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**INSTITUTION OF PREPARATORY INVESTIGATION IN TERMS OF SECTION 28(13)  
OF THE NATIONAL PROSECUTING AUTHORITY ACT, 32 OF 1998**

Whereas I consider it necessary to hear evidence in order to enable me to determine if there are reasonable grounds to conduct an inquiry in terms of section 28(1)(a) of the National Prosecuting Authority Act, 32 of 1998, pertaining to corruption and/or fraud in connection with

**THE ACQUISITION OF ARMAMENTS AT THE DEPARTMENT OF DEFENCE IN  
RESPECT OF NEGOTIATIONS AND/OR CONTRACTS CONCLUDED REGARDING  
THE PURCHASE OF CORVETTES, SUBMARINES, LIGHT UTILITY HELICOPTERS,  
MARITIME HELICOPTERS, LEAD IN FIGHTER TRAINERS AND ADVANCED LIGHT  
FIGHTER AIRCRAFT**

Therefore I have decided to hold a preparatory investigation in terms of section 28(13) of Act 32 of 1998.

Signed at Pretoria this 6th day of November 2000.

  
**LF McCARTHY**  
**DIRECTOR: INVESTIGATING DIRECTORATE:**  
**SERIOUS ECONOMIC OFFENCES**



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INSTITUTION OF AN INVESTIGATION IN TERMS OF SECTION 28 (1) (a) OF THE NATIONAL PROSECUTING AUTHORITY ACT, 32 OF 1998, AS AMENDED (HEREINAFTER REFERRED TO AS THE "ACT")

1. Whereas I have reason to suspect that specified offences as intended by the Act, of fraud and/or corruption in contravention of the Corruption Act, 94 of 1992 have been committed or are being committed or that attempts were made or are being made to commit such offences arising out of the armaments acquisition for the Department of Defence, involving the prime bidders/contractors in terms of which certain contracts and/or sub-contractors for the supply of armaments were concluded and more specifically in respect of the following contracts and sub-contracts :

1.1 The German Frigate (consortium between African Defence Systems (Pty) Ltd, Thyssen Rheinstahl Technik GmbH, Blohm & Voss GmbH, Howaldtswerke Deutsche Weft AG and Thomson CSF NCS France) as prime bidder/contractor for the supply of corvettes for the Corvette programme.

1.2 African Defence Systems (Pty) Ltd as sub-contractor for the German Frigate Consortium for the supply of the corvette combat suite for the Corvette programme, including the undue payment to Futuristic Business Solutions (Pty) Ltd for the supply of an Integrated Logistic Support Services and/or the solicitation/payment/agreement of undue payments involving entities directly or indirectly linked to African Defence Systems (Pty) Ltd, Futuristic Business Solutions (Pty) Ltd and/or Thomson CSF.

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RR3

- 1.3 Turbomeca as sub-contractor for Agusta Un' Azienda Finmeccanica S. P. A for the supply of engines for the Light Utility Helicopter programme.

And

2. Whereas I have further reason to suspect that the abovementioned specified offences have been committed or are being committed or that attempts were made or are being made to commit such offences arising out of the armaments acquisition for the Department of Defence whereby Agusta Un' Azienda Finmeccanica S. P. A appears to have paid undue benefits in the form of "success fees" to Futuristic Business Solutions (Pty) Ltd for its successful selection as sub - contractor for the supply of Integrated Logistic Support Services for the Light Utility Helicopter Project.

And

3. Whereas I have further reason to suspect that the abovementioned specified offences have been committed or are being committed or that attempts were made or are being made to commit such offences arising out of the armaments acquisition for the Department of Defence whereby the German Frigate Consortium (consortium between African Defence Systems (Pty) Ltd, Thyssen Rhein Stahl Technik GmbH, Blohm & Voss GmbH, Howaldtswerke Deutsche Weft AG and Thomson CSF NCS France) unduly paid an "infrastructure fee" in respect of the National Industrial Participation Programme to Futuristic Business Solutions (Pty) Ltd.

RR4

And

- 4. Whereas I have reason to suspect that a specified offence as intended by the Act, of corruption in contravention of the Corruption Act, 94 of 1992 has been committed or is being committed or that an attempt has been made or is being made to commit such an offence arising out of the armaments acquisition for the Department of Defence, involving **Daimler Chrysler Aerospace South Africa (Pty) Ltd** one of the prime bidders/contractors for the Advanced Light Fighter Aircraft Project, through the discount sales of luxury motor vehicles and/or other benefits to role players in the acquisition process,

Now

Therefore, after consultation with the National Director and the Head of this Directorate, I have decided to hold an investigation in terms of section 28 of the Act.

Signed at PRETORIA this 24<sup>th</sup> Day of AUGUST 2001.

*L F McCarthy*  
**L F MCCARTHY**  
 DIRECTOR OF PUBLIC PROSECUTIONS  
 DIRECTORATE OF SPECIAL OPERATIONS

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