

AFFIDAVIT

I, the undersigned,

David John Maynier

6810225195086

Hereby make oath and state that:

AD DEPONENT

1.

1.1 I am an adult **male** person of the above details and of full legal capacity, employed as A Member of Parliament, at **the Parliament of South Africa, Cape Town**, and residing in **Cape Town**.

1.2 Unless specifically indicated otherwise, the facts contained in this affidavit fall within my personal knowledge, and are to the best of my belief both true and correct. I do however point out that I rely upon the veracity of the newspaper reports referred to, and that I am deposing this affidavit on the presumption that the reports are factually accurate.

AD PURPOSE

2.

2.1 This affidavit concerns possible criminal offences committed by various persons involved in actions that include the laundering of public funds to pay for wedding expenses of private persons.

2.2 I depose this affidavit in my capacity as a concerned citizen, and as a Member of Parliament representing a sizable constituency that is directly affected by the incidents detailed hereunder.



- 2.3 It is my belief that the acts detailed hereunder warrant further investigation by the South African Police Services, with the view to criminal prosecution.

BACKGROUND

3.

3.1 I will throughout my statement refer back to two media reports that were published in The Daily Maverick on 30 June 2017.

3.1.1 The first report is entitled "The Dubai laundromat – how millions milked from Free State government paid for Gupta wedding." Throughout the affidavit, I will refer to it as "article A".

3.1.2 I have attached a copy hereto as **Annexure "A"**. A copy can also be read online at the following URL: <https://www.dailymaverick.co.za/article/2017-06-30-amabhungane-and-scorpio-guptaleaks-the-dubai-laundromat-kpmg-saw-no-evil-at-wedding/#.WVX91IR97IU>

3.1.3 The second report is entitled "The Dubai Laundromat – KPMG saw no evil at wedding." Throughout the affidavit, I will refer to it as "article B".

3.1.4 I have attached a copy hereto as **Annexure "B"**. A copy can also be read online at the following URL: <https://www.dailymaverick.co.za/article/2017-06-30-amabhungane-and-scorpio-guptaleaks-the-dubai-laundromat-kpmg-saw-no-evil-at-wedding/#.WVIXktOGORs>

THE ALLEGED OFFENCES

4.

Article A reveals that: in 2013, the Free State provincial government, and more particularly Mosebenzi Zwane, now Minister Mosebenzi Zwane, contracted with a company by the name of **ESTINA** ("Estina"), offering them a free 99-year-lease for a farm outside Vrede, in the



Free State, and R 114 million a year for three years to set up a dairy farm in order to empower the local community.

5.

5.1 Article A records three discernable chains of payment flowing from **ESTINA**, seemingly utilizing the funds it received from the Free State Government to, ultimately, fund a wedding party hosted by the **GUPTA FAMILY**, which family is largely headed by:

5.1.1 **ATUL GUPTA;**

5.1.2 **RAJESH GUPTA**, a South African citizen with ID number 7208056345186;
and

5.1.3 **AJAY GUPTA**, an individual seemingly using ID numbers 661200000000 and 6602056061184.

5.2 Throughout the affidavit, I will refer to them collectively as “the Gupta brothers” and individually as Atul, Ajay and Rajesh Gupta.

5.3 The sole director of Estina is an individual by the name of **KAMAL VASRAM** (“Vasram”), a South African citizen with ID number 7906255178080.

6.

The first laundering chain described in the article relates to a group of transfers made in August 2013 and is set up as follows:

6.1. The first phase occurred as follows:

6.1.1 On 11 August 2013, Estina paid U\$S 1 999 975 to **GATEWAY LIMITED** (“Gateway”), a company based in the United Arab Emirates and described in the article as a Gupta family-controlled shell-company;

6.1.2 On the same day, Gateway then paid an amount of U\$S 1 600 000 to **GLOBAL CORPORATION LLC** ("Global Corp"); another company based in the United Arab Emirates, and which the article states is a shell-company controlled by the Gupta-family;

6.1.3 On 12 August 2013, Global Corp, then paid an amount of U\$S 1 590 000 to **ACCURATE INVESTMENTS LTD** ("Accurate"), a company based in the United Arab Emirates, also described in the article as a Gupta-family controlled shell-company.

