Combating Financial Crime in South Africa
Typologies Report

financial intelligence centre
REPUBLIC OF SOUTH AFRICA
CONTENTS

ABOUT THIS BOOKLET 3

ABOUT THE FIC 3

HOW THIS BOOKLET CAN HELP YOU 4

HOW TO REPORT A FINANCIAL CRIME 4

COMMON SCAMS 5

419 scam 6
Pyramid scheme 10
Account hijacking 13
Trade-based money laundering 16
Remittance scam 20
Ponzi scheme 23
Use of front companies 26
Drug mules 30
ABOUT THIS BOOKLET

This booklet aims to raise awareness of financial crimes committed in South Africa. It is produced by the Financial Intelligence Centre (FIC), which fights crime by monitoring the proceeds of crime and combats money laundering and financing of terrorism. The FIC produces financial intelligence through the analysis of data on financial transactions. This financial intelligence is then shared with a range of local and foreign law enforcement agencies and authorities. Combating money laundering and the financing of terrorism is part of ensuring a sound and stable financial system characterised by integrity and expanded public access.

ABOUT THE FIC

The FIC works to align South Africa’s anti-money laundering legislative framework with global standards. It was established in 2003 to administer the Financial Intelligence Centre Act (2001, as amended). The FIC contributes to increased financial intelligence capacity across southern Africa. In Africa, the FIC works with national financial intelligence units and the Eastern and Southern Africa Anti-Money Laundering Group; at international level, the FIC is part of the Financial Action Task Force, which sets global standards in this field, and the Egmont Group, which brings together 120 similar agencies from around the world.

Through its work, the FIC is able to recognise trends in financial crime – detecting the proceeds of criminal activities, combating money laundering and the financing of terrorist activities, and sharing information with law enforcement agencies. Where direct connections between criminal conduct and financial benefit are identified, the FIC freezes accounts to enable government agencies to secure the proceeds of crime.

The FIC is strengthening its relationship with law enforcement agencies, with a rise in both investigation referrals to agencies and requests for support in domestic investigations. Improved cooperation has led to a large increase in the number of organised crime investigations in which FIC analysis is called upon, including investigations focused on narcotics, money laundering and environmental crime.

For more information, visit the FIC’s website: http://www.fic.gov.za.
HOW THIS BOOKLET CAN HELP YOU

Financial crime affects every South African, directly or indirectly, by robbing individual resources or draining the funds available for the country’s development. By knowing what to look out for, South Africans can avoid falling victim to common scams.

This typologies report focuses on a selection of prevalent crimes, defining each scheme, explaining how it works and how to avoid being a victim.

HOW TO REPORT A FINANCIAL CRIME

To report a suspicion of money laundering or terror financing activity or transaction, go to https://www.fic.gov.za/Secure/Reports.aspx.

Alternatively, if you are unable to make a report electronically, please fax the report to (012) 641 6438 or post to Private Bag x177, Centurion 0046.
COMMON SCAMS
419 SCAM

What is it?
A form of “advance-fee” fraud. Measured by monetary losses, 419 fraud is the world’s most prevalent scam.

The 419 scam originated in the early 1980s in Nigeria, and is named after a section of that country’s criminal code. This scam is no longer confined to Nigeria – 419 fraudsters are arrested throughout South Africa and around the world.

How it works
Today, 419 scams typically make use of the internet. They commonly begin with an email with the aim of persuading the recipient to advance money to the sender, with the promise of a large future payoff. The author often claims to be royalty or fabulously wealthy, and promises large amounts of money if the sender will pay a small sum first, or forward their bank details.

Perpetrators of the fraud advance a range of claims to explain why they need the recipient’s help: funds are said to be trapped in central banks due to political unrest; massive inheritances hard to access because of government restrictions or taxes; and so on.

Scammers ask the victim to pay fees and taxes, or give bank account details to help them transfer the money. These fees may initially be small amounts, but the scammer will keep requesting money and the victim will never receive the large “reward” promised.

