

**Framing VBS: A textual analysis of Daily Maverick's coverage of the VBS Mutual Bank heist in the years 2018-2020.**

**A thesis submitted in partial fulfilment of the requirements of the degree of Master of Arts  
(Cwk/Thesis) in Journalism and Media Studies**

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## **DEDICATION**

To my mother Brenda Mthembu. You are my sunshine. Thank you for all your support throughout this difficult journey at UCKAR.

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I would like to thank my supervisor Gill Rennie for believing in me. Your feedback, guidance and positive energy motivated me to carry on writing even when I felt like giving up.

Lastly, I would like to thank God and my ancestors for answering my prayers.

## **ABSTRACT**

This study investigates how Daily Maverick framed the VBS Mutual Bank scandal for its readers in the years 2018-2020. It utilises framing theory as the guiding theoretical framework in trying to understand how Daily Maverick portrayed the corruption case for its readers. This study also leans on social responsibility and normative theories of the press to analyse whether Daily Maverick fulfilled its role of facilitating dialogue between the elite and ordinary citizens of Limpopo affected by the corruption at the bank. Using a qualitative textual analysis, the thesis discusses how elite sources were quoted more than ordinary citizens who are affected the most by the corruption scandal. This allowed the elite to turn the VBS matter into a political spectacle whereas, because it is an example of failure in the financial sector, the heist caused further failures in municipalities already failing in Limpopo, North-West and Gauteng.

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## **ABBREVIATIONS**

|          |  |
|----------|--|
| ANC      | African National Congress                        |
| CEO      | Chief Executive Officer                          |
| CFO      | Chief Financial Officer                          |
| COGTA    | Corporate Governance and Traditional Affairs     |
| DA       | Democratic Alliance                              |
| EFF      | Economic Freedom Fighters                        |
| GBS      | Grahamstown Building Society                     |
| MP       | Member of Parliament                             |
| NPA      | National Prosecution Authority                   |
| PRASA    | Passenger Rail Agency of South Africa            |
| SABC     | South African Broadcast Corporation              |
| SANEF    | South African National Editors Forum             |
| SARS     | South African Revenue Service                    |
| SARB     | South African Reserve Bank                       |
| SATAWU   | South African Transport and Allied Workers Union |
| Stats SA | Statistics South Africa                          |
| VBS      | Venda Building Society                           |

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## Chapter One

### Introduction

#### 1.0. Introduction

The following thesis explores coverage of the VBS Mutual Bank heist by Daily Maverick as this study aims to investigate ways in which online media frame corruption news. Using tools of textual analysis, the investigation looks at how Daily Maverick, an online publication, framed the VBS matter for its readers in the years 2018-2020.

This introductory chapter provides a background to the study, introducing VBS Mutual Bank as a case study. In this chapter I indicate the significance of the study and its research goals. The chapter also points to the project's theoretical framework; methods, procedures, and techniques used in carrying out this study. Lastly, by way of conclusion to this chapter, I provide a thesis outline.

#### 1.1. Background to the study

Venda Building Society (VBS) was founded in 1982 to cater for people in Venda, Limpopo, and became a blacked-owned mutual bank in 1992. Because of alleged corruption that took place at the bank, VBS was declared insolvent in 2017 until it was put into final liquidation on 13 November 2018. Chapter Two of this study will discuss how the corruption took place at the bank. The public first heard of the heist in 2018 through The Great Bank Heist, the forensic report<sup>1</sup> which was released in October that year and served as a reference for people interested regarding what happened at the bank. The report revealed that 53 perpetrators stole R1.894 billion from VBS Mutual Bank (Motau, 2018).

To assist those who had lost their money, on 1 April 2021 the South African Reserve Bank (SARB), the VBS liquidator, and Nedbank issued a joint statement indicating that those who had up to R100 000 in their VBS accounts could redeem their money at any Nedbank branch up until 8 July 2020<sup>2</sup>. Corporate and municipal deposits were not covered in this agreement, with only retail depositors<sup>3</sup> accommodated<sup>4</sup>. The motivational roots of this study lie in this broad identification of corruption in the public sector and, using

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<sup>1</sup> Read more here: <https://www.opensecrets.org.za/wp-content/uploads/VBS-Mutual-Bank-The-Great-Bank-Heist.pdf>

<sup>2</sup> See Attachment 10: Joint communication from the South African Reserve Bank, the liquidator of VBS Mutual Bank (in liquidation) and Nedbank limited.

<sup>3</sup> Retail deposits are deposits by individuals, burial societies, stokvels and saving clubs.

<sup>4</sup> Despite this arrangement, however, it has not been confirmed that every qualifying depositor did indeed receive the amounts they lost (see, for instance, <https://www.businessinsider.co.za/thousands-of-vbs-depositors-still-havent-claimed-their-money-and-have-until-july-2021-2020-7> )

Daily Maverick as a case study, aims to explore how media covered that corruption. “This is because corruption and its effects are deeply felt in the public sector and on a macro-level impeding economic growth and development” (Hanna et al; 2011:12).

This study is particularly interested in Daily Maverick’s coverage because the newspaper frequently covers investigations of corruption that take place in the country and offers the most detailed coverage on the VBS matter. It is necessary for scholars to look at how the media cover corruption and inform its readers about its effects, because as Khan and Pillay (2019:1203) put it, “corruption is a formidable obstacle to sustainable development and meaningful transformation at all levels of government and society” and foundational to this project is the view that the media have a meaningful role in exposing corruption so that those responsible can be held accountable.

### **1.2. Significance of the study**

This study is important as it explores an aspect of a corruption scandal that took place in one of South Africa’s poorest provinces. Limpopo is one of the provinces with the highest headcount of adult poverty in South Africa at 67,5%, with more than half of the province’s population living in poverty (Stats SA; 2022a). Many people not only relied on the bank for saving money, but also as a source of employment in Venda. Findings show that “since being put into curatorship, 94 workers have lost their jobs” (Head; 2018). This study is important because the VBS Mutual Bank is the first ever black-owned bank to have had over almost R2-billion looted from it. Moreover, no other Mutual Bank in South Africa has been looted to this extent. Chapter Two of this study looks at South Africa’s banking sector in more detail.

The VBS scandal is also significant in the media landscape because it delivered material for an award-winning story which saw Daily Maverick and its staff receiving recognition for their articles related to VBS. What is pertinent to this study is the fact that “professional awards in the media industry are intended to identify and reward what are considered the best practices in the field” (Volz; 2013:391). This research project is interested in whether that excellence reflects also in the way Daily Maverick coverage bears out certain theoretical aspects of media studies.

### **1.3. Research goals**

This study seeks insight into how a leading investigative newspaper (Daily Maverick) covered a corruption story in a South African province which has been identified as a province “that is dealing with high levels

of corruption and mismanagement of funds meant for service delivery” (Manago; 2012: 6). Therefore, taking into consideration the widespread poverty facing the province, it would be important to document the lived experiences of those facing the consequences of corruption as “it is the media’s role to raise public awareness about corruption and provide a platform for voicing complaints” (Camaj; 2013:21).

The goal of the study is to establish the following:

- In what ways does Daily Maverick’s coverage of the VBS corruption illuminate the lived experiences of those most affected by the bank’s closure?
- Which sources did Daily Maverick draw on the most in their coverage of VBS?
- What framing of the VBS matter does Daily Maverick present to its readers?

#### **1.4. Theoretical framework**

This thesis draws on framing theory as a tool to analyse what frames were used in a selected number of articles. The analysis of these texts through this lens will help establish how the story was reported to Daily Maverick readers. Framing is defined by Chong and Druckman; (2007:104) as “the process by which people develop a particular conceptualization of an issue or reorient their thinking about an issue”. How people conceptualised the VBS matter based on Daily Maverick’s coverage lies beyond the scope of this project which concerns itself with textual analysis rather than with audience studies. However, this project leans on the underlying presumption of framing theory that “the organization of messages affects subsequent thoughts and actions” (Simon and Xenos; 2000:366).

Agenda-setting and framing theory are blending theories, meaning that both these paradigms work together in their focus on the relationship between the media and audience. As Scheufele (2000:298) puts it, “agenda-setting is concerned with the salience of issues, frame-setting, or second-level agenda-setting is concerned with the salience of issue attributes”. These theories, looked at in conjunction, will be useful to this study as they will assist in investigating what frames Daily Maverick created in its coverage of the ongoing VBS case to reveal a possible agenda for their audience.

This study also examines social responsibility and normative theories of the press as its theoretical frameworks. These theories, taken in tandem, will be interpreted in the quest to understand whether Daily Maverick afforded those negatively affected by the bank heist an opportunity to hold accountable those guilty of the bank’s closure. Social responsibility of the press is taken to mean that the press is obliged to the public through “servicing the political system by providing information, discussions and debates on

public affairs and enlightening the public so as to make it capable of self-government” (Siebert et al; 1976:24). By doing so, social responsibility theory aligns with normative theories of the press because “normative theories are theories which seek to locate media structure and performance in the milieu (environment) in which they operate, they are observations of situation within which the press operates” (Oluwasola; 2020:4).

### **1.5. Methods, procedures, and techniques used**

This study conducts a qualitative textual analysis of a body of 10 articles.

### **1.6. Thesis structure**

This thesis consists of six chapters. This chapter serves as the introduction to the study.

Chapter Two gives the context of the study.

Chapter Three outlines the theoretical frameworks used in this study. These are framing theory and agenda-setting, the normative theories of the press and social responsibility of the media.

The methods employed in conducting this research are discussed in Chapter Four.

Chapter Five presents the findings and discusses them. Chapter Six concludes the study.

## Chapter Two

### Context

#### 2.0. Introduction

This study will use frame analysis to discuss how Daily Maverick portrayed the closure of the VBS Mutual Bank which was put into curatorship due to corruption that took place at the bank. Kekana (2021:23) states that “the causes of bank weakness may be associated with fraud or criminal activities perpetrated by bank personnel”. Taking the above into account, the first section of this chapter examines bank failures and uses the VBS Mutual Bank heist as a case study of corruption in the banking sector.

The second section discusses financial journalism as this study is concerned with corruption in the banking sector. The mainstream media played a role in exposing key role players such as traditional leaders, government officials, and family members of political party leaders who allegedly benefited from the VBS looting. The last section looks at the work of investigative journalists at Daily Maverick, a leading critical newspaper focusing on corruption, that led me to this study. Their coverage explicated the Motau report by providing articles that present evidence illustrating how politicians and bank managers shared VBS money amongst themselves.

This study is important because it explores media coverage of a bank heist that affected a rural economy. A survey of the field indicates that this is the only academic research focusing on the VBS matter at the social level. In particular, there has so far been no other research that interests itself with how the media reported on the impact of the bank’s heist on members of stokvels and pensioners with no salary. However, there are other studies that investigate the VBS corruption matter from other angles. In their critical analysis of bank failures in South Africa, Thulare (2019) spotlights VBS Mutual Bank but in terms that outline the reasons contributing to bank failures more broadly in South Africa.

## **2.1. South Africa's banking sector**

South Africa's banking sector is highly ranked internationally. According to a survey of Africa's top 100 banks by African Business (Ford; 2022), the country's "top four banks" – which are Standard Bank, Absa, Nedbank and FirstRand – "still fill four of the top six slots". Banks' infrastructure enables transactions between various stakeholders in the economy, ensures that workers can send money to their families in rural areas and enables the payment of social grants (The Banking Association of South Africa; 2017:2). Social grants help poor households pay for minimum needs such as food and electricity.

For people who rely on social grants, saving is important because many of the people who receive social grants in rural communities are unemployed. According to the World Bank (2022), "South Africa is the most unequal country in the world, ranking first among 164 countries in the World Bank's global poverty database". With this in mind, it would be fair to say that, of the VBS depositors who experience the scope of the corruption that took place at the bank, it would be the unemployed and poor who feel it most.

Common reasons for bank failures in South Africa include corruption and liquidity problems (Thulare:2019). According to the Basel Committee on Banking Supervision, "it is recommended that as a bank approaches failure, supervisors, in coordination with the resolution authority, prepare detailed and comprehensive contingency plans. A bank's recovery plan should detail the bank's strategy for restoring their financial strength" (2015:26-27). In their presentation to Parliament, the South African Reserve Bank indicated that "VBS submitted Liquidity Recovery Action Plan which was not satisfactory to ensure correction of immediate liquidity shortage" (South African Reserve Bank; 2018:6).

In 1982 VBS started as a Building Society, where individuals from Venda would save their stokvel monies, providing loans and financial services to one another. A Building Society is run by its members who offer each other interest rates which are less than those offered by banks. The Venda Building Society then became a Mutual Bank in 1992. To promote saving in the rural economy, Mutual Banks were established

and are regulated under the Mutual Banks Act 124 of 1993. Mutual Banks are locally focused and benefit the communities they serve. Mutual Banks were established because “the Registrar of Banks identified a need for banks not based on corporate membership” (Mutual Banks/Revenue Laws Amendment Bill, 1999).

There is currently only one functioning Mutual Bank in South Africa which is: Grahamstown Building Society Mutual Bank in Makhanda, Eastern Cape. GBS Mutual Bank opened its doors for business as the Grahamstown Building Society in 1877 and is one of the oldest banks in South Africa. Other Mutual Banks include, Community Mutual Bank, which was put into curatorship in 1996 due to liquidity problems, and TNBS Mutual Bank, which was deregistered in February 2001 (Thulare: 2019).

A prior high-profile bank failure that received substantial media coverage was African Bank being put under curatorship on 10 August 2014. Initially, African Bank was a mono-line<sup>5</sup> bank known for providing personal loans and credit cards to historically disadvantaged people. “The causes that ultimately lead to African Bank’s downfall were, inter alia, a liquidity crisis; the bank’s impaired policy framework; the increased credit risk; and the lack of an innovative and effective business model” (Thulare; 2019:26).

VBS Mutual Bank was designed with the intentions of protecting the finances of low and middle classes households in mind. It was a sustainable door to the financial sector and an opportunity to save so that the poor can have financial stability for themselves. The VBS matter has therefore highlighted the importance of protecting banks from closure.

#### 2.1.1. VBS Mutual Bank: Genesis and demise

Venda Building Society was established by the Venda royal family. In the book, *VBS: A Dream Defrauded*, Dewald Van Rensburg (2020:4) writes that “Mphephu III, otherwise known as Patrick Ramaano Mphephu, was recognised by the apartheid government as paramount chief and president of Venda in 1979. One of his creations was the modest Venda Building Society, which offered regular Venda’s mortgages to build on communal land” (2020:4). His nephew, Toni Mphephu Ramabulana, became king in September 2012. Van Rensburg further writes that King Toni Mphephu Ramabulana played a role of “ubiquitous matchmaker” in the VBS saga due to his popularity in Venda.

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<sup>5</sup> African Bank was a mono-line bank meaning it only offered land, property or home loans and credit cards to historically black people. It did not offer any other services.

Based in Thohoyandou, Limpopo, VBS Mutual Bank was once a bank that provided housing loans to people in rural Limpopo and assisted them with other financial needs. By the time of its closure, however, an alleged total of R2,3 billion had been stolen in what became seen as a looting spree for the bank's executive members, non-executive directors, and investors who took away the life savings of pensioners in rural Limpopo. From 31 March 2014 VBS reported a loss of R1 9871 982. By 2017 the bank's liabilities exceeded its assets by about R180 million and the bank was declared insolvent as of 31 March 2017.

From 11 March 2018, the bank was put under curatorship. According to Section 69 of the Banks Act 1994<sup>6</sup>, banks can be put under curatorship to save the bank's assets for the interest of their clients. The curators' job is to save the bank from bankruptcy. The deputy governor of the South African Reserve Bank (SARB), Mr Kuben Naidoo, appointed Advocate Terry Motau to conduct an investigation into the VBS matter. A forensic investigation report titled *The Great Bank Heist* was sent to the SARB to look further into the affairs of the VBS Mutual Bank. In its media statement<sup>7</sup> issued on 10 October 2018, the SARB specified the main objectives of the forensic investigation had been to establish:

1. If any of VBS's business was conducted for a fraudulent purpose.
2. If VBS's business conduct involved any questionable and reckless business practices with or without the intent to defraud depositors and/or any other creditors.
3. If there had been any irregular conduct by VBS's shareholders, directors, executive management, staff, stakeholders, and/or related parties.

The investigation into the VBS looting also found that contract financing, when companies receive a cash advance on work that still needs to be performed on a contracted job, was the prime way of looting funds from VBS. Those who wanted to manipulate VBS banking systems for their benefit kept contract financing off the VBS banking system known as EMID. The forensic investigation by Advocate Terry Motau further revealed that "because the contract finance book was kept on an Excel spreadsheet rather than on the EMID system, there were no automatic reports generated when the facilities were not serviced by the borrowers" (Motau; 2018: 68).

Not only was manipulating the VBS banking system used to loot money, but bribes were paid to municipal officials, slush funds, fraud, and the deliberate misappropriation of taxpayers' money was executed to steal

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<sup>6</sup> See Banks Act 1994: [https://www.gov.za/sites/default/files/gcis\\_document/201503/act-94-1990s.pdf](https://www.gov.za/sites/default/files/gcis_document/201503/act-94-1990s.pdf)

<sup>7</sup> See attachment 4: South African Reserve Bank Press Statement on VBS Mutual Bank

from the bank. Individuals who took part in the loot and received extensive coverage from Daily Maverick were:

- Brian Shivambu
- Tshifiwa Matodzi
- Siphon Malaba
- Danny Msiza

Each of their roles in the heist is discussed in the section below.

### 2.1.2. VBS Bank heist administrators

To receive money through firms, Robvet LTD, Leratadima, Black OPS, and Sgameka Projects were schemes created to falsely increase VBS profits. They are fake companies created without balance sheets to send payments to friends, allies, and acquaintances that turned a blind eye to the irregular conduct of the former chairman Tshifiwa Matodzi, former CEO Andile Ramavhunga, and the former Chief Financial Officer at VBS, Philip Truter. A fake company that received extensive media coverage was Sgameka Projects after it was revealed in the report that it is a company owned by Brian Shivambu, brother of the Economic Freedom Fighters (EFF) deputy president Floyd Shivambu.

The South African Revenue Service (SARS) demanded R28.2million from Brian Shivambu who lambasted The Great Bank Heist report and claimed in a statement that no investigator came to question him, and that he intends on “suing the owners of the VBS report for defamation”<sup>8</sup>. In August 2019 Shivambu was ordered by the High Court to pay R1.78-million to the bank’s liquidators. In terms of the order, Shivambu must pay R 1 785 708.60 plus interest and will also have to pay costs on an attorney and client scale. (Skiti; 2019).

On 6 June 2021, Daily Maverick reported that Brian Shivambu signed a secret contract admitting to having received R4.55-million in VBS heist. In the article, written by Pauli Van Wyk, it is revealed that “Brian Shivambu signed a contract agreeing to pay back R300 000 in 13 monthly instalments by the last business day of each succeeding month and the remaining balance thereof in the amount of R350 000 by the last business day of the 14<sup>th</sup> month” (Van Wyk, 6 June; 2021).<sup>9</sup>

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<sup>8</sup> See attachment 3: Statement by Brian Shivambu on VBS Allegations

<sup>9</sup> Read more here: <https://www.dailymaverick.co.za/article/2021-06-06-floyd-shivambus-brother-quietly-pays-back-r4-55m-admits-he-received-the-vbs-money-gratuitously/>

The investigation by advocate Terry Motau revealed that Paul Makavhu, the Venda king's advisor, also received vast sums of money from VBS illegally. In a letter addressed to the VhaVhenda people on 14 October 2018, King Toni Ramabulana offered to repay any amount which was sent to him if it is "shown to have been proceeds of the illegalities in the report"<sup>10</sup>.

Auditing firm KPMG also found itself in the spotlight. Former KPMG partner Sipho Malaba signed off the bank's financials knowing that they were misleading. The Great Bank Heist report states that "Malabawas likely to have been the beneficiary of very substantial, and largely unserviced facilities granted by VBS. The facilities were not in his name, and he had not made any declaration to KPMG about the existence of such facilities" (Motau; 2018:105). KPMG responded to the allegations by suspending Malaba and further stated in its 2018 July Annual Integrated Report that "following the VBS Mutual Bank matter, it became evident that we needed to investigate all the issues identified fully and formulate an appropriate response plan." (Hoffman; 2018:10).

Bribes were paid to municipal officials to sway them into paying deposits of municipal funds to VBS. A slush fund, Robvet (Pty) Ltd, was used to transfer money to municipal officials who agreed to this arrangement. The kingpins in this solicitation of municipal funds were the Provincial Treasurer of the African National Congress (ANC) in Limpopo, Danny Msiza, and Andile Ramavhunga, Chief Executive Officer (CEO) at VBS. Municipalities that made deposits were mainly from Vhembe District Municipality. However, "14 municipalities located in three Provinces - Gauteng, Limpopo, and Northwest - had illegally invested and subsequently lost funds with VBS Mutual Bank, to the total tune of R1 576 938 563" (Minister on municipalities affected by VBS Bank collapse; 2018). VBS had actively received 75% of its deposits from municipalities illegally. The modus operandi of VBS had been to make long-term loans, knowing that its primary funding was short-term in nature (VBS Bank impact on municipalities' finances; 2018). Minister Mkhize noted that in addition to defrauding municipalities, the collapse of VBS had resulted in the loss of funds invested by local funeral schemes and other community investment schemes by the poor (Minister on municipalities affected by VBS Bank collapse: 2018).

Not only did VBS executive members lobby money from municipalities, but state entities such as Passenger Rail Agency of South Africa (PRASA) were also targeted. Phophi Mukhodobwane, the former General Manager of Treasury at VBS (who played a central role in the fraudulent misrepresentations of the banks' regulatory returns), testified that VBS attempted to obtain a deposit of R1-billion from PRASA in 2017.

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<sup>10</sup> See attachment 2: Venda King Open Letter to VhaVenda people.

An amount of R1.5-million was paid to a group of officials from the South African Transport and Allied Workers Union (SATAWU) who claimed to be able to enable this deposit. The success of the PRASA deal depended upon Nkosazana Dlamini Zuma being elected as president of the ANC at the party's elective conference held in 2017. In the Investigators Report to the Prudential Authority, Mukhodobwane testified that “after the unexpected outcome of the ANC elective conference, a renewed attempt was made in January 2018 to pursue the solicitation of a R1-billion deposit from PRASA” (Motau; 2018: 48).

The total number of people accused of looting VBS is 14. They face 188 charges of racketeering, fraud, corruption, and money laundering. They were granted bail of between R50 000 and R100 000 each (Chabalala; 2021). They include: Tshifhiwa Matodzi; Robert Madzonga; Phophi Mukhodobwane; Avhsahoni Ramikosi; Solomon Mapisa; Kabelo Matsepe; Danny Msiza; Rallion Razinnane; Takunda Edgar Michele; Tshiane Madadze; Andile Malusi; Siphon Malaba; Phillip Truter; Ramavhunga Mulimisi.

At the time of writing this thesis, the VBS matter is still in trial and has not concluded. However, on 7 October 2020, Philip Truter was the first executive member of the bank to be sentenced to seven years in prison. Truter pleaded guilty to all charges and turned state witness.

## **2.2. Financial Journalism**

This study is interested in the extent and manner in which traditional media frames for their audiences' issues of crisis in the financial sector because financial journalists play a critical role in "widening and advancing public understanding about the meaning and significance of events in the financial sector" (Doyle; 2006:3). “The financial press grew popular due to the rise of the global economy and the public's desire to understand the political economy” (Doyle; 2006:7). It is stated in Lee (2014: 716) that “financial journalists are active agents shaping public opinion who rely on established sources such as financial professionals, government officials and less often audiences and workers”.

Daily Maverick's financial journalism focuses on investigating and exposing various corruption matters as well as giving financial advice to its readers. The newspaper's subsidiary title, Business Maverick, offers extensive coverage of finance news. Even though most financial news is published in Business Maverick, this study considers that there are financial implications of this bank heist on the social level. Consequently, this research focuses particular interest in coverage published in Daily Maverick's main section as opposed to Business Maverick.

The VBS case relates strongly to traditional media in South Africa and the influence of traditional media in the financial journalism space. According to Tambini (2008:160), “financial journalism is involved in holding corporations to account and informing the public about the risks of the financial system. Regulators, of course, hold businesses including banks to account, but they rely also on the public and the media working to expose wrongdoing and expose matters of public interest”.

This means that even though VBS is regulated by the South African Reserve Bank and an investigation took place to find out what happened at the bank, the SARB still relies on the media to inform the public about what happened at the bank. Due to illegal expenditure in municipalities, many municipalities that invested in the bank are facing service delivery problems. Additionally, ordinary citizens lost their savings. On both counts, the corruption at VBS becomes a matter of public interest requiring that news outlets mediate relevant information for their audiences.

Financial journalists have been criticised for not performing the watchdog function of the fourth estate but instead see their role as presenting information for the audience to interpret (Lee; 2014:716). Furthermore, “there is consensus in the literature that financial press is biased in its choices of sources, favouring financial and political elites over other types of sources of information” (Phillips and Lidberg; 2017:325). It is for that reason that this study investigates how the use of elite sources determines how the story of the poor affected by the banks heist is told.

### **2.3. Daily Maverick**

Daily Maverick is an online newspaper that was co-founded by Branko Brkic and Styli Charalambous in 2013. It is an online newspaper that not only includes pictures and text but also offers webinars and podcasts, as well as videos and audio clips appealing to a wide range of audiences. For example, Daily Maverick invites audience engagement through virtual webinars, comments, emails, and social media. This kind of newspaper “makes way for a new journalism which seeks to encourage readers to join journalists in a more open and interactive discussion” (Franklin; 2008:308).

Daily Maverick has a growing reach online (up from 11% to 19%) and growth in trust from 60% in 2020 to 66% (Roper; 2021). Such growth points to the positive response newspaper readers have towards digital news platforms. The positive response is expected because “the evolution of online newspapers has made visible taken-for-granted aspects of print production culture, provided a window into the emergence of new regimes of content creation and allowed the examinations of broader patterns in the construction of information on the internet” (Boczkowski; 2002:170).

By the year 2019 the paper had published more than 47 000 features and brought to the world South African corruption stories such as the GuptaLeaks, the SARS Rogue Unit scandal, as well as the VBS saga (eNCA: 2019). Daily Maverick journalist Pauli Van Wyk has been awarded for her investigative work regarding the VBS saga. On 15 October 2020, at the Standard Bank SikuVile Awards, she was named Journalist of the Year, for “Cruising Nicely on VBS Money”, which together with her “The Elements of a Bank Heist” made up the body of work that was named South African Story of the Year. Both were for Scorpio<sup>11</sup> and Daily Maverick. Van Wyk also won the Investigative Journalism category with “Cruising Nicely on VBS Money” (Bizcommunity.com; 16 October; 2020).

The paper has been recognised by the South African National Editors Forum (SANEF) for its bravery, with the CEO Styli Charalambous being the winner of the 23rd Nat Nakasa Awards on 14 August 2021. According to Payne (2021) “The award, named in honour of journalist Nat Nakasa, who died while in exile in 1965, is given to a media practitioner who:

- has shown integrity and reported fearlessly,
- has displayed a commitment to serve the people of South Africa,
- tenaciously strives to maintain a publication or other medium despite insurmountable obstacles, and has resisted any censorship
- -and shown courage in making information available to the South African public”.

This is the editorial context of this research project.

## **2.4. Conclusion**

This chapter has discussed the context of the research question. The next chapter discusses the literature this study will draw on.

## Chapter Three

### Theoretical Framework

#### 3.0. Introduction

The underlying theoretical framework guiding this study is frame analysis, an approach in media studies that will be useful to this project's exploration of how Daily Maverick framed the VBS Mutual Bank heist in its coverage during the years 2018-2020. One influential way that the media may shape public opinion is by framing events in particular ways (De Vreese; 2005:51). The VBS case unfolded in a series of events where the report was first published, then the names of prominent politicians were mentioned by the media, and an auditing firm came under scrutiny after it was alleged that one of its auditors deliberately misrepresented VBS finances.

With this in consideration, the first section looks at the Four Theories of the Press, a theory in media studies that explains how media operate. The second section looks at the Social Responsibility of journalists. The social responsibility of the press is to ensure that news is truthful and relevant; with various voices heard. The last section discusses framing theory. Framing is a “tool used by the media and politicians to direct their readers to a desired frame of mind” (Cissel; 2012: 69). This frame of mind can be directly linked to what they (media and politicians) wish to be the prevailing narrative surrounding the story.

#### 3.1. Normative Theories of the Press

Initially, the dominant standards of how the press should conduct itself and how it should be understood, were known as the Four Theories of the Press. These theories were advanced by Fred Siebert, Theodore Peterson, and Wilbur Schram who argued that “the press always takes on the form and coloration of the social and political structures within which it operates” (1956:1). They presented the Authoritarian, Libertarian, Soviet Communism/Marxism and Social Responsibility, as the four theories which explain how the media operate in providing people with the information they need and serve as a professional training for journalists.

The authoritarian role influences press practices even when a government may officially subscribe to other systems. “This assumes, from a structural-functionalist perspective, that the state has a fundamental interest

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<sup>11</sup> Scorpio is the investigative unit of Daily Maverick

in maintenance and stability of the power structure in its favour” (Ostini and Ostini; 2002:40). The second normative theory is based on the premise that libertarian ideals involve an innate distrust of the role of government and the state. Oppositional to both these approaches, the Soviet Communist model is seen as an extreme application of authoritarian ideas- in that media are totally subordinated to the interests and functions of the state. Of specific interest to this project, the social responsibility model is based on the idea that “media have a moral obligation to society to provide adequate information for citizens to make informed decision” (Ostini and Ostini; 2002: 46).

There have been various debates about the Four Theories of the Press and their role in democratic societies, with critiques arguing that “the original Four Theories lacked the requisite flexibility to analyse modern press systems and it ignored the role of economic influence in media systems” (Ostini and Ostini; 2002: 43-44). Notwithstanding the diminished value of these original theories, this research draws on social responsibility for reasons outlined below:

- Media social responsibility has the proper custody and care of its audience,
- safekeeping of its audience, and.
- has society’s interests as its top priority (Middleton; 2019).

Christians et al (2009:4) view the four theories from a democratic perspective and note that they were “developed at a time when the world was divided between the capitalist west, the socialist east, and the underdeveloped south”. The authors question the type of normative thinking that the four theories reflected and go on to present the view that journalists play four general roles in society.

These are: the monitorial role, which is the passive channelling of information and carrying out a watchdog role on behalf of the public. The facilitative role, designed to widen access and promote active citizenship through debates and participation; the radical role, which exposes abuse of power and raises popular consciousness of wrongdoing, inequality, and the potential for change; and the collaborative role, which creates partnerships between journalists and those in power, notably the state (Christians et al; 2009:125-127). I will now explicate all four roles before presenting the value to this research of one in particular.

### **The monitorial role**

This role serves as watchdog on behalf of the public and provides platforms for them to voice out their concerns. As a watchdog, it provides the public with warnings of risks, threats, and dangers that might have severe consequences. The monitorial role also serves as a guide to public opinion and to attitudes and

beliefs of key groups and figures on major issues, offering an agenda that signals current problems and issues according to criteria of relevance and significance to the audience and society. “It acts as a fourth estate in political matters by mediating between government and citizens and providing a means for holding government accountable” (Christians et al; 2009:145-146). Monitors operate as guides through articles they choose to publish, and discussions they facilitate around the topic.

### **The facilitative role**

This role facilitates dialogue between citizens and government and is a response to the fact that human lives are culturally complex. “Therefore, the media needs to foster conscientization and help citizens gain their own voices by promoting dialogue among their readers and viewers through communication that engages them and in which they actively participate” (Christians et al; 2009: 176) These dialogues can take the form, for instance, of the online webinars, comment sections and panel discussions offered by Daily Maverick.

### **The radical role**

The radical role attempts to expose the conflict of interest between those who dominate the political-economic conditions and cultural values of a society and those who have little influence over these conditions. “Radical journalism seeks to help minorities articulate an alternative set of goals that respect the needs of all especially the poor” (Christians et al; 2009: 179). In the case of the VBS story, the radical role would be the exposing of what happened at VBS, who are the people involved behind the scandal, and speaking to those who are poor and have little control over what happened at the bank.

### **The collaborative role**

According to Christians et al (2009: 197), “Collaboration represents an acknowledgement of the state interest to which the media accede either passively or unwittingly, reluctantly or wholeheartedly in participating in the choices journalists make and the coverage they provide”. The collaborative role is a relationship between the media and the state that is built on mutual trust and commitment on serving society in a transparent way.

This study will draw on the facilitative role to assess how that frame might fit within the broader normative conception of the media's role in South Africa's post-apartheid democracy According to Badham; (2019:170), “the facilitative role of the press insists that citizens are at the forefront when resolving public problems. In this role, the media seek to provide a platform, both offline and online (e.g., through media-

hosted online discussions, forums and social media sites, radio talkback programs, and letters to the editor), for their audience to put forward a collective public agenda”.

The facilitative role is particularly relatable to Daily Maverick because the newspaper is an online platform that allows for and encourages considerable engagement on any issue and has published articles not only on VBS but also hosted a webinar focusing on a book by Dewald Van Rensburg and titled: *VBS: A Dream Defrauded*. Understanding the place of the facilitative role of the press can guide the research towards establishing some of the ways in which Daily Maverick may have framed the VBS Mutual Bank scandal.

### **3.1.1. Social responsibility of the media**

The concept of social responsibility was introduced by the Hutchins Commission on Freedom of the Press, a body established in 1947 in the United States of America to investigate the functions of a responsible press that would keep citizens informed. “The Commission set to work defining press freedoms in relation to responsibility and codified a set of public obligations that the press must satisfy to remain self-regulated” (Pickard; 2010:396). In its report, the commission attempted to “reconcile the commercial imperatives of the media industry to the informational needs of a democratic society and essentially threatened the press, including print as well as broadcast journalism, with regulation unless it better fulfilled its social responsibilities” (Bucy and D’Angelo; 1999:307).

Social responsibility theory thus came into existence during the era of the Cold War and is influenced by the industrial revolution, urbanisation, and citizens' critique of the media. “The industrial revolution came with technology that introduced new media which made advertising dominate as the media's financial supporter” (Siebert et al; 1976:1956). By being funded by advertisers, “the media becomes obliged to service audiences on advertisers’ terms and interests, and advertisers therefore have a large and increasing role in determining media content” (Herman and McChesney; 1997:61-191). Social responsibility theory, on the other hand, argues that the media should serve society and build communities' understandings of issues surrounding them while being independent of business or government interference.

