

IN THE GAUTENG DIVISION THE HIGH COURT, PRETORIA

(REPUBLIC OF SOUTH AFRICA)

DELETE WHICHEVER IS NOT APPLICABL	E
(1) REPORTABLE: YES	S/NO
(2) OF INTEREST TO OTHERS JUDGES:	YES/NO
(3) REVISED 32 Jan 2016 Munsc	7
DATE SIGNATURE	22 01 2016
	77/01/50.6
	CASE NO: A523/2015
In the matter between	
THE STATE	Appellant
AND	
HELLEN MOREROA	First Respondent
SELBY MANTANTHA	Second Respondent
OCEANSIDE TRADING 777 CC	Third Respondent
JUDGMENT	

JANSEN J

- This matter is an appeal in terms of section 310 of the Criminal Procedure Act 51 of 1977against the discharge of the appellants at the end of the State's case in terms of section 174 of the Criminal Procedure Act 51 of 1977 ("CPA") by the regional magistrate of Mokopane.
- [2] The counts against the appellants were:
 - [2.1.] One count of corruption; and
 - [2.2] Three counts of contravention of section 6(a), (b) and (c) of the Prevention of Organised Crime Act 121 of 1998.
- It bears mention that initially the three respondents were charged with several other people and entities on these counts, namely the erstwhile co-accused number 3, Mr Makgetsi Manthata (from the trial against On-Point Engineers (Pty) Ltd), Mr Lesiba Cuthbert Gwangwa (the CEO of On-Point), Gwama Properties (Pty) Ltd, Mr Julius Sello Malema and Mr Kagiso Dichaba.
- [4] For unknown reasons the State decided to conduct two separate trials, one against the current respondents, and the other against the persons and entities referred to in the preceding paragraph.
- [5] In the court *a quo* the respondents pleaded not guilty and elected not to give a plea explanation.

- [6] A certain Mr Trevor White compiled a report in respect of all of the accused initially charged which he sought to utilise in this separate trial against the respondents. The State sought to rely on this combined report in these proceedings but did not heed the warning by the respondents' counsel that it consisted, in the main, of hearsay evidence and pertained to other entities and people than the current respondents.
- [7] The evidence led by the State was that of three witnesses. Affidavit evidence by three further witnesses was handed in by consent.
- Various admissions were made by the respondents in terms of section 220 of the CPA, the most important of which was that Mr Ntau Letebele, in his capacity as Head of Department of Roads and Transport, Limpopo, awarded a tender under bid number PUD 435 to the third respondent after recommendations were made to him by the Bid Evaluation Committee ("BEC") and the Bid Adjudication Committee ("BAC").
- [9] The respondents also admitted to making a payment of an amount of R1000 000.00 to the entity On-Point Engineering (Pty) Ltd ("On-Point") or Mr Lesiba Gwangwa the CEO of On-Point, but denied that there was any corruption involved. On their version, the third respondent was part of a joint agreement between it and On-Point.
- [10] After the State's evidence had been led, the respondents sought an acquittal in terms of section 174 which was opposed by the appellant but granted in an *ex*

tempore judgment by the magistrate. The magistrate supplemented his reasons upon the request by the appellant and denied them leave to appeal to the full court of this division. Leave to appeal was granted by this court on 11 May 2015, in terms of section 310(2) of the CPA.

Grounds of Appeal:

- It was argued on behalf of the appellant that the magistrate had applied the wrong test for acquittal in terms of section 174 of the CPA. The correct test was submitted to be whether a reasonable presiding officer may have convicted on the evidence which had been placed before him.
- [12] Reference was made to the further reasons furnished by the magistrate wherein it was stated:—

"The court after considering the evidence (and for that matter not satisfied) beyond a reasonable doubt that the only reasonable inference"

[13] The learned magistrate was criticized for accepting as evidence the loan and joint venture agreements which were tendered during cross-examination of the witnesses for the appellant. It was argued that these documents were indicative of a justification for the payment of R1 million to the entity On-Point. Furthermore, the contents of a ledger of the third respondent were effectively

- argued from the bar which the appellant branded in its heads of argument as counsel for the respondents effectively proffering evidence.
- [14] Thus, the appeal, in essence, turns on two grounds.
- [15] The appellant's case, as presented at the trial, was summarised in the respondents' heads of argument as follows:—

