

TO: LT GEN G LEBEYA
National Head: Directorate for Priority Crime Investigation

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21 September 2023

Dear Lt. Gen Lebeya

RE: POSSIBLE OFFENCES EMANATING FROM SOUTH AFRICAN INDIVIDUALS AND ENTITIES ASSISTING KUDAKWASHE TAGWIREI AND ASSOCIATED COMPANIES IN PURCHASING BINDURA NICKEL MINE AND FREDA REBECCA GOLDMINE FROM ASA RESOURCE GROUP PLC.

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 Façades* ("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 the United Kingdom-based company ASA Resource Group Plc, a public limited company incorporated in England and Wales, with company number 02167843 ("ASA"). Through the use of various front companies and opaque financial transactions Tagwirei's identity as the source of funds and the ultimate purchaser

was obscured. The findings in the Report are 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. This letter describes why Open Secrets and The Sentry believe the following individuals and/or entities may have committed offences in terms of South African common and statutory law, and that a full investigation by your office is required:

4.1. Redfox Management, a private Company incorporated in South Africa, registration number 2018/381714/07 (“Redfox”);

4.2. Jozef Clifford Behr, ID no: 8005195015087 (“Behr”) in their capacity as director of Redfox and Sotic International a company duly incorporated in Mauritius under the Mauritius Companies Act 2001, bearing company number 135746 GBC (“Sotic”);

4.3. Christian Alexander Weber, ID no: 8410015162087 (“Weber”), in their capacity as director of Redfox and Sotic;

4.4. Ronelle Sinclair, ID No: 8408030226085 (“Sinclair”), in their capacity as director of Sotic;

4.5. Gavin Killassy, ID no: 7906195036083 (“Killassy”), in their capacity as employee of Sotic;

OVERVIEW OF MATTER

5. Tagwirei 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 of America government 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.

6. 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.
7. In and around 2019, Zimbabwean Bindura Nickel Mine and Freda Rebecca Gold Mine (“the Mines”) were purchased from ASA through various intermediaries owned or controlled by Tagwirei. At the time of the transaction ASA had been put into liquidation and was being administered by Duff & Phelps, 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 were appointed as joint administrators of the ASA on the 1 August 2017.
8. The use of the 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. Sotic was established 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 established by CHL.
9. Another entity involved in the purchase was a subsidiary wholly owned by Sotic, Landela Investments Limited, a private company incorporated in Zimbabwe, with 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.

10. 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 is attached as Annexure D.
11. 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.
12. 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.
13. Furthermore Open Secrets and The Sentry believe that Sinclair, Behr, and Weber were fully aware of this. This knowledge is demonstrated in a number of email communications including:
 - 13.1. On 16 July 2019, in an email correspondence between Behr, Fourie and others, in which Sinclair and Tagwirei were copied, Behr states that Duff and Phelps are were aware that Sakunda is the financing partner behind the transaction. A copy of this communication is attached as Annexure E.
 - 13.2. On 1 August 2019, in email correspondence between Tagwirei, Behr, Sinclair and others, Tagwirei stated that Fourie controlled the Light House Trust, which owns Sotic, on his behalf. A copy of this communication is attached as Annexure F.
 - 13.3. During January 2020, in email correspondence between Behr and Fourie, Behr acknowledged that Tagwirei 'approves and/or initiates all payments made.' A copy of this communication is attached as Annexure G.

14. As will be discussed below, we believe Killassy too had direct knowledge of Tagwirei's involvement in Sotic.
15. While much of the conduct related to the purchase might not be within the purview of South African courts, there are key entities and individuals that are within South African jurisdiction. It is these actions and possible offences which shall be dealt with now.

SOTIC INTERNATIONAL'S FALSE INVOICE TO RIMOSA TRADINGS

16. Analysis of communications and available trade records show that a false invoice was used to move millions out of Zimbabwe to Sotic for the second payment to ASA. Open Secrets and The Sentry believe that these actions constitute fraud. They may also constitute breaches of the Prevention and Combatting of Corrupt Activities Act no. 12 of 2004. ("PRECCA"), Prevention of Organised Crime Act no. 121 of 1998 ("POCA"), and Financial Intelligence Centre Act no 38 of 2001 ("FICA"). The relevant facts include:

16.1. On or about 27 August 2019:

- 16.1.1. Killassy asked a Redfox employee via email, in which Sinclair and Weber were copied, to draw up an invoice to Zimbabwean trading company Rimosa Trading ("Rimosa") for \$3.5 million for 'soybean crude oil' ("the invoice"). A copy of the email is attached as Annexure H. This email was later forwarded to Behr by Weber.
- 16.1.2. Behr, in email correspondence, asked Killassy whether the product 'will actually flow' or whether this was a means for Tagwirei to 'get funding for ASA'. Killassy responded, copying Weber and Sinclair, that the funding was for ASA and that this had been confirmed by 'Joseph'; a likely reference to Joseph Mudzingwa, chief executive officer of Rimosa.
- 16.1.3. Behr, in email correspondence with Fourie, copying Weber, Sinclair and Killassy, stated that Sotic will be receiving this

money 'in the guise of cooking oil' and further reiterated that these funds were for ASA.

