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Zondo Commission – evidence leader says commission should seek stricter controls of cash industry

The commission of inquiry into state capture has been urged to consider recommending stricter regulation of businesses involved in the regular movement of money to avoid loopholes used by money launderers and fraudsters. This was on the back of the testimony of Kandra Viljoen, the former director of Asset Movement Financial Services (AMFS), a company through which R9-million passed from the North West provincial government and South African Airways' (SAA) local carrier SA Express (SAX), to controversial Johannesburg businessman George Markides.

AMFS was used as a vehicle to move the funds, initially paid to Koreneka Trading and Projects, which was contracted in May 2015 to provide ground handling services to Mafikeng and Pilanesberg airports, both in the North West. A tripartite agreement between Koreneka, SAX and the provincial department of transport allowed for the payments to Koreneka. The first payment of R8.5-million came from the department soon after the agreement was signed, according to the company's owner, Babadi Tlatsana, who testified last week. She also testified to dubious transactions made in Koreneka's name, into and out of the company account, that are under investigation by the commission.

Of the R8.5-million, R4-million was paid into AMFS's account days later, in two tranches of R2-million each. According to Viljoen, an invoice from Markides's company ITH requested that the money be cashed and delivered to his business premises in Gauteng. It is not clear what Markides used the money for, at this stage.

Markides was a client of AMFS and had made similar requests before without issue. According to Viljoen, the AMFS business model was such that funds could be deposited into the company's account on the request of a client like Markides. These would then be cashed by Viljoen – after extracting a 0.3% commission – and then delivered in cash form to a destination specified by the client. This, argued evidence leader Kate Hofmeyr, rendered AMFS a company in the same category as a bank, and thus the business would have been subject to regulation in the same terms as banks.

A third invoice from Markides was for a larger amount, R5-million, deposited by Koreneka later in the year in September. Viljoen was questioned by Hofmeyr over her company's vetting processes of clients and their business dealings and replied that the screening process of new clients by AMFS involved obtaining the individual's identity number, their income tax number and the verification of the business address.

Hofmeyr argued in response that, had Viljoen's vetting process been more stringent, the public funds that crossed paths with her company – from which she made a profit as per her business model – would not have been subjected to what is now probed as possible money laundering.

Viljoen has also been approached by the Hawks for their investigation of the movement of the funds. While AMFS was liquidated in October 2017 and later sold by Viljoen to an individual whose identity she did not disclose in the oral evidence, at its peak it moved amounts of up to R500-million per month. The company was started in 2014, when a client of Rustic Stone, Viljoen's former employer – which had the same business model as AMFS – suggested that she go it alone, and provided funding for her to start up AMFS.

Koreneka has been under the spotlight at the inquiry as the company is alleged to have been used by officials of SAX and the North West transport department to siphon funds meant for ground handling services to Mafikeng and Pilanesberg airports for five years. The overall value of the project was envisaged at R400-million over the five-year duration, but Koreneka's cord was cut by a Mafikeng High Court ruling in 2016 that declared the contract unlawful as there had been no procurement process. Tlatsana testified that SAX general manager for commercial at the time, Brian van Wyk, was instrumental in Koreneka's hijacking, and through a private investigation she concluded that the company – which she started in 2007 – was used for dubious dealings.

Evidence related to SA Express continues to be heard.

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