IN THE OFFICE OF THE OMBUD FOR FINANCIAL SERVICES PROVIDERS

PRETORIA

Case number: FAIS 03440/11-12/ GP 1

In the matter between:

ROBERT LUDOLF PRIGGE **Complainant**

and

J & G FINANCIAL SERVICES ASSURANCE
BROKERS (PTY) LTD **First Respondent**

JAMES WRIGHT **Second Respondent**

DETERMINATION IN TERMS OF SECTION 28(1) OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT NO 37 OF 2002 (the Act)

A. INTRODUCTION

[1] On 30 August 2011, complainant filed a complaint with the Office against first and second respondent.

[2] The complaint arises from an investment that was made by complainant into PIC Syndications (Pty) Ltd in Highveld Syndication 22 on the advice of respondents.

B. THE PARTIES

[3] Complainant is Dr Robert L Prigge, an adult male medical practitioner, whose details are on file in this Office.

[4] First respondent is J & G Financial Services Assurance Brokers (Pty) Ltd, registration number 2004/029965/07, a company duly registered in terms of South African laws, with its business address noted in the regulator's records as 65 Clinton Road, New Redruth, Alberton, 1449.

[5] First respondent is a licensed financial services provider as provided for in terms of the FAIS Act, with license number 27171. The license was issued in July 2006 and is still in force.

[6] Second respondent is Mr James Wright, a key individual and authorised representative of first respondent. At all times material hereto, second respondent rendered financial services to complainant.

[7] I refer to first and second respondents simply as respondent. Where appropriate I specify.

C. BACKGROUND

[8] Before addressing the facts of this complaint, it is worthwhile setting out the background to this particular investment and the related syndications. For purposes of this determination, I will refer to the Highveld Syndication (HS) 22 syndication only.

[9] PIC Syndications (Pty) Ltd, (commonly known as Pickvest), then an authorised financial services provider[1] and promoter marketed the shares through a network of brokers.

[10] Pickvest allegedly had a well-established network of investment consultants and a marketing network of approximately 800 accredited financial advisers who marketed the shares coupled with loan accounts.

[11] The intended syndication structure was that the investor would buy a share coupled with a loan account in a public company and the properties were meant to be registered debt free in the same public company. The shareholder would receive the necessary shareholder's certificate as proof of ownership.

[12] The marketing of the property syndications took place by means of published registered prospectuses.

[13] It was further intended that a head lease and buyback agreement with the company Zephan Properties (Pty) Ltd would ensure a stable monthly income over a specific period and secure capital growth in the property investment after a fixed investment term.

[14] What allegedly attracted investors to Highveld Syndication No 22 Limited[2], was the fact that their capital was secured by a guaranteed buy-back agreement. It was

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1 PICVEST Investments (Pty) Ltd with License number 20878, which has since been withdrawn, according to the Registrar of Financial Services.

2 Registration No 2005/027390/06, trading as Charles Crescent Syndication

further provided in the prospectus that the shares would be bought back at the purchase per share price, 5 years from the date of the investment.

[15] According to the prospectus and contrary to Notice 459 of Government Gazette 28690 of 2006, investors' funds were to be held in the trust account of attorneys, Eugene Kruger & Company Inc until the syndication company took occupation of the properties in question.

[16] It is a matter of fact that Pickvest withdrew the funds from the attorneys' trust account, prior to the transfer of the properties, paid it to the sellers and without reference to the investors, cancelled the sale agreements between the syndication company and various sellers. A company known as Orthotouch Limited, (Orthotouch) entered into agreement with the sellers and the syndication companies in terms of which Orthotouch would buy the properties from the syndication companies. The latter companies were later placed under business rescue in terms of the Companies Act 71 of 2008. Thus, none of the properties were ever transferred to the syndication companies, despite payment having been made.

[17] On the 4th of September 2008 the South African Reserve Bank appointed inspectors to investigate the activities of Pickvest to establish whether it was conducting the business of a bank. This intervention saw a reduction in the income provided by some of the syndications and the subsequent collapse of the schemes.

D. THE COMPLAINT

[18] Complainant states that during 2010, he inherited an amount of R500 000, which he invested in the Absa Money Market. During May 2010, respondent approached complainant to invest in the Highveld Syndication 22 (HS 22).

[19] Respondent allegedly advised complainant that:

19.1 HS 22 invested in buildings for capital growth and rental income from the buildings.

19.2 Complainant would double his investment in 5 years, adding that respondent and his father had also invested in the syndication.

