

GuptaLeaks: Kickbacks For Transnet Crane Contracts

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On Monday 17 July 2017, this article was published by News24 where it is alleged that the #GuptaLeaks have revealed that two more companies that won Transnet tenders paid tens of millions to Gupta offshore fronts.

Bank and accounting records show that two heavy equipment manufacturers – Swiss-based Liebherr-International AG and China's Shanghai Zhenhua Heavy Industries Limited – funneled nearly R100-million to the Guptas, as Transnet awarded them contracts to supply cranes to South African ports.

This brings to seven the number of large, mostly respected companies, known to have secretly paid Gupta fronts in connection with Transnet contracts.



A forgotten tipoff

Four years ago, an anonymous tipster told amaBhungane that Transnet crane suppliers were paying off the Guptas to get their contracts.

The tipster said: “The cranes that are being supplied to the ports from [Shanghai Zhenhua] are with Guptas. Ask Liebherr. While they were the preferred supplier, they were approached by Guptas to do a deal who then referred them to their local [black economic empowerment] partners, who in turn spoke to [then Public Enterprises Minister] Malusi Gigaba. By then Guptas had done a deal with [Shanghai Zhenhua].”

Days before the tipoff, Gigaba and then Transnet CEO Brian Molefe had stood side-by-side, grinning behind a giant red ribbon, which Gigaba cut in presentation of seven new Shanghai Zhenhua cranes for South Africa.

On the day, Molefe told reporters the tender was “transparent.”

Molefe later moved to Eskom, which he recently left in disgrace after evidence emerged that he

courted the Guptas while Eskom and Transnet closed allegedly dirty deals for the Guptas.

On Saturday, Transnet spokeswoman Viwe Tlaleane said: “The company is conducting its own internal enquiry and will investigate all allegations made. Where appropriate, it will enlist the services of independent experts, depending on the required expertise.”

Liebherr executive Dieter Schmid said: “I can assure you that Liebherr has never had an ‘extensive and direct relationship with the Guptas for years’ as alleged in your e-mail.” He said the company was “still putting the pieces together” and needed more time.

Shanghai Zhenhua did not respond to questions.

Paying to play

As was claimed by amaBhungane’s tipster, Liebherr’s Gupta payments were indeed preceded by roughly R55-million from the Chinese.

In September 2011, Transnet announced that Shanghai Zhenhua would build, deliver and commission seven tandem-lift ship-to-shore cranes for the container terminal at Durban harbor.

According to Transnet documents obtained by amaBhungane, it would pay Shanghai Zhenhua \$92-million (about R1.2-billion today) for the job.

Three months later, money started to flow to the Guptas.

Shanghai Zhenhua paid the first tranche of US\$969 086 (R12.6-million) that December. According to the Guptas’ accounting records, it went to a United Arab Emirates-registered company called JJ Trading.

JJ Trading has also featured prominently in another Transnet kickback scheme.

The #GuptaLeaks reveal China South Rail entered into a “consulting” agreement with JJ Trading, related to Transnet’s 2013 locomotive tender, and paid JJ Trading over US\$107-million (R1.4-billion).

For every tranche of cash received from Shanghai Zhenhua, JJ Trading transferred exactly 4% to a person called "David," sometimes as cash. The rest flowed to Gupta front companies in the UAE and South Africa.

For example, at the end of January 2013, Shanghai Zhenhua paid US\$1.2-million (R15.6-million) to JJ Trading.

Within days, JJ Trading paid US\$743 815 (R9.7m) to Global Corporation LLC's National Bank of Abu Dhabi account. Global is beneficially a Gupta company. JJ Trading paid another US\$256 130 (R3.3-million) to Global's US Dollar account at Standard Chartered.

In all, Shanghai Zhenhua paid at least US\$4.2-million (R54.6-million) to JJ Trading over 14 months, of which 15% stayed with JJ, 4% was paid to "David", and the rest went on to the Guptas.