Those who subscribe to social responsibility theory recognise that freedom carries with it obligations and that, as the press is an institution with proximity to government, it is obliged to be responsible to society. In the case of VBS, responsibility to society would consist of informing the public what happened at the bank and what developments unfold regarding the future of the bank and its employees and depositors. Critiques of social responsibility theory, on the other hand, argue that “the media seek to control the

narrative of the poor by endorsing the status quo by making monopoly media seem like the voice of the people” (Nerone; 1995:34).

For the purposes of this study, the project subscribes to social responsibility theory as a relevant lens through which to investigate Daily Maverick’s framing of the VBS heist. Social responsibility theory is useful to this study because it illuminates the project’s exploration of the media’s social responsibility to portray the reality and lived experiences of those affected by the VBS scandal.

The social responsibility theory will be used to examine which facts, and which version of these facts, regarding VBS reached the public and how these were framed by Daily Maverick. It is important to investigate these frames because “politicians and journalists characterise an issue in ways that help shape its reality for an audience, creating their own acceptable meaning to a political issue or event” (Shah et al in Nabi and Olivier; 2009:85). These meanings are a result of message constructions which have an impact on audiences’ understanding of a topic.

### **3.2. Framing theory**

“Frames are message constructions that can direct attention to certain aspects of an issue while using those aspects to bring about change” (Nabi and Olivier; 2009: 118). “The major premise of framing theory is that an issue can be seen from different perspectives and be interpreted as having implications for several considerations” (Chong and Druckman 2007:104). By way of example, the VBS matter can be seen as a political matter that had severe implications for ordinary citizens at a local government level (i.e., lack of service delivery in municipalities that invested in VBS) and it can also be seen as a failure in the financial sector due to corruption by politicians and the business elite. It is important for the media to provide a version of the bigger issue when framing stories like VBS because “frames shape how we think about public issues, politicians and other objects” (McCombs; 2005: 89).

We may classify frames into two types: generic news frames and issue-specific frames. “The generic frame is abstract and applies to a range of issues such as conflict and human interests, while the issue-specific frame applies to political discussions or health-risk reporting. Issue-specific frames allow for investigation of the framing of events to be in detail, while generic frames offer less possibility for fine detail but allow comparisons between frames, topics and, potentially, framing practices in different countries” (De Vreese et al; 2010: 108-109).

Frames may also be classified as episodic and thematic news frames. The episodic news frame applies to stories “which take the form of a case study or event-oriented report” (Iyengar; 1991:14). An example of an episodic news frame in relation to the VBS matter can be the plight of a poor depositor who lost all their savings at VBS and how they are struggling to make ends meet. The thematic frame on the other hand “places public issues in some more general or abstract context and takes the form of a ‘takeout’ or ‘backgrounder’, report directed at general outcomes or conditions” (Iyengar; 1991:14). An example of a thematic frame includes “the backlog in the criminal justice process” (Iyengar; 1991:14).

An advantage of the thematic frame is that “it would allow the media to provide a broader examination of the issues, and in doing so, equip citizens with the kinds of information they need to be able to hold public officials to account” (Malila; 2019:103). In the case of poor VBS depositors, such information would allow them to hold municipal officials accountable for the reckless and illegal spending at VBS on money that served as an investment for their children/grandchildren’s future. Presenting news in this way forms part of the normative roles of journalists which requires that the media “inform citizens in a critical way, in order to equip them to voice their concerns and demand answers from power holders” (Malila; 2019: 103).

An advantage of episodic frames is that “it reduces the complexity of societal problems. Human experience may evoke emotion and empathy, that may cause interpretations of societal responsibility for solving the problem” (Boukes; 2022:376-377). For example, presenting news like the VBS scandal in this way may lead to people from municipalities in Limpopo which did not invest in VBS, seeing this scandal as a matter that not only affected certain municipalities; but as a matter that affected their province in its entirety and therefore call for the problem to be solved by the provincial and national governments.

Both thematic and episodic frames have their effects. According to Boukes (2022:376), “When people are exposed to a news story focusing on one particular case (episodic framing) rather than an abstract story that presents broader societal/political patterns (thematic framing) people do not identify the issue as a society-wide phenomenon but as a private concern”. The opposite effects are also likely to happen. Studies show that “episodically framed news stories are more likely to cause support for governmental policies that benefit the exemplified persons in a news story than thematically framed news” (Boukes; 2022:377).

In the context of this dissertation, framing refers to "the central organizing idea or storyline that provides meaning to an unfolding strip of events, weaving a connection among them. The frame suggests what the controversy is about, the essence of the issue" (De Vreese; 2005:53). In the case of VBS, this research explores what meaning Daily Maverick authors gave to the VBS saga, what central storyline journalists

chose to organise their reports around, and who or what was regarded as the essence of the issue. Investigating the framing of VBS is important for two reasons:

- The VBS matter can be looked at from the point of view of the depositors who are ordinary citizens and people affected by corruption that was committed by municipal leaders. Since money lost by municipalities that banked at VBS means delays in service delivery.
- The VBS matter also involves rampant corruption, a phenomenon that is facing South Africa more broadly, and which expose relations between the political elite and the business elite.

“Framing theory is useful to scholars who seek to explain how media content affects its clients and may be studied as a strategy for constructing and processing news” (Pan and Kosicki;1993). In this case, that means processing how a bank heist took place in contemporary South Africa and where municipalities (which are already facing problems) illegally invested in a bank. As previously mentioned, in post-Apartheid South Africa there has never been a black-owned mutual bank that has been looted to this magnitude. Such uniqueness lends weight to the quest to understanding how the media frame this unprecedented event. It is equally important to recognise the role of the municipal leaders who illegally invested in VBS. According to Mbele (2010:54), “it is widely documented that many South African municipalities lack adequate capacity to plan strategically, to translate strategic plans into budgets, to engage civil society effectively in the strategic planning process and to manage the implementation of strategic plans”. With this in consideration, it is the view of this study that municipalities which invested in VBS did so because of their inability to implement strategic plans for the development of their local community.

Through critically analysing a selection of articles relating to VBS, this study seeks to locate what central storyline was constructed around VBS in coverage offered by Daily Maverick. In addition, this study also explores potential meanings this storyline gave to the events that took place. Thirdly, and in line with the view that meaning is constructed, the study will also look at the extent to which ‘ordinary’ citizens were afforded a voice to offer their understanding of the VBS scandal and its effect on their community. The fraud at VBS not only affected depositors but also ordinary citizens who did not directly invest in the bank but live in municipalities that illegally invested in VBS. Collateral impact occurred at an associated social level, a circumstance pointed out by the Minister on municipalities affected by VBS Bank collapse (Minister on municipalities affected by VBS Bank collapse; 2018). Because these municipalities invested in VBS, it is anticipated that there would be high risk of financial unsustainability in the municipalities, an environment with the potential to trigger community protests and industrial action.

Because “Framing research examines how frames are sponsored by political actors, how journalists employ frames in the construction of news stories, how these stories articulate frames and how audience members interpret these frames” (Carragee and Roefs; 2004:215), this theory offers a macro lens to this project. Even though Daily Maverick’s target audience is not generally based in rural Venda, frames created by the newspaper may “contribute to shaping social level processes such as political socialization, decision-making, and collective actions” (De Vreese; 2005:52). It can be said, therefore, that frames carry the potential to lead to collective action at a national level and that such action could ultimately impact people at the grassroots level. Put another way, framing theory also contributes a micro view to this project. In the case of VBS reportage, this would embrace those who bore the economic brunt of the VBS corruption.

Framing is the result of the interactions between journalists and the political elite and is often driven by the ideology of the newsroom. Frames have an impact on how we understand issues happening around us by defining how to think of a particular problem. “Journalists create frames by selecting some aspects of a perceived reality and making them more striking in a text; promoting a particular problem, definition, moral evaluation, and/or treatment recommendation” (Scheufele; 1999:107). Because the “media plays an important part in focusing people’s attention on the problem that government and public institutions can work to resolve” (Wahl-Jorgensen & Hanitzsch; 2009:149), this study concerns itself with the social and economic context of the VBS matter as the bank was situated in a rural area and purported to service the poor.

“The consequences of frames are that they can influence people's opinions by stressing specific values, facts, and other considerations, giving them greater apparent relevance to the issue than they might appear” (Scheufele; 1999: 116). The effects of frames occur when “small changes in the presentation of an issue or an event produce (sometimes large) changes of opinion” (Chong and Druckman; 2007:104). Through the application of a textual analysis approach, this study will investigate which aspects of the VBS stories were emphasised in Daily Maverick reports.

### 3.2.1. Themes and sources as framing devices

In their study of framing analysis as an approach to news discourse, Pan and Kosicki (1993:59) explain how themes function as a central organising idea in every news story and argue that “themes function as framing devices because they are recognisable, can be conceptualised into concrete elements of a discourse, and can be manipulated by newsmakers”. They further state that themes are “tools for newsmakers to use in constructing news discourse as well as psychological stimuli for the audience to process” (Pan and

Kosicki; 1993:59). Themes related to the VBS scandal will be established from a detailed reading of the selection of articles and later used to analyse the storyline and how the paper framed the VBS matter.

This study is interested in Daily Maverick's source selection in their articles regarding VBS because "news sources have a lot to do with what becomes the news and how it ultimately appears" (Berkowitz and TerKeurst; 199:130). As facilitators of dialogue, journalists have some leeway in choosing which subgroups' interpretations will dominate the news (Berkowitz and TerKeurst; 1999:129). This study will look at which sources dominate in the VBS articles and how much space these articles allocate to them.

According to Hickerson et al (2011:791) "by quoting mostly official sources, journalists present a simplified and trimmer version of what may be a much larger and diverse debate, which in turn affects how well the public is informed about an issue". This study will therefore look at which version of the VBS matter official sources adopted. How government and politicians spoke about VBS is important because public officials such as Danny Msiza are implicated in the VBS scandal. Research shows that "most politicians will experience a powerful temptation to attempt to steer the political communication process to their advantage" (Manning; 2001:81).

"Journalists use news sources for a particular news agenda that either favours or excludes some issues over others" (Tiffen et al; 2014). It is this impetus that makes this study lean on agenda-setting research to understand what agenda Daily Maverick had in their coverage of VBS.

### 3.2.2. Agenda-setting

It is stated in McCombs (1977:90) that "through their day-by-day selection and display of the news, the mass media shape our perspectives of the world and focus our attention, influencing our views about what are the important topics of the day. It is this ability of the press to influence the perceived salience of topics that has come to be called the agenda-setting function of the press".

Agenda-setting research speaks to the devotion a news article gives to an unfolding story. According to Lippman (as quoted in Grabber; 2006:89), "agenda-setting research has generally found a positive association between the amount of mass media content devoted to an item and the development of a place on the public agenda for the item".

This study will look at what angle was given devotion in the VBS matter, because there are two ways at looking at agenda's; "the focus can either be on the entire set of items that define the agenda or be narrowed to a single, item on the agenda" (McCombs; 2005:30).

Grabber's (2006:51) review of agenda-setting research highlights the fact that "each newspaper has a way of presenting stories to portray a particular picture of a news event". Lippman (as quoted in Grabber; 2006:51) argues that they can do this because "every newspaper when it reaches the reader is the result of conventions such as what items should be printed, in what position they shall be printed, how much space each shall occupy, and what emphasis each should have". These conventions have an impact on the audience. According to Shaw (1979:96), "the impact is not on people's attitudes but their cognitions, and it attributes these cognitive changes to be the result of the media performing a gatekeeper, or channel, role".

These conventions may have an impact on how South Africans get to understand the VBS matter. "Agenda-setting and framing look at how news can influence audiences through the choice of what stories to feature and how much prominence to give elements within the reports" (Nabi and Olivier; 2009). This study is interested in these choices because "Through its patterns of selection and play of the daily news, the press presents the public a continuous stream of cues about the relative importance of various topics and events (McCombs; 1977:90). In the case of this study, the researcher seeks to find out what Daily Maverick considered was most important in relation to the VBS affairs.

Agenda-setting is part of the journalist's routine. As stated in (McCombs; 2005: 549), "The pattern of news coverage that defines the media agenda results from the norms and traditions of journalism, the daily interactions among news organizations themselves, and the continuous interactions of news organizations with numerous sources and their agendas". Because agenda-setting is part of the journalist's routine, it's something which cannot be avoided. According to McCombs (1997:433), "For the most part, news media in democratic societies do not consciously and deliberately set the agenda. But they do set it in advertently as a by-product of the necessity to choose a few topics for attention in each day's news report".

This study will look at a body of 10 articles published by Daily Maverick which speaks to the VBS saga and identify which agenda the newspaper was advancing in their coverage of the matter.

### **3.3. Conclusion**

This chapter has discussed the literature this study will draw on in its response to the research question: How did Daily Maverick frame the VBS Mutual Bank heist in its coverage during the years 2018-2020? Framing theory, normative theories of the press, social responsibility and agenda-setting were discussed as the theories which will guide the researcher in the quest to answer the research topic. The next chapter presents the research methodology.

## **Chapter Four**

### **Methodology**

#### **4.0. Introduction**

This chapter discusses the methodological approach, of qualitative analysis, and its value to the research question. The chapter continues with a discussion of textual analysis as a method of analysis and provides reasons for selecting these methods as suitable means of investigating the texts under discussion. Finally, the chapter outlines the research design and sampling method.

#### **4.1. Qualitative research**

This study leans on the qualitative research approach as a foundation for its interrogation of a body of Daily Maverick texts. Qualitative research is appropriate to this project, which locates itself in the fields of journalism and media studies, because it “helps address certain questions about culture, interpretation, and power” (Lindlof; 1995:7). The VBS matter raises the question of power, in the sense that those who have the duty of operating the affairs of the bank, abused their powers trusted upon them, in respect of the bank as a financial instrument as well as the clients who banked there. This thesis proposes that, in particular, the abuse of trust by custodians of VBS assets affected the municipalities who lodged their financial assets with the bank because so many aspects of ordinary citizens’ lives are governed by municipal functions.

Creswell (2013:26) argues that “the more issues such as oppression, domination, suppression, alienation, and hegemony are studied and exposed, the more researchers provide a voice for marginalized participants, raising their consciousness and improving their lives”. In light of this view, it becomes the social responsibility of the media to provide news relating to challenges faced by the citizens and marginalised participants – in this instance, the people of Venda.

“Qualitative researchers understand that there are multiple interpretations of reality that change over time and are interested in understanding what those particular interpretations are at a particular point in time and in a particular context” (Merriam; 2002:4). Through analysing articles in Daily Maverick from 2018 to 2020, this study seeks to explore whether the newspaper included the interpretations and viewpoints of people in Venda directly affected by the VBS Bank heist or, to use Creswell’s vocabulary, “marginalized participants”. Considering Merriam’s view that interpretations tend to change over time, this study confines itself to coverage published from 10 October 2018 to 9 July 2020. Refining the focus of this study in this

way is a particularly salient consideration as the VBS matter is still before the court at the time of writing<sup>12</sup>. It also allows the research to remain within the achievable scope of the relevant Masters programme.

According to Nagel and White (2004;10), “qualitative research seeks detailed knowledge of specific cases, often with the goal of finding how things happen (or happened) and their primary goal is to make the facts understandable”. “Qualitative research is concerned with finding new ideas to capture the normal flow of events” (Du Plooy; 1995:33). In the case of this study, the researcher seeks to understand what and how events unfolded at VBS Mutual Bank, and ways in which Daily Maverick presented those facts.

Quantitative research, on the other hand, is associated with positivists who prefer to look at matters through statistics which has the assertion that “science, including social and cultural life, must be based on empirical data” (Deacon et al; 1999:4). Quantitative research is interested in the numerical values of work and utilises surveys as one of its research methods. Because this thesis is interested in investigating meanings in texts, and how such meaning might assist understandings of people’s worlds, quantitative research methods would not be appropriate to this study.

This thesis is interested in texts regarding the VBS matter and what was written in those texts. Specifically, the researcher is concerned with how Daily Maverick, with the use of words, images, and other components such as hyperlinks, presented the VBS matter to its audience.

The research question at the core of this study thus leans more toward exploration whereas quantitative research is more concerned with measurement. This study is interested in what was published in Daily Maverick regarding the VBS Mutual Bank heist as a corruption matter and the consequences of corruption for those who banked at VBS.

#### 4.1.1. Advantages of qualitative research

“An advantage of qualitative research is that it emphasises interpretation over measurement” (Gunter; 2000:23). This study is concerned with how the VBS matter was interpreted for the Daily Maverick audience in relation to the heist’s effects on the social level. “Qualitative researchers focus on making sense of their world by understanding human action. They do this through their research methods which are often associated with a phenomenological understanding of experience and human consciousness and the

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<sup>12</sup> The VBS matter is still in court with several arrests being made. Julia Mathebe, the Sekhukhune district mayor, and the former municipal manager Minah Mared have been arrested on criminal charges related to the VBS Mutual bank case. Read more here: <https://www.iol.co.za/news/south-africa/limpopo/former-mayor-municipal-manager-arrested-over-vbs-scandal-granted-r30k-bail-13cb0e9d-e305-4f85-848e-85b4b122fd39>

distinctness of different contexts and experiences” (Babbie and Mouton, 2001: 28). This study is interested in those contexts and experiences of citizens Daily Maverick shared with its audience because, as indicated previously in this study, the elite tend to dominate in the press providing information which is suitable for their own agenda.

The focus of this research is deeply connected to context hence qualitative research is relevant. Context in the case of this research speaks, *inter alia*, to the surroundings and conditions VBS depositors find themselves in after losing money. This research is using the texts from Daily Maverick to find different understandings of the VBS matter as this study investigates how the matter was framed by the publication. Qualitative research is concerned with finding multiple perspectives. This study seeks to locate and understand diverse voices outside those of elite businessmen and politicians who have expressed their perspectives on what unfolded at VBS.

Another advantage of qualitative research is that it “produces the thick (detailed) description of participants’ feelings, opinions, and experiences; and interprets the meanings of their actions” (Rahman; 2017:104). Even though this study will not be conducting interviews, it nevertheless seeks to understand the feelings and opinions of ordinary people in Venda affected by events at VBS. To pursue this aim, a textual analysis will be conducted with a view to understanding which interpretations were advanced by Daily Maverick and whether ordinary citizens were afforded a platform to speak.

#### **4.2. Textual Analysis**

Textual analysis will be undertaken to assess the development of the frame in Daily Maverick’s coverage of a story about the ruin of a financial institution. “Textual analysis is useful for researchers working in media studies, mass communication, and perhaps even in sociology in that it helps unfold the meanings behind the texts” (McKee; 2003:1). According to Smith (2017:1), “The standard methodological process for textual analysis includes developing a research question that can be tested, selecting the appropriate text in relation to the research question, and carrying out the textual analysis itself”. The primary research question motivating this study is: How did Daily Maverick frame the VBS Mutual Bank heist during the years 2018-2020? Responding to this will involve dividing and coding texts into units of study. Textual analysis will be applied to 10 Daily Maverick articles to examine what frame Daily Maverick presented for its readers regarding the VBS matter.

The purpose of textual analysis is to describe and interpret messages contained in texts and offer a variety of ways to understand the texts. Textual analysis is useful to this study because it will help reveal what is

being encouraged regarding the VBS matter and what is being excluded. “Textual analysis can help understand the spectrum of readings media content allows and helps explain the possible scope of the texts under investigation” (Fursich; 2009:247). A textual analysis is useful in this study because this research aims to determine what realities of the outside world Daily Maverick presents. In order to fulfil this intention, the analysis aims to focus on certain themes.

A qualitative textual analysis “takes into account the context that readers of texts bring to the table and offers an understanding of how texts impact the lives of individuals, groups and communities in a society” (Smith; 2017:3). Even though VBS depositors are not necessarily Daily Maverick readers, and even though gathering data from this sector lies beyond the scope of the project, the newspaper has a national reach which arguably therefore affords its journalists the possibility of reporting on the lived realities of the poor in Venda.

Studying texts in this way is important as texts have the capacity to shape the way we interact with each other. Park et al (2012: 373) define a text as “the translation of language into a set of symbols, ordered coherently, to convey meaning to the reader and function to describe, explain, advise, shape, narrate or even govern”. With this in mind, it is fair to say that texts are thus capable of silencing or representing people. “As producers and consumers of texts, it is important to critically analyse texts to recognize the people and ideas they promote” (Faeth, 2021: 433). This thesis is particularly interested in who Daily Maverick represents and who they silence by omission in their articles regarding VBS.

Textual analysts understand that "language is used by the media to construct meaning, and this meaning resides in the dialectal process between the text and the reader which takes place in a social and historical context" (Curtin, 1995:6-7). To test this view of textual analysis, and against certain contexts as outlined in Chapter Two, this research employs two different forms of textual analysis: (thematic analysis and rhetorical analysis). These are discussed below in Section 3.4.1 and 3.4.2.

### **4.3. Research Sample and Design**

Sampling is explained by Neuendorf (2002:74) as “the process of selecting a subset of units for study from the larger population; the population being studied being the set of units which the researcher wishes to generalize”. The sample of this study is drawn from Daily Maverick over two years, beginning 10 October 2018 until 9 July 2020. The sample period is important because it represents the date when The Great Bank Heist report was publicised; until the first executive member was given a seven-year jail term and turned state witness. From 10 October 2018 till 9 July 2020, Daily Maverick published a total of 41 articles which

includes news articles, investigative journalism, analysis, and opinion pieces, and all of which featured the acronym VBS in their headlines.

As a starting point, I looked specifically at stories which have headlines concerning the VBS matter as headlines are important instruments for journalists. Headlines are communication tools that are unique and “represent the focus of information, play the role of advertising and attract readers to social issues and events” (Shostak and Gillespie; 2014:277). Headlines are also important as they provide an indication of the angle the writer takes. This aspect is discussed more fully in Chapter Four.

#### **4.4. Data collection and tools of analysis**

All archives were collected from Daily Maverick website. On the platform search bar, I typed ‘VBS Mutual Bank Heist’, and all articles that includes the acronym VBS in their headline were extracted. I then searched for articles published in 2018 by scrolling to the bottom search bar options which are numbered from 1 to 10 in Daily Mavericks website. I then began my search from number 10. The first article published by Daily Maverick after the Great Bank Heist report was released and which featured the acronym ‘VBS’ in its headline dated 10 October 2018.

A total of 41 articles were found to feature the acronym ‘VBS’ in their headline. I then separated the articles according to the year in which they were published. Even though Business Maverick is a division of Daily Maverick, articles that appeared in Business Maverick regarding VBS were not included in the study on the grounds that this project focuses its research on broader coverage appearing in Daily Maverick.

A total of 41 articles were found to have been published in Daily Maverick. This constitutes a body of texts too numerous to analyse within the confines of this dissertation. I consequently refined my focus according to the theme of the article, as well as to the amount of space devoted to the article. After confining my data set according to:

- Headline containing the acronym VBS.
- Publication between 9 October 2018 and 9 July 2020.

I then further refined my focus to a total of 10 articles for close analysis. These are itemised in Table 1 below. These 10 stories include two news stories, six investigative reports and two opinion pieces.

#### **Table 1: Sample of 10 articles for analysis**

| <b>Genre</b>                    | <b>2018</b>  | <b>2019</b>   | <b>2020</b>  |
|---------------------------------|--|---|--|
| <b>News</b>                     | R2Billion looted from ‘corrupt and rotten’ VBS Bank, says report | The VBS Aftermath: if we speak, they will kill us.                  |  |
| <b>Investigative Journalism</b> | VBS Bank Heist: EFF’s family ties and moneyed connections        | The Great VBS Heist: How the Shivambu brothers benefitted even more | <ul style="list-style-type: none"> <li>- Toothless and incapacitated: ANC’s Limpopo VBS accused back in office.</li> <li>- Phillip Truter, the sentinel who failed to raise the alarm at VBS.</li> <li>- The other side of VBS puzzle- Matodzi’s WhatsApp’s reveal purpose and payments to Malema and Shivambu’s slush funds.</li> <li>- Ex VBS- treasurer bought Porsche with some of the loot – after two crashes in succession a young man was dead.</li> </ul> |
| <b>Opinion and Analysis</b>     | VBS Volume 1 – Let’s explore any potential crimes                |   | VBS Bank Heist Arrests: Who’s Next?  |

#### 4.4.1. Thematic Analysis

Ryan and Bernard (2000;1) describe themes as “abstract, often fuzzy, constructs which investigators identify before, during, and after data collection”. For this dissertation the themes helped separate the VBS

stories into specific areas of focus. This is in line with the view that thematic analysis is conducted when “the researcher groups and distils from the texts a list of common themes to give expression to the commonality of voices across participants” (Anderson; 2007:1). In this case, participants are taken to be units of text rather than individual human research participants. Additionally, commonality of voices is interpreted as legitimate reference to the voices quoted, from ordinary citizens to politicians and the business elite. “One of the techniques for identifying themes is by looking at words that are used generally in the texts” (Anderson; 2007:2). Words which were used generally in Daily Maverick articles include, *corrupt* and *fraud*. This was to be expected considering the nature of the news content as a case involving corruption and tax evasion.

Using thematic analysis in this way, the intention was to locate frequently covered topics. In this study, thematic analysis also helped establish ways in which Daily Maverick portrayed the victims of VBS and who Daily Maverick spoke with most frequently. After reading through the articles carefully I identified themes that are prevalent in each of the articles to help answer the research question.

The aim of adopting this methodology was to establish, the primary themes regarding:

- The community members who are victims of the VBS heist.
- Government officials and politicians involved in the heist, particularly how they were described by the paper concerning how their actions affected the community.
- What was said regarding the bank executive members who enabled the illegal transactions.

The articles were then divided according to their dominant theme. All articles containing the words *corrupt* and *fraud* were subjected to thematic analysis.

**Table 2: Sample of articles for Thematic Analysis**

| Article | Headline   | Byline and Date                                   | Sources   | Theme  |
|---------|--|---|---|--|
| News    | <i>R2billion looted from ‘corrupt and rotten’ VBS Bank, says report.</i> | By Greg Nicolson<br>Published on 10 October 2018. | - Advocate Terry Motau report<br><br>- SARB statement | - Corrupt;<br>- Corruption.<br>- Fraud.<br>- Gratuitous payment.<br>- Criminal<br>- Scheme |

|                      |   |  |  |   |
|----------------------|---|--|--|---|
| Opinion and analysis | <i>VBS Volume 1 – Let's explore any potential crimes</i>  | By Pierre De Vos<br>Published on 17 October 2018.  | - Advocate Terry Motau report  | - Corrupt.<br>- Corruption.<br>- Criminality.<br>- Fraud. |
| Investigation        | <i>VBS Bank Heist: EFF's family ties and moneyed connections</i>  | By Pauli Van Wyk<br>Published on 21 November 2018. | - Mail and Guardian<br>- Julius Malema<br>- Mbuyiseni Ndlozi<br>- Deed documents of the EFF<br>- Advocate Terry Motau report<br>- PEPS (politically exposed persons) reports<br>- Brian Shivambu press release<br>- Sgameka Projects bank statements | - Corruption.<br>- Illicit.<br>- Scheme.<br>- Fraud.      |
| Investigation        | <i>The other side of the VBS puzzle- Matodzi's WhatsApp reveal purpose and payments to Malema and Shivambu's slush funds.</i> | By Pauli Van Wyk<br>Published on 7 June 2020.      | - Advocate Terry Motau report<br>- WhatsApp discussions between former VBS chair and former VBS treasurer.<br>- Sgameka Projects   | - Stolen VBS money.<br>- Illicit.                         |

|      |   |  |  |                             |
|------|---|--|--|-----------------------------|
|      |   |  | bank statement   |                             |
| News | <i>Toothless and incapacitated: ANC's Limpopo VBS accused back in office.</i> | By Greg Nicolson<br>Published on 9 September 2020. | - ANC Limpopo provincial secretary Soviet Lekganyane<br>- SACP Limpopo provincial secretary Goodman Mtileni<br>- Advocate Terry Motau report | - Corruption.<br>- Corrupt. |

#### 4.4.2. Rhetorical Analysis

To complement the thematic analysis, a rhetorical analysis will also be employed. A rhetorical analysis is useful to this study because it explores how Daily Maverick authors constructed their articles. “Central to rhetorical analysis is the question of how a message is presented visually or textually” (Gunter; 2000:89). Rhetorical analysis therefore provides evidence for discussion through not only quoting people but also by providing images and other editorial features. This study therefore analyses visual elements, length, audio, and design of the articles to understand how Daily Maverick framed the VBS scandal. To indicate how much space was devoted to the article, the word count will be reviewed.

The aim of conducting a rhetorical analysis is to establish:

- what visual elements speak to the circumstances that VBS depositors find themselves in?
- do the visual elements illustrate the impact of the bank’s closure for the hawkers and street vendors who deposited at VBS Mutual Bank?

#### **Table 3: Sample of articles for Rhetorical Analysis**

| Article       | Headline  | Byline and Date                                       | Word count  | Visual elements   |
|---------------|---|---|-------------|---|
| Investigation | <i>The Great VBS Heist: How the Shivambu Brothers benefitted even more.</i> | By Pauli Van Wyk<br>Published on 3 April 2019.        | 2 269 words | - One page document which is a loan agreement between Sgameka Projects and VBS Mutual Bank  |
| News          | <i>The VBS Aftermath: if we speak, they will kill us</i>                    | By Nomatter Ndebele<br>Published on 8 September 2019. | 1 501 words | - YouTube video titled: VBS Theft, Money Laundering and life's little luxuries: Julius Malema's time of spending dangerously<br>- Khathu Mushwana VBS depositor bank statements<br>Photograph of bags of Mopani worms |

|                      |   |  |             |  |
|----------------------|---|--|-------------|--|
| Investigation        | <i>Phillip Truter, the sentinel who failed to raise the alarm at VBS.</i> | By Pauli Van Wyk<br>Published on 13 May 2020.    | 1 949 words | <ul style="list-style-type: none"> <li>- Screenshots of WhatsApp conversations between former VBS Mutual Bank chair and former treasurer relating to Phillip Truter.</li> <li>- Diagram of the main flow of money between VBS, its affiliates and Philip Truter</li> </ul> |
| Opinion and Analysis | <i>VBS Bank Heist Arrests: Who's Next?</i>                                | By Stephen Grootes<br>Published on 18 June 2020. | 1 284 words | <ul style="list-style-type: none"> <li>- YouTube video titled: VBS Theft, Money Laundering and life's little luxuries: Julius Malema's time of spending dangerously</li> <li>- Picture and link to article titled: The other side of the VBS Puzzle- Matodzi's</li> </ul>  |

|               |  |                  |           |   |
|---------------|--|------------------|-----------|---|
|               |  |                  |           | <p>WhatsApp reveal purpose and payments to Malema and Shivambu's slush funds</p> <p>- Picture and link to article titled: VBS Theft, Money Laundering and Life's Little Luxuries: Julius Malema's time of spending dangerously</p> <p>- Picture and link to article titled: Four VBS Bank, two PIC executives, KPMG auditor and SAPS lieutenant-general arrested in R2,7 billion VBS robbery.</p> |
| Investigation | <i>Ex- VBS treasurer bought Porsche with some of the loot – After two crashes in</i> | By Pauli Van Wyk | 860 words | - Photo of Dylan Ross and his car on the  |

|  |   |                           |  |                       |
|--|---|---------------------------|--|-----------------------|
|  | <i>succession a young man was dead.</i> | Published on 9 July 2020. |  | night of the accident |
|--|---|---------------------------|--|-----------------------|

#### **4.5. Conclusion**

This chapter has discussed the research methodology that this study will be relying upon. A qualitative textual analysis will describe and interpret 10 articles from Daily Maverick regarding the VBS scandal. This chapter also includes the importance of a thematic and rhetorical analysis which are useful to this study to show in which ways Daily Maverick framed the VBS scandal. The following chapter discusses the findings of the thematic and rhetorical analysis.

## Chapter Five

### Findings and Discussion

#### 5.0. Introduction

Scholars argue that the “media often portray corruption events in a way that will interest the economic elite; by doing this the media constrain public debate on corruption matters, keeping it within a range of discussions by the middle class and keeping retaining narratives that speak to political battles more than the existing socio-economic order” (Kollmeyer; 2004:433). With the above in consideration, this study aims to contribute to research looking at how some of the ways in which the media frame corruption news. In particular, this study interests itself in representations of the stories of those people most directly affected by acts of corruption. This is because poor people, unlike the media, do not have social ties to people in power and therefore are vulnerable to being overlooked by mainstream media endowed with such ties. The media are therefore, as Happer and Philo (2013:321) put it: “key to the setting of agendas and focusing public interest on particular subjects”. For example, the media could focus public interest on the effect of the VBS corruption in the lives of ordinary people who face issues of service delivery at municipalities like Elias Motsoaledi where R3.2 million was lost after it invested wrongfully in the VBS Mutual Bank<sup>13</sup>.

Focusing on the effect of corruption is an important agenda for the media to set because the loss of funds was felt by municipalities, the entities set up as custodians of ordinary citizens’ daily infrastructural needs. In the report to the Parliament Portfolio Committee of Corporate Governance and Traditional Affairs (COGTA) regarding municipalities in Limpopo, Gauteng and North-West, which lost large sums of money invested wrongfully at VBS Mutual Bank; former minister of COGTA, Dr Zweli Mkhize, announced that:

the impact of the loss of funds on service delivery had already begun to make itself felt in various ways including suspended infrastructure projects, inability to pay ESKOM for electricity; inability to pay for water and sanitation; imminent disruption of refuse collection, and inability to pay supplier invoices within thirty days. These challenges would persist in the short to medium term (Minister on municipalities affected by VBS Bank collapse; PMG; 2018).

Municipalities are required by law to deliver services. According to Section 53 of the Constitution of South Africa “a municipality must structure and manage its administration and budgeting and planning processes

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<sup>13</sup> Read more here: <https://www.news24.com/citypress/news/limpopo-municipality-lost-r32-million-in-vbs-debacle-not-the-reported-r48-000-20220404>

to give priority to the basic needs of the community, and to promote the social and economic development of the community and participate in national and provincial development programmes” (RSA, 1996). Yet residents in Limpopo have endured service delivery challenges and loss of income. Former minister of COGTA, Dr Zweli Mkhize indicated that “it’s anticipated that the loss of municipal funds invested in VBS could also lead to non-payment of monthly fixed operational expenditure such as salaries and other statutory costs” (Minister on municipalities affected by VBS Bank collapse; PMG; 2018). The non-payment of salaries would contribute to further challenges for the people in the community as a result of reduced spending in local businesses. The people of Limpopo would also have diminished capacity to pay taxes and municipal bills.