19.3 This particular investment was better than complainant's Absa Money Market investment and was secure.

19.4 Complainant could borrow from the investment; and

19.5 The minimum investment allowable was R500 000.

[20] Respondent allegedly noted that complainant was the last person to invest, as the investments had already closed.

[21] Complainant's wife transferred the amount of R500 000 on 29 July 2010 into the trust account of attorneys Eugene Kruger & Co.

[22] Complainant notes that he only received the prospectus and share certificate during January 2011, some six months after the investment was made. He claims the delay left him pondering about the safety of his investment.

[23] During May 2011, complainant had a meeting with respondent and was again assured that he had nothing to be worried about and that the investment was safe.

[24] Following an article on Moneyweb complainant once again met with respondent on 31 May 2011, who assured him that his money was safe, despite the negative publicity surrounding Pickvest and its syndications at the time. Complainant states that he tried to get ahold of respondent during June 2011 to no avail.

[25] Complainant is of the view that he had been inappropriately advised. No record of advice was completed and no other investments were suggested to him. He states that had he left his investment in the Money Market, it would still be safe, earning interest.

E. RELIEF SOUGHT

[26] Complainant states that his investment is now in the hands of this Office and seeks repayment of the amount of R500 000 from respondents.

[27] The basis of complainant's claim against respondent is the latter's failure to render financial services in line with the FAIS Act and the General Code of Conduct (the Code), which includes respondent's failure to appropriately advise complainant and disclose the risk involved in the HS 22 investment.

F. RESPONDENTS' RESPONSE.

[28] During September 2011, in compliance with Rule 6(b) of the Rules on Proceedings of the Office of the Ombud ("Rules"), the office referred the complaint to respondent advising respondent to resolve the complaint with his client. Respondent duly responded on 14 October 2011.

[29] In his response to the office, respondent noted the following:

29.1 Respondent notes that complainant did not suffer any financial loss. He further confirms that he had explained to complainant how the investment worked. Respondent makes this statement without any justification whatsoever.

29.2 Respondent forth notes that a record of advice was completed and signed by complainant, and a copy provided to the latter.

29.3 Respondent questions complainant's integrity and honesty in light of the alleged false statements made that he did not complete a record of advice or provide him with the necessary documentation. In respondent's view the complaint should be summarily dismissed.

29.4 Respondent states that he had known complainant since 1987 and was appointed as complainant's financial advisor in 2000. Respondent invested some of complainant's capital in a retirement annuity and also in his PPS Portfolio. Respondent further stated that he regularly meets with

complainant to discuss the performance of his investments and complainant has never indicated his dissatisfaction with the investments made or the fund performances.

29.5 Respondent confirms that complainant met with him at respondent's office on 22 July 2010 to invest the amount of R500 000. Complainant allegedly, was not satisfied with the income on the investment.

29.6 As part of the agreement of engagement, signed by complainant on 22 July 2010 it was noted that the priority area was retirement as the time left to accumulate capital growth was short, taking into account complainant's age.

29.7 The risk assessment indicated that complainant was of moderate risk. Respondent is of the view that an investment in PIC will always be associated with moderate risks and this fact was clearly disclosed in the prospectus. In the face of the risks presented by the offer in the prospectus, it is doubtful that respondent understood the investment at all.

29.8 Respondent further claims that other investment options including collective investments and possibly adding to the existing RA were made to complainant, but in respondent's view complainant did not have appetite for such type of investments. Complainant wanted an investment with a higher return than what was available in the money market. Complainant was therefore willing to take a higher risk to achieve his outcome.

29.9 Respondent states he explained all the advantages and disadvantages of an investment in HS 22 with the complainant in detail, after which complainant indicated that he would discuss it with his wife before making a final decision.

29.10 On 31 May 2011 complainant made an appointment to discuss media reports with regards to the PIC problems. Respondent conveyed that he was only aware of the cautionary notice published to all shareholders and that the income rate on some portfolios had been lowered.