6.2 The second phase occurred when Gateway paid the balance of the money it had received from Estina – an amount of U\$S 399 9975 - plus an additional U\$S 25, representing a total amount of U\$S 400 000, to Accurate on 12 August 2013.

6.3 The two phases set out in 6.1 and 6.2 thus left Accurate in possession of the entire amount originally transferred from Estina to Gateway, excepting about U\$S 975.

7.

7.1 The second laundering chain described in the article relates to a group of transfers that were made in September 2013, and is set up as follows:

7.1.1 On 5 September 2013, Estina transferred the amount of U\$S 2 999 975 to Gateway;

7.1.2 On 9 September 2013, Gateway transferred an amount of U\$S 1 400 000 to Accurate.

8.

8.1 The two laundering chains set out above in 6 and 7 had the effect of leaving Accurate in control of U\$S 3 333 400 that was originally paid to Estina by the Free State provincial government.

8.2 On 31 July 2013, **LINKWAY TRADING (PTY) LTD** ("Linkway"), a South-African based Gupta-controlled company, with **RONICA RAGAVAN** as a director, presented

Accurate with an invoice to the amount of U\$S 3 333 400 for expenses related to the wedding of Vega Kumar and Aakash Jahajgaria.

- 8.3 Vega Kumar is the daughter of Anil Kumar and Achla Gupta and, through her mother, she is a niece of the Gupta brothers.

9.

- 9.1 It is my firm belief that the transactions set out above describes the laundering of public money to pay for the wedding celebrations of private individuals, in that:

9.1.1 The money was paid to Estina by the Free State provincial government, to be used in setting up a state-owned dairy farm outside Vrede, in the Free State;

9.1.2 The money was then laundered through a series of Gupta-owned companies in the United Arab Emirates;

9.1.3 Ultimately, the money was then used to pay for expenses related to the wedding of a niece of the Gupta brothers, and not for setting up the dairy farm.

- 9.2 It is my further belief that the transactions set out above, specifically the invoice detailed in 8.2 above and the subsequent payment thereof, as described in article B, were undertaken and concluded with the aim to circumvent statutory tax liability. This appears to have been achieved by Linkway irregularly accounting for expenses related to the wedding as deductible expenses, and offsetting these against the income related to the aforementioned invoice.

10.

- 10.1 It is further my belief that more public funds were laundered back to the Gupta brothers, through a third laundering chain set out in the article as follows:

10.1.1 On 23 September 2013, an amount of U\$S 3.1 million was transferred from Estina to Gateway;



10.1.2 Gateway then transferred the amount of U\$S 3.1 million to a company called **FIDELITY ENTERPRISES LIMITED** ("Fidelity"), which the article describes as "another Gupta UAE front";

10.1.3 Fidelity then paid an amount of U\$S 3.1 million to **OAKBAY INVESTMENTS (PTY) LTD.** The company's Acting CEO is **RONICA RAGAVAN**, and the company is well known as the Gupta family's South African holdings.

11.

11.1 It is my submission that, upon a thorough investigation of the allegations made in the article, several of the individuals mentioned above, as well as Minister Mosebenzi Zwane and other public officials currently unknown to me, may be charged with the following offences:

11.1.1 **Racketeering**, in terms of Section 2 of the *Prevention of Organised Crime Act*, 121 of 1998 ("POA"), in that the persons mentioned above:

(a) received or retained property derived, directly or indirectly, from a pattern of racketeering activity, and knew or ought reasonably to have known that such property is so derived, and used or invested, directly or indirectly, any part of such property in acquisition of any interest in, or the establishment or operation or activities of, any enterprise;

(b) received or retained any property, directly or indirectly, on behalf of any enterprise and knew or ought reasonably to have known that such property derived or is derived from or through a pattern of racketeering activity;

(c) used or invested any property, directly or indirectly, on behalf of any enterprise or in acquisition of any interest in, or the establishment or operation or activities of any enterprise while they knew or ought reasonably to have known that such property derived or is derived from or through a pattern of racketeering activity;

(d) acquired or maintained, directly or indirectly, any interest in or control of any enterprise through a pattern of racketeering activity;

(e) whilst managing or employed by or associated with any enterprise, conducted or participated in the conduct, directly or indirectly, of such enterprise's affairs through a pattern of racketeering activity;

(f) managed the operation or activities of an enterprise and knew or ought reasonably to have known that any person, whilst employed by or associated with that enterprise, conducted or participated in the conduct, directly or indirectly, of such enterprise's affairs through a pattern of racketeering activity;

or

(g) conspired or attempted to violate any of the provisions of sections 2(1) (a), (b), (c), (d), (e) or (f) of the POA.

