

# Media Statement



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**TO: ALL MEDIA**

**DATE: 31 July 2009**

**RE: R43 MILLION PONZI SCHEME MONEY FROZEN**

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The National Prosecuting Authority (NPA), SAPS, the Financial Intelligence Centre (FIC), the SA Revenue Service and the SA Reserve Bank have been engaged in a massive joint effort to deal with the consequences of the Ponzi scheme linked to Barry Tannenbaum.

On Friday 30 July 2009 the North Gauteng High Court granted the Asset Forfeiture Unit in the NPA a preservation order in terms of the Prevention of Organised Crime Act. The order freezes an estimated amount of just less than R44 million held in two bank accounts in the name of Darryl Leigh and the Darryl Leigh Trust.

The rapid speed with which the freezing order was obtained was the result of the hard work and excellent cooperation between the different government agencies and private sector institutions.

Barry Tannenbaum was a trustee of the Darryl Leigh Trust until his estate was provisionally sequestrated in June 2009.

The evidence submitted to court indicates that Darryl Leigh and Barry Tannenbaum used the personal accounts of Barry Tannenbaum to receive money from the investors and thereafter channelled portions of the money to Darryl Leigh's personal account and then to the Darryl Leigh Trust account.

It is alleged that the evidence indicates that the money held in these accounts are the proceeds of a Ponzi scheme masterminded by Tannenbaum, Leigh and Dean Rees and that these accounts were used to launder some of the funds through the bank account held by Leigh and the Darryl Leigh Trust.

It is alleged that as a result of this Ponzi scheme nearly R97 million was transferred from Tannenbaum private accounts to those of Leigh:

- Between October 2006 and November 2008, at least R96 263 022 was transferred from Tannenbaum's personal bank accounts in South Africa into Leigh's personal account.

Also, between October 2006 and June 2009, 23 deposits were made into the Darryl Leigh Trust bank account amounting to R51 601 799.

Of the 23 deposits, 17 deposits totalling R39 298 365 was money that had been transferred from Tannenbaum's two personal accounts to Leigh's personal account, and was then further transferred to the Darryl Leigh's Trust bank account.

A Ponzi scheme (closely related to a pyramid scheme) will usually involve the fraudster representing that he or she has a very lucrative investment opportunity which would yield high returns on investments made, when in actual fact there is no such investment opportunity. A Ponzi scheme, like all unlawful schemes of this nature, pays early investors returns from the investments of later investors.

A Ponzi scheme usually has the following four characteristics:

- "The bait", through which the fraudster often lures investors with promises of above market returns;
- "The hook", through which the above market returns are most often explained with reference to complicated fictitious business models;
- "The line", where the fraudster is almost always a persuasive, well-respected or well-connected person;
- "The sinker", where there is little or no commercial activity that takes place. Payouts to investors are made from the pool of investors' funds and the remainder is taken by the fraudster.

Investigations on the case are continuing, and more information will be released when it becomes available.

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