

Germany's huge Wirecard fraud trial to start in December

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Markus Braun is the former CEO of Wirecard, which was once the standard-bearer for the German tech industry.

Wirecard's former CEO Markus Braun will go on trial from December 8 to answer fraud charges in Germany's biggest-ever accounting scandal, a Munich court said Wednesday.

Austrian-born Braun, 53, stands accused of "commercial gang fraud", embezzlement and market manipulation for his role in Wirecard's spectacular collapse two years ago.

The higher regional court in Munich said it had scheduled 100 court dates for the mammoth trial.

Once the standard-bearer for the German tech industry, payments firm Wirecard was plunged into chaos in 2020 after admitting that 1.9 billion euros (\$1.9 billion) missing from its [balance sheets](#) likely didn't exist.

The scandal was "unparalleled" in Germany's post-war history, according to then finance minister Olaf Scholz, who is now chancellor.

Braun, who has been in custody for over two years, denies the allegations.

Two other Wirecard managers, accounting boss Stephan von Erffa and Oliver Bellenhaus, the former head of Wirecard's Dubai subsidiary, were also charged with fraud last March.

The trio had worked "in an industrial fashion" to commit the fraud,

German prosecutors said at the time. The accused face "several years" in prison if found guilty, they added.

Wirecard's chief operating officer Jan Marsalek, who has been on the run since the firm's collapse, is still wanted by German prosecutors.

He was reported earlier this year to be hiding out in Moscow.

Germany's Enron

The time it took for German prosecutors to file formal charges against Braun underlined the complex web of fraudulent transactions implicating Wirecard subsidiaries and third-party companies that took investigators across the world to unravel.

Among victims of the fraud were banks that had provided credit of 1.7 billion euros to Wirecard. Bonds worth 1.4 billion euros had also been issued and are unlikely to be repaid.

"All the accused group members were acting in an industrial fashion... that is how they secured their own salaries, including partially profit-related portions," prosecutors said.

Braun for instance, received at least 5.5 million euros in dividends, they said.

The Wirecard drama has drawn comparisons with the Enron accounting scandal in the US in the early 2000s.

Founded in 1999, the Bavarian start-up Wirecard rose from being a company piping cash to pornography and gambling sites to a respectable electronic payments provider that edged traditional lender Commerzbank out of the prestigious DAX index.

It boasted a market valuation of more than 23 billion euros at one point—outweighing even giant Deutsche Bank.

Wirecard's troubles began in 2019 with a series of articles in the Financial Times alleging accounting irregularities in its Asian division, headed by Marsalek.

But the company was able, at that time, to fend off the claims and the FT's journalists themselves came under investigation over the reports.

The huge scam unravelled in June 2020 when auditors EY said they were unable to find 1.9 billion euros of cash in the company's accounts.

The sum, which made up a quarter of the balance sheet, was supposedly held to cover risks in trading carried out by third parties on Wirecard's behalf and was meant to be sitting in trustee accounts at two Filipino banks.

But the Philippines' [central bank](#) has said the cash never entered its monetary system and both Asian banks, BDO and BPI, denied having a relationship with Wirecard.

Wirecard filed for insolvency soon after and was booted off Germany's blue-chip DAX index after its share price plummeted by 98 percent.

It became the first DAX company to fail, and the company's collapse was a major embarrassment to Germany and its financial services industry.

The country's finance watchdog Bafin was overhauled in the wake of the scandal, after coming under scrutiny for missing early warning signs of wrongdoing at Wirecard.

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