We have specifically removed items on page 13 and page 57 that we have been made aware of the inaccurate translations on.
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You should also be aware that we have NOT necessarily included all the information we have found on the company or companies covered by this report.

Should you be motivated to undertake a transaction after reading this report you should seek the advice of appropriate qualified and experienced securities professionals.

Any conclusions contained herein are the opinion of Zatarra and are based on interpretation.
"On account of the criminal investigation initiated against a private individual [Schütt] in the U.S., untrue and wholly unfounded allegations are being spread concerning the business practices at Wirecard Group. The private individual mentioned in the article was not and is not associated in any manner whatsoever with the Wirecard Group.

Wirecard AG unequivocally and sharply repudiates any allegations giving rise to a suspicion of money laundering.

Moreover, Wirecard AG commissioned an international law firm of note to safeguard its interests by taking legal action against the Internet portal concerned and possibly other persons involved."

Wirecard press release March 30, 2010
Summary of Findings

- Evidence shows that Wirecard Senior Officers and Board Members committed money laundering and facilitated the evasion of U.S. restrictions on internet gambling. This activity has continued since “Black Friday” in 2011.¹
- In addition to breaking U.S. laws, Wirecard, its Officers and affiliates have been defrauding Visa and MasterCard.
- We believe the repercussions of Wirecard’s unlawful activities will result in sanctions by the U.S. authorities, European regulators and credit card companies, which will all receive a copy of this report.
- The conduct of Wirecard’s Senior Officers, their criminal actions and the Executive Board’s gross negligence leaves equity holders with worthless paper.

Executive Summary

Wirecard’s management deceived the U.S. authorities and shareholders when it unequivocally repudiated the allegations that gave rise to a suspicion of money laundering.²

Wirecard’s former COO, Rüdiger Trautmann, incorporated numerous undisclosed companies whilst at Wirecard, one of which was associated with the companies and individuals that breached the U.S. Wire Act and laundered money.

Wirecard’s “consultant” and former Chairman of the Board, Jochen Hochrein, controlled an additional company that transferred money to the same companies and individuals that breached the U.S. Wire Act and laundered money.

Wirecard’s subsidiary, Wirecard Payment Solutions, former CEO, Dietmar Knöchelmann, is awaiting prosecution by the Israeli judiciary for money laundering and corporate fraud, committed during the period whilst CEO of Wirecard Payment Solutions.³

Significant and new evidence shows Wirecard’s involvement in violating U.S. restrictions on internet gambling contrary to its denial of its involvement in an investigation in 2010. Wirecard is at serious risk of prosecution and sanction by the U.S. authorities. The Department of Justice Statute of Limitations for these crimes extends to ten years.⁴ Further, evidence shows that Wirecard continues to facilitate the evasion of U.S. restrictions on internet gambling.

The implications of using fraudulent methods to process payments and evade U.S. restrictions on internet gambling has previously resulted in fines and return of capital totaling $731 million (PokerStars), where settlement was reached in response to civil charges brought by the U.S. Government.⁵

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¹ The date on which the United States brought its federal criminal case against the founders of the major online poker companies is commonly referred to by the online poker community as “Black Friday”.
² Wirecard AG repudiates false allegations - March 30, 2010
³ Prosecutors may indict credit card issuer Cal, six people for fraud
⁵ Manhattan U.S. Attorney Announces $731 Million Settlement of Money Laundering and Forfeiture Complaint with PokerStars and Full Tilt Poker
Evidence suggests CEO, Markus Braun and CFO, Burkhard Ley, were aware and complicit in Trautmann and Knöchelmann’s schemes.

Evidence suggests that while Trautmann and Knöchelmann have ‘officially’ left Wirecard, unofficially they remain interlinked with Wirecard’s activities.

Wirecard’s Asia Pacific business practices resemble the criminal conduct described above. It is widely known that Wirecard’s revenues rely on significant ‘high risk’ transaction volumes. However, evidence demonstrates that Wirecard’s Asia Pacific operation is undertaking a deliberate and premeditated scheme to defraud Visa and MasterCard. Wirecard obfuscate payment jurisdiction and associated merchant risk, to circumvent high risk categorization and authentication requirements within the Visa and MasterCard network.

Asia Pacific merchant customers of Wirecard are presented with the ability to create ‘mirror’ companies in the United Kingdom, Switzerland and Lichtenstein⁶⁻⁷ - creating an inaccurate level of country and merchant risk. This restricts a regulator’s ability to monitor the real origin, source and nature of payment transactions. The essence of ‘Know Your Client’ and all elements of merchant compliance appear to be ignored to enable Wirecard to imply or fabricate growth.

Incredibly, we discovered that Wirecard has hosted adult content related domains on its servers, whilst its Asia Pacific Risk and Compliance Officer, Arnold Marcellana, registered poker domains to his name.

Evidence shows that a number of affiliated payment service companies have been created by Wirecard employees. Examples, being www.uni-channel.com, www.paylockglobal.com. We believe this pattern is occurring in order to maintain the growth elements of the company that would not otherwise be achieved.

We believe that by Wirecard defrauding Visa and MasterCard, it will result in the termination of Wirecard’s membership agreements with Visa and MasterCard.

Wirecard has consistently acquired businesses for significantly greater than apparent value. These have been purchased from former employees and other individuals that have questionable resumes, including full censures for fraud, allegations of fraud, and ties to money laundering.

The previous owners of Wirecard UK & Ireland, Dietmar Knöchelmann and John Carbone, have ties to online gambling and were involved in disputes where assets were obtained through “…deceit, fraud, misrepresentation and duress⁸⁻⁹”.

Evidence reveals Wirecard purchased Krores, a prepaid card issuer, from Dietmar Knöchelmann and Rüdiger Trautmann, the former CEO of Wirecard Payment Solutions and COO of Wirecard AG, respectively. This indicates that Wirecard’s CEO, Markus Braun, and CFO, Burkhard Ley, were fully aware of Knöchelmann and Trautmann’s undisclosed network of companies as Krores is included in this network.

We believe that former and current employees have benefited from other such acquisitions where there is little or no value in the acquired business.

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⁶ Uni-Channel.com via Wayback Machine
⁷ Paylockglobal.com via Wayback Machine
⁸ Online gambling company accuses Toronto businessmen of crime
⁹ Threats, pressure used to take over BingoWorkz
Wirecard acquired Asia Pacific E-Serv Corporation where Esther Magleo was a founder, and implicated in customs fraud in the late 2000s, whilst continuing in employment as CFO of Wirecard Asia Pacific\(^{10,11,12}\).

The real founder and likely underlying selling shareholder of Wirecard’s recent €340 million\(^{13}\) acquisition, GI Retail, is Usman Fayaz. Fayaz has recently been censured by the Securities and Exchange Board of India (SEBI) for corporate fraud. Fayaz and the disclosed sellers, Ramu and Palaniyapan Ramasamy, directly reported to an individual\(^{14}\) prosecuted in India for money laundering and running lottery scams. The logic of this acquisition, the activities of the acquired operations and its purchase price raise significant concerns.

Due to significant risk of prosecution from U.S. authorities, fines, regulatory involvement and for termination of membership agreements with Visa and MasterCard, we see no value left in Wirecard’s equity.

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**Figure 2** Wirecard’s business model relates to fraudulent activities - to enable high risk transactions, it must obscure merchant category codes and misrepresentation of jurisdictional information risks. This is contrary to Visa and MasterCard’s rules of Knowing Your Client / Merchant and the regulatory requirements.

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\(^{10}\) Cases filed vs oil firms, individuals

\(^{11}\) PASG implicates De Venecia in oil smuggling

\(^{12}\) Paynamics meet the team

\(^{13}\) The consideration is €230 million in cash plus earn-outs of €110 million linked to ‘the overall financial performance of the acquired businesses in calendar years 2015 to 2017.’

\(^{14}\) Santiago Martin is so infamous in India, that he is widely known as the “Lottery Scam Kingpin”. It is doubtful that Wirecard is unaware of this.
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Please note that there is an appendix of supplementary materials accompanying this note. This information is only being provided to the appropriate authorities and is not being publicly distributed.

You should assume that some or all of the following agencies (and others (not disclosed)) have received copies of all or part of this document:

1. UNITED STATES SECRET SERVICE – SOUTH WEST FLORIDA FINANCIAL CRIMES STRIKE FORCE (SWFFCSF)
2. UNITED STATES FEDERAL BUREAU OF INVESTIGATION (FBI)
3. UNITED STATES ATTORNEY FOR THE SOUTHERN DISTRICT OF NEW YORK
4. DISTRICT ATTORNEY’S OFFICE, MIDDLE DISTRICT OF FLORIDA, FORT MYERS
5. UNITED STATES ATTORNEY FOR MARYLAND
6. DEPARTMENT OF HOMELAND SECURITY – TERRORIST AND ILlicit FINANCE UNIT
7. Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority) (BaFin)
8. ATTORNEY GENERAL OF ISRAEL – ECONOMICS DEPARTMENT
9. LAHAV 433
10. FINANCIAL CONDUCT AUTHORITY – WHISTLEBLOWER SECTION
11. METROPOLITAN POLICE – CITY OF LONDON UNIT
12. VISA INC – BUSINESS CONDUCT OFFICE
13. VISA EUROPE – CHIEF OFFICER, RISK AND COMPLIANCE
14. MASTERCARD INC – OFFICE OF THE GENERAL COUNSEL
15. RESERVE BANK OF INDIA – WHISTLEBLOWER SECTION
16. YES BANK – WHISTLEBLOWER UNIT
17. CRIMINAL BUREAU OF INVESTIGATION (CBI) OF INDIA
18. SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)
19. UK INSOLVENCY SERVICE
20. UK SECRETARY OF STATE FOR BUSINESS INNOVATION AND SKILLS
Zatarra is a private organization formed to undertake research and investigations into companies.

We wish to express our gratitude to members of our team who have assisted in our investigations around the world.

The content of this report is entirely on publicly available documents, albeit some have been difficult to obtain.

We appreciate that brevity is a virtue. We have hence provided a summary at the beginning; however, we then provide details with references to evidence our research.

Zatarra, our associates, partners etc., are positioned to benefit from the evidence and statements in this report. Before dismissing this report, any analyst or investor should consider the very publically available information that disproves Wirecard AG assertions of innocence. Specifically, if Wirecard employees have allegedly defrauded VISA Inc. and MasterCard Inc., helped orchestrate the violation of the U.S. Wire Act, and disregard standard levels of decency, it is doubtful much concern will have been directed to the interests of Wirecard’s shareholders.

The ultimate arbiter of whether this evidence is of any significance will be the markets, regulators and any class action case that may be brought against Wirecard and its owners.

YOU SHOULD BE AWARE THAT FURTHER EVIDENCE HAS NOT BEEN MADE PUBLICLY AVAILABLE BUT SUBMITTED TO CERTAIN AUTHORITIES AND AGENCIES.

February 24, 2016
Figure 3 A chart of Wirecard's interconnections.
Wirecard offers internet payment and processing services. It was established in 1999. From January 1, 2006 Wirecard Bank AG has been part of the Wirecard Group and holds a full banking license in Germany.

Wirecard has so far been highly acquisitive, engaging in numerous acquisitions since its formation. The most recent of which have been GI Retail (November 2015) and Moip Pagamentos S.A. (MOIP).

Wirecard reported total transaction volume of €34.3 Billion, revenue of €601 Million and EBITDA of €172.9 Million in 2014\textsuperscript{15}. We believe these revenues and shareholders’ capital is at risk.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4}
\caption{Wirecard Transaction volumes: Source 2014 annual report}
\end{figure}

\textsuperscript{15} Wirecard annual report 2014
Links to Money Laundering

Wirecard’s former COO, Rüdiger Trautmann, incorporated numerous undisclosed companies whilst at Wirecard, one of which was associated with companies and individuals that breached the U.S. Wire Act. Wirecard unequivocally repudiated the allegations that gave rise to a suspicion of money laundering\(^\text{16}\).

**Rüdiger Trautmann**

Trautmann became Wirecard’s Chief Operating Officer and member of the Board of Management on November 1, 2005\(^\text{17}\).

**Wire Card UK Ltd**

There is no public disclosure showing Wire Card UK Ltd as a subsidiary of Wirecard AG. Evidence suggests it was an undisclosed company, and its existence will be surprising to shareholders, regulators and the U.S. Secret Service. Wirecard’s former Chief Sales Officer and COO, Rüdiger Trautmann, incorporated Wire Card UK Ltd on July 27, 2006.

Wire Card UK was an undisclosed ‘off the books’ company.

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**Figure 5 L-R:** Rüdiger Trautmann, officer to an undisclosed UK registered Wire Card UK Ltd and Wirecard’s Chief Sales Officer and COO, from 2005 until January 2010, Markus Braun (current CEO), Burkhard Ley (current CFO).

Wire Card UK Ltd\(^\text{18}\) was registered to an address in County Durham. Its corporate ownership and control was as follows\(^\text{19}\):

- **Shareholders:** Fermoya Ltd and BMIE Ltd.
- **Officers:**
  - **Rüdiger Trautmann,** registered to an address in Kronberg, Germany, became an officer to Wire Card UK on the day of its incorporation and remained its sole officer until Simon Dowson’s appointment.

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\(^{16}\) [Wirecard AG repudiates false allegations - March 30, 2010](#)

\(^{17}\) [Wire Card AG appoints Mr Rüdiger Trautmann October 27, 2005](#)

\(^{18}\) [Companies House - Wire Card UK Ltd (“Wire Card UK”) Company number 05888415 was incorporated July 27, 2006, registered to an address in County Durham.](#)

\(^{19}\) [Companies House - Wire Card UK Officers](#)
- **Gavin Taylor**, registered to an address in County Durham, appears to have set Wire Card UK up on July 27, 2006 - he resigned the same day.

- **Simon Dowson**, appointed on March 1, 2010; he was also an officer of hundreds of other companies registered to addresses in County Durham.

- **Company Secretary: Bournewood Limited** a BVI registered entity. Also company secretary to numerous other gaming related companies registered to addresses in County Durham. This included Bluetooll Limited that wired unlawful gambling related monies to a German national, Michael Schütt into the U.S.

**Examples of further undisclosed companies and relationships**

- **PERT AG**, incorporated July 20, 2007 in Switzerland by Trautmann with fellow officer, Jürg Paul Suter, the latter an individual at the center of an ongoing money laundering and embezzlement case in Switzerland.

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20 Pert AG Company information - Company Number: CH-140.3.003.066-6
21 As far as we can ascertain, neither of Trautmann’s nor Brinkmann’s involvement with these companies has ever been publicly disclosed.
22 Companies Registrations Office (CRO) - search term: FX Currency Services Limited Company No: 474963
Wirecard Technologies **CURRENT Managing Director**, Michael Brinkmann incorporated two Swiss companies with Suter, who is central to an ongoing investigation\(^{23}\). This includes aiding and abetting multiple instances of money laundering, illegal cross border transactions, embezzlement and commercial fraud.

The Irish companies were registered to the same address as Wirecard UK & Ireland: Ulysses House, Foley Street, Dublin, Ireland\(^{24}\).

Andy Quinn (“Quinn”) was a fellow officer of both Trautmann’s companies, FX Currency and Forex Trading. Between June 30, 2006 and January 29, 2010, Quinn was also an officer to Wirecard UK and Ireland Limited, and Wirecard Payment Solutions Holdings Limited\(^{25}\).

**Michael Brinkmann (“Brinkmann”)**

Brinkmann\(^{26,27}\) Wirecard Technologies **current Managing Director** and long term associate of Trautmann\(^{28}\), controlled a Swiss company, PERM AG\(^{29}\); incorporated on October 25, 2007. This was also incorporated with the help of Jürg Paul Suter, an indicted money launderer.

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\(^{23}\) Swiss Federal Council - Portal of the Swiss Government Document (PDF)

\(^{24}\) In some cases in the text the registered address of a company is the 3rd floor of Ulysses House whilst in other cases the floor is not clear from the registered filings; Wirecard UK & Ireland is registered to the 1st floor – however as will be seen Wirecard has connections to the 3rd floor via Andy Quinn.

\(^{25}\) Officers of Wirecard UK And Ireland Limited via Company Check

\(^{26}\) Michael Brinkmann LinkedIn Profile

\(^{27}\) Note that Michael Brinkmann was an employee of Wirecard (joined Feb 2006 according to his LinkedIn profile) when he was appointed an officer of PERM AG.

\(^{28}\) Brinkmann and Trautmann go back a long way. While Brinkmann joined Wirecard in 2006 (shortly after Trautmann in late 2005), prior to this he was Trautmann’s “Executive assistant of the CEO [Trautmann]/Manager Strategic Partnerships” at Pago eTransaction Service GmbH.

\(^{29}\) Perm AG Company information - Company Number CH-140.3.003.110-2
Dietmar Knöchelmann

Wirecard's subsidiary, Wirecard Payment Solutions, former CEO, Dietmar Knöchelmann, is awaiting prosecution by the Israeli judiciary for money laundering and corporate fraud, committed during the period whilst CEO of Wirecard Payment Solutions. These charges include defrauding Visa and MasterCard and are in the process of being finalized.

- Knöchelmann: former CEO to Wirecard Payment Solutions from 2006 to 2009.
- The Israeli Attorney General has recently indicted him for money laundering and corporate fraud, principally related to online gambling, during the period he was CEO of Wirecard Payment Solutions.
- These charges include defrauding Visa and MasterCard.
- Prior to becoming Wirecard Payment Solutions’ CEO, he was alleged to have used “illegal threats and economic pressure” to gain control of a gaming company.
- Evidence suggests that Knöchelmann is still very much involved with Wirecard’s operations.

Are Wirecard’s shareholders, and regulators & criminal investigators expected to believe that Wirecard’s CEO, Markus Braun, and CFO, Burkhard Ley, knew nothing of Knöchelmann’s money laundering whilst CEO of Wirecard Payment Solutions?

Was Knöchelmann really allowed to create his own payment service company while at Wirecard? Or was this just a way to distance the activities from Wirecard?

The Money Laundering and Corporate Fraud

In April 2015, the Attorney General of Israel alleged Knöchelmann as being amongst a group of individuals who are:

“... suspected of aggregated fraud, false entries in corporate documents, bribery and violations of the Prohibition on Money Laundering Law.”

