

FSCA Press Release

10 April 2026

FSCA imposes R350 000 administrative penalty on Thembnkululeko Construction (Pty) Ltd (FSP 53486)

The Financial Sector Conduct Authority (FSCA) has imposed an administrative penalty of **R350 000.00** on Thembnkululeko Construction (Pty) Ltd (Thembnkululeko) for failing to comply with certain provisions of the Financial Intelligence Centre Act, No. 38 of 2001 (FIC Act).

Thembnkululeko is a licensed financial services provider (FSP) under the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (FAIS Act) and an accountable institution under the FIC Act.

The FSCA is responsible for supervising and enforcing compliance of FSPs with the FIC Act. The FIC Act aims, among other things, to 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 an inspection on Thembnkululeko as part of its ongoing supervisory activities in terms of section 45B of the FIC Act. The inspection revealed Thembnkululeko to be in breach of the following provisions of the FIC Act:

- **Sections 42(1) and 42(2) read with section 42(4) - Risk Management and Compliance Programme (RMCP):** Accountable institutions must develop, document, maintain and implement an RMCP for anti-money laundering (AML), counter-terrorist financing (CTF) and counter proliferation financing (CPF). The RMCP must outline how the accountable institution will determine, among others, how it will:
 - Identify, assess, monitor, mitigate and/or manage the money laundering, terrorist financing and proliferation financing (ML/TF/PF) risks to which the business is exposed.
 - Avoid establishing business relationships with clients with apparent false or fictitious names.
 - Establish and verify client identities.
 - Determine whether future transactions that will be performed in the course of the business relationship are consistent with the institution's knowledge of a prospective client.
 - Undertake additional due diligence measures in respect of legal persons, trust and partnerships.

Executive Committee:

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

- Conduct enhanced due diligence for higher-risk single transactions and business relationships and when simplified customer due diligence might be permitted in the institution.
- Examine complex or unusually large transactions and unusual patterns of transactions.

Thembnkululeko failed, upon request, to make its RMCP available to the FSCA.

- **Section 42A(2) - Governance:** An accountable institution which is a legal person must have a compliance function to assist the Board and/or senior management in discharging their obligations in terms of the FIC Act. Furthermore, a person with sufficient competence and seniority must be assigned to ensure the effectiveness of the compliance function.

Thembnkululeko did not have an effective compliance function to ensure that the institution complies with the requirements of the FIC Act.

- **Section 43A(3) – Directive to Provide Information (DPI) issued by the FSCA:** The FSCA may issue a directive to accountable institutions to provide it with information at a specified time.

In 2024, the FSCA published a DPI which was to be completed by all accountable institutions supervised by it. Accountable institutions were required to provide information to the FSCA in relation to their compliance with the FIC Act in order to identify possible compliance risks with the FIC Act.

Thembnkululeko did not provide the FSCA with the information requested in the DPI.

In light of the above contraventions and based on an assessment of various factors, including the size, complexity and risk exposure applicable to Thembnkululeko, the FSCA issued a directive to the institution to remediate the identified deficiencies and imposed a financial penalty of **R350 000.00**.

The FSCA notes Thembnkululeko's commitment to remediate the identified instances of non-compliance and to strengthen its AML/CTF/CPF framework. The FSCA considers the identified compliance deficiencies to be serious breaches of the FIC Act.

An effective 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.

Accountable institutions should ensure that they have in place a strong and effective AML/CFT/CPF governance and compliance framework that will enable the accountable institution and its employees to comply with the provisions of the FIC Act and the RMCP.

It is imperative that accountable institutions comply with their FIC Act obligations, including responding to directives issued by the Financial Intelligence Centre or another relevant supervisory body in terms of section 43A(3), such as the FSCA.

The above sanction serves as a reminder 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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