



SIU SA

STRIKING AGAINST CORRUPTION

**Progress update to SCOPA
by Adv Mothibi
Head of the SIU**

5 September 2023

**Transnet Investigations into
Proclamations No 11 of 2018 as
extended**

OUTLINE

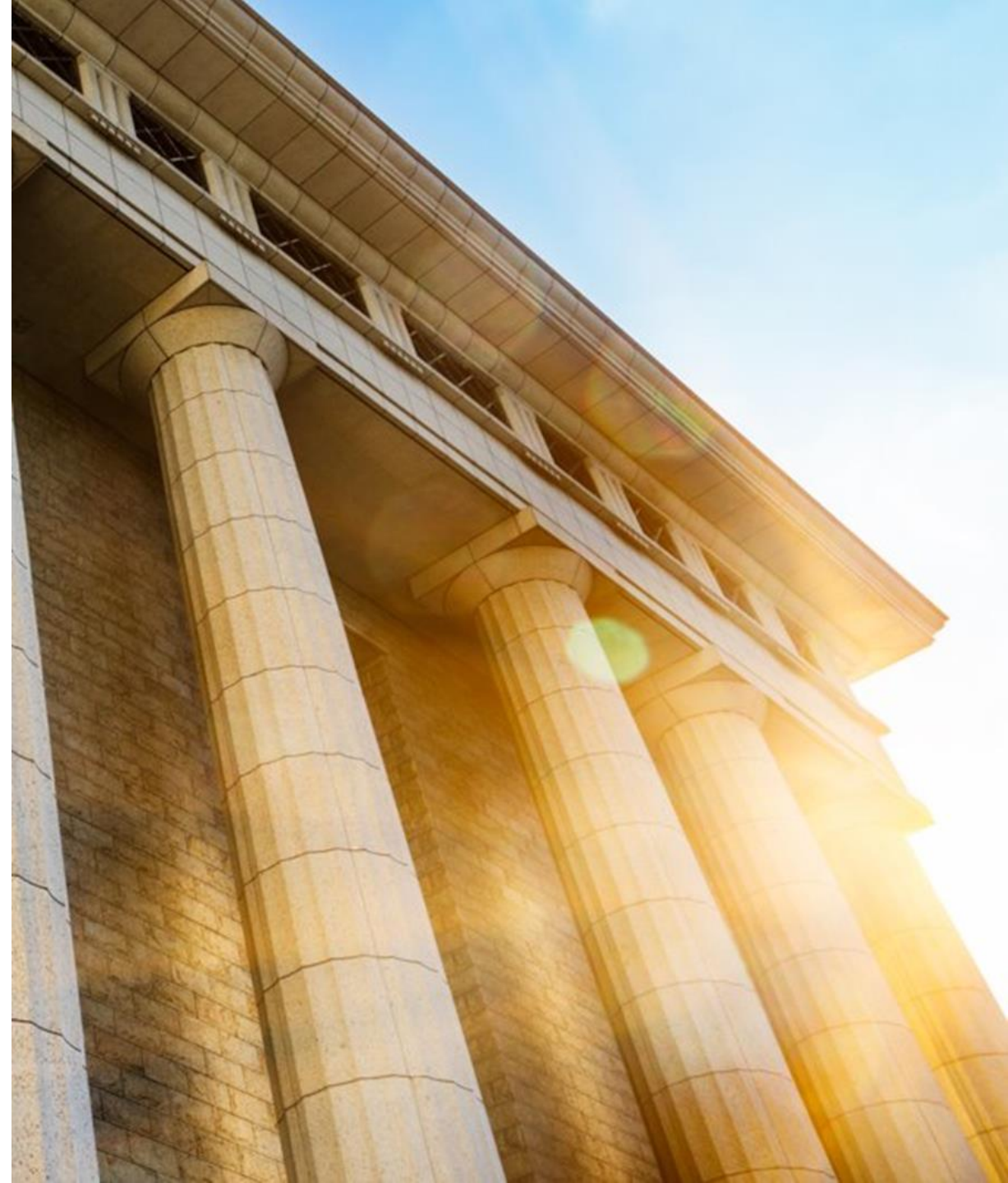
1. About the SIU

Phase 1 and 2:

1. Investigation focus areas
2. High level summary of outcomes
3. Details of civil matters before court
4. Details of disciplinary referrals
5. Details of blacklisting referrals
6. Details on the status of investigations

Phase 3:

1. Investigation focus areas
- ²2. Outcomes to date in phase 3





SIU^{SA}
STRIKING AGAINST CORRUPTION

ABOUT THE SIU

SIU FUNCTIONS & POWERS

The SIU was established in terms of Special Investigating Units & Special Tribunals Act 74 of 1996 by Proclamation No. R118 of 2001. The SIU is a public entity that conducts investigations conducted by a Proclamation from the President, once the investigation is complete the President receives a final report with findings.

