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Bureau Trust (Gauteng)

INSOLVENCY PRACTITIONERS / INSOLVENSIE PRAKTISYNS

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BBBEE Certificate: 418/02/2012
Bureau Trust is a level 4 (100%)
BBBEE contributor

Ons verw: **Wilanda Prinsloo**
Our ref:
U verw: **To whom it may concern**
Your ref:
Datum: 30 March 2020
Date:

CIRCULAR TO ALL KNOWN CREDITORS : NO. 6

Sir / Madam

Re: **QSG INVESTMENT SCHEME IN TERMS OF SECTION 20(9) (IN LIQUIDATION)**

1. We refer to the above as well as our previous circular, since which date there have been significant developments (the majority beyond our control).
2. The Presidential lockdown, which will last until (at least) 16 April 2020, will undoubtedly have a severe impact on South Africa as a whole and we as the joint liquidators of QSG (and hence yourselves as creditors) are not spared.
3. As a result of the lockdown, there will necessarily be delays in our attempts to recover assets and money to the benefit of creditors. To make matters worse, has the third party investor who previously expressed an interest in purchasing creditors' claims, also now pulled out.
4. Notwithstanding the aforesaid, we will continue in our endeavours (to collect assets and money, as well as to look for a prospective purchaser of claims) and we will keep you advised of our developments in this regard.
5. Our investigations (mainly as a result of the success that we have achieved with the pending insolvency inquiry) confirm that the recovery to the benefit of creditors will effectively come from the frozen money in South Africa (approximately R72 million) and the frozen money in the UK (approximately R60 million).
6. Such recovery is, of course, dependent on our success to have such frozen money released to us.
7. The frozen money in South Africa was originally frozen by the NPA in terms of section 38 of the Prevention of Organised Crime Act ("POCA"). Whilst we are convinced that such original freezing order is no longer effective, or at least will be successfully negated, there remain stumbling blocks.

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8. The South African Reserve Bank claims that in the circumstances where the said section 38 freezing order no longer exists that there will be still be freezing orders in place - which freezing orders were previously issued by the South African Reserve Bank.
9. Sadly, the South African Reserve Bank is not prepared to agree thereto that the frozen money in South Africa be released to us (for the advantage of creditors), which requires of us to launch a High Court application for an order that such frozen money be released to us. This application is virtually ready to be issued, but the Presidential lockdown will delay the launching of the application until at least 16 April 2020.
10. As far as the frozen money in the UK is concerned, we have launched an application in the UK to have such money released to us. However, in the meantime the NPA has obtained an order in terms of section 26 of POCA, for such money to be paid to a *curator bonis* pending the criminal prosecution of the Smits, in anticipation of a confiscation order in relation thereto. Thankfully this order is only provisional at this stage.
11. Where advised that where the freezing orders remain in place, it would result in a confiscation of the money concerned in favour of the State. The only way that such money could ultimately accrue to the investors of QSG, is if such money is released to us, to be paid to the creditors of QSG, in terms of the Insolvency Laws, as dividends.
12. It follows that we are obliged to also oppose the provisional section 26 order granted, which is also delayed as a result of the lockdown.
13. We are advised that we have reasonable prospects of success to ensure the release of the frozen money (both in South Africa and the UK) to us to the advantage of creditors, but this will obviously cost money (which we do not have at this point in time) and take time.
14. We assure you that we are doing everything within our power to recover as much assets and money as possible, as quickly as possible and as cheaply as possible, to the benefit of creditors and you can be assured of our persisted endeavours in this regard.

Yours faithfully

WILANDA PRINSLOO
JOINT LIQUIDATOR