

MEDIA RELEASE

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IMMEDIATE

**DPW WARNS UNSUSPECTING SUPPLIERS AGAINST
FRAUDSTERS MASQUARADING AS THE DEPARTMENT OFFICIALS
WHO FLEECE BUSINESSES OF VALUABLE GOODS**

The Department of Public Works is launching a public awareness campaign about a wave of scams waged by fraudsters who use fake DPW documents to order expensive goods from unsuspecting suppliers - and then vanish without paying.

To date, more than 20 companies have fallen prey to the scams and lost more than R26-million worth of goods. Police are investigating most of these cases.

So far, the biggest losses were incurred by a computer company that delivered R18-m of worth of laptops to a fictitious DPW address in Mpumalanga. It never received any payment for the goods.

A man is facing trial after he was arrested in connection with this fraud.

The fraudulent campaign is being perpetrated by a syndicate of sophisticated fraudsters who place orders using fake DPW documents.

Most of these scams take in several provinces including in North West, Gauteng and Mpumalanga.

The fraudulent orders are supplied by people who are unknown to the DPW, but they usually bear names of former or current employees in the Department. They also bear DPW letterheads, but have different contact details.

Their popular modus operandi is to masquerade as DPW officials and phone the targeted enterprises, claiming that the “Department has awarded them contracts”.

They would fax the forged DPW Order Forms to the businesses and request them to deliver the goods to certain addresses.

Once the goods are delivered to the appointed addresses, the fraudsters disappear without paying.

Sometimes the fraudsters would invite unsuspecting companies to “bid to provide equipment to DPW”. They would request the company to provide the following documents:

- Company Registration Certificates**
- Certified Identity Documents of Directors**
- Fingerprints of Directors, and**
- Tax Clearance Certificate**

Then the fraudsters would “award the tender to the winning bidding” companies and instruct them to deliver the goods to a specified address.

The criminals would vanish without paying for the goods. They target businesses that stock laptop computers, office items such as printers and toner cartridges, television sets and cell-phones.

They also focus on businesses that sell building equipment such as disk blades, copper pipes and cutter blades.

Police are still investigating many of the cases.

Early this month, a company delivered R800 000 worth of GPS devices to a fictitious DPW address and did not receive payments. The order was placed by bogus DPW officials.

This year, at least two companies lost a total of R2.3-m worth of goods when they were duped by the fraudsters using fake DPW documents.

One company suffered R1.6-million losses after it delivered 3 000 disk blades in response to a fake DPW website created by the fraudsters.

Another company delivered the same type of equipment worth R1.6-million to a fake DPW address and the fraudsters disappeared without paying.

In 2014, a Gauteng business was scammed R183 000 worth of goods after it responded to a fake DPW website advertisement.

In 2013 two businesses in Gauteng and Limpopo were duped more than R2.3-m worth of goods – including a R2.7-m bulldozer – that were ordered through fake DPW documents.

The bulldozer was delivered to a fictitious DPW address and the fraudsters disappeared without paying for it.

In February 2013, a project management delivered 25 cutters worth R287 000. It did not receive any payment.

But not all businesses have fallen victim to the scam. More than 40 businesses avoided more than R22-million worth of losses after they approached the DPW offices to verify the authenticity of the orders.

This year alone, more than 10 businesses verified with the Department a number of suspicious orders worth more than R3.5-m. The DPW warned the businesses to disregard the orders – and they avoided the heavy financial losses.

Last year six businesses reported to the DPW that they had received the orders that were worth more than R5.3-m.

In 2013, the number was higher - 11 businesses staved off the fraudulent overtures involving more than R9-m worth of goods.

In 2012, four businesses alerted DPW after orders worth more than R2.3-m were placed by bogus DPW officials.

In 2010, five different companies verified with DPW the authenticity of orders totalling more than R2-m for a variety of goods ranging

from 35 laptops to party chairs. The most expensive order was for 600 internal hard drives worth about R700 000.

Again the companies prevented the fraud.

Meanwhile, Director-General Mr Mziwonke Dlabantu has vowed that the DPW would fight all forms of fraud and corruption both inside and outside the Department.

This anti-Fraud Awareness Campaign is being run under the auspices of the recently established Governance Risk and Compliance Branch, led by DDG: Imtiaz Fazel.

It forms part of the DPW's seven-year Turnaround Strategy that seeks to rebuild the Department and rid it of all types of crime.

Mr Dlabantu said: "The Department is working closely with the South African Police Services in order to nab these crooks. But we need to caution the suppliers to be extra vigilant so that the scammers do not swindle them of their hard-earned money.

"We urge suppliers to verify order numbers or contact details with our offices before they supply any goods or services. Goods destined for the Department should be delivered only to the Departmental offices."

Mr Dlabantu also added that suppliers who were not in the database of the Department did not get any contract to supply goods or services.

"Potential suppliers who get requests from the so-called DPW officials to deliver goods to certain addresses should immediately contact our office or the police.

"We cannot over-emphasize that suppliers should not deliver their goods on the basis of orders sent by the so-called DPW officials.

We have clear procurement processes that are transparent and professional. We deal with suppliers on our database”

Mr Diabantu said unfortunately DPW could not be held liable for any fraudulent transactions between the supplier and the perpetrator.

“We therefore urge suppliers to be extremely vigilant. When in any doubt, they should verify all relevant details with the Department on these numbers 0800 782 542 or 0800 701701.”

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