Major Functions

- Investigate corruption, malpractice and maladministration
- Institute civil proceedings
- Referrals to relevant prosecuting authority
- Referrals for disciplinary action

SIU Powers

- Able to subpoena, search and seize evidence, and interrogate witnesses under oath (once a proclamation has been issued)
- Institute civil litigation to recover state funds lost or to prevent future losses

Out of SIU Mandate

- Arrest or prosecute offenders
- Implement disciplinary action
- Works closely with other relevant agencies where its powers fall short in order to ensure consequence management

SIU CRITICAL SKILLS AND EXPERTISE



**Forensic Data
Analytics**

**Forensic
Accounting**

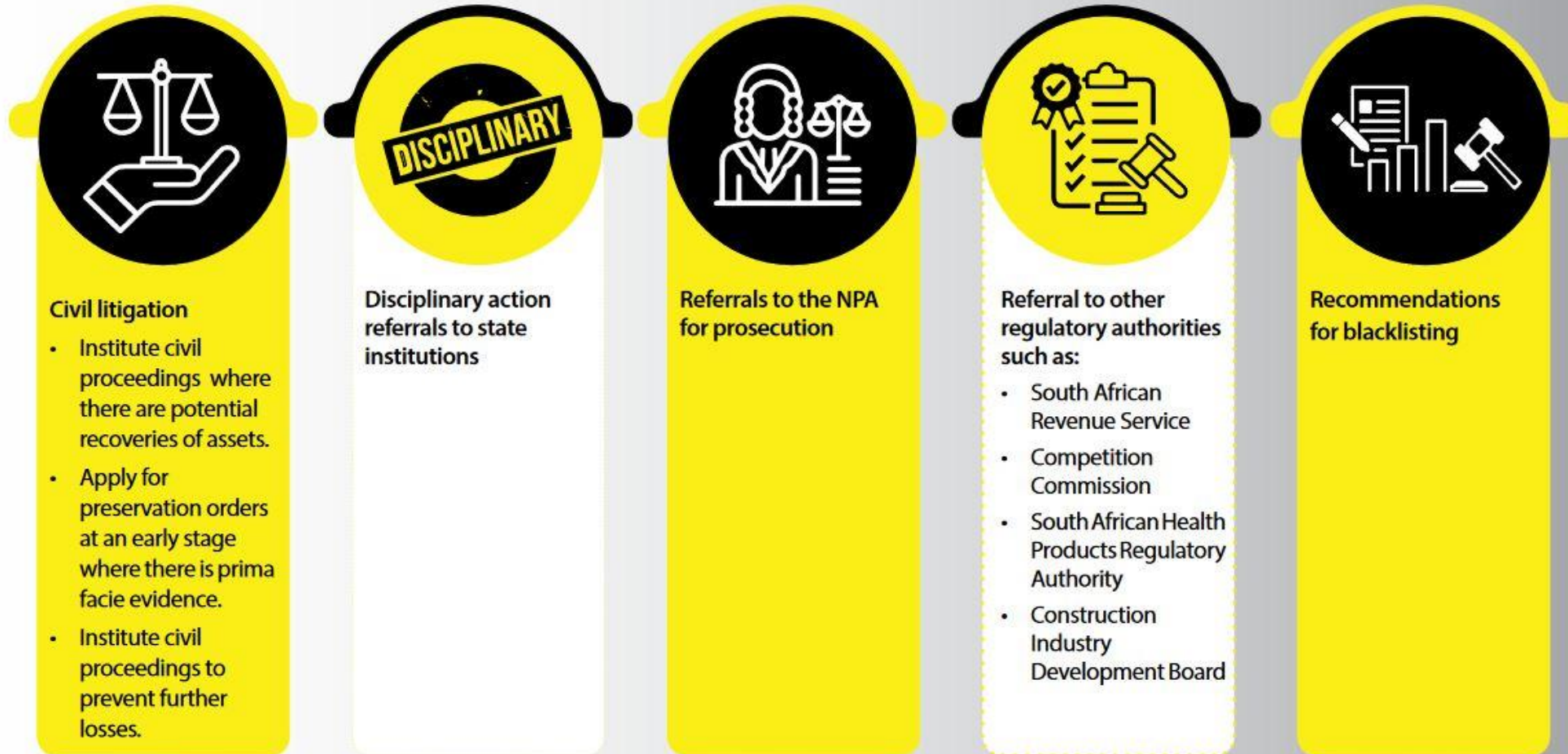
**Forensic
Investigation**

Civil litigation

Forensic Legal

**Cyber
Forensics**

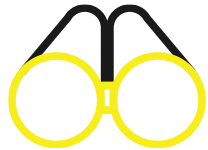
SIU OUTCOMES & CONSEQUENCE MANAGEMENT



THE SIU'S LEGISLATIVE MANDATE

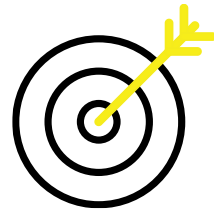
Empowering Legislation

Special Investigating Units and Special Tribunals Act, 1996 (Act no. 74 of 1996) ("SIU act").



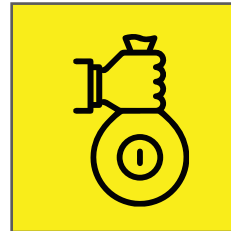
Vision

The State's preferred and trusted anti-corruption, forensic investigation and litigation agency.



Mission

We provide forensic investigation and civil litigation services to Combat corruption, serious malpractices and maladministration to protect the interest of the State and the public.



Major Functions

- Investigate corruption, malpractice and maladministration
- Institute civil proceedings



SIU Powers

- Able to subpoena, search and seize evidence, and interrogate witnesses under oath (once a proclamation has been issued)
- Institute civil litigation to recover state funds lost or to prevent future losses



Out of SIU Mandate

- Arrest or prosecute offenders
- Implement disciplinary actions
- Works closely with other relevant agencies where its powers fall short

BACKGROUND



- The Special Investigating Unit SIU is mandated in terms of Proclamation No. 11 of 2018, as published in Government Gazette No 41561 dated 6 April 2018 to investigate various categories of irregularities and maladministration within, inter alia, the affairs of Transnet.
- The proclamation has been extended twice (by Proclamation No. R3 of 2020 and No. R97 of 2022).
- The SIU adopted a phased approach as the investigation methodology, due to the significant volume and complexity of the matters to be investigated.
- This presentation outlines the progress and results on the matters that were investigated in Phase 1 and Phase 2.
- The SIU has already concluded investigations into 8 matters that are related to the Judicial Commission of Inquiry into State Capture iro Transnet.
- It also sets out the focus areas and matters that have been allocated to Phase 3, which the SIU is pleased to report are already under investigation and two matters are already in the civil court, the details of which we have included in this feedback.



