

# Media Statement



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**TO: ALL MEDIA**

**DATE: 17 JUNE 2020**

**RE: JOINT STATEMENT BY NPA AND HAWKS ON PROGRESS ON  
INVESTIGATION INTO VENDA BUILDING SOCIETY MUTUAL BANK**

Members of the media

Advocate Batohi

Fellow South Africans,

Good afternoon to all of you.

Thank you for honouring our invitation to share with you the progress on the investigation into the Venda Building Society Mutual Bank (VBS). The bank was founded in 1982 as a Building Society and became a Mutual Bank in 1992.

Today members of the Directorate For Priority Crime Investigation (DPCI) conducted a simultaneous search and seizure operation in 10 premises in Gauteng and Limpopo provinces

The team also executed warrants of arrests on four suspects. Three other suspects are expected to hand themselves today. The eighth suspect has been affected by the Covid-19 quarantine requirements and will be secured after completion of the relevant processes.

The DPCI has been working on this matter since the August 2018 as an inquiry and was converted into a docket in May 2019. It investigated the conglomerate of offences with the guidance of the National Prosecuting Authority. Thus, it was decided to charge the suspects with forty-seven (47) counts of various criminal offences.

These are five (5) counts of Patterns of Racketeering Activities in contravention of the Prevention of Organised Crime Act 121 of 1998, POCA, twelve (12) counts of theft, seven (7) counts of fraud, fifteen (15) counts of corruption in contravention of the Prevention

and Combatting of Corrupt Activities Act 12 of 2004, seven (7) counts of money laundering (POCA).

A criminal case was reported by the South African Reserve Bank and specifically by the Chief Executive Officer of the Prudential Authority. This is a juristic person operating within the administration of the South African Reserve Bank, established in terms of section 32 of the Financial Sector Regulations Act 9 of 2017.

The complainant in this case formed an opinion in his then capacity as the Registrar that VBS Mutual Bank was in financial difficulties and as such would be unable to repay, deposits made with VBS, when legally obliged to do so.

On 11 March 2018, the Minister of Finance, acting within the powers conferred upon him in terms of section 81 of the Mutual Banks Act, read with section 69 of the Banks Act, No. 94 of 1990) appointed a curator to VBS.

On 13 November 2018, upon the application of the Prudential Authority, VBS was put under compulsory winding up by the High Court of South Africa, Gauteng Division, Pretoria. A provisional liquidator was appointed on 14 November 2018.

The investigation revealed that as at 11 March 2018, there was a general deficiency in the monies received by VBS amounting to two billion two hundred and ninety-six million five hundred and ninety-nine thousand and eight rand (R2, 296, 599, 008).

The scam was hatched on the 4 July 2017 when the board of directors for VBS approved financial statements for the year ending 31 March 2017 making VBS to look richer while it was in fact insolvent. The financial statements were shockingly inflated.

The allegations are that the Chairman and the Chief Executive Officer (CEO) signed the directors' responsibility statement to the Annual Financial Statement that was prepared by the Chief Financial Officer (CFO) of VBS.

The investigation has revealed that the ten men who are the suspects either unduly directly or indirectly benefitted at least R122 287 863 which was not due.

Our investigation revealed that twenty (20) municipalities deposited an amount of R3, 7 billion of which R2,2 billion was paid back; leaving an amount of R1. 5 billion in VBS. The suspects are expected to appear at Palmridge Regional Court on Thursday 18 June 2020.

Investigations of this magnitude are complicated and labour intensive. The DPCI received this investigation during August 2018 and immediately started by putting together an

investigation team consisting of fifteen (15) investigators some of which are on secondment to the DPCI from the Detective Service of the SAPS.

Let me conclude by thanking the efforts by the investigation team of Serious Corruption Investigation within the Directorate for Priority Crime Investigation (DPCI), the National Prosecuting Authority (NPA) and the South African Reserve Bank (SARB), Financial Intelligence Centre and the Liquidator for the key roles that they played in this matter. Team work is a recipe for success.

I thank you.

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