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Vienna, September 16th, 2019

**Referring: Involvement of Payvision and ING in several fraudulent investment scams
damaging thousands of European consumers by more than EUR 250 millions**

Dear Sirs

the *European Fund Recovery Initiative (EFRI)* is an initiative operated by the Vienna-registered Axxelerate GmbH. EFRI has been launched in January 2019 to support victims of investment (broker) scams with funds recovery campaigns. The aim of our campaigns is to get hold of the mostly anonymous operators of those scams and their co-conspirators and facilitators such as payment services providers (PSP).

Since January 2019, more than 1,300 defrauded investors have registered on the EFRI website www.efri.io with a total fraud volume of more than €22 million. 99% of the injured parties are European retail investors in the age between 50 and 85.

Financial Losses and destroyed mental and physical well-beings

The monthly damage currently caused to European small investors by fraud on online trading websites (hereinafter also referred to as “broker scams” or “investment scams”) in Europe is estimated at 1 billion¹ euros per month (!). This is only a rough estimate, since up to now - 10 years after the beginning of this type of crime - there has been no uniform recording of criminal complaints for this type of crime in the individual European countries.

Regarding the issues of investment scams in Europe we refer to the speech by Charles Randell, Chair of the FCA, delivered at the Cambridge Economic Crime Symposium as of September 4th, 2019 (the fight against skimmers and scammers <https://www.fca.org.uk/news/speeches/fight-against-skimmers-and-scammers>). According to Charles Randell, financial crime, specifically fraud against individuals, has reached epidemic proportions. He defines investment fraud as one of the most damaging financial crimes, where people are scammed out of their savings. This kind of fraud has consequences which go well beyond the financial losses involved. This fraud destroys also very often destroys the mental and physical wellbeing of the victims. This is also our experience after hearing the stories of hundreds of unsuspecting ripped off European victims.

How to address the issue with investment scams

We think that one very important step to take to tackle the investment scam issue in Europe is that the European legal and illegal payment service providers (fiat and crypto) which are heavily involved in such scams must be made incomprehensibly clear that any complicity in such criminal activities is classified as contribution to fraud and is threatened with immediate withdrawal of any granted banking license in addition to the criminal charge. In addition any violation of laws on preventing anti-money laundering and financing terrorism “structurally and for years” by not properly vetting the beneficial owners of client accounts and by not noticing unusual transactions should be penalized drastically and the involved organizations should be requested to cover all losses experienced by the victims as well to disgorgement payments

Victims registered with EFRI

Out of those 1,108 registered victims 250 granted EFRI a Power of Attorney (POA) to represent them vis-à-vis authorities and to enforce their claims totaling to more than EUR 6,9 Mio against Israeli boiler room operator **Gal BARAK** and his Bulgarian company **E&G**

¹ This estimate is based on an average small investor deposit of € 1.700 and an average customer base of 9.500 per broker system. Currently we estimate that 550 fraudulent websites (one website is considered #BrokerScam) are out there. The figures are based on the confiscated client lists of broker scams XTraderFX (25.000 clients; average deposit of € 1.700) and SafeMarkets (4.100 clients; average deposit of € 1.400), average figures for Golden Markets and GetFinancial,.. (for more details please contact us). (our best guess).

Bulgaria EOOD and its associated with many different scam brokers like **XtraderFX**, **CryptoPoint**, **SafeMarkets**, **GetFinancial**, **Golden Markets** and **OptionStarsGlobal**.

In addition, 44 injured parties granted EFRI a POA to enforce their claims totaling to around EUR 1,8 million against the German scam operator **Uwe LENHOFF** and his companies **Velyco Group PLC**, **Altair Entertainment Ltd**, **Capital Force Limited**, **Celestial Trading Ltd** and its associated scam brokers, namely **Option888**, **TradoVest**, **Xmarkets** and others.

