

The Shadows of Lukas Hinder WDSF Presidency

Barcelona, June 8, 2017

PREVIOUS

Dear WDSF Member Bodies,
Dear Delegates,

We, Carlos Freitag and Marco Sietas, want to give you our perspective about the current management of the WDSF and our version of what happened in the last months.

During these months, we have been keeping a respectfully silence regarding the work of the WDSF Managing Committee, just only for the general interest of the WDSF, but the last WDSF MC reports force us to give you all the information we have, and ask you to keep it in mind during the next 2017 WDSF AGM, to be held in Singapore on June 11 and 12.

The reports presented by Mr. Hinder, Mr. Tay, Mr. Tilenni and Mr. Fraser shows that WDSF is moving down in a very negative and dangerous direction, without a clear goal, Vision and Mission.

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1.- INTRODUCTION

According to Mr. Hinder and Mr. Tilenni Reports, the WDSF is going to spend an extraordinary amount of money in the next few years for, in Mr. Hinder's words, "*pursuing a professionalization of the WDSF structure*", and Mr. Tilenni "*to get the IOC to open the doors to accept DanceSport*".

Further on, we will look deeper into that, but for now, **we just want to say this is a very aggressive plan, and it surely will compromise the financial resources** that our classical disciplines like Standard/Latin have been produced during all these years, by spending these resources in other disciplines which has no enough structure, athletes, etc.

The disciplines Standard and Latin, are and have been the main and unique sponsor of WDSF. A huge amount of CHF is entering, into our WDSF accounts, through our private organizers and Member Bodies. Private Organizers from our WDSF Member Bodies are organizing hundreds of World Ranking Tournaments in Standard and Latin. Their effort, work and enthusiasm in organizing is tremendous, and they have to pay extreme high competition fees to the WDSF.

A personal risk of each organizer should be in our minds. Organizers cannot effort more these costs, and cancellations of Standard and Latin events is more and more habitual.

The disciplines Standard and Latin should not sponsor other disciplines. Should we think that this is a good management and governance?

The Breakdance discipline is still not a developed section inside the WDSF. No structure of Management, No Adjudicators licenses, No Events, No Development, No Trainer licenses, etc. The WDSF MC is building the house from the roof and not from the ground.

Also, we think this is the right time for you to know the kind of people beneath the big (and empty) words, and we want all the WDSF Members have the full knowledge how their real work is.

We also want to expose the dirty and unscrupulously maneuvers used to get control of the WDSF.

The same people who want to spend WDSF money, are the same people who used WDSF funds to make a smearing campaign into the WDSF Presidium against Carlos Freitag and Marco Sietas, their own fellow colleagues for more than 10 years.

In the next lines, you will find our opinion about their "political project", the problems about their financial proposal and the storyline beneath our resignations which includes some of the falsehoods used by them and some of their own malpractices.

There is only a small part of the offences we had received. This is not the only ones, but this is the more serious and you will appreciate a coordinated campaign in order to make us to resign, and to eliminate any resistance on their path to the total control of WDSF.

2.- FINANCIAL ANALYSIS

We have been thoughtfully analyzing Mr. Tilleni financial report.

It is a very long document and seems to be very deep, but once you dig on the surface, we will realize that it is very simple.

The budget for the next years are depending on two major incomes:

- The expected increase of CHF 450.000 on Athletes ID Cards.
- The expected increase of CHF 370.000 on Sponsorships and Marketing.

These two major increase incomes are not 100% reliable, because are not depending on WDSF activity, one depends on the athletes and the other depends on the IOC, related to the support of the YOG.

This extremely high costs to be paid for being present on the YOG for Breakdance have to be paid totally by the Standard and Latin dancer, and organizers of events, Standard or Latin

Dancers will have to accept this new price for the ID Card, which can reach a 500% increase.

This means, that the real income can be only about CHF 1.730.000, but the stipulated costs for 2017 will continue to be about CHF 3.143.000.

Instead of a loss of CHF 712.000, this can be converted into a big loss of CHF 1.413.000 for WDSF if the budget is not finally realized and the increase of Athletes ID Cards and the Sponsorship has not been achieved and approved.

And additionally, we still have two accounting items for a restructuring WDSF, one of CHF 100.000 to meet the ongoing cost and another of CHF 200.000 also for restructuring non-operating expenses, making the appoint that those costs could significantly increase depending on Spain or Switzerland requirements of which will increase the big loss to about 1.713.000.

Is this what you all want for the next years of the WDSF?

What is surprising, are the very high costs for Secretariat expenses. Why the big increase from CHF 200.000? In 2015 to 315.000, in 2016 and now we will need 640.000?

Is the reason that everything will be moved to Switzerland? where the costs are extremely high and the new very expensive persons hired to attend the office there?

It is also interesting to see that the Technique books did not cost anything in 2015, as we had a sponsor who was paying for everything and the costs where covered by the buyers of the books. In 2016 suddenly the costs became CHF 74.000 and for 2017, we calculate again CHF 50.000.

Regarding the AGM costs, there is an increase from CHF 31.000 in 2015, but only CHF 18.000, in 2016, the member body was organizing the event and cover most of the costs in the past, but suddenly in 2017 the cost of the AGM climbs up to CHF 110.000.

Is eventually WDSF paying for everything and nothing the organizer anymore?

