

# GLOBAL INVEST-REPORT

06/2019

**WARNING**

**The Case of “Karatbars” - Part 1**

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**The Biggest Gold  
Pyramid Scheme of All  
Times?**

# The Case of Karatbars - the Biggest Gold Pyramid Scheme of All Times?

Crypto currencies are currently en vogue and everyone is trying to get a piece of the action in one way or another. Each of these brings with it the aspirations of making money from the comfort of their home with only a few short clicks of a mouse. And, what's better? A seemingly lucrative investment opportunity in a crypto currency which likens its risk to a zero sum game. Even better, just imagine if this opportunity is backed by, arguably, the most valuable of all commodities, gold. While considered crisis proof, gold is the most valued of all precious metals, however, as any real investor knows, there is no such thing as "crisis-proof."

Of all the network marketing companies built on the crypto currency phenomena, there is none as dubious as Karatbars

International GmbH. In short, KaratBars is just another pyramid scheme lining the pockets of the few founders, and removing hard earned savings from many good-faithed, unfortunate people. With an effort to show glamour and prestige, the unscrupulous founders of Karatbars are promising riches upon riches, all backed by gold reserves. The case of Karatbars starts in Stuttgart, Germany with Founder and Managing Director of Karatbars International GmbH, Harald Seiz, and his cohort, Croatian Board Member, Josip Heit. Allegedly, the KaratGold Coin (KBC) and the Karatbank Coin (KCB) claim to be back by gold reserves, you know, as in the gold standard that used to apply to the US dollar. And, here we have it, yet another crypto currency scam but, this time, with a special twist of adding in the "under-

written” by gold. Just like the many others who came before them, KaratBars lacks any factual proof and even less credibility, even at this early stage. According to the company, more than 500,000 people are said to have “invested” in the KBC and KCB Coin. With the prospect of dreamlike returns, these self-prophecitized financial geniuses are just a lower class Bernie Madoff, taking money from small individuals and using it to pay back the dividends and/or returns they owe from those who entered the pyramid before them. Whether or not these extraordinary returns are actually based on gold reserves, is only another sensationalized fairytale like those who came before them. As soon as the cash inflow stops and they have to start selling the Rolls to make the next set of redemptions or dividends, the real story will be revealed. Does Karatbars actually have the gold to hedge the KBC and KCB Coin? How do you establish credibility with unsuspecting investors? Our international research team has investigated this matter and uncovered a series

of unbelievable brazen machinations of the self-proclaimed entrepreneurs.

The master plan starts with the development of a video shoot using a freelancer to act as their Interviewer in Hong Kong in late March 2019. The video is designed to give an impression of a serious interview with Harald Seiz and Josip Heit in a company-owned office (<https://youtu.be/tmpndhxpFdE>), a visit to a one-day rental of a staged vault in Hong Kong for 2,500 EUR at the Royal England Safe Deposit Box Ltd., two mines in Africa, a staged bank opening ceremony in Miami and a self-proclaimed Gold Independence Day to be held in Las Vegas on July 4, 2019.

The video starts on the streets of Hong Kong with Josip Heit, Harald Seiz and Romanian, Alex Bodi, who completes the management team, on a sunny March day, surrounded by bodyguards, as they make their way to a safe deposit company established in 2017 under the name of „Royal England Safe Deposit

Box Ltd.“ Alex Bodi elegantly pushes a small aluminum carry-on suitcase with apparent ease that allegedly holds a total of 280 kg of gold. As the video commentator states (<https://youtu.be/ueN-LACYpj3M>) on the same day, 1.12 tons of gold, were already stored in the safe deposit on behalf of the Karatbars investors. Also, in this same video, Seiz comments that they had now stored 40 kg of gold, which corresponds to the actual scenario not the overindulged lies we stated earlier. It's easy to get confused in this sea of lies.

