



**GLOBAL
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AGAINST TRANSNATIONAL
ORGANIZED CRIME

THE SHADOW ECONOMY

UNCOVERING CAPE TOWN'S
EXTORTION NETWORKS



Jenni Irish Qhobosheane

APRIL 2024

FROM VISION TO ACTION: A DECADE OF ANALYSIS, DISRUPTION AND RESILIENCE

The Global Initiative Against Transnational Organized Crime was founded in 2013. Its vision was to mobilize a global strategic approach to tackling organized crime by strengthening political commitment to address the challenge, building the analytical evidence base on organized crime, disrupting criminal economies and developing networks of resilience in affected communities. Ten years on, the threat of organized crime is greater than ever before and it is critical that we continue to take action by building a coordinated global response to meet the challenge.

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EXECUTIVE SUMMARY

Extortion is a rapidly worsening problem throughout South Africa. This is the first in a series of reports tracking its spread across the country. The Western Cape, an economic hub with a long history of gang violence and extortion, is particularly hard hit. The City of Cape Town is host to a menacing shadow economy, with money, services and goods being extorted from an increasingly wide range of businesses, including spaza shops, nightclubs, construction and transport companies, as well as individuals.

The issue has been widely reported in the media and it is clear that many people are justifiably concerned. However, the reality of the situation is far more serious than is perhaps realized. Extortion is growing rapidly and spreading throughout the city, and the groups involved are highly organized. The range of sectors and people affected is widening: from street vendors selling their wares in Mitchells Plain or Khayelitsha, to the owners of bars and restaurants in the city centre; from construction companies building roads or houses, to municipal workers and contractors providing basic services. In certain parts of the city, even private vehicles have become targets.

The GI-TOC has identified four main extortion economies for the focus of this report:

- **The central business district (CBD) night-time extortion economy.** While initially focused on the city's night-time economy, extortion activities have expanded to include other businesses, such as restaurants and coffee shops.
- **Cape Town's construction mafia.** These groups target infrastructure projects and the construction sector. Methods have been copied and adapted from KwaZulu-Natal, and similar extortion practices have spread to other parts of the country.
- **The transport extortion economy.** This has long existed within the minibus taxi industry in Cape Town, but has expanded in an unprecedented way to include buses, private transport and even private vehicles.
- **The township enterprise extortion economy.** This focuses on formal and informal businesses and individuals operating particularly in the Cape Flats, including the townships of Khayelitsha, Gugulethu and Nyanga.¹ It also targets municipal workers and contractors.

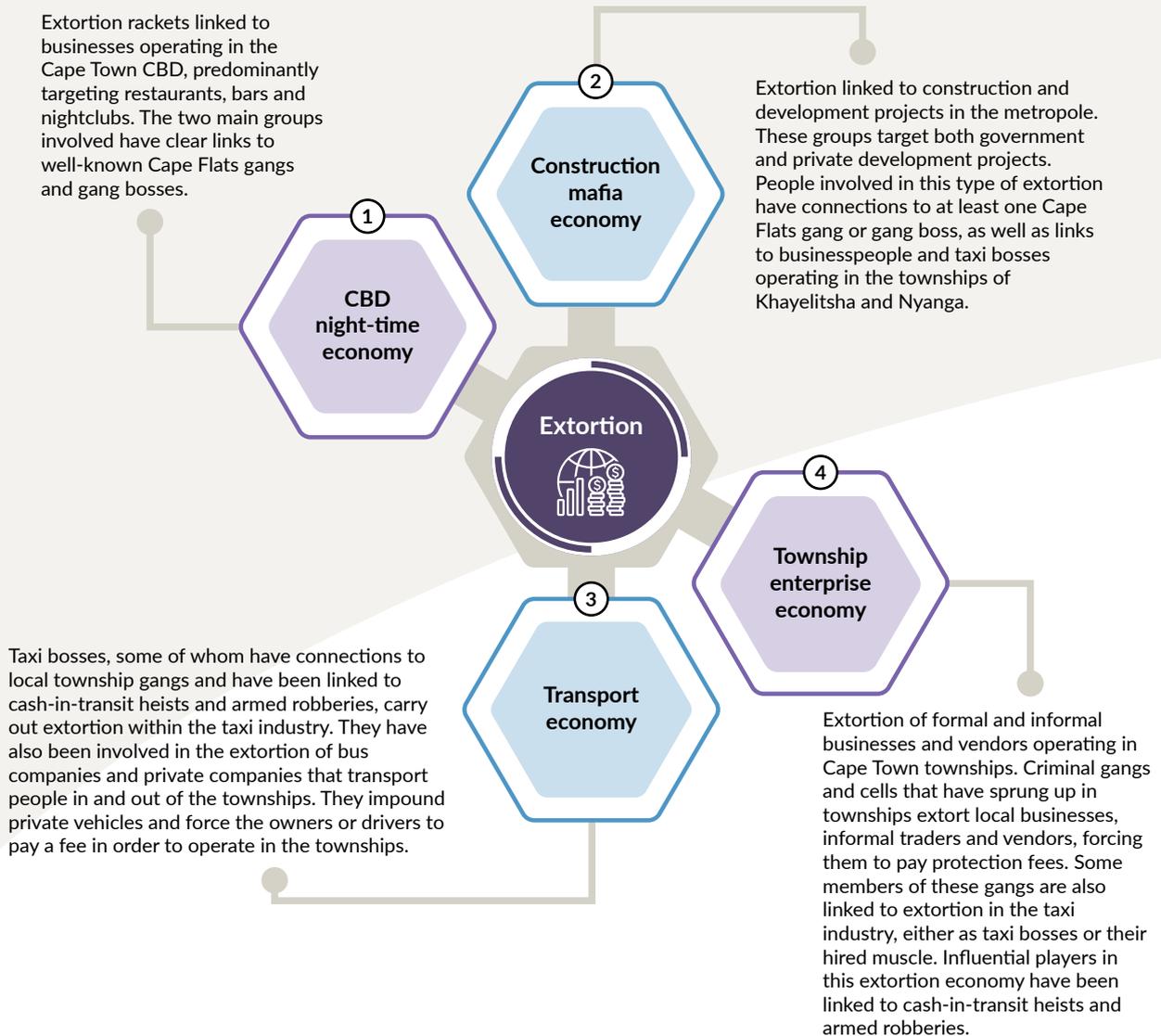


FIGURE 1 The four extortion economies.

While these four extortion economies are clearly distinct, they are also interlinked, and criminal actors move between them. For example, some figures within the CBD night-time extortion economy are also involved in the construction mafia, transport extortion and, in areas under their control, particularly on the Cape Flats, the township enterprise extortion economy. Similarly, individuals involved in extortion in townships such as Khayelitsha and Gugulethu may have connections in the construction mafia or transport extortion. In addition, extortionists will often also engage in other forms of criminal activity, such as the illicit trade in firearms and drugs or armed robbery (Figure 2).

Extortion is a learned practice, and connections such as these enable those involved to hone their skills and refine their methods. Lessons are also learnt from extortion practices in other parts of the country, as in the case of the Cape Town construction mafia. Methods developed in the Cape are also exported throughout South Africa as individuals move between provinces. The result is a criminal web of extortion, in which actors learn from each other and move freely between operations.

Another key risk posed by the Cape Town extortion economy is that it is becoming increasingly entrenched. The CBD night-time extortion economy, for example, has existed for more than two

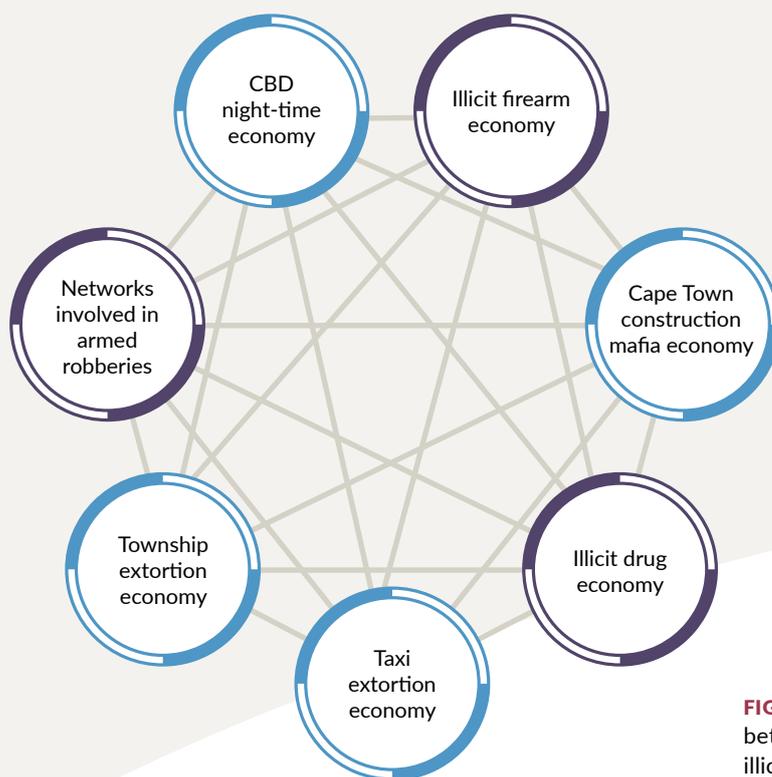


FIGURE 2 Intersections between extortion and other illicit economies.

decades and has become normalized, with some actors now expanding into other sectors. Moreover, township enterprise extortion, which began much more recently, has become pervasive and widely accepted in a relatively short period of time.

International research indicates that once extortion economies become entrenched, they are extremely difficult to deal with. This is a major concern – not just for Cape Town, but for the province and the country as a whole.

Methodology

This research focuses on identifying the types of extortion that have developed in Cape Town and understanding how they operate. It also examines the factors that have contributed to the entrenchment and growth of extortion, and the various actors and groups involved. The report also looks at the links between extortion and other illicit activities, as well as the infiltration of government institutions, and outlines some responses. Finally, it recommends steps to be taken to address the problem.

This report builds on previous analysis and fieldwork undertaken by the GI-TOC on extortion practices in Cape Town.² Structured and unstructured interviews and engagements were conducted with various role players and actors, including community groups, individuals and officials. While some people took part openly, others were more reticent, fearing reprisals if their participation became known. Some agreed to participate only on condition of anonymity.