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PHASE 1 AND 2 INVESTIGATION FOCUS AREAS

PHASE 1 MATTERS



The SIU is investigating allegations of irregularities in the following contracts/matters:

1. *Acquisition of the 1064 Locomotives; 4 contracts with Original Equipment Manufacturers (“OEMs”) valued at R54 billion;
2. *Relocation of two OEMs from Koedoespoort to Durban facility at a cost of R1.4 billion;
3. Maintenance of locomotives by CSR;
4. *The appointment and contracts awarded by Transnet with three Transactional Advisors (McKinsey, Trillian and Regiments) and the interest rate swap transactions concluded with Nedbank;
5. The award of a contract to Iqembu for the automation of processes for R70 million;
6. Allegations of Corruption;
7. Conflicts of Interest identified through the SIU’s Forensic Data Analysis.

¹⁰* *Matters related to the Judicial Commission of Inquiry into State Capture*

PHASE 2 MATTERS



1. *Contracts awarded to Neotel (Pty) Ltd for the supply of CCTV Cameras at the ports to the value of R882 million, the Master Service Agreement and other contracts;
2. *Software solutions contracts awarded to Systems Applications Products (South Africa) (Pty) Ltd ("SAP");
3. The procurement of an Analytical Tool to the value of R72 million – Cutting Edge;
4. *An ICT contract awarded to T-Systems South Africa (Pty) Ltd and the involvement of Zestillor; and
5. A Wagon Optimization and Demurrage Solution and payments to Global Softech Solutions (Pty) Ltd ("GSS")

** Matters related to the Judicial Commission of Inquiry into State Capture*

PHASE 2 KZN MATTERS



1. Roll-On-Roll-Off Tender
2. The Reconstruction, Deepening and Lengthening of the Durban Container Terminal Berths 203 to 205
3. New Multi Product Pipeline – allegations of corruption IGS and Transnet Group Executive, Mr Msagala
4. *Tandem cranes procured from ZPMC
5. *Cranes procured from Liebherr
6. Transnet Pipelines Investigation referred to the SIU by Transnet Group Forensics.
7. * *Matters related to the Judicial Commission of Inquiry into State Capture*



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HIGH LEVEL SUMMARY OF OUTCOMES

KEY OUTCOMES	NUMBER / VALUE OF CASES
Civil matters before court	7
Value of contracts in respect of civil matters before court	R56,904,698,169.93
Actual Cash recoveries	R113,640,549.13
Value of contracts set aside/civil actions	R26,423,028.77
Disciplinary referrals	14
NPA referrals	92
Administrative referrals (SARS, Blacklisting, CIDB)	60
Interim Presidential Reports	1

No.	Investigation	Case number / court / date launched / values of contracts subject to litigation	Details of litigation
1.	Herbert Msagala	<ul style="list-style-type: none">• 6 August 2020• Special Tribunal• Case No. GP 05/2020• R26 423 028.77	<p>In the matter between the SIU, Transnet and LMH Msagala and Others, Case No GP05/2020. The order was granted for joint and several liability and for the payment of R26 423 028, to provide statement and debatement of account of all amounts paid to the 1st and 2nd defendants, payment of whatever sum may be determined as owing after the statement and debatement, payment of interest as the applicable prescribed rate of each of the sums referred to, payment of the Plaintiff and costs, other or alternative relief. The SIU had already successfully frozen assets of Msagala (ex- Transnet Executive) to the value of R14 million.</p>

No	Investigation	Case number / court / date launched / values of contracts subject to litigation	Details of litigation
2	* Procurement of the 1064 locomotives	<ul style="list-style-type: none"> • 9 March 2021 • High Court of SA Gauteng • Case No. 21/11/645 • R54 500 000 000 	<ul style="list-style-type: none"> • On 9 March 2021, Transnet (as First Applicant) and the SIU (as Second Applicant) launched a Review Application in the High Court of South Africa (Gauteng Local Division, Johannesburg) under Case No. 21/11/645 against CRRC E-Loco (Pty)Ltd, Bombardier Transport, SA (Pty) Ltd, CRRC SA Rolling Stock (Pty) Ltd and Wabtec SA Technologies (Pty) Ltd. • The civil litigation is ongoing. • A preservation order was granted iro funds at the SARB, however SARS has a preferential claim thereon. • 2 settle agreements have been signed and will be presented to the High court as the proposed just and equitable remedies.

No	Investigation	Case number / court / date launched / values of contracts subject to litigation	Details of litigation
3	The Reconstruction, Deepening and Lengthening of the Durban Container Terminal Berths 203 to 205	<ul style="list-style-type: none">• 7 January 2021• Special Tribunal• Case No. GP 16/21• R1 395 604 797.07	<ul style="list-style-type: none">• Tender no 2122830 for the deepening and lengthening of berths 203 and 205.• The review application is for a declaration of invalidity and to seek an order for just and equitable relief based on various material irregularities identified in the tender process.• The SIU's preservation application has been issued and is being opposed.• The civil litigation is ongoing.

