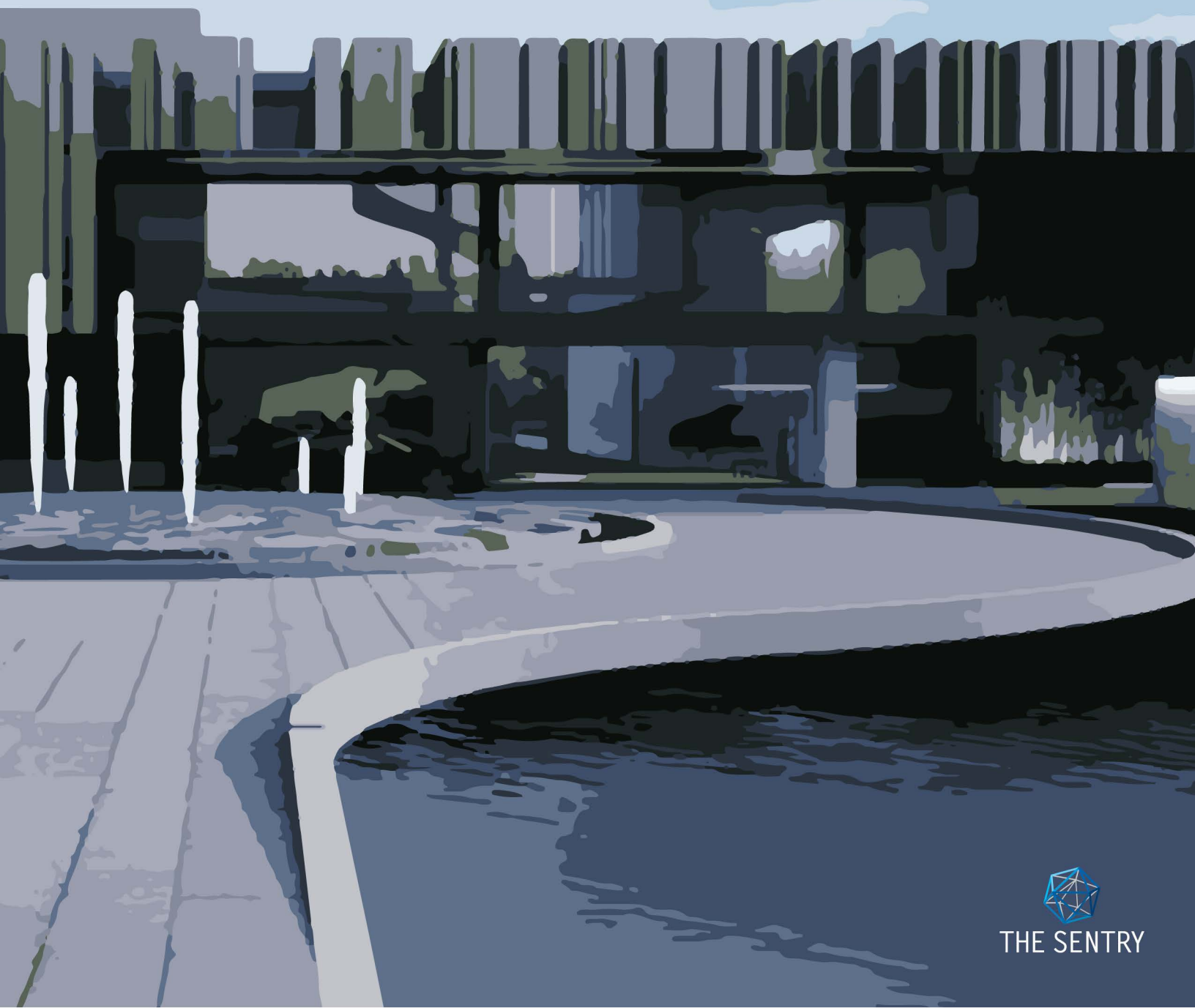


July 2021

Shadows and Shell Games

Uncovering an Offshore Business Empire in Zimbabwe



THE SENTRY

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Empire in Zimbabwe

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Executive Summary

Set well back from the public road at the end of a long driveway lined with palm trees is an extravagant new mansion being built by Kudakwashe Tagwirei, a Zimbabwean businessman and presidential advisor accused of corruption.^{1,2} Much like this Harare residence, Tagwirei's business empire of more than 40 companies has mostly been hidden from the public eye.

By analyzing hundreds of company documents, court filings, and communications, The Sentry's investigation shows how Tagwirei used complex corporate structures to build and hide his wealth, potentially benefiting from preferential government treatment along the way. Tagwirei has invested in gold, nickel, platinum, and chrome mines by hiding behind South African businesspeople and offshore structures in Mauritius and the Cayman Islands and by using lawyers and financiers who are seemingly happy to turn a blind eye to accusations of cronyism and corruption.

New documents uncovered by The Sentry also show how Tagwirei has used similar networks to hide his financial interests in Zimbabwe's new public-private partnership mining company, Kuvimba Mining House, with Zimbabwe's Finance Ministry reportedly collaborating to deflect public scrutiny from these arrangements.³

In 2019, Tagwirei paid millions of dollars to a Zimbabwean military-owned company so that Landela Mining Ventures, a company he controlled, could purchase 50% of Great Dyke Investments (GDI), a platinum mine worth hundreds of millions and run as a joint venture with a Russian firm. The payment raises fears about off-budget financing of Zimbabwe's abusive and partisan military.

An examination of Tagwirei's business track record reveals a pattern of accusations of privileged access and special treatment, some of which may warrant further investigation by regulators and law enforcement.⁴ On January 27, 2021, over a year after Landela Mining Ventures had bought half of the platinum mine, Zimbabwe granted GDI a five-year corporate income tax holiday and exempted its shareholders resident in Zimbabwe from resident shareholders' taxes on GDI dividends—retroactively applied to January 1, 2020.^{5,6} Auditors investigating corruption red flags in a 2016 \$630 million diesel generating plant contract found that the Office of the President had improperly interfered with the procurement process, ordering officials to evaluate Tagwirei's sole bid outside the standard process.⁷ Other decisions worthy of further investigation include allegations of preferential access to hard currency and the appointment of Tagwirei's oil trading company, without a tendering process, to run a \$1 billion dollar agriculture project.⁸

In addition to alleged business dealings with the Zimbabwean military, Tagwirei appears to have the ability to contact senior civilian officials in Zimbabwe at short notice, particularly at the Reserve Bank of Zimbabwe (RBZ). Such high-level access, together with the pattern of previous decisions, raises the possibility of state capture, when the public realm—particularly regulatory, legal, and public policy decision-making—has been influenced to benefit private interests. Senior officials at Tagwirei's companies have denied state capture.⁹

The operations of Tagwirei's network are emblematic of larger structural problems in Zimbabwe. A select group of politicians, the military, and businesspeople dominate government decision-making with little oversight or scrutiny. Key information about public finances remains shrouded in secrecy. An environment of impunity prevails. Left unaddressed, these dynamics will likely become further entrenched.



Key recommendations

- Financial institutions should conduct enhanced customer due diligence on transactions involving natural resources and government procurement in Zimbabwe—especially when transactions involve the Tagwirei network.
- Law enforcement and regulatory authorities in relevant jurisdictions should dig deeper into Tagwirei's network. South African and Mauritian authorities, in particular, should investigate those connected to Tagwirei's network, liaising with the United States.
- The United States, European Union countries, and the United Kingdom should consider issuing advisories on the risks of doing business with the Zimbabwean mining sector, highlighting the risks of sanctions evasion, money laundering, and corruption.
- Companies operating in Zimbabwe's mining sector should conduct ongoing due diligence consistent with the United Nations Guiding Principles and the Organisation for Economic Co-operation and Development's due diligence guidance for responsible mineral supply chains, with particular attention paid to identifying and mitigating risks associated with corruption and direct or indirect support for the Zimbabwean military forces.
- Within Zimbabwe, authorities should conduct a retrospective review of the mining sector leading to reforms including beneficial ownership transparency, open contracting and tendering processes, project-level revenue reporting, and the implementation of anti-money laundering (AML) and anti-corruption processes. Zimbabwe should also create a publicly accessible corporate registry adherent with Financial Action Task Force (FATF) guidance.

Tagwirei Takes Off*

Once a fuel retailer and trader, Tagwirei has emerged as one of the richest and most influential businessmen in post-Mugabe Zimbabwe. In the closing years of Robert Mugabe's reign and just after Emmerson Mnangagwa's ascent to the presidency, Tagwirei's Sakunda Holdings received more than \$1.6 billion in contracts and procurement deals from Zimbabwe's government.^{10, 11} The tycoon now presides over a sprawling network of more than 40 companies spanning the oil, mining, banking, logistics, transportation, and import/export sectors.¹² His business empire is decidedly global, with business partners in South Africa, a bank account in Switzerland, deals with commodity traders in Singapore, holding companies in Mauritius, and offshore financial arrangements in the Cayman Islands. Now an advisor to Zimbabwe's president, Tagwirei has been dogged by accusations of cronyism and corruption throughout his meteoric rise.[†] Tagwirei did not return The Sentry's request for comment.

* Reports by The Sentry are based on interviews, documentary research, and, where relevant, financial forensic analysis. In some cases, sources speak to The Sentry on the condition that their names not be revealed, out of concern for their safety or other potential retaliatory action. The Sentry establishes the authoritativeness and credibility of information derived from those interviews through independent sources, such as expert commentary, financial data, original documentation, and press reports. The Sentry endeavors to contact the persons and entities discussed in its reports and afford them an opportunity to comment and provide further information. Where responses are received, they are explicitly reflected in the report and incorporated into the analysis.

