

U.S. Judge Appoints Monitor to Deutsche Bank

By Kevin Jones, J.D. Candidate 2018 | November 2, 2016

On August 18, 2016, the U.S. Commodity Futures Trading Commission (CFTC) filed [suit](#) against Deutsche Bank for failing to report any swap data for multiple classes of assets for five days. According to the CFTC, on April 16, 2016, Deutsche Bank’s swap data reporting system experienced a [system outage](#) for approximately five days. CFTC alleged that Deutsche Bank’s efforts to end the outage consistently worsened financial reporting problems. The CFTC claims that this is because Deutsche Bank failed to implement a satisfactory business continuity and disaster recovery plan in events like this outage.

According to CFTC Enforcer Director [Aitan Goleman](#), “Deutsche Bank has shown over the last year its inability to comply with its swap reporting responsibilities under the Commodity Exchange Act and CFTC Regulations.” He also expressed that such violations “warranted the intervention of a court-appointed monitor.” In fact, Deutsche Bank had received an order from the CFTC in the previous year to pay \$2.5 million for failure to report swap deals.

In attempts to cooperate with the CFTC, Deutsche Bank filed a joint motion for the CFTC to appoint a monitor. However, the presiding judge of the U.S. District Court of the Southern District of New York, William Pauley, [rejected](#) the CFTC’s three recommendations, including Chatnam Financial. Judge Pauley explained that his duty went beyond simply “rubber stamp[ing]” settlement agreements and independently selected Paul S. Atkins, CEO of Patomak Global Partners LLC to serve as Deutsche Bank’s monitor.

This case is one of a string of fines and regulations that have recently been issued to the German Bank. The CFTC case adds to the current financial strain and negative publicity surrounding the bank. In addition to its fallen stock prices since Brexit, Deutsche Bank currently faces a \$14 billion [fine](#) from the Department of Justice for its selling of mortgage backed securities.