

## **CONTENTS PRIVILEGED, CONFIDENTIAL AND RESTRICTED**

Suzanne's Overview of Her Own Personal Devastation - 11-24-14

I've gone through over 25 years of "Hell on Earth" - My Husband died 11-27-1988 - The damages are "unreal."

They have attempted at least three (3) times to get all my possessions; terrorizing me, humiliating, abusing and violating me. They have a 'Campaign' to threaten me and continually burdening, oppressing and traumatizing me unbelievably including but not limited to illegal attorney's fees through Judges adding interest etc. - When actually according to my lawyers, I was entitled to a refund. The Judge admitted to my attorneys that the 'Bank' was behind this! *Only Surrogate Judges can set legal fees (especially considering I am the wife, Main Beneficiary and Executrix trying to save My Husband's Estate!) This Supreme Court had NO Business settling any legal issues. The Judge admitted to my attorneys that the Bank was behind all this in this matter - The crooks were busy again!* This is like a David And Goliath Story. Neither **Bankers Trust Company** nor **Deutsche Bank (A Foreign Bank)** has ever had any legal standing in the Estate of My Husband Edmund J. McCormick - The nominated entity '**Bankers Trust Company**' was never named on the Permanent Letters Testamentary dated 1-25-89! That's when the Fraud on the Court was initiated by the law firm **White & Case** and 'their Enduring Client' **Bankers Trust Company (Became Convicted Federal Felon 7-26-99)** which is ongoing (and later the Cover-up that directly involved the Courts) - **They (White & Case and Bankers Trust Company) inserted the name of a non-existent Fraudulent banking entity Bankers Trust Company of New York that was placed on the Permanent Letters Testamentary that are dated 1-25-89!** How can a Non-Existent Illegal Entity be listed? Please See Affidavit of 6-19-13 that may be accessed via Google <<http://mccormickesatefraud.wordpress.com>> and then viewing the following Affidavit Exhibits # 3, # 4, # 5, # 6, # 7, # 8, # 10, # 13, # 14 & # 15. **Deutsche Bank purchased Bankers Trust Company on 6-4-99.**

Take Note of the First Paragraph in Deed dated 3-8-1996, Exhibit # 12 - that states that one of the Grantors was '**Bankers Trust Company (formerly Bankers Trust Company of New York)**' **Bankers Trust Company of New York** was not legally in existence until 9-7-1999 - See Affidavit Exhibit # 14 - The fact that the Attorneys for the Convicted Federal Felon **Bankers Trust Company** have illogically and ignorantly asserted that the term - "**of New York**" refers merely to the 'Geographical' location is an insult particularly since the documentary evidence rejects this knowingly specious argument that has no basis in law. The ongoing and continuing Fraud is further codified in the Pattern and Practice..

The Bank (a Convicted Federal Felon) and their Attorneys had/have superior knowledge as well as Dominion and Control of My Husband's Estate and have with intent engaged in all manner of **Illegal Fraudulent Litigation (No Legal Standing At Anytime)**



including but not limited to extensive depositions and Motion practice which has subjected me to oppressive 'Ruinous Legal Expenses' in this matter and further depriving me of my Rights and Due Process. Further Egregious Bad Faith and Unclean Hands all under the Color of Law!

They basically tossed *My Husband's* Will and ignored *My Husband's* wishes and directions. *My Husband* made me an Executrix and the Main Beneficiary. See Affidavit Exhibit # 1 - Will - Selected Pages.

They never expected me to fight back since I was an artist as an established Concert Pianist (Steinway Artist) and not knowledgeable in business matters which my husband knew and that's one of the reasons he/we nominated 'Five (5) Executors.' They (the Bank with their Attorneys) took advantage of my naive manner. *My Husband* always informed people "Still waters run deep." I had a lot of determination for Justice since my husband and I started from the bottom-up - We had no money when we married - We had Faith!

Both *My Husband* and I worked hard for the American dream only for me to see them try to destroy it. They have destroyed my music and art worlds and 22-25 years of my life. How can 'THEY' replace 25 plus years of My Life? How can '***They All Make Me Whole?***' They hope I'll die and go away! In the beginning I did trust them and that was my error but I must say they are 'professional' con men and women!

With the help of others along with Patrick Hanley (a wiz at research and analysis) I've had much publicity due to educational picketing and (informational leafleting) protesting since I didn't and don't want another Widow or Family to have to endure the distress and oppression that I have had - which is ongoing with no Accountability!

Some publicity about me and *My Husband's* Estate includes - Forbes, Bloomberg, Fortune, Smart Money, Absolute, Manhattan Style, New York Post, NY Newsday (Sunday with photo), NY Daily News, Palm Beach Post (Sunday Feature article with photos), Palm Beach Daily News and NY Lawyers along with Television and Radio. Their response is RETALIATION - 'Might makes Right!'

Palm Beach Post (Florida) - was told by Deutsche Bank "don't you dare publish this!" The editor's reply was "We are in the publishing business - you are in the banking business so mind your own business." The editors told me "I believe you are only the tip of the iceberg." Now through Patrick's research we found that this is true - See Kirch Estate Media publicity (***Links Below - A to U*** along with Copies Attached) whose attorneys were in touch with us. The Kirch Estate in many ways is similar to *My Husband's* Estate. ***Deutsche Bank*** and their Attorneys got caught in their web of lies and denials in the Kirch



Estate/**Deutsche Bank** (Same as they did in *My Husband's Estate*) and now it appears three (3) Executives have been indicted ('Attempted Fraud') thanks to the German Judicial and Regulatory authorities. (See **Link U** attached WSJ Article dated 9-24-14 - 1 pp.) Sadly, it has been my experience that the Judicial and Regulatory authorities in our country are not as diligent but the facts will not go away in the McCormick Estate and the 'Emperor has no clothes' shame also will not go away! Deutsche Bank and their Attorneys have no shame to destroy families and ruin peoples lives as they do - I certainly do not want another widow to have to endure what I have been subjected to and I believe the only way to stop this madness is to put these despicable people (and Bank) in Jail and heavily fined for the misery they have spread.

**A -**

<<http://dealbook.nytimes.com/2014/02/20/deutsche-bank-to-pay-1-06-billion-to-settle-long-running-litigation/>> 2 pp.

(2-20-14 - Deutsche Bank Settles Dispute for \$1.6 Billion)

**B -**

<<http://www.reuters.com/article/2014/02/20/us-deutschebank-kirch-idUSBREA1J0YO20140220>> 1 pp.

(2-20-14 - Deutsche Bank settles Kirch case in milestone deal)

**C -**

<<http://www.bloomberg.com/news/2014-02-20/deutsche-bank-pays-1-1-billion-to-settle-kirch-heirs-lawsuits.html>> 3 pp.

(2-20-14 - Deutsche Bank Pays \$1.27 Billion to Settle Kirch Dispute)

**D -**

<<http://www.insidecounsel.com/2014/02/21/longstanding-deutsche-bank-lawsuit-settled-with-kirch>> 2 pp.

(2-21-14 - Longstanding Deutsche Bank lawsuit settled with Kirch Family)

**E -**

<<http://www.bloomberg.com/news/2014-02-25/kirch-s-widow-seen-as-driving-force-in-deutsche-bank-peace-pact.html>> 1 pp.

(2-25-14 - Kirch's Widow Seen as Driving Force in Deutsche Bank Peace Pact)

**F -**

<<http://www.spiegel.de/international/business/deutsche-bank-reaches-deal-in-kirch-case-but-faces-further-troubles-a-955390.html>> 2 pp.

(2-26-14 - Deutsche Bank's Ongoing Legal Woes)

**G -**

<<http://www.bloomberg.com/news/2014-03-25/deutsche-bank-raided-in-latest-fraud-probe-over-kirch-lawsuits.html>> 2 pp.

(3-25-14 - Deutsche Bank Raided, Leithner Probed in Kirch Fraud Cases)

**H -**

<<http://www.theguardian.com/business/2014/may/22/deutsche-bank-283m-legal-fees-6000-cases>> 1 pp.

(5-22-14 - Deutsche Bank spends £282m on legal fees in 2013)



**I -**

<<http://nypost.com/2014/07/22/new-york-fed-slams-deutsche-bank-reports/>> 2 pp.  
(7-22-14 - New York Fed slams Deutsche Bank reports)

**J -**

<<http://dealbreaker.com/2014/07/federal-reserve-suggests-deutsche-bank-just-scrap-the-whole-e-thing-and-start-over/#more-130800>> 1 pp.  
(7-22-14 - Federal Reserve Suggests Deutsche Bank Just Scrap The Whole Thing And Start Over)

**K -**

<<http://www.the-american-interest.com/blog/2014/07/23/ny-fed-slaps-down-deutsche-bank-for-sloppy-bookkeeping/>> 1 pp.  
(7-23-14 - NY Fed Slaps Down Deutsche bank for Sloppy Bookkeeping)

**L -**

<<http://www.forbes.com/sites/robertlenzner/2014/07/23/you-cannot-trust-the-public-reports-of-deutsche-bank-the-largest-bank-in-europe/>> 2 pp.  
(You Cannot Trust The Public Reports Of Deutsche Bank, The Largest Bank In Europe)

**M -**

<<http://dealbreaker.com/2014/07/deutsche-bank-cfo-probably-doing-some-soul-searching-right-about-now/>> 1 pp.  
(7-23-14 - Deutsche bank CFO Probably Doing Some Soul-Searching Right About Now)

**N -**

<<http://dealbreaker.com/2014/07/deutsche-bank-knows-its-financial-reporting-operation-is-a-janky-pile-of-crap/>> 1 pp.  
(7-30-14 - Deutsche Bank Knows Its Financial Reporting Operation Is a Janky Pile Of Crap)

**O -**

<<http://www.bloomberg.com/news/2014-08-12/fitschen-charged-in-kirch-case-sueddeutsche-zeitung-reports.html>> 2 pp.  
(8-12-14 - Deutsche Bank-Kirch Probe Charges Said to Be Filed)

**P -**

<<https://en-maktoob.news.yahoo.com/deutsche-bank-co-ceo-charged-kirch-case-112704884.html>> 2 pp.  
(8-12-14 - Deutsche Bank co-CEO 'charged' in Kirch case)

**Q -**

<<http://washpost.bloomberg.com/Story?docId=1376-NBJD5W6TTDS001-57K4IQRIB66VRAQ28BMNC4878M>> 1 pp.  
(9-7-14 - Ackermann Tells Prosecutors of Testimony Change in Kirch Case)



**R -**

<<http://www.bloomberg.com/news/2014-09-16/deutsche-bank-ex-executives-said-to-get-indictments-in-probe.html>> 1 pp.

(9-16-14 - Deutsche Bank, Ex-Executives Said to Get Indictments in Probe)

**S -**

<[http://dealbook.nytimes.com/2014/09/23/german-prosecutors-charge-deutsche-bank-executives/?\\_php=true&\\_type=blogs&\\_r=0](http://dealbook.nytimes.com/2014/09/23/german-prosecutors-charge-deutsche-bank-executives/?_php=true&_type=blogs&_r=0)> 3 pp.