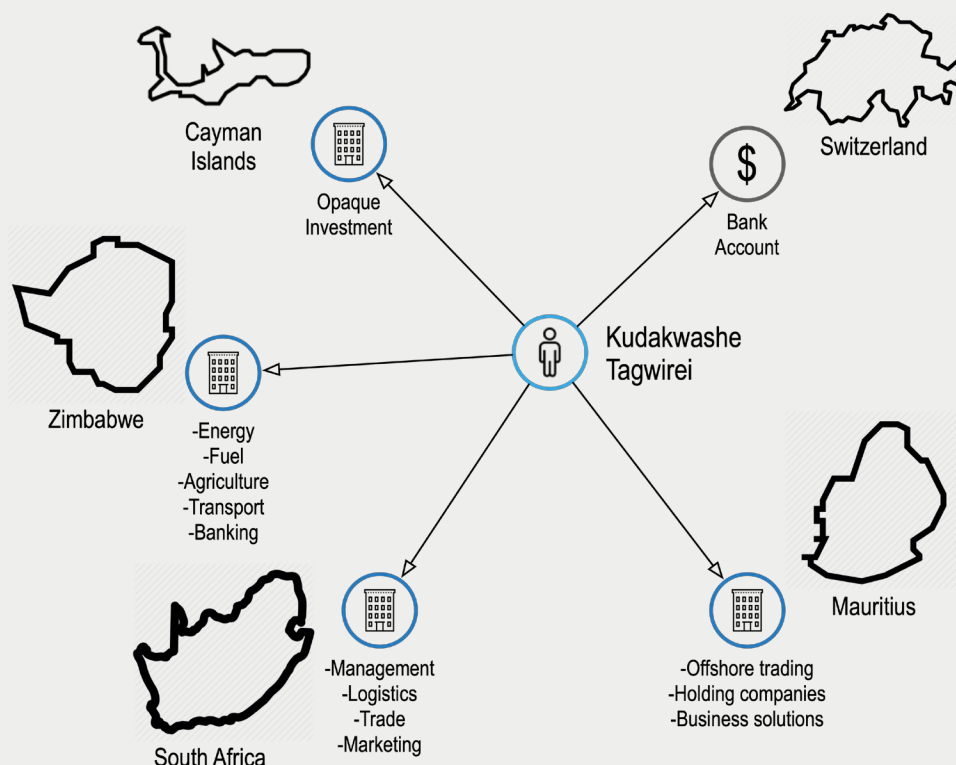
† Unless otherwise specified, all dollar amounts are given in USD.



One of the most important entities in Tagwirei's corporate labyrinth was Sotic International, a holding company based in Mauritius.¹³ Sotic's strategy was to use Tagwirei's wealth to buy local Zimbabwean companies that earned hard currency through mining exports and then use those dollars to import fuel and other commodities into Zimbabwe.¹⁴

Tagwirei's Business Model

Tagwirei's business strategy centers on exporting raw commodities, including minerals, from Zimbabwe and then using the hard currency earned offshore to import fuel and goods back into Zimbabwe. Source: The Sentry.



Possibly due to the accusations of corruption that damaged his reputation with banks and potential business partners, Tagwirei benefited from business partnerships with four South Africans—Jozef Behr, Christopher Fourie, Ronelle Sinclair, and Christian Weber—from 2019, arranging for them to have prominent roles at Sotic, a move that effectively concealed his de facto control over the company.¹⁵ Fourie later became a whistleblower.

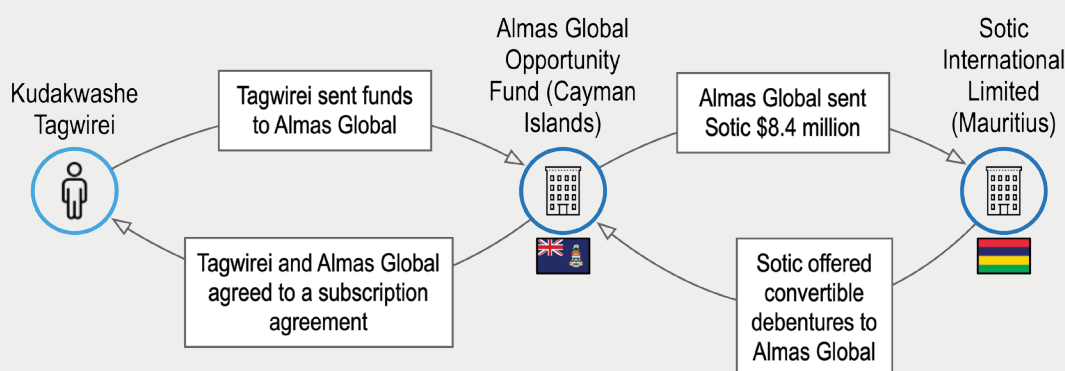
Both legal and unwritten agreements clearly established Tagwirei as the boss, although he kept his name away from registries of directors and shareholders through a complex system of nominee directorships and envisaged shareholdings held in trusts.¹⁶ Meanwhile, an equally complicated structure by which Tagwirei



moved his money into Sotic via a Cayman Islands fund allowed him to limit scrutiny from the compliance departments of banks and the businesses he sought to buy.¹⁷ Capital Horizons, a Mauritian company service provider and financial advisory firm, assisted Tagwirei in setting up this structure. Although it is not clear if the activities of Capital Horizons violated the laws of Mauritius or other jurisdictions in taking these steps, at least one executive was, at a minimum, aware of a range of risks involving Tagwirei and the proposed structures. Mauritian officials should investigate these issues to determine whether any illegality occurred.¹⁸

Complex Structures and Secrecy Havens: How Tagwirei Moved His Money

Tagwirei's use of offshore tax havens effectively obscured the origins of the funds that were used to buy mines. Source: The Sentry.



Reports and correspondence suggest that Tagwirei owes some of his success to his strong relationships with the highest echelons of power in Zimbabwe's government. "Tagwirei has utilized his relationships with high level Zimbabwean officials to gain state contracts and receive favored access to hard currency, including U.S. dollars," according to the US Department of the Treasury. "Since former Zimbabwe President Robert Mugabe's 2017 departure, Tagwirei used a combination of opaque business dealings and his ongoing relationship with President Mnangagwa to grow his business empire dramatically and rake in millions of U.S. dollars."¹⁹

Buying Zimbabwe's Assets

The growth of Tagwirei's portfolio during Mnangagwa's first years in office was indeed dramatic.

Between 2018 and 2020, Sotic and its subsidiaries:

- entered into an arrangement to buy 85% of ZimAlloys, a ferrochrome producer based in Gweru, in the center of Zimbabwe.²⁰



- bought 75% of Bindura Nickel, owner of Trojan Nickel Mine, and 85% of Freda Rebecca Gold Mine, in Bindura, northwest of Harare, for \$29.2 million. (The transaction was for £23 million.)^{21, 22, 23, 24}
- bought 50% of Great Dyke Investments, a platinum joint venture with a Russian company, in Darwendale, to the west of Harare, for at least \$21.5 million.^{25, 26, 27}
- bought 100% of How, Shamva, Mazowe, and Redwing gold mines for an unknown amount, believed by Fourie to be tens of millions of US dollars.²⁸
- bought 100% of mines formerly owned by the parastatal Zimbabwe Mining Development Corporation (ZMDC): Jena Mines, Elvington Mine, Sabi, Golden Kopje, and Sandawana. The purchase price has not been disclosed.²⁹

After Tagwirei was sanctioned in August 2020, he appears to have moved his mining assets away from Sotic to a then-little-known Zimbabwean firm called Kuvimba Mining House.

In an interview with the state-owned Herald newspaper, Finance Minister Mthuli Ncube and Kuvimba's Chief Executive David Brown claimed that the government of Zimbabwe owned 65% of Kuvimba's shares, while the remaining 35% were held by Ziwa Investments, the Zimbabwean subsidiary of the Mauritius-registered Quorus.^{30, 31} Both men denied the involvement of Tagwirei in the new structure.³²

The company records of Kuvimba Mining House are not available in Zimbabwe's company registry, and Ziwa Investments appears not to exist.³³ However, a company called Ziwa Resources was registered by lawyers at Tagwirei's law firm.³⁴ The directors of Ziwa include David Brown and Simbarashe Chinyemba, both of whom have previously appeared in companies associated with Tagwirei. Almas Global Opportunity Fund, formerly used by Tagwirei to invest in Sotic International via the Cayman Islands, owns 65% of Ziwa Resources.³⁵ The other 35% is owned by Zimbabwe-registered Pfimbi Resources, whose directors are Tagwirei and his wife.³⁶

The relationship to Quorus, the company mentioned in the Herald interview, is less clear from the available corporate records. However, the two directors of Quorus Management Services—the only company named Quorus in Mauritius—are also Brown and Chinyemba.³⁷ South African businessman Brown became chairman of Great Dyke Investments in late 2019 and,³⁸ at Tagwirei's request,³⁹ became director of Sotic International in the spring of 2020.⁴⁰ Chinyemba, an actuary, is also a current director of Sotic.⁴¹ Additionally, Quorus was established by Capital Horizons, the same Mauritius-based corporate service provider used by Sotic.^{42, 43} Capital Horizons is also listed as the address for Pfimbi Resources in the company documents for Ziwa Resources.⁴⁴

However, in a comment to Bloomberg, Brown said he wasn't aware that Tagwirei had an interest in Sotic and that he hadn't been hired by Tagwirei to run Sotic and now Kuvimba. He also denied that Tagwirei owns any of Kuvimba.⁴⁵ In comments provided to The Sentry, substantial excerpts of which are available on the website, Mr. Brown noted that he very infrequently interacts with Tagwirei and does not consider himself to be a "business partner." Mr. Brown further explained that the Sakunda "group" concept arose out of a strategy to resolve a human resources issue, but it allegedly never implied a common ownership structure.

In addition to similarities between the structures, Kuvimba reportedly owns many of the same mines once owned by Sotic. According to a December 10, 2021, Zimbabwe stock market announcement, "Sotic and its associates"—likely Tagwirei, given his effective control of the firm—nominated an unknown Zimbabwean



company, Kuvimba Mining House, to own some of the assets previously bought by Sotic, such as Bindura Mining Corporation.⁴⁶ Zimbabwean state media reports that assets held by Kuvimba include the 50% stake in Great Dyke Investments, as well as Shamva Gold Mine and Freda Rebecca Gold Mine.^{47, 48, 49, 50} Neither the amount paid by Kuvimba to Sotic nor the means by which these assets were transferred have been disclosed to the public.

The ultimate ownership of Quorus—and therefore Kuvimba—is unclear, hidden behind the corporate secrecy afforded to the company under Mauritian law. Zimbabwe has not disclosed the beneficial owners or financiers of Quorus. The ongoing involvement of Tagwirei in Kuvimba appears likely, given the continuity in structures, assets, and personnel, although the Zimbabwean government and David Brown deny this.^{51, 52}

	Sotic (Mauritius) / Landela (Zimbabwe)	Quorus (Mauritius) / Ziwa / Kuvimba (Zimbabwe)
Directors and Agents		
David Brown as director of Mauritius entity	✓	✓
Simbarashe Chinyemba as director of Mauritius entity	✓	✓
Capital Horizons as company secretary or registered agent of Mauritius entity	yes (Secretary)	yes (Registered agent)
Assets	Bought	Reported to claim to own
50% Great Dyke Investments	✓	✓
A majority stake in Freda Rebecca Gold Mine	✓	✓
A majority stake in Trojan Nickel Mine (formerly owned by Bindura Nickel Corporation)	✓	✓
A majority stake of ZimAlloys ferrochrome assets	✓	✓
How, Shamva, Mazowe, and Redwing gold mines	✓	✓
Mines previously owned by Zimbabwe Mineral Development Corporation: Jena, Elvington, Sabi, Golden Kopje	✓	✓
Tagwirei's control		
Tagwirei as financier of Mauritius entity	✓	?
Tagwirei in de facto control of Mauritius and Zimbabwean entity	✓	?

