

■ PENSIONS

Private security board ousted

10-member board of trustees accused of fleecing millions of rand out of provident fund

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THE 10-member board of trustees accused of fleecing the Private Security Sector Provident Fund (PSSPF) has been booted out.

The Financial Services Conduct Authority (FSCA) had recently entered into a deed of settlement with the PSSPF, at the instruction of the North Gauteng High Court, to change the running of the fund.

This included the firing of the board members, namely Jacobus Bodenstein, Hendrik Myburgh, Zazi Zulu, Siphiso Miya, Maxwell Magubane, Christiaan Laubscher, Marchel Coetzee, Anthony Botes, Robert Dube and Lipson Baloyi.

The settlement, which The Star has seen, effected the resignation of

the current board and election of a new one, reduction of administrative costs and a probe into the fund's management.

The board members were to tender their resignations by September 17 and serve their notice period until the end of this month.

The FSCA and PSSPF appointed two statutory managers, advocate Sandile Khumalo and Godfrey Serthi, who would manage road shows and assist in the appointment of a new board comprising eight members. The PSSPF controls assets worth R6.2 billion.

"The number of board meetings, subcommittee and ad hoc meetings will be limited, as agreed by the newly constituted board, which will incorporate the statutory managers. All trustee fees and claims will be limited to a

per-meeting fee and will be capped to a maximum monthly amount, plus reasonable travel and subsistence allowance," the settlement stated.

Excessive spending by the board was high on the list of concerns that the FSCA raised before it launched a court application to take over the running of the fund a few months ago. It was discovered that trustees were pocketing exorbitant fees, which totalled R25m a year, while administration expenses shot up to R353.8m.

It was alleged that trustees were being paid R7 900 for attending a single board meeting and R5 768 for a subcommittee meeting. The authority also said the system could have been abused as there were more meetings than planned.

In June 2017 there were 19 planned

meetings, when in fact 66 were held, resulting in one trustee pocketing R190 000 that month alone, said FSCA executive officer Tshidi Dube in court papers at the time.

The financial mismanagement extended to unallocated deposits of R250m dating back to November 2017. Despite the findings, the United Association of SA disagreed that putting the fund under curatorship would not benefit their 500 000 members.

Moses Malada, Tapsosa's secretary-general, said: "The settlement agreement entered by the FSCA and the PSSPF, which has a provision leading to some of the trustees stepping down from this board, among others, is testament to the ongoing concerns raised by Tapsosa that this board has never represented the interest of the

members of this fund. Minimising this current board is a positive move in ensuring that the expenses of trustees are radically reduced so that the meetings become effective on delivering the promised benefits to members."

He said the settlement would ensure the investigation of corruption, issues of conflict of interest and exorbitant amounts paid to service providers. Malada said although Tapsosa welcomed the action taken by the FSCA, they believe this was not enough.

"The entire board should have been disbanded as their way of doing things has always been pre-conceived on looting and suppressing vulnerable business opponents of some of the trustees representing big security companies."