



FORENSICS FOR JUSTICE

MAKING SOUTH AFRICA
A BETTER PLACE FOR ALL

NPC No. 2015/25962/08

A non-profit organisation, whom through the use of forensic investigative methods, are able to expose corruption and those who act corruptly. By doing so we are able to promote transparency and accountability and inevitably protect the scarce public resources, so that the poorest of the poor may have hope for a better future.

CASE SUMMARY 2018-08-11

THE STATE

VERSUS

ARRON BANKS and OTHERS

INTRODUCTION

On 2018-08-06 Forensics for Justice lodged a criminal complaint against Mr Arron Banks and others, with the Directorate for Priority Crimes Investigation, to investigate certain criminal allegations, namely:

- 1 Fraud
- 2 Corruption
- 3 Diamond Act Offences (contravention of Sections 18, 24 35, and 60 of the Diamonds Act of 1986, which carries a maximum penalty of ten years in prison).
- 4 Firearms Control Act Offences
- 5 Racketeering

The Directorate for Priority Crimes Investigation '**DPCI**' which is often referred to as the Hawks. It is a branch of the South African Criminal Justice System legislated for in terms of Section 17 of the Police Services Act. The mandate of the DPCI, is to investigate organised crime, corruption, serious economic crime or any other serious crimes referred to it by the South African Police Service.

On **2018-08-07** Forensics for Justice lodged an identical complaint with the Serious Fraud Office (SFO) in London, but excluding the firearms offences, as same were not within the jurisdiction of the SFO.

RELEVANT PERSONS

Banks Mr Arron Banks, United Kingdom Passport no. 511251893, date of birth 22 March 1966.

Thabane Mr Thomas Motsoahae "Tom" Thabane, Lesotho Prime Minister with Passport no. M099593 and date of birth 28 May 1939

Maseribane Mr. Thesele Maseribane, Leader of the Basotho National Party '**BNP**' and the Minister of Communications Science and Technology

Pryor Mr James Pryor, with ID no. 640811 5019 084, a business associate of Banks.

Coetzee Jacobus 'Kobus' Lodewyk Coetzee, with ID no. 680907 5005 080, a business associate of Banks.

Seba Pala Mine the Seba Pala Mine, near Mount Moorosi, Lesotho, the mine is owned by Mr Banks with Bathosotho Partners through a company called Mohokare Mining

Forensics for Justice have made use of transcribed interviews, sworn statements, affidavits, discrete forensics enquiries and interviews of certain persons during this investigation.

CORRUPTION ALLEGATIONS AGAINST ARRON BANKS & OTHERS

On **15 July 2018**, Mr. Thesele Maseribane, political party leader and Minister in the Lesotho Government, admitted in a BBC interview:

- 1 He, Thesele was introduced to Mr Banks by Mr James Pryor, an associate of Banks
- 2 Mr Banks supported Thesele financially when he was living in exile in South Africa for two years
- 3 Mr Banks paid “three groups of women” in Lesotho **ZAR500 000.00** EACH
- 4 Mr Banks had “quite a role” in Lesotho politics and wanted to be an “Economic Advisor” to Lesotho
- 5 Mr Banks “supported” one of Lesotho’s policy conferences as well as the **2013** Election Campaign of Thesele (BNP).
- 6 The Treasurer of BNP would invoice Mr Banks and Banks would transfer the funds.
- 7 The payments to the ‘Party’ were between **ZAR4 000 000.00** and **ZAR6 000 000.00** **(approximately GBP350,000-00)**

On **23 July 2018**, Mr Banks outright admitted that he paid money to Minister Maseribane into his personal bank account/s and to the personal South African bank account of Mr. Thesele Maseribane, Leader of the Basotho National Party ‘**BNP**’ and the Minister of Communications Science and Technology. It is clear to Forensics for Justice that the payments to the aforesaid Political figures by Banks amount to ‘Gratification’ as is defined in Act 12 of 2004.

On **16 February 2014**, an email from E Retsilisitsoe (the son of the aforesaid Maseribane) to Banks and James Pryor, “*My father had meeting with the minister of minings and our application has been approved*”.

It becomes clear that there is a causal link between the substantial payments made by Banks, sometimes in cash or into a private person’s bank accounts, that the *quid pro quo* for the ‘gratification’ was the issue of the mining exploration licence in favour of Banks’ mining application.

