

**Finanstilsynet**  
Arhusgade 110  
2100 Copenhagen  
Denmark

September 8<sup>th</sup>, 2021

**Regarding:** The results of the inspection report of Finanstilsynet (DFSA) as of Sept 6th, 2021 ( J.nr. 6250-0236) about Københavns Andelskasse (enclosed) as well as the results of the Clearhaus A/S inspection report (J.nr. 21-003371) as published as of May 7th, 2021, and the three pressing questions after having read the reports:

- why has Finanstilsynet not yet withdrawn the payment institution license of Clearhaus A/S?
- and when will you hold Clearhaus A/S and its accomplices accountable for the damage done to hundreds of European victims?
- Why have the victims of the investment scams who have transferred their money via the money laundering hub Københavns Andelskasse to the scammers not yet been reimbursed for their damages?

## General

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1. The *European Funds Recovery Initiative (EFRI)* is a victim protection organization in line with the Directive 2012/29/EU of the European Parliament and of the Council of 25 October 2012 ("Victim Protection Directive"). We support victims of cybercrime in coping with the crime committed against them, cooperate with law enforcement authorities all over Europe and act on behalf of victims in claiming damages.
2. EFRI, an association based in Vienna, Austria, founded in spring 2020, now represents more than 1,052 European consumers who were defrauded by cybercriminals as of writing over EUR 59.2 million in the form of investment scams also referred to as boiler room scams.
3. The damage done to thousands of European retail investors - mainly elderly people - by various types of investment fraud and boiler room scams is rampant in recent years and within the EU amounts to at least EUR 1 billion of damages on a monthly basis<sup>1</sup>.

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<sup>1</sup> <https://www.fca.org.uk/publication/research/quan-study-understanding-victims-investment-fraud.pdf>

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**Verein zur Bekämpfung von Cyberkriminalität gegen Kleinanleger und Verbraucher**

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4. This type of fraud has been drastically increasing over the past 10 years, posing a serious threat to society, due to the resulting manifold consequences, such as old-age poverty, depression, social isolation, psychological and physical consequences.

#### Banks are supposed to be gatekeepers for the financial system

5. The usage of the incumbent financial system is essential to the intake of the victims' money, to launder it and, ultimately, to transfer the money to bank accounts under the direct control of the scammers.
6. Without the processing of illicit proceeds used to fund serious criminal activities, the lifeblood of the scammers operations is disrupted.
7. As a gatekeeper to the financial system, banks have an important role in the collective fight against financial and economic crime.

#### National supervisory authorities are designated as competent for the AML/CTF supervision of the national financial institutions

8. Based on our work during the past 30 months with victims, enforcement agencies and supervisory authorities all over Europe, we blame the European banks and payment institutions for not caring about their contribution to the raids done by the scammers on a continuous basis.
9. And above all, we also blame the financial supervisory agencies in Europe for not having addressed the cybercrime issue properly for years and still not having recognized the extent of Cybercrime and the pivotal role of the financial system in this threat to society.

#### The poor role of the Danish Supervisory authority (DFSA) in the Københavns Andelskasse ML/TF case

10. Finanstilsynet is the Danish Financial Supervisory Authority designated as competent for the Anti-Money Laundering (AML) and Countering Terrorist Financing (CFT) supervision of all Danish financial institutions.
11. The Danish AML Supervisor must ascertain that the obliged (supervised) parties – all Danish banks, payment institutions and credit providers - are carrying out their AML/TL tasks well.
12. KØBENHAVNS ANDELSKASSE - a cooperative organization - was the 63rd largest bank in Denmark in terms of total assets. In 2017 its total assets were DKK 411.32 million (EUR 55 million), providing the bank with the market share of 0.01%. KØBENHAVNS ANDELSKASSE (also referred to as Andelskasse) was the 5th largest cooperative bank in Denmark (out of 8 cooperative banks) having

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a market share of 2.42% amongst the banks of this category. In 2017 the bank's net income was DKK 1.90 million (EUR 0.2 million).