Continuities between Sotic and Kuvimba

Since Tagwirei's designation by the US Treasury Department in August 2020, Sotic International has reportedly been supplanted by another Mauritius-based company, Quorus Management Services. While Quorus's ultimate owners are unknown, there are numerous indications that Tagwirei may remain involved. Source: The Sentry.



We the several persons whose names and addresses are subscribed, are desirous of being formed into a company, in pursuance of this memorandum of association, and we respectively agree to take the number of shares in the capital of the company set opposite to our respective names.

Signature	Full Name and Address	Number of Shares
-----------	-----------------------	------------------

[Signature] PFIMBI RESOURCES (PRIVATE) LIMITED
herein represented by *[Redacted]* by virtue of
a Board resolution passed at Harare dated 8th September
2020 c/o Capital Horizons Limited, 9th Floor Maeya Tower
Silicon Avenue/Bank Street, Ebene Cybercity
Mauritius

CONSULTANT

Thirty-five (35)

[Signature] ALMAS GLOBAL OPPORTUNITY FUND SPC
herein represented by *[Redacted]* by virtue of
a Board resolution held at Harare dated 8th September 2020
c/o Amicorp Cayman Fiduciary Limited, 1st Floor
The Grand Pavillion Commercial Centre Grand
Cayman, KVI – 1006 Cayman Islands

CONSULTANT

Sixty-five (65)

TOTAL NUMBER OF SHARES TAKEN:

One hundred (100)

DATED this 8 day of September 2020

WITNESS to all the above signatories:

Signature:

Full Name:

Occupation:

Accountant

Address:

9th Floor ZB Life Towers
Second Street/Jason Moyo Avenue
Harare

3 Ziwa Resources (Private)

PARTICULARS (a) OF DIRECTORS ZIWA RESOURCES (PRIVATE) LIMITED AND OF ANY CHANGES					
1. Date of Appointment (b)	2. Present forenames and Surnames (any former names)	3. National Identification Number / Passport Number and Nationality	4. Full Residential or Business Address and Postal Address	5. Particulars of other Directorships (f)	6. Nature of Change(g) and Date of Change (h)(state in brackets after nature of change the Date the company was notified of change) (i)
Directors (c)					
Date of Incorporation	<i>[Redacted]</i>				
Date of Incorporation	DAVID HUGH BROWN	South African	<i>[Redacted]</i>		APPOINTED
Date of Incorporation	GRAIG GERALD MEERHOLZ	South African	<i>[Redacted]</i>		APPOINTED
Date of Incorporation	SIMBARASHE CHINYEMBA	Zimbabwean	<i>[Redacted]</i>		APPOINTED
Date of Incorporation	Secretaries (d) Or Principal Officer (e) (f)				
Date of Incorporation	<i>[Redacted]</i>		9 th FLOOR ZB LIFE TOWERS JASON MOYO AVENUE/SECOND STREET, HARARE		APPOINTED

NOTES:
(a) A complete list of the existing directors should always be given.
(b) This date should always be shown, whether or not it is in respect of an old or new appointment.
(c) Particulars of Directors, Secretaries or Principal Officers.
(d) National identity number or passport number must be shown in this column.
(e) In the case of a foreign company, if the director is a corporate body, its name and the situation of its national office must be shown.

(Signed) Secretary / Principal Officer
This 8th Day of September 2020

The directors and owners of Ziwa Resources appear to be linked to Tagwirei.

Photos: Documents on file with The Sentry.



ZIMBABWE

Form No. C.R. 6 Section 112 and 330 of Act
Section 19 of Regulations

COMPANIES ACT (CHAPTER 24:03)

No. of Company 15909/2019

Notice of Situation and Postal Address of a Company's Registered Office of a Foreign Company's Principal Place of Business, and of any change thereto.

Name of Company PFIMBI RESOURCES (PRIVATE) LIMITED 8 SEP 2019

TO THE REGISTRAR OF COMPANIES,
HARARE

The above-mentioned company hereby gives you notice that the registered office/principal place of business of the company -

(a)(i) *is situated at **ARGYLE ROAD
NEWLANDS
HARARE** REGISTRAR OF COMPANIES
EX 05
- 9 SEP 2019

AND

(ii) the postal address* is/was at ABOVE.

(b) has been changed from the above address to

(i) situation at.

(ii) postal address at.

with effect from **DATE OF INCORPORATION.**

(Signed) [Signature]
DIRECTOR/SECRETARY/CHIEF AGENT

This 26th Day of August 2019

Presented for filing by: [Redacted]

*Delete whichever is inappropriate.
To be completed only in the event of a change of address.

NOTES:-

(a) In the case of a change of address, this form must be submitted to the registrar BEFORE the proposed change takes place.

(b) If the registered address of a company has been altered by a public authority, so that the changed address designates the same premises as before, no fee will be charged if the registrar is satisfied as to the facts and the name of the authority which ordered the change as stated on the form.

Incorporation records for Pfmibi Resources (Private) Limited show that Tagwirei and his spouse have served as the company's directors.

Photos: Documents on file with The Sentry.

1. Name of Company	2. Present Christian Names And Surnames	3. Nationality	4. Any Former Names	5. Full Residential or Business Address and Postal Address	6. Particulars of other Directorships (f)	7. Nature of Change (g)	8. Change (h) of
PFIMBI RESOURCES (PRIVATE) LIMITED	KUDAKWASHE REGIMOND TAGWIREI [Redacted]	Zimbabwean		ARGYLE ROAD NEWLANDS HARARE		APPOINTED	
	[Redacted] Secretaries (d) Principal Officer (e)	Zimbabwean		ARGYLE ROAD NEWLANDS HARARE		APPOINTED	
	[Redacted]			[Redacted]		APPOINTED	

NOTES:

(a) A complete list of the existing directors should always be given.

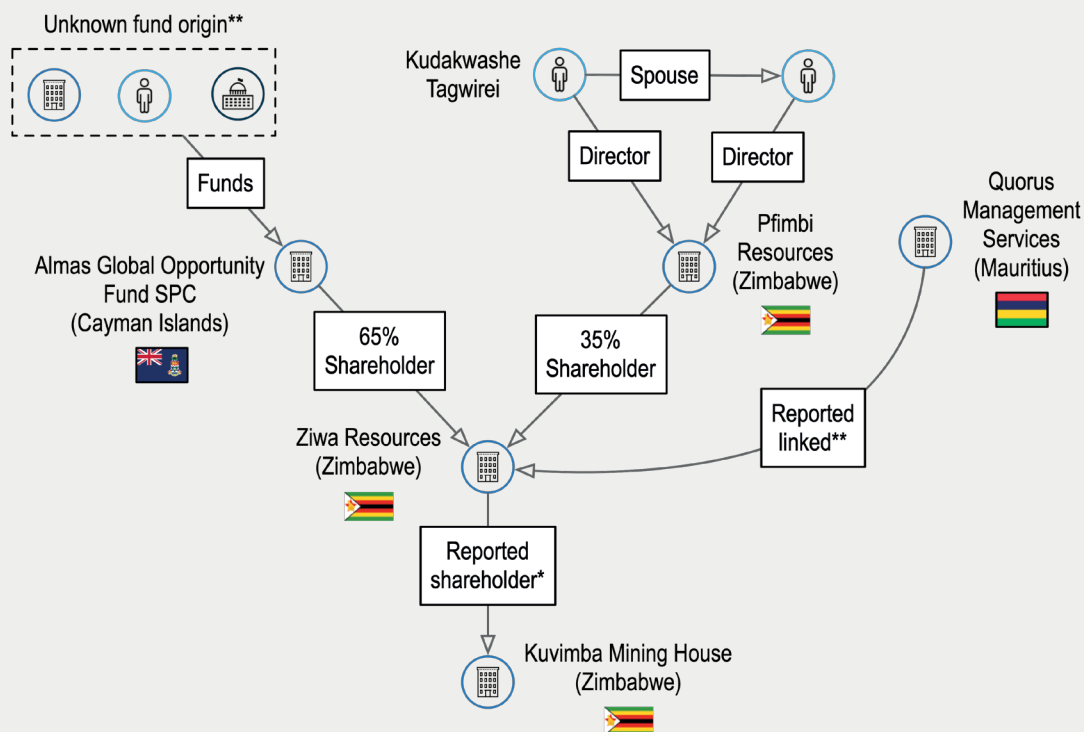
(b) This date should always be shown whether or not it is in respect of an old or a new appointment.

(c) In the case of foreign company, if the director is a corporate body, its name and the situation of its principal office must be shown.



Tagwirei's Kuvimba Connection

Corporate records indicate that Tagwirei appears to be involved in Kuvimba Mining House, despite denials. Source: The Sentry.



* In an interview with the state-owned newspaper The Herald, the Kuvimba CEO reportedly said, "There are a number of Government groups that form the 65 percent; the other 35 percent is owned by Ziwa, which is wholly owned by Quorus in Mauritius and Tagwirei is not part of that vehicle."⁵³

** The origin of the funds used by Almas Global Opportunity Fund could be a third-party investor, the government of Zimbabwe as reported by The Herald, or even Tagwirei himself, given that he previously used the Almas Global Opportunity Fund to invest in Sotic International, a Mauritius holding company he controlled.

Platinum Payment to the Zimbabwean Military

In 2019, Tagwirei's Landela Mining Ventures paid at least \$21.5 million to Great Dyke Investments (GDI) as part of a deal by which it obtained a 50% stake in the joint venture company.[‡] The payment was a shareholder loan to match the money already invested by the other 50% shareholder Afromet, a Russian subsidiary of Vi Holdings, a Russian industrial conglomerate.⁵⁴

In addition to that \$21.5 million payment from the parent company, Landela Mining Ventures, to the subsidiary, GDI, correspondence reviewed by The Sentry indicates that Tagwirei made a payment to GDI's former 50% shareholder, Pen East Mining, a company controlled and owned, at least in part, by Zimbabwe's mil-

[‡] Unless otherwise specified, all dollar amounts are given in USD.