FRAUD ALLEGATIONS AGAINST ARRON BANKS & OTHERS

On **15 July 2018**, **Mr. Dirk Veldtman**, the Seba Pala Mine's Site Manager was interviewed by the BBC and confirmed, *inter alia*, that:

- 1 the Mine was shutting down
- 2 the Mine always ran at a loss
- 3 the Mine produced only SIX diamonds worth approximately **ZAR500 000.00** over three years.
- 4 if you are connected to or friends with people in the government the more likely you will succeed in Permit Applications, he admitted to greasing palms.

This is significant in that in **September 2017** Banks cause it to be publicly announced:

"This is another important development for Lesotho's future economic growth, spearheading the revival of the kingdom's diamond industry. We are confident the mine will generate important royalties for the economy, which we will continue to distribute through our ongoing program of philanthropy in Lesotho via www.lovesavestheday.org.uk.

"The area around the latest find has already produced some of the world's most beautiful and clear stones, and judging by our initial exploration I am confident it won't be too long before we find similar large diamonds.

"Our aim now is to invest heavily in the future development of the mine and ultimately the Lesotho economy."

Banks published on his website, that diamonds displayed in his jewellery store window, known as "1710 Parsons" are diamonds from his own mines and he names the mines. There is NO evidence that diamonds have yet been lawfully exported from South Africa to Banks, or his jewellery store, making the representations referred to, false.

SOUTH AFRICAN DIAMOND ACT OFFENCES, ALLEGED TO HAVE BEEN COMMITTED BY ARRON BANKS

On **29 July 2018**, Forensics for Justice obtained a sworn statement from a previous business partner of Banks in the diamond mining business, alleging, *inter alia*, amongst other allegations as follows:

- 1 Unlawful Diamond mixing – also a breach of the Kimberley Process
- 2 Unlawful possession of Uncut Diamonds - also a breach of the Kimberley Process

It also appears from the sworn statements in our possession that Banks has created an elaborate, yet opaque, corporate veil for the purpose of concealing the 'control' of certain diamond mines in South Africa in contravention of section 35 of the Diamond Act of 1986.

As evidence of the unlawful possession, on **4 April 2014**, Banks sent an email to Kimber:

*chris,
can you bring over a certificate for the diamond i took back - have you got any blanks!!!
was looking at getting it cut but need the paperwork...A*

The above implies that Arron Banks left South Africa with a rough diamond in his possession, in contravention of the Diamond Act of 1986. It is a serious offence to be in possession of a rough diamond without the required permit. It is unlawful to export a rough diamond without declaring same to customs and paying the appropriate levy.

Even if Banks had lawfully exported the diamond, he would have been liable for an export levy of 15% of the diamond value, which amounts to USD6 000.00. Since the diamond is alleged to have been 'smuggled' out of the country, the levy would not have been paid, which is a further two offences, one of smuggling an uncut diamond and one of customs avoidance.

As a result of the multiple alleged offences in terms of the Diamond Act of 1986, Forensics for Justice have also taken a decision to supply a copy of the criminal complaint, not only to the DPCI (in South Africa) and the SFO (in London), but also to the Department of Mineral Resources, (in South Africa) for their intervention into the patent breaches of the Kimberley Process.

FIREARMS CONTROL ACT OFFENCES - ALLEGED TO HAVE BEEN COMMITTED BY COETZEE AND PRYOR, WHO ARE BOTH EMPLOYEES OF ARRON BANKS

On **02** and **03 January 2014**, Banks, Pryor and Coetzee corresponded by way of email discussing 'signing out some firearms' and transportation thereof.

Kobus Coetzee states to Banks and James Pryor:

I land Monday in Cape Town what's the status with signing out some firearms ?

James Pryor replies:

They are stored in the safe at Ivan's office in CPT - unfortunately, I have the keys with me. I fly to CPT next week end and plan to drive up to Kimberley (or Lesotho) with them to meet you guys after you have finished in Durban.

How many do we need / want? There are two H&K's, one H&K compact, two Walther PPK's and one 9mm parabellum.....got plenty ammo.

After having checked the Private Security Regulatory Authority '**PSIRA**' database, we can confirm that neither Banks, Pryor nor Coetzee are authorised in law to be in possession of firearms. I have established that none of them have a Firearms Competency Certificate, as is required in terms of the Firearms Control Act. Therefore being in the possession of firearms under such circumstances would constitute a serious offence which carries a penalty of fifteen years in prison. It is also an offence to "transport" firearms without a special licence issued for that purpose.

Forensics for Justice believe we have supplied adequate *prima facie* evidence of the offences listed above, and will cooperate and assist both the DPCI and SFO where appropriate.

In the unlikely event that the authorities decide not to prosecute, then Forensics for Justice will consider the possibility of a Private Prosecution in both the UK and South Africa.

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