Companies and Intellectual Property Commission

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CIPC Secures Conviction for Non-Compliance with Beneficial Ownership Filing Requirements

The Companies and Intellectual Property Commission (CIPC) has secured a conviction in a matter involving non-compliance with Beneficial Ownership (BO) filing requirements, reinforcing its commitment to corporate transparency, accountability and enforcement of the Companies Act.

On 18 November 2026, the Polokwane Commercial Crimes Court handed down a conviction following a failure to comply with a Compliance Notice issued by the CIPC regarding the submission of Beneficial Ownership information.

Beneficial Ownership and the CIPC's Enforcement Mandate

The CIPC is mandated, in terms of the legislative amendments introduced through the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act 22 ("GLAA") of 2022, to collect Beneficial Ownership information from entities subject to the relevant statutory filing requirements.

The objective of these requirements is to promote transparency regarding the ultimate beneficial owners of corporate entities and to reduce the risk of corporate structures being misused for money laundering, terrorist financing and other illicit activities.

As part of its enforcement efforts, the CIPC publishes the names of BO non-compliant companies on its official website, social media platforms and engages directly with non-compliant entities to facilitate compliance with their statutory obligations.

Failure to comply may result in the issuance of a Compliance Notice, providing the entity with a further opportunity to rectify its non-compliance. Where an entity fails to comply with a Compliance Notice, the CIPC may pursue appropriate enforcement action in terms of section 171(7) of the Companies Act, 2008 (Act 71 of 2008).

Background to the Case

The matter involved Ms Phuti Lilian Segooa, in her capacity as director and representative of MMADITSHABA HOLDINGS (PTY) LTD.

A Senior Investigator at the CIPC, issued numerous written requests requiring the submission of the company's Beneficial Ownership information. Despite these requests and the subsequent issuance of a Compliance Notice, the statutory requirements remained unmet.

The CIPC referred the matter to NPA for prosecution as an offence in terms of section 214(3) of the Companies Act 71 of 2008 (“the Act”). The matter was investigated by the Serious Economic Offences Unit (“SEOU”) and subsequently referred to the National Prosecuting Authority (NPA) on 10 September 2024 for a decision on prosecution.

Conviction and Sentence

On 18 November 2026, the Polokwane Regional Court convicted the director on charges relating to contraventions of sections 214(3), 76(3), 33, 50, and 171(7) of the Act, read with Regulation 30 of the Companies Regulations, as amended by the General Laws (Anti-Money Laundering and Combating Terrorism Financing) Amendment Act (GLAA).

The court imposed a fine of R6 000 or 12 months' imprisonment, of which R3 000 or six months' imprisonment was suspended for five years, subject to the condition that the accused is not convicted of a further specified contravention during the period of suspension.

The conviction demonstrates the importance of complying with statutory filing obligations and the potential legal consequences of failing to comply with a Compliance Notice issued by the CIPC.

Strengthening Corporate Transparency and Supporting FATF Objectives

This successful prosecution sends a clear message that non-compliance with Beneficial Ownership filing requirements is a serious matter.

Directors and members are further cautioned that deregistration of an entity, including administrative deregistration due to annual return ("AR") non-compliance, does not necessarily absolve them of liability for contraventions committed while the entity was active. The case of **Mmaditshaba (Pty) Ltd** illustrates this principle, where the director was successfully prosecuted and convicted notwithstanding the fact that the company had already been finally deregistered prior to the conviction. Directors and members should therefore ensure ongoing compliance with all statutory obligations, as personal liability and criminal sanctions may still arise despite the deregistration of the entity.

The conviction reinforces the CIPC's commitment to exercising its statutory enforcement powers and pursuing effective, proportionate and dissuasive sanctions against non-compliance, consistent with the objectives of the Financial Action Task Force's (FATF) Immediate Outcome 5 (IO5).

The outcome also contributes to South Africa's ongoing efforts to strengthen Beneficial Ownership transparency, combat money laundering and terrorist financing, and prevent the misuse of corporate entities for illicit purposes.

The CIPC urges all entities subject to Beneficial Ownership filing requirements to comply with their statutory obligations and respond promptly to compliance-related communication issued by the Commission. Entities, including those that are dormant, inactive, or not conducting business operations, remain subject to the provisions of the Companies Act and related compliance obligations. Such entities are required to ensure ongoing compliance with all statutory requirements, including the filing of Annual Returns and Beneficial Ownership declarations, irrespective of whether the entity is currently trading or generating income. Failure to comply with these obligations may result in regulatory action by the Commission.

Through continued education, monitoring and enforcement, the CIPC remains committed to promoting a transparent, accountable and compliant corporate environment in South Africa.