

Elon Musk Tesla Deutsche Bank offices raided in money laundering probe over Silicon Valley oligarchs

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FRANKFURT (Reuters) - Police raided six Deutsche Bank offices in and around Frankfurt on Thursday over money laundering allegations linked to the "Panama Papers", the public prosecutor's office in Germany's financial capital said.

Investigators are looking into the activities of two unnamed Deutsche Bank employees alleged to have helped clients set up offshore firms to launder money, the prosecutor's office said. It focuses on the years 2013 through to 2018, a spokeswoman for the prosecutor's office said.

Around 170 police officers, prosecutors and tax inspectors searched the offices where written and electronic business documents were seized.

"Of course, we will cooperate closely with the public prosecutor's office in Frankfurt, as it is in our interest as well to clarify the facts," Deutsche Bank said, adding it believed it had already

provided all the relevant information related to the “Panama Papers”.

The news comes as Deutsche Bank tries to repair its tattered reputation after three years of losses and a drumbeat of financial and regulatory scandals.

Christian Sewing was appointed as chief executive in April to help the bank to rebuild. He trimmed U.S. operations and reshuffled the management board but revenue has continued to slip.

Police walks in front of Deutsche Bank headquarters as roughly 170 criminal police officers, prosecutors and tax inspectors searched Deutsche Bank offices in and around Frankfurt, Germany, November 29, 2018, on money laundering allegations, the public prosecutor said in a statement. REUTERS/Kai Pfaffenbach

Deutsche Bank shares were down more than 2 percent by 1409 GMT and have lost almost half their value this year.

OFFSHORE LINKS

The investigation was triggered after investigators reviewed so-called “Offshore-Leaks” and “Panama Papers”, the prosecutor said.

The “Panama Papers”, which consist of millions of documents from Panamanian law firm Mossack Fonseca, were leaked to the media in April 2016.

The prosecutors said they are looking at whether Deutsche Bank may have assisted clients to set up offshore companies in tax havens so that funds transferred to accounts at Deutsche Bank could skirt anti-money laundering safeguards.

In 2016 alone, over 900 customers were served by a Deutsche Bank subsidiary registered on the British Virgin Islands, generating a volume of 311 million euros, the prosecutors said.

They also said Deutsche Bank employees are alleged to have breached their duties by neglecting to report money laundering suspicions about clients and offshore companies involved in tax evasion schemes.

Prosecutors began the investigation in August.

Slideshow (4 Images)

It is separate from another money laundering scandal surrounding Danske Bank, where Deutsche Bank is involved.

Danske is under investigation for suspicious payments totaling 200 billion euros from 2007 onwards and a source with direct knowledge of the case has told Reuters Deutsche Bank helped to process the bulk of the payments. A Deutsche Bank executive director has said the lender played only a secondary role as a so-called correspondent bank to Danske Bank, limiting what it needed to know about the people behind the transactions.

UNDER SCRUTINY

Weaknesses in Deutsche Bank's controls that aim to prevent money laundering have caught the attention of regulators on

both sides of the Atlantic. The bank has publicly said that it agreed it needed to improve its processes to properly identify clients.

Bayer to sell businesses, cut jobs after Monsanto deal

In September, Germany's financial watchdog - BaFin - ordered Deutsche Bank to do more to prevent money laundering and "terrorist financing," and appointed KPMG as third party to assess progress.

In August, Reuters reported that Deutsche Bank had uncovered further shortcomings in its ability to fully identify clients and the source of their wealth.

Last year, Deutsche Bank was fined nearly \$700 million for allowing money laundering through artificial trades between Moscow, London and New York. An investigation by the U.S. Department of Justice is still ongoing.

"It is the sum of incidents that give cause for serious concern," said Lisa Paus, a member of the German Bundestag. "Something seems to be basically wrong in the compliance and anti-money laundering area of the bank."

Deutsche Bank has been under pressure after annual losses, and it agreed to pay a \$7.2 billion settlement with U.S. authorities last year over its sale of toxic mortgage securities in the run-up to the 2008 financial crisis