According to various articles in the Israeli press, Israel’s police unit, Lahav 433, believes that:

“The fraud and other violations occurred in two areas. In the first, between 2006 and 2009, Cal and the six executives [which includes Knöchelmann] cited by prosecutors defrauded the international credit card issuers MasterCard and Visa by fraudulently offering credit card clearance services to online gambling businesses. Investigators

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30 The prosecution of the suspects
31 Prosecutors may indict credit card issuer Cal, six people for fraud
32 Ibid.
33 Where is NIS 200m from alleged ICC-Cal fraud?
34 Celebration porn and gambling visa as a way to court
35 Lahav 433 is an Israeli crime-fighting umbrella organization within the Israel Police: ‘The Israeli FBI’
36 Prosecutors may indict credit card issuer Cal, six people for fraud
37 Cal is an issuer of Visa and MasterCard credit cards in Israel
say the business became so big that in 2008 the company formed a new unit Cal International\textsuperscript{38,39} to handle it.

“It is suspected that as of 2007 the two companies processed payments for gambling sites (including U.S. gamblers) by false coding, classifying them as supposedly legitimate business activities, approving business as customers without proper identification procedures and other fraudulent activities,” the state prosecutor’s economics division said.”

According to an Israeli news service provider, Globes, Dietmar Knöchelmann was amongst six individuals cited in the Attorney General of Israel’s indictment.\textsuperscript{40} In Knöchelmann’s case specifically:\textsuperscript{41}

‘The charges: money laundering and obtaining by fraud’

What is particularly interesting from this indictment is the timing of the alleged defrauding of Visa and MasterCard:

“... between 2006 and 2009\textsuperscript{42}”

Money Laundering whilst CEO of Wirecard Payment Solutions
Knöchelmann’s LinkedIn profile\textsuperscript{43} indicates his tenure as CEO of Wirecard Payment Solutions from January 2008 until December 2009.

\begin{figure}[h]
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\includegraphics[width=\textwidth]{image.png}
\caption{Figure 9 From LinkedIn profile of Dietmar Knöchelmann, former CEO of Wirecard Payment Solutions and alleged to be involved in money laundering by the Attorney General of Israel}
\end{figure}

Knöchelmann is awaiting prosecution for these crimes

Not Knöchelmann’s first indiscretion
Companies Register Office filings in Ireland show that Wirecard acquired the principal assets of what is now Wirecard Payment Solutions from Knöchelmann and John Carbone in 2007.

\begin{enumerate}
\item We note that Ayelet Ayizik Fruchtlander, who we believe to be Dietmar Knöchelmann wife, has been (and to our knowledge still is) a ‘Director of Sales and Customer Relations’ for Cal International since 2005.
\item Another of Ayelet Fruchtlander’s (Knöchelmann’s) LinkedIn profiles
\item Attorney General considers prosecution of individuals suspected of bribery, fraud and money laundering
\item \url{http://www.globes.co.il/news/article.aspx?did=1001029997} via Google translate
\item Prosecutors may indict credit card issuer Cal, six people for fraud
\item Dietmar Knöchelmann’s LinkedIn profile
\end{enumerate}
In 2004, both were involved in a CAD $25 million dispute, which centered on the ownership of a gaming site. Press reports at the time showed a dispute:

“... illegal threats and economic pressure to gain control of their [the plaintiffs against Carbone and Knöchelmann] BingoWorkz business and then unlawfully firing them one year later.”

Trautmann’s multiple undisclosed companies and ties to money launderers and Knöchelmann’s money laundering, deceit and fraud raises questions and concerns:

We believe that Wirecard’s CEO, Markus Braun, and CFO, Burkhard Ley:-

- Had knowledge that Trautmann incorporated undisclosed companies.
- Were aware that Knöchelmann was laundering money whilst he was CEO of Wirecard Payment Solutions.

Evidence suggests that:

- Knöchelmann defrauded VISA and MasterCard whilst he was CEO of Wirecard Payment Solutions. The extent to which is likely to have serious implications on Wirecard’s membership with Visa and MasterCard.

Pending investigation, Wirecard and ultimately its shareholders are likely to incur fines by regulators, authorities, VISA Europe and MasterCard Inc.

Immediately, these actions may jeopardize Wirecard’s expected proceeds of €100 Million from the sale of Visa Europe to Visa Inc.

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44 Morran v. Carbone, 2005 CanLII 2932
45 Online gambling company accuses Toronto businessmen of crime
46 Threats, pressure used to take over BingoWorkz
47 According to the Israeli Attorney General.
48 Wirecard AG: Expected proceeds of approximately EUR 100 million in total from sale of Visa Europe Limited to Visa Inc.
Did Rüdiger Trautmann and Dietmar Knöchelmann really leave Wirecard?

Evidence suggests that while Trautmann and Knöchelmann have ‘officially’ left Wirecard, unofficially they remain interlinked with Wirecard’s activities.

Evidence includes:

- Trautmann ‘officially’ departed Wirecard on January 31, 2010 for ‘personal reasons’, just two weeks prior a U.S. Secret Service investigation that implicated Wirecard. However, Trautmann:
  - Continued to sign Wirecard subsidiary filings some ten months after he ‘officially’ left.
  - Signed company filings for companies registered to the same building as Wirecard UK & Ireland’s offices, some three years after he ‘officially’ left.
  - Became an officer to Krores, a prepaid card business, two months after he ‘officially’ left. Krores’ original co-founder claims to have “sold Krores to a listed German bank.” Krores is registered to the same building as Wirecard UK & Ireland.
  - Became an officer to two further companies, one as recently as August 2015, both registered to the same building as Wirecard UK & Ireland.

- Knöchelmann’s LinkedIn profile claims that he ‘officially’ departed Wirecard in December 2009. However, Knöchelmann:
  - Continues to sign filings for a number of companies registered to the same building as Wirecard UK & Ireland.
  - Has utilized the Wirecard UK & Ireland address in his filings for the Interactive Gaming Council in Canada.
  - Co-founded and owned the same prepaid card business, Krores, which Trautmann became an officer to and the founder claims was “sold to a listed German bank”.

Oval 2123

Oval 2123 Limited was incorporated (October 12, 2006) in the UK.

The directors for Oval 2123 included:

- Rüdiger Trautmann
- Alexander Herbst – who left Wirecard in 2003 but was still actively involved in a Joint Venture with Wirecard (Gibraltar) Ltd, and has ties to the same shareholders to Trautmann’s undisclosed company, Wire Card UK Ltd.

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49 Wirecard UK & Ireland address for Interactive Gaming Council filings in Canada
50 Oval (2123) Limited – Companies House UK
51 At the time Trautmann was COO of Wirecard, however, Herbst although a partner to Wirecard through the Deutsche Payment Group, was no longer an officer of Wirecard. Herbst was CFO at Wirecard until April 2003.
Oval 2123 was 49% owned by Wirecard (Gibraltar) Limited\textsuperscript{52,53}.

Despite Trautmann reportedly leaving Wirecard January 31, 2010, he continued to sign Wirecard’s subsidiary filings for Oval 2123 filings until at least November 30, 2010\textsuperscript{54}.

\textbf{Figure 10 Signature Page for striking off of Oval (2123) Limited}

Despite Alexander Herbst having left Wirecard in April 2003\textsuperscript{55}, and Trautmann leaving in January 2010, both former Wirecard officers continued to provide a Wirecard address: Bretonischer Ring 4, D-85630 Grasbrunn, Germany, as their contact address on Oval 2123’s filings\textsuperscript{56}. Herbst presumably had a separate office location considering that his company was the other 51% shareholder in Oval 2123.

\begin{center}
\textbf{Why was Trautmann still signing Wirecard related filings ten months after he ‘officially’ left the company?}
\end{center}

\textbf{Fantazzle Europe Limited}

Two months after Trautmann’s departure from Wirecard, he became an officer to a UK company, Fantazzle Europe Ltd ("Fantazzle"). Andy Quinn\textsuperscript{57} (officer at the time to Wirecard in Ireland) and Barbara Kahan\textsuperscript{58,59,60} incorporated Fantazzle\textsuperscript{61} on August 20, 2009.

\begin{footnotesize}
\textsuperscript{52} Wirecard AG Accounts 2007
\textsuperscript{53} Wirecard AG Accounts 2008
\textsuperscript{54} Application to strike the company off the register - Companies House UK
\textsuperscript{55} Alexander Herbst, Wirecard Retail Services GmbH (April 2013)
\textsuperscript{56} Ibid
\textsuperscript{57} Andy Quinn was also an officer from June 30, 2006 to January 1, 2010 to Wirecard Payment Solutions Holdings Limited; registered to Ulysses House, Foley Street, Dublin, Ireland
\textsuperscript{58} Barbara Kahan from Finchley who becomes Mohamed Javed Akhtar in the next tier of the PONZI SHELL Company by Professor George Lees
\textsuperscript{59} Sham directors, dirty money and the British Virgin Islands connection - The Coleman Experience
\textsuperscript{60} Congress investigating British companies but not our own government – why?
\textsuperscript{61} Fantazzle Europe Limited (06996925) - Companies House UK
\end{footnotesize}
Fantazzle was originally registered as Krores UK Limited\(^2\) (“Krores UK”). Its name changed to Fantazzle on April 23, 2010, a few days prior to the appointment of Rüdiger Trautmann and Ralf Buchholz (another Wirecard former employee) as officers. Vineet Katial\(^3\) (“Katial”), co-founded Krores Limited in Ireland in June 2007, and several other Krores entities.

- ‘Krores Cards Private Ltd’ incorporated in India, December 20, 2007: (“Krores India”).

\(^{62}\) Krores UK Limited now Fantazzle Europe Limited (06996925) - Companies House UK - Filing History

\(^{63}\) Vineet Katial LinkedIn Profile

\(^{64}\) Companies Registrations Office (CRO) - search term: Krores Limited Company No: 446074

Figure 11 Kores Limited incorporated in Ireland September 2007 and UK August 2009

Figure 12 Kores LLC incorporated in United States, and Krores Cards Private Limited in India. Source: Michigan Department of Labor and Economic Growth, Ministry of Corporate Affairs
According to Katial\textsuperscript{65}, Krores is a prepaid card company focused on emerging markets.

Krores and Wirecard are intimately linked

Trautmann and Knöchelmann were closely involved with Katial and Krores since first incorporation in 2007.

Which “listed German bank” bought Krores?

We believe it to be Wirecard.

Who sold it?

Evidence suggests it was Knöchelmann.

Was this after or before Trautmann joined?

Evidence suggests after.

Evidence reveals that:

1. Krores Ireland had Wirecard UK and Ireland’s address since 2007\textsuperscript{67}.
2. Trautmann was a director of Krores UK Limited.
3. Dietmar Knöchelmann, Wirecard Payment Solutions’ CEO, was simultaneously an officer to Krores Ireland as well as a co-shareholder alongside Katial.
4. Andy Quinn, was an officer to both Wirecard Payment Solutions (June 30, 2006 to January 1, 2010) and Krores Ireland.
5. According to Katial’s\textsuperscript{68} LinkedIn profile:

   \textit{“Prior to forming Vista Money he was the CEO of Krores, which was sold to a listed German Bank.”}

\textsuperscript{65} Vineet Katial - Chairman & MD Krores YouTube Video courtesy of TiEcon Midwest 2009
\textsuperscript{66} Vineet Katial LinkedIn Profile
\textsuperscript{67} See following paragraphs for evidence
\textsuperscript{68} Vineet Katial LinkedIn Profile
Knöchelmann, incorporated and owned Krores, whilst in office as Wirecard Payment Solutions’ CEO.

Figure 15 Krores Limited (Ireland) – Dietmar Knöchelmann owned Krores Limited (Ireland) from the day it was incorporated, and while he was CEO to Wirecard Payment Solutions Holdings Ltd
Summary

Vineet is a seasoned business executive with over 20 years of work experience in financial services and is a serial entrepreneur. He is the Managing Partner of Sky7 Ventures, a global incubator. Prior to forming, Vista Money, he was the CEO of Krores, which was sold to a listed German bank. He also Co-founded Janeva, where he played a leadership role in creating the Outsourcing Relationship Management (ORM) industry. He is an acknowledged thought leader in the international business and is helping shape the emerging markets with his experiences and leadership. Prior to this venture, he was a CEO of a boutique consulting company where he helped develop outsourcing strategy for various Fortune 100 clients. As a pioneer in the offshore arena, Mr. Katial has formed various companies and was always a part of their executive management teams. He was a CEO of an offshore BPO company and was the Founding Member, CIO and EVP for CustomerAsset which was acquired by ICICI Bank to form ICICI OneSource (FirstSource), where he took over as their VP. He had also been an Executive Director with TeleTech and program manager for a $35 B telecom merger. Mr. Katial also has a held various management roles with various fortune 500 companies such as KPMG (now BearingPoint), Cognizant, Bank of America, and Bank One (now Chase).

He serves on the Board of Directors of Sky7 Ventures, Vista Money, Krores LLC and Voice-Resume, Executive Panel for Globalization of Services at University of Michigan/WDI, Charter Member for The Indus Entrepreneurs, and Board of Advisors of Janeva and was Chairman of Lanarax Pharmaceuticals. He is involved with various philanthropic ventures and has a Charter Member and President of Rotary Club of Ann Arbor West. He has an MBA from University of Colorado and Bachelor of Commerce (Hons.) from Sri Ram College of Commerce, Delhi University.


Figure 16 LinkedIn profile for Vineet Katial

Trautmann signed Krores filings in 2012 (nearly 3 years after leaving Wirecard), but wasn’t it “sold to a listed German bank”?

Figure 17 Rüdiger Trautmann signed off the Krores Limited (Ireland) accounts for both 2010 and 2011 financial years on January 1, 2012 and November 23, 2012 respectively
Why Investors and Investigators Should Seek Clarity On Krores

In the UIGEA conspiracy court case\textsuperscript{70} funds were seized in the name of ‘Krores Cards, Inc.’:

\begin{quote}
10. at Union Bank of the Philippines, Philippines, held in the name Krores Cards, Inc., and all funds traceable there to:
\end{quote}

Figure 18 Krores Cards, Inc. cited in the U.S. case the ‘Unlawful Internet Gambling Enforcement Act (UIGEA) Conspiracy’ as a foreign account which held defendants’ right, title and interest in funds and other property.

There is evidence that ‘Krores Card, Inc.’ is a Philippines associate of the Krores Group\textsuperscript{71}.

If Krores Cards is a related party to Krores/Fantazzle and hence to Wirecard, then this raises significant issues for Wirecard (below).

\begin{quote}
\textbf{The Krores/Fantazzle/Wirecard/Vista Money observations:}
\end{quote}

We believe that Trautmann and Knöchelmann remain closely affiliated with Wirecard, and that Wirecard acquired the operations of Krores, a prepaid card issuer, from Trautmann and Knöchelmann.

Evidence suggests that prior to Krores being acquired by Wirecard, that it was an ‘off-the-books’ group of companies for Wirecard, viz. shared address, officer ownership, officer overlap.

As such we believe that Wirecard’s CEO, Markus Braun, and CFO, Burkhard Ley, must have had knowledge that Trautmann and Knöchelmann controlled a number of undisclosed companies, one of which was Krores.

The implication of this is damning for the current board and brings into question any credibility of Braun and Ley being fit and proper officers.

Further implications could be more material in terms of criminal repercussions. If Krores was an ‘off-the-books’ affiliate of Wirecard, then investors should question whether Wirecard was in breach of the ‘USA Patriot Act’. The Act requires all financial institutions to obtain, verify, and record the information that identifies each person who opens an account.

This is particularly pertinent when considering a ‘Krores Cards Inc.’ that was implicated in the United States of America case the ‘Unlawful Internet Gambling Enforcement Act (UIGEA) Conspiracy’\textsuperscript{72}.

Even without an ownership link, it is clear that Trautmann and Knöchelmann had involvement with both the Krores Group and Wirecard simultaneously; this clearly raises issues whether they knowingly directed and/or collaborated in the transgression of the U.S. Wire Act and the UIGEA, whilst officers of Wirecard through Krores.

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\textsuperscript{70} Unlawful Internet Gambling Enforcement Act Conspiracy - United States District Court Southern District of New York.

\textsuperscript{71} For instance the following website states ‘Krores Ltd, a Dublin-based prepaid card provider, announced the launch of a prepaid card product designed for migrant workers in the Middle East with homes and family primarily in India and the Philippines.’

\textsuperscript{72} Ibid.
Violating the Wire Act

Significant and new evidence shows Wirecard’s involvement in violating U.S. restrictions on internet gambling, contrary to its denial of its involvement in an investigation in 2010. Wirecard is at serious risk of prosecution and sanction by the U.S. authorities. The Department of Justice Statute of Limitations for these crimes extends to ten years. Further, evidence shows that Wirecard continues to facilitate the evasion of U.S. restrictions on internet gambling.

Background:

- A U.S. Secret Service investigation during 2010, highlighted Wirecard Bank as facilitating the unlawful wiring of at least $70 million related to online gambling into the U.S, violating the U.S. Wire Act and the Unlawful Internet Gambling Enforcement Act (“UIGEA”).
- Subsequent to a 31% drop in Wirecard’s share price, Wirecard issued a statement claiming to have had no association with the individual involved.
- In denying its involvement, there is overwhelming evidence that shows Wirecard misled both investors and critically the U.S. Secret Service.

Evidence suggests:

1. Wirecard’s very own COO Rüdiger Trautmann, created an undisclosed company associated with the individuals and companies that breached the Wire Act and the UIGEA.
2. Wirecard’s consultant and former Chairman of the Board, Jochen Hochrein controlled two other companies transferring illegal funds.
3. Wirecard’s JV partner shares the same German address as the Florida based receiving company that distributed the funds to gamblers.

Further evidence in this and following sections also reveals that:

1. Wirecard Payment Solutions’ CEO, Dietmar Knöchelmann, is awaiting prosecution by the Israeli judiciary for money laundering whilst he was in office at Wirecard at the time of the U.S. Secret Service investigation.
2. This is not the only instance Wirecard was involved in a breach of the Wire Act and the UIGEA.
3. Incredibly, Wirecard appears to continue to facilitate the violation of the U.S. Wire Act and the UIGEA.

It is one thing to mislead investors. It’s another matter to deceive the United States Secret Service...especially as Wirecard appears to continue to do so.

---

74 fdic.gov - Unlawful Internet Gambling Enforcement Act of 2006 - UIGEA or Act
Michael Schütt


Schütt received the money from a Wirecard Bank account.

The United States Secret Service

On February 18, 2010, the U.S. Secret Service alleged that Michael Schütt, residing in Florida did:

“Knowingly conduct, control, manage, supervise, direct and own an unlicensed money transmitting business.”

