

MEDIA BRIEFING STATEMENT BY MPUMALANAG HUMAN
SETTLEMENTS MEC, SK MASHILO ON HOUSING SCAM BY BOGUS
SERVICE PROVIDER(S). RIVERSIDE GOVERNMENT COMPLEX.
25 JANUARY 2017

2017

Head: Human Settlements
Chief Directors/Directors
Programme Managers
Members of the Media

Let me begin by appreciating you for honouring this urgent invitation to be part of this media briefing.

Firstly let me welcome all of you after a well-deserved rest during the Festive period.

Hope you are well rejuvenated and you will continue to tell the story of government's service delivery as we continue in our quest to improve people's lives.

I have arranged this urgent press briefing following a ground breaking arrest that appended last night.

There is a company calling itself Bondeiro Business Development Consortium (BBDC) owned by white individuals which claims to have received massive projects from government throughout the country to deliver services to communities.

The bogus consortium that we believe has been scamming unsuspecting contractors' claims to have received tenders to deliver the following projects:

- Upgrade cemeteries, for **R3 million** and sports stadium for R30 million at Moretele Local Municipality in Hammanskraal,
- Deliver 10 000 housing units in Mpumalanga for **R166 800 per unit**,
- Build three schools in the North West Province at **R95 – 100 million**, and
- In future construct a Sports Centre for **R480 million** in Thohoyandou in Limpopo.

The alleged scam was brought to my attention when a certain contractor was targeted by the bogus consortium to be given 100 housing units from the bigger number of 10 000 houses.

The contract matter was identified to be a company to benefit on the bigger housing project, but have to make an up-front payment of R100 000 towards the consortium – then the illegal consortium (Bondeiro) will in turn process require only charge R6000.00 per house from the targeted contractors as commission whilst housing completions are being recorded.

MEDIA BRIEFING STATEMENT BY MPUMALANAG HUMAN
SETTLEMENST MEC, SK MASHILO ON HOUSING SCAM BY BOGUS
SERVICE PROVIDER(S). RIVERSIDE GOVERNEMNT COMPLEX.
25 JANUARY 2017

2017

Members of the media, the unscrupulous consortium's modus operandi is very appealing to a normal eye and service providers in need of jobs, especially from government.

We believe that they solicit company names from some data-base whether inside or outside government and target those by selling fake jobs to them.

The company prepares a contract, develop a list of other contractor's that they have met and even go to an extent of reflecting MEC's names as contact person just to legitimise their claims.

The contract or service level agreement (SLA) as prepared by the bogus contractor spells out roles, responsibilities, obligations and work methods for the work.

As such, the right and obligations of the Construction Company (Victim) shall be:

- Execute and complete successfully the appointed construction projects, generated by the marketing efforts of Bondeiro Consortium.
- The Construction Company shall offer and avail logistical support to the Bondeiro Consortium.
- The logistical support to the Bondeiro Consortium
- A business Development Float of a R 100 000.00 (One Hundred Thousand Rands), which amount will be deducted in full, from the 1st Commission pay out, and
- Administrative support e.g. Courier services, photocopy services etc. When needed, and
- Company Profiles and other marketing materials, suitably printed and prepared in colour, which shall include, upon request, current and full sets of original "Company Returnables" (Set of Company Documents) to be submitted in pursuit of appointment in construction contracts as well as completed Data Basis registration Forms. And
- Executive management of the Construction Company to be available for High Level Meetings on one day's notice, and
- The Construction Company shall avail suitable Boardroom facilities to accommodate High Level Meetings from time to time as requested, and
- The Construction Company to make available a Company co-ordinator, to follow-up the pending construction appointments resulting from marketing efforts of the Bondeiro Consortium, amongst others

The right and obligations of Bondeiro Business Development Consortium (BBDC) shall be:

- Exclusive Marketing Agreement: The Bondeiro Consortium shall perform marketing and promotion of the company's on an exclusive basis. Based on a principle of "First right of Refusal" to the Construction Company, and
- Construction Appointments: To offer successful marketing services resulting in official construction appointments for the Construction Company, and
- Construction Project Values: Construction Appointments to be captured up to maximum of a contract value of R150 000 000 per project, and
- Real time Construction Capacity Info: The Bondeiro Consortium to be updated on a regular basis regarding the available construction capacity of the Construction Company, and
- Business Development Plan: The Bondeiro Consortium to provide a monthly detailed Business Development Plan, for proposed construction projects, with Government, Mining Companies, as well as clients of the Private Sector, and
- Marketing Meeting: A monthly marketing where the Consortium, delivers a written comprehensive marketing report, and
- Commission: The Bondeiro Consortium shall be entitled to Commissions totalling 3% on construction project values, amongst others.

Upon receipt of the matter, we reported it to the police which in turn they elevated to the State Security Agency for handling.

Having done its preliminary investigations, the agency and police aided by the Department engaged the one targeted company (scam victim) to arrange to meet the bogus consortium to be given the money (R100 000.00) and enter into the contract for work to begin.

This is when the breakthrough was realised as a representative of the consortium honoured the meeting at a certain location around Bronkhorstspruit in Gauteng.

Ladies and gentlemen, our security agencies managed to arrest the suspect on the spot.

As a Department, we are appealing to all service providers (contractors) to be very vigilant when it comes to bogus tenders awarded by government.

To those who are being contacted, or have fallen prey to this and other scams – be it the construction of government low cost houses (RDPS) or any government services to immediately report such to the police.

**MEDIA BRIEFING STATEMENT BY MPUMALANAG HUMAN
SETTLEMENST MEC, SK MASHILO ON HOUSING SCAM BY BOGUS
SERVICE PROVIDER(S). RIVERSIDE GOVERNEMNT COMPLEX.
25 JANUARY 2017**

2017

We are appreciative of the contractor who alerted the Department about this ongoing scam. This will surely go a long way in ensuring that we deal with fraud and corruption in society when it exhibits its ugly head.

As the matter unfolds in courts, as a Department we will take keen interest to see its finality and witness the law bringing the alleged perpetrators to book.

Once again, it must be stressed that elements of fraud and corruption have a potential to undermine government's efforts of delivering quality services to communities.

We believe that this arrest will send a strong message to other unscrupulous people/individuals and restore confidence in our communities – that corruption has no place in this government.

I thank you.

**ISSUED BY THE COMMUNICATIONS DIRECTORATE
MPUMALANGA DEPARTMENT OF HUMAN SETTLEMENTS
CONTACT: FREDDY NGOBE – 013 766 6014 / 082 859 4630/ flngobe@mpg.gov.za**
