

Media Statement



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TO: ALL MEDIA

DATE: 21 FEBRUARY 2020

RE: CAPE TOWN BUSINESSMEN SENTENCED TO DIRECT IMPRISONMENT FOR VAT FRAUD

The Western Cape High Court sentenced two Cape Town executives to 17 and 16 years direct imprisonment after convicting them on 487 counts of racketeering, money laundering, fraud and corruption.

Luis Filipe Duarte D'Alemeida Fernandes and Nazmien Warner ran a VAT fraud scheme for seven years that cost SARS more than a hundred million rands. This morning they entered into a plea and sentencing agreement with the state. Fernandes pleaded guilty to racketeering, money laundering, fraud and corruption charges.

Fernandes was a member of three entities - ICE International Commodities and Exports CC (ICE Holdings), B and F Trading CC (ICE International) and Icomarket CC (DAFF and Associates). The accused used the three entities to pretend to SARS that they acquired goods, which they then exported to Namibia, Angola and other African states and claimed back VAT on goods that were never bought nor exported. VAT is not paid on goods that are exported and vendors are entitled to claim VAT back from SARS for legitimate VAT bearing expenses.

When SARS requested invoices in order to substantiate their VAT refund claims, they at first obtained and submitted forged invoices from a third party. From 2012, Fernandes forged the invoices and Warner submitted them. Fernandes also forged the customs documents to submit to SARS.

Warner was the bookkeeper for the three entities and he assisted with the submission of the returns and the forged documents.

The accused also confessed that they recruited SARS auditor, Charles Kamies, to assist them with authorisation of the refunds and to get the refunds paid out fast. SARS paid

out an amount of close to R 112 million in refunds. Most of these refunds were channelled through the bank account of Baqarah Investments CC, which Warner had control of.

The money was to fund several failed business ventures; an internet gaming and social interaction website, low cost housing projects in Namibia and Cameroon, the importation and installation of revolving doors and a pre-paid fuel card. It was also used for travelling, buying vehicles, and sustaining a high standard of living and luxuries.

Warner also invested his share in properties. As part of the settlement, he agreed to the confiscation of nine properties and a further R 900 000 cash amount, which originated from the sale of one of his properties.

Both accused agreed to testify in the trial of their co-accused, Charles Kamies, whose case is postponed for a pre-trial.

State Advocate Freek Geysler, who prosecuted the matter, hopes that the sentence sends a clear message that the NPA, SARS and the SAPS are committed to address such complex criminal schemes.

"We trust the sentence imposed today sends a clear message that crime does not pay and attacks on the fiscus by means of fraudulent tax schemes will not be tolerated. We will continue in our efforts to ensure that all taxpayers comply with the tax legislation in our country by prosecuting offenders without fear, favour or prejudice.

"As can be seen from the evidence presented in this case, tax offences are serious and have a devastating effect on our economy. Part of this agreement is that the state, through the AFU, has obtained a forfeiture order to have the assets of Accused 2, as well as the affected gifts in the hands of other parties, declared forfeited to the state," he concluded.

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