

World

In family's rise and fall, a tale rife with graft

SAHARANPUR, INDIA

The Gupta brothers came to power in South Africa with help from the A.N.C.

BY NORIMITSU ONISHI
AND SELAM GEBREKIDAN

India's most influential guru joined thousands of believers four years ago as the temple's first stone was set in the ground.

It was a glorious day for its builders, the Gupta brothers, the sons of a local shopkeeper who had risen, almost magically, to become one of the richest families a world away in South Africa.

The three brothers had flown back on their private jet to start work on the temple, a 125-foot monument of pink sandstone and white marble.

But one morning last month, as the sun struggled to break through the smog in Saharanpur, their hometown in India's north, the giant yellow crane raising the temple stood still — in limbo, like the brothers themselves.

The Guptas are now in self-imposed exile in Dubai, evading arrest in South Africa, where they stand at the center of a scandal that has already brought down the nation's president and exposed staggering amounts of corruption in the once-legendary party of Nelson Mandela.

Even here in India, the family's legacy — so large that it has been elevated to myth — faces collapse. The new temple, dedicated to Lord Shiva in honor of the brothers' father, is now being investigated for the same kind of self-dealing and fraud the family is accused of mastering in South Africa.

The rise and fall of the Gupta brothers is so improbable that in Saharanpur their story is told like a parable.

The brothers — Ajay, Atul and Rajesh — began by selling shoes in South Africa and swiftly became central figures in the nation's post-apartheid history, outsiders who touched the very pinnacle of political power. Seemingly overnight, they joined the ranks of South Africa's most influential families, playing a leading role in one of the biggest dramas after the end of apartheid: Who is getting rich, and how?

Mr. Mandela's election as president in 1994 set off a scramble by leaders in his party, the African National Congress, to



Clockwise from above: Construction has been halted on a temple dedicated to Lord Shiva being built by the Gupta brothers in their hometown of Saharanpur, India; demonstrating against President Jacob Zuma of South Africa outside the Gupta estate in Johannesburg in 2017; and Ajay Gupta, the oldest of the three brothers, in self-imposed exile in Dubai.



As in other projects, Duduzane Zuma was the Guptas' Black Economic Empowerment partner in the venture. But it was clear he was simply a proxy for the president, said Rajesh Sundaram, an Indian journalist who worked directly under Atul Gupta to start the channel.

In meetings that Mr. Sundaram attended with the Guptas and the president, Mr. Zuma was engaged in the network's launch. Seeing how close the Guptas were with Mr. Zuma, Mr. Sundaram said he once asked Atul, "What if Zuma goes?"

"Well, we've got everyone in our pocket," Atul replied, Mr. Sundaram recalled.

RUINOUS MISCALCULATIONS

As the Gupta brothers prospered, they flaunted it. But two events — both, as it turned out, related to planes — contributed to their undoing.

In 2013, the brothers chartered a plane with about 200 guests from India to attend the extravagant wedding of a niece in Sun City, South Africa's Las Vegas. They invited relatives, friends, businessmen and politicians, mostly from India.

But the brothers miscalculated. Using their political connections, they landed the plane near Sun City — at a military base. Its use by a private family set off a government inquiry, turning the Guptas into a favorite target of opposition politicians eager to expose corruption under Mr. Zuma.

Soon enough, the Guptas were embroiled in another drama, one that pitted them against the Oppenheims, the family dynasty that had been South Africa's most powerful for a century.

The Oppenheims had sold their shares in Anglo American and De Beers for billions. The heirs to the fortune — Nicky Oppenheimer and his son Jonathan — opened an ultraluxury private terminal in Johannesburg's main airport in 2014, with fine dining and a gallery with art for sale.

But the Oppenheims couldn't get permission to handle international flights. Despite countless letters and calls to A.N.C. officials, the Oppenheims were getting nowhere. Eventually, they sued the government, accusing the Guptas of using their political influence to stall the business. The brothers, the Oppenheims said, wanted in on the terminal.

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Mr. Mandela's election as president in 1994 set off a scramble by leaders in his party, the African National Congress, to amass wealth. The early ones succeeded through ties with rich white South Africans. Many others turned to the brothers from Saharanpur.

