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The Payments Group Holding – Update on the financial claims against SGT Capital group of 5.4 resp. 7.2 million EUR

Frankfurt/Main, 13 May 2025 – Legal disputes are taking place between The Payments Group Holding (PGH), a holding company based in Frankfurt am Main that was founded in 2012 and renamed in August 2024, and SGT Capital LLC Group (SGT Group), among other things concerning claims by PGH of now 5.4 resp. 7.2 million EUR, which SGT Group, entangled in numerous legal disputes, controlled by Joseph Pacini and Carsten Geyer, is attempting to evade in a questionable manner with the help of its lawyers Willkie Farr Gallagher LLP. We report on the current status.

Origin of the claims against SGT Group

TGS24 Capital Pte. Ltd. (TGS24), formerly SGT Capital Pte. Ltd., based in Singapore, a wholly owned subsidiary of PGH, established, between 2022 and 2024, under its then-Directors Marianne Rajic, Marcel Normann, Dino Steinborn and Paul Wong, the first three of whom remain partners of the private equity firm SGT Capital LLC (SGTLLC) in the Cayman Islands, essentially three financial claims against various entities of SGT Group –

- 3.8 million EUR against SGTLLC from a secured loan dated 31.05.22, bearing interest at 9% p.a. and maturing on 31 December 2027, including 1 million EUR in overdue interest,
- 200k EUR against SGT Beteiligungsberatung GmbH, Frankfurt (SGTBB) from a loan dated 24 February 2024 that became due on 31 December 2024, and 41k EUR from an invoice for expenses due since June 2024 relating to 2023 bonuses for employees dispatched by PGH to SGTBB, which SGTBB had firmly committed to these employees and to PGH, and
- 1.4 million EUR against two entities of the SGT flagship fund SGT Capital Fund II (SGT Fund II) and other affiliated companies in connection with expenses incurred by TGS24 in 2022 and 2023.

TGS24 assigned these claims to its parent company PGH in 2024.

In addition, PGH has, according to the legal opinion of its lawyers, in the meantime acquired further interest and damage claims amounting to 1.8 million EUR.

Survival of the claims of TGS24 against SGT Group

On 14.10.24, SGT Group suddenly, out of the blue, asserted absurd and legally baseless counterclaims of 9.9 million EUR against TGS24, which contradict the books and records of TGS24 and which had not been mentioned even once during the months-long negotiations concerning the separation between the SGT and PGH spheres between the end of 2023 and 24.02.24. With these alleged counterclaims, it declared the offset against the claims of the PGH Group, but, despite repeated requests by PGH's lawyers, has not substantiated them legally to date, not even in its statement of claim filed 13.01.2025 in Luxembourg concerning a portion of 3.8 million EUR.

According to the legal opinion of PGH's lawyers, an offset is already impossible for the sole reason that the counterclaims are directed against TGS24, not against PGH as the creditor of the three stated claims of PGH against SGT Group. With regard to the loan receivables of 3.8 million EUR against SGTLLC and 200k EUR against SGTBB, offsetting is additionally impermissible due to a prohibition of set-off stipulated in the respective loan agreements.

Accordingly, PGH is convinced that the claims of PGH against SGT Group in the amount of 5.4 million EUR remain in force. In this regard, SGTLLC and its fund administrator CSC Intertrust, according to PGH's assessment, provided inaccurate information to PGH's auditors and may have made themselves liable for damages caused thereby.

According to PGH's assumption, the assertion of counterclaims and their offset primarily serves SGT Group to gain time for the settlement of PGH's claims and to give the fund administrator CSC Intertrust and the fund auditor Forvis Mazars the false impression that PGH's claims no longer exist, in order to enable the derecognition of their corresponding liabilities towards PGH and its rebooking in favor of one of their own companies, namely in favor of a so-called General Partner of SGT Fund II.

Even if the clawback claims asserted by SGT Group existed, this would not be of material economic relevance for the PGH group, because in that case, TGS24 would, in its view, have damage claims against its former directors and would otherwise be liquidated without impact on the PGH group.

