18 August 2010 against order number A650905 in the amount of R86,526. **C6/1**
The said order reflects the payment was made for 2 (two) months: March and April 2010. I have been provided with only (1) one invoice for March 2010, however the services provided in April 2010 is not in dispute and has also been confirmed by Murchison hospital staff responsible for payments.

1) Invoice number 1943 dated 31 March 2010 refers to "*charged for oxygen consumed in accordance with contract from 01/03/2010- 31/03/2010, (3000kg @ R12.65 p/kg excl)*" in the amount of R43,263. **C6/2**

8.032 A number of documents were received and identified from the following sources relevant to the investigation at Murchison Hospital:

1) Department of Health;
2) Hard copy documents seized by the SAPS from Intaka;
3) Electronic records seized by the SAPS from Intaka; and
4) Documents subpoenaed by the SAPS from third parties, and in particular from Mazars.

8.033 I reviewed the documents, in order to obtain a clear understanding of the sequence of events in terms of the documents. There are a large number of documents; the majority of which have been included in this report. However, I deem it necessary to refer only to those that I believe to be of significance. I will briefly discuss each of the said documents and the relevant content of each. This will be supported by affidavits obtained from Departmental officials and third parties who have been interviewed where necessary.

A letter on an Intaka letterhead dated 4 March 2004 **D1**

8.034 On 4 March 2004 Intaka sent a letter to Shabalala, Head of Department, Provincial Treasury, KwaZulu-Natal. In terms thereof Intaka invited Shabalala and Professor Green-Thompson to Brazil "*to view the healthcare system with specific emphasis on innovative technologies applied in the delivery of affordable health care services to the vast majority of the population. Once (sic) such technological innovation is Oxyntaka, the affordable oxygen manufacturing unit*. The visit was planned from 20th to 23rd March 2004. Flights had accordingly already been confirmed and Intaka awaited Shabalala's response. The letter purports to have been signed by Dr Savoi, CEO, Intaka Investments. The diary retained by the office of Professor Green-Thompson for 2004, contains a handwritten note on 26 February 2004 at 14:00 "*Dr Savoi- Oxygen Project*", indicating Professor Green-Thompson had a meeting scheduled with Dr Savoi. I am unable to confirm whether the meeting in fact took place. The said diary also contains further entries on 20, 21 and 22 March 2004 "*Trip to Brazil*". **D1/1** **D1/2** **D1/3-4**

8.035 The SAPS provided me with copies of printouts from the Travellers Record System provided by the Movement Control Centre. These documents reflect the following in respect of travel from South Africa to Sau Paulo by Professor Green-Thompson and Shabalala: **D1/6-11**

Date	Name	Direction	Flight #
20/03/2004	Green-Thompson	Departure	SA205
23/03/2004	Green-Thompson	Arrival	SA287
20/03/2004	Shabalala	Departure	SA205
24/03/2004	Shabalala	Arrival	SA206

E-mail from Dr Savoi to Shabalala dated 24 March 2004 **D2**

8.036 On 24 March 2004 at 07:10pm Dr Savoi sent an e-mail to 'sipho@pixie.co.za' with the subject "THANK YOU". It commences "Dear Mr Shabalala". The writer (Dr Savoi) firstly thanked Shabalala and "*Prof*". Green-Thompson for making time to see **D2/1**

Intaka's Oxygen plants working in some Brazilian hospitals, which would indicate to me that the trip to Brazil had already taken place. Dr Savoi further informed Shabalala that he (Dr Savoi) had already booked the rooms for Shabalala and "*Prof*" Green-Thompson at Steenberg hotel for the night of the 27th (I interpret this to mean 27 March 2004). Dr Savoi has also requested the flight details (of Shabalala and Professor Green-Thompson) so that he (Dr Savoi) could arrange their transfers from and to the airport.

8.037 Dr Savoi concluded as follows: "*On the other hand, as promised, I'm enclosing information about hardwood wood flooring and I will wait for your comments about the square meters of the area where you will put it and the colour of your preference*". This appears to me to be a subject of a personal nature.

8.038 The diary retained by the office of Professor Green-Thompson for 2004, contains a handwritten note on 28 March 2004 at 09:00 "*Mtg in CT: Dr Savoi Oxyntaka*". Alongside the said entry are "*Flight details*" for Durban Cape Town and Cape Town Durban for 27 and 28 March 2004 respectively. It further reflects "*no accommodation required*". **D2/2**

A letter on an Intaka letterhead dated 29 March 2004 **D3**

8.039 On 29 March 2004 Dr Savoi sent a letter to "*Prof*" Green-Thompson on an Intaka letterhead and copied it to Shabalala. In terms thereof Dr Savoi introduced himself to Professor Green-Thompson i.e. the introduction appears to have been made after Professor Green-Thompsons visit to Brazil, as the trip to Brazil took place according to Dr Savoi from 20- 23 March 2004, whilst Professor Green-Thompson in his affidavit stated that he and Dr Savoi were both on the trip and logic would indicate they met or were introduced on the trip. He further refers to a company he has formed called "Oxyntaka". **B1/4** **B3/3**

8.040 Dr Savoi then sets out details of the Oxyntaka plants. He further refers to "*an important feature of our plants is the continuous and constant flow of oxygen to the recipient*". **D3/2**

8.041 Dr Savoi further included the following: "*Oxyntaka has a significant Black Economic Empowerment stake including local KwaZulu- Natal participation. I would like to introduce a pilot project in the Province of KwaZulu-Natal. Our aim is to gradually introduce it to the entire public health system in the Province, as well as the rest of South Africa and Africa. In this regard, I would like to humbly request a meeting with you at your earliest convenience to discuss the matter further*". **D3/2**

8.042 Professor Green-Thompson also referred to this letter in his affidavit (*RGT1*) and stated the following: "*I recall receiving the letter from Intaka. The purpose of the letter was to formerly introduce Intaka to me and Dr Savoi requested a further meeting to discuss their product. I recall that I received the letter around the time of my first meeting with Dr Savoi during which time I was introduced to him by Mr Shabalala. I do not know the reason why Mr Shabalala was copied on the letter but presume it was because he was the head of the Provincial Treasury*". Professor Green-Thompson in his affidavit then referred to the delegation that went to Brazil as previously discussed by me. **B3/2-3** **B3/3**

E-mail from Shabalala to Dr Savoi dated 1 April 2004 **D4**

8.043 On 1 April 2004 at 08:36am Shabalala sent an e-mail to Dr Savoi untitled and copied to Charles Tertia; I do not know who the latter person is. The e-mail read as follows: "*I have received your message sent to me and to Prof RW Green-Thompson. I am sure that Prof will revert to you with the response in due course*".

E-mail from Shabalala to Dr Savoi dated 14 April 2004 **D5**

8.044 On 14 April 2004 at 08:27pm Shabalala sent an e-mail to Dr Savoi titled "*Mrs Shabalala's details*". The e-mail includes the following "*I have spoken to Prof as I have indicated. He assures me that he will move on both the issues we discussed by the close business tomorrow*". It is concluded as follows: "*My wife's details are as follows: Beatrice Ntombenhle Ostrina Shabalalal, ID No 6901190332083, address: PO Box 1558, Pietermaritzburg, 3200*".

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8.045 During the course of conducting the investigation into the procurement or water purification plants by the KZN Department of Local Government and Traditional Affairs from Intaka I identified an entity known as Skyros Medical. A Kreditinform Enquiry determined that Skyros Medical Supplies (Pty) Ltd (Skyros Medical), registration number 2004/010238/07 was registered on 20/04/2004, the Active Principals are Gaston Savoi id 521226 0000 000 and Beatrice Ntombenhle Otrina Shabalala ("Beatrice Shabalala") ID. 690119 0332 083, both appointed on 20/04/2004. I further understand that the latter is the wife of Sipho Shabalala. In terms of Gaston Savoi's affidavit the delegation to South America including Shabalala took place on 20 March 2004; whilst Gaston Savoi and Shabalala's wife registered Skyros Medical Supplies in April 2004, one month later. This was 6 days after the e-mail from Shabalala to Dr Savoi containing Mrs Shabalala's details. The above information obtained from Kreditinform was confirmed by the Registrar of Companies; however the status is recorded as "deregistration final". **D6/1-4** **D6/1** **D5/1-2** **D6/5-7**

E-mail from Dr Savoi to Shabalala dated 11 May 2004 **D7**

8.046 On 11 May 2004 at 10:30am Dr Savoi sent an e-mail to Shabalala repeated hereunder in its entirety:

"Dear friend,

As per our last telephone conversation, I'm commenting as follows:

1. *Company:*

   Under courier No. D01756244 Moores Rowland sent to your attention complete documents of your wife's co. Please acknowledge receipt, in order to go forward with the newco.

2. *Oxyntaka:*

   The Oxyntaka unit is ready for delivery. On the other hand, I understand that all relevant documentation and information was given before and after the important trip to Latin America. The above mentioned documentation covers even the last request of Professor and includes BEE offer, technical side, comparison and benefits between Oxyntaka units and current supply etc. I must recognise that I'm looking anxiously to go forward with such important

project and I will highly appreciate it if you can, as agreed upon, speed up the same".

E-mail from Dr Savoi to Shabalala dated 21 May 2004 **D8**

8.047 On 21 May 2004 at 08:22pm Dr Savoi sent an e-mail to Shabalala repeated hereunder in its entirety:

"Dear friend,

I hope you received copy of the letter sent yesterday to Professor which I believe it's self-explanatory.

Yesterday Manana commented to me that Professor for the second time called her regarding the BEE in Oxyntaka. I don't understand what the problem is once:

1. *In my letter of 29th March, of which I enclose copy, our commitment as Intaka with the BEE is clearly stated.*
2. *In our meeting in the Kingdom, Cape Town, Rio de Janeiro and Sao Paulo I made clear that due to the potential of the business in first stage in the Kingdom with 65 existing hospitals and the forecasted construction of 5 more this year was considered to give to the BEE 40% of the shareholding in Oxyntaka KZN an added value.*
3. *During my last meeting in the Kingdom I even insisted in considering important yours and Professor holding. However, from your reply, that you had given me before, I understood that it was not your intention to participate in this, but that doesn't change the fact that we will receive yours and Professor full support for the definitive conclusion of such important project.*

One more time I am forced to request your guidance to definitively conclude this and to not have constantly unnecessary little obstacles".

E-mail from Dr Savoi to Shabalala dated 25 May 2004 **D9/1**

8.048 On 25 May 2004 at 01:18pm Dr Savoi sent an e-mail to Shabalala. I will refer only to that relevant to Murchison hospital and the discussions on Oxyntaka KZN: **D9/1**

"Dear friend,

Thanks for your yesterday email. Clarito.
Yesterday I took the liberty of calling Professor and clarify and confirm my personal commitment with the BEE, granting to the Oxyntaka KZN newco since the beginning 40% of the company to the BEE pool.
As you know, this newco was also constituted besides that the BEE as an adding value as we understand this fantastic project will create additional jobs to the Kingdom once starting the production in situ, independent of the fantastic savings to the Kingdom safes against current supplying system and values.
I also remind him about the figures he promised to send me and he said I would receive them till Thursday.
Coming back to our meeting and as agreed upon I will wait as you told me till 1st June to hear from you how to go forward".
Dr Savoi concludes: "*Therefore, I believe that the most important thing will be to evaluate the above mentioned points with Professor as well as his thoughts in terms of the election of the products in which the company must focus".*

8.049 I am not in possession of any documentation or correspondence for June 2004, apart from a diary entry retained by the office of Professor Green-Thompson for 9 June 2004 12:45 "*Oxygen issue: Mr Conradie, Dr Sewlal*". Dr Sewlal who provided an affidavit, to be discussed later in this report, stated that he did not recall this specific meeting. Mr Conradie, the Departments Financial Manager (now known as the Chief Financial Officer) at the time, was contacted and he stated that did not recall the meeting as he was not at any stage involved in the Intaka oxygen matter. **D9/2** **E3**

Fax from Dr Savoi to Professor Green-Thompson dated 19 July 2004 **D10**

8.050 On 19 July 2004 Dr Savoi sent a fax to "*Prof*" Green-Thompson copied to Shabalala titled "Oxygen Generating Plant-Oxyntaka". Dr Savoi referred to a telephone call he had received from Mr R Westwood on 7 July 2004 who raised questions with regard to the Oxyntaka unit. Dr Savoi further stated that he requested Westwood send him his (Westwood's) queries by fax. I had earlier in my investigations into Intaka in 2009/2010, determined that Mr Robin Westwood (**Westwood**) is employed as a Deputy Manager, Engineering Advisory Services, Infrastructure Development **D10/1-3**

component, KZN Department of Health; a position he also occupied in July 2004.

8.051 The attached fax is dated 7 July 2004, being the date of the telephone call referred to by Dr Savoi. Westwood requested Dr Savoi to advise him whether Intaka had any self-generating oxygen plants in medical application in Southern Africa and if so Dr Savoi was to provide the requested case study history as provided for by Westwood. The document has been signed by "C. Alvarez" whom I understand was employed in Westwood's office at the time and whom Dr Savoi questioned in his letter to Professor Green-Thompson. Westwood's name also appears alongside "enquiries" at the top right of the document. The request by Westwood to Dr Savoi appears in my opinion to be a reasonable one. **D10/4** **D10/1** **D10/4**

8.052 It is apparent that Dr Savoi did not know Westwood at this time. He concluded by requesting information from Professor Green-Thompson in order for Intaka to determine the suitable Oxyntaka model required (I assume for Murchison hospital although no specific reference is made to the said hospital). The Intaka letter was sent to Dr Sewlal from the Office of Professor Green-Thompson on 28 July 2004 and mailed to Westwood on 29 July 2004. **D10/5-6**

Affidavit of Robin Westwood

8.053 Westwood was interviewed and provided an affidavit detailing his knowledge and involvement surrounding the award of the contract to Intaka by the Department of Health, for the supply of a self-generating oxygen plant at Murchison hospital. **E1**

8.054 Westwood stated that he was informed by Mr Gerrie (Gerhardus) van der Merwe (**van der Merwe**), the Manager of the Infrastructure Component at the time that an instruction had been received from Professor Green-Thompson, to make contact with Intaka. It was further reported to him that Intaka could save the Department of Health huge costs in the provision of oxygen. He did not recall the exact date that he first received the instruction, however it was prior to 7 July 2004 being the date he first telephoned Dr Savoi and sent him the fax referred to above. Westwood stated further that he was further required to determine the feasibility of the Intaka plant (known to **D10/4**

him as the Oxyntaka plant) and to consider the implementation of a pilot project at a smaller institution.

8.055 Westwood stated further that at the time the National Contract with AFROX had or was about to expire. He was busy investigating the conversion of a number of hospitals in the Province within the Department of Health, from cylinder usage to bulk oxygen supply. This included 2 (two) hospitals: Vryheid hospital and Murchison hospital. The reason for this consideration was based purely on the huge potential savings the Department could make when converting to bulk oxygen supply as opposed to cylinder supply. It was at this time that he received the instruction to contact Intaka. He was also aware of another French company called Oxyplus represented in South Africa by Insmed that supplied self-generating oxygen plants. I will again refer to Westwood's affidavit during the course of this report where necessary.

Affidavit of Gerhardus van der Merwe

8.056 van der Merwe was interviewed and provided an affidavit detailing his knowledge and involvement in the matter. **E2**

8.057 van der Merwe stated that he was the Manager of Infrastructure Component during 2004 and reported directly to Dr Andy Sewlal (**Dr Sewlal**), the then General Manager Infrastructure and Clinical Support, Department of Health. He reconfirmed that Professor Green-Thompson was the then HOD. van der Merwe alleged that he was not familiar with Intaka as a supplier to the Department of Health during 2004 and he recalled that he attended a meeting with Professor Green-Thompson who instructed the Infrastructure Component to contact Intaka; a supplier who was able to provide an "on site self-generating oxygen plant" that could be implemented at hospitals as an alternative means to Afrox. Afrox was the sole supplier of Oxygen to the Department of Health at the time according to van der Merwe and Professor Green-Thompson was of the opinion that Intaka could save the Department of Health huge costs in the provision of oxygen. Professor Green-Thompson was allegedly of the opinion that Intaka was the only supplier who could provide this type of product. He

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added that he attended a number of meetings with Professor Green-Thompson and Dr Sewlal during which time they had general discussions surrounding the implementation of alternative means of oxygen supply to the Department of Health. He recalled informing Professor Green-Thompson that they could not just implement alternative means of oxygen supply to the Department of Health, but that they had to investigate the matter further and evaluate the technical aspects of the self-generating oxygen plant.

8.058 van der Merwe stated further that he did not recall the exact date he first received the instruction from Professor Green-Thompson, however based on documentation shown to him (forming the basis of this report) this appears to be in mid 2004. He confirmed that he instructed Westwood to contact Intaka and to obtain further information about their product from them. He corroborated Westwood's explanation that at the time the RT50 National Contract with AFROX had or was about to expire and recalled Westwood was also at the time investigating the conversion of a number of hospitals in the Province within the Department of Health, from cylinder usage to bulk oxygen supply. I will again refer to van der Merwe's affidavit during the course of this report where necessary.

Affidavit of Dr Andy Sewlal

8.059 Dr Sewlal was interviewed and provided an affidavit detailing his knowledge and involvement in the matter. **E3**

8.060 Dr Sewlal stated that he was appointed (amongst other responsibilities), as the General Manager: Infrastructure and Clinical Support Component during May 2004 and he reported directly to Professor Green-Thompson. He further recalled that he was requested to attend a meeting with Professor Green-Thompson shortly after his appointment referred to above. He corroborated van der Merwe's explanation and confirmed that at the meeting Professor Green-Thompson discussed with him the possibility of an alternative source of oxygen supply to the Department of Health. He also confirmed that according to his understanding, Afrox was the sole supplier of oxygen to the Department of Health at the time and Professor Green-Thompson was

of the opinion that Intaka, a supplier of an "on site self-generating oxygen plant" could save the Department of Health huge costs in the provision of oxygen.

8.061 Dr Sewlal further confirmed that Westwood through van der Merwe was instructed to conduct an investigation in order to determine the feasibility of the self-generating oxygen plant. Dr Sewlal added that Intaka was unknown to him and he has to date not personally met Dr Savoi. I will again refer to Dr Sewlal's affidavit during the course of this report where necessary.

A fax from Dr Savoi to Professor Green-Thompson dated 3 August 2004 **D11**

8.062 On 3 August 2004 Dr Savoi sent a fax to Professor Green-Thompson consisting of 8 pages. Seven (7) of the pages consist of a letter to Westwood titled "Self-Oxygen Generating Plant", copied to Professor Green-Thompson and Shabalala. I will comment on relevant information provided in the letter. Dr Savoi referred to their earlier telephonic discussion and fax received from Westwood. He then introduced himself and Intaka and also referred to the delegation to South America in March 2004, where after it was according to Dr Savoi agreed to set up a pilot project in KwaZulu-Natal. Dr Savoi added that after the trip he had a meeting with the Head of Health in KZN, which he understood led to Intaka's contact with Westwood. **D11/1** **D11/2-8**

8.063 Dr Savoi further provided details of the benefits of the Oxyntaka plant and comparative costs per m³ between the "traditional oxygen suppliers" and the "Oxyntaka plant", and "benefits". Dr Savoi also provided additional information on the Oxyntaka plant including the different models and associated monthly production of oxygen and medicinal air.

8.064 He concluded by referring to Westwood's request of 7 July 2004 and requested the same information from Westwood as that requested from Professor Green-Thompson on 19 July 2004. The Intaka letter addressed to Westwood, was sent to Dr Sewlal from the Office of Professor Green-Thompson on 4 August 2004 and mailed to Westwood on 11 August 2004. **D11/7** **D10/4** **D11/9-10**

8.065 I wish to refer to paragraph 9 of Professor Green-Thompson's affidavit: **B3/4**

"I contacted the Facilities Infrastructure Component responsible to supply technical advisory services to the Department shortly after my return. Mr Westwood of the Infrastructure Component was requested to investigate the feasibility of such a project and to consider the implementation of a pilot project at one of the smaller institutions. The purpose thereof was to determine the following:

i. Cost- A comparison between Afrox and the Oxyntaka unit to determine if the Oxyntaka unit would be cheaper that (sic) Afrox.
ii. Safety- To ensure that the Oxyntaka plant is safe and comply with all the required safety standards.
iii. Sustainability- To determine if the Oxyntaka unit is sustainable.
iv. Method of purchase- To determine if the Department must purchase or lease the unit.
v. Advantages which will be any added advantages of creating competitions which would reduce prices".

Letter from Rafique Bagus to Shabalala dated 18 August 2004 **D12**

8.066 The contents of this letter are self-explanatory; Bagus has concluded by requesting Shabalala to contact Dr Savoi. He has referred to Dr Savoi who "*has become disillusioned with the levels of service and commitment received and frankly he is frustrated*". I wish to point out that Dr Savoi had in previous correspondence (3 August 2004) copied Shabalala (and Professor Green-Thompson) on his letter to Westwood as discussed above, which was sent to Professor Green-Thompson's office. **D11**

Report by Westwood to van der Merwe dated 30 August 2004, van der Merwe's report to Professor Green-Thompson dated 7 September 2004 and the approval by Professor Green-Thompson dated 13 September 2004 **D13**

8.067 On 30 August 2004 Westwood sent a report to van der Merwe titled "Self-Generating Oxygen Plants". Westwood reported on his attempts to obtain as much information as possible on the plants in question. In the 4th paragraph he has "*proposed that 2 hospitals, which are presently on a manifold system and were identified as being consumers for conversion to bulk supply, should be used as pilot sites*". **D13/1**

8.068 He continued as follows: **D13/1-2**

"*With approval, these sites, one being Murchison Hospital and the other Vryheid Hospital, being similar size and consuming similar quantities of oxygen, could be given one to each of the suppliers and that they be requested to put forward a proposed agreement for the provision of the self-generating oxygen plant based on payment related to quantities of oxygen consumed. This proposal would not compromise patient safety as in any way we would retain the present manifold system as a back-up supply.*

Authority is sought to approach each of these companies for proposals and if feasible and to the advantage of the Department, agreement could be entered into and only then over a period of time could we technically evaluate the success of this system and whether this could be implemented in other hospitals.

Until this evaluation is available it is also requested that authority be granted to proceed with the tender for bulk oxygen.

The matter is forwarded for your further decision".

8.069 On 7 September 2004 van der Merwe sent a report to Professor Green-Thompson and informed him of Westwood's "*in depth investigation*" into the Self-Generating Oxygen Plants. He effectively repeated what was said in Westwood's report **D13/4-5** **D13/1-2**

discussed above.

8.070 Professor Green-Thompson approved the submission on 10 September 2004 and made the following handwritten entry on the report prepared by van der Merwe: "*Approved & Proceed. Why not also consider Northdale as it is in Pmb & Close for regular evaluation by the Head Office*". This note/authority was repeated in a letter to van der Merwe from Professor Green-Thompson dated 13 September 2004, that was e-mailed to Westwood on 16 September 2004 by van der Merwe. **D13/5** **D13/6** **D13/7**

8.071 Westwood confirmed in his affidavit that he prepared and submitted the abovementioned report and that he had firstly sought authority to approach the 2 companies for proposals and secondly to proceed with the tender for bulk oxygen supply. **E1/4**

8.072 Westwood further stated in his affidavit that he interpreted the authority to mean that they (Infrastructure) could proceed with the pilot projects at Murchison and Vryheid hospitals, which he confirmed with van der Merwe. He was not certain whether authority was given to proceed with the bulk oxygen tender as well, however this tender was dealt with by Supply Chain Management (**SCM**) and Mr Colin Roslee, but the tender was not awarded according to his understanding. With regards to Northdale hospital, it was already on bulk oxygen supply and hence there was no need to commission a self-generating oxygen pilot project at Northdale hospital as suggested by Professor Green-Thompson. van der Merwe confirmed that he fully supported Westwood's report and corroborated the explanation of Westwood relating to the authority granted. Dr Sewlal also confirmed that he supported the proposal of Westwood and that he signed the document that was subsequently approved by Professor Green-Thompson. **E1/5** **E2/4** **E3/3**

8.073 Mr Roslee was contacted and requested to provide his knowledge of the tender for bulk oxygen for the period under investigation and referred to by Westwood. He did not recall the tender and whether it was advertised. He referred us to SCM. We contacted Ms Debbie Bosch within the Departments SCM Component, Registry office and requested her assistance in tracing the relevant documentation if

applicable. She subsequently advised us that she had no record of the tender being advertised by the KZN Department of Health and hence confirmation that a tender for the supply of bulk oxygen was never awarded as stated by Westwood.

8.074 I obtained a copy of a letter from Afrox on a KZN Provincial Treasury letterhead dated 19 April 2004, addressed to the Regional Manager, Afrox Durban. In terms thereof Contract ZNT 104G: Supply of Gases: Liquid Medical Oxygen, was extended by the Central Procurement Committee on 1 April 2004, on a month to month basis for a period not exceeding six months or until a new contract is in place. It has been reported to me by Westwood that KZN Health was a participant in the said contract. I further determined from National Treasury that RT50 of 2005 for the supply and delivery of industrial compressed, industrial bulk and liquid petroleum gasses was advertised during 2004/2005 and awarded to Afrox and Air Liquid for the period 1 July 2005 to 30 June 2008. I was further informed by National Treasury that KZN Health was not a participant in RT50 of 2005. Based on the above KZN Health was a participant in ZNT 104G up until 1 July 2005, when RT50 of 2005 came into effect. **D13/8**

Correspondence between Westwood and Dr Savoi 20 to 23 September 2004 **D14**

8.075 On 20 September 2004 Westwood sent a letter to Dr Savoi informing him that authority had been granted by the Head of Department to undertake a pilot project at Murchison hospital and he attached figures regarding oxygen usage for Dr Savoi's information. Westwood added the following that I wish to emphasise: "*you are kindly requested to undertake an evaluation and to submit proposals to this office on the basis of payment for oxygen consumed per kilogram*". **D14/1** **D14/2**

8.076 Westwood confirmed sending the said letter and stated that this was not confirmation of an order with Intaka, for the provision of the plant for Murchison hospital, but a request for a proposal based on authority from Professor Green-Thompson to proceed with a pilot project. He further clarified the figures appearing on the attachment. He stated that a zero was missing with regards to the "*maximum monthly consumption*" and "*Average monthly consumption*", it should read 3070 (kgs) and 2480 (kgs) respectively and not 307 and 248 as recorded in the table. I agree **E1/5** **D14/2**

based on consumption figures to be referred to later in this report, that Westwood's explanation is correct.

8.077 On 21 September 2004 Dr Savoi replied to Westwood and included the following as it relates to "*payment for oxygen consumed per kilogram*": "*In order to proceed with the evaluation and submit our proposal to your office on the basis of payment for oxygen consumed per kilogram we plan to send our Industrial Director, Mr Fernando Praderi, together with 2 of our engineers tomorrow 22nd September to visit the site and proceed accordingly*". **D14/4**

8.078 On 22 September 2004 Westwood replied to Savoi and referred to their telephonic discussion. Westwood confirmed that Intaka would visit Murchison hospital on 5 October 2004 (as opposed to 22 September as proposed by Dr Savoi). The letter was copied to the Engineering Services Manager, Mr T Walker (**Walker**). Dr Savoi acknowledged receipt thereof on 23 September 2004 and confirmed the meeting at Murchison hospital on 6th (not 5th) October 2004. A note on file prepared by Westwood reflected the following items for consideration i.r.o. the self-generating oxygen plant: **D14/5-7** **D14/8** **D14/9**

1) The unit must be self-contained in a container-type unit.
2) The agreement must include for the supply of the cylinders for the manifold.
3) The agreement must credit the Department for electricity consumed.

8.079 Westwood confirmed the above sequence of events in his affidavit and the note on file relates to issues he deemed to be essential, according to him. **E1/6**

Letter from Dr Savoi to Westwood dated 6 October 2004 **D14/10**

8.080 On 6 October 2004 Dr Savoi sent a letter to Westwood and copied it to Walker. Dr Savoi referred to the meeting at Murchison hospital the previous day 5 October 2004 and that he would revert to them with Intaka's proposal. Dr Savoi also invited Westwood to visit Intaka Cape Town to see the Oxyntaka units and requested Westwood provide a date when he (Westwood) could undertake the visit.

8.081 An electronic Diary located amongst the electronic records seized from Intaka by the SAPS contains amongst others diary entries for October (2004), electronically filed as "Agenda 11 Octubre- dicl.xls", last modified on 15/10/2004. The diary contains the following entries: **D14/11-12**

Dr Savoi

Tuesday, 5th October	10:00- Durban (visit to Port Shepstone + Murchison Hospital)
Wednesday, 13th October	Mr Shabalala at Steenberg

Fax from Praderi to Westwood and Walker dated 14 October 2004 **D15**

8.082 On 14 October 2004 Praderi sent a fax to Westwood and Walker and attached an undated letter addressed to Westwood and copied to Walker. Praderi referred to their telephonic discussion and that they (Intaka) awaited confirmation of the date on which Westwood could visit Intaka. Praderi also reconfirmed the figures they discussed at Murchison hospital. He concluded that Westwood provided for a maximum monthly usage of 3070kg's of oxygen at Murchison hospital, whilst Intaka's evaluation determined the maximum monthly usage to be 7255kg's.

083 An electronic Diary located amongst the electronic records seized from Intaka by the SAPS contains amongst others a diary entry for October (2004), electronically filed as "Agenda 11 Octubre- dicl.xls", last modified on 15/10/2004. The diary contains the following entry: **D14/11**

Dr Savoi

Sunday, 5th October	Departure Mr Shabalala

Fax from Praderi to Walker dated 1 November 2004 **D16**

8.084 On 1 November 2004 Mr Fernando Praderi (**Praderi**), Industrial Director Intaka sent a fax to Walker. He referred to a telephonic discussion with Westwood and that **D16/1**

maximum monthly consumption of 3070kg's should be considered as valid (and not 7255kg's referred to in Praderi's previous letter). He concluded by requesting the monthly and daily consumption of electricity with the maximum demand at Murchison hospital, both in rands and KW. Walker replied the following day 2 November 2004. He advised that he was not able to provide the requested daily information and that the monthly consumption could be obtained from the electrical account received by Praderi during his visit to Murchison hospital. This was copied to Westwood. Walker sent a further reply to Praderi the following day 3 November 2004 (and referred to a telephonic discussion in the interim) and provided him with copies of the electrical accounts as requested, and copied it to Westwood. **D15** **D16/2** **D16/3**

Letters from Westwood to the Hospital Manager Murchison Hospital dated 24 November 2004 and from Praderi to Westwood dated 25 November 2004 **D17**

8.085 On 24 November 2004 Westwood sent a letter to the Hospital Manager Murchison Hospital (Mr V Reddy) and informed him that Murchison hospital had been identified as a pilot site for investigation into the provision of a self-generating oxygen plant to replace the existing system of cylinder supply. Westwood requested information from the hospital "*in order that this office makes the correct decision in this matter*" pertaining to actual consumption figures as detailed in the letter that is self-explanatory. The information was required by not later than 2 December 2004. **D17/1**

8.086 On 25 November 2004 Praderi sent a letter to Westwood thanking him for his (Westwood's) visit to Intaka in Cape Town. He concluded that he would be sending Intaka's business proposal in respect of the installation of the Oxyntaka 020 at Murchison hospital. **D17/2**

E-mails in respect of hotel reservations for Shabalala and Professor Green Thompson dated 2 December 2004 **D18**

8.087 Various e-mails dated 2 December 2004 referred to a reservation for Shabalala and Professor Green-Thompson on 5 December 2004 at the Saxon Hotel, Johannesburg for the account of Dr Savoi. I do not know the reason for this reservation or whether it **D18/1-2**

related to Murchison hospital. At this stage the anticipated pilot project at Murchison hospital was being dealt with by Westwood and Walker representing the Department and Praderi representing Intaka as discussed above. I obtained a copy of Professor Green-Thompson's diary from Samantha Cheatle the office manager at the time. It contains the following entries for Sunday 5 December 2004: "*SA 578 Dbn 1840- Jhb 1950, 1800 Saxton Htl Jhb, Sheraton Htl-Pta Car Rental*". I have not confirmed whether either Professor Green-Thompson or Shabalala stayed at the Saxon hotel on 5 December 2005. **D18/3**

088 An electronic Diary located amongst the electronic records seized from Intaka by the SAPS contains amongst others a diary entry for December (2004), electronically filed as "Agenda 28 Noviembre- dicl.xls", last modified on 6/12/2004. The diary contains the following entry: **D18/4**

Dr Savoi

Sunday, 5th December	Mr Sipho Shabalala, Prof. Green-Thompson

E-mails between Dr Savoi and Westwood, and Westwood and Afrox during the period 9 December 2004 to 22 December 2004 **D19**

.089 On 9 December 2004 at 01:16pm Dr Savoi sent an e-mail to foulkess@dohho.kzntl.gov.za (Samantha Foulkes/ Cheatle) and copied it to Shabalala and Praderi. It reads as follows: **D19/1**

"*Dear Professor Ronald,*
It was a pity that we did not succeed in meeting in Johannesburg to discuss about the 2 new Oxyntaka units for additional 2 hospitals at the Kingdom. I share completely the logistic idea of placing one at a hospital in the North and the other one at a hospital in the middle East of the Kingdom.
Considering that we already have 6 units apart from the one that is going to Murchison hospital I would need some details of these 2 additional hospitals, as well as who we must contact in order to make a visit to the sites with our engineering

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department and technicians to evaluate the model that will attend to these 2 hospitals.
Your immediate reply on this issue will be highly appreciated".

8.090 On the same day 9 December 2004 at 01:28pm Dr Savoi sent another e-mail to Westwood and copied it to Praderi. He has included the following in caps and bold font "PLEASE DISREGARD THE PREVIOUS EMAIL AND CONSIDER THIS ONE" **D19/2**

8.091 I wish to repeat the content of the e-mail as it refers to amongst others a "*minimum consumption*".

"Dear Eng. Westwood,
Further to our meetings at Murchison hospital- KZN and Intaka head offices- WP and as agreed upon, we hereby submit as per your request our proposal for your consideration:

- *Intaka will supply and install an Oxyntaka ® model 020 self-oxygen production unit to meet your bulk oxygen supply needs on the following terms and conditions:*

A) Price: R10.30/kg + VAT.
B) Credit terms: 30 days monthly in arrears.
C) Minimum period of contract: 5 years.
D) Price to be escalated annually by the C.P.I. index prevailing with a minimum of 6% per annum.
E) Minimum consumption of 30 000kg per annum.

Intaka will be responsible for the full maintenance excluding vandalism and gross negligence by hospital staff.
Against your acceptance of the above conditions a contract will be prepared to be signed between parties. This contract will protect both supplier and consumer"

8.092 On 22 December 2004 Dr Savoi sent a further e-mail to Westwood that is self-explanatory; Intaka was requesting an order for an Oxyntaka ® model 020 for Murchison hospital and details of other hospitals in order to visit and evaluate to determine the correct model for each site. **D19/3**

8.093 Westwood replied to Dr Savoi the following day 23 December 2004: "*kindly be advised that as discussed at your premises in Cape Town the technical function of your Oxyntaka unit is most satisfactory and we have full confidence that the unit will function and meet the hospital needs, Please appreciate the fact that it is not only the technical aspect that must be evaluated but also the financial implications. A full evaluation will probably be completed within the next few weeks and I will keep you informed of the progress in this regard*". Westwood confirmed this in his affidavit and that the evaluation both technical and financial had not been concluded. **D19/3** **E1/9**

8.094 Westwood had in the interim on 22 December 2004 received an e-mail from Ros Mabelis of Afrox, who provided details of the previous year costs of 10.2kg cylinders and quoted bulk oxygen for amongst others Murchison hospital, that is summarised hereunder: **D19/4-5**

10.2kg Medical Oxygen usage Dec 2003 to Nov 2004			
Volume (kgs)	**Value (R)**	**Cylinder hire (R)**	**Total (R)**
31,650	447,018	40,495	487,513

Quoted Bulk Supply			
Volume (kgs)	**Value (R)**	**Tank hire (R)**	**Total (R)**
31,650	79,125	38,400	117,125

8.095 The writer recommended that the concentrator have an independent back up supply of oxygen, as whilst the concentrator may have its own cylinders these would be depleted and impossible to refill, in period of lengthy plant downtime. I concur with the above as it guaranteed patient safety being a priority. **D19/4**

Preliminary Report: Self-Generating Oxygen Plants from Westwood to Professor Green-Thompson, Dr C Sewlal and Mr G van der Merwe dated 18 January 2005 and replies thereto **D20**

8.096 On 18 January 2005 Westwood sent a "Preliminary Report: Self Generating Oxygen Plants" to Professor Green-Thompson, Dr C Sewlal and Mr G van der Merwe. Westwood provided the background into the matter: In September 2004 the HOD granted approval to approach Oxyntaka and Oxyplus for proposals for Murchison and Vryheid hospitals; both these hospitals had been identified as being candidates for conversion to bulk supply. **D20/1-2**

8.097 He further referred to the site evaluation on 5 October 2004 by Intaka at Murchison hospital and the agreement that Oxyntaka (Intaka) would prepare a preliminary costing exercise and commission a self-generating plant at their premises (Intaka premises) for technical evaluation and approval.

8.098 Westwood further referred to his visit to Intaka and that it was found that the unit met all the technical requirements with regard to purity and pressure and in principle the unit could be installed in any facility. The only consideration now according to Westwood was the cost implication. Westwood referred to the Oxyntaka proposal dated 9 December 2004. He provided a comparative cost analysis for Murchison hospital for 3 alternate sources of supply: Afrox Cylinder costs; Oxyntaka PSA (**Pressure Swing Absorber**); and Bulk conversion costs (Afrox). For convenience sake I will include the table below relevant to Intaka and Murchison hospital and will comment where relevant:

Hospital	Annual usage kg's	Cylinder Cost (R)		Oxyntaka PSA (R)	Bulk Conversion Cost (R)		
		Consumption	Rental		Consumption	Rental	Back-up Cylinders
Murchison	31,650	509,601	46,164	371,634	90,203	43,776	627
Total		R555,765		R371,634	R134,606		

(I am not required to investigate the contract awarded to Insmed for Vryheid hospital

and I will not discuss same, however it is included in Westwood's report).

8.099 Westwood added that the minimum period of contract is 5 years. Based on the above costs provided by Westwood it is evident that the "Bulk Conversion Cost" was the most cost effective and amounted to R134,606 per annum based on an annual usage of 31,650 kg's, as opposed to Intaka's proposal for the Oxyntaka plant amounting to R371,634. I will later in this report also refer to additional costs for the backup supply of oxygen not provided by the Oxyntaka plant.

100 Westwood reported as follows as regards the cost analysis:

"Pricing for the bulk supply has been based on existing sites.

As can be seen from the above analysis, it is not at all feasible cost-wise to install the PSA plants at these institutions "(in this case the Oxyntaka plant at Murchison hospital). "*It must be borne in mind that the Department had no idea what the financial implications of the PSA plant would be as there is not a single plant installed in South Africa, it was always assumed, based on the literature given by both companies, that irrespective of the size of the Hospital, the units would be cost-effective and either be on a par with bulk oxygen costs or cheaper.*

In the absence of a medical gas contract at the present moment, it is impossible to identify who the successful contractor would be so we have taken the liberty of approaching Afrox in order to obtain the cut-off point for minimum quantities of oxygen consumption when considering conversion to bulk supply. Messrs. Afrox indicate that anything above 2,000kg's per month can be accepted and converted to bulk.

With your approval this costing will be conveyed to both suppliers in order that they may evaluate the proposition for the provision of PSA plants at hospitals using less than 2,000 kgs per month. At this moment, based on the last 12 months, there are 20 hospitals that fall into this category.

It may be pertinent to await the outcome of the Medical Gas Contract which will be advertised on the 20th of January and close on the 23rd of February (2005) in order that we may communicate with the successful tenderer to confirm minimum quantities of consumption when considering conversion to bulk supply.

This matter is submitted for your direction".

8.101 The above explanation of Westwood is clear and unambiguous and it is evident that the Oxyntaka plant proposed by Intaka for Murchison hospital was certainly not cost effective (the same applied to Insmed's proposed Oxyplus plant for Vryheid hospital) and it was not supported by Westwood. Westwood confirmed the contents of the abovementioned report in his affidavit. **E1/9**

8.102 The following day 19 January 2005 Professor Green-Thompson replied and requested additional information by 24 January *2004* (this should read 2005) as detailed hereunder : **D20/3**

1. *"Oxygen usage by each hospital over a 12-month period.*
2. *The expenditure for a year and disaggregated to monthly expenditure.*
3. *Comparison between Oxygen expenditure being provided by the two methods".*

8.103 In my view point 3 above does not make sense as Westwood has provided a comparison for 3 methods: cylinders; oxyntaka; and bulk oxygen, however Professor Green-Thompson has ignored the bulk oxygen method. Westwood requested an extension of the deadline for a further 2 weeks in his letter to van der Merwe dated 24 January 2005, as extensive information had to be gathered. This request for the deadline to be extended to 7 February 2005 was sent to Professor Green-Thompson on the same day by van der Merwe. **D20/1-2** **D20/4** **D20/5-7**

E-mail from Dr Savoi to Westwood dated 20 January 2005 and reply dated 24 January 2005 **D21**

8.104 During the above correspondence period between Westwood and Professor Green-Thompson, on 20 January 2005 at 09:29am Dr Savoi sent an e-mail to Westwood and copied it to van der Merwe, Dr Sewlal, Shabalala and Rustum Mohamed titled "Murchison Hospital". Dr Savoi referred to his telephonic discussion with Westwood and Westwood's e-mail dated 23 December 2004. He requested Westwood advice Intaka whether he (Westwood) had completed the analysis of the Intaka proposal sent on 9 December 2004, in order to go forward. He added "*As you know the Oxyntaka model to attend to Murchison hospital needs is ready to be installed*". At this point in time the Department had not yet issued an official order to Intaka and had also not accepted Intaka's proposal dated 9 December 2004. Westwood confirmed this in his affidavit. **D21/1** **D19/2** **D19/1** **D19/1** **E1/10**

8.105 On 24 January 2005 Westwood replied to Dr Savoi (the letter was signed by Dr Sewlal) and referred to his (Dr Savoi's) e-mail of 20 January 2005. I believe it is necessary to repeat the contents of Westwood's letter to Dr Savoi as it serves as an accurate assessment of the Intaka proposal in terms of Westwood's knowledge. The letter was faxed the following day 25 January 2005. **D21/2** **D21/3**

"A preliminary report has been submitted to the Head of Department for his further directive and he has responded by requesting additional information on consumption etc, at all sites in the province.

A stated previously, the proposal submitted has been evaluated and although the Department is more satisfied with the technical performance of the unit, unfortunately when evaluating the financial aspect, it was found that a bulk oxygen storage tank would be far more favourable financially.

It would appear at this stage that the Department would have to make a decision on where bulk oxygen storage vessels could be installed. It would then necessitate identifying the balance of hospitals where the consumption figures are less than the

cut-off point suitable for bulk storage vessels and to evaluate proposals for the installation of self-generating oxygen plants at these sites.

The above is submitted for your information". The contents reflect that the decision was with the Head of Department (Professor Green-Thompson) and that the letter was for Dr Savoi's information only.

8.106 A fax cover sheet and a copy of the aforementioned letter were located in the documents retained by Cheatle. The fax on a KwaZulu-Natal Provincial Treasury letter dated 25 January 2005 consists of 2 pages and is marked for the attention of "*Sam*" (Cheatle). It further reflects it was from Shabalala and who requested the attached be forwarded to "*Prof*" (Professor Green-Thompson). The fax imprint at the top of the page reflects it was faxed on *"(Tues) Jan 25 2005 10:34"*. The Department was in the process of addressing the matter at hand, however Dr Savoi was involving Shabalala in the matter that was a Departmental one and there was no reason for the involvement or intervention of Provincial Treasury and/or Shabalala. **D21/4-5**

Further report from van der Merwe to Professor Green-Thompson, Professor Green-Thompson's response and van der Merwe's reply thereto dated 25 January 2005 **D22**

107 On 25 January 2005 van der Merwe sent a further report to Professor Green-Thompson and referred to his previous report dated 18 January 2005. He stated the following: **D22/1** **D20/1-2**

"Authority was granted to investigate the feasibility of utilising Oxygen Generating Plants as opposed to readymade Oxygen.

In September 2004 approval was granted by you to approach Oxyntaka and Oxyplus for proposals to use Murchison and Vryheid hospitals as pilot sites that had already been identified as being candidates for conversion to bulk supply.

Attached as per annexure A is the comparison of the two Companies to the prices **D22/2**

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offered for readymade oxygen. It is clear that bulk readymade oxygen is a third of the price of proposals made for Site Generated oxygen and accordingly it would not be economically feasible to go that route when we can acquire cheaper product from either Afrox or Air Liquid.

During our investigation we found that not a single private hospital has gone this route for the very same reason.

We are investigating whether or not it would more advantageous to consider this service at smaller hospitals where the supply of bulk oxygen is not feasible as clearly the self generated oxygen price compares more favourably to readymade oxygen that is supplied in cylinders. This investigation will be completed in two weeks time.

The matter is submitted for any further directive that you may wish to make in this regard".

8.108 The letter was signed by van der Merwe and noted and supported by Dr Sewlal. The bottom of the letter contains a handwritten note that appears to be similar to the handwriting of Professor Green-Thompson that has been cut-off and is incomplete; it reads as follows:" *Institute a pilot site that can undert...this matter has been going on for far too long..*". I will again refer to this handwritten note in annexure D22/3 below. A copy of the letter was located in the Departments Legal Services file; the words "*to go that route when we can acquire the cheaper product from either Afrox or Air Liquid*" have been underlined and 2 asterixes have been written alongside the sentence. Similarly attached is annexure A to the said document the words "*single plant installed in South Africa*" and "*with bulk oxygen costs or cheaper*" have been underlined. The word "*Really?*" and an asterix have also been written alongside the said underlined sentences. **D22/1** **D22/5** **D22/6**

8.109 Mrs AN Zondi (**Mrs Zondi**) the Head Legal Services at the time was interviewed and an affidavit was provided by her. She confirmed that she wrote the word "*really?*" on the abovementioned letter dated 25 January 2005 as it is her handwriting. She added that she did not recall the details of the document, but accepted that her **E4** **D22/5**

comment was based on her understanding of the contents of the document at the time. She added further that it was apparent that there was no financial cost benefit to the Department as detailed on annexure A. **D22/6**

8.110 Like Westwood's report of 18 January 2005, the above explanation dated 25 January 2005 is clear and unambiguous and it is evident that the Oxyntaka plant proposed by Intaka for Murchison hospital was not cost effective (the same applied to Insmed's proposed Oxyplus plant for Vryheid hospital) and that bulk oxygen was the most cost effective being a third of the price of the Oxyntaka oxygen. van der Merwe confirmed **E2/6A** submitting the report in question dated 25 January 2005 and that he requested further directives from Professor Green-Thompson. He also confirmed including Annexure A, being the comparative costs of the three (3) x options previously referred to by Westwood in his report dated 18 January 2005. van der Merwe alleged further that he spoke to Dr Sewlal about the matter and Dr Sewlal was also concerned about the facts raised in his letter which he noted and supported. Dr **E3/6** Sewlal confirmed this to be the case in his affidavit.

8.111 Westwood in his affidavit confirmed that he was aware of the above report and he **E1/11** further confirmed the contents thereof including annexure A attached thereto, to be consistent with his findings and evaluation of the self-generating oxygen plants at the time.

8.112 Despite the above findings, on the same day (25 January 2005) Professor Green- **D22/3** Thompson's office sent a Memorandum to Dr Sewlal marked "**urgent**" and referred **D22/1-2** to his evenly dated Memorandum. The content reads as follows: "*Institute a pilot site that can undertake this, this matter has been going for too long now i.e. since September 2004. Please institute pilot site with immediate effect*". There was no urgency for such a pilot project to be instituted and the decision conflicts with Professor Green-Thompsons alleged cost saving initiatives. Westwood confirmed in his affidavit that there was no urgency for such a pilot project to be instituted **E1/11** according to his understanding and Professor Green-Thompson had also not referred to the bulk oxygen supply option.

8.113 On the same day (25 January 2005) van der Merwe sent a further letter to Professor Green-Thompson and referred to Professor Green-Thompson's "request" to institute a pilot site. The content reads as follows: **D22/4**

"In view of the fact that two companies submitted proposals i.e. Oxyntaka and Oxyplus in respect of Murchison Hospital and Vryheid Hospital it would be advisable to allocate two pilot sites (one to each company) and this will result in an immediate saving as they have as yet not converted to bulk oxygen.

Your authority is accordingly sought to allocate:
Murchison Hospital to Oxyntaka
and
Vryheid Hospital to Oxyplus
as pilot projects to test the effecy of the Oxygen generating system".

8.114 A stamp at the bottom of the page reflects Professor Green-Thompson approved it on the same day 25 January 2005. The above correspondence of 25 January 2005 would indicate an urgency to approve the pilot projects that was not supported by the various reports discussed thus far prepared by and/or approved by Westwood, van der Merwe and Dr Sewlal. van der Merwe stated in his affidavit that Professor Green-Thompson's instruction was contrary to Westwood's report dated 18 January 2005 and his (van der Merwe's) submission dated 25 January 2005 wherein they both indicated and reported that the Oxyntaka Plant was not cost effective. Dr Sewlal stated likewise in his affidavit. van der Merwe added that his letter to Professor Green-Thompson dated 25 January 2005 was merely confirmation of the instruction received from Professor Green-Thompson. **E2/6** **E3/6** **D22/4** **D22/3**

Letter from Westwood to Dr Savoi dated 26 January 2005 **D23**

8.115 The following day, on 26 January 2005 Westwood sent a letter to Dr Savoi copied to Professor Green-Thompson, Dr Sewlal and van der Merwe, titled "*Murchison hospital: pilot site for self-generating oxygen plant*". The content reads as follows: **D23/1-2**

"It is with pleasure that I wish to advise that the Head of Department, Prof. R.W. Green-Thompson, has approved your proposal.

Kindly arrange for the preparation of a contract document, which must please include the following aspects:

- *Oxygen quality- minimum of 95% purity and pressure must not drop below 4 bar.*
- *To provide a containerised self-generating oxygen plant on site.*
- *To take responsibility for the supply and contents of the back up manifold- 42 x 10.2 kg cylinders. The pressure reducing equipment and change-over shuttle on the manifold is to remain the responsibility of the Department of Health.*
- *The contract must include pricing; payment terms, which must not be dependent on the foreign exchange rate; period of contract; escalation details; minimum annual consumption.*
- *Full maintenance, including after hours. Excluding vandalism or negligence outside influence.*
- *Termination of contract.*

Kindly forward this contract document to this office at your earliest convenience in order that we may refer it to our legal section".

.116 Dr Savoi acknowledged receipt thereof on the same day 26 January 2006 at 07:26pm as per his e-mail to Westwood, copied to Professor Green-Thompson, van der Merwe, Dr Sewlal and Shabalala. **D23/3**

8.117 I wish to point out that the Intaka proposal was approved by Professor Green-Thompson approximately 1 week after Westwood (on 18 January 2005) advised Professor Green-Thompson that the Oxyntaka plant proposed by Intaka for Murchison hospital was not cost effective and that bulk oxygen supply was the most cost effective, and on the same day as van der Merwe's further report dated 25 January 2005 informing Professor Green-Thompson that bulk oxygen was a third of the price of the Oxyntaka oxygen. I further wish to refer back to Professor Green- **D22/4** **D20/1-2** **D22/1-2**

Thompson's affidavit where he alleged the following: "*I had a great challenge to save cost and to ensure the improvement of service delivery in the Province at the same time. I involved the senior Management in the Department to assist me in the analysis of our greatest expenditure and we had to come up with cost saving initiatives*"; and "*I have identified the cost of oxygen as one of the big expenditure items to the Department*". Professor Green-Thompson was appointed as the HOD in 1995, however it appears based on his explanation that it took him till 2004 (9 years) to realise that oxygen was one of the big expenditure items. **B3/1-2**

118 Professor Green-Thompson further alleged the following in his affidavit:
"The Infrastructure Component was responsible for the facilitation and co-ordination of the activities surrounding the implementation of two (2) x pilot projects as these were the two (2) identified companies that could provide such a service. I approved the implementation of the following two pilot projects: **B3/4**

1. *Intaka supplied an Oxyntaka unit at Murchison Hospital; and*
2. *Insmed (Pty) Ltd supplied a similar self-generating oxygen plant to Vryheid Hospital".*

8.119 Professor Green-Thompson has omitted to provide any form of an explanation as to why he approved the Oxyntaka proposal, when oxygen expenditure was part of the cost saving initiatives implemented by him as Head of Department, and Westwood and van der Merwe had advised him that Oxyntaka was not cost effective; that bulk oxygen conversion was however. I wish to also refer to the fact that the matter was being addressed by the Department, however Dr Savoi involved Shabalala on 24 and 25 January 2005, in what was essentially a Departmental decision, and Professor Green-Thompson approved the Oxyntaka proposal also on 25 January 2005. **D21/4-5**

Comparative oxygen consumption costs for Murchison hospital **D24**

8.120 A document titled "*Comparative oxygen consumption costs for Murchison hospital between the National Tender prices and Oxyntaka*" was located in the electronic records seized by the SAPS from Intaka. The said document lists the actual monthly

consumption and expenditure for Murchison hospital for the period January 2004 to January 2005. It further does a comparative analysis between these current Afrox costs and the Oxyntaka providing 3,000kg's of oxygen per month @ R10.83 per month. The figures differ marginally to those provided by Westwood in his Preliminary Report to Professor Green-Thompson dated 18 January 2005. The Intaka comparative analysis however, does not make provision for the costs of bulk oxygen supply and a comparative analysis, nor for the supply of back up cylinders that has to be taken into account when the preferred source is the Oxyntaka plant. **D20/1**

E-mail from Dr Savoi to Shabalala dated 23 February 2005 **D25/1**

8.121 On 23 February 2005 at 12:07pm Dr Savoi sent an e-mail to Shabalala titled "Murchison Hospital" and attached a word document "*Murchison Intaka doc*". The e-mail reads as follows: "*Dear amigo, As promised I'm enclosing draft of the contract for an Oxyntaka model 020 for Murchison hospital. Please let me know your comments, in order, against your approval, to send it to the Superintendent General of Health, Dr Green-Thompson*". There was no reason for Shabalala to receive or approve the draft contract; Westwood had on 26 January 2005 requested Dr Savoi send the contract document to his office (Westwood's office at the Department of Health) so that it may be referred to the Departments legal section. **D23**

E-mail from Shabalala to Dr Savoi dated 25 February 2005 **D25/2-3**

8.122 On 25 February 2005 at 09:36pm Shabalala sent an e-mail to Dr Savoi. The e-mail does not refer to Murchison hospital or the contract document sent to Shabalala by Dr Savoi 2 days earlier, but it reflects on the involvement of Shabalala in furthering Intaka's interests and reads follows: "*Please let me know what help can I give to facilitate further discussions on the water project. I am making some discussions at Health regarding additional oxyntakas in KZN*".

E-mail from Dr Savoi to Westwood dated 3 March 2005 **D26/1**

8.123 On 3 March 2005 at 08:18am Dr Savoi sent an e-mail to Westwood with regards to the Murchison hospital self-generating oxygen plant. The said e-mail appears to be a response to an earlier e-mail from Westwood to Dr Savoi on "3/2/05" (this is probably 2 March 2005) at 09:05 wherein Westwood stated the following: *"thank you for the draft document, however before I submit to our legal section I have a few comments, which I have discussed with Mr. Praderi. Item 8.3.3 should read 'supply of cylinders and content to the back-up oxygen manifold with a capacity of 42 x 10.2 kilograms. We must have a clause guaranteeing continued oxygen supply should the plant fail for an extended period beyond the capacity of the back-up manifold. Schedule "B" has not been completed"*.

8.124 Dr Savoi replied as follows:

"Thank you for your prompt response to the first draft of the contract. Before responding to point 8.3.3, allow me to address the question of back-up.

As you know our company has a wealth of experience in the manufacture, installation and operation of self-generating oxygen plants for hospitals and clinics in many countries. To date we have experienced no major equipment failure resulting in loss of oxygen supply to any of our customers.

In South America, we have replaced the need for cylinder based back-up by supplying a stand by compressor with Oxyntaka ®. In the event of a failure of the primary compressor, the secondary kicks in ensuring uninterrupted supply of oxygen. We are immediately notified of such a failure and guarantee repair within 36 hours. Should you, however, choose a cylinder based back-up system as opposed to the stand by compressor, we would advise to have a back-up supply of 72 hours. Based on your current consumption levels we estimate you require in the region of 30 cylinders.

In the unlikely event of a total breakdown of the Oxyntaka ®, which cannot be repaired within 72 hours, Intaka will undertake to guarantee uninterrupted supply of oxygen to the hospital. This guarantee, however, excludes vandalism, negligence or outside influence, including an act of God.

After receiving your comments, we will revert to you with an updated draft of the

contract for your consideration".

E-mail from Westwood to Dr Savoi dated 7 March 2005 **D26/2**

8.125 On 7 March 2005 at 10:32am Westwood replied to Dr Savoi's e-mail of 3 March 2005 where he re-iterated the need for back-up to be the provided for in the contract: *"Please let me state that I have every confidence in the technical performance of both the equipment and your firm. The only point, which from you e-mail you agree, is that we must include a clause for guaranteed back-up and continued oxygen supply to the hospital under any circumstances.*
The means of back-up supply is left entirely up to you.
Please include a clause to cover this aspect and also complete "Schedule B" so that I may present to our legal section".

Report from Westwood to Dr Sewlal dated 7 March 2005 **D27**

8.126 On 7 March 2005 Westwood sent a report to Dr Sewlal titled "Self-Generating Oxygen Plants- sequence of events". I confirm the sequence of events is consistent with that discussed thus far in this report; I have however also referred to additional documents that I deemed relevant, as discussed in this report.

E-mail from Dr Savoi to Westwood dated 8 March 2005 and Westwood's reply dated 14 March 2005 **D28**

8.127 On 8 March 2005 at 07:45pm Dr Savoi replied to Westwood's e-mail of 7 March 2005, copied to Samantha Foulkes (Manager of Professor Green-Thompsons office) and Shabalala. Dr Savoi informed Westwood that he was enclosing the contract with the agreed modifications for signature and once signed Westwood was to advise Dr Savoi so that Intaka could also sign the contract. Westwood replied thereto on 14 March 2005 at 09:54am and copied it to Samantha Foulkes, van der Merwe and Dr Sewlal. Westwood informed Dr Savoi as follows: *"Thank you for the second draft document, however before I can submit to the legal section there are three items which require changes.* **D28** **D28**

Clause 9.1 The Lessor will have to ensure the equipment as it is their property (should read "insure" and not "ensure" in terms of my understanding).
Clause 11.6.2 The backup cylinders must be supplied by the Lessor as stated in my previous e-mail.
Schedule "A" Guaranteed usage the word "six" has been omitted.
Please alter document and return so that I may forward to our legal section for approval prior to signing".

E-mails from Dr Savoi to Westwood dated 14 March 2005 **D29**

8.128 On 14 March 2004 at 01:46pm Dr Savoi replied to Westwood's earlier e-mail of the same day and copied it to Professor Green-Thompson and Shabalala. He advised Westwood as follows: "*I'm attaching the contract, that we hope it's the final one, for your approval. We look forward to receiving the same duly signed and proceed accordingly with the installation of the Oxyntaka model*". On the same day at 04:16pm Dr Savoi sent another e-mail to Westwood and referred to an enclosed revised version of the contract. Cheatle provided copies of 2 (two) unsigned contracts retained in her records, that appear to be those referred to by Dr Savoi, as they contained information that Westwood requested changes to. I do not deem it necessary attaching same as the signed contract (to be discussed below) contained changes. **D29/1** **D29/2**

Letter from van der Merwe to Mrs AN Zondi dated 15 March 2005 and replies thereto **D30**

8.129 On 15 March 2005 van der Merwe sent a letter to Mrs Zondi (Senior Manager, Legal Services KZN Department of Health) titled "Murchison Hospital: self-generating oxygen plant", signed by Westwood that reads as follows: "*attached kindly find a copy of a contract document submitted by Intaka Investments (Pty) Limited with regard to the above matter for your legal opinion.*
As this matter is under the direct scrutiny of Prof. Green-Thompson, your urgent attention to this matter would be appreciated". **D30/1**

8.130 The letter was signed and received on the same day, 15 March 2005.

8.131 A reply thereto dated 16 March 2005 was located in the file retained by the Legal Services Unit. A number of issues have been raised that include the following: **D30/2-3**

"It would assist if we received written accreditation for quality of this gas as well as its suitability for human consumption in South Africa;
We are making reference herein to bodies such as CSIR.SABS and such others. We need assurance of minimal short term and long term effect of this gas for humans;
Is there any motivation for the charge to this plant gas, be it safety, reduced costs, improved quality and efficiency; it would assist to obtain comparisons".

8.132 The writer concluded by requesting clarity as soon as possible to enable Legal Services to process the agreement. It was copied to Dr SM Zungu for information and comments. The following handwritten note has been recorded at the footer of page 1 of the letter: "*On 22/3/2005: Prof says he is informed that Somerset West hospital already using the gas with no problem. Agreement to go forward*". **D30/3** **D30/2**

8.133 A further letter dated 22 March 2005 was located in the file retained by the Legal Services Unit. The writer has referred to van der Merwe's letter dated 15 March 2005 and their reply dated 16 March 2005. The writer then repeated the handwritten endorsement referred to above: "*We have been advised by Professor Green-Thompson that this Oxygen is already being utilised at the Somerset West Hospital without a problem, although one of the reports says it is not utilised anywhere in South Africa*". **D30/4-5**

8.134 The writer has also added amongst others the following: "*There is also a lot of pressure for our Unit to release this agreement for signature. In the circumstances, we agree that the agreement may be signed by the duly authorised persons*". The writer despite this also requested a certificate from the relevant body/ authority (referred to in their letter dated 16 March 2005) and for their records (Legal Services records) "*reasons that drive the Department to seek sourcing gas like this when it appears cheaper to obtain gas from Afrox/Air Liquid*". The writer concluded that

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should the "*other side*" (Intaka) "*be agreeable to the few suggested adjustments, please let us have the final agreement for signature*".

8.135 The words "*Att: Alicia, Dr Savoi*" has been written on page 1 of the letter. I am aware that Alicia Marcos was employed by Dr Savoi at Intaka. This would indicate the letter was sent to Dr Savoi and/or Alicia for their comments on the suggested adjustments to the agreement.

8.136 van der Merwe was interviewed and his affidavit obtained prior to receipt of the abovementioned documents from Legal Services. He was subsequently provided with copies of these documents. He stated that he could not recall seeing either of these 2 letters written by Mrs Zondi, although certain paragraphs are very specific. He added that as far as he could recall Mrs Zondi got the final agreement signed by Professor Green-Thompson. I wish to point out that the 2nd letter of Mrs Zondi is dated 22 March 2005. The final agreement with Intaka was signed by Professor Green-Thompson 2 days later on 24 March 2005. **D30/2-5** **D31/19**

8.137 Mrs Zondi in her affidavit confirmed compiling the said letters dated 16 March 2005 and 22 March 2005 respectively. In respect of the letter dated 16 March 2005 she confirmed that she was concerned with the quality of the gas to be provided by Intaka and whether it was accredited by a recognised body; secondly she required motivation for changing to this plant from Afrox gas and other local gases, based on factors such as safety, reduced costs, improved quality and efficiency, and that it would also assist by obtaining comparisons. She added that she believed this was a logical request in order to justify the need to change the supplier. **E4**

8.138 She confirmed that she also copied the letter to Dr SM Zungu, for her information and comments, as she was the Head of Hospital Services at the time. It appeared that the services/goods were being provided without Dr Zungu's input and this is why she copied her on the letter. She did not recall whether she discussed the matter with Dr Zungu or whether Dr Zungu replied thereto.

8.139 She further confirmed that she made the handwritten note at the bottom of page 1 of

my letter dated 16 March 2005: "*On 22/3/2005: Prof says he is informed that Somerset West hospital already using the gas with no problem. Agreement to go forward*". She stated that she made this note as a result of her discussion with Professor Green-Thompson on the same day 22 March 2005 and this was his direct report and instruction to her. In the ordinary course of events she would take her file and go to Professor Green-Thompsons office if called by him, as she was seated on the same floor as Professor Green-Thompson, to discuss any documents or issues that required clarity. She explained that she was not operational and was effectively office bound. It was the duty of Legal Services to ensure processes were followed and she made the aforementioned note deliberately to serve as a record for my her own protection.

8.140 Following the said discussion with Professor Green-Thompson Mrs Zondi stated that she prepared a further letter and addressed it to Mr van der Merwe on the same day 22 March 2005. She confirmed the contents of the said letter and that she repeated the verbal report and instruction given to her by Professor Green-Thompson and recorded as discussed above. She confirmed further that she included the fact that there was pressure on Legal Services to release the agreement for signature. She confirmed this pressure was coming from Professor Green-Thompson and that this was unusual and out of the ordinary. Because of this, Legal Services agreed that the agreement may be signed by the duly authorised persons. Professor Green-Thompson was the accounting officer of the Department, who was ultimately responsible and it was his decision according to Mrs Zondi.

8.141 She concluded that she still however, required a certificate issued by a recognised body for the oxygen, and for Legal Services' own records, reasons that drove the Department to seek sourcing gas (oxygen from Intaka) when it was cheaper to obtain gas from Afrox and/or Air Liquid. She did not know or recall what transpired thereafter and does not recall being involved in the subsequent finalising of the Agreement and the signing thereof. She also does not recall whether Dr Zungu discussed the matter with Professor Green-Thompson.

8.142 Dr Zungu has to date not been interviewed in order to determine whether she

received a copy of the letter dated 16 March 2005 prepared by Mrs Zondi and what actions if applicable were taken by her as a result of the said letter. **D30/2-3**

Agreement entered into between Intaka and the Department of Health **D31**

8.143 An Agreement was subsequently entered into between Intaka represented by Dr Savoi and the KZN Department of Health represented by Professor Green-Thompson in respect of the lease and maintenance of one Oxyntaka ® Model 20 unit at Murchison hospital. The Agreement was signed by Professor Green-Thompson on 24 March 2005 and by Dr Savoi on 18 April 2005. **D31/2** **D31/19**

8.144 I determined the following upon examination of the signed Agreement:

1) On 2 March 2005 Westwood referred Dr Savoi to the draft contract and commented as follows *"Item 8.3.3 should read 'supply of cylinders and content to the back-up oxygen manifold with a capacity of 42 x 10.2 kilograms"*. The signed contract does not include item (clause) 8.3.3 nor the *'supply of cylinders and content to the back-up oxygen manifold with a capacity of 42 x 10.2 kilograms'*. **D26** **D31/11**
2) Westwood also added the following on 2 March 2005: "*We must have a clause guaranteeing continued oxygen supply should the plant fail for an extended period beyond the capacity of the back-up manifold*". The signed contract does not include such a clause. **D26**
3) The signed contract makes provision for back-up in clause 11.6 which states that the Lessor guarantees that the equipment will be supplied with either of 2 back-up supply options at it's (the Lessors) discretion: **D31/14**

11.6.1 A stand-by compressor at no extra cost to the Lessee that will automatically take over the oxygen supply should the primary compressor fail.

11.6.2 A cylinder based back-up system to hold 72 hours of oxygen gas, being 30 cylinders based on current consumption.

4) Schedule "A" makes provision for a "*guaranteed usage*" of 36,000 kg's per year. This is defined in the contract as "*the quantity of oxygen that determined the minimum monthly rental*". The commencement date in terms of Schedule "A" is 8 April 2005 and the term date (termination) is the last day of March 2010, i.e. 5 **D31/20** **D31/6**

years. Professor Green-Thompson alleged the following in his affidavit: "*I signed the Rental Agreement entered into between the Department and Intaka for the supply of a self-generating oxygen plant at Murchison Hospital on 24 March 2005 attached hereto as RGT2. I have been shown "Schedule A" attached to the said Agreement and was asked to comment thereon (RGT2/20). It is my understanding that the Department will only pay for actual usage of oxygen and not for a "Guaranteed Usage" as contained in the schedule*".

8.145 Westwood confirmed in his affidavit that the draft contract and signed contract in clause 11.6 stated that the Lessor guaranteed that the equipment would be supplied with either one of two back-up options. He added that he did not agree with this as the option of providing a second compressor was not a fail safe means of backup as if the electrical supply failed, even though this was fed from the emergency generator, it would not matter how many compressors were supplied the PSA plant would not function. For this reason the Department was obliged to obtain back-up 10.2 kg cylinders at Murchison hospital from Afrox at additional costs, in the interests of patient safety. **E1/12-13**

Letter from Mrs AN Zondi to Westwood dated 20 April 2005 and Westwood's letter to the Hospital Manager, Murchison hospital dated 22 April 2005 **D32**

146 On 20 April 2005 the office of Mrs AN Zondi (Legal Section) sent a letter to Westwood and referred to an attached signed copy of the contract. Westwood subsequently sent a letter to the Hospital Manager of Murchison hospital on 22 April 2006 for the attention of Mr V Reddy. He advised that the contract had been signed and requested he (Mr Reddy) acquaint himself with the conditions of the contract. Westwood stated in his affidavit that his own view of the matter was that the Intaka contract was forced onto Murchison Hospital and that the hospital management was not involved in any of the processes or decision making prior to being provided with the signed contract. I concur that this was the case based on documentation examined by me and referred to thus far in this report. **D32/1** **D32/2-3** **E1/13**

Various e-mails relating to the commissioning of the Oxyntaka plant during the period 28 April 2005 to 13 May 2005 **D33**

8.147 Various e-mails between Intaka and the Department of Health and within the Department itself during the period 28 April 2005 to 13 May 2005 are attached for ease of reference and for information purposes. I wish to point out that Praderi of Intaka initially raised the delay with regards to the installation of the Oxyntaka plant with Professor Green-Thompson and copied to Shabalala on 28 April 2005, when it was evident that Westwood was the primary contact person in the Department. **D33/1**
Further, on 12 May 2005 Praderi sent an e-mail to Dr Savoi wherein he discussed the Murchison matter and his telephonic discussion with Westwood on 10 May 2005. **D33/9**
In terms thereof the 2 had discussed the installation of the plant at Murchison hospital and that Walker would officially receive the Oxyntaka plant on behalf of the Department. The following was also recorded in the e-mail:
"*During that telephone conversation* (between Praderi and Westwood) *we talked about the fact that our technician together with Murchison Hospital staff had connected the main oxygen line with a connection to the manifold of existing oxygen cylinders, thus these cylinders are a second back up. The intention of Mr Westwood in agreement with Mr Walker is to leave the Oxyntaka ® working with its corresponding second compressor as back-up and cylinders in stand by, at least for the first 3-4 months. Mr Westwood told me that he fully trusted and believed that it is much more economically convenient for Intaka to use cylinders us back-up than a second compressor. Finally, today I confirmed with Mr Terry Walker the delivery of the Oxyntaka for tomorrow, Friday 13 May*".

8.148 Dr Savoi on the same day requested Praderi send him a memo with regards to his (Praderi's) conversation with Westwood referred to above. **D33/9**

8.149 The Oxyntaka plant was commissioned at Murchison hospital on 13 May 2005 in terms of an e-mail from Praderi to Dr Savoi on the same day. **D33/11**

M

Documentation relating to events after the commissioning of the Oxyntaka plant on 13 May 2005 **D34**

8.150 On 13 May 2005 Westwood sent a letter to Dr Sewlal wherein he attached documentation confirming the completion of the commissioning of the Oyxntaka plant and that it was technically functional. **D34/1** **D34/2-7**

8.151 Westwood further noted the following which is also referred to in the attached documentation:

1) There were issues with regards to the payment of the "deposit" to Intaka as the company was not registered on the Provincial (Suppliers) Database; **D34/3+6**
2) The flow meter as per the contract had not yet been installed as delivery was awaited from Germany; **D34/2**
3) Procedure Manuals and Technical Check Sheets were still to be provided by Intaka. **D34/2**

Documentation relating to the "failure" of the Oxyntaka plant during the period 17 May 2005 to 29 June 2005 **D35**

8.152 Various correspondence between Intaka and the Department of Health, and within the Department itself during the period 17 May 2005 to 29 June 2005 are attached for ease of reference and for information purposes. The main issues are summarised hereunder:

1) Walker reported the "failure" on 17 May 2005 to Westwood. **D35/2**
2) Westwood requested a report from Intaka relating to the status as at 26 May 2005. **D35/6**
3) Intaka provided a detailed report to the SG (Professor Green-Thompson) and copied it to Westwood on 31 May 2005. **D35/10-12**
4) The flow meter had still not arrived from Germany on 20 June 2005. **D35/13**
5) Confirmation that the plant was working satisfactorily and meeting the requirements on 27 June 2005. **D35/16**
6) Random test were carried out by the Health Technology Unit in June 2005 testing the purity levels. **D35/19-20**

Letter from Westwood to Praderi dated 1 July 2005 and related correspondence

8.153 On 1 July 2005 Westwood sent a letter to Praderi informing him that the HOD had requested he be provided with a cost comparison regarding the oxygen plant and in order for them to do so, the Department required Intaka to provide them with the anticipated installation (date) of the flow meter. Various correspondence followed as summarised hereunder: **D36/1**

1) On the same day (1 July 2005) Westwood also advised van der Merwe that the cost comparison could not be done as the flow meter had not yet been installed. **D36/3**
2) On 4 July 2005 Intaka advised Westwood that the flow meter would not assist the Department in performing a cost benefit and also provided their explanation of savings to the Department. **D36/4-5**
3) On 12 July 2005 Westwood informed Professor Green-Thompson as follows:

"Please be advised that Clause 6.3 of the Contract states that": **D36/6**

"The rental amount is determined based on the guaranteed usage requirements of the Lessee as specified in Schedule 'A' hereto. It is accordingly agreed that, should the Lessee not attain the guaranteed usage in any specific month the Lessee shall pay to the Lessor the rental for the guaranteed usage notwithstanding the lesser usage".

"This means that until such time as the flow meter is installed the cost will be guaranteed usage, i.e. 3,000kgs per month x R9.50 plus VAT".

4) On 20 July 2005 Westwood informed Professor Green-Thompson, supported by van der Merwe and Dr Sewlal, that the flow meter had been installed, that reading would be taken on a daily basis and that an evaluation of costs would be taken after 30 days **D36/8**

8.154 I wish to point out that the above explanation provided by Westwood is correct, however clause 6.8 of the contract also states the following: **D31/9**

"The Lessor shall submit to the Lessee an invoice on the day following the last day of the month of usage, which shall stipulate the actual quantity of oxygen used". This

would indicate that the Department would pay Intaka for the guaranteed usage unless the actual quantity exceeded the guaranteed usage in which case the Department would pay for actual usage, otherwise there would be no reason to include the "*actual quantity of oxygen used*" on the invoice.

Letter from Dr Savoi to Professor Green-Thompson dated 4 August 2005 **D37**

8.155 A letter dated 4 August 2005 from Dr Savoi to Professor Green-Thompson was located in the electronic records of Intaka seized by the SAPS i.e. I am not in possession of a signed copy of the letter. The said letter refers to the Oxyntaka plant commissioned at Murchison hospital, including alleged savings when compared to historical Afrox costs for the provision of oxygen in cylinders. I have not verified the quantities provided by Intaka, however I wish to point out the following based solely on the contents of the letter:

1) Intaka has referred to a projected monthly consumption of 2,056kg's based on the actual consumption of 1,028kg's for the period 18 July 2005 to 4 August 2005. The Department are however in terms of the contract obliged to pay for a guaranteed usage of 3,000kg's per month. The difference between the projected consumption (2,056kgs) and guaranteed usage (3,000kgs) is 944kgs x R9.50 = R8,968 per month excluding VAT. **D37/1**
2) There is no similar comparison between Oxyntaka and bulk oxygen supply, that would in terms of Westwood's calculations have shown a dramatic savings if the Department used bulk oxygen supply. **D20/1-2**
3) No provision has been made for additional costs of back-up cylinders, to be referred to later in this report that would be incurred by the Department.

8.156 The letter has been concluded and Intaka has requested that they (Intaka) are provided with an "*indication to the proposed "roll-out" of the Oxyntaka ® equipment to other rural, district and urban hospitals*". I wish to refer back to Westwood's letter to Professor Green-Thompson dated 18 January 2005, prior to Professor Green-Thompson entering into the contract with Intaka: **D37/3** **D20/2**

1) "*It was always assumed, based on the literature given by both companies, that irrespective of the size of the hospital, the units would be cost-effective and either*

on a par with bulk oxygen or cheaper";

2) "*Messrs Afrox indicate that anything above 2,000 kgs per month can be accepted and converted to bulk*";
3) "*With your approval this costing will be conveyed to both suppliers in order that they may evaluate the proposition of the PSA plants at hospitals using less than 2,000 kgs per month. At this moment, based on the last 12 months, there are 20 hospitals that fall into this category*".

8.157 I have not been provided with any documentation or information that indicates Professor Green-Thompson considered Westwood's findings/comments detailed above either before entering into a contract with Intaka or subsequent thereto, and that an evaluation was done for the 20 hospitals identified by Westwood. Westwood alleged in his affidavit after being shown a copy of the abovementioned unsigned letter from Dr Savoi to Professor Green-Thompson dated 4 August 2005, that he had not seen this document before. He also did not know why Intaka was communicating directly with Professor Green-Thompson as he (Professor Green-Thompson) had requested the cost comparison from him (Westwood) that he was only able to provide on 20 August 2005, being 30 days after the flow meter was installed as reported to Professor Green-Thompson on 20 July 2005. With regards to Dr Savoi's calculation of alleged savings recorded on page 2 of the letter, Westwood stated that Dr Savoi has not included the additional costs associated with back-up supply provided by Afrox or the additional costs of electricity associated with the running of the Oxyntaka plant. Further, no comparison has been made between bulk oxygen supply and the Oxyntaka according to Westwood and he personally has no knowledge of the "*roll-out*" involving Intaka and the Oxyntaka plant, as Murchison hospital was a pilot project that was to be evaluated over a period of time. **E1/14**

E-mail from Dr Savoi to Professor Green-Thompson dated 19 September 2005 **D38**

8.158 On 19 September 2005 at 12:01pm Dr Savoi sent Professor Green-Thompson an e-mail and copied it to Shabalala and Praderi. It is titled "*Oxyntaka ® self-generating oxygen and medicinal air unit*", that states the following: "*regarding our last telephone conversation, I strongly believe that our above mentioned system can solve*

important issues relating to logistics, control of consume, etc for hospitals in the rural areas of the Kingdom of KwaZulu-Natal. Therefore, the Department of Health can achieve enormous savings. Besides, please bear in mind that we are not charging for medicinal air consumption".

Letter from Dr Savoi to Professor Green-Thompson dated 13 October 2005 **D39**

8.159 We located a letter dated 13 October 2005 from Dr Savoi to Professor Green-Thompson in the electronic records of Intaka seized by the SAPS i.e. we are not in possession of a signed copy of the letter. The said letter is titled "Oxyntaka ® - self-oxygen and medicinal air unit". The letter refer to a letter from Professor Green-Thompson dated 12 October 2005 and Dr Savoi's telephone conversation with Professor Green-Thompsons assistant "Samantha". Dr Savoi further confirmed a meeting for Saturday 22 October at 10:00 at a venue (in Durban) to be confirmed. A diary entry retained by the office of Professor Green-Thompson for 22 October 2004 reflects amongst others the following: **D39/1** **D39/2**

"09:00 SA607 DBN 0855-CT 1105,
13:00 Dr Savoi- Intaka Investments 021- 7021559
Venue: No 7 Bell Crescent,
Westlake Business Park,
Westlake.
16:30 620 CT1700-DBN 1900".

8.160 An electronic Diary located amongst the electronic records seized from Intaka by the SAPS contains amongst others a diary entry for October (2005), electronically filed as "Agenda 17 Oct-13 Nov 1.xls", last modified on 21/10/2005. The diary contains the following entry: **D39/3-4**

Dr Savoi

Wednesday, 19th October	*Cumpleanos* Sipho Shabalala

8.161 I understand "*Cumpleanos*" means birthday. A CIPRO enquiry for Blue Serenity **D39/5**

Investments, an entity linked to Shabalala, contains amongst others the identity number of Shabalala: 651019 5396 082, hence his date of birth is 19 October (1965), and is consistent with the abovementioned diary entry.

Correspondence for the period 21 October 2005 to 9 December 2005 in respect of oxygen consumption at Murchison hospital **D40**

8.162 Various correspondences within the Department of Health relating to consumption of oxygen at Murchison hospital for the period 21 October 2005 to 9 December 2005 is attached for ease of reference and for information purposes. Significant information from the said correspondence is summarised hereunder:

1) On 21 October 2005 Walker sent a fax to Charmaine Alvarez, whom I previously reported was at the time employed in Westwood's office, and attached oxygen consumption data (for Murchison hospital) for the period 5 September 2005 to 21 October 2005. I determined based on the attached spreadsheet that the consumption for the 1 month period (5 September to 4 October 2005) amounted to 1,827 kgs (2338 – 541). The Department paid Intaka for the guaranteed usage of 3,000kg's for September 2005. Westwood forwarded the information to Professor Green-Thompson on the same day (21 October 2005). **D40/1-3** **D40/4**
2) On 27 October 2005 Professor Green-Thompson sent Dr Sewlal a letter and referred to the above letter dated 21 October 2005. He requested additional information of comparatives for past and present costs and quantities and clarity on the flow meter readings. It appears to have been forwarded to Westwood by Dr Sewlal who then sent the request to the Hospital Manager, Murchison hospital, for the attention of Mr V Reddy on 4 November 2005. **D40/5** **D40/6** **D40/7-8**
3) Various correspondences between 4 November 2005 and 11 November 2005 relates to the delay in Murchison hospital providing the requested information. **D40/9-14**
4) On 14 November 2005 (in terms of the fax imprint date at the top of the page) Murchison hospital replied to Westwood's letter of 4 November 2005 and provided comparative costs for the period June 2004 to May 2005, charged by Afrox, and June 2005 to October 2005, charged by Intaka. Westwood in his affidavit confirmed receipt of the said document and that he converted the m^3 to **D40/15-16** **E1/15**

kg and recorded the respective figures in the table (the handwritten numbers). **D40/16**

5) On 14 November 2005 Westwood provided Professor Green-Thompson with further information received from Murchison hospital that was faxed on 17 November 2005. I wish to refer page 2 of Westwood's letter and the quantities and amounts charged by Afrox for the previous year and the current amount charged by Intaka in 2005. It is evident that Afrox charged the Department for actual consumption as opposed to guaranteed usage of 3,000kgs per month by Intaka. In June 2004 the Department paid Afrox R47,356.32 for 2927.40 kgs of oxygen (being the closest usage to 3,000kgs). Intaka would have charged the Department R32,490 for the guaranteed usage of 3,000kgs. However, in May 2005 Afrox charged the Department R19,470.90 for 1,254.60 kgs of oxygen consumed. In the following month June 2005 Intaka charged the Department R32,490.00 for the guaranteed usage of 3,000kgs. **D40/17-19** **D40/20-21** **D40/18**

6) Westwood has also stated that in addition to the amounts paid to Intaka the Department/ Murchison hospital incurred electrical charges in the amount of approximately R5,000 per month; and cylinder rental in the amount of approximately R4,000 per month. I believe it is relevant repeating the following stated by Westwood: "*It was decided to maintain the existing cylinder back-up system* (that I confirm was provided by Afrox and that was an additional expense to Murchison hospital) *as it is fool-proof and not dependent on any other form of energy for operation. After the installation of the self-generating oxygen plant technical problems with the functioning of the unit were experienced and had it not been for the cylinder manifold, patients' safety would have been compromised*". **D40/17**

7) Westwood in his affidavit confirmed that he sent the attached documents including a schedule of comparative costs to Professor Green-Thompson on the 14 November 2005. The said schedule was compiled by him and was a comparative cost analysis for actual consumption for September and October 2005, for 3 options of oxygen supply namely: Oxyntaka; Afrox cylinders; and Bulk Oxygen costs received from 3 different companies. **E1/16** **D40/17-19** **D40/19**

8) Westwood added in his affidavit that it was evident that the Bulk oxygen option was half the price of what the Department was paying Intaka. "*In addition to this I referred to additional costs not included in the above costs namely: electrical* **E1/16**

charges in the amount of approximately R5,000 per month; and cylinder rental in the amount of approximately R4,000 per month. In the latter case it was decided to maintain the existing cylinder back-up system (provided by Afrox and that was an additional expense to Murchison hospital) as it is fool-proof and not dependent on any other form of energy for operation. After the installation of the self-generating oxygen plant (by Intaka) technical problems with the functioning of the unit were experienced and had it not been for the cylinder manifold, patients' safety would have been compromised. I concluded that it was still our contention (that of the Infrastructure component) that bulk oxygen was the most cost-effective for any institution drawing more than 2,000kgs per month as the comparative costs in the attached table for September and October show". Westwood added that he has no record of Professor Green-Thompson responding to the abovementioned report and he does not recall receiving any response from Professor Green-Thompson. I confirm that the file maintained by Cheatle does not contain any documentation indicating a response from Professor Green-Thompson

9) On 8 December 2005 Mr V Stevens (**Stevens**) (employed within the Departments Infrastructure Component at the time and who is currently on pension) provided Professor Green-Thompson with comparative "*data of oxygen usage and costs for before and after the installation of the self-generating oxygen plant*". I have not verified this information but based solely on the said data, the average cost per month R32,154.03 for a one (1) year period prior to installation of the Oxyntaka, was less than average cost per month R36,490.00 for a five (5) month period after installation of the Oxyntaka. The latter included the cost of cylinder rental for back-up manifold which had to be used on a number of occasions, according to Stevens. This conflicts substantially with Dr Savoi's letter to Professor Green-Thompson dated 4 August 2005, wherein he stated that the average monthly savings to Murchison hospital was R23,213. **D40/22** **D37/2**

10) The following day (9 December 2005) Stevens provided Professor Green-Thompson with a further "*table reflecting the month-to-month and costs before and after installation of the self-generating oxygen plant*". The information provided in the said table is similar to that previously referred to by me that was provided to Professor Green-Thompson by Westwood in his letter dated 14 **D40/23** **D40/17-18**

November 2005. On a month-to-month comparison it appears that the costs have been reduced after installation of the Oxyntaka, however the said analysis excludes the cost of cylinder rental for the back-up manifold mentioned by Stevens, and the electricity costs. In addition the Department/ Murchison hospital was obliged to pay Intaka for a guaranteed usage of 3,000kgs per month.

8.163 I have not been provided with any documentation or information detailing how Professor Green-Thompson re-acted to the said reports of Westwood and Stevens on oxygen consumption costs at Murchison hospital as detailed above, and that the commissioning of the Oxyntaka plant had not reduced the cost of oxygen at Murchison hospital as envisaged and proposed by Intaka. There is further no evidence that Professor Green-Thompson challenged Dr Savoi's alleged savings that had not been realised.

Various e-mails located in Intaka electronic records seized by the SAPS relating to Professor Green-Thompson during the period 2 November 2005 to 23 November 2005 **D41**

8.164 I located various e-mails in the Intaka electronic records seized by the SAPS for the period 2 November 2005 to 23 November 2005 relating to reservations for Professor Green-Thompson at Shamwari Game Reserve, as summarised hereunder:

1) An enquiry by Alicia (of Intaka) to Shamwari Reservations on 2 November 2005 at 05:48 with regards to the availability of 4 rooms for 3rd and 4th December 2005, to be booked in the name of "Prof. Green-Thompson". **D41/1**
2) A reply from Shamwari Reservations to Alicia on 2 November 2005 at 20:09 advising that they only had rooms available on 2nd and 3rd (December 2005). **D41/2**
3) A reply thereto from Alicia to Shamwari Reservations on 3 November 2005 at 08:47 confirming the 4 rooms for 2nd and 3rd (December 2005). **D41/2**
4) A confirmation from Shamwari Reservations to Alicia on 3 November 2005 at 11:53. They have also requested Prof. Green-Thompson to complete and return the attached confirmation in order to secure the bookings and conclude that they (Shamwari Reservations) assumed that the reservation will be for 8 adults **D41/2-3**

sharing the four rooms.

5) A reply thereto from Alicia to Shamwari Reservations on 3 November 2005 at 11:53 advising that the confirmation dates are wrong and confirming that 8 adults will be sharing 4 rooms. **D41/3**

6) A further reply from Shamwari Reservations to Alicia on 3 November 2005 at 12:05 confirming 2nd and 3rd December (2005) are the correct dates. **D41/3**

7) A reply thereto from Alicia to Shamwari Reservations on 3 November 2005 at 12:06 clarifying the dates once more; and Shamwari Reservations reply on 3 November 2005 at 12:11 rectifying the confirmation. **D41/3-4**

8) A further request from Shamwari Reservations to Alicia on 13 November 2005 at 09:23 for Prof Green-Thompson to complete and return the attached confirmation. **D41/4**

9) A reply thereto from Alicia to Shamwari Reservations on 15 November 2005 at 11:02am advising that they will request Prof. Green-Thompson's assistant to send the conformation with the requested details. Alicia also provided the names of 4 people- one person per room: **D41/4**
   - Prof. RW Green-Thompson;
   - Mr Tutu Mnganga;
   - Mr Heinz Smidek;
   - Mr Steinhardt.

10) A request from Alicia to Shamwari Reservations on 23 November 2005 at 10:19am. She referred to "*Prof. Green-Thompson and the other guests staying on 2nd and 3rd December*" and requested a transfer from and to the airport. She further provided the flight details for 2nd and 4th December (2005). I have not determined whether Professor Green-Thompson stayed at Shamwari Lodge as per the reservation. **D41/5**

Electronic diary of Dr Savoi

8.165 An electronic Diary located amongst the electronic records seized from Intaka by the SAPS contains amongst others the following entries for 2005:

1) A diary entry for Dr Savoi dated Sunday 11 September (2005) was on a document electronically filed as "Agenda 5- 31 diciemb1.xls, last modified on **D41/6**

9/12/2005. The diary contains the following entry:

Dr Savoi

Sunday, 11th December	Prof. Green-Thompson in CT

2) A diary entry for Dr Savoi dated Tuesday 13 December (2005) was on a document electronically filed as "Agenda 12- 31 diciemb1.xls, last modified on 15/12/2005. The diary contains the following entry: **D41/7**

Dr Savoi

Tuesday, 13th December	18:00- *Medico cirujano* Prof. Green-Thompson @ Waterfront

8.166 I understand *Medico cirujano* means medical surgeon.

An e-mail from Dr Savoi to Dr Hamid Shabbir dated 7 March 2006 **D42**

8.167 On 7 March 2006 at 04:20pm Dr Savoi sent an e-mail to Dr Hamid Shabbir and copied it to Praderi and Adriaan Loubscher. It is titled "various" and paragraph 4 refers to "KZN" and he states the following:

"There is a huge potential. We have 1 Oxyntaka performing at Murchison hospital since 9 months ago. Prof. Gree-Thompson, former HOD, who came invited by us with the delegation that visited Brazil, South America, where they could see our equipments performing at various hospitals with success, was promoted to the National Health Department. He didn't succeed in going forward due to differences between him and the MEC at that stage. The current MEC, Peggy Nkonyeni, visited Somerset together with Prof. Green-Thompson and she is very supportive to the Oxyntaka process. I understand that a new HOD was appointed for the Kingdom and understand that it's the right moment to move forward there, considering that there are problems with approx 70 hospitals".

Electronic Diary entries of Intaka

8.168 An electronic Diary located amongst the electronic records seized from Intaka by the SAPS contains amongst others the following diary entries for Dr Savoi for 2007 and 2008:

Date	Entry	Name of file	
Friday, 12th January (2007)	12: 00 Shabalala	Agenda 8-19 enero1. xls date modified 26/01/2007	D43/1
Saturday, 19th May (2007)	08:00- CT- Pietermaritzburg 10:00- Sipho Shabalala @ airport Pietermaritzburg-Durban- CT	Agenda 14 Mayo-2junio1.xls, date modified 18/5/2007	D43/2-3
Saturday, 21st July (2007)	CT- Jhb 09:00- Breakfast with Shabalala @ Michelangelo hotel	Agenda 16-29 julio1.xls date modified 20/07/2007	D43/4-5
Wednesday, 17 October (2007)	12:00 CT- Pietermaritzburg Sipho Shabalala 17:00 Pietermaritzburg-CT	Agenda 15-28 octubie 1.xls date modified 19/10/2007	D43/6
Thursday, 20th March (2008)	*LLAMAR A* SHABALALA*	Agenda 17-30 Marzo1.xls date modified 18/3/2008	D43/7-8
Tuesday, 26th August (2008)	14:00- Shabalala, Lunga @ Waterfront	Agenda 25 augusto- 14 setiembre1.xls date modified 29/8/2008	D43/9-11

* I understand *LLAMAR A* means call.

M

Cost of back up supply of Oxygen provided by Afrox

8.169 The signed contract between the Department and Intaka makes provision for back-up. Clause 11.6 states that the Lessor (Intaka) guarantees that the equipment will be supplied with either of 2 back-up supply options at it's (the Lessors) discretion:
11.6.1 A stand-by compressor at no extra cost to the Lessee that will automatically take over the oxygen supply should the primary compressor fail.
11.6.2 A cylinder based back-up system to hold 72 hours of oxygen gas, being 30 cylinders based on current consumption.

8.170 Westwood stated that he did not agree with the above as the option of providing a second compressor was not a fail safe means of backup as if the electrical supply failed, even though this was fed from the emergency generator, it would not matter how many compressors were supplied the PSA plant would not function. For this reason the Department was obliged to obtain back-up 10.2 kg cylinders at Murchison hospital from Afrox at additional costs, in the interests of patient safety. **E1/13**

8.171 I further determined, which was confirmed by Westwood and Afrox that AFROX provided the backup for Murchison hospital in terms of their National Tender, during the period Intaka supplied self-generating oxygen as stipulated in their contract with the Department. AFROX was requested to provide the cost of back up supply for Murchison hospital for the period 1 July 2005 to 30 April 2010 during which time Intaka charged the Department for a "guaranteed usage" of 3,000kg's per month (36,000kgs per annum for 5 years). Ros Mabelis, Sales Manager of AFROX provided a spreadsheet detailing the Cost of Back Up Supply at Murchison Hospitals for the period in question. They did not provide a monthly breakdown. It reflects payments amounting to R395,048 were made to AFROX by the Department. This amounts to an average cost of approximately R6,800 per month for 58 months (being the number of payments received by Intaka). These costs should have been for Intaka's expense as it was always Westwood's intention for Intaka to provide the back-up; however the Department has paid AFROX the full amount in terms of AFROX's report. I have not verified the accuracy of the AFROX calculation nor examined any supporting documents. These additional costs were also not taken into consideration **D44**

when the comparative costs were performed by Intaka.

8.172 I am not able to provide a comparative cost analysis between what AFROX would have charged the Department for Cylinder Rental and Bulk Oxygen, based on actual quantities of oxygen consumed, and payments made to Intaka based on a guaranteed monthly usage of 3,000kgs, as Murchison hospital has not retained any records of the monthly meter readings at month end. It was reported by Murchison hospital staff that Intaka removed all records when they removed the plant from Murchison hospital after the contract was terminated in 2010.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Summary of Findings

8.173 Detailed below is a summary of significant findings from the investigation conducted into the of awarding of a contract for an Oxyntaka Self- Generating Oxygen Plant at Murchison Hospital by the Department of Health to Intaka Investments in 2005.

1) The KZN Department of Health and Intaka, an entity based in the Western Cape, entered into an agreement for the lease and maintenance of one (1) Oxyntaka® Model 20 unit at Murchison Hospital, commencing 8 April 2005 and terminating on 31 March 2010 (5 years). The Department was represented by Professor Green-Thompson and Intaka by Dr Savoi. **D31**
2) The awarding of the said contract was not preceded by any formal or official procurement procedures, and did not comply with the KwaZulu- Natal Department of Health Procurement Policy and Procedures of 1999 or the KwaZulu-Natal Procurement Act No 3 of 2001. **A3** **A4**
3) A number of events and processes preceded the signing of the agreement. The Department of Health and Professor Green-Thompson were first referred to in a letter from Dr Savoi to Shabalala dated 4 March 2004. **D1**
4) The diary retained by the Office of the Superintendent General of the Department of Health reflects Professor Green-Thompson visited Brazil from 20 to 22 March 2004. The said trip has been confirmed in an e-mail from Dr Savoi to Shabalala on 24 March 2004 and that Shabalala also visited Brazil. Dr Savoi in an affidavit alleged the trip took place from 20 to 23 March 2004. Professor Green-Thompson in an affidavit confirmed such a trip to "South America" but did not provide a specific date. **D1/2-4** **D2/1** **B2/4** **B3/3**
5) On 20 April 2004 Skyros Medical was registered and the principals were Dr Savoi and Beatrice Shabalala. **D5-D6**
6) On 21 May 2004 Dr Savoi sent an e-mail to Shabalala with regard to "BEE in Oxyntaka". This followed numerous communications between the said 2 persons. Dr Savoi stated amongst other things that he considered giving the BEE 40% of the shareholding in Oxyntaka KZN as an added value and he even insisted in considering Shabalala's and Professor Green-Thompson's holding. This indicates to me that consideration had been given to the formation of an entity known as **D8**

"Oxyntaka KZN" that would have 40% BEE representation and that Shabalala and Professor Green-Thompson would have an interest in the said entity. Although it appears that Shabalala had informed Dr Savoi that it was not his intention to participate in this. I have been unable to identify any registered entity known as "Oxyntaka KZN" or a similar name and I am not in possession of any other documentation relevant to the BEE representation, or Shabalala and Professor Green-Thompsons interests in the said entity.

7) On 7 July 2004 Westwood of the Department's Infrastructure Development component communicated with Dr Savoi and Intaka for the first time. Westwood alleged he first received an instruction to contact Intaka from Professor Green-Thompson via van der Merwe, but could not recall the date; however it was prior to 7 July 2004. He was further required to determine the feasibility of the Intaka plant (known to him as the Oxyntaka plant) and to consider the implementation of a pilot project at a smaller institution. Professor Green-Thompson confirmed in his affidavit and that this instruction was given to Westwood after his (Professor Green-Thompson's) return from Brazil. **D10/4** **E1/2** **B3/4**

8) On 18 August 2004 Bagus sent a letter to Shabalala as Dr Savoi had become disillusioned with the levels of service and commitment, and requested Shabalala contact Dr Savoi. **D12**

9) On 30 August 2004 Westwood prepared a report that was submitted to Professor Green-Thompson. It was reported that attempts had been made to obtain as much information as possible about the "self-generating oxygen plants", but due to the fact that not a single plant could be located in South Africa, it was difficult to make an informed decision. He (through van der Merwe) sought authority to approach the 2 companies and request they put forward a "proposal" for the provision of the self-generating oxygen plants, at Murchison and Vryheid hospitals. It was further requested that authority be granted to also proceed with the tender for bulk oxygen supply. Professor Green-Thompson approved this on 10 and 13 September 2004. **D13/1-3** **D13/4-5** **D13/6**

10) On 20 September 2004 Westwood advised Dr Savoi that the HOD (Professor Green-Thompson) had approved the installation of a pilot site at Murchison Hospital and he provided figures of oxygen usage at the hospital. Intaka was requested to undertake an evaluation and to submit proposals on the basis of **D14**

payment for oxygen consumed per kilogram. Dr Savoi acknowledged receipt thereof on 21 September 2004 and advised Westwood that in order to do the evaluation and submit their proposal they would need to visit the site. The site visit subsequently took place on 5 October 2004. Praderi was the senior Intaka representative present (Dr Savoi did not attend the site meeting according to Westwood). **E1/6**

11) Westwood and Walker flew to Cape Town (at the Department's expense according to Westwood) in order to visit Intaka and view the Oxyntaka plant. Westwood did not recall the exact date however it was after the meeting at Murchison hospital (5 October 2004) and before 24 November 2004, the date of his next correspondence. Westwood's subsequent report to Dr Sewlal on 7 March 2005 reflects the visit took place on 23 November 2004. **E1/7** **D17/1**

12) The Intaka electronic records contain various e-mails in respect of reservations for Professor Green-Thompson and Shabalala on 5 December 2004 at the Saxon Hotel, Johannesburg. **D18**

13) On 9 December 2004 at 01:16pm Dr Savoi sent an e-mail to Samantha Foulkes/ (Cheatle) of Professor Green-Thompson's office and copied it to Shabalala and Praderi. It reads as follows: **D19/1**

"Dear Professor Ronald,

It was a pity that we did not succeed in meeting in Johannesburg to discuss about the 2 new Oxyntaka units for additional 2 hospitals at the Kingdom. I share completely the logistic idea of placing one at a hospital in the North and the other one at a hospital in the middle East of the Kingdom.

Considering that we already have 6 units apart from the one that is going to Murchison hospital I would need some details of these 2 additional hospitals, as well as who we must contact in order to make a visit to the sites with our engineering department and technicians to evaluate the model that will attend to these 2 hospitals.

Your immediate reply on this issue will be highly appreciated".

14) On the same day 9 December 2004 at 01:28pm Dr Savoi sent another e-mail to Westwood and copied it to Praderi. It reads as follows: **D19/2**

"Dear Eng. Westwood,

Further to our meetings at Murchison hospital- KZN and Intaka head offices- WP and

as agreed upon, we hereby submit as per your request our proposal for your consideration:

- *Intaka will supply and install an Oxyntaka ® model 020 self-oxygen production unit to meet your bulk oxygen supply needs on the following terms and conditions:*

a) *Price: R10.30/kg + VAT.*
b) *Credit terms: 30 days monthly in arrears.*
c) *Minimum period of contract: 5 years.*
d) *Price to be escalated annually by the C.P.I. index prevailing with a minimum of 6% per annum.*
e) *Minimum consumption of 30 000kg per annum.*

Intaka will be responsible for the full maintenance excluding vandalism and gross negligence by hospital staff.

