GOTHAM CITY RESEARCH LLC

Let's Gowex:

a Pescanovan Charade

en español: La Charada Pescanova

Price Target: €0.00 per share

"The company [Iber-x/Gowex] made a large profit on a **€42.0 million turnover** in 2002"

Gowex, 2003

"In 2003, the Company had **€2.7M turnover** from three sales staff."

Gowex, 2010

Audit Fee as a % of Revenues

	2009	2010	2011	2012	2013
Boingo			1.80%	1.86%	1.57%
iPass			0.67%	0.84%	0.97%
Ruckus			0.50%	0.84%	0.48%
Gogo			0.00%	0.46%	0.44%
Towerstream			0.89%	0.70%	n.a.
Average			**0.77%**	**0.94%**	**0.87%**
GOWEX	**0.07%**	**0.07%**	**0.06%**	**0.05%**	**0.04%**

Does this make any sense?

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GOTHAM CITY RESEARCH LLC

GOTHAM CITY RESEARCH'S OPINIONS

- Gowex shares are worth €0.00 per share.
- Over 90% of Gowex's reported revenues do not exist. We estimate GOW's actual revenues to be <€10 million.
- The shares will be suspended, just as Pescanova's shares were suspended.

SUMMARY OF FINDINGS

- Gowex's actual Wireless revenues are at most 10% of what GOW reports in its financial statements.
- GOW's Hotspot network it owns or manages is ~5K in size. CEO told us 100K+ & JBCapitalMarkets estimates 35K.
- GOW's audit fee is €40,000, which makes sense if Gowex's actual revenues are only 5%-10% of reported revenue.
- 90% of Telecom revenue originated from undisclosed related parties, tied to GOW CFO & an early investor. We have evidence Gowex's largest customer was really itself.
- Gowex Telecom (i.e. Iber-x) website has not been updated in years. It appears to be no longer in business.
- Gowex told some investors that New York City was paying them €7.5 million. GOW told us €2 million. The real number is <€200,000, according to New York City.
- Gowex does not publicly disclose basic metrics, such as hotspot count or wireless revenue segment details.
- The head of investor relations is the CEO's wife. She signed off on GOW's annual reports.
- The June 5th MallPlaza press release (in English) makes demonstrably false claims. The same press release in the native Spanish omits the false claims.
- GOW lied to the European Union's Transparency Register, claiming it spent over €50 mm in political contributions.
- CEO Jenaro Garcia was a Director of Advanced Refractive Technologies, a penny stock fraud whose shares were revoked by the US Securities and Exchange Commission.
- GOW's private market valuation is only €0.14 per share, based on Arqiva's acquisition valuation.

Company: Let's Gowex

CEO: Jenaro García Martín

Ticker: GOW, ALGOW

Exchanges: Mercado Alternative Bursatil, Euronext

Price Target: €0.00/share

Share price: €19.91/share (as of the 230th of June)

Market cap: €1.43B

52-week high: €27.99

52-week low: €5.05

Shares outstanding: 71.85M

2013 Revenue/employee: €1,062,791

2013 Wages & Salaries /employee: €19,573

2013 Audit fee as % of Revenue: 0.04%

2013 Cash: €3.59M

2013 Debt: €20.61M

Fiscal Year: Dec. 31

Auditor: M.A. Auditores S.L.

INTRODUCTION

Let's Gowex is a very rare company. CEO Jenaro Garcia and GOW's promoters would have you believe it is rare, just as Google, Microsoft, and Facebook are rare. Gotham City Research initially found it to be rare as well, just for all the wrong reasons. The following initially concerned us:

- GOW claims to generate double digit revenue growth & dougle digit profit margins, by providing free wifi, yet its publicly-traded peers (Boingo, iPass, Towerstream, etc) lose money.[1]
- Even more puzzling, all prior for-profit attempts to provide free-wifi on mass scale have failed.[2] Even giants Starbucks/Mcdonald's, who provide free wifi, and generate the traffic to potentially monetize, are believed to provide free wifi while incurring net costs.
- Despite all this, Gowex's revenue per employee exceeds Google's, Facebook's, and Microsoft's, and its market value exceeds the sum of Boingo, iPass, & Towerstream's market values.
- Gowex does not disclose basic operating metrics, such as its hotspot count or a breakdown of revenues, in its public filings. Imagine a retailer, such as Carrefour, not disclosing store count.
- Gowex came public on the Mercado Alternativo Bursatil (itself, a new concept in 2009). The MAB is similar to London's AIM and the US pinksheet/OTC, both of which are rife with fraud.
- Gowex originated in Spain, its shares are listed in France (in addition to Spain), and most of its revenue and operations are 'international'.
- Arqiva acquired a comparable company at a valuation that implies GOW is worth less than €1.[3]

Gowex piqued our interest, so we decided to dig deeper. After 8 months of diligence, we found Gowex is a lot worse than we initially thought. GOW is a zero. We specifically noticed 3 clear patterns. Firstly, GOW has a proven track record of making demonstrably false claims. Second, Gowex provides different answers, to different investors. Third, wireless industry experts are unable to make sense of GOW.

Our due diligence, involved field research across several continents, speaking with industry operators/investors, speaking with the company, and constantly asking ourselves "what are we missing?" We are confident GOW is a charade & shares are worthless. Here are some highlights of our findings:

- Gowex's reported revenues are overstated by at least 10x, according to GCR calculations. In fact, 90% of their reported revenues were suspect before it became a publicly traded company.
- The actual # of hotspots they own/manage is 5% of what GOW told us (20% of JB's estimate).
- GOW paid its auditor around €50,000 (on average) in the last 3 years. That is between 1/10th – 1/20th of what its peers pay. Its audit fee makes sense if their actual revenue is < €10 million.
- Misleading (false) claims are made to English and French investors, but not to Spanish investors.
- Many industry insiders and experts don't understand Gowex's alleged business model. They don't understand how they are making money. There are documented examples of the CEO making materially false statements.

Were Gotham City Research or someone else not to have come along, the Gowex charade could have continued for few more years, costing investors several more billions of dollars. We believe the days of Gowex and Jenaro García Martín's misrepresentations are coming to an end.

Over 90% of Gowex's Reported Revenues are Suspect

Let's Gowex is a highly unusual company. If the numbers are to be believed, GOW is a breathtakingly good business, with truly exceptional revenue per employee metrics[1]:

REVENUE PER EMPLOYEE - Gowex versus Others

€ in mms	2007	2008	2009	2010	2011	2012	2013
Boingo					€ 0.47	€ 0.47	€ 0.38
iPass					€ 0.28	€ 0.26	€ 0.23
Google	€ 0.89	€ 0.87	€ 0.87	€ 0.98	€ 0.98	€ 0.85	€ 0.87
Microsoft	€ 0.50	€ 0.52	€ 0.47	€ 0.50	€ 0.57	€ 0.59	€ 0.59
Facebook						€ 0.96	€ 1.06
GOWEX	**€ 1.70**	**€ 1.10**	**€ 1.21**	**€ 1.60**	**€ 0.98**	**€ 1.41**	**€ 1.06**

Assume 1 euro = 1.36 dollars. All except for Gowex originally in $s.

When we say 'exceptional' we mean not only far superior versus its peers, but far above nearly all other businesses in history. €1.0-€1.7 million in Revenue per employee handily exceeds those of Google, Microsoft, Facebook, etc.

Gotham City Research does not trust Gowex's reported revenues, and believes Gowex is too good to be true. In fact, the following sections in this report detail – segment by segment – why we believe over 90% of Gowex's reported revenues are incorrect. We calculate GOW's true 2013 revenue to be ~€8 million[2]:

Gotham Estimate of GOW 2013 Revenue

	Gotham	Reported
Telecom	€ 2.4	€ 25.4
Wireless	5.75	€ 157.2
Total Revenue	**€ 8.2**	**€ 182.6**

€8 million revenues would better explain why GOW uses an unknown auditor, & pays so little[3]:

Audit Fee as a % of Revenues

	2009	2010	2011	2012	2013
Boingo			1.80%	1.86%	1.57%
iPass			0.67%	0.84%	0.97%
Ruckus			0.50%	0.84%	0.48%
Gogo			0.00%	0.46%	0.44%
towerstream			0.89%	0.70%	n.a.
Average			**0.77%**	**0.94%**	**0.87%**
GOWEX	**0.07%**	**0.07%**	**0.06%**	**0.05%**	**0.04%**

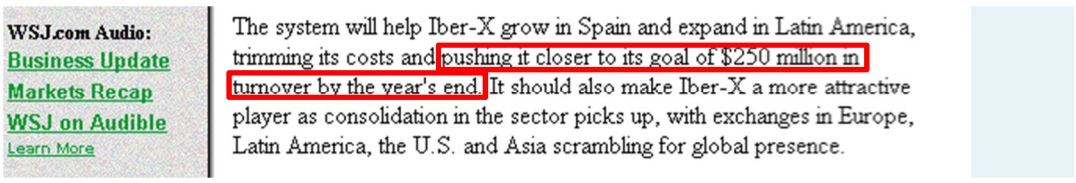
It would also explain why the CEO's wife is the head of Investor Relations, and signed off on the 2013 annual report (very last page in the English version). Make no mistake: GOW is worth €0.00 per share.

Gowex Telecom & a History of Material Misrepresentations

Gowex (formerly known as Iber-x) is largely the story of its CEO, Jenaro García Martín. Martín was once a Florida-based stockbroker who in the late 1990s decided to enter the land of telecom and entrepreneurship. He founded Iber-x in 1999 (or 1998; his linked profile says 1999, but the offering circular says 1998), and quickly attracted attention with some bold forecasts[1]:

> *"The company [Gowex Telecom] expects to break even by the end of this year and make a profit of $500,000 by 2001, Mr. Garcia said. He estimates Iber-X will post a $100 million net profit by 2005."* – September 26th, 2000 , WSJE: Iber-X Of Spain Prepares To Enter Markets In Americas

Although a lot can happen in 5 years' time, it seems Jenaro was insincere about his $100 million profit forecast (actual revenues were low single digits). Just 2 months later, he told the Wall Street Journal[2]:


WSJ.com Audio:
Business Update
Markets Recap
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The system will help Iber-X grow in Spain and expand in Latin America, trimming its costs and pushing it closer to its goal of $250 million in turnover by the year's end. It should also make Iber-X a more attractive player as consolidation in the sector picks up, with exchanges in Europe, Latin America, the U.S. and Asia scrambling for global presence.

Whatever CEO Jenaro García Martín motivations were at the time, it's evident that he and his business failed miserably after the dot com bubble crashed. Gotham City Research believes that what might have been occasional dishonesty in the past, soon became habitual for Jenaro García Martín[3]:

> "The company [Iber-x/Gowex] made a large profit on a **€42.0 million turnover** in 2002", said CEO Jenaro Garcia. Wednesday, March 19 2003

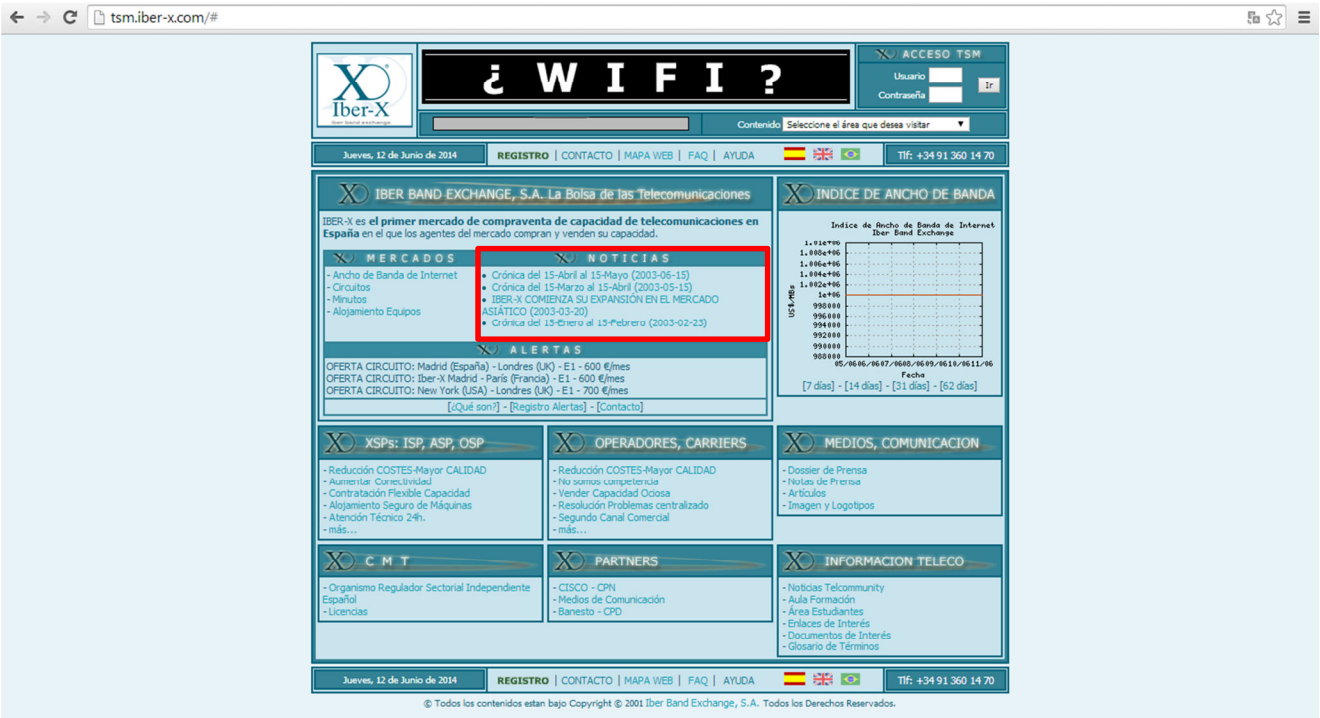
In fact, Gowex only generated €2.7 million turnover by 2003 according to its offering circular filing.

After the early 2000s, his attempted expansion into China (via the acquisition of Ace Asia) evidently failed (see appendix C). We believe he kept a low profile and quietly ran a small business (funded, in part, by government grants) until the debut of the Mercado Alternativo Bursatil ("MAB") in 2008. Gotham City Research believes 90% of Gowex Telecom's reported revenues never existed in substance, & were booked so Gowex could go public and successfully issue shares. The following support our opinions:

- Gowex Telecom (Iber-x) does not seem to exist in substance as a business. Its websites have been inactive for years. Gowex.com shows no evidence of an active Gowex telecom business.
- Gowex Telecom's three largest customers (80%-90% of reported revenue) in 2007-2008 are actually undisclosed related parties tied to Gowex's CFO and a former shareholder.
- Reported revenue from Gowex Telecom remained flat 2008-2013. We are confident there are no new customers that magically replaced the 90% of the 2007-2008 fictitious revenues.
- GOW told us that Telefonica is one of its largest Gowex Telecom customers. Based on our due diligence, this is false. In fact, we have evidence that Gowex is a customer of Telefonica.
- When we recently asked the CEO about Gowex Telecom's customers, Jenaro Garcia did not mention any of the three largest customers that accounted for 80%-90% 2007-2008 revenue.[4]

Gowex Telecom's Website and Portal Seem Abandoned, Not Updated in Many Years

The Gowex Telecom portal, the Iber-X portal, has not been updated in many years[5]**:**



In fact, http://iber-x.net/ , http://iber-x.com/ , http://www.iber-x.es/ do not work at all. According to who.is, http://iber-x.com/ is 'inactive'. The http://www.Iberx.com domain no longer belongs to Gowex. It clearly used to belong to Gowex, as shown below:

If you think the Gowex simply abandoned its iber-x.com domain, and replaced it with a gowex domain for its Gowex Telecom operation, we encourage you to visit http://www.gowex.com. There are no signs of an on-going Gowex telecom business. There's no place for a prospective customer to make a purchase or even review which products/services Gowex offers. Finally, if you visit the wayback machine and view http://www.iber-x.com , you find Iber-x has not actively updated its website in over 10 years[6].

~50% of Gowex Telecom's Reported Revenue Come from Seasuntel S.L., an Undisclosed Related Party

Given that iber-x.com has not been updated in years, investors may wonder how Gowex reports any revenue from Gowex Telecom. Gowex's offering circular filing offers a few hints, as it provides a breakdown of revenue by customer. The largest customers are shown below[7]:

Related Party Customers	2007	2008
SeaSunTel S.L.	54.7%	47.4%
Panel Consulting, S.L.	16.5%	18.5%
Line Informatica , S.L.	14.1%	12.7%
Fundacion Red Sin Fronteras	1.5%	0.0%
Total %	**86.7%**	**78.6%**

Seasuntel is clearly Gowex's largest customer. We believe Gowex's revenues from Seasuntel lack economic substance, as Seasuntel is:

- Gowex's largest customer
- Gowex's largest supplier
- An undisclosed related party, secretly controlled by Gonzalez Javier Martin, through PJ Gris Inversiones (a Gowex shareholder at the time of GOW's IPO)
- Tied to REDSINFRONTERAS.ORG, a "foundation" owned by Gowex (which too happens to be a "customer"; more on this later).
- Seasuntel's website currently does not work. Old versions of the website (as saved by the waybackmachine) shows an unsophisticated website.
- Seasuntel stopped filing financial statements after 2008.
- There is evidence that Gowex is Seasuntel. (See Appendix B)

Seasuntel is secretly controlled by Gonzalez Javier Martin, through PJ Gris Inversiones (a Gowex shareholder at the time of GOW's IPO, as shown below)[8]:

Name	Name		%	Voting rights
	Shares	Voting rights	Shares	
Cash Devices, S.L	4 004 000	4 004 000	34,78%	34,78%
Biotelgy, SA	3 800 000	3 800 000	33,01%	33,01%
Alvasebi, S.L.	1 377 176	1 377 176	11,96%	11,96%
Doña Shin Hee Cho	510 200	510 200	4,43%	4,43%
Arcole Venture	96 154	96 154	0,84%	0,84%
PJ Gris Inversiones, S.L.	9 615	9 615	0,08%	0,08%
Qualified investors	1 714 286	1 714 286	14,89%	14,89%
67,79	**11 511 431**	**11 511 431**	**100,00%**	**100,00%**

Javier Gonzalez Martin is tied to PJ Gris Inversiones[9]:

PJ GRIS INVERSIONES SL
INFORME MERCANTIL PLUS - 21/04/2014

Nombramientos / Reelecciones (1)

Constitución (1)

Informe con el detalle de todos los actos mercantiles

Evolución del Capital Social

Fecha de Inscripción	Tipo de Inscripción	Capital Suscrito	Capital Desembolsado	Resultante Suscrito	Resultante Desembolsado
22/12/2006	Constitución	10.000,00 €	10.000,00 €	10.000,00 €	10.000,00 €

Órganos Sociales Activos - Total: 2

Cargo Publicado	Nombre Órgano Social	Número de versiones publicadas	Fecha Acto	Cargos en empresas vinculadas	Cargos totales
ADMINISTRADOR SOLIDARIO:	JAVIER GONZALEZ MARTIN	2	22/12/2006	5	37

Versiones publicadas:

GONZALEZ MARTIN JAVIER, JAVIER GONZALEZ MARTIN.

The same Javier Gonzalez Martin of PJ Gris Inversiones S.L. is owner of Seasuntel S.L. (Seasuntel's address is Pintor Juan Gris, 5 – 3º B ,MADRID PJ Gris Inversiones is abbreviation of Pintor Juan Gris)[10]:

ANNEX

SPECIAL RECORD HOLDERS

INDIVIDUAL LICENSES

Name / Company Name	**SEASUNTEL, SL**		
CIF / NIF:	B-83456665	**Nationality**	Spanish
Registered Office	C / Pintor Juan Gris, 5-3 ª B MADRID		
	Paseo de la Castellana, 95 - Europa Tower 15th floor		
Address for correspondence.	MADRID 28046		
Commercial Register	**Commercial Register** : MADRID - **Tomo** : 18205 - **Book** : 0 **Folio** : 184 - **It ction** : 8 - **Line** : M-315247 - **Registration** : 1st		
Legal Representative	Juan Pablo Martín Hernanz NIF 02898400-D		
Name or Trademark	----		
Type of License	**A1**	**Record**	2003/616
Date of Resolution	April 30, 2003	**Completion Date**	04/30/2023
Geographic Scope	National		
Organo Grantor	Commission for the Telecommunications Market		
Initial Duration	20 years		
Submission to Arbitration CMT	---		
Using Public Domain Radioléctrico	Not	**N º. Expte. S. Telecommunications and Information Society**	----
Right of Occupancy **(Public and private property)**	**Not**		
Public Service Obligations	---		
Observations	---		

Shareholding Composition	
Social Capital	**3,100 euros**
Nominal value	**1 euro**
Total Social Shares	**3,100**
Retrieved Document	**Articles of incorporation**

Shareholders	**CIF / NIF**	**Nationality**	**Shares**	**Amount**
Juan Pablo Martín Henánz	02898400-D	Spanish	2,325	2,325
Javier González Martín	05226186-B	Spanish	775	775

Further Reason to Doubt the Economic Substance of Gowex's Seasuntel Revenues

In its offering circular (note 16 – short term payables), Gowex claims to have purchased over €15 million from Seasuntel, making Seasuntel Gowex's largest 'supplier'[11]:

Analysis of Suppliers –Purchases :

Suppliers	Balance at 01/01/08	Purchases	Balance at 31/12/08
LINE INFORMATICA	837 659		
Seasuntel, S.L.	7 660 843	15 031 432	2 116 046
Panel consulting	1 380 533		
Ricardo Casero	275 000		175 000
Humania	202 660	765 600	968 260
Bpc 21 Telecommunications E		2 628 524	2 628 524
BTE Y E		2 579 461	2 579 461
Bd Soluciones De Telecomnicaciones, S.L.		2 614 814	2 614 814
L&N World Telecom Broker S.L.		519 744	519 744
F&M Twenty-One Telecom Network, S.L.		518 501	518 501
Knowledge Professional Serv.Co		174 000	174 000
TOTAL	**10 356 695**	**24 832 076**	**12 294 350**

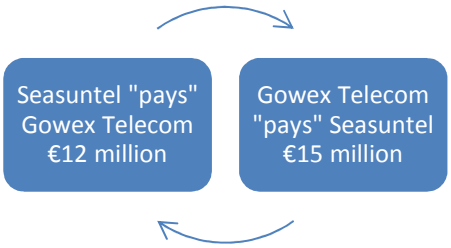
5.3.2 **Supplier risks**

By its very construction, due to its bandwidth exchange activity, the principal suppliers are the principal clients.

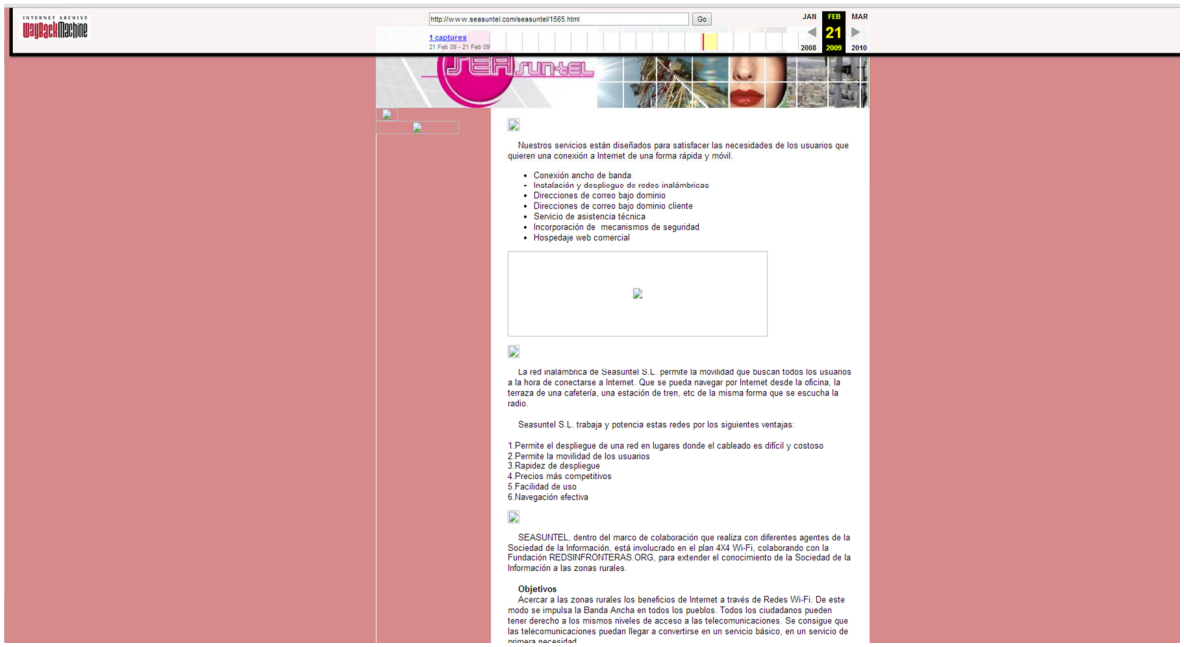
Thus in 2008 the Group's top supplier accounted for 22% of purchases, against 60% in 2008, and the first three 61% compared with 82% in 2008.

Group GOWEX does not, however, have a relationship where it is dependent on an Internet services provider. The Company fully owns the platforms which it develops and for that reason only uses open source systems and technologies which do not generate technological or financial dependencies (royalties).

Gowex claims to have paid Seasuntel €15 million, and then claims to have earned €12 million from Seasuntel, while being secretly controlled by one of its shareholders. The Gowex/Seasuntel transactions resemble round-trip transactions (transactions that lack economic substance):



Seasuntel's website currently does not work. Old versions of the website (as saved by the waybackmachine) show a very simple (two tabs only) website[12]:



Based on the above, Seasuntel does not appear to be much of a business. Furthermore, there are additional signs that the relationship between it and Gowex is even closer (from above):

> *SEASUNTEL … está involucrado en el plan 4X4 Wi-Fi, colaborando con la Fundación* ***REDSINFRONTERAS.ORG****, para extender el conocimiento de la Sociedad de la Información a las zonas rurales.*

REDSINFRONTERAS.ORG, as we will show later, is a "foundation" owned by Gowex (which too happens to be a "customer"). Seasuntel stopped filing financial statements after 2008. Furthermore, there is evidence that suggests Gowex is Seasuntel, as detailed in Appendix B.

Gowex Telecom's Next 2 Largest Customers are Secretly Tied to Gowex's CFO

Seasuntel accounted for ~50% of Gowex's Telecom reported revenue. Panel Consulting and Line Informatica (i.e., Line Informatica Profesional) account for ~30% of reported revenue[13]:

Related Party Customers	2007	2008
SeaSunTel S.L.	54.7%	47.4%
Panel Consulting, S.L.	16.5%	18.5%
Line Informatica , S.L.	14.1%	12.7%
Fundacion Red Sin Fronteras	1.5%	0.0%
Total %	**86.7%**	**78.6%**

We believe Gowex's reported revenue from Panel Consulting and Line Informatica lack economic substance for the following reasons (See Appendix A for additional details, including citations):

- Panel Consulting and Line Informatica Professional (the correct name) are both secretly tied to Gowex's CFO, Francisco Manuel Martinez Marugan.
- Francisco Manuel Martinez Marugan's past is quite suspect. There is very little information about the CFO from his Linkedin profile, gowex website biography, or the biography found in the offering circular. None of his biographies mention his history or ties with Panel or Line.
- Given the CFO's shady background, secret ties to Gowex's largest customers, Gowex's low audit fees, and CEO Jenaro Garcia's Wife's involvement with signing off on Gow's financial statements… these are not 'coincidences'.
- Panel Consulting and Line Informatica Panel share a tie with a man named Antonio Salmeron Campos.
- Line Informatica Profesional sl website doesn't work: http://www.line-pro.es/

Please see the Appendix A for more information. In it we:

- Detail the above findings, just as we detailed the relationship between Gowex and Seasuntel in prior pages.
- Demonstrate how Gowex's reported revenue from C. I. NETCOM TIC BROKER GROUP SL, AS TIC BROKER SL, and Fundcion Red Sin Fronteras are of doubtful substance as well.
- Show how Gowex Telecom's 2008 revenue does not even equal the sum of its revenues by customer. **The numbers do not add.**

2013 Telecom Revenues are Just as Materially False as 2007-2008 Telecom Revenues

Seasuntel, Panel Consulting, and Line Informatica accounted for 80%-90% of 2007-2008 telecom revenues. Since then, total telecom revenues have steadily remained between €20-€25 million[14]:

Gowex Revenue by Reported Segments

in millions of €s	2007	2008	2009	2010	2011	2012	2013
Telecom (Iber-x)	€ 17.0	€ 21.0	€ 24.8	€ 23.0	€ 20.2	€ 23.5	€ 25.4
Wireless	€ 0.0	€ 3.2	€ 10.4	€ 26.6	€ 46.5	€ 90.8	€ 157.2
Total Revenue	**€ 17.0**	**€ 24.2**	**€ 35.2**	**€ 49.6**	**€ 66.7**	**€ 114.3**	**€ 182.6**

We asked Gowex who their largest Telecom customers are. The CEO listed: Jazztel, France Telecom, Colt, Telefonica (Jenaro specifically said Telefonica "one of our largest"), Level 3, Tata com, and Tiscali.[15] Strangely none of these companies are listed as Gowex's largest customers in 2007-2008.

We investigated the claim that Telefonica is one of their largest customers. This is what we found[16]:

- Telefonica is not paying Gowex.
- There is a contract between Gowex and Telefonica.
- Gowex is paying Telefonica. Unclear for what purposes.

Interestingly enough, it seems Tiscali may not be a customer either. Per Gowex's circular Tiscali is a supplier, not customer[17]:

35.- Provisions for responsibilities and extraordinary expenses

a) The details of the balance of extraordinary expenses are as follows:

Sentence Neo Sky	70,000
Agreement with Tiscali	66,500

c) Due to differences held with the supplier TISCALI, B.V., the company has agreed to regularise the outstanding balance for an amount of €66.500.

