

~~THE WORLD~~

DIE WELT

The public prosecutor's office in Frankfurt is investigating allegations against T-Systems. It is about dubious money flows and IT contracts in South Africa. The Telekom subsidiary had paid millions to dubious intermediary companies in connection with orders from state-owned companies.

In the end, the money allegedly arrived at the recipients in bundles of 200-rand notes - transported in travel bags, backpacks and sports bags. This is according to the report of an official commission of enquiry in South Africa, which completed its work in June.

It is about corruption under the state president Jacob Zuma, who left office in 2018, and about events in a number of state-owned enterprises, for example at the railway company Transnet or the energy supplier Eskom.

Dozens of pages also mention a German company that is now being targeted by the public prosecutor's office in Frankfurt am Main: T-Systems, a Frankfurt-based subsidiary of the partly state-owned Deutsche Telekom. A case is pending in the matter, the public prosecutor's office confirmed in response to a question from WELT AM SONNTAG and the research network "Correctiv". Paul Holden, co-head of Shadow World Investigations in London, an organisation specialising in corruption investigations, had initiated the proceedings with a criminal complaint.

Specifically, the accusations against T-Systems concern its business dealings with the South African railway company Transnet. According to figures analysed by Holden, the Telekom subsidiary is said to have received IT contracts worth a total of almost 300 million euros by 2019 - for services and the supply of computers. In addition, T-Systems is said to have landed contracts worth a similar amount with Eskom. At the same time, the South African branch of the German company is alleged to have paid millions in dubious payments to an intermediary company that is attributed to the network of the notorious Gupta brothers until the end of 2017.

These businessmen, who immigrated from India, are accused of having been able to win large-scale South African government contracts thanks to their contacts to [Präsident Zuma](#) South African government contracts on a large scale. Because of their excessive influence on government procurement decisions, they were referred to in South Africa as "state capture".

In the villa district, the banknotes changed hands

As recently as June 2022, two of the Gupta brothers were arrested in Dubai. During visits by Transnet managers to their estate in Johannesburg's Saxonwold villa district, the bundles of 200-rand notes are also said to have changed hands. However, the investigation report does not say whether the money that was distributed there came from T-Systems.

The Transnet managers at the time, the Gupta brothers as well as Zuma deny allegations of corruption. But an internal report by the compliance department of T-Systems from 24 June 2015, which is available to WELT AM SONNTAG and "Correctiv", incriminates the management of the German company. In it, two auditors complained of "significant

violations" of prescribed approval procedures for consultancy contracts. Purely informal agreements on payments had been concluded with companies from the Gupta network. Such business relationships were "unacceptable".

However, the compliance report also sounded partially appeasing. The auditors wrote that they had found "no evidence of [corruption](#) or other illegal behaviour". Perhaps this contributed to the fact that T-Systems continued to make payments to one of the companies in the Gupta network until December 2017, despite the warnings, according to a report by the South African Commission of Inquiry.

According to the calculations of Holden, a corruption critic, T-Systems was the western company that benefited most from the controversial practices. A manager who held an important position at T-Systems in South Africa from 2010 to 2014 was promoted to an executive position for global operations of the company in April 2021. To what extent had the company previously shed light on her role in South Africa?

A spokesperson for T-Systems' parent company Telekom has now assured the public that it does not tolerate any violations of the law, that it has "taken immediate remedial action where necessary", that it has terminated and reversed certain business relationships, and that it finally sold its subsidiary in South Africa in 2020. The company was "not aware" of an investigation in Frankfurt. The South African investigation report also contained "no recommendation" to prosecute T-Systems employees or the company.

"Threatening the party is life threatening".

The South African commission's report contains bizarre details about T-Systems' deals. For example, auditors at Transnet allegedly found out as early as 2015 that the railway company paid the German company for 2200 computers, although only 1100 arrived. Another 450 computers were delivered, but then disappeared again.

