

## Preservation order granted against Transnet supplier

The Special Tribunal has granted the Special Investigating Unit (SIU) and Transnet a preservation order to freeze approximately R4.2 billion held in bank accounts linked to state capture corruption accused CRRC E-LoCo Supply.



Source: Bruce Rolff – [123RF.com](https://123RF.com)

In a statement, the SIU said it believes that the funds were proceeds of unlawful activity and stand to be forfeited to the State.

The SIU, together with Transnet, approached the Tribunal to freeze the accounts following an intensive investigation, which were supported by interventions by the South African Reserve Bank (Sarb) and the South African Revenue Service (Sars).

The Sarb and Sars earlier raised suspicion that CRRC, a Chinese company, paid kickbacks, disguised as Business Development Services Agreements (BDSAs), to entities linked to allegations of State capture and/or allegations of maladministration and irregularities, ostensibly to influence the direction of tenders at Transnet.

“No evidence exists to suggest that the payments envisaged in the BDSAs were for services rendered, and the said payments are linked to the award of contracts and payments made by Transnet.

“It all started with blocking orders that were implemented by the Sarb, where after Sars obtained a preservation order in the High Court, pending assessment of CRRC’s tax obligations and payments from the said amounts,” the SIU.

CRRC was awarded three contracts by Transnet to supply it with locomotives between 2011 and 2014 in respect of 95, 100 and 359 locomotives for a combined sum of approximately R25.4 billion.

Based on the findings in investigations conducted by Transnet and the SIU, the two entities have also instituted a review application in the High Court of South Africa, Gauteng Local Division in Johannesburg, under Case No. 21/11645, which is ongoing.

The preservation order, which was handed down on 31 August 2021, interdicts, restrains and prohibits CRRC from dealing in any manner with the funds (along with any and all interest that may be accruing to such funds) held by three banks in South Africa, and interdicts the said banks also from releasing the said funds, except for potential authorised releases, in respect of the funds to the Sarb, Sars and SIU, based on the execution of their respective mandates.

The freezing order shall continue to operate in respect of any funds remaining in the accounts after the Sarb Blocking Orders and/or the Sars tax assessments have been discharged and deducted.

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