GOW mentions Jazztel as a customer in its offering circular... just not as a large customer:

Group GOWEX has experienced strong growth in this business with an average expansion in turnover exceeding 70% per year, growth which is, furthermore, entirely self financed. **Its business model has proved its economic efficiency by generating profits for the last six years**, with customers such as Seasuntel and Line Informatica (brokers), Cable and Wireless, ONO, Jazztel (operators) and Securitas Direct, Acciona, Eroski and Recoletos (firms).

Which is odd given how long they have (purportedly) had a relationship with Jazztel:

2000 – The exchange platform attracts its first client

In 2000, Iber-X's activities took off with prestigious client references such as Jazztel, Colt Telecom, Arsys and Etrali.

Equally odd, Colt is mentioned as a 2000 "client reference" , yet it is not mentioned as a customer at all in the 2010's offering circular. We are confident that Gowex did not magically replace 90% of its reported 2007-2008 revenues with any of these customers. All the evidence provided here, and in the remainder of the report, **support our belief that over 90% of current Telecom revenues do not exist.**

Hotspots: GOW says 100K, Analyst says 35K, We say 5K

"History does not repeat itself, but it does rhyme" – Mark Twain

We recently spoke with Gowex and CEO Jenaro Garcia Martin and asked him 4 simple questions[1]:

- "How many hotspots did Gowex have in 2013?"
- "JB Analyst report says 17% of your 2013 revenue came from advertising. Is this correct?"
- "How much is NYC paying you? How much is San Francisco paying you?"
- "Who are your largest Gowex Telecom customers?"

We found that all his answers were false or misleading. When asked about hotspots, he initially said Gowex does not disclose & explained why. When we pressured him, he answered "in the 100,000s." He has privately told other investors similarly. According to Gowex's hotspot map, the count is only 5,530[2]:

Gowex Hotspot Count

	2013
Gowex told us	100,000s
Gowex told some investors	200,000
Gowex told other investors	100,000
JB Capital Analyst	35,000
Gowex's hotspot map*	**5,530**

*** as of May 2014**

When we indirectly asked him if the JB analyst report's 2013 wireless revenue breakdown is correct, he claimed Gowex does not disclose Wireless revenue by segment. He justified their opaque policy with[3]:

- "We don't disclose revenue or gross margin details in order to prevent copycats." (note we never asked for profit-level details).
- "I'm not able / I don't want to provide different communications to different analysts, investors"
- "There's a Harvard Business Review report saying that opaque businesses work better in the stock exchange than transparent ones."

Gotham City Research finds his rationale for not disclosing odd, given the fact Gowex used to provide Wireless revenue details (Jenaro conveniently did not tell us they used to disclose!)[4]:

CONSOLIDATED GROUP	2008	2009	2010e	2011e	2012e
GOWEX WIRELESS					
Roaming wireless and serv.	712	3.652	7.684	21.087	46.633
Engineering consult. and serv.	2.455	6.438	10.691	20.667	30.247
Advert. applic. and serv. (WILOC)	35	321	6.029	16.022	28.388
GOWEX TELECOM. SERV.	20.990	24.769	28.086	33.422	35.908
GROUP TOTAL	**24.192**	**35.180**	**52.491**	**91.198**	**141.176**

The 2008 and 2009 data correspond to the consolidated accounts.

In 2012 Gowex stopped disclosing the revenue components of its Wireless segment. Unfortunately for Jenaro Garcia, Gotham City Research is fully aware that he has provided some investors, with the wireless revenue detail. Jenaro must foolishly think investors do not speak amongst themselves (or with Wall Street analysts). Therefore, as a matter of fact, Gowex has provided different communications to different investors. This directly contradicts his claim: "I'm not able / I don't want to provide different communications to different analysts, investors."

We know that the JB analyst report's wireless business revenue breakdown is consistent with what Jenaro has told other investors (but refuses to disclose in its public filings)[5]:

Total group revenue breakdown and growth rates

€m	2012a	2013e	2014e	2015e	2016e	CAGR 12-16e
Telecom Business	**24.0**	**24.2**	**24.6**	**24.9**	**25.2**	***1.3***
% growth	*20.0*	*1.0*	*1.5*	*1.0*	*1.5*	
Wireless business	**90.8**	**148.8**	**216.4**	**307.4**	**384.6**	***43.4***
% growth	*95.4*	*63.8*	*45.5*	*42.0*	*25.1*	
Engineering	31.8	40.5	56.4	83.0	102.0	*33.8*
% growth	*16.9*	*27.5*	*39.1*	*47.4*	*22.8*	
Network	40.8	77.9	108.5	135.2	161.5	*41.0*
% growth	*172.2*	*90.8*	*39.3*	*24.7*	*19.4*	
Media	18.2	30.4	41.6	54.6	67.3	*38.6*
% growth	*323.9*	*66.6*	*36.9*	*31.3*	*23.3*	
We2		2.0	10.0	34.5	53.8	
% growth				*245.0*	*56.0*	
Total group	**114.8**	**175.0**	**241.1**	**332.2**	**409.8**	***37.4***

Gotham City Research believes Gowex does not publicly disclose hotspot count or provide wireless revenue breakdown, ultimately because Wireless revenues, just like its Telecom revenues, are materially overstated (we think over 90%). The following lead us to distrust over 90% of Gowex Wireless revenues:

- Owned/managed hotspots are only ~5,000, or less than 5% of what he's told people privately.
- Over 50% of Gowex hotspots are owned by Towerstream, who earned only $1 million in 2013, renting to Gowex & one other client.[6] **We doubt Gowex's claim that it earned over €100 million in roaming/offloading and engineering revenues in 2013 when the supplier of over half of GOW's network makes only $1 million in revenue.**
- Based on poor hotspot quality, traffic, and locations, there is no way Gowex can monetize on their hotspots as they claim. Reviews are poor, the app itself doesn't work well, slow speed, etc.
- CEO Garcia avoids meeting with wireless industry experts, but is happy to speak with retail investors and day traders. We think Garcia fears legitimate experts as they might expose his charade.[7]
- China website doesn't look like it's been updated since it first launched, per wayback machine. The domain China.gowex.cn is for sale. Gowex conveniently omits that Gowex/Iber-x's past forays into China failed miserably.
- The MallPlaza deal press release (in english) claims 800 million potential users (which is impossible, as it would exceed the combined populations of those coountries). In the native Spanish version of the press release, they don't mention that at all.

Gowex Hotspots – the True Count

Given that one can count the number of Gowex Hotspots through its hotspot maps, we struggle to find a good reason why Gowex and CEO Garcia refuse to publicly disclose its hotspot count. We actually counted all the hotspots as disclosed on their map (both on website and app). The number is closer to 5,000 as of April 2014, not 100,000 or 200,000 (see the next page for a more detailed table)[8]:

Country	Hotspot count
Argentina	129
Belgium	15
Chile	10
Congo	11
France	465
Ireland	48
Italy	22
Spain	2,114
USA	2,700
UAE	16
TOTAL	**5,530**

This means that the company has to generate €28,427 per hotspot per year to meet its reported 2013 wireless revenue of €157 million.

Imagine if retailers (such as Walmart, Carrefour, Mercadona) refused to disclose their store count. It would be counterproductive for its investors and customers for a retailer not to disclose. Customers would be confused where stores are located (which would undermine potential sales). And investors would wonder what the company has to hide, leading to lower stock valuations. Analogously, Gowex's refusal to disclose its hotspot count makes no business sense.

Name	Country	Hotspot count	Hotspot type
A Coruna	Spain	2	franchise
Ajaccio	France	45	City
Ajaccio - bus	France	2	Transport
Alcala de Guadaira	Spain	39	City
Alcolea de Calatrava	Spain	3	City
Aviles	Spain	73	City
Aviles kiosk	Spain	5	City
Barcares	France	51	City
Barcelona	Spain	2	City
Barcelona kiosk	Spain	16	City
Belgium	Belgium	1	Transport
Beziers	France	6	City
Bilbao Bus	Spain	10	Transport
Bilbao kiosk	Spain	34	City
Bordeaux	France	24	City
Buenos Aires	Argentina	60	City
Buenos Aires - bus	Argentina	21	Transport
Burger King	Spain	8	franchise
Burgos	Spain	217	City
Burjassot	Spain	140	City
Café&tapas	Spain	16	franchise
Café&te	Spain	179	franchise
Calpe	Spain	39	City
Carrieres	France	33	City
Ceuta	Spain	4	City
Chiringuito	Spain	17	franchise
City Sightseeing	Spain	75	Transport
Conil de la Frontera	Spain	15	City
Deblas	Spain	19	Transport
Delinas	Spain	14	franchise
Dubai	UAE	10	Transport
Dublin	Ireland	48	City
Eibar	Spain	25	City
ETS****	Spain	26	City
Gijon	Spain	141	City
Gijon kiosk	Spain	22	City
Girona	Spain	166	City
Godoy Cruz	Argentina	48	City
Granada kiosk	Spain	40	City
Langreo	Spain	21	City
Lanzarote	Spain	1	Transport
Liege	Belgium	10	City
Llaollao	Spain	12	franchise
Los Angeles	U.S	1	City
Madrid	Spain	53	City
Madrid - California	Spain	4	franchise
Madrid bus	Spain	10	Transport
Madrid kiosk	Spain	213	City
Madrid restaurant	Spain	3	franchise
Malaga	Spain	2	City
Malaga kiosk	Spain	52	City
Mallorca	Spain	9	City
Meco	Spain	5	City
Menorca	Spain	4	City
Mieres	Spain	22	City
Murcia	Spain	24	City
Napoli	Italy	22	City
New York	U.S	2,297	City
Nice	France	31	City
Orense	Spain	69	City
Oviedo kiosk	Spain	14	City
Pans&co	Spain	89	franchise
Parla	Spain	10	City
Perpignan	France	28	City
Pointe-Noire	Congo	11	City
Pollo Campero	Spain	13	franchise
Puerto de Santa Maria	Spain	39	City
Puerto del Rosario	Spain	21	City
RATP	France	66	Transport
RDT 13	France	127	Transport
San Francisco	U.S	402	City
Santiago	Chile	10	City
Saudi Arabia	UAE	4	Transport
Segovia	Spain	12	Transport
Seraing	Belgium	4	Roaming
Sevilla kiosk	Spain	31	City
Sharjah	UAE	2	Transport
SNCF	France	25	Transport
Sodexo	Spain	13	franchise
Valladolid	Spain	21	City
VilleFranche-Sur-Mer	France	27	City
	TOTAL:	**5,530**	

JB Capital Analyst Estimates 35,000 hotspots, 7x Actual hotspot count

JB Capital Markets, in their initiation report, stated the following[9]:

> *"GOWEX does not disclose at this time the number of hotspots available, **although using previously available data offered by the company, we believe GOWEX manages over 35,000 of its own hotspots**, with a global network made up of over 500,000 hotspots."*

Note that JB Capital is the most legitimate brokerage firm covering Gowex. Despite its market value, Gowex has failed to attract a major Wall Street investment bank. We are confident this is because even amongst investment bankers, Gowex lacks credibility.

Over 86% of Hotspots in Outdoor Areas, Severely Limiting Monetization Potential

Not only is Gowex's actual hotspot a fraction of what they convey to investors, over 86% of Gowex's 5,530 hotspots are located outdoors (in cities)[10]:

Gowex Hotspots by Location Type

Cities (mostly outdoors)	4,771	86.3%
Franchise (private vendors)	370	6.7%
Transport (Bus/transit)	385	7.0%
TOTAL	**5,526**	**100.0%**

Outdoor locations are notably poor quality, for the purpose of monetization (especially New York)

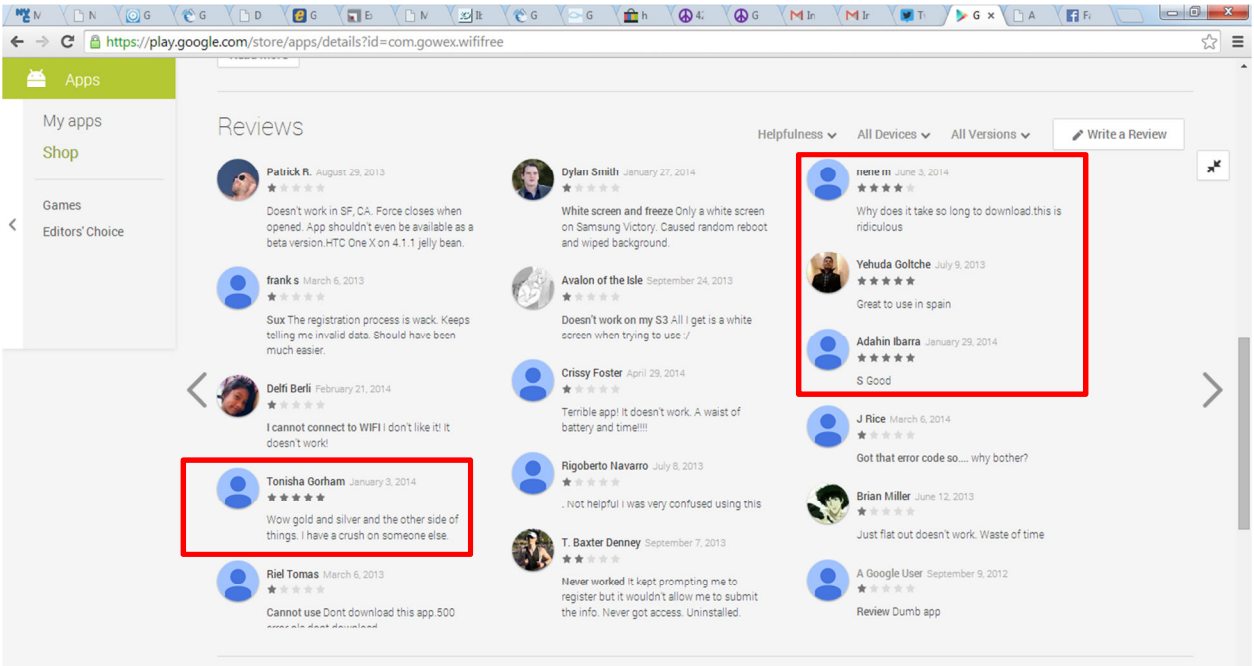
Outdoor hotspots are much more difficult to monetize, as connection traffic tends to be low. Consider:

- 42% of the 5,526 Gowex hotspots are in New York alone.
- New York is known for its four seasons. New Yorkers do not stand around outside during the cold winter, and the colder parts of Spring and Fall. New Yorkers also do not stand around outside during the humid summers. They prefer wifi in a warm environment during the winter, or an air-conditioned environment during the hot and humid summers.
- Given that Starbucks, Mcdonald's, Panera, and others provide free wifi, with heat in the winter, and air conditioning in the summer, Gowex's hotspots are comparatively of little economic value to would-be advertisers, telecom operators, etc.
- In the hotspots near residential areas (and/or indoors), why would an operator pay Gowex for providing residents free wifi, when the operator makes money for providing internet access?
- We believe that only 2,500-3,000 of 5,530 total hotspots are unique locations, which further limits Gowex's financial potential for these locations.

In addition to the reasons stated above, note that nearly all Gowex's New York and San Francisco hotspots are owned by Towerstream. As Gowex rents from Towerstream, Gowex's potential installation/maintenance revenues are limited, nearly non-existent. Half of Gowex's hotspot (New York and San Francisco) belong to Towerstream, yet Towerstream reported less than $1 million in revenue.

Reviews for the Gowex App and Hotspots are Poor

It seems the only people who have good things to say about Gowex is the company itself & day traders. We've found that consumers throughout the world rate Gowex's free wifi app poorly. Take for example these Google Play /Android reviews (see Appendix D for more reviews and user commentary)[11]:



Note the following (the above is actually representative of all the reviews we've encountered):

- One of the three 5-star rated reviews appears to be fake
- Two of them are suspiciously short, lack any descriptive detail, as to why the app is good.
- The only 4-star rated review should be a 1-star rating, judging by the review comment.
- Most of the 1-star ratings describe the app freezing, not working, and other specific grievances.

The reviews on the iOS (Apple iPhone) are similarly poor. Here are some highlights:[12]

- The number of ratings and average ratings are not good. In fact, like Android, many of the good ratings are suspicious. So the true rating is probably lower.
- More than half of the users say they can't connect.

Gotham City Research's Hotspot Due Diligence – Gowex Wifi Is Irregular, Inconsistent, and Slow

Rather than simply relying on all the review we read, Gotham City Research tested the mobile app and hotspots. Overall, we found that all complaints have merit. Highlights include:

- **The Gowex App Freezes regularly** – The Gowex app regularly freezes. It freezed on us at least once per day. We regularly had to reboot smartphones. We are relatively "tech savvy", so it wasn't a big problem. We can see how this would be problem for many other people.

- **Hotspots do not work 30%-50% of the time** – We found that 30%-50% of the time, we had no wifi connection even though the app said so. Other times, the hotspot simply was not detected. It wasn't clear to us if it's the app's fault (but the hotspot is fine), or if the hotspot was non-existent/non-functional but the app was fine.
- **Slow speeds –** When the app works, we were able to do all kinds of basic web surfing (e-mail, twitter, text websites). However, we were NEVER able to load a simple youtube clip.
- **In New York, Often Required to Login to Website** – In New York, we regularly had to log-in to a portal website via the smartphone browser, even though we were already logged in via the app. This is clearly very annoying.
- **Gowex does not provide uninterrupted wifi service** – We were never able to sustain a Gowex signal while in motion. We had to stand still. In fact, Gowex's free wifi speed and reliability are far worse than Starbucks, Mcdonald's, or Panera's free wifi.

Gowex's Deceptive Mall Plaza Press Release: One for English Speakers, Another for Spanish Speakers

Just weeks ago, Gowex announced an "agreement" with Mall Plaza, in which it claimed[13]:

> *The objective of the partnership between GOWEX and Plaza is to reach each and every one of the chain's shopping centres in* ***Chile, Colombia and Peru in order to offer free WiFi to 840 million potential users per year****. -*

GOWEX and Mall Plaza lead the largest free WiFi project in Latin America retailers sector

05/06/2014

Mall Plaza is the leading shopping centres chain of in Chile and one of the largest retailers in Latin America, with presence in Colombia and Peru. From now on, the Chilean shopping centre Mall Plaza Vespucio will offer a secure and free rate internet connection on it 311.600 square meters and parking

Madrid, 5th June 2014-. GOWEX **(GOW-MAB, ALGOW-NYSE Alternext, LGWXY-OTC Market)**, a market leader in creating Wireless Smart Cities®, and Plaza S.A. have signed an agreement through which the Chilean company will become a GOWEX partner in order to provide Free WiFi and geolocalisation services at the shopping centres of Plaza S.A which has **millions of visitors in its shopping centres in Chile, Peru and Colombia.**

Under this agreement, GOWEX will manage and use the WiFi network for commercial purposes in Plaza's shopping centres while offering free WiFi services to the visitors, a direct channel of communication and publicity for advertisers, as well as a focused strategy to transform their shopping centres into **smart points of sale**. The Vespucio Mall Plaza is the first shopping mall which makes use of GOWEX' service since today, in order to provide a free and secure WiFi connection in its 311.600 square meters (parking included) for visitors.

Nowadays, there are shopping malls in Chile, Peru and Colombia, which are managed by Plaza. In fact, the shopping malls are one of the main meeting spots for Latin-American population, make the centres look like public squares, as they have a high passage of inhabitants.

"By firmly committing to the Chilean and Latin American markets and going hand in hand with a market leader like Mall Plaza, GOWEX consolidates its growth strategy in the continent, offering an innovative, unique service in Latin America, a worldwide benchmark that allows us to get closer to our objective of reaching 600 cities by 2018", **says Juan Catalán** GOWEX Director of Development in Latin America.

Cristián Muñoz, Malls and Mall Plaza Experience Manager, *adds "after signing an alliance with GOWEX, the chain counts with the first shopping centre offering this service in the country and to their visitors". The director affirms that "the initiative is aligned with the constant research to deliver an memorable visit experience in our Mall Plaza Vespucio centre."*

Through this service, with no additional cost for users, Mall Plaza contributes to reduce the digital divide in the country, providing an Internet connectivity to million people visiting the shopping mall every month.

3 countries, millions of potential users

The objective of the partnership between GOWEX and Plaza is to reach each and every one of the chain's shopping centres in Chile, Colombia and Peru in order to offer free WiFi to 840 million potential users per year. Moreover, thanks to this agreement, the shops and advertisers in the Shopping Centres will have the privileged position of being able to use GOWEX WiFi as a channel of communication and direct advertising to their users. This synergy is included within the GOWEX strategy to make a profit from the company's WiFi networks by using them commercially.

Given that Chile, Peru, & Colombia's combined population is 95 million, the above is difficult to believe[14]:

in millions	Population
Chile	17.46
Peru	29.99
Colombia	47.70
TOTAL	**95.15**

To make matters far worse, Gowex does not include that paragraph,nor those far-fetched claims, in the original Spanish version of the same press release (you must see it for yourself) http://www.gowex.com/gowex-y-mall-plaza-lideran-el-mayor-proyecto-de-wifi-gratuito-en-retailers-de-todo-latinoamerica/

China Gowex Website Has Been Inactive for Years

Gowex claims[15]:

> *"China is a very important market for us, we are forecasting that it will be around 30 percent of revenues overall and more than 50 percent of our revenue from emerging markets."* **http://www.bjreview.com.cn/business/txt/2013-09/26/content_569067_2.htm**

Difficult to believe, given Gowex's China website remains unchanged since 2012[16]:

July 2nd, 2012 - https://web.archive.org/web/20120702113302/http://china.gowex.com/?

June 24, 2014 - http://china.gowex.com/

Is China Gowex Fake? China.Gowex.cn domain is for sale

'.com' domains tend to belong to US-domiciled companies, whereas '.cn' websites tend to belong to China-domiciled companies. Out of curiosity we checked the http://china.gowex.cn domain, as it would be a logical choice for Gowex if they are serious about their China ambitions. Here's what we found:

Please see Appendix C for information on Gowex's past failures in China. We find that, like most other things, Gowex has misrepresented and omitted its China history.

Gowex's Recent Cisco "Announcement"

Many traders became excited when Gowex recently announced "GOWEX and Cisco Announce Global Strategic Relationship to Boost Smart Wi-Fi Connectivity Solutions for Cities". "GOWEX will become a Cisco® Smart+Connected Communities™ (S+CC) global strategic partner." A more careful reading of the press releases, however, leads us to ask: Who is paying who? From the language within the press release, it almost sounds as if Cisco is getting paid (perhaps by Gowex).

Such promotional news releases (involving Cisco) are not new. We'll leave readers with this past Iber-x/Cisco "announcement", which bears a resemblance to recent "news":[17]

2013 Engineering Revenue < €3 million

> *"Minneapolis has had a free wifi deal with a local ISP, US Internet. It's a 10 year contract worth $1.5 million per year for 10 years. This is the largest private/public partnership (in economic terms) in the United States. No one else is doing what Minneapolis is doing, citywide. The other stuff private operators do is more systems integration.* ***Cities will pay for setup and maintenance, but that's that. There's not much money to be found there.****"* – Founder of Muniwireless, Esme Vos[1]

Thus far, Gotham City Research has asserted the following, regarding Gowex:

- Gowex has engaged in a clear pattern of material misrepresentations, since the early 2000s.
- Nearly all of Gowex's legacy revenues (i.e. Gowex Telecom) exist, only in paper.
- Gowex's true owned/managed hotspot count is ~5% of what the company claims to investors.
- Gowex's claim that it earned over €100 million in roaming/offloading and engineering revenues in 2013 is too good to be true, given that the supplier of over half of GOW's network, Towerstream, made only $1 million in revenue. Also Gowex's mobile app freezes frequently, user ratings are poor, hotspot quality/speeds are low, and far better alternatives exist.

In this section, we specifically delve deeply into the Engineering sub-segment[2]:

Revenue composition — GOWEX

WiFi Cities by GOWEX

Activity	Engineering	Network		Media Platform
Business Unit	Engineering New-York San Francisco Paris Buenos aires Hong-Kong	Roaming AT&T Deutsche Telekom Skype Ipass Oi	Offloading T Mobile AT&T Mas movil Pepefon Telecor Personal Oi	Advertising Coca Cola Nintendo Nike Dell Skype Nokia Toyota
Types of revenues	1/ Consultancy 2/ Set up 3/ Management fees	1/ Set up fees 2/ Membership fees 3/ Roaming in 4/ Commissions	1/ Set up fees 2/ Membership fees 3/ Network Usage 4/ Commissions	1/ Consultancy 2/ Retainers 3/ Success fees 4/ Management fees
Nature of revenues	Non recurrent & recurrent	1 - Non recurrent 2,3,4 - Recurrent	1 - Non recurrent 2,3,4 - Recurrent	1 - Non recurrent 2,3,4 - Recurrent
Margins	=	=	+	++

17

We believe 2013 engineering revenues are no more than 10% of the €40 million JB analyst estimate, as:

- We gathered dozens of municipal contracts (between cities & Gowex). The contracts capture 75% of the 5,530 Gowex hotspots, worldwide, and imply Engineering revenue < €3 million.

- CEO Jenaro Garcia told us New York City paid Gowex €2 million, while telling other investors that NYC was paying Gowex €7.5mm to install free Wi-Fi throughout the city.[3]
- NYC invested $900,000 in total, split between 5 vendors of (Gowex is 1 of the 5), according to NYC officials. We were unable to find any other contracts between New York City and Gowex.[4]
- There is no free wifi hotspot contract in place between City of San Francisco and Gowex. San Francisco is not paying Gowex.[5]
- Towerstream owns nearly all of Gowex's US hotspots. Gowex rents these hotspots from Towerstream. This limits Gowex's ability to monetize via wireless setup and installation (a.k.a. "systems integration") as the property & infrastructure doesn't below to Gowex.[6]
- Towerstream reported 2013 less than $1 million revenue from its share wireless segment (of which only a fraction of that comes from Gowex). Gowex reported €157mm, yet Towerstream's market value is $124 million, and Gowex's is around $2 billion.
- CEO Mr. Garcia told investors about a €10mm contract with a public transportation company involving Wi-Fi installation on ~1,000 buses. We believe their only relationship with Gowex was as part of a free trial in which Gowex had installed Wi-Fi on a handful of buses. We understand that the transportation company asked Gowex to withdraw the misleading press release.[7]

Without revealing any of our evidence of Gowex's material misrepresentations, we asked Esme Vos, Muniwireless industry expert: "What do you know about Gowex?"

Here are highlights from our conversation:

- "I don't know how they make money. Their financials and disclosures are very strange."
- "Cities will pay for setup and maintenance of free wireless hotspots, but there's not much money to be found here."
- "Gowex doesn't want people to know they are working with Towerstream."
- "I tried to talk to them many times when they came to Silicon Valley last year. I tried to setup a meeting. Nothing came of it." (Gotham City Research believes CEO Garcia deliberately avoids meeting with her and other actual experts, but meets day traders with open arms)
- "Minneapolis has had a free wifi deal with a local ISP, US Internet. It's a 10 year contract worth $1.5 million per year for 10 years. This is the largest private/public partnership (in economic terms) in the United States. No one else is doing what Minneapolis is doing, citywide."
- "Philadelphia hired earthlink, for purpose of free wifi, but then they abandoned it. Earthlink then had contract negotiations with San Francisco, but abandoned it. Earthlink eventually closed down its municipal wireless business. MetroFi is went under after trying to make money from muni Wi-Fi networks. There simply has been no viable national free wifi business"

Esme Vos has followed and chronicled the muniwireless industry, and its economics, longer than Gowex's free wifi business has existed. Gotham City Research believes her opinions, stated above, are very important. That being said, we are confident that even Esme Vos will be shocked (though not necessarily surprised) by our findings in this report. In the above-cited conversation, we specifically did not share our work or opinions with her, so as not to bias her.

Implied Average Revenue Engineering Revenue per Contract Too High

Engineering revenue consists of fees cities pay Gowex for the installation and maintenance of free Wi-Fi hotspots (also euphemistically referred to as "systems integration"). Gowex claims most of their engineering revenue is paid by cities to offer free wifi. Gowex also announced that a handful of transportation-related contracts involving Wi-Fi hotspot installation and maintenance. Based on Gowex's press releases, filings, and JB Capital estimates, we find that Gowex's reported results imply that the average revenue per contract (with a city) is around €400,000 per contract[8]:

Implied Average Revenue per Contract

€ in millions	2010	2011	2012	2013
Engineering revenues	€ 15.0	€ 27.0	€ 31.8	€ 40.5
Wireless Smart Cities	30	52	65	83
Transportation companies	2	15	17	23
Total engineering contracts	32	67	82	106
Revenue per contract	**€ 0.47**	**€ 0.40**	**€ 0.39**	**€ 0.38**

Based on actual contracts the average annualized contract value is ~10%-20% of €400,000 (see Appendix E).

While Gowex may sound visionary and noble in its statements regarding "Wireless Smart Cities" we find their statements highly manipulative and misleading, for the following reasons:

- These cities do not belong to Gowex, nor does Gowex have any exclusive relationship with them (especially the larger cities, i.e. the ones that financially matter).
- Gowex does not provide uninterrupted, city-wide free wireless connection.
- Gowex does not publicly disclose its hotspot counts. We think the focus on "wireless smart cities" is a thinly-veiled attempt to distract investors from asking very basic questions.
- Industry experts (such as Esme Vos) reveal that cities are simply not paying any company significant amounts of money to install Wi-Fi hotspots (recall Minnesota is the lone exception). And if they are, most payments are for one-off installations.