(9-23-14 - German Prosecutors Charge Deutsche Bank Executives)

**T -**

<<https://ca.news.yahoo.com/deutsche-banks-fitschen-former-ceos-breuer-ackermann-charged-112234513.html>> 1 pp.

(9-23-14 - Deutsche Bank's Fitschen, former CEOs Breuer and Ackermann charged over court statements)

**U -** The Wall Street Journal (WSJ) dated 9-24-14 - Top Deutsche Bank Executive Is Charged in Kirch Heirs Case - 1 pp

*My Husband* was proud (of our hard work and what it produced) as was Leo Kirch and his wife Ruth I'm sure -

1 - McCormick Management Consulting Company which he solely owned and started - He was in the Top 50 out of thousands.

2 - We acquired a major 19<sup>th</sup> Century English Art Collection in the US at the time as stated by the Forbes. I have letters to prove **Bankers Trust Company** and **White & Case** basically destroyed my art with a directly forced "Fire Sale" of the Art Collection shortly after *My Husband* died and I was grieving. The Collection was given to me outright by *My Husband* (as a part of the Martial Deduction)! *Diana E. Brooks (DeDe Brooks)* was in charge of the 'McCormick Art Sale' along with the law firm **White & Case** and **Bankers Trust Company**. Of course, she made everything look good with a private luncheon for me before the Art Sale with Winthrop Rutherford (White & Case) and an Vice President of **Bankers Trust Company** in attendance. She later pleaded guilty to violating US Antitrust Laws (2001) as you may recall! The crooks were busy even before Ed's death. I was still in a grieving mode and not up to their tricks. I was forced into a 'Estate Fire Sale.' The 'Crooks' were very busy again.

3 - *My Husband* acquired many excellent real estate properties (residential and commercial) **under the Will, I was the Main Beneficiary - BUT I GOT NOTHING!**

4 - Stocks and Bonds - at least 7 million liquid - **Again under the Will, I was the Main Beneficiary - BUT I GOT NOTHING!** (Selected Pages of Will - See Affidavit Exhibit # 1 - Complete Will is available) Believe it or not, in the beginning they had me live



off of my personal savings indicating it would be returned to me. **NEVER WAS RETURNED - MORE LIES!** *My Husband* in his Will calls for a \$500,000 'Legacy' to me within one (1) month after his death. **Bankers Trust Company** (and their Attorneys) gave me a small portion of it (an Insurance Policy) and refused to give me anything else! Again I believed and trusted their financial acumen of managing money -

*My Husband* loved that I worked on my music which also opened many doors for him in business - we had a good partnership in all senses of the word! We planned to renew our Marriage Vows on our 20<sup>th</sup> wedding anniversary. Sadly he died shortly prior to our anniversary.

I won a competition at young age (13). I attended Juilliard School of Music in New York.

Won the 'Paderewski Gold Medal' in a nationwide competition of 68,000 pianists.

Studied also with the Head of Curtis Institute of Music in Philadelphia (related to Gerswhin family). All this was possible with the help/support of 'Patrons' - wealthy families (I literally knocked on doors) in Grand Rapids, Michigan where I was from.

I have performed in the US and Europe which included London, multiply occasions in Rome, Paris, Mexico City and Russia.

Performed with the New York Pops in Carnegie Hall.

My video was shown on 132 major PBS TV Stations around US.

Made a Concert tour in Russia (USSR) and Georgia Russia as a guest of President Eduard Shevardnadze and family. A film was made that won first prize in the Moscow Film Festival.

Performed at United Nations and received the Peace Award.

I was asked to make an additional Concert tour throughout Europe for the leaders of different countries after *My Husband's* death - However, when I discovered the 'swindles' with the Estate that were going on while I was on the first tour, my focus changed! Sadly, I had to turn down the second Concert Tour. It was planned that Jimmy Carter and his wife Rosalyn would be on the tour with others. This would have been a great opportunity for my career which *My Husband* would have relished.

**White & Case** and **Bankers Trust Company** wine and dined *My Husband* and myself to acquire his Estate four (4) years before death. They then came to our home to discuss the Will and Estate Planning etc. several times. They had me trusting them! *My Husband* had five (5) Executors thinking I would be protected. It is inconceivable that in the end they all grabbed whatever they could get. This included an embezzlement and burning the books on the real estate by one Executor. Who was guilty of being in charge? Obviously the Convicted Federal Felons **Bankers Trust Company** and their 'Enduring' law firm **White**



**& Case.** It should also be noted that within three (3) months of the inception of *My Husband's* Estate the Estate law firm **White & Case** **ABANDONED** the Estate with the filing of a Petition (See Affidavit Exhibits # 40 & # 41) in the Surrogate's Court for their 'Enduring Client' **Bankers Trust Company** thus leaving the Estate without any legal representation which it is to this day. Later (April 1996 See Affidavit Exhibits # 42 & # 43) **Bankers Trust Company** made sure that **White & Case** was paid \$250,000 of Estate funds (I strongly objected) for alleged Estate legal fees! Another Criminal Fraud! Whenever, I objected to anything **Bankers Trust Company's** answer was that I was out-voted. Credibility at **Bankers Trust Company** with regard to *My Husband's* Estate is about subtleties and about perceptions, as opposed to reality!

*My Husband* and I worked very hard for this money.

As I said the 'Hell on Earth' I've been through is 'Ritual Abuse!' - No one could dream up this story all because I've told the truth and revealed the Fraudulent Criminal actions and for which they practice retaliation and terrorize me! It's 24/7! They are the "Silent Thieves" (The Banality of Evil!) - I want that to be the name of my book if it comes to that! As long as it's a secret they can do it to many others! How many others are there like me that have been covered up? Can they return to me 23 years (plus) of my life and make me 'Whole?'

The 'Bank' illegally and Fraudulently (**Not on the Permanent Letters Testamentary dated 1-25-89 - No Legal Standing** - See Affidavit Exhibit # 5) has egregiously held money (controlled the 'Estate's' money) since the inception of the Estate with NO appreciation or interest - entitled 'McCormick Estate' on the 'Statements' that they are required by law to send me. It most definitely is mine (PLUS)!

If they didn't tell me about the \$250,000 AT&T Bond for over 25 years - what other monies are there that they didn't reveal to me? Also, the Bank and it's Attorneys have no answers as to what happened to the \$1 ½ million the week my husband was dying and in a coma? The 'Bank' says the account was closed and no one knows who closed it. All this and more is NOT in the Fraudulent Final Accounting prepared and submitted by the law firm of **White & Case** on behalf of the Fraudulent Professional Executor **Bankers Trust Company** that I would not sign since I was not going to be part of the Bank's and their Attorney's 'Web of Fraud.'

The head of the **Bankers Trust Company's** Trust Department, William J. Wilkie committed 'Perjury' on the record during a Court Deposition See Affidavit Exhibits # 55, # 56 & # 57. Remember that they are Convicted Federal Felons so there is a 'Pattern and



Practice.' They have given me NO MONEY (Income). Whose money do they think this is? I had a Surrogate Court Judge (Scarpino) that had worked at **Bankers Trust Company** who never revealed this material fact and it took two (2) years to recuse (should have been 'Disqualified') him amid the corruption. Also, he (Scarpino) 'Issued and Certified' a *Certificate of Appointment of Fiduciary (dated 4-20-04) over a year after he finally 'Recused' himself under extreme pressure (2-2003)!* As a Widow I have been denied 'Justice' along with 'Due Process' in this cesspool of 'Egregious Bad Faith' and Unclean Hands' - A Criminal Tragedy! We intend (preparing) to file criminal complaints against the two (2) Surrogate Judges for issuing false /Fraudulent documents.

Patrick Hanley has endless research and proof of their criminal acts including many of their lies and subsequent cover-up's involving also the IRS. The IRS Agent did ask if I received my money covered in the IRS #706 Estate Tax Form by the 'Marital Deduction' (\$11,000,000) - My response was NO! At the time we didn't know all the Frauds that we know now! We report Fraud as we discover it! I've also asked for a 'Risk Manager' at

**Deutsche Bank** over three (3) years ago to no avail, just more 'Stonewalling.' Bankers Trust Company, the law firm White & Case and the CPA (an Executor) produced IRS Tax Returns for the eight (8) real property alleged partnerships - when we checked with the IRS they stated that NO FEDERAL PARTNERSHIP TAX RETURNS WERE FILED *before the date of death.* - *the IRS stated this in a letter to me when I sought this information.* The Struggle continues.....

As you see by 'The Kirch Estate/Deutsche Bank' (*See A - U Links Above*) if they (the 'Bank') and **White & Case** are asked about any Fraud they committed they try to 'Cover-up' by either *lying or denying any wrong* (abuse of process is a specialty) and they have the Judges going along with them since in my case Judges signed and issued false/Fraudulent documents/instruments thereby altering Official Court Records and the filing of same. The Courts, Judges, Attorneys and Bank will not clean-up their self-inflicted mess (*My Husband's Estate*) because they are all involved in the cover-up and they are using the 'Color of Law' along with the 'Color of Office' as the means to effect same. They do not understand that President Nixon was caught on the 'Cover-Up' rather than the crime (burglary) itself and of course, twisting facts is another trick which creates delay since one must counter-argue. *That explains (in part) my 20 plus years delay by inadequate Attorneys who didn't dare or know how to handle these 'Thugs.'*

Winthrop Rutherford of **White & Case** (who drafted the Will) when asked at the funeral said that the Estate was approximately \$45-47 million. A statement of worth that the Bank dated four (4) months prior to death lists: Gross \$37-38 million - Net \$24 million. It is my understanding that the Estate was filed for tax purposes with the IRS at \$17 million. A marital deduction was exercised (*I only received a portion*) and the Estate Taxes were around \$2 million - so how much more would it be at \$37-38 (Net \$24) million instead of \$17



million. *My Husband* had revealed to me a month before his death that the Estate was over \$100 million and that I would be very well provided for. Therefore, the 'True Value' of the Estate is a great concern due to the fact that we know now that the Bank and their Attorneys knowingly and willfully with intent hid the AT&T \$250,000 Bond from me and the Estate (not listed in the Fraudulent Accounting) - so the question is what else have they not reported and seized for themselves?

