GUPTA ENTERPRISE AND THE CAPTURE OF TRANSNET

SUBMISSION TO

THE COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE
The mission of Shadow World Investigations is to detail and expose the illicit and/or unethical corruption of government by corporate actors and their enablers. We do so by highlighting the impact of the blurred line between business and politics on democracy, human rights, the rule of law, the environment and just and equitable development. This exposure serves to hold the powerful to account, and to create momentum for progressive change.
CONTENTS

Executive Summary ................................................................. 05
CNR, CSR, CRRC and ZPMC Contracts ........................................ 05
The First Laundromat: The Worlds Window Group .......................... 06
The Second Laundromat: The Hong Kong Machine .......................... 07
The Third Laundromat: Habib Bank ............................................. 08
Payments Made by Liebherr Cranes ............................................ 08
Conclusion and Recommendations ............................................. 10
List of Annexures ...................................................................... 12
About Shadow World Investigations ............................................ 15

Introduction ............................................................................. 16

Section 1: Sources and Admissibility ........................................... 17
Section 2: The Capture of Transnet and the Gupta enterprise ............ 19
   2.1. Racketeering and the Gupta Family ‘Enterprise’ ....................... 19
   2.2. Understanding the Gupta enterprise ....................................... 19
   2.3. Companies and Individuals Receiving Funds from the HSBC/Hong Kong Network ......................................................... 21
   2.4. The Connections between the Gupta enterprise and key Transnet contracts ......................................................... 22
Section 3: Known Agency and/or Bribery/Kickback Agreements in Relation to ZPMC and China South Rail ............................................. 25
   3.1. ZPMC Agreement with JJ Trading FZE ................................. 25
   3.2. Exclusive Agency Agreement between CNR (Hong Kong) and Century General Trading: 14 April 2012 ............................. 27
3.3. Exclusive Agency Agreement between CNR (Hong Kong) and Century General Trading: 8 July 2013 .................................................. 27
3.4. Exclusive Agency Agreement between CNR (Hong Kong) and Tequesta Group Limited: 20 May 2014 .................................................. 28
3.6. Business Development Agreement between CSR and Regiments Asia Limited: 10th February 2015 .................................................. 31
3.7. Business Development Services Agreements between CNR Rolling Stock South Africa and Bex Structured Products, 8 March 2015 and 25 April 2015. 31
3.8. The CSR-Tequesta Agreement: 18 May 2015 ............................ 34
3.9. The CSR-Regiments Asia Payment Agreement: 10 June 2015 ........ 35
3.10. The CSR Payment Schedule .................................................. 36
3.11. Addendum to Agreements between CRRC, Regiments Asia and Tequesta Group: August 2016 .................................................. 37
3.12. Addendum to the Agreement between CRRC Zhuzhou Locomotive and Regiments Asia: August 2016 .................................................. 39
3.13. Summary Table of Agreements and Anticipated Fund Flows ........ 40

Section 4: Payments Made to the Gupta Enterprise by Liebherr Cranes .................................................. 43
4.1. Payments Made to the Gupta Enterprise by Liebherr Cranes ........ 44
4.1.1. Source and Records from the #Guptaleaks Relating to Payments from Liebherr .................................................. 44
4.1.2. Tracing the First Liebherr Payment ........................................ 46
4.1.2. Tracing the Second Liebherr Payment .................................... 48
4.1.3. Tracing the Third Liebherr Payment ....................................... 50
4.1.4. Tracing the Fourth Liebherr Payment Tranche .......................... 51
4.1.4. Tracing the Fifth Liebherr Payment Tranche .......................... 54
4.2. The Relationship between Accurate Investments and Liebherr Cranes 55

Section 5: Transnet, the Gupta Enterprise and the Worlds Window Network .................................................. 59
5.1. The Worlds Window Network: Relevant Companies .................. 59
5.2. The Worlds Window Network: Key Personnel .......................... 61
5.3. The Worlds Window Front Companies: JJ Trading FZE and Century General Trading .......................... 62
5.3.1. JJ Trading FZE .................................................. 62
5.3.2. Century General Trading .................................................. 64
5.4. The Nature and Development of the Relationship between Worlds Window and the Gupta enterprise .................................................. 65
5.4.1. Earliest Direct Mentions of Piyoosh Goyal and Worlds Window Group
5.4.2. The Relationship Between the Gupta Enterprise and the Worlds Window Network: Introducing the 'hawala ledger'.
5.4.3. Investments Made by the Worlds Window Group into the Gupta Enterprise
5.4.4. Prima Facie Evidence of the Involvement of Worlds Window and the Gupta Enterprise in Money Laundering Activities: The Westdawn-Everest Loan-Back Scheme
5.4.5. Prima Facie Evidence of the Involvement of Worlds Window and the Gupta Enterprise in Money Laundering Activities: A Potential Arctos Loan-Back Scheme?
5.4.6. Prima Facie Evidence of the Involvement of Worlds Window and the Gupta Enterprise in Money Laundering Activities: Clean Laundry in Seven Days
5.4.7. Prima Facie Evidence of the Involvement of Worlds Window and the Gupta Enterprise in Money Laundering Activities: The South African Cycle
5.5. The Receipt of Funds by the Worlds Window Network from ZPMC
5.6. Deposits Received by the Worlds Window Network/Century General Trading from China South Rail Related to the 95 Locos Contract
5.7. Circumstantial Evidence Regarding the Payment of Funds from CSR Related to the 359 and 100 Locomotive Contracts to the Gupta Enterprise via Worlds Window
5.8. The Difficulty of Tracing ZPMC and CSR Funds

Section 6: The Receipt and Dissipation of Funds from China South Rail and China North Rail to Tequesta and Regiments Asia via HSBC
6.1. Tequesta Group Limited and Regiments Asia
6.2. The Hong Kong Banking Records: Payments Made by CSR, CNR, Da Lian and CRRC
6.3. Tracking Payments to Regiments Asia and Tequesta Group against Known Kickback Agreements
6.4. The Hong Kong Banking Records: The Dissipation of Kickbacks by Tequesta Group and Regiments Asia
6.4.1. Payments to Individuals by Regiments Asia and Tequesta Group
6.4.2. Recipients of Over $1m from Tequesta Group or Regiments Asia
6.4.3. Companies Paid by Regiments Asia, Tequesta Group and Morningstar International
6.4.4. The Use of Chinese Mainland Companies with Ties to South Africa
6.4.5. The Use of Hong Kong Shell Companies to Receive Payments from Tequesta Group and Regiments Asia
6.4.6. The Plethora of Money Laundering Red Flags and the Role of HSBC
6.5. Concluding Remarks: The Hong Kong Laundromat
6.6. The Continuation of the Transnet Bribery Scheme in Dubai
This submission sets out how the Gupta enterprise secured billions of Rand in illicit and unearned fees and payments through large Transnet contracts; and, most importantly, the various elaborate money laundering systems that they employed to hide their money aided by major international enablers.
EXECUTIVE SUMMARY

1. Between 2010 and at least 2016, the Gupta enterprise targeted Transnet as a site through which it could steal vast sums of public money to which it had no legitimate claim and for which it performed no legitimate services.

2. The Gupta enterprise undertook this theft by acting in concert with officials within Transnet and major multinational corporations, in particular China South Rail (CSR), China North Rail (CSR), Shanghai Zhenhua Heavy Industries (ZPMC) and Liebherr Cranes.

CNR, CSR, CRRC AND ZPMC CONTRACTS

3. Between the 13th of June 2011 and August 2016, ZPMC, CSR and CNR (the latter two of which merged into a new company, CRRC) entered into at least 11 contracts with front companies working in concert with the Gupta enterprise.

4. The contracts entered into by ZPMC, CSR, CNR and CRRC with Gupta enterprise fronts awarded percentage success fees to these front companies in the event that ZPMC, CSR, CNR and CRRC were awarded large Transnet contracts for the supply of locomotives and industrial cranes.
5. Documents appearing in the #Guptaleaks, when read alongside these contracts, show that the following commitments were made

a. In relation to the supply of 95 locomotives to Transnet, CNR agreed to pay a 20% commission on the total contract value equal to R523.32m;
b. In relation to the supply of 232 diesel locomotives to Transnet, CNR agreed to pay a commission of 21% on the contract value, equal to R2.088bn;
c. In relation to the contract to relocate CNR facilities at Transnet's request, CNR Rolling Stock agreed to pay R67.2m;
d. In relation to the supply of 359 locomotives to Transnet, CSR Hong Kong agreed to pay a 21% commission on the contract value, equal to R3.787bn;
e. In relation to a 12-year maintenance plan, CSR agreed to pay a 21% commission on the total contract value equal to R1.298bn;
f. In relation to a maintenance plan related to the supply of 232 diesel locomotives to Transnet, CNR agreed to pay a one-off fee of $18.2m, which appears to be equal to 2% of the total contract value.

6. In total, ZPMC, CSR, CNR and CRRC thus entered into contracts through which they would pay the Gupta enterprise, through certain front companies, a total of R7 763bn and a further $18.2m.

THE FIRST LAUNDROMAT: THE WORLDS WINDOW GROUP

7. The Gupta enterprise entered into a number of contractual agreements with CSR, CNR, CRRC and ZPMCC through which it was paid billions of Rand, for which it performed no services beyond exerting its political influence to ensure that CSR and CNR were awarded lucrative contracts.

8. The Gupta enterprise entered into these contracts through front companies and nominees across two phases of the scheme. In the first phase, the Gupta enterprise teamed up with the Worlds Window Group of companies, based in India. The 'flagship' of the Worlds Window Group was majority controlled by the group Chairman, Piyoosh Goyal, while International Metal and Steel BV (IMSBV) owned the remaining 49%. IMSBV is a wholly-owned subsidiary of European Metals Recycling based in Liverpool.

9. The #Guptaleaks show that from at least 2010, the Worlds Window network of companies entered into a series of complex financial and criminal arrangements with the Gupta enterprise. This included engaging in numerous money laundering loan-back schemes, utilising a company by the name of Arctos it formed in South Africa. Our research shows that the South African branch of the Bank of Baroda had full insight into the reality of certain loan-back schemes, and was totally complicit in how it operated.

10. Our research shows that one of the companies that participated in the Gupta enterprise-Worlds Window money laundering network was Estina, which was used to funnel funds as part of a loan-back scheme. Estina was famously used by the Gupta enterprise to steal government funds from the Vrede Dairy Project. Estina was used in the Gupta enterprise-Worlds Window Group money laundering scheme in 2011, a year before it participated in the Vrede Dairy Project. This provides even further proof that Estina was merely a front company controlled by the Gupta enterprise that was used in multiple criminal endeavours.
11. When the Gupta enterprise secured the ZPMCC/CSR/CNR/CRRC contracts, it made use of this existing Gupta enterprise-Worlds Window network system to receive and launder the Transnet kickbacks. The Worlds Window group controlled two Dubai-based companies, Century General Trading FZE and JJ Trading FZE. It used these companies to receive the kickbacks ‘owed’ to the Gupta enterprise, and then distributed the funds to the Gupta enterprise. For this money laundering service, the Worlds Window Group earned 15% of the total kickbacks paid by CNR, CSR, CRRC and ZPMC.

### THE SECOND LAUNDROMAT: THE HONG KONG MACHINE

12. For reasons unknown, the Gupta enterprise and Worlds Window Group ceased collaborating on the Transnet kickbacks by 2015. As a result, CNR, CSR and CRRC entered into new agreements with two Gupta enterprise front companies, Regiments Asia and Tequesta Group based in Hong Kong. Hong Kong records show that both of these companies were formed in March 2015, and Gupta ally and partner, Salim Essa, was the sole director. In November 2016, Salim Essa stepped down as director to be replaced by Aashika Singh, who the #Guptaleaks show had a financial relationship with the Gupta enterprise.

13. Banking documents show that Regiments Asia and Tequesta operated bank accounts with HSBC in Hong Kong, into which over a hundred million dollars were paid by CSR, CNR and CRRC. Our analysis of the banking documents shows that Tequesta Group received funds totalling $62,416,299, of which:
   a. $11,288,092.75 was paid by CNR;
   b. $2,704,159 was paid by CRRC;
   c. $43,456,242 was paid by CSR; and
   d. $1,021,650 was paid by unknown sources

14. Our analysis shows that Regiments Asia’s HSBC Hong Kong account received a total of $83,783,437.41, of which:
   a. $8,622,906 was paid by CNR
   b. $14,757,788.75 was paid by CRRC; and
   c. $45,750,456.75 was paid by CSR
   d. $18,120,982.50 was paid by Da Lian [a China North Rail subsidiary]

15. Calculations by amaBhungane have shown that these amounts accorded exactly with what was expected to be paid to the Gupta enterprise through contracts it entered into with CSR, CNR and CRRC.

16. The payments made into the Tequesta Group and Regiments Asia accounts were almost immediately dissipated in a huge flurry of transactions to over 190 identifiable recipients and companies.

17. Our analysis shows that the majority of the funds were dissipated into two different money laundering streams. In the first, the funds were transferred to Hong Kong front companies that had been formed by company formation agents in Hong Kong. In the second, funds were paid to a range of textile, garment, furniture and other manufacturers in mainland China. Customs records show that some of these companies had reported exports to South Africa.
18. The way in which Tequesta and Regiments Asia operated their Hong Kong accounts should have raised serious red flags with HSBC, who provided bank services to the companies. HSBC should have enquired why two newly formed companies, with a sole politically exposed director based in South Africa, and who had been publicly linked to the Gupta enterprise, was receiving over a hundred million dollars from two state-owned Chinese rail companies over a period of just under two years. In addition, the way in which the payments were received and dissipated almost immediately, many of them to Hong Kong front companies with no known infrastructure or business history was clearly indicative of money laundering.

THE THIRD LAUNDROMAT: HABIB BANK

19. Documents published by amaBhungane show that in 2016, the Gupta enterprise ceased using its Hong Kong money laundering network. From late 2016 onwards, Tequesta and Regiments Asia received funds from CRRC through accounts held with Habib Bank in the UAE.

PAYMENTS MADE BY LIEBHERR CRANES

20. Documents emanating from the #Guptaleaks show that the Irish subsidiary of the Swiss company Liebherr Cranes paid millions of dollars directly to the Gupta enterprise. The payments related to contracts Liebherr was awarded by Transnet in February 2014 for the supply of cranes 22 cranes to Transnet.

21. Our analysis of the #Guptaleaks reveals that Liebherr Cranes paid $3,232,430.88 in five tranches directly into the account of Accurate Investments based in Dubai between the 22nd of July 2013 and the 1st of December 2014, after which the accounts revealed by the #Guptaleaks go dark. Accurate Investments was controlled by the Gupta enterprise through the Dubai-based director, Sanjay Grover.

22. Using the internal accounting records revealed by the #Guptaleaks, our analysis can now reveal how these funds were subject to further internal laundering through the Gupta enterprise, before being paid out to various beneficiaries.

23. In tranche 1, Liebherr paid $905,000.88 to Accurate Investments on the 22nd of July 2013. This was ultimately paid out to:
   a. Sahara Computers, who received $499,500;
   b. Star Engineering, who received $93,378.61. Star Engineering were being paid for dairy processing equipment that was being purchased by Estina for use in the Vrede Diary Project;
   c. Wizcraft, who received AED475,620. Wizcraft was hired by the Gupta family to provide entertainment services for the infamous Sun City wedding of Aakash Jahajgarhia and Vega Gupta;
   d. Vikas Chaturvedi, who was paid AED616,500. Vikas Chaturvedi was an employee of the Gupta enterprise based in India and responsible for day-to-day logistics for the enterprise.
24. In tranche 2, Liebherr paid $212 006.01 to Accurate Investments on the 17th of February 2014. This was ultimately paid out to:
   a. Linkway Trading, a Gupta enterprise company based in South Africa, which was paid $599 327, made up of the $212 006 from Liebherr commingled with other money flows;

25. In tranche 3, Liebherr paid $371 105.83 to Accurate Investments on the 15th of April 2014, which was ultimately paid out to:
   a. Oakbay Resources, which was paid $400 000 on the 29th of April 2014, made up of $371 105.83 from Liebherr commingled with other money flows;

26. In tranche 4, Liebherr paid $1 105 368.16 to Accurate Investments in three payments made in May 2014. This was ultimately paid out to:
   a. Brookfield Consultants, who were paid $5m on the 28th of May 2014, made up of $1 105 368.16 from Liebherr commingled with other funds, including money from JJ Trading. Brookfield Consultants was a US-based company controlled by relatives of the Gupta family.

27. In tranche 5, Liebherr paid $638 950 to Accurate Investments in two payments in October and December 2014. The accounting records revealed in the #Guptaleaks ended shortly after these payments were made. Tracing the ultimate disposition of these payments is therefore not possible based on documents in our possession.

28. In July 2017, after the payments from Liebherr to Accurate Investments was disclosed, Liebherr announced that it was to appoint an internal investigation into the matter. In October 2017, Liebherr announced that it was satisfied, based on its internal investigation, that the transactions were ‘legally sound’ and did not violate any applicable laws, although it admitted that the company’s ‘due diligence process might have been implemented in a more stringent manner.’ Liebherr further noted that the use of agents such as Accurate Investments was ‘common in the sales process for expenditure projects.’

29. Based on the information at our disposal, this explanation does not seem sufficient. We urge the Commission to investigate this matter further. In particular, we urge the Commission to seek Liebherr’s explanation for the payments to Accurate in light of the fact that:
   a. Liebherr was bidding for a large capital project from a State-owned entity based on an open tender;
   b. Accurate Investments was little more than a corporate shell based in Dubai with a single Indian director, which had little to no infrastructure, online presence or any obvious connections to South Africa;
   c. Accurate Investments was, at all times, ultimately controlled by the Gupta enterprise;
   d. The only payments recorded into Accurate Investments accounts for the period under consideration were made by Liebherr Cranes and an unknown company called VK Trading Hong Kong;
   e. The only payments made out of Accurate Investments were made to Gupta enterprise entities.
CONCLUSION AND RECOMMENDATIONS

30. Transnet was aggressively captured by the Gupta enterprise, which used its political connectivity to ensure that tens of billions of Rands worth of capital projects were awarded to CSR, CNR, CRRC, ZPMCC and Liebherr Cranes.

31. The Gupta enterprise, as a result of this capture, was due to be paid R7 763bn and a further $18.2m by CSR, CNR, CRRC and ZMPC.

32. The Gupta enterprise was also paid a further $3 232 430.88 by Liebherr Cranes between 2013 and 2014 in relation to Transnet crane contracts. These amounts were laundered out of Gupta enterprise accounts to be used for expenses such as entertainment for the infamous Sun City wedding, and to pay for dilapidated dairy equipment to be used on the Vrede Dairy Project.

33. The Gupta enterprise made use of three extensive money laundering networks to receive and pay out the funds from CSR, CNR, CRRC and ZMPC. The first money laundering network was run with the help of the Worlds Window group based in India. The second money laundering network was based in Hong Kong, and was implemented through payments to dozens of front companies based in Hong Kong and many more garment, textile and furniture manufacturers based in mainline China. The third money laundering network was based in the UAE, in which Gupta enterprise companies controlled bank accounts at Habib Bank.

34. The laundering of funds by the Gupta enterprise from Transnet contracts was enabled by some of the world’s biggest banks, including the Bank of Baroda and HSBC.

35. The scale of the theft from Transnet is staggering, and must rank as one of the largest corruption scandals to have ever been inflicted on the South African tax payers.
EXECUTIVE SUMMARY

WE URGE THE COMMISSION TO:

1: Confirm the extent of the Bank of Baroda’s complicity in the extensive money laundering networks established by the Gupta enterprise and the Worlds Window network;

2: Question HSBC to seek clarity on whether HSBC informed any authorities as to the nature of payments made into and out of Tequesta and Regiments Asia’s HSBC accounts in Hong Kong, all of which should have raised major red flags;

3: Urgently request that HSBC trace any and all payments made by Tequesta and Regiments Asia into any other accounts held with HSBC;

4: Further investigate payments made by Liebherr Cranes to the Gupta enterprise, and, in particular, question why Liebherr Cranes thought it fit to make payments to a corporate shell in Dubai with no infrastructure, no online presence, a sole Indian director, and no notable connections to South Africa.
LIST OF ANNEXURES

Dramatis Personae of individuals and companies referred to in the following submission

A: Consultancy Agreement between ZPMC and JJ Trading FZE, 13th June 2011
B: Exclusive Agency Agreement Between China North Rail and Tequesta Group Limited, 20 May 2014
C: Exclusive Agency Agreement Between CNR Dalian Rolling Stock Co. Ltd and Regiments Asia, 20 May 2014/25 November 2014
D: Business Development Agreement Between CNR Rolling Stock South Africa and Bex Structured Products, 8 March 2015
E: Business Development Services Agreement Between CNR Rolling Stock South Africa and Bex Structured Products, 25 April 2015
G: Hong Kong Company Registry Documents: Tequesta Group Limited
H: Consultancy Agreement Between CSR Zhouzhou Electric Locomotive Co Ltd and Regiments Asia Limited, 10 June 2015
I: Hong Kong Company Registry Documents: Regiments Asia Limited
J: Transnet Kickback Agreement Excel Spread Sheet, 2015
K: CRRC Addendum to Existing Agreements Between CSR and Regiments Asia and Tequesta Group Limited, August 2016
L: CRRC Addendum to Existing Agreement Between CSR and Regiments Asia Regarding the 95 Locomotive Procurement, February 2015
M: Email correspondence between Ashu Chawla and Piyoosh Goyal attaching internal Transnet documents related to the Ngqura RTG & STS Crane Tender
N: Dubai Statements Excel Spread Sheet Recording Banking Transactions by Gupta Enterprise Companies in Dubai
O: 'Scraped' Dubai Ledger, 11 February 2014 – 6 August 2014
P: Email and attached invoice from Sanjay Grover to Ashu Chawla: Confirmation of Payment from Global Corporation’s National Bank of Abu Dhabi Account to Wizcraft, 24 July 2013
SWI’s vision is of a global political environment in which those most responsible for grand corruption are fully held to account.
Shadow World Investigations (hereafter SWI) is a not-for-profit limited liability company registered in the United Kingdom. SWI was formed by Andrew Feinstein and Paul Holden.

SWI’s vision is of a global political environment in which those most responsible for the economic despoliation of grand corruption, including both perpetrators and enablers, are fully held to account for their crimes. At the same time, SWI believes that, with the right amount of political will, state institutions can be reformed in ways that inoculate them from the corrupting impacts of dirty money on democratic decision making.

SWI’s mission, which aims to achieve its vision, is to detail and expose instances of corruption and its impact on democracy, human rights and sustainable development across the world in order to precipitate strong action against it.

SWI as an institution, and through its individual staff members, has a long history of undertaking complex investigations into politically sensitive issues of grand corruption. Both Paul Holden and Andrew Feinstein have published widely on South Africa’s political economy, democracy and the impact of corruption on South Africa’s social and political fabric. This has included four books written between Holden and Feinstein that have detailed the endemic corruption that tainted the notorious 1999 “Arms Deal.”

Andrew Feinstein and Paul Holden were also directors of Corruption Watch UK, the predecessor organisation to SWI. Corruption Watch undertook numerous investigations into grand corruption related to the arms and extractive industries, with a particular focus on exposing the blurring of lines between the state and business.

While this submission is made by SWI, the lead author is Paul Holden. His CV was attached as Annexure A to SWI’s first submission on the Estina/Vrede Dairy Project and is thus not attached here to avoid burdening the papers.
INTRODUCTION

1. This submission is made by Shadow World Investigations to the Zondo Commission of Inquiry in terms of Rule 6 of the Rules of the Commission. The submission is intended to provide information to the Zondo Commission to assist the Commission in investigating allegations of State Capture.

2. This submission follows, and should be read alongside, Shadow World Investigation’s first submission to the Commission regarding the Gupta enterprise and the Estina/Vrede Dairy Project. To avoid undue prolixity, we do not repeat, here, content or concepts introduced in the earlier submission. However, we do draw on concepts and content set out in the original submission where appropriate, hence our recommendation that both submissions should be considered jointly.

3. This submission consists of evidence-based findings regarding the flow of funds in payments made by various contractors related to large-scale contracts involving Transnet, and which were ultimately paid to the benefit of the broader Gupta enterprise. These matters within the ambit and scope of the Commission’s mandate detailed in its terms of reference.

4. This submission, as reflected in the Index, is structured as follows:
   a. Section 1: A brief preliminary discussion on the sources used and the implications of these sources for the Commission’s work in addition to ancillary matters of housekeeping;
   b. Section 2: A brief note locating the capture of Transnet as part of the criminal racketeering undertaken by the Gupta enterprise;
   c. Section 3: A summary of the known kickback and bribery agreements discovered to have been signed relating to large Transnet contracts and that were ultimately paid to the benefit of the Gupta enterprise;
   d. Section 4: An account of the payments made by Liebherr Cranes to entities controlled by the Gupta enterprise, and their ultimate dissipation;
   e. Section 5: An account of the payments made to the Gupta enterprise by Shanghai Zhenhua Heavy Industries (ZPMC), China North Rail and China South Rail, and the elaborate system of money laundering that was used to facilitate these payments, which we refer to as the ‘Worlds Window’ network;
   f. Section 5: An account of the second system of money laundering used by the Gupta enterprise used to receive and dissipate funds paid specifically by China South Rail, China North Rail and CRRC and their associates related to Transnet locomotive contracts, which we refer to as the HSBC network;
   g. Section 6: Concluding remarks
SECTION 1: SOURCES AND ADMISSIBILITY

1. In compiling this submission, we have relied on a number of sources and documents that we believe that the Commission already has in its possession. While this indicates that the Commission will be familiar with their content, we have nevertheless undertaken an in-depth summary and discussion of these documents. We do this for the sake of completeness. Doing so additionally provides cogency to this submission and prevents the need to reference material evidence that is not addressed in the body of the text.

2. We take this opportunity to highlight the High Court ruling in the matter of Corruption Watch and Another v The Arms Procurement Commission and Others.\(^1\) The ruling establishes that Commissions of Inquiry are not courts of law and thus the rules of evidence and pleadings are less strict than those of a court. A Commission can therefore inform itself of facts in any way it sees fit, including hearsay evidence, newspaper reports and other submissions. This is because a Commission’s function is primarily designed to uncover the truth of a matter, and discovering the truth of a matter can sometimes be better achieved by a Commission by informing itself from a wide range of sources.

3. The primary sources upon which we rely are:
   a. The Fundudzi draft and final reports and supporting annexures;
   b. The Werskmsans report and supporting annexures;
   c. The MNS report and supporting annexures;
   d. The #Guptaleaks archive of emails and supporting documents;
   e. Leaked HSBC banking documentation;
   f. Company search results and other miscellanea; and
   g. Newspaper and media reports

4. As we believe that the majority of these documents (in particular sources a to c above) are already available to the Commission, we do not attach them here as appendices to this submission in order to reduce the size of this submission. We are happy to furnish these documents to the Commission should this be requested.

5. All remaining documents and sources are attached as annexures where feasible and relevant. A list of annexures is provided pre-ante.

