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Zondo commission: Nedbank grilled by ANC, IMC on Gupta accounts closure

Nedbank was expected by former minister of mineral resources Mosebenzi Zwane to be the saviour of the Gupta-related businesses that found themselves stranded after all the other banks closed down their accounts. As the last of the main banks doing business with the family to close their accounts, this would have been the ideal solution to the challenge they found themselves in. The bank's CEO Mike Brown testified on Wednesday at the inquiry into state capture that this is the impression he had following a meeting with Zwane and other government officials in May 2016.

Nedbank started the process of reviewing their business with the Guptas around February 2016, at the height of media reports highlighting the family's apparent influence on members of the executive and their negative business reputation. Both KPMG and Sasfin had already gone public with their decisions to end relations with businesses linked to the Guptas, spurring the bank to establish an internal sub-committee to assess the risk of being associated with the family. At the end of the review process, the companies identified were given 30 days' notice.

Following this move, Oakbay Investments CEO Nazeem Howa asked for a meeting with Nedbank, which the bank honoured. Brown told the commission that when the opportunity came for the executives meeting with Howa to present him with notice papers, he refused to take them, and Nedbank was then forced to have them delivered by registered mail.

Nedbank also called to meeting with ANC, IMC

Brown, like the executives of other banks, was later summoned to meetings by the ANC as well as an inter-ministerial committee (IMC) with both questioning the motives for the closure of Gupta business accounts. The meeting request from the ANC was received from Enoch Godongwana, and as was the case with Standard Bank's Ian Sinton and Absa's Yasmin Masithela, according to their testimony, former secretary-general Gwede Mantashe and his deputy Jessie Duarte were also in attendance.

Asked by evidence leader Kate Hofmeyr if the request was unprecedented, Brown said he had previously been invited to Luthuli House to discuss, generally, the broad issue of the nationalisation of mines, but never to discuss the business of the bank.

It was at the meeting of the IMC that Zwane expressed concern for the status of the businesses whose accounts had been closed, and the impact this would have on the thousands of people they employed.

“There were questions from Mr Zwane and from the rest of the panel around consistency within the banking industry, there were questions around what may have been the triggers for closing the Gupta accounts,” said Brown. Also present at the meeting, from government’s side, were Herbert Mkhize, advisor to labour minister Mildred Oliphant, and two other people who were not introduced.

One of the points of particular interest to Brown was the mention of an alleged conversation between an employee of Nedbank and a client of the bank, where the details of the closure of the Gupta accounts were discussed.

“I responded by saying that I was not aware of the allegations, they were new to me.”

Brown added: “I then said that the only context I could think that it could have taken place in is that of Nedbank talking to institutions with which we have a correspondent banking relationship and under circumstances where we were discussing issues on anti-money laundering reviews and due diligence on those clients of Nedbank. It would then be normal to have that kind of conversation.”

Brown ordered an investigation into the matter once he returned to his office. The findings of the probe were that no such conversation ever took place. This feedback was then communicated to the IMC, although he got no response.

One of the reasons put forward by the IMC for the possible reversal of Nedbank’s decision was that all the relevant members of the family, who featured in media reports that influenced the decisions of the banks in closing their accounts, had resigned from the tainted companies. This, it seemed to Brown, was meant to convey a message that the companies involved were therefore cleared of controversy, making them fall outside of the high-risk client classification. Brown said this, however, was not in any way going to persuade Nedbank to reverse its decision.

A veiled threat?

At the end of the meeting, Zwane made a comment that surprised Brown. “He was dissatisfied with the other banks having refused to meet with government, and said it was funny given that it was government that issued banking licenses in the first place.”

Brown added that Zwane was mistaken in that it is the South African Reserve Bank, an independent institution in its own right – and not government – that is responsible for the issuing of banking licenses.

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