11.1.2 **Money Laundering**, in terms of Section 4 of POA, in that the persons mentioned above knew or ought reasonably to have known that property is or formed part of the proceeds of unlawful activities and-

(a) entered into any agreement or engaged in any arrangement or transaction with anyone in connection with that property, and

(b) performed any other act in connection with such property,

which was likely to have the effect of concealing or disguising the nature, source, location, disposition or movement of the said property or the ownership thereof or any interest which anyone may have in respect thereof.

11.1.3 **Assisting another to benefit from the proceeds of unlawful activities**, in terms of Section 5 of the POA, in that the persons mentioned above assisted one another to benefit from proceeds of unlawful activities, in that they knew or ought reasonably to have known that said proceeds were obtained from unlawful activities, and they entered into agreements or engaged in arrangements or transactions whereby the retention or the control by or on behalf of the said other persons of the proceeds of unlawful activities were facilitated; or the said proceeds of unlawful activities were used to make funds available to the said other persons or to acquire property on their behalf or to benefit them in any other way.



11.1.4 **Acquiring, possessing or using the proceeds of unlawful activities**, in terms of Section 6 of the POA, in that the persons mentioned above acquired, possessed or used the proceeds of unlawful activities and knew or ought reasonably to have known that it is or forms part of the proceeds of unlawful activities.

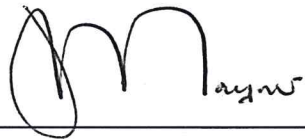
11.1.5 **Criminal Offence relating to non-compliance with tax Acts**, in terms of Section 234(f) of the *Tax Administration Act*, No. 28 of 2011 ("TAA") read with section 25(2) of the TAA, in that some or all of the above mentioned persons willfully or without just cause submitted false or untrue returns.

12.

I lastly believe that during the course of an investigation it may emerge that other persons, other than those mentioned above, may be implicated to the extent that charges may be brought against them, or additional charges other than those set out herein may be brought against the persons mentioned above or any other person identified during the course of the investigation.

13.

This is all I can declare.



DEPONENT: David John Maynier

I CERTIFY THAT THIS AFFIDAVIT WAS SIGNED AND SWORN TO BEFORE ME AT _____ ON THIS _____ DAY OF _____ 2016. THE DEPONENT HAVING ACKNOWLEDGED THAT HE/SHE KNOWS AND UNDERSTANDS THE CONTENTS OF THIS AFFIDAVIT AND I CERTIFY THAT THE REGULATIONS IN TERMS OF SECTION 10 OF ACT 16 OF 1963, AS PUBLISHED UNDER GN. R1258 OF 21 JULY 1972 AS AMENDED BY GN. R1648 OF 1977 AND GN. R1428 OF 1980 AND GN. R773 OF 1982, HAVE BEEN COMPLIED WITH.



S. Chamseddine
532544-7
S. CHAMSEDDINE SGT
COMMISSIONER OF OATHS

FULL NAMES : SHANAAZ CHAMSEDDINE
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SOUTH AFRICAN POLICE SERVICE
UNIT COMMANDER PARLIAMENT
PROTECTION AND SECURITY SERVICES
WESTERN CAPE
2017 -07- 03
PRIVATE BAG X1, STALPLEIN 8015
CAPE TOWN
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amaBhungane & Scorpio #GuptaLeaks: The Dubai Laundromat – How millions milked from Free State government paid for Sun City wedding

- AMABHUNGANE & SCORPIO SOUTH AFRICA 30 JUN 2017 01:37 (SOUTH AFRICA)



The Guptas always denied that they were behind the infamous Vrede dairy project. Now leaked records show that public funds were laundered from the project via Dubai to pay for the family's showcase wedding. By AMABHUNGANE and SCORPIO.

