
**DIRECTIVE IN TERMS OF SECTION 144(1) and (2) OF THE FINANCIAL
SECTOR REGULATION ACT, 9 OF 2017**

To: **Mr Simon Mahlaola**
Dikwena Funeral Parlour (Pty) Ltd
1204 Block BB
Soshanguve
Pretoria

Email: mahlaolasimon599@gmail.com

DEFINITIONS

1. For purposes of this Directive, the following definitions shall apply:

- 1.1. “**Dikwena Funeral**” means **Dikwena Funeral Parlour (Pty) Ltd**, a private company with limited liability, duly incorporated and registered in accordance with the company laws (*Companies Act No. 71 of 2008, as amended*) of the Republic of South Africa, under registration number 2015/312137/07, with its principal place of business situated at **1204 Block BB, Soshanguve, Pretoria**.
- 1.2. “**Effective Date**” means the date on which this directive becomes enforceable which is upon signature by a duly authorised officer acting on behalf of the Authority.

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

- 1.3. **“FAIS Act”** means the Financial Advisory and Intermediary Services Act No. 37 of 2002, as amended.
- 1.4. **“FSR Act”** means the Financial Sector Regulation Act No. 9 of 2017, as amended.
- 1.5. **“Insurance Act”** means the Insurance Act, No. 18 of 2017; as amended
- 1.6. **“Mahlaola”** means Simon Mahlaola a sole director of Dikwena Funeral.
- 1.7. **“The Authority”** means the Financial Sector Conduct Authority.
- 1.8. **“Tribunal”** means the independent Financial Services Tribunal, a statutory body established in terms of section 219 of the FSR Act, with its principal place of business at Kasteel Office Park, Orange Building, 546 Jochemus street, Erasmuskloof, Pretoria, Gauteng.

BACKGROUND FACTS

2. On 28 November 2019, the Authority issued a draft investigation report (report) and a notice of intended regulatory and administrative action to Dikwena Funeral Parlour Pty Ltd (Dikwena Funeral) and Mr Simon Mahlaola (Mr Mahlaola). Dikwena Funeral and Mr Mahlaola made a submission in respect of the draft report and the intended regulatory and administrative action. The Authority considered the submission by Dikwena Funeral and Mr Mahlaola and decided to take the following administrative actions.
 - 2.1. Imposed an administrative penalty of R3. 9 million on Dikwena Funeral;
 - 2.2. Withdrew Dikwena Funeral’s FSP license (FSP number 43519) and
 - 2.3. Debarred Mr Mahlaola a sole director of Dikwena Funeral for a period of ten (10) years

3. On 19 December 2020, the Authority communicated its decision of the regulatory and administrative actions to Dikwena Funeral and Mr Mahlaola. ¹
4. On 20 June 2022, 3 June 2022, 2 July 2022 and 12 December 2022, the Authority received a total of four complaints against Dikwena Funeral for failure to settle funeral claims.
5. On 16 February 2023, the Authority, instructed investigation in respect of Dikwena Funeral.
6. On 22 March 2023, the authority interviewed Mr Mahlaola and he acknowledged that Dikwena Funeral was still rendering financial services in contravention of 7(1) of the Financial Advisory and Intermediary Services Act No. 37 of 2002 (FAIS Act) and conducting insurance business in contravention of 5(1) of Insurance Act, No. 18 of 2017 (Insurance Act). Mr Mahlaola pleaded with the Authority to reinstate Dikwena Funeral's FSP license, remove the 10 years debarment of Mr Mahlaola and to reduce the R3.9 million penalty on Dikwena Funeral. Mr Mahlaola further requested payment arrangements of the reduced penalty.
7. On 13 February 2025, the Authority considered Dikwena Funeral and Mr Mahlaola's requests, and this request was rejected for the following reasons:
 - 7.1. Dikwena Funeral and Mr Mahlaola did not honour the authority's decisions; and
 - 7.2. Dikwena Funeral and Mr Mahlaola continued to contravene section 7(1) of the FAIS Act without the necessary authorisation and section 5(1) of the Insurance Act without its business being underwritten by a licensed insurer.
8. The Authority hereby issues this Directive in terms of section 144(1) and (2) of the FSR Act. The reasons for the Directive are set out below.

¹ See a copy of a decision letter dated 17 December 2020

REASONS FOR THE DIRECTIVE

9. Dikwena Funeral is a South African company that is providing funeral cover policies to members of the public. According to the records of the Authority, Dikwena Funeral is not registered to provide any financial services. The Authority is of the view that Dikwena Funeral is currently providing insurance benefits without being underwritten.
10. Dikwena Funeral provided financial services in the form of life insurance to its policy holders. According to financial sector laws a company providing such insurance business must be a licensed life insurer or be underwritten by such. Dikwena Funeral is neither a licensed life insurer nor is it underwritten by such.
11. This poses a significant risk to all current and prospective policy holders of Dikwena Funeral, because Dikwena Funeral might not be able to honour valid and legitimate claims of its policy holders.
12. The above conduct might be in contravention of section 7(1) of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS) and section 5 of the Insurance Act 18 of 2017.
13. The Authority is of the opinion that Dikwena Funeral continued to provide financial services in the form of life insurance without the necessary authorisation despite the administrative action the Authority has taken against Dikwena Funeral.
14. The Authority is further of the opinion that Dikwena Funeral will not be able to comply with its obligations in relation to the fair treatment of its financial clients, in that legitimate claims from clients might not be paid.

THE DIRECTIVE

15. The Financial Sector Conduct Authority, in terms of section 144(1) and (2) of the FSR Act hereby directs Dikwena Funeral with immediate effect to:

- 15.1. cease all financial service operations, including offering insurance benefits, paying out claims and receiving premiums from clients;
- 15.2. cease accepting new clients and/or processing new client applications;
- 15.3. disallow any new policies to be entered into by existing clients;
- 15.4. fully inform all its clients, within three (3) days of receiving this Directive, of the current situation of Dikwena Funeral; and
- 15.5. Dikwena Funeral must consult with the clients and product suppliers concerned, within seven (7) days from date of this directive, transfer any outstanding business of clients to another authorised financial services provider in a manner that will be in the best interest of the clients and must copy the Authority with all such communications and correspondence.

SUBMISSIONS BY DIKWENA FUNERAL

16. Dikwena Funeral may make submissions to the Authority within seven (7) days from the date of receipt of this Directive. In terms of section 146(5)(c) the Authority will consider such submissions to decide whether to revoke the directive.

SIGNED AT PRETORIA ON 03 APRIL 2025.



Kedibone Dikokwe
Divisional Executive: Conduct of Business