The U.S. Secret Service revealed that Schütt had received approximately $70 million dollars by international wire transfer including from a company called Bluetool Limited via Wirecard Bank.

Wirecard’s stock immediately began falling, due to its alleged involvement in money laundering. Bizarrely, rumors circulated that Schütt had claimed to be performing the money laundering at the behest of Wirecard’s board.

---

75 Note that Schütt is known as ‘Schuett’ and as ‘Olaf Brand’.
76 Articles of incorporation for USAG24 Inc.
77 Naples News - Crime - Naples man faces 5 years in Internet Poker gambling case.
78 Criminal Complaint United States District Court - United States of America Vs. Michael Olaf Schuett
79 Ibid. – page paragraph 7
As Handelsblatt reported on a GoMoPa story around the time (translation):

“Reported by the financial news service provider, Goldman Morgenstern & Partners (GoMoPa), say Schütt had confessed to act on behalf of Wirecard. He was one of five “money messengers” of the company [Wirecard], directly commissioned by the board. GoMoPa referred to a report from a court reporter of a local Florida paper, Naples News.”

This rumor was regarded unlikely however, evidence now shows it may be fact.

Wirecard’s stock cratered on rumors of money laundering, and that Schütt was acting under orders from Wirecard.

The share price only began to recover following Wirecard’s vigorous denial of any such connections and its release of the following statement on March 30, 2010 (our emphasis):

“On account of the criminal investigation initiated against a private individual [Schütt] in the U.S., untrue and wholly unfounded allegations are being spread concerning the business practices at Wirecard Group. The private individual mentioned in the article was not and is not associated in any manner whatsoever with the Wirecard Group.

---

80 We appreciate that there have been questions regarding the integrity and reliability of the GoMoPa principals in the past. We believe it is important to document their claims and the impact on Wirecard’s share price. We have never been in contact with GoMoPa.


Wirecard AG unequivocally and sharply repudiates any allegations giving rise to a suspicion of money laundering.

Moreover, Wirecard AG commissioned an international law firm of note to safeguard its interests by taking legal action against the Internet portal concerned and possibly other persons involved.

The market and the U.S. Secret Service were told that although the sender may have sent the money from a Wirecard Bank account, that it was no different to any other bank being the unwitting sender of payments on behalf of a customer.

---

Wirecard AG repudiates false allegations

Wirecard AG / Statement

30.03.2010 16:37

Dissemination of a Corporate News, transmitted by
DGAP - a company of EquityStory AG.
The issuer / publisher is solely responsible for the content of this announcement.

Munich / Grasbrunn, March 30, 2010: Wirecard AG has issued the following statement in response to an article on allegations published on an Internet portal last night:

On account of a criminal investigation initiated against a private individual in the U.S., untrue and wholly unfounded allegations are being spread concerning business practices of the Wirecard Group. The private individual mentioned in the article was not and is not associated in any manner whatsoever with the Wirecard Group.

Wirecard AG unequivocally and sharply repudiates any allegations giving rise to a suspicion of money laundering.

Moreover, Wirecard AG has commissioned an international law firm of note to safeguard its interests by taking legal action against the Internet portal concerned and possibly other persons involved.

---

Figure 21 Wirecard Press release 30 March 2010
Bluetool Ltd

Schütt received the illegal monies by international wire transfer from the owner of a Wirecard bank account. This source was a UK company, Bluetool Ltd (“Bluetool”)84. 

Evidence suggests Bluetool was a front for Wirecard and under the control of Wirecard’s COO, Rüdiger Trautmann.

Bluetool was a UK based company, incorporated June 10, 2009 in the name of Gail Hope85, and has the unlikely registered address of a multimillion dollar enterprise.

Figure 22 34 Rosedale Avenue, Consett, and County Durham – Registered office of Bluetool

We note that Bluetool’s corporate ownership and control shared the same features as Wire Card UK Ltd, and many gaming related companies. These were:

- **Shareholders:** Fermoya Ltd and BMIE Ltd.
- **Company secretary:** Bournewood Limited a BVI registered entity. Is the company secretary to Wire Card UK and Bluetool, that latter of which, wired unlawful gambling related monies to a German national, Michael Schütt into the U.S.

---

84 Ibid (Menster Statement) – multiple mentions
85 Bluetool, was a UK based company, incorporated June 10, 2009 at Companies House by a Mrs. Gail Hope
Trautmann’s undisclosed UK Company, Wire Card UK, raises questions and concerns:

We believe that Wirecard’s CEO, Markus Braun, and CFO, Burkhard Ley:

- Misled shareholders, regulators and the U.S. Secret Service by their statement that Wirecard had no association with the companies (Bluetool) and individuals in wiring illegal online gambling monies into the U.S.
- Were aware of Wire Card UK’s existence and the joint ownership between Wire Card UK Ltd and Bluetool Ltd, the latter of which wired illegal online gambling monies into the U.S.

To re-iterate, should Markus Braun and Burkhard Ley, assert that they had no knowledge of either Trautmann or Knöchelmann’s actions, nor the joint ownership between Wire Card UK Ltd and Bluetool Ltd, and they were not complicit, then they are demonstrating gross negligence and incompetence.

These actions have serious implications:

The Department of Justice Statute of Limitations for these crimes extends to ten years for financial institutions using fraudulent methods to process payments and evade U.S. restrictions on internet gambling. An example of these actions has previously resulted in fines and return of capital totaling $731 million (PokerStars).

These are not the only links between Wirecard and Schütt.

---

Figure 23 Connections to Schütt
Figure 24 Connections to Schütt
Evidence reveals that:

- Schütt is still active in Florida.
- Wirecard Communication’s Internet Domain Service Provider has registered each of Schütt’s associated websites.
- Wirecard’s joint venture partner, EZV, shares the same German correspondence address as Schütt’s German contact details.

Aside from Bluetool, there were two further companies highlighted in the U.S. Secret Service investigation. There is evidence to show that:

- Wirecard’s consultant and former Chairman of the Board, Jochen Hochrein, controlled these two companies, wiring money to Schütt.

The Technical Links

Bluetool Ltd wired monies from its Wirecard Bank account to the companies directly controlled by Schütt and/or USAG24.

USAG24 is still active. Its website can be found at [www.usag24.com](http://www.usag24.com). The opening page to the site is shown below (Accessed: February 11, 2016)

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**US 24 Group**

Full service support for establishing corporations in the USA

US 24 Group LLC is an internationally operating service provider in the area of business consulting, specifically with regard to establishing corporations in the USA. Backing US 24 Group LLC is an association of lawyers, notaries public, tax advisors and business consultants who will provide you with comprehensive advice and support before, during and after you establish your corporation. This association of expert professionals guarantees that you will be able to take full advantage of the many benefits that a US-Corporation offers.

You can count on our integrity and reliability, so we advise you and organize the establishment of your corporation from start to finish. You will receive from us all of the services you need from a single source, and you’ll have a personal contact that you can reach at any time.

What makes us different from the others?

We provide you with support even after your corporation has been established. You will receive a full range of important and simple useful additional services that other service providers either cannot or don’t wish to offer. US 24 Group LLC is not an automated factory for establishing corporations without the possibility of personal contact — instead, we offer you comprehensive advice with a range of services that is unique in the industry. Each of our clients has individual goals, and we provide the support you need to help you reach those goals.

US 24 Group LLC offers you the full spectrum of services for establishing your corporation in the USA --- at affordable prices.

---

*Figure 25 US AG 24 Inc. website (English version), the company incorporated by Michael Schütt in Florida, U.S.*
There are other sites associated with USAG24. These include:

- www.greencardlottery24.com
- www.myuscorporation.de
- www.us24-group.com
- www.floridaimmobilien24.com
- www.hausvermietung-florida.com

The WhoIs data displaying the registrant of these sites suggests a remarkable coincidence. A German firm and subsidiary of Deutsche Telekom, Cronon AG was the registrar for www.usag24.com.

### Whois information

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<th>Domain Name: usag24.com</th>
<th>Registry Domain ID: 5264211</th>
</tr>
</thead>
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<td>Registrar URL: <a href="http://www.cronon.net">http://www.cronon.net</a></td>
</tr>
<tr>
<td>Updated Date: 2005-10-18T00:00:00Z</td>
<td>Creation Date: 2005-10-18T00:00:00Z</td>
</tr>
<tr>
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</tr>
<tr>
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<td></td>
</tr>
<tr>
<td>Registrar IANA ID: 141</td>
<td></td>
</tr>
<tr>
<td>Registrar Abuse Contact Email: <a href="mailto:abuse@strato.de">abuse@strato.de</a></td>
<td></td>
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<tr>
<td>Registrar Abuse Contact Phone: +49.303001460</td>
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<td></td>
</tr>
<tr>
<td>Registrant Street: Am Selberg 42</td>
<td></td>
</tr>
<tr>
<td>Registrant Street: c o Schott</td>
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<tr>
<td>Registrant City: Hannover</td>
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<td>Registrant State/Province:</td>
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<tr>
<td>Registrant Postal Code: 30629</td>
<td></td>
</tr>
<tr>
<td>Registrant Country: DE</td>
<td></td>
</tr>
<tr>
<td>Registrant Phone: +49.3089932893</td>
<td></td>
</tr>
<tr>
<td>Registrant Fax Ext:</td>
<td></td>
</tr>
<tr>
<td>Registrant Fax Ext:</td>
<td></td>
</tr>
<tr>
<td>Registrant Email: <a href="mailto:Michael@usag24.com">Michael@usag24.com</a></td>
<td></td>
</tr>
<tr>
<td>Registry Admin ID:</td>
<td></td>
</tr>
<tr>
<td>Admin Name: US AG24 Inc</td>
<td></td>
</tr>
</tbody>
</table>

Figure 26 ‘WhoIs’ data for US AG 24 Inc. website, showing registrar as Cronon AG

Cronon AG describes itself as:

“Professional IT Services...a partner for ERP Consulting especially for the needs of medium-sized companies.”

Cronon AG lists Wirecard Communication Services GmbH amongst its major clients:

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88 Summary for usag24.com courtesy of www.tcpiputils.com
89 www.cronon.net
90 Cronon AG Company Brochure (PDF)
91 Cronon.net Client – Wirecard Communication Services GmbH
The USAG24 Inc./Cronon/Wirecard overlap raises several questions:

- Why is Cronon AG, a German based service provider, the registrar for Schütt’s 8,000 km away Florida based USAG24 (and affiliate) websites?

- Given that Cronon AG itself highlights that, it mainly services “medium-sized companies”, what led it to provide services for numerous websites, representing Michael Schütt’s alleged small time businesses in Florida.

- We note that Wirecard Communication Services is also a major customer to Cronon AG and do not view this as a coincidence.
The Payment Links

In the following we show the links between Michael Schütt, USAG24 and (via a common address with ESV Gesellschaft für Zahlungssysteme mbH) Wirecard; and via EPF with the ex-chairman (Jochen Hochrein) of InfoGenie – the predecessor company to Wirecard.

US AG 24 Inc. provides its U.S. address as\(^93\):

\[
\begin{align*}
\text{US AG 24 Inc.} \\
3001 N. Rocky Point Drive East \\
2^{nd} \text{ Floor} \\
\text{Tampa, FL 33607} \\
\text{United States of America}
\end{align*}
\]

It also provides a German address as\(^94\):

\[
\begin{align*}
\text{US AG 24 Inc.} \\
Friedrichstrasse 171 \\
10117 Berlin \\
\text{Germany}
\end{align*}
\]

The German address for US AG 24 Inc. is the same address as that given by EZV Gesellschaft für Zahlungssysteme mbH\(^95\) (which translates as the Society for Payment Systems).

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\(^93\) US AG 24 ‘Real Estate’

\(^94\) Ibid.

\(^95\) EZV Gesellschaft für Zahlungssysteme mbH Website
EZV Gesellschaft für Zahlungssysteme mbH

EZV Gesellschaft für Zahlungssysteme mbH ("EZV") is a joint venture partner to Wirecard Bank AG. In fact, its website suggests that all it does is provide a prepaid card BarPay, with Wirecard Bank, and Lekkerland GmbH. Wirecard Bank provides the banking services, while Lekkerland has installed over 18,000 points of sale in retail stores.

![EZV Logo]

Figure 29 Wirecard Bank is one of two partners to EZV Gesellschaft für Zahlungssysteme mbH in a joint venture called BarPay

Do you see the pattern of undisclosed and obscure companies with the same shareholders, same website registrar and shared addresses?

Do you believe investors, regulators and criminal investigators will see the same pattern?

96 http://ezv-gmbh.de/partner.html
97 https://www.esso-gutschein.de/cms/agb-1001.html
98 Lekkerland is a wholesaler, supplying tobacco goods, food-to-go, snacks, drinks, and other goods to gas stations, kiosks, and fast-food chains amongst others, throughout Europe.
99 http://ezv-gmbh.de/partner.html
We also note that one of EZV’s three reported members of executive management is Marcel Moll\(^\text{100}\). Marcel Moll was former ‘International Sales Manager’ at Wirecard\(^\text{101}\).

![Marcel Moll](image)

*Figure 30 Marcel Moll, one of three managers at EZV Gesellschaft für Zahlungssysteme mbH and former International Sales Manager at Wirecard*

The US AG 24 Inc./EZV/Wirecard overlap raises several questions:

1. Why does the German based, EZV Society for Payment Systems (a joint venture partner of Wirecard), share the same address as the German address for the Florida based money laundering company USAG24?
2. Does the partnership between EZV and Wirecard Bank extend beyond its joint venture, BarPay?
3. Is it another coincidence that a former International Sales Manager of Wirecard, Marcel Moll, possibly has ties to Michael Schütt and USAG24? We do not view this in anyway coincidental to Wirecard.

The Consultant and Former Chairman of The Board Link

Jochen Hochrein (“Hochrein”)

Hochrein was Chairman of the Board of Management to InfoGenie\(^\text{102}\) until his move to becoming a consultant to Wirecard in September 2004\(^\text{103}\). He was also a General Manager\(^\text{104}\) of ebs Global GmbH which, at one point in the early 2000s, was the parent of Wirecard\(^\text{105}\).

Hochrein has a side-line in pornography and was very active during his disclosed tenure with InfoGenie and Wirecard.

Indeed, if readers do a simple google search the results show tens of pornographic related web sites registered by Hochrein:

*Google search: “Registrant Name: Jochen Hochrein”*

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\(^{100}\) [http://ezv-gmbh.de/management.html](http://ezv-gmbh.de/management.html)

\(^{101}\) [LinkedIn Profile for Marcel Moll](http://www.linkedin.com/in/marcelmoll)

\(^{102}\) Wirecard reverse IPO’d into InfoGenie Europe AG in September 2004

\(^{103}\) The retirement of past Board member Jochen Hochrein and the termination of his tenure as such has been amicably agree[d] effective as of September 30, 2004. Mr. Hochrein will serve the company as consultant also in the future.

\(^{104}\) [InfoGenie Q1 2003 Accounts](http://www.info genie.de)

\(^{105}\) The EBS Group operates as a holding company - Association with Wirecard - Translation required
Further to Hochrein’s adult website involvement, in or about 2007, filings at Bundesanzeiger, show Hochrein to be among the Supervisory Board to a German online payments business, Enterpayment AG.

Among Enterpayment’s subsidiaries was a UK registered company, Deutsche Zahlungsverkehrsgesellschaft Ltd106 (“Deutsche Zahlungsverkehrsgesellschaft”). Deutsche Zahlungsverkehrsgesellschaft Ltd translates as German Payment Company Ltd and was incorporated (Fig 31) October 22, 2003 by:

Wulf Backhaus (“Backhaus”) and; Freddy Kalder (“Kalder”)

<table>
<thead>
<tr>
<th>Name</th>
<th>Role</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wulf Backhaus</td>
<td>COO</td>
<td>Enterpayment</td>
</tr>
<tr>
<td>Freddy Kalder</td>
<td>COO</td>
<td>Enterpayment</td>
</tr>
</tbody>
</table>

Figure 31 Jochen Hochrein as Supervisory Board Member to Enterpayment AG

Wulf Backhaus

Backhaus107 was COO to Enterpayment from 2003 to 2007. His expertise includes “ePayment (payment methods in the internet), innovative eBusiness entertainment solutions”.

Backhaus and Kalder incorporated Deutsche Zahlungsverkehrsgesellschaft in the UK.

Figure 32 Wulf Backhaus former COO to camPoint and Enterpayment AG, and Freddy Kalder incorporate Deutsche Zahlungsverkehrsgesellschaft Ltd in the UK

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106 Companies House UK - DEUTSCHE ZAHLUNGSVERKEHRSGESellschaft LIMITED No.04940606
107 http://www.finatem.com Industry Expert
Freddy Kalder ("Kalder")

Kalder is a known business associate to Michael Schütt.

According to filings with the Florida Department of State Divisions of Corporations, Freddy Kalder and Schütt’s US AG 24 Inc. were both officers to International Payment Systems Corporation during 2008\(^{108}\).

Further to Bluetool, two additional companies, International Payment Systems Corporation and EPF Ltd & Co. KG were cited in the U.S. Secret Service report as involved in unlawful wire transfers of millions of dollars to U.S. citizens\(^{109}\).

\(^{108}\) International Payment Systems Corporation was one of two companies cited in the U.S. Secret Service report that was identified by Wells Fargo Financial Intelligence Unit as involved in unlawful wire transfers of millions of dollars to U.S. citizens.

\(^{109}\) Criminal Complaint United States District Court - United States of America Vs. Michael Olaf Schuett – Section 26

Figure 33 Michael Schütt and Freddy Kalder incorporate International Payment Systems Corporation ("IPS Corp") with US AG 24 Inc. in Florida. IPS Corp one of two companies in the U.S. Secret Service report as being highlighted by Wells Fargo Financial Intelligence Unit as involved in processing millions of dollars to thousands of U.S. citizens.

EPF Ltd & Co. KG ("EPF KG") leads more directly back to Hochrein the consultant and former Chairman of the Board of Management to Wirecard.

EPF KG has a UK company as its general partner, EPF Management Ltd, which is owned by Hochrein’s Enterpayment AG.

Figure 34 EPF Ltd & Co. KG filing at Bundesanzeiger showing EPF Management Limited as a partner company.
The consultant and former Chairman of the Board link raises questions and concerns:

- We believe this is additional evidence that brings into question the conduct of the board throughout the history of Wirecard.
- Again we establish Wirecard’s involvement in a convoluted structure with a former board member and consultant, Hochrein.
- The serious irregularities raises questions not only for the ability of the current board, but overall incapability to protect shareholder interests.
- Evidence shows that Enterpayment AG, as the ultimate parent company, and its officers orchestrated the wire transfer of unlawful online poker gaming related monies (or other unlawful related monies) into the United States.