"APPELLANT'S CASE

- 8. As appears from the charge sheet and the evidence led at trial, the Appellant's case seems to be that:—
 - 8.1 The Third Respondent ("Oceanside") was awarded a

 Tender by the Department of Roads and Transport,

 Limpopo ("the Department") for the maintenance of road

 D1656 from Mica to the Oaks in the Mopani District

 Limpopo ("the Tender");
 - 8.2 There were a total of 18 bidders for the Tender;
 - 8.3 At the request of the Department, a consulting firm by the name of Khuvutlu: Water, Consulting, Roads and Services CC ("KWCRS") provided an independent Tender technical evaluation report on the Tender, stating inter alia that a National Qualification Framework (NQF) certificate was a qualifying requirement. KWCRS did not

recommend Oceanside as being eligible for the award of the said Tender;

- 8.4 On-Point Engineers (Pty) Ltd ("On-Point") was awarded a contract to be the Project Management Unit for the Department. The various services to be rendered by On-Point to the Department included monitoring and management of all planned and unplanned maintenance activities;
- 8.5. Employees of On-Point, Mr Tshiamo Dichabe and Mr E

 Leolo (which parties replaced Mr Lesiba Gwangwa, the

 CEO of On-Point) sat on the Bid Evaluation Committee

 ("BEC") and awarded identical high/maximum scores to

 Oceanside for Bid Evaluation Functionality;
- 8.6. Oceanside's bid allegedly did not meet the NQF certificate and other qualifying requirements, but was despite those shortcomings not disqualified by the BEC;
- 8.7 Other bidders were disqualified by the BEC for not meeting the NQF certificate as a qualifying requirement;
- 8.8. Oceanside was allegedly given an opportunity to submit the outstanding NQF certificate whilst other bidders were not given the same opportunity to submit the said NQF certificate;

- 8.9 Oceanside was awarded the Tender on the recommendations of the BEC;
- 8.10. The Department at the recommendation of On-Point as the Project Management Unit, made three payments to Oceanside totalling R 6 185 035.14 to Oceanside's FNB bank account;
- 8.11. On-Point and Oceanside had what purported to be a joint venture agreement;
- 8.12. Oceanside made payment of R1 million to a conveyancer,
 Kampherbeek, Twine and Pogrund Attorneys
 ("Kampherbeek") for the benefit of the Ratanang Trust;
 whose trustees are Julius Sello Malema and his
 grandmother. The R1 million was used as a part
 payment for the purchase of the remaining portion of
 Farm Schuilkraal 632 by the Ratanang Trust;
- 8.13 Julius Sello Mamela was also a shareholder of On-Point through the Ratanang Trust;
- 8.14 The First Respondent was the sole member of Oceanside;
- 8.15. The First and Second Respondents were signatories on the Oceanside Nedbank Account;

- 8.16 There was no legitimate nor lawful reason for the Respondents to make payment to Kampherbeek, Twine and Pogrund Attorneys;
- 8.17 As a result of a later arrangement between Julius Sello
 Malema (representing Ratanang Trust) and
 Kampherbeek, the same payment was later used by
 Gwama Properties (whose sole director is Lesiba
 Gwangwa, the CEO of On-Point) to purchase the same
 farm;
- 8.18. The awarding of the Tender to Oceanside was influenced by the payment of R1 million which was indirectly made to and benefited Lesiba Gwangwa."
- [16] From the above synopsis of the evidence prepared by the respondents' counsel, which is accurate in all respects, it is clear that the relationships between the respondents and other entities consisted of a veritable maze of interlinked connections creating a quagmire. That there are various areas of overlap in interests is clear, as was candidly admitted by counsel for the respondents.

Analysis of the evidence:

Mr Trevor White

[17] Mr Trevor White, a director at PriceWaterhouse Coopers was the appellant's first witness.

