

# Media Statement



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**TO: ALL MEDIA**

**DATE: 28 June 2016**

**RE: MASTERMIND CONVICTED IN ONE OF THE LARGEST FRAUD CASES IN THE WESTERN CAPE**

The Western Cape High Court has convicted Johannes Erasmus van Staden who was the mastermind in one of the largest VAT fraud scheme ever to be prosecuted in the Western Cape. The state will now request the court to impose a lengthy sentence of imprisonment.

Johannes van Staden was convicted for Racketeering (managing the affairs of an illegal enterprise), Money Laundering, Fraud (27 counts) in which the amounts which SARS were defrauded of were more than R250 million and also three counts of the reckless trading of the Indo-Atlantic Companies. The offences were committed from 2005 to 2008.

The money was used to accumulate assets for Van Staden which were registered in the name of the Swordfish Trust, his family trust. The court found that the money was also used by Van Staden to sustain his luxury lifestyle. According to evidence led during the trial, the accused falsely presented to SARS that they exported more than R3 billion of fish during the period January 2006 to October 2008.

Indo-Atlantic Shipping (Pty) Ltd, Southern Ocean Fishing (Pty) Ltd (Indo-Atlantic Seafoods (Pty) Ltd and Southern Ocean Marine Corporation (Pty) Ltd were registered as VAT vendors with Mr Van Staden as the representative vendor.

The accused committed Fraud through these entities by submitting false 201 VAT returns. The method to commit fraud was that some of the accused approached certain service providers that included Mercedes Benz, V&A Waterfront, PSI and others. They requested quotations for work to be done and upon receipt thereof, they would request tax invoices to obtain financing. Upon receipt of the invoices, they would use them to

substantiate VAT input claims. In all the above instances the work was never done or they never paid the service providers for the work done.

Van Staden also claimed VAT on the purchase of two fishing vessels which they never bought, the court found. Another method was that Southern Ocean Marine Corporation (Pty) Ltd, a company of which Van Staden was a director, invoiced Indo-Atlantic Group of Companies for fish sold and/or services supplied. These transactions and invoices were totally fictitious.

The court found that the accused created invoices in the name of a company called Isotherm Fishing (Pty) Ltd in order to substantiate input VAT claims. Isotherm Fishing (Pty) Ltd ceased trading before the invoices were issued. No record of any such sales exists and the invoices are clear fabrications.

SARS paid more than R250 million in VAT refunds to Indo-Atlantic. The amount claimed in VAT refunds was more than R280 million. Van Staden used the money to buy assets including two farms, numerous vehicles, luxury vehicles, game, an aeroplane as well as other assets for himself which were registered in his family trust. He also used the money on private expenses for example chartering a luxury jet for a holiday in Mauritius for him and his family. The actual loss suffered by SARS as a result of this scheme was more than R250 million.

Senior State Advocate Freek Geyser and Advocate Megan Blows who prosecuted the case against Van Staden said the provisions of the minimum sentence legislation is applicable to numerous of the counts Van Staden was convicted of. "The conviction is a victory in our struggle to ensure that financial crime does not pay. Criminals who plunder state coffers will not escape their just deserts. The NDPP is also bringing an application to confiscate the assets of Van Staden which has been placed under restraint by the High Court in December 2008. The NDPP will also apply for the confiscation of all the affected gifts in the possession of third parties. Three of the other persons who were charged in this matter have been acquitted".

The NPA will study the judgment to consider a possible appeal against the acquittals.

Van Staden is in custody and will launch a bail application tomorrow morning. The State will oppose bail. We believe the accused must remain in custody until he is sentenced.

Kind Regards,

**Eric Ntabazalila**  
**National Prosecuting Authority**  
**Regional Communications Manager**  
**Western Cape**