



Grenke – For Your Fraud Financing Needs



Viceroy puts the spotlight on Grenke’s **chicanery**; **swindling** small businesses, **laundering money** for criminals, & **accounting fraud**.

We finance your business.

September 14, 2020 - Viceroy Research is short Grenke AG (XTRA: GLJ).

Grenke’s global expansion through the purchase of dozens of undisclosed related party franchises is a fraudulent scheme perpetrated on a mass scale, designed to either hide fake cash or siphon off millions of euros to undisclosed related parties, or both.

Grenke’s banking division has been a conduit for the proceeds of crime and money laundering, and could face the loss of its banking license.

Grenke’s leasing model facilitates and encourages rampant fraud from resellers, resulting in bad debt, protracted legal disputes and the defrauding of small businesses, the government, and charities. Legitimate leasing of small ticket tech is becoming increasingly redundant, in outdated and fast diminishing business segments.

Grenke AG		
Exchange Ticker		XETRA GLJ
Shares outstanding	000's	46,354
Share price*	€	55.0
Market Cap	€m	2,549
P/E	X	26
EV/Sales	X	13.9
EV/EBITDA	X	36.8
* Price at Sep 14, 2020		

*Viceroy Research believes Grenke AG’s stock is **uninvestable** due to blatant **accounting fraud**, including **dozens of undisclosed related party transactions**, and the **complete lack of internal controls**, right down to **individual due diligence on customers**.*

*Grenke’s bonds are hovering above junk territory due to capital adequacy stemming from its banking business, which we believe is **hiding fake cash**, and is actively used to **launder money for binary options scams, crypto scams, and fraudulent unregulated trading platform**.*

The Red Flags

Grenke AG is a German based asset leasing company with operating divisions and subsidiaries across the globe. Its main activity is offering finance leases to businesses, but it also operates a banking business through a bank subsidiary, which serves SMEs and entrepreneurs. We commenced an investigation into Grenke on observation of the following red flags:

- The widespread fraud and predatory practices facilitated by Grenke’s business model
- Grenke’s habitual practice of buying underperforming franchisee businesses in questionable circumstances, and the failure to disclose that these franchisee purchases are transactions with related parties.
- The hoarding of excessive amounts of cash on Grenke’s balance sheet while Grenke continues to frequently tap the capital markets
- Anomalies in Grenke’s financial accounts, including:
 - The suspiciously low level of impairments recognized in Grenke’s financial statements
 - The widespread fraud and predatory practices facilitated by Grenke’s business model
 - Apparent round tripping of assets and moving NPLS off balance sheet through a network of finance arrangements.
 - Aggressive accounting practices on valuing “assets” – is a €500 dollar printer on a €10,000 contract really a €10,000 asset? Is a €9,500 service contract really a service contract if Grenke does not service any of its leased assets?
- Over 70% of Grenke’s lease finance segments are outdated and diving into redundancy and deflation, including printing, open license software, and telecommunication hardware. **Breakdowns of Grenke’s loan book contracts show a complete disconnect between the items leased, the categories of clients leasing them and the value of the leases.**
- The make-up and high turnover of Grenke’s board and audit committee



The Cover-Up

Our investigations into Grenke's financial conduct at the corporate level has uncovered what we believe to be a massive cover up:

- Viceroy can confirm that **>€100m of acquisitions made by Grenke since 2011 were from undisclosed related parties controlled by Grenke executives and other insiders**. We believe these transactions are similar to the **Wirecard, Lernout & Hauspie and Steinhoff playbooks**.
 - These acquisitions are of franchises that are perpetually loss-making, have no real tangible asset value, and stack on the company's books as "goodwill". This is a Fraud 101 way of hiding fake cash, "acquired" through Grenke's propensity to become involved in bad leases in an opaque franchise structure.
 - This is Fraud 101. Through relationships with undisclosed parties Grenke books profits. We believe these profits are largely fictional. Any cash generated is fictional. By buying out the undisclosed related party Grenke turns fictional profits into fictional goodwill.
 - In Wirecard's case the fictional profits were similarly buried via the purchase of an asset from Emerging Market Investment Fund 1A, a shadowy Mauritian trust which was almost certainly an undisclosed related party.
 - The tail-end of Grenke's loans are clearly non-profitable but no impairments have been recognized on its books to reflect this. Subsidiary accounts show Grenke crisscrossing transactions where Grenke is paying premiums for non-performing leases from franchises it immediately acquires.
 - Failure to disclose related party transactions is a **serious audit failure** and **Grenke are in breach of international account standard (IAS) 24**.
- That this fraud is happening is strongly supported by the fact that Grenke has hoarded €1b of cash – the equivalent of 2 years pre-COVID revenue – on its balance sheet but for some strange reason continues to:
 - Dilute stock through massive capital raises;
 - Refinance itself by issuing expensive unsecured bonds and commercial paper; and
 - Pay slim dividends (much of which is to hybrid security holders)

Viceroy believes a substantial portion of Grenke's cash does not exist.

Serious regulatory malfeasance in the banking division

- Grenke's capital raising activities face serious headwinds, or even a sudden stop or rollback, due to critical internal control failures at Grenke Bank which will undermine the guarantee it has on all bonds. This guarantee is critical to Grenke's S&P BBB+ rating – which keeps it just two notches above junk status.
- **Grenke Bank has been a conduit for the proceeds of crime and money laundering, receiving money from binary options scams and unregulated trading platforms since its inception, the sorts of breaches which could result in the suspension or loss of a bank's banking license and/or special supervision to protect depositors.**
- Bank records from victims show that, even after these platforms were published on BaFin's blacklist to cease service, Grenke Bank was either willfully blind or purposely continued to process their wire transfers for at least a year, right **alongside Wirecard. This is a serious regulatory breach**

Consequences faced by Grenke Bank will have fatal repercussions for the Grenke group as whole.

- Among other factors, Grenke's bank issues together with undisclosed related party transactions and audit failures alone will provide reason for debt recourse.



Grenke's business is built on malpractice and facilitates fraud

Grenke's floundering business, which has necessitated the cover-up, is built on malpractice and fraud.

- **Grenke's leasing business is entirely dependent on its relationship with resellers**, who onboard end-customers onto a Grenke lease. This program has run wild with **rampant international frauds and Ponzi schemes facilitated through Grenke finance leases**.
- Grenke conducts **little to no due diligence on its resellers or their business schemes**, and actively turn a **blind eye to their often-fraudulent behavior**. Grenke profiteer from outrageously overpriced leases for small ticket items.
 - Documents and videos from Grenke conferences with resellers obtained by Viceroy show the company's blatant disregard for consumer protection and credit regulations, boasting to resellers that their team can approve a loan with as little as a company name and number of instalments in under 20 minutes. **Resellers would be paid out by Grenke within 24 hours**.
 - **This opportunity to defraud has been taken up by criminal resellers on a massive scale**. Many have given fake inducements, incorrectly installed equipment and vastly overpriced small-ticket items, **invoicing Grenke for well over 20x their value, and leaving the customer with the bill**. Grenke knowingly facilitates and encourages this with its minimal-oversight high-opacity contract structure.

Given how enormous and blatant some of these schemes are, we find it hard to avoid the conclusion that Grenke is complicit in this fraud.

The Frauds Facilitated by Grenke

Grenke's lending quality is demonstrated by their **vast propensity to associate with and finance Ponzi-schemes, con artists, and bottom-of-the-barrel scammers** to the tune of hundreds of millions of dollars.

- Viewble Media, Rebl Media and Rhino media were three separate, large-scale international, hundred million-euro **Ponzi-schemes enabled by Grenke's lease financing**. The schemes leased €500 televisions to thousands of SMEs, financed by Grenke, valued at €10k-15k each, which would allegedly be funded by "future advertisement revenues displayed on screens". These advertising revenues inevitably never came through, and customers were left holding the bag. Grenke let this scheme perpetuate for ~3 years.
 - Viceroy interviewed many victims of this fraud. Grenke's actions suggest it was party to a larger **conspiracy to defraud**, as it knocked back complaints, denied knowledge of the existence of the scheme (despite it being written into its contracts), and continued to allow these scammers to write new contracts to the tune of hundreds of millions of dollars.
 - Our research shows Grenke have no regard for basic credit regulations across the globe. Regulators are investigating financiers internationally, and we expect litigation to plague Grenke for years to come.
 - **It has been confirmed that the UK's FCA is currently examining evidence regarding the finance arrangements provided by Grenke in the Viewble fraud**.
- Direct Technology Solutions defrauded schools across the UK through the lease of overpriced IT equipment. DTS told schools it would effectively donate the laptops, and they would not have to pay for the equipment lease. DTS made the first few payments then went into administration.
 - When the leases were examined, the laptops were found to have a **retail price of £350-400 each** but were charged at **£3,750. Each school received 100-200 laptops**.
- In September 2019 UK charity Missing Kind was approached by Plan Corporate Services with an offer: a £10,000 donation to a charity and covering the lease on three new printers for a year to the tune of £23,000, which PCS would install and was cancellable after one year. None of the payments pledged by PCS were ever made leaving Missing Kind solely responsible for >£100k in leases.

These are not isolated frauds, but merely the first page of Google. Users would be hard pressed to find a single good review of Grenke's services, excluding fake reviews from resellers and Grenke's own employees.



Viceroy's non-exhaustive list of small-business, charities and government agencies defrauded by Grenke suggest billions of dollars of Grenke's loan book are the result of similar schemes across the world.

- **Grenke has ruthlessly continued collecting overvalued asset-backed lease repayments from defrauded small businesses, charities, and even government agencies** with interest rates at unsecured loan levels. These collections have even persisted aggressively through Covid-19 and include letters of default.
 - Viceroy has connected with dozens of consumer advocacy and business communities internationally, from the UK & France to Australia & Brazil, which have been victims to frauds perpetrated by – or enabled by – Grenke.
 - Through discussions with regulators and consumer protection groups, we expect a wave of class actions and enforcement actions to plague Grenke's amoral business practices for the foreseeable future.

The Management

- **Grenke is onto its 3rd audit committee chairperson since May 2018.** The last chair to be a registered accountant was Gerhard Witt, who left Grenke in May 2018. The other members of the Audit Committee are long-standing insiders, including Wolfgang Grenke himself, who is the largest shareholder of the company.
- **Grenke management and board had a mass exodus over the last 2 years.** One supervisory member appears to have been fired due to insider trading.
- Grenke does not appear to have a CFO. The COO oversees “accounting” and does not appear to have a chartered accounting designation. Given the complexity of Grenke's accounts and frequent capital allocations, this is astounding.

The Bond Valuation

- Grenke's €5b of debt is guaranteed by Grenke Bank, which is largely responsible for keeping Grenke's ratings barely out of junk debt territory. This poses a grim reality to debt investors, such that:
 - Grenke Bank is in violation of KYC and AML obligations, processing money for known unregulated trading platforms and binary options frauds already detected by BaFin.
 - Viceroy believes substantial portions of Grenke's cash does not exist.

We believe Grenke's credit rating will sink into junk territory once fraud & financial misconduct is exposed

- Grenke's bonds derive value against the company's lease asset book. From our analysis, the lease asset book appears to be well into junk grade. Simply put, asset values are massively inflated and uncollectible at default. For instance, a €10,000 printer loan is accounted for by a €500 printer. The loan value is simply unrecoverable in the case of default.
- Grenke is entitled to little of its cash flows because it has securitized them, but it is nevertheless on-risk for any defaults via guarantees and sub-ordinated loans
- When Grenke is finally forced to properly recognize impairments – or Grenke Bank's viability is called into question – Grenke will be shut out of the capital markets and the house of cards will collapse. Loss of the ability to raise funding is a major risk factor associated with any bond rating downgrade.

Based on this, we see a Grenke's bonds as junk grade.

Summary

The best case scenario we see for Grenke AG (XTRA:GLJ), which requires us to ignore the **pervasive fraud, money laundering and impending redundancy of Grenke's business lines**, shows a wildly overvalued quasi-unsecured small-ticket lender transitioning into a niche bank – still uninvestable in a comparison to peers and a junk status rating for its bonds. It would be a disservice to provide a price target given the above.



Attention: Whistleblowers

Viceroy encourage any parties with information pertaining to misconduct within Grenke Group, its affiliates, or any other entity to file a report with the appropriate regulatory body.

We also understand first-hand the retaliation whistleblowers sometimes face for championing these issues. Where possible, Viceroy is happy act as intermediaries in providing information to regulators and reporting information in the public interest in order to protect the identities of whistleblowers.

You can contact the Viceroy team via email on viceroy@viceroyresearch.com.

About Viceroy

Viceroy Research LLC are an investigative financial research group registered in Delaware, USA. As global markets become increasingly opaque and complex – and traditional gatekeepers and safeguards often compromised – investors and shareholders are at greater risk than ever of being misled or uninformed by public companies and their promoters and sponsors. Our mission is to sift fact from fiction and encourage greater management accountability through transparency in reporting and disclosure by public companies and overall improve the quality of global capital markets.

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1. About Grenke

Grenke AG (XTRA: GLJ) is a German-based asset leasing company, with operating divisions and subsidiaries across the globe. It operates in three divisions:

Finance Leasing

Grenke's primary business and source of revenue is the leasing of equipment and other assets to businesses, which includes the offering of finance leases and insurance. In 2019, Grenke's leasing business generated 96% of the group's gross interest income.

Grenke's lease book is heavily weighted towards equipment and technology that is quickly becoming out-of-date and redundant, such as printing, telecommunications hardware and software licensing.

Much of Grenke's business is generated by suspect 3rd party resellers under a system that facilitates not only sharp and unscrupulous business practices amongst resellers but fraud on a massive scale, as we discuss later in this report.

Banking

Grenke Bank markets itself as an SME financing partner, mostly in Germany. Grenke claims its bank offers start up financing and provides development loans for SMEs and entrepreneurs. Despite this niche market the bank's deposits have suspiciously increased by >40% in H1 2020 alone. Viceroy's investigations find that it is a popular conduit among money launderers, binary options scams, and fraudulent unregulated trading platforms (we are unsure if these are classified under Grenke as "SMEs").

The banking division is also used as a guarantor for Grenke's group debt, effectively meaning that their credit score is upheld by a money laundering conduit with potentially material portions of fake cash.

A run on the bank would materially compromise its capital adequacy and tier 1 capital ratios as it would fail to meet its guaranteed obligations, which are already exponents on the "alleged" available cash on account.

Factoring

Grenke's factoring business is relatively miniscule and contributes negligible amounts to earnings.

Reference Guide

Parties of Interest	
CTP Handels-und Beteiligungs ("CTP") Garuna AG	Undisclosed related party controlled by insiders, secret owner and seller of franchises acquired by Grenke.
Pro Gulf FZE	UAE company of unknown ownership and control, secret owner and seller of franchises acquired by Grenke.
Wolfgang Grenke	Grenke AG founder. Supervisory board member of Grenke Bank AG and Grenke Service AG. Controls CTP and its parent entity.
Thomas Konprecht	Former Grenke CFO and board member, departed in 2010. Controls CTP and its parent entity.
Grenke Finance	Irish Grenke subsidiary. Provides overnight finance and purchases receivables from Grenke operating subsidiaries and franchises. Arranges issuances of asset-backed notes through special purpose vehicles for outsider investors to finance these receivables.
Grenke Bank	Grenke banking subsidiary generally catering to SMEs. Also involved in laundering money for unregulated, BaFin sanctioned trading platforms.
Joanna Bielicka	CTP lawyer and signatory, as well as signatory for Grenke franchises prior to acquisition. Also worked for a fund directed by Konprecht and Wolfgang Grenke. No official Grenke position but known within the organization.



2. Cleaning Up and Cashing Out: Franchise Acquisitions

A major cause for concern regarding the Grenke group stems from its well established and regular practice of purchasing its franchises, which are then merged into the Grenke group as subsidiary companies.

These franchises are purchased from an undisclosed related party, CTP Handels- und Beteiligungs GmbH (“CTP”), which is owned by – and would therefore benefit – Grenke insiders. Through this structure, Grenke appears to have paid CTP millions over the past decade.

The “franchise program” operates more like a regular geographical expansion with CTP, employees and insiders establishing, operating, and owning the franchise as opposed to an independent outsider. Grenke also effectively bankrolls these operations through overnight financing arrangements and purchasing of lease receivables and maintains a call option to buy the franchise after several years.

This structure is sort of similar to Valeant’s relationship with Philidor. Grenke, like Valeant, has options to buy all of its franchisees almost at their inception, and effectively controls all of their operations, given that they are controlled by Grenke’s own management. While Valeant used Philidor to channel stuff toe fungus creams, we believe Grenke actively exercises its Franchisee call options as a means to hide fake earnings.

The non-disclosure of the related party nature of a transaction is an enormous audit failure and a breach of Grenke’s basic reporting obligations under International Accounting Standards (IAS) 24.

<p>Disclosure</p> <p>Relationships between parents and subsidiaries. Regardless of whether there have been transactions between a parent and a subsidiary, an entity must disclose the name of its parent and, if different, the ultimate controlling party. If neither the entity’s parent nor the ultimate controlling party produces financial statements available for public use, the name of the next most senior parent that does so must also be disclosed. [IAS 24.16]</p> <p>Management compensation. Disclose key management personnel compensation in total and for each of the following categories: [IAS 24.17]</p> <ul style="list-style-type: none">▸ short-term employee benefits▸ post-employment benefits▸ other long-term benefits▸ termination benefits▸ share-based payment benefits <p>Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity. [IAS 24.9]</p>
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Figure 1 IAS S 24 Explanatory Snipping¹

These acquisitions are clearly not in the regular course of business nor priced at market conditions, as the parent company effectively holds a call option to purchase these franchisees from inception.

Fake cash & Fraud 101

Grenke has allegedly spent over €100m since 2011 on undisclosed related party acquisitions of Grenke franchises. We say “allegedly spent” over €100m because **we don’t believe this cash exists at all, and that Grenke uses these acquisitions to move cash off its balance sheet into goodwill, a far more opaque asset class.**

The acquisitions of undisclosed, related party franchises that generate zero income, have no tangible asset value and stack on the company’s books as “goodwill” is a “Fraud 101” playbook way of hiding fake earnings.

It was done by Wirecard in its Indian business acquisition². It was done by Lernout & Hauspie. It was done by Steinhoff. **We believe it is happening at Grenke.**

¹ <https://www.iasplus.com/en/standards/ias/ias24>

² <https://www.ft.com/content/b3672388-200a-11ea-b8a1-584213ee7b2b>



The driver behind this activity is Grenke's need to account for fake cash, which appears on Grenke's balance sheet from the understating of bad debt, which in turn stems from Grenke's immoral and disastrous business model (as discussed in section 6) and its failing business segments.

Grenke covers up bad and impaired leases through the following means (see further discussion about this in section 5);

- the opaque operating structure of franchisees; and
- the recording of fake cash on its balance sheet. We draw attention to Grenke's propensity to hoard excessive amounts of cash yet, for some strange reason, still to conduct capital raising (as discussed in section 9).

History Lesson – Lernout & Hauspie

The 2000 collapse of Lernout & Hauspie involved the faking of their accounts by selling everything to undisclosed related party entities – in this case software developers. For example, they would sell \$100m of core technology to the entity booking \$100m or so of profit. The incremental margin on software is 100%.

The entity would then owe Lernout & Hauspie \$100m, which it had no ability to repay as it was often just a shell company. Lernout & Hauspie would then purchase the entity for \$1 but in the accounts the consideration would be \$100,000,001 – \$100m debt assumed plus a \$1 payment.

That balance would be represented in the accounts as goodwill. Lernout & Hauspie had turned a dodgy sale and profit generated from a dodgy party into fake goodwill.

Hiding of Fake Cash by Grenke

We believe Grenke is using franchise acquisitions to hide fake profits from its overstated operations by directing what we believe to be fake cash into fake goodwill.

The tail-end of Grenke's loans are clearly non-profitable but no adjustments have been made on the books to reflect this (as discussed in section 5). So much so that even subsidiary accounts show multiple confusing intra-group transactions, including where Grenke is paying premiums for non-performing franchise leases right before buying them outright.

GRENKE Finance PLC pays a premium to agents who are a franchise to buy leases which become non performing. The franchisees to whom these premiums were paid have all since become GRENKE AG group companies. The amortisation relates to leases written when they

Figure 2 Extract from Grenke Finance Financial Report – 2018

Acquisitions also entail the extinguishment of substantial portions of financing liabilities of franchisees to the Grenke group, which consolidate out when the franchise becomes a Grenke group subsidiary.

We believe this has resulted in a large reservoir of fake cash, which needs to be diverted into other, less-transparent asset classes like goodwill.

This scheme would explain the undisclosed, insider-controlled nature of the seller, CTP: for this scheme to work the seller needs to be complicit. Its Austrian domicile and undisclosed insider ownership also afford CTP a large amount of secrecy, tax benefits – necessary to hide the other end of these transactions – and resources.

Here is the Catch-22: even if Viceroy is wrong, this all means that Grenke insiders must be consciously stealing hundreds of millions from shareholders through premediated, undisclosed related-party transactions.



Who is CTP Handels-und Beteiligungs GmbH?

CTP is an Austrian company controlled by current and former Grenke employees: Wolfgang Grenke and Thomas Konprecht. The company is the founder and owner of most Grenke franchises later purchased by Grenke, a scheme we believe continues today.

<p>Managing Director <u>Mr. Grenke Wolfgang</u> ⓘ Owner sole power of representation</p>
<p>Managing Director <u>Mr Thomas Konprecht</u> ⓘ Private person jointly authorized to represent</p>
<p>Shareholder company Sacoma AG AG Share: 100.00%</p>

Figure 3 CTP Handels-und Beteiligungs FirmenABC profile³

- Wolfgang Grenke is the founder of Grenke AG and currently serves as the Deputy Chairman of the Grenke Bank AG supervisory board as well as in supervisory and director roles across the Grenke Group.
- Konprecht is the former chief financial officer at Grenke. From company disclosures he currently has no official standing at Grenke.

At this point, this structure is a spitting image of Weise's undisclosed related party scheme at Steinhoff.

Steinhoff's off-balance sheet entities

Steinhoff operates/operated three main off-balance-sheet entities controlled by former executive officers and associates:

- Champion Capital
- Southern View Finance
- Genesis Investment Holding

The purpose of these entities is threefold:

1. Allowing Steinhoff to book interest revenue on loans to these entities.
2. To move losses off Steinhoff's consolidated accounts.
3. Round-trip its predatory consumer business.

The existence of Champion Capital was touched upon in German business periodical Manager Magazin⁵, causing a stir amongst shareholders. The article "Balance sheet sharks" did not report that Champion was only half the picture. **Schmidt ultimately controls Champion Capital through several holding companies. These companies generally have the same naming convention: Top Global (or TG) management.**

Figure 4 Unearthing Steinhoff's Skeletons – Viceroy Research Report – Dec 2017⁴

Despite owning, founding, controlling and financing most of Grenke's franchise acquisitions over the years, CTP has never been disclosed as a related party by name in the company's filings, nor is any mention made of it in the "business combination" segment of its annual reports. By Grenke's own definition, CTP meets the criteria for a related party.

