



Financial Sector
Conduct Authority

P.O. Box 35655
Menlo Park
0102

Tel. +27 12 428 8000
Toll free. 0800 20 3722
Fax. +27 12 346 6941
Email. info@fsc.co.za
Website. www.fsc.co.za

ENQUIRIES:	Valentin Malatji	D. DIALLING NO.:	012 428 8128
OUR REF:	FSP 15842	FAX:	012 346 1901
DATE:	2 July 2020	E-MAIL:	Valentine.malatji@fsc.co.za

MR B M Papas
Brian Michael Papas
37 Willow Road
Constantia
7806

E-mail: brian@papasbrokers.co.za

Dear Sir

1. NOTICE OF ADMINISTRATIVE SANCTION

The Financial Sector Conduct Authority (FSCA) is satisfied on available facts and information, in particular the factors mentioned in section 45C(2) of the Financial Intelligence Centre Act 38 of 2001 (FIC Act) and representations received, that Brian Michael Papas (Papas), an authorised financial services provider and an accountable institution as envisaged in terms of item 12 of schedule 1 to the FIC Act, has failed to comply with the FIC Act. Accordingly, the FSCA hereby issues this Administrative Sanction Notice (the Notice).

2. Nature of Non-compliance:

Directive 02/2014

- 2.1 In terms of Directive 02/2014 issued by the Financial Intelligence Centre (the Centre) on 9 April 2014, no person may share their goAML log in credentials.
- 2.2 Papas failed to comply with Directive 02/2014 in that the FSCA found during the inspection that the Money Laundering Compliance Officer shares his goAML log in credentials with the personal assistant.

Transitional Management Committee:

AM Sithole (Commissioner) DP Tshidi CD da Silva JA Boyd MM du Toit LP Kekana K Gibson OB Makhubela P Mogase

Customer Due Diligence

- 2.3 In terms of section 21 read with sections 20A, and 21A of the FIC Act and Guidance Note 7 issued by the FIC on 2 October 2017, accountable institutions must identify and verify their clients (customer due diligence or CDD) in terms of their Risk Management and Compliance Programme (RMCP).
- 2.4 Papas' RMCP states that they need to identify the client when establishing a relationship and verify it by obtaining the client's identity documents, proof of address and pay slips.
- 2.5 Papas failed to keep identity records and proof of employment for two clients at the time of the inspection.
- 2.6 Subsequent to the inspection, Papas obtained the clients' identity documents and proof of employment.

3. Reasons for imposing the administrative sanction:

- 3.1. Non-compliance with the FIC Act is a serious contravention as Papas may be abused for money laundering and/or terrorist financing;
- 3.2. All accountable institutions had 18 months grace period to implement the amendments to the FIC Act;
- 3.3. Papas remedied the non-compliance identified subsequent to the inspection.

4. Particulars of the administrative sanction:

In terms of section 45C(1), read with sections 45C(3), and 45C(6)(a) of the FIC Act, the FSCA hereby imposes the following administrative sanction on Papas:

- 4.1. Papas is directed to ensure the Money Laundering Compliance Officer is directed not to share the log in credentials with any person.

4.2. A financial penalty of R4 000 for non-compliance with section 21 of the FIC Act. The payment of the R4 000 is hereby suspended for a period of 3 years from the date of this Administrative Sanction, on condition that Papas remains fully compliant with section 21 of the FIC Act. Should Papas be found to be non-compliant with section 21 of the FIC Act within the 3 years suspension period, the suspended penalty of R4 000 becomes immediately payable.

5. Right of appeal:

5.1. In terms of section 45D of the FIC Act, read with Regulation 27C of the Regulations promulgated in terms of GN R1595 in GG 24176 of 20 December 2002 as amended, Papas may lodge an appeal within 30 days, from the date of receipt of the Notice. The notice of appeal and proof of payment of the mandatory appeal fee must be-:

5.1.2. hand delivered to:

The Secretary: The FIC Act Appeal Board
Byls Bridge Office Park, Building 11
13 Candela Street
Highveld Extension
Centurion

5.1.3. sent via electronic mail to:

The HOD: Office of General Counsel
FSCA
Attention: Adv C Geel (Charl.Geel@fsca.co.za)

5.2. Mr Vongani Khoza, Secretary of the FIC Act Appeal Board, may be contacted at Vongani.Khosa@fic.gov.za and telephonically at (012) 641-6241 / 082 437 6371 should Papas require further information regarding the appeal process. Details of the appeal process can also be found on the FIC's website at www.fic.gov.za.

6. Publication of sanction:

The FSCA will make public the decision and the nature of the sanction imposed in terms of section 45C(11) of the FIC Act.

Yours faithfully



Kedibone Dikokwe

For the Financial Sector Conduct Authority