

PIU 01/07/96  
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OFFICE OF THE UNIT COMMANDER  
PRESIDENTIAL INVESTIGATION  
TASK UNIT  
WESTERN CAPE

07 October 1997

THE DEPUTY PRESIDENT

THE MINISTER FOR SAFETY AND SECURITY

THE MINISTER OF JUSTICE

OPERATION INTRIGUE PIU 01/07/96

INTRODUCTION.

Operation **INTRIGUE** (operational reference PIU 01/07/96) has been in operation for fifteen (15) months. During the course of intelligence gathering and investigations carried out by this Unit it has been operationally proven that operation **Intrigue** has grown much bigger and that investigating the activities of **PALAZZOLO** and associates is much more complex than originally thought. An internal analysis conducted by the **PRESIDENTIAL INVESTIGATION TASK UNIT** of the operation has yielded the following results:

**VITO ROBERTO PALAZZOLO** aka **ROBERT VON PALACE KOLBATCHENKO**.

**PALAZZOLO**, born in **TERRASINI** on 31 July 1947 and belonging to the Mafia family from **PARTINICO** entered South Africa on the 25 December 1986 with a false passport.

**PALAZZOLO** currently holds a very senior title in the organised crime organisation, **Cosa Nostra**. Due to the fact that **BERNARDO PROVENZANO** is sixty four years old and senile and incapable of leading the organisation, it is suspected by both this unit and the **ITALIAN STATE POLICE** that **PALAZZOLO** plays a key role in the administration of the financial affairs of **Cosa Nostra**.

As identified by the **SAPS PRESIDENTIAL INVESTIGATION TASK UNIT** and confirmed by the **CENTRAL SERVICE OPERATION** of the **ITALIAN STATE POLICE**, **ROBERTO FARA**, **CARLO POLLA**, **ANDREA SATORI**, **LUCA D'ALELIO**, **GIONATA D'ALELIO**, **GIOVANI BURGIA**, **PIETRO EFISIO PALAZZOLO** and **SALVATORE TOTINO MORETTINO** are headed by **PALAZZOLO** and belong to a Mafia family based and operating in South Africa and managed by the criminal organisation **COSA NOSTRA**.

The above-mentioned people form the nucleus of **Cosa Nostra** in South Africa. Each one of them have a specific role to perform and the responsibility of building a strong network of associates that are of use to **COSA NOSTRA**.

In addition to the **ITALIAN** people mentioned above, **PALAZZOLO** has also managed to win over local people who are just as controversial as himself. Not only are these people controversial but they have also been hand picked for their professionalism and skill.

This investigation has already identified and confirmed the following associates of **Cosa Nostra** in South Africa:

#### **FINANCIAL ASSOCIATES.**

**LEONARD STEPHEN PHELPS:** Property Developer and Banker

**MR JAMES COATES:** Financier

**EUGENE MEIR GRUNFELD:** Father-in-law and Trustee of the Von Palace Trust  
Diamond Dealer  
Businessman

**SALVATORE MORETTINO:** International and National front companies  
Front for International and National banking accounts.

#### **STATE OFFICIALS.**

**ASSISTANT COMMISSIONER C N VENTER:** Former Head of Organised Crime, SAPS

**F J F JOUBERT:** Senior Representative, Department of Home Affairs, Wynberg.

**DIRK COETZEE:** NIA Official, Pretoria

#### **PRO SECURITY.**

**CYRIL BEEKA,** Director of **PRO SECURITY**, which consists of **SOUTH**

**AFRICANS** and **MOROCCANS** security guards who patrol the City Centre's Club land.

**BEEKA**, together with his with his staff at **PRO SECURITY**, fulfil the role of soldiers for the criminal organisation, **Cosa Nostra**.

#### **INTERNATIONAL CONNECTION.**

This investigation has confirmed through the regular monitoring of detailed billing accounts of both land lines and cellular telephones used by **PALAZZOLO** that he has regular contact with the following countries:

**GERMANY, AUSTRIA, AUSTRALIA, SWITZERLAND, BELGIUM,**

**BULGARIA, FRANCE, RUSSIA, ANGOLA, ISRAEL, NAMIBIA**

This investigation is in the process of identifying the above mentioned subscriber details.

In Italy, Hong Kong, United Kingdom and the United States of America subscribers of telephones contacted regularly by **PALAZZOLO** have been identified some of which are known international criminals.

#### **ITALY.**

As already indicated by the report of the **ITALIAN STATE POLICE**, **PALAZZOLO** is in constant contact with confirmed mafia members and known criminals in Italy. The nature of this contact varies from shady financial deals to involvement with car thieves (**CARLO TOZZI**).

#### **HONG KONG.**

**YEN PING KOK** is an old associate and partner of **PALAZZOLO**. Their association dates back to 1982 during the period of the **PIZZA TRIAL**. **KOK's** role during this period was to supply heroin to the **Cosa Nostra** in the **USA**.

**PALAZZOLO** and **KOK** were partners in a company called **PA.GE.KO**.

This partnership consisted of the following:

**DUTY FREE SHOP at ORLY AIRPORT, PARIS**  
**RESTAURANT IN MONTE CARLO, MONACO**  
**CATTLE RANCH, ARIZONA, TEXAS**

Two telephone numbers dialled regularly to Hong Kong from the telephone that **PALAZZOLO** subscribes to are registered to the following:

**YENG PING KOK**  
**FLAT 3, 22/F BLK. B, ELIZABETH HOUSE**  
**250-254 GLOUCESTER ROAD**  
**WAN CHAI, HONG KONG**

**ABC MANAGEMENT COMPANY  
2/F WILLIE BUILDING, 222-254 DES VOEUX ROAD  
SHEUNG WAN, HONG KONG**

The latter surfaced in an organised crime investigation conducted by the Hong Kong Police in 1992 in which the name **CHAN YUET KWONG** (the son of **KOK**) featured as a suspect in a luxury car theft syndicate. **KWONG** was arrested for stealing luxury vehicles and smuggling them to **CHINA** and **VIETNAM**.