- As argued on behalf of the respondents, his attempts to rely on his report, referencing the testimony of various witnesses who were not called to testify, constituted hearsay evidence. As a result, he sought to cull his report, but by doing so, made it even less coherent. It became a fragmented and incoherent report, and still contained hearsay evidence. He was also not a credible witness and refused to make concessions regarding simple details. That Mr White had difficulties in answering some of the questions during cross-examination was readily conceded by the appellant.
- During cross-examination Mr White conceded that other bidders, who had also not submitted the requisite National Qualification Framework ("NQF") certificates, were not requested to remedy the defect, whereas the third respondent was. This evidence was corroborated by the affidavit of Mr Jack Pelser, who represented an unsuccessful bidder. This evidence was not even led by Mr White, contrary to the tenet of law that even evidence unfavourable to a party's case must be tendered.
- [20] Mr White made the further important concession that the Head of Department and nobody else chooses which persons will make up the BEC as well as the Bid Adjudication Committee ("BAC"). It was not proved by the appellant that the Head of Department or the BAC had been influenced by the respondents in any manner or form. This evidence was not even led by Mr White contrary to the tenet that even evidence unfavourable to a party's case must be tendered.

- [21] Mr White further conceded that after the tender was awarded it was satisfactorily and properly executed.
- [22] Mr White also testified that the third respondent did not qualify for the tender but was forced to concede, during cross-examination, that he lacked the expertise to ascertain whether the third respondent was properly qualified and never sought to ascertain whether it was. Hence this evidence of Mr White has no evidentiary value.
- [23] Mr White could not gainsay the respondents' version that after the completion of the tender the third respondent entered into a joint venture agreement in respect of a completely different project with the Department of Housing, that the joint venture secured this project, and that a written loan agreement was entered into by the Department of Housing and the joint venture in terms of which a R1 million loan was made by the partners of the joint venture to the Department of Housing.
- In fact, notwithstanding his testimony that he was fully aware of the joint venture referred to above and the written loan agreement, he persisted adopting the stance that the R1 million had arbitrarily been paid to the Department of Housing. In fact, Mr White had even requested to have sight of the written loan agreement and elected to ignore it.
- [25] These facts were not disclosed to the court in Mr White's evidence in chief which is an important omission in Mr White's testimony. In fact, both the

written loan agreement and the joint venture agreement were proffered to the court as exhibits by the appellant's counsel. Mr White's silence in this regard in respect of important documents raises serious doubts about his credibility.

- Furthermore, the funds paid to the third respondent in terms of the tender awarded to it into its First National Bank account were never transferred from this account to the third respondent's account from which the R1 million was paid to Kampherbeek, Twine and Pogrund Attorneys as set out above. Hence, Mr White's evidence that he found the transfer of R1 million "suspicious" was not based on any facts.
- [27] A fatal concession by Mr White was that he, himself, never assessed any of the bids, and that he placed reliance on other sources for his testimony in particular KWCRS (the report of which contained many errors as was demonstrated during the trial).
- [28] Mr White's edifice of cards also teetered when he drew a negative inference from the fact that a company of which the second respondent was a director also bid for the same tender. It is wholly unclear to the court why a negative inference was drawn by Mr White based on this fact.
- [29] Mr White was constrained to concede that Mr Gwangwa was neither involved in the final assessment of the tenders nor, as was suggested, did he instruct his employees to act in a certain manner. He was further constrained to admit that he had no evidence to demonstrate that the respondents somehow sought to

influence the evaluation of the tenders. Neither could he assert that the respondents knew anything about the composition of On-Point; nor the transaction involving the farm Schuilkraal.

- [30] Mr White further conceded that he did not know from where the R1 million was obtained and was forced to concede that the R1 million, on the evidence available to him, was legitimately paid to On-Point. This loan was initially never recorded in On-Point's ledger, but Mr White conceded that this omission could not be attributed to any of the respondents. Furthermore, Mr White was constrained to admit that he did not know whether the subsequent auditor of On-Point had changed the general ledger to reflect the loan nor did he examine the year-end financial statements to ascertain whether the loan was reflected therein.
- [31] Mr White was so hard-pressed to answer questions in cross-examination that he sought to argue his report away, which made no reference to the joint venture agreement and the loan agreement (of which he was fully aware) by alleging that the appellant did not allow him to amend his report. This explanation needs only be stated to be rejected.
- [32] Mr White also conceded that he was unaware of any loans between Mr Malema, Mr Gwanga and the respondents when the tender was awarded to the third respondent. Furthermore, he did not even seek to consult the respondents before preparing his report.

