

STATEMENT F11/21

ISSUED ON BEHALF OF THE ASSOCIATION FOR THE MONITORING AND ADVOCACY OF GOVERNMENT PENSIONS (AMAGP)

Cape Town

3 August 2021

AMAGP'S LEGITIMATE CONCERNS GROW BY THE DAY

AYO shares are now worth R3.50! Therefore no dividends for government employees and pensioners, and the deafening silence from the Public Investment Corporation (PIC), on addressing the Mpati Commission of Inquiry's concerns about Iqbal Survé-linked companies, is particularly concerning.

AMAGP, as an apolitical, non-profit and voluntary association of current and pensioned government employees is becoming more seriously concerned about the sustainability of the Government Employees Pension Fund (GEPF).

We are equally concerned about the on-going silence of the PIC and its board of trustees regarding recent adverse events involving Iqbal Survé-linked companies.

Despite suffering a 142% decline in profits, from R160 million to a loss of R66 million, the recent announcement by AYO that it nevertheless increased its dividends by 86% to 65 cents a share, caused a lot of concern. As one of the biggest shareholders, the Survé group will be one of the biggest beneficiaries.

This announcement should surely have prompted the PIC to increase its efforts to recover the R4.3 billion it invested under questionable circumstances in AYO Technologies. But did it? Their silence prompts us to seriously suspect that no attempt was made to recover the money.

Details of what the PIC is doing to implement the recommendations, made in March last year by the Mpati Commission of Inquiry into malfeasance at the

PIC, regarding Survé-linked companies, have not been provided. Why not? AMAGP condemns in the strongest possible terms this clear lack of transparent and open communication.

We seek elucidation in this regard from the Minister of Finance, Tito Mboweni and from Abel Sithole, the CEO of the PIC which manages more than R2 trillion in civil servant pensions and government money.

In December 2017 at the behest of the former CEO, Dr Dan Matjila, the PIC took all of AYO Technology Solutions Ltd.'s R4.3 billion private placement of shares in a deal which the Mpati Commission found to have been a flouted process.

Those shares, bought by the PIC in 2017 for R43 each, are now selling on the JSE for R3.50, and AYO currently allegedly has a market capitalisation of only about R1 billion. The loss to the pension fund, and thus of workers and pensioners, can now reasonably be estimated at about R4 billion. This is truly shocking!

At the same time it has become obvious that Iqbal Survé, to whom this company is linked, is dissipating the assets of the company as fast as possible.

Huge dividends are being paid to Survé-linked companies such as African Equity Empowerment Investments (AEEI) while profits plummet. But, for some reason, the PIC and the Government Employees Pension Fund (GEPF) board of trustees still remain silent. Good, open and transparent, honest communication is seriously lacking.

Among our concerns:

- **With a R4.3 billion investment in AYO, the PIC is manifestly a shareholder and should be a recipient of dividends. As yet there is no indication of this happening. Can Abel Sithole and his high-profile associates at the PIC, as well as the GEPF Board of Trustees, explain this? It seems that everyone is being paid except those whose stop order pension fund contributions made this loan possible in the first place.**
- **No indication that the 2013 multi-million rand loan, to buy the Independent Media newspapers, will be repaid.**
- **No reaction or response from government, the PIC and GEPF Board of Trustees as banks such as ABSA and FNB, auditors, lawyers and major clients, such as Sasol and BT Telecoms, cut ties with Iqbal Survé-linked companies, citing fears of financial loss and reputational damage.**

- In transgression of the promises the country received in 1994 of accountable and transparent governance, the PIC does not provide details of what it is doing to implement the following recommendations made by the Mpati Commission regarding the PIC, almost eighteen months ago:

*The **Sekunjalo** Group investments showed a marked disregard for PIC policy and standard operating procedures.*

Proper governance was absent or poor, and risk identification processes were downplayed by looking for risk mitigants to make sure the deals were approved.