Why are two German-based entrepreneurs, Harald Seiz and Josip Heit, looking for a Hong Kong vault to store their gold? Harald Seiz is Managing Director of both Karatbars International GmbH in Stuttgart and GSB Gold Standard Banking Corporation AG in Düsseldorf, and Josip Heit is a member of the Executive Board. The answer is simple. Tax evasion. If they were to transfer income to and from Germany, they would be liable to the German tax authorities. Further,

under German law, the onus is on the company to prove that Karatbars GmbH / GSB Gold Standard Banking Corporation AG owns any gold. If they did, they would be able to avoid the legitimacy test required under German tax code. Finally, who wants to pay taxes on an imaginary amount of gold. It should also be noted that anyone can rent a box in the vault of the safe-deposit bank. Anyone can have a safe deposit box as long as you pay the rent. Whether it's 1.4 tonnes of fine gold or real gold, has never been proven. The bank they supposedly visit in Miami, that they own, is a Regus building, you know the shared rental space that you can pay by the hour. It is much more likely, the „fine gold“ comes from the props department of a local video production firm. In addition, it is also known that tons of counterfeit gold bars are produced in China, which are sold in large quantities. Shoppers can choose size and embossing.

The Karat Gold Coin (KBC) and the KaratCoin Bank Coin (KCB) are suppos-

edly underwritten by company owned gold mines in Madagascar and Guinea. The official company presentation states that the Guinean Mine has a deposit of 700 tons of gold. This statement is clearly in contradiction to the statement of the Ministry of Mines and Geology of the Republic of Guinea, which estimates the total gold reserves of the whole country at 700 tons and estimates the annual gold production at about 8 to 10 tons. The Gold Standard Bank Corporation AG or any other company in the Karatbars network cannot identify even one significant gold producer in the entire country, let alone any that own a gold mine. It is important to note that the largest gold producers in Guinea are the Gold Corporation (SAG, an AngloGold Ashanti subsidiary) at around 9.9 tons and the Dinguiraye Mining Corporation (SMD) at 8.5 tons gold per year. The Mining Licenses page of the Ministry of the Republic of Guinea <http://guinee.cadastreminier.org/fr/> does not contain any active or applied for license of any company affiliated with the „KB Universe“, neither the alleged bank in Miami or the GSB Gold Standard Banking Corporation AG from Dusseldorf. The mines in Madagascar, which according to a self-commissioned appraisal report

**Table 10: Operations of KBC**

**Fort Dauphin**

Location	Madagascar in Anosy Region, Districts of Ambosahary Atsimo, in the Rural Commune of Tranomaro, 75 km²
Shareholders	50% KBC INC 50% GCC Ag Consortia
Process	Milling and flotation to production Gold silver and cacao3 Mineral gold and silver) and molybdenum concentrate
Production	21123,41 tonnes payable copper 6095 tonnes gold
Cash costs	80.4 cents per pound example per cooper (116.5 cents per pound excluding by-products)
Workforce	697 employees
Safety index (LTIFR)	1.3 accidents with lost time per million hours worked
Mine life	50 years remaining
Reserves	22.123,41 tonnes copper, 36.241,41 kg silver and 22.987,41 kg gold
Resources	6165m tonnes @ 0.52% copper and 0.011% molybdenum

cadastreminier.org/fr/ does not contain any active or applied for license of any company affiliated with the „KB Universe“, neither the alleged bank in Miami or the GSB Gold Standard Banking Corporation AG from Dusseldorf. The mines in Madagascar, which according to a self-commissioned appraisal report

177	E	1574 5	TSARAVINTANA MINING S.A.R.L.U.	Carreau 3 Parcelle 11/47 Mangarano II 501	159	Toliary	21/09/2015	20/09/2055	-Rhodium-Mica-Malachite- Chalcopyrite-Azurite-Palladium- Saphir-Rubis-Cuivre
447	E	3975 6	TSARAVINTANA MINING S.A.R.L.U.	Carreau 3 Parcelle 11/47 Mangarano II 501	33	Toliary	21/09/2015	20/09/2055	-Rubis-Saphir-Uranium

from a rather unknown auditor in the Frankfurt area suggested that the company owns 22 tons of gold potential, listed under the license numbers 39756 and 15745. However, these license numbers are registered to TSARAVINTANA MINING S.A.R.L.U., not KaratBars and are for the mining of rubies, sapphires, uranium, rhodium, malachite and mica, not gold.

sioned valuation report of 938.8 million EUR and the 50% stake in Fort Dauphin. There is also a second, similar-named Croatian company „White Rock Minerals d.o.o.“ under the registration number 57875783006. The White Rock Minerals Annual Report d.o.o. shows annual revenue of 121 kuna, which corresponds to about 16 EUR, and a net loss of 15,663 kuna (about 2,100 EUR).