By all accounts, the 2013 Sun City nuptials of the Guptas' niece, Vega, was a dazzling display of the family's wealth.

Except it was not.

The #GuptaLeaks reveal that the Free State provincial government largely picked up the tab for the "event of the millennium", as it was described by a guest, KPMG Africa then-chief executive Moses Kgosana.

"My wife and I were privileged to attend and enjoyed every moment and every occasion," Kgosana gushed in a thank-you note to Atul Gupta. "I



have never been to an event like that and probably will not because it was an event of the millennium.”

Surely, though, the long list of political and business figures attending the multi-day spectacular were not privy to the veiled source of funds.

Except KPMG’s Kgosana should have been.

KPMG were the auditors of the Guptas’ Linkway Trading (Pty) Ltd. This company, we shall see, played a crucial role in allowing the diversion of cash earmarked for the Free State’s Vrede dairy project to reimburse most of the wedding expenses – R30-million to be exact.

By allowing Linkway to account for the wedding as a “business expense”, KPMG further ensured that the Guptas paid zero taxes on their Free State government windfall. (See also: The Dubai Laundromat – How KPMG saw no evil at the Sun City wedding)

KPMG said this week it was normal for it to attend “client related events”.

“In this case, the wedding attendance was approved by our risk management and the accommodation costs were borne by KPMG...”

“We stand by our work done and audit opinions issued.”

The Gupta family did not respond to our enquiries.

Gupta Radical Economic Transformation, courtesy of Mosebenzi Zwane

amaBhungane first revealed in 2013 how the Free State provincial government had gifted an unknown company, Estina, a free 99-year lease to a 4,400-hectare farm outside Vrede. Estina’s sole director was an IT salesman with no farming experience.



The government also promised Estina R114-million a year for three years to set up a farming operation and dairy, whose supposed purpose was to empower locals and boost provincial agriculture.

Mosebenzi Zwane, now South Africa's mineral resources minister and then Free State MEC for agriculture, drove the provincial government to adopt the dairy project. Vrede is Zwane's home town. The project was not put out to public tender.

Zwane, among the Guptas' most ardent defenders, recently claimed the #GuptaLeaks were an attack on committed government employees.

Zwane did not respond to our enquiries made earlier this week.

In 2013, amaBhungane established that Estina had an address that was also used by Gupta companies and that Kamal Vasram, its sole director, had ties to the Guptas. Despite these signs of Gupta involvement, the family denied any connection, save for a R138,000 consulting contract performed by Linkway Trading – coincidentally (or not) the same company that features in this story.

Vasram repeated the Gupta line that the controversial family was not involved, telling amaBhungane at the time: "I wish to categorically state that they are not involved in any manner in this project."

The #GuptaLeaks have unravelled these denials. Dozens of emails and other records show the family not only had significant control over the scheme but diverted much of the provincial government's funding to it for their own purposes.

The Guptas' Dubai Laundromat milks the Free State

When Zwane's successor as agriculture MEC, Mamiki Qabathe, answered questions about the project in the provincial legislature in November 2013, she said that by then a total of R114-million of the government's money – tranches of R30-million and R84-million – had been transferred to Estina.

Financial records in the #GuptaLeaks show that over a six-week period between August and September 2013, Estina had transferred \$8,348,700 (R84-million at the time) to the Dubai bank account of a Gupta-controlled United Arab Emirates (UAE) shell company, Gateway Limited.

That is, the entire R84-million second tranche transferred by the Free State government to Estina landed in a Gupta-controlled US dollar account at Standard Chartered Bank in Dubai.

In a clear sign that Dubai was little more than a laundry stop, a forensic examination shows that at least three-quarters of that money was shortly bounced back to two Gupta companies in South Africa – including to pay for the wedding. It went like this:

The wedding celebrations were held at Sun City over four days at the end of April and beginning of May 2013.