---

\(^1\) Corruption Watch and Another v Arms Procurement Commission and Others (81368/2016) [2019] ZAGPPHC 351; [2019] 4 All SA 53 (GP); 2019 (10) BCLR 1218 (GP) (21 August 2019)
The enterprise consists of a wide range of individuals, companies and other associations, some of which appear to be, on the surface, separate and distinct service providers but who were, instead, employees or associates of the racketeering enterprise ultimately taking de facto direction from the Gupta family or their representatives and associates.
SECTION 2: 
THE CAPTURE OF 
TRANSNET AND THE 
GUPTA ENTERPRISE

2.1. RACKETEERING AND THE GUPTA FAMILY ‘ENTERPRISE’

1. In Section 2 of our first submission on the Estina/Vrede Dairy Project case, we set out our reading of the Gupta State Capture project as a form of racketeering undertaken by what we call the Gupta enterprise. We do not repeat that discussion here, but humbly refer the Commission to it so that this submission can be read in light of our arguments.

2.2. UNDERSTANDING THE GUPTA ENTERPRISE

2. In Section 2 of our first submission on the Estina/Vrede Dairy Project case, we outlined our understanding of the shape, nature and content of the Gupta enterprise in general terms. We do not repeat it in detail here. However, we humbly direct the Commission to the relevant section in that submission so that the below can be understood in context.
3. Nevertheless, it is useful to reiterate certain key features of the Gupta enterprise. In particular, we note that:

a. The Gupta family enterprise exists de facto not de jure;
b. The existence of the enterprise is inferred from observing a pattern of racketeering activity;
c. The enterprise can (and does in this instance) engage in both legitimate business activity and criminal endeavours;
d. The object of the enterprise was to generate the maximum benefit for the enterprise itself, the Gupta family and its employees and associates;
e. The legitimate businesses included in the Gupta enterprise were used, inter alia, to facilitate racketeering activities, including disguising criminal activities behind a veneer of respectability or absorbing and distributing funds derived from criminal activity;
f. The enterprise consists of a wide range of individuals, companies and other associations, some of which appear to be, on the surface, separate and distinct service providers but who were, instead, employees or associates of the racketeering enterprise ultimately taking de facto direction from the Gupta family or their representatives and associates;
g. These employees and associates must, by logical inference, include those government officials and state employees we identify further below, who were instrumental in awarding the Gupta enterprise government contracts.

4. Based on the available evidence, we have identified a number of individuals and companies, all part of the Gupta family enterprise, that participated or were ‘activated’ in relation to the conceptualisation, initiation, and management of the Transnet capture project, including the process of laundering and integrating proceeds of crime. Short biographies of each party are given in the dramatis personae attached as an Annexure to this submission. We draw attention to them here, where we have additionally bolded ‘key players.’

a. Individuals: Gupta Family
   i. Gupta brothers (Ajay, Rajesh and Ashu)
   ii. Gupta, Ashish
   iii. Gupta, Amol
   iv. Singhal, Kamal

b. Individuals: Gupta Enterprise Employees in South Africa
   i. Chawla, Ashu
   ii. Essa, Salim
   iii. Singh, Aashika

c. Individuals: Gupta Enterprise Employees Based Abroad
   i. Grover, Sanjay

d. Individuals: Transnet Officials
   i. Molefe, Brian
   ii. Seleke, Mogokare Richard
   iii. Sharma, Iqbal
   iv. Singh, Anoj

e. Individuals: Worlds Window Network
   i. Agrawal, Amit
   ii. Agrawal, Naveen
   iii. Bansal, Rupesh
   iv. Bansal, Shuchi
V. Goyal, Piyoosh
VI. Jagati, Ram Ratan
VII. Puri, Pooja
VIII. Tewari, Lalit

f. Companies: South African Companies Controlled Directly or Through Factotums by the Gupta Enterprise
   I. Idwala Coal (South Africa)
   II. Islandsite (South Africa)
   III. Micawber 480 (South Africa)
   IV. Micawber 495 (South Africa)
   V. Oakbay Investments (South Africa)
   VI. Sahara Computers (South Africa)
   VII. Tegeta Exploration (South Africa)
   VIII. Westdawn Limited trading as JIC (South Africa)

   g. Companies: Overseas Companies Controlled Directly or Through Factotums by the Gupta Enterprise
      I. Accurate Investments (UAE)
      II. Brookfield Consultants (US)
      III. Fidelity Enterprises (UAE)
      IV. Gateway (UAE)
      V. Global Corporation LLC (UAE)
      VI. Regiments Asia (Hong Kong)
      VII. SES Technologies (India)
      VIII. Tequesta Group (Hong Kong)

   h. Companies: Companies Controlled by the Worlds Window Network Used to Launder Funds for the Gupta Enterprise
      I. Arctos SA (South Africa)
      II. Century General Trading (CGT) (UAE)
      III. Everest Global Metals PTY Ltd (South Africa)
      IV. Everest Metals FZE (UAE)
      V. Golden Coast FZE (UAE)
      VI. JIT Trading FZE (UAE)
      VII. RR Energy (India)
      VIII. Worlds Window Impex Private Limited including subsidiaries
           Worlds Window Exim Private Limited and Worlds Window Urja Private Limited (India)
      IX. Vasudhamaa Resources PTE (Singapore)

2.3. COMPANIES AND INDIVIDUALS RECEIVING FUNDS FROM THE HSBC/HONG KONG NETWORK

5. In Section 5 below we describe how Regiments Asia and Tequesta Group received hundreds of millions of dollars in payments from China South Rail into HSBC bank accounts. We have been granted access to HSBC banking documentation by the Organised Crime and Corruption Reporting Project (OCCRP)\(^2\) on condition of retaining the anonymity of the original source. These documents show hundreds of payments

\(^2\) https://www.occrp.org/en
from the Regiments Asia and Tequesta accounts. It is possible that the majority of these payments formed the first step in an elaborate money laundering exercise. We cannot, however, confirm this without further documentation. Nevertheless, we provide, as Annexure QQ, a list of all recipients of payments from the Regiments Asia and Tequesta Group accounts, some of which may, upon further investigation, be considered part of, or beneficiaries of, the Gupta enterprise:

2.4. THE CONNECTIONS BETWEEN THE GUPTA ENTERPRISE AND KEY TRANSNET CONTRACTS

6. Extensive forensic investigations have been undertaken into a number of major contracts placed by Transnet, in particular the constituent contracts (and ancillary service contracts) that made up the 1064 locomotive contracts. Considerable evidence has also been led before the Commission about irregularities in the award of contracts by Transnet. We do not traverse that evidence here, suffice to note that there is incredibly strong *prima facie* evidence showing that certain individuals materially intervened in multiple Transnet contracts with the effect that contracts were bedevilled by irregularities and were directed to seemingly pre-chosen contractors. Moreover, these interventions were made to the obvious and substantial prejudice of Transnet and public finances in general, inflating costs and preventing a fair and honest assessment of which contractors offered best value to the state.

7. A number of characters and committees were repeatedly implicated in this process, including Anoj Singh, Brian Molefe, Siyabonga Gama, Malusi Gigaba, Thamsanqa Jiyane, Mogokare Richard Seleke, Lindiwe Mdletshe and Iqbal Sharma. The conduct of a number of these individuals and the recommended criminal or other disciplinary action appropriate to their behaviour is set out comprehensively in the MNS Report.

8. The conduct of the individuals dealt with in the MNS report must be read against the emails and documents emanating from the #Guptaleaks. Indeed, the #Guptaleaks shows that many of these individuals had close and material connections to, or engagements with, the broader Gupta enterprise.

9. Considering that it was the Gupta enterprise that benefited handsomely from kickbacks related to Transnet contracts, we submit that the most plausible explanation was that these individuals had developed relationships with the Gupta enterprise and, in so doing, abused their official functions to benefit the Gupta enterprise. Properly understood, these individuals were party to the broader racketeering activities of the Gupta enterprise and can, indeed, be considered *de facto* members, associates or partners of the Gupta enterprise.

10. The relationship between key Transnet employees and the Gupta enterprise has been exhaustively articulated by media articles and through investigations undertaken by the Public Protector and the private audit firms (Werkmans, Fundudzi, MNS) that have completed audits of the 1064 locomotive procurement. As such, we do not address
these relationships in detail here, as the Commission is already no doubt aware of them, and of the underlying material upon which the extensive reporting has been based to date.

11. In brief, however, it is useful to bear in mind, when considering the materials related the money laundering systems used by the Gupta enterprise, the following salient facts:

a. Brian Molefe was a ‘good friend’ of the Gupta family and visited the Gupta's Saxonwold compound on multiple occasions, and made and received large number of phone calls from Ajay Gupta, and exchanged small number of phone calls and texts with Ronica Ragavan, between August 2015 and April 2016;

b. An extended chain of email correspondence shows that senior CSR employees were writing to Brian Molefe about tendering for Transnet contracts, and forwarding this correspondence to both Worlds Window and Gupta enterprise employees. One of the individuals copied into the email correspondence would later be involved in an email exchange in which a ledger of kickbacks to be paid by CSR related to three Transnet contracts was distributed;

c. Molefe, subsequent to his period at Transnet, was appointed the CEO of Eskom, in which position he further intervened in internal processes to the benefit of the Gupta enterprise;

d. Iqbal Sharma, who played a key role in managing and manipulating the award of Transnet contracts, had numerous direct and clear connections to the Gupta enterprise, including as the joint owner of Elgasolve Pty Ltd alongside Salim Essa, through which both held shares in numerous other companies such as VR Laser Services, which has also been implicated in the capture of Denel;

e. Anoj Singh, who also played a key role in manipulating Transnet processes to the benefit of the Gupta enterprise, stayed at the Oberoi Hotel in Dubai on multiple occasions. The expenses were paid for by the Gupta enterprise. Singh frequently travelled at the same time as Tony Gupta and Salim Essa. #Guptaleaks records show that the Guptas opened a shell company in UAE, Venus Limited, which was transferred into Singh’s name by Vivek Sharma during a trip both made to Dubai. Internal Gupta enterprise accounting ledgers suggest that Singh was given AED200,000 by the Gupta enterprise during a trip to Dubai.

f. Siyabonga Gama stayed at the Oberoi in Dubai for two nights between the 22nd and 24th of January 2016, which was paid with credits bought by Aakash Garg, an in-law to the Gupta family. During the trip, Gama met with Salim Essa;

g. Mokgoro Richard Seleke served on the notorious Board Acquisitions and Disposal Committee (BADC) that played a major role in manipulating Transnet contracts to the benefit of the Gupta enterprise and CSR. Seleke was subsequently appointed the Deputy Director General at the Department of Public Enterprises after forwarding his CV to Duduzane Zuma. Seleke, who had previously held numerous civil service positions in the Free State, listed Peter Thabete and Mosebenzi Zwane, both of whom were implicated in the Estina matter, as references on the CV he forwarded to Zuma.
In total, ZPMC, CSR, CNR and CRRC thus entered into contracts through which they would pay the Gupta enterprise, through certain front companies, a total of R7 763bn and a further $18.2m.
12. To date, a number of key documents have emerged that show that ZPMC, CSR and CNR have entered into substantial agency and kickback agreements to secure contracts from Transnet. These agreements or documents are described in detail below.

3.1. ZPMC AGREEMENT WITH JJ TRADING FZE

13. The first known agent/consultant agreement was entered into between ZPMC and JJ Trading FZE and dated the 13th of June 2011. The agreement as attached hereto as Annexure A. JJ Trading FZE is dealt with in considerably more detail below, suffice to note here that it was an entity controlled by individuals from the Worlds Window Network, a major money laundering operation that acted for the Gupta enterprise. JJ Trading acted as a conduit through which moneys were paid to the Gupta enterprise by ZPMC and CSR in relation to Transnet contracts.
14. The agency agreement was entered into between the two parties in relation to the ‘Contract for 2 Nos Ship to Shore Container Cranes (STS) including Re-Positioning of existing NOELL Cranes and additional 5 Nos. STS Cranes for TRANSNET, South Africa.’ It further clarified that this contract was given the designation iCLM HQ 0762 by Transnet, and had recently been advertised through tender by Transnet, for which ZPMC wished to submit a bid.

15. The contract envisaged that ZPMC (‘Party A’) and JJ Trading FZE (‘Party B’) would appoint JJ Trading as a sales agent in relation to the above contract. ZPMC would be responsible for drafting a bid for the contract based on input from JJ Trading. JJ Trading, for its part, had to fulfil the following obligations:

- To provide information about the Project to Party A. To purchase the tender documents and submit documents to Party A.
- To provide copies of the local laws and safety codes related to the Project and information pertaining to local customs.
- To assist the personnel of Party A in said country for the duration of the contract, including issuing invitation letters, communications with the Buyer, hotel reservations, airport pick up and send-off.
- To communicate with the Buyer on behalf of Party A and take part in all necessary activities in relation to the Project. All declarations, commitments and/or guarantee made by Party B to the Buyer or any other act of Party B that might expose Party A to certain obligations shall be approved in writing by Party A in advance.
- To promote the Project in favour of Party A.
- To provide an interpreter for Party A’s personnel in the non-English speaking countries at the stage of bidding (not contract execution).
- To ensure that Party A’s personnel can legally and uninterruptedly execute this contract. In case of interruption, such as from union problems, Party B shall make positive efforts to eliminate the disturbance and make sure the contract can be executed smoothly.
- To protect Party A’s interests.

16. Section 5 of the agreement between ZPMC and JJ Trading FZE established what JJ Trading FZE would be paid under the terms of the contract. The contract stipulated that there would be 3 relevant ‘prices’ against which JJ Trading’s compensation would be based:

- Price A would refer to Party A’s offer to Transnet;
- Price B would refer to any increase in price paid by Transnet over and above the cost of Price A;
- Price C would constitute the ‘contract price’ and would consist of ZPMC’s offer and any increase in that price that JJ Trading succeeded in securing from Transnet.

17. Should ZPMC secure the Transnet contract, JJ Trading would be paid a success fee equal to 3% of Price A (ZPMC’s actual offer price), and a further 85% of Price B. JJ Trading FZE was thus being incentivised to seek as large an increase in the cost of contract as possible so as to secure the largest fee.
18. The implied prejudice to Transnet is obvious, as is the role the role of JJ Trading in it. Simply, Transnet would, as a result of the agency agreement between ZPMC and JJ Trading, be encouraged or induced to pay more than the actual price of the equipment sold by ZPMC. Without JJ Trading’s involvement, the cost of the contract to Transnet would be considerably lower.

3.2. EXCLUSIVE AGENCY AGREEMENT BETWEEN CNR (HONG KONG) AND CENTURY GENERAL TRADING: 14 APRIL 2012

19. The existence of this agreement is inferred from the text of a 2016 addendum to an agreement between CRRC and Regiments Asia, which we attach as Annexure B. We return to the agreement between CRRC and Regiments Asia, and the addendum, later in this section.

20. According to the August 2016 addendum, CSR had entered into Consultancy Agreement with Century General Trading FZE (CGT) on the 14th of April 2012. The consultancy agreement pertained to the sale of 95 electric locomotives to Transnet (the 95 Locomotive Project).

21. The precise terms of the agreement between CSR and CGT are unfortunately not disclosed in this agreement. However, a 2015 accounting spread sheet of payments due from CSR to various parties, it is recorded that CGT was due to receive 20% of the total value of the 95 Project, equal to R523.32m. We return to this spread sheet in greater detail below.

3.3. EXCLUSIVE AGENCY AGREEMENT BETWEEN CNR (HONG KONG) AND CENTURY GENERAL TRADING: 8 JULY 2013

22. The existence of this agreement is inferred from the text of a later agreement between CNR and Tequesta Group Limited, the latter of which was a Hong Kong registered company controlled by Salim Essa, and which we describe in greater detail below.

23. On the 20th of May 2014, CNR and Tequesta Group Limited entered into an ‘Exclusive Agency Agreement’, attached as Annexure C. This agreement appears to replace and supersede an earlier agreement related to the same matters between CNR and Century General Trading. Notably, the 20th of May 2014 agreement appears to be a simple cut-and-paste operation replacing Century General Trading with Tequesta Group Limited.
24. However, in certain instances, the original mention of Century General Trading and the date of the underlying agreement were not changed, most likely due to clerical error. Under clauses and definitions, the ‘agreement date’ is noted as the 8th of July 2013, just under a year prior to the later agreement entered into with Tequesta Group.

25. Paragraph 7.4, meanwhile, notes that fees will be paid to Century General Trading FZE. However, the address thereafter provided for Century General Trading was, instead, the address used by Tequesta Group Limited. We submit that the most plausible explanation of these inconsistencies is that the latter agreement with Tequesta Group Limited was amended through a simply cut-and-paste replacement that failed to identify and erase all aspects of the previous agency agreement.

26. Returning to the underlying agreement: paragraph 1.1. defines the ‘project’ upon which the agreement was based as ‘the supply of 232 Diesel Locomotives for the General freight business issued by Transnet Freight Rail in South Africa’, while ‘product’ was defined as ‘Diesel Locomotives as awarded by Transnet Freight Rail for General Freight Business after being successful in tender’.

27. In return for a series of services, including using its ‘best endeavour to promote and increase the sale of the Company’s Product in the territory’, Century General Trading was to be handsomely rewarded. Paragraph 7, titled ‘remuneration, payment terms etc’, stipulated that Century General (and later Tequesta) would be entitled to a success fee payment equal to 2% of the total value of the contract entered into between Transnet and CNR. The success fee was to be paid immediately upon CNR and Transnet formalising the agreement. Century General Trading would be entitled to further 19% sales commission, which was to be paid upon receipt by CNR of certain milestone payments from Transnet.

3.4. EXCLUSIVE AGENCY AGREEMENT BETWEEN CNR (HONG KONG) AND TEQUESTA GROUP LIMITED: 20 MAY 2014

28. On the 20th of May 2014, CNR (Hong Kong) and Tequesta Group Limited [TGL] entered into an exclusive agency agreement. This agreement appears to have replaced and superseded CNR’s prior agreement with Century General Trading, as discussed above.

29. As the content of the agreement is the same as that noted above, we do not repeat all of their terms. However, one aspects are worthy of mention, namely, the complicated payment terms. Section 7 to the agreement included the following stipulations:

7.1. The Agency commission of TGL shall be ascertained on deal to deal basis.

7.2. For the Project (referred hereinabove), TGL shall be entitled for [sic] a success fee of 2% of the Contract Value and an agency commission of 19% of the Contract value which shall invariably include the value of all supplies made under the project.
7.3. TGL shall be entitled to agency commission irrespective of the fact whether the supply is of main product or any spare part or ancillary item thereto.

7.4. The success fee of 2% of the total value of the Project, as stated above, will be paid by CNR Dalian Locomotive and Rolling Stock Co., Ltd to [Century General Trading/TGL], which is duly incorporated and existing under the Companies Ordinance of Hong Kong, and having its registered offices at PO Box 17398, Hong Kong, UAE, duly authorised and represented by Mr. Salim Aziz Essa.

7.5. The agency commission of 19% on the total project shall accrue immediately on receipt of Purchase order or on securing of the bid by the company and same shall become day for payment proportionately as and when the payment to the Company is released by the ultimate buyer, however it’s agreed that 19% of first payment will be paid by company in second payment 50% (means half of 19%) along with 19% of second payment amount and 50% (means balance of half of 19%) in the third payment along with 19% of the third payment amount and from the fourth payment onwards 19% in every payment. The amount so getting due shall be transferred to the account of TGL through wire transfer within 15 days of receipt of payment by the Company.

30. While tortuously worded, paragraph 7.5. thus stipulated that CNR would retain at least 50% of one 19% payment on a rolling basis as surety until all the payments had been made to CNR by Transnet.

3.5. EXCLUSIVE AGENCY AGREEMENT BETWEEN CNR DALIAN LOCOMOTIVE AND ROLLING STOCK CO. LTD AND REGIMENTS ASIA LIMITED: 20 MAY 2014/25 NOVEMBER 2014

31. The second known kickback agreement involving CNR took much the same form as the agreement with Tequesta described above, although Tequesta Group Limited was replaced in this instance by another Gupta enterprise company nominally controlled by Salim Essa and registered in Hong Kong: Regiments Asia Limited. The agreement is attached as Annexure B.

32. The dating of the agreement is somewhat confused. In the preamble to the agreement, the date of the agreement is stipulated as the 20th of May 2014, the precise same day as the agreement between CNR and Tequesta. However, the hand-written initialling of the contract records the date of signing as the 25th of November 2014. This would strongly suggest that the agreement only came into effect on the latter date, but may also suggest an additional reason for this additional agreement, as we note below.
Returning to the main body: the wording of the two agreements entered into between CNR and Tequesta and Regiments Asia were similar, although not exactly the same in every instance, in two notable instances. First, the agreement with Regiments Asia simply described the ‘Project’ as ‘the supply of locomotive and main spare parts in South Africa’, while ‘Product’ was defined as ‘locomotive and main spare parts.’

Second, Section 7 of the Agreement varied the payment methodologies and calculations markedly. Under the terms of this agreement, Regiments Asia was to be paid a defined fee of $18.2m, which was to be paid in five instalments within a month of CNR entering into its contract with Transnet. Section 7 runs as follows:

7.1. The Agency commission of RAL [Regiments Asia Limited] shall be ascertained on deal to deal basis.

7.2. For the Project (referred hereinabove), RAL shall be entitled for an agency commission of USD18,120,000 shall invariably include the value of all supplies made under the project.

7.3. RAL shall be entitled to agency commission irrespective of the fact whether the supply is of main product or any spare part or ancillary item thereto.

7.4. The agency commission which works out to US 18,200,000 as stated above, shall get immediately due and payable in 5 instalments within a month on the Project contract being signed, validated and upon receiving advance deposit for the first batch from ultimate buyer by the COMPANY.

The confusion around dates and certain typographical errors suggests that the agreement with Regiments Asia was based on the original agreement between CNR and Tequesta, subject to a limited cut-and-paste that replaced the beneficiary parties and certain contract terms.

Investigations by amaBhungane convincingly argued that the $18.2m fee stipulated in the Regiments Asia contract was equal to the 2% success fee that was anticipated under the terms of the early CNR/Tequesta Group contract from the 20th of May 2014.³

It is thus plausible that, for an as yet unknown reason, CNR had failed, or was otherwise unable, to make the 2% success fee payment to Tequesta Group as anticipated by their original agreement. To resolve this matter, CNR entered into the second agreement with Regiments Asia in November 2014, through which the 2% success fee could be paid.

³ [www.dailymaverick.co.za/article/2020-06-01-how-the-guptas-r9bn-locomotive-heist-went-down/]
3.6. BUSINESS DEVELOPMENT AGREEMENT BETWEEN CSR AND REGIMENTS ASIA LIMITED: 10TH FEBRUARY 2015

38. The existence of this agreement is inferred from an addendum to this agreement signed between CRRC and Regiments Asia in August 2016.

39. According to the August 2016 addendum, CSR and Regiments Asia entered into a Business Development Services Agreement on the 10th of February 2015 in relation to the 95 Locomotive Project. The addendum appears to indicate that Regiments Asia effectively displaced Century General Trading, who had originally entered a consultancy agreement with CSR in relation to the 95 project in 2012.

40. Based on the accounting spread sheet from later in 2015, it appears that Regiments Asia were due to receive what CGT had originally been paid on Project 95, namely, 20% of the total value of the 95 contract between CSR and Transnet.

3.7. BUSINESS DEVELOPMENT SERVICES AGREEMENTS BETWEEN CNR ROLLING STOCK SOUTH AFRICA AND BEX STRUCTURED PRODUCTS, 8 MARCH 2015 AND 25 APRIL 2015

41. It is common cause that, as part of CNR’s contract with Transnet to supply locomotives, Transnet requested that CNR relocate its production facilities to Transnet Engineering’s Durban facilities. However, this simple request appears to have also become a conduit for price gouging and the payment of kickbacks, as codified by two separate agreements between CNR and a South African entity by the name of Business Expansion Structured Products [alternatively Bex].

42. Business Expansion Structured Products is a South African entity with CIPC enterprise number M2009020420. According to CIPC records the company was registered on the 22nd of October 2009, with its registered office address being 1st Floor, 24 Crescent Drive, Melrose Arch, Gauteng, 2076. The company was originally registered with a sole director by the name of Christian Gouws with the secretary Legal Frontiers (Corporate Services). Christian Gouws is well-known as a company formation agent, as is Legal Frontiers. It is typical that company formation agents will register entities in advance that can be sold off-the-shelf as and when required.

43. The company appears to have remained dormant, at least until CIPC filings, until the 15th of April 2015, when two directors were appointed to the company: Mark Shaw (ID: 7405275078081) and Taufique Shaukat Hasware (ID: 866056645084). The manner in which the company was formed, its dormancy for a number of years, and the April 2015
appointments of Shaw and Hasware strongly suggests that the company was purchased off-the-shelf from Legal Frontiers on or around the dates in which it entered into its agreements with CNR, and that it was thus little more than a shell through which kickbacks could be funnelled.

44. There is strong circumstantial evidence that Business Expansion Products was connected to, or a direct part of, the Gupta enterprise. Notably, Taufique Shaukat Hasware appears as a director in multiple Gupta enterprise companies, all of which have been implicated in receiving payments related to Transnet contracts:

a. Homix (Pty) Ltd, of which he was appointed a director on the 10th of April 2014 before resigning on the 13th of November 2014;
b. Forsure Consultants, of which he was a director until at least December 2015;
c. Hastauf, of which he was appointed a director in March 2015.

45. There is also strong evidence that funds paid to Bex were ultimately paid to Regiments Asia in Hong Kong, as we discuss in detail later.

46. The first agreement between Bex and CNR was dated the 8th of March 2015, and is attached as Annexure D. The agreement is unsigned and thus appears to have been a draft. The agreement centred on the relocation agreement that CNR was seeking to strike with Transnet. In Section 1 of the agreement, the ‘Project’ was defined as ‘the change in scope whereby Transnet Engineering (TE) requires the Company to change the location of the local manufacture programme from the TE Spartan Pretoria facility to their Durban facility.’

47. The essence of the agreement was that Bex would endeavour, on CNR’s behalf, to negotiate with Transnet in order to achieve the highest possible price for the cost of relocation. Bex was to receive, under the terms of the March 2015 agreement, any difference between the price paid by Transnet and a ‘benchmark price’ set by CNR at R280m excluding VAT. Section 2 of the Agreement thus read:

‘2.1. Whereas the TE [Transnet Engineering] requires the Company to change the location of the local manufacture programme from the TE Koedoespoort Gauteng Facility to their Bay-head Durban facility.

2.2. And whereas the Company has approached BEX to assess and formulate the entire strategy and planning to quantify and benchmark the costs associated with the relocation as per Clause 2.1.

2.3. And whereas BEX has agreed to undertake the work at their sole risk and at no cost to the Company if the agreed benchmark costs are not realized from Transnet Freight Rail [TRF]

2.4. After extensive research and negotiations with both the company & TFR, BEX and the Company have agreed that the benchmark costs for the Project will be fixed at R280 million (Rands Two hundred and eighty million only) excluding VAT.

