
FINANCIAL AND FISCAL COMMISSION'S READING OF THE ZONDO COMMISSION OF INQUIRY INTO STATE CAPTURE REPORT - PART III

23 March 2022

Summary

Part 3 of the Judicial Commission of Inquiry into State Capture (also known as the Zondo Commission) Report is summarised below. The purpose of the Commission is to investigate allegations of state capture, corruption and fraud in the public sector. Part 3 is split into four volumes with a focus on Bosasa Operations.

Volume I

1. Bosasa is a facilities company that used its connections with prominent politicians and government officials to secure R2.37 billion between 2000 and 2016 through tainted tender contracts with various State-Owned Enterprises (SOEs). Over this period, Bosasa bribed officials to the amount of R75.7 million to unlawfully secure these tenders.
2. Bosasa targeted the Department of Correctional Services (DCS) and several public entities, including the South African Post Office (SAPO) and Airports Company South Africa (ACSA).
3. Bosasa made use of several cash generation mechanisms to pay off bribes. These may be summarised as follows.
4. **False invoices** were issued with fraudulent documentation.¹ Once invoices were issued, Bosasa would pay the service providers, who would then repay Bosasa and its associates in cash and then deduct a portion for their own benefit. Cash was delivered directly to Mr

¹ According to Mr Agrizzi's evidence, Mr Bonifacio (chief accountant) and Mr van Zyl (accountant) identified liquidated companies and used their names as suppliers to Bosasa. False invoices were produced by regenerating prior valid invoices for goods and services delivered. To justify cash-out cheques, Bosasa's auditors were told that the companies were SME BBBEE businesses that required cash. Invoices were also issued for goods and services that were never received.

Watson (CEO), who also instructed that companies be created specifically for the purpose of issuing fake invoices; later, these companies would be liquidated.

5. Government officials were also involved in the processes of generating cash fraudulently at Bosasa. For example, Bosasa was hired to provide software services to the government and for which payment would be split between Bosasa and the government official that arranged the transaction, some to the value of R3.4 million, of which **R1.8 million was paid out to the official involved.**
6. In Bosasa, the person who facilitated such transactions was Mr Dlamini. According to Mr Agrizzi's (former COO) testimony, the person responsible for generating the false invoices at Bosasa was Mr Bonifacio.
7. A further mechanism to generate cash involved the creation of **ghost workers**, whereby fictitious lists of casual employees were created by Bosasa's service providers (in this respect, Riekele Construction). On one occasion, the cash payments for false wages amounted to R720 000 – this was a weekly occurrence. In 2003 this practice was stopped because UIF contributions in respect of casual labour had to be paid.
8. Firms implicated in this scheme of generating cash, and who provided cash to Bosasa based on false invoices, include AA Wholesalers CC, Riekele Construction, Jumbo Liquor Wholesalers (Randfontein), Equal Trade 4 (Pty) Ltd and Equal Food Traders (Pty) Ltd, and Lamocest (Pty) Ltd.²
9. According to Mr Agrizzi's evidence, corruption at Bosasa occurred in both the seeking of new contracts as well as in seeking the extension of contracts.
10. Mr Agrizzi was tasked specifically with handling cash at Bosasa, which included getting cash, delivering cash, handling and counting cash for bribery and corrupt purposes. According to Mr Agrizzi, the **total amount paid in bribes by Bosasa monthly was between R4 million and R6 million.**
11. Cash would be delivered to individuals – amongst these Mr Ishmael (Bosasa director), Mr Dlamini (Bosasa director), Mr Gumede (Chairman), Mr Seopela (consultant), Mr Mti (Commissioner of the DCS), Thandi Makoko (Bosasa director), and Mr Leshabane (executive director at Bosasa) – who would then distribute this money to more persons

² The events surrounding these respective schemes are detailed in the Commission's report on pages 100-109.

involved. Mr Agrizzi testified that approximately 80 individuals received cash bribes from Bosasa monthly. This included 38 government employees and officials. Government officials also benefited from VIP travel arrangements through Blake's Travel, the travel agent used by Bosasa, as well as withdrawal of funds from the trust accounts of Bosasa's attorneys.

12. **Bosasa was awarded contracts and tenders from numerous SOEs and government departments**, including the SAPO, ACSA, the DCS, the Department of Justice and Constitutional Development (DoJ&CD), the Department of Home Affairs (DHA), the Department of Education, the Department of Transport, Mpumalanga's provincial Department of Health, as well as various municipal contracts.
13. Between 2000 and 2016, the **aggregate value** of contracts awarded to Bosasa by the various public entities and government departments was **at least R2 371 500**, and approximately **R75 700 000** was paid out in **bribes**.
14. Bosasa was awarded a tender from **ACSA for security services** to protect a multi-story car park and guarding services at ORTIA. The contract was awarded in 2001 for five years and renewable at the end of the five-year term. Mr Agrizzi, who oversaw the drafting of the tender, testified that while he was still drafting the tender, he was informed by Mr Watson that Bosasa would be awarded the tender. This is likely due to the connection that Mr Watson had with high-ranking officials at ACSA at the time, which included the head of risk Mr Thele Moema and the head of security, Ms Siza Thanda. It is also likely, on the evidence before the Commission, that individuals were bribed for the award of the tender.
15. Bosasa was awarded several contracts at the DCS.
16. In July 2004, Bosasa was awarded a **catering contract with the DCS**. The evidence before the Commission points to a prior relationship that was established, upon instruction from Mr Watson, between Bosasa and Mr Gillingham – who was the project leader at the time and the Provincial Commissioner at DCS for Mpumalanga, Limpopo and Gauteng – for the purpose of securing the catering contract for Bosasa. At the time, the DCS was not outsourcing catering services. Mr Vorster (Bosasa's logistics manager), acting on behalf of Bosasa, regularly met with Mr Gillingham and provided him with **cash in exchange for information**. The cash benefits paid were around R20000.
17. The initial contract awarded for Bosasa in 2004 was for a three-year period with an annual value of R239 427 694. According to Mr Agrizzi's evidence, the costings were manipulated

to ensure a much higher contract price – monthly, the costing was 35% higher. The result was that the DCS was paying closer to R310 million for the first year, rather than R239 million. In September 2004, the **catering contract was extended**, entailing a monthly value of R14 million. According to Mr Agrizzi, the scope of the contract was extended without authorisation and that everyone involved was aware of this.