At the other end of the economic spectrum, “Corruption can lead to tax evasion, and to exemptions that disproportionately favour the well-connected and wealthy population groups, leading to increased income inequality” (Gupta et al; 1998:7). Limpopo businessman Kabelo Matsepe, for instance, is facing criminal charges of tax evasion of up to R61 million due to his alleged involvement in VBS. According to Van Wyk (2021), “SARS says it is owed R61-million in income tax and VAT for the 2015-to-2018 tax periods. This also includes non-declaration penalties and interest for non-payment”<sup>14</sup>. The payment of taxes is important because it helps government provide services such as water, education, and other infrastructure in local communities. It is therefore important for the media to write about these instances of tax evasion because the public need to be aware of why there is lack of service delivery in their communities. As a consequence, it becomes pertinent for media studies scholars to study ways in which media report such stories.

This study values the crucial role the media play in shaping and providing a public understanding of corruption because, as indicated by Gupta et al (1998:6), “high corruption can lead to high poverty”. It is for these reasons that this study pursues the following:

- editorial choices of Daily Maverick in its coverage of the VBS heist, and
- representations of those people most affected by the heist.

In pursuing these two strands of research, the researcher aims to understand what broader agenda of the press becomes evident in Daily Maverick's coverage of this instance of corruption.

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<sup>14</sup> Read more here: <https://www.dailymaverick.co.za/article/2021-08-03-sars-asks-high-court-to-sequester-vbs-fixer-kabelo-matsepe/>

Part of the media's facilitative role is to "help develop a shared moral framework for community and society, rather than just looking after individual rights and interests" (Christians et al; 2009:12). In their facilitative role, journalists do not reduce social issues to financial and administrative problems for politicians but allow the public to come to terms with their everyday experiences themselves; which is why the media should not reduce their task of facilitating cultural pluralism to settling political disputes (see Christians et al; 2009:162-171). Their facilitative function arguably, therefore, includes watching out for society's poor citizens when the financial sector fails them. It is this impetus that motivates the question underpinning this research project: How did Daily Maverick frame the VBS Mutual Bank heist in its coverage during the years 2018-2020?

Executing that facilitative role can potentially be brought about in various ways but it is investigative reporting that consistently demonstrates that this mode "produces work that often prompts a change in society and people's lives" (Berry; 2009:1). It is unsurprising, therefore, that investigative reportage frequently delivers what superior journalism has to offer, a phenomenon reflected in the prestigious awards recognising the exposés of investigative journalists working for Daily Maverick<sup>15</sup>.

Research by Manning (2001:35) states that "The powerful in society exercise control over the circulation of ideas and subsequently limit the space for views external to theirs". This may result in an angle that may not necessarily reflect the realities of those at grassroots level affected by corruption, but rather an angle that speaks to the powerful. The lived experiences and realities of the poor have proven the importance of the media's social responsibility role which argues that the press should be "a forum for the exchange of comment and criticism" (Hutchins Commission, as cited in Tsukamoto, 2006:55). This affords ordinary citizens avenues to comment on what is happening in their lives since losing their savings at VBS, and to criticise those responsible.

Media social responsibility is no longer seen to be the exclusive mandate and responsibility of public organisations alone. According to Fourie (2017:116), "social responsibility is shifting from the state and its institutions to social institutions and commercial enterprises, including the commercial/private media". It is with this impetus that this study analyses whether Daily Maverick, a publication that is run by an

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<sup>15</sup> "Cruising Nicely on VBS Money", together with "The Elements of a Bank Heist" was named South African Story of the year. Both were published by Scorpio and Daily Maverick. Pauli Van Wyk also won the Investigative Journalism category with "Cruising Nicely on VBS Money".

independently owned company, applied concepts of social responsibility in their coverage of the VBS bank heist.

To start discussion of this project's research, the first section of this chapter gives the political context under which Daily Maverick was covering the VBS Mutual Bank heist. The second section presents and discusses the findings of the thematic analysis, while the third section presents and discusses the findings of the rhetorical analysis. The last section concludes the chapter with an overview of the project's findings and discussion thereof.

### **5.1. Political Context**

The 4 May 2019 general election revealed the top three political parties to be the ANC, DA, and EFF, whose final national results were:

ANC: 51% and 230 seats to the national assembly

DA: 21% and 84 seats to the national assembly

EFF: 11% and 44 seats to the national assembly.

The leading party, after 25 years in power, saw a reduced majority, getting below 60% of the vote. The EFF made the greatest gain in this election, with an additional 19 seats. Even though the election saw the ANC remaining as the ruling party and the EFF gaining more seats, both parties faced criticism for their involvement in the VBS looting saga. Opposition leaders questioned the ruling party about their knowledge of what transpired at VBS. For example, it was the former leader of Democratic Alliance, Mmusi Maimane, who submitted an urgent question for President Cyril Ramaphosa who would appear in Parliament on 6 November 2018 to answer oral questions on the revitalisation of the South African economy. In the questions posed to the President, Maimane asked him: "On what date did he first become aware of the involvement of executives in corruption and looting at VBS Bank, and on what date did he subsequently act in this regard?"<sup>16</sup>

This question came after it had been reported by City Press, that President Cyril Ramaphosa had known about the corruption happening at VBS since 2017 but failed to act. It is written in the article that "City Press has learnt that Ramaphosa was informed of widespread corruption and looting involving bank

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<sup>16</sup> See Democratic Alliance website: <https://www.da.org.za/2018/10/president-ramaphosa-will-answer-my-urgent-oral-question-in-parliament-about-his-prior-knowledge-of-vbs-heist>

executives at a meeting in Johannesburg (Masondo: 2018). The President responded in Parliament by saying he received reports about VBS from the Treasury and South African Reserve Bank. The President never admitted to the City Press reports of meeting in 2017 with a shareholder who briefed him about the VBS looting.

The president of the EFF was also in the media for allegedly admitting in an EFF meeting that he received money at VBS Mutual Bank. EFF President Julius Malema opened a case of defamation against former EFF Member of Parliament Thembinkosi Rawula who wrote on Facebook that Malema had admitted receiving VBS money. According to Madisa (2021):

Thembinkosi Rawula had alleged in his post that Malema and Shivambu ran the EFF like their own party, had centralised all its funds and had knowingly accepted money from the now-defunct VBS Mutual Bank, something the pair have always denied.

Malema sued Rawula for R1-million in damages but subsequently lost the court case. It is important to set out this court case because it indicates that a leader of the EFF disclosed his involvement in VBS in a party meeting, but, in the media, denied his involvement in the matter. Losing this defamation case strongly indicates that the former Member of Parliament, Thembinkosi Rawula, was correct about his allegations against Malema.

Both the ANC and EFF have been strongly criticised for their involvement in the VBS matter which is why it is important for this study to indicate what role the parties' presidents played in the matter or how they were questioned regarding VBS.

It is worth setting out this political context here in view of the fact that research shows that, "because of tensions between the political elite and journalists, the political views of journalists significantly affect the content of the news" (Kollmeyer; 2004:435). The dangers of this are that it may lead journalists to focus on narratives aimed at exposing politicians at the expense of narrative relaying the lived experiences of the poor. Without consciously intending to, journalists may neglect the stories of the poor.

The unintended but consequential outcome of such practice is laid out by Wahl-Jorgensen et al (2017:786), that; "because journalists rely on the voices of the elite, these elite become the primary definers who set the framework of interpretation against which all subsequent voices are forced to insert themselves meaning that ordinary people who appear in the news are constructed primarily as passive consumers, reacting to the agendas set by these elites".

Preliminary findings from the data to be discussed indicate that much VBS coverage in Daily Maverick follows this pattern.

Politicians need media and journalists to convey their information to voters and audiences more generally. Journalists, on the other hand, “are often more interested in what the politicians do not want to be in the open” (Brants et al; 2010:28). This may result in tensions between the two because politicians want the media for good publicity and not scandals. “There exists an unequal relationship between media and politics, with the former increasingly holding the latter in an iron grip (Brants et al; 2010:27)”. Locally, the uneasy relationship between journalists and politicians is evident in the relationship between Daily Maverick and the EFF. The next section of this chapter discusses the origin of this tension.

#### 5.1.1. Tensions between the Economic Freedom Fighters and Daily Maverick

The EFF has always been a party unafraid of taking a stand against any media house they target. In 2016, EFF members threatened all journalists working for the Gupta-owned ANN7 and banned the station from covering their events. In their Editorial at the time, Daily Maverick condemned the EFF for banning ANN7 and The New Age, saying:

We ask the EFF to rescind the unprecedented, undemocratic, and un-South African threats issued against their reporters. For a party that bills itself as the government in waiting, this is the wrong precedent to set. It's a misstep. And it should be corrected forthwith. All of us make mistakes, even Julius Malema. He needs to own up to this one (Daily Maverick; 2016).

Three years later it would be the Daily Maverick banned from covering EFF events.

On 12 September 2019, the EFF hosted a memorial service for the late Zimbabwe President Robert Mugabe at Soweto, Johannesburg. While speaking to party supporters, EFF president Julius Malema called for the banning of Daily Maverick and independent investigative unit amaBhungane from all EFF-related events. Malema declared Daily Maverick and amaBhungane. as an enemy, and further went on to say:

We declare them as an enemy of the revolution, they should never participate in our events, we should never answer any question from amaBhungane, Daily Maverick or from Scorpio. Let them

write any nonsense they want to write about us. We know [the person] who writes their questions is Pravin (News24; 2019)<sup>17</sup>.

The party leader Julius Malema has claimed in the past, that some journalists are Stratcom<sup>18</sup> media whose job is to discredit the party, and that “journalists who take a side, using journalism as a platform to pursue the propaganda interests of politicians, must never be regarded as journalists”<sup>19</sup>.

amaBhungane issued a statement responding to the EFF’s ban, saying that:

We regret Malema’s remarks, which seem intended to inoculate his followers against the exposure he fears. They show reckless disregard for the potential to incite violence. They will fan the loudening online-and we fear offline-hate campaigns experienced by journalists. They will fuel perceptions of media as factional tools, widening existing divisions and creating new ones<sup>20</sup>.

The South African National Editors Forum condemned the EFF, saying in the statement that:

SANEF believes it is unacceptable that the leader of the third largest political party would engage in unconstitutional actions that deny journalists the opportunity to work effectively by being refused the right to attend EFF's meetings, press conferences, and other activities. In doing so, Mr Malema fundamentally undermines the right to “freedom of the press and other media” which is guaranteed in Section 16(1)(a) of the Constitution<sup>21</sup>

The EFF claimed otherwise, stating that Daily Maverick and amaBhungane are part of a campaign intending to write negative things about the party and are sent to destroy the parties’ image. Responding to SANEF, the EFF said:

EFF refuses to be associated with people who are politicised masquerading as innocent journalists. They are all in a personal pursuit of the EFF, seeking its destruction and ultimate end. We choose to only associate with independent, ethical, and upstanding journalists.<sup>22</sup>

<sup>17</sup> Read more here: <https://www.news24.com/news24/we-shall-treat-them-as-enemies-malema-bans-amabhungane-and-daily-mavericks-scorpio-from-eff-events-20190912>

<sup>18</sup> Stratcom, also known as Strategic Communications, was a police unit set up to create and spread false narratives against political enemies of the National Party government. (Lakaje, 2020).

<sup>19</sup> Read more here: <https://www.news24.com/News24/sanef-disappointed-after-it-loses-court-bid-against-eff-20191024>

<sup>20</sup> See Attachment 5: amaBhungane statement on EFF ban.

<sup>21</sup> See Attachment 6: SANEF statement on EFF’s banning of investigative journalism units.

<sup>22</sup> See attachment 7: EFF Statement in response to SANEF statement on banning of investigative journalists.

Malema reiterated the paper's stance towards Daily Maverick at the party's National People's Assembly<sup>23</sup> where he said to members of the media on the side-lines of the party's national elective conference on Friday 13 December 2019:

Our relationship with Daily Maverick is the relationship we had with ANN7. It is not a news publication. They are propaganda machinery for the cabal (News24, 13 December; 2019)<sup>24</sup>.

The volatile relationship between the EFF and Daily Maverick is important to consider when analysing Daily Maverick texts about VBS, especially considering that it was Daily Maverick which wrote heated pieces concerning the party's leaders' involvement in the matter. The newspaper never backed down or felt intimidated by the party and their ban. The paper stood firm to its obligation of publishing news which "defends truth". The paper produced multiple stories regarding VBS, exposing Malema's relationship with the VBS chair Matodzi who's alleged to be the architect behind the VBS heist.

On 24 June 2020, EFF president Julius Malema indicated that he spoke with South African Broadcast Corporation (SABC) journalist Samkele Maseko, about a public interrogation between himself and any five political journalists who want to ask him any questions regarding VBS. In a series of subsequent tweets, Malema wrote:

Following the Press Conference held by NPA, SABC journalist @samkelemaseko asked about investigations regarding me and or the EFF in relation to VBS. This is even though there was no mention of myself or the EFF by NPA. As a result, I challenged @samkelemaseko to gather 5 journalists from different media houses he trusts for a public interrogation session with myself. These journalists can ask whatever question they wish, from VBS, bank statements, On Point, and so-called collapse of Limpopo<sup>25</sup>.

The EFF spokesperson Vuyani Pambo also invited Pauli Van Wyk who later declined the invitation. Van Wyk explained her refusal in an interview on Cape Talk:

He publicly banned us, and he must publicly unban us - because we cannot have a fascist or a party that has this movement against the media - and when it pleases them, they ban us, but when they

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<sup>23</sup> The EFF National People's Assembly is where branches of the EFF across the country gather and elect the parties new national structure, discuss the parties policies and come up with the plan of action for the newly elected leaders for the next five years.

<sup>24</sup> Read more here: <https://www.news24.com/news24/southafrica/news/eff-unapologetic-about-banning-daily-maverick-from-covering-elective-conference-20191213>

<sup>25</sup> See Attachment 12: Julius Malema Twitter Thread on the collapse of Limpopo, NPA and VBS

want to have a PR movement and when they are panicking about arrests coming, they suddenly want us at their beck and call<sup>26</sup>.

Despite Daily Maverick and Van Wyk's absence, the interrogation took place at the EFF headquarters on 25 June 2020 with four journalists from different media houses. Present were Media24 political journalist Tshidi Madia, chairperson of SANEF Mahlatse Mahlase, SABC political journalist Samkele Maseko, and SAfm journalist Aldrin Sampear.

The journalists asked questions relating to irregularities at VBS and in which EFF members were implicated. Malema denied being part of any corruption that took place at VBS arguing that VBS should be saved because it is a black bank. The journalists pointed out that the EFF was defending the bank because they have a direct interest in the bank which had been revealed by the evidence published by Daily Maverick. Malema maintained that the EFF has no interest in VBS, that the bank should be saved, and that the criminals who stole from the bank arrested.

The heated interrogation ended with journalist Tshidi Madia asking Malema to show her his wallet. She hoped to find the Mahuna Investments bank card which Daily Maverick alleges has been paying for Malema's expensive lifestyle. Malema agreed on the condition that Madia publish whether she found the card belonging to Mahuna Investments in the wallet. Julius Malema posted a video on Twitter of him showing Tshidi Madia his wallet. Madia later tweeted: "Here is Julius Malema's wallet. No Mahuna card here" (Chothia; 2020); see also ([https://twitter.com/tshidi\\_lee/status/1276172061325570052](https://twitter.com/tshidi_lee/status/1276172061325570052)).

This fractious relationship between the EFF and certain South African media outlets – most relevant to this research being the stand-off between the EFF and Daily Maverick journalist Pauli Van Wyk – is the backdrop to this research project.

As indicated in Chapter Three, this research draws on a body of ten articles which form the foundational material for investigation. Five of these texts were examined to classify them via themes or, in Holsti's (1969:116) words, issues raised.

## **5.2. Thematic analysis findings**

A thematic analysis of five articles was conducted to help the researcher in their investigation of ways in which Daily Maverick framed the corruption that took place at VBS Mutual Bank. Themes are framing

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<sup>26</sup> Listen to the interview here: <https://www.capetalk.co.za/articles/387822/why-journalist-pauli-van-wyk-says-she-will-never-be-part-of-malema-s-pr-exercise>

devices that appear as frequent objects, images, or words to give prominence and influence on a particular idea in a news article. Investigating Daily Maverick's framing choices is important because this study aims to contribute to the idea that research can "inform society about the consequences of the framing choices that journalists make" (Shah et al; 2009:87). One of the consequences of how the media frames corruption scandals, for instance, contributes to how the issue is discussed in political debates. Therefore, media attention ought to focus on what needs to be done at a national level regarding corruption because "corruption persists in developing countries despite the proliferation of legal, institutional and other measures that have been put in place to fight said corruption" (Hope; 2017: 1).

In the five articles undergoing thematic analysis, the researcher discovered that corruption and bribery are themes which work together to indicate the criminal aspects of the VBS heist, and how the bank executives and politicians worked together to loot the bank. Secondly, they work together in showing how bank executive members bribed people in positions of power, such as accountants and government officials, to prevent them from informing law enforcement officers about what was transpiring at the bank. Therefore, this research will look at these themes in combination.

#### 5.2.1 Theme: Corruption and bribery

In a corruption case of this magnitude, it is important to look at the liability aspect of the VBS matter and who Daily Maverick reported to be the people who should be held accountable for the looting that took place at the bank. Who the media frame as the people who should be held accountable for the corruption is important "because it may shape the overall policy approach, particularly the domain of society to which the change effort should be applied" (Salmon, as cited in Kim et al, 2010:563). Although changes in policy and/or society more broadly lie beyond the scope of this project, I mention such potential outcomes to draw attention to the potential impact of media frames. It is important to note that there is a difference between who is responsible and who should be held accountable because there were many people mentioned in the Terry Motau report as having benefited from the heist but were not people within the bank who were enablers of the illegal transactions that took place.

Those found to have been among those responsible for the VBS heist include people involved with the financial auditing of the bank. They were the people who had close relations with politicians and businessmen and who lured them into investing at VBS. Some people were paid bribes to not disclose the events happening at the bank.

Who the media frame as the people who should be held accountable for corruption affords the public an opportunity to voice out their frustration. It is also important for the media to expose the people involved in this corruption scandal because most politicians often avoid speaking to ordinary citizens. They send people, and some community members, from pillar to post, leaving them without answers which often leads to protests. Daily Maverick's articles, which reveal the names of the perpetrators and what they did to loot at the bank, offer a sense of social justice, in that now community members are aware of what happened and finally can put a face to the crime.

It is also important to distinguish between those who are perpetrators and those who are victims, and what positions they hold in society. Investigating whom the newspaper framed as responsible is important because "if the responsibility falls on individuals, presentation of the issue will focus on changes at the individual level. If the responsibility falls to society, then solutions would require changes to cultural norms or actions of governmental policymakers" (Ryan, 1976 cited in Kim and Tellen; 2017:727). Corruption is endemic in South Africa and numerous corruption cases involve politicians who were elected and trusted with governing this country. If responsibility is found to fall on politicians who are the people in the forefront of corruption cases, then corruption is most likely going to rise.

Recognising who the author framed as responsible in these cases relating to bribery is crucial as "frames influence citizens' attributions of responsibility, their policy view, and the intensity of their emotional reactions" (Aarøe; 2011:208). If society has any hope of changing, then its citizens perspectives of how they respond to corruption involving politicians and the business that must change.

Keyser et al (2011:140) argue that "politicians and economic protagonists at the centre of the political system use the news media as their communicative battlefield, with the dual intention of sparring with each other and influencing public opinion. The ordinary citizen finds no direct forum in this system". Regarding the focus of this project, analysis of the articles reveals that South African politicians from the ANC and EFF which were used as sources pointed fingers at each other instead of holding responsibility for the actions of their members. Furthermore, Daily Maverick used the blaming game to bring out further investigations of the politicians instead of using it as an opportunity to have citizens comment on what the politicians have revealed.

The theme of bribery and corruption relates to the social responsibility of journalists. As watchdogs of political institutions, the media should – according to theorists Ervin Goffman and James Druckman – frame corruption news in a manner that will help readers understand the world of those who do not have control

and ownership of financial services institutions. Part of the social responsibility of Daily Maverick journalists, therefore, would be to show their audiences the inconsistency and contradictory nature of the step-aside rule of the ANC<sup>27</sup>. For example, Danny Msiza stepped-aside as Limpopo ANC treasurer due to his alleged involvement in VBS. However, “in July 2020 both ANC Limpopo treasurer Danny Msiza and deputy chairperson Florence Radzilani were given the green light to reassume their positions in the party after they were made to step aside in 2018” (Hunter; 2020). The policy is contradictory in the sense that when given the go-ahead to return to office, Msiza was still facing corruption charges. “In 2022 Msiza was in court for his role in the loss of about R2.3 billion of the now defunct VBS Bank and is among people facing 180 counts for allegedly looting money belonging to mostly the poor in the Vhembe district and municipalities” (Sadike, 2022)<sup>28</sup>.

This position that the media indicate inconsistencies of the ruling party regarding corruption policies stems from the fact that social responsibility theory asserts, as outlined in Chapter 2, that “journalists have citizens' best interests at heart and that this priority includes providing self-evident facts about policies and showing the contradictions in these policies”. In doing this, say McIntyre et al (2016: 1660), “they greatly enhance public knowledge”.

By framing a story in a way that speaks to the empowerment of citizens, “the sender of a communication may define the relevant policy problem and designate potential solutions” (Arøe; 2011:207). Daily Maverick, for example, does this in the article *South Africa's well-populated policy graveyard-where policies go to die*<sup>29</sup>, a piece written by Claire Botha, which provides policy critiques and solutions.

The articles below are discussed in terms of the theme **corruption and bribery** and analyse how the bank executive members worked with politicians in what led to the VBS Mutual Bank heist.

ARTICLE 1: Toothless and incapacitated: ANC's Limpopo VBS accused back in the office (<https://www.dailymaverick.co.za/article/2020-09-09-toothless-and-incapacitated-ancs-limpopo-vbs-accused-back-in-office/>).

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<sup>27</sup> The step-aside rule is a resolution of the ANC taken at the party's 2017 conference. The rule states that call for those facing criminal charges to step aside from their positions or be suspended (Omarjee and Mkentane; 2022).

<sup>28</sup> Read more here: <https://www.iol.co.za/pretoria-news/news/vbs-mutual-bank-accused-danny-msiza-tipped-to-be-next-limpopo-anc-secretary-5f0624d5-cc59-42e5-b08d-0ce81b2c6039>

<sup>29</sup> Read more here: <https://www.dailymaverick.co.za/article/2022-05-23-south-africas-well-populated-policy-graveyard-where-policies-go-to-die/>

This compelling piece by Greg Nicolson records how members of the ANC benefited from the heist. The author lambasts the National Prosecution Agency claiming that it “lacks capacity” which is why they had not charged Danny Msiza and Florence Radzilani, the people allegedly behind the payment of municipal deposits to VBS. The author also slams the ANC Integrity Commission for not dealing decisively with the allegations against the Limpopo provincial leaders. The commission was tasked with investigating members who harm the party’s image through corruption or unethical behaviour. It does not have to wait for the second accused members to appear in court before starting an investigation<sup>30</sup>.

Analysis of the Nicolson article delivered two noteworthy observations. Firstly, ANC leaders were implicated in the “looting” of the bank and used their powers to get other municipalities to make illegal deposits. Secondly, the sources Nicolson turned to were mainly politicians, i.e., the Limpopo provincial secretary Soviet Lekganyane, and South African Communist Party Limpopo province secretary Goodman Mitileni. The advocate Terry Motau's report was also used as a reference frequently. No community member who was directly affected by the actions of the Limpopo ANC leaders was quoted or referenced. My analysis also registered that the Daily Maverick writer identified Danny Msiza as the "kingpin" of the scheme aimed at getting municipal deposits. This is important as it gives a face to the crime.

Thematic analysis further revealed that the author refrained from consulting a range of sources – alternative politicians, political analysts, or community members – arguably because the story spotlighted members of the ruling party. Source selection is important as it is “a key component of the final news product and using the same sources over time has important implications because sourcing is a central element of quality journalism” (Cozma; 2015:437). The exclusion of non-elite sources is not necessarily surprising given that Daily Maverick readership is largely middle class. However, the paper is obliged to include ordinary sources in media stories because, as Keyser et al (2013:139) point out, “ordinary citizens have assumed an added importance as sources, reflecting the tremendous increase in their capacities for disseminating information to the outside world”.

It is the view of this study that ‘ordinary’ sources would have added value to conversations regarding corruption in South Africa, in this case in Limpopo where ruling party members crippled municipalities. Omitting such sources has resulted in the writer omitting evidence of what has been the effects of the VBS heist on the poor who were victims of the fraud at the bank. Having poor people as sources is important for objective journalism that shares the narrative of both the accused and the victims, because, as stated in

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<sup>30</sup> Read more here: <https://www.news24.com/news24/anc-announces-new-members-of-its-integrity-commission-20180706>

Cozma (2015:527), “sources do more than provide information, epistemologically, they serve as a form of evidence”.

ARTICLE 2: The other side of the VBS puzzle – Matodzi’s WhatsApp reveals purpose and payments to Malema and Shivambu's slush funds (<https://www.dailymaverick.co.za/article/2020-06-07-the-other-side-of-the-vbs-puzzle-matodzis-whatsapps-reveal-purpose-and-payments-to-malema-and-shivambus-slush-funds/>)

This article, written by Pauli Van Wyk, alleges that the former bank chairman, Tshifhiwa Matodzi, Floyd Shivambu and Julius Malema are complicit partners in crime. The author indicates that the leaders of the EFF used VBS money for the benefit of the party and its campaigns. The headline arguably signals the frame and perspective Daily Maverick wanted to make, which is to argue that the EFF leaders and VBS's former chairman were people who worked together to benefit from the VBS “loot”. Below is an extract from the article:

Matodzi instructed Mukhodobwane to transfer money to the “extremely strategic account” of Sgameka Projects without receiving any services in return. In total, Matodzi personally ordered up to R9.55 million in VBS loot to Sgameka Projects. This forms part of the total of more than R20 million in VBS loot allocated to the EFF and its leaders:

Van Wyk provides a diagram of how money moved from a fake company, Sgameka Projects, to Julius Malema’s slush fund, Mahuna Investments, then to Floyd Shivambu’s slush fund, Grand Azania, and finally to the EFF. The flow diagram in this article serves “as a method of disseminating information – graphic support to enhance/facilitate the social responsibility to convey news meaningfully” (Pavlik, as cited in Reese et al; 2003:316).

The author describes the bank’s former chairman as the “robber in chief” of the heist. This is an emotive play on words because, also implicated in this article, is the EFF’s ‘commander in chief’ who allegedly used VBS money for personal living expenses. Below is an extract from the article which suggests how Malema spent VBS money:

Malema further paid school fees for two of his children and channelled money towards refurbishments of the pool on one of his properties in Johannesburg, bought furniture for about R27,000 and effected a R7,139 payment to Bodylife.

According to Kim et al (2002:9) “the way mass media describe or frame an issue, offers important interpretive cues to the audience”. In WhatsApp conversations between Matodzi and Mukhodobwane, it was indicated that money should be sent to Sgameka Projects as they are “under immense pressure”. What the pressure is, is not indicated in the WhatsApp conversation, however, it is written in the article:

Politically, the EFF aimed to dominate universities’ SRC elections through “campaigning” in October 2017. An internet shows that by 5 October 2017 the EFF Students Command (EFFSC) had hotly contested in Gauteng, Limpopo, Western Cape, and KwaZulu-Natal. In the following days, after 5 October when Matodzi’s R1.2-million gift dropped, the EFFSC took 12 out of 15 seats at the University of Witwatersrand. The bank statements of Malema’s and Shivambu’s slush fund provide some further clues to what may have been perceived as immense pressure.

This is to suggest for the audience that the lobbying fees sent by Matodzi, benefitted the EFF as they were in much pressure due to SRC elections<sup>31</sup>.

“New media storytelling is altering the framing of news in the digital age” (Pavlik, as cited in, Reese, et al; 2003:310). In both articles analysed under the theme of corruption and bribery, the authors used headlines as a framing device and used digital framing tools such as hypermedia, omnidirectional imaging, and object-oriented video<sup>32</sup> to frame the matter as a corruption case involving political party members of the ANC and EFF. In the case of Articles 1 and 2, hypertexts, or the use of electronic pointers that connect one digital story to another, were included to help the author in their framing of the VBS matter by providing links to other stories related to VBS which also implicated members of the EFF.

“Hypertexts are critically important to the framing because they help journalists provide additional background and permit journalists to connect stories to events outside a single episodic frame” (Pavlik, as cited in Reese et al; 2003: 316). In the case of these articles under analysis, Daily Maverick moves the VBS matter from a corruption case conducted at the bank, also involving the politicians and businessmen outside of the bank. For example, Pauli Van Wyk writes in Article 2 that:

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<sup>31</sup> SRC stands for Students Representative Council. SRC’s exist in all institutions of higher learning and are contesting yearly.

<sup>32</sup> Hypermedia are the online tools that allow journalists and other storytellers to create electronic links between their stories and other online content. Omnidirectional imaging refers to 360-degree view imaging systems, including still or full-motion video, which permit viewers to pan, tilt, or zoom about a visual space not possible through conventional imaging technologies. (Reese et al; 2001)

It was standard VBS procedure where politicians and fixers lobbied and coerced and threatened municipalities and state-owned entities to invest in the bank. This was part of an elaborate scheme to hide the growing black hole in the bank's finances.

These hypertexts therefore moved the reader for example, from one view to another. For example, showing the reader the role of the bank executive members, and then through the hyperlinks; taking the reader to another story recounting the relationship between politicians and the bank executive members and how they worked together in this instance of corruption.

ARTICLE 3: R2billion looted from 'corrupt and rotten' VBS Bank, says report (<https://www.dailymaverick.co.za/article/2018-10-10-r2bn-looted-from-corrupt-rotten-vbs-bank-says-report/>).

In this article, Greg Nicolson describes the Terry Motau report as "the damning investigation into fraud and reckless business practices at VBS" and uses the report as his main reference to back up his claims. Nicolson describes the heist as a tool to fund "a corrupt spending spree" indicating to the reader that the VBS Mutual Bank "books were cooked" by executives who established a "network of looting".

The article details how the theft at the bank was carried out and mentions the people accused and the amounts they benefited from. These include the brother of EFF deputy president Brian Shivambu, former ANC Youth League (ANCYL) Limpopo leader Kabelo Matsepe, former KPMG partner Siphon Malaba, former VBS treasurer Phophi Mukhodobwane, the Venda king's attorney Paul Makhavu, and Vele CEO Robert Madzonga.

What's imperative to note regarding this news piece, written by a politics and social justice reporter, is that the only source used was the Advocate Terry Motau report. One problem that stems from relying solely on the Great Heist report is that this kind of elite source fails to illustrate the reality of people affected by the looting but focuses instead on the extent perpetrators went to in their theft from the poor.

The inclusion of those affected by the heist would have given audiences a sense of the magnitude of the effect of the heist and helped to paint a picture of the effects of corruption on economic growth. Hackett (2010:179) states that "struggles for peace and justice are also struggles for democratic communication", which is, arguably, why it is important for social justice journalists to make efforts to promote social change in marginalised communities. They could do this by offering news coverage that does not necessarily reduce a justice issue to a political sport where culprit/s are identified while little (or, in the case of this

article, nothing) is said about the conditions of those who live in Venda and who may have banked their savings with VBS.

An example of such a report is an SABC (2022) insert covering how former employees of VBS said they had been used as a scapegoat and eventually retrenched from the bank. As a media house, Daily Maverick reporters could have spoken not only to depositors but to employees of the bank because they too are part of the community who were also frustrated by the developments in the bank. Had Nicolson included the stories of the ordinary citizens this would have allowed them “to articulate their problems and mobilise them so that they can participate in civic activity and political conversations” (Hanitzsch and Vos; 2018:154).

ARTICLE 4: VBS Volume 1- let’s explore any potential crimes (<https://www.dailymaverick.co.za/opinionista/2018-10-17-vbs-volume-1-lets-explore-any-potential-crimes/>).

This article by law academic Pierre de Vos discusses the crimes committed in the VBS saga and indicates to the reader that “the [Terry Motau] report raises questions about various possible offenses committed in contravention of the Prevention and Combating of Corrupt Activities Act and the Prevention of Organized Crime Act”. The opinion piece highlights that there are people who received bribes, but that the Terry Motau report does not directly mention them. This is noteworthy for its relationship to the theme of bribery explored in this research. People who were bribed to keep quiet about illegal transactions would claim that although they received money from Vele/VBS they were not aware that this was illegal money given to them. Below is an extract from the article:

An MP who directly (or indirectly through some front company or account) received money or another benefit from VBS or Vele with the understanding that he or she would use his or her position as MP to try to protect VBS and/or Vele would also be guilty of corruption.

Because there were Members of Parliament who advocated for VBS to be saved and not be put under curatorship it is important to mention which Members of Parliament allegedly received money from VBS illegally.

One Member of Parliament (MP) who’s been in the spotlight for allegedly receiving VBS money is EFF MP Floyd Shivambu, who received money through his brother Brian Shivambu. The Democratic Alliance’s (DA) Phumzile van Damme laid a complaint with the Committee on Ethics and Members’

Interests, calling for Parliament to investigate Shivambu's role in the VBS matter. According to Van Damme, "even if Floyd did not receive this money, he should at the very least have declared it at the commencement of parliamentary portfolio committees when the bank was discussed" (News24: 2018).

De Vos, quoting the Motau Report, writes that "VBS Bank and Vele Investments operated as a single criminal enterprise", indicating to the reader that Vele should face criminal charges for theft and fraud. The author also shows that people received commissions because they managed to get municipalities to unlawfully deposit their money to VBS and in return were bribed with money. Even though the author advocates for criminal charges, he claims to lack confidence in the NPA saying that it has been weakened and destroyed.

