



26 June 2018

Mr CM Ramaphosa
President of the Republic of South Africa
Union Buildings
Private Bag X 1000
Pretoria
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Dear Mr President

UNMASKING HARITH AND LEBASHE'S ALLEGED FLEECING OF THE PUBLIC INVESTMENT CORPORATION

1. I refer to the United Democratic Movement's (UDM) previous two letters addressed to you and dated 31 May and 8 June 2018 regarding possible corruption at the Public Investment Corporation (PIC) that potentially could make the Gupta Family's alleged capture of state look like chump change.
2. As forewarned in those letters the iceberg of corruption is rising day-by-day as more is revealed around the alleged corruption aimed at fleecing the PIC of billions of rands. We have received another tip-off from a reliable source and, with a little scratch-work of our own, we herewith give you the information the UDM has uncovered of individuals and companies who might be knee-deep in the more than a decade's worth of pillaging the PIC.
3. **The crux of the matter is that there is an allegation that Dr Dan Matjila, the current PIC CEO is - pardon the colloquialism - in bed with the Mr Tshepo Mahloele, Mr Jabu Moleketi and Mr Warren Wheatly.**

It is alleged that Dr Matjila uses his approval limit, of up to R2 billion, to avoid having to get the board to approve deals. It is alleged that the PIC has thusly funded these gentlemen in the Capitec, EOH and Momentum MMI deals in one year!

3.1. The companies/firms/organisations that feature in this troublesome tale is:

- 4 Africa Exchange,
- Aluwani Capital and Aluwani Capital Partners,
- Capitec,
- Coral Lagoon,
- EOH,
- Harith General Partners and Harith Fund Management Company,
- Lebashe Investment Group.
- Momentum MMI,
- PetraTouch,
- RainFin,
- Regiment Capital and
- Tactical Software Systems (TSS).

Mr President, these companies and individuals all have link/s - past and present, directly or indirectly - with the PIC. It makes for uncomfortable reading when one considers the possibility of a very complicated and opaque scheme that will put at risk the Government Employees Pension Fund.

4. We here below try to unravel a quite complex web, which is, as far as we are aware correct:

4.1. Mr Tshepo Mahloele had managed the PIC's Corporate Finance and Isibaya Fund Division. He also is one of the originators of Harith General Partners and now serves as its chief executive officer (CEO) and is also a director of Harith Fund Management Company. The PIC apparently owns 30% of Harith General Partners.

Mr Mahloele had managed the Pan-African Infrastructure Development Fund (PAIDF) during his tenure at the PIC, which was set-up by him and Mr Brian Molefe during the latter's time at the PIC. As far as we understand, PAIDF is now managed by Harith General Partners and Harith Fund Management Company.

Mr Mahloele is also a director of the online lending firm RainFin with a reported R100 million enterprise value. He has/had links with black economic empowerment (BEE) consortium, PetraTouch. He is a director of the 4 Africa Exchange wherein Lebashe Investment Group reportedly has an “unspecified stake”. Mr Mahloele had also been a past non-executive Director of Capitec.

- 4.2. Former deputy finance minister, Mr Jabu Moleketi is Harith General Partners’ board chairperson and serves as a director at RainFin. During his tenure as deputy minister of finance, he served as the board chairperson of the PIC. Mr Moleketi is the chairperson of Aluwani Capital Partners and a non-executive director for Aluwani Capital. He also is an independent non-executive director of MMI Holdings, which has links with Aluwani Capital, in which Lebashe is invested.
- 4.3. Mr Warren Wheatly is reportedly the founding principal and executive director of Lebashe and is a director at RainFin. He apparently started TSS Capital and serves/ed as its director, chief investment officer and CEO. Lebashe apparently owns TSS Capital. Mr Wheatly also serves/ed on the boards of PetraTouch and Aluwani Capital Partners.
- 4.4. The BEE consortium PetraTouch, led by Mr Mahloele, has become Capitec’s largest empowerment shareholder, whilst RainFin loaned money to PetraTouch.
- 4.5. Coral Lagoon which was started with the help of the Industrial Development Corporation was the BEE partner of Capitec. Regiments Capital (which has links to the African National Congress) owns/owned 18% of Coral Lagoon.
- 4.6. Lebashe apparently owns 5.3% Capitec shares.
- 4.7. Listed business technology services group EOH embarked on a R3.2 billion a BEE deal with Lebashe.