13. After doing an inspection of Andelskasse in summer 2018 with a disastrous report being issued as of September 7<sup>th</sup>, the DFSA notified Finansiell Stabilitet (FS) that Københavns Andelskasse was expected to be distressed, cf. 1, No. 1, i Financial Business Act. Financial Stability ("FS") took over control of Andelskasse on September 13, 2018.
14. Notwithstanding the smallness of the bank, Københavns Andelskasse turned out to be a big money laundering hub for several transnational criminal organizations beginning from 2016 to September 13<sup>th</sup>, 2018.
15. EFRI represents 77 victims who have deposited their life savings via Københavns Andelskasse to different investment scams<sup>2</sup> in the years 2016 to 2018. The total loss of these victims amounts to EUR 3,567,183.58 and GBP 1,484,500.

### The long road of Danish FSA to close down Københavns Andelskasse

16. *Andelskasse* has been on the watchlist of the *Danish Financial Supervisory Authority (DFSA)* for risky and non-compliant business decisions since 2012. Finally, in spring 2014, the bank's board was dismissed while the bank became illiquid and headed toward bankruptcy.
17. After an at least questionable Danish organization rescued the bank in spring 2014, the Danish supervisory authority remained a permanent "auditor" of Københavns Andelskasse
18. In December 2015 and January 2016, the FSA audited *Københavns Andelskasse* and uncovered severe deficiencies in the risk and compliance standards, as well as material conflicts of interest in the bank's day-to-day operation.
19. Nevertheless, the bank was able to continue its operations.
20. During 2017 and early 2018 the DFSA received numerous complaints and objections from people who have been victims from investment scams having transferred their money via Andelskasse to the scammers.
21. In spring 2018, a dispute between the former owners of Københavns Andelskasse started and resulted in Clearhaus A/S selling its shareholding in Københavns Andelskasse to some of the people who had heavily used Københavns Andelskasse (in cooperation with Clearhaus A/S) to launder stolen money (enclosed please find the draft agreement for the sale of a stake to Ozan Özark, **Appendix 1**).
22. This change in the shareholders and after another onsite inspection resulting in another disastrous report (dated 6th September) coming up, the Danish Financial Supervisory Authority (DFSA) finally acted.

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<sup>2</sup> It's when victims are conned into handing over money to people offering fake, but often very convincing, investments with the promise of big returns

23. As of the 23rd of August 2018 the DFSA, reported the number of serious breaches of the AML-regulation found during the inspection to the police
24. On September 13, 2018, Finansiell Stabilitet took over control of Andelskasse.
25. Københavns Andelskasse was put into resolution by Finansiell Stabilitet pursuant to the Danish Act on Restructuring and Resolution of certain Financial Businesses (the “Resolution Act”, which implements part of Directive 2014/59/17 of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.
26. On 28th June 2019, Københavns Andelskasse deposited its license to carry on banking activities.

#### The findings in the FSA’s inspection report as of September 6th, 2018

27. The report confirms that Københavns Andelskasse was heavily used for money laundering and terrorist financing in the years 2016, 2017 and 2018 with increasing its level on international payments – above all for foreign customers offering payment services - drastically.
28. The inspection report finds that Andelskasse neither had the organizational competence nor the appropriate resources required to be able to handle those potential ML/TF issues associated with the foreign customers.
29. The report even states that the Danish FSA observed during the inspection in summer 2018 a very low level of knowledge of the regulatory framework within Københavns Andelskasse.
30. The Danish FSA assessed in the inspection report that the overall competencies relating to money laundering prevention and terrorist financing among Andelskasse’s employees did not correspond to the complexity of Andelskasse’s customer portfolio.
31. The Danish FSA found that the methods for risk classification did not work at all within Københavns Andelskasse, no appropriate customer due diligence in respect of UBO check was done.
32. According to the report’s findings Andelskasse had only limited knowledge of how its customers earn their money as the relevant forms had only been completed for very few customers.
33. The Danish FSA states that the Andelskasse’s monitoring system triggered 5,598 ML/TFA alarms (!) during 2017. Only 156 alarms were being processed by the person responsible for money laundering.
34. According to the report, Andelskasse estimated at the inspection that there are between 300 and 400 suspicious transactions, of which SØIK has been notified only once.
35. The report states that the employees of the Andelskasse did not know how to notify SØIK.
36. Finansiell Stabilitet reported in spring 2019 that suspicious customers in Andelskasse sent about EUR 55 million (DKK 4 billion) through the small bank from October 2017 to September 2018.