No	Investigation	Case number / court / date launched / values of contracts subject to litigation	Details of litigation
4	Transnet Properties: Contract awarded to Superfecta and others	<ul style="list-style-type: none">• 1 November 2022• Special Tribunal• Case No. GP 06/2022• R156 215 691.86	<ul style="list-style-type: none">• Notice of motion SIU/Transnet vs Superfecta and 11 others• On 13 July 2023, the Special Tribunal delivered its reserved judgment on the Interlocutory Applications brought by Superfecta, and the Special Tribunal effectively dismissed the Interlocutory Application.• The parties continue to exchange papers in the Main Review Application.

No	Investigation	Case number / court / date launched / values of contracts subject to litigation	Details of litigation
5	* Neotel CCTV Cameras	<ul style="list-style-type: none">• 29 May 2023• Special Tribunal• Case No. GP 06/2023• R834,571,681.00	<ul style="list-style-type: none">• Notice of motion SIU/Transnet vs Liquid Telecommunications SA (Pty) Ltd aka Neotel. In the Review Application, the SIU & Transnet is asking the Tribunal to review and set aside the decisions and the contract(s) in as far as may be necessary, and to grant just & equitable relief or an order in terms of Section 8(2) of the SIU Act.

No	Investigation	Case number / court / date launched / values of contracts subject to litigation	Details of litigation
6	Transnet Properties: Lanele	<ul style="list-style-type: none"> • 9 March 2021 • High Court of SA Gauteng • Case No. 2020/16122 • Value of the lease is R498 million for 30 years 	<ul style="list-style-type: none"> • Matter instituted where Transnet instituted self-review proceedings to review and set aside a long-term lease contract (30 years) and there is also a claim for just and equitable relief for R85 683 000 paid to Lanele. • Transnet SOC Limited vs Lanele Group (Pty) Ltd, Lwazi Nkanyezi Mtshali, Lanele Resources (Pty) Ltd, Preservation Galela Trust, Pinnacle Khulisa Trust, Abipa Investment Holdings (Pty) Ltd, Abipa Family Trust and Eric Thabiso Khoncha. • The Special Investigating Unit brought an Application to be joined to the proceedings.

DISCIPLINARY REFERRALS



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No	Name and Job Title	Charges	No of referrals	Date referred	Progress to date
1	LMH Msagala Group Executive (of Transnet Capital Projects)	Charges of Misconduct i.r.o. breach of Transnet Employment Contract and Transnet Code of Ethics by receiving undue gratification	1	24 March 2020	Dismissed 9 July 2020
2	Jabulani Clement Chauke Transactional Policy Controller	Charges of Misconduct	1	23 December 2020	Disciplinary completed, he was found not guilty and has since and left Transnet's employment in September 2021

DISCIPLINARY REFERRALS



SIU
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STRIKING AGAINST CORRUPTION

No	Name and Job Title	Charges	No of referrals	Date referred	Progress to date
3	Phathutshedzo Brighton Mashamba Former Transnet Property Manager: Coastal	Charges of Misconduct i.r.o. breach of Transnet Employment Contract and Transnet Code of Ethics by receiving undue gratification	1	27 June 2022	Dismissed 23 August 2023
4	Mr N Acting Chief Procurement Officer at TFR	Possible contravention of section 57(a)(b)(c) of PFMA. Conduct of omissions which constitutes misconduct, dereliction of duty and/or negligence in the performance of his duties at TFR.	1	22 September 2022	In process

DISCIPLINARY REFERRALS



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RUPTION

No	Name and Job Title	Charges	No of referrals	Date referred	Progress to date
5	Malibongwe Sizwe Mhlom Former Regional Manager: Carlton Region at TP OD	Failed to act with the requisite due diligence in the approval of invoices to BBDM. Misconduct, dereliction of duty and/or negligence in the performance of his duties.	1	11 March 2022	Dismissed 31 August 2022
6	9 employees at various OD's	Failure to declare business interests and/or failure to obtain approval to conduct business with Transnet	9	15 June 2023	In process - A consultation has been held with the investigation team on the referral. Transnet is in the process of evaluating the evidence for purposes of taking disciplinary action.

BLACKLISTING REFERRALS AND STATUS



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Entity Name / Individual Name	Individual Surname	Status: Administrative action in progress
Valerio	Giuliani	
Sabina	Cipollini	
CMI Infrastructures (Pty) Ltd		
Sarkum Housing		
Sarkum Devcon (Pty) Ltd		
Amaqakala Construction and Projects CC		
Benedict Sethembiso	Blose	
PG Mavundla Engineering (Pty) Ltd (PGM)		
Philani Godfrey	Mavundla	
Valerio	Giuliani	
Sabina	Cipollini	
Shanghai Zhenhua Heavy Industries Company Limited		
CMI Infrastructures (Pty) Ltd		
Sarkum Housing		
Sarkum Devcon (Pty) Ltd		
Amaqakala Construction and Projects CC		
Benedict Sethembiso	Blose	
PG Mavundla Engineering (Pty) Ltd (PGM)		
Philani Godfrey	Mavundla	
Zikhulise Group (Pty) Ltd		
Zikhulise Cleaning Maintenance and Transport		
Mantombana Enterprises CC		
Tse Di Tlhaga Supply and Projects CC		
Zethembe Maintenance and General Services CC		
PC Builders Building and Civil Construction		