Of all these companies, **Lebashe Investment Group** is the opaquest, with absolutely no internet presence, aside from online articles about illustrious investment and BEE deals, with one source claiming that the group manages assets worth R8.5 billion. It is also reported that Lebashe owns 75% of RainFin. RainFin’s blog does indeed mention that Lebashe is “led” by Messrs Moleketi, Wheatly and Mahloele.

5. The above reads like a spy novel with incomprehensible twists and turns, with only clues as to the real nature of the relationship between these companies and Messrs Mahloele, Moleketi and Wheatly. From the above information, one can however see that there is a complicated system at work to apparently hide that the PIC is being fleeced at an astonishing pace.
6. There are several pertinent points to be made and questions to be answered Mr President, they are, but not limited to:
 - 6.1. How was Harith formed using PIC monies and for what reason was it allowed (or predestined) that Mr Mahloele should automatically move from the PIC (Corporate Finance and Isibaya Fund) to Harith CEO? It does seem like a cushy arrangement.
 - 6.2. At face value, there seems to be a concerted effort to hide, layer within layer, the relationships between the role-players and their past and present roles to the PIC.
 - 6.3. Harith and Lebashe seems to be the same company dressed up differently, with the self-same individuals at their helms, which seemingly serves as a twin portal to access PIC funds.
 - 6.4. Of interest is the nature of the relationship between Lebashe and the PIC. Lebashe seems to be an unknown company that has no corporate identity, but it seemingly has access to PIC funds via the current CEO, Dr Matjila.
 - 6.5. There is something *seriously* wrong where Lebashe is concerned. From our research, little is known about Lebashe and it must be established for whom do they managed R8.5 billion worth of assets.
 - 6.6. Are companies, with seemingly legitimate business, not front companies for a select group of super rich people to syphon money from the PIC?
 - 6.7. Did/does the PIC corporate machinery do due diligence when approving loans; in general, but in particular where the above-mentioned companies are/were concerned and are these loans serviced?
 - 6.8. Is there any truth in that these seemingly “100% black-owned companies” (where at least one or more of the gentlemen are involved) are “window-dressing” for “white companies” to access funds from the PIC by playing the BEE card?

7. Mr President, instead of being a giant machinery that creates wealth opportunities for South Africans, it is clear that individuals such as Messrs Mahloele, Matjila, Moleketi and Wheatly are at least double or triple dipping in the PIC's funds. In fact, one shudders to consider how many conduits they have at their disposal to sap PIC funds.
8. If there is a case to be made that Messrs Mahloele, Matjila, Moleketi and Wheatly are part of an elite, are there other individuals pulling the self-same tricks to make themselves extraordinarily rich at the expense of government employees.
9. Finally Sir, what will happen if these disguised BEE deals that have been struck using the PIC's money fold? Just as in the case of VBS Mutual Bank, the money will evaporate into thin air and leave the government employees high and dry.

Stressing this point, I remind you of the section in the addendum of my 31 May 2018 letter, that speaks to Steinhoff. Therein we talk about an entity led by Mr Jayendra Naidoo called Lancaster01, where R9.3 billion went down the drain in the name of BEE.

For our government employees, this wending and winding of business is not at the forefront of their thoughts, they are not investment capitalists who are in it to get rich. They are good and honest working South Africans who will lose their entire futures should any of these deals go bust.

10. After having explained in this letter
 - what we believe to be egregious abuses of the PIC,
 - the points we made herein, the
 - questions we asked, and
 - considering the nauseating list of examples given in our 31 May letter,it is clear that, to coin a term, "PIC-gate" dwarfs the alleged state capture of the Gupta-family.
11. The UDM again and with urgency presses upon you the need that the terms of reference of the State Capture Inquiry should be broadened to investigate PIC-gate and that this should happen soon, before the paper trail is shredded in dark back rooms.

We also reiterate our call that the Deputy Chief Justice Zondo's team includes forensic specialists to get to the bottom of this grand scheme of state capture.

In addition, we suggest that you issue a proclamation which would have the Financial Intelligence Services assist in the inquiry.

This will enable the Inquiry to ascertain which companies, that have been successful in accessing PIC-funding, are legitimate BEE entities and which are fronts. It could also determine where the monies are invested, who owns those companies and/or if any political party benefits from its association with such companies.

Kindly advise



Mr Bantu Holomisa, MP
UDM President