



Briefing Statement on the achievements and accomplishments of the Fusion Centre

Date: Wednesday, 6 December 2023

**Members of the media; and
South Africans.**

We welcome all of you to this media briefing that will share with you the progress and successes achieved by the Fusion Centre over the past few years of its existence, in fulfilment of its mandate to prevent and combat corruption in the country. In this briefing, we want to inform you about the positive and focused work being done to help curb the scourge of money laundering and corruption in the country. Furthermore, this work is being done through dedicated and collaborative efforts of the full range of the members of the criminal justice system. We will show, through the results of our collective efforts, that a number of arrests and convictions have been secured and proceeds removed from those who have been involved in fraud, corruption

and money laundering. These actions show that the government's investment in fighting financial crime is reaping rewards and that the agencies with individual mandates and focus areas can work together effectively to expedite the fight against financial crime. The work of the Fusion Centre has shown that with this focus, individual departments and agencies can help end financial crime.

Origin of the Fusion Centre

The Fusion Centre was established in May 2020 by the Anti-Corruption Task Team (ACTT) and NPCOC as a multi-disciplinary and collaborative effort by all the corruption-fighting agencies that are actively involved in the prevention and combating of corruption. The operationalisation of the Fusion Centre coincided with the need to identify and stem misappropriation of funds set aside by government for social and economic relief during COVID-19.

Hence, the initial focus of the Fusion Centre was on money laundering, corruption and other financial crimes related to procurement of personal protective equipment and other COVID-19 related procurement. The agencies which collaborated includes the National Prosecuting Authority (NPA); NPA's Asset Forfeiture Unit (AFU); Financial Intelligence Centre (FIC);

Special Investigating Unit (SIU), South African Revenue Service (SARS), Directorate for Priority Crime Investigation (DPCI), South African Police Service (SAPS) Detectives and Crime Intelligence, the National Intelligence Coordinating Committee (NICOC), National Treasury and Auditor General of South Africa (AGSA), the State Security Agency (SSA) and other related Government Departments .

The objective of establishing the Fusion Centre was to cultivate a culture of collaboration between these agencies, and to bring together investigators and prosecutors who have been seconded to contribute their specialised expertise and experience to maximise the ability to detect, prevent, investigate and prosecute corruption-related cases.

Revised mandate of the Fusion Centre

Following the success of the collaborative approach, since the beginning of the March 2023, the mandate of the Fusion Centre has been expanded to include organised crime, money laundering, fraud, maladministration, terrorist financing and other serious financial crimes both in public and private institutions.0

Approach adopted by the Fusion Centre

The Fusion Centre follows an intelligence-driven approach in investigating corruption and it uses comprehensive data and information analysis.

It also fast tracks and expedites the processing of cases, reducing delays in the pursuit of justice.

By bringing together various legal and investigative capabilities in one place, the Fusion Centre promotes the enforcement of multiple laws in individual corruption matters. This collaborative approach allows for sharing of resources, thus reducing individual financial burdens and improving optimal use of resources.

The Fusion Centre broadens the scope of investigations by combining the expertise of multiple agencies, working within their legislative mandates and enhancing the quality and depth of each inquiry. This results in improving the quality of investigations, and increasing prosecution successes.

Key elements of early success

The Fusion Centre has access to significant systems and financial transactional information, facilitating more informed and targeted investigations.

It has the support of the banking sector via the South African Anti-Money Laundering Integrated Task Force (SAMLIT). This sector's support is crucial for sharing financial data and transactional information, which expedites uncovering illicit activities and following the money trails on identified financial crimes.

The success of the joint efforts of the Fusion Centre with its collaboration partners and the banking sector has spurred on the sharing of information to address financial organised crime and corruption. This willingness to share critical information accelerates the investigative process.

The Fusion Centre's approach and the key role players in the collaborative partnership lends itself to speedy response and recovery actions, reducing the chances for criminals to launder and dispose their ill-gotten gains.

Achievements

Since May 2020 to date, the Fusion Centre has achieved a significant number of successes in arrests, prosecution, freezing

orders and recoveries. These significant achievements serve to amplify that government's sharp focus on capacitating the agencies focused on fighting crime and corruption is yielding results.

During the COVID-19 pandemic period, there were a number of corruption incidents related to the procurement of personal protection equipment (PPEs) and the allocation of the relief funds for those negatively affected by the pandemic.

At this time, the Fusion Centre was seized with coordination of investigations of cases involving corruption related to unauthorised procurement and misappropriation of funds by state institutions related to PPE procurement and other COVID-19 related matters. These includes claims of relief funds from the Temporary Employer/Employee Relief Scheme (TERS) and the provision of food parcels to the needy and other social and economic relief measures.

