



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

17 March 2021



Presented by the National Head of the Directorate for Priority Crime Investigation (DPCI):
Lieutenant General (Dr/Advocate) SG Lebeya



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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

- 220



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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, let 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.
- ❖ PWC report in its current format is an accounting driven report which primarily addresses accounting irregularities. It is not a report that is focussed on criminality and criminal court process.
- ❖ On 1st 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.

Serious Commercial Crime Investigation Steinhoff International Holdings N.V.

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

- ❖ A total of two hundred and twenty (220) 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).
 - Statements in terms of Section 236 of the Criminal Procedure Act.
 - Affidavits in terms of Section 212 of the Criminal Procedure Act (CPA).
- ❖ Monthly case plan meetings with the prosecutors on-going.
- ❖ Meetings with multi-disciplinary partners ongoing.
- ❖ Appointed auditors give monthly progress report to Investigators and prosecutors.
The report is 70% complete.
- ❖ Assets Forfeiture Unit of the NPA is on board.



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

- ❖ A total of six (6) statements have been filed in the docket which included the following:
- ❖ Monthly case plan meetings are done jointly with main case.
- ❖ Meetings with multi-disciplinary partners on-going.
- ❖ Assets Forfeiture Unit of NPA is on board.

Serious Commercial Crime Investigation

Steinhoff International Holdings N.V.

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

- ❖ Final Forensic report which is likely to reveal more witnesses to be interviewed.
- ❖ 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)

- ❖ Four (4) affidavits from financial brokers (all four statements are already in a draft stage)



Multi-Disciplinary Partners

- ❖ Financial Sector Conduct Authority (FSCA)
- ❖ South African Reserve Bank (SARB)
- ❖ Johannesburg Securities Exchange (JSE)
- ❖ National Prosecuting Authority (NPA)
- ❖ Financial Intelligence Centre (FIC)
- ❖ Asset Forfeiture Unit (AFU)



Thank You



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