

Doubt cast on Wiese's R59bn Steinhoff suit

Veteran businessman Christo Wiese's Titan Group has instituted a R59bn claim against the Steinhoff group, citing cash investments made between 2015 and 2016. A **Business Day** report, quoting a Wiese statement, says the companies are claiming cancellation of an agreement entered into with Steinhoff International Holdings in 2015, 'whereby the Titan Group subscribed for shares in Steinhoff following the acquisition of Pepkor Ltd from the shareholders of Pepkor'. They are now claiming repayment of the subscription amount. A second claim 'relates to the Titan Group's capital injection into Steinhoff in 2016 to enable it to meet its debt obligations at the time of its acquisition of Mattress Firm in the US', says the statement. Armand Kersten, head of European relations at VEB, which has instituted legal action against Steinhoff on behalf of a group of shareholders, said Wiese's move would only have been taken after lengthy discussions with lawyers. **'Perhaps he has a chance, but in terms of Dutch law from the moment he was a member of the Steinhoff board he had joint and several responsibility for the company,'** said Kersten. 'There is clear case law on this,' Kersten reportedly told **Business Day**. Even if Wiese were to claim he had entered into the transactions under 'legal error' (that is, he had been misled in terms of the transaction), as a supervisory director, he would still have a certain liability for any wrongdoing ascribed to the company, Kersten said. The report notes VEB has instituted legal action against Steinhoff on behalf of shareholders, and is also seeking to hold auditors Deloitte, and various banks, liable for shareholder losses.

Wiese's claim will give him a seat at the table when the restructuring of the ailing group is negotiated, says another **Business Day** report. While most Steinhoff shareholders expressed surprise at the summons, a few were sympathetic and said legal action was the obvious route to take if Wiese believed he was innocent. **However, several shareholders said they were appalled by what they called an 'opportunistic' move to reclaim the initiative.** The report notes Wiese's legal action, which contends that his investment decisions were based on 'misleading information', is at odds with the general perception that he had a controlling influence on Steinhoff and that many of the investment decisions were designed to benefit him.

Steinhoff says it will 'assess the claims and determine the appropriate course of action'. In an update to shareholders on Thursday afternoon, Steinhoff confirmed that companies connected to Wiese had served summons, according to a report on the **Fin24** site. Wiese reportedly told **CNBCAfrica** in an interview that he watched Steinhoff for two years before making the investment. According to Wiese, he evaluated the management systems and 'everything appeared to be in order'. Wiese said he would love to have Pepkor back, but it is part of Steinhoff Africa Retail (STAR), and Steinhoff is the main shareholder of STAR. **'The action does not affect STAR at all. The action is against the shareholder in STAR, which is Steinhoff,'** said Wiese. He added that he could not 'postulate' whether Steinhoff would fight back, as Steinhoff would have to make its own decision on how to handle the matter.