The Guptas found eager partners at all levels of the A.N.C., from government officials to a sitting president, Jacob Zuma, according to dozens of interviews by The New York Times and information gleaned from government investigators, international auditors, emails from a Gupta company, financial records and court documents.

Seizing on a chance encounter with a South African official in India decades ago, the three brothers cultivated ties to the governing party so expertly that it became difficult to draw the line between their business empire and the president's office.

The Guptas made one of Mr. Zuma's sons a business partner, enabling them to buy a coal mine through government intervention. And they set up a media business that the president himself helped guide, according to officials, company emails and people involved in the ventures. The president responded by handing them control over strategic cabinet selections and the boards of state-owned enterprises.

Now desperate to distance themselves from the brothers, A.N.C. leaders dismiss the family as a legacy of the tainted era of Mr. Zuma, who was ousted in February by his own party.

But the story of the Guptas — who landed in the country a year before the end of apartheid in 1994 and left with Mr. Zuma's fall — is also the story of South Africa under the A.N.C.

The main agent of corruption was the party itself. A.N.C. leaders have siphoned off tens of billions of dollars meant to improve the lives of their most loyal supporters, poor black South Africans.

They have crippled strong government agencies, like the national tax service, to benefit their own bank accounts. Some of the nation's new leaders — the A.N.C. officials promising a new chapter for the country now that Mr. Zuma is out of office — have pocketed money intended for basic services, like schools.

The Guptas helped undermine the nation's democratic institutions. And like generations of foreigners before them, they took their windfall out of Africa, moving it to Dubai and India through a maze of dubious, and at times illegal, transactions, officials say.

And they became so powerful that they clashed with the Oppenheims — the family that once owned the De Beers diamond company and the mining giant Anglo American — whose influence in South Africa had been unrivaled for a century.

But as the Guptas brandished their power, they incited a backlash, not only from ordinary South Africans, but also from a far more powerful constituency: the white-led business establishment



JOAO SILVA/THE NEW YORK TIMES

and its allies, both increasingly worried that the brothers were putting the country's economic health at risk.

The Guptas' intimate role in steering the nation helped set off an electoral revolt that has already cost the A.N.C. control over South Africa's biggest cities and could jeopardize its hold on the presidency.

From his self-imposed exile in Dubai, Ajay Gupta, 53, the oldest brother, denies all wrongdoing. He points out that they face no criminal charges in South Africa, adding that their family empire is now bankrupt.

HUMBLE BEGINNINGS

The father of the Gupta brothers, Shiv Kumar Gupta, owned a tiny shop that sold government rations, or subsidized food, here in Saharanpur. But he nurtured grand ambitions.

One day, Mr. Gupta called over his oldest son, Ajay, to recount a newspaper article on the war between Iran and Iraq. The price of rice had skyrocketed there because, he told his son, all the traders had left the countries.

"But somebody is going in," the father said, Ajay recalled. "He's getting this advantage because there's no competition."

So Ajay, who had already set up a computer import business in New Delhi, followed his father's advice and went looking for opportunities in Russia, China and Singapore.

The middle brother, Atul, went to South Africa in 1993, right before it became a democracy. He kept going back, despite his family's misgivings.

"He alone was the bullish one," Ajay recalled. "He loved the place."

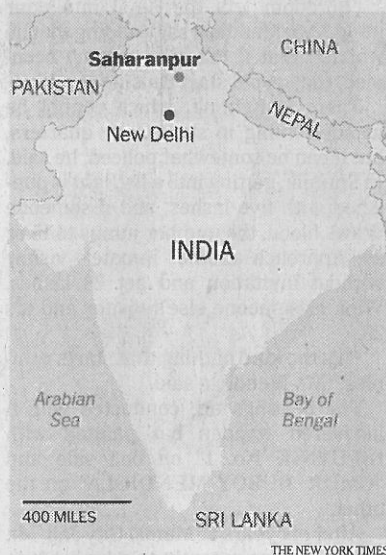
Atul settled in Johannesburg and sold shoes downtown. Then he started a company importing computer parts and assembling them for sale. And by chance, he made a personal connection to the A.N.C. that would prove far more consequential.