Criminal Case Files in EU member states

- In Austria, the criminal proceedings against **Uwe LENHOFF** and **Gal BARAK** and their accomplices on suspicion of financial criminality, money laundering, operation of a criminal network and fraud with online broker scams are conducted under the case file no *9 St 16/19p* at the Office of the Attorney for Economic Affairs and Corruption in Vienna, Austria.
- In Germany, **Gal BARAK** and his accomplices are the subject of criminal proceedings with the case file no *730 Js 1545/18*, which were opened on the legal ground of the many defrauded German retail investors and the same suspicions. **Uwe LENHOFF** was arrested in January 2019 and is jail in Stuttgart/Germany and is awaiting his trial and an EU arrest warrant exists for **Gal BARAK**.
- Also, in Switzerland and in Great Britain investigations are underway against **Uwe LENHOFF**, **Gal BARAK** and his accomplices (also in these countries the damage caused by the fraudulent activities is immense).

The fraudulent activities of **Gal BARAK** and **Uwe LENHOFF** resulted in more than 60,000² European victims with a damage exceeding by far EUR 250 million (best estimate basis).

To our best knowledge both **Uwe LENHOFF** and **Gal BARAK** started their fraudulent activities in early 2016.

Involved Dutch payment service provider at large scale: Payvision

Based on the documentation as provided by the defrauded investors as well as by some whistleblowers the respective authorities EFRI have been able to identify **PAYVISION B.V.** (37078111) Keizersgracht 668C, 1017 ET Amsterdam, Netherlands, and its related entity **Stichting Trusted Third Party Payvision**³ which acts as escrow party related to Payvision B.V. and is in that matter supervised by De Nederlandsche Bank as **being heavily involved in these investment scams**.⁴

² According to the customer lists as provided by the CRM of the Tradologic software/PandaTS software.

³ Information provided online by the De Nederlandsche Bank on its website <https://www.dnb.nl/en/supervision/public-register/WFTBI/detail.jsp?id=537aa51d5648e311b55a005056b672cf>.

⁴ Supervised by the Dutch Central Bank acting as registered ISO /MSP of the Merrick Bank/South Jordan UT, USA

Payvision offers an omni-channel payments platform and acts as international card acquirer. According to the press release issued by ING (parent company as of January 29th, 2018, when ING bought a 75% majority in Payvision) Payvision's omni-channel platform facilitates more than 80 payment methods, including Maestro, Visa, IDEAL, Alipay, JCB and Union Pay across more than 150 currencies.

According to the documentation available to us we conclude that Payvision facilitated more than EUR 100 Mio worth of payments through the European banking system by doing business with the above stated fraudulent merchants.

The supporting evidence for this conclusion is as follows:

- documents showing definitely that Payvision acted as acquiring organization for credit card payments of the allegedly fraudulent broker scams **XTraderFX**, **SafeMarkets**, **Option888**, **Xmarkets**, and many others (pls find enclosed: Appendix 2).
- We were able to trace the transfer of money to the fraudulent merchants bank accounts with the Bulgarian **InvestBank** showing **Third Party Stichting Payvision Molenport 2**, 1016 GM Amsterdam⁵, as illegal payment service provider facilitating the transfer of material amounts to these fraudulent brokers (pls find enclosed: Appendix 3).
- According to the documents in the criminal file *730 Js 1545/18* there was a close personal relationship between **Uwe LENHOFF** and the CEO of Payvision **Rudolf BOOKER**. The police recorded phone calls that clearly showed **BOOKER Rudolf** was fully aware of the illegal nature of **LENHOFF's** business.
- According to the content of the criminal file for *730 Js 1545/18* **Uwe LENHOFF** and **Rudolf BOOKER** entered into a reseller agreement – giving a hint that probably many more investment scams have used Payvision's payment platform for facilitating transfers of millions of stolen money (pls get in contact with the Austrian LKA Lower Austria Mr. GRASEL who is doing the investigation regarding **Uwe LENHOFF**; contact martin.grasel@lka.com).