18. In 2009, the DCS awarded Bosasa a **new catering contract** for three years. According to Mr Agrizzi, a further catering contract was awarded to Bosasa in 2013, and each time, the DCS used the same specifications that had been used for the previous contracts. Bosasa was awarded the contract for three years to the value of **more than R420 million per annum, translating to a net profit margin of 28%** (and gross profit margin of 40%).
19. According to Mr Agrizzi, in 2016, Mr Watson instructed Mr Agrizzi to work with Mr Nkabinde and Mr Sekgota to retain the catering contract with the DCS. Mr Sekgota advised Bosasa to pay R5m to his consultancy company in order to secure a six-month extension of the contract, which Bosasa paid.
20. **Mr Bloem** testified that the catering contract was a **money laundering scheme** since upon visiting a prison, he witnessed prisoners preparing the food and no labour had been provided by Bosasa. According to Mr Bloem, during the time he spoke out about his concerns regarding the tender, he received many calls threatening his life. He also pleaded with the commission to investigate the death of Mr Vernie Peterson after he had opposed corruption and spoke out against the tenders at Bosasa. The Commission's investigators found that no progress had been made by SAPS.
21. In 2004, Mr Agrizzi was instructed to draft tender specifications for an **access control contract** with the DCS in a manner that would ensure that Bosasa was awarded the contract. In 2005, DCS issued an invitation to bid based on the specifications drafted by Mr Agrizzi. He was later instructed to submit the bid not under Bosasa but under a newly established company, Sondolo IT, who was later awarded the contract. The contract was initially for two years but was later expanded. The value of the expansion was R236 997 385, which according to Mr Agrizzi, was inflated.
22. Bosasa tendered to provide **high-security fencing to the DCS**, despite it never having provided fencing services before. Bosasa acquired shares in a company Beta Fence. There was an arrangement whereby various entities would cooperate with one another with the prospect of supplying security fencing to the DCS. Bosasa personnel had access to DCS

sites and could thus prepare for the bid prior to the tender being advertised. The tender was put together in conjunction with other fencing companies that were to bid separately. The contract was awarded to Phezulu Fencing (the company that Bosasa had bought shares in and taken over management of) in 2005. The **contract's value of R486 937 910 was manipulated** to grow the value of the tender. There was a maintenance contract that was linked to the fencing contract, which never went out for tender, but that was billed separately. According to Mr Agrizzi, **Mr Watson and his family were the beneficiaries** of the DCS fencing contract.

23. Bosasa was also awarded contracts from the **Department of Justice and Constitutional Development (DoJ&CD)**, whereby Sondolo IT, a subsidiary of Bosasa, was awarded a contract of security systems at a value of approximately R601 million. The contract was in respect of providing security access control system for more than 100 courts nationwide. From the money Sondolo IT received, 2.5% was paid to certain individuals in the DoJ&CD as **lobbying fees or bribes** – an amount of **R2 026 098** over and above other money paid to officials with the DoJ&CD.
24. According to Mr Agrizzi, the contract was irregular and was met with resistance from the procurement division of the DoJ&CD. No tender process was followed for the appointment of Sondolo IT for security upgrades, for which Mr Seopela was paid to facilitate the transaction. R1.9 million was paid in cash to Mr Seopela by Mr Agrizzi.

Volume II

25. **Lindela** is a detention and repatriation facility for undocumented migrants owned and managed by Bosasa Properties (Pty) Ltd under the authority of the DHA. **Mr Vorster**, a former Bosasa fleet manager, testified that Bosasa was paid per person per day (pppd) detained at Lindela. Therefore, he was instructed by Mr Watson to improve figures to achieve higher payments.
26. Initially, Bosasa was paid R28 pppd in 2005, but this figure rapidly increased to R99.41 pppd in 2009. The facility rarely reached half capacity, and the contract was renegotiated “to benefit” the DHA. Under the new agreement, the DHA would cover the minimum threshold of 2500 persons. **Regardless of the renegotiations to benefit the DHA, Mr Agrizzi testified that Bosasa generated a net profit margin between 55 and 61%**, or R 4.1 or R4.3 million per month. According to Mr Agrizzi, apart from the renegotiations and

price reduction, **Mr Radhakrishna** facilitated the contract extension as a consultant for Bosasa and was paid R7 million for his services.

27. According to Mr Agrizzi, **Mr Mathenjwa** (managing director of Sondolo IT) employed a technician called **Bheki Gina**, whose sister worked at the Department of Education and has numerous contracts within the Provincial Education Department in the Northern Cape. A contract was issued without a tender for CCTV and access control for the Department of Education offices. This contract had an estimated value of R10.5 million. Mr Agrizzi testified that an amount of R1.25m was paid out to the sister of Mr Gina as a bribe – this amount was included in the contract price.
28. **Kgwerano**, Mr Agrizzi was informed, was originally a joint venture between Mr Itu Moraba, Mr Brian Gwebu and Wesbank. Kgwerano Financial Services provided fleet management for the senior management service to the government on an RT62 Contract and managed 15 000 vehicles for the government. Eventually, Mr Watson decided to buy Mr Moraba and Mr Gwebu's shares, in respect of which he paid R20m. Later, a new joint venture called **Phavisworld was concluded between Avis and Bosasa**. Phavisworld was awarded another fleet services tender to provide rental services via Avis dealerships to Ministerial and government persons.
29. Mr Agrizzi testified that incidents of corruption also occurred at a municipal level. This was prevalent at the **Randfontein Local Municipality**, where, at times, tenders were not even issued. Instead, the municipality ordered using emergency type provisions instead of the tender processes even though the value of these contracts was over R10 million. Bosasa concluded various security tenders with the municipality; an example of this includes an installation of security fencing and CCTV access control at municipal buildings, although no tender process was followed.
30. Mr Agrizzi testified that a reasonably well-organised network of well-placed, well-connected, and influential people whose loyalty was secured with financial incentives and bribes. Through this network, they were able to promote and protect the private interests of Bosasa by irregular procurement and practices to extract money from the State. These **bribes include a R12mil cheque issued to the ANC** in either 2004, 2005 or 2006.
31. The SIU investigated four contracts between the DCS and Bosasa: **the kitchens contract, access control contract, televisions/ CCTV contract, and fencing contract**. The kitchen contract was for the complete provision of catering, kitchen maintenance services, cleaning

and DCS staff and inmate training. The initial contract was signed for 3-years (2004-2007) with an estimated cost of R239 427 694 per annum. The actual cost incurred over the period totalled R1.04 billion, 45% higher than initially quoted. Due to delays in the tender process, the contract was extended by 1.5 years (2007-mid 2008) with a 30% cost increase. This extension was done without a tender process and Treasury approval. In 2009, another 3-year “kitchens contract” was awarded to Bosasa without any needs or feasibility studies conducted. Mr Agrizzi confirmed the findings of the SIU report. In his testimony, Mr Agrizzi confirmed that there were apparent deviations of supply-side management. **Mr Gillingham** (DCS Acting CFO) played an integral role in the procurement process, and Bosasa irregularly participated in drafting specifications for the tender. Further, Mr Gillingham received financial benefits from Bosasa after the award of the kitchen tender, and the contract was extended due to the recommendation of Mr Gillingham and the authorisation of Mr Mti (former commissioner of DCS).