2.5. Since BEX has undertaken to negotiate and finalize the deal with TFR on risk basis, it is agreed between both parties that BEX be entitled to an agency commission equivalent to the difference between the price excluding VAT awarded to the Company by TFR and the price benchmark of R280 million excluding VAT as detailed in Clause 7.’
48. Documents provided to the Commission and emanating from Transnet shows that on the 11th of March 2014, CNR had informed Transnet Freight Rail that the cost of relocation would equal R9 755 600. The dramatic increase in cost sought by CNR, in association with BEX, almost certainly speaks to a considered effort to overcharge and defraud Transnet, and to distribute the rewards of that process to CNR and the beneficiaries of BEX.

49. Section 7 to the agreement further reiterated the terms of the remuneration to be paid to BEX:

*For the Project Scope deviation (referred herein above), BEX shall assist the Company to negotiate the best possible price with TFR based on a minimum price benchmark of R280 million (Rands Two Hundred and Eighty million only) excluding VAT*

7.2. The Company agrees that BEX will be entitled for an agency commission equivalent to the difference between the price excluding VAT awarded to the Company by TFR and the price benchmark of R280 million excluding VAT. For example if the price awarded is R650 million, then BEX will be entitled to an agency commission of R370 million. The Company price will be fixed at R280 Million irrespective of whether the total Project value is negotiated lower than the R650 million by TFR.

7.3. BEX shall be entitled to agency commission irrespective of the fact whether the supply is of main product or any spare part or ancillary item thereto.

7.4. The agency commission as stated above shall get due and payable in proportionate tranches as and when payment is received by the Company.

7.5. The company shall pay BEX within 10 business days after receiving the Invoice and the BEX banking details as per clause 12 from BEX.

50. On the 25th of April 2015, BEX and CNR Rolling Stock South Africa drafted a second agreement that also revolved around the relocation of CNR facilities to Durban at the behest of Transnet Engineering. The agreement was signed by Mark Shaw on behalf of BEX and Gang Wang on behalf of CNR Rolling Stock South Africa, and thus supersedes the previous unsigned draft agreement. The second, signed agreement is attached as Annexure E.

51. The 25th of April 2015 agreement was, to all intents and purposes, the same as the preceding draft agreement, but with one notable difference: the ‘benchmark price’ was increased from R280 to R580m. Thus, BEX would have to ensure that Transnet agreed to pay an amount over R580m in order to earn its expected agency fee.

52. Ultimately, Transnet agreed to pay CNR R647.2m in order to undertake the relocation of its facilities to Durban. This was an increase of R638m from CNR’s original cost estimate of just over R9m. BEX was thus due to receive an agency commission of R67.2m.

53. A detailed analysis of banking data by amaBhungane suggests that, in addition to the payment of R67.2m that was duly made by CNR to BEX, CNR also transferred a further $8.6m to Regiment Asia’s Hong Kong
accounts at HSBC, which they persuasively argue is equal to what was intended to be paid under the draft March agreement between CNR and BEX. We address this in greater detail later in this submission.  

### 3.8. THE CSR-TEQUESTA AGREEMENT: 18 MAY 2015

On the 18th of May 2015, CSR (Hong Kong) Co Ltd entered into a ‘Business Development Services Agreement’ with Tequesta Group Limited. The agreement was signed on the 18th of May 2015 and given an ‘Agreement No.: CSRHK20150102359.’ The agreement is attached hereto as Annexure F.

Company records in Hong Kong show the sole director of Tequesta Group at the time was Salim Essa. These records are attached hereto as Annexure G. The agreement, too, indicated that all correspondence to Tequesta should be marked ‘For the attention of: Mr. Salim Essa,’ while all correspondence directed to CSR should be marked ‘For the attention of: Mr. Yao Xingzhong.’

The agreement revolved around ‘Project 359’, which the agreement further clarified related to ‘any portion of the Tender of the supply of 359 Electric Locomotives (22E) to Transnet SOC Limited, South Africa.’

The contract envisaged that Tequesta would ‘provide advisory services in respect of the Project and will assist the company to improve its market share in the Territory and continue good relations and achieve its milestones with its clients’ and ‘provide advice and assistance to the Company on the process of the Contract and normal performance by the Company to ensure the smooth execution and success of the project. And especially, [sic] undertakes [sic] support and assist the Company for the timely payments and/or return of bank guarantees released by the Client until the fulfilment of all rights and obligations of the finished contract.’

Clause 3.3. of the agreement shows that Tequesta was effectively replacing JJ Trading as the primary agent on the 359 locomotive contract. It is not clear why JJ Trading was effectively removed from this role. Clause 3.3. runs:

> The Company has advised TEQUESTA that a previous Agreement had been signed between CSR Zhuzhou Electric Locomotive Co., Ltd and JJ Trading FZE (hereinafter referred to as the “JJT”). However, the company advises TEQUESTA that in the event that JJT disputes or contests the cancellation or non-payment in a court of law and if the Court decrees that the Agreement with J JT is valid or the mutual agreement is reached between TEQUESTA and J JT, then the financial compensation to J JT, (which will not exceed the retention amount, that is 15% of the total payable to Tequesta under this agreement) will be deducted from the amount retained from TEQUESTA as per clause 6.1.6 and the balance (if there is) will then be paid to TEQUESTA within thirty (30) days after the Company receipt of the last payment and/or return of all bank guarantees released by the Client, whichever occurs later. Under this

---

4 www.dailymaverick.co.za/article/2020-06-01-how-the-guptas-r9bn-locomotive-heist-went-down/
circumstance, the invoices with retention to the Company shall not be claimable and returnable to TEQUESTA. TEQUESTA shall resolve dispute with JJT through amicable consultation and ensure that there is no further dispute with the Company from either side.’

59. With JJT removed from the picture, Tequesta was thus due to be paid the remaining fees originally due to JJT related to Project 359, which were stipulated as follows under clause 6.1.1:

For the Project-related Advisory Services provided by TEQUESTA, as detailed in Annexure “A”, TEQUESTA shall be entitled to an Advisory Fee of 21% (twenty percent 5) of the Contract value of Project 359 awarded to the Company, based on 2% (Two percent) of the Contract value as the success fee and 19% (Nineteen percent) of pro-rata to the milestone-based payments received by the Company from the Client. The Company has already paid 3.9% of the Contract Value (R706 770 480) to JJT up to the Agreement date. The total payable to TEQUESTA under this agreement is 17.1% of the Contract value (R3 098 916 720).

60. Banking records related to the accounts of two Essa-controlled Hong Kong-based companies, Tequesta and Regiments Asia (both addressed in more detail below), show that CSR did indeed make numerous large payments to Tequesta from the date of the signature of the contract onwards.

3.9. THE CSR-REGIMENTS ASIA PAYMENT AGREEMENT: 10 JUNE 2015

61. On the 10th of June 2015, CSR Zhuzhou Electric Locomotive Co Ltd entered into an agreement with Regiments Asia Limited, a company registered in Hong Kong. The agreement is attached as Annexure H.

62. Company registration documents, attached as Annexure I, show that Salim Essa was the sole director of Regiments Asia when it entered into the 10th of June 2015 agreement with CSR.

63. The agreement was signed by Salim Essa on behalf of Regiments Asia and by Zhou Qinhe for CSR.

64. The agreement revolved around the anticipated award of a 12-year maintenance contract by Transnet to service the locomotives purchased from CSR and CNR. Section 1 to the agreement thus defined the ‘project’ under discussion as ‘the long term (expected 12 years) financial budget for the “Railways Spares & Maintenance by Transnet SOC Limited, South Africa.’

65. Regiments Asia was to perform much the same duties as those performed by Tequesta in the agreement above, although, in this case, only in relation to the finalisation of Transnet’s maintenance budget and

5 The rendering of 21% as ‘20 percent, which is obviously erroneous, appears in the contract.
the award of this to CSR. Regiments Asia was to be paid 21% of the contract price as awarded to CSR by Transnet. Section 6 to the agreement provided the details of how remuneration would be structured, and read:

6.1.1. Provided that the Contract is awarded to the Company for any part of the Project, the Company shall pay an amount equivalent to 21% (twenty one percent) against the actually participated contract amount of the Company, including variations and extensions to REGIMENTS (the Service Fee).

6.1.2. The Service Fee will be paid to REGIMENTS as follows:

6.1.2.1. A percentage of the Contract amount will be treated as
- Success Fees and
- Certain other milestone payments and will become payable after the signing of the Contract between the Company and the Client and the receipt of the advance payment by the Company from the Client, and on reaching the said milestones respectively. These amounts will be determined closer to the time of finalization of the Contract and will be detailed in an addendum to this agreement.

6.1.2.2. The remaining amount will be paid in proportion to the payment received by the Company from the Client. The parties agree that proportion and period is subject to the cash flow received from the Client. The detailed mechanism for this arrangement will be outlined in a separate addendum to this Agreement closer to the time of finalisation.

6.1.2.3 Within thirty (30) days after receipt of the payment by the Company from the Client; and

6.1.2.4. With the amount in the same currency as the payment received by the Company but in a currency to be intimated by REGIMENTS in each invoice that will be submitted by REGIMENTS to the Company. The exchange rate will be fixed on the date payment is received by the Company from the Client…”

3.10. THE CSR PAYMENT SCHEDULE

66. The documents/emails referred to hereunder are attached as Annexure J.

67. On the 22nd of August 2015, Ashu Chawla was forwarded an email from the email address ‘infoportal@zoho.com,’ which was given the name ‘Business Man.’

68. The email from Seleke forwarded an email from the address zhangmiyu5642@qq.com. It is acknowledged in the Fundudzi Report that this email address was controlled by Zhang Minyu, an employee of CSR who served as the director CSR’s Indian subsidiary. Minyu, meanwhile, was forwarding an email from Rupesh Bansal (replyrb@googlemail.com). As we discuss in more detail below, Rupesh Bansal was a director of the Worlds Window Group, which facilitated the transfer of funds from CSR and other sources to Gupta enterprise companies.
Bansal’s email attached a document with the filename ‘Final CSR 2015 workings.xlsx.’ The document is, quite plainly, a calculation of the moneys that CSR had agreed to pay two Worlds Window controlled entities, JJ Trading FZE and Century General Trading, related to the 359, 100 and 95 locomotive contracts entered into between CSR and Transnet.

The calculations provided show that JJT was to be paid 21% of the total contract value for the 359 and 100 locomotive projects. This was equal to R3 805 687 200 (R3 805.6872m or R3.8bn) for the 359 locomotive contract and R924m for the 100 locomotive contract. Century General Trading was to be paid 20% of the contract value of the 95 locomotive contract, which equalled R523.32m. In total, JJ Trading and Century General Trading were due to receive R5 267 007 200 (R5.267bn) in payments from CSR in relation to the 359, 100 and 95 locomotive contracts. These calculations are set out below:

<table>
<thead>
<tr>
<th>Project</th>
<th>Total Value</th>
<th>Commission Percentage</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>359</td>
<td>R2.686bn</td>
<td>20%</td>
<td>R0.537bn</td>
</tr>
<tr>
<td>100</td>
<td>R4.4bn</td>
<td>21%</td>
<td>R0.925bn</td>
</tr>
<tr>
<td>365</td>
<td>R18.122bn</td>
<td>21%</td>
<td>R3.805bn</td>
</tr>
</tbody>
</table>

The document confirmed that CSR had already paid $107 203 912 to JJ Trading in relation to the 359 and 100 locomotive contracts, and $16 699 902.89 to Century General Trading in relation to the 95 locomotive contract.

The document also confirmed that JJ Trading and Century General Trading were not due to retain the full fees paid to them by CSR. Instead, JJ Trading and Century General Trading were due to retain 15% of the total amount paid by CSR. While the document is silent on who was to receive the remaining 85%, banking records from the #Guptaleaks, addressed in more detail below, show that at least a portion of this 85% was paid to companies controlled by the Gupta enterprise by JJ Trading and the Worlds Window network.

### 3.11. ADDENDUM TO AGREEMENTS BETWEEN CRRC, REGIMENTS ASIA AND TEQUESTA GROUP: AUGUST 2016

In August 2016 (the exact date is unclear from the Agreement), CRRC signed an addendum to existing agreements with Regiments Asia and Tequesta Group. By August 2016, CSR had changed its name to CRRC through a merger with CNR. The addendum is attached hereto as Annexure K.
The addendum sought to vary to the terms of two prior agreements, namely:

a. The Business Development Services Agreement dated the 2nd of January 2015 between CSR and Regiments Asia in relation to the 100 electric locomotives supplied to Transnet (the “100 Project Agreement”);

b. The Business Development Services Agreement dated the 18th of May 2015 between CSR and Tequesta Group in relation to the 359 electric locomotives project (the “359 Project Agreement”)

The primary aim of the addendum was to modify the terms under which Regiments Asia and Tequesta were to be paid, and, in particular, waived CRRC’s right to withhold portions of payments made to Regiments and Tequesta. As noted above, CRRC had retained 15% of all payments due to Tequesta and Regiments as surety. The addendum stipulated that this would no longer be the case, and that the withheld amounts to date (equal to $15,144,610m) would be paid to Tequesta and Regiments.

There were, however, two caveats:

a. First, the entire agreement was contingent on Transnet awarding CRRC contracts to provide maintenance services, as was contemplated by the Business Development Agreement between CSR and Regiments Asia dated the 10th of June 2015.

b. Second, ‘E-maintenance’ for either the 95 locomotive or 100 locomotive projects ‘have been effective and executed before October 2018 under the Maintenance Project as long as CRRC don’t delay the Project.’ The wording of this second caveat is ambiguous, but a reasonable interpretation is that CRRC would have delivered certain services, and received payment from Transnet, by October 2018.

In the event that neither of these conditions was met, CRRC would be entitled to recoup the 15% outlay against future payments that were due to be made to CRRC to Regiments Asia and Tequesta Group. CRRC, moreover, would be entitled to withhold all payments due to Tequesta Group in relation to the provision of the final 95 locomotives in the 359 Locomotive Project. These withheld amounts would be released within 90 days of the final payment being made by Transnet to CRRC. However, if there were any claims or delays, CRRC would be entitled to retain a 15% fee from the withheld funds to offset its own costs.

The effect of the agreement was thus to expedite a large payment to the Gupta enterprise through Regiments Asia/Tequesta Group, indicating that there was some degree of urgency on the part of the Gupta enterprise to have immediate access to this particular pot of funding. The expedited upfront payment would ultimately have the effect of delaying Tequesta’s receipt of the full funds due to it from the 359 Project.

It is worth noting that this addendum is particularly useful in that it also provides an accounting for all payments made by CRRC to Regiments under the 100 Project Agreement and all payments made by CRRC to Tequesta under the 359 Project Agreement. This accounting has allowed investigators from amaBhungane to trace and track the funds paid to Regiments and Tequesta against individual projects. We deal with this in more detail in Section 6.3. below.

80. At the same time that CRRC varied its agreements with Tequesta and Regiments in relation to the 100 and 359 projects, it also entered into an addendum modifying its February 2015 agreement with Regiments Asia in relation to the 95 project. The addendum, attached as Annexure L, had the same effect as the preceding addendum by expediting a single large payment to Regiments Asia, and terminating any claims on CRRC by CGT.

81. The addendum appears to indicate that, for some unknown reason, CSR/CRRC had been required to make ‘double payments’ to Regiments Asia and CGT. This appears to be the result of a dispute between Regiments, CRRC and CGT, and, in particular, the displacement of CGT by Regiments Asia. The addendum required that this dispute be resolved by Regiments Asia such that CGT would raise no further claims against CRRC.

82. Paragraph 1.4 and a portion of Section 2 thus read:

As for the financial compensation due to Century General Trading FZE (CGT) under the Consultancy Agreement dated 14 April 2012 (Consultancy Agreement), Regiments shall resolve dispute with CGT through amicable consultation and ensure there is no further dispute with CRRC ZELC from either side...

Up until now CRRC ZELC has been making fee payments in accordance with the provisions of 95 Project Agreement and Consultancy Agreement. Parties recognise that CRRC ZELC has been obligated thus far to pay fees to both Regiments and CGT for the same 95 Electric Locomotives Project, which results in double payment. After this Addendum to Agreement becomes effective, CRRC ZELC will no longer be obligated to make double payments, instead CRRC ZELC will make future payments in accordance to the terms set forth in this Addendum to Agreement.’

83. The agreement further stipulated that CRRC would no longer withhold the 15% surety it had already retained and would pay this amount to Regiments Asia immediately. The retained amount due to be paid to Regiments Asia equalled $4,357,543.04. However, this agreement was subject to the same caveats as appearing in the prior addendum, and, in particular, that the release of funds were contingent on the maintenance contracts being awarded by Transnet on the 95 or 100 locomotive projects, and that CRRC would be allowed to recoup any portion of the $4,357,543.04 from payments due to Tequesta under the 359 agreement.
3.13. SUMMARY TABLE OF AGREEMENTS AND ANTICIPATED FUND FLOWS

Based on the foregoing, and calculations performed by amaBhungane (dealt with in Section 6.3 below), we have compiled the following summary table of agreements entered into by CNR, CSR, CRRC and ZPMC with JJT Trading, Century General Trading, Tequesta Group and Regiments Asia.

**Table 2: Summary of Known Kickback Agreements Related to the Capture of Transnet by the Gupta Enterprise**

<table>
<thead>
<tr>
<th>Date of Agreement</th>
<th>Chinese Party</th>
<th>Gupta Enterprise Party or Other Counter Party</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 June 2011</td>
<td>ZPMC</td>
<td>JJ Trading FZE</td>
</tr>
<tr>
<td>14 April 2012</td>
<td>CNR (Hong Kong)</td>
<td>Century General Trading</td>
</tr>
<tr>
<td>8 July 2013</td>
<td>CNR (Hong Kong)</td>
<td>Century General Trading</td>
</tr>
<tr>
<td>20 May 2014</td>
<td>CNR (Hong Kong)</td>
<td>Tequesta Group Limited</td>
</tr>
<tr>
<td>11 November 2014</td>
<td>CNR Da Lian Rolling Stock Co</td>
<td>Tequesta Group Limited</td>
</tr>
<tr>
<td>10 February 2015</td>
<td>CSR</td>
<td>Regiments Asia</td>
</tr>
<tr>
<td>8 March 2015 [although unsigned]</td>
<td>CNR Rolling Stock</td>
<td>Business Expansion Structured Projects</td>
</tr>
<tr>
<td>25 April 2015</td>
<td>CNR Rolling Stock</td>
<td>Business Expansion Structured Projects</td>
</tr>
<tr>
<td>18 May 2015</td>
<td>CSR Hong Kong</td>
<td>Tequesta Group</td>
</tr>
<tr>
<td>10 June 2015</td>
<td>CSR Zhuzhou Electric Locomotive Company</td>
<td>Regiments Asia</td>
</tr>
<tr>
<td>August 2016 Addendum to original Business Development Agreements</td>
<td>CRRC</td>
<td>Regiments Asia &amp; Tequesta Group</td>
</tr>
<tr>
<td>August 2016</td>
<td>CRRC</td>
<td>Regiments Asia</td>
</tr>
</tbody>
</table>
3.13. SUMMARY TABLE OF AGREEMENTS AND ANTICIPATED FUND FLOWS

Based on the foregoing, and calculations performed by amaBhungane (dealt with in Section 6.3 below), we have compiled the following summary table of agreements entered into by CNR, CSR, CRRC and ZPMC with JJT Trading, Century General Trading, Tequesta Group and Regiments Asia.

### Table 2: Summary of Known Kickback Agreements Related to the Capture of Transnet by the Gupta Enterprise

<table>
<thead>
<tr>
<th>Specific Transnet Project</th>
<th>Payment Terms</th>
<th>Total Payments Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>iCLM HQ 0762 – 7 Cranes (total) for Transnet</td>
<td>3% success fee based on Price A 85% of Price B  Price A = ZPMC's original offer to Transnet  Price B = Any increase in price paid to ZPMC by Transnet over and above Price B</td>
<td>Unknown</td>
</tr>
<tr>
<td>95 Locomotive Project</td>
<td>20% commission on total contract value</td>
<td>R523.32m</td>
</tr>
<tr>
<td>232 Diesel Locomotives Project</td>
<td>2% success fee 19% sales commission</td>
<td>R2.088bn</td>
</tr>
<tr>
<td>232 Diesel Locomotives Project</td>
<td>2% success fee 19% sales commission</td>
<td>Remainder of R2.088bn</td>
</tr>
<tr>
<td>232 Diesel Locomotives Project (inferred but not explicitly stated in contract)</td>
<td>One off fee of $18.2m in five instalments, which appears to equal 2% of contract success fee</td>
<td>$18.2m</td>
</tr>
<tr>
<td>95 Locomotive Project</td>
<td>20% of total contract value</td>
<td>Remainder of R523.32m</td>
</tr>
<tr>
<td>CNR Relocation Costs</td>
<td>Difference in price between ‘benchmark price’ of R280m and whatever Transnet agreed to pay</td>
<td>n/a</td>
</tr>
<tr>
<td>CNR Relocation Costs</td>
<td>Difference in price between ‘benchmark price’ of R580m and whatever Transnet agreed to pay (ultimately R647.2m)</td>
<td>R67.2m</td>
</tr>
<tr>
<td>359 Locomotive Project</td>
<td>2% of contract value as success fee 19% of contract value as sales commission made as Transnet pays CSR</td>
<td>Remainder of original R3.787bn</td>
</tr>
<tr>
<td>12 year maintenance plan</td>
<td>2% of contract value paid by Transnet</td>
<td>R1.298bn</td>
</tr>
<tr>
<td>100 Locomotive Project &amp; 359 Locomotive Project</td>
<td>Immediate release of 15% surety held by CRRC for past payments and retention by CRRC of future payments for final 359 Locomotive Project until final payment received from Transnet as surety</td>
<td>$18.2m</td>
</tr>
<tr>
<td>95 Locomotive Project</td>
<td>Immediate release of 15% surety held by CRRC for past payments and retention by CRRC of future payments for final 359 Locomotive Project until final payment received from Transnet as surety</td>
<td>$4,357,543.04</td>
</tr>
</tbody>
</table>
Liebherr Cranes paid $3 232 430.88 in five tranches directly into the account of Accurate Investments based in Dubai between the 22nd of July 2013 and the 1st of December 2014, after which the accounts revealed by the #Guptaleaks go dark. Accurate Investments was controlled by the Gupta enterprise through the Dubai-based director, Sanjay Grover.
SECTION 4: PAYMENTS MADE TO THE GUPTA ENTERPRISE BY LIEBHERR CRANES

85. On the 4th of December 2011, Transnet advertised three separate Requests for Proposals (RFP) related to the expansion of the Ngqura Container Terminal. The first RFP called for proposals to supply 18 single-lift rubber tyre gantry cranes with an option to purchase a further 10. The second RFP called for proposals to supply 4 twin lift ship to shore cranes with the option for a further 3 single lift cranes for the Ngqura Container Terminal and a further 2 single lift cranes for a second container terminal. The third RFP solicited proposals for a combination of the first two RFPs.

86. On the 17th of February 2014, Liebherr Cranes announced that it had received the contract to supply 22 cranes to Transnet Port Terminals, including 18 single-lift rubber gantry cranes and 4 twin lift ship to shore cranes.6

6 https://container-mag.com/2014/02/17/liebherr-receive-order-for-22-cranes-from-transnet/
87. Although SWI has not had insight into the procurement process that led to the decision, it is common cause that Liebherr Africa, assisted by Liebherr Ireland, were awarded the contract to supply the 18 rubbery tyre gantry cranes as well as the 4 twin lift ship to share cranes.

88. SWI has not seen any evidence that would speak to irregularities in the awarding of this contract such as internal Transnet minutes or forensic reporting. However, it notable that, on the 21st of December 2011, Ashu Chawla sent an email to Piyoosh Goyal (piyoosh@worldswindow.cc). We attach this email and memorandum as Annexure M. As we describe in more detail below, Piyoosh Goyal controlled the Worlds Window network that was used by the Gupta enterprise to receive and launder payments from China South Rail and ZPMC related to Transnet contracts.

89. The email to Mr. Goyal was sent with the subject ‘Emailing: Update on Tender iCLM HQ 0829)_RTG & STS Cranes Ngqura.’ The email attached a Word document by the same name. The attached document was an internal Transnet memorandum written by Transnet’s Executive Manager of Capital Procurement (Mr. Denzil Pillay) to the Chief Executive of Transnet Port Terminals (Mr. Karl Socikwa). The memorandum is undated but the content of the memorandum would suggest it was drafted sometime between the 4th of December and the 21st of December. The memorandum provided a detailed update of the tender eventually won by Liebherr, including a step-by-step timeline of when Transnet would perform certain activities leading to the selection of the preferred supplier.

90. It is extremely concerning that Ashu Chawla was given access to such a sensitive document. It is equally concerning that this document was immediately forward to Piyoosh Goyal, a Gupta enterprise partner in the capture of Transnet. This is especially true when seen against payments made to Gupta enterprise companies by Liebherr.

4.1. PAYMENTS MADE TO THE GUPTA ENTERPRISE BY LIEBHERR CRANES

91. Records emanating from the #Guptaleaks show that Liebherr made a number of payments to Gupta enterprise companies from at least July 2013 onwards.

4.1.1. SOURCE AND RECORDS FROM THE #GUPTALEAKS RELATING TO PAYMENTS FROM LIEBHERR

92. The payments from Liebherr are reflected in four different sources from the #Guptaleaks. First, on the 11 of September 2013, Jesamine Cook of Sahara emailed Ashu Chawla and Ugeshni Naidoo with the subject ‘RE: Dubai Statements 11/09/2013.’ The email and attached document is attached as Annex N. The email attached an Excel spread sheet titled Dubai Statements 1109013.xlsx. The document is self-evidently a concatenation of bank statements for a number of Dubai-based bank accounts held by key Gupta enterprise companies including Accurate Investments, Global Corporation, Gateway Limited and Fidelity Enterprises. These four companies were addressed in detail in SWI’s
second submission on the Estina matter, and are not explored in detail here, suffice to note that they acted as the key nodes through which the Gupta enterprise received, laundered and dissipated funds from multiple sources, including from South African government programs such as Estina.

93. Returning to the Excel workbook: one of the sheets in the workbook was titled 'Accurate 01204077701 USD'. Other contextual documents from the #Guptaleaks show that this referred to Accurate Investments US dollar denominated account held at Standard Chartered Bank in Dubai. The excel sheet records that on the 22nd of July 2013, an amount of $905 000.88 was paid into Accurate's bank account. The transaction was referred to as 'INCOMING FUNDS LIEBHERR CONTAINERS'.

94. The second relevant document is described in detail in SWI's second submission to the Commission on Estina, and was attached to that submission as Annexure LEDG1. We refer to this document as the 'Dubai Ledger.' To avoid burdening these papers, this document is not reattached to this submission, but can be provided to the Commission if required. The summary sheet appearing at the first page shows that Liebherr paid $1 117 006.89 into the Gupta enterprise Dubai network in the period covered by this ledger (the 1st of March 2013 to the 26th of February 2014). The individual payments recorded in this ledger, and their eventual dissipation, is described below.

95. The third relevant document is attached to this submission as Annexure O. Annexure O is a document of our own creation. This document is a concatenation of a number of records sent by Sanjay Grover to Ashu Chawla. In particular, from the 11th of February 2014 until the 6th of August 2014, Sanjay Grover regularly forwarded Ashu Chawla an updated spread sheet recording daily transactions of the Dubai companies described in the Dubai Ledgers. A further three daily transaction ledgers were sent in October and December 2014. To assist the Commission with its work, the contents of all of these ledgers has been extracted and placed into a single workbook, Annexure O. These ledgers allow us to trace further payments from Liebherr into the Gupta enterprise up until the end of 2014.