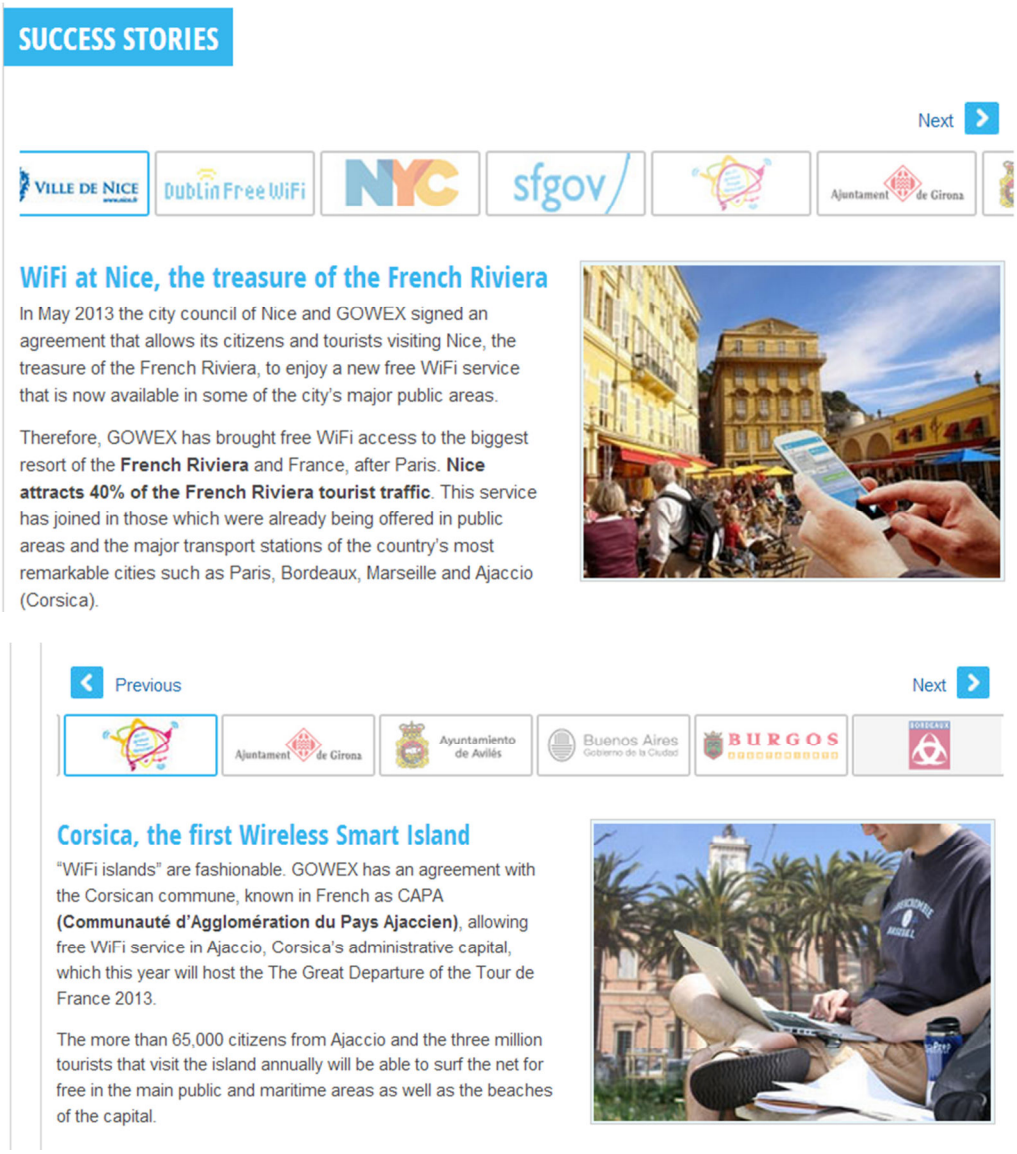
Actual Contract-based Derivations Show Gowex's Engineering Revenues <€3mm

We gathered dozens of publicly available municipal contracts between cities and Gowex. In some cases, such as with San Francisco, we were unable to find a contract – it appears no contract exists. We believe our contract sample size covers 75% of Gowex's 5,530 hotspots. We extrapolate our findings to Gowex's entire hotspot network and conclude that Gowex's entire revenue from their engineering segment is around €2.9mm in 2013 (see Appendix E for a more granular breakdown):

Estimate of Gowex's True Engineering Revenue

Total annual value of all contracts found	€ 2,150,929
Total Addressable hotspots	4,121
Average revenue per hotspot	€ 522
Total Gowex hotspots per WiFi map	5,530
Implied total annual revenue	**€ 2,886,347**
Reported Engineering revenue	€ 40,500,000
Actual as % of Reported	**7%**

Gowex lists the following engineering revenue "success stories" on their website[9]:



SUCCESS STORIES

Next

VILLE DE NICE | Dublin Free WiFi | NYC | sfgov | Ajuntament de Girona

WiFi at Nice, the treasure of the French Riviera

In May 2013 the city council of Nice and GOWEX signed an agreement that allows its citizens and tourists visiting Nice, the treasure of the French Riviera, to enjoy a new free WiFi service that is now available in some of the city's major public areas.

Therefore, GOWEX has brought free WiFi access to the biggest resort of the **French Riviera** and France, after Paris. **Nice attracts 40% of the French Riviera tourist traffic**. This service has joined in those which were already being offered in public areas and the major transport stations of the country's most remarkable cities such as Paris, Bordeaux, Marseille and Ajaccio (Corsica).

Previous | Next

Ajuntament de Girona | Ayuntamiento de Avilés | Buenos Aires Gobierno de la Ciudad | BURGOS | BORDEAUX

Corsica, the first Wireless Smart Island

"WiFi islands" are fashionable. GOWEX has an agreement with the Corsican commune, known in French as CAPA **(Communauté d'Agglomération du Pays Ajaccien)**, allowing free WiFi service in Ajaccio, Corsica's administrative capital, which this year will host the The Great Departure of the Tour de France 2013.

The more than 65,000 citizens from Ajaccio and the three million tourists that visit the island annually will be able to surf the net for free in the main public and maritime areas as well as the beaches of the capital.

The below table summarizes the contract terms for all the engineering "success stories" listed above:

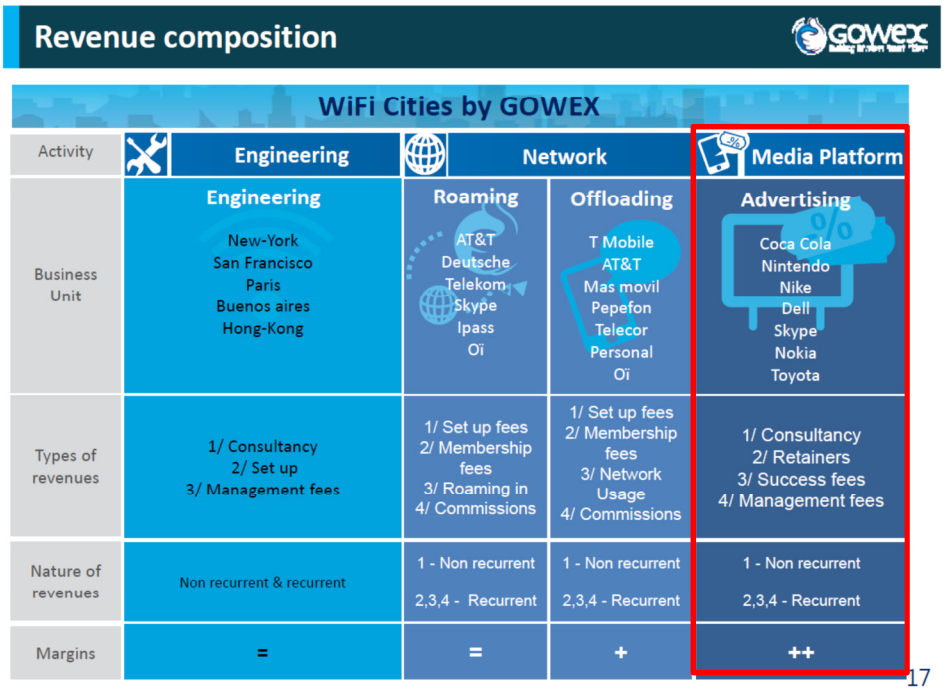
Engineering Contracts for "Success Story" Cities

City	Hotspots	Contract terms
Nice	31	The contract with Nice was for a maximum of €88,000 per year
Dublin	48	we believe the city of Dublin is not paying Gowex any amount for the installation
New York	2,297	The contract with New York EDC(full name) was $900,000 split between five vendors of which Gowex was one
San Francisco	402	City does not pay Gowex
Corsica	47	€185,000 over unspecified term
Girona	166	€55,000 a year for 3 years
Aviles	73	€43,000 a year for 4 years
Buenos Aires	81	Unknown
Burgos	217	€306,000 over unspecified period
Bordeaux	24	€48,000 a year for 4 years
Ourense	69	€28,000 a year; old contract was €60,000 a year

2013 Advertising Revenue no more than €2 million

"No one has made money from advertising on wifi (specifically free wifi). That's why Earthlink closed down its Muni Wi-Fi business, and why MetroFi went bankrupt after trying to make money from muni Wi-Fi networks. " – Founder of MuniWireless, who has been following the wifi industry for 11+ years[1]

So if cities are not paying Gowex (at least in the amounts they claim), who is? Advertisers?



Gotham City Research believes Gowex's claimed media/advertising revenues are demonstrably false and materially inaccurate. For example, if you simply compare Boingo versus Gowex, you find some comical results. Boingo has more hotspots, more airport hotspots (which advertisers pay up for), much better ad formats and higher prices, and much more traffic. Yet, Gowex generates 3.3x Boingo's ad revenue?[2]

Is this Possible?

	Boingo	Gowex
Hotspots with Ads	12,000	5,530
Airport Hotspots with Ads	65	1
Landing Page Traffic Rank	42,227	894,546
App Downloads	451,152	182,848
Ad Revenue (in $ millions)	€ 9.1	€ 30.4

We believe that actual revenue generated from advertising is **no more than €2 million** , less than 10% of what Gowex tells investors. The following support our belief:

- Using Boingo's operating metrics, we calculate Gowex's advertising revenue in 2013 to be no more than €2 million, or less than 10% of the JB Capital Markets analyst's estimate.
- Gowex's ads are of poor quality (static, print display ads). Advertisers pay far less for these. Based on market rates for print ads, Gowex's Ad revenue is far less than our €2 million estimate.
- We only saw three ads on the Gowex mobile app - H&M, Pepsi, M&M. None of the 'success stories' on Gowex's website lists either of these three CPGs, nor any advertising agencies.
- 'Geolocalized coupons' – the 'coupons' button on the Gowex app does not work.
- Jenaro claims free wifi failed in the past because smartphones were not common, implying Gowex is successful because of smartphone adoption. His explanation is a ruse, as we show.
- The Founder of MuniWireless, who has been following the space longer than Gowex has been in business said *"No one has made money from advertising on wifi (specifically free wifi)"*

Gowex's Advertising Revenues No More than €2 million Based on Boingo Metrics

According to JB Capital Markets, Gowex's Media 2013 revenue is around €30 million[3]:

Total group revenue breakdown and growth rates

€m	2012a	2013e	2014e	2015e	2016e	CAGR 12-16e
Telecom Business	**24.0**	**24.2**	**24.6**	**24.9**	**25.2**	***1.3***
% growth	*20.0*	*1.0*	*1.5*	*1.0*	*1.5*	
Wireless business	**90.8**	**148.8**	**216.4**	**307.4**	**384.6**	***43.4***
% growth	*95.4*	*63.8*	*45.5*	*42.0*	*25.1*	
Engineering	31.8	40.5	56.4	83.0	102.0	*33.8*
% growth	*16.9*	*27.5*	*39.1*	*47.4*	*22.8*	
Network	40.8	77.9	108.5	135.2	161.5	*41.0*
% growth	*172.2*	*90.8*	*39.3*	*24.7*	*19.4*	
Media	18.2	30.4	41.6	54.6	67.3	*38.6*
% growth	*323.9*	*66.6*	*36.9*	*31.3*	*23.3*	
We2		2.0	10.0	34.5	53.8	
% growth				*245.0*	*56.0*	
Total group	**114.8**	**175.0**	**241.1**	**332.2**	**409.8**	***37.4***

We don't fault the JB Capital Markets analyst, as the €30 million estimate for 2013 is consistent with what CEO Jenaro Garcia Martin has privately told investors. We believe Gowex's revenue from ads/media is no more than €2 million, using Boingo-related metrics:

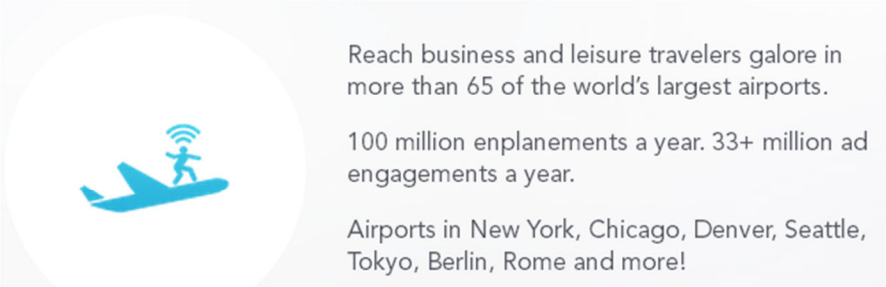
Gowex 2013 Ad Revenue - calculated with Boingo Metrics

Hotspots with Ads	5,530
Annual Foot Traffic per Hotspot	233,333
Annual Foot Traffic	**1,290,333,333**
Foot Traffic Conversion Rate	0.99%
Ad engagements	12,759,963
Price per ad engagement	$0.21
Gowex 2013 Ad Revenue	**€ 1,931,195**

The 'Annual Foot Traffic per Hotspot', 'Foot Traffic Conversion Rate', and 'Price per ad engagement' metrics shown above are based on publicly available information provided by Boingo, as we show below.

Boingo has 2.8 billion annual visitors, and 12,000+ locations supporting ads[4]:

Boingo generates 33 million+ ad engagements at airports per year:



Boingo generates ~60 million ad engagements, in total, per year:

Boingo's Ad Engagements / Year

Airports	33,000,000
hotel	13,000,000
sports bars	6,000,000
subways	3,500,000
Shopping Malls	1,300,000
Stadiums	n.a.
City Centers	2,900,000
TOTAL	**59,700,000**

The non-airport ad engagement metrics above are provided on boingo's website (see Appendix F for screenshots).

Putting all the Boingo operating metrics together, we calculate Boingo's 'Annual Foot Traffic per Hotspot', 'Foot Traffic Conversion Rate', and 'Price per ad engagement' (same as 'revenue per Ad Engagement):

Boingo's Hotspot Ad Engagement Metrics

Annual Foot Traffic	2,800,000,000
Hotspots with Ads	12,000
Foot Traffic per Hotspot	**233,333**
2013 Ad Revenue	$12,350,000
Annual Ad Engagements	60,000,000
Revenue per Ad Engagement	**$0.21**
Annual Ad Engagements - Non-Airport	26,700,000
Annual Foot Traffic - Non-Airport	2,700,000,000
Foot Traffic Conversion Rate	**0.99%**

Note: Boingo's annual non-airport foot traffic is calculated by subtracting airport foot traffic of 100 million from total foot traffic of 2.8 billion. Both are available in the images above.

Why We Believe Gowex's 2013 Ad/Media Revenue is less than €2 million

Airports, while small in number, drive over 50% of Boingo's total ad engagements. According to data scraped from Gowex's Wi-Fi map, Gowex has 1 airport lounge in Belgium. Boingo has 66. Because airports (rightfully) generate more ad engagements, they warrant a premium price per engagement. This means Gowex's price per engagement is lower than Boingo's, which means Gowex's ad revenues are far less than €2 million. But there's far more evidence to suggest Gowex' price per engagement is not only lower than Boingo's, it is far lower.

A Closer Look at Ad Engagements per Revenue

One way in which free Wi-Fi providers monetize is via advertising on their (1) landing pages (before the user is able to surf the web) and (2) mobile apps that they provide.

Advertising can come in various forms:

- Display ads,
- Sponsored connections, (for example, "Free Wi-Fi, provided by Google")
- Incentivized app downloads
- Videos

As we already demonstrated, advertisers are willing to pay more for audiences in airports. Advertisers are also willing to pay more for certain formats (such as video). For example, when you see "Watch this video to connect for free" or "Download this app to unlock free Wi-Fi" , these are the more expensive ad engagements.

The Boingo website seeks to help advertisers understand the variety of ad formats:

Each formats has a different rate. Passive print/banner ads are priced the lowest whereas others command far higher prices:[6]

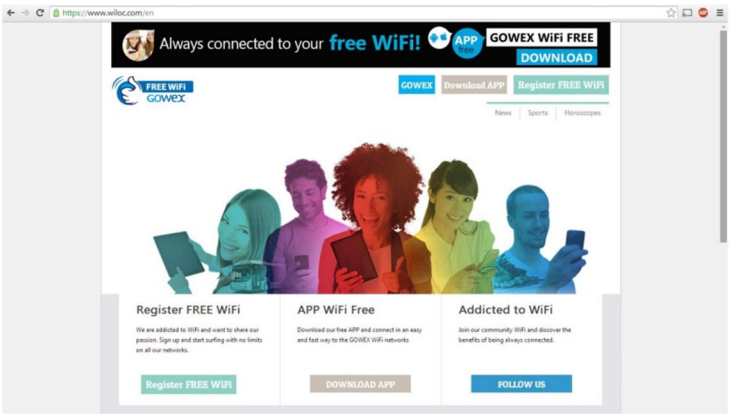
Ad Revenue per Engagement - by Category

App Downloads/Email Collection	$1.5000
Video	$1.2000
Display Ads	$0.4000
Passive Display Ads	$0.0002

Note that the first three shown – 'App Downloads/Email Collection', 'Video' , and 'Display Ads' all guarantee some form of engagement.

Gowex's Ad Quality is Poor & Ad formats are Unsophisticated

Gowex users access hotspots through either a landing page (Gowex's advertising platform WILOC.com) or via Gowex's mobile app. Here is a screenshot of the landing page. We never saw a single ad[7]:



We only see Ads, once we scrolled down:

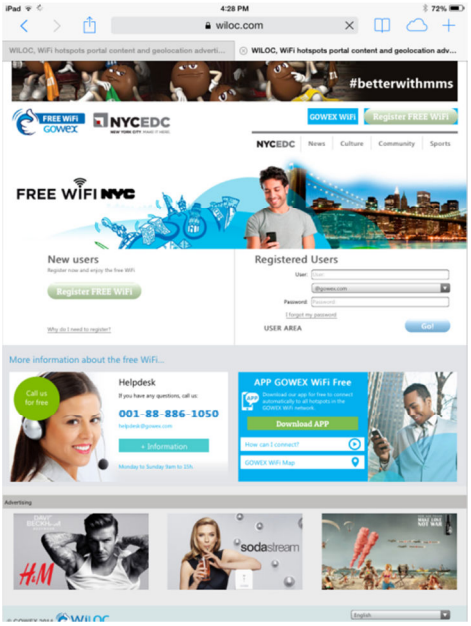
The only ads on the landing page, WILOC.com are at the bottom of the page. Users have to scroll down. Display ads at the bottom of web pages have only a fraction of the value to advertisers compared to those found at the top. The display ads are also very simple print ads.

If we look closely at the ads, two of them are in Spanish even though this is from a US hotspot. Ironically, WILOC stands for "Wi-Fi Location" and is supposed to be a geolocalized content platform (we were not in a Hispanic-heavy location).

The other ad is a booking.com ad. It is likely an affiliate deal. Pricing on affiliate deals are even worse. Gowex only gets paid if a visitor successfully books a hotel. When you click the banner, it takes you to a booking.com page with affiliate branding on the header: (http://www.booking.com/index.html?aid=332146;sid=27ffb8111eadd98bb5e5e19dd4886eb4;dcid=1&lang=en-gb).

Our Observations Apply Equally to iPads, iPhones, PCs and Android Phones

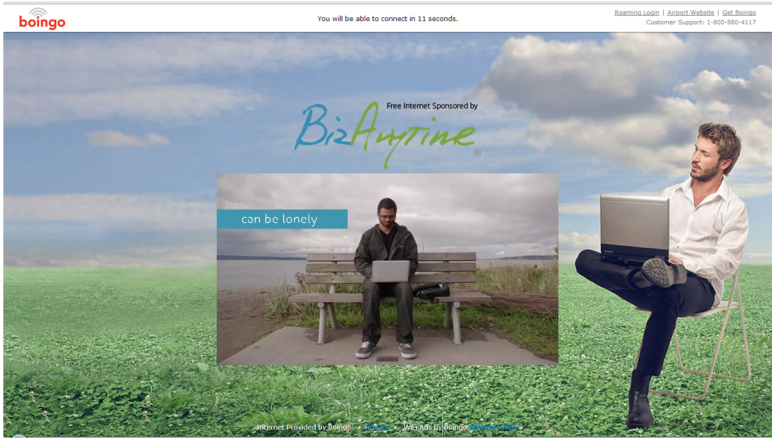
The ads shown via iPad browser are also of low quality except one display banner at the top*:*



iPhone browser:

We found that the iPhone browser and PC browser appear identical, with the same ads.

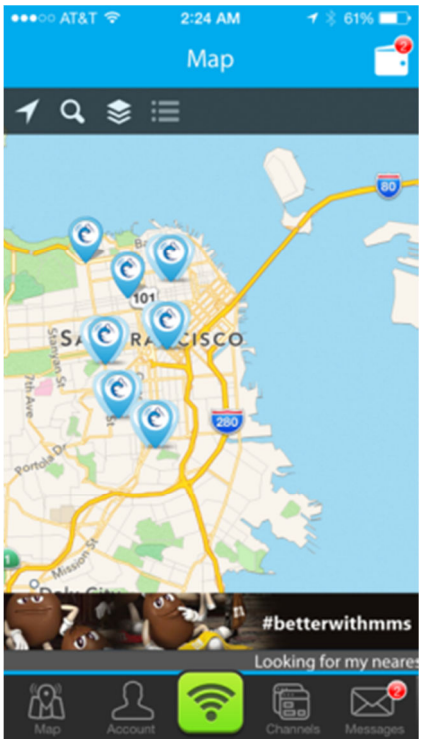
Let's compare Gowex's poor landing page ads with Boingo's landing page ads. The Boingo ad captures the full page & requires users to watch the video ad before obtaining wifi access:



<u>Gowex's landing page ads are passive display ads (which add least value to advertisers, and generate the lowest possible revenue)</u>

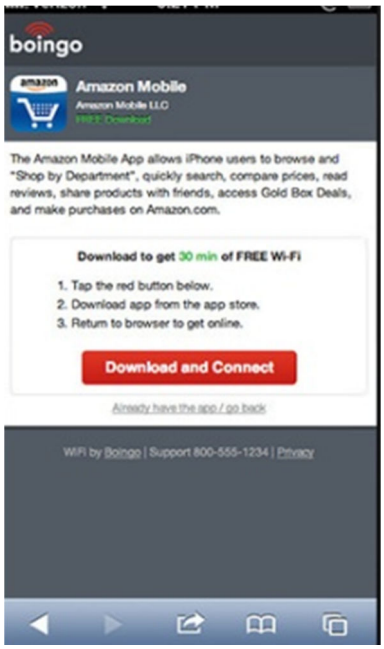
If we attempt to access free wifi through, Gowex's mobile app, Users are greeted with a static H&M David Beckham ad, at the bottom (we found no "geolocalization" we have always been greeted with that same ad):

Once the app loads, we see an ambiguous M&Ms ad (again, no geolocalization. We see the same M&M cartoons each time):



In fact, even after testing 100s of hotspots, we only saw three ads (repetitively): The H&M ad, the M&Ms ad, and a Pepsi ad. All were static display ads.

Boingo's mobile app, on the other hand, allows its clients to pose app download ads:



Gowex's Web Presence and Reach are Very Low

WILOC.com is so low in the traffic that Alexa does not even have historical data for it. Its global rank is 894,546 and rank in Spain is only 41,275[8]:

Boingo's landing page platform, www.boingohotspot.net, on the other hand is ranked 20X 42,227 **globally**:

See Appendix F for:

- Similarweb.com traffic rankings showing similar results
- Finally, total app downloads (iOS + Android combined) since January 2013 for Boingo is around 450,000, whereas it's only around 180,000 for Gowex.

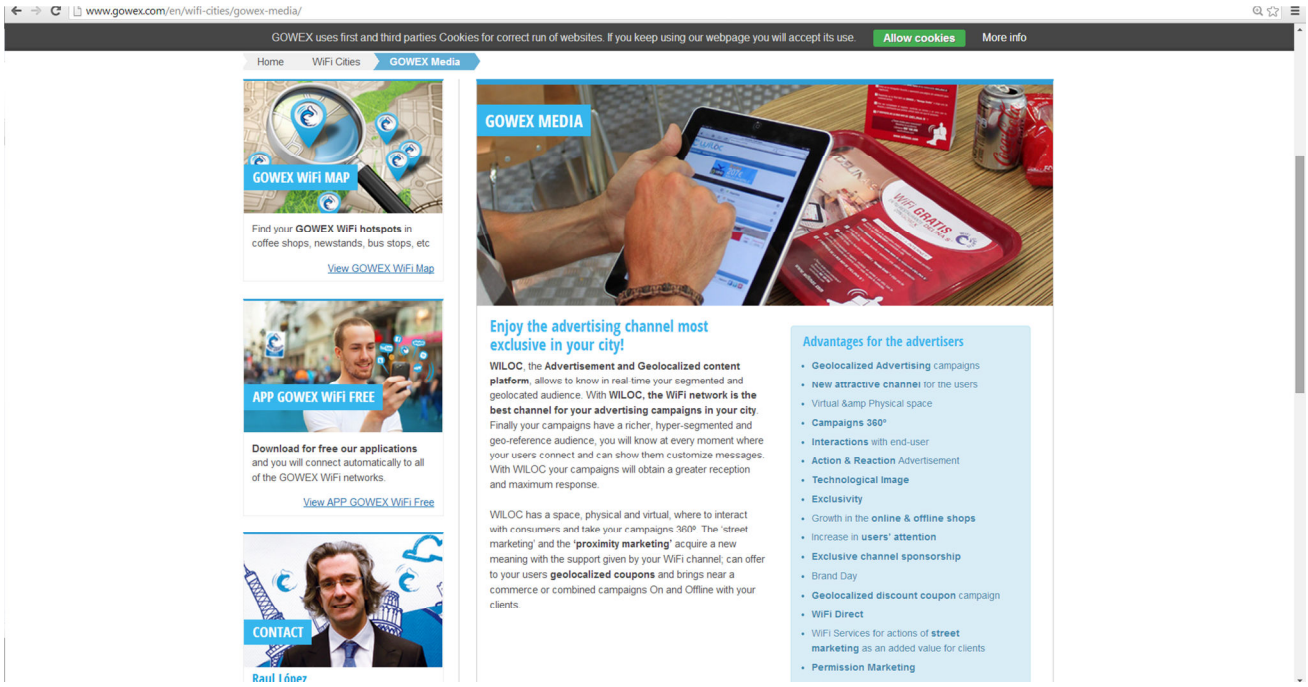
Geolocalized Coupons seem Doubtful

On its website, Gowex claims[9]:

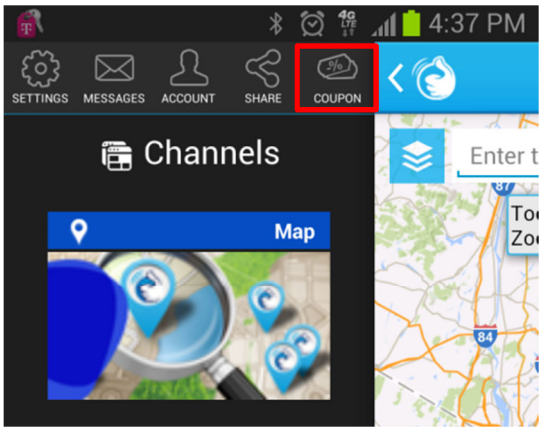
WILOC has a space, physical and virtual, where to interact with consumers and take your campaigns 360º. The 'street marketing' and the **'proximity marketing'** acquire a new meaning with the support given by your WiFi channel; can offer to your users **geolocalized coupons** and brings near a commerce or combined campaigns On and Offline with your clients.

- Growth in the **online & offline shops**
- Increase in **users' attention**
- **Exclusive channel sponsorship**
- Brand Day
- **Geolocalized discount coupon** campaign
- **WiFi Direct**

Zoomed in from the 'Gowex Media' section:

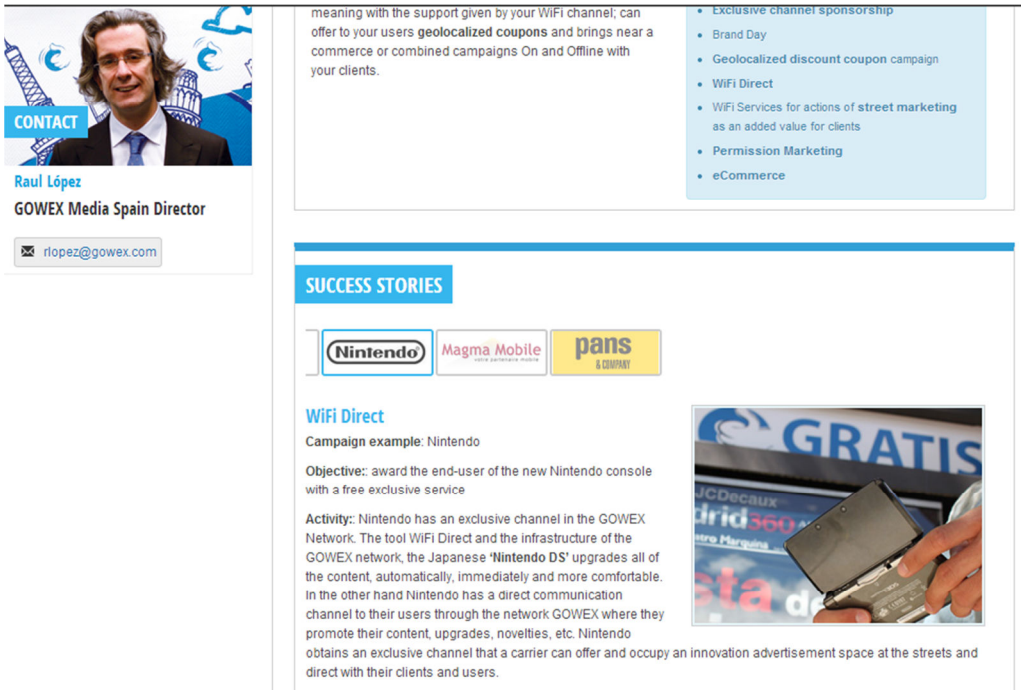


We find the above claims untrue, as the 'coupon' button on the mobile app doesn't work:

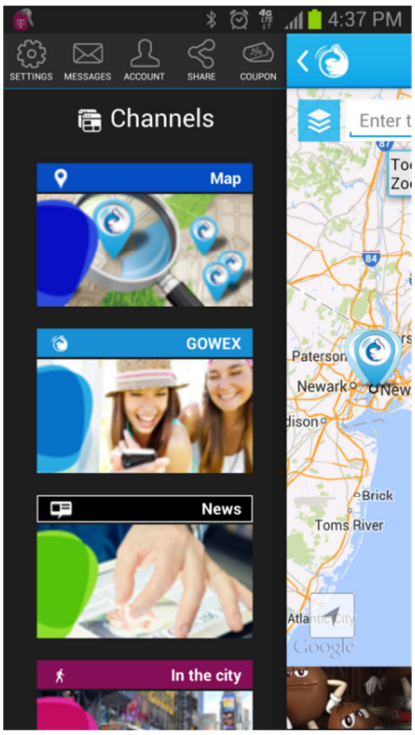


The Nintendo "Success Story"

Gowex claims[10]:



Yet we do not see any mention of Nintendo on the Gowex app. No channels, not even a print ad.



