

Statement by Tony Yengeni Regarding Media Reports

1. INTRODUCTION

- 1.1. There have been various media reports regarding my alleged involvement in the Arms Procurement Deal ("Arms Deal"). Reacting to such allegations, on **27 March 2001** I made an undertaking in Parliament that I am prepared to co-operate with the investigations in the Arms Deal. At that stage I had been advised that it was not proper and appropriate to respond to the unfounded allegations against me through the media. Time has now come for me to respond. This has been primarily motivated by the fact that:
 - 1.1.1. On 29 June 2001 I was interviewed in camera by the Office of the National Director of Public Prosecutions. The said interview, the details of which have not been made public, has not only offered a field day to speculative mischief makers, but it has created room for all manner of unsubstantiated accusations and innuendos.
 - 1.1.2. The allegations levelled against me have a detrimental effect on my family, my party, the country and myself. I have therefore found it appropriate to respond to such allegations.

2. BACKGROUND

- 2.1. I have been a member of Parliament's National Assembly since 1994. On 9 September 1994 I was appointed as the Chairperson of the Joint Standing Committee on Defence. The role of the said Committee is outlined below.
- 2.2. The first time allegations of my involvement in the Arms Deal surfaced was on 9 September 1999 in the Cape Times. These were followed by a publication in the Sunday Times of 26 November 2000 with an article headed "Chief Whip out to squash arms probe". The said article accused me of corruption by interfering with the Arms Deal probe.
- 2.3. In a subsequent article and specifically on 3 December 2000, the said newspaper apologized to me unreservedly and further acknowledged that it *"...had not adhered to the standard of fairness and accuracy expected of a newspaper"*. It went on to say *"... it would appear the checks and balances we have in place to ensure our reports are both fair and accurate were not followed to the latter"*.
- 2.4. Despite their unreserved apology they are continuing with their campaign of slander by further publishing unsubstantiated and unfounded allegations regarding the purchase of my Mercedes Benz 4x4 ML 320 ('motor vehicle'). Other newspapers joined in. The pattern is that no attempt is being made to verify the truth. All is a witchhunt.
- 2.5. The Sunday Times of 25 March 2001 published an article in which various allegations were made that I acquired the motor vehicle from a company Daimler Chrysler Aerospace (Pty) Ltd ("DASA"), a company associated with the Arms Deal, which Arms Deal is currently under investigation. The suggestion is that DASA was awarded a contract by the South African Government as part of the Arms Deal. What the newspaper failed to do is to tell the people that DASA as a military aircraft manufacturing company was not awarded the bid to supply military aircrafts to the South African Defence Force, in fact DASA never won any tender in the Arms Deal.
- 2.6. Initially, allegations were that the vehicle was donated to me as a kickback to secure the award of one of the contracts in the Arms Deal. Some of the initial allegations were that I influenced the outcome of the procurement process in the sense that I was the Chairperson of the Joint Standing Committee on Defence ("Defence Committee"), which is portrayed to have played a key role in making the decision to buy the arms in the first place. Also, the newspapers knew very well that the Defence Committee and myself were never part of the procurement process at all.
- 2.7. It is no surprise that these initial allegations have been abandoned completely and what now remains is the allegation that the discount I got is extra-ordinary and not in keeping with normal business practice. It must have become clear to the newspapers that I bought the vehicle and it was not a kick-back. Further, in the recent publications it has been reported that I obtained a 47% discount in the deal. That is also not true. I will deal with this issue later in the statement.

3. RESPONSE

3.1. Acquisition of the motor vehicle

3.1.1. Sometime in 1998, Mr Michael Woerfel, the Managing Director of DASA at the time, recommended that I consider purchasing the new Mercedes ML 4X4 which was about to be launched soon in South Africa. He mentioned to me that having a person of my calibre driving the Mercedes ML model will do much to market their product. Convincing me was not a difficult task as I am a Mercedes Benz fan. In fact before this motor vehicle, I have owned about 2 Mercedes Benzes.

3.1.2. **On 15 October 1998 I entered into a written sale agreement with DASA.**
The main terms of the agreement are that: -

3.1.2.1. The purchase price, as mentioned in the schedule to the Agreement, is the sum of R230 052,00.

3.1.2.2. Payment of the full purchase price was due on or before 1 May 1999.

3.1.2.3. It was mentioned to me that the vehicle was damaged. That caused delivery to take a little longer as the vehicle still had to be repaired. The invoices issued reflected the damage.

3.2. Financing of the vehicle

3.2.1. In the Sunday Times publication, presumably in an endeavour to cast aspersions on my integrity, it was also suggested that when I applied for a registration certificate, I cited Stannic as the financier of the vehicle and Stannic refuted this and said they never dealt with me. I had an opportunity to look at a copy of the registration certificate reflecting Stannic as the titleholder at the time of the interview by the Investigating Team on 29 June 2001. I then recalled that the registration of the vehicle was attended to by the Seller in Pretoria on my behalf. I might have been asked as to the institution that would finance my vehicle to which I might have responded that I was to approach Stannic for finance, which was my intention. On 7 January 1999 I did approach Stannic for finance. This clearly indicates that the suggestion that it was only after publication of the allegations that I sought finance is untrue. I have in my possession a copy of the application papers submitted to Stannic and I have written confirmation of delivery thereto to Stannic.