This is intended to be the first in a series of reports the GI-TOC will produce on extortion economies throughout South Africa, the aim being to gain a better understanding of how and why this criminal activity is increasing. The series will examine how extortion practices vary across the country, and put forward local and national solutions.

Understanding extortion in the South African context

Extortion is the practice of obtaining money, goods or services through the use of actual or implied violence or force.³ The offence is not defined in South African legislation, but a common law description has developed through historical legal influences. The SAPS uses the widely accepted denotation of extortion as 'taking from another some patrimonial or non-patrimonial advantage by intentionally and unlawfully subjecting that person to pressure which induces him or her to submit to the taking'.⁴

At a Business Against Crime South Africa conference in Cape Town, Mervyn Menigo of the National Prosecuting Authority explained the concept of implied threat by using the example of a gang member visiting someone's home and demanding something from them, pointing out that the awareness of his social standing would be sufficiently threatening. 'People think he must threaten me with death before I make a case. It's not [the case]; it's the pressure,' Menigo said, adding: 'Even if a victim of extortion refuses to succumb to the demands, it is still a crime, and considered attempted extortion.'⁵

Extortion requires the victim's consent, even if it is obtained illegally. Victims often avoid reporting the crime, as they do not want people to know that they agreed to the perpetrator's demands. It also goes unreported due to fear and intimidation.⁶ These factors contribute to its normalization, as extortion becomes seen as a cost of doing business, operating or living in a particular area, and can also lead to an increase in the frequency and size of the demands. ■



THE DESTRUCTIVE EFFECT OF EXTORTION IN THE CITY

Extortion has long existed in Cape Town, but over the last few years its rate and range have increased significantly. In September 2020, the minister of police, Bheki Cele, announced the creation of a steering committee, including the City of Cape Town, the SAPS, the National Prosecuting Authority and the South African Revenue Service, to crack down on extortion, which he misleadingly described as an ‘emerging problem’.⁷ This committee was later replaced by a SAPS extortion task team, which has been reconstituted and reshuffled several times, but is run by the Western Cape provincial organized crime investigations unit.⁸

In January 2023, Geordin Hill-Lewis, the mayor of Cape Town, told the Standing Committee on Human Settlements in the Western Cape Provincial Parliament that if the issue of extortion was not addressed, Cape Town, and more broadly South Africa, ran the risk of becoming a ‘mafia state in which no work can happen in the private or public sector without paying some kind of protection racket’.⁹

In addition to the established hotspot of the CBD, extortion is increasingly affecting formal and informal businesses in the city’s townships. In September 2023, the Cape Chamber of Commerce and Industry met with business owners in Mitchells Plain, and in the resulting dialogue various stakeholders made it clear that extortion was destroying the local economy, undermining job creation and affecting people’s ability to provide for their families.¹⁰

Infrastructure development has also been held hostage by extortion. In June 2023, Rob Quintas of the city’s Urban Mobility Portfolio Committee revealed that at least seven major projects, ranging from the construction of new public transport to road reconstruction and stormwater maintenance, had been ‘hamstrung or ground to a halt due to threats, intimidation and murders’, and that the municipality risked losing up to R58.6 million in unspent transport infrastructure budget.¹¹ Speaking at the launch of an anti-extortion campaign in October 2023, Hill-Lewis said: ‘We are spending tens of millions ... I think the figure this year is R55 million in additional security, not total security, but additional security – just to protect those sites so that construction can continue.’¹²

The situation is equally serious for service delivery in townships throughout the city. In some areas, contractors and municipal workers providing waste removal and other basic services have had to be withdrawn or work under armed escort after being targeted by extortionists.

In the transport sector, where minibus taxis have long been subject to extortion, private vehicles moving in and out of several townships in Cape Town are now also affected, with drivers or owners being forced to pay a fee to continue their journeys.

Factors contributing to the spike in extortion

Several factors have contributed to the extreme spike in extortion in Cape Town, and while some are specific to the city and province, others reflect national developments.

Cape Town has a history of gangsterism, which has become entrenched and more sophisticated in its operations over time. Many of the city's gangs have been involved in extortion for many years, and have honed their skills and practices. These groups are always looking for new ways to grow their influence and profits, and extortion has been central to the progression of their criminal activities. In fact, many gangs that once saw extortion as a sideline now rely on it as a core part of their operations and income. One Cape Town-based gang expert said that in certain areas, particularly Khayelitsha and Nyanga, gangs now make as much money from extortion as they do from selling drugs: 'Your capital outlay is less, you don't have to source and store a product, you just have to have foot soldiers who go out and collect the monies.'¹³

Gangs and criminal enterprises involved in extortion were severely affected by the hard lockdown in 2020 during the COVID-19 pandemic, when curfews were imposed and many businesses, such as nightclubs and taverns, temporarily closed. While some of these groups were able to adapt to the illicit trade in cigarettes and alcohol, the sale of which was restricted during this period, they nevertheless lost extortion revenue. Subsequently, as the country began to reopen, extortion soared. A 2021 report on extortion in Cape Town notes that the drop in earnings caused by the lockdown contributed to extortion gangs 'becoming more aggressive and ruthless in their approaches than they would normally have been once the restrictions [had been] partially relaxed'.¹⁴

As with many international extortion rackets, the growth in extortion in Cape Town was a function of its initial success. This is evident in the expansion of extortion both in the CBD and in townships such as Khayelitsha, Gugulethu and Nyanga, where gangs and criminal enterprises initially targeted foreign-owned businesses and then, emboldened by their gains, expanded their practices to other businesses. Similarly, in the transport sector, extortion has spread from the taxi industry and is now directed at other forms of transport, both public and private.

Criminal enterprises and gangs have also learnt from national trends, copying and adapting extortion techniques from other parts of the country. A case in point is the construction sector, where extortion practices first seen in KwaZulu-Natal in 2015/16 have now spread to the Western Cape.



Extortion is widespread in Cape Town, but residents of the Cape Flats still bear the brunt of the city's gangsterism.

© Pieter Bauermeister/AFP via Getty Images

Compared to many other forms of crime, such as armed robbery, the risks for extortionists are relatively low, while the outcome can be just as lucrative. According to Menigo: 'Extortion is low risk, high reward. You threaten somebody and get money. Kill one person and you've got the whole community in your pocket.' In the Cape, for this reason, gangs formerly focused on crimes such as armoured cash vehicle robbery are increasingly turning to extortion. 'They come with the same tactics as they would with cash-in-transit heists,' Menigo said, 'only the victim is unarmed and can't shoot back at you.'¹⁵

In areas where state presence is weak or absent, or where the state does not have the confidence of the community, extortion practices are able to flourish and expand.¹⁶ This is the case in the gang-afflicted areas of Cape Town, where businesses and residents may see protection payments as necessary or as something they cannot challenge. People in these areas may comply with extortion demands because they believe the state is unable to protect them, or because they believe gangs can provide better protection. Even in areas outside the direct control of gangs, such as the CBD, their strength and influence, and the state's inability to combat them make businesses and development projects highly vulnerable to extortion.



THE CBD NIGHT-TIME EXTORTION ECONOMY

Extortion rose to prominence in the CBD in the late 1990s, when Cyril Beeka and his associates began targeting the nightlife industry. They followed the classic model of extortion known as protection racketeering, in which criminal groups use violence and intimidation to demand payment from businesses for so-called protection, and force them to make use of affiliated private security companies.

Cycles of violence linked to control of the night-time economy

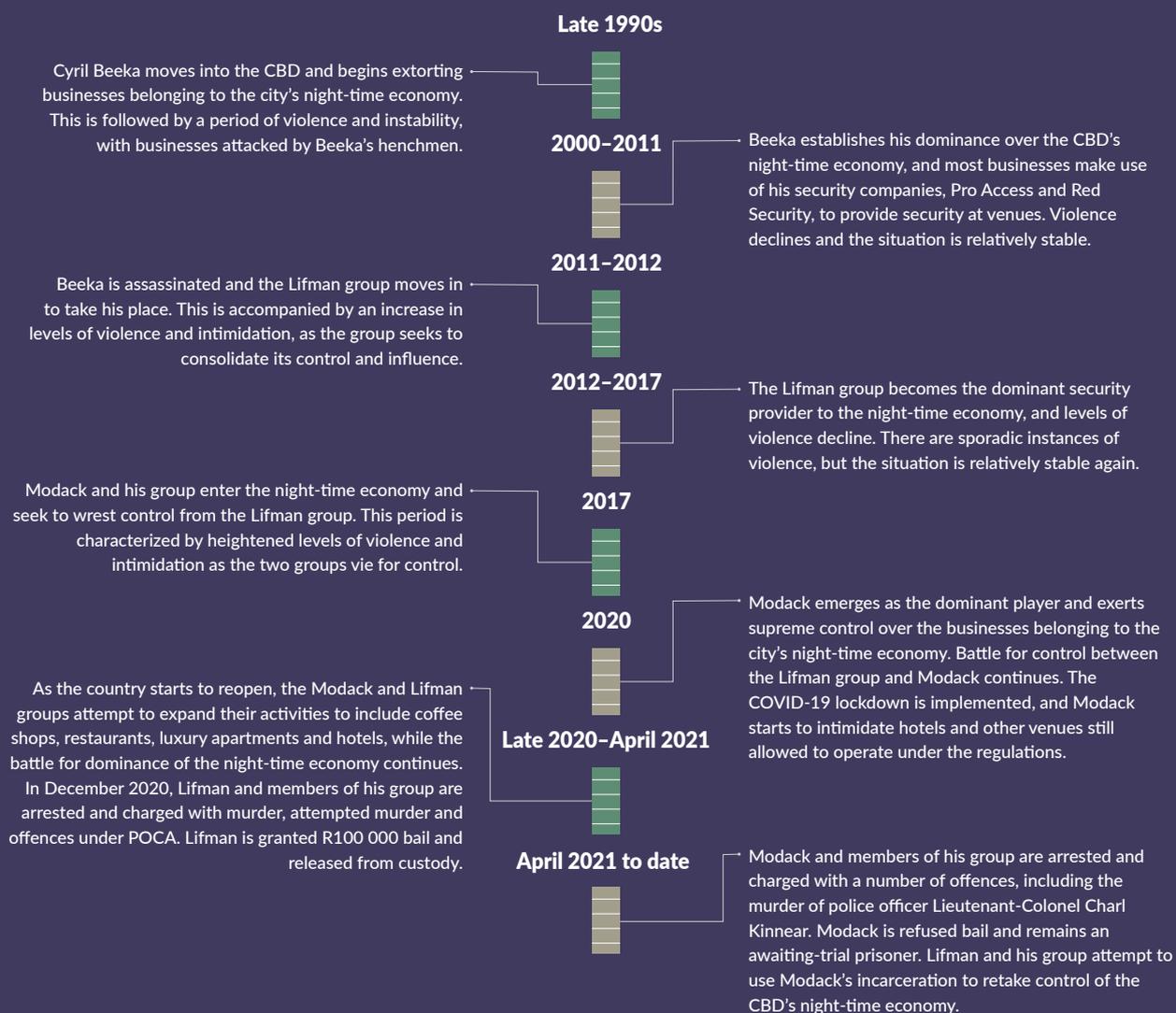
Since the 1990s, the nightlife sector in the CBD has experienced several cycles of violence, linked to the rise of various criminal actors and their desire to assert dominance and control (see the timeline below).