2013 Roaming and Offloading Revenue < €1 million

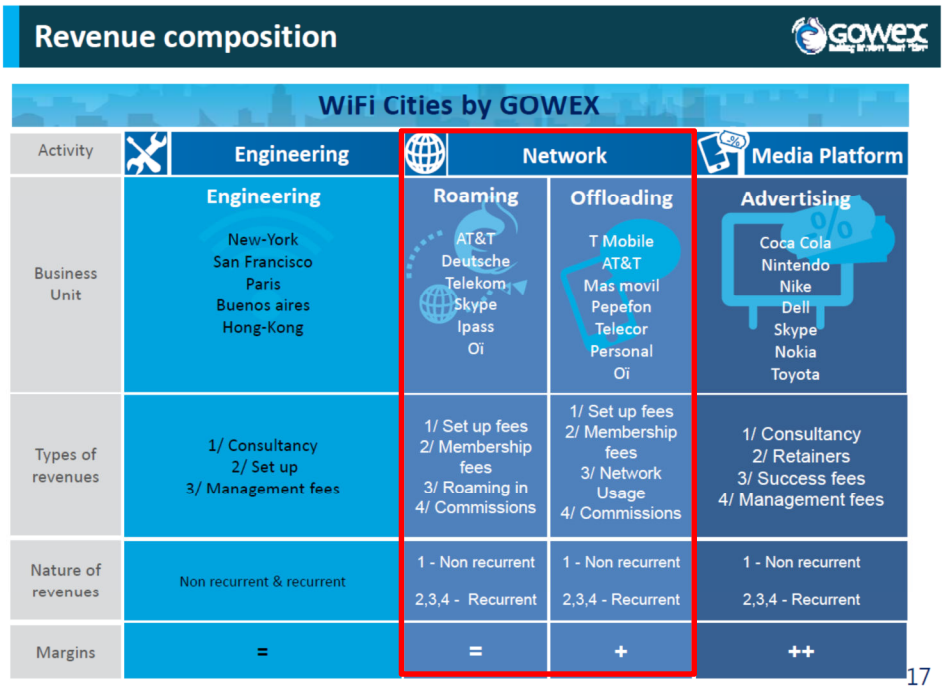
The JB analyst estimates that Gowex generated €78 million of 'Network' revenue in 2013[1]:

Total group revenue breakdown and growth rates

€m	2012a	2013e	2014e	2015e	2016e	CAGR 12-16e
Telecom Business	**24.0**	**24.2**	**24.6**	**24.9**	**25.2**	***1.3***
% growth	*20.0*	*1.0*	*1.5*	*1.0*	*1.5*	
Wireless business	**90.8**	**148.8**	**216.4**	**307.4**	**384.6**	***43.4***
% growth	*95.4*	*63.8*	*45.5*	*42.0*	*25.1*	
Engineering	31.8	40.5	56.4	83.0	102.0	*33.8*
% growth	*16.9*	*27.5*	*39.1*	*47.4*	*22.8*	
Network	40.8	77.9	108.5	135.2	161.5	*41.0*
% growth	*172.2*	*90.8*	*39.3*	*24.7*	*19.4*	
Media	18.2	30.4	41.6	54.6	67.3	*38.6*
% growth	*323.9*	*66.6*	*36.9*	*31.3*	*23.3*	
We2		2.0	10.0	34.5	53.8	
% growth				*245.0*	*56.0*	
Total group	**114.8**	**175.0**	**241.1**	**332.2**	**409.8**	***37.4***

The JB analyst's estimate of €78 million of 2013 'Network' revenue is consistent with what Gowex has told other investors (recall, Gowex used to disclose revenues by all these segments up to 2011).

'Network' revenue is equivalent to 'Offloading' + 'Roaming', per Gowex's own presentations:



17

Gotham City Research believes that actual Gowex 2013 Network revenues are at most 10% of what the company claims for the following reasons:

- iPass only managed to generate $2.4mm in 2013 revenue in their Open Mobile Exchange segment on a network of 2.2 million hotspots, or $1 per hotspot per year.
- Even if Gowex were to monetize on a roaming network of 500,000 hotspots, Gowex's revenue would amount to only ~$500,000 per year, per iPass's results.
- Gowex is believed to have 165 Wi-Fi roaming partners, yet there are only 90 companies listed on the Wireless Broadband Alliance.
- Recall, over half of Gowex's hotspots are owned by Towerstream, who earned just $1 million from their shared wireless segment. It's difficult to believe that Gowex generates 80 revenues when the property/infrastructure supplier only earns ~1% of that amount.
- Industry operators believe Gowex's claimed 2013 Network Revenue amount exceeds the total financial activity in the world, the total market size. They also believe it is simply not possible for a Gowex to be monetizing third party networks in this form.[2]
- Various roaming/offloading "Success story" executives have never heard of, or are mystified by Gowex's revenue claims. Some of these executives said they are not aware of any contract between their company and Gowex.[3]
- Boingo does not even list Gowex as a roaming partner, on their website.

According to iPass Metrics, Gowex Roaming + Offloading Revenue <€1 million

iPass is a well-established Wi-Fi aggregator with one of the largest Wi-Fi network footprints in the world. Its 'Open Mobile Exchange' segment is similar to Gowex's roaming segment, and only generated $2.4mm of revenue in 2013[4]:

Open Mobile Exchange ("iPass OMX" or "OMX"): We provide our iPass OMX service offerings to global telecommunications carriers and service providers to extend and enhance their core mobility and internet offerings by integrating our Open Mobile Platform technology and our worldwide Wi-Fi Network, to allow global telecommunications carriers and service providers to seamlessly connect their customers and subscribers to preferred global Wi-Fi networks.

	2011	2012	2013
iPass Open Mobile Exchange Revenue	$678,000	$786,000	$2,362,000

With 2.2 million hotspots worldwide, this means iPass generated about $1 per hotspot per year. So even if Gowex was able to monetize on a roaming network of 500,000 hotspots (an estimate the JB analyst provide), their comparable revenue would amount to less than $500,000 per year:

Gowex Roaming Revenue, as Implied by iPass Metrics

iPass Open Mobile Exchange Revenue	$2,362,000
Hotspot network	2,200,000
Revenue per hotspot	$1.07
Gowex roaming hotspot count	500,000
Implied Gowex Roaming Revenue	**€ 394,719**

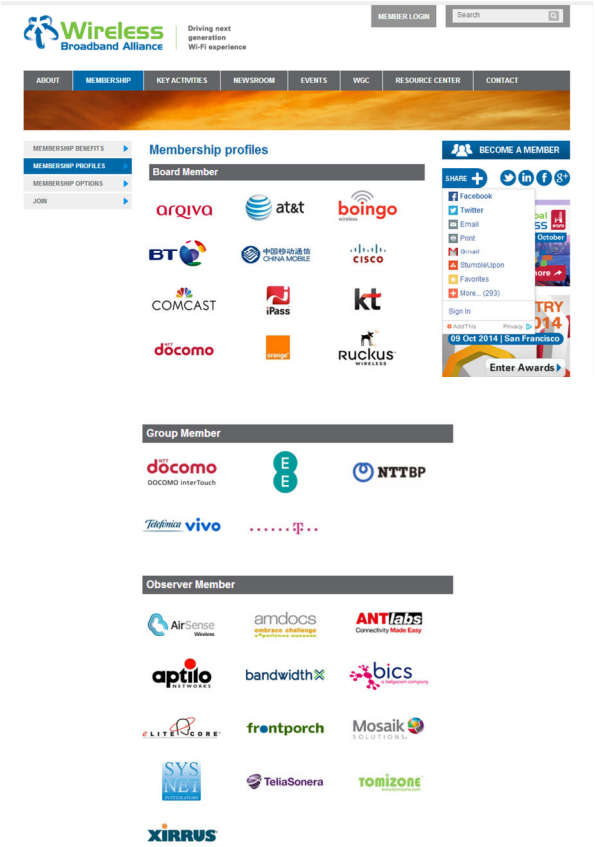
90 Operators Listed on the Wireless Broadband Exchange, yet Gowex Claims 165 Roaming Partners

The jb analyst says (his language, if you read carefully, is definitive) Gowex has 165 Wi-fi roaming partners:[5]

> *"As of the end of 2013, GOWEX's footprint includes 83 cities connected with Wireless Smart City services (more than 125m inhabitants), more than 20 transport agencies that carry 3.5bn passengers per year, 110 countries covered with* ***<u>165 Wi-Fi roaming partners</u>*** *and 130 telecom operators that currently are signed to the offloading and Wi-Fi roaming services."*

Based on prior precedents – namely, that Jenaro Garcia Martin has provided investors, privately, with a breakdown of wireless revenues that are in-line with the JB analyst's wireless segment estimates – we believe all of the information JB analyst provides (that is not in public filings) ultimately originates from Gowex. Furthermore, the language the JB analyst uses to describe the '165 wi-fi roaming partners' lacks the "I believe", "we estimate" language.

165 wifi roaming partners is difficult to believe, given the Wireless Broadband Exchange only lists 90[6]:



General Member (Operator)

AlwaysOn the access advantage
Bell
China Telecom
China unicom
cox
HOTSPOT
du
fon
GOWEX
HGC Hutchison Global Communications
indosat
KDDI
BIGLOBE
MEO
meteor network
movistar
PCCW HKT
SHAW
SK telecom
SoftBank
StarHub
T-Mobile
TalkTalk
TATA
telecom
Telkom Indonesia
telenor
TELUS
WiFi Powered by The Cloud
TIM Você, sem fronteiras.
Time Warner Cable
towerstream
true
TTNET

General Member (Vendor)

世纪互联 www.21vianet.com
Accuris Networks
AICENT
AIRI Ventures
Alcatel-Lucent
aruba Networks
BROADCOM
BSG Wireless
CableLabs
CROWN CASTLE
device scape
digicert
ERICSSON
gemalto
HUAWEI
intel
Juniper Networks
MEDIATEK
Meru Networks
Nibri
nsn
QUALCOMM
Sharedband Connect
skype
SMITHMICRO SOFTWARE
Syniverse Technologies
UL

If the # of partners is to be believed, Gowex generates nearly €500,000, per year, in roaming + offloading revenue, per partner:

Gowex 2013 Roaming + Offloading
Revenue per Partner

Roaming + Offloading Revenues	€ 77,900,000
Partners	165
Revenue per partner	**€ 472,121**

iPass recently disclosed it had signed up 30 carriers to their Open Mobile Exchange segment[7]. Given that iPass has been present in the market for many years we find it difficult to believe Gowex has anywhere close to 165 companies paying to access its network.

Based on conversations with industry experts, €500,000 per partner is difficult to believe. €500,000 per partner, at 165 partners, is impossible.

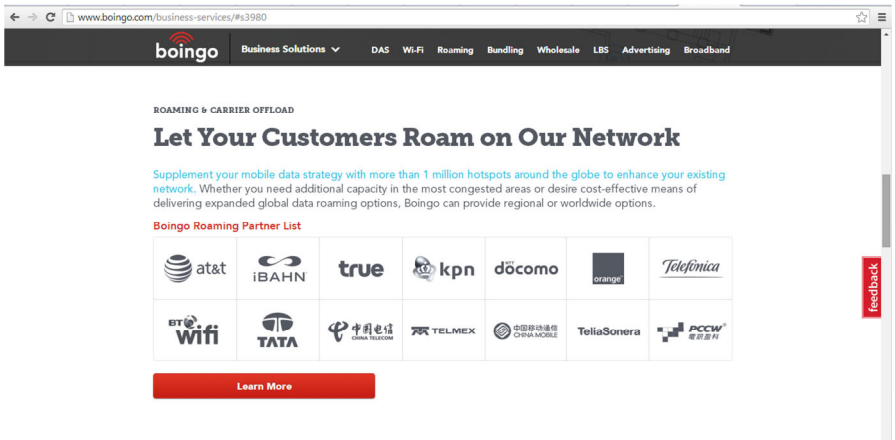
Ironically, if Gowex has fewer than 165 partners, the revenue per partner becomes even more incredible, and its claimed Roaming and Offloading revenue, even more difficult to believe:

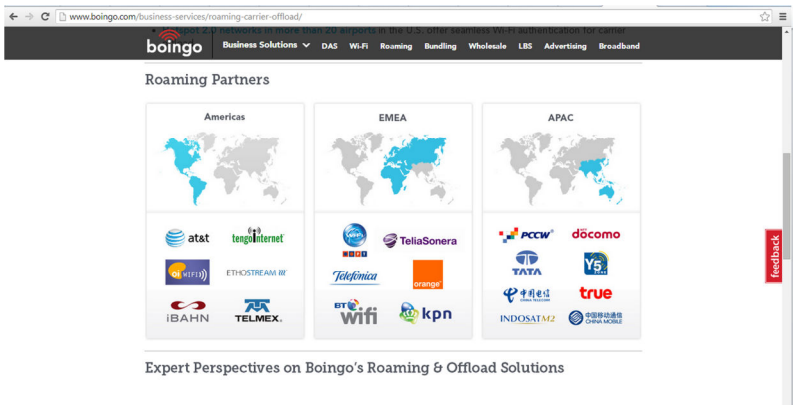
Roaming + Offloading Revenues	€ 77,900,000	€ 77,900,000	€ 77,900,000	€ 77,900,000	€ 77,900,000	€ 77,900,000
Partners	165	125	100	75	50	25
Revenue per partner	**€ 472,121**	**€ 623,200**	**€ 779,000**	**€ 1,038,667**	**€ 1,558,000**	**€ 3,116,000**

Boingo does not even list Gowex as a roaming partner, on their website

Gowex lists Boingo as a roaming 'success story' on their website[8]:

Boingo does not list Gowex as a roaming and offload partner[9]:





Possible reasons Boingo does not list Gowex as a roaming/offloading partner:

- Boingo is not a Gowex roaming/offloading partner
- Boingo is a Gowex roaming/offloading partner, but the wireless usage/activity level is small, and the revenues so small, it's not worth mentioning

In either case, it supports our belief that Gowex's true roaming + offloading revenue is less than 10% of what the company has claimed it to be.

Other Serious Warning Signs

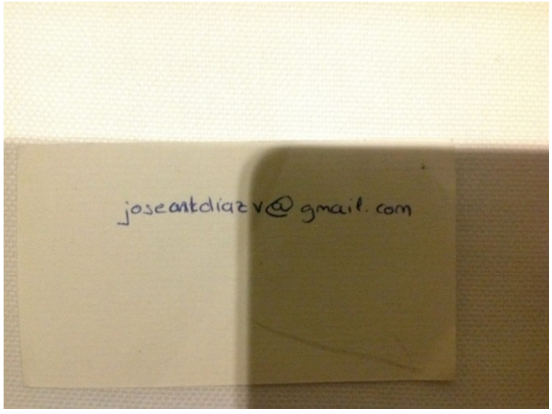
In this section we discuss the softer qualities that support our belief that Gowex is largely a charade. We start with the laughable audit fees and Gowex's auditor.

Gowex's Auditor, M&A Auditores S.L.

Let's Gowex's auditor is a company called M&A Auditores, S.L out of Madrid. This company is largely unknown even within Spain. Gowex seems to be their only publicly-traded audit client. It is exceedingly rare for a $1-$2 billion market value company to choose an unknown auditor. In 2013, Gowex's audit fee totaled €68,500. Boingo and iPass paid $1.7mm and $1.1mm respectively.[1]

We visited M&A Auditores, S.L. office, which was more of an apartment, within an apartment complex (in an area that did not seem like an affluent area). The auditor's "office" was an 8x10 room. There were very old looking laptops. We obtained the auditor's business card[2]:

He did not have a business email address (which is very strange), so he wrote his gmail account on the back of his business card:



Gowex's Audit Fee Implies a Business 5%-10% its Purported Size

Though GOW's €40,000-€70,000 audit fee does not pass the "smell test" (i.e. the absolute amount), it makes even lesser sense once you compare Gowex's audit fees as a % of its revenues, versus its peers[3]:

Audit Fee as a % of Revenues

	2009	2010	2011	2012	2013
Boingo			1.80%	1.86%	1.57%
iPass			0.67%	0.84%	0.97%
Ruckus			0.50%	0.84%	0.48%
Gogo			0.00%	0.46%	0.44%
towerstream			0.89%	0.70%	n.a.
Average			**0.77%**	**0.94%**	**0.87%**
GOWEX	**0.07%**	**0.07%**	**0.06%**	**0.05%**	**0.04%**

Is a €68,500 audit fee sensible for a company with €182,600,000 of revenue (majority of which is reported to be outside Spain), worldwide operations and dozens of subsidiaries? Of course it is not. The absurdly low audit fee is supportive of our thesis, that over 90% of Gowex's overall revenues simply do not exist.

Our findings and opinions are consistent with the following accounting industry averages[4]:

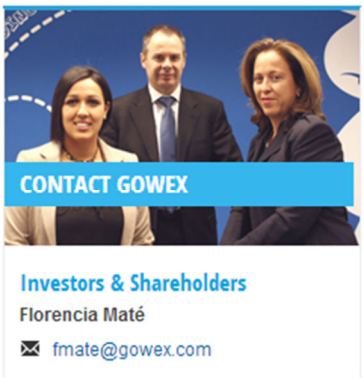
Audit Fee Survey/June 2012
Exhibit B: 2011 Average Audit Fees by Sales Revenue

		Annual Sales Revenue				
	Average of All Responses	Less than $25 million	$25 to $99 million	$100 to $499 million	$500 to $999 million	$1 to $4.9 billion
U.S. Public						
Number of Responses	111	3	8	18	22	22
Percent of Responses	100%	3%	7%	16%	20%	20%
Average Audit Fees	$3,946,800	$263,700	$330,900	$601,000	$886,700	$1,864,600
% Change from Prior Year	5%	0%	7%	11%	0%	5%
Audit Fees as a % of Revenue		1.05%	0.53%	0.20%	0.12%	0.06%
Average Audit Hours (If Known)	17,457	1,770	2,832	2,306	4,781	9,465
Number of Responses	37	2	1	5	8	10

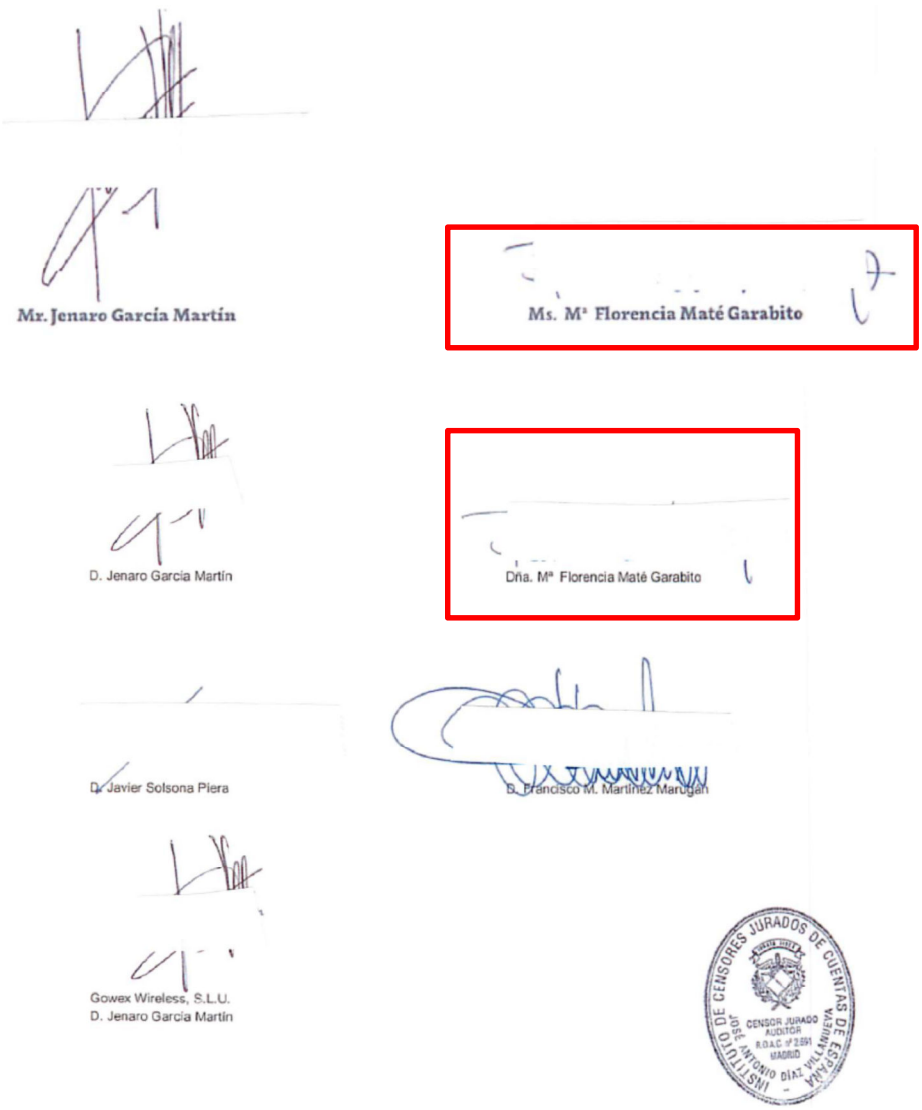
According to CFO.com , Public companies with revenues between $25 million and $99 million pay an **average $419,300 for an audit[5]**

The Head of Investor Relations is CEO Jenaro Garcia's Wife, and She Signs off on the Annual Reports

As if matters cannot get murkier, we found that the CEO's wife is the head of Investor Relations[6]:



We found Florencia Mate's signing off on the 2013 annual report (very last page in the English version):



If you don't believe that she is the CEO's wife, take a look at the Offering Circular filing:

> Mrs Florencia Maté Garabito is the wife of Jenaro García Martín and has been appointed on the proposal of the aforesaid companies Cash Devices, S.L. and Biotelgy, S.A.

Gowex Flagrantly Lied to the European Union's Transparency Register, about its Political Contributions

GOWEX lied about to the EU's Transparency Register, about its political spending . It claimed to have spent €50 million on political spending[7]:

> GOWEX, the second largest player among EU lobby consultancies according to the Transparency Register, is a telecommunications company that reports having a Spanish municipality as its only client, while declaring 90 lobbyists and 50 million euro turnover in 2010 related to lobbying EU institutions.

Mr Georgios Stilianou	100 000 000
Gowex	50 000 000
Ayudantía Gip S Coop	18 000 000
Mainstream Renewable Power Limited	11 593 000
Fleishman-Hillard	9 915 957
Burson-Marsteller	8 755 000
Landmark Public Policy Advisers Europe Limited	7 625 000
Green Business Uk Limited	5 875 000
Med Ingegneria S.r.l.	5 875 000
Social Finance Limited	5 125 000

Financial data

Financial year:	**01/2012 - 12/2012**
Estimated costs to the organisation directly related to representing interests to EU institutions in that year:	**8,000 €**
Amount and source of funding received from the EU institutions in financial year n-1 of registration	
Procurement:	0 €
Grants:	0 €
Other (financial) information provided by the organisation:	

Gowex's lie was so egregious, the Transparency Register commented on its behavior[8]:

> *Others, like GOWEX, a telecommunications company that reported only one client (a Spanish municipality), 90 lobbyists and 50 million euros lobby expenditure, simply updated their entries to more realistic numbers (5000 euros and two lobbyists)*

Jenaro Garcia Martin's Ownership – Does he still own shares?

The CEO controls Cash Devices SL and Biotelgy SA. Through these two vehicles, Garcia controlled more than 50% of the shares.

It seems Biotelgy SA was dissolved in 2012[9]:

New API version now released: corporate n

opencorporates

The Open Database Of The Corporate World

Company name or numbe

Companies Director

BIOTELGY VC S.A.

Company Number	B90934
Status	Dissolved
Incorporation Date	29 January 2003 (over 11 years ago)
Dissolution Date	14 December 2012
Company Type	Société anonyme
Jurisdiction	Luxembourg
Registered Address	9, RUE SCHILLER L - 2519 LUXEMBOURG Luxembourg
Registry Page	https://www.rcsl.lu/mjrcs/displayCons...

Recent filings for BIOTELGY VC S.A.

10 Jan 2013	DÉCISION JUDICIAIRE - PUBLICATION
14 Dec 2012	JUGEMENT - DISSOLUTION JUDICIAIRE clôture de la mise en liquidation judiciaire
10 Mar 2008	DÉCISION JUDICIAIRE - PUBLICATION
14 Jan 2008	JUGEMENT - DISSOLUTION JUDICIAIRE prononcé de la mise en liquidation judiciaire
25 Jun 2004	DÉPÔT

Source *Registre de Commerce et des Sociétés (Luxembourg), https://www.rcsl.lu/mjrcs/displayCons..., 12 Mar 2014*

ADD DATA *(WEBSITE, ADDRESS, ETC)* UPDATE FROM REGISTRY

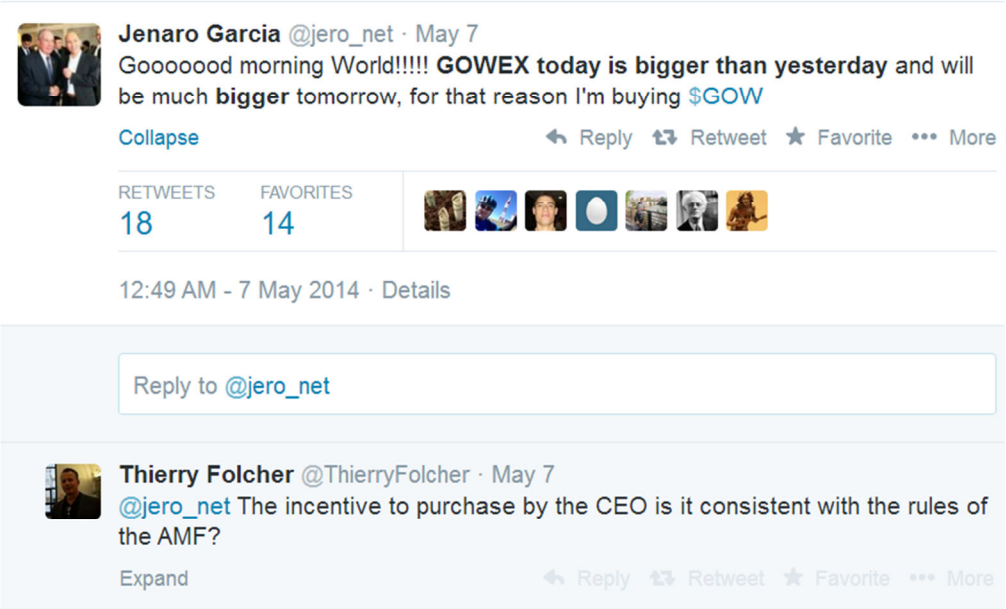
Given that Biotelgy VC S.A. is a Luxembourg entity, and its status is unclear, we wonder if the CEO actually still owns the shares. Who knows, maybe he found a means of secretly selling his shares.

Listing on the Mercado Alternativo Bursátil (MAB)

Let's Gowex was the third company to go public on the MAB, in 2010. MAB was created in 2008, and is similar to the United States' Pink Sheets/OTC or London's AIM exchanges. These latter exchanges tend to attract penny stock frauds, and serial white collar fraudsters. The MAB allows smaller companies to float shares, with a more "flexible" regulatory system than is applicable to the main market.