The Federal Reserve Bank of New York in a recent letter that has been reported in the media berated Deutsche Bank for it's ongoing and continuing 'Sloppy Bookkeeping.' (See *K* above). As this article states in part ***"If the flagship bank of the German financial system is a poorly managed, amateur-hour operation, at least as far as its U.S. operations go,..."*** ***It continues "... what does that say about the regulation of banking over the past twenty years, in both the U.S. and Europe?"*** (Emphasis added) This also gives a great insight into the operation of the Bank's Trust Department. The most recent revelations are that German

Prosecutors have filed criminal charges on Tuesday (9-23-14) against the current co-chief executive of Deutsche Bank, Jurgen Fitschen and former CEO's Rolf Breuer and Josef Ackermann all regarding the Kirch matter (See *S* and *T* above) and also attached WSJ article dated 9-24-14 (See *U* above). First we have Bankers Trust Company/Deutsche Bank becoming a convicted Federal Felon (7-26-99) and now that the CEO's of Deutsche Bank (current and former) are singled out for criminal charges is surrealistic! The "Bank" has admitted other criminal acts between the felony conviction (1999) and the latest shameful revelations (9-23/24-14). The Pattern and Practice in 'The Culture Of Corruption' is clear and Accountability starts with the Truth and Transparency that are the first elements of JUSTICE! All I'm looking for as a Widow is "JUSTICE" and to be made WHOLE! They have me hanging with NO SETTLEMENT and *My Husband's* Estate is open with NO Estate Attorney since early 1989. No Widow should be subjected to this torture and abuse - I certainly don't want any other Widow to have to endure what I have had to endure. These Criminals belong in Jail! I have a feeling that the continued recalcitrancy will not save them any longer

All of the 'Attorneys' as 'Officer's of the Court' have strict obligations not to conceal a Felony committed by another under the term "Misprison of Felony." I wonder how many have done so in the McCormick Estate matter?

***Suzanne McCormick (Mrs Edmund J. McCormick) - Widow, Main Beneficiary and Legal Executrix of the Estate of Edmund J. McCormick. 11-24-14***





A

**The New York Times**

## Deutsche Bank Settles Dispute for \$1.06 Billion

By Chad Bray

February 20, 2014 9:54 am

Updated, 8:43 p.m. | Deutsche Bank said on Thursday that it would pay more than 775 million euros, or about \$1.06 billion, to the heirs of the late media mogul Leo Kirch to settle a long-running dispute over the collapse of his empire.

The settlement resolves more than a decade of litigation between the bank and Mr. Kirch and his family over the downfall of the Kirch Group and its subsidiaries, which was the largest corporate collapse in Germany since World War II.

“With today’s agreement, we are resolving a well-known and longstanding legacy matter,” Jürgen Fitschen and Anshu Jain, the Deutsche Bank co-chief executives, said in a statement. “In our judgment, this is in the best interests of our stakeholders. We intend to make further progress in this regard, step-by-step, throughout 2014.”

The Kirch dispute is one of several pieces of legacy issues that Mr. Jain has vowed to resolve this year.

The German lender agreed in December to pay \$1.9 billion to settle claims that it had defrauded Fannie Mae and Freddie Mac in the sale of mortgage-backed securities before the United States real estate market collapsed.

European Union antitrust regulators also fined the bank €725 million in December as part of an investigation into the rigging of benchmark interest rates.

In January, Deutsche Bank reported a surprise loss of €965 million in its fourth quarter, reflecting in part €528 million in charges related to lawsuits stemming from previous allegations of misconduct.

The settlement with the Kirch estate is based on a proposal made by the Munich Higher Regional Court in March 2011, the bank said. It provides for a payment of €775 million, plus interest and a lump-sum reimbursement of costs.

The bank said its results would be reduced by €350 million after tax as a result of the settlement and a charge would be reflected in its fourth-quarter 2013 results.

Mr. Kirch sued the bank after an appearance by Rolf E. Breuer, the bank’s former chief



executive, on Bloomberg Television in February 2002 in which he commented on the media company's creditworthiness. The Kirch Group was a client of the bank at that time.

Even though details of the Kirch Group's problems had been reported in the media before Mr. Breuer's interview, Mr. Kirch contended that the bank breached confidentiality rules under German law and had tried to damage the company's reputation.

Later that year, the Kirch Group's three main subsidiaries declared bankruptcy.

Deutsche Bank has denied the allegations.

At its height in the 1990s, the Kirch Group was the second-largest media company in Germany behind Bertelsmann. The media empire included television channels, tens of thousands of movie rights and a stake in Formula One car racing.

Mr. Kirch died in 2011 at the age of 84, but his family continued to pursue billions of euros in damages from Deutsche Bank.

In December 2012, Deutsche Bank suffered a setback when a German court found the lender liable to pay damages related to the Kirch Group's collapse. The court did not set a damage amount at the time, and Deutsche Bank challenged the decision on appeal.

A version of this article appears in print on 02/21/2014, on page B6 of the NewYork edition with the headline: Deutsche Bank Settles Dispute for \$1.06 Billion.



**B**

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## Deutsche Bank settles Kirch case in milestone deal

Thu, Feb 20 2014

By Thomas Atkins

FRANKFURT (Reuters) - Deutsche Bank (DBKGn.DE: Quote, Profile, Research, Stock Buzz) ended a 12-year battle with the heirs of media mogul Leo Kirch on Thursday, closing one of Germany's most acrimonious corporate disputes in a deal costing the country's largest lender about 925 million euros (\$1.27 billion).

Kirch, who died in 2011, blamed the bank for his group's demise.

The deal takes Deutsche a big step closer to its near-term goal of settling its large amount of claims, investigations and fines that have proved an expensive distraction while management have been under pressure over the financial crisis.

Joint chief executives Anshu Jain and Juergen Fitschen promised to conclude most of these "legacy issues" as they reshape the bank to meet more stringent regulatory demands and tougher markets.

"We intend to make further progress in this regard, step by step, throughout 2014," they said in a statement.

The settlement brings to about 6 billion euros the amount that Deutsche has paid in fines and claims in 2012 and 2013 and will take a chunk out of the 2.4 billion in reserves set aside last year to deal with future such problems.

Deutsche Bank will charge for the settlement in its 2013 results, pushing it about 350 million euros deeper into loss after tax and bringing its net loss to about 1.3 billion in a fourth quarter already hit by heavy legal and regulatory costs.

The settlement includes a payment of 775 million euros plus interest and a lump-sum reimbursement of costs.

### TOO LITTLE, TOO LATE?

"We welcome the settlement. We would have liked to see it concluded during the lifetime of Leo Kirch. The damage caused by Deutsche Bank was significantly greater than the settlement," said a spokesman for the Kirch family.

Kirch had claimed that ex-Deutsche chief executive and later chairman Rolf Breuer triggered his media group's downfall by questioning its creditworthiness in a 2002 television interview. Kirch sought for years to recoup about 2 billion euros (\$2.7 billion) in damages.

In 2002, while he was participating in the World Economic Forum at New York's Waldorf-Astoria hotel, Breuer appeared to raise questions about Kirch Group's creditworthiness during a TV interview.

Breuer was also then chairman of Germany's private-sector bank association. Kirch argued that the comments amounted to a signal for other creditors to discontinue funding.

The family later argued that the statement was part of a deliberate scheme to force Kirch into bankruptcy, whereby the bank could reap hefty fees helping the group to restructure.

Deutsche Bank and its executives have denied that Breuer's comments led to the collapse of the Kirch empire.

But the case has occupied lawyers, the courts and the media for years, with Germany's constitutional court getting involved at one point, and has led to a number of additional lawsuits or criminal investigations.

Following Thursday's settlement, a Munich court said that the Kirch family had withdrawn its complaints against Breuer and the bank.

In a sign that former CEO Breuer may seek a separate settlement, Deutsche Bank ended its relationship with law firm Hengeler Mueller, who had represented both in the case.

The case, however, still represents some risk for Fitschen. Munich prosecutors launched a separate criminal investigation in November into whether he gave misleading evidence.

The Munich prosecutor said on Wednesday that a settlement could help mitigate any penalty Fitschen could possibly face if he were ever charged in the investigation.

Deutsche Bank has said it is sure that Fitschen would be cleared.

(This story has been refiled to remove reference in paragraph 16 to police swarming Deutsche HQ in 2012, which was related to an investigation into CO2 certificate trading fraud, not the Kirch case)

(Additional reporting Edward Taylor; Editing by Louise Ireland and David Evans)



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# Bloomberg

## Deutsche Bank Pays \$1.27 Billion to Settle Kirch Dispute

By Karin Matussek and Nicholas Comfort - Feb 20, 2014

Deutsche Bank AG (DBK) will pay about 925 million euros (\$1.27 billion) to settle a 12-year-old dispute with the heirs of Leo Kirch over the collapse of his media group, according to two people familiar with the matter.

Deutsche Bank agreed to pay 775 million euros plus interest and costs, the Frankfurt-based company said in an e-mailed statement today. Those items total 150 million euros, said the people, who asked not to be identified as the information isn't public. Kirch's family was seeking more than 3.3 billion euros in lawsuits against the lender.

The media entrepreneur, who died in 2011, and his heirs have been fighting Deutsche Bank ever since former Chief Executive Officer Rolf Breuer questioned Kirch's creditworthiness in a 2002 Bloomberg TV interview. The media group filed for insolvency in the following months. The dispute led to dozens of lawsuits and to criminal investigations, including one by Munich prosecutors over the court testimony of bank executives.

"With today's agreement, we are resolving a well-known and long-standing legacy matter," Juergen Fitschen and Anshu Jain, Co-CEOs of Deutsche Bank, said in the statement. "In our judgment, this is in the best interests of our stakeholders."

### Shares Underperform

Deutsche Bank, Germany's biggest bank, fell 1.2 percent to 35.12 euros in Frankfurt trading at 5:03 p.m. The shares have declined 3 percent in the last 12 months compared with a 14 percent increase for the 43-member Bloomberg Europe Banks & Financial Services Index.

"We welcome the settlement even though we wish it was reached while Mr. Kirch was still alive," a spokesman for the family said. "The damage caused is much higher though."

The settlement, after existing provisions, will widen Deutsche Bank's fourth-quarter loss by about 350 million euros, the company said in the statement.

The amount "was higher than I had expected," Stefan Bongardt, an analyst with Independent Research GmbH in Frankfurt who recommends investors hold the stock, said by phone today. "That might weigh on investors initially but it is good for them to get litigation like this out of the way."

Deutsche Bank had 2.3 billion euros set aside to cover fines and settlements at the end of 2013, the company said in a statement last month. It posted a 958 million-euro loss for the fourth quarter due to other legal expenses and accounting charges.

### Remaining Probes

The bank will make progress on dealing with legal issues this year, according to the statement published today. Deutsche Bank has yet to resolve probes into alleged attempts to rig benchmark interest rates and currencies. It also faces allegations it didn't adequately describe U.S. mortgage-backed securities sold to clients.

The Munich Higher Regional Court in December 2012 ruled the lender and Breuer were liable for the statements in the TV interview. The judges at the time didn't rule on how much damages were due and said this would be determined in a



separate step. Deutsche Bank, which denies wrongdoing, had asked Germany's top civil court to hear an appeal in that case.

"The Kirch group's lawyers plastered Deutsche Bank with lawsuits," Michael Seufert, an analyst with Norddeutsche Landesbank who recommends investors hold the stock, wrote in an e-mailed report. "They also turned the bank's annual shareholder meetings into secondary theaters of war and filed a series of challenges to their resolutions."

