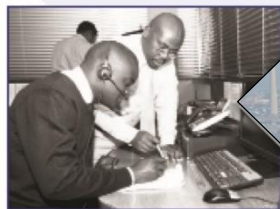


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INVESTIGATIONS COMPANY



SARPA CONFERENCE - AUGUST 22-23 2019



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Corporate Investigations

1. INTRODUCTION

2. OVERVIEW OF INFRASTRUCTURE THEFTS AND DAMAGES

- 2.1 Nature and impact
- 2.2 Modus operandi
- 2.3 Legal framework

3. GENERAL OVERVIEW

- 3.1 Combined Private Investigations
- 3.2 Combined Private investigations Methodology
- 3.3 Price Theft Hypothesis

4. CASE STUDY STATISTICAL OVERVIEW

- 4.1 ESKOM
- 4.2 Municipalities
- 4.3 Transnet Freight Rail TFR
- 4.4 TELKOM
- 4.5 PRASA

5. COMBINED PRIVATE INVESTIGATIONS COURT PROCEEDINGS

6. SCRAP METAL MARKET

7. CONCLUSION



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1. INTRODUCTION

The **destructive effects of infrastructure theft and damages**, and more **specifically copper theft**, on the South African economy are well known. **And the soaring price of copper and scrap metal have become attractive targets for theft**. This is **generally attributed to global demand for metals exceeding supply**.

2. OVERVIEW OF INFRASTRUCTURE THEFTS AND DAMAGES

2.1 Nature and impact

The major impact is on the country's total economy, it has been confirmed by various resources that **South Africa loses billions of Rand per annum as a result of copper theft** (Phakathi, 2010: 1; Geldenhuys 2008: 1; Venter, 2008: 1). According to research completed pertaining to risk factors of copper cable theft, the vast and remote expanse and ineffective security measurements. (Pretorius, 2012).

2.2 Modus operandi

Venter 2008: 1 **Typical small-time copper thief financially underprivileged capitalised on by organized crime elements that employed them to steal**. They were, **however**, in the minority as ***gangs* were responsible for most of the copper cable thefts while in the scrap trade, *large cartels* were at work** (Pretorius, 2012).



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2.2 Modus operandi (*Continued*)

Geldenhuis (2010:1) confirmed that **copper thieves fell into two groups: organized crime syndicates, who tended to export their loot, and subsistence thieves who stole a couple of meters at a time.** It was further stated that **copper thieves in general had time to plan and to survey; they knew their areas and environment in detail (Pretorius, 2012). *They knew the security capacity and the processes; they knew precisely where soft target areas were.***

2.3 Legal framework

On **15 December 2015 - President Jacob Zuma signed into legislation the Criminal Matters Amendment Act.** In respect of this Act the **theft of ferrous and non ferrous metal has now been classified as infrastructure crime.** Please note that this Act has since been promulgated and **came into effect as of 01 June 2016.**

According to the *Government Gazette*, The Act amends the –

- **Criminal Procedure Act 51 of 1997, as to regulate bail** in respect of essential infrastructure related offences
- **Criminal law Amendment Act 105 of 1997, so as to regulate** the imposition of discretionary **minimum sentences** for essential infrastructure- related offences and create a new offence relating to essential infrastructure; and
- **Prevention of Organised Crime Act 121 of 1998, so as to insert a new offense in schedule 1 to the Act** and to provide for matters connected therewith.



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2.3 Legal framework (Continued)

The Act ensures that there are **stricter conditions** for **granting of bail** in respect of essential infrastructure.

Speaking on offences relating to essential infrastructure, s 3 of **the Act states:**

1) Any person who unlawfully and intentionally –

- a) Tamper with, damages or destroys essential infrastructure; or**
- b) colludes with or assists another person in the commission, performance or carrying out of an activity referred to in paragraph (a)**

and who knows or ought reasonably to have known or suspected that it is essential infrastructure, is guilty of an offence and liable on conviction to a period of imprisonment not exceeding 30 years or, in the case of a corporate body as contemplated in section 332(2) of the Criminal Procedure Act, 1997, a fine not exceeding R100 million.

Since the promulgation of this Act, exponential increases in convictions has been noted accompanied with increased and more harsher sentences.



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3. GENERAL OVERVIEW

3.1 Combined Private Investigations

Combined Private Investigations (CPI) is a **South African based (51% black owned and B-BBEE 4 Rating) Company which promotes equal opportunity. During 1998 and 2002, theft of conductors/cables escalated and displayed a 500% increase in theft.**

After the establishment of CPI in April 2002, ESKOM awarded a National contract to CPI in 2003 for their unique specialized skills and knowledge pertaining to the Scrap Metal Industry, Network Infrastructure, Syndicates targeting the Network and the specialized skills to apprehend and secure convictions.

