



AKRO investiční společnost, a.s. (AKRO), hereby announces that on 27 May 2020 it filed a complaint with the European Court of Human Rights (ECHR) in Strasbourg against the decisions of the courts of the Czech Republic in the matter of the claim for compensation for the maladministration of the Czech authorities in connection with the theft of the property of the C.S. Funds in March 1997. AKRO, which administers the former C.S. Funds and which has been attempting to obtain compensation for investors from the Czech Republic for over 20 years, has filed a complaint against the course of action of Czech courts that infringed upon the property rights of the unit-holders of the former C.S. Funds as well as upon the right to a fair trial under the European Convention on Human Rights.

Initially, the authorities of the Czech Republic took part in the theft of the C.S. Funds' assets in March 1997 by their maladministration. Specifically, the theft was made possible by an illegal notarial deed and then by the Financial Analytical Unit of the Czech Ministry of Finance failing to block the transfer of stolen money abroad despite being warned that the transaction was suspicious. The subsequent delay by the Ministry of Finance, at that time the market regulator, to file a criminal complaint further made both the retrieval of the stolen money and apprehension of the main perpetrators extremely difficult.

In proceedings that lasted for almost 20 years, the courts subsequently thwarted the attempts of AKRO to obtain for the funds any compensation for the Czech authorities' maladministration. In 2012, i.e. 15 years after the commission of the actual crime, the Ministry of Finance paid the former C.S. Funds more than CZK 2 billion (approximately EUR 74 million) of compensation based on the then effective judgment of the Prague Municipal Court. However, the judgment of the Prague Municipal Court was subsequently quashed for the third time by the Czech Supreme Court in 2014. The plea was concluded in November 2019 by the decision of the Czech Constitutional Court that accepted the previous judgments according to which AKRO was ordered to return the entire sum of the compensation already received from the Czech Republic. This extraordinary outcome, years after compensation had already been paid, was based on a reassessment of the statute of limitations that concluded that AKRO's claim on behalf of investors was in fact statute-barred. This despite lower courts, twice at the start of proceedings, concluding that AKRO's claim wasn't statute barred. At the critical 2018 Prague 6 Court hearing all the State's evidence related to the statute of limitations was admitted while none of AKRO's evidence was, with AKRO's proposed evidence being deemed by the judge "superfluous".

In addition to that, the courts ordered AKRO to pay the Czech Republic late interest exceeding the sum of CZK 700 million for the period AKRO's funds had held the compensation. The perverse outcome of this case, whose history stretches back almost 25 years, is that the Czech



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AKRO investiční společnost, a.s., byla dne 8. října 1993 řádně zapsána do obchodního rejstříku vedeného Krajským obchodním soudem
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Republic, with the help of its judicial system, has managed to avoid any responsibility whatsoever for the maladministration of its authorities which resulted in the theft of the C.S. Funds' assets. On the contrary, the Czech State has rewarded itself for its own malfeasance, inconsistent judgements, and delays in hearing the case with late interest of more than CZK 700 million that it is now enforcing.

Ing. Jiří Trávníček, the Chairman of the Board of AKRO, has commented on the outrageous outcome of the case and the filing of the application with the ECHR: "The Czech State has taken part in the theft of the C.S. Funds' assets in two steps. First of all, in 1997 the State made the theft of the funds' unit-holders' assets worth CZK 1,236 billion (EUR 45.8 million) possible. Subsequently, this same State, instead of apologizing and providing compensation to the 60,000 affected unit-holders, whose investment into the C.S. Funds had been stolen, taught them a lesson by ordering the payment to the Ministry of Finance of CZK 717 million in late interest. The former C.S. Funds' assets are thus once again equal to zero. The filing of the complaint with the ECHR is our latest move in the more than twenty-year long fight over whether the investors will receive any compensation for the loss suffered as a result of the Czech State's maladministration."

AKRO investiční společnost, a.s.

For the background of the entire case, please refer to the article "Do Investors in the Former CS Funds Hold a European 'Trump Card'?" published in the Prague Post in January 2020: <https://www.praguepost.com/opinion/do-investors-in-the-former-cs-funds-hold-a-european-trump-card>

For further clarifications related to the legal aspects of the case, please contact the attorney for AKRO, JUDr. Jiří Voršilka: jiri.vorsilka@vsp-ak.cz (in Czech), or Mgr. Daniel Kinkor, LL.M.: daniel@kinkor.cz (in English).



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