

More ANC leading figures embroiled in gold mines asset stripping scandal

By Eric Graham
12 September 2012

The words of Karl Marx have particular resonance when considering South Africa's Aurora scandal:

“The same prostitution, the same shameless cheating, the same mania to get rich was repeated in every sphere, from the court to the Café Borgne *to get rich not by production, but by pocketing the already available wealth of others* [emphasis added]. Clashing every moment with the bourgeois laws themselves, an unbridled assertion of unhealthy and dissolute appetites manifested itself, particularly at the top of bourgeois society—lusts wherein wealth derived from gambling naturally seeks its satisfaction, where pleasure becomes *crapuleux*, where money, filth, and blood commingle. The finance aristocracy, in its mode of acquisition as well as in its pleasures, is nothing but the *rebirth of the lumpen proletariat on the heights of bourgeois society*” (*The Class Struggles in France, 1848 to 1850*).

The liquidation of the South African company Pamodzi Gold Limited led to the awarding of rights to the Orkney and Grootvlei gold mines to Aurora Empowerment Systems (AES) in 2009. AES was headed by the nephew of President Jacob Zuma, Khulubuse Zuma; the grandson of Nelson Mandela, Zondwa Mandela; and President Zuma's legal adviser, Michael Hulley.

Between 2009 and 2012, AES stripped the mines' assets and effectively destroyed their productive capacity. Hundreds of millions of rand obtained from the theft of assets and gold were funneled to Zuma, Mandela and several others. In addition to this, AES halted workers' wages in early 2010, plunging more than 5,000 workers and 40,000 dependents into abysmal poverty.

In May 2011, liquidators Enver Motala and Gavin Gainsford were fired by the Justice Department, allowing the remaining four liquidators to remove

AES. An in-camera Master of the High Court inquiry in terms of the Companies Act was then launched, during which compelling evidence emerged indicating that the lead Pamodzi Gold liquidator, Enver Motala, connived with AES in obtaining rights to the mines in question.

Motala was blacklisted by the Master of the High Court in September 2011. Motala, it was revealed, had 93 previous fraud convictions dating from 1978. In 1981, he changed his name from Dawood to Motala to conceal his criminal past. During the inquiry, Motala was evasive, refusing to appear before the High Court until his application to be reinstated as a liquidator had been heard and then denying any knowledge of Enver Dawood and any previous criminal convictions.

In November 2011, Motala was charged with perjury for lying under oath.

It appears that Motala was party to the fraudulent letter that enabled AES to present itself as having the financial backing to purchase the shares necessary to obtain ownership of the Orkney and Grootvlei mines. Callie Smit, a former legal adviser to Aurora, testified that Faizal Bhana, one of Aurora's financial advisers, called him to Motala's Johannesburg offices in February 2010. He was instructed to write a letter to Pamodzi's liquidators on behalf of the Malaysian company, AM Equity, stating that the company had deposited R20 million into a trust account to enable Aurora to purchase the rights to the Pamodzi mines.

Motala was not present when the letter was written, but was present when the letter's contents were discussed and the instruction given.

In an affidavit by Christine Rossouw, deputy master of the North Gauteng High court, it was stated that Motala “participated in committing fraud on his joint liquidators designed to, and which had the effect of, convincing them of the financial ability of that

purchaser [Aurora].”

She continued, “It appears that what commended Aurora to Motala was the fact that a nephew of President Zuma and a grandson of President Mandela were among its directors and that it was effectively run by two friends of Motala, Messrs Faizel and Solly Bhana”.

Motala also stands accused of lying to a parliamentary committee on the same matter.

In 2010, Motala, in a presentation to parliament’s minerals and energy committee, maintained that Standard Bank had verified the credentials of AM Equity. This was denied by the director of Standard Bank’s mergers and acquisitions division. The director further noted that during the closed May 2011 liquidation inquiry, the bank visited the listed address of AM Equity in Kuala Lumpur and was unable to determine whether the offices were indeed those of AM Equity, as they were vacant and used as general rental offices. Standard Bank was thus unable to verify the AM Equity credentials. It seems that the company was an empty shell created for the purpose of defrauding the Pamodzi liquidators.

It has also been revealed that in 2010, Motala, through his company, SBT Trust, lent Aurora R3 million. The Bhanas raised money from family members when it became clear that Aurora was in dire financial straits. The loans were promptly repaid with 100 percent interest. The links between the Bhanas and Motala are under investigation.

In January 2012, Motala submitted an application for a presidential pardon for fraud and theft. He has sought the support of prominent African National Congress (ANC) members—Winnie Madikizela-Mandela, party security boss Tito Maleka and Philip Masekwa, the private secretary to Minister Jeff Radebe.

His application has various letters of endorsement attached to it, including that of Tito Maleka. The letter from Maleka is on an ANC head of security letterhead, directly addressing, “Dear Comrade President.”

It commends Motala’s integrity and concludes, “The application for pardon by Comrade Motala is supported by this office.”

Meanwhile, South African’s *Mail & Guardian* has revealed that a close associate of Jacob Zuma is involved with the new owners of the Orkney mine. In addition, the Orkney managing contractors have

expressed grave concerns that Khulubuse Zuma and Michael Hulley might be involved in the deal.

SSC Mandarin, a Chinese partner in the consortium bidding for the Orkney mine, met with President Zuma in the same week that it submitted its proposal for the Orkney mine.

The consortium Chinese African Precious Metals (CAPM)—comprising Elias Khumalo’s BEK Resources, former PetroSA boss Siphon Mkhize (who was fired from PetroSA for mismanagement and corruption), Free State businesswoman Hettie Fourie and SSC Mandarin—was approved by the liquidators, subject to conditions. The COSATU-affiliated National Union of Mineworkers and the Solidarity trade unions have endorsed CAPM’s acquisition of the Orkney mine.

Khumalo, a former trade union bureaucrat, has been a close confidante of President Zuma since the 1990s. In 2007, the *Star* described him as a “person with a direct line to Zuma, consulting and advising him on issues of a personal nature.”

The newspaper continued that “he has on several occasions defended Zuma or pronounced himself on issues when it has been regarded as unwise for Zuma to do so.”

Since Zuma’s ascent to the presidency, his family and associates have amassed fantastic levels of wealth. A *Mail & Guardian* report in 2010 revealed that the combined business interests of Zuma and 15 adult members of his family accounted for 134 company directorships or members of closed corporations. Of these, 83 were registered after Zuma’s election to head of the ANC and are linked to industries in which the state plays a central role, such as telecommunications and mining.

To contact the WSWS and the
Socialist Equality Party visit:

<http://www.wsws.org>