Against your acceptance of the above conditions a contract will be prepared to be signed between parties. This contract will protect both supplier and consumer"

15) Based on the above, Dr Savoi was communicating with Professor Green-Thompson about Oxyntaka's being provided for another 2 hospitals in KZN, apart from Murchison hospital, whilst Westwood had requested and received a proposal from Intaka for the supply of an Oxyntaka for Murchison hospital only that was still subject to examination and analysis by Westwood. **D19/1** **D19/2**

16) On 22 December 2004 Dr Savoi sent an e-mail to Westwood and referred to his e-mail of 9 December 2004. He further requested an order for an Oxyntaka ® model 020 for Murchison hospital and details of other hospitals in order to visit and evaluate to determine the correct model for each site. Westwood alleged that he was not aware that other hospitals had been identified that were required to be evaluated by Intaka; as he had authority to proceed with only 1 hospital for Intaka, namely Murchison hospital. **D19/3** **E1/8**

17) Westwood replied the following day 23 December 2004 and advised that although the technical function of the Oxyntaka unit was most satisfactory and the Department had full confidence that the unit would function and meet the hospital needs, Intaka should appreciate the fact that it was not only the technical aspect that had to be evaluated but also the financial implications. He concluded by informing Dr Savoi that a full evaluation would probably be completed within the **D19/3**

next few weeks and he would keep Intaka informed of the progress in this regard

18) On 18 January 2005 Westwood prepared a Preliminary Report with regards to his investigations into the Oxyntaka self-generating plants addressed to Professor Green-Thompson, Dr Sewlal and van der Merwe. He provided the background into the matter and a comparative analysis between: the Oxyntaka PSA proposal; the current Afrox cylinder costs at the time; and the cost of Bulk conversion including back-up cylinders, for Murchison hospital, based on an annual usage of 31,650kgs. It is clear that the latter namely bulk conversion was the most cost effective (R134,606) of the 3 options, being approximately a third of the price of the Oxyntaka plant (R371,634). The Oxyntaka plant price also included according to Westwood's understanding at the time, the provision of back up supply by Intaka and thus there was no need to provide for an additional cost to the Department for back up supply. **D20/1-2**

19) The following day 19 January 2005 Professor Green-Thompson replied to Westwood's report and requested additional information by 24 January 2005 including a "*comparison between Oxygen expenditure being provided by the two methods*". Westwood had provided a comparison for 3 methods: cylinders; Oxyntaka; and bulk oxygen; however Professor Green-Thompson ignored the bulk oxygen method. Westwood requested an extension of the deadline for a further 2 weeks in his letter to van der Merwe dated 24 January 2005, as extensive information had to be gathered. This request for the deadline to be extended to 7 February 2005 was sent to Professor Green-Thompson on the same day by van der Merwe. **D20/3** **D20/1-2** **D20/4** **D20/6**

20) In the interim Dr Savoi sent an e-mail to Westwood on 20 January 2005 copied to amongst other Shabalala. Dr Savoi requested Westwood inform him whether he (Westwood) had completed the analysis of Intaka's proposal dated 9 December 2004. Westwood replied on 24 January 2005 and informed Dr Savoi that a preliminary report had been submitted to Professor Green-Thompson for further directive. He stated that when evaluating the financial aspect, it was found that a bulk oxygen storage tank would be more financially beneficial than the Oxyntaka plant. Westwood did not copy Shabalala on this reply to Dr Savoi however the following day 25 January 2005 Shabalala sent a copy of Westwood's letter to Professor Green-Thompson. This reflects Shabalala's interference in a matter **D21/1** **D21/2** **D21/4-5**

that was essentially an in-house Health matter and Treasury was not involved.

21) On 25 January 2005 van der Merwe sent a further report to Professor Green-Thompson and referred to his previous report dated 18 January 2005 (the report prepared by Westwood). He repeated the findings of Westwood namely that it was not cost effective to install the Oxyntaka self-generating plant at Murchison hospital, as the bulk oxygen supply (to be provided by either Afrox or Air Liquid) was a third of the price of the self-generating oxygen (to be provided by Intaka and Insmed). I wish to repeat the costs determined by Westwood and van der Merwe: Oxyntaka R371,634 as opposed to bulk oxygen R134,606, based on an annual usage of 31,650 kgs. **D22/1** **D22/2**

22) **On the same day (25 January 2005) Professor Green-Thompson's office sent a Memorandum to Dr Sewlal marked "urgent" and referred to his Memorandum dated 25 January 2005. The content reads as follows: "*Institute a pilot site that can undertake this, this matter has been going for too long now i.e. since September 2004. Please institute pilot site with immediate effect*". There was no urgency for such a pilot project to be instituted and the decision conflicts with Professor Green-Thompsons alleged cost saving initiatives**. Westwood confirmed in his affidavit that there was no urgency for such a pilot project to be instituted according to his understanding and Professor Green-Thompson had also not referred to the bulk oxygen supply option. **D22/3** **E1/11**

23) On the same day (25 January 2005) van der Merwe sent a further letter to Professor Green-Thompson and confirmed the instruction received from him (Professor Green-Thompson). He further sought the authority of Professor Green-Thompson to allocate the 2 pilot projects. **This was approved by Professor Green-Thompson on the same day as reflected by his signature, the date and approval stamp appearing on the letter in question.** **D22/4**

24) The above correspondence of 25 January 2005 reflects that there was an "**urgency**" to approve the pilot projects that was not supported by the various reports discussed thus far prepared by and/or approved by Westwood, van der Merwe and Dr Sewlal. van der Merwe stated in his affidavit that Professor Green-Thompson's instruction was contrary to Westwood's report dated 18 January 2005 and his (van der Merwe's) submission dated 25 January 2005 wherein they **D22** **E2/6** **D20** **D22/1-2**

both indicated and reported that the Oxyntaka Plant was not cost effective. Dr Sewlal stated likewise in his affidavit. van der Merwe added that his letter to Professor Green-Thompson dated 25 January 2005 was merely confirmation of the instruction received from Professor Green-Thompson. The fact is that the bulk oxygen was the most cost effective and there appears to be no logical reason for Professor Green-Thompson insisting on implementing the pilot project at Murchison Hospital with Intaka. **E3/7** **E2/6**

25) On 26 January 2006 Westwood sent a letter to Dr Savoi and copied it to Professor Green-Thompson, Dr Sewlal and van der Merwe, advising Dr Savoi that Professor Green-Thompson had approved Intaka's proposal. He further requested Intaka prepare a contract document that included a number of aspects including the supply and contents of the back up manifold consisting of 42 x 10.2kg cylinders, that had to be submitted to Westwood it order that it be referred to the Departments legal section. **D23/1-2**

26) On 23 February 2005 Dr Savoi sent an e-mail containing a draft contract to Shabalala for Murchison Hospital. There was no reason for Shabalala to receive or approve the draft contract; Westwood had on 26 January 2005 requested Dr Savoi send the contract document to his office (Westwood's office at the Department of Health) so that it may be referred to the Department's legal section. Shabalala sent e-mail to Dr Savoi on 25 February 2005 and advised that he (Shabalala) was "*making some discussions at Health regarding additional oxyntakas in KZN*". **D25/1** **D25/2**

27) On 2 March 2005 Westwood sent an e-mail to Dr Savoi and informed him that the contract must include a clause guaranteeing continued oxygen supply should the plant fail for an extended period beyond the capacity of the back-up's manifold. Dr Savoi replied the following day 3 March 2005 and provided his response to the question of back-up. He stated in South America Intaka has replaced the need for cylinder back-up by supplying a stand by compressor. Westwood replied on 7 March 2005 that the means of back-up was left entirely up to Dr Savoi, but a clause had to be included in the contract. **D26**

28) On 14 March 2005 Dr Savoi sent Westwood a final draft contract (after previous correspondence between them iro the contract) via e-mail. He copied it to Professor Green-Thompson and Shabalala. **D29**

29) On 15 March 2005 Westwood forwarded the draft contract to Mrs AN Zondi of the Departments Legal Services for her legal opinion. Mrs Zondi confirmed that she received the said draft Agreement and that she had subsequently raised a number of concerns in her reply thereto dated 16 March 2005. This included: the quality of the oxygen to be provided by Intaka and whether it was accredited by a recognised body; and she required a motivation for the change to Intaka from Afrox and other local gases, based on factors such as safety, reduced costs, improved quality and effiecency, and that it would assist legal services by van der Merwe obtaining comparisons **D30/1** **D30/2-3**

30) Mrs Zondi further confirmed that she subsequently on 22 March 2005 met with Professor Green-Thompson who instructed her that Somerset hospital was already using the Intaka oxygen and that the Agreement was to go ahead. She added that she repeated this report and instruction from Professor Green-Thompson in a letter also dated 22 March 2005 to van der Merwe. She confirmed that she also included in the letter that there was pressure on Legal Services to release the agreement for signature. She confirmed in her affidavit that the pressure was coming from Professor Green-Thompson and that this was unusual and out of the ordinary. **D30/2** **D30/4-5**

31) The Department (represented by Professor Green-Thompson) subsequently on 24 March 2005; within 2 days of Mrs Zondi receiving an instruction from Professor Green-Thompson for the Agreement to go ahead, entered into an Agreement with Intaka as detailed in sub-paragraph 1) above, commencing 8 April 2005 for a period of 5 years. Schedule "A" to the Agreement makes provision for a guaranteed usage of 36,000 kgs (thirty six thousand) of oxygen per year @ R9.50 per kg, i.e. 3,000 kgs per month @ R9.50/kg = R28,500 per month (regardless of the actual amount of oxygen consumed). **D31** **D31/20**

32) On 22 April 2005 the Hospital Manager of Murchison Hospital was provided with a copy of the contract by Westwood and advised to acquaint themselves with the conditions of the contract. **D32/2**

33) The Oxyntaka was commissioned at Murchison hospital on 13 May 2005. **D33/11**

34) On 1 July 2005 Westwood was requested by the HOD (Professor Green-Thompson) to provide a cost comparison; however the flow meter had not yet been installed by Intaka. Intaka subsequently provided their explanation of cost **D36** **D37**

savings on 4 August 2005. I have not verified their alleged savings; however they provided a comparison between the hire of cylinders (from Afrox) and the price of Oxyntaka, and no comparative costs with bulk oxygen that according to Westwood and van der Merwe would have been one third of the price of the Oxyntaka. Further, Intaka did not provide or make provision for the supply of back-up cylinders, an additional expense incurred by Murchison hospital.

35) Intaka concluded in their letter of 4 August 2005 by requesting they be provided with the proposed "roll-out" of the Oxyntaka ® equipment to other rural, district and urban hospitals. Westwood alleged he had no knowledge of the said "roll-out" as Murchison hospital was a pilot project to be evaluated over a period of time. **D37** **E1/15**

36) During the period 21 October 2005 to 9 December 2005 various correspondences reflects that professor Green-Thompson once more requested additional information of comparatives for past and present costs. Westwood in addition to providing comparatives (to be discussed below) to Professor Green-Thompson also referred to other costs incurred namely: electricity in the amount of approximately R5,000 per month; and cylinder rental in the amount of approximately R4,000 per month **D40** **D40/17**

37) Westwood again provided a comparative between the 3 options based on actual consumptions for September and October 2005: Oxyntaka; Cylinder cost (Afrox); and Bulk oxygen from 3 different suppliers. Again the Bulk oxygen supply option was the most cost effective. **D40/19**

38) On 8 December 2005 Stevens reported to Professor Green-Thompson that the average cost per month for a 1 year period prior to installation of the Oxyntaka: R32,154.03, was less than the average cost per month for a 5 month period after installation of the Oxyntaka: R36,490.00, which included the cost of cylinder rental for back-up supply. **D40/22**

39) There is no record of Professor Green-Thompson replying to either of the above reports of Westwood and Stevens. **D40/17-19, 22**

40) Various e-mails retrieved in the Intaka electronic records relate to reservations for Professor Green-Thompson at Shamwari Game Reserve during the period 2- 23 November 2005. The booking was for 2 and 3 December 2005. **D41**

41) Professor Green-Thompson left the Department of Health on 31 December 2005, at which date the Agreement entered into with Intaka for Murchison hospital was

still binding.

42) In addition to paying Intaka a guaranteed monthly usage, that was not cost effective as the bulk oxygen was initially available at a third of the price of Intaka, the Department paid AFROX R395.048 over the duration of the 5 year contract period with Intaka.

43) There are no records of meter readings being recorded on a monthly basis and I am therefore unable to do a comparative cost analysis for 3 methods of supply: Oxyntaka; AFROX cylinders; and Bulk Oxygen, based on actual consumptions.

44) It would appear that Professor Green-Thompson, by approving the Intaka proposal that was not cost effective and then entering into an Agreement with Intaka to supply a oxygen plant to Murchison hospital, contravened:

- The provisions of section 217 of the Constitution of the Republic of South Africa Act 108 of 1996 in that:
  - He failed to follow a procurement system which is fair, equitable, transparent, competitive and cost effective.
- Section 38(1)(a)(b)(c) of the PFMA in that he failed to:
  - Maintain effective, efficient and transparent systems of financial risk management and internal control;
  - Implement an appropriate procurement and provisioning system which is fair, equitable, transparent, competitive and cost effective;
  - Ensure that processes and procedures were in place for the effective, efficient, economical, and transparent use of the institution's resources; and
  - Exercise reasonable care to prevent and detect unauthorised, irregular, fruitless and wasteful expenditure.

T S White
Director: Forensic Services
28 October 2011

RR4-TSW-1358

16

COMMISSION OF INQUIRY INTO STATE CAPTURE

AFFIDAVIT

Trevor Sean White states in English under oath:

1.

I am an adult male, with identity number 6611245014087, 45 years old. I am a director of PricewaterhouseCoopers Incorporated (PwC), 102 Essenwood Road, Berea with telephone number (031) 2712020.

2.

I joined Price Waterhouse in1989, and was admitted as a director of PricewaterhouseCoopers Incorporated on 1 July 1998, following the merger of Price Waterhouse and Coopers & Lybrand. I am presently the director in charge of the Forensic Services Department of PricewaterhouseCoopers in KwaZulu Natal.

3.

I have conducted numerous fraud investigations for both public and private sector clients and have given evidence in the High Court and the Regional and District Courts. I have also presented evidence to a Commission of Enquiry, the Commission for Conciliation, Mediation and Arbitration ("CCMA") and at various disciplinary hearings. I am trained in auditing techniques and hold a Bachelor of Commerce degree and Post Graduate Diploma in Accountancy from the University of Natal Durban. I was also admitted as a member of the South African Institute of Chartered accountants in 1992. I am a Certified Fraud Examiner, being admitted as a full member of the Certified Fraud Examiners, a Texas based organisation, in 1998. I have been involved in a number of business valuations and performance audits. My specialist field is Forensic Auditing and as such I have extensive experience in analysing, reviewing and verifying financial information and accounting records.

4.

I am duly authorised to attest to the contents of this affidavit by PricewaterhouseCoopers. Members of my staff have assisted me in the execution of fieldwork and gathering of information necessary to compile this affidavit.

5.

PwC was appointed by National Treasury to conduct a Forensic Investigation into: payments made to Intaka by the Northern Cape Department of Health (**the Northern Cape Department of Health**), for the provision of Oxyntaka Self-Generating Oxygen Plants and Wataka Water Purification Plants; and payments made to Intaka by the KZN Department of Local Government and Traditional Affairs (**the Department of LG & TA**).

6.

I have commenced drafting the report on the findings of the Forensic Investigation into the payments by the Dept of LG & TA but have not yet issued the report as I am still waiting for access to certain documents, which depending on the contents there of, I may wish to refer to in my report. Set out below is a summary of the information regarding the involvement of Mr Michael Mabuyakhulu in the alleged unlawful dealings between government officials and Intaka representatives as per my mandate and findings from my investigation to date.

7.

The Dept LG & TA ordered 20 Wataka's on 5 June 2006 at a cost of R44 563 636.40 and paid Intaka for these on 5 March 2007 at which date none of them had been delivered and some had not even been manufactured. Various irregularities in and manipulations of the procurement process have been identified, many of which involved Mr Sipho Shabalala, the Head of Provincial Treasury at the time. He initiated the process, and gave input thereto, that resulted in the order being placed with Intaka without comparative quotes being

sourced and Intaka supplying water purification plants for which no proper needs assessment had been performed. I physically inspected 10 of the 20 Wataka's on 10 July 2010, some 32 months after they had been paid for and they had still not been installed.

8.

On 12 March 2007, one week after the Dept of LG & TA paid R44 563 636.40 to Intaka and amount of R1 053 000 was paid to Kuboni & Shazi Attorneys by Intaka at the request of Shabalala. According to Gaston Savoi of Intaka, Shalalala had requsetd this payment as a donation for the ANC. It is however clear from my analysis of various documents referred to below that this money was not recived by the ANC. **B1**

9.

Col Du Plooy of the SAPS conducted a search at Kuboni and Shezi Attorneys, 10th floor Salmon Grove Chambers on 24 March 2009 and seized the following:

1) A copy of a tax invoice dated 14 February 2007 referring to Intaka Investments. This copy was printed from the desktop computer by Alvina Matsau (Matsau) a secretary at Kuboni and Shezi and is the same as the invoice attached to Savoi's affidavit as "GS4". **G5/1** **G1/1**
2) A copy of a letter, dated 15 February 2007, addressed to Dr G Savoi, Intaka Investments (Pty) Ltd. This is the same as a copy located in the records seized from Intaka. This letter states that the tax invoice is enclosed and then sets out Kuboni and Shezi banking details as follows: **G5/2** **G1/3**

Bank	:	Standard Bank
Branch	:	Main Branch
Account Number	:	050871994
Branch Code	:	040026
Type of Account	:	Current

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10.

A warning statement was taken from Welcome Sandile Kuboni **(Kuboni)** on 6 May 2010 and while he declined to answer questions at the time, and did not provide the Investigating Officer with a statement or make himself available for questions despite undertaking to do so after he had consulted with his lawyer, he did subsequently provided the following documents to Col Du Plooy:

1) Copy of a letter to Dr G Savoi dated 14 February 2007. Apart from the date this letter is identical to the one referred to in para 9 above **G6/1**
2) Copy of the Kuboni and Shezi Tax Invoice to Intaka Investments dated 14 February 2007 referred to in above. (This invoice is exactly the same as that seized from Intaka and attached to Savoi's affidavit apart from the fact that the words "period 2003 to 2006" have not been included in brackets after the description of the services provide). **G6/2**
3) Copy of a fax confirmation report confirming that a fax of 2 pages was sent to 021 7011914 at 16.31 on 14 February 2007. **G6/3**
4) A copy of an email from Jeanne Fick to Kuboni and copied to Matsau. This email sets out the receipts and payments on the "Salamax" account "from beginning to our hand over". The account number is "1S150" and the period covered is 19 February 2007 to 16 March 2007. The seven payments recorded on this schedule are also recorded amongst the 24 payments referred to below. (Kuboni showed me a copy of this email on his computer when Col Du Plooy was taking his warning statement). **G6/4**
5) Schedule titled "PAYMENTS MADE OUT : SALAMAX : S 150/06" which details 24 payments. Not all the payments on this schedule are dated and those that are dated are not recorded in any specific order. The payments are made out to 13 different entities; the earliest date is 19 February 2007 and the last date is 10 July 2007. **G6/5**

11.

The SAPS subpoenaed Kuboni and Shezi Attorneys Trust account number 050871994 held at Standard Bank Greyville. The following documents were provided in response to this subpoena:

1J

1) Signing arrangements form dated 5 February 2007. Kuboni was the sole signatory. **G7/1**
2) Signing arrangements form dated 31 May 2007. Any two of the following to sign jointly from 31 May 2007: Kuboni, Nozibele Priscilla Phindela (Phindela), Ian Buhlebakhe Blose (Blose) and Jabulani Langelihle Thusi (Thusi) **G7/4** **G7/7**
3) Special Power of Attorney of Kuboni. **G7/8-11**
4) Copies of identity documents of Kuboni, Phindela, Blose and Thusi. **G8**
5) Copies of bank statements from 26 January 2007 (statement 106) to 26 March 2008 (statement 120). **G9**
6) Copies of paid cheques.

12.

The SAPS subpoenaed Kuboni and Shezi Attorneys Business Account number 050033077 held at Standard Bank Greyville. Copies of bank statements from 1 March 2007 (statement 137) to 27 March 2008 (statement 161) were provided in response to this subpoena. **G10**

13.

The SAPS subpoenaed Welcome Sandile Kuboni's personal Money Market/Call account number 268608482 held at Standard Bank Greyville. Copies of bank statements from 2 January 2007 (statement 5) to 31 March 2008 (statement 10) were provided in response to this subpoena. **G11**

14.

Mr Victor Fernandes of Victor Fernandes & Co, the auditor who was appointed by Kuboni to provide accounting services in respect of writing up and reconciling the accounting records for the Kuboni and Shezi Trust account for the year ended February 2007 and then for the period March 2007 to July 2007 was interviewed on 11 June 2010. The working paper files prepared by Fernandes & Co in respect of these services were provided to the SAPS. These files contained amongst

other documents the following for trust account number 050871994

1) Cheque stubs for cheque numbers 102301 to 102424 inclusive. **G12**
2) Copies of the bank statements with hand written notes which, Jeanne Fick of Fernandes & Co informed me, are details of the trust creditor the receipt of payment relates to. This was subsequently confirmed by Matsau of Kuboni and Shezi who in some instances made these notes. **G13**

15.

Matsau who is employed in a secretarial position which includes office administration at Kuboni and Shezi, stated the following during an interview on 24 June 2010, subsequently confirmed in an affidavit dated 8 July 2010, conducted by Col Du Plooy and myself: **G14**

1) She took instructions from Kuboni who was the director of the firm until March 2007 and from the new directors being Phindela, Thusi and Blose from April 2007 onwards.
2) Kuboni was responsible for Salamax as a client until he left the firm. He would have generally instructed her on this file. She became aware that Salamax is the client file for Mr Sipho Shabalala. Mrs Shabalala would phone and asked that Thusi issue trust cheques, or be reminded to issue trust cheques, on behalf of Salamax. She personally spoke to Mrs Shabalala on occasions regarding this. **G14/3**
3) She wrote client reference numbers on the bank statements for the trust account on the instruction of the directors. A reference number was allocated to clients and it will indicate which clients must be debited or credited. During March 2007 Kuboni was the only Director and he would give her such instructions. **G14/4**
4) She wrote the handwritten reference "01/S150/07 Salamax" on the Kuboni's trust account bank statement next to the transfer of an amount of R200 000 on 16 March 2007. **G14/4** **G14/30**
5) Reference no. TRF181/07 was incorrectly written next to the R100 000 on 23 March 2007 as that reference number belongs to a client named Nokutula Rosemary Dlamini. This R100 000,00 was a payment on behalf of Salamax. **G14/4** **G14/30**
6) Based on her knowledge of the handwriting of Kuboni and the current **G14/3**

directors (Phindela, Blose and Thusi) the cheques stubs for the following cheques were either prepared by her or the director whose name is recorded next to the cheque number in the table below:

Cheque no.	Author	
102310	PHINDELA	G14/14
102321	PHINDELA	G14/16
102326	MATSAU	G14/17
102327	MATSAU	G14/18
102328	MATSAU	G14/18
102329	MATSAU	G14/19
102330	MATSAU	G14/19
102331	MATSAU	G14/20
102343	THUSI	G14/21
102353	PHINDELA	G14/26
102356	PHINDELA	G14/27

16.

Salamax 1608 (Pty) Ltd with registration number 2006/024729/07 was registered on 10 August 2006. The current status is recorded as in the process of deregistration. Shabalala is currently recorded as a non-active principal. He was appointed as a director on 11 August 2006 (date of registration) and resigned on what I interpret to be 13 May 2008. Shabalala was a director of this entity during the entire period (19 February 2007 to 2 August 2007) the payments were made by Kuboni, Phindela, Blose and Thusi to disburse the R1 053 000 received from Intaka. **B6**

17.

Based on the aforementioned records relating to the Kuboni and Shezi Trust Account I have prepared a detailed analysis of the Trust Creditor known as "Salamax" with reference "S150/06". This analysis details the following: **G15**

1) Bank Statement Date.
2) Cheque Date.

3) Cheque number.
4) Cheque Signatories.
5) Payee.
6) Amount.

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Kuboni & Shezi Attorneys Trust Account - Standard Bank a/c No 050871994

Trust Creditor : Salamax 01/S150

Payment Number	Bank Statement Date	Cheque Date	Cheque No	Cheque Signatory 1	Cheque Signatory 2	Payee	Debit	Credit	Cumulati Balanc
	01-Feb-07					Opening Balance			
1	20-Feb-07	19-Feb-07	102237	Kuboni		Variquip CC	80,000.00		80,00
2	20-Feb-07	19-Feb-07	102241	Kuboni		Trimbourne Agencies	30,000.00		110,00
3	21-Feb-07	19-Feb-07	102238	Kuboni		Farmers Agricare	80,000.00		190,00
4	21-Feb-07	19-Feb-07	102239	Kuboni		Yara SA (Pty) Ltd	38,209.23		228,20
5	22-Feb-07	19-Feb-07	102236	Kuboni		Bell Equipment	72,586.50		300,79
	12-Mar-07		EFT			Trf - Intaka Investments		(1,053,000.00)	(752,20
6	16-Mar-07		EFT			Blue Serenity	200,000.00		(552,20
7	23-Mar-07		EFT			Blue Serenity	100,000.00		(452,20
8	13-Apr-07	11-Apr-07	102294	Kuboni		Variquip CC	33,047.96		(419,15
9	13-Apr-07	11-Apr-07	102293	Kuboni		ER Browne Inc	113,471.33		(305,68
10	26-Apr-07	24-Apr-07	102302	Kuboni		Trimborn Agency CC	33,745.50		(271,93
11	10-May-07	10-May-07	102310	Kuboni		Bell Equipment	16,862.66		(255,07
12	25-May-07	23-May-07	102321	Kuboni		Yara SA	109,758.61		(145,31
13	06-Jun-07	30-May-07	102326	Phindela	Thusi	Bell Equipment	14,526.34		(130,79
14	06-Jun-07	30-May-07	102330	Phindela	Thusi	Natal Arial Spray	7,292.40		(123,49
15	06-Jun-07	30-May-07	102331	Phindela	Thusi	UCL	10,506.30		(112,99
16	06-Jun-07	30-May-07	102327	Phindela	Thusi	Variquip CC	7,714.44		(105,27
17	06-Jun-07	30-May-07	102329	Phindela	Thusi	Gap Chemicals	5,768.40		(99,51
18	07-Jun-07	30-May-07	102328	Phindela	Thusi	Community Watch	10,136.88		(89,37
19	11-Jul-07	09-Jul-07	102345	Thusi	Blose	Variquip CC	9,553.09		(79,82
20	11-Jul-07	10-Jul-07	102351	Thusi	Blose	Martin's Plumbing	3,398.00		(76,42
21	11-Jul-07	10-Jul-07	102350	Thusi	Blose	Yara SA	3,555.00		(72,86
22	11-Jul-07	10-Jul-07	102348	Thusi	Blose	UCL	6,093.99		(66,77
23	11-Jul-07	10-Jul-09	102349	Thusi	Blose	Electro Technical Agencies	2,017.00		(64,75
24	11-Jul-07	09-Jul-07	102343	Thusi	Blose	Bell Equipment	4,000.00		(60,75
25	18-Jul-07	18-Jul-07	102356	Thusi	Phindela	Community Watch	5,068.44		(55,68
26	20-Jul-07	10-Jul-07	102352	Thusi	Blose	Umgeni Water	2,370.47		(53,31
27	02-Aug-07	02-Aug-07	102363	Thusi	Phindela	Community Watch	5,068.44		(48,24
28	02-Aug-07	02-Aug-07	102361	Thusi	Phindela	Trimborn Agency	37,314.00		(10,93
29	21-Aug-07	02-Aug-07	102362	Thusi	Phindela	Electro Technical Agencies	14,140.00		3,20
							1,056,204.98	**(1,053,000.00)**	

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18.

It is evident from the above table that the respective directors of Kuboni and Shezi Attorneys were responsible, as sole signatory or joint cheque signatory, for the following number of payments:

Directors	No of payments	Amount (R)
Kuboni	12	907,681.79
Thusi	17	148,523.19
Phindela	10	117,535.64
Blose	7	30,987.55

19.

The Kuboni and Shezi trust account reflects a credit transfer from Intaka Investments on 12 March 2007 in the amount of R1,053,000. This is a week after Intaka received payment from the Department of LG & TA in the amount of R44,563,636.40 on 5 March 2007. **G8/11** **D33/3**

20.

Prior to the R1 053 000 being received on 12 March 2007, 5 payments were made from the Kuboni and Shezi Trust Account on behalf of Salamax. The details of the 5 cheques are as follows:

Cheque No	Payee	Amount (R)	
102236	Bell Equipment	72 586.50	**G9/5**
102237	Variquip CC	80 000.00	**G9/1**
102238	Farmers Agri-care	80 000.00	**G9/3**
102239	Yara SA (Pty) Ltd	38 209.23	**G9/4**
102241	Trimbourne Agencies	30 000.00	**G9/2**
	TOTAL	**300 795.73**	

21.

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The abovementioned cheques were dated 19 February 2007 and were negotiated by the various recipients on 20, 21 and 22 February 2007 which was more than 2 weeks prior to the R1 053 000 being received from Intaka. The effect is that Kuboni used other trust creditor's funds to make payments on behalf of Salamax before any money had been received on behalf of this client. **G9/1-5** **G8/7**

22.

The signature on the 5 cheques referred to above appears to be that of Kuboni, based on the fact that he was the only authorised signatory on the account at the time and the similarities between these signatures and his signature on the signing arrangements form. **G7/1** **G9/1-5**

23.

All these 5 payments, as were the other 24 payments that were made to disburse the balance of the R1 053 000 when it was received, were for the benefit of entities in which Shabalala and or his wife Beatrice Shabalala had an interest or was a director.

24.

The entities to which the 29 payments were made to disburse the R1 053 000 (in fact R 1 056 204.98 was paid out being R3 204.98 more than was received by Kuboni and Shezi Attorneys) can be summarised as follows: **G15**

25.

Blue Serenity Investments

Date	Cheque No	Amount (R)	
16 Mar 07	EFT	200 000.00	**G8/12**
23 Mar 07	EFT	100 000.00	**G8/13**
	TOTAL	**300 000.00**	

10

26.

The SAPS subpoenaed Blue Serenity Investments cheque account number 4067797521 held at ABSA Bank, Victoria Road, Pietermaritzburg. The following documents were provided in response to this subpoena:

1) Signing Instruction printout with signatories for the said account. Both Shabalala and Beatrice Shabalala are signatories for the said account. It appears from the signature cards that they have each signed erroneously next to the name of the co-signatory of the account. **G18/1-2**
2) Copies of bank statements from 5 March 2007 (statement 1) to 5 November 2010 (statement 43). The bank statements consist of 2 lever arch files and hence all have not been attached to this report. These are available if required. I enclose herewith copies of bank statement 1 which are relevant to the payments I referred to herein above. **G18/3-9**

27.

The Blue Serenity Investments bank statement reflecting ACB credit transfer in the amount of R200,000 on 16 March 2007. The bank statement reflects the name "Kuboni and Shezi Atto". The bank statement reflecting ACB credit transfer in the amount of R100,000 on 23 March 2007 and reflects the name "Kuboni and". **G18/3** **G18/6**

28.

The Blue Serenity Investments cheque account was opened on 5 March 2007 and received the aforementioned two payments totalling R300,000 from the Kuboni and Shezi Trust account within two weeks of the account being opened. In addition to the above the Blue Serenity Investments bank statement does not reflect other large deposits during this first month apart from small deposits and reflects limited activity. The balance on the account at 31 March 2007 was R194,713.13

40

29.

Variquip CC

Date	Cheque No	Amount (R)	
19 Feb 07	102237	80 000.00	G9/1
11 Apr 07	102294	33 047.96	G9/6
30 May 07	102327	7 714.44	G9/13
09 Jul 07	102345	9 553.09	G9/16
	TOTAL	**130 315.49**	

30.

Geoff Braithwaite ("**Braithwaite**"), who is a member Variquip stated in an affidavit that Variquip had issued various invoices to the Othandweni Family Trust for tractor spares and equipment and had received the above four payments for some of these invoices. He provided copies of the four receipts Veriquip issued for the above payments which were made by Kuboni and Shezi: **G16**

Date	Receipt No	Amount (R)	
20 Feb 07	40891	80 000.00	G16/4
16 Apr 07	41537	33 047.96	G16/35
07 Jun 07	42168	7 714.44	G16/53
12 Jul 07	42614	9 553.09	G16/62
	TOTAL	**130 315.49**	

31.

Based on a review of the invoices provided by Braithwaite it is clearly evident that Variquip had supplied various tractor spares to the Othandweni Family Trust. While the invoices are made out to Othandweni Family Trust the credit application form records the Trading Name as "DSD Shabalala T/A Othandweni Farm" and the Individual as Dumisani Sipho Derrick Shabalala whose occupation is Civil **G16/77**

1J

Servant. This application form was completed on 17 October 2006 by Ntombi Shabalala who has a signature which is similar to that of Beatrice Shabalala, whose full names are Beatrice Otrina Ntombeuhle Shabalala. **G16/78**

32.

Yara SA (Pty) Ltd

Date	Cheque No	Amount (R)	
19 Feb 07	102239	38 209.23	**G9/4**
23 May 07	102321	109 758.61	**G9/8**
10 Jul 07	102350	3 555.00	**G9/18**
	TOTAL	**151 522.84**	

33.

Jurgen Smith ("**Smith**"), the Cost and Financial Controller at Yara South Africa (Pty) Ltd stated in an affidavit that Yara had issued various invoices to Blue Serenity Investments for products delivered to them and received the following three payments for some of these invoices. He provided statements recording the three receipts Yara issued for the above payments which were made by Kuboni and Shezi: **G17**

Date	Amount (R)	
22 Feb 07	38 209.23	**G17/3**
28 May 07	109 758.61	**G17/9**
13 Jul 07	3 555.00	**G17/16**
TOTAL	**151 522.84**	

34.

Based on a review of the invoices provided by Smith it is clearly evident that Variquip had supplied fertilizer to Blue Serenity Investments. The invoices are made out to Blue Serenity Investments. The credit facility application form was completed on 30 November 2004 by Ntombenhle Shabalala, as a director. The **G17/21**
signature is similar to that of Beatrice Shabalala. The application form records the **G17/19**

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directors as BON Shabalala and DSD Shabalala.

35.

Bell Equipment

Date	Cheque No	Amount (R)	
19 Feb 07	102236	72 586.50	G9/5
10 May 07	102310	16 862.66	G9/7
30 May 07	102326	14 526.34	G9/10
09 Jul 07	102343	4 000.00	G9/22
	TOTAL	**107 975.50**	

36.

Jacquie Taylor ("**Taylor**"), the Credit Controller at Bell Equipment, Pietermaritzburg stated in an affidavit that Bell Equipment had issued various invoices to Othandweni Farm for products delivered to them and received the following three payments for some of these invoices. She provided copies of the said invoices. **G19**

Date	Cheque No	Amount (R)
19 Feb 07	102236	72 586.50
10 May 07	102310	16 862.66
30 May 07	102326	14 526.34
	TOTAL	**103,975.50**

37.

Based on a review of the invoices provided by Taylor it is clearly evident that Bell Equipment had supplied various spare parts and services to Othandweni Farm. **G19/9-19**
While the invoices are made out to Othandweni Farm the Application for Credit Facilities form records the Registered Name of Applicant as "Dumisane Derrick Sipho Shabalala" and the Contact Person for the Account as "Ntombi Shabalala". **G19/5**

This application form was completed and signed by "Ntombenhle Shabalala on 11 August 2005 and stated her Capacity of Signatory as "Farm Manager". Shabalala signed the application form as surety and co-principal debtor with the purchaser. **G19/7**

38.

Trimbourne Agencies

Date	Cheque No	Amount (R)	
19 Feb 07	102241	30 000.00	**G9/2**
24 Apr 07	102302	33 745.50	**G9/30**
02 Aug 07	102361	37 314.00	**G9/26**
	TOTAL	**101 059.50**	

39.

Community Watch

Date	Cheque No	Amount (R)	
30 May 07	102328	10 136.88	**G9/15**
18 Jul 07	102356	5 068.44	**G9/23**
02 Aug 07	102363	5 068.44	**G9/25**
	TOTAL	**20 273.76**	

40.

Electro Technical Agencies

Date	Cheque No	Amount (R)	
10 Jul 07	102349	2 017.00	**G9/21**
02 Aug 07	102362	14 140.00	**G9/27**
	TOTAL	**16 157.00**	

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41.

UCL

Date	Cheque No	Amount (R)	
30 May 07	102331	10 506.30	
10 Jul 07	102348	6 093.99	G9/12
	TOTAL	**16 600.29**	G9/20

42.

Farmers Agri-care

Date	Cheque No	Amount (R)	
19 Feb 07	102238	80 000.00	G9/3

43.

Alistair van der Avoort ("**van der Avoort**"), the Financial Manager at Farmers Agri-care (Pty) Ltd stated in an affidavit that Farmers Agri-care had issued various invoices to "Shabalala Othandweni" for products delivered to them during the period 15 September 2006 to 10 August 2007 and received payment in the amount of R80,000 on 19 February 2007 for these invoices issued. He provided copies of the said invoices issued. **G20** **G20/10-27**

44.

Based on a review of the invoices provided by van der Avoort it is clearly evident that Farmers Agri-care had supplied various chemicals to Shabalala Othandweni. While the invoices are made out to Shabalala Othandweni the Credit Application Form records the entity as "Blue Serenity Investments". The form was completed and dated 9 September 2004 and the signature of the customer appears to be that of Beatrice Shabalala. Attached to the Credit Application form is a letter from Beatrice Shabalala to Farmers Agri-care marked for the attention of the Accounts Department dated 22 July 2008. The letter reads that "Othandweni Farm or DSD **G20/10-27** **G20/5** **G20/8**

Shabalala is now trading as Othandweni Family Trust" and requested that all future invoices be made out in the name of the trust.

45.

One payment as made to each of the following entities:

Date	Cheque No	Payee	Amount (R)	
13 Apr 07	102293	ER Browne Inc	113 471.33	G9/28
30 May 07	102330	Natal Arial Spray	7 292.40	G9/11
30 May 07	102329	Gap Chemicals	5 768.40	G9/14
10 Jul 07	102351	Martin's Plumbing	3 398.00	G9/17
10 Jul 07	102352	Umgeni Water	2 370.47	G9/24
	TOTAL		**132 300.60**	

46.

I have not identified any payment made to the ANC out of the R1 053 000 as Savoi alleged the R1,053,000 was a donation to the party. Savoi also alleged that Shabalala was the person who raised the issue of "a donation to the party". The documents maintained by Kuboni and Shezi that record how the R1 053 000 received from Intaka was disbursed reflect that the money was in fact used for Shabalala's personal benefit in that it was either transferred to Blue Serenity an entity he jointly owns with his wife Beatrice Shabalala or to pay expenses of this entity or the Shabalala family expenses. **H7**

47.

The R1 053 000 was recorded in Kuboni and Shezi trust account records as being for the benefit of Salamax, an attempt by Kuboni to disguise for whose benefit the money was really being held. It is however clearly evident from the disbursements made by Kuboni, Phindela, Blose and Thusi from the R1 053 000 that it was for Shabalala and Beatrice Shabalala and had nothing to do with the ANC.

48.

Beatrice Shabalala, as Shabalala's business partner, knew or ought to have known the source of the R1 053 000, that it was illegally obtained and that she was helping launder these funds and was directly benefiting as a result thereof.

49.

John Wills **(Wills)** of Ngubane Wills Inc attorneys submitted a letter dated 2 February 2010 to Adv W O'Brien, Deputy Director of Public Prosecutions. This letter titled "Investigation Re Durban Central CAS 1538/01/09" is written on behalf of his client the ANC after consulting with Mabuyakhulu who is a senior member of the ANC and the Provincial Treasurer at the time. **H1**

50.

It is evident from this letter that Mabuyakhulu confirms:

i. He was the Treasurer of the ANC in KZN at all material times;
ii. Having received R1 million (and not the full R1 053 000 as originally paid to Kuboni and Shezi by Intaka);
iii. The R1 million was received in cash and verified to be R1 million;
iv. The R1 million was used for various purposes related to the KZN ANC Provincial Conference which took place between 20 – 22 June 2008 (and must therefore have been received prior to this date);
v. His stance and that of the ANC is that under no circumstances does the ANC wish to compromise its donors and / or its operations by disclosing information concerning same (assumed to refer specifically to the donors names and that is the reason why details of the donor are not included in this letter);
vi. The R1 million donation was recorded in the Treasurer's report to the conference and included in the globular amount of R7 227 707 listed as donations in the income statement (assumed to refer to the year ended 29

February 2009).

51.

At the time of writing this letter Wills should have been fully aware, as was Mabuyakhulu, that the R1 million originated from Intaka an entity that had done business with the Department of LG & TA of which Mabuyakulu was the MEC at the time. In this position he signed various documents which referred to Intaka and the reasons why they should be appointed to supply the water purification plants.

52.

In fact some 10 months prior to this on 4 May 2009 Delani Mzila (**Mzila**), who Wills refers to in his letter dated 2 February 2010, signed an affidavit which he later says was drafted by the ANC's attorneys Ngubane Wills Inc. In this affidavit Mzila states amongst other things the following: **H2**

i. He is the finance manager for the ANC in KZN and was appointed in September 2006;
ii. Confirms receipt of the donation of R1 million from a donor, who he was advised was Dr Savoi;
iii. Shabalala "*advised the organisation that such a donation had been made, and, when the money was requested, Mr Shabalala brought the money to our offices in cash*";
iv. Aware that the money was used to pay for items related to the provincial congress held in August 2008.

53.

Mzila however signed a further affidavit dated 30 August 2010 wherein he stated the following which is significant: **H3**

i. "*As a financial manager my duties and responsibilities involved Financial Management and Bookkeeping;*
ii. *When we receive donations we follow ANC internal processes;*

iii. *A while after the conference I was approached by former Provincial Treasurer Mr Micheal Mabuyakhulu. He asked whether I had noticed that certain items of the budget for the conference have not been paid for by the ANC Provincial Treasurer's office and further informed me that these items had been paid for by donations money;*

iv. *A few weeks later late I received a call from Miss S Ngubane Wills Incorporated advising me that there is a matter under investigation by South African Police Services Commercial Crime relating to donations received by the ANC KZN. She further advised that she is acting for ANC KZN in the matter and she asked me to sign an affidavit that she prepared giving the circumstances of the donation;*

v. *In my discussions with the Provincial Treasurer Mabuyakhulu, no amount or names were mentioned, save for saying items were paid for from money received in the form of donation. I have no knowledge of the donation;*

vi. *I have been under the impression that the lawyer investigated this matter and that she verified all the details provided in the affidavit. I therefore became aware of the amounts and persons involved through the prepared affidavit*".

54.

The financial statements of the ANC KZN province for the year ended 31 March 2009, a copy of which was provided to the SAPS by Wills and extracts of which are attached to this report, contain the following accounting policy for income:

"Income comprises councillors' levies, regional fees, donations, grants, rent and interest and is accounted for on a cash basis." **H4/4**

55.

The qualified report of the independent auditors, Manase & associates, includes the following:

"In common with similar organisations, it is not feasible for organisations to institute accounting controls over cash collections from donations prior to the initial entry for collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded. **H4/3**

Except for the effects of any adjustments which might have been necessary had it been possible for us to extend our examination of cash collections from donations, in our opinion, the financial statements fairly present the financial position of the African National Congress KwaZulu-Natal Province at 31 March 2009 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice."

56.

To date I have not received a copy of a receipt issued by the ANC when it allegedly received the R1 million. This is despite it being requested by SAPS. Mabuyakhulu has however stated that no receipt was issued and Savoi states in his affidavit as follows:

"I have no knowledge of what happened to this money once it had been paid to the attorneys and do not know whether the party in fact received it – I have had no acknowledgement of this." **B1/9**

57.

It is also evident from the Intaka auditor's working papers that they never saw any proof that the ANC received the donation.

58.

Mabuyakhulu in an affidavit dated 19 October 2010 states that during his tenure as Provincial Treasurer of the ANC he was, inter alia, responsible for fund raising **H5**

for the ANC. During 2005 he made a call to the ANC leadership and members to fundraise on behalf of the ANC. The funds were required for the ANC's day to day administration and for the ANC Provincial Conference which was to take place in June 2008. Shabalala was one of those who undertook to raise funds on behalf of the ANC and approximately two months (which would have been in April/May 2008) prior to the conference he informed Mabuyakhulu that he had fundraised and wished to pay the funds to the ANC. Shabalala handed him R1 million in cash, to the best of his recollection on 11 June 2008, when he was still the ANC Provincial Treasurer and that no receipt was issued therefore.

59.

He goes on to say in his affidavit that it is not the ANC's policy to disclose where private donations are received from nor is it policy to disclose how the funds are spent or disbursed. He does however say that the funds were used by him to defray expenses arising from the then upcoming June 2008 conference and that the funds were used by him in his capacity as Provincial Treasurer at the time.

60.

He states that a new Provincial Treasurer was elected in June 2008 and he has was not responsible for the manner in which the R1 million donation was treated in the next financial statements and cannot specifically say if the donation was included in the R7 227 707 listed as donations in the annual financial statements for the year ended 29 February 2009 or if it was included in the Treasurer's report to the Provincial Council. This contradicts what Wills stated in his letter dated 2 February 2010 after consulting with Mabuyakhulu "*...save to say that the particular donation was included in the report to the conference in the Treasurer's report. Specifically it was included in the globular amount of R7 227 707 listed as donation in the income statement.*" **H1/2**

61.

If the ANC had followed its own internal processes, as set out by Mzila and in the

financial statements, and the R1 million donation was received by the ANC, a receipt would have been issued and the donation of R1 million would have been accounted for in the records of the ANC. The fact that the donation was made by Intaka is well known and it would not have compromised the ANC's donors or their operations if the evidence of the receipt was provided.

62.

The fact that no evidence of the alleged receipt, apart from representations made on behalf of and by Mabuyakhulu or by Mzila on Mabuyakhulu attorney's instruction, has been made available for review can only be because the money was never received by the ANC or if it was Mabuyakhulu kept it outside the accounting system and mislead the ANC members and auditors in this regard. I can see no reason from an accounting perspective for the donation to be kept out of the ANC's accounting records unless it was not received or there was a reason to hide the source of these funds even although they had already been laundered through Kuboni and Shezi's Trust Account and Shabalala and Beatrice Shabalala's business entities. **H7**

63.

No explanation has been provided by Mabuyakhulu as to why it took some 14 months from the date Intaka paid the donation to Kuboni and Shezi for the donation to allegedly be received by the ANC or what happened to the interest earned on this money during the 14 months or what happened to the R53,000, being the difference between the R1,053,000 paid by Intaka and the R1 million allegedly received by the ANC .

64.

If the money was received by the ANC, and was accounted for, it had to have been received after 1 April 2008 (as donations of only R334 640 was received in the year ended 31 March 2008) and before 20 June 2008 (the date of the KZN provincial Conference for which the funds were allegedly used). Mabuyakhulu has **H4/5**

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stated that it was received on about 11 June 2008.

65.

Based on the explanation provided by Mzila regarding the discussion he had with Mabuyakhulu, a while after the provincial conference, about the donations used to fund certain expenses it is evident that the issue of the receipt of this donation of R1 million and the creation of an explanation for the non accounting therefore was only started after enquiries in May 2008, and that Mabuyakhulu has played a significant role in assisting Shabalala with creating a scenario, no matter how improbable based on the documents, to support Savoi's explanation that the donation was to the ANC. **H6**

66.

Summary of Findings

1) On 12 March 2007 Intaka paid Kuboni R1,053,000 allegedly being a donation to the ANC that was requested by Shabalala from Dr Savoi, as detailed in Dr Savoi's affidavit. This followed the presentation of a fictitious Kuboni and Shezi invoice dated 14 February 2007 allegedly for legal services sent under Kuboni covering letter dated 15 February 2007. **G8/11** **B1**
2) The Intaka records, and those of Mazars, detail how the payment to Kuboni was first classified as legal fees, reclassified as consultancy fees and ultimately as a donation.
3) Kuboni and Shezi commenced disbursing the R1,053,000 against their client Salamax, linked to Shabalala and his wife Beatrice Shabalala, on 19 February 2007, being after 14 February 2007 the date of their invoice to Intaka, but prior to Kuboni and Shezi receiving the payment on 12 March 2007. This initial disbursement consisted of 5 cheques dated 19 February 2007 amounting to R300,795.73 in favour of various suppliers. These 5 payments and a further 24 payments made by Kuboni and Shezi amounting to R1,056,204.98, which is R3,204.98 more than was received by Kuboni and Shezi from Intaka, were for the benefit of entities in which Shabalala and/or his wife Beatrice Shabalala had an interest or was a director. This included 2 EFT payments to Blue **G9/1-5** **G9** **G8/12-13**

Serenity Investments bank account; Shabalala and Beatrice Shabalala are directors of this entity, amounting to R300,000.

4) The various directors and cheque signatories of Kuboni and Shezi, being Kuboni, Phindela, Thusi and Blose were involved in disburseing the R1 053 000 for the benefit of Shabalala and Beautrice Shabalala.

5) I have not identified any payment to the ANC out of the R1,053,000 as Savoi alleged this was a donation to the party. Savoi also alleged that Shabalala was the person who raised the issue of "a donation to the party". Kuboni attempted to disguise the true beneficiary of the money by allocating it to Salamax in the trust account records, whereas the true beneficiaries were Shabalala and his wife, and this had nothing to do with the ANC. **B1**

6) Mabuyakhulu alleged that he received R1 million in cash from Shabalala on behalf of the ANC (and not R1,053,000). There is no other evidence that the said money was received by the ANC and I have to date not been provided with a copy of a receipt issued by the ANC confirming receipt of R1 million. Mabuyakhulu has further not provided any explanation as to why it took 14 months from the date Kuboni received the R1,053,000 from the Intaka being 12 March 2007, until 11 June 2008 when Mabuyakhulu alleges he received R1 million from Shabalala. The latter only occurred after enquiries were made within the ANC regarding the donation in May 2007 as it was subject to an investigation by the DSO. **H5** **H6**

I know and understand the contents of this statement.
I have no objection to taking the prescribed oath.
I consider the oath to be binding on my conscience.

Signed by Mr TS White
Date: 27 May 2011
Place: Durban

I certify that the deponent has acknowledged that she knows and understand the contents of this declaration, which was sworn to before me, and the deponent's signature was placed thereon in my presence at JAN MAYVILLE on the 27. day of MAY..... 2011.

2347017
CST
GN GUMEDE

Signature of Commissioner of Oaths

2011 -05- 27

Designation: Constable

Full names: NOMVULA GUMEDE

Street address: 145 JANSMUTS HIGHWAY

MAYVILLE

COMMISSION OF INQUIRY INTO STATE CAPTURE

AFFIDAVIT

1.

I, the undersigned, GASTÓN SAVOI, hereby state the following under oath:

2.

I am the chairman of various companies in the Intaka group of companies, these being Intaka 'anage (Pty) Ltd, Intaka Tech (Pty) Ltd and Intaka Nutri (Pty) Ltd (collectively referred to as the Intaka Group") all of which are limited liability companies incorporated and registered under the relevant laws of the Republic of South Africa and which have their respective principal places of business at 8 Bell Crescent, Westlake Business Park, Tokai, Cape Town, 7945.

3.

In the context of this affidavit, any references to "Intaka" or "my company" will, as the context will indicate, be a reference to one or all of the companies in the Intaka Group.

4.

.o the extent necessary, I am duly authorised to make this affidavit and, unless expressly stated or the context otherwise indicates, the facts contained herein are both true and correct and within my personal knowledge and belief.

5.

I have been advised that the issues that have been raised and with which I should deal in this affidavit are, firstly, a certain donation that was paid by Intaka in February 2007 and, secondly, two commission payments paid by Intaka to Rowmoor Investments 738 (Pty) Ltd ("Rowmoor") in August 2007. I shall now deal with each of these issues.

6.

Having been born in Uruguay and having previously lived in Brazil for more than 17 years, I started visiting South Africa sporadically from 1990 with a view to identifying opportunities whereby my South American business could be extended to South Africa. In 2000 I bought a 50% share of what was called Shamwari Holdings, transforming same into what became known as the Mantis Collection, a group of luxury hotels and lodges (including Shamwari, Sanbona, Steenberg and Jock), developing South Africa as an important destination for South American clients. Once the extent of my investments increased, I obtained permanent residence in the country for my whole family and myself.

7.

In view of my shareholding in the Mantis Collection, I was invited, in 2003, to attend a meeting of the President's International Investment Council, which took place at the Steenberg Estate in Cape Town. During this meeting I met and had discussions with a number of key government role-players present about various issues, in particular, then Minister Phumzile Mlambo-Ngcuka together with Ministers Alec Erwin ("Minister Erwin") and Trevor Manuel.

8.

As I recall, Minister Erwin was responsible for Trade and Industry at that time and the persons whom I also met with him included Mr Alistair Ruiters, from Minister Erwin's Department, and the Minister's Special Adviser, Mr Rafiq Bagus ("Mr Bagus").

9.

In the course of our discussions, the nature of my other business interests was raised and Minister Erwin expressed interest in the self-generating oxygen and water purification plants produced by my company and which had already been in successful operation in many facilities in South America over a number of years.

10.

Minister Erwin was of the view that the sort of technology involved could prove invaluable in the South African context and also made mention of the fact that for the 2003/2004 financial year, the province of KwaZulu-Natal ("KZN") was excluded from the ambit of the relevant national tender which would otherwise govern equipment of this kind. He therefore suggested that this should be followed up for possible pilot project purposes and identified Mr Bagus as the person who would facilitate the process of contacting the relevant persons in the KZN Provincial Government ("the KZNPG") and Trade and Investment KZN ("TIKZN").

11.

With the assistance of Mr Bagus, I therefore subsequently made contact with the relevant persons in TIKZN and the KZNPG and made various presentations to them. All persons whom we met and with whom we had discussions appeared eager to pursue the acquisition of our equipment.

12.

From information provided to Intaka by TIKZN and the KZNPG and from information that my company obtained independently, I became aware that KZN was facing – as it continues to do – formidable challenges in relation to the provision of potable drinking water, especially at clinics and community health centres under its control, given the documented high faecal and coliform counts in the Province's water supplies.

13.

The issue of Intaka possibly building a factory in KZN to manufacture water purification and treatment units and create jobs in KZN was also raised by TIKZN from the time of our initial discussions. In response, I indicated that, whilst we were always supportive of local economic development initiatives, we already had a factory in Cape Town and a decision as to whether or not to build a further factory in KZN would be based on business considerations such as the number of units ordered. (At the time, as I recall, there was some discussion about the possibility of 80 units for one area alone in KZN).

14.

In addition, at this time, the question of a donation "to the party" was also raised, which I understood to refer to the ANC. As I recall, the person who did so was Mr Sipho Shabalala (Head: KZN Treasury) ("Mr Shabalala") and I was not averse to the idea of making such a donation as is a common procedure in any country. However, I did not pursue the matter any further at that time.

15.

Against this background and at Intaka's cost, I therefore arranged a fact-finding visit to South America (to São Paolo and Rio de Janeiro) for a delegation from KZN so that its members could see for themselves how both the self-generating oxygen and the water purification plants operated in order to assist the delegation in deciding whether the equipment might indeed prove useful in KZN. I might add that the discussions and actions thus far were entirely in accordance with my experience of international business.

16.

The visit took place from 20 to 23 March 2004 and members of the South African delegation included Mr Shabalala, Dr Moyo-Ndwandwa and Mrs Mngema (from TIKZN), Professor R W Green Thompson (the then head of the KZN Department of Health and now a Special Adviser to the National Minister of Health) ("Professor Green Thompson") and Mr Bagus. Persons whom the delegation met in South America included the Premier of São Paolo province, Mayors and other municipal officials as well as medical specialists at various facilities.

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17.

On the delegation's return to South Africa, the KZNPG indicated that it was interested in pursuing both the issue of self-generating oxygen equipment as also the water purification plants, the key persons in the process of further discussions being Mr Shabalala and Professor Green Thompson.

18.

After some time, the KZNPG subsequently decided that an on-site oxygen and medical air generation plant should be installed at Murchinson Hospital in KZN as a pilot project, given, especially, the enormous potential savings on oxygen and medical gas costs that could result from the use of such equipment. In the interim, however, because of delays within the KZNPG in pursuing the pilot project in KZN, we held various discussions with the Western Cape Department of Health and installed an oxygen and medical air generation unit, also on a pilot project basis, for that Department at the Somerset Hospital in Cape Town.

19.

Apart from the issue of the oxygen and medical air unit, the KZNPG also decided that the purchase of a number of water purification plants (under the proprietary name, Wataka) should be pursued. At this time, I deal only with the issue of the Watakas, since this relates to the matters that I have been asked to deal with in this affidavit.

20.

Against this background, the KZNPG, via its Department of Local Government and Traditional Affairs, subsequently purchased 20 Wakaka units from my company at a unit cost of R2 228 181.82. The total amount involved was therefore R44 563 636.40 inclusive of VAT, the relevant Departmental contract/tender number being ZNT 1426/2005LS. I have no direct knowledge of the specific procedures followed within the KZNPG in order to purchase the equipment from Intaka but I have always assumed that whatever steps necessary to be taken departmentally, were in fact taken.

21.

This amount referred to included the cost of the equipment ex works, excluding freight, installation, commissioning and materials.

22.

The initial Supplier's Advice (Order for Goods/Services) dated 15 March 2006 sent to Intaka was incorrect as it reflected only one unit at a total cost of R43 000 000.00. I attach a copy of such Supplier's Advice marked as "GS1".

23.

My company therefore raised the matter with the KZNPG and subsequently Intaka received a further Supplier's Advice dated 5 June 2006 with the correct number of units reflected on it inclusive of VAT. I also attach a copy of such Supplier's Advice marked as "GS2".

24.

Intaka therefore again raised the matter with KZNPG, which sent yet another Supplier's Advice dated 15 November 2006 reflecting the additional amount and also including the supply of 20 x one month's supply of chemicals, freight, installation and commissioning. I also attach a copy of the further Supplier's Advice marked as "GS3".

25.

As regards the installation of the 20 Watakas, this was, as per the Supplier's Advice dated 5 June 2006 to be "immediate" and was to take place in various municipalities as designated by the KZNPG.

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26.

However, the installation could not be effected immediately, apparently as a result of political and other difficulties in or in respect of the various municipalities chosen as sites for the Watakas by the KZNPG. There were also difficulties in securing our payment.

27.

Although the installation costs of the Watakas had been included in the amount for which Intaka has received a Supplier's Advice, various entities nevertheless subsequently approached Intaka with a view to entering into regional partnerships/joint ventures or obtaining information regarding Watakas and how they could become involved in the installation of these in KZN.

28.

The uncertainty surrounding the installation of the Watakas and payment for the equipment continued until early 2007, despite the best endeavours of a number of persons whom we approached including Mr Shabalala, who was always extremely helpful in trying to resolve the problems, although he advised that it was not within his control alone to resolve matters.

29.

Nevertheless, all our endeavours finally culminated in a visit to Intaka in Cape Town by Mr Heinz Kuhn ("Mr Kuhn"), a legal manager from the Department of Local Government and Traditional Affairs in KZN, in early 2007. Mr Kuhn apologised for all the problems that we had been experiencing in terms of trying to perform in terms of our contract, inspected the machines and authorised payment to be made to Intaka.

COMMISSION OF INQUIRY INTO STATE CAPTURE

30.

We have since supplied eight out of the original 20 Watakas to the KZNPG. I do not regard the fact that we received the entire payment before delivery of all 20 as meaning that we have received a pre-payment of any kind, since, by the time we were paid, the Watakas for the KZNPG had been standing for over a year at our premises in Cape Town and for which we had charged no storage fees. We had also forgone various other possible charges, which would have arisen in the course of a private sector contractual arrangement, for the sale of this sort of equipment.

31.

I note that the Watakas were finally "launched" with some publicity by the MEC for the Department of Local Government and Traditional Affairs in KZN on 5 April 2008, some two years after the initial purchase of the equipment.

32.

Be that as it may, when Intaka finally received payment in early 2007, I asked Mr Shabalala about the issue of the donation to the party, which had been originally been raised with right at the outset of the initial discussions in KZN. He informed me that Intaka would be sent an invoice against which we should make payment. I also note that, as a general rule, we make payments for any goods or services only against invoices and that we had been informed by our professional advisers that we should always obtain documentation in support of payments.

33.

Subsequently, I received an invoice from a firm of attorneys called Shezi and Kuboni for an amount of R1 032 000.00 inclusive of VAT, and which invoice was subsequently paid by Intaka. I attach a copy of this invoice and the supporting Intaka documentation showing payment as "GS4".

34.

I have no knowledge of what happened to this money once it had been paid to the attorneys and do not know whether the party in fact received it – I have had no acknowledgement of this. However, I confirm that no legal services as referred to in that invoice were ever rendered to Intaka by the attorneys concerned.

35.

Although I acknowledge that it is incorrect to have categorised the donation as legal expenses, I am not familiar with the manner in which political donations are sourced and dealt with in South Africa. I merely responded to the directions of Mr Shabalala in this regard. I feel I should also add that Mr Shabalala was one of the more helpful officials with whom we dealt in the KZNPG and that he has never requested a personal donation for himself from me.

36.

I turn now to the issue of the commissions paid to Rowmoor.

37.

In this regard, Mr Lindelihle Mkhwanazi ("Mr Mkhwanazi") with whom we had initially come into contact at an early stage during our discussions with various role-players in KZN, approached us expressing an interest in marketing our products in KZN. He indicated that he was already supplying stationery and other products to KZNPG departments and we therefore thought that there would be no harm in giving him an opportunity to market ours as well. (I would add that discussions with previous potential BEE business partners in KZN had come to naught). I cannot recall exactly when the initial discussions with Mr Mkhwanazi took place.

38.

We initially had in place, however, what I would describe as, a "gentlemen's agreement" in terms of which it was agreed that he would promote Intaka and its products within the geographical area of KZN/. The intention was that this would be followed-up with a formal sole agency agreement in terms of which *inter alia* he would be entitled to commission on all Intaka

water purification and self-generating oxygen equipment sold in KZN, irrespective of whether he was the direct cause of the sale. (This is a standard approach reflected in our sole agency agreements). That this was not pursued at an early stage after the initial discussions and "agreement" is perhaps due in part to the fact that Intaka did not have a full-time Legal Counsel at that time and it was only subsequent to the appointment of Mr Raoul de Lange ("Mr De Lange") in February 2007 that a number of outstanding legal issues or issues with legal implications were followed-up.

39.

Be that as it may, however, at some point subsequent to our discussions with Mr Mkhwanazi, I was approached by Dr Buzi Nyembezi ("Dr Nyembezi"), the then Head : Department of Health, KZN, whom I had met previously together with the MEC for Health for KZN, Ms Peggy Nkonyeni. Dr Nyembezi enquired from me about the possible purchase of two Watakas for Rietvlei and Appelbosch Hospitals.

40.

Her approach to us flowed, as I understood it from certain statistics relating to water quality in parts of KZN which had given rise to certain concerns and which were apparently perceived as being in need of urgent attention. I do not know whether the MEC for Health was aware of the particular discussions but I assumed so since, from the inception of my acquaintance with them, it was my experience that the two women had always appeared to be working together very closely.

41.

I cannot recall exactly when I was initially approached by Dr Nyembezi in this regard, but, from the documentation in Intaka's possession, in particular, a letter/quotation dated 2 October 2006 addressed to Dr Nyembezi's PA, Ms Samantha Cheatle, it appears that our initial discussions in this regard took place some time prior to 26 September 2006. This is because that letter/quotation refers to a visit by our Technical and Industrial Director to the sites, before quoting a cost of R4 980 000.00 per unit, inclusive of VAT. A copy of this letter/quotation is attached as "GS5" and a copy of it was also sent to Dr Nyembezi on 3 October 2006; in this

regard, I refer to the covering note to the fax and fax transmission sheet together attached as "GS6".

42.

Flowing from this, we received a letter dated 30 November 2006 from the Department accepting the quotation and attach a copy of this letter as "GS7" and Supplier's Advice (Order for Goods/Services) form, which was attached to the letter, as "GS8".

43.

In terms of our quotation, we had asked for a 50% payment on signature of the agreement (acceptance of our quotation). However, I subsequently received a letter from Dr Nyembezi in which she advised that this was not Governmental policy; a copy of this letter is attached as "GS9".

44.

The two Watakas were subsequently supplied as per the quotation and copies of the relevant Sales Order ("GS10") and Tax Invoice of 6 December 2006 ("GS11") are attached, as are also a letter from myself to Dr Nyembezi dated 12 December regarding the 50% issue (including fax transmission form) ("GS12"), three further tax invoices 311, 347 and 348 ("GS13", "GS14" and GS15") and an extract from Intaka Tech's General Ledger in this regard ("GS16").

45.

Subsequent to the supply and installation of the two Watakas, we were not involved with the ongoing maintenance and became concerned about the need to ensure that the correct chemicals were being used and the proper maintenance procedures were followed. We therefore sent two letters both dated 23 April 2007 under the hand of our Commercial Director, Mr Fernando Praderi, to Mr Dladla, the Hospital Manager, at Appelbosch Hospital, and Mrs Keswa, the Hospital Nursing Manager, at Rietvlei Hospital drawing their attention to the need for caution if they continued to use their own products. Copies of these letters are respectively attached as "GS17" and "GS18". In addition, I also attach a copy of the letter sent to Dr Nyembezi under which copies of "GS17" and "GS18" were sent to her; this is attached as "GS19" and also includes proof of transmission of the fax.

46.

Reverting to the issue of Mr Mkhwanazi and the commissions paid to him, as already indicated, I was of the view that a "gentlemen's agreement" existed between us and that as a result he was entitled to commissions on the sale of the two Watakas (as detailed above).

47.

I do note that by the time payment for the two Watakas had been made to Intaka by the Department of Health, the standard sole agency agreement prepared by our Legal Counsel, Mr De Lange, had not yet been concluded with Mr Mkhwanazi. (After the agreement was prepared by Mr De Lange, the matter was also subsequently followed-up by our Commercial Department under the direction of Mr Fernando Praderi). However, in the spirit of the "gentlemen's agreement" I nevertheless believed the commission should be paid to him in respect of the two Wataka sales and therefore authorised that such payments be made. Copies of the documentation pertaining to these payments are attached as "GS20" and "GS21".

48.

The content of this declaration is true to the best of my knowledge and belief. I am aware that should it be submitted as evidence and I know something to be false or believe it not to be true, I could be liable to prosecution.

I have read this statement before signing it.
I know and understand the contents of this declaration.
I have no objection in taking the prescribed oath.
I consider the prescribed oath to be binding on my conscience.

SIGNED AT CAPE TOWN ON THIS 21st DAY OF August 2008.

Signature of DR GASTÓN SAVOI

I certify that the deponent has acknowledged that he knows and understands the contents of this statement. This statement was sworn to before me and the deponent's signature was placed hereon in my presence at CAPE TOWN on this 21 day of August 2008.

Commissioner of Oaths

Full name and designation

SYDWELL MTHOBELI KHAMBI

KUBONI & SHEZI ATTORNEYS
Attorneys and Conveyancers

Attorney
Welcome Sandile Kuboni

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Dr G. Savoi
Intaka Investments (Pty) Ltd
P.O. Box 30085
TOKAI
CAPE TOWN
7966

WSK/am/01/I 05/07

14 February 2007

TAX INVOICE
INTAKA INVESTMENTS 01/07

DATE	DESCRIPTION	FEES	DISB
	To our fees for work done with the taking of instructions, telephone calls, correspondence, drafting of contracts, consultations, attending meetings, drafting legal opinions, correspondence and miscellaneous attendances (period 2003 to 2006)		
	Total (Inclusive of Vat)	**R1053000,00**	

VAT Reg. No. 4660207178

COMMISSION OF INQUIRY INTO STATE CAPTURE

KUBONI & SHEZI ATTORNEYS

ATTORNEYS, CONVEYANCERS AND ADMINISTRATORS OF ESTATES

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4008
SOUTH AFRICA

TEL: (031) 301 4164/5

FAX: (031) 307 4701

DOCEX : 124
DURBAN

e-mail

kuboni@saol.com

VAT Reg. No. 4660207178

Our Reference: WSK/am/01/ I05/07

Your Reference :

Date: 15 February 2007

Dr G. Savoi
Intaka Investments (Pty) Ltd
P.O. Box 30085
TOKAI
CAPE TOWN
7966

Dear Sirs

INTAKA INVESTMENTS : 01/07

Enclosed herewith our tax invoice for your attention.

Kindly note that our banking details are as mentioned below :-

Bank	:	**Standard Bank**
Branch	:	**Main Branch**
Account Number	:	**050871994**
Branch Code	:	**040026**
Type of Account	:	**Current**

Yours faithfully

KUBONI & SHEZI ATTORNEYS

PROFFESIONAL ASSISTANTS:

JABULANI L. THUSI
B. PROC (UDW)

NOZIBELE P. PHINDELA
LLB (UNITRA)

MALIZO MJOKOVANA
B. PROC, LLB (NATAL)

BHEKUMUSA G. DLAMINI
B. PROC (NATAL)

IAN B. BLOSE
LLB (NATAL)

THOBEKILE P. GUMEDE
LLB (UKZN)

SANDILE W. NGCAWENI
B. PROC (UKZN)

DIRECTOR: WELCOME SANDILE KUBONI B. JURIS (UFH) LL B (NATAL)

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Your Reference :

Date: 14 February 2007

Dr G. Savoi
Intaka Investments (Pty) Ltd
P.O. Box 30085
TOKAI
CAPE TOWN
7966

Dear Sirs

INTAKA INVESTMENTS : 01/07

Enclosed herewith our proforma statement for your attention.

Kindly note that our banking details are as mentioned below :-

Bank	:	**Standard Bank**
Branch	:	**Main Branch**
Account Number	:	**050871994**
Branch Code	:	**040026**
Type of Account	:	**Current**

Yours faithfully

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LLB (UKZN)

SANDILE W. NGCAWENI
B. PROC (UKZN)

COMMISSION OF INQUIRY INTO STATE CAPTURE

KUBONI & SHEZI ATTORNEYS
Attorneys and Conveyancers

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Dr G. Savoi
Intaka Investments (Pty) Ltd
P.O. Box 30085
TOKAI
CAPE TOWN
7966

WSK/am/01/I 05/07

14 February 2007

PROFORMA STATEMENT OF ACCOUNT
INTAKA INVESTMENTS 01/07

DATE	DESCRIPTION	FEES	DISB
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	Total (Inclusive of Vat)	**R1053000,00**	

COMMISSION OF INQUIRY INTO STATE CAPTURE

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kubonl@saol.com

VAT Reg. No. 4660207178

Our Reference: WSK/am/01/ I

Your Reference :

Date: 14 February 2(

Dr G. Savoi
Intaka Investments (Pty) Ltd
P.O. Box 30085
TOKAI
CAPE TOWN
7966

Dear Sirs

INTAKA INVESTMENTS : 01/07

Enclosed herewith our proforma statement for your attention.

No.	Date and Time	Destination	Times	Result	Resolution/ECM
1	14/02/07 16:31	0217011914	0°00'21"	OK	200x200 Fine/On

COMMISSION OF INQUIRY INTO STATE CAPTURE

Gmail by Google

Sandile Kuboni <sandile.kuboni@gmail.com>

SALAMAX

1 message

Jeanne Fick <jeanne@vfc.co.za> **Mon, May 4, 2009 at 4:15 PM**
To: sandile.kuboni@gmail.com
Cc: ALVINA MATSAU <kuboni@saol.com>

Hi Sandile

This is the movement on Salamax account from beginning to our hand-over

1S150 : Salamax

Date	Source	Reference		
Opening Balance as at 01/02/07				**0.00**
19/02/2007	Bank 1 Payment	2236	BELL EQUIPMENT	72,586.50
19/02/2007	Bank 1 Payment	2237	VARIQUIP C.C	80,000.00
19/02/2007	Bank 1 Payment	2238	FARMERS AGRICARE	80,000.00
19/02/2007	Bank 1 Payment	2239	YARA SA (PTY) LTD	38,209.23
19/02/2007	Bank 1 Payment	2241	Trimbourne Agencies	30,000.00
27/02/2007	Bank 1 Deposit	Ddep74	Trfr Denets Reutz	(9,000,000.00)
02/03/2007	Bank 1 Payment	IFT24	EFT E R Browne	9,000,000.00
12/03/2007	Bank 1 Deposit	Ddep003	Deposit - Ntaka/Salamax	(1,053,000.00)
16/03/2007	Bank 1 Payment	IFT30	EFT - Salamax	200,000.00
			Funds on hand 16/03/2007	**(552,204.27)**

Regards

Jeanne K Fick
Chief Operating Officer
Victor Fernandes & Co
Chartered Accountants (SA)
Tele: 031-564 0272
Email: Jeanne@vfc.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

PAYMENTS MADE OUT : SALAMAX : S 150/06

1.	01/03/2007	E.R. BROWNE INC	R9 000 000,00
2.		E.R. BROWNE INC	R 113 471,33
3.	20/03	BLUE SERENITY	R 200 000,00
4.		BLUE SERENITY	R 100 000,00
5.		VARIQUIP	R 33 047, 96
6.		VARIQUIP CC	R 80 000,00
7.	06/06/07	Variquip	R 7 714,44
8.		VARIQUIP	R 1 607,13
9.		TRIMBORN	R 33 745,50
10		TRIMBORN AGENCY CC	R 30 000,00
11	23/04/07	YARA S.A.	R 109 758,61
12.	19/02/07	YARA S.A.	R 38 209,23
13		BELL EQUIPMENT	R 72 586,50
14	10/05/07	BELL EQUIPMENT	R 16 862,66
15	06/6/07	BELL EQUIPMENT	R 14 526,34
16		UCL CO	R 10 506,30
17		FARMERS AGRICARE	R 80 000,00
18		GAP CHEMICALS	R 5 768,40
19		COMMUNITY WATCH	R 10 136,88
20		NATAL ARIAL SPRAY	R 7 292,40
21	09/07/07	BELL EQUIPMENT	R 4 000,00
22	09/07/07	VARIQUIP	R 9 553,09
23	10/07/07	U C C	R 6 093,99
24	10/07/07	ELECTROTECHNICAL AGENCY	R 2 017,00
			R986 897,73

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1405

Standard Bank

Signing arrangements for Enterprise/Business accounts

Hierdie vorm is ook in Afrikaans beskikbaar, vorm nommer 00141147

DURBAN Branch

☑ Revised ☐ Additional

Date (YYYY-MM-DD) 2007·02·05

Section A - Account details

Accountholder name Kuboni AND Shezi ATTORNEYS

Account number 0500330777

Account number 0500781778

Account number 0508719914

The following signing arrangements will come into force on (date) (YYYY-MM-DD) 2007·02·05

and will be effective until (date or cancelled) (YYYY-MM-DD) UNTIL CANCELLED

Section B - signing arrangements (Please ensure that all authorised signatories' details are included under Section F)

I consent to the Bank making enquiries about my credit record with any credit reference agency and any other party to confirm any or all of the information provided by me.

I further consent to the Bank carrying out identity and fraud prevention checks on my personal particulars through the South African Fraud Prevention Service.

Full names	Signature	Capacity
WELCOME SANDILE KUBONI		SOLE PROPRIETOR.

Instructions (e.g. any two to sign jointly, any one to sign alone) TO SIGN ALONE

Section C - Consents

Marketing/Research Consent

As part of our service, companies in our group may provide you with information on products and services offered by them, that we believe will benefit you. In order to do this these companies will need your details from us. Please let us know if this suits you.

☐ Yes ☒ No

We sometimes tell our customers about other companies' products and services. We do so only if we believe that the information may be of interest to you. Your contact details remain confidential and are not given to these companies unless you indicate that you are interested in the offer. Please let us know if this suits you.

☐ Yes ☒ No

We sometimes research our market to help us improve our products and services. The research companies we use follow strict codes of conduct and treat customers' information confidentially. Please let us know if you are willing to be contacted for research purposes.

☐ Yes ☒ No

RR4-TSW-1406

Section D - Resolution

At a meeting of the Directors/Members/Trustees/Committee or Partners of (accountholders) _____

held at (place) _____ on (date) YYYY-MM-DD _____

it was resolved that the persons specified in Section B of this document are authorised in terms of this resolution to act as signatories in respect of the aforesaid account(s).

The Bank is authorised to issue chequebooks, bank statements/bank reports, stop payments and certificates/advices of balance relative to the account on the strength of an application signed by any one of the authorised signatories.

Certification/Warranty
I/We certify that the information contained in this form is true and correct. I/We also warrant that I/we have the authority to sign on behalf of the applicant.

For Kubom: and Sher: ATTORNEYS
(insert name of business, company, body, etc.)

Name	Signature	Capacity	Date (YYYY-MM-DD)
Welcome Samo'le Kubom		Sole Proprietor	2007-02-05

Section E - Confirmation of amendments to Body Corporate and Informal Body signing arrangements

Where there is a **complete** change of signatories on Body Corporate and Informal Body accounts. Two outgoing signatories must confirm the new signing arrangements. Where this is not possible the branch must take steps to ensure that instructions to amend signing arrangement originate from a legitimate source.

Name	Signature

Credit checks

Signature

Completed by _____ Personnel number 125699

Checked by _____ Personnel number 90571

Signature

Completed by _____ Personnel number 125699

Checked by _____ Personnel number 90571

Approved by _____ Personnel number

Released by _____ Personnel number

STANDARD BANK CUSTOMER SERVICE 06 MAY 2007

Section F - New signatories and related parties

Related party information and verification documents: Please ensure that all related parties of the accountholder are identified and relevant information is verified by reference to prescribed documentation.

Natural persons

These are individuals who are the authorised signatories, agents, secondary cardholders, guardians of minors, members of close corporations, partners of a partnership including silent partners, persons who exercise executive control in a partnership, directors of companies, including all directors authorised to act on behalf of the company, shareholders of companies with 25% or more of the voting rights, trustees of a trust, beneficiaries of a trust, founders of a trust, manager of affairs of a foreign company based in the republic, principal executive officer of domestic companies.

Record details of related parties

	Full names	Identity/Passport number	Country of issue of passport	Nationality	Residential address	Contact telephone number	Capacity
1	WELCOME SANDILE KUBONI	7108185788084	S.A	South African	113 CIROSKENOR ROAD GLENMORE 4001	(031) 3014464	Sole Proprietor
2							
3							
4							
5							
6							
7							
8							
9							
10							

STANDARD BANK 06 MAY 04-0

Verification documents

- ☐ Power of Attorney/Mandate/Resolution/ other legal document (if applicable)
- ☐ Death Certificate (If Founder of Trust is deceased)
- ☐ Foreign authorisation (Foreign Trusts)
- ☐ ID document/passport of related parties

RR4-TSW-1407

00140892 2004-06

Page 3 of 3

RR4-TSW-1408

Standard Bank

Signing arrangements
for Enterprise/Business accounts

Hierdie vorm is ook in Afrikaans beskikbaar, vorm nommer 00141147

Durban Branch

☑ Revised ☐ Additional

Date (YYYY-MM-DD) 2007-05-31

Section A - Account details

Registered name KUBONI AND SHEZI ATTORNEYS

Name of account KUBONI AND SHEZI ATTORNEYS

Registration number

Account number 050033077 Account number 050871994 Account number 050078178

The following signing arrangements will come into force on (date) (YYYY-MM-DD) 2007-05-31

and will be effective until (date or cancelled) (YYYY-MM-DD) CANCELLED

Section B - signing arrangements (Please ensure that all authorised signatories' details are included under Section E)

As indicated in section E of this document by means of a Y or Yes under column "Signatory to the account", we confirm that the instruction to sign is:
(e.g. any two to sign jointly, any one to sign alone) ANY TWO TO SIGN JOINTLY

With the exception that:
The Bank is authorised to issue chequebooks, bank statements/bank reports, stop payments and certificates/advices of balance relative to the account on the strength of an application signed by any one of the authorised signatories.

Section C - Resolution

At a meeting of the Directors/Members/Trustees/Committee or Partners of (accountholders) _____

held at (place) _____ on (date) YYYY-MM-DD _____

it was resolved that the persons specified in section E of this document are authorised in terms of this resolution to act as signatories in respect of the aforesaid account(s) in accordance with the instructions in section B.
The Bank is authorised to issue chequebooks, bank statements/bank reports, stop payments and certificates/advices of balance relative to the account on the strength of an application signed by any one of the authorised signatories.

Certification/Warranty

I/We certify that the information contained in this form is true and correct. I/We also warrant that I/we have the authority to sign on behalf of the applicant.

For KUBONI AND SHEZI ATTORNEYS

Name	Signature	Capacity	Date (YYYY-MM-DD)
KUBONI WELCOME SANDILE	[signature]	SOLE PROPRIETOR	2007-05-31
PHINDELA NOJIBELO PRISCILLA	[signature]	AUTHORISED SIGNATORY	2007-05-31
BLOSE IAN BUHLE BAKHE	[signature]	AUTHORISED SIGNATORY	2007-05-31
THUSI JABULANI LANGELIHLE	[signature]	AUTHORISED SIGNATORY	2007-05-31

Section D - Confirmation of amendments to Body Corporate and Informal Body signing arrangements

Where there is a complete change of signatories on Body Corporate and Informal Body accounts, two outgoing signatories must confirm the new signing arrangements. Where this is not possible, the branch must take steps to ensure that instructions to amend signing arrangements originate from a legitimate source.

Name	Signature
	STANDARD BANK KINGSMEAD 19 MAR 2009 BUSINESS ASSISTANT 04-01-27

A5/2

Section E - related parties

Natural persons

These are individuals who are the authorised signatories, agents, secondary cardholders, guardians of minors, members of close corporations, partners of a partnership including silent partners, persons who exercise executive control in a partnership, directors of companies, including all directors authorised to act on behalf of the company, shareholders of companies with 25% or more of the voting rights, trustees of a trust, beneficiaries of a trust, founders of a trust, manager of affairs of a foreign company based in the Republic, principal executive officer of domestic companies.

Credit Consent

I/We as shown in section E of this document, consent to the Bank making enquiries about my/our credit record with any credit reference agency and any other party to confirm any or all of the information provided by me/us.

I/We further consent to the Bank carrying out identity and fraud prevention checks and sharing information relating to this application through the South African Fraud Prevention Service.

Code of Banking Practice (COBP)

Confirmation by applicant

I/We acknowledge receipt of the "Basic Guide to Banking" brochure and I/we agree to read and ensure that I/we understand it.

Record details of related parties - Only new signatories or related parties need to sign.

	Full names	Identity/Passport number	Country of issue of passport/Nationality	Residential address	Residential/Cell contact telephone number	Capacity	Signature	Signatory on account (Yes/No)
1	MASONI WELCOME SANDILE	7108125738084	S.A	113 GARDENER ROAD GLENMORE, 4001	031 3014164	SOLE PROPRIETOR		YES
2	MASELA NOSICELO FELICIA	7912190420082	S.A	37 OMULA COURT 91 HOSPITAL ROAD DURBAN, 4001	0834944311	AUTHORISED SIGNATORY		YES
3	GLOSE IAN BUTHELEZI	8004125510080	S.A	H 529 UMLAZI TOWNSHIP P.O UMLAZI 4031	0732202584 031 9085052	AUTHORISED SIGNATORY		YES
4	THULI SIBONIWE LANDWHALE	7801125458085	S.A	EMONDINI AREA KWAMNYUSWA LOCATION BOTHA'S HILL 3660	0827724315 031 3014164	AUTHORISED SIGNATORY		YES
5								
6								
7								

STANDARD BANK KINGSMEAD 19 MAR 2009 BUSINESS ASSISTANT 04-01-2022

RR4-TSW-1409

[redacted]

[redacted] businesses who are close corporations, partnerships, trusts, companies, other legal entities such as informal bodies, who are shareholders with 25% or more of the voting [redacted] including joint ventures, trustees, beneficiaries, founders in respect of the applicant.

Record details of related parties

	Registered name/Name of Trust/Other legal entity	Registration number/Trust number	Legal form (e.g. Society)	Trade name	Registered address/ Master's address (Trusts)	Head office address (if multiple offices)	Physical business address
1							
2							
3							
4							

STANDARD BANK
KINGSMEAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-27

Approval (For bank use only)

Trade references, bank reports/statements/KYC

Completed by [signature] Personnel number 36035 Checked by _____ Personnel number _____

Credit check

Completed by [signature] Personnel number 36035 Approved by _____ Personnel number _____

Checked by _____ Personnel number _____ Released by _____ Personnel number _____

RR4-T8W-1410

SPECIAL POWER OF ATTORNEY

KNOWN TO ALL MEN TO WHOM IT MAY CONCERN

that I, the undersigned,

WELCOME SANDILE KUBONI
IDENTITY NUMBER : **710818 5788 084**

do hereby nominate, constitute and appoint :-

IAN BUHLEBAKHE BLOSE : Identity Number: **800412 5541 080**
NOZIBELE PRISCILLA PHINDELA : Identity Number : **791219 0420 082**
and
JABULANI LANGELIHLE THUSI : Identity Number : **780418 5445 085**

to be lawful signatories in the business account number 050033077 and the trust account number 050871994 held under the name of Kuboni and Shezi Attorneys as from the 10th May 2007

THUS DONE AND EXECUTED AT DURBAN ON THE 17 DAY OF MAY 2007

In the presence of the undersigned witnesses :

AS WITNESSES :

1.

2.

W.S. KUBONI

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1412

G 7/8

2017587

1

I.D.No. 710818 5788 08 4

S.A.BURGER/S.A.CITIZEN

VAN/SURNAME
KUBONI

VOORNAME/FORENAMES
WELCOME SANDILE

GEBOORTEDISTRIK OF-LAND/
DISTRICT OR COUNTRY OF BIRTH
SOUTH AFRICA

GEBOORTEDATUM/
DATE OF BIRTH
1971-08-18

DATUM UITGEREIK
DATE ISSUED
2004-06-10

UITGEREIK OP GESAG VAN DIE DIREKTEUR-GENERAAL: BINNELANDSE SAKE

ISSUED BY AUTHORITY OF THE DIRECTOR-GENERAL: HOME AFFAIRS

GEREGISTREERDE WOON- EN POSADRES

1. Bewaar die bewys van u GEREGISTREERDE WOON- EN POSADRES in hierdie sakkie.

2. Indien u van adres verander het, of indien besonderhede van u huidige adres, bv. straatnaam en/of -nommer, ens. verander het, moet die vorm KENNISGEWING VAN ADRESVERANDERING, wat in die sakkie agter in die identiteitsdokument is, gebruik word om die verandering aan te meld en moet dit ingedien word by of gepos word aan die naaste streek-/distrikkantoor van die DEPARTEMENT VAN BINNELANDSE SAKE.

REGISTERED RESIDENTIAL AND POSTAL ADDRESS

1. Keep the proof of your REGISTERED RESIDENTIAL AND POSTAL ADDRESS in this pocket.

2. If you have changed your address, or, if particulars of your present address, e.g. name of street and/or street number, etc., have been changed, the NOTICE OF CHANGE OF ADDRESS form in the pocket at the back of the identity document must be used to report the change and it must be handed in at or posted to the nearest regional/district office of the DEPARTMENT OF HOME AFFAIRS.

CERTIFIED TRUE COPY

JABULANI LANGELIHLE THUSI
PRACTISING ATTORNEY
COMMISSIONER OF OATHS RSA
3rd. FLOOR
40 MASONIC GROVE
DURBAN 4001

STANDARD BANK
06 MAY 2005
04-01-27

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1413

G7/9

GEREGISTREERDE WOON- EN POSADRES

1. Bewaar die bewys van u GEREGISTREERDE WOON- EN POSADRES in hierdie sakkie.

2. Indien u van adres verander het, of indien besonderhede van u huidige adres, bv. straatnaam en/of -nommer, ens. verander het, moet die vorm KENNISGEWING VAN ADRESVERANDERING, wat in die sakkie agter in die identiteitsdokument is, gebruik word om die verandering aan te meld en moet dit ingedien word by of gepos word aan die naaste streek-/distrikkantoor van die DEPARTEMENT VAN BINNELANDSE SAKE.

REGISTERED RESIDENTIAL AND POSTAL ADDRESS

1. Keep the proof of your REGISTERED RESIDENTIAL AND POSTAL ADDRESS in this pocket.

2. If you have changed your address, or, if particulars of your present address, e.g. name of street and/or street number, etc., have been changed, the NOTICE OF CHANGE OF ADDRESS form in the pocket at the back of the identity document must be used to report the change and it must be handed in at or posted to the nearest regional/district office of the DEPARTMENT OF HOME AFFAIRS.

1

I.D.No. 791219 0420 08 2

S.A.BURGER/S.A.CITIZEN

VAN/SURNAME

PHINDELA

VOORNAME/FORENAMES

NOZIBELE PRISCILLA

GEBOORTEDISTRIK OF-LAND/
DISTRICT OR COUNTRY OF BIRTH

SOUTH AFRICA

GEBOORTEDATUM/
DATE OF BIRTH

1979-12-19

DATUM UITGEREIK
DATE ISSUED

1997-02-04

UITGEREIK OP GESAG VAN DIE DIREKTEUR-GENERAAL: BINNELANDSE SAKE

ISSUED BY AUTHORITY OF THE DIRECTOR-GENERAL: HOME AFFAIRS

STANDARD BANK
06 MAY
CUSTOMER
04-04

RR4-TSW-1414

G7/10

GEREGISTREERDE WOON- EN POSADRES

1. Bewaar die bewys van u GEREGISTREERDE WOON- EN POSADRES in hierdie sakkie.

2. Indien u van adres verander het, of indien besonderhede van u huidige adres, bv. straatnaam en/of -nommer, ens. verander het, moet die vorm KENNISGEWING VAN ADRESVERANDERING, wat in die sakkie agter in die identiteitsdokument is, gebruik word om die verandering aan te meld en moet dit ingedien word by of gepos word aan die naaste streek-/distrikkantoor van die DEPARTEMENT VAN BINNELANDSE SAKE.

REGISTERED RESIDENTIAL AND POSTAL ADDRESS

1. Keep the proof of your REGISTERED RESIDENTIAL AND POSTAL ADDRESS in this pocket.

2. If you have changed your address, or, if particulars of your present address, e.g. name of street and/or street number, etc., have been changed, the NOTICE OF CHANGE OF ADDRESS form in the pocket at the back of the identity document must be used to report the change and it must be handed in at or posted to the nearest regional/district office of the DEPARTMENT OF HOME AFFAIRS.

1

I.D.No. 800412 5541 08 0

S.A.BURGER/S.A.CITIZEN

VAN/SURNAME

BLOSE

VOORNAME/FORENAMES

IAN BUHLEBAKHE

GEBOORTEDISTRIK OF-LAND/
DISTRICT OR COUNTRY OF BIRTH

SOUTH AFRICA

GEBOORTEDATUM/
DATE OF BIRTH

1980-04-12

DATUM UITGEREIK
DATE ISSUED

1998-03-18

UITGEREIK OP GESAG VAN DIE DIREKTEUR-GENERAAL: BINNELANDSE SAKE

ISSUED BY AUTHORITY OF THE DIRECTOR-GENERAL: HOME AFFAIRS

H529 Umlazi Township
PO Umlazi
4031

Tel: (031) 908 5052
0732202504

STANDARD BANK
06 MAY 2017
CUSTOMER SERVICE
04-01-27

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1415

G 7/11

B 3784257

83/BI - 5

DEPARTMENT HOME AFFAIRS
REPUBLIC OF SOUTH AFRICA

PARTICULARS FROM THE POPULATION REGISTER I.R.O.:

IDENTITY/IDENTITEIT

IDNO.:
IDNR.: 780418 5445 08 5

SURNAME:
VAN : THUSI

FIRST NAME:
VOORNAME : JABULANI LANGELIHLE

DATE OF BIRTH:
GEBOORTEDATUM: 1978-04-18

DATE ISSUED :
DATUM UITGEREIK: 2007-05-24

ISSUED BY
UITGEREIK DEUR: DURBAN 0570

OFFICE CODE :

(VALID FOR 3 MONTHS FROM DATE OF ISSUE)
(GELDIG VIR 3 MAANDE VANAF UITREIKINGSDATUM)

DEPARTMENT OF HOME AFFAIRS
PRIVATE BAG X09
2007 -05- 24
GREYVILLE 4023
DURBAN (83)

2007 -05- 24
GREYVILLE 4023
DURBAN (83)

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
06 MAY 2008
04-01-27

050871994

DURBAN
PO BOX 47047
GREYVILLE 4023

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
26 January 2007
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 106
VAT Reg. No.
Page 1 of 4

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT — Account Number 05 087 199 4

Month-end Balance R 3.598.174,60

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				12 27	2.413.747,65
MAGTAPE CREDIT 9805 BASDAS NAT:SASSA000015322			1.111.985,01	12 29	3.525.732,66
MAGTAPE CREDIT 9806 WHEELS BGD/IK/01/M67			57.500,00	12 29	3.583.232,66
CREDIT INTEREST ACC 050871994			14.941,94	12 30	3.598.174,60
MAGTAPE CREDIT 9893 BASDAS NAT:SASSA000015409			392.170,21	01 03	3.990.344,81
CREDIT TRANSFER 9082 WHEELS BGD/IK/01/M67			57.500,00	01 05	4.047.844,81
MAGTAPE CREDIT 9093 INDIZA MORTGAGE SETTLEMENT 9048			300.960,00	01 06	4.348.804,81
ABSA BOND 8065712909			82.613,97	01 09	4.431.418,78
MAGTAPE CREDIT 9052 BASDAS NAT:SASSA000016155			381.874,00	01 10	4.813.292,78
CASH DEPOSIT ALVINA THEKWINI 056			2.800,00	01 10	4.816.092,78
** CHEQUE 102200	15,50	348.048,09-		01 10	4.468.044,69
CHEQUE 102197	15,50	18.532,53-		01 10	4.449.512,16
CHEQUE 102199	15,50	6.074,00-		01 10	4.443.438,16
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 5226	##	25,72-		01 10	4.443.412,44
CHEQUE 102202	15,50	57.000,00-		01 11	4.386.412,44

** These cheques have not yet been received and are therefore not included with this statemen
These fees are inclusive of VAT at 14,00%
Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

COMMISSION OF INQUIRY INTO STATE CAPTURE

050871994

DURBAN
PO BOX 47047
GREYVILLE 4023

The Standard Bank of South Africa
Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
26 January 2007
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 106
VAT Reg. No.
Page 2 of 4

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					4.386.412,44
CHEQUE 102196	15,50	2.957,79-		01 11	4.383.454,65
IB PAYMENT FROM ATTORNEY DIV			4.500,00	01 12	4.387.954,65
CASH DEPOSIT ALVINA THEKWINI CCC			1.000,00	01 12	4.388.954,65
CHEQUE 102203	4,15	50,00-		01 12	4.388.904,65
CHEQUE 102210	15,50	191.409,22-		01 12	4.197.495,43
CHEQUE 102208	15,50	219.293,17-		01 12	3.978.202,26
CHEQUE 102212	15,50	582.950,00-		01 12	3.395.252,26
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	11,50-		01 12	3.395.240,76
CHEQUE 102206	15,50	219.173,07-		01 13	3.176.067,69
CHEQUE 102209	15,50	75.965,47-		01 13	3.100.102,22
CHEQUE DEPOSIT 0313014164 ALVINA			30.000,00	01 15	3.130.102,22
CHEQUE 102211	15,50	25.000,00-		01 15	3.105.102,22
MAGTAPE CREDIT 9228 BASDAS NAT:SASSA000016333			1.054.800,00	01 16	4.159.902,22
IB TRANSFER TO 05-003-307-7 09H48 936002247	3,60	300.960,00-		01 16	3.858.942,22
CHEQUE 102214	6,33	250,00-		01 16	3.858.692,22
CASH DEPOSIT ALVINA 031-3014164			640,00	01 17	3.859.332,22
CHEQUE CASHED 102216	15,50	28.750,00-		01 17	3.830.582,22

** These cheques have not yet been received and are therefore not included with this statemen
These fees are inclusive of VAT at 14,00%
Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

COMMISSION OF INQUIRY INTO STATE CAPTURE

050871994

DURBAN
PO BOX 47047
GREYVILLE 4023

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
26 January 2007
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 106
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					3.830.582,22
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 0026	##	8,66-		01 17	3.830.573,56
CHEQUE DEPOSIT ALVINA THEKWINI 393			303,05	01 18	3.830.876,61
CASH DEPOSIT MNGONYAMA ZL PORT SHEPSTO 475			3.000,00	01 19	3.833.876,61
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 7628	##	27,30-		01 19	3.833.849,31
CASH / CHEQUE DEPOSIT ALVINA THEKWINI 025			3.150,00	01 22	3.836.999,31
CASH DEPOSIT SIBUSISO DLAMI NI 0833605033			90.000,00	01 22	3.926.999,31
CHEQUE 102207	15,50	144.447,75-		01 22	3.782.551,56
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 5226	##	4,79-		01 22	3.782.546,77
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 1642	##	714,60-		01 22	3.781.832,17
CASH DEPOSIT ALVINA THEKWINI 057			1.000,00	01 23	3.782.832,17
CHEQUE 102219	15,50	23.686,63-		01 23	3.759.145,54
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 5226	##	11,50-		01 23	3.759.134,04
CASH DEPOSIT ALVINA THEKWINI 696			5.200,00	01 24	3.764.334,04

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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1419

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050871994

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DURBAN 0026
MONTHLY MAIL

Statement No 106
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT — Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					3.764.334,04
CHEQUE 102155	6,00	220,00-		01 24	3.764.114,04
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	44,68-		01 24	3.764.069,36
CASH DEPOSIT GLADYS DURBAN 955			1.000,00	01 26	3.765.069,36
** CHEQUE CASHED 102215	15,50	29.250,00-		01 26	3.735.819,36
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0026	##	11,50-		01 26	3.735.807,86

** These cheques have not yet been received and are therefore not included with this statemen
These fees are inclusive of VAT at 14,00%

Missing Cheques
These cheques have not yet been received and therefore are not included with this statement. If received these cheques will be included with your next statement.

Serial no	Amount	Serial no	Amount
102200	348.048,09-	102215	29.250,00-

Fee Structure
Overdraft Rate* :17,000%
Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.60 + 1.09 % of transaction value (maximum R15.50)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Please verify all transactions reflected on this statement and notify any

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Serial no	Amount	Serial no	Amount
102200	348.048,09-	102215	29.250,00-

Fee Structure
Overdraft Rate* :17,000%
Service Fee for cheques and certain specified debits (Inclusive of VAT):
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MONTHLY MAIL

Statement No 107
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

Month-end Balance R 3.758.501,52

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				01 27	3.735.807,86
CHEQUE 102213	13,17	878,00-		01 29	3.734.929,86
MAGTAPE CREDIT 9131 DVC SANDILE			2.000,00	01 30	3.736.929,86
CASH DEPOSIT ANELE DIKANE DURBAN 935			1.500,00	01 31	3.738.429,86
CREDIT INTEREST ACC 050871994			20.087,11	01 31	3.758.516,97
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0026	##	15,45-		01 31	3.758.501,52
CHEQUE 102218	15,50	1.900,00-		02 05	3.756.601,52
MORTGAGE SETTLEMENT 9052 ABSA BOND 8066072506			236.401,90	02 06	3.993.003,42
CHEQUE DEPOSIT ALVINA THEKWINI 433			10.570,00	02 06	4.003.573,42
CHEQUE 102221	15,50	66.612,96-		02 06	3.936.960,46
CHEQUE 102220	15,50	1.054.800,00-		02 06	2.882.160,46
CHEQUE 102222	15,50	11.108,67-		02 06	2.871.051,79
CHEQUE 102223	15,50	1.587,90-		02 06	2.869.463,89
CHEQUE DEPOSIT ALVINA THEKWINI 228			120.000,00	02 07	2.989.463,89
CHEQUE 102227	15,50	55.575,00-		02 07	2.933.888,89
CHEQUE 102225	15,50	179.806,90-		02 07	2.754.081,99

These fees are inclusive of VAT at 14,00%

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DURBAN 0026
MONTHLY MAIL

Statement No 107
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.754.081,99
CHEQUE 102229	13,12	873,05-		02 09	2.753.208,94
MAGTAPE CREDIT 9511 BASDAS NAT:SASSA000018591			1.010.360,62	02 12	3.763.569,56
CASH DEPOSIT ZL MNGONYAMA 0828143299			1.000,00	02 12	3.764.569,56
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	11,50-		02 12	3.764.558,06
CHEQUE 102234	15,50	8.000,00-		02 13	3.756.558,06
CREDIT TRANSFER 9163 NEDBANK BOND PAY 8142914570901			117.738,35	02 14	3.874.296,41
CASH DEPOSIT ALVINA 031 301 4160			600,00	02 14	3.874.896,41
IB PAYMENT TO MARIO PAULINE LISO 936002247	14,50	4.200,00-		02 14	3.870.696,41
CHEQUE 102233	15,50	31.560,62-		02 14	3.839.135,79
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0026	##	8,34-		02 14	3.839.127,45
CHEQUE 102230	15,50	906.000,00-		02 15	2.933.127,45
CASH DEPOSIT ALVINA THEKWINI 129			800,00	02 19	2.933.927,45
CHEQUE CASHED 102235	15,50	2.300,00-		02 19	2.931.627,45
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	9,92-		02 19	2.931.617,53
CASH DEPOSIT MNGONYAMA ZL UMZIMKULU SE 065			3.000,00	02 20	2.934.617,53

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DURBAN 0026
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.934.617,53
CHEQUE 102252	15,50	3.000,00-		02 20	2.931.617,53
CHEQUE 102250	15,50	15.824,84-		02 20	2.915.792,69
CHEQUE 102249	15,50	13.200,00-		02 20	2.902.592,69
CHEQUE 102253	15,50	79.188,80-		02 20	2.823.403,89
CHEQUE 102237	15,50	80.000,00-		02 20	2.743.403,89
CHEQUE 102241	15,50	30.000,00-		02 20	2.713.403,89
CHEQUE 102246	15,50	23.064,99-		02 20	2.690.338,90
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	27,30-		02 20	2.690.311,60
CASH / CHEQUE DEPOSIT ALVINA THEKWINI 988			52.800,00	02 21	2.743.111,60
CHEQUE 102238	15,50	80.000,00-		02 21	2.663.111,60
CHEQUE 102239	15,50	38.209,23-		02 21	2.624.902,37
CHEQUE 102242	4,15	50,00-		02 21	2.624.852,37
CHEQUE 102244	4,69	100,00-		02 21	2.624.752,37
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	412,82-		02 21	2.624.339,55
CASH DEPOSIT ALVINA DURBAN 536			200,00	02 22	2.624.539,55
CHEQUE 102236	15,50	72.586,50-		02 22	2.551.953,05
CHEQUE 102243	15,50	10.000,00-		02 22	2.541.953,05
CHEQUE 102248	14,72	1.020,00-		02 22	2.540.933,05

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DURBAN 0026
MONTHLY MAIL

Statement No 107
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.540.933,05
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0026	##	5,18-		02 22	2.540.927,87
MAGTAPE CREDIT 9619 BASDAS NAT:SASSA000020091			334.089,26	02 23	2.875.017,13
CHEQUE DEPOSIT ALVINA DURBAN ABC 580			7.201,95	02 23	2.882.219,08
CHEQUE 102232	15,50	64.800,00-		02 24	2.817.419,08
CASH / CHEQUE DEPOSIT ALVINA THEKWINI 790			5.500,00	02 26	2.822.919,08
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	11,50-		02 26	2.822.907,58

These fees are inclusive of VAT at 14,00%

Additional Cheques

Additional cheques included with this statement - these cheques have been reflected on previous statements.