32. **Sondolo IT** was awarded the **access control contract** in 2005. The SIU report suggests that Mr Gillingham played an integral role in the procurement process and was irregularly instrumental in developing tender specifications. Bosasa purchased an email domain for Mr Gillingham that assisted Bosasa executives to communicate with him privately regarding tender specifications. The tender and bid submission time was deliberately altered to favour Sondolo IT instead of other bidders. Sondolo IT was awarded the contract worth **R 236 997 385.31 to set up a network and VPN** within the DCS and its various facilities. Sondolo IT was awarded the **television contract in March 2006**. As with the other contracts between Bosasa, Bosasa affiliated companies and the DCS, Mr Gillingham played an integral role in the procurement process. The contract was valued at over **R30m**.
33. **Phezulu Fencing**, a Bosasa affiliate company, was awarded the **R 435m fencing tender** in November 2005. The fencing contract was a part of the larger scheme of Bosasa to capture the DCS by putting a system in and making every other tender reliant on that system so that Bosasa would have complete control. The SIU noted that payments over R 100m were made on the outset without adequate performance and that the structure of the contract resulted in DCS making huge payments (90% or R392m) to Phezulu Fencing at the very early stage of the contract, as a form of fiscal dumping. Phezulu did not meet the required grading, but integrating fences with the computer software system created by Sondolo IT, Phezulu significantly benefitted Phezulu as it swayed the panel in their favour.

34. The SIU report notes the conduct of officials and employees at the DCS aimed at influencing the investigation, the destruction of evidence and the intimidation of DCS employees and members of the public. Regarding the procurement process, the SIU found that DCS frequently took money allocated from one program and moved it to other programs to ensure that there were sufficient funds available at all times for tenders to be awarded to Bosasa.
35. Bosasa brought an application to interdict the SIU investigation into the company and its activities; these proceedings significantly limited the scope of the investigation. Bosasa also orchestrated the crashing of servers and erasing of data. The SIU report notes that Mr Gillingham and Mr Mti received numerous bribes from Bosasa, including purchasing cars, land, home renovations, payment of retirement village costs, and cash deposits. Mr Oellermann, the SIU lead investigator, stated that the report's recommendations were not implemented a part of the disciplinary proceedings of Mr Gillingham. Mr Oellermann confirmed that Mr Mti, Mr Gillingham, Mr Agrizzi, Mr van Tonder (Bosasa CFO) and certain companies known to be part of the Bosasa Group were named as accused persons under the charge sheet of 2019. Mr Oellermann mentioned that a delay of ten years is incomprehensible and had never encountered a criminal investigation of this nature that would take this long to prosecute.
36. According to the testimony of Mr Agrizzi, one of the proposed reasons the National Prosecuting Authority (NPA) has taken a decade to prosecute members of Bosasa is due to the payments made by Bosasa to NPA employees. The paid-off NPA employees were required to provide information regarding the ongoing investigation and deter prosecution for as long as possible. Mr Agrizzi testified that **Adv Jiba, Adv Mrwebi and Ms Lepinka**, Mr Mti's former secretary, received monthly cash payments from Bosasa. The NPA employees received R100 000, R 10 000 and R 20 000. Unfortunately, this was never formalised under cross-examination. Bosasa continually received confidential SIU documents and reports to undermine the prosecution and invalidate the report. Mr Agrizzi alleges that Mr Mti leaked the confidential SIU documents to Bosasa.
37. Further, Mr Mti wrote instructions for Mr Agrizzi to pass onto Bosasa legal representatives, providing a guideline of a draft letter to challenge the legality of the SIU investigation. Points covered in the guideline include "fruits of the poisonous tree", the encroachment of company and employee rights, harassment, the significant time lapse from investigation to

prosecution and relief sought. The letter was read by Adv Jiba and Ms Lepinka and returned to Bosasa for redrafting to ensure all points were covered. After the suspension of Adv Jiba, Mr Watson visited former President Zuma to ensure that Bosasa would not be prosecuted and that a “suitable” replacement was made.

38. Another mechanism Bosasa used to impede the investigation is the destruction of evidence. Bosasa employees physically destroyed evidence by burying and burning multiple computers and hard drives containing incriminating documents. Further, numerous servers “crashed” and were wiped for routine maintenance.

Volume III

39. From 2013, the “**Special Projects**” team was created to facilitate the provision of full security solutions, by Bosasa, at the residence of ministers, senior politicians, and government officials. Mr le Roux, a Bosasa employee, was the leader of this team. The project included the purchase and installation of CCTV systems and the provision of other home maintenance services for Mr Gavin Watson’s high-profile associates. The services rendered were at no cost to the recipient. The expenses were catered for in Bosasa’s books as operational costs and were deducted from income in their tax returns.
40. Mr le Roux testified that one such project was named “Project PRASA”, under which the team installed an alarm system, CCTV system, new gate motor, and intercom system in 2017 for Mr Gingcana, acting Chief Procurement Officer for PRASA (who did business with Bosasa). Mr le Roux estimated the cost to be over R239 000.
41. Mr Agrizzi testified that Mr Watson provided various forms of financial and other assistance to **Ms Mokonyane** (previously Premier of Gauteng 2009-2014 and Minister of Water and Sanitation 2014-2018) due to her powerful political position. Her influence allegedly reached Mr Zuma, the prosecution authorities and various persons in government departments who took decisions on matters affecting Bosasa.
42. Her 40th birthday celebration was organized and funded by Bosasa. An invoice from the venue reflected a charge to Bosasa of roughly R41 000. It was further estimated that the value of liquor supplied by Bosasa to be between R30000 and R40000. Mr Agrizzi further explained that R50 000 would be packed and delivered to Ms Mokonyane every month.
43. For over ten years, Bosasa provided Ms Mokonyane’s Christmas needs. The list of items would be communicated by her PA and would include vast quantities of high-quality

alcohol and meat. After this benefit started, Mr Watson began to give Mr Agrizzi other instructions, including organizing and paying for funerals of family members and catering for ANC rallies, conveyed by Ms Mokonyane's PA. On one occasion, Mr Agrizzi had to organize a cake for then-President Zuma's 72nd birthday. The assistance also extended to Ms Mokonyane's children, including hiring cars for her daughter. Another benefit was the maintenance of her house over a few years. The Special Projects team undertook this work under the code name of "Project Blouberg".