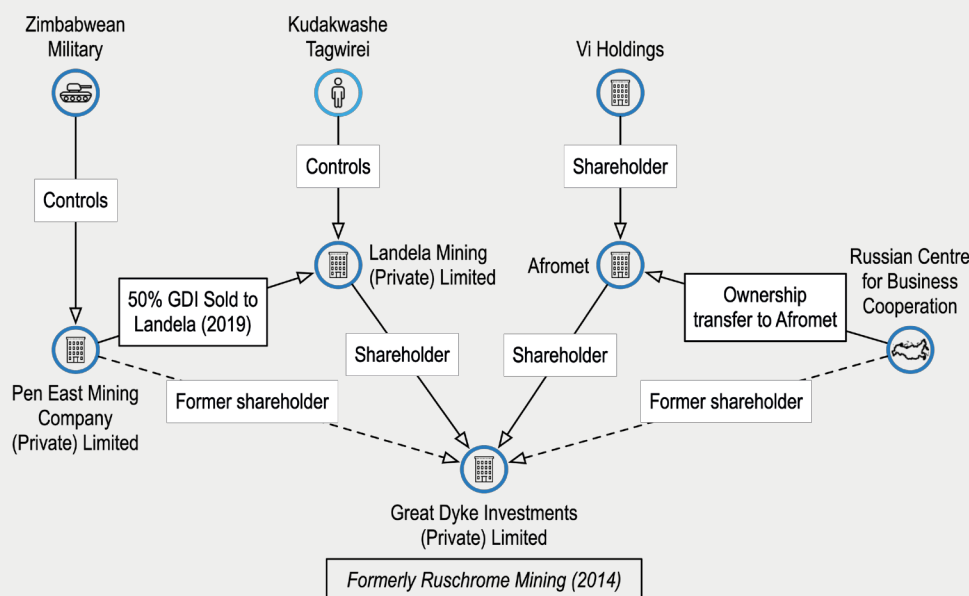
itary.⁵⁵ Different documents indicate a range of potential payments made by Tagwirei to Pen East in 2019: from ZWL\$46 million, to ZWL\$300 million, to \$11 million, or possibly even as much as \$220 million—and this is on top of the \$21.5 million paid to GDI.⁵⁶

Internal communications reviewed by The Sentry cite GDI as having a gross asset value of “well in excess” of \$600 million.⁵⁷ In March 2020, the two shareholders of GDI each sold 2.2% of the company to Fossil Mines, owned by Tagwirei’s reported frequent business partner Obey Chimuka. The \$30 million paid for that 4.4% stake implies a valuation of about \$680 million for GDI.⁵⁸ Projected revenues and lifetime earnings before tax, interest, depreciation, and amortization run into the billions, according to financial projections presented to a potential funder.⁵⁹

These 2019 transactions came just months after the Motlanthe Commission into the post-election violence of August 1, 2018, found that the Zimbabwe Defence Forces (ZDF) had used “unjustifiable” force in killing 6 demonstrators.^{60, 61, 62} Although the run-up to the 2018 election was peaceful, the ZDF has a long history of using violence against opposition supporters, most notably in the 2002 and 2008 elections, creating a well-understood backdrop to every election that the military would exercise a veto over any party other than Zimbabwe African National Union-Patriotic Front (ZANU-PF) coming to power.⁶³

The involvement of Zimbabwe’s military in GDI reportedly deterred potential lenders needed for the capital investment to commence mining.⁶⁴ Documents reviewed by The Sentry show the three-way negotiations between Pen East, Tagwirei, and the Russians as they grappled with the replacement of one controversial partner by another.⁶⁵

Controversial tycoon Kudakwashe Tagwirei appears to have paid tens of millions of dollars to a Zimbabwean military-owned company as part of a platinum mining deal. The move raises concerns about off-budget funding for an abusive and partisan security sector. Source: The Sentry.



Military Mining, Inc

While documents and statements show that Zimbabwe's military certainly played a significant role in Pen East, many of the transactions and agreements underpinning its involvement in the mining sector have not been subject to public scrutiny. Correspondence reviewed by The Sentry shows that senior military officials were involved in, or informed about, negotiations for the sale of Pen East Mining's share of Great Dyke Investments.

In 2006, Pen East Mining, represented by Colonel Tshinga Dube,^{66, 67, 68, 69} the then-head of Zimbabwe Defence Industries,⁷⁰ set up Ruschrome Mining, a joint venture established in Zimbabwe with the Russian Centre For Business Cooperation.⁷¹ The signing of the agreement was witnessed by the ZDF's legal director and the Russian Embassy's defense advisor.^{72, 73, 74}

Ruschrome inherited a claim that Zimplats, a mining company, had surrendered to the government in 2006 as part of Zimbabwe's empowerment and indigenization policy.^{75, 76} It is unclear whether the military, Pen East, or Ruschrome paid anything for this valuable claim. Reporting by Russian business newspaper Kommersant and the Zimbabwe Independent suggests that the platinum deal took place in the context of wider negotiations between Zimbabwe and Russia about the purchase of military helicopters or fighter jets.^{77, 78} Kommersant named the chairman of Ruschrome's board as Martin Rushwaya, a relative of Mnangagwa and the long-serving permanent secretary of the Ministry of Defence (MOD).^{79, 80, 81}

In 2014, Ruschrome Mining changed its name to Great Dyke Investments,^{82, 83} and later, the Russian joint venture partner changed to Vi Holding, operating through Russian subsidiary Afromet.⁸⁴

The 2019 sale of Pen East Mining's share of GDI was negotiated between Tagwirei's lawyer, Norman Chimuka, and the representative of Pen East Mining, Colonel Siwinile Tauya.⁸⁵ According to records reviewed by The Sentry, Tauya is the company secretary of Zimbabwe Defence Industries, an entity sanctioned by the US, UK, and EU.⁸⁶ Norman Chimuka did not return The Sentry's request for comment.

At key points in the negotiations, emails were copied to Tagwirei and senior military figures,⁸⁷ including the late Lieutenant General Sibusiso Moyo, who became the face of the 2017 military coup and, later, foreign secretary;⁸⁸ Major General John Chris Mupande, the director general of policy, public relations, and international affairs at the MOD;⁸⁹ Brigadier General Sydney Bhebe;⁹⁰ and Martin Rushwaya, the MOD permanent secretary who became deputy chief secretary in the Office of the President and Cabinet in April 2019, just before the deal was concluded.⁹¹

Mupande, Rushwaya, and Moyo are also listed as directors of Rusununguko Nkululeko Holdings,⁹² one of the main holding companies used by the ZDF, while Moyo also served as shareholder and director of other military-owned companies in Zimbabwe.^{93, 94}

Although Pen East's two ostensible individual shareholders were civilians,⁹⁵ at least one of them is referred to as a nominee by Tagwirei's lawyer in correspondence seen by The Sentry.⁹⁶ Rather than these two individual shareholders, it was Rushwaya who signed the agreement transferring Pen East Mining's 50% shareholding in GDI to Landela Mining Ventures, as well as a later addendum to the share purchase agreement.^{97, 98}



Once the sale of Pen East's share of GDI was completed, GDI board minutes recorded the resignation of the directors previously appointed by Pen East.⁹⁹ One of those directors, Major General Grey Mashava, is the senior principal director in Vice President General Chiwenga's office.¹⁰⁰

In 2018, the civilian Zimbabwe Mining Development Corporation (ZMDC) board chairperson Peter Chimboza reportedly stated to the Parliamentary Portfolio Committee on Mines that "Peneast comprises two companies, Old Stone which is owned by the Ministry of Defence and has 30% shareholding, while the other company is ZMDC with 20% shares to make the 50% Peneast shareholding."¹⁰¹ Such a structure cannot be ruled out. However, in the documents seen by The Sentry, the Pen East representatives consult senior military figures at key points in the negotiation, rather than ZMDC.¹⁰² If ZMDC were the part owner and received its share of the purchase price, then the amount of money paid to the military would have been lower.

Opaque by Design?

While Zimbabwe's mining sector and public finances are often marked by a lack of transparency, there are indications that the sale of Pen East may have been opaque by design. Correspondence between GDI and a South African law firm, reviewed by The Sentry, gives a hint that those involved in the negotiations wished to avoid significant scrutiny of the sale of Pen East Mining's shares in GDI to Tagwirei's Landela Mining Ventures.

In May 2019, GDI commissioned advice from a South African law firm.¹⁰³ The advice suggested that, "In order to minimise potential future queries with regard to the manner in which Pen East exited its shareholding in GDI we recommend that this be achieved by means of a share buy-back, viz. by GDI purchasing Pen East's shares in GDI."¹⁰⁴ Later, the lawyers "recommend that GDI carefully consider the manner in which pen east is replaced as a shareholder and the acquisition of the 50 per cent interest in GDI by a party that i) will pay fair market value for such interest and ii) will be in a position to make the required representations and warranties in respect of sanctions/corruption."¹⁰⁵

Pen East Mining's share was bought on May 22, 2019, by Landela Mining Ventures, a Zimbabwean company owned by Sotic International, an offshore firm in Mauritius controlled by Tagwirei.¹⁰⁶ Landela Mining Venture's directors were Jozef Behr, Christopher Fourie, and Obey Chimuka.¹⁰⁷

Pen East payment could be as high as \$220 million

Tagwirei's lawyer, Norman Chimuka, wrote to his client and executives at Sotic International and Sakunda Holdings in February 2020, reminding them that they were due to pay the capital gains tax on the \$220 million sale of Pen East's shareholding in GDI.¹⁰⁸ Norman Chimuka's email was the second of two that he sent on this matter, in November 2019 and February 2020,^{109, 110} each referring to the same \$11 million capital gains tax bill derived from a \$220 million sale price. Norman Chimuka's November 2019 email also referred to a much lower ZWL\$46 million payment that his client had made to Pen East Mining, saying that because the exchange rate had moved at the time of payment, the Pen East representatives wanted a further ZWL\$9 million payment.¹¹¹ The purpose of that ZWL\$46 million payment isn't specified.



> On 21 Feb 2020, at 13:18, Norman Chimuka <norman [REDACTED]> wrote:

>

>

> Dear All;

>

> The above captioned refers.

>

> I reiterate the position that in terms of the Sale of Shares Agreement between Landela Mining Venture (Private) Limited 'LMV' and PenEast Mining Company (Private) Limited 'PenEast' in respect of 50% shareholding in GDI, LMV agreed to settle PenEast's CGT. This was done with full legal advice having been rendered on the position that CGT is payable by PenEast, the disposing party. Since the transaction was entered into I have made efforts to ensure that an assessment is made and CGT is paid to no avail. The grace period for payment of CGT for the 2019 year of assessment closes by end of March 2020 after which a 100% penalty will be imposed by Zimra. That penalty cannot be waived by anyone as it is by operation of law.

>

> The CGT is five percent (5%) of the total purchase price of US\$220 000 000.00 which translates to US\$11 000 000.00. If a penalty is to be imposed LMV will have to pay US\$22 000 000.00. The penalty will be huge. If a penalty is to be imposed the image of LMV as an investment partner in GDI will be seriously tarnished. It goes without saying that images of all those involved will be tarnished as well.

>

> It had earlier on proposed that the purchase price be converted to the local currency at the inter-bank rate. That would mean resigning of the agreement. I discussed the issue with PenEast's legal reps and directors who also requested for a part payment in exchange of that 'favour'. Unfortunately, there was no speedy response on the part of LMV and there remains none to date. That has therefore stalled progress of what seemed a good offer. However, the time towards the penalty date continues to tick as the date draws nigh.