³ <https://www.firmenabc.at/ctp-handels-und-beteiligungs-gmbh> BMYO

⁴ <https://viceroyresearch.files.wordpress.com/2017/12/steinhoff-article-viceroy2.pdf>



Third parties are considered to be related when one party controls GRENKE AG, has joint control over GRENKE AG, or has the power to exercise considerable influence over its business or operating decisions. **Related parties of the GRENKE Consolidated Group include persons in key positions, their family members and entities controlled by these persons, subsidiaries and associated companies of GRENKE AG, as well as entities that exercise a considerable influence.** Persons in key positions are people who are directly or indirectly in charge and responsible

As part of its ordinary business activities, GRENKE BANK AG offers services to related persons in key positions and their close family members at standard market conditions. **On the reporting date, the bank received deposits in the amount of EUR 4,597k (December 31, 2019: EUR 9,272k).** The interest expense for these amounted to EUR 1k (previous year until June 30, 2019: EUR 35k). Credit card accounts that

Figures 5 & 6 Grenke Annual Report 2019 & Grenke HY 2020 report

In fact, it's ironic that the only related party transactions disclosed outside of direct management compensation is how many millions Grenke board and management members have withdrawn from their deposit accounts since the start of 2020.

Those familiar with our Steinhoff report can guess what happens here...

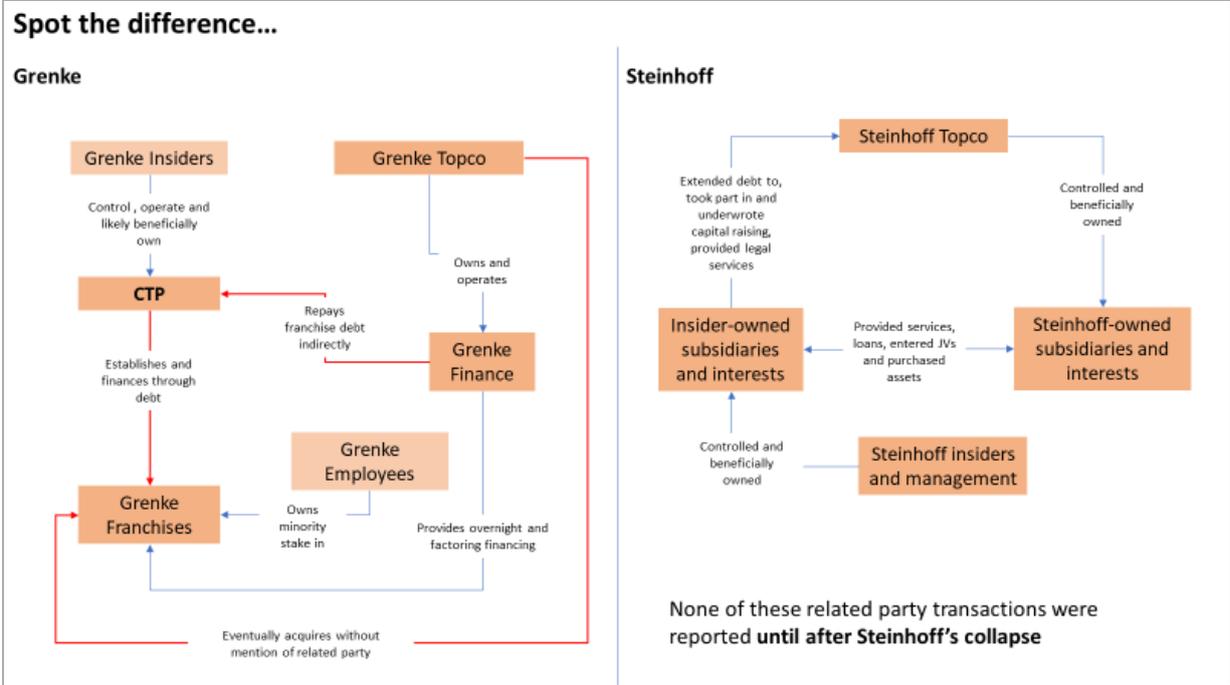


Figure 6 A comparison of the insider profiteering mechanisms at Grenke and Steinhoff⁵

In **Schedule 1 (Examples of Franchise Purchases)** of this report we examine in detail each acquired franchise's link to CTP but before referring to this, it's important that readers are familiar with the key players in the scheme and how it operates. Steinhoff now operates as a shadow of its former self and it still under investigation by the authorities following Viceroy's report on the company in 2017.

⁵ <https://www.news24.com/fin24/Companies/Retail/steinhoff-report-reveals-maelstrom-of-conflicts-of-interest-20190510>



Joanna Bielicka

A key player in CTP’s operation whose name keeps appearing is Joanna Bielicka. Whols data for CTP’s non-descript website www.ctp-holding.at lists her as the current responsible person and she has held that role since December 30, 2010. The record for this date lists Bielicka’s organization as EECA Consulting- und Beteiligungs GmbH, a precursor to CTP.

Whois Record on Dec 22, 2010	
domain:	ctp-holding.at
registrant:	ECUB7552117-NICAT
admin-c:	ECUB7552117-NICAT
tech-c:	HITG4315599-NICAT
nserver:	ns1.hostprofis.com
nserver:	ns2.hostprofis.com
changed:	20101102 09:24:31
source:	AT-DDM
personname:	Joanna Bielicka
organization:	EECA Consulting- und Beteiligungs GmbH
street address:	Franz-Josefs-Kai 27-3b
postal code:	1010
city:	Wien
country:	Austria
fax-no:	+4319076349500
e-mail:	eeca@webchills.at
nic-hdl:	ECUB7552117-NICAT
changed:	20101027 10:57:02
source:	AT-DDM

Reported on Jul 2, 2020	
domain:	ctp-holding.at
registrant:	HostProfis ISP Telekom GmbH (https://nic.at/registrar/113)
registrant:	CHUB11504384-NICAT
tech-c:	HITG11504386-NICAT
nserver:	ns1.hostprofis.com
nserver:	ns2.hostprofis.com
changed:	20170822 14:12:49
source:	AT-DDM
personname:	Joanna Bielicka
organization:	CTP Handels- und Beteiligungs GmbH
street address:	Franz-Josefs-Kai 27 3b
postal code:	1010
city:	Wien
country:	Austria
fax-no:	+4319076349500
e-mail:	office@cto-holding.at
nic-hdl:	CHUB11504384-NICAT
changed:	20170822 14:12:49
source:	AT-DDM

Figures 7 & 8 Whols data for ctp-holding.at

She was educated in Warsaw and Berlin and specialized in tax law. Her work experience lists her role as a “specialist” at General Police Headquarters in Warsaw and as a legal analyst for Dombank. Almost all her endorsements are from Grenke personnel, including an endorsement for “cross border transactions” from **Marco Vaz Souta, former managing director of Grenke Portugal.**

Administrative Law (5)

- 
Marco Vaz Souta • 3rd+
 Managing Director
 Former Grenke Portugal
 Managing Director
- 
Bruna Encarnação • 3rd+
 Managing Director Administration
 Grenke Portugal Managing
 Director & Team Leader
- 
W. Tadeu Gardenghi • 3rd+
 Sales / CRM / Management / Operations
 Grenke Portugal/Brazil Branch Director
 and Senior Account Manager
- 
Marta Puchert Michalowska • 3rd+
 Service Designer & Innovation Consultant
 Unrelated

Cross-border Transactions (1)

- 
Marco Vaz Souta • 3rd+
 Managing Director

Figures 9 & 10 Joanna Bielicka LinkedIn Endorsements for Administrative Law and Cross-border transactions, respectively⁶

Our belief is that Bielicka functions as a front and go-between for CTP operations with Grenke franchises, and this belief is **corroborated by interviews conducted with former employees.**

Those interviewed clearly knew about Bielicka’s involvement with Grenke but were generally unsure as to her position, duties, and responsibilities. The general view was that she was an employee of the company although that does not appear to be the case. Bielicka is also the attorney for WGW Investment GmbH, an investment vehicle owned by Wolfgang Grenke and directed by Wolfgang Grenke and Konprecht

Bielicka may be used as a “fall-person” for when the scheme is eventually brought to light. Bielicka acts as CTP’s representative in several transactions as shown in legal documents, which we go through in Schedule 1 (*Examples of Franchise Purchases*) section below.

⁶ www.linkedin.com/in/joanna-bielicka-a031333



The CTP network

CTP's beneficial owner is the Swiss company Sacoma AG, which through a convoluted set of links is also controlled by Wolfgang Grenke and Konprecht. The company is part of a larger constellation of Grenke-insider controlled companies but CTP seems to be the largest and most active of the companies. These include:

Entity Name	Link to Grenke/CTP
EECA Consulting - und Beteiligungs GmbH	<ul style="list-style-type: none"> - Listed as Bielicka's organization in WhoIs lookups - Managing directors: <ul style="list-style-type: none"> o Joanna Bielicka o Friedhelm Gruber – MD of Senat MEA Management Consultancy⁷ o Heinz Pippan – Managing partner of EMCH Consulting and Holding company - Likely the legal go-between for CTP's owners and their operations
Garuna AG fka CS Beteiligungs GmbH⁸	<ul style="list-style-type: none"> - Domiciled at the same Swiss address as Sacoma AG. - Directors are Thomas Konprecht and Simona Corina Stingaciu (relation unknown)⁹. - Former directors include Dr Jorg Erich Wilhelm, also former director of Sacoma AG.
Soft-Line Aktiengesellschaft	<ul style="list-style-type: none"> - Liechtenstein company and possible first iteration of CTP. - Created GC Leasing Slovensko s.r.o. with CTP, later sold to Grenke as Grenke Leasing (Slovakia)¹⁰.
Pro Gulf FZE	<ul style="list-style-type: none"> - UAE-domiciled company of unknown ownership and management. - Coincidental ownership of several Grenke franchisees. - Active since 2016
Sacoma AG	<ul style="list-style-type: none"> - Often listed as the beneficial owner of CTP Handels- und Beteiligungs GmbH. - Directors signed in as of January 2019: Thomas Konprecht, Wolfgang Grenke, Marcel Gross (relation unknown). <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>Mutation Sacoma AG, Weggis</p> <p>Sacoma AG Azaleenweg 5 6353 Weggis Sacoma AG, in Weggis, CHE-183.442.347, Aktiengesellschaft (SHAB Nr. 18 vom 28.01.2019, Publ. 1004551988). Ausgeschiedene Personen und erloschene Unterschriften: Wilhelm, Prof. Dr. Jörg Erich, deutscher Staatsangehöriger, in Weggis, Mitglied des Verwaltungsrates, mit Einzelunterschrift. Eingetragene Personen neu oder mutierend: Gross, Marcel, von Bad Zurzach, in Zollikon, Präsident des Verwaltungsrates, mit Einzelunterschrift; Grenke, Wolfgang, deutscher Staatsangehöriger, in Baden-Baden (DE), Mitglied des Verwaltungsrates, mit Einzelunterschrift; Konprecht, Thomas, deutscher Staatsangehöriger, in Düsseldorf (DE), Mitglied des Verwaltungsrates, mit Kollektivunterschrift zu zweien. Tagesregister-Nr. 1284 vom 07.02.2020 Vorangehende Publikation im SHAB: Nr. 18, Datum: 28.01.2019</p> </div>

Figure 11 Sacoma AG change of directors announcement

- Former directors include Dr Jorg Erich Wilhelm.

Figure 12 List of CTP-related third parties

⁷ <https://www.advisoryexcellence.com/experts/friedhelm-gruber/>

⁸ <https://www.shab.ch/shabforms/servlet/Search?EID=7&DOCID=2655367>

⁹ Visit <https://www.sogc.ch/> and search for "Garuna AG"

¹⁰ Visit <http://www.orsr.sk/> and search for "Grenkeleasing" as a business name



Financial performance of franchisees

Before going through the mountain of evidence of this scheme annexed in this report, readers should look at how these franchisees perform. On a standalone basis, the franchisees acquired by Grenke appear to be perennially loss making (see Figure [17] below – Grenke Franchisee Acquisition Analysis). Even when accounting for the after-costs flow-through structure of their leases sold to Grenke Bank, these acquisitions make no financial sense.

Grenke Franchisee Acquisition Analysis - Viceroy Research							
Name	Location	Consideration Acquired (EURk)	Cash acquired (EURk)	Annualised Net Interest Income (EURk)	Annualised Net Profit (EURk)	Liabilities eliminated (EURk)	
GC Leasing Middle East FZCO	UAR	31-Mar-18	11,558	576	2,848	(299)	not stated
Grenke Hrvatska d.o.o fka GC Renting Croa	Croatia	31-Mar-18	22,461	3	(166)	(1,916)	not stated
GC Locacao de equipamentos Ltda	Brazil	30-Jun-17	660	859	not stated	(4,205)	not stated
GC Renting Malta Ltd	Malta	31-Mar-17	5,346	592	not stated	(446)	not stated
GC Leasing Ofis Donanimlari Kiralama Lin	Turkey	31-Mar-16	1,700	1,215	not stated	(2,308)	11,479
GC Leasing d.o.o.	Slovenia	5-Mar-15	7,980	271	not stated	(458)	818
Grenkefactoring AG	Switzerland	15-Jun-14	3,919	524	1,143	95	5,732
GCLUX Location Sarl	Luxembour	31-Mar-14	2,511	60	not stated	(232)	455
Grenkeleasing Oy	Finland	24-Jun-13	5,184	645	143	(127)	945
Grenkeleasing s.r.o. fka GC Leasing Slovei	Slovakia	21-Jun-13	650	7	599	(246)	5,025
Grenke Renting S.A.	Portugal	14-Sep-12	32,748	321	1,151	(770)	not stated
Grenke Rent S.A.	Spain	13-Jul-12	5,280	117	343	(1,033)	4,213
SC Grenke Renting S.r.l.	Romania	17-May-12	4,553	37	771	(389)	6,638
Grenkeleasing Magyarorszag Kft	Hungary	6-Jun-11	2,400	57	195	187	1,641
Total			106,950	5,284	7,027	(12,147)	36,946

Figure 13 Grenke Franchisee Acquisition Analysis – Viceroy Research

Beginning in 2017, Grenke provided a geographical breakdown of revenues and earnings before tax for each country. In several of its geographies, the only operating segment is an acquired franchise and in the table below, we can see that financial performance has stagnated, or worsened in a lot of these geographies over time.

Franchise Performance Analysis - Viceroy Research						
Franchise	Date acquired	Country	Annualised profit at acquisition	2017	2018	2019
GC Locacao de Equipamentos Ltda	30-Jun-17	Brazil	(4.2)	(1.9)	(2.0)	(1.5)
Grenkeleasing Magyarorszag Kft	6-Jun-11	Hungary	0.1	(0.4)	(0.3)	(0.5)
SC Grenke Renting S.r.l.	17-May-12	Romania	(0.4)	(0.1)	(0.5)	(0.5)
Grenke Rent S.A.	13-Jul-12	Spain	(1.0)	2.1	3.2	3.3
Grenke Renting S.A.	14-Sep-12	Portugal	(0.8)	1.2	(1.6)	(0.2)
Grekeleasing Oy	24-Jun-13	Finland	(0.1)	(0.2)	(1.1)	(1.5)
GCLUX Location Sarl	31-Mar-14	Luxembourg	(0.2)	(0.2)	(0.3)	(0.2)
GC Leasing d.o.o.	5-Mar-15	Slovenia	(0.5)	(0.6)	(0.6)	(1.0)
GC Leasing Ofis Donanimlari Kiralama Ltd.	31-Mar-16	Turkey	(2.3)	(2.7)	(1.3)	(1.7)
GC Renting Malta Ltd	31-Mar-17	Malta	(0.4)	(0.5)	(0.7)	(0.8)
Grenke Hrvatska d.o.o.	31-Mar-18	Croatia	(1.9)		(1.6)	(1.7)
GC Leasing Middle East FZCO	31-Mar-18	United Arab Emirates	(0.3)		(0.2)	(1.6)

Figure 14 Franchise Performance Analysis Viceroy Research



The scheme

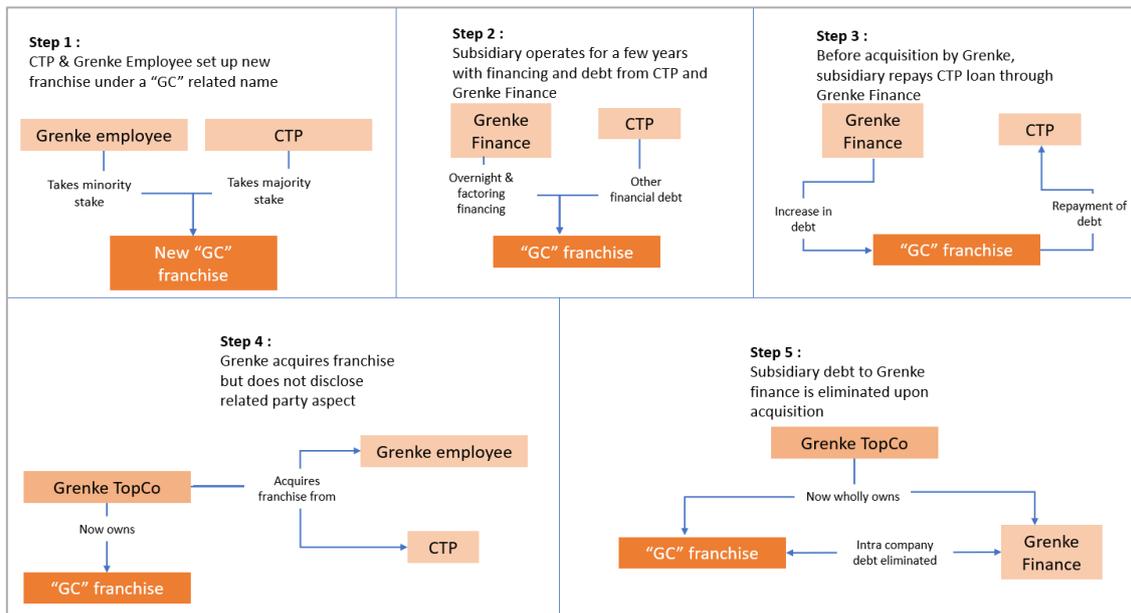


Figure 15 Step-by-step demonstration of the Grenke "Franchisee" scheme

The structure of this cash siphoning is simple:

1. CTP, and sometimes a Grenke employee, set up a franchise in a new geography with CTP retaining the majority stake. Often this is named "GC [insert name]" to avoid appearing in searches.
2. The undisclosed related party franchisee operates for a few years through overnight financing from Grenke's subsidiary Grenke Finance Ltd and debt from CTP. During this time the franchise operates as part of the Grenke company.
3. Before being acquired by Grenke, the franchisee repays CTP's loan through additional debt from Grenke Finance.
4. Grenke acquires the company from CTP and the employee but does not disclose the related party aspect of the transaction on its financials. We believe the main purpose of the acquisition is to move fake earnings into fake goodwill.
5. The subsidiary's debt to Grenke Finance is consolidated upon acquisition.

The only sign of this in Grenke AG's finances are "intra-group liabilities from refinancing the leasing business", which are debts owed by the acquired entity to Grenke Finance which are eliminated on consolidation. The only way to find CTP's involvement in this process at all is to look at franchisee accounts prior to acquisition.

Accounts strongly suggest debts owed to CTP by the franchise are repaid prior to acquisition by borrowing from Grenke Finance. This hides CTP's involvement and obfuscates how much of the "intra group liabilities consolidated on acquisition" originate from the sale of receivables to Grenke Finance.

Every franchise acquisition we could obtain filings for has been an undisclosed related party transaction with CTP and this constitutes almost all the acquisitions undertaken by Grenke. These are documented in Schedule 1 (*Examples of Franchise Purchases*). We believe every franchise acquisition made by Grenke in the last decade is an undisclosed related party transaction.

Due to geographical differences in disclosure, we do not have the same level of transparency into every franchisee, however several steps in the process above are virtually the same across these companies. We believe the scheme detailed above occurred at all the franchisees referred to in Schedule 1 (*Examples of Purchased Franchises*).



Who is next?

We have identified other franchisees that we believe will soon be acquired by Grenke and set these out in Schedule 2 (*Who's Next*) to this report. If, as we believe, these acquisitions are used to remove fake cash from Grenke's balance sheet then it follows that the company must have a healthy pipeline of "franchise acquisitions" to continue this activity. In any case these franchisees offer insiders an opportunity to cash out of the business at Grenke's expense.

Grenke itself publishes no data on its franchisees but a 2019 debt prospectus lists all Franchise Partners in which it holds no interest.

GRENKE AG does not hold any interest in the Franchise Partners GC LEASING MELBOURNE PTY LTD, Melbourne, Australia, GC LEASING SYDNEY PTY LTD, Sydney, Australia, GC Leasing Ontario Inc., Ontario, Canada, GC Crédit-Bail Québec Inc., Québec, Canada, GL Leasing British Columbia Inc., Vancouver, Canada, GC FACTORING Ltd., London, United Kingdom, GC Rent Chile SpA, Santiago de Chile, Chile, GRENKE INVOICE FINANCE, Dublin, Ireland, GC Lease Singapore Pte Ltd, Singapore, GC Faktoring Polska Sp.z.o.o, Poznan, Poland and GF Faktor Zrt., Budapest, Hungary.

Figure 16 Grenke Finance debt prospectus dated February 17, 2020

We have proof that most, if not all, of these are partially owned by CTP, Pro Gulf and Garuna which we present below. There are also other "GC" companies that function as franchisees but are not mentioned above, leading us to believe some choice companies are intentionally left out of shareholder disclosures.

Key takeaways

We believe Grenke's franchise program is fraudulent and constitutes a massive breach of basic reporting obligations. These audit breaches should have been easily picked up by its auditors: KPMG.

Obviously mass and sequential purchases of franchisees from undisclosed related parties is a way that insiders could siphon cash from the company in massive scale. But mass theft here is not the Viceroy short case. What we think is happening is that mass fake profit is being converted to mass goodwill.

It is possible that there is a bit of both -some theft, some profit faking. However as the franchisees are substantially unprofitable we think the vast bulk of these purchases are not siphoning of cash away, but rather the transformation of fake profits (booked through the P&L) into difficult to audit fake goodwill.

Senior Grenke employees are complicit in the scheme, although their contribution and benefits are limited based on their extremely small stakes in these businesses. It is possible that these "franchisee" opportunities are a promotion within the company or a sort of long service reward.

We believe Wolfgang Grenke, Thomas Konprecht and possibly Mark-Antonius Kindermann to be the ultimate perpetrators of CTP. Regardless, their position as directors of CTP places them in direct conflict of interest considering at least one of them has an ongoing relationship with Grenke. We urge shareholders and BaFin to move for an immediate independent investigation into Grenke's franchise operations past, present and future.



3. Grenke Bank – for your fraud financing needs

In order to provide a truly comprehensive solution for its devious clientele, Grenke has also set up its own banking division. The standards of compliance maintained in the banking division in basic areas such as know-your-customer and other anti-money laundering (AML) responsibilities are woeful to say the least and have led to the proceeds of crime passing through Grenke bank accounts.

The most glaring example of the complete lack of KYC oversight present at Grenke Bank is its maintenance of bank accounts for numerous unlicensed, unregulated trading platforms, all of which ended up being frauds, and in which retail investors lost all of their investment.

Behind the scenes, Grenke Bank is the institution that upholds Grenke's credit rating through its liquidity requirements and guarantees of Grenke's debt and securitized asset portfolios.

BaFin's Naughty List

Despite our disagreement with BaFin's (lack of) action towards financial fraud conduits, it does actually maintain a hefty list of business prohibitions for the benefit of consumers¹¹.

