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**MEDIA STATEMENT
FOR IMMEDIATE RELEASE
22 JANUARY 2025**

SIU WELCOMES THE DISMISSAL OF A COUNTERCLAIM BROUGHT BY A CONSTRUCTION FIRM AND ITS DIRECTORS CONTRACTED BY EKURHULENI IN R1.9 MILLION FRAUD MATTER

The Special Investigating Unit (SIU) welcomes the Special Tribunal's dismissal of Kubwa Kazi Construction, Lebaka Construction, and their owners; Jacob Phungula, Veronica Z. Mabena and Joy M. Seale's application against the SIU and the Ekurhuleni Metropolitan Municipality.

The SIU applied to the Special Tribunal to recover R1.97 million from the service providers, who allegedly produced a fraudulent invoice to Ekurhuleni Metropolitan Municipality related to the construction of the Vosloorus Taxi Rank. Instead of responding to the SIU's civil litigation application, the service providers launched a counterapplication for a claim to receive payment from the Municipality for another project.

In a 14 January 2025 judgment the Special Tribunal dismissed the counterclaims, stating it had no authority to deal with those claims because they were unrelated to the SIU's efforts to recover money lost to fraud. It ordered that the service providers pay the legal costs for the SIU and Ekurhuleni Metropolitan Municipality.

The judgment follows an SIU investigation of the Vosloorus Taxi Rank Contract, a R17.8 million project awarded in February 2014 to Kubwa Kazi Construction CC and its affiliates.

The SIU found strong evidence of fraud, including an allegedly fake invoice for R1.97 million submitted by Kubwa Kazi Construction, falsely claiming payment for materials that were never delivered. The investigation also uncovered collusion among the defendants, who prepared and submitted fake documents to get money from the municipality that they were not entitled to. Some of the defendants admitted they knew about these false claims.

The SIU was empowered by Proclamation R28 of 2018 to investigate allegations of maladministration, unauthorised expenditure, and fraudulent activities relating to public transport facility contracts in the Ekurhuleni Metropolitan Municipality focusing on the Vosloorus Taxi Rank.

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In line with the Special Investigating Units and Special Tribunals Act 74 of 1996 (SIU Act), the SIU refer any evidence of criminal conduct uncovered during its investigation to the National Prosecuting Authority (NPA) for further action. The SIU is also authorised under the SIU Act to initiate a civil action in the High Court or a Special Tribunal in its name to address any wrongdoing identified during its investigation resulting from acts of corruption, fraud, or maladministration.

END.

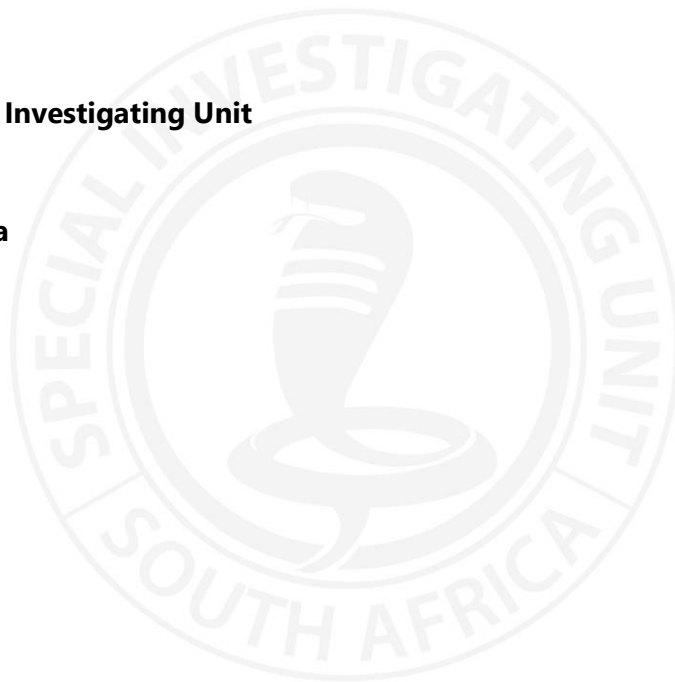
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