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Zondo Commission – banks complicit in Gupta money laundering, says Hain

Former British MP Lord Peter Hain told the Zondo commission today that South African banks were complicit in the Gupta family's money laundering activities. He said the banks could have prevented the Guptas from laundering money around the world by dealing with the red flags the moment there were allegations of corruption against them.

“There was an increasing awareness of corruption and state capture. Corruption was rife under the former president’s administration. He was a known friend of the Guptas - yet these banks continued to work with them and in doing so they enabled them to conduct their affairs and launder money around the world, ” said Hain.

He added that by allowing the Guptas to open bank accounts, the banks gave them access to the global banking network. Hain made the submission to the Zondo commission in order to help recover the money looted by the Guptas and others who were involved. He also called for better co-operation between countries in dealing with international criminals. Hain also told the commission how the Guptas used Black Economic Empowerment (BEE) for their own benefit with no relation to the reason the system was created.

He said the BEE programme needs to be protected, as it has become a convenient mechanism for looting. “They were perverting the important and valid objectives of the BEE policy ... they were manipulating it,” said Hain. He also referred to the contracts the family scored from the Free State government. They failed to complete those projects, and the contracts did not empower black communities.

Estina, a Gupta-linked company, was appointed to implement the Vrede dairy farm project in the Free State but instead, millions of rands were siphoned through that project, which was meant to help small black farmers in the province.

“There should be increased transparency on whether a BEE entity, firstly, has the relevant track record in the field concerned. Secondly, they must meet basic upskilling requirements to deliver on the contract. It must be ensured that they hire and train black employees. Thirdly, that they satisfactorily perform contracts against key indicators,” he suggested.

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