Serial No	Amount	Serial No	Amount
102215	29.250,00-		

Fee Structure

Overdraft Rate* :17,000%

Service Fee for cheques and certain specified debits (Inclusive of VAT):

R3.60 + 1.09 % of transaction value (maximum R15.50)

*Overdraft facilities are subject to the bank's terms and conditions. For details please contact your nearest branch or visit www.standardbank.co.za

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Standard Bank

DBN Central 1538/9/09 A6.

RR4-TSW-1424

G 8/9

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The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
26 March 2007
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DURBAN
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DURBAN 0026
MONTHLY MAIL

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Page 1 of 5

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

On 07 March the usury maximum lending rate increased to 23.00%.
The interest rate applicable to your account is shown at the bottom of this statement. Should you require information on credit interest rates please visit our website www.standardbank.co.za.

Month-end Balance R 11.456.173,82

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				02 27	2.822.907,58
INTERBANK CREDIT TRANSFER DENETS REUTZ M AB62			9.000.000,00	02 27	11.822.907,58
CHEQUE 102255	15,50	334.089,26-		02 27	11.488.818,32
CHEQUE 102254	4,15	50,00-		02 27	11.488.768,32
CASH DEPOSIT GLADYS THEKWINI 993			1.500,00	02 28	11.490.268,32
CHEQUE 102256	15,50	50.000,00-		02 28	11.440.268,32
CREDIT INTEREST ACC 050871994			15.920,95	02 28	11.456.189,27
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	15,45-		02 28	11.456.173,82
CASH DEPOSIT ALVINA THEKWINI 569			600,00	03 01	11.456.773,82
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	8,34-		03 01	11.456.765,48
CASH DEPOSIT 0313014164 ALVINA			4.600,00	03 02	11.461.365,48
INTERBANK TRANSFER E.R. BROWNE IN 0703020026NP7325	15,50	9.000.000,00-		03 02	2.461.365,48

These fees are inclusive of VAT at 14,00%
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STANDARD BANK
KINGSMEAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg no. 1962/000738/06) is Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15)

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Standard Bank

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DURBAN 0026
MONTHLY MAIL

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Page 2 of 5

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.461.365,48
FEE - INTERBANK TRANSFER	##	780,00-		03 02	2.460.585,48
CHEQUE 102175	6,00	220,00-		03 02	2.460.365,48
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	39,94-		03 02	2.460.325,54
CASH DEPOSIT ALVINA THEKWINI 392			2.000,00	03 05	2.462.325,54
IB TRANSFER TO 05-003-307-7 08H36 936002247	3,60	15.000,00-		03 05	2.447.325,54
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	19,40-		03 05	2.447.306,14
CASH DEPOSIT ALVINA THEKWINI 896			2.000,00	03 06	2.449.306,14
TRANSFER FROM DLAMINI DURBAN ABC 018			7.139,92	03 06	2.456.446,06
CHEQUE 102259	4,15	50,00-		03 06	2.456.396,06
CHEQUE 102258	9,04	499,01-		03 06	2.455.897,05
CHEQUE 102257	4,15	50,00-		03 06	2.455.847,05
CHEQUE 102260	15,50	2.356,07-		03 06	2.453.490,98
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	19,40-		03 06	2.453.471,58
CASH DEPOSIT ALVINA 031-3014164			1.000,00	03 07	2.454.471,58
TRANSFER FROM REF 181/07 NR DAMINI			64.000,00	03 07	2.518.471,58

These fees are inclusive of VAT at 14,00%
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COMMISSION OF INQUIRY INTO STATE CAPTURE

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RR4-TSW-1426

Standard Bank

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DURBAN 0026
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.518.471,58
IB TRANSFER TO 05-003-307-7 08H48 936002247	3,60	20.000,00-		03 07	2.498.471,58
CHEQUE 102198	15,50	1.306,02-		03 07	2.497.165,56
CHEQUE 102261	15,50	4.469,52-		03 07	2.492.696,04
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0026	##	11,50-		03 07	2.492.684,54
CHEQUE 102251	11,78	750,00-		03 08	2.491.934,54
CASH DEPOSIT ALVINA DURBAN 104			200,00	03 09	2.492.134,54
IB TRANSFER TO 05-003-307-7 08H01 936002247	3,60	15.000,00-		03 09	2.477.134,54
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0026	##	5,18-		03 09	2.477.129,36
CREDIT TRANSFER 9359 INTAKA INVESTEMENTS			1.053.000,00	03 12	3.530.129,36
CHEQUE 102262	5,24	150,00-		03 12	3.529.979,36
MAGTAPE CREDIT 9851 BASDAS NAT:SASSA000021941			342.334,15	03 13	3.872.313,51
CASH DEPOSIT GLADYS THEKWINI 091			4.956,73	03 13	3.877.270,24
CHEQUE CASHED 102266	15,50	5.000,00-		03 13	3.872.270,24
IB TRANSFER TO 05-003-307-7 08H55 936002247	3,60	100.000,00-		03 13	3.772.270,24
CHEQUE 102265	15,50	9.000,00-		03 13	3.763.270,24

These fees are inclusive of VAT at 14,00%

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RR4-TSW-1427

Standard Bank

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DURBAN 002
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					3.763.270,24
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	42,76-		03 13	3.763.227,48
MAGTAPE CREDIT 9127 ABSA BANK MM JOYISA ERF 1283			55.000,00	03 14	3.818.227,48
MAGTAPE CREDIT 9128 ABSA BANK MM JOYISA ERF 1283			3.189,07	03 14	3.821.416,55
CHEQUE 102267	15,50	1.549,89-		03 14	3.819.866,66
CHEQUE 102268	5,43	168,00-		03 15	3.819.698,66
CHEQUE 102269	15,50	1.456,21-		03 15	3.818.242,45
CASH DEPOSIT ALVINA THEKWINI 211			400,00	03 16	3.818.642,45
INTERBANK TRANSFER N.T. KHUMALO 0703160026NP9846	15,50	50.000,00-		03 16	3.768.642,45
INTERBANK TRANSFER BLUE SERENITY 0703160026NP9845	15,50	200.000,00-		03 16	3.568.642,45
FEE - INTERBANK TRANSFER	##	200,00-		03 16	3.568.442,45
FEE - INTERBANK TRANSFER	##	104,00-		03 16	3.568.338,45
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	6,76-		03 16	3.568.331,69
CHEQUE 102264	15,50	289.446,00-		03 19	3.278.885,69
CASH DEPOSIT ALVINA THEKWINI 256			1.400,00	03 22	3.280.285,69

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
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Standard Bank

050871994

DURBAN
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The Standard Bank of South Africa
Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
26 March 2007
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61262
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 108
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					3.280.285,69
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	14,66-		03 22	3.280.271,03
CASH DEPOSIT MNGONYAMA ZL 0828143299			3.000,00	03 23	3.283.271,03
CASH DEPOSIT ALVENA THEKWINI 927			3.000,00	03 23	3.286.271,03
INTERBANK TRANSFER SERENITY INVES 0703230026NP0707	15,50	100.000,00-		03 23	3.186.271,03
FEE - INTERBANK TRANSFER	##	104,00-		03 23	3.186.167,03
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	27,30-		03 23	3.186.139,73
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	27,30-		03 23	3.186.112,43
CASH DEPOSIT ANELE DIKANE THEKWINI 692			500,00	03 26	3.186.612,43
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	7,55-		03 26	3.186.604,88

These fees are inclusive of VAT at 14,00%

Fee Structure
Overdraft Rate* :17,000%
Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.50 + 1.09 % of transaction value (maximum R15.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
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COMMISSION OF INQUIRY INTO STATE CAPTURE

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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					3.962.213,50
MAGTAPE CREDIT 9041 BASDAS NAT:SASSA000024548			211.906,21	04 03	4.174.119,71
CHEQUE 102270	5,89	210,00-		04 03	4.173.909,71
MAGTAPE CREDIT 9244 BASDAS NAT:SASSA000024753			525.007,06	04 04	4.698.916,77
CASH / CHEQUE DEPOSIT ANELE DIKANE DURBAN 431			1.085,00	04 04	4.700.001,77
CHEQUE 102271	15,50	3.694,17-		04 04	4.696.307,60
CASH DEPOSIT FEE BRANCH ACC 050871994 DEP BCH 0026	##	9,92-		04 04	4.696.297,68
CHEQUE 102273	15,50	117.500,00-		04 05	4.578.797,68
CHEQUE 102283	15,50	1.233,66-		04 05	4.577.564,02
CHEQUE 102276	15,50	805.535,88-		04 05	3.772.028,14
CHEQUE 102272	15,50	195.325,19-		04 05	3.576.702,95
CHEQUE 102282	15,50	3.777,13-		04 05	3.572.925,62
CHEQUE 102284	4,15	50,00-		04 07	3.572.875,82
CHEQUE 102281	4,15	50,00-		04 07	3.572.825,82
CASH DEPOSIT ALVINA DURBAN 777			1.000,00	04 10	3.573.825,82
CHEQUE 102279	6,71	285,00-		04 10	3.573.540,82
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0026	##	11,50-		04 10	3.573.529,32
CASH DEPOSIT ALVINA THEKWINI 292			100,00	04 11	3.573.629,32

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26 April 2007
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MONTHLY MAIL

Statement No 109
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT — Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					3.573.629,32
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 5226	##	4,39-		04 11	3.573.624,93
CHEQUE 102294	15,50	33.047,96-		04 13	3.540.576,97
CHEQUE 102293	15,50	113.471,33-		04 13	3.427.105,64
CHEQUE 102292	15,50	108.557,72-		04 13	3.318.547,92
CASH DEPOSIT UNATHI DURBAN 502			1.740,00	04 16	3.320.287,92
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 0026	##	17,35-		04 16	3.320.270,57
CASH DEPOSIT ZL MNCONYAMA 0828143299			3.000,00	04 17	3.323.270,57
CHEQUE 102299	15,50	3.875,46-		04 17	3.319.395,11
CHEQUE 102297	15,50	100.564,01-		04 17	3.218.831,10
CHEQUE 102286	15,50	3.200,00-		04 17	3.215.631,10
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 0023	##	27,30-		04 17	3.215.603,80
CHEQUE 102296	15,50	13.718,93-		04 18	3.201.884,87
CHEQUE 102295	15,50	310.343,03-		04 18	2.891.541,84
** CHEQUE 102300	15,50	9.453,36-		04 18	2.882.088,48
CHEQUE 102280	15,50	1.101,35-		04 18	2.880.987,13
RTD-AMOUNTS DIFFER 1023 ENVER MOTALA & CO TR			9.453,36	04 19	2.890.440,49

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Standard Bank

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DURBAN 0026
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.890.440,49
CREDIT TRANSFER 9449 CASHFOCUS ITHALA TRF KHUBONI &			140.000,00	04 20	3.030.440,49
CHEQUE 102288	6,18	236,60-		04 20	3.030.203,89
CREDIT TRANSFER 9748 INSTALMENT CR 814610518260I			360.000,00	04 23	3.390.203,89
CHEQUE CASHED 102307	15,50	52.950,00-		04 23	3.337.253,89
CHEQUE 102298	15,50	293.958,28-		04 23	3.043.295,61
MAGTAPE CREDIT 9163 BASDAS NAT:SASSA0C0026462			571.391,08	04 25	3.614.686,69
CASH DEPOSIT ALVINA THEKWINI 56:			1.700,00	04 26	3.616.386,69
** CHEQUE 102302	15,50	33.745,50-		04 26	3.582.641,19
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	17,03-		04 26	3.582.624,16

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Missing Cheques

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Serial no	Amount	Serial no	Amount
102300	9.453,36-	102302	33.745,50-

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COMMISSION OF INQUIRY INTO STATE CAPTURE

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The Standard Bank of South Africa
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Customer Care Centre : 0860 101 341
26 April 2007
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Fee Structure
Overdraft Rate* :17,000%
Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.60 + 1.09 % of transaction value (maximum R15.50)
*Overdraft facilities are subject to the bank's terms and conditions.
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DURBAN 0026
MONTHLY MAIL

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VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Month-end Balance R 3.599.841,11

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				04 28	3.582.624,16
CREDIT INTEREST ACC 050871994			17.216,95	04 30	3.599.841,11
CASH / CHEQUE DEPOSIT 3014164 THEKWINI 536			1.785,00	05 02	3.601.626,11
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	15,45-		05 02	3.601.610,66
CASH DEPOSIT 0313014164 GLADYS			700,00	05 03	3.602.310,66
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	9,13-		05 03	3.602.301,53
CHEQUE 102303	15,50	9.453,36-		05 04	3.592.848,17
AUTOPLUS TRANSFER TO ACCOUNT 05-003-307-7 09H51 936002247	3,60	40.000,00-		05 05	3.552.848,17
CASH DEPOSIT ANELE DIKANE THEKWINI 911			2.000,00	05 07	3.554.848,17
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	19,40-		05 07	3.554.828,77
CHEQUE 102308	15,50	2.018,00-		05 08	3.552.810,77
** CHEQUE 102305	15,50	120.653,03-		05 08	3.432.157,74
CHEQUE 102309	9,92	580,00-		05 08	3.431.577,74
CHEQUE 102306	15,50	14.000,00-		05 08	3.417.577,74

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STANDARD BANK
KINGSMEAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-27

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RR4-TSW-1434

G8/

Standard Bank

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26 May 2007
045215695

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DURBAN 0026
MONTHLY MAIL

Statement No 110
VAT Reg. No.
Page 2 of 4

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					3.417.577,74
MAGTAPE CREDIT 9816 BASDAS NAT:SASSA000027931			597.750,00	05 09	4.015.327,74
CHEQUE 102304	6,71	285,00-		05 09	4.015.042,74
CHEQUE 102289	10,87	667,16-		05 10	4.014.375,58
CHEQUE 102310	15,50	16.862,66-		05 10	3.997.512,92
CASH / CHEQUE DEPOSIT 0313014164 ALVINA			1.785,00	05 15	3.999.297,92
CHEQUE 102313	15,50	136.100,00-		05 15	3.863.197,92
CHEQUE 102312	15,50	319.267,18-		05 15	3.543.930,74
CHEQUE 102314	15,50	116.023,90-		05 15	3.427.906,84
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	15,45-		05 15	3.427.891,39
CASH DEPOSIT MNGONYAMA 2 L 0828143299			2.000,00	05 17	3.429.891,39
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	19,40-		05 17	3.429.871,99
CASH DEPOSIT ALVINA THEKWINI 276			400,00	05 18	3.430.271,99
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	6,76-		05 18	3.430.265,23
IB TRANSFER TO 05-003-307-7 18H05 936002247	3,60	6.000,00-		05 21	3.424.265,23
MAGTAPE CREDIT 9471 BASDAS NAT:SASSA000028603			69.100,00	05 22	3.493.365,23

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Standard Bank

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26 May 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 110
VAT Reg. No.
Page 3 of 4

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					3.493.365,23
CASH DEPOSIT ALVINA 3014164			3.500,00	05 23	3.496.865,23
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0026	##	31,25-		05 23	3.496.833,98
MAGTAPE CREDIT 9645 BASDAS NAT:SASSA000028939			518.719,30	05 24	4.015.553,28
CASH DEPOSIT ALVINA THEKWINI 974			900,00	05 25	4.016.453,28
CHEQUE 102321	15,50	109.758,61-		05 25	3.906.694,67
CHEQUE 102319	15,50	4.500,00-		05 25	3.902.194,67
CHEQUE 102317	15,50	28.600,00-		05 25	3.873.594,67
CHEQUE 102318	15,50	118.750,00-		05 25	3.754.844,67
CHEQUE 102315	15,50	1.500,00-		05 25	3.753.344,67
CHEQUE 102316	15,50	450.400,00-		05 25	3.302.944,67
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	10,71-		05 25	3.302.933,96

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Additional Cheques

Additional cheques included with this statement - these cheques have been reflected on previous statements.

Serial No	Amount	Serial No	Amount
102302	33.745,50-		

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COMMISSION OF INQUIRY INTO STATE CAPTURE

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Statement No 110
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Missing Cheques
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Serial no	Amount	Serial no	Amount
102305	120.653,03-		

Fee Structure
Overdraft Rate* :17,000%
Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.60 + 1.09 % of transaction value (maximum R15.50)
*Overdraft facilities are subject to the bank's terms and conditions.
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Standard Bank

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Statement No 111
VAT Reg. No.
Page 1 of 5
Statement Frequency MONTHLY
Statement from 28 May 2007 to 26 June 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4
Month-end Balance R 3.010.805,09

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				05 28	3.302.933,96
CASH DEPOSIT KUBONI & SHEZI THEKWINI 373			700,00	05 28	3.303.633,96
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 5226	##	9,13-		05 28	3.303.624,83
CHEQUE 102325	15,50	208.379,22-		05 30	3.095.245,61
CHEQUE 102323	15,50	102.620,08-		05 30	2.992.625,53
CREDIT INTEREST ACC 050871994			18.179,56	05 31	3.010.805,09
CASH DEPOSIT ALVINA THEKWINI 347			500,00	06 01	3.011.305,09
CHEQUE 102322	15,50	360.000,00-		06 01	2.651.305,09
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 5226	##	7,55-		06 01	2.651.297,54
CASH DEPOSIT ALVINA THEKWINI 510			1.800,00	06 04	2.653.097,54

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

STANDARD BANK
KINGSMEAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg. No. 1962/000738/06) 'n Geregistreerde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15).

RR4-TSW-1438

G 8/Rec

Standard Bank

050871994

DURBAN
275 SMITH STREET
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26 June 2007
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
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DURBAN 0026
MONTHLY MAIL

Statement No 111
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.653.097,54
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	17,82-		06 04	2.653.079,72
CASH DEPOSIT 0313014164 ALVINA			500,00	06 05	2.653.579,72
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##	7,55-		06 05	2.653.572,17
MAGTAPE CREDIT 9539 BASDAS NAT:SASSA000030028			758.474,50	06 06	3.412.046,67
CHEQUE 102326	15,50	14.526,34-		06 06	3.397.520,33
CHEQUE 102330	15,50	7.292,40-		06 06	3.390.227,93
CHEQUE 102331	15,50	10.506,30-		06 06	3.379.721,63
CHEQUE 102327	15,50	7.714,44-		06 06	3.372.007,19
CHEQUE 102329	15,50	5.768,40-		06 06	3.366.238,79
CASH / CHEQUE DEPOSIT ALVONA DURBAN ABC 730			2.300,00	06 07	3.368.538,79
CHEQUE 102287	7,69	375,00-		06 07	3.368.163,79
CHEQUE 102328	15,50	10.136,88-		06 07	3.358.026,91

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid Afrika Beperk (Reg.no. 1962/000738/06) is Gemagtigde finansiële dienste en geregistreerde kredietverskaffer (NCRCP15)

RR4-TSW-1439

Standard Bank

G8/20

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26 June 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 111
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Statement from 28 May 2007 to 26 June 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					3.358.026,91
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0126	##		5,97-	06 07	3.358.020,94
CASH DEPOSIT ALVINA THEKWINI 710			250,00	06 08	3.358.270,94
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##		5,58-	06 08	3.358.265,36
CASH DEPOSIT ALVINA THEKWINI 632			1.000,00	06 11	3.359.265,36
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##		11,50-	06 11	3.359.253,86
MAGTAPE CREDIT 9109 BASDAS NAT:SASSA000031232			15.272,50	06 14	3.374.526,36
CHEQUE 102336	15,50	112.500,00-		06 14	3.262.026,36
CASH DEPOSIT MNGONYAMA Z L UMZIMKULU SE 035			1.500,00	06 15	3.263.526,36
CHEQUE 102332	15,50	463.671,55-		06 15	2.799.854,81
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##		15,45-	06 15	2.799.839,36

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg. no. 1962/000738/06) Gemagtigde finansiële dienste en geregistreerde kredietverskaffer (NCRCP15)

RR4-TSW-1440

G8/26

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DURBAN 0026
MONTHLY MAIL

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Statement from 28 May 2007 to 26 June 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.799.839,36
TB TRANSFER TO 05-003-307-7 22H32 936002247	3,60	180.000,00-		06 18	2.619.839,36
CHEQUE 102335	15,50	122.044,95-		06 19	2.497.794,41
CHEQUE 102333	15,50	57.250,00-		06 22	2.440.544,41
CHEQUE 102334	15,50	3.008,00-		06 22	2.437.536,41

These fees are inclusive of VAT at 14,00%

Fee Structure
Overdraft Rate* :17,500%
Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.60 + 1.09 % of transaction value (maximum R15.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
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DURBAN 0026
MONTHLY MAIL

Statement No 111
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Statement from 28 May 2007 to 26 June 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

Account Summary

Details of Agreement	
Annual Rate of Interest	17,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	2.437.536,41
Arranged Limit	0,00
Summary of Transactions	
Net Payment Received for period of statement	800.476,56
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg no. 1962/000738/06) is geïntegreerde finansiële dienste en geregistreerde kredietverskaffer (NCRCP15)

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G 8/28

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26 July 2007
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THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

Statement No 112
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

On 8 June our prime lending rate increased to 13.00%.
The interest rate applicable to your account for overdrawn balances is shown at the bottom of this statement.
For information on credit interest rates phone 0860 123 000 or visit www.standardbank.co.za.

Month-end Balance R 2.451.834,94

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				06 27	2.437.536,41
CREDIT INTEREST ACC 050871994			14.298,53	06 30	2.451.834,94
CASH DEPOSIT MNGONYAMA IXOPO 218			500,00	07 03	2.452.334,94
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##		7,55-	07 03	2.452.327,39
CASH DEPOSIT ALVINA 02/N294 /07			500,00	07 04	2.452.827,39
CHEQUE 102342	15,50	5.272,50-		07 04	2.447.554,89
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226	##		7,55-	07 04	2.447.547,34

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

STANDARD BANK
KINGSMEAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid-Afrika Beperk (Reg. No. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15).

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G8/29

Standard Bank

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Customer Care Centre: 0860 101 341
26 July 2007
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
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BISHOPSGATE
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DURBAN 0026
MONTHLY MAIL

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VAT Reg. No.
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Statement from 27 June 2007 to 26 July 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.447.547,34
CHEQUE 102337	15,50	10.000,00-		07 05	2.437.547,34
CHEQUE 102341	6,71	285,00-		07 10	2.437.262,34
MAGTAPE CREDIT 9566 BASDAS NAT:SASSA000033693			113.170,01	07 11	2.550.432,35
CHEQUE 102345	15,50	9.553,09-		07 11	2.540.879,26
CHEQUE 102290	4,74	105,00-		07 11	2.540.774,26
CHEQUE 102351	15,50	3.398,00-		07 11	2.537.376,26
CHEQUE 102350	15,50	3.555,00-		07 11	2.533.821,26
CHEQUE 102348	15,50	6.093,99-		07 11	2.527.727,27
CHEQUE 102349	15,50	2.017,00-		07 11	2.525.710,27
CHEQUE 102291	4,74	105,00-		07 11	2.525.605,27
CHEQUE 102343	15,50	4.000,00-		07 11	2.521.605,27
CASH DEPOSIT MNSONYAMA ZL IXOPO 286			800,00	07 13	2.522.405,27
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	9,92-		07 13	2.522.395,35

These fees are inclusive of VAT at 14,00%

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) is an authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg. No. 1962/000738/06) is 'n gemagtigde finansiële diensverskaffer en geregistreerde kredietverskaffer (NCRCP15)

RR4-TSW-1444

G8/30

Standard Bank

050871994

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26 July 2007
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
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DURBAN 0026
MONTHLY MAIL

Statement No 112
VAT Reg. No.
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Statement Frequency MONTHLY
Statement from 27 June 2007 to 26 July 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.522.395,35
MAGTAPE CREDIT 9926 BASDAS NAT:SASSA000034064			508.865,84	07 16	3.031.261,19
CASH DEPOSIT ZL MNGONYAMA KOKSTAD 810			98,00	07 16	3.031.359,19
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0122	##	4,37-		07 16	3.031.354,82
CHEQUE 102354	15,50	46.520,83-		07 18	2.984.833,99
CHEQUE 102355	15,50	3.145,01-		07 18	2.981.688,98
CHEQUE 102356	15,50	5.068,44-		07 18	2.976.620,54
CHEQUE 102358	15,50	2.602,70-		07 18	2.974.017,84
CHEQUE 102352	15,50	2.370,47-		07 20	2.971.647,37
CHEQUE 102359	15,45	1.086,93-		07 21	2.970.560,44
CHEQUE 102353	15,50	459.200,00-		07 23	2.511.360,44

These fees are inclusive of VAT at 14,00%

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

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RR4-TSW-1445

G 8/31 A6

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26 July 2007
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
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DURBAN 0026
MONTHLY MAIL

Statement No 112
VAT Reg. No.
Page 4 of 4
Statement Frequency MONTHLY
Statement from 27 June 2007 to 26 July 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Fee Structure
Overdraft Rate* :17,500%
Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.60 + 1.09 % of transaction value (maximum R15.50)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	17,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	2.511.360,44
Arranged Limit	0,00
Summary of Transactions	
Net Payment Received for period of statement	638.232,38
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify
any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

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DURBAN 0026
MONTHLY MAIL

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Statement Frequency MONTHLY
Statement from 27 July 2007 to 25 August 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Month-end Balance R 3.612.154,51

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				07 27	2.511.360,44
MAGTAPE CREDIT 9958 BASDAS NAT:SASSA000035454			1.087.495,06	07 30	3.598.855,50
CHEQUE 102360	10,93	672,34-		07 31	3.598.183,16
CREDIT INTEREST ACC 050871994			13.971,35	07 31	3.612.154,51
CHEQUE 102363	15,50	5.068,44-		08 02	3.607.086,07
CHEQUE 102361	15,50	37.314,00-		08 02	3.569.772,07
CHEQUE 102366	15,50	422.800,00-		08 03	3.146.972,07
CHEQUE 102367	15,50	450.000,00-		08 07	2.696.972,07
MAGTAPE CREDIT 9611 BASDAS NAT:SASSA000036119			125.000,00	08 08	2.821.972,07
CHEQUE 102368	15,50	125.000,00-		08 11	2.696.972,07
CHEQUE 102362	15,50	14.140,00-		08 21	2.682.832,07
CHEQUE 102365	15,50	214.695,06-		08 23	2.468.137,01

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

STANDARD BANK
KINGSMEAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06). An authorised financial services and registered credit provider (NCRCP15)
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Fee Structure
Overdraft Rate* :18,000%
Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.60 + 1.09 % of transaction value (maximum R15.50)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
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Account Summary

Details of Agreement	
Annual Rate of Interest	18,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	2.468.137,01
Arranged Limit	0,00
Summary of Transactions	
Net Payment Received for period of statement	1.226.466,41
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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THE PROPRIETOR
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DURBAN 0026
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4
Month-end Balance R 3.373.361,88

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				08 27	2.468.137,01
MAGTAPE CREDIT 9212 BASDAS NAT:SASSA000038704			907.400,00	08 31	3.375.537,01
CHEQUE 102369	15,50	17.500,00-		08 31	3.358.037,01
CREDIT INTEREST ACC 050871994			15.324,87	08 31	3.373.361,88
AUTOPLUS TRANSFER TO ACCOUNT 05-003-307-7 12H47 936002247	3,60	20.000,00-		09 04	3.353.361,88
CHEQUE 102371	15,50	348.300,00-		09 05	3.005.061,88
CHEQUE 102370	15,50	91.600,00-		09 05	2.913.461,88
CHEQUE 102373	15,50	17.500,00-		09 06	2.895.961,88
CHEQUE 102372	15,50	450.000,00-		09 10	2.445.961,88
CASH DEPOSIT MNGONYAMA ZL KOKSTAD 020			2.000,00	09 18	2.447.961,88
IB PAYMENT TO S V KHOZA 936002247	14,50	40.000,00-		09 18	2.407.961,88

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

STANDARD BANK
KINGSMEAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg no. 1962/000738/06) 'n Gemaatskaplikaanse kontrakteur en geregistreerde kredietverskaffer (NCRCP15)

RR4-TSW-1449

A6
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Standard Bank

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26 September 2007
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THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

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Statement from 27 August 2007 to 26 September 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.407.961,88
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 0122	##	19,40-		09 18	2.407.942,48
CASH DEPOSIT MNGONYAMA Z L 0828143299			1.000,00	09 25	2.408.942,48
CASH DEPOSIT FEE - BRANCH ACC 050871994					
DEP BCH 0023	##	11,50-		09 25	2.408.930,98

These fees are inclusive of VAT at 14,00%

Fee Structure
Overdraft Rate* :18,000%
Service Fee for cheques
and certain specified
debits (inclusive of VAT):
R3.60 + 1.09 % of transaction value (maximum R15.50)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Please verify all transactions reflected on this statement and notify
any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg. No. 1962/000738/06) Gemagtigde finansiële diensverskaffer en geregistreerde kredietverskaffer (NCRCP15)

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DURBAN
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DURBAN 0026
MONTHLY MAIL

Statement No 114
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Account Summary

Details of Agreement	
Annual Rate of Interest	18,0000
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	2.408.930,98
Arranged Limit	0,00
Summary of Transactions	
Net Payment Received for period of statement	925.724,87
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06). An authorised financial services and registered credit provider (NCRCP15).
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RR4-TSW-1451

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DURBAN 0026
MONTHLY MAIL

Statement No 115
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Statement Frequency MONTHLY

Statement from 27 September 2007 to 26 October 2007
BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4
Month-end Balance R 2.368.234,16

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				09 27	2.408.930,98
IB TRANSFER TO 05-003-307-7 20H23 936002247	3,60	5.000,00-		09 27	2.403.930,98
IB TRANSFER TO 05-003-307-7 14H51 936002247	3,60	50.000,00-		09 28	2.353.930,98
CREDIT INTEREST ACC 050871994			14.303,18	09 29	2.368.234,16
CASH DEPOSIT K MKHIZE MIDLANDS 669			1.000,00	10 05	2.369.234,16
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 7626	##	11,50-		10 05	2.369.222,66
CHEQUE 102375	15,50	50.000,00-		10 09	2.319.222,66
CHEQUE 102376	15,50	1.103,53-		10 11	2.318.119,13
CHEQUE DEPOSIT A SOODYAL AND ASSOCIATES			124.451,16	10 16	2.442.570,29

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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STANDARD BANK
KINGSMEAD
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DURBAN 0026
MONTHLY MAIL

Statement No 115
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Statement Frequency MONTHLY

Statement from 27 September 2007 to 26 October 2007
BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.442.570,29
MAGTAPE CREDIT 9092 BASDAS NAT:SASSA000043217			498.190,99	10 17	2.940.761,28
CASH DEPOSIT ZL MNGONYAMA IXOPO 153			1.000,00	10 17	2.941.761,28
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##		11,50-	10 17	2.941.749,78
MAGTAPE CREDIT 9292 BASDAS NAT:SASSA000043586			226.575,91	10 18	3.168.325,69
MAGTAPE CREDIT 9481 BASDAS NAT:SASSA000043780			292.567,00	10 19	3.460.892,69
IB TRANSFER TO 05-003-307-7 10H51 936002247	3,60	1.300.000,00-		10 22	2.160.892,69
BOND REPAYMENT 9122 GTEE:360531466:GUMEDE VC & GUM			9.031,62	10 23	2.169.924,31
BOND REPAYMENT 9123 GTEE:360531466:GUMEDE VC & GUM			140.916,89	10 23	2.310.841,20
CHEQUE 102378	15,50	214.000,00-		10 25	2.096.841,20

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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POSSESSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg no. 1962/000738/06) Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15)

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26 October 2007
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DURBAN 0026
MONTHLY MAIL

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Statement from 27 September 2007 to 26 October 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.096.841,20
** CHEQUE 102381	15,50	401.346,94-		10 26	1.695.494,26
** CHEQUE 102380	7,33	342,00-		10 26	1.695.152,26
** CHEQUE 102379	15,50	30.000,00-		10 26	1.665.152,26

** These cheques have not yet been received and are therefore not included with this statement

These fees are inclusive of VAT at 14,00%

Missing Cheques

These cheques have not yet been received and therefore are not included with this statement. If received these cheques will be included with your next statement.

Serial no	Amount	Serial no	Amount
102379	30.000,00-	102381	401.346,94-
102380	342,00-		

Fee Structure

Overdraft Rate* :18,500%

Service Fee for cheques and certain specified debits (Inclusive of VAT):

R3.60 + 1.09 % of transaction value (maximum R15.50)

*Overdraft facilities are subject to the bank's terms and conditions. For details please contact your nearest branch or visit www.standardbank.co.za

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

CONDITION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06). An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid-Afrika Beperk. (Reg. No. 1962/000738/06). Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15).

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DURBAN 0026
MONTHLY MAIL

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Statement from 27 September 2007 to 26 October 2007
BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

Account Summary

Details of Agreement	
Annual Rate of Interest	18,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	1.665.152,26
Arranged Limit	0,00
Summary of Transactions	
Net Payment Received for period of statement	1.308.036,75
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and credit provider (NCRCP15)
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THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

Statement No 116
VAT Reg. No.
Page 1 of 3

Statement Frequency MONTHLY

Statement from 27 October 2007 to 26 November 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Our prices change on 1 January 2008. For further details please refer to the 2008 pricing brochure.

Month-end Balance R 1.673.529,87

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				10 27	1.665.152,26
CHEQUE 102382	15,50	7.295,21-		10 29	1.657.857,05
CASH DEPOSIT MNGONYAMA Z L UMZIMKULU SE 154			1.000,00	10 31	1.658.857,05
CREDIT INTEREST ACC 050871994			14.684,32	10 31	1.673.541,37
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	11,50-		10 31	1.673.529,87
CHEQUE 102383	8,84	480,62-		11 02	1.673.049,25
CHEQUE 102384	3,93	30,00-		11 02	1.673.019,25
CHEQUE 102374	15,50	95.670,01-		11 05	1.577.349,24
CHEQUE 102388	15,50	16.567,00-		11 08	1.560.782,24
MAGTAPE CREDIT 9067 BASDAS NAT:SASSA000046225			7.380,97	11 09	1.568.163,21

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

STANDARD BANK
KINGSMEAD
19 MAR 2009
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04-01-27

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DURBAN 0026
MONTHLY MAIL

Statement No 116
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Statement Frequency MONTHLY

Statement from 27 October 2007 to 26 November 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					1.568.163,21
CHEQUE 102387	15,50	276.000,00-		11 13	1.292.163,21
CHEQUE 102386	15,50	226.575,91-		11 14	1.065.587,30
CASH DEPOSIT MNGONYAMA ZL IXOPO 874			1.000,00	11 16	1.066.587,30
CHEQUE 102390	15,50	98.125,47-		11 16	968.461,83
CHEQUE 102389	15,50	89.215,00-		11 16	879.246,83
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	11,50-		11 16	879.235,33
MAGTAPE CREDIT 9006 BASZHA KZN:HOUSE000052208			9.312,46	11 20	888.547,79
CASH DEPOSIT MNGONYAMA Z L 0828143299			500,00	11 26	889.047,79
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	7,55-		11 26	889.040,24

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06). An authorised financial services and registered credit provider (NCRCP15)
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DURBAN 0026
MONTHLY MAIL

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Statement Frequency MONTHLY

Statement from 27 October 2007 to 26 November 2007
BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

Additional Cheques

Additional cheques included with this statement - these cheques have been reflected on previous statements.

Serial No	Amount	Serial No	Amount
102379	30.000,00-	102381	401.346,94-
102380	342,00-		

Fee Structure

Overdraft Rate* :18,500%

Service Fee for cheques and certain specified debits (Inclusive of VAT):

R3.60 + 1.09 % of transaction value (maximum R15.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	18,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	889.040,24
Arranged Limit	0,00
Summary of Transactions	
Net Payment Received for period of statement	33.877,75
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider

debits (Inclusive of VAT):

R3.60 + 1.09 % of transaction value (maximum R15.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	18,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	889.040,24
Arranged Limit	0,00
Summary of Transactions	

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP16)
Die Standard Bank van Suid-Afrika Beperk (Reg. no. 1962/000738/06) is ... geregistreerde kredietverskaffer (NCRCP16)

RR4-TSW-1458

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DURBAN
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DURBAN 0026
MONTHLY MAIL

Statement No 117
VAT Reg. No:
Page 1 of 3

Statement Frequency MONTHLY

Statement from 27 November 2007 to 24 December 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Our prices change on 1 January 2008. For further details please refer to the 2008 pricing brochure.

Month-end Balance R 1.323.755,97

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				11 27	889.040,24
CHEQUE DEPOSIT ITHALA 63 0313014164			285,00	11 29	889.325,24
MAGTAPE CREDIT 9627 BASDAS NAT:SASSA000048187			427.214,13	11 30	1.316.539,37
CREDIT INTEREST ACC 050871994			7.216,60	11 30	1.323.755,97
CASH DEPOSIT MNGONYAMA ZL			1.000,00	12 05	1.324.755,97
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	11,50-		12 05	1.324.744,47
MAGTAPE CREDIT 9375 BASDAS NAT:SASSA000049604			155.129,85	12 11	1.479.874,32
CHEQUE 102391	15,50	6.000,00-		12 11	1.473.874,32
CHEQUE 102393	15,50	4.686,23-		12 13	1.469.188,09

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

STANDARD BANK
KINGSMEAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid Afrika Beperk (Reg nr. 1962/000738/06) [illegible]

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045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 117
VAT Reg. No.
Page 2 of 3
Statement Frequency MONTHLY

Statement from 27 November 2007 to 24 December 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					1.469.188,09
CHEQUE 102394	15,50	26.328,17-		12 13	1.442.859,92
MAGTAPE CREDIT 9803 BASDAS NAT:SASSA000050219			58.270,76	12 18	1.501.130,68
MAGTAPE CREDIT 9304 BASDAS NAT:SASSA000050917			3.543,90	12 24	1.504.674,58

These fees are inclusive of VAT at 14,00%

Fee Structure

Overdraft Rate* :19,000%

Service Fee for cheques and certain specified debits (Inclusive of VAT):

R3.60 + 1.09 % of transaction value (maximum R15.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg. nr. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15)

Standard Bank

RR4-TSW-1460

050871994

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
24 December 2007
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61283
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MATL

Statement No 117
VAT Reg. No.
Page 3 of 3
Statement Frequency MONTHLY

Statement from 27 November 2007 to 24 December 2007

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

Account Summary

Details of Agreement	
Annual Rate of Interest	19,0008
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	1.504.674,58
Arranged Limit	0,00
Summary of Transactions	
Net Payment Received for period of statement	652.660,24
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) Authorised financial services and registered credit provider NCRCP15
Die Standard Bank van Suid-Afrika Beperk (Reg. nr. 1962/000738/06) Gemagtigde finansiële diensverskaffer en geregistreerde kredietverskaffer NCRCP15

RR4-TSW-1461

58/47

Standard Bank

050871994

DURBAN
PO BOX 47047 GREYVILLE
4023

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

Customer Care Centre: 0860 101 341
26 January 2008
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 118
VAT Reg. No.
Page 1 of 2

Statement Frequency MONTHLY
Statement from 27 December 2007 to 26 January 2008

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT — Account Number 05 087 199 4

Month-end Balance R 1.513.947,16

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				12 27	1.504.674,58
CREDIT INTEREST ACC 050871994			9.272,58	12 31	1.513.947,16
TRANSFER TO 00000050033077 KINGSMEAD 472	16,00	30.000,00-		01 02	1.483.947,16
CHEQUE 102397	16,00	7.795,00-		01 16	1.476.152,16
CASH DEPOSIT MNGONYAMA ZL KOKSTAD 428			1.200,00	01 18	1.477.352,16
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0122	##	13,28-		01 18	1.477.338,88
CHEQUE 102396	16,00	390.199,73-		01 21	1.087.139,15
CHEQUE 102399	16,00	58.270,76-		01 23	1.028.868,39
CHEQUE 102398	12,17	741,00-		01 25	1.028.127,39
CHEQUE 102400	16,00	155.129,85-		01 25	872.997,54

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

STANDARD BANK
KINGSMEAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-27

The Standard Bank of South Africa Limited (Reg No 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg no 1962/000738/06) 'n gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15)

RR4-TSW-1462

G8/48

Standard Bank

050871994

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
26 January 2008
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 118
VAT Reg. No.
Page 2 of 2
Statement Frequency MONTHLY

Statement from 27 December 2007 to 26 January 2008

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Fee Structure
Overdraft Rate* :19,000%
Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.80 + 1.13 % of transaction value (maximum R16.00)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	19,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	872.997,54
Arranged Limit	0,00
Summary of Transactions	
Net Payment Received for period of statement	10.472,58
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) is an authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg. nr. 1962/000738/06) is 'n gemagtigde finansiële diensverskaffer en geregistreerde kredietverskaffer (NCRCP15)

Standard Bank

RR4-TSW-1463

G 8/49

050871994

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
26 February 2008
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 119
VAT Reg. No.
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Statement Frequency MONTHLY
Statement from 28 January 2008 to 26 February 2008
BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4
Month-end Balance R 830.164,65

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				01 28	872.997,54
CHEQUE DEPOSIT ALVENA 031-3014166			570,00	01 29	873.567,54
AUTOPLUS TRANSFER TO ACCOUNT 05-003-307-7 12H53 936002247	3,80	52.000,00-		01 31	821.567,54
CREDIT INTEREST ACC 050871994			8.597,11	01 31	830.164,65
CASH DEPOSIT Z.L MNGONYAMA 0828143299			1.000,00	02 01	831.164,65
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	11,70-		02 01	831.152,95
CASH DEPOSIT BG ESTATE PORT SHEPSTO 900			1.000,00	02 08	832.152,95
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 7628	##	11,70-		02 08	832.141,25
CHEQUE 102402	16,00	2.438,46-		02 14	829.702,79

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

STANDARD BANK
KINGSMEAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-2[illegible]

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
The Standard Bank van Suid Afrika Beperk (Reg no. 1962/000738/06) [illegible]

Standard Bank

RR4-TSW-1464

50/50

050871994

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
26 February 2008
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 119
VAT Reg. No.
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Statement Frequency MONTHLY

Statement from 28 January 2008 to 26 February 2008

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					829.702,79
CASH DEPOSIT ZL MNGONYAMA 0828143299			1.000,00	02 18	830.702,79
CHEQUE 102401	16,00	3.543,90-		02 18	827.158,89
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023	##	11,70-		02 18	827.147,19
CHEQUE DEPOSIT ALVINA 031-3014160			2.785,00	02 25	829.932,19

These fees are inclusive of VAT at 14,00%

Fee Structure
Overdraft Rate* :19,000%
Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.80 + 1.13 % of transaction value (maximum R16.00)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Please verify all transactions reflected on this statement and notify
any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid Afrika Beperk (Reg. No. 1962/000738/06) Gemagtigde finansiële diensteverskaffer en geregistreerde kredietverskaffer (NCRCP15)

RR4-TSW-1465

Standard Bank

58/57

050871994

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
26 February 2008
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 119
VAT Reg. No.
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Statement from 28 January 2008 to 26 February 2008
BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

Account Summary

Details of Agreement	
Annual Rate of Interest	19,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	829.932,19
Arranged Limit	0,00
Summary of Transactions	
Net Payment Received for period of statement	14.952,11
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid Afrika Beperk (Reg no. 1962/000738/06) 'n Gedragsgebonde bankinstellingen en geregistreerde kredietverskaffer (NCRCP15)

RR4-TSW-1466

G8/52

Standard Bank

050871994

DURBAN
PO BOX 47047 GREYVILLE
4023

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

Customer Care Centre: 0860 101 341
26 March 2008
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 120
VAT Reg. No.
Page 1 of 2
Statement Frequency MONTHLY

Statement from 27 February 2008 to 26 March 2008

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Month-end Balance R 834.878,01

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				02 27	829.932,19
CREDIT INTEREST ACC 050871994			4.945,82	02 29	834.878,01
MAGTAPE CREDIT 9839 BASDAS NAT:SASSA000059206			324.221,30	03 10	1.159.099,31
MAGTAPE CREDIT 9450 BASDAS NAT:SASSA000059822			5.161,19	03 14	1.164.260,50
MAGTAPE CREDIT 9116 BASDAS NAT:SASSA000060682			245.641,50	03 25	1.409.902,00
CREDIT TRANSFER 9512 NDLELA REPAYMENT			100.000,00	03 25	1.509.902,00
IB TRANSFER TO 05-003-307-7 16H50 936002247	3,80	20.000,00-		03 26	1.489.902,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

STANDARD BANK
KINGSWAD
19 MAR 2009
BUSINESS ASSISTANT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) is an authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg. No. 1962/000738/06) is 'n gemagtigde finansiële diensverskaffer en geregistreerde kredietverskaffer (NCRCP15)

RR4-TSW-1467

G 8/53

Standard Bank

050871994

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
26 March 2008
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 120
VAT Reg. No.
Page 2 of 2
Statement Frequency MONTHLY
Statement from 27 February 2008 to 26 March 2008

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT
Account Number 05 087 199 4

Fee Structure
Overdraft Rate* :19,000%
Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.80 + 1.13 % of transaction value (maximum R16.00)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	19,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	1.489.902,00
Arranged Limit	0,00
Summary of Transactions	
Net Payment Received for period of statement	679.969,81
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid Afrika Beperk (Reg no. 1962/000738/06) Gemagtigde finansiële diensteverskaffer en geregistreerde kredietverskaffer (NCRCP15)

Standard Bank

040-026

DURBAN

Date Datum 2007 02 19

Pay Betaal Variquip C C

the sum of die bedrag van Fifty thousand R 80 000,00

or Bearer of Bonder

FMB
BROOKSTREET PMBG
20 FEB 2007

KUBONI AND SNEIS ATTORNEYS TRUST

⑈102237⑆040026⑆ 050871994⑈ 02

IPS LEDGER CENTER CPT. Q M
4200102270 02212007 12 2007/02/22 05:48:31

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1468

99/1

COMMISSION OF INQUIRY INTO CAPTURE

Standard Bank

040-026

DURBAN

Pay Betaal

the sum of die bedrag van

ABSA Bank Limited/Beperk Reg. No. 1986/004454/06 CHEQUE PROC. UNIT

Date Datum 2007 02 19

or Bearer of Teacher

Thirty thousand Rands

2007-02-28

R 30 000,00

For Vir

104 / 8024

KUSOM AND SMEN ATTORNEYS TRUST

⑈102241⑆040026⑆ 0508?1994⑈ 02

IPS LEDGER-CENTER CPT O L
2200331240 02202007 10 2007/02/21 06:44:47

[illegible] [illegible] [illegible]
R101 B000000 P12 IPS

RR4-TSW-1469

59/2

COMMISSION OF INQUIRY INTO STATE CAPTURE

Standard Bank

040-026

DURBAN

Pay Betaal: Farmers Agri-care

Date Datum: 2007 02 19

Nedbank Limited
Reg No. 1051/000009/06
POD DBN

the sum of die bedrag van: Fifty Thousand Rands

R 80 000,00

T2 (B01/519)
13 99 26

KUBONI AND SHEZI ATTORNEYS TRUST

⑈102238 ⑆040026⑆ 050871994⑈ 02

2105 004621 NATAL POD 139926 210207 2 48
CREDIT ACC 168285

IPS LEDGER CENTER CPT O M
4200044880 02222007 12 2007/02/23 05:59:55

RR4-TSW-1470

G 9/3

Standard Bank DBN 1 2010/08/26 09:20:09 AM PAGE 5/028 Fax Server

Standard Bank

040-026

DURBAN

Date / Datum: 2007 02 19

Pay / Betaal: Yara SA (Pty) Ltd. Only

the sum of / die bedrag van: THIRTY EIGHT THOUSAND TWO HUNDRED & NINE RANDS TWENTY THREE CENTS

Form R 38209,23c

KUBONI AND SNEZI ATTORNEYS TRUST

Rec. Limited

21 FEB 2007

T (341)

13-41-25

⑈102239 ⑆040026⑆ 050871994⑈ 02

2186 888817 NATAL POD 139926 210237 2 42
CREDIT ACC 165205

IPS LEDGER CENTER CPT C L
4200065410 02222007 10 2007/02/23 06:04:59

RR4-TSW-1471

G 9/4

COMMISSION OF INQUIRY INTO CAPTURE

Standard Bank DBN 1 2010/08/26 09:20:09 AM PAGE 27028 Fax Server

Standard Bank I

NOT TRANSFERABLE

040-026

DURBAN

Date / Datum 2007 02 19

Pay / Betaal Bell Equipment Only

or Bearer / of Toonder

The sum of / die bedrag van SEVENTY TWO THOUSAND FIVE HUNDRED & FIFTY VAC FIFTY CENTS

FNB HAYFIELDS PETERMARITZBURG

For / Vir 22 FEB 2007

T1 421 425

72 586,50C

KUBOS AND SHED ATTORNEYS TRUST

⑈102236 ⑆040026⑆ 050871994⑈ 02

IPS LEDGER CENTER CPT D M
2200577900 02232007 12 2007/02/24 06:21:43

RR4-TSW-1472

G 9/5

COMMISSION OF INQUIRY INTO STATE CAPTURE

Standard Bank

040-026

DURBAN

Date Datum 2007 04 11

Pay Betaal C C

or Bearer of Toonder

the sum of die bedrag van FNB DURBAN

R 33047,96c

KUBONI AND SHEZI ATTORNEYS TRUST

221-426

⑈102294 ⑆040026⑆ 050871994⑈ 02

01/3150/06

IPS LEDGER CENTER CPT 0 L
4200169420 04142007 10 2007/04/16 05:33:21

RR4-TSW-1473

G 9/6

Standard Bank DBN 1 2010/06/26 09:20:09 AM PAGE 8/028 Fax Server

Standard Bank

040-026

DURBAN

FNB
DURBAN
2007-05-10
TELLER 1
221-426

Date Datum 2007-05-10

or Bearer of Toonder

Pay Betaal BELL EQUIPMENT

the sum of die bedrag van SIXTEEN THOUSAND EIGHT HUNDRED AND SIXTY TWO RANDS SIXTY SIX CENTS

For/Vir R 16 862.66

KUBONI AND SHEZI ATTORNEYS TRUST

⑈102310 ⑆040026⑆ 050871994⑈ 02

IPS LEDGER CENTER CPT D L
4200047680 05112007 10 2007/05/12 05:27:15

RR4-TSW-1474

G 9/7

COMMISSION OF INQUIRY INTO STATE CAPTURE

Standard Bank DBN 1 2010/06/26 09:20:05 AM PAGE 3/026 Fax Server

Standard Bank

040-026

DURBAN

Date / Datum 2007-05-23

Pay / Betaal YARA SA

or Bearer / of Toonder

the sum of / die bedrag van ONE HUNDRED AND NINE THOUSAND SEVEN HUNDRED AND FIFTY EIGHT RANDS SIXTY ONE CENTS

For/Vir R 109758-61

KUBONI AND SHEZI ATTORNEYS TRUST

Modbank Limited
Tel (305) 50 MAY 2007
13-05-26

⑈102321⑆040026⑆ 080871994⑈ 02

IPS LEDGER CENTER CPT O U
2200081960 05262007 16 2007/05/28 05:46:49

2502 282548 NATAL POD 139926 250507 2 48
CREDIT ACC 168205

9/6/15/10

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1475

G 9/8

Standard Bank

040-026

DURBAN

Date Datum 2007-05-30

or Bearer of Toonder

Pay Betaal BELL EQUIPMENT

the sum of die bedrag van FOR TEN THOUSAND FIVE HUNDRED AND TWENTY SIX RAND THIRTY FOUR CENT ONLY

For/Mr R 14 526-34

KUBONI AND SHEZI ATTORNEYS TRUST

PNB

RUSSEL STREET

06 JUN 2007

T3

221-72

⑈102326 ⑆040026⑆ 050871994⑈ 02

01/15/06

IPS LEDGER CENTER CPT D L
12002375:0 06072007 :0 2007/06/08 05:43:08

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1476

G 9/10

Standard Bank

040-026

DURBAN

Date Datum 2007-05-30

or Bearer of Toonder

Pay Betaal NATAL SPRAY

the sum of die bedrag van SEVEN THOUSAND TWO HUNDRED AND NINETY TWO RAND FORTY CENTS ONLY

For/Vir R 7292-40

KUBONI AND SHEZI ATTORNEYS TRUST 05 087 199 4

FNB
BUSINESS STREET DURBAN
86 JUN 2007
T3
221-726

⑈102330⑆040026⑆ 050871994⑈ 02

70/0515/10

IPS LEDGER CENTER CPT 0 L
2200391910 06072007 10 2007/06/08 05:53:56

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1477

9/11

Standard Bank 040-026

DURBAN

Date Datum 2007-05-30

Pay Betaal UCL

or Bearer of Toonder

the sum of die bedrag van TEN THOUSAND FIVE HUNDRED AND SIX RAND THIRTY CENT ONLY

For/Vir R 10 506-30

KUBONI AND SHEZI ATTORNEYS TRUST

FNB

RUSSELL STREET, DURBAN

08 JUN 2007

T3

221-726

⑈102331⑆040026⑆ 050871994⑈ 02

01/5150/06

IPS LEDGER CENTER CPT G C
2200395170 06072007 10 2007/06/06 05:54:09

RR4-TSW-1478

G9/12

Standard Bank

040-026

DURBAN

Date Datum 2007-05-30

Pay Betaal VAL

or Bearer of Toonder

the sum of die bedrag van SEVEN THOUSAND SEVEN HUNDRED AND FORTY FOUR CENT ONLY

For/Vir R 7 714-44

KUBONI AND SHED ATTORNEYS TRUST 05 087 199 4

FNB

221-725

⑈102327 ⑆040026⑆ 050871994⑈ 02

01/5/10

OPS LEDGER CENTER CPT 0 L
3200228740 06072007 10 2007/06/08 05:42:14

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1479

G 9/13

Standard Bank DBN 1 2010/08/26 09:20:09 AM PAGE 13/026 Fax Server

Standard Bank

040-026

DURBAN

Date Datum 2007-05-30

Pay Betaal

or Bearer of Toonder

the sum of die bedrag van

STANDARD BANK

GAMMA CHEMICALS

FIVE THOUSAND SEVEN HUNDRED AND SIXTY EIGHT RAND FEATHER CENT ONLY

For/Vir R5 768-40

KURIOMI AND SHEZI ATTORNEYS TRUST

04-52-26

⑈102329 ⑆040026⑆ 050871994⑈ 02

01/5/10

023364378

COMMISSION OF INQUIRY INTO STATE CAPTURE

Standard Bank

040-026

DURBAN

Date / Datum 2007-05-30

Pay / Betaal COMMUNITY WATCH or Bearer / of Toonder

the sum of / die bedrag van TEN THOUSAND ONE HUNDRED AND THIRTY SIX RAND EIGHT EIGHT CENT ONLY

For/Vir R 10 136-88

ELSON AND SHEILA ATTORNEYS TRUST

⑈102328⑆040026⑆ 050871994⑈ 02

01/2150/10

9200098890 >620103< 06/07/2007
R103 B000008 P12 IPS
IPS LEDGER CENTER CPT 0 L
2200462130 06072007 10 2007/06/08 06:40:05

RR4-TSW-1481

G 9/15

Standard Bank DBN 1 2010/06/26 09:20:09 AM PAGE 18/026 Fax Server

Standard Bank

040-026

DURBAN

Date
Datum: 2007-07-09

or Bearer
of Toonder

Pay
Betaal VARIQUIP

the sum of
die bedrag van NINE THOUSAND FIVE HUNDRED AND FIFTY THREE RAND AND NINE CENTS

For/Vir R 9 553,09

KUBONI AND SHEZI ATTORNEYS TRUST
06 027 192 4

ENB
RUSSEL STREET, DURBAN
11 JUL 2007
TO
221-728

⑈102345 ⑆040026⑆ 050871994⑈ 02

IPS LEDGER CENTER CPT 0 L
6200252630 07122007 10 2007/07/13 05:55:35

01/5/10

RR4-TSW-1482

COMMISSION OF INQUIRY INTO STATE CAPTURE

Standard Bank

040-026

DURBAN

Date Datum: 2007-07-10

or Bearer of Toonder

Pay Betaal MARTINS PLUMBING

the sum of die bedrag van THREE THOUSAND ONE HUNDRED AND NINETY EIGHT RANDS ONLY

For/Vir R 3398,00

KUBONI AND SHEZI ATTORNEYS TRUST

FNB RUSSEL STREET, DURBAN 27 JUL 2007 TE 221-725

⑈102351⑆040026⑆ 050871994⑈ 02

01/5150/06

IPS LEDGER CENTER CPT 0
6200015490 07122007 7 2007/07/13 05:16:53

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1483

G 9/17

Standard Bank

040-026

DURBAN

Nedbank Limited
Reg No. 1951/000009/06
DURBAN CENTRAL
2007 JUNE
14 - 42 - 26

Date
Datum 2007-07-10

Pay
Betaal YARA SA

or Bearer
of Toonder

the sum of
die bedrag van THREE THOUSAND
HUNDRED AND FIFTY FIVE RANDS
ONLY

For/Vir R 3555,00

KUBONI AND SHEZI ATTORNEYS TRUST
06 987 199 4

⑈102350 ⑆040026⑆ 050871994⑈ 02

IPS LEDGER CENTER CPT D
1200031720 07122007 7 2007/07/13 05:29:36
1104 885966 MATAL POD 139926 110707 2 48
CREDIT ACC 168205

COMMISSION OF INQUIRY INTO STATE CAPTURE

Standard Bank DBN 1 2010/06/26 09:20:09 AM PAGE 10/025 FAX 031/31

Standard Bank

040-026

DURBAN

Date Datum 2007-07-10

Pay Betaal UCL

or Bearer of Toondar

the sum of die bedrag van SIX THOUSAND AND NINETY THREE RANDS NINETY NINE CENTS ONLY

For/Vir R 6 093,99

KUBONI AND SHEZI ATTORNEYS TRUST 06 487 199 4

RUSSELL STREET, DURBAN 11 JUL 2007 TO 221-726

⑈102348 ⑆040026⑆ 050871994⑈ 02

01/2150/06

IPS LEDGER CENTER CPT 0 L
6200046100 07122007 10 2007/07/13 05:20:28

RR4-TSW-1485

G 9/26

Standard Bank

040-026

DURBAN

Date Datum: 2007-07-10

or Bearer of Toonder

Pay Betaal: ELECTRO TECHNICAL AGENCIES

the sum of die bedrag van: TWO THOUSAND SEVENTEEN RANDS

For/Vir R 2 017,00

KUBONI AND SHEZI ATTORNEYS TRUST

FNB RUSSEL STREET DURBAN 21-12-07

⑈102349 ⑆040026⑆ 050871994⑈ 02

10/5/07

IPS LEDGER CENTER CPT 0
6200049950 07122007 7 2007/07/13 05:20:42

RR4-TSW-1486

Standard Bank

040-026

DURBAN

Date Datum 2007-07-09

or Bearer of Toonder

Pay Betaal BELL EQUIPMENT

the sum of die bedrag van FOUR THOUSAND RANDS ONLY

R 4000-00

For/Vir

KUBONI AND SHEZI ATTORNEYS TRUST

FNB RUSSEL STREET, DURBAN 11 JUL 2007 TO 221-726

⑈102343 ⑆040026⑆ 050871994⑈ 02

01/5150/06

IPS LEDGER CENTER CPT U
7200200780 07122007 7 2007/07/13 05:37:47

RR4-TSW-1487

G 9/2

Standard Bank

040-026

DURBAN

Date Datum 2007-07-18

Pay Betaal COMMUNITY WATCH or Bearer of Toonder

the sum of die bedrag van FIVE THOUSAND AND SIXTY EIGTH RAND FOURTY FOUR CENTS ONLY

For/Vir R 5068-44

ATTORNEYS TRUST

2007 07 18

62-45-26

⑈102356 ⑆040026⑆ 050871994⑈ 02

90/05/10

IPS LEDGER CENTER CPT O L
2200576340 07182007 10 2007/07/19 06:55:36
9100104540 >620103< 07/18/2007
R066 B000000 P12 IPS

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1488

G 9/23

Standard Bank

040-026

DURBAN

FNB
DURBAN
20 JUL 2007
TELLER 3
221/- 426

Date
Datum 2007-07-20

or Bearer
of Toonder

Pay
Betaal UMNGENI WATER

the sum of
die bedrag van TWO THOUSAND THREE HUNDRED AND SEVENTY RANDS FOURTY SEVEN CENTS ONLY

For/Nr R 2 370,47

KUBONI AND SHEZI ATTORNEYS TRUST
06 087 199 4

⑈102352 ⑆040026⑆ 050871994⑈ 02

20/05/10

IPS LEDGER CENTER CPT 0
6200061370 07212007 7 2007/07/23 05:20:39

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1489

G 9/24

Standard Bank

040-026

DURBAN

Date
Datum 2007-08-02

Pay
Betaal COMMUNITY WATCH or Bearer of Toonder

the sum of
die bedrag van FIVE [illegible] AND SIXTY

EIGHT RANDS FOURTY FOUR For/Vir R 5068-44

CENTS ONLY

ABSA
Bank Limited/Beperk
Reg. No. 1986/004794/06
DURBAN
CHEQ PROC UNIT
2007-08-02
T02 / 8407
62-45-26

IPS - BBM - [illegible] AND [illegible] ATTORNEYS TRUST
06 087 189 4

⑈102363 ⑆040026⑆ 050871994⑈ 02

IPS LEDGER CENTER DPT D L
3200505140 08022007 10 2007/08/03 06:49:17

[illegible]
[illegible] PI2 IPS

01/SIS/10

COMMISSION OF INQUIRY INTO STATE CAPTURE

Standard Bank

040-026

DURBAN

Date Datum: 2007-08-02

Pay Betaal TRIMBORN AGENCY

or Bearer of Toonder

the sum of die bedrag van THIRTEEN THOUSAND

THREE HUNDRED AND FOURTEEN

For/Vir R 37 314-00

RANDS ONLY

IPS - DBN - ABSA

KUBOW AND SHEEGATTORNEYS TRUST

CHEQ PROC UNIT

2007-08-02

T02 / 8407

62 - 45 - 26

⑈102361 ⑆040026⑆ 050871994⑈ 02

IPS LEDGER CENTER CPT D L

7200505150 08022007 10 2007/08/03 06:49:17

R000 B000000 PI2 IPS

90/05/10

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1491

59/21

Standard Bank

040-026

DURBAN

Date / Datum 2007-08-02

or Bearer / of Toonder

Pay / Betaal ELECTRO TECHNICAL AGENCY

the sum of / die bedrag van FOURTEEN THOUSAND ONE HUNDRED AND FORTY RANDS ONLY

For/Vir R 14140-00

KUSONI AND SHEZI ATTORNEYS TRUST

FNB DURBAN 21 AUG 2007 TELLER 4 221-426

⑈102362 ⑆040026⑆ 050871994⑈ 02

90/0515/10

IPS LEDGER CENTER CPT 0 1
2200069120 08222007 10 2007/08/23 05:45:57

RR4-TSW-1492

6 9/27

Standard Bank

040-026

DURBAN

Date / Datum 2007 04 11

Pay / Betaal F.R. Browne Inc.

or Bearer / of Toonder

the sum of / die bedrag van Nine Hundred & Thirteen Thousand Four Hundred & Seventy One Rands, Thirty Three Cents

For Vir R 113 471,33c

KUBONI AND SHEZI ATTORNEYS TRUST
05 087 189 4

Redbank Limited
Reg No. 1954/000089/06
FOREIGN CENTRAL
2007 -04- 13
T6 (442)
14 - 42 - 26

CMSA S&G 0507 20

⑈102293⑆040026⑆ 050871994⑈ 02

RR4-TSW-1493

4 9/28

RR4-TSW-1494

G 9/29

01/5150/10

1305 007684 MATAL POD 139926 130407 2 48
CREDIT ACC 168285

IPS LEDGER CENTER CPT 0 U
4200121510 04142007 16 2007/04/16 05:25:06

COMMISSION OF INQUIRY
STATE CAPTURE

Standard Bank

040-026

DURBAN

Date
Datum 2007-04-24

Pay
Betaal TRIMBORN AGENCY CC

or Bearer
of Toonder

the sum of
die bedrag van THIRTY THREE THOUSAND

SEVEN HUNDRED AND FORTY FIVE RAND

FIFTY CENT ONLY

For/Vir R 33 745-50

ABSA
Bank Limited/Beperk
Reg. No. 1986/004754/06
DURBAN
CHECK PROCEDURE

2007-04-24 2007 IFS - DBN - ABSA

T05 / 8407
62 - 45 - 26

[illegible] ATTORNEYS TRUST
95 087 199 4

CMSA S&G 0610 50

⑈102302 ⑆040026⑆ 050871994⑈ 02

RR4-TSW-1495

G 9/30

IPS LEDGER CENTER CPT O L
2200373540-04282007-10-2007/04/30 06:13:55
[illegible]
R086 B000000 PI2 IPS

COMMISSION OF INQUIRY INTO STATE CAPTURE

G9/31

RR4-TSW-1497

G 10/1

050033077

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
27 March 2007
591372315

DURBAN
PO BOX 47047
GREYVILLE 4023

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 137
VAT Reg. No.
Page 1 of 9

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

On 07 March the usury maximum lending rate increased to 23.00%.
The interest rate applicable to your account is shown at the bottom of this statement. Should you require information on credit interest rates please visit our website www.standardbank.co.za.

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				03 01	14.218,92
IB PAYMENT TO UNATHI XOKO 936002247	14,50	3.000,00-		03 01	11.218,92
IB PAYMENT TO J.S. NDABA 936002247	6,60	500,00-		03 01	10.718,92
IB PAYMENT TO M MJOKOVANA 936002247	14,50	15.000,00-		03 01	4.281,08-
IB PAYMENT TO LINTLE KOLISANG 936002247	14,50	3.000,00-		03 01	7.281,08-
ACCOUNT PAYMENT 9058 ACT KZN WEL002 R02261	6,72	520,39-		03 01	7.801,47-
ACCOUNT PAYMENT 9556 SBSA VAF 34061606 0002 01 MAR	3,60	5.101,58-		03 01	12.903,05-
SERVICE AGREEMENT 9532 CANON OA DUE141	7,13	588,24-		03 01	13.491,29-
ACCOUNT PAYMENT 9721 CORPAY NASHUA MBL 40872053	14,50	6.603,54-		03 01	20.094,83-
ACCOUNT PAYMENT 9516 DIAGONAL 74030086 DIAG	7,59	664,32-		03 01	20.759,15-
SERVICE AGREEMENT 9686 LSSUPPORT KUBO01 NO LW39333	8,12	753,90-		03 01	21.513,05-

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
06 MAY 2008
04-01-27

RR4-TSW-1498

G10/2

050033077

DURBAN
PO BOX 47047
GREYVILLE 4023

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
27 March 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN C026
MONTHLY MAIL

Statement No 137
VAT Reg. No.

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT — Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					21.513,05-
INSURANCE PREMIUM 9359 EPIC 2 02097ROYALISL000040	4,40	133,45-		03 01	21.646,50-
CHEQUE 102897	38,50	2.990,18-		03 01	24.636,68-
ACCOUNT PAYMENT 9051 AOT KZN WEL002 R02260	12,36	1.460,03-		03 01	26.096,71-
SERVICE AGREEMENT 9379 MULTID FORSAOL.COM 02941701	4,26	109,90-		03 01	26.206,61-
INSURANCE PREMIUM 9639 OLDMUTCOL 2598631920070301	14,50	2.775,00-		03 01	28.981,61-
CHEQUE CASHED 102902	26,50	1.500,00-		03 02	30.481,61-
CHEQUE 102903	38,50	3.435,00-		03 02	33.916,61-
CHEQUE 102899	38,50	2.531,90-		03 02	36.448,51-
CHEQUE 102900	7,03	218,88-		03 02	36.667,39-
CHEQUE 102904	38,50	2.713,20-		03 02	39.380,59-
CHEQUE 102901	23,67	1.314,00-		03 02	40.694,59-
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102902	##	17,50-		03 02	40.712,09-
IB TRANSFER FROM 05-087-199-4 08H36 936002247			15.000,00	03 05	25.712,09-
CHEQUE 102898	38,50	9.662,05-		03 05	35.374,14-
INSURANCE PREMIUM 9044 OLDMUTCOL 2598626620070305	5,25	275,00-		03 05	35.649,14-

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KRUGSDEAD
06 MAY 2008
CUSTOMER CONCERNS
04-01-27

RR4-TSW-1499

G10/3

050033077

DURBAN
PO BOX 47047
GREYVILLE 4023

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
27 March 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 137
VAT Reg. No.

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT — Account Number 05 C03 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					35.649,14-
INSURANCE PREMIUM 9595 LIBLIFE 05MAR84122475*005595	14,50	1.899,64-		03 05	37.548,78
ACCOUNT PAYMENT 9428 STANCOM - V418 WATER/RENTAL	11,27	1.279,08-		03 06	38.827,86-
CHEQUE 102907	9,76	399,00-		03 06	39.226,86-
CHEQUE 102906	6,44	180,19-		03 06	39.407,05-
CHEQUE 102905	4,29	39,00-		03 06	39.446,05-
IB TRANSFER FROM 05-087-199-4 08H48 936002247			20.000,00	03 07	19.446,05-
CHEQUE CASHED 102909	12,82	600,00-		03 07	20.046,05-
CHEQUE CASHED 102908	38,50	4.064,82-		03 07	24.110,87-
IB PAYMENT TO CORT & FRED CIVIL 936002247	14,50	15.394,56-		03 07	39.505,43-
IB PAYMENT TO R S GUMEDE 936002247	14,50	8.000,00-		03 07	47.505,43-
FEE-AUDITORS CERTIFICATE	##	540,00-		03 07	48.045,43-
ACCOUNT PAYMENT 9459 SBSA VAF 34061606 0003 07 MAR	3,60	8.519,23-		03 07	56.564,66-
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102909	##	17,50-		03 07	56.582,16-
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102908	##	40,65-		03 07	56.622,81-
CHEQUE 102910	20,39	1.098,20-		03 08	57.721,01-

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%
Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KINGSMEAD
06 MAY 2008
CUSTOMER CONSULTANT
04-01-07

RR4-TSW-1500

G10/4

050033077

DURBAN
PO BOX 47047
GREYVILLE 4023

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
27 March 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 137
VAT Reg. No.
Page 4 of 9

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT — Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					57.721,01-
FEE - OVER LIMIT	##	79,00-		03 08	57.800,01-
IB TRANSFER FROM 05-087-199-4 08H01 936002247			15.000,00	03 09	42.800,01-
CREDIT TRANSFER 9078 CASHFOCUS 2076/06-1406126T2			2.514,96	03 09	40.285,05-
FEE - OVER LIMIT	##	79,00-		03 09	40.364,05-
AUTOBANK CASH WITHDRAWAL AT UMBILO AGCY 1 10H08 936002247	21,60	2.000,00-		03 10	42.364,05-
AUTOBANK CASH WITHDRAWAL AT UMBILO AGCY 1 10H08 936002247	21,60	2.000,00-		03 10	44.364,05-
CHEQUE DEPOSIT ALVINA DURBAN 063			8.229,88	03 12	36.134,17-
CHEQUE 102911	38,50	6.872,78-		03 12	43.006,95-
CHEQUE 102912	38,50	5.700,00-		03 12	48.706,95-
IB TRANSFER FROM 05-087-199-4 08H55 936002247			100.000,00	03 13	51.293,05
CREDIT TRANSFER 9884 CASHFOCUS 983/04-1433682T3			10.996,48	03 14	62.289,53
CREDIT TRANSFER 9885 CASHFOCUS 463/03-820390T2			15.068,07	03 14	77.357,60
CREDIT TRANSFER 9886 CASHFOCUS RAF830/04-1035257T2			7.935,20	03 14	85.292,80

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
RECEIVED
06 MAY 2008
CUSTOMER CONSULTANT
04-01-27

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1501

G115

050033077

DURBAN
PO BOX 47047
GREYVILLE 4023

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
27 March 2007
591372315

Statement No 137
VAT Reg. No.
Page 5 of 9

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					85.292,80
CREDIT TRANSFER 9887 CASHFOCUS RAF2004/06-1528570T1			8.054,74	03 14	93.347,54
CREDIT TRANSFER 9888 CASHFOCUS RAF1094/05-1400683T2			8.690,73	03 14	102.038,27
CREDIT TRANSFER 9889 CASHFOCUS MTHETHWA Z-1338488T2			10.248,75	03 14	112.287,02
CREDIT TRANSFER 9890 CASHFOCUS RAF860/04-1322611T1			23.909,48	03 14	136.196,50
CREDIT TRANSFER 9891 CASHFOCUS MOODLEY M-1260780T1			35.158,54	03 14	171.355,04
CREDIT TRANSFER 9892 CASHFOCUS A SOOKDAW-1731369T2			2.522,17	03 14	173.877,21
CREDIT TRANSFER 9893 CASHFOCUS RAF949/04-1390000T1			16.079,62	03 14	189.956,83
CHEQUE 102916	34,62	2.034,00-		03 14	187.922,83
CREDIT TRANSFER 9052 CASHFOCUS R1103/05-1404694T1			3.701,94	03 15	191.624,77
CREDIT TRANSFER 9053 CASHFOCUS R1091/05-1049270T3			25.520,07	03 15	217.144,84
CREDIT TRANSFER 9054 CASHFOCUS R372/03-913002T5			20.806,23	03 15	237.951,07
CHEQUE 102918	7,50	250,00-		03 15	237.701,07

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%
Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
06 MAY 2008
04-07-27

RR4-TSW-1502

G10/6

050033077

DURBAN
PO BOX 47047
GREYVILLE 4023

The Standard Bank of South Africa
Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
27 March 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
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4008

DURBAN 0026
MONTHLY MAIL

Statement No 137
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					237.701,07
CREDIT TRANSFER 9310 CASHFOCUS R1138/05-1398471T2			30.219,71	03 16	267.920,78
CREDIT TRANSFER 9311 CASHFOCUS RAF217/03-802281T11			37.919,06	03 16	305.839,84
CREDIT TRANSFER 9312 CASHFOCUS R501/04-932061T8			42.028,78	03 16	347.868,62
CREDIT TRANSFER 9313 CASHFOCUS RAF427/04-1183648T9			69.043,93	03 16	416.912,55
CHEQUE CASHED 102927	7,58		255,00-	03 16	416.657,55
CHEQUE 102921	21,03		1.140,00-	03 16	415.517,55
CHEQUE 102917	38,50		9.429,17-	03 16	406.088,38
CHEQUE 102919	38,50		14.337,95-	03 16	391.750,43
CHEQUE 102922	38,50		25.000,00-	03 16	366.750,43
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102927	##		17,50-	03 16	366.732,93
CHEQUE CASHED 102930	7,58		255,00-	03 17	366.477,93
CHEQUE CASHED 102928	7,58		255,00-	03 17	366.222,93
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102928	##		17,50-	03 17	366.205,43
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102930	##		17,50-	03 17	366.187,93
CASH DEPOSIT ANELE DIKANE DURBAN 018			357,00	03 19	366.544,93

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
06 MAY 2009
04-03-27

RR4-TSW-1503

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DURBAN
PO BOX 47047
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The Standard Bank of South Africa
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DURBAN 0026
MONTHLY MAIL

Statement No 137
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					366.544,93
IB PAYMENT TO T.A. MDIMA 936002247	14,50	3.000,00-		03 19	363.544,93
CHEQUE 102915	11,30	500,00-		03 19	363.044,93
CASH DEPOSIT FEE - BRANCH ACC 050033077 DEP BCH 0026	¢#	7,17-		03 19	363.037,76
CHEQUE 102932	9,45	378,00-		03 20	362.659,76
CHEQUE 102933	7,17	228,00-		03 20	362.431,76
CHEQUE 102925	7,40	243,48-		03 20	362.188,28
CHEQUE 102931	38,50	5.000,00-		03 20	357.188,28
CREDIT TRANSFER 9777 CASHFOCUS RAF999/05-1443522T3			7.553,62	03 22	364.741,90
CREDIT TRANSFER 9778 CASHFOCUS RAF1001/05-1443697T3			9.412,20	03 22	374.154,10
CREDIT TRANSFER 9779 CASHFOCUS RAF819/04-1390666T3			12.292,98	03 22	386.447,08
CREDIT TRANSFER 9780 CASHFOCUS RAF1875/05-1586297T2			3.103,28	03 22	389.550,36
CREDIT TRANSFER 9781 CASHFOCUS RAF1877/05-1587028T3			7.350,12	03 22	396.900,48
AUTOBANK CASH WITHDRAWAL AT UMBILO AGCY2 11H08 936002247	21,60	2.000,00-		03 22	394.900,48
** CHEQUE 102934	38,50	65.075,00-		03 23	329.825,48

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¢# These fees are inclusive of VAT at 14,00%
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COMMISSION OF INQUIRY INTO STATE CAPTURE
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DURBAN 0026
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					329.825,48
CHEQUE CASHED 102929	7,58	255,00-		03 24	329.570,48
RTD-AMOUNTS DIFFER 102934 SARS			65.075,00	03 24	394.645,48
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102929	##	17,50-		03 24	394.627,98
CASH DEPOSIT ALVINA THEKWINI 671			2.007,96	03 26	396.635,94
AUTOBANK CASH WITHDRAWAL AT THEKWINI POR 1 08H57 936002247	12,60	1.000,00-		03 26	395.635,94
IB PAYMENT TO D.M. DIALE 936002247	14,50	20.000,00-		03 26	375.635,94
STOP ORDER HANDLING FEE	##	6,00-		03 26	375.629,94
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		03 26	375.229,94
CASH DEPOSIT FEE - BRANCH ACC 050033077 DEP BCH 5226	##	23,68-		03 26	375.206,26
INTEREST ON OVERDRAFT UP TO 03 25 OVER LIMIT 1 050033077 @18,000%		7,11-		03 26	375.199,15
INTEREST ON OVERDRAFT UP TO 03 06 LIMIT 1 050033077 @17,000%		106,24-		03 26	375.092,91
INTEREST ON OVERDRAFT UP TO 03 25 LIMIT 1 050033077 @18,000%		137,00-		03 26	374.955,91
CHEQUE 102935	38,50	9.169,40-		03 27	365.786,51

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DURBAN 0026
MONTHLY MAIL

Statement No 137
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Missing Cheques
These cheques have not yet been received and therefore are not included with this statement. If received these cheques will be included with your next statement.

Serial no	Amount	Serial no	Amount
102934	65.075,00-		

Fee Structure
Overdraft Details* :Overdraft Limit R 50.000
Up to R 50.000 at 18,000%
Above R 50.000 at 18,000%
Review Date (temporary facilities excluded) : 2007-06-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

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Up to R 50.000 at 18,000%
Above R 50.000 at 18,000%
Review Date (temporary facilities excluded) : 2007-06-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)
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06 MAY 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 138
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7
Month-end Balance R 2.366.870,55

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				03 28	365.786,51
AUTOBANK CASH WITHDRAWAL AT UMBILO AGCY 1 13H50 936002247	21,60	2.000,00-		03 28	363.786,51
CHEQUE CASHED 102936	38,50	6.000,00-		03 28	357.786,51
CHEQUE 102923	5,43	114,00-		03 28	357.672,51
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102936	##	54,00-		03 28	357.618,51
ACCOUNT PAYMENT 9699 STANCOM - V418 WATER/RENTAL	5,24	273,60-		03 29	357.344,91
CHEQUE 102937	38,50	25.501,60-		03 29	331.843,31
IB TRANSFER FROM 05-087-199-4 09H49 936002247		2.280.000,00		03 30	2.611.843,31
CREDIT TRANSFER 9018 CASHFOCUS KHWELA-1416026T2		5.513,45		03 30	2.617.356,76
** CHEQUE CASHED 102942	34,10	2.000,00-		03 30	2.615.356,76
** CHEQUE CASHED 102939	26,50	1.500,00-		03 30	2.613.856,76
IB PAYMENT TO NOMUSA SYBIL MDUNGE 936002247	14,50	4.000,00-		03 30	2.609.856,76
IB PAYMENT TO D.M. DIALE 936002247	14,50	20.000,00-		03 30	2.589.856,76
IB PAYMENT TO MUSA DLAMINI 936002247	14,50	10.000,00-		03 30	2.579.856,76

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These fees are inclusive of VAT at 14,00%

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DURBAN 0026
MONTHLY MAIL

Statement No 138
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.579.856,76
IB PAYMENT TO UNATHI XOKO 936002247	14,50	3.000,00-		03 30	2.576.856,76
IB PAYMENT TO SHARON MYENI 936002247	14,50	4.000,00-		03 30	2.572.856,76
IB PAYMENT TO NOKUBONGA MAGAZI 936002247	12,60	1.500,00-		03 30	2.571.356,76
IB PAYMENT TO S E KUBONI 936002247	14,50	15.000,00-		03 30	2.556.356,76
IB PAYMENT TO S.W.NGCAWENI 936002247	14,50	10.000,00-		03 30	2.546.356,76
IB PAYMENT TO THOKO MTHIMUNYE 936002247	14,50	3.000,00-		03 30	2.543.356,76
IB PAYMENT TO M MJOKOVANA 936002247	14,50	15.000,00-		03 30	2.528.356,76
IB PAYMENT TO THOBE GUMEDE 936002247	14,50	10.000,00-		03 30	2.518.356,76
IB PAYMENT TO DUDUZILE NOZIBELE 936002247	14,50	4.000,00-		03 30	2.514.356,76
IB PAYMENT TO LINTLE KOLISANG 936002247	14,50	3.000,00-		03 30	2.511.356,76
IB PAYMENT TO ALVINA N. MATSAU 936002247	14,50	5.000,00-		03 30	2.506.356,76
IB PAYMENT TO ANELE DIKANE 936002247	14,50	5.000,00-		03 30	2.501.356,76
IB PAYMENT TO WS KUBONI 936002247	14,50	25.000,00-		03 30	2.476.356,76
IB PAYMENT TO VANESSA SEWELL 936002247	14,50	6.000,00-		03 30	2.470.356,76

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STANDARD BANK
KINGSMEAD
06 MAY 2008
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1508

G10/12

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MONTHLY MAIL

Statement No 138
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.470.356,76
IB PAYMENT TO I.B. BLOSE 936002247	14,50	15.000,00-		03 30	2.455.356,76
IB PAYMENT TO S.B. MACARINGUE 936002247	14,50	6.000,00-		03 30	2.449.356,76
IB PAYMENT TO JABULANI THUSI 936002247	14,50	15.000,00-		03 30	2.434.356,76
IB PAYMENT TO R S GUMEDE 936002247	14,50	8.000,00-		03 30	2.426.356,76
IB PAYMENT TO J.S. NDABA 936002247	6,60	500,00-		03 30	2.425.856,76
IB PAYMENT TO NTOKOZO DUMA 936002247	14,50	2.000,00-		03 30	2.423.856,76
IB PAYMENT TO NOZIBELE PHINDELA 936002247	14,50	15.000,00-		03 30	2.408.856,76
IB PAYMENT TO G.M. MCHUNU 936002247	14,50	10.000,00-		03 30	2.398.856,76
ACCOUNT PAYMENT 9308 JOHNCOM 6108069 SUNTMIND	3,78	30,36-		03 30	2.398.826,40
ACCOUNT PAYMENT 9875 JOHNCOM 6108338 BDAY	4,33	121,88-		03 30	2.398.704,52
SERVICE AGREEMENT 9802 STANCOM - 704C DEBIT ORDER RUN	5,73	355,57-		03 30	2.398.348,95
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102942	##	20,00-		03 30	2.398.328,95
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102939	##	17,50-		03 30	2.398.311,45
** CHEQUE 102946	38,50	29.754,00-		03 31	2.368.557,45

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STANDARD BANK
06 MAY 2008
04-01-37

RR4-TSW-1509

G10/13

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31 March 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 138
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.368.557,45
OVERDRAFT LEDGER FEE ACC 050033077	##	30,00-		03 31	2.368.527,45
SERVICE FEE ACC 050033077	##	1.656,90-		03 31	2.366.870,55

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Serial no	Amount	Serial no	Amount
102939	1.500,00-	102946	29.754,00-
102942	2.000,00-		

Fee Structure
Overdraft Details* :Overdraft Limit R 50.000
Up to R 50.000 at 18,000%
Above R 50.000 at 18,000%
Review Date (temporary facilities excluded) : 2007-06-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

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STANDARD BANK
KINGSMEAD
06 MAY 2009
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DURBAN 0026
MONTHLY MAIL

Statement No 139
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				04 02	2.366.870,55
CREDIT TRANSFER 9718 CASHFOCUS 3034/06-1731360T2			3.237,63	04 02	2.370.108,18
CASH DEPOSIT MG NYEMBE ALBERT STREE 257			300,00	04 02	2.370.408,18
CASH DEPOSIT 0313014164 ALVINA			300,00	04 02	2.370.708,18
TRANSFER TO 268608482/001 W KUBONI MONEYM	38,50	2.280.000,00-		04 02	90.708,18
INSURANCE PREMIUM 9451 OLDMUTCOL 2598631920070401	14,50	2.775,00-		04 02	87.933,18
CHEQUE 102944	32,67	1.905,86-		04 02	86.027,32
ACCOUNT PAYMENT 9128 NASHUA MBL 41120229	14,50	5.117,95-		04 02	80.909,37
CHEQUE 102943	38,50	59.469,50-		04 02	21.439,87
ACCOUNT PAYMENT 9076 AOT KZN WEL002 R04741	6,72	520,39-		04 02	20.919,48
ACCOUNT PAYMENT 9063 AOT KZN WEL002 R04740	13,67	1.679,04-		04 02	19.240,44
ACCOUNT PAYMENT 9053 SBSA VAF 34061606 0002 01 APR	3,60	5.101,58-		04 02	14.138,86
SERVICE AGREEMENT 9482 MULTID FORSAOL.COM 19040406	4,26	109,90-		04 02	14.028,96

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STANDARD BANK
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DURBAN 0026
MONTHLY MAIL

Statement No 139
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					14.028,96
SERVICE AGREEMENT 9464 LSSUPPORT KUBO01 NO LW40166	8,12	753,90-		04 02	13.275,06
SERVICE AGREEMENT 9669 CANON OA DU6993	14,50	2.292,94-		04 02	10.982,12
INSURANCE PREMIUM 9708 DIAGONAL 74030086 DIAG	7,59	664,32-		04 02	10.317,80
INSURANCE PREMIUM 9751 EPIC 2 02144ROYALISL000040	4,40	133,45-		04 02	10.184,35
CASH DEPOSIT FEE - BRANCH ACC 050033077 DEP BCH 5226	##	6,60-		04 02	10.177,75
CASH DEPOSIT FEE - BRANCH ACC 050033077 DEP BCH 0826	##	6,60-		04 02	10.171,15
CREDIT TRANSFER 9636 CASHFOCUS 1037/05-1075887T4			10.546,79	04 03	20.717,94
AUTOBANK CASH WITHDRAWAL AT GLENWOOD AG 1 13H17 936002247	21,60	2.000,00-		04 03	18.717,94
CHEQUE CASHED 102947	13,43	640,00-		04 03	18.077,94
CHEQUE 102949	38,50	5.259,65-		04 03	12.818,29
CHEQUE 102948	6,76	202,80-		04 03	12.615,49
CHEQUE 102938	38,50	17.750,00-		04 03	5.134,51-
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102947	##	17,50-		04 03	5.152,01-

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					5.152,01-
CREDIT TRANSFER 9709 CASHFOCUS 690/04-1132461T5			10.977,00	04 04	5.824,99
CREDIT TRANSFER 9710 CASHFOCUS 1253-1524399T2			10.085,26	04 04	15.910,25
CREDIT TRANSFER 9711 CASHFOCUS 1133/5-1491716T2			6.798,49	04 04	22.708,74
CREDIT TRANSFER 9712 CASHFOCUS 1132/05-1491717T4			12.574,84	04 04	35.283,58
CREDIT TRANSFER 9713 CASHFOCUS 1036/5-1134025T3			17.185,65	04 04	52.469,23
IB PAYMENT FROM BGD/SGM/09/S515			4.947,31	04 04	57.416,54
CHEQUE CASHED 102950	18,90	1.000,00-		04 04	56.416,54
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102950	##		17,50-	04 04	56.399,04
CHEQUE 102941	38,50	7.350,00-		04 04	49.049,04
CREDIT TRANSFER 9813 CASHFOCUS 614/04-1134470T1			9.052,30	04 05	58.101,34
CREDIT TRANSFER 9814 CASHFOCUS 941-749626T2			9.543,95	04 05	67.645,29
CREDIT TRANSFER 9815 CASHFOCUS 1250-1524443T2			11.826,94	04 05	79.472,23
CREDIT TRANSFER 9816 CASHFOCUS 1200-1477525T3			14.045,70	04 05	93.517,93
CREDIT TRANSFER 9817 CASHFOCUS 1084-1451417T2			16.583,41	04 05	110.101,34

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These fees are inclusive of VAT at 14,00%

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STANDARD BANK
06 MAY 2009

RR4-TSW-1513

G 10/17

050033077

The Standard Bank of South Africa Limited
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Reg No 1962/000738/06
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26 April 2007
591372315

DURBAN
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GREYVILLE 4023

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
MONTHLY MAIL

Statement No 139
VAT Reg. No.
Page 4 of 7

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					110.101,34
CREDIT TRANSFER 9818					
CASHFOCUS 430/03-1213912T6			54.669,33	04 05	164.770,67
INSURANCE PREMIUM 9534					
LIBLIFE					
05APR84122475*005534	14,50	1.943,01-		04 05	162.827,66
INSURANCE PREMIUM 9580					
OLDMUTCOL					
2598626620070405	5,25	275,00-		04 05	162.552,66
IB PAYMENT FROM					
WSK/AM/TRF 161/06			202,80	04 10	162.755,46
CHEQUE 102951	38,50	10.041,60-		04 10	152.713,86
ACCOUNT PAYMENT 9259					
SBSA VAF 34061606 0003					
07 APR	3,60	8.519,23-		04 10	144.194,63
CHEQUE 102953	38,50	5.957,94-		04 11	138.236,69
CHEQUE 102957	38,50	7.900,54-		04 13	130.336,15
CHEQUE 102955	38,50	5.980,09-		04 13	124.356,06
CHEQUE 102940	38,50	18.200,00-		04 13	106.156,06
CHEQUE 102958	7,55	253,61-		04 13	105.902,45
CASH DEPOSIT UNATHI					
DURBAN 517			559,70	04 16	106.462,15
CASH DEPOSIT FEE -					
BRANCH ACC 050033077					
DEP BCH 0026	##	9,20-		04 16	106.452,95
CHEQUE 102945	38,50	4.959,00-		04 17	101.493,95

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STANDARD BANK
06 MAY 2009
04-01-27

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1514

G10/13

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					101.493,95
CREDIT TRANSFER 9339 CASHFOCUS 1324/05-1365654T2			8.568,52	04 18	110.062,47
CHEQUE 102914	20,34	1.095,00-		04 19	108.967,47
FEE - CHEQUE BOOK ACC 05-003-307-7	##	40,00-		04 21	108.927,47
** CHEQUE CASHED 102960	12,82	600,00-		04 25	108.327,47
CHEQUE CASHED 102961	38,50	2.365,31-		04 25	105.962,16
STOP ORDER HANDLING FEE	##	6,00-		04 25	105.956,16
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		04 25	105.556,16
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102960	##	17,50-		04 25	105.538,66
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102961	##	23,65-		04 25	105.515,01
INTEREST ON OVERDRAFT UP TO 04 24 LIMIT 1 050033077 @18,000%		2,54-		04 25	105.512,47
CREDIT TRANSFER 9881 CASHFOCUS 870/04-1368830T2			7.924,57	04 26	113.437,04
IB PAYMENT TO VANESSA SEWELL 936002247	14,50	6.000,00-		04 26	107.437,04
IB PAYMENT TO S.W.NGCAWENI 936002247	14,50	10.000,00-		04 26	97.437,04
IB PAYMENT TO LINTLE KOLISANG 936002247	14,50	3.000,00-		04 26	94.437,04

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STANDARD BANK
06 MAY 2008

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1515

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Statement No 139
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					94.437,04
IB PAYMENT TO ANELE DIKANE 936002247	14,50	5.000,00-		04 26	89.437,04
IB PAYMENT TO NOZIBELE PHINDELA 936002247	14,50	15.000,00-		04 26	74.437,04
IB PAYMENT TO UNATHI XOKO 936002247	14,50	3.000,00-		04 26	71.437,04
IB PAYMENT TO JABULANI THUSI 936002247	14,50	15.000,00-		04 26	56.437,04
IB PAYMENT TO I.B. BLOSE 936002247	14,50	15.000,00-		04 26	41.437,04
IB PAYMENT TO S.B. MACARINGUE 936002247	14,50	6.000,00-		04 26	35.437,04
IB PAYMENT TO NTOKOZO DUMA 936002247	14,50	2.000,00-		04 26	33.437,04
IB PAYMENT TO MUSA DLAMINI 936002247	14,50	15.000,00-		04 26	18.437,04
IB PAYMENT TO DUDUZILE NOZIBELE 936002247	14,50	4.000,00-		04 26	14.437,04
IB PAYMENT TO ALVINA N. MATSAU 936002247	14,50	5.000,00-		04 26	9.437,04
IB PAYMENT TO THOBE GUMEDE 936002247	14,50	10.000,00-		04 26	562,96-
IB PAYMENT TO SHARON MYENI 936002247	14,50	4.000,00-		04 26	4.562,96-
IB PAYMENT TO THOKO MTHIMUNYE 936002247	14,50	3.000,00-		04 26	7.562,96-
IB PAYMENT TO M MJOKOVANA 936002247	14,50	15.000,00-		04 26	22.562,96-

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STANDARD BANK
06 MAY 2007

RR4-TSW-1516

G 10/20

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26 April 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 139
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT Account Number 05 003 307 7

Additional Cheques

Additional cheques included with this statement - these cheques have been reflected on previous statements.

Serial No	Amount	Serial No	Amount
102939	1.500,00-	102946	29.754,00-
102942	2.000,00-		

Missing Cheques

These cheques have not yet been received and therefore are not included with this statement. If received these cheques will be included with your next statement.

Serial no	Amount	Serial no	Amount
102960	600,00-		

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000
Up to R 50.000 at 18,000%
Above R 50.000 at 18,000%
Review Date (temporary facilities excluded) : 2007-06-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit www.standardbank.co.za

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
05 MAY 2023
04-01-27

RR4-TSW-1517

G 10/21

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30 April 2007
591372315

DURBAN
PO BOX 47047
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
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DURBAN 0026
MONTHLY MAIL

Statement No 140
VAT Reg. No.
Page 1 of 2

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Month-end Balance R 26.260,92-

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				04 28	22.562,96-
** CHEQUE CASHED 102962	26,50	1.500,00-		04 30	24.062,96-
ACCOUNT PAYMENT 9840 JOHNCOM 6108069 SUNTMIND	3,78	30,36-		04 30	24.093,32-
ACCOUNT PAYMENT 9786 JOHNCOM 6108338 BDAY	4,33	121,88-		04 30	24.215,20-
SERVICE AGREEMENT 9463 STANCOM - 704C DEBIT ORDER RUN	9,58	996,23-		04 30	25.211,43-
SERVICE FEE ACC 050033077	##	1.001,99-		04 30	26.213,42-
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102962	##	17,50-		04 30	26.230,92-
OVERDRAFT LEDGER FEE ACC 050033077	##	30,00-		04 30	26.260,92-

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These fees are inclusive of VAT at 14,00%

Additional Cheques
Additional cheques included with this statement - these cheques have been reflected on previous statements.

Serial No	Amount	Serial No	Amount
102960	600,00-		

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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1518

G 10/22

050033077

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Customer Care Centre : 0860 101 341
30 April 2007
591372315

DURBAN
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THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

Statement No 140
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT Account Number 05 003 307 7

Missing Cheques

These cheques have not yet been received and therefore are not included with this statement. If received these cheques will be included with your next statement.

