

Betrayal of the promise: How the nation has been stolen

In less than a decade, the Zuma and Gupta families have managed to position themselves as a tight partnership that coordinates a power elite to manage the rent seeking that binds the constitutional and shadow states.

How the Gupta's have established themselves in SA

1993 Gupta family members arrive

2001 Gupta's meet Zuma at a Sahara function

2007 Polokwane: Zuma is elected ANC president

2009 **July:** Zuma family get jobs in Oakbay companies **c. November:** Gupta's register Oakbay Resources and Energy

2010 **December:** The New Age publishes its first edition

2012 Waterkloof landing for wedding

2013 Gupta's list Oakbay, but at a listing price by more than double its valuation (through getting a business associate in Singapore who bought pre-listed shares well above valuation). This provided them with the cash to pay off an IDC loan but ultimately devalued IDC's equity in Oakbay by more than half (ultimately a loss of about R120-million) to the state owned entity.

2015 Banks close Gupta accounts apparently based on financial regulation concerns. Zwane prematurely announces IMC, which he chairs, to investigate bank cloures.

2016 Gupta's want Gordhan to intervene on their behalf with the Banks. Gordhan refuses and applies to the courts for a declaratory order in this regard

2017 Gupta's attempt to buy Habib International Bank, which Gordhan does not sign approval for prompting the Gupta's to apply for an urgent but ultimately failed, interdict to try and force him.

How the Gupta's tried to capture nuclear

2010 **May:** Oakbay and Duduzane Zuma's company, Mabengela, buy Uranium One's Dominion Mine – later named Shiva Uranium for USD37-million through an Industrial Development Corporation loan.

Context: Observers were surprised by how much the Gupta's paid for what was described in the media as "one of the most notorious dogs in the entire South African mining sector." Little did the nation know that Zuma and his benefactors seem to have already set their sights on a large-scale nuclear programme.

2013 Integrated Resource Plan 2010-2030 published which stated that nuclear should be delayed until 2035 and not promulgated at all if costs run over \$6500/KW. Current estimates put nuclear at \$8000/KW

2015 **July:** Former Finance Minister Nhlanelhla Nene and Tina Joemat-Pettersson former Energy Minister, accompany Zuma to the Brics Summit in Russia where Nene is presented with a letter, in his name, from the Russians to sign his support for nuclear. He refuses.

December: Cabinet approves R1-trillion nuclear deal, having never received a business case. Nene is fired hours after making a presentation to the same cabinet meeting on costing unfeasibility of nuclear.

How the Gupta's have captured cabinet

2009 **October:** Malusi Gigaba replaces Barbara Hogan as Public Enterprises Minister.

Context: Just prior to this, Vytjie Mentor is allegedly offered the Public Enterprises portfolio by the Gupta's at their Saxonwold residence on condition that she drops SAA's Mumbai flight route in favour of one of their companies.

2015 **September:** Unknown backbencher Mosebenzi Zwane appointed as Mines Minister

October: Former Deputy Finance Minister Mcebisi Jonas offered Finance Ministry by the Guptas in return for a R600m bribe. He refuses.

December: Former Finance Minister Nhlanelhla Nene fired and replaced by backbencher Des Van Rooyen.

Pravin Gordhan replaces Van Rooyen after three days.

2016 Gordhan is targeted by law enforcement throughout his time in the treasury. Hawks attempt to charge him, linked to SARS allegations. These are dropped.

2017 **March:** Zuma removes Gordhan and Jonas and replaces them with Gigaba and Sifiso Buthelezi.

How the Gupta's have captured the SOE's

1993 prasa

2007 DENEL

2009 **Context:** Between 2012 and 2019 Transnet would spend R300bn improving its ageing rail network.

2010 **December:** Gigaba moves Mid-level DTI official Iqbal Sharma to Transnet Board.

2011 **The New Age** reports that Brian Molefe will be appointed Transnet CEO

March: Three months later this happens in what appears to be a pre-determined decision

2012 **Late 2012:** Gupta's reportedly attempt to influence PRASA train deal (R51bn) via South China Rail, which they represented.

Context: They fail but probably because of the refusal of then CEO Montana to relent to them. He wrote a letter to then Prasa chair Sifiso Buthelezi describing the brazen interference of the Gupta's in the course of the negotiations.