During a trip home to India, Atul met a South African of Indian origin in New Delhi: Essop Pahad, the right-hand man of Thabo Mbeki, who was then Mr. Mandela's deputy.

PLANTING NEW ROOTS

When Mr. Pahad met Ajay, he was immediately impressed. Ajay got the big picture in South Africa, and seemed to understand that there was a place in it for the Guptas. In fact, the opening was vast, and Ajay exploited it masterfully.

In the late 1990s, as Mr. Mbeki prepared to become president, the A.N.C. government was worried about the enduring power of white South African businessmen and about the country's dependence on Western nations. Forg-



ing ties with countries like India and China could lessen their influence, Mr. Pahad said.

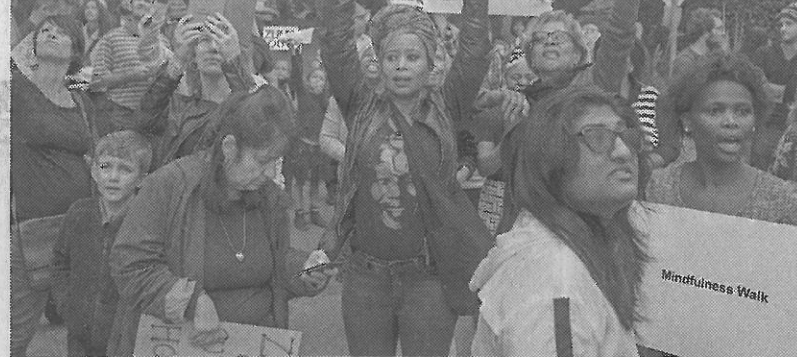
Black South Africans had gained political power. But the white business elite, led by officials at Anglo American, had protected its own interests in the new South Africa. Long before the end of apartheid, Harry Oppenheimer, the head of the mining company, had led efforts to create — and co-opt, some historians say — a black elite.

When Mr. Mandela was released from Robben Island in 1990, Anglo American executives visited him at his home in Soweto. Other businessmen followed, to Mr. Mandela's delight, according to an authorized biography describing how he stayed at the estates of white tycoons and accepted gifts from them.

Mr. Mandela was particularly close to Mr. Oppenheimer, who gave him money, said Michael Spicer, a former executive at the company. Mr. Oppenheimer put together a team of economic advisers for Mr. Mandela. In meetings, A.N.C. leaders joined the country's top white businessmen to set the nation's post-apartheid economic course, Mr. Spicer said. Soon enough, Mr. Mandela, who had supported nationalizing the economy, endorsed pro-business policies.

But after becoming president, Mr. Mbeki moved to dampen the power of white businesses. He created his own group, which met at his residence each month, Mr. Pahad said. It included cabinet ministers, top businessmen, rising stars in the A.N.C. and an unknown figure: Ajay Gupta.

Ajay said he enjoyed the meetings. Mr. Mbeki sometimes even dropped by for lunch. Only a few years after settling in South Africa, Ajay had forged links to the highest levels of the A.N.C., thanks to his friendship with Mr. Pahad.



JOAO SILVA/THE NEW YORK TIMES

In the early 2000s, the brothers got their first big break: They won a large government contract to set up computer laboratories in schools in the nation's richest province.

Then they went on a buying spree, acquiring a struggling information technology company that helped them become one of the biggest computer distributors in South Africa. They later bought a uranium mine, a steel manufacturer and other businesses.

HEDGING THEIR BETS

Even as the Guptas thrived off their ties to Mr. Mbeki's allies, they were reaching out to his archrival, Mr. Zuma, the No. 2 in the party.

The two leaders fought bitterly. So Mr. Pahad, Mr. Mbeki's right-hand man, was surprised to learn that the Guptas had cultivated ties with the other side.

"They were having some function at their home, and Ajay said to me, 'Do you mind if we invite Zuma?'" Mr. Pahad recalled.

Money was an unspoken dynamic in the battle between Mr. Mbeki and Mr. Zuma: Who in the A.N.C. had gotten rich since the end of apartheid? And, perhaps more important, who had not?

Mr. Mandela and some others — including South Africa's current president, Cyril Ramaphosa — became wealthy, in part through connections to white business leaders.