Ladies and gentlemen, the Fusion Centre has achieved successes relating to the following cases:

- Investigated five hundred and fifty six (556) cases and incidents of fraud, maladministration, tax evasion and

corruption involving one hundred and sixty eight (168) accused persons;

- Fifty-one (51) natural persons and forty-three (43) entities were convicted for various crimes including corruption, fraud, tax evasion, money laundering and others; and
- Forty eight (48) cases are still in court.

The Fusion Centre, through its collaboration efforts with the different stakeholders, has been able to secure convictions which resulted in direct imprisonment.

Case studies of some of the cases successfully prosecuted

Some of the cases handled by the Fusion Centre are complex commercial crimes, involving networks of organised criminal syndicates. The investigators from the Fusion Centre had to trace the networks and the syndicates in order to arrive at conclusive evidence of wrongdoing.

The first case involved an accountant who defrauded the TERS scheme over R11 million by claiming relief funds on behalf of a number of companies without their knowledge.

The investigators uncovered a network of seventeen (17) persons, twenty six (26) entities, fifty three (53) banking accounts

and nine hundred and eighty three (983) transactions involved in flow of the financial proceeds from the accountant. The funds were used to purchase immovable and moveable assets such as houses and a car.

Preservation orders against the two accounts to the value of three million, sixty five thousand and one hundred and fourteen rand and eight cents (R3 065 114.08). Four immovable properties valued at two million, six hundred and sixty two, nine hundred and eighty six rand and sixty cents (R2 662 986.60). One vehicle was bought with an amount of six hundred and sixty five thousand rand (R665 000). The accused accountant (Lindelani Bert Gumede) was arrested and convicted for fraud, theft and money laundering.

He was sentenced in 2022 to a total of one hundred and thirty five (135) years imprisonment.

The second case also involved an accountant who, using the names of six companies, defrauded the TERS scheme to the amount of eight hundred and eighty four rand, three hundred and eight rand and six cents (R884 308.06).

Crime analysis revealed that the accountant was behind the companies that claimed the funds. This accountant was charged

and an amount of four hundred and eighty two thousand rand, two hundred and fifty eight and seventy-one cents (R482 258.71) was recovered in an FNB account registered under the name of the accountant.

The recovery process by the Fusion Centre he agreed to refund the funds derived from defrauding the scheme. The accountant (Mark Voster) was six (6) years imprisonment.

The third case involved an Eastern Cape Taxi Association which fraudulently claimed R220 million from the TERS scheme using 66 accounts. The Fusion Centre issued Section 34 directives on the twenty six (26) bank accounts securing a preservation order of R26.9 million against the taxi association. The PPE contract of the taxi association was declared irregular and unlawful. The criminal trial is still proceeding.

In terms of the freezing orders and recoveries, the following successes were achieved:

- The FIC obtained 25 orders worth R274 million;
- The AFU obtained 42 orders worth over R331 million;
- The SIU obtained 29 orders amounting to R465 million;
- SARS obtained 22 freezing orders worth over R740 million.

Public officials were involved in some of the cases of maladministration or did not follow the legislative frameworks in the appointment of service providers, and payments made to service providers and third parties. There were 97 referrals for disciplinary and executive actions against officials in government departments and state-owned entities. So far, 11 public officials have been dismissed for various cases of maladministration, fraud and corruption. Three have resigned, eight were suspended, seventy one (71) pending and one has received a written warning.

Other referrals include fifty eight (58) cases to the Competition Commission, fifty seven (57) to the South African Health Product Regulatory Authority (SAHPRA) and twenty nine (29) companies referred to National Treasury to blacklist them on the Central Supplier Database (CSD) and forty seven (47) referrals from SIU to NPA and DPCI.

Ladies and gentlemen, the fight against corruption requires the active participation and partnerships with all sectors in the country. We are calling upon the business sector, specifically, to partner and collaborate with the Fusion Centre and support the enhancement of forensic investigation skills and other critical skills which will lead to higher rate of prosecution for commercial corruption crimes.

The Fusion Centre contributes towards the implementation of the Financial Action Task Force (FATF) action plan in respect of South Africa in addressing deficiencies in the anti-money laundering system.

In conclusion, we urge all citizens to be anti-corruption champions and support the work of the Fusion Centre by reporting all forms of fraud and corruption, without fear or favour. Incidences of fraud and corruption can be reported anonymously by calling our toll-free National Anti-Corruption Hotline: 0800 701 701 or sending an email to: Integrity@publicservicecorruptionhotline.org.za.

Thank you.