

Briefing to the Portfolio Committee on Co-operative Governance and Traditional Affairs (COGTA) on the status of the investigation into the misappropriation of funds at the Municipal Councillors Pension Fund (MCPF)

01 March 2022



Presented by the National Head of the Directorate for Priority Crime Investigation: (Dr /Adv.) Lieutenant General SG Lebeya (SOEG)



Presentation Overview

1. Introduction
2. Mandate of the DPCI
3. Progress on cases relating to the the misappropriation of funds at the Municipal Councillors Pension Fund (MCPF)



Introduction

The purpose of the presentation is to brief the Portfolio Committee on **Co-operative Governance and Traditional Affairs (COGTA)** on the status of the investigation into the misappropriation of funds at the Municipal Councillors Pension Fund (MCPF)

DPCI MANDATE AS ENACTED

Section 17D(1)* of the South African Police Service Act, Act 68 of 1995, as amended, provides for the mandate of the Directorate and states that the Directorate must prevent, combat and investigate—

(a) National priority offences, which in the opinion of the National Head of the Directorate need to be addressed by the Directorate;

(aA) Offences referred to in Chapter 2 and section 34 of the Prevention and Combating of Corrupt Activities Act, 2004 (Act No. 12 of 2004) (PRECCA)

- One of the key focus area of the Directorate is to ensure that investigations with regard to corruption and fraud involving Local Government are prioritized and expedited;
- To ensure that all involved suspects including corrupt officials are identified and criminally prosecuted;
- A section for Government Fraud has been established in the Serious Commercial Crime Component of the DPCI



MUNICIPAL PENSION FUND INVESTIGATIONS

MUNICIPAL PENSION FUND INVESTIGATIONS	TOTAL
Court dockets	1
Dockets under Investigation	1
Enquiries	0
Total cases on hand	2

MUNICIPAL PENSIONS FUND INVESTIGATIONS

Case number	Pretoria Central CAS 379/09/2019	<p><u>Background</u></p> <p>During September 2019 the Tshwane Municipality was supposed to make a payment to the National Fund for Municipal Workers to the amount of R53 444 859 95, and the money did not reach the destined receiver and it was later discovered that it was paid to the company named Ayakhula Trading under the Directorship of Nkosinathi Bensburg Sithole who had no contract with the Tshwane Municipality.</p> <p>It was alleged by the finance personnel of the Tshwane Municipality that the payment system went on and off in a period of seconds and that is the period where the account number was changed. Days later it was discovered that the money was used to perform fictitious transactions of buying gold bracelets and chains from the company called SASGOLD under the directorship of Ivo Gunther Wegrostek. This money was later distributed to different bank accounts namely FNB, ABSA and Mr Wegrostek's personal and private bank accounts.</p> <p>Current status</p> <p>The investigation in this matter is complete.</p> <p>The matter was in court on the 30/08/2021 and was postponed to 11/10/2021 to allow the new legal representative of Mr Wegstrotek to familiarise himself with the matter.</p> <p>The case was remanded to 1 March 2022 for accused's appointment of a new legal representative.</p>
Offence	Contravention of S6 of POCA	
Financial Prejudice	R 53 444 859 95	
Entity /Individuals involved	Mr Wegrostek Mr Sithole	
Number of statements obtained	62	
Reporting responsibility	DPCI	
Composition of investigation team	The team consists of seven members with the following ranks: Col Lt Col Three Captains, a Warrant Officer and a Sergeant	
Prosecutor	NPA	

MUNICIPAL PENSIONS FUND INVESTIGATIONS

Case number	Petrusville CAS 05/2018	<p><u>BACKGROUND/SUMMARY OF THE CASE:</u> It is alleged that the Renosterberg Local Municipality was deducting pension money from their employees with the intention of paying it over to the relevant pension funds but the money was not paid over to Cape Joint pension fund, LA Retirement fund and Municipal Retirement Workers Fund which led to the employees not able to access their pension money on retirement.</p> <p><u>CURRENT STATUS:</u></p> <ul style="list-style-type: none"> • The case is still under Investigation • The Docket was submitted to the DPP for decision on 29 September 2021 and received back on 28 February 2022 requesting further investigation to be conducted in terms of obtaining the contract between the Municipality and the pension fund and the cash flow analysis report <p><u>DATE OF PLANNED FINALIZATION:</u></p> <ul style="list-style-type: none"> • 5 April 2022
Offence	Fraud and Money Laundering	
Financial prejudice	R 3 million	
Entity / Individual involved	Renosterberg Municipality	
Composition of investigation team	Captain	
Prosecutor	NPA	
Number of statements obtained	19	
Reporting responsibility	DPCI	

Thank you

