

# Fronts, Fakes, and Façades: How South African and Mauritian Enablers Helped Move Millions from Zimbabwe to Britain

A joint investigative report by The Sentry and Open Secrets

In 2019, Zimbabwean presidential advisor Kudakwashe Tagwirei moved millions of dollars in suspect funds from the Reserve Bank of Zimbabwe (RBZ) to the City of London. The funds were used to buy two Zimbabwean mines—Bindura Nickel and Freda Rebecca Gold Mine—for \$29.5 million (£23 million) from a bankrupt firm being run by British company administrators Duff & Phelps (now known as Kroll). At the time of the purchase, accusations of corruption and cronyism had already been swirling around Tagwirei for years.

The report relies on almost 2,000 emails and documents, including financial records and correspondence, provided by a whistleblower. These documents and additional investigations reveal that the purchase of the mines involved behaviour that raises questions and may carry policy implications when it comes to deterring powerful and connected individuals from exploiting the international financial system.

## The Front:

Tagwirei used Sotic International, a company registered in Mauritius and administered by Mauritian companies agent Capital Horizons Limited (CHL) and South African directors, to purchase the mines. Documents show that Tagwirei exercised control over Sotic International, including by appointing directors and claiming control over shareholders. However, Sotic's structure provided plausible deniability regarding his involvement: awkward questions could be deflected with technically correct but potentially misleading answers.

The payments by Sotic for the purchase of the mines took place in three stages: a deposit made in July 2019 and two payments in October 2019.



## The Favour:

When Sotic was getting the funds together to pay the £2.3 million deposit for the mines, Sotic's Zimbabwean subsidiary, Landela Investments, obtained hard currency from the RBZ at a favourable exchange rate when cashing in a \$60 million portion of a large Treasury Bill given to Tagwirei's oil company Sakunda. Tagwirei and the RBZ deny that the rate was favourable.

## The Fake:

To get money into Mauritius from Zimbabwe for Sotic's second £12 million payment, South African directors discussed creating invoices for payments 'in the guise of cooking oil'—exports that could not be found in Zimbabwe's official customs records—raising questions as to whether trade misinvoicing, a technique commonly used in trade-based money laundering, had occurred. The directors declined to supply documents showing the invoiced deliveries had been made, citing confidentiality, but deny any wrongdoing.



## The Façade:

For the final £8.7 million payment, Tagwirei moved his money into Sotic via a Cayman Islands investment vehicle in a complex offshore façade that had the effect of disguising the source of funds. Those involved state that the transaction was legitimate and dispute that Sotic was a front company for Tagwirei.

# Fronts, Fakes, and Façades: How South African and Mauritian Enablers Helped Move Millions from Zimbabwe to Britain

A joint investigative report by The Sentry and Open Secrets

## The Facilitators:

These transactions and deals relied on professionals in multiple jurisdictions to facilitate them. South African directors, Mauritian company agents, international banks, and other offshore financiers all participated when they either knew or had enough information to suspect that Tagwirei was connected to the deal. They deny wrongdoing. Some designed structures that had the effect of obscuring his involvement. At least one member of the Duff & Phelps team acknowledged the link between Sotic and Tagwirei's oil company, Sakunda Holdings. Duff & Phelps did not respond to requests for comment.



## Our Recommendations

The report highlights the role of offshore enablers, who may knowingly or unknowingly enable funds to flow when their professional services are utilised. The recommendations are targeted towards regulating the activities of legitimate businesses that nevertheless enable questionable funds to flow out of one of the poorest countries in the world to one of the richest, at significant human cost.

## Open Beneficial Ownership Registries:

To help facilitate this deal, Tagwirei relied on numerous companies in Zimbabwe, South Africa, and Mauritius, for which information about ownership and control was not easily accessible, making scrutiny by civil society and journalists very difficult. Each country should design and implement a centralised, publicly accessible, and fully up-to-date registry containing the ultimate beneficial owners of companies.

## Regulations and Legislation:

Governments and regional bodies should prioritise and, when possible, fast-track the passage and adoption of anti-money laundering legislation and regulatory action that targets the role of professional enablers, educates professional associations on their obligations and best practices, and holds enablers accountable, where appropriate. Regulatory bodies and law enforcement agencies must be adequately resourced to take on this complex work.

## Investigations:

Some of the behaviour described in the report may have fallen short of professional standards and may not have met regulatory or legal requirements. In such cases, authorities in relevant countries should investigate further.