You can find these on BaFin's "News for Consumers" website section and in many of those lists you will find **Fintech Service GmbH**.

Fintech Service GmbH

Fintech Service GmbH was originally flagged by BaFin in May 2018 for its back-end services provisions to unregulated trading platforms (FX, equities, suspicious cryptocurrencies, you name it) located in financial powerhouses such as Estonia, Kazakhstan, Bulgaria, and the Marshall Islands. These trading platforms were obviously all frauds. **Investors lost billions**. BaFin therefore ordered the immediate cessation of all unauthorized activities, including international money transactions, by Fintech Service GmbH on May 8, 2018.

22.08.2018 | Topic [Unauthorised business](#)

FinTech Service GmbH: BaFin orders the cessation of supporting unauthorised proprietary trading

As of 8 May 2018, BaFin ordered FinTech Service GmbH, Düsseldorf, to cease and desist from supporting cross-border proprietary trading conducted by trading platforms.

Exercising back office activities for unlicensed trading platforms as [www.weissfinance.com](#) (Owner: Pairs Ltd., Marshall Islands), [www.sterndoptions.com](#) (Owner: BP1 LP, Bulgaria) and [www.olssoncapital.com](#) (Owner: Carter Enterprises OU, Estonia), FinTech Service GmbH is involved in their proprietary trading without the required authorisation from BaFin. FinTech Service GmbH offers support of and communication with clients on behalf of the platforms.

As of 10 August 2018, FinTech Service GmbHs application for the reinstatement of the suspension of the decision has been denied by the Administrative Court of Frankfurt am Main.

By law, the order is immediately enforceable, but not yet final.

Figure 17 Extract – BaFin Unauthorized Business¹²

¹¹ NB: In our experience, regulators have always been much quicker to act on matters of consumer protection than, say, international terror financing, payment processing for child pornography, insolvent trading, or defrauding the government.

¹²

https://www.BaFin.de/SharedDocs/Veroeffentlichungen/EN/Verbrauchermitteilung/unerlaubte/2018/meldung_180822_FinTech_Service_en.html



Fintech Service GmbH continued to raise fraudulent invoices and launder money out of the country for unregulated trading platforms and binary options scams **all the way through 2019 from its Grenke Bank account**. This was after several BaFin actions against the company. This is a massive regulatory breach on the part of Grenke Bank for which it should receive substantial fines.

Fintech Service GmbH's crucial role in perpetuating these trading scams was to raise fraudulent invoices to private individuals for payment into its business bank account, and to then launder this money into said trading platform scams¹³.

Blue Trading

Blue Trading was one of the numerous cryptocurrency and FX trading platforms which “lost” all of its investors’ money overnight, sending a note to clients from anonymous proton mail accounts stating that there was a software issue which effectively eliminated all funds.

Obviously, investors came together to commence an investigation, and a database is widely available to the public which shows all the international conduits used to launder cash by Blue Trading. Here we see Fintech Service GmbH, and their Grenke Bank account:

Beneficiary Name	Beneficiary address	Bank Name	IBAN	SWIFT code
VILARDES GROUP LTD	12 North Row, Mayfair, London, UK, W1K 7DF	HSBC UK	GB10HBUK40127682816888	HBUKGB48XXX
SecurityPort GmbH	Hauptstrasse 134, 51143 Köln, Germany	Post Bank Köln 2	DE63760100850103092854	PBNKDEFFXXX
ION & Maga Consulting GmbH	Unsöldstrasse 2, 80538 München, Germany	Postbank Nürnberg	DE32760100850118579850	PBNKDEFF
StronIT GmbH	Hauptstrasse 134, 51143 Köln, Germany	Postbank Berlin	DE16100100100924066108	PBNKDEFF
TrustSecure GmbH	Hauptstrasse 134, 51143 Köln, Germany	Postbank Köln	DE42370100500980910505	PBNKDEFF
P2P GmbH	Rembrandt Tower 1096 BC Amsterdam	Bunq B.V.	NL46BUNQ2206727218	BUNQNL2A
Quantex group ltd	Bishopsgate, London, UK	Barclays Bank PLC	GB04BARC20251984410033	BARCGB22XXX
Renaissance Technology Group Ltd	Flat A1-A7 2/F, PAHSANG Industrial Park Bldg, Hong Kong	DBS Bank	000140981	DHBKHKHH
B2G GMBH	Im Ahorngrund 5, 50996 Köln, Germany	SPARKASSE KOBLENZ	DE65 5705 0120 0000 2646 97	MALADE51KOB
WORKPLACE CONSULTING GMBH	Thurn-und-Taxis-Platz 6, D-60313 Frankfurt am Main	FIDOR BANK AG	DE65700222000020400501	FDDODEMMXXX
FinTechServices GmbH	Konigsalle 60F 40212 Dusseldorf,	Grenke Bank AG	DE70201304000060002235	GREBDEH1

Figure 18 Blue Trading Investigation – Dispatch Weekly¹⁴

¹³

https://www.BaFin.de/SharedDocs/Veroeffentlichungen/DE/Verbrauchermitteilung/unerlaubte/2020/meldung_200415_FinTechServices.html?nn=9021442

¹⁴ <https://dispatchweekly.com/2019/02/blue-trading-has-suspended-trading-is-the-spam-over/>



This was corroborated by the European Funds Recovery Initiative (EFRI) and FinTelegram, who represent hundreds of investors who have collectively lost tens of millions of Euros to trading platform scammers. Fortunately, EFRI also keep a database of all IBAN numbers and banks to which scammed investors have deposited funds for fraudulent trading platforms.

From their complainants alone, EFRI deduced almost €700k of investor capital was lost to FinTech Services' Grenke Bank accounts through 2019 – right next to Wirecard on the list – and “regularly ignored” BaFin and European Financial Market Supervisory Authorities warnings and prohibitions:

12. It is particularly blatant that the publicly warnings and prohibitions on individual fraudulent companies issued by the European financial market supervisory authorities are not taken into account in any way by German financial service providers when opening accounts or maintaining account connections. There were warnings from foreign supervisory authorities that were ignored by the German banks in offering accounts for fraudulent companies.
13. The fact that even warnings by the German supervisory authority (BAFIN) are also regularly ignored by the German banks is demonstrated by the example of **GRENKE** Bank, which maintained an account of FinTech Services GmbH and enabled the acceptance of illegal funds, despite the prohibition of the business activities of Fintech Services GmbH as early as 8 May 2019.
14. BAFIN has not commented on our money laundering report on Wirecard Bank AG or on the money laundering report of Deutsche Bank/Postbank. Based on media reports we know learned that BAFIN just felt not responsible for WIRECARD – evidently not even for the Bank.
15. Thousands of desperate European consumers, who for many years have been seeking help from BAFIN after the crime committed against them had been realized, have also been kindly but firmly rejected over the years.

Figure 19 EFRI Initiative Letter to FATF/GAFI – EU Cybercrime and Money-Laundering Challenge – 30 Jul 2020

Grenke Bank, like Wirecard, has failed to comply with its obligations as a regulated bank to prevent money laundering.

The Big Picture

While Grenke Bank does not account for much of the group's profits, it is still a critically important Grenke Group company because it guarantees roughly €5b of Grenke's debt and up to 25 percent of Grenke's asset portfolios that have been securitized via its ABCP programmes (please refer to Section 5 for further information about Grenke's ABCP programmes).

Given that Grenke's capacity to raise debt finance and the operational viability of Grenke's ABCP programmes therefore depend on the support of Grenke Bank, our findings of serious malfeasance and regulatory breach at Grenke Bank mean that these business-critical activities are in serious jeopardy and subject to the risk of a sudden stop should Grenke Bank run into financial difficulty or face the suspension of its banking license.

We note Grenke's S&P rating stands at BBB+ with negative outlook already. These broad KYC/AML breaches and our substantiated evidence of fake cash pose a grim reality to Grenke debt investors.

A combination of the above means Grenke bonds will likely fall deep into junk territory. We strongly believe that should Grenke Bank face an existential cash crunch, BaFin will take measures to contain the fallout but not before significant damage has been done.



Key Takeaways

As far as this matter is concerned, BaFin followed necessary procedures to inform banking sectors and customers that Blue Trading/ Fintech Service GmbH were frauds.

Upon this information coming to light, what steps did Grenke take – per KYC/KYB and AML regulations – to quash the issue? **None.**

BaFin only regulates the bank; it does not do their job for them. It was brought to Grenke's attention that a bank customer was committing international wire fraud and money laundering. This is irrevocable evidence that Grenke conducts virtually no customer or transaction checks on its customers, even customers that have:

- had all operations banned by BaFin, publicly
- been publicly outed as money launderers
- been publicly known to issue and receive cash payments for fraudulent invoices
- had a wide net of complaints from customers for illicit transactions

How Grenke's internal controls did not red flag these transactions is beyond belief. It is fitting then, that it sits alongside Wirecard in the list of European money laundering banks in a summary provided by EFRI.

Trouble at Grenke Bank could lead to a sudden stop in Grenke's capital raising activities, including its bond issuances and the securitization of its assets via its ABCP programmes. This would likely result in the total collapse of the Grenke Group.



4. Grenke's diminishing finance lease segments

Before we examine the various malpractices and frauds, it is important to add some context into the background of Grenke's antiquated asset book, being one of the only major players with virtually no innovation in sales or marketing channels over the last 20 years.

IT "equipment"

Grenke's largest leasing segment remains IT equipment.

One would expect this to be a highly profitable and future proofed segment, given that the innovation cycle of tech equipment is quite quick – let's say 3 years, and that one 3-year Grenke lease should be able to perpetually roll into another 3-year Grenke lease as technology requires upgrade and renewal. However, in the case of Grenke, this is not the case. This is because certain of Grenke's main IT leasing sub-segments have become totally redundant with the advent of new technologies.

For example, analysts who have followed Grenke since the 00's will know that the company had a history of constantly boasting about its various finance agreements with software companies Microsoft and Sage. Microsoft and Sage do not sell any hard assets (or at least, did not in the 00's). Therefore, lease agreements were for the financing of software licenses.

These arrangements are now redundant and have been extensively replaced with Microsoft's enterprise software and Sage's cloud based accounting solutions, which require no financing as they are already software as a service (SaaS) models, paid for as you go and provided directly to end users

The only other major IT equipment we can see being required at a large scale in the future, outside of computers, are servers. For many businesses these are generally more cheaply outsourced on a SaaS cloud model which returns a lower Total Cost of Ownership when computational and storage requirements are reasonable¹⁵.

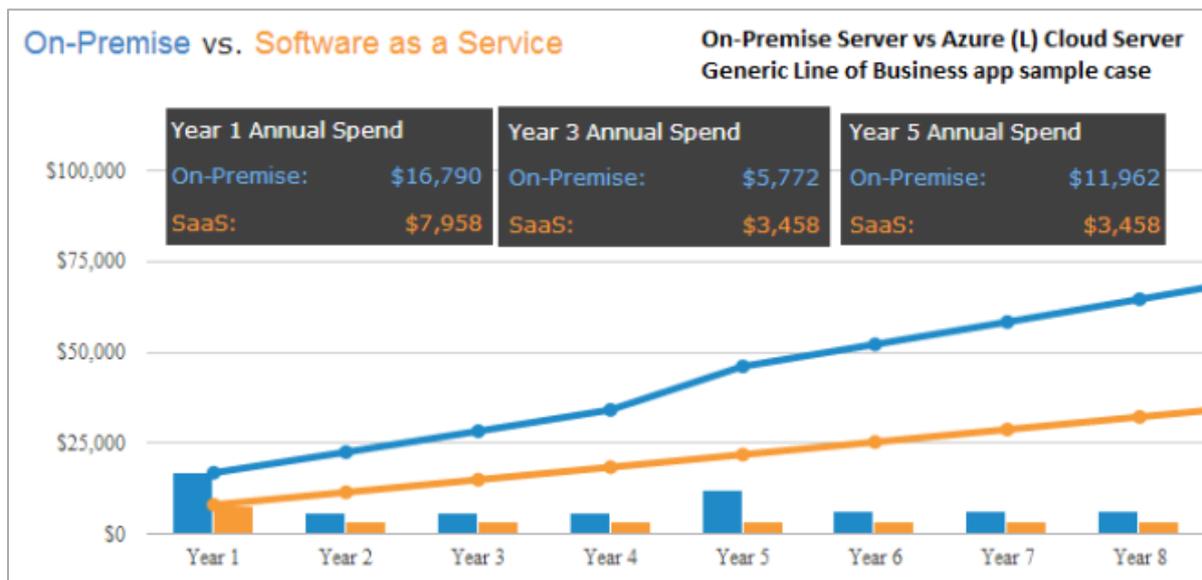


Figure 20 Comparing cloud vs on-premise? Six hidden costs people always forget about

As Grenke is almost entirely reliant on commercial resellers, the abundance of leases also include installation, maintenance, and whatever fees the reseller can get away with.

¹⁵ <https://link.springer.com/article/10.1007/s10586-020-03141-y>



Printer? Never heard of her

Printers are now out of fashion with the younger generation, the environmentalists, the retirees – basically anyone who doesn't own a filing cabinet. Electronic distribution is substantially cheaper and easier than physical mailouts, and social media are much more efficient than flyers.

The position is the same for office and commercial printers. Unless your business *is* printing things for people, most businesses have moved into digital filing for many simple reasons, the main one being you don't have to buy ink.

Xerox, HP and Canon were pioneers in the '80s, '90s and '00s and are now scraping for pennies in a crowded, undifferentiated, and declining market. The earnings on printing are so slim that the only profitable sub-segment of this industry is the sale of ink which fetches higher wholesale prices and margins than a beer at a sports stadium.

All major suppliers' commercial and consumer hardware sales in printing have dropped significantly since 2010. The preservation of ink sales is so important, you can buy an inkjet printer for less than the cost to fill it with ink (printing 160-off pages) and that PaaS (Printing As A Service) is now a thing¹⁶.

How is it then that Grenke's photocopy and printer sales appear to have **grown** on aggregate over the last 10 years on the back of printer sales, and continue to do so?

Photocopying machines alone made up almost 20% of Grenke's new business in 2019 – accounting for ~€650m of new business.

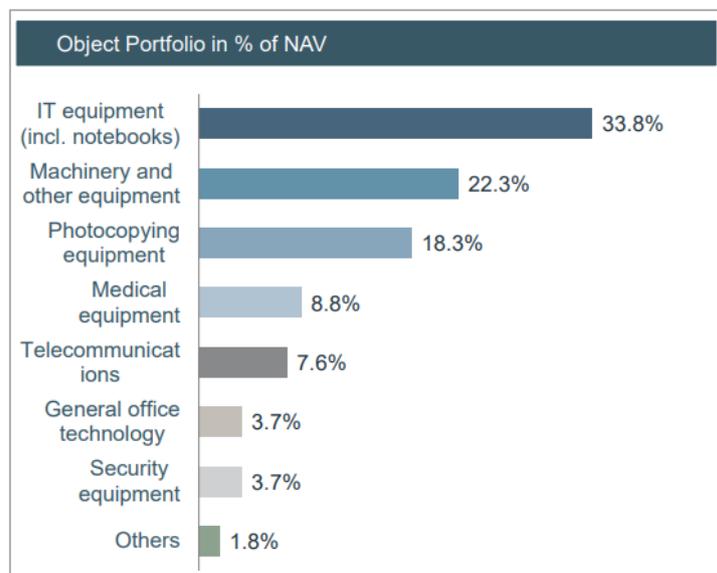


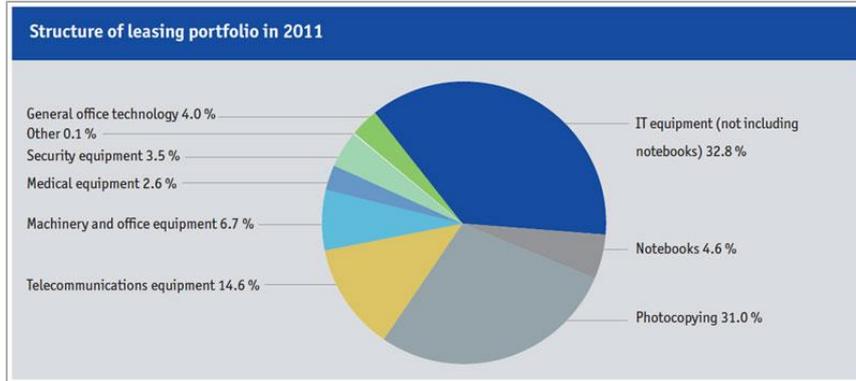
Figure 21 Extract from Grenke AG 2019 Analyst Presentation

Grenke's printer **new volume sales** have doubled in the last 10 years and the company is doing more **printer volume sales** now than substantially all its new business volume in 2011, which is the last time we got this breakdown. Based on figures from Statista, **the volume of printers sold** from 2012 to 2019 actually fell by 13% with price per unit remaining flat over that time.

¹⁶ <https://instantink.hpconnected.com/us/en//>

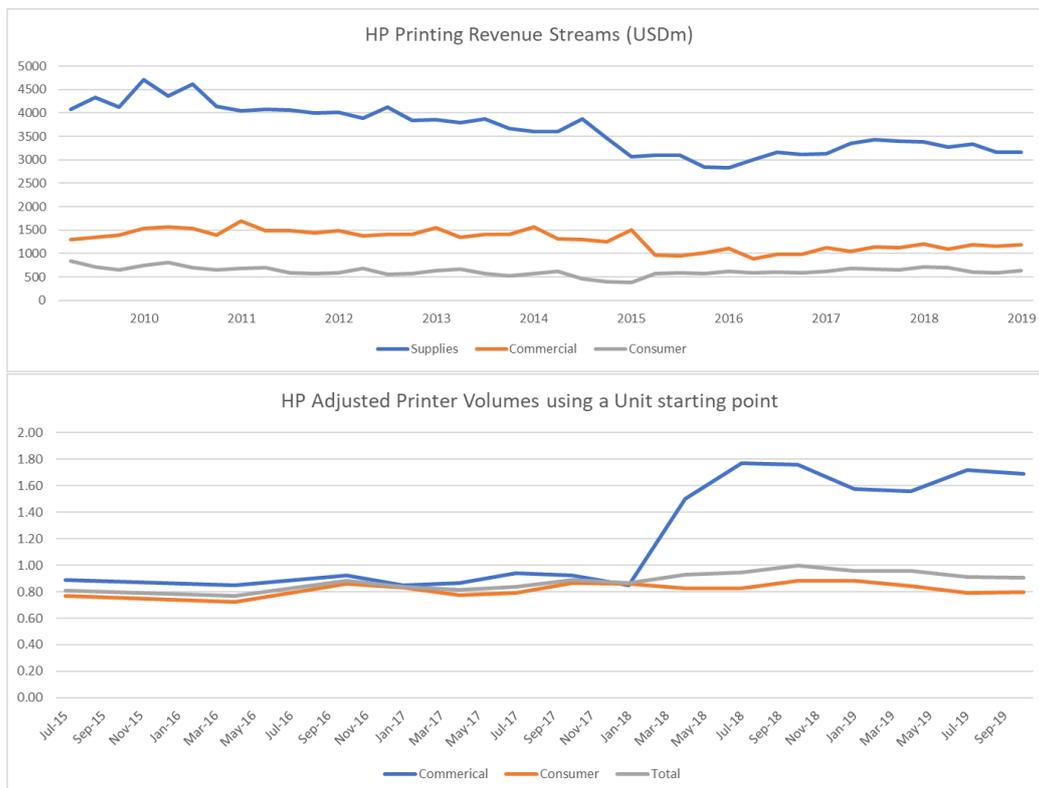


New Leasing business	2019		2011	
IT equipment (incl. notebooks)	33.8%	963.00	37.4%	288.02
Machinery & other equipment	22.3%	635.35	6.7%	51.60
Photocopying equipment	18.3%	521.39	31.0%	238.74
Medical equipment	8.8%	250.72	2.6%	20.02
Telecommunications	7.6%	216.53	14.6%	112.44
General office technology	3.7%	105.42	4.0%	30.80
Security equipment	3.7%	105.42	3.5%	26.95
Others	1.8%	51.28	1.0%	7.70
Total		2,849.10		770.11



Figures 22 & 23 Extract from Viceroy Analysis & outdated Grenke Website¹⁷

For comparison industry data from Hewlett-Packard Enterprise figures for printer volumes shows stagnating volumes from 2015 onward, and prices falling through the floor:



Figures 24 & 25 HP printing revenue and volume analysis – Viceroy Research

Note: the 2018 spike in volumes is due to HP's acquisition of Samsung's printer division concluded in November 2017.

Is Grenke privy to toner and ink sales? No.

¹⁷ <https://www.grenke.com/mt/en/asset-portfolio.html>



Telecom Equipment

The 3rd largest Grenke sales segment includes the financing, installation, and maintenance of landline technology which is completely redundant for the modern company. We understand that the service contracts from telecoms, whose partnership Grenke also frequently boasted about to the market, were included in the pricing of Grenke finance leases.

Sorry, how much?

Given Grenke's top 3 segments by business volumes are effectively redundant or declining, there must be some great catch or deal to get customers involved. Does Grenke offer a better deal? No.

Prospectuses for Grenke's Asset Backed Commercial Paper programs give much more granular detail into its finance leases. For instance, **the AVERAGE copy machine contract was for a nominal amount of €7,146! This would be roughly the price of top of the line copiers, but it is the mean price Grenke was charging for a machine.**

Asset Type Group	Contracts		Outstanding Nominal		Original Nominal	
	(no.)	Pct	Amount (EUR)	Pct	Amount (EUR)	Pct
general office IT equipment	1,171	2.56%	3,962,644	2.48%	8,008,410	2.61%
telecommunication equipment	5,145	11.27%	22,069,534	13.79%	42,103,444	13.70%
security equipment	3,058	6.70%	10,251,990	6.41%	21,732,781	7.07%
machines, fittings	3,688	8.08%	12,717,341	7.95%	25,880,455	8.42%
Medical equipment, wellness	2,166	4.74%	10,127,453	6.33%	21,579,791	7.02%
IT equipment	14,905	32.65%	40,028,459	25.02%	77,100,242	25.09%
Copy machines	15,524	34.00%	60,842,578	38.03%	110,929,613	36.09%
Sum	45,657	100.00%	160,000,000.12	100.00%	307,334,736.36	100.00%

Segment	Contracts	Original Nominal Amount	Avg Contract Value
General Office IT	1,171	8,008,410	6,839
Telecommunication Equipment	5,145	42,103,444	8,183
Security Equipment	3,058	21,732,781	7,107
Machines, fittings	3,688	25,880,455	7,017
Medical Equipment	2,166	21,579,791	9,963
IT Equipment	14,905	77,100,242	5,173
Copy Machines	15,524	110,929,613	7,146
Total	45,657	307,334,736	6,731

Figures 26 & 27 Goals Financing 2009 Limited Prospectus dated January 27, 2010 and Analysis

This is even more staggering when you consider that the vast majority of contracts are for consumers, self-employed persons and sole traders, and that traditional office clients (consulting, accounting, legal, public sector) do not even account for 20% of total outstanding contracts.