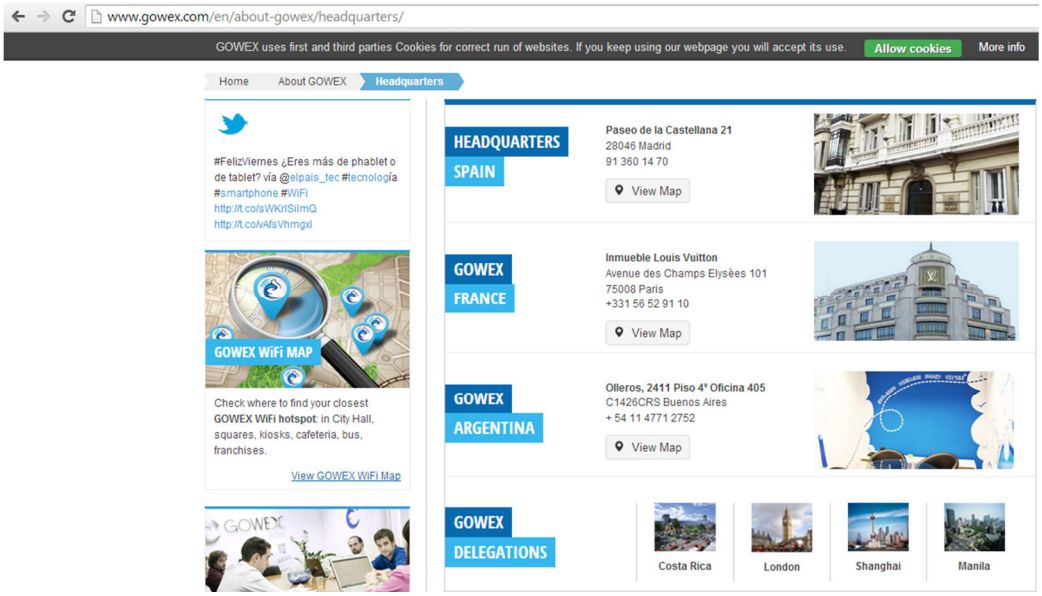
Jenaro Garcia's Questionable Behavior via Twitter

We believe CEO Garcia will have much bigger problems to worry about, but we wonder about the legality of saying the following on twitter[10]:



The CEO boasts about Gowex's "New York Office", yet gowex's website doesn't list a New York office[11]:

Gowex's website doesn't list a New York office (they may share a New York office with Quindell plc)[12]:



Based on our investigation, Gowex is likely renting office space from a company called Servcorp. Servcorp provides Virtual Office and Short Term Office Rental solutions.

We think Gowex's usage of Servcorp validates our belief that Gowex's operations are only a tiny fraction as they report. Given how critical New York is to Gowex, why would the company not establish a more permanent New York presence? It makes no sense.

Jenaro Garcia Martin's Ties to Stock Fraud Advanced Refractive Technologies

On July 26, 2006 Advanced Refractive Technologies Inc. announced the nomination of Jenaro Garcia as a director[13]:

> *SAN CLEMENTE, Calif., July 24, 2006 (PRIMEZONE) -- Advanced Refractive Technologies Inc. (ART) (Pink Sheets:ARFR) is pleased to announce the nomination of two new Directors. Jenaro Garcia Martin is founder and CEO of IBER-X (IBER Band Exchange SA) located in Madrid, Spain.* ***IBER-X manages $130 million dollars and offers its services in eight countries.*** ***Mr. Garcia Martin is also co-founder of Blue Emerald Investment Bank, S.A., located in Luxembourg. Blue Emerald concentrates on restructuring and investing in companies in the $10 to $50 million value level.*** *Mr. Garcia Martin stated, "I am pleased to begin working with ART as an outside independent director to help position the company to effectively compete in the market place going forward with its new products and partners."*

Shares of Advanced Refractive Technologies Inc. were eventually suspended. It was associated with the Chinese reverse merger fraud stocks.

The following links provide more information:

- http://www.abajournal.com/magazine/article/red-flagging_china_regulators_eye_chinese_companies_using_reverse_mergers/
- https://www.sec.gov/litigation/admin/2011/34-64567.pdf
- http://sharesleuth.com/investigations/2006/10/utek_corp
- http://investorshub.advfn.com/boards/read_msg.aspx?message_id=12424610
- VisiJet, Inc. Debuts as Advanced Refractive Technologies; New Ticker Symbol - http://www.marketwired.com/press-release/visijet-inc-debuts-as-advanced-refractive-technologies-new-ticker-symbol-662604.htm

Jenaro Garcia Martin's Offering Circular Biography Omits Key Work Experiences

15.1.3 **Biography of managers and directors**

Jenaro García Martín (42 years old): Founder - Chairman of the Board of Directors

Mr. Jenaro García started his career as an entrepreneur at the age of 19, by creating an import / export company. In 1996, he targeted the telecommunications market by creating an ISP working with major Spanish financial, pharmaceutical and insurance companies. In 1999, he created Group GOWEX, the first telecommunications product trading platform. In 2004 he created GOWEX, the first B2B roaming platform. Jenaro García also benefits from corporate banking experience with TC Investments in Miami.

He is the founder and Chairman of the Red Sin Fronteras foundation and is member of several associations and foundations, such as the ADP Management Improvement Association.
He represents the Company on the management board of eMOV, the Spanish platform.
He gives conferences on telecoms regularly (EU, UK, Spain, Belgium, Italy, Hong Kong etc.) and writes often on the subject.

There is no mention of his experience as a Miami financial advisor. He also does not disclose his directorship at Advanced Refractive Technologies, or role at Blue Emerald Investment Bank, S.A., located in Luxembourg.

The Curious Case of RedSinFronteras.org

Gowex claims that redsinfronteras.org was set up to "help the technologically disadvantaged"[14]:

2004 - REDSINFRONTERAS.ORG foundation established

Also in 2004, with other technological entrepreneurs, the Company set up Redsinfronteras.org foundation (www.redsinfronteras.org) with the objective of helping the technologically disadvantaged; it aims for telecoms to reach the entire population on a free, widespread and efficient basis.

Oddly, redsinfronteras.org appears as a Gowex customer as well:

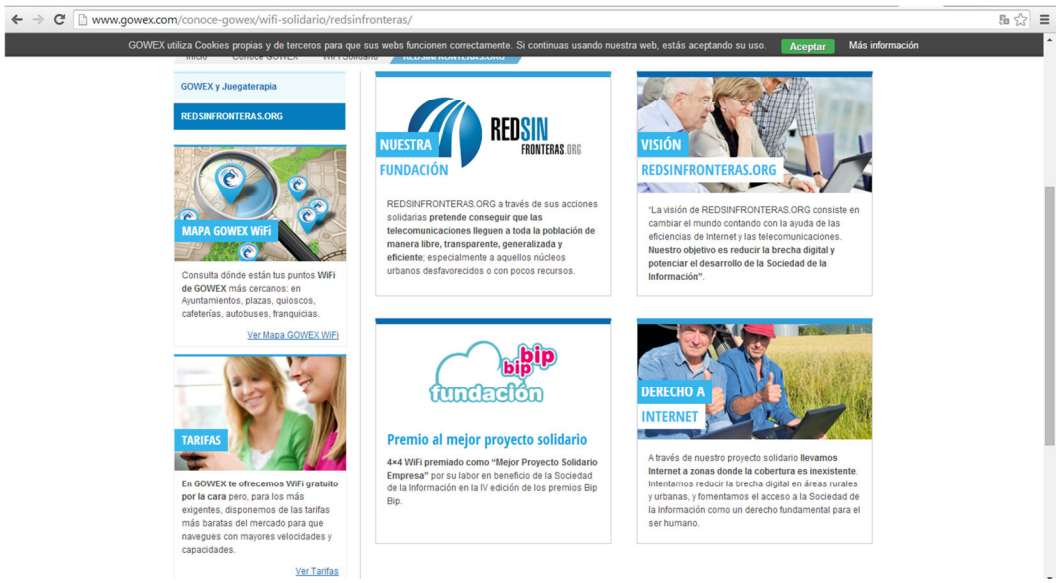
Client	Balance 31/12/07	Sales in the year
Line informática	3,503,519	2,386,288
Seasuntel	7,851,955	9,274,161
Panel Consulting, s.l.	3,597,596	2,795,841
Fundación Red Sin Fronteras	591,600	255,131
Ricardo Casero y Asociados	652,134	652,134
Other customers	1,315,864	1,600,016
	17,512,668	16,963,571

Gowex owns redsinfronteras.org domain, and set it (as shown in prior page):

The Company owns the following domain names:

www.iber-x.com/net	www.kioscowifi.com	www.lavidawifi.es/net/org
www.GOWEX.com/net	www.kioskowifi.com	www.mantentewifi.com
www.grupoGOWEX.com	www.quiscowifi.com	www.wifilandGOWEX.com/es
www.iwe-x.com/net	www.wifikiosko.com/net	www.observatoriowireless.com/es
www.wiloc.com/net	www.wifiquisco.com/net	www.observatoriodewireless.com/es
www.telcommunity.com	www.miwifiya.com	www.wirelesslabmalaga.com
www.GOWEXtelecom.com/es	www.wimaxya.com	www.wirelesslivinglab.com
www.GOWEXwireless.com/es	www.miwifree.com	www.wirelesscitylivinglab.com/net
www.waypeople.com/es/net/org	www.mywifree.com/net	www.redsinfronteras.org

If you type in 'REDSINFRONTERAS.ORG ' it goes to: http://www.gowex.com/conoce-gowex/wifi-solidario/redsinfronteras/

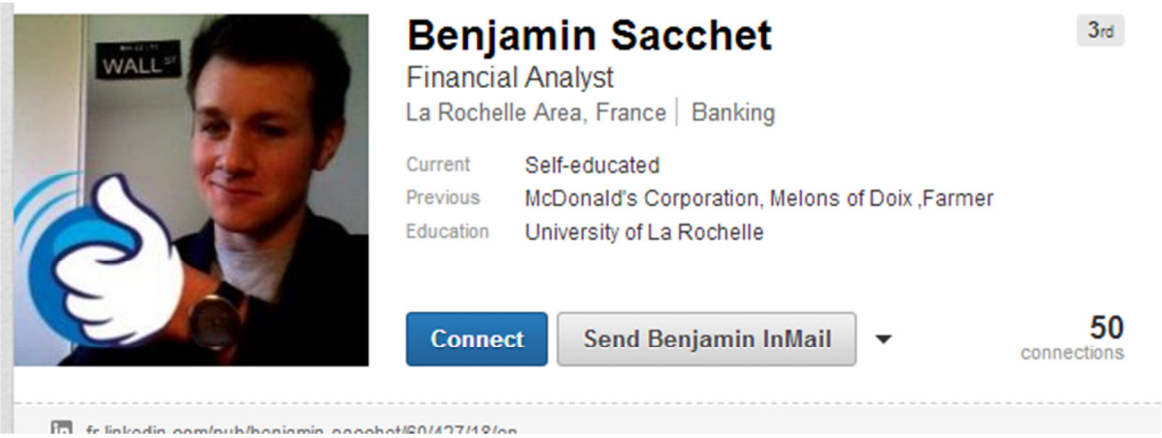


In fact, it seems redsinfronteras.org is gowex/iber-x back in 2007 as well, per the waybackmachine:

https://web.archive.org/web/20070421212416/http://www.redsinfronteras.org/modules/sections/index.php?op=viewarticle&artid=2

True Believers or Paid Promoters?

This French kid, Benjamin Sacchet, is all over twitter. He provides a link to a video showing gowex stock on his linkedin profile:



Experience

Market Analyst
Self-educated
January 2007 – Present (7 years 5 months)

Analytical work fully shared through various media:
> A company investment consulting
> Implementation of a portfolio followed live via SMS
> Twitter account followed by over 600 small shareholders.
> Creating Scan videos: https://www.youtube.com/MisterGoodTrade
> A personal site stopped in favor of Twitter >>> transparent live performance of 320% since the inception of Twitter (01/2013) >>> transparent Performance 84% 140 days held on site. All this can be verified by my old videos or tweet.

Let's Gowex / / Doubling objective

It's unclear if Ben is a true believer of the Gowex story… or a paid stock promoter.

Gowex Shares are Worth €0.00 per Share

Gotham City Research believes GOW and ALGOW are worth €0.00 per share for the following reasons:

- GOW's total actual revenues, as we calculate, are no more than €10 million. There is no value in the business as a "going concern."

Gotham Estimate of GOW 2013 Revenue

	Gotham	Reported
Telecom	€ 2.4	€ 25.4
Wireless	5.75	€ 157.2
Total Revenue	**€ 8.2**	**€ 182.6**

- The company's debts outweight its cash. The liquidation of the company is a non-positive number. We don't even calculate possible legal costs and liability for its misrepresentations.
- Because the reported revenues are materially inaccurate (over 90% inaccurate), this means the company's historical profits are inaccurate, and its entire financial statements are false.
- The dividend is meaningless because it is such a small amount compared against how much capital Gowex has raised.

Those who doubt our findings, should assign a value to the shares no greater than €1.00 per share

Arqiva snapped up UK public WiFi hotspot operator Spectrum for £23 million[1]. Arqiva had 15,500 access points at time of transaction. This works out to value per hotspot of 1,657 euros. Based on this per hotspot valuation, GOW is worth between €0.13 and €0.81 per share:

GOWEX Valuation per Arqiva Acquisition

Value per hotspot	€ 1,657
hotspot count from map	5,530
hotspots (analyst estimate)	35,000
Shares outstanding	71,850,000
GOW's Value per share - Low	**€ 0.13**
GOW's Value per share - High	**€ 0.81**

Even if you were to believe Gowex had 100,000 hotspots, shares would be worth €2.31 per share.

Appendix A: CFO Martinez Undisclosed Related Party

The CFO of Gowex, Francisco Martinez, is secretly tied to 2 of Gowex Telecom's Largest Customers

Gowex's offering circular mentions a 'Line Informatica' as one of its largest customers:

Related Party Customers	2007	2008
SeaSunTel S.L.	54.7%	47.4%
Panel Consulting, S.L.	16.5%	18.5%
Line Informatica , S.L.	14.1%	12.7%
Fundacion Red Sin Fronteras	1.5%	0.0%
Total %	**86.7%**	**78.6%**

In fact 'Line Informatica' is the wrong entity, as it has been defunct since the 1990s:

LINE INFORMATICA SL

1. Executive summary

Company Name: LINE INFORMATICA SL

NIF: B06045496
Easy Number : 00003376176339
Legal form: COMPANY LIMITED
Date of Incorporation: 22/05/1986
Registration details: Register Badajoz. Section 8. Sheet 1366.
Last Post Nbr: 04/11/1999 (deposit accounts)
Last published deposit accounts: 1998 (submitted in October 1999)

Location

Commercial Address: C / Arroyazo 12 2 º E, 06400 DON BENITO (Badajoz)

Fax: 924812469 / Email: line@tresnet.com/ Web: w w w .lineinformatica.com

Activity: Retail sale of cultural and recreation goods in specialized stores

NCEA: 476 - Retail sale of cultural and recreation goods in specialized stores
NCEA declared (Nbr): 476 - Retail sale of cultural and recreation goods in specialized stores

Chronological summary of Commercial Instruments

MR Very Relevant R Relevant brackets w e indicate the number of acts published

1999	1998	1997
Deposit accounts (ejer. 1998)	Deposit accounts (ejer. 1997)	Deposit accounts (ejer. 1996)
1996	**1995**	**1994**

Its business is described as "line paint, glass, and wallpaper"

Its website doesn't appear to work www.lineinformatica.com

Source: http://www.axesor.es/Informes-Empresas/480799/LINE_INFORMATICA_SL.html

The correct entity is Line Informatica Profesional

The CFO of Gowex, Francisco Martinez, has been a representative of Line Informatica profesional since 2001

Sociedad: LINE INFORMATICA PROFESIONAL SL

Denominación social: LINE INFORMATICA PROFESIONAL SL

NIF: B81336083
Estado registral: ACTIVA
Fecha de constitución: 22/12/1995
Datos registrales: Registro MADRID. Sección 8. Hoja 170236
Última Publicación en BORME: 27/03/2007
Último depósito de cuentas publicado: 1999 (presentado en Septiembre de 2000)
Capital social: 16.035 €

Localización: CALLE FERNAN GONZALEZ, 51

Tel: 915040036 / **Email:** linepro@line-pro.es / **Url:** www.line-pro.es/

Actividad: Instalaciones eléctricas

Objeto social publicado en BORME: LA COMERCIALIZACION, IMPORTACION Y EXPORTACION DE EQUIPOS Y SERVICIOS INFORMATICOS, CENTRALITAS TELEFONICAS Y TELEFONIA MOVIL.

axesor
conocer para decidir

9 de 17

FRANCISCO MANUEL MARTINEZ MARUGAN
INFORME DE CARGOS Y DIRIGENTES PLUS - 21/04/2014

Órganos Sociales: 4 Activos - 3 Históricos

Ventas: 1.284.019 € (Tamaño PEQUEÑA)

Principales cambios mercantiles

Concepto	Publicación	Acto	Fecha
Domicilio Social	BALBINA VALVERDE 23, 3B MADRID	Constitución	15/04/1996

FRANCISCO MANUEL MARTINEZ MARUGAN: 1 cargo activo y 1 cargo histórico

Detalle de Cargos Activos

APODERADO (Publicado como MARTINEZ MARUGAN FRANCISCO MANUEL)

Fecha de Nombramiento: 02/02/2001
Datos Registrales: Inscrita el 02/02/2001. Tomo: 10768, Folio:56, Sección: 8, Hoja: 170236, Inscripción: 5
Datos Publicación: Publicada el 15/02/2001 en MADRID, Boletín: 33, Referencia: 66488

Detalle de Cargos Históricos

ADMINISTRADOR MANCOMUNADO (Publicado como MARTINEZ MARUGAN FRANCISCO MANUEL)

Fecha de Cese: 08/03/2007
Datos Registrales: Inscrita el 08/03/2007. Tomo: 10768, Folio:60, Sección: 8, Hoja: 170236, Inscripción: 8
Datos Publicación: Publicada el 27/03/2007 en MADRID, Boletín: 61, Referencia: 180380

Fecha de Nombramiento: 02/11/2001
Datos Registrales: Inscrita el 02/11/2001. Tomo: 10768, Folio:57, Sección: 8, Hoja: 170236, Inscripción: 7
Datos Publicación: Publicada el 20/11/2001 en MADRID, Boletín: 222, Referencia: 420899

Gowex CFO was also manager of Panel Consulting, Gowex Telecom's 2nd largest customer, in 2005 and 2006.

Sociedad: PANEL CONSULTING Y SOLUTIONS SL

Denominación social: PANEL CONSULTING Y SOLUTIONS SL

NIF: B84381334

Estado registral: ACTIVA

Fecha de constitución: 16/06/2005

Datos registrales: Registro MADRID. Sección 8. Hoja 383652

Última Publicación en BORME: 23/03/2007

Último depósito de cuentas publicado: 2005 (presentado en Agosto de 2006)

Capital social: 3.010 €

Localización: C/ MARIA TUBAU 19 PLT.F - BAJO 1

Tel: 913588310

Actividad: Otros servicios relacionados con las tecnologías de la información y la informática

Objeto social publicado en BORME: LA COMPRAVENTA, COMERCIALIZACION, DISTRIBUCION, FABRICACION. IMPORTACION YEXPORTACION DE EQUIPOS Y SERVICIOS INFORMATICOS Y EL ,EC-TRONICOS. CENTRALITAS,

Plantilla: 1 empleado

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14 de 17

FRANCISCO MANUEL MARTINEZ MARUGAN
INFORME DE CARGOS Y DIRIGENTES PLUS - 21/04/2014

Órganos Sociales: 1 Activos - 2 Históricos

Ventas: 792.411 € (Tamaño PEQUEÑA)

Actos mercantiles relevantes

	2007
Actos Relevantes	1
Actos Muy Relevantes	-

FRANCISCO MANUEL MARTINEZ MARUGAN: 1 cargo histórico

Detalle de Cargos Históricos

ADMINISTRADOR MANCOMUNADO (Publicado como MARTINEZ MARUGAN FRANCISCO MANUEL)

Fecha de Cese: 05/03/2007
Datos Registrales: Inscrita el 05/03/2007. Tomo: 21562, Folio:98, Sección: 8, Hoja: 383652, Inscripción: 2
Datos Publicación: Publicada el 23/03/2007 en MADRID, Boletín: 59, Referencia: 175540

Fecha de Nombramiento: 08/07/2005
Datos Registrales: Inscrita el 08/07/2005. Tomo: 21562, Folio:96, Sección: 8, Hoja: 383652, Inscripción: 1
Datos Publicación: Publicada el 20/07/2005 en MADRID, Boletín: 138, Referencia: 327191

Sources: Axesor.es – "Francisco Manuel Martinez Marugan", "Line Informatica Profesional SL", "Panel Consulting Y Solutions SL"

Panel Consulting and Line Informatica Profesional also share a common employee / manager.

4/14/2014 Corporate Information and Incidents - PANEL CONSULTING AND SOLUTIONS SL

Have been published in Official Gazettes two incidents with an estimated total of 0.00 Euros for which the Company will have outstanding Notifies compliance obligations with the IRS, the Social Security or the regional or local administrations.

Two. Corporate bodies

Section indicating the positions held by the Corporation and Guardians of the responding company, whether they are historical numbers as if they are (and were dismissed)

Corporate Bodies Assets - Total: 1

Posted Cargo	Corporate Body Name	Versions published	Date Act	Total Charges
ADMINISTRATOR ONLY:	SALMERON ANTONIO CAMPOS **Versions published:** SALMERON ANTONIO CAMPOS.	1	05/03/2007	8

Historical corporate bodies - Total: 2

Corporate Body Name	Versions published	Posted Cargo	Date Lower	Total Charges
SALMERON ANTONIO CAMPOS	1	JOINT MANAGER **Versions published:** SALMERON ANTONIO CAMPOS.	05/03/2007	2
MANUEL MARTINEZ FRANCISCO MARUGAN	1	JOINT MANAGER **Versions published:** MARUGAN FRANCISCO MANUEL MARTINEZ.	05/03/2007	1

4/14/2014 Información Mercantil e Incidencias - LINE INFORMATICA PROFESIONAL SL

Sección que indica los cargos ejercidos por los Órganos y Apoderados de la sociedad consultada, tanto si están vigentes como si son históricos (fueron ya cesados)

Órganos Sociales Activos - Total: 4

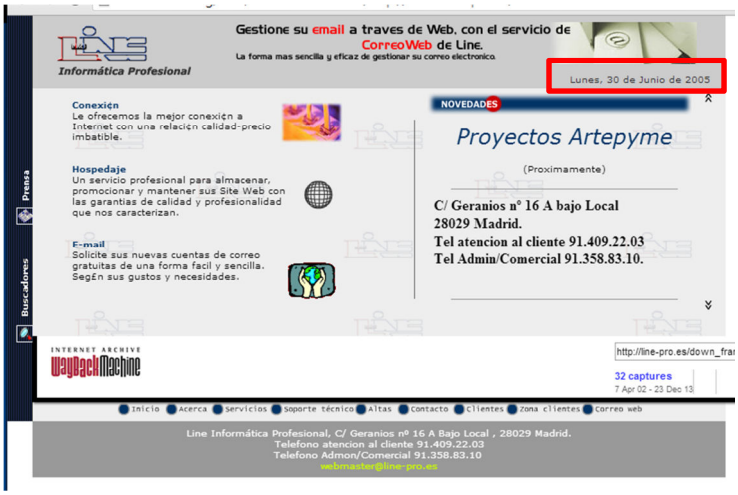
Cargo Publicado	Nombre Órgano Social	Versiones publicadas	Fecha Acto	Cargos totales
APODERADO:	FRANCISCO MANUEL MARTINEZ MARUGAN **Versiones publicadas:** MARTINEZ MARUGAN FRANCISCO MANUEL.	1	02/02/2001	11
	ANTONIO SALMERON CAMPOS **Versiones publicadas:** SALMERON CAMPOS ANTONIO.	1	30/07/1996	8
AUDITOR CUENTAS TITULAR:	PEDRO NUÑEZ BARRANCO MOYA **Versiones publicadas:** NUÑEZ BARRANCO MOYA PEDRO, NUÑEZ-BARRANCO MOYA PEDRO.	2	11/06/2001	44
AUDITOR CUENTAS SUPLENTE:	JESUS MARTIN PERRINO **Versiones publicadas:** MARTIN PERRINO JESUS.	1	11/06/2001	56

Órganos Sociales Históricos - Total: 3

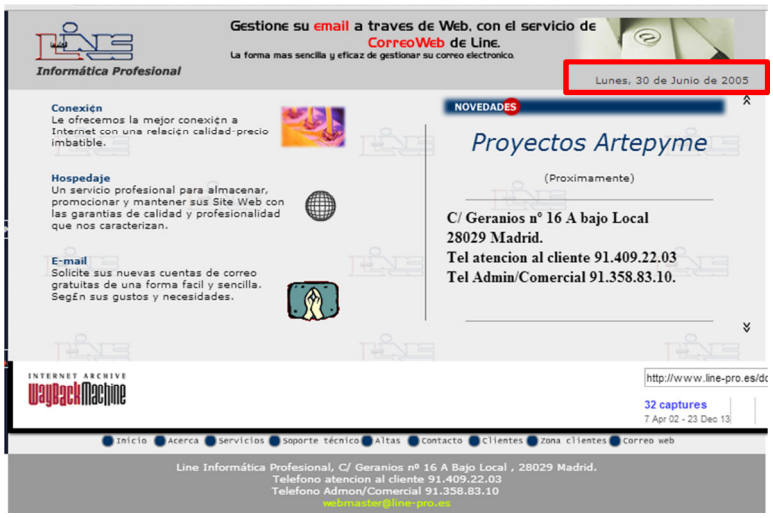
Line Informatica Profesional sl website does not work, seems out of business: http://www.line-pro.es/

Screenshots of Line informatica Profesional website from the past shows a very simple website:

http://web.archive.org/web/20110408153243/http://www.line-pro.es/



The above screenshot is saved in 2011. We find that a screenshot of the website saved in 2006 looks identical (we wonder how genuine of a business it was):

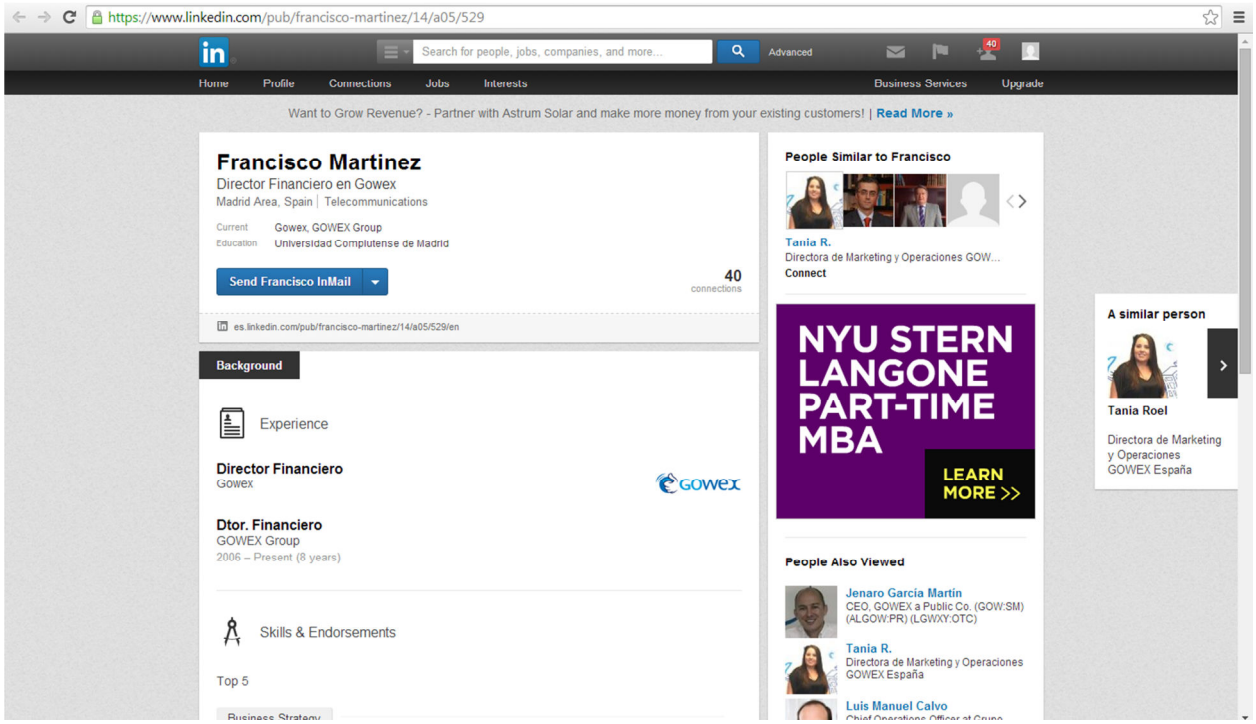


Source: https://web.archive.org/web/20060110041708/http://www.line-pro.es/

http://telecos.cnmc.es:8080/c/document_library/get_file?uuid=83818136-37d3-47cb-acb6-19bbf4296bb6&groupId=10138

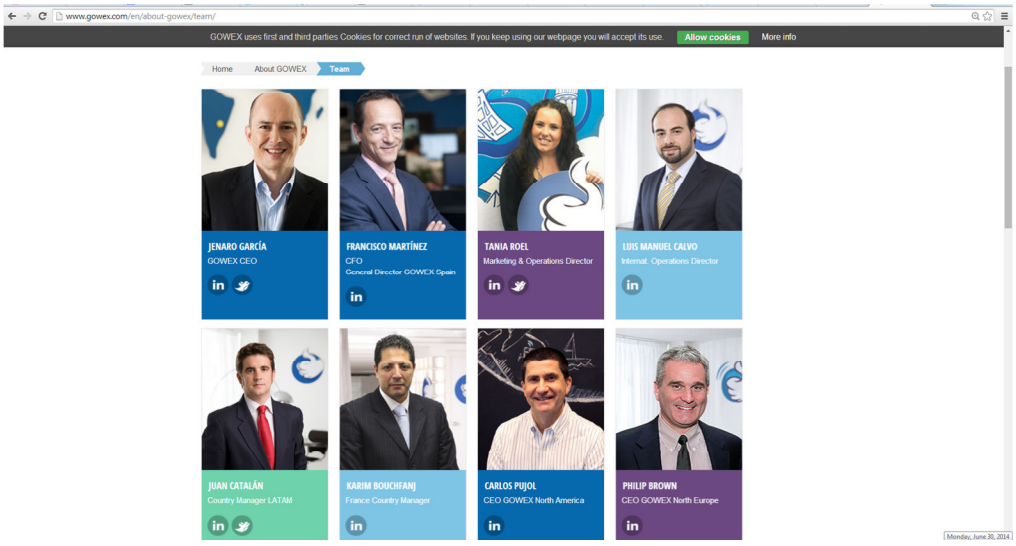
CFO Francisco Martinez has a very shady past

Linkedin – no history (beyond Gowex) provided:



https://www.linkedin.com/pub/francisco-martinez/14/a05/529

gowex website provides no biography for the CFO, instead it links to his linkedin:



Source: http://www.gowex.com/en/about-gowex/team/

Gowex's offering circular provides some additional information, but does not mention his ties to Line Informatica Profesional nor Panel Consulting:

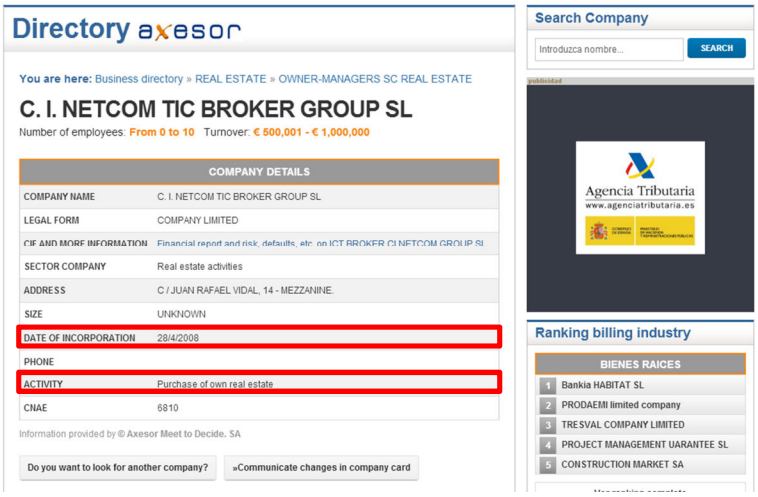
> ***Francisco Martínez***, 45 years old
> **Chief Financial Officer, Member of Board of Directors**
>
> Mr Martínez began his career in insurance as management controller. Furthermore, he was managing director of the ESPABROK company, an insurance brokering company.
> Francisco Martínez achieved his Economics and Actuarial degree at the University of Madrid and his Insurance Master's degree at ICEA.

