

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

In the Matter of

DEUTSCHE BANK AG  
Frankfurt am Main, Germany

Docket No. 15-034-B-FB  
15-034-CMP-FB

Order to Cease and Desist and Order  
of Assessment of a Civil Money  
Penalty Issued Upon Consent  
Pursuant to the Federal Deposit  
Insurance Act, as Amended

WHEREAS, Deutsche Bank AG, Frankfurt am Main, Germany (“Deutsche Bank”) is a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7)) that controls a large complex financial organization that consists of a number of separate business lines and legal entities in many countries around the world;

WHEREAS, Deutsche Bank conducts operations in the United States through its New York, New York subsidiary (“DBTCA”) and other entities;

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”) is the appropriate federal supervisor in the United States of Deutsche Bank and DBTCA;

WHEREAS, Deutsche Bank oversees compliance and risk management procedures for entities within the Deutsche Bank organization;

WHEREAS, the New York State Department of Financial Services (“NYDFS”), and the Board of Governors have been conducting an investigation into the practices of Deutsche Bank concerning the transmission of funds to and from the United States through DBTCA and unaffiliated U.S. financial institutions, including by and through entities and individuals subject to sanctions regimes imposed under the International Emergency Economic Powers Act,

50 U.S.C. §§ 1701-06, and the Trading with the Enemy Act, 50 U.S.C. §§ 5 and 16, both of which are administered by OFAC (collectively, the “OFAC Regulations”);

WHEREAS, in order to resolve the investigation, Deutsche Bank has agreed to enter into a settlement agreement with NYSDFS;

WHEREAS, this Order to Cease and Desist and Order of Assessment of a Civil Money Penalty (the “Order”) is issued with respect to the following:

A. Deutsche Bank lacked adequate risk management and compliance policies and procedures to ensure that activities conducted at offices outside the United States complied with applicable OFAC Regulations and were timely reported in response to inquiries by the Federal Reserve Bank of New York (“Reserve Bank”); and

B. From at least November 2001 to January 2006, certain overseas offices of Deutsche Bank, in Eschborn, Germany and Bangalore, India, developed and/or implemented a practice for processing certain U.S. dollar-denominated funds transfers through DBTCA and through unaffiliated U.S. financial institutions involving parties subject to OFAC Regulations that did not contain relevant information within the payment messages necessary for DBTCA and other U.S. financial institutions to determine whether these transactions were carried out in a manner consistent with U.S. law, which caused intermittent violations of OFAC Regulations;

WHEREAS, the unsafe or unsound practices described above warrant the assessment of a civil money penalty by the Board of Governors against Deutsche Bank under section 8(i)(2)(B) of the Federal Deposit Insurance Act, as amended (12 U.S.C. § 1818(i)(2)(B)) (the “FDI Act”);

WHEREAS, to address the deficiencies described above, Deutsche Bank must implement improvements in its oversight and compliance program for activities involving the offices of Deutsche Bank and its subsidiaries outside the United States that in whole or in part impact the ability of DBTCA and unaffiliated U.S. financial institutions to comply with applicable OFAC sanctions;

WHEREAS, the Board of Governors, the Reserve Bank, and Deutsche Bank have common goals to ensure that Deutsche Bank and its subsidiaries comply with United States laws, rules, and regulations that apply to the activities of the Deutsche Bank organization, and that Deutsche Bank fosters a strong commitment towards compliance;

WHEREAS, the Board of Governors is issuing this consent Order;

WHEREAS, pursuant to delegated authority, Christof von Dryander is authorized to enter into this Order on behalf of Deutsche Bank and consent to compliance with each and every provision of this Order by Deutsche Bank and to waive any and all rights that Deutsche Bank may have pursuant to section 8 of the FDI Act (12 U.S.C. § 1818), including, but not limited to: (i) the issuance of a notice of charges on any matters set forth in this Order; (ii) a hearing for the purpose of taking evidence on any matters set forth in this Order; (iii) judicial review of this Order; and (iv) challenge or contest, in any manner, the basis, issuance, validity, terms, effectiveness or enforceability of the Order or any provision hereof.