Lessee Industry	Contracts		Outstanding Nominal		Original Nominal	
	(no.)	Pct	Amount (EUR)	Pct	Amount (EUR)	Pct
trade (handwerk)	2,166	4.74%	6,608,460.89	4.13%	12,956,261.06	4.22%
transport	1,265	2.77%	4,972,818.11	3.11%	9,554,719.20	3.11%
small service companies & new sectors	6,200	13.58%	20,826,481.99	13.02%	38,667,463.78	12.58%
traditional industries	10,387	22.75%	42,816,628.76	26.76%	81,795,878.22	26.61%
retail	5,886	12.89%	15,878,577.15	9.92%	31,362,265.25	10.20%
Lifestyle sector	3,581	7.84%	9,252,802.59	5.78%	17,624,673.91	5.73%
doctors, physician	4,668	10.22%	17,032,154.77	10.65%	33,926,377.99	11.04%
lawyers, accountants & liberal professions	3,999	8.76%	14,156,123.55	8.85%	26,243,255.77	8.54%
Public sector companies	2,665	5.84%	11,672,984.83	7.30%	22,677,756.05	7.38%
consulting, insurance & advertising sector	3,794	8.31%	13,230,202.24	8.27%	25,083,309.99	8.16%
other	1,046	2.29%	3,552,765.24	2.22%	7,442,775.14	2.42%
Sum	45,657	100.00%	160,000,000.12	100.00%	307,334,736.36	100.00%



Lessee Legal Form	Contracts		Outstanding Nominal		Original Nominal	
	(no.)	Pct	Amount (EUR)	Pct	Amount (EUR)	Pct
self-employed, personal undertakings	17,201	37.67%	42,015,106.96	26.26%	83,371,482.47	27.13%
Partnerships (GdbR, OHG, KG)	2,860	6.26%	9,873,069.46	6.17%	18,990,474.17	6.18%
Private sector companies (GmbH, AG, etc.)	21,522	47.14%	90,494,123.24	56.56%	173,531,150.82	56.46%
Public authorities, foundation under public law	966	2.12%	3,980,453.34	2.49%	7,620,626.14	2.48%
societies and clubs	1,423	3.12%	6,324,984.06	3.95%	11,189,449.12	3.64%
unions and pol. Parties	135	0.30%	772,563.27	0.48%	1,275,702.11	0.42%
other	1,550	3.39%	6,539,699.79	4.09%	11,355,851.53	3.69%
Sum	45,657	100.00%	160,000,000.12	100.00%	307,334,736.36	100.00%

Figures 28 & 29 Goals Financing 2009 Limited Prospectus dated January 27, 2010

Grenke's Basel 3 reports show that "Households", which include sole traders, accounted for over €1bn of book leases in 2019¹⁸.

It is unfathomable to us that Grenke has leased printers that cost such a high price but perhaps this is not surprising given the nefarious practices indulged in by its resellers and facilitated by Grenke. We discuss these practices further in section [redacted], but now we would like to turn one of the major structural frauds being perpetrated by Grenke.

¹⁸https://media.grenke.com/download/downloadgateway.dll/getfile?p_inst_id=32279944&p_session_id=&p_obt_id=2812805&p_spec_id=1



5. Junk lease receivables and failure to book impairments

We can gain preliminary insights into the poor (probably junk) quality of Grenke's finance lease book by examining offering materials from its securitization programmes. There is a massive disconnect between the way Grenke presents its lease receivables to the market and how it presents them to Asset Backed Commercial Paper (ABCP) investors. Put simply, there is no way Grenke is accurately impairing its asset book due to:

1. The size of the subordinated loan guarantees it is required to give in support of its securitization SPVs, being up to 25% of the NPV of the securitized lease receivables (suggesting the guaranteed assets are of very poor quality)
2. The makeup of the SPVs' loan books, being mostly small businesses and sole traders
3. The interest being charged on the lease receivables, with most over 10% interest

All the above are what would be expected from unsecured retail lending which has an impairment level far higher than that which Grenke is admitting publicly i.e. well over 10%, not ~5% as Grenke claims.

ABCP – A window into the debt book

Grenke securitizes its lease receivables via what it calls its "asset backed commercial paper programmes" ("ABCP programmes"). Under these programmes, Grenke Finance sells a bundle of lease receivable to an SPV.

The SPV funds the purchase of the receivables by selling bonds or notes to outside investors, whom then receive payments of interest and principle based on the payments the SPV receives from the lease receivables.

In the case of the Grenke's ABCP programmes, the SPVs are consolidated into Grenke's group financial statements because Grenke retains risk in the non-performing lease receivables. It does this by providing subordinated loans to the SPVs, which essentially act as a guarantee of any non-performing lease receivables, and also by repurchasing non-performing lease receivables from the SPVs (see figure [93] below).

The following overview shows the subordinated loans and reserve accounts broken down into the default rating class (level 1, level 2 & level 3). All of the subordinated loans expected credit losses are in level one because GRENKE AG group always buys back non performing leases from the ABCP programmes and therefore there is no non performing leases in Coral Purchasing (Jersey) Limited, Opusalph Purchaser II Limited or Kebnekaise Funding Limited special purpose vehicles. GRENKE AG will continue to buy back non performing leases unless it has insufficient funds and therefore the the most appropriate measurement for future expected credit losses is to use the GRENKE AG 1-Yr Default Risk from Bloomberg. The

Figure 30 Grenke Finance annual report 2018

In the event that a securitized lease receivable becomes non-performing, there must, therefore, be some sort of settlement between Grenke AG and the conduit of the relevant ABCP program. This could occur in one of two ways:

1. Either a write down of a subordinated loan or a cash settlement occurs, where in either case Grenke AG simply provides the ABCP conduit cash to "make up" for impaired loans. This would be visible on the company's financial statements but we only see:
 - <€5m as cash settlement for ANY impairments in Grenke AG accounts for >€1b of ABCP loans; and
 - No impairments to the subordinated loans. **This scenario is simply impossible.**
2. The company buys back non-performing loans by replacing them with another loan from its books. Given the impossibility of the first method discussed, this must be the primary settlement method, which is supported by the Grenke Finance annual report 2018 (see Figure [93] above).

However, despite the fact the Grenke must be buying non-performing assets back, we still do not see a believable level of impairments on Grenke's books. We believe that Grenke is avoiding recognizing losses because it is able to continue to categorize bad assets as simply "non-performing loans" (which means that Grenke still believes recovery is likely) rather than impaired (which means recovery is doubtful).



Grenke have fabricated an environment where its junk leases are being cashed upfront and presented with a default rate comparable to prime bonds.

We have not yet touched on the rampant reseller fraud being facilitated by Grenke and already its accounts have presented us with an impossibility.

The loan quality farce

The **subordinated loan guarantees provided by Grenke are massive**, sometimes totaling ~25% of the NPV of the securitized lease receivables. This suggests that the receivables being securitized are very poor quality and **that recoveries would be deep into junk territory.**

Subordinated Loan Analysis - Viceroy Research					
2018					
Bank	SPV	% of SPV receivables	Subordinated loan size (EUR)	Assets purchased (EUR)	
DZ Bank	Coral Purchasing (Jersey) Limited	9.20%	7,849,679	85,322,598	
DZ Bank	Coral Purchasing (Jersey) Limited	2%	1,637,205	81,860,250	
DZ Bank	Coral Purchasing (Jersey) Limited	**	5,686,178		
Heleba	Opusalpha Purchaser II limited	9%	9,501,035	105,567,056	
HSBC	FCT "GK" Compartment G3	22.20%	36,594,320	164,839,279	
HSBC	FCT "GK" Compartment G3	2%	3,296,680	164,834,000	
SEB	Kebnekaise Funding Limited	8%	7,998,456	99,980,700	
Unicredit	Elektra Purchase No. 25 Limited	14.70%	29,360,000	199,727,891	
Unicredit	Elektra Purchase No. 25 Limited	2%	3,949,392	197,469,600	
Total				1,099,601,374	
Grenke AG Programme Utilisation in EUR				750,549,000	
Difference				349,052,374	
				47%	

Figure 31 Subordinated Loan Analysis – Viceroy Research

Sure enough, a 2010 prospectus for the **SPV of Grenke's least delinquent geography, Germany**, shows that:

- Well over 50% of the total contracts are on effective interest rates of >10%, with 21% of lease finance loans issued with rates **over 14% - well into the rates usual for the unsecured lending space.**
- About 40% of the contracts are sole proprietors or personal ventures, and only ~17% of the loans come from Germany's richest regions of Bavaria and Berlin. The mean loan amount of the portfolio is <€5k making recovery far from profitable.

Outstanding Nominal Amount (EUR)	Contracts (no.)	Pct	Outstanding Nominal Amount (EUR)	Pct	Original Nominal Amount (EUR)	Pct
<=1,000	13,280	29.09%	7,485,675.24	4.68%	23,748,204.36	7.73%
1,001-3,000	16,515	36.17%	30,912,927.85	19.32%	72,721,129.17	23.66%
3,001-5,000	7,690	16.84%	29,783,640.03	18.61%	56,529,656.95	18.39%
5,001-10,000	5,385	11.79%	36,949,194.38	23.09%	65,023,552.50	21.16%
10,001-15,000	1,436	3.15%	17,443,138.79	10.90%	29,823,890.32	9.70%
15,001-20,000	551	1.21%	9,486,784.93	5.93%	15,939,228.43	5.19%
20,001-30,000	473	1.04%	11,335,936.54	7.08%	18,293,620.11	5.95%
30,001-50,000	224	0.49%	8,213,774.32	5.13%	12,580,086.03	4.09%
50,001-75,000	62	0.14%	3,717,163.56	2.32%	6,139,320.54	2.00%
75,001-100,000	23	0.05%	1,963,523.01	1.23%	2,867,250.66	0.93%
100,001-150,000	12	0.03%	1,375,926.91	0.86%	2,035,472.04	0.66%
>150,000	6	0.01%	1,332,314.56	0.83%	1,633,325.25	0.53%
Sum	45,657	100.00%	160,000,000.12	100.00%	307,334,736.36	100.00%

Net asset value (original value of leasing contract) - EUR	Contracts (no.)	Pct	Outstanding Nominal Amount (EUR)	Pct	Original Nominal Amount (EUR)	Pct
<=1,000	3,919	8.58%	1,523,100.91	0.95%	3,019,263.50	0.98%
1,001-3,000	12,463	27.30%	12,053,798.76	7.53%	24,350,018.38	7.92%
3,001-5,000	9,524	20.86%	19,076,077.07	11.92%	37,186,635.02	12.10%
5,001-10,000	12,419	27.20%	45,018,654.82	28.14%	86,221,630.20	28.05%
10,001-15,000	3,447	7.55%	21,939,341.73	13.71%	42,002,017.76	13.67%
15,001-20,000	1,555	3.41%	14,027,716.78	8.77%	26,935,148.39	8.76%
20,001-30,000	1,218	2.67%	15,532,965.53	9.71%	29,829,230.73	9.71%
30,001-50,000	787	1.72%	15,949,614.22	9.97%	29,892,498.68	9.73%
50,001-75,000	188	0.41%	5,817,146.40	3.64%	11,413,439.05	3.71%
75,001-100,000	74	0.16%	3,573,277.03	2.23%	6,374,465.30	2.07%
100,001-150,000	36	0.08%	2,416,344.66	1.51%	4,383,255.59	1.43%
>150,000	27	0.06%	3,071,962.21	1.92%	5,727,133.76	1.86%
Sum	45,657	100.00%	160,000,000.12	100.00%	307,334,736.36	100.00%

Figure 32 Goals Financing 2009 debt prospectus



Despite this, Grenke has never taken an impairment on its subordinated loan agreements and, despite having arrangements to buy back non-performing receivables, has only recorded 3% doubtful receivables in the same geography.

This is more in line with American Express, not equipment leases for sole proprietors.

Readers need only to look as far as comparable lease books, such as car leases, where approximately 10% of car loans in the USA are non-performing. Cars have much higher residual and fire-sale recoverable values than office printers – which are by far the most common leased asset by Grenke.

Key Takeaways

Investors should seek an independent investigation to enquire whether Grenke's loan book is comparable to AMEX.

What is apparent from the subordinated loan percentages and the Goals Financing 2009 prospectus is that these loans are at **significant risk of default**, with lease amounts so low as to make recovery pointless.

By securitizing its lease receivables, the company loses much of its upside but retains full exposure to default on these leases, like the structure we uncovered at Steinhoff.

Obscurity is contained within Grenke's definitions and treatment of non-performing leases versus impairment leases. Numerous subsidiary accounts refrain from "impairment" terminology and persist in the language of "non-performing". This is because non-performing leases, which are overdue leases, don't necessarily have to be impaired, so long as the company believes recovery is likely. History tells us that recovery of junk leases is highly unlikely.

There are further questions surrounding the amount of lease receivables currently held by SPVs and Grenke's total exposure.

***How did Grenke's loan book become junk rated?
Welcome to the Bait and Switch.***



6. Grenke's immoral business model: The Bait and Switch

Grenke as a regulated financial institution

Before we start looking at the Grenke business model, its relationships with resellers and the nefarious practices they indulge in, it is worth reminding ourselves of the high standards required of regulated firms operating in the EU and beyond.

As a regulated entity, Grenke has regulatory obligations in the jurisdictions in which it operates. For example, in the UK, the Financial Conduct Authority Handbook sets out Principles for Businesses (PRIN) which apply to firms such as Grenke. These include the requirements to:

1. Act with integrity;
2. Observe proper standards of market conduct;
3. Pay due regard to the interests of its customers and treat them fairly;
4. Pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading; and
5. Manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.

And these are just the broad, principle-based obligations. There are a plethora of other, more detailed and granular regulatory requirements that firms must comply with such as requirements to determine the suitability and appropriateness of a particular product for their customers. Similar requirements can be found in other EU jurisdictions and breach of them can result in very substantial fines or the suspension of a firm's license.

From the evidence available and the cases described below, it appears that Grenke shows a complete disregard for such regulatory obligations, habitually fails to comply with them and falls well short of the standards expected of a regulated financial institution.

How to unload your risk on Grenke

Our research shows that Grenke's business is almost completely reliant on its relationships with resellers, who onboard their customers into a Grenke lease asset as a purchase alternative: only 15% of Grenke's sales are direct. This has resulted in Grenke establishing business practices which are extremely accommodating to resellers and which, in turn, facilitate and encourage unscrupulous and illegal behavior from resellers. We believe Grenke is fully aware of this but, nevertheless, acquiesces in it given their reliance on resellers.



Figure 33 Sales channels snippet – Grenke Analysts Conference, Feb 11, 2020¹⁹

¹⁹

https://media.grenke.com/download/downloadgateway.dll/getfile?p_inst_id=32279944&p_session_id=&p_obt_id=2782006&p_spec_id=1



Selling to resellers – Grenke Brazil Reveal

First off, let's explore Grenke's loan approval process.

In footage from a sales conference hosted by Grenke Brazil and local resellers, Managing Director W. Tadeu Gardenghi advises the audience that the beauty of the Grenke leasing system is that clients can be onboarded and approved with only a company number, state issued ID, and a maximum approval wait of 20 minutes.

The reseller can trigger almost-instant lease agreements between the end-customer and Grenke, who will pay the reseller within 24 hours²⁰ in cash.

"In 20 minutes, we have to give you an answer. Up to 20 minutes. This is our edge. You can close your deal at the client's office." – Tadeu Gardenghi, Grenke Brazil.

RAPIDEZ Speed

ANÁLISE DE CRÉDITO EM APENAS 20 MINUTOS
Pode fechar o negócio enquanto ainda se encontra no seu cliente.
Credit analysis in only 20 minutes
You can close the deal with the customer during your meeting.

PAGAMENTO DA FATURA NO PRÓPRIO DIA
Aumente a Liquidez da sua empresa.
Payment of invoice on the same day
Increase your business cashflow.

In 20 minutes, we have to give you an answer. Up to 20 minutes. This is our edge. You can close your deal at the client's office.

Figure 34 Translation of Grenke Brazil Presentation

From a cashflow perspective of the reseller, this is a huge win and creates an even bigger opportunity for fraud as the reseller effectively conducts a no-risk transaction for which they do not have to bear the consequences should the end customer default. Grenke doesn't seem to be concerned with this and takes no measures to mitigate it. On the contrary, the Grenke business model appears to actively facilitate it, as we discuss below.

²⁰ <https://www.youtube.com/watch?v=rcCAbiEQsGM&feature=youtu.be>



The Play

Because of this incentive structure, the end customers are leased overpriced assets with unsustainable repayment schedules. Often the resellers make minimal or no effort to complete or maintain the installation or contract as they have already been paid out.

1. Resellers approach an end-customer regarding the leasing, installation, and maintenance of equipment
2. The customer signs two separate but effectively linked contracts: one with the reseller itself and an extremely expensive finance lease with Grenke.
 - The reseller's agreement with the customer states **that the reseller is responsible for the installation and maintenance of the equipment.**
 - Grenke's agreement with the customer stipulates that **the customer is responsible for the choice of equipment, its installation and maintenance.**
 - There is no agreement between Grenke, the customer and the reseller.
3. **Grenke pays the reseller the full purchase price in cash once the contract has been signed²¹.**
4. When the reseller is unable to install or maintain the equipment or the equipment proves unsuitable, the agreement between the reseller and customer is effectively cancelled. The reseller packs up shop and "phoenixes" their entity: effectively filing for bankruptcy protection to absolve all debt and restart the business anew.
5. Due to the separate nature of the two agreements entered into by the customer, they are still required to make the substantial payments on their finance lease regardless of what happens with the reseller.

Three bills in, the customer realizes they are paying \$500 a month for 36 months for a television that costs \$500. In addition to that, resellers often fail to properly select, install or maintain equipment leased this way as they've already been paid by Grenke.

We recommend readers watch the documentary: Dirty Money, Season 1, Episode 2 (on Netflix), concerning payday loans in America and the extent and ease with which consumers can be defrauded.

Grenke Keep Collecting

Of course, customers are often incensed at these arrangements once it becomes clear what has happened, but Grenke's objective is to continue to recover payments at all costs. A review of the legal proceedings against Grenke confirms how Grenke and the resellers structure their arrangements to the disadvantage of their customers and that Grenke uses some particularly underhand and potentially fraudulent tactics to make sure they can continue to claim payments at the end of the lease term.

French appeal court documents reviewed by Viceroy's team show:

1. Grenke France operates extensively through resellers who set up contracts with the end customer. Generally, **the end customer signs 2 or more contracts**, one with Grenke to finance the purchase, and one with the reseller for installation/maintenance/etc.
2. Contracts are egregiously priced, for example: **5 photocopiers at a cost of €213.33 incl. tax for 63 months²² (total €63,999)**. 60 months appears to be the default Grenke France term for these contracts according to forum posts and court documents.
3. The nature of the Grenke contract is that the end customer bears all responsibility for the selection, installation, and maintenance of the equipment. This creates a legal grey area where while Grenke and the reseller **have no agreement with each other** they are effectively interdependent contracts. The reseller effectively selects the equipment, but this is not taken into consideration.

²¹ Cour d'appel de Colmar, Chambre 3 a, 22 mai 2017, n° 16/00526

²² Cour d'appel de Colmar, 29 octobre 2014, n° 13/00566



4. The effect of the above means that **any fault with the equipment, installation or maintenance** is legally not Grenke's problem²³. This creates a situation where the customer's sole recourse is to the reseller, which as we've seen is usually an unscrupulous or unreliable entity which Grenke has courted and encouraged but which it hasn't vetted in any sort of effective way, leaving the customer with zero protection²⁴. This is exacerbated by Phoenix'ed entities leaving the client in limbo.
5. Grenke pays the reseller the total of the lease payments upon the signing²⁵.
6. When the term of a lease is up, customers claimed Grenke will attempt to extend it through any means, some of which are fraudulent. **These claims have been upheld in court**, including²⁶:
 - a. Sending a third-party to take back the equipment so it could later claim it had not received it or that the end customer was obligated to return it to Grenke and not the third party.
 - b. Not specifying an effective return address.
 - c. Falsifying date of receipt of termination letters to challenge compliance even when equipment had been returned.
7. In one case a company replaced a Grenke-leased photocopier with another. Once the reseller had taken back the Grenke-leased photocopier Grenke continued to claim payments based on the fact that the contract required the end-customer to return the photocopier to Grenke and not the reseller. This was despite the fact that the reseller did not deny it took delivery of the photocopier²⁷.

The prevalent use of these underhanded tactics makes us believe that the tail end of Grenke's loan book will eliminate its slim profit margins. Note that Grenke appears to take any measures to avoid repossessing the asset and keep the lease on their books.

Grenke's responsibilities to ensure its resellers are legitimate

Grenke firmly pushes back on every complaint received by it, stating that it conducts credit checks on all customers prior to offering a loan. The problem is that if you sell a £20,000 printer to a charity with no pre-existing credit history, you don't really know if they can repay your lease.

And is this even the main issue here. **What has been completely glossed over is Grenke's legal and moral responsibility to conduct due diligence against its resellers.** Grenke should be ensuring that the resellers that it enables are legitimate, dealing fairly and transparently and not taking advantage of their customers by way of unscrupulous practices or fraud. At the absolute minimum, Grenke would be under an obligation to ensure that it does not facilitate crime by resellers.

We remind readers that, as a regulated credit firm, Grenke would have regulatory obligations such as the PRIN mentioned at the beginning of this section, including to observe proper standards of market conduct and pay due regard to the interest of their customers.

It is evident from the cases that Grenke was either totally reckless and conducted little to no due diligence on its resellers or otherwise it turned a blind eye to their predatory schemes and illegal conduct, which would essentially mean that Grenke has aided and abetted unscrupulous practices and fraud on a massive scale. So evident in fact, that many clients even advised that Grenke actually offered a support line to resellers in order to 'sell' its lease financing option.

In Grenke's conference show to resellers in Brazil, it advises that it has a dedicated line to provide "professional assistance with client dialogue" to resellers. We have since found this in numerous geographies.

²³ Cour d'appel de Paris, Pole 4 - chambre 9, 13 juin 2019, n° 16/11196

²⁴ Cour d'appel de Colmar, Chambre 3 a, 9 septembre 2019, n° 17/05381

²⁵ Cour d'appel de Colmar, Chambre 3 a, 22 mai 2017, n° 16/00526

²⁶ Cour d'appel de Colmar, 29 octobre 2014, n° 13/00566

²⁷ Tribunal de grande instance de Paris, 5e chambre 1re section, 11 juillet 2017, n°16/12085



SERVIÇO Service

SERVIÇO DE CONSULTORIA INDIVIDUAL
Acompanhamento profissional no diálogo com os clientes.
Consulting service
Professional assistance with client dialogue.

PORTAL ONLINE
Software online – Decisão em poucos minutos
Online Portal
Everything online – decision in a few minutes

www.grenke.com.br
Toda a informação sobre locação informatica
www.Grenke.com.br
All information about leasing.

Figure 35 Grenke Conference Brazil – Viceroy Research Translation

It's clear here that, far from seeking to protect its customers from nefarious schemes and fraud, which, given how blatantly obvious some of the schemes have been, would have required only a modicum of vetting of its resellers and their deals, Grenke is very much on the side of the resellers, encourages them with reckless abandon, turns a blind eye to their predatory and illegal practices or even actively facilitates them.

Key Takeaways

This section sets the outline and general playbook for the Bait and Switch, which Grenke's business model encourages and facilitates while Grenke turns a blind eye. This is a breach of the basic standards expected of a regulated consumer credit firm.