How to avoid being a victim
- If it sounds too good to be true, it probably is.
- The scam email will emphasise confidentiality and “risk-free” transactions.
- Unknown sources of money and unrealistic value of funds are presented.
- The letter often (but not always) contains grammatical errors.
- Do not give out your bank details or reply to an email requesting such details.
- Know who you are dealing with – research the company or person.
Excerpt from 419 e-mail (spelling as in original)

You may be surprise to receive this message from me since you don’t know me in person, but for the purpose of introduction, I am Mr (NAME REMOVED)…. 

Before the death of my father, he took me to SOUTH AFRICA to deposit the sum of $25.5 million with a security and finance company as if he knew the looming danger in Angola…. 

I, my mother and my family … have decided to transfer this money to a foreign country where we can invest it…. The South African monetary policy/law does not allow such investment hence I am seeking for an asylum or refugee. I must let you know that this business is 100% risk free and the nature of your business does not necessary matter. 

So if you are willing to assist us, we have agreed to give you 20% of the total money, 40% will be for a joint business venture I will be doing with you and another 35% will be for me and my family which we shall also invest in your country and the remaining 5% will be mapped out for all expenses we may incurred during the transaction. 

Remember that this is highly confidential and the success of this business depends on how secret it is kept…. 

“419” IS AN OLD NIGERIAN CRIMINAL CODE FOR THEFT UNDER FALSE PRETENCES
A 419 syndicate approached a Czech citizen, claiming that financing was needed to fund a project in Europe. The recipient was told he would receive a cut of the project upon its completion.

After depositing about R3 million into the fraudsters’ account, the victim was told that the project leader had passed away, but a South African bank would still honour the agreement of the project profit share ($37 475 000).

The syndicate created fake South African bank documents showing an account in the name of the victim and that funds were available for withdrawal subject to certain provisions. A document with a copied FIC logo stated that the funds were approved for transfer to the victim – all that was needed was a South African Receiver of Revenue certificate after certain taxation fees were paid.

To complete the transfer, the victim paid tax and administration fees. In total, he lost more than $3 million in various currencies.

The FIC analysed the fraudulent documents, which revealed a cellphone number that was repeatedly used in correspondence with the victim. The cellphone number and fax number led to the identification of other reports, in which the same number was used for the transfer of money to beneficiaries in Nigeria.

The perpetrator’s ID document was obtained, revealing a number of suspicious transaction reports filed against him. The perpetrator had married and divorced a South African national to obtain citizenship. Other databases revealed that he had acquired assets that are suspected to have been purchased with the proceeds of crime.

The matter has been referred to the law enforcement agency for further investigation.
SAPS save South Koreans from 419 scam kidnap gang

Statement issued by the South African Police Service
9 January 2012

Members of the South African Police Service (SAPS) have arrested six suspects for allegedly kidnapping two Korean nationals lured to South Africa through a 419 scam.

The 65 year-old father and his daughter, who is in her 30s, apparently responded to an email from the suspects promising tens of millions of dollars. The duo arrived in South Africa from South Korea on Tuesday. The suspects allegedly tasked a driver to fetch the victims from OR Tambo airport. The driver and the two Korean nationals were kidnapped and kept at a house in Meadowlands, Soweto.

The driver managed to escape and alert the police. The suspects demanded a US$10 million ransom from the 65 year-old man’s wife (who was back in South Korea), to be deposited into an account in Singapore. The amount was eventually negotiated down to US$120 000. While the negotiations were on-going, the wife alerted the South Korean embassy in South Africa. Members of the SAPS rescued the captives, before the ransom money was deposited.

Six suspects (five foreign nationals and a South African) were arrested during a rescue operation in the early hours of this morning.

They have been charged with kidnapping.

PYRAMID SCHEME

What is it?
A form of fraud that promises participants payment or services for recruiting others into what is presented as a legitimate business. It is based on recruiting people rather than selling products.

A successful pyramid scheme combines a fake, but seemingly credible, business with a simple money-making formula that only benefits the originator.

How it works
The fraudster or originator of the scheme makes only one payment. To start earning, others need to be recruited who will also make a payment. The new participants recruit others, and so on. As each new recruit makes a payment, the originator gets a cut.

As the “business” expands, the originator and participants at the top of the pyramid make more money. The people at the bottom of the pyramid usually lose money. To enhance credibility, the schemes usually produce fake referrals, testimonials and information.

How to avoid being a victim
• Be wary of any proposed opportunities that ask you to invest your money and pursue other investors.
• Research the business or person before investing.