44. Mr Agrizzi testified that there were numerous discussions between Mr Watson and Ms Mokonyane regarding the SIU matter. Mr Watson would pressure her to ask Mr Dramat, former head of the Hawks, for certain files back so she could arrange for the matter not to be prosecuted.
45. According to Mr Agrizzi, Mr Watson paid **Ms Myeni** R300 000 in cash every month. Mr Watson informed him that this money was intended for the Jacob Zuma Foundation, of which Ms Myeni was the chairperson. It is suspected that the money was going directly to Mr Zuma.
46. To impress Ms Myeni, a Louis Vuitton handbag was purchased for her, delivered to the Bosasa offices, filled with R300 000 in cash by Mr Watson, and then delivered to Ms Myeni. Additionally, Ms Myeni often called upon Mr Watson to arrange high-end functions for Mr Zuma, costing approximately R3.5 million per year. Mr Agrizzi approved the claims for the functions, and they were allocated as corporate social investment payments in the financial records.
47. She also called upon Bosasa to attend to security at her home in Richard's Bay. Mr le Roux testified that he was instructed by Mr Mathenjwa and Mr Watson to attend to security work at her home and that the total approximate cost was more than R486 000.
48. Bosasa assisted Ms Myeni given the scope of her influence. On one occasion, Mr Agrizzi attended a meeting with Mr Watson and Ms Myeni regarding the information on the Hawks investigation and discussions she had with the NPA. Mr Watson prepared the R300 000 in cash. She indicated that she was trying to arrange for the investigation to be terminated. Mr Watson requested that she speak with Mr Zuma to shut down the matter.
49. In evidence relating to **Mr Zuma**, Mr Watson was introduced to Ms Madonga, who had ties to Mr Zuma, through Ms Makoko, a Bosasa director. Ms Madonga introduced Mr

Watson to Mr Zuma, then-President of the ANC (but not yet of South Africa). Mr Agrizzi testified he was then instructed to top up Ms Makoko's credit card limit so that she could buy dresses for Ms Madonga. Additionally, he recalled that Mr Watson and Mr Gumede met Mr Zuma at Nkandla to discuss shutting down the Hawks investigation into Bosasa. Mr Watson relayed to Mr Agrizzi that he asked Mr Zuma to call Mr Dramat to shut down the matter.

50. **Mr Frolick**, an ANC member of the National Assembly, was a long-standing friend of the Watson family. Mr Smith, then-chairperson of the Portfolio Committee on Correctional Services and Justice, was considered to be anti-Bosasa. Mr Watson asked Mr Frolick to win over Mr Smith in hopes of changing his view of Bosasa. Mr Watson instructed Mr Agrizzi to arrange for R40 000 to be delivered to Mr Frolick monthly. An invoice also shows the travel arrangements for Mr Frolick that were arranged and paid for by Bosasa.
51. According to Mr Agrizzi, Mr Frolick suggested that Mr Agrizzi and Mr Njenje, then-Chairman of Bosasa, meet Mr Smith at Parliament. Mr Smith testified that they arrived unannounced to try to present Bosasa credentials to him and that he did not receive them positively. This took place in approximately 2009/10, around the release of the SIU report on Bosasa. Around this time, Mr Smith was instrumental in allowing Adv Willie Hofmeyer to present the SIU Report to the Committee, which highlighted the irregularities and possible corruption at Bosasa. However, Mr Agrizzi testified that Mr Smith was later won over by Ms Ngwenya and Mr Magashula during a meeting held in 2011 and was more friendly towards Bosasa following this meeting.
52. **Mr Mantashe**, then-Secretary-General of the ANC, benefitted from Bosasa's Special Projects, consisting of installations and maintenance of security at his residences. All the installations were paid for by Bosasa as arranged by Mr Leshabane and Mr Watson. Mr Watson told Mr Agrizzi that Mr Mantashe was a brilliant connection as he was highly placed in the ANC, trade unions and government. Mr Mantashe admitted that cameras were installed at his properties and that Mr Leshabane offered to install them. He explained that he kept out of the arrangements and did not feel there was anything untoward about receiving the security installations.
53. Mr le Roux further testified that the Special Projects team attended to "Project Bramley", involving a security installation for **Mr Makwetla**, the Deputy Minister of Correctional Services. He stated it cost around R308754. Mr Makwetla testified that in 2015 he met with

Mr Watson, who raised concerns that the two other companies providing catering services to the DCS were being paid higher rates than Bosasa. Mr Watson felt Bosasa should be paid the same rate and requested Mr Makwetla's assistance, who took the suggestion to the accountant general of DCS. At the meeting, Mr Makwetla mentioned that he was looking for a service provider to install more security. Mr Watson assured him that Bosasa would quickly assist him.

54. Mr Watson did not charge him for the work. Mr Makwetla testified that he felt uncomfortable about this and had intended to pay for it. After the news of the installation at his house had been made public, he was invoiced for R90 000, but only paid R25 000 as he did not want to pay for the installation of some items he had not requested (even though they were installed). The Ethics Committee found Mr Makwetla guilty of breaching public trust when he allowed Bosasa, who did business with the DCS, to conduct work at his private residence that was not paid for.
55. Regarding **Bosasa and the ANC**, Mr Agrizzi testified that Bosasa set up operational centres on their premises for elections, called "War Rooms". He said the costs of running these rooms amounted to millions of rands. They were done on request by the ANC and paid for by Bosasa. These were set up for Mr Zuma and the ANC's national conference in Manguang in 2012, national elections in 2014, local government elections in 2016 and certain other elections.
56. Before the Commission, **Mr Ramaphosa** accepted that the ANC benefitted from Bosasa who was heavily reliant on government contracts. However, it did not occur to him at the time that Bosasa was funding activities such as the war rooms. He explained that these issues would be addressed through the Political Funding Act which would bring about transparency and limitations to amounts donated by one donor. With regards to the CR17 campaign (for the internal ANC election), and the alleged donation from Bosasa, he testified that he was not involved in the fundraising processes. He said that there was nothing sinister about the CR17 campaign funding and that he did not know how much specific donors contributed as such information was confidential. He accepted that principles of transparency applied to party funding should apply to individual campaigns within the party.
57. The role of consultants, former employees and related entities in Bosasa's corruptions allegations is detailed in the following paragraphs below.