Remarkably, Michael Schütt is back in business, in Florida, incorporating companies.110

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110 US AG 24 Inc. filings at Florida Department of State Divisions of Corporation
Schütt is back in business - regulators and criminal investigators will be keen to ascertain if further illegal monies have been wire transferred from Wirecard Bank to Florida?

After all, old habits die hard!
Evidence suggesting Wirecard is still facilitating online gambling by U.S. citizens

The evidence presented is an extra of a significant number of items of evidence gathered that shows Wirecard continues to illegally facilitate and process online gambling by U.S. citizens. Further items of evidence have been submitted to certain authorities and agencies.

Evidence reveals that:

- Wirecard is continuing to support online casinos that are US facing – specifically Club Casino World.
- Fermoya Ltd and BMIE Ltd were reported as the shareholders to Wire Card UK and Bluetool.
- Fermoya and BMIE are shareholders to numerous other companies, all typically registered to residential addresses in Consett, County Durham, United Kingdom.
- There is a common theme: POKER
- One of the Fermoya & BMIE companies was Bluemay Enterprises, revealed to be a front for an online gambling company, 7red.com.
- When ‘struck-off’ the UK companies register, Bluemay, was found to have €36 million in Wirecard bank account – showing Fermoya and BMIE were also banking with Wirecard Bank.
- At least two companies registered in Consett, County Durham (Bluetool and Bluemay) have handled payments totaling tens of millions of dollars (or Euros).
- The implications for investors are:
  - Wirecard continues to engage with high risk customers who are actively seeking US customers.
  - Wirecard Bank holds accounts for entities that lack appropriate authorizations for online gaming in countries such as Holland and Israel.

The evidence in figure 37 (next page) reveals:

1. Club World Casino is a U.S. facing casino accepting “players from throughout the world and also from the United States. This online casino offers easy banking and local currency options to US casino players.”

2. “The casino’s credit card working system was formulated by Wirecard which is one of the foremost transaction providers across the Internet to date.”

The implication is that Wirecard is conducting, controlling and managing Club World Casino’s illegal online gambling payments in the United States.

112 A timestamp of this page has been saved to the Wayback machine as of February 6, 2016 and can be accessed via this link.
Overview

The casino is powered by the Real Time Gaming software and has a fine collection of games, brilliant customer service, and a trustworthy set of banking methods. The casino accepts players from throughout the world and also from United States. This online casino offers easy banking and local currency options to US casino players.

Promotions

- All new players can join in the action with Club World Casino's welcome bonus. This 1st deposit bonus is a 100% match bonus worth up to $777.
- Players can receive a 10% match bonus on all of their deposits if they employ the favored deposit methods.
- If you have friends who also wish to play online casino games, then you can refer them to Club World Casino to receive bonuses up to 20% of all of their deposits.

Softwares

Club World Casino is powered by Real Time Gaming Software. The software is accessible in both Downloadable and Flash versions. The software is sturdy and it also provides first-class graphics and sound. The software offers a massive collection of popular online casino games in the whole industry. The grouping of game performance and software speed makes it popular among US online casinos.

Games

The game selection is great at Club World Casino, offering a broad array of over 100 online casino games. These comprise Golden Retriever, Warlock's Spell, Crazy Vegas, Lucky 8's Scratch Cards, Medal Tally, Pinocchio, 42 Video Slots, 16 Reel Slots, 5 Poker Games, 17 Video Poker Games, 8 Blackjack Games, 42 Video Slots, American and European Roulette, Sic Bo, Craps, Baccarat, War and Kanro with 11 Progressive Jackpots. Video Poker games vary up to 100 Hand varieties. The casino recently launched 2 brand new online slots - Jackpot Pinatas and Field of Green.

Security

Club World Casino gives priority to the security of its player's transactions. All transactions with the casino are carried on by an SSL connection, demonstrated by Secure Server Certification Authority named Verisign. The casino's credit card working system was formulated by WireCard which is one of the foremost transaction providers across the Internet to date.

Figure 37 Club World US facing casinos with Wirecard providing the credit card system
The Consett Poker Club

Listed in the table (below), is just a small sample of some of the companies registered with Fermoya Ltd and BMIE Ltd as the shareholders, which were the same shareholders as that of Wire Card UK Ltd. We believe these businesses relate to poker companies and/or poker players; some of the latter who are or have been resident in the United States. Thirty such companies are listed. Most of these companies remain active.

<table>
<thead>
<tr>
<th>Officer</th>
<th>Company</th>
<th>Surmised poker players/profile</th>
<th>Location</th>
<th>Registration No.</th>
<th>Status</th>
<th>Incorporated</th>
<th>Dissolved</th>
<th>Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Simon Down</td>
<td>Pennroy Ventures Ltd</td>
<td>Tony Smith</td>
<td>Pennsylvania, United States</td>
<td>6641638</td>
<td>Dissolved</td>
<td>Mar 2009</td>
<td>Jan 2013</td>
</tr>
<tr>
<td>2</td>
<td>Simon Down</td>
<td>Neo-Win Corporation</td>
<td>NeoWin</td>
<td>Delaware, United States</td>
<td>6600999</td>
<td>Dissolved</td>
<td>Jun 2008</td>
<td>Feb 2013</td>
</tr>
<tr>
<td>3</td>
<td>Simon Down</td>
<td>Hillebrad Investments Ltd</td>
<td>Numerous Hibbards</td>
<td>United States</td>
<td>9673667</td>
<td>Active</td>
<td>Oct 2008</td>
<td>FAB</td>
</tr>
<tr>
<td>4</td>
<td>Simon Down</td>
<td>Boreham Inc Limited</td>
<td>Numerous Boreham</td>
<td>United States</td>
<td>9673670</td>
<td>Active</td>
<td>Oct 2008</td>
<td>FAB</td>
</tr>
<tr>
<td>5</td>
<td>Simon Down</td>
<td>Devil Wheel Enterprises Ltd</td>
<td>Possibly New York Rangers ownership (see text)</td>
<td>United States</td>
<td>9600472</td>
<td>Dissolved</td>
<td>Jan 2009</td>
<td>Apr 2012, rand Kruger SA &amp; Nymego &amp; Cyber Consultations Inc</td>
</tr>
<tr>
<td>6</td>
<td>Simon Down</td>
<td>Lucano Ltd</td>
<td>Roland Lezanno</td>
<td>Cheshire, TX, United States</td>
<td>6694563</td>
<td>Active</td>
<td>Aug 2009</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>7</td>
<td>Simon Down</td>
<td>Maze Investments Limited</td>
<td>Mark Maze</td>
<td>Boise, United States</td>
<td>6657091</td>
<td>Active</td>
<td>Oct 2009</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>8</td>
<td>Simon Down</td>
<td>Vega Trading Ltd</td>
<td>Timothy Vega/Vega</td>
<td>San Jose, CA, United States</td>
<td>6687940</td>
<td>Active</td>
<td>Apr 2009</td>
<td>FAB</td>
</tr>
<tr>
<td>9</td>
<td>Simon Down</td>
<td>Harbor Walk Networks Ltd</td>
<td>Tony Harbort</td>
<td>Saint Charles, MO, United States</td>
<td>6794705</td>
<td>Active</td>
<td>Mar 2012</td>
<td>MH</td>
</tr>
<tr>
<td>10</td>
<td>Simon Down</td>
<td>Binaoard Entertainment Ltd</td>
<td>David Binaoard</td>
<td>Deerfield Beach, FL, United States</td>
<td>6701649</td>
<td>Active</td>
<td>Apr 2009</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>11</td>
<td>Simon Down</td>
<td>Adomatret Entertainment Ltd</td>
<td>Alexander Andermatret</td>
<td>Switzerland</td>
<td>6621178</td>
<td>Active</td>
<td>Apr 2009</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>12</td>
<td>Simon Down</td>
<td>Shaler Enterprises Limited</td>
<td>Blair Griffiths</td>
<td>Shaker, PA, United States</td>
<td>6702335</td>
<td>Active</td>
<td>Sep 2008</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>13</td>
<td>Simon Down</td>
<td>Demaract Inc Limited</td>
<td>Bruce Demaract</td>
<td>United States</td>
<td>6702332</td>
<td>Active</td>
<td>Sep 2008</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>14</td>
<td>Simon Down</td>
<td>Madoca Trading Ltd</td>
<td>Albert Madoca</td>
<td>Philadelphia, United States</td>
<td>6702051</td>
<td>Active</td>
<td>Oct 2008</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>15</td>
<td>Simon Down</td>
<td>Mytle Trading Ltd</td>
<td>Mytle Otto</td>
<td>AZ, United States</td>
<td>6702519</td>
<td>Active</td>
<td>Sep 2008</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>16</td>
<td>Simon Down</td>
<td>Bruck Investments Ltd</td>
<td>Bruck Schwartz</td>
<td>Coal, WI, United States</td>
<td>6719831</td>
<td>Active</td>
<td>Oct 2008</td>
<td>FAB &amp; MH</td>
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<tr>
<td>17</td>
<td>Simon Down</td>
<td>Blueocean Inc Ltd</td>
<td>Michael Blueocean</td>
<td>Boca Raton, FL, United States</td>
<td>6702128</td>
<td>Active</td>
<td>Sep 2008</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>18</td>
<td>Simon Down</td>
<td>Ogden Trade Ltd</td>
<td>Joseph Ogden</td>
<td>Edmonds, WA, United States</td>
<td>6702230</td>
<td>Active</td>
<td>Sep 2008</td>
<td>FAB &amp; MH</td>
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<tr>
<td>19</td>
<td>Craig Tate</td>
<td>Dellmax Services Limited</td>
<td>Maxwell Liddell/Dellmax</td>
<td>Lewisberry, PA, United States</td>
<td>6591425</td>
<td>Dissolved</td>
<td>Aug 2006</td>
<td>Mar 2009</td>
</tr>
<tr>
<td>20</td>
<td>Craig Tate</td>
<td>Vantura Solutions Ltd</td>
<td>Diego Vantura</td>
<td>Paes</td>
<td>6671457</td>
<td>Dissolved</td>
<td>Oct 2007</td>
<td>Oct 2010</td>
</tr>
<tr>
<td>21</td>
<td>Craig Tate</td>
<td>Manitoba Trading Limited</td>
<td>Big Manitoba or Manitoba</td>
<td>United States</td>
<td>6673208</td>
<td>Active</td>
<td>Oct 2008</td>
<td>FAB &amp; MH</td>
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<tr>
<td>22</td>
<td>Angela Thompson</td>
<td>Soronui Trading Limited</td>
<td>Soronui Ronavi</td>
<td>Santa Monica, CA, United States</td>
<td>6403438</td>
<td>Active</td>
<td>Aug 2002</td>
<td>MH</td>
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<tr>
<td>23</td>
<td>Angela Thompson</td>
<td>Worther Limited</td>
<td>Daniel Worther</td>
<td>East Germany</td>
<td>6437668</td>
<td>Active</td>
<td>Oct 2002</td>
<td>FAB</td>
</tr>
<tr>
<td>24</td>
<td>Angela Thompson</td>
<td>Foch Entertainment Limited</td>
<td>Mal Foch</td>
<td>United States</td>
<td>6701515</td>
<td>Active</td>
<td>Oct 2009</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>25</td>
<td>Angela Thompson</td>
<td>Bennac Trading Limited</td>
<td>Numerous Bennacs</td>
<td>United States</td>
<td>6694657</td>
<td>Active</td>
<td>Aug 2009</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>26</td>
<td>Angela Thompson</td>
<td>Markley Enterprises Ltd</td>
<td>Jim Markley</td>
<td>Boulder City, NV, United States</td>
<td>6694532</td>
<td>Active</td>
<td>Aug 2009</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>27</td>
<td>Angela Thompson</td>
<td>Haley Investments Ltd</td>
<td>Mason Haley</td>
<td>Seaview Park, MD, United States</td>
<td>6602093</td>
<td>Active</td>
<td>Jan 2009</td>
<td>FAB &amp; MH</td>
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<tr>
<td>28</td>
<td>Angela Thompson</td>
<td>Canellas Entertainment Ltd</td>
<td>Andres Canellas</td>
<td>Edinburg, TX, United States</td>
<td>6694070</td>
<td>Active</td>
<td>Aug 2009</td>
<td>FAB &amp; MH</td>
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<tr>
<td>29</td>
<td>Angela Thompson</td>
<td>Medina Networks Ltd</td>
<td>Samuel Medina Jr</td>
<td>Tampa, FL, United States</td>
<td>6694682</td>
<td>Active</td>
<td>Aug 2009</td>
<td>FAB &amp; MH</td>
</tr>
<tr>
<td>30</td>
<td>Angela Thompson</td>
<td>Rocknee Publications Limited</td>
<td>Peter Rocknee</td>
<td>Las Vegas, NV, United States</td>
<td>6701143</td>
<td>Active</td>
<td>Oct 2009</td>
<td>FAB &amp; MH</td>
</tr>
</tbody>
</table>

Source: Companies House, The Hendon Mob
FAB = Fermoya Ltd & BMIE Ltd
MH = Merlion Holdings Ltd (Seychelles) & Highgate Holdings Ltd (Seychelles)
FAB & MH = Fermoya Ltd & BMIE Ltd now Merlin Holdings Ltd (Seychelles) & Highgate Holdings Ltd (Seychelles)

Bluemay Enterprises: a Fermoya and BMIE company

Bluemay Enterprises Limited ("Bluemay") was a UK company incorporated March 12, 2010. It was placed into insolvency December 23, 2013, by the Insolvency Service, subsequent to a petition by the UK’s Secretary of State for Business, Innovation and Skills.

Bluey Enterprises Limited

Company number 07187480

Bluey Enterprises: A front for 7red.com, an online gambling site, and with the same shareholders as Wire Card UK and Bluetoop

Figure 38 The Consett Poker Club

Figure 39 Bluey Enterprises: A front for 7red.com, an online gambling site, and with the same shareholders as Wire Card UK and Bluetoop

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113 Where Merlin Holdings Ltd or Highgate Holdings Ltd is detailed, this is due to a record of transfer of ownership from Fermoya and BMIE to Merlin and Highgate.

114 "UK Insolvency Service - Bluey Enterprises Limited No. 07187480"
Bluemay - A Front for Online Gambling Company, 7red.Com

The insolvency order revealed:

- Bluemay’s ownership changed hands four times in the run up to its insolvency. Fermoya and BMIE were among the reported shareholders.

- Bluemay had entered into an agreement with a principal:

  “Bluemay Enterprises N.V whereby the former [Bluemay Enterprises Ltd] would hold a website, www.7red.com, on trust for the latter and any income derived from this website is the property of principal.”

  www.7red.com (“7red”) is an online gambling website. 7red’s CEO is Ido Raviv.

Bluemay (a front for a poker site) had the same shareholders as both Bluetool (a company violating the Wire Act with Wirecard bank account) and Wire Card UK (the undisclosed company controlled by Wirecard’s COO Rüdiger Trautmann).

The insolvency order also revealed:

Unusually for a company, which reported profits of just £478 and £833 to June 30, 2011 and 2012 respectively, Bluemay had held “a company account at Wirecard Bank AG [that] had total credits of €36,259,489.00 between 01 January 2011 and 18 March 2013.”

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115 ibid
116 ibid
The evidence suggesting that Wirecard continues to illegally facilitate online gambling by U.S. citizens raises several questions and concerns:

- We believe that Wirecard continues to illegally wire online gambling related monies into the U.S.
- We re-iterate the implications of such actions and conduct - this being significant fines and potential prosecutions.
- The amount held by Bluemay (the front for 7red.com poker site) in a Wirecard Bank account is noteworthy. The UK Insolvency Service showed Bluemay held €36 Million in total credits in a Wirecard Bank account in 2013.
- Wirecard reported total customer deposits of €260 Million held with Wirecard Bank and Wirecard Card Solutions in the year 2013. As such, **Bluemay’s credits accounted for up to 14% of Wirecard Bank’s total deposit base.**
- We believe that Wirecard Bank’s deposit base comprises of significant levels of poker related or other associated high risk transactional deposit - including pharmaceuticals, pornography or higher risk advertising revenues.
The ‘Full Tilt Conspiracy’ an exemplar of Wirecard’s *modus operandi*. 
Figure 41 Full Tilt and Wirecard
The ‘Full Tilt Conspiracy’

The ‘Full Tilt Poker Conspiracy’\(^\text{117}\) was a United States federal case (the “Full Tilt Case”) against the founders of the three largest online poker companies, Full Tilt Poker, PokerStars and Cereus (Absolute Poker/Ultimatebet\(^\text{118}\)), and their associates, collectively the (“Poker Companies”).

The Poker Companies violated the Unlawful Internet Gambling Enforcement Act (“UIGEA”), engaging in bank fraud and money laundering to receive billions of dollars in online gambling related monies from U.S. residents. They achieved this by disguising payments through hundreds of non-existent online merchants and other phony non-gambling businesses, and via highly compensated third party payment processors (the “Processors”).

Substantive evidence shows a concerted scheme by Wirecard officers and associates, to control, manage, supervise, and direct a significant measure of the money flow of certain of the Poker Companies gambling related monies into and out of the United States.

Evidence reveals that:

1. A Wirecard Bank account was among the principal bank accounts of Full Tilt Poker (the “Kolyma Account”).
2. Wirecard’s former VP of Sales, Tobias Schreyer (“Schreyer”), incorporated Transact Network Ltd that was the Acquirer for Full Tilt’s Kolyma account.
3. Schreyer incorporated PPRO Ltd, which was the Payment Service Provider for Full Tilt’s Kolyma account.

It appears Wirecard, together with its former VP of Sales, provided a full suite of services to Full Tilt for its transfer of online gambling monies into the United States.

The Kolyma Accounts and the Full Tilt tripartite service offering

Highlighted in the Full Tilt case was Wirecard Bank, which held the account to one of Full Tilt’s principal entities, the Kolyma Corporation A.V.V. (“Kolyma”)\(^\text{119}\).

Evidence shows that Wirecard Bank and its ex VP of Sales, Tobias Schreyer\(^\text{120,121,122}\) provided an all-round service to Kolyma.

\(^{117}\) Full Tilt Amended Complaint September 20, 2011

\(^{118}\) Ultimatebet was the online poker company cited in the U.S. Secret Service ‘Menster Statement’ as being a poker company advertising how deposits and withdrawals could be facilitated through Wirecard Bank.

\(^{119}\) Ibid.