And so, we can go through many other items like the consulting fees for Education, the consulting fees for Congresses, for General Secretary and surpassingly the costs paid to the company from Tony Tilenni for Treasurers costs CHF 57.000.-

And the very high costs for the new appointed CEO in 2017 where they approved by the AGM? Is something related to his proximity to the IOC?

And where is the income which supposedly was coming from the big sponsor Swarovski??

Many of these expenses are not budgeted costs. It is already done and paid and everything without the authorization and approval of the WDSF National Member Bodies.

3.- CAMPAIGN AGAINST CARLOS FREITAG

3.1 LUKAS FORCE CARLOS FREITAG'S RESIGN.

It all began the days following the 26th and 27th of September 2015 MC meeting. **Lukas Hinder and Tony Tilenni had conversations with Marco Sietas, requesting his help and support to convince Carlos Freitag to renounce to the WDSF presidency, so that Lukas Hinder could replace him without the need of calling elections.**

Marco Sietas explained to them several times that he cannot and will not support "*dirty games*" and he respects the presidency of Carlos Freitag completely. Carlos Freitag was attacked in a very aggressive way during the meeting by Lukas Hinder, Shawn Tay and Tony Tilenni in order to force him to resign. They even asked Marco Sietas what he thought. His answer was clear: "*I will be for sure the next one*".

After this conversation, Mr. Hinder sent the following email to Mr. Sietas:

De: "Lukas Hinder" < >
Fecha: 3/10/2015 11:41
Asunto:
Para: "Marco Sietas" < >
Cc:
Lieber Marco

Hoffentlich findest Du über das Wochenende Gelegenheit, mit Carlos zu sprechen und ihn von einem baldigen Rücktritt zu überzeugen. Es gibt meine andere Möglichkeit mehr und ich hoffe sehr, dass wir eine gute und einvernehmliche Lösung finden werden. Ich werde Dich am Montag anrufen. Nochmals herzlichen Dank für das gute und konstruktive Gespräch, das wir am Freitag telefonisch geführt haben.

Alles Gute in Nizza.

Best regards,

Lukas Hinder
WDSF First Vice-President

English translation

“Dear Marco

Hopefully you can find over the weekend a chance to talk with Carlos and to convince him of an early resignation. There is my other choice and I very much hope that we will find a good and friendly solution. I'll call you on Monday. Thank you again for the good and constructive conversation, which we have done by phone on Friday.”

Obviously, Marco Sietas did not accept his proposal, and then, they start a coordinated campaign to force Carlos to resign.

3.1.1 HOW WDSF WAS WORKING HISTORICALLY?

The lecturers have been paid in the congresses immediately after their lecture.

This was paid in cash money, not recorded on WDSF accounting books. Obviously, the WDSF has never paid any taxes for them. Even the lecturers have provided invoices to WDSF in order to pay their own taxes in their countries.

Me, Marco Sietas, I cannot live anymore with this illegal situation and I have to disclose this to everybody and the National Member Bodies.

Lukas Hinder, Tony Tilenni, Jim Fraser and Shawn Tay tried to manipulate me, but my coincidence cannot consent it anymore.

Nearly all Applicants for new licenses, visitors and holder of a WDSF license, paid always at the door before the congresses.

Mr. Tilenny instructed Carlos Freitag, Txus Pedraza and myself to carry cash money to Barcelona. During many years, no receipts were issued and we three took with us.

This was again, cash money not recorded on WDSF accounting books.

Me, Marco Sietas, was instructed by Mr. Tilenni how to manage the money regarding congresses. I felt extremely uncomfortable about the practices he designs, including the way to deliver the price money for the Grans Slam events, specially in Moscow, Finland and China.



The treasurer gave me instructions about it and my trips to these part of the World, were unsafe, specially at the border. I have asked many times to solve this problem.

I can say, and due to the direction and indications of the treasurer's, fortunately I was never robbed, attacked or inspected. The former Sports Director was asked to do exactly the same over many years.

3.1.2 WDSF SPANISH OFFICE

This issue came up at first, in the 2006 MC meetings, when the Swiss legal address in Lausanne was not valid anymore. **The entire MC discuss to change the Lausanne fiscal residence to Spain, and agreed seeking a provisional structure in Spain**, and contact with Spanish Authorities to move the WDSF domicile to Spain permanently. This task was commissioned to Carlos Freitag.

In a Presidium meeting held in 2010, the WDSF's Presidium **command Lukas Hinder to seek for legal advice and deal with Swiss authorities.**

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**MINUTES OF THE
PRESIDIUM MEETING
HELD IN BARCELONA
JANUARY 16 & 17, 2010**

ATTENDANCE:

Carlos Freitag (CF), Lukas Hinder (LH), Marco Sietas (MS), Heinz Spaeker (HS), Tony Tilenni (TT), Daniele Tondon (DT), Shawn Tay (ST), Keiji Ukai (ST), Pavel Dorokhov (PD), Petr Odstrcil (PO), Jim Fraser (JF)

Athletes Commission Members: Alina Basiuk (AB) & Timo Kulczak (TK)

**Richard Bunn (RB) TV, Media & Strategy
Roland Hilfiker (RH) Communications**

APOLOGIES: Heidi Goetz (HG), Natasa Ambroz (NA), Detlef Hegemann & Rudolf Baumann.

SATURDAY, JANUARY 16 / 10:00 TO 18:00 & SUNDAY, JANUARY 17 / 10:00 TO 17:30

January, 16th, 2010

1. OPENING REMARKS FROM THE PRESIDENT

The President welcomed all Presidium members to this meeting in Barcelona.