PYRAMID AND PONZI SCHEMES ARE SIMILAR, BUT THERE IS ONE IMPORTANT DIFFERENCE: IN A PONZI SCHEME, THE VICTIM IS ONLY ASKED TO INVEST IN SOMETHING, WHILE IN A PYRAMID SCHEME, THE VICTIM IS ALSO ASKED TO RECRUIT OTHER “INVESTORS”
The FIC received reports from a bank about a company that was transacting in suspicious and unusual patterns. The company imported household goods from another country, which were then sold on behalf of investors. The investors would receive interest on their investment. Investors were encouraged to recruit other investors in the scheme to ensure the growth of the business.

The business account received large and frequent cash deposits from various third parties. Funds from this account were either cashed or transferred to the investment account of an investment company sharing the same name.

In one of their pamphlets, the company claimed that their system was not an investment opportunity falling under banking laws; it was a merchandise trade system offering profit returns to its investors. However, the banking law clearly states that deposit-taking institutions must have a banking license.

The FIC discovered that many individuals and entities were involved in this country-wide scheme, and the company was also operating in a neighbouring country. Deposits into the investment company were made using names as references, but were substituted with codes at a later stage. Few transfers were made to investors, although investors were promised between 200 percent and 400 percent interest after 13 months. More than 90 linked entities were identified.

The main subject continuously reinvented herself by moving operations to different provinces and opening different companies for the pyramid scheme.

An international information request revealed that she had opened a foreign bank account for a wanted felon.

The case continues to be investigated.
Accounting firm may be held liable over scam²
An excerpt from IOL News
12 January 2012

A local accounting firm may be held liable for losses suffered by people who collectively invested R55 million in what has now been exposed as a pyramid scheme run by disgraced Durban attorney NAME REMOVED.

NAME REMOVED, an executive consultant at law firm Garlick and Bousfield, committed suicide in late 2010, admitting to his fraud in a note he penned before shooting himself at his Morningside home.

His death exposed the firm to claims totalling R55m from some of the “investors” in what NAME REMOVED promoted as a bridging finance scheme.

The law firm filed third party claims against accountants PKF (Durban) Incorporated, saying its liability should also be tested in court because it operated five bank accounts NAME REMOVED had used in his schemes and never told the law firm about this. Durban High Court Judge Trevor Gorven has agreed and now PKF will be joined as a defendant in the seven matters relating to the fraud pending before the court.…

² http://www.iol.co.za/news/accounting-firm-may-be-held-liable-over-scam-1.1211413
ACCOUNT HIJACKING

What is it?
An account hijacker uses another person’s bank account.

How it works
A person, often unemployed or a low-income earner, is paid to open a bank account for someone else. The account hijacker is able to move money through the system undetected using someone else’s bank account. Identity theft is often a feature of account hijacking.

How to avoid being a victim
• Do not let others use your bank account. Be cautious about giving out your banking details.
• Immediately report a stolen ID to the police.

CASE STUDY: IDENTITY THEFT

After a woman’s identity document was stolen, she started receiving letters from her bank and some retail stores showing that she had opened personal accounts. A personal loan of R50 000 was also taken from one of the banks using her name.

The perpetrator had replaced the victim’s picture in the ID with one of her own. The loan was never serviced, which is why the victim started receiving letters of demand from the bank.

FIC analysis revealed the home telephone number of the perpetrator. She was reported to be involved in sending suspicious moneygrams to several countries in west Africa and southeast Asia. She was involved in a small export-import business and running a hair salon.

The relevant law enforcement agency is investigating the matter.
CASE STUDY: ACCOUNT HIJACKING

The FIC received several reports from a bank regarding similar names, destinations and amounts of funds deposited. Large funds, mostly R10 000 at a time, were deposited at ATMs in areas with a high number of immigrants, such as Hillbrow and Yeoville. The money was sent to west African countries. Money was sometimes withdrawn in foreign countries using a secondary card of the account.

These accounts were held by South Africans with the following characteristics:
- All were women.
- They all used addresses from Hillbrow and Yeoville.
- They were between 20 and 30 years old.
- Occupations included students, hairstylists or cashiers.