29.11 Respondent further mentioned that:

a. The client advice record contains a general notice heading where it is noted that the prospectus had been presented to the complainant and that record of advice had been signed;

b. Full disclosure about the HS 22 product was made to complainant, which contains details regarding penalties on early termination;

c. Complainant had a legal obligation to satisfy himself with the contents of the prospectus as he became a party to the investment agreement between himself and HS 22;

d. Respondent further states that the prospectus makes provision for a cooling off period of 3 days within which period the investment can be cancelled by the investor without any penalty;

e. Respondent states that he had been in the financial services industry for 31 years and has obtained a post graduate diploma in Financial Planning from the University of the Free State. He has a well-established client base and this is the first time that he had been 'charged' on the basis of his financial advice.

f. Respondent further noted that he had conducted his due diligence on the HS Companies and PIC (Pickvest) and was satisfied as to their ability to meet their obligations. No evidence has been submitted beyond this claim.

g. Respondent concludes that at all times he acted in the best interest of complainant. He discharged himself of all requirements as contained in the General Code of Conduct.

h. Respondent also notes, he is licensed to sell unlisted shares and was accredited by PIC to sell their product. Respondent provided complainant with a quotation of each investment and concluded a service level agreement. He discussed the product and full and provided a copy of the prospectus.

i. Complainant had knowledge of investment and is a knowledgeable able man. Complainant had a legal obligation to familiarize himself with the contents of the prospectus and other related documentation. Complainant also indicated that he had enough emergency funds available (R50 000).

j. Respondent also states that the record of advice indicates that:

"Die beleggingskapitaal word beskerm deur 'n terugkoopooreenkoms[3]".

Respondent states that the investment capital was never guaranteed. The quotation further only reference to illustrative values with a buy back date of 30 September 2014 and nothing is mentioned of a guarantee.

k. In conclusion, respondent notes that on page 20 of the application form, complainant acknowledged that:

i. No capital growth can accumulate before the buyback date;

ii. The shares issues are unlisted and has a risk attached to it because of the lack of liquidity of unlisted shares that has to be sold to a prospective buyer;

iii. He has been provided with a prospectus;

iv. All financial illustrations and forecasts are derived from the prospectus.

[30] On 18 June 2012 and 9 June 2015 respectively, the FAIS Ombud addressed correspondence to respondents in terms of Section 27(4) of the FAIS Act informing them that the complaint has not been resolved and that the office was proceeding towards an investigation. The letter invited respondent to deal with the question of appropriateness of advice, taking into account the risk involved in the investment

[3] The investment capital is protected by a buy back agreement.

and matching that with complainants' circumstances. In reply, respondent merely indicated that the required report, including supporting documents, were comprehensively drafted and hand delivered to the office. No further response was received.

G. DETERMINATION

[31] The issues before me are as follows:

31.1 In giving financial advice, did respondent contravene the Code?

31.2 Did respondent's advice cause complainants loss; if so, in what amount?

H. DISCUSSION AND FINDINGS

The prospectus

[32] Some important aspects of the prospectus are worth highlighting:

32.1 The investment in HS 22 was intended to generate maximum capital growth over a period of 5 years, with no income;

32.2 The closing date of the offer was 10 August 2009;

32.3 Shares on offer are noted as unlisted and should be considered as a business enterprise capital investment. Shares can trade at a lower value than the purchase price, depending on the performance of the company;

32.4 The marketing company undertook to assist shareholders to sell their shares at market-related commission once the offer has been fully subscribed to. It

remains however the responsibility of the investor to find a suitable buyer for the shares;

32.5 As mentioned earlier, funds received were to be held in trust by Eugene Kruger & Company, but the funds could be drawn on the instruction of PIC Syndications and utilised to enable the syndication to take occupation of the properties. The unencumbered properties would then be transferred into the name of HS 22; (emphasis supplied)

32.6 As a further "advantage" to investors, it was noted that HS 22 was a member of the Public Property Syndication Association which has laid down a strict code of conduct to protect the rights of individual investors;

32.7 Applications are further noted to be irrevocable and may not be withdrawn once submitted to the Secretary;

32.8 A brokerage fee of 6% is payable by the promoter to the adviser in respect of the investment;

32.9 The investment is regarded as a medium to long-term investment and that PIC Syndications are not responsible to find a suitable buyer, should the investor wish to sell his or her shares;

32.10 Shareholders are in fact compelled to sell their shares, five years from the investment date, according to the buy-back agreement. However, they may sell their shares before the agreement comes into force. According to

respondent's version to this office, he had never had sight of the buy-back agreement;

32.11 As far as minimum subscription was concerned, the minimum amount that had to be raised was R888 000 000. In the event that this price was not raised, the balance to be raised would roll over into a follow up prospectus until it is fully subscribed. The prospectus in question was to raise the balance of R657 391 00.