Mr Freitag also welcomed for the first time Alina Basiuk from Russia and Timo Kulczak from Germany, representing the Athletes on the IDSF Athletes Commission. This was an historic day for IDSF and its athletes. By establishing the Athletes Commission, IDSF is ensuring that it has continued to comply with the policy directions of the IOC. Mr Freitag is looking forward to the direct input of the representatives of the Athletes Commission to the Presidium.

Mr Freitag also welcomed Daniele Tondon, the President of IPDSC. In Mr Freitag's view this was an exciting start to the development of a new era of co-operation and development with our professional teachers and professional competitors. It is hoped that a new IDSF Professional Division will be established during the 2010 AGMs of IDSF and IPDSC.

Mr Tondon thanked Mr Freitag for his warm welcome and stated that he looked forward to working to develop Vision 2012 and the World DanceSport Federation.

It was agreed to start with Item 21 to allow the representatives of the Athletes Commission to provide their direct guidance and suggestions to the Presidium.

2. ATHLETES COMMISSION MS

a. Comments on the Athletes Commission meeting on Friday, January 15, 2010.

MS confirmed that this is an excellent start for the new Commission and members.

IDSF President - Carlos Freitag - Rambla Ribatallada, 31, casa 7 - 08190 Sant Cugat - SPAIN
TEL: +34 93 674 60 80 - FAX: +34 93 589 03 66 - E-Mail: carlosfreitag@idsfspan.com
www.idsf.net - www.worlddancesportfederation.org

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b. Presentation of current Debtors List and consideration of any actions

TT then distributed to Presidium members a detailed Debtors list for their review and comment. Although the amount was being managed, every year it is only a few Members which create difficulties for IDSF in collecting fees.

The Presidium will review the situation at the end of January before deciding if further action needs to be recommended.

26. ANTI-DOPING CONTROLS

JF

Information has been received from WADA that athletes are strictly required to provide their location at all times and that mobile telephone numbers can no longer be used for notification purposes as it could undermine the integrity of the Anti-Doping system.

27. LEGAL SEAT OF IDSF IN LAUSANNE, SWITZERLAND/TAX FREE STATUS LH

IDSF needs to make a decision about its legal address and residence because the Swiss Canton of Vaud, which includes our office address of Lausanne, Switzerland, has new requirements about this subject.

The alternatives are that we can explain that as a Spanish President has been elected, we need more time to develop our office in Switzerland or, we will need to consider moving the domicile to Spain.

CF will review the situation with the relevant authorities in Spain and LH will seek advice and deal with the Swiss authorities.

A decision will be made as soon as we have all the necessary information.

Mr Freitag thanked Presidium members for their hard work over the weekend.

The meeting was closed at 5.30pm

**Carlos Freitag
IDSF President**

BARCELONA, SPAIN

**Tony Tilelli
IDSF Treasurer and Minutes Secretary**

According the section 27 of the 2010 WDSF Presidium meeting minute:

(...)

CF will review the situation with the relevant authorities in Spain and LH will seek advice and deal with the Swiss authorities.

A decision will be made as soon as we have all the necessary information

Finally, and considering that the WDSF was created and registered in Switzerland, the WDSF finally **decided to dismiss the change of domicile from Lausanne to Barcelona, as all tax exemptions would have been lost.**

This decision was based taking into account the previous advise of Mr. Guillermo Vidal (Cuatrecasas¹ Lawyer) and Mr. Domingo ("RSM Suport Empresa" accountant), whom informed that WDSF will lose all tax exemptions if the domicile was permanently seated in Spain.

The entire MC, previous advise of those same advisors (the current WDSF lawyers and advisors), was aware that it was not possible to permanently move the WDSF domicile to Spain. **All MC and Presidium members knew that.** That is the real reason to entrust

¹ Please find attached copy of Mr. Vidal E-mail dated in 2006

Lukas Hinder to seek legal advice to Swiss advisors. At that time Lukas Hinder did not fulfill his duties and did not come up with any results and proposals.

These decision was already discussed both in AGM and Presidium meetings since 2006, as all the members can be checked by taking a look by your own on those minutes.

More than 10 years later, Mr. Tilenni used this situation to start a campaign against Carlos Freitag and blame him for that, and spent an incredibly high amount of WSDF money to pay (once again) to the same lawyers and legal advisors in the past and also to the new ones. None of the WSDF National Member Bodies were advised or asked.

Mr. Tilenni used WSDF funds (without any authorization of the entire MC) to hire Deloitte firm lawyers and to pay the current WSDF Spanish accountants (RCM Suport Empresa), to produce the original reports.

The following email shows that Tony Tilenni personally commissioned Xavier Domingo's report, and he forbidden any communication with anyone except with him. The report was not required by the MC members, and the cost of that report is still unknown nowadays.

Asunto: Re: Fwd: Fwd: Treasurer's Report of 24th October, 2015

Fecha: Mon, 26 Oct 2015 12:09:28 +0100

Em sap molt de greu el caire que estan prenent les coses.

He tingut una conversa amb el Tony en la qual m'ha demanat que nomes ell ha de ser el meu interlocutor en aquest moments i mentre duri la tasca que estic fent ara. Donat que ell és qui me l'ha sol·licitat, penso que èticament és el que haig de fer. No interpreteu que estic prenent posició per cap de les dues parts. Res mes lluny de la realitat.