C. I. NETCOM TIC BROKER GROUP SL and AS TIC BROKER SL Appear Fake

After SeaSuntel, Line Informatica Profesional, and Panel Consulting, the next 2 largest customers in 2008, were AS TIC BROKER SL and C. I. NETCOM TIC BROKER GROUP SL:

Client name	Balance at 31/12/08	FY sales
Sea Sun Tel S.L.	8 218 648	12 226 207
Line Informatica, S.L.	1 102 381	3 284 056
As Tic Broker S.L.	1 967 070	1 967 070
Virtual Knowledge Connectivity	522 000	522 000
Intelligent DATA	167040	638000
Comcast Wireless	136 858	136 858
Panel Consulting, S.L.	1 708 723	4 756 133
Ci Netcom Tic Broker Group S.L.	1 566 292	1 566 292
Ricardo Casero Y asociados, Ri	1 332 134	680 000
TOTAL	**16 721 146**	**26 260 792**

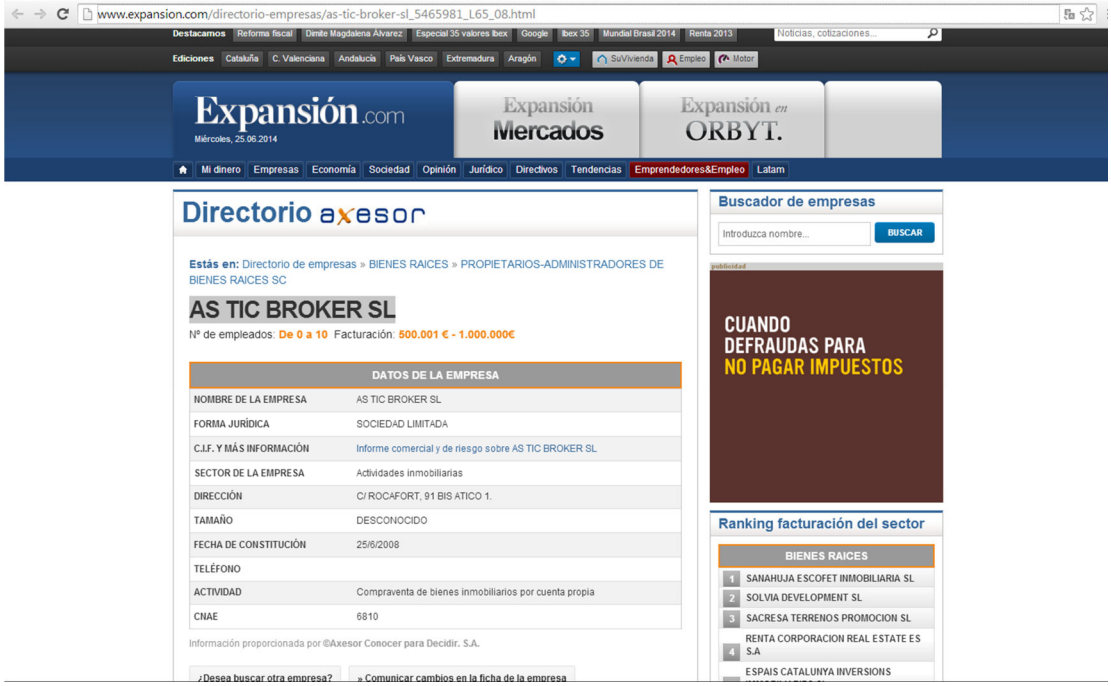
C. I. NETCOM TIC BROKER GROUP SL was incorporated in 2008 and is a real estate company. As a result, we doubt these revenues are real:



http://www.expansion.com/directorio-empresas/c-i-netcom-tic-broker-group-sl_5445684_L65_46.html

AS TIC BROKER SL Seems Fake as well

Just like C. I. NETCOM TIC BROKER GROUP SL, AS TIC BROKER SL is a real estate company, incorporated in 2008:



Source: http://www.expansion.com/directorio-empresas/as-tic-broker-sl_5465981_L65_08.html

Gowex Telecom's Revenue Do Not Add up to their Sum of the Parts

The offering circular below shows consolidated totals:

CONSOLIDATED GROUP	2008	2009	2010e	2011e	2012e
GOWEX WIRELESS					
Roaming wireless and serv.	712	3.652	7.684	21.087	46.633
Engineering consult. and serv.	2.455	6.438	10.691	20.667	30.247
Advert. applic. and serv. (WILOC)	35	321	6.029	16.022	28.388
GOWEX TELECOM. SERV.	20.990	24.769	28.086	33.422	35.908
GROUP TOTAL	**24.192**	**35.180**	**52.491**	**91.198**	**141.176**

The 2008 and 2009 data correspond to the consolidated accounts.

Let's GOWEX-OFFERING CIRCULAR

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The €20.99 million nor the €24.912 million in revenue (boxed in red, in prior page) do not equal €26.26 million total telecom revenue shown below (in red box):

Client name	Balance at 31/12/08	FY sales
Sea Sun Tel S.L.	8 218 648	12 226 207
Line Informatica, S.L.	1 102 381	3 284 056
As Tic Broker S.L.	1 967 070	1 967 070
Virtual Knowledge Connectivity	522 000	522 000
Intelligent DATA	167040	638000
Comcast Wireless	136 858	136 858
Panel Consulting, S.L.	1 708 723	4 756 133
Ci Netcom Tic Broker Group S.L.	1 566 292	1 566 292
Ricardo Casero Y asociados, Ri	1 332 134	680 000
TOTAL	**16 721 146**	**26 260 792**

Appendix B: Evidence SeaSuntel is Gowex

Is SeaSunTel effectively = Gowex?

Given there's precedent whereby Gowex recognized sales to itself (e.g. REDSINFRONTERAS.ORG), we wondered if SeaSunTel is effectively a part of Gowex for the following reasons:

- Seasuntel and Gowex seem tied to IP Addresses '83.150.193.0 - 83.150.193.255'

Domains on 83.150.193.0

No domains found.

Whois information

inetnum	83.150.193.0 - 83.150.193.255
netname	SEASUNTEL-INTERNAL-NET
descr	Bandwidth, Hosting & Housing Provider
country	ES
admin-c	SST5-RIPE
tech-c	SST5-RIPE
status	ASSIGNED PA
mnt-by	IBER-X
mnt-routes	SEASUNTEL-MNT
source	RIPE # Filtered

role	Seasuntel Operations
address	Seasuntel, S.L.
address	C/ Pintor Juan Gris 5, 3B
address	Madrid
address	CP: 28020
phone	+34915678400
fax-no	+34915714244
admin-c	JLA44-RIPE
tech-c	JLA44-RIPE
nic-hdl	SST5-RIPE
mnt-by	SEASUNTEL-MNT
source	RIPE # Filtered

route	83.150.193.0/24
descr	SEASUNTEL-NET
origin	AS35581
mnt-by	SEASUNTEL-MNT
source	RIPE # Filtered

Domains around 83.150.193.0

No domains found.

Parant whois information

inetnum	83.150.192.0 - 83.150.255.255
netname	ES-IBER-X-20040323
descr	LET'S GOWEX, S.A.
country	ES
org	ORG-IBES1-RIPE
admin-c	IPET-RIPE
tech-c	IPET-RIPE
status	ALLOCATED PA
mnt-by	RIPE-NCC-HM-MNT
mnt-lower	IBER-X
mnt-routes	AS12769-MNT
source	RIPE # Filtered

organisation	ORG-IBES1-RIPE
org-name	LET'S GOWEX, S.A.
org-type	LIR
address	LET'S GOWEX, S.A
address	Ramon Pelaez
address	Paseo Castellana, 21 - Entreplanta
address	28046 Madrid
address	SPAIN
phone	+34913601470
fax-no	+34913601471
abuse-c	AR14934-RIPE
admin-c	ES10932
admin-c	RPM8-RIPE
mnt-ref	IBER-X
mnt-ref	RIPE-NCC-HM-MNT
mnt-by	RIPE-NCC-HM-MNT
source	RIPE # Filtered

http://www.tcpiputils.com/browse/ip-address/83.150.193.0

- Gowex and SeaSuntel share the same 'Abuse contact' for IP addresses '83.150.193.0 - 83.150.193.255'. Abuse contact = 'lir@gowex.com'

http://tools.whois.net/whoisbyip/

Find: seasun Previous Next Options

Whois Domain Search
Whois By IP Address
DIG Lookup

Web Analysis Tools:
Ping
Your IP Address
Name By IP Address
IP Address by Name
About Your Browser

SEO Analysis Tools:
Alexa Reach Chart
Alexa Rank Chart
Compare Alexa Rank
Total Google Pages

Website Validators
CSE HTML Validator
W3C HTML Validator
CSS Validator
Robots.txt Validator

VERIO
An NTT Communications Company

Copyright © 1999-2011

Find Out Whois By IP:
Enter IP Address: Search

```
[Querying whois.ripe.net]
[whois.ripe.net]
% This is the RIPE Database query service.
% The objects are in RPSL format.
%
% The RIPE Database is subject to Terms and Conditions.
% See http://www.ripe.net/db/support/db-terms-conditions.pdf

% Note: this output has been filtered.
%       To receive output for a database update, use the "-B" flag.

% Information related to '83.150.193.0 - 83.150.193.255'

% Abuse contact for '83.150.193.0 - 83.150.193.255' is 'lir@gowex.com'

inetnum:        83.150.193.0 - 83.150.193.255
netname:        SEASUNTEL-INTERNAL-NET
descr:          Bandwidth, Hosting & Housing Provider
country:        ES
admin-c:        SST5-RIPE
tech-c:         SST5-RIPE
status:         ASSIGNED PA
mnt-by:         IBER-X
mnt-routes:     SEASUNTEL-MNT
source:         RIPE # Filtered

role:           Seasuntel Operations
address:        Seasuntel, S.L.
address:        C/ Pintor Juan Gris 5, 3B
address:        Madrid
address:        CP: 28020
phone:          +34915678400
fax-no:         +34915714244
admin-c:        JLA44-RIPE
tech-c:         JLA44-RIPE
nic-hdl:        SST5-RIPE
mnt-by:         SEASUNTEL-MNT
source:         RIPE # Filtered

% Information related to '83.150.193.0/24AS35581'

route:          83.150.193.0/24
descr:          SEASUNTEL-NET
origin:         AS35581
mnt-by:         SEASUNTEL-MNT
source:         RIPE # Filtered

% This query was served by the RIPE Database Query Service version 1.73.1 (DB-2)
```

Domains on 213.190.0.0/19 Seem to belong to Gowex

213.190.9.249	1	im2.servidormail.com
213.190.10.13	8	mail.nathuraicotton.com,mail.fundacionnidalia.com
213.190.10.14	2	mail.vocesdecuenca.com,mx.playthe.net

See more items

Domains on 213.190.0.0/19

IP address	#domains	Example
213.190.0.2	2	iber-x.com,iber-x.net
213.190.0.236	1	fractio.com
213.190.0.237	1	redsinfronteras.com
213.190.0.241	45	wiloc.com,wifimas.com
213.190.0.242	1	wifiya.com
213.190.0.252	6	madridplazaswifi.com,mapwiloc.com
213.190.2.182	1	digitalizatusfacturas.com
213.190.4.3	19	tiendakukuxumusu.com,latiendadelpaisvasco.com
213.190.7.50	1	seasuntel.com
213.190.7.58	1	wifigratispublicidad.com
213.190.7.62	1	wiloc.fr
213.190.9.2	2	maat-international.com,e-sentinelle.org
213.190.9.7	1	campodecalatrava.org
213.190.9.10	17	nolay.es,minodemedinaceli.es
213.190.9.15	4	culturagdl.gob.mx,comunicaciongdl.gob.mx

See more items

Whois records for 213.190.0.0/19

213.190.0.0	213.190.31.255	LET'S GOWEX, S.A.
213.190.0.0	213.190.2.15	Iber Band Exchange, S.A.
213.190.9.0	213.190.9.255	Nerion Networks
213.190.9.128	213.190.9.255	Nerion Networks
213.190.10.0	213.190.10.127	NERION Networks

Source: http://www.tcpiputils.com/browse/ip-address/213.190.0.0-213.190.31.255

Let S Gowex, S.A - Own IPv6 Ranges

No	Range	Owner	IP Range Blocks	Record Update Time
1	2001:4d90:: - 2001:4d90:ffff:ffff:ffff:ffff:ffff:ffff	Let S Gowex, S.A	32	27 Nov 2013, 14:58

Total: 1 record

Go IPv6 Ranges by Owner »

Let S Gowex, S.A - Own IPv4 Ranges

No	Name	Owner	Resolve Host	Record Update Time
1	83.150.192.0 - 83.150.255.255	Let S Gowex, S.A	mad135.cdoka.net	16 Jun 2014, 15:30
2	213.190.0.0 - 213.190.31.255	Let S Gowex, S.A	not-assigned.iber-x.net	28 Mar 2014, 04:19

Total: 2 records

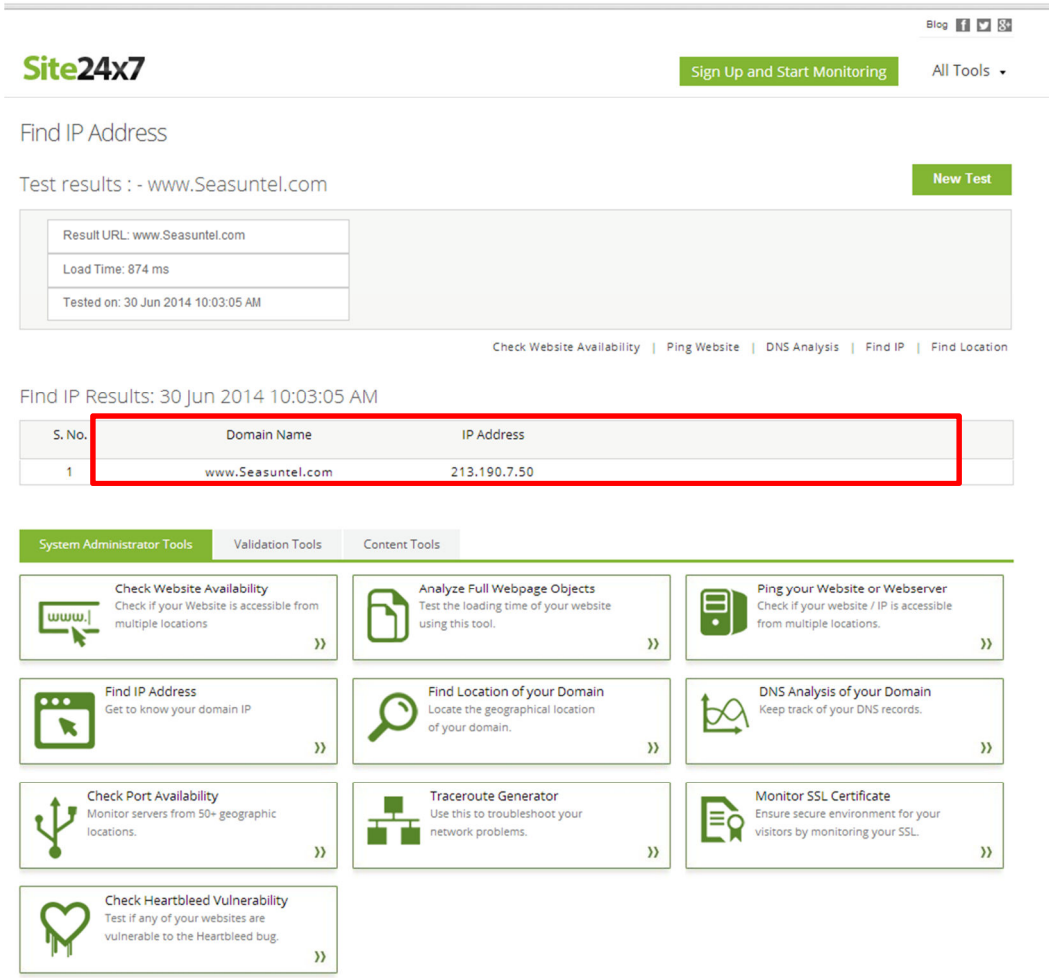
Go IP Ranges by Owner »

Linked Top Hosts - Sites Reverse IP

No	Server Top Level Hostname (Reverse IP Lookup)	Country	Host IP Address	Linked IP Address Owners	Total Websites using Hostname
1	yaysi.com	Spain	213.190.10.98	Let S Gowex, S.A (1) Nerion Networks, s.l (1)	1 sites
2	nerion.com	Spain	213.190.9.227	Let S Gowex, S.A (101) Nerion Networks, s.l (101) Colt Technology Services Group Limited (7) Nerion Networks, sl (7)	108 sites
3	iber-x.net	Spain	213.190.0.2	Let S Gowex, S.A (36) Nerion Networks, s.l (32) Iber Band Exchange, S.A (3)	36 sites

Source: http://myip.ms/view/ip_owners/172670/Let_S_Gowex_S_A.html

- Seasuntel.com ipaddress = 213.190.7.50 according to https://www.site24x7.com/find-ip-address-of-web-site.html



Appendix C: Gowex's Past China Foray Failed

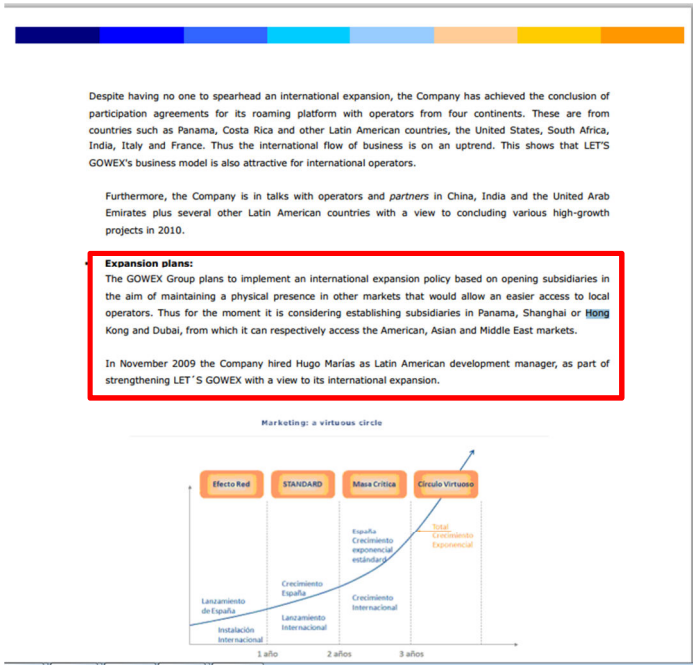
Gowex Failed in China in the Past, and other China-related Findings

According to the Telecompaper (and found elsewhere), "Iber-X buys ACE for Euro3 mil in cash, shares" :

> *Asia Capacity Exchange (ACE) (Hong Kong) has been acquired by Iber-X (Spain), both telecoms capacity exchanges, for Euro3 mil in cash and shares. The move marks Iber-X's first foray into Asia. The company is especially attracted to the Chinese market, which is due to be liberalised in 2006, according to Iber-X CEO Jenaro Garcia. Iber-X is considering forming a JV with China Telecom and the Chinese govt. The company made a large profit on a Euro42 mil turnover in 2002, said Garcia. It has over 300 customer in the Iberian peninsula and Latin America who conducted Euro300 mil of business through its platform in 2002. – Wednesday* ***19 March 2003*** |

Source: http://www.telecompaper.com/news/iberx-buys-ace-for-euro3-mil-in-cash-shares--380374#.U5U6EPldUz4

The below circled in red (found in the offering circular), proves Gowex/Iber-x's past foray into China (via their ACE Hong Kong acquisition) failed miserably. Gowex does not even mention, in the offering circular, that it was in China in the past, via asia-x.com , nor does it even mention Gowex acquired Ace Asia:



Despite having no one to spearhead an international expansion, the Company has achieved the conclusion of participation agreements for its roaming platform with operators from four continents. These are from countries such as Panama, Costa Rica and other Latin American countries, the United States, South Africa, India, Italy and France. Thus the international flow of business is on an uptrend. This shows that LET'S GOWEX's business model is also attractive for international operators.

Furthermore, the Company is in talks with operators and *partners* in China, India and the United Arab Emirates plus several other Latin American countries with a view to concluding various high-growth projects in 2010.

Expansion plans:
The GOWEX Group plans to implement an international expansion policy based on opening subsidiaries in the aim of maintaining a physical presence in other markets that would allow an easier access to local operators. Thus for the moment it is considering establishing subsidiaries in Panama, Shanghai or Hong Kong and Dubai, from which it can respectively access the American, Asian and Middle East markets.

In November 2009 the Company hired Hugo Marías as Latin American development manager, as part of strengthening LET´S GOWEX with a view to its international expansion.

Marketing: a virtuous circle

It gets stranger: Gowex actually names Ace-Asia as a competitor, in its offering circular (with no mention of the fact Gowex owns/owned Ace-Asia), with no mention of past ties:

The table below shows the main competitors of Group GOWEX throughout the world:

Country	Name	Function	Web address
UK	Band-X	Trading, wholesale data; Telegeography	http://www.band-x.com
UK	London Satellite Exchange	Trading, wholesale data	http://www.e-sax.com
USA	Arbinet	Trading, wholesale data	http://www.arbinet.com
USA	Rate Exchange	Trading, wholesale data	http://www.ratexchange.com
USA	ITXC	VoIP exchange, volume data	http://www.itxc.com
Europe	Interxion	Trading, wholesale data	http://www.interxion.com
France, UK, Germany	Tradingcom Europe	Trading, wholesale minutes	http://www.tradingcomeurope.com
Germany	European Telco Exchange	Trading, wholesale data	http://www.eutex.com
Hong Kong	Area Capacity Exchange (ACE)	Trading, wholesale data	http://www.ace-asia.com

If you visit the link provided, http://www.ace-asia.com , It redirects to http://www.itquotes.com/

In fact, according to wayback machines archives, http://www.ace-asia.com did not exist in 2010 (the time of the offering circular):

INTERNET ARCHIVE
WayBackMachine

Loading...

http://ace-asia.com:80/ | 2:24:31 Nov 22, 2010

Got an HTTP 302 response at crawl time

Redirecting to...

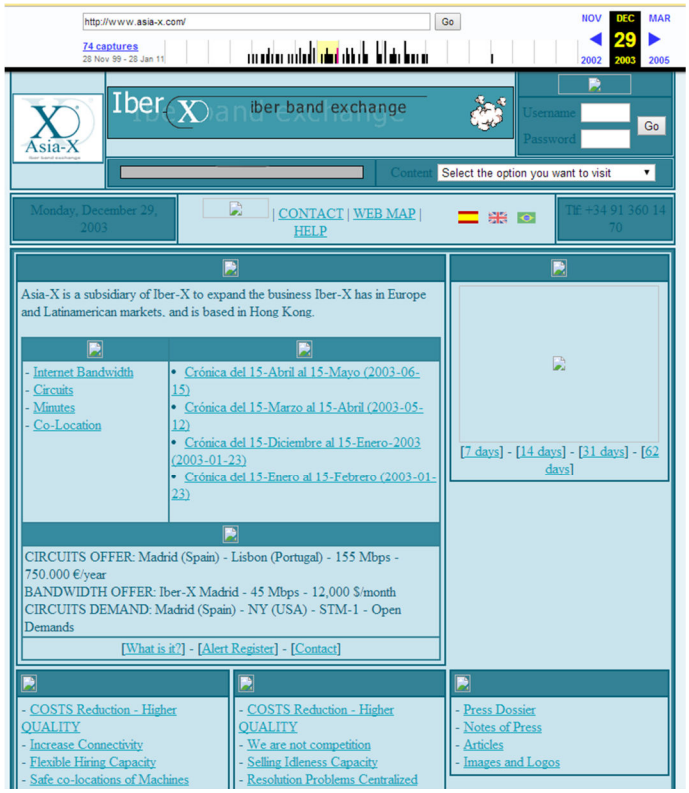
http://www.itquotes.com

Impatient?

The archives redirect to http://www.itquotes.com instead:
https://web.archive.org/web/20110101134339/http://www.itquotes.com/

Archives of Asia-x.com (yes, named just like iber-x.com) shows it too disappeared, and went in-active around the same time iber-x.co did (circa 2003):

> "Asia-X is a subsidiary of Iber-X to expand the business Iber-X has in Europe and Latinamerican markets, and is based in Hong Kong."



https://web.archive.org/web/20031229053739/http://www.asia-x.com/
all the archived versions of asia-x.com look abandoned after 2003 (the website looks as if it no longer was updated).