## Lawyer Stopped

The family scored a victory in April when Deutsche Bank was forced to repeat its 2012 shareholder meeting at a cost of about 5 million euros because former supervisory board chairman Clemens Boersig stopped one of their lawyers from speaking.

The lawsuits brought by the Kirch family alleged the bank secretly plotted to bring about the end of his media empire or to use that threat to force him to appoint the lender as a restructuring adviser. Part of the conspiracy, they argue, was the Bloomberg TV interview.

Christian Hamann, an analyst at Hamburger Sparkasse who recommends investors hold Deutsche Bank shares, said before the settlement was announced that he remembered Breuer's comments at the time.

## 'Tougher' Court

"I was at a seminar and as I walked out, I heard the TV interview. I had no idea that it would ever result in Deutsche Bank having to make such a payment," said Hamann, who in 2002 was an analyst focusing on the insurance industry at Bayerische Landesbank. "The remarks seemed like something everyone knew already. But that has changed over the years as the court got tougher and tougher."

The Munich suit that yielded the 2012 ruling led to a separate criminal probe into the bank's executives. Fitschen, Breuer, former CEO Josef Ackermann, ex-chairman Clemens Boersig and former board member Tessen von Heydebreck are under investigation for their testimony in the case. Deutsche Bank has denied wrongdoing by any of them.

While today's settlement will end legal disputes between the Kirch heirs and the bank, the criminal probe isn't affected by the agreement.

"Their readiness to settle may also reflect a desire to end the investigation of Fitschen," Bongardt said. "I can imagine that they may be more willing to do so now."

## Client Interests

In a separate case, the Federal Court of Justice said in 2006 that Breuer's comments on TV violated his duty not to endanger the creditworthiness of a bank client. That ruling referred to a Kirch unit to which Deutsche Bank had lent money. That case was also pending in Munich.

Deutsche Bank rejected a settlement offer in 2012. The lender and Kirch's family discussed a possible 800 million-euro deal, a person with knowledge of the negotiations said at the time. The Frankfurt-based bank in 2011 was said to have rejected a 775 million-euro accord proposed by the Munich court.

"This lawsuit is one of the most expensive examples of why it isn't just sensible but also economically beneficial not to lose sight of the basic principles of banking," wrote Seufert at NordLB. "Management wants to deal with more legal issues in 2014. That will continue to weigh on the bank's earnings."

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The family of the late Leo Kirch has been seeking monetary recompense for the collapse of his empire

BY JULIANA KENNY (/AUTHOR/JULIANA-KENNY)

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(<http://www.insidecounsel.com/2013/12/10/former-deutsche-bank-managing-director-imprisoned>) over the downfall of the Kirch Group, which started in 2002. Deutsche Bank's chief executive officer Rolf Breuer publicly questioned the creditworthiness of the Kirch Group in that year, and the group subsequently suffered lawsuit upon lawsuit, and ended in collapse.



Deutsche Bank (<http://www.insidecounsel.com/2013/12/27/jpmorgan-and-deutsche-bank-join-ban-on-multiparty>) has finally agreed to compensate the Kirch family in the form of €775 million, plus interest and costs, which amount to another €150 million according to Bloomberg (<http://www.bloomberg.com/news/2014-02-20/deutsche-bank-pays-1-1-billion-to-settle-kirch-heirs-lawsuits.html>), which will settle the long-running dispute with Leo Kirch's heirs, albeit far under the family's sought-after sum.



Jürgen Fitschen and Anshu Jain, the Deutsche Bank co-chief executives, said in a statement reported in *The New York Times* that the bank had agreed to settle the lawsuit for 1.06 billion euros (\$1.3 billion) to settle a long-running litigation. "With today's agreement, we are resolving a well-known and long-standing legacy matter. In our judgment, this is in the best interests of our stakeholders. We intend to make further progress in this regard, step-by-step, throughout 2014."

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Of course, this is not the first time within the last year that the German banking firm has been in the media in a negative light; the bank reported losses in its Q4 earnings report in January that were a direct result of litigation expenses. In 2013, the bank's former AG managing director Ma Sin-Chi was imprisoned (<http://www.insidecounsel.com/2013/12/10/former-deutsche-bank-managing-director-imprisoned>) for accepting bribes. The bank has also been under fire and fined by the European Commission for rigging benchmark interest rates, having somewhat admitted to helping authorities potentially manipulate foreign-exchange rates. No doubt, the bank will welcome the opportunity to be rid of the 12 year-long legal dispute with the Kirch family.

#### Further reading:

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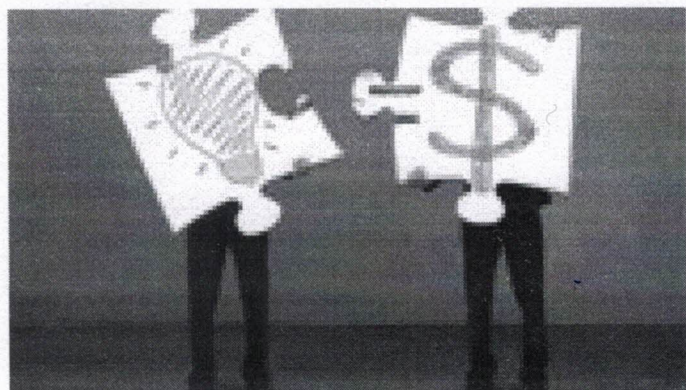


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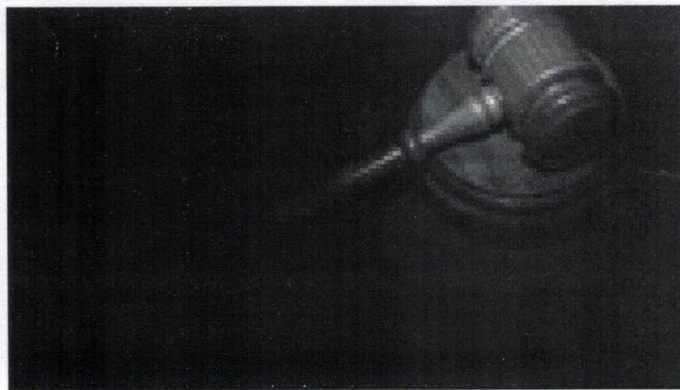
Juliana Kenny is a contributor to InsideCounsel.com, covering a range of topics including patent litigation, conflict mineral laws, executive compensation, and antitrust regulation. Juliana earned B.A.s...

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# Bloomberg

## Kirch's Widow Seen as Driving Force in Deutsche Bank Peace Pact

By Karin Matussek - Feb 25, 2014

Ruth Kirch, the 87-year-old wife of the late Leo Kirch, took the initiative to reach the 928 million-euro (\$1.28 billion) settlement with Deutsche Bank AG (DBK) after at least three failed attempts in previous years, according to the agreement.

The Kirch side and Deutsche Bank agreed to end all litigation and refrain from any such disputes in the future on "the initiative of Frau Ruth Kirch," they wrote in the preamble of an agreement published in Germany's gazette for corporate filings. The aim of the pact is to reach a "final peace."

"This dispute overshadows an appropriate valuation of the entrepreneurial lifetime achievement of Dr. Leo Kirch," the preamble of the contract reads. His media group "decisively shaped the German film and television landscape for decades."

The settlement, signed last week, ended a litigation battle between Germany's biggest lender and Kirch that triggered a criminal probe against the bank's management. According to the agreement, the amount claimed by the Kirch side, including interest, totaled about 20 billion euros.

Under the deal, KGL Pool GmbH, a company bundling and litigating claims of Kirch group units, received 766.25 million euros. Darpar, a company set up to be the official heir of Leo Kirch, received 8.75 million euros. Deutsche Bank also has to pay about 113 million euros of interest and a lump-sum of 40 million euros for costs. Germany's taxpayers will collect almost 30 million euros, according to the agreement.

### Interest Payments

The interest was calculated using a rate of five percent starting March 24, 2011 -- the day when the the Munich court hearing the central disputes proposed a 775 million euro settlement. Deutsche Bank rejected that proposal at the time, two people familiar with the case said.

Under the agreement, Deutsche Bank withheld 25 percent of tax on the interest payments, which will be transferred to the authorities.

Kirch, who died in 2011, and his heirs have been fighting Deutsche Bank ever since former Chief Executive Officer Rolf Breuer questioned Kirch's creditworthiness in a 2002 Bloomberg TV interview. The media group filed for insolvency in the following months. The dispute led to dozens of lawsuits and to criminal investigations, including one by Munich prosecutors over the court testimony of bank executives.

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## Kirch Settlement

### Deutsche Bank's Ongoing Legal Woes

*By Dinah Deckstein and Martin Hesse*

**A settlement has been reached in the 12-year legal battle between the heirs of the late media mogul Leo Kirch and Deutsche Bank. But Germany's largest lender hasn't seen the last of its legal headaches.**

An opera premiere is always a social occasion, including in Munich. A new production of Mozart's "La clemenza di Tito" at the State Opera on February 10 was attended by a host of industry leaders, from Linde CEO Wolfgang Reitzle and his wife to Maria-Elisabeth Schaeffler, co-owner of the Schaeffler Group, and her partner. Also present were two other top managers, who appeared less interested in what was happening onstage than in shop-talk: one was Paul Achleitner, head of Deutsche Bank's supervisory board, and the other was Peter Löscher, former CEO of Siemens.

They shared a secret -- they both likely already knew a bit of news that would only become public 10 days later: Deutsche Bank had unexpectedly reached an agreement with the Kirch Group, ending a legal battle that had lasted more than a decade. Achleitner was one of the main driving forces behind the deal, while Löscher sits on the supervisory board, which was informed last Wednesday of the €900 million (\$1.2 billion) settlement.

The bank was brought to its knees by pressure from public prosecutors, who are also investigating co-CEO Jürgen Fitschen and four other former management board members for attempted fraud in connection with the Kirch case.

But no one is exactly relieved. The resolution of this landmark dispute is too ignominious an outcome for the mighty bank. It was humiliated by Kirch's lawyers and the court. The public will remember this settlement as an admission that Deutsche Bank and its then-head Rolf Breuer, who in early 2002 cast aspersions in a TV interview on Kirch's creditworthiness, did indeed have a hand in the collapse of the media concern.

#### Grumbling

Achleitner, Fitschen and his co-head Anshu Jain also know that the settlement does not mark the end of the drama. The supervisory board will have to take recourse against Breuer for damages. The board might do its best to reach an agreement quickly, but the outcome is by no means a given. Bank sources say that erstwhile associates of Breuer, including former SAP head Henning Kagermann, still stand by him.

Nor can Deutsche Bank's board take the support of its shareholders for granted. A few investor representatives are already grumbling that it hardly need have taken so long to reach such a costly settlement. Former CEO Josef Ackermann had negotiated a similar deal two years ago, but back then, the entire board voted against the deal, not least for fear of the response from shareholders.

