

# Media Statement



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**TO: ALL MEDIA**

**DATE: 30 JULY 2021**

**RE: AFU GRANTED PRESERVATION ORDER TO FREEZE R14 MILLION  
BELONGING TO TAXI COOPERATIVES**

The High Court of South Africa: Eastern Cape Division, Grahamstown, earlier today granted the Asset Forfeiture Unit (AFU) of the National Prosecuting Authority (the NPA) a preservation order in terms of Section 38 of the Prevention of Organised Crime Act 121 of 1998 against a total amount of just over R14 million in bank accounts which belong to different Eastern Cape taxi cooperatives. This order effectively freezes twenty-five different bank accounts which belong to the Eastern Cape Transport Tertiary Co-Operative Limited (ECTTC) as well as its affiliate taxi co-operatives and linked business entities. At this point, the value of the preserved funds is standing at R14 546 777.69.

Due to the Covid 19 pandemic, the Minister of Employment and Labour issued Directives called COVID 19 Temporary Employee / Employer Relief Scheme (COVID19TERS), which created a special benefit under the Unemployment Insurance Fund (UIF). These funds are commonly referred to as Ters payments and were strictly implemented to assist those employees who had lost income due to Covid-19.

During April 2020, Dr Nokuthula Mbebe, the Chief Executive Officer of the ECTTC, allegedly made numerous applications to the UIF for Ters payments. The ECTTC is an umbrella organisation ostensibly created to assist its affiliate co-operatives to comply with the law and to ensure that the local transport industry is properly regulated and functions according to legal requirements.

The ECTTC made applications on behalf of its own employees as well as on behalf of the employees of the affiliate taxi co-operatives that belong to the ECTTC. It is alleged that there were a large number of irregularities with the first batch of ECTTC applications. These include applications for Ters benefits for 22 government employees, twenty-two

people who were deceased and one person who was incarcerated at the time. These persons did not qualify for Ters benefits.

The second batch of applications was made on behalf of 66 taxi co-operatives who belong to the ECTTC and the total amount that was paid out amounted to just over R220 million; R220 552 295.88 to be exact.

When the UIF began to audit these payments, the ECTTC and its affiliate taxi co-operatives could not verify the correctness of the applications via documentary evidence or a paper trail. This is in contravention of the directives made in relation to Ters payments as well as the Memorandum of Agreement that all entities applying for Ters must sign. The state contends that the payments, as they stand, remain as the proceeds of unlawful activities as they do not comply with the law.

The AFU in conjunction with the UIF Fraud and Corruption investigators, the Financial Intelligence Centre as well as the South African Police Service investigated these applications in a well-orchestrated joint operation. The investigation is continuing and the amount of R14 546 777.69 will increase as the investigation unfolds.

“The success of this operation was only achieved through the smooth collaboration between the different crime fighting units, who are making every effort to recover any funds that were unlawfully received during the government’s efforts to fight the Covid 19 pandemic,” said the Regional Head of AFU, Doctor Chris Ndzengu.

The bank account holders will have an opportunity to oppose the granting of a forfeiture order, in due course.

The state was represented by Advocate Anthony French.

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