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Zondo Commission: more banks claim interference by government in Gupta account closures

Allegations of interference from both the ANC and Cabinet in the closure by commercial banks of Gupta accounts remained at the centre of the evidence presented before the commission of inquiry into state capture on Tuesday. Both FNB and Absa were invited to meetings to discuss the “impact the closure of accounts” on the businesses involved. The quoted reason was attributed by witnesses from both banks to the ANC leadership.

Former FirstRand CEO Johan Burger was first up on the stand, confirming that he was invited to the first meeting by ANC NEC member Enoch Godongwana, who subsequently called it off when Burger requested an agenda and attendance list. A later invitation, by an inter-ministerial committee, came by e-mail from Zarina Kellerman, who described herself as an advisor to then minister of mineral resources Mosebenzi Zwane, and acting secretary of the committee. This was late in April 2016, soon after the bank closed the accounts belonging to the Gupta family.

“We received a letter from Nazeem Howa, the CEO of Oakbay Investments, asking for reasons for the termination of their accounts,” said Burger. “We responded, saying it was due to associated reputational and business risk – this is the reason provided to the client.”

The ruling party’s invitation came after this exchange in communication. Burger’s persistent refusal to meet with the ANC – on the basis that there was no way FNB would discuss confidential client matters with them – led to the meeting being cancelled.

“In my 32 years in banking, it was my first time ever receiving a request from a political party or an inter-ministerial committee wanting to discuss banker-client relationships,” Burger said. “That for me was unexpected.”

Absa’s former chief compliance officer, Yasmin Masithela, also noted an invitation from the ANC to meet with the bank’s leadership around the time the same request was made to the other banks. The reasons for the decision to close accounts, she said, was guided by parent company Barclays Plc’s anti-money laundering policies. Absa was the first of the banks to close Gupta-linked accounts.

As a former subsidiary of Barclays Plc, the bank followed its parent’s standard with regard to high-risk customers including politically exposed persons to ensure compliance with international and South African law, she said.

“As part of our annual review process, within our corporate and investment banking business, the Oakbay companies would have been part of that review.”

In November 2014, an internal committee of the bank that monitors politically exposed persons, made the decision to exit its relationships with the companies linked to Oakbay. The main reason for this was that Oakbay was not using Absa as a primary account, and the bank therefore had limited control over the monitoring process of transactions associated with the company.

Regarding the invitations by the ANC and the IMC, Masithela said they were wary of the purpose of the requests. She testified that it was the party's former secretary-general Gwede Mantashe who invited then CEO Maria Ramos – whom he met at a Business Leadership South Africa event – to a meeting at Luthuli House to discuss the Gupta accounts matter.

Mantashe, Godongwana, deputy secretary-general Jessie Duarte and Krish Naidoo – introduced as the legal representative of the party – were in attendance from the ANC side. Ramos made it clear to the meeting that she was in no way going to discuss confidential client affairs.

A request from the inter-ministerial committee for a subsequent meeting was declined by Absa. “We did not deem the committee to be an appropriate committee. We did not fall under the constitution of the committee,” said Masithela.

Standard Bank general counsel Ian Sinton had testified on Monday that he and CEO Sim Tshabalala had also been called to Luthuli House and met with Mantashe and Duarte around the same period and for the same purpose. When Burger asked Godongwana what the purpose of the meeting was, he got no response. It was only on the evening prior to the scheduled meeting that he got a text message from Godongwana saying the meeting was off and that his attendance was no longer required.

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