- [33] Having admitted that he could not amend certain aspects of his report, he admitted that he did, however, amend the report to indicate that the first and the second respondent were married to each other. Mr White could not explain what the purpose of this amendment was.
- [34] The erstwhile accused number 3 was further charged because he was a signatory of the third respondent's Nedbank Account even though he was no longer such a signatory when the R1 million was loaned to On-Point.
- [35] Furthermore, Mr White did not question the validity of the tender which gave rise to the joint venture agreement between On-Point and the third respondent.
- [36] Mr White even conceded the fact that his report was flawed due to the plethora of errors reflected therein.
- [37] From what is set out above regarding Mr White's evidence, it is patently clear that he was an unreliable witness who did not disclose to the court any evidence negative to the appellant. He was clearly biased in drawing negative inferences against the respondents without any evidentiary basis.

Mr Vhonani Stanley

[38] The second witness for the appellant was Mr Vhonani Stanley Makondo, the managing director of a close corporation Khuvutlu Water and Costs Recovery Solution CC ("KWCRS").

- [39] KWCRS was the entity requested by the Roads Agency, Limpopo, to evaluate tenders and to submit a technical evaluation. The Roads Agency was replaced by the Department of Roads and Transport and KWCRS had to report to it.
- [40] Mr Makondo testified that KWCRS could make recommendations only but that the decision as to which entity to appoint was the function of the Department of Roads and Transport. He admitted that one of companies recommended by KWCRS should also have been disqualified because it did not comply with the requirements of the tender. Mr Makondo's testimony was that it was normal practice to appoint external engineers to make recommendations to assist the Department of Roads and Transport in its evaluation process of tenders. Nothing turned on this point. Mr Makondo conceded that he did not rectify his report, notwithstanding his knowledge that the entity referred to above should have been disqualified due to non-compliance, but alleged no wrongdoing on his part. He was also forced to concede that the third respondent completed the tender satisfactorily and that a completion of work certificate was issued to the third appellant.

Mr Seraj Ravat

[41] The third witness for the appellant was Mr Seraj Ravat, an accountant and a witness called to testify in terms of section 204 of the CPA. He was the accountant for On-Point and appointed in this capacity during May or June 2010 by Mr Gwangwa. He resigned at the end of financial year of 29 February 2012 and could not recall whether he furnished management accounts for that

year to Mr Gwangwa. Mr Ravat's testimony revolved around On-Point's financial records for the fiscal year commencing 1 March 2011, ending 29 February 2012. On his own version, the respondents were unknown to him.

[42] He testified that the On-Point ledger relied on by the appellant was incomplete. The ledger admittedly did not reflect the R1 million amount, but Mr Ravat made it clear, in evidence, that he was the author of the ledger which had never been approved by Mr Gwangwa. In fact, he had informed Mr White that the ledger was incomplete, a fact which Mr White conveniently omitted to mention in his evidence in chief. He then changed his version and testified that he had never told Mr White that the ledger was incomplete. When he handed the ledger to the Hawks and the South African Police he also refrained from telling them that the ledger was incomplete. He conceded that the court could not rely on an incomplete document. His evidence was unsatisfactory in the extreme and he was neither credible nor honest. He sought to evade questions during cross-examination.

Ms Jennifer Louise Kotze

[43] The fourth witness for the appellant was Ms Jennifer Louise Kotze, who, with her husband, were the former owners of the farm Schuilkraal. She was clear in her evidence that she did not know the respondents, that Mr Julius Malema had offered to purchase the farm for R3.9 million and that she did not know who *de facto* paid the purchase price as these aspects were handled by her attorneys.

Her evidence was wholly irrelevant for purposes of implicating any of the respondents.

Mr Paul Shitlhangu:

- [44] The fifth witness for the appellant was Mr Paul Shitlhangu, an employee of the Department of Roads and Transport, Limpopo. He was a member of the BEC which awarded the tender to the third respondent.
- [45] He testified that KWCRS and the BEC decided upon tender specifications. The purpose of such specifications was to ensure uniformity and an adherence to certain standards.
- [46] According to his was testimony there are two stages when assessing a tender: first, administrative compliance, then functionality. The results for both phases dictate whether a bid would be successful. For purposes of the tender in issue, the BEC accepted the KWCRS's report unconditionally. The BEC was advised that the second phase had to be conducted by it and could not be delegated. The BEC consisted of four members and a fifth member, the Secretariat. Two of the four members were employees of the Department of Roads and Transport and two were employees of On-Point. These two employees were later replaced by other members, the names of which eluded the witness (allegedly due to the fact that they had to tend to other commitments).