#### The Role of Clearhaus A/S within Københavns Andelskasse

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37. Furthermore, the report elaborates on the destructive and negative influence of the owners of the bank on the governance structure of Andelskasse.
38. In particular, the report outlines that boards of directors and executive boards of Andelskasse have allowed persons related to the Clearhaus Group 3 (having been a substantial owner of the cooperative bank for several years) access to Andelskasse enabling Clearhaus Group to make dispositions<sup>4</sup>, where it has not been clear that the transactions in question were made in the interest of Andelskasse. (Please be aware that Clearhaus A/S (part of the Clearhaus group) was licensed as a payment institution in 2012 already. The company's business model is acquiring, cf. the Danish Payments Act's appendix 1, no.5. DFSA is also in charge of supervising Clearhaus A/S.)
39. According to the report it is the Danish FSA's assessment that, with the approval of the Board of Directors and the Executive Board, it was facilitated that employees of Clearhaus had direct access to Andelskasse systems, just as employees of Andelskasse have apparently been informally subject to instructional powers from Clearhaus.
40. The reports talk about massive conflicts of interests and repeated violations of financial regulations and laws within Andelskasse. The report even states that the large number of breaches of financial legislation noticed (and listed in the report) as well as the large number of areas where violations have been uncovered by the Danish FSA's recent inspections, suggest the inability or unwillingness (of mainly the owners of Københavns Andelskasse) to comply with the financial regulation.
41. According to the statements of the Danish FSA during the period when Clearhaus was a co-owner of Andelskasse there has been considerable interference in the everyday decisions from Morten

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<sup>3</sup> It is stated in the Danish FSA's report of 17 May 2016 that:

*"Morten Soltveit, who is general counsel at Clearhaus AIS, which also owns a qualified ownership interest in Andelskasse, has thus more or less permanently participated as an external consultant at the board meetings from November 2015 to February 2016, including dealing with matters containing confidential customer information. He has also been provided with written material with such customer information.*

*Despite inquiries about this, the Danish FSA has not received a consultancy contract or other documentation regarding Morten Soltveit's work for Andelskasse. According to the minutes of the Board of Directors, the Board of Directors has not taken a specific position on what Morten Soltveit's work for Andelskasse consists of, apart from a very general assignment. Morten Soltveit has reportedly not received a salary or fee from Andelskasse.*

<sup>4</sup> On 3 May 2018, the Board of Directors makes a grant which is assessed to be indefensible. The board decides to release security in Morten Soltveit's private property, which is owned by Network Property. In addition, an interest card is decided for Mark Szigethy. The decisions are seen to be in favor of Clearhaus alone and not in the interest of Andelskasse. (Clearhaus Holding A/S is as of 17.04.2017 registered as owner of 25-33% of Network Property A/S. In addition to Clearhaus Holding A/S, PO-MA Invest ApS is also registered as the owner of the company with an ownership share of 67-90%. Claus Methmann Christensen is registered as Chairman of the Board of the company, which was founded in 2015. The purpose of the company is described in the CVR as the purpose of the company is trading in real estate, mortgages, and other claims).

Soltveit. Adequate monitoring of correct IT access for employees and others has also not been ensured.

42. The report states that Andelskasse's strong growth in foreign payments in the form of payment institutions was initiated and, pushed through by Clearhaus without Andelskasse's board and management having the necessary analysis and discussion of Andelskasse's risks.
43. The owners and the management licensed and unlicensed payment companies which had bank accounts with Københavns Andelskasse like Moorwand, UPC Consulting, Chargepay and supported scammers from all over the world to scam unsuspecting European victims are well-known within law enforcement agencies in Europe, and criminal proceedings are launched against them in several European countries.