\(^{120}\) Tobias Schreyer LinkedIn profile

\(^{121}\) Schreyer’s LinkedIn profile suggests he co-founded Transact Network in 2007, however, his profile on the PPRO site indicates “In 2006, he established Gibraltar-based Transact Network Ltd.”

\(^{122}\) Again, Schreyer’s LinkedIn profile contains inconsistent information with the PPRO website. His LinkedIn profile suggests that he joined PPRO as its Chief Commercial Officer in 2011. However, the PPRO website states that “Philipp Nieland and Tobias Schreyer founded PPRO in 2006.”
A simple Google search of the words: Kolyma & Wirecard reveals among the top ten results:

"MerchantID","ext-MerchantID","Ges_MerchantID ..."

www.giropay.de/index.php?id=187

Software wurde von TimeWare LLC entwickelt, einem Unternehmen für Software-
Entwicklung und -Lizenzierung aus Los Angeles, USA, und durch die Kolyma ... 

The above links to an Excel spreadsheet on the giropay.de site\textsuperscript{123}. The spreadsheet reveals the corporate, contact, bank account, bank sort code, IBAN\textsuperscript{124}, BIC\textsuperscript{125}, acquirer, and PSP\textsuperscript{126}, amongst other details for an extensive list of merchants.

It shows Kolyma’s:

1. Acquirer as being Transact Network Ltd.
2. Payment Service Provider as being PPRO Ltd.

Hence, while Kolyma’s bank account was with Wirecard Bank, Transact Network Ltd provided its acquiring services and PPRO Ltd provided the payment services. Both of these companies are under the control of Wirecard’s ex VP of Sales, Schreyer.

We believe PPRO is one of the Payment Service Providers that obscured online gambling transactions for Full Tilt and Wirecard’s economic benefit.

\textsuperscript{123} Giropay.de - is a German online payment method that allows merchants to accept payments from consumers over the internet.

\textsuperscript{124} IBAN: International Bank Account Number

\textsuperscript{125} BIC: Bank Identifier Code

\textsuperscript{126} PSP: Payment Service Provider
The Full Tilt tripartite service offering raises questions and concerns:

Wirecard shareholders, Visa Inc., MasterCard Inc., regulators and investigators may question the complete service offering to Full Tilt by Wirecard Bank and its former VP for Sales, Schreyer and his associated entities.

We believe:

- That this tripartite arrangement between Wirecard and its close associates, was a concerted scheme to control, manage, supervise, and direct the entire money flow of Full Tilt’s Kolyma associated operations.

- Transact Network and PPRO were used to obfuscate Full Tilt’s payment transactions to obscure their relation to online gambling to both Full Tilt’s and Wirecard’s economic benefit.

The implication of this scheme is that Wirecard and its associates used fraudulent methods to process payments and evade U.S. restrictions on internet gambling. Further, that Visa and MasterCard were defrauded.
Inatec and its connection to the Full Tilt Poker Conspiracy

- Another payment processor, Inatec GmbH ("Inatec"), was a processor for Full Tilt, specifically highlighted in the Full Tilt Case.

There is substantive evidence to suggest that Inatec is under the control of Wirecard. This evidence includes:

- All the evidence points towards Dietmar Knöchelmann and his wife owning Inatec.
- Inatec’s CEO is the spouse, to Dietmar Knöchelmann, the latter being the former CEO to Wirecard Payment Solutions.
- Within a few months of the incorporation of Wirecard Communications Services, the same individual incorporated Inatec Solutions GmbH in Germany.
- A number of senior Wirecard officers were or became either senior officers or advisers to Inatec.
- ‘WhoIs’ and company filing sites showing Rüdiger Trautmann to be affiliated with Inatec, whilst he was COO of Wirecard.
- Nelson Burtnick, former Director of Payments at Full Tilt and convicted money launderer, is now the COO at Inatec. This may prove of particular concern to Visa and MasterCard, both of which he once defrauded, as Inatec seems to be under the control of Wirecard.

In a subsequent filing to the Full Tilt Case\textsuperscript{127}, we note that potential claims were highlighted against:

"... former payment processors of the Full Tilt Group including but not limited to, Comtec Consulting Ltd, Solidpay and Inatec."\textsuperscript{128}

<table>
<thead>
<tr>
<th>Pending and potential claims</th>
<th>Owned By</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kolyma Corporation A.V.V.</td>
<td>Kolyma Corporation A.V.V.</td>
</tr>
<tr>
<td>Any other entity of the Full Tilt Group</td>
<td>Any other entity of the Full Tilt Group</td>
</tr>
</tbody>
</table>

Figure 45 Pending and potential claims against former payment processors of the Full Tilt Group

In August 2003, Nicole Suttner incorporated Inatec Solutions GmbH ("Inatec Solutions"). The same Nicole Suttner incorporated Wirecard Communication Services GmbH ("Wirecard Communications") three months prior.

\textsuperscript{127} Stipulation and order of settlement regarding Full Tilt Poker
\textsuperscript{128} Ibid
The same individual incorporated Inatec Solutions and Wirecard Communications within a few months.

Nicole Suttner incorporated Inatec Solutions in August 2003, three months after she had incorporated Wirecard Communication Services in May 2003.

Inatec Solutions’ CEOs include former suspected money launderers, Wirecard former officers, wives of alleged money launderers and former Wirecard officers. Further, its current COO is a convicted money launderer and defrauder of Visa Inc. and MasterCard Inc.

Inatec Solutions has had a number of CEOs. In or around 2007, Mike Hansch became CEO, at the same time he was also the CEO of Betonusa AG, which owned an online gambling website, betonusa.com. According to various press articles, Mike Hansch was investigated for money laundering in 2004 and went on to incarceration in Germany for tax related issues.

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129 Mike Hansch the former CEO to BetOnUSA AG was investigated for money laundering in 2004. He allegedly went on to be convicted and incarcerated for tax related issues sometime after 2007.
130 Mike Hansch CEO at Inatec Solutions: 2007
131 Mike Hansch appointed CEO to Betonusa AG: December 2006
132 'Bookmakers Review eventually discovered that Mr Hansch had been arrested in Germany and allegedly spent six months in jail for some tax related issues.'
Dietmar Kuhl, formerly Trautmann’s employee at Pago eTransaction Services, also at Wirecard, became Managing Director at Inatec in 2007.

Figure 47 Inatec Solutions CEOs: Nicole Suttner (incorporated Wirecard Communications May 2003 then Inatec Solutions August 2003), Dietmar Kuhl (Wirecard International Sales 2005 to 2007), Rüdiger Trautmann (Wirecard COO 2005 to 2010), Ayelet Fruchtlander (Knöchelmann) (spouse of Wirecard Payment Solutions CEO, Dietmar Knöchelmann), Mike Hansch (CEO of Betonusa AG 2006 to 2007)

Figure 48 Dietmar Kuhl, former employee of Trautmann at Pago eTransaction, then also at Wirecard, before joining Inatec
Trautmann's arrival
Filings at Bundesanzeiger show Dietmar Kuhl left Inatec when the former Wirecard COO, Trautmann joined on January 31, 2011. An internet source suggests that Trautmann has been an officer of Inatec Payment AG since March 2009, while he was in office at Wirecard.

Supporting evidence by way of the ‘WhoIs’ data shows that the inatecpayment.com domain was created in March 2009, with Trautmann as the admin contact.

Marimune is a Visa and MasterCard branded prepaid card offered by Inatec Payment AG. Further, Powercash21 is a payment processor again licensed by MasterCard and Visa Europe. It is unclear if Powercash21 is affiliated with Inatec, however, the ‘WhoIs’ data for powercash21.com shows that the domain was created in April 2000 and that Trautmann is the admin contact.

Further, that both Trautmann and Knöchelmann are officers to a Cypriot registered Powercash21 Limited. Hence, evidence suggests that Powercash21 has been in existence while both Trautmann and Knöchelmann were in office at Wirecard.

Figure 49 Moneyhouse.ch information suggesting that Trautmann has been at Inatec since March 2009, whilst still in office and a Member of the Board at Wirecard

133 Filings at Bundesanzeiger and shown in the supporting evidence below, show that Trautmann took over at Inatec Solutions AG from Dietmar Kuhl. Kuhl was employed by Wirecard AG as an International Sales manager from July 2005 until September 2007. Prior to this Kuhl was a Product Manager at Pago eTransaction Services GmbH from April 2000 until July 2005. Trautmann was CEO of Pago eTransaction Services GmbH until in or around July 2005.
134 Moneyhouse information on Rüdiger Trautmann
135 Inatecpayment.com ‘WhoIs’ information
136 Marimune website
137 Powercash21 website
138 WhoIs data for powercash21 domain
Evidence shows that Rüdiger Trautmann was at Inatec from April 2000 to March 2009 in Figure 49, he gave his contact details and company information for inatecpayment.com and powercash21.com in Whols data.

**Whois information**

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<thead>
<tr>
<th>Domain Name: inatecpayment.com</th>
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<tbody>
<tr>
<td>Registry Domain ID: 1547945870_DOMAIN_COM-VRSN</td>
</tr>
<tr>
<td>Registrar: WHOIS Server: whois.intagio.de</td>
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<tr>
<td>Updated Date: 2015-03-21T04:45:20Z</td>
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<td>Creation Date: 2009-03-19T08:45:02Z</td>
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<tr>
<td>Registrar IANA ID: 1443</td>
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<tr>
<td>Registrar Abuse Contact Email: <a href="mailto:abuse@vautron.de">abuse@vautron.de</a></td>
</tr>
<tr>
<td>Registrar Abuse Contact Phone: +49.941598870</td>
</tr>
<tr>
<td>Domain Status: ok</td>
</tr>
<tr>
<td>Registry Registrant ID:</td>
</tr>
<tr>
<td>Registrant Name:</td>
</tr>
<tr>
<td>Registrant Organization: Inatec Solutions GmbH</td>
</tr>
<tr>
<td>Registrant Street: Hanauer Landstrasse 161-173</td>
</tr>
<tr>
<td>Registrant City: Frankfurt</td>
</tr>
<tr>
<td>Registrant State/Province: Hessen</td>
</tr>
<tr>
<td>Registrant Postal Code: 60314</td>
</tr>
<tr>
<td>Registrant Country: DE</td>
</tr>
<tr>
<td>Registrant Phone: +49.699434000</td>
</tr>
<tr>
<td>Registrant Phone Ext:</td>
</tr>
<tr>
<td>Registrant Fax Ext:</td>
</tr>
<tr>
<td>Registrant Email: <a href="mailto:hostmaster@inatec.com">hostmaster@inatec.com</a></td>
</tr>
<tr>
<td>Registry Admin ID:</td>
</tr>
<tr>
<td>Admin Name: Rüdiger Trautmann</td>
</tr>
<tr>
<td>Admin Organization: Inatec Solutions GmbH</td>
</tr>
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**Whois information**

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</thead>
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</tr>
<tr>
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<td>Registrar Abuse Contact Email: <a href="mailto:abuse@vautron.de">abuse@vautron.de</a></td>
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<tr>
<td>Registrar Abuse Contact Phone: +49.941598870</td>
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<tr>
<td>Domain Status: ok</td>
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<tr>
<td>Registry Registrant ID:</td>
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<td>Registrant State/Province: Hessen</td>
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</tr>
<tr>
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</tr>
<tr>
<td>Registrant Fax Ext:</td>
</tr>
<tr>
<td>Registrant Email: <a href="mailto:hostmaster@inatec.com">hostmaster@inatec.com</a></td>
</tr>
<tr>
<td>Registry Admin ID:</td>
</tr>
<tr>
<td>Admin Name: Rüdiger Trautmann</td>
</tr>
<tr>
<td>Admin Organization: Inatec Solutions GmbH</td>
</tr>
</tbody>
</table>

**Figure 50** Whols data showing that the inatecpayment.com domain (see below for information on Powercash21 and the Cypriot entities) was created in April 2000 and that Trautmann is the admin contact.

**Ayizik/Ayelet Fruchtlander/Knöchelmann**

Ayizik Fruchtlander joined Inatec in February 2009. Ayizik Fruchtlander (also known as Ayelet Fruchtlander or Ayelet Knöchelmann) is Dietmar Knöchelmann’s wife.

**C. Sonstige Angaben**

Geschäftsführungsorgan


Die Geschäftsführer:

- **Rüdiger Trautmann**
- **Ayizik Fruchtlander**

**GOOGLE TRANSLATION BELOW**

**C. Other Information**

Management bodies:

In the reporting period the company’s business by Mr Dietmar Kuhl (Kaufmann), women led Fruchtlander Ayizik (clerk). With shareholders’ resolution dated 31.1.2011 Mr Dietmar Kuhl was canceled as General Manager and Mr. Rüdiger Trautmann (Kaufmann) with immediate effect an additional managing director. In addition to the directors no further bodies in the reporting year ordered [3].

Frankfurt, 13.11.2011

The CEO:

Rüdiger Trautmann
Ayizik Fruchtlander

**Figure 51** Rüdiger Trautmann officially appointed to Inatec Solutions in January 2011, Ayizik Fruchtlander is also Ayelet Knöchelmann, also Director of Sales to CAL (Israeli credit card issuer) and we believe to be the spouse of Dietmar Knöchelmann, an individual awaiting prosecution by the Israeli Judiciary in relation to money laundering at CAL
Curiously, Ayizik Fruchtlander (Knöchelmann) has several LinkedIn profiles¹³⁹. One suggests that she joined Cal International in July 1991 and left in February 2009, another indicates she joined Cal International in 2005 and is still with the company.

Cal International is the company at which Dietmar Knöchelmann committed money laundering and corporate fraud offences, specifically defrauding Visa and MasterCard¹⁴⁰.


Nelson B. is Chief Operating Officer at Inatec Payment GmbH.

The B stands for Burtnick. Nelson Burtnick was a principal agent in the ‘Full Tilt Conspiracy’, and is a convicted money launderer.

¹³⁹ One of Ayelet Fruchtlander’s LinkedIn profiles
¹⁴⁰ Alleged by the Israeli Attorney General
Inatec is an approved member agent and compliant service provider of Visa Europe\textsuperscript{141}, and MasterCard Inc.\textsuperscript{142}, respectively.

\textbf{New York Field Office}

\textbf{Online Poker Executive Pleads Guilty in Manhattan Federal Court to Money Laundering, Bank Fraud, and Internet Gambling Offenses}

Peet Bharara, the United States Attorney for the Southern District of New York, announced today that Nelson Burtnick, who previously served as director of payments for Pokerstars and Full Tilt Poker, pled guilty in Manhattan federal court to conspiracy to commit unlawful Internet gambling, bank fraud, money laundering, and gambling offenses in connection with a scheme to deceive banks into processing hundreds of millions of dollars of Internet gambling transactions. Burtnick, a Canadian citizen and resident of Ireland, pled guilty before U.S. Magistrate Judge Gabriel W. Gorenstein.

\textbf{Figure 54} FBI press release regarding Nelson Burtnick pleading guilty to money laundering, bank fraud and unlawful Internet gambling

\textbf{910} More specifically, the original indictment charge highlighted that\textsuperscript{143} (our emphasis):

\textit{8. In order to circumvent the Visa and MasterCard regulations and trick U.S. banks into authorizing their internet gambling transactions, RAYMOND BITAR and NELSON BURTNICK, the defendants, worked with others to apply incorrect codes to Full Tilt Poker internet gambling transactions in order to disguise the nature of those transactions and create the false appearance that the transactions were unrelated to internet gambling. As a result of this deception, United States issuing banks were tricked into approving payments for internet gambling that would have automatically been rejected if properly coded.}

\textbf{920} We believe Visa and MasterCard will have concerns that an approved member agent and compliant service provider has a CEO that is married to a money launderer\textsuperscript{144} and whose COO, Nelson Burtnick, is a convicted money launderer.

\textsuperscript{141} Visa Europe Member Agent List - January 2016
\textsuperscript{142} MasterCard Compliant Server Provider List - 2014
\textsuperscript{143} United States of America v. RAYMOND BITAR and NELSON BURTNICK
\textsuperscript{144} For which he awaiting prosecution by the Israeli Judiciary
Inatec, the Payment Processor and Links to Money Laundering Raises Several Questions And Concerns:

We believe that Trautmann and Knöchelmann had effective control of Inatec’s operations whilst both were in office at Wirecard. This is a further example of Wirecard officers obscuring the payment processing for online gambling and/or high risk merchants, to the economic benefit of themselves. Albeit at significant risk to Wirecard shareholder interests.

Shareholders should have reservations over the relationship between Knöchelmann, Trautmann, Burtnick and Inatec, which clearly existed and conflicts with shareholders’ interests.

Are Visa and MasterCard concerned with Wirecard’s close association and apparent control of Inatec whose:

1. Chairman has links to convicted money launderers.
2. COO is a convicted money launderer.
3. CEO of Inatec is married to Dietmar Knöchelmann, a person awaiting prosecution for money laundering and already subject to an assets seizure order on April 26, 2015 by the Israeli Government.

145 The State of Israel v Chechick et al.
Figure 55 The Inatec timeline
## The Current (and ex) CFO Club

- Wirecard has seen four CFOs since 2000, with the exception of one (who lasted less than six weeks) it has kept on very friendly terms with them.
- Alexander Herbst had a Joint Venture with Wirecard (Gibraltar) Ltd, and has ties to the same shareholders as Trautmann’s Wire Card UK and online poker companies.
- Maximilian Oppersdorff joined the corporate advisory firm which assisted in Wirecard’s reverse IPO, and has continued to do business with Wirecard since.
- Burkhard Ley, prior to his arrival at Wirecard, made his excuses and quietly left months before his former employer Kirch Media became insolvent.
- While not a CFO, evidence shows that Wirecard’s current Treasurer, Thorsten Holten had financial arrangements with Wirecard Technologies’ former Head of Sales, Torsten Doppler.

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Alexander Herbst – 2000 to August 2002

Alexander Herbst became CFO to Wirecard in 2000 and left three years later to establish Deutsche Payment A1M GmbH (in Germany) and Deutsche Payment IPSP Ltd (in the UK).