BLACKLISTING REFERRALS AND STATUS



Entity Name / Individual Name	Individual Surname	Status: Administrative action in progress
Cooperative Muratori and Cementisti - CMC Revenna - Societa		
Phillip	Jacobs	
Lorraine	Jacobs	
NKU Ngcobo Trading CC		
Uniq Holdings (Pty) Ltd		
Philani Godfrey	Mavundla	
Marcello	Cacucciolo	
Mauro	Calandrini	
Alfredo	Fioretti	
Allessandro	Cardellini	
Andrea	Sanulli	
Grazia	Benazzi	
Fabio	Monti	
Charles Lawrence Bramwell	Sarjoo	
Mabong Flora-Junior	Mpisane	
Lungile Ethelene	Nyandeni	
Lizah Irene	Dlamini	
Christopher Sipiwe	Jiyane	
Admiral Nkululeko	Ngcobo	
Lebogang	Moepeng	
Sipho Victor Sithole	Sitohle	
IGS Consulting Engineers (Pty) Ltd		
IGS Consulting Engineers CC		
IGS Power Engineering T/A IGS Consulting Engineering (Pty) Ltd		
IGS Rail Engineering (Pty) Ltd		
Sithole Family Trust		

BLACKLISTING REFERRALS AND STATUS



SIU^{SA}
STRIKING AGAINST CORRUPTION

Entity Name / Individual Name	Individual Surname	Identification Number	Status: Administrative action pending
Bonolo Mathulo	Msagala		
Msagala Family Trust			
Herbert	Msagala		
Akani Residence Trust			
Gas2Liquids			
New Horizon Energy			
Liebherr			
Paolo	Porcelli		
Masinya Empowerment Group Consortium			
Omame Empowerment Group Consortium			
Nompumelelo Pretty	Msomi	6704060537082	
Lungza Management Consultants CC		2005/059231/23	
Nosipho Fortunate	Ngubo	7306090349089	



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STATUS OF INVESTIGATIONS

STATUS OF THE INVESTIGATION: PHASE 1



1. * Procurement of the 1064 Locomotives and the relocation of the building yard from Gauteng to KZN

Allegations	<p>The allegations received by the SIU were in relation to procurement irregularities and price inflation iro the 1064 locomotives procured by Transnet from 4 OEM's:</p> <ul style="list-style-type: none">• Bombardier (Bombardier Transportation South Africa (Pty) Ltd) now t/a Alstrom• General Electric (General Electric South Africa Technologies (Pty) Ltd) now t/a Wabtec SA Technologies (Pty) Ltd• CSR (China South Rail E-LoCo Supply (Pty) Ltd) now t/a CRRC E-LoCo Supply (Pty) Ltd• CNR (China North Rail Rolling Stock South Africa (Pty) Ltd) now t/a CRRC SA Rolling Stock (Pty) Ltd
Status	Investigation concluded; ongoing support being rendered iro SIU referrals. Civil litigation underway
Outcomes	<p>Civil recovery:</p> <p>1) <u>Civil matter #1</u></p> <p>The SIU and Transnet brought the main application against the 4 OEM's on 9 March 2021 in the High Court in respect of contracts to provide locomotives with a total contract value of R54,5 billion (Case No 21/11645)</p> <p>2) <u>Civil matter #2</u></p> <p>The SIU and Transnet have been granted a preservation order by the Special Tribunal on 31 August 2021 to freeze Funds held in bank accounts linked to CRRC E-LoCo Supply (Pty) Ltd. SARS has a preferential claim in respect of this amount due to an earlier preservation order.</p>

STATUS OF THE INVESTIGATION: PHASE 1



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1. * Procurement of the 1064 Locomotives and the relocation of the building yard from Gauteng to KZN contd...

Outcomes

Civil litigation:

- Settlement discussions are underway between the SIU, Transnet and the OEM's and have progressed well. The SIU has been consulted during these discussions and we have provided letters of support where requested.
- To date 2 settlement agreements have been signed and supported by the SIU with Wabtec and Alstrom.
- The SIU and Transnet will still continue with the High Court case and proceed to have the irregular contracts set aside in the High Court. The parties will present the settlements to the court as the proposed just and equitable remedy.

Civil Recovery:

- The SIU has noted the re-payment made to Transnet of R618 million by CRRC which was a refund of an advance payment for the MRSA (Material and Reliability Support Agreement).

STATUS OF THE INVESTIGATION: PHASE 1



2. * The appointment of McKinsey, Trillian and Regiments Capital McKinsey & Company: Transaction advisory for 1064 Locomotives

Status	<ul style="list-style-type: none">• McKinsey - Investigation concluded• Regiments – Investigation concluded• Trillian – investigation concluded
Outcomes	<p>Civil litigation</p> <ul style="list-style-type: none">• Transnet brought various civil applications in respect of the above matters before the High Court• Regiments, Trillian and previous executives of Transnet (Messers Molefe, Gama, Singh, Ramosebudi , Gama, Thomas, Jiyane and Pita) are cited in civil recovery litigation pending in the High Court instituted in November 2018 by Transnet.

2. * The appointment of McKinsey, Trillian and Regiments Capital McKinsey & Company: Transaction advisory for 1064 Locomotives contd...

Outcomes

Other

- McKinsey - Settlement Agreement for R870m signed between Transnet and McKinsey & CC
- Regiments - Settlement Agreement was concluded with Transnet and Regiments in October 2019 for R180 million in full and final settlement of all claims. SIU in the process of obtaining a legal opinion on the validity of the settlement opinion and the prospects of setting it aside. To date nothing has been repaid to Transnet in terms of the settlement agreement entered into with Regiments. Regiments is now in final liquidation.
- Trillian – in liquidation

STATUS OF THE INVESTIGATION: PHASE 1



3. * Nedbank Interest Rate Swap transactions

Status	<ul style="list-style-type: none">• Investigation concluded; ongoing support being rendered iro SIU referrals.• The SIU and Transnet have completed the court papers to bring a review application in the Special Tribunal to review and set aside the interest rate swap transactions.• Transnet and Nedbank final stages of mediation in an attempt to reach a settlement over the irregular Interest Rate Swap transactions
Outcomes	<p>Referrals</p> <p>The SIU has referred evidence to the various regulatory bodies</p>

STATUS OF THE INVESTIGATION: PHASE 1



4. Iqembu

Allegations	A Whistle-blower approached the SIU alleging that Iqembu Consulting was awarded the contract irregularly and fraudulently.
Findings	The SIU's investigation conducted determined that Iqembu Consulting was properly and regularly appointed.
Status	Investigation Concluded The matter went to arbitration and Iqembu was ordered to complete the required automation process project. Subsequently, and after Iqembu managed to automate 80 processes, of which only 31 processes passed testing Transnet and Iqembu agreed to terminate the contract due to the fact that some processes were no longer relevant.