Report on inspection of Clearhaus A/S (money laundering and payment services) (J.nr. 21-003371) as published as of May 7, 2021, on the Clearhaus website<sup>5</sup>

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44. Evidently after the negative results of the inspection done at Andelskasse, the DSFA started an inspection of Clearhaus A/S in November/December 2018.
45. According to the inspection report issued only as of May 7, 2021, (!) the Danish FSA assesses that Clearhaus' inherent risk of money laundering and terrorist financing in connection with the company's business model is normal to high. This assessment is based on the fact that the company's business model is mainly to accept card payments on behalf of online stores. The report states that the risk of money laundering in connection with this type of business is typically considered limited and related in particular to cases where a counterfeit store is set up.
46. Evidently the DSFA has no idea that Clearhaus A/S in addition to serving payment companies, Clearhaus A/S is heavily serving high risk merchants especially in the gambling area. VISA even sent them a warning letter about Clearhaus A/S heavy involvement in this kind of high-risk merchant (compare Appendix 2 – VISA letter to Clearhaus A/S dated November 3, 2017, talking about miscoding activities of gambling merchants).
47. According to the report, Clearhaus A/S has several payment institutions as customers, with whom the company has a significant turnover.
48. The DSFA missed evidently that Clearhaus A/S has been serving the same payment institutions which resulted in triggering 5,598 ML/TFA alarms (!) during 2017 in Københavns Andelskasse with its acquiring business. Københavns Andelskasse processed the wire transfers and Clearhaus A/S did the credit card payments for the shady customers of the payment institutions.

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<sup>5</sup> <https://www.clearhaus.com/assets/Report-Clearhaus.pdf>



49. Bureau Solutions Limited (registered with the Companies number 07993747 nowadays: TECHTOPAY LIMITED) used the bank account of Københavns Andelskasse (DK DK2678720006601038) to launder stolen money (compare the enclosed victims list) for a fraudulent project of Robert Courtneidge and Bobby Gill. As of 6th January 2021, a legal case filed with the London High Court revealed that Clearhaus was doing business with Bureau Solutions Limited (nowadays TechToPay Limited (former owner OZON ORK) until end of 2019 (case number CL-2020-000831) (compare Appendix 3 for the details).
50. According to the report issued as of May 7, 2021, Clearhaus A/S was ordered by the Danish FSA to revise its AML policy so that the policy identifies and defines how the company will manage and mitigate the risks of money laundering, based on the company's risk assessment.
51. Furthermore, Clearhaus was ordered
- to prepare written control procedures to ensure that any non-compliance with business procedures is detected and addressed.
  - to explicitly document which persons are responsible for following up on errors and deficiencies identified in the context of internal controls.
  - to prepare clear procedures for how risks are monitored and addressed and Clearhaus is ordered to ensure that the risk assessment explicitly addresses the risk of having payment institutions as customers.

## Summary and our conclusions

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52. According to the inspection report of the FSA as of September 6th, 2018, for Københavns Andelskasse, Clearhaus A/S as a beneficial owner of Københavns Andelskasse enabled licensed and unlicensed payment institutions, which willingly worked with investment scams or even themselves operated investment scams (i.e., Moorwand, UPC Consulting, .) to use Danish bank accounts for laundering around EUR 100 million in the years 2016, 2017, 2018. These findings resulted in closing down Københavns Andelskasse.
53. According to an inspection report of FSA for Clearhaus A/S, the Danish FSA dated May 7th, 2021, the DSFA found that Clearhaus A/S enabled the same licensed and unlicensed payment institutions to use the VISA and Mastercard credit card systems for the transfer of millions of Euros without having an adequate compliance system installed up to at least 2019.
54. According to the inspection reports of the Danish FSA for Clearhaus A/S, DFSA found massive compliance issues within Københavns Andelskasse and also within Clearhaus A/S.
55. On January 21, 2021, a German Payment company UNZER (formerly Heidelpay) announced the acquisition of the acquiring business of Clearhaus A/S subject to the approval of the supervisory authorities.

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56. For us, it is evident that Clearhaus A/S continues to do its shady business and with being acquired by a another at least questionable<sup>6</sup> German payment company, the laundering business could (even) be expanded.
57. It took the Danish Supervisory Authority 6 (six) years to act appropriately against Andelskasse, and a lot of harm could have been prevented by the Danish FSA withdrawing the banking licence much earlier based on their former negative inspection reports about the compliance systems of Andelskasse.
58. Therefore, we request the Danish FSA and the European authorities to finally act appropriately against Clearhaus A/S and to withdraw the payment institution licence as soon as possible and to file criminal charges against them and their accomplices as should have been done already in summer 2018.

