

# Media Statement



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**TO: ALL MEDIA**

**DATE: 14 AUGUST 2020**

**RE: FORMER SENIOR ECDSO OFFICIALS AND BUSINESSMAN IN COURT  
FOR FRAUD ALLEGATIONS**

The former Head of the Eastern Cape Department of Social Development (ECDSO), Stanley Khanyile, the then Chief Director in the office of HOD, Vuyokazi Valentia Sangoni and the Director of Umnotho Development, Poovandaren Chetty, appeared at the King William's Town Magistrate's Court. They appeared in connection with contravening the Public Finance Management Act, fraud, theft and money laundering which involves just over R29 million.

Magistrate Nkosinathi Mjekula granted Chetty R200 000 bail, Khanyile was granted R50 000 bail while Sangoni was granted bail for R20 000.

Khanyile has been charged with two counts of contravening the PFMA and two counts of fraud. Sangoni on the other hand has been charged with one count of fraud while Chetty faces 16 counts of fraud, 18 counts of theft, and 15 counts of money laundering.

During 2015, the ECDSO was to establish a Provincial Women's Development Resource Centre in Lusikisiki. The Centre was intended to serve as a hub for socio-economic empowerment for women with a focus on skills development programs. It was also intended to be a provincial hub for marketing the products produced by women co-operatives or groups which were funded by the department.

The department identified an existing government infrastructure in Lusikisiki as a suitable place to house the Development Resource Centre. It was against this background that Khanyile, in his capacity as the HOD, during 2015, allegedly flouted procurement prescriptions and processes to ensure that Chetty was awarded the R14 466 million contract for establishing the Development Resource Centre. Khanyile allegedly bypassed procurement processes and on 15 July 2015, together with Chetty,

signed a Service Level Agreement (SLA). The agreement was deemed to have commenced on 1 April 2015 and was to endure for a period of 9 months until 31 December 2015. It is alleged that before the contract was signed, Chetty did not present a business plan on behalf of Umnotho to the ECDS, which is a requirement for funding in terms of the department's policy for financially awarding service providers.

Between July and August 2015, the ECDS paid just over R14 million to Umnotho. Chetty was the only designated signatory to the bank account.

For the 2016/2017 financial year, a tender was advertised by the ECDS for the training and capacitation of co-operatives. Khanyile, and Sangoni are accused of colluding to ensure that Umnotho won the tender through unfair advantage in the procurement process. They allegedly flouted the prescriptions of the procurement policy and did not follow normal departmental practices.

Umnotho was duly awarded the tender and on 3 May 2016, Khanyile and Chetty allegedly signed an SLA. The second agreement was deemed to have commenced on 03 May 2016 and was to endure until 31 March 2017. The ECDS paid just over the R15 million to Umnotho.

Chetty allegedly misused approximately R14 million from the Umnotho account for his personal benefit in that year during August and September. He allegedly bought a Rolex watch, a diamond ring, Porsche and Ferrari motor vehicles and gold coins valued at just over R1 million.

The prosecutor, Senior State Advocate, Antoinette De Jager, said even though the state did not oppose bail, considering the seriousness of the charges, they requested for stringent bail conditions. "The accused must report at police stations and they must hand in their passports to the investigating officer," she said.

Magistrate Mjekula ordered that the accused report at their nearest police stations, to hand in their passports and to ask for permission from the investigating officer in relation to traveling outside the provinces where they reside.

The three were arrested by the Anti-Corruption Taskteam. Khanyile and Chetty were arrested in Gauteng while Sangoni was arrested in East London.

Their next court appearance at the same court will be on 16 October 2020.

**Anelisa Ngcakani**

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