The records also reveal how a confidential Transnet document, related to the subsequent tender for 22 cranes that Liebherr won, had been leaked to the Guptas.

It is not clear how, but a top Gupta executive then emailed the document to an Indian national associated with JJ Trading.

Déjà vu

This is not the first time Liebherr has popped up on amaBhungane's radar.

Last October, amaBhungane linked Liebherr to another apparent Transnet kickback scheme.

AmaBhungane's investigation revealed that in March 2015, Burlington – a subsidiary of advisory firm Regiments Capital – signed a R5-million contract with Liebherr-Africa to provide it with "market feasibility studies" in relation to the supply of cranes to Transnet.

Liebherr made a R2-million down payment to Burlington, which paid exactly 90% straight on to a Gupta front, Homix.

At the time, Liebherr told amaBhungane that Homix was unknown to it. It is now clear that

Liebherr's R2-million laundered to Homix was just the tip of the iceberg. The #GuptaLeaks reveal that the family received roughly \$3.2-million (R42-million) from Liebherr over the course of a year and a half.

Bank records show that in July 2013 Liebherr paid US\$905 000 (R11.8-million) to another of the Guptas' UAE front companies, Accurate Investments.

If Accurate sounds familiar, that is because the Guptas also used it to launder the Free State government's money to pay for their niece's notorious Sun City wedding.

On 17 February 2014 – the same day that Liebherr announced it had scored the 22-crane Transnet contract – Liebherr paid Accurate another US\$202 008 (R2.6-million).

Liebherr's cash lands in the US

Although the South African Revenue Service, Hawks and National Prosecuting Authority remain unmoved by the #GuptaLeaks revelations, the shadow of US regulators potentially looms large.

The almighty dollar - a GuptaLeaks game changer

A significant portion of Liebherr's cash transferred to Accurate was quickly passed along to relatives of the Guptas in the US.

In May 2014, Liebherr made three more payments to Accurate totalling US\$1 105 368 (R14.4-million).

On 28 May 2014, two days after Liebherr's last wire hit Accurate's account, Accurate bundled Liebherr's money with other funds and wired it all to Brookfield Consultants Inc in the US.

According to its website, Brookfield specialises in healthcare consulting.

Records obtained by amaBhungane show that Brookfield, incorporated in Texas, is managed by Ashish and Amol Gupta.

In correspondence Ashish and Amol Gupta refer to Rajesh "Tony" Gupta as "Respected Tony Uncle".

Documents contained in the #GuptaLeaks reveal that Ashish and Amol Gupta were respectively 27 and 23 years old at the time Accurate transferred Liebherr's cash to Brookfield's account at JPMorgan Chase Bank in New York.

Neither Ashish nor Amol Gupta, nor their father Ramesh, who provided Tony Gupta with Brookfield's bank account information, responded to any of amaBhungane's attempts to contact them.

The ever-expanding feeding trough

We have seen no specific evidence of Transnet rigging the crane tenders to favour Liebherr and Shanghai Zhenhua.

However, the payments to offshore Gupta fronts and contemporaneous contract awards trace a Transnet tender pattern that is now well known. Liebherr and Shanghai Zhenhua bring the number of Transnet contractors who have paid the Guptas or partnered with their companies to seven.

The investigations multiply

This week, Transnet was the latest company to promise an investigation.

Spokesperson Viwe Tlaleane told amaBhungane: "Transnet notes recent reports based on leaked emails.

"Some of these reports cast aspersions on the integrity of the company's governance processes, especially relating to procurement. Transnet views good governance and the integrity of its processes seriously. In this regard, we have put in place various measures to safeguard this integrity. Any breach or allegation of breach is viewed in a serious light.

"Transnet did not make any payments to third parties and has no knowledge of the alleged transactions. Part of the company's investigation entails approaching suppliers for their perspective on the allegations.

"Should any actionable facts arise, remedial action will be taken."