NOW, THEREFORE, before the filing of any notices, or taking of any testimony or adjudication of or finding on any issues of fact or law herein, and solely for the purpose of settling this matter without a formal proceeding being filed and without the necessity for protracted or extended hearings or testimony, it is hereby ordered, pursuant to sections 8(b)(1) and (4) and 8(i)(2) of the FDI Act (12 U.S.C. §§ 1818(b)(1) and 1818(b)(4) and 1818(i)(2)), that:

## **U.S. Law Compliance Program**

1. Within 90 days of this Order, Deutsche Bank shall submit to the Board of Governors an acceptable program, including a timetable for implementation, to ensure compliance with applicable OFAC Regulations by Deutsche Bank's global business lines, including, but not limited to, DBTCA (the "U.S. Law Compliance Program"), that shall, at a minimum, provide for:

(a) an annual assessment of OFAC compliance risks arising from the global business activities and customer base of Deutsche Bank subsidiaries, including risks arising from transaction processing and trade finance activities conducted by or through Deutsche Bank's global operations;

(b) policies and procedures to ensure compliance with applicable OFAC Regulations by Deutsche Bank's global business lines, including screening with respect to transaction processing and trade financing activities for the direct and indirect customers of Deutsche Bank subsidiaries;

(c) the establishment of an OFAC compliance reporting system that is widely publicized within the global organization and integrated into Deutsche Bank's other reporting systems in which employees report known or suspected violations of OFAC Regulations, and that includes a process designed to ensure that known or suspected OFAC violations are promptly escalated to appropriate compliance personnel for appropriate resolution and reporting;

(d) procedures to ensure that the OFAC compliance elements are adequately staffed and funded;

(e) training for Deutsche Bank's employees in OFAC-related issues appropriate to the employee's job responsibilities that is provided on an ongoing, periodic basis;  
and

(f) an audit program designed to test for compliance with OFAC Regulations.

2. (a) During the term of this Order, to ensure that the OFAC compliance elements of the U.S. Law Compliance Program are functioning effectively, Deutsche Bank shall conduct on an annual basis: (i) a review of OFAC compliance policies and procedures and their implementation for Deutsche Bank's global business lines, including, but not limited to, DBTCA and (ii) an appropriate risk-focused sampling of U.S. dollar payments (the "OFAC Compliance Review").

(b) The OFAC Compliance Review, the first of which shall commence one year after the date of this Order, shall be conducted by an independent third party with appropriate expertise in OFAC compliance issues acceptable to the Board of Governors. No later than 30 days before the scheduled commencement of the OFAC Compliance Review, Deutsche Bank shall submit an engagement letter acceptable to the Board of Governors that details the independent third party's scope of work.

(c) The results of the OFAC Compliance Review shall be submitted to the Reserve Bank within 90 days of the anniversary date of this Order and then annually thereafter.

3. Within 90 days of the Board of Governors' approval of the U.S. Law Compliance Program required by paragraph 1, Deutsche Bank shall complete a global OFAC risk assessment with particular attention to transactions involving group affiliates. A copy of the risk assessment shall be submitted to the Reserve Bank upon its completion.

#### **Accountability for Employees Involved in Misconduct**

4. Deutsche Bank shall not in the future directly or indirectly retain any individual as an officer, employee, agent, consultant, or contractor of Deutsche Bank or of any affiliate of Deutsche Bank who, based on the investigative record compiled by U.S. authorities, has done all of the following: (i) participated in the misconduct underlying this Order, (ii) been subject to

formal disciplinary action as a result of Deutsche Bank's internal disciplinary review or performance review in connection with the conduct described above, and (iii) has either separated from Deutsche Bank or had his or her employment terminated. The preceding prohibition shall also apply to Banker #29, a former senior compliance executive of Deutsche Bank during the relevant time period.