Due diligence reports highlighting issues around independence of Board members, policies to be implemented etc. were not followed up by the PIC to ensure implementation post the deal being approved and monies having flowed.

*The “close relationship” between Dr Matjila and **Dr Survé** created top down pressures that the deal teams experienced to get the requisite approvals.*

*Board members within the **Sekunjalo** Group of companies are not independent. Some board members are related to **Dr Survé**, are long-serving employees, long-time friends, or are non-executive directors on other **Sekunjalo** Group company boards, and dominate the board seats in those companies. Independent non-executive directors are in the minority on the boards of AEEI and AYO.*

*In the light of the above, the Commission recommends that the PIC must conduct a forensic review of all the processes involved in all transactions entered into with the **Sekunjalo** Group, and ensure that the PIC obtains company registration numbers of every entity in the **Sekunjalo** Group, to be able to conduct a forensic investigation as to the flow of monies out of and into the Group.*

*It is further recommended that the PIC must ensure that all pre- and post-conditions for all investments made, not just those in the **Sekunjalo** Group, have been fully met and implemented, and that effective processes and systems are in place to properly monitor investments post-disbursement.*

Steps must be taken to recover all monies with interest due to the PIC, especially where personal or other sureties were a precondition to approval of the investment.

*The PIC must also determine the future role, if any, of the PIC in all of the transactions with the **Sekunjalo** Group, to protect the interests of the PIC and its client; and review all aspects of the transactions entered into with the **Sekunjalo** Group to determine whether any laws or regulations have been broken.*

It is also recommended that the PIC reviews its internal processes, including its standard operating procedures, together with the DoA, to determine responsibility and culpability, and to consider whether there are grounds for disciplinary, criminal and/or civil legal action against any PIC employees or Board members, current or previous.

*The Commission recommends that the Regulatory and Other Authorities should consider whether any laws and/or regulations have been broken by either the PIC and/or the **Sekunjalo** Group; determine what legal steps, if any, should be taken to address any such violations; and assess whether the movement of funds between accounts, as indicated above, was intended to mislead/defraud investors and/or regulators.*

AMAGP bases its belief that current government employees and civil service pensioners will never receive a return on the monies invested in Survé-linked companies by former PIC CEO Dan Matjila on the following factors which are already in the public domain and have not been denied:

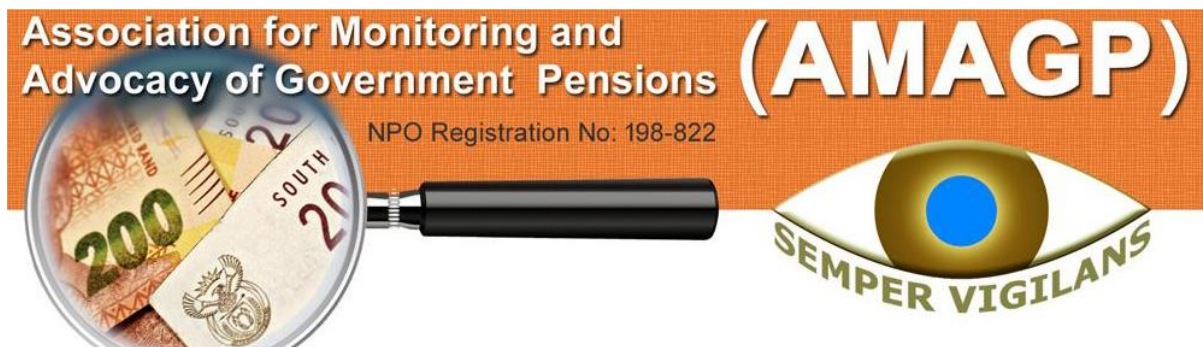
- Sekunjalo Independent Media (SIM) started losing money virtually from the beginning of the 2013 takeover.
- According to documents filed at the Cape High Court in the PIC's liquidation case, SIM is technically insolvent and unable to meet its day-to-day financial obligations.
- For this reason, all SIM and African News Agency (ANA) staff have been moved onto the AYO payroll and, as a result, the ANA management and most reporters resigned, making the financial viability of the company questionable.
- What is deeply disturbing in this regard is the 'Project Wave' evidence before the Zondo Commission that ANA received a clandestine R20 million from an SSA slush fund to promote the interests of the Zuma faction of the ANC. One wonders whether this income was declared to SARS?
- In April last year, Takudzwa Hove, the COO of SIM, made it known that SIM was slashing the salaries of senior newsroom staff by 40% and was cutting medical aid contributions to company pensioners by 50%.
- Furthermore, recent figures supplied by the Audit Bureau of Circulation (ABC) show a massive decline in the daily circulation figures of all these newspapers, indicating a loss of support by readers and advertisers. Why? Do they see the truth much better than the PIC and GEPRF Board of Trustees? One must never underestimate the knowledge of advertisers and people working for your company. They are not as clueless as some people and organisations want to believe!

