

Media Statement



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TO: ALL MEDIA

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RE: AFU SEIZES ASSETS OF PLATINUM FOREX IN CAPE TOWN

The Asset Forfeiture Unit (AFU) of the National Prosecuting Authority in the Western Cape has obtained a very large freezing order of about R138 million against a pyramid scheme in Cape Town.

The Western Cape High Court granted the preservation order to seize the assets of the Platinum Forex and its sole member, Colin Davids. The successful operation is due to the excellent work done by the Financial Intelligence Centre (FIC), the Financial Services Board (FSB) and the Hawks (the Directorate of Priority Crimes Investigations in the South African Police Service. It has saved hundreds of investors who had invested in Platinum Forex CC, a pyramid or "Ponzi" scheme.

In affidavits filed in court, AFU presented evidence that Platinum Forex, a close corporation based at Parow, Cape Town, unlawfully collected more than R100 million from unsuspecting members of the public under the guise that it was a lawful investor that invests in foreign exchange investments (forex). The court papers allege that the actions of Platinum Forex contravenes various provisions of the Financial Advisory and Intermediary Services Act, 2002 (**the FAIS Act**) and the Banks Act, 1990, as it is not registered as a financial service provider and is not lawfully entitled to conduct the business of a banker. However, it fraudulently misrepresented itself as such to the unsuspecting members of the public.

AFU alleges that the joint investigations with its partners revealed that, instead of investing the monies it collected, it used some of the funds received from the public for its own benefit. Platinum Forex also made false promises to members of the public that their so-called investments would yield interest returns of between 48% and 84%. The

investigations, however, revealed that, as is usual of such schemes, Platinum Forex used some of the funds received from investors to pay other members.

The court papers allege that Platinum Forex and Colin Davids operated a business of a bank and accepted so-called deposits from members of the public without being registered as a bank in terms of the Banks Act. According to the court papers Platinum Forex is not a public company that is lawfully allowed to provide financial services in terms of the FAIS Act and to conduct business of a bank in terms of the Banks' Act. However, it advertised itself as such to members of the public.

The investigations also revealed that the unlawful business of Platinum Forex commenced during August 2013 and lured numerous members of the public, although it would eventually collapse in view of the unrealistic returns offered. Investigations also revealed that contrary to the promise made to clients that their monies would be invested in the forex market, some of the monies were in fact 'invested' in short term investment accounts held with ACM Gold and Forex Trading (Pty) Ltd, a Gauteng based entity and Nedbank. These companies have also been cited as respondents in the application merely to preserve the funds held with them and there is no unlawful conduct alleged against them in the papers.

The court papers allege that Colin Davids used some of the investors' funds to pay for:

- two immovable properties in Plattenkloof and Hermanus
- motor vehicles for his wife, Charlyn Anthea Davids – the fourth respondent
- household expenses from retail stores such as Woolworths, Checkers and Pick 'N Pay.

These assets are regarded as proceeds of unlawful activities. The freezing order will enable the curator *bonis* appointed by court to keep the assets safe while the AFU prepares an application to forfeit the property.

If the AFU is granted a forfeiture order, the curator will utilise the frozen assets to compensate the victims of the scheme as it has done so in such matters in the past.

The Hawks are also currently investigating criminal charges to be laid against the perpetrators of the unlawful scheme.

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