Beeka's emergence marked the beginning of large-scale extortion in the CBD. He and his associates would approach nightlife venues and demand they employ his bouncers and his two security companies, Pro-Access and Red Security, for a fee, using high levels of violence and intimidation to ensure compliance. Businesses that refused would have their premises attacked and damaged, and their customers and staff assaulted. As more establishments succumbed to Beeka's demands and his security companies became entrenched, violence decreased, although there was still the odd skirmish if a business refused to comply or when rival security outfits attempted to encroach on his territory.

In 2011/12, the situation changed. Beeka was assassinated in March 2011, and a new player, Mark Lifman, emerged, seeking to take over what had been Beeka's territory. Lifman, André Naudé, Jerome 'Donkie' Booysen and Colin Booysen merged Beeka's two security companies with a security company operated by Naudé to form Specialised Protection Services. Nightlife establishments that may have thought Beeka's death would offer them a reprieve from protection demands were sadly mistaken, and a new cycle of violence began. By 2012, Specialised Protection Services had taken over most of the so-called services previously provided by Beeka, and violence levels started to decline.¹⁷

In 2017, the cycle began again when Nafiz Modack and his associates, under The Security Group, began to take over the Lifman group's security contracts. According to research by the GI-TOC, 'Modack's entry as a rival punctured the relative peace in the nightclub industry', with 'the violent competition over "security contracts"' being 'reflected in the horrific experiences of those who were being extorted'.¹⁸

EXTORTION IN CAPE TOWN'S CENTRAL BUSINESS DISTRICT



A supply of violence linked to gangs

A common feature of the various criminal groups involved in extortion in the Cape Town CBD is their reliance on criminal gangs from outside the area. According to a 2017 study, these protection rackets depend on a 'supply chain of violence commissioned from the gangs on the city's periphery and applied in their city-centre operations'.¹⁹

Beeka, for instance, was closely associated with the Hard Livings, a powerful gang operating in the Cape Flats area. He also often hired Moroccan gangs and criminal groups to attack businesses that refused to meet his extortion demands. Lifman's associate Jerome Booysen, meanwhile, is the alleged leader of the notorious Sexy Boys gang, which also has its main base of operations in the Cape Flats. The Lifman group has used this connection, as well as links with the 27s Numbers Gang, to bolster its extortion activities. Finally, Modack is alleged to be connected to the Terrible West Siders and the Junky Funky Kids, which are based mainly on the Cape Flats and in Woodstock, adjacent to the CBD, and it is claimed that he has used these gangs to orchestrate hits on his opponents.²⁰

All of these gangs are involved in the illicit drug trade; their participation in CBD nightlife extortion has provided them with the opportunity to diversify. According to a 2021 report on extortion: 'It was inevitable that criminal networks would attach themselves to places of night-time entertainment because an industry involving alcohol, drugs and prostitution was waiting to be criminally exploited.' Criminal actors did not intend solely to make money from providing security; their aim was to exploit the criminal market by supplying drugs and sex workers, among other things, at these venues. As the author points out, 'That is where the real money could be made.'²¹

Expansion beyond the night-time economy

Many businesses were adversely affected by the COVID-19 lockdown that was implemented by the government in March 2020. The entertainment industry was particularly hard hit, and reopened later than many other sectors. This, in turn, affected the extortion economy, and when businesses were finally permitted to resume operations, there was a significant spike in extortion. In the CBD, extortion groups expanded their range, targeting coffee shops, daytime restaurants and even hotels and luxury apartments for the first time.

In December 2020, Lifman and Jerome Booyesen were arrested and charged with the murder of international steroid smuggler Brian Wainstein. They were also part of a group charged under the Prevention of Organised Crime Act. Lifman was also accused of incitement and conspiracy to commit murder, linked to the targeting of several people, including Modack and former Springbok rugby player James Dalton.

The indictment in this case provides a useful insight into the conflict between the two groups currently involved in extortion in the CBD and demonstrates the involvement of key gang leaders.

The cases against Lifman, Booyesen and Modack

According to the indictment, by 2016, Lifman, Naudé and brothers Jerome and Colin Booyesen (alleged leaders of the Sexy Boys gang) had established themselves as the dominant group in control of the nightclub and entertainment venue security, or bouncer industry, in Cape Town, and referred to themselves as 'the brotherhood'.²²

However, friction began to emerge in November 2016, after several altercations between Colin Booyesen and Kishor Naidoo, a close associate of Jerome Booyesen and alleged member of the 27s Numbers Gang. The state claims that, at the time, Naidoo was playing a prominent role in the Lifman group, extorting businesses in the night-time economy. Naudé was tasked with negotiating a split between 'the brotherhood' and Colin Booyesen.

In March 2017, Jerome Booyesen expressed concern that Colin Booyesen had allied himself with Modack. According to the indictment, a meeting took place at the home of William 'Red' Stevens (an alleged leader of the 27s gang) in Kraaifontein to discuss the attempts by the new Modack group to take over the CBD, and Lifman's desire to regain control by force. Lifman stated that he would need 'at least 100–200 men' and stressed that they would have to be 'extremely aggressive and intimidating' to convince the nightclub and entertainment venue owners to turn away from the new group.²³

On 9 April 2017, a group of men allegedly led by Jerome Booyesen and Naudé – some armed with firearms and wearing bulletproof vests – visited a number of nightlife venues in and around the CBD,



A memorial ceremony for Lieutenant-Colonel Charl Kinnear. Kinnear, who was shot dead outside his home in 2020, had been investigating a gun racketeering case involving Nafiz Modack. © Jaco Marais/Die Burger/Gallo Images via Getty Images

intimidating customers and disrupting business before being ordered to leave the area by the police. According to the indictment, the Lifman group then changed tactics and set up a 'hit squad' of 27s gang members to target the members of the new Modack group and its aligned establishments.²⁴

Lifman and his co-accused denied the charges, pleading not guilty on all counts. In April 2021, a few months after Lifman's arrest, Modack was arrested in connection with the murder of SAPS Anti-Gang Unit detective Charl Kinnear, who was shot multiple times outside his home in Cape Town in September 2020. Kinnear had been investigating a gun racket involving Modack and eight high-ranking police officers.²⁵

Modack faces an astounding 3 100-plus charges, including murder, attempted murder, extortion, intimidation, abduction, money laundering, fraud, racketeering, undermining the administration of justice, public violence, violation of the Prevention of Organised Crime Act and the unlawful interception of communications.

According to the state, Modack is the leader of an alleged racketeering outfit, dubbed the 'Modack Enterprise', which was involved in police corruption and intimidation, extortion and murder from December 2017 to January 2021, when he was arrested.²⁶ The state also claims that Modack used members of the Terrible West Siders and Junky Funky Kids gangs to carry out hits.²⁷ Modack has denied the allegations and pleaded not guilty to the five murders he is charged with.

Both the Lifman and Modack cases are still in court, and there is a marked contrast in how the matters are being handled. Lifman and Jerome Booysen were released on R100 000 bail, even though their charges include a schedule 6 offence (meaning the accused should provide exceptional circumstances to justify their release). Modack, meanwhile, was refused bail and is being held in Goodwood prison. This could have implications for the groups attempting to gain the upper hand in the CBD's extortion economy.



CAPE TOWN'S CONSTRUCTION MAFIA

The extortion economy targeting the construction industry, whose main protagonists are commonly referred to as the 'construction mafia', first emerged in KwaZulu-Natal in 2014, when armed men disrupted eThekweni municipality services and projects in the township of Umlazi, demanding a share of the work. By 2016, these activities had spread across the province, targeting government and private development projects. Those involved formed groups known as 'local business forums' and carried out armed attacks on construction sites, intimidating workers and site officials, and demanding money or a stake in the projects, in what could be described as systemic extortion. By the end of 2018, the influence of this mafia had spread to other parts of the country.²⁸

The first high-profile construction mafia incident reported in the Western Cape occurred in March 2019, when the construction of a R2.4 billion German oil storage facility by Wilson Bayly Holmes-Ovcon (WBHO) in Saldanha Bay (see the photo) was halted after an armed gang invaded the site. Webster Mfebe of the South African Forum of Civil Engineering Contractors said the site resembled a 'war zone', and photographs of the aftermath showed a scorched landscape with rows of vehicles engulfed in flames and torched buildings.²⁹

By 2020, infrastructure projects across Cape Town were falling victim to the city's own version of the construction mafia, in which housing and infrastructure projects were targeted. In June 2023, Quintas said the problem was 'only intensifying', adding: 'They are holding to ransom the city and our contractors, and ultimately at the expense of service delivery to those who need these services most.'³⁰



In 2019, the development of a crude oil storage facility in Saldanha Bay was suspended after being attacked by an armed gang in the first high-profile construction mafia incident.

