

Media Statement



Tel: +27 12 845 6000

Email:
media@npa.gov.za

Victoria & Griffiths
Mxenge Building
123 Westlake Avenue
Weavind Park
Silverton
Pretoria

www.npa.gov.za

TO : ALL MEDIA

DATE : 12 FEBRUARY 2010

RE : NDPP AUTHORISES PROSECUTION IN ESKOM RACKETEERING CASE

The National Director of Public Prosecutions (NDPP), Adv Menzi Simelane has authorised prosecution in a case of racketeering involving three accused, Quertin Andile Mngadi 34 years, Martin Ndebele 31 years and Koba Letia Lebakeng 33 years residing in Evaton, Randburg and Sebokeng. Prosecution of racketeering cases can only proceed on authorisation by the NDPP, as stipulated in the Prevention of Organised Crime Act 121 of 1998.

They are facing a total of 78287 counts of racketeering and theft committed during the period February 2007 to May 2008. They will appear in Westonaria Regional Court on 12 March 2010 for the case to be transferred to the South Gauteng High Court. They are currently out on bail.

The object of Eskom is to supply and provide the electricity needs of the consumer, they also sell electricity on a pre-paid basis. The customers buy electricity in units of kilowatt-hours. Once the electricity is bought from a vendor, the consumer's meter is credited with the corresponding number of units. All the information is recorded on the consumer's meter and this enables the consumer to use the electricity up to the said number of units.

Eskom has authorised vendors that sell pre-paid electricity to consumers. Eskom installs Credit Dispensing Unit (CDU) at the vendor's premises, whereby electricity is sold to the clients on a pre-paid basis. In turn the vendor supply the consumer with a magnetic card or slip with a code on it. The card or code is inserted into the electricity meter. The vendor is supplied with a pre-printed deposit book that is used to deposit the money obtained during the sale into the account of Eskom. The information on the CDU device is reconciled to the information on the mainframe computer of Eskom on a regular basis

by Eskom to ensure that all sales made by the vendor is registered on the CDU and that all monies of the sales are deposited into the account of Eskom.

How the accused allegedly manipulated the pre-paid system

The accused managed to obtain CDU devices that were either stolen from vendors or retired from service and then stolen from Eskom. The credits were illegally loaded on the CDU machines which enabled the vendor to trade illegally. Eskom could only reconcile the sale of electricity to the mainframe system once the CDU devices were recovered. The activities of the accused related directly to the enterprise they operated in that they stole CDU machines belonging to Eskom Holding (Ltd) and used them to trade in electricity and electricity credits and received money not due to them. **The estimated value of electricity allegedly stolen is R9 million. There are currently more than five similar cases with one case involving 10 accused around North Gauteng area. These cases are awaiting authorisation by the NDPP and this is a clear indication of the alarming rate at which Eskom's system is being compromised by acts of the accused.**

Racketeering as an offence was formulated to assist law enforcement agencies in the fight against organised crime. For it to be committed, there has to be a structure in place (referred to as the enterprise), whether formal or informal, for which a group of persons (a syndicate) is committing offences. There has to be an ongoing commission of these offences and this will be referred to as pattern of racketeering activity. Anyone involved with the enterprise, be it its manager, employee, associate or anyone who attempts or conspires with its members to commit offences to its benefit, can be charged with racketeering. Anyone found guilty of the offence of racketeering can be sentenced to a maximum fine R1000 million or life imprisonment.

The unlawful acts of the accused undermined Eskom's responsibility and efforts to provide a system by which the electricity needs of the consumer may be satisfied in the most-effective manner. The conduct of the accused also threatened the economic stability of the country in that for Eskom to remain financially sustainable, they need revenue from the services they provide to customers. Their arrests were a result of the tireless efforts of the Organised Crime Unit of the South African Police Service to ensure that Eskom's efforts to overcome the challenge of keeping lights burning are not compromised.

Issued by :
Mthunzi Mhaga
NPA Spokesperson

0721986863

mcmhaga@npa.gov.za

media@npa.gov.za