Financial Services Tribunal

THE FINANCIAL SERVICES TRIBUNAL

CASE NO. A31/2026

In a matter between:

KHWEZI JACKSON **APPLICANT**

and

THE FINANCIAL SECTOR CONDUCT AUTHORITY **RESPONDENT**

TRIBUNAL PANEL:

Appearance for Applicant: Mr Mathews

Appearance for Respondent: Ms Mshunqane

Date of hearing: 23 October 2026

Date of Decision: 27 October 2026

Summary: Application for reconsideration of a five-year debarment order. The applicant played an advisory role in the activities of entities disguised as stokvel clubs. On investigation, the Authority found that the activities of the entities and the applicant's participation in administering their affairs went far beyond what genuine stokvel clubs are exempted from. On reconsideration, the Tribunal found that the Authority did not err in its final findings, including the ultimate orders made. The application was accordingly dismissed.

DECISION

Introduction

1. This is an application for reconsideration of a decision of the Financial Sector Conduct Authority **(the Authority**) in terms of which the applicant, Mr Kwezi Jackson (**Jackson)** was debarred for contravention of section 13(1)(a) of the Financial Advisory and Intermediary Services Act 37 of 1002 (**FAIS Act**).

2. The decision was taken on 17 March 2026. Section 13(1)(a) of the FAIS Act provides that a person may not carry on business by rendering financial services to clients for or on behalf of any person who is not authorised as a financial services provider and is not exempted from the application of this Act relating to rendering financial services.

3. Jackson was found to have contravened the provisions of the section alluded to above and was debarred for a period of 5 years, which in the notice of intention to sanction was initially intended to be 15 years.

4. The debarment order was made in terms of section 153(1) of the Financial Sector Regulation Act 9 of 2017 (**FSRA**). In terms of the section, the responsible authority for a financial sector law may make a debarment order in respect of a natural person if the person has materially contravened a financial sector law. Section 13 (1), referred to in paragraph 2 above, is such financial sector law read with section 153 (1) (c) as cited in paragraph 6 hereunder.

5. The Authority is such a responsible authority for 'financial sector law', and Jackson is such 'a natural person' as referred to in subsection (1) of section 153. The financial sector law said to have been contravened by Jackson also included section 153(1)(c).

6. Sub-section (c) of section 153(1) provides that the responsible authority for a financial sector law may make a debarment order in respect of a natural person if the person had attempted, or conspired with, aided, abetted, induced, incited or procured another person to contravene a financial sector law in a material way.

Background

7. The Authority instructed an investigation to be conducted to determine whether Khanyazania Holdings (Pty) Ltd **(Khanyazania Holdings),** Khanyazania Investment Club (**Investment Club),** Azania Investors (Pty) Ltd **(Azania Investors**) and the three key individuals that included Jackson, may have, or may be about to contravene certain financial sector laws. At the time of what were then suspected contraventions, Jackson was an authorized representative for a different FSP.

8. Upon conclusion of the investigation, the Authority deliberated on the findings in the report submitted by the investigators. In a notice dated 1 September 2025, the Authority informed the parties referred to in paragraph 7 above, of its intended decision to debar Jackson and the other two individuals, who are not the subject of the reconsideration application herein, and to impose an administrative penalty against the entities.

9. In the notice, the parties were afforded an opportunity to indicate, by not later than 1 October 2025, why the intended decision, draft order and the contents of the investigation report, should not be made final findings and orders.

10. The proposed findings and orders were, amongst others, to debar Jackson for a period of 15 years. Jackson and the other parties were also informed of the intended administrative penalties in the amount of R1 500000.00 for contravention of section 7(1) of the FAIS Act.

11. Section 7(1) of the FAIS Act provides that a person may not act or offer to act as a financial service provider, unless such a person has been issued with a license under section 8; or as a representative, unless such a person has been appointed as a representative of an authorised financial services provider in terms of section 13.