This article demonstrates the value of unpacking legal principles. Such editorial coverage has value because, as Kort-Butler and Habecker (2017: 128) assert, the "media are often considered the public's primary frame of reference for issues of crime because of their ability to focus public attention on certain types of criminal events and offer interpretations for how to understand them". In the case of the report under discussion, the author focuses the readers' attention on the heist's criminal aspects, the corruption as an act by the political elite.

In this text, the author frames the VBS matter as a crime committed by Vele and further paints an image to the reader of offenses committed by members of Parliament who contravened the Prevention and Combating Corrupt Activities Act and the Prevention of Organized Crime Act. This is an example of what Kort-Butler and Habecker (2017:129) call *the problem frame thesis*, where "the news media acts as a primer on crime and justice". According to the problem frame thesis, the media inform the audience that some situation is undesirable (in this case VBS Mutual Bank heist), that many people are affected by it, and that the main contributing factors are identifiable e.g., the contravention of the above-mentioned Acts. Further, the media employ expert commentaries who are most often political or criminal justice figures e.g., De Vos who's a legal expert and writer for Daily Maverick.

The article has also been an exemplar of the importance of the media in providing important information regarding legislation that the reader might not know of. The author identifies the crime and which legislation it contravenes, which is important because "citizens need to have the relevant information at hand to act and participate in political life." (Standaert et al; 2021:922). It is important that Daily Maverick provide this information regarding legislation because "the media, functioning as a fourth estate, play an

important part in the democratic process in constituting a source of information that is independent of the government” (Bennett; 1982:31)

In the case of this article, the journalists took important legislation information and repackaged it for the reader in order for them to be more informed of the legal aspects of the case. This article therefore illustrates the laws that were violated by those implicated in the VBS matter and were bribing officials. It also highlights in contravention of which laws did those who accepted the bribes commit.

ARTICLE 5: VBS Bank Heist: EFF family ties and moneyed connections (<https://www.dailymaverick.co.za/article/2018-11-21-vbs-bank-heist-effs-family-ties-and-moneyed-connections/>)

This comprehensive piece is by Scorpio investigative journalist Pauli Van Wyk, who describes the EFF as a party that claims to be ‘corruption-busting’ while reporting that the party and its president “benefited from the VBS Mutual Bank heist” Here the author is showing the reader that the EFF is a party of contradictions, claiming to fight against corruption, yet their leaders are implicated in a bank heist. The article recounts how the EFF received over “R1.8-million in illicit VBS funds” and directs the reader to a Scorpio investigation that exposed how “the Economic Freedom Fighters and its President Julius Malema benefited from the VBS Mutual Bank heist through a crude scheme run similarly to the On-Point Engineering<sup>33</sup> corruption debacle of 2012”. Using hyperlinks, the author directs the reader to a PDF document which is part of the newspaper’s framing of the VBS Mutual Bank case particularly with respect to members of the EFF. The document is the Public Protector report on allegations of corrupt practices relating to the awarding of tenders by the Limpopo Department of Transport. This document serves as evidence of past investigation Julius Malema was part of and serves as evidence to the frame Daily Maverick seeks to have regarding the VBS matter and the EFF.

The author discusses the On-Point scheme that the EFF leader was found guilty of by former Public Protector Thuli Madonsela and compares the matter to VBS; reporting that “the funds flowing from VBS were channelled to Malema, his family, and the political party he founded in 2014 in the same On Point-style way”. Comparing VBS to On Point is more than a position or comparison by the author, it is a frame

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<sup>33</sup> On-Point Engineering was embroiled in a court case involving a tender worth R52 million which was allegedly unlawfully awarded to the company in 2009. The contract was for On-Point to oversee work by service providers contracted to the Limpopo roads and transport department. Former Public Protector Thuli Madonsela found that the department did not follow proper guidelines in awarding the tender and that On-Point and Malema improperly benefited from the contract (See: <https://mg.co.za/article/2013-03-10-malemas-on-point-engineering-blacklisted/>)

that "spell[s] out the essence of the problem and suggests how the issue should be thought about and understood" (Aarøe; 2011:209).

By comparing VBS to On-Point Engineering this study has established that the news value of corruption guided the approach of Daily Maverick's coverage. As can be seen in the focus of the corruption allegations and documents by former public protector, the Terry Motau report, this project has paid particular attention to sources of information in the articles under review to help the researcher understand where the community fitted into the news hierarchy.

The rhetorical analysis below seeks to look at the platform which was given to sources because "the selection of news sources is driven by considerations of power and efficiency" (Keyser et al; 2013:140). This research explores what space might remain for contributions from alternative sources. In the case of the VBS heist, such sources could include bank customers and lower-level bank employees.

### **5.3 Rhetorical analysis findings**

A rhetorical analysis of five articles were conducted. From this analysis, three themes emerged: **community members, politicians involved, and bank executive members involved**. These themes offer opportunities to explore who Daily Maverick authors spoke to, and what those sources contributed to Daily Maverick's reporting of the story of VBS. With this in mind, this section, seeks to explore what value the sources contributed to Daily Maverick's framing of the VBS matter. Such contribution may refer to statistical value, lived experiences, or narratives from politicians trying to hide their involvement in the scandal. Analysing who Daily Maverick consulted most frequently in their reporting of the VBS matter is important because "at its best, the press is a servant and guardian of institutions. At its worst, it is a means by which the elite exploit the inability of community members to have shared values and solve problems together" (Grabber; 2006:51-54). Aligned with this position, this analysis sets out to locate the relative positions occupied editorially by members of the Limpopo community in relation to members of the political and financial elite.

Obtaining the lived experiences of VBS depositors should be possible seeing that "journalists are facilitators of ongoing social dialogue and have some leeway in choosing which subgroup's interpretations will dominate the news" (Berkowitz and TerKeurst; 1999:129). According to Le Pere (2020:6) "Limpopo tips other provinces by R270 millions worth of corrupt activities on government's tenders involving officials. The major problem facing the province is corruption and financial mismanagement of funding allocated for rendering services to poor communities". It is with this as impetus that the rhetorical analysis

aims to explore whether the Daily Maverick in its coverage has indicated what effect this heist has had on the provincial and municipal level due to all the money spent on bribing people which could have been used for service delivery.

Establishing how much attention was given to political figures who are alleged to have benefited from VBS is intended to illustrate the view of Khan and Pillay (2019:1206) that “corrupt officials, politicians, and political parties severely compromise government discharging their constitutional obligations and responsibilities”. Exposing the corrupt politicians involved is important because their corruption is one reason sustaining the gap between the rich and poor.

For example, in Fetakgomo Tubatse Municipality, due to R245.1-million illegally invested in VBS, the municipality has “been facing a number of problems, including a shortage of water. It was also affected by cash shortages to pay for services and planned infrastructure projects, such as roads. A regional cemetery that was supposed to be built for the villages had not begun” (Mabuza; 2018).

It is the duty of public servants to work in the interests of the poor because “the concept of the public interest and accountability are imbedded in the country’s Constitution and other legislation that governs local governments” (Nevhutanda and Mamaile; 1970:80). This study will therefore look at the extent of Daily Maverick attention on residents regarding the actions of local government employees who invested in VBS as a way of investigating the framing and social responsibility of its coverage.

### 5.3.1 Theme one: Community members

In this section the study seeks to look at what ordinary citizens had to say regarding the VBS matter, and, specifically, how the closure of VBS affected their financial circumstances. It is important to hear what the community members had to say about VBS because there were community members who invested in burial societies which lost money at VBS. It is also community members who are affected by the municipalities which invested in VBS, and which now are struggling to deliver services due to budget cuts. It is the view of this study that the views of ordinary citizens are most important in this study because, in its formative stages, the bank aimed to cater to the rejected and poor. The bank aimed on improving banking for those who are living in poor areas. As a consequence of corruption, these intentions have now collapsed. Therefore, this section aims to see who Daily Maverick spoke to in communities and how they were dealing with the loss at the bank.

ARTICLE 1: The VBS Aftermath: ‘If we speak, they will kill us’  
 (<https://www.dailymaverick.co.za/article/2019-09-09-the-vbs-aftermath-if-we-speak-they-will-kill-us/>)

This article by Nomatter Ndebele details the story of Khatu Mashwana, a VBS depositor who lives in Thoyandou, Limpopo, and sells fruit and veg for a living. Ndebele also speaks to various women who formed a stokvel and deposited their savings at VBS. The women confess that, because they fear being victimised, they have distanced themselves from the VBS matter. Below is an extract from the article:

But everybody in Thoyandou is keeping a big secret. The Venda Building Society (VBS) is the elephant in the room. Fear is in the air, and nobody wants to talk about it.

The article plays its facilitative role by bringing different community members together to tell their stories since their savings disappeared and their monthly expenditure affected by the closure of VBS Mutual Bank. It is what Hanitzsh and Vos (2018: 154) label as the “media’s role as the access provider. The access provider role affords the audience a platform and a forum to express their views”. The article further indicates that the community members know who the culprits are, but, because they live in fear, they “have to keep their heads down, lest they too lose their lives”.

Ndebele’s article outlines how the depositors must carry on as if nothing happened. Ndebele speaks to a community member, Khatu Mushwana, who outlines the consequences of the bank heist. Below is an extract from the article:

Even though the culprits are known to the community, everybody knows that VBS is not something you talk about. “If you say anything, they will kill you” Mushwana says softly. Many other victims, however, are already dead. “They died from stress and heartbreak” Mushwana says. This year one of her friends, whom she worked with at the market, died after failing to cope with the loss of her funds.

It further goes on to say that “even though people like Mashwana lost their entire livelihoods, there is no room for them to share their pain or experiences”. This is important as the media's social responsibility includes producing and distributing a “diversity of content (information, entertainment, education) which has as an objective the individual” (Fourie; 2017:112). In this article under discussion, the author had an objective which is to tell the stories of VBS depositors who are vulnerable, but some of them (as indicated by the source Khatu Mushwana) are scared to talk to the media.

“Another lady I know lost R700 000”, she says. She refuses to divulge any other details, fearing the information will put her and her colleagues at risk. “If they find out that we are talking they will kill us” she repeats.

In this article Daily Maverick implements its facilitative role. In the facilitative role there is an emphasis on a variety of views, which has been important in the VBS case as ordinary citizens are not silenced or side-lined. According to Tomaz and Trappel (2022: 13), “democratic societies need news media for information and continuous observation; therefore, news media are granted freedom to operate without interference by political, economic, or social interest”. However, “many journalists and reporters around the world today risk their lives to uncover the truth. Every four days a journalist is killed in the world” (UNESCO; 2022). This statistic resonates in Limpopo where local journalists fear covering the VBS matter:

It is not only victims who are afraid for their lives. Many local journalists we tried to talk to said they had decided to separate themselves from the VBS matter: “This is a very sensitive case. I fear for my life, you must be very careful”, said one journalist.

This article, which features the theme of community members, has clearly illustrated how in their facilitative role and by implementing their social responsibility the media is able to report to the public views of ordinary people who are affected (arguably, the most affected) by the actions of corrupt businesspeople and politicians.

### 5.3.2 Theme two: Politicians involved.

Discussion of this theme addresses the role members of the ANC and EFF played in the VBS Mutual Bank heist, as reported in certain Daily Maverick articles. Most corruption cases in South Africa involve politicians from political parties. It is alleged that some politicians involved in the VBS matter lobbied municipalities to invest in VBS. The public first become aware of VBS when former President Jacob Zuma received a loan for upgrades to his home in Nkandla, KwaZulu Natal. This theme is central to this study as the media have an obligation to hold those in power accountable. This theme is also central to the study as citizens have a duty of raising their concerns regarding the politicians, they voted for who are involved in scandals that is affecting service delivery in their communities.

ARTICLE 2: The Great VBS Heist: How the Shivambu brothers benefited even more. (<https://www.dailymaverick.co.za/article/2019-04-03-the-great-vbs-heist-how-the-shivambu-brothers-benefited-even-more/>)

This investigative piece by Pauli Van Wyk details the transactions that took place in the Sgameka Projects bank account linked to Brian Shivambu. The author assures the reader that their findings are supported by the Great Heist Report. In their reporting of the scandal, the author presents the reason for the bank's collapse is the loan granted to Brian Shivambu.

Van Wyk particularly focuses the reader's attention on Floyd Shivambu and Tshifiwa Matodzi who the author claims are the people behind the bank's failure. According to Borah (2014: 578), “over the years research on framing has shown that the accentuating of certain considerations in a message can influence individuals to focus on those considerations”. In the case of this article, editorial focus emphasises that Brian Shivambu was a front, and the real person behind Sgameka was Floyd Shivambu. Below are extracts from the article illustrating this assertion:

Using VBS money, Brian Shivambu was the signatory of fake companies belonging to Floyd Shivambu and was used as a “front” for the dirty work of his brother. One of these companies was ‘Grand Azania’, “the company which received R6.16 million in illegal VBS money and of which Shivambu’s younger brother, Brian, is the sole director and signatory”.

In framing the article, and to support the author’s point that the Shivambu brothers benefitted from VBS money, three different links to Scorpio investigations are included as well as an article by Sabelo Skiti and Thanduxolo Jika of Mail and Guardian.

These articles are:

- *VBS Bank Heist; EFF’s family ties and moneyed connections*
- *Along with the R16.1m in illicit payments, VBS approved Brian Shivambu’s R1.46m home loan, with a little help from uBhuti ka Brian<sup>34</sup>*
- *The Shivambu brothers and the Great VBS Heist*

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<sup>34</sup> uBhuti is a Xhosa word meaning brother and connotes a level of bonded familiarity. In the case of this article, the author is indicating that the loan Brian Shivambu received was with the help of his brother, EFF Deputy President Floyd Shivambu.

These articles provide supporting evidence of how EFF leader Floyd Shivambu is linked to the fake company Sgameka Projects.

The embedded links entrench the framing of the article which is indicated in the headline. Alternative vocabulary puts this as news values, where journalists employ these values to decide the ‘angle’ of the story and determine which parts of the story are to be ‘emphasized’ (Borah; 2014:570). The purpose of news value framing is to “provide an interpretive framework to understand a political issue and prompt the spread of activation to related issue schemas, influencing individuals' judgments about other issues, vote choice processes, or candidate character” (Borah; 2014:578). Bearing out this approach, Van Wyk writes:

In around 2017, deputy president of the EFF Floyd Shivambu approached several businessmen – including individuals whom he often scornfully referred to in public as “the Stellenbosch Mafia” – regarding personal business ventures he had his eyes set on. One of these ventures pitched by Floyd Shivambu was a wine bar and restaurant to be built in the historical Vilakazi Street in Orlando West, Soweto. It was to be called “Grand Azania”, and Shivambu was shopping around for a sponsor and a wine farmer who’d allow him to bottle their wine “under his own brand, Grand Azania”, sources recalled of the discussions. Grand Azania is also the name of a company which received R6.16-million in illegal VBS money and of which Shivambu’s younger brother, Brian, is the sole director and bank account signatory.

The emphasis of the author on the role Floyd Shivambu played relates to the focus of this study as it speaks to a politician who is alleged to have used their family members to enrich themselves through corruption. This study’s focus is on how Daily Maverick covered a corruption case involving politicians, but which affected the poor. It is therefore to be expected that the newspaper focuses its coverage on politicians who are allegedly involved in the VBS looting. The exposure of politicians has relevance to this study because political corruption is an embarrassment to the constitutional obligation public servants have of being transparent. “Political or grand corruption takes place at the high levels of the political system. It is when the politicians, who are entitled to make and enforce the laws in the name of the people, are themselves corrupt” (Amundsen; 1999:7). This, in turn, has reverberations that cascade down to individuals attempting to survive at community level yet thwarted by actions taken by politicians indirectly governing those attempts.

Writing about corrupt politicians is important as the media have the social responsibility to inform people about the facts, and not just allegations. “Who is involved, how they commit crime, and who condones the

practice; this is to ensure that the relevant stakeholders at the national level act” (Krøvel and Thowsen; 2019: 110). However, in this article, the author has not provided evidence that the company belonged to Floyd Shivambu, but rather emphasises the relationship between Floyd and VBS CEO Tshifiwa Matodzi and that Brian Shivambu was a “front”. The friendship between the two is in no way evidence that Brian Shivambu is not capable of doing fraudulent activities on his own.

The exposure of corrupt politicians serves Daily Maverick’s agenda-setting, where the media indicate to readers what to think by “forcing attention to certain issues, building up public images of political figures, and constantly presenting objects suggesting what individuals in the mass should think about, know about, have feelings about” (McCombs and Shaw; 1972:172). Even though Daily Maverick is not directly telling the reader how to feel about the EFF leaders, the text does give an indication of their involvement in VBS and their lack of immediately intervening once they were aware.

In the case of this article, an EFF MP knew that his brother was receiving money from VBS wrongfully and did not inform the necessary committee in Parliament about events at the bank.

ARTICLE 3: VBS Bank Heist Arrests: Who’s Next?

(<https://www.dailymaverick.co.za/article/2020-06-18-vbs-bank-heist-arrests-whos-next/>)

In this analysis, Stephen Grootes discusses what he believes will be the effect of the VBS calamity on political parties. Grootes argues that the EFF will be affected by the arrests of people linked to the VBS heist and further says that even though much attention has been given to the EFF leaders and their link to VBS, the matter is more about corruption and the ANC during the tenure of former President Jacob Zuma.

This article speaks to what Broersma (2007) terms conventions, or the form and style of news “which is essential in making people believe events are real, by having discourse that aims to impose and legitimize certain representations of the social world”. The headline seeks to indicate that there are more arrests coming for those involved in the VBS scandal.

In the case of this opinion analysis piece, the VBS arrests are discussed from a political viewpoint by arguing that certain political parties and political figures will be affected numerically in terms of support. In this way Grootes is setting a frame which predicts party supporters withdrawing support for the EFF because of VBS.

Grootes' editorial stance becomes evident as early as the introduction of the article which serves as a frame. In it, the author is saying that the EFF will be affected politically by the VBS matter, however, no EFF member has been sentenced or stood trial because of the VBS case. Grootes' argues that: "The charging and successful prosecution of Malema and Shivambu would end their political lives and could be the death knell for the EFF too".

He offers two signs that EFF will be affected by the arrest of their leader, which might lead to a decline in support for the party. Secondly, he suggests that members will leave the party because of the party's leaders' involvement in VBS.

Later in the article the author points the reader to an article by Daily Maverick journalist Pauli Van Wyk titled: *The other side of the VBS puzzle – Matodzi's WhatsApp's reveal purpose and payments to Malema and Shivambu's slush funds*. This article by Van Wyk (discussed on page 50) details how payments moved from VBS to slush funds mentioned in the Terry Motau report. The article serves to contribute to the frame which suggests that because of the illegal payments made to these fake accounts, EFF members are about to be arrested. Grootes writes:

Before Covid-19, Malema might have hoped that a criminal trial could be a useful focal point for political campaigning, in the same way that Zuma used his court appearances in the period leading up to 2009. However, that strategy may no longer be workable. Too much has changed. Not only are crowds not allowed, but the evidence against him has been too detailed, too widely circulated and simply impossible to counter.

This article can be regarded as an example of agenda-setting and framing overlapping. "Agenda setting can be understood to be the effect of the media on determining the priorities of public opinion" (Zahariadis; 2016:6). By assuming a stance towards the fate of EFF leaders that they most likely will face arrest; the article operates as a contribution to narratives already being advanced by Daily Maverick.

### 5.3.3 Theme three: Bank executive members involved.

The final theme under rhetorical analysis speaks to what is published regarding the bank executive members named by the Motau report as the architects behind the bank's failure. This theme is important as it speaks to how businessmen work with politicians to achieve their gains; what Kroukamp (2014:1415) terms "Grand Corruption". According to Transparency International (n.d.), "Grand corruption represents an abuse of high-level power for the benefit of the few at the expense of the many. It refers to the

involvement of high-level officials in large-scale bribery and embezzlement of state assets, as well as other corruption offences. Grand corruption deepens poverty and increases exclusion”.

Analysis of articles featuring the different executive members is important since such analysis may offer insights into the way in which the grand corruption unfolded at VBS. The VBS heist has shown how “corruption is not confined to the public sector but occurs in the private sector as well, and not only involves monetary gains but selfish motives” (Srivastava; 2016:171). Selfish motives become evident among the bank executives who were entrusted with managing the bank but instead looted it for their own gains. Their actions bear out the claim by Transparency International (2022) that, “Through grand corruption, vast amounts of public money are systematically siphoned off to the accounts of a few powerful individuals, at the expense of citizens who should benefit. Financial institutions and other enablers assist those involved in laundering the proceeds”.

ARTICLE 4: Phillip Truter, the sentinel who failed to raise the alarm at VBS. (<https://www.dailymaverick.co.za/article/2020-05-13-philip-truter-the-sentinel-who-failed-to-raise-the-alarm-at-vbs/>)

This investigative piece by Pauli Van Wyk describes Phillip Truter as a ‘sentinel’, as though he were someone who could have saved the bank if he had maintained the integrity required by his position and not involved himself so deeply in the corruption taking place. The bank CEO, Tshifiwa Matodzi, who is described by the author as the “architect of the robbery”, is said to have needed Truter to be part of the scheme because of his knowledge of banking systems. The article includes Truter’s testimony in court:

I understood it to be a payment from Vele because I cooperated in this whole scheme, to make it work and execute a lot of... because in my capacity as CFO and Director of the bank there were a lot of risks that I placed myself under in doing certain transactions.

Van Wyk exposes the VBS corruption by laying out evidence emerging from confidential material gathered by the Daily Maverick investigation. Through WhatsApp messages accessed on Truter’s phone, Daily Maverick was able to establish that Truter, Matodzi, and Mukhodobwane were exchanging money for services not rendered. These transactions included R5.8-million in stolen VBS money paid to Truter for participating in the cover-up of the bank robbery. This article shows how the bank executive members worked together in their fraud. It also highlights the chain of the loot in that the one needed the other to steal. In this case Matodzi needed Truter.

Daily Maverick successfully plays its social responsibility role in its exposure of Truter, by providing a diagram of how money flowed from VBS and paid for Truter's vehicle maintenance and his mortgage, for his property in Randburg. According to Srivastava (2016:170), "the media plays a significant role in unveiling corrupt practices and empowering citizens to fight against corruption. Media acts as a watchdog and monitors the working of various private and government institutions and lends us a voice to an extensive kind of perceptions and arguments". The author of this Daily Maverick article performs these roles by providing evidence and illustrations of how businessmen spent money belonging to poor people from Venda to pay for their own living expenses.

ARTICLE 5: Ex-VBS treasurer bought Porsche with some of the loot - after two crashes in succession a young man was dead (<https://www.dailymaverick.co.za/article/2020-07-09-ex-vbs-treasurer-bought-porsche-with-some-of-the-loot-after-two-crashes-in-succession-a-young-man-was-dead/>)

Pauli Van Wyk writes here about a case of culpable homicide and reckless driving involving former VBS Treasurer Phophi Mukhodobwane. In the investigative piece, Van Wyk, informs the reader that "Phophi Mukhodobwane was involved in a vehicle crash in Lonehill, Johannesburg, in August 2019, which led to the fatal death of 24-year-old Dyllan Ross". The article discusses the case and quotes the wife of the deceased who recalls the day of the incident:

The driver of the Porsche came to my window, leaned in, and asked how bad it was. I screamed for help and he left. I never saw him again until the day [in June 2020] when he appeared in court. When he took his mask off in court, I recognized him. It was Phophi.

The article not only discusses the case involving Ross but links the same car that killed Ross as the car bought with illegal VBS money. Van Wyk writes that "the fatal car crash occurred almost to the day two years after Mukhodobwane acquired the new white Porsche Cayenne GTS through a front company named Lemawave (Pty) Ltd operated by his brother, Ranwedzi Peter Mukhodobwane".

In analysing the article, it is noted that the author was providing evidence of where the VBS money went. Not only did the former treasurer steal from the people of Limpopo, but they also were involved in a fatal car crash and drove away without reaching out to the victim. This information helps expose the character of Mukhodobwane. Such absence of moral behaviour is noted in this discussion because, beyond its contribution to news coverage, it operates as something of a moral reflection of the characters in the VBS drama.

This therefore speaks to the social responsibility of the press of not only exposing corruption but speaking to the moral climate in which it flourishes. It shows how corrupt individuals are so self-absorbed that they even run away from car accidents.

#### **5.4 Conclusion to findings**

Research indicates that “journalists show a professional preference for sources with a certain level of authority and the selection of news sources is driven by considerations of power and efficiency” (Keyser et al; 2011:139-140). This project’s thematic investigation bears this out, revealing that spokespersons, government sources, press statements, and political party leaders were quoted more frequently than community members. In all 10 articles forming the corpus of this research study, the authoritative Great Heist Report by Terry Motau report was used as a source.

Regarding the thematic coding which this analysis surfaced, the words *corrupt*, and *corruption* appeared in every article. This serves as convincing evidence that Daily Maverick framed its coverage of the VBS matter as primarily and fundamentally a corruption scandal (as opposed to, for instance, a finance, banking, or political scandal). The only political parties mentioned in the 10 articles were the Economic Freedom Fighters (three articles) and the African National Congress (two articles). It is this study’s view that the mentioning of political parties in 50% of the articles means that the newspaper intended to frame the VBS matter as a corruption case engineered by members of the ANC and EFF. In other words, that the heist was a corruption case facilitated by politicians using their political power for their own interests.

Outside of text-based reportage, this study also explored additional aspects of Daily Maverick coverage such as headlines and hyperlinks. “Headlines are powerful and impactful because they summarize the content and entice readers into the text” (Harrower; 2013:27). Pan and Kosicki (1993:59) further state that “headlines are the most powerful framing device because they activate certain semantically related concepts in readers’ minds”. The headlines under thematic analysis played a particular role in signalling the angle of every story. Hyperlinks were included in all the investigative articles and served as links to further investigations either by Daily Maverick or other publications who have written about VBS.

In articles about the community, video and audio components were included to detail the level of corruption that took place. However, the stories that focused on exposing the corrupt elite did not speak about the community or offer graphics showing the realities of the poor. This could be because community members do not want to be exposed or it could be that Daily Maverick did not make adequate effort to create video/infographics about the realities faced by retrenched workers and depositors at VBS.

These findings respond to the research aims and objectives of this study with findings that point to the fact that journalists framed VBS scandal in ways that exposed politicians and bankers rather than in ways that illustrated the effects of the VBS case on the bank's customers, most of whom are the poor people of Venda. By giving a greater word count to stories featuring politicians and the bank's executive members, the paper partially failed in its role as a socially responsible media outlet. In fulfilling its normative mandate via its focus on exposing corruption, Daily Maverick has inarguably excelled. Nevertheless, its VBS coverage indirectly omits a segment of the people they claim to be fighting on behalf of.

## Chapter Six

### Conclusion

#### 6.0 Introduction

VBS Mutual Bank was established to make banking more accessible for the poor in remote areas. However, poor management and corruption inconvenienced the lives of many poor people in Venda who had saved their money in the bank. For example, there are burial societies who invested in VBS and lost their money. Those society members then had to raise money for their burial needs. This analysis of VBS coverage in Daily Maverick has been important for researchers concerned with ways in which the poor, who arguably are the biggest victims of corruption, are represented in the media.

The unlawful and unethical practices by the bank meant its administration had been toying with depositors' money. Not only did VBS allow black participation in the financial sector, but it also represented a constituency that big banks saw as a high risk. Beyond this purpose VBS also was a bank involved in various initiatives which aimed at fostering local economic development.

The VBS scandal was exposed to the public in 2017 and the matter has still not been concluded in court. So far, the only executive member of the bank sentenced to jail is Philip Truter; though 27 people have been arrested and are under investigation. In many respects, the VBS scandal has become a case study of how politicians and businessmen work together in corruption matters. Two instances demonstrate this. Firstly, Limpopo businessman Keaobaka Remigious Kgatitsoe was sentenced to five years in prison which was suspended, and later ordered to pay back R460 000 to the liquidator of VBS (McCain; 2022). Secondly, on Tuesday 30 August 2022, Pietermaritzburg high court granted VBS Mutual Bank's curator an order forcing former president Jacob Zuma to pay back taxpayer's money spent on several structures built at his home in Nkandla (Mabuza; 2022). The loan given to former President Jacob Zuma exceeded VBS profits.

One of the lessons learnt from VBS is that South Africa needs to have stricter penalties with respect to corruption because, due to the actions taken by government officials at the municipal level, there are now municipalities facing budget cuts, which means more cuts to services such as education, health, houses, and sanitation. This demonstrates that greed and corruption impact the achievement of developmental objectives.

Such profound impacts at social and economic levels means that media coverage of the VBS story provides compelling motivation for research. The following section of this final chapter reviews overall findings

and how they relate to the aims and objectives of the study; ways in which this study contributes to existing theory; and topics recommended for future study. The last section will be a conclusion.

### **6.1 Overall findings**

Daily Maverick found that the EFF leaders Floyd Shivambu and Julius Malema were behind the loot of the bank and the money they received through slush funds, enabled by the VBS chairman, treasurer, and CEO, was the main reason for the bank's collapse. Analysis of Daily Maverick coverage, conducted on a selection of 10 published stories, revealed that framing the story as a corruption scandal via mostly elite sources, the newspaper neglected the stories of VBS employees who lost their jobs and of community members who lost their savings.

### **6.2 Research contribution**

This research contributes to studies exploring the social responsibility of journalists in their coverage of corruption news. This study contributes to understandings of social responsibility theory through its focus on specific coverage. Reporting on corruption is important because it allows citizens to make personal decisions about politicians and the business elite, people exposed to public scrutiny. It follows, therefore, that research studies such as this one would contribute to a deeper understanding of the media's social responsibility. This research also emphasises the significance of investigative journalism as an instrument in fighting corruption by bringing further evidence into light in corruption cases.

This study also contributes to research looking at how media frame stories relating to politicians and the business elite who are involved in corruption scandals. Through their framing choices, it is the media who serve the public interest by demonstrating how politicians work with businesspeople to rob the vulnerable.

### **6.3 Recommendations for future study**

For future studies, it would be worth exploring how Business Maverick reportage framed the VBS scandal, and whether that framing aligns with the overall frame of the entire newspaper. Future research could also examine the roles played by the South African Reserve Bank and National Treasury, and why they failed to act on the VBS matter earlier. Further topics worth exploring include how VBS depositors are coping post-VBS closure, establishing from them why the bank should be saved, and finding out from Treasury why the bank cannot be saved. Future studies can also look at any variance in opinion by Daily Maverick to see whether what was emphasised in the texts when the story first broke aligns with opinion following

the arrests of those implicated. Any or all these research opportunities would illuminate the terrain of media studies.

#### **6.4 Conclusion**

This study recognises that there are minimal economics and business journalism studies which focus on the lived experiences of people at the grassroots level, particularly those people with negligible financial standing. In part, this is what motivated this study which aimed at understanding the role of frames and normative theories in a national story with significant local impact.

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## Attachments

### Attachment 1: NPA Statement on Former VBS CFO Phillip Truter

**PRESS RELEASE**  
7 October 2020



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**FIRST VBS CONVICTION AS A FORMER VBS CFO GOES TO JAIL**

The former Chief Financial Officer of the VBS Bank, Phillip Truter, was sentenced to 10 years imprisonment, three years suspended, for five years by the Palm Ridge Specialised Commercial Crimes Court earlier this morning. He will effectively serve seven years imprisonment.

Truter, who pleaded guilty to charges of fraud, corruption, money laundering and racketeering, has undertaken to cooperate with the state's case, which was investigated by the Hawks and guided by the NPA. He was complicit and active during the VBS debacle and has decided to come clean.

The law enforcement agencies always encourage either whistle-blowers or accused persons who want to come clean to make a full, frank, honest and open disclosure about their involvement and their ill-gotten gains.

There are times where, especially in the realm of corruption, when law enforcement will need the cooperation of insiders. Many of these schemes are fairly closed and only a very close inside group will have the know-how of the shenanigans that transpired – someone like Truter who decides to take responsibility for his actions will always be encouraged to talk to the state and such honesty is welcomed.

Corruption can effectively be beaten from the inside. Further legs of the VBS investigation by the Hawks and the NPA are progressing well.

Issued by:  
Sipho Ngwema  
NPA National Spokesperson  
081 253 8889/082 4998111  
sngwema@npa.gov.za

Issued by: The National Prosecuting Authority of South Africa  
Enquiries: [media@npa.gov.za](mailto:media@npa.gov.za)  
NPA Facebook: <https://www.facebook.com/thenpaofsa>

## Attachment 2: Venda King statement

14 OCTOBER 2018  
**OPEN LETTER TO VHAVENDA  
 PEOPLE**

The 139 page Investigator's Report to the Prudential Authority compiled by Adv. Terry Motau SC assisted by Werksmans Attorneys, dated 30 September 2018 and sensationally titled: The Great Bank Heist ("the Report") only makes reference to me in no more than 5 sentences. The Report concludes that an amount of R17 million was a payment to me. Most significantly, the Report does not find that I was part of any criminal enterprise. The Report describes the payment as a gratuitous payment.

It is to be regretted that Adv. Motau SC and Werksmans Attorneys did not deem it necessary to afford me an opportunity to be interviewed and to also give my version and correct the conclusions which they were to make in the Report. I am advised that the laws of natural justice require a person against whom adverse statements and findings to be made to be given an opportunity of reply – *audi parterm rule*. This sadly did not happen. To the best of my knowledge no amount of R17 million was paid to me, gratuitous or otherwise. No doubt, Motau SC and Werksmans Attorneys would have known the grave damage the mention of my name in the Report would have to me personally as well as to the kingship of Vhavenda people. I was entitled to a fairer treatment.

In my capacity as the King of the Vhavenda people, I receive various grants including financial support from various individuals and entities. Any such receipts I deem them to be legitimate, untainted, and *bona fide* support to the responsibilities I **hold in relation** to Vhavenda people. Any such amounts as may be shown to have been payments flowing from the fraudulent and/or criminal sources involving the Venda Building Society ("VBS"), I would have received without knowledge of the criminal wrongdoing which the Report identifies.

I irrevocably offer to repay any amount which will be shown to have been proceeds of the illegalities in the Report as soon they are computed and am directed where the repayment must be made and the terms of such repayments.

The financial ruin, the cold theft to the vulnerable of our people is inimical to the vision my father had as a founding member of this Building Society. My heart goes out to those who were harmed by this ruthless enterprise.