- Due to the work load, the bid evaluation took place over a number of days and sittings. It could only sit when a quorum of the members was present that is 50% of the members of the BEC. Members were allowed to consult with one another and it was quite possible that members could arrive at the same score. There existed no guidelines or policy as to how to deal with a consulting engineer such as KWCRS's recommendations. Accepting its recommendations was therefore not irregular. He conceded that the convenor of the BEC, Mr Lefuane, was not available to participate in the evaluation and that the KWCRS's report was not prescriptive. His evidence was to the effect that no irregularities occurred and if there were, they could not be attributed to the tenderers.
- [48] The appellant then closed its case.
- [49] To state that the evidence that was led contained various *lacunae* and did not implicate the respondents, is clear from the evidence set out above. Clearly the presentation of the evidence was not structured and the trial was conducted in a haphazard fashion.

The test to be applied when section 174 of the CPA is invoked:

[50] Section 174 of the CPA provides that if at the close of the case for the prosecution, the court opines that there is no evidence that the accused committed the offence in the charge sheet or any other offence which may be imposed, the accused may be acquitted.

- The use of the term "no" means no evidence upon which a reasonable man, acting carefully, may acquit. This interpretation was laid down by the AD in 1925 in the case of *R v Shein* 1925 AD 6 at page 6 and has never been deviated from. Credibility of witnesses plays a lesser role only because evidence will only be ignored if it is of such a poor quality that no reasonable person could possibly rely on it, as was held in *S v Mpetha and others* 1983 (4) SA 262 (C) at 265E–G.
- [52] Shakenovsky J in *S v Swartz and another* **2001 (1) SACR (W)** at 335E–F held that credibility was a factor in assessing the evidentiary value of evidence and concluded that when a conspectus of the evidence leads to the ineluctable conclusion that the evidence is of such a poor quality that the reasonable man acting carefully could not convict thereon, an acquittal must follow in terms of section 174.
- [53] Given the prescripts of the Constitution, no accused may be forced to testify in order to assist the State in proving its case. This was emphasised by the SCA in *S v Lubaxu* 2001 (2) SACR 703 (SCA) paragraph [19]. This was the case even before the advent of the Constitution and a court, *mero motu*, was duty bound to acquit an accused in the absence of "no" evidence as the term is understood within the context of section 174.
- [54] Section 174 hence caters for the prescripts of the Constitution for a fair criminal trial namely the presumption of innocence on the part of an accused until proven guilty, and his or her right to silence. It further puts an abrupt end to a

case which has no prospects of being successful in circumstances where the evidence falls abysmally short in proving even a *prima facie* case against an accused. Thus valuable court time is not wasted and unnecessary expenses not incurred.

[55] The task for acquittal is therefore simple and straightforward. Even though the magistrate referred in his further reasons to an onus "beyond a reasonable doubt" he clearly applied the test in terms of section 174 and correctly decided that only an acquittal could follow given the mishmash of evidence adduced.

The appellant's contentions:

- [56] Mr White testified that KWCRS disqualified the third respondent for non-compliance, yet the BEC recommended its appointment.
- [57] The amount of R1 million was paid by the third respondent through the first and second respondent to On-Point after On-Point had strongly recommended to the BEC that the tender be awarded to the third respondent. This amount was used as part payment of a farm for Gwangwa Properties (Pty) Ltd whose sole director was also the CEO of On-Point.
- [58] Mr White testified that two employees of On-Point were members of the BEC which appointed the third respondent. At the same time during the bid process Mr Gwangwa was a member of the BEC.
- [59] Mr Stanley Makondo confirmed that his company KWCRS was appointed as consultants regarding the project to which the tender relates. It compiled a

report which was handed to On-Point, the Project Management Unit ("PMU") of the Department of Roads and Transport. Two of the three members who scored the tenders, were employees of On-Point.

