

TO: Director of the National Economic Crime Centre
The National Crime Agency, United Kingdom
Adrian Searle

By email: communication@nca.gov.uk

2 October 2023

Dear Adrian Searle

RE: THE CONDUCT OF UK FIRM DUFF AND PHELPS AS COMPANY ADMINISTRATORS FOR ASA RESOURCE GROUP PLC IN THE SHARE PURCHASE AGREEMENT BETWEEN ASA AND COMPANIES LINKED TO KUDAKWASHE TAGWIREI.

1. Open Secrets is a South African non-profit organisation dedicated to investigating and pursuing accountability for economic crimes and related human rights violations. Consequently, an important aspect of our work includes holding private actors accountable for human rights abuses and profiteering from economic crimes.
2. The Sentry is an investigative and policy organization in the United States that seeks to disable multinational predatory networks that benefit from violent conflict, repression, and kleptocracy.
3. On 6 July 2023 Open Secrets and The Sentry jointly published a report titled *Fronts Fakes and Facades* ("the Report"). The Report outlines how various entities and individuals across multiple jurisdictions helped Kudakwashe Regimond Tagwirei ("Tagwirei"), a politically connected Zimbabwean businessman, purchase two mines from United Kingdom ("UK") based company ASA Resource Group Plc, a public limited company incorporated in England and Wales, company number 02167843 ("ASA"). Through the use of various front companies and opaque financial transactions, Tagwirei's identity as the source of funds and ultimate purchaser was

obscured. The Report is based on primary documents and evidence supplied to Open Secrets and The Sentry by Christopher Fourie (“Fourie”), a former business associate of Tagwirei turned whistle-blower. A digital copy of the Report is available at <https://www.opensecrets.org.za/report-fronts-fakes-and-facades>.

4. Duff & Phelps is a multinational financial and risk advisory conglomerate which has since renamed itself Kroll. Duff and Phelps operates in the United Kingdom through D&P International Services (UK) Limited (now Kroll International (UK) Limited), a private company with company no: 9897805 (“Duff and Phelps”). Duff and Phelps was appointed as joint administrators of ASA on the 30 November 2017.
5. This letter will outline Duff & Phelps’s role in relation to the above purchase. We believe that the evidence shows that the firm and its employees may have failed to abide by UK anti money laundering regulations, including but not limited to a possible failure to submit a suspicious activity report in terms of Section 328 of the Proceeds of Crime Act 2002 (“Proceeds of Crime Act”). We write this letter to recommend that your offices conduct an investigation into this matter.

OVERVIEW OF MATTER

6. Tagwirei is a Zimbabwean businessman who was appointed as a presidential adviser to current Zimbabwean president Emmerson Mnangagwa in January 2019. Tagwirei owns various companies including Sakunda Holdings (Pvt) Ltd (“Sakunda”) and is affiliated with many more. On 5 August 2020 Tagweiri was sanctioned by the United States for *“for materially assisting senior Zimbabwean government officials involved in public corruption.”* A copy of the media release by the USA State Department is attached as Annexure A. On 22 July 2021, the UK placed Sanctions on Tagwirei for *“profiting from misappropriation of property when his company, Sakunda Holdings, redeemed Government of Zimbabwe Treasury Bills at up to ten times their official value.”* A copy of the media release by the UK Foreign Commonwealth Development Office is attached as Annexure B.
7. Prior to these sanctions, there were numerous reports of Tagwirei’s alleged involvement in corruption and ‘state capture’ in Zimbabwe. A list, assembled by Open Secrets and the Sentry, of public reporting on allegations against Tagwirei is attached as Annexure C. Much of this reporting was available in 2019 at the time of the ASA transaction.

8. In and around 2019 Tagwirei became the ultimate beneficial owner of Zimbabwean Bindura Nickel Mine and Freda Rebecca Goldmine (“the Mines”) purchased and funded through various intermediaries from ASA. As stated above, at the time of the transaction ASA had been put into liquidation and was being administered by Duff & Phelps, appointed as joint administrators of the ASA on the 1 August 2017. A letter from Duff & Phelps employee Mark Skelton to creditors of ASA is attached as Annexure D.
9. The use of intermediaries to facilitate the purchase had the effect of obscuring Tagwirei’s involvement as both the source of the funds for the purchase of the mines and as the ultimate purchaser. The primary intermediary vehicle used for the purchase was Sotic International a company duly incorporated in Mauritius, bearing company number 135746 GBC (“Sotic”). Sotic was set up and administered by Capital Horizons Limited (“CHL”) a company services agent headquartered in Mauritius on 16 November 2018. After its incorporation, Fourie became a director at Sotic and the sole owner through the Light House Trust, a Mauritian registered Trust again set up by CHL.
10. Another entity involved in the purchase was a subsidiary wholly owned by Sotic, Landela Investments Limited, a private company incorporated in Zimbabwe, registration number: 3335/2019 (“Landela Investments”). While Sotic provided the funding for the purchase, Landela Investments was the entity listed as the purchaser. Landela Investments received hard currency from the Reserve Bank of Zimbabwe (RBZ) at a favourable exchange rate at the time Sotic was getting the funds to pay the deposit for the mines.
11. Sotic’s purchase of the mines was done in three stages, whereby numerous legal vehicles were used to move Tagwirei’s money out of Zimbabwe to Sotic, which ultimately paid the funds to Duff & Phelps. A copy of the Share Purchase Agreement between ASA, Landela Investments and others (“SPA”) is attached as Annexure E.
12. Despite having no formal role in Sotic, email correspondence between CHL, employees of Sotic, and/or Tagwirei, clearly demonstrates that Tagwirei was not just the source of Sotic’s funds but was actively involved in the financial, business, and operational decisions of the company. As will be discussed below, this role was widely recognised by employees and entities with which Sotic did business.

