

Deutsche Bank and Road to the Basel

Description of Scandal

- The Corporate Security Department of the corporation spied on management and board members between 2007 and 2007, largely when Clemens Börsig became chief in 2000. There was a lot of control of what was reported, but only a few were made known to the public.
- One of the Board members (Gerd Hübner) was suspected of leaking insider information to the media regarding the company's financial situation. This prompted the company to hire external "special ops" to investigate.
- The spying continued when Lex Kirch Media Magazine sued the company for the fall of its company, which had acquired sensitive information from within the company, and this further prompted the company to investigate Kirch and his lawyer.
- Michael Hübner was Kirch's lawyer and the company subsequently paid their "special ops" to gather every detailed report on Kirch, dating as far as to trace him for his weaknesses.
- In conclusion the company was paranoid so they invested time and money into spying on their shareholders and management.

How the Scandal Was Uncovered

The company decided to launch an investigation and find the espionage agent. They later found out that the company had made a lot of mistakes. It is not clear as to how the company got the info to investigate, but it was the investigation itself.

Court case and outcome

- The bank is paying 8 million dollars in damages to the company.

Change in Management

- More control on mandating external service providers.
- In general more awareness and control of their business.

Current Status of Organization

Effect on Profits

- The loss of the espionage was made known to the public, the stock dropped from 40.70 euros to 41.30 euros.
- It didn't seem as if the companies stock dropped when the scandal became public information, instead the stock began to go down in the beginning of the year and after the scandal the stock immediately started to rise.
- The company lost 2.7 billion dollars in lawsuits.

Effect on Consumer Confidence

- There are many clients and regulators that are uneasy about doing business with Deutsche Bank.
- Not only that but the Securities and Exchange Commission is also uneasy about what occurred at the bank.

What the Corporation Does

Deutsche Bank AG is a financial institution originating from Germany that offers financial products such as savings, trading research, originator of debt, equities, derivatives, corporate financial management products, wealth management, loan management, retail banking, and insurance handling. The bank's headquarters are located in Frankfurt, Germany. The bank itself employs over 100,000 employees and has locations in 70 countries, the bank also owns one of the foreign exchange markets.

How Long It Has Been In Business

The bank was founded in 1870 in Berlin, it specialized in foreign trade, it has been in business for 145 years.

Company Background

Who Started The Corporation

- Oswald Siemsen
- Adolf H. Siemsen
- L. Rosenberg

Locations

Argentina, Australia, Austria, Belgium, Bulgaria, Canada, Chile, China, Colombia, Denmark, France, Germany, Greece, Hong Kong, India, Indonesia, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, United States, Vietnam, and other locations.

Nature Of Scandal

When Scandal Happened and When It Became Known

The spying began in 2007 and continued on till 2007, but most of the spying was known in 2007 when the bank issued a public statement and applied to all who were affected.

Outcome

- Clemens Börsig did not face any legal penalties and did not lose his job. According to the investigation Börsig was not guilty for the scandal.
- Two six-figure mid-level executives were fired.
- There were no non-specific penalties for either the Legal department or the Corporate Security Department.

Why the Players were involved

Clemens Börsig was the chief financial officer of the bank between 2001-2008. Börsig was the head of the corporate security department at the time of the spying when the bank's internal security department was suspected of leaking internal information to the media. Börsig was the head of the corporate security department which was one of the main departments in the bank. Börsig was not fired because of the spying, not in a known Corporate Security Department. The entire department was investigated, but because a lot of the members were involved in the investigation, and because they knew what was happening they were not fired. Börsig was not fired because it was hard to do a thorough investigation of the Corporate Security Department. Although there are no names, similar to the Corporate Security Department, it is not clear if he is part of the bank and not fired quickly after the revelation of the scandal, it is not clear if he is part of the bank or not.

Key Players

- Clemens Börsig (Board Chairman)
- Corporate Security Department
- Bühner Private Risk Advisors
- Legal Department

Impact On Shareholders

The bank's share price fell significantly after the scandal was revealed. The bank's share price fell from 40.70 euros to 41.30 euros. The bank's share price fell because of the scandal, and because the bank was not fired quickly after the revelation of the scandal, it is not clear if he is part of the bank or not.

References

- Deutsche Bank AG. (2008). *Annual Report 2008*. Retrieved 15 October 2015, from www.db.com
- Deutsche Bank AG. (2010). *Annual Report 2010*. Retrieved 15 October 2015, from www.db.com
- Deutsche Bank AG. (2012). *Annual Report 2012*. Retrieved 15 October 2015, from www.db.com
- Deutsche Bank AG. (2013). *Annual Report 2013*. Retrieved 15 October 2015, from www.db.com
- Deutsche Bank AG. (2014). *Annual Report 2014*. Retrieved 15 October 2015, from www.db.com
- Deutsche Bank AG. (2015). *Annual Report 2015*. Retrieved 15 October 2015, from www.db.com

Deutsche Bank and Road to the Basel Harvard Case Solution & Analysis TheCaseSolutions.com

Deutsche Bank and Road to the Basel

Description of Scandal

- The Corporate Security Department of the corporation spied on management and board members between 2007 and 2007, largely when Clemens Börsig became chief in 2007. There was a lot of e-mails and documents, but only a few were made known to the public.
- One of the Board Members (Gerald Hirsh) was suspected of leaking insider information to the media regarding the company. This prompted the company to hire outside "special ops" to investigate.
- The spying continued when Lex Kirch Media Magazine sued the company for the fall of the company, which had acquired sensitive information from within the company, and this further prompted the company to investigate Kirch and his lawyers.
- Michael Robinson was Kirch's lawyer and the company subsequently used their "special ops" to gather every detailed report on Kirch, dating as far as to track him for his weaknesses.
- In conclusion the company was paranoid so they invested time and money into spying on their shareholders and management.

