



# Presentation on Steinhoff to the Standing Committee on Finance (SCOF)

4 September 2019

**Presented by the Acting National Head of the Directorate for Priority Crime  
Investigation (DPCI)**

**Lieutenant General Y Matakata**

# Presentation Overview

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## Introduction

- To apprise the Standing Committee on Finance (SCOF) on the investigation relating to Steinhoff International Holdings N.V.
- The presentation is a joint compilation by the DPCI and the National Prosecuting Authority (NPA)
- The DPCI and the NPA has previously presented to the Committee on the investigation.
- The nature and the sensitivity of the investigation necessitates that information provided in this presentation be limited in order to avoid the investigation from being compromised.

**The team comprises of the following:**

### **Directorate for Priority Crime (DPCI) Members**

Investigations are conducted by Serious Economic offences Unit, Section Head at the level of a Brigadier and the investigation team has seven members.

### **National Prosecuting Authority : Prosecutors guiding on the investigation**

- Three Advocates based at Specialised Commercial Crimes Unit Pretoria are guiding the investigations.
- Case Plan meetings between Investigators and Prosecutors are conducted every second week.

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### **Multidisciplinary Partners :**

- Financial Sector Conduct Authority (FSCA)
- Asset Forfeiture Unit (AFU)
- Financial Intelligence Centre (FIC)
- South African Reserve Bank (SARB)
- Johannesburg Securities Exchange (JSE)
- Companies and Intellectual Commission (CIPC)
- Independent Regulatory Board for Auditors (IRBA)

**Steinhoff International Holdings** N.V. is a company registered in the Netherlands with secondary listing on the Johannesburg Securities Exchange (J.S.E). It is a holding Company for Steinhoff Investment Holdings Ltd (SA) which is also listed on the J.S.E.

To date 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, 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

## Case (CAS) numbers

- Stellenbosch 226/12/2017  
Stellenbosch 347/12/2017  
Sandton 371/12/2017  
Sandton 612/08/2018
- SEOU Enquiry Number 2/09/2018/(Sec 34 Report)

## Offences

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

## Entity/ Individuals involved

- Individuals linked to Steinhoff
- Entities linked to or may have transacted with Steinhoff

## Financial Prejudice

- Approximated at 6.5 billion Euros

## Number of statements obtained

- 60

## Prejudice suffered

- Irregular transactions amounting to **6.5 billion Euros** have been identified but the amount may still change as the investigation unfolds.
- The transaction involve entities in South Africa and abroad.
- **Four (4)** companies from a total of sixty (60) are registered in South Africa.



## Status of the investigation

Sixty (60) statements have been filed in the docket relating to the following:

- Subpoenas served in terms of Section 205 of the Criminal Procedure Act (CPA) served on bank accounts and bank information received authenticated by statements in terms of Section 236 of the CPA.
- Affidavits obtained from witnesses.
- Affidavits in terms of Section 212 of the CPA with registration documents for entities involved.

## Status of investigation

During **May 2019 to June 2019**, the investigation and prosecution team analysed the PWC report.

The report consists of **152** arch lever files , with pages in excess of **3 150**.

Annexures to the report are in excess of **4 000** documents.

## Findings by PWC Report

The alleged inflation of SIH profits and/or asset values through the recording of fictitious or irregular transactions happened over a number of years **(2009 to 2017)**

Certain executives from Steinhoff at the time colluded with external third parties in various International jurisdictions during the execution of the fraudulent transactions.

Various **complex flow of funds** took place through various National and International accounts that are to be investigated.

**Bonuses paid** to the Executives based on the **misrepresented performance** of Steinhoff.

## Way forward

- The investigation is on going.
- The team is to further engage with internal and external role-players.
- In excess of thirty statements of potential witnesses identified in the case plan which have to be obtained.
- Mutual Legal Assistance are to be processed.

*Thank You*