STATUS OF THE INVESTIGATION: PHASE 1



Conflicts of interest investigations / Transnet officials conducting business with Transnet without the required declarations/authority– identified through SIU's Forensic Data Analysis

Status	<ul style="list-style-type: none">Investigation concluded; ongoing support being rendered iro SIU referrals.
Outcomes	<p>Disciplinary Referrals</p> <ul style="list-style-type: none">9 Disciplinary referrals handed over to Transnet in August 2023 where the SIU identified officials who have not declared their business interests and have conducted business with Transnet without the required authority to do so.Transnet has had a consultation with the SIU investigations team and has commenced with the consequence management.An additional 14 Disciplinary Referrals are being prepared for hand over to Transnet.Systemic recommendations were made to Transnet to improve the policies and governance iro the requirements for officials to declare their business interests and to obtain permission.

STATUS OF THE INVESTIGATION: PHASE 2



5. * Neotel – CCTV’s Contract (now trading as Liquid Telecommunications)

Status	<ul style="list-style-type: none">• Investigation completed iro the CCTV’s contract to supply CCTV cameras to the TNPA ports.• The SIU found that the contract was awarded irregularly.• The SIU is investigating is ongoing into other contracts awarded to Neotel, including the MSA.
Outcomes	<p>Civil Litigation</p> <ul style="list-style-type: none">• The SIU and Transnet launched a review application on 29 May 2023 in the Special Tribunal, case no GP06/2023 refers for the supply of CCTV cameras to the value of R834,571,681. The SIU is seeking to review and set aside the contract awarded.• The SIU is participating in settlement discussions with Liquid Telecoms on various matters related to Transnet which are being championed by the AFU and has agreed to stay the review application for a specified period to allow for these discussions. <p>NPA referrals</p> <ul style="list-style-type: none">• NPA referral against 43 persons (Neotel Directors, former Transnet Board members and officials) on 20 February 2020.

STATUS OF THE INVESTIGATION



6. * SAP

Status	<ul style="list-style-type: none">• Investigation completed• SC to be appointed and briefed to recover bribes/commissions paid• The SIU is participating in settlement discussions with the NPA and Transnet.
Outcomes	<p>NPA referrals</p> <ul style="list-style-type: none">• 1 NPA referral against 6 entities on 16 July 2021.• The SIU team has also engaged with the Securities and Exchange Commission investigators from the American DoJ to assist in their investigations.

7. Procurement of Analytical Tool – Cutting Edge

Status	<ul style="list-style-type: none">Investigation completed, civil litigation phase
Outcomes	<p>Civil Litigation</p> <ul style="list-style-type: none">Instructions prepared and for the appointment appoint of SC to review and set aside the contract. <p>NPA referrals</p> <ul style="list-style-type: none">1 NPA referral against 9 entities and/or officials on 3 November 2021



8. * Zestilor contract ceded from T-Systems

Status

- Investigation nearing conclusion
- T-Systems is no longer in South Africa and the SIU team are considering the legal avenues available to the SIU to evaluate the prospects of successful civil litigation and recoveries.

9. Wagon Performance Optimization - GSS

Status	<ul style="list-style-type: none">Investigation concluded; ongoing support being rendered iro SIU referrals and civil litigation.
Outcomes	<p>Civil litigation</p> <ul style="list-style-type: none">SC appointment requested via the Office of the State Attorney to review and set aside the contract. <p>Disciplinary referral:</p> <ul style="list-style-type: none">Disciplinary referral the Acting Chief Procurement Officer: TFR submitted on 16 September 2022.Transnet reported that consequence management is underway.The second official involved resigned prior to the referral of his disciplinary.

STATUS OF THE INVESTIGATION: PHASE 2 KZN



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10. The Reconstruction, Deepening and Lengthening of the Durban Container Terminal Berths 203 to 205

Status	Investigation completed, Civil litigation phase
Outcomes	<p><u>Civil Litigation</u></p> <p>The SIU launched a Review application in the Special Tribunal on 1 July 2021 (case no GP16/21) in respect of the contract to the value of R4,199,327,609. The review application is for a declaration of invalidity and to seek an order for just and equitable relief based on various material irregularities identified in the tender process.</p> <p><u>NPA Referrals</u></p> <p>1) NPA referral on 15 March 2021</p> <p><u>Other referrals</u></p> <p>1) 1 x Administrative referral to CIDB on 23 March 2021</p> <p>2) 1 X Administrative referral to CIDB on 15 March 2021</p> <p>3) 12 x blacklisting referrals – Transnet has reported that it has acted on the Blacklisting recommendations made by the SIU.</p>