5. Deutsche Bank shall continue to fully cooperate with and provide substantial assistance to the Board of Governors, including but not limited to, the provision of information, testimony, documents, records, and other tangible evidence and perform analyses as directed by the Board of Governors in connection with the investigations of whether separate enforcement actions should be taken against individuals who are or were institution-affiliated parties of Deutsche Bank and who were involved in the misconduct underlying this Order. For purposes of clarity and not limitation, substantial assistance as used in this Order means Deutsche Bank will use its best efforts, as determined by the Board of Governors, to make available for interviews or testimony, as requested by the Board of Governors, present or former officers, directors, employees, agents and consultants of Deutsche Bank, to the extent permitted by law. This obligation includes, but is not limited to, sworn testimony pursuant to administrative subpoena as well as interviews with regulatory authorities. Cooperation under this paragraph shall also include identification of witnesses who, to the knowledge of Deutsche Bank, may have material information regarding the matters under investigation.

### **Assessment of Civil Money Penalty**

6. (a) The Board of Governors hereby assesses Deutsche Bank a civil money penalty in the amount of \$58 million; and

(b) The civil money penalty shall be remitted at the time of the execution of this Order by Fedwire transfer of immediately available funds to the Federal Reserve Bank of Richmond, ABA No. 05 1000033, beneficiary, Board of Governors of the Federal Reserve System. The Federal Reserve Bank of Richmond, on behalf of the Board of Governors, shall distribute this sum to the U.S. Department of the Treasury, pursuant to section 8(i) of the FDI Act (12 U.S.C. § 1818(i)).

### **Compliance with the Order**

7. Within 30 days after the end of each calendar quarter following the date of this Order, Deutsche Bank shall submit to the Reserve Bank written progress reports detailing the form and manner of all actions taken to secure compliance with this Order and the results thereof.

### **Approval and Implementation of Program**

8. (a) Within 10 days of approval by the Board of Governors, Deutsche Bank shall adopt the approved program and retain the independent consultant required by paragraphs 1 and 2(b) of this Order. Upon adoption of the program required under paragraph 1, Deutsche Bank shall promptly implement the approved program, and thereafter fully comply with it.

(b) During the term of this Order, the approved program and engagement letter shall not be amended or rescinded without the prior written approval of the Reserve Bank.

## Notices

9. All communications regarding this Order shall be sent to:
  - (a) Daniel A. Muccia  
Senior Vice President  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045
  - (b) Richard M. Ashton  
Deputy General Counsel  
Board of Governors of the Federal Reserve System  
Washington, D.C. 20551
  - (c) Christof von Dryander  
Deputy General Counsel  
Deutsche Bank AG  
Taunusanlage 12  
60325 Frankfurt am Main, Germany
  - (d) Alan Vinegrad  
Covington & Burling LLP  
620 Eighth Avenue  
New York, New York 10018

## Miscellaneous

10. Notwithstanding any provision of this Order to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to Deutsche Bank to comply with this Order.
11. The provisions of this Order shall be binding upon Deutsche Bank and each of its institution-affiliated parties, as defined in sections 3(u) and 8(b)(4) of the FDI Act (12 U.S.C. §§ 1813(u) and 1818(b)(4)), in their capacities as such, and their successors and assigns.
12. Each provision of this Order shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.



13. Except as otherwise provided in this paragraph 13, the Board of Governors hereby agrees not to initiate any further enforcement actions, including for civil money penalties, against Deutsche Bank, and its affiliates, successors and assigns, with respect to the conduct described in the WHEREAS clauses of this Order to the extent known by the Board of Governors as of the effective date of this Order. This release and discharge shall not preclude or affect (i) any right of the Board of Governors to determine and ensure compliance with this Order, (ii) any proceedings brought by the Board of Governors to enforce the terms of this Order, or (iii) any proceedings brought by the Board of Governors against individuals who are or were institution-affiliated parties of Deutsche Bank.

14. Nothing in this Order, express or implied, shall give to any person or entity, other than the parties hereto and their successors hereunder, any legal or equitable right, remedy, or claim under this Order.

By Order of the Board of Governors of the Federal Reserve System effective this 4th day of November, 2015.

DEUTSCHE BANK AG

BOARD OF GOVERNORS OF THE  
FEDERAL RESERVE SYSTEM

By: \_\_\_\_\_/S/\_\_\_\_\_  
Christof von Dryander  
Deputy General Counsel

By: \_\_\_\_\_/S/\_\_\_\_\_  
Robert deV. Frierson  
Secretary of the Board

By: \_\_\_\_\_/S/\_\_\_\_\_  
Mathias Otto  
Deputy General Counsel