Upon requesting information from other government departments and institutions, it was revealed that most of these account holders are married to non-South Africans.

A joint operation between the FIC and other agencies revealed that these accounts were opened by South Africans for their non-South African employers or husbands. The accounts were used to conduct cross-border transactions.

The FIC has sent requests to foreign financial intelligence units to get more information on these transactions. The case continues.
Seven held for furniture fraud
IOL News - Sapa
20 January 2012

Four women and three men have been arrested for using fraudulent documents to buy furniture in several parts of Gauteng, police said on Friday.

They caught one of the men at a house in Soweto on Thursday night, Lt-Col Katlego Mogale said.

“He pointed out the other man who was found at a home in Bramley in the north of Johannesburg,” she said.

“Police confiscated 37 identity documents, 145 bank cards, several pay slips, and sim cards of different networks from the second man’s home.”

The other five people were arrested elsewhere in the province. Mogale said seven cases of fraud had been opened at Brixton, Dobsonville, Kliptown, and Roodepoort police stations in the past few weeks.

Those arrested, aged between 29 and 59, were expected to appear in court soon.

TRADE-BASED MONEY LAUNDERING

What is it?
Money laundering is the processing of criminal proceeds to disguise their illegal origin. It is typically used to disguise the profits of illegal arms sales, smuggling and organised crime, including drug trafficking and prostitution rings.

How it works
Illegal profits can be introduced into the financial system by depositing small amounts directly into a bank account, or by purchasing cheques or money orders that are collected and deposited into accounts at another location.

After the funds have entered the financial system, the money is converted or moved around to distance it from the source. The launderer might disguise the transfers as payments for goods or services. After that, the money can re-enter the legitimate economy. It is often invested in real estate, luxury assets or business ventures.

SOUTH AFRICA IS A MEMBER OF THE EASTERN AND SOUTHERN AFRICA ANTI-MONEY LAUNDERING GROUP, A REGIONAL BODY THAT SUBSCRIBES TO GLOBAL STANDARDS TO COMBAT MONEY LAUNDERING
CASE STUDY: TOBACCO SMUGGLING

Two subjects are in custody for operating a tobacco smuggling company/syndicate (ghost exports). Tobacco products were bought locally, to be exported to African countries, but instead the cargo was sold in South Africa.

Corrupt officials at the border post provided the syndicate with fraudulent export documents. The syndicate claimed a 14 percent VAT refund on the “exports”. As a result, SARS incurred financial losses of R90 million. The subjects were arrested in November 2011 for contraventions of the Customs and Excise Act.

The FIC’s investigation identified the subjects’ various bank accounts, assets and business entities.

The FIC used its legislative power to prevent money withdrawals from these accounts. About R1.4 million of suspected crime proceeds was secured.

A restraining order was obtained on three properties with household content valued at R6 million, six cars and nine truck and trailers valued at R20 million, and a motorbike worth R100 000. This restraining order ensures that the subjects do not sell these assets.

The subjects are still in custody and have not applied for bail. The case is under further investigation.
Court confirms R370m asset-seizure order
An excerpt from the Mail & Guardian – Sapa
22 March 2007

A R370 million asset-seizure order -- one of the largest ever -- against a tobacco mogul and his co-accused was confirmed in the Pretoria High Court on Thursday.

Judge Willie van der Merwe confirmed a provisional restraining order against the assets of tobacco millionaire NAME REMOVED and his 12 co-accused.

The national director of public prosecutions last month obtained the urgent provisional order, allowing the Asset-Forfeiture Unit to seize assets worth R370 million pending the final outcome and a possible forfeiture order in a criminal trial.

The unit could not trace assets to the full amount, but seized items worth over R70 million.

They included 10 light aircraft, a private helicopter and several luxury cars. They were seized from NAME REMOVED, his co-accused and their 36 business entities, including Phoebus Apollo Aviation, based at Rand Airport.

The curator appointed to take control of the assets was also authorised to search for further assets, including gifts to other parties.

NAME REMOVED and the others pleaded not guilty in the Pretoria Regional Court in May 2004 on over 7 200 charges of fraud and contravening the Prevention of Organised Crime Act, including racketeering.

The state accused them of running an international cigarette-smuggling syndicate involving submitting false export documentation by which they allegedly falsely represented to the South Africa Revenue Service (SARS) that large quantities of cigarettes had been exported by some of them.