STATUS OF THE INVESTIGATIONS: PHASE 3



11. NMPP – Allegations of corruption iro corruption of a Transnet official: Mr Msagala contd...

Status	Investigation completed, Civil litigation phase
Outcomes	<p><u>Civil outcomes:</u></p> <ol style="list-style-type: none">1) The SIU approached the Special Tribunal to apply for a preservation order on 28 July 2020 to freeze various assets of Mr Msagala to the value R14 million, Case No GP/03/2020 refers.2) The main application: SIU, Transnet and LMH Msagala and Others, Case No GP05/2020 was launched on 06 August 2020.3) The Special Tribunal ordered R26,423.028.77 be recovered from the parties on 31 August 2021. The order is in the process of being executed, the R14 million assets (comprising properties, luxury vehicles and pension) of Msagala’s having already been forfeited to the state. <p><u>NPA Referrals</u></p> <p>NPA referral against 8 entities on 25 March 2020. The SIU is working closely with the NPA in respect of these matters.</p>

12. NMPP – Allegations of corruption iro corruption of a Transnet official: Mr Msagala contnd...

Outcomes

DC referral

The SIU handed over the disciplinary referral on 18 March 2020 , as a result Mr Msagala was **dismissed on 9 July 2020.**

Other referrals:

- Transnet referral re Blacklisting on 24 March 2020.
- SARS on 25/03/2020.
- Transnet informed of their obligation to report the matter to the DPCI as prescribed in Section 34 of PRECCA
- Blacklisting referral Engineering Council SA referral on 17 February 2021.

Transnet Investigation

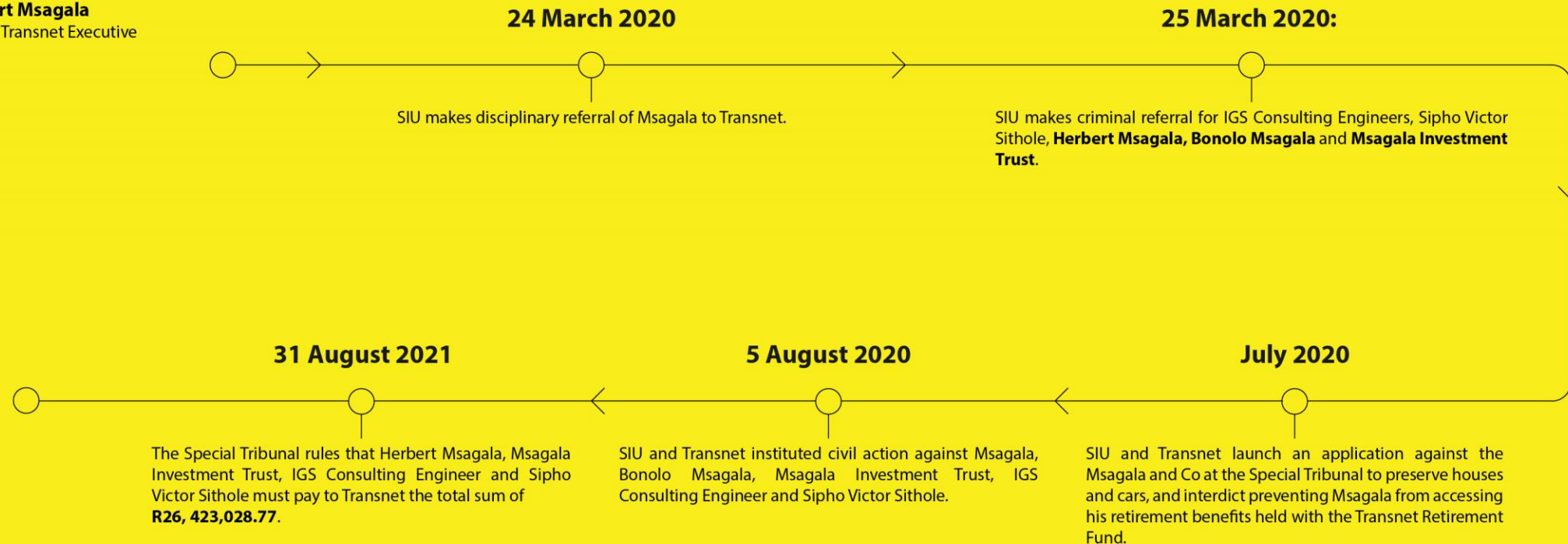
Herbert Msagala Former Transnet Executive (5/5)



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Herbert Msagala
Former Transnet Executive



13. * Cranes procured from Liebherr

Status	Investigation concluded; ongoing support being rendered iro SIU referrals. Civil litigation phase
Outcomes	Civil recovery: <ul style="list-style-type: none">• Liebherr offered to repay to Transnet a portion of the contract value.• The SIU, Transnet and Liebherr subsequently concluded a settlement agreement on 31 December 2023.• The Settlement Agreement reached was for a cash recovery of R54 million for the agency fee that had been paid.• Further engagements are underway with the SIU, Transnet and Liebherr regarding the Supplier Development aspect of the contract.• It was part of the settlement agreement that the 3 parties will pursue the setting aside of the unlawful contracts in the Special Tribunal and request the court to make the settlement agreement the just and equitable order.

STATUS OF THE INVESTIGATION



14. Transnet Pipelines investigation

Status	<ul style="list-style-type: none">Investigation concluded; ongoing support being rendered iro SIU referrals.
Outcomes	<p>Administrative Referrals</p> <ul style="list-style-type: none">Transnet informed of their obligation to report the matter to the DPCI as prescribed in Section 34 of PRECCABlacklisting referral – 19 April 2021

PHASE 3 MATTERS



Transnet has referred the following matters to the SIU for investigation:

1. Tambo Springs
2. Ambrose Park leases
3. Waterfall Offices lease
4. Newlyn leases
5. Seaworld lease
6. Various irregularities at Transnet Properties Operating Division

The above matters 2 - 5 require an amendment to the Transnet proclamation, which has been drafted and submitted to the DOJ and DPE for the Minister's letter of support.

