

Media Statement



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TO : ALL MEDIA

DATE : 20 MAY 2010

RE : DAVID KING AND FORMER ASSOCIATE APPEAR IN COURT FOR FRAUD AND RACKETEERING

Mr David Cunningham King and his former business associate, Mr Ian Gregory Morris, appeared in the Randburg Magistrates' Court on 20 May 2010, facing charges of fraud and racketeering in terms of the Prevention of Organised Crime Act, No. 121 of 1998. The NPA has provided them with a copy of the indictment which includes 37 counts. Although a trial date has not yet been set, both accused will ultimately stand trial in the South Gauteng High Court. They are currently out on warning.

The appearance follows after an investigation into the development and sale of a software programme for Treasury, the ultimate successful listing of Specialised Outsourcing Limited (SOL) during October 1997 and aspects related to acquisitions by SOL.

The prosecution is the culmination of a series of complaints received from institutional investors, which include entities like the South African Reserve Bank, Old Mutual, Sanlam, Southern Life, and Coronation. The main thrust of the allegations is based on the alleged deliberate manipulation of financial statements, financial reports and the recorded earnings of SOL with the view to enhance the growth profile and share price of the company. The indictment includes allegations of misrepresentations to certain companies regarding the nature of business of SOL and the growth in profits. These alleged misrepresentations caused the publication of reports which allegedly falsely portrayed the growth potential of investments in SOL.

The present prosecution of Mr King and Mr Morris is not a continuation of another prosecution which was withdrawn during 2003. Although they would now also face charges relating to the Umgeni contract, the basis of the prosecution differs from the one that was previously withdrawn, which

was in connection with allegations of corruption. Despite the fact that some of the evidence in the tax prosecution is also relevant to this prosecution, the NPA emphasises that this prosecution is independent from the tax fraud case against Mr King.

The NPA acknowledges that the accused will need time to prepare for trial and has agreed to a postponement until 28 July 2010. The matter will be transferred for trial in the High Court once the pre-trial matters have been resolved.

Issued by:

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