- On 1 July the entire front page of the *Cape Times* was devoted to the 100th anniversary of the Communist Party of China, yet that edition contained only one full-page advertisement -- for Loot, a Survé-linked company... Despite this, Survé testified under oath at the Mpati Commission that, while he was refusing to repay the original PIC loan with which he bought the Independent Media newspapers, he was nevertheless servicing the loans of his state-controlled funders in China where media freedom does not exist. At a meeting of Parliament's Standing Committee on Finance in May 2021, it became known that, with accumulated interest, the default debt on this loan now exceeded a billion rand. Neither at that meeting nor subsequently, has Survé given any indication that he intends to repay this loan.
- What is deeply disturbing is the way in which South African media have been brought into disrepute by the fake news articles in Iqbal Survé's newspapers, claiming that a 48-year-old woman had given birth to a Guinness Book record number of ten babies. Around the world major news agencies, such as the BBC, CNN and Al Jazeera, have justifiably claimed this to be a hoax.
- **This is not what government workers and pensioners want their life savings to be used for.**

When will this clearly intentional silence by the PIC be broken, and will the Minister of Finance continue to pander to, and provide support for the machinations of Dr Iqbal Survé?

Ends

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VERKLARING F11/21

UITGEREIK NAMENS DIE VERENIGING VIR DIE MONITERING EN BEVORDERING VAN REGERINGSPENSIOENE (AMAGP)

Kaapstad

3 Augustus 2021

AMAGP SE GEREGERDIGDE BEKOMMERNISSE GROEI DAAGLIKS

AYO-aandele nou R3,50 werd! Dus, geen dividende vir regeringswerknemers en –pensionarisse nie, en die dawerende stilte van die OBK oor die hantering van die Mpati-kommissie se kommer oor maatskappye wat bande met dr. Iqbal Survé het, is veral kommerwekkend.

As 'n apolitiese, nie-winsgewende en vrywillige vereniging van huidige en gepensioneerde regeringswerknemers, word die AMAGP toenemend bekommerd oor die volhoubaarheid van die Regeringswerknemerspensioenfondse (GEPF).

Ons is ewe besorg oor die voortgaande stilte van die Openbare Beleggingskorporasie (OBK) en sy Raad van Trustees oor onlangse nadelige gebeure, waarby maatskappye wat bande met Iqbal Survé het, betrek word.

Die onlangse aankondiging dat AYO – ten spyte van 'n 142% afname in winste van R160 miljoen tot 'n verlies van R66 miljoen – nogtans sy dividende met 86% tot 65 sent per aandeel verhoog het, het tot baie kommer gelei. As een van die grootste aandeelhouers, sal die Survé-groep een van die grootste begunstigdes wees.

