

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

May 23, 2017

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

Dear Mr. Cryan:

We write seeking information relating to two internal reviews reportedly conducted by Deutsche Bank (“Bank”): one regarding its 2011 Russian mirror trading scandal and the other regarding its review of the personal accounts of President Donald Trump and his family members held at the Bank. What is troubling is that the Bank to our knowledge has thus far refused to disclose or publicly comment on the results of either of its internal reviews. As a result, there is no transparency regarding who participated in, or benefited from, the Russian mirror trading scheme that allowed \$10 billion to flow out of Russia. Likewise, Congress remains in the dark on whether loans Deutsche Bank made to President Trump were guaranteed by the Russian Government, or were in any way connected to Russia. It is critical that you provide this Committee with the information necessary to assess the scope, findings and conclusions of your internal reviews.

Deutsche Bank’s failure to put adequate anti-money laundering controls in place to prevent a group of traders from improperly and secretly transferring more than \$10 billion out of Russia is concerning.¹ According to press reports, this scheme was carried out by traders in Russia who converted rubles into dollars through security trades that lacked any legitimate economic rationale.² The settlement agreements reached between the Bank and the New York Department of Financial Services as well as the U.K. Financial Conduct Authority raise questions about the particular Russian individuals involved in the scheme, where their money went, and who may have benefited from the vast sums transferred out of Russia. Moreover, around the same time, Deutsche Bank was involved in an elaborate scheme known as “The Russian Laundromat,”³ “The Global Laundromat,” or “The Moldovan Scheme,” in which \$20 billion in funds of criminal origin from Russia were processed through dozens of financial institutions.

¹ New York Department of Financial Services, Consent Order Under New York Banking Law §§ 39, 44 and 44-a, (January 30, 2017), available at <http://www.dfs.ny.gov/about/ea/ea170130.pdf>

² Suzi Ring, *Deutsche Bank’s Bill for Russia Trades Reaches \$629 million*, Bloomberg, available at <https://www.bloomberg.com/news/articles/2017-01-31/deutsche-bank-fined-204-million-over-money-laundering-failings>

³ Luke Harding and Nick Hopkins, *Bank that lent \$300m to Trump linked to Russian money laundering scam*, The Guardian (March 21, 2017), available at <https://www.theguardian.com/world/2017/mar/21/deutsche-bank-that-lent-300m-to-trump-linked-to-russian-money-laundering-scam>

Press reports indicate that these two schemes, in fact, may have been linked, confirming the need for enhanced scrutiny and transparency to determine who was involved and benefited from such schemes.⁴

Further supporting the need for a public accounting of the Bank's internal reviews, Deutsche Bank has demonstrated a pattern of regulatory compliance failures and disregard for U.S. law. For example, in April 2015 the Bank pled guilty to criminal charges and was fined \$2.5 billion for manipulating the London Interbank Offered Rate (LIBOR), the index rate underlying trillions of dollars of transactions around the globe. Later that year, in November 2015, Deutsche Bank was fined \$258 million for processing payments valued at more than \$10 billion on behalf of Iranian, Libyan, Syrian, Burmese, and Sudanese entities to evade U.S. sanctions. In December 2016, the Bank was fined \$37 million in penalties for misleading clients about their stock orders for certain trades. And in January of this year, Deutsche Bank was fined \$7.2 billion by the Department of Justice for deliberately misleading investors in its sale of toxic mortgage backed securities.

In addition to the internal review conducted on the mirror trading scheme, Deutsche Bank also reportedly conducted an internal review of the personal accounts of President Trump and his family members, several of whom serve as official advisors to the President. Press reports citing unnamed sources indicate that this review was done to determine if loans made to him were backed by guarantees from the Russian Government, or were in any way connected to Russia, as they were made in "highly unusual circumstances."⁵ At a time when nearly all other financial institutions refused to lend to Trump after his businesses repeatedly declared bankruptcy, Deutsche Bank continued to do so—even after the President sued the Bank and defaulted on a prior loan from the Bank—to the point where his companies now owe your institution an estimated \$340 million.⁶ Press reports indicate that Deutsche Bank is reluctant to share any information related to its investigation including what prompted the internal review, who had undertaken it, or what its findings had been. Only with full disclosure can the American public determine the extent of the President's financial ties to Russia and any impact such ties may have on his policy decisions.