In effect, Grenke has cultivated an environment that delivers the opportunity for fraud on a silver platter.

- **Section 7 (The Frauds – Defrauding the Holy Trinity)** of this report examines numerous cases of how resellers and Grenke insiders play the bait and switch opportunity in massive magnitudes.
- **Section 8 (Conspiracy to Defraud)** will examine case files to establish Grenke's conspiracy to commit fraud.

Viceroy has translated the entirety of Grenke Brazil's presentation to resellers: it is annexed to this report. French court cases examined can be searched for free on France's judicial database.



7. The frauds – Defrauding the Holy Trinity

...and then there are the frauds, in which resellers, through devious tactics, actively attempt to defraud customers by signing as many as possible up for over-priced finance leases including exorbitant servicing costs. Grenke appears to have been party to every single major bait-and-switch leasing fraud over the last 5 years.

From \$100m+ video advertising frauds to everyday cold callers ripping off pensioners with fax machines – it is no surprise that Grenke’s average rating on any site is 1 star, with scores of unhappy customers speaking up with their complaints in the comments sections.

Grenke Australia’s Trustpilot account was only established in 2020, after the Viewble scam, and scores highly because the only reviews are from resellers, who generally comment in bundles on the same day in an attempt to wash out Viewble Media consumer complaints²⁸

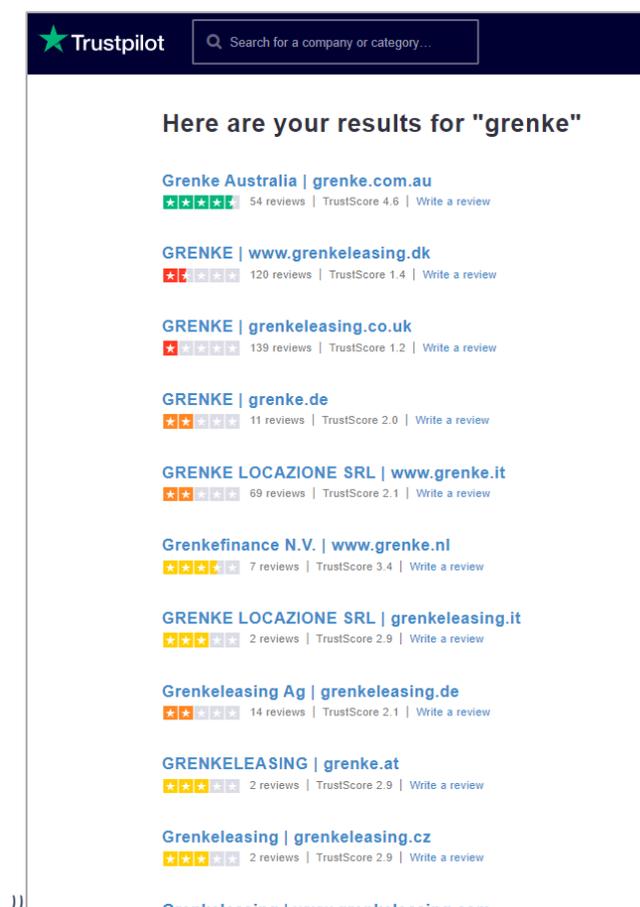


Figure 36 Trustpilot Grenke Reviews²⁹

We have put together this list of frauds perpetrated or enabled by Grenke: our only challenge in setting these out was that there were so many well documented frauds to choose from. The numbers of frauds facilitated by Grenke suggests **substantial tail-ends of Grenke loans will become impaired.**

Viceroy has made an effort to present the amorality of Grenke’s business practices and to show that not only was it negligent in the shadow of resellers, but that it really played an active role in facilitating these schemes (on this point also see our further discussion in section 9 (*Conspiracy to Defraud*) below).

In this instance, the “Holy Trinity” that Grenke has helped to defraud form the backbone of society: Taxpayers, Small Businesses, and Charities.

²⁸ We have reported as such to Trustpilot

²⁹ <https://au.trustpilot.com/search?query=grenke>



Defrauding Small Business

Viewble Media

Viewble was a large scale international, multi-hundred million-euro Ponzi-scheme enabled by Grenke's predatory lease financing operations.

The premise was that local shop-owners would install a leased screen on the premises to display advertising which would be rented by advertisers via Viewble. The proceeds of this would repay the loan and net a small profit for the shop-owner.

The scheme worked as follows:

1. Viewble creates an out-of-the-box, worthless piece of technology which rotates advertisements on televisions. Children could literally make this.
2. Viewble salespeople approach small business owners in brick-and-mortar retail and offer to install (usually) more than one television worth at most £500, instantly rendered worthless by Viewble's programming restricting any other use.

The Bait

3. The television will allegedly cost retailers nothing, as Viewble will lease the television airtime to plug advertisements. In fact, they were even told they could net a small profit from showing ads in their shop!
4. Retailers' advertisements will also be shown at other retailers in their local area who are leasing TVs, so it is effectively free marketing. At this point, it is clear that there are few to no paid advertisers.
5. Viewble will mount and install the internet connection required as part of this package.

The Switch

6. Viewble writes up the contracts between the client and the financier – Grenke – for the televisions, the advertisement plug, and installation.
7. Viewble invoices Grenke tens of thousands of euros for a couple of £500 televisions, worthless advertisement plug, and installation.
8. **After 2-3 months, Viewble is no longer able to pay the retailer because of a predictable “slump” in advertising revenue, leaving the customer with a bill for tens of thousands of Euros for a couple of £500 televisions.**

Viewble were simply paying portions of this overpricing excess to its users to cover Grenke's fees, until the scheme could no longer grow at such a rate. The company collapsed and the directors disappeared.

You may think in this instance that Grenke is being defrauded. Yes, it does rack up bad debt.

However, the company claims that a contract for AU\$15,500 for one television was put through “enhanced due diligence” procedures and that customers were presented a “clear and transparent” financing contract.

One PM, Arkle, UCFS and LDF were unable to comment. Grenke said it had provided “clear and transparent” funding terms in relation to RMG precursor Viewble Media. Referencing “enhanced due diligence” procedures, a spokesperson said it was “difficult to understand why customers believe they have been mis-sold the finance contract”.

Figure 37 Extract from Better Retailing article – Trading Standards Investigating Rhino Media³⁰

³⁰ <https://www.betterretailing.com/news/trading-standards-investigating-enforcement-action-against-rhino-media/>



You would give Grenke the benefit of the doubt if this Ponzi scheme accounted for a couple of loans a month from Grenke, however **Viewble's bankruptcy filings show hundreds of millions of creditors across two ends of the globe.**

The same scam run by the same individual was taking place in the UK and Australia using the similar company names: Viewble Media and Shoppers Network³¹.

These programs facilitate Grenke collections where they otherwise might not exist. It is unfathomable to us that Grenke is not aware of this behavior as it is actively occurring.

Viceroy received confirmation via UK non-departmental public body The Consumer Council³² that the Financial Conduct Authority "are currently examining evidence regarding the finance arrangements provided by Grenke Leasing Limited...for display equipment.". According to Viewble's UK successor, Rhino Media Group, Viewble also failed to offer customers a 2-week cooling off period for their contracts-

Display equipment finance arrangements – Grenke Leasing Limited

I can confirm that the Financial Conduct Authority (FCA) are currently examining evidence regarding the finance arrangements provided by Grenke Leasing Limited and UCFS Europe Limited for display equipment.

The Consumer Council has raised concerns about this issue to the FCA on 18 March 2020, and the FCA responded asking for more information on the 26 May 2020, which was provided on the 16 June 2020. The FCA subsequently replied on the 1 July 2020 asking for detailed evidence, and this was supplied on 9 July 2020.

If you need any further information, please do not hesitate to contact me.

Figure 38 Response from The Consumer Council regarding Display equipment finance arrangements

Viewble Media (Australia)

Viewble Media is now under investigation by the Australian federal small business ombudsman after receiving over 1,100 complaints regarding the company's devious bait and switch tactics.

Of the four financiers used by Viewble, two were not members of the Australian Financial Complaints Authority: Grenke and Northern Managed Finance. This is significant as non-AFCA members do not have to abide by the AFCA complaints process, however they must abide by the law.

The intent to continue to make all the payment for the entire contract period is indisputably false. As an experienced operator there is no way that Grenke cannot be aware of the 'bait and switch' scams

As of February 2019, Northern Managed Finance has said that it will stop pursuing debts related to Viewble. Grenke has not: after all, it is their business plan.

Grenke has allegedly continued to issue invoices to its defrauded customer base, claiming only that it will not "enforce" payment (i.e. they will not issue a wind-up order or seize assets). There are two reasons for this:

1. Seizing an AU\$500 television for an AU\$15,500 debt will be more expensive than forgiving the debt.
2. Forgiving the debt would remove it from its books

If you think it can't get any slimier, Grenke has also tried to file creditor claims against one of the Bankruptcies of Viewble to participate in any recoveries the liquidator can make for its non-performing customers.

³¹ <https://www.smh.com.au/business/small-business/it-s-destroying-me-small-businesses-paying-15-500-for-a-tv-in-alleged-scam-20181113-p50fol.html>

³² <https://www.consumercouncil.org.uk/about-us/who-we-are>



The Chairman noted that David Reid, one of the directors of the company, was attending the meeting by telephone. Those present at the meeting were as follows:

Name	Represented By	Amount of Proof Lodged \$	Amount Admitted for Voting \$
Michael Dullaway – Chairman	N/A	N/A	N/A
Gavin Ferris – Minutes Secretary	N/A	N/A	N/A
Andrew Fielding – Observer	N/A	N/A	N/A
Charles Haines – Observer	NA	N/A	N/A
David Reid – Observer	N/A	N/A	N/A
Multipli Pty Ltd	John Grant	25,708,053.86	20,063,414.03
Flexirent Capital Pty Ltd	Blake Shaw	18,533,990.84	18,533,990.84
Eclix Commercial Pty Ltd	Blake Shaw	5,559,760.17	5,559,760.17
GC Leasing Sydney Pty Ltd	Blake Shaw	1,378,888.01	1,378,888.01*
Endeavour Foundation	Chairman	98.00	98.00

* Marked objected to.

Figure 39 Extract from Viewble Media Pty Ltd (In Liquidation) Meeting of Creditors- 17 April 2019³³

You will notice that Grenke’s Australian division claiming in the Bankruptcy is a franchise broker funded by Grenke. This is fundamental, as:

1. The accounts are obscured
2. It is an undisclosed related party owned by Grenke executives. – More on this later.

This also clearly implies that Viewble, and not its defrauded customers, are the lessee of Grenke’s televisions. We get further clarity on this through the UK’s liquidation of Viewble.

Viewble Media UK & Rhino Media

The BBC reported loans from Grenke and other financiers in relation to the Viewble scam were over £10,000 for a screen worth less than £500³⁴. When Viewble media collapsed in June 2019, the shop owners were left holding the bag because Viewble Media was not a party to the various finance agreements with companies including Grenke.

When the retailers joined forces to oppose the continued charges, many of the third party financiers allowed the retailers to exit “without significant additional costs”. Grenke did not³⁵.

In extraordinary fashion, Viewble media was then acquired by Rhino Media who effectively offered the same deal as Viewble media.

Not only did Rhino acquire Viewble’s backlog, they commenced the Ponzi scheme again with the help of the same financiers, despite Viewble customers still being in default! It is mind boggling how Grenke claims to conduct any due diligence into these programs.

Rhino predictably stopped making payments in September 2019 and issued warnings it may enter liquidation in November 2019 leaving the retailers in the same lurch.

The legal battle continues between the victims of the scam and Grenke. Viceroy attended a meeting of RetailNI, an association of independent retailers, whose objective was to appeal and cancel all contracts with Grenke. We will upload a video of the presentation and a transcript after publication of this report.

The RetailNI presentation showed that 90% of the leases induced in the scam were to Grenke, with the remaining 10% to various other finance companies. This split appears to be based on the creditworthiness of the customer, with Grenke taking the most creditworthy.

³³ Document available to purchase through ASIC.

³⁴ <https://www.youtube.com/watch?v=A4n9pCj3iN4>

³⁵ <https://www.betterretailing.com/shop-equipment/grenke-retail-ni-legal-action/>



What's more is Viceroy were able to obtain valuable data surrounding the circumstances of the "transparent" agreement they signed with Grenke.

It was so blatantly obvious to Grenke that the revenue generated from advertising and promotions would fall through, that once Rhino Media took over for Viewble, they made victims sign a sub agreement to expel Rhino from liability:

5 **By signing this agreement between The Owner and The Hirer, you acknowledge and confirm that any revenue generated through third party media advertising or promotions with this equipment is strictly between your business and these providers. This has no bearing on your commitment to the monthly repayments of £299 inc. VAT per month over 36 months with The Owner.**

Figure 40 Extract from Grenke Rhino Media financing agreement

Other customers have advised Viceroy that they never even saw an agreement with a financier and claim that their signatures were lifted from ID to fill Grenke paperwork. Again, it is absurd to think that Grenke didn't know they were defrauding their customers.

Similar to Viewble UK, the Rhino Media financing was brokered through a Grenke franchisee, "GC Financial Solutions", which as mentioned is an undisclosed related party. This is revealed in the transcript of the RetailNI presentation.

The Norfolk Trading Standards (NTS) and Financial Conduct Authority (FCA) are now investigating the agreements between Rhino Media, retailers and the associated finance companies including Grenke. We believe Grenke being on both sides of the transaction as broker and leasing company will not play well with regulators.

Documenting Victim Experience

Viceroy has, with permission, also recorded volumes of our interviews of victims of the Viewble fraud regarding how the fraud played out, and their ongoing struggles with Grenke. All recordings were made with the consent of those being recorded.

All believed the contracts were linked and that if the advertising contract was stopped, so would the leasing contracts. We note that some parties were signed up despite the business already having serious questions raised regarding their creditworthiness. Below are some quotes from those interviews.

"It wasn't like I was signed up for massive profits!"

"I'm a sole trader and I've been advised not to pay anything. I owe around £5,600! I was scammed by a reseller approved by Grenke. There's no way Grenke couldn't have known about this."

"How could Grenke approve such a scheme? It became obvious to me Grenke could not of known about the fraud as it had been repeated so many times?"

"Having taken advice it's my intention to sue Grenke for damages and all the payments I've made. They've financed a scheme that defrauds me and they take no ownership of this."

"When I spoke to Action Fraud, FCA and FSO, they all said they were investigating Grenke for financing a fraudulent scheme."

"I am left with maybe having to repay a fraud, where the TV is likely worth €200. How did Grenke not know it was a fraud? It says in a BBC article they had conducted a 'enhanced due diligence'."

"Grenke are taking legal action against me. Despite my business being impacted by corona [COVID19]. They just bully you into paying."

According to several individuals interviewed, Grenke were made aware of the potential fraud in 2018. Audio and video from the interview will be available from our website following publication of this report. These have been filed with the relevant financial authorities.



Common scheme

Rebl was another scheme which operated virtually the same way as Rhino Media and Viewble in Australia. The outcome was the same.

Once again, GC Leasing Sydney Pty Ltd (Grenke) was the financier and continues to issue claims to creditors.

• **Original Business Operations**

The director advised the original business operations upon incorporation of the company were as follows:

- Rebl Staff would engage customers and market their product, being a license to Rebl Connect software ('the software') and visual/ audio marketing packages;
- Customers would enter into an agreement for finance to purchase a two (2) year license for the software ('goods') with a financier;
- Initially these packages were being sold for approximately \$15,000 with monthly finance payments of \$866 per month;
- The financiers would pay Rebl the financed funds and customers would enter into a separate agreement with Rebl whereby Rebl agreed to pay the customer the monthly instalments equal to the amounts payable by the customer to the relevant finance company in exchange for certain marketing rights of the customers' business. This involved Rebl creating and/ or controlling their social media accounts and branding the Rebl logo on marketing videos they created for the customer's business. These videos were displayed on the various social media platforms and other sources;

Figure 41 Extract from Media Rebl Pty Ltd Liquidation Progress Report³⁶

This scheme is so popular that we have found the same iterations by multiple entities across the globe. It is a google search away.

Defrauding Schools

UK School Tech fraud

A BBC investigation titled "Schools kit scam could cost schools millions"³⁷ detailed how UK company Direct Technology Solutions told UK schools they had been selected as a "flagship school" for various pieces of IT equipment. DTS told the schools it would not have to pay for the equipment lease, as DTS would cover the cost of the lease of 100 computers. DTS made the first few payments then went into administration.

*When the leases were examined, the laptops – which were found to have a price of £350-400 each – were charged at £3,750 each. **This scam was repeated at several schools across the UK, with each receiving 100-200 laptops. Grenke was a major beneficiary of this scam.***

A Freedom of Information report for Slough county showed that one of the schools involved with the DTS scam, St Joseph Catholic School, was supplied by (among others) Grenke Leasing Ltd.

We believe there are several suppliers and finance companies involved. Although the School will be able to confirm, we believe they included, Grenke Leasing Ltd, Siemens, Investec, Shire Leasing (tamworth), Yorkshire Business Equipment Ltd, Sam Breakwell and Ashleigh Dodd, Direct Technology Solutions Ltd of London.

We believe many of the arrangements were facilitated by Direct Technology

iv. if the matter has been settled by the finance company(ies), the settlement amount.

The Local Authority is not aware that the matter has yet been settled.

3. If there are no schools who have contacted the council about this issue, then please provide a response to the questions above for the following schools in your area:

St Joseph's Catholic School

For details of a recent audit of St Joseph's, reference can be made to the Borough Council's Audit and Risk Committee dated Wednesday 13th June 2012. This information can be found on the Slough website under committee reports.

Figure 42 FOIs received and answered July 2012 – Slough county council

³⁶ Available for purchase on ASIC.

³⁷ <https://www.bbc.com/news/education-16441186>



In the investigative podcast by BBC Radio 5³⁸, they found that DTS also allegedly offered inducements including cash in exchange for signing up with DTS. Herein is a fine example that Grenke's model, left unchecked, leads to the bribery of public officials and defrauding the crown. Taxpayers, you foot the bill.

Defrauding Charities

In September 2019 UK charity Missing Kind was approached by Plan Corporate Services (**PCS**) with an offer: as part of their ESG mandate, the PCS was obliged to make a £10,000 donation to a charity and pay the lease on three new printers for a year to the tune of £23,000³⁹. None of the payments pledged by PCS were ever made leaving Missing Kind solely responsible for the leases, which were obtained from Grenke.

The charity was also informed that they could terminate the lease after 1-year, which Grenke claims is not true and that they must pay out the full 5-year term of the lease, worth £110,000 in payments.

Missing Kind director Tom Gaskin claims that he never saw the full agreement with Grenke and that his signature had been lifted from another agreement onto the Grenke agreement. Another charity, YMCA Henley was also scammed by PCS although unlike the situation at Missing Kind, they did receive the donation and the first instalment of the printer lease.

Grenke claimed it had no awareness of the contract between PCS and Missing Kind, and that as far as it was concerned, Missing Kind had leased the printers from Grenke subject to the normal terms.

As it turns out, the printers weren't even new – they were refurbished.

We have found dozens of other charities impacted by these frauds through Grenke with minimal effort.

³⁸ <https://www.bbc.co.uk/programmes/b0194msd>

³⁹ <https://www.edp24.co.uk/business/charity-missing-kind-mis-sold-printer-contracts-1-6341355>

8. Conspiracy to defraud

A large part of Viceroy's fact-finding mission was liaising with consumer groups, some of which had been formed purely to deal with injustices committed or facilitated by Grenke. What puzzled us the most from the documents Viceroy were sent from these groups and individual victims is Grenke's persistence at denying any knowledge of side agreements end-users signed with resellers.

Documents sent to GC Leasing UK from victims of the Viewble fraud include the following correspondence between the broker GC Financial Solutions and the retailer:

We empathise with position you have outlined and while it was understood there was an element of Media, we had no knowledge that you had agreed a cashback arrangement and if we had known we would not have proceeded with the transaction. Your complaint therefore should be redirected to your supplier and the media companies who you agreed this arrangement with, not Grenke. Unfortunately the service that you claim was "agreed upon" was only known and accepted by you, your supplier and your media company, so any claims as a result must be directed to the correct party. We really hope you find an amicable resolution and appreciate this is not the outcome you are hoping for but Grenke can only take responsibility for our contract, our agreements and the products we finance. Our contract was clearly set out and we had no knowledge of these side arrangements, therefore your liability under the finance contract remains, you may therefore wish to seek further advice.

I have attached the following:

- Finance Application Form
- Call recording to confirm delivery and understanding of lease agreement with GRENKE
- Signed Lease Contract

Kind Regards

Sarah Launchbury
Sales Belfast

GC Financial Solutions Ltd
GRENKE Agency

Figure 43 Viewble/Rhino Victim – Email Correspondence w/ GC Financial Solutions

The assertion that Grenke "would not have proceeded with the transaction" if they had known and "had no knowledge of these side arrangements" is totally untrue.

We know from the evidence that, at the absolute minimum, Grenke was aware that side arrangements were likely to exist and was willing to recklessly proceed regardless, which would still show a grossly negligent lack of due diligence on Grenke's part and a total lack of regard for its customers' interests. However, much more likely is that the evidence shows that Grenke knew full well that these side arrangements not only existed but were a key part of the inducement to enter the contract and therefore we can reasonably conclude that Grenke had an intention to defraud. For example, the recording attached in the correspondence with Ms. Launchbury from Grenke includes the customer confirming:

- The business owner's name, address and postcode
- The number of lease payments and duration
- **That any revenue generated with media specials, advertising or promotions with that equipment is strictly between the business and the relevant providers, and has no bearing on the contract with Grenke⁴⁰**

This recording was made when the customer originally signed the lease although at the time the customer was not informed as to who the recording party was.

Viceroy has also been in contact many victims of the Viewble media scam and have seen multiple contracts signed by those victims. These contracts are written to purposely obfuscate the separate nature of the advertising and lease contracts. We will upload this contract with additional documents on our website in conjunction with this report.

⁴⁰ All relevant documents will be published on our website following publication of this report.



Analyzing Viewble Contracts

The contracts were drafted in such a way that it deviated from common practice of other market participants. The lease contract itself is written on Viewble Media’s letterhead, with the word “Grenke” only mentioned once: there appears to be a concerted effort to avoid association with Grenke and maintain a false premise that the this is a two-party contract. However, this is technically Grenke’s paperwork meaning the company ultimately accepted the use of a finance lease contract that mentions Viewble Media (technically not a party to the agreement) more than Grenke itself.

This obfuscation and lack of transparency is strictly against standards of proper market conduct where communications with clients must be clear, fair and not misleading. Clients must be given full information about who they are contracting with.

		HIRE AGREEMENT REGULATED BY THE CONSUMER CREDIT ACT 1974	
		Agreement Number	
<small>(We, Us, Our) We will be a finance company which is entirely separate from the supplier. Our details will be inserted below and notified to You when this agreement is accepted. You agree to be bound by the terms and conditions here and over the page upon acceptance by Us.</small>			
OWNER DETAILS			
Our Name	Grenke Leasing Limited		
Address	5th Floor, Saxon house, 3 Onslow Street, Guildford, Surrey, GU1 4SY		

Figure 44 Vision Asset Finance Grenke Hire Agreement

The broker for all Grenke leases was an undisclosed related party called GC Financial Solutions owned by Grenke insiders and operated by a former and current Grenke employee (more on this later). As pointed out above, when Rhino Media took over from Viewble after its collapse, Grenke made customers sign a sub-agreement explicitly stating that advertising revenues had no bearing on the lease contract. By this point, Viewble-related defaults had already started piling up; so they knew these leases were part of an unsustainable scheme.

