FSCA

Financial Sector
Conduct Authority

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FSCA Press Release **02 April 2025**

FSCA imposes administrative sanctions on several Financial Services Providers

The Financial Sector Conduct Authority (FSCA) has imposed administrative sanctions on the following financial services providers (FSPs) for failing to comply with certain provisions of the Financial Intelligence Centre Act, No. 38 of 2001 (FIC Act):

- Adams Chrambanis & Associates CC: FSP 11858 (Adams Chrambanis);
- ID Capital (Pty) Ltd: FSP 10953 (ID Capital); and
- Henk Kolver Investment Management Services CC: FSP 5385 (Henk Kolver).

All three entities are licensed FSPs under the Financial Advisory and Intermediary Services Act, No. 37 of 2002 and accountable institutions under the FIC Act. The FSCA is responsible for supervising and enforcing compliance of FSPs with the FIC Act. The objective of the FIC Act is, among other things, to help combat money laundering, the financing of terrorism and other related criminal activities. All accountable institutions designated under the FIC Act must comply fully with its requirements.

The FSCA conducted inspections on the sanctioned entities as part of its ongoing supervisory activities in terms of section 45B of the FIC Act. The inspections revealed the entities to be in breach of one or more provisions of the FIC Act as follows:

- **Sections 42(1) and (2):** Accountable institutions must develop, document, maintain, and implement a risk management and compliance programme (RMCP) for anti-money laundering (ML), counter-terrorist financing (TF) and proliferation financing (PF). The RMCP must outline how an accountable institution will mitigate its ML/TF/PF risks and ensure compliance with the FIC Act.

  Adams Chrambanis was found to be deficient in that it failed to develop, document and maintain an RMCP as contemplated in terms of sections 42(1) and (2) of the FIC Act.

  Although ID Capital and Henk Kolver had developed RMCPs, they were found to be deficient in that they failed to outline how the respective institutions would comply with various FIC Act requirements.

- **Sections 21(1), 21A, 21C(1), 21D, 21F – H:** The FIC Act requires accountable institutions to conduct customer due diligence which includes, among other things, the identification and verification of clients, obtaining information on business relationships, ongoing due diligence, and establishing if the clients are politically exposed persons.

  Adams Chrambanis failed to perform the necessary customer due diligence as required in terms of the FIC Act, including taking measures to establish whether any of its clients is a family member or known close associate of a foreign or domestic politically exposed person or a prominent influential person.

- **Section 28A read with sections 26A – 26C:** Accountable institutions are required to scrutinise their client information to determine if any of their clients are listed on Targeted Financial Sanctions Lists (TFSL) published under the Protection of Constitutional Democracy Against Terrorist and Related Activities Act, No. 33 of 2004 (POCDATARA Act).

  Adams Chrambanis and Henk Kolver failed to scrutinise client information against the United Nations Security Council TFSL, as required.

- **Section 42A(1)**: The highest levels of authority within the entity must ensure that an accountable institution and its employees comply with the provisions of the FIC Act and the RMCP.

  Adam Chrambanis' senior management failed to ensure that it complied with the provisions of the FIC Act.

In light of the above contraventions and based on an assessment of various factors applicable to each institution respectively, the FSCA issued directives to the institutions to remediate the identified deficiencies and imposed the following administrative sanctions :

- Adams Chrambanis was fined R785 000.00, of which R300 000.00 is conditionally suspended for three years;
- Henk Kolver was fined R300 000.00, of which R150 000 is conditionally suspended for three years.
- ID Capital was fined R200 000.00, of which R100 000.00 is conditionally suspended for three years.

The FSCA considers the identified compliance deficiencies to be serious breaches of the FIC Act. The requirement to understand and mitigate money laundering and terrorist financing risks through effective implementation of an RMCP is vital not only because it assists accountable institutions to protect and maintain the integrity of their own businesses but also because it helps contribute to the integrity of the South African financial system as a whole.

Additionally, proper due diligence of all clients is crucial to help identify and mitigate against suspicious and criminal elements from infiltrating the financial system.

The above sanctions serve as reminders that the FSCA will not tolerate non-compliance with the FIC Act. All accountable institutions are urged to continually review and enhance their anti-money laundering and terrorist financing controls at the highest levels and to conduct thorough risk assessments on a regular basis. Failure to do so will result in firm regulatory action.

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Enquiries: Financial Sector Conduct Authority
Email address: Communications@fsca.co.za
Telephone: 012 422 2842