>

> The transaction is already in the public domain but the taxman is still to receive its part of the proceeds legally due to him. It is therefore a matter of time before investigations are initiated around the issue. We should therefore bring closure to the transaction as a matter of urgency. Given that there has been no progress on the issue of converting the purchase price to rtgs I propose that LMV and PenEast attends ZIMRA interviews this week so that an assessment is made on the USD\$ purchase price. LMV will then pay in full or liaise with the Commissioner General for staggered payments. That is way better than the imposition of a penalty.

>

> May you all be guided accordingly. In the meantime, I look forward to hearing your views at your earliest convenience.

>

> Kind Regards

>

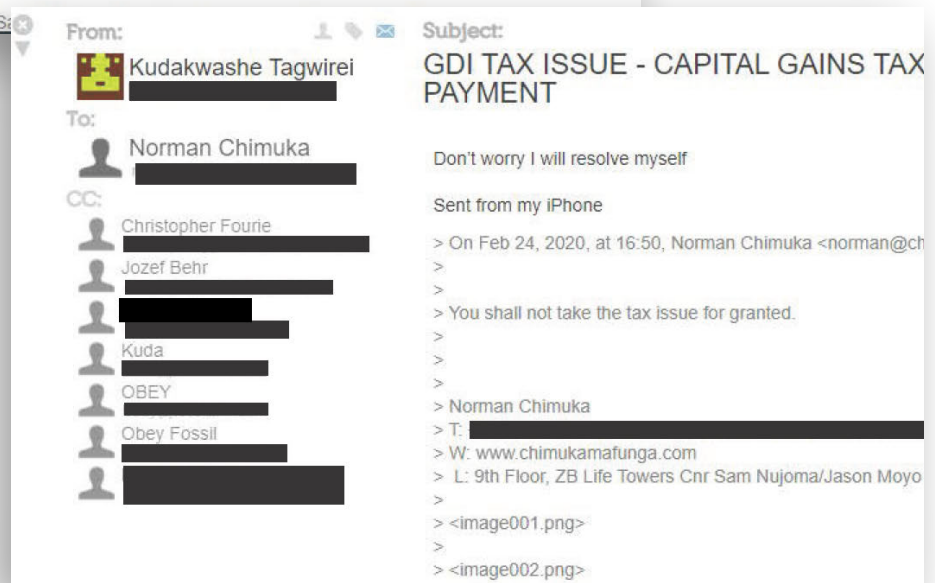
> Norman Chimuka

> T: + [REDACTED]

> W: www.chimukamafunga.com

> L: 9th Floor, ZB Life Towers Cnr S

Correspondence from February 2020 refers to Landela Mining Venture's obligation to pay capital gains tax after a multimillion-dollar deal with a company controlled by Zimbabwe's military. Photo: The Sentry.



Christopher Fourie, who was involved in aspects of the deal, said that while he was not aware of all of Tagwirei's activities and payments, he did not believe that the higher figure would have been appropriate, and the capital gains tax bill email from Norman Chimuka may have been the product of an attempt by the military to squeeze more money out of the deal.¹¹² Fourie is cited in one minute of a meeting held on August 27, 2019, as saying he believed the payment for the 50% shareholding was ZW\$300 million.¹¹³

Whatever the price paid to Pen East, these payments were on top of the \$21.5 million Landela Mining Ventures had paid to GDI.

A \$220 million payment to a company controlled by the Zimbabwean military, if that higher figure was indeed paid, would have been large in public finance terms. By comparison, in 2019 Zimbabwe's education budget was \$179 million.¹¹⁴

If payments to Pen East Mining were retained by the Ministry of Defence, they raise the prospect of off-budget financing of the Zimbabwean military. Civilian control of militaries requires civilian financial control, so that the security sector cannot set and finance its own agenda. Off-budget revenue removes oversight over spending by Parliament and scrutiny bodies such as Zimbabwe's Auditor General. It would be troubling if a prominent tycoon accused of corruption purchased a mining company from Zimbabwe's military, but there is no conclusive record of the sale price, the ultimate recipient of the payment, or the use of the proceeds from the deal.

Coincidence or Capture?

Tagwirei's murky engagements in the mining sector and with Zimbabwe's military come on the heels of a series of controversial policy, procurement, and regulatory decisions in Zimbabwe which may have disproportionately benefited the businessman's network of companies. Some of these individual decisions may be coincidences. However, taken together—and considering Tagwirei's well-documented influence and affinity with top government and military officials—they raise the possibility of state capture, when the public realm—particularly regulatory, legal, and public policy decisions—has been influenced to benefit private interests.

On several occasions, Tagwirei has benefited from large-scale government procurement decisions made under questionable circumstances. For example, in 2016, Tagwirei's Sakunda Holdings won a \$630 million contract to build an emergency diesel generating plant at Dema, to the east of Harare. A forensic audit report commissioned by the Auditor General found that the Office of the President had interfered with the procurement process in favor of Sakunda, a company that didn't build diesel plants and hadn't bid the first time around.¹¹⁵ The audit report also found that Sakunda had acted as a middleman for an earlier failed bidder that would eventually carry out the work, subcontracted by Sakunda; that its bid was non-compliant with the tender specifications; and that Sakunda's bid involved directing the fuel supply component of the contract to its own companies.¹¹⁶ Recently, the permanent secretary at the Energy Ministry testified that the Dema project had been exempted from all taxes except the carbon tax.¹¹⁷

Also in 2016, Sakunda, an oil trading company, was appointed without any tendering process to run Command Agriculture, a \$1 billion dollar project to purchase fertilizer and grain inputs for commercial farmers from 2016 to 2019.^{118, 119} According to an official US government notice, "Government audit reports prompted



a 2019 parliamentary inquiry into whether public funds were misappropriated, revealing the government had failed to account for about \$3 billion disbursed under the Command Agriculture program, a state farm subsidy championed by President Mnangagwa and largely financed by Sakunda Holdings.”¹²⁰

Several other government directives dovetailed conspicuously well with Tagwirei’s investment plans throughout 2019. In 2019, the Ministry of Finance, possibly coincidentally, reduced tariffs on importing buses just a few months before Landela Investments imported passenger buses.^{121, 122} Records show the involvement of several of Tagwirei’s companies, together with Obey Chimuka, in a \$4.45 million deal to buy 50 passenger buses from China in 2019.¹²³ In October 2019, Tagwirei was on the brink of buying a majority stake in Chemplex, Zimbabwe’s largest chemical and fertilizer manufacturer.¹²⁴ While the deal did not eventually materialize, records show that Tagwirei had made agreements to pay off its debts to government entities and had established a Zimbabwean subsidiary of Sotic in order to purchase the shareholding.¹²⁵ In the same month, the local government minister announced that all councils had to purchase water purification chemicals through Chemplex.¹²⁶ Obey Chimuka did not return The Sentry’s request for comment.

In June 2020, six months after Landela Mining Ventures had bought Freda Rebecca Gold Mine, the mining company obtained a buying permit from the government gold-buying monopoly.¹²⁷ This permit allows the company, an industrial gold miner, to purchase gold from artisanal miners. It is unclear whether Freda Rebecca Gold Mine is the only industrial gold mining company with such a permit. However, according to the Zimbabwe Environmental Law Association, the permit potentially gives the company access to a lower government royalty rate and beneficial payment terms.¹²⁸ What’s more, the US has accused Tagwirei of receiving favored access to hard currency, including US dollars.¹²⁹ Preferential access to scarce currency reserves often constitutes a major advantage over industry competitors.

On January 27, 2021, over a year after Landela Mining Ventures had bought half of Great Dyke Investments, Zimbabwe granted GDI a five-year corporate income tax holiday and exempted its shareholders resident in Zimbabwe from resident shareholders’ taxes on GDI dividends—retroactively applied to January 1, 2020.^{130, 131} This may have been to match an income tax exemption granted to the Russian investor, and it may have an underlying economic rationale. However, whether the decision to grant a tax holiday was made in order to attract investment must be considered, alongside the fact that the investor—Tagwirei via Landela Mining Ventures—had already invested over a year earlier.

In addition to his high-level correspondence with senior military figures and the late Foreign Secretary Moyo during his purchase of the shareholding in GDI, Tagwirei appears to have leveraged personal relationships with senior Zimbabwean officials, particularly at the Reserve Bank of Zimbabwe (RBZ), when other issues arose within his companies. For example, when his subordinates faced difficulties when GDI had \$21.5 million stuck at the RBZ after it had been paid by Landela Mining Ventures, emails reviewed by The Sentry show how he stepped in: “issues have been resolved.”¹³² Later, when Landela Mining Ventures faced an unwanted \$11 million capital gains tax bill from a deal with a Zimbabwean military-owned company, he reassured the directors: “Don’t worry I will resolve myself.”¹³³ At one point, Tagwirei possibly referred to close presidential interest in a particular mining deal: “Still waiting for the cash flows for Our Zim alloys. HE wants that money to be paid after I show him the directors, owners of Sotic-Documents.”¹³⁴ “HE” is a common acronym in Zimbabwe for His Excellency, President Mnangagwa, although it is possible that the reference is to someone else.



Recommendations

The operations of Tagwirei's network are emblematic of larger, structural problems in Zimbabwe. A select group of politicians, the military, and businesspeople dominate government decision-making with little oversight or scrutiny. Key information about public finances remains shrouded in secrecy. An environment of impunity prevails. Left unaddressed, these dynamics will likely become further entrenched.

There should be a three-pronged response to these challenges. First, government agencies and law enforcement bodies in numerous jurisdictions, including the United States, South Africa, and Mauritius, must conduct thorough, independent inquiries into Tagwirei's operations. Second, the loopholes and institutional deficiencies in Zimbabwe that create a permissive environment for corruption require urgent reform. Finally, governments and private sector actors in a position to act must take proactive steps to shut down or reduce corruption and illicit financial flows.

Actions taken by stakeholders outside of Zimbabwe, including the US, the UK, the EU, and the World Bank, to impose consequences on those responsible for grand corruption should be part of a coordinated strategy to counter state capture and catalyze structural reforms and systemic change. One crucial component of this strategy must be the empowerment of Zimbabwean oversight institutions and accountability mechanisms. The recommendations below lay out several of the steps that Zimbabwe's government should be taking toward strengthening oversight and accountability and that external stakeholders should deploy as benchmarks.

Priorities for dismantling Zimbabwe's kleptocracy

The conduct described in this report shows the potential dangers that can arise when large-scale transactions with state enterprises are negotiated and implemented in the shadows. In many instances, crucial pieces of information about these transactions—including the size of payments, the terms of agreements, and the identities of beneficiaries—remain hidden from the public eye. While not a panacea, enhancing the Zimbabwean public's access to information about these deals—and other significant transactions involving public institutions or natural resources—is an urgent priority. Zimbabwe's government can take practical steps to enhance corporate and revenue transparency, as well as oversight of public finances.

