

Following a Year of Scandal, Deutsche Bank Looks toward the Future

By Lindsay Szymanski, J.D. Candidate 2019 | March 20, 2017

In early March 2017, Deutsche Bank announced that its latest [restructuring](#) will include an 8.5 billion capital raising scheme, a reorganization of its retail business, and a merging of its market business and investment bank.

This announcement comes on the heels of a turbulent year for the former investment powerhouse. In December, the bank agreed to a multimillion-dollar settlement with the United States Department of Justice for its involvement in the 2008 financial crises. Then in January, Deutsche Bank announced it would pay millions of dollars in fines for helping Russian investors launder nearly \$10 billion. This is a far cry from bank's well-regarded reputation as a dominant foreign currency trader in 2007.

In the December settlement, Deutsche Bank agreed to pay a [\\$7.2 million](#) to the Justice Department for its sale of toxic mortgage securities in the years leading up to the financial crises. As part of the settlement, the bank paid \$3.1 billion in civil monetary penalties and \$4.1 billion in consumer relief. The negotiations were followed by harsh plummet in the bank's stock, leading many to wonder about Deutsche Bank's stability as a financial player.

These concerns were amplified when, on January 30, Deutsche Bank agreed to pay a [\\$425 million fine](#) to New York State's main financial regulator for its involvement in a Russian money-laundering scheme. The New York State Department of Financial Services found that between 2011 and 2015 Deutsche Bank executives in Moscow and London helped Wealthy Russians send money overseas by disguising these illicit funds as stock trades. Though this scandal, dubbed the "Russian Mirror Trading Scheme," is smaller in scale than the mortgage crisis payments, it reinforced Deutsche Bank's emerging reputation as a financial institution accustomed to skirting regulations to amplify profits.

Despite the difficult last few years, John Cyan, Deutsche Bank's chief executive, is optimistic that it is on a "path to creating a simpler, stronger and growing bank." Cyan specifically touts the merging of its commercial and investment bank as an opportunity to expand its competitive environment by availing itself to more than 20 million customers.