© Waldo Swiegers/Bloomberg via Getty Images

In February 2024, City of Cape Town official Robbie Roberts told a workshop hosted by Business Against Crime South Africa that R3 billion worth of construction projects were at risk of extortion and that the city was trying to protect 22 sites, six of which had been decommissioned or closed. Roberts said contractors had been threatened to the extent that they could not continue their work, while some construction workers had even been killed. According to Roberts, extortionists would arrive on site and demand that work be stopped until they received a percentage of the contract or were given contracts to provide security services. He also revealed that several construction companies were having to build extortion fees into their quotes and tenders as an input cost.³¹

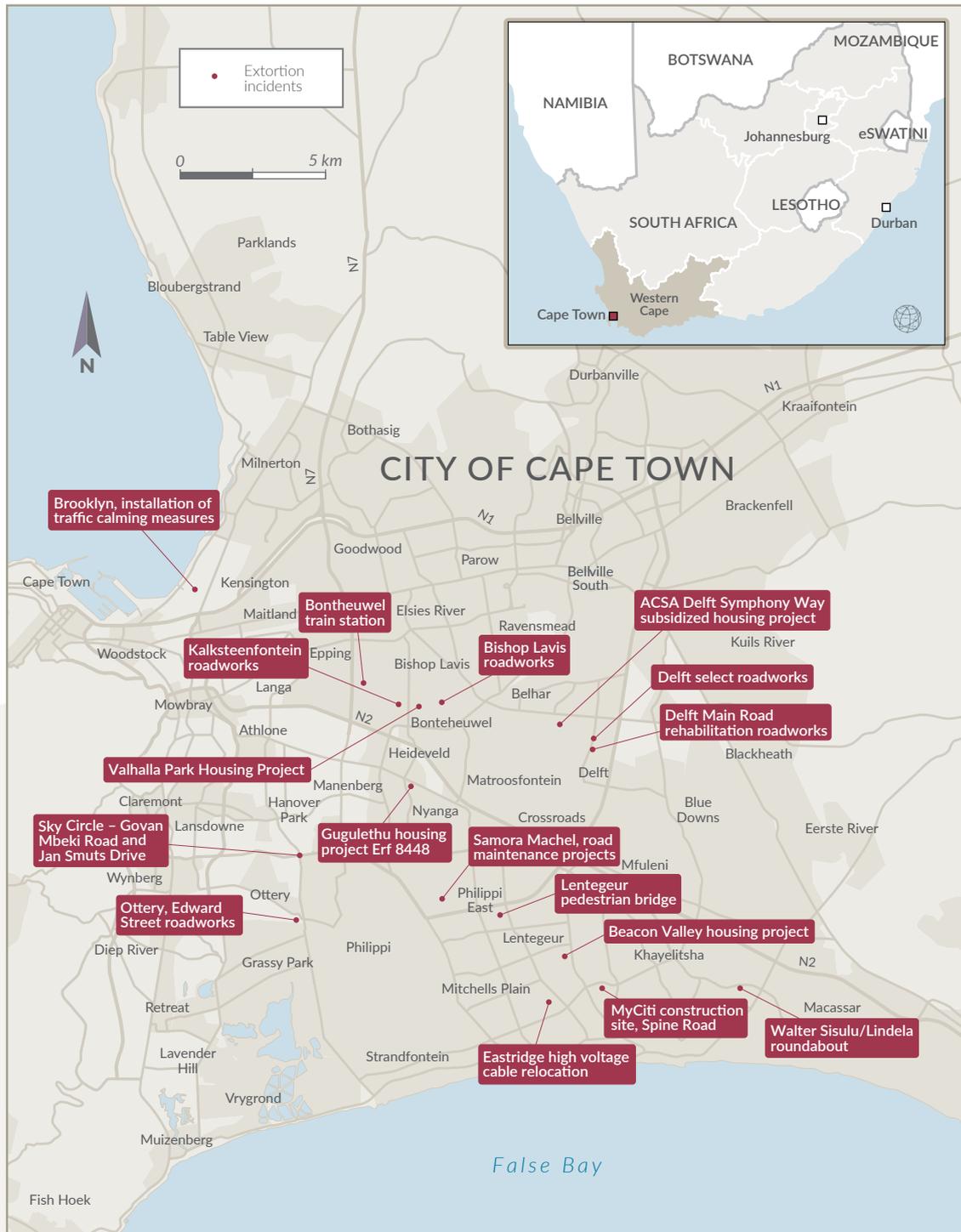


FIGURE 3 Areas where projects have been affected by the construction mafia.



A housing project in Delft was halted in 2023 over security concerns related to extortion. *Photo: City of Cape Town*

Extreme violence

The rise of the construction mafia in Cape Town has been accompanied by high levels of violence. Not only are the groups heavily armed and quick to intimidate contractors and disrupt and damage sites, but they also appear willing to make good on their threats if their demands are not met. By February 2023, there had been at least 10 murders linked to construction extortion, and eight people had been shot and wounded on construction sites.³² At least one of the killings is suspected to have been a targeted assassination.

The killing of Wendy Kloppers

On 16 February 2023, Wendy Kloppers, a city official working in the environmental affairs department, was gunned down at the Symphony Way Housing Project in Delft. Kloppers had been visiting the site to conduct an inspection. According to City Manager Lungelo Mbandazayo, at the time of Kloppers's murder the project had already been under pressure from extortionists. Mbandazayo said Kloppers had been killed after the city refused to yield to their demands.³³ Twelve days before the murder, two construction workers had been shot and injured at the site, and five days after that the site was petrol bombed.³⁴

Family members believe that Kloppers was killed in a case of mistaken identity, and that the real target was a woman who had been awarded a construction contract for the site.³⁵ However, the murder may have been part of an attempt to coerce the city into giving contracts to companies linked to Ralph Stanfield, an alleged leader of the 28s numbers gang.³⁶

A construction worker who witnessed the shooting said: 'She signed the register and was about to enter the site when a white car pulled up behind her vehicle. Two unknown gunmen got out and fired at least 15 shots into the car.'³⁷ Whether or not Kloppers was the intended target, the crime has the hallmarks of a targeted hit, even if the assassin shot the wrong person.

The Cape Town construction mafia have threatened the lives of contractors and city officials numerous times. The seriousness with which these threats are being taken is reflected in the response by the city, which has dramatically increased its security spend on construction projects and has arranged armed escorts for contractors and city officials where necessary. According to councillor JP Smith, the city has even set up a 'war room', and has gone as far as arranging safe houses for some officials.³⁸

Business forums, gangs and the construction mafia

Certain elements in the Cape Town construction mafia have followed national trends and practices by setting up so-called business forums to extort development projects. Some of these forums are registered as legal entities while others are more informal, and not all business forums created by local communities are part of the construction mafia. Those that are use threats and intimidation to make demands based on a now-defunct National Treasury regulation that required 30% of major infrastructure projects to be allocated to local businesses. The construction mafia erroneously interpret this to mean that 30% of all contracts should belong to them, without the necessary competitive processes being followed.³⁹ In some cases, business forums demand that construction companies use labourers and subcontractors aligned to or hand-picked by them, while in other instances they demand direct payment. Failure to comply can result in the invasion of sites, the intimidation of workers and management, and the disruption of site activities, as described above. Corrupt forums usually arrive on site heavily armed. There have also been cases where a construction company has complied with the demands of one business forum, only to be approached by another group claiming to be the correct forum for the area.

Cape Town gang leaders have also become involved in the construction mafia, leveraging their reputation and the criminal resources at their disposal to extort contractors involved in infrastructure projects. One project, situated near Belhar, a stronghold of the Sexy Boys gang, is allegedly controlled by a senior gang leader. This site has been a flashpoint for the conflict between Booysen and Stanfield. According to a city law enforcement official, the contractor has mysteriously never complained about extortion, even though the site has experienced several shootings throughout the project's duration.⁴⁰

According to a resident with contacts in the local underworld, a Khayelitsha housing development was paying R23 000 a month to complete a project without gang interference. The matter was never reported to the police, as the contractor feared this would make the situation worse.⁴¹ Gangs also often demand security contracts, as a former chair of the Community Policing Forum (CPF) in Khayelitsha explained:

A construction contractor in Khayelitsha had hired their own security company. However, leaders of a prominent gang approached the security team and took their weapons. They assaulted one security guard and chased the rest away, telling them to go and get their boss. The fleeing guards were told they would get their guns back and the contractor would get his tools back if he came to negotiate with them. The boss of the security company did so and got the weapons back. Thereafter the gang leaders took over the security contract for the site.⁴²

Once again, the matter was not reported to the police for fear of reprisals.

The gang boss with his own brand of construction mafia

Stanfield – a notorious underworld figure – has allegedly developed his own brand of construction extortion and has seemingly become a prominent player in the extortion of infrastructure projects. Stanfield became involved in the construction sector in around 2015, sometime before the emergence of the construction mafia in Cape Town. Stanfield allegedly oversees his gang's illicit drug, abalone and firearms trade, as well as activities such as orchestrating violence to intimidate opponents and ward off competition.⁴³ According to a senior law enforcement official investigating extortion, Cape Town gangs have quickly adapted to the fact that the construction sector is an ideal vehicle for laundering large amounts of money and the proceeds of crime.⁴⁴

Companies linked to Stanfield have completed government construction projects in the past, including a school in Delft. Stanfield and his wife and family members have registered companies on the Western Cape contractors' panel. This allows him to bid for contracts at provincial and city level.⁴⁵

Using violence and intimidation on construction sites

In 2017, the contractor who had been appointed to the development of a housing project in Valhalla Park, an area controlled by the 28s, was forced to abandon the site, owing to gang violence and extortion threats.⁴⁶ This made way for Glomix House Brokers, a company linked to Stanfield's wife, to take over a portion of the contract.⁴⁷ Glomix was appointed by the Western Cape Province using the contractors' panel to resume some of work on the Valhalla Park project and build some of the houses not completed by the previous contractor. In an open letter written by residents, compiled after they learnt that Glomix had been appointed to take over the contract, it was stated that the 28s had targeted the previous contractor. The residents claimed the project had been brought to a halt – without a single house having been built – when the contractor was forced to pay protection fees and robbed by gang members.⁴⁸ In the open letter, community members expressed alarm at the situation: 'This is shocking news. Does this mean that it will become the norm for gangsters to threaten other contractors?'⁴⁹

Steamrolling the process at community meetings and city offices

Members of Stanfield's gang have allegedly masqueraded as community stakeholders at meetings called by the city to discuss construction projects. Certain actors, such as self-proclaimed community activists and gang members, have also been involved in attempts to coerce the city officials into appointing certain contractors to projects in the city. In February 2023, self-styled community leader Riaan Koeberg and two of his associates entered city offices and intimidated officials responsible for development projects, demanding that certain infrastructure contracts be handed over to Glomix House Brokers.⁵⁰ When approached by the media, Koeberg (who reportedly has a history of intimidation and threats) denied the allegations,⁵¹ claiming they were merely offering to mediate between the city and the construction mafia.⁵² However, in an interview in November 2023, Koeberg said:

If you look at Mr Stanfield, if you look at [gangs such as] the Fancy Boys and you look at the Nice Time Kids, all their leaders are businesspeople and they live in the immediate vicinity where these projects are supposed to happen. Those people have legal, legitimate companies. ... What we are saying is that if it is that the project needs to continue, and that's what I told the mayor personally, then we must give these people a chance to run subcontracts. Because these people are legal, they have legal companies, they are tax-compliant, they have everything you need to get a contract.⁵³

A web of affiliated companies

There are also allegations that there is a network of companies with links to Stanfield and the 28s that are involved in tendering for government contracts.⁵⁴ During a meeting with senior city officials in November 2023, the GI-TOC was informed that the city is currently reviewing 16 companies they believe are linked to Stanfield or members of the 28s.⁵⁵

According to Netwerk24, the city of Cape Town placed seven companies on a blacklist. These included Boon Group, Glomix, NJ Diesel, Globoon Joint Venture (comprising, among others, Glomix and Boon Group). Boon Group and Boon Africa are owned by the same two directors. NJ Diesel Distributors is also a company owned by Nicole Stanfield, according to the Companies and Intellectual Property Commission (CIPC).⁵⁶

Stanfield and his wife have been in custody since September 2023, after having been denied bail in a case involving car theft, cellphone robbery and fraud. How this will affect his involvement in Cape Town's construction sector remains to be seen.