### Responsibility of Københavns Andelskasse and its liability against the victims of investment scams

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59. Up to today, Finansiel Stabilitet rejects all claims from victims of investment scams against Københavns Andelskasse.
60. Finansiel Stabilitet argues that even Københavns Andelskasse is liable to pay compensation or damages for certain losses suffered by the victims of the fraudulent schemes; any such claims for compensation or damages have by resolution of Finansiel Stabilitet on 13 September 2018 in accordance with the Resolution Act been written down to an amount equal to 34% of the value of such claim.
61. Finansiel Stabilitet argues further that a definite valuation of the assets and liabilities of Københavns Andelskasse has already been made and this definitive valuation establishes that simple, unsecured claims pursuant to Section 976 of the Danish Bankruptcy Act, which inter alia includes (contingent) claims against Københavns Andelskasse for compensation or damages are subject to bail-in and have been written down to an amount equal to 34% of the value of each such claim.
62. In our opinion the 66% write-down cannot be applied to the damages payable to the victims, as these damages have to be set-off by claims against the former owners and management made by Finansiel Stabilitet in its orderly winding down process of Københavns Andelskasse.
63. If Finansiel Stabilitet decides to not initiate a prosecution or civil claim against the former management and the former owners for the damage done to Københavns Andelskasse, FS waives legitimate claims against them.

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<sup>6</sup> Unzer (Heidelpay) has some well-known connection to Wirecard, the by now bankrupt fraudulent German Fintech company.



64. The situation of Københavns Andelskasse with its supporting role in investment scams and defrauding people by more than EUR 100 million is not the usual situation of a closed bank bail-in as described in the Principles in Bail-in Execution as issued by the FSB Board as of June 21, 2018<sup>7</sup>.
65. Financial Stabilitet argues that the victims have not directly been customers of the Andelskasse, and no information is available that Andelskasse has been actively involved in selling or marketing these products to the persons concerned, which immediately leads to a conclusion that Andelskasse cannot be held responsible for the losses of the persons concerned.
66. However, legally it is not necessary to be actively involved in the “selling” part of the fraud, as any supporting activities like providing (knowingly and wilfully) the payment channel for the fraudulent also creates legal liability.
67. But, as a matter of fact Robert Courtneidge, board member of Københavns Andelskasse, was himself involved in the selling process of the Swissprof8 fraud.
68. The inspection report itself provides enough proof that the management and/or the owners of Andelskasse knowingly, willingly and deliberately disrespected all legal obligations and contributed substantially to the fraud of various organized criminal groups over many months.
69. The support of Københavns Andelskasse, its owners and managers, has led to the loss of the life savings of thousands of European consumers who have also lost their confidence in the European financial system.
70. Københavns Andelskasse’s and its owners’ (Clearhaus A/S) actions and procedures are contrary to all ethical standards set by the authorities in the European Union.
71. Andelskasse has wilfully and demonstrably ignored all warning signs for months, including Andelskasse’s internal monitoring system triggering 5,598 ML/TFA alarms (!) during 2017, and massive fraud complaints (more than 950!) from victims and so on.
72. The lack of conscience, ruthlessness, and wilfulness of the management and the owners of Københavns Andelskasse and its multiple involvement in similar fraud structures clearly indicate that the management and owners were aware of the fraud that took place against many European consumers and that there was a clear will to contribute.

## Our request

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73. How Finansiell Stabilitet is handling the closed bail-in process by rejecting the victims and referring to the application of the bail-in write-down of 66% in case the legal claim for a refund would go

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<sup>7</sup> <https://www.fsb.org/wp-content/uploads/P210618-1.pdf>

<sup>8</sup> <https://scamwatcher.org/swissprof8-review/>

through anyway, gives the feeling that hundreds of scam victims are at risk of being victimized again.

74. On behalf of the victims who transferred money to scammers in relying on a functioning Danish supervisory authority system, we ask for full damages based on Andelskasse's evident and wilful support of fraud (criminal responsibility) and based on Andelskasse's intentional immoral damage done to hundreds of European victims.

