

# United States Senate

WASHINGTON, DC 20510

June 6, 2019

The Honorable Jerome Powell  
Chairman  
Board of Governors of the Federal Reserve System  
1800 K Street NW  
Washington, DC 20006

The Honorable John C. Williams  
President  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, NY 10045

Dear Chairman Powell and President Williams:

We write in response to a New York Times article printed on May 19, 2019<sup>1</sup>, alleging that senior Deutsche Bank Wealth Management officials repeatedly ignored the recommendations of their own anti- money laundering compliance experts that the bank file suspicious activities reports (SARs) on transactional activity tied to President Donald Trump, including Trump business entities and the Trump Foundation, and companies owned or controlled by his son-in-law Jared Kushner or his family.

As you are aware, Deutsche Bank has deep ties to President Trump and Mr. Kushner. Deutsche Bank has been the President's largest lender and extended him lines of credit when other financial institutions would not. This overdependence on Deutsche Bank and the heightened potential for conflicts of interest it poses is made more troubling because the President has refused to make any effort to address conflicts of interest or disclose his extensive global financial ties, as other Presidents and candidates have done in the past.

In recent years, Deutsche Bank has been the subject of numerous enforcement actions, including with respect to misconduct for the structuring and financing of fraudulent tax shelters, manipulation of benchmark interest rates, money laundering, and facilitation of tax evasion by U.S. taxpayers through undisclosed accounts in its Swiss bank. Deutsche Bank has also been cited for misconduct by Germany and the United Kingdom. The U.S. branch coordinated with Deutsche Bank entities overseas to process dollar-denominated funds through the U.S. in violation of sanctions laws and regulations. Last year, its headquarters in Germany was raided by government officials -- the third large-scale raid conducted at Deutsche Bank since 2012 -- with officials reportedly looking into its activities involving the creation and servicing of hundreds of offshore shell corporations.

In light of these most recent press accounts, and Deutsche Bank's extensive history of violations, which have prompted huge penalties for the bank, we urge you to undertake a thorough evaluation of the Bank's compliance with Bank Secrecy Act and Anti- Money Laundering regulations with respect to the Trump and Kushner-related activities identified by Deutsche Bank compliance staff as suspicious. Only by conducting a thorough review of the full range of this activity can we better understand what happened in these cases; what practices, procedures, or

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<sup>1</sup>Enrich, David, "Deutsche Bank Staff Saw Suspicious Activity in Trump and Kushner Accounts." *New York Times*, May 19, 2019. <https://www.nytimes.com/2019/05/19/business/deutsche-bank-trump-kushner.html?rref=collection%2Ftimestopic%2FDeutsche%20Bank%20AG>

personnel may need to be changed at the bank; and what regulators should do to ensure the Federal Reserve's ability effectively to monitor compliance with Anti-Money Laundering laws.

**Given the seriousness of these allegations, and the bank's history of misconduct, we ask that you respond to the following questions no later than June 24, 2019:**

1. Have examination and supervisory staff from the Fed Board or NY Fed met with the whistleblowers in the New York Times story to hear detailed accounts of their experience and the patterns of conduct they describe?
2. Please describe your efforts to investigate these allegations of whistleblowers regarding the pattern they describe of senior Deutsche Bank wealth management officials' persistent refusal to file SARs on politically-exposed persons whose activity would normally require elevated scrutiny, including Trump and Kushner-affiliated entities whose activity had been identified as suspicious by bank compliance experts.
3. Have you been able to determine, in consultation with Deutsche Bank officials, how many such SARs were quashed, and over what period? Have you independently assessed the rationale/s provided by senior managers for not filing these SARs, and are you satisfied that they were consistent with the law and AML/BSA best practices?
4. Who were the Private Wealth Management or other bank decision makers involved in these decisions? Did the decision involve senior executives, including risk management personnel?
5. What was the precise role of the Special Investigations Unit within Deutsche Bank with respect to these Trump and Kushner-related transactions?
6. Have you required Deutsche Bank officials to undertake an internal audit or other review of these decisions and, if so, have you offered guidance on the scope and purpose of the review, and independently assessed its findings and conclusions?
7. Were the initial suspicious activity concerns identified by Deutsche Bank compliance staff triggered by concerns about the originators of the funds, the recipients of the funds, or both? Did any of the activity involve entities located overseas? Did any implicate "companies involving prominent Russians," as whistleblowers allege?
8. Has anyone from the White House or the Department of Treasury communicated with the Fed Board or NY Fed regarding Deutsche Bank, including instructions related to the release of documents to Congress or to law enforcement? If so, please describe any such contacts.

9. Deutsche Bank has failed its stress test in three of the last four years, has been required to address deficiencies in its resolution plan, and last year filed a \$3 billion quarterly loss. Given these systemic managerial failures in addition to concerns about compliance with BSA/AML requirements detailed above, what plans do regulators have for reforming Deutsche Bank's management? Will regulators be subjecting Deutsche Bank to heightened supervisory and regulatory standards?
  
10. As a regulator, what are your expectations for internal control and risk management procedures regarding a large complex institution like Deutsche Bank, to address circumstances where its automated system has identified potentially suspicious activity, and compliance staff have independently assessed that activity and prepared a SAR filing and supporting documentation on high profile clients, including politically exposed persons, but more senior officials refuse to file them with FinCEN? What are your expectations regarding the extent, and documentation, of such internal deliberations for later review by regulators? Were those expectations met in this instance? In general, what penalties are banks subject to for failing to file SARs on such suspicious activity identified by their staff?
  
11. Please describe in detail your oversight process for handling internal whistleblowers who provide your agency, or other financial regulators, such as the Securities and Exchange Commission, with information regarding the banks you supervise. How do you coordinate review and assess such complaints, on what timetable, and at what level do you initially engage with officials of the bank? What provisions are made for elevation to senior officials, and if necessary to the bank's Board, regarding resolution of such complaints?

Thank you for your consideration.

Sincerely,



Chris Van Hollen  
United States Senator



Sherrod Brown  
United States Senator



Jack Reed  
United States Senator



Robert Menendez  
United States Senator

  
Elizabeth Warren  
United States Senator

  
Catherine Cortez Masto  
United States Senator

  
Tina Smith  
United States Senator