The Guptas hired or became business partners with the sons of powerful A.N.C. politicians, like Mr. Zuma's son Duduzane, and Tshepiso Magashule, the son of Ace Magashule, the party's current secretary general.

It fell to the youngest of the Gupta brothers — the friendly and easygoing

Rajesh, nicknamed Tony — to keep the sons happy. They went to nightclubs together and hung out in the family's compound in Johannesburg.

Tony also took the lead in pursuing business in Free State Province, where corruption had flourished under Mr. Magashule, its leader at the time, A.N.C. officials said.

In an interview, Mxolisi Dukwana, then Mr. Magashule's provincial minister of economic development, recalled how he and his boss went to visit Tony in Johannesburg. The president's son, Duduzane Zuma, was also there, he said.

Tony asked Mr. Dukwana to endorse a large-scale development project in the province, promising him a monthly cut, Mr. Dukwana said.

Tony added that he and the other two men in the room had a similar arrangement in a mining project, Mr. Dukwana said. He recounted Tony's saying that he "personally gave" monthly payments of about \$71,000 each to Mr. Magashule and to the president's son.

"Then he asked them, 'Have I ever failed you?' And they both said no," Mr. Dukwana said.

TIES AT THE TOP

The Guptas also gained great influence over the president and his affairs. According to witnesses in the government inquiry into the Zuma years, the Guptas had a say in choosing ministers, or even offered positions to candidates directly.

Duduzane Zuma helped the Guptas expand beyond mining. They started a newspaper and a television news station, ANN7, that thrived on government advertising, which their political connections easily secured.



SALMYA KHANDELWAL FOR THE NEW YORK TIMES

The Gupta family home in Saharanpur. The Gupta brothers' father owned a tiny shop that sold government rations, but he harbored grand ambitions for his sons.

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According to court documents, the Guptas sent a message to the Oppenheims that they had "the wrong BEE partner" — referring to the Black Economic Empowerment program. If the Oppenheims chose a partner endorsed by the Guptas, the documents said, their "problems would go away."

The last straw was another appointment: In late 2015, Mr. Zuma chose an unknown lawmaker — considered close to the Guptas — as finance minister. Alarmed, the business establishment and its A.N.C. allies struck back, forcing Mr. Zuma to remove the minister after only four days.

Within weeks, a major South African bank cut ties with the Gupta family. The country's other big banks followed.

LAST FLIGHT OUT

The Guptas were getting nervous. Their most powerful ally, Mr. Zuma, was scheduled to step down as the A.N.C.'s leader in late 2017. The brothers would soon find out whether they had eggs in more than one basket.

The race to succeed Mr. Zuma was tight. His former wife Nkosazana Dlamini-Zuma appeared to have a slight edge over her rival, Mr. Ramaphosa, the favorite candidate of the business establishment.

The Gupta empire was getting squeezed. Locked out of banks, the brothers could not pay their employees or debts. Their only public company was delisted from the Johannesburg stock exchange. South African companies, big and small, refused to do business with them. Cornered, they sold a mining company and their media empire in quick succession. Many of their companies filed for bankruptcy protection and are now managed by outside supervisors.

Everything might have worked out for them had Mr. Zuma's ex-wife won. But one of her supporters, David Mabuza — who had become a kingmaker by diverting government money to finance his political rise — flipped his votes at the last minute, handing Mr. Ramaphosa a slim victory.

South Africans, predicting the end of the Guptas, began tracking the family's prized Bombardier Global 6000 jet as it traveled to Dubai, Russia, Switzerland and elsewhere.

On Feb. 4, the Guptas turned off the jet's GPS tracking device, according to Canada's export credit agency, which had lent the Guptas \$41 million to buy the Bombardier. The agency sued to get the plane back, saying the Guptas might use it "to escape justice."

Ten days later — on the day Mr. Zuma finally gave up and resigned as South Africa's president — law enforcement officials raided the Gupta estate in Johannesburg.

On Feb. 6, Ajay boarded an Emirates red-eye flight to Dubai, airport officials later confirmed. The plane banked north and flew up the continent's eastern coast, taking him out of Africa.

Suhasini Raj contributed reporting from New Delhi.