



September 9, 2021

**MEDIA STATEMENT
FOR IMMEDIATE RELEASE
9 SEPTEMBER 2021**

**SIU AND NHLS GRANTED ORDER TO FREEZE PROPERTIES AND TRUST ACCOUNT
LINKED TO HAMILTON NDLOVU**

The Special Investigating Unit (SIU) and the National Health Laboratory Services (NHLS) have been granted an order by the Special Tribunal (Tribunal) to freeze luxury properties and a trust account to the value of R42 million, belonging to entities linked to Johannesburg businessman Mr. Hamilton Ndlovu.

The SIU investigated corruption allegations and the circumstances in which eight companies directly and indirectly linked to Mr. Ndlovu had obtained contracts worth a total of R172 million for the procurement of Personal Protective Equipment (PPE) from the NHLS.

The SIU was, in terms of Proclamation R.23 of 2020, directed by President Cyril Ramaphosa to investigate allegations of corruption, malpractice, maladministration and irregularities in the procurement of goods and services during the COVID-19 state of disaster.

On 31 August 2021, the SIU and the NHLS obtained an interim interdict in the Tribunal preserving properties and funds under the control of Mr. Ndlovu worth approximately R42m. This follows upon a similar preservation order obtained by SARS seizing approximately R60m worth of funds and assets.

The properties and money are preserved pending a review application which will be brought by the SIU and the NHLS to set aside the procurement transactions and to require Mr. Ndlovu and the recipients of the funds to pay back the money.

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The SIU and NHLS have ascertained that the transactions were obtained by abusing the emergency procurement procedures that were adopted by the NHLS in order to respond to the COVID-19 disaster during the first half of 2020.

Eight companies obtained contracts to supply PPE to the NHLS during this period which were all linked to Mr. Ndlovu. He was allegedly the controlling mind of all the front companies and the direct and indirect beneficiary of the funds flowing to them from the payments made by the NHLS.

The links and interrelationships between the front companies and the fact that they were all controlled by Mr. Ndlovu were not disclosed to the NHLS and the companies operated jointly as part of an unlawful scheme directed by Mr. Ndlovu and under the pretense that they were independent entities. Instead of operating at arm's length and in competition with each other to supply PPE to the NHLS at the best available prices, the companies were a front whereby Mr. Ndlovu could allegedly obtain multiple contracts from the NHLS at excessive prices without revealing his involvement in each of them.

The front companies allegedly under the control of Mr. Ndlovu exploited the emergency procurement process by supplying PPE to the NHLS at excessive prices and failed to deliver the agreed quantities of PPE.

The SIU obtained and analysed the bank accounts of the front companies and of Mr. Ndlovu and of other companies and individuals linked to him. The analysis shows that, with the exception of an amount of about R15m that appears to have been used for the purchase of PPE, the funds received from the NHLS were not used to obtain supplies of PPE in order to deliver upon the contracts to the NHLS. Instead, the vast majority of the funds (87.87%) flowed to Mr. Ndlovu for his own use.

Mr. Ndlovu used these funds to acquire assets for himself and members of his family worth tens of millions of rands and on luxurious consumption. The funds and properties that have been preserved as proceeds deriving from the unlawful transactions include four properties

worth R32 million and a deposit of R10 million paid by one of the front companies, Bugatti Security Services and Projects (Pty) Ltd into an attorney's trust account.

In terms of the order the respondents are prohibited from dealing in any manner with the funds and properties (including selling or transferring or mortgaging the properties) pending the final resolution of review proceedings to be brought by the SIU and the NHLS which must be instituted within a period of 30 days from the date of the order.

Fraud and corruption allegations may be reported via the following platforms:
siu@whistleblowing.co.za / Hotline: 0800 037 774

Enquiries:


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ABOUT THE SIU:


The SIU is an independent statutory body with a primary mandate to investigate allegations of corruption, malpractice and maladministration in the affairs of government departments, municipalities and State Owned Entities, and to recover financial losses suffered by State institutions. The SIU was established in terms of the Special Investigating Units and Special Tribunal Act, Act No 74 of 1996 (SIU Act).

The SIU has powers to subpoena witnesses, bank statements and cellphone records, search, seize evidence and interrogate witnesses under oath. The SIU can take civil action to correct any wrongdoing it uncovers in its investigations.



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Where criminal conduct is uncovered during investigations, the SIU will bring the matter to the attention of its partners Hawks in the South African Police Service (SAPS), as well as the National Prosecuting Authority (NPA) for further action.



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