Serial no	Amount	Serial no	Amount
102962	1.500,00-		

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000
Up to R 50.000 at 18,000%
Above R 50.000 at 18,000%
Review Date (temporary facilities excluded) : 2007-06-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit www.standardbank.co.za

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STANDARD BANK
KINGSWAY
05 MAY 2009
CUSTOMER CONSULTANT
04-01-27

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1519

G10/23

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DURBAN
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26 May 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
MONTHLY MAIL

Statement No 141
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				05 02	26.260,92-
CASH DEPOSIT ALVINA THEKWINI 556			262,48	05 02	25.998,44-
CHEQUE CASHED 102963	13,43	640,00-		05 02	26.638,44-
ACCOUNT PAYMENT 9098 AOT KZN WELCO2 R07394	6,76	525,92-		05 02	27.164,36-
SERVICE AGREEMENT 9199 CANON OA DU6993	6,98	563,48-		05 02	27.727,84-
ACCOUNT PAYMENT 9097 AOT KZN WELCO2 R07393	13,77	1.695,18-		05 02	29.423,02-
ACCOUNT PAYMENT 9174 NASHUA MBL 41366205	14,50	6.627,49-		05 02	36.050,51-
INSURANCE PREMIUM 9150 OLDMUTCOL 2598631920070501	14,50	2.775,00-		05 02	38.825,51-
ACCOUNT PAYMENT 9304 SBSA VAF 34061606 0002 01 MAY	3,60	5.101,58-		05 02	43.927,09-
SERVICE AGREEMENT 9669 MULTID FORSAOL.COM 34831509	5,64	340,01-		05 02	44.267,10-
SERVICE AGREEMENT 9032 LSSUPPORT KUBO01 NO LW41009	8,12	753,90-		05 02	45.021,00-
INSURANCE PREMIUM 9063 EPIC 2 02207ROYALISL000040	4,40	133,45-		05 02	45.154,45-
INSURANCE PREMIUM 9697 DIAGONAL 74030086 DIAG	7,59	664,32-		05 02	45.818,77-

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STANDARD BANK
VRYBURG
06 MAY 2008
CENTRAL ARCHIVE
04-01-07

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1520

G10/24

050033077

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26 May 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61262
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DURBAN 0026
MONTHLY MAIL

Statement No 141
VAT Reg. No.
Page 2 of 9

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					45.818,77-
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102963	##	17,50-		05 02	45.836,27-
CASH DEPOSIT FEE - BRANCH ACC 050033077 DEP BCH 5226	##	6,22-		05 02	45.842,49-
IB PAYMENT TO G.M. MCHUNU 936002247	14,50	10.000,00-		05 03	55.842,49-
ACCOUNT PAYMENT 9689 STANCOM - V41B WATER/RENTAL	5,52	319,20-		05 03	56.161,69-
CHEQUE 102964	38,50	9.579,60-		05 04	65.741,29-
FEE - OVER LIMIT	##	79,00-		05 04	65.820,29-
AUTOPLUS TRANSFER FROM ACCOUNT 05-087-199-4 09H51 936002247			40.000,00	05 05	25.820,29-
FEE - OVER LIMIT	##	79,00-		05 05	25.899,29-
CHEQUE DEPOSIT THEKWINI COLLE GE			17.320,50	05 07	8.578,79-
INSURANCE PREMIUM 9780 OLDMUTCOL 2598626620070505	5,25	275,00-		05 07	8.853,79-
INSURANCE PREMIUM 9422 LIBLIFE 05MAY84122475*005422	14,50	1.943,01-		05 07	10.796,80-
CHEQUE CASHED 102970	26,50	1.500,00-		05 08	12.296,80-
CHEQUE CASHED 102971	34,10	2.000,00-		05 08	14.296,80-
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102971	##	20,00-		05 08	14.316,80-

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STANDARD BANK
06 MAY 2008

RR4-TSW-1521

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26 May 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 141
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT — Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					14.316,80-
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102970	##	17,50-		05 08	14.334,30-
CHEQUE 102969	15,83	798,00-		05 09	15.132,30-
IB PAYMENT TO R S GUMEDE 936002247	14,50	8.000,00-		05 12	23.132,30-
IB PAYMENT TO NOZIBELE PHINDELA 936002247	14,50	5.000,00-		05 12	28.132,30-
IB PAYMENT TO JABULANI THUSI 936002247	14,50	5.000,00-		05 12	33.132,30-
IB PAYMENT TO I.B. BLOSE 936002247	14,50	5.000,00-		05 12	38.132,30-
CHEQUE 102967	38,50	2.364,37-		05 15	40.496,67-
CHEQUE 102926	7,50	250,00-		05 17	40.746,67-
CHEQUE 102965	38,50	11.550,00-		05 17	52.296,67-
FEE - OVER LIMIT	##	79,00-		05 18	52.375,67-
IB TRANSFER FROM 05-087-199-4 18H05 936002247			6.000,00	05 21	46.375,67-
CHEQUE CASHED 102972	38,50	3.500,00-		05 23	49.875,67-
INSURANCE PREMIUM 9188 LAWACCWEB RF018019020 LAW00040	10,67	1.178,76-		05 23	51.054,43-
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102972	##	35,00-		05 23	51.089,43-
CREDIT TRANSFER 9289 CASHFOCUS RAF84/02-943178T3			817,21	05 24	50.272,22-

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STANDARD BANK KINGSMEAD 00 MAY 2007

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1522

G 10/26

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MONTHLY MAIL

Statement No 141
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					50.272,22-
CREDIT TRANSFER 9290 CASHFOCUS 03R3128/06-1736347T3			845,58	05 24	49.426,64-
CREDIT TRANSFER 9291 CASHFOCUS 03R2064/06-1520825T2			1.222,03	05 24	48.204,61-
CREDIT TRANSFER 9292 CASHFOCUS RAF3325/07-1709631T2			1.269,24	05 24	46.935,37-
CREDIT TRANSFER 9293 CASHFOCUS RAF1719-1611807T4			1.369,25	05 24	45.566,12-
CREDIT TRANSFER 9294 CASHFOCUS RAF701-1243554T4			1.821,85	05 24	43.744,27-
CREDIT TRANSFER 9295 CASHFOCUS RAF3207/06-1609309T2			2.981,51	05 24	40.762,76-
CREDIT TRANSFER 9296 CASHFOCUS RAF1620/05-1384250T4			4.364,81	05 24	36.397,95-
CREDIT TRANSFER 9297 CASHFOCUS 06/R1973/0-1657751T2			5.708,90	05 24	30.689,05-
CREDIT TRANSFER 9298 CASHFOCUS 03R719/04-935490T1			5.718,56	05 24	24.970,49-
CREDIT TRANSFER 9299 CASHFOCUS RAF3095-1741800T2			6.443,43	05 24	18.527,06-
CREDIT TRANSFER 93 CASHFOCUS RAF1148/05-766953T4			6.621,61	05 24	11.905,45-

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STANDARD BANK
06 MAY 2009
04-01-27

COMMISSION OF INQUIRY INTO STATE CAPTURE

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MONTHLY MAIL

Statement No 141
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					11.905,45-
CREDIT TRANSFER 9301 CASHFOCUS 03RAF902/0-1398525T2			6.843,83	05 24	5.061,62-
CREDIT TRANSFER 9302 CASHFOCUS RAF620/04-1350227T1			7.382,84	05 24	2.321,22
CREDIT TRANSFER 9303 CASHFOCUS RAF1144/05-1445146T4			7.410,23	05 24	9.731,45
CREDIT TRANSFER 9304 CASHFOCUS RAF3277/06-1609154T2			7.690,06	05 24	17.421,51
CREDIT TRANSFER 9305 CASHFOCUS 04RAF794/0-1349728T3			9.022,83	05 24	26.444,34
CREDIT TRANSFER 9306 CASHFOCUS RAF1281/05-1543114T2			11.534,55	05 24	37.978,89
CREDIT TRANSFER 9307 CASHFOCUS RAF728/04-686199T5			13.469,22	05 24	51.448,11
CREDIT TRANSFER 9308 CASHFOCUS 03R3363/07-1675717T2			949,23	05 24	52.397,34
CREDIT TRANSFER 9309 CASHFOCUS RAF1905/06-1630063T3			2.507,82	05 24	54.905,16
CREDIT TRANSFER 9310 CASHFOCUS RAF855/04-1091911T4			6.090,82	05 24	60.995,98

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

BANK
KINGSMEAD
0 6 MAY 2009
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-01-27

RR4-TSW-1524

G10/28

050033077

DURBAN
PO BOX 47047
GREYVILLE 4023

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
26 May 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 141
VAT Reg. No.
Page 6 of 9

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT — Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					60.995,98
CREDIT TRANSFER 9311 CASHFOCUS R1176/05-1303461T3			967,28	05 24	61.963,26
CREDIT TRANSFER 9312 CASHFOCUS 07R1010/05-1381657T1			1.896,41	05 24	63.859,67
CREDIT TRANSFER 9313 CASHFOCUS RAF785-1387577T4			3.024,08	05 24	66.883,75
CREDIT TRANSFER 9314 CASHFOCUS RAF93/02-825520T2			4.935,73	05 24	71.819,48
CREDIT TRANSFER 9315 CASHFOCUS 03RAF1115/-1478955T3			4.979,27	05 24	76.798,75
CREDIT TRANSFER 9316 CASHFOCUS RAF394/03-942345T5			5.547,26	05 24	82.346,01
CREDIT TRANSFER 9317 CASHFOCUS RAF969/04-1211564T4			5.567,44	05 24	87.913,45
CREDIT TRANSFER 9318 CASHFOCUS 03/RAF590/-1228003T2			6.215,24	05 24	94.128,69
CREDIT TRANSFER 9319 CASHFOCUS 03R636/04-1250102T2			6.316,15	05 24	100.444,84
CREDIT TRANSFER 9320 CASHFOCUS RAF652-942368T5			6.399,13	05 24	106.843,97
CREDIT TRANSFER 9321 CASHFOCUS RAF1092/05-1449412T1			9.196,84	05 24	116.040,81

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†† These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
06 MAY 2008
04-01-07

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G10/29

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DURBAN
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DURBAN 0026
MONTHLY MAIL

Statement No 141
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					116.040,81
CREDIT TRANSFER 9322 CASHFOCUS 823-1267952T6			11.230,00	05 24	127.270,81
CREDIT TRANSFER 9323 CASHFOCUS RAF3132-1672567T2			1.519,64	05 24	128.790,45
CREDIT TRANSFER 9324 CASHFOCUS RAF218/03-914719T2			1.756,63	05 24	130.547,08
CREDIT TRANSFER 9325 CASHFOCUS 03R3194/06-1681856T3			2.055,17	05 24	132.602,25
CREDIT TRANSFER 9326 CASHFOCUS 04R379/03-1055846T1			2.172,16	05 24	134.774,41
CREDIT TRANSFER 9327 CASHFOCUS RAF187/02-128932T3			5.904,62	05 24	140.679,03
CREDIT TRANSFER 9328 CASHFOCUS RAF285/03-1112577T2			6.162,29	05 24	146.841,32
CREDIT TRANSFER 9329 CASHFOCUS RAF997/05-1291321T1			6.239,06	05 24	153.080,38
CREDIT TRANSFER 9330 CASHFOCUS KUPPUSAMY-1134758T5			8.388,90	05 24	161.469,28
CREDIT TRANSFER 9331 CASHFOCUS RAF214/3-1112586T4			8.477,85	05 24	169.947,13
CREDIT TRANSFER 9332 CASHFOCUS 04R380/03-1055458T1			10.242,93	05 24	180.190,06

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STANDARD BANK
06 MAY 2008
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DURBAN
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DURBAN 0026
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					180.190,06
CREDIT TRANSFER 9333 CASHFOCUS RAF472/03-798135T6			16.832,93	05 24	197.022,99
CREDIT TRANSFER 9334 CASHFOCUS SIKISI D.R-962375T3			20.337,02	05 24	217.360,01
CREDIT TRANSFER 9335 CASHFOCUS RAF525/04-1295673T8			38.576,55	05 24	255.936,56
FEE - OVER LIMIT	##		79,00-	05 24	255.857,56
STOP ORDER HANDLING FEE	##		6,00-	05 25	255.851,56
STOP ORDER 0001 CHARGES ACCOUNT			400,00-	05 25	255.451,56
INTEREST ON OVERDRAFT UP TO 05 24 OVER LIMIT 1 050033077 @18,000%			16,02-	05 25	255.435,54
INTEREST ON OVERDRAFT UP TO 05 24 LIMIT 1 050033077 @18,000%			468,04-	05 25	254.967,50
** CHEQUE 103001	38,50		8.203,10-	05 26	246.764,40

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

Additional Cheques
Additional cheques included with this statement - these cheques have been reflected on previous statements.

Serial No	Amount	Serial No	Amount
102962	1.500,00-		

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK CARD 06 MAY 2003 DOCUMENT 02-01-27

RR4-TSW-1527

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26 May 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 141
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Missing Cheques
These cheques have not yet been received and therefore are not included with this statement. If received these cheques will be included with your next statement.

Serial no	Amount	Serial no	Amount
103001	8.203,10-		

Fee Structure
Overdraft Details* :Overdraft Limit R 50.000
Up to R 50.000 at 18,000%
Above R 50.000 at 18,000%
Review Date (temporary facilities excluded) : 2007-06-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 - 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
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COMMISSION OF INQUIRY INTO STATE CAPTURE

STATE CAPTURE
06 MAY 2019

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G10/32

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The Standard Bank of South Africa
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31 May 2007
591372315

DURBAN
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
MONTHLY MAIL

Statement No 142
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Month-end Balance R 11.187,02

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				05 28	246.764,40
IB PAYMENT TO G.M. MCHUNU 936002247	14,50	10.000,00-		05 29	236.764,40
IB PAYMENT TO THOKO MTHIMUNYE 936002247	14,50	3.000,00-		05 29	233.764,40
IB PAYMENT TO NOZIBELE PHINDELA 936002247	14,50	25.000,00-		05 29	208.764,40
IB PAYMENT TO SHARON MYENI 936002247	14,50	4.000,00-		05 29	204.764,40
IB PAYMENT TO VANESSA SEWELL 936002247	14,50	6.000,00-		05 29	198.764,40
IB PAYMENT TO S.B. MACARINGUE 936002247	14,50	6.000,00-		05 29	192.764,40
IB PAYMENT TO S.W.NGCAWENI 936002247	14,50	10.000,00-		05 29	182.764,40
IB PAYMENT TO MUSA DLAMINI 936002247	14,50	15.000,00-		05 29	167.764,40
IB PAYMENT TO I.B. BLOSE 936002247	14,50	30.000,00-		05 29	137.764,40
IB PAYMENT TO ANELE DIKANE 936002247	14,50	5.000,00-		05 29	132.764,40
IB PAYMENT TO LINTLE KOLISANG 936002247	14,50	3.000,00-		05 29	129.764,40
IB PAYMENT TO DUDUZILE NOZIBELE 936002247	14,50	4.000,00-		05 29	125.764,40

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COMMISSION OF INQUIRY INTO STATE CAPTURE

BANK
06 MAY 2009

RR4-TSW-1529

G 10/33

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31 May 2007
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DURBAN
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MONTHLY MAIL

Statement No 142
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					125.764,40
IB PAYMENT TO MAPHUMULO&MAPHUMULO 936002247	14,50	25.000,00-		05 29	100.764,40
IB PAYMENT TO JABULANI THUSI 936002247	14,50	30.000,00-		05 29	70.764,40
IB PAYMENT TO ALVINA N. MATSAU 936002247	14,50	5.000,00-		05 29	65.764,40
CREDIT TRANSFER 9235 CASHFOCUS 19816/2003-1154426T1			7.201,69	05 30	72.966,09
CREDIT TRANSFER 9236 CASHFOCUS 17312-1075900T5			9.290,78	05 30	82.256,87
CHEQUE 102974	17,96	938,48-		05 30	81.318,39
** CHEQUE CASHED 102977	21,94	1.200,00-		05 31	80.118,39
** CHEQUE CASHED 102978	26,50	1.500,00-		05 31	78.618,39
AUTOPLUS PAYMENT TO R S GUMEDE 936002247	14,50	3.000,00-		05 31	75.618,39
AUTOPLUS PAYMENT TO NTOKOZO DUMA 936002247	14,50	4.000,00-		05 31	71.618,39
AUTOPLUS PAYMENT TO LINTLE KOLISANG 936002247	14,50	4.000,00-		05 31	67.618,39
AUTOPLUS PAYMENT TO UNATHI XOKO 936002247	14,50	4.000,00-		05 31	63.618,39
AUTOPLUS PAYMENT TO DUDUZILE NOZIBELE 936002247	14,50	4.000,00-		05 31	59.618,39

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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1530

G10/34

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31 May 2007
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DURBAN
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
MONTHLY MAIL

Statement No 142
VAT Reg. No.
Page 3 of 4

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					59.618,39
ACCOUNT PAYMENT 9280					
SBSA VAF 34061606 0004					
31 MAY	3,60	14.397,85-		05 31	45.220,54
** CHEQUE 102976	38,50	7.350,00-		05 31	37.870,54
ACCOUNT PAYMENT 9850					
STANCOM - V418					
WATER/RENTAL	3,72	19,38-		05 31	37.851,16
CHEQUE 102975	38,50	9.577,34-		05 31	28.273,82
CHEQUE 102973	38,50	9.086,37-		05 31	19.187,45
ACCOUNT PAYMENT 9070					
JOHNCOM 6108338 BDAY	4,33	121,88-		05 31	19.065,57
ACCOUNT PAYMENT 9255					
JOHNCOM 6108069 SUNTMIND	3,80	32,50-		05 31	19.033,07
CHEQUE 102966	38,50	5.306,50-		05 31	13.726,57
SERVICE AGREEMENT 9603					
STANCOM - 704C DEBIT					
ORDER RUN	12,31	1.452,23-		05 31	12.274,34
FEE CHEQUE CASHED ACC					
050033077 CHEQ 00102977	##	17,50-		05 31	12.256,84
OVERDRAFT LEDGER FEE					
ACC 050033077	##	30,00-		05 31	12.226,84
FEE CHEQUE CASHED ACC					
050033077 CHEQ 00102978	##	17,50-		05 31	12.209,34
SERVICE FEE ACC					
050033077	##	1.022,32-		05 31	11.187,02

** These cheques have not yet been received and are therefore not included with this statement
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Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

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Registered Bank
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VAT Reg No. 4100105461
Customer Care Centre : 0860 101 341
31 May 2007
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KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
MONTHLY MAIL

Statement No 142
VAT Reg. No.
Page 4 of 4

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Additional Cheques
Additional cheques included with this statement - these cheques have been reflected on previous statements.

Serial No	Amount	Serial No	Amount
103001	8.203,10-		

Missing Cheques
These cheques have not yet been received and therefore are not included with this statement. If received these cheques will be included with your next statement.

Serial no	Amount	Serial no	Amount
102976	7.350,00-	102978	1.500,00-
102977	1.200,00-		

Fee Structure
Overdraft Details* :Overdraft Limit R 50.000
Up to R 50.000 at 18,000%
Above R 50.000 at 18,000%
Review Date (temporary facilities excluded) : 2007-06-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
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Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
06 MAY 2009
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DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

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KWAZULU NATAL
4023

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27 June 2007
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
MONTHLY MAIL

Statement No 143
VAT Reg. No.
Page 1 of 12
Statement Frequency MONTHLY
Statement from 01 June 2007 to 27 June 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				06 01	11.187,02
CREDIT TRANSFER 9021 CASHFOCUS RAF617/04-1350253T1			8.744,37	06 01	19.931,39
CREDIT TRANSFER 9022 CASHFOCUS RAF3307/07-1742885T1			1.454,12	06 01	21.385,51
CREDIT TRANSFER 9023 CASHFOCUS RAF3075/06-1688715T2			1.676,86	06 01	23.062,37
CREDIT TRANSFER 9024 CASHFOCUS 07/RAF3130-1622610T4			3.165,95	06 01	26.228,32
CREDIT TRANSFER 9025 CASHFOCUS 1268/05-1055006T2			3.762,00	06 01	29.990,32
CREDIT TRANSFER 9026 CASHFOCUS RAF991/05-1453073T4			5.180,86	06 01	35.171,18
CREDIT TRANSFER 9027 CASHFOCUS 371/03-7862477T26			3.648,00	06 01	38.819,18

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK RECEIVED 06 MAY 2013

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Customer Care Centre: 0860 101 341
27 June 2007
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KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
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Statement No 143
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Statement Frequency MONTHLY
Statement from 01 June 2007 to 27 June 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					38.919,18
CREDIT TRANSFER 9028 CASHFOCUS RAF304/03-1161491T4			5.498,50	06 01	44.317,68
CREDIT TRANSFER 9029 CASHFOCUS RAF415/03-785273T1			12.099,49	06 01	56.417,17
CREDIT TRANSFER 9030 CASHFOCUS 04/RAF854/-1224713T3			6.306,39	06 01	62.723,56
CASH DEPOSIT ALVINA THEKWINI 334			2.000,00	06 01	64.723,56
SERVICE AGREEMENT 9922 LSSUPPORT KUBO01 NO LW41865	8,12	753,90-		06 01	63.969,66
ACCOUNT PAYMENT 9089 AOT KZN WEL002 R10103	13,77	1.695,18-		06 01	62.274,48
SERVICE AGREEMENT 9747 MULTID FORSAOL.COM 50801750	5,64	340,01-		06 01	61.934,47
ACCOUNT PAYMENT 9033 CORPAY NASHUA MBL 41619470	14,50	3.533,90-		06 01	58.400,57

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‡‡ These fees are inclusive of VAT at 14,00%

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STANDARD BANK
06 MAY 2008

RR4-TSW-1534

5 10/38

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DURBAN
275 SMITH STREET
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MONTHLY MAIL

Statement No 143
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Statement Frequency MONTHLY
Statement from 01 June 2007 to 27 June 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					58.400,57
SERVICE AGREEMENT 9716 CANON OA DUE141	5,24	273,60-		06 01	58.126,97
ACCOUNT PAYMENT 9094 AOT KZN WEL002 R10104	6,76	525,92-		06 01	57.601,05
INSURANCE PREMIUM 9890 EPIC 2 02281ROYALISL000040	4,40	133,45-		06 01	57.467,60
INSURANCE PREMIUM 9211 OLDMUTCOL 2598631920070601	14,50	2.775,00-		06 01	54.692,60
ACCOUNT PAYMENT 9896 SBSA VAF 34061606 0002 01 JUN	3,60	5.101,58-		06 01	49.591,02
INSURANCE PREMIUM 9679 DIAGONAL 74030086 DIAG	7,59	664,32-		06 01	48.926,70
CASH DEPOSIT FEE - BRANCH ACC 050033077 DEP BCH 5226	##	23,60-		06 01	48.903,10
CASH DEPOSIT KUBONI + SHEZI THEKWINI 492			1.140,00	06 04	50.043,10

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STANDARD BANK
06 MAY 2009
04-01-07

RR4-TSW-1535

G 10/39

050033077

DURBAN
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275 SMITH STREET
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Customer Care Centre: 0860 101 341

27 June 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
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4008

DURBAN 0026
MONTHLY MAIL

Statement No 143
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					50.043,10
CASH DEPOSIT FEE - BRANCH ACC 050033077 DEP BCH 5226	##	15,00-		06 04	50.028,10
IB PAYMENT TO SHARON MYENI 936002247	14,50	4.000,00-		06 05	46.028,10
IB PAYMENT TO NOZIBELE PHINDELA 936002247	14,50	5.000,00-		06 05	41.028,10
INSURANCE PREMIUM 9392 OLDMUTCOL 2598626620070605	5,25	275,00-		06 05	40.753,10
INSURANCE PREMIUM 9280 LIBLIFE 05JUN84122475*005280	14,50	1.943,01-		06 05	38.810,09
CHEQUE 102982	38,50	9.250,00-		06 05	29.560,09
CHEQUE 102979	34,10	2.000,00-		06 06	27.560,09
CHEQUE 102983	38,50	5.131,39-		06 06	22.428,70
CREDIT TRANSFER 9130 CASHFOCUS RAF1115/05-1109967T4			2.042,26	06 07	24.470,96

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1536

G10/40

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DURBAN 0026
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					24.470,96
CREDIT TRANSFER 9131 CASHFOCUS RAF669/4-1011710T3			2.935,72	06 07	27.406,68
CREDIT TRANSFER 9132 CASHFOCUS RAF1007/05-1381436T2			5.263,69	06 07	32.670,37
CREDIT TRANSFER 9133 CASHFOCUS RAF595/04-1339480T4			6.423,41	06 07	39.093,78
CREDIT TRANSFER 9134 CASHFOCUS RAF1137/05-1001618T3			7.220,91	06 07	46.314,69
CREDIT TRANSFER 9135 CASHFOCUS RAF1119/05-1431659T2			6.127,48	06 07	52.442,17
CREDIT TRANSFER 9136 CASHFOCUS RAF1749/05-1570056T1			8.613,81	06 07	61.055,98
CREDIT TRANSFER 9137 CASHFOCUS RAF557/04-1202380T2			11.670,23	06 07	72.726,21

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
KINGSMEAD
05 MAY 2008
CUSTOMER COMMUNICATION
04-01-07

RR4-TSW-1537

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27 June 2007
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DURBAN 0026
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					72.726,21
CREDIT TRANSFER 9138 CASHFOCUS RAF637/04-1207576T3			7.705,16	06 07	80.431,37
CREDIT TRANSFER 9703 CASHFOCUS RAF3065/06-1672764T2			3.915,31	06 07	84.346,68
CHEQUE 102981	38,50	4.824,94-		06 07	79.521,74
CHEQUE CASHED 102994	34,07	1.998,00-		06 08	77.523,74
CHEQUE 102993	4,54	55,12-		06 08	77.468,62
CHEQUE 102968	38,50	3.169,20-		06 08	74.299,42
CHEQUE 102995	4,96	83,05-		06 08	74.216,37
CHEQUE 102986	4,97	83,40-		06 08	74.132,97
FEE CHEQUE CASHED ACC 050033077 CHEQ 00102994	##	19,98-		06 08	74.112,99
CHEQUE 102992	38,50	34.809,00-		06 11	39.303,99
CHEQUE 102998	11,30	500,00-		06 11	38.803,99
CHEQUE 102996	11,30	500,00-		06 11	38.303,99
CHEQUE 102997	11,30	500,00-		06 11	37.803,99

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COMMISSION OF INQUIRY INTO STATE CAPTURE

STATE CAPTURE
06 MAY 2008
04-01-27

RR4-TSW-1538

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050033077

DURBAN
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					37.803,99
CREDIT TRANSFER 9885 CASHFOCUS CAS29111/4-1200707T2			6.800,63	06 13	44.604,62
CREDIT TRANSFER 9886 CASHFOCUS CAS14652/4-1282138T1			9.616,48	06 13	54.221,10
CREDIT TRANSFER 9887 CASHFOCUS CAS5165/04-1217709T1			11.201,82	06 13	65.422,92
CREDIT TRANSFER 9888 CASHFOCUS 11389/2006-1743381T4			1.394,13	06 13	66.817,05
CREDIT TRANSFER 9889 CASHFOCUS CAS544/04-1350263T2			8.143,28	06 13	74.960,33
CREDIT TRANSFER 9890 CASHFOCUS CAS25331/3-1099208T1			1.722,67	06 13	76.683,00
CREDIT TRANSFER 9891 CASHFOCUS CAS11742/3-1095261T3			15.307,93	06 13	91.990,93
CHEQUE CASHED 103006	24,98	1.400,00-		06 13	90.590,93

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08 MAY 2018

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					90.590,93
FEE CHEQUE CASHED ACC 050033077 CHEQ 00103006	##	17,50-		06 13	90.573,43
CHEQUE 102999	38,50	32.687,55-		06 13	57.885,88
CREDIT TRANSFER 9888 CASHFOCUS 785345-785345T13			71.104,27	06 14	128.990,15
CHEQUE CASHED 103000	12,82	600,00-		06 14	128.390,15
CHEQUE 103005	38,50	6.600,00-		06 14	121.790,15
CHEQUE 103003	38,50	4.000,00-		06 14	117.790,15
FEE CHEQUE CASHED ACC 050033077 CHEQ 00103000	##	17,50-		06 14	117.772,65
CHEQUE 102980	9,11	356,14-		06 15	117.416,51
CHEQUE 102984	12,36	570,00-		06 15	116.846,51
CHEQUE 103004	38,50	4.000,00-		06 15	112.846,51
IB TRANSFER FROM 05-087-199-4 22H32 936002247			180.000,00	06 18	292.846,51
CHEQUE 102989	16,54	845,00-		06 18	292.001,51
CHEQUE 103008	38,50	280.000,00-		06 18	12.001,51

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COMMISSION OF INQUIRY INTO STATE CAPTURE

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MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					12.001,51
CHEQUE 102988	8,75	332,13-		06 18	11.669,38
CHEQUE 102990	7,20	230,08-		06 19	11.439,30
CREDIT TRANSFER 9578 CASHFOCUS 1857/06-1347132T2			5.921,24	06 20	17.360,54
CREDIT TRANSFER 9579 CASHFOCUS RAF891/04-1417181T3			5.632,28	06 20	22.992,82
CHEQUE CASHED 103009	11,30	500,00-		06 20	22.492,82
FEE CHEQUE CASHED ACC 050033077 CHEQ 00103009	##	17,50-		06 20	22.475,32
CREDIT TRANSFER 9975 CASHFOCUS DLAMINI TA-1378250T4			30.228,40	06 21	52.703,72
CHEQUE 103010	36,10	2.131,80-		06 21	50.571,92
CHEQUE 103002	4,65	62,70-		06 22	50.509,22
STOP ORDER HANDLING FEE	##	6,00-		06 25	50.503,22
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		06 25	50.103,22

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COMMISSION OF INQUIRY INTO STATE CAPTURE

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DURBAN 0026
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					50.103,22
** CHEQUE 103007	38,50	8.694,08-		06 25	41.409,14
INSURANCE PREMIUM 9489 LAWACCWEB RF018321355 LAW00040	4,08	79,23-		06 25	41.329,91
CREDIT TRANSFER 9113 CASHFOCUS RAF988-1348176T1			24.839,97	06 26	66.169,88
CREDIT TRANSFER 9114 CASHFOCUS 974/04-1362931T3			31.796,36	06 26	97.966,24
CREDIT TRANSFER 9115 CASHFOCUS 136/02-721542T6			7.084,43	06 26	105.050,67
RTD-POST DATED 103007 THE DOC EXCH P/LTD			8.694,08	06 26	113.744,75
CREDIT TRANSFER 9090 CASHFOCUS 1012/05-1169902T2			14.720,92	06 27	128.465,67
CREDIT TRANSFER 9091 CASHFOCUS RAF1809/05-1388480T2			15.606,67	06 27	144.072,34
CREDIT TRANSFER 9092 CASHFOCUS 1068/05-1057690T5			22.699,76	06 27	166.772,10

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1542

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27 June 2007
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THE PROPRIETOR
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DURBAN 0026
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					166.772,10
CREDIT TRANSFER 9093 CASHFOCUS 619/04-1350221T2			1.921,55	06 27	168.693,65
CREDIT TRANSFER 9094 CASHFOCUS 2046/06-1216199T1			8.640,32	06 27	177.333,97

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

Additional Cheques
Additional cheques included with this statement - these cheques have been reflected on previous statements.

Serial No	Amount	Serial No	Amount
102976	7.350,00-	102978	1.500,00-
102977	1.200,00-		

Missing Cheques
These cheques have not yet been received and therefore are not included with this statement. If received these cheques will be included with your next statement.

Serial no	Amount	Serial no	Amount
103007	8.694,08-		

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1543

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DURBAN
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27 June 2007
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THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000
Up to R 50.000 at 18,500%
Above R 50.000 at 18,500%
Review Date (temporary facilities excluded) : 2007-06-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	18,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	177.333,97
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	599.671,71
Interest Charged	0,00

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

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THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

Statement No 144
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Statement from 28 June 2007 to 30 June 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7
Month-end Balance R 198.436,34

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				06 28	177.333,97
CREDIT TRANSFER 9185 CASHFOCUS RAF112/02-1045936T4			373,21	06 28	177.707,18
CREDIT TRANSFER 9186 CASHFOCUS RAF230-1099297T7			23.919,61	06 28	201.626,79
CREDIT TRANSFER 9187 CASHFOCUS 01RAF1883/-1343923T2			2.561,02	06 28	204.187,81
CREDIT TRANSFER 9188 CASHFOCUS RAF303-1161745T3			6.380,66	06 28	210.568,47
CREDIT TRANSFER 9189 CASHFOCUS RAF943/04-1446107T3			7.135,88	06 28	217.704,35
CREDIT TRANSFER 9190 CASHFOCUS R3144/06-1644243T1			6.026,30	06 28	223.730,65
CREDIT TRANSFER 9191 CASHFOCUS 03RAF1903/-1766066T2			1.830,68	06 28	225.561,33

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Statement No 144
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					225.561,33
CREDIT TRANSFER 9192 CASHFOCUS 03RAF3206/-1389826T2			1.850,32	06 28	227.411,65
CREDIT TRANSFER 9193 CASHFOCUS RAF3233-1556396T4			4.232,51	06 28	231.644,16
CREDIT TRANSFER 9194 CASHFOCUS 04RAF795/0-1353525T2			4.513,70	06 28	236.157,86
CREDIT TRANSFER 9195 CASHFOCUS 03RAF2039/-991357T2			5.130,85	06 28	241.288,71
CREDIT TRANSFER 9196 CASHFOCUS 02RAF3393/-1502855T2			5.514,66	06 28	246.803,37
CREDIT TRANSFER 9197 CASHFOCUS 02RAF3408/-1692157T4			8.320,41	06 28	255.123,78
CREDIT TRANSFER 9198 CASHFOCUS RAF1903/06-1573059T3			8.446,11	06 28	263.569,89
CHEQUE 103011	38,50	40.235,15-		06 28	223.334,74
CHEQUE 103012	38,50	60.000,00-		06 28	163.334,74

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CONVENTION OF INQUIRY INTO STATE CAPTURE

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BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					163.334,74
CREDIT TRANSFER 9235 CASHFOCUS RAF871-1260780T5			7.000,00	06 29	170.334,74
CREDIT TRANSFER 9236 CASHFOCUS R1005/05-1076522T1			29.632,69	06 29	199.967,43
CREDIT TRANSFER 9237 CASHFOCUS RAF3058-1520394T2			2.116,45	06 29	202.083,88
IB PAYMENT TO NOKUBONGA MAGAZI 936002247	12,60	1.500,00-		06 29	200.583,88
ACCOUNT PAYMENT 9254 JOHNCOM 6108338 BDAY	4,38	130,62-		06 29	200.453,26
SERVICE AGREEMENT 9445 STANCOM - 704C DEBIT ORDER RUN	9,76	1.026,08-		06 29	199.427,18
ACCOUNT PAYMENT 9726 JOHNCOM 6108069 SUNTMIND	3,80	32,50-		06 29	199.394,68
OVERDRAFT SERVICE FEE ACC 050033077	##	30,00-		06 30	199.364,68
SERVICE FEE ACC 050033077	##	928,34-		06 30	198.436,34

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
06 MAY 2009
04-01-27

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050033077

DURBAN
275 SMITH STREET
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DURBAN
PO BOX 47047
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Customer Care Centre: 0860 101 341
30 June 2007
591372315

THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

Statement No 144
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Fee Structure

Account Number 05 003 307 7

Overdraft Details* :Overdraft Limit R 50.000
Up to R 50.000 at 18,500%
Above R 50.000 at 18,500%
Review Date (temporary facilities excluded) : 2007-06-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	18,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	198.436,34
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	124.985,06
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

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DURBAN 0026
MONTHLY MAIL

Statement No 145
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BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

On 8 June our prime lending rate increased to 13.00%.
The interest rate applicable to your account for overdrawn balances is shown at the bottom of this statement.
For information on credit interest rates phone 0860 123 000 or visit www.standardbank.co.za.

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				07 02	198.436,34
SERVICE AGREEMENT 9529 CANON OA DJE141	14,50	2.058,66-		07 02	196.377,68
INSURANCE PREMIUM 9306 DIAGONAL $74030086	7,59	664,32-		07 02	195.713,36
ACCOUNT PAYMENT 9094 AOT KZN WEL002 R12979	13,77	1.695,18-		07 02	194.018,18
SERVICE AGREEMENT 9996 MULTID FORSAOL.COM 66526880	5,64	340,00-		07 02	193.678,18
ACCOUNT PAYMENT 9215 SBSA VAF 34061606 0004 30 JUN	3,60	14.560,38-		07 02	179.117,80
INSURANCE PREMIUM 9994 EPIC 2 02356ROYALISL000040	4,40	133,45-		07 02	178.984,35

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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KINGSPARK
06 MAY 2010
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27 July 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 145
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BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					178.984,35
INSURANCE PREMIUM 9705 OLDMUTCOL 3030650720070701	14,50	3.081,24-		07 02	175.903,11
ACCOUNT PAYMENT 9853 STANCOM - V418 WATER/RENTAL	6,81	534,66-		07 02	175.368,45
SERVICE AGREEMENT 9329 LSSUPPORT KUBO01 NO LW42723	8,12	753,90-		07 02	174.614,55
ACCOUNT PAYMENT 9463 SBSA VAF 34061606 0002 01 JUL	3,60	5.112,59-		07 02	169.501,96
ACCOUNT PAYMENT 9486 NASHUA MBL 41873196	14,50	5.442,48-		07 02	164.059,48
ACCOUNT PAYMENT 9099 AOT KZN WEL002 R12980	6,76	525,92-		07 02	163.533,56
CHEQUE 103014	38,50	40.000,00-		07 03	123.533,56
CHEQUE 103013	38,50	110.000,00-		07 03	13.533,56
FEE: 2 MTH. TRANSACTION HIST. 10H54 THEKWINI BRANCH	##	8,40-		07 03	13.525,16

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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06 MAY 2009
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COMMISSION OF INQUIRY INTO STATE CAPTURE

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27 July 2007
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DURBAN 0026
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					13.525,16
CREDIT TRANSFER 9016 CASHFOCUS 1907-06-1491378T1			12.064,06	07 04	25.589,22
CREDIT TRANSFER 9017 CASHFOCUS 3183-06-1763018T2			4.171,51	07 04	29.760,73
CREDIT TRANSFER 9018 CASHFOCUS 3339-03-1051009T2			4.950,62	07 04	34.711,35
CREDIT TRANSFER 9019 CASHFOCUS 3392-07-1502847T2			5.132,09	07 04	39.843,44
CREDIT TRANSFER 9020 CASHFOCUS 1912-06-1500441T1			5.849,63	07 04	45.693,07
CREDIT TRANSFER 9021 CASHFOCUS -06-1107831T1			7.357,94	07 04	53.051,01
CREDIT TRANSFER 9022 CASHFOCUS KEMARAJ-1386103T2			8.554,98	07 04	61.605,99
CREDIT TRANSFER 9023 CASHFOCUS RAF1978-06-1572430T4			11.955,24	07 04	73.561,23

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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DURBAN 0026
MONTHLY MAIL

Statement No 145
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					73.561,23
CREDIT TRANSFER 9024 CASHFOCUS 3218-06-1733688T2			1.494,03	07 04	75.055,26
CREDIT TRANSFER 9025 CASHFOCUS 2029-06-1658004T2			2.972,92	07 04	78.028,18
CREDIT TRANSFER 9026 CASHFOCUS 622-04-1350250T2			3.119,02	07 04	81.147,20
CREDIT TRANSFER 9027 CASHFOCUS 1470-05-1179665T2			3.501,51	07 04	84.648,71
CREDIT TRANSFER 9028 CASHFOCUS ZIBANI M-1642617T4			5.734,86	07 04	90.383,57
CREDIT TRANSFER 9029 CASHFOCUS 3017-06-1646038T2			6.435,08	07 04	96.818,65
CREDIT TRANSFER 9341 CASHFOCUS 3429-07-1754108T2			2.534,84	07 04	99.353,49
FEE-BALANCE ENQUIRY AT 15H08 IPS CT DAY 1 CN	##		2,90-	07 04	99.350,59

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

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THE PROPRIETOR
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MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					99.350,59
CREDIT TRANSFER 9830 CASHFOCUS 3080-06-1754505T2			4.749,84	07 05	104.100,43
CREDIT TRANSFER 9831 CASHFOCUS XJNTOMBELA-1216893T1			8.998,46	07 05	113.098,89
INSURANCE PREMIUM 9144 LIBLIFE 05JUL84122475*005144	14,50	1.943,01-		07 05	111.155,88
CHEQUE 103015	36,77	2.175,85-		07 05	108.980,03
CHEQUE 103016	38,50	7.052,61-		07 05	101.927,42
FEE: 4 MTH. TRANSACTION HIST. 15H11 THEKWINI BRANCH	##	10,40-		07 05	101.917,02
CREDIT TRANSFER 9589 CASHFOCUS 1282-06-1074308T1			1.680,27	07 06	103.597,29
CREDIT TRANSFER 9590 CASHFOCUS 1186/05-969271T3			7.183,64	07 06	110.780,93
CREDIT TRANSFER 9591 CASHFOCUS 1159-05-1382883T4			1.129,24	07 06	111.910,17

These fees are inclusive of VAT at 14,00%

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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STANDARD BANK
06 MAY 2008
04-01-27

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DURBAN
275 SMITH STREET
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27 July 2007
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
MONTHLY MAIL

Statement No 145
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					111.910,17
CREDIT TRANSFER 9592 CASHFOCUS 1912-06-1631366T4			1.660,52	07 06	113.570,69
CREDIT TRANSFER 9593 CASHFOCUS 897/04-1380809T4			2.039,78	07 06	115.610,47
CREDIT TRANSFER 9594 CASHFOCUS 1074-05-1085963T2			5.222,29	07 06	120.832,76
CHEQUE 103022	7,35	240,00-		07 09	120.592,76
CHEQUE 103017	12,09	551,65-		07 10	120.041,11
CHEQUE 103018	6,01	151,96-		07 10	119.889,15
CHEQUE 103020	10,82	468,34-		07 10	119.420,81
CHEQUE 103021	6,10	158,20-		07 10	119.262,61
CREDIT TRANSFER 9122 CASHFOCUS RAF3362/07-1757558T2			1.317,12	07 11	120.579,73
CREDIT TRANSFER 9123 CASHFOCUS RAF3407/07-1690202T4			4.465,78	07 11	125.045,51

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE
STANDARD BANK
06 MAY 2019
04-01-27

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27 July 2007
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DURBAN 0026
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					125.045,51
CREDIT TRANSFER 9398 CASHFOCUS RAF1849-05-1219741T1			3.976,73	07 11	129.022,24
CREDIT TRANSFER 9399 CASHFOCUS KHUZWAYO-1710478T2			1.821,74	07 11	130.843,98
CREDIT TRANSFER 94 CASHFOCUS RAF3360/07-1717097T1			8.706,41	07 11	139.550,39
CREDIT TRANSFER 9401 CASHFOCUS 1548/05-1104589T1			6.466,10	07 11	146.016,49
CREDIT TRANSFER 9402 CASHFOCUS RAF1074-1240915T2			9.480,17	07 11	155.496,66
CHEQUE 103019	33,04	1.930,20-		07 11	153.566,46
CHEQUE CASHED 103023	15,86	800,00-		07 12	152.766,46
FEE CHEQUE CASHED ACC 050033077 CHEQ 00103023	##	17,50-		07 12	152.748,96
CHEQUE 103027	38,50	125.000,00-		07 14	27.748,96
CHEQUE 103025	38,50	25.000,00-		07 14	2.748,96

These fees are inclusive of VAT at 14,00%

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

06 MAY 2020

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DURBAN 0026
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					2.748,96
CREDIT TRANSFER 9860 CASHFOCUS RAF3105-1757935T1			7.599,40	07 16	10.348,36
CHEQUE 103030	26,50	1.500,00-		07 17	8.848,36
CHEQUE 103028	38,50	12.295,00-		07 17	3.446,64-
CREDIT TRANSFER 9847 CASHFOCUS RAF2018-168879IT2			10.164,56	07 19	6.717,92
CHEQUE 103029	38,50	5.250,00-		07 19	1.467,92
CREDIT TRANSFER 93 CASHFOCUS RAF624-965070T3			9.019,41	07 20	10.487,33
INSURANCE PREMIUM 9251 LAWACCWEB RF018605948 LAW00040	4,08	79,23-		07 23	10.408,10
CHEQUE 103031	38,50	36.558,00-		07 24	26.149,90-
FEE-PROVISIONAL STATEMENT 09H35 THEKWINI BRANCH	**	8,40-		07 24	26.158,30-
STOP ORDER HANDLING FEE	**	6,00-		07 25	26.164,30-

** These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

05 MAY 2008

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DURBAN
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MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					26.164,30-
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		07 25	26.564,30-
INTEREST ON OVERDRAFT UP TO 07 24 050033077 @18,500%		16,75-		07 25	26.581,05-
CREDIT TRANSFER 9517 CASHFOCUS RAF03/3182-1766500T2			1.146,27	07 26	25.434,78-
CREDIT TRANSFER 9518 CASHFOCUS RAF03/2088-1708704T2			4.033,24	07 26	21.401,54-
CREDIT TRANSFER 9519 CASHFOCUS RAF06/2015-1685670T2			5.715,72	07 26	15.685,82-
CREDIT TRANSFER 9520 CASHFOCUS 07RAF1888-1625430T4			9.338,03	07 26	6.347,79-

** These fees are inclusive of VAT at 14,00%

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Fee Structure
Overdraft Details* :Overdraft Limit R 50.000 at 18,500%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	18,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	6.347,79-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	201.743,05
Interest Charged	16,75-

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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31 July 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 146
VAT Reg. No.
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Statement Frequency MONTHLY
Statement from 28 July 2007 to 31 July 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Month-end Balance R 20.925,26-

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				07 28	6.347,79-
SERVICE AGREEMENT 9146 STANCOM - 704C DEBIT ORDER RUN	9,76	1.026,08-		07 30	7.373,87-
CREDIT TRANSFER 9453 CASHFOCUS SOSIBO-1313938T3			2.000,00	07 31	5.373,87-
ACCOUNT PAYMENT 9919 SBSA VAF 34061606 0004 31 JUL	3,60	14.560,38-		07 31	19.934,25-
ACCOUNT PAYMENT 9434 JOHNCOM 6108069 SUNTMIND	3,82	36,83-		07 31	19.971,08-
ACCOUNT PAYMENT 9028 JOHNCOM 6108338 BDAY	4,38	130,62-		07 31	20.101,70-
ACCOUNT PAYMENT 9134 STANCOM - V418 WATER/RENTAL	4,69	182,40-		07 31	20.284,10-
OVERDRAFT SERVICE FEE ACC 050033077	##	30,00-		07 31	20.314,10-
SERVICE FEE ACC 050033077	##	611,16-		07 31	20.925,26-

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1559

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
31 July 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 146
VAT Reg. No.
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Statement from 28 July 2007 to 31 July 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Fee Structure
Overdraft Details* :Overdraft Limit R 50.000 at 18,500%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1,52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	18,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	20.925,26-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	2.000,00
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1560

510/64

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 August 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 147
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Statement from 01 August 2007 to 27 August 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				08 01	20.925,26-
ELECTRONIC BANKING PAYMENT FR SBCA VAF 34061606 0002 - SBSA			5.112,59	08 01	15.812,67-
SERVICE AGREEMENT 9562 MULTID FORSAOL.COM 82457724	5,64	340,00-		08 01	16.152,67-
INSURANCE PREMIUM 9254 DIAGONAL $74030086	7,59	664,32-		08 01	16.816,99-
SERVICE AGREEMENT 9715 LSSUPPORT KUB001 NO LW43592	8,12	753,90-		08 01	17.570,89-
ACCOUNT PAYMENT 9101 AOT KZN WEL002 R16474	13,85	1.708,94-		08 01	19.279,83-
ACCOUNT PAYMENT 9128 AOT KZN WEL002 R16475	6,78	530,68-		08 01	19.810,51-
SERVICE AGREEMENT 9609 CANON OA DU6993	7,49	648,01-		08 01	20.458,52-
INSURANCE PREMIUM 9305 OLDMUTCOL 3051282320070801	9,21	935,62-		08 01	21.394,14-

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1561

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050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 August 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN C026
MONTHLY MAIL

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Statement from 01 August 2007 to 27 August 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					21.394,14-
ACCOUNT PAYMENT 9175 NASHUA MBL 42130385	14,50	4.892,15-		08 01	26.286,29-
INSURANCE PREMIUM 9663 EPIC 2 02439ROYALISL000040	4,40	133,45-		08 01	26.419,74-
SERVICE AGREEMENT 9177 CANON OA DUE141	5,62	336,53-		08 01	26.756,27-
FEE-BALANCE ENQUIRY AT 09H36 THEKWINI BRANCH	**	2,90-		08 02	26.759,17-
INSURANCE PREMIUM 9089 LIBLIFE 05AUG84122475*005089	14,50	1.943,01-		08 06	28.702,18-
FEE: 2 MTH. TRANSACTION HIST. 10H07 THEKWINI BRANCH	**	8,40-		08 07	28.710,58-
SERVICE AGREEMENT 9023 CANON OA DUJ915	14,50	1.988,88-		08 17	30.699,46-
INSURANCE PREMIUM 9175 LAWACCWEB RF018929105 LAW00040	4,08	79,23-		08 23	30.778,69-
STOP ORDER HANDLING FEE	**	6,00-		08 25	30.784,69-

** These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1562

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050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 August 2007
5913723115

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					30.784,69-
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		08 25	31.184,69-
INTEREST ON OVERDRAFT UP TO 08 24 050033077 @19,000%		127,92-		08 25	31.312,61-
INTEREST ON OVERDRAFT UP TO 08 16 050033077 @18,500%		268,56-		08 25	31.581,17-

These fees are inclusive of VAT at 14,00%

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 19,000%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1563

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 August 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
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DURBAN 0026
MONTHLY MAIL

Statement No 147
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Statement from 01 August 2007 to 27 August 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Account Summary

Details of Agreement	
Annual Rate of Interest	19,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	31.581,17-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	5.112,59
Interest Charged	396,48-

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

08 MAY 2019

RR4-TSW-1564

G1/68

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
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4023

Customer Care Centre: 0860 101 341
31 August 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
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DURBAN 0026
MONTHLY MAIL

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Statement from 28 August 2007 to 31 August 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Month-end Balance R 48.040,90-

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				08 28	31.581,17-
FEE: 2 MTH. TRANSACTION HIST. 10H19 THEKWINI BRANCH	##	8,40-		08 29	31.589,57-
ACCOUNT PAYMENT 9943 STANCOM - V418 WATER/RENTAL	6,70	516,42-		08 30	32.105,99-
ACCOUNT PAYMENT 9251 JOHNCOM 6108069 SUNTMIND	3,82	36,83-		08 31	32.142,82-
ACCOUNT PAYMENT 9357 SBSA VAF 34061606 0004 31 AUG	3,60	14.560,38-		08 31	46.703,20-
ACCOUNT PAYMENT 9056 JOHNCOM 6108338 BDAY	4,38	130,62-		08 31	46.833,82-
SERVICE AGREEMENT 9320 STANCOM - 704C DEBIT ORDER RUN	9,80	1.032,50-		08 31	47.866,32-
SERVICE FEE ACC 050033077	##	144,58-		08 31	48.010,90-

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
08 MAY 2020
01-27

RR4-TSW-1565

G10/69

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
31 August 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 148
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BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					48.010,90-
OVERDRAFT SERVICE FEE ACC 050033077	##	30,00-		08 31	48.040,90-

These fees are inclusive of VAT at 14,00%

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 19,000%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

06 MAY 2019

RR4-TSW-1566

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050033077

DURBAN
PO BOX 47047 GREYVILLE
4023

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

Customer Care Centre: 0860 101 341
31 August 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 148
VAT Reg. No.
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Statement Frequency MONTHLY
Statement from 28 August 2007 to 31 August 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Account Summary

Details of Agreement	
Annual Rate of Interest	19,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	48.040,90-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	0,00
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1567

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 September 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 149
VAT Reg. No.
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Statement from 01 September 2007 to 27 September 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				09 01	48.040,90-
SERVICE AGREEMENT 9479 LSSUPPORT KUBO01 NO LW44469	8,12	753,90-		09 01	48.794,80-
DEBIT TRANSFER 9287 NASHOA MBL 42387975	14,50	5.733,93-		09 01	54.528,73-
INSURANCE PREMIUM 9166 EPIC 2 02535ROYALISL000040	4,40	133,45-		09 01	54.662,18-
ACCOUNT PAYMENT 9132 AOT KZN WEL002 R20388	6,78	530,68-		09 03	55.192,86-
INSURANCE PREMIUM 9671 OLDMUTCOL 3051282320070901	9,21	935,62-		09 03	56.128,48-
ACCOUNT PAYMENT 9130 AOT KZN WEL002 R20387	13,85	1.708,94-		09 03	57.837,42-
SERVICE AGREEMENT 9573 CANON OA DUE141	14,50	5.084,48-		09 03	62.921,90-
INSURANCE PREMIUM 9204 DIAGONAL $74030086	7,59	664,32-		09 03	63.586,22-

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE
STANDARD BANK
06 MAY 2019

RR4-TSW-1568

G10/72

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 September 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
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4008

DURBAN 0026
MONTHLY MAIL

Statement No 149
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Statement Frequency MONTHLY

Statement from 01 September 2007 to 27 September 2007
BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					63.586,22-
AUTOPLUS TRANSFER FROM ACCOUNT 05-087-199-4 12H47 936002247			20.000,00	09 04	43.586,22-
INSURANCE PREMIUM 9986 LIBLIFE 05SEP84122475*004986	14,50	2.104,06-		09 05	45.690,28-
IB PAYMENT TO ANELE DIKANE 936002247	14,50	3.200,00-		09 17	48.890,28-
STOP ORDER HANDLING FEE	##	6,00-		09 25	48.896,28-
INSURANCE PREMIUM 9268 LAWACCWEB RF019214268 LAW00040	4,57	161,88-		09 25	49.058,16-
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		09 25	49.458,16-
INTEREST ON OVERDRAFT UP TO 09 24 050033077 @19,000%		601,70-		09 25	50.059,86-
INTEREST ON OVERDRAFT UP TO 08 31 050033077 @19,000%		123,92-		09 25	50.183,78-

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
08 MAY 2008
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RR4-TSW-1569

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050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 September 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 149
VAT Reg. No.
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Statement from 01 September 2007 to 27 September 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					50.183,78-
IB TRANSFER FROM 05-087-199-4 20H23 936002247			5.000,00	09 27	45.183,78-

These fees are inclusive of VAT at 14,00%
Fee Structure
Overdraft Details* :Overdraft Limit R 50.000 at 19,000%
Review Date (temporary facilities excluded) : 2008-07-17
Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1570

G10/74

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 September 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
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4008

DURBAN 0026
MONTHLY MAIL

Statement No 149
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Statement from 01 September 2007 to 27 September 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Account Summary

Details of Agreement	
Annual Rate of Interest	19,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	45.183,78-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	25.000,00
Interest Charged	725,62-

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1571

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DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
29 September 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

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Statement from 28 September 2007 to 29 September 2007
BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Month-end Balance R 22.530,95-

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				09 28	45.183,78-
IB TRANSFER FROM 05-087-199-4 14H51 936002247			50.000,00	09 28	4.816,22
IB PAYMENT TO FORBAY CONSULTING 936002247	14,50	25.000,00-		09 28	20.183,78-
IB PAYMENT TO NOKUBONGA MAGAZI 936002247	14,50	2.000,00-		09 28	22.183,78-
ACCOUNT PAYMENT 9648 JOHNCOM 6108069 SUNTMIND	3,82	36,83-		09 28	22.220,61-
ACCOUNT PAYMENT 9483 JOHNCOM 6108338 BDAY	4,38	130,62-		09 28	22.351,23-
OVERDRAFT SERVICE FEE ACC 050033077	##	30,00-		09 29	22.381,23-
SERVICE FEE ACC 050033077	##	149,72-		09 29	22.530,95-

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1572

G1076

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
29 September 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 150
VAT Reg. No.
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Statement Frequency MONTHLY
Statement from 28 September 2007 to 29 September 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7
Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 19,000%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	19,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	22.530,95-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	50.000,00
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1573

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050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 October 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 151
VAT Reg. No.
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Statement Frequency MONTHLY
Statement from 01 October 2007 to 27 October 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				10 01	22.530,95-
ACCOUNT PAYMENT 9065 SBSA VAF 34061606 0004 30 SEP	3,60	14.720,80-		10 01	37.251,75-
SERVICE AGREEMENT 9554 CANON OA DUJ915	14,50	2.636,89-		10 01	39.888,64-
INSURANCE PREMIUM 9883 EPIC 2 02609ROYALISL000040	4,40	133,45-		10 01	40.022,09-
SERVICE AGREEMENT 9125 LSSUPPORT KUB001 NO LW45351	8,69	848,90-		10 01	40.870,99-
INSURANCE PREMIUM 9882 OLDMUTCOL 3051282320071001	9,21	935,62-		10 01	41.806,61-
ACCOUNT PAYMENT 91 AOT KZN WEL002 R24407	13,93	1.722,32-		10 01	43.528,93-
ACCOUNT PAYMENT 9101 AOT KZN WEL002 R24408	7,29	615,65-		10 01	44.144,58-
INSURANCE PREMIUM 9721 DIAGONAL $74030086	7,59	664,32-		10 01	44.808,90-

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
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COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
06 MAY 2019
04-01-97

RR4-TSW-1574

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DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 October 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 151
VAT Reg. No.
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Statement Frequency MONTHLY

Statement from 01 October 2007 to 27 October 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					44.808,90-
ACCOUNT PAYMENT 9108 NASHUA MBL 42643756 ELECTRONIC BANKING COLLECT TO WATER/RENTAL *	14,50	5.493,74-		10 01	50.302,64-
INSURANCE PREMIUM 9863 LIBLIFE 050CT84122475*004863	6,47	182,40-		10 02	50.485,04-
FEE: 2 MTH. TRANSACTION HIST. 10H05 THEKWINI BRANCH	14,50	2.104,06-		10 05	52.589,10-
IB TRANSFER FROM 05-087-199-4 10H51 936002247	##	8,40-		10 08	52.597,50-
IB PAYMENT TO WS KUBONI 936002247			1.300.000,00	10 22	1.247.402,50
INSURANCE PREMIUM 9920 LAWACCWEB RF019531704 LAW00040	14,50	295.000,00-		10 22	952.402,50
STOP ORDER HANDLING FEE	4,08	79,23-		10 23	952.323,27
STOP ORDER 0001 CHARGES ACCOUNT	##	6,00-		10 25	952.317,27
		400,00-		10 25	951.917,27

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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CONFERENCE OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1575
41079

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DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 October 2007
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
MONTHLY MAIL

Statement No 151
VAT Reg. No.
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Statement from 01 October 2007 to 27 October 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					951.917,27
INTEREST ON OVERDRAFT UP TO 10 17 050033077 @19,500%		168,60-		10 25	951.748,67
INTEREST ON OVERDRAFT UP TO 10 11 050033077 @19,000%		407,52-		10 25	951.341,15
INTEREST ON OVERDRAFT UP TO 10 24 050033077 @19,500%		112,40-		10 25	951.228,75

These fees are inclusive of VAT at 14,00%

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 19,500%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE
06 MAY 2019

RR4-TSW-1576

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DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
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GREYVILLE
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Customer Care Centre: 0860 101 341
27 October 2007
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THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

Statement No 151
VAT Reg. No.
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Statement Frequency MONTHLY
Statement from 01 October 2007 to 27 October 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Account Summary

Details of Agreement	
Annual Rate of Interest	19,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	951.228,75
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	1.300.000,00
Interest Charged	688,52-

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1577

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DURBAN
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DURBAN
275 SMITH STREET
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4023

Customer Care Centre: 0860 101 341
31 October 2007
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
MONTHLY MAIL

Statement No 152
VAT Reg. No.
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Statement Frequency MONTHLY

Statement from 29 October 2007 to 31 October 2007
BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Our prices change on 1 January 2008. For further details please refer to the 2008 pricing brochure.

Month-end Balance R 873.903,72

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				10 29	951.228,75
ACCOUNT PAYMENT 9186					
JOHNCOM 6108338 BDAY	4,38	130,62-		10 31	951.098,13
ACCOUNT PAYMENT 9845					
SBSA VAT 34061606 C004					
31 OCT	3,60	14.874,52-		10 31	936.223,61
** CHEQUE 103032	38,50	60.000,00-		10 31	876.223,61
ACCOUNT PAYMENT 9992					
JOHNCOM 6108069 SUNTMIND	3,82	36,83-		10 31	876.186,78
SERVICE AGREEMENT 9070					
STANCOM - 704C DEBIT ORDER RUN	14,50	2.065,00-		10 31	874.121,78
SERVICE FEE ACC 050033077	##	188,06-		10 31	873.933,72
OVERDRAFT SERVICE FEE ACC 050033077	##	30,00-		10 31	873.903,72

** These cheques have not yet been received and are therefore not included with this statement
These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1578

G60/82

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
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4023

DURBAN
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4023

Customer Care Centre: 0860 101 341
31 October 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
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4008

DURBAN 0026
MONTHLY MAIL

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Statement Frequency MONTHLY
Statement from 29 October 2007 to 31 October 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Missing Cheques
These cheques have not yet been received and therefore are not included with this statement. If received these cheques will be included with your next statement.

Serial no	Amount	Serial no	Amount
103032	60.000,00-		

Fee Structure
Overdraft Details* :Overdraft Limit R 50.000 at 19,500%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1579

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DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
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4023

Customer Care Centre: 0860 101 341
31 October 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 152
VAT Reg. No.
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Statement Frequency MONTHLY
Statement from 29 October 2007 to 31 October 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Account Summary

Details of Agreement	
Annual Rate of Interest	19,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	873.903,72
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	0,00
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461. Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
06 MAY 2019
2021-27

RR4-TSW-1580
G10/84

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 November 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 153
VAT Reg. No.
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Statement Frequency MONTHLY

Statement from 01 November 2007 to 27 November 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				11 01	873.903,72
AUTOPLUS PAYMENT TO WS KUBONI 936002247 SERVICE AGREEMENT 9501	14,50	280.000,00-		11 01	593.903,72
CANON OA DUJ915 SERVICE AGREEMENT 9848	7,49	648,01-		11 01	593.255,71
LSSUPPORT KUBO01 NO LW46235 ACCOUNT PAYMENT 9397	8,69	848,90-		11 01	592.406,81
CORPAY NASHUA MBL 42908267 ACCOUNT PAYMENT 9121 AOT	14,50	5.383,94-		11 01	587.022,87
KZN WEL002 R28640 INSURANCE PREMIUM 9654	7,29	615,65-		11 01	586.407,22
OLDMUTCOL 3051282320071101 INSURANCE PREMIUM 9740	9,21	935,62-		11 01	585.471,60
DIAGONAL $74030086 INSURANCE PREMIUM 9451	7,59	664,32-		11 01	584.807,28
EPIC 2 02689ROYALISL000040	4,48	146,56-		11 01	584.660,72

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1581

G10/85

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
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4023

Customer Care Centre: 0860 101 341
27 November 2007
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 153
VAT Reg. No.
Page 2 of 3
Statement Frequency MONTHLY

Statement from 01 November 2007 to 27 November 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					584.660,72
ACCOUNT PAYMENT 9097 AOT KZN WEL002 R28639	13,93	1.722,32-		11 01	582.938,40
INSURANCE PREMIUM 9741 LIBLIFE 05NOV84122475*004741	14,50	2.104,06-		11 05	580.834,34
IB PAYMENT TO SNO KUBONI 936002247	6,60	500,00-		11 13	580.334,34
IB PAYMENT TO WINILE MBALA 936002247	14,50	2.000,00-		11 13	578.334,34
IB PAYMENT TO WINILE MBALA 936002247	12,60	1.500,00-		11 19	576.834,34
INSURANCE PREMIUM 9306 LAWACCWEB RF019908753 LAW00040	4,76	193,23-		11 23	576.641,11
STOP ORDER HANDLING FEE	##	6,00-		11 26	576.635,11
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		11 26	576.235,11

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1582
G10/86

050033077

DURBAN
PO BOX 47047 GREYVILLE
4023

DURBAN
275 SMITH STREET
DURBAN
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4001

DURBAN
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GREYVILLE
KWAZULU NATAL
4023

Customer Care Centre: 0860 101 341
27 November 2007
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THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
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DURBAN 0026
MONTHLY MAIL

Statement No 153
VAT Reg. No.
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Statement Frequency MONTHLY

Statement from 01 November 2007 to 27 November 2007
BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Additional Cheques
Additional cheques included with this statement - these cheques have been reflected on previous statements.

Serial No	Amount	Serial No	Amount
103032	60.000,00-		

Fee Structure
Overdraft Details* :Overdraft Limit R 50.000 at 19,500%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	19,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	576.235,11
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	0,00
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE
06 MAY 2019

RR4-TSW-1583

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050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
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GREYVILLE
KWAZULU NATAL
4023

DURBAN
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4023

Customer Care Centre: 0860 101 341
30 November 2007
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THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

Statement No 154
VAT Reg. No.
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Statement Frequency MONTHLY

Statement from 28 November 2007 to 30 November 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Month-end Balance R 559.968,40

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				11 28	576.235,11
ACCOUNT PAYMENT 9957 JOHNCOM 6108069 SUNTMIND	3,82	36,83-		11 28	576.198,28
ACCOUNT PAYMENT 9369 JOHNCOM 6108338 BDAY	4,38	130,62-		11 28	576.067,66
ACCOUNT PAYMENT 9925 SBSA VAF 34061606 0004 30 NOV	3,60	14.874,52-		11 30	561.193,14
SERVICE AGREEMENT 9083 STANCOM - 704C DEBIT ORDER RUN	9,80	1.032,50-		11 30	560.160,64
OVERDRAFT SERVICE FEE ACC 050033077	##	30,00-		11 30	560.130,64
SERVICE FEE ACC 050033077	##	162,24-		11 30	559.968,40

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1584

G 10/88

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
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30 November 2007
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THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

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Statement Frequency MONTHLY
Statement from 28 November 2007 to 30 November 2007
BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 19,500%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	19,500%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance available at date of statement	559.968,40
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	0,00
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
06 MAY 2008
CUSTOMER SERVICE
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RR4-TSW-1585

G10/89

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
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4023

DURBAN
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4023

Customer Care Centre: 0860 101 341
27 December 2007
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 155
VAT Reg. No.
Page 1 of 4
Statement Frequency MONTHLY
Statement from 01 December 2007 to 27 December 2007
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				12 01	559.968,40
DEBIT TRANSFER 9745 NASHUA MBL 43153822	14,50	5.188,80-		12 01	554.779,60
SERVICE AGREEMENT 9843 LSSUPPORT KUBO01 NO LW47135	8,84	872,65-		12 01	553.906,95
INSURANCE PREMIUM 9887 EPIC 2 02769ROYALISL000040	4,48	146,56-		12 01	553.760,39
SERVICE AGREEMENT 9589 CANON OA DUE141	14,50	4.119,58-		12 03	549.640,81
INSURANCE PREMIUM 9583 OLDMUTCOL 3051282320071201	9,21	935,62-		12 03	548.705,19
INSURANCE PREMIUM 9768 DIAGONAL $74030086	7,59	664,32-		12 03	548.040,87
ACCOUNT PAYMENT 9137 AOT KZN WEL002 R0032982	14,01	1.735,20-		12 03	546.305,67
ACCOUNT PAYMENT 9138 AOT KZN WEL002 R0032983	7,33	620,85-		12 03	545.684,82

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

BANK
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RR4-TSW-1586

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27 December 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 155
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Statement from 01 December 2007 to 27 December 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					545.684,82
AUTOPLUS PAYMENT TO NOKUBONGA MAGAZI 936002247	14,50	2.100,00-		12 04	543.584,82
CHEQUE 103033	38,50	550.000,00-		12 05	6.415,18-
INSURANCE PREMIUM 9664 LIBLIFE 05DEC84122475*004664	14,50	2.104,06-		12 05	8.519,24-
IB PAYMENT TO VICTOR FERNANDES 936002247	14,50	36.480,00-		12 20	44.999,24-
INSURANCE PREMIUM 9655 LAWACCWEB RF020293561 LAW00040	4,08	79,23-		12 20	45.078,47-
ACCOUNT PAYMENT 9991 JOHNCOM 6108338 BDAY	4,38	130,62-		12 21	45.209,09-
ACCOUNT PAYMENT 9715 JOHNCOM 6108069 SUNTMIND	3,82	36,83-		12 21	45.245,92-
INTEREST ON OVERDRAFT UP TO 12 06 050033077 @19,500%		9,10-		12 24	45.255,02-
INTEREST ON OVERDRAFT UP TO 12 23 050033077 @20,000%		159,76-		12 24	45.414,78-

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1587

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27 December 2007
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DURBAN 0026
MONTHLY MAIL

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Statement from 01 December 2007 to 27 December 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					45.414,78-
STOP ORDER HANDLING FEE	##	6,00-		12 27	45.420,78-
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		12 27	45.820,78-

These fees are inclusive of VAT at 14,00%

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 20,000%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.70 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
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Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1588

G10/92

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27 December 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 155
VAT Reg. No.
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Statement Frequency MONTHLY

Statement from 01 December 2007 to 27 December 2007

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Account Summary

Details of Agreement	
Annual Rate of Interest	20,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	45.820,78-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	0,00
Interest Charged	168,86-

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1589

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DURBAN
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31 December 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 156
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Statement from 28 December 2007 to 31 December 2007
BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 C03 307 7

Month-end Balance R 62.096,49-

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				12 28	45.820,78-
ACCOUNT PAYMENT 9161 SBSA VAF 34061606 0004 31 DEC	3,60	15.025,07-		12 31	60.845,85-
SERVICE AGREEMENT 9292 STANCOM - 704C DEBIT ORDER RUN	9,80	1.032,50-		12 31	61.878,35-
OVERDRAFT SERVICE FEE ACC 050033077	**	30,00-		12 31	61.908,35-
SERVICE FEE ACC 050033077	**	188,14-		12 31	62.096,49-

** These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1590

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31 December 2007
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DURBAN 0026
MONTHLY MAIL

Statement No 156
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Statement Frequency MONTHLY

Statement from 28 December 2007 to 31 December 2007
BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 20,000%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.91 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	20,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	62.096,49-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	0,00
Interest Charged	0,00

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

STANDARD BANK
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1591

G10/95

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DURBAN 0026
MONTHLY MAIL

Statement No 157
VAT Reg. No.
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Statement Frequency MONTHLY
Statement from 02 January 2008 to 26 January 2008
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				01 02	62.096,49-
TRANSFER FROM 00000050871994 KINGSMEAD 473			30.000,00	01 02	32.096,49-
ACCOUNT PAYMENT 9127 AOT KZN WEL002 R0037151	7,53	620,85-		01 02	32.717,34-
INSURANCE PREMIUM 9388 OLDMUTCOL 3051282320080101	9,41	935,62-		01 02	33.652,96-
ACCOUNT PAYMENT 9697 NASHUA MBL 43413234	15,00	3.855,55-		01 02	37.508,51-
SERVICE AGREEMENT 9147 LSSUPPORT KUB001 NO LW48037	9,04	872,65-		01 02	38.381,16-
INSURANCE PREMIUM 9624 EPIC 2 02834ROYALISL000040	4,68	146,56-		01 02	38.527,72-
ACCOUNT PAYMENT 9128 AOT KZN WEL002 R0037150	14,21	1.735,20-		01 02	40.262,92-
INSURANCE PREMIUM 9618 DIAGONAL S74030086	7,79	664,32-		01 02	40.927,24-
FEE - OVER LIMIT	##	85,00-		01 02	41.012,24-

These fees are inclusive of VAT at 14,00%

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1592

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26 January 2008
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DURBAN 0026
MONTHLY MAIL

Statement No 157
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Statement Frequency MONTHLY
Statement from 02 January 2008 to 26 January 2008
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					41.012,24-
AUTOPLUS PAYMENT TO S E KUBONI 936002247	15,00	7.000,00-		01 04	48.012,24-
INSURANCE PREMIUM 9615 LIBLIFE 05JAN84122475*004615	15,00	2.104,06-		01 07	50.116,30-
FEE - OVER LIMIT	##	85,00-		01 08	50.201,30-
STOP ORDER HANDLING FEE	##	6,20-		01 25	50.207,50-
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		01 25	50.607,50-
INSURANCE PREMIUM 9495 LAWACCWEB RF020498035 LAW00040	4,28	79,23-		01 25	50.686,73-
ACCOUNT PAYMENT 9780 JOHNCOM 6108069 SUNTMIND	4,02	36,83-		01 25	50.723,56-
ACCOUNT PAYMENT 9272 JOHNCOM 6108338 BDAY	4,58	130,62-		01 25	50.854,18-
INTEREST ON OVERDRAFT UP TO 01 24 050033077 @20,000%		862,09-		01 25	51.716,27-
FEE - OVER LIMIT	##	170,00-		01 26	51.886,27-

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1593

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050033077

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Customer Care Centre: 0860 101 341
26 January 2008
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DURBAN 0026
MONTHLY MAIL

Statement No 157
VAT Reg. No.
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Statement Frequency MONTHLY

Statement from 02 January 2008 to 26 January 2008

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 20,000%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.91 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	20,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	51.886,27-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	30.000,00
Interest Charged	862,09-

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1594

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31 January 2008
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THE PROPRIETOR
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DURBAN 0026
MONTHLY MAIL

Statement No 158
VAT Reg. No.
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Statement Frequency MONTHLY
Statement from 28 January 2008 to 31 January 2008
BANK STATEMENT / TAX INVOICE
Account Number 05 003 307 7

BUSINESS CURRENT ACCOUNT
Month-end Balance R 15.055,68-

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				01 28	51.886,27-
AUTOPLUS TRANSFER FROM ACCOUNT 05-087-199-4 12H53 936002247			52.000,00	01 31	113,73
ACCOUNT PAYMENT 9701 SBSA VAF 34061606 0004 31 JAN		15.025,07-		01 31	14.911,34-
SERVICE FEE ACC 050033077	3,80			01 31	
OVERDRAFT SERVICE FEE ACC 050033077	##	114,34-		01 31	15.025,68-
	##	30,00-		01 31	15.055,68-

These fees are inclusive of VAT at 14,00%

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1595

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DURBAN 0026
MONTHLY MAIL

Statement No 158
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Statement Frequency MONTHLY
Statement from 26 January 2008 to 31 January 2008
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7
Fee Structure
Overdraft Details* :Overdraft Limit R 50.000 at 20,000%
Review Date (temporary facilities excluded) : 2008-07-17
Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.91 + 1.52 % of transaction value (maximum R38.50)
*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
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Account Summary

Details of Agreement	
Annual Rate of Interest	20,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	15.055,68-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	52.000,00
Interest Charged	0,00

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1596

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DURBAN 0026
MONTHLY MAIL

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Statement from 01 February 2008 to 27 February 2008

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				02 01	15.055,68-
INSURANCE PREMIUM 9583 EPIC 2 02911ROYALISL000040	4,68	146,56-		02 01	15.202,24-
SERVICE AGREEMENT 9393 LSSUPPORT KUBO01 NO LW48937	9,56	959,97-		02 01	16.162,21-
SERVICE AGREEMENT 9361 STANCOM - 704C DEBIT ORDER RUN	10,00	1.032,50-		02 01	17.194,71-
ACCOUNT PAYMENT 9842 CORPAY NASHUA MBL 43672765	15,00	2.699,14-		02 01	19.893,85-
INSURANCE PREMIUM 9246 OLDMUTCOL 3051282320080201	9,41	935,62-		02 01	20.829,47-
INSURANCE PREMIUM 9658 DIAGONAL S74030086	7,79	664,32-		02 05	21.493,79-
INSURANCE PREMIUM 9542 LIBLIFE 05FEB84122475*004542	15,00	2.104,06-		02 05	23.597,85-
STOP ORDER HANDLING FEE	##	6,20-		02 25	23.604,05-

These fees are inclusive of VAT at 14,00%

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The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1597

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DURBAN
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27 February 2008
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MONTHLY MAIL

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Statement from 01 February 2008 to 27 February 2008

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT

Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					23.604,05-
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		02 25	24.004,05-
INTEREST ON OVERDRAFT UP TO 02 24 050033077 @20,000%		482,99-		02 25	24.487,04-
INSURANCE PREMIUM 9841 LAWACCWEB RF020795982 LAW00040	4,02	36,41-		02 26	24.523,45-

These fees are inclusive of VAT at 14,00%

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 20,000%
Review Date (temporary facilities excluded) : 2008-07-17

Service Fee for cheques and certain specified debits (Inclusive of VAT):
R3.91 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1598

G10/102

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DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
29 February 2008
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 160
VAT Reg. No.
Page 2 of 2
Statement Frequency MONTHLY

Statement from 28 February 2008 to 29 February 2008

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 20,000%
Review Date (temporary
facilities excluded) : 2008-07-17

Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.91 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	20,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	39.834,42-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	0,00
Interest Charged	0,00

Please verify all transactions reflected on this statement and notify
any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1599

G14/103

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 March 2008
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 161
VAT Reg. No.
Page 1 of 3
Statement Frequency MONTHLY
Statement from 01 March 2008 to 27 March 2008

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD				03 01	39.834,42-
INSURANCE PREMIUM 9658 EPIC 2 02994ROYALISLO00040	4,68	146,56-		03 01	39.980,98-
INSURANCE PREMIUM 9634 DIAGONAL S74030086	7,79	664,32-		03 01	40.645,30-
DEBIT TRANSFER 9287 NASHUA MBL 43929628	15,00	4.283,42-		03 01	44.928,72-
SERVICE AGREEMENT 9892 LSSUPPORT KUBO01 NO LW49827	9,56	959,97-		03 01	45.888,69-
INSURANCE PREMIUM 9916 OLDMUTCOL 305128232008030 1	9,41	935,62-		03 03	46.824,31-
SERVICE AGREEMENT 9232 STANCOM - 704C DEBIT ORDER RUN	10,00	1.032,50-		03 04	47.856,81-
INSURANCE PREMIUM 9430 LIBLIFE 05MAR84122475*004430	15,00	2.104,06-		03 05	49.960,87-
CREDIT TRANSFER TRANSFER FROM 40-137-219-7			383,00	03 14	49.577,87-

** These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1600

G10/108

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 March 2008
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 161
VAT Reg. No.
Page 2 of 3
Statement Frequency MONTHLY
Statement from 01 March 2008 to 27 March 2008
BANK STATEMENT / TAX INVOICE
BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Details	Service Fee	Debits	Credits	Date	Balance
BALANCE BROUGHT FORWARD					49.577,87-
STOP ORDER HANDLING FEE	##	6,20-		03 25	49.584,07-
STOP ORDER 0001 CHARGES ACCOUNT		400,00-		03 25	49.984,07-
INTEREST ON OVERDRAFT UP TO 03 24 050033077 @20,000%		647,37-		03 25	50.631,44-
INTEREST ON OVERDRAFT UP TO 02 29 050033077 @20,000%		75,56-		03 25	50.707,00-
IB TRANSFER FROM 05-087-199-4 16H50 936002247			20.000,00	03 26	30.707,00-
INSURANCE PREMIUM 9065 LAWACCWEB RF021097386 LAW00040	4,32	85,84-		03 26	30.792,84-
FEE - OVER LIMIT	##	85,00-		03 26	30.877,84-

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK 06 MAY 2008

RR4-TSW-1601

G 10/105

050033077

DURBAN
275 SMITH STREET
DURBAN
KWAZULU NATAL
4001

DURBAN
PO BOX 47047
GREYVILLE
KWAZULU NATAL
4023

DURBAN
PO BOX 47047 GREYVILLE
4023

Customer Care Centre: 0860 101 341
27 March 2008
591372315

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 161
VAT Reg. No.
Page 3 of 3
Statement Frequency MONTHLY
Statement from 01 March 2008 to 27 March 2008

BANK STATEMENT / TAX INVOICE

BUSINESS CURRENT ACCOUNT
Account Number 05 003 307 7

Fee Structure

Overdraft Details* :Overdraft Limit R 50.000 at 20,000%
Review Date (temporary
facilities excluded) : 2008-07-17

Service Fee for cheques
and certain specified
debits (Inclusive of VAT):
R3.91 + 1.52 % of transaction value (maximum R38.50)

*Overdraft facilities are subject to the bank's terms and conditions.
For details please contact your nearest branch or visit
www.standardbank.co.za

Account Summary

Details of Agreement	
Annual Rate of Interest	20,000%
Monthly Repayment amount	0,00
Frequency of instalment	
Balance outstanding at date of statement	30.877,84-
Arranged Limit	50.000,00-
Summary of Transactions	
Net Payment Received for period of statement	20.383,00
Interest Charged	722,93-

Please verify all transactions reflected on this statement and notify
any discrepancies to the Bank as soon as possible.
The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06)
Authorised financial services provider
VAT Reg No. 4100105461 Registered credit provider (NCRCP15).

COMMISSION OF INQUIRY INTO STATE CAPTURE

Standard Bank

RR4-TSW-1602

Gm/A17/2

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited — Statement number 5
Registered bank: — Cycle/Despatch indicator QM
1962/000738/06 — Page 1 of 3
VAT reg no: 4100105461

Account preferred centre Midlands
Return address: — Branch code 7626
PO Box 47047, Greyville, 4023 — Customer contact centre 0860 101 341
Date 31 March 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001
Interest payment details
Account to which: Interest is paid
Name CAPITALISE
Bank Standard Bank Of S.A Ltd
Branch Midlands
Account number 26 860 848 2

Transaction details

Date ccyymmdd	Transaction description	Withdrawals	Deposits	Interest rate	Balance
20070102	Statement opening balance			8.25 %	R8,909,162.57
20070102	Interest capitalised		R65,671.51	8.25 %	R8,974,834.08
20070115	Rate changed			8.30 %	
20070117	Deposit		R1,250,960.00	8.30	R10,225,794.08
20070119	Withdrawal	R25,000.00		8.30	R10,200,794.08
20070125	Rate changed			8.35 %	
20070131	Interest capitalised		R63,023.03	8.35	R10,263,817.11
20070131	Month end balance				R10,263,817.11
20070215	Withdrawal	R1,885,000.00		8.35 %	R8,378,817.11
20070227	Withdrawal	R500,000.00		8.35 %	R7,878,817.11
20070228	Interest capitalised		R60,024.35	8.35 %	R7,938,841.46
20070228	Month end balance				R7,938,841.46
20070308	Withdrawal	R200,000.00		8.35 %	R7,738,841.46
20070330	Rate changed			8.40 %	

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
INGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15)

Standard Bank

RR4-TSW-1603

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 5
Cycle/Despatch indicator QM
Page 2 of 3

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 31 March 2007

Return address:
PO Box 47047, Greyville, 4023

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001

Transaction details

Date ccyymmdd	Transaction description	Withdrawals	Deposits	Interest rate	Balance
20070331	Withdrawal	R15,000.00		8.40 %	R7,723,841.46
20070331	Withdrawal	R150,000.00		8.40 %	R7,573,841.46
20070331	Interest capitalised		R55,258.80	8.40 %	R7,629,100.26
20070331	Month end balance				R7,629,100.26
	Balance as at 31 March 2007				R7,629,100.26

Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070102	20061130	20061207	R8,909,162.57	7.85 %	15,328.6414
20070102	20061208	20070101	R8,909,162.57	8.25 %	50,342.8707
					65,671.51
20070131	20070102	20070114	R8,974,834.08	8.25 %	26,371.2590
20070131	20070115	20070116	R8,974,834.08	8.30 %	4,081.7054
20070131	20070117	20070118	R10,225,794.08	8.30 %	4,650.6351
20070131	20070119	20070124	R10,200,794.08	8.30 %	13,917.7958
20070131	20070125	20070130	R10,200,794.08	8.35 %	14,001.6379
					63,023.03
20070228	20070131	20070214	R10,263,817.11	8.35 %	35,220.3587
20070228	20070215	20070226	R8,378,817.11	8.35 %	23,001.5746

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg.no 1962/000738/06) 'n Gemagtigde finansiëledienste- en geregistreerde kredietverskaffer (NCRCP15)

Standard Bank

RR4-TSW-1604

G 11/3

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 5
Cycle/Despatch indicator QM
Page 3 of 3

Return address:
PO Box 47047, Greyville, 4023

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 31 March 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001

Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070228	20070227	20070227	R7,878,817.11	8.35 %	1,802.4143
					60,024.35
20070331	20070228	20070307	R7,938,841.46	8.35 %	14,529.1674
20070331	20070308	20070329	R7,738,841.46	8.35 %	38,948.6350
20070331	20070330	20070330	R7,738,841.46	8.40 %	1,780.9937
					55,258.80

Interest accrued details

Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070331	20070401	R7,629,100.26	8.40 %	3,511.4800
			Total	R3,511.48

Please verify all transactions reflected on this statement and notify any

Account number: 26 860 848 2 - 001

Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070228	20070227	20070227	R7,878,817.11	8.35 %	1,802.4143
					60,024.35
20070331	20070228	20070307	R7,938,841.46	8.35 %	14,529.1674
20070331	20070308	20070329	R7,738,841.46	8.35 %	38,948.6350
20070331	20070330	20070330	R7,738,841.46	8.40 %	1,780.9937
					55,258.80

Interest accrued details

Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070331	20070401	R7,629,100.26	8.40 %	3,511.4800
			Total	R3,511.48

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15)

Standard Bank

RR4-TSW-1605

G 11/4

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited Statement number 6
Registered bank: Cycle/Despatch indicator FM
1962/000738/06 Page 1 of 3
VAT reg no: 4100105461

Account preferred centre Midlands
Return address: Branch code 7626
PO Box 47047, Greyville, 4023 Customer contact centre 0860 101 341
Date 28 June 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001
Interest payment details
Account to which: Interest is paid
Name CAPITALISE
Bank Standard Bank Of S.A Ltd
Branch Midlands
Account number 26 860 848 2
Transaction details

Date ccyymmdd	Transaction description	Withdrawals	Deposits	Interest rate	Balance
20070402	Statement opening balance			8.40 %	R7,629,100.26
20070402	Deposit		R2,280,000.00	8.40 %	R9,909,100.26
20070414	Withdrawal	R36,688.77		8.40 %	R9,872,411.49
20070419	Withdrawal	R597,251.00		8.40 %	R9,275,160.49
20070430	Interest capitalised		R65,717.05	8.40 %	R9,340,877.54
20070430	Month end balance				R9,340,877.54
20070508	Rate changed			8.45 %	
20070510	Withdrawal	R65,000.00		8.45 %	R9,275,877.54
20070518	Withdrawal	R35,000.00		8.45 %	R9,240,877.54
20070531	Interest capitalised		R66,513.08	8.45 %	R9,307,390.62
20070531	Month end balance				R9,307,390.62
20070602	Withdrawal	R200,000.00		8.45 %	R9,107,390.62
20070608	Rate changed			8.80 %	
20070619	Withdrawal	R600,000.00		8.80 %	R8,507,390.62

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

COMMISSION OF INQUIRY INTO STATE CAPTURE

...DARD BANK
...RSMEAD
0 2 SEP 2009
...ERVICE SUPPORT
...-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiëledienste- en geregistreerde kredietverskaffer (NCRCP15)

Standard Bank

RR4-TSW-1606

G 0/5

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited Statement number 6
Registered bank: Cycle/Despatch indicator FM
1962/000738/06 Page 2 of 3
VAT reg no: 4100105461

Account preferred centre Midlands
Return address: Branch code 7626
PO Box 47047, Greyville, 4023 Customer contact centre 0860 101 341
Date 28 June 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001

Transaction details

Date ccyymmdd	Transaction description	Withdrawals	Deposits	Interest rate	Balance
20070620	Withdrawal	R300,000.00		8.80 %	R8,207,390.62
20070628	Withdrawal	R200,000.00			R8,007,390.62
	Balance as at 28 June 2007				R8,007,390.62

Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070430	20070331	20070401	R7,629,100.26	8.40 %	3,511.4763
20070430	20070402	20070413	R9,909,100.26	8.40 %	27,365.4056
20070430	20070414	20070418	R9,872,411.49	8.40 %	11,360.0351
20070430	20070419	20070429	R9,275,160.49	8.40 %	23,480.1323
					65,717.05
20070531	20070430	20070507	R9,340,877.54	8.40 %	17,197.4512
20070531	20070508	20070509	R9,340,877.54	8.45 %	4,324.9543
20070531	20070510	20070517	R9,275,877.54	8.45 %	17,179.4335
20070531	20070518	20070530	R9,240,877.54	8.45 %	27,811.2438
					66,513.08

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15)

RR4-TSW-1607

4n/6

Standard Bank

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 6
Cycle/Despatch indicator FM
Page 3 of 3

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 28 June 2007

Return address:
PO Box 47047, Greyville, 4023

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001

Interest accrued details

Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070531	20070601	R9,307,390.62	8.45 %	4,309.4494
20070602	20070607	R9,107,390.62	8.45 %	12,650.5398
20070608	20070618	R9,107,390.62	8.80 %	24,153.2990
20070619	20070619	R8,507,390.62	8.80 %	2,051.0969
20070620	20070627	R8,207,390.62	8.80 %	15,830.1452
			Total	R58,994.53

With the recent increase in the Prime lending rate there has been a general increase in deposit rates. Please refer to your statement for the rates applicable to your account. For further information on our new interest rates please contact your branch, visit our website at www.standardbank.co.za or telephone 0860 123 000.

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
KINGSMEAD
02 SEP 2009
BANK SERVICE SUPPORT
Tel-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15).

RR4-TSW-1608

Standard Bank

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 7
Cycle/Despatch indicator QM
Page 1 of 2

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 30 June 2007

Return address:
PO Box 47047, Greyville, 4023

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001
Interest payment details
Account to which: Interest is paid
Name CAPITALISE
Bank Standard Bank Of S.A Ltd
Branch Midlands
Account number 26 860 848 2

Transaction details

Date ccyymmdd	Transaction description	Withdrawals	Deposits	Interest rate	Balance
20070628	Statement opening balance			8.80 %	R8,007,390.62
20070629	Rate changed			8.85 %	
20070630	Interest capitalised		R62,866.60	8.85 %	R8,070,257.22
20070630	Month end balance				R8,070,257.22
	Balance as at 30 June 2007				R8,070,257.22

Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070630	20070531	20070601	R9,307,390.62	8.45 %	4,309.4494
20070630	20070602	20070607	R9,107,390.62	8.45 %	12,650.5398
20070630	20070608	20070618	R9,107,390.62	8.80 %	24,153.2990
20070630	20070619	20070619	R8,507,390.62	8.80 %	2,051.0969
20070630	20070620	20070627	R8,207,390.62	8.80 %	15,830.1452

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiëledienste- en geregistreerde kredietverskaffer (NCRCP15).

RR4-TSW-1609

Standard Bank

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 7
Cycle/Despatch indicator QX
Page 2 of 2

Return address:
PO Box 47047, Greyville, 4023

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 30 June 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001

Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070630	20070628	20070628	R8,007,390.62	8.80 %	1,930.5490
20070630	20070629	20070629	R8,007,390.62	8.85 %	1,941.5180
					62,866.60

Interest accrued details

Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070630	20070701	R8,070,257.22	8.85 %	3,913.5200
			Total	R3,913.52

With the recent increase in the Prime lending rate there has been a general increase in deposit rates. Please refer to your statement for the rates applicable to your account. For further information on our new interest rates please contact your branch, visit our website at www.standardbank.co.za or telephone 0860 123 000.

Please verify all transactions reflected on this statement and notify any

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070630	20070628	20070628	R8,007,390.62	8.80 %	1,930.5490
20070630	20070629	20070629	R8,007,390.62	8.85 %	1,941.5180
					62,866.60

Interest accrued details

Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070630	20070701	R8,070,257.22	8.85 %	3,913.5200
			Total	R3,913.52

With the recent increase in the Prime lending rate there has been a general increase in deposit rates. Please refer to your statement for the rates applicable to your account. For further information on our new interest rates please contact your branch, visit our website at www.standardbank.co.za or telephone 0860 123 000.

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15).

Standard Bank

RR4-TSW-1610

G11/9

268508482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 8
Cycle/Despatch indicator QM
Page 1 of 3

Return address:
PO Box 47047, Greyville, 4023

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 29 September 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001
Interest payment details
Account to which: Interest is paid
Name CAPITALISE
Bank Standard Bank Of S.A Ltd
Branch Midlands
Account number 26 860 848 2

Transaction details

Date ccyymmdd	Transaction description	Withdrawals	Deposits	Interest rate	Balance
20070702	Statement opening balance			8.85 %	R8,070,257.22
20070727	Rate changed			8.90 %	
20070731	Interest capitalised		R60,703.81	8.90 %	R8,130,961.03
20070731	Month end balance				R8,130,961.03
20070817	Rate changed			9.25 %	
20070818	Withdrawal	R100,000.00		9.25 %	R8,030,961.03
20070831	Interest capitalised		R62,223.26	9.25 %	R8,093,184.29
20070831	Month end balance				R8,093,184.29
20070906	Rate changed			9.30 %	
20070910	Withdrawal	R270,000.00		9.30 %	R7,823,184.29
20070912	Withdrawal	R100,000.00		9.30 %	R7,723,184.29
20070928	Rate changed			9.35 %	
20070929	Month end balance				R7,723,184.29
	Balance as at 29 September 2007				R7,723,184.29

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

COMMISSION OF INQUIRY INTO STATE CAPTURE

STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
24-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg.no 1962/000738/06) 'n Gemagtigde finansiëledienste- en geregistreerde kredietverskaffer (NCRCP15).

Standard Bank

RR4-TSW-1611

G n/13

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Return address:
PO Box 47047, Greyville, 4023

Statement number 8
Cycle/Despatch indicator QM
Page 2 of 3

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 29 September 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001

Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070731	20070630	20070726	R8,070,257.22	8.85 %	52,832.5469
20070731	20070727	20070730	R8,070,257.22	8.90 %	7,871.2646
					60,703.81
20070831	20070731	20070816	R8,130,961.03	8.90 %	33,704.5042
20070831	20070817	20070817	R8,130,961.03	9.25 %	2,060.5860
20070831	20070818	20070830	R8,030,961.03	9.25 %	26,458.1661
					62,223.26

Interest accrued details

Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20070831	20070905	R8,093,184.29	9.25 %	12,306.0747
20070906	20070909	R8,093,184.29	9.30 %	8,248.3960
20070910	20070911	R7,823,184.29	9.30 %	3,986.6090
20070912	20070927	R7,723,184.29	9.30 %	31,485.2006
			Balance carried forward	R56,026.2803

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid-Afrika Beperk (Reg no. 1962/000738/06) 'n Gemagtigde finansiëledienste- en geregistreerde kredietverskaffer (NCRCP15).

Standard Bank

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Return address:
PO Box 47047, Greyville, 4023

Statement number	8
Cycle/Despatch indicator	QM
Page	3 of 3
Account preferred centre	Midlands
Branch code	7626
Customer contact centre	0860 101 341
Date	29 September 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001
Interest accrued details

Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
			Balance brought forward	R56,026.2803
20070928	20070930	R7,723,184.29	9.35 %	5,935.2142
			Total	R61,961.49

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15)

RR4-TSW-1613

G 11/12

Standard Bank

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited Statement number 9
Registered bank: Cycle/Despatch indicator QM
1962/000738/06 Page 1 of 4
VAT reg no: 4100105461

Account preferred centre Midlands
Return address: Branch code 7626
PO Box 47047, Greyville, 4023 Customer contact centre 0860 101 341
Date 31 December 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001
Interest payment details
Account to which: Interest is paid
Name CAPITALISE
Bank Standard Bank Of S.A Ltd
Branch Midlands
Account number 26 860 848 2
Transaction details

Date ccyymmdd	Transaction description	Withdrawals	Deposits	Interest rate	Balance
20071001	Statement opening balance			9.35 %	R7,723,184.29
20071001	Interest capitalised		R61,961.49	9.35 %	R7,785,145.78
20071004	Withdrawal	R100,000.00		9.35 %	R7,685,145.78
20071012	Rate changed			9.75 %	
20071017	Withdrawal	R100,000.00		9.75 %	R7,585,145.78
20071031	Interest capitalised		R60,362.89	9.75 %	R7,645,508.67
20071031	Month end balance				R7,645,508.67
20071120	Deposit		R611,381.10	9.75 %	R8,256,889.77
20071123	Rate changed			9.80 %	
20071130	Rate changed			9.85 %	
20071130	Interest capitalised		R62,981.12	9.85 %	R8,319,870.89
20071130	Month end balance				R8,319,870.89
20071204	Deposit		R3,266.28	9.85 %	R8,323,137.17
20071205	Deposit		R550,000.00	9.85 %	R8,873,137.17

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiëledienste- en geregistreerde kredietverskaffer (NCRCP15)

Standard Bank

RR4-TSW-1614

5 11/13

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 9
Cycle/Despatch indicator QM
Page 2 of 4

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 31 December 2007

Return address:
PO Box 47047, Greyville, 4023

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001

Transaction details

Date ccyymmdd	Transaction description	Withdrawals	Deposits	Interest rate	Balance
20071205	Withdrawal	R80,000.00		9.85 %	R8,793,137.17
20071207	Rate changed			10.25%	
20071221	Withdrawal	R50,000.00		10.25%	R8,743,137.17
20071231	Interest capitalised		R75,095.82	10.25%	R8,818,232.99
20071231	Month end balance				R8,818,232.99
	Balance as at 31 December 2007				R8,818,232.99

Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20071001	20070831	20070905	R8,093,184.29	9.25 %	12,306.0747
20071001	20070906	20070909	R8,093,184.29	9.30 %	8,248.3960
20071001	20070910	20070911	R7,823,184.29	9.30 %	3,986.6090
20071001	20070912	20070927	R7,723,184.29	9.30 %	31,485.2006
20071001	20070928	20070930	R7,723,184.29	9.35 %	5,935.2142
					61,961.49
20071031	20071001	20071003	R7,785,145.78	9.35 %	5,982.8312
20071031	20071004	20071011	R7,685,145.78	9.35 %	15,749.2850
20071031	20071012	20071016	R7,685,145.78	9.75 %	10,264.4070
20071031	20071017	20071030	R7,585,145.78	9.75 %	28,366.3671

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STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
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RR4-TSW-1615

Standard Bank

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Return address:
PO Box 47047, Greyville, 4023

Statement number 9
Cycle/Despatch indicator QM
Page 3 of 4

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 31 December 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001
Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
					60,362.89
20071130	20071031	20071119	R7,645,508.67	9.75 %	40,845.8682
20071130	20071120	20071122	R8,256,889.77	9.75 %	6,616.8226
20071130	20071123	20071129	R8,256,889.77	9.80 %	15,518.4284
					62,981.12
20071231	20071130	20071203	R8,319,870.89	9.85 %	8,980.9017
20071231	20071204	20071204	R8,323,137.17	9.85 %	2,246.1069
20071231	20071205	20071206	R8,793,137.17	9.85 %	4,745.8850
20071231	20071207	20071220	R8,793,137.17	10.25%	34,570.2790
20071231	20071221	20071230	R8,743,137.17	10.25%	24,552.6455
					75,095.82

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
KINGSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15).

Standard Bank

RR4-TSW-1616

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 9
Cycle/Despatch indicator QM
Page 4 of 4

Return address:
PO Box 47047, Greyville, 4023

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 31 December 2007

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001

Interest accrued details

Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20071231	20080101	R8,818,232.99	10.25%	4,952.7100
			Total	R4,952.71

From January 1, 2008 the cash deposit fee on all personal and business call deposit accounts will change to R3.80 (base fee) plus 0.90% of the cash deposit value. For further information please contact your branch or call the customer contact centre on 0860 123 456.

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
0 2 SEP 2009
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15)
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15).

Standard Bank

RR4-TSW-1617

G11/16

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 10
Cycle/Despatch indicator QM
Page 1 of 3

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 31 March 2008

Return address:
PO Box 47047, Greyville, 4023

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001
Interest payment details
Account to which: Interest is paid
Name CAPITALISE
Bank Standard Bank Of S.A Ltd
Branch Midlands
Account number 26 860 848 2

Transaction details

Date ccyymmdd	Transaction description	Withdrawals	Deposits	Interest rate	Balance
20080102	Statement opening balance			10.25%	R8,818,232.99
20080105	Withdrawal	R32,000.00		10.25%	R8,786,232.99
20080105	Withdrawal	R35,000.00		10.25%	R8,751,232.99
20080109	Withdrawal	R100,000.00		10.25%	R8,651,232.99
20080121	Rate changed			10.30%	
20080128	Rate changed			10.35%	
20080130	Withdrawal	R50,000.00		10.35%	R8,601,232.99
20080131	Interest capitalised		R75,799.83	10.35%	R8,677,032.82
20080131	Month end balance				R8,677,032.82
20080204	Withdrawal	R50,000.00		10.35%	R8,627,032.82
20080216	Withdrawal	R25,000.00		10.35%	R8,602,032.82
20080221	Withdrawal	R20,000.00		10.35%	R8,582,032.82
20080229	Interest capitalised		R70,861.76	10.35%	R8,652,894.58
20080229	Month end balance				R8,652,894.58

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
02 SEP 2009
SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15).

Standard Bank

RR4-TSW-1618

G11/17

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 10
Cycle/Despatch indicator QM
Page 2 of 3

Return address:
PO Box 47047, Greyville, 4023

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 31 March 2008

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001

Transaction details

Date ccyymmdd	Transaction description	Withdrawals	Deposits	Interest rate	Balance
20080305	Withdrawal	R50,000.00		10.35%	R8,602,894.58
20080313	Rate changed			10.45%	
20080331	Interest capitalised		R76,118.12	10.45%	R8,679,012.70
20080331	Month end balance				R8,679,012.70
	Balance as at 31 March 2008				R8,679,012.70

Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20080131	20071231	20080104	R8,818,232.99	10.25%	12,381.7655
20080131	20080105	20080108	R8,751,232.99	10.25%	9,830.1521
20080131	20080109	20080120	R8,651,232.99	10.25%	29,153.4701
20080131	20080121	20080127	R8,651,232.99	10.30%	17,089.1479
20080131	20080128	20080129	R8,651,232.99	10.35%	4,906.3157
20080131	20080130	20080130	R8,601,232.99	10.35%	2,438.9798
					75,799.83
20080229	20080131	20080203	R8,677,032.82	10.35%	9,841.8948
20080229	20080204	20080215	R8,627,032.82	10.35%	29,355.5473
20080229	20080216	20080220	R8,602,032.82	10.35%	12,196.0328
20080229	20080221	20080228	R8,582,032.82	10.35%	19,468.2827

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
ACKNOWLEDGED
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid-Afrika Beperk (Reg.no. 1962/000738/06) 'n Gemagtigde finansiële dienste- en geregistreerde kredietverskaffer (NCRCP15).

Standard Bank

RR4-TSW-1619

G 11/18

268608482

MoneyMarket Call Account

The Standard Bank Of South Africa Limited
Registered bank:
1962/000738/06
VAT reg no: 4100105461

Statement number 10
Cycle/Despatch indicator QM
Page 3 of 3

Account preferred centre Midlands
Branch code 7626
Customer contact centre 0860 101 341
Date 31 March 2008

Return address:
PO Box 47047, Greyville, 4023

MR. WS KUBONI
113 GROSVENOR RD
GLENMORE
4001

Account identification
Name of account: KUBONI WS
Account number: 26 860 848 2 - 001
Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
					70,861.76
20080331	20080229	20080304	R8,652,894.58	10.35%	12,268.1451
20080331	20080305	20080312	R8,602,894.58	10.35%	19,515.6074
20080331	20080313	20080330	R8,602,894.58	10.45%	44,334.3691
					76,118.12

Interest accrued details

Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20080331	20080331	R8,679,012.70	10.45%	2,484.8100
			Total	R2,484.81

Please verify all transactions reflected on this statement and notify any
Account number: 26 860 848 2 - 001
Interest payment details

Date ccyymmdd	Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
					70,861.76
20080331	20080229	20080304	R8,652,894.58	10.35%	12,268.1451
20080331	20080305	20080312	R8,602,894.58	10.35%	19,515.6074
20080331	20080313	20080330	R8,602,894.58	10.45%	44,334.3691
					76,118.12

Interest accrued details

Period From ccyymmdd	Period To ccyymmdd	Investment amount	Interest rate	Interest amount
20080331	20080331	R8,679,012.70	10.45%	2,484.8100
			Total	R2,484.81

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

STANDARD BANK
NOSMEAD
02 SEP 2009
HEAD SERVICE SUPPORT
04-01-27

COMMISSION OF INQUIRY INTO STATE CAPTURE

The Standard Bank of South Africa Limited (Reg. No. 1962/000738/06) An authorised financial services and registered credit provider (NCRCP15).
Die Standard Bank van Suid-Afrika Beperk (Reg no. 1962/000738/06) 'n Gemagtigde finansiëledienste- en geregistreerde kredietverskaffer (NCRCP15)

Standard Bank

387

COMPANY:	KUBONI & SHEZI
ACCOUNT:	TRUST
REF:	CHEQUES 102301 - 102400
DATE:	24/04/2007 - 23/01/2008

RR4-TSM-1630

Date
Datum 24/04/2007

TRIMBURN

AGENCY CC

01/S150/06

R 33 745-50

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102301

Date
Datum 24/04/2007

TRIMBURN

AGENCY CC

SALAMAX

01/S150/06

R 33 745-50

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102302

COMMISSION OF INQUIRY INTO STATE CAPTURE

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R 580.00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102309

Date
Datum 2007-05-10

BELL
EQUIPMENT
01/S150/06

R 16 862.66

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102310

COMMISSION OF INQUIRY INTO STATE CAPTURE

G 12/4

17/05/2007
ABSA BANK
LIMITED
E/L MBABANGA
TRF 139/26

R 4 500-00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102319

Date
Datum 2007/05/23
YARA SA
01/S150/06

R 109 758-61

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102320

COMMISSION OF INQUIRY INTO STATE CAPTURE

Standard Bank

DURBAN

040-026

Date
Datum 2007 05 23

Pay
Betaal YARA SA

or Bearer
of Toonder

the sum of
die bedrag van ONE HUNDRED AND NINE THOUSAND SEVEN HUNDRED AND FIFTY EIGHT RANDS SIXTY ONE CENTS ONLY

For/Vir R 109 758 - 61

KUBONI AND SHEZI ATTORNEYS TRUST
05 087 199 4

⑈102320 ⑆040026⑆ 05087199⑈ 02

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1625

G 12/6

2007/05/23

YARA SA

01/S150/06

01/S150/06

R109258-61

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102321

Date
Datum 25/05/2007

Gethi

Lejna

Makhanya

TLF 177/07

R 360 000-00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102322

COMMISSION OF INQUIRY INTO STATE CAPTURE

Date
Datum 30/05/2007

Alcantara
Singh &
Assoc
Soc Welfare

R 208 379-22

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102325

Date
Datum 30/05/2007

Bell Equipment

01/S150/06

R 14 526-34

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102326

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1627

G 12/8

Date
Datum 30/05/2007

Vari Quip

01/5150/06

R 7 714 -44

Telephone banking no.
Telefoonbankdienstene. 0860 123 000

102327

Date
Datum 30/05/2007

Community

WATCH

01/5150/06

R 10 136 - 88

Telephone banking no.
Telefoonbankdienstene. 0860 123 000

102328

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1628

G 12/9

Date
Datum 30/05/2007

Gap Chemicals

01/S150/06

R 5768-40

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102329

Date
Datum 30/05/2007

NATAL
AREAL SPRAY

01/S150/06

R 7292-40

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102330

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1629

G 14/10

Date
Datum 30/03/2007

UCL

01/S150/06

R 10506-30

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102331

Date
Datum 2007-06-11

JACOBS AND
PARTNERS

R 463671-55

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102332

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1630

G 12/11

Date
Datum 09/07/07

BELL EQUIPMENT

01/S150/06

R 4000-00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102343

Date
Datum 09/07/07

VARIQUIP

Cancelled

R 9553-09

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102344

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1631

G 12/11

Standard Bank

040-026

DURBAN

Date
Datum 2007-07-09

Pay
Betaal VARIQUIP

or Bearer
of Toonder

the sum of
die bedrag van NINE THOUSAND FE

Cancelled

For Vir R 9553 - 09

KUBONI AND SHEZI ATTORNEYS TRUST
05 087 199 4

CMSA 5&G 05 10 92

⑈102344 ⑆040026⑆ 050871994⑈ 02

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1632

G12/13

Date
Datum 09/07/07

01/5150/06

R 9553;09

Telephone banking no.
Telefoonbankdienstenr. 0860 123 000

102345

Date
Datum

Cancelled

R

Telephone banking no.
Telefoonbankdienstenr. 0860 123 000

102346

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1633

Date
Datum 10/07/07

COMMUNITY ..

