

The Third Man

About Wirecard's interim CEO James Freis and nice shoes

#Wirecard

In the British-made 1949 movie of Graham Greene's book 'The Third Man', the capital of Austria, Vienna, becomes the center of the uncovering of a crime against children. After arriving at the city, Holly Martins finds out that he cannot take on a job offered by his friend Harry Lime, because the latter had died a few days earlier. The car accident death is soon a questionable event, since Martins find out that a strange third man had carried the dead body, only to discover that Lime had not died at all. Martins and Lime's girlfriend Anna Schmidt investigate further, they find out that Lime was diluting penicillin and sold it on the black market, which killed dozens of innocent infants. Lime and Martins eventually end up riding Vienna's famous Riesenrad, which is when Martins kills Lime out of self-defence, only to realize that Anna Schmidt would ignore him forever from now on. The story and plot anticipate in a subliminal way the coming cold war atmosphere in Vienna of 1949, the film was named one of the greatest movies ever years later.

In a not so unsimilar way, a recent court meeting and interrogation revealed such a strange third man. On April 27, 2023, Wirecard's former interim CEO James Freis was called into the witness stand for another round of exposures of Germany's and particularly Bavaria's major FinTech debacle from three years earlier. US-American James Freis, who is fluent in German, speaks the local language in court.

James Freis was nominated to lead Wirecard as interim CEO following the disastrous public video statement from June 18, 2020, where the executive board had to announce that 1.9 billion euros were missing on trust accounts overseas. Wirecard's CEO Markus Braun was fired immediately on June 18, hours later James Freis was appointed, he immediately took on the kamikaze job position. Freis accepted Wirecard's initial call a few months earlier to lead their newly intended complicity department, coming from a well-situated job at Deutsche Boerse AG, where he was directing and overseeing corporate compliance issues. Why he actually took on the Wirecard CEO job on June 18, 2020 remains somewhat strange and dubious at a minimum.

In Munich's prison court on April 27, 2023, things are getting interesting after lunch, which is when James Freis was questioned by a lawyer regarding his court testimony that was read out the day before. If he would know what precise corporate measures could have prevented the Wirecard debacle, he is asked. One would expect a clear strong answer, but Freis begins to circle the questions in a rather strange way in court, at an increasing circle rate at subsequent questions. It takes multiple re-phrasing attempts before Freis would confirm that Wirecard's accounting department was insufficient, as was the company's internal legal and revision team. He pretty much dodges the question on what precise measures could have prevented the Wirecard debacle.

Anyone halfway familiar with the Wirecard case must have been truly astonished about that sort of reluctance in Freis' answers, since his resume lists an abundance of **high-profile job experiences**. He started his career following his law degree at Harvard University not in the US, but with Germany's banking supervisory authority in 1995. He soon changes jobs to work at Bayerische Vereinsbank in Munich, which is called corruption-ridden Hypo-Vereinsbank nowadays. Freis heads back to the US in 1996, he starts working at the Federal Reserve Bank as a lawyer. Most people still have the naive belief that the Federal Reserve is a state-federal organisation. It is not, but rather a banking cartel that was established in 1913.

He stays about three years at The Fed to successfully defend the United States in a dispute with the Central Bank of Iran. Freis is elevated in 1999 to Switzerland to help the Bank of International Settlements - also called 'The Bank' for all Central Banks. In 2007, he is promoted to the Director position at FinCEN - America's money fraud watchdog part of the US Treasury Department. He heads FinCEN for a total of 5 years and is awarded with having been one of the longest serving Directors ever before being replaced in September 2012.

Freis was directing the FinCEN money watchdog also in 2008 and 2009, which is when Mastercard and Visa publicly proclaimed million dollar fines against Wirecard for their alleged illegal money laundering transactions. Maybe James Freis was very busy with other cases and had missed the red flags over Wirecard. That would be less so possible a few years later in mid 2010, which is when a whistleblower organisation named GoMoPa hissed red flags all over Wirecard again relating to the money laundering case of Michael Schuett in Florida. Schuett, who was convicted in the US in November 2010, was indirectly connected to Wirecard's UK subsidiaries. In a strange retraction scheme, GoMoPa changed its initial claims after most likely also notifying FinCEN, only to retract the claims against Wirecard - which turned out to be mostly true. The case was detoured around Wirecard back then, the Aschheim company remained untouched like an innocent newborn baby. Local Munich Bavarian state attorney's and prosecutors dropped the case as well, all while Freis heads FinCEN.

Here at Munich's prison court, things turn out to be interesting again when Freis is asked whether he had the impression that there was a '*secret CFO*' working behind the scenes at Wirecard. Freis is visibly surprised and tries to project the impression of not having understood at all. He needs to ask two, three times what that '*secret CFO*' would be referring to, even after the question is asked in English. However, he gives some interesting insights into the strange Wirecard accounting practise of not requiring managing directors to sign off on large contracts. He never had a meeting with KPMG and also tells an astonished audience that the auditors at EY thought until the last minute that the 2019 balance sheets could be approved and signed off as they were. Freis finally explains that Wirecard's accounting practises were '*sloppy*' in his view.

Former CEO Dr. Markus Braun may have agreed to this judgement. At the end of Freis' interrogation, he asks his successor personally here in court if he would remember inviting Freis into his office on June 18, 2020. Freis declines and answers that he would have no memory at all. Braun asks again, he refers to the meeting in his office after the production of the famous video, in which Wirecard had to announce

that 1.9 billion were missing. Freis looks at Braun and answers that he would still have no recollection at all, only that he met Braun on June 18, 2020 and that the ex-CEO looked down at him, telling Freis: *"Nice shoes !"*.

Dr. Braun is surprised and tells the audience it is indeed strange that Freis would not remember the office meeting, since, quote, *'a third man'* would have accompanied him and Freis there. In his last sentence, Dr. Braun asks Freis if he had recognised that at least 156 million US dollars in cash was taken from a certain trust account of a certain company over the months before Wirecard's insolvency on June 25, 2020. Freis denies again.

Sort of like Martins and Lime in Vienna's Riesenrad in the British 1949 greatest movies of all times 'The Third Man'.

<https://www.sun24.news/en/the-third-man-about-wirecards-interim-ceo-james-freis-and-nice-shoes.html>