

ENQUIRIES:	Themba Manganyi	DIALLING NO.:	(012) 422 2908
OUR REF:	FSP 46731	FAX:	
DATE:	25 May 2021	E-MAIL:	Themba.manganyi@fsc.co.za

WDB Growth Fund (Pty) Ltd
164 Katherine Ave
Pinmill Office Park
Building 2
Strathavon
2196

By email: kl@grovest.co.za

Dear Mr. S Zwane

NOTICE OF ADMINISTRATIVE SANCTION

1. The Financial Sector Conduct Authority (FSCA) is satisfied that WDB Growth Fund (Pty) Ltd (WDB), 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 Financial Intelligence Centre Act 38 of 2001 (FIC Act). Accordingly, the FSCA hereby issues this Administrative Sanction Notice (the Notice).

2. **Nature of Non-compliance:**
Customer Due Dilligence

2.1. In terms of section 21(1) of the FIC Act when an accountable institution engages with a prospective client to enter into a single transaction or to establish a business relationship, the institution must, in the course of conducting that single transaction or establishing that business relationship

and in accordance with its Risk Management and Compliance Programme (RMCP)-

- (a) establish and verify the identity of the client;
- (b) ...
- (c) if another person is acting on behalf of the client, to establish and verify –
 - (i) the identity of that other person; and
 - (ii) that other person's authority to act on behalf of the client.

In terms of section 21B(1), if a client contemplated in section 21 is a legal person or a natural person acting on behalf of a partnership, trust or similar arrangement between natural persons, an accountable institution must, in addition to the steps required under sections 21 and 21A and in accordance with its RMCP establish—

- (a) the nature of the client's business; and
- (b) the ownership and control structure of the client.

2.2. At the time of the inspection WDB failed to establish and verify the identity of three (3) clients, which included a person acting on behalf of the client. WDB also failed to conduct additional due diligence measures relating to legal persons in line with its RMCP.

Risk Management and Compliance Programme

2.3. In terms section 42(2) of the FIC Act an RMCP must (a) enable the accountable institution to

- (i) identify;
- (ii) assess;
- (iii) monitor;
- (iv) mitigate; and
- (v) manage, the risk that the provision by the AI of product or service may involve or facilitate money laundering activities (ML) or the financing of terrorist and related activities (TF).

2.4. During the inspection it was found that the WDB did not identify and assess its ML/TF risks adequate to the size, nature, and complexity of its business.

Registration by accountable institution and reporting institution

2.5. In terms of section 43B(4) of the FIC Act, a registered accountable institution must notify the Financial Intelligence Centre (the Centre), in writing, of any changes to the particulars furnished in terms of this section within 90 days after such a change.

2.6. WDB failed to comply with section 43B(4) of the FIC Act, in that according to information provided by the Centre in relation to the registration and reporting information, the name of the accountable institution is WDB Seed Fund (Pty) Ltd. However, the accountable institution was at the time of the inspection registered as WDB Growth Fund (Pty) Ltd.

3. Reasons for Imposing the administrative sanction

3.1. The non-compliance as detailed above are serious violations of the provisions of the FIC Act.

3.2. All accountable institutions were given 18 months to implement the amendments to the FIC Act.

3.3. There are no records that the WDB has previously failed to comply with the FIC Act or any other relevant legislation.

3.4. The accountable institution has co-operated with the FSCA during the inspection.

3.5. The representations received from WDB on 15 March 2021 in response to the notice of intention dated 25 February 2021 indicate that the revised RMCP has materially improved to identify and assess ML/TF risks by considering factors such as products and services, geographic location and nature of client in its risk assessment methodology and risk matrix.

3.5.1. WDB has demonstrated to the satisfaction of the FSCA that the finding as set out in paragraph 2.4 above to be remediated.

3.6. According to the representation provided by WDB, the name change took place on or before August 2018 and the Centre was notified on 20 October 2020 by WBD about the change. Accordingly, WBD failed to notify the Centre within 90 days after such a change.

3.6.1. The accountable institution has since remediated non-compliance in respect of updating its registration information with the FIC in terms of section 43B(4) of the FIC Act.

4. Particulars of the administrative sanction:

4.1. In terms of section 45C(1), read with sections 45C(3)(e) and 45C(6)(a) of the FIC Act, the FSCA imposes a financial penalty on the accountable institution:

4.1.1. A financial penalty in the amount of R10 000 for non-compliance with section 21(1) of the FIC Act, suspended for 3 years from the date of this notice on condition that WDB remains compliant with the provisions of section 21(1) of the FIC Act during the period of suspension.

4.1.2. A financial penalty in the amount of R10 000 for non-compliance with section 21B of the FIC Act.

4.1.3. A financial penalty in the amount of R10 000 for non-compliance with section 43B(4) of the FIC Act.

4.2. The accountable institution is directed to pay the financial penalty of R20 000 on or before 18 June 2021.

4.3. The financial penalty 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 – WDB Growth Fund (Pty) Ltd

4.4. Proof of payment must be submitted to the FSCA at Themba.manganyi@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, the accountable institution 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) of Charl Geel (Charl.geel@fsca.co.za).

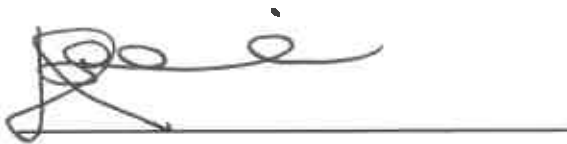
5.2. Mr G Dudeni, Secretary of the FIC Act Appeal Board, may be contacted at Gcinikhaya.Dudeni@fic.gov.za and telephonically at (012) 641-6243 should the accountable institution require further information regarding the appeal process. Details of the appeal process can also be found on the FIC's website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

A handwritten signature in black ink, appearing to be 'Kedibone Dikokwe', written over a horizontal line.

Kedibone Dikokwe

For the Financial Sector Conduct Authority