The CEO of PGH, Christoph Gerlinger, considers it not to be impossible that SGT Group may already have caused CSC Intertrust to pay out the amount which, according to PGH, is owed to it but was unlawfully rebooked in favor of a General Partner of SGT Fund II to the latter. In such a case, SGT Group under the leadership of Joseph Pacini and Carsten Geyer might have substantially harmed its own fund investors, as the payment obligation of SGT Fund II et al towards PGH seems likely not to have been eliminated by the payment to its own affiliate.

Due dates of the claims and payment default of SGT Group

Regarding the 3.8 million EUR loan receivable of PGH against SGTLLC, interest became due according to the loan agreement with each partial repayment made. These interest payment obligations have, to date, not been fulfilled by SGTLLC. Instead, SGTLLC has merely attempted to retroactively reclassify portions of repayments already made into interest payments. According to PGH's opinion, an interest amount of 957k EUR is overdue.

The 1.4 million EUR receivables of PGH against SGT Fund II et al from expenses incurred on their behalf became due for repayment immediately upon disbursement of each portion, in the view of PGH, due to the absence of it being agreed otherwise — as is also customary for such expenses. In the related legal discourse, the opposing side has, according to PGH's understanding, recently shifted its focus from disputing the claims to alleging a deferral agreement supposedly concluded during their control of TGS24. This agreement, however, has not been presented despite repeated requests and extensions set by PGH's lawyers, although doing so would likely be in its vital interest both in the material context and in a dispute under defamation law regarding this matter.

The 200k EUR loan receivable against SGTBB became due for repayment under the loan agreement at the end of 31.12.24 and has not been settled by SGTBB to date.

In total, PGH believes that a partial amount of its claims against SGT Group in the amount of 5.4 million EUR is overdue to the extent of 2.6 million EUR, and the respective SGT debtors are in payment default. Further interest and damage compensation claims of 1.8 million EUR come on top.

Recoverability of the claims against SGT Group

The loan receivable contractually established on 31.05.22 in the amount of 6.4 million EUR, now outstanding at 3.8 million EUR due to partial repayments and accrued interest, is secured by a collateral agreement over disbursement claims owed to SGTLLC by SGT Fund II from its contribution to SGT Fund II made on 1 June 2022. The receivables of 1.4 million EUR are primarily directed against SGT Fund II, which owns plenty of assets, and against various SGT Capital General Partners, whose insolvency the SGT side will presumably seek to avoid. Regarding the loan receivable of 200k EUR against SGTBB contractually established on 24.02.2024, both sides have continued to submit arguments in the documentary proceedings pending before the Regional Court of Frankfurt, and the hearing is scheduled to take place on 21.05.2025.

The recoverability of the aforementioned collateral for PGH's loan receivable of 3.8 million EUR may have been impaired by the granting of a multi-million EUR credit facility by SGT Fund II to a special purpose vehicle named SGT ELT BidCo GmbH for the purpose of covering "payment obligations in the ELATEC legal dispute." To what extent it was in the interest of SGT Fund II to grant this credit line — thereby apparently assuming the entire legal cost risk of the failed transaction, even though, according to PGH's understanding from discussions held in its supervisory board meetings in autumn 2024, SGT Fund II was at the time of the signing of the SPA financially far from capable of funding the acquisition of the target company on its own — remains unclear to PGH. Nevertheless, PGH trusts that fund administrator CSC Intertrust will prevent any harm to the fund's NAV and, else, will be liable to the fund investors.

Legal dispute regarding PGH's statements on its claims against SGT Group

SGT Group represented by lawfirm KNPZ repeatedly issued cease-and-desist letters to PGH regarding its public statements about its receivables – such as those dated 13.02., 10.03., 21.03. and 25.03.25, as well as in its 2023 annual report – and in the meantime filed a lawsuit at the Regional Court of Hamburg regarding its statement of 13.02.25. However, it has so far failed to obtain interim legal protection against PGH's statements from a court. With further cease-and-desist letters, SGT Group attempted to prevent the dissemination of PGH's press releases on the websites of Deutsche Börse, the leading capital market news distributor EQS, and various well-known financial portals, in order to hide PGH's statements from the broader public. Deutsche Börse and EQS re-uploaded the two PGH press releases dated 13.02. and 10.03.25, which had been temporarily removed from their websites during the review period, on 8.05.25 after thorough review and discussions with SGT Group's lawyers.

