



South African Reserve 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](#).

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