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Zondo Commission – Mdluli nepotism, lease scheme revealed

Although he never had any cash advances made out in his name, former crime intelligence (CI) head General Richard Mdluli was responsible for about R5-million of the unit's funds being spent on the salaries and work-related expenses of seven relatives employed under suspicious circumstances by CI. These employees very rarely presented themselves for duty, and would spend their time either shopping or maxing out petrol cards issued by CI. Theirs were among 250 appointments that would later catch the eye of the Hawks.

The expenditure was revealed by Colonel Dhanajaya Naidoo, the former CI official who has been testifying before the commission of inquiry into state capture since Friday. The amount would have been spent between between March 2010 and October 2011. The latter date marks when Naidoo turned state witness in a high-level Hawks investigation into Mdluli and other senior CI officials, including CFO Colonel Solomon Lazarus. Naidoo also went into the witness protection programme at this time.

Naidoo added that positions were created in the CI structure for these individuals, some of whom had no training at all. In one instance, CI spent over R70 000 to create a covert internet café, to justify expenses related to a non-existent cyber security unit, aimed at disguising the looting related to the posts created.

"I believe it exceeded R5-million, but obviously this is just an estimate...this was from 2010, from the inception of their employment as agents to around 2011, that's when I went into witness protection," explained Naidoo. He added that he knew who the officials were that did not do any work because he was in constant contact with them over the expenses they incurred, despite not being in the office, for administrative purposes. Naidoo was employed in the procurement department of CI until his departure from the unit.

When the then deputy national police commissioner General Godfrey Lebeya was assigned the task of investigating the 250 appointments, a scheme was concocted between Lazarus and Mdluli to insert Lebeya's wife's CV in the list to implicate her. This way they would have been able to blackmail him into backing off. Lebeya is the current head of Hawks.

Mdluli further benefited from his personal properties being rented out to CI, using a third party – a company owned by personal friend John Appalsamy – to play the role of lessor. Once invoices were processed for the amounts to be received in rent, Naidoo would get cash from Appalsamy and give it to Mdluli. The properties in question were used as safe houses: covert locations reserved for the housing of informants or secret service agents from time to time. One such property was located in Cape Town, and was rented out for R8 500 per month. Naidoo would then get R7 000 out of this from Appalsamy, which would go directly to Mdluli. There were other properties in Boksburg, Gauteng.

Asked by commission chairperson Deputy Chief Justice Raymond Zondo if indeed there would not be a paper trail linking Mdluli to any dubious expenses of CI for personal use, Naidoo confirmed this. Mdluli has been

accused by Naidoo and, before him, Colonel Kobus Roelofse of the Hawks, of having used funds from the CI secret service account for his own personal benefit, including personal trips overseas and luxury vehicles, among others. Naidoo told the commission on Tuesday that even the cost of furnishing the safe houses was at CI's expense. He based the strength of his information on having been the official usually tasked with assessing the houses for CI standards of covert operations, as well as procuring the furniture from a Masons outlet in Benoni for the Gauteng properties. For one of these, the daughter of Joe Marks, the owner of New World Motors, a service provider to CI, was listed as the lessor.

The Cape Town lease, said Naidoo, was arranged for a three-year period between January 2010 and 2013, but did not continue beyond the time when Mdluli was arrested in early 2011 on charges relating to kidnapping and assault from his time as a police official in the 1990s. "I was informed by Lazarus that Mdluli wants us to rent his flat as a safe house. I was instructed by Lazarus to fly to Cape Town with Appalsamy, who was his personal friend," Naidoo said.

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