96. The fourth and final document was an email and attachment sent by Ronica Ragavan from her Oakbay email address to Ashu Chawla's Sahara email address on the 14th of February 2015. The email attached an Excel spread sheet titled 'IS12.02.15.xlsx.' From the spread sheet's contents, it is plausible that 'IS 12.02.15' was shorthand for 'Income Statement' dated the 12th of February 2015. The Excel spread sheet's metadata suggests it was created by Ronica Ragavan.

97. The first sheet of the workbook was titled 'Income', and headed 'Consolidated Books 7 February 2015'. At row 14 of this spread sheet the following appears:

| A | LCC001 | OTHER INCOME LIEBHERR | -11,888,956.13 | 4,125,350.08 | 1124073.591 | 4,110,585.36 |

98. The first column (under which 'A' was recorded) was titled 'Co', most likely company. 'A' in this context could plausibly refer to Accurate Investments, which, as we discuss below, Liebherr has publicly acknowledged paying as part of a consultancy agreement. The amounts recorded next to these columns referred to amounts
in dollars and AED respectively. It is also not entirely clear what the
second and third figures, which were recorded under the headings
‘difference’ and ‘comments’ may refer to. We submit that it is plausible
that this document showed that further payments were anticipated
to be made by Liebherr subsequent to the payments recorded in the
Dubai ledgers, or had already been made. However, further banking
documentation, including and especially bank statements related to
Accurate Investments, would be required to confirm this.

4.1.2. TRACING THE FIRST LIEBHERR PAYMENT

Amount: $905 000.88

Beneficiaries:

a. ‘Sahara’ (presumably Sahara Computers): $499 500
b. Star Engineering (Estina milk plant): $93 378.61
c. Wizcraft: AED 475 620 for costs related to the ‘Sun City’ wedding of
   Aakash Jaijaigarhia and Vega Gupta;
d. Vikas via JJT: AED 616 560

99. We refer the Commission to Annexure ‘Liebherr Diagram 1’. This
   Annexure provides a diagrammatic representation of the receipt and
dissipation of the first payment made to Accurate Investments by
   Liebherr.

100. On the 22nd of July 2013, Liebherr was recorded as paying $905 000.88
     into Accurate’s USD account at Standard Chartered Bank. Prior to
     this deposit, the account held a balance of $815.21. The payment by
     Liebherr was recorded in both Annexures N and Annexure O.

101. This amount was ‘smurfed’ into three amounts almost immediately,
     all paid into Global Corporation’s Standard Chartered Bank USD
     account, each of which then created its own stream of recipients. The
     first stream was initiated with the deposit of $700 000 into Global’s
     Standard Chartered USD account on the 22nd of July 2013, which
     increased the balance in this account from $24 948.68 to $724 948.68.
     On the same day the amount was deposited into this account, $499 500
     was paid to ‘Sahara’, almost certainly Sahara Computers.

102. The following day, on the 23rd of July 2013, the remaining balance
     of the Liebherr payment was transferred from Accurate’s Standard
     Chartered Account into Global’s Standard Chartered USD account
     in two deposits valued at $130 000 and $60 000. These two deposits,
     when commingled with what remained of the earlier $700 000 deposit,
     increased the balance in this account from $225 448.68 to $415 448.68.

103. On the same day, the 23rd of July 2013, $100 000 of this amount was
     transferred into Gateway’s US Dollar denominated account at Standard
     Chartered. The following day, the 24th of July 2013, $93 378.61 was
     paid to Star Engineering. As described in detail in our previous
     submissions on Estina, Star Engineering supplied a dairy processing
     plant for use on the Vrede Dairy Project through contracts with Gupta
     enterprise companies.
The remainder of Liebherr’s first payment was transferred into Global’s AED denominated account at Standard Chartered bank in two payments: $166 845.32 (AED 620 000) on the 23rd of July 2013 and $115 740 (AED 425 000) on the 24th of July 2013. These amounts were immediately withdrawn in cash (AED 620 000 on the 23rd of July and AED 425 000 on the 24th of July 2013).

On the 23rd of July 2013, AED616 560 was recorded as being paid to ‘Vikas via JJT’. This almost certainly referred to a payment made to Vikas Chaturvedi, a Gupta enterprise employee in charge of logistics, by JJ Trading FZE, the latter of which formed part of the Worlds Window network and which we discuss in greater detail below.

Finally, on the 24th of July 2013, AED425 000 in cash was deposited into Global’s National Bank of Abu Dhabi’s AED denominated account, where it commingled with a small pot of existing funds. On the same day, AED 475 620 was paid from this account to Wizcraft.

In addition to being recorded in the Dubai ledgers, the confirmation of the final payment to Wizcraft was also saved by Sanjay Grover in PDF form and emailed to Ashu Chawla. The email and invoice is attached as Annexure Q. The confirmation of payment shows that the AED 475 620 was paid into the account of Wizcraft International Entertainment held at HSBC in Dubai with full account number AE3402000000035471754100. The purpose of payment was recorded as ‘Invoice WIZ/DUB04/2013’.

On the 14th of August 2013, Johan Schalkwyk, an attorney at Van Der Merwe Associates, forwarded a draft letter to Ashu Chawla. The email and attachment as appended hereto as Annexure R. The substance of the letter was to contest certain charges raised by Wizcraft against Fidelity Enterprises, which is not material here. However, the letter records that in March 2013 Wizcraft were asked to provide ‘entertainment services’ to Fidelity Enterprises under the invoice WIZ/DUB-04/2013. It further records that a payment worth $129 600 was made to Wizcraft on the 24th of July 2013, which a simple calculation shows was equivalent to the AED475 620 paid by Global to Wizcraft.

The #Guptaleaks records a vast number of emails between employees of Wizcraft and the Gupta enterprise. The exchanges show that Wizcraft provided event management and artist services for the now infamous Sun City wedding of Aakash Jahajgarhia and Vega Gupta. It is thus extremely likely that this portion of the payment made by Liebherr was used to fund costs related to the Sun City wedding.

## 4.1.2. TRACING THE SECOND LIEBHERR PAYMENT

**Amount:** $212 006.01

**Beneficiaries:**

a. Linkway Trading: $599 327 (commingled funds from Liebherr and other sources, of which the Liebherr payment contributed $212 006.01)

We refer the Commission to Annexure ‘Liebherr Diagram 2’. This Annexure provides a diagrammatic representation of the receipt and dissipation of the second payment made to Accurate Investments by Liebherr.
111. On the 17th of February 2014, Liebherr deposited $212 006.01 into Accurate Investment’s US Dollar account at Mashreq Bank. This deposit is the first deposit we can locate into this account; the payment thus increased the balance therein to $212 006.01.

112. The date of this deposit is notable. As recorded above, it was publicly announced on the 17th of February 2014, the same day the payment was made, that Liebherr Cranes had been awarded the Transnet Port Terminals contract.7

113. On the 25th of February 2014, the Liebherr deposit was joined in the account by a payment of $450 000 from Global Corporation’s Mashreq Bank US dollar account. Our analysis shows that this amount ultimately derived from a payment made by Unlimited Electronic Computer, a Singapore-based company with close connections to the Gupta enterprise. The $450 000 payment increased the balance in this account to $655 000.94.

114. Finally, on the 25th of February 2014, $599 327.58 was transferred from Accurate’s Mashreq US dollar account to Linkway Trading. This amount would necessarily have drawn from part or all of the $212 006.01 payment made by Liebherr on the 17th of February 2014.

115. On the 27th of February 2014, Ashu Chawla forwarded an email from an employee of Mashreq Bank (shyama@mashreq.com) to Ugeshni Naidoo and Rana Kumar with the subject line ‘FW: Linkway.’ The email is attached hereto as Annexure R. The email forwarded payment confirmation showing that the payment was indeed made to Linkway by Accurate. Linkway received the deposit in its State Bank of India account in Johannesburg and was described as ‘payment for consultancy fees.’ The Rand value of the transfer was recorded as R6 545 581.

---

7 https://container-mag.com/2014/02/17/liebherr-receive-order-for-22-crane-from-transnet/
4.1.3. TRACING THE THIRD LIEBHERR PAYMENT

Amount: $371 105.83

Beneficiaries:

a. Oakbay: $400 000 of which $371 105.83 presumed from Liebherr

116. We refer the Commission to Annexure 'Liebherr Diagram 3'. This Annexure provides a diagrammatic representation of the receipt and dissipation of the third payment made to Accurate Investments by Liebherr.

117. This tranche was initiated with the payment of $371 105.83 from Liebherr into Accurate Investment’s US dollar denominated account at Mashreq Bank on the 15th of April 2014. The balance in the Mashreq account prior to this deposit was $6 182; this deposit increase the balance to $377 288.51

118. On the 28th of April 2014, $375 000, which drew on the full Liebherr deposit, was transferred into Fidelity’s US dollar denominated account at Mashreq Bank. The balance in the Mashreq account prior to the deposit was $50 967.12. The Liebherr funds commingled with this amount and increased the balance to $425 967.12.

119. Finally, on the following day, the 29th of April 2014, $400 000, drawing from the majority if not all of the Liebherr payment, was transferred from the Fidelity account at Mashreq to Oakbay. The precise Oakbay account that received the funds is not specified and will need to be verified against Oakbay banking records.

Left:
Tracing the third Liebherr payment
15 April 2014
4.1.4. TRACING THE FOURTH LIEBHERR PAYMENT TRANCHE

Amount: $1,105,368.16 in three payments of $405,598.52, $402,879.34 and $296,890.30

Beneficiaries:

a. Brookfield Consultants: $5m of which at least $1,105,368.16 from Liebherr

120. We refer the Commission to Annexure 'Liebherr Diagram 4'. This Annexure provides a diagrammatic representation of the receipt and dissipation of the fourth, fifth and sixth payments made to Accurate Investments by Liebherr.

121. The hallmark of these payments was that they were commingled and consolidated with other sources of funds to facilitate a single large payment of $5m to Brookfield Consultants, a Gupta enterprise-linked company based in the US. It is for this reason that these payments are dealt with here as a single tranche.

122. Liebherr made three payments to Accurate Investment's US dollar denominated account at Mashreq Bank. The payments were made as follows:

a. $405,598.52 on the 7th of May 2014, which increased the balance in the account from $2,283.44 to $407,881.96;

b. $402,879.34 on the 9th of May 2014, which increased the balance in the account from $407,876.23 to $810,756.23

c. $296,890.30 on the 26th of May 2014.

123. The $296,890.30 payment was made on the same day that $2.2m was deposited into the same account from Global Corporation's US dollar denominated account at Mashreq Bank. The commingling of the $2.2m deposit with the Liebherr deposits increased the balance in the account to $3,076,641.46. An analysis of the Dubai ledger documents show that the $2.2m derived from deposit of $4,499,836.44 from JJ Trading on the 1st of May 2014 into the Mashreq account of Reliable.

124. Two further payments were made into Accurate's Mashreq account, commingling with the Liebherr funds. An analysis of the Dubai ledgers shows that these deposits were sourced from a range of mixed sources, including JJ Trading Century, which, as we discuss below, most likely derived from payments made to JJ Trading by China South Rail or China North Rail pursuant to the award of contracts by Transnet. The two deposits (AED1.7m on the 27th of May 2014 and AED4,545,800 on the 28th of May 2014) increased the available balance in the Mashreq account to $5,007,636.38.

125. Finally, on the 28th of May 2014, $5m exactly was transferred from Accurate Investment's US dollar denominated Mashreq Bank account to Brookfield Consultants. The payment is described in the Dubai ledgers as 'Brookfield Mr. Ashish.'

126. Tax records filed in the US state of Texas (attached as Annexure S) show that Ashish and Amol Gupta signed tax return information on behalf of Brookfield Consultants. The registered address provided for Brookfield Consultants was 11811 North Freeway Suite 500 in Houston, Texas. Ashish and Amol Gupta are relatives of the Gupta brothers and are both US citizens.
### Tracing the Fourth Liebherr Payment Tranche

07 May – 26 May 2014

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brookfield Consultants US</td>
<td>$5,000,000</td>
<td>01/05/2014</td>
</tr>
<tr>
<td>Brookfield Consultants US</td>
<td>$1,105,368.16</td>
<td>28/05/2014</td>
</tr>
<tr>
<td>Liebherr</td>
<td>$4,499,836.44</td>
<td>01/05/2014</td>
</tr>
<tr>
<td>Liebherr</td>
<td>$2,500,000</td>
<td>01/05/2014</td>
</tr>
<tr>
<td>Reliable Mahreq USD</td>
<td>$4,05,598.52</td>
<td>07/05/2014</td>
</tr>
<tr>
<td>Reliable Mahreq USD</td>
<td>$4,02,679.34</td>
<td>19/05/2014</td>
</tr>
<tr>
<td>Reliable Mahreq USD</td>
<td>$5,50,000</td>
<td>26/05/2014</td>
</tr>
<tr>
<td>Accurate Mahreq USD</td>
<td>$4,20,000.00</td>
<td>26/05/2014</td>
</tr>
<tr>
<td>Accurate Mahreq USD</td>
<td>$2,00,000.00</td>
<td>12/05/2014</td>
</tr>
<tr>
<td>Accurate Mahreq AED</td>
<td>$8,20,000 AED MIXED SOURCES</td>
<td>11/05/2014–15/05/2014</td>
</tr>
<tr>
<td>Accurate Mahreq AED</td>
<td>$5,33,000 AED</td>
<td>18/05/2014</td>
</tr>
<tr>
<td>Accurate Mahreq AED</td>
<td>$482,712.94 (3.7m AED)</td>
<td>27/05/2014</td>
</tr>
<tr>
<td>Accurate Mahreq AED</td>
<td>$1,257,289.06 (4.545m AED)</td>
<td>28/05/2014</td>
</tr>
<tr>
<td>JJT Force Exim</td>
<td>$4,09,836.44</td>
<td>01/05/2014</td>
</tr>
<tr>
<td>JJT Force Exim</td>
<td>$2,50,000</td>
<td>19/05/2014</td>
</tr>
<tr>
<td>Global Mahreq AED</td>
<td>$5,00,000</td>
<td>01/05/2014</td>
</tr>
<tr>
<td>Global Mahreq AED</td>
<td>$1,105,368.16</td>
<td>28/05/2014</td>
</tr>
<tr>
<td>Global Mahreq AED</td>
<td>$5,33,000 AED</td>
<td>19/05/2014</td>
</tr>
<tr>
<td>Global Mahreq AED</td>
<td>$2,50,000</td>
<td>01/05/2014</td>
</tr>
<tr>
<td>Mixed sources including JJT Century</td>
<td>$8,20,000 AED MIXED SOURCES</td>
<td>11/05/2014–15/05/2014</td>
</tr>
</tbody>
</table>

Above:
Tracing the fourth Liebherr payment tranche
07 May - 26 May 2014
127. The #Guptaleaks show, on the 5th of May 2014, Tony Gupta and Ashu Chawla were sent Brookfield’s bank details at Chase Manhattan Bank by Ramesh Gupta (rgupta6666@yahoo.com). Ramesh Gupta is the father of Ashish and Amol Gupta. Tony Gupta forwarded these details to Ronica Ragavan and Ajay Gupta on the 7th of May 2014. The email chain is attached as Annexure T.

128. On the 26th of May 2014, three days before the payment to Brookfield was completed, Suresh Tuteja sent an email to Sanjay Grover and Ashish Gupta (ashishgupta@gmail.com). Tuteja commented that ‘I am attaching herewith a letter which I request you please to sign and return immediately so that payments are made tomorrow.’ The email attached a MS Word document with the filename chase letter.docx. The text of the letter ran:

From : Ashish Gupta
10914, Princeville CT Bakers Field CA 93111 USA
Dated 26-05-2014

Accurate Investments Ltd
D-45 12th Floor Tower 1 Amenity Centre
Ras Al Khaimah
U A E

Dear Sir

Re: Payment in terms of Clause no 6 of Agreement Dated 14th May 2014.

I refer to the clause no 6 of Agreement dated 14th May 2014 as per which you as a second purchaser need to pay me, as a first purchaser, an amount of US $ 10 Million paid by me to seller into my following designated bank account:

Name Brookfield Consultants Inc
Bank Address for Wire 1, Chase Manhattan
New York
Account no 537557618
Swift Code CHASUS33

Yours faithfully
Ashish Gupta

129. On the same day, Ashish Gupta responded to Suresh Tuteja attaching a signed copy of the letter. The only notable change was that Ashish Gupta changed his address to 11811 North Freeway Suite 500, the registered address as recorded in Brookfield Consultants’ tax returns to the state of Texas. Shortly thereafter, the letter was forwarded by Tuteja to Sanjay Grover and Ronica Ragavan with the explanation: ‘Please find attached a letter received from Mr Ashish Gupta to be submitted to Bank alongside copy of agreement for making remittance tomorrow.’
130. Unfortunately we have been unable to locate the agreement referred to in the above correspondence. However, the above strongly suggests that the payment to Brookfield was overseen and controlled by the Gupta enterprise and to the benefit of a company controlled by relatives of the Gupta brothers.

131. Although we have not been able to review the aforementioned agreement related to Brookfield, we do note that the payment of $10m to Brookfield from Gupta enterprise companies does seem to have been made through two transactions valued at $5m. These two payments include the payment from Accurate described above, and an additional $5m payment made to Brookfield from Accurate Investment’s US dollar denominated account at Bank of Baroda. The Dubai ledgers show that the sources of the $5m payment from Accurate Investment’s Bank of Baroda account were mixed, but were largely drawn from deposits into other Gupta enterprise accounts in Dubai by JJ Trading and its affiliates.

4.1.4. TRACING THE FIFTH LIEBHERR PAYMENT TRANCHE

Amount: $638 950 in two payments of $386 110 and $270 840.

Beneficiaries:

a. Unclear as Dubai ledger records end shortly after deposits made

132. We refer the Commission to Annexure Liebherr Diagram 5. This Annexure provides a diagrammatic representation of the receipt and dissipation of the seventh and eighth payments made to Accurate Investments by Liebherr.

133. On the 9th of October 2014, Liebherr deposited $368 110 into Accurate Investment’s Mashreq US dollar denominated account. The balance in the account prior to this deposit was $7619.94 and $375 729.94 thereafter.

134. There was no activity in the Accurate Mashreq account until the 1st of December 2014, when Liebherr transferred a further $270 840 into the same Mashreq account. This increased the balance in the account to $646 564.86.

135. On the 9th and 10th of December 2014, two amounts of $20 000 were transferred from the this Mashreq account drawing from the Liebherr deposits to Fidelity Enterprises US dollar denominated Mashreq Bank account. We are unable to trace the ultimate end-point of these funds as the Gupta ledger records terminate shortly thereafter.

136. Also on the 10th of December 2014, $200 000 was transferred from Accurate’s Mashreq account to Global Corporation’s US dollar denominated account at the Bank of Baroda, where it commingled with existing funds. The following day, $243 000, drawing on the $200 000 deposit ultimately from Liebherr, was transferred to Fidelity’s US dollar denominated account at the Bank of Baroda. We are unable to trace the ultimate end-point of these funds as the Gupta ledger records terminate shortly thereafter.
4.2. THE RELATIONSHIP BETWEEN ACCURATE INVESTMENTS AND LIEBHERR CRANES

137. In July 2017, Liebherr released a press statement in response to articles in the South African media regarding the payments to Accurate Investments. Liebherr stated that they took the allegations ‘very seriously’ and committed to ‘fully investigate’ the matter internally.

138. On the 16th of October 2017, Liebherr released a press statement, which read:

In accordance with Group policies, the ultimate holding company of the Liebherr Group — Liebherr-International AG — therefore conducted an internal investigation into this matter. The results of this investigation show that the transactions under investigation were legally sound and not in violation of any applicable laws or regulations on the part of the Liebherr entities and employees involved.

The selection of a sales agent such as Accurate Investments Ltd. to provide interface services to the end user during the tender, procurement and supply process is a practice, which is common in the sales process for

---

capital expenditure projects. It is also common that such a sales agent receives a nominal commission for the services provided in the event the tender, procurement and supply process is successfully completed.

In the case in question, Accurate Investments Ltd. was the sales representative selected by Liebherr Container Cranes Ltd. As required by the Group’s due diligence process, Liebherr Container Cranes Ltd. performed background checks prior to entering into the agency agreement with Accurate Investments Ltd. These background checks did not indicate any malpractice on the part of Accurate Investments Ltd.

The internal investigation report did observe, however, that the Group’s defined due diligence process might have been implemented in a more stringent manner in this case by pushing the performed background checks to an even higher level than the ones actually performed.

Being aware of the increased risks associated when agents are included in any type of transaction, Group companies, management and employees must strive to insure that the Group’s standards of scrutiny and diligence are complied with in day-to-day business.

139. The gist of Liebherr’s response is that they admit to employing Accurate Investments as a sales agent, but that they insist that their use of Accurate Investments was legal.

140. It is perhaps trite to note that a company investigating itself cannot be relied on entirely to form a full picture of events as they transformed. In this regard, we submit that the Commission should, as far as possible, seek further information from Liebherr AG, including the underlying material that was assessed as part of Liebherr’s internal investigation, and the final investigative report itself. These materials should also be subject to critical examination, including enquiring why Liebherr believed it appropriate to make such payments regarding contracts issued by state entities, what led Liebherr to believe Accurate Investments could offer any legitimate services related to the contract, and whether these representations were subject to meaningful scrutiny.

141. Shadow World Investigations contacted Liebherr to ask if the company wished to add to the statement by way of any further clarifying statement. The company responded noting:

In 2017, we conducted an internal investigation into the role of Liebherr Container Cranes Ltd. based in Killarney (Ireland) in the context of the processes you mentioned. In doing so, we took into account all the information available to us.

In a public statement on October 13 of the same year, we made available the results of this investigation...

With the completion of the investigation report and the publication of the results, we consider the case to be concluded for us. We ask for your understanding in this regard.
142. We find Liebherr AG's response to be most unsatisfying. We find it hard to understand how Liebherr could legitimately have employed a sales agent with no infrastructure of note, few if any employees, no online presence, based in the UAE, and subject to the control of a lone director (Sanjay Grover) who is an Indian national with no obvious connections to South Africa, to facilitate its bids to win contracts in South Africa. Any credible compliance investigation, and, indeed any reasonable observer, must question what an entity of this nature could offer to Liebherr to justify such large success fees.

143. The #Guptaleaks and the Dubai ledgers in particular paint a vivid picture of the true nature of Accurate Investments. These show that not only was Accurate Investments beneficially owned and controlled by the Gupta enterprise, but that its function in the Gupta enterprise was to act primarily as a cut-out through which money was laundered. A review of the Dubai ledgers shows that in 2013, the only incoming funds into Accurate that was not sourced from other Gupta enterprise companies were funds paid by Liebherr. In 2014, Liebherr and an unknown entity called VK Trading Hong Kong were the only non-Gupta enterprise controlled companies that made payments to Accurate Investments. Accurate Investments' bank accounts in Dubai were thus used exclusively to receive funds from Liebherr and VK Trading Hong Kong, and to receive and transmit other funds from the Gupta enterprise network.

144. We submit that it is difficult to understand how a company, incurring no notable expenses - and incurring no expenses in South Africa - could legitimately assist a multinational engineering firm secure a contract in South Africa.
The Worlds Window group controlled two Dubai-based companies, Century General Trading FZE and JJ Trading FZE. It used these companies to receive the kickbacks ‘owed’ to the Gupta enterprise, and then distributed the funds to the Gupta enterprise. For this money laundering service, the Worlds Window Group earned 15% of the total kickbacks paid by CNR, CSR, CRRC and ZPMC.
SECTION 5: TRANSNET, THE GUPTA ENTERPRISE AND THE WORLDS WINDOW NETWORK

145. From at least 2010 onwards, the Gupta enterprise entered into an extensive and complicated business relationship with the Worlds Window Group, a so-called scrap metal recycling company based in India with multiple subsidiaries in India and abroad. This relationship included the adoption and creation of a sophisticated money laundering network spanning multiple countries. This network was used, inter alia, to receive, launder and dissipate payments made to the benefit of the Gupta enterprise from China South Rail and ZPMC.

5.1. THE WORLDS WINDOW NETWORK: RELEVANT COMPANIES

146. All documents referred to in this section are attached hereto as Annexure V.

147. The heart of the Worlds Window network is the Worlds Window Group, whose website is viewable at www.wwg.co.in. According to the Group website, Worlds Window began its life in 1997 by 'trading ferrous and non-ferrous metals scrap.'
The Worlds Window Group encompasses a vast array of businesses. We do not list every company here, but highlight those companies that #Guptaleaks records show were involved in business with the Gupta enterprise:

a. Worlds Window Impex India Private Limited, which is described on the Worlds Window Group as the ‘flagship of the group and one of the largest importers in North India.’ Indian company records show that Worlds Window Impex Private Limited was established in India on the 14th of February 1997 with the company number U51109DL1997PTC085138 at the address 75 Khirki Village, New Delhi. Worlds Window Impex India Private Limited is 49% owned by International Metal and Steel BV (IMSBV). IMSBV is a wholly-owned subsidiary of European Metals Recycling based in Liverpool.

b. Indian company records show that at least 13 other companies featuring Worlds Window in their name were established in India and share the same registered address as Worlds Window Impex. We list these companies below as #Guptaleaks accounting records suggest that some of these companies may have been used by Worlds Window to launder funds to the benefit of the Gupta enterprise, especially the Urja and Exim subsidiaries. The 13 additional companies are:
   1. Worlds Window Agro Private Limited;
   2. Worlds Window Cabs Indian Private Limited (now inactive);
   3. Worlds Window Developers Private Limited;
   4. Worlds Window Ecotrade Private Limited;
   5. Worlds Window Estate Private Limited;
   6. Worlds Window Exim Private Limited;
   7. Worlds Window Farming Private Limited;
   8. Worlds Window Greenfield Private Limited;
   9. Worlds Window Holding Private Limited (now inactive);
   10. Worlds Window Infrastructure and Logistics Pvt Ltd;
   11. Worlds Window Trading Private Limited;
   12. Worlds Window Urja Private Limited;

c. Everest Metals FZE based in Dubai, which the Worlds Window Group claims was established in 2008 as the ‘international trading arm of the Group.’ The Worlds Window Group website lists Everest Metal's address as being in the Hamriyah Free Zone, Sharjah, United Arab Emirates. Everest Metal's company filings appearing in the #Guptaleaks confirm this address, although they do not provide a company number. As we show below, Everest Metals FZE was involved in a seeming loan-back scheme with the Gupta enterprise company Westdawn Investments in South Africa;

Arctos Trading (Pty) Ltd, a South African company with enterprise number 2011/002541/07 that was incorporated in 2011. #Guptaleaks records show that Arctos housed mining assets on behalf of Worlds Window in South Africa, although there is little evidence that the assets were ever formally transferred to Arctos, and shared a mining contractor agreement with the Gupta enterprise company Idwala Coal. The records also show that Arctos was used to transfer funds to and from the Gupta enterprise network and the World’s Window network. Arctos Trading was beneficially owned by Vasudhamaa Resources PTE Ltd, a company incorporated in Singapore with the registration number 201100949G. Company filings for Vasudhamaa Resources appearing in the #Guptaleaks show that one of the two directors
was Anil Kumar Misra, a director in other Worlds Window group companies and the CFO of the Worlds Window Group according to its website. Closing the Worlds Window-Gupta enterprise circle, Arctos’ registered address was 144 Grayston Ridge, Katherine Street, Sandton, an address shared by a number of other Gupta enterprise companies.

