



June 7, 2022

**MEDIA STATEMENT
FOR IMMEDIATE RELEASE
7 JUNE 2022**

**HAMILTON NDLOVU AND ASSOCIATED COMPANIES ORDERED TO PAY BACK
R158 MILLION**

Nineteen (19) personal protective equipment (PPE) tenders amounting to R172 million awarded by the National Health Laboratory Service (NHLS) to Johannesburg businessman Hamilton Ndlovu and associated companies have been declared invalid and unlawful.

On Tuesday 07 June 2022, the Special Tribunal set aside the contracts and ordered that Mr. Ndlovu and associated companies pay back R158 millions with interest.

Furthermore, the Special Tribunal ordered that frozen properties and funds held by Mr. Ndlovu, Zaisan Kaihatsu and Bugatti Security Services and Projects to the value of R42 million be forfeited to the state.

The Special Tribunal urged NHLS to invoke section 15 of the Preferential Procurement Policy Framework Act to list the Bugatti Security Services and Projects, Hamilton Ndlovu Holdings, Hamilton Projects CC, Mok Plus One PTY LTD, Abompetha PTY LTD, Feliham PTY LTD and Kgodumo Mokone Trading Enterprise PTY LTD, their directors, shareholders and Luiborn Dorn Ndlovu in his capacity as a director in the Joritans Logistics PTY LTD on the database of restricted suppliers.

The SIU investigated corruption allegations and the circumstances in which eight companies directly and indirectly linked to Mr. Ndlovu had obtained contracts worth a total of R172 742 275 for PPE from the NHLS.

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The SIU was, in terms of Proclamation R.23 of 2020, directed by President Cyril Ramaphosa to investigate allegations of corruption, malpractice, maladministration and irregularities in the procurement of goods and services during the COVID-19 state of disaster.

The SIU investigation established that the contracts were obtained by abusing the emergency procurement procedures that were adopted by the NHLS in order to respond to the COVID-19 disaster during the first half of 2020.

Eight (8) companies obtained contracts to supply PPE to the NHLS during this period, which were all linked to Mr. Ndlovu. He was the controlling mind of all the front companies and the direct and indirect beneficiary of the funds flowing to them from the payments made by the NHLS.

The links and interrelationships between the front companies and the fact that they were all controlled by Mr. Ndlovu were not disclosed to the NHLS. The companies operated jointly as part of an unlawful scheme directed by Mr. Ndlovu and under the pretense that they were independent entities. Instead of operating at arm's length and in competition with each other to supply PPE to the NHLS at the best available prices, the companies were a front whereby Mr. Ndlovu could obtain multiple contracts from the NHLS at excessive prices without revealing his involvement in each of them.

The front companies under the control of Mr. Ndlovu exploited the emergency procurement process by supplying PPE to the NHLS at excessive prices and failed to deliver the agreed quantities of PPE.

The SIU obtained and analysed the bank statements of the front companies and of Mr. Ndlovu and of other companies and individuals linked to him. The analysis showed that, with the exception of an amount of about R15m that appears to have been used for the purchase of PPE, the funds received from the NHLS were not used to obtain supplies of PPE in order to deliver upon the contracts to the NHLS. Instead, the vast majority of the funds (87.87%) flowed to Mr. Ndlovu for his own use.

The SIU welcomes the order of the Special Tribunal. This is a continuation of the implementation of the SIU investigation outcomes and consequence management to recover assets and financial losses suffered by State institutions and/or to prevent further losses.

Fraud and corruption allegations may be reported via the following platforms:
siu@hotline.co.za / Hotline: 0800 037 774.

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ABOUT THE SIU:

The SIU is an independent statutory body with a primary mandate to investigate allegations of corruption, malpractice and maladministration in the affairs of government departments, municipalities and State Owned Entities, and to recover financial losses suffered by State institutions. The SIU was established in terms of the Special Investigating Units and Special Tribunal Act, Act No 74 of 1996 (SIU Act).

The SIU has powers to subpoena witnesses, bank statements and cellphone records, search, seize evidence and interrogate witnesses under oath. The SIU can take civil action to correct any wrongdoing it uncovers in its investigations.

Where criminal conduct is uncovered during investigations, the SIU will bring the matter to the attention of its partners Hawks in the South African Police Service (SAPS), as well as the National Prosecuting Authority (NPA) for further action.



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