

ENQUIRIES:	Thabang Mashile	D. DIALLING NO.:	(012) 428 8089
OUR REF:	FSP11982	FAX:	
DATE:	08 October 2020	E-MAIL:	Thabang.mashile@fsca.co.za

Mr. JA Boshoff
JAB FINANCIAL SERVICES CC
SHOP 1, MARINE VISTA BUILDING
64 MAIN RD
GONUBIE
5257

Per email: jabfs@mweb.co.za

Dear Mr JA Boshoff

NOTICE OF ADMINISTRATIVE SANCTION

1. The Financial Sector Conduct Authority (FSCA) is satisfied on the available facts, in particular the factors mentioned in section 45C(2) of the Financial Intelligence Centre Act 38 of 2001 ("FIC Act") and representations received, that JAB Financial Services CC ("JAB"), an authorised financial services provider and an accountable institution as envisaged in terms of item 12 of schedule 1 of the FIC Act, has failed to comply with the FIC Act. Accordingly, the FSCA hereby issues this Administrative Sanction Notice (the Notice).

2. Nature of Non-compliance:

2.1. Section 21(1) of the FIC Act requires accountable institutions to identify and verify clients in terms of their risk management and compliance programme ("RMCP") when they enter into a single transaction or establish a business relationship with the client.

2.2. In terms of section 42(1) of the FIC Act read with Guidance Note 7 issued by the Financial Intelligence Centre (the FIC), an accountable institution must develop, document, maintain and implement a programme for anti-money laundering and counter terrorist financing risk management compliance.

2.3. In terms of section 42(2)(a) of the FIC Act, the RMCP must enable the accountable institution to identify, assess, monitor, mitigate and manage the risk that the provision by the accountable institution of products or services may involve or facilitate money laundering (ML) activities or the financing of terrorist (TF) and related activities. The RMCP must determine the processes by which enhanced due diligence is conducted for higher risk business relationships and when simplified customer due diligence might be permitted in the institution.

2.2.1. At the time of the inspection, on 13 to 14 February 2020, the RMCP provided by JAB did not include processes and procedures which the accountable institution undertakes in terms of the risk-based approach to meet the provisions of the FIC Act:

- (a) JAB failed to implement a RMCP that is customised to its operations;
- (b) JAB was non-compliant with sections 21 to 21H of the FIC Act because the processes and procedures in respect of which customer due diligence will be conducted were not included in the RMCP;
- (c) JAB failed to provide the manner in which and the processes by which enhanced due diligence is conducted for higher-risk business relationships and when simplified customer due diligence might be applied to customers by the institution; and
- (d) JAB failed to provide how the accountable institution will implement its RMCP and the RMCP was not approved by senior management.

2.4. In terms of section 43 of the FIC Act, an accountable institution is required to provide ongoing training to its employees to enable them to comply with the provisions of the FIC Act and the RMCP which are applicable to them. JAB failed to provide on-going training to its employees with the provisions of the RMCP and the FIC Act.

3. Reasons for imposing the administrative sanction

- 3.1. JAB's non-compliance as detailed above in paragraph 2 established at the time of the inspection and as set out in the notice of intention to sanction is a serious violation of the provisions of the FIC Act.
- 3.2. All accountable institutions were given 18 months, which is ample time, to implement the amendments to the FIC Act.
- 3.3. JAB responded on 30 June and 15 July 2020 to the above areas of non-compliance raised in the notice of intention to sanction by submitting a revised RMCP.
- 3.4. JAB failed to provide reasons as to why the intended sanction should not be imposed and published.
- 3.5. JAB did not provide details or scope of the training except to say that ongoing training has been included on a bi-monthly basis. The FSCA did not receive proof that training was conducted in line with the provisions of the FIC Act and RMCP.
- 3.6. The FSCA is satisfied that the revised RMCP has improved and emphasise that the effectiveness of the implementation of the RMCP remains the responsibility of the senior management of the accountable institution.

4. Particulars of the administrative sanction:

- 4.1. In terms of section 45C(1), read with sections 45C(3)(c), and 45C(6)(a) of the FIC Act, the FSCA hereby imposes the following administrative sanction on JAB:
 - 4.1.1. A financial penalty of R10 000.00 for non-compliance with section 42(2) of the FIC Act, read with Guidance Note 7 issued by the FIC.

4.1.2. A financial penalty of R10 000.00 for non-compliance with section 43 of the FIC Act.

JAB is directed to pay a financial penalty of R20 000.00 on or before **30 October 2020**.

4.2. The financial penalty of R20 000.00 is payable via electronic fund transfer to:

Account Name :	NRF – FIC Act Sanctions
Account Holder :	National Treasury
Account Number:	80552749
Bank :	South African Reserve Bank
Code :	910145
Reference :	FIC Sanction – JAB Financial Services CC

4.3. Proof of payment must be submitted to the FSCA at thabang.mashile@fsca.co.za and copy charl.geel@fsca.co.za.

5. Right of appeal:

5.1. In terms of section 45D of the FIC Act, read with Regulation 27C of the Regulations promulgated in terms of GN R1595 in GG 24176 of 20 December 2002 as amended, JAB may lodge an appeal within 30 days, from the date of receipt of the Notice. The notice of appeal and proof of payment of the mandatory appeal fee must be:-

5.1.1. hand delivered to:

The Secretary: The FIC Act Appeal Board
Byls Bridge Office Park, Building 11
13 Candela Street
Highveld Extension
Centurion

5.1.2. sent via electronic mail to:

The HOD: Office of General Counsel
FSCA
Attention: Mr S Rossouw (Stefanus.Rossouw@fsca.co.za)

- 5.2. Mr G Dudeni, Secretary of the FIC Act Appeal Board, may be contacted at Gcinikhaya.Dudeni@fic.gov.za and telephonically at (012) 641-6243 should JAB require further information regarding the appeal process. Details of the appeal process can also be found on the FIC's website at www.fic.gov.za.

6. Failure to comply with the administrative sanction

- 6.1. In terms of section 45(C)(7)(b) of the FIC Act, should JAB fail to pay the prescribed financial penalty in accordance with this notice and an appeal has not been lodged within the prescribed period, the FSCA may forthwith file with the clerk or registrar of a competent court a certified copy of this notice, which shall thereupon have the effect of a civil judgement lawfully given in that court in favour of the FSCA.

7. Publication of sanction

- 7.1. The FSCA will make public the decision and the nature of the sanction imposed in terms of section 45C(11) of the FIC Act.

Yours faithfully



KEDIBONE DIKOKWE
DIVISIONAL EXECUTIVE: CONDUCT OF BUSINESS SUPERVISION
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY