

# Germany investigates possible money laundering by Wirecard execs

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By

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German prosecutors are looking into possible money laundering by executives at Wirecard, adding to ongoing probes related to potential fraud and fake accounting at the insolvent payments firm.

A spokeswoman for the Munich public prosecutor said it was conducting several legal cases related to possible money laundering at Wirecard, the oldest dating as far back as 2010. Some investigations are ongoing.

A Wirecard spokeswoman declined to comment.

Wirecard has long been dogged by allegations from investors that the company used third-party partners to generate fake revenue, or claimed to hold cash that wasn't there. The company filed for the German equivalent of bankruptcy in June, days after it disclosed that \$2bn it had claimed to have on its balance sheet was missing and might not even exist.

Two people, including Wirecard's longtime chief executive officer and largest shareholder, Markus Braun, have been arrested amid the continuing probes. Braun resigned in June and was released on bail after being detained over accusations he inflated Wirecard's numbers. Braun has denied wrongdoing.

Earlier this week, Munich prosecutors arrested and questioned the director of a Dubai based-Wirecard unit that managed the group's relationships with third-party acquirers—companies that Wirecard said processed payments on its behalf in countries where it didn't have licenses. Prosecutors said the executive was arrested over suspicion of conspiracy to commit fraud. The missing money related to business with these third-party partners.

US authorities are also examining whether Wirecard played a critical role in an alleged \$100m bank-fraud conspiracy connected to an online marijuana marketplace, according to people familiar with the investigation.

At the heart of the case are two businessmen accused of conspiring with third-party payment processors and others to trick US banks into approving credit-card payments for marijuana products. Wirecard played a role in the alleged conspiracy by serving as both a payment processor and an offshore merchant bank, the people said. The authorities are considering the possible role of several former or current top Wirecard executives, two of the people said.

While the prosecutors' spokeswoman didn't mention any specific cases of possible money laundering by Wirecard officials, there are at least two in the US involving the company that have popped up over the years.

In 2010, an investigation by the Federal Bureau of Investigation into a German national living in Florida found he appeared to be operating an unlicensed money-transmitting business for payouts of illegal profits from gambling in online casinos. Documents seen by *The Wall Street Journal* showed Wirecard's banking business was involved in the transference of some of the money.

BaFin, the German markets regulator that also oversees Wirecard's banking business, carried out a special money-laundering probe in June 2010 in response to a criminal complaint it and the Munich prosecutor's office received, a BaFin spokeswoman said. She added a 2011 review "found that identified shortcomings were resolved."

In late 2015, German prosecutors also raided Wirecard at the request of US authorities who were investigating money laundering, according to the Munich prosecutor's spokeswoman. She provided no further information.

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*This article was published by The Wall Street Journal*