*Cordialment,
Xavier Domingo*

English translation

I'm very sorry for how the things are evolving.

I had a conversation with Tony, and he told me to communicate with anyone except with him during the duration of the work I'm doing now. As he is the one who has asked me, I think that is what I should ethically do. Do not think that I am taking position with any of the two sides.

***Your Sincer
Xavier Domingo***

3.1.3 WDSF SWISS OFFICE

Mr. Tilenni has used this information (the change of office) to confuse Presidium members, and used it against Carlos Freitag and Marco Sietas.

Surprisingly, the final report of Jean-Pierre Morand Kellerhals Carrard Law Firm concludes this²:□

Assuming, as is done above, that the likely position of the WDSF would be to maintain WDSF as a true Swiss entity, with however an office in Spain, the process would be the following:

- *First define and at least begin to implement an effective Swiss seat and determine a clear defined role for the Spanish office.*
- *Secondly, move for a ruling for the tax status of the WDSF Spanish office (registered probably as a permanent establishment but with no significant tax exposure). For this purpose, the organisation and respective roles of the (true) Swiss and Spanish offices should be presented.*
- *(...)*

After lots of money spent by the WDSF's Treasurer, **the first of the recommendations from Carrard's Law Firm was to "implement an effective Swiss seat", which was the main task committed to Mr. Hinder in 2006.**

It is obvious that during all this time, the entire Presidium was aware of the special situation of the WDSF regarding this issue. There have past more than 10 years since this issue was raised inside the MC, but it was only when Mr. Hinder and Mr. Tilleni started this campaign to force Carlos to resign, when this became an important matter for them (and use it against Carlos Freitag and Marco Sietas).

The real risk of that situation was not having a real permanent office in Switzerland, not in Spain. We took aware of this fact once they star that campaign against Carlos and Marco. We were totally convinced that the WDSF had a perfectly legal, real and registered office in Lausanne, Switzerland.

3.1.4 WDSF EMPLOYEES

Employees situation in Barcelona could be better registered, and so was done by September 2015. This previous situation did not affect nor influence the state pension of any of the employees.

This means, that was not any urgent situation...

This was done at the beginning of the existence of the office in Spain, in order to save some money to the WDSF, what was very important by that time.

You all know Txus Pedraza for about 16 years. Perhaps you can ask her if she has had any problem during these years and why for the first time after so many years, she is not present at the AGM in Singapore.

² Please find attached copy of Mr. Morand email dated January, 16.

3.1.5 CURRENT SITUATION

As mentioned before, still today we have a branch office in Spain (as before) and nothing –absolutely nothing- has been done to solve this so extremely important and urgent problem.

Nowadays, everything remains exactly the same as in 2015.

In January 2016, Lukas Hinder, Shawn Tay, Tony Tilenni and Jim Fraser stated very clearly to the Presidium, that Carlos Freitag was guilty about the situation.

Marco Sietas stood up and said, that there is no person guilty. The PRESIDUM is responsible for everything and responsible to the NATIONAL MEMBER BODIES.

If there are persons more responsible form others about how WDSF manages the money, they are the former treasurer Lukas Hinder and the actual treasurer Tony Tilenni.

They are managing everything in regard to money.

3.2 MR. FREITAG ALLOWANCE

It is true that Mr. Freitag was receiving, from Mr. Tilenni, Eur 5000 per semester to cover the administrative costs.

In 2011 Mr Tileny suggested to increase this amount to 10.000 because of the very high work done by Mr Freitag... (see email):

*Asunto: RE: First semester
Fecha: Thu, 3 Feb 2011 20:43:47 +0800
De: Tony <tilenni@XXXXXXX>
Para: carlosfreitag@XXXXXX
CC: 'Hinder Lukas ' <lukas.hinder@XXXXXX>*

Dear Carlos

I can do this tomorrow. However, I do not think it is fair or reasonable for you to receive only EUR5000 for six months for all your very hard work.

I would suggest that we should increase this and maybe have this fee dated 31st December to catch up for last year's work?

I believe that we should be paying a lot more than EUR10000 for your Secretarial and Administration. What do you and Lukas think?

I look forward to hearing from you.

Regards

Tony Tilenni

With this new amount Mr. Freitag was paying all administrative costs... such as Telephone, etc. and also, he informed Lukas Hinder that he will use this to be able to pay for Mrs Freitag trips to the different events.

Regarding the 10.000, Mr. Freitag informed Lukas Hinder that he will send the information end of March /April, as he had to manage some changes inside the Internet, Fiber Optic and different costs, like telephone, some trips etc (see emails) and LH agreed completely:

Asunto: AW: xxxxx
Fecha: Wed, 10 Feb 2016 18:54:33 +0100
De: Lukas Hinder
Para: 'Carlos Freitag'

Lieber Carlos

Besten Dank für Deine E-Mail.

Selbstverständlich benötigst Du für diese Angelegenheit die notwendige Zeit. Dafür habe ich grosses Verständnis.

Ich schlage Dir vor, dass Du kurz Tony darüber orientierst, dass Du die Abrechnung über die aufgelaufenen und noch entstehenden Kosten noch erstellen und vom bezogenen Betrag beziehen wirst. Alle Auslagen, die Dir durch Dein Amt in der WDSF entstanden sind, sind selbstverständlich von der WDSF zu entschädigen. Wenn Du kurz eine E-Mail an Tony schreibst, so ist er offiziell im Bild. Er wird dies sicher zu schätzen wissen.