The report also describes the fate of a courageous manager at Transnet who resisted further contracts with T-Systems - because a competitor had performed better in a tender in 2016. The manager is said to have been threatened by her superior at some point: Procurement issues could be "a life-threatening matter" - that's when you "ruin a party".

The fact that T-Systems was linked to the Gupta brothers, who were already considered notorious at the time, has even long been discussed publicly in South Africa. The head of the losing bidding company at Transnet, [Maphum Nxumalo](#), had already called for criminal investigations in 2017: "We are dismayed and disillusioned that large German companies are involved in state capture and corruption with impunity, while local companies are cheated out of contracts," the manager said in November 2017.

CORRECTIV

Bribery allegations in South Africa: How Deutsche Telekom helped loot state-owned companies

Deutsche Telekom is alleged to have paid bribes for years in South Africa in order to obtain contracts. The public prosecutor's office in Frankfurt is now investigating. German companies were among the biggest profiteers of corruption under ANC President Jacob Zuma. A joint investigation with Welt am Sonntag.

Makano Mosidi is handed the unmistakable message at a hotel in Johannesburg. It is October 2016 and Mosidi is the head of IT at Transnet, South Africa's state railway.

Transnet is currently looking for a supplier to deliver computers and Mosidi wants a clean process. But the head of Transnet's freight division threatens her. Procurement can be "a life-threatening business". He asks Mosidi, she later presents her understanding of the meeting to a commission of enquiry, if she knows what it means to go against the tide.

The tide Mosidi wanted to stand against is corruption in South Africa and its international helpers. For example, T-Systems, an IT service provider owned by Deutsche Telekom and based in Frankfurt am Main. T-Systems has been supplying the South African railways with computers and IT equipment since 2010. At the end of 2015, the contract is to be put out to tender for the first time on the occasion of a regular extension of the framework agreement.

Deutsche Telekom paid to criminal network for years

For Mosidi, the case is clear: a South African company won the bidding process and should receive the contract. But time and again, the company from faraway Germany is said to be inexplicably favoured. Mosidi is put under pressure and is supposed to sign notes in favour of T-Systems. Of necessity, she notes her dissenting opinion in the margins of the papers. In the end, T-Systems gets the contract.

And presumably not because the company scored with performance. What Mosidi did not know at the time was that the German company had apparently been paying money for years to a mafia-like network that had influence on South African state-owned companies during the presidency of ANC politician Jacob Zuma and awarded contracts without going through the official channels. It sucked South African state-owned companies dry - the companies that are supposed to supply the South African population with electricity, water and safe transport.

At the centre of the network were the Gupta brothers, three businessmen from India. In South Africa, a commission of enquiry, the [so-called Zondo Commission](#), had already been working on the scandal since 2018. It finished its hearings at the end of 2021 and presented its final report in June. One result of the investigative work: hardly anyone profited as much from corruption as German companies.

The hidden cash flows of telecoms

For example, T-Systems. According to a previously unknown analysis of payment flows prepared for the Zondo Commission, between 2012 and 2015 the group paid a total of more than three million rand (about 180,000 euros) in monthly instalments to a South African company owned by the wife of the Gupta brothers' main string-puller. The USA placed him on a sanctions list along with the Gupta brothers in October 2019.

According to the documents, T-Systems also paid money to a company close to the Guptas called Sechaba. According to the documents, between February 2015 and December 2017 alone, about 18 million euros flowed to the company, which in turn regularly transferred money to shell companies that laundered stolen money for the Guptas.

And it is striking that the corporation has always had an easy time doing business with South African state-owned companies. For almost ten years, the contract was extended again and again. The payments to T-Systems increased constantly, although the scope of the services apparently did not change. Then, in 2015, downright oddities came to light.

