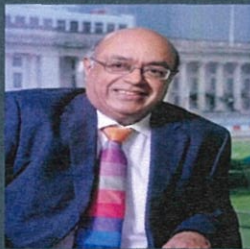




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WIRECARD SCANDAL



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1. Introduction

Wirecard Group:

Wirecard, a German FinTech Company, has become the first member of DAX Germany's blue chip share index to go out of business due to the scandal. Wirecard Asia Holding Pte Ltd, Regional headquartered Company of the German company, have established Wirecard Australia, Hong Kong, India, Indonesia and Malaysia to provide point of sale hardware and helps businesses around the world accept electronic payments from customers, so its relationships with Visa and Mastercard - and being able to process payments with the companies - are critical to its business.

1. Introduction

Wirecard Bank:

To fuel its growth, Wirecard has obtained Wirecard Digital Banking license at Germany and has been paying depositors attractive interest rates at a time when traditional banks increasingly started to pass on negative rates.

Wirecard Bank, which attracts deposits by offering customers market-leading interest rates. The unit has a full German banking license, meaning it can accept deposits and grant loans as well as facilitate the electronic payments that Wirecard is better known for.

1. Introduction

The good news for customers of Wirecard Bank is that their money is protected because the unit is part of a group of German lenders that have pledged to insure one another's depositors should a bank run into trouble. Wirecard Bank generates most of its revenues with the group through the sales structures of sister companies, including financial services for companies via card acceptance contracts, business accounts and foreign currency accounts, according to the 2018 annual report. By working together with fintech companies, it produced additional revenue from payment services.

2. Payment giant Wirecard collapses, owing creditors \$5.5b

Whistle-blowers had flagged early on the artificially inflated business numbers at Wirecard. After the accusations could not be dismissed, Wirecard boss Markus Braun ordered a special audit by KPMG to provide a special report.

2. Payment giant Wirecard collapses, owing creditors \$5.5b

Mr Braun, the CEO, fended off the critics for years before finally calling in outside auditor KPMG late last year to run an independent investigation. KPMG, which published its findings in April 2020, was unable to verify €1 billion in cash balances, questioned Wirecard's acquisition accounting, and said it could not trace hundreds of millions in cash advances to merchants.



3. EY's refusal to sign off the 2019 accounts of Wirecard

After auditor EY refused to sign off its 2019, Wirecard admits that US\$2.1 billion (S\$3 billion) of its cash probably did not exist. EY said yesterday that there are clear indications Wirecard was involved in a fraud with multiple parties around the world in different institutions. EY faces a wave of litigation in a scandal that has been compared to Arthur Andersen's disastrous oversight of United States energy company Enron.

3. EY's refusal to sign off the 2019 accounts of Wirecard

German law firm Schirp & Partner said that with Wirecard now effectively sidelined, it would file class action suit against EY on behalf of both shareholders and bondholders. EY had regularly approved Wirecard's accounts in recent years, and its refusal to sign off for last year confirms failings found in an external probe by auditor KPMG in April 2020. The scandal was first sparked by auditor EY refusing to sign off Wirecard's 2019 accounts due to the unaccounted cash.

3. EY's refusal to sign off the 2019 accounts of Wirecard

- *Wirecard hangs on to full-year estimates, stays silent on Audit*

The German payment processor didn't further address an inconclusive audit by KPMG released last month that was meant to clear the company of accusations about its accounting practices. Chief executive officer Markus Braun has dismissed calls to step down instead saying the company will implement sweeping measures to improve compliance and control.

3. EY's refusal to sign off the 2019 accounts of Wirecard

- *Wirecard says missing \$3b likely 'does not exist'*

“The management board of Wirecard assesses on the basis of further examination that there is a prevailing likelihood that the bank trust account balances in the amount of €1.9 billion do not exist,” Wirecard said in a statement. It followed the resignation of the company's founder and chief executive on Friday after the start-up was hit with fresh fraud allegations that left it struggling for survival.

