

## **Fun and Games in 'Communist' China**

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Newly formed capitalist societies like China offer insight into the novel ingenuity of an incipient bourgeoisie. In the case of Danke Apartments the creativity of its young founders has shown how to get rich by doing business right at the edge of a pyramid scheme

First you offer landlords more to manage their property than they would receive in rental income. Then you promote the relatively low rents to young middle class graduates moving to high cost cities like Shanghai and Beijing. The rents are low if the tenant can pay the whole year in advance. Don't have the money? No problem, Danke has a connection with an online bank.

Once they obtain the 12 month rent-money nest egg they pay a month's worth to the property owner, pay cost of utilities, hire maintenance workers and, depending on the rental property, hire construction workers to create smaller and cheaper units.

The crisis Danke finds itself in today is the result of having 90% of their total funding coming from a constant flow of lump sum advanced annual payments from new tenants.

Danke managed up to 415,000 properties in 13 cities early last year when the pandemic came and there was a general lock down. The rental business was at a standstill. Funds dried up. Landlords began to force out tenants when they didn't receive payments from Danke. Tenants couldn't get their money back from Danke to pay rent elsewhere. They couldn't even get in touch with the company as Danke closed two offices leaving only Beijing. Phones weren't answered. But every now and then Danke would issue a statement – “we are not bankrupt”. Certainly the ‘Peoples Republic’ will act in the interest of the people. Yes – they placed Danke's parent company of the “social credit” blacklist. Whoop-dee-do.

The landlords only missed a month or two of rent before they kicked out their tenants. The fairly well-to-do tenants suffered a bit before recovering. But the maintenance workers were from the rural working class. They had families back home that needed support. Late last year a number of them traveled to Beijing to demand their unpaid wages.

Danke called the cops before they arrived and several never made it to Danke offices.

Finally the government really did something. The Ministry of Housing and Urban Development announced a change in rental law. Income from loans cannot exceed more than 30% of income from rent. But the change doesn't come into effect for another two years. In other words, all the tenants robbed by the rental scam from 2015 to 2022 are legally screwed.

Danke's parent company began being listed on the NY Stock Exchange early last year bringing in \$149 million. The Danke leadership posed for a nice picture in NY on opening day. There appeared to number more than a dozen. How much monetary assets have they extricated for their personal needs from funds stolen from tenants and not paid as wages to maintenance workers?

The company has incurred loses every year, but that's the incorporated company, not its high living owners. Danke means eggshell in Chinese. If Danke breaks everybody loses except the management because they will have drained out their share long before the fall.

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