

## Financial services

### Executive at Wirecard suspected of using forged contracts

Internal presentation pointed to possible 'falsification of accounts'



Singapore-based Edo Kurniawan is responsible for Wirecard's accounting in the Asia-Pacific region © FT montage

Dan McCrum in London and Stefania Palma in Singapore YESTERDAY

A senior Wirecard executive was last year suspected of using forged and backdated contracts in a string of suspicious transactions that raise questions about the integrity of the accounting at one of Europe's rare technology success stories.

An internal presentation described potentially fraudulent money flows at Wirecard, a fintech group valued at €20bn, which last year surpassed Deutsche Bank in market capitalisation and supplanted Commerzbank in Germany's prestigious Dax 30 index.

According to the presentation and other documents seen as part of a Financial Times investigation, the transactions were ordered by Edo Kurniawan, who is responsible for the payments group's accounting in the Asia-Pacific region.

Titled "Project Tiger Summary" and dated May 7 2018, the presentation outlined potential violations of Singapore law, including "falsification of accounts" and "money laundering". Mr Kurniawan remains employed in the same position of responsibility at the group's regional head office in Singapore.

The whistleblower who briefed the FT on the document was motivated to do so, the person said, out of a concern that no action appeared to have been taken over potentially criminal acts inside a company presenting itself as a blue-chip financial institution.

## Wirecard has overtaken Deutsche Bank and Commerzbank

Market cap (€bn)

— Wirecard — Deutsche Bank — Commerzbank



Source: Refinitiv (formerly Thomson Reuters)

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Reached at his desk in Singapore on Wednesday, Mr Kurniawan said he was in a meeting. “I’m closing off the group audit at this moment,” he said, and asked for questions to be sent by email. He did not respond to emailed questions.

The news of suspect transactions rekindles [questions](#) about Wirecard’s accounting and internal controls which have dogged the company for more than a decade. Critical investors and analysts raised concerns about the group’s financial statements in 2008, 2015, and [2016](#), citing apparent inconsistencies. On each occasion Wirecard claimed it was subject to stock market manipulation and insisted the published figures were sound.

Markus Braun, chief executive since he helped recapitalise the company in 2002, has become a billionaire selling his [vision](#) of a cashless society. The company owns a bank and is a member of the Visa and Mastercard payment networks, distributing hundreds of millions of euros in credit and debit card transactions every day. It is a gatekeeper with responsibilities to help police flows of cash as governments try to restrict the ability of criminals and terrorists to move their money around.

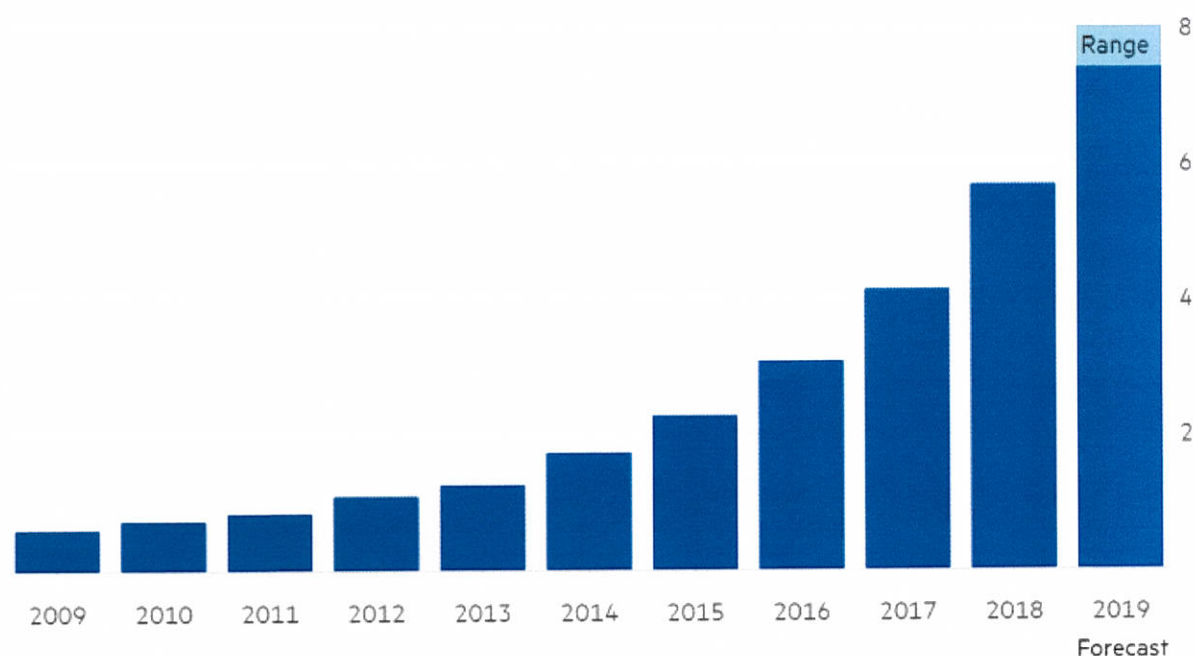


Wirecard has denied any wrongdoing. It said it took all compliance and regulatory obligations extremely seriously, it had “stringent internal and external audits” and any concerns “are always thoroughly and appropriately investigated”. It also said that no material compliance findings as to the governance and accounting practices of any Wirecard subsidiary nor the personal conduct of Mr Kurniawan had resulted from its continuous internal and external audit activities.