THE TRANSPORT EXTORTION ECONOMY

South Africa's minibus taxi industry is a critical service and the dominant means of transport for most working class and unemployed people. It is the cheapest, and often the only, form of motorized transport available in townships. The industry is largely informal, with powerful taxi associations setting themselves up as the instruments of control and regulation. It is also highly competitive, with the number of operators consistently outstripping demand.⁵⁷ After the country's political transition in 1994, powerful taxi bosses and associations (known as mother bodies) emerged, using mafia-like tactics, force and intimidation to defend and expand their operations.⁵⁸ This has resulted in an industry with a reservoir of violence, including a pool of hitmen commonly referred to as *izinkabi*.

The City of Cape Town has three mother bodies: the Mitchells Plain Taxi Association, CODETA and CATA. Over the years, there have been periodic outbreaks of violence within and between the latter two associations. In 2020 and 2021, taxi violence largely associated with these two associations resulted in the deaths of 239 people in the province (116 in 2020 and 123 in 2021). These figures are higher than in any previous year since 1994, and are similar to the figures from the pre-1994 election period, when violence in the country was at its worst.⁵⁹ Since 2020, several prominent taxi bosses and members of CODETA and CATA leadership have been assassinated, including Victor Wiwi, the president of CATA, and influential CODETA leader Mzoxolo Cecil Dibela. Their deaths left a vacuum in both associations, which was filled by a younger and allegedly more ruthless leadership.

Extortion of Cape Town taxi industry operators

Extortion within the taxi industry in Cape Town mirrors what is happening nationally and has been taking place for many years.

A major form of extortion in the taxi industry is known as the bucket collection. All operators are required to pay a joining fee, an annual membership fee and weekly fees to their association. The amounts vary, depending on how lucrative the route is, and associations have been known to increase these fees dramatically at short notice.⁶⁰ However, in addition to these fees, taxi operators are sometimes forced to pay ad hoc sums, often referred to as bucket money or *imali yebakede* (money for the bucket). These are usually paid in cash and are either added to the weekly fee or collected

separately. Failure to pay bucket fees can result in expulsion from the taxi rank and may incur the wrath of powerful players within the association. There is considerable secrecy surrounding these fees, as they are often used to build up a war chest, hire hitmen or pay the legal costs of prominent people within the association. Associations have been known to send henchmen to taxi ranks to extract *imali yebakede* from taxi operators.

Another form of extortion occurs when small taxi associations are taken over by mother bodies. This usually happens when a legitimate local taxi association has its territory encroached upon by illegal operators. When the legitimate association or the local municipality object, the illegal operators turn to the mother body (such as CATA or CODETA) for protection and lobbying power. According to Western Cape transport official Yasir Ahmed, the mother bodies cultivate corrupt relationships with officials for this purpose: 'Now we know, and this has been admitted to by the leaders in the minibus taxi industry, that they recruit individuals with this type of pull, with this lobbying power. So they recruit municipal officials, they recruit political players, they recruit members of the SAPS.'⁶¹ The outcome, then, is that both rival associations end up paying fees to the mother body in order to keep operating, and also allow it to deploy additional taxis on the local routes.



Cape Town's highly competitive taxi industry has seen periodic outbreaks of violence between the city's two main taxi associations, CATA and CODETA. © Brenton Geach/Gallo Images via Getty Images

In townships such as Nyanga, Gugulethu, Crossroads and Philippi East, small local taxis, known as Avanza taxis after the most popular model in use, run feeder services to the taxi ranks or routes. These Avanza taxi operators are known as *amaphela*, which loosely translates to cockroaches, because of their proliferation. Most don't have permits to operate, but key taxi bosses have agreed to allow them to operate on condition that they pay a fee of R5 000 per month.⁶² Some *amaphela* are part of the Kiki Murray taxi association, which has always been resistant to any formal regulation although there is now a process with the city to try to register more than 400 Kiki Murray taxis. Elements within the Kiki Murray association have been linked to various forms of criminal activity, including robberies, extortion and contract killings.⁶³

In the late 1990s, several Cape Town gangs became involved in the taxi industry, both as operators and extortionists. Gangs such as the Hard Livings may even visit taxi ranks in their area to force queue marshals or regulators to pay extortion fees. In addition, if taxi drivers or owners are not gang

affiliated, they are forced to pay for the right to drive through gang territory. Unlike businesses, which are normally visited by gangs on a weekly basis, taxis and rank officials are forced to pay extortion money daily. This income often exceeds the amount of money gangs make from extorting businesses.⁶⁴

A new brand of transport extortion

Taxi associations throughout the country have been involved in the extortion of bus companies since the first decade of the 2000s. This practice escalated dramatically with the start of the COVID-19 pandemic and resulting lockdowns, particularly on long-distance routes.

Many people living in Cape Town have strong ties to the Eastern Cape, and many Cape Town taxi bosses therefore have a vested interest in this route. As a result, the bus company owners and drivers who operate on this route are prime targets for violence, intimidation and attempted extortion.

Although buses are the worst affected, they are not the only vehicles being extorted. Since the COVID-19 pandemic lockdown, a new and highly organized form of taxi-related extortion has emerged, which could be described as 'extortion of anything that moves along taxi routes'.

According to Ahmed, taxi associations are known to demand so-called spot fines and fees from groups such as families and undertakers between the Western Cape and the Eastern Cape. They even go so far as to set up roadblocks and issue receipts. Refusal to pay can result in vehicles being illegally impounded at local taxi ranks. Private companies and school and staff transport are also forced to pay for an annual permit. 'Vehicles with passengers in them are effectively hijacked and rerouted to ranks and only released on payment of these release fees,' Ahmed said. Law-enforcement officials are threatened when they attempt to intervene.⁶⁵

In Delft, motorists have become afraid to enter the area because of extortion by taxi associations. According to CPF spokesperson Charles George, 'The taxi people stand at the circles in Delft, and if any private contractor comes to Delft carting passengers to school or work, these guys confiscate the vehicles and then they demand a payment for the vehicle to be released.'⁶⁶ And it is not only private transport companies that are affected. In one incident, a man driving to work with some of his colleagues in his private car was stopped and forced to pay R250. He was also warned that if he transported his colleagues again, his vehicle would be impounded.⁶⁷ In another incident, a private charter vehicle carrying passengers from Swellendam to Delft was identified as it departed by taxi personnel, who alerted a taxi patrol at its destination, 220 kilometres away. On arrival, the vehicle was stopped by a taxi patroller who demanded payment per passenger. The patroller had full details of the vehicle, including a description and the registration number, and was aware of its entire route.⁶⁸

Schoolchildren have also been affected by this form of extortion. For five days in February 2023, thousands of pupils in Khayelitsha were prevented from attending school when a taxi blockade stopped all vehicles carrying three or more children, including private scholar transport and parents driving private cars. CODETA, the association responsible for the disruption, insisted that only taxis should transport pupils to school.⁶⁹

One scholar transport company owner said that taxi patrols had even hijacked and impounded vehicles with schoolchildren still inside. However, the children were usually forced to get out at the roadside before the vehicle was impounded. According to this interviewee, children are regularly stranded as a result of this type of action, and sometimes have to spend the night at school.⁷⁰

Another private charter transport company owner revealed that his drivers had been held hostage by taxi associations. He said that a particular taxi association, after seizing vehicles from private companies, is known to blindfold the drivers before taking them to a container that serves as a makeshift workshop for negotiations, accompanied by men armed with assault rifles.⁷¹

CATA spokesperson Nkululeko Sityebi denied any knowledge of vehicles being forced to pay fees to taxi associations for using their routes. When asked about the confiscation of vehicles in CATA's areas of operation, Sityebi said that 'skollies' (criminals) were responsible, and that the taxi industry was being blamed for an issue it had nothing to do with. Sityebi conceded that CATA did have marshals on the road, but said they were employed solely to inspect the association's own vehicles for safety.⁷²

In media reports, however, there has been a more mixed response from both CODETA and CATA when they have been confronted about this new type of extortion. Both associations have said they condemn all acts of criminality but they also attempt to try to explain away this type of extortion saying the real problem was the many businesses who since covid were now providing transport for their staff members, who previously used to take taxis.⁷³ The argument seems to be that these businesses should not be providing transport, and workers should rather pay to use taxis and this transport should only be provided at night, when most taxis are not operating.

