

January 24, 2019

Mr. Christian Sewing  
Chief Executive Officer  
Deutsche Bank, AG  
60 Wall Street  
New York, NY 10005

Dear Mr. Sewing:

Almost two years ago, Deutsche Bank agreed to pay approximately \$630 million in fines as part of settlements with U.S. and U.K. regulators. The settlements related to a so-called “mirror trading” scheme among the Bank’s Moscow, New York, and London offices.<sup>1</sup> According to investigators, the scheme laundered \$10 billion out of Russia by converting rubles into dollars through security trades.<sup>2</sup> Investigators attributed the success of the scheme to “serious compliance deficiencies” in the Bank’s system to prevent and detect illegal financial transactions.<sup>3</sup>

In addition to the fines, regulators ordered an independent monitor to “conduct a comprehensive review of . . . existing BSA/AML [Bank Secrecy Act and Anti-Money Laundering] compliance programs, policies and procedures in place at the Bank.”<sup>4</sup> The independent monitor’s findings have neither been provided to the Committee nor publicly released.

The Bank has also been involved in a series of separate scandals related to money laundering. From 2007 until 2015, Deutsche Bank leveraged its access to the U.S. banking system to function as a correspondent bank for a Danske Bank branch that moved approximately \$236 billion of cash into the global financial system, much of it from potentially illicit activity in Russia.<sup>5</sup> An additional internal review of the Danske Bank scandal connected Deutsche Bank to

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<sup>1</sup> N.Y. State Dep’t of Fin. Services Press Release, “DFS Fines Deutsche Bank \$425 Million for Russian Mirror-Trading Scheme,” Jan. 30, 2017, <https://www.dfs.ny.gov/about/press/pr1701301.htm>.

<sup>2</sup> *Id.*

<sup>3</sup> Consent Order, N.Y. State Dep’t of Fin. Services and Deutsche Bank AG/Deutsche Bank AG N.Y. Branch, ¶ 5.

<sup>4</sup> *Id.*, ¶ 73.

<sup>5</sup> Frances Coppola, *The Tiny Bank at the Heart of Europe’s Largest Money Laundering Scandal*, FORBES, Sept. 26, 2018, <https://www.forbes.com/sites/francescoppola/2018/09/26/the-tiny-bank-at-the-heart-of-europes-largest-money-laundering-scandal/#2fa213132805>.

\$150 billion worth of potentially suspicious transactions.<sup>6</sup> According to a recent report, the Federal Reserve is reviewing Deutsche Bank's relationship with Danske Bank.<sup>7</sup>

In May 2017, the Federal Reserve fined the Bank \$41 million for "unsafe and unsound" anti-money-laundering practices.<sup>8</sup> In fact, the Bank's internal controls proved deficient to such an extent that in September 2018, Germany's financial regulatory authority took the unprecedented step of appointing a monitor to ensure the Bank is sufficiently able to identify its clients and prevent money laundering and terrorism financing.<sup>9</sup> Two months later, German police officers and federal investigators raided the Bank's headquarters in Germany as part of an international money laundering case, wherein "Deutsche Bank employees . . . are suspected of guiding customers to establish companies in offshore tax havens and transfer money earned through criminal activity using Deutsche Bank accounts."<sup>10</sup>

Deutsche Bank reportedly conducted at least two additional internal reviews regarding money laundering.<sup>11</sup> The reviews—dated June 5, 2018 and July 9, 2018—found the Bank's client screening processes are insufficient.<sup>12</sup>

It is critically important for the American public to have confidence Deutsche Bank is adequately addressing the vulnerabilities that allowed billions of dollars tied to criminal activities to move through the international banking system. To help the Committee evaluate the Bank's response, provide the following documents and information:

1. Documents referring or relating to the review by the independent monitor appointed pursuant to Deutsche Bank's Consent Order of January 30, 2017;
2. Documents referring or relating to Deutsche Bank's internal analysis of its processes to identify and vet customers, dated June 5, 2018 and July 9, 2018; and

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<sup>6</sup> Jenny Strasburg and Patricia Kowsman, *Deutsche Bank Handled \$150 Billion of Potentially Suspicious Flows Tied To Danske*, WALL ST. J., Nov. 20, 2018, <https://www.wsj.com/articles/deutsche-bank-handled-150-billion-of-potentially-suspicious-flows-tied-to-danske-1542724703>.

<sup>7</sup> Jesse Hamilton and Sonali Basak, *Fed to Probe Deutsche Bank Over Suspicious Danske Cash*, BLOOMBERG, Jan. 23, 2019, [https://www.bloomberg.com/news/articles/2019-01-23/fed-is-said-to-probe-deutsche-bank-over-suspicious-danske-cash?srnd=premium&utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axiosmarkets&stream=business](https://www.bloomberg.com/news/articles/2019-01-23/fed-is-said-to-probe-deutsche-bank-over-suspicious-danske-cash?srnd=premium&utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosmarkets&stream=business).

<sup>8</sup> Gabriel Rubin, *Federal Reserve Fines Deutsche Bank \$41 Million for Deficient Anti-Money Laundering Program*, WALL ST. J., May 30, 2017, <https://www.wsj.com/articles/federal-reserve-fines-deutsche-bank-41-million-for-deficient-anti-money-laundering-program-1496178474>.

<sup>9</sup> Jenny Strasburg, *Deutsche Bank's German Regulators Show Impatience With Money-Laundering Controls*, WALL ST. J., Sept. 24, 2018, <https://www.wsj.com/articles/deutsche-banks-german-regulators-show-impatience-with-money-laundering-controls-1537819871>.

<sup>10</sup> Jack Ewing, Melissa Eddy and Amie Tsang, *Deutsche Bank Offices are Searched in Money Laundering Investigation*, N.Y. TIMES, Nov. 29, 2018, <https://www.nytimes.com/2018/11/29/business/deutsche-bank-money-laundering-raid.html>.

<sup>11</sup> Edward Taylor, Tom Sims and John O'Donnell, *Deutsche Bank reports show chinks in money laundering armour*, REUTERS, Aug. 3, 2018, <https://www.cnbc.com/2018/08/03/reuters-america-exclusive-deutsche-bank-reports-show-chinks-in-money-laundering-armour.html>

<sup>12</sup> *Id.*

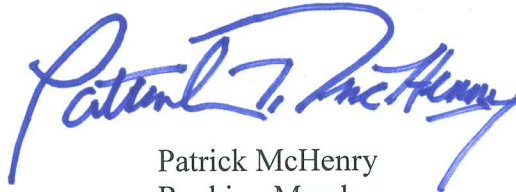
Mr. Christian Sewing  
January 8, 2019  
Page 3

3. Any other independent or internal reviews related to the Bank's anti-terrorism or anti-money laundering practices.

Please respond as soon as possible but no later than 5:00 p.m. on February 7, 2019. Produce the materials requested herein to the Minority staff in Room 4340 of the O'Neill House Office Building and to the Majority staff in Room 2129 of the Rayburn House Office Building. The Committee prefers, if possible, to receive all documents in electronic format.

If you have any questions regarding this letter, please ask your staff to contact Charlie Schreiber of the Minority staff at (202) 226-5655. Thank you for your attention to this matter.

Sincerely,



Patrick McHenry  
Ranking Member

cc: The Honorable Maxine Waters, Chairwoman