Conduct a retrospective review of the mining sector. This report has highlighted several red flags for potential corruption and state capture in Zimbabwe's mining sector, including widespread military interests, opaque licensing practices, and a dearth of information surrounding the beneficial owners of mining companies. To assess the effectiveness and legitimacy of the license awarding process, the Ministry of Mines and Mining Development should conduct a comprehensive audit of mining companies currently operating in Zimbabwe. The ministry should further conduct an inquiry into the beneficial owners of mining companies to determine whether politically exposed persons have unfairly profited from Zimbabwe's natural resources.

Create a publicly available, online mining cadastre portal. Opacity in Zimbabwe's mining sector has been exacerbated by the lack of an online cadastre containing information vital to the public interest. The Ministry of Mines and Mining Development should take steps to expedite launching such a portal displaying all active applications for mining claims; currently awarded licenses, grants, and contracts; and the beneficial owners of the companies to which they have been awarded.



Create a FATF-adherent, publicly accessible corporate registry. A lack of transparency surrounding the beneficial ownership of Zimbabwean companies has enabled predatory investors to conduct their operations without public scrutiny. To that end, the government of Zimbabwe should create a publicly accessible online corporate registry that adheres to guidance laid out in the 2012 FATF Recommendations. The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), of which Zimbabwe is a member, should work with Zimbabwe to ensure that the guidance is implemented.

Issue advisories. The US, EU countries, and the UK should consider issuing advisories on the risks of doing business with the Zimbabwean mining sector, highlighting the risks of sanctions evasion, money laundering, and corruption.

Financial institutions should conduct enhanced customer due diligence on transactions involving natural resources and government procurement in Zimbabwe—especially when transactions involve the Tagwirei network. Zimbabwe desperately needs foreign investment. To ensure the country isn't supporting corrupt networks in the future, the private sector and financial institutions should conduct enhanced due diligence on individuals and entities both inside and outside Zimbabwe with ties to the industries mentioned in this report, as they may pose a higher risk for illicit financial activities such as sanctions evasion, corruption, and money laundering—specifically the laundering of the proceeds of corruption. In particular, financial institutions should also take steps to investigate and identify accounts beneficially owned or controlled by Tagwirei and his companies. Zimbabwe has been severely de-risked by global financial institutions, and care must be taken to not disrupt or narrow services to the general population, which is already receiving limited services.

Reform the mining sector, including companies with operations in Zimbabwe. The most immediate opportunity to support improved governance is via the private sector. Companies operating in Zimbabwe's mining sector should conduct ongoing due diligence consistent with the UN Guiding Principles and the OECD's due diligence guidance for responsible mineral supply chains, with particular attention paid to identifying and mitigating risks associated with money laundering, corruption, and direct or indirect support for the Zimbabwean military forces. The US, UK, and EU should consider developing responsible mining reporting requirements, which could provide a mechanism through which to facilitate public reporting by companies active in the Zimbabwean mining sector.

There have been efforts to promote mining sector reform in Zimbabwe for many years, including multiple failed efforts related to the Extractive Industries Transparency Initiative (EITI). The donor community, including the World Bank—which is a leading EITI supporter but whose program in Zimbabwe is suspended due to arrears, should ensure that any engagement related to economic support for Zimbabwe includes specific and tangible benchmarks related to EITI implementation and overall reform. Such reforms include beneficial ownership transparency, open contracting and tendering processes, project-level revenue reporting, and the implementation of AML and anti-corruption processes.

In addition, Zimbabwe is reported to be implementing the African Union's African Mining Vision. Officials from the AU and the UN Economic Commission for Africa, which provides implementation support and expertise, should engage the government of Zimbabwe regarding the failures documented in this report and require direct reforms—and accountability—before providing additional support.



Probing the Tagwirei network

A top priority for stakeholders should be probing the credible reports that Tagwirei has benefited from corruption and preferential treatment from Zimbabwe's government, including those laid out in this report. The Sentry's investigation found numerous questionable commercial engagements and transactions—some of which have been the subject of official probes—as well as numerous seeming attempts to conceal or limit disclosure about the nature of some of these activities and the identities of the true beneficiaries. Given that many of these transactions involve state assets or public entities, the government of Zimbabwe should play a role in scrutinizing the Tagwirei network's conduct.

The government of Zimbabwe should establish a commission of inquiry into allegations of state capture. Some companies under Tagwirei's control have routinely been awarded millions of dollars in public contracts without undergoing tendering processes or payment disclosures. The pattern of preferential treatment identified in this report raises questions about who stands to gain from the corrupt status quo in Zimbabwe. To investigate allegations of state capture, the government of Zimbabwe should appoint a commission of inquiry, akin to South Africa's judicial inquiry into state capture, with independent commissioners drawn from the judiciary of Zimbabwe and fellow African Union states.

The board of directors of the Reserve Bank of Zimbabwe should commission and publish an independent investigation into the seemingly preferential treatment afforded to Tagwirei. The investigation should cover the bank's relationship and transactions with Tagwirei to determine whether the bank's decision-making has been influenced to benefit the personal interests of Tagwirei, his associates, or any politicians.

Law enforcement and regulatory authorities in relevant jurisdictions should dig deeper into Tagwirei's network. South African and Mauritian authorities, in particular, should investigate those connected to Tagwirei's network. These authorities should liaise with counterparts in others jurisdictions that may house companies or bank accounts owned or controlled by Tagwirei's network, such as Switzerland or the United States.

Annex: Kudakwashe's Companies

The following sections map out companies that Tagwirei either owns—entirely or in part—or controls. They draw upon:

- a July 2020 lawsuit in which a director of Sotic International groups several companies together with Sakunda Holdings, helping to show how Tagwirei's companies themselves thought of themselves as an integrated group.
- a review of the legal structures and controlling behavior of Tagwirei over the directors and ostensible owners of Sotic International, Landela Investments, Landela Mining Ventures, and closely related companies such as Pfimbi (Mauritius).
- company records of the firms established, closely linked to, or bought by Sotic International and the two Landela companies that are named in correspondence seen by The Sentry.
- a 2015 lawsuit against Tagwirei and his companies.



Showing Sakunda's hand

Tagwirei's own lawsuit linked many of his companies in Mauritius, South Africa, and Zimbabwe as an integrated group.

In July 2020, the director of Sotic International, David Brown, sued Sotic's former director Christopher Fourie on behalf of Takutata Pty, a South African company owned by Tagwirei, following an earlier Takutata board resolution signed by both Brown and Tagwirei.^{135, 136} The suit sought to restrain Fourie from criticizing Sotic, Sakunda Holdings Pvt Ltd (Zimbabwe), and affiliates. Brown set out that "the Sakunda Group of Companies are fully integrated and each operates for the common benefit of all the companies who are affiliated under the broad umbrella of the Group."¹³⁷

According to the lawsuit, the Sakunda group consists of:

- Takutata Pty Limited (South Africa)
- East Africa Supply and Trading Pty Limited (South Africa)
- Suzako Investments Pty Limited (South Africa)
- African Connection Logistics SA Pty Limited (South Africa)
- ACL Bulk Packaging Solutions Pty Limited (South Africa)
- Redfox Management Pty Limited (South Africa)
- Sotic South Africa Pty Limited (South Africa)
- Balesite Investments PVT Limited (Zimbabwe)
- Billheights Investments PVT Limited (Zimbabwe)
- Bionest Investments PVT Limited (Zimbabwe)
- Landela Investments PVT Limited (Zimbabwe)
- Landela Mining Ventures PVT Limited (Zimbabwe)
- Landela Infrastructure PVT Limited (Zimbabwe)
- Sakunda Holdings Pvt Limited (Zimbabwe)¹³⁸
- Caladrius Investments Limited (Mauritius)
- Sotic International Limited (Mauritius)

Kuda's control: "I will advise on all the issues"¹³⁹

Tagwirei's control over Sotic International, Landela Mining Ventures, Landela Investments, and likely other companies in this network can be seen both in his behavior towards directors of these companies—demonstrated in this section—and in the legal structures that were either explored or set up seemingly in order to allow him to exercise control without being declared a beneficial owner or director, which are discussed in the subsequent section.



Emails reviewed by the Sentry show Tagwirei giving instructions to SOTIC and Landela directors,^{140, 141, 142, 143, 144, 145} SOTIC company lawyers,^{146, 147} and board members of Great Dyke Investments,^{148, 149} as well as choosing which board roles at Great Dyke Investments were to be appointed by the Russian joint venture partner and which by Landela Mining Ventures.¹⁵⁰

- settling disputes between directors and asserting control over or reprimanding directors.^{151, 152, 153, 154, 155, 156, 157}
- claiming to directly recruit directors and nominee shareholders as employees.¹⁵⁸
- applying for a loan from Trafigura for Sotic International's purchase of Bindura Nickel Corporation and then, when this was declined, financing the purchase himself.^{159, 160}
- informing Sotic International directors that he, Tagwirei, was financing Sotic International's purchase of ASA, the owner of Freda Rebecca Gold Mine, from a variety of sources in South Africa, Zimbabwe, and Mauritius.¹⁶¹
- carrying out financial operations and making payments for Great Dyke Investments with Landela directors having little or no knowledge of what was happening.^{162, 163}
- overseeing cash flow at Sotic International,¹⁶⁴ directly managing Treasury Bills in Landela's bank account,¹⁶⁵ authorizing large transfers from Landela to Sotic International,¹⁶⁶ vetoing payments that required a director's signature,^{167, 168} reassuring Sotic International creditors that they would be paid from a Landela Investments account,¹⁶⁹ chasing Sotic International directors to pay invoices for work they were not aware of,¹⁷⁰ and chasing the Sotic International group financial controller to pay certain invoices promptly.¹⁷¹
- deciding minor operational details such as expense claims,¹⁷² payments for a printer,¹⁷³ job titles,¹⁷⁴ business credit card limits,¹⁷⁵ and even where business cards should be printed.¹⁷⁶

In turn, the four South African businesspeople at Sotic International defer to Tagwirei and directly acknowledge his role. For example, Christopher Fourie wrote to Tagwirei, "I know that it is your money, you call the shots and you are the boss,"¹⁷⁷ and "No document has ever left the company without your and CH's approval."¹⁷⁸ The directors also use Tagwirei's name to invoke his authority in conversations with one another. For example, Obey Chimuka wrote, "Kuda is of the view,"¹⁷⁹ Jozef Behr wrote, "as you aware, Kuda is the boss and approves and/or initiates all payments made,"¹⁸⁰ "Kuda said we must just go with landela investments to speed things up,"¹⁸¹ and "as discussed with the boss in Zim,"¹⁸² while Ronelle Sinclair wrote, "Kuda approved the registration."¹⁸³

Tagwirei also dealt directly with Capital Horizons,¹⁸⁴ the company service provider and financial adviser based in Mauritius that acted as the management company of Sotic International. After their first meeting, Shaan Kundomal, the head of Capital Horizons, summarized his discussions with Tagwirei in minutes that included proposals to acquire the 14% share of the Commercial Bank of Zimbabwe held by the Libyan central bank, to create of a tax-exempt free trade zone in Zimbabwe, and to possibly appoint a public relations specialist to manage risks to Tagwirei's reputation.¹⁸⁵



From: Kudakwashe Tagwirei [REDACTED]
Subject: SOTIC.=
Date: May 31, 2019 at 4:48 PM
To: Christopher [REDACTED], Jozef [REDACTED], Ronelle [REDACTED]

You guys need to stop these unnecessary fights. It is not good for business. We sat down and agreed the following in Zimbabwe.