Deutsche Bank's pattern of involvement in money laundering schemes with primarily Russian participation, its unconventional relationship with the President, and its repeated violations of U.S. banking laws, all raise serious questions about whether the Bank's reported reviews of the trading scheme and Trump's financial ties to Russia were completely thorough.

⁴ Ed Cesar, *Deutsche Bank, Mirror Trades, and More Russian Threads*, The New Yorker (March 29, 2017), available at: <http://www.newyorker.com/business/currency/deutsche-bank-mirror-trades-and-more-russian-threads>

⁵ Luke Harding, et.al., *Deutsche Bank examined Donald Trump's account for Russia links*, The Guardian (February 16, 2017), available at <https://www.theguardian.com/us-news/2017/feb/16/deutsche-bank-examined-trump-account-for-russia-links>

⁶ Jean Eaglesham and Lisa Schwartz, *Trump's Debts Are Widely Held on Wall Street, Creating New Potential Conflicts*, The Wall Street Journal (January 5, 2017), available at <https://www.wsj.com/articles/trump-debts-are-widely-held-on-wall-street-creating-new-potential-conflicts-1483637414>

In furtherance of this Committee's oversight responsibilities and in the interest of the public's right to understand the extent of the President's financial entanglements with Russia, please:

- 1) Publicly affirm that the Bank has completed a thorough and rigorous review of both the 2011 Russian mirror trading scheme as well as of President Trump's accounts and those of his family members;
- 2) Provide the Committee with copies of any document, record, memo, correspondence, or other communication related to the 2011 Russian mirror trading scheme, including:
 - a. The scope, purpose, findings, and conclusions of the Bank's internal review;
 - b. The names of all individuals and entities who participated in and benefited from the 2011 scheme, including but not limited to, individuals who are either subject to U.S. sanctions or are politically exposed persons as defined by guidance issued by the Federal Financial Institutions Examination Council;
 - c. The origin, ultimate destination, and any beneficiaries of the funds transferred from Russia;
 - d. The extent to which any party who participated in, or benefited from, the 2011 scheme continue to maintain accounts or a relationship with Deutsche Bank;
 - e. The procedures your firm has in place, at account opening and on an ongoing basis, to manage the risks associated with customers connected to individuals known to be at high-risk for engaging in bribery, corruption, and money laundering;
 - f. A list of employees within Deutsche Bank found to be involved in facilitating the 2011 scheme and the actions taken by Deutsche Bank to hold such individuals accountable; and
 - g. The Bank's analysis of any connections between the 2011 scheme and the broader scheme known as "The Global Laundromat," "The Russian Laundromat," or "The Moldovan Scheme," including the involvement of Deutsche Bank employees and customers.
- 3) Provide the Committee with copies of any document, record, memo, correspondence, or other communication related to the internal review of the personal accounts of the President and his family, including:
 - a. A discussion of the scope, purpose, findings and conclusions of the review;
 - b. All communications and documentation relating to the underwriting of each loan made to President Trump and his immediate family members, including all assets and guarantees used to collateralize such loans;
 - c. The timeframe when Deutsche Bank determined that Trump was a politically exposed person; and
 - d. All due diligence conducted by the Bank required by the Bank Secrecy Act regarding Trump's potential ties to senior Russian political leaders, oligarchs, and organized crime leaders, as well as potential violations of U.S. sanctions and anti-bribery statutes.

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- 4) Appoint an independent auditor to verify the results of the review of the personal accounts of the President and his family and disclose the results of the auditor's findings to the Committee as soon as reasonably practicable.

If you have any questions regarding the scope of this request or the format of your response, please contact Jennifer Read or Kirk Schwarzbach of Committee staff at 202-225-4247. Please respond to this letter and provide the requested documentation no later than June 2, 2017.

Sincerely,



Honorable Maxine Waters
Ranking Member



Honorable Daniel Kildee
Vice Ranking Member



Honorable Gwen Moore
Ranking Member, Subcommittee on
Monetary Policy and Trade



Honorable Al Green
Ranking Member, Subcommittee on
Oversight and Investigations



Honorable Ed Perlmutter
Ranking Member, Subcommittee on
Terrorism & Illicit Finance