So why exactly did the board vote unanimously in favor of this settlement, even though it will cost the bank well over €100 million more?

Public prosecutors have been accelerating the investigation since last autumn. First, it was revealed that the authorities were not only investigating former board members but also Fitschen. In late January, Christiane Serini, the prosecutor in charge, let the bankers know that the files showed very clearly that Deutsche Bank had most certainly been interested in doing business with Leo Kirch -- contrary to what former managers had told the court. As CEO, Fitschen had backed up their incorrect version of events. Now, based on the investigation files, Germany's Federal Financial Supervisory Authority (BaFin) recently began looking into the possibility of stripping Fitschen of his license to head a credit institute.

#### Unanswered Questions

Stephan Leithner, a close confidant of Jain's, might soon find himself in a similar predicament. For the time being he is not being investigated, but as general counsel, he has been in charge of managing the case since June 2012. According to malicious gossip, Jain and Achleitner slammed the brakes on the settlement to protect Fitschen and Leithner and prevent the company's leadership from coming undone.

In fact, there were many possible paths out of this self-inflicted mess. The Frankfurt bankers could have withdrawn their complaint from the German Federal Court (BGH). This would have meant that the decision of the Higher Regional Court (OLG) was final and an even more expensive settlement might have been due.

Even a win at the BGH would not have done Deutsche Bank much good. The damages claim would have been referred back to the OLG. Had Fitschen and his friends rejected the investigators' suspicions with brand new arguments, their flip-flopping would have done nothing for their credibility.

Everything therefore pointed towards the settlement -- which benefits Fitschen, first and foremost. Given that the bank is covering the Kirch heirs' legal costs as well as the interest on the delayed damages payment, the charges against Fitschen might end up being reduced to a mere administrative offense.

The four former members of Josef Ackermann's board, meanwhile, are all facing prosecution.

As far as the public is concerned, the settlement has one major drawback. Even though the case has dragged on for over 12



years, one of its key questions will never be clarified by a high court: Who actually was responsible for Leo Kirch's bankruptcy?

*Translated from the German by Jane Paulick*

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# Bloomberg

## Deutsche Bank Raided, Leithner Probed in Kirch Fraud Cases

By Karin Matussek - Mar 25, 2014

Deutsche Bank AG's Frankfurt headquarters were raided today as part of a new probe of fraud allegations related to lawsuits filed by the late Leo Kirch while the third top executive was put under investigation.

Munich prosecutors opened a new investigation against bank employees and attorneys who represented the lender. Private homes of the employees were also searched, Peter Preuss, the prosecutors' spokesman, said by telephone. Stephan Leithner, the lender's management board member for legal, compliance and personnel, is also a suspect in a related case, Preuss said.

Today's raids on the bank and searches at two law firms last week show a 925 million-euro (\$1.27 billion) settlement of Kirch's civil lawsuits failed to resolve all the legal issues stemming from the 12-year-old dispute. Munich prosecutors are also investigating whether former executives and board members lied in their testimony about the case.

"It makes you wonder what drives Munich prosecutors to keep this up even after the settlement with Kirch," said Hans-Peter Burghof, a professor of banking at the University of Hohenheim in Stuttgart. "Some prosecutor must be deeply angry about the bank and you wonder why."

Deutsche Bank (DBK) spokesman Christian Streckert confirmed that the lender's offices were raided and declined to comment further. Ronald Weichert, a spokesman for the bank, declined to comment on Leithner's involvement.

### Law Firms

German law firms Gleiss Lutz and Hengeler Mueller were raided a week ago. Lawyers from both firms represented Deutsche Bank in various suits, which alleged the Frankfurt-based lender secretly plotted to bring about the end of the Kirch group, or to use that threat to force the media owner to appoint the lender as a restructuring adviser.

"The probe is reviewing suspicions that the suspects acted as co-perpetrators in committing attempted fraud," Preuss said. "It is based on what the court was told in written and oral arguments."

Former Chief Executive Officers Rolf Breuer and Josef Ackermann and co-chief executive officer Juergen Fitschen are being probed for attempted fraud for trying to fend off the Kirch claims by using inaccurate statements in court. In one of the suits, Ackermann testified that the bank didn't seek any business from Kirch at the time.

### Kirch Suits

Deutsche Bank has denied wrongdoing by any of them.

Leithner has been added as a suspect alongside the other executives in the probe, said Preuss. Fitschen and Leithner were responsible for what the bank argued in the Kirch suits, he said.

Leithner is the third current member of Deutsche Bank's management board under investigation. Fitschen and the lender's Chief Financial Officer Stefan Krause are being probed by Frankfurt prosecutors over a tax scheme related to carbon emission certificates. That case also targets a group of Deutsche Bank employees. The bank has denied the allegations.



Christian Seidenabel, a spokesman for Hengeler, said the firm won't comment beyond confirming last week's raids. Astrid Altmann Forbes, a spokeswoman for Gleiss Lutz, didn't immediately return a call seeking comment. She had confirmed the raids yesterday and declined to comment further.

Markus Meier and Peter Heckel, lawyers at Hengeler, and Luidger Roeckrath, an attorney at Gleiss Lutz, represented Deutsche Bank in the Kirch suits. In court papers and legal arguments they asked the court to dismiss the cases, relying on the executives' testimony. The three didn't immediately reply to e-mails seeking comment.

After Kirch died in 2011, his heirs continued to fight the lawsuits against Deutsche Bank until the cases settled.

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**H**

## Deutsche Bank spends £283m on legal fees in 2013

German company has around 6,000 cases outstanding as result of financial crisis and faces corporate governance questions

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AgenciesThe Guardian, Thursday 22 May 2014 13.16 EDT

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Deutsche Bank is involved in more than 1,000 cases with a value of more than €100,000. Photograph: Luke Macgregor/Reuters

Deutsche Bank gave shareholders a sense of the size of its legal and regulatory problems on Thursday, when it said it faced around 1,000 major legal cases.

Stefan Krause, the bank's finance chief, said that the bank had spent around €350m (£283m) in legal fees in 2013 alone, for cases arising from the financial crisis.

"We are involved currently in around 1,000 suits that have a value of over €100,000," Krause told shareholders at the bank's annual general meeting in Frankfurt. He said the total number of legal cases was more than 6,000. "We are expecting continued headwinds from legal matters."

While protesters outside the meeting attacked the bank for its involvement in the arms industry and its tax affairs, one of its top investors slammed the bank for its plans to raise €8bn in new equity while being dogged by a long list of scandals and investigations.



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# New York Fed slams Deutsche Bank reports

By Kevin Dugan

July 22, 2014 | 11:20pm



Deutsche Bank offices in London

Photo: Reuters

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Deutsche Bank has an integrity problem.

The German bank giant has come under fire from the Federal Reserve Bank of New York, which dinged the firm for a host of serious accounting, data and compliance problems.

"We have concluded that the regulatory reports provided by DB are of low quality, inaccurate and unreliable," the Fed said in a December letter, which



Final Shots: 'I To Take Shap



Deutsche Bank stock down 5%  
on legal woes

Deutsche Bank in \$1.9B  
settlement with FHFA

was first reported by the Wall Street Journal Tuesday.

The most pressing issues were ones that managers already knew about, according to the letter sent by Daniel Muccia, a New York Fed senior VP who oversees foreign banks.

They include "inadequate" reporting infrastructure and monitoring function, poor training, few people who are accountable for compliance policies and data riddled with errors.

"We have been working diligently to further strengthen our systems and controls and are committed to being best in class," said Michele Allison, a Deutsche Bank spokeswoman. "As announced in 2013, we are investing 1 billion [euros] as part of this effort, and we have appointed 1,300 colleagues to focus on it as part of a dedicated program."

Before the credit crisis, Deutsche Bank put together and sold billions in mortgage debt that its own traders thought was too risky, eventually losing money in the transactions and contributing to the global financial crisis.

Deutsche Bank "has not developed a formal Accountability Policy and governance structure that clearly articulates roles and responsibilities for all areas responsible for the integrity of regulatory reports," according to Muccia's letter.

The problem has persisted since at least 2002, according to the letter, when the regulator "highlighted significant weaknesses in the firm's regulatory reporting framework."

Earlier this year, the bank's head of compliance and government and regulatory affairs, Andrew Procter, left the bank for the London law firm Herbert Smith Freehills.

Deutsche Bank is facing a number of probes from US and foreign authorities into allegations that traders rigged interest rates and currency prices.

Eric Pajonk, a New York Fed spokesman, declined to comment.

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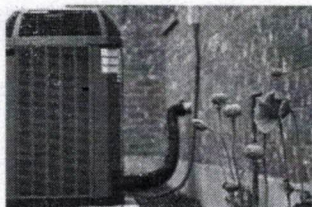
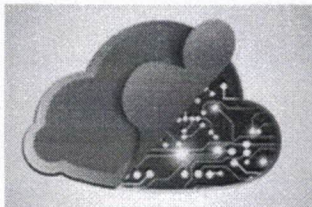
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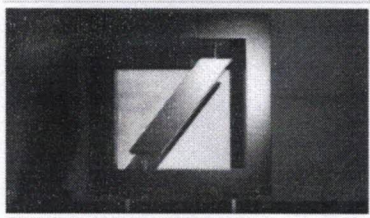
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22 Jul 2014 at 6:05 PM

## Federal Reserve Suggests Deutsche Bank Just Scrap The Whole Thing And Start Over

By Bess Levin



Yes, of course it's theoretically possible that management could go through and fix everything that's wrong with the firm's U.S. operations but, really, this is more of a tear down job.

An examination by the Federal Reserve Bank of New York found that Deutsche Bank AG's giant U.S. operations suffer from a litany of serious problems, including shoddy financial reporting, inadequate auditing and oversight and weak technology systems, according to documents reviewed by The Wall Street Journal. In a letter to Deutsche Bank executives last December, a senior official with the New York Fed wrote that financial reports produced by some of the

bank's U.S. arms "are of low quality, inaccurate and unreliable. The size and breadth of errors strongly suggest that the firm's entire U.S. regulatory reporting structure requires wide-ranging remedial action." [...] The Dec. 11 letter, excerpts of which were reviewed by the Journal, said Deutsche Bank had made "no progress" at fixing previously identified problems. It said examiners found "material errors and poor data integrity" in its U.S. entities' public filings, which are used by regulators, economists and investors to evaluate its operations. The shortcomings amount to a "systemic breakdown" and "expose the firm to significant operational risk and misstated regulatory reports," said the letter from Daniel Muccia, a New York Fed senior vice president responsible for supervising Deutsche Bank.

sche Bank Suffers From Litany of Reporting Problems, Regulators Said [WSJ]

Tags: Deutsche Bank, integrity or lack thereof, no progress, shortcomings, systemic breakdown, things that require wide-ranging remedial action





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## NY Fed Slaps Down Deutsche Bank for Sloppy Bookkeeping

In a letter leaked yesterday, the Federal Reserve Bank of New York accused the German financial giant of sloppy bookkeeping, and ordered it to clean up its act. The *Wall Street Journal* [reports](#):

An examination by the Federal Reserve Bank of New York found that [Deutsche Bank](#) AG's giant U.S. operations suffer from a litany of serious financial-reporting problems that the lender has known about for years but not fixed, according to documents reviewed by The Wall Street Journal.