WATCH

01/S150/06

R 5 068,44

Telephone banking no.
Telefoonbankdienstenr. 0860 123 000

102347

Date
Datum 10/07/07

UCL

01/S150/06

R 6 093,99

Telephone banking no.
Telefoonbankdienstenr. 0860 123 000

102348

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1634

G12/15

Standard Bank

DURBAN

040-026

Date
Datum 2007-07-10

Pay
Betaal COMMUNITY WATCH

or Bearer
of Toonder

the sum of
die bedrag van FIVE THOUSAND AND SIXTY NINE
RANDS FOURTY FOUR CENTS
ONLY

For Vir R 5 068 44

KUBONI AND SHEZI ATTORNEYS TRUST
05 087 199 4

CANCELLED

⑈102347⑆040026⑆ 050871994⑈ 02

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1635

G 12/16

Date
Datum 10/07/07

ELECTRO TECHNICAL
AGENCIES

01/S150/06

R 2 017,00

Telephone banking no.
Telefoonbankdienstenc. 0860 123 000

102349

Date
Datum 10/07/07

YARA SA

01/S150/06

R 3 555,00

Telephone banking no.
Telefoonbankdienstenc. 0860 123 000

102350

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1636

Gr/m

Date
Datum 10/07/07
MARTINS
PLUMBING
01/S150/06

R 3 398 00
Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102351

Date
Datum 10/07/07
UMNGENI
WATER
01/S150/06

R 2 370,47
Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102352

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1637

Grid 18

Date 2007-07-18

H. S. VAN DER MERWE (Legal Costs Consultants) (SOCIAL WELFARE)

R 3145.01

Telephone banking no. Telefoonbankdienstenr. 0860 123 000

102355

Date Datum 2007-07-18

COMMUNITY WATCH

01/S150/06

R 5068.44

Telephone banking no. Telefoonbankdienstenr. 0860 123 000

102356

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1638

G 12/19

Date 3/08/2007

TRIMBORN AGENCY

01/5150/26

R 37 314 -00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102361

Date
Datum 02/08/2007

ELECTRO

TECHNICAL AGENCY

01/5150/26

R14 140 -00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102362

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1639

G 12/20

Date
Datum 02/08/2007

COMMUNITY

WATER

DIS 150/06

R 5 068 - 44

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102363

Date
Datum 02/08/2007

JACOBS AND

PARTNERS

DEPT SOCIAL WELFARE

R 450 000 - 00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102364

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1640

GB/1

044

Standard Bank

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000736/06
VAT Reg No. 4100105461

DURBAN
PO BOX 47047 GREYVILLE 4023

Customer Care Centre: 0860 101 341

26 March 2007
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 108
VAT Reg. No.
Page 1 of 5

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

On 07 March the usury maximum lending rate increased to 23.00%.
The interest rate applicable to your account is shown at the bottom of this statement. Should you require information on credit interest rates please visit our website www.standardbank.co.za.

Month-end Balance R 11.456.173,82

Details		Service Fee	Credits Debits	Date	Balance
BALANCE BROUGHT FORWARD				02 27	2.822.907,58
INTERBANK CREDIT TRANSFER 01/S150/06 Jalamax			9.000.000,00	02 27	11.822.907,58
DENETS REUTZ M AB62					
CHEQUE	102255	15,50	334.089,26-	02 27	11.488.818,32
CHEQUE	102254	4,15	50,00-	02 27	11.488.768,32
CASH DEPOSIT			1.500,00	02 28	11.490.268,32
GLADYS THEKWINI 993					
CHEQUE	102256	15,50	50.000,00-	02 28	11.440.268,32
CREDIT INTEREST			15.920,95	02 28	11.456.189,27
ACC 050871994					
CASH DEPOSIT FEE - BRANCH		##	15,45-	02 28	11.456.173,82
ACC 050871994 DEP BCH 5226					
CASH DEPOSIT			600,00	03 01	11.456.773,82
ALVINA THEKWINI 569					
CASH DEPOSIT FEE - BRANCH		##	8,34-	03 01	11.456.765,48
ACC 050871994 DEP BCH 5226					
CASH DEPOSIT			4.600,00	03 02	11.461.365,48
0313014164 ALVINA					
INTERBANK TRANSFER 01/S150/06 - Jalamax		15,50	9.000.000,00-	03 02	2.461.365,48
E.R. BROWNE IN 0703020026NP7325					
FEE - INTERBANK TRANSFER		##	780,00-	03 02	2.460.585,48
CHEQUE	102175	6,00	220,00- O/S	03 02	2.460.365,48
CASH DEPOSIT FEE - BRANCH		##	39,94-	03 02	2.460.325,54
ACC 050871994 DEP BCH 5226					
CASH DEPOSIT			2.000,00	03 05	2.462.325,54
ALVINA THEKWINI 392					
IB TRANSFER TO		3,60	15.000,00-	03 05	2.447.325,54
05-003-307-7 08H36 936002247					

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

Rpt09507 2006-06

RR4-TSW-1641

G13/2

Standard Bank

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461

DURBAN
PO BOX 47047 GREYVILLE 4023

Customer Care Centre: 0860 101 341

045

26 March 2007
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 108
VAT Reg. No.
Page 2 of 5

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

Details		Service Fee	Credits / Debits	Date	Balance
BALANCE BROUGHT FORWARD					2.447.325,54
CASH DEPOSIT FEE - BRANCH		##	19,40-	03 05	2.447.306,14
ACC 050871994 DEP BCH 5226					
CASH DEPOSIT			2.000,00	03 06	2.449.306,14
ALVINA THEKWINI 896					
TRANSFER FROM – N.R. Dlamini Ref 181/07			7.139,92	03 06	2.456.446,06
DLAMINI DURBAN ABC 018					
CHEQUE	102259	4,15	50,00-	03 06	2.456.396,06
CHEQUE	102258	9,04	499,01-	03 06	2.455.897,05
CHEQUE	102257	4,15	50,00-	03 06	2.455.847,05
CHEQUE	102260	15,50	2.356,07-	03 06	2.453.490,98
CASH DEPOSIT FEE - BRANCH		##	19,40-	03 06	2.453.471,58
ACC 050871994 DEP BCH 5226					
CASH DEPOSIT			1.000,00	03 07	2.454.471,58
ALVINA 031-3014164					
TRANSFER FROM			64.000,00	03 07	2.518.471,58
REF 181/07 NR DAMINI					
IB TRANSFER TO		3,60	20.000,00-	03 07	2.498.471,58
05-003-307-7 08H48 936002247					
CHEQUE	102198	15,50	1.306,02- O/S	03 07	2.497.165,56
CHEQUE	102261	15,50	4.469,52-	03 07	2.492.696,04
CASH DEPOSIT FEE - BRANCH		##	11,50-	03 07	2.492.684,54
ACC 050871994 DEP BCH 0026					
CHEQUE	102251	11,78	750,00- O/S	03 08	2.491.934,54
CASH DEPOSIT			200,00	03 09	2.492.134,54
ALVINA DURBAN 104					
IB TRANSFER TO		3,60	15.000,00-	03 09	2.477.134,54
05-003-307-7 08H01 936002247					
CASH DEPOSIT FEE - BRANCH		##	5,18-	03 09	2.477.129,36
ACC 050871994 DEP BCH 0026					
CREDIT TRANSFER 9359 - 01/505/07			1.053.000,00	03 12	3.530.129,36
INTAKA INVESTEMENTS					
CHEQUE	102262	5,24	150,00-	03 12	3.529.979,36
MAGTAPE CREDIT 9851			342.334,15	03 13	3.872.313,51
BASDAS NAT:SASSA000021941					
CASH DEPOSIT			4.956,73	03 13	3.877.270,24
GLADYS THEKWINI 091					
CHEQUE CASHED	102286	15,50	5.000,00-	03 13	3.872.270,24

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

Rpt09507 2006-05

RR4-TSW-1642

G 13/3

046

Standard Bank

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461

DURBAN
PO BOX 47047 GREYVILLE 4023

Customer Care Centre: 0860 101 341

26 March 2007
045215685

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 108
VAT Reg. No.
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BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

Details		Service Fee	Credits Debits	Date	Balance
BALANCE BROUGHT FORWARD					3.872.270,24
IB TRANSFER TO		3,60	100.000,00-	03 13	3.772.270,24
05-003-307-7 08H55 936002247					
CHEQUE	102265	15,50	9.000,00-	03 13	3.763.270,24
CASH DEPOSIT FEE - BRANCH		##	42,76-	03 13	3.763.227,48
ACC 050871994 DEP BCH 5226					
MAGTAPE CREDIT 9127			55.000,00	03 14	3.818.227,48
ABSA BANK MM JOYISA ERF 1283 — Tg 182/07					
MAGTAPE CREDIT 9128			3.189,07	03 14	3.821.416,55
ABSA BANK MM JOYISA ERF 1283 Tg 182/07					
CHEQUE	102267	15,50	1.549,89-	03 14	3.819.866,66
CHEQUE	102268	5,43	168,00-	03 15	3.819.698,66
CHEQUE	102269	15,50	1.456,21-	03 15	3.818.242,45
CASH DEPOSIT			400,00	03 16	3.818.642,45
ALVINA THEKWINI 211					
INTERBANK TRANSFER — Tg 181/07		15,50	50.000,00-	03 16	3.768.642,45
N.T. KHUMALO 0703160026NP9846					
INTERBANK TRANSFER — 01/S157/07 Sale		15,50	200.000,00-	03 16	3.568.642,45
BLUE SERENITY 0703160026NP9845					
FEE - INTERBANK TRANSFER		##	200,00-	03 16	3.568.442,45
FEE - INTERBANK TRANSFER		##	104,00-	03 16	3.568.338,45
CASH DEPOSIT FEE - BRANCH		##	6,76-	03 16	3.568.331,69
ACC 050871994 DEP BCH 5226					
CHEQUE	102264	15,50	289.446,00-	03 19	3.278.885,69
CASH DEPOSIT			1.400,00	03 22	3.280.285,69
ALVINA THEKWINI 256					
CASH DEPOSIT FEE - BRANCH		##	14,66-	03 22	3.280.271,03
ACC 050871994 DEP BCH 5226					
CASH DEPOSIT — 09/M700/07			3.000,00	03 23	3.283.271,03
MNGONYAMA ZL 0828143299					
CASH DEPOSIT			3.000,00	03 23	3.286.271,03
ALVENA THEKWINI 927					
INTERBANK TRANSFER — Tg 181/07		15,50	100.000,00-	03 23	3.186.271,03
SERENITY INVES 0703230026NP0707					
FEE - INTERBANK TRANSFER		##	104,00-	03 23	3.186.167,03
CASH DEPOSIT FEE - BRANCH		##	27,30-	03 23	3.186.139,73
ACC 050871994 DEP BCH 0023					
CASH DEPOSIT FEE - BRANCH		##	27,30-	03 23	3.186.112,43
ACC 050871994 DEP BCH 5226					

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

Rpt09507 2006-06

RR4-TSW-1643

G13/4

Standard Bank

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461

DURBAN
PO BOX 47047 GREYVILLE 4023

Customer Care Centre: 0860 101 341

26 March 2007
045215685

047

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 108
VAT Reg. No.
Page 4 of 5

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4

Details	Service Fee	Credits Debits	Date	Balance
BALANCE BROUGHT FORWARD				3.186.112,43
CASH DEPOSIT		500,00	03 26	3.186.612,43
ANELE DIKANE THEKWINI 692				
CASH DEPOSIT FEE - BRANCH	##	7,55-	03 26	3.186.604,88
ACC 050871994 DEP BCH 5226				

These fees are inclusive of VAT at 14,00%

Fee Structure

Overdraft Rate* : 17,000%

Service Fee for cheques and certain specified debits (inclusive of VAT) : R3.60 + 1.09 % of transaction value (maximum R15.50)
Minimum Monthly Service Fee: R 55,00

*Overdraft facilities are subject to the bank's terms and conditions. For details please contact your nearest branch or visit www.standardbank.co.za

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

Rpt09507 2006-06

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1644

G 13/5

Standard Bank

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No. 4100105461

DURBAN
PO BOX 47047 GREYVILLE 4023

Customer Care Centre: 0860 101 341

26 March 2007
045215685

043

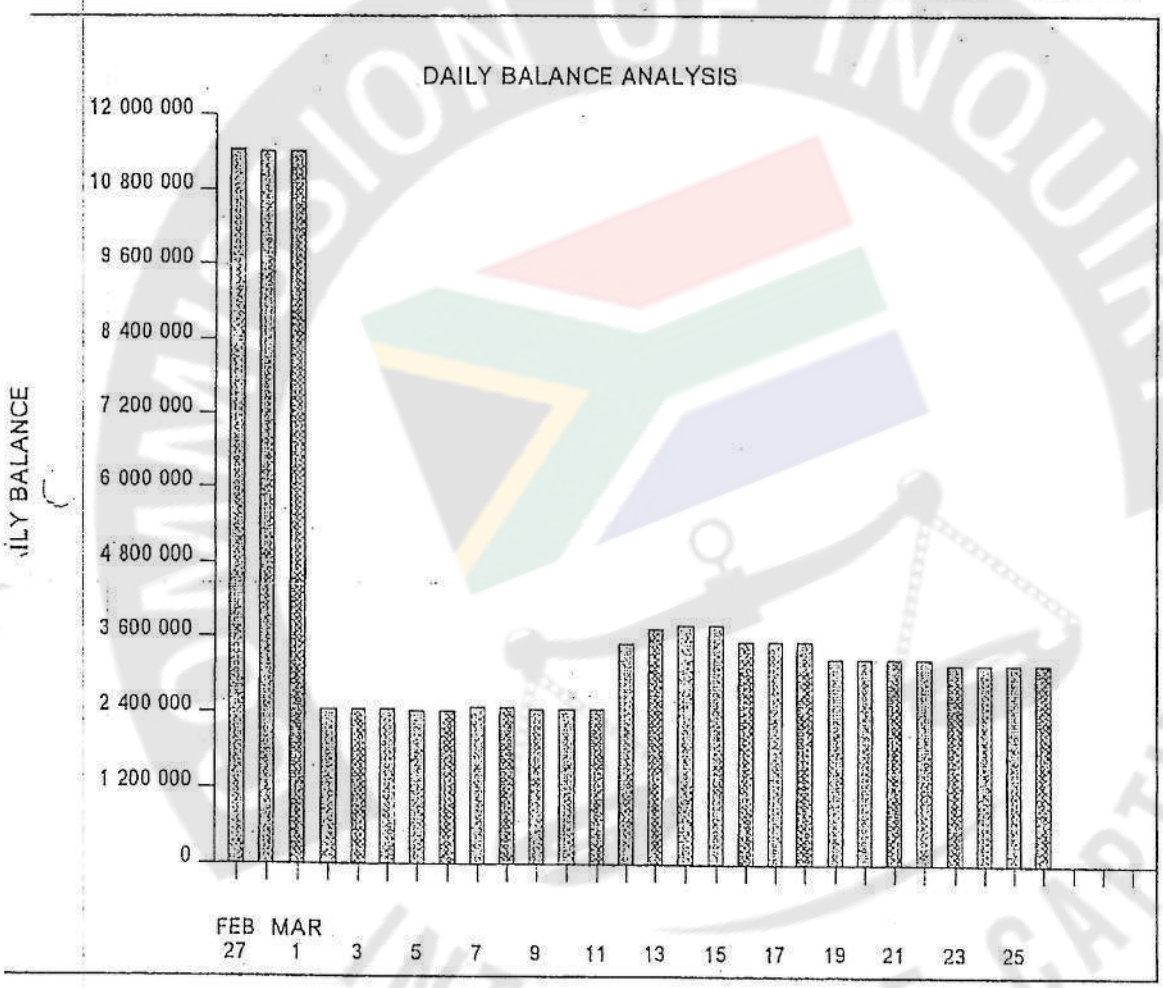
THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

DURBAN 0026
MONTHLY MAIL

Statement No 108
VAT Reg. No.
Page 5 of 5

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT Account Number 05 087 199 4



Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

Rpt09507 2006-05

Durban Central Cas 1538/01/2009

I, the undersigned,

Alvina Matsau states under oath.

1.

I am a female with ID. 6210150901089. I am employed as a Secretary at a firm of Attorneys called "Kuboni and Shezi", which is situated on the 10th floor, Suite 1006, Salmon Grove Chambers, no. 407 Smith Street. My work telephone number is 031-301 4164. I reside at no.5015 Magalela Place Lamontville. My Cell number is 0834307209.

2.

I have been employed at Kuboni and Shezi since 1998. I am responsible for secretarial duties which include office administration at the firm. I took instructions from Mr Sandile Kuboni who was the director of the firm until March 2007 and from the new directors being Ms Phindela, Mr Thusi and Mr Blose from April 2007 onwards. Due to the nature of my employment I have access to documents at our firm.

3.

On the 24th of March 2009 Lt. Col. Du Plooy conducted a search at Kuboni and Shezi. He introduced himself to me and informed me that he was investigating a matter that involved the payment of R 1 053 000-00 from an entity known as Intaka. Intaka allegedly paid the said monies into the trust account of Kuboni and Shezi.

4.

I searched through our computer records and found the following documents:

(a) A copy of a Tax invoice/letter referring to Intaka Investments 01/07. This invoice/letter is dated the 14th of February 2007. I made a printout of this document and handed it to Lt. Col. Du Plooy. A copy is attached as per Annexure "AM 1". The exhibit was placed and sealed in a FSL bag with seal no. FSC – 1132554. Copy of forensic bag attached as Annexure "AM 1(1)"

(b) A copy of a letter to Intaka or Dr Savoi with reference to the Standard Bank account of Kuboni and Shezi. This letter is dated the 15th of February 2007. I made a printout of this document and handed it to Lt. Col. Du Plooy. A copy is attached as per Annexure "AM 2".

AM

The exhibit was placed and sealed in a FSL bag with seal no. FSC – 1132498. Copy of forensic bag attached as Annexure "AM 2(1)"

5.

I copied the above files/ documents onto a blank CD disk (Verbatum) supplied by Lt. Col. Du Plooy. The seal of the CD disk was broken in my presence. Lt. Col. Du Plooy then sealed the CD in a forensic bag with FSL seal no. FSC - 1132536. Copy of forensic bag attached as Annexure "AM 4"

6.

Besides me, the following persons were also present when these exhibits were seized:

- Lt. Col. Du Plooy
- Lt. Col. De Villiers
- Adv Muzie Mkhize
- Mr IB Blose
- Mr SL Thusi
- Mrs NP Phindela

7.

An acknowledgement of receipt was issued for the above mentioned exhibits by Lt. Col. Du Plooy and a copy is attached as per Annexure "AM 3". I also signed this acknowledgement of receipt.

8.

On the 24th day of June 2010 Lt. Col Du Plooy and Mr T White conducted an interview with me regarding my knowledge of a client of Kuboni and Shezi called "Salamax". My attorney Mr Moloi was present during the duration of the interview. Lt. Col Du Plooy showed me a document with a heading **"PAYMENTS MADE OUT : SALAMAX : S 150/06"**. A copy of this document provided by Lt. Col Du Plooy is attached as per Annexure "AM 5".

9.

I am the author of annexure "AM 5". I compiled this document by using the Salamax client file, bank deposit slips for payments made on behalf of Salamax and cheque stubs. I have also used correspondence for this purpose as in the instance of E.R. Browne which

appears as no. 1 and 2 on the list. I am not aware of any invoices, from the suppliers to whom payments were made on behalf of Salamax, on the Salamax client file.

10.

Mr Sandile Kuboni was responsible for Salamax as a client until he left the firm. He would have generally instructed me on this file. I became aware that Salamax is the client file for S Shabalala. Mrs. Shabalala would phone and asked that Mr Thusi issue trust cheques, or be reminded to issue trust cheques, on behalf of Salamax. I personally spoke to her on occasions regarding this.

11.

Lt. Col Du Plooy showed me a copy of a stub for cheque no. 102302 issued to Trimborn for the amount of R 33 745. 00. I wrote on this cheque. A copy of this stub is attached as per Annexure "AM 6".

12.

I also looked at the handwriting on the following cheque stubs (Standard Bank Trust Account no. 050871994) as per the table below and identified the author at the request of Lt. Col Du Plooy.

Cheque no.	Author	Annexure Ref.
102310	PHINDELA	AM 7
102320	NOT SURE	AM 8
102321	PHINDELA	AM 9
102326	ALVINA	AM 10
102327	ALVINA	AM11
102328	ALVINA	AM 11
102329	ALVINA	AM 12
102330	ALVINA	AM 12
102331	ALVINA	AM 13
102343	THUSI	AM 14
102345	NOT SURE	AM 15
102347	NOT SURE	AM 16
102348	NOT SURE	AM 16
102349	NOT SURE	AM 17
102350	NOT SURE	AM 17
102351	NOT SURE	AM 18

102352	NOT SURE	AM 18
102353	PHINDELA	AM 19
102356	PHINDELA	AM 20
102361	NOT SURE	AM 21
102362	NOT SURE	AM 21
102363	NOT SURE	AM 22

13.

Cheque stub 102353 dated 18 July 2007, Jacobs and Partners (Social Welfare) for R459 200.00 is for a cheque paid on behalf of the client Social Welfare and is not for Salamax. A copy of the cheque stub is attached as Annexure "AM 19".

14.

The Standard Bank Trust Account no. 050871994 return paid cheques are kept by Phindela in the trust account cheque file.

15.

I confirm that I dealt with Jeanne Fick from the Victor Fernandes & Co. who was our accountants at the time. I did convey messages between her and Mr Kuboni with regards to the Salamax client.

16.

I also wrote client reference numbers on the bank statements for the trust account on the instruction of the directors. A reference number were allocated to clients and it will indicate which clients must be debited or credited. During March 2007 Mr Kuboni was the only Director and he would give me such instructions.

17.

Kuboni's trust account bank statement reflecting a transfer of an amount of R200 00.00 on 16 March 2007 with handwritten ref. "01/S150/07 Salamax" was shown to me and a copy is attached as per annexure "AM 23". I wrote this reference number on the statement. Reference no. TRF181/07 was incorrectly written next to the R100 000. 00 on 23 March 2007 as that reference number belongs to a client named Nokutula Rosemary Dlamini. This R100 000.00 was a payment on behalf of Salamax.

18.

Our current accountants are Business Soul. The contact person is Sheldon Conway at 033- 342 2164 or bussoul@gmail.com.

19.

I know and understand the contents of this declaration.

I have no objection in taking the prescribed oath.

I consider the prescribed oath to be binding on my conscience.

SIGNATURE OF DEPONENT

I certify that the deponent has acknowledged that he knows and understands the contents of this declaration, which was sworn to before me and the deponent's signature was placed thereon in my presence at Durban on the 2TH day of JULY 2010 at 10:09

SIGNATURE OF COMMISSIONER OF OATHS

DESIGNATION: EX OFFICIO: MEMBER OF THE S.A.P.S

FULL NAMES: PETRUS JOHANNES DUPLOY

BUSINESS ADDRESS: .COMMERCIAL BRANCH DURBAN. JOHN ROSSHOUSE.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1650
G14/6

KUBONI & SHEZI ATTORNEYS
Attorneys and Conveyancers

Attorney
Welcome Sandile Kuboni

P.O. Box 61282, Bishopsgate, 4008
Docex DX 124 Durban
e-mail address: kuboni@saol.com
2nd Floor, Suite 202 Vareco House, 40 Masonic Grove, DURBAN
South Africa

Tel No: (031) 3014164

Fax: (031) 307 4701

Dr G. Savoi
Intaka Investments (Pty) Ltd
P.O. Box 30085
TOKAI
CAPE TOWN
7966

WSK/am/01/I 05/07

14 February 2007

PROFORMA STATEMENT OF ACCOUNT
INTAKA INVESTMENTS 01/07

DATE	DESCRIPTION	FEES	DISB
	To our fees for work to be done in connection with the taking of instructions, telephone calls, correspondence, drafting of contracts, consultations, attending meetings, drafting legal opinions, correspondence and miscellaneous attendances		
	Total (Inclusive of Vat)	**R1053000,00**	

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1651

FSC-1132554

914/7

SOUTH AFRICAN POLICE SERVICE

SUID-AFRIKAANSE POLISIEDIENS

FORENSIESEWETENSKAPLABORATORIUM
FORENSIC SCIENCE LABORATORY

2009-3-24 16:14
DURBAN CENTRAL CAS 1538/01/2008
PRINTED FROM COMP OF ALVINA
BY ALVINA

SUPT
DUPROY

IBN Nr: 8105T05005047

Polyethylene (PE) can be recycled and is non toxic when incinerated or dumped

DEBATIN™

Manufactured under Licence by Plaslope (Pty) Ltd.
Tel: (+2711) 452-1115

DEBASAFE PLASLOPE DEBASAFE PLASLOPE DEBASAFE PLASLOPE

RR4-TSW-1652

G14/8

KUBONI & SHEZI ATTORNEYS

ATTORNEYS, CONVEYANCERS AND ADMINISTRATORS OF ESTATES

2nd Floor
Suite 202 Vareco House
30 Masonic Grove
DURBAN
4001

P O BOX 61282
BISHOPSGATE
4008
SOUTH AFRICA

TEL: (031) 301 4164/5

FAX: (031) 307 4701

DOCEX : 124
DURBAN

e-mail

kuboni@saol.com

VAT Reg. No. 4660207178

PROFFESIONAL ASSISTANTS:

JABULANI L. THUSI
B. PROC (UDW)

NOZIBELE P. PHINDELA
LB (UNITRA)

MALIZO MJOKOVANA
B. PROC, LLB (NATAL)

BHEKUMUSA G. DLAMINI
B. PROC (NATAL)

IAN B. BLOSE
LLB (NATAL)

THOBEKILE P. GUMEDE
LLB (UKZN)

SANDILE W. NGCAWENI
B. PROC (UKZN)

Our Reference: WSK/am/01/ I05/07

Your Reference :

Date: 14 February 2007

Dr G. Savoi
Intaka Investments (Pty) Ltd
P.O. Box 30085
TOKAI
CAPE TOWN
7966

Dear Sirs

INTAKA INVESTMENTS : 01/07

Enclosed herewith our proforma statement for your attention.

Kindly note that our banking details are as mentioned below :-

Bank	:	**Standard Bank**
Branch	:	**Main Branch**
Account Number	:	**050871994**
Branch Code	:	**040026**
Type of Account	:	**Current**

Yours faithfully

KUBONI & SHEZI ATTORNEYS

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1653

FSC-113498

G14/9

DEBASAFE PLASLOPE DEBASAFE PLASLOPE DEBASAFE PLASLOPE DEBASAFE PLASLOPE DEBASAFE PLASLOPE DEBASAFE PLAS

SOUTH AFRICAN POLICE SERVICE

SUID-AFRIKAANS POLISIEDIENS

FORENSIESEWETENSKAPLABORATORIUM
FORENSIC SCIENCE LABORATORY

2009-3-24 16:13
DURBAN CENTRAL CAS 1538/01/2008
PRINTED FROM COMP OF ACUENA
BY ACUENA

IBN Nr: 8105T05005047

Polyethylene (PE) can be recycled and is non toxic when incinerated or dumped

DEBATIN™
Manufactured under Licence by Plaslope (Pty) Ltd
Tel: (+2711) 452-1115

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1654

G14/10

CR/CAS

GOVERNMENT FRAUD INVESTIGATION - TEAM

RECEIPT FOR SEIZED EXHIBITS AT: [illegible]

NO:	DESCRIPTION OF ITEMS	PLACE FOUND
(1)	1 x VERBATIM DISK	
	INTARA FILE DOWN	LOADER [illegible]
	BY ACCINA.	
	SEALED WITH SEAL NO FSC	
	1132536	
(2)	COMPUTER PRINTOUT OF LETTER	
	DATED 15 FEB 07 FOR [illegible]	
	OF INTARA INVESTMENTS	
(3)	SEALED WITH SEAL NO FSC 1132497	
(3)	COMP PRINT OUT OF INTARA	
	INVOICE NO WSK/AM001 05/07	
	PRINTOUT MADE BY ACCINA	
	SEALED IN BAG FSC 1132534.	

SEARCH WARRANT: YES/NO

EXHIBITS SEIZED BY: [illegible]

DATE: [illegible] TIME: [illegible]

SIGNATURE OF PERSON FROM WHOM EXHIBITS WERE SEIZED:

[illegible]

COMMISSION OF INQUIRY INTO STATE CAPTURE

FSC-132536

RR4-TSW-1655

G14/11

FORENSIESE WETENSKAPLABORATORIUM
FORENSIC SCIENCE LABORATORY

2009-3-24 16:11
DURBAN CENTRAL CAS 1538/01/2008
FROM COMPUTER. ACUINA.
COPY MADE. FILE. INTAKA BY
ACUINA.

IBN Nr: 8105T05005047

DEBASAFE PLASLOPE DEBASAFE PLASLOPE DEBASAFE PLASLOPE DEBASAFE PLASLOPE DEBASAFE PLASLOPE

Polyethylene (PE) can be recycled and is non toxic when incinerated or dumped

DEBATIN™
Manufactured under Licence by Plaslope (Pty) Ltd.
Tel: (+2711) 452-1115

PAYMENTS MADE OUT : SALAMAX : S 150/06

1.	01/03/2007	E.R. BROWNE INC	R9 000 000,00
2.		E.R. BROWNE INC	R 113 471,33
3.	20/03	BLUE SERENITY	R 200 000,00
4.		BLUE SERENITY	R 100 000,00
5.		VARIQUIP	R 33 047, 96
6.		VARIQUIP CC	R 80 000,00
7.	06/06/07	Variquip	R 7 714,44
8.		VARIQUIP	R 1 607,13
9.		TRIMBORN	R 33 745,50
10		TRIMBORN AGENCY CC	R 30 000,00
11	23/04/07	YARA S.A.	R 109 758,61
12.	19/02/07	YARA S.A.	R 38 209,23
13		BELL EQUIPMENT	R 72 586,50
14	10/05/07	BELL EQUIPMENT	R 16 862,66
15	06/6/07	BELL EQUIPMENT	R 14 526,34
16		UCL CO	R 10 506,30
17		FARMERS AGRICARE	R 80 000,00
18		GAP CHEMICALS	R 5 768,40
19		COMMUNITY WATCH	R 10 136,88
20		NATAL ARIAL SPRAY	R 7 292,40
21	09/07/07	BELL EQUIPMENT	R 4 000,00
22	09/07/07	VARIQUIP	R 9 553,09
23	10/07/07	U C C	R 6 093,99
24	10/07/07	ELECTROTECHNICAL AGENCY	R 2 017,00
			R986 897,73

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1657

G14/13

Date 24/04/2007

TRIMBURN

AGENCY CC

01/5150/01

R 33 745-50

Telephone banking no.
Telefoonbankdienstenr. 0860 123 000

102301

Date 24/04/2007

TRIMBURN

AGENCY CC

Salamax

01/5150/01

R 33 745-50

Telephone banking no.
Telefoonbankdienstenr. 0860 123 000

102302

COMMISSION OF INQUIRY INTO STATE CAPTURE

Anm

RR4-TSW-1658

G14/14

2007-05-07
South Coast
Pest Control

TILF 11/OK

R 580.00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102309

Date
Datum 2007-05-10

BELL
EQUIPMENT
01/S150/06

R 16 862.66

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102310

ANM

RR4-TSW-1659

G14/15

Date 17/05/2007

ABSA Bank

Limited

E/L Mpabanga

TRF 139/06

R 4 500-00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102319

Date
Datum 2007/05/23

YARA SA

01/S150/06

R 109 758-61

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102320

MISSION OF INQUIRY INTO STATE CAPTURE

Anm

RR4-TSW-1660

G14/16

2007/05/23
YARA SA
01/S150/06
01/S150/06

R109758-61

Telephone banking no.
Telefoonbankdienstenr. 0860 123 000

102321

Date
Datum 25/05/2007

Gethi
Legna
Makhanya
TLF 177/07

R 360 000-00

Telephone banking no.
Telefoonbankdienstenr. 0860 123 000

102322

COMMISSION OF INQUIRY INTO STATE CAPTURE

Anm

RR4-TSW-1661

GM/17

Date
Datum 30/05/2007

Alongan

Singh &

Assoc

Soc Welfare

R 208 379-22

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102325

Date
Datum 30/05/2007

Bell Equipment

01/S150/06

R 14 526-34

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102326

COMMISSION OF INQUIRY INTO STATE CAPTURE

Anm

RR4-TSW-1662

GM/08

Date
Datum 30/05/2007

Various

01/S150/06

R 7 714 -44

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102327

Date
Datum 30/05/2007

Community
Watch

01/S150/06

R 10 136 - 88

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102328

COMMISSION OF INQUIRY INTO STATE CAPTURE

Ann

RR4-TSW-1663

G/4/19

Date
Datum 30/05/2007

GAP CHEMICALS

01/S150/06

R 5768-40

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102329

Date
Datum 30/05/2007

NATAL
AERIAL SPRAY

01/S150/06

R 7292-40

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102330

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANM

RR4-TSW-1664

G14/20

Date
Datum 30/05/2007

UCL

01/5150/06

R 10506-30

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102331

Date
Datum 2007-06-11

JACOBS AND
PARTNERS

R 463671-55

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102332

ANM

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1665

Gatha

Date
Datum 09/07/07

BELL EQUIPMENT

01/S150/04

R 4 000.00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102343

Date
Datum 09/07/07

VARIQUIP

Cancelled

R 9 553.09

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102344

COMMISSION OF INQUIRY INTO STATE CAPTURE

Ann

RR4-TSW-1666

Date
Datum 09/07/07

VARIQUIP

01/5150/06

R 9553;09

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102345

Date
Datum

R

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102346

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1667

G24/23

Date
Datum 10/07/07

COMMUNITY ..

WATCH

01/5150/06

R 5 068,44

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102347

Date
Datum 10/07/07

UCL

01/5150/06

R 6 093,99

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102348

AWM

RR4-TSW-1668

G14/24

Date
Datum 10/07/07

ELECTRO TECHNICAL AGENCIES

01/S150/06

R 2 017,00

Telephone banking no.
Telefoonbankdienstenc. 0860 123 000

102349

Date
Datum 10/07/07

YARA SA

01/S150/06

R 3 555,00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102350

ANM

RR4-TSW-1669

Date
Datum 10/07/07
MARTINS
PLUMBING
01/S150/06

R 3 398,00
Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102351

Date
Datum 10/07/07
UMNGENI
WATER
01/S150/06

R 2 370,47
Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102352

COMMISSION OF INQUIRY

RR4-TSW-1670

GH/26

Date
Datum 2007-07-18

JACOBS AND
PARTNERS
(SOCIAL WELFARE

R 459 200.00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102353

Date
Datum 2007-07-18

WEBER ATTORNEYS

(SOCIAL WELFARE)

R 46 520.83

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102354

ANM

RR4-TSW-1671

G14/27

2007-07-18
H. S. VAN
DER MERWE
(Legal Costs
Consultants)
(SOCIAL WELFARE)

R 3145.01

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102355

Date
Datum 2007-07-18

COMMUNITY
WATCH
01/S150/06

R 5068.44

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102356

COMMISSION OF INQUIRY

RR4-TSW-1672

GM/20

Date
Datum 2/05/2007

TRIMBERN AGENCY

01/5150/26

R 37 314 -00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102361

Date
Datum 02/08/2007

ELECTRO

TECHNICAL AGENCY

01/5150/26

R14 140 -00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102362

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANM

RR4-TSW-1673

GN/29

Date
Datum 02/08/2007

COMMUNITY

WATER

DI/S 150/06

R 5 068 - 44

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102363

Date
Datum 02/08/2007

JACOBS AND

PARTNERS

DEPT SOCIAL WELFARE

R 450 000 - 00

Telephone banking no.
Telefoonbankdiensteno. 0860 123 000

102364

ANM

04/16/2007 10:17 Kuboni Incorporated (FAX)0313074/01 P 004/019

RR4-TSW-1674

GN/30

Standard Bank

The Standard Bank of South Africa Limited
Registered Bank
Reg No 1962/000738/06
VAT Reg No 4100105461

DURBAN
PO BOX 47047 GREYVILLE 4023

Customer Care Centre: 0860 101 341

26 March 2007
045215605

THE PROPRIETOR
KUBONI AND SHEZI ATTORNEYS TRU
PO BOX 61282
BISHOPSGATE
4008

391

DURBAN 0026
MONTHLY MAIL

Statement No 108
VAT Reg. No.
Page 3 of 5

BANK STATEMENT / TAX INVOICE

ATTORNEYS TRUST ACCOUNT

Account Number 05 087 199 4

Details		Service Fee	Credits / Debits	Date		Balance
BALANCE BROUGHT FORWARD						3.872.270,24
IB TRANSFER TO 05-003-307-7 08H55 936002247		3,60	100.000,00-	03 13		3.772.270,24
CHEQUE	102265	15,50	9.000,00-	03 13		3.763.270,24
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226		##	42,76-	03 13		3.763.227,48
MAGTAPE CREDIT 9127 ABSA BANK MM JOYISA ERF 1283 — Tg 182/07			55.000,00	03 14		3.818.227,48
MAGTAPE CREDIT 9128 ABSA BANK MM JOYISA ERF 1283 Tg 182/07			3.189,07	03 14		3.821.416,55
CHEQUE	102267	15,50	1.549,89-	03 14		3.819.866,66
CHEQUE	102268	5,43	168,00-	03 15		3.819.698,66
CHEQUE	102269	15,50	1.456,21-	03 15		3.818.242,45
CASH DEPOSIT ALVINA THEKWINI 211			400,00	03 16		3.818.642,45
INTERBANK TRANSFER — Tg 181/07 N.T. KHUMALO 0703160026NP9846		15,50	50.000,00-	03 16	181/7	3.768.642,45
INTERBANK TRANSFER — 01/S157/07 Solomon BLUE SERENITY 0703160026NP9845		13,50	200.000,00-	03 16		3.568.642,45
FEE - INTERBANK TRANSFER		##	200,00-	03 16		3.568.442,45
FEE - INTERBANK TRANSFER		##	104,00-	03 16		3.568.338,45
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226		##	6,76-	03 16		3.568.331,69
CHEQUE	102264	15,50	289.446,00-	03 19		3.278.885,69
CASH DEPOSIT ALVINA THEKWINI 256			1.400,00	03 22		3.280.285,69
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226		##	14,66-	03 22		3.280.271,03
CASH DEPOSIT — 09/M700/07 MNGONYAMA ZL 0828143299			3.000,00	03 23		3.283.271,03
CASH DEPOSIT ALVENA THEKWINI 927			3.000,00	03 23		3.286.271,03
INTERBANK TRANSFER — Tg 181/07 SERENITY INVES 0703230026NP0707		15,50	100.000,00-	03 23	181/7	3.186.271,03
FEE - INTERBANK TRANSFER		##	104,00-	03 23		3.186.167,03
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 0023		##	27,30-	03 23		3.186.139,73
CASH DEPOSIT FEE - BRANCH ACC 050871994 DEP BCH 5226		##	27,30-	03 23		3.186.112,43

These fees are inclusive of VAT at 14,00%

Please verify all transactions reflected on this statement and notify any discrepancies to the Bank as soon as possible.

Rp199507 2005-03

Kuboni & Shezi Attorneys Trust Account
Standard Bank a/c No 050871994

Salamax 01/S150

Bank Statement

Date	Cheque Date	Cheque No	Cheque Signatory 1	Cheque Signatory 2	Payee	Debit	Credit	Cumulative
01-Feb-07					Opening Balance			0.00
20-Feb-07	19-Feb-07	102237	Kuboni		Variquip CC	80,000.00		80,000.00
20-Feb-07	19-Feb-07	102241	Kuboni		Trimbourne Agencies	30,000.00		110,000.00
21-Feb-07	19-Feb-07	102238	Kuboni		Farmers Agricare	80,000.00		190,000.00
21-Feb-07	19-Feb-07	102239	Kuboni		Yara SA (Pty) Ltd	38,209.23		228,209.23
22-Feb-07	19-Feb-07	102236	Kuboni		Bell Equipment	72,586.50		300,795.73
27-Feb-07		EFT			Trf Deneys Reitz		(9,000,000.00)	(8,699,204.27)
02-Mar-07		EFT			ER Browne	9,000,000.00		300,795.73
12-Mar-07		EFT			Trf - Intaka Investments		(1,053,000.00)	(752,204.27)
16-Mar-07		EFT			Blue Serenity	200,000.00		(552,204.27)
23-Mar-07		EFT			Blue Serenity	100,000.00		(452,204.27)
13-Apr-07	11-Apr-07	102294	Kuboni		Variquip CC	33,047.96		(419,156.31)
13-Apr-07	11-Apr-07	102293	Kuboni		ER Browne Inc	113,471.33		(305,684.98)
26-Apr-07	24-Apr-07	102302	Kuboni		Trimborn Agency CC	33,745.50		(271,939.48)
10-May-07	10-May-07	102310	Kuboni		Bell Equipment	16,862.66		(255,076.82)
25-May-07	23-May-07	102321	Kuboni		Yara SA	109,758.61		(145,318.21)
06-Jun-07	30-May-07	102326	Phindela	Thusi	Bell Equipment	14,526.34		(130,791.87)
06-Jun-07	30-May-07	102330	Phindela	Thusi	Natal Arial Spray	7,292.40		(123,499.47)
06-Jun-07	30-May-07	102331	Phindela	Thusi	UCL	10,506.30		(112,993.17)
06-Jun-07	30-May-07	102327	Phindela	Thusi	Variquip CC	7,714.44		(105,278.73)
06-Jun-07	30-May-07	102329	Phindela	Thusi	Gap Chemicals	5,768.40		(99,510.33)
07-Jun-07	30-May-07	102328	Phindela	Thusi	Community Watch	10,136.88		(89,373.45)
11-Jul-07	09-Jul-07	102345	Thusi	Blose	Variquip CC	9,553.09		(79,820.36)
11-Jul-07	10-Jul-07	102351	Thusi	Blose	Martin's Plumbing	3,398.00		(76,422.36)
11-Jul-07	10-Jul-07	102350	Thusi	Blose	Yara SA	3,555.00		(72,867.36)
11-Jul-07	10-Jul-07	102348	Thusi	Blose	UCL	6,093.99		(66,773.37)
11-Jul-07	10-Jul-09	102349	Thusi	Blose	Electro Technical Agencies	2,017.00		(64,756.37)
11-Jul-07	09-Jul-07	102343	Thusi	Blose	Bell Equipment	4,000.00		(60,756.37)
18-Jul-07	18-Jul-07	102356	Thusi	Phindela	Community Watch	5,068.44		(55,687.93)
20-Jul-07	10-Jul-07	102352	Thusi	Blose	Umgeni Water	2,370.47		(53,317.46)
02-Aug-07	02-Aug-07	102363	Thusi	Phindela	Community Watch	5,068.44		(48,249.02)
02-Aug-07	02-Aug-07	102361	Thusi	Phindela	Trimborn Agency	37,314.00		(10,935.02)
21-Aug-07	02-Aug-07	102362	Thusi	Phindela	Electro Technical Agencies	14,140.00		3,204.98
						10,056,204.98	(10,053,000.00)	

RR4-TSW-1675

AFFIDAVIT

GEOFF BRAITHWAITE states in English under oath:

1.

I am an adult male and a member of Variquip CC (**Variquip**), 24 Clough Street, Pietermaritzburg. My work telephone number is 033- 3458084 and cellular 082 789 7352.

2.

I have been approached by PricewaterhouseCoopers (**PwC**), Forensic Services Durban; whom I understand has been appointed by the National Treasury Department to conduct a forensic investigation into alleged procurement irregularities at various Government Departments. Upon their review of a certain attorneys Trust Account they have determined that a number of payments were made to Variquip on behalf of one of the said attorneys' clients and requested me to provide further details of these payments.

3.

I am duly authorised to attest to the contents of this affidavit. I am a member of Variquip and responsible for managing the administration and financial aspects of this business. Variquip is a supplier of tractor spares and farming equipment.

4.

I was provided with the details of four (4) x payments to Variquip by the Attorney in question. I located the invoices issued to Othandweni Family Trust together with the payments we have received iro these services rendered. We sold various types of tractor spares and equipment to the said client. I enclose herewith a copy of the invoices together with a printout of the relevant receipts iro these four (4) x payments as summarised in the table hereunder.

	Payment receipt date	Amount (R)	
1	20 February 2007	80,000.00	GB1/1-31
2	16 April 2007	33,047.96	GB2/1-18
3	7 June 2007	7,714.44	GB3/1-9
4	12 July 2007	9,553.09	GB4/1-15
	Total (R)		

5.

We received the said payments for the account held by Othandweni Family Trust with PO Box 1558, Pietermaritzburg with account reference number "SHA 02" allocated to the said account. The Application for Credit form iro the account was completed in the trading name "DSD Shabalala T/A Othandweni Farm" with Mr Dumisani Sipho Derrick Shabalala's details reflected as the person responsible for the said account. I enclose herewith a copy of the Application For Credit form. GB5/1-2

I know and understand the contents of this statement.
I have no objection to taking the prescribed oath.
I consider the oath to be binding on my conscience.

Signed by Geoff Braithwaite

Date: 27 July 2010
Time: 11:30
Place: PIETERMARITZBURG.

I certify that the deponent has acknowledged that he knows and understand the contents of this declaration, which was sworn to before me, and the deponent's signature was placed thereon in my presence at Pietermaritzburg ..on the 27 day of July ..... 2010.

Signature of Commissioner of Oaths

MULDER J. VAN VUUREN
COMMISSIONER OF OATHS
FORENSIC SERVICES
PRICEWATERHOUSECOOPERS
1st FLOOR, 102 ESSENWOOD ROAD, BEREA
DURBAN, 4001 REFERENCE 9/1/8/2/2004-03-09
Date: 27/07/2010 Place: Durban

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1679

G16/4

40891 GB1/1

1
2007/02/20

Dep=3109
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Receipt
Copy Document

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 80000.00 80000.00

Thank you

12:39

NADEN2007/02/20

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1680

GB1/2

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

Number
1

Date
2007/01/31

Acc.code SHA02
Our ref. 1

Tax Number
4960140657

VARIQUIP cc
24 CLOUGH ST
PIETERMARITZBURG
3201

033-3458084 Tel No.
033-3458086 Fax No.
CK1993/025523/23 Reg No.

061229	Account Rendered		22736.87	
			Debit	Credit
070104	40304	Payment,Thank you		-10000.00
070108	145972	Tax Invoice ,Curr F1	2078.12	
070108	146039	Tax Invoice ,Curr F2	64.54	
070110	146134	Tax Invoice ,Curr ISUZU	20.93	
070110	146160	Tax Invoice ,Curr F1	1152.37	
070115	146373	Tax Invoice ,Curr WYNDHAM	185.97	
070115	15524	Credit ,Current		-606.88
070118	146618	Tax Invoice ,Curr F3	20748.42	
070123	40452	Payment,Thank you		-10000.00
070123	146846	Tax Invoice ,Curr WS1892	2398.21	
070126	147012	Tax Invoice ,Curr F4	1283.39	
070130	147175	Tax Invoice ,Curr WYNDHAM	1951.08	
070130	147178	Tax Invoice ,Curr	1797.55	
070131	147291	Tax Invoice ,Curr WYNDHAM	13851.12	
070131	147292	Tax Invoice ,Curr WYNDHAM	26094.97	
070131	147293	Tax Invoice ,Curr F4	6237.18	

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 033 8084/6

Thank you for your support. We really appreciate it.

Current	30 days	60 days	90 days	Over	Interest	Total
77256.97	2736.87					79993.84

RR4-TSW-1681

G16/6
9B1/3

145972

1
2007/01/08

F1
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

7563A	CL ASSY,13" FD5000->	1.000	796.50	796.50	111.51	908.01
-7550AA	CL PLATE,330x44.5x10 FD10 SER.	1.000	246.24	246.24	34.47	280.71
BIG7580	RELEASE BRG,FD BIG TYPE	1.000	204.73	204.73	28.66	233.39
C5NN-N779B	PILOT BRG,FD	1.000	52.65	52.65	7.37	60.02
E1NN-N777AA	PTO HUB,20 SPLINE FORD ENGINE	1.000	255.00	255.00	35.70	290.70
MACHINING	SKIM FLYWHEEL	1.000	267.80	267.80	37.49	305.29

Delivery address:
COLLECTED BY ANT,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 346 8084/5

1822.92 255.20 2078.12

14.00 % V.A.T.

8:48

CHINS2007/01/08

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1682

GB1/4

146039

1
2007/01/08

F2
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

093	BOOT,BRAKE ROD FD4000->	1.000	56.61	56.61	7.93	64.54

Delivery address:
COLLECTED,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	56.61	7.93	64.54

16:13

CHINS2007/01/08

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1683

GB1/6

146160

1
2007/01/10

F1
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

7017HA	CL INPUT SHAFT,COARSE FD6610-> NO	1.000	478.50	478.50	66.99	545.49
E...-7017EA	SPIGOT SHAFT 5610-6610 MASTER SPL	1.000	532.35	532.35	74.53	606.88

Delivery address:
COLLECTED BY ANT,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 346 8084/5

14.00 % V.A.T. 1010.85 141.52 1152.37

13:20

CHINS2007/01/10

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1684

GB1/7

146373

1
2007/01/15

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

MAKE UP BRAKE PIPE - 5003	1.000	163.13	163.13	22.84	185.97

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	163.13	22.84	185.97

13:59

CHINS2007/01/15

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1685

GB1/8

15524

1
2007/01/15

F1
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Credit
Copy Document

7017EA	SPIGOT SHAFT 5610-6610 MASTER SPL	-1.000	532.35	-532.35	-74.53	-606.88

Refer to our invoice 146160

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	-532.35	-74.53	-606.88

N/L/R

12:20

CHINS2007/01/15

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1686

GB1/9

146618

1
2007/01/18

F3
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

22B	COVER,GEAR LEVER 4CYL COMPLETE	1.000	1782.50	1782.50	249.55	2032.05
-N751BB	CL ASSY,IPTO LESS INNER HUB	1.000	2512.66	2512.66	351.77	2864.43
313283	RING,IPTO PACK FORD	3.000	15.30	45.90	6.43	52.33
D2NN-N776A	PEDISTAL,IPTO BAND TYPE NO-HOLE	1.000	163.20	163.20	22.85	186.05
EONN-N750AA	HUB,PTO 10 PLATE FD5000 ->	1.000	489.44	489.44	68.52	557.96
C5NN-N783A	THRUST PAD,PTO FD 4 CYL	1.000	26.93	26.93	3.77	30.70
	MACHINE FLYWHEEL	1.000	287.10	287.10	40.19	327.29
181041	WASHER,NYLON QUAD LEVER	4.000	6.09	24.34	3.41	27.75
C5NN-7N012B	GEAR,REVERSE 5-6600	1.000	296.00	296.00	41.44	337.44
C5NN-7N100C	GEAR,1st Z46 LATE	1.000	430.00	430.00	60.20	490.20
C5NN-7N101D	GEAR,2nd Z43	1.000	399.28	399.28	55.90	455.18
C9NN-7N315B	GEAR,3RD FD5-6600	1.000	323.64	323.64	45.31	368.95
EONN-7106BA	COUPLER,SLIDING COUNTERSHAFT FD26	1.000	399.50	399.50	55.93	455.43
D6NN-7N072A	COUPLER GSS	3.000	340.34	1021.02	142.94	1163.96
E5NN-7346AA	SELECTOR ARM,REVERSE	1.000	246.50	246.50	34.51	281.01
C5NN-7231B	SELECTOR FORK,2&6&REV FD	1.000	288.31	288.31	40.36	328.67
EONN-7017HA	CL INPUT SHAFT,COARSE FD6610-> NO	1.000	478.50	478.50	66.99	545.49
C9NN-7C094B	MAIN SHAFT,LATE FD5-6600	1.000	1163.50	1163.50	162.89	1326.39
NDN7118C	BRG KIT,G/BOX FD5-6600	1.000	1306.81	1306.81	182.95	1489.76
7C33A	THRUST WASHER	2.000	32.31	64.61	9.05	73.66
E...-7017HA	CL INPUT SHAFT,COARSE FD6610-> NO	-1.000	478.50	-478.50	-66.99	-545.49
C5NN-7017A	CL INPUT SHAFT,FINE FD5000->	1.000	498.54	498.54	69.80	568.34

**********from 1 to next page../ 2 ***

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL 345 8084/5

RR4-TSW-1687

GB1/10

146618

2
2007/01/18

F3
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

(7230AA	SELECTOR FORK,4&8 FD5000>	1.000	1866.85	1866.85	261.36	2128.21
C7NN-7231A	SELECTOR FORK,1ST,3RD & 7TH FD 50	1.000	1198.02	1198.02	167.72	1365.74
C9NN-7111B	COUNTER SHAFT	1.000	756.00	756.00	105.84	861.84
E7NN-7N051AA	GSKT,G/BOX SPIGOT SHAFT HOUSING	1.000	25.38	25.38	3.55	28.93
E6NN-7N057AA	GSKT,G\BOX FD	1.000	32.95	32.95	4.61	37.56
TD2NN-7048A	SEAL,G/BOX FRONT	1.000	17.39	17.39	2.43	19.82
C5NN-799A	SEAL,CL SPIGOT HSING,FRONT	1.000	10.46	10.46	1.46	11.92
C5NN-7145A	GEAR,HI-LO 49TH	1.000	702.00	702.00	98.28	800.28
E62-GE9	SEAL,TRAN OUTPUT SHAFT FD2000->	1.000	18.00	18.00	2.52	20.52
TC5NN-77086A	SEAL,FD G\BOX	1.000	23.33	23.33	3.27	26.60
C9NN-7N085A	HUB,HYD PUMP IDLER GEAR FD	1.000	1360.03	1360.03	190.40	1550.43
87016S94	ORING,HYD RAM 6600	1.000	1.69	1.69	0.24	1.93
C9NN-7N085A	HUB,HYD PUMP IDLER GEAR FD	1.000	1515.59	1515.59	212.18	1727.77
C9NN-7N085A	HUB,HYD PUMP IDLER GEAR FD	-1.000	1360.03	-1360.03	-190.40	-1550.43
D9NN-N883AA	GEAR,IDLER HYD PUMP	1.000	420.51	420.51	58.87	479.38
C5NN-7A615A	BUSH,CLUTCH SHAFT FD	2.000	12.24	24.48	3.43	27.91
892862	BRG,RELEASE MF & FD	1.000	149.60	149.60	20.94	170.54
C5NN-N779B	PILOT BRG,FD	1.000	52.65	52.65	7.37	60.02
C[illegible]-N777A	PTO DRIVE HUB 15T	1.000	280.00	280.00	39.20	319.20
(7563A	CL ASSY,13" FD5000->	1.000	796.50	796.50	111.51	908.01
D9NN-7550CA	CL PLATE,330x41.3x25 FD5000->	1.000	472.50	472.50	66.15	538.65
E5NN-7230AA	SELECTOR FORK,4&8 FD5000>	-1.000	1866.85	-1866.85	-261.36	-2128.21

**********from 2 to next page../ 3 ***

VARIQUIP CC
CK 93 25523/23
VAT REG NO 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8984/5

RR4-TSW-1688

GB1/11

146618

3
2007/01/18

F3
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

	WELSH PLUG 16mm	4.000	17.00	68.00	9.52	77.52
E[illegible]-7N051AA	GSKT,G/BOX SPIGOT SHAFT HOUSING	-1.000	25.38	-25.38	-3.55	-28.93
E6NN-7N057AA	GSKT,G\BOX FD	-1.000	32.95	-32.95	-4.61	-37.56
C5NN-799A	SEAL,CL SPIGOT HSING,FRONT	-1.000	10.46	-10.46	-1.46	-11.92
TC5NN-77086A	SEAL,FD G\BOX	-1.000	23.33	-23.33	-3.27	-26.60
E62-GE9	SEAL,TRAN OUTPUT SHAFT FD2000->	-1.000	18.00	-18.00	-2.52	-20.52
181041	WASHER,NYLON QUAD LEVER	-4.000	6.09	-24.34	-3.41	-27.75

VARIQUIP CC
CK: 93/25523/23
VAT REG No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8984/5

14.00 % V.A.T. 18200.37 2548.05 20748.42

15:54

CHINS2007/01/18

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1689

GB1/12

146846

1
2007/01/23

WS1892
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

STABALISER BRKT	2.000	66.14	132.28	18.52	150.80
TIE ROD ASS	2.000	255.75	511.50	71.61	583.11
IDLER ARM	1.000	373.66	373.66	52.31	425.97
STABALISER BUSHES	2.000	23.70	47.40	6.64	54.04
UPPER BALL JOINT	2.000	103.31	206.62	28.93	235.55
UPPER CNTRL ARM BUSH	4.000	84.80	339.20	47.49	386.69
T/BAR BUSH	4.000	34.63	138.52	19.39	157.91
BALL JOINT	1.000	144.06	144.06	20.17	164.23
BALL JOINT	1.000	132.73	132.73	18.58	151.31
STABALISER PIN KIT	2.000	38.86	77.72	10.88	88.60

VARIQUIP CC
CK: 93/25523/23
VAT REG No 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

2103.69 294.52 2398.21

14.00 % V.A.T.

17:00

WEE 2007/01/23

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1690

G 16/16
9B1/13

147012

1
2007/01/26

F4
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

ANGLE GRINDER & BOLTS & NUTS	1.000	1125.78	1125.78	157.61	1283.39

COLLECTING

VARIQUIP CC
CK: 93/25523/23
VAT REG No 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	1125.78	157.61	1283.39

9:07

CHINS2007/01/26

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1691

4/16/17

GB1/14

147175

1

2007/01/30

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

	BATTERY,674	1.000	788.40	788.40	110.38	898.78
	BATTERY,685	1.000	923.07	923.07	129.23	1052.30

Delivery address:
TAKEN BY WYNDHAM,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

1711.47 239.61 1951.08

14.00 % V.A.T.

11:03

WEE 2007/01/30

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1692

GB1/15

147178

1
2007/01/30

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

BATTERY,674	2.000	788.40	1576.80	220.75	1797.55

Delivery address:
TAKEN BY WYNDHAM,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 346 8984/5

14.00 % V.A.T.	1576.80	220.75	1797.55

11:31

WEE 2007/01/30

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4TSW-1693

6/8/19
GB1/16

147291

1
2007/01/31

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

[illegible]95	KNOB,HAND THROTTLE LEVER MF	1.000	35.10	35.10	4.91	40.01
[illegible]/9	BOOT,GEAR LEVER->200	2.000	6.00	12.00	1.68	13.68
180006	KNOB,G\LEVER 135-165	1.000	19.00	19.00	2.66	21.66
2641728	FUEL PUMP,236 4H	1.000	144.50	144.50	20.23	164.73
883623	TANK MNTG,RUBBER MF165->	1.000	12.63	12.63	1.77	14.40
75840143	HOSE,BREATHER,ADE236	1.000	37.29	37.29	5.22	42.51
8778MC	FAN BELT FD	1.000	49.39	49.39	6.91	56.30
CONN-9A660A	PRE CLEANER ASSY 2.1/4"	1.000	200.00	200.00	28.00	228.00
882021	CABLE,HOUR METER MF165-188	1.000	46.80	46.80	6.55	53.35
1674637	TRACTOR METER,MF265-> KPH	1.000	153.00	153.00	21.42	174.42
34228	IGNITION SWITCH ALTERNATOR	1.000	51.00	51.00	7.14	58.14
1877717	FUEL GAUGE,MF240,265,275,290,298	1.000	98.49	98.49	13.79	112.28
RLS7ZZ	BRG,	1.000	143.45	143.45	20.08	163.53
1671945	STR WHEEL,MF165->SPLINED	1.000	147.00	147.00	20.58	167.58
AL31685	STOP CABLE,UNIVERSAL	1.000	35.70	35.70	5.00	40.70
898580	FUEL TANK TAP,MF165 ->	1.000	39.38	39.38	5.51	44.89
MF202	SEAT,MF/FD DELUX WRAP AROUND BACK	1.000	520.00	520.00	72.80	592.80
1679374	FENDER,MF265/275 L/H	1.000	675.00	675.00	94.50	769.50
D3/16NYLON	TUBING,FUEL 3/16 NYLON /M	2.000	6.39	12.77	1.79	14.56
[illegible]5	FERRULE,5/16 TUBING	6.000	2.24	13.42	1.88	15.30
6[illegible]071	FILTER,FUEL G629	1.000	15.51	15.51	2.17	17.68
1678294	FILTER,AP MF265-290	1.000	100.80	100.80	14.11	114.91

**********from 1 to next page../ 2 ***

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140[illegible]
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

RR4-TSW-1694

G 16/20

147291

2

2007/01/31

GB1/17

WYNDHAM
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OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
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32R	FUEL TANK,MF290 RECON	1.000	448.00	448.00	62.72	510.72
CA[illegible]J	FILTER HEAD SINGLE,USED	1.000	41.60	41.60	5.82	47.42
1678517	SENDER UNIT,FUEL TANK MF265-275-2	1.000	114.00	114.00	15.96	129.96
MFRED1L	PAINT,MF RED 1L	1.000	80.48	80.48	11.27	91.75
3405574	PAINT,MF GREY CHARCOAL 1L	1.000	73.87	73.87	10.34	84.21
REDO1L	PAINT,RED OXIDE 1L	1.000	62.30	62.30	8.72	71.02
66420310	FILTER,OIL ALL ADE 236 DJ11909 Z3	1.000	36.69	36.69	5.14	41.83
OTTU5L	TITAN TRAC UNIV 20w40 5L	2.000	77.19	154.38	21.61	175.99
THINNERS.75LT	THINNERS,ENAMEL 750ML	3.000	17.00	50.99	7.14	58.13
881396	TEMP GAUGE 135-165	1.000	102.00	102.00	14.28	116.28
1682623	KNOB,GEAR LEVER&HILO MF290	1.000	36.00	36.00	5.04	41.04
D105-5	NUT,5/16 TUBING	6.000	5.79	34.73	4.86	39.59
THINNERS.75LT	THINNERS,ENAMEL 750ML	2.000	17.00	33.99	4.76	38.75
3611133	FILTER,AS MF290SE	1.000	100.31	100.31	14.04	114.35
MFRED1L	PAINT,MF RED 1L	2.000	80.48	160.95	22.53	183.48
1672766/7E	HEAD LAMP,L&R MF200 SERIES	2.000	71.40	142.80	19.99	162.79
1678990	SIDE LIGHT,MF265/290 RH	2.000	88.00	176.00	24.64	200.64
1678869	TAIL LAMP,MF200 SER RH	1.000	70.00	70.00	9.80	79.80
1[illegible]868	TAIL LAMP,MF200 SER RH	1.000	83.30	83.30	11.66	94.96
[illegible]RS.75LT	THINNERS,ENAMEL 750ML	2.000	17.00	33.99	4.76	38.75
359136	ORING,X SHAFT MF135-699	2.000	2.65	5.30	0.74	6.04
886029	BUSH,X SHAFT MF135->	2.000	65.63	131.25	18.38	149.63

**********from 2 to next page../ 3 ***

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140[illegible]
24 CLOUGH STREET
PIETERMARITZBURG 3[illegible]
TEL: 345 8084/5

RR4TSW-1695

GB1/18

147291

3

2007/01/31

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3201

VAT No. 4810224818
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2	ORING,BETW RAM CYL & TOP COVER	1.000	1.01	1.01	0.14	1.15
3761476	RING,HYD PISTON,MF 375	1.000	96.00	96.00	13.44	109.44
3761473	ORING,HYD PISTON,MF375-390	1.000	20.32	20.32	2.84	23.16
899279	QUADRANT SHAFT,MK11 OUTER	1.000	715.00	715.00	100.10	815.10
1870243A	SHAFT,INNER,QUADRANT MK111 (THREA	1.000	282.88	282.88	39.60	322.48
OTTU20L	TITAN TRAC UNIV 20w40 20L	3.000	360.86	1082.57	151.56	1234.13
1877721	SENDER UNIT,OIL PRESSURE	1.000	35.00	35.00	4.90	39.90
	REPAIR TOP COVER	1.000	261.91	261.91	36.67	298.58
OATF500ML	AUTO TRNS FLUID 2D 500ML	2.000	15.78	31.56	4.42	35.98
1877719	TEMP GAUGE,ELECTRICAL	1.000	90.00	90.00	12.60	102.60
881396	TEMP GAUGE 135-165	-1.000	102.00	-102.00	-14.28	-116.28
1860964	BRAKE DISC,BRONZE MF WET BRAKES	10.000	124.10	1241.00	173.74	1414.74
1860965	PLATE,STEEL BRAKE MF265->	6.000	58.50	351.00	49.14	400.14
1860838	ORING,TRUMPET HSING MF&FD	4.000	21.20	84.80	11.87	96.67
1860959	BOOT,BRAKE ROD,WET BRAKES	2.000	18.90	37.80	5.29	43.09
1887994	O RING,P/ST RESEVOIR	1.000	18.35	18.35	2.57	20.92
1662566	FILTER,STR PUMP MF188-290	1.000	30.40	30.40	4.26	34.66
181041	WASHER,NYLON QUAD LEVER	4.000	6.09	24.34	3.41	27.75
M16BH200	BOLT,16MMX200	8.000	20.16	161.28	22.58	183.86
M 4240	BOLT 16X240MM	4.000	23.53	94.12	13.18	107.30
M6to16	NUT,16mm NYLOC	4.000	2.88	11.52	1.61	13.13
87035S95	O-RING HYD LIFT 5000	1.000	18.56	18.56	2.60	21.16

**********from 3 to next page../ 4 ***

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960143
24 CLOUGH STREET
PIETERMARITZBURG
TEL: 345 8084

RR4-TSW-1696

G 16/22

GB1/19

147291

4

2007/01/31

WYNDHAM
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OTHANDWENI FAMILY TRUST

P.O. BOX 1558
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55	PLATE,STEEL BRAKE MF265->	1.000	58.50	58.50	8.19	66.69
1860965	BRAKE DISC,STEEL MF WET BRAKES	1.000	58.50	58.50	8.19	66.69
1860959	BOOT,BRAKE ROD,WET BRAKES	1.000	18.90	18.90	2.65	21.55
674	BATTERY,674	1.000	788.40	788.40	110.38	898.78
RECORE	RECORE MF290 RADIATOR	1.000	1707.48	1707.48	239.05	1946.53
	MACHINE BRAKE HOUSING	1.000	195.75	195.75	27.41	223.16

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140857
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 12150.11 1701.01 13851.12

17:17

WEE 2007/01/31

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1697

147292

1

2007/01/31

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3201

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7A684AA	PTO INPUT SHAFT 20 SPLINE ADE	1.000	588.00	588.00	82.32	670.32
-N883AA	GEAR,IDLER HYD PUMP	1.000	420.88	420.88	58.92	479.80
C9NN-7N085A	HUB,HYD PUMP IDLER GEAR FD	1.000	1360.03	1360.03	190.40	1550.43
C9NN-7113B	GEAR,TOP SHAFT,MESH WITH COUNTER	1.000	840.00	840.00	117.60	957.60
E0NN-7106BA	COUPLER,SLIDING COUNTERSHAFT FD26	1.000	399.50	399.50	55.93	455.43
D6NN-7N072B	COUPLING GSS	3.000	374.00	1122.00	157.08	1279.08
C5NN-7N012A	GEAR,REVERSE Z30 FD5000 OLD	1.000	427.75	427.75	59.89	487.64
E5NN-7346AA	SELECTOR ARM,REVERSE	1.000	246.50	246.50	34.51	281.01
C5NN-7231B	SELECTOR FORK,2&6&REV FD	1.000	288.31	288.31	40.36	328.67
C5NN-7N101D	GEAR,2nd Z43	1.000	480.13	480.13	67.22	547.35
C9NN-7N315B	GEAR,3RD FD5-6600	1.000	323.64	323.64	45.31	368.95
NPN7118C	BRG KIT,G/BOX FD5-6600	1.000	1306.81	1306.81	182.95	1489.76
C5NN-7033A	THRUST WASHER	2.000	32.31	64.61	9.05	73.66
D0NN-7N047A/8A	BRG CUP&CONE,MAIN SHAFT H/D FD	1.000	250.80	250.80	35.11	285.91
C9NN-7C094B	MAIN SHAFT,LATE FD5-6600	1.000	1163.50	1163.50	162.89	1326.39
D4NN-7548A	REL BRNG & CARRIER FD10 SERIES	1.000	1515.16	1515.16	212.12	1727.28
E0NN-7A615AA	BUSH,CLUTCH SHAFT FD10 SERIES	2.000	76.09	152.17	21.30	173.47
D2NN-N776A	PEDISTAL,IPTO BAND TYPE NO-HOLE	1.000	183.82	183.82	25.73	209.55
313283	RING,IPTO PACK FORD	3.000	15.30	45.90	6.43	52.33
7S	ORING,PTO PACK FD5000->	1.000	15.71	15.71	2.20	17.91
-7A548A	BACK UP RING PTO PACK	1.000	45.06	45.06	6.31	51.37
PBB77573A	PLATE,IPTO STEEL FD5000->154x114x	5.000	21.60	108.00	15.12	123.12

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VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3
TEL: 345 8082/5

RR4-TSW-1698

GB1/21

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2
2007/01/31

WYNDHAM
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OTHANDWENI FAMILY TRUST

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PIETERMARITZBURG
3201

VAT No. 4810224818
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P743A	PLATE,IPTO BRONZE FD5000->	5.000	51.15	255.75	35.81	291.56
E[illegible]-N750AA	HUB,PTO 10 PLATE FD5000 ->	1.000	436.00	436.00	61.04	497.04
S8382	SEAL KIT,LIFT COVER FD5600->7610	1.000	118.36	118.36	16.57	134.93
C9NN-A622A	PIN,DONKEY K RETAINER	2.000	6.09	12.18	1.71	13.89
C5NN-544B	X SHAFT,FD5000->	1.000	667.00	667.00	93.38	760.38
E2NN-531AA	BUSH,X SHAFT FD5000 -->	4.000	54.60	218.40	30.58	248.98
390497S94	O RING,X SHAFT FD	2.000	20.86	41.72	5.84	47.56
C5NN-4236A	GEAR,PLANETRY RH	1.000	306.00	306.00	42.84	348.84
C5NN-4239A	GEAR,PLANETRY LH	1.000	418.20	418.20	58.55	476.75
508E-4230A	THRUST WASHER C/W/P 6600	4.000	22.07	88.29	12.36	100.65
957E-4228	THRUST WASHER,CW&P PLANETRY FD660	2.000	30.60	61.20	8.57	69.77
1850909	BRG,C/WHEEL CARRIER	1.000	378.00	378.00	52.92	430.92
1851533	BRG,C/W CARRIER	1.000	385.82	385.82	54.01	439.83
D1NN-4N028A	BRG CONE,PINION,FRONT C/W/P 6600	1.000	321.30	321.30	44.98	366.28
C7NN-4616A	BRG CUP,PINION FD5030	1.000	521.95	521.95	73.07	595.02
191250	BRG,PINION NOSE MF35X->	1.000	90.00	90.00	12.60	102.60
E0NN-4209CA	C/W/P 6600 SHORT PINION	1.000	6273.80	6273.80	878.33	7152.13
825776	BOLT,CROWN WHEEL MF35X->	12.000	9.89	118.68	16.62	135.30
89[illegible]947	NUT,CROWN WHEEL MF35X->	12.000	6.99	83.90	11.75	95.65
[illegible]4A053B	CLAMP,PINION FD	1.000	617.48	617.48	86.45	703.93
C5[illegible]-4667B	LOCK WASHER,PINION NUT 7840	1.000	74.87	74.87	10.48	85.35
97537S	CIRCLIP,PINION	1.000	13.54	13.54	1.90	15.44

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VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960143061
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

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2007/01/31

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4627	CIRCLIP,PINION NOSE	1.000	11.71	11.71	1.64	13.35
EUNN-3N252AB	SHIM	1.000	27.89	27.89	3.90	31.79

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140357
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 22890.32 3204.65 26094.97

17:19

WEE 2007/01/31

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1700

G 16/26
GB1/23

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-2N317A	ACTUATOR,BRAKE FD5000->	2.000	378.00	756.00	105.84	861.84
C5NN-2A097A	BRAKE PLATE,BRONZE 5000>	8.000	112.50	900.00	126.00	1026.00
C5NN-2N315A	BRAKE DISC,STEEL FD5000>	4.000	43.50	174.00	24.36	198.36
85999093	BOOT,BRAKE ROD FD4000->	2.000	58.39	116.78	16.35	133.13
379313S91	ORING,TRUMPET HSNG FD	2.000	16.56	33.11	4.64	37.75
C7NN-2466B	BRAKE ACTUATOR SHAFT,FD5000->	2.000	176.40	352.80	49.39	402.19
C5NN-2N315A	BRAKE DISC,STEEL FD5000>	1.000	43.50	43.50	6.09	49.59
C5NN-2N315A	BRAKE DISC,STEEL FD5000>	-1.000	43.50	-43.50	-6.09	-49.59
C5NN-4969E	SEAL,SIDE SHAFT FD5000-6600	1.000	68.00	68.00	9.52	77.52
1860503	BRG,OUTER,HD REAR AXLE	1.000	206.34	206.34	28.89	235.23
76260S36	PIN, BRAKE ACTUATOR	2.000	40.23	80.45	11.26	91.71
C5NN-2N467B	CLIP,BRAKE ROD	2.000	7.82	15.63	2.19	17.82
C5NN-2N468B	WASHER,BREAK ROD	2.000	50.81	101.61	14.23	115.84
C5NN-2N710C	CLEVIS,BRAKE ROD FD	2.000	93.15	186.30	26.08	212.38
D2NN-2N520B	NUT,BRAKE ACTUATOR SHAFT	2.000	65.61	131.22	18.37	149.59
AUG90G	SILICONE GREY,90mL TUBE (HIGH HEA	1.000	63.08	63.08	8.83	71.91
D60C-3	FERRULE,3/16 TUBING	2.000	1.68	3.36	0.47	3.83
D3/16NYLON	TUBING,FUEL 3/16 NYLON /M	1.000	6.39	6.39	0.89	7.28
5-3	NUT,3/16 TUBING	2.000	8.06	16.12	2.26	18.38
N772AB	PIN, P.T.O. FD	1.000	54.32	54.32	7.60	61.92
1850909	BRG,C/WHEEL CARRIER	1.000	348.00	348.00	48.72	396.72
1851533	BRG,C/W CARRIER	1.000	385.82	385.82	54.01	439.83

**********from 1 to next page../ 2 ***

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8984/5

RR4TSW-1701

GB1/24

147293

2
2007/01/31

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OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
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[illegible]09	BRG,C/WHEEL CARRIER	-1.000	348.00	-348.00	-48.72	-396.72
T[illegible]-1226C2	BRG,REAR AXLE 7610	1.000	408.28	408.28	57.16	465.44
1850909	BRG,C/WHEEL CARRIER	1.000	471.00	471.00	65.94	536.94
C5NN-2N315A	BRAKE DISC,STEEL FD5000>	1.000	43.50	43.50	6.09	49.59
C5NN-2A097A	BRAKE PLATE,BRONZE 5000>	-1.000	112.50	-112.50	-15.75	-128.25
C5NN-N832C	FILTER HYD.5-6600	1.000	63.61	63.61	8.91	72.52
D2NN-N752BU	SHAFT PTO 5000 SINGLE SPD.USED	1.000	234.00	234.00	32.76	266.76
PUB317	BRG,PTO FD7600	1.000	365.49	365.49	51.17	416.66
PUB230	BRG,HYD PMP IDLER GEAR	1.000	76.04	76.04	10.65	86.69
C5NN-N710B	SEAL,PTO FD5000 SINGLE	1.000	15.00	15.00	2.10	17.10
	MAKE UP HOSE AS REQUIRED	1.000	319.07	319.07	44.67	363.74
C5NN-N832C	FILTER HYD.5-6600	-1.000	63.61	-63.61	-8.91	-72.52

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140557
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 346 8084/5

14.00 % V.A.T. 5471.21 765.97 6237.18

17:21

WEE 2007/01/31

COMMISSION OF INQUIRY INTO STATE CAPTURE

Statement

RR4-TSW-1702

G 16/28

GB1/25

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

Number
1

Date
2006/12/29

Acc.code SHA02
Our ref. 1

Tax Number
4960140657

VARIQUIP cc
24 CLOUGH ST
PIETERMARITZBURG
3201

033-3458084 Tel No.
033-3458086 Fax No.
CK1993/025523/23 Reg No.

061130	Account Rendered		18021.43	
			Debit	Credit
061204	144908	Tax Invoice ,Curr	2077.65	
061204	144909	Tax Invoice ,Curr	2077.65	
061204	144914	Tax Invoice ,Curr F1	33.83	
061205	144954	Tax Invoice ,Curr MF1	171.57	
061205	144971	Tax Invoice ,Curr M1	10.17	
061205	144988	Tax Invoice ,Curr WYNDHAM	344.57	

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

Thank you for your support. We really appreciate it.

Current	30 days	60 days	90 days	Over	Interest	Total
4715.44	18021.43					22736.87

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1703

G 16/29
GB1/26

144908

1
2006/12/04

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OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
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G/BOX,SLASHER 60KW	1.000	1822.50	1822.50	255.15	2077.65

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	1822.50	255.15	2077.65

15:28

PRAKA2006/12/04

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1704

GP 16/30
GB1/27

144909

1
2006/12/04

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P.O. BOX 1558
PIETERMARITZBURG
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VAT No. 4810224818
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G/BOX,SLASHER 60KW	1.000	1822.50	1822.50	255.15	2077.65

Delivery address:
TAKEN BY WYNDHAM,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	1822.50	255.15	2077.65

15:32

PRAKA2006/12/04

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1705

9 12/31

GB1/28

144914

1
2006/12/04

F1
SHA02

OTHANDWENI FAMILY TRUST

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VAT No. 4810224818
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B500AA	SEAL,BACK UP FD10 SERIES	1.000	29.20	29.20	4.09	33.29
8...3S95	ORING,HYD PIPE	1.000	0.47	0.47	0.07	0.54

Delivery address:
COLLECTED BY ANT,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	29.67	4.16	33.83

15:48

CHINS2006/12/04

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1706

G16B2

GB1/29

144954

1

2006/12/05

MF1

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

28	FUEL PUMP,236 4H	1.000	150.50	150.50	21.07	171.57

Delivery address:
TAKEN BY WYNDHAM,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8094/5

14.00 % V.A.T.	150.50	21.07	171.57

11:14

CHINS2006/12/05

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1707

G 16/33
GB1/30

144971

1
2006/12/05

M1
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
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226	FUEL OLIVE	2.000	4.46	8.92	1.25	10.17

Delivery address:
TAKEN BY WYNDHAM,

VARIQUIP CC
CK. 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	8.92	1.25	10.17

13:48

WEE 2006/12/05

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1708

G 16/34

GB1/31

144988

1
2006/12/05

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

ISUZU H/BRAKE CABLE X3 - 5003	1.000	302.25	302.25	42.32	344.57

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL.: 345 8084/5

14.00 % V.A.T.	302.25	42.32	344.57

16:58

NOUGH2006/12/05

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1709

G 12/35
GB2/1

41537

1
2007/04/16

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Receipt
Copy Document

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4980140587
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 346 8084/5

14.00 % V.A.T.	33047.96	33047.96

Thank you

9:12

GRUMP2007/04/16

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1710

G 16/36

GB2/2

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

Number
1

Date
2007/03/30

VARIQUIP cc
24 CLOUGH ST
PIETERMARITZBURG
3201

Acc.code SHA02
Our ref. 1

Tax Number
4960140657

033-3458084 Tel No.
033-3458086 Fax No.
CK1993/025523/23 Reg No.

070228	Account Rendered		-7537.10	
			Debit	Credit
070301	148676	Tax Invoice ,Curr F3	1019.74	
070307	148977	Tax Invoice ,Curr	826.23	
070307	148996	Tax Invoice ,Curr WYNDHAM	532.71	
070308	149035	Tax Invoice ,Curr	58.84	
070308	149059	Tax Invoice ,Curr WYNDHAM	230.09	
070309	149076	Tax Invoice ,Curr MF2	27786.67	
070309	149125	Tax Invoice ,Curr WYNDHAM	409.73	
070312	149134	Tax Invoice ,Curr F2	433.20	
070314	149358	Tax Invoice ,Curr WYNDHAM	165.30	
070323	149783	Tax Invoice ,Curr	14.44	
070326	149797	Tax Invoice ,Curr WYNDHAM	304.35	
070326	149798	Tax Invoice ,Curr WYNDHAM	826.50	
070326	149827	Tax Invoice ,Curr	5663.58	
070329	150022	Tax Invoice ,Curr	706.55	
070330	150093	Tax Invoice ,Curr MF1	1607.13	

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 320
TEL: 346 8084/5

Thank you for your support. We really appreciate it.

Current	30 days	60 days	90 days	Over	Interest	Total
33047.96						33047.96

RR4-TSW-1711

9/16/37

GB2/3

148676

1
2007/03/01

F3
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

ANT	SPINDLE,FD5000-> RH	1.000	456.96	456.96	63.97	520.93
P3792	BUSH,UPR K/PIN 5000 C5NN-3109A	1.000	30.60	30.60	4.28	34.88
P3793	BUSH,LWR K/PIN 5000 C5NN-3110A	1.000	30.60	30.60	4.28	34.88
CONN-3A299A	BRG,K/PIN FD5000->	1.000	30.60	30.60	4.28	34.88
E2156-T9	WHEEL BRG KIT,FD5000 -->	1.000	85.25	85.25	11.94	97.19
74195S	WOODRUFF KEY,K/PIN FD5-6600 & 460	1.000	12.50	12.50	1.75	14.25
C5NN-3130C	K/PIN ARM R/H FD5000	1.000	248.00	248.00	34.72	282.72

Delivery address:
COLLECTED BY ANT,

VARIQUIP CC
CK: 93 25323 23
VAT REG. No. 4081140178
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8034/5

14.00 % V.A.T. 894.81 125.23 1019.74

8:33

CHINS2007/03/01

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1712

G 16/38

GB2/4

148977

1

2007/03/07

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

[illegible]79	BOOT,GEAR LEVER->200	2.000	6.34	12.67	1.77	14.44
[illegible]-1120B	NUT,REAR WHEEL 3/4UNF	2.000	14.67	29.34	4.11	33.45
85999093	BOOT,BRAKE ROD FD4000->	2.000	58.39	116.78	16.35	133.13
ADH0491	SILICONE BLACK,90ml TUBE	1.000	24.41	24.41	3.42	27.83
OGPGREASE15KG	GREASE,15KG	1.000	541.56	541.56	75.82	617.38

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 033 8084/5

14.00 % V.A.T. 724.76 101.47 826.23

15:04

PRAKA2007/03/07

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1713

G 16/39

GB2/5

148996

1
2007/03/07

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

HYD HOSE & FITTINGS AS REQUIRED -	1.000	467.29	467.29	65.42	532.71

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	467.29	65.42	532.71

16:49

CHINS2007/03/07

COMMISSION OF INQUIRY INTO STATE CAPTURE

MT

RR4-TSW-1714

149035

1

2007/03/08

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

6NYLON	TUBING,FUEL 5/16 NYLON /M	1.000	19.50	19.50	2.73	22.23
[illegible]-5	NUT,5/16 TUBING	4.000	5.79	23.16	3.24	26.40
D60C-5	FERRULE,5/16 TUBING	4.000	2.24	8.96	1.25	10.21

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 51.62 7.22 58.84

12:32

PRAKA2007/03/08

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1715

149059

1
2007/03/08

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

BRAKE HOSE - 5003	1.000	201.83	201.83	28.26	230.09

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140357
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	201.83	28.26	230.09

16:32

CHINS2007/03/08

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1716

G 16/42

GB2/8

149076

1
2007/03/09

MF2
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

1429	GSKT,P/S PUMP	1.000	14.42	14.42	2.02	16.44
	RECORE MF290 RADIATOR	1.000	1833.96	1833.96	256.75	2090.71
ENGINE 248NR	ENGINE,248N RECON	1.000	20000.00	20000.00	2800.00	22800.00
3620417	CL12,PTO PLATE,10"25SPL MF135->	1.000	255.00	255.00	35.70	290.70
3610274	CL12,PLATE,12"x28.8x21OR	1.000	285.00	285.00	39.90	324.90
828123	BRG,PILOT MF35->	1.000	24.28	24.28	3.40	27.68
1753751	CL12,FIBRE WASHER 12	12.000	1.51	18.12	2.54	20.66
1853164	CL12,SCREW,FINGER ADJ 3	3.000	2.88	8.64	1.21	9.85
353430	CL12,NUT,ADJ BOLT,3	3.000	1.02	3.06	0.43	3.49
1860867	BMF8,SEAL,PTO SPIGOT SHAFT	1.000	11.63	11.63	1.63	13.26
1860011	BMF8,SEAL,CL MAINSHAFT	1.000	6.16	6.16	0.86	7.02
886089	BMF8,ORING,SPIGOT HOUSING	1.000	6.66	6.66	0.93	7.59
311504	BMF8,BRG,SPIGOT SHAFT	1.000	275.40	275.40	38.56	313.96
964944	SPACER WASHER, STEPPED 8 SPD BOX	2.000	44.20	88.40	12.38	100.78
USED PARTS	USED SPIGOT SHAFT	1.000	350.00	350.00	49.00	399.00
886668	BRG,ROLLER SPIGOT SHAFT	1.000	32.00	32.00	4.48	36.48
79321639MAN	BRKT,ALTERNATOR,MF290 FD7610	1.000	380.00	380.00	53.20	433.20
RAMP485	FAN BELT,13 X 1377	1.000	64.96	64.96	9.09	74.05
1877731	TEMP SENDER UNIT					
27	RELEASE BRG CARRIER 57MM ID	1.000	63.00	63.00	8.82	71.82
62	BRG,RELEASE MF & FD	1.000	149.60	149.60	20.94	170.54
881396	TEMP GAUGE 135-165	1.000	102.00	102.00	14.28	116.28

**********from 1 to next page../ 2 ***

VARIQUIP CC
CK: 93 25523 23
VAT REG. No. 4960140[illegible]
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

RR4-TSW-1717

6/6/43

GB2/9

149076

2

2007/03/09

MF2

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
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-3N150A	SHIM,FR AXLE FD	4.000	14.93	59.72	8.36	68.08
	MAKE BRASS BUSH AS REQUIRED	1.000	101.50	101.50	14.21	115.71
	MAKE STUDS APS X2	1.000	217.50	217.50	30.45	247.95
63CBH500	BOLT,5/8x500	2.000	9.80	19.60	2.74	22.34
SW16	SPRING WASHER.	6.000	0.61	3.66	0.51	4.17

VARIQUIP CC
CK. 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 24374.27 3412.40 27786.67

9:54

CHINS2007/03/09

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1718

149125

1
2007/03/09

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

BOLTS & NUTS AS REQUIRED - 5003	1.000	359.41	359.41	50.32	409.73

VARIQUIP CC
CK 93/25523/23
VAT REG No 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 6084/5

14.00 % V.A.T.	359.41	50.32	409.73

16:41

CP 2007/03/09

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1719

GB2/11

149134

1
2007/03/12

F2
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

639MAN	BRKT,ALTERNATOR,MF290 FD7610	1.000	380.00	380.00	53.20	433.20

VARIQUIP CC
CK 93/25523/23
VAT REG No 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 380.00 53.20 433.20

8:53

PRAKA2007/03/12

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1720

GB2/12

149358

1
2007/03/14

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

MACHINE SPACER & RECUT RECESS ON	1.000	145.00	145.00	20.30	165.30

VARIQUIP CC
CK. 93 25523/23
VAT REG. No 4960140857
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 045 8084/5

14.00 % V.A.T.	145.00	20.30	165.30

16:13

WEE 2007/03/14

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1721

149783

GB2/13

1

2007/03/23

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

79	BOOT,GEAR LEVER->200	2.000	6.34	12.67	1.77	14.44

VARIQUIP CC
CK. 93 25523/23
VAT REG. No. 4960140557
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 346 6084/5

14.00 % V.A.T.	12.67	1.77	14.44

15:00

PRAKR2007/03/23

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1722

GB2/14

149797

1

2007/03/26

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

ISUZU TIE ROD X2 - 5003	1.000	266.97	266.97	37.38	304.35

VARIQUIP CC
CK. 93/25523/23
VAT REG. No. 4960140557
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	266.97	37.38	304.35

7:46

CHINS2007/03/26

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4TSW-1723

149798

1
2007/03/26

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

ISUZU BRAKE DISC X2 - 5003	1.000	493.00	493.00	69.02	562.02
ISUZU DISC PADS - 5003	1.000	232.00	232.00	32.48	264.48

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140857
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 6084/5

14.00 % V.A.T.	725.00	101.50	826.50

7:48

CHINS2007/03/26

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1724

149827

1

2007/03/26

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

...00AC	HYD PUMP,FD5610-7610	2.000	2259.37	4518.74	632.62	5151.36
...N-B483AB	GSKT,HYD PUMP FD5610->	2.000	6.01	12.02	1.68	13.70
87127S94	ORING,HYD PUMP 10SER	2.000	1.94	3.88	0.54	4.42
D6NN-B486A	FILTER,HYD FORD	2.000	61.41	122.82	17.19	140.01
D4NN-7N635A	GREASER,REL BRNG 5000	1.000	281.31	281.31	39.38	320.69
87033S95	ORING,HYD PIPE	2.000	0.48	0.95	0.13	1.08
E0NN-C784AA	BUSH,HYD PIPE FD6610	2.000	14.18	28.35	3.97	32.32

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140[illegible]
24 CLOUGH STREET
PIETERMARITZBURG
TEL: 345 [illegible]

14.00 % V.A.T. 4968.07 695.51 5663.58

11:47

FRAKA2007/03/26

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1725

GB2/17

150022

1

2007/03/29

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

1	BLADE BEAM 10X130X775	2.000	294.89	589.78	82.57	672.35
NCNYL	NUT UNC CSK	6.000	5.00	30.00	4.20	34.20

Delivery address:
COLLECTING,

VARIQUIP CC
CK: 93 25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	619.78	86.77	706.55

11:45

PRAKA2007/03/29

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1726

GB2/18

150093

1

2007/03/30

MF1

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

	HD15W4020LOIL,ENG TURBO&NONTURBO PET/DIESEL	3.000	398.75	1196.26	167.48	1363.74
511736	TIE ROD END,OUTER	2.000	106.75	213.50	29.89	243.39

Delivery address:
TAKEN BY WYNDHAM,

VARIQUIP CC
CK. 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 340 9031/8

14.00 % V.A.T.	1409.76	197.37	1607.13

Pro Forma No.2960

12:51

CHINS2007/03/30

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1727

GB3/1

42168

1
2007/06/07

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Receipt
Copy Document

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 7714.44 7714.44

Thank you

9:55

GRUMP2007/06/07

COMMISSION OF INQUIRY INTO STATE CAPTURE

Statement

RR4-TSW-1728

GW/54 GB3/2

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

Number
1

Date
2007/04/30

Acc.code SHA02
Our ref. 1

Tax Number
4960140657

VARIQUIP cc
24 CLOUGH ST
PIETERMARITZBURG
3201

033-3458084 Tel No.
033-3458086 Fax No.
CK1993/025523/23 Reg No.

070330	Account Rendered		33047.96	
			Debit	Credit
070402	150122	Tax Invoice ,Curr WYNDHAM	145.70	
070404	150255	Tax Invoice ,Curr F1	5210.84	
070416	41537	Payment,Thank you		-33047.96
070420	150876	Tax Invoice ,Curr 21	133.13	
070420	150889	Tax Invoice ,Curr WYNDHAM	1462.29	
070423	150938	Tax Invoice ,Curr	154.52	
070426	151165	Tax Invoice ,Curr PN20548	232.00	
070426	151176	Tax Invoice ,Curr M20535	88.11	

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140557
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

Thank you for your support. We really appreciate it.

Current	30 days	60 days	90 days	Over	Interest	Total
7426.59						7426.59

RR4-TSW-1729

GW/55

9B3/3

150122

1
2007/04/02

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

ISUZU FAN BELTS - 5003	1.000	127.81	127.81	17.89	145.70

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 346 8084/5

14.00 % V.A.T.	127.81	17.89	145.70

8:20

CHINS2007/04/02

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1730

G 14/56

9B3/4

150255

1
2007/04/04

F1
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

-R947FA	VALVE,REMOTE UNLOAD	1.000	4570.91	4570.91	639.93	5210.84

Delivery address:
COLLECTED BY ANT,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	4570.91	639.93	5210.84

11:26

CHINS2007/04/04

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1731

GB3/5

150876

1
2007/04/20

21
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

093	BOOT,BRAKE ROD FD4000->	2.000	58.39	116.78	16.35	133.13

Delivery address:
COLLECTED,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140357
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	116.78	16.35	133.13

13:19

CHINS2007/04/20

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-17328

GB3/6

150889

1
2007/04/20

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

ISUZU DRAGLINK - 5003	1.000	434.23	434.23	60.79	495.02
ISUZU REAR SHOCKS X2 - 5003	1.000	607.50	607.50	85.05	692.55
ISUZU IDLER ARM - 5003	1.000	240.98	240.98	33.74	274.72

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140057
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 1282.71 179.58 1462.29

14:49

PRAKA2007/04/20

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1733

GB3/7

150938

1
2007/04/23

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

	FILTER,OIL ISUZU KB280DT	1.000	45.60	45.60	6.38	51.98
	FUEL FILTER ISUZU 2.5	1.000	34.11	34.11	4.78	38.89
AG850	AIR FILTER,ISUZU 2.8 TURBO 1999..	1.000	55.83	55.83	7.82	63.65

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 033 898415

14.00 % V.A.T. 135.54 18.98 154.52

13:11

PRAKA2007/04/23

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1734

GB3/8

151165

1
2007/04/26

PN20548
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

2 X DOOR HINGES - 5003	1.000	203.51	203.51	28.49	232.00

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140057
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 6084/5

14.00 % V.A.T.	203.51	28.49	232.00

Re 175992 14:20

PRAKA2007/04/26

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1735

Gulu

GB3/9

151176

1
2007/04/26

M20535
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

FAN BELT 224*2 - 5003	1.000	77.29	77.29	10.82	88.11

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 77.29 10.82 88.11

Re 175457 15:22

BOB 2007/04/26

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1736

GB41

42614

1
2007/07/12

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Receipt
Copy Document

VARIQUIP CC
CK 93 25523 23
VAT REG NO 4860140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 346 8084/5

14.00 % V.A.T. 9553.09 9553.09

Thank you

8:16

7000 2007/07/12

COMMISSION OF INQUIRY INTO STATE CAPTURE

Statement

RR4-TSW-1737

GB4/2

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

Number
1

Date
2007/05/31

Acc.code SHA02
Our ref. 1

Tax Number
4960140657

VARIQUIP cc
24 CLOUGH ST
PIETERMARITZBURG
3201

033-3458084 Tel No.
033-3458086 Fax No.
CK1993/025523/23 Reg No.

				Debit	Credit
070430	Account Rendered			7426.59	
070507	151435	Tax Invoice ,Curr		931.43	
070507	151461	Tax Invoice ,Curr		273.81	
070508	151559	Tax Invoice ,Curr		467.26	
070509	151607	Tax Invoice ,Curr		855.00	
070509	151619	Tax Invoice ,Curr	WYNDHAM	100.76	
070510	151632	Tax Invoice ,Curr	F2	133.13	
070510	151633	Tax Invoice ,Curr	MF2	154.72	
070511	151707	Tax Invoice ,Curr		2189.27	
070511	151711	Tax Invoice ,Curr		855.00	
070514	151818	Tax Invoice ,Curr	PN20548	232.00	
070517	152021	Tax Invoice ,Curr		1370.27	
070521	152139	Tax Invoice ,Curr		337.44	
070529	152553	Tax Invoice ,Curr	WYNDHAM	1653.00	

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8034/5

Thank you for your support. We really appreciate it.

Current	30 days	60 days	90 days	Over	Interest	Total
9553.09	7426.59					16979.68

RR4-TSW-1738

GB4/3

151435

1
2007/05/07

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

071	FILTER,FUEL G629	8.000	15.20	121.58	17.02	138.60
20310	FILTER,OIL ALL ADE 236 DJ11909 Z3	4.000	38.48	153.92	21.55	175.47
D6NN-B486A	FILTER,HYD FORD	2.000	46.02	92.04	12.89	104.93
D1NN-9601A1	FILTER,AP 6600-7610	2.000	153.45	306.90	42.97	349.87
D1NN-9R500A1	FILTER,AS 6600-7610	2.000	71.30	142.60	19.96	162.56

Delivery address:
COLLECTING,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 817.04 114.39 931.43

9:36

PRAKA2007/05/07

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1739

G11/65

GB4/4

151461

1
2007/05/07

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

[illegible]310	FILTER,OIL ALL ADE 236 DJ11909 Z3	1.000	38.48	38.48	5.39	43.87
[illegible]20071	FILTER,FUEL G629	2.000	15.20	30.40	4.26	34.66
1678294	FILTER,AP MF265-290	1.000	104.73	104.73	14.66	119.39
1678295	FILTER,AS MF265-290	1.000	66.57	66.57	9.32	75.89

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140557
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 240.18 33.63 273.81

10:59

PRAKA2007/05/07

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1740

G 16/66

151559

GB4/5

1
2007/05/08

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

-9A663A	BOWL,SMALL PRE CLEANER	1.000	21.24	21.24	2.97	24.21
.C-5230AA	SILENCER,FD6600	1.000	388.64	388.64	54.41	443.05

Delivery address:
TAKEN BY WYNDHAM,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	409.88	57.38	467.26

16:39

PRAKA2007/05/08

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1741

GB4/6

151607

1

2007/05/09

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

HOOK 2" SHAFT	1.000	750.00	750.00	105.00	855.00

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	750.00	105.00	855.00

24:54

FRAKA2007/05/09

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1742

G16/68

GB4/7

151619

1

2007/05/09

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

BOLTS & NUTS AS REQUIRED - 5003	1.000	88.39	88.39	12.37	100.76

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 346 8084/5

14.00 % V.A.T.	88.39	12.37	100.76

16:14

PRAKA2007/05/09

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1743

GB4/8

151632

1
2007/05/10

F2
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

093	BOOT,BRAKE ROD FD4000->	2.000	58.39	116.78	16.35	133.13

Delivery address:
COLLECTED,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 6084/5

14.00 % V.A.T.	116.78	16.35	133.13

8:23

CHINS2007/05/10

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1744

GB4/9

151633

1
2007/05/10

MF2
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

9	BREATHER,HYD TOP COVER MF ALL	1.000	135.72	135.72	19.00	154.72

Delivery address:
COLLECTED,

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	135.72	19.00	154.72

8:26

CHINS2007/05/10

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1745

GB 4/10

151707

1

2007/05/11

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

19972	BUSH,FR AXLE	1.000	233.40	233.40	32.68	266.08
116722	SEAL,OUTER CARRARO FR AXLE FD	1.000	119.26	119.26	16.70	135.96
CAR118370	BRG,CAR FR AXLE FD5610	2.000	473.31	946.62	132.53	1079.15
CAR47705	SEAL,HUB CARARRO FR AXLE FD	1.000	467.41	467.41	65.44	532.85
CAR125190	BUSH,RING GEAR FD6640	1.000	153.71	153.71	21.52	175.23

Delivery address:
COLLECTING,

VARIQUIP CC
CK. 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 1920.40 268.87 2189.27

9:19

PRAKA2007/05/11

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1746

G 16/72

151711

GB4/11

1
2007/05/11

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

HOOK 2" SHAFT	1.000	750.00	750.00	105.00	855.00

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL.: 345 8084/5

14.00 % V.A.T. 750.00 105.00 855.00

9:40

PRAKA2007/05/11

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1747

G 16/73

151818

1

2007/05/14

9B4/12

PN20548
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

DOOR HINGE - 5003	1.000	203.51	203.51	28.49	232.00

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T. 203.51 28.49 232.00

13:36

PRAKA2007/05/14

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1748

G 16/74

GB4/13

152021

1

2007/05/17

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

0016	TACHO METER DRIVE ADE FORD'S	1.000	1201.99	1201.99	168.28	1370.27

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140857
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	1201.99	168.28	1370.27

11:22

PRAKA2007/05/17

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1749

9/16/25

152139

1

2007/05/21

GB 4/14

SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

YOKE,FD 5000->COURSE THREAD	1.000	296.00	296.00	41.44	337.44

VARIQUIP CC
CK: 93/25523/23
VAT REG. No 4960140357
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	296.00	41.44	337.44

10:51

PRAKA2007/05/21

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1750

G 16/76
9B4/15

152553

1
2007/05/29

WYNDHAM
SHA02

OTHANDWENI FAMILY TRUST

P.O. BOX 1558
PIETERMARITZBURG
3201

VAT No. 4810224818
Tax Invoice
Copy Document

REPAIR HOUSING - 5003	1.000	1450.00	1450.00	203.00	1653.00

VARIQUIP CC
CK: 93/25523/23
VAT REG. No. 4960140657
24 CLOUGH STREET
PIETERMARITZBURG 3201
TEL: 345 8084/5

14.00 % V.A.T.	1450.00	203.00	1653.00

13:10

WBE 2007/05/29

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1751

GB511

VARIQUIP CC

Registration No. CK1993/025523/23

24 Clough Street
Pietermaritzburg
3201

Tel : 033 345 8084
Fax : 033 345 8086
E-mail : sales@variquip.co.za
Web site : www. variquip.co.za

APPLICATION FOR CREDIT

Trading Name: DSD SHABALALA T/A OTHANDWENI FARM

Postal Address: P. O. BOX 1558 P.M. BURG 3200

Street Address: OTHANDWENI FARM OLD GREYTOWN RD, P.M.BURG

Tel: (033) 3915307 Fax (.....) 033-3915307

Cell No.: 082 376 3008 Email .....