Did the Authority err in debarring Jackson?

12. The Authority is accused of having materially erred in both fact and law in finding that section 13(1)(a) of the FAIS Act has been contravened. Section 13(1)(a) is cited in paragraph 2 above.

13. As a starting point, the Authority is criticised for failing to provide Jackson with the requested information before making its decision of 17 March 2026. The criticism in this regard relates to Easy Equities account records. The Investment Club had opened a stockbroking account with Easy Equities, in its own name for the purpose of trading shares.

14. In paragraph 47 of his grounds of reconsideration, Jackson specifically disputes what he refers to as the Authority's '*characterisation, interpretation and analysis of the statements and Easy Equities account records',* relied upon in reaching its conclusion. The contention is that despite repeated requests, the Authority had failed or refused to provide the complete underlying records and transactional material upon which the findings were made.

15. These allegations of procedural deficiencies are refuted by the Authority in its decision. In paragraph 21.1 of its decision, the Authority specifically deals with the alleged refusal to grant Jackson access to the bank statements of Azania Investors referred to in paragraph 2 above.

16. According to the Authority, it did not make any findings against Jackson in relation to Azania Investors. The bank statements of Azania Investors were, as a result, not provided and Jackson was not entitled to such bank statements, so was the contention by the Authority. We cannot differ with this contention.

17. The Authority, on the other hand, disputes the suggestion that it declined to provide Jackson with the bank statements of Khanyazania Holdings and information obtained from Easy Equities upon which it relied in reaching its findings and making the order. According to the Authority, the relevant information or documents were provided to Jackson to enable him to make representations before the final decision was taken on 17 March 2026. The Authority maintains that Jackson did not suffer any procedural prejudice that impeded his ability to make meaningful representations before the decision to debar him was taken. There is nothing on the record to gainsay the Authority's assertion. Accordingly, we find that the procedural complaints raised by Jackson are not justified.

18. Regarding the merits of the debarment, several issues were raised by Jackson. These issues are identified and dealt with by the Authority in its decision. Jackson, as a start, described his role as being narrowly confined to proposing investment options for consideration by the members of the stockvel clubs and that executing the agreed investment portfolio was via the Easy Equities platform.

19. His assertion is that he had no authority to make unilateral investment decisions nor did he have any managerial control, access or signing powers over the Clubs' accounts. According to Jackson, whatever decisions were made, were collectively made by the members.

20. The issue therefore is whether Jackson made a proposal or provided advice of a financial nature to clients. In terms of section 1(b) of the FAIS Act, "advice" means any recommendation, guidance or a proposal of financial nature furnished by any means, by any means or medium, to any client or groups of clients in respect of the investment in any financial product.

21. “Financial product” in terms of section 2(b) of the FAIS Act means “a participatory interest in one or more collective investment schemes”. “Collective Investment Scheme”, on the other hand, is defined in the Collective Investment Schemes Control Act, 2002 as an arrangement where members of the public invest money as assets into a portfolio, where two or more investors hold participatory interests and share investment risks and benefits proportionally or as determined in the scheme’s deed.

22. In its findings, the Authority concluded that Jackson’s actions as described by him resulted in the clients concluding a transaction in respect of a financial product which, according to the Authority, amounted to “intermediary services”. In terms of the FAIS Act, “intermediary services” means any act other than furnishing advice, performed by a person for or on behalf of a client or a product supplier.

23. Jackson, in his grounds of reconsideration, regards his involvement as “a limited participation in two private invitations, only stokvel structures, namely Investment Club and subsequently Azania Investors referred to in paragraph 7 above.

24. Then in paragraph 4 of his grounds of reconsideration, he states:
“The applicant’s engagement was neither commercial nor managerial in nature. Rather, he was approached, by reason of his social connection with Mr Manatha, academic background and a familiarity with financial markets, to assist in a voluntary capacity with facilitation of investment execution within the framework of the clubs’ internal arrangements and into which he himself contributed as an active member”.