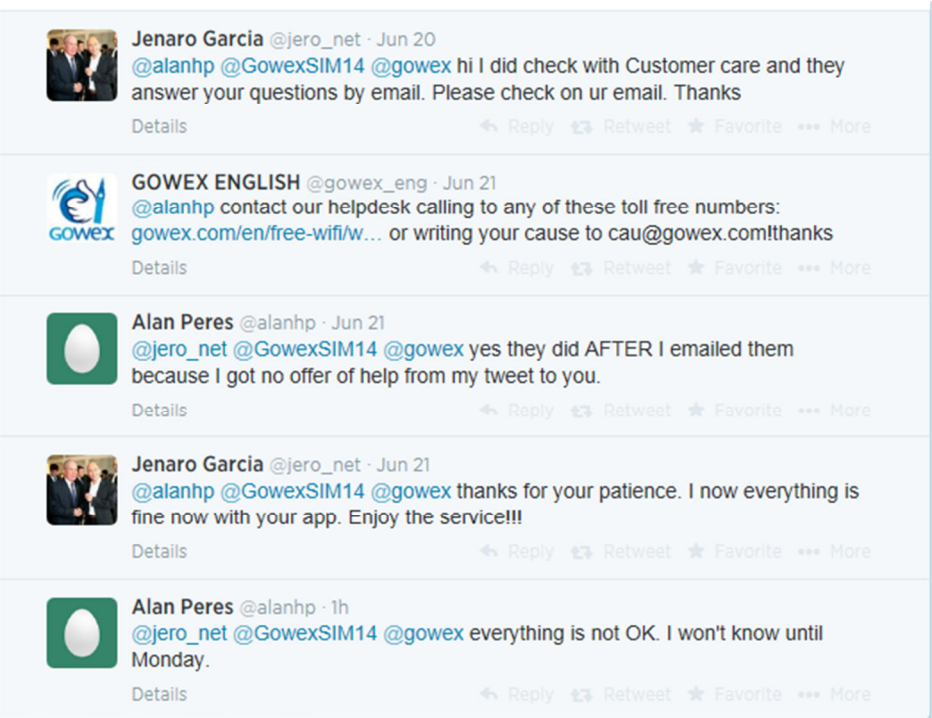
Appendix D: Poor Reviews and De Minimis Customer Service

Comments from other mediums (e.g. media articles, blogs, etc):

- "I can see it listed as a possible wifi but the app crashes my HTC a lot. Took about 5-10 min to show all the hot spots" http://www.slashgear.com/gowex-free-wifi-hits-nyc-yes-its-real-05272622/
- Gowex free WiFi in Paris metro stations irritates users - http://www.muniwireless.com/2012/07/04/gowex-free-wifi-in-paris-metro-stations-irritates-users/
- Free Wi-Fi in the subway in Paris: it was tested and it is disappointing **French** **http://www.01net.com/editorial/569083/wi-fi-gratuit-dans-le-metro-a-paris-on-l-a-teste-et-c-est-decevant/**

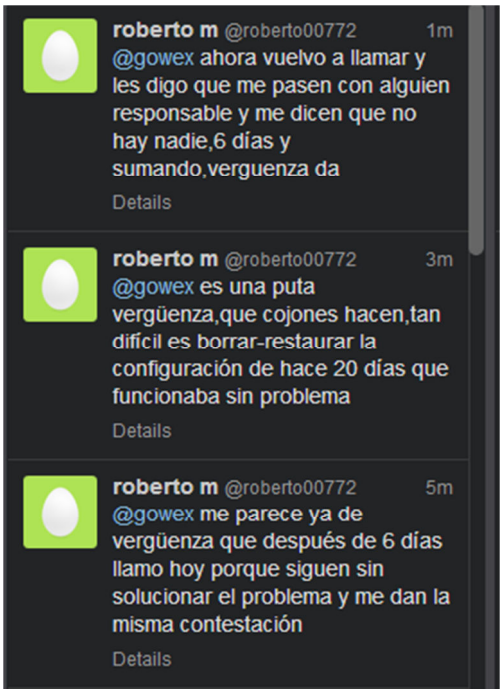
Users Complain About Non-existent Customer Service

A rather comical (but telling) twitter exchange between a Gowex app user and CEO Jenaro Garcia:



Complaints Source https://twitter.com/alanhp/with_replies

The following user also complained about even poorer service. Unfortunately, unlike Alan Peres, he didn't hear back:



roberto martin @robertomm772US · Jun 17
@gowex es una puta vergüenza,que cojones hacen,tan difícil es borrar-restaurar la configuración de hace 20 días que funcionaba sin problema

roberto martin @robertomm772US · Jun 17
@gowex me parece ya de vergüenza que después de 6 días llamo hoy porque siguen sin solucionar el problema y me dan la misma contestación

roberto martin @robertomm772US · Jun 16
@gowex voy a poner una reclamacion solo me dan largas se pasan la bola de unos a otros
en 2 años jamas me paso esot con ellos

View conversation

roberto martin @robertomm772US · Jun 16
el servicio tecnico de @gowex es un desastre llevan 4 dias camino de 5 para solucionar una incidencia

roberto martin @robertomm772US · Jun 24
@Gowex Nada ya casi 2 semanas y no solucionan mi incidencia

roberto martin @robertomm772US · Jun 21
@gowex despues de 10 dias siguen sin arreglar la incidencia,espero y confio en que cumplan su palabra de solucionarlo pronto

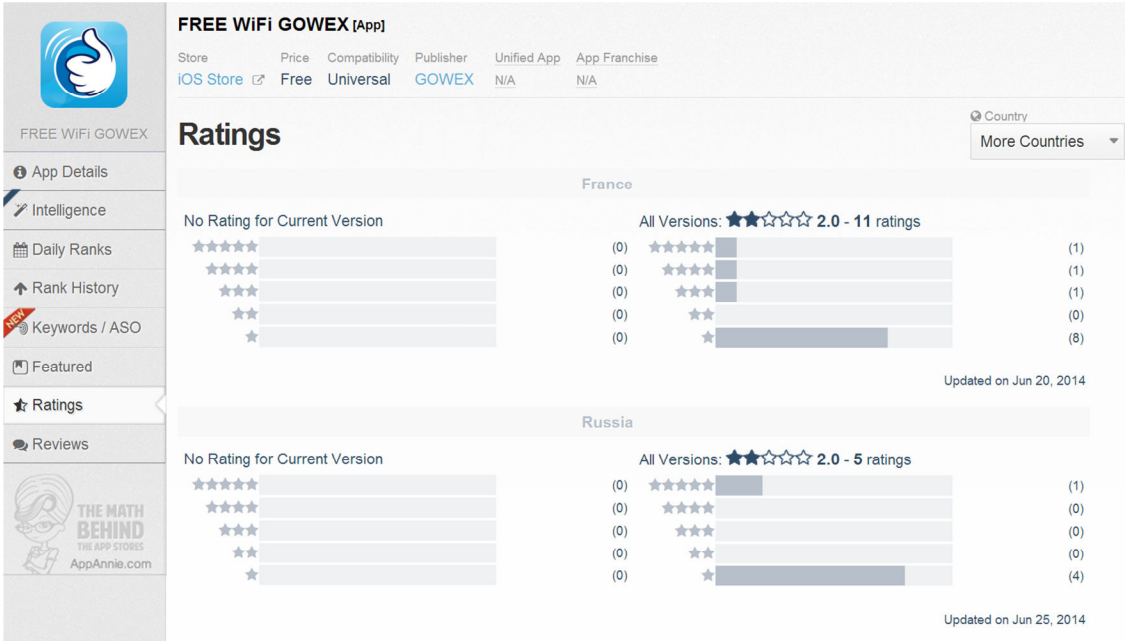
roberto martin @robertomm772US · Jun 17
@gowex continua la lucha,en breve otra batalla,sino iremos al origen haber la gran mentira

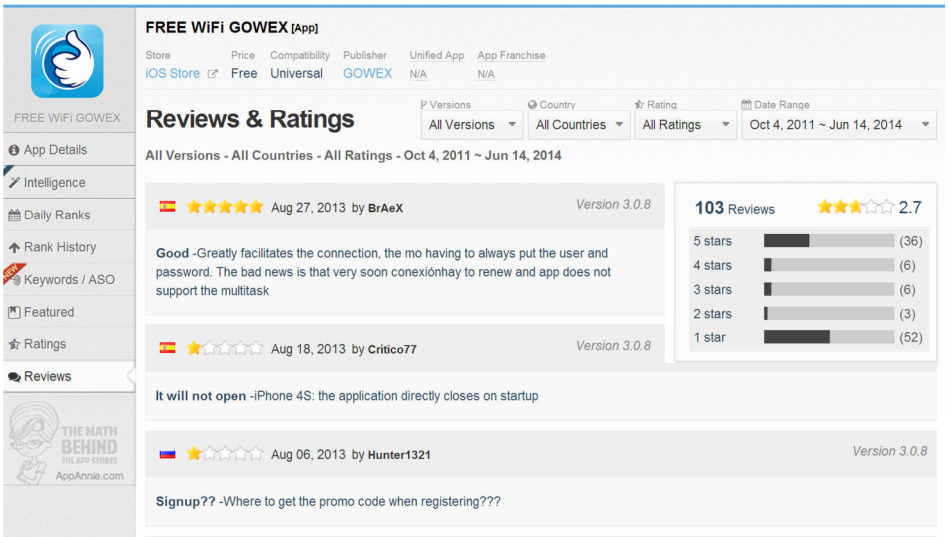
roberto martin @robertomm772US · Jun 17
@gowex ya se de 2 personas que no van a seguir contratando este servicio,6 dias sin usar nuestros servicios y perder dinero es mucho

roberto martin @robertomm772US · Jun 17
@gowex ahora vuelvo a llamar y les digo que me pasen con alguien responsable y me dicen que no hay nadie,6 días y sumando,verguenza da

https://twitter.com/robertomm772US/with_replies

Appannie shows poor ratings and not much recognition:





We think the actual ratings are actually poorer. We suspect that many of the 5 star ratings are from the company. For example:

- Nearly all the 5 star ratings are vague. Doesn't sound like a user, but gowex employee:

FREE WiFi GOWEX

App Details
Intelligence
Daily Ranks
Rank History
Keywords / ASO
Featured
Ratings
Reviews

THE MATH BEHIND THE APP STORES AppAnnie.com

Reviews & Ratings

Versions: All Versions | Country: All Countries | Rating: All Ratings | Date Range: Oct 4, 2011 ~ Jun 14, 2014

All Versions - All Countries - All Ratings - Oct 4, 2011 ~ Jun 14, 2014

103 Reviews 2.7

5 stars	(36)
4 stars	(6)
3 stars	(6)
2 stars	(3)
1 star	(52)

Jun 14, 2014 by **Dhavvidh** — *Version 3.1.1*

Genial súper necesaria si viajas - Te proporciona internet gratis en muchísimas ciudades de España y el mundo

Jun 13, 2014 by **iPhone 5 Girona** — *Version 3.1.1*

Peor que mala - En cuanto la abres, se cuelga. Imposible de acceder. En Girona no sirve para nada. Para eso, mejor que no exista esta aplicación, y eso que la tengo instalada desde hace unos años. 1 estrella porque no es posible ponerle 0. Por cierto, las valoraciones de 5 estrellas son en su inmensa mayoría de hac...

Expand reviews

Jun 08, 2014 by **Andrew96123** — *Version 3.1.0*

Good - Very good to have wifi

Jun 07, 2014 by **osergiosergio** — *Version 3.1.0*

FREE WiFi GOWEX

App Details
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THE MATH BEHIND THE APP STORES AppAnnie.com

May 30, 2014 by **Jesus Longás** — *Version 3.0.8*

Fantástica - Funciona perfectamente, porfin wifi GRATIS en cualquier sitio. Gran app y gran empresa. 100% recomendable

May 28, 2014 by **Insider_ru** — *Version 3.1.0*

Не работает - Шаг регистрации не проходит. Вылетает.

May 24, 2014 by **Petersislandphoto** — *Version 3.1.0*

Cannot log in - how can you launch an app with this kind of a bug. Totally useless.

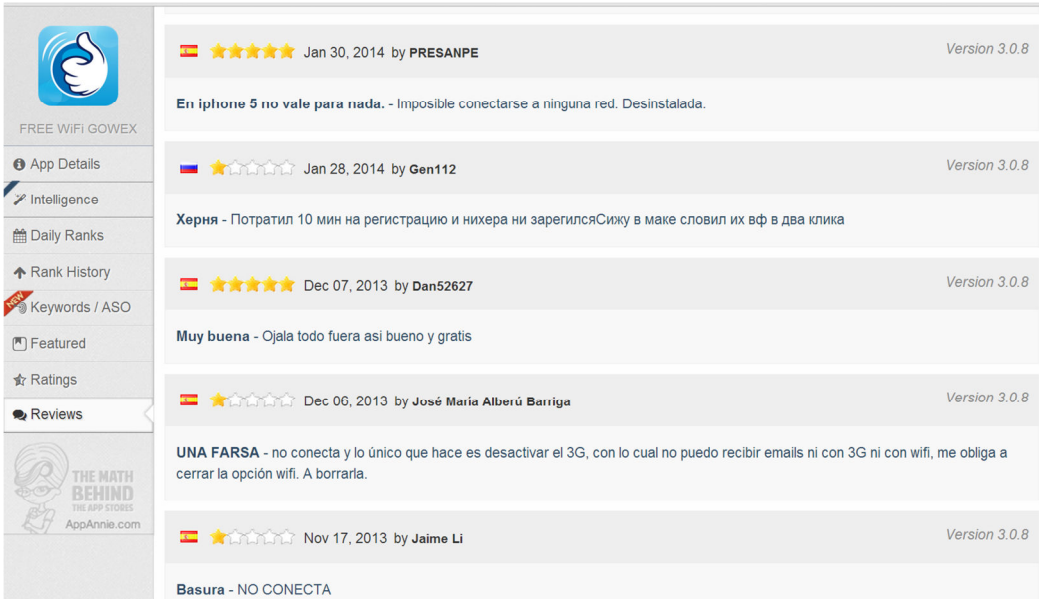
Apr 15, 2014 by **Zorglub_le_jeune** — *Version 3.0.8*

A marché au début ... - ... mais crash systématiquement depuis la dernière mise à jour.Inutilisable !

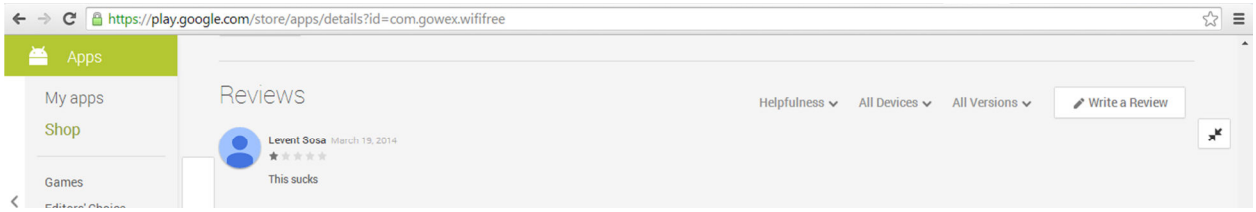
Apr 07, 2014 by **iPhone 5 Girona** — *Version 3.1.0*

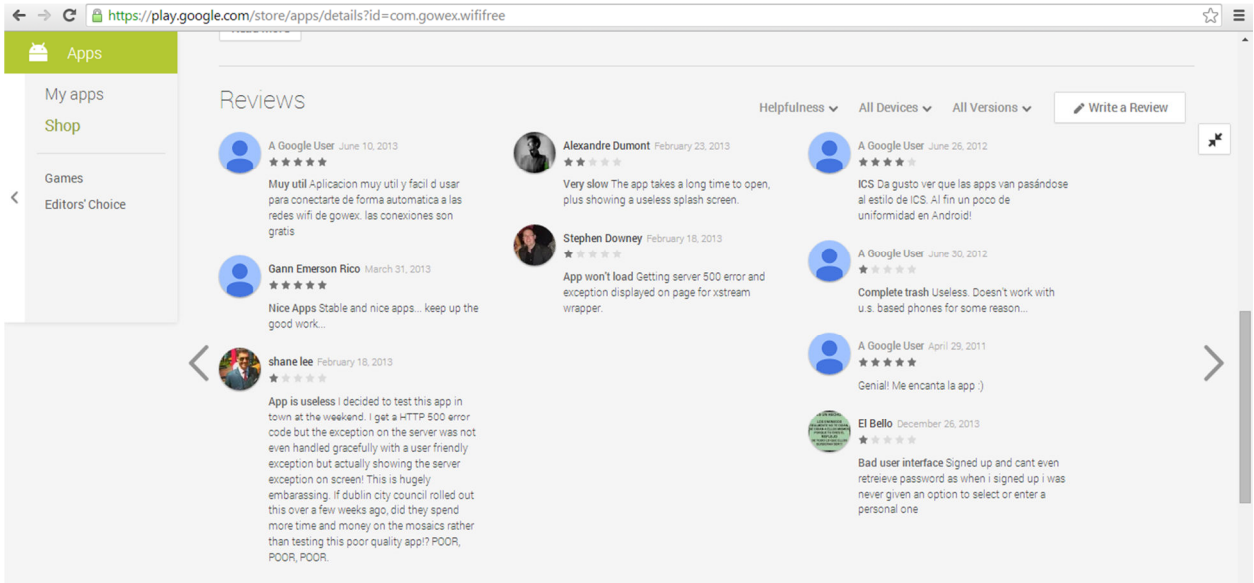
Peor que mala - No se conecta automáticamente, lenta con ganas, se cuelga constantemente, últimamente ni se abre. Si alguna administración pública paga por este "servicio", o están tirando el dinero o quizás hay algún interés oculto. No lo entiendo. Para eso, mejor que no exista esta aplicación, y eso que llevo pro...

Some actually read like a 1 star rating, but shows as a 5 star:



More reviews, Google Play app store:





https://play.google.com/store/apps/details?id=com.gowex.wififree

Apps

My apps

Shop

Games

Editors' Choice

Reviews

Helpfulness | All Devices | All Versions | Write a Review

Joan Cabatulan October 10, 2013
Force close Please fix it.Please

Jose Granny October 18, 2013
Gowex I've downloaded the app but it doesn't seem to open. I've already uninstalled and the reinstalled and I still get nothing. I have a galaxy 3.

Theresamandy Mandy September 30, 2013
Love it

Micheal Burnett October 2, 2013
Very good

sovansakor houn September 11, 2013
Good Good app

Paul Martin August 14, 2013
Worse than WORTHLESS Never able to make a network connection in San Francisco California USA. When connecting to WiFi network causes my Samsung Galaxy S3 to shutdown and restart even though the wifi network appears to be strongest – after three months of hoping this free service would work I am giving up ***total failure***

Luan Hong July 13, 2013
Worked as advertised App worked flawlessly on GS3 ATT variant. Helpful in getting free WiFi in Madrid while on our vacation.

Aron G. Katz July 24, 2013
Se queda en pantalla blanca en mi Note 2 No funciona por lo menos en mi movil

Anthony Abela August 23, 2013
Cannot login..errors Cannot insert Malta country code..

Goran Peoski August 6, 2013
Couldn't even open On every run the appkication got stuck at a white blank screen

muhammad fidaiey July 20, 2013
good good

Lamora Beary August 12, 2013
Great Excellent app

javier spain July 24, 2013
Muy bueno Muy bueno

Krystell Marie Jaen May 19, 2013
Kkkkk Hhhhhhh

Ricomar Merced March 6, 2013
F Hey the wife is very good

https://play.google.com/store/apps/details?id=com.gowex.wififree

Apps

My apps

Shop

Games

Editors' Choice

Reviews

Helpfulness | All Devices | All Versions | Write a Review

Raymond Christian February 1, 2014
Excellent app, practical

Yacine Bdr December 10, 2013
exelante Verrryyyyy gooood app

Tony Sanchez February 9, 2014
Sanchez 26 No need

Rainiero Vasquez January 10, 2014
Ok Very good

Mike Sisco November 26, 2013
Cool App App's Cool

Veronica Garcia December 20, 2013
Great

David Spring December 16, 2013
Blank white screen

Jose Magnon Aribal December 24, 2013
Signal good Good as it is!!

Caylee Griffin December 18, 2013
Bad Just sucks

Yuksel Gunal November 26, 2013
Awful app Try to update your user data and see how awful this app is.

Yahya Muse January 28, 2014
Ago ice

Jenny Vargas October 31, 2013
Great app Love this app really works!

Steve Vernon September 8, 2013
Doesn't work for Samsung S4

Eli B October 8, 2013
great thankyou lets work hard on keeping it together.

SMITHAD AS. September 17, 2013
Connect Wifi available Great service.Free

https://play.google.com/store/apps/details?id=com.gowex.wififree

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Editors' Choice

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Helpfulness | All Devices | All Versions | Write a Review

MARILO QUEVEDO May 9, 2014

La conexión en Madrid es Muy Mala La mayoría de las veces no funciona, hay que hacer el login muchas veces, en mi tableta samsung galaxy tab, a veces deja colgado el sistema y la tengo que reiniciar. Además crea cientos de accesos WiFi en mi movil y cuando se va conectando a ellas deja mi movil sin conexión a internet. Tenía que deshabilitar la WiFi . La he desinstalado.

Jf Pierre February 18, 2014

I have not been able to use the service the few times that I have tried it. Have not been able to connect the few times that I have tried.

Carlota Zopenko February 21, 2014

Crashes on startup Crashes on startup

Mohamed Konate February 17, 2014

Very useful apps. Ok

abdullah sayeed December 8, 2013

good app but no help for new users how to know my password how I get back I am not getting any massage or sms plz help

Kevin Jong January 3, 2014

White screen 1/2 star for the idea

Brittany Waldon November 24, 2013

It's ok It's a great app I love it but all I get is a blank screen on my HTC one with sprint so I can't log into the WiFi but on my LG with metro pcs it works great.....I'm a bit confused it works on the older phone but not the newer one.....hmmmmm

George Paphitis December 11, 2013

Cannot connect As of today 12/11/13 I can no longer connect. Get incorrect user name or password message. Can not access site to change or reset settings. Phone support not available.

Rob Sheridan November 12, 2013

Needs More Hotspots Good App, But Needs More Hotspots In Queens, NY

jesus pena November 14, 2013

Help Why is not opening on my and it's freezing it also

vyron dacpano November 26, 2013

Poor No signal here in the philippines

A Google User November 18, 2013

Improment App has gotten better

https://play.google.com/store/apps/details?id=com.gowex.wififree

Apps

My apps

Shop

Games

Editors' Choice

Reviews

Helpfulness | All Devices | All Versions | Write a Review

User reviews

Gianrose Almorin May 26, 2014

It could be higher if theres available hotspot in my country.i downloaded this app hoping that i can avail free wi-fi,but in the end its just waste of time.sorry but 1star only.if you could put a hotspot in my country(if possible),maybe a higher rate.+ iwill tell all of my friends &relatives.thnks!!by the way i'm from philippines

D Duncan February 26, 2014

You must log in a thousand times The system being utilized forgets the user name and password a lot, it may recognize your profile in the User Area but not in the initial log in, almost everything you try to do comes up "error 919". How can you log in on one page of their site but come up" invalid" on their home page. Their update created nothing but bugs that will interfere with web browsing and downloads from the Playstore. The app. is still crashing after new update (2/26/13, 3:10pm)

Amos Wright April 21, 2014

Cannot download anything from Google Play ... error 919

Rafaell Bryl March 4, 2014

Rafael It's not working....

omkar nar February 27, 2014

Crash... App always crash when open.....

Nawar Nory May 6, 2014

Helped me as a tourist This app saved me a lot when I was in Madrid. Allowed me send pictures on the go and allowed me to connect with family.

Roman Brady April 15, 2014

Not Good This app needs an update, better things.

Sonia Pena May 20, 2014

Horrible Horrible, horrible.

Gorka .A April 12, 2014

Great connection, good speed and not any problem on my nexus 5. Perfect app

Marco Almeida March 4, 2014

Don't work at all horrible

mohamed Mitwally April 3, 2014

really nice

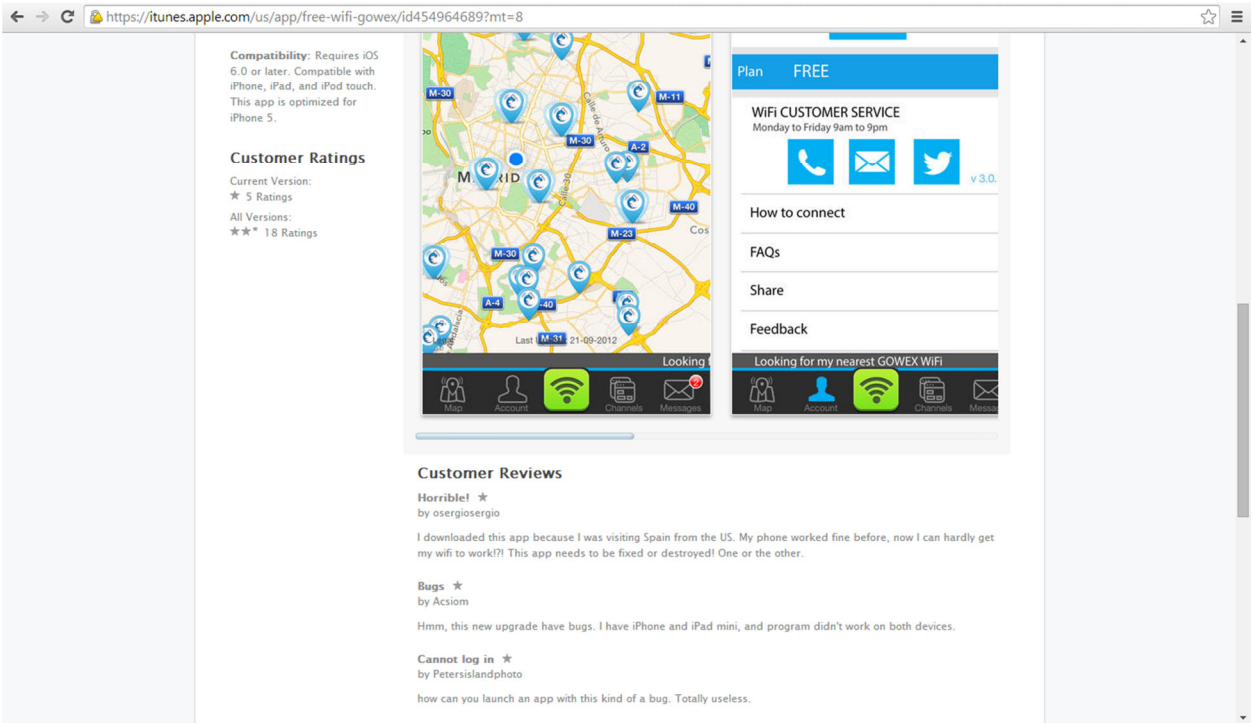
Javion Brow March 10, 2014

Nice Nice

Shannon Jurglewich April 26, 2014

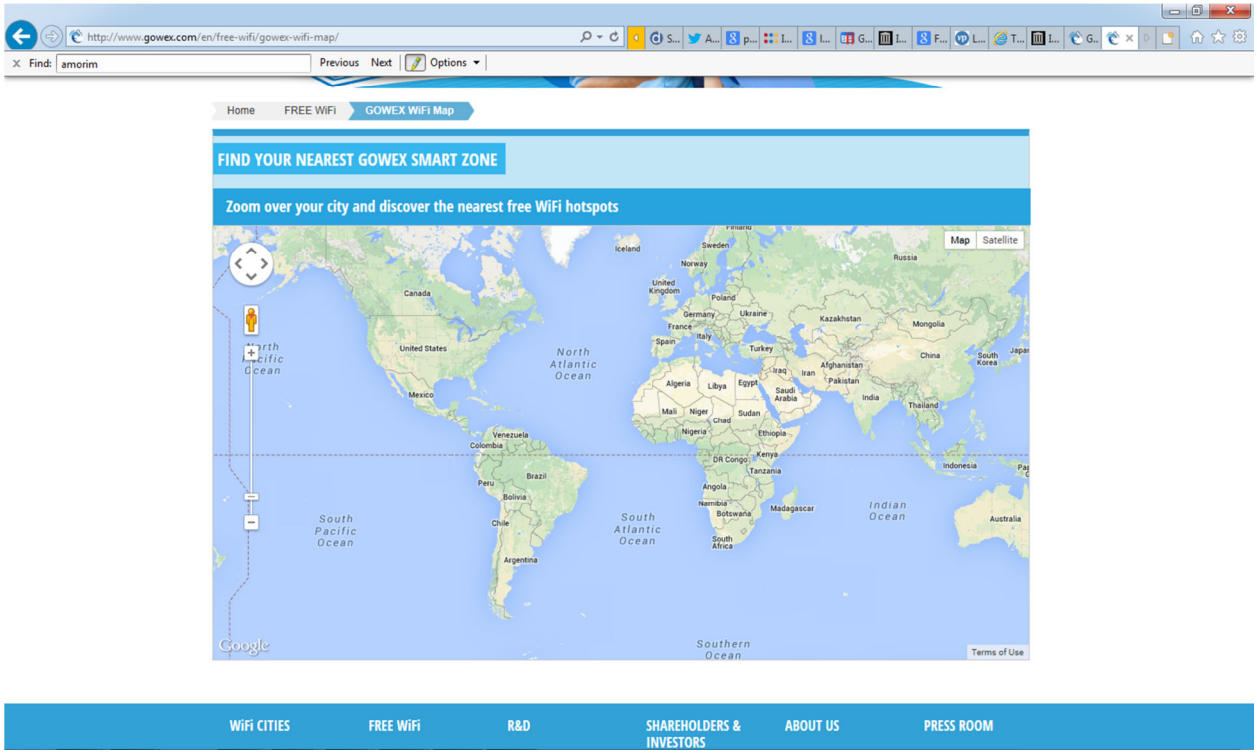
Gowex Cool

Poor reviews on iPhone as well:



Source: https://itunes.apple.com/us/app/free-wifi-gowex/id454964689?mt=8

Website map doesn't show hotspots in its default state, not user friendly



Appendix E: Engineering Revenue Derivation

Contract	Country	# of Hotspots	Hotspot Location type*	Total contract Value**	Contract length	Payment per Year
A Coruna	Spain	2	franchise			
Ajaccio	France	45	City	€ 95,334	unknown	**€ 95,334**
Ajaccio - bus	France	2	Transport	€ 89,800	unknown	**€ 89,800**
Alcala de Guadaira	Spain	39	City	€ 120,000	unknown	**€ 120,000**
Alcolea de Calatrava	Spain	3	City			
Aviles	Spain	73	City	€ 171,528	4	**€ 42,882**
Aviles kiosk	Spain	5	City			
Barcares	France	51	City	€ 177,000	unknown	**€ 177,000**
Barcelona	Spain	2	City			
Barcelona kiosk	Spain	16	City			
Belgium	Belgium	1	Transport			
Beziers	France	6	City	€ 130,716	unknown	**€ 130,716**
Bilbao Bus	Spain	10	Transport			
Bilbao kiosk	Spain	34	City			
Bordeaux	France	24	City	€ 193,000	4	**€ 48,250**
Buenos Aires	Argentina	60	City			
Buenos Aires - bus	Argentina	21	Transport			
Burger King	Spain	8	franchise			
Burgos	Spain	217	City	€ 306,028	unknown	**€ 306,028**
Burjassot	Spain	140	City	€ 18,000	1	**€ 18,000**
Café&tapas	Spain	16	franchise			
Café&te	Spain	179	franchise			
Calpe	Spain	39	City			
Carrieres	France	33	City			
Ceuta	Spain	4	City			
Chiringuito	Spain	17	franchise			
City Sightseeing	Spain	75	Transport			
Conil de la Frontera	Spain	15	City			
Deblas	Spain	19	Transport			
Delinas	Spain	14	franchise			
Dubai	UAE	10	Transport	€ 0	unknown	**€ 0**
Dublin	Ireland	48	City	€ 0	unknown	**€ 0**
Eibar	Spain	25	City	€ 5,044	unknown	**€ 5,044**
ETS***	Spain	26	City	€ 41,000	3	**€ 4,000**
Gijon	Spain	141	City	€ 50,000	1	**€ 50,000**
Gijon kiosk	Spain	22	City			
Girona	Spain	166	City	€ 165,000	3	**€ 55,000**
Godoy Cruz	Argentina	48	City			
Granada kiosk	Spain	40	City			
Langreo	Spain	21	City	€ 1,271	1	**€ 1,271**
Lanzarote	Spain	1	Transport			
Liege	Belgium	10	City			
Llaollao	Spain	12	franchise			
Los Angeles	U.S	1	City			
Madrid	Spain	53	City	€ 32,700	1	**€ 32,700**
Madrid - California	Spain	4	franchise			
Madrid bus	Spain	10	Transport	€ 279,560	3	**€ 93,187**
Madrid kiosk	Spain	213	City			
Madrid restaurant	Spain	3	franchise			
Malaga	Spain	2	City			
Malaga kiosk	Spain	52	City			
Mallorca	Spain	9	City			
Meco	Spain	5	City			
Menorca	Spain	4	City			
Mieres	Spain	22	City	€ 40,000	1	**€ 40,000**
Murcia	Spain	24	City			
Napoli	Italy	22	City			
New York****	U.S	2297	City	€ 200,000	n.a	**€ 200,000**
Nice	France	31	City	€ 88,000	1	**€ 88,000**
Orense*****	Spain	69	City	€ 27,962	1	**€ 27,962**
Oviedo kiosk	Spain	14	City			
Pans&co	Spain	89	franchise			
Parla	Spain	10	City			
Perpignan	France	28	City	€ 60,304	unknown	**€ 60,304**
Pointe-Noire	Congo	11	City			
Pollo Campero	Spain	13	franchise			
Puerto de Santa Maria	Spain	39	City			
Puerto del Rosario	Spain	21	City			
RATP	France	66	Transport			
RDT 13	France	127	Transport	€ 123,630	unknown	**€ 123,630**
San Francisco	U.S	402	City	€ 0	n.a	**€ 0**
Santiago	Chile	10	City			
Saudi Arabia	UAE	4	Transport			
Segovia	Spain	12	Transport			
Seraing	Belgium	4	Roaming			
Sevilla kiosk	Spain	31	City			
Sharjah	UAE	2	Transport			
SNCF	France	25	Transport			
Sodexo	Spain	13	franchise			
Valladolid	Spain	21	City	€ 301,695	unknown	**€ 301,695**
VilleFranche-Sur-Mer******	France	27	City	€ 120,379	3	**€ 40,126**
		5,530		**€ 2,837,951**		**€ 2,150,929**

Estimate of Gowex's True Engineering Revenue	
Total annual value of all contracts found	€ 2,150,929
Total Addressable hotspots	4,121
Average revenue per hotspot	€ 522
Total Gowex hotspots per WiFi map	5,530
Implied total annual revenue	**€ 2,886,347**
Reported Engineering revenue	€ 40,500,000
Actual Revenue as % of Reported	**7%**

Assumptions and notes:

a. Source: Respective municipal sources & Gowex hotspot map as of April 2, 2014. Gowex has added hotspots since April (specifically Chicago and Miami), however, these are Towerstream owned hotspots that Gowex rents. Therefore, as discussed in the report, the monetization potential for these hotspots is non-existent to low (especially from an 'engineering revenue' perspective).
b. For some of the contracts displayed in the prior page, contract duration is unknown. Most contracts are 1 to 4 years in duration. This number is adjusted to assume that unknown contract terms have a period of three years. For example a $300,000 contract becomes a $100,000 contract on a yearly basis.
c. In the 'estimate of gowex's true engineering revenue' in the bottom right hand corner, the 'Total annual value of all contracts found' is the sum of the values in the column titled 'Payment per year' found in the larger table.
d. 'Total addressable hotspots' are the hotspots where we were able to locate a contract.
e. Average revenue per hotspot = 'Total annual value of all contracts found' divided by 'Total addressable hotspots'
f. 'Total Gowex hotspots' per WiFi map is the sum of all hotspots.
g. Implied total annual revenue is the product of 'Average revenue per hotspot' and 'Total Gowex hotspots'

Table specific assumptions:

*Based on our best estimate

**When info not available we always assumed the value of the contract excluded VAT

***Contract Terms include €29,000 upfront payment, and €4,000 per year in maintenance payments

****New York estimated based on $900,000 split between 5 entities.

*****We understand the prior Orense contract was worth €60,000 per year

******Understand that this contract was actually awarded to Atlanteam

ł We tried to match hotspots with specific contracts, however we cannot be 100% certain that specific contracts correspond to specific hotspots as many contracts are missing salient information. Also we cannot be 100% certain that we are not missing incremental information for hotspots we have already correlated with specific contracts.