Bei nächster Gelegenheit werde ich Dich einmal anrufen. Bis dahin wünsche ich Dir und Evelyne alles Gute und vor allem beste Gesundheit.
Liebe Grüsse

Lukas

Von: Carlos Freitag [mailto:carlosfreitag@xxxxxx.com]
Gesendet: Mittwoch, 10. Februar 2016 10:29
An: Lukas Hinder
Betreff: xxxxxxx

Lieber Lukas

Heute habe ich die Abrechnung für den ersten Monat und bis zum Datum der Übergabe an Txus und Marco gemacht.

Wie immer, hatte ich Anfang des Jahres meinen Zuschuss für die ersten Monate abgehoben Ich werde Ende März oder April die Abrechnung dafür machen.

Muss nun alles etwas umstellen....Telefon, Internet, Optic Fiber..usw..damit die Unkosten so tief wie nur möglich bleiben.

Hatte diese Mehrkosten immer mit dem Zuschuss ausgeglichen, sowie Evis Reisen. Da habe ich soeben die letzte gezahlt.

Wünsche Dir alles Gute in Deiner neuen Funktion Gruss Carlos

Even Tony Tilenni was informed and he agreed. Why this big issue now?

Asunto: Re: Accounts
Fecha: Wed, 10 Feb 2016 22:28:15 +0000
De: Tony Tilenni
Para: Carlos Freitag
CC: Lukas Hinder

Dear Carlos

Thank you for letting us know.

There is no problem. Of course I will be patient.

Regards

Tony Tilenni

Sent from my iPhone

> On 11 Feb 2016, at 2:23 AM, Carlos Freitag <carlosfreitag@xxxxxxx.com> wrote:
>
> Dear Tony
> I have send to you the accounts till February 2nd.
> On this date Txus and Marco took over the responsibility of this account.
> You will see, that begining of the year I took my money for the first months of this year, as I always did.
> I have informed Lukas that I would like to make the correspondent clearing of this money in two or three months.
> I have to change now my contracts with the Telephone company...for the mobile, Internet and Optic Fiber...and make it as cheap as possible.
> You know that I also used this money to pay Evelyns trips and other costs related to my position....I have just paid the last trip.
> Please be so kind and be a little bit patient with this.
> Thank you
> Btonest regards
> Carlos

By the way, the actual President is also receiving an allowance of CHF 12.000 per year as mentioned in the Accounts.

4.- CAMPAIGN AGAINST MARCO SIETAS

The second part of the Campaign was focused on Marco Sietas.

Using Mr. Tilennis's reports, Mr. Hinder, Mr. Fraser and Mr. Tilenni decided, by themselves, and disobeying Carlos Freitag's orders, to stop all the payments to Marco Sietas for his job (once for 9 months and the second time for 3 months) and used that to force Marco Sietas to convince Carlos to resign. Marco Sietas had no income during all this time, but he was offering his services and work as always.

He was an "*autónomo*" in Spain, but when Mr. Tilenni decided that this situation was a problem for the WDSF, and decided by his own that he was not going to pay any more for the services provided by Marco Sietas.

Mr. Tilenni offered Marco Sietas a professional management contract, but did not wanted to recognize his antiquity, neither his actual salary import. Mr Tilenni wanted to give Marco Sietas a loan (instead of paying for his services), and used this situation to force Carlos Freitag resignation.

In relation to this, the final report of Jean-Pierre Morand Kellerhals Carrard Law Firm concludes:

Regarding Mr Sietas, there is also little doubt that his present status as autonomo is not really sustainable, this at least unless circumstances can be established established which would really show a real independent activity.

Regarding Mr Sietas:

An adequate solution must be established. For this purpose, it appears necessary to discuss with him as this indeed requires the redefinition of an agreement with him

And the Cuatrecasas final report recommends:

4.2 Concerning the Sports Director the WDSF has a risk in terms of Social Security contributions and withholding taxes, if Mr. Sietas is considered an employee of the WDSF. Interest for late payment, surcharges and penalties will most likely apply on the mentioned amounts. Penalties can be avoided if complementary returns are filed.

On this point Marco Sietas asks for a legal advice on his own, but he still continued providing his services, despite continuous interferences in Marco Sietas job, which could be easily be considered Job harassment.

Marco Sietas always wanted to continue working for WDSF, while MC really wanted to do was to take out his influence with some member bodies, by deducing his functions.

Marco Sietas never sued or made a lawsuit against the WDSF, instead, he asked for a "*acta de conciliación*", which is a previous and formal procedure in front of an administrative competent body in Spain (not in front a judge).

This "*acta de conciliación*" was the final intent to try to convince the WDSF MC to get an Employee correctly contract by the WDSF, after months and months of delays form the MC.

After that, WDSF broke negotiations with Marco Sietas, and forced him to come into an agreement to finalize his job relation and, forced Marco Sietas to resign to all his charges inside WDSF, except for his work as Adjudicator and Chairperson at WDSF competitions.

But they did not stop here.

Last March, Mr. Fraser, Mr. Tay and Mr. Shaughnessy, started a Disciplinary proceeding against Marco Sietas, by using Ms. Edita Daniute's complaint about physical interference by Marco Sietas, and tried to convince the WDSF Presidium to suspend Mr. Sietas for 2 years, banning him to work as Adjudicator or Chairperson.

