

CORRUPTION

WHAT IS IT?

Corruption, as explained in South African legislation, deals with dishonest or fraudulent conduct by those in power, typically involving bribery for some type of gain.

HOW IT WORKS

Corruption usually involves two parties, where one is in a position of power and able to ensure a gain for the other party at a price.



POSSIBLE INDICATORS

- Unexplained cash deposits into accounts of local prominent influential persons (PIPs)
- Sudden cash deposits into newly formed or dormant accounts followed by rapid withdrawals
- Utilisation of family members to launder funds

CASE STUDY



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The FIC was part of a multi-agency investigation into a case of corruption and fraud. The case involved several officials at a government department responsible for the administration of a R100 million social and economic development fund. The FIC collected financial intelligence on the subjects and their related entities.

Initial analysis revealed that funds were being diverted to projects benefitting former senior employees of the department who had been responsible for allocating grants for qualifying projects. Financial intelligence revealed front companies, through which these former employees' relatives set up projects or entities to receive grants from the fund. The proceeds of these illegal grants had been used to buy properties and vehicles. Some of the proceeds were laundered through an attorney's trust accounts.

The financial intelligence enabled the identification and subsequent subpoena of more than 100 bank accounts, which allowed forensic auditors to compile a detailed cash flow analysis of the scheme. ■