UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 90875 / January 8, 2021

ACCOUNTING AND AUDITING ENFORCEMENT
Release No. 4201 / January 8, 2021

ADMINISTRATIVE PROCEEDING
File No. 3-20200

In the Matter of **DEUTSCHE BANK AG** **Respondent.**	**ORDER INSTITUTING CEASE-AND-DESIST PROCEEDINGS PURSUANT TO SECTION 21C OF THE SECURITIES EXCHANGE ACT OF 1934, MAKING FINDINGS, AND IMPOSING A CEASE-AND-DESIST ORDER**

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act"), against Deutsche Bank AG ("Deutsche Bank" or "Respondent").

II.

In anticipation of the institution of these proceedings, Deutsche Bank has submitted an Offer of Settlement (the "Offer") which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, Respondent admits the Commission's jurisdiction over it and the subject matter of these proceedings, and consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order ("Order"), as set forth below.

III.

On the basis of this Order and Respondent's Offer, the Commission finds[1] that:

SUMMARY

1. This matter concerns the improper use, from at least 2009 through 2016, by Deutsche Bank of third-party intermediaries, business development consultants, and finders (collectively "BDCs") to obtain and retain global business. Hundreds of BDCs were used during this timeframe, and their use was approved by past members of Deutsche Bank's senior management and various regional committees.[2] Among those engaged were foreign officials, their relatives and associates in circumstances where bribery risks were neither assessed nor sufficient steps taken to mitigate bribery risks posed by such engagements.

2. Deutsche Bank lacked sufficient internal accounting controls related to the use and payment of BDCs during this time period, resulting in payments to BDCs that were actually bribe payments as well as payments made for unknown, undocumented or unauthorized services. The payments in those circumstances were inaccurately recorded as legitimate business expenses in Deutsche Bank's books and records, and involved invoices and documentation falsified by its employees. During this period, certain now-former members of senior management, including members of the Management Board, were aware that these internal accounting controls were insufficient to provide reasonable assurance that transactions with BDCs were executed in accordance with management authorization and to provide reasonable assurance that payments were accurately recorded in Deutsche Bank's books and records. Deutsche Bank failed to take sufficient steps to address and remediate these known internal accounting control failures until 2016.

3. As a result of this conduct, Deutsche Bank violated the internal accounting control and books and records provisions of the Foreign Corrupt Practices Act of 1977. During this period approximately $7 million in payments to BDC's were improperly booked as legitimate expenses, and Deutsche Bank was unjustly enriched by approximately $35 million.

RESPONDENT

4. **Deutsche Bank AG ("Deutsche Bank"** or **"the Bank")** is a multinational financial services corporation incorporated and domiciled in Germany. The company issues and maintains a class of publicly traded securities registered pursuant to Section 12(b) of the Exchange Act and is

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[1] The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

[2] All of the relevant Management Board members and most members of senior management referenced in this Order are former employees of the Bank.

listed on the New York Stock Exchange (ticker: DB). Deutsche Bank files periodic reports, including Forms 20-F, with the Commission. Deutsche Bank operates in more than 70 countries worldwide and is the direct or indirect holding company for Deutsche Bank's subsidiaries. Deutsche Bank employees in various parts of the world engaged in the conduct discussed herein.[3]

FACTS

5. Throughout the relevant time period, Deutsche Bank's Global Anti-Corruption Policy ("Anti-Corruption Policy") prohibited the payment of bribes, both directly and indirectly, to obtain an improper personal or business advantage in both the public and private sectors. Deutsche Bank prohibited the offer of anything of value which may be deemed to influence any act or decision of a public official and also prohibited the use of BDCs to improperly obtain confidential information about business opportunities. Under Deutsche Bank's relevant policies, third-party representatives could only be engaged in circumstances where: 1) there was documented pre-contractual due diligence; 2) a written contract which set out the representative's role and/or services was provided in a form approved by the Bank's Legal department ("Legal"); 3) the contract contained a documented description of services to be performed, amount to be paid, and other material terms of the engagement; 4) the payment was proportionate to the value of the services rendered; and 5) appropriate review and approval was obtained before the engagement began. Additionally, Deutsche Bank prohibited any undocumented payments or bribes.