[33] In order to get a better appreciation of the risks associated with property syndications and the kind of disclosures that should have been made in order to properly advise complainant in terms of the FAIS Act, one has to refer to the statutory disclosures contained in the Government Gazette No 28690, Notice 459 of 2006 (notice 459). These are minimum mandatory disclosures to be made by promoters of property syndicates. By extension, any provider who carries in his portfolio of investment choices property syndications and recommends same to clients, must be aware of these and has an obligation to deal with these when advising his or her client. The aim, as set out in the Gazette, is to assist and protect the public when considering these investments.

[34] The Code requires providers to disclose to their client material information to enable consumers to arrive at an informed decision. Section 7 provides as follows:

"(1) Subject to the provisions of this Code, a provider other than a direct marketer, must-

(a) provide a reasonable and appropriate general explanation of the nature and material terms of the relevant contract or transaction to a client, and generally make full and frank disclosure of any information that would reasonably be expected to enable the client to make an informed decision;"

[35] The material information about this investment is contained in the prospectus and application form. Before I deal with these documents, it is appropriate for me to highlight some of the provisions of notice 459:

a) Section 1(a) provides that:

"Statements, presentations and descriptions shall not convey false or misleading information about public property syndication schemes and/or omit material information during the public offer of shares. Material information is information which an investor needs in order to make an informed decision."

b) Section 1(b) states that:

"Investors shall be informed in writing that:

(i) public property syndication is a long-term investment, usually not less than five years;

(ii) there is a substantial risk, in that the investor may not be able to sell his shares should he wish to do so in the future;

(iii) it is not the function of the promoter to find a buyer should the investor wish to sell his shares and that it is the investor's responsibility to find his own buyer."

c) Section 2 (a) requires that investors must be informed that funds received from them prior to transfer will be held in an attorney's trust account. But more importantly, section 2 (b) states as follows:

"Funds shall only be withdrawn from the trust account in the event of registration of transfer of the property into the syndication vehicle; or underwriting by a disclosed underwriter with details of the underwriter; or repayment to an investor in the event of the syndication not proceeding."

d) Section 3(c) states that:

"The disclosure document, which is to be dated and signed by the promoter, shall contain a statement of proper due diligence (commercially and legally) with regard to the property and its tenants prior to the unconditional purchase thereof and he/she shall state that this was done and that he/she is satisfied with the results thereof."

[36] Bearing this in mind, I now turn to the prospectus in HS 22. The following appears from the prospectus:

36.1 The closing date of the offer was 10 August 2009. However, the investment was made during May 2011, approximately 9 months after the date of offer has closed. The prospectus presented to complainant had actually expired. Respondent nonetheless advised complainant to make the investment. This is illegal and respondent tenders no explanation for this.

36.2 In a paragraph titled "Risk Statement" the following appears:

"The registrar of companies does not express a view on the risk for investors or the price of the shares. However, the attention of the public is drawn to the fact that the shares on offer are unlisted and should be considered as a business enterprise capital investment. Investors should take notice that there is a possibility that the shares can trade at a lower value than the purchase price, should the company not perform as expected."

36.3 The warning prescribed in section 1 of notice 459 is not clearly set out. There is no evidence that the risks as contained in the notice were explained to complainant, given the paucity in the wording of the prospectus.

36.4 On page 7 of the prospectus, the following appears:

"*As soon as sufficient funds are received by* ***"Eugene Kruger & Co Attorneys Trust Account"****, it will be utilised to enable the syndication to* ***take occupation*** *of the properties. These funds will be drawn on the instructions of PIC as per agreement between PIC and the investors. The unencumbered properties will be transferred into the name of Highveld Syndication No.22 Ltd." (own emphasis)*

36.5 This is in blatant contravention of section 2 (a) of notice 459. Investor funds had to be secured in the trust account of an attorney and only paid out upon registration of transfer of the property and not on "occupation" of property. Given respondent's statements about conducting due diligence, I must accept that he had seen this provision or ought to have seen it and still went ahead and invested complainant's funds. The section is about investor

protection. Given the far reaching implications of the violation of the provision, it is not unreasonable to conclude that respondent gambled complainant's funds. In fact, the Registrar of Financial Services cancelled PIC's license for this reason[4].

Given the discussion in paragraphs 32 to 35 it is requires no genius to conclude that respondent was completely out of his depth when it came to this investment; thus, he could not have appropriately apprised complainant of the risks involved in violation of sections 8 and 7 of the Code.