In the interim the SIU has made significant progress with the investigation into the conflict of interest and corruption allegations related to the above matters, as detailed in the later slides.

ADDITIONAL PHASE 3 MATTERS: STATE CAPTURE



- The SIU is investigating allegations of irregularities in respect of the following matters identified from the Report of the Judicial Commission of Inquiry into State Capture:

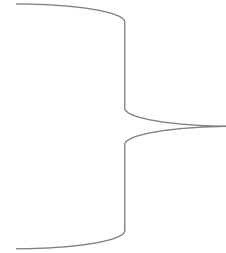
- Hatch Gobodo
- Combined Private Investigations
- TNA Media
- The Manganese Expansion Project

These matters are being assessed and the SIU for prospects of civil recoveries

ADDITIONAL PHASE 3 MATTERS: STATE CAPTURE



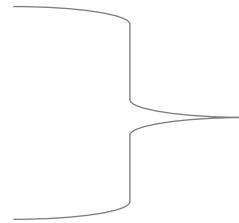
- Nkonki contract
- Delinquent Director applications



Investigation underway

SIU providing support to the DPE in this regard

- GNS/Abalozi Contract
- Gama's legal fees and Langa Attorney



These matters are not covered by the current procl. SIU has drafted and submitted to the DOJ an application for a new

- Several of the other State Capture related matters were already investigated by the SIU under Phases 1 & 2, thus are not listed here.

ADDITIONAL PHASE 3 MATTERS



The SIU has recently received allegations of irregularities in respect of the following matters, which the SIU has commenced with. The investigations are at an early stage.

Transnet Freight Rail Operating Division (“TFR”)

The SIU focus areas in this OD include allegations relating to ghost trains, emergency procurement and serious maladministration within TFR.

Transnet Port Terminals Operating Division (“TPT”)

The SIU focus areas in this OD include allegations corruption and serious maladministration relating to the Saldanha Tippler Project and the Richards Bay Port Terminal.

15. Allegations of corruption at Transnet Property Operating Division

Status	<ul style="list-style-type: none">• Investigations ongoing into corruption and conflicts of interest.• The SIU is working closely with LEA's to expedite the tracing of the flow of funds within the criminal syndicate and money laundering companies that the SIU has uncovered.
Outcomes	<p>Civil litigation and assets frozen of Transnet former Executives and Senior Managers:</p> <p>The SIU has launched civil litigation has been instituted in the following 3 matters thus far.</p> <p>1) <u>SIU and Transnet preservation order iro luxury properties and the pension of Transnet officials</u></p> <p>On 18 July 2022 the SIU and Transnet instituted civil proceedings in the Special Tribunal in case no GP06/2022.</p> <p>On 8 August 2022 the Special Tribunal granted the SIU's interim preservation order and froze the following assets of former Transnet Executives:</p> <ul style="list-style-type: none">• Value of pension benefits of Messers Lebelo & Mashamba• Luxury properties in Rosebank and Dainfern



15. Allegations of corruption at Transnet Property Operating contd...

Outcomes

Civil litigation

2) SIU and Transnet / Superfecta, BBDM, Messers Lebelo and Mashamba and others

The main application has been launched in the Special Tribunal on 1 November 2022 iro the corrupt payments to officials and the irregular contracts awarded to a Transnet service provider, Superfecta, to the value of R156,215,691.

15. Allegation of corruption at Transnet Property Operating Division contd...

Outcomes

Civil litigation:

3) SIU & Transnet // Lanele Review Application in the High Court

The SIU uncovered evidence of corrupt payments between Transnet lessor and Transnet Executives (who have since been dismissed).

The lease is for a 30-year period with a value of R498 million.

Transnet had taken the awarding of the lease agreement to Lanele on review in the High Court.

In light of the new evidence pointing towards corruption in the awarding of the lease, the SIU applied to the High Court to join Transnet as a co-litigant in the Lanele matter. This evidence will significantly strengthen Transnet's review application.

Disciplinary referrals

- Transnet Property Manager: handed over on 27 June 2022 and he was **dismissed on 23 August 2022**.
- Regional Manager: Carlton Region: TP handed over on 11 March 2022 and he was **dismissed 31 August 2023**.

15. Allegation of corruption at Transnet Property Operating Division contd...

Outcomes

SARS referrals

4 x SARS referrals dated 1 September 2022

NPA referrals

The SIU has referred evidence to the NPA on 24 October 2022 iro the evidence pointing towards corruption committed by the Transnet ex-Executives / Senior Management as well as the companies identified and their directors who assisted with the money laundering and facilitation of corrupt payments.

The SIU team is liaising with the SCCU to fast track the criminal prosecutions in this matter.

STATUS OF THE INVESTIGATION



SIU
SA
IPTION

16. Investigation into the provision of PPE during the Covid-19 National State of Disaster for the procurement of PPE

Status	The investigation has been concluded and the SIU team is working closely with the relevant LEA's and the NPA
Outcomes	<p>Civil recovery:</p> <ol style="list-style-type: none">1) R37 644 606.00 cash recovery paid to Transnet2) Recovery of laundered funds from an attorney's trust account to the value of R1 million3) The SIU is launching the review application in the Special Tribunal within this week. <p>NPA referrals</p> <p>An NPA referral was made on 22 October 2022 pointing towards the crimes of fraud, corruption and money laundering against 15 individual and 8 entities.</p> <p>Disciplinary referrals</p> <p>The 2 Transnet Executives involved were disciplined and dismissed.</p> <p>SARS referrals</p> <p>3 SARS referrals were made on 2 March 2023</p>



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Thank you

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