5 **By signing this agreement between The Owner and The Hirer, you acknowledge and confirm that any revenue generated through third party media advertising or promotions with this equipment is strictly between your business and these providers. This has no bearing on your commitment to the monthly repayments of £299 inc. VAT per month over 36 months with The Owner.**

Figure 45 Extract from Grenke Rhino Media financing agreement

Conspiracy to defraud

These contractual disclaimers indicate that Grenke knew of the scam (or the high likelihood that there was a scam) being run by Viewble and needed to absolve itself of responsibility. Their knowledge that a zero-cost agreement existed, or was very likely to exist, between Viewble and the customer and that the customer would likely be unable to cover the cost of the screen without Viewble revenue shows that they are equally as complicit in the scam.

Given the opportunity and plethora of complaints it received, Grenke ultimately chose to continue allowing Viewble and Rhino media to issue these leases, while denying that they were aware of any “side-arrangements”.

Grenke has therefore engaged in a premeditated scheme to dishonestly and actively defraud its customers in provisions of unsuitable credit products. Legally, this opens up Grenke to several liabilities arising from the Viewble scam especially considering Viewble has already been liquidated, as has Rhino, the successor entity.

We believe Grenke may be party to a conspiracy to defraud as defined by UK common law.

Grenke continues to deny any knowledge of reseller side agreements and continues to collect outrageous loans for small ticket items with the assistance of shady resellers.

9. Valuation

Digging into cash flows

Simplification of Grenke's mess of their Statement of Cash Flows is required, as the company presents it in an unreadable font color and borderline incomprehensible line items without note references.

Grenke AG - Viceroy Adjusted Free Cash Flow	2019	2018	2017	2016
Cash Flow From Operating Activities	109,299	20,408	27,951	(16,241)
Payments for PPE & Intangible Assets	(22,289)	(15,565)	(17,167)	(11,832)
Proceeds from the sale of PPE & Intangible Assets	1,523	941	1,506	370
Free cash flow	88,533	5,784	12,290	(27,703)
Viceroy Adjustments				
Hybrid Capital Interest repayments	(9,375)	(6,786)	(4,125)	(1,711)
Grenke Bank cash deposits	(192,480)	(178,746)	(102,118)	(67,785)
Free Cash flow from Operations	(113,322)	(179,748)	(93,953)	(97,199)

Figure 46 Adjusted Free Cash Flow – Viceroy Research

Operating Cash Flow = €140,749k

For the sake of analysis and valuation, we have made the following amendments to free cash flow to reflect the business' operating performance more accurately.

Less: Increase in liabilities from deposit taking business = €192,480k

We have backed out increased deposits from Grenke's operating cash flows because:

- They do not represent a refinance of existing assets;
- They mostly take shape of a financing cash flow;
- Their contribution to the P&L is almost immaterial; and
- The inclusion of deposits in an operational analysis would not be reflective of Grenke's major income-earning business. Grenke Leasing accounts for 95% of the group's gross interest income.

Add: Interest Coupon Payments to Hybrid Capital = (€9,375k)

Because of the relatively small value and high interest rate of Grenke's Hybrid Capital notes, we have backed coupon payments into operating cash flow as the notes are used to subsidize operating cash flow and the coupons are effectively interest. These are, also, extraordinarily expensive, **with some notes fetching upwards of 8% interest.**

Viceroy Adjusted Free Cash Flow

Grenke AG - Viceroy Adjusted Free Cash Flow	2019	2018	2017	2016
Cash Flow From Operating Activities	109,299	20,408	27,951	(16,241)
Payments for PPE & Intangible Assets	(22,289)	(15,565)	(17,167)	(11,832)
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Hybrid Capital Interest repayments	(9,375)	(6,786)	(4,125)	(1,711)
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Free Cash flow from Operations	(113,322)	(179,748)	(93,953)	(97,199)

Figure 47 Adjusted Free Cash Flow – Viceroy Research

This does not begin to touch on the vast, >€2b of refinancing Grenke undertakes on its portfolio every year, which allows Grenke to perpetuate its growth via terrible-loan model by obscuring its actual level of impairments.



With almost pinpoint precision, Grenke's loan book additions are entirely refinanced every 12 months, at which time they would no doubt otherwise go bad:

Grenke - Cash Flow Analysis	2019	2018	2017	2016
Additions to lease receivables	(2,835,286)	(2,398,771)	(1,998,337)	(1,598,007)
Payments by lessees	1,973,492	1,654,782	1,401,037	1,204,226
Disposals / reclassifications of lease receivables at residual carrying amounts	352,585	308,343	245,767	206,099
Interest and similar income from leasing business	(409,846)	(357,455)	(280,809)	(253,892)
Decrease / increase in other receivables from lessees	(6,239)	(9,031)	5,437	3,511
Currency translation differences	(23,083)	1,625	17,594	29,084
Change in lease receivables	(948,377)	(800,507)	(609,311)	(408,979)
Addition to liabilities from refinancing	2,146,190	2,071,442	1,728,126	1,322,704
Payment of annuities to refinancers	(1,320,429)	(1,441,075)	(1,215,429)	(959,057)
Disposal of liabilities from refinancing	(52,925)	(43,810)	(42,119)	(31,952)
Expenses from interest on refinancing	49,934	46,797	42,807	43,168
Currency translation differences	16,356	(2,354)	(11,444)	(13,800)
Change in refinancing liabilities	839,126	631,000	501,941	361,063

Figure 48 Cash Flow Analysis – Viceroy Research

This effectively means Grenke is not making any money from the receivables in its asset book, as the tail end of lease income is assigned to its creditors. The cash crunch that will occur in any business interruption will crumble this house of cards.

COVID will not be the cause of Grenke's demise, but it will accelerate symptoms.

Outside of taking on debt, the company has also issued ~€400m in capital and hybrid notes since 2015, most of which seemed to be completely unnecessary based on the fact that the company holds over €1b in cash as of H2 2020 and is allegedly well above its liquidity buffer requirements.

Again, we reinforce our belief that Grenke have and will continue to engage in apparent, completely mispriced related party transactions for the purpose of hiding non-existent cash.

Skipping to Q2 2020, Grenke now has >€1b on-hand in cash, but nevertheless the company still issued €75m of hybrid notes in November 2019. Why? **If its financial statements are truly reflective of its financial position, it had plenty of surplus cash. In addition, no acquisitions have been made or announced.**

In November 2019, we placed a conventional bond of EUR 300 million and a hybrid bond of EUR 75 million. The proceeds from these placements helped us to strengthen our liquidity for additional new business while expanding the equity base for future growth – both of which are essential to continue pursuing our internationalisation strategy and further developing the GRENKE Consolidated Group's product and service portfolio.

Figure 49 Grenke AG Annual Report 2019

There is no requirement to strengthen liquidity other than, perhaps, an undisclosed limited restricted cash balance for its deposit business.



Oversight – Where is the CFO?

It is highly irregular for a public finance company to not have a dedicated CFO who has an accounting designation. As far as we can make out, Grenke does not appear to have a fixed CFO. Mark Kindermann is the only executive whose bio states he oversees accounting, but he also appears to be office administrator and head of HR. He is not registered with the German Chamber of Public Accountants (**WPK**) – no one in management is.

The supervisory board appears to have had a mass exodus in the last 2 years. Grenke is now onto its 3rd Audit committee CHAIRPERSON since Gerhard Witt (also Co-Chair of the Grenke AG). Witt was also the only registered accountant with WPK⁴¹.

Highlighted below are members of Grenke’s audit committee:

Supervisory Board	Resigned
Prof Dr Ernst Moritz Lipp	-
Wolfgang Grenke	-
Tanja Dreilich*	14 May 2019
Claudia Krcmar	-
Dr Ljijana Mtic	-
Heinz Panter	20 Aug 2019
Jens Ronnberg	-
Florian Schulte*	-
Erwin Staudt	14 May 2019
Gerhard E. Witt*	03 May 2018

* Chair of Audit Committee

Figure 50 Viceroy Analysis – Note change of revenue recognition from leases in 2019.

It is extremely concerning that Grenke has had to replace 4 supervisory board members since 2018.

Heinz Panter, for instance, left his post after just 3 months. This may have been related to insider trading investigations BaFin initiated after he sold ~€50k of shares before a huge price collapse, then swooped them back up at a lower price, and failed to document the purchases with regulators and filings⁴².

As an aside, management bumped salaries by ~50% in 2019, while the supervisory board’s salary packages doubled.

⁴¹ Readers can search WPK charter register here: <https://www.wpk.de/eng/public-register/public-register-register-of-statutory-auditors/>

⁴² <https://www.finanzen.net/nachricht/aktien/internes-wissen-missbraucht-BaFin-prueft-nach-gewinnwarnung-moeglichen-insiderhandel-bei-grenke-7905860>



Placing a value

Even if we exclude the catastrophic issues highlighted in this report, Viceroy believe Grenke is wildly overvalued relative to its peers. Larger parts of Grenke's book growth, especially now, are derived from its banking segments, which should command an even lower valuation.

Grenke Interest Income Analysis			Post 2019		Pre 2019		Interest expenses from refinancing	
Year	New Leasing Business	Growth	Interest income from leasing	Growth	Interest income from leasing	Growth	Interest expenses from refinancing	Growth
2014	1,132.8	N/A			207.4		48.7	
2015	1,359.9	20.0%			232.8	12.3%	43.0	-11.8%
2016	1,592.5	17.1%			253.9	9.1%	38.6	-10.2%
2017	1,975.7	24.1%			280.8	10.6%	38.6	0.1%
2018	2,409.8	22.0%	357.5		319.3	13.7%	42.4	9.7%
2019	2,849.1	18.2%	409.8	14.7%			49.6	17.0%

Figure 51 Viceroy Analysis – Note change of revenue recognition from leases in 2019.

Grenke continues to move into the banking sector to make up for rental leasing segments which will stagnate. Interest rates across its leasing business have already flattened.

The best case scenario we see for Grenke AG (XTRA:GLJ), which requires us to ignore the **pervasive fraud, money laundering and impending redundancy of Grenke's business lines**, shows a **wildly overvalued** quasi-secured small-ticket lender transitioning into a niche bank – still uninvestable in a comparison to peers and a junk status rating for its bonds.

In the real world, a business like this would trade at around 10x earnings, not 26 – we are not giving a forward analysis for obvious COVID reasons.

Grenke AG		
Exchange		XETRA
Ticker		GLJ
Shares outstanding	000's	46,354
Share price*	€	55.1
Market Cap	€m	2,554
P/E	X	26
EV/Sales	X	13.9
EV/EBITDA	X	36.8
* Price at XXXX		

Figure 52 Viceroy Analysis – Key Metrics [insert date]

Even if we ignore pervasive fraud, money laundering, impending redundancy of business lines, and likely onslaught of litigation, Grenke is still wildly overvalued, trading at 26x earnings.

It would be a disservice to our readers to provide a price target for a company whose financial statement veracity we call into question, as we **cannot** ignore these underlying issues.



Valuing the Bonds

Grenke's €5b of debt is guaranteed by Grenke Bank, which is largely responsible for keeping Grenke's ratings out of junk debt territory. This poses a grim reality to debt investors, as:

- Grenke Bank is in violation of KYC and AML obligations, processing money for known unregulated trading platforms and binary options frauds already detected by BaFin.
- Viceroy believe substantial portions of Grenke's cash does not exist.

We believe Grenke bonds will dip into junk territory as is financial misconduct becomes known.

Due to the inflated value of Grenke's loans, their bonds are effectively unsecured but derive value against the company's book: a €10,000 printer loan is accounted for by a €500 printer and €9,500 in "services". The loan value is simply unrecoverable in the case of default. Grenke's offering is also largely of fast depreciating items, not that there's any value in second-hand fire sales of white goods and tech anyway.

Grenke's corporate structure and ABCP program means it is entitled to truly little of its cash flows as represented in its accounts as SPVs are largely consolidated. **Based on this we see a significant overvaluation of its bonds at their current price, and short-term serious risks of capital adequacy.**

At the date of writing, Grenke bonds are trading above par.

In reality, it would be impossible to truly value Grenke until a thorough investigation into its business conduct, undisclosed related party transactions, and bad debt has been undertaken.

Viceroy has submitted its report with regulators across Europe where pertinent.



Schedule 1

Examples of Franchise Purchases

Grenke Luxembourg fka GCLUX Location Sarl (Luxembourg)

Grenke Luxembourg was registered as GCLUX Location Sarl on November 25, 2009 by CTP with a paid-up capital of €100,000 for the entire volume of 1,000 shares⁴³. Guillaume Cuny was appointed as its sole manager.

Subscription and payment

The shares to be issued have been subscribed as follows:
CTP Handels- und Beteiligungs GmbH, aforementioned,
paid one hundred thousand euro (EUR 100,000.-) in subscription for one thousand (1,000) shares.

All the shares have been entirely paid-in in cash, so that the amount of one hundred thousand euro (EUR 100,000.-) is as of now available to the Company, as it has been justified to the undersigned notary.

3) **Mr Guillaume CUNY**, born on April 13th, 1973 in Strasbourg/France, with professional address at 6, Parc d'activité Syrdall, L-5365 Munsbach is appointed as sole manager of the Company for an unlimited period.

Figures 53 & 54 GCLUX Location Sarl registration document

Cuny was the head of Grenke France at the time and now heads up Grenke's Singapore office. The site also states that Cuny founded Grenke Luxembourg, which is not entirely true.



Guillaume Cuny
Managing Director

Guillaume joined GRENKE in 2001 after working in Insurance. He worked 8 years in the French Subsidiary including 7 as Branch Leader in Nantes, France. He created the Luxembourgish GRENKE Franchise in 2010. In 2014 the Luxembourgish company was bought by the group and became a subsidiary. With more than fifteen years of collaboration with GRENKE, Guillaume CUNY is now delighted to bring the GRENKE solutions in Asia to Singapore.

Figure 55 Guillaume Cuny – Grenke Management page⁴⁴

On March 31, 2014 Grenke AG acquired CTP's shares in GCLUX Location Sarl from CTP and on April 14, 2014 acquired the remaining shares from Cuny's investment vehicle (we cannot find when the latter was given its 44% share). According to Grenke AG financials, this resulted in a combined €2.5m cash windfall for CTP and Cuny. An intra group liability of €394k was eliminated as part of the consolidation.

Grenkefactoring GmbH (Germany)

Grenkefactoring GmbH was founded in Baden-Baden, Germany in April 2005 by CTP and Jurgen Filla⁴⁵.

Die GRENKEFACTORING GmbH (folgend GRENKEFACTORING) wurde im April 2005 von den beiden Gesellschaftern CTP Handels- und Beteiligungs GmbH und Herrn Jürgen Filla (Geschäftsführer) gegründet.

"GRENKEFACTORING GmbH (hereinafter GRENKEFACTORING) was founded in April 2005 by the two partners CTP Handels- und Beteiligungs GmbH and Mr. Jurgen Filla (Managing Director)."

Figure 56 Grenkefactoring annual report 2009 and translation

Filla's LinkedIn profile claims his equity investment was 49.9% leaving CTP with the controlling 50.1% majority.

⁴³ To access all GCLUX Location Sarl documents, visit <https://www.lbr.lu/> and search for company number B149514

⁴⁴ <https://www.grenke.sg/en/about-us/management.html>

⁴⁵ All Grenkefactoring documents were found hosted on the Grenke.com domain, we will reupload them if necessary.



GRENKE

Founder and CEO
GRENKE Factoring
 Apr 2004 – Feb 2009 · 4 yrs 11 mos
 Baden-Baden

- Entwicklung eines Factoring-Konzeptes für KMUs in Zusammenarbeit mit der börsennotierten Grenkeleasing AG
- **Gründung der Gesellschaft im April 2005 mit Kapitalbeteiligung von 49,9%**
- Aufbau des Unternehmens und Akquisition eines substantiellen Kunden-Portfolios
- Trade-Sale und Wechsel in den Aufsichtsrat der Gesellschaft

[see less](#)

Figure 57 Jurgen Filla LinkedIn profile⁴⁶

Grenkefactoring operated for four years until it was acquired on August 19, 2009 by Grenke AG for €257k, but the payout to CTP was far higher. Prior to its acquisition, its operations were funded by debt from CTP and Grenke Finance as evidenced by interest payments made to both entities in 2009.

<p>Die ausgewiesenen Zinsaufwendungen in Höhe von TEUR 256 (Vorjahr: TEUR 380) betreffen im Wesentlichen Zinsaufwendungen aus dem abgegoltenen Darlehen an die CTP Handels- und Beteiligungs GmbH / Wien in Höhe von TEUR 111 (Vorjahr: TEUR 97) und Zinsaufwendungen gegen das verbundene Unternehmen GRENKE FINANCE Plc / Irland in Höhe von TEUR 145 (Vorjahr: TEUR 283).</p>	<p><i>“The reported interest expenses in the amount of €k 256 (previous year: €k 380) mainly relate to interest expenses from the compensated loan to CTP Handels- und Beteiligungs GmbH / Vienna in the amount of €k 111 (previous year: €k 97) and interest expenses against the affiliated company GRENKE FINANCE Plc / Ireland in the amount of €k 145 thousand (previous year: €k 283).”</i></p>
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Figure 58 Grenkefactoring annual report 2009 and translation

We are unable to see the amount of Grenkefactoring’s debt to CTP in 2009 but its 2008 financials show a debt to CTP of €1.41m accruing interest at 11.4%. If we assume the interest rate remains the same for 2009 the debt can be assumed to have increased in the 2009 financial year.

<p>Verbindlichkeiten gegenüber verbundenen Unternehmen</p> <p>Bei den Verbindlichkeiten gegenüber verbundenen Unternehmen handelt es sich um ein Darlehen der Gesellschafterin CTP Handels- und Beteiligungs GmbH / Wien in Höhe von TEUR 1.410 (Vorjahr: TEUR 400). Das Darlehen wird mit jährlich 11,4 % verzinst. Sowohl für das Darlehen als auch die Zinsen, ist ein Rangrücktritt der Gesellschafterin vereinbart.</p>	<p><i>“Liabilities to affiliated companies</i> <i>The liabilities to affiliated companies are a loan from the company CTP Handels- und Beteiligungs GmbH/ Vienna in the amount of €k 1,410 (previous year: €k 400). The loan bears annual interest of 11.4%. As well as the loan as well as the interest, a withdrawal of the partner has been agreed.”</i></p>
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Figure 59 Grenkefactoring annual report 2009 and translation

Grenkefactoring’s 2010 report does not mention any debt to CTP whatsoever but does record a debt increase to Grenke Finance of €1.651m. We believe that this additional debt was drawn down to repay Grenkefactoring’s debt outstanding to CTP prior to its acquisition by Grenke, knowing that the debt to Grenke Finance would be consolidated post-acquisition.

<p>Bei den Verbindlichkeiten gegenüber verbundenen Unternehmen handelt es sich im Wesentlichen um eine Verbindlichkeit aus der Refinanzierung des Factoringgeschäftes gegenüber der GRENKE FINANCE PLC / Irland in Höhe von TEUR 3.470 (Vj.: TEUR 1.819), das mit TEUR 170 (Vj.: TEUR 0) in Anspruch genommene Cash Pool Konto bei der GRENKE FINANCE plc/Irland und um eine Verbindlichkeit gegenüber der GRENKELEASING AG in Höhe von TEUR 49 (Vj.: TEUR 7). Diese sind sämtlich innerhalb von drei Monaten fällig.</p>	<p><i>“Liabilities to affiliated companies are essentially a liability from the refinancing of the factoring business GRENKE FINANCE PLC / Irland in the amount of TER 3,470 (previous year: € 1,819 thousand) Cash pool account with FINANCE plc, / Ireland and a liability towards GRENKELEASING AG in € 49 thousand (previous year: TEUR 7). These are all due within three months.”</i></p>
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Figure 60 Grenkefactoring annual report 2010 and translation

⁴⁶ www.linkedin.com/in/i%2C3%BCrgen-illa



Once again, insiders ensure maximum transaction volume is exchanged for goodwill on transactions to related parties. In this case not only did CTP benefit from the acquisition itself, but from interest payments and effectively guaranteed repayment prior to the acquisition.

Grenke Slovenia fka GC Leasing d.o.o (Slovenia)

GC Leasing d.o.o was established on September 17, 2010 by CTP alone with €100k in paid-up capital. 4 years later on August 7, 2014 CTP would grant a 44% interest in the venture to Ernest Plej. According to his LinkedIn profile⁴⁷ and company filings Plej served as managing director of GC Leasing from November 2010 to March 2015. This was his first position at Grenke.

zap. št. deleža:	177916
nov poslovni delež	
pravni temelj:	01 - ustanovitev
osnovni vložek:	100.000,00 EUR
delež v odstotku ali ulomku:	100%
povezava:	ni vpisa
imetniki:	zap. št. družbenika 645581, CTP HANDELS - UND BETEILIGUNGS GMBH
	datum vpisa poslovnega deleža v register: 17.09.2010
	Sig vpisa: 2010/32446
	datum objave vpisa: 17.09.2010

Figure XX GC Leasing d.o.o. ownership registry

On March 5, 2015 Grenke acquired GC Leasing for €5.184m, also consolidating €945k of intra-company debt, presumably from Grenke Finance.

Grenke Kiralama Ltd fka GC Renting Donanimalari Kiralama Limited (Turkey)

According to Turkish business gazettes⁴⁸, GC Renting Donanimalari Kiralama Limited was established on February 17, 2011 with a paid-up capital of TL200k. The equity was split between CTP and Mehmet Aslan: CTP took 95% and Aslan the other 5%.

<p>Madde 6 – Sermaye;</p> <p>Şirket'in sermayesi her biri, 2.000,00 TL değerinde 100,00 paya ayrılmış, 200.000,00 TL'dir. Bunun,</p> <p>95 paya karşılık gelen 190.000,00 TL'si ortaklardan CTP Handels- und Beteiligungs GmbH ve</p> <p>5 paya karşılık gelen 10.000,00 TL'si ortaklardan Mehmet Aslan tarafından, muvazaadan ari şekilde ve tamamen taahhüt edilmiştir.</p> <p>Sermayenin tamamı Şirket'in kuruluşundan itibaren en geç bir ay içerisinde ortaklar tarafından ödenecektir.</p>	<p>Article 6- Capital;</p> <p>The capital of the Company is divided into 100,000 shares, each with a value of 2.000,00 TL for a total value of TL200,000.00.</p> <p>Divided between:</p> <p>CTP Handels- und Beteiligungs GmbH, which is worth 190.000,00 TL for 95 shares,</p> <p>10.000,00 TL corresponding to 5 shares to Mr Mehmet Aslan, one of the partners has been committed, free of collusion.</p> <p>The full capital will be paid by the partners within one month following the establishment of the company.</p>
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Figure 61 GC Renting Donanimalari Kiralama incorporation gazette entry and translation

Aslan was previously General Manager at Grenke Leasing Vienna and served at GC Renting Donanimalari Kiralama until late 2016 according to his LinkedIn profile.