After the successes displayed by CPI and the drastic decrease of theft within ESKOM, the City of Ekurhuleni, City of Tshwane, City Power, eThekweni, Transnet Freight Rail PRASA and TELKOM and some major mine companies and others, awarded similar contracts to CPI over the years with similar remarkable successes.



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3.2 Combined Private investigations Methodology

In accordance with the C4ISR Framework, CPI's integrated methodology serves as the basis for identification of synergistic sub-system elements and for synthesis into an integrated system. **CPI's methodology can be summarized as follow.**

I. Threat Management

Rigorous risk assessments are completed within areas of deployment and **all available information is obtained.** The obtained information is **then analysed and specific trends and/or syndicates etc. are noted as areas and/or persons of interest.**

II. Informer Network

CPI manages and maintains a formidable network of informants who have successfully infiltrated syndicates, informal organisations and unscrupulous receivers of stolen material. The current network of informants and agents can be deployed at any institution to gather valuable information – these informants and agents are maintained, and ongoing recruitment is essential.

III. Prevention and Protection

Task Team Members, who receive specialised training, are deployed and necessary technology is installed (when and where applicable). CPI's Technology simply serves as a technological aid to assist investigations and prevent and/or deter Thefts and Damages. The synergy between technological aids and CPI's refined intelligence driven operations has created an impetus for successful convictions.



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3.2 Combined Private investigations Methodology (Continued)

IV. Investigation and Prosecution

Intelligence driven operations are conducted, and arrests are facilitated. Moreover, CPI's in-house legal team monitors and assists with Court Cases, ensures dockets are completed with all relevant information to be presented at court, advises at bail hearings, ensures witnesses are informed in respect of court attendance, acts as watching brief over sensitive cases and/or appoint legal advisors from the private sector should the need arise and testifies on behalf of Clients as and when necessary. It must be noted that CPI deals with numerous SAPS Detectives and their Commanders, as well as numerous State Prosecutors across the country, and each have their own perspective and interpretation of the law.

To undoubtedly link evidence, CPI has acquired state of the art equipment such as a fully equipped forensic laboratory as well as highly qualified forensic experts to investigate any high-profile cases. Inclusive in the enhancement of CPI's methodology, several new technologies were brought on board to ensure that all unique specifications and needs of the clients are met and that the phenomenon can be addressed.

These Technologies include over and above sophisticated cameras, pepper spray, sensors and monitoring equipment with relevant IoT operating software programs, the purchasing and unique equipping of the CPI Helicopter, the adding of specialised drones, the opening of a fully functional (SAIDSA approved) 24-hour National Operational Centre (NOC) as well as the addition of vehicles which have been equipped for rapid and effective armed response and early detection. All the additions have remained transparent from their inception and can be monitored at any given time.



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3.3 Price Theft Hypothesis

Copper is among the world's most widely used metals, and it is used extensively in several industries, including construction, transport, and telecommunications. High global consumption rates alongside the development and **industrialization of emerging economies such as China and India have seen available copper reserves strained under mounting demand** (International Copper Study Group 2013).

Thus, according to the Price theft hypothesis an increase in copper cable theft is positively influenced by increases in copper price, and consequently an increase in the desirability of copper as a target for theft.

4. CASE STUDY STATISTICAL OVERVIEW (CPI)

4.1 ESKOM

CPI has worked for Eskom between the period of 2002 – 2019. CPI managed to successfully apprehend a total of 4080 suspects, during the 17 years worked for Eskom.

Free State Province (2002-2018) CPI Successfully infiltrated 18 Syndicates linked to 194 scenes 110 accused successfully convicted to a total of 3 728 years' imprisonment.

Each Syndicate group was sentenced to an average of 207 years imprisonment, 33.8 years/accused



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4. CASE STUDY STATISTICAL OVERVIEW

4.1 Eskom (*Continued*)

North West Province (2002-2018) approximately **140 scrap dealer premises** were visited, and **60 individuals** were successfully apprehended. Moreover, **17 suspects**, who formed part of a syndicate group, were successfully convicted, and the suspects received a combined sentence of **129 years imprisonment**.

Kwa-Zulu Natal province, CPI successfully apprehended members of **3 syndicate groups**. Furthermore, CPI closed **2 Scrap Metal Dealers** and successfully apprehended **32 suspects** where a total of **13 cases** dockets were involved.

Mpumalanga, CPI conducted various risk assessments which led to the successful apprehensions and ensured that incidents come to a standstill at power stations within Mpumalanga.

Western Cape Province, Between the period of 2016 and 2018, CPI successfully apprehended **76 suspects**.



