

## Media Releases 2011

### Arrest of SARS Official

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#### Investigators busts syndicate

**East London, 28 January 2011** – A 28 year old employee from the South African Revenue Service (SARS) has been arrested at the SARS East London office this morning for his alleged involvement in a country wide fraud syndicate whose activities SARS has been investigating for more than two years. SARS investigators carried out the arrest along with members of the Commercial Crimes Division of the South African Police Service.

This morning's arrest of the SARS official follows the earlier arrests of the two suspected ringleaders in northern Johannesburg – Mr. Vusi Mbiko and Mr. Siphon Lewana – who had been evading the police for the past three months and are believed to be commanding a sophisticated stolen cheques syndicate earlier.

For the past two and a half years, SARS has been investigating the disappearance of cheques at various offices around the country. Various SARS officials are suspected of having colluded with the syndicate members by stealing cheques, providing it to syndicate members, opening duplicate bank accounts in the name of registered companies and depositing stolen cheques into these accounts.

Over 390 cheques amounting to R83 million were stolen and deposited into bank accounts held by syndicate members. During the course of the investigation incidents of cheque fraud dramatically decreased with none reported since July last year. SARS and other law enforcement agencies have succeeded in recovering about 50% of the stolen monies.

No taxpayer who had cheques stolen by the syndicate was disadvantaged on the tax system.

The three accused who were arrested this week have and will be charged with fraud and theft relating to a sample of 7 of the stolen cheques that were identified. These include a cheque made out by the East London newspaper, Daily Dispatch, for about R480 000 which was placed in a drop box at the East London SARS branch office only to be stolen and deposited into a fake company account.

SARS believes the arrests represent a major success in the fight against financial fraud syndicates in this country. To date three other individuals – including another former SARS employee – have been convicted of fraud. The other SARS employee, Mr. Neo Kotsane from a SARS Pretoria Branch office is awaiting sentence.

Several others implicated in the scam are on trial in Bloemfontein. The trial is expected to expose the full operation of the syndicate and bring to book all of those who have been involved in the scheme. SARS is determined to secure the country's fiscus against any form of abuse, fraud or corruption and has expanded its internal controls in the handling of cheques. Most of the funds involved have been recovered from the relevant banks.

SARS will not tolerate any form of misconduct, abuse of office or collusion with criminal syndicates from its own employees.

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