Hierdie aankondiging behoort sekerlik die OBK aan te gespoor het om sy pogings om die R4,3 miljard wat hy onder bedenklike omstandighede in AYO Technologies belê het, te verhaal. Maar het dit? Hulle stilte noop ons om ernstig te vermoed dat geen poging aangewend is om die geld te verhaal nie...

Besonderhede oor wat die OBK doen om die aanbevelings, wat die Mpati Kommissie van Onderzoek na ampsmisdrywe by die OBK in Maart verlede jaar ten opsigte van maatskappye met bande met Survé gemaak het, te implementeer, is nog nie verskaf nie. Waarom nie? AMAGP veroordeel hierdie duidelike gebrek aan deursigtige en oop kommunikasie in die sterkste moontlik terme.

Ons soek 'n verduideliking ten opsigte hiervan van die Minister van Finansies, Tito Mboweni, en van Abel Sithole, die HUB van die OBK, wat meer as R2 triljoen van staatsdienspensioen- en regeringsgeld bestuur.

In Desember 2017, op aandrang van die vorige HUB, dr. Dan Matjila, het die OBK die hele privaat plasing van AYO Technology Solutions Ltd se R4,3 miljard in aandele in 'n ooreenkoms geneem, wat die Mpati-kommissie bevind het prosesse verontagsaam het.

Daardie aandele, wat die OBK in 2017 vir R43 elk gekoop het, verkoop nou op die JSE vir R3,50, en AYO het nou na bewering 'n markkapitalisering van slegs ongeveer R1 miljard. Die verlies vir die pensioenfonds en dus vir werkers en pensioenarisse, kan nou op ongeveer R4 miljard geraam word. Dit is regtig skokkend!

Terselfdertyd het dit duidelik geraak dat dr. Iqbal Survé, met wie hierdie maatskappy verbind is, besig is om die bates van die maatskappy so vinnig as moontlik te verkwis.

Terwyl winste daal, word groot dividende betaal aan maatskappye met Survé-bande, soos African Equity Empowerment Investments (AEEI), maar om een of ander rede swyg die OBK en die Regeringswerknemerspensioenfonds (GEPF) se Raad van Trustees. Daar is 'n ernstige gebrek aan goeie, oop en deursigtige, eerlike kommunikasie.

Onder ons bekommernisse is die volgende:

- **Met 'n R4,3 miljard belegging in AYO, is die OBK klaarblyklik 'n aandeelhouer en behoort 'n ontvanger van dividende te wees. Tot nog toe is daar geen aanduiding dat dit gebeur nie. Kan Abel Sithole en sy hoëprofiel ampsgenote by die OBK asook die GEPF se Raad van Trustees dit verduidelik? Dit lyk of almal betaal word behalwe diegene wie se pensioenfondsbydraes per aftrekorder in die eerste plek hierdie lening moontlik maak.**
- **Daar is geen aanduiding dat die multimiljoenrandlening in 2013, om die Independent Media-nuusblaaie te koop, terugbetaal sal word nie.**
- **Daar is geen reaksie of respons van die regering, die OBK en die GEPF se raad van trustees, oor banke soos ABSA en FNB,**

ouditeure, regslui, en belangrike kliënte soos Sasol en BT Telecoms, se verbreking van bande met maatskappye met Iqbal Survé-bande nie, wat vrese vir finansiële verlies en skade aan hulle aansien, as redes verstrekk.

- In oortreding van die beloftes van verantwoordbare en deursigtige bestuur, wat die land in 1994 ontvang het, gee die OBK geen besonderhede van wat hy doen om die volgende aanbevelings, deur die Mpati Kommissie van Onderzoek na ampsmisdrywe by die OBK bykans agtien maande gelede gemaak, te implementeer nie:

*The **Sekunjalo** Group investments showed a marked disregard for PIC policy and standard operating procedures.*