Warnings issued by supervisory authorities against the involved entities:

Already in 2016, some financial market supervisory authorities in different EU member states issued warnings against companies involved in the Investmentscams of **Gal BARAK** and **Uwe LENHOFF**. Please find below just a few of the many public warnings regulators have issued against the schemes of **BARAK** and **LENHOFF** and their changing operating entities:

- On December 28, 2016, the Danish FSA issued a warning against **LENHOFF's** **Altair Entertainment N.V.**, **Capital Force Ltd** and **Payific Ltd**;

⁵ The activities of the Trusted Third Party Payvision Foundation take place (among other things) in the sector: Other administration offices. This sector has the following main category in the SBI subdivision of the KVK: 'Advice, research and other specialist business services' and is in this case further subdivided into: 'Legal services, accountancy and/or accounting firms, tax advice and administration', subcategory 'Accountancy and/or accounting firms, tax advice and administration'.

- Die MSFA (Malta regulator) issued a warning against LENHOFF's Altair Entertainment N.V., Capital Force Ltd, Payific Ltd. also as of December 28, 2016;
- On December 28, 2016, the Italian CONSOB (Italien regulator) issued a warning against LENHOFF's Altair Entertainment N.V. Capital Force Ltd, Payific Ltd;
- On February 14, 2018, the UK FCA issued an investor warning against the Xmarkets scheme of LENHOFF;
- On April 9, 2018, FCA UK, issued a warning against BARAK's AlmaMarket Ltd, UK and its scheme SafeMarkets;
- On January 3, 2018, FCA UK, issued a warning against BARAK's OptiumCommerce OU and its scheme SafeMarkets;
- On March 21, 2018, the German BaFin issued an investor warning and a cease-and-desist order against LENHOFF's Capital Force Ltd and its Option888 scheme;
- On May 14, 2018, the UK FCA issued a public investor warning against BARAK's OptionStarsGlobal scheme;
- On May 14, 2018, the UK FCA issued a public investor warning against BARAK's GPay Limited and its schemes CryptoPoint, XtraderFX, and XFM;
- On May 21, 2018, the UK FCA issued an investor warning against LENHOFF's Capital Force Ltd and Option888;
- On May 25, 2018, the UK FCA issued an investor warning against BARAK's Cool Markets Ltd and its scheme Golden Markets;
- FMA, Austria issued a warning against BARAK's New Markets S.A. (OptionStarsGlobal) as of March 30, 2018;
- On June 7, 2018, the UK FCA issued a public investor warning against BARAK's GPay Limited and its scheme (trading style) XtraderFX;
- On June 13, 2018, the German BaFin issued an investor warning and a cease-and-desist order against LENHOFF's Celestial Trading Ltd and its Option888 scheme;
- On June 13, 2018, The Austrian FMA issued an investor warning against LENHOFF's Celestial Trading Ltd and TradoVest;
- On July 6, 2018, the UK FCA issued a public investor warning against LENHOFF's TradoVest scheme;
- On July 11, 2018, the German BaFin issued an investor warning against LENHOFF's Celestial Trading Ltd and its Xmarkets scheme;
- On March 1, 2019, the Austrian FMA issued an investor warning and a cease-and-desist order against BARAK's GPay Ltd and its scheme XTRaderFX;
- On March 1, 2019, the Austrian FMA issued an investor warning and a cease-and-desist order against BARAK's Matching Blue Consulting S.L and its scheme Golden Markets;

- On March 8, 2019, the German BaFin issued an investor warning and a cease-and-desist order against GPay Ltd and its scheme XTRaderFX;

Despite these many public investor warnings Payvision continued to do business with the fraudulent brokers up to January 2019 when LENHOFF was arrested.

All these warnings did not prevent Payvision/ING to facilitate the transfer of millions of EURO to the fraudulent companies.

Enclosed pls also find an interim report on Gal BARAK`s Crybercrime organization as of September 9, 2019.

In case of any questions pls get back to me (e.sixt@efri.io).

Best Regards,

Elfriede Sixt, Austrian CPA WT-Code 203300