The Project Tiger document was prepared by a Wirecard compliance officer for a presentation to the company’s four most senior executives, led by Mr Braun, on May 8. It sets out, in graphic form, how about €37m appeared to have been moved in and out of Wirecard subsidiaries and external businesses, across seven sets of complex transactions, flagged as suspicious.

### Wirecard's rapid earnings growth

Ebitda (€m)



Source: company  
© FT

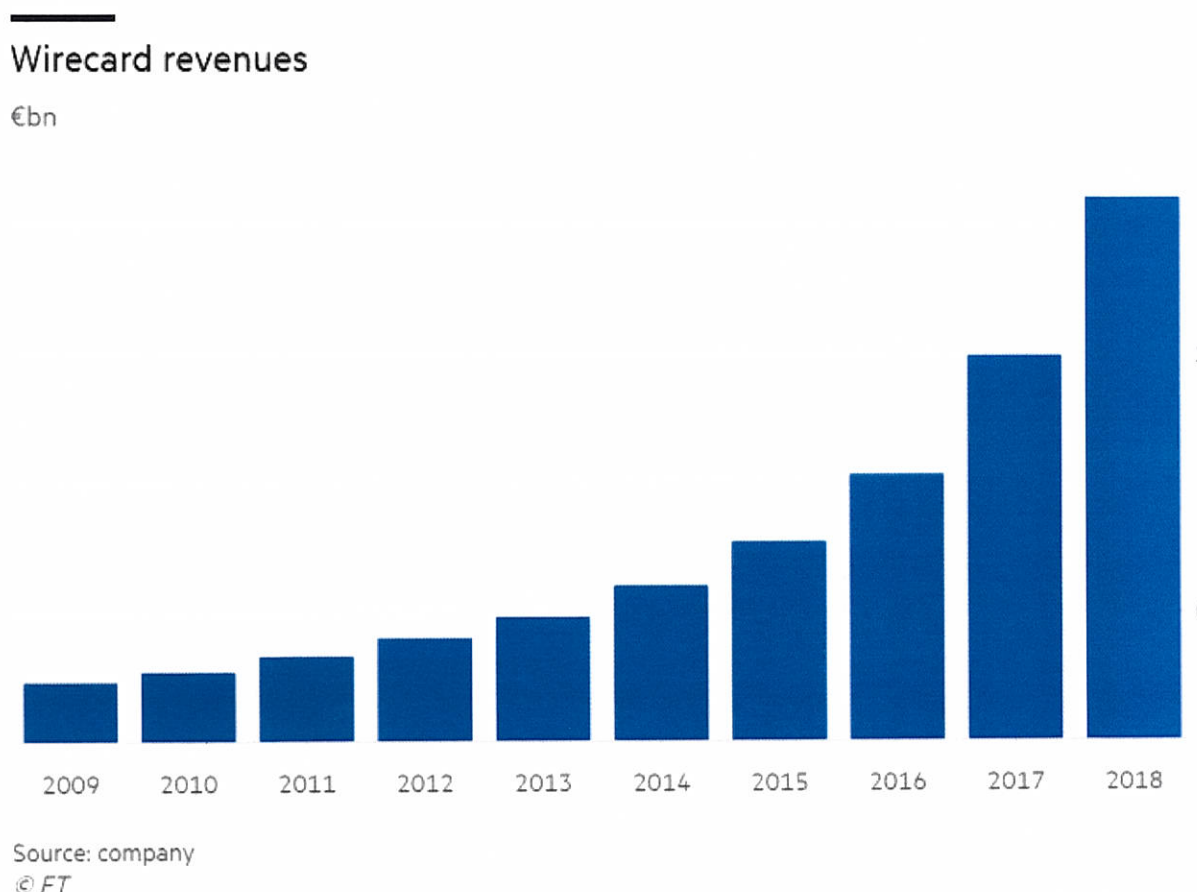
For instance, the presentation describes contracts with a value of €13m, dated in 2017 and 2018, between four Wirecard subsidiaries and Flexi Flex, a hydraulics and piping company with offices in Singapore and Malaysia.

The FT has also seen invoices bearing the Flexi Flex logo, and a sales agreement which indicates the piping company was a supplier of €3m worth of “3D secure tokenisation” software to Aprisma, an Indonesian Wirecard business which deals with banks.

A director of Flexi Flex told the FT he had not heard of Wirecard, and that his company did not sell software, have Indonesian clients, or even use a payment company.

The presentation also describes what appear to be so-called round-trip transactions — a fraudulent accounting technique. Money seems to have been routed from Wirecard businesses in Hong Kong and Singapore to those it owned in India — named Hermes and GI Technology — via external companies.

Those transactions, apparently suspected to be fake, may have appeared to local auditors as legitimate business conducted with suppliers and customers.



In one of the examples, a €2m capital increase was arranged for Wirecard Hong Kong, at the request of the local regulator. It appears the funds were paid to an outside company, Inventures, on March 10 2018. “Edo mentioned that this money would be further transferred from Inventures to Hermes to GI Tech, to pay its overdraft,” the presentation said.

Hermes and GI Tech were the main businesses [purchased](#) by Wirecard for €325m in an October 2015 takeover, the largest the company has made. At the time, the deal attracted attention from sceptical analysts and investors, who reported [difficulty](#) finding the scale of operations the company claimed. The company has always maintained it undertook