

NATIONAL ASSEMBLY
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 1438 [NW1540E]
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1438. Mr K J Mileham (DA) to ask the Minister of Finance:

Whether any investigations into the financial irregularities reported at the Venda Building Society Mutual Bank by the National Treasury have uncovered any payments made to individual lawyers or law firms as compensation and/or inducements for securing any municipal deposits for the bank; if so, (a) which lawyers and/or law firms have been identified and (b) what are the details of the (i) municipality, (ii) amount(s) deposited and (iii) amount(s) paid in compensation and/or inducements in each case?

NW1540E

REPLY:

The National Treasury does not have criminal investigative powers over municipalities or individual persons, aside from the power to enforce or seek information in terms of the Municipal Finance Management Act, no 56 of 2003. The powers to investigate in this regard reside with specific financial regulators and the policing authorities. With regard to investigations related to VBS, the primary investigation by a financial regulator is one that is currently being conducted by the South African Reserve Bank. The policing authorities do not report to the National Treasury and we are not able to report on any progress with regard to any investigations they may be conducting.

The South African Reserve Bank has indicated to the National Treasury that its investigation is still in process, and they are not able to respond to the question at this stage. According to the South African Reserve Bank on 13 April 2018, the Deputy Governor of the South African Reserve Bank and Chief Executive Officer (CEO) of the Prudential Authority (PA), Mr Kuben Naidoo, appointed Advocate T Motau SC as an investigator in terms of section 134 of the Financial Sector Regulation Act 9 of 2017 to conduct a forensic investigation into the affairs of VBS.

The primary objective of the investigation that will be conducted by Advocate T Motau SC is to establish whether:

1. any of the business of VBS was conducted with the intent to defraud depositors or other creditors of the bank, or for any other fraudulent purpose;
2. VBS's business conduct involved questionable and/or reckless business practices or material non-disclosure, with or without the intent to defraud depositors and other creditors; and
3. there had been any irregular conduct by VBS's shareholders, directors, executive management, staff, stakeholders and/or related parties.

Based on the findings of the forensic investigation, the National Treasury and other authorities will take appropriate follow-up action.

The investigation is at a sensitive stage and findings are being completed. Details of the findings will be made available to Parliament in due course.