The cigarettes were purportedly exported to African countries, but were in reality allegedly sold in South Africa. The scheme allegedly enabled the syndicate to fraudulently claim back the input VAT from SARS and to evade excise duties.

SARS paid out over R58 million to a number of the close corporations due to the alleged false VAT returns. Four of the accused also allegedly evaded paying excise duties of over R147 million in respect of duty free cigarettes to the value of over R312 million…. 
**REMITTANCE SCAM**

**What is it?**
The use of moneygrams to transfer the proceeds of crime across national borders.

**How it works**
Moneygrams – person-to-person money transfers – are a fast, efficient way of transferring funds across national borders. No banking details are needed for moneygrams, making it easier to move money from illicit activities across borders as “gifts”.

**How to avoid being a victim**
- Do not transfer money under your own name for anyone else.

**CASE STUDY: MONEYGRAM FRAUD**

The FIC identified suspicious transaction reports that had unusual common factors:
- South Africans (mostly women between 20 and 30 years old), accompanied by suspicious men, sending money to foreign countries.
- The women did not have full details about the transactions and were dictated to by the men.
- The South Africans were typically low-income earners or unemployed, and were sending money in excess of their income level.
- The women lived in areas with a high population of immigrants.

The FIC worked with law enforcement agencies to reveal that foreign nationals involved in illegal activities, such as drug trafficking and prostitution, were using South Africans to send money to other countries.

The individuals involved in these activities are being investigated for a range of crimes, including contravening exchange control regulations and drug trafficking.
Remittance fees punish poor Africans

An excerpt from the Mail & Guardian

13 January 2012

The World Bank has identified South Africa and Tanzania as having some of the highest costs for remittance payments in the world, with some charges as high as 25% of the money being transferred.

Remittance payment is the transfer of money across borders, often used by immigrant workers to send money home to family members.

In 2010, the African diaspora sent home $40-billion in remittance payments to the continent, with these money transfers representing close to 10% of some African countries’ gross domestic products.

The World Bank said that cutting charges by 5% could save up to $16-billion a year. Considering that remittance payments were a vital source of income for many families who were living hand to mouth, this would have a massive impact.

The information, Remittance Prices Worldwide: Making Markets More Transparent, on the World Bank’s website, singled out the remittance corridors of Tanzania to Rwanda, Uganda and Kenya, and South Africa to Zambia and Mozambique as being the five most costly corridors among the 213 countries analysed.

A transfer of $200 from South Africa to Zambia cost on average $44.66 or 22%, and a $200 transfer from South Africa to Mozambique cost on average $36.11 or 18%.

The World Bank’s website also singled out the cheapest remittance corridors in the 213 countries analysed as Singapore to Bangladesh at 2.2% and the United Arab Emirates to Pakistan at 2.6%.

5 http://mg.co.za/article/2012-01-13-remittance-fees-punish-poor-africans/
“In many cases, the cost to consumers of these remittance transactions is expensive relative to the often low incomes of migrant workers, the amounts sent and the income of remittance recipients,” the World Bank said.

“Therefore, any reduction in the remittance transfer price would result in more money remaining in the pockets of migrants and their families and would have a significant effect on the income levels of remittance families.”

It argued that an underdeveloped financial infrastructure, limited competition, regulatory obstacles and a lack of access to the banking sector by remittance senders and/or receivers all played a role in keeping the costs high....

THE REMITTANCE CORRIDORS OF TANZANIA TO RWANDA, UGANDA AND KENYA, AND SOUTH AFRICA TO ZAMBIA AND MOZAMBIQUE ARE THE FIVE MOST COSTLY CORRIDORS AMONG THE 213 COUNTRIES ANALYSED
What is it?
A fraudulent investment scheme. It offers investors unusually high returns, but the payouts do not come from actual profits — the victim’s own money, or money paid by subsequent investors, is used.

How it works
Victims are enticed to invest in a seemingly legitimate investment opportunity with promises of high returns. Initially, the scammers may pay out large amounts to attract more investors. But new investors are paid using money from previous investors, rather than from real profit. The scheme cannot be maintained for long, because the earnings, if any, are always less than the payments. Eventually, the scammer disappears with the money, minus any payouts to investors.