Ndaa

King Toni Peter Mphephu-Ramabulana

## Attachment 3: Statement by Brian Shivambu on VBS Allegations

**STATEMENT BY BRIAN SHIVAMBU ON VBS ALLEGATIONS:**

11 October 2018

My name is Brian Shivambu. My name was mentioned in the Report by Advocate Terry Motau SC as part of the people who allegedly benefited from what he termed the VBS Mutual Bank heist.

My company, Sgameka Projects was appointed to provide professional consulting services to Vele Investments in 2017. My company did not have any business relationship, nor did it receive money from VBS Mutual Bank. The contract entered between Vele Investments and Sgameka Projects does not state anywhere that my company will receive payments from VBS Mutual Bank.

Vele Investments told me that since they bank with VBS our company and myself as its Director should open a bank account with VBS Mutual Bank for ease of payments. Receiving money through VBS account does not mean that VBS paid me money.

Sgameka Projects has since 2017 offered the services to Vele Investments and received the monthly payments as stipulated in the contract. My company does not have any business relationship with VBS Mutual bank.

My name has been mentioned in the VBS Report. At no stage did the VBS Mutual Bank investigators write to me or invite me to come explain my working relationship with Vele Investments. It is disconcerting and unlawful to pass judgment on anyone without granting them an opportunity to state my case.

I previously worked for the EFF Students' Command as an administrator after I had been a Volunteer at the Head Office since 2013. I left the employment of the EFF in June 2017 to focus on my business interests.

My brother Floyd Shivambu is the Deputy President of the EFF and not the owner of my businesses. I committed to him that I will give him support, which I have done where possible.

The report details people who played a direct or indirect role in influencing depositors into VBS, and nowhere does it state or insinuate any role I played in the business of VBS. I have never met any municipality of potential depositor to encourage them to deposit money with VBS, because that is not what I do.

I am willing to cooperate with Law Enforcement institutions in South Africa to put this matter to rest. I believe that anyone who is found guilty with wrongdoing on the VBS case must be held accountable and monies that were illegally siphoned should be paid back. Equally I intend to legally pursue the owners of the VBS Report for defamation of my character and that of my company as well as for the strain this report has caused to my family, pursuing allegations levelled against me in the

South Africa's law does not permit anyone to put a juristic or natural person into trial, and convict them without granting them the right to state their version.

**BRIAN SHIVAMBU,**

11 October 2018

## Attachment 4: South African Reserve Bank Press Statement on VBS Mutual Bank

**MEDIA STATEMENT**

Wednesday 10 October 2018

**VBS Mutual Bank investigators report to the Prudential Authority**

The South African Reserve Bank (SARB) received the forensic investigation report into the affairs of VBS Mutual Bank (VBS) from Advocate Terry Motau SC on 5 October 2018. This report was in pursuance of Advocate Motau's appointment as an investigator in terms of section 134 of the Financial Sector Regulation Act 9 of 2017 by Deputy Governor of the SARB and Chief Executive Officer (CEO) of the Prudential Authority (PA), Mr Kuben Naidoo.

VBS was placed under curatorship on 11 March 2018 against a backdrop of a serious liquidity crisis at the mutual bank. The initial findings of the curator revealed significant financial losses in VBS, which prompted the decision to institute a forensic investigation.

The primary objectives of the forensic investigation were to establish whether:

1. Any of VBS's business was conducted with the intent to defraud depositors and/or any other creditors of the mutual bank, or for any other fraudulent purpose;
2. VBS's business conduct involved any questionable and/or reckless business practices and/or material non-disclosure, with or without the intent to defraud depositors and/or any other creditors; and
3. There had been any irregular conduct by VBS's shareholders, directors, executive management, staff, stakeholders and/or related parties.

The SARB has handed over a copy of the report, as well as all the detailed interviews and annexures, to the law enforcement authorities for further investigation. These interviews and annexures will not be released to the public at this stage, as this could compromise any criminal investigation.

The evidence presented in the report is not a reflection of either the guilt or innocence of any party as not all parties have been given an opportunity to respond to the evidence. The report may assist the law enforcement authorities in its investigation into the affairs of VBS. Once their investigations have been concluded, the authorities may decide to institute criminal prosecutions; the courts will be the final adjudicator in this regard.

A copy of the report has also been provided to the Acting Commissioner of the South African Revenue Service (SARS), Mr Mark Kingon.

The report is available [here](#).

Issued by SARB Media Relations [media@resbank.co.za](mailto:media@resbank.co.za)

Attachment 5: AmaBhungane statement on EFF ban

## Statement: Why Malema should not get away with banning us

The EFF's ban of [amaB](#) and DM threatens not only the media, but democracy.

13 September 2019 - [AmaBhungane Team](#)

[AmaBhungane](#) notes EFF leader Julius Malema's remarks declaring [amaBhungane](#) "an enemy of the revolution" during the party's Robert Mugabe memorial yesterday.

[Listen: Julius Malema declares \[amaBhungane\]\(#\) "an enemy of the revolution"](#)

Malema claimed that [amaBhungane](#), the Daily Maverick and the latter's Scorpio investigative unit were part of a [stratcom](#) campaign waged by Public Enterprises Minister Pravin Gordhan against EFF leaders.

[AmaBhungane](#) is a fiercely independent investigative non-profit which publishes via [amaBhungane.org](#) and partners such as the Daily Maverick.

Malema said: "We are in a war here... If you think we are playing, you must stand aside."

His remarks about us included: "[AmaBhungane](#) and Daily Maverick and Scorpio ... they are not a media house, they are a gangster formed to pursue the interests of Pravin Gordhan, and as a result in this memorial service of Gabriel Robert Mugabe we declare them as an enemy of the revolution and they shall never participate in our events.

"[We] shall never answer any question from [amaBhungane](#), from Daily Maverick, from Scorpio. Let them write any nonsense they want to write about us. We know who writes their question, it's Pravin."

[AmaBhungane](#) last week sent the EFF a request for comment regarding alleged tender corruption in Johannesburg and Tshwane, both cities where the party wields significant power. We have received no reply.

Our request related in part to new evidence in a story we wrote last November, [Firm that won R1bn Jo'burg fleet contract paid Malema-EFF 'slush-fund'](#).

[AmaBhungane](#) is committed to doing stories that are accurate and fair, expose wrongdoing and empower people to hold power to account.

We serve no-one's agenda.

We regret Malema's remarks, which seem intended to inoculate his followers against the exposure he fears.

They show reckless disregard for the potential to incite violence.

They will fan the loudening online – and we fear offline – hate campaigns experienced by journalists.

They will fuel perceptions of media as factional tools, widening existing divisions and creating new ones.

They take a leaf right from Donald Trump's book, who only last week tweeted that two Washington Post reporters "shouldn't even be allowed on the grounds of the White House because their reporting is so DISGUSTING & FAKE".

It is not only the media that suffers when parties ban some journalists and speak only with those they favour or brow-beat into critical silence. It is the parties too, for the more they try to shield their followers from critical reporting, the more they cut themselves off from the rest of the public.

In the end, we'll all be talking past each other. Democratic discourse will give way to intimidation and fear, the slippery slope to the war Malema proclaims.

## Attachment 6: SANEF statement on EFF's banning of investigative journalism units.

The South African National Editors Forum (SANEF) is appalled by Economic Freedom Front (EFF) leader Julius Malema's call for the "banning" of investigative journalism units, amaBhungane and the Daily Maverick's investigative unit, Scorpio, from attending their party events, including press conferences on 13 September 2019.

SANEF believes these actions mimic the apartheid state's censorious responses to investigative reports that exposed its brutal and corrupt activities.

Mr Malema called for this banning on Thursday during the EFF's memorial service for former Zimbabwean president, Robert Mugabe. Speaking to party supporters, Mr Malema said the publications, "should be treated as the enemy, much like the EFF did when it banned Gupta-owned, The New Age newspaper and broadcaster, ANN7".

He stated, "We declare them as an enemy of the revolution, they should never participate in our events, we should never answer any question from amaBhungane, Daily Maverick or Scorpio. Let them write any nonsense they want to write about us. We know [the person] who writes their questions is Pravin."

The "ban" comes after Scorpio published an exposé on Malema, party deputy president Floyd Shivambu, Shivambu's brother Brian, as well as a cousin of Malema's, making allegations that they are involved in the illicit flow of funds from the plundered VBS.

Mapping out the VBS money trail, Scorpio has alleged that an R16.1m transfer has been made from VBS to Brian Shivambu's company Sgameka Projects – effectively a shell company. Scorpio has further alleged that at least R5.3m of the R16.1m flowed to Mahuna Investments. Scorpio reported that Mr Malema used Mahuna Investments' business account as his "personal slush fund".

SANEF wishes to challenge Mr Malema and other implicated EFF leaders to disprove these reports and /or to use the appropriate channels such as the Ombud's Office and the Press Council if they feel aggrieved at any aspect of the reporting.

SANEF believes it is unacceptable that the leader of the third-largest political party would engage in unconstitutional actions – actions that deny journalists the opportunity to work effectively by being refused the right to attend EFF's meetings, press conferences and other activities. In doing so, Mr Malema fundamentally undermines the right to "freedom of the press and other media" which is guaranteed in section 16(1)(a) of the Constitution. Worse, he undermines the right of ordinary people, the voting public, "to receive information and ideas" – another right that is expressly provided for in section 16(1)(b) of the Constitution – as the press is the most significant channel through which people access political/current affairs information and ideas.

Mr Malema is titled an "Honourable Member of Parliament" and as an MP he has undertaken, as part of his oath of office, to uphold the Constitution. His calling for this ban of the country's leading (and award-winning) investigative journalism units is at odds with the oath he took and with accepted standards of conduct for members of parliament.

In the wake of these attacks, we hope that members of parliament will condemn, in the strongest terms, the EFF Leader's attempts to drag South Africa back to the days of apartheid censorship where media intimidation by apartheid leaders was routine. Mr Malema needs to be held to his oath to uphold the Constitution.

SANEF is currently involved in a court case against the EFF – focusing on stopping the intimidation and harassment of journalists. The matter was heard in August in the Equality Court. Judgement is reserved.

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## Attachment 7: EFF Statement in response to SANEF statement on banning of investigative journalists.

**EFF IS NOT MOVED BY SANEF AND ITS DOUBLE STANDARD ON SO-CALLED INVESTIGATIVE JOURNALISTS**

Saturday, 14 September 2019

The EFF is not moved by SANEF's recent statement condemning our boycott of Daily Maverick, its amaBhungane and Scorpio investigative units. The EFF has the right to freedom of association. We will never be able to stop anyone from writing anything they want about EFF, but we have the right to decide who we associate with in our own events and platforms.

This right is not an infringement at all, of the right belonging to journalists to express themselves freely. They can express themselves freely, but not at the expense of our right to choose who we associate with.

Where was SANEF when this media cabal was digging at EFF leaders' dustbins in a pure attempt to discredit their persons? Where is SANEF when they repeat the same story of R16 million VBS money for more than a year, at the expense of the rest of the R2 billion that was lost to the bank? What action did SANEF demand when a journalist insulted the EFF leadership outside the HAWKS offices in Silverton, Pretoria?

We have it on good record that these George Soros funded journalist units are working with politicians to discredit the EFF. Is the digging of EFF leaders' dustbins not conduct consistent with Stratcom? Are the tactics of discrediting the character of the EFF leadership not consistent with the conduct of the Indian cabal that Pravin Gordhan led in the 1980's during the UDF days?

Journalism is meant to be grounded on an ethical and independent ethos. Once journalists are directly furthering political objectives, they cease to be journalists.

EFF refuses to be forced to associate with people who are politicised, masquerading as innocent journalists. They are all in a personal pursuit of the EFF, seeking its destruction and ultimate end. We choose to associate only with independent, ethical and upstanding journalists.

ISSUED BY THE ECONOMIC FREEDOM FIGHTERS

**Mbuyiseni Ndlozi** (National Spokesperson): 076 834 7308

**Sixolise Gcilishe** (National Communications Manager): 071 142 1663

✉ [communications@effonline.org](mailto:communications@effonline.org)

🌐 <http://www.effonline.org>

🐦 @EFFSouthAfrica

📺 @EFFSouthAfrica

📍 Economic Freedom Fighters



## Attachment 8: SANEF Statement on EFF ban of journalists at their NPA

News | December 13, 2019



EFF leadership

On 13 December 2019, the South African National Editors' Forum (SANEF) calls for the Economic Freedom Fighters (EFF) to include a diversity of journalists at its elective conference opening today. SANEF has learnt that the EFF has denied access to journalists from Daily Maverick, Scorpio, amaBhungane, Rapport and Caxton publications, among several media outlets.

We believe this decision is unconstitutional.

SANEF understands that journalists from these publications applied in time. In terms of amaBhungane and the Daily Maverick instead of accreditation, they received emails that included two previous press statements issued by the party.

- "EFF is not moved by SANEF and its double standards on so-called investigative journalists" and "EFF notes testimony at the Zondo Commission against a journalist paid by State Security".

The first statement is particularly instructive as it argues that the EFF has the right to freedom of association. It states, "... we have the right to decide who we associate with, in our events and platforms," i.e. that the EFF has the right to exclude specific media organisations from their events.

We believe that this move infringes on the right of freedom of expression enshrined in Section 16 of our Constitution. Section 16 states that everyone has the right to freedom of expression, which includes "freedom of the press and other media" and "freedom to receive or impart information or ideas"

The Bill of Rights covers government and public bodies but is also importantly extended to private institutions and parties as mandated by section 8(2).

SANEF believes:

\* The EFF's ban of certain publications is in effect diminishing citizens right to receive information to make informed decisions about politics - including their view of the EFF.

\* That the ban was imposed by the EFF to punish specific media organisations for reporting on their alleged corruption and theft i.e. journalists are being excluded for doing their job.

- \* The EFF's actions signal a warning to other media houses not to report critically and without fear or favour on wrongdoing.
- \* This ban is thus an act of intimidation.

We believe that while this intimidation will impact negatively on the affected media organisations, it will deprive ordinary citizens of relevant information that could assist them in making informed choices on how to vote. Therefore, the real victims of this ban are the voters and citizens.

As stated in one of our previous statements, the EFF leader Mr Julius Malema is titled an "Honourable Member of Parliament", and as a member of parliament (MP) he has undertaken, as part of his oath of office, to uphold the Constitution. His calling for this ban of the country's leading (and award-winning) investigative journalism units and other publications is at odds with the oath he took and with accepted standards of conduct for MPs.

We call on the EFF to allow journalists from Daily Maverick, Scorpio, amaBhungane and Rapport to attend. If this decision to exclude certain media organisations is not reversed, we call on MPs to sanction Mr Malema.

Finally, SANEF is not convinced by the EFF's argument that the reason it excluded some journalists is due to lack of space at NASREC.

We know that some media houses received several accreditations.

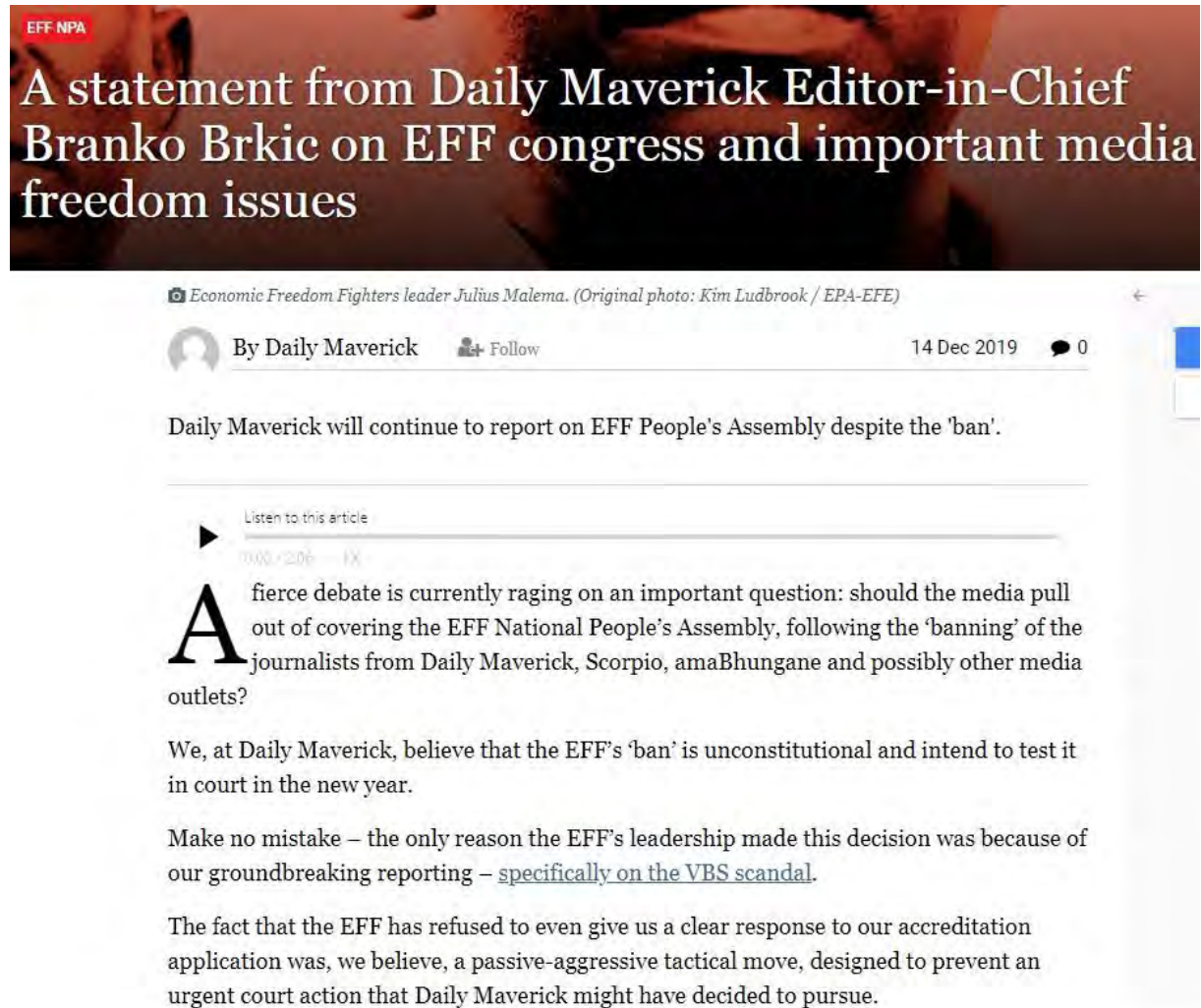
We call on the EFF to provide access to a diversity of journalists, from a range of media outlets, at this critical event.

Note for Editors: The South African National Editors' Forum (SANEF) is a non-profit organisation whose members are editors, senior journalists and journalism trainers from all areas of the South African media. We are committed to championing South Africa's hard-won freedom of expression and promoting quality, ethics and diversity in the South African media. We promote excellence in journalism through fighting for media freedom, writing policy submissions, research, education and training programmes.

For more information please contact:


- Katy Katopodis – Acting SANEF Chairperson, (082) 805-7022
- Moipone Malefane – SANEF Secretary General (082) 772-5861
- Mary Papayya – Acting SANEF Media Freedom Chair (082) 379-4957
- Sbu Ngalwa – SANEF Eastern Cape Convenor (073) 404-1415
- Kate Skinner – SANEF Executive Director (082 926 6404)


## Attachment 9: Daily Maverick statement on EFF ban at EFF NPA



**EFF NPA**

## A statement from Daily Maverick Editor-in-Chief Branko Brkic on EFF congress and important media freedom issues

 Economic Freedom Fighters leader Julius Malema. (Original photo: Kim Ludbrook / EPA-EFE)

By Daily Maverick  Follow 14 Dec 2019 0

Daily Maverick will continue to report on EFF People's Assembly despite the 'ban'.

Listen to this article

00:00 / 2:06 — FX

**A** fierce debate is currently raging on an important question: should the media pull out of covering the EFF National People's Assembly, following the 'banning' of the journalists from Daily Maverick, Scorpio, amaBhungane and possibly other media outlets?

We, at Daily Maverick, believe that the EFF's 'ban' is unconstitutional and intend to test it in court in the new year.

Make no mistake – the only reason the EFF's leadership made this decision was because of our groundbreaking reporting – [specifically on the VBS scandal](#).

The fact that the EFF has refused to even give us a clear response to our accreditation application was, we believe, a passive-aggressive tactical move, designed to prevent an urgent court action that Daily Maverick might have decided to pursue.

EFF is mistaken in its action. Not only is the 'ban' against the spirit of a new, democratic South Africa, it is also not an enforceable sanction. While many of the EFF's politics and actions may date back to the 1920s and early 1930s, technology has since moved on. Daily Maverick will, in collaboration with our media colleagues and specialist journalists and writers, still provide the great insight and quality analysis we are known for.

The EFF leadership's 'ban' on media brands achieves nothing but exposes their totalitarian bent.

We also firmly believe that our colleagues from other media houses should cover the EFF congress as vigorously as they can. It is, in our opinion, the media's role to shine a light on society, including the parts who openly wish us harm and advocate for our demise.

Reporting without fear or favour is not an act of 'publicising' anyone – it is our duty.

Times may be dark and South Africa looks like a country living on a precipice, but defend truth we must. **DM**

Attachment 10: Joint communication from the South African Reserve Bank, the liquidator of VBS Mutual Bank (in liquidation) and Nedbank limited



**Joint communication from the South African Reserve Bank, the liquidator of VBS Mutual Bank (in liquidation) and Nedbank Limited**

1 April 2021

**VBS Mutual Bank completes transfer of guaranteed retail deposits to Nedbank Limited**

The VBS Mutual Bank (VBS) liquidator, Anoosh Rooplal, today announced that qualifying retail depositors, who had up to R100 000 in their VBS accounts, should redeem their funds at any Nedbank Limited (Nedbank) branch up until 8 July 2021. This is the date when the agreement between the liquidator, the Prudential Authority (PA) and Nedbank is due to end. In terms of this agreement which was concluded in 2018, depositors were guaranteed up to R100 000 per depositor and had three years to collect their money.

Anoosh Rooplal noted, “The transfer to Nedbank of individual depositors with balances of up to R100 000 has been a very successful exercise. These depositors were able to access their funds fairly quickly. Without the intervention of the South African Reserve Bank (SARB), these depositors would still be out of pocket for their funds. Of the original 18 300 deposit accounts, 17 750 have been transferred to Nedbank at a value of R260 million, and 98% of the R260 million has been activated and collected by depositors in terms of value”. A decision was taken by the PA and Nedbank to close some 3 773 accounts with balances of R100 or less. These accounts amounted to approximately R105 000 and were closed from a cost and administrative perspective. These depositors still reserve the right to claim their funds from Nedbank up until 8 July 2021.

The final tranche of qualifying accounts was recently transferred to Nedbank and constituted some 370 accounts amounting to approximately R3.7 million in value.

Nedbank has embarked on a further campaign, aimed to encourage previous VBS clients to activate their account at any Nedbank branch, should they not have done so already.

The following documentation is required for clients to access their funds:

South African individuals:

- South African identity document.

Stokvels, clubs and burial societies:

pro-forma founding statement for burial society; or

- resolution document; or
- founding document/certified copy thereof; or
- other document relating to the founding of legal form; or
- declaration of other legal entities form.

The campaign will run over several weeks through radio advertising as well as text messages and telephone calls to non-activated account holders. Nedbank will strongly encourage all VBS deposit holders to go to their nearest Nedbank branch as soon as possible to access their funds.

“The intention for this initiative was always for the vulnerable depositors to not suffer financial loss as a result of the fraud that was perpetrated at VBS and hence the decision by National Treasury to guarantee these funds,” added Rooplal.

#### **VBS retail creditors who are owed more than R100 000 and institutional creditors**

Claims were received from creditors during the first and second round of meetings held with creditors. The process to determine the validity of creditors’ claims has been largely completed by the liquidator. Communication has been sent to the Master of the High Court as well as to those affected creditors regarding their reduced or expunged claims as per the Insolvency Act 32 of 1916.

Rooplal concluded, “If there are any further creditors who have not lodged their claims, they should please come forward and do so.”

Further information is available on the VBS website.

Contact Louise Brugman on behalf of the liquidator of VBS at 083 5041196.

Contact Kedibone Molopyane on behalf of Nedbank at 0713643479.

#### **Note to editors**

##### **About the R100 000 guarantee of retail deposits**

On 9 July 2018, the SARB announced that it would facilitate the repayment of all retail deposits up to R100 000 per retail depositor, starting from 13 July 2018 for the following three years. Retail depositors include individuals, burial societies, stokvels and saving clubs’ deposits in VBS. The guarantee does not cover municipal or corporate deposits. Qualifying funds were consequently transferred to Nedbank

which facilitated access to the account holders.

Issued by SARB Media Relations:

[media@resbank.co.za](mailto:media@resbank.co.za).

## Attachment 11: EFF Supporters Intimidate ENCA Journalists.

[News](#) June 10, 2021

The South African National Editors' Forum (SANEF) strongly condemns the unlawful and intimidatory actions by supporters of the Economic Freedom Fighters (EFF) on eNCA Journalists. The supporters harassed and prevented eNCA journalists from covering a protest in Tokai, Cape Town earlier today (10 June 2021).

We believe that the deplorable actions of intimidation against eNCA anchor Ayesha Ismail and cameraman Mario Pedro have severe implications for journalism. A video circulating on social media shows the threats being made to the eNCA team. They were told to leave, and one supporter even threatened them with a sjambok while another is heard saying "we gonna teach you all a good lesson".

The EFF's hostility towards eNCA dates back to December 2019 when the EFF declared that Daily Maverick, their investigative unit Scorpio, and independent investigative journalism unit amaBhungane would no longer be 'allowed' to cover EFF events or briefings.

SANEF had warned that the ban imposed on various media entities infringed on the right to freedom of expression guaranteed in section 16 of the Bill of Rights. At the time eNCA took a conscious decision to stand in solidarity with their colleagues, as a result, the EFF banned eNCA from its events for their investigative work.

This is not the first time that EFF supporters have prevented eNCA journalists from doing their work. On a previous occasion, students aligned with the EFF prevented eNCA from covering University protests.

Given the actions recorded today, SANEF calls on the leadership of the EFF, as a political party in a parliamentary democracy, to condemn such behaviour. The media is an essential cog in the promotion of democracy. It acts as a mirror to society and, as such, is opened to listening to — and publicising — all points of view. Political formations that are, in any sense, democratic, should engage with — and not abuse and shun — the media.

SANEF believes that the curtailment of the rights of journalists to do their job deprives society of the truth. Any harassment and attacks on journalists eventually lead to self-censorship. In the run-up to the local government elections, it is important for political parties to support all journalists and foster an enabling and conducive environment for journalists to do their work.

**Note to Editors:** The South African National Editors' Forum (SANEF) is a non-profit organisation whose members are editors, senior journalists and journalism trainers from all areas of the South African media. We are committed to championing South Africa's hard-won freedom of expression and promoting quality, ethics and diversity in the South African media. We promote excellence in journalism through fighting for media freedom, writing policy submissions, research and education and training programmes. SANEF is not a union.

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## Attachment 12: Julius Malema Twitter Thread on the collapse of Limpopo, NPA and VBS

**Julius Sello Malema** @Julius\_S\_Malema · Jun 24, 2020  
Thread on the Collapse of Limpopo, NPA & VBS:  
1. Following the Press Conference held by NPA, SABC journalist @samkelemaseko asked about investigations regarding me and or the EFF in relation to VBS. This is even though there was no mention of myself or the EFF by NPA

**Julius Sello Malema** @Julius\_S\_Malema · Jun 24, 2020  
2: As a result, I challenged @samkelemaseko to gather 5 journalists from different media houses he trusts for a public interrogation session with myself. These journalists can ask whatever question they wish, from VBS, bank statements, On Point, and so called collapse of Limpopo.

**Julius Sello Malema** @Julius\_S\_Malema · Jun 24, 2020  
3: Upon advice of my son, who insisted that if @PaulivW is not amongst these 5 journalists, it will look like I have something to hide. I have spoken with EFF and requested that @PaulivW must also be allowed to form part of this public interrogation session of myself on anything!

**Julius Sello Malema** @Julius\_S\_Malema · Jun 24, 2020  
4: : I have been advices by @samkelemaseko that the 5 journalists which include @PaulivW have been arranged. The public interrogation will therefore take place under the following details;

Date: 25 June 2020(Thursday)  
Time: 12h00 Midday  
Venue: EFF HQ, Johannesburg

## APPENDICES

## APPENDIX 1



# Toothless and incapacitated: ANC's Limpopo VBS accused back in office

By [Greg Nicolson](#)

[Follow](#)

09 Sep 2020

ANC Limpopo treasurer Danny Msiza and deputy chairperson Florence Radzilani, implicated in looting the VBS Mutual Bank, have resumed their duties as the NPA has not charged the duo and the ANC's Integrity Commission lacks teeth.

---

## [Beyond Words](#)

The Eastern Cape ANC this week suspended Nelson Mandela Bay councillor Andile Lungisa's membership and recalled him from his municipal post after he was convicted of assault.

It was a clear-cut case that saw the implementation of the [guidelines](#) adopted by the party's NEC on dealing with members who have been convicted or are facing charges. It was a living example of President Cyril Ramaphosa's efforts to crack down on errant comrades.

In the same week, however, the Limpopo ANC accepted the NEC's decision to allow provincial treasurer Danny Msiza and deputy chairperson Florence Radzilani to resume their duties after being suspended in 2018 for their alleged involvement in the looting of the VBS bank.

"The [Provincial Executive Committee] accepts the decision of the National Executive Committee and welcomes the two comrades to continue from where they left off," said Limpopo provincial secretary Soviet Lekganyane in a statement on Tuesday.

"Their resumption of duties and responsibilities will, to a large measure, assist in our efforts to bring about stability in the ANC in the province," he continued.

"Both comrades Florence and Danny were present at today's meeting and recommitted themselves to serve the organisation and people of the province with utmost humility."

The SACP and Cosatu were critical of the NEC's July 2020 decision to reinstate the pair, but SACP Limpopo provincial secretary, Goodman Mitileni, said on Wednesday he respects the ANC's independence, despite his stated misgivings.

In his report on VBS, commissioned by the Reserve Bank, advocate Terry Motau found Msiza was a “kingpin” of a scheme aimed at enticing municipal officials to make deposits with VBS. Msiza went to court and successfully had the findings against him [set aside](#). The Reserve Bank is appealing the judgment.

Motau said Radzilani, who served as Vhembe mayor before resigning in the wake of the scandal, provided “one of the most illuminating examples of the rampant corruption and bribery that occurred”.

The pair’s return to office highlights challenges in Ramaphosa’s efforts to clean up the party and improve its public image, most recently dented by a string of corruption allegations linked to the procurement of PPE.

Msiza and Radzilani were suspended at the recommendation of the ANC Integrity Commission, led by George Mashamba.

In August the NEC said: “Cadres of the ANC who are reported to be involved in corrupt and other serious criminal practices must go to the Integrity Commission to explain themselves. Those who do not give an acceptable explanation may be suspended.”

Msiza and Radzilani have a valid case. Two years after they were suspended, the NPA has still not charged the pair, despite laying [charges](#) against multiple people allegedly involved in the looting.

Msiza, meanwhile, scored a victory against the report that provided the basis for his suspension. The Integrity Commission’s views carry little official weight.

Ramaphosa appears to want to provide the Integrity Commission with additional resources and make its findings binding – a debate the party kicked forward in its 2017 Nasrec conference. Currently, the party’s NEC can choose to adopt, dismiss or ignore Integrity Commission reports.

The ANC now has clear guidelines on what to do when members are formally charged by the NPA, or convicted in court, but how the party holds comrades implicated in corruption accountable will continue to be done on an ad hoc basis for as long as the Integrity Commission lacks teeth and the NPA lacks capacity. **DM**

# DAILY MAVERICK

**SCORPIO**

## The other side of the VBS puzzle – **Matodzi’s WhatsApps reveal** purpose and payments to Malema and **Shivambu’s** slush funds

By [Pauli Van Wyk](#)

[Follow](#)

07 Jun 2020

WhatsApp messages between former managers of VBS Mutual Bank suggest the directing hands behind the EFF-linked slush fund Sgameka Projects had a close relationship with the bank’s former chairman and robber-in-chief, Tshifhiwa Matodzi. On at least seven occasions during 2017 Matodzi instructed millions in stolen VBS money to be paid to Sgameka Projects.

---

### [Beyond Words](#)

When knowledge of the VBS Mutual Bank robbery spilled into the public domain in October 2018, Brian Shivambu vehemently denied that he had received stolen funds from VBS Mutual Bank.

Advocate Terry Motau and law firm Werksmans, at the behest of the Reserve Bank (SARB), in their investigative report titled *The Great Bank Heist*, accused Shivambu of illegally receiving at least R16.1-million in stolen VBS money.

Shivambu’s explanation for the illicit VBS millions traced to the company he claimed to own, Sgameka Projects, was that he worked as a consultant for VBS-linked company Vele Investments and that all the transactions were legitimately earned. Scorpio proved, however, that Sgameka Projects had no invoices to show for work done, paid no tax, employees or any other operating costs and that stolen VBS money constituted the company’s sole income.

In follow-up investigations, Scorpio revealed that Economic Freedom Fighters president Julius Malema and deputy president Floyd Shivambu were the actual beneficiaries of the account. In reaction, Malema claimed that no VBS money had flowed into the EFF’s coffers and Shivambu

accused this journalist of dubious agendas. They did not, however, challenge in court Scorpio's revelations about how they stole from the poor in their own communities.

Now a never before seen WhatsApp discussion between former VBS chair Tshifhiwa Matodzi and former VBS treasurer Phophi Mukhodobwane not only again disproves the entire version cooked up by the brothers Shivambu and Malema, but also suggests a close relationship between Matodzi and the EFF leaders.

The brothers Shivambu and Malema did not react to Scorpio's questions. Mukhodobwane declined to comment and Matodzi could not be reached.