- [60] Mr Ravat testified that the financial records of On-Point for the 2011/2012 financial year which he had drafted, nowhere reflects the entry of a loan of R1 million. He clearly stated that he was dependent on his client for the source documents, none of which were provided to him and that he could not confirm the financial statements. The financial statements further reflected a wrong date due to a default setting and not any conduct attributable to him.
- [61] Ms Jennifer Louise Kotze's evidence was uncontested. Initially the purchaser of the farm was the Ratanang Trust represented by Mr Julius Malema. At a later stage Mr Malema cancelled the sale agreement and Gwangwa Properties represented by Mr Gwangwa became the purchaser of the farm.
- Mr Paul Shitlhangu was in the employ of the Department of Roads and Transport and a member of the BEC. He awarded lower scores to the third respondent than the two employees of On-Point who were also members of the BEC. It was conceded by the respondents that the tender was granted to the third respondent on the recommendations made by the employees of On-Point Engineering (Pty) Ltd. They awarded identical high scores to the third respondent which, on paper, had no expertise and the project manager of which had a basic ambulance certificate as his highest qualification.

- [63] Mr Makondo testified that the tender bid of the third respondent should not even have been evaluated by the BEC as it had automatically been disqualified for non-compliance with compulsory requirements. In terms of the report of KWCRS, the third respondent failed to qualify.
- Yet employees of On-Point who sat on the BEC awarded identical high scores to the third respondent resulting, in the end, in it being awarded the tender. Criteria such as years of experience were simply ignored. The alleged "loan" of R1 million is a sham as it is interest-free, was not disclosed to the bookkeeper Mr Ravat, has no fixed term of repayment(s) which are, in any event, dependent upon an uncertain future event.
- The appellant urged the court to apply inferential reasoning as set out in *R v Blom* 1939 AD 188 and subsequently approved in many other cases. It was held by Watermeyer JA in Blom that there are two cardinal rules of logic which cannot be ignored when it comes to reasoning by inference which are that: (1) the inference sought to be drawn must be consistent with all the proved facts.

 (2) If it is not, then the inference cannot be drawn. The proven facts should be such that they exclude every reasonable inference save the one sought to be drawn. If they do not exclude other reasonable inferences, then doubt exists whether the inference sought to be drawn is correct.
- [66] To date no repayments have been made of the alleged loan of R1 million and thus the court should infer that the R1 million was a gift for the benefit of On-Point or Mr Lesiba Sieber Gwangwa.

Conclusion:

- [67] Counsel for the respondents, Mr Hodes SC, readily admitted that what had taken place when the tender to the third respondent was awarded, certainly raises eyebrows to put it mildly. Clearly the pieces of a jigsaw puzzle are present, but the appellant failed to build the jigsaw. One can see that a case could perhaps be made out, but the appellant failed to join the dots. Hence, although the separate jigsaw pieces seem damning, conjointly they never fell into place, to form a coherent picture.
- [68] Further of importance, is that the appellant did not request key witnesses to testify, such as the head of the Department, members of the BAC or Mr Dichaba or Mr Gwangwa, the CEO of On-Point. Presumably they were not called because they could not further the appellant's case. The court draws a negative inference from this fact.
- [69] Mr Hodes SC argued, however, that the State had failed to establish the respondents' participation in the award of the tender. A further point made by Mr Hodes SC was that the loan of R1 million was made during March 2011, ten months after the tender had been awarded and after the tender was successfully completed. However, it is most certainly not unknown that a bribe is only paid sometime after the event.
- [70] Although it is clear that many irregularities tainted the tender process and that there were clear conflicts of interest and a nexus between the main players, the

State failed in proving any case on the counts proffered against the respondents.

Absent such evidence, no case has been made out against the respondents.

[71] The bizarre request was made to the court that the matter should be set down *de novo* to be heard afresh, apparently because the magistrate had already decided

that an acquittal was warranted at the close of appellant's case. Clearly such an

order would not be competent and would, in any event, amount to double

jeopardy.

In the premises the following order is proposed: —

Order

The appeal is dismissed.

JANSEN J

JUDGE OF THE HIGH COURT

I agree and it is so ordered.

MOLEFE J

JUDGE OF THE HIGH COURT

For the appellant Advocate Z H Nxumalo and Advocate B P M Moalosi Instructed by the Director of Public Prosecutions (012 401 0425)

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For the Respondents Advocate Hodes SC and Advocate T Mabuda
Instructed by Jack Hajibey Inc c/o Rooth and Wessels Inc (012 425 4008) (Ref Liam Groome/MAT24758)