

13 August 2021



Inkululeko SA Media NPC

Co Reg: 2014/199607/08

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Dear Brian,

In this letter I refer to and focus on two open court liquidation applications – those in Sars v Sgameka Projects (Case number 33256/21) and Sars v Grand Azania (33257/21) lodged at the Pretoria High Court.

Sars' Criminal and Illicit Economic Activities division investigated money flows from VBS Mutual Bank to Sgameka Projects towards Grand Azania.

Auditors and investigators found:

1. That you defrauded VBS Mutual Bank;
2. You committed a crime by not declaring income tax for the periods of 2017, 2018 and 2019 and did not register as a VAT vendor in these same periods;
3. Your conduct falls into the “obstructive” category as he attempted to intentionally evade paying tax and because he failed to cooperate with Sars and therefore;
4. Understatement penalties at a rate of 125% and 200% respectively were raised;
5. Your total tax bill as it reflects in the court papers is R28,2-million;
6. According to Sars, you used Grand Azania and Sgameka Projects “as the vehicles through which he defrauded the VBS Mutual Bank of approximately R16-million”;
7. From attached documents as well as documents in Scorpio's possession, it is clear you were a front for your brother Floyd Shivambu, the EFF and Julius Malema.

Auditors and investigators of Sars' Criminal and Illicit Economic Activities division traced proceeds of crime into you brother Nyiko Floyd Shivambu's FNB Private Wealth bank account [REDACTED] and attached his bank statements of 25 May 2017 to 24 November 2017 to the liquidation applications (sometimes not entirely legible).

My analysis, based on his bank statements, as well as the bank statements of Sgameka Projects (VBS Mutual Bank Classic Business account [REDACTED], Grand Azania (FNB Gold Business acc [REDACTED], shows the following:

1. Sgameka Projects received about R15,1-million in cash from VBS Mutual Bank which Sars tells us are the proceeds of fraud;
2. Sars traced R289 756 paid from Sgameka Projects to your personal bank account. You clearly did not receive the bulk of the money or used it for your own benefit. My analysis shows you acted as a front and bag man;
3. Sgameka Projects paid R180 000 in three tranches into Floyd's FNB Private Wealth bank account between 18 August 2017 to 26 August 2017;
4. Sgameka Projects further paid R5,16-million in 22 tranches to Grand Azania between 13 June 2017 and 2 March 2018;
5. A pattern in the Grand Azania Bank statements suggest that the company paid Floyd R4 269 000 in 61 tranches between 1 November 2016 and 31 August 2018. Of this amount, and based on the court documents, I traced R1 660 000 from VBS Mutual Bank, to Sgameka Projects, to Grand Azania and into Floyd's FNB Private Wealth account;
6. Grand Azania habitually paid Floyd large sums of cash right after it received VBS-loot, which by now we know are proceeds of fraud. I list three examples:
 - 13 June 2017: Sgameka Projects pays R400 000 to Grand Azania;
 - 14 June 2017: Grand Azania pays R120 000 to Floyd's FNB Private Wealth account;
 - 10 July 2017: Sgameka Projects pays R600 000 to Grand Azania;
 - 11 July 2017: Grand Azania pays R50 000 to Floyd's FNB Private Wealth account;
 - 6 October 2017: Sgameka Projects pays R200 000 to Grand Azania;
 - 6 October 2017, on the same day: Grand Azania pays R100 000 into Floyd's FNB Private Wealth account.

This trend of VBS-loot making its way to Floyd through Grand Azania more or less followed for 24 tranches and a total of R1 710 000, paid between 9 June 2017 to 24 November 2017;

7. A third pattern emerges where Floyd's former wife Sihle Pezi and his children – I will not name them here as they are minors and not involved in the crimes perpetrated by the two of you – also benefits handsomely from VBS-loot and other questionable income funneled to them from Sgameka Projects and Grand Azania. For example:
 - Between 31 May 2017 and 24 November, Floyd paid R555 087 in 22 tranches to his wife from his FNB Private Wealth Account. In this time, he pay another T66 000 towards “childsupport” (sic) and “clothes” or “fees”. The bulk of these are paid right after the VBS-loot lands in his FNB Private Wealth Account. I list three examples:
 - 14 June 2017: Floyd receives R120 000 in VBS-loot from Grand Azania and on the same day pays R40 000 towards “Wife Familyexpenses” (sic). The SMS notification of payment is sent to his wife at the time, who is registered as “Sihle Pezi” on his banking app;
 - 31 July 2017: He receives R50 000 in VBS-loot from Grand Azania, and on the same day pays R15 000 towards “Mompasi Sihlepezi” (sic), R4500 towards “Childsupport Floydshivambu” (sic) and another R3000 towards “Childsupport Floydshivambu” (sic);
 - 12 August 2017: He receives R50 000 in VBS-loot from Grand Azania, and on the same day pays R40 000 to “Wife Floyd”.

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- Grand Azania made similar payments totaling R686 654,40 towards Floyd's former wife and children. I list two examples:
 - 21 July 2017: R400 000 deposit towards a Mercedes Benz for Sihle Pezi;
 - 1 September 2017: R50 000 to Sihle Pezi, described as "Sihle Floyd".
- 7. The fourth pattern emerging is that of hundreds of payments from Sgameka Projects, Grand Azania and Floyd's FNB Private Wealth accounts towards the EFF. Three examples are:
 - 28 July 2017 to 4 November 2017: R1,3-million paid from Sgameka Projects to two EFF bank accounts in three tranches;
 - 12 December 2017: Sgameka Projects pays R200 000 in VBS-loot to Grand Azania, which on the same day sends R450 000 to the EFF, and R20 000 what seems to be to Floyd's FNB Private Wealth Account;
 - 25 May to 24 November: Floyd pays about R167 000 from his FNB Private Wealth account towards and for the benefit of the EFF;
- 8. The fifth pattern I wish to highlight is the use of benefactors and their money funneled through various companies. Lawrence Mulaudzi, who also funded a part of Floyd's wedding, paid R200 000 into Grand Azania on 25 August 2018. From this, R80 000 seems to have been paid to Floyd. In the following days, Grand Azania paid about R190 000 towards transport for the EFF rallies – partly funded by Mulaudzi.

My questions to you are:

1. Who managed the Grand Azania bank account, internet banking and cellphone banking app?
2. Did Floyd receive R4 269 000 in 61 tranches between 1 November 2016 and 31 August 2018?
3. Did you make adequate tax declarations to Sars in terms of your personal income tax?
4. Have Sars engaged you on your personal tax declarations?
5. What is your comment on any of the above?

You will note that the annexures filed by Sars at the High Court in Pretoria are in some instances illegible, or difficult to read. This may cause that some of the amounts quoted above in the instance of your private bank account is not correct to the cent. In our article we will round these numbers, for accuracy's sake. I request that you send me more legible versions so as to ensure perfect accuracy.

Return your answers by 15 August, 17:00. Scorpio and Daily Maverick aim to publish around midnight on this date, or any suitable date thereafter.

Regards,

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