### **Sgameka Projects offered no service**

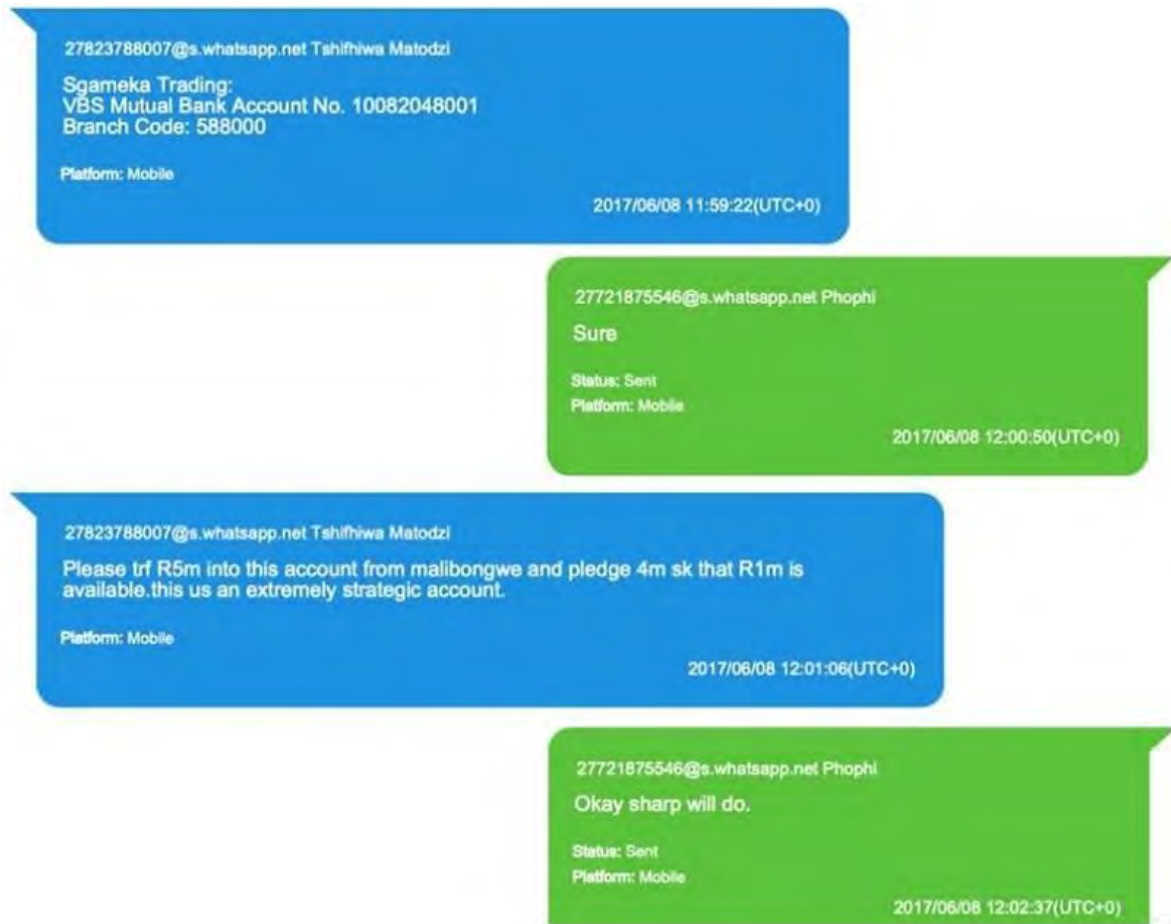
The year 2017 was a dramatic one for Matodzi. VBS's finances were a perpetual headache and Matodzi had trouble keeping the VBS ship afloat. Between 2015 and December 2016, Matodzi had already stolen more than R140-million from VBS depositors. Much more was spent on auditors, lawyers, politicians and fixers to help keep the secret. The systematic robbery created a hole in VBS's books that had to be carefully "managed".

This is how it came that Matodzi and his right-hand man with control over the Emid banking system, Mukhodobwane, spent 2017 looking for politically connected fixers who could convince high net worth depositors – such as municipalities and state-owned entities – to invest money with VBS.

On 8 June 2017, Matodzi seemed to have identified such a helping hand.

At 12.01 on that day, he sent this WhatsApp to Mukhodobwane:

"Please trf R5m into this account from Malibongwe [Petroleum Pty Ltd] and pledge 4m sk that R1m is available.this [is] an extremely strategic account. (sic)"




Along with this message, Matodzi sent Sgameka Projects' bank account number. (Matodzi mistakenly referred to the company as Sgameka Trading. The bank account number is, however, that of Sgameka Projects, ostensibly owned by Brian Shivambu.)

Later that day, R5-million reflected in Sgameka Projects' bank account.

It was the very first money Sgameka Projects had ever received. The company conducted no work and provided no invoice to deserve the payment.

The money also did not emanate from Vele Investments as Brian Shivambu claimed, but another VBS-linked company, used to fleece the bank, named Malibongwe Petroleum Pty Ltd.



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**INTERIM STATEMENT**

SGAMEKA PROJECTS (PTY) LTD  
C/O B.A. SHIVAMBU  
14349 BRAAMFISCHER  
EXTENSION 10  
DOBSONVILLE  
1865

PRODUCT CLASSIC BUSINESS  
ACCOUNT NUMBER 010082048001  
DATE 2018/10/11

Statement for the period 1980/01/01 to 2018/10/11

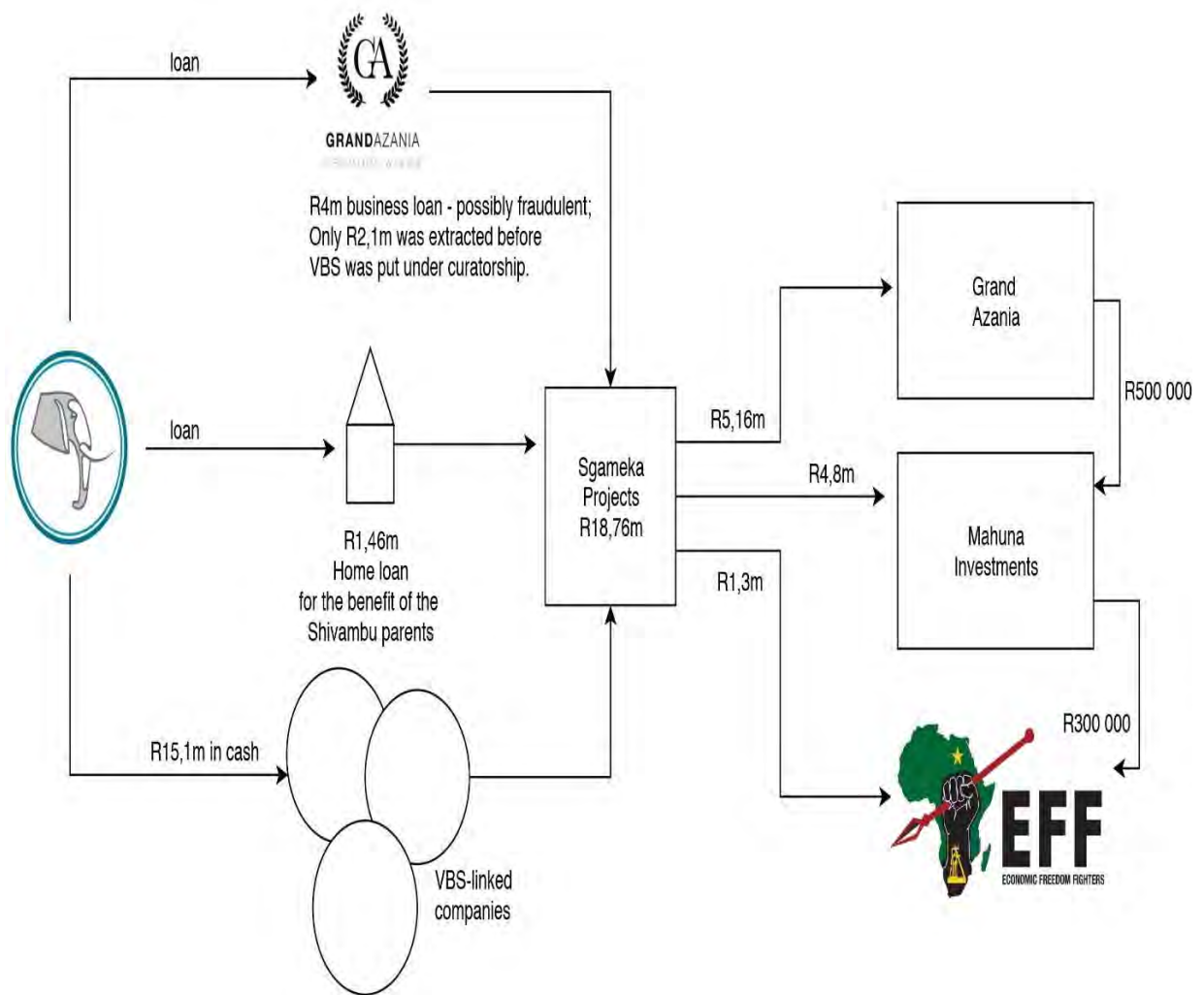
| DATE       | DESCRIPTION              | DEBIT         | CREDIT       | BALANCE      |
|------------|--------------------------|---------------|--------------|--------------|
| 2017/06/08 | Trf from 10070139002     | 0.00          | 5 000 000.00 | 5 000 000.00 |
| 2017/06/09 | MAHUNA INVESTMENTS       | - 500 000.00  | 0.00         | 4 500 000.00 |
| 2017/06/13 | Fee-Internet RTC Withdrw | - 55.00       | 0.00         | 4 499 945.00 |
| 2017/06/13 | RTC-GA                   | - 400 000.00  | 0.00         | 4 099 945.00 |
| 2017/06/21 | MAHUMA                   | -1 000 000.00 | 0.00         | 3 099 945.00 |
| 2017/06/22 | Fee-Internet RTC Withdrw | - 55.00       | 0.00         | 3 099 890.00 |
| 2017/06/22 | RTC-GRAND AZANIA         | - 500 000.00  | 0.00         | 2 599 890.00 |
| 2017/06/30 | Fee-Administration       | - 55.00       | 0.00         | 2 599 835.00 |
| 2017/06/30 | Int Earned               | 0.00          | 4 391.02     | 2 604 226.02 |
| 2017/07/06 | WESBANK                  | - 388 078.17  | 0.00         | 2 216 147.85 |
| 2017/07/07 | VBS                      | - 6 000.00    | 0.00         | 2 210 147.85 |
| 2017/07/07 | MAHUNA                   | -1 000 000.00 | 0.00         | 1 210 147.85 |

Within hours R500,000 was sent to Malema's slush fund Mahuna Investments, ostensibly owned by his cousin Matsobane Phaleng. (The company changed its name to Rosario Investment Pty Ltd after Scorpio revealed its hand in the prosperity of Malema and the robbery at VBS.)

Five days later, Floyd Shivambu's slush fund Grand Azania (GA on the bank statements) received R400,000.

This theme – where Matodzi instructed Mukhodobwane to transfer money to the “extremely strategic account” of Sgameka Projects without receiving any service in return – was to be repeated six times up to December 2017. In total, Matodzi personally ordered R9.55-million in VBS loot to be moved to Sgameka Projects during this period. This forms part of the total of more than R20-million in VBS loot allocated to the EFF and its leaders, of which ultimately R18.76-million made its way to these roleplayers.

This is a high-level breakdown of the VBS millions allocated to the EFF and its leaders:

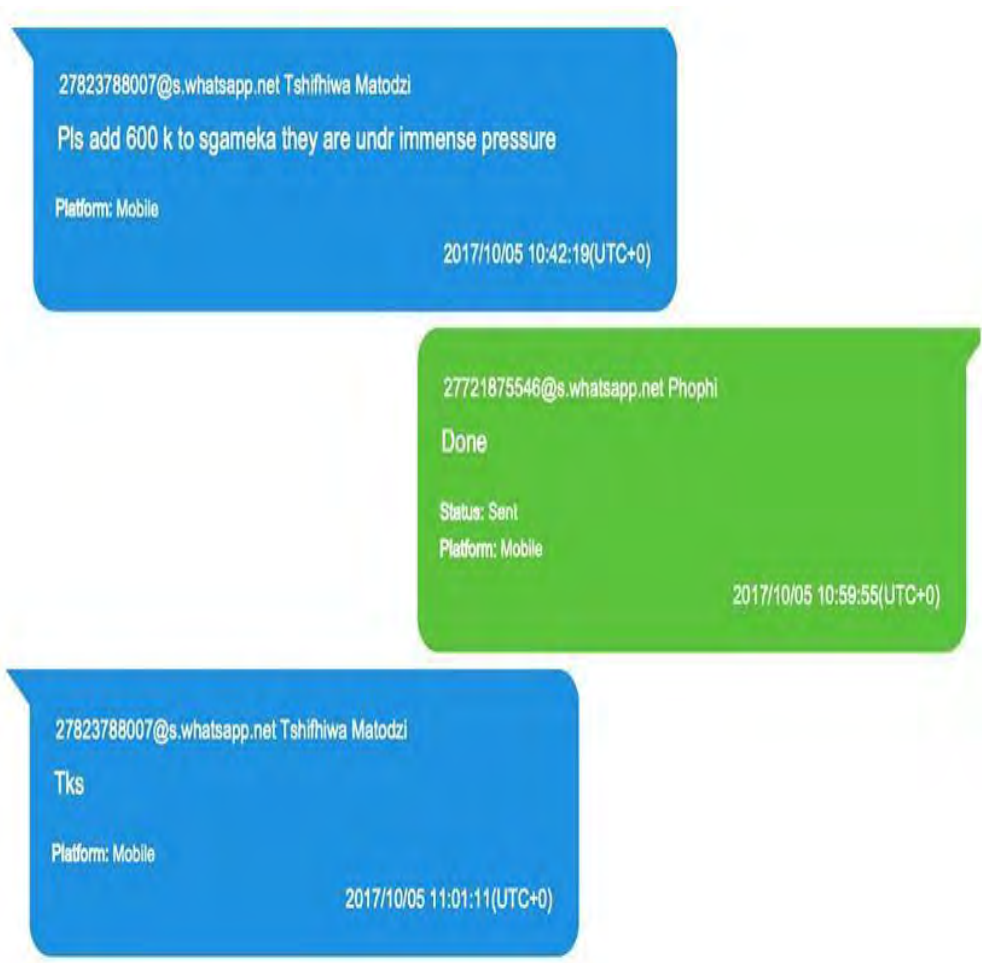


**Send Malema and Shivambu VBS loot because they are ‘under immense pressure’**

Matodzi continued to order large amounts to be paid to Sgameka Projects in July, August, September and October 2017. Seemingly at a whim, without any pattern or theme attached to the payments. In each case, no work was done to deserve the payments.

In October, however, a message from Matodzi to Mukhodobwane suggests that the payments were not offered unsolicited.

“Pls add 600 k to sgameka they are ndr immense pressure (sic)”.



This WhatsApp from Matodzi was sent to Mukhodobwane at 10.42 on 5 October 2017. That was after Matodzi had ordered another R600,000 payment the day before. At this stage, Sgameka Projects had about R130,000 in its bank account. Sgameka Projects’ bank statements show that on 5 October, the company received R1.2-million in two installments, marked as “Vele loan” and “transfer”.

|            |                          |              |            |              |
|------------|--------------------------|--------------|------------|--------------|
| 2017/10/04 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 130 895.37   |
| 2017/10/04 | RTC-Attomeys             | - 5 000.00   | 0.00       | 730 895.37   |
| 2017/10/05 | Vele Loan                | 0.00         | 600 000.00 | 730 894.97   |
| 2017/10/05 | Fee-Txn Notify - SMS     | - 0.40       | 0.00       | 730 839.97   |
| 2017/10/05 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 430 839.97   |
| 2017/10/05 | RTC-MAHUNA               | - 300 000.00 | 0.00       | 1 030 839.97 |
| 2017/10/05 | Transfer                 | 0.00         | 600 000.00 | 1 030 839.57 |
| 2017/10/05 | Fee-Txn Notify - SMS     | - 0.40       | 0.00       | 730 839.57   |
| 2017/10/06 | MAHUNA                   | - 300 000.00 | 0.00       | 730 784.57   |
| 2017/10/06 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 530 784.57   |
| 2017/10/06 | RTC-Grand Azania         | - 200 000.00 | 0.00       | 530 729.57   |
| 2017/10/06 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 526 229.57   |
| 2017/10/06 | RTC-Ref 991              | - 4 500.00   | 0.00       | 526 174.57   |
| 2017/10/11 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 516 174.57   |
| 2017/10/11 | RTC-Bond registration    | - 10 000.00  | 0.00       | 516 119.57   |
| 2017/10/11 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 515 119.57   |
| 2017/10/11 | RTC-Attomeys             | - 1 000.00   | 0.00       | 515 064.57   |
| 2017/10/12 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 315 064.57   |
| 2017/10/12 | RTC-Grand Azania         | - 200 000.00 | 0.00       | 315 009.57   |
| 2017/10/13 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 310 009.57   |
| 2017/10/13 | RTC-Attomeys             | - 5 000.00   | 0.00       | 10 009.57    |
| 2017/10/17 | PINE AVON                | - 300 000.00 | 0.00       | 9 954.57     |

Two curious red flags about this message must be highlighted: The way in which Matodzi referred to “they”, in plural, and that he knew they were under “immense pressure”.

Brian Shivambu is, as mentioned above, the ostensible sole director and owner of Sgameka Projects. Yet Matodzi refers specifically to “they” who are in need of the VBS loot.

This may suggest that Matodzi was aware that uButi ka Floyd was only a thinly veiled front.

What exactly the “immense pressure” is that Matodzi referred to, is not clear.

Politically, the EFF aimed to dominate universities’ SRC elections through “campaigning” in October 2017. An internet search shows that by 5 October 2017 the EFF Students Command (EFFSC) had hotly contested several SRC elections in Gauteng, Limpopo, Western Cape and KwaZulu-Natal. In the following days, after 5 October when Matodzi’s R1.2-million gift dropped, the EFFSC took 12 out of 15 seats at the University of Witwatersrand.

The bank statements of Malema’s and Shivambu’s slush funds provide some further clues to what may have been perceived as “immense pressure”.

Within 24 hours after the money was paid, Malema’s slush fund Mahuna Investments received R600,000 in two payments. In the following days it sent at least R100,000 to the EFF’s bank account and paid over R100,000 in travel costs that also seemed to have benefited the party.

Malema further paid school fees for two of his children and channelled money towards refurbishments of the pool on one of his properties in Johannesburg, bought furniture for about R27,000 and effected a R7,139 payment to “Bodylife”.

Malema also channelled several payments totalling more than R100,000 towards Mekete Lodge in Limpopo – the party venue the Malema family partially built with stolen VBS money.

He used the bank card to pay for products from Lacoste (R15,760) and Louis Vuitton (R24,000) in Sandton, Makro (R21,915) and Usave Liquors (R88,490) in Polokwane.

The bank statements of Sgameka Projects and Grand Azania, used by Floyd Shivambu as his slush funds, show he spent big money in October 2017 on a house for his parents and himself in Johannesburg. This includes R30,000 on housing essentials like cutlery and “bedding”.

### **Pay them lobbying fees**

The last payment to Sgameka Projects ordered by Matodzi suggests there was a quid pro quo attached to the payments.

On 28 December 2017, at 8:53, Matodzi sends this WhatsApp message to Mukhodobwane:

“Nndaa can we do 350k for sgameka. Those are lobbying fees. (sic)”



Matodzi does not elaborate on what kind of service was delivered for Sgameka to earn the “lobbying fees”. The comment should, however, be read against the background of standard VBS procedure where politicians and fixers lobbied, coerced and threatened municipalities and state-owned entities to invest in the bank. This was part of an elaborate scheme to hide the growing black hole in the bank’s finances.

|            |                          |              |            |            |
|------------|--------------------------|--------------|------------|------------|
| 2017/12/28 | Air conditioner          | - 50 000.00  | 0.00       | 22 440.88  |
| 2017/12/28 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 22 385.88  |
| 2017/12/28 | RTC-Rates and Taxes      | - 3 754.00   | 0.00       | 18 631.88  |
| 2017/12/30 | Vele Investment          | 0.00         | 350 000.00 | 368 631.88 |
| 2017/12/30 | Fee-Txn Notify - SMS     | - 0.40       | 0.00       | 368 631.48 |
| 2017/12/30 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 368 576.48 |
| 2017/12/30 | RTC-Rates, taxes and Ele | - 8 011.00   | 0.00       | 360 565.48 |
| 2017/12/31 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 360 510.48 |
| 2017/12/31 | RTC-Rates, Taxes and Ele | - 8 011.00   | 0.00       | 352 499.48 |
| 2017/12/31 | Int Earned               | 0.00         | 582.19     | 353 081.67 |
| 2017/12/31 | Fee-Administration       | - 55.00      | 0.00       | 353 026.67 |
| 2018/01/02 | Fee-Internet RTC Withdrw | - 55.00      | 0.00       | 352 971.67 |
| 2018/01/02 | RTC-Grand Azania         | - 150 000.00 | 0.00       | 202 971.67 |
| 2017/12/31 | Fee-Monthly Statement    | - 10.00      | 0.00       | 202 961.67 |
| 2018/01/05 | Rumbas Aircons           | - 20 000.00  | 0.00       | 182 961.67 |

### Status quo

Matodzi’s cellphone messages seem to keep secrets that may clear up several mysteries and disprove many more lies.

The Hawks and National Prosecuting Authority are said to have been working on the matter since 2018. There have still been no arrests or prosecutions. **DM**



## R2bn looted from ‘corrupt & rotten’ VBS Bank, says report

By [Greg Nicolson](#)

[Follow](#)

10 Oct 2018

The VBS Mutual Bank heist might not have been sophisticated, but it might be one of the most brazen in the country's history, said a report commissioned by the Reserve Bank, released on Wednesday. It said almost R2-billion was stolen to fund a corrupt spending spree.

### [BeyondWords](#)

Advocate Terry Motau's report on VBS begins with a description of the daring 1977 robbery of Standard Bank in Krugersdorp, led by a "Mister Nightingale".

Motau, who was appointed by the SA Reserve Bank (SARB) to investigate VBS, continues: "My report will reveal that the perpetrators of the heist at VBS made away with almost R2-billion. And they certainly did not put in anything like the hard work and effort of Mister Nightingale and his team. I trust that, in this case, arrests will be made."

The damning investigation into fraud and reckless business practices at VBS, released on Wednesday, details how 53 persons of interest were unjustifiably paid R1.89-billion between 2015 and 2018 and calls for them to be criminally charged, the money recovered and that VBS be closed.

"It is corrupt and rotten to the core. Indeed, there is hardly a person in its employ in any position of authority who is not, in some way or other, complicit," said Motau on VBS, which was placed under curatorship in March amid a liquidity crisis.

Recipients named include Brian Shivambu, the brother of EFF Deputy President Floyd Shivambu. Brian Shivambu is listed as having received R16.1-million in gratuitous payments.

The report describes VBS as a modest bank until 2014, after Tshifhiwa Matodzi approached Venda King Toni Mphephu Ramabulana in 2013 asking to acquire a stake in VBS.

"The overwhelming evidence that has been gathered, from numerous sources, reveals Matodzito be the kingpin in the fraudulent and theftuous conduct of VBS' business.

He, his companies, and his associates have been positively identified as the main beneficiaries of the massive fraud,” reads the report.

VBS then went on an ambitious campaign to attract large deposits from municipalities and state-owned entities like the Passenger Rail Agency of South Africa (Prasa) and shifted towards aggressive, high-risk lending.

Executives then established a network of looting, primarily facilitated by Matodzi’s company Vele Investments, and created a fictitious image of the bank’s finances.

“The captors and their associates went on a massive spending spree at the expense of VBS’ depositors,” said Motau.

The report found there were two pillars that led to the collapse of VBS. Large sums would be paid to perpetrators of the scheme, while VBS directors were bribed, and Vele would make fictitious deposits to prop up the bank’s apparent finances.

The books were so cooked that the registrar in 2017 believed VBS was financially sound, but it was effectively insolvent by March of that year, with liabilities exceeding assets by about R180-million.

“It was not possible, in the course of the interviews, to obtain a clear picture of the precise amount that has been looted from VBS by its captors,” said Motau.

However, he said forensic accountants were able to analyse cash flows and identify almost R2-billion in gratuitous payments from VBS. Vele and its associates received almost R1-billion, Tshifhiwa Matodzi was paid R325-million and the Free State Development Corporation received R104-million.

Those who the report says received over R30-million in gratuitous payments include: former ANCYL Limpopo leader and businessman Kabelo Matsepe, former KPMG partner Siphon Malaba, former VBS treasurer Phophi Mukhobwane, the Venda king’s attorney Paul Makhavu, and Vele CEO Robert Madzonga.

The report also said Mphephu received R17.7-million from VBS. Brian Shivambu, Floyd Shivambu’s brother, is listed as having received R16.1-million. EFF leader Julius Malema has previously criticised SARB for placing VBS under curatorship. He called for those responsible for its financial collapse to be held accountable while maintaining that the bank should be saved. (See analysis [here](#))

The report recommends that banking regulator the Prudential Authority take steps to pursue criminal charges against those who covered up the dodgy VBS books, those who perpetrated the theft, those who benefited from the receipt of funds, and those who have committed corruption.

It also suggests that the authorities immediately try to recover the stolen money through sequestration orders. Chartered accountants and lawyers involved should be reported to their industry bodies and their professional statuses stripped.

SARB said on Wednesday that the report had been handed over to the law enforcement authorities for further investigation.

“The evidence presented in the report is not a reflection of either the guilt or innocence of any party as not all parties have been given an opportunity to respond to the evidence,” said SARB in a statement.

“Once their investigations have been concluded, the authorities may decide to institute criminal prosecutions; the courts will be the final adjudicator in this regard,” it continued. – *Additional Reporting by Pauli Van Wyk. **DM***

# DAILY MAVERICK

OPINIONS I<sup>2</sup>A

## VBS VOLUME 1-Lets explore any potential crimes

By [Pierre de Vos](#)

[Follow](#)

17 Oct 2018

Pierre de Vos teaches Constitutional law at the University of Cape Town Law Faculty, where he is head of the Department of Public Law. He writes a blog, entitled 'Constitutionally Speaking', in which he attempts to mix one part righteous anger, one part cold legal reasoning and one part irreverence to help keep South Africans informed about Constitutional and other legal developments related to the democracy.

Last week the Reserve Bank released 'Volume 1' (suggesting other volumes might follow) of a report entitled 'VBS Mutual Bank — The Great Bank Heist'. The report was compiled by a team of investigators led by Advocate Terry Motau (SC). The report does not contain extensive legal analysis of the possible criminal offences committed by participants in the heist and does not make findings of criminal guilt. Rather, it provides a wealth of factual information and concludes that criminal prosecutions should be pursued. In what follows I explore the nature of some of the crimes that may have been committed.

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### [BeyondWords](#)

At the time when South Africa's Constitutional Court declared invalid sections of the South African Police Service Act (which gave the Minister of Police a veto power over which crimes the Directorate for Priority Crime Investigation, known as the Hawks, could investigate), swift action was taken to get rid of the then head of the Hawks, Anwa Dramat.

The judgment – in *Helen Suzman Foundation v President of the Republic of South Africa and Others*; *Glenister v President of the Republic of South Africa and Others* – meant that the National Head of the Hawks (at the time, the relatively impartial and fiercely honest Dramat) now had the discretion to decide which of the national priority offences, including corruption, to prioritise for investigation. The Minister of Police was no longer permitted to interfere politically in decisions about whom to investigate and prosecute for corruption.

This development must have been viewed with concern by the corrupt politicians and the corrupt business associates who had gathered around these politicians like flies gather around a fresh dog turd. Something had to be done and, soon enough, a solution was found.

The Constitutional Court judgment was handed down on 27 November 2014. By 24 December 2014 Dramat had been suspended, based on (what now appear to have been bogus) allegations published in the *Sunday Times* about Dramat's alleged involvement in the illegal rendition of Zimbabwean suspects.

This is just one example of how the criminal justice institutions such as the Hawks and the National Prosecuting Authority (NPA) were deliberately weakened, if not destroyed. This was done to protect corrupt politicians and businessmen and women involved in State Capture, and other forms of criminality, from criminal prosecution. I believe it is at least partly because of the fatal weakening of the Hawks and the NPA that Markus Jooste and others involved in the Steinhoff scandal have not been arrested or prosecuted yet.

It is for the same reason that it is not yet clear how many of the people directly or indirectly implicated in Advocate Terry Motau's report will ever be prosecuted. The report concludes that there was wide-ranging criminality in the conduct of the affairs of *both* VBS Bank and Vele Investments, that "VBS and Vele have been operated as a single criminal enterprise", and that "those who have been identified as participating and benefiting from this criminal enterprise be charged and prosecuted".

The report suggest that the following people ought to be prosecuted for their involvement in this criminal enterprise:

- Those that have been responsible for the fraudulent cover-up constituted by the publication of the fraudulent audited financial statements;
- Those who have stolen money from VBS and Vele;
- Those who benefited from the receipt of funds through theft or fraud;
- Those who have committed crimes involving corruption, whether as the maker of bribes or as the recipient of bribes; and
- Those implicated in tax fraud and other tax related crimes.

It is important to take note of a few preliminary points before considering the various denials and half-denials of those implicated in the report.

First, because VBS Bank and Vele Investments have been operated as a single criminal enterprise, and because the report lists 27 names of those who received money from this criminal enterprise *either directly or indirectly*, it is not a complete denial of the claims in the report if you merely deny that you ever received money directly from VBS. It is a bit like being accused of stealing vegetables from somebody's garden, then denying that you ever stole tomatoes from that garden. What about the pumpkins, green beans and spinach you took?

Second, those who have directly or indirectly been implicated in the report and may fear criminal prosecution (regardless of how likely this is to happen given the lack of skill and perceived lack of political will at the Hawks and the NPA) find themselves in a difficult situation. They are not sure what they should deny and how careful they should be when they deny something because they do not know what evidence has already been gathered against them.

This is because the Reserve Bank did not publicly release the annexures attached to the report. These annexures remain secret in order not to compromise the criminal investigations currently under way. These annexures include: the forensic accountants' report; a summary of material testimony; transcripts of testimony, and (potentially most incriminating) exhibits in the form of bank statements, details of bank transfers, and other documents.

An implicated person would not want to incriminate him or herself by denying something in a manner that could easily be disproved later with the assistance of evidence already known to investigators. This is perhaps why none of the implicated people has issued a blanket denial to the effect that: "I did not receive an unearned benefit, channelled to me in any way whatsoever, from VBS or Vele, either directly, or indirectly via an intermediary or intermediaries, either into my own account or into another account I have access to."

The theft and fraud (allegedly committed by those in charge of VBS and Vele investments and by the KPMG auditor who covered up the theft and fraud) are straightforward legal concepts so I need not discuss them here.

But the report raises questions about various possible offences committed in contravention of the Prevention and Combating of Corrupt Activities Act and the Prevention of Organised Crime Act.

Some people implicated in the report are alleged to have received "commissions" because they assisted VBS to secure unlawful deposits from various municipalities. The allegation is that they abused their positions (as political party officials or as elected officials in municipalities) to secure unlawful deposits for VBS in return for a bribe. If this can be proven, these individuals would be convicted of corruption in contravention of section 3 of the Prevention and Combating of Corrupt Activities Act.

Section 3 states that you are guilty of corruption if you (a) give or accept a "gratification" with the aim of (b) acting or influencing another person to act in a corrupt manner. You will act in a corrupt manner if, among other things, you abuse a position of authority or abuse your power. The definition is a bit more complicated than this, but at the heart of the crime is the offering of a bribe as an unauthorised or improper inducement to do or not to do anything or to accept a bribe as an improper inducement to do or not to do something.

There is little doubt that both the person offering the "commission" (read bribe) and the person accepting the "commission" (read bribe) could be found guilty of the crime of corruption. The only question is whether enough evidence could be gathered to prove this beyond reasonable

doubt and – perhaps more important – whether the Hawks and the NPA have the skills and the political will to find such evidence and to prosecute the culprits.

It would also constitute corruption if you directly or indirectly received money from VBS or Vele in exchange for a promise that you would use your office or position to try to protect VBS and or Vele by whatever means from criminal or other investigations. An MP who directly (or indirectly through some front company or account) received money or another benefit from VBS or Vele with the understanding that he or she would use his or her position as MP to try to protect VBS and/or Vele would also be guilty of corruption.

But what about those individuals who did not pay or receive bribes, but did directly or indirectly (say, through an intermediary) receive money from the criminal enterprise of VBS and/ or Vele? Could such individuals be criminally prosecuted? The answer is yes.

There are two relevant legal provisions that might be used to prosecute such individuals.

First, section 4 of the Prevention of Organised Crime Act prohibits money laundering. Money laundering occurs, for example, when you try to disguise the nature, source, location, disposition or movement of the money, while you knew or reasonably ought to have known that the money forms part of the proceeds of unlawful activities. This means if X wishes to give stolen money to Z, and Y agrees to receive the money and then to pass this on to Z, then Y would be guilty of money laundering if he or she knew or reasonably ought to have known that the money was the proceeds of unlawful activity.

But section 6 of the same Act is even more straightforward as it states that any person who acquires, uses, or has possession of property (including money) and who knows or ought reasonably to have known that it is or forms part of the proceeds of unlawful activities of another person, shall be guilty of an offence. In the case of stolen money, it would not matter that the money was not directly received from the person who stole it – as long as the accused knew or reasonably ought to have known that the money was stolen.

If even half of what is contained in the report is correct, it would be shocking if no one were to be successfully prosecuted for this heist. But because members of the public have not been provided with the evidence on which the report was based and as it is not clear that the Hawks and the NPA will have the skills and political will to pursue this vigorously, it is not possible for members of the public to say with certainty at this point who (if anyone) will be convicted of criminal offences for actions related to the VBS/Vele criminal enterprise. **DM**

# DAILY MAVERICK

## SCORPIO

# VBS bank heist: EFF's family ties and moneyed connections

By [Pauli Van Wyk](#)

[Follow](#)

21 Nov 2018

EFF President Julius Malema and his “corruption-busting” political party directly benefited from the VBS Mutual bank heist, a Scorpio investigation has found. Scorpio traced the flow of illicit VBS funds, earmarked for a property in the affluent Johannesburg suburb of Sandown, through three fronts that also dished out money to the EFF. Julius Malema stayed for years at the property, which is now registered as an EFF asset. Over R1,8-million of the same illicit VBS funds were used to prop up the EFF, Scorpio has found. Stripped to its essence, a company officially owned by Floyd Shivambu's brother made questionable payments to a company owned by Malema's cousin. Both these companies operated like slush funds which dispersed money to where it was needed. This is a story of how the constituency Malema claims to fight for – the poor, the young and the vulnerable – was robbed to feed the EFF leader's private and political interests.