The **KOK** family visited **PALAZZOLO** in South Africa in 1987, 1991 and 1993.

**UNITED KINGDOM.**

A telephone number dialled regularly by **PALAZZOLO** to London is registered to **LEISURE SERVICES LTD**, in the name of **BRIAN MILLER**. This investigation has confirmed that this company and **BRIAN MILLER** are notorious for any kind of financial scams. Both **BRIAN MILLER** and **LEISURE SERVICES LTD** have been investigated for money laundering.

**UNITED STATES of AMERICA.**

Two telephones numbers dialled regularly by **PALAZZOLO** have been traced as follows:

**BLONDE MANAGEMENT INCORPORATED  
NEW YORK, NEW YORK**

**CELLULAR TELEPHONE  
SUBSCRIBER UNIDENTIFIED  
REGISTERED IN QUEENS, NEW YORK**

This office has also operationally proven that **PALAZZOLO** has regular contact with the **FEDERAL BUREAU of INVESTIGATION (FBI)**. His contact people in the **FBI** are:

**MR LOUIS FREEH - DIRECTOR GENERAL  
MR CARMINE RUSSO - LEGAL ATTACHE, AMERICAN EMBASSY,  
ROME  
MR BUCHNAN - AID TO MR FREEH**

Other contacts are: **MR KENNETH CARUSSO** and **MR DICK MARTIN**. This office has also proven operationally that the **FBI** is preparing to recruit **PALAZZOLO** and appoint him as an agent of theirs in South Africa.

Furthermore, this office has also been able to prove that the **FBI** are going to use **PALAZZOLO** in **ANGOLA**.

associated with people who are strategically positioned and who are able to provide him protection. Furthermore, this unit can confirm that the Angolan operation is built on a very strong foundation and that it would be very difficult to derail what PALAZZOLO has built up there. It is very clear to this office that the money generated by the above mentioned companies means much more to those involved with PALAZZOLO than anything else.

The South African chapter of Cosa Nostra is important to the security of the state because PALAZZOLO has many ulterior motives and it would seem that he builds contact with the security and intelligence establishments of foreign countries he operates in.

#### COMMENTS

There has been a concerted effort by members of the SAPS to discredit this office and expose the investigation.

We have managed to save the investigation thus far from all attempts at exposure. I do not believe that this is possible much longer therefore we would like to present verbally a speedy solution to this problem.

Noting what has been tabled above, DIRECTOR A E LINCOLN and CAPTAIN ENGELBRECHT request urgently a meeting with the DEPUTY PRESIDENT, the MINISTER FOR SAFETY AND SECURITY and the MINISTER OF JUSTICE to discuss a plan that will once again put this investigation on track.

Considering that the criminal organisation COSA NOSTRA has already become a transnational phenomenon in view of the fact that it commits crimes such as money laundering, drug trafficking, murder and extortion and that some of the most important members of this organisation are resident in South Africa, a serious and dedicated team effort should be put in place if we are going to combat the crimes committed by COSA NOSTRA in this country.

DIRECTOR  
COMMANDER: PRESIDENTIAL INVESTIGATION TASK UNIT  
A E LINCOLN

#### ANGOLA

In Angola PALAZZOLO has four diamond concessions. In these four companies he has partners who are strategically placed. He is well protected and guaranteed. The four diamond companies are:

GEMADOURADA  
DIAGEMA  
SUMITOA  
KUPOLU

These four companies yield a high percentage of good quality diamonds.

The partners in the diamond companies are as follows:

##### GEMADOURADA

This concession consists of thirteen square kilometres. PALAZZOLO's partner in this concession is the GOVERNOR of LUANDA, GENERAL JOAQUIM ANTONIO LOPES FARRUSCO.

##### DIAGEMA

This is a smaller concession but it also yields a high quality diamond. PALAZZOLO partner in DIAGEMA is GENERAL JOSE JOAO (MAWA). MAWA is in charge of all the ANGOLAN PRESIDENT's security. He is known to be a very powerful individual in ANGOLA.

##### SUMITOA

This is the smallest concession PALAZZOLO owns in ANGOLA. His partners in this concession are six ex-combatants led by GENERAL MAU MAU. GENERAL MAU MAU is himself still a powerful figure in ANGOLA.

##### KUPOLU

KUPOLU is a registered company with much more business enterprises than diamond concessions. The Directors of KUPOLU are: VITO ROBERTO PALAZZOLO, EDUARDO DOS SANTOS, ANDRE LUIS BRANDAO, Dr ANTONIO FERNANDO, JULIAO MATEUS PAULO (DINO MATROS) and JOSE CARLOS MOUZINHO. ANTONIO CARLOS SUMBULA, Deputy Minister of Mining and Dr JOSE ALBERTO PINHO, the legal adviser to SUMBULA, are both paid advisers of KUPOLU. KUPOLU economic interests are:

*Mining concession  
Hotel and Casino in Luanda (The Tropics)  
Import and Export between Angola and South Africa*

KUPOLU is also in the process of doing a joint venture with the MALAYSIAN MINING CORPORATION, DUETSE TELEKOM and ARMSCOR subsidiary, REUNTEC.

The Angolan operation is financed by an Australian based mining company, LONGREACH DIAMOND FIELDS. The chairperson of the board of directors of LONGREACH is a Mr BORIS GANKE.

The investigation has already identified and confirmed that PALAZZOLO