25. Manatha is one of the people debarred by the Authority. What is quoted above should be seen in the context of the definitions of “advice”, “financial product”, and “intermediary services” defined as indicated in paragraphs 19, 20 and 21 respectively.

26. Therefore, Jackson did not have to hold any governance position, did not have to exercise control over the clubs' bank accounts and did not have to possess unilateral authority to make investment decisions. It did not matter that his involvement was entirely non-remunerated. His participation as described in paragraphs 23 and 24 above is enough to have brought him under the ambit prohibited in sections 13 (1) (a) and 153 (1) (c) referred to in paragraphs 2 and 6 above.

27. The fact is, decisions were taken collectively by members, and Jackson was part of the collective in accordance with the constitution of the respective clubs being Investment Club and Azania Investors. His "academic background and familiarity", as he puts it, is what brought him to participate in the activities of the clubs and therefore to provide advice as defined. It did not matter whether he ceased to be a contributory member in 2022.

28. We are therefore unable to find that the Authority erred in concluding that Jackson rendered financial services on behalf of the stokvel clubs, that is, Khanyazania Investment referred to in paragraph 7 above, and that this was done without authorization as required in terms of section 13(1)(a).

29. It is not our intention to deal with every issue raised in the papers. However, what is referred to in Board Notice 43 of 2013 issued on 23 April 2013 under Government Gazette No 36313 in terms of the FAIS Act, is important. The Board Notice deals with the exemption of Financial Societies and Stokvels.

30. Paragraph 3 (1) of the Board Notice provides that burial societies and stokvels are exempted from section 7(1) of the FAIS Act when rendering financial services to or on behalf of their members in respect of an assistance policy.

31. "Assistance policy", in terms of the Board Notice, means "assistance policy" defined in section 1(1) of the Long-Term Insurance Act, 1998. In terms of section 1(1) thereof, "assistance policy" means "a life policy in respect of which the aggregate of – (a) the value of policy benefits, other than any annuity, to be

provided (not taking into account any bonuses to be determined in the discretion of the long-term insurer; and (b) the amount of the premium in return for which an annuity is to be provided; (c) does not exceed R50 000 or another maximum amount prescribed by the Minister; and includes a reinsurance policy in respect of such a policy.

32. In paragraph 24 of its decision, the Authority deals with the assertion made by Jackson. Jackson moved from the premise that arrangements governing Khanyazania Holdings and Azania Investors Clubs fall squarely within the stokvel exemption framework as contemplated under the FAIS Act and the Board Notice referred to above.

33. As Jackson put it, the investment clubs functioned as traditional stokvels, being member-owned associations where a group of people agree to contribute a certain amount of money to pool resources for a common financial goal, such as investments.

34. The financial assistance so contemplated under the Board Notice has to relate to an assistance policy as defined. But even more importantly, it has to be in relation to a stokvel club as defined in paragraph 2 of the Board Notice 43 of 2013. "Stokvel" means a group of natural persons amongst whom a common bond exists, joined together to form an invitation-only group savings scheme or rotating credit scheme and who, amongst others, have pledged mutual support to each other towards the attainment of specific objectives; and activities of such group and scheme were designated by the Registrar of Banks as activities that do not fall within the meaning of the "business of a bank".

35. The reading of the definition of "stokvel" suggests a confined group of natural persons amongst whom a common bond exists who are together there "to form an <u>invitation only</u> group savings scheme or rotating scheme. On the proper reading, it is not something that is meant for every member of the public.

36. In its decision, the Authority indicated that during the interview with Jackson, he confirmed that the investment stokvel-club was open to members of the public. That is, any person with an interest could join, and that membership was not just limited to family members and friends.

37. For example, the Khanyazania Investment Club maintained an Instagram page under its name, and it had 34 followers. It was through the Instagram page that it marketed its services.