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### [BeyondWords](#)

Scorpio's investigation found that the EFF received over R1.8-million in illicit VBS funds flowing through two fronts. An additional R430,000 was also paid in three tranches towards a luxury Sandown property where Malema used to stay since as early as 2012 – a property which has recently ostensibly been bought by and registered under the EFF's name.

The Economic Freedom Fighters and its President Julius Malema benefited from the VBS Mutual Bank heist through a crude scheme run in a similar manner to the On Point Engineering corruption debacle of 2012. At the time, Malema was charged with money laundering, racketeering, fraud and corruption when he allegedly used proxies and fronts in order to siphon illicit money gained through fraudulent state contracts to himself and his family. Malema has



and law firm Werksmans. A leaked Whatsapp discussion between VBS kingpin Tshifhiwa Matodzi and a bank manager described Sgameka as an “extremely strategic account”.

(Malema referred questions as to the nature of the “extremely strategic account” to Matodzi, who was unreachable for comment.)

Adv Motau and the Werksman’s report, named *The Great Bank Heist*, only highlighted first-tier receivers of the illicit VBS funds and therefore did not mention or, in some instances investigate, Phaleng, the EFF or Malema.

Scorpio’s analysis, however, shows that Brian Shivambu and Phaleng derived very little personal benefit from the illicit VBS funds flowing into their purported companies.

Sgameka and Mahuna appear to be mere slush funds which had no legitimate income, did not operate like a normal business bank account and paid no taxes and paid no staff, Scorpio’s analysis of bank statements coupled with information gained from interviews with five key sources as well as WhatsApp messages between VBS role-players, show.

In this investigation, Scorpio will only focus on illicit VBS funds flowing to the Sandown property that housed Malema as well as funds earmarked for the EFF.

Last month, [Scorpio wrote](#) that the EFF received around R1.3-million in illicit VBS funds and that Sgameka paid about R10-million into Floyd Shivambu’s account. The information was based on a PEPS report (politically exposed persons) compiled by investigators. Upon further scrutiny of the evidence, it is clear that the income streams were more complex, based on the use of various fronts in order to siphon illicit funds towards various role-players.

Scorpio found more illicit VBS funds than initially mentioned earmarked for the EFF.

Scorpio’s analysis further shows that Floyd Shivambu did receive funds flowing from Sgameka as well as funds seemingly flowing through at least one front Scorpio has traced so far. Shivambu denied all wrongdoing, and accused Scorpio of conducting a “fishing expedition”. Read his [full statement here](#).

Both [Malema](#) and [Floyd Shivambu](#) have repeatedly denied any wrongdoing or ever having benefited from the VBS robbery.

To understand how Malema and the EFF, despite their vehement denials, benefited from the proceeds of crime – in this instance money deposited into VBS by the poor and vulnerable – one needs to understand how the VBS robbery scheme worked.

Let’s take a step back:

### **Why VBS funds flowing into and out of Sgameka are proceeds of crime**

It has by now been well documented that deceased mine workers’ funds with orphans and widows as beneficiaries, *stokvels* and municipalities banked with VBS. Through various

schemes – including the creation of fictitious and phantom accounts – the money of these vulnerable entities was stolen by politicians and the well connected, as shown by Adv Motau and Werksmans in *The Great Bank Heist* report.

Simply put –*bona fide* depositors gave VBS their hard-earned money for safekeeping while, in the background, VBS management siphoned these funds out of the bank in a variety of illegal schemes.

One primary beneficiary of the illicit VBS funds is Sgameka Trading Pty Ltd, a company purportedly owned and managed by Brian Shivambu. He did not react to [Scorpio's questions](#). Brian Shivambu did, however, publish a press release hours after *The Great Bank Heist* report was published. He claimed to have only received money from Vele. Scorpio's investigation will show this was a crude lie.

Four factors, read together with Sgameka's bank accounts as well as interviews with key sources, suggests that Sgameka operated as a front and a slush fund for the EFF and select EFF leaders. These are:

1. WhatsApps: Scorpio has a series of verified WhatsApps between the chairman of VBS Tshifhiwa Matodzi and Phopi Mukhodobwane, general manager of treasury at VBS, where a transfer of money from related party Malibongwe Petroleum Pty Ltd to Shivambu's Sgameka is discussed.

On 8 June 2017, Matodzi requested a transfer of R5-million into the account of Sgameka. Said Matodzi of Sgameka: "This is an extremely strategic account."

Considering that Matodzi allegedly kept himself busy with bribing influential politicians in order to bamboozle municipalities into investing in VBS, his remark over Sgameka's influence is hair-raising;

2. Email: Floyd Shivambu is linked directly to Sgameka by emails from his personal Gmail account relating to an additional property. (Floyd Shivambu is [not the focus of this specific investigation](#).)

3. Sgameka's income: Sgameka had no legitimate income, did not operate like a normal business bank account and paid no taxes;

4. Sgameka's true income streams: Sgameka received R16,1-million from companies named Robvet Pty Ltd, Wegezi Power Holdings Pty Ltd, Vele Investments Ltd, Malibongwe Petroleum as well as cash deposits and what is labelled as "allocations". Sgameka did not only receive money for "consulting services" to Vele, as Brian Shivambu claimed last month.

(Link to Brian Shivambu's presser can be found [here](#).)


Between June 2017 and February 2018, Sgameka received 13 payments totalling R16,148,569 in illicit VBS funds. Considering Sgameka's income stream, Adv Motau and Werksmans had this to say about the relevant companies in their report:

**Malibongwe Petroleum:** A fictitious deposit of R40-million was created for the company. Malibongwe Petroleum became a vehicle that was used to illegally extract money from VBS;

**Vele:** Through a fraudulent deal the company became a majority shareholder in VBS bank and was, directly and indirectly, a beneficiary of myriad fraudulent transactions. Matodzi headed the company. It existed for little else other than to facilitate fraudulent deals. Vele played a central and crucial part in the VBS scandal, so much so that the "...principle beneficiary of the looting was certainly Vele...", Adv Motau and Werksmans found, and further said that "...it emerges very clearly that VBS and Vele have been operated as a single criminal enterprise with Matodzi firmly at the helm";

**Robvet:** The company was used as a slush fund for "commissions" paid to influential politicians and municipal managers in order to get municipalities to invest in VBS. Illicit VBS funds flowed directly to Robvet, or in other instances flowed through companies in the Vele group (including Wegezi and Malibongwe Petroleum) into Robvet. Payments earmarked for front companies, politicians, mayors, and municipal managers were paid in cash or electronically transferred from Robvet. Adv Motau and Werksmans found that "VBS, from the Robvet account, made payment directly to front companies for the benefit of various municipal officials..." and that the VBS-management "did not regard the payments (from Robvet) as legitimate operating expenses and sought to conceal them".

Sgameka's income stream was alleged to be criminal by *The Great Bank Heist* report. Receiving funds from Robvet – as Sgameka did – suggests that the politicians in control of Sgameka were somehow influential in getting municipalities to invest in VBS. A pattern of criminality involving Sgameka and its beneficiaries further emerges when considering Sgameka's "income": the money flows out of Sgameka as well as the above-mentioned WhatsApps about Sgameka's "extreme strategic" influence.



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INTERIM STATEMENT

PRODUCT CLASSIC BUSINESS  
ACCOUNT NUMBER 010082048001  
DATE 2018/10/11

Statement for the period 1980/01/01 to 2018/10/11

| DATE       | DESCRIPTION              | DEBIT         | CREDIT       | BALANCE      |
|------------|--------------------------|---------------|--------------|--------------|
| 2017/06/08 | Trf from 10070139002     | 0.00          | 5 000 000.00 | 5 000 000.00 |
| 2017/06/09 | MAHUNA INVESTMENTS       | - 500 000.00  | 0.00         | 4 500 000.00 |
| 2017/06/13 | Fee-Internet RTC Withdrw | - 55.00       | 0.00         | 4 499 945.00 |
| 2017/06/13 | RTC-GA                   | - 400 000.00  | 0.00         | 4 099 945.00 |
| 2017/06/21 | MAHUMA                   | -1 000 000.00 | 0.00         | 3 099 945.00 |
| 2017/06/22 | Fee-Internet RTC Withdrw | - 55.00       | 0.00         | 3 099 890.00 |
| 2017/06/22 | RTC-GRAND AZANIA         | - 500 000.00  | 0.00         | 2 599 890.00 |
| 2017/06/30 | Fee-Administration       | - 55.00       | 0.00         | 2 599 835.00 |

### The illicit money flows out of Sgameka

Bank statements further show that as quickly as Sgameka received these proceeds of crime, the money was moved mainly to the accounts of the EFF, Grand Azania Pty Ltd and Phaleng's Mahuna Investments. Sgameka was used as a conduit for illicit VBS funds. Scorpio's analysis suggests that Brian Shivambu, the ostensible owner of the company, utilised very little of the funds flowing through Sgameka for his own personal use – a clear indication that he was not the owner of the money as he purported to be, nor the intended receiver.

The last deposit into Sgameka was on 23 February 2018 – just days before VBS was put under curatorship, with effect from 11 March 2018. Since February money has only flowed out of Sgameka. The company did not receive funds from any other income stream other than from various fraudulent VBS schemes. The entire money flow into Sgameka is therefore compromised and illegal. In line with the focus of the current investigation, these payments are important:

- 1) Between July 2017 and December 2017, four payments totalling just over R1.2-million were made into two EFF bank accounts;
- 2) Between June 2017 and February 2018 Sgameka paid just over R4.8-million in nine tranches into Mahuna's account.

### The illicit VBS funds to Mahuna, through Sgameka

The director of Mahuna, and the purported owner is Malema's cousin Matsobane Phaleng. According to Malema he and Phaleng are "not close", [Mail and Guardian recorded](#). An

analysis of the Mahuna account, however, shows it is, like Sgameka, merely a slush fund with no proper income, expenses or any tax paid. Our analysis, coupled with information from sources, suggests Phaleng was merely a front and conduit for Malema and the EFF.

Phaleng derived little personal benefit from the illicit VBS funds flowing into his company. Between July 2017 and February 2018, eight payments totalling R110,000 and labelled as “director’s fees” flowed out of Mahuna. Phaleng is the sole director of Mahuna. Sources confirmed that the amount was paid to Phaleng.

This suggests that Phaleng was not the real owner of the account and not the intended receiver of the illicit VBS funds paid into Mahuna by Sgameka.

### **How the EFF benefited from illicit funds flowing through Mahuna and Sgameka**

Between July and August 2017, another R600,000 earmarked for the EFF flowed from Mahuna into different bank accounts. Descriptions on the bank statements include “July 26” and “EFF GP”. July 26 is a significant date for the EFF – it is the EFF’s “birth date” as well as a referral to the 26 July Movement in Cuba under the leadership of Fidel Castro. The illicit VBS funds labelled as “July 26” seems to have been allocated as payments for the EFF’s 2017 birthday celebration. The funds were paid into different bank accounts.

(There are more funds flowing from Mahuna earmarked for the EFF, sources said. These do not form part of the current investigation.)

In total, Scorpio has traced over R1.8-million in illicit VBS funds flowing from Sgameka and Mahuna in order to prop up the EFF.

### **Illicit VBS funds allocated to the Sandown property at address 49a Edward Rubenstein, through Mahuna:**

As early as 2012, Malema has [rented a property](#) at 49a Edward Rubenstein, Sandown, Johannesburg

According to the neighbours of 49a Edward Rubenstein, Malema has lived on the property until fairly recently. According to Malema, he lives in Goodwood, Cape Town, at the moment.

[Deed documents](#) Scorpio has seen shows that in around June 2017, the property was transferred to the name of the “Economic Freedom Fighters”. The purchase price was R5,250,000. According to sources, the EFF’s national chair Dali Mpofu was the pointsman involved in discussions around the deal. Mpofu did not react to [Scorpio’s questions](#). The origin of funds paid towards the house so far, and the total of such payments, are unknown at this stage.

When questioned about the origin of the funds for the Sandown property he utilised for personal benefit, Malema deflected, saying “The EFF will answer that one”.

The EFF did not.

When Scorpio prodded Mbuyiseni over the matter, he replied through Whatsapp that “we took a loan from one of the financial institutions”.

Asked whether the house is allocated to Malema to live in, Mbuyiseni said “no”.

Between July 2017 and February 2018 three payments totalling just over R430,000 designated for this property flowed from Mahuna. The payments were affected into different bank accounts and are linked to a pool and the 49a Edward Rubenstein property, sources confirmed.

(According to sources there are more illicit VBS funds flowing from Mahuna to this property. These do not form part of the current investigation.

Scorpio’s analysis further suggests that additional illicit VBS funds were utilised to fund Malema’s lifestyle and flowed towards his family and children. This has been confirmed by key sources. Our investigation into these payments continue.)

### **Did the EFF leadership know?**

There is no evidence to suggest that Mpofo was aware of the origin of the funds flowing to the Sandown property. There is no further evidence to suggest that the EFF leadership – with the exception of Malema and Floyd Shivambu who from the investigation were clearly aware of proxies used to funnel money – knew the party and themselves were beneficiaries of illicit VBS funds. **DM**

# The VBS aftermath: ‘If we speak, they will kill us’

By [Nomatter Ndebele](#)

09 Sep 2019

The favourite line of fraudsters and tax cheats is that it’s victimless crime – just ask the State Capture players. But scratch this thinnest of veneers and it is easy to identify real-life damage to the poorest of the poor. The victims of the VBS collapse had their lives ruined – we went searching for them.

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## BeyondWords

Thohoyandou is a hive of activity: in the town centre, hawkers chat to each other by the side of the road, and crowds of people go about their business.

It appears to be a normal South African town. There are many litter-strewn dirt roads with potholes and no streetlights. Children go to school, taxi marshals call for passengers and young people huddle in corners, laughing.

But everybody in Thohoyandou is keeping a big secret. The Venda Building Society (VBS) is the elephant in the room. Fear is in the air, and nobody wants to talk about it.

At Tshakuma Market, a 24-hour fruit and vegetable market, the words “VBS” raise much suspicion. Many of the hawkers simply avert their eyes, others claim to have never banked with VBS.

An elderly woman at Tshakuma market says it’s too painful to talk about VBS.

“I lost a lot of money,” is all she is prepared to say – after that she dismisses us and tells us to leave her alone. She nods her head to the left, in the direction of other hawkers: “Try them” she says firmly and unenthusiastically, and then her face turns to stone.

Out of 50 or so hawkers on the day shift, only three will speak. In a secluded area of the market, a group of women who were members of a burial society called “Zwoieta 50/50” huddle together and speak briefly about their VBS experiences.

One woman explains that the burial society or [stokvel](#) has been going since 1997. Then, the society had 35 members who were each putting away R3,000 a month. The women decided their stokvel would be the best platform for them to save their money. Many of the women

were saving for their children's education, to renovate their homes and to have savings for the future.

At the time that VBS started to unravel, which they heard about on the local radio station Phalaphala FM, Zwoieta 50/50 stokvel had about R200,000 invested in the bank. The news of VBS's troubles spread like wildfire through the market and town, and people scrambled to the bank to try to retrieve their life savings. Zwoitea 50/50 society was among the lucky few: they managed to recoup nearly all their funds. It was a difficult process – for 30 days they took turns to withdraw R1,000. Finally, they were told to collect their funds from Nedbank. In the end, they lost only R800.

Khathu Mushwana\*, a 54- year-old hawker, was not so lucky.

She is already in tears before she says anything about her experience. Her frail body shakes as she cries silently.

“I heard it on the radio. They said everyone who has money at VBS must go and collect their money,” she recalls. For two days her fellow hawkers argued about who would be first to go and find out what was happening at the bank.

“We were all so afraid, nobody wanted to go,” she says softly.

Finally, one of the hawkers made the trip to the bank and upon her return she confirmed that the media reports were true. Something had gone wrong with the bank and people had to try to get their funds out as soon as possible.

Two days after the announcement Mushwana plucked up the courage to go to the bank. Her husband accompanied her.

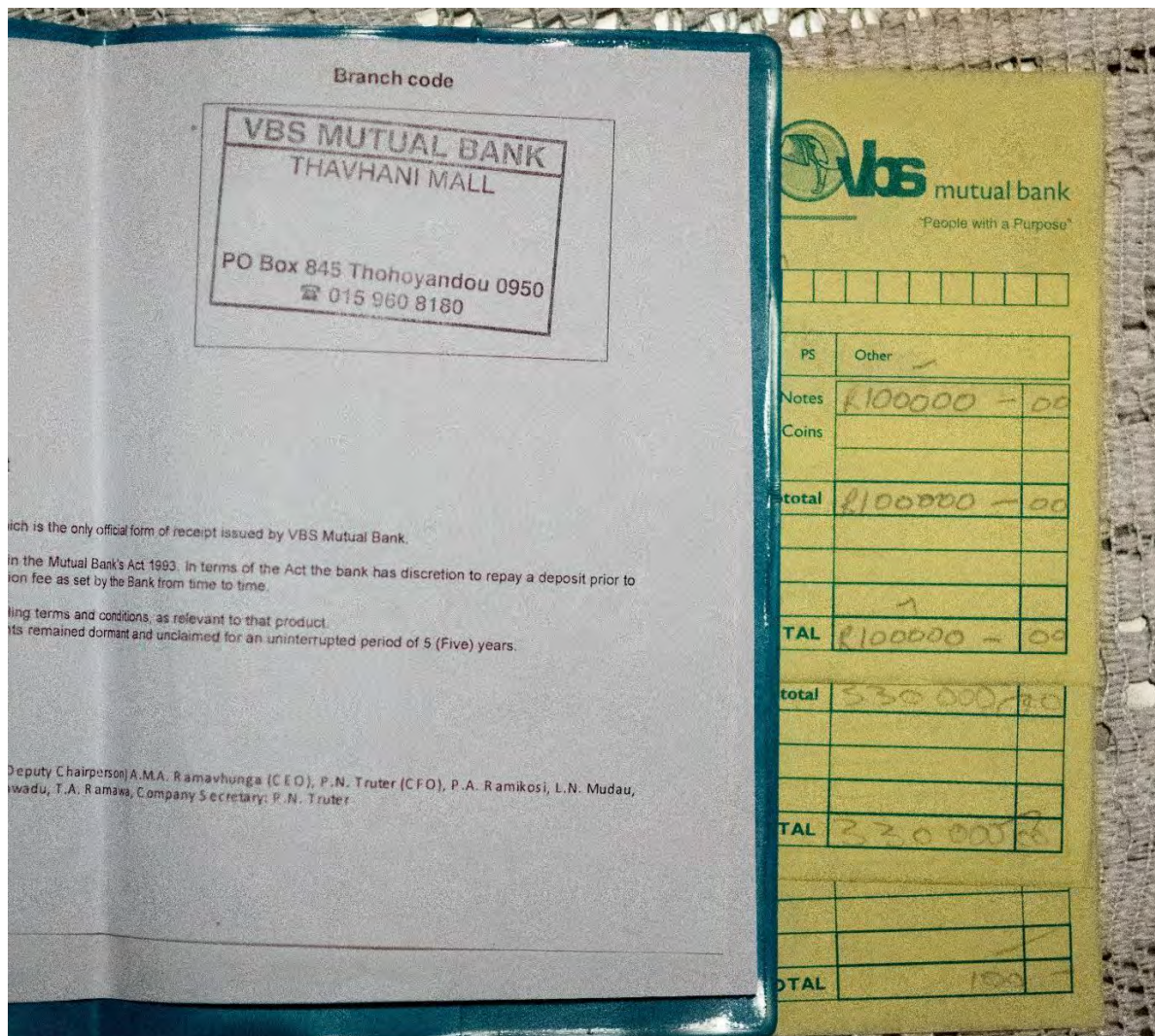
“They just said they were having some problems and were investigating.” No explanation of what the problems were or what was being investigated.

At the time, this information was enough to allay her fears, and she was certain she would get her savings back.

In the next few days, she received an SMS from VBS, notifying users that they were to go to Nedbank and withdraw their funds.

Mushwana made the trip to Nedbank, again with her husband. She approached a teller with her ID and was simply told that she could only withdraw R100,000.

“I asked them for a statement, and they said they couldn't give me one.” Mushwana lost R330,000 of her life savings, (and possibly more if she had accrued any interest) without any explanation. She had been with VBS for only one month before things went south. All her deposit slips are dated January 2018. The deposit slips are all she has left of her funds.



Mushwana lost R330,000 of her life savings (Photo by Thom Pierce)

Mushwana lost R330,000 of her life savings (Photo by Thom Pierce)

When Mushwana gets to this part of her story, she is weeping, face buried in tissues and her left foot is tapping uncontrollably. She is unable to speak for a long time.

When she manages to take a breath she explains:

“I am so ill, there is no way that I will ever be able to work and recoup that money. My husband has to pay my son’s fees, and that is expensive because he’s at a private college, and there’s the medical bills – I don’t know what I am going to do.”

Defeat is written all over her face.

In 2017, Mushwana became ill and had to resign from her administrative job. She had to go to a medical facility at least three times a week for treatment. When she resigned, she took her entire pension payout of R430,000 and deposited it into VBS. This was the first time she had ever banked with VBS. After doing her own comparative research, she decided it would be the most suitable bank as it had minimal charges for withdrawals.

Mushwana decided to start her own business selling mopani worms. She withdrew some of her pension money to use as start-up capital. Twice a year, she would travel to Botswana to buy 250 50kg bags of mopani worms. The trip to Botswana is “very strenuous” she says.



Khathu Mushwana started a business selling mopani worms. (photo by Thom Pierce)

“I have to spend a week in Botswana buying stock, then I have to load 250 bags of mopani worms into my truck. Sometimes I have to do a double trip to collect them all,” she says. Now, she is too ill to continue this process and relies on her daughter to make the trip for her.

When she gets the mopani worms to Thohoyandou, she separates the worms into smaller tins which she sells for R300 a tin. As with any lucrative business, there is much competition. Mushwana has to be at the market every single day to sell her stock.

“After my treatment, I feel so tired and weak, but I come anyway because I have no choice, I have to get rid of this stock, so I can buy more.”

Very few people have been held accountable for the fraudulent activities at the bank. This upsets Mushwana even more:

“We see them every day, driving around here in their fancy cars, and they have their big houses – they should sell their cars and houses so we can get our money back.”

Despite the fact that the culprits are known to the community, everybody knows that VBS is not something you talk about.

“If you say anything, they will kill you,” Mushwana says softly.

Many other victims, however, are already dead.

“They died from stress and heartbreak,” Mushwana says. This year one of her close friends, whom she worked with at the market, died after failing to cope with the loss of her funds.

“Another lady I know lost R700,000,” she says. She refuses to divulge any other details, fearing the information will put her and her colleagues at risk. “If they find out that we are talking they will kill us,” she repeats.

“We see people [whistle-blowers] dying every day on the news.”

It is not only victims who are afraid for their lives. Many local journalists we tried to talk to said they had decided to separate themselves from the VBS matter:

“This is a very sensitive case. I fear for my life, you must be very careful,” said one journalist.

Nobody will say who “they” are. But it is clear these anonymous figures wield a lot of power, enough to shut down the talk of an entire town. There are very few people who are willing to speak about the matter. Despite the fact that people like Mushwana lost their entire livelihoods, there is no room for them to share their pain or experiences.

Instead, the entire town has been switched to mute. Even the victims of the VBS scandal, who have done no wrong, have to keep their heads down, lest they too lose their lives. They are forced to carry on as though nothing happened, without any solid hope of ever getting their money back. **DM**

*\*Name has been changed to protect the identity of the interviewee.*

**SCORPIO**

## The Great VBS Heist: How the Shivambu brothers benefited even more

By [Pauli Van Wyk](#)

[Follow](#)

03 Apri 2019

A company inextricably linked to the Brothers Shivambu benefited from a questionable R4-million VBS Mutual Bank business loan. Before the bank was put under curatorship, VBS managed to advance about R2.1-million towards the intended business – a wine bar and restaurant in Vilakazi Street, Soweto, provisionally named ‘Grand Azania’.

### [Beyond Words](#)

Because frontman Brian Shivambu did not qualify for the R4-million VBS Mutual Bank business loan, he ceded, with the help of VBS bank managers, an “investment account” containing an allegedly fictitious R4-million to the bank against which he could borrow. If intent to fleece the bank is proven, this will amount to fraud.

The loan was further never serviced. These schemes make the Shivambu loan a quintessential example of how “business” at VBS Mutual Bank was conducted, and why the bank imploded.

This R4-million loan, granted to the slush fund Sgameka Projects, was not detailed in the Motau/Werksmans-report investigating the bank robbery. An analysis of loan documents, emails and bank statements seized from the bank, as well as information from impeccable sources, form the basis of this Scorpio investigation.

The Shivambu brothers deny any wrongdoing.

### **Getting Stellenbosch on board**

In around 2017, deputy president of the EFF Floyd Shivambu approached several businessmen – including individuals whom he often scornfully referred to in public as “the Stellenbosch Mafia” – regarding personal business ventures he had his eyes set on.

EFF MP Marshall Dlamini accompanied Floyd Shivambu to some of these repeated meetings with some of South Africa’s highest net-worth businessmen, confirmed four businessmen with

personal knowledge of discussions with Shivambu. (Dlamini assaulted a police officer outside Parliament in March.)

One of these ventures pitched by Floyd Shivambu was a wine bar and restaurant to be built in the historical Vilakazi street in Orlando West, Soweto. It was to be called “Grand Azania”, and Shivambu was shopping around for a sponsor and a wine farmer who’d allow him to bottle their wine “under his own brand, Grand Azania”, sources recalled of the discussions.

Grand Azania is also the name of a company which received R6.16-million in illegal VBS money and of which Shivambu’s younger brother, Brian, is the sole director and bank account signatory (more about this later).

That Floyd Shivambu privately associated himself back then with “Grand Azania”, and described it as “his own brand”, is important: When questioned by Scorpio after VBS imploded, the deputy president of the EFF tried his best to disassociate himself from the brand and the company. Brian also denied that his brother had – at the very least – close ties with Grand Azania. (Read more proof about Floyd Shivambu’s links to Grand Azania later in this article.)

### **Grand Azania and the R4-million VBS business loan**

On 22 December 2017, Brian, the frontman for illegal VBS money flowing towards [his brother, Julius Malema and the EFF](#), signed a really good deal with VBS Mutual Bank.

VBS bank’s credit manager David Nthlokwe granted [Brian’s slush fund Sgameka Projects](#) a R4-million business loan to be repaid over 24 months at an interest rate of prime plus 300 basis points per annum. (Sgameka is under deregistration process, CIPC documents accessed on 1 April shows.)

It translated into monthly instalments of about R190,000, the loan contract states. It is an unsustainable ask of any small to medium startup in its first two years, especially because most startups only enter a positive cash flow only after at least three years, an industry specialist confirmed.

VBS bank’s system, as well as Sgameka’s bank statements, indicate however that Brian never serviced the loan. Scorpio confirmed this from sources and bank statements.

Brian conceded to this fact when questioned by Scorpio. He did however not mention that Grand Azania received any money from VBS. Said Brian:

“I own Grand Azania and applied for a loan of R4-million to build a restaurant business and never received the entirety of the money. The loan amount Grand Azania applied for was paid directly to service providers and suppliers of restaurant equipment, all of which was delivered to the promises (sic). All the loan amount was paid into the business. Due to the fact that the loan amount was not paid in full and my business was out in strain, progression of the project was delayed.”

(At this point, dear reader, you have every reason to be confused by this reply from Brian. The loan amount of R4-million was not applied for by Grand Azania, as he states in his reply, but was rather applied for by Sgameka Projects. Sgameka Projects sent formal letters to VBS asking for the funds to be advanced directly to Grand Azania and Architects Studio Plus. VBS would then advance the requested sums and pay it directly into the bank accounts of Grand Azania and Architects Studio Plus. Brian's confusion may relate to how hard it is to focus on the facts when there are so many fictitious stories to juggle.)

In the true spirit of how "business" was being conducted at VBS, as found by adv. Terry Motau and Werksmans, there were also no repercussions towards this delinquent client as meted out to other law-abiding citizens. This despite a clause in the loan agreement (signed by Brian and Nthlokwe) stating that the bank may "claim damages" or "claim specific performance" after a material breach and failure to remedy the breach in five working days.

Further to the above are the circumstances under which VBS allowed Brian to borrow the R4-million, also highly questionable.

Brian and Sgameka did not qualify for the R4-million loan, documents Scorpio has seen suggest. By September 2017, Sgameka had already borrowed R1.46-million for a house the Shivambus' parents lived in after Floyd [used his influence](#) with VBS CEO and robber-in-chief, Tshifiwa Matodzi.

To circumvent this problem, Brian (on behalf of Sgameka) ceded an investment account professedly containing R4-million to VBS bank in order to borrow against it.

Except, sources could find no trace of the R4-million.

The investment account seemingly exists, but neither Sgameka nor any other entity has paid the promised R4-million into the investment account, bank statements show and sources close to the investigation claim.

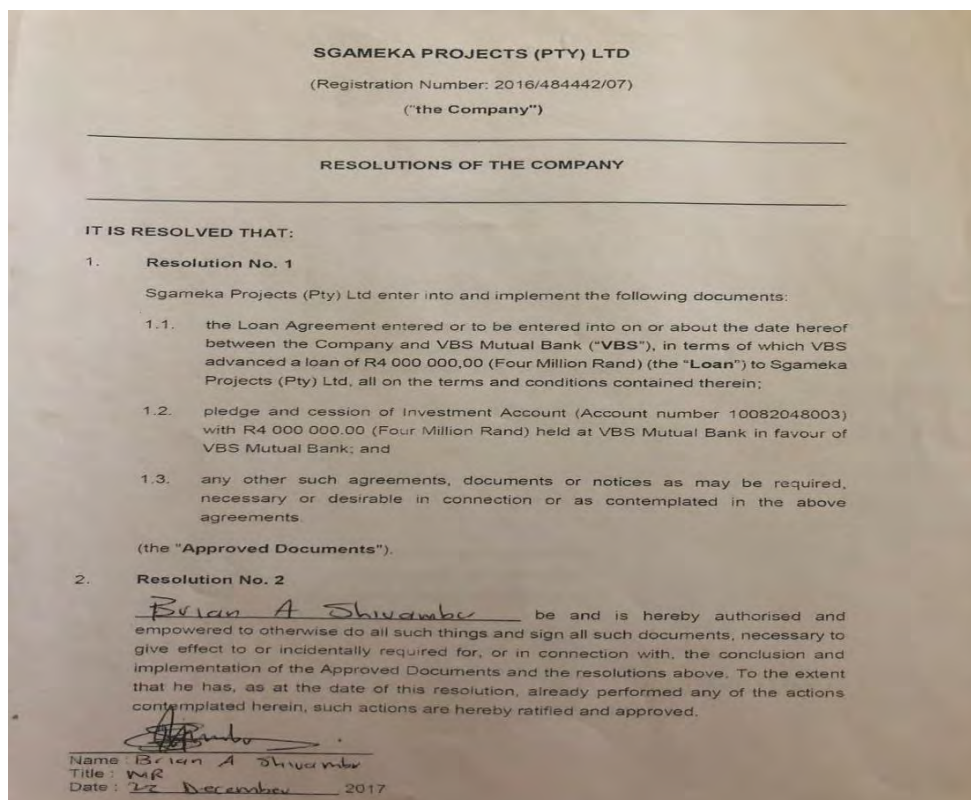
This may well amount to fraud, consumer lawyer Stephen Logan said.

Said Logan:

"If the Sgameka investment account exists but the investment money was never in place or planned to be deposited there, one would reasonably infer the investment security being offered to be fraudulent. Likewise, if the money was never expected by VBS to be deposited, it would likely constitute fraud by VBS. In either case, the intent to defraud must be properly proven. Should the evidence reflect an intent to use a fictitious investment account with no funds as collateral, VBS, Sgameka and Brian may be liable to criminal prosecution for various crimes."

The paperwork, however, keeps up appearances. Brian has signed a:

- "Resolutions of the company" – a one-page document stating that Sgameka enters into a loan agreement with VBS and that the company pledge an investment account with a professed R4-million held at VBS in favour of the bank;



- "Loan agreement" with VBS – a 16-page document stating the amount borrowed and stipulating the terms and conditions;
- "Pledge and cession of investment account and claims" – a 21-page undertaking to cede R4-million professedly contained in an investment account held at VBS to the bank in order to borrow against this sum;
- "Suretyship undertaking" – a four-page document where Brian undertakes to "bind myself to the Creditor (VBS) as surety for and co-principal debtor jointly and severally with Sgameka Projects..."

Brian ignored questions about the R4-million investment account, save to say that he has "given you my version of the facts and you can proceed and write your fictions".

**21. SIGNATURE**

Signed on behalf of the Parties, each signatory hereto warranting that it has due authority to do so

SIGNED at Matamulale on the 22 day of December 2017.

For and on behalf of Sgameka Projects (Pty) Ltd

[Signature]  
Signature:

Brian A Shuambu  
Name of Signatory:

Director  
Designation of Signatory:

[Signature]  
Witness:

[Signature]  
Witness:

Nthlokwe declined to comment, citing bank-client confidentiality.

SIGNED at gIVONIA on the 22 day of December 2017.

For and on behalf of VBS Mutual Bank

[Signature]  
Signature:

David Nthlokwe  
Name of Signatory:

GENERAL MANAGER: CREDIT & COLLECTIONS  
Designation of Signatory:

\_\_\_\_\_  
Witness:

\_\_\_\_\_  
Witness:

Apart from what the verifiable facts suggest, it is difficult to say who hatched the scheme. It is, however, safe to say that Nthlokwe and other bank managers ought to have known that a) neither Brian nor Sgameka serviced the R4-million loan and that b) the investment account was in fact just a shell without the R4-million cash in it, an industry specialist confirmed.

When questioned, Nthlokwe replied via WhatsApp, saying: “No comments (sic)” and, “I’m bound by the bank-client confidentiality”.

### **Floyd Shivambu and Grand Azania**

“This is absolute rubissh (sic) and you continue to humiliate yourself,” Floyd said last week when Scorpio asked him to comment on eight findings contained in our investigation.

“I thought you are now emailing me proof of the R10-million you said I received from VBS. You can continue to drown in confusion because your masters and handlers are misleading you. I have never been involved in any fraud and I don’t own any business.”

When we asked if he could highlight the exact parts he rubbished, Floyd continued:

“I don’t want to. All of it is your imaginary rubissh (sic)...”

Scorpio’s questions also referred to Floyd’s links to Grand Azania, and that the company may be his alter ego, managed by Brian.