1. We will have trusts which will have four beneficiaries to the lighthouse trust as I allocated that day. (need this done by Friday-Ronelle)
2. Jozef, Ronnelle to be directors. I am told Ronnelle is KYCd already. So Chris make sure she is a director by Tuesday 04 June)
3. We are going to start recruiting people into Sotic and as far as I am concerned no one works for Sotic except for Chris Fourie, Jozef Behr, Christian Webber and Ronnelle. Everyone else either works for Takutata, Redfox or ACL.
4. Chris I am paying money into Sotic for BNC, (30 million). Need to be done this week. That is your work. I am Still waiting for the cash flows for Our Zim alloys. HE wants that money to be paid after I show him the directors, owners of Sotic-Documents.
5. Chris-you and I need to work on the Landela signatories and structure cause you can't be the only signatory.
6. Jozef whenever your information is required for directors etc it can't be found, make it available so that we fix all this things.
7. I met with [REDACTED] and I was contemplating nting who will be the legal mind on the boards between him and Norman and I have concluded that [REDACTED] is more experienced and hence the best. I light of this He also will a board member.

We are about to make one of the biggest companies in Southern Africa and here you are jostling and fighting. We have so much work ahead of us. Be patient all of you.

There is enough work for all to go around. Stop fighting. And please don't respond to this mail on your petty fights just do your work.

Sent from my iPad

Emails reviewed by The Sentry show how Tagwirei played an authoritative role in Sotic International. Photo: Documents on file with The Sentry.

Designed to obfuscate

Tagwirei and his advisors also explored, and in some cases established, corporate and financial structures which helped disguise his involvement in Sotic International.

At first, Tagwirei's lawyers and business partners envisaged the governor of the Reserve Bank of Zimbabwe, John Mangudya, as protector of the trusts that were to hold the shares of Sotic International.¹⁸⁶ Trust law in Mauritius allows for trusts to have a protector who can withhold their consent from decisions made by the trustees, remove trustees, and appoint new trustees.¹⁸⁷ There is no evidence that Mangudya was aware of this proposed role.

It is clear from the legal documents accompanying Ronelle Sinclair's proposal that the proposed beneficiaries of the shareholding trusts—Christopher Fourie, Ronelle Sinclair, Jozef Behr, and Christian Weber—were to be the effective “agents” of the “principal”:

“4.1.2 Notwithstanding that, from time to time, in the performance of its Functions in terms of this Agreement, the share capital (or part thereof) in certain companies will be issued and registered in the Agent's name, all interest; ownership; power and/or rights in and to any such share capital in any company will, at all times and without exception, vest only in the Principal.”¹⁸⁸



On 22 May 2019, at 10:47, Ronelle Sinclair
<[REDACTED]> wrote:

Hello Kuda;

Herewith the trust deeds as requested.

Summary Information on the trusts –

The Lighthouse Trust

Protector	Dr John Mangudya
Beneficiaries	The Leonidas Trust (35%) The Alcaston Trust (35%) The Amphion Trust (15%) The Norfolk Trust (15%)
Trustees	Chris, Jozef, Christian, Ronelle

The Leonidas Trust

Protector	Dr John Mangudya
Beneficiaries	Christopher Fourie
Trustees	Chris, Jozef, Christian, Ronelle

The Alcaston Trust

Protector	Dr John Mangudya
Beneficiaries	Jozef Clifford Behr
Trustees	Chris, Jozef, Christian, Ronelle

The Amphion Trust

Protector	Dr John Mangudya
Beneficiaries	Ronelle Sinclair
Trustees	Chris, Jozef, Christian, Ronelle

The Norfolk Trust

Protector	Dr John Mangudya
Beneficiaries	Christian Alexander Weber
Trustees	Chris, Jozef, Christian, Ronelle

I have also attached the structure and the agreement from
[REDACTED] for the assignment of proceeds and rights.

Please let me know if you require more information. I have all
the documents available in word as well.

Thanks
Ronelle Sinclair

Emails reviewed by
The Sentry show how
Sotic International
executives planned to
use trusts to own the
company.

Photo: Documents on
file with The Sentry.

That Tagwirei was to be that “principal” was well understood by those proposed to be participating in the alleged scheme. For example, in August 2019, Tagwirei wrote to Sinclair, Behr, and others about Fourie’s involvement in the trust structures sitting above Sotic International: “He is involved and will remain involved. He is owner of the lighthouse trust on my behalf.”¹⁸⁹



Later, Tagwirei changed the structure again, with a Mauritian holding company, Pfimbi, owning Sotic International. In September 2019, Tagwirei confirmed the following proposal: "Pfimbi Ltd (Mauritius) is being set up. Shareholders will be: Christopher Fourie 35%, Jozef Behr 35%, Ronelle Sinclair 20% and Chirstian Weber 10%. Pfimbi will be the 100% beneficiary of the Lighthouse Trust."¹⁹⁰

From: [REDACTED]
Sent: 21 August 2019 11:05 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: SOTIC STRUCTURE / AMENDMENT OF TRUST / SHARE SALE AGREEMENT

Morning Shaan

I trust this e-mail finds you well. I'm sending this e-mail through under Chris' instructions and you will see that I've cc'd him in on the mail.

As you know, we're investigating and exploring different options for the introduction of Mr Tagwirei into the Sotic structure.

We are looking for the most seamless and effective manner to attend to this.

Apart from the Debenture Agreement that you've drafted, we also want to consider the below options to reach finality. However, we are going to require your assistance, guidance and the appropriate documents for consideration on the following:

- Amending the beneficiaries of the Lighthouse Trust to either Mr Tagwirei himself, alternatively, to a beneficiary of his choosing.
- We imagine that the Trustee owns the Sotic shares for the benefit of the beneficiaries. That may also need to be amended to ensure that, for all intent and purposes, effective control of the shares is given to Mr Tagwirei.
- In a nutshell, amending the Trust, its beneficiaries and shares by removing myself and amending the beneficiaries as described above.
- On the other hand, we are also in the process of doing a draft Sale of Share Agreement and will send that through to you shortly for your consideration. However, can I ask that you send me through the Share Agreement between Sotic/Lighthouse Trust and/or the Trustee.

We're aware that you are away in September, so if at all possible, we would request that you provide the documents for our consideration at your earliest convenience as we would like to finalise this transaction rather urgently.

Regards

[REDACTED]
Partner
[REDACTED]
[REDACTED]
<image001.jpg> [REDACTED]
[REDACTED]

Emails from Sotic International's lawyer to Capital Horizons discussed the use of trusts in Sotic's ownership structure. Photo: Documents on file with The Sentry.



At all times, Tagwirei appears aware of the structure. For example, in November 2019, Tagwirei complained about the length of time it was taking to set up a different set of trusts for the nominee shareholders who would own Pfimbi.¹⁹¹

From correspondence reviewed by The Sentry, it appears that, despite all the internal debate, trust structures may not have been used.

A web of offshore structures

In addition to acting as a de facto director of Sotic through his behavior and role in establishing structures in Mauritius to help him exert control, Tagwirei approved a convoluted offshore structure in order to fund Sotic, as he also sought to enjoy some of the benefits of being a beneficial owner while seemingly seeking to avoid disclosing this financial role.

In order for Tagwirei to put his money into Sotic International as its financier and fund the ASA mining deals, in October 2019, Capital Horizons arranged a complicated structure in which Sotic International issued 9,000 debentures to Almas Global Opportunity Fund SPC, a Cayman Islands fund. Capital Horizons then sent Tagwirei a “subscription agreement between Mr Tagwirei and Almas” and a deed of assignment that allowed him to send the money to Almas,¹⁹² who then sent \$8.4 million to Sotic International.¹⁹³ Convertible debentures are a form of debt that can be converted into shares. Essentially, Capital Horizons arranged that Tagwirei should pay Almas, who would pay Sotic, and that payment could eventually be converted into a share of Sotic International.¹⁹⁴

Part of the reason for choosing this convoluted route, as noted in a May 2019 email sent from one of Sotic International’s directors to Tagwirei and his lawyer, was that it would avoid awkward questions from bank compliance departments:

“Kuda, As mentioned, attached is a profit sharing debenture agreement. After discussing with Capital Horizons, I think this can work as an agreement for you to at least participate in the profits of Sotic. The reason that it is unsecured, is that we would then not have to disclose it as part of KYC and/or to the banks.”¹⁹⁵

Alternatively, if Tagwirei were to make a payment directly to Sotic, he would be required to show the source of funds from his Swiss bank account or make arrangements through a Sotic International shell company established in the United Arab Emirates, as discussed later in the same email:

“Capital Horizons have also requested a police clearance for yourself which they think will get it over the line for you to make payment directly to Sotic in Mauritius. Other docs required for this is a proof of source of fund which will be your Traf agreements and also your Pictec account details. If you can please let me know if you are happy with this approach and also if you can get a Police Clearance certificate at your earliest convenience? I will also get Norman to do a letter stating that there are no pending and/or on going legal proceedings against you.



The alternative to this and also to be put in place now, is to set up an asset management entity for you which would enter into a funding agreement(s) with Sotic UAE. This option will take a bit longer, but would then allow Sotic to pledge its shares to you.”¹⁹⁶

Later, in August 2019, Shaan Kundomal of Capital Horizons wrote to Tagwirei and his advisors, “Indeed it has always been our understanding that Mr. Tagwirei would be an owner of the SOTIC INTERNATIONAL LIMITED at a point in time.” Despite acknowledging what he described as “adverse media coverage,” Kundomal proposed that Tagwirei could invest either through Sotic International issuing shares, convertible debentures that can be converted into shares, or an interest-bearing loan to Sotic International, but he noted that all these scenarios would mean that the source of funds would need to be revealed.¹⁹⁷

By October 2019, Tagwirei eventually chose to invest in Sotic International via convertible debentures, but using the new, more complicated, opaque route via the Almas Global Opportunity Fund SPC.

