



Subject: Final Notice – Immediate Action Required or Legal Proceedings Will Follow

September 26, 2024

To:

Honourable Minister Parks Tau
Minister of Trade, Industry and Competition
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Honourable Masina, Chairperson of the Portfolio Committee on Trade, Industry and Competition

Dear Honourable Minister Tau,

**RE: FINAL NOTICE - DEMAND FOR IMMEDIATE ACTION ON NLC BOARD AND
COMMISSIONER OR LEGAL ACTION WILL BE PURSUED**

We refer to our urgent correspondence dated **11 September 2024**, in which we, the **United Civil Society in Action (UCSA)**, formally demanded **the immediate suspension** of the National Lotteries Commission (NLC) Board and Commissioner and the institution of an independent investigation into their appointments.

To date, we have not received any reasonable response from your office nor evidence of steps taken to address the grave governance failures, irregular appointments, and breaches of fiduciary duty at the NLC. These include, but are not limited to:

1. Illegality in the Appointment of the Board and Commissioner:

The NLC's leadership has been appointed through a manipulated and non-transparent process, in violation of the Lotteries Act, Public Finance Management Act (PFMA), and Companies Act.

2. Gross Financial Mismanagement:

The **illegal transfer of R300 million** to National Treasury without proper approval or verification, alongside the misallocation of grant funding to "pet projects", exposes systemic violations of financial governance.

3. Non-Compliance with Statutory Obligations:

The NLC's failure to submit its audit in accordance with PFMA Section 55(1)(b), its failure to vet Board members and address conflicts of interest, and its failure to ensure probity in the appointment of evaluators, further deepens the governance crisis.

4. Wasteful, Fruitless and Unjustified Expenditure :

There's a serious allegation that the NLC has so far spent well over R100 million of money that ought to be benefiting communities without any tangible or prosecutorial results. While we support a fight against corruption, We believe the SIU spend is unjustified as it comes at the expense of poor Black communities who desperately need this funding. It seems to us that the NLC has become a slush fund for some individuals and this must be stopped immediately.

The recent court judgement which prevents the NPA from attaching 'suspected individuals' assets pending the finalization of a court challenge against the Presidential Proclamation is a case in point and from here onwards there is NO reason for the NLC to be spending money on SIU investigations pending the outcome.

5. NLC, DTIC & HCI Relationship with Raymond Joseph :

We request an investigation into the NLC's close relationship with Raymond Joseph and Groundup who openly shared a radio 702 platform a while ago with NLC Chairperson wherein he defended former Minister's well known historical relationship with HCI which is one of the bidders of the 4th Lottery license.

Given these critical concerns, we hereby issue a final demand: within five (5) working days, you must take the following actions, failing which we will proceed with legal recourse:

1. Suspend the NLC Board and Commissioner from all decision-making powers, particularly in matters related to **finances and the Fourth National Lottery licence process**, pending the conclusion of an independent investigation into their appointments.

2. Institute an independent investigation into the legality of the recruitment and appointment processes followed in appointing the NLC Board and Commissioner, ensuring compliance with the Lotteries Act, PFMA, and Companies Act.

If the above demands are not met by the 01 October 2024, we will immediately file a mandamus application to compel the Minister to act, and simultaneously seek an interdict to prevent the NLC Board and Commissioner from exercising any further decision-making authority. We will also pursue a declaration of delinquency against the Board members under the Companies Act.

These legal steps are necessary to protect the integrity of the National Lotteries Commission and ensure that its mandate to serve South African beneficiaries is preserved. We trust you will treat this matter with the seriousness and urgency it deserves.

Yours sincerely,

Tebogo Sithathu



Chairman, **United Civil Society in Action (UCSA)**

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Cc: Portfolio Committee of Trade, Industry, and Competition