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Zondo Commission – Van Tonder talks of fake prawn farms, deceiving Sars, and more cash bribes

From a fake prawn farm and duping the South African Revenue Service (Sars) through falsified financials, to violating immigration laws, former Bosasa CFO Andries van Tonder participated in many compromising dealings in his two-decade career at the company. Van Tonder is testifying at the commission of inquiry into state capture, and many of the allegations corroborate those of his former colleague, Angelo Agrizzi, who finished testifying on Tuesday.

Fake prawn shop

The Sea Ark project was established by Bosasa CEO Gavin Watson in the Eastern Cape around 2005/2006 with a purpose of breeding prawns. Its operations were funded by Bosasa, which worked with the US-based Sustainable Resources International, a consultancy firm that made about R5-million from the partnership over a period of three years. According to Van Tonder, the operation was not a success, and in fact Bosasa did not make money from it. This, however did not deter Watson from closing it down and initiating the establishment of a similar plant in Johannesburg, close to the company's head office in Krugersdorp.

Artificial sea water was used for the Johannesburg plant, while equipment that could have been used for it gathered dust on the facility. When Sars started to probe the validity of the business, they were told by Bosasa that it was in fact in operation, and making money for the company. Falsified financials were given to investigators, to give an impression of a legitimate operation. A further false impression was created when the Sars investigators visited the plant for an inspection later – they were made to believe that the equipment had been in use for some time. Van Tonder, asked by evidence leader Paul Pretorius if he was aware of the dishonesty of his actions in relation to Sars, acknowledged this and said he did as he was told by Watson.

Because of the falsification of documents, the investigation by Sars concluded that there was no wrongdoing. A month later, Van Tonder was instructed by Watson to close down the operation and retrench staff. When he told his boss that this action would contravene the information they had given to Sars, Watson was insistent. Van Tonder then approached Agrizzi to intervene, and even though the two agreed on how it would make their submissions to Sars look, the plant was eventually shut down by Carlos Bonifacio, the company chief accountant, and all the equipment sold.

Money laundering

Van Tonder went on to detail ways in which Bosasa participated in money laundering schemes, much of it what Agrizzi had told the commission during his own testimony. Initially the company would obtain cash cheques from their bank, but when Watson's cash needs became larger, it became necessary to employ other means, to avoid detection. To get the cash cheques, Bosasa would have to pretend to be paying labour brokers on their payroll, who were only prepared to pay their own workers in cash. In addition to this lie, funeral claims by employees of Bosasa would also be submitted to the bank to cash. These would be fake, and be done without the knowledge of the employee in question.

He further described the ways in which wholesalers would be used to submit fake invoices to Bosasa, for goods not delivered – instead, they would cash the deposits that the company would then make in the correspondence with these invoices.

Belfast Toyota in Mpumalanga was useful for billing Bosasa for fuel, when in fact there was no fuel sold, and the cash received by Bosasa would be used to pay cash bribes to influential and well-placed politicians and public officials.

At the height of the Special Investigating Unit (SIU) investigation into Bosasa, the relationship between Van Tonder and Watson deteriorated to the point that the CFO was sidelined in the financial dealings of the company.

His duties, Van Tonder said, changed from time to time, but did not involve having access to financial documents. When he realised Van Tonder's apparent unhappiness with the criminal conduct in the company, Watson would constantly threaten him with: "Just remember, that you're also compromised." Watson would then continue to use his powers to give one unlawful instruction after another.

SIU and the war chest

One such instruction was for Van Tonder to go with Watson's former business partner Danny Mansell, who opted to skip the country at the beginning of 2013, when the pressure from the SIU probe became too much to bear. "My instruction was to go with him, and to make sure he never turns back."

Another Bosasa director Papa Leshabane sought a favour from a contact in the Department of Home Affairs' customs division to help remove any visa restrictions that may have been placed on the pair, in case their implication in fraud and corruption in the SIU's report would create problems in this regard.

Van Tonder saw Mansell to the US, and returned to South Africa a few days later, once he was satisfied that he was settled. From this point on, Mansell received a US\$7 000 monthly allowance on which he and his family could live. This was in return for his silence over the dealings that were included in the SIU report. According to Van Tonder, Mansell had continued to receive these payments up to the time that Van Tonder left the company in late 2017. "He had tears in his eyes, he told me that it was unreal to him that he was actually moving to the US, his mind does not want to accept that he is now moving," said Van Tonder.

Some years earlier, when the SIU report first appeared on the radar, a panicked Watson had made plans for money to be transferred to an attorney's trust account. This was meant to mitigate against possible legal action that could potentially see the Bosasa accounts being frozen. "It was meant to be like a war chest," said Van Tonder, adding that an instruction for his unit was for the transfer of R25-million in total, to the trust account.

The SIU had investigated Bosasa over the alleged irregularities relating to four contracts the company had with the Department of Correctional Services. Since 2004, the company has made in excess of R1-billion per year through these contracts in catering, security, fencing and TV installation and maintenance, at prison facilities across the country.

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