



EFF STATEMENT ON LOTTERY COMMISSION'S IRREGULARLY APPOINTED LAWYERS

Monday, 09 September 2024.

The Economic Freedom Fighters (EFF) is outraged at the National Lottery Commission's (NLC) brazen violation of legal and ethical standards in their unlawful dealings with the law firm Cheadle Thompson and Haysom (CTH). This scandal is a testament to the deep-seated corruption within the NLC, which has shown nothing but contempt for the law, governance, and black professionals who have been deliberately excluded from participating in the legal services panel.

Despite being warned by no fewer than seven respected bodies and individuals—including the Auditor-General, the head of internal audit, the chief financial officer, and independent legal experts—the NLC continued to use the services of CTH without a contract or service level agreement for an entire year, from September 2022 to September 2023. This blatant disregard for Treasury regulations and the Public Finance Management Act (PFMA) is not just an administrative oversight; it is an intentional and malicious abuse of power.

When the contracts of 12 black law firms that had been on the NLC's panel expired in August 2022, the NLC claimed it wanted to follow proper legal procedures by readvertising the tender for legal services. However, instead of doing so, the NLC unilaterally and irregularly continued to use CTH, without a new contract, service level agreement, or any form of accountability. This decision was made against the advice of the NLC's internal structures and external watchdogs, and directly violated Section 217 of the Constitution, which demands that public procurement processes be fair, equitable, transparent, competitive, and cost-effective.

What makes this scandal even worse is that in November 2022, a new tender for legal services was advertised. Yet, it wasn't until October 2023—a full year later—that the NLC officially appointed CTH as the preferred legal firm. During this time, CTH was

continuously briefed on new legal matters, despite not having a valid contract in place. The NLC, fully aware of the illegality of its actions, proceeded with impunity, using CTH in defiance of internal memos and warnings to cease further engagement with the firm after its contract had expired.

The NLC's reckless behaviour extends beyond just irregular appointments. The organisation blatantly ignored a directive to initiate a new competitive bidding process for legal services, and instead, further entrenched CTH's role in handling critical internal and external legal matters. This continuation of services without proper oversight has led to what the Auditor-General flagged as wasteful and irregular expenditure.

This case is a clear example of the systemic rot in our state institutions, where the interests of a few are prioritised over the well-being of the nation. The NLC, which should be an institution that serves the people by funding social upliftment projects, has instead become a hotbed of corruption and cronyism.

Furthermore, the EFF is outraged that twelve black law firms—professionals who are more than capable of handling legal matters—were effectively discarded by the NLC in favour of a law firm that was allowed to operate outside the law. This is a direct attack on the empowerment and participation of black professionals in this country, and it reveals the NLC's disdain for real transformation.

The NLC's abuse of power, financial misconduct, and deliberate manipulation of the legal system cannot be ignored. Therefore, the EFF will demand that the NLC board appear before the Trade and Industry Portfolio Committee in Parliament. Furthermore, that the Minister of Trade and Industry be held accountable, as the executive authority of the NLC, and where there is prima facie evidence of criminality the EFF will lay criminal charges.

ISSUED BY THE ECONOMIC FREEDOM FIGHTERS

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