⁴⁷ www.linkedin.com/in/ernest-plej-865aa540

⁴⁸ Türkiye Ticaret Sicili Gazetesi editions: 17 February 2011 no:7754 and 6 July 2011 no:7852



GRENKE Türkiye
General Manager
April 2011 - November 2016 (5 years 8 months)

- Foundation and management of the company

- Development and management of the distribution network
- Integration of the company in the group
- Budget planning
- Credit check + -decision incl. Balance sheet analysis as Country manager -
- Planning + -building new cooperation with producers
- Interface to all departments in the group

GRENKE LEASING AG
General Manager
March 2002 - March 2011 (9 years 1 month)
Vienna

- Management of Sales, Marketing and Back Office
- Budget planning
- Responsible for special offers
- Credit check + -decision incl. Balance sheet analysis as Country manager
- Planning + -building new cooperation with producers

Figure 62 Mehmet Aslan LinkedIn Profile

On March 31, 2016, Grenke AG purchased GC Renting Donanimalari Kiralama for €1.7m in cash. Interestingly, **Grenke’s financials for that year mention a €1.334m loan from a “former shareholder” that was also assumed.**

gible due to the short period of time that the company has been part of the GRENKE Consolidated Group. In connection with the purchase price of EUR 1,700k in cash, loans from a former shareholder to the acquired entity amounting to EUR 1,334k were assumed. The total consideration paid for the business combination amounted to EUR 366k. The cash acquired with the business combination amounted to EUR 1,215k. All costs related to the acquisition were recognised in

Figure 63 Grenke AG annual report 2016

Grenke Finance’s figures for “amounts due from Grenke AG Group Companies” shows a Turkey balance of €11.761m which roughly tallies with the €11.479 “intra group liabilities from refinancing the leasing business”. As such we assume the €1.334m loan to be from CTP as there were no other shareholders apart from Aslan, and we doubt he would be able to front a €1.334m loan. Grenke did not disclose any further details about the “former shareholder” despite both possible contenders meeting the criteria for related parties.

Another link with CTP’s shadow network of Grenke employees is Joanna Bielicka appearing as CTP’s signatory on an amendment in July 2011.

Keyfiyetin tescil ve ilanına, Oy birliği ile karar verilmiştir. Mehmet Aslan İmza T.C. No: 13883320738 Joanna Bielicka İmza CTP Handels-UND Beteiligungs GmbH Vergi No: 2150242903	Registration and announcement of arbitrariness has been decided unanimously, Signed by Mehmet Aslan T. C. No: 13883320738 Signed by Joanna Bielicka CTP Handels-UND Beteiligungs GmbH Tax Number: 2150242903
---	---

Figure 64 GC Renting Donanimalari Kiralama amendment gazette entry and translation

Grenke Hrvatska d.o.o. fka GC Renting Croatia (Croatia)

Grenke Hrvatska is Grenke’s Croatian subsidiary and a former franchise but a quick look at their filings⁴⁹ shows CTP and others in their orbit had a hand in bringing this about. The company was founded on August 29, 2014 by CTP along with Ernest Plej and Zdravo Pilic. This appears to be Pilic’s first interaction with CTP and Grenke; Plej’s stake in GC Leasing d.o.o. was only granted 3 weeks prior.

⁴⁹ Visit <https://sudreg.pravosudje.hr/> and search for “GC Renting Croatia”



Grenke Hrvatska was established with a total paid up capital of HRK800k with CTP putting up HRK548k (68.5%) and Plej and Pilic contributing HRK126k (15.75%) each.

The difference in this particular case is the involvement of two other companies: Pro Gulf FZE and Garuna AG (then called CS Beteiligungs AG). Pro Gulf was added on December 20, 2017 and Garuna at some point prior to December 8, 2016.

Grenke acquired GC Hrvatska d.o.o on March 31, 2018 at which point CTP, Plej, Pilic, Garuna and Pro Gulf were all shareholders. The total payout was €22.461m, with an unstated amount of liabilities eliminated on acquisition.

Grenkeleasing s.r.o. fka GC Leasing Slovensko (Slovakia)

Grenkeleasing s.r.o. is Grenke's Slovakian subsidiary and former franchise, formerly under the name of GC Leasing Slovensko. A search of the Slovakian business registry quickly shows CTP's work here. Grenkeleasing s.r.o. was incorporated on January 10, 2008 by Soft-Line AG and CTP with €100k in paid up capital; CTP contributing 99% and Soft-Line contributing the remainder. On August 20, 2011, both parties increased their capital twofold and four months later, Soft-Line appears to sell its stake to Marian Hitka. CTP either sold or granted Hitka an additional 4% of the company. Hitka, according to his LinkedIn profile, has been the managing director of Grenkeleasing s.r.o. since its inception.

Contribution of each member:		
	GRENKELEASING AG	(from: 07/05/2013 until: 07/31/2016)
	GRENKE AG	(from: 08/01/2016)
	Amount of investment: 200 000 EUR Paid up: 200 000 EUR	
	CTP Handels - und Beteiligungs GmbH	(from: 01/10/2008 until: 02/23/2009)
	CTP Handels - und Beteiligungs GmbH	(from: 02/24/2009 until: 08/19/2011)
	Amount of investment: 99 000 EUR Paid up: 99 000 EUR	
	SOFT - LINE AKTIENGESELLSCHAFT	(from: 01/10/2008 until: 08/19/2011)
	Amount of investment: 1 000 EUR Paid up: 1 000 EUR	
	CTP Handels - und Beteiligungs GmbH	(from: 08/20/2011 until: 12/15/2011)
	Amount of investment: 198 000 EUR Paid up: 198 000 EUR	
	SOFT - LINE AKTIENGESELLSCHAFT	(from: 08/20/2011 until: 12/15/2011)
	Amount of investment: 2 000 EUR Paid up: 2 000 EUR	
	CTP Handels - und Beteiligungs GmbH	(from: 12/16/2011 until: 07/04/2013)
	Amount of investment: 190 000 EUR Paid up: 190 000 EUR	
	Ing. Marián Hitka	(from: 12/16/2011 until: 07/04/2013)
	Amount of investment: 10 000 EUR Paid up: 10 000 EUR	

Figure 65 Grenkeleasing s.r.o. Business Registry Extract⁵⁰

Marian H.
CEO at GRENKELEASING Slovakia

Summary
Experienced Managing Director with a demonstrated history of working in the financial services industry. Strong business development professional skilled in Negotiation, Sales, Account Management, Mergers & Acquisitions, and Start-ups.

Experience

GRENKELEASING Slovakia
Managing Director
January 2008 - Present (12 years 7 months)
Slovak Republic

Figure 66 Marian Hitka LinkedIn Profile

At this point the structure of Grenkeleasing s.r.o. was very similar to other pre-acquisition franchisees: a minority stake held by an employee and the majority held by CTP. On June 24, 2013 Grenke AG acquired Grenkeleasing s.r.o. for €650k and eliminated €5.025m in intra-company liabilities as part of its consolidation.

⁵⁰ Visit <http://www.orrsr.sk/> and search for "Grenkeleasing" as a business name



Grenkefactoring AG (Switzerland)

Not to be confused with Grenkefactoring GmbH, Grenkefactoring AG is the Swiss franchise acquired by Grenke in 2014. The first available filing for Grenkefactoring AG shows paid-up capital of CHF150,000 and lists the board of directors as Joanna Bielicka, Frank Ziegler, Oliver Gasser and Martin Wepfer. Wepfer is a partner at swiss law firm Mathys Schmid Partners and Ziegler has previously served as sales director at Grenkeleasing AG according to his LinkedIn profile.

gene Personen: Bielicka, Joanna, polnische Staatsangehörige, in Wien (AT), Präsidentin des Verwaltungsrates, mit Kollektivunterschrift zu zweien; Ziegler, Frank, deutscher Staatsangehöriger, in Bühl bei Baden-Baden (DE), Mitglied des Verwaltungsrates, mit Einzelunterschrift; Gasser, Oliver, von Belp, in Muttenz, mit Kollektivunterschrift zu zweien; Wepfer, Martin, von Oberstammheim, in Riehen, mit Kollektivunterschrift zu zweien; Online Treuhand AG (CH-170.3.016.912-3), in Reinach BL, Revisionsstelle.

“...registration: Bielicka, Joanna, Polish citizens, in Vienna (AT), President of the Board of Directors, with a collective signature of two; Ziegler, Frank, German citizen, in Bühl near Baden-Baden (DE), member of the Board of Directors, with individual signature; Gasser, Oliver, von Belp, in Muttenz, with a collective signature of two; Wepfer, Martin, from Oberstammheim, in Riehen...”

Figure 67 Grenkefactoring AG Incorporation documents

On August 20, 2010 Joanna Bielicka was removed as a director and Wolfgang Grenke and Mark-Antonius Kindermann were added as directors. Kindermann at the time was a sitting member on Grenke’s board of directors. In the disclosure of his other directorships for the year, Kindermann’s directorship of Grenkefactoring AG was not disclosed.

Mr Mark Kindermann is also the Board of Directors of GRENKE LIMITED, Dublin/Ireland and GRENKE SERVICE AG, Baden-Baden. In addition, he is on the Supervisory Board of GRENKELEASING AG, Vienna/Austria, GRENKELEASING AB, Stockholm/Sweden, Grenkefinance N.V., Vianen/Netherlands and GRENKE BANK AG, Baden-Baden.

Figure 68 Grenke Annual Report 2010, not pictured: Grenkefactoring AG

On June 15, 2014, Grenkefactoring was acquired by Grenke AG for €3.919m in cash and eliminated €5.732m in intra company liabilities. Unlike most other acquired subsidiaries, Grenkefactoring was actually profitable on acquisition, but this does not diminish the fact that again, insiders profited from selling an entity they already controlled to Grenke.

GC Locacao de Equipamentos (Brazil)

GC Locacao de Equipamentos is a former Grenke franchise based in Sao Paulo, Brazil and acquired by Grenke on June 30, 2017. GC Locacao is one of only two franchises to retain their “GC-” name post-acquisition, the other being GC Middle East FZCO

The first mention of GC Locacao de Equipamentos and CTP is in the Sao Paulo business gazette which shows on October 14, 2011 CTP and Sergio Nunes invested €198,578 and €10,442 respectively, which prior had no subscribed capital. This gave CTP a roughly 95% share with Nunes the remaining 5%.

NIRE - 35225862581 - N. DA ALTERAÇÃO: 23757/12-7 - GC LOCACAO DE EQUIPAMENTOS LTDA. - ALTERAÇÃO DE CLAUSULA 4: INTEGRALIZAÇÃO D UTILIZAÇÃO DE RECURSOS DE FUNDOS DO EXTERIOR EFETUADA PELA SOCIA CTP HAND NO VALOR TOTAL DE EUR 198.578,60 (CENTO E NOVENTA E OITO MIL, QUINHENTOS E SETENTA E OITO EUROS E SESSENTA CENTAVOS DE EUROS) EQUIVALENTE A R\$75.000,00 CONFORME CONTRATO DE CAMBIO E PELO SOCIO SERGIO PAULO NETTO NUNES, NO VALOR DE EUR 10.442,77 (DEZ MIL, QUATROCENTOS E QUARENTA E DOIS EUROS E SETENTA E SETE CENTAVOS DE EUROS) EQUIVALENTE A R\$5.000,00 C N100631714, DE 28/10/2011, SENDO O CAPITAL SUBSCRITO NO VALOR DE R\$00.000,00

“An overseas investment made by the society CTP Handels-und Beteiligungs in the amount of €198,578.60 equivalent to AR75,000.00 according to the foreign exchange agreement... and by Sergio Nunes in the amount of €10,442.77 equivalent to AR5,000.00...”

Figure 69 Sao Paulo business gazette dated March 27, 2012 and select translation⁵¹

Nunes had previously worked as managing director at Grenke Portugal from January 2008 to October 2012 according to his LinkedIn profile⁵². He also states he served as managing director at Grenke Brazil from October 2011, which fits the timeline of events so far.

⁵¹ <http://www.radaroficial.com.br/d/668835>

⁵² www.linkedin.com/in/sergiopnunes



Thanks to an unlisted video posted by Grenke Account manager W. Tadeu Gardenghi, we can see that other Grenke staff were working at GC Locacao prior to its acquisition. Gardenghi himself⁵³, Sergio Nunes and Jose Capitaio, who lists his employment at Grenke Portugal prior to his stint at Grenke Brazil.

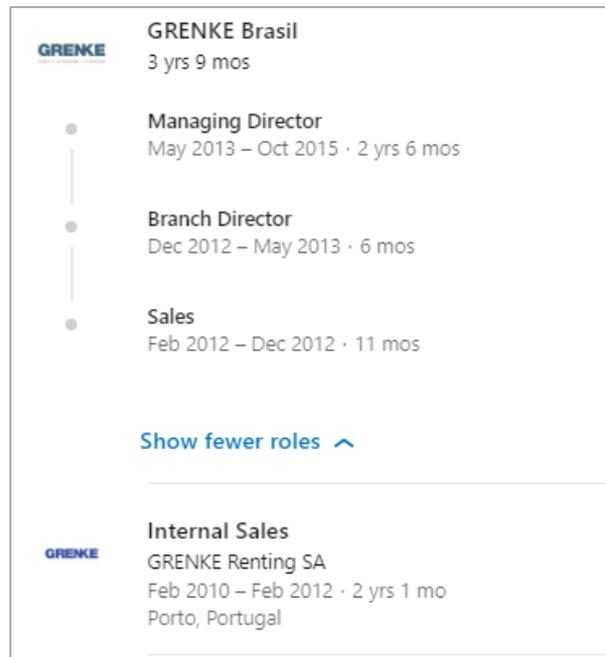


Figure 70 Jose Capitaio LinkedIn profile⁵⁴

Now, it won't matter – [mumble] – Our success has pillars. The People, Marketplace, Culture – which comes from Jose Capitaio, do Sergio Nunes who is our Director here in Sao Paulo – who brought this culture here from Portugal – that built our team here in Sao Paulo.

Figure 71 Translated transcript of Grenke Brazil presentation

The video also shows that GC Locacao started operating on January 2, 2012 and makes no mention whatsoever of this operation being a franchise of the main Grenke business. This would be the case until June 30, 2017 when Grenke acquired GC Locacao for €660k in cash and €659k in contingent consideration. Intra company liabilities of €4.205m were eliminated on consolidation.

Grenkeleasing Oy (Finland)

Grenkeleasing Oy was a Finnish Grenke subsidiary acquired by Grenke AG in on June 24, 2013 for €5.184m eliminating €945k of intra-company liabilities. The company itself was registered more than 5 years earlier, on January 25, 2008⁵⁵. Minutes from shareholder meeting dated July 2010 show that CTP was the sole shareholder of the company, represented by Joanna Bielicka.

⁵³ www.linkedin.com/in/w-tadeu-gardenghi-77457525

⁵⁴ www.linkedin.com/in/joseaugustocapitaio

⁵⁵ Visit <https://virre.prh.fi/novus/home?execution=e5s1> and search for "Grenkeleasing"



Shareholder Resolution
1/2010 (Ordinary Shareholder Meeting)

CTP Handels- und Beteiligungs GmbH, Vienna, acting as the only shareholder of the Company, hereby resolves the following by unanimous shareholder decision without holding a formal shareholder assembly:

1.

The financial statement of the Company as attached as Enclosure 1, including the balance sheet, the profit and loss account, attached information, and the auditing note, is hereby adopted and approved.

2.

It is noted that the financial statement shows a loss and a negative equity capital. Therefore, there are no funds to be distributed.

3.

The members of the board of directors are discharged from liability for the financial year ending 31 December 2009.

14 July 2010
CTP Handels- und Beteiligungs GmbH

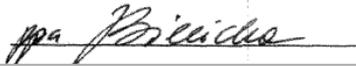


Figure 72 Grenkeleasing Oy Annual Report 2009

Another set of minutes from August 10, 2011 shows CTP retaining full control.

The sign-offs for its last year under CTP's control were by Managing Director Teemu Simola and Board Member Thomas Konprecht. Note that this was after Konprecht had resigned from Grenke AG's board of directors.

Vantaa 15/6 2012



Teemu Simola
Toimitusjohtaja



Thomas Konprecht
Hallituksen jäsen

Teemu Simola
Managing Director

Thomas Konprecht
Member of the board

Figure 73 Grenkeleasing Oy Annual Report 2010

Once more there was no mention of the related party nature of the purchase of the franchise from CTP.

GC Renting Malta (Malta)

GC Renting Malta was a Maltese Grenke franchise acquired on March 31, 2017 for €5.346m (liabilities eliminated on consolidation were undisclosed). Due to Malta being a secrecy haven, information on GC Renting Malta is fairly thin on the ground, however it does appear in the ICIJ offshore leaks database.

According to the ICIJ database, GC Renting Malta was incorporated on August 17, 2012 and its shareholder as of 2016 is CTP. The ICIJ's Malta corporate registry data is only current through 2016, so we can take the diagram below to be a snapshot of the company prior to its acquisition by Grenke.

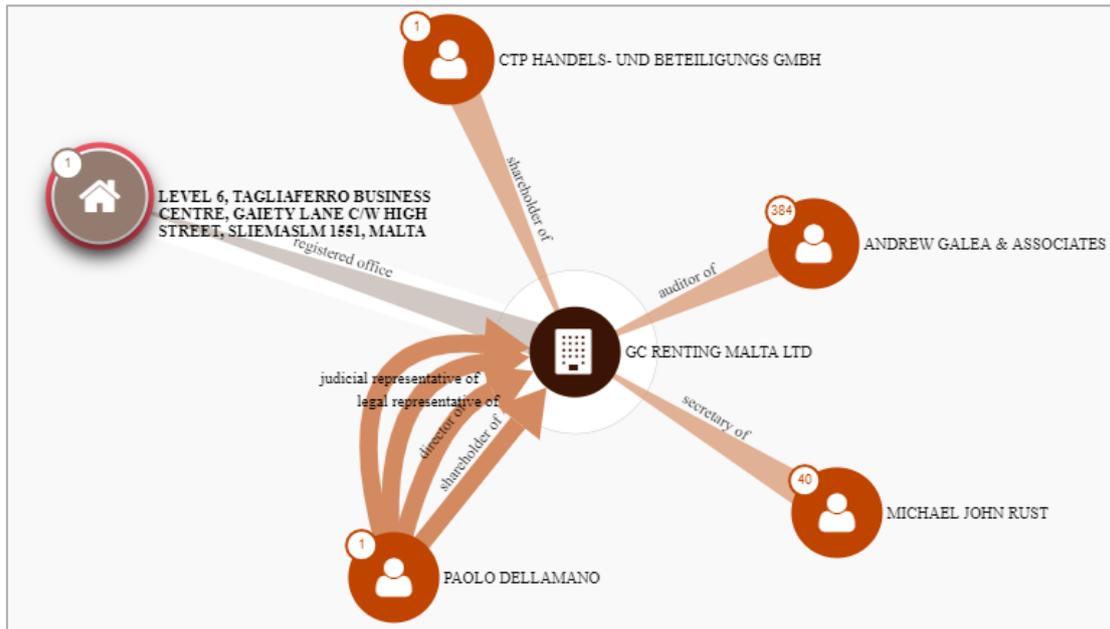


Figure 74 GC Renting Malta Ltd profile – ICIJ Offshore Leaks Database⁵⁶

A very positive piece in the Times of Malta published in early 2015 confirm the company’s managing director to be Paolo Dellamano, formerly of Grenke’s Italian operations. Dellamano’s LinkedIn⁵⁷ states he was working at Grenkeleasing Srl in Milan, Italy from April 2010 to the present day. The article goes on to state (incorrectly) that Grenke Group was a co-investor in the Maltese operation.

GC Renting’s managing director, Paolo Dellamano, was in Malta a decade ago on holiday and, as so many do, fell in love with the island. The long-term Grenke in Italy employee eventually found the perfect reason to return: he could see that the island’s service economy was thriving and the Grenke model would fit in perfectly.

Mr Dellamano invested in GC Renting, along with the Grenke Group, setting up offices in

Figure 75 “Keeping cash flow alive: the case for renting” – Times of Malta February 12, 2015⁵⁸

Grenke Finance shows that the Maltese office did a roaring trade, with the company reporting €7.7238m in lease receivables due in 2016. We believe the ultimate beneficiary of all this activity to be CTP, who were again an undisclosed related party in the acquisition.

⁵⁶ <https://offshoreleaks.icij.org/nodes/55052538>

⁵⁷ www.linkedin.com/in/paolo-dellamano-a3b58013

⁵⁸ <https://timesofmalta.com/articles/view/Keeping-cash-flow-alive-the-case-for-renting.555786>

Schedule 2 Who's Next

GC Factoring Limited (UK)

GC Factoring was incorporated on December 19, 2012 with James Williamson as sole managing director and CTP as the sole shareholder. Williamson's LinkedIn profile shows him working at Grenke UK as a "branch manager" until December 2012. At this time, the only disclosed UK Grenke operation was Grenke Leasing Ltd.

COMPANY HAVING A SHARE CAPITAL	
MEMORANDUM OF ASSOCIATION	
OF	
GC FACTORING LIMITED	
Each subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of the Company and to take at least one share.	
Name of each subscriber	Authentication by each subscriber
CTP Handels- und Beteiligungs GmbH	
Dated 19/12/2012	

Figure 76 GC Factoring Limited Memorandum of Association

As we have seen at other Grenke franchisees, CTP provided financial support to GC Factoring in the form of debt. The last year for which the exact amount of said debt is disclosed is 2016 when GC Factoring disclosed a related party debt of £736,788. The company also disclosed a guarantee of £4m from Deutsche Bank signed by Grenke Leasing AG. There appear to be no payables to Grenke Finance.

<p>21. RELATED PARTY TRANSACTIONS</p> <p>Transactions with group companies include ...</p> <p>During the year CTP Handels-Und Beteiligungs GmbH provided loans to the company. Interest charged to the company during the year amounted to £54,158 (2015 - £37,662).</p> <p>The balance due to CTP Handels-Und Beteiligungs at the year end is £736,788 (2015 - £492,560) is included within 'amounts owed to group companies' in creditors due within one year.</p> <p>A promissory loan note in the amount of £2,000,000 is jointly guaranteed between Grenke AG, Baden-Baden and GC Factoring UK Limited. Grenke AG, Baden-Baden is a fellow group company.</p> <p>Key management includes the Board (executive and non executive), and all members of the company management. The compensation paid or payable to key management for employee services, including other short term benefits, was £68,604 (2015 - £70,000).</p>
<p>10. CONNECTED COMPANY GUARANTEE</p> <p>Deutsche Bank hold a guarantee in the amount of £4,000,000 signed by GRENKE Leasing AG.</p>

Figures 77 & 78 GC Factoring Annual Report 2016

The last available figures from GC Factoring do not disclose the amount owed to CTP but does disclose a £2m letter of support from CTP and its bankers.

<p>GOING CONCERN</p> <p>The financial statements have been prepared on the going concern basis notwithstanding net liabilities of £2,044,550. The director believes it is appropriate to apply the going concern basis as the company can rely on working capital support from funds provided to it by a related party CTP Handels-und Beteiligungs GmbH and its bankers.</p> <p>CTP Handels-und Beteiligungs GmbH has confirmed it will continue to make available funds for at least 12 months from the date of approval of the financial statements. The letter of support is limited to £2,000,000.</p>
--

Figure 79 GC Factoring Annual Report 2018



It also looks like CTP has brought friends to the party as well, with a confirmation statement dated December 5, 2017 showing that Garuna AG, Pro Gulf FZE and Williamson all having shares in GC Factoring.