6. Since at least 2008, Deutsche Bank's Use of Business Development Consultants Policy ("BDC Policy"), its global policy governing the use of consultants and finders, required that the Bank conduct thorough due diligence prior to retaining and paying a BDC to determine, among other things, whether the BDC, or their immediate family members and close associates, had any political or governmental affiliations or exposures. A BDC with a "political or governmental affiliation" was classified as a politically exposed person ("PEP") and required enhanced due diligence; this person could not be engaged without additional vetting and approval by senior management, Legal, and the Bank's compliance function ("Compliance") to provide reasonable assurance that potential conflicts of interest were identified and addressed. The BDC Policy also required that prospective BDCs have "sufficient expertise and qualifications" to perform the contemplated services. Payments were required to be proportionate to the services rendered and made only in circumstances where the supporting invoice contained "sufficient detail regarding the services or matters to which such invoice relates."

7. While the BDC Policy required that regional and divisional management approve and oversee the use of BDCs, in practice, the implementation and oversight of the Policy fell to the BDC's "business sponsor." Business sponsors were responsible for generating business for Deutsche Bank and were compensated, in part, based on the revenue earned by Deutsche Bank. The business sponsors recommended the engagement of the identified BDC, determined whether payments to the BDCs complied with both the terms of the BDC contract and the Bank's policies, and maintained records concerning the services provided by the BDC, including invoices.

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[3] Deutsche Bank employees referenced in this Order may have worked for one or more Deutsche Bank legal entities during the relevant time. Deutsche Bank is required to make and keep accurate books and records and sufficient internal accounting controls within its subsidiaries.

Deutsche Bank Identified Internal Accounting Control Failures in 2009 but Failed to Remediate Until 2016

8. In approximately 2008, as part of the Bank's anti-corruption program, a group within Deutsche Bank's internal audit function conducted a review of business arrangements in its Asia-Pacific region in order to assess the integrity and legitimacy of certain transactions. In 2009, the internal audit group issued a report ("2009 Report") in which it identified certain concerns with the Bank's use of one BDC including insufficient oversight over that BDC engagement to ensure it was not being used for corrupt purposes and a lack of documentation detailing what actual services were rendered by the BDC. The 2009 Report recommended that Deutsche Bank's global BDC Policy be revised and that the internal accounting controls around BDCs be enhanced to include centralized and thoroughly documented due diligence to demonstrate that a BDC was qualified to perform the services for which it was contracted, maintenance of detailed records of all work performed by the BDC, and a requirement that BDC engagements include books and recordkeeping provisions giving Deutsche Bank inspection rights. The 2009 Report was provided to senior management at Deutsche Bank, including members of the Management Board; however, only limited steps were taken in response.

9. In 2011, the same group conducted another internal investigation into the Bank's BDC relationships and identified numerous internal accounting control failures. Those failures were identified in a report ("2011 Report") and included: problems related to specific BDC engagements; lack of due diligence; general lack of training and awareness of Deutsche Bank's BDC Policy and due diligence requirements among employees; failure by business sponsors to appropriately assess, document, and mitigate corruption risks and conflicts of interests; and failure to document the proportionality and justification for certain BDC payments. The 2011 Report was also distributed to senior management at Deutsche Bank, including members of the Management Board, and again only limited steps were taken in response.

10. Contrary to its internal policies and with known failures in its relevant internal accounting controls, between 2009 and 2016, Deutsche Bank engaged some BDCs: 1) with no demonstrated expertise or qualifications; 2) who simultaneously worked for a government entity from which Deutsche Bank sought business; 3) without a written agreement; 4) using form agreements with no substantive description of the services to be performed and/or provisions calling for "success fee" payments; 5) at rates that were unreasonably high as compared to the work allegedly being performed; and 6) in circumstances where either adequate due diligence was not performed or where due diligence was conducted more than a year after the BDC was retained and paid.

11. As a result of its lack of sufficient internal accounting controls relating to BDCs, Deutsche Bank paid certain BDCs in circumstances where no invoices were submitted and where invoices contained insufficient documentation to detail what services were performed. In certain instances, when invoices were submitted, they were vague and inadequate, making it nearly impossible to determine what, if any, services were performed or to determine the purpose for the payment. In

some instances, BDCs were paid in excess of what was provided for pursuant to their contract with Deutsche Bank and some BDCs were paid even though they had no contract at the time certain of the services were purportedly performed. Amongst the BDC payments made in these circumstances were those that were bribes.

Consultant A – Chinese BDC

12. Deutsche Bank retained Consultant A to help the Bank establish a clean energy investment fund with a Chinese government entity. Prior to entering into a BDC relationship, Consultant A introduced himself and provided certain Deutsche Bank employees with a *curriculum vitae* indicating that he "is currently the senior advisor to [the regional Chinese] . . . Government" with which the Bank sought to establish the investment fund. Deutsche Bank employees working to establish the investment fund knew that in addition to potentially being a government official or otherwise acting in an official capacity, Consultant A was also "a close friend of" a foreign government official whose approval was needed for the establishment of the investment fund. Notably, that same government official required that Deutsche Bank work through Consultant A to establish the investment fund.

13. Despite these facts, Consultant A was retained as a BDC without due diligence review being conducted as required.

14. Between April 2011 and May 2013, Consultant A was paid at least $1.6 million. This included payments for services purportedly performed before he was engaged. Consultant A submitted invoices for gifts and entertainment provided to foreign government officials that were reimbursed without adequate review or advance approval by Compliance, as required under Deutsche Bank's policies. Moreover, Deutsche Bank did not fully document the services Consultant A purportedly performed and paid him without appropriate documentation. For example, although Deutsche Bank paid him for purported reimbursements of "out-of-pocket expenses" or "client-related expenses," Consultant A provided little verifiable support for the purported expenses.

15. In addition to these payments, Consultant A was given a partnership interest in the investment fund that required little or no upfront capital and entitled him to a large potential profit share. One Deutsche Bank employee explained contemporaneously, "[Consultant A] has acted as an advisor and facilitator to this initiative and it is a requirement of [the government entity] that he is included as both an equity (very small) participant and also part of the investment committee." This agreement was executed without Legal and Compliance having full information about the circumstances of Consultant A's relationship with the government entity.

16. In early 2017, Deutsche Bank began the dissolution of the investment fund because it failed to raise capital; the Bank earned no profits from this arrangement.

Consultant B – Abu Dhabi BDC

17. Between 2010 and 2011, Deutsche Bank retained and paid Consultant B to obtain a specific deal ("Project X") with an Abu Dhabi sovereign wealth fund ("Abu Dhabi SOE"). Consultant B approached Deutsche Bank about Project X and within weeks of that meeting, Deutsche Bank employees understood that Consultant B's brother would also be involved in the proposed BDC engagement, although Deutsche Bank did not immediately engage either of them.

18. During this same time period, an Abu Dhabi SOE Official with authority to influence the award of Project X was pressuring Deutsche Bank to finance a mega-yacht. One email from an Abu Dhabi SOE official read:

> "[Abu Dhabi SOE Official] has asked me to get in touch with DB: reputationally, this financing is regarded as absolutely crucial, and [Abu Dhabi SOE Official] made the point very forcefully that those institutions which participate in it can expect in future to enjoy 'most favoured status' with [the Abu Dhabi SOE]."

19. Deutsche Bank employees working on Project X encouraged the Bank to finance the mega-yacht in order to influence the Abu Dhabi SOE Official and better position Deutsche Bank to obtain Project X. The Bank agreed to do so. Despite that, a banker working to obtain Project X expressed concern that there was still "no guaranty" that Deutsche Bank would win Project X and told a senior executive at Deutsche Bank, "We need to close the [Consultant B and brother] angle within the next 48hrs. Need ur [sic] leadership and influence on getting it thru GMRAC." The senior executive agreed to sponsor the BDC arrangement, but expressed concern about entering into a BDC arrangement shortly before Project X would be awarded.

20. At the time Consultant B was retained as a BDC, Deutsche Bank knew Consultant B was a relative of the Abu Dhabi SOE Official, a high ranking official of and key decision maker for the Abu Dhabi SOE. Deutsche Bank knew that Consultant B was a proxy for the Abu Dhabi SOE Official and that it needed to pay Consultant B to obtain the Abu Dhabi SOE's business. A Deutsche Bank employee described Consultant B as a "gatekeeper" to the Abu Dhabi SOE Official who expected to be paid for his services. At the time Consultant B was retained as a BDC, the Regional Head of Compliance, the banker acting as business sponsor, and the senior executive each knew that Consultant B's brother would be working with Consultant B, but did not disclose the role of Consultant B's brother in the BDC arrangement and Consultant B's brother did not sign a BDC contract with Deutsche Bank.