[In a letter to Deutsche Bank executives](#) in December, a senior official with the New York Fed wrote that reports produced by some of the bank's U.S. arms "are of low quality, inaccurate and unreliable. The size and breadth of errors strongly suggest that the firm's entire U.S. regulatory reporting structure requires wide-ranging remedial action." [...]

The shortcomings amount to a "systemic breakdown" and "expose the firm to significant operational risk and misstated regulatory reports," said the letter from Daniel Muccia, a New York Fed senior vice president responsible for supervising Deutsche Bank. [...]

The letter, which hasn't been previously reported, ordered senior Deutsche Bank executives to ensure steps were taken to fix the problems. It also said the bank might have to restate some of the financial data it has submitted to regulators.

If the flagship bank of the German financial system is a poorly-managed, amateur-hour operation, at least as far as its U.S. operations go, what does that tell us about the state of European banking more generally? And what does that say about the regulation of banking over the past twenty years in both the U.S. and the EU?

At a minimum, it says we've still got a long way ago in the clean-up of the banking industry.

*Published on July 23, 2014 2:45 pm*





Robert Lenzner Contributor

*I'm trying to wise up 300 million people about money & finance*

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INVESTING 7/23/2014 @ 3:05PM | 3,000 views

## You Cannot Trust The Public Reports Of Deutsche Bank, The Largest Bank In Europe

[Comment Now](#)

On the fourth anniversary of the Dodd-Frank legislation that was meant to ensure the safety of Wall Street, we learn that for twelve long years since 2002 neither investors, nor regulators, nor the financial media could trust or rely on the reports that the Deutsche Bank was filing about its earnings, its capital or its competitive position in the hierarchy of banks.

Just think of all the borrowers, savers, traders and government officials who thought they could count on the facts and the numbers presented by the number one bank in Germany about its profits, its capital resources, the way it accounted for bad loans, etc. What we are being told by the New York Federal Reserve Bank is that its "Internal Audit functions" are "inadequate and ineffective." That the limitations of its information technology systems "expose the firm to significant operational risk and misstated regulatory reports."

What irks me is that the New York Fed has known about this horde of "significant weaknesses" for over a decade and has done nothing to alert the public to the dangers of making financial decisions based on what the largest bank in Europe has been reporting since 2002. Just imagine that was true of J.P. Morgan Chase or Goldman Sachs or Bank of America. There would be hell to pay. There might be huge fines. Heads would roll, certainly in the chief financial officer's operation.

Herewith is a list of the sins of Deutsche Bank: "a disjointed and inadequate regulatory reporting infrastructure; inadequate monitoring functions; insufficient breadth and depth of regulatory reporting training; limited accountability policies; and material errors and poor data integrity." By the way DB's Senior Management told the Fed all these issues had been reformed and resolved. Yet, there have been some 800 manual adjustments of the financial reporting process that in total involved some \$337 billion.

I always thought that Germans were supposed to be more efficient than



Americans. But, in the case of Deutsche Bank, it cannot be true. Here's the Fed on DB's vacuum in the reporting function. "Lastly, the firm (DB) does not have the capability to effectively implement the new complex reporting requirements," the Fed has decided. Naughty, foolish, incompetent Deutsche Bank. My God, what must the short sellers be telling each other?

This embarrassing manual shifting of \$337 billion in 800 manual chess moves is not chicken feed. No, as the Fed's letter to the bank posits "These adjustments require substantial resources, lack transparency and do not allow for sufficient time to effectively review and analyze the data, prior to filing with the FRBNY (The Federal Reserve Bank of New York)." Actually, the worst item in this horror story, to my way of thinking, reports that DB lacked documentation about the very point of origin of transactions. We're talking about a bank that doesn't know what it's doing. That can't record accurately on a real time basis its transactions. That doesn't even know about these gaps in its reporting control system. I tell you: I'm just as happy I didn't know all this in 2008. My level of systemic anxiety could not have taken it.

So, we now know that Deutsche Bank was in a non-complying state of its own while Citigroup and Bank of America were becoming insolvent as 2007 became the great meltdown of 2008. As William Dudley, President of the New York Federal Reserve Bank, put it so aptly; "Our view into the operation of global banks was too limited due both to the shortcomings of the banks in aggregating internal information and the differences in sharing information globally." Deutsche Bank's shortcomings lay in its inability to share the right information or all the necessary information at a moment of sheer crisis. What an incredible revelation.

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23 Jul 2014 at 12:11 PM JUNGE HABE ICH EIER AUF MEINEM GESICHT

## Deutsche Bank CFO Probably Doing Some Soul-Searching Right About Now

By Bess Levin



Yesterday we learned that back in December, the Federal Reserve sent a letter to Deutsche Bank, telling management, in essence, that it ought to set fire to its U.S. operations and collect the insurance money, then get out of the banking business. If the powers that be at DB insisted on sticking with this thing, they'd have a lot of work cut out for themselves, as the Fed's criticism included the words:

- "low quality"
- "inaccurate"
- "unreliable"
- "size and breadth of errors"
- "poor data integrity"
- "systemic breakdown"
- "significant operational risk"
- "misstated regulatory reports"
- "requires wide-ranging remedial action"

Clearly, this news would be bad enough on its own, but what really tops it off is that, hilariously, Deutsche's CFO has devoted 100 percent of his efforts to making this operation what it is today.

Deutsche Bank's finance chief, Stefan Krause, has made an overhaul of the bank's financial-reporting systems a cornerstone of his six-year tenure at the bank. But with U.S. authorities citing serious concerns about the bank's financial data, Mr. Krause himself is now under pressure. An examination by the Federal Reserve Bank of New York last year found that Deutsche Bank's giant U.S. operations suffer from a variety of serious financial-reporting problems that the lender has been aware of for years but hasn't fixed, according to documents reviewed by The Wall Street Journal. Mr. Krause is the ultimate guardian of Deutsche Bank's financial data and leads a companywide effort to improve the quality of its financial reporting—a project the New York Fed criticized as inadequate.

It would be one thing if DB had gotten to this point by spending 20 minutes each day just making up numbers and the rest of the time at arm-band parties, and being completely upfront during performance reviews that "we have no idea what we're doing" but to have actually tried, hard, and had this be the result? Umständlich!

Deutsche Bank Finance Chief Faces Heat After Financial-Reporting Exposure [WSJ]

**Earlier:** Federal Reserve Suggests Deutsche Bank Just Scrap The Whole Thing And Start Over

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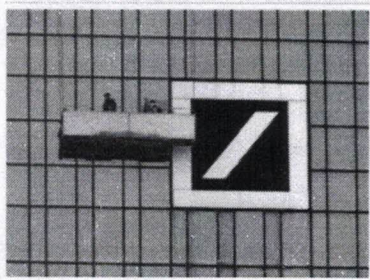
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30 Jul 2014 at 4:34 PM

## Deutsche Bank Knows Its Financial Reporting Operation Is A Janky Pile Of Crap

By Bess Levin



The guy in charge of it, Stefan Krause, said as much yesterday in a conference call with analysts. Well, sort of as much. Basically, he and the rest of Team Deutsche heard what the Federal Reserve had to say re: the U.S. operation being in such bad shape that it ought to be stripped and sold for parts, and in response, said "Hey!" and also "We're workin' on things" but to be patient because this thing in its current form is a real joke.

Chief Financial Officer Stefan Krause...moved to address Fed's concerns, making the following comments: Like many of our peers, we are investing heavily into the systems and processes. We need to ensure that we fulfill our regulatory reporting requirement. As we stated, we are investing €1 billion to ensure our systems and controls are best-in-class [by] dedicating 1,300 people to the effort including around 500 being hired in the U.S. this year. We're building a long-term sustainable strategic architecture to meet this requirement. By its nature, that architecture is complex and will take time to complete. Nonetheless, we are confident that the program we have in place will fully address our regulatory reporting requirements within the necessary time-frame. That said, please keep in mind that these statements refer exclusively to our regulatory reporting requirement. Our financial reporting has always been reliable and accurate.

sche Bank Addresses Concerns Over Reporting Systems [Money Beat]

**earlier:** Deutsche Bank CFO Probably Doing Some Soul-Searching Right About Now; Federal Reserve Suggests Deutsche Bank Just Scrap The Whole Thing And Start Over

Tags: Deutsche Bank, Stefan Krause, works in progress

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# Bloomberg

## Deutsche Bank-Kirch Probe Charges Said to Be Filed

By Karin Matussek and Nicholas Comfort - Aug 12, 2014

Munich prosecutors filed criminal charges in their probe into how executives at Deutsche Bank AG (DBK) defended the bank in litigation over the collapse of Germany's Kirch media group, said a person with knowledge of the case.

Co-Chief Executive Officer Juergen Fitschen was charged with attempted fraud, and prosecutors also indicted former CEOs Rolf Breuer and Josef Ackermann as well as former executives Clemens Boersig and Tessen von Heydebreck, Sueddeutsche Zeitung reported earlier today, citing unidentified people involved in the proceedings.

The charges, which concern the veracity of testimony in the civil case, were filed last week with the Munich Regional Court and the 600-page document is now being sent to the accused, the person told Bloomberg News by telephone, declining to identify the suspects. The person asked not to be named because the matter isn't public. The court must now decide whether to allow the case to go to trial.

Deutsche Bank had sought to end the 12-year-old dispute when it settled with the heirs of the late media mogul Leo Kirch in February. The German bank agreed to pay 925 million euros (\$1.24 billion) as Munich prosecutors pursued the criminal probe.

Instead of dropping the investigation after the settlement, prosecutors added in-house lawyers and outside attorneys to the list of suspects. The bank was searched a third time in March and offices of law firms that worked on the Kirch case were also raided.

### Denies Wrongdoing

The prosecutors declined to comment until the suspects have been notified, their spokesman, Thomas Steinkraus-Koch, said in an e-mail when contacted by Bloomberg News today. He said last week that prosecutors had completed the first part of the investigation. Fitschen's lawyer, Hanns Feigen, said he hasn't received an indictment, declining to comment further. Fitschen has denied wrongdoing, as have his former colleagues.

"This isn't ideal, but Deutsche Bank should be able to deal with the situation," Dirk Becker, an analyst with Kepler Cheuvreux who recommends investors buy the stock, said by phone from Frankfurt today. "Should Fitschen be sentenced, he probably wouldn't be tenable as CEO."

Kirch Group filed for bankruptcy in 2002, claiming Breuer caused its demise when the banker questioned its creditworthiness in a 2002 Bloomberg TV interview. The media entrepreneur sought a total of 3.3 billion euros in lawsuits his heirs continued after his death in 2011.