Shareholding 1:	280 ORDINARY shares held as at the date of this confirmation statement
Name:	CTP HANDELS- UND BETEILIGUNGS GMBH
Shareholding 2:	420 ORDINARY shares held as at the date of this confirmation statement
Name:	JAMES WILLIAMSON
Shareholding 3:	200 ORDINARY shares held as at the date of this confirmation statement
Name:	PRO GULF FZE
Shareholding 4:	100 ORDINARY shares held as at the date of this confirmation statement
Name:	GARUNA AG

Figure 80 GC Factoring Limited Confirmation Statement dated December 5, 2017

We await Grenke’s announcement that it has acquired GC Factoring although the publication of this report may make them think twice.

GC Faktoring Polska

GC Factoring Polska was incorporated on October 17, 2016⁵⁹ with a paid-up capital of ZL308k (€71.24k) split between (CTP 85.72%) and Michal Kotlarek (14.28%). CTP was once again represented by Joanna Bielicka. Garuna and Pro Gulf are also represented in the list of associates in their 2017 activity report.

<p>The following took part in the Ordinary Shareholders’ Meeting:</p> <p>1) MICHAŁ ŁUKASZ KOTLAREK, PESEL number: 79070310618, holding 100 (one hundred) shares with a total nominal value of 44,000 PLN.</p> <p>2) CTP HANDELS- UND BETEILIGUNGS GMBH, a company incorporated under Austrian law entered into the company register under number: FN 223986 t (register authority: Commercial Court in Vienna), with its registered seat in: 1010 VIENNA, Marc-Aurel-Straße 5/6, with 600 (six hundred) shares with a total nominal value of 264,000 PLN, represented by the proxy Joanna Bielicka.</p>	<p>DANE IDENTYFIKACYJNE PODMIOTU</p> <p>Firma: GC Faktoring Polska sp. z o.o. Forma prawna: spółka z ograniczoną odpowiedzialnością Siedziba: Poznań Adres: ul. Baraniaka 88C, 61-131 Rejestr Sądowy: Sąd Rejonowy Poznań – Nowe Miasto i Wilda w Poznaniu, VIII Wydział Gospodarczy Krajowego Rejestru Sądowego Numer KRS: 0000642184 Data wpisu: 17.10.2016. NIP: 777-32-70-550 REGON: 365648557 Podstawowy przedmiot działalności: Faktoring Kapitał Zakładowy: 440.000 zł. Wspólnicy: <ul style="list-style-type: none"> • Michał Łukasz Kotlarek, • CTP Handels- und Beteteiligungs GmbH, • Garuna AG, • Pro Gulf FZE. </p>
---	---

Figures 81 & 82 GC Faktoring Polska Shareholder Meeting Minutes and 2017 Activity Report, respectively

While Garuna and Pro Gulf are listed as associates, they don’t seem to hold any shares until a shareholders meeting dated June 19, 2019, when Garuna and Pro Gulf were issued 100 and 200 shares, respectively. Pro Gulf was represented by Bielicka, while Garuna was represented by Kotlarek.

<p>PRO GULF FZE, a company incorporated under the laws of United Arab Emirates entered into the company register under licence number RAKIA 74 FZ3 05 15 7790 (register authority: Government of Ras Al Khaimah), with its registered seat in Business Center RAKEZ, Ras Al Khaimah, United Arab Emirates, with 200 (two hundred) shares with a total nominal value of 88.000 PLN, represented by Joanna Bielicka on the basis of a power of attorney granted on June 9, 2019,</p>	<p>GARUNA AG, a company incorporated under the laws of Switzerland entered into the company register under number CHE-463.750.379 (register authority: Commercial Register of Canton Zürich) with its registered seat in: 8704 Herrliberg, Geissbuelstrasse 18, with 100 (one hundred) shares with a total nominal value of 44.000 PLN, represented by Michał Kotlarek on the basis of a power of attorney granted on June 17, 20</p>
---	--

Figures 83 & 84 GC Faktoring Polska Shareholder Meeting Minutes dated June 19, 2019

GC Faktoring appears to outwardly operate as part of the Grenke business: an employee review on Google states her responsibilities include debt collection and her employer as GC Faktoring Polska. Despite this her LinkedIn profile identifies her employer as Grenke Factoring.

⁵⁹ Visit https://ekrs.ms.gov.pl/rdf/pd/search_df and search for “0000642184” as the KRS Number



★★★★★ 6 months ago

(Translated by Google) I have been working for GC Faktoring Polska for over a year. I am involved in debt collection. I value the friendly atmosphere in the company. I can always count on help from both the management and colleagues. The work takes place from Mon-Fri between 8-16. The salary always punctually affects the account. My responsibilities are clearly defined. The employer finances, among others, English lessons. He is open to new solutions, he can listen. Appreciates employees and treats them humanly. It is a nice change in relation to the approach that can be found working in a corporation. There is never a shortage of coffee, tea, etc. in the office. At the moment I can't imagine working elsewhere.

(Original)
W GC Faktoring Polska pracuję od ponad roku. Zajmuję się windykacją należności. Cenię sobie przyjazną atmosferę panującą w firmie. Zawsze mogę liczyć na pomoc ze strony zarówno kadry zarządzającej jak i współpracowników. Praca odbywa się od pon-pt w godzinach 8-16. Wynagrodzenie zawsze punktualnie wpływa na konto. Moje obowiązki są jasno określone. Pracodawca finansuje między innymi lekcje języka angielskiego. Jest otwarty na nowe rozwiązania, potrafi słuchać. Docenia pracowników i traktuje ich po ludzku. Jest to miła odmiana w stosunku do podejścia jakie można zastać pracując w korporacji. W biurze nigdy nie brakuje kawy, herbaty, itd. Na ten moment nie wyobrażam sobie pracy w innym miejscu.

Like

Doświadczenie

GRENKE Factoring
Specjalista ds. windykacji należności
październik 2018 - Present (1 rok 10 mies.)
Poznań, woj. wielkopolskie, Polska

Figures 85 & 86 Monika Dyba Google Review of GC Faktoring Polska and LinkedIn Profile

GC Leasing Norway AS

GC Leasing Norway AS is a Norwegian Grenke franchise incorporated on November 5, 2005. Perhaps as a function of its early creation, it diverges from the pattern established by other Grenke franchises. Firstly it doesn't appear on the Grenke's list of franchises it holds no stake in despite never having been a shareholder. Secondly, it was apparently not majority-held by CTP during its inception with a company called "Smallticket Finance AS" owning 75% of the franchise until 2010.

Note 7 - Aksjonærinformasjon

Aksjonærene i selskapet pr 31.12.2010 var:

	Aksjer	Andel	
CTP Handel- und Beteiligungs GmbH	1 222 200	25 %	A-aksjer
SmallTicket Finance AS	3 647 000	75 %	B-aksjer
Sum antall aksjer	4 869 200	100 %	

Selskapet har to aksjeklasser, A- og B-aksjer. Stemmeretten er knyttet til A-aksjene.

Figure 87 GC Leasing Norway Annual Report 2010

GC Leasing Norway's earliest financials show the connection between Smallticket and Grenke. The 2006 board of directors included Rune Syversen and Jens Rugset who were shown to be a board member and chairman of Smallticket in a prospectus for another one of their ventures.

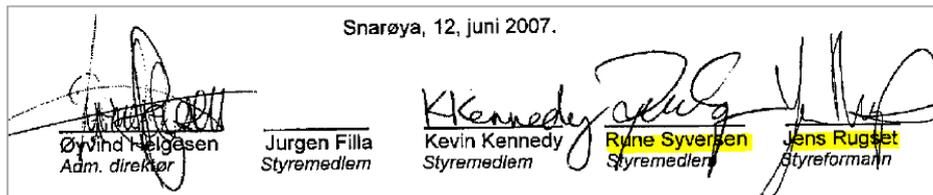


Figure 88 GC Leasing Norway Annual Report 2007

declared bankrupt in 2013, and currently is under bankruptcy proceedings. Further, Jens Rugseth and Rune Syversen was the chairman and a board member, respectively, in SmallTicket Finance AS, a company which was declared bankrupt in 2011 (at the time of the bankruptcy, Mr. Rugseth had stepped down from the position as chairman of the company). Other than this, none of the Board Members or a member of Management has, or had, as applicable,

Figure 89 Link Mobility Prospectus⁶⁰

Jurgen Filla is also listed as a director of GC Leasing Norway, which would coincide with his involvement at Grenkefaktoring GmbH detailed above. Smallticket Finance declared bankruptcy in 2011 and CTP took full ownership of GC Leasing Norway.

⁶⁰ https://www.swedbank.no/idc/groups/public/@i/@sbg/@ib/documents/presentation/cid_1277881.pdf



In 2016, Kenny Huy Nguyen was declared as a 12% shareholder. According to Nguyen’s LinkedIn profile he served as Managing Director of GC Leasing Norway in August 2015 after serving as an Account Manager at Grenke Hamburg.

Experience	
GRENKE	Managing Director GRENKE Branch Norway · Full-time Aug 2015 – Present · 5 yrs 1 mo Norwegen
GRENKE	GRENKE AG 7 yrs 4 mos
	Account Manager Full-time Oct 2010 – Jul 2015 · 4 yrs 10 mos Hamburg und Umgebung, Deutschland
	Sales Manager (Front-Office) Full-time Apr 2008 – Oct 2010 · 2 yrs 7 mos Hamburg und Umgebung, Deutschland

Figure 90 Kenny Huy Nguyen LinkedIn profile⁶¹

One year later, Garuna and Pro Gulf would also join the shareholders list, with Nguyen’s share moving up to 42%. This shareholding pattern continued through to the last available filings for 2019.

Eierstruktur			
De største aksjonærene i % pr. 31.12 var:			
	A-aksjer	Eierandel	Stemmeandel
Kenny Huy Nguyen	420 000	42,0	42,0
CTP Handel- und Beteiligungs GmbH	280 000	28,0	28,0
Pro Gulf FZE	200 000	20,0	20,0
Garuna AG	100 000	10,0	10,0
Totalt antall aksjer	1 000 000	100,0	100,0

Figure 91 GC Leasing Norway Annual Report 2019

GC Leasing Norway also appears to be almost entirely funded by CTP at 8.5% interest per annum – eye-watering considering comparable demographics and definitely not “arms’ length”. Another difference between GC Leasing Norway and other franchises is that it appears to actually be profitable.

Gjeld	2019	2018
Langsiktig gjeld til CTP Handel- und Beteiligungs GmbH	4 482 389	6 194 681
Annen kortsiktig gjeld konsern	412 099	584 792
Sum	4 894 488	6 779 473

Det beregnes renter på lånet fra CTP med rentesats på 8,5 % og har påløpt kr 525 992 per 31.12.2019.

Figure 92 GC Leasing Norway Annual Report 2019

GC Credit Bail Quebec

GC Credit-Bail was incorporated on April 9, 2013 in Quebec and also goes by the name Grenke Franchise as of 2016. According to its profile on the enterprises registry, its shareholders are Fabrice Carpanen, Pro Gulf and CTP. Furthermore, the registry specifically notes that “the first shareholder (Carpanen) is not the majority shareholder”. This leaves CTP or Pro Gulf as the major shareholder.

⁶¹ www.linkedin.com/in/kenny-huy-nguyen-113a578a



Actionnaires	
Premier actionnaire Le premier actionnaire n'est pas majoritaire.	
Nom de famille	CARPANEN
Prénom	FABRICE
Adresse	280-4605 BLVD Lapinière Brossard Québec J4Z3T5 Canada
Deuxième actionnaire	
Nom	CTP Handels- und Beteiligungs GmbH
Adresse	Marc-Aurel-Strasse 5/6 1010 Vienna Austria
Troisième actionnaire	
Nom	PRO GULF FZE
Adresse	P.O. Box 413976 Al-Jazeera Al-Hamra, Ras Al Khaimah United Arab Emirates

Figure 93 GC Credit Bail Quebec Company Information⁶²

Carpanen is a Grenke employee and his LinkedIn shows he previously worked as a managing director responsible for large accounts at Grenke Location SAS in Lyon, France. His employment at GC Credit Bail started on May 2013, a month after its creation.

Managing Director
GRENKE - GC Crédit-Bail Québec Inc et GC Leasing Ontario Inc.
May 2013 – Present · 7 yrs 3 mos
Montréal

Le groupe Allemand GRENKE développe son savoir-faire dans le financement des technologies de l'information et de la communication depuis sa création en 1978.

Présent dans 32 pays à travers le monde (Europe, Canada, Brésil, Chili, Australie ...), nous offrons une solution simple de location crédit-bail aux petites et moyennes entreprises souhaitant s'équiper en TI.

Notre engagement est d'apporter de la réactivité et du service à nos partenaires revendeurs...[see more](#)



GRENKE. Success unlimited.

Directeur Agence et Responsable Grands Comptes
GRENKE LOCATION SAS
Apr 2002 – May 2013 · 11 yrs 2 mos
Lyon, Rhône-Alpes

Grenke Location SAS, filiale française du Groupe Grenkeleasing AG, est spécialisé dans le financement NTIC dans la small&medium ticket. www.grenke.fr

Gestion d'un centre de profits - 8 personnes [...see more](#)

Figure 94 Fabrice Carpanen LinkedIn Profile

GF Faktor Zrt

GF Faktor Zrt is a Grenke franchise incorporated on November 16, 2012 operating in Budapest, Hungary. Curiously, GF Faktor Zrt is wholly owned by CTP at the time of writing and its joint senior representatives are Joanna Bielicka, Thomas Konprecht and Zsombor Baltay.

⁶² Visit <https://www.ic.gc.ca/app/scr/cc/CorporationsCanada/fdrlCrpSrch.html> and search for "GC Credit Bail"



II. Company type dependent data

First Details of shareholder (s)

1/4. CTP Handels- und Beteiligungs GmbH
AT-1010 Vienna, Marc-Aurel Straße 5/6.
In case of a foreign company or organization, the registration number: FN 223986 t
In the case of a foreign company or organization, the registration authority: Amtsgericht Wien
Delivery agent: Bnt Szolgáltató Korlátolt Felelősségű Társaság
1143 Budapest, Stefánia út 101-103.

Company registration number: 01-09-865946

The degree of voting rights provides for a qualified majority influence.

Start of membership status: 10/24/2012

Date of change: 04/13/2017

Date of entry: 05/17/2017 Published: 19/05/2017

Valid: 04/13/2017 ...

Figure 95GF Faktor Company Information⁶³

We suspect Bielicka and Konprecht used their residential addresses for this company's filings, as Konprecht's Dusseldorf address is completely blurred out on Google Streetview.



Figure 96 Google Streetview of Bockumer Str 255 Dusseldorf DE 40489

GF Faktor's operations appear to be managed by Zsombor Baltay based on his inclusion as a senior representative and his representation of himself as GF Faktor's CEO on his LinkedIn profile.



Figure 97 Zsombor Baltay LinkedIn Profile

GC Rent Chile

GC Rent Chile was incorporated on January 31, 2014 with a subscribed capital of CLP75m (€98.667k). The contributors were CTP with 57% of shares and Paulo Cesar da Gama Gomes Alves with 43% of shares. On his LinkedIn Alves lists his employment at Grenke Chile and previously held a position at Grenke Renting SA for 5 and a half years.

⁶³ Visit <https://www.e-cegjegyzek.hu/?cegkereses> and search for GC Faktor



GRENKE **Managing Director**
 GRENKE Chile
 Sep 2014 – Present · 5 yrs 11 mos
 Santiago de Chile

GRENKE **Grenke Renting S.A.**
 5 yrs 7 mos

- Branch Director**
 Feb 2011 – Aug 2014 · 3 yrs 7 mos
- Area Manager**
 Feb 2009 – Feb 2011 · 2 yrs 1 mo

Figure 98 Paulo Alves LinkedIn Profile⁶⁴

Garuna and Pro Gulf also make an appearance later in the story: on July 9, 2018 the shareholders of the company are listed as Alves, CTP, Garuna and Pro Gulf as of May 11, 2018.

<p>de GC Rent Chile SpA, consta que al 11 de mayo de 2018 y a la fecha los actuales y únicos accionistas de dicha sociedad son el señor Paulo Alves, CTP Handels-Und Beteiligungs GmbH, Garuna AG y PRO GULF FZE, Santiago, 27 de junio de 2018.- Hay firma electrónica.- Se anotó al</p>	<p><i>“It is confirmed that as of May 11, 2018 and to date, the current and only shareholders of said company are Mr. Paula Alves, CTP Handels-Und Beteiligungs GmbH, Garuna AG and Pro Gulf FZE”</i></p>
---	---

Figure 99 Modificación de GC Rent Chile SpA dated July 9, 2018

No financial information is available for GC Rent Chile either on the relevant business register or on any Grenke Finance filings.

GC Leasing Melbourne and GC Leasing Sydney

We can analyze these two franchises simultaneously as they are almost identical. Both were established on October 7, 2016 with two directors and AUD150,000 in paid-in capital. This capital was split in the following manner⁶⁵:

- Pro Gulf FZE 30,000 shares (20%)
- Garuna AG 15,000 shares (10%)
- CTP Handels- und Beteiligungs GmbH 42,000 shares (28%)
- Insider directors: for Melbourne, Julian Haub and for Sydney, Victor Ferreira (42%)

Haub is formerly of Grenkeleasing AG in Munich and Ferreira is formerly of Grenke Renting SA in Portugal.

GRENKE **Managing Director** **GRENKE Melbourne**
 GRENKE Australia
 Mar 2017 – Present · 3 yrs 6 mos
 Level 5, 420 St. Kilda Road, Melbourne VIC 3004
 Financing your business since 1978. GRENKE - the award winning IT Leasing specialist.

At GRENKE we have over 40 years experience building successful reseller partnerships in the ICT industry. We provide reliable leasing services tailored to the specific requirements and opportunities of all sectors.

Our success comes from having a detailed understanding of our partners' businesses and how we can provide customers with a simplified means of financing their next purchase. GRENKE ...see more

GRENKE **GRENKELEASING AG**
 8 yrs 8 mos

- Head of Direct Sales / Key Account Manager EMEA**
 Jan 2011 – Feb 2017 · 6 yrs 2 mos
 Munich Area, Germany
- Account-Manager Direct Sales**
 Jul 2008 – Jan 2011 · 2 yrs 7 mos
 München

GRENKE **Managing Director**
 GRENKE Australia
 Mar 2017 – Present · 3 yrs 6 mos
 Sydney

GRENKE **GRENKE Renting S.A.**
 8 yrs 10 mos

- Sales Director**
 Apr 2012 – Mar 2017 · 5 yrs
 Portugal
- Branch Director**
 Jun 2010 – Oct 2012 · 2 yrs 5 mos

[Show 1 more role](#) ▾

⁶⁴ <https://www.linkedin.com/in/pauloalves1/>

⁶⁵ ASIC Filings for GC Leasing Melbourne and GC Leasing Sydney



Figures 100 & 101 Julian Haub LinkedIn Profile and Victor Ferreira LinkedIn Profile

These businesses have been operating in Australia for years but seem to have started in 2017 and taken off in 2018 based on Grenke Finance’s disclosure of “amounts due from Grenke AG Group Franchisees”. This timing coincides with the timeline of the Australian Viewble scam, where we can see a massive uptick in Australian revenues attributed to the scam over those years.

Amounts due from GRENKE AG Group franchisees	2018	Restated 2017	Restated 1 January 2017
	€	€	€
Canada	31,855,306	19,448,786	10,038,655
Croatia	-	10,324,310	538,626
Dubai	-	19,718,600	17,357,672
Ireland	6,953,258	3,070,473	1,088,670
Singapore	15,730,015	5,368,968	2,194,682
United Kingdom	6,007	4,012	2,010
Poland	5,187	480,649	-
Australia	17,976,166	1,445,460	-
Latvia	50,097	-	-
	<u>72,576,036</u>	<u>59,861,258</u>	<u>31,220,315</u>

Figure 102 Grenke Finance Annual Report 2018⁶⁶

Grenke’s entire Australian presence consists of these two entities, which are both insider controlled and benefit from the ABCP program at Grenke Finance. Effectively this is a completely risk-free business for CTP, Garuna, Pro Gulf and the directors.

GC Financial Solutions

GC Financial Solutions is a different beast from other franchises described above. In this case we believe its purpose is to give Grenke plausible deniability from the scams we covered above. The company was the broker for Grenke loans in the UK Viewble media scam and we were informed GC Financial Solutions were the ones “playing hardball” with retailers in their legal dispute.

GC Financial Solutions is controlled by a former and current Grenke employee. Its sole shareholder is Stephen Lewis Nesbitt whose LinkedIn profile shows him to currently be a Managing Director at Grenke Northern Ireland. He erroneously lists his employer for his time at GC Financial Solutions to be GL Connect, a name that does not appear on the companies register.

⁶⁶ The 2017 restatement is insignificant



Managing Director
GRENKE Agency NI
Jul 2017 – Present · 3 yrs 2 mos
About us

GRENKE is a financing specialist in small-ticket IT leasing with 35 years of experience. The international group of companies focuses on the needs of small and medium-sized enterprises.

It is important that our dealers and customers receive the best personal service local to them. GRENKE has been there for its customers and partners in the UK since 2003. [...see more](#)

 asset.JPG

Managing Director
GL Connect
Jul 2015 – Jun 2017 · 2 yrs
Belfast, United Kingdom

GL Connect provide financial solutions to SME's for all business assets. We are the partner of GRENKE LEASING Ltd and our sole purpose is to find a "home" for the opportunities GRENKE don't have an appetite for.

 GL_Connect_hires

GRENKE LEASING Ltd
7 yrs 6 mos

- Sales Director**
Jun 2010 – Jun 2015 · 5 yrs 1 mo
- Branch Manager**
Nov 2009 – May 2010 · 7 mos

[Show 1 more role](#) ▾

Figure 103 Stephen Nesbitt LinkedIn profile

A statement of capital dated October 2015 shows ownership of GC Financial Solutions was split between CTP (49%), Garuna (then CS Beteiligungs) (9%) and Nesbitt (42%).

The details below relate to individuals / corporate bodies that were shareholders as at 07/10/2015 or that had ceased to be shareholders since the made up date of the previous Annual Return

A full list of shareholders for the company are shown below

Shareholding 1 : 10500 ORDINARY shares held as at the date of this return
Name: STEPHEN NESBITT

Shareholding 2 : 12250 ORDINARY shares held as at the date of this return
Name: CTP HANDELS- UND BETEILIGUNGS GMBH

Shareholding 3 : 2250 ORDINARY shares held as at the date of this return
Name: CS BETEILIGUNGS AG

Figure 104 GC Financial Solutions Annual Return to October 7, 2015

CTP and Garuna appear to have relinquished their holdings on October 4, 2017 but continued to fund the business through debt.

RELATED PARTY DISCLOSURES

During the year, additional loans of €95,000 were received from a shareholder of the Company.

Interest of £35,609 was charged on this loan during the year.

The balance outstanding on the loan at the year end was £417,642.

From 4 October 2017, they ceased to be a shareholder of the Company.

Figure 105 GC Financial Solutions Annual Report 2017

We reiterate that in this case, Grenke likely used this company to create plausible deniability for their involvement with the Viewble Media UK scam.