21. Consultant B's engagement was approved by the then-Global Markets Risk Assessment Committee ("GMRAC"), which included senior-level Deutsche Bank executives. Despite the requirements of the BDC Policy, the GMRAC at the time approved the engagement despite the lack of due diligence on Consultant B, and without assessing or mitigating corruption risks and conflicts of interest related to the retention which included: 1) Consultant B was related to the Abu Dhabi SOE Official, a key decision maker at the SOE from which Deutsche Bank sought business; 2) Consultant B had no known qualifications for the role; and 3) the fact that the Abu Dhabi SOE

Official had made repeated requests to Deutsche Bank to finance a mega-yacht as a means to help position Deutsche Bank to obtain Project X.

22. Deutsche Bank was awarded Project X shortly after it retained Consultant B. Within a week after Consultant B was retained as a BDC, Deutsche Bank paid him more than $2 million for his purported legitimate services.

23. Consultant B was paid approximately $3.5 million without invoices or other documentation to support the payments; the agreement itself did not call for Consultant B to perform any services other than to provide generic advice and introductions; and the payments were not proportionate to any legitimately rendered services. Despite this, a senior Deutsche Bank executive approved the payments. As a result, Deutsche Bank was unjustly enriched by approximately $30 million.

Consultant C – Italian BDC

24. Deutsche Bank retained Consultant C from approximately February 2007 through December 2015 to refer high net worth clients to Deutsche Bank. Reasonable due diligence was not done prior to the engagement of Consultant C, who was a regional tax judge in Italy and, therefore, a current government official during his BDC engagement. Contemporaneous email and documents show that Consultant C's business sponsor was aware of this fact when sponsoring Consultant C.

25. Numerous payments were made to Consultant C that exceeded the commission rate in his contract and included payments outside the terms of his contract. Consultant C was paid more frequently than permitted by contract and was paid despite not performing some of the services for which invoices were issued. Deutsche Bank employees were aware that payments were made to him on the basis of inaccurate invoices. For example, he received payments for at least three purported client introductions despite not having introduced those clients to the Bank. When he made demands for payments outside the scope of his contract, he received additional payments and was paid for research reports and advisory information that were of no value to the Bank.

26. Although Consultant C's contract ended in December 2015, Consultant C was paid beyond the period required by the BDC agreement. Per the contract, the commission on those client assets should have ceased in December 2015.

27. As a result, Deutsche Bank was unjustly enriched by approximately $1 million.

Consultant D – Middle Eastern BDC

28. From 2011 through the end of 2012, Deutsche Bank paid bribes to one of two General Managers ("Consultant D") of the Family Office ("FO") of a senior member of a Middle Eastern Royal Family in order to obtain and retain the FO's lucrative banking business. Consultant D made investment decisions for the FO and managed hundreds of millions of dollars in investments on behalf of the FO. To make the payments, Deutsche Bank entered into a BDC contract with, and made these payments to, a shell company ("BVI Company") owned by Consultant D's wife.

29. Although the FO was a preexisting client of Deutsche Bank, the employees who managed that relationship at Deutsche Bank believed that Consultant D would take the FO business to another bank if they did not pay him. A Deutsche Bank employee stated, "We are faced with the serious potential of the client withdrawing and closing his relationship, putting at risk a potential €5-6m revenue in 2013. Unless we manage to resolve this (and confirm payment by close of week 1 in December) we are highly likely to lose the entire relationship." Deutsche Bank employees justified the payments based both on the amount of revenue Deutsche Bank had already earned from the FO's assets and the expectation that Consultant D would provide the bank with future business. One senior Deutsche Bank employee stated that the FO business was the Bank's "single largest relationship" in the Middle East and Africa and "also a top 3 revenue" relationship.

30. Deutsche Bank employees managing the FO account inaccurately portrayed that Consultant D's wife, represented by the BVI Company, was the source of the business. Neither Compliance nor the committee members approving the arrangement verified this claim. Deutsche Bank did not negotiate the terms of the contract or conduct any business with Consultant D's wife, and email clearly indicated that "[Consultant D] has approved the Finder agreement." The agreement was supported by Deutsche Bank executives and various others on the approval committee including some who were aware that there was an inherent conflict of interest in paying the wife of the decision maker for the client.

31. Although there is no evidence that either the BVI Company or Consultant D's wife ever provided any services to Deutsche Bank, the payments were authorized and paid. Because Deutsche Bank helped establish the BVI Company and managed its bank account, Deutsche Bank employees were aware that Consultant D was the real beneficiary of the payments. Deutsche Bank made at least four payments totaling approximately $1.1 million to the BVI Company to induce and "incentivize" Consultant D to invest and maintain the FO's substantial assets with Deutsche Bank. Deutsche Bank made two payments to the BVI Company under the BDC contract and two additional extra-contractual payments: a $150,000 "exceptional payment" that cleared through New York and a €220,000 "goodwill payment." In one request for approval for an extra-contractual payment, a senior level Deutsche Bank employee explained that payment was needed to "secure the retention" and "future … contribution of the relationship" and "urgently" requested that the payment be approved.

