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DEPARTMENT OF JUSTICE  
JUSTICE NEWS

## Department of Justice

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# Deutsche Bank Agrees to Pay over \$130 Million to Resolve Foreign Corrupt Practices Act and Fraud Case

Deutsche Bank Aktiengesellschaft (Deutsche Bank or the Company) has agreed to pay more than \$130 million to resolve the government's investigation into violations of the Foreign Corrupt Practices Act (FCPA) and a separate investigation into a commodities fraud scheme.

The resolution includes criminal penalties of \$85,186,206, criminal disgorgement of \$681,480, victim compensation payments of \$1,223,738, and \$43,329,622 to be paid to the U.S. Securities & Exchange Commission in a coordinated resolution.

Deutsche Bank is a multi-national financial services company headquartered in Frankfurt, Germany. The charges arise out of a scheme to conceal corrupt payments and bribes made to third-party intermediaries by falsely recording them on Deutsche Bank's books and records, as well as related internal accounting control violations, and a separate scheme to engage in fraudulent and manipulative commodities trading practices involving publicly-traded precious metals futures contracts.

Deutsche Bank entered into a three-year deferred prosecution agreement (DPA) with the Criminal Division's Fraud Section and Money Laundering and Asset Recovery Section (MLARS) and with the U.S. Attorney's Office for the Eastern District of New York. The criminal information was filed today in the Eastern District of New York charging Deutsche Bank with one count of conspiracy to violate the books and records and internal accounting controls provisions of the FCPA and one count of conspiracy to commit wire fraud affecting a financial institution in relation to the commodities conduct.

"Deutsche Bank engaged in a seven-year course of conduct, during which it failed to implement a system of internal accounting controls regarding the use of company funds and falsified its books and records to conceal corrupt and improper payments," said Acting Deputy Assistant Attorney General Robert Zink of the Justice Department's Criminal Division. "Separately, Deutsche Bank traders on three continents sought to manipulate our public financial markets through fraud for five years. This resolution exemplifies the department's commitment to help ensure that publicly traded companies devise and implement appropriate and proper systems of internal accounting controls and maintain accurate and truthful corporate documentation. It also stands as an example of the department's efforts to police the public U.S. markets so that all may continue to trust, and rely upon, the integrity of our public financial systems."

"Deutsche Bank engaged in a criminal scheme to conceal payments to so-called consultants worldwide who served as conduits for bribes to foreign officials and others so that they could unfairly obtain and retain lucrative business projects," stated Acting U.S. Attorney Seth D. DuCharme of the Eastern District of New York. "This office will continue to hold responsible financial institutions that operate in the United States and engage in practices to facilitate criminal activity in order to increase their bottom line."

"The U.S. Postal Inspection Service takes pride in investigating complex fraud and corruption cases that impact American investors," said Inspector in Charge Delany De León-Colón of the U.S. Postal Inspection Service's Criminal

Investigations Group. "This type of deceptive activity can cause immeasurable economic losses to competitive markets around the world. The combined efforts of our partners at the FBI and Department of Justice helped to bring today's significant action which illustrates our efforts to protect the United States and the international marketplace."

### The FCPA Case

According to admissions and court documents, between 2009 and 2016, Deutsche Bank, acting through its employees and agents, including managing directors and high-level regional executives, knowingly and willfully conspired to maintain false books, records, and accounts to conceal, among other things, payments to a business development consultant (BDC) who was acting as a proxy for a foreign official and payments to a BDC that were actually bribes paid to a decisionmaker for a client in order to obtain lucrative business for the bank. In some instances, Deutsche Bank made payments to BDCs that were not supported by invoices or evidence of any services provided. In other cases, Deutsche Bank employees created or helped BDC's create false justifications for payments.

In relation to a Saudi BDC, Deutsche Bank admitted that its employees conspired to contract with a company owned by the wife of a client decisionmaker to facilitate bribe payments of over \$1 million to the decisionmaker. Deutsche Bank approved the BDC relationship despite Deutsche Bank employees knowing about the relationship between the Saudi BDC and the decisionmaker, and approved the corrupt payments despite Deutsche Bank employees openly discussing the need to pay the Saudi BDC in order to incentivize her husband to continue to do business with Deutsche Bank. In requesting approval of one payment, Deutsche Bank employees cautioned that the "client and [the Saudi BDC] are intimately linked and . . . any cessation of payment to the [the Saudi BDC] will certainly prompt a significant outflow of [business]" from the client.

Deutsche Bank also contracted with an Abu Dhabi BDC to obtain a lucrative transaction, despite Deutsche Bank employees knowing that the Abu Dhabi BDC lacked qualifications as a BDC, other than his family relationship with the client decisionmaker, and that the Abu Dhabi BDC was in fact acting as proxy for the client decisionmaker. Deutsche Bank paid the Abu Dhabi BDC over \$3 million without invoices.

