

THE PRAGUE POST

Business

online

[News](#)

[Business](#)

[Feature](#)

[Opinion](#)

[Tourist
Info](#)

[Classifieds](#)

Wednesday, August 13, 1997



Photo Matt Carr
The Prague Post

Trend VIF executives mount Kotva takeover

By Alex Friedrich

A group of Kotva minority shareholders, recently installed by court mandate to the department store's board of directors, have sacked general director Pavel Klimes and vowed to turn the failing company around.

"Changes will have to be made," said new board member John Moffitt, head of the plundered investment fund Trend VIF. "I'll do anything it takes to make the company profitable."

Moffitt and a group of fellow minority shareholders marched into Kotva's executive offices Aug. 4. Just hours before, a superior court had recognized their board of directors as the legitimate Kotva leadership, over the claims of a board set up by rival shareholders.

Though they couldn't find Klimes, the new board members set up an impromptu press conference and publicly informed a startled Jiri Schonbach -- Kotva's personnel director the highest-ranking store executive present -- that they were now in charge.

"Well, I guess there's nothing we can do about this," said Schonbach gravely as he studied the court document. "We'll have to respect the court's decision."

Winning legal recognition was an important victory in Trend's struggle with the Cyprus-based Forminster Enterprises for control of the store. The dispute over control of Kotva caused chaos in the last two shareholders' meetings and led to the formation of the two competing boards of directors.

Forminster attorney Petr Toman said he is appealing the court decision.

Kotva stock used to be one of the jewels in Trend's portfolio. But along with other Trend holdings, the Kotva shares were sold to Forminster early this year, shortly before the fund's former managers went to jail for embezzlement.

Since then the Kotva jewel has lost its luster. The department store lost 15 million Kc (\$441,000) in 1996, and another 10 million Kc in the first half of this year.

"This is unacceptable," said Moffitt. He and his colleagues will bring in outside consultants to pore over Kotva's books to see what has gone wrong.

New Kotva Chairman Jan Syka, portfolio manager of Kapitalova investicni spolecnost Ceske pojistovny, holder of 11 percent, said caution is still necessary.

"I'm happy about the decision, but we shouldn't get ahead of ourselves until we know what [Kotva's] assets are."

The court won't decide for another year or two who owns the shares. But Moffitt said the recent legal recognition sets an important precedent -- that the court rejected the other board because it acknowledged that the shares Forminster bought had been stolen.

Toman, however, said the issues of board membership and share ownership are legally unrelated, and that Trend's chances of winning the shares in court haven't improved.

Toman said Forminster will soon call an extraordinary shareholders' meeting, but wouldn't say when or why. Kotva's new board members said they believe Forminster reps will try to vote them out later this month, though they say Forminster now has no legal authority to do so.

Forminster still owns 56 percent of the department store, but Trend officials say that includes a 32 percent stake stolen from them by former Trend manager Hradec Kralove-based KHB brokerage.

Trend lost 1.2 billion Kc in assets while under KHB control and was put under forced administration at the end of last year. KHB head and former Trend Chairman Miroslav Halek was arrested and charged with fraud on March 6. Several KHB directors are currently in jail, including three other former Kotva board members connected to KHB.

Moffitt and his colleagues say Forminster was acting as a front organization when it bought the shares.

Trend officials told reporters that a company called Duna, a Forminster shareholder founded by French executive Alain Baudin, is being investigated in France under suspicion of misusing French government donations to support handicapped people.

Forminster owner Jean-Pierre Coutard and Baudin have founded a number of companies, Moffitt said, all of which are insolvent.

More in business

- [Expandia would have you visit your money virtually](#)

[*Back to Top*](#)

[*Home*](#)

[Back to archive contents](#)