58. The primary role of **Mr Seopela** as a consultant was to liaise with politicians and potential clients of Bosasa. Around 2010, the DoJ&CD were looking to investigate some of Bosasa's contracts. As Mr Seopela was well connected with high-ranking officials in the NPA, Hawks and Scorpions, Mr Agrizzi was instructed by Mr Watson to make cash available to Mr Seopela for the purpose of making payments to influential persons. Regarding Bosasa's contracts with the DCS, bribes of R500 000 to officials were arranged through Mr Seopela every month. After Mr Moyane became National Commissioner of the DCS, it increased to R750 000 per month. Additionally, Sondolo IT was awarded a security contract with the DoJ&CD. There was an understanding that 2.5% of the total contract would be paid out over time to officials of the department of bribes. 2.5% of this particular contract was R15 million. One of the officials, named by Mr Agrizzi, that received a portion of these bribes was Dr De Wee, then-COO of the DoJ&CD, who seemingly influenced the award of this tender.
59. **Mr Mansell** was a former managing director and shareholder in Dyambu Operations (now Bosasa Operations). Mr Mansell was considered the link between Mr Mti and Mr Gillingham. In meetings with them, he arranged payments from Bosasa to his own company, Grande Four, and seemingly assisted in arranging tenders for the DCS.
60. Following Adv Hofmeyr's report to Parliament on Bosasa, Mr Agrizzi and Mr van Tonder were instructed by Mr Watson to relocate Mr Mansell to the USA. The flights were paid for by Bosasa, and Mr Leshabane used his contacts at the DHA to ensure he was not blocked at the airport. Bosasa agreed to pay him \$7 000 a month for as long as he was alive and stayed in the USA. He was not allowed to return, given his involvement in Bosasa's unlawful dealings in the past. A company, Safe SA Fences America, was established that would invoice Bosasa for Mr Mansell's fictitious work in the US. These amounts were deducted as expenses in Bosasa's books.
61. **Mr Venter** (a tax consultant to Bosasa employed by D'Arcy-Herman) testified that he advised Bosasa in 2013 to use the company belonging to Dr Erasmus (the tax attorney), Tax Risk Management Services (TRM Services), that assisted Bosasa and Mr Venter with the SeaArk SARS audit (discussed in further detail later). Bosasa was hesitant to use Dr Erasmus as he was a well-known litigator against SARS, and they did not want to attract attention. As a result, in 2016, it was agreed that TRM Services would invoice a dormant company of one of Mr Venter's family members, **Miotto Trading**, for services provided to

Bosasa. Miotto Trading would then on-invoice Bosasa to recover the fees for TRM Services. These invoices were inflated to provide commission for Mr Agrizzi, Mr van Tonder and Mr Venter.

62. Miotto Trading also made payments for the travel costs and Porsches of Mr van Tonder and Mr Agrizzi. They also paid for the legal costs of Mr Motsoeng, former COO of SABC, amounting to nearly R1.2 million. R450 000 was paid three times to Moroka Consultants for no services rendered and a payment of R500 000 to an EFG2 ABSA bank account, instructed by Mr Watson, which Mr Venter claims was for the foundation trust of Mr Andile Ramaphosa, son of the then- Deputy President. Essentially, Miotto Trading was used to make payments that could not easily be traced.
63. In 2017, Mr Agrizzi assembled a group of approximately 22 people who would act as whistleblowers against Mr Watson. Mr Venter indicated a willingness to join and prepared a full statement, but subsequently remained indecisive of whether to carry out the whistleblowing. Additionally, Mr Agrizzi informed him that he was busy with negotiations with the Bosasa Group for the cession of certain of the DCS contracts to Mr Agrizzi's company, Mandela Crearis. Mr Agrizzi's plan was to use their evidence against Bosasa as ammunition and that, if the negotiations were successful, he would hand all evidence back to Bosasa. If unsuccessful, he would leak the information to social media, which would result in criminal and related consequences for Bosasa.
64. Mr Venter also managed *Consilium Business Consultants*, a labour broker company whose only client was Bosasa. Mr Agrizzi testified that no services were rendered to Bosasa and that there were Watson family members on the payroll. He further testified that Consilium was developed to cover up what certain people were earning – and that half of their salaries were paid by Bosasa and half paid by Consilium.
65. Mr Watson told Mr Agrizzi and Mr van Tonder that he wanted to start a new company, *Lamozest*, that would provide them with bonus payments by charging Bosasa fees for their skills. However, Mr Watson rather used it as a mechanism to pull out funds to pay for services, building the Watsons' children's homes and other personal use. He did not use it to remunerate Mr Agrizzi and Mr van Tonder. Ultimately, most of the profits were taken out of Bosasa and transferred to Lamozest.

