

the dtic Update on NLC investigation

**to the Portfolio Committee on
Trade and Industry**

02 September 2020



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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

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Disclaimer:

Because the Denzhe forensic report has been handed to the law enforcement authorities, we have received legal advise not to distribute the report and that we should limit the amount of information that is made available to the public. We should allow law enforcement to complete their investigation



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BACKGROUND & SCOPE OF WORK

2018

Ministerial approval for an investigation to be conducted. Decision communicated to the National Lottery Commission (NLC)

25 November

Department received an article with allegations of fraud & irregularities in allocation of Proactive funding by the NLC in respect of Denzhe

05 December

2018

13 February

the dti & NLC meeting held. NLC reported on investigation instituted & the report was due at the end of February 2019. It was resolved that the Department would review the final investigation report from NLC and provide a way forward on its comfort and satisfaction with the report and **not** conduct an investigation

2019

The report was reviewed & numerous shortcomings were identified. This was communicated to the NLC through a letter dated 9 April 2019 addressed to the Chairperson of the NLC Board

09 April

10 April

A response in a form of a letter was received from the NLC indicating that the NLC had instructed the investigators to address the shortcomings identified by the Department

2019

The Department received & reviewed the revised report. It was noted that the following shortcomings were not addressed.(Next slide)

May



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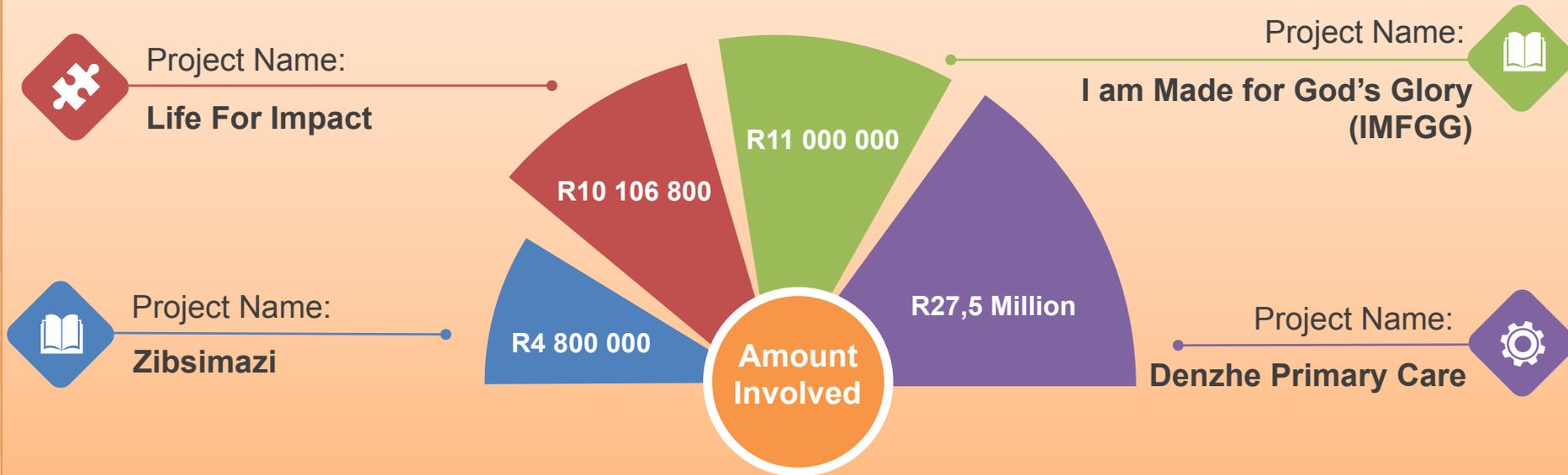
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BACKGROUND & SCOPE OF WORK

After numerous articles continued to appear in the media alleging abuse of Lottery funding, the Department in March 2020, authorised an investigation into the allegations. The mandate included investigation of the following projects:

Four (4) NLC Proactive Funding Projects allegedly linked to the COO, his friends and relatives:



BACKGROUND & SCOPE OF WORK

❖ The allegations:

- **Denzhe Primary Care:** It is alleged that funds were improperly distributed to a hijacked non-profit organisation, “Denzhe Primary Care” (Denzhe) through a Proactive Funding transfer. Denzhe received funding to build a new drug rehabilitation centre and the facility is still incomplete;
- **Zibsimazi:** It is alleged that the Director of Zibsimazi is related to an employee of the NLC. It is also alleged that the company was set up in May 2017 and awarded the funding in November 2017;
- **Life for Impact:** It is alleged that the NPO has 1 common director with Zibsimazi. It is alleged that a shelf company was created and awarded the NLC funding 6 weeks after it was created;
- **I am Made for God’s Glory:** The NPO received R11m and it is alleged that R2m of that was paid to a private company owned by a person related to an employee of the NLC.

PROGRESS & FINDINGS

- ❖ **the dtic** is awaiting the appointment of a law firm to provide legal guidance to the Department in relation to the implementation of the recommendations;
- ❖ The case in respect of Denzhe is with the SAPS;
- ❖ Investigations in respect of the other 3 projects is still in progress;
- ❖ Report inclusive of the remaining 3 projects is expected by 15 September 2020



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