36.6 It is common cause that complainant's money was in a money market account. Even though the prospectus states that the return from the PIC Highveld 22 cannot be compared with a bank investment, respondent nonetheless informed complainant that the HS 22 investment is far better than the money market investment. Precisely what made this investment better is not explained.

36.7 What this office can gather from respondent's own version is that the two investments were compared on the basis of their respective returns. Complainant was misled. Whether this was as a result of respondent's ignorance or a deliberate misstatement is of no moment. Respondent with his years of experience should have known that comparing investments solely on the basis of a return is misleading.

[4] License cancelled on 11 February 2014

36.8 I am not surprised that respondent did not concern himself with compiling and providing complainant with a replacement advice record. In this regard, respondent was obliged in terms of section 8 (1) (d) of the Code to disclose the actual and potential financial implications, costs and consequences of such a replacement. I could not find any evidence that such a disclosure was made. There is further no indication in the so-called record of advice why this particular product was preferred over others as being more likely to satisfy the complainant's identified needs and objectives. More will be said about this point later.

Record of advice

[37] I will now deal with respondent's record of advice. What is in fact referred to as a record of advice, is the **application form** to purchase shares in HS 22, trading as Charles Crescent Syndication.

[38] It is evident from the application form that its sole purpose was to sell the applicant, in this case complainant, shares in HS 22. All the questions asked in this form relate to the specific investment in HS 22. There is no evidence that respondent considered any other investment than this one. I am aware of respondent's claims that he suggested other products to complainant but the latter refused. If that was indeed the case, respondent ought to have followed the provisions of section 8 (4).

[39] In the rest of the pages of the document, a feeble attempt is made to record personal financial information of the complainant including assets and liabilities but the income and expenditure area was left blank. On page 4 of the application form,

the section on debt, specifically referring to the bond, was marked with a zero in sharp contrast to the information on the previous page. It is therefore not clear how respondent conducted a proper analysis with the information at hand as required by section 8 (1) of the Code. On page 5 of the form[5] the investment objective is stated as: *".. capital growth need from **this** investment?"*

The document does not constitute a proper record of advice.

[40] According to the information provided on page 7 of the form, complainant was considered a **conservative** investor. Complainant, in responding to the question of which capital investment return he would prefer, marked:

"5% to 12% per year with security on capital (conservative)".

It is therefore unclear what steered respondent in the direction of the high risk Highveld 22 syndication investment when complainant clearly had no appetite for risk. Respondent claims that the prospectus notes the risk of the HS 22 investment as moderate. This statement undermines respondent's claims of conducting due diligence. How could an entity turn eschew legislative protection for investors and still claim to be offering an investment with moderate risk?

[41] Respondent's contention that complainant had good knowledge of investments because of an investment he had in African Cellular Towers is rejected outright. On respondent's own version complainant knew very little, if anything about investments. In fact, if complainant knew anything about investments, he would have steered clear of this particular investment.

[5] Translated from Afrikaans

[42] The sole purpose of the documentation completed, was to effect the investment of R500 000 in HS 22. This much is noted on page 10 of the form where complainant had to confirm that the only instruction given to respondent was to render **a specific service in respect of syndications**. No other information was collected from complainant and no other products considered. It is therefore not clear how respondent contends that he complied with this duties as a provider when he failed to conduct a proper analysis, as provided for in section 8 of the Code and recommend a suitable product.

[43] Respondent has further stated that complainant had a three day cooling off period to cancel the investment in the event he chose not to proceed. This clause in the application form contradicts what is noted in the prospectus on page 10, where it is noted that applications are irrevocable and may not be withdrawn once submitted to the secretary. This is further evidence that respondent had not conducted due diligence on the investment.

[44] The fact that the so-called record of advice is signed, is by no means an indication that complainant was fully aware of the risk involved in the investment, or that all the relevant information was disclosed and explained to him. I have no doubt that if respondent did not understand the prospectus, there was little chance he could not have appropriately advised complainant.

I. CAUSATION

[45] But for the respondents' advice, there is no evidence that complainant would have invested in PIC Highveld 22. On respondent's version, he introduced the investment to complainant.