By agreeing to misrepresent the purpose of payments to BDCs and falsely characterizing payments to others as payments to BDCs, Deutsche Bank employees conspired to falsify Deutsche Bank's books, records, and accounts, in violation of the FCPA. Additionally, Deutsche Bank employees knowingly and willfully conspired to fail to implement internal accounting controls in violation of the FCPA by, among other things, failing to conduct meaningful due diligence regarding BDCs, making payments to certain BDCs who were not under contract with Deutsche Bank at the time, and making payments to certain BDCs without invoices or adequate documentation of the services purportedly performed.

Deutsche Bank will pay a total criminal penalty of \$79,561,206 in relation to the FCPA scheme. In a related matter with the U.S. Securities & Exchange Commission, Deutsche Bank will also pay \$43,329,622 in disgorgement and prejudgment interest.

### The Commodities Fraud Case

According to admissions and court documents, between 2008 and 2013, Deutsche Bank precious metals traders engaged in a scheme to defraud other traders on the New York Mercantile Exchange Inc. and Commodity Exchange Inc., which are commodities exchanges operated by the CME Group Inc. On numerous occasions, traders on Deutsche Bank's precious metals desk in New York, Singapore, and London placed orders to buy and sell precious metals futures contracts with the intent to cancel those orders before execution, including in an attempt to profit by deceiving other market participants through injecting false and misleading information concerning the existence of genuine supply and demand for precious metals futures contracts.

On Sept. 25, 2020, a Chicago federal jury found two former Deutsche Bank precious metals traders, James Vorley, 42, of the United Kingdom, and Cedric Chanu, 40, of France and the United Arab Emirates, guilty of wire fraud affecting a financial institution for their respective roles in the commodities scheme. A third former Deutsche Bank trader, David Liew, 35, of Singapore, pleaded guilty on June 1, 2017, to conspiracy to commit wire fraud affecting a financial institution and spoofing. A fourth former Deutsche Bank trader, Edward Bases, 58, of New Canaan, Connecticut, was charged in a third superseding indictment on Nov. 12, 2020, and awaits trial on fraud and conspiracy charges. An

indictment is merely an allegation and all defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.

Deutsche Bank has agreed to pay a total criminal amount of \$7,530,218 in relation to the commodities scheme. This amount includes criminal disgorgement of \$681,480, victim compensation payments of \$1,223,738, and a criminal penalty of \$5,625,000, which will be fully credited against Deutsche Bank's payment of a civil monetary penalty of \$30 million to the U.S. Commodity Futures Trading Commission in January 2018 in connection with substantially the same commodities conduct.

The department reached this resolution with Deutsche Bank based on a number of factors, including the Company's failure to voluntarily disclose the conduct to the department and the nature and seriousness of the offense, which included corrupt payments, willful violations of the FCPA accounting provisions, and commodities trading violations in three countries. Deutsche Bank received full credit for its cooperation with the department's investigations and for its significant remediation. Penalties associated with both the FCPA and wire fraud conspiracies reflect a discount of 25 percent off the middle of the otherwise-applicable U.S. Sentencing Guidelines fine range, to account for Deutsche Bank's 2015 resolution in connection with its manipulation of the London Interbank Offered Rate.

The FCPA investigation is being conducted by the U.S. Postal Inspection Service, and is being prosecuted by the Criminal Division's Fraud Section and Money Laundering and Asset Recovery Section, and the U.S. Attorney's Office for the Eastern District of New York. Trial Attorneys Katherine Nielsen, Elizabeth S. Boison and Nikhila Raj, and Assistant U.S. Attorneys Alixandra Smith and Whitman Knapp. The Justice Department's Office of International Affairs provided assistance in this case.

The commodities case is being investigated by the FBI's New York Field Office, and is being prosecuted by the Fraud Section. Deputy Chief Brian R. Young, Assistant Chief Avi Perry, and Trial Attorney Leslie S. Garthwaite of the Fraud Section are prosecuting the case.

The Fraud Section is responsible for investigating and prosecuting all FCPA matters. Additional information about the Justice Department's FCPA enforcement efforts can be found at [www.justice.gov/criminal-fraud/foreign-corrupt-practices-act](http://www.justice.gov/criminal-fraud/foreign-corrupt-practices-act).

MLARS's Bank Integrity Unit investigates and prosecutes banks and other financial institutions, including their officers, managers, and employees, whose actions threaten the integrity of the individual institution or the wider financial system.

Individuals who believe that they may be a victim in the commodities case should visit the Fraud Section's [Victim Witness website](#) for more information.

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**Attachment(s):**

[Download DB information](#)

[Download Deutsche Bank DPA](#)

**Topic(s):**

Financial Fraud

Foreign Corruption

**Component(s):**

[Criminal Division](#)

[Criminal - Office of International Affairs](#)

[USAO - New York, Eastern](#)

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