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4.2 MUNICIPALITIES

City of Tshwane – Since involvement (*May 2007 – February 2017*) CPI managed to successfully apprehend a total of 520 suspects. Out of the 520 suspects, a total of 29 suspects have warrant of arrests issued against them and 9 suspects are currently awaiting trial (pending). The cases against the remaining 482 suspects have been finalised at court.

City Power – Since involvement (*March 2014 – June 2017*) crime reduced by 70% (*this included illegal connection operations*). CPI managed to successfully apprehend a total of 298 suspects. Out of the 298 suspects, a total of 75 suspects have warrant of arrests issued against them and 35 suspects are currently awaiting trial (pending). The cases against the remaining 188 suspects have been finalised at court.

Ekurhuleni – Since involvement (*April 2007– June 2018*) crime reduced by 60% within the first year of the contract (*this includes illegal connection operations*). CPI managed to successfully apprehend a total of 1707 suspects. Out of the 1707 suspects, a total of 236 suspects have warrant of arrests issued against them and 263 suspects are currently awaiting trial (pending). The cases against the remaining 1208 suspects have been finalised at court.



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4. CASE STUDY STATISTICAL OVERVIEW

4.2 MUNICIPALITIES (*Continued*)

eThekweni – Since involvement (*February 2011 – November 2016*), the total illegal connection incidents from 2011 to 2013 were 64.91% and from 2014 to 2016 the Illegal connection incidents decreased to 35.09%. CPI managed to successfully apprehend a total of 171 suspects. Out of the 171 suspects, a total of 8 suspects have warrant of arrests issued against them. The cases against the remaining 117 suspects have been finalised at court.

During November 2018, Midvaal Municipality requested CPI to remove illegal connections within Sicelo Informal Settlement. During this operation, CPI successfully recovered 4 Tons of Copper Cable along with 1 Ton of Aluminium Cable.



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4. CASE STUDY STATISTICAL OVERVIEW

4.3 TRANSNET FREIGHT RAIL

CPI has worked for Transnet Freight Rail **between May 2010 – January 2019** and since involvement of CPI, in the greater part of Transnet Freight Rail, CPI managed to **successfully apprehend a total of 2093 suspects, during the 9 years worked for Transnet Freight Rail**

A combined total of 807 cases have been registered since involvement, and on average **CPI attends to 15 cases per week.**

Highlights to be mentioned:

- Within the **North West Province**, investigations led to the recovery of **101 960 kg** from different premises of Pantsula Scrap Metals.
- **Sentrarand**, which serves as TFR's hub, was a major concern and **since 2015**, CPI successfully **apprehended 41 suspects within the Sentrarand area leading to a vast decrease in incidents.**
- **During 2017 and 2018, 4 major syndicate groups, consisting of 31 accused's, targeting TFR in its entirety, were successfully convicted and sentenced, to a combined total of 2645 years direct imprisonment, thus on average 1 accused received 85 years direct imprisonment**



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4. CASE STUDY STATISTICAL OVERVIEW

4.4 TELKOM

CPI has worked for Telkom from July 2017 – to date, and since involvement, CPI managed to successfully apprehend a total of 369 suspects

CPI has managed to successfully apprehend 41 suspects and recovered more than 200 batteries - involved in VODACOM, MTN and TELKOM (Battery-Related) matters. Majority of these suspects are currently on trial.

✓ During 2012 and 2013, 3 major syndicate groups, consisting of 11 accused's targeting Telkom Batteries, were successfully convicted and sentenced to a combined total of 203 years imprisonment.

✓ During 2017 and 2018, 12 accused were successfully convicted and sentenced to a combined total of 34 Years and 6 months direct imprisonment and, the remaining suspects are currently on trial.

Millions of Rands were lost by Telkom pertaining to Clip-On Fraud (*this is when lines are illegally connected to and (mostly international) calls are being made by the perpetrators*). CPI managed to successfully apprehend 4 syndicate members (*mostly Telkom Contractors in possession of keys to open the boxes and make connections without anyone noticing*) – this served as a major breakthrough.



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4. CASE STUDY STATISTICAL OVERVIEW

4.4 TELKOM (*Continued*)

13 Telkom Contractors (involved in numerous Sabotage and Theft-Related incidents) were successfully apprehended by CPI – most of these contractors are still in custody and currently on trial.

Within the Gauteng, Mpumalanga, Limpopo and North West Provinces, the crime and incidents are maintaining a decreasing trend. Out of the 369 suspects arrested, a total of 20 suspects have warrant of arrests issued against them and 175 suspects are currently awaiting trial (pending). The cases against the remaining 174 suspects have already been finalised at court.