Arctos’ role in the Worlds Window Group has been extensively scrubbed from the Worlds Window website since the publication of stories linking Goyal to the Gupta enterprise. However, the Worlds Window brochure, referred to previously and published on the Worlds Window website prior to the emergence of news stories on Goyal and the Guptas, dedicated a full page to Arctos, noting:

*Arctos Trading Pty Ltd epitomizes what the Worlds Window Group represents. It is the South African component of the Worlds Window Group, with a portfolio comprising interests in the logistics, trading and freight forwarding areas. The company is supported by a team of highly experienced and talented individuals hailing from the mining industry.*

### 5.2. THE WORLDS WINDOW NETWORK: KEY PERSONNEL

149. All documents relevant to this section are attached as Annexure W.

150. The Worlds Window Group website lists the following eight individuals as the ‘Group mentors’ to Worlds Window Group and as the ‘key individuals’ responsible for running the Group:

a. Mr. Mahesh Goyal, the ‘Group Mentor’;
b. Mr. Anil Misra, ‘Group CFO’, a chartered accountant who has been ‘associated with WWG since its early days’. Company records show that Misra is a director of Worlds Window Impex Private Limited (the Worlds Window flagship) and Vasudhamaa Resources, which owned Arctos Pty Limited in South Africa.
c. Mr Naveen Agrawal, the ‘Director of Manufacturing’ and a director of Worlds Window Impex Private Limited.
d. Kapil Jain, the Group Vice President in charge of finance;
e. Captain Sanjeev Rishi, an ‘advisor’;
f. Mr. H.S Mann, the director and CEO of Coal Trading;
g. Ms. Aruma Sharma, an ‘advisor’
h. Mr Rajiv Kochhar, the ‘Vice President’ in charge of ‘Commercial and Projects.’

151. Strangely, the person who appears to be the most central to the entire group, Mr. Piyoosh Goyal, is not listed on the World’s Window current website. Piyoosh Goyal is a director of Worlds Window Impex Private Limited. The #Guptaleaks shows that Goyal was central to establishing the relationship between the Gupta enterprise and the World’s Window network. Goyal was implicated in a corruption scandal and prosecution in India in 2013.

Archived copies of the Worlds Window Group website gave much more prominence to Goyal. On a page entitled ‘Group Chairman Speaks,’ Goyal delivered four paragraphs of corporate boilerplate. A Worlds Window Group brochure, also previously uploaded to the Worlds
Window website but no longer available, also prominently highlighted the role of Goyal – ‘a true visionary’, according to the brochure - in forming and running the group. The brochure is attached as Annexure X.

152. Other notable Worlds Window employees appearing in the #Guptaleaks records are:
   a. Shuchi Bansal, the Executive Assistant to the Chairman's Office;
   b. Amit Agrawal, an accountant at Worlds Window who corresponded with Ashu Chawla with regards to payments made by Everest Metals FZE in South Africa;
   c. Pooja Puri, a Worlds Window employee who corresponded extensively with Ashu Chawla regarding payments made by Everest Metals FZE;
   d. Lalit Tewari, a Worlds Window employee who the #Guptaleaks records show was involved in running Arctos and operating an Arctos email account (lalit.tewari@arctos.co.za). Tewari appears to have been integrated into the Gupta enterprise, operating an Oakbay email address (lalit@oakbay.co.za) from at least March 2014 and an Elgasolve email address from at least August 2014;

5.3. THE WORLDS WINDOW FRONT COMPANIES: JJ TRADING FZE AND CENTURY GENERAL TRADING

153. All documents relevant to this section are attached as Annexure Y

154. Two corporate vehicles were used to enter into agency agreements with Chinese suppliers to Transnet, to receive payments therefrom, and to distribute those payments to the Gupta enterprise: JJ Trading FZE and Century General Trading FZE. Both of these entities were controlled by the Worlds Window network.

5.3.1. JJ TRADING FZE

155. JJ Trading FZE is registered in the United Arab Emirates and runs a website at http://www.jjtrading.co.in/. The website lists JJ Trading FZE's address as PO Box 51016, Hamriyah Free Zone – Sharjah U.A.E. The JJ Trading FZE website claims that the company is involved in the trading of scrap metal, rice, grains, pulses, edible oil and ‘chemical.’ Numerous business directories list Mr. Ramratan Jagati as the contact person for JJ Trading FZE. A LinkedIn profile in Jagati's name lists Jagati as the ‘manager at J J TRADING FZE.’

156. Ramratan Jagati appears in the #Guptaleaks records on three occasions using his Yahoo email address: ramratanjagati@yahoo.com. The emails show that Jagati controlled JJ Trading FZE but did so at the behest and direction of the Worlds Window Group.

157. The first correspondence involving Jagati was initiated on the 31st of December 2011, when Adesh Vashishta, an employee of SES India (the main Gupta enterprise company registered in India), emailed Ashu Chawla's Sahara and SES India email addresses, copying two further
SES employees Naresh Khosla and Piyush Shah. Vashishta forwarded the banking details and how an amount of $3.5m was to be split and paid to three Gupta enterprise companies, ITJ Retails Private Limited, Sahara Computers and SES Technologies. On the 1st of January 2012, Ashu Chawla forwarded the email to Ramratan Jagati’s Yahoo email address, copying in Amit Agrawal, a Worlds Window accountant (amit.accounts@worldswindow.cc). Chawla wrote: ‘Dr Mr. Ramratan, Here is the final figures for rtgs.’

158. Guptaleaks accounting records, most notably the Worlds Window-Gupta enterprise hawala ledger (described in more detail below) record that payments roughly equal to the amounts described in the abovementioned email were recorded as being transferred from JJ Trading to the three recipients. Row 138 of the ‘Account 1’ sheet in the hawala ledger, for example, shows that $1.1m was transferred from JJ Trading to ITJ ‘Retial’ [sic] on the 2nd of January 2012: the day after Ashu Chawla’s email and equal to the exact amount that was requested to be paid. As we show in some detail below, the transfers requested by Ashu Chawla would have drawn from funds that were commingled with payments to JJ Trading by ZPMC.

159. The second Jagati-related correspondence began on the 2nd of June 2012, when one Ravi Gupta (junkyardscrap@gmail.com) emailed Ramratan Jagati, copying pooja@everestmetals.ae. This latter address was controlled by Pooja Puri, who the #Guptaleaks show was in frequent contact with Ashu Chawla regarding payments from Everest Metals. Ravi Gupta requested that Jagati ‘please provide USD 1,000,000 to Arctos.’

160. On the 3rd of June 2012, Jagati emailed Ravi Gupta and one Puneet Gupta, copying Pooja Puri. The email included confirmation that two SWIFT transfers had been made from IMR General Trading FZE to Arctos; the first worth $150 000 and the second worth $1m. Incidentally, both were recorded as being ‘against purchase of scrap metal’, which was almost certainly fraudulent. IMR General Trading FZE is beneficially owned by Piyoosh Goyal according to investigations by amaBhungane.

161. The following day, Pooja Puri, now writing from his Worlds Window email address, emailed a number of other Worlds Window staff including Puneet Gupta and others, as well as Rajiv Dabas, an employee of Arctos. Puri forwarded the SWIFT confirmations, describing them as ‘Payment for BOB instalment, may please get it trfd from SBI to BOB at the earliest.’ As we will show in more detail below, this interaction referred to the repayment of a loan taken out by Everest Metals from Bank of Baroda in South Africa, which was, in reality, a means of recycling funds to the benefit of the Gupta enterprise.

162. The following day – the 5th of June 2012 – Rajiv Dabas forwarded this chain of correspondence to Ashu Chawla, who shortly thereafter forwarded it to Ugeshni Naidoo.

163. The final email chain from the #Guptaleaks involving Jagati was initiated on the 13th of June 2013 when Jagati emailed Ronica Ragavan at her JIC email address, Ashu Chawla and an email address styled ‘name1794@gmail.com.’ We do not know definitively who operated the name1794@gmail.com address, but suspect that it could have been Ronica Ragavan as the email address was saved against the contact
name ‘Ron.’ Additionally, this address received correspondence of the type that was typically sent to Ronica Ragavan, Sahara cash accounting spread sheets in particular.

164. The email from Jagati forwarded a SWIFT confirmation showing two payments made from JJ Trading FZE. The first payment worth $1 110 000 had been paid by JJ Trading FZE into ITJ Retails Private Limited’s account at HDFC bank. The second payment was valued at $2 146 686.46 and sent from JJ Trading FZE to the bank account of Sahara Computer and Electronics at HDFC bank in New Delhi. Both payments were given the payee reference ‘Channel Tech Deal.’ This most likely refers to Channel Tech Distribution FZCO registered in Dubai. The Worlds Window-Gupta enterprise hawala ledger shows two payments to Channel Tech Distribution, a Gupta enterprise company, in 2010. Numerous #Guptaleaks emails show a number of transactions between Channel Tech and Gupta enterprise companies including Sahara and SES Technologies.

165. Two additional facts further link JJ Trading FZE to the Worlds Window network. First, investigations by amaBhungane have revealed that Jagati’s Facebook page showed that he was friends with 41 Worlds Window managers and employees at the time of the writing of the article (January 2018).

166. Second, customs data shows that JJ Trading FZE was recorded as the ‘shipper’ for two shipments of scrap metal to the United States in May 2015. The bill of lading records the customer as Worlds Window Imp & Exp India Prvt Ltd. This further confirms that existence of a close and supportive relationship between Worlds Window and JJ Trading.

## 5.3.2. CENTURY GENERAL TRADING

167. Like JJ Trading FZE, Century General Trading (CGT) is registered in the UAE. CGT’s now-defunct website stated that CGT was ‘a UAE based Metal Trading company dealing in all forms and grades of Non-Ferrous Metals and Residues across the globe.’ The address provided on the Century General website was PO Box 16423, Ras Al Khaimah, UAE.

168. Domain Name Server (whois) records show that CGT’s website was registered by Ramratan Jagati.

169. CGT appears in the #Guptaleaks on three occasions. First, on the 11th of February 2013, Jesamine Cook from Sahara emailed Ashu Chawla with the subject ‘Statements.’ Attached to the email was an Excel spread sheet into which the bank statements of various Gupta enterprise companies in Dubai had been placed. The statements show that the Guptas’ Global Corporation received a deposit of $463 216.88 from Century General Trading FZE on the 8th of January 2011.

170. On the 13th of November 2014, Ravindra Nath emailed Piyoosh Goyal, Sapna Jain (a Worlds Window employee), Nitin Goyal (an employee of Wone Management) and Ronica Ragavan. The substance of Nath’s email was that Arctos Trading needed to complete an annual

---

9 https://amabhungane.org/stories/guptaleaks-meet-the-money-launderers/
audit, but that certain information was missing. One of the pieces of information missing were ‘debtor statements and ledgers’ for, inter alia, Century General Trading FZE. Thus Arctos Trading had taken a loan from Century General Trading FZE, or, at the very least, was reflecting that such a loan was taken.

171. On the 4th of December 2014, Nath emailed the same interlocutors again, reminding them that certain information was still outstanding that would allow Arctos Trading to complete its audit. Attached to this email was an Excel spread sheet with the filename Updated Trial Balance 31.12.13.xlsx. The spread sheet set out the balance sheet for Arctos Trading. The balance sheet recorded an outstanding loan given to Arctos by Century General Trading FZE, with an outstanding balance of R8 998 704.62. Metadata information for the spread sheet shows that it was created by Sapna Jain, an employee of Worlds Window.

172. Together, these emails show that Century General Trading was used to make payments to the Gupta enterprise, and was used as a vehicle against which loans were granted to Arctos (whether genuine or not), which was controlled by the Worlds Window network. In the context of an extended and complicated business relationship, we submit that the most reasonable inference to draw is that CGT was controlled by the Worlds Window network, and was used by the Worlds Window network to, inter alia, make payments to the benefit of the Gupta enterprise. The contextual text included in the agreements between CSR and Gupta enterprise companies, described above, appears to confirm this reading.

5.4. THE NATURE AND DEVELOPMENT OF THE RELATIONSHIP BETWEEN WORLDS WINDOW AND THE GUPTA ENTERPRISE

173. The #Guptaleaks records show that the Gupta enterprise and the Worlds Window network developed extremely close ties in the years between 2010 and at least 2016 when the #Guptaleaks records cease. These business ties encompassed a large number of business deals and a very large number of inter-company and inter-personal financial transactions. The scale and extent of the relationship between the Gupta enterprise and the Worlds Window network precludes it from being described in full here. Instead, we focus on tracing the origins of the relationship, notable business entanglements between the two parties, including investments by Worlds Window in the Gupta enterprise, and, most importantly, prima facie evidence showing that both parties were party to elaborate money laundering schemes.
5.4.1. EARLIEST DIRECT MENTIONS OF PIYOOOSH GOYAL AND WORLDS WINDOW GROUP

174. All documents relevant to this section are attached as Annexure Z

175. The earliest mention of Piyoosh Goyal or Worlds Window directly in the #Guptaleaks is from the 24th of July 2010. The correspondence focused on the itinerary of Goyal’s travel to Johannesburg in late July. Further correspondence shows that Goyal travelled to South Africa again in November 2010.

176. By January 2011 the relationship was sufficiently advanced and Goyal presumably considered influential enough that one of the twenty tables curated for the prestigious New Age Dinner in January 2011 had been set aside for him and described as ‘Piyoosh Table.’ The guests allocated to Goyal’s table included Kgalema Mothlante, the ‘ex DG Labour’, ‘DDG DMR’, one Mike from Correctional Services, one Siyabonga an ‘Advisor to Min PE’, the ‘DG Public Enterprise’, ‘DG Transport’ and ‘DG Foreign Affairs’.

177. Correspondence from May 2011 onwards shows that Ashu Chawla was involved in booking accommodation for Worlds Window staffers at the Guptas’ luxury Clifftop Lodge. In June 2011, Beverlie Hardie emailed Clifftop Lodge staff, copying Chawla, requesting a booking for the ‘Honeymoon suite’, which would be paid for by Sahara. The guests were Piyoosh Goyal, his wife and child, who would be arriving via helicopter.

5.4.2. THE RELATIONSHIP BETWEEN THE GUPTA ENTERPRISE AND THE WORLDS WINDOW NETWORK: INTRODUCING THE ‘HAWALA LEDGER’

178. It is likely, however, that a direct and material financial relationship between the Worlds Window network and the Gupta enterprise began prior to July 2010.

179. On the 19th of August 2013, Ronica Ragavan sent an email to Ashu Chawla with the subject ‘SA1 (2) current account.xlsx’, and wrote ‘Is this what u looking for / [sic]’. The email attached an Excel workbook that shared the same name as the email subject. The workbook is perhaps the most important document in understanding the financial relationship between the Gupta enterprise and the Worlds Window network. The workbook is attached hereto as Annexure AA and is referred to as the ‘hawala ledger’ hereon.

180. Prior to moving onto the detailed content of the workbook, it is worth highlighting that the sheets titled ‘Account 1’ and ‘Account1 (2)’ are headed Worlds Window in a highlighted purple row.

181. The workbook has all the hallmarks of a ‘hawala’ ledger. Hawala is a form of money transfer and currency exchange that is common and popular in the Middle East and South Asia. Hawala transactions most often involve two hawala brokers in different countries. The brokers will solicit customers who ask to send or receive cash from abroad. The first broker will accept the funds and inform the second broker in the second country to pay out the amount. This amount is then
deducted from a shared ledger. The net result is that money is sent across borders, often instantaneously, without any electronic transfers taking place. In addition to being quick and efficient, hawala systems leave no paper trail, making them susceptible to tax evasion and money laundering. Using hawala systems also allows the participants to avoid currency exchange or banking charges, which, in the South African context, means effectively operating outside of the Reserve Bank’s currency reporting and control regime.

182. Returning to the ledger: Column B lists all entities controlled by Worlds Window. Column C lists all entities controlled by the Gupta enterprise or otherwise entities receiving funds to the benefit of the Gupta enterprise. Columns D described the method of payment or transfer, such as cash or bank deposits into various accounts. Column E recorded the country where the deposit was made. Columns F, G, H and J recorded the amount of each individual transaction in its appropriate currency, although all figures are ultimately turned into a dollar equivalent in Column J through the application of the prevailing exchange rate, which was recorded in column I. Column K provides the running balance between the Worlds Window network and the Gupta enterprise.

183. The ledger balance operated according to the amounts owed to the Gupta enterprise by the Worlds Window network. Thus a payment received by the Worlds Window network is deducted from the running total, as this increases the amount that is owed to the Gupta enterprise by the Worlds Window network. Conversely, payments to the Gupta enterprise are added to the balance as a credit as this reduces the amount the Worlds Window network owes to the Gupta enterprise.

184. The direction of the flow of funds for each transaction is thus determined by whether the transaction is recorded as a credit or debit; amounts that are recorded as a credit reflect payments out of the Worlds Window network into Gupta enterprise companies, while amounts recorded as debits are payments made by the Gupta enterprise to the Worlds Window network.

185. To take one illustrative example, we have reproduced Row 8 in the sheet ‘Account1’ below:

<table>
<thead>
<tr>
<th>Mode of Payment</th>
<th>Country</th>
<th>Amount USD</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>JJ Sahara</td>
<td>HSBC Bank USD</td>
<td>1,000,000</td>
<td>-3,246,104</td>
</tr>
</tbody>
</table>

186. This row records a payment made to Sahara Computers & Electronics by JJ, almost certainly JJ Trading. The payment is made into a Sahara US dollar denominated bank account at HSBC and is worth $1m. We know that the payment is to Sahara from JJ Trading as the amount (1,000,000) is recorded as a positive integer or credit, which effectively means that the Worlds Window network has reduced what it owes to the Gupta enterprise. The balance figure in the table above is made up of the balance prior to this transfer (-4,246,104), against which an amount of $1m has been credited, thus decreasing the balance to -3,346,104. Or, more simply, the Worlds Window network owes the Gupta enterprise network $1m less than it did prior to this transaction (-4,246,104 versus -3,246,104).

SECTION 5 – 67
187. Our confidence in relying on the hawala ledger as an accurate record of the financial flows between the Worlds Window network and the Gupta enterprise is due to the fact that a large number of the transactions recorded in the hawala ledger are also recorded in correspondence between the two organisations in the #Guptaleaks through the sharing of payment confirmation documents. An example of this phenomenon is dealt with in more detail below when we describe the ‘Everest-Westdawn’ loan-back scheme. We also attach, as Annexure BB, a copy of every payment confirmation we have been able to locate in the #Guptaleaks that corresponds to payments in the hawala ledger.

188. A review of the hawala ledger shows that the transfer of funds between the Worlds Window network and the Gupta enterprise began in at least June 2010. The first recorded transaction involving an entity definitely controlled by the Gupta enterprise was the transaction that took place on the 7th of June 2010 described above for illustrative purposes. The ledger records over 300 payments to and from Gupta enterprise companies and the Worlds Window network from this first payment in June 2010 until the last date recorded in the ledger, the 22nd of February 2013.

5.4.3. INVESTMENTS MADE BY THE WORLDS WINDOW GROUP INTO THE GUPTA ENTERPRISE

189. In addition to recording the flow of actual funds between the two organisations, the ledger also, at various points, includes details of investments by the Worlds Window network into Gupta enterprise companies. Row 33 of the sheet ‘Account1’, for example, records that IMR General Trading, a Worlds Window controlled company, had paid $5m to Global Corporation LLC (a Gupta enterprise company) on the 29th of July 2010, and that this was described as a ‘mining investment.’ Notably, the credits against amounts described as ‘mining investment’ or ‘BoB loan’ do not appear to increase or decrease the running ledger balance. We are not sure why these items were treated differently to other transactions.

190. The hawala ledger includes five entries recorded as ‘mining investments’:

a. 50 000 000 Indian rupees ($1 093 613) on the 7th of January 2010, which is paid simply to ‘SA’ by ‘Piyoosh (KS);

b. $2.4m paid to Micawber (most likely Micawber 480 or 495 as we describe below) on the 28th of July 2010 to an undisclosed South African bank by WW Urja (almost certainly a reference to Worlds Window Urja Private Limited, a subsidiary of Worlds Window Impex)

It should be noted that there are two transactions recorded prior to the 7 June payment involving Sahara. The first transaction was a payment of $1,246,105 from Travertine Trade Limited to JJ Trading into an HSBC account in Dubai on the 3rd of June 2010. The second transaction was a transfer of $2,999,999 paid to JJ Trading by Leverco Holding on the 5th of June. We have been unable to locate any further details of Travertine or Leverco Holdings. It is thus possible – although we believe unlikely – that these transactions were unrelated to the Gupta enterprise. As such, we conservatively identify the 7th of June 2010 payment involving Sahara as the first transaction in the hawala ledger that definitively involved both the Gupta enterprise and the Worlds Window network as parties.
c. 50 000 000 Indian rupees ($1 063 830) paid by RR Energy11 to Oakbay Investments on the 28th of July 2010;
d. $5m paid to Global Corporation LLC by IMR GT [IMR General Trading12] on the 29th of July 2010 into a bank in Dubai;
e. $2 034 000 paid by WW Urja to Mica on the 18th of August 2010 into an unknown bank account in South Africa (the identity of Mica is not clear but the context very strongly suggests that this was a mistyping or truncation of Micawber);
f. 50 000 000 Indian rupees paid to SES Technologies by RR Energy on the 2nd of November 2011

191. Correspondence from the Guptaleaks shows that the records of so-called mining investments in the hawala ledger did indeed happen, at least on paper.

192. On the 2nd of December 2014, Ravindra Nath emailed Tony Gupta with the subject ‘Piyoosh Ji – Vierfontein mine.’ Vierfontein mine referred to the mine controlled by the Gupta enterprise into which Worlds Window had invested. The email attempted to recount or recap the earliest investment arrangements made between the Gupta enterprise and the Worlds Window network. Nath writes:

> There was no formal agreement was [sic] with Piyoosh initially. However, the deal was US$5 per ton of coal mined and for Vierfontein the value of the Project was US$20m for 100%.

> In August 2010, US$4,343,000 was transferred in Oakbay’s account as purchase consideration for shares for Micawber 480 & 495 shares. The exchange rate was US$1:R7.50.

193. Micawber 480 and 495 were two entities controlled by the Gupta enterprise and which held coal mining rights. Internal Sahara company documents from 2016 show that Micawber 480’s lone director was Ravindra Nath and that the company was registered to the Guptas’ oft-used address at 144 Katherine Street. In the same documentation, Micawber 495 listed Nath and Ronica Ragavan as sole directors and also listed 144 Katherine Street as its registered address.

194. The hawala ledger records two transfers that (roughly) match the description of the investment given by Nath: the $2.4m payment to Micawber by WW Urja on the 28th of July 2010 and a further $2 034 000 made to ‘Mica’ (in this context, almost certainly Micawber) on the 18th of August 2010 by WW Urja. This amounts to $4 434 000, which is approximate to the $4 343 000 described by Nath.

195. On the 9th of October 2012, Ankur Sharma, an employee of Tegeta, wrote to the Department of Mineral Resources. Sharma attached a copy of the mining rights issued to Idwala Coal by the Department.

---

11 This almost certainly an Indian-registered company by the name of RR Energy based in Chatisgarh. This company ran a now defunct website (www.rrenergy.in). Archived copies of the website available from www.archive.org show that RR Energy listed Everest Metals FZE as a ‘Sister Company.’ RR Energy was thus plausibly either controlled by Worlds Windows Group or shared strong links with them.

12 IMG General Trading appears a number of times in the #Guptaleaks records. In particular, Arctos financial records show that Arctos had taken out a loan – or was reporting to have taken out a loan – from IMR General trading in its 2011 financial results. The loan was valued at R1 246 922.
Internal Sahara records show that Idwala Coal (previously Idwala Crypts) was owned by Tegeta Resources, Mabengela Resources and Oakbay Investments. The mining rights document confirmed that Idwala Coal's prospecting rights would commence on the 25th of October 2010 until the 24th of October 2020. The rights were for 'the remaining extension of Portion 31 and Portion 44 of the farm Vierfontein 61 IS' near Bethal in Mpumalanga.

On the 22nd of February 2011, an employee of Cliff Decker Hoffmeyr emailed Shuchi Bansal, an employee of Worlds Window. The employee attached a draft of a legal due diligence report on an intended deal between Idwala and Micawber 480. The email chain shows that the report was shared with, amongst others, Piyush Goyal, Ravindra Nath, Ashu Chawla and Evan Tak. The due diligence report noted that CDH:

... have been instructed by the Worlds Windows Group ("WWG") to conduct a legal due diligence investigation in respect of possible investment by WWG in the proposed transaction between Idwala Coal (Proprietary) Limited ("Idwala") and Micawber 480 (Proprietary) Limited ("Micawber"). The following legal due diligence report is based on the information provided to us.

Unfortunately, the full legal due diligence document was not attached, as this appears to be a working draft of an introduction. However, it is possible that the full document remains in the hands of CDH, which would shed light on the specifics of the arrangement that was envisaged.

The above email correspondence thus shows that Idwala Coal held the prospecting rights for Vierfontein, and the Worlds Window was intending to invest in the mine through an investment in a transaction between Idwala and Micawber 480.

The transaction was, moreover, recorded in Oakbay Resources audited annual financial statements every year from 2011 to 2014. The reports recorded the transaction as an 'advance for subscription of shares' in Oakbay subsidiaries. However, it is highly unlikely that the shares were ever transferred to the control of the Worlds Window network, strongly suggesting that this transaction was most likely a cover for money laundering.

In addition to the above, and most perhaps importantly, the Worlds Window Group incorporated a bespoke entity that held its South African assets in Gupta enterprise mines: Arctos Trading.

As noted above, Arctos Trading was incorporated in 2011 with registration number 2011/002541/07. Arctos' financial statements for the year ended 31 December 2011 confirmed that Arctos had invested in Gupta-controlled mining assets. Page 14 of the financial statements show that Arctos had made 'investment in mining rights' into Idwala Coal (valued at R165 000 000) and Tegeta Exploration and Resources (Proprietary) Limited (valued at R197 852 050).

Incidentally, at page 17 of the same financial statements, Arctos recorded an outstanding liability of R283 611 482. This was a Bank of Baroda loan that was 'secured by investments in Tegeta Exploration and Idwala Coal.' This was in addition to a further R96m unsecured
loan provided by Oakbay Investments. We suspect that these loans may have been part of a loan-back scheme between Arctos, Idwala and Oakbay. In order to limit the scope of this submission here, we do not describe this in detail here, but can do so should the Commission require.

