



# Presentation on Steinhoff International Holdings NV to the Select Committee on Public Accounts (SCOPA)

06 July 2021





# Serious Commercial Crime Investigation

## Steinhoff International Holdings N.V.

### Case (CAS) numbers

- Stellenbosch 226/12/2017
- Stellenbosch 347/12/2017
- Sandton 371/12/2017
- Sandton 612/08/2018
- EOU Enquiry Number 2/09/2018 (Sec 34)
- Sandton 417/11/2020

### Offences

- Fraud
- Contraventions of PRECCA
- Contraventions of POCA
- Contraventions of the Companies Act
- Contraventions of the Financial Markets Act

### Entity/ Individuals involved

- Individuals linked to Steinhoff

### Financial Prejudice

- 6.5 Billion Euros

### Number of statements obtained

- 288



# Serious Commercial Crime Investigation

## Steinhoff International Holdings N.V.

### Background/ allegations

- ❖ **Steinhoff International Holdings** N.V. is a company registered in the Netherlands with secondary listing on the Johannesburg Stock Exchange (J.S.E). It is a holding Company for Steinhoff Investment Holdings Ltd (SA) which is also listed on the J.S.E.
- ❖ Four complaints (dockets), have been received together with a report in terms of Section 34 (1) of the Prevention and Combating of Corrupt Activities Act of 2004 (PRECCA), relating to the Steinhoff matter. These investigations have since been combined into one criminal investigation, namely, Sandton CAS 612/08/2018.
- ❖ The allegations are that Steinhoff Investments Holdings Ltd (SA) has been submitting false, misleading and/or deceptive financial statements in order to attract investors, in contravention of the Financial Markets Act.
- ❖ Upon the allegations becoming known during December 2017, the value of the shares dropped significantly, resulting in substantial prejudice to the investors.
- ❖ Steinhoff reported the matter to DPCI in terms of Section 34 of PRECCA, and also appointed PWC to establish the extent of the financial irregularities.

### **Audit Report by PWC**

- ❖ PWC report was analysed by the Investigation Team and prosecutors. PWC found that, amongst others, a small group of Steinhoff Group former Executives and other none Steinhoff Executives, led by a Senior Management Executive, structured and implemented various transactions over a number of years which had the result of substantially inflating the profit and asset value of the Steinhoff Group over an extended period.
- ❖ The PWC report was in an accounting driven format which primarily addresses accounting irregularities. It is not a report that is focussed on criminality and criminal court process.
- ❖ On 1<sup>st</sup> April 2020, PWC forensic accountants, were appointed by DPCI, with a detailed mandate to investigate and prepare a report which will focus on criminality and criminal court process.
- ❖ On 30<sup>th</sup> April 2021 the investigation team received a draft forensic report from PWC (31 Arch lever files). Currently the investigation team and prosecutors are studying the report, identifying potential witnesses to be interviewed, and Mutual Legal Assistance requests to other countries for evidence that should form part of the final forensic report.

## **Status of the investigation (Main Docket – Sandton CAS 612/08/2018)**

- ❖ A total of two hundred and forty eight (248) statements have been filed in the docket which include the following:
  - Affidavits obtained from witnesses.
  - Subpoenas in terms of Section 205 of the Criminal Procedure Act (CPA), served to the banks.
  - Statements in terms of Section 236 of the CPA, obtained from the bank officials with bank records.
  - Affidavits in terms of Section 212 of the CPA.

## Status of the investigation (Insider Trading – Sandton CAS 417/11/2020)

- ❖ A total of forty (40) statements have been filed in the docket which included the following:
  - Affidavits obtained from witnesses.
  - Subpoenas in terms of Section 205 of the CPA, served to the banks and cell phone service providers.
  - Affidavits in terms of Section 236 of the CPA, obtained from bank officials with bank records.
  - Affidavits in terms of Section 212 of CPA regarding entities involved.

## **Outstanding Investigation: (Main Docket – Sandton CAS 612/08/2018)**

- ❖ Final Forensic report which will include evidence collected from other countries through mutual legal assistance.
- ❖ Twenty three (23) witness statements identified through audit process
  - Nine (9) witnesses within South Africa
  - Fourteen (14) in other countries (Germany, France, Australia and United Kingdom)
- ❖ Thirty Three (33) foreign bank account statements identified by the audit process (Germany, Austria, Poland, Switzerland, France, Australia and United Kingdom)

## **Outstanding Investigation: (Insider Trading– Sandton CAS 417/11/2020)**

- ❖ Three (3) statements outstanding.
  
- ❖ Meeting with **Multi-Disciplinary Partners** is ongoing including the AFU .



Thank You