4.5 PRASA

CPI has been deployed on PRASA Metrorail's Central Line in Western Cape since 01 March 2018 to date and it must be noted that although CPI was only deployed on the Central Line as the crime spread to neighbouring areas CPI moved along with the crime to ensure the matter is holistically redressed.

During this period CPI has attended to 310 incidents, of which 227 incidents had successful apprehensions, thus a 73% chance of a successful apprehension every time CPI attends to a scene.



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4. CASE STUDY STATISTICAL OVERVIEW

4.5 PRASA (*Continued*)

A combined total of 402 suspects have been successfully apprehended, CPI successfully apprehended 227 suspects and non-CPI Members apprehended 175 suspects.

CPI provided training to PRASA Members along with integral role players during June and July 2018, which led to an increase of on average 10 non-CPI arrests, every month thereafter.

A combined total of 217 cases have been registered and CPI has attended to over 1700 court appearances moreover, CPI attends an average of 40 cases per week.

Thus far, 42 cases have been finalised and accused were sentenced to a combined total of 316 years and 6 months.



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5.COMBINED PRIVATE INVESTIGATIONS COURT PROCEEDINGS

The combined total number arrests for all entities, which includes but is not limited to (*since 2002 to date*); Anglo American, Arcelor Mittal, Cell C, City of Mbombela, **City of Tshwane**, **City Power**, Ehlanzeni, **Ekurhuleni**, Emfuleni Local Municipality, **Eskom**, **eThekweni**, Heineken Brewery, Kromberg & Schubert Cable & Wire (Pty) Ltd, Lesedi Local Municipality, Manjoh Ranch, MTN, **PRASA Metrorail (Western Cape)**, Richards Bay Minerals, **Telkom**, Tharisa Mine, **Transnet Freight Rail**, Vereeniging Refractories and Vodacom is **9361 suspects**.

Some Court Cases to be highlighted:

- ✓ **Brandfort (CAS 08/12/2014)** – 5 accused were sentenced to a total of 332 years and 6 months imprisonment
- ✓ **Senekal (CAS 46/08/2015)** – 11 accused were sentenced to a combined conviction of 1213 years imprisonment
- ✓ **Harrismith (CAS 76/11/2016)** - 6 accused were found guilty and convicted to a combined sentence of 975 years imprisonment.
- ✓ **Kroonstad (CAS 06/11/2016) and Kroonstad (CAS 256/03/2017)** – 1 accused was sentenced to a combined total of 120 years imprisonment
- ✓ **Allanridge (CAS 88/01/2017)** - 5 accused were found guilty and sentenced to a combined conviction of 451 years imprisonment



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6.SCRAP METAL MARKET

The study by Williams (2014), acknowledges that there are legal and illegal scrap metal operations, but notes that “respondents” in the research “believed that there should be a strict clear policy relevant to all scrap metal dealers, which could work if controlled. Metal merchants knew what was right, but they ignored compliance because of bad control, weak law enforcement, and untrained police.”

CPI has also infiltrating the export market, in terms of stolen material being exported, as it serves as the biggest obstacle within the Scrap Metal industry. Pillay-van Graan (Webb, 2011:1) reiterated that the International demand for copper, particularly from developing economies like India and China, as well as Saudi Arabia, were driving organised syndicated crime in South Africa and increasing the level of incidents of theft.

It is known that approximately 250 containers are leaving the country illegally on a monthly basis thus, the revenue lost accumulates to over R480 Mil per month. Not only is revenue being lost, but one can only imagine the possibilities which those materials held in terms of job creation, infrastructure development etc.



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7.CONCLUSION

From the above it is evident that Combined Private Investigations serves as the flagship of intelligence driven operations within South Africa. Over the last 17 years, CPI has enhanced and refined our methodologies to ensure that the copper theft phenomenon is holistically redressed.

CPI has established the biggest database with specific relevance to copper cable theft and CPI is acquainted with almost every copper theft syndicate group in South Africa. Like most crimes, copper theft has become much more sophisticated over the years and various new strategies have been implemented by numerous suspects. As the crime becomes more sophisticated and violent, CPI ensures that its methodology remains effective by installing and acquiring various technologies and enhancing current methodologies.

CPI implores the SARPA Association to take on a holistic approach and to secure the unique and specialised investigative services, which is continuously refined and enhanced to ensure the protection of revenue and assets.

SARPA served as the main influencing force behind the Criminal Matters Amendment Act which has greatly impacted sentences. And assisted the industry with successful sentences as mentioned above.



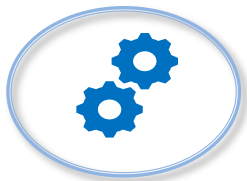
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ANY QUESTIONS?

CPI would like to Thank You for the opportunity to have presented our case study to you.



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In-House Legal Advisors



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State of the Art Technology



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