Three months later, on 31 July, the Guptas' Linkway Trading, based in South Africa, presented Accurate Investments Ltd, a second Gupta-controlled shell company in the UAE, with a four-page, itemised invoice for expenses for the "V & A Function ... at Sun City" (the bride and groom were Vega and Aakash).

The items for which Linkway invoiced Accurate ranged from R13,086 for chocolate truffles to R2.3-million for scarves, R247,848 for fireworks and R13.9-million for "event services".

Including VAT, Linkway's bill totalled a perfectly round R30,000,000. It was further noted that "this invoice is the equivalent of USD3 333 400".

As of the date of Linkway's invoice, Accurate had a mere \$15,811 in its account at Standard Chartered – a tiny fraction of the amount invoiced. But thanks to the Free State government and Estina, Accurate's bank balance would soon improve drastically.

This is where the laundromat started spinning. If the details are confusing, it is because they were meant to be, but it went like this:

- On 11 August 2013 Estina transferred \$1,999,975 of the Free State government's cash to the Standard Chartered account of the Guptas' Gateway Limited in Dubai.
- On the same day Gateway transferred \$1,600,000 of the Estina money to the Standard Chartered account of yet another Gupta UAE shell, Global Corporation LLC.
- The next day, 12 August, Global transferred \$1,590,000 – that is the full amount it received less \$10,000 – in two tranches to another Standard Chartered account: that of Accurate, the company that Linkway had invoiced for the Sun City wedding.
- That same day, Gateway itself transferred the balance of the funds it had received from Estina plus another \$25 to round it off – \$400,000 – to Accurate's Standard Chartered account.
- The end result of this financial Three-card Monte was that the Guptas' Accurate now held \$1,990,000 of the \$1,999 975 of the Free State government's cash, which had been transferred by Estina to Gateway the day before.

Accurate then immediately transferred \$1,986,000 to Linkway's account at the State Bank of India in Johannesburg. The wire transfer

confirmation notes an invoice number identical to the one contained in Linkway's wedding expense invoice presented to Accurate.

This 12 August payment of the Free State's cash via Dubai, however, fell short of Linkway's invoiced amount of \$3,333,400 by \$1,347,400.

Wash, rinse, repeat

And so, the Dubai laundry machines started spinning again:

- On 5 September 2013 the next tranche of Free State funds arrived from Estina in Gateway's Dubai account: \$2,999,975.
- Four days later, on 9 September, Gateway transferred \$1,400,000 of this cash to Accurate, which then immediately paid Linkway exactly \$1,347,400 – the balance of the wedding expenses invoice.

The wedding bill, however, was not the end of the Guptas' Free State gravy train.

Weeks later, on 23 September, a further \$3.1-million of the Free State's cash was washed and delivered to the Guptas in South Africa via Dubai. This time, the cash flowed from Estina to Gateway to yet another Gupta UAE front, Fidelity Enterprises Limited, which then transferred \$3.1-million to Oakbay Investments, the Gupta family holding company in South Africa.

With so much of the Free State's money ending up with the Guptas, it appears that very little ended up with actual suppliers to the project.

As we previously reported, \$3,448,800 (about R34-million then) of the R84-million that was sucked from Estina to Dubai in August and September 2013 was justified by a Gateway invoice for a milk pasteurisation plant to be supplied by Star Engineers, an engineering firm in the Guptas' hometown of Saharanpur, India.



#GuptaLeaks financial records, however, show only a tiny fraction of that – \$165,610 – was transferred to Star Engineers during the course of 2013. Whether that was the full amount paid to Star remains unclear.

Back-to-back transfers like those seen in the Guptas' Dubai accounts were obvious red flags. Indeed, Standard Chartered confirmed this week that it closed the accounts in early 2014, shortly after these transfers.

A spokesperson for the bank said: “Standard Chartered takes its responsibility to combat financial crime very seriously and is fully committed to doing business in accordance with local and international regulatory and legal requirements.”

By the time Estina was kicked off the project in 2014 following a national Treasury probe and amaBhungane's exposure of dead cows being dumped in a ditch, the provincial government had paid Estina about R210-million in taxpayers' money.

Of that, it is now clear, the Guptas, and not the people of the Free State, were the major beneficiaries.