V.A.T. No.: 4790192100

COMPANY / PARTNERSHIP / CLOSE CORPORATION / TRUST

Registered Name .....

Registered Address .....

Registration No. .....

FULL NAMES AND ADDRESSES OF DIRECTORS / PARTNERS / MEMBERS / TRUSTEES

1. ..... ID No. .....
2. ..... ID No. .....
3. ..... ID No. .....

INDIVIDUAL

Full Names: DUMISANI SIPHO DERRICK SHABALALA

Occupation: CIVIL SERVANT ID No. 6510195396082

Business Address: BOX 3613 P.M.BURG

Tel: (.....) 8974555 Fax (.....)

Residential Address: OTHANDWENI FARM OLD GREYTOWN RD P.M.BURG

Tel: (.....) 3915307 Fax (.....) 3915307

Name and address of next of kin not residing with you: BONGINKOSI SHABALALA

4 ALEXANDRA EXTENSION, BISLEY Tel (.....) 082 936 7755

BANKING DETAILS

Applicant's Bank: ABSA BANK Type: [X] Current [ ] Savings

Account No. 4062268280 Branch: DURBAN SUITE

CREDIT FACILITY REQUIRED R30 000-00

DO YOU REQUIRE ORDER NUMBERS ON YOUR INVOICES? [ ] YES [ ] NO

TRADE REFERENCES

1. FARMERS AGRI-CARE Acc No. SHA009 Tel (.....) 0832651777
2. BELL EQUIPMENT Acc No. 49210001 Tel (033) 3869319
3. KYNOCH FERTILIZER Acc No. 128816 Tel (.....) 082 462 5012

RR4-TSW-1752

GB 5/2

The following terms and conditions would prevail in respect of any transaction that may be entered into between Variquip CC (the creditor) and the Applicant (the debtor).

1. The creditor hereby grants a credit limit to the debtor at the latter's special instance and request for purchases by the debtor of goods on an open account held in the books of the creditor.
2. The amount of the credit limit granted by the creditor to the debtor will from time to time be determined by the creditor at its absolute discretion.
3. The outstanding balance on the account will be payable by the debtor free of exchange to the creditor within 30 (thirty) days of statement date, and at the creditors place of business.
4. Any balance outstanding on the account for a period of more than thirty days from date of statement, will accrue interest at a percentage rate determined by the creditor in its sole discretion, on condition that the said interest rate does not exceed the maximum rate prescribed by Act 73 of 1986 and shall run from the 31st day after the statement date to the date of payment, both days inclusive.
5. The creditor shall be entitled, but not compelled, to call up the credit facility and demand immediate payment from the debtor of all amounts owing to the creditor in terms of this credit sale agreement, should :

   5.1 The debtor fail to promptly comply with any term and condition of this credit sale agreement;
   5.2 Judgment be entered against the debtor in any court of law and should the debtor fail to comply with the judgment within 7 days after the date thereof, unless the debtor has, within that period appealed against or applied for the setting aside of that judgment;
   5.3 The debtor takes steps to assign his estate or assets in favour of or compromise with his creditors or commit any act of insolvency, or an application be made for the sequestration of the debtor's estate, or in the event of the debtor being a juristic person, for its liquidation, or, if applicable, for the judicial management of the debtor;
   5.4 Any of debtor's assets, whether movable or immovable, be attached in execution;
   5.5 The debtor be a juristic person and;
      5.5.1 A meeting of the debtor's members be convened to consider the passing of a resolution for the voluntary winding up of the debtor or should such a resolution have been passed;
      5.5.2 The controlling interest in the debtor be transferred without the creditor's prior written approval;
   5.6 According to the creditor's option and discretion:
      5.6.1 Any deterioration in the debtor's financial position occur;
      5.62 Any cheque drawn by the debtor be dishonoured;
   5.7 The debtor providing the creditor with false/incorrect information on annexure "A" hereto;
   5.8 Any other occurrence which, in the creditor's discretion, may justify the creditor to act accordingly.

6. All goods supplied remain the property of Variquip CC until paid for in full.

7. In the event of it being necessary for the creditor to institute legal proceedings against the debtor for recovery of any amount or any balance on the debtor's account, the debtor hereby consents to pay the creditor's costs on a scale as between attorney and own client, including collection commission, tracing fees, etc.

8. A certificate by a member of Variquip CC showing the amount due and owing by the debtor at any time such be sufficient prima facie proof of facts therein stated for the purpose of all legal proceedings against us for recovery of the said amount.

9. The debtor hereby chooses as *domicilium citandi et executandi* for service upon the debtor of any notices or proceedings, resulting from this agreement, the address is stated in paragraph 1 of this application.

0. I/we, by affixing my/our signature/s hereto, agree that I/we am/are personally liable as surety/sureties and co-principal debtor/s for the applicant's liability plus VAT on the total amount of such liability and I/we renounce the benefits of excussion and division.

11. The debtor hereby confirms that the details appearing herein before, are true and correct.

Signed at P. M. BURG ..... On this 17 ..... day of OCTOBER 2006

As witnesses

1. .....

2. .....

..... (SIGNATURE)
APPLICANT/ ON BEHALF OF APPLICANT
in his capacity as director/partner/member/trustee of

NTOMBI SHABALALA (NAME)

GM/1

AFFIDAVIT

JURGEN SMITH states in English under oath:

1.

I am an adult male with identity number 570816 5118 087. I am currently employed as the Cost and Financial Controller at Yara South Africa (Pty) Ltd (**Yara SA**), Fourways Golf Park, Selbourne Building 1st Floor, 1016 Roos Street, Fourways, Johannesburg. I am employed at Yara SA now for a period of ten (10) x years. My work telephone number is 011- 3172037 and cellular 083 4612422.

2.

I have been approached by PricewaterhouseCoopers (**PwC**), Forensic Services Durban; whom I understand has been appointed by the National Treasury Department to conduct a forensic investigation into alleged procurement irregularities at various Government Departments. Upon their review of a certain attorneys Trust Account they have determined that a number of payments were made to Yara SA on behalf of one of the attorneys clients, being "Salamax" or "Blue Serenity" and requested me to provide further details of these payments.

3.

I am duly authorised to attest to the contents of this affidavit and have access to our payment records. I located the invoices issued to Blue Serenity Investments (Pty) Ltd (**Blue Serenity**) against products delivered to them and we have received payment iro the Blue Serenity account as summarised in the table hereunder.

	Payment date	Amount (R)	
1	21 February 2007	38,209.23	**JS1/1-6**
2	23 May 2007	109,758.61	**JS2/1-7**
3	10 July 2007	3,555.00	**JS3/1-2**
	Total (R)	**151,522.84**	

4.

The products that were sold to Blue Serenity is a NPK (Nitrogen, Phosphate and Potassium) blend that is used for agricultural purposes.

5.

The Credit Application form for Blue Serenity when they opened their account with Yara SA was completed and signed by Ms Ntombenhle Shabalala who is also one of the directors of the entity. The said Application form reflects the names and addresses of the following two persons as partners, directors and members of the entity: **JS4/4** **JS4/2**

i. Shabalala BON, PO Box 1558, Pietermaritzburg with telephone number 3915307; and

ii. Shabalala DSD, PO Box 1558, Pietermaritzburg also with telephone number 3915307.

I know and understand the contents of this statement.
I have no objection to taking the prescribed oath.
I consider the oath to be binding on my conscience.

Signed by Jurgen Smith

Date: 4 August 2010
Time: 1400
Place: Fourways

G17h

I certify that the deponent has acknowledged that he knows and understand the contents of this declaration, which was sworn to before me, and the deponent's signature was placed thereon in my presence at FOURWAYS on the 4 day of AUGUST 2010.

Signature of Commissioner of Oaths

4/8/2010

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1756

G 7/3

JSI/1

Status: # Cust. # Parked # Cleared
Due date: # Overdue # Due # Not due

Customer 128816
Company Code 0100

Name [illegible]
City [illegible]

	Assignment	Document No	Typ	Doc. Date	S	D	Amt. in loc.cur.	Dlar	Clrng doc.	Text
#	0100001511	90001629	RV	31.01.2007			2,769.38	ZAR	400018698	
#	0100001512	90001630	RV	31.01.2007			12,851.73	ZAR	400018698	
#	0100001513	90001631	RV	31.01.2007			14,550.86	ZAR	400018698	
#	0100001514	90001632	RV	31.01.2007			2,918.17	ZAR	400018698	
#	0100001515	90001633	RV	31.01.2007			5,879.09	ZAR	400018698	
#	3 RNC 125 10/00/07	1400000139	DR	22.02.2007			38,209.23	ZAR	400018698	
* #							0.00	ZAR		
** Account 128816							0.00	ZAR		

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1757

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

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COPY TAX INVOICE

VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

NUMBER 100001511
PAGE 1 of 1
DATE 31.01.2007

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF KB No / RefNo 7906199724
ORG 7900/01
VAT REG. No. MEMBER No PLANT: 3210 S/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
2.3.4 (30) + 5G ZN/KG 50KG BAGGED	2,556.00	306.72-	135.00	45.00	2,429.28

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
K3199	2.3.4 (30) + 5G ZN/KG 50KG BAGGED	BAG	20	1	2,556.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date: 28.02.2007

VAT applicable on items marked * or %

Delivery Note No: 60001493

SUB TOTAL		2,556.00	
ITEM DISC./ITEM AFSLAG	12.00%	306.72-	14
TRANSPORT/VERVOER		135.00	14
STORAGE/BERGING		45.00	14
SUB TOTAL		2,429.28	
VAT		340.10	
TOTAL AMOUNT		2,769.38	

SALES DOCUMENT NO. : 564
DELIVERY NOTE NO : 0000049014
TRANSPORT CONTRACTOR:
REGISTRATION NO :
DELIVERY DATE : 2007/01/19

Notes
Please provide us with your remmittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1758

G17/5

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

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VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

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JS 1/3

NUMBER 100001512

PAGE 1 of 1

DATE 31.01.2007

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF KB No / RefNo 7906199516
ORG 7900/01
VAT REG. No. MEMBER No PLANT: 3210 S/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
2.3.4(40) + 10G ZN/KG 50KG BAGGED	3,058.00	366.96-	145.00		2,836.04
5.1.5(46) 50KG BAGGED	2,863.00	429.45-	145.00		2,578.55

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
K3701	2.3.4(40) + 10G ZN/KG 50KG BAGGED	BAG	20	1	2,358.00	
K3743	5.1.5(46) 50KG BAGGED	TO	3	3	8,589.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date:	28.02.2007

VAT applicable on items marked * or %

Delivery Note No:	60001496

SALES DOCUMENT NO. : 648
DELIVERY NOTE NO : 0000049020
TRANSPORT CONTRACTOR:
REGISTRATION NO : /
DELIVERY DATE : 2007/01/19

SUB TOTAL		11,647.00	
ITEM DISC./ITEM AFSLAG	14.21%	1,655.31-	14
TRANSPORT/VERVOER		580.00	14
SUB TOTAL		10,571.69	
VAT		1,480.04	
TOTAL AMOUNT		12,051.73	

Notes
Please provide us with your remmittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments.

P 9

RR4-TSW-1759

Gm/6

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

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VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

COPY TAX INVOICE
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NUMBER 100001513
PAGE 1 of 1
DATE 31.01.2007

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF KB No / RefNo 79061999715
ORG 7900/01
VAT REG. No. MEMBER No PLANT: 3210 S/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
1.0.1(48) 50KG BAGGED - UREA BASED	2,788.00	418.20-	145.00	45.00	2,559.80

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
K3186	1.0.1(48) 50KG BAGGED - UREA BASE	BAG	100	5	13,940.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date:	28.02.2007

VAT applicable on items marked * or %

Delivery Note No:	60001497

SALES DOCUMENT NO. : 634
DELIVERY NOTE NO : 0000049021
TRANSPORT CONTRACTOR:
REGISTRATION NO : /
DELIVERY DATE : 2007/01/19

SUB TOTAL		13,940.00	
ITEM DISC./ITEM AFSLAG	15.00%	2,091.00-	14
TRANSPORT/VERVOER		725.00	14
STORAGE/BERGING		225.00	14
SUB TOTAL		12,788.00	
VAT		1,791.85	
TOTAL AMOUNT		14,579.85	

Notes
Please provide us with your remmittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1760

G17/7

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

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JS 1/5

VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

NUMBER 100001514
PAGE 1 of 1
DATE 31.01.2007

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF KB No / RefNo 7906199715
ORG 7900/01
VAT REG. No. MEMBER No PLANT: 3210 S/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
1.0.1(48) 50KG BAGGED - UREA BASED	2,788.00	418.20-	145.00	45.00	2,559.80

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
K3186	1.0.1(48) 50KG BAGGED - UREA BASE	BAG	20	1	2,788.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date: 28.02.2007

VAT applicable on items marked * or %

Delivery Note No: 80001488

SUB TOTAL		2,788.00	
ITEM DISC./ITEM AFSLAG	15 00%	418.20-	14
TRANSPORT/VERVOER		145.00	14
STORAGE/BERGING		45.00	14
SUB TOTAL		2,559.80	
VAT		358.37	
TOTAL AMOUNT		2,918.17	

SALES DOCUMENT NO. : 634
DELIVERY NOTE NO : 0000049027
TRANSPORT CONTRACTOR:
REGISTRATION NO : /
DELIVERY DATE : 2007/01/24

Notes
Please provide us with your remittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments.

RR4-TSW-1761

517/8

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

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JS 1/6

VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

NUMBER 100001515
PAGE 1 of 1
DATE 31.01.2007

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF
ORG 7900/01
VAT REG. No.
MEMBER No
KB No / RefNo 7906199516
PLANT: 3210 S/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
5.1.5(46) 50KG BAGGED	2,863.00	429.45-	145.00		2,578.55

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT +VAT
K3243	5.1.5(46) 50KG BAGGED	TO	2	2	5,726.00

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date:	28.02.2007

VAT applicable on items marked * or %

Delivery Note No:	60001500

SALES DOCUMENT NO. : 648
DELIVERY NOTE NO : 0000049028
TRANSPORT CONTRACTOR:
REGISTRATION NO : /
DELIVERY DATE : 2007/01/24

SUB TOTAL		5,726.00	
ITEM DISC./ITEM AFSLAG	15.00%	858.90-	14
TRANSPORT/VERVOER		290.00	14
SUB TOTAL		5,157.10	
VAT		721.99	
TOTAL AMOUNT		5,879.09	

Notes
Please provide us with your remmittance advice and/or depositslip to enable us to allocate payments to inc,correct accounts as interest is charged on late payments.

Pq

RR4-TSW-1762

G 11/9

JS 2/1

Status # open # Failed # Cleared
Due date # Overdue # Due # Not due

Customer 128816
Company Code C100

Name [illegible]
City [illegible]

	S.	Assignment	Document No.	Typ	Doc. Date	S	ID	Amt in loc.cur.	Curr	Chng doc.	Text
	#	[illegible]	[illegible]	RV	26.02.2007			44,401.01	ZAR	400024417	
	#	[illegible]	90003979	RV	28.02.2007			34,927.78	ZAR	400024417	
	#	[illegible]	90005713	RV	30.03.2007			14,219.51	ZAR	400024417	
	#	[illegible]	90005729	RV	30.03.2007			2,910.65	ZAR	400024417	
	#	[illegible]	[illegible]	RV	26.04.2007			3,564.89	ZAR	400024417	
	#	[illegible]	90006735	RV	26.04.2007			10,664.65	ZAR	400024417	
	#	[illegible] 25.05.07	[illegible]	LZ	28.05.2007			109,755.61-	ZAR	400024417	
	#	[illegible]	400018711	AA	28.02.2007			1,843.35-	ZAR	400024417	
	#	Interest APR 07	[illegible]	DL	30.04.2007			923.45	ZAR	400024417	Interest April 07
*	#							0.00	ZAR		
** Account: 128816								0.00	ZAR		

RR4-TSW-1763

G17/10

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

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VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

NUMBER 100003305
PAGE 1 of 1
DATE 26.02.2007

JS 2/2

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF KB No / RefNo 7906199525
ORG 7900/01
VAT REG. No. MEMBER No PLANT: 3213 S/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
5.1.5(46) 50KG BAGGED	2,863.00	429.45-	118.00	45.00	2,596.55

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
X3243	5.1.5(46) 50KG BAGGED	TO	15	15	42,945.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date:	31.03.2007

VAT applicable on items marked * or %

Delivery Note No:	60006339

SALES DOCUMENT NO. : 1132
DELIVERY NOTE NO : 0000045063
TRANSPORT CONTRACTOR:
REGISTRATION NO : /
DELIVERY DATE : 2007/02/19

SUB TOTAL		42,945.00	
ITEM DISC./ITEM AFSLAG	15.00%	6,441.75-	14
TRANSPORT/VERVOER		1,770.00	14
STORAGE/BERGING		675.00	14
SUB TOTAL		38,948.25	
VAT		5,452.76	
TOTAL AMOUNT		44,401.01	

Notes
Please provide us with your remmittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments.

Pge

RR4-TSW-1764

Grdn

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

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VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

NUMBER 100003761
PAGE 1 of 1
DATE 28.02.2007

JS 2/3

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF
ORG 7900/01
VAT REG. No. MEMBER No
KB No / RefNo 7906199526
PLANT: 3210 S/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
4.1.6 (47) 50KG BAGGED	2,812.00	421.80-	118.00	45.00	2,553.20

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
K3532	4.1.6 (47) 50KG BAGGED	TO	12	12	33,744.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date:	31.03.2007

VAT applicable on items marked * or %

Delivery Note No:	50003650

SALES DOCUMENT NO. : 1132
DELIVERY NOTE NO : 0000049074
TRANSPORT CONTRACTOR:
REGISTRATION NO : /
DELIVERY DATE : 2007/02/27

SUB TOTAL		33,744.00	
ITEM DISC./ITEM AFSLAG	15.00%	5,061.60-	14
TRANSPORT/VERVOER		1,416.00	14
STORAGE/BERGING		540.00	14
SUB TOTAL		30,638.40	
VAT		4,289.38	
TOTAL AMOUNT		34,927.78	

Notes
Please provide us with your remittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments

RR4-TSW-1765

Gnlr

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

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COPY TAX INVOICE

VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

NUMBER 100005380
PAGE 1 of 1
DATE 30.03.2007

352/4

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF
ORG 7900/01
VAT REG. No.
MEMBER No
KB No / RefNo 7906194855
PLANT: 3210 S/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
5.1.5(46) 50KG BAGGED	3,498.00	599.68-	135.00	45.00	3,118.32

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
K3243	5.1.5(46) 50KG BAGGED	TO	4	4	13,992.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date:	30.04.2007

VAT applicable on items marked * or %

Delivery Note No:	60005277

SALES DOCUMENT NO. : 2178
DELIVERY NOTE NO : 0000049096
TRANSPORT CONTRACTOR:
REGISTRATION NO : /
DELIVERY DATE : 2007/03/28

SUB TOTAL		13,992.00	
ITEM DISC./ITEM AFSLAG	16.00%	2,239.00-	14
TRANSPORT/VERVOER		540.00	14
STORAGE/BERGING		180.00	14
SUB TOTAL		12,473.28	
VAT		1,746.26	
TOTAL AMOUNT		14,219.54	

Notes
Please provide us with your remittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments.

RR4-TSW-1766

G 17/13

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

Repeat printout

VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

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PAGE 1 of 1
DATE 30.03.2007

J52/5

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128815

DEBTOR No. 128815 YOUR REF
ORG 7900/01
VAT REG. No.
MEMBER No
KB No / RefNo 7906199526
PLANT: 3210 S/LOC 3214 REF 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
4.1.6 (47) 50KG BAGGED	2,812.00	421.80-	118.00	45.00	2,553.20

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
X3532	4.1.6 (47) 50KG BAGGED	TO	1	1	2,812.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date:	30.04.2007

VAT applicable on items marked * or %

Delivery Note No:	80005286

SALES DOCUMENT NO. : 1132
DELIVERY NOTE NO : 0000048109
TRANSPORT CONTRACTOR:
REGISTRATION NO : /
DELIVERY DATE : 2007/03/29

SUB TOTAL		2,812.00	
ITEM DISC./ITEM AFSLAG	15.00%	421.80-	14
TRANSPORT/VERVOER		118.00	14
STORAGE/BERGING		45.00	14
SUB TOTAL		2,553.20	
VAT		357.45	
TOTAL AMOUNT		2,910.65	

Notes
Please provide us with your remittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments.

Pe

RR4-TSW-1767

Gnln

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

Repeat printout

COPY TAX INVOICE

VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

NUMBER 100006287
PAGE 1 of 1
DATE 26.04.2007

JS 2/6

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF
ORG 7900/01
VAT REG. No. MEMBER No
NE No / RefNo 7906194855
PLANT: 3210 @/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
5.1.5(46) 50KG BAGGED	3,498.00	559.68-	135.00	45.00	3,118.32

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
K3243	5.1.5(46) 50KG BAGGED	TO	1	1	3,498.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date: 31.05.2007

VAT applicable on items marked * or %

Delivery Note No: 50006192

SALES DOCUMENT NO. : 2173
DELIVERY NOTE NO : 49111
TRANSPORT CONTRACTOR:
REGISTRATION NO / /
DELIVERY DATE : 2007/04/23

SUB TOTAL		3,498.00	
ITEM DISC./ITEM AFSLAG	16.00%	559.68-	14
TRANSPORT/VERVOER		135.00	14
STORAGE/BERGING		45.00	14
SUB TOTAL		3,118.32	
VAT		436.56	
TOTAL AMOUNT		3,554.88	

Notes
Please provide us with your remittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments.

Pgz

RR4-TSW-1768

G 1/16

YARA SA (Pty) Ltd.
P.O Box 3836
RANDBURG
2125

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COPY TAX INVOICE

VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

NUMBER 100006288
PAGE 1 of 1
DATE 26.04.2007

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:- JS 2/7

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF
ORG 7900/01
VAT REG. No.
MEMBER No
PB No / RefNo 7906194855
PLANT: 3210 S/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
5.1.5(46) 50KG BAGGED	3,498.00	559.68-	135.00	45.00	3,118.32

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
K3243	5.1.5(46) 50KG BAGGED	TO	3	3	10,494.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date:	31.05.2007

VAT applicable on items marked * or %

Delivery Note No:	60006197

SALES DOCUMENT NO. : 2176
DELIVERY NOTE NO : 49117
TRANSPORT CONTRACTOR:
REGISTRATION NO :
DELIVERY DATE : 2007/04/26

SUB TOTAL		10,494.00	
ITEM DISC./ITEM AFSLAG	16 000	1,679.04-	14
TRANSPORT/VERVOER		405.00	14
STORAGE/BERGING		135.00	14
SUB TOTAL		9,354.96	
VAT		1,309.69	
TOTAL AMOUNT		10,664.65	

Notes
Please provide us with your remmittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments.

RR4-TSW-1769

Gmlk

JS3/1

Statuses # Open # Parked # Cleared
Due dates # Overdue # Due # Not due

Customer 128816
Company Code 3150

Name [illegible]
City [illegible]

St	Assignment	Document No	Typ	Doc. Date	S	D	Amt. in loc.cur.	Cur	Clrng doc.	Text
#		400026100	AB	13.07.2007			0.12	ZAR	400026100	
#	[illegible]	[illegible]	RV	[illegible].05.2007			3,564.88	ZAR	400026100	
#	[illegible]	[illegible]	DR	13.07.2007			3,555.00-	ZAR	400026100	
* #							0.00	ZAR		
** Account 128816							0.00	ZAR		

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1770

G 17/17

YARA SA (Pty) Ltd.
P.O Box 3636
RANDBURG
2125

Repeat printout

COPY TAX INVOICE

VAT NR : 4110186295
REG NR : 1990 004337 07

TEL NR : 011 317-2000
FAX NR : 011 513-0033

NUMBER 100007196
PAGE 1 of 1
DATE 29.05.2007

JS 3/2

BILL TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

SOLD TO:-

BLUE SERENITY INVEST PTY LTD 7906
PO BOX 1558
PIETERMARITZBURG
3200

CONS.REF BLUE SERENITY INVEST PTY LTD 7906
No. 128816

DEBTOR No. 128816 YOUR REF KB No / ReINo 7906194855
ORG 7906/01
VAT REG. No. MEMBER No PLANT: 3210 S/LOC 3214 REP 7906

PRODUCT	PRICE	DISCOUNT	TRANSPORT	STORAGE	NET R/UNIT
5.1.5(46) 50KG BAGGED	3,498.00	559.68-	135.00	45.00	3,118.32

REG No	PRODUCT & PACKAGING		QUANTITY	TONS	AMOUNT	*VAT
K3243	5.1.5(46) 50KG BAGGED	TO	1	1	3,498.00	

PLEASE NOTE:
Interest at 15.00 % p.a will be charged if payment is not received on or before payment date

Payment date:	30.06.2007

VAT applicable on items marked * or %

Delivery Note No:	60007120

SALES DOCUMENT NO. : 2178
DELIVERY NOTE NO :
TRANSPORT CONTRACTOR:
REGISTRATION NO :
DELIVERY DATE : 2007/04/24

SUB TOTAL		3,498.00	
ITEM DISC./ITEM AFSLAG	16.00%	559.68-	14
TRANSPORT/VERVOER		135.00	14
STORAGE/BERGING		45.00	14
SUB TOTAL		3,118.32	
VAT		436.56	
TOTAL AMOUNT		3,554.88	

Notes
Please provide us with your remmittance advice and/or depositslip to enable us to allocate payments to the correct accounts as interest is charged on late payments.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1771

G 17/18

JS 411

CONFIDENTIAL

NAME OF CUSTOMER: BLUE SERENITY INVESTMENTS (PTY) LTD

REPRESENTATIVE: MUZI HLONGWANE

BUSINESS UNIT OFFICE: UMBOGINTWINI

KYNOCH FERTILIZER (PROPRIETARY) LIMITED
REGISTRATION NUMBER: 1990/004637/07

APPLICATION FOR
CREDIT FACILITY

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1772

G 17/19

NAME OF APPLICANT BLUE SERENITY INVESTMENT (PTY) LTD
(Person/Company in whose name orders are to be placed)

Language preferred: Afrikaans ☐ English ☑ JS 4/2

Regional Office UMBONGINTWINI Date of this application 30 · 11 · 2004

I hereby give permission to the financial department of KYNOCH to obtain my latest audited statements from my auditor

Name, address and telephone number of auditor LMD AFRICA

Permission is hereby granted to the financial department of KYNOCH to contract my bank manager should any additional information be required

Signature [signature] Date 30 · 11 · 2004

COMPLETE WITH REGARD TO CORRECT LEGAL ENTITY

INDIVIDUAL

Full names and surnames

Identity number

Marital status: Married ☐

Single ☐

Community of Property ☐

Antenuptial Contract with Accrual ☐

Antenuptial Contract without Accrual ☐

Have you ever been declared insolvent?

Have you signed surety for a person or instance?

PUBLIC COMPANY

Name of company BLUE SERENITY INVESTMENT (PTY) LTD

Registration number

Listed Unlisted

GOVERNMENT/SEMI GOVERNMENT CORPORATION

Name of establishment

Name of project

Who is responsible for payment of account

Contact person

Initial Bon

OTHER

Partnership ☐

Closed Corporation ☐

Private company ☑

Trust ☐

Co-operative ☐

Registration number

Name of legal entity

Names of subsidiaries

NAMES AND ADDRESSES OF PARTNERS, DIRECTORS AND MEMBERS

1. Surname and Initials SHABALALA BON
Address P. O. BOX 1558
P. M. BURG
Tel. No. 3915307 Date of birth 19 · 01 · 69

2. Surname and Initials SHABALALA D.S.D
Address P. O. BOX 1558
P. M. BURG
Tel. No. 3915307 Date of birth 19 · 10 · 65

3. Surname and Initials
Address
Tel. No. Date of birth

As Directors of your if requested complete (Board of Sheets)

Partnership/company information

Date

P 92

RR4-TSW-1773

G 17/20

APPLICATION

JS 4/3

To open account ☑ | for a facility for sales out of consignment stock ☐

Renewal of credit facility ☐ | for opening of new private crops ☐

Do you have an existing account with KYNOCH Fertilizer (Pty) Ltd? Yes ☐ No ☑ If Yes – Account Number .....

Postal address of applicant P. O. BOX 1558 P M BURG

Postal code 3201 Telephone number 033-3915307 Telefax number 033-3915307

Physical address/Registered Office/Farm name (Not postal address) OTHANDWENI FARM OLD GREYTOWN RD Magisterial District P M BURG

VAT Reg. Number ..... VAT Certificate attached Yes ☐ No ☐

Name of Bank ABSA Name of Bank Manager JENNY LAURENSO

Branch LA LUCIA RIDGE Bank Account Number 4059411529

Previous Supplier of fertilizer DDD VENTURES Previous fertilizer purchases: Fully paid? Yes ☑ No ☐

Total fertilizer usage per annum (tonnage) 60 TONS

Credit facility necessary for fertilizer purchases – R 60 000

Maximum amount of a single order – R 60 000

Highest monthly purchases: R60 000 (Rand) (tons)

Date on which order will be fully paid 30 DAYS

In whose name is fixed property registered? BLUE SERENITY INVESTMENTS (PTY) LTD

TRADE REFERENCES

	Instance	Town	Telephone number	Account number	Contact person
Seed company					
Fuel company					
Sprays company	FARMERS AGRICHEM	PMBURG	0832651777		JULES
Co-operative					
FERTILIZER	DDD VENTURES		082 414 8051		SETH

PARTICULARS OF HUSBANDRY

Farm Name	Size: Hectares	Total valuation Currently (R)	Value of Bonds	Bondholder
OTHANDWENI	300	R3,5M		BLUE SERENITY Inv

PARTICULARS OF CROP

Crop type	Ha Qty.	Date of expected Income

PARTICULARS OF LIVESTOCK

Type	Stud or commercial	Number Female	Total Stock

Date on which you buy or sell livestock .....

Signature Bon

Date .....

1 of 2

RR4-TSW-1774

G 17/21

CONDITIONS OF CREDIT

NAME IN PRINT SHABALALA NTOMBEKHLE JS 4/4

1. I/We declare that the information given is true and correct.
2. I/We hereby agree to the jurisdiction of the magistrate's court notwithstanding the fact that the amount involved may exceed the jurisdiction of the magistrate's court.
3. I/We hereby surrender to the regulations of sections 21 and 22 and any other such like regulations in consideration of which I, the buyer, may receive assistance in arranging settlement in terms of Law No 23 of 1966 for agricultural Credit, or any amendments thereof.
4. In the event of my/our fertilizer account not being fully settled as per the agreed terms of payment, I/we undertake to pay compound interest at prime bank lending rate + 2% as fixed periodically by NEDBANK LTD. Interest will then be leveled monthly from date on which payment is claimable and payable to date of full settlement.
5. I/We hereby agree to re-apply for credit facilities at any time as requested by KYNOCH Fertilizer (Pty) Ltd.
6. I/We the undersigned confirm herewith that I/we have read the Standard Conditions of Sale relating to all purchases from KYNOCH Fertilizer (Pty) Ltd, as set in Annexure "A", and that I/we understand the contents thereof and consider it binding on me/us with regard to all present and future purchases.
7. I/We declare that I/we am/are duly authorized to sign the request.

Signed at P. M. BURG this 30 day of NOVEMBER 20 04

Shabalala SHABALALA NTOMBEKHLE

Signature of applicant or duly authorized Representative (signature) Name in print

Position held DIRECTOR

PLEASE NOTE - This is the minimum information required to establish creditworthiness. It might be necessary to request additional information. Security could also be a requisite.

FOR OFFICE USE ONLY

ITC enquiry? Yes ☐ No ☐

Was farmer visited by Kynoch Fertilizer (Pty) Ltd. Marketing Department? Yes ☐ No ☐

Bank Code ..... Date ..... Amount: R .....

TRADE REFERENCES CHECKED:

Credit Limit	Terms	Remarks
1.		
2.		
3.		

CREDIT APPROVAL

Account No ..... Terms .....

CREDIT FACILITY APPROVED R

1. ..... Credit Controller RECOMMENDED/ APPROVED/DECLINED Date .....

2. ..... Financial Controller RECOMMENDED/ APPROVED/DECLINED Date .....

3. ..... Executive Officer - Finance RECOMMENDED/ APPROVED/DECLINED Date .....

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1775

GM/2

BOND OF SURETY

I/We the undersigned

JS4/5

Full Names BEATRICE OTRINA NTOMBENHLE SHABALALA

bind myself / ourselves to and in favour of Kynoch Fertilizer (Pty) Ltd. (Hereinafter called the Creditor)

for and on behalf of BLUE SERENITY INVESTMENTS (PTY) LTD (Company or Farm)
(Hereinafter called the Principal Debtor)

as surety and co-principal debtors jointly and severally with each other, for the due and proper payment by die Principal Debtor of any cause whatsoever, hereby renouncing each and every benefit which might otherwise be available to us against the Creditor and in particular, the benefits of excussion and division and the benefits de duobos vel pluribus reis debendi avae constitutionis de duobos reis, non causa debiti, non numeratae, croris calculi and revision of account, with the nature, force and effects of which we acknowledge ourselves, to be fully aquinted.

I/We hereby consents to the jurisdiction of the Magistrate's Court in respect of any action that might be instituted against me/us by the Creditor arising from this Bond of Surety. The Creditor shall however be entitled to institute any action or bring any application against the me/us in the High Court.

I/We choose my / ou domicillium citandi et executandi as: OTHANDWENI FARM
P.O. BOX 1558 P.M. BURG 3201

Signed at P.M. BURG on this 30 day of NOVEMBER 2004

Guarantor [signature] Address
(Signature)

Guarantor Address
(Signature)

Guarantor Address
(Signature)

I as witness
Full Name J. M HLONGWANE

Confirm that the above mentioned guarantors have signed in my presence

Witness [signature] Address
(Signature)

EXPLANATION OF EXEPTIONS AND BENEFOTS WHICH GUARANTORS WAIVER BY SIGNING THE BOND OF SURETY

BENEFICIUM EXCUSSIONS

The benefit in terms of which the guarantor may demand that the creditor first against the Principal Debtor for execution of payment before he himself shall be held responsible.

BENEFICIUM DIVISIONIS

The benefit decreed for most guarantors who bind themselves for the same debt whereby the Creditor can Claim full payment from the guarantor, in terms of which he can demand that he be only responsible for his bond fide share when other guarantors are under the deficient and that he not be liable for the full debt.

P

RR4-TSW-1776

G 17/2.

EXCEPTIO NON NUMERATAE PECUNIAE
(No value received)
The exception a guarantor can [illegible] that he received no money, goods or any other benefit.

EXCEPTIO NON CAUSA DEBITI
The plea the guarantor can raise that the debt pertaining to his obligation, is non-existent.

ERORIS CALCULI
The plea the guarantor can raise that the debt is [illegible] has been calculated in error.

J54/6

BENEFICIUM DE DOLIBUS VEL PLURIBUS RIES DESENDI
Where a number of guarantors bind themselves as surety with one another but not jointly and severally, a guarantor can raise this plea and argue that he be held responsible only for his part of the total debt.

STANDARD CONDITIONS OF SALE

1. GENERAL

1.1 The "SELLER" shall mean Kynoch Fertiliser (Proprietary) Limited and the "BUYER" and "GOODS" the individual or legal entity and the products purchased respectively. The parties shall mean the BUYER and the SELLER.

1.2 It is recorded that orders shall be accepted and the GOODS be supplied subject to the terms and conditions indicated herein. No additions or variations to these terms and conditions shall be binding on the parties unless such additions or variations are recorded in writing and signed by both parties.

1.3 Unless stated to the contrary, all metric weights indicated in the SELLER's price list or on containers indicate the net weight/volume of the GOODS at the time of the packaging thereof and exclude the weight of such packaging.

1.4 In the event that an order is placed by the BUYER, such order shall constitute an irrevocable offer to purchase the GOODS in concern and acceptance of such order/offer shall constitute a sale on the terms and conditions stipulated herein to the exclusion of any conditions to the contrary attached to or forming part of the BUYER's order.

1.5 Acceptance of the BUYER's order by the SELLER shall take place when the SELLER accepts such order in writing. The place of acceptance, which shall be deemed to be the place of contracting, shall be the place from which the SELLER accepts the BUYER's order.

1.6 No order which has been accepted by the SELLER may be cancelled by the BUYER except with the prior written consent of the SELLER.

1.7 The BUYER shall be responsible for ensuring the accuracy of the terms of any order submitted by the BUYER.

1.8 Any waiver of, or failure to enforce any right or entitlement hereunder by the SELLER, shall not operate as a waiver of any right of the SELLER. Any termination hereunder shall be without prejudice to any rights of the SELLER.

2. REPRESENTATION

2.1 No representative, agent or salesman of the SELLER has any authority to vary these conditions or to make any representation on the SELLER's behalf and no purported variation of these conditions shall be of any effect unless it is in writing and duly signed by an authorized representative of the SELLER.

3. PRICES

3.1 The price payable for GOODS ordered by the BUYER shall be the SELLER's list price ruling at the date of delivery of the GOODS in concern unless the parties reach an agreement in writing, duly signed by both parties, with regard to any discount on such list price.

3.2 The mentioned list prices or any other agreed price as indicated above, is quoted per 1 000 kg excluding any costs. Such costs may include but shall not be limited to transportation.

3.3 The BUYER shall, in addition to the purchase price of the GOODS, be liable for payment of the transportation costs incurred in respect of the transportation of the GOODS from the depot of the SELLER which is the nearest to the location of such delivery. It is however the SELLER's absolute discretion to vary the location wherefrom the GOODS are being distributed.

4. DELIVERY

4.1 Unless otherwise agreed, delivery shall be effected when the GOODS are placed upon the wagon, carriage or vehicle of the carrier in the event that such carrier is contracted by the BUYER. Such carrier shall be the BUYER's agent and delivery to the carrier shall be deemed to be good and sufficient delivery to the BUYER.

4.2 In the event that the carrier is contracted by the SELLER, delivery shall be effected when the GOODS are off-loaded at the premises indicated on the order in question.

4.3 Any remuneration payable in respect of the transportation of the GOODS is to be paid prior to delivery, except in the event that the GOODS are being purchased on an approved debtor's account, then the payment will be due when the purchase price of the GOODS is due.

4.4 The SELLER does not guarantee delivery on any specified date but will endeavour to effect delivery as near as possible to the date stated on the order and/or acceptance thereof. The BUYER shall not be entitled to repudiate or withdraw from the sale on the ground of late or non-delivery, nor perform to place the SELLER in mora in regard to delivery, nor shall the SELLER be liable for any damage suffered by the BUYER in event of late delivery by the SELLER.

5. PAYMENT

5.1 Fund delivery is to be considered as a separate contract and upon delivery to a BUYER, [illegible] for the purchase price, and the transportation charges, if applicable.

5.2 Unless otherwise agreed, in writing between the parties, payment of the products shall be made [illegible] the payment on the date of the statement, [illegible]

Bon

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RR4-TSW-1777

5.3 [illegible] 30 (THIRTY) days calculated from the date of delivery and if no claim is lodged, any liability of the SELLER shall cease.

5.4 Interest shall be charged on all accounts at the prime rate of Nedbank Limited from time to time plus 2% per annum calculated from the 31st (THIRTY FIRST) day upon the date of the statement on which the invoice in question first appears. Such interest shall also be charged in the event that the parties reach an agreement in respect of payment on terms other than indicated in clause 5.1 above.

5.5 Should any invoice not be paid on due date or should the SELLER at any time be dissatisfied with the financial position of the BUYER, the SELLER may refuse delivery and may at its option enforce immediate payment for all deliveries already made. The contents of clause 5.5 shall not prejudice any of the SELLER's other rights that it may have in law.

5.6 All payments shall first be applied to reduce the interest, then any legal costs and thereafter the capital due.

5.7 The BUYER is not entitled to deduct or set off any sums against invoiced amounts, whatsoever.

5.8 All legal and other costs incurred by the SELLER in recovering monies due to the SELLER in terms hereof shall be paid by the BUYER on an attorney and client scale.

6. OWNERSHIP AND RISK

6.1 It is a specific and material term and condition of this sale that the ownership of GOODS hereby sold shall at all times remain vested in the SELLER and only pass to the BUYER upon payment of the GOODS in full.

6.2 Risk of loss or damage to the GOODS shall pass to the BUYER upon delivery. The BUYER shall take all reasonable precautions to ensure the safekeeping, safe storage and safe handling of the goods.

7. DESCRIPTIVE MATTER

Illustrations, descriptive matter and other literature issued in respect of any product sold are intended as a general guide only and are not to be taken as binding on the SELLER.

8. SAMPLING

Sampling must be done in accordance with the regulations relevant to the Fertilizers Farm Feeds and Remedies Act, 1947. The SELLER will take every reasonable precaution to ensure that the fertiliser and other GOODS supplied are free from all deleterious matter or substance but shall not be responsible for any loss or damage resulting from the presence of such deleterious matter or substance in the fertiliser or other GOODS sold.

9. WARRANTY

9.1 Unless otherwise stated in any written guarantee given by the SELLER the sale of the GOODS shall be free from all conditions and warranties whether statutory, under the common law or otherwise as to quality, fitness for any purpose, correspondence with description or sample and the SELLER shall not be responsible nor liable for any damage to crops, soil, any person or property arising out of the use or handling of the GOODS or not in accordance with the SELLER's or manufacturer's instructions.

9.2 Any recommendations or advice given by or on behalf of the SELLER are given in good faith but without liability on the part of the SELLER, and the usage or application of the GOODS shall be entirely the responsibility of the BUYER, without reliance on any statement of the SELLER unless given in writing in answer to a specific request by the BUYER.

10. LODGING OF CLAIMS

10.1 Any claim made by the BUYER arising out of this contract, must be lodged with the SELLER at the office from which the acceptance of the order had been made within 30 (THIRTY) days calculated from the date of delivery and if no claim is lodged, any liability of the SELLER shall cease.

10.2 If the BUYER sells on any of the GOODS (as agent or otherwise) the BUYER shall impose on the customer obligations equivalent to those contained in this clause 10.

11. FORCE MAJEURE

11.1 Neither party shall be liable for any loss, damage or injury occasioned to the other party by default in the performance of any obligation under these terms and conditions of sale if the default is caused by any occurrence whatsoever which is not within the control of the defaulting party, including but not limited to industrial action, accident, power failure, breakdown of plant or machinery, order of any government authority, and, subject to Clause 11.2, shortage of supplies required for or in connection with the manufacture of the GOODS. The defaulting party will give the other party written notice of the occurrence at the earliest opportunity. Refusal by a BUYER to accept delivery does not in itself constitute force majeure unless notification in writing is received twice to the due date for delivery, of any occurrence which would be construed as force majeure.

11.2 If as the result of an occurrence covered by clause 11.1, and the SELLER is being delayed in or prevented from delivering the GOODS at the due time, then the SELLER may, on giving the BUYER at the earliest opportunity written notice of that fact, withhold, suspend or reduce delivery to such extent as the SELLER in its discretion thinks fit. The SELLER shall endeavour to purchase equivalent supplies to rectify shortages for any shortages caused by any such occurrence but shall not be obliged to purchase at prices higher than the contract price for the goods.

11.3 Where force majeure has been declared, the non declaring party may cancel the contract in the manner provided without any liability to the other party, all effect giving written notice at the earliest opportunity.

11.4 Without prejudice to the foregoing provisions of this clause, the parties shall [illegible] the intent of meaning of force majeure made herein [illegible] and conditions of sale.

J34/7

G m/21

Pre

G 17/20

12. BREACH

12.1 In the event that the BUYER is in breach of any term or condition or is not [illegible] the SELLER shall, with the prior dispute to any of its other rights, be entitled to:

12.1.1 Cancel this agreement with immediate effect and claim damages from the BUYER

JS4/8

OR

12.1.2 Claim for specific performance by the BUYER

13. TRADE MARKS

The use of any trade marks under which the GOODS are being supplied is conditional upon resale being made to the SELLER's original packages.

14. SEVERANCE

These Terms and Conditions shall apply in so far as they are held to be lawful and enforceable. If any condition or part of a condition shall be held to be unlawful or unenforceable, these Terms and Conditions shall be read and construed as if such condition or part thereof were being omitted.

15 CLAUSE HEADINGS

The clause headings in these Standard Conditions of Sale shall not be used in the interpretation thereof.

16. RETURNS

It is recorded that, once GOODS have been sold and delivered as ordered, such GOODS are non-returnable except in the event that the parties come to a written agreement, duly signed by both parties, in respect of such return.

17. JURISDICTION

The BUYER hereby consents to the jurisdiction of the Magistrate's Court in respect of any action that might be instituted against him by the SELLER arising from this Conditions of Sale. The SELLER shall however be entitled to institute any action or bring any application against the BUYER in the High Court.

SIGNED at ..... on this ..... day of ....20.....

.....

The BUYER

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1779

G 17/21

JS 4/9

Johannesburg(011)214-6000 Durban(031)573-8833 CapeTown(021)401-4200

Blue Serenity Investments (Pty) Ltd

Profile Investigation

DMS Business Registration

Commercial SME Assessment

YOUR REFERENCE :

OUR REFERENCE : 614117885 / 200117562

Attention :

We thank you for your enquiry on BLUE SERENITY INVESTMENTS (PTY) LTD and trust the information will be of assistance.

Should you have any queries regarding the content of your request, please do not hesitate to contact any one of our Customer Advisors.

REPORT OVERVIEW

SME Score	822	Risk of Failure is Below the Average
SME Score Band	2	Odds of failure are 1 in 156 companies.
Latest Bank Code	C - R60,000	2004/12/06
	Good for Amount Quoted if Strictly in the Way of Business	
Sic Classification	Surety Insurance	

Subject Default	Total No.	Total Value	Most Recent Date
Civil Court Record	0	0	
Default Data	0	0	
Notarial Bonds	0	0	
Veri Cheque Details	0	0	

Enquiry History	
Last 3 months	1
Previous Year	1
Total over 3 years	1

Number of Principals	2		
Principal Default	Total No.	Total Value	Most Recent Date
Civil Court Record	0	0	
Default Data	0	0	
Notarial / Notices	0	0	

RR4-TSW-1780

G 17/2

JS 4/10

Veri Cheque Details	0	0

Subject Identification

Start Date	17/12/2003
Business Type	Private Company
Phone	033 3915307
Street Address	145 COMMERCIAL ROAD, TREASURY HOUSE PIETERMARITZBURG PIETERMARITZBURG 3201
Postal Address	P.O. Box 8717 CUMBERWOOD PIETERMARITZBURG 3235
Business Name/s	BLUE SERENITY INVESTMENTS (PTY) LTD

Registration Details (As Per Registrar Of Companies)

Registration Date	17/12/2003
Status	03 In Business
Reg Number	200303164907
Financial Year End	02
Company Type	Private Company
Country	RSA
Auditors	ROSHAN MORAR AND ASSOCIATES
Status	Current
Postal Address	P O BOX 8717 CUMBERWOOD
Authorised Capital	R1
Issued Capital	R1

S M E Assessment As At 13/12/2004

The SME assessment module is a scorecard based risk management tool for the Small and Medium enterprise environment. The scorecard was derived from 2002/2003 statistics and is designed to predict potential business failure up to 12 months in advance.

SCORING INFORMATION

Score	822 - Risk of Failure is Below the Average
Score Band	2 - Odds of Failure are 1 in 156 companies.
Band Trend	Even
Comments	The failure rate of businesses within this band is 0.64%. Companies within this band represent 22.88% of all credit active businesses.

SME help

SCORE TREND

COMMISSION OF INQUIRY INTO STATE CAPTURE

JS 4/11

950
900
850
800
750
700
650
600
550
500
450

Below Average Risk

Average Risk

Above Average Risk

Dec-04

Score of Subject
Average Score of all Credit Active Companies

Band	Score	Odds of Failure
1	850 - Up	1 in 256 companies
2	807 - 849	1 in 156 companies
3	761 - 806	1 in 101 companies
4	706 - 760	1 in 66 companies
5	638 - 705	1 in 41 companies
6	546 - 637	1 in 27 companies
7	Below - 545	1 in 15 companies

Subject Civil Court Record

No Civil Court Record exists in our files for the Subject

Subject Default Data

No Default Data exists in our files for the Subject

Notarial Bonds

No Notarial Bond Details exist in our files for the Subject

Veri Cheque Details

No Veri-Cheque Details exist in our files for the Subject

Principals Summary As At 13/12/2004

Name SHABALALA , DUMISANI SIPHO DERRICK

COMMISSION OF INQUIRY INTO STATE CAPTURE

Confirmed By	Registrar
Position	Director
Date Started	09/01/2004
ID Number	6510195396082
Birth Date	19/10/1965
Civil Court Rec	Clear as at 13/12/04
Default Data	Clear as at 13/12/04
Notarial / Notices	Clear on our files as at 13/12/04

Name	SHABALALA , BEATRICE OTRINA NTOMBENHLE
Confirmed By	Registrar
Position	Director
Profession	BUSINESSWOMAN
Date Started	09/01/2004
ID Number	6901190332083
Birth Date	19/01/1969
Civil Court Rec	Clear as at 13/12/04
Default Data	Clear as at 13/12/04
Notarial / Notices	Clear on our files as at 13/12/04

Principal Default

Principals/ Cleared

As at 13/12/2004 no civil records, default data, notarial bonds or veri- cheque information were recorded in the name of the following principals:

SHABALALA , DUMISANI SIPHO (6510195396082)
SHABALALA , BEATRICE OTRINA (6901190332083)

Principal Link

Business Interests via Principal Link for SHABALALA , DUMISANI SIPHO DERRICK

Name	Registration Status	Reg Number	Year Est.
COWSLIP INVESTMENTS (PTY) LTD	In Business	200002707907	2000
IFM ASSET MANAGEMENT (PTY) LTD	In Business	199600648507	1996
KWAZULU-NATAL PHILHARMONIC ORCHESTRA	In Business	199800957808	1998

Business Interests Via Principal Link For Shabalala , Beatrice Otrina Ntombenhle

Name	Registration Status	Reg Number	Year Est.
IKHETHELO CLEANING AND SECURITY SERVICES	In Business	199904461223	1999
SKYROS MEDICAL SUPPLIES (PTY) LTD	In Business	200401023807	2004

Bank Code

RR4-TSW-1783

JS 9/13

Information as at	06/12/2004
Bank Name	ABSA CORPORATE
Bank Branch	la lucia ridge
Bank Account Number	4059411529
Amount	R 60,000
Terms	30 Days
Bank Code	C-Good for Amount Quoted if Strictly in the Way of Business

Banking History

Banking history supplies details of previous and current bankers together with bank codes previously obtained on the business and the exposure amount. The codes are as follows:

A - Undoubted for the Amount of your Enquiry
B - Good for the Amount of your Enquiry
C - Good for Amount Quoted if Strictly in the Way of Business
D - Fair Trade Risk for the Amount of Enquiry
E - Figures Considered Too High
F - Financial Position Unknown
G - Paper Occasionally Dishonoured
H - Paper Frequently Dishonoured

Date	Bank	Branch	Account-No	Date-Opened	Exposure	Code/s
06/12/2004	ABS	la lucia r	4059411529		60000	C

Deeds Office (Pmbg)

Information as at	13/12/2004
Name	BLUE SERENITY INVESTMENTS(PTY)LTD
Comment	NO PROPERTY OR BONDS RECORDED.

Trade References

Date	Known Yrs/Mm	Credit Limit	Avg-Mthly Purchases	Terms Given/Taken	Discount	Reference-Name
13/12/2004	0/ 0	0	0	0/ 0	N	farmers Agricare
Left numerous messages however,no reply has been met,contact Debtors.						
13/12/2004	0/ 0	0	0	0/ 0	N	DDD Ventures
Left numerous messages,however,no reply has been met,contact Debtors.						

No Tradex Information Available For This Subject

Enquiry History

COMMISSION OF INQUIRY INTO STATE CAPTURE

G 17/31

Date	Reason	Subscriber	Amount	Contact	Telephone
06/12/2004	Credit Check	KYNOCH FERTILIZ			

JS 4/14

Summary

Last 3 Months: 1 Previous Year: 1 Total over 3 Years: 1

Comments As At 13/12/2004

On contacting Khumo, the Receptionist on (0338974556), she stated that Mr Shabalala, was away on business and was not sure when he will be returning. A message was left for Mr Shabala to return my call, but no response has been met. Hence a business report could not be compiled.

Debtor Monitoring

The above subject has been recorded on our Debtor Monitoring Service.

***** END OF REPORT *****

This report contains information from public records which TransUnion ITC does not control and which have not been verified unless otherwise indicated in this report. This report is subject to the terms and conditions of your contract.

COMMISSION OF INQUIRY INTO STATE CAPTURE

JS 4/15

Account No: 128816
Customer: Blue Serenity Investments (Pty) Ltd

Credit Limit: R 60,000

Approved by:

J le Roux
Credit Controller

Date 14.12.2004.

D Davies
Area Marketing Manager

Date 14/12.2004

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1786

9181,

SIGNING INSTRUCTIONS

CLIENT CODE : BSERENI001 ACCOUNT NUMBER : [illegible]

BLUE SERENITY INVESTMENTS PTY LTD
PO BOX 1658
PIETERMARITZBURG
3200

NUMBER OF SIGNATURES REQUIRED WHEN OPERATING ON ACCOUNT : 0001

TITLE	:MR	MRS
INITIALS	:DSD	BON
SURNAME	:SHABALALA	SHABALALA
FIRST NAMES	:	
ID TYPE	:IDENTITY DOCUMENT	IDENTITY DOCUMENT
ID NUMBER	:6510195396082	6901190332083
DATE ISSUED	:	
COMPULSORY	:N	N

ING: FIRST NAMES/DATE ISSUED REQUIRED

END OF DETAIL 25 NOVEMBER 2010 TIME 11:41:16

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1787

G18/2

Signatories for Account 04057797521 , Date: 10/11/25

Country 710 **Bank Code** 001 **Bank-No.** 001 **Account** BLUE SERENITY INVESTMENTS

Info	Select Signatory	Mandates	Signature Load
	SHABALALA, B owner good Quality signature latin	a) S:	
	SHABALALA, DSD owner good Quality signature latin	a) S:	

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COMMISSION OF INQUIRY INTO STATE CAPTURE

G18/3

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328 VICTORIA ROAD
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DURBAN
4000
TELEPHONE: 8456600

TAX INVOICE / BELASTINGFAKTUUR
VAT Registration No / BTW Registrasie No 4940112230

CHEQUE ACCOUNT NUMBER:
TJEKREKENINGNOMMER: 40-6779-7521

STATEMENT NO.
STAATNR. 0001

PAGE
BLADSY 1

BLUE SERENITY INVESTMENTS (PTY) LTD
PO BOX 1558
PIETERMARITZBURG
3200

BUSINESS

T/A CITY ROYAL

CLIENT VAT REG NO: 4250211499

FOR PERIOD: / VIR TYDPERK: 05/03/2007 - 05/04/2007

BSERENI001

DATE DATUM	TRANSACTION DESCRIPTION TRANSAKSIEBESKRYWING		CHARGE KOSTE	DEBIT AMOUNT DEBIETBEDRAG	CREDIT AMOUNT KREDIETBEDRAG	BALANCE SALDO
5/03/2007	BAL BROUGHT FORWARD					0.00
5/03/2007	CHEQUE BOOK	HEADOFFICE	36.50 A			0.00
6/03/2007	MIXED DEPOSIT	P/MARITZBU	249.40 C		24,261.65	24,261.65
6/03/2007	ACB CREDIT	SETTLEMENT			425.00	24,686.65
	CASHFOCUS RES1852					
7/03/2007	CHEQUE DEPOSIT	KILLARNEY			17,940.00	42,626.65
7/03/2007	IBANK PAYMENT FROM	SETTLEMENT			3,100.00	45,726.65
	CARD NO. 7666 ABSA	BANK Quantum Marketing				
8/03/2007	CHEQUE DEPOSIT	AUCKLAND P			1,500.00	47,226.65
	DEP NO : GEOCHRIS					
9/03/2007	CASH DEPOSIT	LIBERTY MA	124.09 C		11,410.40	58,637.05
	DEP NO : E1209319					
9/03/2007	ACB CREDIT	SETTLEMENT			930.00	59,567.05
	RES 1317					
12/03/2007	MIXED DEPOSIT	SCOTTSVILL	216.36 C		20,917.30	80,484.35
	CASH : 20,637.30					
	DEP NO : 1209320					
12/03/2007	IBANK PAYMENT FROM	SETTLEMENT			460.00	80,944.35
	CARD NO. 9134 ABSA	BANK SADTU KZN SAMORA				
13/03/2007	COUNTER STATEMENT	P/MARITZBU	4.80 A			80,944.35
14/03/2007	IBANK PAYMENT FROM	SETTLEMENT			350.00	81,294.35
	CARD NO. 7501 ABSA	BANK Ref 1917				
15/03/2007	IBANK PAYMENT FROM	SETTLEMENT			1,550.00	82,844.35
	CARD NO. 7666 ABSA	BANK Quantum Marketing				
16/03/2007	ACB CREDIT	SETTLEMENT			200,000.00	282,844.35
	KUBONI & SHEZI ATTO	KUBONI AND				
16/03/2007	CHEQUE 1	HEADOFFICE	28.30 S	4,509.32		278,335.03
17/03/2007	ACB CREDIT	SETTLEMENT			400.00	278,735.03
	MS STOLTZ					
17/03/2007	ACB CREDIT	SETTLEMENT			800.00	279,535.03
	GEOCHRIS INV					
18/03/2007	ACB CREDIT	MERCH/SERV			2,150.00	281,685.03
	ABSA CARD 01012434 001	CC				
	(EFFECTIVE 16/03/2007)					

CASH, CHEQUE & ATM WITHDRAWALS	INTEREST PAID	SUNDRY DEBITS	CHARGES
4 509.32-	0.00	0.00	0.00
CHEQUES DEPOSITED UNPAID	**DEPOSITS**	**INTEREST EARNED**	**SUNDRY CREDITS**
0.00	76 029.35	0.00	210 165.00

IMPORTANT BELANGRIK

Statements are accepted as correct unless queried within 30 days. Cheques reflected on the statement which are not attached/imaged will be included with your next statement.
Staat word as korrek aanvaar tensy navraag binne 30 dae gedoen word. Tjeks wat op hierdie staat verskyn en nie aangeheg/gefotografeer is nie, sal by u volgende staat ingesluit word.

COMMISSION OF INQUIRY INTO STATE CAPTURE

G18/4

008353
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328 VICTORIA ROAD
P O BOX 2952
DURBAN
4000
TELEPHONE: 8456600

TAX INVOICE / BELASTINGFAKTUUR
VAT Registration No / BTW Registrasie No 4940112230

CHEQUE ACCOUNT NUMBER: 40-6779-7521
TJEKREKENINGNOMMER:

STATEMENT NO. 0001 PAGE 2
STAATHR. BLADSY

BLUE SERENITY INVESTMENTS (PTY) LTD
PO BOX 1558
PIETERMARITZBURG
3200

BUSINESS

T/A CITY ROYAL

CLIENT VAT REG NO: 4250211499

FOR PERIOD: / VIR TYDPERK: 05/03/2007 - 05/04/2007

BSERENI001

DATE DATUM	TRANSACTION DESCRIPTION TRANSAKSIEBESKRYWING	CHARGE KOSTE	DEBIT AMOUNT DEBIETBEDRAG	CREDIT AMOUNT KREDIETBEDRAG	BALANCE SALDO
16/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 001 DD (EFFECTIVE 17/03/2007)			1,871.50	283,556.53
16/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 002 CC (EFFECTIVE 17/03/2007)			1,829.50	285,386.03
16/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 002 DD (EFFECTIVE 17/03/2007)			450.00	285,836.03
19/03/2007	CASH DEPOSIT HAYFIELDS DEP NO : 1209321	11.56 C		1,051.15	286,887.18
19/03/2007	CASH DEPOSIT HAYFIELDS DEP NO : 1209322	215.00 C		20,501.00	307,388.18
19/03/2007	ACB CREDIT SETTLEMENT ESPIAL			6,000.00	313,388.18
20/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 003 CC (EFFECTIVE 17/03/2007)			486.00	313,874.18
20/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 001 DD (EFFECTIVE 18/03/2007)			160.50	314,034.68
20/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 004 CC (EFFECTIVE 18/03/2007)			935.00	314,969.68
20/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 002 DD (EFFECTIVE 19/03/2007)			878.00	315,847.68
20/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 003 DD (EFFECTIVE 19/03/2007)			1,006.50	316,854.18
20/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 004 DD (EFFECTIVE 19/03/2007)			320.00	317,174.18
20/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 005 DD (EFFECTIVE 19/03/2007)			450.00	317,624.18

CASH, CHEQUE & ATM WITHDRAWALS	INTEREST PAID	SUNDRY DEBITS	CHARGES
4 509.32-	0.00	0.00	0.00
CHEQUES DEPOSITED UNPAID	**DEPOSITS**	**INTEREST EARNED**	**SUNDRY CREDITS**
0.00	97 581.50	0.00	224 552.00

IMPORTANT BELANGRIK

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G18/5

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TAX INVOICE / BELASTINGFAKTUUR
VAT Registration No / BTW Registrasie No 4940112230

CHEQUE ACCOUNT NUMBER: TJEKREKENINGNOMMER: 40-6779-7521

STATEMENT NO. STAATNR. 0001 PAGE BLADSY 3

BLUE SERENITY INVESTMENTS (PTY) LTD
PO BOX 1558
PIETERMARITZBURG
3200

BUSINESS

T/A CITY ROYAL

CLIENT VAT REG NO: 4250211499

FOR PERIOD: / VIR TYDPERK: 05/03/2007 - 05/04/2007

BSERENI001

DATE DATUM	TRANSACTION DESCRIPTION TRANSAKSIEBESKRYWING	CHARGE KOSTE	DEBIT AMOUNT DEBIETBEDRAG	CREDIT AMOUNT KREDIETBEDRAG	BALANCE SALDO
20/03/2007	CHEQUE 3 HEADOFFICE	28.30 S	127,436.00		190,188.18
20/03/2007	CHEQUE 4 HEADOFFICE	28.30 S	56,715.00		133,473.18
21/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 005 CC (EFFECTIVE 19/03/2007)			550.00	134,023.18
21/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 006 CC (EFFECTIVE 20/03/2007)			450.00	134,473.18
21/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 007 CC (EFFECTIVE 20/03/2007)			791.00	135,264.18
21/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 007 DD (EFFECTIVE 20/03/2007)			378.00	135,642.18
22/03/2007	COUNTER STATEMENT P/MARITZBU	4.80 A			135,642.18
22/03/2007	ACB CREDIT SETTLEMENT VIRTUAL			4,550.00	140,192.18
22/03/2007	CHEQUE 6 HEADOFFICE	28.30 S	2,416.75		137,775.43
22/03/2007	CHEQUE 7 HEADOFFICE	19.57 S	762.00		137,013.43
23/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 008 CC (EFFECTIVE 21/03/2007)			550.00	137,563.43
23/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 008 DD (EFFECTIVE 22/03/2007)			450.00	138,013.43
23/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 009 CC (EFFECTIVE 22/03/2007)			1,398.50	139,411.93
23/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 009 DD (EFFECTIVE 22/03/2007)			700.00	140,111.93
23/03/2007	CASH DEPOSIT HAYFIELDS	153.74 C		14,375.00	154,486.93
23/03/2007	ACB CREDIT SETTLEMENT RES NO 1914			5,400.00	159,886.93

CASH, CHEQUE & ATM WITHDRAWALS	INTEREST PAID	SUNDRY DEBITS	CHARGES
191 839.07-	0.00	0.00	0.00
CHEQUES DEPOSITED UNPAID	**DEPOSITS**	**INTEREST EARNED**	**SUNDRY CREDITS**
0.00	111 956.50	0.00	239 769.50

IMPORTANT BELANGRIK

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RR4-TSW-1791

G 18/6

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TAX INVOICE / BELASTINGFAKTUUR
VAT Registration No / BTW Registrasie No 4940112230

CHEQUE ACCOUNT NUMBER:
TJEKREKENINGNOMMER: 40-6779-7521

STATEMENT NO.
STAATNR. 0001

PAGE
BLADSY 4

BLUE SERENITY INVESTMENTS (PTY) LTD
PO BOX 1558
PIETERMARITZBURG
3200

BUSINESS

T/A CITY ROYAL

CLIENT VAT REG NO: 4250211499

FOR PERIOD: / VIR TYDPERK: 05/03/2007 - 05/04/2007

BSERENI001

DATE DATUM	TRANSACTION DESCRIPTION TRANSAKSIEBESKRYWING	CHARGE KOSTE	DEBIT AMOUNT DEBIETBEDRAG	CREDIT AMOUNT KREDIETBEDRAG	BALANCE SALDO
23/03/2007	ACB CREDIT SETTLEMENT KUBONI AND			100,000.00	259,886.93
23/03/2007	CHEQUE 2 HEADOFFICE	28.30 S	1,989.00		257,897.93
24/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 010 CC (EFFECTIVE 23/03/2007)			6,671.00	264,568.93
24/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 010 DD (EFFECTIVE 23/03/2007)			385.00	264,953.93
25/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 010 DD (EFFECTIVE 24/03/2007)			400.00	265,353.93
25/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 011 CC (EFFECTIVE 24/03/2007)			3,154.00	268,507.93
25/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 011 DD (EFFECTIVE 24/03/2007)			1,350.00	269,857.93
26/03/2007	TRANSFER TO UMHLANGA 4053523279	27.50 T	82,099.54		187,758.39
26/03/2007	CASH DEPOSIT HAYFIELDS DEP NO : 1209324	235.55 C		22,556.25	210,314.64
26/03/2007	ACB CREDIT SETTLEMENT ARC ROODEPLAAT			1,650.00	211,964.64
26/03/2007	CHEQUE 9 HEADOFFICE	28.30 S	9,646.00		202,318.64
27/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 011 DD (EFFECTIVE 25/03/2007)			400.00	202,718.64
27/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 012 CC (EFFECTIVE 25/03/2007)			3,832.00	206,550.64
27/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 012 DD (EFFECTIVE 25/03/2007)			800.00	207,350.64

CASH, CHEQUE & ATM WITHDRAWALS	INTEREST PAID	SUNDRY DEBITS	CHARGES
203 474.07-	0.00	82 099.54-	0.00
CHEQUES DEPOSITED UNPAID	**DEPOSITS**	**INTEREST EARNED**	**SUNDRY CREDITS**
0.00	134 512.75	0.00	358 411.50

IMPORTANT BELANGRIK

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COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1792

G18/1

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TELEPHONE: 8456600

TAX INVOICE / BELASTINGFAKTUUR
VAT Registration No / BTW Registrasie No 4940112220

CHEQUE ACCOUNT NUMBER:
TJEKREKENINGNOMMER: 40-6779-7521

STATEMENT NO.
STAATNR. 0001

PAGE
BLADSY 5

BLUE SERENITY INVESTMENTS (PTY) LTD
PO BOX 1558
PIETERMARITZBURG
3200

BUSINESS

T/A CITY ROYAL

CLIENT VAT REG NO: 4250211499

FOR PERIOD: / VIR TYDPERK: 05/03/2007 - 05/04/2007

BSERENI001

DATE DATUM	TRANSACTION DESCRIPTION TRANSAKSIEBESKRYWING		CHARGE KOSTE		DEBIT AMOUNT DEBIETBEDRAG	CREDIT AMOUNT KREDIETBEDRAG	BALANCE SALDO
27/03/2007	ACB CREDIT	MERCH/SERV				3,376.00	210,726.64
	ABSA CARD 01012434 013 CC						
	(EFFECTIVE 26/03/2007)						
27/03/2007	ACB CREDIT	MERCH/SERV				700.00	211,426.64
	ABSA CARD 01012434 013 DD						
	(EFFECTIVE 26/03/2007)						
27/03/2007	IBANK PAYMENT FROM	SETTLEMENT				3,100.00	214,526.64
	CARD NO. 7666 ABSA BANK Quantum Marketing						
27/03/2007	CHEQUE 10	HEADOFFICE	21.63	S	840.38		213,686.26
28/03/2007	ACB CREDIT	MERCH/SERV				3,340.00	217,026.26
	ABSA CARD 01012434 014 CC						
	(EFFECTIVE 27/03/2007)						
28/03/2007	CHEQUE 13	HEADOFFICE	27.81	S	1,180.23		215,846.03
28/03/2007	CHEQUE 14	HEADOFFICE	25.75	S	1,081.88		214,764.15
29/03/2007	ACB CREDIT	MERCH/SERV				435.50	215,199.65
	ABSA CARD 01012434 015 DD						
	(EFFECTIVE 28/03/2007)						
29/03/2007	ACB CREDIT	MERCH/SERV				1,928.00	217,127.65
	ABSA CARD 01012434 015 CC						
	(EFFECTIVE 28/03/2007)						
29/03/2007	COUNTER STATEMENT	P/MARITZBU	4.80	A			217,127.65
29/03/2007	CHEQUE 12	HEADOFFICE	17.51	S	613.44		216,514.21
29/03/2007	CHEQUE 15	HEADOFFICE	28.30	S	5,293.01		211,221.20
29/03/2007	CHEQUE 19	HEADOFFICE	28.30	S	13,081.50		198,139.70
30/03/2007	ACB CREDIT	MERCH/SERV				2,971.00	201,110.70
	ABSA CARD 01012434 016 CC						
	(EFFECTIVE 29/03/2007)						
30/03/2007	ACB CREDIT	MERCH/SERV				631.00	201,741.70
	ABSA CARD 01012434 016 DD						
	(EFFECTIVE 29/03/2007)						
30/03/2007	CASH DEPOSIT	HAYFIELDS	212.83	C		20,284.95	222,026.65
	DEP NO : 1209325						
30/03/2007	CHEQUE 16	HEADOFFICE	28.30	S	13,158.45		208,868.20
30/03/2007	CHEQUE 20	HEADOFFICE	21.63	S	863.07		208,005.13

CASH, CHEQUE & ATM WITHDRAWALS	INTEREST PAID	SUNDRY DEBITS	CHARGES
239 586.03-	0.00	82 099.54-	0.00
CHEQUES DEPOSITED UNPAID	**DEPOSITS**	**INTEREST EARNED**	**SUNDRY CREDITS**
0.00	154 797.70	0.00	374 893.00

IMPORTANT
BELANGRIK

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BOARD OF INQUIRY INTO STATE CAPTURE

G18/8

008353
008170
VICTORIA ROAD, PIETERMARITZBURG
328 VICTORIA ROAD
P O BOX 2952
DURBAN
4000
TELEPHONE: 8456608

TAX INVOICE / BELASTINGFAKTUUR
VAT Registration No / BTW Registrasie No 4940112230

CHEQUE ACCOUNT NUMBER: 40-6779-7521
TJEKREKENINGNOMMER:

STATEMENT NO. STAATNR. 0001 PAGE BLADSY 6

BLUE SERENITY INVESTMENTS (PTY) LTD
PO BOX 1558
PIETERMARITZBURG
3200

BUSINESS

T/A CITY ROYAL

CLIENT VAT REG NO: 4250211499

FOR PERIOD: / VIR TYDPERK: 05/03/2007 - 05/04/2007 BSERENI001

DATE DATUM	TRANSACTION DESCRIPTION TRANSAKSIEBESKRYWING	CHARGE KOSTE	DEBIT AMOUNT DEBIETBEDRAG	CREDIT AMOUNT KREDIETBEDRAG	BALANCE SALDO
31/03/2007	ACB DEBIT:INTERNAL MERCH/SERV ABSA CARD FEES/FOOIE 01012434 (EFFECTIVE 30/03/2007)	5.10 T	1,630.40		206,174.73
31/03/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 017 CC (EFFECTIVE 30/03/2007)			2,150.00	208,324.73
31/03/2007	CHEQUE 25 HEADOFFICE	28.30 S	13,611.60		194,713.13
1/04/2007	SERVICE FEE HEADOFFICE	*	416.90		194,296.23
1/04/2007	TRANSACTION CHARGE HEADOFFICE	*	32.60		194,263.63
1/04/2007	CASH DEPOSIT FEE HEADOFFICE	*	1,418.53		192,845.10
1/04/2007	ADMIN CHARGE HEADOFFICE	*	50.90		192,794.20
1/04/2007	CREDIT INTEREST HEADOFFICE			35.07	192,829.27
1/04/2007	INTEREST ADJUST HEADOFFICE			0.04	192,829.31
1/04/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 018 CC (EFFECTIVE 31/03/2007)			4,376.50	197,205.81
1/04/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 018 DD (EFFECTIVE 31/03/2007)			1,111.00	198,316.81
1/04/2007	IBANK PAYMENT FROM SETTLEMENT CARD NO. 9085 ABSA BANK Hotel Accommodation			400.00	198,716.81
2/04/2007	MIXED DEPOSIT VICTORIA R CASH : 25,571.30 DEP NO : 1209326	265.70 C		26,131.30	224,848.11
2/04/2007	CHEQUE 22 HEADOFFICE	28.30 S	4,000.00		220,848.11
2/04/2007	CHEQUE 24 HEADOFFICE	21.63 S	876.80		219,971.31
3/04/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 019 CC (EFFECTIVE 01/04/2007)			1,715.00	221,686.31
3/04/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 019 DD (EFFECTIVE 01/04/2007)			1,436.00	223,122.31
3/04/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 020 CC (EFFECTIVE 02/04/2007)			2,028.50	225,150.81

CASH, CHEQUE & ATM WITHDRAWALS	INTEREST PAID	SUNDRY DEBITS	CHARGES
258 074.43-	0.00	83 929.94-	1 918.93-
CHEQUES DEPOSITED UNPAID	**DEPOSITS**	**INTEREST EARNED**	**SUNDRY CREDITS**
0.00	180 929.00	55.11	388 110.00

IMPORTANT
BELANGRIK

Statements are accepted as correct unless queried within 30 days. Cheques reflected on the statement which are not attached/imaged will be included with your next statement.
Staat word as korrek aanvaar tensy navraag binne 30 dae gedoen word. Tjeks wat op hierdie staat verskyn en nie aangeheg/gefotografeer is nie, sal by u volgende staat ingesluit word.

BOARD OF INQUIRY INTO STATE CAPTURE

G 18/9

008355
008170
VICTORIA ROAD, PIETERMARITZBURG
328 VICTORIA ROAD
P O BOX 2952
DURBAN
4000
TELEPHONE: 8456600

TAX INVOICE / BELASTINGFAKTUUR
VAT Registration No / BTW Registrasie No 4940112230

CHEQUE ACCOUNT NUMBER: 40-6779-7521
TJEKREKENINGNOMMER:

STATEMENT NO. 0001 PAGE 7
STAATNR. BLADSY

BLUE SERENITY INVESTMENTS (PTY) LTD
PO BOX 1558
PIETERMARITZBURG
3200

BUSINESS

T/A CITY ROYAL

CLIENT VAT REG NO: 4250211499

FOR PERIOD: / VIR TYDPERK: 05/03/2007 - 05/04/2007

BSERENI001

DATE DATUM	TRANSACTION DESCRIPTION TRANSAKSIEBESKRYWING	CHARGE KOSTE	DEBIT AMOUNT DEBIETBEDRAG	CREDIT AMOUNT KREDIETBEDRAG	BALANCE SALDO
3/04/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 020 DD (EFFECTIVE 02/04/2007)			850.00	226,000.81
3/04/2007	IBANK PAYMENT FROM SETTLEMENT CARD NO. 7666 ABSA BANK Quantum Marketing			3,100.00	229,100.81
3/04/2007	IBANK PAYMENT FROM SETTLEMENT CARD NO. 7666 ABSA BANK Quantum Marketing			3,100.00	232,200.81
3/04/2007	CHEQUE 23 HEADOFFICE	17.51 S	685.74		231,515.07
4/04/2007	ACB CREDIT MERCH/SERV ABSA CARD 01012434 022 CC (EFFECTIVE 03/04/2007)			550.00	232,065.07
4/04/2007	COUNTER STATEMENT P/MARITZBU	4.80 A			232,065.07
4/04/2007	CHEQUE DEPOSIT LA LUCIA DEP NO : chanti travel			5,475.08	237,540.15
5/04/2007	MIXED DEPOSIT HAYFIELDS CASH : 11,210.00 DEP NO : 1209327	122.09 C		25,120.00	262,660.15
5/04/2007	CHEQUE 29 HEADOFFICE	28.30 S	9,527.72		253,132.43
5/04/2007	CHEQUE 32 HEADOFFICE	28.30 S	7,202.51		245,929.92

SERVICE FEE: 5.15/2.06/28.30 MONTHLY MINIMUM: R45.00

CREDIT INTEREST RATE AS AT 05/03/2007 STANDARD - REFER TO BRANCH

* = VAT R235.72- INCLUDED

CHARGE: A = ADMINISTRATION C = CASH DEPOSIT S = SERVICE T = TRANSACTION

CASH, CHEQUE & ATM WITHDRAWALS	INTEREST PAID	SUNDRY DEBITS	CHARGES
275 490.40-	0.00	83 929.94-	1 918.93-
CHEQUES DEPOSITED UNPAID	**DEPOSITS**	**INTEREST EARNED**	**SUNDRY CREDITS**
8.00	211 524.08	35.11	395 710.00

IMPORTANT BELANGRIK

Statements are accepted as correct unless queried within 30 days. Cheques reflected on the statement which are not attached/imaged will be included with your next statement. State word as korrek aanvaar tensy navraag binne 30 dae gedoen word. Tjeks wat op hierdie staat verskyn en nie aangeheg/gefotografeer is nie, sal by u volgende staat ingesluit word.

COMMISSION OF INQUIRY INTO STATE CAPTURE

AFFIDAVIT

JACQUIE TAYLOR states in English under oath:

1.

I am an adult female with identity number 730411 0020 087. I am currently employed as a Credit Controller, Bell Equipment (Pty) Ltd (**Bell Equipment**), 7 van Eck Place, Nkondeni, Pietermaritzburg. My work telephone number is 033 – 3869319.

2.

Bell Equipment provides customers with a comprehensive range of machines in the construction, forestry, mining and agriculture industries. We also supply spare parts and equipment to our customers.

3.

I have been requested to provide information with regard to certain payments that was made to Bell Equipment for or on behalf of one of our clients with account number "49210001" during 2007. I have access to our payment records and I am duly authorised to attest to the contents of this affidavit.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1796

919/2

I located a copy of the "Application for Credit Facilities" form for Account Number 49210001 attached hereto as "**JT1**". The said Application For Credit Facilities form was completed by the client and reflects the following information:

i. Registered Name of Applicant: Dumisani Derrick Sipho Shabalala;
ii. Trading Name: Othandweni Farm;
iii. Telephone number: 033-3915307
iv. Contact person for the account: Ntombi Shabalala
v. Contact person's telephone number: 082 3763008;
vi. Details of Directors:
   - "Sipho Shabala", with identity number "651019 5396 082" ; and
   - "Ntombenhle Shabalala", with identity number "690119 0332 083.
vii. Ms N Shabalala signed the Application for Credit Facilities form as authorised signature in the capacity as Farm Manager, dated 11 August 2005; and
viii. Mr DSD Shabalala signed the Application for Credit Facilities form as surety and co-principal debtor with the purchaser.

5.

I located some of the tax invoices we issued for sales to "Othandweni farm" and we have received payment from the said client against these invoices during the period 22 February 2007 to 7 June 2007. Copies of the tax invoices I located are attached hereto as "**JT2- JT12**". I could not locate all the tax invoices we issued but extract the payment information from our financial system and confirm that we have received payment from Mr Shabalala of Othandweni farm as summarised in the table hereunder.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1797

9 19/3

	Date	Tax Invoice Number	Amount (including VAT) (R)	Payment received (R)	Reference #
	07/12/2006	391695	1,341.89		JT2
	13/12/2006	392224	556.32		JT3
	14/12/2006	392372	80.94		JT4
	06/02/2007	397124	72,586.50		JT5
	22/02/2007			(72,586.50)[1]	
	22/03/2007	402444	15,236.10		JT6
	02/04/2007	403720	285.58		JT7
	10/04/2007	404395	1,340.98		JT8
	11/05/2007			(16,862.66)	
	04/05/2007	407655	195.74		JT9
	08/05/2007	407987	1,273.95		JT10
	08/05/2007	408064	292.07		JT11
	25/05/2007	23142	195.74		JT12
		411031[2]	944.60		
		405190[2]	10,602.46		
		409066[2]	1,413.26		
	07/06/2007			(14,526.34)[1]	
		Total (R)	**106,346.13**	**103,975.50**	

Note: 1. Discount in the total amount of R2,370.63 (R1,979.15 and R391.48) was given to the client.
2. Copy of the invoice issued cannot be located.

I know and understand the contents of this statement.

I have no objection to taking the prescribed oath.

I consider the oath to be binding on my conscience.

Signed by Jacquie Taylor

Date: 2011-01-11

Time: 13:35.

Place: PMB.

LT COL BO PLOOY

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1798

G19/4

I certify that the deponent has acknowledged that he knows and understand the contents of this declaration, which was sworn to before me, and the deponent's signature was placed thereon in my presence at ...PMB.....on the..11TH.. day of ...JAN..... 2010. 13:35.

LT. COL LT. COL BU PLOOY

Signature of Commissioner of Oaths

Full Names: PETRUS DuPlooy

Business Address: SAPS . JOHNROSS HOUSE, DURBAN

Appointment: LT. COL

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1799

JT 1/1
4921 919/5

BELL EQUIPMENT CO. S.A. (PTY) LTD
Reg No. 1966/004606/07

APPLICATION FOR CREDIT FACILITIES

1. REGISTERED NAME OF APPLICANT : DUMISANI DERRICK SIPHO SHABALALA
(The Purchaser)
TRADING NAME : OTHANDWENI FARM
TEL. NO. : 033-3915307 FAX NO. : 033-3915307

2. PHYSICAL ADDRESS : OTHANDWENI FARM, OLD GREYTOWN RD PMB
POSTAL ADDRESS : CODE BOX 1558 P.M.BURG 3201
REGISTERED OFFICE : .....
CONTACT PERSON FOR THE ACCOUNT : NAME : NTOMBI SHABALALA
TELEPHONE : 082 376 3008
E-MAIL ADDRESS : otsina@webmail.co.za
LANDLORD'S NAME : .....
LANDLORD'S ADDRESS : .....

3. TYPE OF BUSINESS (TICK APPROPRIATE BLOCK) :

PUBLIC COMPANY LTD.	☐	PARTNERSHIP	☐
PRIVATE COMPANY (PTY) LTD.	☐	SOLE TRADER	☑
CLOSE CORPORATION (CC)	☐		

4. COMPANY / CLOSE CORPORATION REG. NO. : .....
VAT. REG. NO. : 4250211499
HOW LONG ESTABLISHED (NO OF YEARS) : 1
MAIN BUSINESS ACTIVITY : CARE

5. NAME OF HOLDING COMPANY : .....

6. AUDITORS / ACCOUNTING OFFICER NAME AND ADDRESS : LMD AFRICA
16 BUCHANAN STREET P.M-BURG 3201

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1800

7. DETAILS OF DIRECTORS / ~~MEMBERS~~ / ~~PARTNERS~~ / OWNERS (DELETE NOT APPLICABLE)

1. Full Names: SHABALA SIPHO ID No.: 6501195396052 Tel. No.: 3915307
   Residential Address: QTHANDWENI FARM OLD GREYTOWN RD 9196 3915307
2. Full Names: SHABALALA NTOMBENHLE ID No.: 6901170332088 Tel. No.: 082 376 3008
   Residential Address: QTHANDWENI FARM OLD GREYTOWN RD
3. Full Names: ..... ID No.: ..... Tel. No.: .....
   Residential Address: .....
4. Full Names: ..... ID No.: ..... Tel. No.: .....
   Residential Address: .....
5. Full Names: ..... ID No.: ..... Tel. No.: .....
   Residential Address: .....
6. Full Names: ..... ID No.: ..... Tel. No.: .....
   Residential Address: .....

HAVE ANY DIRECTORS, MEMBERS, PARTNERS, OWNERS EVER BEEN DECLARED INSOLVENT / SEQUESTRATED?
If yes, please give details:

NO

8. BANKERS: ABSA PRIVATE BRANCH: DURBAN SUITE ACCOUNT NO: 4062268280
   NAME IN WHICH THE ACCOUNT IS CONDUCTED: D.S.D. SHABALALA T/A QTHANDWENI FARM

9. TRADE REFERENCES:
   1. SUPPLIER FARMER'S AGRI-CARE (JULES) TEL. NO. 0832651777
   2. SUPPLIER KWADUCH FERTILIZERS (MUZI) TEL. NO. 082 462 5012
   3. SUPPLIER ..... TEL. NO. .....
   4. SUPPLIER ..... TEL. NO. .....

10. ESTIMATED AMOUNT OF CREDIT REQUIRED PER MONTH: R 30 000-00

11. PLEASE ATTACH A COPY OF YOUR LATEST AUDITED FINANCIAL STATEMENTS.

12. I/We do hereby agree to be bound by your standard terms and conditions of sale, particulars of which I/we acknowledge having received.
I/We certify that the above information is true and correct.
I/We warrant by my/our signature that I am authorised to sign this credit application form.

11 - 08 - 2005
DATE

AUTHORISED SIGNATURE

FARM MANAGER
CAPACITY OF SIGNATORY

NTOMBEKHLE SHABALALA
NAME IN BLOCK LETTERS

WITNESSED BY: 1. .....

2. .....

13. I/We the undersigned do hereby bind myself/ourselves jointly and severally, as surety in solidum and co-principal debtor with the Purchaser for all monies which may now or from time to time be owing to the Seller in respect of goods sold and delivered or for any other cause.
I/We hereby revoke the benefits of excussion and division.
I/We hereby declare that this guarantee shall remain effective as security until the Purchaser's indebtedness to the Seller has been fully discharged.

1. NAME Dumisani S.D Shabalala ID NO 6510195396082 SIGNATURE .....
RESIDENTIAL ADDRESS .....
2. NAME ..... ID NO ..... SIGNATURE .....
RESIDENTIAL ADDRESS .....
3. NAME ..... ID NO ..... SIGNATURE .....
RESIDENTIAL ADDRESS .....
4. NAME ..... ID NO ..... SIGNATURE .....
RESIDENTIAL ADDRESS .....
5. NAME ..... ID NO ..... SIGNATURE .....
RESIDENTIAL ADDRESS .....
6. NAME ..... ID NO ..... SIGNATURE .....
RESIDENTIAL ADDRESS .....

WITNESSED BY: 1. .....

2. .....

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1802

JT1/4

919/8

BELL EQUIPMENT CO. S.A. (PTY) LTD

STANDARD CONDITIONS OF SALE

1. DELIVERY

1.1 All orders received are subject to acceptance by the Company.

1.2 If the purchaser fails to take delivery of the goods when tendered, then the risk in the goods shall immediately pass to the purchaser who shall refund to the seller on demand the reasonable costs (including storage, transport and insurance) of moving the goods and keeping them during the period of the delay.

1.3 The off-loading of the goods at the delivery point is the responsibility of the purchaser and the seller's obligation does not extend beyond tendering the goods at the agreed delivery point or, in case of the C.I.I. orders, tendering the documents covering the shipment or consignment to the purchaser.

1.4 The Company's responsibility ceases when goods are placed f.o.r. Railway station or any other place unnamed in this quotation, or on hired motor transport. Where, however, the destination is a Railway siding, or a Railway motor bus halt, the Company's responsibility ceases on delivery f.o.r. sender's station, notwithstanding the prepayment of transport charges. All demurrage charges will be for purchaser's account

2. RETURNS

The seller shall not be obliged to accept the return of any goods sold by it, but if it agrees to do so the purchaser shall pay a handling charge to be determined by the seller but not exceeding ten per cent of the sales value of the goods plus transport costs.

3. PAYMENTS

3.1 If the purchaser has not been granted credit facilities, the terms of payment are cash against invoice.

3.2 If credit facilities have been granted payment must be made within 30 days from date of statement unless other terms have been agreed upon in writing, in which case they will apply.

3.3 All payments shall be made in Republic of South Africa currency, free of bank exchange and other charges, at the seller's sales office nearest to the point of delivery.

3.4 If delivery is made in instalments, each instalment will be invoiced and paid for separately.

3.5 If any amount is not paid upon due date, all amounts owed to the seller will at once become due, owing and payable any discount granted to the purchaser will be forfeited and the purchaser will pay interest on all overdue amounts at the prevailing overdraft rates as determined by First National Bank of Southern Africa Ltd, and shall in addition pay any legal costs incurred by the seller on the attorney and client scale, including collection commission.

3.6 Payment may not be withheld pending the settlement of any dispute.

4. PRICE INCREASE

4.1 Prices are based upon costs ruling at the date of the seller's quotation. An increase in costs between the date of the quotation and the date of delivery will entitle the seller to increase the price by an amount sufficient to compensate it for such additional costs.

4.2 If the purchaser disputes any increase in the price in terms of above, the amount of the increase shall be determined by the seller's auditors acting as experts and not as arbitrators and their decision shall be final and binding upon the seller and upon the purchaser.

5. WARRANTIES

5.1 Test certificates or copies of test certificates relating to the goods are supplied in good faith but the seller is not the author of such test certificates and its obligation in respect of any test certificates does not extend beyond ceding to the purchaser any claim which it may have against the author of such certificate in respect of any goods sold by the seller to the purchaser.

5.2 The seller gives no warranty as to the suitability of the goods for the purpose for which they are intended to be used.

5.3 The seller shall not be liable under any circumstances whatsoever for loss of profit or damage, direct or indirect, arising out of any cause whatsoever.

5.4 The purchaser shall not have any claim of any nature whatsoever against the seller for any failure by the seller to carry out any of its obligations as a result of any circumstances beyond the control of the seller including, without prejudice to the generality of the aforegoing, any default or delay on the part of any sub-contractor, carrier, supplier or its servants.

5.5 This tender relates only to the supply of the material and work therein specified and additional goods delivered and for work carried out by reason of the purchaser's instructions or at the instance of any Government, Provincial, Municipal or other Authority during the execution of the contract, shall be added to the purchase price and paid for at contract rates or at ruling market prices if such extra items are not included in the contract Schedules.

6. OWNERSHIP

Ownership of goods delivered will not pass to the purchaser until the seller has received payment of the full price.

6.1 Any item repaired in our workshops and not removed within sixty (60) days of repair will incur a storage charge equivalent to 20% per month of the cost of repair.

7. PERMITS

If any permit or other consent or approval is required under any law for the supply of goods, then the contract shall not take effect until the company obtains the permit, consent or approval.

8. CANCELLATION

8.1 The seller may cancel the contract in whole or in part if the purchaser commits any breach of its obligations to the seller or if judgement is granted against the purchaser or if the purchaser ceases to trade or compromise with any of the purchaser's creditors.

8.2 If the contract is cancelled through the fault of the purchaser, he will be liable for any expenses, cost, loss or damage incurred or suffered by the company.

8.3 If an amount owed by the purchaser to the seller from any cause whatsoever, whether under the contract or not, is not paid on the due date then, without prejudice to any other right which it may have, the seller may

(a) require that all amounts then owed to it by the purchaser, from any cause whatever (and whether under the contract or not) shall immediately become due and payable.

(b) retain in its possession any goods of the purchaser until all those amounts have been paid.

(c) may until payment is made, suspend the carrying out of any of its then uncompleted obligations from any cause whatever and whether under the contract or not.

(d) terminate any credit facilities granted to the purchaser, whether under the contract or not.

9. CLAIMS

9.1 The purchaser will have no claim in respect of short mass or in respect of deliveries not in accordance with the contract, unless it gives written notice of its claim to the seller's sales office where goods were purchased within 24 hours after the date of delivery of the goods to which the claim related and unless the seller has been afforded an opportunity for checking, weighing and testing the goods delivered and has been permitted to make use of the purchaser's weighing apparatus free of charge for this purpose.

9.2 Illustrations, drawings, dimensions, or statement of weights included in and/or accompanying this tender are approximate only and shall not form part thereof unless specifically confirmed by the company in writing.

10. GENERAL

10.1 Any indulgence, leniency or extension granted by the Company at any time shall not be construed as a novation or waiver of any of the rights of the Company whatsoever.

10.2 Any contract arising from this tender shall be interpreted and construed in accordance with the laws of the Republic of South Africa whose courts shall have jurisdiction in respect thereof and in respect of any dispute whatsoever arising therefrom or thereout.

10.3 The conditions referred to above shall be applicable to previous, present and future purchases made and/or transactions concluded between the purchaser and the Company.

11. JURISDICTION

11.1 If the purchaser is a resident of or carries on business in the Republic then the company shall be entitled to institute any proceedings against the purchaser, arising out of the contract, any Magistrate's Court having jurisdiction over the purchaser even if the cause of action in question exceeds the jurisdiction of the Court.

11.2 Subject to 11.3, if the purchaser is not resident in and does not carry on business in the Republic, then the purchaser consents and submits to the jurisdiction of the Witwatersrand local Division of the Supreme Court of South Africa, and all Courts of Appeal therefrom, for all purposes arising out of the contract.

11.3 If the purchaser is a resident of or carries on business in;

(i) Swaziland, Namibia or Lesotho the company shall be entitled to institute legal proceedings against the purchaser arising out of the contract, in any subordinate Court of the First Class of Botswana, Swaziland, Namibia or Lesotho respectively, having jurisdiction over the purchaser, even if the cause of action in question exceeds the jurisdiction of the Court.

(ii) Transkei, Ciskei or Venda the company shall be entitled to institute legal proceedings against the purchaser, arising out of the contract, in any Magistrate's Court of Transkei, Ciskei or Venda respectively, having jurisdiction over the purchaser, even if the cause of action in question exceeds the jurisdiction of the court.

12. DOMICILIUM CITANDI ET EXECUTANDI

I/we hereby choose domicilium citandi et executandi at my/our registered address detailed. I/we undertake to notify you within seven (7) days of any change of such address in writing by prepaid registered post thereafter I/we choose domicilium citandi et executandi at such amended address.

RR4-TSW-1803

BELL EQUIPMENT

COPY TAX INVOICE

INV. No.	DATE	PA
[illegible]	[illegible]	

919/9

JT2

VAT REG NO : [illegible]

BELL EQUIPMENT CO S.A. [illegible]
CO Reg.No. 1968/[illegible]

SOLD TO
OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG 3201

PIETERMARITZBURG G/S CENTRE
P. O. BOX 100436 SCOTTSVILLE
PRIVATE BAG: 3201
TEL:(033) 386-9319
TELEX: (033) 386-9[illegible]
FAX:(033) 386-1837

SHIP TO
OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG
3201

VAT REG NO : 4250211499

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE
33	49210001	358818	RAND		CO 358818

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXPOR
1	1	COLLECT	6/12/07	3	

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT
	Goods specially imported which are non returnable to our suppliers,will not be accepted for credit. THIS INVOICE IS PAYABLE ON OR BEFORE 31/01/2007 Goods correctly supplied will be subject to a 10% handling charge if returned for credit.				
162905	MOD,D22,4201,TILT CYL,5/8 UNF	EA	1.00	757.90	757.[illegible]
140563	KIT,SEAL,CYL 50X22X16 N/N F	EA	1.00	31.90	81.[illegible]
240034	HOSE,D2-6/1300/6MP/6MP	EA	2.00	92.00	184.[illegible]
240052	HOSE,D2-6/0900/6MP/6MP	EA	2.00	76.70	153.4[illegible]

RECEIVED BY:	ID NO.:	REG NO.:	SIGNATURE:	DATE

NET SALES		VAT		AMOUNT DUE	
MISC. CHARGES		TRADE DISCOUNT			
FREIGHT		TERMS DISCOUNT			

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1804

BELL EQUIPMENT

COPY
TAX INVOICE

INV. No.	DATE	PA
[illegible]	[illegible]	

919/10

JT3

VAT REG NO : 4210[illegible]

BELL EQUIPMENT CO [illegible]
CO Reg No: [illegible]

SOLD TO

OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG 3201

PIETERMARITZBURG C/S CENTRE
P. O. BOX 100436 SCOTTSVILLE
PRIVATE BAG: 3209
TEL: (033) 386-9313
TELEX: (033) 386-9319
FAX: (033) 386-1837

SHIP TO

OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG
3201

VAT REG NO : 4250211499

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE
33	9210001	399404	RAND		CO 399404

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXPORT
1	CYPRIN	COLLECT	6/12/13	1	

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT
	Goods specially imported which are non returnable to our suppliers,will not be accepted for credit. THIS INVOICE IS PAYABLE ON OR BEFORE 31/01/2007 Goods correctly supplied will be subject to a 10% handling charge if returned for credit.				
180067	ROD,D22,M16,375L,GRAB CYL	EA	1.00	488.00	488.00

RECEIVED BY:	ID NO.:	REG NO.:	SIGNATURE:	DATE:

NET SALES		VAT		AMOUNT DUE	
MISC. CHARGES		TRADE DISCOUNT			
FREIGHT		TERMS DISCOUNT			

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1805

BELL EQUIPMENT

COPY
TAX INVOICE

INV. No.	DATE	PA
[illegible]	14/12/06	

919/11

JT4

VAT REG NO : [illegible]

BELL EQUIPMENT SOUTH A (PTY) LTD
CC Reg.No. 1966/004[illegible]/07

PIETERMARITZBURG C/S CENTRE
P. O. BOX 100436
PRIVATE BAG:
TEL:(033) 386-93[illegible]
TELEX: (033) 386-9[illegible]
FAX:(033) 386-1837

SCOTTSVILLE
3209

SOLD TO

OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG 3201

SHIP TO

OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG
3201

VAT REG NO : 4250211499

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE
23	49210001	399566	RAND		CO 399566

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXPORT
1	cyprin	collect	6/12/14		

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT
	Goods specially imported which are non returnable to our suppliers,will not be accepted for credit. THIS INVOICE IS PAYABLE ON OR BEFORE 31/01/2007 Goods correctly supplied will be subject to a 10% handling charge if returned for credit.				
200025	COUPLING.NYLON	EA	2.00	35.50	71.0[illegible]

RECEIVED BY:	ID NO.:	REG NO.:	SIGNATURE:	DATE

NET SALES MISC. CHARGES FREIGHT		VAT TRADE DISCOUNT TERMS DISCOUNT		AMOUNT DUE	[illegible]

COMMISSION OF INQUIRY INTO STATE CAPTURE

BELL EQUIPMENT

COPY
TAX INVOICE

INV. No.	DATE	PAGE
[illegible]	[illegible]	

RR4-TSW-1806

G 19/12

JTS

[illegible]

EQUIPMENT [illegible]
Reg.No. [illegible]

SOLD TO

[illegible]
PIETERMARITZBURG
PIETERMARITZBURG 3201

PIETERMARITZBURG [illegible] CENTRE
P.O. BOX 100436 SCOTTSVILLE
PRIVATE BAG 3209
TEL:(033) 386-9[illegible]
TELEX: (033) 386-[illegible]
FAX: (033) 386-1[illegible]

SHIP TO

OTHALDWENI FARM
PO BOX 1556
PIETERMARITZBURG
PIETERMARITZBURG
3201

VAT REG NO : [illegible]

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE
33	49210001	405003	RAND	MP[illegible]	CO 405003

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXPORT
	SIPHO		7/02/06		

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT
	ECH7107,SMR18653,ATTENDED TO ENGINE @ BELL WORKSHOP				
CONSUM	CONSUMABLES	EA	1.00	80.00	80.00
LABOUR400	LABOUR: CONTRACT	HR	9.50	230.00	2,090.00
LABOUR700	LABOUR: TRAVEL CONTRACT	HR	.50	220.00	110.00
TRAVEL[illegible]	TRAVEL: CONTRACT	KM	30.00	3.30	99.00
PARTS	PARTS	EA	1.00	1,567.57	1,567.57
OUTWORK	TRANSPORT/REPAIR ENGINE	EA	1.00	59,725.80	59,725.80

RECEIVED BY	ID NO.	REG NO.	SIGNATURE	DATE

NET SALES	[illegible]	VAT	[illegible]	AMOUNT DUE	[illegible]
MISC. CHARGES	[illegible]	TRADE DISCOUNT	[illegible]		
FREIGHT		TERMS DISCOUNT			

COMMISSION OF INQUIRY INTO STATE CAPTURE

BELL EQUIPMENT

COPY
TAX INVOICE

RR4-TSW-1807

INV | DATE | FAC

919/13
JT6

SOLD TO

SHIP TO

VAT REG NO

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE
3	49210001	[illegible]	[illegible]	MP34810	CO 411273

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXPORT
4	8		7/03/22		

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT
	[illegible] SMR18663. ATTENDED TO BOOM NOT LIFTING.				
[illegible]	[illegible]	EA	1.00	30.00	30.00
LABOUR300	[illegible] EXTERNAL - SML PLANT	HR	4.00	300.00	1,200.00
LABOUR600	[illegible] TRAVEL - SML PLANT	HR	.50	250.00	125.00
TRAVEL300	[illegible] EXTERNAL	KM	38.00	4.50	126.00
PARTS	[illegible]	EA	1.00	11,324.00	11,284.00

RECEIVED BY:	ID NO	REG NO	SIGNATURE	DATE

NET SALES		VAT		AMOUNT DUE	
MISC. CHARGES		TRADE DISCOUNT			
FREIGHT		TERMS DISCOUNT			

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1808

BELL EQUIPMENT

COPY TAX INVOICE

INVOICE	DATE	PAGE
4037[illegible]	7/04/07	

ST 7

VAT REG NO : 4230108280

BELL EQUIPMENT CO S.A (PTY) LTD
CO Reg.No. 1966/004601/07

PIETERMARITZBURG C/S CENTRE
P. O. BOX 100436 SCOTTSVILLE 3209

TEL:(033) 386-9819
TELEX: (033) 386-9819
FAX:(033) 386-1837

9/19/14

SOLD TO

OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG 3201

SHIP TO

OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG
3201

VAT REG NO : 4250231498

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE
33	[illegible]210001	412777	RAND		CO 412777

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXPORT
1	1	COLLECT	7/04/07		

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT
	Goods specially imported which are non returnable to our suppliers,will not be accepted for credit. THIS INVOICE IS PAYABLE ON OR BEFORE 30/04/2007 Goods correctly supplied will be subject to a 10% handling charge if returned for credit.				
01236291	CAP:OIL FILLER	EA	1.00	250.50	250.51

RECEIVED BY	ID NO.:	REG NO.	SIGNATURE:	DATE:

NET SALES	250.50	VAT	35.07	AMOUNT DUE	[illegible]
MISC. CHARGES	.00	TRADE DISCOUNT	.00		
FREIGHT		TERMS DISCOUNT			

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1809

BELL EQUIPMENT

COPY TAX INVOICE

G19/15

JTB

SOLD TO

SHIP TO

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE
[illegible]	49210001	413509	RAND	MF40340	CO 413509

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXI
1	13		7/07/10		

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT
	BCH7012.EMR10757. 100HR SERVICE ON ENGINE ONLY.				
CONSU	CONSUMABLES	EA	1.00	25.00	25.
LABOUR300	LABOUR: EXTERNAL - EML PLANT	HR	1.00	300.00	300.
LABOUR300	LABOUR: TRAVEL - EML PLANT	HR	.75	250.00	187.
TRAVEL300	TRAVEL: EXTERNAL	KM	50.00	4.50	225.
PARTS	PARTS	EA	1.00	438.00	438.

