

Steinhoff investors ask to join Dutch lawsuit

By [Ann Crotty](#)

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The Dutch Investors Association (VEB) says it has been approached by many South African-registered Steinhoff shareholders interested in participating in its class action against Steinhoff.



Image credit: IOL

News that the well-resourced VEB is prepared to fight for South African shareholders adds to the mounting woes facing the world's second-largest furniture retailer.

On Thursday, Steinhoff's share price dived another 10.6% to close at R6.75 as general market sentiment was hit by recurring waves of uncertainty.

Armand Kersten, head of European relations at VEB, told *Business Day* the association initiated action on 7 December following Steinhoff's announcement that it had launched an investigation into accounting irregularities and the subsequent collapse in its share price.

The European Investors' Association is also participating in the legal action.

Dutch law, which is important in this case because although Steinhoff's primary listing is in Frankfurt, its head office is in Amsterdam, gives the VEB extensive powers to take legal action against a company and its directors. The power includes

making the action accessible to Steinhoff shareholders across the globe.

However, before legal action can be initiated, the VEB is required to attempt to negotiate a settlement with Steinhoff. To this end, it sent a letter to the company on December 7, saying it held the company, its management board and its supervisory board responsible for the losses incurred by Steinhoff shareholders caused by the alleged fraud and misleading statements. It demanded a formal reply from Steinhoff by 22 December 2017.

In its reply, Dutch counsel for Steinhoff said the 22 December deadline was unreasonable. It requested that the VEB postpone any further action until more information had been garnered by PwC's investigation. Steinhoff's counsel intimated more information might be available around mid-January.



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Kersten said the VEB was unhappy about the lack of any useful information from Steinhoff and its apparent lack of willingness to engage with the VEB. It is concerned the mid-January deadline may not produce anything substantial. "We're seriously considering if we're willing to live with :D:the delay they asked for."

The action is being taken in terms of the Dutch civil code, which gives the VEB global jurisdiction and means it can act on behalf of shareholders from any country.

"Article 3:305a(2) also gives us the right to sue before the courts on behalf of an unidentified group of investors," Kersten said. At a later stage in the proceedings the court would want some of the entities to be identified.

The VEB is a decades-old not-for-profit organisation that aims to strengthen the position of investors in Europe. It has its own in-house lawyers and claims to have a solid track record litigating class actions on behalf of investors who have incurred losses due to fraud, deceit or mismanagement.

It charges no upfront costs to shareholders who want to participate but does levy a 9% success fee. Kersten said its legal action against Steinhoff would initially be focused on the company but at a later stage might extend to other parties. Other parties are likely to include directors and advisers.

A class action has also been filed in the Frankfurt district court on behalf of German investors.

Steinhoff did not respond to a request for comment.

Meanwhile, Steinhoff Africa Retail announced on Thursday that independent nonexecutive director Vusi Khanyile had resigned from the board with immediate effect. It gave no reason for the resignation.

Source: *BDpro*