Table 12: DCF Valuation of KBC

Annahmen (Werte in €)	
Buchwert Anlagevermögen	938.797.396
Umsatz Jahr 1	168.000.000
NUV % Umsatz	10%
Wachstumsrate Umsatz	25%
Wachstumsrate Umsatz ab Jahr 4	4%

For the financial year 2018, the Croatian White Rock d.o.o. shows a loss on the income statement of 48,551 kuna (about 6,500 EUR). Based on a monetary unit in gold, that assets would be extraordinary, to the tune of at least the sums they quote in their videos. Look high and low and you will never find the asset valuation nor a corresponding book value that could even be substantiated in the slightest or approximated in the self-commis-

## FINANCIJSKI IZVJEŠTAJ ZA 2018. GODINU.

31.05.2019 16:20:52

Osnovni podaci o poslovnom subjektu	
OIB/Matični broj:	52585987333 / 02379198
Tržnica:	WHITE ROCK d.o.o.
Adresa:	Kod Separacije 2/A, 22321 SIVERIĆ
Datum predaje:	30.04.2019.

Iznosi u kunama

Račun dobiti i gubitka za poduzetnike			
Za razdoblje: 01.01.2018. - 31.12.2018.			
Naziv pozicije	Rbr. bilješke	Prethodna godina	Tekuća godina
I. POSLOVNI PRIHODI		1.676.996	164.363
II. POSLOVNI RASHODI		1.871.078	214.808
III. FINANCIJSKI PRIHODI		178.272	6.599
IV. FINANCIJSKI RASHODI		47.779	4.705
V. UUDIO U DOBITI OD DRUŠTAVA POVEZANIH SUDJELJUJUĆIM INTERESOM		-	-
VI. UUDIO U DOBITI OD ZAJEDNIČKIH POTHVATA		-	-
VII. UUDIO U GUBITKU OD DRUŠTAVA POVEZANIH SUDJELJUJUĆIM INTERESOM		-	-
VIII. UUDIO U GUBITKU OD ZAJEDNIČKIH POTHVATA		-	-
IX. UKUPNI PRIHODI		1.855.268	170.962
X. UKUPNI RASHODI		1.918.857	219.513
XI. DOBIT ILI GUBITAK PRIJE OPOREZIVANJA		-63.589	-48.551
XII. POREZ NA DOBIT		-	-

FINANCIJSKI IZVJEŠTAJ ZA 2018. GODINU.			
08.06.2019 16:33:18			
<b>Osnovni podaci o poslovnom subjektu</b>			
OIB/Matični broj:	57875783006 / 02436612		
Titulka:	WHITE ROCK MINERALS d.o.o.		
Adresa:	Kraja Krešimira 1/A, 21214 KAŠTEL KAMBELOVAC		
Datum predaje:	29.04.2019.		
Iznosi u kunama			
<b>Bilanca za poduzetnike</b>			
Na dan: 31.12.2018.			
Naziv pozicije	Rbr. bilješke	Prethodna godina	Tekuća godina
<b>AKTIVA</b>			
A) POTRAŽIVANJA ZA UPISANI A NEUPLACENI KAPITAL		-	-
B) DUGOTRAJNA IMOVINA		-	-
I. NEMATERIJALNA IMOVINA		-	-
II. MATERIJALNA IMOVINA		-	-
III. DUGOTRAJNA FINANCIJSKA IMOVINA		-	-
IV. POTRAŽIVANJA		-	-
V. ODGOĐENA POREZNA IMOVINA		-	-
C) KRATKOTRAJNA IMOVINA		7.423	11.173
I. ZALHJE		-	-
II. POTRAŽIVANJA		6.843	10.593
III. KRATKOTRAJNA FINANCIJSKA IMOVINA		-	-
IV. NOVAC U BANCI I BLAGAJNI		580	580
D) PLACENI TROŠKOVI BUDUĆEG RAZDOBLJA I OBRACUNATI PRIBODI		-	-
E) UKUPNO AKTIVA		7.423	11.173
F) IZVANBILANČNI ZAPISI		-	-
<b>PASIVA</b>			
A) KAPITAL I REZERVE		-404.294	-419.957
I. TEMELJNI (UPISANI) KAPITAL		20.000	20.000
II. KAPITALNE REZERVE		-	-
III. REZERVE IZ DOBITI		-	-
IV. REVALORIZACIJSKE REZERVE		-	-
V. REZERVE FER VRIJEDNOSTI		-	-
VI. ZADRŽANA DOBIT ILI PRENEŠENI GUBITAK		-410.521	-424.294
VII. DOBIT ILI GUBITAK POSLOVNE GODINE		-13.773	-15.663
VIII. MANJINSKI (NEKONTROLIRAJUĆI) INTERES		-	-
B) REZERVIRANJA		-	-
C) DUGOROČNE OBVEZE		-	-
D) KRATKOROČNE OBVEZE		411.717	431.130
E) ODGOĐENO PLACANJE TROŠKOVA I PRIHOD BUDUĆEGA RAZDOBLJA		-	-
F) UKUPNO - PASIVA		7.423	11.173
G) IZVANBILANČNI ZAPISI		-	-

