

Name: Alert ID: TMML2024037360204 Braun resigned as CEO on Friday, suggesting that Wirecard itself may have been the victim of a massive fraud. Jan Marsalek, a board member and chief operating officer at the company, was fired on Monday. Founded in 1999, Wirecard was once considered one of the most promising tech firms in Europe. It processes payments for consumers and businesses, and sells data analytics services. The company has nearly 6,000 employees in 26 countries around the world. Braun, who also served as Wirecard's chief technology officer, had led the company since 2002. The former KPMG consultant is the company's largest shareholder, with holdings of just over 7%, according to data from Refinitiv. Wirecard grew quickly with Braun at the helm. The company reported revenues of over €2 billion (\$2.2 billion) in 2018, or more than four times the figure from 2013. Shares hit an all-time high above €190 (\$213) in September 2018, the same month Wirecard replaced Commerzbank (CRZBF) in Germany's list of top 30 companies. At that point, it was worth more than €24 billion (\$26.9 billion). The company now faces an existential crisis. A frantic search for the missing money ran into a dead end over the weekend in the Philippines, where the central bank denied the cash had entered the country's financial system. The company's shares plummeted on Monday, extending a crash that wiped 85% off its share price over three trading sessions. Wirecard ended the day with a market value of €1.7 billion (\$1.9 billion). Wirecard is scrambling to keep creditors at bay, a task that could be complicated by the arrest of its former CEO. The company said late Friday that it had hired investment bank Houlihan Lokey to come up with a new financing strategy. 'Total disaster' German finance minister Olaf Scholz described the scandal as "extremely worrying" on Tuesday, saying the country must act quickly to improve oversight of companies such as Wirecard. "Critical questions arise over the supervision of the company, especially with regards to accounting and balance sheet control. Auditors and supervisory bodies do not seem to have been effective here," Scholz said in a statement. The Federal Financial Supervisory Authority, or BaFin, said last week that it is actively investigating whether Wirecard violated rules against market manipulation. But Felix Hufeld, who leads the regulator and sits on the European Central Bank's supervisory board, described the scandal as a "total disaster." "It is a scandal that something like this could happen," Hufeld said, in comments that were reported by Reuters and confirmed by the regulator. The implosion follows a tumultuous 18 months for the company punctuated by allegations of fraud, attacks by short sellers and questions over its accounting practices. The success story began to unravel in January 2019, when the Financial Times reported that Wirecard forged and backdated contracts in a string of suspicious transactions in Singapore. The company denied the report, which was produced with the help of a whistleblower, but its shares plummeted. In February 2019, authorities in Singapore said they would investigate. Another blow landed late last year, when the FT published a report and company documents suggesting that profits and sales had been inflated at Wirecard outposts in Dubai and Ireland. Wirecard again denied the allegations. But an investigation by KPMG published in April found the company had not provided enough information to fully explain issues raised by the FT. Braun explained his decision to quit last week in a letter to employees and shareholders. "The confidence of the capital market in the company I have been managing for 18 years has been deeply shaken ... I respect the fact that responsibility for all business transactions lies with the CEO," said Braun.