- 16.2. The above email correspondence is attached as Annexure I.
- 16.3. On or about 2 September 2019 Rimosa paid Sotic \$3.5 million, thus fulfilling the invoice. This payment was part of a series of payments made from Rimosa to Sotic totalling \$10.5 million.
- 16.4. Searches of Zimbabwean trade records conducted by Open Secrets and The Sentry did not reveal any shipments of any commodities from Sotic to Rimosa from 2018 to mid 2022. Further, there are no imports or exports recorded for Rimosa for this period. Extensive searches did not yield any publicly available information on the nature of Rimosa's business save that their registered business address matches that of Landela, which is a wholly owned subsidiary by Sotic. This raises questions as to whether Rimosa is linked to Sotic or Tagwirei.
17. Open Secrets and The Sentry believe that the invoice was sent to Rimosa for the purchase of commodity goods that were neither delivered (according to Zimbabwe customs records) nor intended to be delivered (according to email correspondence within Sotic), but for which Rimosa paid Sotic.
18. Furthermore Open Secrets and The Sentry believe that the email correspondence shows that the invoice was false and intended to move funds from Zimbabwe to Mauritius for the financing of the ASA deal.
19. We argue, therefore, that the conduct described directly above constitutes fraudulent misrepresentation and that the following offences may have been committed:
 - 19.1. Behr and Weber, as employees of Redfox, may have committed common law fraud.

- 19.2. Behr and Weber in their capacity as Directors of Redfox may have committed the general offence of corruption under section 3 PRECCA.
- 19.3. Behr and Weber in their capacity as Directors of Redfox may have violated their duty to report corrupt transactions under section 34 of PRECCA.
- 19.4. Behr and Weber in their capacity as Directors of Redfox and Sotic, as well as Sinclair as a director of Sotic and Killassy as an employee of Sotic, through the commission and execution of the invoice, may have committed money laundering under section 4 of POCA.
- 19.5. Behr and Weber in their capacity as Directors of Redfox and Sotic, as well as Sinclair as a director of Sotic and Killassy as an employee of Sotic, through the commission and execution of the invoice, may have assisted another in benefitting from unlawful activities, an offence under section 5 of POCA.
- 19.6. Behr and Weber in their capacity as Directors of Redfox and Sotic, as well as Sinclair as a director of Sotic and Killassy as an employee of Sotic acquired, may have possessed and/or used the proceeds of unlawful activities, an offence under section 6 of POCA.
- 19.7. Behr and Weber in their capacity as Directors of Redfox may have violated their reporting duties under section 29 of FICA.
- 19.8. Redfox may be vicariously liable for the conduct of Behr and Weber under section 332 of the Criminal Procedure Act 51 of 1977, and therefore committed the above listed offences committed by Redfox employees.
20. There is a strong case to be made that Sinclair, as a director of Sotic, Killassy, as an employee of Sotic, and Behr and Weber as directors of both Redfox and Sotic, were aware not only of Tagerwei's role in Sotic and the ASA deal but of the allegations against Tagwerei and the dubious source of his funds. We believe that the funds may constitute proceeds of unlawful activity under POCA which would trigger many additional charges against these individuals for enabling Tagwirei, through Sotic and Redfox, to launder and benefit from these unlawful proceeds.

CONCLUSION

21. The harm caused by the actions of Tagwirei and his powerful associates, as well as those that enable them, is inflicted on the people of Zimbabwe. The money that flowed out of Zimbabwe in connection with the ASA deal is an important example of 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 South African authorities investigate the role of individuals and registered corporations within its jurisdiction any conduct linked to these flows.
22. In addition to the clear interests of justice, taking action on this matter will also align with South Africa's objectives of removing itself from the Financial Action Task Force's ("FATF") grey list. The FATF has specifically identified that in order to be removed South Africa must demonstrate its ability to investigate illicit financial transactions and prosecute complex money laundering cases. Open Secrets and The Sentry believe that this matter provides such an opportunity and would therefore align with the Hawks investigative priorities.
23. While this letter is a comprehensive summary of the relevant issues, Open Secrets and The Sentry have additional evidence and sources which substantiate these claims. We hope to engage with your office further on this matter with a view to providing any additional assistance.
24. We respectfully request your response by 5 October. We look forward to hearing from you.

Yours faithfully

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