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Zondo Commission – Myeni laundered R3m to Zuma foundation, says scared Mr X

Had it not been for the probe into his business affairs by the state capture commission late last year, the safety of the family of KwaZulu-Natal businessman “Mr X”, who has testified in-camera, would not be a cause for concern. For the period that he has testified on Monday and Tuesday, they have been forced to flee their home and take refuge with neighbours, unsure of what might happen to them, he said.

It was on this note that the proceedings of Tuesday ended, as Mr X concluded his evidence. He added that he hoped that beyond his testimony on an alleged money laundering scheme that benefited the Jacob Zuma Foundation, the community that he lives in in Richards Bay will not judge him as a sell-out, but understand that he was compelled to tell the truth.

Just over R3-million was channelled through his company Isibonelo Construction, allegedly on the instruction of foundation chairperson Dudu Myeni, between 2015 and 2016.

Dodgy payments

These payments, said evidence leader Advocate Kate Hofmeyr, were made in October and December 2015 and again in February 2016, into Isibonelo's business account. The total was just over R3-million. The payments, appearing on his bank statements as being from a company named Premier Attraction 1016, were made in two R1-million tranches, and a third tranche of R1.1-million. Premier Attraction 1016 is owned by Myeni's son Thalente, who testified on Monday, prior to Mr X, and claimed to not remember what his company paid Isibonelo for, but said it could have been for work done for Premier Attraction, as it has business dealings in various fields. This was denied by Mr X, who said he knew Thalente as his family and the Myeni family grew close over the years. Premier has never done any work for his company, he said.

In fact, he told the commission on Tuesday, until the commission's investigators alerted him to the source of these payments, he did not know it. The reason for this is that Isibonelo's account had been used over the course of 2015 to move money, allegedly from a project run by Mhlathuze Water Board, to several entities which he also did not know and had never done work for. Myeni was also the chairperson of the water board at the time.

Mr X was first approached by Mboniseni Majola, an engineer employed by the board, in January 2015 with a proposition that he said his “bosses” had for a trustworthy businessman. He told Mr X of a project that the board was involved in, and said it was outsourced to a private company, Klomac Engineering, based in Durban.

According to Majola, said Mr X, he had a deal with Klomac to pay them inflated fees for services provided, with the intention of moving the excess amounts on these to another entity. This is where

Isibonelo comes in. Soon after Mr X agreed to this, Majola allegedly created an invoice for an amount of R2.3-million to Klomac, along with a scope of work falsely attributed to Isibonelo. Once the payment was deposited into Isibonelo's account at the end of January, Mr X then received an account number from Majola into which he was to transfer it.

Money transfers and cash withdrawals

Isibonelo's bank records show that the money went to a company called Sifezakonke in several tranches over the following months, the first being for R1-million in February. Several other payments varying between R600 000 and R900 000 would follow, also to Sifezakonke and three other companies, Isivunosami, Afro Structures and later Mdimas Civils, following more fake invoices.

There were also cash withdrawals varying between R30 000 and R150 000 that Mr X said Majola would ask him to make on his behalf, before collecting in person. Mr X told the commission that he knew no-one associated with any of the companies, nor did he do any work for them through Isibonelo. The common jobs that the invoices created by Majola would feature included office renovations and refurbishments. One large, well known company in whose name an invoice was issued was Stefanutti Stocks, which paid R1.9-million in December 2015.

With this background in mind, the payments late in the year from Premier Attraction came as little surprise to Mr X, given the activities of his business account. During his testimony, Thabane Myeni said Mr X's evidence – an excerpt of which was read from the latter's affidavit – was untrue. "He is older, so I won't say he's lying, but his evidence is not honest."

Asked by commission chairperson Deputy Chief Justice Raymond Zondo what motivated him to carry out this practice of moving money through his legitimate business account, Mr X said although he knew it was wrong, he thought if he stopped it with Majola, he would be perceived to be jealous.

"It's painful to see money come into your account, when you know it's not yours, and you don't make that much yourself," he said. His attempt to bargain with Majola when he first made his proposal was to say by agreeing to being part of the scheme, he would earn a sub-contractor role on projects of the board, and hopefully advance his company's status on the regulatory body, the Construction Industry Development Board to a higher one. This never happened, despite numerous promises from Majola.

Zondo asked Mr X if this was necessitated instead by a need for his business banking withdrawal limits to be higher, as Mr X had indicated that a common struggle throughout the money laundering scheme was that he was only allowed to withdraw cash to the value of R10 000. He responded by saying his motivation was to grow his business and make it attractive to larger government projects.

Majola was scheduled to testify after Mr X had concluded, but an application from his legal representative to postpone his evidence revealed that he had fallen ill on Monday and was thus unable to appear.

Small-time businessman

From his days of supplying Jojo tanks in the Nkandla region of KwaZulu-Natal in 2007 to the beginning of 2015, Mr X appears to have run his small business through small contracts he would get here and there.

The sole owner of Isibonelo Construction, his mission over the years has been to acquire government work to sustain his family. It was around 2007 that he first approached Myeni for contracts. The pair had known each other since the 1990s, when they were associated with Richards Bay Mineral, where they were groomed in business management. They would get small-scale contracts in the field of

construction, and their business relationship grew as well as the relationship between their families. Asked if he knew Thalete, Mr X said: "Yes. He grew up in front of me."

Mr X's application to testify in-camera was made on Monday and brought forward by Hofmeyr, who conveyed to Zondo that recent events in the lead up to his testimony so alarmed him that he felt that although he is known to those who implicate him, his tight-knit community will perceive him in a different light if his face is shown, and thus his safety may come into question.

His affirmation before the whole of South Africa of his part in the alleged money laundering scheme was not of his own doing, but he felt compelled to tell the truth, as "bank statements don't lie."

So touching was Mr X's expression of how his life has changed since the investigation, that one of the commission's top lawyers, Advocate Kate Hofmeyr, became emotional and prompted commission chairperson Deputy Chief Justice Raymond Zondo to promise that commission resources will be used – within reason – to ensure his safety and that of his family going forward.

No sooner had the commission served its subpoena on Thalete, did Mr X's daughter receive a call, allegedly from Myeni, who asked her why her father was selling everyone out.

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