Deutsche Bank spokesman Klaus Winker said the bank hasn't yet received any indictment. The lender is convinced the suspicions against Fitschen will prove unfounded, he said.

### Ackermann Testimony

Hellen Schilling, Ackermann's lawyer, declined to comment, saying she doesn't have "any official information." Von Heydebreck's lawyer, Klaus Volk, said he hasn't yet been notified about the result of the probe.

Sven Thomas, Breuer's attorney, didn't immediately reply to e-mails seeking comment. Klaus Gussmann, who defends



Boersig, didn't immediately return a call seeking comment.

Ackermann in 2011 testified in a Munich court that the bank didn't seek any business from Kirch before the group filed for bankruptcy. While the judges didn't believe the former CEO and later ruled the bank was liable, prosecutors opened an investigation against him and other former executives on suspicion they lied in court to fend off Kirch's claims.

Last year, they added Fitschen to the list of suspects. He was probed for failing to correct in a timely manner factual statements made by Deutsche Bank in court filings after he became aware that the statements were allegedly incorrect.

## Judges' Ruling

Fitschen plays a key role in maintaining Deutsche Bank's ties to German companies while lobbying for the industry's interests as president of the BdB Association of German banks. Co-CEO Anshu Jain, a former head of the Deutsche Bank's investment banking and trading unit, is the company's chief strategist and liaises with regulators outside the country and advises global investors.

"Jain will be able to jump in and meet important clients in Germany for Fitschen," said Michael Seufert, an analyst at Norddeutsche Landesbank Girozentrale who recommends investors buy Deutsche Bank shares. "As long as it doesn't escalate though, Fitschen's reports will have been getting ready to fill in on a day-to-day basis."

After the defense lawyers have reviewed the indictment and submitted their comments to the court, judges will rule on whether to start a trial -- which isn't a given for prosecutors. Wendelin Wiedeking, former CEO of Porsche Automobil Holding SE, this year convinced a Stuttgart court to throw out criminal charges against him. Prosecutors have appealed that ruling. Like Fitschen, Wiedeking is defended by Frankfurt-based lawyer Feigen.

If the charges are allowed to proceed to trial, the court will most likely schedule hearings for two days a week over several months.

## Settlement Attempts

"The company has been through similar scenarios in the past with Ackermann on trial and the fact that it has two CEOs means they can better cope with this," said Kepler Cheuvreux's Becker.

Ten years ago, Ackermann was tried in Dusseldorf for approving bonuses as a director at Mannesmann AG. The case was eventually settled in 2006 after appeals judges overturned Ackermann's acquittal by a lower court.

The indictments will be reviewed by the panel of Munich judges who tried Formula One Chief Bernie Ecclestone, who settled his corruption case last week for the record sum of \$100 million.

Fitschen rejected attempts to settle the case earlier this year, two people familiar with matter said July 30. Munich prosecutors proposed dropping the case if Fitschen paid a 500,000-euro fine plus a non-criminal finding that he didn't supervise the bank properly, according to the people.

Charges wouldn't prompt Bafin to take action, as the presumption of innocence applies until there is a final ruling in the case, Sabine Reimer, a spokeswoman for the Bonn-based regulator, said last month. Bafin would review the information from a criminal case independently, she said.

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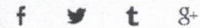


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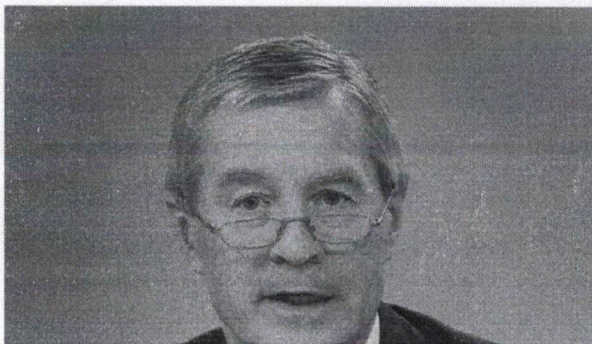
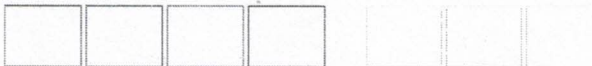
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## Deutsche Bank co-CEO 'charged' in Kirch case



August 12, 2014 7:26 AM

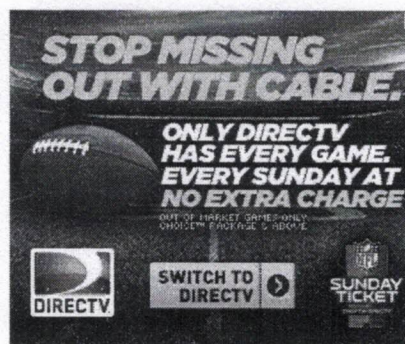


Juergen Fitschen, co-CEO of Germany's Deutsche Bank, is pictured during his...

Frankfurt (AFP) - One of Deutsche Bank's co-heads, Juergen Fitschen, has been charged with attempted fraud linked to the bank's long-running legal battle with the Kirch media group, Sued-deutsche Zeitung reported on Tuesday.

Quoting sources close to the matter, the daily said that prosecutors in Munich also indicted the former chief executives of Germany's biggest lender, Rolf Breuer and Josef Ackermann, as well as former executives Clemens Boersig and Tessen von Heydebreck.

The executives are accused of lying to judges in one of the suits brought by the late media magnate Leo Kirch against the bank in a long-running legal battle.



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Contacted by AFP, a spokesman for the prosecutors said that the three-year investigation had now been completed, but declined to reveal any conclusions.

Under German law, prosecutors must first inform the parties concerned before making any information public.

The regional court in Munich also declined to confirm the information contained in the newspaper report.

For its part, Deutsche Bank said that it had so far not seen any formal charges.

"From a fundamental point of view, Deutsche Bank does not comment on cases that are still ongoing and it refers to early statements where it is convinced that the accusations against Juergen Fitschen will prove to be unfounded," the bank said.

Leo Kirch, who died aged 84 in 2011, had accused Deutsche Bank of causing the downfall of his media empire in 2002 when the bank's then CEO, Breuer, public questioned the group's creditworthiness in a television interview.

In February, Deutsche Bank announced it would pay nearly one billion euros to settle the case.

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Ackermann Tells Prosecutors of Testimony Change in Kirch Case

Karin Matussek Sep 07, 2014 1:01 pm ET

Sept. 7 (Bloomberg) — Ex-Deutsche Bank AG Chief Executive Officer Josef Ackermann changed part of his testimony in a more than 10-year-old lawsuit that has led to fraud charges against several current and former bank executives.

Ackermann wrote in a letter to prosecutors dated Jan. 30, 2014, that after an "intense review" of the matter he saw that one aspect of what he told judges in 2011 was "objectively" different from how he remembers it now. At the time of his court statement, he didn't intentionally lie or mislead the judges, the 66-year-old wrote in a document obtained by Bloomberg News. Bild am Sonntag reported the letter earlier today.

The former CEO, who stepped down in 2012, is one of several executives who have been charged over the bank's response to a lawsuit filed by Leo Kirch over the collapse of his media company in 2002. Co-CEO Juergen Fitschen and former CEO Rolf Breuer were also charged, a person familiar with the matter said last month.

The letter Ackermann wrote to prosecutors focuses on whether Deutsche Bank management in 2002 was actively seeking restructuring business from Kirch when his operations were already in financial distress.

Deutsche Bank spokeswoman Anke Veil declined to comment. Ackermann's lawyer, Eberhard Kempf, also declined to comment.

Under German law, fraud is only a crime if the person deliberately deceived someone.

Civil Settlement

Deutsche Bank attempted to put the civil lawsuit and criminal probes behind it earlier this year with a (\$1.2 billion) settlement with the heirs of Kirch, who died in 2011. Prosecutors continued to pursue their case.

Prosecutors opened a probe in 2011 after Ackermann, then the bank CEO, testified in a Munich court.

In his 2011 testimony, Ackermann told the court that the management board only generally discussed what to do if the bank was approached by a third party and asked for advice on Kirch's operations. In that case, Deutsche Bank would try to avoid a conflict of interest and first ask Kirch, who was a customer, whether he wanted to hire the bank. Ackermann's statement at the time backed the bank's arguments in court.

In the letter to prosecutors, Ackermann said, that in contrast with his testimony three years ago, executives discussed contacting Kirch directly to see if he wanted the bank's advice.

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## Deutsche Bank, Ex-Executives Said to Get Indictments in Probe

By Karin Matussek - Sep 16, 2014

Deutsche Bank AG and at least three former executives received indictments as part of an attempted fraud probe over the bank's handling of a more than a decade-old civil lawsuit.

The bank was sent a copy of the indictment, which was originally filed with a Munich court in August, said Klaus Winker, a spokesman for the Frankfurt-based lender. At least three former bank executives also received the indictments, according to three people familiar with the matter, who asked not to be identified because prosecutors haven't released the charges.

Deutsche Bank Co-CEO Juergen Fitschen is among current and former bank officials that were charged in the probe in August, a person familiar with the case said last month. The case relates to allegations that former officials submitted false testimony to rebut claims in a lawsuit filed by one-time media magnate Leo Kirch.

"It is Deutsche Bank's policy not to comment on ongoing litigation," Winker said. "We refer, instead, to our previous statements underlining our belief that the suspicion raised against Juergen Fitschen will prove unfounded."

Fitschen's lawyer Hanns Feigen, declined to comment. Winker declined to say who else received indictments.

The charges are part of the legacy of the 12-year-long dispute that Deutsche Bank sought to end when it settled with Kirch's heirs in February. Kirch died in 2011.

The lender paid 925 million euros (\$1.2 billion) to resolve the civil cases, hoping the step would appease Munich prosecutors conducting the related criminal probe.

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**The New York Times**

## German Prosecutors Charge Deutsche Bank Executives

By Jack Ewing

September 23, 2014 9:53 am

FRANKFURT — German prosecutors filed criminal charges on Tuesday against the co-chief executive of Deutsche Bank, Jürgen Fitschen, and several former bank leaders, accusing them of colluding to give false testimony in a long-running lawsuit over the collapse of a bank client's media empire.

The prosecutors continued to investigate the executives after the bank in February settled more than a decade of litigation with the family of Leo Kirch over the downfall of the Kirch Group and its subsidiaries. Mr. Kirch had sued the bank after an appearance by Rolf E. Breuer, the bank's former chief executive, on Bloomberg Television in February 2002, in which he commented on the media company's creditworthiness.

The Munich prosecutor's office filed charges of attempted trial fraud against Mr. Fitschen, the current co-chief executive, as well as Mr. Breuer and Josef Ackermann, who was also a chief executive of the bank. Charges were also filed against Clemens Börsig, former supervisory board chairman of the bank, and Tessen von Heydebreck, a former member of the management board.