Dealing with this new brand of taxi extortion will be difficult. Victims are often afraid to open cases against individuals in the taxi industry because of their reputation for violence and assassinating witnesses and opponents. Police complicity is also a significant problem. An incident from 2023 illustrates the latter: vehicles belonging to a prominent Cape Town civil engineering firm were stopped and taken to the Nyanga taxi rank. The company's managers called the police, and when the officers arrived, they allegedly negotiated the price for the release of the vehicles down from R5 000 to R2 500 per vehicle, without any arrests being made.⁷⁴

From hitmen and henchmen to influential taxi bosses

Henchmen, the enforcers responsible for carrying out threats and violence, are a feature of the taxi industry nationally, and the sector has long retained a pool of hitmen, or *izinkabi*. According to one gang expert, during the long-running feud between CATA and CODETA in Cape Town, some of these hitmen and henchmen became more integrally involved in the industry.⁷⁵ They became taxi owners and were given routes on which to operate. As the conflict between and within the two associations played out, leadership vacuums were created and some of the same hitmen and henchmen were then able to manoeuvre themselves into positions of influence.⁷⁶

The rise of Bonke Makalala, an alleged hitman who became an influential taxi boss, is a good illustration of this trajectory. Makalala, who owns 17 taxis, a long-distance bus company, a construction company and several other businesses, is a member of both CATA and the Eastern Cape Tsomo Taxi Association. He is cited in court papers as allegedly being a key player in the violence and extortion being carried out against bus companies operating between Cape Town and the Eastern Cape, a claim corroborated by at least one long-distance bus company.⁷⁷ Makalala is also said to have links to township gangs involved in extortion, including Amabhuteri, which operates out of Philippi.⁷⁸

The case against Bonke Makalala

In December 2023, Makalala was arrested in Pretoria as part of a major joint operation by the Western Cape, Gauteng and Eastern Cape police. The police statement described Makalala as 'a high-profile taxi boss linked to various serious crimes in and around Cape Town ranging between extortion, fraud, intimidation, murder, attempted murder and possession of an unlicensed firearm'.⁷⁹ Makalala is now facing charges in three Cape Town courts, including for the murder of a taxi boss in 2019, the attempted murder of a mother and nine-year-old child in 2019, illegal possession of firearms and ammunition, and impersonating a police officer. In the state's affidavit at his bail hearing, it emerged that Makalala had issued several death threats against Siyamdumisa Dolophu, a rival taxi operator and chairperson of Eyona taxi association, and that Dolophu had opened a case with the SAPS in May 2023, after Makalala told him that 'he will die'. In October 2023, Dolophu was shot and killed by unknown gunmen.⁸⁰



Still from a TikTok video showing one of the several long-distance luxury buses owned by taxi boss Bonke Makalala.

Source: *Makalala's Legacy*/TikTok



THE TOWNSHIP ENTERPRISE EXTORTION ECONOMY

Exortion has always been part of the handbook for Cape Flats gangs such as the Hard Livings, the Sexy Boys and the 28s, albeit as a secondary source of income to the drug trade. These gangs lean on businesses in their territories, forcing them to join protection rackets. Protection money is collected weekly, but additional sums may be demanded if the gang needs to raise funds, much like the taxi industry bucket system referred to earlier.

Although extortion is a sideline for these gangs, it plays an important role in their control of territory, as a means of flexing their influence. The weekly fees also act as a pulse for gang bosses, who use the flows to monitor their control over an area. When businesses start refusing to pay for protection, it is a warning sign that the gang's authority may be waning.

According to a gang expert interviewed by the GI-TOC, while the system is extensive, it is also subjective. If a gang boss or his senior lieutenants decide that a local business owner is useful to the gang in some way, or if they have a good relationship, they can be exempted from extortion.⁸¹

Money collected through extortion on the Cape Flats is well regulated. Fees are set, and gang bosses and lieutenants keep a precise track of how much money is collected each week. Despite this, the foot soldiers responsible for collecting the money have been known to increase fees without the gang bosses' knowledge, or collect fees more than once a week, to line their own pockets. However, if a business complains to the gang leadership, or if a gang boss discovers this practice, the foot soldiers involved will be dealt with harshly, and may even be killed.⁸²

Business extortion has become so normalized in parts of the Cape Flats that the practice is seldom even mentioned in the media, while in academic research it may receive a passing mention. Gangs in these areas have also gained considerable experience and acumen, which they have been able to use to their advantage beyond the Cape Flats.

In townships such as Khayelitsha, Philippi and Gugulethu the situation is quite different. While some small-scale extortion operations have been running in these areas for many years, large-scale extortion is a recent development. Unlike in other parts of the Cape Flats, for some of these gangs extortion is now not so much a sideline as their main business.

According to research by the GI-TOC, the type of extortion currently experienced in these areas first emerged in Khayelitsha.⁸³ This view was supported by a gang expert, who told the GI-TOC that when it comes to extortion, Khayelitsha has the 'bragging rights'.⁸⁴

Research indicates that, as in other areas of the Cape Flats, in the case of Khayelitsha, Nyanga, Philippi and Gugulethu, foreign business owners are singled out for extortion. In these townships, it is Somali businesses in particular that have been targeted. While Somali business owners initially refused to pay extortion money, in 2017, amid waves of violence directed mainly at them, they finally succumbed to the pressure and reached an agreement with the extortion gangs (see Figure 4).⁸⁵ Community activists referred to this agreement as the 'sunset clause' and said that when it was reached, the various gangs operating in the area came together to divide up the territory and hash out how the system would work. Two of these community activists also claimed that a Khayelitsha-based private security company played a role in bringing the gangs together.⁸⁶

The so-called sunset clause proved tenuous, and it was not long before gangs started to encroach on each other's territory. What may also have contributed to the collapse of the agreement, as a former journalist said, was that the Somali business owners who had been forced to pay protection money began to play off the various gangs against one another, causing considerable tension.⁸⁷

The situation for foreign-owned businesses has changed somewhat since the pandemic. During the COVID-19 lockdown, some gangs began to use foreign criminal actors to assist them in accessing drugs. Because of this, a fragile alliance developed between some gangs and these foreign groups. As a result, gang bosses may exempt foreign-owned businesses from extortion if they are aligned with these foreign actors. However, this reprieve only lasts as long as the alliance exists.⁸⁸

While the extortion of foreign-owned businesses provided a good source of income and influence, for gangs embroiled in rising tensions and territorial disputes it was not enough. Emboldened by their success in extorting foreigners, the gangs of Khayelitsha, Nyanga, Philippi and Gugulethu turned their attention to local businesses and even residents to meet their expanding needs.

From around 2018, gangs started to target the more vulnerable businesses, informal traders and even residents in their townships for extortion. Then, as they honed their skills and expanded their influence, they began to focus on the more formal businesses in the area, such as supermarkets and fast food outlets.

Like the other extortion economies outlined in this study, extortion gangs in townships such as Khayelitsha, Nyanga, Philippi and Gugulethu were hit hard by the COVID-19 lockdown, and re-emerged with a vengeance after the pandemic. Formal and informal businesses and vulnerable residents are no longer the only targets; anyone working or operating in these areas is expected to pay so-called taxes to the gangs. City service contractors and municipal workers providing basic services are told to pay to work or face the consequences. This has led to the withdrawal of council workers and contractors, sometimes leaving parts of these townships without sanitation, refuse removal and other essential services for weeks at a time. Even paramedics and health workers are not exempt from extortion demands.

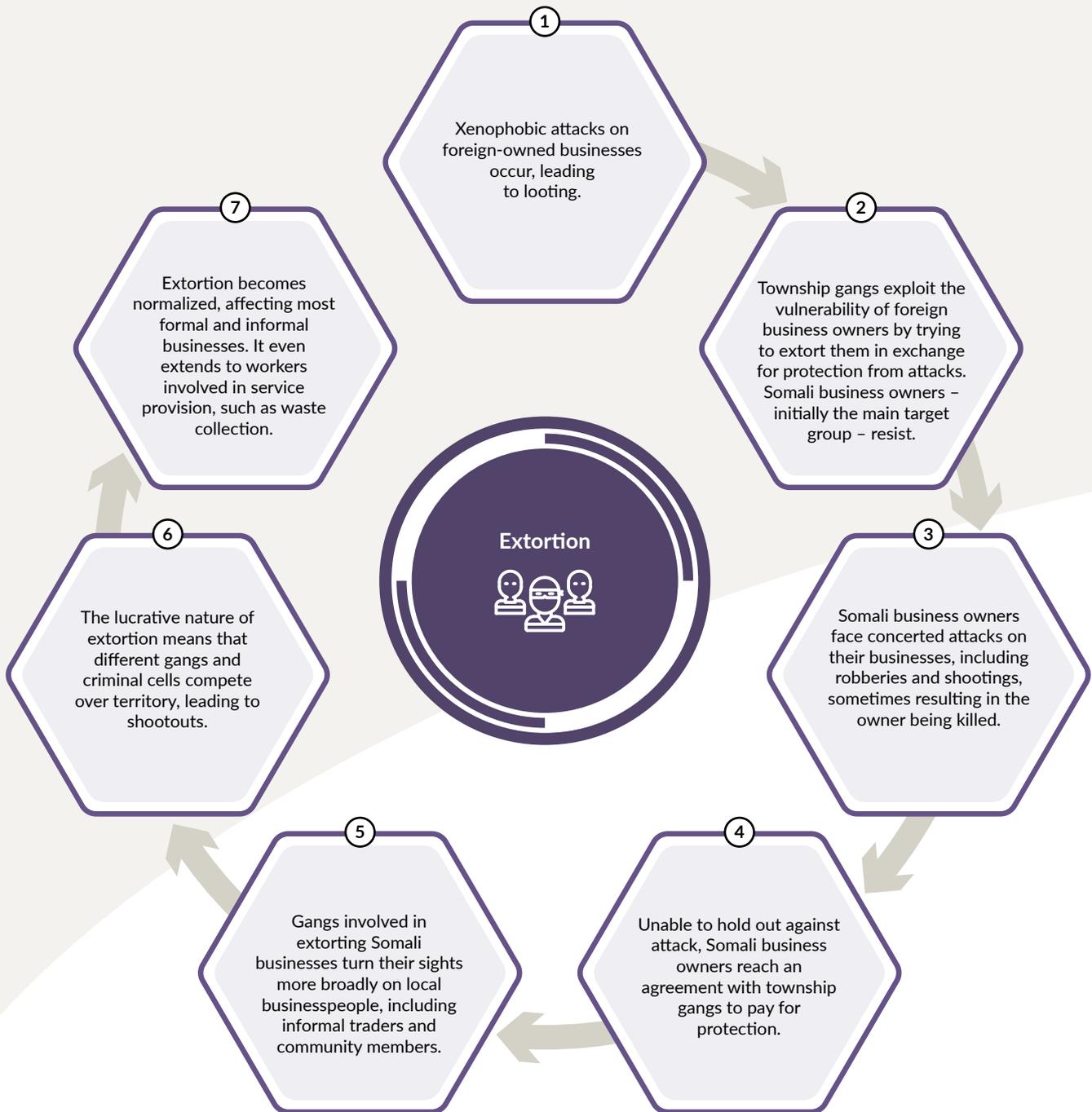


FIGURE 4 Extortion of Somali and other foreign-owned businesses by township gangs.