3. EY's refusal to sign off the 2019 accounts of Wirecard

- Filed for insolvency

Wirecard filed for insolvency, citing over-indebtedness and inability to assure it can continue as a going concern. The announcement was the culmination of a stunning accounting scandal that led to the arrest of its chief executive and left the German payment-processing firm unable to find €1.9 billion (\$3 billion) missing from its balance sheet.

The company will have "no business" should the credit card companies decide to sever ties. Wirecard Bank, where the Visa and Mastercard licences are held, is not part of the insolvency proceedings.

4. Wirecard CEO quits; search for missing \$3b at dead end

Visa and Mastercard are considering revoking Wirecard's ability to process payments on their networks, in a move that would cause further pain for the firm after it started insolvency proceedings. The crisis deepened, with the two banks namely BDO Unibank - the Philippines' largest bank by assets, and the Bank of the Philippine Islands that were supposed to be holding the missing cash denying any business relationship with the company and Wirecard is not a client.

5. Singapore Citadelle Corporate Services' and Senjo Group's involvement in Wirecard's missing S\$3 billion (US\$ 2.1 billion)



The Filipino lawyer, Mr. Tolentino, embroiled in a multibillion-dollar fraud at Wirecard has said he was surprised to be linked to the German payments firm and that he was the "victim of a frameup". The cash supposed to be in bank accounts in the Philippines probably did not exist. Lawyer Mark Tolentino said he opened six bank accounts for a Singapore-based firm but did not know until the scandal broke that they were for Wirecard. "I want to clear my name. I am a victim of identity theft and fake news and frame-up."

5. Singapore Citadelle Corporate Services' and Senjo Group's involvement in Wirecard's missing S\$3 billion (US\$ 2.1 billion)

The six euro bank accounts opened in the name of his law firm, MKT Law, at the Bank of the Philippines Islands (BPI) and Banco de Oro Unibank (BDO) were on behalf of Citadelle Corporate and the accounts were supposedly for Wirecard. Singapore Company records show Citadelle Corporate is a business administration company based in Singapore. Citadelle Corporate Services and Senjo Group and its subsidiaries are under suspicion of falsifying accounts and carrying on a trust business without a license.

5. Singapore Citadelle Corporate Services' and Senjo Group's involvement in Wirecard's missing S\$3 billion (US\$ 2.1 billion)

BPI and BDO both say Wirecard was not a client of theirs and that documents purporting to show Wirecard had deposited funds with them were false. BPI said it had terminated one of its assistant managers for signing a false certificate of deposit, while BDO said it had terminated a marketing officer for fabricating a bank certificate.

6. First S'porean charged in Wirecard Scandal

- R. Shanmugaratnam was charged with “wilfully and with intent to defraud” falsifying letters from Citadelle to Wirecard representing that the Singapore Company holds tens of millions in euros in escrow accounts, according to the charge sheets filed during July 2020.
- The 54-year old Singaporean is the first person to be indicted here over the spectacular collapse of Wirecard.

6. First S'porean charged in Wirecard Scandal

- The first of the four charges says that in March 2017, Shanmugaratnam falsely stated that there was a balance of €177.5 million held by Citadelle in an escrow account on Dec 31, 2016. The other three charges say that in March 2016, he misrepresented that there were €66.4 million, €47 million and €30 million held by Citadelle in three escrow accounts on Dec 31, 2015.

7. MAS orders Wirecard to stop payment services in Singapore



- The latest directive by the Monetary Authority of Singapore (MAS) for Wirecard entities in Singapore (Wirecard SG) to cease their payment services here.

7. MAS orders Wirecard to stop payment services in Singapore

- In Singapore, its primary business activities in Singapore were to process payments for merchants and help firms issue pre-paid cards.
- Other forms of e-payments such as Nets, PayNow and SGQR continue to be available.



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