Sincerely

Elfriede Sixt     Nigel Kimberley

#### **Attachments**

This letter also goes to :  
**Financial Action Task Force (FATF)**  
2, rue André Pascal  
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**Strictly Private & Confidential**  
**Subject to Contract**

[INSERT DATE]

Dear Sirs,

**Heads of Terms: Potential acquisition of shares in Københavns Andelskasse (Copenhagen Cooperative Bank - CVR No. 82112219).**

Further to our recent discussions, these heads of terms set out the main terms and conditions on and subject to which Ozan Limited (**Buyer**) is willing, in principle, to buy from Clearhaus (**Seller**) two thousand, nine hundred and eleven (2,911) voting shares of Københavns Andelskasse (Copenhagen Cooperative Bank - CVR No. 82112219) (Bank) representing 9.99% of the total of twenty nine thousand, one hundred and seventeen (29,117) voting shares of Bank (**Shares**) in issue on the date of completion of the proposed transaction (**Completion**) subject to the agreement and signature by the parties of a legally binding share purchase agreement.

These heads of terms are not exhaustive nor are they intended to be legally binding between Buyer and Seller, except where specifically provided to the contrary below.

**1. SHARES TO BE PURCHASED**

11 Buyer proposes to buy the full legal and beneficial interest in the Shares, free from all



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**VIA E-MAIL**

3 November 2017

**Morten Soltveit  
Clearhaus A/S  
P. O. Pedersensvej 14  
DK-8200 Aarhus N  
Denmark**

**RE: GLOBAL BRAND PROTECTION PROGRAM  
Suspected Illegal or Miscoded Gambling Transactions  
Case ID: BRSA**

Dear Sirs:

Visa has received a letter from the Turkish Republic Banking Regulation and Supervision Agency (BRSA) regarding suspected violations of Turkish Law No. 7258: Regulation of Bets and Games of Chance in Football and Other Sports Competitions. The attached spreadsheet is a list of merchants the BRSA suspects are violating the law by facilitating gambling transactions.

Visa has determined that the merchants of Clearhaus A/S, as identified by BRSA, are suspected of (i) processing transactions intended to facilitate gambling transactions without being properly coded with MCC 7995 and/or (ii) selling to Turkish cardholders in violation of Law No. 7258.

**Illegal Transactions**

The Visa Rules prohibit acquirers from submitting illegal transactions into the Visa payment system. Acquirers are reminded that their merchants' transaction activity must be legal in both the buyer's and seller's jurisdiction to comply with this requirement.

As stipulated by Visa Rule ID# 0026387, an acquirer that processes illegal transactions may be subject to initial non-compliance assessments of EUR 25,000 per merchant or sponsored merchant identified per calendar month of non-compliance.

**Incorrect Online Gambling Coding**

Acquirers must ensure that gambling transactions are identified with the authorization data elements shown below.

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IDENTIFIER:	DESCRIPTION
MCC 7995 (Field 18)	Betting including lottery tickets, casino gaming chips, off-track betting, and wagers at race tracks
Processing Code 11 (Field 3)	Quasi-cash/internet gambling transaction (Government lotteries are not subject to the quasi-cash indicator requirement.)
POS Condition Codes 01, 08, 59 (Field 25)	Card not present/mail/telephone order/electronic commerce

If a Member, Merchant, Payment Facilitator, or Sponsored Merchant is unable to distinguish an Online Gambling Transaction from other Transactions, it must both:

- Identify all Transactions as Online Gambling Transactions
- Inform the Cardholder that Transactions may be identified on the billing statement as gambling transactions

Additionally, Visa Rule ID# 0002955 states:

- If a funds transfer to an individual is to be used for an Online Gambling Transaction, an Acquirer must identify the funds transfer Transaction as an Online Gambling Transaction.
- The Acquirer must have processes to identify and eliminate abuse by an individual, funds transfer Merchant, or Online Gambling Merchant that attempts to circumvent proper Transaction identification.
- If Visa determines that an individual is facilitating Online Gambling Transactions through funds transfers, Visa may impose these requirements on the funds transfer Merchant for any future funds transfers to that individual.

Pursuant to Visa Rule ID# 0026387, acquirers that incorrectly identify online gambling transactions may be subject to non-compliance assessments of EUR 25,000 per merchant or sponsored merchant identified.