203. Worlds Window’s marketing brochure, describe above, is effusive about Arctos’ investment in what is clearly, from the context and description, the Vierfontein colliery:

The company’s first venture into the Southern African continent was the acquiring of a greenfield coal mine that is now fully operational. The mine is situated in the Mpumalanga Province of Southern Africa and is located in the Bethal district. It has since proven to be a mine with 11 million ton coal reserve, which is set to target both the local and export markets. The project is located proximal to several coal-fired power stations and has road, rail and power infrastructure running within 50 kilometers of the project. Together with the global demand for coal rising by an annual average of 4%, this mine will help WWG touch another milestone in growth.

204. The above thus shows that the Gupta enterprise and Worlds Window network were engaged in a complex and long-standing criminal relationship from at least mid-June 2010 onwards, which included over 300 transactions between the two organisations as recorded in the ‘hawala ledgers’, the incorporation of Arctos as a South African entity to hold Worlds Window’s share of Gupta enterprise assets, including the Vierfontein colliery, and a number of complicated inter-company loans. Moreover, the hawala ledgers show that JJ Trading was central to this system of money transfers, and was effectively controlled by the Worlds Window network.

5.4.4. PRIMA FACIE EVIDENCE OF THE INVOLVEMENT OF WORLDS WINDOW AND THE GUPTA ENTERPRISE IN MONEY LAUNDERING ACTIVITIES: THE WESTDAWN-EVEREST LOAN-BACK SCHEME

205. All documents relevant to this section are attached as Annexure CC.

206. The #Guptaleaks records shows that from March 2011 until at least January 2013, the Worlds Window network and the Gupta enterprise collaborated on a transaction that bears the hallmarks of a particularly form of money laundering: loan-backs. As discussed in considerable detail in our second submission to the Commission regarding the Estina project, the Gupta enterprise made frequent use of loan-backs and round-tripping to disguise the origin and dissipation of stolen Estina funds.

207. At some point in early 2011, Everest Global Metals Pty Ltd was granted an overdraft facility by the Bank of Baroda. Emails from the #Guptaleaks show that the overdraft was worth R16m. For example, on the 2nd of November 2011, Ugeshni Naidoo forwarded an email to Ashu Chawla that had been sent to Naidoo by Ramesh Salian, a senior manager at Bank of Baroda’s Sandton branch. The original email sent
to Naidoo was addressed to ‘the directors’ of ‘Everest Global Metals (PTY) Ltd.’ The email requested that Everest make an interest payment on its overdraft facility with Baroda. The account details were provided as:

<table>
<thead>
<tr>
<th></th>
<th>Name of the Account</th>
<th>Everest Global Metals (Pty)Ltd.,</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Name of the Account</td>
<td>Everest Global Metals (Pty)Ltd.,</td>
</tr>
<tr>
<td>2</td>
<td>Type of facility</td>
<td>Overdraft</td>
</tr>
<tr>
<td>3</td>
<td>Limit</td>
<td>ZAR 16 Mn.</td>
</tr>
<tr>
<td>4</td>
<td>Limit</td>
<td>ZAR 16 Mn.</td>
</tr>
<tr>
<td>5</td>
<td>Interest for the month of October 2011</td>
<td>ZAR 122,476.74</td>
</tr>
</tbody>
</table>

208. Everest Global Metals (Pty) Ltd was almost certainly a subsidiary of Everest Metals FZE based in Dubai. Everest Metals FZE was, in turn, a Worlds Window Group subsidiary company. The Worlds Window website states that Everest Metals FZE is Everest Global Metals Pty Ltd was controlled by Everest Metals FZE in Dubai:

…the international trading arm of the Worlds Window Group, engaged in the trading of containerised metal scrap, with core competence in steel scrap and related alloyed products including Heavy Melting Scrap (HMS), Shredded, Light Melting Scrap (LMS), Plates & Structures Grades (P&S grades) and other non-ferrous scrap. The company also has a division which trades in teak wood.

Everest Metals FZE has a strong foothold in 22 countries in Europe, South Africa, Latin America, Middle East, East Africa and West Africa. It has been incorporated as a Free Zone Establishment with limited liability at Hamriyah Free Zone, Sharjah, U.A.E since 2008. Our global exports cater to leading recyclers, steel mills and trading houses in India, Malaysia, Vietnam, Thailand, Indonesia, Pakistan and Bangladesh.

209. To avoid confusion, we hereafter refer to both entities with their location in brackets.

210. Most importantly, the #Guptaleaks emails show that Everest Global Metals (Pty) Ltd’s (South Africa) bank account at First National Bank was controlled by members of the Worlds Window Group, Pooja Puri in particular. A sample of the emails showing Pooja Puri forwarding payment confirmations from this account is attached hereto as Annexure FF.

211. The loan/overdraft facility offered to Everest Global (South Africa) by Bank of Baroda is recorded in the hawala ledger. Rows 65 and 68 of the hawala ledger record that Everest made two payments totalling R16m, both on the 25th of March 2013: R15m and R1m. The first payment (R15m) was recorded as being paid to Westdawn at a bank in South Africa, and was recorded in Column K as ‘BOB Loan.’ The second payment of R1m was also recorded as a ‘BOB Loan’ but the recipient was identified as ‘New GX Advisory.’ We do not know who this might refer. It will be necessary to review Everest Global’s (South Africa) bank records to confirm.
212. The #Guptaleaks includes a confirmation of the R15m payment from Everest Global (South Africa) to Westdawn. On the 25th of March 2011, one ‘Keerthan’ from Everest Metals FZE (Dubai) (keerthan@everestmetals.ae) emailed Rajiv Dabas, a Worlds Window employee who would later operate an Arctos email account. Keerthan attached a document with filename 15 MILL.xps. The XPS document consisted of a confirmation of an online banking payment made from Everest Global Metal’s (South Africa) FNB account to Westdawn Investment’s bank account (012316067 at branch number 012645). The confirmation is attached hereto as Annexure GG.

213. On a seemingly monthly basis (the #Guptaleaks records show one or two months where some correspondence is missing), an employee of the Gupta enterprise, usually Ashu Chawla, would email Pooja Puri at the Worlds Window Group to let them know the amount of interest charged by the Bank of Baroda. This suggests that it was the Gupta enterprise that was receiving correspondence meant for Everest Global (South Africa) from Bank of Baroda, and forwarding it onto Worlds Window employees to forward onto Everest Metals FZE (Dubai) employees. Everest Global Metals (South Africa) would duly make the payment to the Bank of Baroda’s pool account at Nedbank to settle the interest charge. Simultaneously, Everest Global Metals (South Africa) would be paid by Westdawn equal to the amount invoiced by the Bank of Baroda (although usually rounded up or down to the nearest R10 000).

214. The #Guptaleaks records includes a large number of emails between Gupta enterprise employees, Worlds Window employees and Everest Metals FZE (Dubai) employees in which the payments required for the scheme were completed. We have extracted the details and attach, as Annexure HH, a spread sheet setting out all the transactions identifiable through the #Guptaleaks. We also include copies of the correspondence, invoices and proof of payment sheets.

215. The net effect of the transfers above was to (a) allow Westdawn to secure a line of credit from Bank of Baroda against the accounts of Everest Global Metals (South Africa) and (b) to create a circular flow of funds that has all the hallmarks of money laundering and which made little to no real or legitimate business sense. The circular flow of funds is best understood visually, as shown on the next page.

216. The #Guptaleaks reveal a number of additional interesting facts or features of this scheme that are worth noting. First, at various times Everest Global (South Africa) was unable to make the requisite payment to Bank of Baroda as it did not maintain a running/operating balance. On the 7th of September 2012, for example, Ashu Chawla wrote to Pooja Puri asking that Everest make its monthly payment to the Bank of Baroda, and attaching proof that a payment of R170 000 had been made from Westdawn to Everest Global (South Africa). Pooja Puri responded by saying that ‘we shall pay as soon as funds received in our account as Everest donot [sic] maintain balance in RSA.’ This strongly suggests that Everest Global Metals (South Africa) retained no working funds in South Africa and only transacted from its accounts in relation to these loan-back transactions, suggesting that Everest Global Metals (South Africa) was merely a cut-out or front for money laundering activities related to the Gupta enterprise.
217. Second, on at least one occasion, Everest Global Metals (South Africa) did not raise an invoice against Westdawn regarding the monthly interest payment, but instead addressed the invoice (which was sent to Ashu Chawla) to Estina. The Estina invoice was dated the 18th of July 2011. Estina was charged R120 000 for ‘consultation charges’ and further R16 800 in VAT. The total charged was thus R136 800.

218. This may not have been the only time that Estina was invoiced in this manner. On the 3rd of May 2011, Satyajeet Pandey (satyajeet.pandey@gmail.com) emailed Ashu Chawla. Pandey appears to have worked for World Window, travelling to South Africa on one occasion with Rajiv Dabas, a fellow employee. The #Guptaleaks shows that Pandey later operated an Arctos email address. Pandey requested that Ashu Chawla ‘please get an invoice from Everest for the following’:

**INVOICE TO:**
**ESTINA PTY LTD**
**11 ALICE LANE**
**SANDTON**
**VAT NUMBER: 4650257167**
**Project Scoping and Advisory fee – PROJECT NSINGA**
**Amount R : 110 000 + vat R15 400 =R125400**

Kindly send me a copy of the invoice once done with your bank details in order for us to make payment.
219. The invoice to Estina was most likely created after the underlying transaction was completed: on the 28th of April 2011, Ashu Chawla was sent an email by Satyajeet Pandey, forwarding a message originally from one Nagendra Suresh Kumar at Everest Metals FZE (Dubai). The email forwarded to Chawla listed the bank details for Everest Global Metals PTY Ltd's (South Africa) FNB bank account. Chawla forwarded the email almost immediately to Ronica Ragavan. Two hours later, Ashu Chawla was forwarded a second message by Satyajeet Pandey, who was forwarding a message originally sent by Padumame Keethan at Everest Metals FZE (Dubai) to himself and three Worlds Window employees (Rajiv Dabas, Amit Kalra and Pooji Puri). The email included a confirmation of payment, although our copy of the email does not include the original attachment.

220. The timeline of the above (bank details and payment confirmation sent at the end of April and a request for an invoice against Estina shortly thereafter in May) suggests that this payment, too, was made to cover the approximately R120 000 paid in interest by Everest Global Metals (South Africa) each month, but which was ultimately paid back to Everest Global Metals (South Africa) by a Gupta enterprise company – in this case, Estina. An examination of the Estina bank records from 2011 would be able to confirm whether the transfers took place or not. A further inference of this interaction is that Estina, by completing and submitting this invoice, was in fact party to fraud and mis-invoicing by misrepresenting that nature of the transaction, which was ultimately designed to complete a loan-back loop rather than reflecting any actual services delivered or received.

221. Third, in November 2012, Everest Global (South Africa) was unable to make its usual payment to the Bank of Baroda as its online banking at FNB was dysfunctional. Ranbir Singh of Everest Metals FZE (Dubai) thus asked Pooja Puri to ‘kindly deposit the BOB payment directly or route through Arctos.’ This email was shared with Ashu Chawla, who instructed Ronica Ragavan and Ugeshni Naidoo to refrain from paying Everest Global (South Africa) directly. Instead, just under a week later, Tegeta Resources (PTY) Ltd paid R115 000 to Arctos Trading’s South African accounts. The confirmation was shared with Pooja Puri. Later that same day, one Himanshu Agarwal forwarded a confirmation of payment to Ashu Chawla and Pooja Puri showing that Arctos had paid R115 476.85 to the Bank of Baroda to settle the monthly interest.

222. The inability of Everest Global (South Africa) to make payments in South Africa inadvertently exposed the true nature of the transaction. At all times, Everest (South Africa) was reliant on Gupta enterprise companies to make monthly payments to satisfy the interest charges. At the same time, Everest Metals FZE (Dubai) considered Everest Global (South Africa) and Arctos effectively interchangeable as a means of routing funds in South Africa. Nevertheless, the Gupta enterprise was still wary of breaking the usual chain and, for the first and only time, paid the funds to Arctos from Tegeta rather than from Westdawn: considering previous form, it would have been logical for the funds to be transferred directly from Westdawn to Arctos as it was Westdawn that was the recipient of the R15m loan pay-out from Everest Global (South Africa) that started the transaction. It is plausible that this caution was exercised in order to prevent Tegeta from having to account for ad hoc payments to Everest (South Africa), which may have raised audit or other concerns.
Finally, the trail of emails shows that the Bank of Baroda had insight and knowledge of the true nature of the transaction, and the role of the Gupta enterprise within it. Bank of Baroda generated a letter addressed to the directors of Everest Global Metals (South Africa) on a monthly basis that stipulated the monthly interest due and any additional bank charges. However, this was not emailed to Everest Global Metals; instead, the letter was sent to employees of the Gupta enterprise, including Ronica Ragavan, and was subsequently forwarded to Worlds Window employees. On one occasion Everest (South Africa) had failed to make its interest payment to Bank of Baroda due to its failure to access internet banking, as described above. Ramesh Salian, the Chief Manager at Bank of Baroda, emailed Ronica Ragavan directly to let her know that the payment had not been made.

It is not entirely clear how this loan-back system was wound up. The last invoice monthly interest charge letter sent by the Bank of Baroda in the #Guptaleaks was sent on the 5th of February 2013. The letter reflected an outstanding balance on the facility of R6 907 660.39. The previous letter, from December 2012, had shown a balance outstanding of R16 115 476.93: thus just under R10m had been paid to settle this facility in the time between both interest charge letters. But, from this point, the #Guptaleaks are silent on this facility. Records from the Bank of Baroda, in particular the transaction and statement record for the loan facility, would shed light on this process.

At rows 125 and 126 of the sheet titled ‘Account 1’ in the hawala ledger two extremely large transactions are recorded, both on the 7th of December 2011. The first transaction involved the transfer of R128 480 000 (exactly $16m) from Arctos to Idwala Coal. The second transfer involved the transfer of R152 570 000 ($19m) from Arctos to Tegeta Exploration. Both were described in the ledger as ‘BOB Loan.’ These entries thus suggest that Arctos had taken out loans valued at $35m in total from the Bank of Baroda, and paid their proceeds to Gupta enterprise companies.

#Guptaleaks emails show that loans were indeed taken out by Arctos from the Bank of Baroda. They also show that these loans were administered in the same way as the Westdawn-Everest loan-back described above: the Bank of Baroda sent a monthly statement of the amount due to the Gupta enterprise, which was then forwarded by Ashu Chawla to employees of the Worlds Window network, Rajiv Dabas in particular. Dabas was emailed at both his Arctos and Worlds Window email addresses. Presumably payments were made by Arctos to the Bank of Baroda to settle the interest and instalments on the loans.

#Guptaleaks emails show that Arctos was granted a loan facility with number 06/250. As seen in our second submission on the Estina/Vrede Dairy Project, this shorthand would have referred to the Bank of Baroda’s use of 06 as an identifier for loan facilities. If the loan account
was operated in the same way as other Baroda accounts held by the Gupta enterprise at the time, the loan account most likely bore the number 92020600000250.

228. In the first instalment demand letter sent by the Bank of Baroda to Arctos, the loan was described as a 'loan against fixed deposit.' The Gupta enterprise used the same system when laundering Estina funds: loans were taken out against Fixed Deposit accounts, and, through an elaborate system of round-tripping, eventually settled when the Fixed Deposit accounts were closed and the funds had been recycled.

229. What is particularly curious about this loan-back scheme is the shortness of the period in which the loan appears to have become due. In total, three demand letters addressed by the Bank of Baroda regarding this loan are recoverable from the #Guptaleaks archive. The first was sent by Ashu Chawla on the 16th of February but was to be paid against 'interest for the month of January 2012.' The first instalment – for January 2012 - was calculated at $171,835.48. The second instalment – for February 2012 – was calculated as $2,741,536.29, which was made up of an ‘instalment’ (presumably to settle the capital) of $2.58m and interest of $161,536.29. The final instalment – for March 2012 – was for $32,574,186.68, of which $154,186.88 was interest.

230. If this final instalment letter was accurate, it would suggest that this very large loan was taken out from the Bank of Baroda for a total of three months before becoming due. Moreover, the loan was granted against an existing fixed deposit account. It arguably defies logic that a company would take out a loan and incur large interest payments for a period of only three months, when it already had access to a Fixed Deposit account with available capital.

231. The above development sits oddly with how Arctos Trading reported these matters in its 2011 annual financial statements. At page 16, under ‘other financial liabilities,’ it was reported that Arctos had taken out a loan from the Bank of Baroda that held an outstanding balance of R283,611,482. The loan was described as:

Secured by investments in Tegeta Exploration and Idwala Coal, interest is charged at 9% linked to prime and repayable quarterly in 20 equal instalments effective from 28 February 2012. Last payment is on 28 February 2016.

232. These facts sit oddly with the material emanating from the Bank of Baroda in two ways. First, the timeline for the repayment seems to have been massively reduced, with repayment accelerated to April 2012 rather than February 2016. Second, the Bank of Baroda statements suggested that the loan was granted against a Fixed Deposit, which would be an odd means through which Arctos would secure its sizeable investments in Tegeta and Idwala Coal. The reason for disjunction between the Arctos annual financial statements and the #Guptaleaks emails cannot be resolved on the basis of the evidence at our disposal; however, it is possible and plausible that Arctos financial statements misrepresented both the duration of the loan and what it was granted against in order to avoid the scrutiny of auditors.

233. Taken as a whole, we submit that this loan was most plausibly a further case of money laundering involving the Gupta enterprise and the Worlds Window network, and one which fused the methodology of
the Westdawn-Everest loan-back scheme with other methods used by the Gupta enterprise in laundering Estina funds. This methodology would have been useful in helping to disguise the ultimate source – and possible use – of the original funds that created the Fixed Deposit holding and the loan granted against it. Moreover, if the Fixed Deposit account was held with the Bank of Baroda offshore, it would have also created a neat way of gaining access to this money in South Africa without the need for international transfers, thus bypassing Reserve Bank controls.

5.4.6. PRIMA FACIE EVIDENCE OF THE INVOLVEMENT OF WORLDS WINDOW AND THE GUPTA ENTERPRISE IN MONEY LAUNDERING ACTIVITIES: CLEAN LAUNDRY IN SEVEN DAYS

234. Another case of suspicious money movements took place in seven days between the 22nd of February 2012 and the 29th of February 2012.

235. In total, 11 transactions took place between JJ Trading and Global Corporation during this period. Simply, Global transferred its funds (held in Dubai) to JJ Trading’s banking facilities (also held in Dubai). On the same day the funds were received, JJ Trading transferred the funds to South Africa in ‘cash by exchange.’ This most likely referred to the remittance of funds via the hawala network. The payments were most plausibly designed to move funds held by Global to South Africa to obscure that Global was the original source of the funds. The use of a hawala exchange would have also bypassed Reserve Bank controls. The table below, extracted from the hawala ledger, shows how this worked.

<table>
<thead>
<tr>
<th>Date</th>
<th>From</th>
<th>To</th>
<th>Method</th>
<th>Amount</th>
<th>Global Balance</th>
<th>JJ Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>22/02/2012</td>
<td>Global</td>
<td>JJ</td>
<td>Bank Transfer</td>
<td>$50,000</td>
<td>$50,000</td>
<td>-$50,000</td>
</tr>
<tr>
<td>23/02/2012</td>
<td>Global</td>
<td>JJ</td>
<td>Bank Transfer</td>
<td>$150,000</td>
<td>$200,000</td>
<td>-$200,000</td>
</tr>
<tr>
<td>23/02/2012</td>
<td>JJ</td>
<td>Global</td>
<td>Cash to SA ‘by exchange’</td>
<td>$200,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>25/02/2012</td>
<td>Global</td>
<td>JJ</td>
<td>Bank Transfer</td>
<td>$160,000</td>
<td>$160,000</td>
<td>-$160,000</td>
</tr>
<tr>
<td>27/02/2012</td>
<td>JJ</td>
<td>Global</td>
<td>Cash to SA ‘by exchange’</td>
<td>$160,000</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>28/02/2012</td>
<td>JJ</td>
<td>Global</td>
<td>Cash to SA ‘by exchange’</td>
<td>$142,954</td>
<td>-$142,954</td>
<td>$142,954</td>
</tr>
<tr>
<td>28/02/2012</td>
<td>JJ</td>
<td>Global</td>
<td>Cash to SA ‘by exchange’</td>
<td>$102,110</td>
<td>-$245,064</td>
<td>$245,064</td>
</tr>
<tr>
<td>28/02/2012</td>
<td>Global</td>
<td>JJ</td>
<td>Cash in Dubai</td>
<td>$142,954</td>
<td>-$102,110</td>
<td>$142,954</td>
</tr>
<tr>
<td>28/02/2012</td>
<td>Global</td>
<td>JJ</td>
<td>Cash in Dubai</td>
<td>$102,110</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>29/02/2012</td>
<td>JJ</td>
<td>Global</td>
<td>Cash to SA ‘by exchange’</td>
<td>$89,935</td>
<td>-$89,935</td>
<td>$89,935</td>
</tr>
<tr>
<td>29/02/2012</td>
<td>Global</td>
<td>JJ</td>
<td>Cash</td>
<td>$89,935</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>
5.4.7. PRIMA FACIE EVIDENCE OF THE INVOLVEMENT OF WORLDS WINDOW AND THE GUPTA ENTERPRISE IN MONEY LAUNDERING ACTIVITIES: THE SOUTH AFRICAN CYCLE

236. The final set of suspicious transactions addressed in this submission (although by no means the final set of transactions between the Gupta and Worlds Window networks) took place between the 30th of November 2011 and 5th of December 2011. In total sixteen transactions took place in this period. In essence, Arctos acted as a revolving door, receiving and distributing funds to five different Gupta enterprise companies: Tegeta Exploration, JIC Mining Services [Westdawn], Idwala Coal, Islandsite and Oakbay Investments. All sixteen transactions balanced to zero: the amounts Arctos was paid and subsequently paid out were exactly equal. The following table, extracted from the hawala ledger, shows this clearly:

<table>
<thead>
<tr>
<th>Date</th>
<th>From</th>
<th>To</th>
<th>Amount</th>
<th>Consolidated Arctos Balance viz. Tegeta, Islandsite, JIC, Idwala and Oakbay</th>
</tr>
</thead>
<tbody>
<tr>
<td>30/11/2011</td>
<td>Arctos</td>
<td>Tegeta</td>
<td>R9 900 000</td>
<td>R9 900 000</td>
</tr>
<tr>
<td>30/11/2011</td>
<td>JIC</td>
<td>Arctos</td>
<td>R10 000 000</td>
<td>-R100 000</td>
</tr>
<tr>
<td>30/11/2011</td>
<td>JIC</td>
<td>Arctos</td>
<td>R10 000 000</td>
<td>-R10 100 000</td>
</tr>
<tr>
<td>01/12/2011</td>
<td>Arctos</td>
<td>Tegeta Exploration</td>
<td>R20 000 000</td>
<td>-R9 900 000</td>
</tr>
<tr>
<td>01/12/2011</td>
<td>Arctos</td>
<td>Tegeta Exploration</td>
<td>R24 000 000</td>
<td>R14 100 000</td>
</tr>
<tr>
<td>01/12/2011</td>
<td>Arctos</td>
<td>Tegeta Exploration</td>
<td>R9 900 000</td>
<td>R24 000 000</td>
</tr>
<tr>
<td>01/12/2011</td>
<td>JIC</td>
<td>Arctos</td>
<td>R4 000 000</td>
<td>R20 000 000</td>
</tr>
<tr>
<td>01/12/2011</td>
<td>JIC</td>
<td>Arctos</td>
<td>R20 000 000</td>
<td>R0</td>
</tr>
<tr>
<td>05/12/2011</td>
<td>Arctos</td>
<td>Idwala Coal</td>
<td>R10 000 000</td>
<td>R10 000 000</td>
</tr>
<tr>
<td>05/12/2011</td>
<td>Arctos</td>
<td>Idwala Coal</td>
<td>R10 000 000</td>
<td>R20 000 000</td>
</tr>
<tr>
<td>05/12/2011</td>
<td>Arctos</td>
<td>Idwala Coal</td>
<td>R12 000 000</td>
<td>R32 000 000</td>
</tr>
<tr>
<td>05/12/2011</td>
<td>Islandsite</td>
<td>Arctos</td>
<td>R3 000 000</td>
<td>R29 000 000</td>
</tr>
<tr>
<td>05/12/2011</td>
<td>Islandsite</td>
<td>Arctos</td>
<td>R10 000 000</td>
<td>R19 000 000</td>
</tr>
<tr>
<td>05/12/2011</td>
<td>Islandsite</td>
<td>Arctos</td>
<td>R1 000 000</td>
<td>R8 000 000</td>
</tr>
<tr>
<td>05/12/2011</td>
<td>Oakbay</td>
<td>Arctos</td>
<td>R4 000 000</td>
<td>R4 000 000</td>
</tr>
<tr>
<td>05/12/2011</td>
<td>Oakbay</td>
<td>Arctos</td>
<td>R4 000 000</td>
<td>R0</td>
</tr>
</tbody>
</table>

237. The convoluted payment structure can most plausibly be understood as a means of obscuring and washing funds and fraudulently increasing the turnover of Gupta enterprise companies; it is certainly difficult to see what other purpose these elaborate and self-balancing transactions could have performed.

238. It is also worth noting that on many later occasions when the Gupta enterprise paid funds to Arctos, it did so after bouncing payments between various Gupta enterprise organisations, further suggesting that the Gupta enterprise was frequently at pains to obscure the origin,
destination and route of funds. One such example took place on the 24th of April 2013. Ugeshni Naidoo of Sahara emailed Ashu Chawla with the subject line ‘absa bis – pls app.’ The #Guptaleaks contain many of these sorts of emails in which Ugeshni Naidoo regularly asked Ashu Chawla and sometimes Evan Tak to approve transfers from the Absa bank accounts of various Gupta enterprise entities. In this case, Naidoo requested that R1 000 000 be transferred to Arctos, but only after passing through a number of other companies first:

<table>
<thead>
<tr>
<th>ANNEX TO COMPUTERS</th>
<th>500 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPUTERS TO ISLANDSITE</td>
<td>1 000 000</td>
</tr>
<tr>
<td>ISLANDSITE TO OAKBAY</td>
<td>1 000 000</td>
</tr>
<tr>
<td>OAKBAY TO TEGETA</td>
<td>1 000 000</td>
</tr>
<tr>
<td>TEGETA TO ARCTOS STD</td>
<td>1 000 000</td>
</tr>
</tbody>
</table>

5.5. THE RECEIPT OF FUNDS BY THE WORLDS WINDOW NETWORK FROM ZPMC

239. The hawala ledgers show that four payments were paid into the Worlds Window network, “JJ” in particular, between the 22nd of December 2011 and the 30th of January 2013, worth $4.25m.

240. The payments into the hawala ledger by ZPMC, which were recorded by the full name Shanghai Zhenhua Heavy Industries, were matched by an immediate payment of between 3.8% and 3.9% of the ZPMC payment to a person simply recorded as ‘David.’ On certain occasions, the payment method to ‘David’ was described as ‘Bank (Commission).’ On one occasion, ‘David’ appears to have been paid in cash, with the cash given to one ‘Mr Anthony.’ Adding the amounts paid by ZPMC to the amounts paid to ‘David’ gives a round number: $1m for the first three payments and $1 250 000 for the final payment recorded.