Deutsche Payment IPSP Ltd is a business, which:

- Has undergone five name changes since its incorporation;
- Owned a myriad of UK sub companies during 2006 to 2010. Deutsche Payment IPSP Ltd remains active. Most of the sub companies were dissolved a few months after the U.S. Secret Service investigation into Michael Schütt and Bluetoool Ltd.
- Was a joint owner with Wirecard (Gibraltar) Ltd of Oval 2123 Ltd, a company that was also dissolved shortly after the U.S. Secret Service investigation.
- Herbst continues to remain a partner to Wirecard, with a contract with Wirecard Bank AG, which states that the “the provisions of the European Communities (Payment Services) Regulations 2009 do not apply to the contract and/or the relationship between DP IPSP and the Merchant.”
- We believe that aggregation of merchant transactions is occurring to obscure ‘high risk’ identifiers such as Transaction Country Code and/or Merchant Category Code. Further, that this would seriously test the ‘Know Your Client’ rules.

Alexander Herbst was also an officer to a UK company Trinkbay Accounting Services Ltd:

- With the same shareholders as Bluemay (a front for a poker site), Bluetoool (a company violating the Wire Act via its Wirecard bank account) and Wire Card UK (the previously undisclosed company controlled by Wirecard’s COO).
- That had the same company secretary as Wire Card UK and Bluetoool.

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146 Deutsche Payment agreement with Wirecard
147 The Payment Services Regulations 2009 (Legislation)
Dr. Herbert Bäsch – October 1, 2004 to November 10, 2004

At the time of Dr. Bäsch’s appointment as a result of the InfoGenie Europe AG capital increase, Wirecard released a statement within which it highlighted:

“Dr. Herbert Bäsch will contribute his special commercial qualifications and many years’ experience gained in exercising managerial functions in the finance divisions of major corporate groups and small to medium-scale enterprises (SMEs) listed on the stock markets.”

Less than six weeks later, either Dr. Bäsch or Wirecard decided Wirecard was not for Dr. Bäsch and he abruptly departed.  

“In terms of a resolution of September 16, 2004, Dr. Herbert Bäsch was appointed Chief Financial Officer effective as of October 1, 2005 (sic) and dismissed effective as of November 15, 2004.”

It is something of a mystery why Dr. Bäsch did not last longer than six weeks.

Maximilian Graf von Oppersdorff – January 2005 to December 2005

Maximilian Graf von Oppersdorff (“Oppersdorff”) became CFO at Wirecard in January 2005. He lasted less than 12 months. However, his dealings with Wirecard continued.

Oppersdorff left Wirecard in December 2005 and joined Blue Corporate Finance, now known as Quarton International. Quarton is a corporate finance boutique, specializing in mergers and acquisitions, special situations, financing advisory. Wirecard has employed Quarton’s services on numerous occasions.

In fact, Quarton “advised and supported” Wirecard in its reverse IPO in 2005. Thereafter Oppersdorff joined that as advisor.

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148 Source Wirecard - InfoGenie Europe AG plans capital increase by integrating Wire Card AG and making changes to the Management Board
150 Maximilian Graf von Oppersdorff: LinkedIn Profile
151 Source: Quarton International - Consultation Of Wire Card AG With The Purchase Of Xcom Bank AG
152 Source: Quarton International - Cash Capital Raise Amounting To EUR 22 MIO Through The Issue Of 6.694.457 New Share Certificates
153 Source: Quarton International - Quarton Advising the Buyer
154 Source: Quarton International - Acquisition Of Various Payment Service Provider (Psp) For A Total Of EUR 48 MIO
155 Source: Quarton International - Wirecard Ag Takes Over E-Credit Plus Pte. Ltd., Singapore
156 Source: Quarton International – Wirecard Reverse IPO 2002 – Quarton Advised the Client

A possibility is that Oppersdorff’s tenure was a ‘marriage of convenience’, Dr. Bäsch had abruptly left Wirecard and it would have proven difficult for it to complete a reverse IPO without a CFO.
Burkhard Ley (“Ley”) – became CFO of Wirecard in late 2005 to Present\textsuperscript{158}.

In the four years prior to Wirecard, Ley was an independent consultant\textsuperscript{159}, having walked away prior to one of the biggest corporate collapses in modern German history.

The Kirch Media Scam

A brief synopsis of the Kirch Media Scam is as follows\textsuperscript{160}: KirchGruppe (“Kirch Group”) was a German media group, which collapsed in 2002, largely due to the debts associated with the purchase of sports rights for its television channels and the launch of pay-tv services. Kirch Group had three major subsidiaries: Kirch Media, Kirch 990 Pay TV, KirchBeteilgung.

Kirch Media was declared insolvent on April 8, 2002\textsuperscript{161,162}.

Numerous corporate governance issues were cited for Kirch Media’s failure\textsuperscript{163}:

- **Impropriety of disclosures**: Kirch Media was vague in its financial disclosures, preserving a considerable amount of opacity. This was to the detriment of stakeholders, who found it difficult to know the company’s true financial position. The organizational and shareholding structure of the firm was convoluted\textsuperscript{164}.

- **Audit Failure**: KMPG (External Auditor) was unable to assess the company’s increasing debt level.

- **Collateral pledges**: assets were pledged as collateral for loans.

- **Falling profitability**: profits were insufficient to support the loss making units.

\textsuperscript{158} Source: Wirecard - Management Description – Burkhard Ley

\textsuperscript{159} Burkhard Ley - LinkedIn Profile

\textsuperscript{160} Further details may be found here: Entitled: Kirsch Media Scam

\textsuperscript{161} Kirch declares itself insolvent (BBC UK)

\textsuperscript{162} The Economist - Kirch The Beginning of the End

\textsuperscript{163} Ibid

\textsuperscript{164} A convoluted organizational and shareholding structure reminds us of another German company, where its senior officers control a myriad of secret and undisclosed companies.
Burkhard Ley was Kirch New Media’s CFO until his abrupt departure on December 31, 2000—prior to its insolvency, and at a time when he planned to spend $240 million at Kirch New Media.165

“Finanzvorstand Burkhard Ley verlässt die Kirch New Media AG
Nachfolge wird in Kürze bekannt gegeben


Vorstandssprecher Rainer Hüther würdigte Burkhard Leys Tätigkeit als wichtige Aufbauarbeit, die er in den vergangenen Monaten erfolgreich geleistet habe. Die Nachfolge für Burkhard Ley ist bereits geregelt und wird nach Auskunft der Kirch New Media AG in Kürze bekannt gegeben.166”

Bold section translates as:

“The 41-year old manager, Burkhard Ley, Chief Financial Officer of Kirch New Media AG, http://www.kirchmedia.de/, Munich, as at December 31, 2000, is leaving the company at his own request. No further details were provided as to his reasons.”

Thorsten Holten
Thorsten Holten (“Holten”) is the Executive VP of Treasury to Wirecard, with responsibility for assisting in the oversight of group finances and customer deposits at Wirecard bank.167

Figure 58 Thorsten Holten Executive Vice President Treasury, Wirecard AG168

On June 15, 2007, Thorsten Holten and Torsten Doppler incorporated Yros Limited, a company registered to an address in Birmingham, UK. Torsten Doppler169 was Head of Sales to Wirecard Technologies from September 2004 to September 2007.

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165 GERMANY-KIRCH-NEW-MEDIA - Burkhard Ley, head of the financial board
166 Pressetext.com - CFO Burkhard Ley leaves the Kirch New Media AG (Translated)
167 Article on Thorsten Holten, Executive Vice President Treasury of the Wirecard Group, not only the finances of the group & customer deposits at the in-house bank.
168 www.finance-magazin.de/ PDF on Structured Finance Slide 37
169 Torsten Doppler LinkedIn profile
The CFO relationships raise several concerns:

We believe that Wirecard has maintained close relationships with its former CFOs, due to their deep understanding they have of the business and operations. Indeed, in some cases this relationship has remained so close, that one former CFO appears to have also been associated with the companies and individuals that transmit illegal online gambling monies into the U.S.

One such example is Alexander Herbst’s association with another County Durham registered entity with the same shareholders (Fermoya and BMIE) as the undisclosed Wire Card UK and the company wiring illegal internet gambling monies into the U.S., Bluetool.

We believe that shareholders, card issuers, regulators and criminal investigators should have serious concern that Wirecard continues to have an agreement with Herbst’s entity, Deutsche Payments. We believe that this agreement allows the obfuscation of merchant category codes and the fact that “the provisions of the European Communities (Payment Services) Regulations 2009” do not apply should bear closer scrutiny as to why not.

Our view is that shareholders should be concerned by the fact that the current Treasurer to Wirecard, with oversight of Wirecard group finances and bank customer deposits at Wirecard bank, had a 50:50 venture with Wirecard Technologies’ Head of Sales.

Yet again, the presenting evidence raises not only serious flaws for the conduct of both Wirecard’s CEO, Markus Braun, and CFO, Burkhard Ley, but more so poses a serious and poignant question of what exactly they know with regard to the conduct of Wirecard employees.

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170 Deutsche Payment agreement with Wirecard
171 The Payment Services Regulations 2009 (Legislation)
172 Companies House UK – Filings – evidence both parties retained a 50:50 share in Yros Limited
Wirecard Asia Pacific
Wirecard Asia Pacific – we see no value for shareholders

Evidence demonstrates that Wirecard’s ‘growth engine’, its Asia Pacific (AP) operation, is undertaking a deliberate and premeditated scheme to defraud Visa and MasterCard.

Wirecard AP’s subsidiary, Asia Pacific E-Serv (ASPACONLINE), and its affiliates, are obfuscating the ‘Country of Domicile’ of a number of Wirecard’s sponsored Merchants.

Asia Pacific Merchant customers of Wirecard are presented with the ability to create ‘mirror’ companies in the United Kingdom, Switzerland and Lichtenstein\(^{173,174}\), creating an inaccurate level of Country and Merchant Risk.

We believe that Wirecard is in significant breach of Visa and MasterCard’s operating regulations, and this will ultimately result in the termination of its membership.

The obfuscation of Merchant and Country Category Codes should also incur considerable scrutiny by regulators, principally due to Wirecard obscuring the real origin, source and nature of payment transactions.

Wirecard AP’s ‘Risk and Compliance’ function is farcical. Wirecard AP’s own Risk and Compliance Officer, Arnold Marcellana, is responsible for registering poker domains.

Marcellana also registers undisclosed Payment Service Providers that are effectively Wirecard subsidiaries, which Visa, MasterCard and regulators are no doubt unaware of.

Evidence shows that:

- Wirecard has hosted pornographic content sites on its Nameserver.
- Wirecard’s Australia and South Pacific Sales Manager, Donald Moffatt, has registered a number of pornographic sites, scam sites and is affiliated with Kreole Enterprises.
- Kreole Enterprises is a Cypriot based entity that has a long history with Wirecard through pornographic sites and as a method for U.S. citizens making online poker gambling payments to its Wirecard Bank account.

We believe that the authorities and regulators will be keen to determine the exact relationship between Wirecard and Kreole Enterprises.

The corporate structure, actions and conduct of employees in Wirecard AP echo the convoluted and undisclosed structure already evidenced in other areas of Wirecard operations.

This leaves little to no value to the Wirecard Asia Pacific operation.

\(^{173}\) Uni-Channel.com via Wayback Machine
\(^{174}\) Paylockglobal.com via Wayback Machine
Is Wirecard in Breach of Visa Europe Operating Regulations?

The origins of Wirecard Asia Pacific

Wirecard’s former Operations Director, Ronald Magleo\(^{175}\), highlights that Wirecard’s entry into the Asia Pacific region was a result of Wirecard’s acquisition of ‘Asia Pacific E-Serv Corporation’, from Magleo. This acquisition was around May 2007, when Magleo became employed by Wirecard AP, as its Operations Director, until June 2010\(^{176}\).

Evidence suggests that Wirecard’s ‘growth engine’, its Asia Pacific operation:

- Is undertaking a deliberate and premeditated scheme to defraud Visa and MasterCard.
- That Wirecard AP’s subsidiary, Asia Pacific E-Serv (ASPAONLINE), and its affiliates, are deliberately obfuscating the ‘Country of Domicile’ of a number of Wirecard’s sponsored Merchant’s.

Asia Pacific Merchant customers of Wirecard are presented with the ability to create ‘mirror’ companies in the United Kingdom, Switzerland and Lichtenstein\(^{177},^{178}\). This allows Merchants to circumvent high risk categorization and authentication requirements within the Visa and MasterCard network.

Further, this restricts a regulator’s ability to monitor the real origin, source and nature of payment transactions. The essence of ‘Know Your Client’ and all elements of Merchant compliance appear to be ignored to enable Wirecard to present itself as a high growth credit card processor.

If Wirecard is obfuscating the ‘Country of Domicile’, then there is significant risk it is also obfuscating its sponsored Merchant’s Category Codes.

We believe that Wirecard is violating Visa and MasterCard’s operating regulations.

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\(^{175}\) Ronald Magleo bio from Paynamics.com

\(^{176}\) Ronald Magleo LinkedIn profile

\(^{177}\) Uni-Channel.com via Wayback Machine

\(^{178}\) Paylockglobal.com via Wayback Machine
Wirecard AP: Obscuring the country risk of its Merchants

Evidence below reveals the business practices of Wirecard AP’s subsidiary, ASPACONLINE. We believe that Wirecard is in violation of Visa Europe Operating Regulations\textsuperscript{179}. This evidence is being submitted to Visa and MasterCard.

Asia Pacific E-Serv Corporation is known as ‘ASPACONLINE’. In July 2014, ASPACONLINE (a Wirecard AP subsidiary) was directly advertising to potential Asia based merchant customers, that

“Since our Acquirer is in Europe, it is a prerequisite to be a European Register Company to be approve [sic] for a Merchant Account.”

ASPACONLINE goes on to describe how it:

“... can assist in company formation in United Kingdom, Lichtenstein and Switzerland.”

By the formation of what is effectively a ‘mirror’ company but, in a different geographic Territory to the true underlying Merchant customer to Wirecard, Wirecard is enabling an inaccurate level of Country Risk associated with these Asia based Merchants.

This is geographic concealment, it is likely that the actual Merchant Category Risk is also being obscured. Evidence in the section: ‘The Farcical Compliance of Wirecard AP’ will show supporting reasons for our view that corporate governance and business risk controls are as careless in Wirecard’s Asia Pacific business as they are in the parent group itself.

This pattern and behavior is similar to the practices undertaken by Wirecard, together with its associate payment processors that used and use fraudulent methods to process

\textsuperscript{179} Visa Europe Operating Regulations
\textsuperscript{180} Asia Pacific E-Serv Corporation aspaconline.com FAQ - 21 July 2014
payments to evade U.S. restrictions on internet gambling. Indeed, earlier sections have demonstrated evidence showing Wirecard’s direct involvement in those cases.

Steps Taken by Visa and Mastercard to Prevent the Obscuring of Merchant and Country Risk

Visa and MasterCard, regulations require member banks that process credit card transactions for merchants (so-called “acquiring banks” such as Wirecard) to apply particular codes to transactions. These include a **Country Transaction Code** (“TCC”) and a **Merchant Category Code** (“MCC”). The MCC code is a four-digit code and reflects the primary category in which the merchant does business. For an online casino gambling merchant, the code ‘7995’ would be applied to its transactions.

The TCC and MCC permits:

- Other banks that issued credit cards to consumers (so-called “issuing banks”) to elect not to extend credit to customers for example, internet-gambling purposes, or to decline certain transactions bearing other TCC and/or MCC codes reflecting high-risk transactions or locations.
- The processor to determine whether to place holds on merchant funds to protect themselves from the risk of suffering financial losses due to fraud, merchant closure, chargebacks etc.
- In the U.S. and foreign countries, the TCC and MCC can be used to determine whether or not a payment needs to be reported to the Internal Revenue Service for tax purposes.

Concerning the three points above, it is perhaps obvious why some less virtuous merchants may wish to obfuscate matters to their benefit.

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**An example of how it works:**

A U.S. resident (Z) may hold a credit card issued by, Wells Fargo Bank (the issuing bank). Z may attempt to use this card to purchase online pharmaceuticals, for $200, from a high risk merchant, based in the Philippines.

The high risk merchant may have an account with, Wirecard Bank (the acquiring bank). On behalf of the high risk merchant, Wirecard Bank (the acquirer) would present the transaction to Wells Fargo Bank (the issuer), and this transaction would have an MCC attached to it identifying it as a high risk merchant related transaction, emanating from the Philippines. Wells Fargo Bank could then elect to decline that transaction.

Online adult entertainment, pharmaceutical or suspected ‘scam’ merchants are thus very motivated to deceive issuing banks.

By forming a sham ‘mirror’ company in the United Kingdom (a service that Wirecard offers its Asia based Merchants), the Country and Merchant Category Code could be obscured and Wells Fargo (or any other issuing bank) may approve transactions that it might otherwise reject.

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181 Visa Merchant Category Codes
182 A What is the difference between high and low risk merchant accounts
183 Ibid
184 Or relevant foreign tax authorities.
Merchants labeled high risk are required to accept that a sizeable percentage of the payment due will be placed on hold. This is to mitigate any event of the transaction being fraudulent. If this is the case then the issuing bank will request a charge back from the merchant (acquirer) bank, i.e. request the monies back.

Another benefit of obscuring Merchant Category Codes and Country risk, is that a higher proportion of the payment is received earlier than the true transaction risk profile would dictate for further information, see the University of California paper by Levchenko et al on 'Click Trajectories: End-to-End Analysis of the Spam Value Chain'. We would also note that Wirecard Bank is one of the fourteen Merchant banks highlighted in the report as "authorizing or settling transaction for spam-advertised purchases, their Visa-assigned Bank Identification Number (BIN), their location, and an abbreviation used for affiliate program and/or store brand."

Why Domicile Matters

One of the ways banks assess the risk of fraudulent or high risk transactions is based on the domicile of the Merchant.
As shown in Figure 63, Malaysia, Philippines, Indonesia, and Singapore have been highlighted as countries with high incidence of e-commerce related fraud. If a Malaysian based high risk Merchant is able to disguise transactions to appear in the UK, then this would reduce the rejection rate. Evidence suggests that this is what Wirecard is offering to its high risk Asian based merchant customers.

![Figure 62 Global e-commerce fraud rates by country, dark red indicates higher incidence of fraud](image)

**Wirecard AP Affiliates: Obscuring Merchant Country Risk.**

Wirecard AP’s subsidiary, ASPACONLINE, promoted a ‘mirror’ company formation service to its Asia based merchants until July 2014. More recently it has used Wirecard employee businesses to offer this service.

PayLock Global Solutions is based in the Philippines, with Bob Lock as its Chief Operating Officer. Bob Lock is the former VP of Development at Wirecard AP, (January 2009, to July 2011). However as with a number of Wirecard’s ‘supposed’ ex-employees he has either maintained a close working relationship with his former employer, or remains in Wirecard’s employment. One of Bob Lock’s numerous LinkedIn profiles would suggest he remains employed by Wirecard.