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AMAGP baseer sy oortuiging, naamlik dat huidige regeringswerknemers en staatsdienspensionarisse nooit 'n voordeel sal ontvang uit die geld wat die vorige HUB van die OBK, Dan Matjila, in maatskappye met Survé-bande belê het nie, op die volgende faktore, wat alreeds in die openbare domein is en nie ontken is nie:

- Sekunjalo Independent Media (SIM) het feitlik van die begin van die oorname in 2013 begin geld verloor.
- Volgens die dokumente wat in die OBK se likwidasieszaak by die Kaapse Hooggeregshof ingedien is, is SIM tegnies insolvent en nie in staat om sy dag-tot-dag finansiële verpligtinge na te kom nie.
- Om hierdie rede is al SIM en die African News Agency (ANA) se personeel na AYO se betaalstaat geskuif; gevolglik het die ANA-bestuur en die meeste verslaggewers bedank, wat die finansiële lewensvatbaarheid van die maatskappy bevraagteken.
- Diep verontrustend in hierdie opsig, is die 'Project Wave'-getuienis voor die Zondo-kommissie, dat ANA 'n klandestiene R20 miljoen van 'n SSA-fonds vir onderduimse bedrywighede ontvang het om die belange van die Zuma-faksie van die ANC te bevorder. 'n Mens wonder of hierdie inkomste aan SARS verklaar is?

- In April verlede jaar het Takudzwa Hove, die HUB van SIM, bekendgemaak dat SIM die salarisse van senior nuuskamerpersoneel met 40%, en mediesefondsbydraes aan maatskappypensionarisse met 50%, sny.
- Verder toon onlangse syfers, voorsien deur die Audit Bureau of Circulation (ABC), 'n massiewe afname in die daaglikse sirkulasiesyfers van al hierdie nuusblaaie, wat op 'n verlies aan ondersteuning deur lesers en adverteerders dui. Waarom? Sien hulle die waarheid beter raak as die OBK en die GEPR se Raad van Trustees? 'n Mens moet nooit die kennis van adverteerders en mense wat vir jou maatskappy werk, onderskat nie. Hulle is nie so oningelig soos sommige mense en organisasies wil glo nie!
- Op 1 Julie is die hele voorblad van die *Cape Times* gewy aan die 100ste herdenking van die Kommunistiese Party van China, nogtans het daardie uitgawe slegs een volbladsy-advertensie van Loot – 'n maatskappy met bande met Survé – bevat. Ten spyte daarvan het Survé by die Mpati-kommissie onder eed getuig dat, terwyl hy weier om die oorspronklike OBK-lening waarmee hy die Independent Media-nuusblaaie gekoop het, terug te betaal, hy nietemin die lenings van sy staatsbeheerde befonders in China (waar mediavryheid nie bestaan nie) gediens het. By 'n vergadering van die Parlementêre Staande Komitee oor Finansies in Mei 2021, het dit bekend geword dat, met opgelope rente, die wanbetaling-skuld op hierdie lening nou 'n miljard rand oorskry, en nóg by daardie vergadering nóg daarna het Survé enige aanduiding gegee dat hy van plan is om die lening terug te betaal.
- Diep verontrustend is die manier waarop aan Suid-Afrikaanse media 'n slegte naam gegee is deur die vals nuusberigte in Iqbal Survé se nuusblaaie, wat beweer dat 'n 48-jarige vrou geboorte geskenk het aan 'n Guinness Book-rekordgetal van tien babas. Regoor die wêreld het groot nuusagentskappe soos die BBC, CNN en Al Jazeera, tereg verklaar dat dit 'n skelmstreek is.
- **Dit is nie waarvoor regeringswerknemers en -pensionarisse wil hê hulle lewenslange spaargeld aangewend moet word nie.**

Wanneer sal hierdie duidelik doelbewuste stilte deur die OBK gebreek word? Hoe lank nog sal die Minister van Finansies voortgaan om as die handlangers van dr. Iqbal Survé op te tree en ondersteuning te gee aan sy konkelarye?

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