• **Bilješka: Prihod od prodaje**

Poslovni prihodi iznose 121,00 kn, što znači da nije bilo aktivnog poslovanja

Pozicij	2017.	2018.
1	2	3
Prihodi od prefakturiranih usluga	0,00	0,00
Prihodi od prodaje u tuzemstvu	0,00	0,00
Prihodi od prodaje u EU	0,00	0,00
Prihodi od prodaje u treće zemlje	0,00	0,00
Ostali prihodi	0,00	121,00
<b>UKUPNO</b>	<b>0,00</b>	<b>121,00</b>

Curiosities arise from their own Whitepaper, about KaratCoin Bank. In the disclaimer regarding the gold mine, it states that the gold mine might actually

not even exist: “The KBC FOUNDATION GOLD MINE is located in Madagascar and shall produce gold that will be required by the KaratGold Ecosystem. For example, the gold shall be used for the CASHGOLD, which shall have a link to the KaratGold Coin. Whether and to which extent the gold mine exists, whether its managers are professional, how the license situation is and whether it will produce substantial quantities of gold and at market conform prices, is open. (...) If such risks materialize, the KaratGold Ecosystem and with it the KaratGold Coin as well as the KARATCOINBANK COIN and the KARATCOINBANK WORLD ecosystem could collapse. A total loss of the funds invested in the KARTCOINBANK COIN could be the consequence (KaratCoinBank Whitepaper, page 14).

Approximately eight months ago, at an event in Atlanta, Karatbar executives spread untrue statements from the stage. Yes, you heard correctly, they lied and it's documented on camera. „Did you

see the bank building in Miami, did you see that the bank is real, did you see the bank building, did you like it?“, Dirk Zahlman, a former leader, screams from the stage trying to establish credibility with the audience. The bank in Miami would have \$100 million in subscribed capital, with only \$50 million required. Harald Seiz and Josip Heit do not let it spill, if then it is properly paddled.

Ave, in Aventura. However, the office building at this address is not a bank, but rather offices that are rented on an hourly basis (<https://www.davincivirtual.com/loc/us/florida/aventura-virtual-offices/facility-974>) Room No. 700, from which the corporation apparently operates, is what is known as a virtual office, which can be rented for as little as \$60 per month.

## Reserve your virtual office address at **Harbour Centre**

18851 NE 29th Ave.  
Suite 700  
Aventura, FL 33180

Premier Workspaces (Aventura)

Private Mailbox Number Issued/Required

Promo Offer

**\$59**/mo

Choose this Location

Or call a product expert at 1-877-419-1228

We looked into the local business register for companies that have included „Karat Coin“, „Karat Gold“, KaratCoin Bank „“, Karat Bank „“, KBC „,etc.

The only hit is a corporation under the name „KARAT COIN, CORP.“, headquartered in New York, but no bank in Aventura, only a business address being room number 700 at the 18851 NE 29th

Gold is ordered at Karatbars, either as Classic Cards or CashGold notes in denominations of 0.1g, 0.2g, 0.4g, and 0.6g, which are then included in the profit packages. In addition, when joining the network, you are entitled to a certain amount of the KBC / KCB cryptocurrency, which is in fact worthless, because there is no gold



**Entity Name List**

Corporate Name	Document Number	Status
<a href="#">KARAT COIN_CORP.</a>	P18000050185	Active
<a href="#">KARAT CONCIERGE_LLC</a>	L08000110644	INACT
<a href="#">KARAT CREATIONS_INC.</a>	K60522	INACT
<a href="#">KARAT CUSTOM LLC</a>	L14000025895	InActive
<a href="#">KARAT DEPOT_LLC</a>	L10000073282	INACT
<a href="#">KARATE_INC.</a>	383889	NAME HS
<a href="#">KARATE_INC</a>	P96000060799	NAME HS
<a href="#">KARATE 2000_LLC</a>	L01000017561	INACT

**Electronic Articles of Incorporation  
For**

KARAT COIN, CORP.