Scorpio based these questions on three facts:

1. Floyd linked himself to Grand Azania in 2017 when he tried to entice affluent businessmen to allow him to bottle their wine under “his own brand, Grand Azania”;
2. Another businessman showed Scorpio an email sent from Floyd’s private Gmail account in late 2017, asking if his rent had been paid by Grand Azania;
3. Dodgy PIC money was paid into Grand Azania’s account by a businessman, allegedly at the behest of Floyd, [Sabelo Skiti and Thanduxolo Jika of Mail & Guardian](#) found.

Brian was asked to comment on the same findings. He said:

“Your desperation in trying to link my brother is laughable. You can go ahead with your fishing expedition and there is absolutely no corruption in asking for a loan from a bank.”

Scorpio’s sources declined to be named, fearing “the EFF’s violent nature”.

### **Grand Azania – the business and the company**

Before the bank was put under curatorship in March 2018, VBS managed to advance R2.1-million towards the wine bar, a VBS statement invoice shows:

- Just over R1.1-million in VBS funds was paid in two tranches to Architects Studio Plus, the architect firm tasked with designing the space in Vilakazi street;

- VBS also paid R1-million directly to Grand Azania.

Scorpio verified that these payments were effected by interviewing the head of Architects Studio Plus as well as conducting an analysis of VBS bank statements.

(In October 2018 Brian claimed that he had never received any money from VBS bank and only did consulting work for Vele, the majority shareholder of VBS. Scorpio's findings prove these claims to be a crude lie. The R1-million paid into his purported company Grand Azania emanates directly from VBS bank's account, bank statements show. Sgameka's bank statements further confirm that it received payment from various VBS and Vele affiliates.)

By February 2018, it was clear for everyone in the know that VBS had serious financial problems, that National Treasury worried about some concerning contraventions of the Municipal Finance Management Act and that the Reserve Bank was contemplating drastic measures.

On 2 February, Sgameka requested VBS managers to pay out the balance of the R4-million loan to the company, documents signed by Brian show. VBS bank managers never got that far. By 11 March 2018 the Reserve Bank put VBS under curatorship, stopping all money flows from the bank.

Service providers contracted by the Shivambus said they were tasked to design and equip a space in Vilakazi street fit to be a wine bar and restaurant. Invoices Scorpio had seen and interviews held with the service providers confirmed that the business was to be named "Grand Azania". The service providers noted that money owed to them wasn't paid after VBS bank was put under curatorship, causing the project to be delayed.

"Thanks to new investors, we are now again moving forward on the project," one service provider claimed. (They would not reveal who the new investors were.)

### **Grand Azania**

The wine bar business was named after previously-mentioned Brian's company Grand Azania. Brian is the sole director and signatory to accounts, sources, as well as CIPC-documents, accessed on 1 April confirmed. The company's inception date is registered as 18 October 2016. Since Scorpio and *Mail & Guardian* pointed out Grand Azania as a second tier receiver of illegal VBS funds, the company has been allowed to fall into a "deregistration process" at the CIPC office. Apart from the R1-million VBS paid to Grand Azania as an advance to the R4-million loan, the company also received R5.16-million in illegal VBS funds from Sgameka.

### **The Great Bank Heist**

Adv. Terry Motau and law firm Werksmans were appointed by the Reserve Bank's Prudential Authority to investigate the curator's concerns over VBS Mutual Bank in April 2018.

Their report *The Great Bank Heist* found that Brian was one of 53 businessmen who received gratuitous payments from VBS.

Motau and Werksmans further found that the bank was robbed into insolvency to benefit the pockets and political aspirations of a select few. Their investigation report consists of several volumes. Only the first has been made available to the public.

In this public version, Motau and Werksmans described several times how very large loans had been made to clients of VBS, often without the requisite approvals being in place, that fictitious contracts were used to create a premeditated impression, and that punitive steps were very rarely taken (if at all) against delinquent clients.

The creation of fictitious deposits – where a book entry would be made without the physical cash actually being available – was also an everyday occurrence, Motau and Werksmans found.

Scorpio's findings in this report seem to be supported by the findings in the Motau and Werksmans-report. **DM**

**ANALYSIS**

# VBS bank heist arrests: Who's next?

By Stephen Góotes

18 Jun 2020

The arrest of eight people accused of looting the VBS bank has great political implications for two of SA's main political parties. It is entirely possible that Julius Malema and Floyd Shivambu – and the EFF – will be more affected than the ANC.

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## [BeyondWords](#)

While much of the focus over the last few months has been on the intricate links between money that flowed through VBS Mutual Bank and into credit cards used by EFF leader Julius Malema and his deputy, Floyd Shivambu, this is in essence a story about corruption, money, and the ANC.

As with all financial crimes involving bank records (and, these days, [WhatsApp conversations](#)), there is a large amount of intricate detail about what happened and why. But the political chain of events explains what was happening in South Africa at the time Jacob Zuma's reign as president was coming to an end.

In brief – at the risk of over-simplifying the complex [chronological chain of events](#) – the ANC-controlled councils in Limpopo, and one in Gauteng, suddenly started depositing their money in VBS around the same time the little-known bank approved then-president Zuma's application in 2016 for a R7.3-million loan to [#paybackthemoney](#) he owed for renovations at his Nkandla homestead. This sudden inflow of cash swelled the bank's coffers.

The bank's executive started spending the money and handing it out to certain people (including the [King of the Vha-Venda](#)). National Treasury noticed that money was flooding out of councils and into the bank. Treasury then issued a circular, notifying councils that they were breaking the law by putting their funds in the bank, as they were not authorised to place their money with a mutual lender. As the flow of money stopped, the bank collapsed, and investigations began. The Reserve Bank then issued a [report by advocate Terry Motau](#), leading

to many investigative articles, the NPA and the Hawks investigation, and the [arrests that have now been announced](#).

<https://www.dailymaverick.co.za/article/2020-06-17-six-vbs-bank-and-two-kpmg-executives-arrested-in-r27-billion-vbs-robbery/>

It is [Motau's report](#) that has been so revealing about what actually happened. It details how finance officials in councils were ignored or threatened when they asked why money was suddenly being placed with VBS. It shows how the money was spent, and where it flowed to.

When the report was published, the Limpopo ANC had to suspend its deputy leader, Florence Radzilani, and its treasurer, Danny Msiza. At one point Radzilani attempted a comeback, but Luthuli House refused to countenance it.

The question which has never been satisfactorily and publicly answered is, why did these officials place their councils' money in VBS? The obvious answer is that there was a political instruction, and that it may well have flowed from the top of Zuma's administration, which in turn helped a group of looters get their hands on a lot of cash.

All of this raises the question: who in the ANC, and who in the EFF will be implicated next?

For the ANC there is likely to be a very real test of the resolutions that it has passed, [again](#) and [again](#), that are supposed to deal with its cadres accused of corruption. It has failed to implement these (for example, Bongani Bongo is still the chair of Parliament's Home Affairs Committee despite facing charges of corruption). As more VBS details come out, the intricate information around why these councils made these decisions could lead to a flood of information about corruption in the ANC.

Politically, the ANC faces no real threat in Limpopo – there is no other party that comes even close to its support there (it won over 75% of the vote in the province last year).

Electorally, the real issue is how this plays out on the national stage, and whether the details of corruption in Limpopo will have an impact on the ANC's national showing, as well as the way the ruling party's internecine battles will be fought in the future.

Considering the flood of information about corruption that has been swirling around the ANC, the impact on its national support is unlikely to be large.

The EFF, however, may find it much more difficult to weather the incoming storm.

Detailed reporting by *Daily Maverick's* Pauli van Wyk [has shown](#) how money flowed from VBS and into [credit cards](#) used by Malema and Shivambu. And there are indications that they knew these arrests were in the offing.

<https://www.dailymaverick.co.za/article/2019-09-08-vbs-theft-money-laundering-lifes-little-luxuries-julius-malemas-time-of-spending-dangerously/>

Last week, Malema tweeted that [“Ramaphosa is the bastard and there’s nothing all of you, including him, can do”](#). The tweet appeared to come out of nowhere, and there was no explanation or build-up to it, other than Van Wyk’s story:

<https://www.dailymaverick.co.za/article/2020-06-07-the-other-side-of-the-vbs-puzzle-matodzis-whatsapps-reveal-purpose-and-payments-to-malema-and-shivambu-slush-funds/>

Indeed, during the time of the Covid-19 pandemic “normal” politics has almost disappeared – certainly, it has not been business as usual.

A motivation for Malema’s behaviour may well be that he holds Ramaphosa responsible for any possible current or future criminal action against him.

It appears that Shivambu has been in communication with the head of the Hawks, Godfrey Lebeya. As Scorpio’s [Pauli van Wyk explained](#) on Wednesday, Lebeya’s answers to her questions [did not explain the nature of this communication](#).

Absent any other explanation, it appears that a suspect in a major criminal case, who is also a member of Parliament and the deputy leader of a political party, is involved in private communication with the head of the agency that is investigating him.

One does not have to have lived in the cynical country that we have become for the last 10 years to believe something fishy is going on.

Malema, Shivambu and others in the EFF have often denied that they benefited in any way from the VBS looting. They also say that the NPA should prosecute those responsible to stop what the EFF calls a “media campaign and slander”.

<https://youtu.be/O3QIacJTj10>

This is what makes them so vulnerable now. The detailed evidence in this matter is unlikely to benefit them in any way. Malema and Shivambu have both refused, time and time again, to explain their sources of income despite the evidence that they have plenty of money to splash out. And yet, as Van Wyk has reported, Shivambu’s brother’s engineering firm received R16-million from VBS and cannot show which services it provided in return.

Tellingly, Malema and Shivambu have failed to take *Daily Maverick* and Van Wyk to court to stop what would be a massive slander if it were not true.

Last year, some in the EFF sincerely believed they were going to be a game-changer in the elections. The fact that they won less than 11% of the vote may suggest that many voters do not take their promises seriously, and see them as a corrupt entity.

The charging and successful prosecution of Malema and Shivambu would end their political lives and could be the death knell for the EFF too.

Before Covid-19, Malema might have hoped that a criminal trial could be a useful focal point for political campaigning, in the same way that Zuma used his court appearances in the period leading up to 2009. However, that strategy may no longer be workable. Too much has changed. Not only are crowds not allowed, but the evidence against him has been too detailed, too widely circulated and simply impossible to counter.

Malema may well now embark on a campaign of bluster and insult. Referring to the president of South Africa as a “bastard” could be just the start, and it is likely that he will continue to insult journalists on the base of race and gender, and to call for the destruction of everything and everyone he sees as an enemy. It may be the only strategy he has left.

The facts are stacked up too high for Malema and Shivambu to escape the inevitable. **DM**

# DAILY MAVERICK

## SCORPIO: BANK BREAKER

# Philip Truter, the sentinel who failed to raise the alarm at VBS

By [Pauli Van Wyk](#)

[Follow](#)

13 May 2020

An important figure in SA law enforcement's VBS Mutual Bank investigations is former VBS CFO Philip Truter, who played a central part in the robbery. Truter's testimony seems valuable in tying KPMG auditor Siphon Malaba as well as VBS alleged robbers-in-chief Tshifhiwa Matodzi and Phophi Mukhodobwane to the scene of the crime. In this Bank Breaker series, Scorpio will analyse new information about the R5.8-million in stolen VBS money that Truter received for participating in the cover-up of the bank robbery, what his never-before-seen WhatsApp messages tell us about the anatomy of the VBS robbery and how his testimony may aid the case against his fellow robbers.

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### [Beyond Words](#)

Philip Truter was an important cog in the robbery of VBS Mutual Bank. As the bank's Chief Financial Officer (CFO), his primary duties included the financial and risk management of the bank. It was his fiduciary duty to report all irregularities he had suspicion or evidence of to the authorities. The "buck ultimately stopped" with Truter, a KPMG auditor testified before Advocate Terry Motau and law firm Werksmans during a 2018 investigation, probing what then seemed to be a VBS "liquidity crisis", at the behest of the SA Reserve Bank (SARB). From Motau's investigation, it transpired that under Truter's watch, the bank was actually robbed into insolvency. About R2.7-billion in poor people's stokvels and municipalities' money was funnelled to bankers, auditors, lawyers, politicians and businesspeople, liquidator Anoosh Rooplal later found.

Because Truter, the sentinel, did not sound the alarm, thousands of poor depositors, including municipalities and the people they serve, are now impoverished.

Between 2015 and 2018, former VBS chairman and alleged architect of the robbery, Tshifhiwa Matodzi syphoned at least R325.8-million in VBS money to himself and parties related to him.

His egregious acquisitions with stolen VBS money included a helicopter, a Ferrari and several properties.

Former KPMG audit partner for VBS Siphon Malaba received at least R34-million for being a team player. Malaba worked closely with Truter, and assisted the cover-up by lying to the SARB and deliberately signed off on fraudulent annual financial statements. Former VBS treasurer Phophi Mukhodobwane took at least R30.5-million in VBS loot. Evidence and testimony before Motau suggest all this was at least in part facilitated by Truter, or that he had knowledge of the money flows.

Truter testified before Motau in May 2018, saying that he did not know the full “extent” of the robbery. This seems questionable, especially seeing that Truter was instructed by Matodzi at one stage to wipe the overdrawn balances on about 34 accounts held at VBS in the name of Matodzi and various associates and companies in which he held an interest. Matodzi instructed Truter and Mukhodobwane to credit these accounts with a fictitious amount totalling close to R250,000. (More about this in the third instalment of the Bank Breaker series.)

Truter last week [declined to comment](#) when quizzed by *Daily Maverick*.

Mukhodobwane also declined to answer questions. Matodzi’s latest telephone number has been switched off and Malaba’s number is not in operation since Motau’s VBS report was published.

Officially, Mukhodobwane was Truter’s second-in-command and direct report. In reality, WhatsApp messages between Matodzi, Mukhodobwane and Truter suggest that Mukhodobwane had pulled Truter’s strings and that he acted as Matodzi’s right-hand man. This is clear in the way Matodzi and Mukhodobwane discussed illegal payments to associates, in the way both men scrambled to ensnare higher net worth depositors in order to hide the ever-growing hole in the bank’s finances and in the way Mukhodobwane suggested to Matodzi that Truter would be satisfied with only R5-million in bribe money. Truter allowed it, at least in part, because he seems to have been perpetually short of cash.

Truter was what one may call a VBS lifer. He was employed at the bank in February 2005. He qualified as a young accountant who finalised his articles at PWC in 2003.

In 2014, Truter was elevated to the position of CFO at the bank, around the same time that Matodzi started scheming about turning VBS around from a modest bank to a profitable black-owned bank to “outshine” all competitors. This despite Truter’s highest qualification being a Bcom Honours in accounting as opposed to the industry standard qualification of chartered accountant or an MBA with a focus on finance. Four years after his appointment as CFO, Truter in his testimony before Motau often claimed he didn’t feel “comfortable” with what Matodzi or Mukhodobwane discussed with him or wanted him to do.

For most shenanigans not permitted by the [Emid system](#), Truter was consulted on how best to create illegal transactions or on how to circumvent the system.

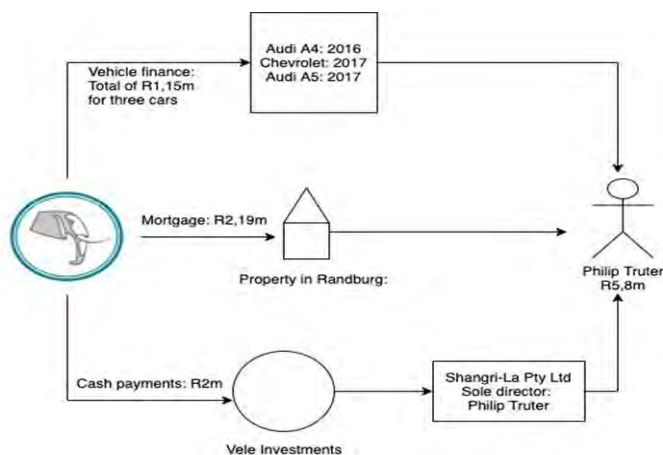
WhatsApp messages between Matodzi and Mukhodobwane suggest they needed Truter as he knew how the banking system worked. During 2017, at the height of the robbery, the bank managers resorted to keeping track of some of the bank's money on spreadsheets rather than the Emid system, as it allowed them a greater "freedom" with the millions of rands running through the bank.

The comparatively modest amount of R5.8-million in stolen VBS money which made its way to Truter is not indicative of the appalling nature of his actions. On his own version before Motau, Truter committed fraud when he misrepresented VBS' 2017 annual financial statements, submitted fraudulent deposit insurance returns (DI returns) to SARB and may be guilty of contravening the provisions of South Africa's Prevention and Combating of Corrupt Activities Act (Precca), when he received large bribes in exchange for his silence and essential participation in the manipulation of the banking system.

In the first instalment of *Daily Maverick's* Bank Breaker series, we look at what Truter has done with his share of the VBS bribe.

### Truter's R5.8-million VBS loot

A collection payment of R15 for the NG Kerk in Louis Trichardt, Limpopo, was one of the first payments recorded on Truter's VBS bank card stuffed with stolen money. The payment is labelled "NG Kerk Offergawe", dated 5 May 2015. Between this date and 1 June 2018, Truter received at least R5.8-million in cash, bonds and vehicle finance from VBS bank.



Philip Truter received R5.8-million in illicit money from VBS Mutual Bank. This diagram shows the main flow of funds between VBS, its affiliates and Truter.

He used the cash to buy R10,868.60 in food from fast food stores like Wimpy, Steers, Burger King, KFC, Spur and Panarottis. He spent R2,265.10 on liquor, mostly from Spar Tops, and he bought groceries and goods for R7,479.28 from Spar, Checkers, Clicks and Pick 'n Pay.

Legally, the most problematic for Truter will most likely be the R2-million in bribe money Matodzi and Mukhodobwane ordered to be paid into a company solely owned by Truter.

He also received R250,000 in “secretarial fees” paid to his private Investec account on 7 August 2017.

“I did not do anything to deserve it... It wasn’t a bona fide bonus,” Truter said about the R250,000 in May 2018., testifying before Motau.

These three payments were paid from Vele Investments, a company used by Matodzi to illegally move money around, including to pay bribes. There are no invoices for these payments, Truter delivered no service to justify these payments and it was not linked to his performance at VBS. The origin of these was simply because Mukhodobwane wanted Truter inside the robbers’ circle of trust rather than outside of it with a view looking in. Truter testified about the payments, saying: “According to the WhatsApps that I exchanged with mr. Matodzi, it was for my secretarial services at Vele. But I did not ever act as a company secretary, or do any secretarial services for the Vele Group.” (sic)

Truter continued, saying “I understood it to be payment from Vele because I cooperated in this whole scheme, to make it work and execute a lot of... because in my capacity as CFO and Director of the bank there was a lot of risk that I placed myself under in doing certain transactions, and my understanding was that it was some kind of compensation for risks that I took... essentially gratification for executing certain transactions...” (sic)

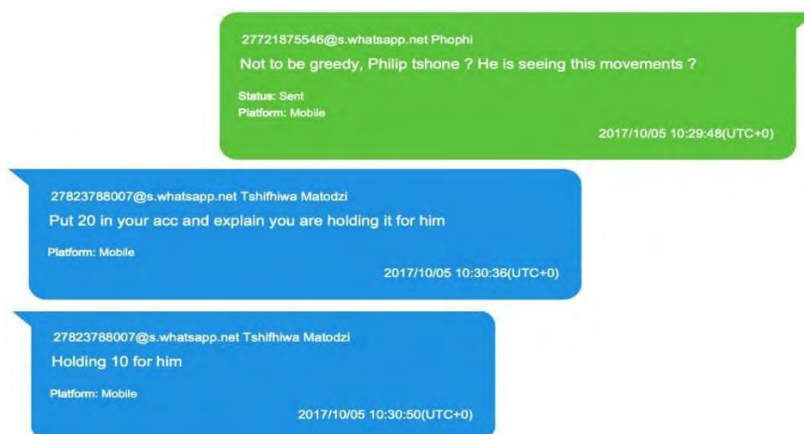
Defining the payment, evidence leader in the Motau investigation Advocate Ross Hutton SC stated: “Yes. It was a bribe. It was the payment of a bribe or a reward for bending and breaking the rules for Vele; for facilitating Vele’s acts of dishonesty, fraud and theft. Correct?” (sic)

Truter answered: “That’s correct, yes.”

The bribes came about after Mukhodobwane and Matodzi on 5 October 2017 in a WhatsApp discussion planned to steal another round of VBS money by simply moving large sums towards bank accounts they themselves controlled.

Mukhodobwane then warned Matodzi that Truter “is seeing this movements”. (sic)

“Put 20 in your acc and explain you are holding [R10-million] for him”, Matodzi replied.



Extracts from a WhatsApp thread between former VBS Mutual Bank chair Tshifhiwa Matodzi and former treasurer Phophi Mukhodobwane relating to Philip Truter.

Testifying about the incident, Truter said the payments meant he “would now be entitled to R5-million as some kind of allocation. I was of the understanding that [Mukhodobwane] himself was also allocated a R5-million allocation.”

WhatsApp discussions show that Mukhodobwane told Matodzi off for allowing an illicit R10-million money flow to Truter, saying that “I think even 5m could work for him”.



Extracts from a WhatsApp thread between former VBS Mutual Bank chair Tshifhiwa Matodzi and former treasurer Phophi Mukhodobwane relating to Philip Truter.

Truter eventually received only R2-million in cash, paid in two tranches on 20 November and 15 December 2017 to a company he was the sole director of, named Shangri-La Investments Pty Ltd.

Truter thanked Mukhodobwane “for the assistance”, in November after the first R1-million in bribe cash was paid into the account of his private company.

In December, Truter requested the second bribe from Mukhodobwane because he “just need(ed) something for the holiday”.

This “something” was clearly cash, as the next WhatsApp to Mukhodobwane again contained Shangri-La Investments’ FNB account details.

Truter testified that he used the bribe “essentially just to come out of the red”. He settled some debt after which he bought about R600,000 in Bitcoins (to be sold later against a huge loss), and pushed the rest into investment accounts and shares through PSG.

The access to millions did provide Truter with some peace of mind about his financial position, it seems. The very next day after being promised a bribe by Matodzi on 6 October 2017, Truter signed a vehicle finance agreement with VBS for the acquisition of an Audi A5 Coupe 2.0 for R613,593.

VBS further financed Truter’s Chevrolet on 16 May 2017 for R308,501,14, an Audi A4 on 19 August 2016 and a property in Randburg, Johannesburg, worth R2.2-million.

The curator sold Truter’s vehicles and property in attempts to recoup some of the lost money, a paper trail suggested, which was confirmed by a source. Truter declined to comment on the sale of his assets seemingly funded by VBS loot.

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The Hawks, the National Prosecuting Authority and the South African Revenue Service are looking closely at the eight bankers, auditors and lawyers identified as the guiding hands behind the robbery, six sources with direct knowledge of the matter said. These include Truter, Matodzi and Mukhodobwane. Arrests, at this stage, are only spoken of.

This month, National Treasury warned that the combined effects of South Africa’s existing fragile economy and the effects of the Covid-19 lockdown may result in the country losing a projected 7 million jobs, which will translate into a record unemployment rate of up to 50%. The pandemic and its effects are a second severe blow to the people who lost their pension and savings, which were deposited at VBS. **DM**

**SCORPIO**

# Ex-VBS treasurer bought Porsche with some of the loot – after two crashes in succession a young man was dead

By [Pauli Van Wyk](#)

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09 Jul 2020

Almost a year later, the police are still investigating a case of culpable homicide and reckless and negligent driving after a young man died in a car crash involving former VBS treasurer Phophi Mukhodobwane and his VBS-funded Porsche Cayenne GTS.

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## [BeyondWords](#)

Police are investigating eyewitness accounts and evidence suggesting that former VBS Mutual Bank treasurer Phophi Mukhodobwane was involved in a vehicle crash in Lonehill, Johannesburg, in August 2019 from which he allegedly fled – just to crash into a second vehicle in an incident which proved fatal to a 24-year-old man.

In an unrelated case, the Hawks arrested Mukhodobwane in June 2020 in relation to the VBS bank theft and cover-up. Former VBS bank managers, auditors, directors and Mukhodobwane face a cumulative 47 counts of racketeering, money laundering, theft and fraud for stealing and distributing more than R2-billion from VBS, causing the bank to implode while the men attempted to cover up the scam.

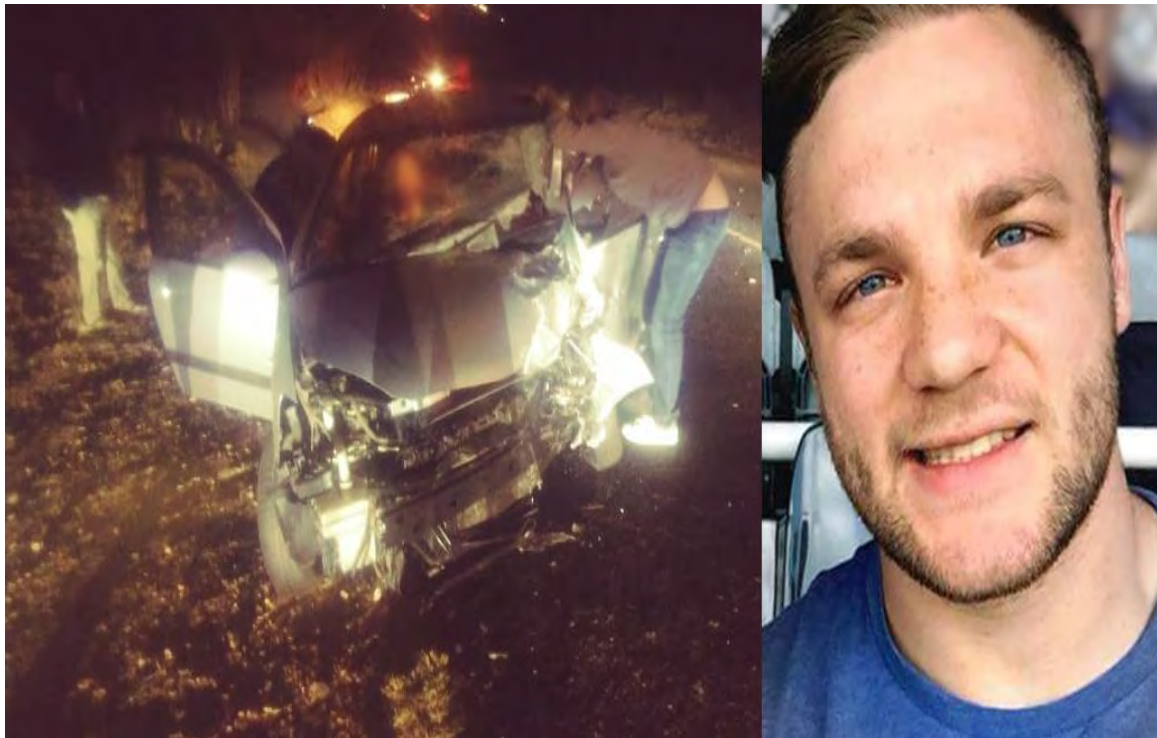
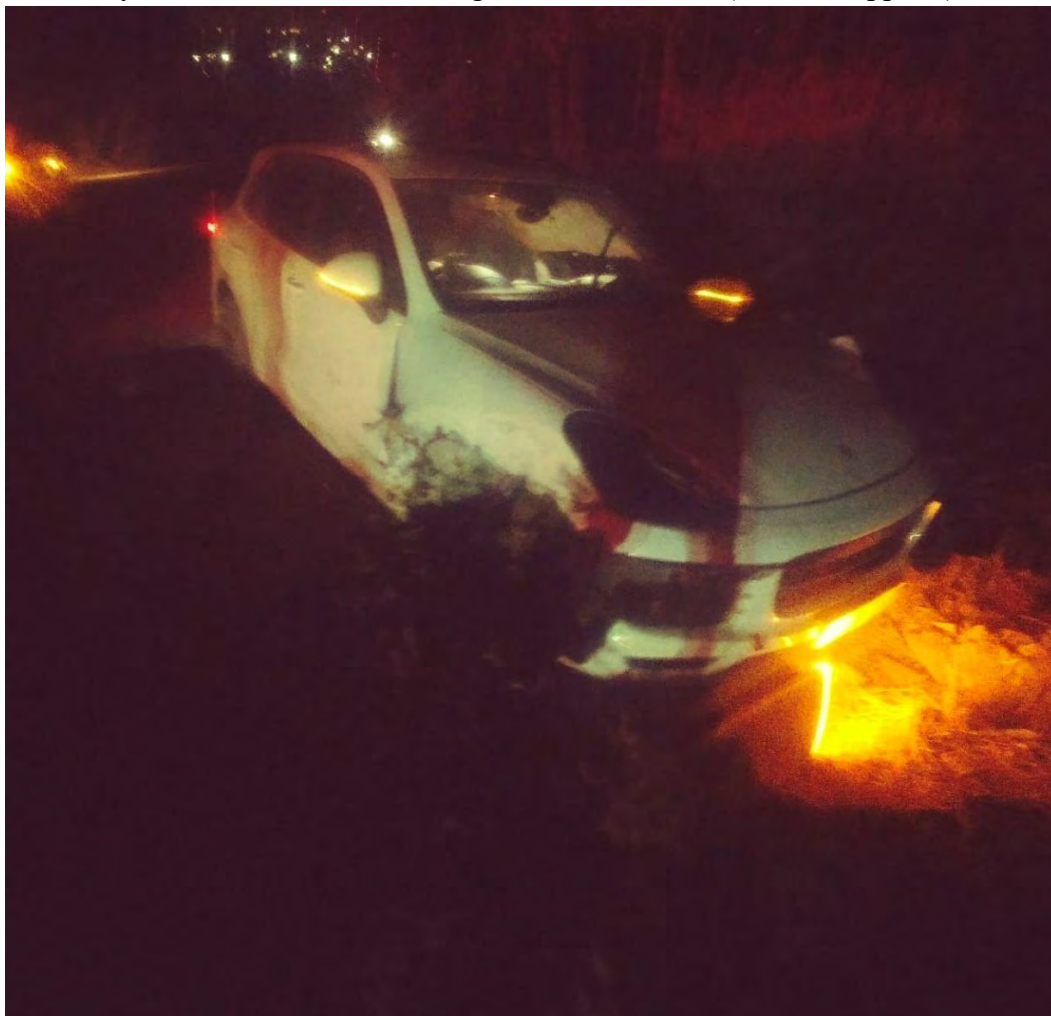


Photo: Dylan Ross and his car the night of the accident. (Photos: supplied)





*Photo: Mukhodobwane's Cayenne the night of the accident. (Photos: supplied)*

Mukhodobwane declined, through his lawyer Barnabas Xulu, to comment on his involvement in the two vehicle accidents recorded by police and emergency medical officials on 24 August 2019 in which 24-year-old Dylan Ross of Johannesburg died on the scene.

“Our client [Mukhodobwane] reserves his rights to make comment therein at a more appropriate time,” Xulu said in reply to Scorpio’s inquiry. He did not deny Mukhodobwane’s alleged involvement in two crash accidents.

Police spokesperson Captain Kay Makhubele said “all circumstances of the incident” are being probed in a possible case of culpable homicide and reckless and negligent driving. Messages from the investigating officer to Ross’s family members confirm that two scenes are under investigation.

Almost a year later, the docket is yet to be referred to the National Prosecuting Authority for a decision.

The fatal car crash occurred almost to the day two years after Mukhodobwane acquired the new white Porsche Cayenne GTS through a front company named Lemawave (Pty) Ltd operated by his brother, Ranwedzi Peter Mukhodobwane.

*Scorpio .... matched the registration number, chassis number and engine number of the Porsche Cayenne which crashed in the two Johannesburg scenes with the vehicle ordered by Phophi Mukhodobwane and paid for by VBS. Several witnesses saw Phophi Mukhodobwane at the crash scenes on the evening of 24 August 2019.*

Scorpio's investigation shows that Ranwedzi was used as the frontman at the behest of his brother Phophi Mukhodobwane during the systematic depletion of VBS funds. This was confirmed in June when the State formally charged Phophi Mukhodobwane with using Lemawave to hide his hand in the VBS theft.

The manner in which Phophi Mukhodobwane acquired the Porsche Cayenne highlights attempts to hide his involvement with the company.

Phophi's name appears on the Porsche "vehicle order agreement" form, issued by LSM Distributors (Pty) Ltd trading as Porsche Centre Johannesburg on 7 August 2017. It is, however, his brother Ranwedzi's name that appears on the "vehicle finance application" form to VBS as well as the bank's "credit check" form on the front company Lemawave.

The sale was registered in August 2017 and was funded by VBS for R1.56-million. It is unsure whether Mukhodobwane actually repaid the monthly instalments – a key tactic employed to strip VBS of its assets. The state accused Phophi Mukhodobwane of receiving at least R17-million in illegal VBS money, while forensic investigators advocate Terry Motau and law firm Werksmans found in their investigative report that Mukhodobwane gratuitously received at least R30-million in vehicle finance, mortgage bonds and cash. Mukhodobwane additionally acquired a BMW and Mercedes Benz, funded by VBS and registered to his front company Lemawave.

Scorpio further matched the registration number, chassis number and engine number of the Porsche Cayenne which crashed in the two Johannesburg scenes with the vehicle ordered by Phophi Mukhodobwane and paid for by VBS. Several witnesses saw Phophi Mukhodobwane at the crash scenes on the evening of 24 August 2019.

One of these witnesses is the deceased's fiancée, who asked that her name be withheld to protect her privacy.

Ross's fiancée said the couple attended a braai with friends on the evening of Saturday 24 August. She drove them home in their Hyundai Getz before midnight on Main Road close to Leeuwkop prison in Lonehill. She claims that Mukhodobwane's vehicle – already damaged from the first crash further up the road – swerved into her lane and crashed into them.

"Out of nowhere, I saw lights and the car came head-on," she remembered. "I flung my arm over Dylan to shield him, and he tried to protect me from the impact. As soon as it happened, I looked left to the passenger seat where Dylan was. Dylan was not responsive, his head was on my lap. I could feel the warm pool of blood on my lap.

"The driver of the Porsche came to my window, leaned in, asked how bad it was. I screamed for help and he left. I never saw him again until the day [in June 2020] when he appeared in court. When he took his mask off in court, I recognised him. It was Phophi." **DM**