How to avoid being a victim
- Do research before investing.
- Speak to a financial adviser before making important investment decisions.
- Don’t be fooled by promises of high returns.
CASE STUDY: PONZI SCHEME

The FIC coordinated an inter-agency task team that tackled the largest Ponzi scheme yet to operate in South Africa, with an estimated value of more than R12 billion.

The scheme drew in several hundred “investors” who contributed substantial funds to import anti-retroviral drugs, based on the promise of large percentage payouts. As the economic recession hit home, the funds to pay out investors at the promised rates dried up and the scheme was revealed.

The FIC provided the financial intelligence that helped participating agencies to coordinate a targeted investigation and to identify information used as evidence for eventual prosecution.

Perpetrators’ accounts were frozen and some assets were confiscated. The task team also developed a list of all scheme investors, facilitators and administrators.

International cooperation helped the FIC to establish the cash flow pattern, the accounts involved and the method of laundering money. This information was given to other agencies and helped direct the investigation.

THE SCHEME IS NAMED AFTER CHARLES PONZI, WHO BECAME NOTORIOUS FOR USING THE TECHNIQUE AFTER EMIGRATING FROM ITALY TO THE UNITED STATES IN 1903
SARS gunning for Ponzi queen
An excerpt from IOL News
16 February 2012

The taxman is determined to squeeze a massive R17 million out of this Cape Ponzi scheme queen.

And a Daily Voice investigation also reveals the South African Revenue Service is now also targeting all those who invested in the dodgy dealings of the now-liquidated company World Focus 899 CC.

And at the top of SARS’ list is NAME REMOVED.

NAME REMOVED was exposed as the mastermind behind the scam which targeted over 400 poor Muslims as well as some of the province’s wealthiest Islamic families.

Investors in the scheme say “recruiters” even used quotes from the holy Qur’an scriptures to get hesitant investors to hand over their cash.

Investors lost an incredible R157 million in the scheme after World Focus 899 CC was liquidated in April 2010.

SARS spokesman Adrian Lackay Wednesday night confirmed they are going after the World Focus 899 CC Ponzi investors. He made it clear that SARS would be going after “all those who benefited in the alleged Ponzi scheme”. 

USE OF FRONT COMPANIES

What is it?
Front companies are used to conceal the proceeds of illicit activities.

How it works
Criminals set up or use businesses to launder money. The proceeds of crime are used to fund the company’s business activities, or they are combined with legitimate proceeds and deposited into the firm’s bank account.

FRONT COMPANIES, ALSO KNOWN AS SHELL ORGANISATIONS, ARE USED TO SHIELD THE PARENT COMPANY FROM LEGAL LIABILITY
CASE STUDY: PUBLIC SECTOR FRAUD AND CORRUPTION

The FIC assisted in a large fraud and corruption case involving the theft of millions of rands by public servants.

State employees tasked with managing a project diverted the funds to officials’ personal projects. The subjects used front companies and their relatives to set up entities to receive grants from the fund. The proceeds of these illegal grants were used to buy properties and vehicles. Some of the proceeds were laundered through attorneys’ trust accounts.

The money trail was well concealed and difficult to follow, but the FIC was able to trace the companies linked to the individuals, identify the various bank accounts involved, and analyse money flows to trace projects that benefited from the grants.

The information provided by the FIC enabled the investigation team to make a breakthrough in tracing the crime proceeds and uncovering more illegal activities related to the scheme. The agencies involved were able to collect evidence, preserve property and prosecute the guilty parties.

The FIC’s involvement enabled the following:

- The subpoena of over 100 bank accounts and the subsequent quick gathering and analysis of the financial intelligence.
- Enhanced communication lines with banks.
- In-depth cash flow analysis by forensic auditors, which helped the investigation team to unravel the intricate scheme.

The case is currently in court.
SA men in plastic banknote scam – Front company channelled millions of dollars in commissions from Nigerian contract

An excerpt from the Mail & Guardian

29 November 2010

A group of South African businessmen is embroiled in an international investigation of multimillion-dollar commission payments made by an Australia-based banknote company.