66. **Mr Wakeford** explained that he had a long-standing relationship with the Watsons and, in 2006, secured a consultancy contract with Bosasa. Mr Agrizzi testified that he provided services in relation to the negative press the company received as well as the various audits by SARS. Mr Wakeford had a strained relationship with Mr Agrizzi. He claimed that Mr Agrizzi was falsely implicating him in the alleged corruption at Bosasa because of his ties to the Watson family.
67. Mr Agrizzi testified that Mr Wakeford approached Mr Watson recommending that **Mr Papadakis** be brought on board to resolve Bosasa's issues with SARS. Mr Papadakis was employed by SARS at the time and the plan was to make representations to him in relation to the ongoing investigation against Bosasa. Mr Wakeford denied that and said he would only ask Mr Papadakis for guidance from an administrative perspective from time to time.
68. Mr Agrizzi and Mr Vorster testified that Bosasa provided wet and dry cement to one of Mr Papadakis' properties where a house was being built in 2009. The roundabout value of the cement was R600 000. Mr Wakeford communicated with Mr Papadakis via email through his wife, Ms Englebrecht. In 2013, there were emails sent relating to a tax audit at SARS. One such email complained about the tax audit against Bosasa, alleging a breach of an agreement reached with a SARS official not to raise further queries. The emails discussed meeting with Mr Papadakis and asking him to look at documents from SARS. Although Mr Papadakis denied it, it appears the provision of cement was a quid pro quo for his assistance with tax audits, including the misuse and selling of information while employed by SARS.
69. The report also detailed the establishment of a prawn aquaculture business, **SeaArk**, by Bosasa and subsequent attempts to avoid adverse findings in an investigation by SARS into this enterprise. During 2005/6, when Bosasa had over R300 million in the bank, Mr Watson commenced "SeaArk" as a Bosasa subsidiary which entailed the breeding and growing of seawater prawns, despite this not being the core business of the group.
70. Mr Watson was given a piece of land at Coega, where an Environmental Impact Assessment (EIA) was being done for the property. Mr Watson decided that he wanted to use a Mr Kotzen, who had a small construction company, BuildAll, to build SeaArk. Mr Agrizzi overheard Mr Watson instructing Mr Kotzen to conduct revamps for Mr Ndube, an MEC in Port Elizabeth. The reason for assisting Mr Ndube was because of his association

with people in PE that could resolve the issues with the EIA of SeaArk. Mr Alibone was tasked by Mr Kotzen and Mr Watson to keep a black book of expenses incurred for parliamentarians and politicians.

71. Consultants for the SeaArk project were employed by Bosasa and an American company, Sustainable Resources International (SRI). Large sums of money up to around R50 million were transferred to SRI over three years by Bosasa through SeaArk for the payment of consultants, draining all profits. Mr Agrizzi was subsequently informed that Mr Watson owned 51% of SRI. The project was unsuccessful and, due to bad publicity at the time, the banks would not fund it. The project was terminated and recorded an assessed loss of R138.5 million, resulting from the project's expenses and equipment write-offs. The equipment was then written off in the books for income tax purposes.
72. Once the project was terminated, the core business of SeaArk was changed to accommodate the utilisation of the assessed loss for tax purposes within Bosasa's kitchen operations. The name was changed to Bosasa Supply Chain Management (BSCM) which acted as a procurement company for food items which were then on-sold, after being marked up by 20%, to Bosasa Operations for the use in the kitchen operations. The profit margin from the mark-up was reflected as a profit in BCSM and set-off against the reflected assessed loss to reduce taxes owed. The value of the benefit to Bosasa from this scheme was R38.7 million.
73. SARS investigated the utilization of the assessed loss and the equipment write-offs. To justify its use, Bosasa had to show that the SeaArk project continued. To do this, they built a prawn production facility in Krugersdorp as another Bosasa subsidiary, Biorganics. Mr Vorster was instructed to make fraudulent invoices to accompany a statement to SARS to confirm the equipment was moved from SeaArk in PE to Krugersdorp. The purpose of these statements was to mislead SARS in its investigations. Secondly, Bosasa had to demonstrate that the processing plant equipment was installed and utilized within the various kitchen operations in the group when in fact they were never used. Based on these misrepresentations, SARS concluded that the assessed loss was legitimate and only disallowed a portion of the processing plant write-offs. Afterwards, they shut down Biorganics and changed SeaArk to BSCM.
74. Mr Agrizzi also mentioned that computers were buried at SeaArk. Mr Kotzen was instructed by Mr Watson to collect computers and documentation, which held evidence

reflecting all the purchases for the houses of Mr Mti and Mr Gillingham, and bury them. When reporters started to question why they were digging at SeaArk, the computers were moved to Mr Kotzen's son-in-law's garage.

75. Mr Agrizzi's employment at Bosasa came to an end in 2017 amid developments in relation to possible whistleblowing by him and fellow employees. Two serious **threats against Mr Agrizzi** were made once he began to expose Bosasa. One threat involved a statement attached to his windscreen to the effect that the persons knew what car he drove and that he should stop talking about state capture and Bosasa. A second incident was a threat on Mr Agrizzi's life.
76. Journalists, such as Mr Basson from the Mail&Guardian, who investigated Bosasa were subject to threats and intimidation. After publishing articles covering allegations about Bosasa and its tenders from the DCS, Mr Basson received calls from a Bosasa employee telling him to stop reporting on Bosasa as he was threatening their jobs. A Bosasa source confirmed that his number had been distributed in a group of employees and they were tasked to threaten him. In addition, an anonymous woman called to warn him about investigations into Bosasa and listed names and details of his friends and family members as well as details about his life. She threatened to kill him if he told anyone of their conversation. The number belonged to Ms Dube, a PR consultant at Igagu Media and who was also on Bosasa's payroll.

Volume IV

Analysis and finding with reference to TOR 1.1

77. Term of Reference 1.1 deals with whether, to what extent, and by whom attempts were made, through any form of inducement of gain, to influence public office bearers.
78. The Commission considers whether Mr Agrizzi's evidence can be accepted. As a witness, there were certain instances where his evidence was contradictory, fallible in relation to detail or downplayed his own involvement. His motives in revealing the extensive corruption are mixed, rather than exclusively public-spirited. Notwithstanding these observations, there is substantial corroboration of Mr Agrizzi's main evidence with the SIU reports, the evidence of other witnesses, video evidence, and admissions of persons implicated in his evidence. He also implicated himself widely in the reported criminal

conduct. Overall, **Mr Agrizzi's evidence can be accepted as he was mostly a truthful witness.**