Zwane's continuing committed public service

Amid the #GuptaLeaks revelations, Mineral Resources Minister Mosebenzi Zwane recently unveiled controversial changes to the Mining Charter. The proposed revisions seem to fit one particular family of Indian immigrants like a glove.

Naturalised black people would now also be deemed to have been previously disadvantaged by apartheid, thereby radically transforming the Guptas into prospective BEE partners.



The Guptas started arriving in South Africa mere months before the 1994 elections.

While Zwane appears to have repeatedly bent over backwards for the Guptas – even going as far as suggesting the #GuptaLeaks were driven by anti-black racism targeting him – the leaked documents suggest that perhaps Zwane’s apparent blind loyalty to the Guptas is not entirely reciprocated.

Considering the colossal quantum of cash diverted from Zwane’s Vrede dairy project to the Guptas’ pockets, one would assume that Zwane was the Guptas’ guest of honour at the Sun City extravaganza.

Rather, he appears to have been an afterthought.

Possibly no other document in the #GuptaLeaks trove was circulated as widely, and revised so often, as the wedding’s guest list.

Yet, on the near-final guest list, Zwane’s name – a seemingly late addition near the very bottom (at row 242 out of 254) appearing under the subheading “Extra Guests” – was misspelt as “Mosebebi”, an error which endured throughout the drafts.

Even the Guptas’ now-mortal enemy, Peter Bruce, the former editor of *Business Day*, snagged a higher spot (235) than Zwane on the guest list.

While the fate of the mining charter revisions recently tabled by Zwane is uncertain, one thing is clear: with the next generation of Guptas now in their teens and 20s, weddings (and wedding expenses) will continue apace.

For all his steadfast efforts to radically economically transform the Guptas, perhaps “Mosebebi” should at the very least demand pride of place at the next one. **DM**



DAILY MAVERICK

SOUTH AFRICA

amaBhungane & Scorpio #GuptaLeaks: The Dubai Laundromat – KPMG saw no evil at wedding

- AMABHUNGANE & SCORPIO
- [SOUTH AFRICA](#)
- 30 JUN 2017 01:34 (SOUTH AFRICA)



#GuptaLeaks
by amaBhungane & Scorpio
with NEWS24



KPMG saw no evil at the Guptas' Sun City wedding. They audited the Gupta company that laundered the cash for the nuptials – and went to the wedding. By AMABHUNGANE and SCORPIO.

While auditors are supposed to be independent, the Guptas' cosy relationship with KPMG's then chief executive and the KPMG partner directly responsible for their audit begs the question why South Africans are only now learning about the public funds behind the Guptas' notorious Sun City wedding. (See also [The Dubai Laundromat – How millions milked from Free State government paid for Sun City wedding](#)) Rather than being an independent watchdog, KPMG's dealings with the Guptas leave the impression that the auditor was the family's lapdog.

Regarding the Sun City nuptials paid, KPMG Africa's top executive Moses Kgosana gushed to Atul Gupta, "My wife and I were privileged to attend and enjoyed every moment and every occasion. I have never been to an event like that and probably will not because it was an event of the millennium."

In response to our inquiries, KPMG stated that it was "satisfied that at no stage was [its] independence impaired".

But due to confidentiality constraints, it said, "we cannot respond to your questions and request that you direct the same to our former client". It cut ties with the Guptas last year.

The Guptas did not answer our questions.

Further email correspondence shows that KPMG, as Linkway's auditors, were well aware of many of the key details surrounding the "event of the millennium" for years.

For instance, KPMG possessed the four-page itemised invoice of wedding expenses the Guptas' Linkway sent to the Guptas' Accurate Investments in Dubai.



Despite the fact that both Linkway and Accurate are beneficially owned by the Guptas, Linkway's financial statements, audited by KPMG, do not consider Accurate to be a related party.

The importance of a technical accounting term, such as "related party", may be unclear to many.

Auditors' heightened scrutiny of related-party transactions is designed to prevent self-dealing on non-market terms – an effect of which could be to artificially manipulate income to evade taxes.

For example, to do just that, a company could sell a R1-million Mercedes to its shareholder for R100,000. The R900,000 "loss" from this sale could be offset against the company's income, thereby artificially lowering the company's taxable income by an equivalent amount.