The phantom computers from T-Systems

A department of the railways found that it paid T-Systems to provide about 2,200 computers, but only half of them actually existed. Another 450 computers supplied to Transnet in July 2015 had disappeared without a trace. Transnet had thus paid T-Systems for years for the use of computers that did not exist. Although an internal Transnet accountability report stated this, the double billing had no consequences for T-Systems. A spokesperson for Deutsche Telekom did not comment on these allegations.

The Zondo Commission could not find any direct payments by T-Systems to employees of the South African Railways. However, because of their proximity to the Guptas on the one hand, and T-Systems' payments to Gupta-affiliated companies on the other, the commission nevertheless recognised a form of organised crime.

Deutsche Telekom is 30 percent owned by the German state. The questionable business practices in South Africa are therefore also likely to interest politicians. For even at Telekom's headquarters in the former capital Bonn, the goings-on of the South African T-Systems did not initially sit well with some people.

Payments continued to flow despite concerns

But when the sleazy payments to the Gupta string-puller also came to light there, there were no consequences. In 2015, the group conducted an internal investigation into its own business practices in South Africa. According to the investigation report of 24 June 2015 available to CORRECTIV, the group was aware that the payments violated its own compliance rules.

Originally, T-Systems had planned to hire the man directly as a sales representative. However, such a formal role was rejected internally. But according to the report, the leadership of T-Systems South Africa decided not to formally hire the string-puller as a sales representative, but instead to "informally use his network". The report goes on to say that the man "in return" told T-Systems which local companies the group should work with.

The report makes it clear that the decision to continue working with him in an informal way was "unacceptable". But even after the report, the money simply continued to flow to the Gupta representative's entourage. A financial officer at the South African T-Systems subsidiary at the time was promoted and is now jointly responsible for the group's global sales activities. A Deutsche Telekom spokesperson did not comment on the matter when asked.

[Frankfurt Public Prosecutor's Office investigates Telekom's South Africa business](#)

Involvement in the Gupta scandal could now have repercussions for Deutsche Telekom. According to research by CORRECTIV [and Welt am Sonntag, the](#) Frankfurt public prosecutor's office is currently [investigating](#) the contracts for T-Systems in South Africa. A spokesperson for the Frankfurt public prosecutor's office confirmed the investigations, but would not comment further.

And Transnet railway is not the only victim of T-Systems' sleazy business methods in South Africa. The telecoms subsidiary had also received a framework contract for the supply of equipment from Eskom, South Africa's state-owned power utility. Both the initial conclusion of the contract in 2009 and the extension in 2014 are said to have been concluded in an irregular manner, according to the Zondo Commission's investigations.

According to the Zondo Commission of Inquiry documents, T-Systems received more than 700 million euros from Transnet and Eskom between 2010 and 2019. This is said to be a fifth of all expenditure by South African state-owned companies that were under the influence of the Guptas. T-Systems would thus be one of the biggest beneficiaries of the scandal. According to the report, only Chinese companies made more money. An analysis of the Zondo Commission's documents shows that T-Systems received revenues from companies close to the Guptas amounting to about five percent of T-Systems' orders. T-Systems transferred money directly to these companies or let them take over contracts with Transnet for no apparent reason.

[Telekom: Have helped with reconnaissance in South Africa](#)

Deutsche Telekom states on request that it does not tolerate any violations of the law. The company had cooperated with the commission of enquiry in South Africa. This did not include any criminal prosecution of T-Systems employees. The group had terminated certain business relationships and also sold the subsidiary in South Africa in 2020.

In South Africa, corruption and embezzlement has been rife under various ANC presidents. It reached a peak during the term of Zuma, who was president from 2009 to 2018, also because of the involvement of the Gupta brothers. And T-Systems was not the only German company implicated in the Gupta scandal.

