

Hawks circle VBS carcass

The Hawks have obtained 65 witness statements as part of their probe into the VBS Mutual Bank saga. **Legalbrief** reports that this was confirmed by the unit's head Lieutenant General Godfrey Lebeya who yesterday addressed the Standing Committee on Finance (Scof). He confirmed that the Hawks have received a request to dovetail an investigation into the saga which has been described as 'a Ponzi scheme of certain related parties'. 'The information at hand indicates there are serious allegations of fraud, contravention of the Municipal Finance Management Act, theft, corruption, money laundering, contravention of the Prevention of Organised Crime Act,' Lebeya said. A report on the **News24** site notes that acting National Director of Public Prosecutions Silas Ramaite said the NPA had five prosecutors working with the Hawks. '**It is, in fact, racketeering of its worst,**' Ramaite said. He said they were also looking into incidents of reckless trading, 'one of the less enforced crimes in SA'. The meeting between Scof, the Hawks, the NPA, the South African Reserve Bank (SARB) and other financial oversight entities follows the release of Advocate Terry Motau's report, compiled with Werksmans Attorneys, titled *The Great Bank Heist*. The report detailed large-scale looting at VBS. SARB deputy governor Kuben Naidoo said massive fraud had been committed, with about R1.9bn looted from the bank. 'Fifty-three people or companies received monies from the bank, with 27 named in the summary report,' he added.

On Tuesday, Naidoo said the bank had no option but to apply for the liquidation of VBS once it had evidence that it was insolvent. **BusinessLIVE** reports that this followed calls from the EFF and others for the bank to be salvaged. EFF MP Mbuyiseni Ndlozi said looking back at previous Reserve Bank interventions with troubled banks, it was the practice to try to save them. But this was not the case with VBS, which a Reserve Bank report found had been looted to the tune of R1.9bn. **Parliament's Finance Committee has also stated that it wanted VBS to be revived**, and it regarded the collapse of the bank as a 'severe setback' to transformation and diversity of the financial services sector. Naidoo said in a presentation to the committee that VBS was 'massively insolvent' to the tune of about R372m. The Reserve Bank applied on 29 October for the liquidation of the bank. The matter will be heard on 13 November. A report on the **News24** site notes that Ndlozi rubbished the forensic report into the bank, in which the brother of the party's chief whip, Floyd Shivambu, was implicated. The SARB-commissioned report contained allegations that Brian Shivambu was one of 27 alleged to have received money from the bank in a 'looting scheme'. He allegedly received R16m. Days later, about R10m allegedly found its way to Floyd Shivambu and R1.33m to the EFF.

President Cyril Ramaphosa also offered a ray of hope for the fraud-ridden institution. During question time in the National Assembly on Tuesday, he said, '**it can rise again from the ashes to serve the poor as it was intended to**'. Responding to a question from DA leader Mmusi Maimane on whether action had been taken against those behind the mutual bank's collapse, he said 'it is essential for all those responsible for facilitating this fraud, this corruption, and those who benefited must be held accountable.' Ramaphosa said the monies stolen from the bank's depositors – mainly pensioners who put their life savings into VBS – must be recovered, notes a **Fin24** report. 'We must act against those responsible for destroying VBS, and all those in private companies and state-owned enterprises and other parts of state trying to steal our country's future.' The problem with the bank is that it is laden with a great deal of debt and the only way to clean it is to put it into liquidation, Ramaphosa added.

In a further significant development, the Banking Association of SA has suspended the bank's membership, pending the outcome of the investigations and legal processes related to the bank's conduct. The association said it was clear from the *Great Bank Heist* report that 'VBS Bank has violated the terms of their membership'. According to a **Fin24** report, it said **the 'criminal activity that led to the collapse of VBS has set back inclusion and transformation in the financial services sector'**. It urged the authorities to 'act quickly' in terms of dealing with those who are guilty.