RECEIVED BY:	ID NO.:	REG NO.:	SIGNATURE	DATE:

NET SALES MISC. CHARGES FREIGHT		VAT TRADE DISCOUNT TERMS DISCOUNT	AMOUNT DUE	

COMMISSION OF INQUIRY INTO STATE CAPTURE

BELL EQUIPMENT

COPY TAX INVOICE

RR4-TSW-1810

INV. NO.	DATE	PAG
[illegible]	[illegible]	

G19/16

JT 9

SOLD TO

[illegible]

SHIP TO

[illegible]

VAT REG NO. [illegible]

Got One From Juger

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE
33	[illegible]	416836	RAND		CO 416836

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXPORT
[illegible]		0722826[illegible] MAHLASE	2/05/04		

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT
	Goods specially imported which are non returnable to our suppliers, will not be accepted for credit. THIS INVOICE IS PAYABLE ON OR BEFORE 31/05/2004 Goods correctly supplied will be subject to a 10% handling charge if returned for credit.				
[illegible]	PACK COVER KIT-RETURN POSITION	EA	1.00	171.70	171.70
	No 10% Handling				

RECEIVED BY:	ID NO.:	REG NO.:	SIGNATURE:	DATE:

NET SALES		VAT		AMOUNT DUE	
MISC. CHARGES		TRADE DISCOUNT			
FREIGHT		TERMS DISCOUNT			

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1811

BELL EQUIPMENT

COPY TAX INVOICE

INV. No.	DATE	PAG
467987	8/05/07	

JT 10

VAT REG NO : 4210108280

SOLD TO

OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG 3201

BELL EQUIPMENT CO S.A (PTY) LTD
CO Reg.No. 1966/004606/07

PIETERMARITZBURG C/S CENTRE
P. O. BOX 100436
SCOTTSVILLE
3209

TEL:(033) 386-9319
TELEX: (033) 386-9319
FAX:(033) 386-1837

G 19/17

17

SHIP TO

OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG
3201

VAT REG NO : 4250211499

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE
33	210001	417353	RAND	SS	CO 417353

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXPORT
1	CYPRIAIN	COLLECT	7/05/08	22	

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT
	Goods specially imported which are non returnable to our suppliers,will not be accepted for credit. THIS INVOICE IS PAYABLE ON OR BEFORE 31/05/2007 Goods correctly supplied will be subject to a 10% handling charge if returned for credit.				
200017	TINE,'86 CANE-GRAB	EA	6.00	138.10	828.60
100115	SCREW,CAP	EA	6.00	3.00	18.00
100316	NUT,NYLOC CLASS 8 DIN985 ZN	EA	6.00	.75	4.50
240034	HOSE,D2-6/1300/6MP/6MP	EA	4.00	66.60	266.40

RECEIVED BY:	ID NO.:	REG NO:	SIGNATURE:	DATE:

NET SALES	[illegible]	VAT	[illegible]	AMOUNT DUE	[illegible]
MISC. CHARGES	[illegible]	TRADE DISCOUNT	[illegible]		
FREIGHT		TERMS DISCOUNT			

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1812

BELL EQUIPMENT

COPY TAX INVOICE

INVOICE	DATE	PAC
405054	8/05/07	

G19/18

JT11

VAT REG NO : 4210105260

SOLD TO

OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG 3201

BELL EQUIPMENT CO S.A (PTY) LTD
CO Reg.No. 1986/004.06/07

PIETERMARITZBURG L/O CENTRE
P. O. BOX 100436 SCOTTSVILLE
3205

TEL:(033) 386-9319
TELEX: (033) 386-9319
FAX:(033) 386-1857

SHIP TO

OTHANDWENI FARM
PO BOX 1558
PIETERMARITZBURG
PIETERMARITZBURG
3201

VAT REG NO : 4250215400

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE
13	4[illegible]10001	417449	RAND		CO 417449

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXPORT
1	STRUDWICK		7/05/08	2	

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT
	Goods specially imported which are non returnable to our suppliers,will not be accepted for credit. THIS INVOICE IS PAYABLE ON OR BEFORE 31/05/2007 Goods correctly supplied will be subject to a 10% handling charge if returned for credit.				
40575	4095E,02-8/2040/8FJ/8FJ	EA	2.00	128.10	256.20

RECEIVED BY:	ID NO.:	REG NO.:	SIGNATURE:	DATE:

NET SALES	256.20	VAT	35.87	AMOUNT DUE	292.07
MISC. CHARGES	.00	TRADE DISCOUNT	.00		
FREIGHT		TERMS DISCOUNT			

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1813

BELL EQUIPMENT

COPY
TAX INVOICE

INV. NO.	DATE	PAG
	9/9/19	

JT12

SOLD TO

SHIP TO

CO.	CUSTOMER	ORDER	CURRENCY	TERMS	REFERENCE

SHIP No.	CUSTOMER P.O. No.	SHIP VIA	SHIP DATE	SHIP WEIGHT	EXPORT

ITEM NUMBER	DESCRIPTION	U/M	QUANTITY	PRICE	AMOUNT

RECEIVED BY	ID NO	REG NO.	SIGNATURE	DATE

NET SALES		VAT		AMOUNT DUE	
MISC. CHARGES		TRADE DISCOUNT			
FREIGHT		TERMS DISCOUNT			

COMMISSION OF INQUIRY INTO STATE CAPTURE

G 20/1

AFFIDAVIT

ALISTAIR VAN DER AVOORT states in English under oath:

1.

I am an adult male with identity number 540405 5044 084. I am currently employed as the Financial Manager at Farmers Agricare (Pty) Ltd (**Agricare**), 1 The Boulevard, 1st Floor Block B, Westway Office Park, Westville. My work telephone number is 031- 2655000 and my cellular number is 083 326826.

2.

Agricare is manufacturers and suppliers of chemicals that are mainly used by farmers for the purposes of insecticides'. We supply products such as Hexazinone, Acetochlor and Merlin, which are all different products of insecticides.

3.

I have been requested to provide information with regard to a payment that was made for or on behalf of one of our clients with account number "SHA009" in the amount of R80,000. I have access to our payment records and I am duly authorised to attest to the contents of this affidavit.

COMMISSION OF INQUIRY INTO STATE CAPTURE

920/2

4.

I located a copy of the Credit Application Form for Account Number SHA009 attached hereto as "**AVA1**". The said Credit Application Form completed by the client reflects the following information:

i. Customer's full name: Othandweni Shabalala;
ii. Sole Proprietor: Blue Serenity Investments;
iii. Customer's Trading Name: Othandweni Farming;
iv. Customer's Postal Adress: PO Box 1558, Pietermaritzburg
v. Customer's Telephone Number: 0823763008;
vi. Customer's Telefax Number: 033-3915307; and
vii. The client signed the Credit Application Form dated 9 September 2004.

5.

I located a letter from Mrs Beatrice Shabalala addressed to the Accounts Department dated 22 July 2008 attached hereto as "**AVA2**". The letter indicates that Othandweni Farm or DSD Shabalala is trading as Othandweni Family Trust. The client has requested us to make all future invoices out in the name of the trust. A copy of the "Letters of Authority" with No IT1323/2005/PMB, attached hereto as **AVA3**", was attached to the aforementioned letter by the client.

6.

I located the tax invoices we issued for sales to "Shabalala Othandweni" for the period 15 September 2006 to 10 August 2007 iro the payment we received on 21 February 2007 in the amount of R80,000. Copies of the said tax invoices are attached hereto as "**AVA4/1-18**", which are summarised in the table hereunder.

COMMISSION OF INQUIRY INTO STATE CAPTURE

920/3

	Date	Tax Invoice Number	Amount (Including VAT) (R)	Reference #
1	15/09/2006	242545	9,361.20	AVA4/2
2	26/09/2006	244740	6,595.79	AVA4/3
3	26/09/2006	244860	4,165.20	AVA4/4
4	03/10/2006	246586	7,018.63	AVA4/5
5	26/10/2006	252053	6,661.86	AVA4/6
6	27/10/2006	253587	9,702.72	AVA4/7
7	27/10/2006	253722	1,761.09	AVA4/8
8	27/10/2006	253770	1,580.28	AVA4/9
9	27/10/2006	253865	4,599.68	AVA4/10
10	22/11/2006	261940	2,124.47	AVA4/11
11	29/01/2007	290013	3,713.72	AVA4/12
12	28/03/2007	305341	1,196.08	AVA4/13
13	16/05/2007	313087	5,390.77	AVA4/14
14	16/05/2007	313088	2,288.85	AVA4/15
15	24/05/2007	316115	2,288.85	AVA4/16
16	28/06/2007	320570	1,316.67	AVA4/17
17	10/08/2007	325682	10,388.76	AVA4/18
		Total (R)	80,154.62	

I know and understand the contents of this statement.

I have no objection to taking the prescribed oath.

I consider the oath to be binding on my conscience.

Signed by Alistair van der Avoort

Date: 6/12/10

Time: 09:42

Place: Woodmead

920/4

I certify that the deponent has acknowledged that he knows and understand the contents of this declaration, which was sworn to before me, and the deponent's signature was placed thereon in my presence at ....08:47....on the..11th day of ....November.... 2010.

[signature] LT. COL

Signature of Commissioner of Oaths

Full Names: Petrus Duplay

Business Address: IMPS, OPCC, Johnross House.

Appointment: LT. COL.

COMMISSION OF INQUIRY INTO STATE CAPTURE

OR OFFICE USE ONLY

Account Number: SHA009

Sp Code: M02

Credit Limit:

Credit Terms:

Signature:

SHA009

FARMERS AGRI-CARE (PTY) LTD

RR4-T3W-1818

G 20/5

AU A1/1

Sharing the benefits of knowledge

(REG. No.: 1992/001765/07)
3 The Terrace, Westway Office Park, Westville, 3630
P O Box 611, Westville, 3630
Tel: (031) 265-5000 • Fax: (031) 265-5008
E-mail: agricare@agricare.co.za

CREDIT APPLICATION FORM

CUSTOMER DETAILS

CUSTOMER'S FULL NAME: OTHANDWENI SHABALALA (hereinafter referred to as "the Customer")

COMPANY CLOSE CORPORATION PARTNERSHIP SOLE PROPRIETOR: BLUE SERENITY INVESTMENTS

CUSTOMER'S TRADING NAME: OTHANDWENI ~~SHAB~~ FARMING

VAT-NUMBER: 4250211499 (a copy of the VAT certificate must accompany this form)

CUSTOMER'S ID-NUMBER/COMPANY NO/CC REGISTRATION NUMBER:

CUSTOMER'S POSTAL ADDRESS: P.O. BOX 1558 PIETERMARITZBURG

CUSTOMER'S DOMICILIUM: P.M.B.

CUSTOMER'S TELEPHONE NUMBER: 0823763008

CUSTOMER'S TELEFAX NUMBER: — 033-3915307 + HOME NO.

CUSTOMER'S E-MAIL ADDRESS: —

CUSTOMER'S BANKER: ABSA BLUE SERENITY INVESTMENTS

BRANCH CODE: 331926

A/C NO: 4059411529

CREDIT REFERENCES:

COMPANY NAME & ADDRESS CONTACT PERSON:

TELEPHONE NUMBER:

REMARKS:

CREDIT FACILITY REQUIRED: LIMIT:

I hereby authorise Farmers Agri-Care (Pty) ("the company") to contact any person or business mentioned above to gain information which may assist them and declare that the information herein supplied is correct.
I hereby accept that the conditions of sale as set out in this credit application shall apply in respect of all sales by the company to the Customer.

SIGNED BY THE CUSTOMER: [signature] DATE: 09-09-2004

SIGNED BY FARMERS AGRI-CARE (PTY) LTD: [signature] DATE: 09-09-2004

STANDARD CONDITIONS OF SALE

GENERAL

These terms and conditions shall apply in respect of all sales of goods ("the goods") by Farmers Agri-Care (Pty) Ltd ("FAC") to the person, firm, partnership, company, close corporation or association to whom FAC sells any goods ("the customer") and shall constitute the entire agreement between the parties and save as set out herein, no warranties, representations or undertakings have been made by, or are binding upon, FAC. No variation or consensual cancellation of these terms shall be effective unless reduced to writing and signed by FAC and the customer.
If any order or other document relating to any contract between FAC and the customer contains any condition which conflicts with any of these conditions, then unless specifically recorded to the contrary, these conditions shall prevail.

The customer shall not be entitled to cede or assign any of its rights and obligations hereunder without the prior written consent of FA

FAC reserves the right to accept or refuse any order from the customer, in whole or in part, and to withdraw from any order and/or contract at any time prior to delivery of the goods ordered.

Any samples supplied to the customer are supplied solely for information and in no way import any express or implied conditions or warranties as to the quality, description or fitness for purpose of the goods and the customer shall be deemed to have satisfied itself as to such matters prior to ordering the goods

RR4-TSW-1819

G 20/6

AVA1/2

FAC shall be entitled to withhold delivery and/or to cancel any sale if the customer is in arrear with any payment due to FAC, irrespective of the cause of indebtedness.

FAC's delivery note signed by an employee or agent of the customer shall be adequate proof of delivery and shall be deemed to be accurate in all respects and binding on the customer, unless the customer is able to prove fraud or dishonesty on the part of FAC.

OWNERSHIP AND RISK

The ownership of the goods shall remain vested in FAC, notwithstanding delivery, until the purchase price thereof is paid in full. If the customer fails to pay the purchase price of any goods on due date, FAC may, without prejudice to any other rights and without notice, cancel this sale and recover possession of the goods. Save as set out above, the risk of loss or damage to the goods shall pass on delivery.

EXCLUSIONS AND LIMITATIONS

1 FAC does not warrant or represent that the goods are fit for any particular purpose (whether or not FAC is aware of the purpose for which the goods are intended), the customer being solely responsible to satisfy itself as to the fitness of the goods. No statement, recommendation, advice or assistance given by FAC, its employees or agents, to the customer, be it express, tacit or implied, shall be binding on FAC nor shall FAC incur any liability in the event of any such statement, recommendation, advice or assistance proving to be incorrect or inappropriate. No official and/or representative of FAC, its employees or its agents, are authorised to amend this stipulation in any manner whatsoever with regard to the efficiency, standard, description or usefulness of any goods that form the subject matter of this sale. Guarantees given by third party manufacturers and/or distributors whose products are sold through FAC are not affected by this stipulation but are not binding on FAC.

2 The customer hereby indemnifies and holds FAC, its employees and agents, harmless from all claims which may be made against FAC, and against all loss, demands, liability or expenses of whatsoever nature which FAC may at any time suffer, sustain or incur by reason of the sale of any goods by FAC to the customer..

3 FAC, its employees or agents shall under no circumstances incur any liability to the customer or any other person for any indirect or consequential damages arising out of any alleged breach of contract by, or negligence on the part of FAC, its employees or agents, nor for any alleged damage sustained as a result of the use of the goods. FAC's liability under no circumstances shall exceed the value of the goods sold by FAC to the customer.

4 The customer shall have no claim against FAC for any alleged defect (patent or latent) in the goods or for any short delivery, unless the customer shall have given notice in writing of its complaint to FAC within 10 (ten) days after the date of delivery of the goods.

5.5 The customer shall not have any claim against FAC for any failure to deliver the goods hereby sold as a result of vis majeure including, but without being limited to, any strike, lock-out, act of war, civil disturbance, shortage or non-availability of raw materials, machinery breakdown, governmental interference or any other circumstances outside FAC's control.

6.6 Goods sold may not be returned for credit unless FAC agrees in writing. FAC reserves the right, when calculating the amount of any credit to be given to the customer to apply a deduction for reasonable handling charges, alternatively at its discretion, to replace the returned goods with goods of a similar nature, value, standard or description.

6.7 The customer hereby –

6.7 warrants to FAC that it will not use, nor sell the goods to others for use, other than solely for the purpose prescribed in the manufacturer's instructions accompanying the goods and/or recorded on the packaging of the goods, and for no other purpose;

6.7.2 warrants to FAC that it has the necessary knowledge and expertise in the use of the goods to enable it to use the goods, and/or to sell the goods to others and to instruct such other users in the use thereof;

6.7.3 indemnifies FAC, its employees and agents, against any claim (including any costs incurred by FAC as a result of such claim) which may be made against FAC by any person; including a person to whom the goods may be sold by the customer and/or arising out of the customer's negligence or a breach by the customer of the warranties in 6.7.1 or 6.7.2, and the customer undertakes to pay the amount of such claim upon demand, notwithstanding that FAC may not yet have paid the same.

7 JURISDICTION AND COSTS

7.1 The customer hereby consents to the jurisdiction of the magistrate's court in respect of any matter or claim arising from this sale, notwithstanding that the value of such claim may otherwise be beyond the jurisdiction of that court; provided that this provision shall not preclude FAC from instituting any such action in the Supreme Court or any other court of competent jurisdiction. All contracts shall be governed by South African Law.

7.2 In the event of FAC instructing its attorneys to recover money or goods from the customer, the customer shall be liable for and pay all legal costs incurred by FAC on the attorney and own client scale including any collection commission.

RR4-TSW-1820

G20/7

AVA1/3

ED by or on behalf of the Customer ...BLGSTGG... on the day of ...09 . 09... 2004

) OF SURETYSHIP

the undersigned: .....

.....
(Insert address)

.....
(Insert full names)

.....
(Insert address)

nafter referred to individually and/or jointly as "the surety") hereby bind myself/ourselves in favour of Farmers Agri-Care (Pty) Ltd ("the company") and its successors in title, as y/sureties for and co-principal debtor/s in solidum with

.....
the Customer named in paragraph 1 of the Credit Application form of which this suretyship forms part,("the Customer")

ie pa... ...nt on demand of all amounts (including any costs on the attorney and the client scale) for which the Customer may now or in the future be indebted to the company, from

ise arising, including but not restricted to, the sale of products or the rendering of services by the company to the Customer, upon the following terms and conditions.
All admissions or acknowledgements of debt by the Customer or its liquidators, trustees, judicial managers, curators executors, successors in title or legal representatives shall be binding on the surety.
If this suretyship -
is not signed by any one of the persons whose names appear as the sureties hereinabove; or
is held to be or becomes not binding in whole or in part or not enforceable against any one or more of the sureties; it shall remain binding upon the other surety/sureties, without reduction of liability.
It shall be in the discretion of the company to determine the extent, nature and duration of the facilities to be allowed to the Customer.
The company shall be entitled without prejudice to its rights hereunder to release any securities given to it or to give time to or compound or make any arrangements with or enter into any compromise with the Customer in regard to the payment of the indebtedness of the Customer to it which the company in its absolute discretion deems fit.
The surety undertakes not to prove a claim against the Customer's estate for any amount the surety may be called upon to pay under this suretyship until all amounts (including interest and costs) due by the Customer to the company have been paid in full.
Any dividend received by the company in respect of its claim against the Customer shall be appropriated in the first instance to the payment of that part of the Customer's indebtedness to the company (if any) which is not covered by this suretyship.
The surety agrees that the company shall be entitled, without prejudicing its rights hereunder to prove a claim against the Customer's estate for the full amount of the indebtedness of the Customer to the company, and to claim from the surety, the full amount of the surety's indebtedness.
The company is irrevocably authorised to apply any monies received by it from the surety in terms of this suretyship against the indebtedness to it of the Customer in such manner as the company in its discretion may think fit.
The company shall be entitled, at its option, to institute action against the surety on this suretyship either in the Magistrate's Court (notwithstanding that the amount claimed exceeds the jurisdiction of such Court) or in the High Court of South Africa, and the surety hereby consents to the jurisdiction of both these Courts.
Should the company cede the whole of its right of action against the Customer to any third party, then the company's rights under this suretyship shall be deemed to have been simultaneously ceded and transferred to the cessionary in question.
This suretyship is an addition to any other guarantee, suretyship or security given to the company for the obligations of the Customer. The company, in its sole discretion, may at any time without prejudicing any of its rights, and without notice to the surety, release any other guarantor or surety from any other suretyship, guarantee or indemnity and may release or cancel any other security held by it at any time, or grant extensions of time to, or reach an agreement or make any arrangement with any of such persons.
The company is hereby irrevocably authorised to apply any amount received from the Customer or any surety in such manner as the company in its sole discretion may decide.
The surety hereby waives and abandons the advantages of legal exceptions of excussion, division, non numerata pecuniae, non causa debiti, errore calculi, cession of action, revision of accounts and no value received, with the full meaning of which the surety confirms he is acquainted.
A certificate signed by any director or manager of the company (whose appointment or qualifications need not be proved) shall be prima facie proof of the amount owed to the company by the Customer or the surety for the purposes of obtaining provisional sentence or judgement against the surety.
This suretyship may not be cancelled by the surety without the prior written consent of the company, and shall remain of full force and effect, notwithstanding any temporary extinction of the Customer's indebtedness to the company from time to time, until all amounts owing by the Customer shall have been paid in full. If the company consents to the cancellation of this suretyship, the surety shall remain liable for all amounts owing by the Customer at the date of such cancellation.
No cancellation, variation, modification or waiver of any part of this suretyship shall be of any force or effect unless the same be confirmed in writing and duly signed by both the surety and the company.
No extension or accommodation, which the company may grant the surety regarding any of his obligations to the company hereunder shall constitute -
.1 a novation of any of the rights of the company against the surety; or
.2 prejudice to any of the rights of the company against the surety; or
.3 be interpreted as basis for estoppel, or tacit novation of any of the surety's obligations to the company.
The surety selects as his domicilium citandi et executandi the address in the first paragraph of this suretyship.
The surety shall be liable for all costs (on the attorney/client scale, including collection commission) incurred by the company in exercising its rights against the surety in terms of this suretyship.
Unless inconsistent with the context, words relating to any gender shall include the other genders, words relating to the singular shall include the plural and vice versa, and words relating to natural persons shall include association of persons having corporate status by statute or common law.
The surety acknowledges that this suretyship was complete in all essential respects at the time of signature hereof by the surety, including in particular, the names of the surety, the company and the Customer named in paragraph 1 of the Credit Application form of which this suretyship forms part.

NED BY THE SURETY/SURETIES ..... AT ..... ON THIS DAY OF 2002

WITNESSES:

..... 1. .....
SURETY

..... 2. .....
SURETY

RR4-TSW-1821

Shawn 083 2313962. SHA009. G20/8 AUA2 M01

22 July 2008

To: FARMERS AGRICARE

Attention: Accounts Department

Dear Sir/Madam,

We would like to inform you that Othandweni Farm or DSD Shabalala is now trading as Othandweni Family Trust. (Please see attached document)

We kindly request that all invoices now be made out to the name of the trust and also please quote the trusts vat number, 4810224818, on all invoices.

Please could you change your current records with immediate effect.
Your assistance is most appreciated.
Thank you.

Yours sincerely,
Mrs Beatrice Shabalala
OTHANDWENI FAMILY TRUST

COMMISSION OF INQUIRY INTO STATE CAPTURE

9 2 2/9 RR4-TSW-1822

J246 AVA3

DEPARTEMENT VAN JUSTISIE
EN KONSTITUSIONELE
ONTWIKKELING

DEPARTMENT OF JUSTICE AND
CONSTITUTIONAL DEVELOPMENT

LETTERS OF AUTHORITY
MAGTIGINGSBRIEF

In terms of Section 6(1) of the Trust Property Control Act, 1988 (Act 57 of 1988)
Ingevolge Artikel 6(1) van die Wet op Beheer oor Trustgoed, 1988 (Wet 57 van 1988)

NO: IT 1323/2005/PMB

This is to certify that
Hiermee word gesertifiseer dat

BEATRICE OTRINA NTOMBENHLE SHABALALA	690119 0332 083
DUMISANI SIPHO DERRICK SHABALALA	651019 5396 086
THABO SAMUEL MHLONGO	620509 5714 084

is/are hereby authorized to act as trustee(s) of the
gemagtig word om as trustee(s) van die

OTHANDWENI FAMILY

TRUST op te tree.
TRUST

GIVEN under my hand at Pietermaritzburg
GEGEE onder my hand te Pietermaritzburg

ASST. MASTER OF THE HIGH COURT
ASST. MEESTER VAN DIE HOOGGEREGSHOF
(NATAL PROVINCIAL DIVISION)
(NATALSE PROVINSIALE AFDELING)
REPUBLIC OF SOUTH AFRICA
REPUBLIEK VAN SUID-AFRIKA

CERTIFIED A TRUE COPY

COMMISSIONER OF OATHS
SIGNED: ..... DATE: 5/2/08
DAVID IAN REES
OFFICE MANAGER
HARVARD HOUSE GROUP
P.O. BOX 235, HOWICK 3290
REF: 9/1/8/2 HOWICK APPOINTED: 19/11/2007

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1823

G 2/10
AvA 4/1

FARMERS AGRI-CARE (PTY) LTD
P O BOX 611
WESTVILLE
3630

INVOICED SALES TO SHABALALA OTHANDWENI -SHA009
PERIOD 15/09/2006 TO10/08/2007

DATE	INVOICE	AMOUNT
15/09/06	242545	9,361.20
29/09/06	244740	6,595.79
26/09/06	244860	4,165.20
03/10/06	246586	7,018.63
26/10/06	252053	6,661.86
27/10/06	253587	9,702.72
27/10/06	253722	1,761.09
27/10/06	253770	1,580.28
27/10/06	253865	4,599.68
22/11/06	261940	2,124.47
29/01/07	290013	3,713.72
28/03/07	305341	1,196.08
16/05/07	313087	5,390.77
16/05/07	313088	2,288.85
24/05/07	316115	2,288.85
28/06/07	320570	1,316.67
10/08/07	325682	10,388.76
TOTAL		80,154.62

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1824

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westvill
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

630/11
AUA 4/2

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice 242545

Acc No : SHA009
Date: 15/09/06

Delivery Note 105316

Vat No	Rep	Depot	Customer Order Number
4790192100	M02	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011005	MERLIN (0.5kg)	0.50000 kg	30	12.00	780.10	9361.20	0.00	9361.20

Net Total	9,361.20
Discount Total	0.00
Total tax	0.00
Total	9361.20

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1825

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

920/12
AuA4/3

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

SHABALALA
OTHANDWENI

3200

Tax Invoice: 244740

Acc.No : SHA009
Date: 26/09/06

Delivery Note 105255

Vat No	Rep	Depot	Customer Order Number
4790192100	M02	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011805	HEXAZINONE 750 WSG (Vol) (2kg)	2.00000 kg	30	16.00	366.90	5870.40	0.00	5870.40
011665	ACETOCHLOR 900 (Volc) (20)	20.00000 Lt	30	1.00	725.39	725.39	0.00	725.39

Net Total	6,595.79
Discount Total	0.00
Total tax	0.00
Total	6595.79

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1826

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G20/13 AUA4/4

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 244860

Acc No : SHA009
Date: 26/09/06
Delivery Note 106553

Vat No	Rep	Depot	Customer Order Number
4790192100	M02	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011842	VOL MCPA (5X2KG) 10KG	0.00000 KG	30	2.00	360.75	721.50	0.00	721.50
011806	VOL HEXAZINONE 750 WSG(10X1KG)	0.00000 KG	30	2.00	1721.85	3443.70	0.00	3443.70

Net Total	4,165.20
Discount Total	0.00
Total tax	0.00
Total	4165.20

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1827

Reg. No. 1992/001765/07
VAT Reg. No.4220132445

ONE THE BOULEVAF
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westvil
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G 20/14

AvR4/5

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 246586

Acc No : SHA009
Date: 03/10/06

Delivery Note 106511

Vat No	Rep	Depot	Customer Order Number
4790192100	M02	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011705	AMETRYN 500 (Volcano) (20Lt)	20.00000 Lt	30	4.00	463.27	1853.08	0.00	1853.08
011806	VOL HEXAZINONE 750 WSG(10X1KG)	0.00000 KG	30	3.00	1721.85	5165.55	0.00	5165.55

Net Total	7,018.63
Discount Total	0.00
Total tax	0.00
Total	7018.63

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1828

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G20/15 AU 4/6

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 252053

Acc No : SHA009
Date: 26/10/06
Delivery Note 108812

Vat No	Rep	Depot	Customer Order Number
4790192100	M02	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011665	ACETOCHLOR 900 (Volc) (20)	20.00000 Lt	30	2.00	772.41	1544.82	0.00	1544.82
011635	VELPAR K3.0 (3kg)	3.00000 kg	30	18.00	284.28	5117.04	0.00	5117.04

Net Total	6,661.86
Discount Total	0.00
Total tax	0.00
Total	6661.86

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4TSW-1829

Reg. No. 1992/001765/07
VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G20/16

AuA4f

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 253587

Acc No : SHA009
Date: 27/10/06

Delivery Note 108971

Vat No	Rep	Depot	Customer Order Number
4790192100	M02	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011635	VELPAR K3.0 (3kg)	3.00000 kg	30	24.00	284.28	6822.72	0.00	6822.72
011665	ACETOCHLOR 900 (Volc) (20)	20.00000 Lt	30	1.00	772.41	772.41	0.00	772.41
050475	TRONIC (25Lt)	25.00000 Lt	30	1.00	721.38	721.38	0.00	721.38
011855	MCPA (Volcano) (20Lt)	20.00000 Lt	30	3.00	462.07	1386.21	0.00	1386.21

Net Total	9,702.72
Discount Total	0.00
Total tax	0.00
Total	9702.72

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1830

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G20/17 AuA4/8

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 253722

Acc No : SHA009
Date: 27/10/06

Delivery Note 108892

Vat No	Rep	Depot	Customer Order Number
4790192100	M02	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011665	ACETOCHLOR 900 (Volc) (20)	20.00000 Lt	30	2.00	772.41	1544.82	0.00	1544.82

Net Total	1,544.82
Discount Total	0.00
Total tax	216.27
Total	1761.09

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1831

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westvil
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G 20/18 AuA4/9

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 253770

Acc No : SHA009
Date: 27/10/06

Delivery Note 108788

Vat No	Rep	Depot	Customer Order Number
4790192100	M02	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011855	MCPA (Volcano) (20Lt)	20.00000 Lt	30	3.00	462.07	1386.21	0.00	1386.21

Net Total	1,386.21
Discount Total	0.00
Total tax	194.07
Total	1580.28

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1832

Reg. No. 1992/001765/07

VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G20/19 AVR4/1

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice 253865

Acc No : SHA009
Date: 27/10/06
Delivery Note 106032

Vat No	Rep	Depot	Customer Order Number
4790192100	M02	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011635	VELPAR K3.0 (3kg)	3.00000 kg	30	12.00	284.28	3411.36	0.00	3411.36
011855	MCPA (Volcano) (20Lt)	20.00000 Lt	30	1.00	462.07	462.07	0.00	462.07
050475	TRONIC (25Lt)	25.00000 Lt	30	1.00	726.25	726.25	0.00	726.25

Net Total	4,599.68
Discount Total	0.00
Total tax	0.00
Total	4599.68

Banking Details: 1. Ned Bank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1838

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

9-20/20 AuA4/11

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 261940

Acc No : SHA009
Date: 22/11/06

Delivery Note 110101

Vat No	Rep	Depot	Customer Order Number
4790192100	M02	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011635	VELPAR K3.0 (3kg)	3.00000 kg	30	6.00	290.78	1744.68	0.00	1744.68
011842	VOL MCPA (5X2KG) 10KG	0.00000 KG	30	1.00	379.79	379.79	0.00	379.79

Net Total	2,124.47
Discount Total	0.00
Total tax	0.00
Total	2124.47

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1834

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G20/2 Av A4/12

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 290013

Acc No : SHA009
Date: 29/01/07

Delivery Note 116507

Vat No	Rep	Depot	Customer Order Number
4790192100	M01	30	SHAWN

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
010528	FUSILADE FORTE AERIAL (1Lt)	0.00000 Lt	30	9.20	149.51	1375.49	0.00	1375.49
060185	ETHEPON (Volcano) (20Lt)	20.00000 Lt	30	3.00	708.55	2125.65	0.00	2125.65
060115	ETHREL AERIAL (1Lt)	1.00000 Lt	30	6.00	35.43	212.58	0.00	212.58

Net Total	3,713.72
Discount Total	0.00
Total tax	0.00
Total	3713.72

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1835

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park,
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G20/22 AvA 4/13

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 305341

Acc No : SHA009
Date: 28/03/07
Delivery Note 123704

Vat No	Rep	Depot	Customer Order Number
4790192100	M01	30	SHANNON

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
010528	FUSILADE FORTE AERIAL (1Lt)	0.00000 Lt	30	8.00	149.51	1196.08	0.00	1196.08

Net Total	1,196.08
Discount Total	0.00
Total tax	0.00
Total	1196.08

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1836

Reg. No. 1992/001765/07
VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G20/23

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 313087

Acc No : SHA009
Date: 16/05/07
Delivery Note 126300

Vat No	Rep	Depot	Customer Order Number
4790192100	M01	30	26

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011806	VOL HEXAZINONE 750 WSG(10X1KG)	0.00000 KG	30	1.00	1899.61	1899.61	0.00	1899.61
011705	AMETRYN 500 (Volcano) (20Lt)	20.00000 Lt	30	2.00	481.56	963.12	0.00	963.12
011666	ACETOCHLOR 900 (Volc) (25Lt)	25.00000 Lt	30	2.00	825.13	1650.26	0.00	1650.26
011855	MCPA (Volcano) (20Lt)	20.00000 Lt	30	2.00	438.89	877.78	0.00	877.78

Net Total	5,390.77
Discount Total	0.00
Total tax	0.00
Total	5390.77

Banking Details: 1. Ned Bank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1887

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park,
Westville, Durban
P.O Box 611, Westvill
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G20/24 AvA 4/15

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 313088

Acc No : SHA009
Date: 16/05/07
Delivery Note 126157

Vat No	Rep	Depot	Customer Order Number
4790192100	M01	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
060185	ETHEPON (Volcano) (20Lt)	20.00000 Lt	30	3.00	762.95	2288.85	0.00	2288.85

Net Total	2,288.85
Discount Total	0.00
Total tax	0.00
Total	2288.85

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1838

Reg. No. 1992/001765/07
VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

9-20/25 AUR 2/16

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 316115

Acc No : SHA009
Date: 24/05/07
Delivery Note 127208

Vat No	Rep	Depot	Customer Order Number
4790192100	M01	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
O60185	ETHEPON (Volcano) (20Lt)	20.00000 Lt	30	3.00	762.95	2288.85	0.00	2288.85

Net Total	2,288.85
Discount Total	0.00
Total tax	0.00
Total	2288.85

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1839

Reg. No. 1992/001765/07

VAT Reg. No.4220132445

G20/26

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

AUR 4/1.

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI
RECH C/N 814937
GOODS TAKEN ON
LOAN
FROM UCL REFER
RODNEY

Tax Invoice: 320570

Acc No : SHA009
Date: 28/06/07

Delivery Note **125681**

Vat No	Rep	Depot	Customer Order Number
4790192100	M08	30	

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011855	MCPA (Volcano) (20Lt)	20.00000 Lt	30	3.00	438.89	1316.67	0.00	1316.67

Net Total	1,316.67
Discount Total	0.00
Total tax	0.00
Total	1316.67

Banking Details: 1. Ned Bank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

FARMERS AGRI-CARE (PTY) LTD

RR4-TSW-1840

Reg. No. 1992/001765/07 VAT Reg. No.4220132445

ONE THE BOULEVARD
1st Floor, Block B
Westway Office Park
Westville, Durban
P.O Box 611, Westville
3630
Tel: 031-265 5000
Fax: 031-255 5008
E-Mail :agricare@agricare.co.za

G20/27 AuA 4/18

SHABALALA OTHANDWENI
P O BOX 1558
PIETERMARITZBURG

3200

SHABALALA
OTHANDWENI

Tax Invoice: 325682

Acc No : SHA009
Date: 10/08/07

Delivery Note 127722

Vat No	Rep	Depot	Customer Order Number
4790192100	M01	30	42

Code	Description	Pack Size	Wh	Qty	Unit price	Amount	Item Disc	Net amount
011005	MERLIN (0.5kg)	0.50000 kg	30	12.00	865.73	10388.76	0.00	10388.76

Net Total	10,388.76
Discount Total	0.00
Total tax	0.00
Total	10388.76

Banking Details: 1. NedBank Business KZN A/C No: 1648111556 Branch Code: 164826
2. FNB Pavillion A/C No: 62018188898 Branch Code: 224326

THIS INVOICE IS SUBJECT TO OUR STANDARD CONDITIONS OF SALE, WHICH IS AVAILABLE ON REQUEST

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1841

H.1

ngubane wills inc.
attorneys

e mail : info@nwinc.co.za
4 Stranack Street. PO Box 1324. Pietermaritzburg. 3200
Telephone : (27) 33 342 8543. Facsimile : 086 6794895

2 February 2010

Advocate W O'Brien
Deputy Director of Public Prosecutions
Specialised Commercial Crime Unit
John Ross Building

NATIONAL PROSECUTING AUTHORITY OF SOUTH AFRICA
PRIVATE BAG X54355
2010 -02- 02
DURBAN 4000
SPECIALISED COMMERCIAL CRIME UNIT: DURBAN

Per fax no:- 031332 8582
Ref:- 10/1/2/2(SCCU 45/09)

INVESTIGATION RE DURBAN CENTRAL CAS 1538/01/09

We refer to our previous correspondence regarding the above and advise that we have consulted with a senior member of our client the ANC, MEC Michael Mabuyakhulu who at the material time was the Provincial Treasurer of the ANC in KwaZulu-Natal. We are instructed to convey to you the following:-

1. That in his capacity as the Provincial Treasurer at the time, Mabuyakhulu authorised the receipt of the R1 million donation from ANC member Mr Sipho Shabalala.
2. That he wishes to place on record that such a donation was received in cash and was verified to be R1 million.
3. That he (Mabuyakhulu) further authorized the funds to be utilized for various purposes related to the KwaZulu-Natal ANC Provincial Conference that was held between 20th – 22nd June 2008.
4. That the R1million donation given by Mr Sipho Shabalala was used as part of a package of donations received in the run up to the ANC KZN Provincial Conference to defray some of the costs of the Provincial Conference.
5. Our client wishes to place on record that the decision of the then Provincial Treasurer to receive the donation is *bona fides*, and as such the donation was received as a legitimate contribution to fund the affairs of the ANC in KwaZulu-Natal.

6. Our client further contends that the donation submitted by Mr Sipho Shabalala was in response to a call made to ANC members, supporters, sympathizers and friends of the ANC to contribute resources in order to fund the ANC's activities.
7. Although our client wishes to be helpful in this matter, however we are instructed to place on record Mr Mabuyakhulu's resolute stance and that of the ANC as well, that under no circumstances does the organization wish to compromise its donors and / or its operations by disclosing information concerning same, save to say that the particular donation was included in the report to the conference in the Treasurer's report. Specifically it was included in the globular amount of R 7 227 707 listed as donation in the income statement.

As we are currently instructed there appears to us to be no conflict of interest. The fact that we represent a large organization comprising many individuals some of whom, may or may not be suspects does not necessarily present conflict. The opposite seems true in this instance. On the one hand we have an individual member who states that he handed over a donation of R 1 million to the ANC which he received from a donor, and on the other hand we have an organization which through various officials confirms that it received the donation from the individual concerned.

We reiterate our position that we act for the ANC in this matter and specifically the members who were primarily concerned with the issue under investigation. These persons appear to us at this stage to be the then provincial treasurer Mr M Mabuyakhulu, the organizations provincial Finance Manager Mr D Mzila and the member who received the donation Mr S Shabalala.

We deny any inference that we are hindering any investigation rather we are acting on instruction and in so doing we believe we are protecting the legitimate interests of our client. We obviously have no issue with your team interviewing any of our client's members, but request that should you decide to do so, we are able to be present.

The writer is available to meet with you should you so require and suggests a time on either 9, 10 or 11 February 2010 for this purpose. Possibly, judging by the tenor of your correspondence, it may be helpful for us to meet as there seems to be a considerable amount of misunderstanding between us that may well be cleared up in a meeting scenario.

We look forward to your response.

John Wills

AFFIDAVIT

I, the undersigned,

DELANI MZILA

state under oath:-

1.

I am an adult male employed by the African National Congress as Finance Manager of the KwaZulu Natal Province. I have been employed in this position since 1 September 2006. I hold a B Com Accounting Degree.

2.

In the course of my duties I confirm that a donation of R 1 million was received by the African National Congress from a donor, who I am advised was a certain Dr Savoi.

3.

Mr Sipho Shabalala had advised the organization that such a donation had been made, and, when the money was requested, Mr Shabalala brought the money to our offices in cash.

4.

I am aware that the money was utilized to pay various service providers for items related to the provincial congress held in August 2008.

D.H.

DEPONENT

This signed and sworn to before me at Durban this day of April 2009, the deponent having acknowledged that he understands the contents of this affidavit, that he has no objection to taking the prescribed oath and that he considers the oath to be binding on his conscience.

2009 -04- 04

04672933

B. HLATSHWAYO (INSP)

COMMISSIONER OF OATHS

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1845

H3/1

AFFIDAVIT

I the undersigned;

DELANI MZILA

ID NO. 780222 5677 089

Do hereby state under oaths as follows;

1.

The fact contained herein are within my personal knowledge and belief.

2.

I am an adult male employed by the African National Congress (ANC) as Finance Manager of the KwaZulu Natal Province with offices at 190 Stalwart Smelane Street, Durban and my contact details at work are 031 – 3683499 and my cell phone number is 072 0655 684.

3.

As a financial manager my duties and responsibilities involved Financial Management and Bookkeeping.
When we receive donations we follow ANC internal processes.

4.

I previously deposed to an affidavit in this matter in August 2009. The said affidavit is with the investigating officer in this matter, Superintendent Du Plooy. Subsequent to my affidavit a series of questions have been to ANC KZN Attorneys Ngubane Wills Inc on 07 September 2009.

S.P.M

D.H.

COMMISSION OF INQUIRY INTO STATE CAPTURE

H3/2

5.

The questions were forwarded to me on about mid September 2009 seeking elaboration and clarity on various aspects stemming from the affidavit.

6.

It is imperative that before I attend to answer the questions referred to above, I state the circumstances under which the said affidavit was prepared and furnished to me for signature.

7.

Circumstances

7.1

On the 20th – 22nd June 2008 ANC Provincial conference was held in Pietermaritzburg, KwaZulu Natal. A while after the conference I was approached by former Provincial Treasurer Mr. Micheal Mabuyakhulu. He asked whether I had noticed that certain items of the budget for the conference have not been paid for by the ANC Provincial Treasurer's office and further informed me that these items had been paid for by donations money.

7.2

A few weeks later I received a call from Miss S. Ngubane Wills Incorporated advising me that there is a matter under investigation by South African Police Services Commercial crime relating to donations received by the ANC KZN. She further advised that she is acting for ANC KZN in the matter and she asked me to sign an affidavit that she had prepared giving the circumstances of the donation.

S.P.M D.H.

COMMISSION OF INQUIRY INTO STATE CAPTURE

7.3

In my discussions with former Provincial Treasury Mabuyakhulu, no amount or names were mentioned, save for saying to items were paid for from money received in the form of donation. I have no knowledge of the donation.

8.

I have been under the impression that the lawyer investigated this matter and that she verified all the details provided in the affidavit. I therefore became aware of the amounts and persons involved through the prepared affidavit.

Answer to questions

a) See paragraph of this affidavit.

b) See circumstances explained above. I have no personal knowledge of answer required. These questions must be directed to the lawyer who prepared the affidavit on my behalf.

c) I was informed by Mr. Mabuyakhulu, I have no personal knowledge and details of the donation used to pay for the items not paid for by the offices of ANC KZN. This question can be directed to Mr. Mabuyakhulu save for the last paragraph where I explained how the statement was commissioned on 29 August 2009 I received an e-mail attached an affidavit from Miss S. Ngubane and she told me to have it signed and commissioned and I took Broad Street Police Station.

d) I have no idea. I did not investigate this matter. I have no personal knowledge; my sources are Mr. Mabuyakhulu and the lawyer.

S.P.M D.H

COMMISSION OF INQUIRY INTO STATE CAPTURE

H3/4

e) I therefore request to withdraw the initial affidavit which was drafted for me to sign.

DEPONENT

I here certify that the deponent has acknowledge that he knows and understand the content of this affidavit which was signed and sworn before me at Durban this 30 day of August 2010, the regulations contacted in the Government notice K1258 dated 21st of July 1972 as amended by Government notice 16466 dated the 19th of August 1977 having been complied with

SIPHIWE P. MNCWANGO
COMMISSIONER OF OATHS
PRACTISING ATTORNEY OF R.S.A
SUITE 309, DOONE HOUSE
379 SMITH STREET, DURBAN

Commissioner of Oath

COMMISSION OF INQUIRY INTO STATE CAPTURE

bH

RR4-TSW-1849

MANASE & ASSOCIATES
CHARTERED ACCOUNTANTS

AFRICAN NATIONAL CONGRESS
KWAZULU-NATAL PROVINCE

ANNUAL FINANCIAL STATEMENTS
31 MARCH 2009

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1850
H4/2

AFRICAN NATIONAL CONGRESS
KWAZULU-NATAL PROVINCE

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

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Approval of the financial statements	1
Report of the independent auditors	2
Balance sheet	3
Income statement	4
Cash flow statement	5
Notes to the financial statements	6 – 7
Supplementary financial information	8 – 10

APPROVAL OF THE FINANCIAL STATEMENTS BY THE PROVINCIAL EXECUTIVE COMMITTEE OF THE AFRICAN NATIONAL CONGRESS KWAZULU-NATAL PROVINCE

The financial statements set out on pages 3 to 7 were approved on _____ 2009 and are signed on its behalf by:

_____
CHAIRPERSON

_____
TREASURER

_____
SECRETARY

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1851
H4/3

MANASE & ASSOCIATES
CHARTERED ACCOUNTANTS

1st Floor, Block C, Investment Place
2nd Road, Hyde Park
Sandton, 2196

Tel : +27-11-447 2428
Fax : +27-11-880 8845
Email : manasejnb@manase.co.za

P.O. Box 1112
Kelvin
2054

QUALIFIED REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE PROVINCIAL EXECUTIVE COMMITTEE OF THE AFRICAN NATIONAL CONGRESS KWAZULU-NATAL PROVINCE

We have audited the financial statements of the African National Congress KwaZulu-Natal Province as set out on pages 3 to 7 for the year ended 31 March 2009. These financial statements are the responsibility of the members of the Provincial Executive Committee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with statements of International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In common with similar organisations, it is not feasible for the organisation to institute accounting controls over cash collections from donations prior to the initial entry of the collections in the accounting records. Accordingly, it was impracticable for us to extend our examination beyond the receipts actually recorded.

Except for the effects of any adjustments which might have been necessary had it been possible for us to extend our examination of cash collections from donations, in our opinion, the financial statements fairly present the financial position of the African National Congress KwaZulu-Natal Province at 31 March 2009 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice.

The supplementary schedules set out on pages 8 to10 do not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly we not express an opinion on them.

MANASE & ASSOCIATES
Registered Accountants and Auditors
Chartered Accountants (S.A.)

Johannesburg

Date: July 2009

Partner: Z. P. Manase

AFRICAN NATIONAL CONGRESS
KWAZULU-NATAL PROVINCE

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis and incorporate the following principal accounting policies which are consistent with those adopted in the previous year.

1.1 Furniture, computer, sound and photographic equipment

Furniture, computer, sound and photographic equipment are stated at cost and depreciated on the straight line basis at rates considered appropriate to write off assets over their estimated useful lives.

The rates used for this purpose are:

Furniture and fittings	6 years
Computer equipment	3 years
Public address equipment	5 years
Photographic equipment	6 years

1.2 Income

Income comprises councillors' levies, regional fees, donations, grants, rent and interest and is accounted for on a cash basis.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1853

AFRICAN NATIONAL CONGRESS
KWAZULU-NATAL PROVINCE

SUPPLEMENTARY FINANCIAL INFORMATION
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2009

	NOTE	2009 R	2008 R
INCOME			
Councillors' levies received			
Regional fees received - National Conferences			
Donations received		7,277,706	334,640

COMMISSION OF INQUIRY INTO STATE CAPTURE

AFFIDAVIT OF MICHAEL MABUYAKHULU

I, the undersigned,

MICHAEL MABUYAKHULU

do hereby state under oath

1. I am an adult male Member of the Executive Council for the Province of KwaZulu-Natal responsible for Economic Development and Tourism.

2. The facts contained in this affidavit are true and correct and within my own personal knowledge and belief, save where otherwise is indicated.

INTRODUCTION

3. I have been asked to comment on issues which took place some five years ago, and in certain instances I do not have a clear recollection of events or have had recourse to documents (where these exist) to refresh my memory.

BACKGROUND

4. I have been asked to comments on events which took place during the period between 2005 and 2009. During this period:-

   4.1. I was the MEC for Local Government, Housing and Traditional Affairs from 3 November 2004 until 11 May 2009.

COMMISSION OF INQUIRY INTO STATE CAPTURE

4.2. I was Provincial Treasurer of the African National Congress ('the ANC') from 1998 until approximately 21 June 2008.

5. During my tenure as Provincial Treasurer I was, *inter alia*, responsible for fund raising for the ANC. During 2005 I made the call to the ANC leadership and members to fundraise on behalf of the ANC. The funds were required for the ANC's day to day administration and for the ANC Provincial Conference which was to take place at Ndumiso Training College during June 2008.

6. I recall that Mr Sipho Shabalala was one of those who undertook to raise funds on behalf of the ANC. Prior to the conference he informed me that he had fundraised and wished to pay funds to the ANC. I do not recall the exact date that he informed me of this but believe it was approximately two months or so before the Provincial Conference. Thereafter I received payment from Mr Shabalala in the amount of R1 million. To the best of my recollection I received the funds from Shabalala on or about 11 June 2008. The funds were received shortly before the Provincial Conference. I was still the ANC Provincial Treasurer at that time.

7. I confirm that it is not the ANC's policy to disclose where private donations are received from, nor is it our policy to disclose how the funds are spent or disbursed. These are private matters and not in the public domain. I can however state that the funds were used by me to defray expenses arising from the then upcoming June 2008 conference. The funds were used by me in my capacity as Provincial Treasurer at that time.

COMMENTS ON SPECIFIC DOCUMENTS

8. I have been asked to comment on specific documents. Given that the documents were written several years ago I do not have a clear and precise recollection of events or their precise sequence, but will endeavor to answer the questions to the best of my recollection:-

9. RE: The Letter to me from the MEC for Finance and Economic Development dated 15 July 2005

9.1. I confirm that I received this letter. I note that it appears that it was received by the Ministry on 27 July 2005. Prior to receipt of this letter I had not been aware of the interaction between Trade and Investment KZN and the Cape Town based company. I have no knowledge of whether anyone else from the Provincial Government had been liaising with the Cape Town Company.

9.2. I do not wish to interpret the letter, which I believe speaks for itself. MEC Mkhize proposed a task team be formed comprising of the respective heads of the departments of Treasury; Economic Development; and Local Government, Housing and Traditional Affairs to investigate the purchase of the water plants to provide better access to water for rural communities, and to finalize a proposal to my colleague and I in this regard.

9.3. I cannot recall whether there were any documents attached to the letter, but note (on my reading thereof at the time of deposing to this affidavit) that at the end of paragraph 1 of the letter Dr. Mkhize states that certain information is attached. I however have no independent recollection of whether documents were attached to the letter in question.

10. RE: The Memorandum dated 10 October 2005 from the Heads of the Treasury, Local Government and Traditional Affairs and Economic Development to the MECs for Finance and Economic Development, and Local Government, Housing and Traditional Affairs

10.1. I recall receiving the memorandum in question and confirm signing the memorandum at the place provided for my signature. I do not recall when I

COMMISSION OF INQUIRY INTO STATE CAPTURE

did so. I had limited knowledge of Intaka Investments at that time and had not met anyone from Intaka Investments prior to receiving the memorandum.

10.2. I cannot comment on the issue of the added benefit which might arise from the company concerned establishing a manufacturing plant in KwaZulu-Natal if a contract was concluded with the Provincial Government. I point out that my portfolio concerned itself with local government matters (and hence the provisions of basic services) and that finance and provincial economic development fell under my colleague's portfolio.

10.3. I do not have a copy of the document detailing the in principle Cabinet approval (referred to in paragraph 5 of the letter), and have no specific recollection thereof, although I do not dispute that this occurred.

10.4. I decline to interpret the letter and suggest that any queries concerning the intention of the letter be directed to the drafters thereof. I however point out that there were national targets which had been established for 2009 for the provision of water as a basic service and human right. KwaZulu-Natal was behind in reaching for this target, and as water was a basic necessity we felt it appropriate to take urgent steps to provide access to water.

10.5. As an MEC I am not involved in the procurement of goods and services, and the approval of such processes is not the function of an MEC. These functions and any deviation therefrom lie with heads of departments and the departments. I understand that at that time the waiver of these requirements had to be obtained from the Central Procurement Committee. It is my understanding that the system has subsequently been changed.

10.6. The details of the contract and the specific terms thereof were dealt with by the operational staff members from the respective departments.

10.7. I did not receive regular reports on the *'economic benefits of the project'*. This was not a matter which fell under my portfolio.

11. RE: The Letter from Ministry of Local Government, Housing and Traditional Affairs dated 27 November 2006

11.1. I have read this letter, and note the reference to a meeting held on 9 June 2006. I have no specific recollection of this meeting but do not dispute that it took place. I cannot recall who attended the meeting.

11.2. At this late stage I cannot recall the exact basis of the allocation of the water plants, but as far as I recall this was an evolving process which took place over a number of interactions between the head of the Department (Ms. G C Gumbi-Masilela), and I. As far as I can recall the basis on which the plants were to be allocated were the needs of the communities, whether those areas had been subject to drought or some other equivalent disaster, and / or were areas which had poor or limited access to potable water. This was determined by our own observations or from representations or information received from the rural communities. In addition the communities had to have a source of water for the plants and we wished to spread the resources as widely as possible.

12. RE: The Letter from Ngubane Wills Incorporated dated 2 February 2010

12.1. All ANC leaders were requested to raise funds. I wish to clarify the statement *'Mabuyakhulu authorized the receipt of the R1 million donation'*. Mr Shabalala informed me that he had received funds and that he wished to pay these over, as reported in paragraph 6 above. I do not know how and where Mr Shabalala raised funds. I only learnt of the funds when Mr Shabalala informed me that he had funds to pay over to the ANC. When he informed me of the funds it was arranged that I would meet him to receive them from him, and duly did so at

M/M

the dates set out above. I did not specifically authorize the receipt of specific funds, but fundraising in general. I confirm that the funds were received in cash, and were used by me to defray certain of the expenses of the conference (as stated above).

12.2. As stated above, I ceased to be Provincial Treasurer of the ANC immediately after the election of the new Provincial Treasurer during the June 2008 conference. I therefore was not responsible for the way that these were treated in the next financial statements (which were prepared sometime after March the following year). For that reason I cannot specifically say if the donation was included in the Treasurer's report to the Provincial General Council or in the globular amount of R7,227,707.00 listed as a donation in the income statement. This is simply because I was not the Provincial Treasurer or a member of the Provincial Executive of the ANC at the time in question.

12.3. My understanding of what the department would have received for R43,000,000.00 arises from the Memorandum from the heads of the various departments dated 10 October 2005 (being the twenty-two water plants), and from subsequent reports which were sent to me.

12.4. I do not have a specific independent recollection of the precise details of the funding of the water plants or the structure of the commercial transaction, apart from what appears in the memoranda and submissions which were made to me. Most of the decisions relating to VAT, delivery charges, commissioning, storage fee and the like would have fallen under the purview of the accounting authority, and not me as executing authority.

12.5. I have no knowledge knowledge of an invoice issued by Khuboni and Shezi. As stated above, the donation was received by me on behalf of the ANC on or about 11 June 2008. No receipt was issued therefor.

M/m

DEPONENT

I certify that the deponent has acknowledged that he/~~she~~ knows and understands the contents of this affidavit duly signed and sworn to before me at ..DURBAN..... on this ..19th.. day of OCTOBER 2010, the regulations contained in Government Gazette No. R1258 dated 21 July 1972, as amended, having been complied with.

COMMISSIONER OF OATHS

Full name:
Address:
Designation:
Area:

edit intaka mhuyakhulu aff.doc
19 October 2010

JANITA ATHMANAND RUSSELL MAHARAJ
PRACTISING ATTORNEY
COMMISSIONER OF OATHS
SUITE 1302 & 1303, THE MARINE BUILDING
22 DOROTHY NYEMBE ST. (GARDINER)
DURBAN, 4000, SOUTH AFRICA

COMMISSION OF INQUIRY INTO STATE CAPTURE

MARGARET KRUGER STATES IN ENGLISH UNDER OATH

1

I am an adult female Identity Number 570714 0095 089 residing at 66 Clair Avenue Manor Gardens Durban, Telephone Number 031 261 3229. I am the General Manager and majority member of a close corporation with the registered name of Marisk Management Services cc, with offices situated at 54 Clair Avenue Manor Gardens Durban, Telephone 031 2616465, fax number 031 2614770 and email mk@marisk.co.za.

2

Marisk Management Services cc is engaged in the investigation of allegations of misconduct for disciplinary, criminal or civil proceedings on behalf of our clients. I am the previous Provincial head of the Commercial branch and an accredited Certified Fraud Examiner.

3

Marisk Management Services has an association with a Cape Town based firm of Forensic auditors trading under the name of Mazars Forensic Services (Pty) Ltd. And regularly undertakes investigation assignments on their behalf or in association with them.

4

During March 2008 I was contacted by Ms Gillian Bolton a director of Mazars Forensic Services (Pty) Ltd. requesting me to confirm whether the now defunct Scorpions were investigating one of her clients, known as the Intaka group of companies as represented by the chairman Dr Gaston Savoi, in respect of his alleged involvement in the investigation involving the then MEC for Health in KZN and the purchase of a mammogram by the Department of Health that was originally supplied by her client to an intermediary. The Intaka Group has amongst the products it sells self-generating oxygen and water purification plants (the latter known by the proprietary name of Watakas).

5

On 9 May 2008 I confirmed that there was an investigation and there was some concern about possible favours that may have been bestowed by Dr Savoi to the MEC or her paramour who was responsible for purchasing the mammogram from Dr Savoi's company. We had received confirmation that the representatives from the Scorpions were intending to visit her client at his Cape Town offices to discuss his relationship with the MEC. Ms Bolton mentioned to me that her client had supplied of his other products to the provincial departments in Kwa Zulu Natal.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1862

Although Ms Bolton's client was not a suspect at this stage, I mentioned to her that she had better check with her client whether there were any other payments made to government officials or political heads in Kwa Zulu Natal that could be construed as a contravention of the Prevention of Corrupt Activities Act. When I made this suggestion to Ms Bolton I was not in possession of any information that had led me to believe that Dr Savoi or any of his employees may have engaged in such practices; this was more of a gut feeling, based on my years of experience as an investigator of commercial crimes, including fraud and corruption.

7

A few hours on later Ms Bolton informed me that she had made contact with Dr Savoi's office and established that there was a payment made to a Mr Sipho Tshabalala whom she understood to be the then head of the Treasury in Kwa Zulu Natal. I confirmed that this was his position and suggested that she endeavour to trace all the information she could about this payment. Given the senior position held by Mr Tshabalala and the sensitive nature of the allegations I did not want to alert the authorities until we had confirmed the amount of the payment, to whom the payment was made and the reasons therefor.

8

Ms Bolton informed me that she had established that Dr Savoi's company, Intaka Investments (Pty) Ltd had sold water purification treatment plants, to the Department of Local Government and Traditional Affairs and Mr S Tshabalala had assisted with the processing of the payment that had been long outstanding. She had established that a payment of R1 0~~32~~53 000.00 had been made into the account of Shezi and Kuboni, a firm of attorneys, and this was allegedly a donation to the ANC. I suggested that she source the documentation in support of the payment as I found it strange as to why a donation to a political organisation would be paid to an attorney and not directly to the party concerned.

9

According to the invoice issued by Shezi and Khuboni pertaining to this payment the payment was in respect of legal work performed and not a donation to the ANC. Vat was raised by the vendor and paid by the vendee in respect of this transaction.

10

I suggested to Ms Bolton that she approach her client and establish the reasons for this payment and that it may be in his interest if we were to advise the police of this payment so that it may be fully investigated. My intention was to suggest to the police that they use Dr Savoi's evidence as a means to investigate the actions of Mr Tshabalala and that once the

HC13

matter was before court they consider approaching the magistrate to give Dr Savoi indemnity from prosecution in terms of section 204 of the Criminal Procedure Act.

11

I received an affidavit dated 21 August 2008 from Dr Savoi on 11 December 2008, the original of which has since been handed over to the South African Police.

12

On 9 June 2008 I met with representatives of the NPA including Advocate Gerrie Nel and Director Lategan of the Commercial Branch at the Durban offices of the Scorpions and informed them of the allegations. It was agreed that prior to registering an enquiry contact should be made with the ANC to establish whether they were aware of the alleged donation and if so had received the payment and the date upon which the payment was received. It was further agreed that given the uncertainty regarding the future of the Scorpions this matter should be handed over to the Commercial Branch of the SAPS for investigation.

13

Through my contacts within the ANC a meeting was arranged with Mr Senzo Mchunu, the General Secretary on Sunday 27 July 2008. Mr Mchunu was informed of the alleged donation and the information that we required. He requested that we forward a written request to the ANC Durban offices which he undertook to attend to.

14

A letter dated 11 August 2008 signed by Ms Gillian Bolton on behalf of Mazars was hand delivered to the Durban offices of the ANC on 15. August 2008.

15

Despite numerous telephonic and email requests to my contact within the ANC no response to the request for the information was received by Mazars or I as their Durban based representative. In December 2008 I informed my contact that I could no longer wait for their response and would have to hand the matter over to the SAPS for investigation. I met with Director Lategan on 12 December and handed to him all the supporting documentation I had in my possession.

16

To date I have had no further direct involvement in the investigation of this matter, apart from the occasional update from the Investigating Officer, Supt Piet du Plooy.

I know and understand the contents of this affidavit

COMMISSION OF INQUIRY INTO STATE CAPTURE

H6/4

I have no objection to taking the prescribed oath

I consider the prescribed oath to be binding on my conscience

I swear that the above contents are true so Help Me God.

Place: DURBAN

Date: 2010-05-19

Time: 11:39

Margaret Kruger

The above statement was sworn to and the deponent's signature was placed thereon in my presence at DURBAN on 19/5/ 2010 at 11h39.

DURBAN 19/5/2010 11 39

LT.COL BO PLOOY

PETRUS DUPLOOY

SAPS. Commercial

BRANCH DURBAN

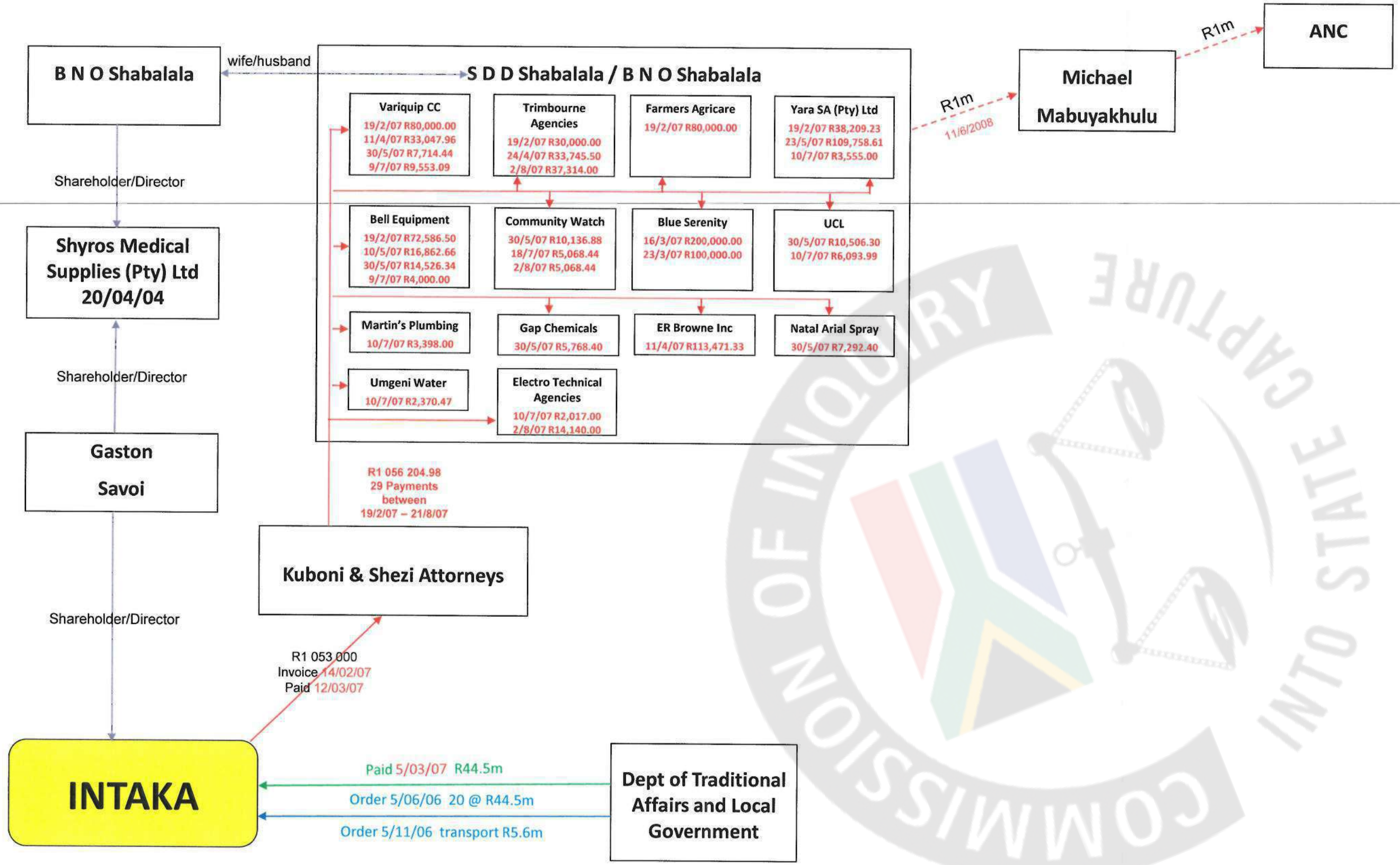
LT. COL.

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1865

IINTAKA Water Purification Plants in KZN

DURBAN CENTRAL CAS 1538/01/2009



RR4-TSW-1866

17

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1867

TSW 17

IN THE KWAZULU-NATAL HIGH COURT, PIETERMARITZBURG
REPUBLIC OF SOUTH AFRICA

In the matter of: **CASE NO:_____**

THE STATE

versus

1.	**Gaston Savoi**	an adult Uruguayan male residing at no. 10 Waybill Lane, Steenberg Estate,Tokai, Cape Town.
2.	**Sipho Derrick Shabalala**	an adult South African male residing at no.11 Bonanza Road, Bellevue, Pietermaritzburg.
3.	**Busisiwe Muriel Nyembezi**	an adult South African female residing at 16 Msonti Road, Kloof, Pinetown.
4.	**Peggy Yoliswa Nkonyeni**	an adult South African female residing at Pietermaritzburg, KwaZulu-Natal.
5.	**Victor Ntshangase**	an adult South African male residing at Flat no. 52, Sandhurst, Pietermaritzburg.
6.	**Alson Sipho Saribiyane Buthelezi**	an adult South African male residing at 170 Hesketh Drive, Hayfields, Pietermaritzburg.

7.	**Ronald Winston Green-Thompson**	an adult South African male residing in Durban; KwaZulu-Natal.
8.	**Yolisa Lulama Mbele**	an adult South African female residing at no. 4 Joseph Chamberlain Road, Hilton, Pietermaritzburg.
9.	**Fernando Praderi**	an adult Uruguayan male residing at 42 Blue Crane Way, Tokai, Cape Town.
10.	**Annsano Romani**	an adult South African male residing at 4 Minorca Avenue Monte Sereno, Somerset West, Cape Town.
11.	**Donald Keith Miller**	an adult South African male residing at 4 Dugannon Street, Kenilworth, Cape Town.
12.	**Sandile Kuboni**	an adult South African male residing at no. 82 Hawaan Forest Estate, Umhlanga Ridge, Durban.
13.	**Michael Mabuyakhulu**	an adult South African male residing at Pietermaritzburg; KwaZulu-Natal.
14.	**Beatrice Ntombenhle Shabalala**	an adult South African female residing at no. 11 Bonanza Road, Bellevue, Pietermaritzburg.
15.	**Lindelihle Mkhwanazi**	an adult South African male residing at no. 10450, 29th Avenue, Clemont, Pinetown.

16.	**Nozibele Priscilla Phindela**	an adult South African female residing at 37 Ombha Court, 9 Hospital Road, Durban.
17.	**Jabulani Langelihle Thusi**	an adult South African male residing at Emondini Area, KwaNyuswa, Botha's Hill, Pinetown.
18.	**Ian Buhlebakhe Blose**	an adult South African male residing at H529 Umlazi Township,Durban.

19. **Intaka Holdings (Pty) Ltd t/a Intaka Tech (Pty) Ltd** a corporate body within the meaning of section 332 of Act 51 of 1977 as represented by Gaston Savoi, accused no 1

20. **Rowmoor Investments 738 (Pty) Ltd** a corporate body within the meaning of section 332 of Act 51 of 1977 as represented by Lindelihle Mkhwanazi, accused no 15

21. **Skryros Medical Suppliers (Pty) Ltd** a corporate body within the meaning of section 332 of Act 51 of 1977 as represented by Sipho Derrick Shabalala, accused no 2

22. **Kuboni & Shezi Attorneys** a corporate body within the meaning of section 332 of Act 51 of 1977 as represented by Sandile Kuboni, accused no 12

23. **Blue Serenity Investments (Pty) Ltd** a corporate body within the meaning of section 332 of Act 51 of 1977 as represented by Beatrice Ntombenhle Shabalala, accused no 14

(hereinafter referred to as the accused)

INDICTMENT

The Director of Public Prosecutions: KwaZulu-Natal alleges that the accused are guilty of the following offences:

Count no 1: Contravening Section 2(1)(f) read with Sections 1, 2(2), 2(3), 2(4) and 3 of the Prevention of Organised Crime Act 121 of 1998, as amended: **Managing the enterprise through a pattern of racketeering activities. (against accused nos 1, 2, 3 and 4)**

Count no 2: Contravening Section 2(1)(e) read with Sections 1, 2(2), 2(3), 2(4) and 3 of the Prevention of Organised Crime Act 121 of 1998, as amended: **Conducting or participating in the enterprise's affairs. (against all accused)**

Count no 3: **Fraud** read with the provisions of section 99 and 103 of Act 51 of 1977 and the relevant provisions of section 51 of Act 105 of 1997 **(against accused nos 1, 7 and 19)**

Count no 4: **Fraud** read with the provisions of sections 99, and 103 of Act 105 of 1977 and the relevant provisions of section 51 of Act 105 of 1997. **(against accused nos 1, 3, 4 and 19)**

Count no 5: **Fraud** read with the provisions of sections 99, and 103 of Act 51 of 1977 and the relevant provisions of section 51 of Act 105 of 1997. **(against accused nos 1, 9, 10, 11 and 19)**

Count no 6: **Fraud** read with the provisions of sections 99, and 103 of Act 51 of 1977 and section 51of Act 105 of 1997 **(against accused nos 3, 4, 5, and 6)**

Count no 7: **Fraud** read with the provisions of Sec 99, and 103 of Act 51 of 1977 and the relevant Provisions of Sec 51 of Act 105 of 1997 **(against accused nos 1, 3, 4, 5, 6, 8 and 19)**

Count no 8: **Fraud** read with the provisions of sections 99, and 103 of Act 51 of 1977 and section 51 of Act 105 of 1997 **(against accused nos 1, 2, 13 and 19)**

Count no 9: Contravening section 1(1)(a) of the Corruption Act, no 94 of 1992 and read with section 51(2)(a) and Part II of Schedule 2 of Act 105 of 1997: **Corruption (against accused nos 1 and 19)**

Count no 10: Contravening section 1(1)(a) of the Corruption Act, no 94 of 1992 and read with section 51(2)(a) and Part II of Schedule 2 of Act 105 of 1997: **Corruption (against accused nos 2 and 7)**

Count no 11: Contravening section 1(1)(a) of the Corruption Act, no 94 of 1992 and read with section 51(2)(a) and Part II of Schedule 2 of Act 105 of 1997: **Corruption (against accused nos 1 and 19)**

Count no 12: Contravening section 1(1)(a) of the Corruption Act, no 94 of 1992 and read with section 51(2)(a) and Part II of Schedule 2 of Act 105 of 1997: **Corruption (against accused no 2 only)**

Count no 13: Contravening section 3(b) read with sections 1, 24, 25, 26 and 34 of the Prevention and Combating of Corrupt Activities Act 12 of 2004 and with section 51(2)(a) and Part II of Schedule 2 of Act 105 of 1997: **Corruption (against accused nos 1 and 19)**

Count no 14: Contravening section 4 (1) (a) read with sections 1,2, 4(2), 24, 25, 26(1) (a) of the Prevention and Combating of Corrupt Activities Act 12 of 2004: **Corruption (against accused no 2 only)**

Count no 15: Contravening section 4 (1) (a) read with sections 1, 2, 4(2), 24, 25, 26(1) (a) of the Prevention and Combating of Corrupt Activities Act 12 of 2004: **Corruption (against accused no 4 only)**

Count no16: Contravening section 4 (1) (a) read with sections 1,2, 4(2), 24, 25, 26(1) (a) of the Prevention and Combating of Corrupt Activities Act 12 of 2004: **Corruption (against accused no 4 only)**

Count no 17: Contravening section 3(b) read with sections 1, 24, 25, 26 and 34 of the Prevention and Combating of Corrupt Activities Act 12 of 2004 and with section 51(2)(a) of Act 105 of 1997: **Corruption (against accused nos 1 and 19)**

Count no 18: Contravening section 4(a) read with sections 1, 24, 25, 26 and 34 of the Prevention and Combating of Corrupt Activities Act 12 of 2004 and further read with section 51(2)(a) of Act 105 of 1997: **Corruption (against accused nos 2 and 13)**

Count no 19: Contravening section 3(b) read with sections 1, 24, 25, 26 and 34 of the Prevention and Combating of Corrupt Activities Act 12 of 2004 and with section 51(2)(a) of Act 105 of 1997: **Corruption: Giving a Benefit (against accused nos 1 and 19)**

Count no 20: Contravening section 4 (a) read with sections 1, 24, 25, 26 and 34 of the Prevention and Combating of Corrupt Activities Act 12 of 2004 and with section 51(2)(a) of Act 105 of 1997: **Corruption: Receiving a Benefit (against accused no 2 only)**

Count no 21: Contravening section 3(b) read with sections 1, 24, 25, 26 and 34 of the Prevention and Combating of Corrupt Activities Act 12 of 2004 and with section 51(2)(a) of Act 105 of 1997: **Corruption: Giving a Benefit (against accused nos 1 and 19)**

Count no 22: Contravening section 4 (1) (a) read with sections 1, 2, 4(2), 24, 25, 26(1) (a) of the Prevention and Combating of Corrupt Activities Act 12 of 2004: **Corruption (against accused nos 2 and 13)**

Count no 23: Contravening section 4 read with section 8(1) of Prevention of Organised Crime Act, Act No. 121 of 1998: **Money Laundering (against accused nos 1, 2, 12, 14, 19 and 22)**

Count no 24: Contravening section 4 read with section 8(1) of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 2, 13 and 19)**

Count no 25: Contravening section 4 read with section 8(1) of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 22 and 23)**

Count no 26: Contravening section 4 read with section 8(1) of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 22 and 23)**

Count no 27: Contravening section 4 read with section 8(1) of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 4, 15, 19 and 20)**

Count no 28: Contravening Section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 4, 15, 19 and 20)**

Count no 29: Contravening section 4 read with section 8(1) of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 2, 12, 14, 19 and 22)**

Count no 30: Contravening Section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 2, 12, 14, 19 and 22)**

Count no 31: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 2, 12, 14, 19 and 22)**

Count no 32: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 2, 12, 14, 19 and 22)**

Count no 33: contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 2, 12, 14, 19 and 22)**

Count no 34: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 2, 12, 14, 16, 17 and 22)**

Count no 35: Contravening Section 4 (a) (i) read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 2, 12, 14, 16, 17 and 22)**

Count no 36: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 1, 2, 12, 14, 16, 17 and 22)**

Count no 37: Contravening Section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

Count no 38: Contravening section 4(a) read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

Count no 39: Contravening Section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

Count no 40: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

Count no 41: Contravening Section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

Count no 42: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

Count no 43: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act No. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

Count no 44: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

Count no 45: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

Count no 46: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

Count no 47: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

Count no 48: Contravening Section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act No. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

Count no 49: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

Count no 50: Contravening section 4 read with sections 8(1) and 1 of Prevention of Organised Crime Act, Act no. 121 of 1998: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

Count no 51: Contravention of section 86(1) of Act 1 of 1999 read with the provisions of sections 1, 36, section 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(n), 38(2) and 44(2)(d) of the Act: **Failing to comply with the**

Public Finance Management Act (PFMA) (against accused no 7 only)

Count no 52: Contravention of section 86(1) of Act 1 of 1999 read with the provisions of sections 1, 36, section 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(n), 38(2) and 44(2)(d) of the Act: **Failing to comply with the Public Finance Management Act (PFMA) (against accused no 3 only)**

Count no 53: Contravention of section 86(1) of Act 1 of 1999 (read with the provisions of sections 1, 36, section 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(n), 38(2) and 44(2)(d) of the Act: **Failing to comply with the Public Finance Management Act (PFMA) (against accused no 3 only)**

Count no 54: Contravention of section 86(1) of Act 1 of 1999 (read with the provisions of sections 1, 36, section 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(n), 38(2) and 44(2)(d) of the Act: **Failing to comply with the Public Finance Management Act (PFMA) (against accused no 8 only)**

COMMISSION OF INQUIRY INTO STATE CAPTURE

GENERAL PREAMBLE

WHEREAS section 2 of the Prevention of Organised Crime Act 121 of 1998 (hereinafter referred to as "the Act") defines in Section 2 thereof various criminal offences with regard to racketeering;

AND WHEREAS section 1 of the Act defines an "Enterprise" as ". . . . . .including any individual, partnership, corporation, association, or other juristic person or legal entity, and any union or group of individuals associated in fact, although not a juristic person or legal entity",

AND WHEREAS section 1 of the Act defines "a pattern of racketeering activity" as "the planned, ongoing, continuous or repeated participation or involvement in any offence referred to in Schedule 1, of which one of the offences occurred after the commencement of the Act and the last offence occurred within 10 years (excluding any period of imprisonment) after the commission of such prior offence referred to in Schedule 1",

AND WHEREAS the Act provides that any person/s who manage(s) the operation or activities of an enterprise and who know[s] or ought reasonably to have known that any person, whilst employed by or associated with that enterprise, conduct or participates in the conduct, directly or indirectly, of such enterprise's affairs through a pattern of racketeering activity, is guilty of a criminal offence,

AND WHEREAS the Act provides that a person who manages or operates and who knows or ought reasonably to have know that a person employed by or directly or indirectly involved in the activities or affairs of the Enterprise through a pattern of racketeering is guilty of an offence;

NOW THEREFORE the State alleges that Accused nos 1, 2, 3 and 4 at all relevant times were associated in fact and thus formed an Enterprise as defined in Section 1 of the Act and as intended in Section 2(1)(e) and (f);

NOWTHEREFORE the State alleges that all the Accused and other persons, known and unknown to the State, and directly or indirectly involved therein operated and/or managed the Enterprise and/or participated in the conduct of the affairs of the Enterprise and/or were employed by the Enterprise;

AND that such conduct and/or operation and/or management and/or involvement in and/or employment by and/or participation in the conduct of the affairs of the Enterprise and/or were employed by the Enterprise;

AND that the offences upon which the Accused are arraigned were committed in order to benefit the Enterprise, its managers, employees and persons directly and indirectly involved therein.

Now therefore the state alleges that the accused are guilty of the following crimes:

Count no 1: Managing an Enterprise through a pattern of racketeering activities. (against accused nos. 1, 2, 3 and 4)

IN THAT prior to and during the period 20 March 2004 until 14 December 2008 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused did wrongfully and unlawfully managed the operations or activities of the Enterprise, and knew or reasonably ought to have known, that any person to wit, all accused, and other persons known and unknown to the State, whilst employed by or associated with that Enterprise, conducted or participated in the conduct, directly or indirectly, of such Enterprise's affairs through a pattern of racketeering activity as set out in **Annexure A**

Count no 2: Conducting or participating in the Enterprise's affairs through a pattern of racketeering activities. (against all accused

IN THAT the accused prior to but including **20 March 2004 until 14 December 2008,** and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused did wrongfully and unlawfully, whilst managing or employed by or associated with the Enterprise conducted or participated in the conduct directly or indirectly the Enterprise's affairs through a pattern of racketeering activity as set out in **Annexure A.**

Count no 3: Fraud (against accused nos 1, 7 and 19)

IN THAT upon or about 24 March 2005 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG the accused did unlawfully and with intent to defraud, falsely and to the prejudice, real or potential, of the Department of Health, KwaZulu-Natal gave out to the Department of Health that:

1. the installation of the Oxygen Self Generating Unit at Murchison Hospital, Port Shepstone, KwaZulu-Natal by Intaka Investments (Pty) Ltd was a 'pilot' project;
2. the installation of the Oxygen Self-Generating Unit at Murchison Hospital, Port Shepstone was to the benefit of the Murchison Hospital and the Department of Health, KwaZulu-Natal and/or its patients;
3. the Department of Health was going save money from this installation of the Oxygen Self-Generating Unit.

Whereas the accused when they gave out as set out above knew in truth and in actual fact that:

1. the Department of Health was going to lease the Oxygen Self Generating Unit from Intaka Investments (Pty) Ltd;

2. there was no benefit to be gained by the Department of Health from the agreement;

3. the agreement was meant to benefit Intaka Investments (Pty) Ltd; and

4. this was not a pilot a project.

Count no 4: Fraud (against accused nos 1,3,4, and 19)

IN THAT upon or about 17 November 2006 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG the accused did unlawfully and with intent to defraud, falsely and to the prejudice, real or potential, of the Department of Health and/or its officials, KwaZulu-Natal gave out to the Department of Health and/or its officials that:

1. That the installation of the Oxygen Self Generating Unit at Rietvlei Hospital, KwaZulu-Natal by Intaka Investments (Pty) Ltd was going to reduce costs;

2. the installation of the Oxygen Self-Generation Unit at Rietvlei Hospital was to the benefit of the Rietvlei Hospital and the Department of Health, KwaZulu-Natal and/or its patients;

3. That the Department of Health was going save money from the installation of the Oxygen Self Generating Unit.

Whereas the accused when they gave out as set out above knew in truth and in actual fact that:

1. they knew that the Department of Health was not going to reduce costs by leasing the Oxygen Self Generating Unit from Intaka Investments (Pty) Ltd;

2. there was no benefit to be gained by the Department of Health from the agreement; and

3. the agreement was meant to benefit Intaka Investments (Pty) Ltd

Count no 5: **Fraud (against accused no 1, 9, 10, 11 and 19)**

IN THAT during September 2006 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, unlawfully and with the intent to defraud, falsely and to prejudice, real or potential, the Department of Health, KwaZulu-Natal and/or its officials gave out to the Department of Health, KwaZulu-Natal that:

1. the Water Purification Plants quotations were truthful;

2. were independent quotations;

3. the said quotations were prepared by the companies who submitted them for consideration; and

4. those quotations represented a fair and market related prices for the said equipment.

Whereas the accused when they gave out as set out above knew in truth and in actual fact that:

1. the said Water Purification Plants quotations were false;

2. were not independent quotations;

3. the prices quoted in the said quotations were not a fair and market related prices for the said equipment; and

4. the prices quoted in the said quotations were inflated.

Count no 6: **Fraud (against accused nos 3, 4, 5 and 6)**

IN THAT during October 2006 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, unlawfully and with the intent to defraud, falsely and to prejudice, real or potential, of the Department of Health, KwaZulu-Natal and/or its officials gave out to the Department of Health, KwaZulu-Natal and/or its officials that:

1. the Water Purification Plants quotations were genuine and independent quotations;
2. the said quotations were prepared by the companies who submitted them for consideration; and
3. the said quotations represented a fair and market related prices for the said equipment.

Whereas the accused when they gave out as set out above knew in truth and in actual fact that:

1. the said Water Purification Plants quotations were false;
2. were not independent quotations;
3. the prices quoted in the said quotations were not a fair and market related prices for the said equipment; and
4. the prices quoted in the quotations were inflated.

Count no 7: **Fraud (against accused nos 1, 3, 4, 5, 6, 8 and 19)**

IN THAT during the period between August 2006 and December 2007 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, unlawfully and with intent to defraud, falsely and to the prejudice, real or potential, misrepresented to the KwaZulu-Natal Department of Health and/or its officials that:

1. the Bid Specifications Committee of the Department of Health independently drew and approved the required specifications contained in the tender document published to determine the successful supplier during a tender process;

2. the tender procedure followed was fair, equitable and unbiased; and

3. the competition for the tender was transparent

Whereas the accused knew in actual fact that:

1. Intaka Investments was not competing fairly with the other bidders;

2. the used specifications were not independently developed and approved by the Bids Specification Committee; and

3. That Intaka Investments did not comply with the required bid specifications.

Count no 8: **Fraud (against accused nos 1, 2, 13 and 19)**

IN THAT during the period between 27 June 2005 to 05 June 2006 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG the accused did unlawfully and with intent to defraud, falsely and to the prejudice, real or potential, of the Department of Local Government, Traditional Affairs and Housing, KwaZulu-Natal and/or its officials gave out to the Department of Local Government, Traditional Affairs and Housing and/or its officials that:

1. the need for the installation of the Water Purification Plants was urgent;

2. Intaka Investments (Pty) Ltd was a manufacture of the water purification plants; and

3. Intaka Investments (Pty) Ltd was going to establish a manufacturing plant and/or factory in the KwaZulu-Natal province.

Whereas the accused when they gave out as set out above knew in truth and in actual fact that:

1. the need for the installation of the Water Purification Plants was not urgent;

2. Intaka Investments (Pty) Ltd was not a manufacturer of the water purification plants; and

3. Intaka Investments (Pty) Ltd was not going to establish a manufacturing plant and/or factory the in KwaZulu-Natal province.

Count no 9: Corruption (against accused nos 1 and 19)

IN THAT upon or about 27 March 2004 and at or near CAPE TOWN in the district of WESTERN CAPE, the accused unlawfully and corruptly, gave the benefit, to wit an accommodation at Steenberg Hotel to accused nos 2 and 7 which was not legally due to them, upon whom the powers have been conferred and/or who had the duties with the intention to influence them to commit and/or omit any act in relation to their powers and/or duties to further the interests of accused nos 1 and 19.

Count no 10: Corruption (against accused nos 2 and 7)

IN THAT upon or about 27 March 2004 and at or near CAPE TOWN in the district of WESTERN CAPE, the accused unlawfully and corruptly, received the benefit, to wit an accommodation at Steenberg Hotel to accused nos 2 and 7 which was not legally due to them, upon whom the powers have been conferred and/or who had the duties with the intention to influence them to commit and/or omit any act in relation to their powers and/or duties to further the interests of accused nos 1 and 19.

Count no 11: **Corruption (against accused nos 1 and 19)**

IN THAT upon or about 27 March 2004 and at or near CAPE TOWN in the district of WESTERN CAPE, the accused unlawfully and corruptly, gave the benefit, to wit hardwood flooring to accused no 2 which was not legally due to him, upon whom the powers have been conferred and/or who had the duties with the intention to influence him to commit and/or omit any act in relation to his powers and/or duties to further the interests of accused nos 1 and 19.

Count no 12: **Corruption (against accused no 2)**

IN THAT upon or about 27 March 2004 and at or near CAPE TOWN in the district of WESTERN CAPE, the accused unlawfully and corruptly, received the benefit, to wit hardwood flooring to accused no 2 which was not legally due to him, upon whom the powers have been conferred and/or who had the duties with the intention to influence him to commit and/or omit any act in relation to his powers and/or duties to further the interests of accused nos 1 and 19.

Count no 13: **Corruption (against accused nos 1 and 19)**

IN THAT upon or about 03 November 2005 and at or near CAPE TOWN in the district of CAPE TOWN, the accused did unlawfully, directly or indirectly give or agree or offer to give the gratification of a **tie** to accused no 2 in order to influence the said person personally to act in a manner that amounted to the illegal, dishonest, unauthorised, incomplete or biased exercise in carrying out or performance of his duties arising out of a constitutional, statutory, contractual or any legal obligation that amounted to the violation of a legal duty or set of rules, designed to achieve an unjustified result and that amounted to an unauthorised or improper inducement to do or not to do anything, thereby committing an offence of corruption.

Count no 14: **Corruption (against accused no 2)**

IN THAT upon or about 03 November 2005 and at or near CAPE TOWN in the district of CAPE TOWN, the accused, a public officer, directly or indirectly, accepted or offered , or agreed to accept from accused no 1 gratification, to wit **tie** for the benefit of himself or for the benefit of any other person unknown to the state, in order to act, personally or by influencing other persons to award a tender for the supply of water purification plants to Intaka Investments (Pty) Ltd, an act that was illegal, dishonest and biased in carrying out or performance of their powers, duties and function arising out of their constitutional, statutory, contractual obligations, which act amounted to the abuse of position of authority, the violation of their legal duty or set of rules which was designed to achieve an unjustified result, thereby committing the offence of corruption.

Count no 15: **Corruption (against accused no 4)**

IN THAT upon or about 24 August 2007, and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused, a public officer, directly or indirectly, accepted or offered , or agreed to accept from accused no 1 and/or accused no 19 a gratification, to wit an amount of five hundred thousand rands (R500, 000.00) to be paid into accused no 15's company account, accused no 20's account for the benefit of herself or for the benefit of accused no 15 for the benefit of any other person unknown to the state, in order to act, personally or by influencing other persons to award a tender and/or order for the supply of water purification plants to accused no 19, an act that was illegal, dishonest and biased in carrying out or performance of their powers, duties and function arising out of their constitutional, statutory, contractual obligations, which act amounted to the abuse of position of authority, the violation of their legal duty or set of rules which was designed to achieve an unjustified result, thereby committing the offence of corruption.

Count no 16: **Corruption (against accused no 4)**

IN THAT during or about 30 August 2007, and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused, a public officer, directly or indirectly, accepted or offered , or agreed to accept from accused no 1 and or accused no 19 gratification, to wit an amount of five hundred thousand rands (R500,000.00) to be paid into accused no 15's company account, accused no 20's account for the benefit of herself or for the benefit of accused no 15 for the benefit of any other person unknown to the state, in order to act, personally or by influencing other persons to award a tender for the supply of water purification plants to accused no 19, an act that was illegal, dishonest and biased in carrying out or performance of their powers, duties and function arising out of their constitutional, statutory, contractual obligations, which act amounted to the abuse of position of authority, the violation of their legal duty or set of rules which was designed to achieve an unjustified result, thereby committing the offence of corruption.

Count no 17: **Corruption (against accused nos 1 and 19)**

IN THAT upon 20 April 2004 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused did unlawfully, directly or indirectly give or agree or offer to give the gratification of an amount of one million and fifty three thousand rand (R1, 053 000) to accused no 2 in order to influence the said person personally to act in a manner that amounted to the illegal, dishonest, unauthorised, incomplete or biased exercise in carrying out or performance of his duties arising out of a constitutional, statutory, contractual or any legal obligation that amounted to the violation of a legal duty or set of rules, designed to achieve an unjustified result and that amounted to an unauthorised or improper inducement to do or not to do anything, thereby committing an offence of corruption.

Count no 18: **Corruption (against accused nos 2 and 13)**

IN THAT during the period between March 2004 and December 2007 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused, a public officer, directly or indirectly, accepted or offered , or agreed to accept from accused no 1 and or accused no 19 gratification, to wit an amount of one million and fifty three thousand Rand (1, 053 000) for the benefit of himself or the benefit of any other person unknown to the state, in order to act, personally or by influencing other persons to award a tender for the supply of water purification plants to accused no 19, an act that was illegal, dishonest and biased in carrying out or performance of their powers, duties and function arising out of their constitutional, statutory, contractual obligations, which act amounted to the abuse of position of authority, the violation of their legal duty or set of rules which was designed to achieve an unjustified result, thereby committing the offence of corruption.

Count no 19: **Corruption (against accused no 1)**

IN THAT upon 20 April 2004 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused did unlawfully, directly or indirectly give or agree or offer to give the gratification to accused no 2 to wit, forming a business partnership **Skyros Medical Suppliers (Pty) Ltd** with accused 9, the wife of accused no 2 in order to influence the said person personally to act in a manner that amounted to the illegal, dishonest, unauthorised, incomplete or biased exercise in carrying out or performance of his duties arising out of a constitutional, statutory, contractual or any legal obligation that amounted to the violation of a legal duty or set of rules, designed to achieve an unjustified result and that amounted to an unauthorised or improper inducement to do or not to do anything, thereby committing an offence of corruption.

Count no 20: **Corruption: receiving a benefit (against accused no 2)**

IN THAT upon the 20 April 2004 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused, a public officer, directly or indirectly, accepted or offered , or agreed to accept from accused no 1 gratification, to wit a formation of a partnership **Skyros Medical Suppliers (Pty) Ltd** between his wife accused 14 and accused no 1 for the benefit of himself or for the benefit of any other person unknown to the state, in order to act, personally or by influencing other persons to award a tender for the supply of water purification plants to Intaka Holdings (Pty) Ltd , an act that was illegal, dishonest and biased in carrying out or performance of their powers, duties and function arising out of their constitutional, statutory, contractual obligations, which act amounted to the abuse of position of authority, the violation of their legal duty or set of rules which was designed to achieve an unjustified result, thereby committing the offence of corruption.

Count no 21: **Corruption: giving a benefit (against accused no 1)**

IN THAT during the period March 2004 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused did unlawfully, directly or indirectly give or agree or offer to give the gratification of an amount of one million rand (R 1, 000 000.00) to accused no 2 in order to influence the said person personally to act in a manner that amounted to the illegal, dishonest, unauthorised, incomplete or biased exercise in carrying out or performance of his duties arising out of a constitutional, statutory, contractual or any legal obligation that amounted to the violation of a legal duty or set of rules, designed to achieve an unjustified result and that amounted to an unauthorised or improper inducement to do or not to do anything, thereby committing an offence of corruption.

Count no 22: **Corruption (against accused no 2 and 13)**

IN THAT the accused on or about 12 March 2007, and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, unlawfully and intentionally accepted or agreed to accept gratification to wit, One Million Rand (R 1, 000 000) to Sipho Shabalala (Accused no. 2), being a public officer, for the benefit of accused 2 and 13 in order for them to act in a manner that amounted to the illegal, dishonest, and unauthorised carrying out of their powers, duties and functions and/or amounted to the abuse of a position of authority or the violation of a legal duty or a set of rules, which was designed to achieve an unjustified result, thereby committing an offence of corruption.

Count no 23: **Money laundering (against accused nos 1, 2, 12, 14, 19 and 22)**

IN THAT during the month of February 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: a sum of R 1, 053 000 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, entered into an agreement or engaged in an arrangement or transaction with accused no 9 to have an amount of R1, 053 000 deposited into accused no 22's Trust account, which had or was likely to have the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or any interest in which anyone may have in respect thereof, and/or of enabling or assisting accused nos 1 and 2 to avoid prosecution and/or to remove or diminish the said property acquired directly or indirectly as a result of commission of the offence(s).

Count no 24: **Money Laundering (against accused no 1, 2, 13 and 19)**

IN THAT during the month of August 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: a sum of R 1, 000, 000 was proceeds of unlawful activities or that it

formed part of the proceeds of unlawful activities to wit corruption, entered into an agreement or engaged in an arrangement or transaction with accused no 2 to have an amount of R1, 000,000 be handed to him which had or was likely to have the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or any interest in which anyone may have in respect thereof, and/or of enabling or assisting accused nos 1 and 2 to avoid prosecution and/or to remove or diminish the said property acquired directly or indirectly as a result of commission of the offence(s).