In response to a request from Bloomberg, Almas declined to comment on its relationship with Tagwirei. “As per the legal obligations which the fund has to abide, it cannot comment on any of its relationships in any manner whatsoever,” Almas said. “We can confirm that the fund is committed to being responsible in all its legal and compliance obligations as a financial entity and adheres to all local and international laws.”¹⁹⁸

As Sotic grew and became more complex, it also set up the following companies:

- Sotic Trading Limited (Ras al Khaimah, United Arab Emirates)
- Sotic PTE Ltd (Singapore)
- Pfimbi Ltd (Mauritius)
- Landela Infrastructure (Private) Limited (Zimbabwe)
- Landela Energy (Private) Limited (Zimbabwe)

Both Landela Infrastructure and Landela Energy had Fourie, Behr, and Obey Chimuka as directors.

In order to purchase Chemplex, a deal that eventually never went through, Tagwirei set up Chervantes Investments (Pvt) Limited in Zimbabwe on August 5, 2019. Chervantes was owned by Sotic International, which was represented by Tagwirei’s lawyer, Norman Chimuka, with Fourie, Behr, and Obey Chimuka as directors.^{199, 200}

Banc ABC Sued Tagwirei in 2014

In December 2014, African Banking Corporation of Zimbabwe Limited sued Sakunda Holdings (Private) Limited, together with eight other respondents that the bank claimed had been pledged as security or bound as co-principal debtors or as cross-company guarantees, for alleged non-repayment of loans taken out from 2010 on. The claim, which Sakunda disputed, was settled in 2015.²⁰¹

The respondents were Sakunda Holdings, Sakunda Energy, Sakunda Logistics, Sakunda Properties, Warcos Investments, Mabelreign Service Station, Pom Pom Investments, Kudakwashe Tagwirei, and Sandra Mpunga.



A review of Zimbabwean company documents, Parliamentary proceedings, and open-source information found:

- Sakunda Properties and Warcos Investments had Tagwirei and his wife, Sandra Mpunga, as directors, and Warcos was likely used to finance the building of their home in Borrowdale, Harare.
- Tagwirei and his wife are the sole beneficial owners of Sakunda Holdings, according to its chief operating officer and company director, who gave evidence under oath to the Public Accounts Committee in Parliament on March 16, 2019.²⁰²

Records for Sakunda Energy, Sakunda Logistics, Pom Pom Investments, and Mabelreign Service Station were unavailable.

Companies owned, part-owned, or controlled by Tagwirei or his business partners²⁰³

Name	Jurisdiction	Purpose
Sakunda Energy (Private) Ltd	Zimbabwe	Petroleum
Sakunda Holdings (Private) Limited	Zimbabwe	Holding company
Sakunda Properties (Private) Limited	Zimbabwe	Property
Sakunda Trading (Private) Limited	Zimbabwe	Fuel marketing and trading
Sakunda Logistics (Private) Limited	Zimbabwe	Logistics
Sakunda Petroleum (Private) Limited (Majority shareholding)	Zimbabwe	Fuel retail
Sakunda Agriculture (Private) Limited	Zimbabwe	Agriculture
Warcos Investments (Private) Limited	Zimbabwe	Property
Billheights Investments (Private) Limited	Zimbabwe	Petroleum wholesale and bulk fuel supplier
Bionest Investments (Private) Limited t/a Trek Petroleum	Zimbabwe	Fuel retail
Balesite Investments (Private) Limited, name changed to African Connection Logistics (Private) Limited	Zimbabwe	Logistics
Landela Mining Ventures (Private) Limited	Zimbabwe	Mining
Landela Investments (Private) Limited	Zimbabwe	Investments
Great Dyke Investments (Private) Limited (50%)	Zimbabwe	Platinum mine
Bindura Nickel Corporation Limited (Majority shareholding)	Zimbabwe	Nickel mine
Freda Rebecca Holdings (Private) Limited and subsidiary, Freda Rebecca Gold Mine (Private) Limited (Majority shareholding)	Zimbabwe	Gold mine



Chervantes Investments (Private) Limited	Zimbabwe	Was to be used to buy Chemplex
Landela Infrastructure (Private) Limited	Zimbabwe	Infrastructure
Landela Energy (Private) Limited	Zimbabwe	Energy
Landela Infrastructure (Private) Limited	Zimbabwe	Infrastructure
Takutata (Pty) Limited	South Africa	Trading and investment
Suzako Investments (Pty) Limited	South Africa	Commodity trading and investment
Redfox Management (Pty) Limited	South Africa	Management consulting
East Africa Supply and Trading (Pty) Limited	South Africa	Commodity trading and investment
African Connection Logistics SA (Pty) Limited	South Africa	Logistics
ACL Transport Solutions (Pty) Limited	South Africa	Transport and logistics
ACL Bulk Packaging Solutions (Pty) Limited	South Africa	Logistics and packaging
Sotic International Limited	Mauritius	Holding and trading company
Sotic Trading Limited	UAE	Trading
Sotic Singapore Pte Limited	Singapore	Trading and investment
SOTIC South Africa (Pty) Limited	South Africa	Trading and investment
Pfimbi Limited	Mauritius	Holding company
Pfimbi Resources (Private) Limited	Zimbabwe	Mining
Ziwa Resources (Private) Limited	Zimbabwe	Mining
Caladrius Investments Limited	Mauritius	Logistical services
Cascade Imperial (Pty) Limited	South Africa	Logistics



Endnotes

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- 10 The ownership of Sakunda Holdings by Tagwirei (54%) and his wife (46%) is confirmed by evidence given under oath by the chief operating officer of Sakunda Holdings to the Parliament of Zimbabwe Public Accounts Committee (PAC). The \$1 billion size of the three-year Command Agriculture program is discussed at the same PAC hearing. See note 8.
- 11 The Dema contract was \$630 million. See note 7.
- 12 For more details on these businesses, see the annex.
- 13 In this report, The Sentry refers to Sotic International, or Sotic, solely as the company established on January 26, 2016, in Mauritius, file number C135746.
- 14 Email sent July 1, 2019, on file with The Sentry.
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- 158 "I recruited Ronnelle and not you. She is my employee. She will be the director of Sotic as well as the shareholder." Email sent on September 30, 2019, on file with The Sentry.
- 159 "As per our current assessment we do not see enough free cash flow from Trojan Nickle Mine to sustain the reimbursement of a prepayment or financing facility funding the acquisition price of GBP 23M." Email sent on September 17, 2019, on file with The Sentry.
- 160 "I have enough money for the acquisition." Email sent on September 18, 2019, on file with The Sentry.
- 161 "1. Please pay 12 million pounds to ASA today and can I have the TT before 1=90hrs 2. I am paying 3million from Zimbabwe. 1.5 million from SA and 8.5 million once my loan is done with SOTIC. I will send the loan agreement today." Email sent on October 1, 2019, on file with The Sentry.
- 162 "I am managing TBs using the Landela account." Email sent on July 30, 2019, on file with The Sentry.
- 163 "Kuda, I understand that it was RTGS that was paid. I don't think is correct as per the SPA. Just flagging. Don't really know what was agree behind the scenes." Email sent on January 21, 2019, on file with The Sentry.
- 164 "We are doing a cash flow for Kuda to plan for payments for all these assets." Email sent on May 27, 2019, on file with The Sentry.
- 165 "I am managing TBs using the Landela account." Email sent on July 30, 2019, on file with The Sentry.
- 166 "Go ahead and do it." Email sent on June 13, 2019, on file with The Sentry.



167 "Don't make this payment." Email sent on October 12, 2019, on file with The Sentry.

168 "Don't pay." Email sent on April 16, 2020, on file with The Sentry.

169 "...you are being paid no-one is running away with your money." Email sent on July 23, 2019, on file with The Sentry.

170 Email sent on June 25, 2019, on file with The Sentry.

171 "Can we quickly pay sign these urgently." Email sent on April 17, 2020, on file with The Sentry.

172 "What is the 31k for?" Email sent on August 13, 2019, on file with The Sentry.

173 "Will have the printer however sorted in the next few days. Apologies for the run around, Kuda changed his mind about it this week..." Email sent on September 5, 2019, on file with The Sentry.

174 "What is a strategic analyst. Can I see her CV please. Before putting people into positions let's have an organogram." Email sent on June 13, 2019, on file with The Sentry.

175 "...the limits on the cards have been set to a total of R5 000.00 under Kuda's Instruction." Email sent on August 14, 2019, on file with The Sentry.

176 "Let them be done in SA." Email sent on July 10, 2019, on file with The Sentry: "

177 Email sent on February 21, 2020, on file with The Sentry.

178 Email sent on May 6, 2020, on file with The Sentry.

179 In discussing senior roles at Great Dyke Investments, Obey Chimuka says, "Kuda is also of the view that since the CFO is an appointee of the shareholder, in terms of the SHA the contract should be signed by the Chairman." Email sent on January 3, 2020, on file with The Sentry.

180 Email sent on January 3, 2020, on file with The Sentry.

181 "This morning Kuda said we must just go with landela investments to speed things up. We can always transfer assets later. I'm actual fact the whole deal will be restructured with offshore structures." Email sent on July 18, 2019, on file with The Sentry.

182 Email sent on June 13, 2019, on file with The Sentry.

183 "We have registered a Sotic South Africa company – CH advised that this is the easiest way for us to incur costs without accruing the irritating mark-up on it. Kuda approved the registration...Kuda has instructed me on the 30th of July that the company directors should be Jozef (for now, we will add more once the initial registrations are complete with SARS and others). The company is 100% owned by Sotic international." Email sent on August 14, 2019, on file with The Sentry.

184 Email sent on September 30, 2019, on file with The Sentry.

185 Email sent on October 10, 2019, on file with The Sentry.

186 Email sent on June 6, 2019, on file with The Sentry.

187 The National Assembly of Mauritius, "The Trusts Act 2001, Section 24. Protector of Trust," December 2001, available at: <https://www.atmcmauritius.org/modules/docpool/documents/5-the-trusts-act-2001-amended-080113cc.pdf>

188 Email sent on June 6, 2019, on file with The Sentry.

189 Email sent on August 1, 2019, on file with The Sentry.

190 Email sent on September 26, 2019, on file with The Sentry.

191 "Why is this taking so long." Email sent on November 6, 2019, on file with The Sentry.

192 Email sent on October 18, 2019, on file with The Sentry.

193 Email sent on October 24, 2019, on file with The Sentry.

194 Email sent on October 10, 2019, on file with The Sentry.

195 Email sent on May 29, 2019, on file with The Sentry.

196 Email sent on May 29, 2019, on file with The Sentry.

197 Email sent on August 14, 2019, on file with The Sentry.

198 See note 21.

199 Email sent on September 30, 2019, on file with The Sentry.



- 200 Email sent on September 25, 2019, on file with The Sentry.
- 201 *African Banking Corporation of Zimbabwe Limited v. Sakunda Holdings and others*, Zimbabwe High Court, HC 11021/14, 2014.
- 202 See note 8, (02:50:00).
- 203 Documents on file with The Sentry.