Obviously, Marco Sietas refused all the accusations and started his own defense. By now, they have failed proving these accusations, and Marco Sietas has proven that the supposed complaint of Ms. Daniute was written by Mr. Fraser himself, certifying all these proceeding against Marco Sietas is another smear campaign, and a dirty maneuver to tear Marco Sietas away from the WDSF, at any costs.

This Motion to ban Marco Sietas should have been voted on March 25, but it has been postponed various times, despite Marco Sietas request for a voting. That was, of course, another dirty lawyer maneuver to delay the ban until past Sunday June 4, just one week before the AGM.

Obviously, they are trying to keep Marco Sietas quiet until the AGM.

Finally, on last Sunday, the Presidium sent a simple communication, with the decision of 2 years ban, and the revocation of both, WDSF Chairpersons Licenses and WDSF Adjudicator "A", Licenses.

This is not real ruling, not a sentence or judgment's decision. It does not include any legal grounds or legal foundation to justify those 2 years ban.

This is a serious breach of the WDSF Internal Dispute Resolution Code.

Marco Sietas will appeal this sanction to all Sports instances including CAS an IOC.

6.- WHO WANTS YOUR VOTE?

LUKAS HINDER

Lukas Hinder has desired the position of President for years.

When he knew that Carlos Freitag was not going to run for WDSF Presidency reelection, he started all these campaign to force an early renounce from Carlos Freitag, in order to become WDSF President without AGM voting for him.

He want to use the WDSF Presidency, and the WDSF funds to assure his final reelection.

At first, he tried to manipulate Marco, as it can be seen in the Email sent by him –to Marco Sietas- at October 3:

De: "Lukas Hinder" < >
Fecha: 3/10/2015 11:41
Asunto:
Para: "Marco Sietas" < >
Cc:
Lieber Marco

Hoffentlich findest Du über das Wochenende Gelegenheit, mit Carlos zu sprechen und ihn von einem baldigen Rücktritt zu überzeugen. Es gibt meine andere Möglichkeit mehr und ich hoffe sehr, dass wir eine gute und einvernehmliche Lösung finden werden. Ich werde Dich am Montag anrufen. Nochmals herzlichen Dank für das gute und konstruktive Gespräch, das wir am Freitag telefonisch geführt haben.

Alles Gute in Nizza.

Best regards,

*Lukas Hinder
WDSF First Vice-President*

English translation

"Dear Marco

Hopefully you can find over the weekend a chance to talk with Carlos and to convince him of an early resignation. There is my other choice and I very much hope that we will find a good and friendly solution. I'll call you on Monday. Thank you again for the good and constructive conversation, which we have done by phone on Friday."

Afterwards, he, Tony Tilenni, Jim Fraser and Shawn Tay, started the dirty game, using against formal irregularities that were already known by them since years.

He was been remaining in silence during all these years, only waiting until it could be used in is own benefit, of course not in WDSF's benefit.

He also was responsible of not getting a perfectly and legally correct Office in Switzerland, as he promised in 2010.

TONY TILENNI

He has been the executor of that mentioned smear campaign.

As WDSF Treasurer, he was (and stills being) the responsible for all the WDSF's economic activities.

He designed all the strategy to use non-booked cash money payments, giving instructions in this sense to all, about those operations.

He used WDSF Money to his own and Lukas Hinder's benefit.

He used the disposal and control of the WDSF money to pay all the advisors, and forbid those advisors to talk to anyone except with him, to avoid any other versions apart from his.

In addition, he did not carry out with his obligations as WDSF Treasurer, and committed a WDSF Code of Ethics breach by offering private professional services while acting as a member of the MC, by making communications on behalf his charge and using of his position. These may constitute a "use of the charge for his own purposes".

Tony Tilenni
Principal



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SHAWN TAY

He is a lining conflict of interests.

He is breaching WDSF Regulations by organizing events in which he is also Chairperson, judge and Speaker.

BD Dance is sponsor of his own event in Singapore and also sponsor of the WDSF ID CARDS.

He also gets personal Sponsorships to WDSF Athletes.

He gets paid double with Secretariat Expenses and Education Academy.

JIM FRASER

Jim Fraser and Tony Tilenni proposed on several occasions, and supposedly on behalf of the WDSF, a loan agreement consisting in Marco Sietas receiving money, so that he had to return it with interest.

This offering, (made during the period in which Marco Sietas was being compelled to try and get the early resignation of Carlos Freitag) could also be considered as an “undue pressure”.

It is also being proved that Jim Fraser has been doing an illegal prosecution against Marco Sietas, by manipulating the complaint of Edita Daniute in order to get Marco Sietas ban from the WDSF.

There is also another proof of his falsehoods and lies. He said on his report:

In answer to a question which I have been asked, I report specifically as follows. As you know, I have been Chair of the WDSF Legal Commission since it started in 1998. After Mr. Freitag became WDSF (then "IDSF") General Secretary and began operating a WDSF branch business office in Barcelona, I started asking legal questions about how he was doing his work there. I did not receive cooperation.

Finally, in the summer of 2005, in answer to my increasing insistence on seeing contracts and examining how the office functioned legally, I received a very clear order from the WDSF President to stop questioning that work in any legal way:

This is another manipulation, just because the WDSF Barcelona Office was not launched until 2006, it cannot be possible for him to warn Mr. Bauman of nothing.

6.- CONCLUSIONS

To conclude this communication, we want you to know that we are really disappointed with Mr. Lukas Hinder, Tony Tilenni, Shawn Tay and Jim Fraser.

