



Financial
Intelligence Centre

MEDIA RELEASE

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FUSION CENTRE, DPSA AND SASSA MAKE INROADS IN BRINGING TO BOOK CRIMINAL GOVERNMENT EMPLOYEES

8 May 2023: The Fusion Centre, in collaboration with the Department of Public Service and Administration (DPSA) and the South African Social Security Agency (SASSA), is making headway in cases against government employees who fraudulently received social relief grants.

The COVID-19 pandemic has had a devastating impact on the country and society at large. To provide much needed support to the indigent, the unemployed and those suffering financial hardship, government allocated more than R5 billion for social and economic relief when the pandemic broke.

Two government employees, who fraudulently applied for and received the special COVID-19 social relief of distress grant of R350, were recently sentenced. The collaborative efforts across government departments unlocked several challenges in the investigation into fraud of these relatively small amounts. The gains and pathways made are expected to pave the way for future successes in convictions and investigations into similar matters. Some of these matters are at an advanced stage while others are already enrolled in court.

Among the challenges during the investigations into fraudulent applications were linking applicants to the registered phone numbers and determining whether they were government employees. Many of the government employees under investigation also registered for grants in jurisdictions outside of their work addresses. In addition, millions of applications and payments had to be scrutinised against government employee databases.

Criminals have exploited the measures government introduced to ease the distribution of COVID-19 relief funds. Government's system allows for applicants to file for relief grants electronically. Applicants provide their name and surname, identity number, and proof of address for verification.

As a collective, the team pieced together information held by the various national and provincial government departments to present admissible evidence in court that ultimately led to convictions.

The Fusion Centre, SASSA and DPSA played a pivotal role in unlocking the challenges and securing convictions and/or sentences. The successful convictions has demonstrated that law enforcement agencies have taken seriously matters involving government employees who illegally benefited from funds that were meant for social relief. The collaborative efforts of the partners are illustrative of how diverse departments and entities can work together in the fight against financial crime.

Started in 2020, the Fusion Centre has brought together members of government's justice, security and intelligence community to expeditiously tackle corruption, fraud and other financial crimes related to misuse of COVID-19 relief funds. In the first two years since its inception in 2020 to date, the Fusion Centre assisted in the recovery of criminal assets of totalling R1.8 billion. Over the same period, 172 cases were enrolled for criminal prosecution, of which 51 matters were finalised with 44 convictions.

The operational hub of the Fusion Centre includes the National Prosecuting Authority, South African Police Service, the Directorate for Priority Crime, Crime Intelligence and Detective Service, Asset Forfeiture Unit, Special Investigating Unit, South African Revenue Service, State Security Agency as well as the National Intelligence Coordinating Committee. Fusion Centre members operate within their own legislative framework and parameters, focusing their expertise, skills and experience into a single hub.

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ISSUED BY THE FINANCIAL INTELLIGENCE CENTRE

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Note to editors: As South Africa's national centre for the gathering and analysis of financial data, the role of the Financial Intelligence Centre (FIC) is to safeguard the integrity of the country's financial system and its institutions. In pursuit of this, the Financial Intelligence Centre Act, 2001 (Act 38 of 2001), mandates the FIC to assist in the identification of the proceeds of crime, in combating money laundering and in the financing of terrorism, and facilitate effective supervision and enforcement of the Act. Under this legislation, financial and non-financial institutions are required to fulfil certain compliance obligations, including registering with, and filing various regulatory reports to the FIC. The information provided in these reports forms the basis upon which analysis is conducted to develop financial intelligence reports for use by a wide range of law enforcement agencies, investigative authorities, and other institutions to facilitate the administration and enforcement of the laws of the Republic. The FIC Act also sets out the enforcement and penalty regime for non-compliance with the FIC Act.

The 2021/22 financial year saw initiatives which had been implemented in prior years take further root and yield results through collaboration and partnerships. Among these was the work of the Fusion Centre, a collaboration of law enforcement agencies and the FIC, and that of the public-private partnership, the South African Anti-Money Laundering Integrated Task Force. Both initiatives bring together necessary resources and focus attention on dealing with money laundering and terrorist financing.

The financial year also saw the adoption of the Financial Action Task Force mutual evaluation report in October 2021, following their assessment of the country's capability and capacity for combating money laundering, terrorist financing and proliferation financing. Work to address the identified deficiencies got under way in the 2021/22 financial year.

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ITEM	2021/22
Total institutions registered	45 555
Regulatory reports received	>5.12 million
Cash threshold reports received	>4.5 million
Suspicious and unusual transaction reports received	533 277
Inspection reports issued by FIC and supervisory bodies	404 FIC and 739 supervisory bodies
Value of sanctions imposed	>R41 million
Financial intelligence reports disseminated	3 114
Responses to requests for financial intelligence	2 300
Proactive financial intelligence reports disseminated	782 of which 131 related to high-priority matters
Financial intelligence reports on illicit financial flows	32
Value of suspected criminal proceeds frozen	R204 million
Proceeds preserved and recovered through Fusion Centre over two years since the inception of the Fusion Centre	>R1.75 billion
Value of proceeds of crime recovered, in which the FIC's financial intelligence was used	>R5.1 billion
Collaboration between SAMLIT and the Fusion Centre over the last two years led to the preservation and directives to freeze accounts to this amount	R86 million