2013 **June:** Gigaba tries to make Sharma chairman of Board but Cabinet refuses based on his proximity to the Gupta's. Gigaba creates a Special Board Tender committee to circumvent Cabinet concern and appoints Sharma chair (this oversees tenders of R2.5bn and above)

October: Transnet announces R50-bn loco tender. Appoints McKinsey to advise on deal structure and funding.

2014 McKinsey agrees to subcontract part of the work to Regiments after which the original fixed contract for R35m balloons to nearly R100m (signed off internally by Brian Molefe and CFO Anoj Singh).

February 2015: One month before the tender announcement, Iqbal Sharma (who oversaw the tender adjudication) together with Rajesh Gupta and Duduzane Zuma acquire a stake in VR Laser Services, an engineering firm that will benefit from the Transnet loco tender, (which stipulates that 60% of component parts must be locally supplied).

March: Transnet awards R50bn loco tender to four train builders, including China South Rail and China North Rail

Early 2015: The Gupta's buy into another firm Trillian and manage to have lucrative Regiments work redirected to them, with the help of their friend Eric Wood, a Regiments director, who moved to Trillian shortly thereafter.

2015 **July:** Public Enterprises Minister Lynne Brown overhauls Denel Board and installs alleged Gupta loyalists Dan Mantsha as chair. Mantsha then appoints ally Zwelakhe

December: Eric Wood was caught up in advising Des Van Rooyen and privy to highly confidential treasury information.

December: Ultimately, Transnet pays Trillian R170-million for unexplained consulting work.

Evidence emerges of how proceeds of these contracts spirited out of the country through various Gupta-linked shell companies.

2016 **January:** Ntshepe announces the formation of Denel Asia, jointly owned by Denel and VR Laser Asia owned by the Gupta's and Duduzane Zuma (and registered in Hong Kong).

Pravin Gordhan calls out the formation of Denel Asia as illegal in terms of the PFMA as neither he nor Brown had given the necessary authority.

The purpose of the Denel deal seems to have been to give the Gupta/ Zuma duo access to Denel's highly confidential intellectual property to develop and sell military products to the Asian market.

Context: The Gupta's were close to Regiment's director Eric Wood and it seems they were using him as a conduit to try and gain entry into the lucrative Regiments-Transnet work. When they failed to buy Regiments, they bought Trillian, using their middle man Salim Essa, and then used this company, together with Eric Wood, to triangulate the Regiments work into Trillian. This required the help of insiders in Transnet and evidence has emerged of how Transnet paid both Regiments and Trillian hundreds of millions for the same pieces of consulting work.

The Regiments-Trillian-Transnet triangulation is now the subject of an ongoing court dispute, including fraud allegations against Wood and Trillian.

May: Finance Minister Malusi Gogaba orders the dissolution of VR Laser Asia.

Eskom

Gupta-owned Tegeta Exploration and Resources is registered.

2010 Gigaba makes wholesale changes to the Eskom board with many incoming board members linked to the Gupta's.

2015 **July:** Glencore, which owns Optimum Coal Holdings, writes to Eskom invoking the "hardship clause" in their coal-supply agreement because the fixed price of R150 per tonne of coal, negotiated in 1993, means they are losing nearly R1bn p/a. Parties enter into negotiations.

April: Molefe appointed acting CEO

May: Molefe meets with Glencore and refuses to offer increased price – enforces 1993 contract.

July: Anoj Singh appointed CFO.

August: Glencore is forced to place Optimum into business rescue.

September: Zwane travels to Switzerland and meets with Glencore, with the Guptas present. Upon his return Glencore agrees to sell the mine to Tegeta for R2,1bn.

The Public Protector's report says: "the only party who probably stood to benefit from [Optimum] being financially distressed...would be a prospective suitor. In this case, the prospective suitor was Tegeta."

Having refused to assist Glencore by raising the value of their supply contract, Eskom awards Tegeta a R700m contract to supply Anot power station. At R470 p/t, this is one of Eskom's most expensive contracts.

April: Eskom special board tender committee led by Molefe gives Tegeta a R586m pre-payment, allegedly for the Anot coal contract, which actually turns out to be a loan to finalise payment for Optimum. This amounts to potential fraud under the PFMA. According to the public protector: "It appears that the conduct of the Eskom Board was solely to the benefit of Tegeta in awarding contracts to them and in doing so funded the purchase of Optimum, in severe violation of the PFMA"