P18000050185  
FILED  
June 04, 2018  
Sec. Of State  
tscott**Article VI**

The name and address of the incorporator is:

ANNA KRIMSHEIN  
2203 NE 203RD TERRACE

MIAMI, FL 33180

Electronic Signature of Incorporator: ANNA KRIMSHEIN

I am the incorporator submitting these Articles of Incorporation and affirm that the facts stated herein are true. I am aware that false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s.817.155, F.S. I understand the requirement to file an annual report between January 1st and May 1st in the calendar year following formation of this corporation and every year thereafter to maintain "active" status.

**Article VII**

The initial officer(s) and/or director(s) of the corporation is/are:

Title: PTD  
HARALD K SEIZ  
18851 NE 29TH AVE, SUITE 700  
AVENTURA, FL. 33180 UN

Title: S  
ANNA KRIMSHEIN  
2203 NE 203RD TERRACE  
MIAMI, FL. 33180 UN

P18000050185  
FILED  
June 04, 2018  
Sec. Of State  
tscott

reserve supporting the foundation. To join the MLM, the cheapest package costs 150 EUR which gives you 0.2g of cash gold. One gram of fine gold trades around 38 EUR; the value from the package is, thus, undervalued to a mere 7.60 EUR. Given that the gold commodity value of the KBC / KCB

Coins has yet to be established, you must decide for yourself whether it is a good decision to pay 150 EUR in return for the lesser value of 0.2g CashGold. You can't say you weren't warned.

The Gold argument also seems contradictory: on one side, there is talk



that the gold, which usually circulates in the form of bars or coins, however, due to its considerable value, is not issued as a form of currency for rather small amounts such as grocery shopping or gas for your car. Just like all other commodities and currencies, since a denomination is required to exchange as a currency, gold is impractical.

People are not going to walk around with gold bars in their pocket. Karatbars relies on small denomination in the form of CashGold notes. The practical application of CashGold, however, seems doubtful - with a CashGold bill, one can try to persuade the cashier at the supermarket or at the gas stations

to pay for their purchase... And, if you were to order CashGold directly from Karatbars GmbH it would not be delivered immediately. The only option during the ordering process is „storage“, gold is supposed to be stored. However, on the other hand, collectible cards and CashGold certainly cannot suggest an „investment in the future“.

According to the company, investors could convert 100 KBC into 1 gram of pure gold at the „Gold Independence Days“ event at the Bellagio in Las Vegas on July 4. That might not be a problem for Karatbars either, as they‘ll have enough money from the expensive pack-

ages Anyone looking for CashGold tickets can try shopping in Las Vegas with CashGold tickets. Good luck with that. Does Steve Wynn accept CashGold at the Wynn or the Bellagio? Go shopping or eat at Le Cirque and see if they accept CashGold as a payment method.

By 2020, Karatbars International GmbH and GSB Gold Standard Banking Corporation want to reach a market capitalization of \$100 billion from unsuspecting investors. Windy entrepreneurs like Harald Seiz and Josip Heit are living the life of Riley at poor independent reps expense. People live in fear of increases of the interest rates and decisions of monetary policy that result in price increases and fiscal policies that ward off changes in the tax policies. Individuals would love to invest in products that promise protection against inflation. Hard-to-understand company structures, phony gold mines and a cryptocurrency based on nothing - that's the Karatbars history. Investment in the future? Hardly likely.

The world's first cryptocurrency, backed by gold, appears to be another Ponzi system and possibly the biggest fraud in recent years. The case of Karatbars is quite similar to the infamous gold scandal, Bre-X Mining Goldscam (<https://youtu.be/v00GzKgBL7Q>). We have it on good word that Federal authorities have been investigating the case, and we might see the results over the next couple of weeks.

Recently, more and more fraudulent crypto companies have disappeared without a trace or went bankrupt; remember Tessline or Omnia? In conclusion, do yourself a favor and stay away from anything related to the Karatbars network.

We will continue to follow this story and how it reveals itself publicly. This is only the foundation. We have a long way to go to reach the tip of the iceberg. Stay tuned for Part II of Unveiling the Karatbars Scam.