



09 July 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

THE PUBLIC INVESTMENT CORPORATION: THE ALLEGED CORRUPTION CONTINUES WITH FURTHER INFORMATION SURFACING ON OTHER SEEMINGLY SUSPICIOUS DEALS

I refer to the United Democratic Movement's (UDM) letters addressed to your office dated:

- 31 May 2018 re: "*The Public Investment Corporation, the Government Employee Pension Fund and suspected corruption; a scandal bigger than the Gupta-family's state capture?*" (also addressed to the Chairperson of the State Capture Commission Deputy Chief Justice RMM Zondo.
- 8 June 2018 re: "*The Public Investment Corporation, the Government Employee Pension Fund and suspected corruption; a scandal bigger than the Gupta-family's state capture?*".
- 14 June 2018 re: "*The Public Investment Corporation, the Government Employee Pension Fund and suspected corruption; a scandal bigger than the Gupta-family's state capture?*".
- 26 June 2018 re: "*Unmasking Harith and Lebashe's alleged fleecing of the Public Investment Corporation*"

Our letter to Finance Minister NM Nene re. "*Unmasking Harith/Lebashe/PIC conflict of interest and alleged corruption: questions that need urgent answers*" dated 2 July 2018 also bears on the matter (see attached).

We have received further information from an anonymous source that alleges other improper deals, over and above those referred to in our previous correspondence, where the Public Investment Corporation (PIC) and its Chief Executive Officer, Dr Daniel Matjila, may be involved.

1. Project Atlas, PIC approval of funding for the subscription by Kilimanjaro Sakhumnotho Consortium (Proprietary) Limited for 98% of the share capital of Tosaco (Proprietary) Limited

1.1. The allegations pertain to a Kilimanjaro Sakhumnotho Consortium (Proprietary) Limited (“the Consortium”) R1,7 billion deal that had been approved in 2015 by the PIC board.

1.2. The R1,7 million was to allegedly be spent on “Project Atlas”, wherein the Consortium wanted money to buy 91,8% of the share capital of Tosaco Energy. The PIC, however, had allegedly disbursed R1,8 billion, which means that there is a R100 million unaccounted for.

1.3. It could therefore mean that Dr Dan Matjila had approved the alleged additional spend of R100 million. Dr Matjila should either produce the minutes of the board meeting at which the decision had been made to increase the amount or he should provide an addendum to the contract between the PIC and the Consortium that explains the change in the amount.

1.4. However, aside from the seemingly improper transaction itself, the question is: what happened to the R100 million? This must be investigated as it is alleged that it was paid to several individuals. *To assist in an investigation, the bank account numbers into which the money had allegedly been paid, are attached to this letter.*

1.5. Sir, apparently, a journalist caught a whiff of the “extra” R100 million the following conversation is alleged to have taken place between Dr Matjila and Mr Mulaudzi:

Dr Matjila:

“Broer, did you give the journalist the share certificate of Tosaco?”

Mr Mulaudzi:

“Afternoon Dr, We didn’t give them shares certificates. We gave them share register only and that was last year. I think her concern is that why we only paid R1,7b whereas we got funding approval for R1,8b. What happened to a R100m. I said R50m went to transactional advisors and R50m went to recapitalize the company and we have already paid it back to PIC through first dividends received. I also briefed Sekgoela. Regards Lawrence.”

It would be interesting to know which company, referred to in the alleged conversation, was recapitalised and also who the transactional advisors were.

1.6. This PIC/Consortium deal, and the alleged “topping up” or “padding”, begs the question: how many other deals were/are struck with the PIC, where this happened/s.

Mr President, you will agree that it is the pennies that make the pound; except that the pennies in these transactions run into the millions of rands of government employees’ pension monies. One of the individuals who benefitted from the R1,7 billion deal has verbally and in writing confirmed willingness to testify and provide proof should the individual be subpoenaed in an inquiry.

2. Funding support for Kefolile Health Investments (Proprietary) Limited for the subscription of Ascendis Health Limited and Bounty Brands (Proprietary) Limited shareholding

2.1. Sir, yet another deal, which involves the PIC and some other common role-players, were closed in 2016 which had been for an aggregate amount of R1,775 billion funding support in relation to Kefolile Health Investments, Ascendis Health and Bounty Brands. This funding allegedly came from the Isibaya Fund and was apparently approved by Dr Matjila.

2.2. The alleged common role-player, in both this and the Consortium deal, is Mr Lawrence Mulaudzi. We think you would be wise to inquire what his role had been in both deals, whether he received transactional incentives and most importantly, if all the allegations are true, why it seems so easy for Mr Mulaudzi to gain access to PIC funding?

- 2.3. It is also alleged that another common role-player is a shareholder called Black Gold Family Trust. In the Consortium deal, it formed part of a company called Shira Holdings, under the helm of Mr Mulaudzi as reported by the City Press in 2016 (<https://citypress.news24.com/News/cronies-score-in-r17bn-pic-deal-20160130-2>). According to the information given to us, this trust again features as a shareholder of Kefolile Health Investment Partners.
3. In both the aforementioned deals the name of Mr Lawrence Mulaudzi comes up. It does seem as if his proximity made the facilitation of the deals with the PIC run smoothly.
4. There also seems to be a bogus transactional agent/consultant involved in these deals by the name of "Ross Randall" as can allegedly be seen on a signed document between Ross Randall and Mr Mulaudzi. The question that needs answering is what work did this transactional agent/consultant do for the PIC?

It is alleged that this is just a front company/person, of Mr Mulaudzi's, to channel money from the PIC to serve his interest. The attached bank account numbers might once again be useful in linking these transfers to the account of the lynchpin of these deals i.e. Mr Mulaudzi.

5. An inquiry should examine how many of these unlisted transactions were approved by the PIC executive; in other words, those below the R2 billion cap on Dr Matjila's approval limit, which do not require board approval.
6. Lastly Sir, in relation to our letter to Minister Nene, after which we have been taken to court by Harith General Partners and the Lebashe Investment Group, we wanted to ask about the 100% seed money that the PIC had released to establish Harith General Partners.

As far as we are aware the PIC owns 30% of Harith and that the balance of the shares obviously belongs to other shareholders. The matter that confuses is the allegation that the 70% shares had been sold to Mr Jabu Moleketi (former PIC board chairperson) and Mr Tshepo Mahloele (former boss at the Isibaya Fund). If this allegation is true, there would be prima facie evidence of illegal insider trading; a classic example of corporate corruption.

Mr President, you will agree with us, that the information provided to you thus far warrants and investigation of the PIC and its investment practices. The role of Dr Matjila in all the deals, should also be teased out in a forensic investigation. If we are to believe the allegations, one wonders how many other such deals have been struck by the PIC and Dr Matjila over the past years.

The UDM, again, strongly urges you to extend the state capture inquiry's terms of reference to include the entire saga of various alleged deals done by the PIC under the stewardship of Dr Matjila.

Kindly advise



Mr Bantu Holomisa, MP
UDM President