79. There is overwhelming evidence that there were attempts to influence members of the National Executive, office bearers, functionaries, officials and employees in state institutions and organs of state.
80. Bosasa's primary mechanism for attempting to influence public office bearers was through cash bribes. In addition, Bosasa built and furnished houses, installed home security systems, purchased cars, gifts, and paid travel and accommodation. The aim was to develop a corrupt form of loyalty to Bosasa through dependence on payments and gifts.
81. The extent of influence can be shown from the various mechanisms Bosasa established to generate, store, and distribute cash to sustain the payments e.g., the cash stored in the walk-in vaults at Bosasa would range between R2 million and R6.5 million at a given time. It is concluded that the attempts at gaining influence through inducement or gain by Bosasa and associated persons were central to its business model and operated at a very substantial scale. The report lists the individuals and entities involved in providing inducement or gain, including Mr Watson, Mr Agrizzi and Mr Gumede, amongst many others.
82. The report details that there is a reasonable prospect that further investigation will uncover an offence of corruption against Mr Gingcana, Mr Wakeford and Mr Papadakis, and Mr Mantashe, whose involvement is detailed in Volume 3 of the report. The same can be said for Dr De Wee, mentioned in Volume 3, if they can prove that he received gratification, and for Mr Nair, the Chief Magistrate who received home security installations by the Special Projects team when Bosasa had security contracts with the DoJ.
83. With respect to Mr Radhakrishna, the report concludes that it cannot be said that either Bosasa or Mr Wakeford sought to influence officials through payments to Mr Radhakrishna. In Volume 2, Mr Agrizzi alleged, with flawed evidence, that Mr Radhakrishna received payments for facilitating the renegotiation and extension of the Lindela contract without following a tender process.
84. With respect to the ANC, there are reasonable grounds for suspecting that the war room facilities were received by the ANC with its officials, who were directly involved in the election campaign, knowing that Bosasa and its directors sought through the ANC to influence office bearers in the departments with which it sought to do business. Evidence

also establishes a case of corruption in relation to contracts against Messrs Gumede, Leshabane, and Vorster. The matter is referred for further investigation, which should include identification of the officials of the ANC who were involved in arranging the war room. The Commission did not make findings regarding the CR17 election campaign as it was a matter to be dealt with by the Public Protector.

85. Regarding Adv Jiba, Adv Mrwebi and Ms Lepinka (referred to in Volume 2), further investigation may uncover a case of defeating or obstructing the ends of justice and other breaches of the NPA Act. The matter is referred for further investigation to establish who within the NPA leaked the confidential documents involving Bosasa. There is also evidence suggesting that Adv Simelane may have assisted in closing down the Bosasa investigation.
86. The balance of evidence establishes that **Bosasa, its directors and some employees, and associated persons and entities, were involved in an industrial scale attempt to influence, through inducement or gain, members of the National Executive and office bearers.** This includes the influence through Mr Mantashe, secretary-general of the ANC, and the ANC itself.
87. The evidence established cases of money laundering, corruption, fraud, and failure to report suspicious or illegal transactions against an extensive list of Bosasa directors, employees and related persons and entities. The evidence also established instances of tax offences which are referred to SARS alongside law enforcement agencies. In certain instances, matters are referred to the SAPS.

Analysis and finding with reference to TOR 1.4

88. The question raised in this part of the Commission's report is, in effect, whether the targets of the attempts at influence responded by facilitating the unlawful award of tenders in the SOE sector, either for their own benefit or for the benefit of someone close to them, such as family members.
89. To make a finding on this, the Commission tests the evidence pertaining to four contracts awarded by the DCS to Bosasa against the requirements of a supply management system.
90. The Constitution and legislation envisage a supply management **system that is fair, equitable, transparent and competitive.** Such a system requires that the department conduct a needs assessment for the provision of goods or services and to prepare precise

specifications for such services to ensure, amongst other things, that value for money is achieved.

91. Four contracts are assessed for compliance for the purpose of establishing whether there was corrupt facilitation, as contemplated in TOR 1.4.
92. In respect to the **first catering contract** – for which Bosasa had the opportunity to draft the specifications for a tender that it was later awarded – the Commission finds that the mere participation of Bosasa in preparing, or being involved in the preparation of, the specifications for the tender process in which it would later participate in would violate the requirement of fairness, equity, competitiveness and transparency. The award of the contract was thus unlawful.
93. Further, the corroborated evidence shows that Mr Gillingham, the former CFO of the DCS, played an integral part in securing the DCS contracts with Bosasa, by assisting with the tender specifications that suited Bosasa in the tender process. There is thus evidence that Mr Gillingham facilitated the unlawful award of the tender.
94. Given that the **second catering contract** is considered by the Commission to be a natural progression of the first, the same irregularities above are causally linked to the second contract. The evidence shows that the benefits derived from the award of this contract accrued to Mr Mti and Mr Gillingham, although it is likely that other officials also benefited. The Commission thus finds that the procurement processes resulted in a failure to comply with regulation 16A of the Treasury Regulations, as well as section 217 of the Constitution.
95. Similarly, in terms of the **access control contract**, the undisputed and corroborated evidence is that Bosasa was given the opportunity to draft specifications and was subsequently awarded the tender, giving rise to an unlawful contract between the DCS and Bosasa. The evidence points to Mr Mti prompting Bosasa's efforts to secure the contract, and to Mr Gillingham facilitating the unlawful award of the contract, breach of procurement legislation and the Constitution.
96. There is undisputed and corroborated evidence in the report of Mr Mansell's involvement in compiling the specifications for the **fencing contract** before the tender was issued. Bosasa obtained an advantage over other bidders by assisting in the creation of tender specs, being afforded early access to DCS sites, and being granted extra time to prepare and submit bids compared with other bidders. This procurement process fails to comply with regulation 16A of TR and contravenes section 217 of the Constitution

97. The Commission came to the same conclusion with respect to the integrated computerised offender management system contract.
98. The **extension of the catering contract** was also found to be unlawful, having been facilitated by Mr Gillingham and approved by Mr Mti – both persons in receipt of corrupt benefits.
99. In respect of individuals implicated by the evidence before the Commission's, it is noteworthy that there is undisputed evidence that Mr Mti, Mr Gillingham and other officials **breached sections 217 and 195 of the Constitution and legislation** (section 38 of PFMA and sections 3, 4 and 13 of PRECCA) by facilitating the unlawful award of tenders by the DCS to benefit his own family, the Watson family, Bosasa and its associated businesses.
100. In respect of the contracts with the **DoJ&CD**, the Commission's undisputed evidence points to Mr Seopela's influence in securing the contract for Bosasa by providing inducements or gain. Further investigation is needed to uncover whether other officials within the DoJ&CD were corruptly involved.
101. In respect of contracts with the **Department of Education**, there is insufficient evidence before the Commission to make a finding on the lawfulness of the award of the contract. Similarly, there is incomplete evidence to make a finding on the contracts with USAASSA.
102. There is also a lack of evidence about the persons corruptly involved in the contracts with the **Department of Transport**, thus further investigation is required at the discretion of the relevant authorities. The Commission reached a similar finding in respect of the contracts with the Department of Health in Mpumalanga Province. There was insufficient evidence before the Commission to make a finding on the Randfontein-Mogale City Municipality contract.
103. In respect of Bosasa's contracts with the **Department of Social Development** in the North West province, the Commission finds Ms Kgasi and Ms Mogale's conduct to have corruptly facilitated the unlawful award of the tender, in breach of section 217 of the Constitution. The matter is referred to the investigation authorities.
104. In terms of **members of the National Executive** implicated in the Commission's evidence, **Mr Makwetla**, former Deputy Minister for Correctional Services, was found to have received gratification from Bosasa to act or exert influence on another to act that amounts to illegal or biased performance of a duty or amounts to the abuse of a position of authority or is designed to achieve an unjustified result. Section 96 of the Constitution also places a

