

Media Statement



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TO: ALL MEDIA

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RE: JOINT MEDIA STATEMENT: THE DIRECTORATE FOR PRIORITY CRIME INVESTIGATION (HAWKS) AND THE NPA'S INVESTIGATING DIRECTORATE

SUSPECTS ARRESTED FOR R745 MILLION ESKOM ALLEGED FRAUD

PRETORIA – Two former Eskom senior managers, two business directors and seven companies are expected to appear in the Johannesburg Magistrates Court for alleged fraud, corruption and money laundering today.

The suspects were arrested early this morning in Mpumalanga, Limpopo and Gauteng by the Hawks' Serious Commercial Crime Investigation team in collaboration with the National Prosecuting Authority's Investigative Directorate.

Investigations began when suspicions were raised into the construction of two large projects at MEDUPI and KUSILE power stations. This revealed that there was apparent gross manipulation of contractual agreements between contractors, ESKOM employees and third parties at KUSILE power station.

In-depth investigations pointed to the fact that the contract was manipulated in a number of ways including, amongst others manipulation of the ESKOM's procurement system by officials who occupied Senior Management positions, descoping of the contract at KUSILE without justification and with conflict of interest by ESKOM employees.

In June 2015, ESKOM's KUSILE Project management team submitted a request to ESKOM Procurement Committee for a mandate to negotiate and conclude a contract with one of the companies. The contract was approved on 2015 for R745 million to build two Air Cooled Condensers (**ACC**) units at Kusile power station. It is alleged that from

February 2015 to July 2017, the appointed companies, other related entities and individuals shared approximately R30 million amongst themselves.

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