We constantly tried to think in WDSF's benefit, and tried to remain on silence, but what happened on the last weeks has been too much.

We used to think that our silence was going to be the last job to DanceSport, but we also think it would not be fair with those WDSF Members.

You have the right to know who they are, how they behave, his bitterness, how resentful are against us, and how hypocrites they can be.

We do not want WDSF in their hands.

CARLOS FREITAG

MARCO SIETAS

Asunto: RE: DOCUMENTACIÓ
Fecha: Thu, 15 Jun 2006 17:47:45 +0200
De: Guillermo Vidal Wagner
Para: AEBDC 2
CC:

Carlos:

Salvo error u omisión por mi parte, creo que no nos conocemos personalmente. Soy Guillermo Vidal, profesional del área fiscal de Cuatrecasas y te resumo algunas cuestiones fiscales que aplican a federaciones deportivas internacionales con sede en España. Son ideas básicas, sin ánimo de exhaustividad, para que te hagas idea de cómo funciona el tema fiscal en España.

Por otro lado, te paso un artículo publicado por un servidor en la Revista Jurídica del Deporte, específico para federaciones deportivas internacionales que trasladan a España su sede. En el artículo se amplían algunas de las cuestiones que seguidamente te cito (en todo caso, piensa que es un artículo para una revista de carácter técnico, es decir, te puede servir para coger ideas, pero no lo tomes como asesoramiento). De alguna forma, el artículo recoge varias de las cuestiones que se nos han planteado en la práctica con estos temas de traslados a España de federaciones deportivas internacionales.

En fin, no te aburro más. Si os hace falta alguna información adicional, estamos a vuestra disposición.

Encantado de conocerte electrónicamente.

Saludos.

COMENTARIOS.

1.) Ley del Mecenazgo. Lo normal será que la federación internacional con sede en España decida acogerse a nuestra Ley 49/2002 (Ley del Mecenazgo en adelante), para lo cual hay que optar expresamente mediante la presentación del correspondiente modelo 036.

2.) Requisitos Ley del Mecenazgo. Adicionalmente, la Federación Deportiva Internacional con sede en España deberá cumplir con los diez requisitos que prevé la Ley del Mecenazgo para poder disfrutar de su régimen fiscal. La ausencia de uno sólo de esos requisitos impide disfrutar del régimen fiscal contemplado en la Ley del Mecenazgo.

Sin entrar en mayores análisis, lo habitual es que las entidades cumplan 9 de eso 10 requisitos. El requisito que pueden cumplir o incumplir las federaciones deportivas que pretenden tributar bajo el paraguas de la Ley del Mecenazgo, desgraciadamente sólo puede conocerse al final de cada ejercicio. Este requisito, exige que el porcentaje de explotaciones económicas NO exentas del Impuesto sobre Sociedades sea inferior al 40% del total de los ingresos (ahora veremos brevemente este tema).

3.) Impuesto sobre Sociedades. Las federaciones deportivas internacionales con sede en España acogidas a la Ley del Mecenazgo disfrutan de una exención en el Impuesto sobre Sociedades por TODOS sus ingresos: donaciones, subvenciones -salvo la parte que financie explotaciones económicas no exentas-, intereses, alquileres, dividendos, royalties, incrementos de patrimonio, ingresos por contratos de patrocinio o convenios de colaboración empresarial y por las explotaciones económicas que realicen y que se incluyan en el listado del artículo 7 de la Ley del Mecenazgo (entre estas explotaciones económicas exentas se incluyen los ingresos derivados de la prestación de servicios deportivos a personas físicas que practiquen el deporte o la educación física, siempre que tales servicios estén directamente relacionados con dichas prácticas y con excepción de los servicios relacionados con espectáculos deportivos y de los prestados a deportistas profesionales).

NO están exentos los ingresos derivados de la realización de explotaciones económicas que NO estén incluidas en el artículo 7 de la Ley del Mecenazgo.

En relación a las explotaciones económicas hay que indicar que si la Federación deportiva internacional obtuviera en algún ejercicio más del 40% de explotaciones económicas no exentas, debería tributar en el

Impuesto sobre Sociedades en el régimen previsto al efecto (Régimen especial de entidades parcialmente exentas, sobre el cual no me voy a detener).

Es complicado que las federaciones deportivas perciban más del 40% de sus ingresos de explotaciones económicas no exentas (de todas formas, lógicamente, esta circunstancia dependerá de la estructura de ingresos de cada federación). En los casos en los que se prevea esta circunstancia (40% de ingresos provenientes de explotaciones económicas no exentas), deberían analizarse estructuras adicionales (canalizar los ingresos a través de fundaciones, por ejemplo).

Para saber si estamos o no ante una explotación económica exenta, lo mejor será analizar la estructura de vuestros ingresos y calificarlos fiscalmente (será más fácil que explicarte lo que dice la Ley).

4.) Impuestos Locales. Asimismo, las federaciones deportivas internacionales con sede en España acogidas a la Ley del Mecenazgo disfrutan de exención en determinados Impuestos Locales como el Impuesto sobre Bienes Inmuebles (salvo por la parte del inmueble dedicada a explotaciones económicas no exentas) y del Impuesto sobre Actividades Económicas (salvo por la realización de explotaciones económicas no exentas).

