

13 August 2021



Inkululeko SA Media NPC

Co Reg: 2014/199607/08

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Dear Floyd,

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 your brother Brian Shivambu defrauded VBS Mutual Bank;
2. Brian 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. His 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. His total tax bill as it reflects in the court papers is R28,2-million;
6. According to Sars, Brian used Grand Azania and Sgameka Projects “as the vehicles through which he defrauded the VBS Mutual Bank of approximately R16-million”.

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

My analysis, based on your 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. Sgameka Projects paid R180 000 in three tranches into your FNB Private Wealth bank account between 18 August 2017 to 26 August 2017;
3. Sgameka Projects further paid R5,16-million in 22 tranches to Grand Azania between 13 June 2017 and 2 March 2018;
4. A pattern in the Grand Azania Bank statements suggest that the company paid you 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 your FNB Private Wealth account;
5. Grand Azania habitually paid you 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 your FNB Private Wealth account;
 - 10 July 2017: Sgameka Projects pays R600 000 to Grand Azania;
 - 11 July 2017: Grand Azania pays R50 000 to your 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 your FNB Private Wealth account.

This trend of VBS-loot making its way to you 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;

6. A third pattern emerges where your former wife Sihle Pezi and your children – I will not name them here as they are minors and not involved in your crimes – 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, you paid R555 087 in 22 tranches to your wife from your FNB Private Wealth Account. In this time, you pay another T66 000 towards “childsupport” (sic) and “clothes” or “fees”. The bulk of these are paid right after the VBS-loot lands in your FNB Private Wealth Account. I list three examples:
 - 14 June 2017: You receive 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 your wife at the time, who is registered as “Sihle Pezi” on your banking app;
 - 31 July 2017: You receive 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: You receive R50 000 in VBS-loot from Grand Azania, and on the same day pays R40 000 to “Wife Floyd”.
 - Grand Azania made similar payments totaling R686 654,40 towards your former wife and children. I list three 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”.

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7. The fourth pattern emerging is that of hundreds of payments from Sgameka Projects, Grand Azania and your 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 your FNB Private Wealth Account;
 - 25 May to 24 November: You pay about R167 000 from your FNB Private Wealth account towards and for the benefit of the EFF;
8. The use of benefactors through other companies. Lawrence Mulaudzi who also funded a part of your wedding paid R200 000 into Grand Azania on 25 August 2018. From this R80 000 seems to have been paid to yourself. In the following days, about R190 000 paid towards transport for the EFF rallies – partly funded by Mulaudzi.

My questions to you are:

1. Did you receive R4 269 000 in 61 tranches between 1 November 2016 and 31 August 2018?
2. You lied to parliament in October 2018 when you told the House you never received stolen VBS-loot. Your comment?
3. You defrauded parliament by never declaring any of the additional income and assets you received. Your comment?
4. Did you make adequate tax declarations to Sars?
5. Have Sars engaged you on your personal tax declarations?
6. 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,

Pauli van Wyk

Investigative Journalist
pauli@dailymaverick.co.za