Liability of former directors of the PGH subsidiary for damages arising from counterclaims of SGT Group and from defaults

According to the legal assessment of PGH's lawyers, the former directors of TGS24 would, in the event that the clawback claims asserted by SGT Group against TGS24 existed, be personally and jointly liable for the direct and indirect damages incurred by TGS24, due to having caused such claims to the detriment of TGS24 and to their own benefit as indirect economic beneficiaries. The same is likely to apply in the event of non-repayment of the above-mentioned claims of 200k EUR and 1.4 million EUR, as these claims arose from expenses made without legal cause and against the interests of TGS24. With regard to the 1.4 million EUR claims, this should apply even more in the event that a deferral agreement to the detriment of TGS24 and in favor of the former directors as indirect economic beneficiaries did indeed exist, since the conclusion of such an agreement would, according to PGH's lawyers, constitute a breach of fiduciary duty by the former directors.

Resumé

All in all, PGH expects that it will be able to recover its claims against SGT Group. Alternatively, it may also have substitute claims for compensation against the former directors of TGS24 and/or the fund administrator CSC Intertrust.

SGTBB's attempts to make claims against the Supervisory Board and the management of PGH

SGTBB, represented by Willkie Farr Gallagher, has requested the Supervisory Board of PGH, setting a deadline, to sue the general partner of PGH and its managing director for damages related to the incurrence of legal fees, in particular for pursuing PGH's claims against SGT Group. Likewise, it has requested the managing director of the general partner of PGH, also setting a deadline, to sue the Supervisory Board of PGH for damages for failing, as part of its duty to supervise the general partner of PGH, to sue the general partner and its managing director for damages to date.

It is obvious that the alleged shareholder interest of SGTBB is merely a pretext, given that SGT Group is at the same time the major debtor and a legal counterparty of PGH, with its debt volume to PGH exceeding the value of its PGH shares many times over.

About The Payments Group Holding

The Payments Group Holding (PGH) is a holding company and venture capital provider based in Frankfurt am Main founded in 2012 and renamed in August 2024.

In August 2024, PGH signed a share purchase agreement for the acquisition of four PayTech companies, which is expected to close in summer 2025 subject to certain conditions precedent. After closing of the transaction, PGH will form a group of four operating PayTech companies:

Funanga AG, Campamocha Ltd with its 100%-owned subsidiaries TBWS Ltd and Calida Financial Ltd as well as Surfer Rosa Ltd form a fast-growing, vertically integrated e-Money PayTech group of companies - The Payments Group (TPG). TPG provides proprietary closed and open (branded and white-labelled) prepaid payment services to hundreds of online merchants worldwide. The synergy between these companies positions TPG as the future market leader in embedded financial products and prepaid solutions. Calida Financial Ltd. is the regulated company within TPG, having received an e-money license from the Malta Financial Services Authority (MFSA) in August 2024. This license entitles Calida Financial Ltd. to offer innovative e-money services and products across Europe.

TPG employs over 50 people and operates globally. TPG's customers make use of more than 550,000 POS cash payment points and the global online prepaid card network to process cash and cashless online payments.

Furthermore, PGH operates an AI-focused company builder called 'Softmax AI' together with AI experts via its future 25% stake in German AI Projects GmbH. In addition, The Payments Group Holding holds from its history as a leading German venture capital provider under the German Startups Group brand a heritage VC-portfolio of minority stakes in partly promising German startups via its wholly owned subsidiary German Startups Group VC GmbH.

For more information about The Payments Group Holding, please visit www.tpgholding.com.

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