

26 November 2020

Nothing wrong with Trillian deal, says former Transnet treasurer

Former Transnet treasurer Phetolo Ramosebudi spent his second day before the state capture commission on Friday answering questions on the involvement of Trillian in the parastatal's loan negotiations to help fund its locomotives procurement project. The Gupta-linked company was allegedly paid R93-million in 2015 for work that it did not do.

Although he maintained that the transaction was above board, Ramosebudi did concede that Trillian – led then by CEO Eric Wood – was not qualified to carry out the work. The company was appointed to provide advisory services for securing a R12-billion club loan to finance the R54-billion locomotives project. Transnet sought to acquire 1064 locomotives to replace its ageing fleet, and had to secure a loan facility with several financial institutions including China Development Bank to do this.

Part of Ramosebudi's job was to secure a service provider to negotiate the terms on Transnet's behalf. JP Morgan was initially appointed, but later booted out on a technicality.

Transnet allegedly paid Trillian for securing the loan, despite the company not having the capacity to underwrite it. Ramosebudi told the commission that he believed Trillian had the capacity at the time, hence he supported the idea of the company replacing JP Morgan as the lead arranger of the loan.

Commission chairperson Deputy Chief Justice Raymond Zondo asked Ramosebudi why he supported Trillian even after he learned that the company did not have the capacity. "At the time, I did not see it the same way. I should have indicated that Trillian was going to provide different services from what JP Morgan was going to provide," he said.

Another controversy was that Wood had started out with Regiments Capital, which had partnered with JP Morgan in the transaction, but jumped ship later and continued the work with Trillian.

Evidence leader Advocate Matthew Chaskalson then questioned Ramosebudi about a car order in his name that he sent to Wood around the time that Transnet was to recommend a new lead company after removing JP Morgan. Ramosebudi sent an email to Wood, effectively asking him to negotiate a discount on his behalf. Wood, he said, had an association with the Waterfall, Midrand branch of Land Rover. Ramosebudi maintained that this private arrangement was not linked to the relationship the two men shared within Transnet.

Chaskalson asked him if he did not think this was inappropriate, as he was involved in a transaction with Trillian.

"No, because the deal was fair and above board, the loan was fair so there was nothing inappropriate because I was going to pay for the car. I had an accident so I had no car to travel to work; I was looking for a car. I did not see it that way because I have no authority to approve funding, or to approve any payment of a transaction that size. I have a right to source funding for my car anywhere I want to," Ramosebudi responded.

In his view, the arrangement would have been improper if he was to get the car on credit, but this was not the case.

Chaskalson pressed on: "but you wanted them to give you a discount on the car."

Ramosebudi insisted, however, that he could have gotten a discount at any other dealership, outside of his relationship with Wood.

“You were part of those who would make a recommendation in a transaction involving Trillian, now you wanted them to give you a discount on a personal thing. This could have been seen as you asking for a discount and you would influence the recommendation on their favour,” Zondo weighed in.

Ramosebudi responded by saying despite being part of the value chain in the transaction, he did not get the car in the end, so there is no association between the two transactions. Zondo argued that this does not nullify the fact that the attempt was not improper.