

# Media Statement



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**TO: ALL MEDIA**

**DATE: 04 DECEMBER 2019**

**RE: PROSECUTION OF BUSINESSMAN AND FORMER MUNICIPAL MANAGER**

On Monday, 02 December, the state charged businessman Mcebisi Mlonzi (48), director of Kwane Capital (Pty) (Ltd), and Balisa Socikwa (57), the former municipal manager of the Amahlathi Local Municipality (ALM). They appeared at the Stutterheim Magistrate's Court on charges of Fraud and contravening the Municipal Management Finance Act, 56 of 2003, involving approximately R92 million. They were granted bail of R50 000 and R30 000 respectively, following their arrest by the Hawks over the weekend.

The ALM Council resolved on 25 November 2013 to consider the possibility of the municipality acquiring its own yellow plant equipment (machines and/or vehicles). Up to that point, the ALM normally outsourced infrastructure projects, such as the construction of roads, for which the said yellow plant equipment was required.

Consequently, officials of the ALM had to investigate the feasibility of such procurement. The municipality had not budgeted for such expenditure during that financial year (2013-2014). The Development Bank of South Africa (DBSA) was approached for possible financing of the project. The DBSA was interested and requested financial reports, including the latest annual financial statements.

It was at this stage that Mlonzi and his company appeared on the scene as possible suppliers of yellow plant equipment.

It is alleged that Mlonzi and his company purportedly sold on hire purchase to ALM about 20 yellow plant machines or vehicles of the type used in construction work. Once Mlonzi entered into the hire purchase agreements with ALM, he then on behalf of his company entered into rental agreements/ full maintenance lease agreements with Barlowworld and an entity called Avis in terms of which his company rented or leased the machines. ALM never became the owners of the machines/ vehicles, despite paying R 92 million in instalments to Kwane Capital(Pty)Ltd

Mlonzi's company then fell behind on payments (rental/lease) and eventually ceded the contract it had with Barlowworld to another company, BLC. BLC paid the outstanding amounts to Barlowworld in a deal that saw them becoming the owners of the machines.

Socikwa, who was the municipal manager at the time, irregularly and unlawfully allowed ALM to be caught up in this deal. He went ahead with the deal and signed on behalf of ALM despite objections from the Chief Financial Officer.

Close collaboration between the Anti-Corruption Task Team and the Acting Director of Public Prosecutions, Adv Indra Goberdan, over the past few months, have seen the second serious corruption case being enrolled in the Eastern Cape Courts in the past two weeks.

The duo's case has been postponed to 19 February 2020.

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