For example, the software company SAP only reached an agreement with South African authorities in March 2022 to repay the equivalent of about 23 million euros. In 2015 and 2016, the company had concluded contracts with the South African water authority for software licences and services worth more than one billion rand. Investigators had concluded that the contracts were irregular. SAP had also received long contracts from the railway company Transnet and the electricity company Eskom and had made payments to companies

close to the Guptas. In the USA, SAP is still under investigation because of allegations of corruption in South Africa and other countries. Upon request, the company stated that it complies with the respective laws in all markets and cooperates with supervisory authorities.

Foreign bribery: Hardly any consequences

In Mannheim, [the local public prosecutor's office is investigating suspicions](#) that employees of the Swiss plant manufacturer ABB bribed a former Eskom CEO to obtain contracts to build the Kusile coal-fired power plant. Mannheim is the headquarters of ABB's German business. Businessman Brian Molefe was head of both Transnet and Eskom for a time and [is said to have had good contacts with the Guptas](#). During his four-year tenure at Transnet, he is said to have visited the Guptas many times in their extensive compound. According to documents available to CORRECTIV, Molefe also allegedly favoured T-Systems in an unfair manner.

The Frankfurt investigation has triggered a criminal complaint by South African anti-corruption activists. They no longer want to accept that the involvement of German corporations in South African corruption scandals has no consequences in this country. The Guptas and their network of corrupt officials relied on the cooperation of international companies to loot public funds, says South African Paul Holden of Shadow World International, an organisation specialising in corruption investigations. "It's only fair that these international companies, like T-Systems, are held properly and completely accountable for the way they participated in the takeover of the state and vast corruption."

Investigations in connection with foreign bribery are rather an exception in Germany. As CORRECTIV reported in March on the basis of an analysis of judicial files, foreign bribery is something of a blind spot in German justice. There is a high number of unreported cases and proceedings rarely end with serious consequences for corporations and managers.

This was also the case when, in the mid-2000s, the Düsseldorf public prosecutor's office looked into greasy payments by German corporations in South Africa. At the end of the 1990s, the ANC had launched an arms package worth billions that turned out to be a veritable bribery festival. The companies Thyssen Rheinstahl, today part of ThyssenKrupp, and the Essen-based industrial services provider Ferrostaal [paid many millions of euros into dark channels](#). But the investigations by the Düsseldorf public prosecutor's office came to nothing.

Makano Mosidi, the head of IT at Transnet railways, continued to fight for clean business after the October 2016 meeting. Other Transnet workers also made anonymous allegations of nepotism and corruption. Initially, Transnet did award the contract to T-Systems. However, the South African competitor of the German company appealed and was awarded the contract after all by a court order at the end of 2018. But it was two lost years for the railways, in which money continued to flow to those behind the corruption via the German company.

~~PICTURE~~ DIE BILD

Frankfurt public prosecutors investigate Telekom

Frankfurt - **The public prosecutor's office in Frankfurt is investigating Deutsche Telekom in South Africa on corruption charges.**

The authority thus confirmed research by journalists from CORRECTIV and "Welt am Sonntag".

The accusations

Telekom subsidiary T-Systems is said to have won contracts worth around 700 million euros from South African railway Transnet and power utility Eskom between 2010 and 2019.

The journalists' research now shows that T-Systems South Africa at the same time made payments in the tens of millions to companies that are attributed to a mafia network. The network thus had an influence on the awarding of contracts by state-owned companies.

An internal T-Systems compliance report from 2015 shows that the group knew that these business relationships were questionable - but they continued anyway.

When asked by journalists, Telekom said it did not tolerate any violations of the law, that the allegations had been dealt with internally, and that it had also cooperated with a commission of enquiry in South Africa. At the same time, certain business relations had been terminated.

The Gupta Scandal

The accusations against Telekom are related to the so-called Gupta scandal. The accusation is that a criminal network, in collaboration with the ANC, enriched itself with South African state property.

The journalists from CORRECTIV and "Welt am Sonntag" had evaluated the documents of a South African investigative commission. The result: both Chinese companies and, above all, German corporations have profited from corruption.