As an illustrative example, see the following contract on the next page:

Sample Contract – city of Aviles

BOLETÍN OFICIAL DEL PRINCIPADO DE ASTURIAS

NÚM. 107 DE 10-V-2012 1/1

IV. Administración Local

AYUNTAMIENTOS

DE AVILÉS

ANUNCIO. Resolución de la Alcaldía de formalización del contrato de la cesión del uso y explotación de red inalámbrica pública wifi.

En cumplimiento de lo preceptuado en el artículo 138.2 de la Ley 30/2007, de 30 de octubre, de Contratos del Sector Público, se hace público que:

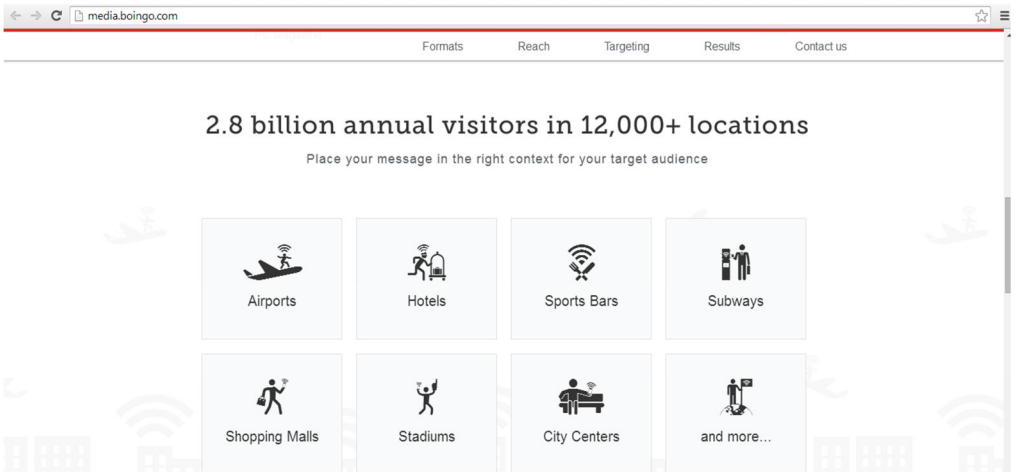
— Con fecha 26 de abril de 2012, se formalizó contrato con la entidad Gowex Wireless, S.L., para la cesión del uso y explotación de una parte de la red pública inalámbrica wifi metropolitana de servicios electrónicos de banda ancha desplegada en distintos puntos del municipio de Avilés, a empresas terceras que la exploten con fines de patrocinio y/o publicidad, por plazo determinado y con el fin de ofrecer a los usuarios que lo demanden servicios electrónicos de banda ancha (acceso a Internet) en movilidad de forma gratuita, en virtud de adjudicación de la licitación convocada por procedimiento abierto, por Resolución de la Alcaldía n.º 2305/2012, de 18 de abril, en el precio ofertado de 171.528 euros más 30.875 euros de IVA, por el período de duración del contrato (cuatro años). Convocatoria de licitación publicada en el BOPA del día 1 de febrero de 2012 (expte. 5726/2011).

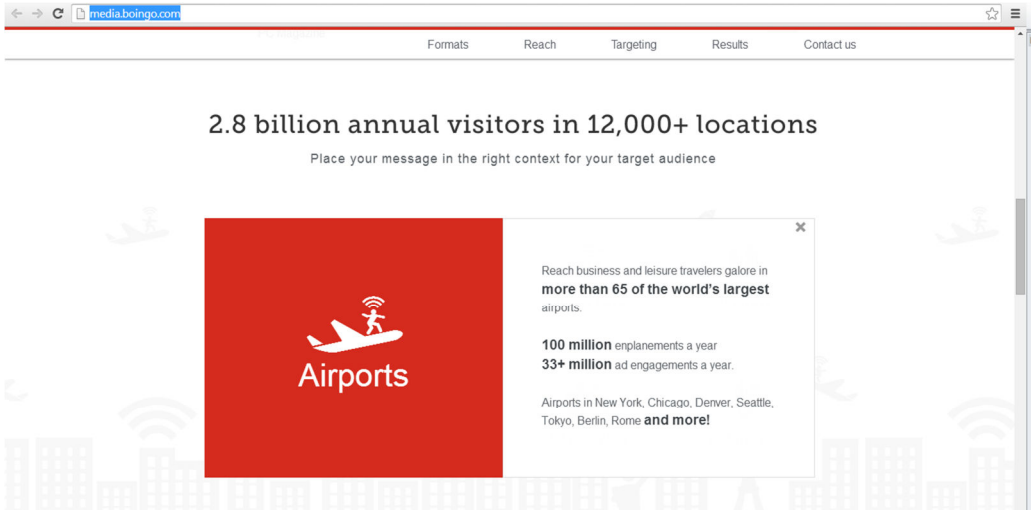
Avilés, a 26 de abril de 2012.—La Alcaldesa.—Cód. 2012-07756.

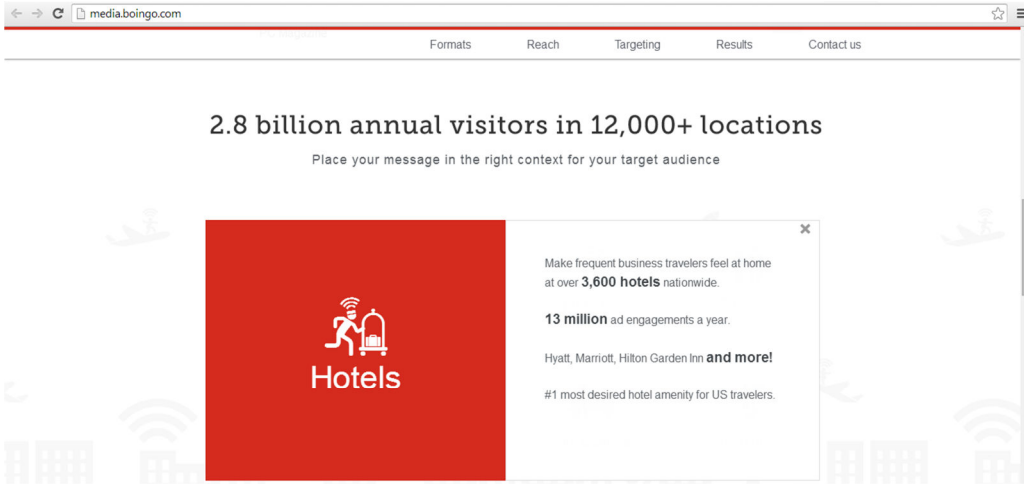
Source: https://sede.asturias.es/bopa/2012/05/10/2012-07756.pdf

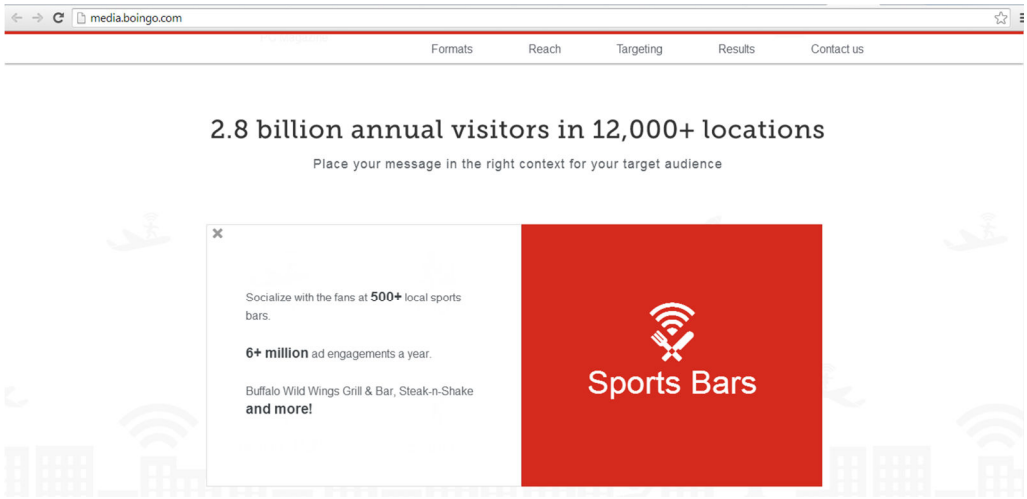
Appendix F: Additional Advertising Findings

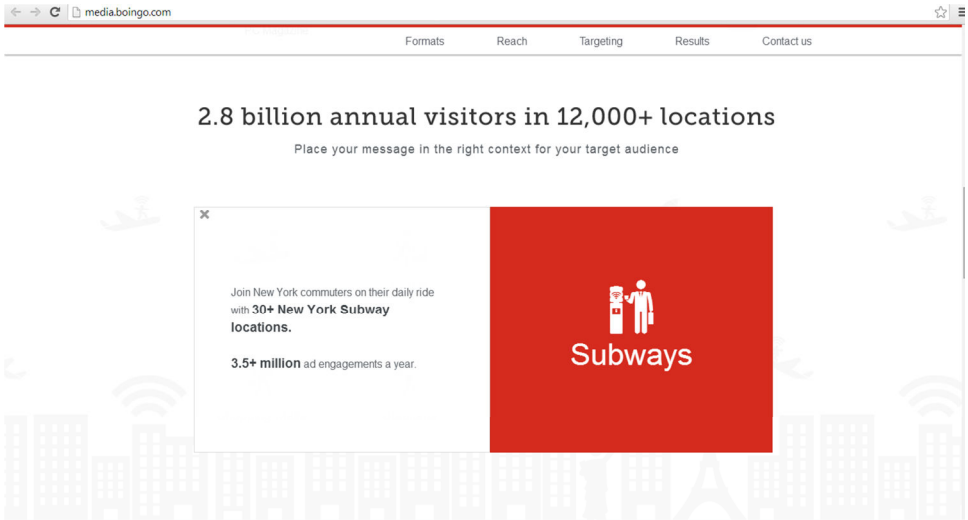
Boingo ad engagements – nonairport ad engagement

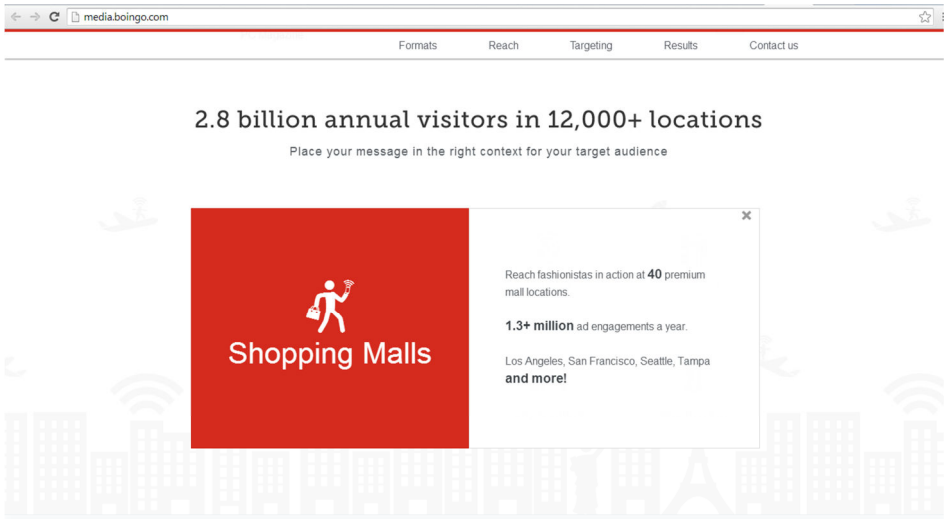


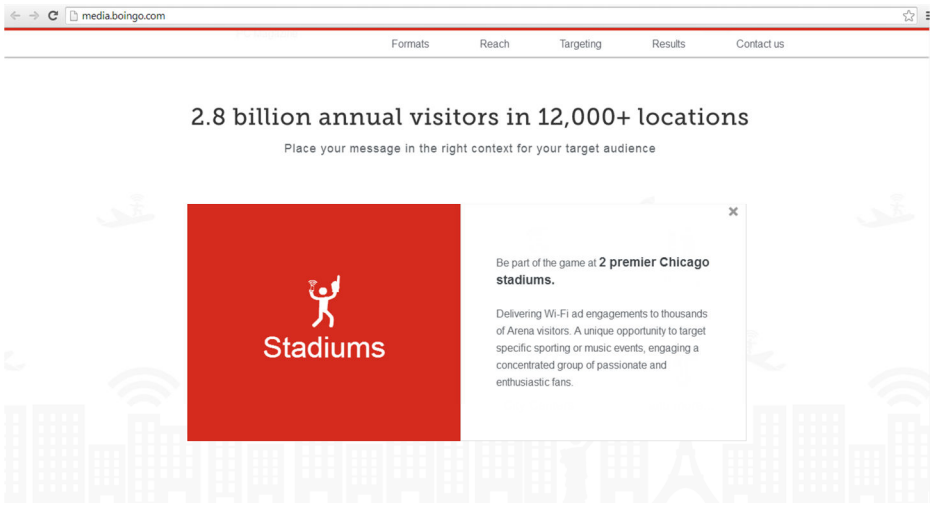


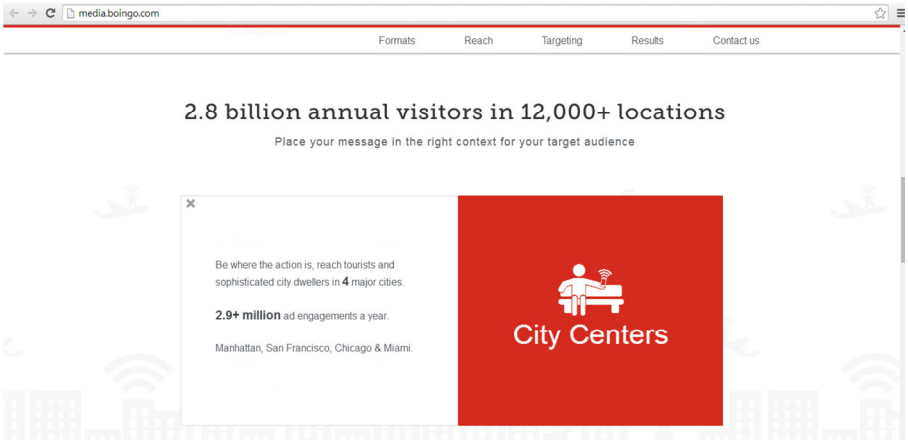



media.boingo.com
Formats
Reach
Targeting
Results
Contact us
2.8 billion annual visitors in 12,000+ locations
Place your message in the right context for your target audience
Socialize with the fans at 500+ local sports bars.
6+ million ad engagements a year.
Buffalo Wild Wings Grill & Bar, Steak-n-Shake and more!
Sports Bars

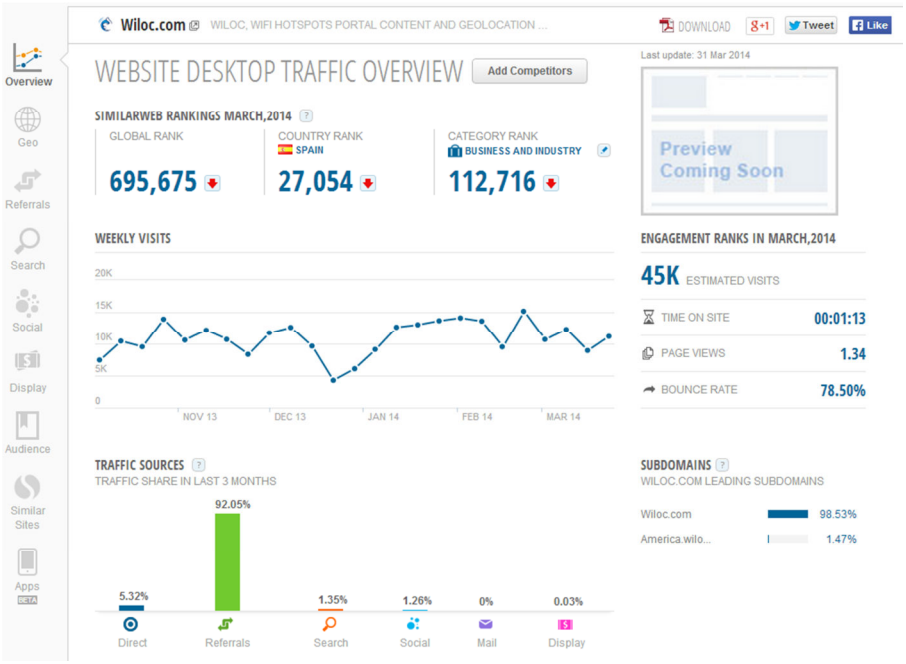

media.boingo.com
Formats
Reach
Targeting
Results
Contact us
2.8 billion annual visitors in 12,000+ locations
Place your message in the right context for your target audience
Join New York commuters on their daily ride with 30+ New York Subway locations.
3.5+ million ad engagements a year.
Subways


media.boingo.com
Formats
Reach
Targeting
Results
Contact us
2.8 billion annual visitors in 12,000+ locations
Place your message in the right context for your target audience
Shopping Malls
Reach fashionistas in action at 40 premium mall locations.
1.3+ million ad engagements a year.
Los Angeles, San Francisco, Seattle, Tampa and more!

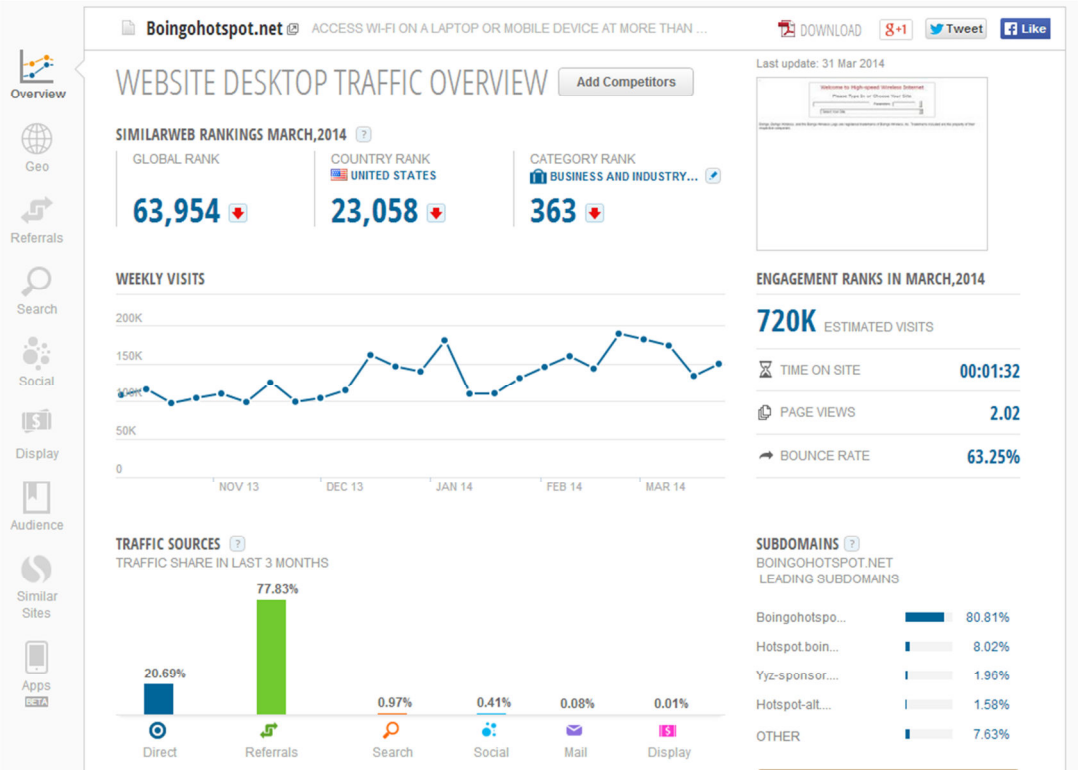




WILOC.com web rankings:



Boingohotspot.net:



Source: Similarweb

End Notes

Introduction

1. GOW filings, Boingo, iPass, and Towerstream filings.
2. According to the Founder of Muniwireless: "There is no viable STAND ALONE free Wi-Fi business — unless you get millions of users."
3. **Arqiva snaps up UK public WiFi hotspot operator Spectrum for £23m http://thenextweb.com/uk/2012/07/02/arqiva-snaps-up-uk-public-wifi-hotspot-operator-spectrum-for-23m/**

Actual Revenue are 90% Less than Reported

1. GOW, Boingo, iPass GOOG, MSFT, FB filings.
2. GOW filings, Gotham City Research calculations.
3. Boingo, iPass, Ruckus, Gogo, Towerstream, and GOW filings.

Gowex Telecom & a History of Material Misrepresentations

1. *Iber-X Of Spain Prepares To Enter Markets In Americas* September 26th, 2000 , WSJ Europe
2. *Iber-x and Grupo Banesto Produce Online Financial-Settlement System, November 2nd 2000, WSJ by Keith Johnson http://www2.iber-x.com/index.php?action=go&section=77*
3. *Iber-X buys ACE for Euro3 mil in cash, shares http://www.telecompaper.com/news/iberx-buys-ace-for-euro3-mil-in-cash-shares--380374*
4. Conversation with Gowex Management
5. *http://tsm.iber-x.com/*
6. *http://archive.org/web/ for iber-x.com*
7. *GOW Offering Circular*
8. *""*
9. **Axesor.ex for 'PJ Gris Inversiones'**
10. **Seasuntel SL, http://telecos.cnmc.es:8080/c/document_library/get_file?uuid=83818136-37d3-47cb-acb6-19bbf4296bb6&groupId=10138**
11. GOW Offering Circular
12. **Seasuntel archived website**
    a. https://web.archive.org/web/20110130112751/http://seasuntel.com/seasuntel/
    b. https://web.archive.org/web/20090221173541/http://www.seasuntel.com/seasuntel/1565.html
13. GOW Offering Circular
14. GOW Offering circular, and annual reports
15. Conversation with Gowex Management
16. Gotham City Research investigation
17. Gowex Offering Circular

GOW says 100K, Analyst says 35K, We say 5K

1. Conversation with GOW Management
2. Hotspots on the Gowex.com map and the Gowex free wifi mobile app, as of April 2014. JB Capital Initiation Report, February 2014. Gotham City Research investigation.
3. Conversation with GOW Management
4. GOW Offering Circular
5. JBCapitalMarkets GOW Initiation Report, February 2014.
6. Towerstream filings, and conversation with management.
7. Muniwireless Founder: "I tried to talk to them many times when they came to silicon valley last year. Tried to setup meeting. Nothing came of it."
8. Gowex Hotspots on the Gowex.com map and the Gowex free wifi mobile app, as of April 2014.
9. JB Capital Initiation Report, February 2014.
10. Gowex Hotspots on the Gowex.com map and the Gowex free wifi mobile app, as of April 2014.
11. Google Play Store
12. iOS Apple APP store
13. Gowex Mall Plaza Press Release June 5th 2014 http://www.gowex.com/en/gowex-and-mall-plaza-lead-the-largest-free-wifi-project-in-latin-america-retailers-sector-2/#sthash.JGJ57mZH.dpuf
14. Worldbank
15. **http://www.bjreview.com.cn/business/txt/2013-09/26/content_569067_2.htm**
16. http://archive.org/web/ for china.gowex.com and http://china.gowex.com/
17. http://newsroom.cisco.com/release/1437076/GOWEX-and-Cisco-Announce-Global-Strategic-Relationship-to-Boost-Smart-Wi-Fi-Connectivity-Solutions-for-Cities?utm_medium=rss
    Cisco past headline Source: http://www2.iber-x.com/index.php?action=go&section=83

2013 Engineering Revenue < €3 million

1. Conversation with Esme Vos
2. From recent PDF presentation, included with the (last week) teach-in with Gowex CEO
3. Our conversation with GOW management, and GCR investigation
4. http://www.nycedc.com/press-release/mayor-bloomberg-announces-new-initiatives-expand-wireless-and-broadband-connectivity and GCR investigation
5. Our conversation with GOW management
6. Our conversation with Towerstream
7. GCR investigation
8. Various Gowex press releases, filings, and statements. Engineering revenue estimates from JBCapital, but are consistent with GOW has told others.
9. http://www.gowex.com/en/wifi-cities/gowex-wifi-municipal/

2013 Advertising Revenue no more than €2 million

1. Conversation with Esme Vos founder of MuniWireless
2. Boingo filings, and website. GOW hotspot map, articles, alexa, appannie, etc.
3. JBCapitalMarkets GOW Initiation report February 2014
4. Boingo.com for advertisers (publicly available)
5. Source: http://www.gowex.com/en/wifi-cities/gowex-media/
6. GCR Investigation findings
7. Wiloc.com
8. Alexa.com
9. Gowex website, the media section. Gowex App.
10. “”

2013 Roaming and Offloading Revenue < €1 million

1. JBCapitalMarkets GOW Initiation report February 2014
2. GCR investigation findings
3. “”
4. iPass filings
5. JBCapitalMarkets GOW Initiation report February 2014
6. http://www.wballiance.com/membership/membership-profiles/
7. iPass February 12, 2014 investor presentation
8. http://www.gowex.com/en/wifi-cities/gowex-roaming/
9. http://www.boingo.com/business-services/#s3980
10. http://www.boingo.com/business-services/roaming-carrier-offload/

Other Serious Warning Signs

1. **GOW, Boingo, and iPass filings**
2. **GCR Investigation**
3. **GOW, Boingo, GOGO, Towerstream, and iPass filings**
4. http://www.financialexecutives.org/ferf/download/2012%20Final/2012-016.pdf
5. http://ww2.cfo.com/accounting-tax/2011/06/little-change-in-audit-fees/
6. **GOW investor website**
7. http://www.alter-eu.org/sites/default/files/documents/Dodgy-data.pdf
8. http://www.alter-eu.org/sites/default/files/documents/Transparency%20Register%20remains%20opaque%20and%20poorly%20scrutinised_FULL%20ARTICLE.pdf
9. https://opencorporates.com/companies/lu/B90934
10. http://twitter.com/jero_net/status/463903528021274624
11. http://twitter.com/jero_net/status/478848147939426304
12. **No listed New York office http://www.gowex.com/en/about-gowex/headquarters/**

13. **Advanced refractive PR** http://globenewswire.com/news-release/2006/07/24/346094/102605/en/Advanced-Refractive-Technologies-Announces-Nomination-of-Two-Directors.html#sthash.uQPrV92c.dpuf
14. Gowex Offering Circular

Gowex Shares are Worth €0.00 per Share

1. **Arqiva snaps up UK public WiFi hotspot operator Spectrum for £23m http://thenextweb.com/uk/2012/07/02/arqiva-snaps-up-uk-public-wifi-hotspot-operator-spectrum-for-23m/**