

German Prosecutors Charge Deutsche Bank Executives

By Alexandre Boulanger, LL.M. Candidate 2015 | September 30, 2014

Munich's prosecutor's office charged several Deutsche Bank top executives, including its current co-chief executive, Jürgen Fitschen, and Deutsche Bank was named as an [associated party to the case](#).

The prosecutors accused them of colluding to give false testimony over the bank's handling of a civil dispute concerning the collapse of the Kirch Group, a bank client's media empire.

Mr. Kirch, and his heirs following [his death in 2011](#), sued the bank after an appearance by Rolf E. Breuer, the bank's former chief executive, on Bloomberg Television in February 2002, in which he commented on the [media company's creditworthiness](#). According to the plaintiffs, this appearance was part of the Bank's plan to force the media company to hire the Bank as a restructuring adviser and to earn fees if it were sold, by putting pressure on the media group, which would have ultimately led to the downfall of the Kirch Group and its subsidiaries.

Despite the settlement of the decade-long dispute between the bank and the heirs of the former media tycoon [in February](#), the prosecutors continued their investigations, suspecting the bank executives of colluding to give false statements in order to bolster Mr. Breuer's version of events.

Under German criminal law, a court must first rule on whether the [charges can go to trial](#). Munich court spokeswoman, Andrea Titz, said that the ruling is unlikely to come before next year. Aggravated attempted fraud carries a sentence that ranges from six months to 10 years in prison. If the men are convicted, Deutsche Bank could face a fine of as much as [1 million euros](#).

These criminal charges arise at a difficult time for Deutsche Bank, as it is currently enforcing a process to promote a greater sense of ethics among bank employees. Lately, the bank has faced significant litigation issues including suspicion of infringement of the [benchmark interest and currency rates regulations](#) and the DOJ's lawsuit for knowingly violating mortgage regulations [that led to a \\$202 million settlement in 2002](#).

Furthermore, analysts are [questioning Deutsche Bank's management capacity](#) to deal with these charges, potential litigation consequences and the upcoming ECB's stress tests.