The city has responded to the situation by organizing armed escorts for service contractors and workers operating in these areas, but it is unclear how long it will be able to maintain this practice or just how much protection is required against heavily armed gangs.

Key actors in the township extortion economy

Two key gangs have emerged in the township extortion economy: Boko Haram and a breakaway gang, the Guptas (neither of which are affiliated with their namesakes).⁸⁹ These gangs operate in Khayelitsha, Nyanga and the surrounding areas, and are quite different from their counterparts in other parts of the Cape Flats. They are less structured, and their leadership is often fluid and difficult



Alleged members of the Boko Haram gang, which is involved in the township extortion economy.

Photo: GI-TOC

to identify. They also make use of criminal cells that operate in different areas and appear to have a degree of independence.

The situation is made more complex by overlapping influences. Many of the criminals involved in the township extortion economy have served time in prison and are therefore affiliated with the Numbers Gangs. According to one community activist interviewed, someone could therefore be broadly aligned to one gang, such as Boko Haram or the Guptas, but also have an alliance with one of the Numbers Gang groups.⁹⁰

In addition to the blurred lines between Boko Haram, the Guptas and the Numbers Gangs, other gangs and groups are active in these areas, each with their own identity and allegiances. One such group, mentioned earlier in this report, is the Kiki Murray taxi association, which represents many *amaphela* taxis, among other activities. In Old Crossroads, near Philippi, a recently established gang known as Amabhuteri has developed into a major racketeering player. Amabhuteri extorts shops in the area under its control, has links to several high-profile criminal figures and, according to a police official, is becoming influential within Boko Haram. Amabhuteri is also believed to be one of the few groups or cells used by taxi bosses to carry out assassinations and extort money from other taxi drivers.⁹¹

Three alleged members of Amabhuteri, Khangelani Matroos (who is a friend of Makalala), Lindikhaya Mbeki and Khangelani Mbobo, are currently on trial for the murder of three people, Bulelani Magwa, Mande Ntsewu and law enforcement officer Siphelo Magwa. According to police investigators, Matroos believed the three victims to be members of a rival extortion racket when he walked up to the window of the car they were in and gunned them down.⁹²

Other individuals linked to the township extortion economy have links to other criminal activities, particularly highly violent armed robbery and cash-in-transit heists, and extremely menacing reputations in their home townships. One of these key players is Yanga Endrey 'Bara' Nyalara. Nyalara has been identified by the state as a township extortion kingpin, particularly in Khayelitsha, where he is both feared and loved by his community.

Yanga Endrey Nyalara

Nyalara, known as the most wanted man in the Western Cape,⁹³ was arrested on 1 July 2022 in Bothasig, Cape Town. He is currently in pre-trial detention for two extortion-related mass shootings in May 2021 and May 2022. He is facing 31 charges, including 18 counts of murder, five counts of attempted murder, several counts of illegal possession of a firearm and illegal possession of ammunition. He is also charged with dealing in and possession of drugs, and has been charged under the Prevention of Organised Crime Act.⁹⁴

Nyalara's arrest came after a lengthy police hunt, during which a surprisingly large reward of R100 000 was offered for any information on his whereabouts. He had previously been sought by the police in connection with a cash-in-transit heist in Libode, Eastern Cape.⁹⁵

Nyalara is from Brown's Farm in Philippi and studied to be a teacher. He is hailed as 'the Robin Hood of Khayelitsha', and is preferred by many to the police when it comes to finding stolen goods and protecting the community from criminals in the area. After his arrest, some residents of Site C in Khayelitsha marched to the police station, singing his praises.⁹⁶

But Nyalara is feared as much as he is revered. After a community march against gender-based violence and crime, including the extortion of foreign-owned businesses, Nyalara circulated a WhatsApp voice note expressing anger that people were interfering in his affairs and threatening to withdraw his protection services:⁹⁷

You are ungrateful. ... I do not sleep, going up and down, creating new enemies, breaking and strangling people's children for you. Now you hold a march, you complain about GBV [gender-based violence] and crime, which is okay. Now you get involved in our dealings and the Somalians. That does not involve you. ... I was doing all this for you. The next thing you guys go and sign memorandums and hand them over to the police disturbing my dealings that do not involve you. ... If anyone has a criminal case, they must go and report their case to the police station in Site B.

Like Makalala, Nyalara is an example of the upward mobility of some criminals in the taxi industry. He allegedly operated as a hitman for the taxi industry, was rewarded with a taxi, and reportedly owns a fleet of eight vehicles.⁹⁸ ■

‘That worker ant can become the gang boss one day’

Involved in the township extortion gangs, with links to the taxi industry, are groups of young people called *imbovane* (loosely translated as ‘worker ants’). These are the foot soldiers for the gang bosses. They are tasked with collecting extortion money from residents and business owners, and act as an information network for gang leaders and key extortion figures. *Imbovane* may carry out targeted killings for both gang and taxi bosses, and have also been used as enforcers.

Many *imbovane* are eventually integrated into the ranks of the gangs they serve, and some become prominent figures. As a Khayelitsha CPF member explained:

The agents for the gang boss are called *imbovane*. ... *Imbovane* are especially conspicuous at the funerals of prominent gang members or businesspeople who had dealings in the criminal underworld. The gang bosses would not want to be seen at those funerals; it is dangerous for them to attend due to the fact that everyone who comes to the funeral can have a cellphone with a camera on it and they can, therefore, record the gang boss being there and he could be easily targeted. For this reason, the gang boss sends an *imbovane* in his place, so that no one really knows which gangs are represented at the funeral. *Imbovane* can be upgraded into the ranks of the gangs and ultimately that worker ant can become the gang boss one day.⁹⁹



KEY CHARACTERISTICS OF THE EXTORTION ECONOMIES

Cape Town's four extortion economies share several characteristics, including the readiness of extortion rackets to resort to violence, reliance on hitmen and enforcers, access to illicit firearms, active gang participation and rivalry, links to other criminal enterprises and the complicity of corrupt officials.

Violence

The capacity and willingness to use violence are essential parts of any successful extortion racket. The victim needs to believe that failure to comply will result in harm. Extortion economies involve cycles of violence that are associated with different stages of the practice.

When extortion is first being established, the levels of violence are usually high. Once the group has consolidated its authority and the practice has taken root, violence levels may decline, although the threat of violence remains ever present. If extortionists seek to expand their territory or their authority is threatened by rival groups, the levels of violence will escalate again.

This pattern is evident in all four of Cape Town's extortion economies. Periods of extreme violence are followed by periods of more moderate violence and a degree of stability, before a new cycle begins. In economies where the criminal groups are more stable and distinct, such as the Cape Town CBD extortion economy, these cycles are more pronounced. In economies that are more fluid and unstable, such as the township extortion economies in areas like Khayelitsha, the periods of stability are often shorter and less obvious.

Firearms

Linked to violence, access to firearms is vital to Cape Town's extortion economies. As a community activist put it, the threat is more credible if there is a gun to back it up.¹⁰⁰ Extortion profits can then be used to buy more guns, which in turn enable extortion groups to expand their territory, leading to more profits and more guns. The cycle of firearms and extortion is similar to the cycle of firearms and drugs in Cape Town and other parts of the country.¹⁰¹



FIGURE 5 The firearms and extortion cycle.

Gangs

As is the case globally, gangs have played a major role in the emergence and entrenchment of extortion economies in Cape Town. These gangs tend to operate in more than one extortion economy. Gang members may be the perpetrators of extortion, as is the case in some examples of township enterprise extortion, or they may become henchmen or foot soldiers. In the CBD night-time extortion economy, for example, the key players have links to gangs that provide them with a ready pool of enforcers.

Many of the figures involved in extortion have spent time in prison, where they would have interacted with each other and possibly become affiliated to the numbers gangs. This provides the opportunity for extortionists to learn from each other, and cements the relationships and links between the different extortion economies.

Turf wars

Competition and rivalry are rife in extortion economies as gangs seek to increase their territory and maximize profits. This has led to violent clashes between and within gangs and groups involved in extortion.

Cape Town's townships, especially, have experienced a high number of deaths and mass shootings (defined in South Africa as an incident in which three or more people are shot with a firearm). A review of media coverage from the end of 2020 to the end of February 2024 shows that in

Khayelitsha, Nyanga and Gugulethu alone there were 31 mass shootings, resulting in 141 deaths and scores of injuries. Almost all of this violence can be traced to the township enterprise or the transport extortion economies.

Hitmen and enforcers

All four of Cape Town's extortion economies make extensive use of hitmen to carry out assassinations of opponents. It is not uncommon for these contract killers to rise to positions of power and influence within the gangs and groups they serve, examples being Bonke Makalala and Yanga Endrey Nyalara, who are profiled earlier in this report.

Many hitmen will operate across various economies. The *imbovane*, for instance, operate in both the township enterprise and the transport extortion economies, as well as performing various other functions for their affiliated gangs.

Links to the illicit drug trade and other criminal activity

All of Cape Town's extortion economies have links to other criminal markets and activities. Links to the illicit drug trade dominate in three of the four economies – the CBD night-time economy, the construction mafia and the township enterprise economy – while criminal actors involved in armed robbery have also become prominent players in two economies – the transport and township enterprise economies.

Institutional infiltration

Extortion economies intersect with the state through linkages with corrupt officials. This not only provides extortionists with a degree of protection, but also gives them access to various resources and processes that facilitate their operations.