3.2.2. My application was unsuccessful with Stannic. I then approached Mercedes Benz Finance (Pty) Ltd ("Mercedes Benz Finance") in February 1999. On 28 May 1999 I entered into a finance agreement with them. The purchase price of the vehicle was R230 052,00. In view of the fact that I had paid directly to the Seller a deposit of R50 000,00, the amount I required to be advanced by the finance institution was the sum of R180 052,00 to make up the balance of the purchase price. In terms of the finance agreement, Mercedes Benz Finance financed me for the sum of R182 663,64. To service the loan, I pay monthly instalments and I will continue to do so up to 1 June 2004. I have documents in my possession to substantiate this.

3.2.3. I submit that the written Sale Agreement entered into by and between DASA and myself for the purchase of the motor vehicle is quite legitimate and complies with standard business practices.

3.2.4. I further wish to point out that there have been allegations that the finance agreement had been entered into as a cover-up once the secret that I received the vehicle as a gift was out. That is also devoid of truth. The fact that I approached Stannic in January 1999 and Mercedes Benz Finance in February 1999 should confirm, apart from the written engagement, that it was never envisaged by the Seller nor myself that the vehicle would not be paid for.

3.3. Discount

3.3.1. Recently media have reported that I purchased the vehicle at a discounted price of R160 000,00 which effectively gave me a discount of approximately 47% on a reported dealer's price of R314 000,00.

3.3.2. It is amazing how the papers have omitted the true state of affairs. I can only interpret that in one way. It is a deliberate and well calculated omission. The facts are that I purchased the vehicle for R230 052,00. I paid a deposit of R50 000,00 and the balance of R182 663,64 was paid by Mercedes Benz Finance. Using the newspaper's figures which allege that the dealer's price is R314 000, 00, for a purchase price of R230 052,00 the discount level will be 26%.

3.3.3. The dealer's price of R314 000,00 would not apply to a damaged used vehicle in the first place. Secondly, the amount paid for the vehicle was not R160 000,00 but R230 052,00.

3. 4.1. I have decided to respond to the allegations regarding the acquisition of my car precisely because the frenzy and slander that accompanied the commentary by various commentators is not only unprecedented in the history of witch hunting in this country but also, and more importantly, elevated my car issue to a major scandal of national and international proportion without any shred of evidence of wrong doing on the part of anyone. Clearly many of the commentators were driven by the dubious verdict " guilty until proven innocent ".
- 3.4 4.2. As one can clearly see from my response, the manner in which this whole issue was handled at a public level was characterized by an unprecedented concoction of distortion, rumour and gossip mongering, outright lies and half truths. All this was deliberately intended to conceal the truth, and create an atmosphere of doubt and suspicion and thereby find those who are accused , guilty without bothering with the tested principles like fairness and accuracy in dealing with issues of this nature.
- 4.3. A vigilant and free press is an absolute necessity in our newly found democracy, so that it is able to criticise government and any other institution or citizen for any form of wrong doing, but all this comes with responsibility, in that it is expected that this same press will do its work in a fair and neutral manner and not to be unfair and take sides in the political battles that are raging in the country.
- 4.4. Furthermore, a number of people and political parties behaved like vultures and were falling over themselves to be among the first in making a kill out of these allegations. At the end of the day, truth became the casualty on the altar of opportunistic short term gains. But the biggest casualty in all this is neither myself nor my party the ANC as was intended, but rather South Africa and its people. These wild and unsubstantiated allegations are without doubt profoundly damaging the country and its people especially in the eyes of the international community.
- 4.5. The issue of racism reared its ugly head once more, it clearly motivated some of the worst forms of Mccarthysim during this whole frenzy and witchhunt. How else do you explain the fact that old order politicians who were corrupt to the hilt and embezzled billions of tax payers' money which went straight to their pockets and many of them, including those who are still active in politics today continue to own vast sums of assets including businesses, vast plots of land, farms, wine farms, huge mansions, holiday houses here and in many parts of the world. And this is seen as being normal and acceptable!! And that during their time in government and up to this point they drive very big Mercedes Benz cars, and they have never and not once been called "Wabenzi", the big question is why?
- 4.6. What about the proceeds that flow from the breaking of United Nations arms and oil sanctions on South Africa that continue to accrue to many old order politicians? When some people in this country demanded an economic TRC to investigate these and other concerns, of course there were deafening howls of protests from those affected. Has there been any follow-up or investigation by any civil society organization or any of the new warriors against corruption on these and other similar issues? The answer is a big no. The big question is why?
- 4.7. I am posing these questions because we are not here talking merely about a car discount but about serious taxpayers' money that goes into billions of rands and that greased for decades, and I suspect continue, to go into the very deep pockets of old order politicians and government officials. The absolute silence from the new warriors against corruption is deafening.
- 3.4. 4.8. My position and that of my party is very clear on the Arms Deal allegations and that is that they must be investigated speedily and comprehensively by the investigative bodies and no stone should be left unturned in an endeavour to discover the truth, and this is precisely because we want the country and its people to get to the bottom of this thing and get to know the whole truth and not half truths, lies and distortions.
- 4.9. In the final analysis, if anyone has been found to have done wrong that person should face the music and the law of the country should be brought to bear, but equally, and if no wrong doing has been found on the part of any of the persons mentioned in the allegations, then those who are responsible for creating this massive confusion by dragging people's names, reputable international companies and that of our government, through the mud and sending the whole country on a wild goose chase, must assume full responsibility for their actions .

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