241. The following payments are recorded in the hawala ledger:

<table>
<thead>
<tr>
<th>Date</th>
<th>To</th>
<th>From</th>
<th>Amount</th>
<th>Method/Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>22/12/2011</td>
<td>JJ</td>
<td>Shanghai Zhenhua Heavy Industries</td>
<td>$969 086</td>
<td>Bank</td>
</tr>
<tr>
<td>31/12/2011</td>
<td>JJ</td>
<td>David</td>
<td>$38 764</td>
<td>Bank</td>
</tr>
<tr>
<td>31/03/2012</td>
<td>JJ</td>
<td>Shanghai Zhenhua Heavy Industries</td>
<td>$969 086</td>
<td>Bank</td>
</tr>
<tr>
<td>14/05/2012</td>
<td>JJ</td>
<td>David</td>
<td>$38 764</td>
<td>Bank (Commission)</td>
</tr>
</tbody>
</table>

continued...
5.6. DEPOSITS RECEIVED BY THE WORLDS WINDOW NETWORK/ CENTURY GENERAL TRADING FROM CHINA SOUTH RAIL RELATED TO THE 95 LOCOS CONTRACT

242. The hawala ledgers record two payments made to ‘Century’ [almost certainly Century General Trading based on the information contained in the CSR kickback worksheet described above] by ‘CSR Locomotive.’ The total value of the incoming payments was $6 284 876.

243. The first payment recorded in the hawala ledger was a deposit of $5 932 935 made on the 29th of December 2012. Unfortunately the ledger does not record the location of the payment, simply recording that the payment was made via a ‘bank.’

244. The second payment recorded in the hawala ledger was a deposit of $351 941 paid to ‘Century’ on the 9th of February 2013. Again, no record is provided of the location of the recipient bank account, only that the amount was transferred via a ‘bank.’

245. In June 2020, amaBhungane published details of the underlying contracts signed between CSR and CNR and numerous Gupta enterprise companies related to Transnet contracts. amaBhungane also published a detailed calculation of the flow of funds to and from CSR, CRN and the Gupta enterprise, tying these specific flows to underlying contracts. These calculations were published in spreadsheet, which we attach as Annexure II. This spreadsheet, and amaBhungane’s analysis, sheds light on further payments made to CGT emanating from 95 locomotives contract, of which two things are particularly notable.

246. First, it is apparent that by January 2015, shortly before CGT would be replaced by Regiments Asia (discussed in greater detail below), CGT had already been paid $16 699 903. This is confirmed by the 2015 workings document described in Section 3.10 above. According to amaBhungane’s detailed calculations, this amount accords neatly with the value of kickbacks that would have been due to that point based on Transnet’s 10% prepayment on the 95 contract and Transnet’s payment for the delivery of 25 locomotives by CNR.

247. Second, the two payments recorded in the hawala ledger (a total $6 284 876 made up two payments of $5 932 935 on 29 December 2012...
and $351 941 on the 9th of February 2013) accord with the anticipated kickbacks that CNR was due to pay to CGT based on the underlying kickback agreements, and, in particular, the kickback due to CGT based on Transnet’s advance payment of 10% of the contract value to CSR. According to amaBhungane’s calculations, Transnet paid R268 679 000 to CSR on the 21st of December 2012. At the anticipated 20% kickback rate due to CGT, the kickback due to CGT would have equalled R53 735 800, or $6 287 757. This almost exactly equal to the $6 284 876 paid to CGT by CSR across the two payments in December 2012 and February 2013.

248. The Dubai ledgers provide further strong circumstantial evidence of payments to the Gupta enterprise via Century General Trading. The 2014 Dubai ledgers record four payments made to Global Corporation’s AED accounts held Mashreq Bank and the Bank of Baroda, which are described as ‘jjt century.’ Considering the circumstantial context, these payments were plausibly related to the payment of kickbacks by CSR to Century General Trading.

249. The total value of the four payments was AED12 976 600.

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount (AED)</th>
<th>Description</th>
<th>Recipient Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>13/05/2014</td>
<td>2 000 000</td>
<td>‘jjt century’</td>
<td>Global Bank of Baroda AED Account</td>
</tr>
<tr>
<td>14/05/2014</td>
<td>2 400 000</td>
<td>‘jjt century’</td>
<td>Global Mashreq Bank AED Account</td>
</tr>
<tr>
<td>14/05/2014</td>
<td>1 783 200</td>
<td>‘jjt century’</td>
<td>Global Mashreq Bank AED Account</td>
</tr>
<tr>
<td>15/05/2014</td>
<td>2 612 200</td>
<td>‘jjt century’</td>
<td>Global Mashreq Bank AED Account</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8 795 400</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

250. It is notable that the payments were made between the 13th and 15th of May 2014: amaBhungane’s calculations show that Transnet made a R113 128 000 payment to CSR on the 15th of May 2014. At the prevailing exchange rate at the time, the value of the payments made by JJT Century to Global’s Mashreq account between the 13th and 15th of May equalled $3 895 953. It is plausible that at least a portion of this payment derived from $2 191 384 that was due to be paid by CSR to CGT following Transnet’s 15th of May 2014 payment to CSR.

251. The Global accounts that received funds from JJT Century were very active, meaning that the deposits from JJT Century commingled with other income streams. This makes tracing the disposition of these funds somewhat difficult. Nevertheless, what is apparent from the Dubai ledgers is that the JJT Century funds paid to Global’s AED denominated account at Mashreq Bank were commingled with other funds to facilitate two large and notable transactions: AED5 520 000 paid to Fidelity’s AED denominated account at Mashreq Bank on the 15th of May 2014 and AED5 336 000 paid to Accurate Investment’s AED denominated account at Mashreq Bank. These funds were commingled with further income streams, and then paid out in a vast number of transactions.

252. We have not been able to trace the funds to an ultimate destination from this point both because of the scale of the endeavour, and the difficulty of tracing and disaggregating commingled funds. Nevertheless, the Dubai ledgers provide further evidence that money paid by CSR to Century General Trading in May 2014 was distributed to the benefit of the Gupta enterprise.
5.7. CIRCUMSTANTIAL EVIDENCE REGARDING THE PAYMENT OF FUNDS FROM CSR RELATED TO THE 359 AND 100 LOCOMOTIVE CONTRACTS TO THE GUPTA ENTERPRISE VIA WORLDS WINDOW

253. While the hawala ledger does not provide evidence of funds paid by CSR to JJ Trading in relation to the 359 and 100 contracts, other sources show that this took place, in particular the Dubai ledgers and the 2015 worksheet described in Section 3.10 above.

254. First, the 2015 worksheet is explicit in noting that JJT received payments from CSR in relation to the 359 and 100 contracts. The worksheet records that by the 6th of January 2015, JJT had been paid $107 203 921 for the 359 and 100 contracts, which was, in turn, made up of the 2% success fee for both contracts and kickbacks paid to JJT as Transnet had made payments to CSR. Of this, 50% of the 2% success fee and 85% of the milestone payments was due to be paid onward from JJT to the Gupta enterprise. Thus, by the 6th of January 2015, the worksheet shows that the Gupta enterprise had been paid $76 419 200.75 through JJT, of which $21 005 903 was paid as the 1% success fee due to the Gupta enterprise the 359 and 100 contracts, and the remaining $55 413 297.75 drawn from milestone payments made by Transnet to CSR.

255. Second, the February to December 2014 Dubai ledgers, are more detailed than previous Dubai ledgers in specifying the underlying JJT entity used to pay funds to Gupta enterprise companies. These are recorded in the ledgers as, for example, 'jjt world vision.' Some of these descriptions – such as World Vision – match the names of Worlds Window subsidiary companies in India noted above. Some descriptions refer to entities we cannot identify or discern, such as ‘jjt al sabt’ or ‘jjt force exim.' Others refer to entities that can be linked to the JJ Trading scrap metal laundering universe, such as ‘jjt golden coast.’

256. We have extracted all of these payments and attach them in a spreadsheet as Annexure JJ.

257. Our analysis of the ledgers shows that the following number and value of payments were made:

a. 55 payments made into Global Corporation’s AED denominated Bank of Baroda account, described variously as ‘jjt mangalam,’ ‘jjt

---

13 This most likely refers to Golden Coast FZE registered in the UAE. Like JJ Trading and other cut-outs used by the Worlds Window network, Golden Coast is based in the Hamriyah Free Zone in the UAE. The Golden Coast website (http://www.goldencoast.ae/) bears a striking resemblance to the Everest Metals FZE and Century General Trading websites. The Golden Coast website describes the company as ‘engaged in supplying a wide range of ferrous and non-ferrous metal scrap.’ The Whois data for the Golden Coast website shows that the domain was registered by Ranbir Singh. Ranbir Singh appears frequently in the #GuptaLeaks writing from an Everest Metals email address, including sending proof of payments related to the Everest-Westdawn loan-back scheme described previously.
bri’, ’jjt force exim’, ’jjt al sabt’, ’jjt mahir gen trd’, ’jjt world vision’, ’jjt xx’, ’jjt golden coast’ and ’jjt cash ex diff’. The payments were all made between the 23rd of April and the 12th of July, and totalled AED73,457,494.

b. 18 payments made into Global Corporation’s USD denominated account at the Bank of Baroda between the 22nd of May 2014 and the 29th of October 2014. The payments were described either as ’jjt world vision’ or ’jjt golden coast.’ The payments totalled $11,118,926.

c. Two payments made into Fidelity’s USD denominated account at the Bank of Baroda worth $2,480,000 and described as ’jjt golden coast.’ The two payments were made on the 12th of July and 29th of October. It is worth noting that, prior to these two payments, Fidelity transferred $1.8m to ’jjt golden coast’, which was the precise value of the first deposit on the 12th of July. This shows that money flowed both ways between Gupta enterprise and Worlds Window/JJT companies.

d. Five payments made into Reliable’s USD denominated account at Mashreq bank, all made on the 1st of May 2014. The payments were described as ’jjt force exim’ or ’jjt xx’ and totalled $4,499,836.44.

e. Eighteen cash payments made by ’jjit’ between the 21st of April and the 16th of July 2014. The total value of the cash transaction was AED77,323,769.25.

The total dollar value for the above transfers and cash deposits made into Gupta enterprise accounts by JJT and its various subsidiaries was $62,832,549.25.¹⁴

It is, of course, possible that the payments into Gupta enterprise accounts by JJT related entities were funded by sources other than CSR. This would have to be confirmed through an analysis of the underlying JJT banking documentation. These could be compared against the flow of funds to Gupta enterprise companies, taking into account the 15% fee charged by Worlds Window for facilitation.

## 5.8. THE DIFFICULTY OF TRACING ZPMC AND CSR FUNDS

It is difficult to trace exactly how the funds paid by ZPMC and CSR to the Worlds Window network were directed and dissipated for two reasons. First, we lack the requisite bank statements for the underlying accounts held by the Worlds Window and Gupta enterprise accounts in Dubai. Second, although the hawala ledger allows us to track payments, the amounts paid by ZPMC and CSR were commingled with other money laundered through the same network. Payments into and out of various accounts makes a neat tracing of flows and benefits very difficult, if not impossible.

One thing, however, is certain: while tracing the dissipation of the funds is difficult, the payments made by ZPMC and CSR were all paid to the benefit of the Gupta enterprise (minus Worlds Windows’ cut) as all commingled funds in the hawala ledger were paid to Gupta enterprise companies.

¹⁴ The AED to USD exchange rate was 1AED = $0.2725 for much of this period
In Section 3 above, we outlined the various contractual agreements regulating the relationship between CSR, CNR, ZPMC, CRRC and Gupta enterprise companies. These, when read in conjunction with the calculations performed by amaBhungane in tracing payments from Transnet to Gupta enterprise companies, show that, for some reason, the Worlds Window network was effectively cut out of the kickback arrangements from roughly January 2015 onwards. In its place were inserted two Gupta-enterprise controlled companies: Tequesta Group Limited and Regiments Asia.

262. In Section 3 above, we outlined the various contractual agreements regulating the relationship between CSR, CNR, ZPMC, CRRC and Gupta enterprise companies. These, when read in conjunction with the calculations performed by amaBhungane in tracing payments from Transnet to Gupta enterprise companies, show that, for some reason, the Worlds Window network was effectively cut out of the kickback arrangements from roughly January 2015 onwards. In its place were inserted two Gupta-enterprise controlled companies: Tequesta Group Limited and Regiments Asia.
6.1. TEQUESTA GROUP LIMITED AND REGIMENTS ASIA

263. Hong Kong company registry documents (attached hereto as Annexure K) show that Tequesta Group Limited was incorporated in Hong Kong on the 20th of June 2014. Tequesta Group’s ‘Incorporation Form’ indicates that the company’s registered email address was to be abbylai@onlinecompanyregister.com. In our joint submission to the Commission on the enablers of State Capture with Open Secrets, we provided evidence that the use of this email address showed that the company was formed by Stephen MS Lai, who specialised in forming Hong Kong shell companies.

264. Most importantly, Tequesta Group’s ‘Incorporation Form’ listed Salim Aziz Essa as the sole director. His address was given as 2 New Forest Road, Forest Town, Johannesburg, 2193. The above indicates Tequesta Group Limited was thus specifically incorporated for Essa’s nominal use on behalf of the Gupta enterprise, which remained the true controlling interest.

265. On the 17th of November 2016, Essa was replaced as the sole director of Tequesta Group by Aashika Singh, an Indian national with passport number L1999184. Aashika Singh was closely connected to the Gupta enterprise.

266. According to the Organisation Undoing Tax Abuse (OUTA), Singh was an employee of ANN7. Emails from the #Guptaleaks (attached as Annexure KK) show that that Singh was paid R20 905.76 on the 24th of April 2015 by Infinity Media, the Gupta enterprise company that housed ANN7.

267. The #Guptaleaks further show that Sanjay Grover made reservations for Singh at the Oberoi in Dubai. We attach the related correspondence as Annexure LL. Simultaneous with this booking process, Ashu Chawla was emailed a copy of Singh’s tourist visa for Dubai, which had been arranged by the travel agency used frequently by the Gupta enterprise, Travel Excellence.

268. Finally, an email exchange from July 2015 involving KPMG’s Muhammad Saloojee and Mackey O’Sullivan from KS Law (copying in Ronica Ragavan), attached as Annexure MM, indicates that Singh was identified as a potential sponsor to assist the creation of a company in Dubai that was being established in the name of Varun Gupta.

269. A similar set of corporate arrangements prevailed for Regiments Asia. Hong Kong company formation documents (attached as Annexure I) show that Regiments Asia Limited was also incorporated on the 20th of June 2014 using identical details used to establish Tequesta Group. In particular:

   a. The contact email address for Regiments Asia was abbylai@onlinecompanyregister.com
   b. The sole director was Salim Aziz Essa residing at 2 New Forest Road, Forest Town, Johannesburg, 2193.

15 https://www.outa.co.za/projects/state-capture/gupta-associates/oberoi-guests
270. On the 16th of November 2016, as with Tequesta Group, Salim Essa was replaced as the director of Regiments Asia by Aashika Singh.

271. We submit that the roles of Essa and Singh in the formation and control of Tequesta Group and Regiments Asia provides further evidence showing that these companies formed part of the Gupta enterprise, and, moreover, that their explicit function was to receive and distribute kickbacks from CSR and CNR to the benefit of the Gupta enterprise.

6.2. THE HONG KONG BANKING RECORDS: PAYMENTS MADE BY CSR, CNR, DA LIAN AND CRRC

272. We attach, as Annexure NN, banking documents related to the accounts held by Tequesta Group Limited and Regiments Asia, which we refer to as the 'HSBC ledgers.' The banking documents were provided to us by the Organised Crime and Corruption Reporting Project (OCCRP).

273. The HSBC ledgers are self-evidently the result of a series of keyword searches conducted internally at HSBC. The keyword searches, in turn, generated a list of all transactions that took place involving entities related to the keywords.

274. The HSBC ledgers reveal that $187,054,355.77 was paid to Tequesta Group and Regiments Asia by China South Rail, China North Rail, Da Lian Locomotive and Rolling Stock Company (a subsidiary of China North Rail) and CRRC. CRRC was formed on the 1st of June 2015 through the merger of CSR and CNR.

275. An analysis of the HSBC ledgers shows that Tequesta Group Limited’s HSBC account in Hong Kong was paid:
   a. $15,234,248 by CNR;
   b. $2,704,159 by CRRC;
   c. $43,456,242 by CSR; and
   d. $1,021,650 from unknown sources

276. An analysis of the HSBC ledgers shows that Regiments Asia’s HSBC account in Hong Kong was paid:
   a. $8,622,906 by CNR
   b. $11,288,092.75 by CRRC; and
   c. $45,750,456.75 by CSR
   d. $18,120,982.50 by Da Lian [China North Rail]

277. When considered jointly, Regiments Asia and Tequesta Group were thus paid a total of:
   a. $23,857,154 by CNR;
   b. $13,992,251.75 by CRRC;
   c. $89,206,698.16 by CSR;
   d. $18,120,982.50 by Da Lian; and
   e. $1,021,650 from unknown sources

278. The following table sets out all the payments made to Tequesta Group’s Hong Kong HSBC account that are included in the HSBC ledgers:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table 3: Payments Made to Tequesta Group and Regiments Asia at HSBC Hong Kong

#### Tequesta Group

<table>
<thead>
<tr>
<th>Payor</th>
<th>Amount</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR (Hong Kong) Co Limited</td>
<td>$5,567,500</td>
<td>7-Aug-15</td>
</tr>
<tr>
<td>CSR (Hong Kong) Co. Limited</td>
<td>$4,177,500</td>
<td>26-Aug-15</td>
</tr>
<tr>
<td>CNR (Hong Kong) Corporation Limited</td>
<td>$3,998,998</td>
<td>31-Aug-15</td>
</tr>
<tr>
<td>CSR (Hong Kong) Co Limited</td>
<td>$3,910,000</td>
<td>9-Sep-15</td>
</tr>
<tr>
<td>CSR (Hong Kong) Co Limited</td>
<td>$4,207,500</td>
<td>14-Sep-15</td>
</tr>
<tr>
<td>CSR (Hong Kong) Co Limited</td>
<td>$4,250,000</td>
<td>16-Sep-15</td>
</tr>
<tr>
<td>CNR (Hong Kong) Corporation Limited</td>
<td>$11,234,250</td>
<td>25-Sep-15</td>
</tr>
<tr>
<td>CSR (Hong Kong) Co. Limited</td>
<td>$4,122,500</td>
<td>29-Sep-15</td>
</tr>
<tr>
<td>CSR (Hong Kong) Co Limited</td>
<td>$4,228,748</td>
<td>20-Oct-15</td>
</tr>
<tr>
<td>CSR (Hong Kong) Co Limited</td>
<td>$3,952,498</td>
<td>20-Oct-15</td>
</tr>
<tr>
<td>CNR (Hong Kong) Corporation Limited</td>
<td>$2,704,158.50</td>
<td>1-Jun-16</td>
</tr>
</tbody>
</table>

**TOTAL:** $61,394,649.50

#### Regiments Asia

<table>
<thead>
<tr>
<th>Payor</th>
<th>Amount</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>DA LIAN Locomotive and Rolling Stock Co L</td>
<td>$3,599,975</td>
<td>8-Dec-14</td>
</tr>
<tr>
<td>DA LIAN Locomotive and Rolling Stock Co L</td>
<td>$3,575,530.75</td>
<td>9-Dec-14</td>
</tr>
<tr>
<td>DA LIAN Locomotive and Rolling Stock Co L</td>
<td>$3,716,497</td>
<td>10-Dec-14</td>
</tr>
<tr>
<td>DA Lian Locomotive and Rolling Stock Co L</td>
<td>$3,650,240.75</td>
<td>11-Dec-14</td>
</tr>
<tr>
<td>DA Lian Locomotive and Rolling Stock Co L</td>
<td>$3,578,739</td>
<td>12-Dec-14</td>
</tr>
<tr>
<td>CSR (Hong Kong) Co Limited</td>
<td>$2,720,578.75</td>
<td>2-Feb-15</td>
</tr>
<tr>
<td>CSR (Hong Kong) Co Limited</td>
<td>$2,550,079</td>
<td>6-Feb-15</td>
</tr>
<tr>
<td>CSR (Hong Kong) Co Limited</td>
<td>$4,829,984</td>
<td>10-Feb-15</td>
</tr>
<tr>
<td>CSR Zhuzhou Electric Locomotive</td>
<td>$1,870,291.50</td>
<td>13-Feb-15</td>
</tr>
<tr>
<td>CSR Zhuzhou Electric Locomotive Co</td>
<td>$2,918,833.50</td>
<td>6-Mar-15</td>
</tr>
<tr>
<td>CSR Zhuzhou Electric Locomotive Co</td>
<td>$660,392.69</td>
<td>6-Mar-15</td>
</tr>
<tr>
<td>CSR Zhuzhou Electric Locomotive Co</td>
<td>$1,529,758.50</td>
<td>10-Mar-15</td>
</tr>
<tr>
<td>CSR Zhuzhou Electric Locomotive</td>
<td>$1,259,385</td>
<td>23-Mar-15</td>
</tr>
<tr>
<td>CSR Zhuzhou Electric Locomotive</td>
<td>$1,889,901</td>
<td>23-Mar-15</td>
</tr>
<tr>
<td>CSR Zhuzhou Electric Locomotive</td>
<td>$2,506,215.25</td>
<td>13-Apr-15</td>
</tr>
<tr>
<td>CSR Zhuzhou Electric Locomotive</td>
<td>$2,838,982.50</td>
<td>13-May-15</td>
</tr>
<tr>
<td>CSR Zhuzhou Electric Locomotive</td>
<td>$1,902,885.25</td>
<td>13-May-15</td>
</tr>
</tbody>
</table>

*continued...*
6.3. TRACKING PAYMENTS TO REGIMENTS ASIA AND TEQUESTA GROUP AGAINST KNOWN KICKBACK AGREEMENTS

279. Calculations conducted by amaBhungane, recorded in the spread sheet attached hereto as Annexure II, have brilliantly illustrated that the payments made into the HSBC accounts of Tequesta and Regiments Asia accorded directly with what was anticipated to be paid to them under the various kickback arrangements signed in relation to the 95, 100, 359 and 232 contracts and related maintenance services.

280. In the interests of brevity, and as we believe the Commission has already reviewed this material, we do not repeat these calculations here. However, we record that our own review of the calculations shows them to be extremely accurate, and we thus rely on them without hesitation.
6.4. THE HONG KONG BANKING RECORDS: THE DISSIPATION OF KICKBACKS BY TEQUESTA GROUP AND REGIMENTS ASIA

281. The HSBC ledgers show that the amounts paid into Tequesta and Regiments Asia’s accounts by CSR, CRRC, CNR and Da Lian were dissipated almost immediately after they were received. Indeed, the HSBC ledgers record a very large number of payments out of the two accounts to a range of recipients. In total, our analysis shows that 656 payments were made to 181 different recipients. The full list of recipient companies is provided in section 2.3 above.

282. It is plausible that the payments recorded in the HSBC ledger made from the Regiments Asia and Tequesta Group accounts were the first step in an elaborate money laundering route. Indeed, as we show below, the vast majority of the recipient accounts were either Hong Kong shell companies or Chinese mainland garment, textile or furniture manufacturers. It is implausible that the Gupta enterprise suddenly and inexplicably became wholesale importers of textiles and furniture.

283. The lack of further documentation regarding the second ‘step’ of in the money laundering route means that it is impossible for us to identify who may have been the ultimate beneficiary of the vast majority of the payments. Nevertheless, our analysis of the HSBC ledgers has raised a number of noteworthy features.

6.4.1. PAYMENTS TO INDIVIDUALS BY REGIMENTS ASIA AND TEQUESTA GROUP

284. First, there are a small handful of payments made from the Tequesta Group and Regiments Asia accounts to accounts held by individuals. These individuals include:

a. Salim Essa, who received a payment of $99,985.13 on the 26th of October 2015 into an account held at Habib Bank in Dubai;

b. Bartolomeu Dias Domingo, who was paid $665,257.87 in 8 payments between the 24th of December 2014 and the 9th of February 2015 into an account at Banco PPI SA in Porto;

c. Antonio Palango Sangossango, who was paid $665,243.01 in 8 payments between the 23rd of December 2014 and the 9th of February 2015 into an account at Banco PPI SA in Porto;

d. Prachi Desai, who was paid $21,214 on the 22nd of April 2016;

e. Faisal Rashid, who was paid $29,992.89 on the 2nd of November 2016;

f. Mark Wai Yeung, who was paid $70,000 on the 24th of January 2015;

g. Cheng Shuang, who was paid $99,985.14 on the 16th of April 2015;

285. Public records show that Bartolomeu Dias Domingo is an Angolan entrepreneur the owner of an Angolan company by the name of Grupo Bartolomeu Dias (GBD). GBD’s website indicates that it controls $400m of assets in ‘Civil Aviation [sic], manufacturing, construction, hotels and tourism, real estate, information technology, transportation, logistics, Private Security and Trading [sic].’

16 http://www.grupobd.com/en/group.1/the-holding.a2.html
286. Public records show that Antonio Sangossango was appointed to the position of the Director of Administration and Budget in the Angolan Ministry of Foreign Affairs in at least 2011, although his own personal LinkedIn page indicates that he held this position from at least 1998. In any event, the payments made to Sangossango took place while he held public office. We thus recommend that the Commission alert the appropriate authorities in Angola so that they may conduct their own investigations into the probity of the payments.

287. The remainder of the individuals listed in the HSBC ledgers have common names. As such, it is difficult to make a definitive identification. This would have to be done through discovery of the banking details to which the amounts were paid.

6.4.2. RECIPIENTS OF OVER $1M FROM TEQUESTA GROUP OR REGIMENTS ASIA

288. Second, while there were many hundreds of payments made to a range of recipients, 27 recipients were paid over $1m. Should the Commission endeavour to trace the flow of funds to further investigate this laundromat, it might be wise to concentrate on a smaller collection of companies that received larger amounts.

289. It is worth additionally noting that only three companies were paid over $10m in total: Al Malaki Limited ($14 761 602.93 in 54 payments), Success Stand Limited ($13 368 815.30 in 44 payments) and Honourway Garment Limited ($11 244 736.63 in 38 payments).