[46] Outside of complainant's version, there is no evidence pointing to respondent's adherence to the law. The information at this office's disposal points to the following conclusions:

46.1 Had respondent followed the Code, he would not have recommended an investment in HS 22. Being aware of complainant's risk appetite, he would have found an investment that is commensurate with complainant's circumstances;

46.2 Having read and understood what the prospectus and the application form states and noted the inconsistencies between the two[6], respondent could not have been acting in complainant's interests when he recommended the investment in HS 22;

46.3 There is no evidence that respondent had conducted due diligence on the HS 22 investment. This means, respondent had no idea what he was inviting complainant to when he recommended the said investment;

[6] Refer to the provisions dealing with the irrevocable offer in the prospectus and contrast this with the application form on the cooling off period.

46.4 Had the respondents acted according to his own risk analysis and considered the prospectus carefully, he would have realized that this was a risky investment not suitable for the complainant's needs and that there were insufficient safeguards against director misconduct or mismanagement, particularly because the prospectus did not comply with notice 459.

46.5 By investing complainant's funds long after the prospectus had expired, respondent exposed complainant to harm. The test here is not whether or not a collapse, for whatever reason was foreseeable, but whether the investment was appropriate for the complainant, bearing in minds his needs and tolerance for risk.

46.6 It is improbable that complainant would out of his own invested into HS 22 without respondent's advice.

[47] The enquiry is whether, as a matter of public and legal policy, it is reasonable, fair and just to impose legal responsibility for the consequences that resulted from the conduct of the respondents in giving advice that was inappropriate in terms of the Act and the Code.

[48] It is easy and convenient to impute loss to director mismanagement or other commercial causes. The complainant's loss was not caused by management failure or other commercial influences. If the respondent did his work according to the Act and code, no investment in PIC would have been made, bearing in mind complainant's tolerance for risk. The cause of loss was the inappropriate advice to invest in a risky product. That the risk actually materialized, for whatever reason,

is not the cause of the loss. Otherwise the whole purpose of the Act and Code will be defeated. Every FSP can ignore the Act and Code in providing services to their clients and hope that the investment does not fail. Then when the risk materializes and loss occurs they can hide behind unforeseeable conduct on the part of product providers. This will fly in the face of public and legal policy and the provisions of the Act and Code.

[49] The reasonable foreseeability test did not require that the precise nature or the exact extent of the loss suffered or the precise manner of the harm occurring should have been reasonably foreseeable for liability to result: it was sufficient if the general nature of the harm suffered by the complainant and the general manner of the harm occurring was reasonably foreseeable. A skilled and responsible FSP, acting according to the Act and the Code, would not have advised complainant to invest in PIC. The loss suffered by complainant as a result of respondents' inappropriate advice was reasonably foreseeable by the respondent. I refer in this regard to the matter of S*tandard Chartered Bank of Canada v Nedperm Bank Ltd*[7] where the Court held that:

"as to the issues of loss and causation, that although the untrue report issued by the respondent had been a factual cause of the appellant's loss, the test to be applied to the question whether the furnishing of the untrue report had been linked sufficiently closely or directly to the loss for legal liability to ensue was a flexible one in which factors such as reasonable foreseeability, directness, the absence or

[7] 1994 (4) SA 747 (AD)

presence of a novus actus interveniens, legal policy, reasonability, fairness and justice all played a part."

[50] I accordingly conclude that, based on the facts of this case, both factual and legal causation was established.

J. CONCLUSION

[51] For reasons set out above, I find that, in advising complainant to invest in HS 22, respondent contravened sections 2, 7 (1) and (2) and 8 (1) and (2) of the Code. I also find that this conduct was the cause of complainant's loss.

K. QUANTUM

[52] Complainant invested an amount of R500 000. Of this amount complainant has not seen a cent.

[53] In his response to this office, respondent raised the fact that complainant has not lost any money but failed to make anything more of the statement. Clearly, respondent has no objective evidence to substantiate this point. Accordingly I intend to award complainant the full amount of R500 000 plus interest.

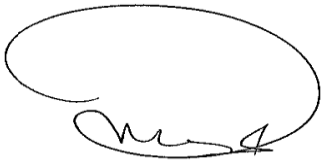
L. ORDER

[54] In the premises, I make the following order:

1. The complaint is upheld;

2. Respondents are ordered to pay to complainant, jointly and severally the one paying the other to be absolved, the amount of R500 000;
3. Interest on this amount at the rate of 10.25% from a date seven (7) days from date hereof to date of final payment.
4. Upon receipt of payment, complainant will cede his right to any further claims to respondent.

DATED AT PRETORIA THIS THE 24th DAY OF JUNE 2016.



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OMBUD FOR FINANCIAL SERVICES PROVIDERS