



Executive summary

The Inquiry Committee tasked with conducting a Closer Investigation into Buma/Stemra (Onderzoekscommissie Nader Onderzoek Buma/Stemra) has reviewed the operation of Buma/Stemra. This inquiry, carried out at the behest of the Supervisory Authority of Collecting Societies of Copyrights and Neighbouring Rights (College van Toezicht collectieve beheersorganisaties Auteurs- en naburige rechten - CvTA) was prompted by previous audits and media reports of possible punishable offences. The Committee consists of drs. L.J.E. (Leo) Smits and prof. mr. dr. J.W. (Jaap) Winter.

The Committee concludes that there were no irregularities of note, in the way as singled out as potentially punishable offences in the opinion delivered by law firm NautaDutilh, which is based on findings made by accounting firm BDO. This relates to advance payments as set out in the relevant agreement between Buma/Stemra and the supplier, and the processing of invoices for services which had not yet been delivered in full at that point in time. In response to other findings in the audit performed by BDO, the Committee equally finds that no irregularities of note took place. This relates to the account rendered for expenses posted in Buma/Stemra's accounts, the distribution of licence fees collected abroad, withdrawals from a pension deposit scheme, compliance with the Standards for Remuneration Act (Wet Normering Topinkomens), expense notes from staff as well as the rental of an office building in The Hague. The Committee has not been convinced that a forensic investigation of individuals was necessary to shed clarity in these matters.

However, the Committee does have concerns regarding the functioning of the financial function at Buma/Stemra. Further to the appointment into office of the current CEO in June 2016, a rift developed between him and his management team. It struck the Committee to see that all key figures within the financial function have left Buma/Stemra. In-house know-how was traded in for hired outside know-how. In this

connection, it has become clear to the Committee that a problematic relationship developed between the CEO and senior post holders within the financial function. According to the Committee, this has been one of several factors which conspired to produce a threatening situation to Buma/Stemra.

In response to reports on expenditures made by the CEO, the Committee examined details thereof which had been previously gathered. Substantial purchases in the area of personal ICT equipment are noteworthy in this respect. All expense notes carried the approval of the Chairman of the Board. It is unclear to the Committee which standards were adopted to approve the expense notes entered by the CEO. The Committee found that the appointment into office of the current CEO was preceded by a strict selection procedure. However, it proved difficult to ascertain how he came to occupy a previous post with Buma/Stemra in 2007. A major reason for this is the fact that a lot of documents, such as his letter of application and copies of qualifications, were absent from his personnel record file.

Lastly, the Committee examined the relationship between Buma/Stemra and the Buma Culture Foundation (Stichting Buma Cultuur) in response to an unexpected liquidity deficit at Buma Culture. This deficit arose in early 2017 as a result of a shortfall in 2016 for the Amsterdam Dance Event, an activity organised by Buma Culture. The Committee believes that this financial problem could largely have been absorbed by the Buma Culture Foundation itself in early 2017, given the foundation's financial resources, combined with advance funding by Buma/Stemra.