

MEDIA RELEASE

PIC welcomes report on VBS Bank, rejects suggestions that CEO received R5 million bribe

PRETORIA – 10 October 2018: The Public Investment Corporation (PIC) welcomes the release of the report by Advocate Terry Motau SC into the collapse of VBS Mutual Bank. Titled, “The Great Bank Heist”, this report provides a clear account of how a group of greedy and callous individuals brought a bank, which could have grown into one of the largest black owned specialist banks in South Africa, to its knees. The PIC also notes the report’s recommendations regarding civil and other proceedings and, where these apply to the PIC, these will be considered.

The PIC has already taken the following steps in relation to its two delegated Directors on the Board of VBS Bank, Mr Ernest Nesane and Mr Paul Magula.

1. Both Messrs Nesane and Magula are no longer in the employee of the PIC. Mr Magula was dismissed for incompetence in April 2018 and Mr Nesane resigned two days after he testified before Adv Motau. (Please see <https://www.pic.gov.za/wp-content/uploads/2018/07/PIC-Executive-Head-resigns-forensic-investigator-to-be-appointed-on-VBS-Bank-investment.pdf>)
2. The PIC has applied for both Messrs Nesane and Magula to be debarred in terms of section 14 of the Financial Advisory and Intermediary Services Act, 2002. The Financial Sector Conduct Authority has granted the application and debarred these two individuals;
3. The PIC is in the process of applying to have them declared as delinquent directors in terms of the Companies Act of 2008;
4. The PIC, in consultation with the Prudential Authority, will lay criminal charges against both Magula and Nesane; and
5. In relation to Mr Nesane, the PIC is in the process of applying to have him struck from the roll of attorneys.

R5 million bribe to PIC CEO

Page 55 of the report makes this statement in relation to the PIC Chief Executive Officer, Dr Daniel Matjila, *“Mukhodobwane testified that on 8 April 2017, he was instructed by Matodzi to collect an amount of R5 million in cash from the banks’ Makhado branch....Mukhodobwane asked Matodzi what the money was for and Matodzi responded that the money was required to be paid to “Dr Dan” to obtain his cooperation in facilitating the funding VBS requirements by the PIC. Mukhodobwane understood that as a reference to the Chief Executive of the PIC.”*

It is important to note that the same report states that, "...*Mukhodobwane is unaware of whether or not the R5 million was indeed paid to "Dr Dan" by Matodzi as the R2 billion line of funding was not forthcoming from the PIC. Mukhodobwane speculated that Matodzi might have lied to him about the purpose of the R5 million.*

Adv. Motau SC says that, he cannot, "*in these circumstances, make any definitive finding, but I certainly regard the matter as worthy of further investigation by the authorities in due course.*"

To these allegations, the Chief Executive Officer of the PIC, Dr Daniel Matjila responds as follows: "*I emphatically reject any suggestion that I may have received R5 million to facilitate further funding for VBS Mutual Bank. In fact, the portfolio management committee of the PIC, turned down an application to put more money into VBS Mutual Bank, two days before VBS was placed under curatorship. Such allegations are without merit and no facts or evidence could be placed before Adv. Motau's panel of investigation to substantiate these allegations which I regard as malicious. However, should an investigation be instituted into these allegations, I am willing and ready to subject myself to the process.*"

It should also be noted that Mr Mukhodobwane, in terms of the report, received payment of a total amount of almost R31 million.

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