32. The payments to Consultant D were inaccurately recorded in Deutsche Bank's books and records as legitimate payments, and as a result, Deutsche Bank was unjustly enriched by approximately $3 million.

LEGAL STANDARDS AND VIOLATIONS

33. Under Section 21C(a) of the Exchange Act, the Commission may impose a cease-and-desist order upon any person who is violating, has violated, or is about to violate any provision of the Exchange Act or any rule or regulation thereunder, and upon any other person that is, was, or would be a cause of the violation, due to an act or omission the person knew or should have known would contribute to such violation.

Deutsche Bank Violated Exchange Act Section 13(b)(2)(A)

34. The books and records provision of the FCPA, Section 13(b)(2)(A) of the Exchange Act, requires every issuer with a class of securities registered pursuant to Section 12 of the Exchange Act to make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer. 15 U.S.C. § 78m(b)(2)(A).

35. As a result of the conduct described above, Deutsche Bank violated Section 13(b)(2)(A) of the Exchange Act.

Deutsche Bank Violated Exchange Act Section 13(b)(2)(B)

36. Section 13(b)(2)(B) of the Exchange Act requires companies with a class of securities registered under Section 12 of the Exchange Act to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary (I) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and (II) to maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. 15 U.S.C. § 78m(b)(2)(B).

37. As described above, Deutsche Bank failed to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions were executed in accordance with management's general or specific authorization and that access to assets was permitted only in accordance with management's general or specific authorization. By this conduct, Deutsche Bank violated Exchange Act Section 13(b)(2)(B).

Commission Consideration of Deutsche Bank's Cooperation and Remedial Efforts

38. In determining to accept the Offer, the Commission considered Deutsche Bank's cooperation and remedial efforts.

39. Deutsche Bank's cooperation included: responding promptly to the Commission's requests for information and documents; identifying issues and facts that would likely be of interest to the Commission's staff; providing regular updates of factual findings developed during the course of its own internal investigation; making employees and now-former employees located outside the United States available for interviews; and identifying key documents and providing factual chronologies to the Commission's staff.

40. Deutsche Bank's remedial measures included: enhancements to its internal accounting controls; enhancements to its Anti-Bribery & Corruption Framework and policies concerning BDCs on a global basis; the significant reduction of the number of BDCs used by the Bank; the

institution of enhanced procedures and practices to monitor and control BDC engagements; increasing the Bank's anti-corruption compliance staff; and increased and regular anti-bribery training specifically addressing the use of third parties to obtain and retain business. Deutsche Bank also undertook employment actions based upon its findings regarding the underlying conduct, including separating certain employees.

Criminal Disposition

41. Deutsche Bank has entered into a Deferred Prosecution Agreement with the United States Department of Justice that acknowledges responsibility for criminal conduct relating to certain findings in the Order.

Non-Imposition of a Civil Penalty

42. Respondent acknowledges that the Commission is not imposing a civil penalty based upon the imposition of a $79,561,206 criminal penalty for the same misconduct as part of Deutsche Bank's above referenced resolution with the United States Department of Justice.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent's Offer.

Accordingly, it is hereby ORDERED that**:**

A. Pursuant to Section 21C of the Exchange Act, Deutsche Bank cease and desist from committing or causing any violations and any future violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act.

B. Respondent shall, within 20 days of the entry of this Order, pay disgorgement of $35,145,619 and prejudgment interest of $8,184,003, for a total payment of $43,329,622, to the Securities and Exchange Commission for transfer to the general fund of the United States Treasury, subject to Exchange Act Section 21F(g)(3). If timely payment is not made, additional interest shall accrue pursuant to SEC Rule of Practice 600. Payment must be made in one of the following ways:

(1) Respondent may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

(2) Respondent may make direct payment from a bank account via Pay.gov through the SEC website at http://www.sec.gov/about/offices/ofm.htm; or

(3) Respondent may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Deutsche Bank as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Daniel J. Wadley, Director, Salt Lake Regional Office, Securities and Exchange Commission, 351 S. West Temple, Suite 6.100, Salt Lake City, UT 84101.

By the Commission.

Vanessa A. Countryman
Secretary