Corrupt elements within the police in Cape Town are relatively well documented. In the Lifman and Modack cases cited earlier, criminal actors and police officers were charged. In the 'guns to gangs' case, Stanfield was charged alongside former police officers, who have been dismissed or fired after their criminal involvement came to light. In October 2022, in a gang-related mass shooting case, evidence suggested that members of the 28s gang had corrupt relationships not only with low-ranking police officers, but also with senior management.¹⁰²

Another case in November 2023 again highlighted the interplay between gangs and the police, when officers at the station in Khayelitsha were alleged to have informed members of the Guptas gang when community members logged complaints or gave statements as witnesses to gang activity.¹⁰³

In the case where Makalala was charged with impersonating a police officer, the charge is that he gained access to a marked police vehicle and used it to drive around Nyanga. Videos appeared on social media showing Makalala driving the police vehicle and using the police radio. Two police officers from Nyanga police station were charged with giving Makalala access to the vehicle. One of them, Masixole Mgaqelwa, who was due to testify against Makalala, was shot dead in an apparent hit on 26 February 2024.¹⁰⁴



In Mfuleni, claims against taxi associations for extortion have been dismissed by the police. © Brenton Geach/Gallo Images via Getty Images

In interviews for this study, several charter transport company owners stated that when they complained about extortion by taxi associations in Mfuleni, a township that straddles the N2 highway north of Khayelitsha, they were told by the station commander that they were creating the problem themselves by not paying the taxi associations. The owners have opened a case against the commander, but have yet to receive a response.¹⁰⁵

While these cases highlight just how effectively extortion gangs have been able to infiltrate the police force, it is not the only government institution to be targeted. The Cape Town construction mafia, for example, has been known to extract information and opportunities from local government officials.

From information provided by the City of Cape Town it would appear that four city officials have been suspended and face disciplinary action following investigations into the construction mafia.¹⁰⁶ Although the city did not provide details of these cases, one official said that the investigation could lead to more city officials being implicated.¹⁰⁷

One of the city officials implicated in this investigation was former public housing director Siphokazi September.¹⁰⁸ September was found guilty in a disciplinary hearing of colluding with the construction mafia and gangs, and was dismissed.¹⁰⁹ Malusi Booi, the former mayoral committee member for human settlements, was also dismissed by the city and is being investigated by the police for his links to Stanfield and the 28s. A police statement alleges that Booi accepted cash from 'notorious individuals in the criminal underworld' in exchange for information on housing tenders and that he had links with gangsters in Bishop Lavis, which is part of the 28s' territory.¹¹⁰



RESPONSES BY AUTHORITIES

Both the City of Cape Town and the police have responded to the growing trend of extortion, each initiating certain processes to deal with the problem. In September 2020, the minister of police, Bheki Cele, announced that a special steering committee would be set up specifically to address the issue of extortion, with representatives from the provincial government, the City of Cape Town, the SAPS, the National Prosecuting Authority, the South African Revenue Service and other stakeholders. Effectively, the committee never got off the ground, and in April 2021 Cele admitted the process had experienced ‘teething problems’. He added, however, that ‘commendable progress’ had been made, resulting in 106 arrests linked to extortion.¹¹¹ Further evidence of the steering committee’s failure came in September 2022, when the City of Cape Town wrote to the SAPS offering its assistance in tackling the rise in extortion and kidnapping in ‘a more meaningful way’.¹¹²

In 2022, the SAPS established two task forces in the Western Cape, one to deal with extortion and the other to combat kidnapping.¹¹³ While the extortion task force has had some success in arresting suspects, the city has expressed concerns about lack of coordination with the city and the poor engagement with law enforcement authorities.¹¹⁴

The police, through the Directorate for Priority Crime Investigation, provincial detective services and the Anti-Gang Unit, have made some significant arrests of key figures, including CBD night-time extortionists Lifman and Modack and their associates, alleged 28s leader Stanfield and his associates, and extortion kingpins Makalala and Nyalara. While not all of these arrests are related specifically to extortion, they are significant nonetheless. With the exception of the Lifman and Makalala cases, the state has opposed bail and the accused are currently in custody pending the conclusion of their trials. In the Makalala case bail proceedings are still pending, while Lifman was granted bail of R100 000 and released.

The work done by detectives here is commendable. However, it is undermined by corruption within the police at all levels, which continues to erode public confidence. At a recent conference focused on crime and business, Brigadier Leon Hanana, the SAPS Western Cape head of organized crime, stressed that despite high levels of extortion, people are not reporting these crimes to the police. He identified two reasons: a fear of reprisals and a lack of trust and faith in the police.¹¹⁵



A heavy police presence surrounds Minister of Police Bheki Cele ahead of Nafiz Modack's appearance in the Cape Town Magistrates' Court in 2021 on charges of extortion and attempted murder. © Brenton Geach/Gallo Images via Getty Images

The City of Cape Town has also introduced its own initiatives to tackle the growing problem of extortion. In October 2023, the mayor launched a major anti-extortion campaign, under the banner 'Enough is enough! *Genoeg is geneog! Kwanele!*', including a 24-hour hotline. However, according to city official Robbie Roberts, not many calls are being received. 'We thought we were going to get a lot of complaints on extortion, but unfortunately not,' he said. 'It may be a trust issue, where individuals are concerned that the information they give over the telephone may link back to them.'¹¹⁶

The city has also been forced to implement several measures to address increased security risks. These involve increased spending from the security budget, and include the deployment of additional guards at key infrastructure sites, armed escorts for workers and contractors delivering basic services in high-risk areas, and safe houses and protection for city officials who have been targeted.

Given the magnitude of extortion and its impact on service delivery, the city may have had no choice but to implement these security measures. However, they are not a long-term solution to the problem, and result in expending resources that could be spent on infrastructure and social upliftment projects.

The city has also conducted its own investigations into some extortion economies, and has blacklisted people with links to criminal networks from doing business with the city. This initiative, if successful, could provide a model for other cities to follow.



COMBATING EXTORTION: A WAY FORWARD

The extortion economies in Cape Town are fuelling violence and fear, damaging the formal and informal economy, disrupting critical development projects, interfering with basic service delivery, undermining the rule of law and further eroding trust in the government, and ultimately developing a parallel system of criminal governance.

The intersections and connections between the extortion economies in Cape Town take a variety of forms. Key actors or groups may operate across different economies. In other instances, links are developed through specific transactions, such as the supply of firearms or the movement of drugs. Another, less obvious, link is where criminal actors may connect through shared experiences or relationships developed in particular circumstances. This is the case, for example, with individuals who have spent time together in prison, perhaps becoming part of the Numbers Gang, and who take their experiences with them on their release.



Cape Town's extortion economies are fuelling violence in the city, particularly in impoverished communities of the Cape Flats.

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These overlaps, coupled with the fact that extortion economies are becoming increasingly entrenched and embedded in critical state institutions through corruption, make extortion more resilient and difficult to tackle. However, not addressing these economies is not an option, and failure to do so will lead to their further entrenchment and pervasiveness.

As Cape Town gangs have played the primary role in the emergence and development of extortion, any approach to dealing with these economies must also address the city's gang problem and its associated reservoirs of violence.

Recommendations

Monitor, trace and understand interconnections

In order to address the growing trend of extortion in Cape Town, it is crucial to understand how the various extortion economies connect and intersect. This will assist in developing a more evidence-based approach to the problem. Tracing the links between extortion economies will enable the disruption and destabilization of the strength and capacity of the criminal groups involved in extortion. Constant monitoring for any new relationships between individuals and groups is also essential.

Recognize and tackle embeddedness

The GI-TOC's 2022 organized crime risk assessment addressed the issue of embedded organized crime in South Africa:

Tackling this characteristic of embeddedness in many cases not only requires disrupting the ties that link criminal entities with their environment, but also addressing the surrounding contexts. If only the criminal element is targeted, the conditions that enabled, protected and rewarded the original criminal beneficiaries will quickly be exploited by new actors.¹¹⁷

The high-profile arrests of some of Cape Town's extortion kingpins is an important step in disrupting these economies. However, arrests must be accompanied by approaches that challenge the environment that has enabled extortion to thrive and expand, otherwise the impact will be limited and short-term.

Early warning systems

It is much easier to deal with extortion economies as they emerge rather than once they become entrenched. In Cape Town, extortion has expanded rapidly, and authorities are often caught off guard and slow to react. This contributes to these practices becoming embedded. There is a need for a coordinated early warning system that can identify emergent extortion economies as well as the expansion of existing ones.

Policing responses

Because Cape Town's extortion economies involve organized and interconnected criminal groups, dealing with them requires a structured and coordinated enforcement architecture. As it stands, the police's response is fragmented. In Cape Town and nationally, both the Directorate for Priority Crime Investigation and the SAPS organized crime unit deal with organized crime, and there are tensions

between the two. There is also the Anti-Gang Unit and the recently formed extortion task team, the latter being led by SAPS Organised Crime. The Makalala case highlights the divided approach. SAPS Organised Crime dealt with Makalala's arrest. Then a police officer who had been charged alongside Makalala (and who was allegedly set to give evidence against him) was murdered, and this case was taken up by the Directorate for Priority Crime Investigation. Meanwhile, Makalala is appearing in three different courts for three different cases. There is an imperative need for the police to address this disconnected approach, as it impairs its ability to make sense of and address extortion economies.

Improve coordination and cooperation between different tiers of government

Initiatives by the police and the city are important and should not be disregarded; however, ultimately, the different arms of the government are still working in silos. A more coordinated approach and strategy are needed, involving all the tiers of government, with different departments working in concert to implement coordinated strategies and approaches. The extortion steering committee could have played an important role in this regard, and needs to be revisited.

Report extortion

The 24-hour extortion hotline set up by the City of Cape Town has not had the expected results, as people seem hesitant to make use of it. People may not trust that their information will be kept confidential. Alternatively, communities may simply not be aware of the hotline. For this tactic to be successful, the city may need to embark on an awareness- and trust-building campaign, emphasizing the importance of crime reporting, even if it is done anonymously.

Build community resilience

The fact that extortion in Cape Town is becoming normalized is a serious concern. Successful campaigns against extortion in other countries have been most effective when they have focused on combating not only the different groups involved, but also the complicity of companies and communities.

One example of a particularly successful initiative is Italy's Addiopizzo¹¹⁸ (which loosely translates as 'farewell extortion'), a grassroots social-conscience movement launched in 2004 to combat the entrenchment of mafia economies. The core aims of this campaign were to alter incentive structures and to build a community of citizens opposed to the mafia and extortion culture, thereby creating a united front against extortion. South Africa's domestic response to extortion will need to be tailored to the country's specific practices and problems. However, as a complementary strategy, the country would be wise to undertake a comparative survey of successful international strategies such as this.



NOTES

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