#### **IMMEDIATE REQUIRED ACTION**

Your financial institution is required to investigate the claim and provide a written response to Visa within 5 business days of receipt of this notification. The response **must** include:

- An explanation detailing how the suspected violation has been investigated or will be remediated, including any timeline for remediation;
- Pertinent documentation demonstrating merchant compliance with the Visa Rules requirement that prohibits illegal transactions from entering the payment system such as a copy of the merchant application or marketing materials which confirms the actual products and services the merchant offers;
- Confirmation that Card Not Present (MOTO/ Online) gambling transactions with Turkish cardholders are systematically blocked at the merchant or processor level;
- Written confirmation the merchants have been fully reviewed and underlying transactions are not associated with miscoded online gambling transactions;



- If the account is determined to be processing prohibited transactions, the date by which the offending merchant and any related accounts / MIDs were either terminated or the transaction activity properly coded to comply with the Visa transaction requirements;
- If an agent or payment facilitator signed the offending merchant, a written explanation describing how your bank will ensure the agent complies with Visa Rules and confirmation the agent is properly registered with Visa.

For further information on the Global Brand Protection Program, please refer to the Global Brand Protection Program Guide (available on your local Visa Online portal), or you may contact me at [vegbpp@visa.com](mailto:vegbpp@visa.com).

Yours faithfully,

Robin Reichwald  
Brand Protection Lead  
Ecosystem Risk

Enclosures

1. Spreadsheet listing merchants BRSA has determined are suspected of violating Turkish law by facilitating gambling transactions



## E-Money Provider Sues Payment Processor For €5.3M

By Joanne Faulkner

Law360, London (January 6, 2021, 7:07 PM GMT) -- A U.K. payment processor is being sued by a company that distributes digital alternatives to cash to recoup up to €5.3 million (\$6.5 million) it says has been held and not returned after their business partnership ended.

EMPcorp AS claims in its recently public High Court lawsuit that TechToPay Ltd. has held onto its money well after their business relationship was terminated after wrongly suggesting that some of the money comes from shady origin.

Luxembourg-based EMPcorp said that TechToPay stopped working for it in 2019, but it has not complied with requests to hand over millions of euros that were held in reserve.

TechToPay processes online transactions between merchants and their customers. EMPcorp says that in 2015 the two companies signed agreements for TechToPay to run its card transactions and agreed to put up cash to be held by the payment processor to ensure they completed their obligations to customers.

But TechToPay has held on to the reserves for longer than the maximum 180 days stipulated under European Union rules for electronic payment services, the Dec. 17 claim says.

Lawyers for EMPcorp say TechToPay has refused to let go of the cash because of alleged suspicions of misconduct raised by the two card processing networks it used — Credorax and Clearhaus.

However, EMPcorp says TechToPay has failed to hand over evidence of this ongoing third-party dispute.

"The defendant has wrongly sought to justify its non-payment of the sum claimed by relying on allegations it says have been made by Credorax and/or Clearhaus," the court documents read.

By the end of 2018, TechToPay had processed payment transactions worth more than €307 million on behalf of EMPcorp, the suit says. TechToPay transferred some €30 million that had been held in reserve to EMPcorp in 2019 but this led to an outstanding sum of 5.3 million, the claim says.

According to the suit, lawyers for TechToPay have reasoned that €779,003 is being held in the reserve account, €2.6 million in suspected illegal transactions is being held by Credorax on behalf of EMPcorp's merchants and €600,000 is being held by Clearhaus due to suspicions of illegal online gambling and "alleged unregulated currency speculation," the suit says. However, this leaves an outstanding sum of €1.3 million, and so far no explanation for why this has not been paid, EMPcorp says.

The company is suing to recoup either the full €5.3 million or alternatively the outstanding €1.3 million.

A representative for TechToPay could not immediately be reached for comment Wednesday.

EMPcorp AS is represented by Oliver Assersohn of XXIV Old Buildings, instructed by Bird & Bird LLP.

TechToPay is represented by Locke Lord (UK) LLP.

The case is EMPcorp AS v. TechToPay Ltd., case number CL-2020-000831, in the Business and Property Courts, Queen's Bench Division of the High Court of Justice of England and Wales.

--Editing by Alyssa Miller.