If the car sale were to a bona fide third party, perhaps the loss could be explained by other factors – a fire sale driven by a company's desperation to raise cash. Such a transaction with a related party, however, should raise an auditor's antennae and invite further examination.

In the case of Linkway and the wedding expenses, one Gupta company, Linkway Trading, "paid" for the wedding expenses; then was "reimbursed" by the supposedly unrelated Accurate Investments. KPMG offered no explanation in Linkway's audited financials as to why a supposedly unrelated third party in Dubai would pick up the Guptas' R30m wedding bill – or why a wedding was a bona fide business expense, for that matter.

The net effect of this accounting sleight-of-hand is that not only was the wedding effectively paid for from funds diverted from the Free State government's coffers; the Guptas paid no income tax on this windfall.



This income was offset against Linkway's expenses, resulting in Linkway's receiving zero taxable income from its Free State windfall.

It is also unclear why KPMG allowed this income to be offset against Linkway's wedding-related "business" expenses considering the objections of a junior auditor at KPMG.

In an email to Jacques Wessels, the KPMG audit partner responsible for Linkway's financial statements, the junior auditor remarked: "We are of the opinion that these [wedding-related] costs are most probably not in the production of Linkway's income."

In other words, the junior auditor doubted that the Gupta niece's wedding had anything to do with Linkway's ostensible business, thus begging the question why the wedding was accounted for as a business expense in the first place.

The junior auditor's objections, however, appear to have fallen on deaf ears.

Notably, the junior auditor was not among the high-ranking KPMG delegation at the Sun City wedding, which included KPMG's then-chief executive Kgosana, as well as Wessels.

Wessels later certified that "the financial statements present fairly, in all material respects, the financial position of Linkway".

KPMG said this week: "We stand by our work done and audit opinions issued."

KPMG's position notwithstanding, perhaps South African taxpayers will be the ultimate judges in deciding the fairness of Linkway's paying only R55,799 in taxes despite receiving R30-million of the Free State government's cash via Dubai.



The standard corporate income tax rate assessed by the South African Revenue Service, as noted in Linkway's financials, is 28%.

Hypothetically, on R30-million profit should have attracted R8.4-million in tax.

One party involved in the wedding cash flows between South Africa and Dubai, Standard Chartered, admitted this week that it terminated its relationship with Gupta front companies shortly after these transfers were made, noting, "We are not able to comment on the details of client transactions but confirm that these accounts were closed by us by early 2014."

The bank continued, "Standard Chartered takes its responsibility to combat financial crime very seriously and is fully committed to doing business in accordance with local and international regulatory and legal requirements."

Additional correspondence penned by KPMG's Kgosana and Wessels raises further questions about KPMG's relationship with the Guptas long after alarm bells had sounded at Standard Chartered.

In one such email also copied to Wessels, chief executive Kgosana sought Atul Gupta's advice on dealing with media "miscommunication" and took the opportunity to back the Guptas' denials of wrongdoing.

"I am aware of how you and Ajay have suffered miscommunication on other platforms [Daily Maverick] accused of wrong doing that you knew nothing about and it is with this knowledge that I seek your views and advice," Kgosana remarked.

In the wake of revelations in March 2016 that the Guptas had offered ministerial posts to three ANC MPs, KPMG apparently again sought to



sound out the family's media strategy, writing to Oakbay chief executive Ronica Ragavan:

"The past week has been a blood bath and does not bode well."

"Not sure if there is a response or strategy to the current media spike around 3 different ministers/deputy ministers or ex MP's who have made statements that Family offered them jobs."

"One also linked the offer to a financial favour."

"Not sure if the family will be called to ANC or Parliament to discuss/explain??"

In response to our queries, KPMG insisted, "Wessels, at that time wanted to know whether the client was going to respond to the allegations in the media and what the response was going to be. It was certainly not to solicit PR advice or to seek to share a media strategy as alluded to in your mail."

It is unclear from KPMG's response whether such communications between KPMG and its independent audit clients are commonplace. **DM**

Photo of Ajay and Atul Gupta by Gallo Images.