13. Open Secrets and the Sentry believe that Tagwirei met the standard of a beneficial owner of Sotic under Mauritian law as he exercised ultimate control over the legal entity.

DUFF & PHELPS KNOWLEDGE OF TAGWIREI'S INVOLVEMENT

14. As insolvency practitioners, Duff & Phelps were bound by the UK's anti-money laundering regulations. Correspondence seen by Open Secrets and the Sentry indicate that Duff and Phelps, on behalf of ASA, undertook due diligence including 'Know Your Customer' checks ('KYC") with regards to Sotic and Landela Investments and was satisfied to proceed with the Share Purchase Agreement.
15. However evidence and correspondence seen by Open Secrets and The Sentry also show that senior employees within Duff & Phelps were aware, or should have been aware, that Tagwirei and Sakunda were the sources of Sotic's funds.
16. Prior to the purchase agreement, Sakunda, through Fourie, had made a previous bid to buy ASA in mid 2018. On 17 April 2019 in email correspondence between Fourie and Guy Chapman, a senior employee at Duff and Phelps, Fourie reminded the employee of this earlier bid. A copy of this email correspondence is attached as Annexure F.
17. On 16 July 2019, in email correspondence between Directors of Sotic Jozeph Behr and Ronelle Sinclair, Tagwirei, and others, Behr stated that they, Duff & Phelps "*are aware that Sakunda is the financing partner behind the transaction*". A copy of this email correspondence is attached as Annexure G.
18. On 13 August 2019 in email correspondence, Guy Chapman demonstrated his knowledge of the link between Sotic and Tagwirei and Sakunda by referring to the Freda Rebecca mine as an "*entity within the Sakunda Group*". A copy of this correspondence is attached as Annexure H.
19. On 24 September 2019, the Reserve Bank of Zimbabwe reportedly froze the accounts of a number of companies including Landela Investments and Billheights Investments, a Tagwirei-controlled fuel company that made frequent payments to Sotic. Media coverage connected the companies to Tagwirei. While reporting states that this freeze only lasted for a day, the action against Landela Investment, the

official purchaser of the Mines, should have raised red flags in the continued due diligence that Duff & Phelps likely would have been required to conduct. Further media coverage in 2019, reporting on Sotic's negotiations to buy the Mines, clearly linked Sotic to Tagwirei. This media coverage was publicly available before the two final payments from Sotic to Duff & Phelps in October 2019.

20. In addition Open Secrets and The Sentry have spoken with an individual connected to Zimbabwean local management teams running the Mines. They indicated that Duff & Phelps communicated with the management team during their due diligence process and likely knew of Tagwirei's involvement as it was openly spoken by those involved, including Sotic employees.

LEGAL IMPLICATIONS OF DUFF & PHELPS CONDUCT

21. The facts laid out indicate that Duff and Phelps knew or should have known that Tagwirei and his associated companies, including Sakunda, were the source of funds behind Landela Investment's purchase of the Mines. They proceeded with the sale anyway. Open Secrets and The Sentry submitted questions to Duff & Phelps about the nature of their due diligence, and whether they submitted any suspicious transaction reports to UK authorities regarding the ASA transaction. They did not respond to any questions.
22. Open Secrets and The Sentry believe, based on the evidence presented here and investigations detailed in The Report, that Duff & Phelps may have failed to comply with various sections of the Proceeds of Crime Act 2002 ("POCA"), or other legislation, including a failure to report knowledge or suspicions of money laundering under section 330 of POCA.
23. We therefore submit this letter to request the Financial Conduct Authority, as the regulator of financial service firms in the United Kingdom, to conduct any and all necessary further investigations into Duff & Phelps and their employees in relation to their conduct in this transaction.

CONCLUSION

24. The harm caused by the actions of Tagwirei and his powerful associates, as well as those that enable them is most consequentially felt by the people of Zimbabwe. The money that flowed out of Zimbabwe in connection with the ASA deal is an important

example of the illicit financial flows out of the country further hampering the Zimbabwean economy and burdening those living within its borders. Fighting illicit financial flows is a transnational responsibility, and it is vital that the UK authorities investigate the role of UK-registered corporations in any conduct linked to these flows. This would send a clear message that the UK takes these matters seriously.

25. While this letter is a comprehensive summary of the issues dealt with, Open Secrets and the Sentry have additional evidence and sources which substantiate these claims. We hope to engage your agency further on this matter and provide any assistance and further information.
26. Kindly acknowledge receipt of this letter and furthermore provide us with a response by 16 October 2023.

Yours faithfully

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Director

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