Count no 25: **Money Laundering (against accused nos 2, 12, 14, 22 and 23**

IN THAT upon or about 16 March 2007, and at or near PIETERMARITZBURG , in the district of PIETERMARITZBURG, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: a sum of two hundred thousand rand (R200 000) was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of two hundred thousand (R200 000) be paid into her company accused, no 23's business account , held with ABSA Bank , and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 26: **Money Laundering (against accused nos 2, 12, 14, 22 and 23)**

IN THAT upon or about 23 March 2007, and at or near PIETERMARITZBURG , in the district of PIETERMARITZBURG, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of one hundred thousand rand (R100 000) was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of one hundred

thousand (R100 000) be paid into her company accused, no 23's business account , held with ABSA Bank , and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 27: **Money Laundering (against accused nos 1, 4, 15, 19 and 20)**

IN THAT upon or about 24 August 2007, and at or near PIETERMARITZBURG , in the district of PIETERMARITZBURG, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of five hundred thousand rand (R500,000) was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of five hundred thousand rand (R500,000) be paid into his company Rowmoor Investments (Pty) Ltd business account , held with First National Bank , and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 28: **Money Laundering (against accused nos 1, 4, 15, 19 and 20)**

IN THAT upon or about 30 August 2007, and at or near PIETERMARITZBURG , in the district of PIETERMARITZBURG, the accused unlawfully, whilst he knew or ought reasonable to have known that certain property, to wit: an amount of five hundred thousand rand (R500 000) was proceeds of unlawful activities or that they formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of five hundred thousand rand (R500 000) be paid into his company, accused no 20's business account , held with First National Bank, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the

ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 29: **Money Laundering (against accused no 1, 2, 12, 14, 19 and 22)**

IN THAT upon the 11 April 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 33,047-96 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R33,047-96 be deposited into Vanquip cc bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 30: **Money Laundering (against accused no 1, 2, 12, 14, 19 and 22)**

IN THAT upon or about 11 April 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 113,471-33 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 113,471-33 be deposited into ER Browne Inc's bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 31: **Money Laundering (against accused no 1, 2, 12, 14, 19 and 22)**

IN THAT upon or about 24 April 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R33,745-50 was proceeds of unlawful activities or that it

formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R33,745-50 be deposited into Trimborn Agency bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 32: **Money Laundering (against accused no 1, 2, 12, 14, 19 and 22)**

IN THAT upon or about 10 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 16,862-66 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 16,862-66 be deposited into Bell Equipment bank account , and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 33: **Money Laundering (against accused no 1, 2, 12, 14, 19 and 22)**

IN THAT upon or about 23 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R109,758-61 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R109,758-61 be deposited into Yara SA bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 34: **Money Laundering (against accused nos 1, 2, 12, 14, 16, 17 and 22)**

IN THAT upon or about 30 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 14,546-61 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 14,546-61 be deposited into Bell Equipment's bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 35: **Money Laundering (against accused nos 1, 2, 12, 14, 16, 17 and 22)**

IN THAT upon or about 30 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 7,292-40 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R7,292-40 be deposited into Natal Arial's bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 36: **Money Laundering (against accused nos 1, 2, 12, 14, 16, 17 and 22)**

IN THAT upon or about 30 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain

property, to wit: an amount of R 10 506.30 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 10 506.30 be deposited into UCL bank account , and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count no 36: Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12, 16, 17 and 22)

IN THAT upon or about 30 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 10 506.30 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 10 506.30 be deposited into UCL bank account , and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 37: Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)

IN THAT upon or about 30 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 7 714.44 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 7 714.44 be deposited into Variquip CC bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 37: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12,16, 17 and 22)**

IN THAT upon or about 30 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 7714,44 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 7714,44 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Variquip CC bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 38: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

IN THAT upon or about 30 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 5 768.40 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 5 768.40 be deposited into Gap Chemicals bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 38: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12,16, 17 and 22)**

IN THAT upon or about 30 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R5,768-40 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R5,768-40 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Gap Chemicals bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 39: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

IN THAT upon or about 30 May 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 10 136. 88 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 10 136. 88 be deposited into Community Watch bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 39: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12,16, 17 and 22)**

IN THAT upon or about 30 May 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 10 136. 88 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 10 136. 88 be made available to Sipho Shabalala and

Beatrice Ntombenhle Shabalala through Community Watch bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 40: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

IN THAT upon or about 18 July 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 5 068.44 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 5 068.44 be deposited into Community Watch bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 40: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12,16, 17 and 22)**

IN THAT upon or about 18 July 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R5 068.44 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R5 068.44 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Community Watch bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 41: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

IN THAT upon or about 02 August 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 5 068.44 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 5 068.44 be deposited into Community Watch account , and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 41: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12,16, 17 and 22)**

IN THAT upon or about 02 August 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R5 068.44 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R5 068.44 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Community Watch bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 42: **Money Laundering (against accused nos 2, 12, 14, 16, 17 and 22)**

IN THAT upon or about 02 August 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 37 314.00 was proceeds of unlawful activities or that it

formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 37 314.00 be deposited into Trirnborn Agency bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 42: Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12,16, 17 and 22)

IN THAT upon or about 02 August 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R37 314.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R37 314.00 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Trirnborn Agency bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 43: Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)

IN THAT upon or about 02 August 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R14 140.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R14 140.00 be deposited into Electron Technical Agencies bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 43: **Assisting another to benefit from the proceeds of unlawful activities.(against accused nos 12, 17, 18 and 22)**

IN THAT upon or about 02 August 2007, and at or near DURBAN , in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R14 140.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R14 140.00 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Electron Technical Agencies bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 44: **Money Laundering (against accused nos 2, 12,14, 17, 18 and 22)**

IN THAT upon or about 09 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 9 553.09 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 9 553.09 be deposited into Variquip CC bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 44: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12, 17, 18 and 22)**

IN THAT upon or about 09 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R9 553.09 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R9 553.09 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Variquip CC bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 45: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

IN THAT upon or about 09 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 4 000.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 4 000.00 be deposited into Bell Equipment bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence

Alternative to Count 45: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12, 17, 18 and 22)**

IN THAT upon or about 09 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 4 000.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 4 000.00 be made available to Sipho Shabalala and Beatrice

Ntombenhle Shabalala through Bell Equipment bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 46: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

IN THAT upon or about 10 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 3 398.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 3 398.00 be deposited into Martin's Plumbing bank account , and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 46: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12, 17, 18 and 22)**

IN THAT upon or about 10 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 3 398.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 3 398.00 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Martin's Plumbing bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 47: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

IN THAT upon or about 10 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 3 555.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 3 555.00 be deposited into Yara SA bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 47: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12, 17, 18 and 22)**

IN THAT upon or about 10 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 3 555.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 3 555.00 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Yara SA bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 48: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

IN THAT upon or about 10 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 6 093.99 was proceeds of unlawful activities or that it

formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 6 093.99 be deposited into UCL bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 48: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12, 17, 18 and 22)**

IN THAT upon or about 10 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 6 093.99 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 6 093.99 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through UCL bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 49: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

IN THAT upon or about 10 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 2 017.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 2 017.00 be deposited into Electro Technical Agencies bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 49: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12, 17, 18 and 22)**

IN THAT upon or about 10 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 2 017.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 2 017.00 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Electro Technical Agencies bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 50: **Money Laundering (against accused nos 2, 12, 14, 17, 18 and 22)**

IN THAT upon or about 10 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 2 370.00 was proceeds of unlawful activities or that it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 2 370.00 be deposited into Umgeni Water bank account, and that this agreement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Alternative to Count 50: **Assisting another to benefit from the proceeds of unlawful activities. (against accused nos 12, 17, 18 and 22)**

IN THAT upon or about 10 July 2007, and at or near DURBAN, in the district of DURBAN, the accused unlawfully assisted, whilst they knew or ought reasonably to have known that certain property, to wit: an amount of R 2 370.00 was proceeds of unlawful activities or that

it formed part of the proceeds of unlawful activities to wit corruption, agreed and arranged that an amount of R 2 370.00 be made available to Sipho Shabalala and Beatrice Ntombenhle Shabalala through Umgeni Water bank account, and that this agreement and arrangement had the effect of concealing or disguising the nature, source, location, disposition or movement of that money or the ownership thereof and/or removing or diminishing such money, which was acquired as a result of the commission of an offence.

Count no 51: **Failing to comply with the Public Finance Management Act (PFMA) (against accused no 7 only)**

IN THAT upon or about 24 March 2005 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused unlawfully and wilfully, failed to prevent unauthorised, irregular and/or fruitless and wasteful expenditure or prevent losses resulting from criminal conduct.

Count no 52: **Failing to comply with the Public Finance Management Act (PFMA) (against accused no 3 only)**

IN THAT upon or about 17 November 2006 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused unlawfully and wilfully, failed to prevent unauthorised, irregular and/or fruitless and wasteful expenditure or prevent losses resulting from criminal conduct.

Count no 53: **Failing to comply with the Public Finance Management Act (PFMA) (against accused no 3 only)**

IN THAT during October 2006 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused unlawfully and wilfully, failed to prevent unauthorised, irregular and/or fruitless and wasteful expenditure or prevent losses resulting from criminal conduct.

Count no 54: **Failing to comply with the Public Finance Management Act (against accused no 8 only)**

IN THAT upon or about 13 December 2007 and at or near PIETERMARITZBURG in the district of PIETERMARITZBURG, the accused unlawfully and wilfully, failed to prevent unauthorised, irregular and/or fruitless and wasteful expenditure or prevent losses resulting from criminal conduct.

ADV C.S. MLOTSHWA
ACTING DIRECTOR OF PUBLIC PROSECUTIONS
KWAZULU-NATAL

COMMISSION OF INQUIRY INTO STATE CAPTURE

SUMMARY OF SUBSTANTIAL FACTS IN TERMS OF SECTION 144(3)(a) OF ACT 51 OF 1977

A. LEGAL BACKGROUND

The Prevention of Organised Crime Act, Act 121 of 1998 (hereinafter referred to as "the Act") defined in section 2 various criminal offences with regard to racketeering;

The Act defines an "enterprise" as "including any individual, partnership, corporation, association, or other juristic person or legal entity, and any union or group of individuals associated in fact, although not a juristic person or legal entity",

The Act defines the conduct or direct or indirect participation in the conduct of the affairs of an Enterprise's affairs through a pattern of racketeering activity (whilst managing or being employed by or associated with an Enterprise), as a criminal offence,

The Act provides that a person who manages the operations or activities of an Enterprise and who knows or ought reasonably to have known that a person employed by or associated with the Enterprise conducts or participates in the conduct, directly or indirectly of the Enterprise's affairs through a pattern of racketeering, is guilty of an offence;

The State alleges that Accused nos 1, 2, 3 and 4 were, during the relevant period were associated in fact and thus formed an Enterprise as defined in Section 1 of the Act and as intended in Sections 2(1)(e) and (f);

The State alleges that all the accused and other persons known and unknown to the State, were directly or indirectly involved in the Enterprise or conducted or participated in the conduct of the Enterprise through a pattern of racketeering activities and/or managed the

enterprise while knowing or whilst they ought reasonably to have known that the Enterprise was being conducted through a pattern of racketeering activities.

B. THE ENTERPRISE

The Enterprise, by means of its managers, members, employees, associates, and persons involved therein, whether known or unknown, commenced the planned, ongoing, continuous or repeated participation or involvement inter alia the following offences in order to achieve the purpose and aim of the Enterprise: **Fraud, Corruption and Money Laundering**

The management of the Enterprise was conducted by accused nos. 1, 2, 3 and 4.

The members of the Enterprise are inter alia, the following people:

Accused no 1: He is the Director at Intaka Investments (Pty) Ltd (accused 19), and a shareholder of Skyros Medical Suppliers (Pty) Ltd. He was a leader and/or co-manager and the controlling mind of the Enterprise, and functioned as its primary decision maker and planner.

Accused no 2: He is Shareholder of accused no 23, Blue Serenity and at the time of commission of the alleged offences, employed by the Provincial Department of Treasury as the Head of Department ("HOD") and the accounting officer of the Department for the purposes of the Public Finance Management Act, No 1 of 1999 ("the PFMA"). He was one of the managers of the Enterprise. He together with accused nos 3 and 13 facilitated the approval of deviations from the normal procurement and/or tender processes in order for accused nos 1, 9 and 19 to succeed in obtaining the tender from Department of Local Government, Traditional Affairs and Housing.

Accused no 3: She was the Head of Department of Health KwaZulu-Natal, and the accounting officer of the Department for the purposes of the Public Finance Management

Act, no 1 of 1999 ("the PFMA"). She was also a manager of the Enterprise together with accused nos. 1, 2 and 4.

Accused no 4: She was the Minister of Health in the KwaZulu-Natal Provincial Government, and was also a manager of the Enterprise together with accused nos 1, 2, and 3. She participated during the commission of counts nos 4, 6, 7, 27 and 28.

Accused no 5: He was the Head of the Supply Chain Management ("SCM") Unit, at the Department of Health, and was responsible for procurement in the Department. He participated in the conduct of the Enterprise and was either directly or indirectly involved therein. He participated during the commission of counts nos 6 and 7.

Accused no 6: He was the Chief Financial Officer ("CFO") of the Department of Health, and was responsible for all financial matters of the Department. He participated in the conduct of the Enterprise and was either directly or indirectly involved herein. He participated during the commission of counts nos 6 and 7.

Accused no 7: He was the Head of the Department of Health during Mach 2004 to 31 December 2005 and the accounting officer of the Department for the purposes of the Public Finance Management Act, no 1 of 1999 ("the PFMA"). He participated in the conduct of the Enterprise and was either directly or indirectly involved herein and/or was employed by the Enterprise. He participated during the commission of counts nos 3, 10 and 51.

Accused no 8: She was the Head of Department of Health KwaZulu-Natal, and the Accounting Officer of the Department for the purposes of the Public Finance Management Act, no 1 of 1999 ("the PFMA"). She participated in the conduct of the Enterprise and was either directly or indirectly involved herein. He participated during the commission of counts nos 7 and 52.

Accused no 9: was the director of accused no 19 at the time of the commission of the offences. He is also a Uruguayan national and a long-time associate of accused no 1. He

acted as a manager of Intaka Investments (Pty) Ltd and "Chief Operations Officer, Water and Gas". He participated in the conduct of the Enterprise and was either directly or indirectly involved herein. He participated during the commission of counts nos 4, 5 and 7.

Accused no 10: He was employed as Marketing and Sales Manager at an entity trading at the time as Grotto Defrancheschi (Pty) Ltd ("Grotto"). This company specialised in the manufacture of stainless steel tanks, primarily for use in the winemaking industry. However, in 2005 Grotto entered into a business relationship with Intaka in terms of which it co-developed and manufactured water purification plants for Intaka under their trade name of "Wataka". He was responsible for the Intaka business until he resigned in January 2007 to take up employment at accused no 4's business, Imvusa Stainless. He participated in the conduct of the Enterprise and was either directly or indirectly involved herein.

Accused no 11: He was employed at Grotto until he was retrenched in July 2006. He subsequently set up his own business styled Imvusa Stainless ("Imvusa"). The business operated through a close corporation called Imvusa Stainless CC, of which he was the sole member at the relevant time. This entity was incorporated on 11 July 2006 and originally named Imvusa Trading 1319. accused no 4 was also subsequently appointed as a member on 26 March 2007. accused no 4, on behalf of Imvusa, supplied one of the quotations which form part of the fraud charge described below. He participated in the conduct of the Enterprise and was either directly or indirectly involved herein.

Accused no 12: He was an Attorney, and director of Kuboni and Shezi Attorneys and Conveyancers, accused no 22, in Durban, KwaZulu-Natal. He participated in the conduct of the Enterprise and was either directly or indirectly involved herein. He participated in the conduct of the Enterprise and was either directly or indirectly involved herein. He participated during the commission of offences referred to in count nos 23,25, 26, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, and 42.

Accused no 13: He was the Minister of Local Government, Traditional Affairs and Housing in the KwaZulu-Natal Provincial Government. He participated in the conduct of the Enterprise and was either directly or indirectly involved herein. He participated in the conduct of the Enterprise and was either directly or indirectly involved herein. He participated during the commission of offences referred to in count nos 8, 18, 22 and 24.

Accused no 14: She is the wife of accused no 2 and a co-directors of Skyros Medical Suppliers (Pty) Ltd,accused no 21 with accused no 1 and a 50% shareholder with her husband, Sipho Shabalala, accused no 2 at Blue Serenity Investment (Pty) Ltd. She participated in the conduct of the Enterprise and was either directly or indirectly involved herein. She participated during the commission of offences referred to in count nos 23, 25, 26, 29, 30, 31, 32, 33, 34, 35, and 36.

Accused no 15: He is the sole shareholder of Rowmoor Investments 738 (Pty) Ltd. He was a personal friend of accused no 4. He participated in the conduct of the Enterprise and was either directly or indirectly involved herein. He participated in the conduct of the Enterprise and was either directly or indirectly involved herein. He participated during the commission of offences referred to in count nos 27 and 28.

Accused nos 16, 17 and 18: They were also the Directors of accused no 22. They participated in the conduct of the Enterprise and were either directly or indirectly involved herein. They participated in the conduct of the Enterprise and was either directly or indirectly involved herein. They participated during the commission of offences referred to in count nos 34 to 50.

Accused no 19: Intaka Investments was incorporated in August 2003 with registration No 2003/021018/07. Although the entity's name has changed from time to time, its registration number has remained the same. It was originally styled Intaka Investments (Pty) Ltd t/a Intaka Tech(Pty) Ltd, by which name it was known at the time of the offence described below. In May 2007 it changed its name to Intaka Tech (Pty) Ltd and in October 2008 it

again changed its name to Intaka Holdings (Pty) Ltd. The entity is currently registered under this name. Accused no 19 was accordingly a **corporate body** as contemplated in **section 332** of the Criminal Procedure Act 51 of 1977 ("the CPA").The accused is represented by accused no 1.

Accused no 20: The accused is a legal entity incorporated in terms of the company laws of the Republic of South Africa with its registered offices situated at No. 1 Thibault Square, Cape Town. The sole shareholder is Lindelihle Mkhwanazi (accused no 15) and was used inter alia for laundering money.

Accused no 21: Is a corporate body within the meaning of section 332 of Act 51 of 1977, and is represented by accused nos 1 and 14.

Accused no 22: Is a corporate body within the meaning of section 332 of Act 51 of 1977, and is represented by accused nos 12, 16, 17 and 18 was used inter alia for laundering money for the benefit of the Enterprise.

Accused no 23: Is a corporate body within the meaning of section 332 of Act 51 of 1977, and is represented by accused nos 12, 16, 17 and 18 was used inter alia for laundering money.

THE OBJECTS OF THE ENTERPRISE

The purpose of the criminal Enterprise were the following:

1. To defraud KwaZulu-Natal government departments;
2. To acquire money for the criminal Enterprise;
3. To enrich the members of the criminal Enterprise; and
4. To maintain the Enterprise and its members out of the proceeds.

1.

During 2000 accused no 1 bought a 50% share of what was called Shamwari Holdings, transforming same into what became known as the Mantis Collection, a group of luxury hotels and lodges, including Shamwari, Sanbona, Steenberg and Jock.

2.

Due to the extent of his investments in the country, accused no 1 and his family were granted permanent residence status in South Africa.

3.

In 2003 accused no 1 was invited to attend a meeting of the President's International Investment Council which took place at the Steenberg Estate in Cape Town.

4.

At the aforementioned meeting accused no 1 met and had discussions with a number of ministers, *inter alia*, the then Minister Phumzile Mlambo-Ngcuka, the then Minister Alec Erwin, Minister Trevor Manuel, Mr Alistair Ruiters and Mr Rafiq Bagus who was then Minister Erwin's Special Advisor.

5.

Subsequent to the said meeting and with the assistance of Mr Rafiq Bagus, accused no 1 made contact with the relevant persons in Department of Trade and Industry, KwaZulu-Natal as well as the KwaZulu-Natal Provincial Government.

6.

Subsequent to having made contact with relevant persons within the KwaZulu-Natal Provincial Government, accused no 1 became aware that the KwaZulu-Natal Province was facing formidable challenges in relation to the provision of drinking water.

7.

Amongst the persons that accused no 1 made contact with in the KwaZulu-Natal Provincial Government was accused no 2 (Sipho Shabalala) who was at the time employed by the Provincial Department of Treasury as the Head of Department (HOD) and the Accounting Officer of the Department for the purposes of the Public Finance Management Act, No 1 of 1999 ("the PFMA") and a member of the African National Congress in the KwaZulu-Natal Province.

8.

During one of the meetings that were held by accused nos 1 and 2 together with other KwaZulu-Natal Provincial Government representatives in 2004, and prior to accused no 1 and accused no 19 doing business with the KwaZulu-Natal Provincial Government, accused no 2 asked for a 'donation' from accused no 1 for the African National Congress. Accused no 1 agreed to pay such a 'donation'.

9.

On the 4 March 2004, accused no 1 sent to accused no 2 an invitation for him and accused no 7 to visit several hospitals in Sao Paulo to view "Watakas" and "Oxyntakas" operating in the public health environment "Watakas" were water purification plants and "Oxyntakas" was the oxygen self-generating equipment.

10.

From 20 to 23 March 2004, accused no 1 and at accused no 19's cost and/or expense organised a fact-finding visit to South America, Sao Paolo and Rio de Janeiro for a delegation from KwaZulu-Natal to see for themselves how both self-generating oxygen units and water purification plants operated.

11.

The KwaZulu-Natal delegation included accused no 2, Dr Moyo-Ndwandwe, Mrs Ngema from Trade and Industry, KwaZulu-Natal, accused no 7, the then KwaZulu-Natal Department of Health and subsequently a Special Advisor to the National Minister of Health and Mr Rafiq Bagus.

12.

Accused no 1 paid for all the expenses which included travelling and accommodation of the delegation referred to in paragraph 11 *supra*, save for the travelling expenses of Mr Rafiq Bagus.

13.

Upon their return from South America on 23 March 2004 the delegation indicated to accused no 1 their interest in purchasing both the water purification plants as well as the self-generating oxygen units and that key persons would be accused nos 2 and 7.

14.

Accused no 1 advised accused no 2 on 24 March 2004 that he had booked accommodation for accused nos 2 and 7 for 27 March 2004 at the Steenberg Hotel, Cape Town. This gratification and/or benefit is the subject matter of count nos 9 and 10.

15.

On the same date, accused no 1 offered accused no 2 a hardwood flooring. This gratification and/or benefit is the subject matter of count nos 11 and 12.

16.

On 14 April 2004, accused no 2 furnished accused no 1 with accused no 14's personal detail for purposes of registering accompany with accused no 1.

17.

On the same date, accused no 2 advised accused no 1 that he had spoken to accused no 7 who had advised him that he, accused no 7 would move on both issues they had discussed by close of business the following day.

18.

On 20 April 2004, less than a month from the date of return from the South American fact-finding visit accused 14's, a wife of accused no 2 and accused no 1 formed and registered a company, accused no 21.

19.

On 11 May 2004, accused no 1 informed accused no 2 that the Oxygen Self Generating Unit "Oxyntaka" was ready for delivery and also advised accused no 2 that the documentation that was given before and after the important trip to Latin America also covered accused no 7's request and included a BEE offer, technical side, comparison and benefits between oxyntaka units and the current supply.

20.

On 21 May 2004, accused no 1 wrote to accused no 2 complaining, about Manana's comment that Professor, accused no 7, for the second time called her regarding the BEE in Oxyntaka.

21.

In the same letter accused no 1 referred no 1 referred to his letter dated 29 March where their commitment as Intaka with the BEE was stated. Accused no 1 further referred to their meetings in the Kingdom, Cape Town, Rio de Janeiro and Sao Paulo, making it clear that due to the potential of the business in the first stage in the Kingdom with 65 existing hospitals and the forecasted construction of 5 more this year, they considered giving 40% of the shareholding in "Oxyntaka" KZN to BEE 40% in order to add value.

22.

In the same letter accused no 1 further referred to his last meeting in the Kingdom at which he insisted in considering important accused nos 2 and 7's holding. Accused no 1 went further stating that he was forced to request accused no 2's guidance to avoid constant and unnecessary little obstacles.

23.

On 25 May 2004, accused no 1 wrote to accused no 2 informing him of the discussions he had with accused no 7 about his commitment to the BEE granting to the "Oxyntaka" KZN newco since the beginning 40% of the company to the BEE pool.

24.

On 25 February 2005, accused no 2 wrote to accused no1 asking him to let him know what assistance he could give him in order to facilitate further discussions on the water project. Accused no 2 further informed accused no 1 that he was having discussions with the Department of Health regarding additional "Oxyntakas" in KwaZulu-Natal.

25.

On 24 March 2005, accused no 7, the then Head of the Department of Health, KwaZulu-Natal signed a Lease Agreement on behalf of the Department of Health with accused no 1 on behalf of accused no 19. This was referred to as a 'pilot project'.

26.

As per the lease agreement referred to in paragraph 19 *supra*, the Department of Health, KwaZulu-Natal hired an Oxygen Self Generating Unit "Oxyntaka" from accused 19, Intaka Investments (Pty) Ltd, which was to be installed at Murchison Hospital, Port Shepstone at a monthly rental of R9.50 per kilogram of gas plus VAT, commencing on the 8 April 2005 until the last day of March 2010.

27.

As per the lease agreement referred to in paragraphs 19 and 20 *supra*, the Department of Health, KwaZulu-Natal had to pay insurance of about R980,000-00 to accused nos 1 and 19.

28.

The procurement procedures and/or supply chain management processes were not complied with prior to accused no 7 entering into the said lease with accused nos 1 and 19.

29.

On 06 May 2005, accused no 1 wrote to accused no 9 and John Cerff and copied to Ridrigo Savoi, John, Rafique Bagus, Samora Biko, Sipho Gcabashe, Sipho Shabalala, Dries Portgieter, Yusuf Larney, Cesar da Alexandre and bhendricks@mweb.co.za informing them that accused nos 1 and 19 had obtained the patent for the transportable water treatment plant "Wataka" under patent No. 20003/9900 for 20 years, renewable for 10 years.

30.

On 11 May 2005, accused no 2 wrote to accused no 1 informing him that they had started their process to acquire the "Watakas" in the Province and that he would brief him as he had received some responses to the letters he had written.

31.

On 27 June 2005 accused no 1 sent to accused no 2 a letter titled "Wataka- Transportable Water Purification Plant', wherein he quoted an amount of R1, 935, 720 for the supply of one (1) x wataka 50, Transportable water purification plant. The amount was inclusive of VAT and Freight to Greytown.

32.

In the same letter mentioned in paragraph 25 *supra*, accused no 1 stated that he would await accused no 2's decision to issue the purchase order.

33.

On 4 July 2005, accused no 1 wrote to accused no 2 seeking his guidance on how to go forward on with the project for approximately 22 units.

34.

On 5 July 2005 accused no 1 sent to accused no 2 a document titled "Sales Price List "Wataka" Units with various Models.

35.

On the 6 July 2005, Alicia Marcus sent to Ms Khumbu Shabalala a letter entitled "Wataka" stating "Following the discussions between Mr Sipho Shabalala and Dr Gaston Savoi herewith we are enclosing the requested information to be forwarded to your Legal Department in order to prepare the contract".

36.

On 7 July 2005 Alicia Marcus personal Assistant to accused no 1 sent to Ms Khumbu Shabalala an electronic version of the Proposal to Supply Gas Generating Equipment and Water Purification to the KZN Province as per her request. The document was attached to this letter titled "Request for Proposals on Water Equipment" wherein he, *inter alia*, quoted an amount of R1, 965,000 ex works Cape Town excluding VAT for the supply of twenty two (22) x "Wataka" 50's.

37.

Accused no 13, the then MEC for Local Government Traditional Affairs and Housing, received a letter or memorandum on 17 July 2005. This letter or memorandum was dated 15 July 2005. Accused no 13 approved the process of awarding the order for the purchase of 22 water purification plants from accused nos 1 and 19.

38.

The said letter or memorandum referred to in paragraph 32 *supra*, argued, *inter alia*, for a company in Cape Town which had been liaising with Trade and Investment, KwaZulu-Natal

to be selected as a service provider to supply 22 water purification plants at a cost of R43,230,000-00.

39.

The said letter or memorandum further identified and/or recommended that it would be justified to fund the purchase of the said equipment; Water Purification Plants from the Poverty Alleviation Fund.

40.

On 10 October 2005, accused no 2 wrote a memorandum titled "**Proposal to Allocate R43 Million from Porverty Alleviation Fund to Department of Local Government and Traditional Affairs to Purchase Wataka Water Purification Plants**".

41.

In the letter or memorandum referred to in paragraph 40 *supra*, accused no 2 motivated, *inter alia*, that accused nos 1 and 19 be granted the contract of supplying the 22 water purification plants and that the Poverty Alleviation Fund should be utilized for the purchase of the said water purification plants from accused nos 1 and 19.

42.

Accused no 1 also suggested in the same letter or memorandum that the Department of Local Government, Traditional Affairs and Housing must obtain a waiver of tender requirements approval from the Central Procurement Committee, with assistance from Treasury.

43.

Noteworthy is that the market had never been tested and there was no feasibility study conducted when these motivations for the appointment of accused nos 1 and 19 as service providers to supply the province with water purification plants.

44.

On 16 November 2005 Gumbi-Masilela sent a submission to the Chairperson of the Central Procurement Committee requesting a waiver of the tender procedures for the purchase of mobile purification plants.

45.

On 6 December 2005 accused no 2 sat in a meeting of the Central Procurement Committee and supported the recommendation for a waiver without disclosing, *inter alia*,

45.1

The partnership that existed between accused no 14, his wife, and accused no 1.

45.2

Receipt of gratification or benefit referred to in count nos 9, 10, 11, 12, 13 and 14

46.

On 5 June 2006 the Department of Local Government, Housing and Traditional Affairs issued order number N 642517 to accused no 19, Intaka Investments (Pty) Ltd in the amount of R44, 563, 636. 40 for purchase of 20 water purification plants.

47.

On 9 February 2007 an agreement was entered into between the Department of Local Government, Housing and Traditional Affairs and Intaka Investments, accused 19 for the supply of twenty (20) "wataka" model 50 water purification units in the amount of R44, 563, 636. 40.

48.

Accused no 12 issued on 14 February 2007 a false invoice on accused no 22's letterhead claiming an amount of R1, 053, 000 from accused no 19 for legal fees.

49.

On 12 March 2007 an on line payment by accused no 19 from account number 62106988150 in favour of accused no 22's Standard Bank account number 050871994 in the amount claimed by accused no 22 as per the said false invoice referred to in paragraph 48 *supra*.

50.

Accused no 12 conspired with accused nos 2 and 14 to make payments and launder the amount of R1, 053, 000 from accused nos 1 and 19 to accused nos 2 and 14's company, accused no 23 and/or its creditors.

51.

Accused no 12 and further conspired with accused no 2 and 14 to launder an amount of R606,886-06 which is the subject matter of counts 28 to 34 of the R1, 053, 000 from accused no 19.

52.

Accused no 12 left accused no 22 practice as an Attorney to become an Advocate of the High Court of South Africa, leaving behind accused nos 16, 17 and 18 as directors of accused no 22.

53.

Accused nos 16, 17 and 18 laundered an amount of R166,642-00 which is a subject matter of count nos 35 to 51.

54.

Accused no 1 had a number of meetings with accused no 3 as the Head of the Department of Health, KwaZulu-Natal and accused no 4 as the Provincial Minister of Health, KwaZulu-Natal.

55.

At some of the meetings that accused no 4 held with accused no 1, she was in the company of accused no 15; her personal friend.

56.

Accused no 5 wrote a memorandum on 6 October 2006 and this memorandum was recommended and approved by accused nos 6 and 3, respectively. The awarding of the tender order was based on that it urgent and emergency basis.

57.

The awarding of the order was preceded by an invitation and submission of three (03) quotations from the following entities, all based in the Western Cape to accused no 3 and/or her personal assistant:

57.1

Imvusa Stainless (Pty) Ltd on 02 October 2006 signed by accused no 11;

57.2

Westpro Fluid Handling Systems (Pty) Ltd dated 29 September 2006 but was faxed on the 03 October 2006, signed by Ron Geddes.

58.

At the time when Imvusa Stainless (Pty) Ltd submitted its quotation, accused no 11 was the sole member.

59.

At the time when Westpro Fluid Handling Systems (Pty) Ltd submitted its quotation, Ronald Geddes, CJ Scott and D Meagan were active principals.

60.

Neither Imvusa Stainless (Pty) Ltd nor Westpro Fluid Handling Systems (Pty) Ltd were registered on the KwaZulu-Natal Provincial Suppliers Data base at the time.

61.

Accused no 1 provided accused no 3 a personal e-mail address with the names and contact details of Imvusa Stainless (Pty) Ltd and Westpro Fluid Handling Systems (Pty) Ltd on 25 September 2006.

62.

The Supply Chain Management Unit, whose duty it is to source quotations and procure goods and services, was never involved in this process.

63.

On 02 October 2006, accused no 19 via Ashlegh Spencer, on behalf of accused 9 sent quotations to Ronald Geddes and accused no 11 of Westpro Fluid Handling Systems (Pty) Ltd and Imvusa Stainless (Pty) Ltd respectively. These quotations are identical to those subsequently sent to accused no 3 by accused no 11 and Ronald Geddes.

64.

The Department's Infrastructure Component was not involved in the sourcing of the suitable service provider and was only made aware of the same when instructed by the Head of Department, accused no 3 to issue the order to accused no 19 on 29 November 2006.

65.

On 30 November 2006 an order of two (02) water purification plants "watakas" for Appelbosch and Rietvlei hospitals was made by accused no 3 from accused nos 1 and 19, Intaka Investments (Pty) Ltd, at a cost of R4, 980,000.00 per plant.

66.

The order of the two water purification plants was made without compliance with the procurement requirements.

67.

The plants that were installed at Rietvlei and Appelsbosch were supplied by Grotto (Pty) Ltd to accused nos 1 and 19 at a cost of between R412,000-00 and R475,000-00 per plant and an additional R250,000-00 for transport and commissioning.

68.

On 20 August 2007 accused nos 15 and 20 submitted an invoice for an amount of R500, 000.00 for marketing sale of water purification plant for Appelsbosch Hospital, and payment by accused 19 was made on the 30 August 2007.

69.

On 24 August 2007 accused nos 15 and 20 submitted another invoice for an amount of R500, 000.00 for marketing sale of water purification plant for Rietvlei Hospital and payment by accused 19 was made on the 23 November 2007.

70.

The marketing and sale took place on or prior to 6 October 2006 and accused no 20 was only registered on 26 March 2007. Accused no 20 and/or its sole principal, accused no 15, Lindelihle Mkhwanazi never provided marketing of water and purification plants referred in paragraphs 68 and 69 *supra*.

71.

The only persons who were interacting with accused no 1 prior to the sale of water purifications for Rietvlei and Appelbosch Hospitals were accused no 3 and 4 respectively.

72.

Accused no 19 received a tender awarded for the "On site manufacturing and delivery of bulk medical air and oxygen for clinical use at Provincial Hospitals of the Department of Health, KwaZulu-Natal".

73.

The awarding of the tender was preceded by the compilation of a Bid Specification Document which was prepared by Westwood of the KwaZulu-Natal Department of Health Infrastructure Development Component.

74.

In developing the Bid Specification Document Westwood used a document prepared by the Western Cape Department of Health as a starting point, making necessary changes to the document so that it was relevant for KwaZulu-Natal Department of Health.

75.

A number of changes were made to the Bid Specification Document referred to in paragraph 68, supra, as a result of collusion between accused nos 1 and 3, who manipulated the process in the interests of accused no 19, whilst shaving off other potential bidders.

76.

The Bid Specification Document was changed based on correspondence between accused nos 1 and 3, prior to the tender being advertised.

77.

The final Bid Specification Document was presented to the Departmental Bid Specification Committee on 30 November 2006 and was reported in the Bid for Ratification.

78.

The Bid for Ratification was approved by accused no 3 on 7 December 2006 shortly after her final personal communication with accused no 1 on 29 November 2006 relating to changes to the Bid Specification Document.

79.

On 28 February 2007, accused no 5 sought authority from accused no 3 for the formation of a Tender Committee to evaluate the technical aspect of the Bid before submission to the Bid Evaluation Committee.

80.

On 23 March 2007, Halvey of Technical Support Services, Northern Cape Department of Health did a presentation to the Technical Evaluation Committee (TEC). The TEC recommended a full investigation into monthly consumptions of medical oxygen and authority for Halvey to be part of the said investigations.

81.

On 3 May 2007 the Technical Committee comprising of Westwood and Halvey did a presentation to the Bid Evaluation Committee and it was inter alia resolved that sites needed to be prepared and registered with MCC and Bidders need to supply certification that they are ISO 1003 compliant.

82.

The Bid Evaluation Committee recommended that the bid be awarded to accused no 1 and 19 for all hospitals for four (4) phases.

83.

On 28 May 2007, the Bid Appeals Committee did not accept the recommendations of the Bid Evaluation Committee to award the bid to accused nos 1 and 19 and sought clarity on a number of issues including confirmation of compliance with ISO 10083 and clear reasons as to why companies were eliminated.

84.

Westwood advised the Bid Appeals Committee referred to in paragraph 75 *supra*, that he had determined that oxygen is considered a registered medicine and must be registered with the MCC.

85.

The Bid Evaluation Committee meeting of 29 May 2007 recommended that the matter be referred to the Accounting Officer as the Bid Evaluation Committee was abiding by the decision of the Technical Committee and decision of the Bid Evaluation Committee of the 03 May 2007 that sites needed to be prepared and registered with MCC and Bidders need to supply certification that they are ISO 1003 compliant.

86.

On 4 June 2007, the Bid Appeals Committee was informed by accused no 6 that accused no 5 had submitted a letter that accused nos 1 and 19 did comply with ISO 10083. On the basis of this submission by accused no 6, the Bid Appeals Committee approved that the tender be awarded to accused nos 1 and 19 subject to either the production of the ISO compliance certificate or the provision of a letter detailing the extent of compliance with ISO.

87.

A submission was thereafter prepared and submitted to the Bid Appeals Committee on 25 June 2007, which was approved by accused no 6 on 26 June 2007 and validated on the same day by accused no 3. In terms thereof it was recommended that the tender be awarded to accused no 19 who was "the only bidder who fully complied with the specifications".

88.

Subsequent to the awarding of the tender to accused nos 1 and 19, an appeal was lodged and an appeal was held on the 20 August 2007. The Chairman of the Bids Appeal Tribunal and/or the members of the Bids Appeal Tribunal did not take into consideration a letter addressed to Mr Francis, Chairman of the Bids Appeal Tribunal, dated 14 August 2007 from one of the Appellants, Myriad Medical.

90.

Accused nos 1 and 19 failed to disclose to the Bids Appeal Tribunal on 20 August 2007 that there were investigations against them by the DSO which had commerced in November 2006.

91.

The Bids Appeal Tribunal recommended to the Minister of Finance and Economic Development, Dr Zweli Mkhize to reject the appeals and confirm the decision of the Department of Health to award the tender to accused nos 1 and 19.

92.

The secretariat of the Bids Appeal Tribunal falls under the Provincial Treasury and the Bids Appeal Tribunal sent their findings to accused no 2 on 23 August 2007 who like accused no 3 had a personal relationship with accused no 1.

93.

On 24 August 2007, accused no 2 sent an sms to accused no 1 advising him as follows, "Amigo hearing went very well. Expecting results early next week".

94.

Prior to an Agreement being signed between the Department of Health and accused nos 1 and 19, a number of issues arose which were not sufficiently dealt with or finalized by both accused nos 3 and 8.

95.

Concerns in respect of ISO 10083, SABS specifications and registration with the MCC raised by a group of Departmental Anaesthesiologists.

96.

Concerns in respect of MCC registration, Oxygen Peak Flow, a Passive backup system and ISO 10083 compliant, raised by the Departments Legal Services.

97.

On 13 December 2007 an agreement was signed by accused no 8 on behalf of the Department and accused no 9 on behalf of accused nos 1 and 19.

98.

Accused no 8 signed the agreement despite inconsistencies and/or discrepancies between the Bid Specification Document and the Agreement, in that:

99.

The Bid Specification Document Part B provided the bidders with "an average monthly consumption (kg)" for each hospital. Whilst the Agreement referred to "minimum usage", "minimum rental" and "proportional rental".

100.

Schedule to Annexure B to the Agreement to be completed for each hospital consisted of one page only and was not completed reflecting relevant quantities and amounts, at the time the Agreement was signed.

101.

Schedule to Annexure B that has been signed by both parties to the Agreement for Benedictine Hospital has made provision for a "guaranteed minimum usage" per month, whilst the Bid Specification Document states that "All payments shall be made to the contractor, monthly in arrears based on the amount of kilograms consumed".

102.

Accused no 4 was present at the Inkosi Albert Luthuli Hospital on 13 December 2007 when the Agreement was signed.

103.

On 14 December 2007, accused no 4 sent the following sms to accused no 1, "**Doc! The contract was signed yesterday although your guys were not happy with maintenance and few other things buy they were crushed because of what was reflected in the bid document. Next time we'll have to be more careful and perhaps u need to cancel the donation since u r losing on maintenance, what do u suggest? Peggy**".

104.

The Department of Health has paid AFROX R2, 348,980-00 for the provision of backup from the date of commissioning of the 23 "Oxyntakas" commissioned by accused 19. The backup costs should have been for accused no 19's account.

LIST OF WITNESSES

1.	Lt Colonel Piet Du Plooy	
2.	Colonel Jones	
3.	Trevor White	PwC
4.	Sibongile Maryline Zungu	Care of Investigating Officer
5.	Antony Charles Gerrans	Care of Investigating Officer
6.	Charles John Denzil Scott	Care of Investigating Officer
7.	David Meagan	Care of Investigating Officer
8.	Kobus Demeyer Roelofse	Care of Investigating Officer
9.	Phillipus Du Toit Haywood	Care of Investigating Officer
10.	Steven Robin Reece	Care of Investigating Officer
11.	Derek Barrett	Care of Investigating Officer
12.	Douglas Quinton Van Wyhe	Care of Investigating Officer
13.	Navinkumar Dookie	Care of Investigating Officer
14.	Vusi Elvis Mbatha	Care of Investigating Officer
15.	Zakhele Sibonelo Ndlovu	Care of Investigating Officer
16.	Thokozani Clement Mbatha	Care of Investigating Officer

17.	Derrick Goge	Care of Investigating Officer
18.	Mbuso Mchunu	Care of Investigating Officer
19.	Robin GarethWestwood	Care of Investigating Officer
20.	Glenda Missing	Care of Investigating Officer
21.	Keith Flack	Care of Investigating Officer
22.	Gerrard Van Der Merwe	Care of Investigating Officer
23.	Busisiwe Ndaba	Care of Investigating Officer
24.	Michael Scott	Care of Investigating Officer
25.	Prasheeka Padayachee	Care of Investigating Officer
26.	Andile Zondo	Care of Investigating Officer
27.	Samantha Cheatle	Care of Investigating Officer
28.	Natasha Pillay	Care of Investigating Officer
29.	Balindile Perseverance Xulu	Care of Investigating Officer
30.	Roger Burns	Care of Investigating Officer
31.	Caesar Alexandra	Care of Investigating Officer
32.	Lucille Welgemoed	Care of Investigating Officer
33.	Vincent Halvey	Care of Investigating Officer
34.	Nozipho Mthembu	Care of Investigating Officer

105.

The KwaZulu-Natal Department of Health approved and advertised a Bid document and entered into an agreement that was manipulated from the outset and that potentially cost the Department approximately R99,843.180-00 over a five year period as a result of the conspiracy between accused nos1, 3, 4, 5, 6, 8 and 19.

106.

At all times material hereto the accused, together and/or together with other persons known and unknown to the State, acted in furtherance of a common purpose to commit the offences set out in the indictment.

COMMISSION OF INQUIRY INTO STATE CAPTURE

35.	Reka Deonundhan	Care of Investigating Officer
36.	Malcom Peters	Care of Investigating Officer
37.	Sally Crichton	Care of Investigating Officer
38.	Dave Gooden	Care of Investigating Officer
39.	Van Reenen	Care of Investigating Officer
40.	Sherlene Moonsamy	Care of Investigating Officer
41.	Thomas De Scally	Care of Investigating Officer
42.	Linda Mvuyane	Care of Investigating Officer
43.	Joelene Pandaram	Care of Investigating Officer
44.	WD Khanyile	Care of Investigating Officer
45.	DN Nkosi	Care of Investigating Officer
46.	NP Dladla	Care of Investigating Officer
47.	Masilela - Gumbi	Care of Investigating Officer
48.	Kantha Padayachee	Care of Investigating Officer
49.	Mathew Francis	Care of Investigating Officer
50.	Joelene Pandaram	Care of Investigating Officer
51.	Nozipho Mthembu	Care of Investigating Officer
52.	Magaret Kruger	Care of Investigating Officer
53.	Folani Wilson Khomo	Care of Investigating Officer
54.	Alvina Matsau	Care of Investigating Officer

55.	Victor Fernandez	Care of Investigating Officer
56.	Maxwell Mbongeni Mhlongo	Care of Investigating Officer
57.	Sibongiseni Zungu	Care of Investigating Officer
58.	Doctor A Sewalal	Care of Investigating Officer
59.	Sally Crichton	Care of Investigating Officer
60.	Mr Rampanath	Care of Investigating Officer
61.	Sanjay Singh	Care of Investigating Officer
62.	S C Nduli	Care of Investigating Officer
63.	Heinz Kuhn	Care of Investigating Officer
64.	R Baldie	Care of Investigating Officer
65.	P Ramlall	Care of Investigating Officer
66.	Andre Evett	Care of Investigating Officer
67.	Stefan Oosthuisen	Care of Investigating Officer
68.	Alicia Marcos	Care of Investigating Officer
69.	Raoul de Lange	Care of Investigating Officer
70.	Malcom Peters	Care of Investigating Officer
71.	Reka Deonundhan	Care of Investigating Officer
72.	Michele King	Care of Investigating Officer
73.	Linda Mvuyane	Care of Investigating Officer
74.	John Johnson	Care of Investigating Officer
75.	Michelle Olckers	Care of Investigating Officer
76.	Tracey Lee Dutton/Ward	Care of Investigating Officer

77.	Michael Erasmus	Care of Investigating Officer
78.	Sarah Drake	Care of Investigating Officer
79.	Adriaan Laubscher	Care of Investigating Officer

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1944

18

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1945

TSW 18

AUTHORISATION IN TERMS OF SECTION 2(4) OF THE PREVENTION OR ORGANISED CRIME ACT, ACT 121 OF 1998

THE STATE VERSUS:

1. Gaston Savoi
2. Sipho Derrick Shabalala
3. Busisiwe Muriel Nyembezi
4. Peggy Yoliswa Nkonyeni
5. Victor Ntshangase
6. Alson Sipho Saribiyane Buthelezi
7. Ronald Green-Thompson Winston
8. Yolisa Lulama Mbele
9. Fernando Praderi
10. Annsano Romani
11. Donald Keith Miller
12. Sandile Kuboni
13. Michael Mabuyakhulu
14. Beatrice Ntombenhle Shabalala
15. Lindelihle Mkhwanazi
16. Nozibele Priscilla Phindela
17. Jabulani Langelihle Thusi
18. Ian Buhlebakhe Blose

COMMISSION OF INQUIRY INTO STATE CAPTURE

M

19. **Intaka Holdings (Pty) Ltd**

20. **Rowmoor Investments 738 (Pty) Ltd**

21. **Skyros Medical Suppliers (Pty) Ltd**

22. **Kuboni & Shezi Attorneys**

23. **Blue Serenity Investments (Pty) Ltd**

I, **MENZI SIMELANE,** National Director of Public Prosecutions of South Africa, do hereby, in terms of section 2(4) read with sections 1 and 2 of Prevention of Organised Crime Act, Act 121 of 1998, authorise the institution of prosecution against the abovementioned accused in respect of offences committed during the period March 2004 to December 2007, to wit contraventions of section 2(1)(f), **[Section 2(1)(f) only in respect of accused 1, 2, 3 and 4],** section 2(1)(a), 2(1)(b), 2(1)(c), 2(1)(d), and 2(1)(e) of the Prevention of Organised Crime Act, Act 121 of 1998;

Given under my hand at **PRETORIA** on this 31st day of **JULY 2011.**

MENZI SIMELANE
NATIONAL DIRECTOR OF PUBLIC PROSECUTIONS
REPUBLIC OF SOUTH AFRICA

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE "A" PATTERN OF RACKETEERING ACTIVITY

The planned ongoing, continuous or repeated participation or involvement in the following offences referred to in Schedule 1 and all of which occurred after the commencement of the Act.

RACKETEERING ACT 1: Fraud
(Accused nos 1, 7 and 19)
(Count 3)

RACKETEERING ACT 2: Fraud
(Accused nos 1, 3, 4, and 19)
(Count 4)

RACKETEERING ACT 3: Fraud
(Accused nos 1, 9, 10, 11 and 19)
(Count 5)

RACKETEERING ACT 4: Fraud
(Accused nos 3, 4, 5 and 6)
(Count 6)

RACKETEERING ACT 5: Fraud
(Accused nos1, 3, 4, 5, 6, 8 and 19)
(Count 7)

RACKETEERING ACT 6: Fraud
(Accused nos 1, 2, 13 and 19)
(Count 8)

RACKETEERING ACT 7: Corruption
(Accused nos 1and 19)

COMMISSION OF INQUIRY INTO STATE CAPTURE

(Count 9)

RACKETEERING ACT 8: Corruption
(Accused nos 2 and 7)
(Count 10)

RACKETEERING ACT 9: Corruption
(Accused nos 1 and 19)
(Count 11)

RACKETEERING ACT10: Corruption
(Accused no 2 only)
(Count 12)

RACKETEERING ACT 11: Corruption
(Accused nos 1 and 19)
(Count 13)

RACKETEERING ACT 12: Corruption
(Accused no 2 only)
(Count 14)

RACKETEERING ACT 13: Corruption
(Accused no 4 only)
(Count 15)

RACKETEERING ACT 14: Corruption
(Accused no 4 only)
(Count 16)

RACKETEERING ACT 15: Corruption
(Accused nos 1 and 19)
(Count 17)

COMMISSION OF INQUIRY INTO STATE CAPTURE

RACKETEERING ACT 16: Corruption
(Accused nos 2 and 13)
(Count 18)

RACKETEERING ACT 17: Corruption
(Accused nos 1 and 19)
(Count 19)

RACKETEERING ACT 18: Corruption
(Accused no 2 only)
(Count 20)

RACKETEERING ACT 19: Corruption
(Accused nos 1 and 19)
(Count 21)

RACKETEERING ACT 20: Corruption
(Accused nos 2 and 13)
(Count 22)

RACKETEERING ACT 21: Corruption
(Accused nos 1, 2, 12, 14, 19 and 22)
(Count 23)

RACKETEERING ACT 22: Corruption
(Accused nos 1, 2, 13 and 19)
(Count 24)

RACKETEERING ACT 23: Money laundering
(Accused nos 2, 12, 14, 22 and 23)
(Count 25)

RACKETEERING ACT 24: Money laundering
(Accused nos 2, 12, 14, 22 and 23)
(Count 26)

COMMISSION OF INQUIRY INTO STATE CAPTURE

RACKETEERING ACT 25: Money laundering
(Accused nos 1, 4, 15, 19 and 20)
(Count 27)

RACKETEERING ACT 26: Money laundering
(Accused nos 1, 4, 15, 19 and 20)
(Count 28)

RACKETEERING ACT 27: Money laundering
(Accused nos 1, 2, 12, 14, 19 and 22))
(Count 29)

RACKETEERING ACT 28: Money laundering
(Accused nos 1, 2, 12, 14, 19 and 22))
(Count 30)

RACKETEERING ACT 29: Money laundering
(Accused nos 1, 2, 12, 14, 19 and 22))
(Count 31)

RACKETEERING ACT 30: Money laundering
(Accused nos 1, 2, 12, 14, 19 and 22))
(Count 32)

RACKETEERING ACT 31: Money laundering
(Accused nos 1, 2, 12, 14, 19 and 22))
(Count 33)

RACKETEERING ACT 32: Money laundering
(Accused nos 1, 2, 12, 14, 16, 17 and 22)
(Count 34)

RACKETEERING ACT 33: Money laundering
(Accused nos 1, 2, 12, 14, 16, 17 and 22)
(Count 35)

COMMISSION OF INQUIRY INTO STATE CAPTURE

RACKETEERING ACT 34: Money laundering
(Accused nos 1, 2, 12, 14, 16, 17 and 22)
(Count 36)

Alternative to count 36: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (12, 16, 17 and 22)**

RACKETEERING ACT 35: Money laundering
(Accused nos 2, 14, 16, 17 and 22)
(Count 37)

Alternative to Count 37: Contravening section 5(a) read with sections 8(i) and 1 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (16, 17 and 22)**

RACKETEERING ACT 36: Money laundering
(Accused nos 2, 14, 16, 17 and 22)
(Count 38)

Alternative to count 38: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (16, 17 and 22)**

RACKETEERING ACT 37:Money laundering
(Accused nos 2, 14, 16, 17 and 22)

COMMISSION OF INQUIRY INTO STATE CAPTURE

(Count 39)

Alternative to count 39: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (16, 17 and 22)**

RACKETEERING ACT 38: Money laundering
(Accused nos 2, 14, 16, 17 and 22)
(Count 40)

2, 14, 16, 17 and 22Alternative to count 40: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (16, 17 and 22)**

RACKETEERING ACT 39: Money laundering
(Accused nos)
(Count 41)

Alternative to count 41: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (16, 17 and 22)**

RACKETEERING ACT 40: Money laundering
(Accused nos 2, 14, 16, 17 and 22)
(Count 42)

COMMISSION OF INQUIRY INTO STATE CAPTURE

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Alternative to count 42: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (16, 17 and 22)**

RACKETEERING ACT 41: Money laundering
(Accused nos 2, 14, 16, 17 and 22)
(Count 43)

Alternative to count 43: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (12 and 22)**

RACKETEERING ACT 42: Money laundering
(Accused nos 2, 14, 17, 18 and 22)
(Count 44)

Alternative to count 44: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (17, 18 and 22)**

RACKETEERING ACT 43: Money laundering
(Accused nos 2, 14, 17, 18 and 22)
(Count 45)

COMMISSION OF INQUIRY INTO STATE CAPTURE

Alternative to count 45: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (17, 18 and 22)**

RACKETEERING ACT 44: Money laundering
(Accused nos 2, 14, 17, 18 and 22)
(Count 46)

Alternative to count 46: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (17, 18 and 22)**

RACKETEERING ACT 45: Money laundering
(Accused nos 2, 14, 17, 18 and 22)
(Count 47)

Alternative to count 47: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998: **Assisting another to benefit from the proceeds of unlawful activities. (17, 18 and 22)**

RACKETEERING ACT 46: Money laundering
(Accused nos 2, 14, 17, 18 and 22)
(Count 48)

Alternative to count 48: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998:

COMMISSION OF INQUIRY INTO STATE CAPTURE

Assisting another to benefit from the proceeds of unlawful activities. (17, 18 and 22)

RACKETEERING ACT 47: Money laundering
(Accused nos Accused nos 2, 14, 17, 18 and 22)
(Count 49)

Alternative to count 49: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998; **Assisting another to benefit from the proceeds of unlawful activities. (17, 18 and 22)**

RACKETEERING ACT 48: Money laundering
(Accused nos 2, 14, 17, 18 and 22)
(Count 50)

Alternative to count 50: Contravening section 5(a) read with sections 1 and 8 of the Prevention of Organised Crime Act no. 121 of 1998; **Assisting another to benefit from the proceeds of unlawful activities. (17, 18 and 22)**

COUNT 51: Contravening of section 86(1) of Act 1 of 1999 read with the provisions of sections 1, 36, section 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(n), 38(2) and 44(2)(d) of the Act **(against accused no 7 only)**

COUNT 52: Contravening of section 86(1) of Act 1 of 1999 read with the provisions of sections 1, 36, section 38(1)(a)(iii), 38(1)(b),

COMMISSION OF INQUIRY INTO STATE CAPTURE

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38(1)(c)(ii), 38(1)(n), 38(2) and 44(2)(d) of the Act **(against accused no 3 only)**

COUNT 53: Contravention of section 86(1) of Act 1 of 1999 (read with the provisions of sections 1, 36, section 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(n), 38(2) and 44(2)(d) of the Act **(against accused no 3 only)**

COUNT 54: Contravention of section 86(1) of Act 1 of 1999 (read with the provisions of sections 1, 36, section 38(1)(a)(iii), 38(1)(b), 38(1)(c)(ii), 38(1)(n), 38(2) and 44(2)(d) of the Act **(against accused no 8 only)**

COMMISSION OF INQUIRY INTO STATE CAPTURE

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RR4-TSW-1957

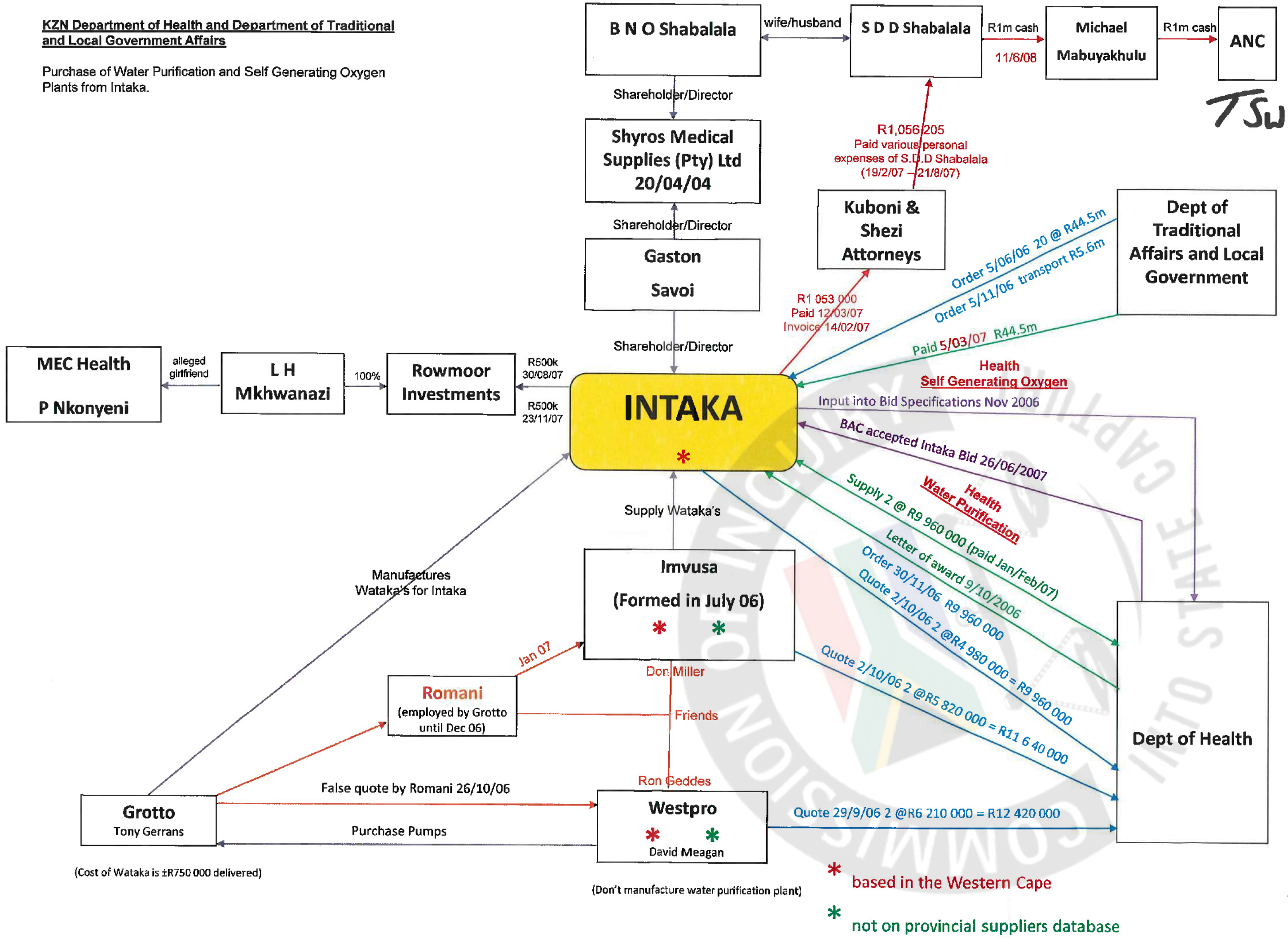
19

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1958

KZN Department of Health and Department of Traditional and Local Government Affairs

Purchase of Water Purification and Self Generating Oxygen Plants from Intaka.



TSW 19

RR4-TSW-1959

20

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1960

TSW 20

IN THE REGIONAL COURT FOR THE REGIONAL DIVISION OF KWAZULU NATAL HELD AT PIETERMARITZBURG

Case No: 74 / 11

In the matter between:

THE STATE

AND

1. ANSANO ROMANI — Accused 1

2. DONALD KEITH MILLER — Accused 2

PLEA AND SENTENCE AGREEMENT IN TERMS OF SECTION 105A OF ACT 51 OF 1977 (AS AMENDED)

A. PREAMBLE

Whereas:

1.

The accused is charged with:

COMMISSION OF INQUIRY INTO STATE CAPTURE

C.J.M

RR4-TSW-1961

1.1.1 **FRAUD** (Read with the provisions of Sections 99, 103, 221, 222, 236, 246, 248 and 332 of ACT 51 OF 1977 and Section 51(2) OF ACT 105 of 1997)

2.

The Member of the Office of the Director of Public Prosecutions, Adv. Ncedile Dunywa who is a Senior State Advocate, has been duly authorised in writing by the National Director of Public Prosecutions, as required by Section 105A of 1977, to negotiate and enter into an agreement with the accused (reference: Policy Directive dated 20 July 2011). The State Advocate's authority is annexed hereto marked "A" and the Acting Director of Public Prosecutions approval hereof is annexed hereto marked "B".

3.

The State Advocate is duly authorised to conduct proceedings in Court on behalf of the State in connection with this agreement, after it has been duly entered into.

4.

The State Advocate, delegated by the Director of Public Prosecutions and the accused, who are represented herein by Adv Chris Snyman, instructed by Smuts Kemp & Smal Incorporated, have negotiated and entered into this agreement in respect of a plea of guilty by the accused to the offences of which they may be

C.S.M

convicted on the charge, as well as a just sentence to be imposed by this Honourable Court;

5.

The accused have been informed of the following in respect of their rights referred to in Section 105 A (2)(a) of Act 51 of 1977:

5.1 To be presumed innocent until proved guilty beyond reasonable doubt;

5.2 To remain silent and not to testify during the proceedings; and

5.3 Not to be compelled to give self-incriminating evidence.

6.

The State Advocate has duly complied with the requirements of Section 105 A (1)(b) of Act 51 of 1977, in the following respects:

a) The Investigating Officer Lt Colonel Piet DuPlooy and Mr Trevor Sean White who is mandated by the Department of Health, KwaZulu-Natal to investigate the matter in compliance with the provisions of Section 105 A (1)(b) of the Act have been consulted. They are satisfied with the terms of the agreement, including the sentence;

C.S.M

b) Due regard has been had to the circumstances prescribed in Section 105 A (b)(ii) of Act 51 of 1977;

7.

The accused admit guilt in respect of the charges, as mentioned above, and plead guilty thereto on the basis set out below;

8.

The State Advocate is prepared to accept such plea of guilty.

9.

NOW THEREFORE the State Advocate and the accused agree as follows in respect of a plea of guilty and a just sentence.

10.

B. PLEA OF GUILTY AND ADMISSIONS

10. The accused plead guilty to the charges as set forth in the annexure to the Charge Sheet and make the following admissions:- The accused admit that:

10.1 They were employed by Grotto Defranceschi (Pty) Ltd.

COMMISSION OF INQUIRY INTO STATE CAPTURE

10.1.1 Accused 1 started working at Grotto Defranceschi (Pty) Ltd. in 1994 and eventually became Managing Director.

10.1.2 Accused 2 started work with the Company and its predecessor from 1978 and eventually became Marketing Director.

10.1.3 Accused No 1 and 2 first met Gaston Savoi and Fernando Praderi both of Intaka Investments (Pty) Ltd "Intaka" at a meeting at Steenberg Wine Estate during the year 2004. Accused No 1 met Praderi in mid 2003 when he came to South Africa to find a fabricator of water purification plants. The purpose of the meeting was to discuss their needs and to price the components that they required for their Water Purification Plants.

10.1.4 During the said time referred to in paragraph 10.1.3, supra, both accused 1 and 2 were working for Grotto Defranceschi (Pty) Ltd.

10.1.5 At the time when the accused met Gaston Savoi and Fernando Praderi, Grotto Defranceschi (Pty) Ltd was manufacturing components for water purification plants for Intaka Investments (Pty) Ltd.

C.J.M

10.1.6 Sometime early 2004 Savoi and Praderi on behalf of Intaka informed accused 1 that they had business dealings with the South Africa Government and that water purification plants are of prime importance.

10.1.7 It was during 2006 that Mr Fernando Praderi informed accused 1 that Intaka Investments (Pty) Ltd has negotiated an order for two water purification plants at Appelsboch and Rietvlei Hospitals with the KwaZulu-Natal Department of Health Minister and Head of Department and that Praderi had given the Health officials the contact details of Imvusa and Westpro for the Health Officials to get two more quotes for water plants.

10.1.8 On or about 25th – 26th September 2006 Fernando Praderi informed Accused No 1 that Intaka was negotiating an order with the KZN Health Department for the Applebosch and Rietvlei Hospitals.

10.1.9 Mr Fernando Praderi then requested accused 1 to communicate this information to accused 2 who by then was working for Imvusa Stainless cc and Ronald Geddes of Westpro (Pty) Ltd that the Department of Health, KwaZulu-Natal required two more quotes from them.

C.J.M

10.1.10 During this time in question, accused no's 1, 2, Ronald Geddes and Fernando Praderi were acquaintances.

10.1.11 After accused 2 and Ronald Geddes had agreed to provide the two 'cover-quotes', accused 1 was requested by Fernando Praderi to write up two templates for whatever type of water plants that were different to the Intaka Investments (Pty) Ltd plants.

10.1.12 Mr Fernando Praderi informed accused 1 to put a R 5 million to R 6 million price range in the template. The price range put on the template was unreasonable and inflated for an Intaka type water plant but not for the plant that Imvusa Stainless cc would be offering.

10.1.13 The price range quoted on the template was unreasonable and inflated for an Intaka type water plant which in the view of the Accused if fully installed should be in the range of R2 million.

10.1.14 After accused 1 had finalized the template, he (accused 1) forwarded the template to Fernando Praderi who in turn forwarded the same to accused 2 who had been retrenched at Grotto Defranceschi (Pty) Ltd in July 2006 and by then

C.S.

was working for Imvusa Stainless cc to submit the said quotation as an Imvusa Stainless cc quotation.

10.1.15 Both accused were aware that Gaston Savoi and Fernando Praderi were going to supply the particulars of Westpro and Imvusa Stainless as well as the names of Ronald Geddes and accused 2 (Donald Keith Miller) as contact persons to the Head of the Department of Health, KwaZulu-Natal.

10.1.16 Fernando Praderi told Accused No 1 verbally during the visit to the sites on 25/26 September 2006 that Gaston Savoi was going to give the contact details of Imvusa and Westpro to the KZN Health Department.

10.1.17 On the 25th or 26th of September 2006 accused 2 was informed by accused 1who was still employed by Grotto, that Imvusa Stainless Steel will be receiving a formal request from the Department of Health in KZN to supply a quotation for a water purification plant.

10.1.18 On the 25th or 26th September 2006 Accused 2 received a message from Greg Petersen that a person by the name of Andile Zondo from the Department of Health (procurement section) had called. Accused 2 returned the call and was

C.S. M

RR4-TSW-1968

asked by Andile Zondo if he was interested in quoting for 2 x 40,000lt/hr water purification plants. Accused 2 confirmed that Imvusa would be interested and was told that Imvusa would receive a request for quotation via e-mail.

10.1.19 On the 27th of September 2006 accused 2 received a similar e-mail requesting for a quotation for water purification plants for Appelsboch and Rietvlei Hospitals from Samatha Foulkes a personal assistant to the Head of the Department of Health, KwaZulu-Natal.

10.1.20 According to the email received dated 27 September 2006 requesting a quotation for the Water Purfication Plant the Head of the Department is stated on the bottom of the email as Dr B M Nyembezi.

10.1.21 On the 28th of September 2006 accused 1 and Mr Fernando Praderi, a Director at Intaka Investments (Pty) Ltd visited Appelsboch and Rietvlei hospitals to evaluate the sites and advise on installation. Intaka Investments (Pty) Ltd did not employ an engineer and made use of accused 1 knowledge, skills and expertise.

C.S.M

RR4-TSW-1969

10.1.22 Mr Praderi requested Accused No1 to visit 3 sites namely Giyani in Limpopo and the Rietvlei and Applebosch Hospitals in Natal.

10.1.23 During the visit of the 27 and 28 September 2006 to Giyani Water Works in Limpopo and Appelsboch and Rietvlei Hospitals respectively, accused 1 had a dual function. He was representing his employers at the time, Grotto Defranceschi (Pty) Ltd from whose employ he was given a retrenchment package in July 2006 and which he eventually took in January 2007 and was assisting Intaka Investments (Pty) Ltd.

10.1.24 In Giyani, Praderi showed Accused 1 the problems with the components supplied by Grotto which required fixing as the water plant installed by Intaka on that site could not work

10.1.25 At Appelsboch and Rietvlei accused 1 was offering his technical assistance to Fernando Praderi of Intaka Investments (Pty) Ltd for the installation of the two water plants that Fernando Praderi had told accused 1 that Intaka Investments (Pty) Ltd was getting an order for from the KwaZulu-Natal Health department.

C.S.M

RR4-TSW-1970

10.1.26 Accused No 1's air fair and hotel accommodation for one (01) night in Johannesburg which amounted to ±R3,000.00 was paid for by Intaka Investments (Pty) Ltd for the 28 September 2006 trip to Appelsboch and Rietvlei Hospitals respectively.

10.1.27 On the 2nd of October 2006 accused no 2 received another e-mail request from Samatha Foulkes for a quotation for water purification plants for Appelsbosh and Rietvlei Hospitals. Samatha Foulkes requested for an indication of when they can expect the quotation because the Head of Department of Health requires this information as a matter of urgency.

10.1.28 Accused 2 forwarded the quotation as per the request by e-mail to Samatha Foulkes. It appeared that the Department of Health did not receive this quotation because on the 6th of October 2006 he received another reminder to send Imvusa Stainless quotation which he faxed on the same date to Andile but addressed to Dr B M Nyembezi, Head of the Department of Health.

C.S.M

10.1.30 Both the Accused did unlawfully and wrongfully with intent to defraud provide a 'cover quote' to the Department of Health.

10.1.31 The Accused never intended providing a genuine quotation for a market related price for an Intaka design plant, as a result of which the quotation was a misrepresentation that induced the Department of Health, KwaZulu-Natal to award a tender contract for an amount of R9, 960.000.00 *to Intaka Investments (Pty) Ltd.*

10.1.32 The accused admit that this misrepresentation caused the Department of Health KwaZulu-Natal to suffer prejudice.

10.1.33 At the time of misrepresentation the accused did not know the quantum of the prejudice.

10.1.34 After being furnished with the copies of statements by the State including the Charge Sheet which show and/or demonstrate that the Department of Health, KwaZulu-Natal suffered prejudice amounting to the difference between the contract value of R9, 960.000.00 and the true value of an Intaka waterplant actually installed.

C.S.M

RR4-TSW-1972

11.

At all relevant times to this charge the accused were fully aware of the fact that the submission of the said misleading quote to the Department of Health, KwaZulu-Natal was wrongful and unlawful. They further confirm that when they made the said misrepresentation they well knew that the quotation was not genuine, misleading and false.

12.

The parties therefore agree that the accused are guilty of the offence of Fraud as set out in the charge sheet hereto.

13.

SUBSTANTIAL AND COMPELLING CIRCUMSTANCES

13.1 The parties agree that the offences to which accused had pleaded guilty falls within the ambit of the provisions of section 51 of Act 105 of 1997. In terms of this ~~action~~ section it is necessary to record the factors which are considered substantial and compelling which justify a deviation from the mandatory minimum sentence of 15 years imprisonment.

13.2 The parties agree that the combination of the mitigating circumstances enumerated hereinafter constitute substantial and compelling

C.S.M

RR4-TSW-1973

circumstances which justify a deviation from the mandatory minimum sentence.

13.1.1 Accused 1 is 64 years old;

13.1.2 Accused 1 has no previous conviction(s);

13.1.3 Accused 1 is married with three major children;

13.1.4 Accused 1 is employed by Imvusa as General Manager;

13.1.5 Accused 1 earned a salary but due to financial circumstances was not paid for the last 6 months;

13.2.1 Accused 2 is 58 years old;

13.2.2 Accused 2 has no previous convictions;

13.2.3 Accused 2 is married with two major children;

13.2.4 Accused 2's youngest child is disabled;

13.2.5 Accused 2 is employed by Imvusa as Marketing Manager;

C.S.M.

RR4-TSW-1974

13.2.6 Accused 2 earned a salary but due to financial circumstances was not paid for the last 6 months;

13.2.7 The Accused are extremely remorseful for their conduct. They are pleading guilty and taken the court into their confidence.

14.

THE SENTENCE

14. The parties further agree that a just and fair sentence, taking into account all the surrounding facts and circumstances will be the following:

14.1 Accused no 1, the accused is sentenced to pay a fine of R100 000,00 (One Hundred Thousands Rand) or 8 years imprisonment half of which is suspended for 5 years on condition that the accused is not convicted of fraud, theft, forgery or uttering or any other offence involving dishonesty, committed during the period of suspension.

14.2 Accused no 2, the accused is sentenced to pay a fine of R100 000,00 (One Hundred Thousands Rand) or 8 years imprisonment half of which is suspended for 5 years on condition that the accused is not convicted of fraud, theft, forgery or uttering

C.S.M

or any other offence involving dishonesty, committed during the period of suspension.

15.

DEFERMENT OF FINE

The fine to be paid by accused is deferred in terms of the provisions of section 297(5)(b) of the Criminal Procedure Act, 1977 and must be paid as follows:-

R10, 000.00 each per month starting from 1 October 2011until 28 February 2012 when the fine shall be paid in full.

All payments in respect of the fine are to be paid to the Clerk of Criminal Court: PIETERMARITZBURG

16.

GENERAL

16.1. Accused are prepared to co-operate and assist in the further investigations of this case.

16.2 They are further prepared to hand over to the State all the documents pertaining to this case that are in their possession.

16.3 The accused are available to testify on behalf of the State.

C.J M

RR4-TSW-1976

16.4 Accused voluntary approached the Prosecution and SAPS to enter into this 105A plea and sentence agreement.

17.

The parties agree that the Plea Agreement and the Sentence Agreement are just and fair and that the accused should accordingly be convicted and sentenced as agreed.

DATED at Pietermaritzburg on this 29th day of September 2011.

Ansano Romani: Accused no 1

Donald Keith Miller: Accused no 2

Adv Chris Snyman

Counsel for the Accused

Adv C S Mlotshwa

Acting Director of Public Prosecutions

KwaZulu - Natal

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1977

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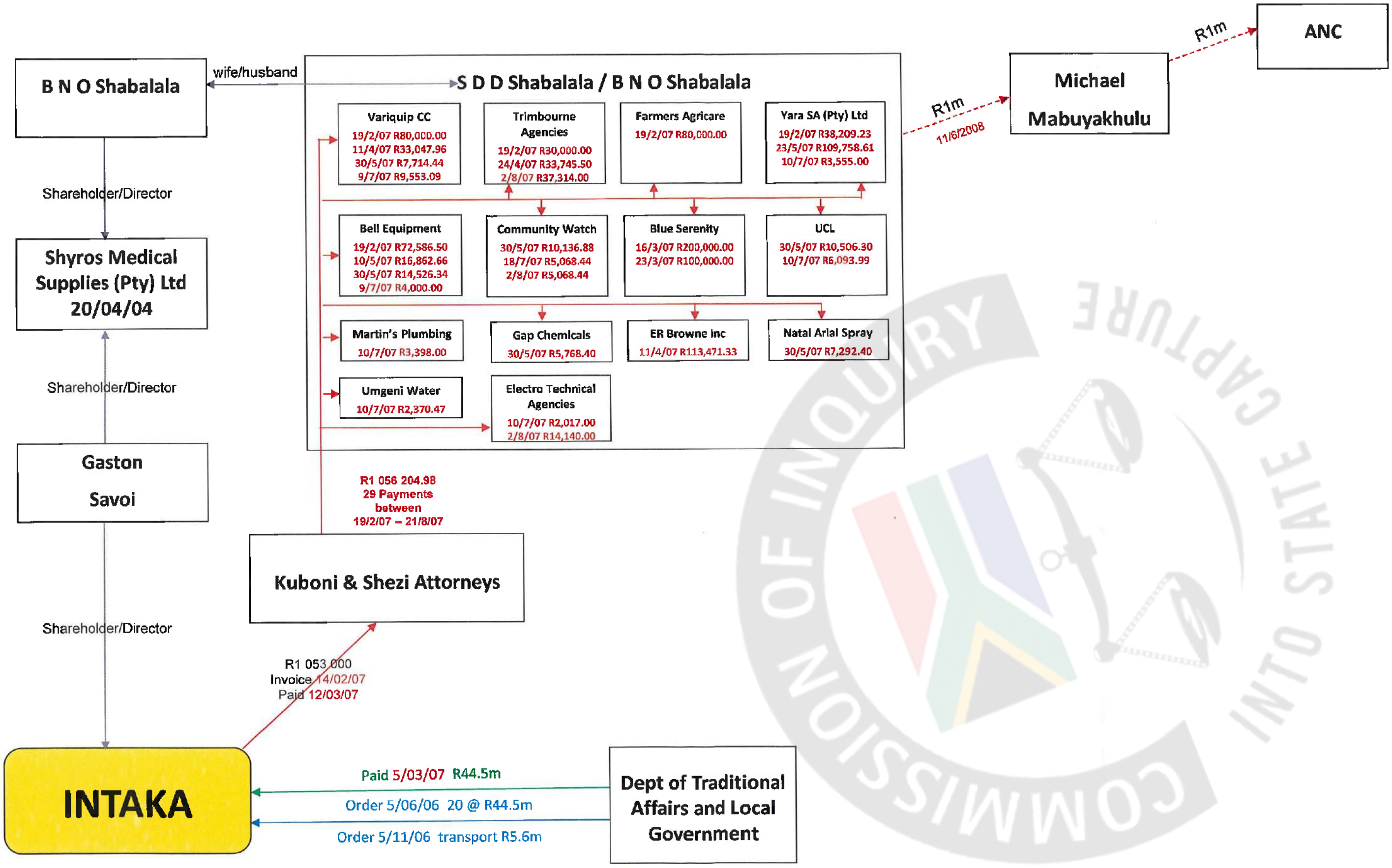
COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1978

TSW 21

IINTAKA Water Purification Plants in KZN

DURBAN CENTRAL CAS 1538/01/2009



RR4-TSW-1979

22

COMMISSION OF INQUIRY INTO STATE CAPTURE

TSW22

To: Du Plooy PJ - Lieutenant Colonel; trevor.white@za.pwc.com; Clarence F. Jones
Cc: Cyril S. Mlotshwa
Subject: INVITATION TO AN NPA AND INVESTIGATING TEAM MEETING: 23 MARCH 2012 AT 10H00, 20TH FLOOR, SOUTHERN LIFE BUILDING

Dear Sirs

This serves to inform you that you are invited to the above mentioned meeting to be held on Friday, 23 March 2012 at 20th Floor, Southern Life Building, Durban at 10h00, which will be attended by the National Head of SCCU and the National Head of Organised Crime Unit of the NPA.

1. The investigating officer, Lt Colonel Du Plooy is requested to prepare the following:

a) Summary of the investigating diary;

b) List of exhibits that were seized and/or handed to the investigating team from different government departments and chain statements.

.. The forensic investigator, Mr White is requested to prepare the following:

a) Busisiwe Nyembezi companies flow of funds

b) Rowmoor funds flow analysis

c) Intaka flow of funds

3. Colonel Jones to submit a report on the Mammogram case indicating amongst other things why the case was withdrawn and a complete docket.

Regards

Adv N. Dunywa

19.03.2012

LEEANN P AN

RR4-TSW-1981

23

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1982
TSW 23

pwc

{In Archive} Intaka

Trevor White to: Freeman Nomvalo 02/05/2012 01:06 PM

Cc: "Dumisani Cele", "Zanele Mxunyelwa"/ZA/ABAS/PwC, Du Plooy PJ - Lieutenant Colonel <DuPlooyPJ@saps.org.za>

Bcc: Peter Andersen, Mulder Jansen-van-Vuuren

Archive: This message is being viewed in an archive.

Dear Freeman

I met with the prosecutors in the Intaka case this morning.

They informed me that to date no charges have been formally withdrawn from any of the accused and the Acting DPP in KZN has challenged the interference by Adv Lawrence Mrwebi. In this regard he has written to the Acting NDPP and informed her that the process being followed by Adv Mrwebi is not in terms of the NPA Act and the Constitution. There is apparently a very specific process that needs to be followed in terms of the NPA Act to review the decision by the DPP to prosecute a person.

In terms of the process/timetable set down by Judge McLaren all the accused had to file requests for further particulars by 30 April 2012. Requests have been received from the following accused:

- Accused 1 Gaston Savoi
- Accused 4 Peggy Nkonyeni
- Accused 7 Ronald Green-Thompson (filed late on 2 May 2012)
- Accused 9 Fernando Praderi
- Accused 11 Michael Mabuyakhulu (filed late on 2 May 2012)
- Accused 19 Intaka Holdings (Pty) Ltd

The prosecutors have requested that we assist them and SAPS in drafting the responses to these requests which we are busy doing.

It is interesting to note that none of the other accused have requested further particulars by the date set out in the court order.

Regards

Trevor White
PwC | Partner/Director
Office: +27 (31) 271 2020 | Mobile: +27 (82) 454 6864 | Fax: +27 (31) 815 2020
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PricewaterhouseCoopers
102 Stephen Dlamini Road, Berea, Durban, 4001
http://www.pwc.com/za

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JUDICIAL COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1983

24

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1984

TSW 24

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Enjoying what I do

Attendance register : 12 June 2018 : Intake Matter

Name	E-mail	Tel. no
Nolwazi Letsholo	nndovela@npa.gov.za	031-3356618/00
Reenai Ramouthar	raramouthar@npa.gov.za	031-3356612/00
Mungisi Mogwanyana	mmogwanyana@npa.gov.za	031-3356628/00
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	makhosim~~themba~~@npa.gov.za. ~~makhosim~~ makhosim@npa.gov.za	

M

RR4-TSW-1985

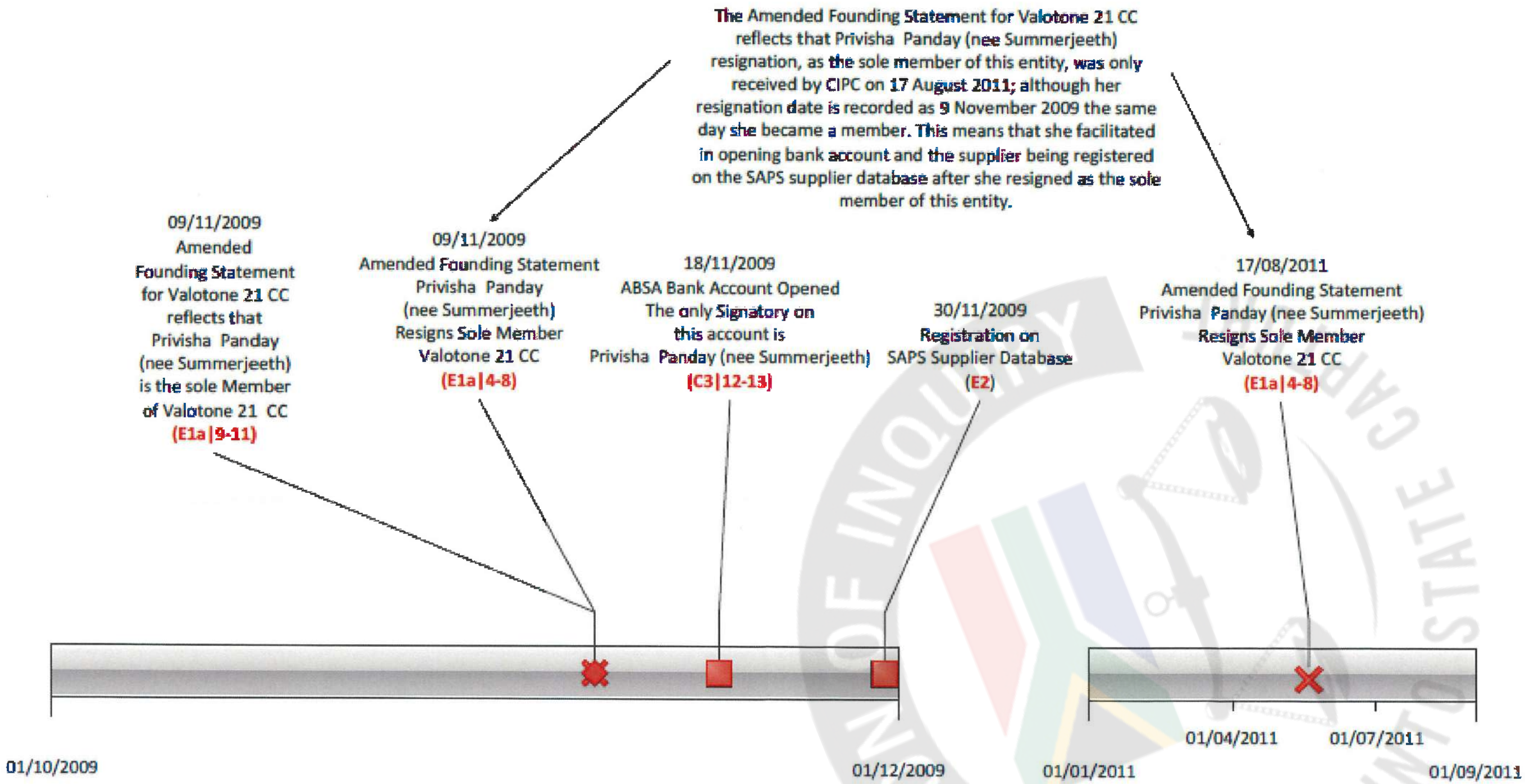
25

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1986

TSW 25

Timeline of Events relating to Valotone 21 CC



RR4-TSW-1987

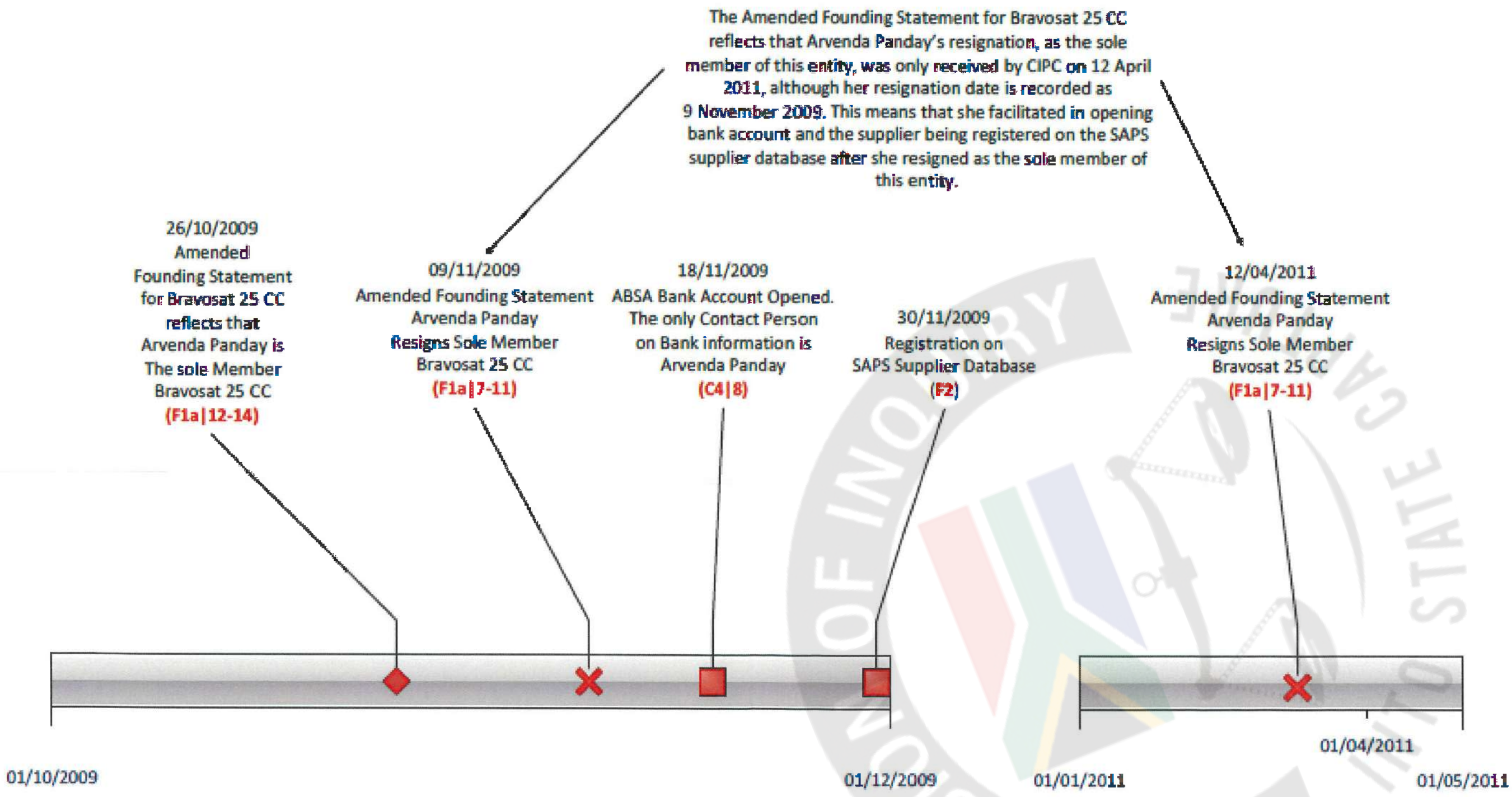
26

COMMISSION OF INQUIRY INTO STATE CAPTURE

RR4-TSW-1988

TSW 26

Timeline of Events relating to Bravosat 25 CC



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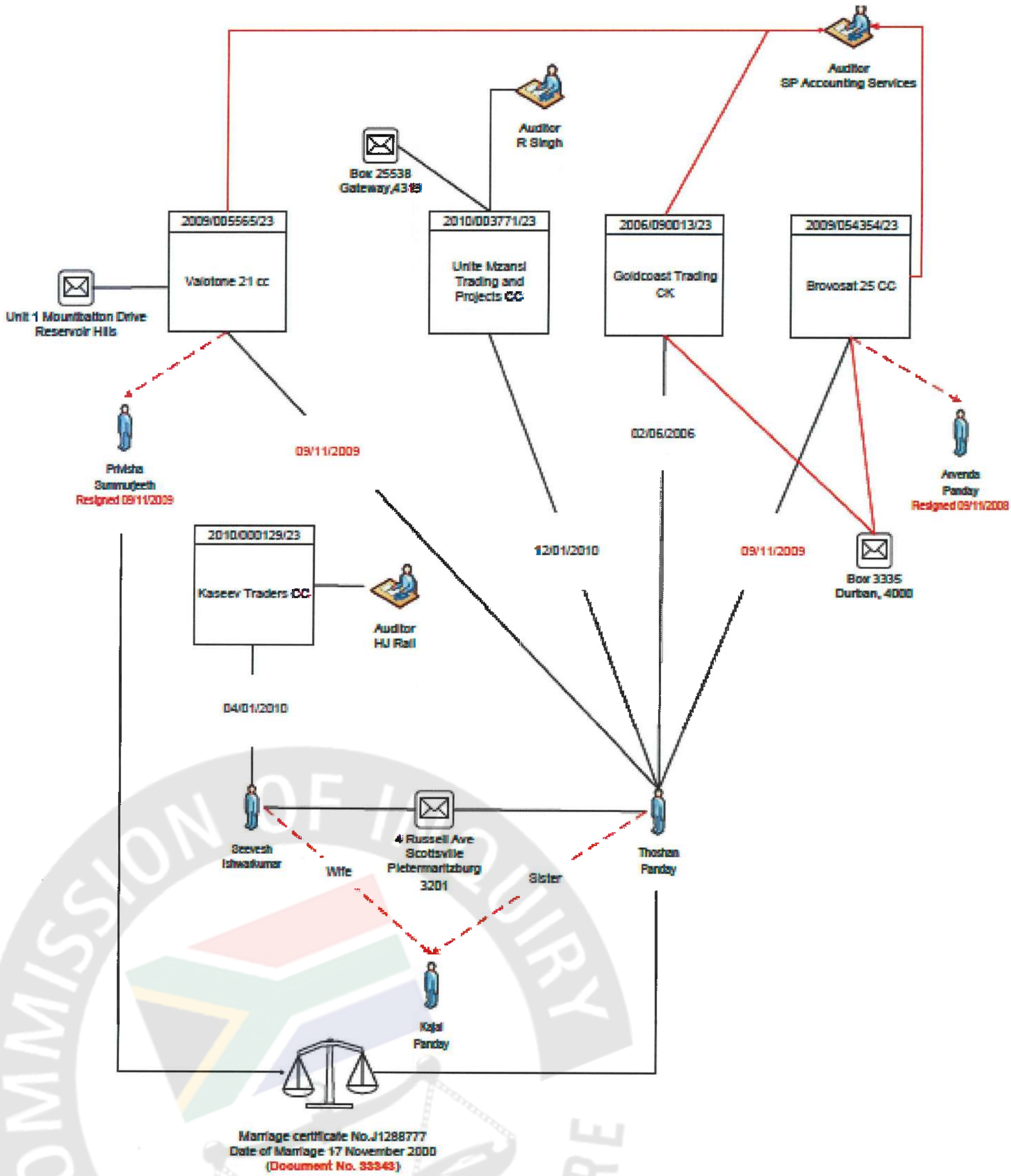
COMMISSION OF INQUIRY INTO STATE CAPTURE



COMMISSION OF INQUIRY INTO STATE CAPTURE

TSW 27

RR4-TSW-1991

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Specialised Commercial Crime Unit

DURBAN

MEMORANDUM

TO: Adv Bulelwa Vimbani

FROM: Letsholo T.A

DATE: 25th March 2014

SUBJECT: Report in respect of Durban Central 781/06/2010

1. On 21 May 2013, I attended the first briefing session at PWC offices in Musgrave regarding Durban Central Cas: 781/06/2010.

   At this meeting, I was briefed about what the case is all about. After the meeting, I was handed the docket consisting of the documents as listed in the attached Exh "A". About a week later I was handed additional 3 arch-lever files (volumes 3 to 5) containing witness statements and various Section 205 subpoenas to various entities.

1.1 There were other follow up meetings on 10 December 2013, 15 January 2014 and 14 March 2014.

2. It needs to be mentioned at this stage that on 15 January 2014, the lead investigator in this matter namely, Col Hans Van Loggerenberg, enquired about how strong is the case against the KZN Provincial Commissioner in respect of the allegations that one of the suspects in this matter namely Toshan Panday, allegedly paid for her husband's birthday party.

2.1 I informed him that based on the information contained in the docket, given to me; there is just no evidence against the Provincial Commissioner. Col Van Loggerenberg responded thereto by saying that if I am not going to charge the Provincial Commissioner, I may just as well close the docket.

3. On 14 February 2014, I was provided with a copy of representations, made on behalf of Toshan Panday. In those representations, mentioned is made of the recordings, which were played to Toshan Panday, during a meeting held on 18 September 2011, at the KZN SAPS Provincial Head Quarters, in General Deena Moodley's office, and in the presence of General Deena Moodley upon his instructions.

3.1 The recordings consisted of recorded telephone conversations, Toshan Panday had with various people, including amongst others, the KwaZulu Natal Provincial Commissioner and Toshan Panday's attorney.

3.2 It is important to note that at no stage whatsoever, was I informed by the Investigating Officers in this case that there are tape recordings available in this matter. The first time I became aware of this specific issue, was as a result of the representations made on behalf of Toshan Panday. Furthermore, there is nothing in the docket to suggest or indicate that there was an application made for the authority to permit the police to monitor certain telephone conversations. The nature of the investigations in this matter is straight forward and there was no need for an application of this nature to be made.

3.3 During the meeting on 14 March 2014, one of the Investigating Officers Colonel S. Y. Govender, was asked why they did not inform me about the evidence relating to the tapping of the telephone conversations. His response thereto was that, they had taken a decision, as the police to take out everything relating to the taped conversations. I then informed him that it

was not for them to decide which evidence is relevant for the case and which other evidence is not.

3.4He then told me they were informed by the Crime Intelligence Unit, that there were threats on their lives, as the Investigating Officers of this case. That the Crime Intelligence Unit decided to make an application to be granted authority for the tapping of the phones only for the purposes of verifying the allegations of the threats against the Investigating Officers.

3.5He stated further that, subsequent to that application being granted, the lead Investigating Officer, Colonel Van Loggenrenberg together with members of the Crime Intelligence Unit made various applications for the tapping of the phones and to monitor conversations of certain individuals.
He was not in a position to give more details, but it was clear that the other applications were done in respect of the investigations in this case.

3.6Once again, it needs to be emphasised that taking into account, the nature and extent of the investigations which were being carried out in this matter, there was no need whatsoever for such applications to be made.

4. Colonel Govender was then informed that, all the evidential material in respect of the tapping of the phones will have to be included in the docket and be made available to the prosecution team.

4.1His reply was that the Crime Intelligence Unit has already indicated that they will not make the recordings available to no one, alternatively, they will have to make a decision as to what is it, according to them (CIU), that they will release, but they will definitely give us only the edited version of the tapes, and not all the recordings in their original form.

4.2I indicated to him that, if that be the case, we will be faced with serious challenges in court and further

informed him that the Crime Intelligence Unit cannot take such steps and interfere with the evidence.

5. What is quite disturbing and is of great concern to the State, is that, amongst others they even listened to privileged information, between Toshan Panday and his attorney about their strategy in defending this case.

5.1 This was allegedly even told to Toshan Panday by General Deena Moodley, during the meeting they had with Toshan Panday at the Provincial Headquarters on 18 September 2011, when he said to Toshan Panday, **"Now that we know what defences you will use, I will make sure that all those avenues are closed".**

5.2 Clearly, this tapping of phones was a blatant abuse of power and the resources with far-reaching consequences, particularly in the light of the following:-

(a) Before the recordings were played to Toshan Panday, General Deena Moodley, told Toshan Panday, that he would grant him indemnity in respect of both this case and 466, if he was prepared to incriminate the Provincial Commissioner in corruption relating to her husband's birthday bash.

(b) Amongst others, this is what was said to Toshan Panday, **"I need to get rid of this Black Bitch commissioner and I need your assistance".**

(c) The conversation is said to have gone as far as the following. **"Why are you protecting this Black Bitch? You must give her up. If you give us an affidavit we will force her to resign. General Booysen would become the new KwaZulu Natal Provincial Commissioner and you will enjoy full protection, I will remain in control of the Secret Fund".**

6. Colonel S. Y. Govender indicated that later, when he became aware of this alleged meeting which was held on 18 September 2011, he was so angry that he confronted Colonel Padayachee from Crime Intelligence Unit about it and Colonel Padayachee told him to discuss that with General Deena Moodley. It is clear that the issue in respect of this meeting was not being disputed, but that the blame was being shifted to General Deena Moodley.

7. In the light of what is postulated above and more in particular, taking into consideration that Public Policy is concerned, not only in ensuring that the guilty are held accountable, but also that the investigating and prosecutorial agencies, conduct themselves with propriety in securing evidence against criminal suspects. That public policy also set itself firmly against admitting evidence obtained through improper means or evidence obtained in deliberate or flagrant violation of the Constitution.

7.1It is submitted with respect that the issue surrounding the tapping of the phones is inextricably linked to the manner in which the evidence was obtained in this matter. That the evidence as it stands at this point is irredeemably stained.

7.2To take this case to court under these circumstances would mean that I as the prosecutor will have to turn a blind eye to the manner in which the evidence had been obtained and subject the judicial process in moral defilement, something I am not prepared to do.

7.3More so in the light of the stance by the Higher Courts on deterring the police from employing improper means to acquire evidence as it is evident in the following cases:

(a). **S v Mthembu** 2008 (2) SACR 407 (SCA);
(b). **S v Mphala and Another** 1998 (1) SACR 388 (W);
(c). **S v Pillay and Others** 2004 (2) SACR 419 (SCA);
(d). **S v Naidoo and Another** 1998 (1) SACR 479 (N);

(e). **S v Tandwa and Others** 2008 (1) SACR 613 (SCA);
(f). **Du Plessis and Others v De Klerk and Another** 1996 (3) SA 850 (CC).

7.4 I am not prepared as a representative of the State to go to court with dirty hands. I do not want to be seen to be condoning improper investigative techniques by the police.

8. I have therefore taken a decision to decline to prosecute in this matter.

TUMELSI ABRAM LETSHOLO
SENIOR STATE ADVOCATE
SPECIALISED COMMERCIAL CRIME UNIT
DURBAN

DATE: 25th MARCH 2014

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RR4-TSW-1999

TSW 29

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2 February 2010

Advocate W O'Brien
Deputy Director of Public Prosecutions
Specialised Commercial Crime Unit
John Ross Building

NATIONAL PROSECUTING AUTHORITY OF SOUTH AFRICA
PRIVATE BAG X54365
2010 -02- 02
DURBAN 4000
SPECIALISED COMMERCIAL CRIME UNIT: DURBAN

Per fax no:- 031332 8582
Ref:- 10/1/2/2(SCCU 45/09)

INVESTIGATION RE DURBAN CENTRAL CAS 1538/01/09

We refer to our previous correspondence regarding the above and advise that we have consulted with a senior member of our client the ANC, MEC Michael Mabuyakhulu who at the material time was the Provincial Treasurer of the ANC in KwaZulu-Natal. We are instructed to convey to you the following:-

1. That in his capacity as the Provincial Treasurer at the time, Mabuyakhulu authorised the receipt of the R1 million donation from ANC member Mr Sipho Shabalala.
2. That he wishes to place on record that such a donation was received in cash and was verified to be R1 million.
3. That he (Mabuyakhulu) further authorized the funds to be utilized for various purposes related to the KwaZulu-Natal ANC Provincial Conference that was held between 20th – 22nd June 2008.
4. That the R1million donation given by Mr Sipho Shabalala was used as part of a package of donations received in the run up to the ANC KZN Provincial Conference to defray some of the costs of the Provincial Conference.
5. Our client wishes to place on record that the decision of the then Provincial Treasurer to receive the donation is *bona fides*, and as such the donation was received as a legitimate contribution to fund the affairs of the ANC in KwaZulu-Natal.

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6. Our client further contends that the donation submitted by Mr Sipho Shabalala was in response to a call made to ANC members, supporters, sympathizers and friends of the ANC to contribute resources in order to fund the ANC's activities.
7. Although our client wishes to be helpful in this matter, however we are instructed to place on record Mr Mabuyakhulu's resolute stance and that of the ANC as well, that under no circumstances does the organization wish to compromise its donors and / or its operations by disclosing information concerning same, save to say that the particular donation was included in the report to the conference in the Treasurer's report. Specifically it was included in the globular amount of R 7 227 707 listed as donation in the income statement.

As we are currently instructed there appears to us to be no conflict of interest. The fact that we represent a large organization comprising many individuals some of whom, may or may not be suspects does not necessarily present conflict. The opposite seems true in this instance. On the one hand we have an individual member who states that he handed over a donation of R 1 million to the ANC which he received from a donor, and on the other hand we have an organization which through various officials confirms that it received the donation from the individual concerned.

We reiterate our position that we act for the ANC in this matter and specifically the members who were primarily concerned with the issue under investigation. These persons appear to us at this stage to be the then provincial treasurer Mr M Mabuyakhulu, the organizations provincial Finance Manager Mr D Mzila and the member who received the donation Mr S Shabalala.

We deny any inference that we are hindering any investigation rather we are acting on instruction and in so doing we believe we are protecting the legitimate interests of our client. We obviously have no issue with your team interviewing any of our client's members, but request that should you decide to do so, we are able to be present.

The writer is available to meet with you should you so require and suggests a time on either 9, 10 or 11 February 2010 for this purpose. Possibly, judging by the tenor of your correspondence, it may be helpful for us to meet as there seems to be a considerable amount of misunderstanding between us that may well be cleared up in a meeting scenario.

We look forward to your response.

John Wills

INTO STATE CAPTURE