![Figure 63 Bob Lock Advertising](image)

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186 Sift Science.com Article on Global E-commerce fraud
187 See [www.paylockglobal.com](http://www.paylockglobal.com) (Website)
188 Bob Lock LinkedIn profile
189 One of Bob Lock’s LinkedIn profiles indicating he is still Vice President at Wirecard Asia Pacific
190 Bob Lock Advertising on Entrepreneur.com.ph December 2008
Visa and MasterCard may elect to pay close scrutiny to PayLock Global’s association with Wirecard’s ASPACONLINE for several reasons:

1. PayLock Global is actively seeking Asian based merchants offering specialism in high risk areas such as “Pharmacy, gaming, tobacco and forex.”

2. PayLock Global is offering the same option as ASPACONLINE offers its high risk merchants. Namely to incorporate sham ‘mirror’ companies in European countries to obfuscate Country and Merchant Category Risk. ASPACONLINE (Wirecard AP subsidiary) performs the technical integration for PayLock Global.

Paylockglobal [www.paylockglobal.com](http://www.paylockglobal.com)

- offers payment services to merchants worldwide. We specialize in high risk quality merchants with unique and affordable solutions. Pharmacy, gaming, tobacco and forex are a speciality.
- In certain instances we are able to offer JCB / IP via our partners.
- We are always interested to talk to PSP’s to see if we can assist them monetize merchant categories they don’t currently work with. Equally we are always keen to learn more of other solutions we may be able to help our merchants with.

Through our partners worldwide, we offer unique payment methods in Asia. Services in USD and Euro to non EU registered gaming companies.

An excellent prepaid Visa card service.

Echeck, ACH and direct debit are also available.

Figure 64 Bob Lock’s Bio statement from his LinkedIn

Figure 65 Showing Association with ASPACONLINE and E-processing

Figure 66 PaylockGlobal.com European Company Incorporation FAQ

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191 Bob Lock LinkedIn Profile
Wirecard Appears to be in Breach Of Visa Europe Operating Regulations

Evidence in the previous section revealed the business practices of Wirecard AP’s subsidiary, ASPACONLINE, and affiliate Payment Service Provider (PSP) sites. In the following section, we reveal that Uni-Channel and Worldnetpayments are additional PSPs created by Wirecard.

Visa Europe Operating Regulations are clear:- In Wirecard’s subsidiary (ASPAONLINE) and affiliates Uni-Channel, PayLockGlobal and Worldnetpayments, facilitating Asia based merchants to register European companies presents significant risk to the compliance of Visa’s regulations.

We believe that Wirecard is in violation of a number of Visa Europe Operating Regulations. By way of example, we detail below a few regulations that Visa Europe may seek to ensure are not being breached by Wirecard.

Visa Europe Operating Regulation 4.3.C.1. This clearly states that an Acquirer must not contract with Merchants outside of its Territory. Wirecard's Territory is Europe. Hence in Wirecard’s subsidiary, ASPACONLINE, assisting Asia based merchants with company formation in European Economic Area (EEA) countries, is Wirecard using the EEA address to by-pass restrictions on Cross-Border Merchant Contracting? If it is, this could have serious consequences and presents significant risk to Wirecard’s business model.

Restrictions on Cross-Border Merchant Contracting

4.3.C.1 An Acquirer must not contract with a Merchant in respect of that Merchant’s Merchant Outlets that are outside the Territory, unless the Merchant is an International Airline and the Acquirer maintains the relationship as specified in Section 4.7.

Figure 67 Visa Europe Operating Regulation 4.3.C.1

Below is Visa Europe Operating Regulation 4.6.F.2 Fig.68). This requires Wirecard as an Acquirer to ensure that its Sponsored Merchant details are consistent across all Transaction Receipts, billing statements and Clearing Records. In the creation of what appears to be sham or 'mirror' companies with the assistance of Wirecard and its affiliates, this would assist the concealment or consistency of Sponsored Merchant identifiers.

Payment Facilitator and Sponsored Merchant Name

The name of the Sponsored Merchant and the Payment Facilitator must be included in the Transaction Receipt, the billing statement and the Clearing Record. The Sponsored Merchant name and the Payment Facilitator name must remain the same across all Transaction Receipts, billing statements and Clearing Records.

Figure 68 Visa Europe Operating Regulations rule 4.6.F.2 - November 2015

For example, the obscuring of 'high risk' identification appears to be taking place with, www.foxycombat.com, a female nude wrestling site. Foxycombat's terms and conditions detail:

193 Worldnetpayments.com is another Payment Service Provider registered by Arnold Marcellana and to Wirecard’s Philippine address
194 Visa Europe Operating Regulations
195 Visa Payment Facilitator Model
196 The supporting evidence has been submitted to Visa and MasterCard in relation to Wirecard, Uni-Channel, Worldnetpayments and other Wirecard affiliates, whereby the parties may be in violation of Visa and MasterCard rules.
"Wirecard CEE is the Payment Processor for www.foxycombat.com. It is based in 9020 Klagenfurt, AUSTRIA and is one of the safest and most reliable transaction companies worldwide.

To protect your privacy, HK-FC EU will appear on your statement!"

The European Company Formation Service For Asia Based Merchants Raises Significant Questions and Concerns:

We believe this is a deliberate attempt by Wirecard to obfuscate underlying Transaction Country Codes, so that ‘high risk’ domicile related codes are replaced with ‘lower risk’ domicile codes. If as we believe, Wirecard is performing this, then it is likely that Merchant Category Codes are also being obscured.

Our view is that this activity puts Wirecard in breach of numerous Visa Europe Operating Regulations. Principal amongst these is Wirecard contracting with Merchants outside of its Territory. This distorts not only which jurisdictional rules Wirecard may or may not be adhering to, but is also a distinct unfair advantage compared to other Acquirers that restrict their activity to the appropriate Territory.

It distorts adherence to a number of regulations, such as:

- Merchant Inspection, i.e. what address is Wirecard inspecting, the address in Asia or the sham ‘mirror’ company location in Europe?

- Monitoring illegal transactions, or Merchant principals that are prohibited from participating in the Visa Card Program. I.e. are different company or Merchant names being used for the sham ‘mirror’ companies formed in Europe to enable illegal transactions or to avoid restriction of the Visa Card Program?

- Data Protection is another important regulation to consider. Is Wirecard adhering to strict Data Protection Legislation, ensuring that Visa, Merchants, counterparts and Card users are aware that information may be circulated among Wirecard subsidiaries? Subsidiaries that are under the control of Wirecard officers but where Wirecard has gone to some length to obscure evidence of control. The list goes on.
The Farcical Compliance of Wirecard AP

Arnold Marcellana was Wirecard AP’s Risk and Compliance Officer (RCO) from January 2006 until April 2010. Evidence shows that as Wirecard AP’s RCO, Marcellana:

- Registered the domain names of Payment Service Provider companies, whilst employed by Wirecard, thus suggesting that Wirecard had a vested interest in such companies.
- Registered poker domain names whilst serving as Risk and Compliance Officer; conflicting his required duties.
- Was underqualified to perform his role as Risk and Compliance Officer of Wirecard AP.
- Is still employed through Wirecard AP, despite disclosure that he left the company in April 2010.

Arnold Marcellana

Marcellana was employed by Asia Pacific E-Serv Corporation (ASPAC), when it was acquired by Wirecard.

Contrary to Wirecard’s own statement that it commenced operations in Asia Pacific in December 2007, Marcellana asserts that he was the “Risk and Compliance Officer” for Wirecard AP nearly two years earlier from January 2006.

Later you will see how Marcellana is still in Wirecard AP’s employ, despite his statement to the contrary. Evident and alarm raising is his lack of experience to fulfil this important role. Prior to becoming RCO of Wirecard AP, Marcellana’s experience was limited to three years web design (in various roles). This explains why his conduct is now brought into question.

197 LinkedIn Profile for Arnold Marcellana – Search Term: Arnold Marcellana (no direct link available).
Wirecard AP Uses Marcellana to Set Up Undisclosed Payment Service Providers

Marcellana asserts that he left Wirecard Asia Pacific in April 2010\textsuperscript{198}, to become Director of Operations at Unichannel Pacific Corporation. Unichannel Pacific Corporation (UCPC) is a “Complete Internet Payment Solutions provider that supports all major credit cards.”\textsuperscript{199}

\begin{itemize}
\item Marcellana continues to work at Wirecard AP, despite his claim he left in April 2010.
\item Marcellana has attempted to obscure his continued association with Wirecard AP.
\item Marcellana is used to set-up sham and Payment Service Provider companies for the economic benefit of Wirecard AP, or its officers.
\item Two of these Payment Service Providers are UCPC and Worldnetpayments, which are undisclosed subsidiaries or under the effective control of Wirecard AP.
\end{itemize}

Evidence to support our view includes:

\begin{itemize}
\item The UCPCPAY.com website\textsuperscript{200} was created in June 2014 - registered by an individual working for Wirecard AP’s subsidiary, ASPACONLINE. This individual uses the name Arnold ‘General’. This shows that Wirecard AP created the UCPC website, and that the Arnold ‘General’ is really Arnold Marcellana, working for Wirecard AP, four years after the date he claimed to have left the company.
\item When the UPCP website was updated in May 2015, Marcellana revealed his identity.
\item Worldnetpayments creation was also by Marcellana, and it ‘went live’ in 2016.
\end{itemize}

\begin{footnotes}
\item[198] Linkedin Profile for Arnold Marcellana -- Search Term: Arnold Marcellana (no direct link available).
\item[199] Unichannel Pacific Corporation website
\item[200] UCPCPAY website
\end{footnotes}
Figure 74 Evidence showing Wirecard AP registering UCPC website and Arnold “General” Marcellana still working for Wirecard AP four years after he claims to have left.

UCPC is not the only instance Marcellana has performed this task for Wirecard AP. Marcellana has registered the following sites, utilising his ASPAConline and/or Wirecardasia.com email account to register and or maintain the following domains on behalf of Wirecard Asia Pacific or associated entities.

List of domain names registered by Arnold Marcellana

<table>
<thead>
<tr>
<th>Domain Name</th>
<th>Create Date</th>
<th>Registrar</th>
</tr>
</thead>
<tbody>
<tr>
<td>mysurepay.rec</td>
<td>2014-03-23</td>
<td>godaddy.com</td>
</tr>
<tr>
<td>afewcommunity.org</td>
<td>2013-10-02</td>
<td>wild west domains, llc (122-1mor)</td>
</tr>
<tr>
<td>afewcoo.org</td>
<td>2013-10-02</td>
<td>wild west domains, llc (122-1mor)</td>
</tr>
<tr>
<td>cash-express.biz</td>
<td>2013-12-02</td>
<td>registration services/wildwestdomains.com</td>
</tr>
<tr>
<td>1stopfitness.biz</td>
<td>2014-06-06</td>
<td>wildwestdomains.com</td>
</tr>
<tr>
<td>worldnepayments.net</td>
<td>2015-11-16</td>
<td>godaddy.com</td>
</tr>
<tr>
<td>worldtradelite.com</td>
<td>2015-11-16</td>
<td>godaddy.com</td>
</tr>
<tr>
<td>philcard.com</td>
<td>2014-07-30</td>
<td>godaddy.com</td>
</tr>
<tr>
<td><a href="mailto:happy@2icano.com">happy@2icano.com</a></td>
<td>2014-10-04</td>
<td>melbourne.com.au</td>
</tr>
<tr>
<td>graficoestudio.com</td>
<td>2013-08-23</td>
<td>godaddy.com</td>
</tr>
</tbody>
</table>

Figure 75 Numerous domain names registered by Arnold Marcellana, using his Wirecard AP email address, years after he reportedly left the company201

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201 Domain Big Data Arnold Marcellana
Of note are the domain details of worldnetpayments.net, cash-express.biz, mysurepay.net, happy88casino.com and graficoestudio.com with registration dates as recently as November 2015.

**Incorporation of Payment Service Providers in 2016**

Worldnetpayments presents the latest example as to how Wirecard AP and Marcellana continue to obscure the domicile and likely categorization of the underlying Merchant.

Worldnetpayments\(^{202, 203}\) became operational sometime after January 12, 2016, and is a Payment Service Provider that is connected to Wirecard AP.

Worldnetpayments.com (WORLDNETPAY Corporation) is registered to the same address as UNICHANNEL and Asia Pacific E-Serv Corp (ASPAC). Not only does this validate that Arnold Marcellana never left Wirecard AP but they are the same companies.

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\(^{203}\) [www.worldnetpayments.com site went live whilst researching this report, WORLDNETPAYMENTS company domain was formed on November 16, 2015 and only recently became operational (after January 12, 2016)](https://worldnetpayments.com)

\(^{204}\) Research Domain tools Search ASPACOnline.com

Figure 77 WORLDNETPAYMENTS frequently Asked Questions showing the “compliance business package.”

Of note is the “WORLDNETPAY COMPLIANCE Business Package” that “together with other relevant documents (EU Company Incorporation Papers, Directors List and alike) sees “Final Approval will only take 5 working days at most.”

There can be no doubt that Marcellana and Asia Pacific E-Serv are the architects of all these Payment Service Providers. They have utilized the same website templates as ASPAConline.com including, images and wording.

Notice anything similar? Asia-Pacific is Uni-Channel.

Figure 78 Uni-Channel (currently live) and Asia Pacific E-Serv Corporation (via way back machine) websites
Wirecard AP’s CFO Investigated for Fraud

Significant risk oversights resulted from Marcellana’s inexperience and/or his time dedicated to registering apparent ‘off-book’ associated company websites for Wirecard AP.

For example, Wirecard AP’s CFO, Esther Magleo, was personally investigated for fraud whilst she was in office at Wirecard AP.

Prior to Esther Magleo’s appointment and throughout her three year tenure as Wirecard AP CFO, newspapers reported that she was investigated for customs fraud, relating to unpaid duty and smuggling of oil imports at a company she was formerly involved with. Magleo was implicated in fraud between 2007 and 2013, whilst employed by Wirecard AP.

Worryingly for investors, Esther Magleo’s son, Ronald Magleo, sold Wirecard the Asia Pacific E-Serv Corporation in 2007.

Wirecard AP’s CFO, Esther Magleo, was investigated for customs fraud. Remarkably Wirecard did not seek to protect the reputation and financial risk of the company. It kept Magleo in the most sensitive and important roles for the financial control of Wirecard AP ... CFO.

The Farcical Compliance of Wirecard Asia Pacific raises questions and concerns:

Marcellana remains associated with Wirecard AP. As its Risk and Compliance Officer, he is failing to perform the duties of compliance and risk. These duties include:

- Vetting new Merchants.
- Monitoring the conduct and actions of employees, and failing to take appropriate measures to protect the corporation from employees’ actions.
- Failing to manage risk associated with any statute or regulations that apply to Wirecard’s activities.

In fact, Marcellana appears to be the principal character that is breaching the rules and regulations he is positioned to monitor and uphold. As we will now show he is also registering poker related sites.

205 www.paynamics.com ‘Meet the Team’ (WaybackMachine)
206 PASG implicates De Venecia in oil smuggling - inc Esther Magleo
207208 Bureau of Customs files charges vs oil firm execs
208 Cases filed vs oil firms, individuals
209 Ex-employee becomes CEO
Further Links to Poker and Hosting Pornographic Domains On The Wirecard Nameserver

Evidence shows that:

- Wirecard has hosted pornographic content sites on its Nameserver.
- Wirecard’s Risk and Compliance Officer, Arnold Marcellana, has registered poker sites.
- Wirecard’s Australia and South Pacific Sales Manager, Donald Moffatt, has registered a number of pornographic sites, scam sites and is affiliated with Kreole Enterprises.
- Kreole Enterprises is a Cypriot based entity that has a long history with Wirecard through pornographic sites. Also as a method for U.S. citizens making online poker gambling payments into its Wirecard Bank account.

We believe that the authorities and regulators will be keen to determine the exact relationship between Wirecard and Kreole Enterprises.

Another example of Wirecard AP’s Risk and Compliance Officer’s work that will raise red flags with regulators and Visa and MasterCard is registration of poker related domains. Marcellana registered in May 2012 (again two years after he claims to have left Wirecard), the domain: kavapoker.net. Full details are below including Arnold Marcellana at Wirecard Asia Pacific as the billing contact, and his ASPACONLINE email address.

Reverse Whols:

```
arnold.marcellana@espaonline.com
```

**Domain kavapoker.net:**
Wirecard Asia Pacific, Inc.
15/F Vuchangco Tower 1 RBC Plaza Ayala Avenue
Makati City, Metro Manila 1226 PH

**Administrative contact:**

**Technical contact:**

**Billing contact:**
Wirecard Asia Pacific, Inc.
Arnold Marcellana
arnold.marcellana@espaonline.com
15/F Vuchangco Tower 1 RBC Plaza Ayala Avenue
Makati City, Metro Manila 1226 PH
Phone: +632.8444821
Fax:

**Record dates:**

- Record created on: 2012-05-07 06:32:36 UTC
- Record modified on: 2012-09-07 06:23:11 UTC
- Record expires on: 2013-05-07 UTC

**Nameservers:**

- ns1.208.205.238
- ns2.208.205.238
- ns3.208.205.238
- ns4.208.205.238

*Figure 80 Marcellana still working for Wirecard AP after he asserts he left, and registering poker related domains, with billing directed to Wirecard AP*
The domain Kavapoker.net was transferred to Concise Global Marketing a name associated with Kreole Enterprises. This is not the first time Wirecard has had dealings with Kreole Enterprises.

Figure 81 Kavapoker.net domain then transferred to Concise Global Marketing Ltd

Porn on the Wirecard Nameserver and Kreole Enterprises

Evidence shows that the domain, worldsbestloveronline.com, was hosted on Wirecard Asia Pacific’s ‘nameserver’\textsuperscript{210}: NS1.WIRECARDAP.Com during 2012. Other examples of pornographic themed sites hosted on Wirecard AP’s nameserver ‘wirecardap.biz’ include during 2013: mynakedworldcup.com, nudeworldcup.com and thenakedworldcup.com.

Wirecard AP’s business model has evidenced more extreme levels of pornography. Certain phrases and websites have been specifically omitted. These are available via the Internet Archive WayBackMachine\textsuperscript{211}.

The billing contact for worldsbestloveronline.com is listed as Kreole Enterprises (Overseas) Limited.