The charges, which must be approved by a court to go forward, add to the already formidable list of legal problems that have damaged Deutsche Bank's reputation and led to billions of euros in litigation costs. Among the most serious cases, bank employees are suspected of manipulating foreign currency markets and benchmark interest rates.

Deutsche Bank, Germany's largest lender, said in a statement that the charge against Mr. Fitschen was unfounded, but declined to comment further or to say whether he would remain in his post. Mr. Fitschen shares chief executive duties with Anshu Jain, who was not named in the case.

The bank had previously disclosed that Mr. Fitschen was the target of an investigation in relation to the Kirch case.

Mr. Fitschen is not the first Deutsche Bank chief executive to face criminal charges while in office. His predecessor, Mr. Ackermann, was tried on accusations that he was involved in awarding illegal bonuses to managers of Mannesmann, a German cell phone service provider, after its takeover by Vodafone of Britain in 2000.

The charges were dismissed in 2006 after Mr. Ackermann agreed to pay 3.2 million euros, or about \$4.2 million, of his own money. Mr. Ackermann continued to lead the bank during legal



proceedings in the Mannesmann case.

But the charges against Mr. Fitschen are an embarrassment when the bank is in the midst of what it has billed as a sweeping campaign to instill a stronger sense of ethics among bank employees and avoid the problems of the past.

"I would say the impact on the bank's reputation would be very serious," Lei Mao, assistant professor of finance at Warwick Business School in Britain, said in an e-mail.

While it is too early to call on Mr. Fitschen to resign, Mr. Mao said, Deutsche Bank should accelerate its drive to improve bank culture at all costs. That might include "getting rid of a co-chief executive," he said.

Eberhard Kempf, a lawyer for Mr. Ackermann — who served as chief executive of Deutsche Bank for a decade until 2012 — declined to comment. A lawyer for Mr. Breuer, who was Mr. Ackermann's predecessor, did not respond immediately to a request for comment. Lawyers for Mr. Börsig and for Mr. von Heydebreck could not be reached.

Deutsche Bank shares fell about 1 percent in Frankfurt trading Tuesday.

The charges, which had been rumored in the German news media for weeks, stem from the lawsuit filed against the bank by Mr. Kirch, a media mogul who blamed Deutsche Bank for the collapse of his Munich-based television and film rights empire.

Legal proceedings continued past Mr. Kirch's death in 2011, concluding only after Deutsche Bank agreed in February of this year to pay €775 million in a settlement. The bank also agreed to pay interest and costs.

In a statement on Tuesday, Munich prosecutors said that the accused men had colluded to make false statements before the Munich court that was hearing the Kirch lawsuits. After judges in the case said in 2011 that they believed Mr. Breuer had not told them the truth, according to prosecutors, the other accused men offered testimony intended to bolster Mr. Breuer's version of events.

The prosecutors did not specify what statements Mr. Breuer made, but according to the German news media, they concerned the accusation by Mr. Kirch that Deutsche Bank wanted to put pressure on the media company in order to earn fees if it were sold.

In Mr. Fitschen's case, according to prosecutors, he gave testimony intended to support Mr. Breuer while also avoiding statements that could be proven false. In addition, after bank documents came to light contradicting previous testimony, prosecutors claim, Mr. Fitschen and Mr. Ackermann did not try to correct the record.



If convicted, the men could face prison sentences of six months to 10 years. Mr. Börsig and Mr. von Heydebreck face additional charges of making false statements under oath, which carries a possible sentence of three months to five years.

Because a court must approve the charges for them to go forward, the defendants will have an opportunity to argue for the charges to be dropped. None of the defendants would face pretrial detention unless a judge ruled that they might flee or commit further crimes, such as tampering with witnesses or evidence.

A version of this article appears in print on 09/24/2014, on page B2 of the NewYork edition with the headline: Deutsche Co-Chief Charged Over False Testimony.

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# Deutsche Bank's Fitschen, former CEOs Breuer and Ackermann charged over court statements

THE CANADIAN PRESS

By The Associated Press – Tue, 23 Sep, 2014 1:34 PM EDT

By The Associated Press

FRANKFURT - Prosecutors in Germany have charged Deutsche Bank co-CEO Juergen Fitschen and four other former top officials with lying to judges in a protracted legal battle between the bank and the now-defunct Kirch media group.

The Munich prosecutor's office said Fitschen and former CEOs Rolf Breuer and Josef Ackermann faced attempted fraud charges while two others, former executives Clemens Boersig and Tessen von Heydebreck, were charged with making false statements.

A court must rule whether there is enough evidence for a trial to be held.

Deutsche Bank said it was the bank's policy not to comment on ongoing litigation, but referred to previous statements "underlining our belief that the allegation against Juergen Fitschen will prove unfounded." Fitschen has also denied the charges.

Media mogul Leo Kirch, who died in 2011, had accused then-CEO Breuer of contributing to the 2002 bankruptcy of his company by saying in an interview that banks would not lend Kirch's company any more money.

Kirch sued. During testimony in that case, prosecutors said, Breuer made false statements aimed at avoiding monetary damages against the bank.

After the court challenged the truthfulness of Breuer's testimony, prosecutors said, the bank made a written submission containing a false statement backing up Breuer's account. The five defendants all declared themselves in agreement with the statement, which contained a false assertion of fact, the prosecutors said.

Fitschen was a top Deutsche Bank executive at the time. In May, 2012 he became co-CEO along with Anshu Jain.

Deutsche Bank settled with Kirch's heirs in February by agreeing to pay 775 million euros (\$997 million).

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# BNP Chairman to Exit Bank

*Prot's Departure Comes in Wake of Nearly \$9 Billion in Fines for Sanction Offenses*

By DAVID ENRICH  
AND NOÉMIE BISSEBIE

**BNP Paribas SA** Chairman Baudouin Prot has decided to step down, according to people familiar with the matter, nearly three months after the French bank agreed to plead guilty to violating U.S. sanctions and pay nearly \$9 billion in fines.

Mr. Prot is expected to step down effective Dec. 1 and be succeeded by Jean Lemierre, a senior adviser to Mr. Prot, the people said. BNP Paribas's board is scheduled to meet Friday to confirm the moves, one of the people said. Messrs. Prot and Lemierre didn't respond to requests for comment.

Mr. Prot was BNP Paribas's CEO from 2003 until 2011, when he became chairman, and was in charge of the bank during much of the period in which U.S. authorities allege BNP Paribas vio-

lated U.S. sanctions imposed on Iran, Cuba and Sudan.

Mr. Prot offered his resignation and wasn't pressured to step down, one of the people said. His decision was motivated in part by his being exhausted after years of battling crises, most of which was successful, and the fact that Mr. Prot is 63 years old.

But Mr. Prot also decided that, after the bank pleaded guilty to U.S. crimes that occurred during his time as CEO, it was "the honorable thing" to resign, this person said.

In the weeks leading up to BNP's settlement with U.S. authorities, bank executives were divided over whether Mr. Prot should resign, people familiar with the matter said at the time. Some executives felt that if he stepped down, it would help appease U.S. authorities and reduce the size of the financial

penalty that BNP had to pay.

As part of that settlement, U.S. officials laid out in stark terms a sophisticated and long-running plan by the French bank to disguise billions of dollars in financial transactions with the three sanctioned countries.

Mr. Prot wasn't singled out as part of the U.S. case against BNP Paribas. The bank cut ties with 13 employees as part of the settlement, including its chief operating officer and head of ethics and compliance. No employees were charged with crimes.

BNP has said it "deeply regrets the past misconduct that led to the settlement" and has sought to turn the page, pledging to step up internal supervision to ensure that the bank complies globally with U.S. sanctions.

Mr. Prot joined the bank 31 years ago after brief stints at the French Treasury and industry

ministry. **U** was appointed co-manager of Banque Nationale de Paris—then known as Banque Nationale de Paris—before making his way up to head French retail banking in 1987 and to chief operating officer in 1996.

When BNP Paribas was created in 1999, he retained the COO mantle. Former Chairman Michel Pébereau separated the roles of chief executive and chairman in 2003, appointing Mr. Prot as the bank's new CEO. Together, the two executives built BNP into a European banking powerhouse, deftly navigating the financial and European sovereign-debt crises. The bank suffered no major rogue-trader hit like rival Société Générale SA and largely escaped other scandals that wounded other banks until the settlement with U.S. authorities.

## Top Deutsche Bank Executive Is Charged in Kirch Heirs Case

By NEETHA MAHADEVAN

**FRANKFURT**—German prosecutors pressed charges on Tuesday against **Deutsche Bank AG** co-Chief Executive Jürgen Fitschen and former board members over alleged false court testimony in the bank's long-running legal battle with the heirs of former media mogul Leo Kirch.

Mr. Fitschen is accused of failing to correct false statements made by former board members and Deutsche Bank lawyers in hearings connected to the legal dispute.

The court in Munich said the accused would be given time to respond to the allegations before it would decide whether to pursue the case. A decision won't be made until the beginning of next year. If convicted, the executives could face jail terms of between six months and 10 years, the

prosecutor said.

Deutsche Bank said it doesn't comment on pending litigation but pointed to previous statements in which it had said that "the allegation against Jürgen Fitschen will prove unfounded."

**Former members of the bank's board were also charged.**

In 2011, prosecutors began investigating former board members over potentially inaccurate testimony in the Kirch case, alleging that they agreed in advance on what to say in court. They added Mr. Fitschen, who also testified in hearings, to the investigation last November.

Deutsche Bank had agreed to

pay more than €900 million (\$1.16 billion) to settle the Kirch case in February, but prosecutors continued investigations of bank employees and lawyers who represented Deutsche Bank on suspicion that former and current board members gave false court testimony in the case.

Last month, The Wall Street Journal reported that a court in Munich had reviewed the prosecutor's recommendation to file charges, based on months of investigations, and the prosecutor had asked the court to initiate proceedings, a person familiar with the matter had said.

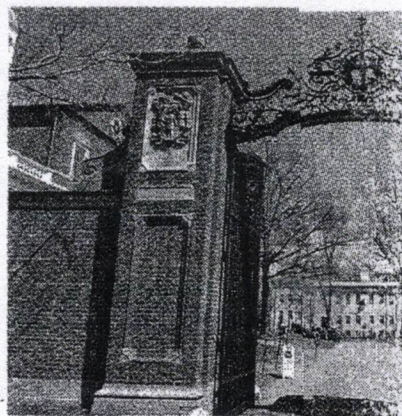
Deutsche Bank has been entangled in a number of legal battles, including investigations on rate fixing and currency-rate manipulation. The bank said in July it had raised its litigation reserves by around €470 million to €2.2 billion.

## Harvard Endowment

By DAN FITZPATRICK

Harvard University's endowment reinforced its commitment to hedge funds and private equity even as it reported investment gains for 2014 that trailed some Ivy League rivals.

Harvard, the world's wealthiest university, reported a 15.4% investment return for fiscal 2014. Those returns exceeded in-



Harvard booked a 15.4% return for its endowment