duty on a Deputy Minister to not expose him or herself to a situation which risks a conflict between official responsibilities and private interests. The evidence against Mr Makwetla establishes a prima facie case of corruption and thus the matter is referred to the relevant authorities.

105. On the available evidence, the Commission finds reasonable grounds to suspect **Mr Zuma** (former President) facilitated Bosasa's business dealings with the government and organs of state, to his own benefit and that of Bosasa associates. The Commission concludes that there are reasonable grounds to suspect that Former President Zuma conduct breached his constitutional and legislative duties.
106. There is sufficient evidence that **Ms Mokonyane** accepted gratification from Bosasa which held and sought to obtain contracts with government and in doing so, there is deemed to be sufficient evidence in terms of PRECCA that she breached her Constitutional and legislative duties.
107. The Commission established on the available evidence that in respect of **Ms Myeni** there were attempts made through inducements and gain to influence her (as Chairperson of the Jacob Zuma Foundation) or Mr Zuma, or someone close to Mr Zuma. There is prima facie evidence of a case of corruption against Ms Myeni.
108. Overall, the evidence in the Commission's report shows that Mr Zuma, at least one member of his National Executive, as well as various public officials **breached the Constitution, legislation and ethical codes by facilitating the unlawful award of tenders** by SOEs and organs of state, to the benefit of the Watson family, Bosasa and its associated entities, the recipients of illicit benefits in return for facilitation and the families of these recipients, particularly Mr Mti, Mr Gillingham, Mr Smith and Ms Mokonyane.

Analysis and finding with reference to TOR 1.5

109. The questions asked by the TOR 1.5 are whether the corruption in the award of contracts and tenders by any of the major public entities listed in schedule 2 to the PFMA; and, if so, what the nature of the corruption was; and what the extent of the corruption was.
110. Regarding contracts with **Airport Companies South Africa**, Bosasa was awarded a tender in 2001 to provide protection and guarding services at OR Tambo International Airport. Mr Agrizzi understood Bosasa still to have the contract when he testified in 2019. According to Mr Agrizzi, various persons at ACSA were paid in cash on a monthly basis

in return for facilitating the contract and its renewals. These persons include **Thele Moema, Siza Thanda and Reuben Pillay**. Mr Agrizzi's evidence implicating these persons is supported by his record of payments in the black book. Thele Moema, Reuben Pillay and Johannes Serobe were each sent a rule 3.3 notice by the Commission, and they failed to respond to it. Consequently, the evidence implicating them in the receipt of monies is not disputed.

111. Regarding contracts with **SAPO**, Mr Agrizzi testified that Bosasa made regular cash payments to the former **Head of Security at SAPO, Siviwe Mapisa, and the former CEO, Maanda Manyatshe**. In addition to the cash payments, Mr Agrizzi testified that Bosasa also provided them with premium gifts. The cash payments and gifts were provided in exchange for their facilitation of the award of the SAPO security contract. Both Siviwe Mapisa and Maanda Manyatshe were sent rule 3.3 notices by the Commission and failed to respond.

112. The evidence establishes that there was corruption in the award of contracts or tenders to Bosasa by Schedule 2 SOEs. The undisputed evidence was that the ACSA contract was unlawfully awarded in 2001 and was believed still to be in effect in 2019. The evidence of corruption was both for the facilitation of the original contract and the various extensions of the contract.

Analysis and finding with reference to TOR 1.9

113. The questions arising from the TOR 1.9 are whether there was corruption in the award of contracts and tenders by the Government Departments, agencies and entities; and if so, what the nature of the corruption was; and what the extent of the corruption was; and whether the corruption involved office bearers in the listed categories seeking to benefit themselves, their family members or entities in which they held a personal interest.

114. The evidence reveals that there was widespread corruption in the awarding of contracts and tenders to Bosasa and its associated business entities or organisations, by Government departments, SOEs, agencies and entities. **Members of the National Executive, public officials and functionaries of various organs of state influenced the awarding of tenders to benefit themselves, their families or entities in which they held personal interest.**

115. Mr Agrizzi's evidence suggests that the aggregate value of contracts awarded to the Bosasa Group of Companies by various public departments and entities between 2000 and 2016 was at least **R 2.37 billion**. Mr Agrizzi estimated that approximately **R 75.5 million** was paid out in bribes. Although Mr Agrizzi's estimations must be treated with caution, there is evidence of systemic corruption. Corruption was central to Bosasa's business model.
116. The evidence **reveals unlawful activities possibly not covered by the term of reference detailed above**. Those instances are referred for prosecution, further investigation or the convening of a separate enquiry to the appropriate body. There is evidence of corruption involving Mr Simon Mofokeng for the acceptance of grocery items and Mr Sydney Mantata who purchased and delivered it grocery items to Mr Mofokeng. Further, there are a number of persons involved with the tampering of evidence, destruction of files and intimidation of potential witnesses in the SIU investigation of Bosasa.
117. The Commission report must be made available to **SARS** so that it may exercise its investigative powers derived from the provisions of the Tax Administration Act 28 of 2011 to determine whether any tax offences were committed by Bosasa or its associates.

Analysis and Recommendations

- i. The findings presented in the report display that the corruption at Bosasa and related entities and persons was at an industrial scale. Through the provision of cash payments and gifts, there was an extensive list of public officials across departments and entities that were influenced to favour Bosasa. The recommendations to further investigate and prosecute the individuals and entities involved is supported.

Compiled by: Lauren Stevens, Gianni Delle Donne, Hannah MacGinty



Mr C Tseng

Acting Chief Executive Officer

Date: 2 April 2022