\textsuperscript{210} A nameserver is a server that controls the DNS (Domain Name Servers (DNS) are the Internet’s equivalent of a phone book) for a domain. It allows a company to decide which hosting company controls their webspace and email - in this instance it’s WirecardAP.com hosting the site and email

\textsuperscript{211} www.skykarumba.com [WayBackMachine - Adult Content]
Kreole Enterprises (Overseas) Limited

The evidence above shows that Kreole Enterprises is linked to pornographic sites, and through worldsbestloveronline.com to Concise Global Marketing Ltd, which in turn is linked to kavapoker.net.

This is not the first time Wirecard and Kreole Enterprises have been connected.

Kreole Enterprises and Spin32 and online poker site.

Kreole Enterprises (Overseas) Limited is an account name held with Wirecard Bank. It has historically been used to receive unlawful online poker-gambling funds from U.S. citizens.

An online gambling site, Spin32.com, encouraged all its US players to utilize Wirecard Bank and “the safe a [sic] secure deposit methods provided”. This was advertised through to December 21, 2010, some ten months after the U.S. Secret Service investigation into Michael Schütt.

Spin32.com detailed how money could be transmitted via Wirecard Bank AG to an account opened in the name of Kreole Enterprises (Overseas) Limited.

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Kreole Enterprises is closely affiliated with Donald Moffatt, Wirecard’s Sales Manager for Australia and the South Pacific.

212 Internet Archive - WayBackMachine - Poker Online US Players Welcome - Spin32Poker

213 Cyprus Corporate Registry - Reg. Number: HE 134257 - Kreole Enterprises (Overseas) Limited
Donald Moffatt – Wirecard’s Sales Manager for Australia and South Pacific

We believe that Wirecard AP’s Sales Manager, Donald Moffatt owns or controls Kreole Enterprises.

Donald Moffatt[^214] is currently Wirecard’s Sales Manager for Australia and South Pacific. He is also the sole owner of SkyKarumba Pty Ltd, an Australian registered company[^215].

Moffatt is associated with an extensive list of extreme pornographic sites. This association commenced as early as 2001. For example, the site, sexfuckingbad.com, was hosted on the SkyKarumba site as early as 2001[^216]. As we show below, it was updated in 2015 and is also associated with Kreole Enterprises, which is reported as the registrant organization for the site.

[^214]: LinkedIn Profile - Don Moffatt
[^215]: Australian Securities and Investments Commission - SkyKarumba
[^216]: WayBack Machine: List of pornographic sites linked to Donald Moffatt’s SkyKarumba
Evidence shows that Donald Moffatt also uses Wirecard Asia Pacific’s nameserver to host the site, kiwiretailzone.com, on behalf of his company, SkyKarumba.
Evidence Suggesting Wirecard AP’s Sales Manager Owns or Controls Kreole

Another entity where Moffat was a director\footnote{OpenCorporates.com SkyKarumba} is EzyTrans Limited between 2007 and 2014. EzyTrans was a prepayment card website called www.ezytrans.com\footnote{WayBackMachine www.ezytrans.com}. We believe that EzyTrans is still operating as Invoc\footnote{www.invoc.com.au E Commerce Mobile Solutions (stored on WayBackMachine: the Invoc website states “We have embarked on a new project called EZYTRANS which is aimed at both developing and developed worlds and provide an easier alternative to payments than using a credit card.”}. The EzyTrans domain was initially registered to Kreole Enterprises, with the billing contact as Moffat’s SkyKarumba. EzyTrans domain was then transferred to Wirecard Asia Pacific in May 2011, where Arnold Marcellana, Wirecard’s Risk and Compliance Officer became the billing contact. Thereafter, the company transferred to Concise Global Marketing in March 2013, and finally back to SkyKarumba in May 2013.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Figure_88_Donald_Moffat_Companies}
\caption{Donald Moffat Companies\footnote{Open Corporates Donald Moffat}}
\end{figure}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Figure_89_Ownership_of_EzyTrans_Domain_with_dates_from_WhoIs_Records}
\caption{Ownership of EzyTrans Domain with dates from WhoIs Records}
\end{figure}

\footnotesize{\textsuperscript{217} OpenCorporates.com SkyKarumba \textsuperscript{218} WayBackMachine www.ezytrans.com \textsuperscript{219} www.invoc.com.au E Commerce Mobile Solutions (stored on WayBackMachine: the Invoc website states “We have embarked on a new project called EZYTRANS which is aimed at both developing and developed worlds and provide an easier alternative to payments than using a credit card.”} \textsuperscript{220} Open Corporates Donald Moffat}
The hosting of pornographic domains on Wirecard’s nameserver and connections to Kreole Enterprises raises questions and concerns:

The longstanding overlap between Wirecard, Marcellana, Donald Moffatt, Kreole Enterprises, Concise Global Marketing, and each parties association to pornographic or poker related sites and payment transfers should set alarm bells ringing with investors and regulators.

We believe that due to the obfuscation of ownership of pornographic sites, it is difficult to separate whether Wirecard, its current employees or companies associated with breaching the Wire Act are all acting in unison.

The apparent transfer of ownership of EZYTRANS, a payment processor, from Kreole Enterprises, to Wirecard Asia Pacific, to Concise Global Marketing, and then to SkyKarumba, demonstrates that the business relationship is so distorted it exposes Wirecard and its shareholders to unknown risk in terms of potential fines or sanctions.

The distorted ownership of EZYTRANS between Wirecard AP, Kreole Enterprises, SkyKarumba (current employee Don Moffatt) and Global Concise Marketing, is identical to the incestuous business relationships in other divisions of the group.
GI Retail
Wirecard acquired the GI Retail Group for up to €340 million\(^{221}\) in October 2015. Evidence reveals that:

- The management of GI Retail, Ramu Ramasamy and Palaniyapan Ramasamy, formerly managed a lottery business that was owned by Santiago Martin. Martin is at the center of an ongoing investigation into scam lotteries and money laundering.

- The founder and likely underlying selling shareholder of GI Retail, Usman Fayaz, has recently been censured by the Securities Exchange Board of India for fraud.

- Wirecard appear to have performed minimal due diligence on GI Retail, thus demonstrating a failure of corporate governance and the fiduciary duty to Wirecard’s shareholders.

- There is a significant lack of value in GI Retail when compared to peers with a greater standing in the Indian payments market. Peers are valued at close to one-tenth the GI Retail cost to Wirecard.

\(^{221}\) The consideration is €230 million in cash plus earn-outs of €110 million linked to ‘the overall financial performance of the acquired businesses in calendar years 2015 to 2017.’
Figure 91 Background information of founders of GI Retail from GIRetail.com

“GI Retail Private Limited and its group companies were founded by Ramu Anamalai Ramasamy and Palaniyapan Ramasamy.”

Reality: It’s not altogether true.

The current GI Retail website indicates that Ramu and Palaniyapan Ramasamy are GI Retail’s founders. Although earlier evidence makes no mention of the Ramasamys, suggesting the driving force was Usman Fayaz.

Note that his son has a similar name ‘Fayaz Usman. and Source: Bloomberg - Mr. Fayaz Usman Faheed has been the Managing Director and Compliance Officer of Onesource Techmedia Limited
Usman Fayaz

Usman Fayaz is:

- The founder of GI Retail.
- A former director of GI Retail.
- A long standing business associate of the Ramasamy brothers.
- According to the Securities and Exchange Board of India, a fraudster.\(^{224}\)

The Ramasamy brothers’ complete resume

Ramu and Palaniyapan Ramasamy have a long standing relationship with Fayaz. He was their former employer at a lottery gaming business, InLott Technologies in the early 2000s. Strangely, neither of the Ramasamy brothers mentions their employment as President (Ramu) and Vice-President (Palaniyapan) of InLott, either in the GI Retail biography information, nor in their LinkedIn profiles.

\[\text{Figure 93 Palaniyapan Ramasamy LinkedIn profile}\]

InLott Gaming:

- Chairman/Owner: Santiago Martin\(^{225}\)
- Chief Executive: Usman Fayaz\(^{226}\)
- President: Ramu Ramasamy\(^{227}\)
- Vice-President: Palaniyapan Ramasamy\(^{228}\)

InLott was a unit of the Martin Lottery Agencies (“MLA”).

\(^{224}\) Fayaz has a history of fraud. Evidence that follows reveals his latest censure, however, his involvement in fraud appears to have begun as early as 1992 when he was named by the Crime Branch of the Delhi Police in relation to fraudulent lotteries.

\(^{225}\) Lottery Insider

\(^{226}\) Martin Group inks gaming solution pacts in UAE, Liberia

\(^{227}\) Ibid

\(^{228}\) Microsoft case study on InLott
**Accusations of money laundering**

Given GI Retail’s stated offering of money transmittance services, Wirecard shareholders may have concerns over accusations that GI Retail’s management team’s previous company has been alleged to be involved in money laundering.

According to the Times of India\(^{229,230}\):

\[\text{Figure 94 Santiago Martin lotteries and the allegations of money laundering}\]

Does Wirecard’s board believe that the Chief Executive, President and Vice President of Martin’s lottery business had no knowledge of the alleged money laundering?

Does Wirecard’s Board even know?

\(^{229}\) *Times of India: Money laundering key to Martin’s lottery*

\(^{230}\) The CBI is the ‘Central Bureau of Investigation’ – India’s equivalent of the FBI
GI Retail founder’s fraud

As highlighted, earlier versions of the GI Retail website and other sources suggest the close involvement of Usman Fayaz with the group. It is possible that Fayaz’s recent censure for fraud resulted in his name being removed from having any association with the group.

The Securities and Exchange Board of India ("SEBI") issued the following release on September 10, 2015:

Figure 95 Securities and Exchange Board of India censure order against Usman Fayaz

Does Wirecard’s board take any concern that the founder and likely selling shareholder of GI Retail has recently been censured for fraud by the Securities and Exchange Board of India?

Does Wirecard’s Board even know?
The evidence reveals that Usman Fayaz ran this ‘scheme’ from 1993 to 2015 without concerning himself with the details of regulation.\textsuperscript{232}

The full SEBI ruling reveals a key paragraph:

\begin{quote}
It is further noted that Mr. Usman Pasha Usman Fayaz is the Managing Director and Mr. Niyaz Hyder Ali is the director of Popular Agro. \textbf{The activity of illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to carry on any collective investment scheme by any person amounts to a fraudulent practice in terms of Regulation 4(2)(t) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to securities Market), 2003}. Considering the fact that no prior registration was obtained by Popular Agro in respect of the aforesaid activities in the nature of collective investment scheme, I am of the view that \textbf{Popular Agro is illegally mobilizing funds from the public}, which prima facie amounts to a fraudulent practice in terms of Regulation 4(2) (t) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practice Relating to Securities Market) Regulations, 2003, which reads as follows:

"Dealing in securities shall be deemed to be a fraudulent or an unfair trade practice if it involves fraud and may include illegal mobilization of funds by sponsoring or causing to be sponsored or carrying on or causing to be carried on any collective investment scheme by any person".
\end{quote}

In essence, the SEBI found Fayaz to be running an unauthorised collective investment scheme based on tree plantations – i.e. a fraudulent practice.

\textsuperscript{232} SEBI censure order against Usman Fayaz

Given the SEBI findings, we believe Wirecard should never have considered the GI Retail acquisition - let alone consider it of any value.
Money on Mobile

We provide the following to give investors a feel for the ‘overpayment’ that we believe Wirecard is making. Money on Mobile (‘MoM’) is an Indian company controlled by Calpian Inc., a Texas (USA) company listed on the US bulletin board233.

<table>
<thead>
<tr>
<th></th>
<th>Gi Retail Group</th>
<th>Calpian / MoM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of outlets</td>
<td>90,000 – 100,000 (alleged)</td>
<td>270,000234 plus</td>
</tr>
<tr>
<td>Transaction value</td>
<td>Current run rate of approx. $60-70m per month i.e. $700m per yr.</td>
<td></td>
</tr>
<tr>
<td>Transaction volume per month</td>
<td>6M235</td>
<td>8M+</td>
</tr>
<tr>
<td>Staff</td>
<td>900</td>
<td>300</td>
</tr>
<tr>
<td>Valuation</td>
<td>Euro 230M + Euro 110M earn outs</td>
<td>$24-28M (listed as CLPI US)</td>
</tr>
<tr>
<td>Accounts</td>
<td>Accounts across multiple entities with no clarity on what Wirecard is buying or ownership structure. Indian GAAP</td>
<td>Filed with SEC / US listed parent; US GAAP</td>
</tr>
</tbody>
</table>

Figure 96 Based on Wirecard and Calpian Press Releases and company presentations

We should also mention at this time that our investigators within India have found multiple MoM locations but have had difficulty finding even one Gi Retail location (under any of its various brands)236.

We question as to how Gi Retail Group appears to do the same volume of transactions as MoM, with 1/3 the retail outlets. It would appear that the Gi Retail Group has outlets that are 6x more productive than MoM.

Investors and investigators may wish to refer to the comparison undertaken by the Financial Times between Gi Retail and Suvidhaa237.

We Believe Investor And Investigators Should Be Concerned That:

1. InLott’s management (now at Gi Retail) and the Martin Lottery Group have never separated.
2. Given the vast amounts that the Martin Lottery Group processes each and every day, investors should consider how the money moves around the country. Is the Gi Retail / Smart Shop retail network an integral part of the funds movement?

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233 Company website www.calpian.com
234 Management of MoM are explicit with investors that the activity levels of each location varies so locations can be active for a number of months, become dormant for a month or more, and then restart.
235 Based on 200,000 transactions per day x 30 days in an average month.
236 We recognize that in a country the size of India ‘not finding’ retail outlets is not evidential proof.
237 See FT AlphaVille Rupee-do-what-is-Wirecard-buying
Evidence of a Lack of Due Diligence By Wirecard

During our investigations, we found GI Retail’s Webalizer\(^\text{238}\) results for its servers. This gave access to a ‘webalizer’ script\(^\text{239}\) running on giretail.com’s website and to the number of visitors on this specific website.

The consequences of this are:

1. We are able to compare the alleged number of visitors to at least this website versus GI Retail’s claimed volumes.
2. Able to see when Wirecard had visited the site.

Visitor Volumes

According to Wirecard, GI Retail undertakes 200,000 transactions per day.

*Is it likely that a company with 90 or so average daily visitors to one of its websites really undertakes 200,000 transactions per day?*

The following figure shows monthly volumes for giretail.com. The key data is the average visits per day — these are averaging around 52 per day until Sep and then started increasing to about 90 per day. We believe that there are two reasons for the increase — (i) the announcement of the acquisition of GI Retail by Wirecard and (ii) webalizer.

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\(^{238}\) We found the webalizer utilizing the following search in google — “Wirecard site:giretail.com”.

\(^{239}\) Webalizer is standard software routinely installed as part of a webserver installation.
Who are the Visitors To Giretail.Com

Webalizer is a standard internet server script that collects data. As a consequence it is possible to reveals interesting facts about giretail.com’s visitors, namely Wirecard.

In the following table we show the webalizer logs:

<table>
<thead>
<tr>
<th>Month (2015)</th>
<th>Total Visits</th>
<th>Visits per day (average)</th>
<th>% usage from India</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>1342</td>
<td>43</td>
<td>23%</td>
</tr>
<tr>
<td>June</td>
<td>1704</td>
<td>56</td>
<td>22%</td>
</tr>
<tr>
<td>July</td>
<td>1665</td>
<td>53</td>
<td>22%</td>
</tr>
<tr>
<td>Aug</td>
<td>1691</td>
<td>54</td>
<td>21%</td>
</tr>
<tr>
<td>Sep</td>
<td>2064</td>
<td>68</td>
<td>17%</td>
</tr>
<tr>
<td>Oct</td>
<td>2559</td>
<td>85</td>
<td>8%</td>
</tr>
<tr>
<td>Nov</td>
<td>2777</td>
<td>92</td>
<td>12%</td>
</tr>
<tr>
<td>Dec</td>
<td>2377</td>
<td>76</td>
<td>8%</td>
</tr>
</tbody>
</table>

The pie chart (Fig.99) for Dec 2015 is illustrative of the webalizer breakdown of usage of the giretail.com website.

We evidence where users come from. W highlight December 2015 logs.

In the figure 100 we provide the list of top 30 referral sites for giretail.com for Dec 2015. Readers will note that Google India appears at 2, 6, 14 and 19.

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240 Following table is derived from data from giretail.com’s webalizer logs.
241 This is from the giretail.com webalizer log for Dec 2015. Note that it is sorted by ‘hits’ not visitors.
Wirecard Due Diligence

It is established from the Webalizer logs how many times Wirecard has visited the main corporate site for GI Retail.\(^{242}\)

<table>
<thead>
<tr>
<th>Month (2015)</th>
<th>Visits from domain name wirecard.de recorded in top 30 visitors at giretail.com</th>
</tr>
</thead>
<tbody>
<tr>
<td>May</td>
<td>3</td>
</tr>
<tr>
<td>Jun - Aug</td>
<td>None recorded in top 30</td>
</tr>
<tr>
<td>Sep</td>
<td>6</td>
</tr>
<tr>
<td>Oct</td>
<td>9</td>
</tr>
<tr>
<td>Nov</td>
<td>17</td>
</tr>
<tr>
<td>Dec</td>
<td>None recorded in top 30</td>
</tr>
<tr>
<td>Jan (2016 – incomplete month)</td>
<td>None recorded in top 30</td>
</tr>
</tbody>
</table>

\(^{242}\) The webalizer log is produced on the basis of the number of ‘hits’.

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242 The webalizer log is produced on the basis of the number of ‘hits’.
We believe that Wirecard did not conduct sufficient due diligence to warrant any such acquisition, certainly not €340 Million Euro.

Gi Retail’s own records suggest Wirecard visited 18 times prior to committing the majority of shareholder funds to such a deal. Notwithstanding the significant concerns we have already established for the conduct of associated Gi Retail parties, we believe the transaction to be worthless.

The Gi Retail Acquisition Raises Questions and Concerns:
The lack of due diligence performed by Wirecard on Gi Retail is evident.
That Gi Retail’s founders directly worked beneath or in conjunction with one of India’s most renowned money launderers and lottery scam artists, ‘the Kingpin’, should raise considerable concern with Wirecard’s shareholders.
These concerns are compounded when considering that Gi Retail’s founder and likely underlying seller is a fraudster.
The risk is that a significant element of transactions processed by the Gi Retail Group relates to illegal or unlicensed lotteries or illegal transfers across country borders.
We believe that the Prepaid Payment Instrument (PPI) and the Full Fledged Money Changers (FFMC) licenses from the Reserve Bank of India are at risk.
Shareholders have likely seen €230 Million disappear.