38. As the Authority puts it in its decision, "*this conduct demonstrated a clear intention to solicit and reach members of the general public for the purpose of encouraging them to invest their funds with the entity".*

39. The Authority is correct in this finding. This should end any suggestion that it is permissible activities of a stokvel as defined. The Authority puts it this way: "Boards Notice 43 of 2013 exempts burial societies and stokvels from section 7(1) of the FAIS Act." As a recap, section 7(1) provides that a person may not act or offer to act as a financial service provider, unless such person has been issued with a licence under section 8; or as a representative, unless such person has been appointed as a representative of any authorised financial service provider.

40. Neither Khanyazania Holdings nor Azania Investors is such a financial services provider authorised or licensed in terms of section 7(1), nor was Jackson a representative of an authorised financial services provider for playing the role he performed regarding the nature of activities or services of the stokvels in disguise. As indicated in the preceding paragraphs, such services required compliance.

41. It does not matter in what capacity was Jackson performing those activities. In other words, his assertion that he rendered his services in a private capacity and that he was performing entirely on a voluntary basis and non-remunerative functions is of no help to him. The point is that he was performing functions that did not meet the obligations and permitted activities of stokvels.

42. To suggest that he was a contributing member of the stokvel clubs and independent contractor for the collective benefit of the clubs' members with no personal financial interest or gain misses the point. Those activities were not confined to friends and or family members or a particular group of people within a confined area. Advertising the activities of the stokvel club to the general public lost the essence and restrictions relating to the Stokvels.

43. At the risk of repetition, his assertion that he was limited to investment management, specifically executing investments of the members' funds on the Easy Equities platform in accordance with the Clubs' collective mandate and investment strategies, destroys his defence or version. It does not matter whether his role was limited from the period 2020 to 2022.

44. As correctly indicated in the Authority's decision, in his own version, Jackson made a proposal of a financial nature in respect of a financial product to clients. The application is therefore destined to be dismissed.

45. We now turn to dealing with the debarment period for whatever is worth. In the notice of intention to sanction, the contemplated period of 15 years' debarment was proposed. Upon consideration of his representations, dealing with his limited role, in contravention of the legislative framework, including Board Notice referred to in paragraph 39 above, the proposed 15 years' debarment was reduced by the Authority to 5 years.

46. The issue therefore is whether the 5-year debarment is excessive and unreasonable in the circumstances. Jackson is well qualified and has experience in financial markets, so he says. Therefore, he knows or is expected to know that attempting, conspiring with, aiding, abetting, including inciting or procuring another person to contravene a financial sector law in a material fashion, is inexcusable.

47. What is required to be considered in debarment proceedings is captured in section 167 of FSRA, which deals with administrative penalties. Subsection (2)(a) thereof

gives an idea as to what needs to be considered in determining an appropriate administrative penalty for a particular unwarranted conduct.

48. The making of a debarment order under section 153 is discretionary. It may be imposed if a natural person is found to have contravened a financial sector law in a material way, contravened in a material way an enforceable undertaking that was accepted by the responsible authority in terms of section 152(1) and, most importantly for this case, attempted or conspired with, aided, induced, incited or procured another person to contravene a financial sector law in a material way as contemplated in paragraph (c) of section 153(1). This is what Jackson did in relation to the clubs discussed herein.

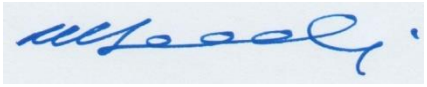
49. The factors to be considered in the imposition of administrative penalty for contravention of the financial sector law are set out in detail under section 167. We do not think that the Authority misdirected itself in applying those factors to the facts of the present case. The challenge against the debarment order must therefore also fail.

Order

50. Consequently, an order is hereby made as follows:

The application for reconsideration is hereby dismissed.

Dated and signed on 27 October 2026.



M F LEGODI