5.) Otros impuestos. Adicionalmente, las federaciones deportivas internacionales con sede en España acogidas a la Ley del Mecenazgo disfrutan de exención del Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados, en sus tres modalidades: Transmisiones Patrimoniales Onerosas, Operaciones Societarias y Actos Jurídicos Documentados.

6.) Impuesto sobre el Valor Añadido. La federación deportiva internacional con sede en España podrá ser sujeto pasivo del IVA en relación a determinadas actividades. Esto quiere decir que deberá repercutir el IVA español a los destinatarios de sus servicios, los cuales serán los que efectivamente soporten el coste del tributo (en definitiva, el IVA por los servicios que presta la federación deportiva internacional lo soporta efectivamente el destinatario, no la federación).

Cuestión distinta es el IVA que la propia federación deportiva internacional pueda soportar en las adquisiciones de bienes y servicios. Este IVA soportado por la federación no será un coste efectivo, en la medida en que la federación deportiva internacional no aplique la regla de prorrata. Es decir, si la federación deportiva internacional recibe una factura de Cuatrecasas, la federación deberá pagar el IVA correspondiente. Este IVA será deducible para la federación si no aplica la regla de prorrata. Si aplica la regla de prorrata, se deducirá el IVA en el porcentaje que resulte de aplicar la citada regla.

De todas formas, esto último tampoco debería ser determinante a efectos de trasladar o no la sede, toda vez que incluso teniendo la sede en Suiza la propia federación debería soportar el coste del IVA español en todas aquellas operaciones en por Ley deba repercutirse el citado tributo.

From: MORAND Jean-Pierre
Date: Saturday, 16 January 2016 12:06 am
To: Shawn
Cc: Guillermo Vidal Wagner
Subject: Report on Tax structure

Please find enclosed the report established by Mr Vidal.

This first report covers the WDSF tax status. A second report will follow in respect of employment issues.

Not surprisingly, the gist of the conclusions, is going in the same direction as what was included in the previous reports. I would summarise it as follows:

Situation up to and including 2015:

- In view of its present structure and organisation, WDSF is effectively and materially speaking subject to Spanish taxation.
- Its formal organisation with a main seat in Switzerland and only a representative office in Spain would not withstand a review by the Spanish tax authorities. The fact that it was not put in question so far is of course meaningless.
 - o It is to be noted that an international federation established in Spain could benefit from a special regime. However, this would have assumed a decision to be established as a Spanish association and a corresponding application. In any event, it cannot be done retroactively.
- In conclusion, given its organisation WDSF which implies that it was effectively managed in Spain, WDSF is at risk of seeing the Spanish Tax Authority requalifying its tax status and subjecting it to full Spanish taxation (with penalties)
 - o This risk situation is the result of an inappropriate organisation which should not be carried forward, i.e. the WDSF should now put a correct structure in place.
 - o Assuming this is done in 2016, the risk linked with the past will remain effective until the statute of limitation will be fully applicable in relation with the years before the situation has been corrected (the assumption is here 2016)

Structure going forward:

- WDSF must now make decisions in principle:
 - o It must first decide where it wants to remain / be effectively established in Switzerland.
 - o If this is the case, then this requires that WDSF must establish a true presence in Switzerland:
 - In this respect, I note that this is a requirement which already existed in 2011. From the Swiss point of view: I have noted the mention that in 2011, it was foreseen to move to Lausanne and that this project was dropped. I assume that the reason was precisely that Lausanne was (correctly) requiring that an effective office would have to be established in Lausanne as a condition to grant a tax exempt status. At least by then, Lucerne was, so to say, more "flexible" but this cannot be taken as a confirmation that it was correct, including from the Swiss point of view to accept this situation.
 - In any event taking it from the perspective of the other countries, that requirement of an effective establishment in Switzerland is the normal condition for another country in which the entity is also active to accept that such establishment in Switzerland has any relevance and can lead to accept Swiss "general" tax jurisdiction over the part of the activities which are not specifically in this other country.
- To fulfil the requirement, WDSF should therefore have an effective office here and locate a main management function there (at least one leading managing person). The simple fact to have a formal address in a law office is not sufficient. This assumes a certain investment, which the WDSF must be prepared to accept.
 - o Assuming that the decision would be to maintain the WDSF truly established in Switzerland, then correspondingly the WDSF should decide whether it maintains an office in Spain and to decide what this office is going to do (not everything!). I do understand that this would be the case. Then however, this would require to correctly clear the status of that office.

- According to Mr Vidal, the office would still be a permanent establishment and a ruling should be obtained to secure and minimise the tax exposure linked therewith.

Assuming, as is done above, that the likely position of the WDSF would be to maintain WDSF as a true Swiss entity, with however an office in Spain, the process would be the following:

- o First define and at least begin to implement an effective Swiss seat and determine a clear defined role for the Spanish office.
- o Secondly, move for a ruling for the tax status of the WDSF Spanish office (registered probably as a permanent establishment but with no significant tax exposure). For this purpose, the organisation and respective roles of the (true) Swiss and Spanish offices should be presented
- o Regarding the risk for the past, the best solution is probably to keep a low profile and hope that there will be no retroactive scrutiny by the Spanish Authorities, at least not until the statute of limitation will have expired.

I will forward the second report on employment as soon as it is received.

At the same time, I will make a general recommendation for the process going forward.

Kind regards

Jean-Pierre Morand

Kellerhals Carrard
Basel – Bern – Lausanne – Sion – Zurich

Jean-Pierre Morand
Attorney-at-law, Partner