Securency International, which is jointly owned by the Reserve Bank of Australia and British company Innovia Films, is under investigation by the Australian Federal Police and Britain’s Serious Fraud Office over commission payments of some $50 million since 2003 to a network of politically connected agents employed to help secure contracts.

Investigators suspect some payments included bribes channelled to decision-makers.

One key leg of the investigation relates to payments flowing from the decision of the Nigerian central bank to adopt Securency’s “plastic” polymer-based notes in preference to “paper” money.

Evidence seen by the Mail & Guardian shows commission payments amounting to 12% of the net amount received by Securency flowing from the Nigerian contract were paid to a front company set up in the Seychelles but apparently controlled by a group of South Africans.

The Seychelles company, SPT Limited, has two pro forma directors drawn from the Seychelles trust company that acts as the administrator, but includes one South African director, NAME REMOVED. The Seychelles administrator, the Mayfair Trust Group, would not comment.

NAME REMOVED, a Pretoria accountant, appears to represent South African interests in SPT. It is understood that SPT paid regular dividends to two entities, the St Christopher Trust and the Martindale Trust, believed to have South African beneficiaries.

Other evidence seen by the M&G suggests that SPT is controlled or directed by a South African company, AHN Pharma, or its managing director....
What is it?
A “mule” is another name for a courier who physically smuggles illegal items across a national border.

How it works
Drug mules are hired to reduce the risk of the organisers being caught. The mule is usually paid a small percentage of the actual profit.

Methods of smuggling include hiding drugs in a vehicle, luggage or clothes; strapping them to the body; or carrying them internally.

Sometimes drugs are hidden in the bag or vehicle of an unaware, innocent person, to be retrieved elsewhere.

How to avoid being a victim
• Always pack your own bag when travelling.
• Do not carry a package for anyone unless you know its contents.

An average drug mule can swallow between 80 and 125 pellets filled with drugs – a total of 800g – 1.25kg
CASE STUDY: **DRUG MULE**

A South African woman was arrested for drug trafficking in another country. During questioning, she mentioned her recruiter and the associated subjects.

The FIC’s research revealed frequent and suspicious high cash volume transactions in one of the subject’s accounts. Working with the banks, the FIC uncovered additional accounts with frequent large cash deposits locally and withdrawals in other countries.

Money was also deposited into the accounts of young South African women, presumably for drug smuggling. These young women worked in low-paying jobs.

Cheque deposits were also made to supermarkets and cellphone shops, confirming that some of these companies are used as fronts by non-residents to launder and conceal the profits of their criminal activities.

This intelligence helped law enforcement agencies arrest some of the subjects.
Drug mule suspects: Three South African women in African jails after airport arrests
An excerpt from The Witness
29 December 2011

Three more South African women are in foreign jails for the festive season for allegedly acting as drug mules.

In Nigeria a single mother from South Africa was arrested on Christmas eve for drug smuggling. This after she had reportedly voided her bowels of 55 sealed packets of tik in front of customs officials.

Two other women were arrested in Harare and Maputo.

NAME REMOVED (38) was on her way home to South Africa after she had visited a friend in Malaysia.

In the departure hall of the Murtala Mohammed International Airport in Lagos she started experiencing cramps. Almost collapsing from the pain, she begged that airport security officers get her to a doctor.

A scan confirmed that she had swallowed packets of drugs.

She said she had been persuaded in Malaysia to smuggle 700 grams of crystal methamphetamine, or tik, from Benin, which borders Nigeria.

In a statement she said she had agreed to smuggle the packets of drugs because she hoped that it would ensure a better life for her 19-year-old daughter in South Africa, reports the Daily Sun.

The drugs were delivered to NAME REMOVED’s hotel room in Cotonou, Benin….
Two other South Africans were arrested abroad, allegedly with drugs in their possession, Sapa reports.

NAME REMOVED was arrested on Christmas eve at the Maputo international airport on her way from Addis Ababa in Ethiopia.

In Harare a South African woman will appear in court after two kilograms of cocaine were reportedly discovered in her possession at the international airport in the Zimbabwe capital.

She was on her way from South Africa to India when she was arrested on December 15. Four fake passports were allegedly found in her possession. Her friends alleged that she smuggled drugs for a South African drug lord who recruited drug mules from Rosettenville and Turffontein in Johannesburg.…