290. The following table sets outs the 27 recipients of over $1m, the number of payments they received and over what period:

Table 4: Recipients of Over $1m from Regiments Asia and Tequesta Holding

<table>
<thead>
<tr>
<th>Company/Person Name</th>
<th>Dates Paid Range</th>
<th>Total No of Payments</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Al Malaki Limited</td>
<td>12/08/2015 - 10/10/2015</td>
<td>54</td>
<td>$15 312 000</td>
</tr>
<tr>
<td>2 Success Stand Limited</td>
<td>19/05/2015 - 15/01/2016</td>
<td>44</td>
<td>$13 549 115.30</td>
</tr>
<tr>
<td>3 Honourway Garment Limited</td>
<td>18/08/2015 - 15/01/2016</td>
<td>38</td>
<td>$11 244 736.63</td>
</tr>
<tr>
<td>4 Shun Shi Limited</td>
<td>13/12/2015 - 13/01/2016</td>
<td>22</td>
<td>$7 196 747.16</td>
</tr>
<tr>
<td>5 CJ Logistics Ltd</td>
<td>10/12/2014 - 14/04/2015</td>
<td>22</td>
<td>$7 354 500</td>
</tr>
<tr>
<td>6 Fame Great Trade LTD</td>
<td>15/12/2014 - 20/05/2015</td>
<td>18</td>
<td>$4 699 500</td>
</tr>
<tr>
<td>7 Weiken Int’l Ltd</td>
<td>27/12/2014 - 02/11/2015</td>
<td>20</td>
<td>$4 671 000</td>
</tr>
<tr>
<td>8 United Swift Limited</td>
<td>25/02/2015 - 16/03/2015</td>
<td>17</td>
<td>$4 857 050</td>
</tr>
<tr>
<td>9 Zontian Int’l Co Ltd</td>
<td>11/08/2015 - 05/11/2015</td>
<td>17</td>
<td>$4 478 650</td>
</tr>
<tr>
<td>10 Glory Rich Technology Limited</td>
<td>10/09/2015 - 23/12/2015</td>
<td>8</td>
<td>$3 535 010</td>
</tr>
<tr>
<td>11 Meridian Warrior G L</td>
<td>12/08/2015 - 23/09/2015</td>
<td>13</td>
<td>$3 402 000</td>
</tr>
<tr>
<td>12 SZ Xht Tech Co Ltd</td>
<td>17/08/2015 - 16/09/2015</td>
<td>13</td>
<td>$3 374 000</td>
</tr>
</tbody>
</table>

continued...
6.4.3. COMPANIES PAID BY REGIMENTS ASIA, TEQUESTA GROUP AND MORNINGSTAR INTERNATIONAL

291. Third, the HSBC ledgers also include details related to Morningstar International. It is now common cause that Morningstar International, a company registered in Hong Kong and controlled by the Gupta enterprise, was used to receive payments from Homix Pty Ltd, also a Gupta enterprise company. Homix, in turn, received large payments from contractors who received contracts from Transnet. Homix Pty was paid based on flimsy ‘consultancy agreements’ that saw Homix earn a percentage success fee to assist large corporations secure Transnet contracts.

292. The HSBC ledgers record 10 payments made to Morningstar International Trade by Homix Pty Ltd. The payments were all made between the 22nd and 29th of May 2015 from Homix’ Mercantile Bank facility in South Africa. In total $393,965 was transferred to Morningstar from Homix in the ten payments.

293. There are, notably, only five companies that received payments from all of Regiments, Tequesta and Morningstar International. These companies are:

a. Al Malaki Limited
b. Success Stand Limited;
c. Meridian Warrior GL;
d. Flybridge International DMCC;
e. Celertus Co. Ltd;
294. The existence of payments to these entities by all three Gupta enterprise companies provides further evidence that the three companies were making use of similar and related money laundering routes and systems. Moreover, it is plausible that these five companies acted as primary conduits into which laundered funds were consolidated before being paid onwards to the benefit of the Gupta enterprise. Further investigations into the fund flows to these companies and the nature of the companies are clearly required.

295. As we discuss in greater detail below, bank statements made public by amaBhungane have revealed that Tequesta Group Limited operated a US dollar denominated bank account at Habib Bank in Dubai with account number 2012-7771698603. This account was used to receive three payments from CRRC between the 22nd of October and the 29th of October 2016 valued at $19 886 383.41. Importantly, here, this account was also used to make payments to Flybridge International:
   a. $198 876.33 (AED750 000) on the 28th of August 2016;
   b. $200 238.35 (AED 735 000) on the 29th of August 2016;

6.4.4. THE USE OF CHINESE MAINLAND COMPANIES WITH TIES TO SOUTH AFRICA

296. In conducting our analysis of the HSBC ledgers, it became apparent that there was a striking commonality with regards to a large number of recipient companies. In particular, these companies were registered in mainland China, involved in the wholesale manufacture of consumer goods (mostly textiles, clothing and domestic appliances), and are shown, by public records held by Panjiva\textsuperscript{17}, to export in large quantities to South Africa.

297. We have identified the following companies that fit this profile:

<table>
<thead>
<tr>
<th>Company</th>
<th>Number of Payments</th>
<th>Total Value of Payments</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shangqiu Damingfa Plush Products Co. Ltd</td>
<td>11</td>
<td>$2 098 795</td>
<td>Customs records show that 37 shipments were made to South Africa and 7 to Zimbabwe</td>
</tr>
<tr>
<td>Hangzhou Zhuoda Imp. &amp; Exp. Co., Ltd.</td>
<td>9</td>
<td>$1 729 868.32</td>
<td>A Chinese-registered company. Trade records show that it has made 324 shipments to South Africa.</td>
</tr>
<tr>
<td>Changshu Yongli Imp and Exp Co Ltd.</td>
<td>8</td>
<td>$1 013 895.97</td>
<td>A Chinese-registered company. Trade records reflect 504 shipments to South Africa and 170 shipments to Nigeria.</td>
</tr>
<tr>
<td>Changle City Jinha Wool Co Ltd</td>
<td>6</td>
<td>$849 910.83</td>
<td>A Chinese-registered company. Trade records reflect 253 shipments to South Africa.</td>
</tr>
</tbody>
</table>

\textsuperscript{17} www.panjiva.com

continued...
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Shipment Count</th>
<th>Trade Value (in $)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vogen Industry (Shanghai) Co Ltd</td>
<td>6</td>
<td>$799 910.83</td>
<td>A Chinese-registered company specialising in the manufacture and export of children's clothes. Trade records reflect 860 shipments to South Africa.</td>
</tr>
<tr>
<td>Nantong Tengfan Home Textile Co Ltd</td>
<td>4</td>
<td>$654 940.55</td>
<td>A Chinese-registered company. Trade records reflect 47 shipments to South Africa.</td>
</tr>
<tr>
<td>Taizhou Shunkang Imp &amp; Exp Co Ltd</td>
<td>7</td>
<td>$574 859.92</td>
<td>A Chinese-registered company. Trade records reflect 98 shipments to South Africa.</td>
</tr>
<tr>
<td>Shaoxing Shenhua Textile Co Ltd</td>
<td>3</td>
<td>$329 955.41</td>
<td>A Chinese-registered company specialising in clothing. Trade records reflect 112 shipments to South Africa.</td>
</tr>
<tr>
<td>Henan Haixing Blanket Textiles Co Ltd</td>
<td>2</td>
<td>$299 870.27</td>
<td>A Chinese-registered textile factory formed in 2010. The company's website indicates that it exports to South Africa.</td>
</tr>
<tr>
<td>Haimen Shangyuan Bedding Articles Co Ltd</td>
<td>1</td>
<td>$249 985.14</td>
<td>A Chinese-registered company selling bedding products. Trade records reflect 86 shipments to South Africa.</td>
</tr>
<tr>
<td>Jiangmen City Yingguang Stainless Steel P*</td>
<td>2</td>
<td>$249 870.28</td>
<td>A Chinese-registered company producing steel pots and pans. The company website lists South Africa as a specific site of sales for its products.</td>
</tr>
<tr>
<td>Nantong Yawen Textile Co Ltd</td>
<td>2</td>
<td>$224 970.27</td>
<td>A Chinese-registered company specialising in blankets and duvets. Trade records reflect 47 shipments to South Africa.</td>
</tr>
<tr>
<td>Universe Home Textile Co Ltd Zhejiang</td>
<td>3</td>
<td>$209 870.28</td>
<td>A Chinese-registered company specialising in textiles. Trade records reflect 105 shipments to South Africa.</td>
</tr>
<tr>
<td>Haining Xinyi Import and Export Co Ltd</td>
<td>2</td>
<td>$189 970.31</td>
<td>A Chinese-registered company. The company's website indicates that it has sales offices in South Africa and Angola.</td>
</tr>
</tbody>
</table>

18  http://en.hnhxmt.com/home-about.html
19  https://shengyuan.citydsq.com/
20  http://www.jmyingguang.cc/comcontent_detail/c=2&i=2&comContentId=2.html
21  https://www.xinyfabric.com/aboutus.html
<table>
<thead>
<tr>
<th>Company Name</th>
<th>Quantity</th>
<th>Value</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nantong Fanou Textile Co Ltd</td>
<td>1</td>
<td>$149,985.13</td>
<td>A Chinese-registered company. Public trade data reflects 5 shipments to South Africa.</td>
</tr>
<tr>
<td>Changshua Wanlixing Import and Export Co</td>
<td>1</td>
<td>$129,985.14</td>
<td>A Chinese-registered leather and textile exporter. Public trade data reflects 536 shipments to South Africa.</td>
</tr>
<tr>
<td>Binzhou City Derun Handicraft</td>
<td>1</td>
<td>$119,985.14</td>
<td>A Chinese-registered company producing textiles and other small tradeables. Public trade data reflects 24 shipments to South Africa.</td>
</tr>
<tr>
<td>Bazhou Dongtai Furniture Co Ltd Zhongxin</td>
<td>1</td>
<td>$101,205.14</td>
<td>A Chinese-registered dining table manufacturer. Public trade data reflects 143 shipments to South Africa.</td>
</tr>
<tr>
<td>Taizhou F Mars Trade Co Ltd</td>
<td>1</td>
<td>$99,985.15</td>
<td>A Chinese-registered company. Public trade data reflects 87 shipments to South Africa and 3 to Botswana.</td>
</tr>
<tr>
<td>Haimen Boyi International Trade</td>
<td>1</td>
<td>$69,985.14</td>
<td>A Chinese-registered company. Public trade records reflect 52 shipments to South Africa.</td>
</tr>
<tr>
<td>Gaoyang Zhenhua Woollen Co Ltd Hebel</td>
<td>1</td>
<td>$59,985.14</td>
<td>A Chinese-registered company specialising in textiles and machinery. Public trade records reflect 40 shipments to South Africa.</td>
</tr>
<tr>
<td>Qinhai Tibetan Sheep Carpets (Group) Ltd</td>
<td>1</td>
<td>$49,985.14</td>
<td>A Chinese-registered company specialising in woolen carpets. Public trade records reflect 26 shipments to South Africa.</td>
</tr>
</tbody>
</table>

**TOTAL**                                     | 80       | **$12,867,983.05** |

298. It is extraordinarily unlikely that Tequesta Group, Regiments Asia and the Gupta enterprise decided to utilise money arising from Transnet-related kickbacks to diversify into wholesale textile and domestic appliance importation and sale. The use of these companies thus poses something of a puzzle. One plausible explanation is that Tequesta and Regiments Asia made use of an extant professional money laundering organisation. This organisation identified and made use of companies with an existing record of exports to South Africa, and who would thus have an existing flow of legitimate large exports in which the moneys laundered by the Gupta enterprise could be disguised and commingled. It is also possible that the Chinese mainland companies were falsely declaring exports to Chinese authorities (upon whose disclosures the underlying data from Panjiva is based) in order to justify the funds transfers, but that no commensurate reporting or declarations were made in South Africa. This could be clarified by the Commission with customs authorities in South Africa.

299. This is obviously a matter requiring further investigation, which would include interrogating the bank accounts, customs declarations and shipment records for the above companies.
6.4.5. THE USE OF HONG KONG SHELL COMPANIES TO RECEIVE PAYMENTS FROM TEQUESTA GROUP AND REGIMENTS ASIA

300. Our analysis of the recipients of payments made from the accounts of Tequesta Group and Regiments Asia shows that there were a large number of payments to companies registered in Hong Kong. The sheer number of companies paid precludes us from analysing every company. However, we undertook a sampling of the companies, acquiring company formation forms, annual returns and other relevant documents from the Hong Kong company registry. The companies selected for sampling were chosen on the basis that they were the Hong Kong firms that received most money from Tequesta Group and Regiments Asia. We attach these documents as Annexure OO. The identity of the companies sampled is set out in the table below.

301. Our sampling analysis shows that the payments were made to what appear to be shell companies. Moreover, these shell companies share many similarities. In particular:

   a. The companies are often formed in 2013 or 2014, usually by company formation agents who specialise in selling pre-incorporated shell companies;

   b. The companies are purchased by a second company formation agent or corporate secretarial firm, usually a few months prior to them receiving payments from either Regiments Asia or Tequesta;

   c. The companies are then registered to a sole shareholder and director, almost always a lone Chinese citizen;

   d. The company form, in particular the number of authorized shares (almost always 10 000), remains consistent throughout the life of the company;

   e. There is a cross-over in company formation agent(secretarial company in certain companies.

302. The above features strongly imply that the companies were purchased off-the-shelf from company formation agents. The companies were then transferred to a sole director, almost certainly as part of a scheme to launder funds from Regiments Asia and Tequesta Group, if not other companies. The cross-over in company formation agents and secretarial services used implies coordination. Together, these facts plausibly suggest that the companies paid by Regiments Asia and Tequesta Group were part of a co-ordinated and consolidated money laundering scheme designed to obscure the flow of funds and to make tracing their movement difficult for law enforcement and other compliance or investigative bodies.

303. It is additionally striking that none of the Hong Kong companies, or their directors, have any online presence or profile. One would expect that legitimate companies being paid millions of dollars would have some online presence used to, at the very least, identify and advertise their existence and the services offered.

304. It should be noted that only one company we sampled did not conform to the pattern set out above, namely, Sky Success Ltd. Sky Success received 1 payment of $201 500 from Tequesta Group on the 2nd of November 2015. Company formation documents show that Sky Success was beneficially owned by Guidepost Investments Limited, a
Hong Kong company. Media reports suggest that Guidepost is involved in real estate transactions in Hong Kong. In 2016, the Financial Services Authority of Hong Kong issued a warning that Guidepost was engaging in the unlicensed provision of financial services.

305. In the table below, we set out the details of specific sampled companies. Note that the companies below were the largest Hong Kong recipients of payments from Tequesta Group and Regiments Asia, accounting for a substantial portion of the total moneys paid out by both.

Table 6: The Hong Kong Shell Company Matrix

<table>
<thead>
<tr>
<th>Name</th>
<th>Date Formed</th>
<th>Secretarial Company (formation)</th>
<th>Secretarial Company (admin)</th>
<th>When company transferred to sole director</th>
<th>Name of Sole Director/Shareholder</th>
<th>Date of First Payment from TG or RA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delight Forever Ltd</td>
<td>21/02/2014</td>
<td>Company Kit Secretarial Services</td>
<td>Hashmi Secretarial</td>
<td>15/01/2015</td>
<td>Jukun Xiang</td>
<td>31/12/2014</td>
</tr>
<tr>
<td>Fame Great Trade</td>
<td>03/03/2014</td>
<td>GRL4 Limited</td>
<td>JBL Secretarial Services</td>
<td>10/07/2014</td>
<td>Shu Ying Huang</td>
<td>15/12/2014</td>
</tr>
<tr>
<td>Gallenade Limited</td>
<td>06/03/2014</td>
<td>Topworld (Corporate Services) Limited</td>
<td>Baililai Internatio nal Group (HK) Limited</td>
<td>08/12/2014</td>
<td>Liu Ayling</td>
<td>14/05/2015</td>
</tr>
<tr>
<td>Glory Rich Technology</td>
<td>01/12/2014</td>
<td>GRL4 Limited</td>
<td>Joy Enterprise Secretarial Services</td>
<td>09/02/2015</td>
<td>Zhi Yin Liu</td>
<td>10/09/2015</td>
</tr>
<tr>
<td>Hecome Limited</td>
<td>21/03/2014</td>
<td>Comkit Limited</td>
<td>Hashmi Secretarial Services</td>
<td>28/12/2014</td>
<td>Sai Tan</td>
<td>05/01/2015</td>
</tr>
<tr>
<td>HK Juhengtai Trading Co Limited</td>
<td>29/04/2014</td>
<td>HK Xing Hong Registrations Limited</td>
<td>HK Xing Hong Registrations Limited</td>
<td>29/04/2014</td>
<td>Hua Ge</td>
<td>30/01/2015</td>
</tr>
<tr>
<td>HK Sheng Haoran Industrial Limited</td>
<td>26/03/2014</td>
<td>Zhonglian Enterprise Int Group Limited</td>
<td>Hong Kong United Accounting B Secretarial Services</td>
<td>22/05/2014</td>
<td>Jiang Qiang</td>
<td>13/10/2015</td>
</tr>
<tr>
<td>Honourway Garment</td>
<td>26/09/2013</td>
<td>GNL3 Limited</td>
<td>JBL Secretarial Services</td>
<td>08/04/2014</td>
<td>Jian Ping Liu</td>
<td>18/08/2015</td>
</tr>
<tr>
<td>Kalika Trading</td>
<td>17/03/2014</td>
<td>Kam Yuen Leung</td>
<td>Kam Yuen Leung</td>
<td>17/03/2014</td>
<td>Piyush Sarawgi</td>
<td>09/09/2016</td>
</tr>
<tr>
<td>Mandian Warrior Group Ltd</td>
<td>28/03/2014</td>
<td>Topworld (Corporate Services) Limited</td>
<td>Baililai Internatio nal Group (HK) Limited (CPA)</td>
<td>01/12/2014</td>
<td>Huafang Xu</td>
<td>12/08/2015</td>
</tr>
<tr>
<td>RGS Technology Limited</td>
<td>26/03/2014</td>
<td>HBC Business (HK) Limited</td>
<td>HBC Business (HK) Limited</td>
<td>23/03/2015</td>
<td>Peng Hong Zhu</td>
<td>22/10/2015</td>
</tr>
</tbody>
</table>

6.4.6. THE PLETHORA OF MONEY LAUNDERING RED FLAGS AND THE ROLE OF HSBC

Our analysis of the HSBC ledgers reflects a number of striking and obvious red flags that should have alerted HSBC to the misuse of the Tequesta and Regiments Asia accounts for money laundering.

First, neither Regiments Asia nor Tequesta Group was engaged in any legitimate business. Indeed, the companies were established and incorporated only weeks before the first payments were received related to Transnet kickbacks. Any marginally competent compliance department would wish to understand why newly formed companies with no notable infrastructure were receiving such large payments.

Second, the deposits into Regiments Asia and Tequesta Group’s HSBC accounts emanated almost entirely from Chinese state-owned companies. A marginally competent compliance and anti-money laundering department should have enquired why two newly formed Hong Kong companies controlled by a sole director with no obvious connections to China, Hong Kong or the rail industry, was receiving such large payments from these companies. Moreover, a competent compliance department would want to know why a company receiving such large payments from rail infrastructure companies was transferring large sums to textile, clothing and bedding manufacturers, thus earning its money and paying it out to completely different sectors.

Third, the receipt and dissipation of funds from the accounts happened in a highly suspicious manner. In particular, the funds paid in CSR, CNR, Da Lian and CRRC were paid out of the HSBC accounts almost immediately after they had been received.

In addition, the amounts paid out by Regiments Asia and Tequesta had all the hallmarks of ‘smurfing’, in which large payment amounts are split into a series of smaller payments made contiguous with each other. This is to avoid the movement of single large sums that may incur compliance checks or mandatory reporting requirements. There are a large number of examples of this practice evident in the HSBC ledgers, which are beyond the scope of this submission. We, however, highlight two indicative examples.
311. In the first example: between the 31st of December 2014 and the 25th of March 2015, Regiments Asia transferred $2,984,050 to a company called Delight Forever Ltd in eleven transfers. Most notably, between the 10th of March 2015 and 24th of March 2015, Regiments Asia made ten transfers on a nearly daily basis. The transfers were mostly in round figures (see right):

Table 7: Payment Amounts and Dates for Transfers From Regiments Asia to Delight Forever Ltd

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-Mar-15</td>
<td>$200,000</td>
</tr>
<tr>
<td>11-Mar-15</td>
<td>$250,000</td>
</tr>
<tr>
<td>12-Mar-15</td>
<td>$350,000</td>
</tr>
<tr>
<td>14-Mar-15</td>
<td>$182,750</td>
</tr>
<tr>
<td>16-Mar-15</td>
<td>$198,000</td>
</tr>
<tr>
<td>17-Mar-15</td>
<td>$300,000</td>
</tr>
<tr>
<td>18-Mar-15</td>
<td>$310,000</td>
</tr>
<tr>
<td>23-Mar-15</td>
<td>$300,000</td>
</tr>
<tr>
<td>24-Mar-15</td>
<td>$348,000</td>
</tr>
<tr>
<td>25-Mar-15</td>
<td>$304,300</td>
</tr>
</tbody>
</table>

312. In the second example: between the 18th of August 2015 and the 6th of November 2015, Tequesta Group transferred $9,087,002.92 to Al Malaki Limited in 34 different payments (although, realistically, this was 33 payments as one outlier payment was made for only $2.93). The payments took place on a regular basis, often only a day or two apart, and were in round amounts:

Table 8: Payment Amounts and Dates for Transfers from Tequesta Group Limited to Al Malaki

<table>
<thead>
<tr>
<th>Date</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>10-Mar-15</td>
<td>$200,000</td>
</tr>
<tr>
<td>11-Mar-15</td>
<td>$250,000</td>
</tr>
<tr>
<td>12-Mar-15</td>
<td>$350,000</td>
</tr>
<tr>
<td>14-Mar-15</td>
<td>$182,750</td>
</tr>
<tr>
<td>16-Mar-15</td>
<td>$198,000</td>
</tr>
<tr>
<td>17-Mar-15</td>
<td>$300,000</td>
</tr>
<tr>
<td>18-Mar-15</td>
<td>$310,000</td>
</tr>
<tr>
<td>20-Oct-15</td>
<td>$328,000</td>
</tr>
<tr>
<td>21-Oct-15</td>
<td>$320,000</td>
</tr>
<tr>
<td>22-Oct-15</td>
<td>$320,000</td>
</tr>
<tr>
<td>23-Oct-15</td>
<td>$320,000</td>
</tr>
<tr>
<td>24-Oct-15</td>
<td>$320,000</td>
</tr>
<tr>
<td>25-Oct-15</td>
<td>$320,000</td>
</tr>
</tbody>
</table>
6.5. CONCLUDING REMARKS: THE HONG KONG LAUNDROMAT

313. Based on the above discussion, the following facts can be confirmed:

- a. Regiments Asia and Tequesta Group were paid $145,177,086.91 by CSR, CNR, Da Lian and CRRC, seemingly after it was decided to jettison the use of the Worlds Window network to launder kickback payments;
- b. Regiments Asia and Tequesta Group were incorporated in Hong Kong shortly before receiving payments from CSR, CNR, Da Lian and CRRC;
- c. The Gupta enterprise associate Salim Essa was the sole director of both Regiments Asia and Tequesta Group until 2016, after which he was replaced by Aashika Singh, another Gupta enterprise associate;
- d. The amounts paid into Regiments Asia and Tequesta Group were immediately dissipated out of these accounts;
- e. The payments made out of the Tequesta and Regiments accounts were made to:
  - i. A small range of individuals;
  - ii. A large number of Chinese-registered textile, clothing, bedding or consumer goods manufacturers, many of whom are shown by public customs data to have made shipments to South Africa, or, alternatively, to have at least reported such shipments to customs authority in China;
  - iii. A large number of Hong Kong-registered shell companies, all taking the same corporate form, and none of whom have any notable online profile
- f. Payments to Morningstar International are also reflected in the HSBC ledgers, as are payments out. These records show that only five companies received payments from all of Morningstar International, Tequesta Group and Regiments Asia, namely, Al Malaki Limited, Success Stand Limited, Meridian Warrior GL, Flybridge International DMCC, Celertus Co. Ltd.
- g. Morningstar International, Regiments Asia and Tequesta Group transacted using accounts held with HSBC in Hong Kong.

314. Based on the above facts, we believe it is reasonable to infer that:

- a. The payments made to Tequesta Group and Regiments Asia by CSR, CNR, Da Lian and CRRC were, in whole or part, actually made for the benefit of the Gupta enterprise;
- b. Tequesta Group and Regiments Asia were created specifically as vehicles to receive and launder funds paid to the Gupta enterprise by CSR, CNR, Da Lian and CRRC, and the receive and launder funds from Homix.
- c. The Gupta enterprise, through Tequesta Group and Regiments Asia, paid funds to at least two identifiable money laundering networks, which may or may not have been linked, namely, the Hong Kong shell company network and the Chinese-South Africa consumer goods export-import network;
- d. Morningstar International, Tequesta Group and Regiments Asia all participated in the same money laundering network, as shown by payments made by all three to the same five entities;
- e. The manner in which the Tequesta Group and Regiments Asia accounts were used should have raised a number of obvious and loud red flags, which should have led to, at the very least, a temporary suspension of these banking facilities by HSBC.
6.6. THE CONTINUATION OF THE TRANSNET BRIbery SCHEME IN DUBAI

315. In June 2020, amaBhungane published additional bank statements related to Regiments Asia and Tequesta Group. They show that Tequesta Group operated a US dollar denominated bank account held at Habib Bank in Dubai, as did Regiments Asia. The bank statements are attached as Annexure PP.

316. The bank statements for Tequesta Limited show that three payments were made by CRRC to Tequesta as follows:
   a. $2 168 192.64 on the 27th of October 2016;
   b. $8 214 998.75 on the 29th of October 2016;
   c. $9 503 192.02 on the 9th of October 2016

317. Calculations by amaBhungane show that these payments accorded with kickbacks that were anticipated to be paid to Gupta enterprise companies by CRRC.

318. Thus, by 2016, the HSBC/Hong Kong network had effectively ended, to be replaced by a new Dubai mechanism to receive and pay out funds from Transnet contracts. At this point, as amaBhungane notes, CRRC was still due to receive vast sums from Transnet, and to pay vast sums to the Gupta enterprise.
ANNEXURE:

LIEBHERR DIAGRAMS
Tracing the first Liebherr payment 22 July 2013

ANNEXURES – 103
Tracing the second Liebherr payment 17 February 2014

Tracing the third Liebherr payment 15 April 2014
Tracing the fourth Liebherr payment tranche
07 May - 26 May 2014

Mixed sources including JJT Century
$8,200,000 AED MIXED SOURCES
11/05/2014-15/05/2014

Global Mahreq AED
$5,336,000 AED
18/05/2014

Accurate Mahreq AED
$462,710.94
(1.7m AED)
27/05/2014
$1,237,288.06
(4.545m AED)
28/05/2014

Reliable Mahreq USD
$4,499,836.44
01/05/2014

Accurate Mahreq USD
$405,598.52
07/05/2014
$402,879.34
19/05/2014
$296,890.30
26/05/2014

Liebherr
$5,000,000
28/05/2014
Commingled with other Enterprise Funds including from JJT
$1,105,368.16 from Liebherr

Brookfield Consultants US
$5,000,000
$1,105,368.16 from Liebherr

JJT Force Exim
$4,289,838.44
01/05/2014

Accurate Mahreq USD
$405,598.52
07/05/2014

$4,499,836.44
01/05/2014

$4,289,838.44
01/05/2014
Tracing the fifth Liebherr tranche
09 Oct to 01 Dec 2014

Tracing can’t be completed as records end 11/12/2014
SWI’s mission is to expose corruption and its impact on democracy, human rights and sustainable development across the world, in order to bring about strong action against it.
Support our work

Shadow World Investigations relies on the support of philanthropic institutions and the public. If you would like to support our work, please consider making a financial contribution on a once-off or on-going basis.

www.shadowworldinvestigations.org