

Treasury Sanctions Members of a Significant Corruption Network in South Africa

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Global Magnitsky designations target members of family business engaged in corruption, including bribery and misappropriation of state assets

Washington – Today, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) sanctioned members of a significant corruption network in South Africa that leveraged overpayments on government contracts, bribery, and other corrupt acts to fund political contributions and influence government actions. Specifically, OFAC designated Ajay Gupta, Atul Gupta, Rajesh Gupta, and Salim Essa for their involvement in corruption in South Africa pursuant to Executive Order (E.O.) 13818, which builds upon and implements the Global Magnitsky Human Rights Accountability Act.

“The Gupta family leveraged its political connections to engage in widespread corruption and bribery, capture government contracts, and misappropriate state assets. Treasury’s designation targets the Guptas’ pay-to-play political patronage, which was orchestrated at the expense of the South African people,” said Sigal Mandelker, Treasury Under Secretary for Terrorism and Financial Intelligence. “The Guptas and Essa have used their influence with prominent politicians and parties to line their pockets with ill-gotten gains. We will continue to exclude from the U.S. financial system those who profit from corruption.”

Today’s sanctions announcement demonstrates the U.S. government’s unwavering commitment to supporting the rule of law and accountability in South Africa. We support the anti-corruption efforts of South Africa’s independent judiciary, law enforcement agencies, and the ongoing judicial commissions of inquiry. Moreover, we commend the extraordinary work by South Africa’s civil society activists, investigative journalists, and whistleblowers, who have exposed the breadth and depth of the Gupta family’s corruption.

THE GUPTA FAMILY

Ajay, Atul, and Rajesh Gupta immigrated to South Africa in the 1990s, and due in large part to their generous donations to a political party and their reportedly close relationship with former South African President Jacob Zuma, their business interests expanded. The family has been implicated in several corrupt schemes in South Africa, allegedly stealing hundreds of millions of dollars through illegal deals with the South African government, obfuscated by a shadowy network of shell companies and associates linked to the family.

Credible reports of these corruption schemes include the Gupta family offering members of the South African government money or elevated positions within the government, in return for their cooperation with Gupta family business efforts. Public reporting has revealed Gupta family efforts to garner the cooperation of a potential Minister of Finance by promising millions of dollars in return for the individual's assistance in removing key members of the South African government who were considered to be stumbling blocks to the Gupta family's enterprises. In another instance of an attempt to obtain the assistance of a member of government through illicit means, Rajesh reportedly promised a cut of a large scale development project to a provincial minister in return for the minister's assistance. While making this offer, Rajesh reportedly referred to two other politically powerful individuals present at the meeting as receiving large monthly payments, similar to the one being offered the provincial minister, directly from Rajesh in return for their assistance with a mining project. In addition, the Gupta family was overpaid for government contracts and then used a portion of the proceeds of those overpayments to donate money to a South African political party. Further, the family paid money to a South African government official in exchange for the appointment of other government officials friendly to the Gupta family business interests. As a part of their corrupt business enterprise, South African government officials and business executives discussed ways to capture government contracts and then move the proceeds of those contracts through Gupta-owned businesses.

AJAY GUPTA

Ajay Gupta (Ajay) is being designated for being the leader of an entity that has engaged in, or whose members have engaged in, corruption, including the misappropriation of state assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery.

Ajay is the family patriarch who formulated the family's corrupt business strategies and controlled its finances.

ATUL GUPTA

Atul Gupta (Atul) has materially assisted, sponsored, or provided financial, material, technological support for, or goods or services to or in support of, an entity that has engaged in, or whose members have engaged in, corruption, including the misappropriation of state assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery.

Atul is widely known to have overseen the Gupta family's outreach to corrupt government officials.

RAJESH GUPTA

Rajesh Gupta (Rajesh) has materially assisted, sponsored, or provided financial, material, technological support for, or goods or services to or in support of, an entity that has engaged in, or whose members have engaged in, corruption, including the misappropriation of state assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery.

Rajesh cultivated important relationships with the sons of powerful South African politicians and led efforts to pursue business and relationships in a South African province where corruption was rampant. Rajesh attempted to use at least one of those relationships to seek undue influence with additional members of a South African political party.

SALIM ESSA

Salim Essa, a business associate of the Gupta family, has materially assisted, sponsored, or provided financial, material, technological support for, or goods or services to or in support of, an entity that has engaged in, or whose members have engaged in, corruption, including the misappropriation of state assets, the expropriation of private assets for personal gain, corruption related to government contracts or the extraction of natural resources, or bribery.

As a result of today's action, all property and interests in property of the individuals named above, and of any entities that are owned, directly or indirectly, 50 percent or more by them, individually, or with other designated persons, that are in the United States or in the possession or control of U.S. persons, are blocked and must be reported to OFAC. Unless authorized by a general or specific license issued by OFAC or otherwise exempt, OFAC's regulations generally prohibit all transactions by U.S. persons or within (or transiting) the United States that involve

any property or interests in property of designated or otherwise blocked persons. In addition, any approval, financing, facilitation, or guarantee by a U.S. person, wherever located, of a transaction by a foreign person where the transaction by that foreign person would be prohibited by E.O. 13818 if performed by a U.S. person or within the United States would be prohibited.

GLOBAL MAGNITSKY

Building upon the Global Magnitsky Human Rights Accountability Act, on December 20, 2017, the President signed E.O. 13818, in which the President found that the prevalence of human rights abuse and corruption that have their source, in whole or in substantial part, outside the United States, had reached such scope and gravity that it threatens the stability of international political and economic systems. Human rights abuse and corruption undermine the values that form an essential foundation of stable, secure, and functioning societies; have devastating impacts on individuals; weaken democratic institutions; degrade the rule of law; perpetuate violent conflicts; facilitate the activities of dangerous persons; and undermine economic markets. The United States seeks to impose tangible and significant consequences on those who commit serious human rights abuse or engage in corruption, as well as to protect the financial system of the United States from abuse by these same persons.

To date, the Department of the Treasury has designated 118 individuals and entities under E.O. 13818. This figure is in addition to the numerous human rights- or corruption-related designations Treasury has issued under other various authorities. In total, since January of 2017, Treasury has taken action against more than 680 individuals and entities engaged in activities related to, or directly involving, human rights abuse or corruption.

[Read more information on the individuals and entities designated today.](#)

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