How the Scandal Was Uncovered

The company decided to launch an investigation and find the espionage agent. They later found out that the company had made a formal announcement. It is not clear as to how the company got the info to investigate, but it was the investigation that uncovered it.

Court case and outcome

- The bank is paying 8.7 million dollars to Lex Kirch Media Magazine.

Effect on Profits

- Though the espionage was made known to the public, the stock dropped from 40.70 euros to 41.30 euros.
- It didn't seem as if the companies stock dropped when the scandal became public information. Instead the stock began to go down in the beginning of 2010, and after the scandal the stock immediately started to rise.
- The company lost 2.7 billion dollars in lawsuits.

Change in Management

- More control on mandating external service providers.
- In general more awareness and control of their business.

Current Status of Organization

Effect on Consumer Confidence

- There are many clients and regulators that are uneasy about doing business with Deutsche Bank.
- Not only that but the Securities and Exchange Commission is also uneasy about what occurred at the bank.

Nature Of Scandal

When Scandal Happened and When It Became Known

The spying began in 2007 and continued on till 2007. The report of the spying was known in 2007 when the bank issued a public statement and was applied to all who were affected.

Outcome

- Clemens Börsig did not face any legal penalties and did not lose his job. According to the investigation Börsig was not guilty for the scandal.
- Two unknown mid-level executives were fired.
- There were no non-specific penalties for either the Legal department or the Corporate Security Department.

Why the Players were involved

Clemens Börsig was the chief financial officer of the bank between 2007-2008. Börsig was in charge of the corporate security department at the time of the spying. He was the one who authorized the spying. He was also the one who was suspected of leaking insider information to the media regarding the company. He was also the one who was suspected of leaking insider information to the media regarding the company. He was also the one who was suspected of leaking insider information to the media regarding the company.

Key Players

- Clemens Börsig (Board Chairman)
- Corporate Security Department
- Bühmer Private Risk Advisors
- Legal Department

What the Corporation Does

Deutsche Bank AG is a financial institution originating from Germany that offers financial products such as sales, trading, research, origination of debt, equity, derivatives, corporate financial management products, wealth management, fund management, retail banking, and insurance handling. The bank's headquarters are located in Frankfurt, Germany. The bank itself employs over 100,000 employees and has locations in 70 countries. The bank also owns 21% of the foreign exchange market share.

References

- Frankfurt, D., & Kirchberg, M. (2008). *Bank-Spy Scandal*. *Frankfurt Business Journal*, September 15 October 2010, from www.frankfurtjournal.com
- Frankfurt, D. (2010). *Bank-Spy Scandal*. *Frankfurt Business Journal*, September 15 October 2010, from www.frankfurtjournal.com
- Frankfurt, D. (2010). *Bank-Spy Scandal*. *Frankfurt Business Journal*, September 15 October 2010, from www.frankfurtjournal.com
- Frankfurt, D. (2010). *Bank-Spy Scandal*. *Frankfurt Business Journal*, September 15 October 2010, from www.frankfurtjournal.com
- Frankfurt, D. (2010). *Bank-Spy Scandal*. *Frankfurt Business Journal*, September 15 October 2010, from www.frankfurtjournal.com

Impact On Shareholders

The scandal had a negative impact on the bank's share price. The share price fell from 40.70 euros to 41.30 euros. The scandal also led to a loss of confidence in the bank's management and a loss of business.

Company Background

How Long It Has Been In Business

The bank was founded in 1873 in Berlin. It has been in business for 145 years.

Who Started The Corporation

- Deing Siemens
- Adolf H. Beck
- L. Haneberger

Locations

Argentina, Australia, Austria, Belgium, Bulgaria, Canada, China, Czech Republic, Denmark, France, Germany, Greece, Hong Kong, India, Indonesia, Italy, Japan, Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, United Kingdom, United States, Vietnam, USA, Vietnam.

Deutsche Bank and Road to the Basel Harvard Case Solution & Analysis TheCaseSolutions.com

Deutsche Bank and Road to the Basel

Interesting Fact

Germany has 10 dark twin towers called the Deutsche Bank Twin Towers.



scandal
ber 2015, from
15 October

did Spving



ward

Company Background

s
Belgium, Brazil,
le, China, Croatia, Czech
ance, Germany, Greece,
Ireland, Israel, Italy,

What the Corporation Does

Deutsche Bank AG is a financial institution originating from Germany that offers financial products such as sales, trading research, origination of debt, equity, derivatives, corporate finance risk management products, wealth management, fund management, retail banking, and transaction banking. The bank's headquarters are located in Frankfurt, Germany. The bank itself employs over 100,000 employees and has locations in 70 countries. The bank also owns 21% of the foreign exchange market share.

Fact
called the

Interesting Fact

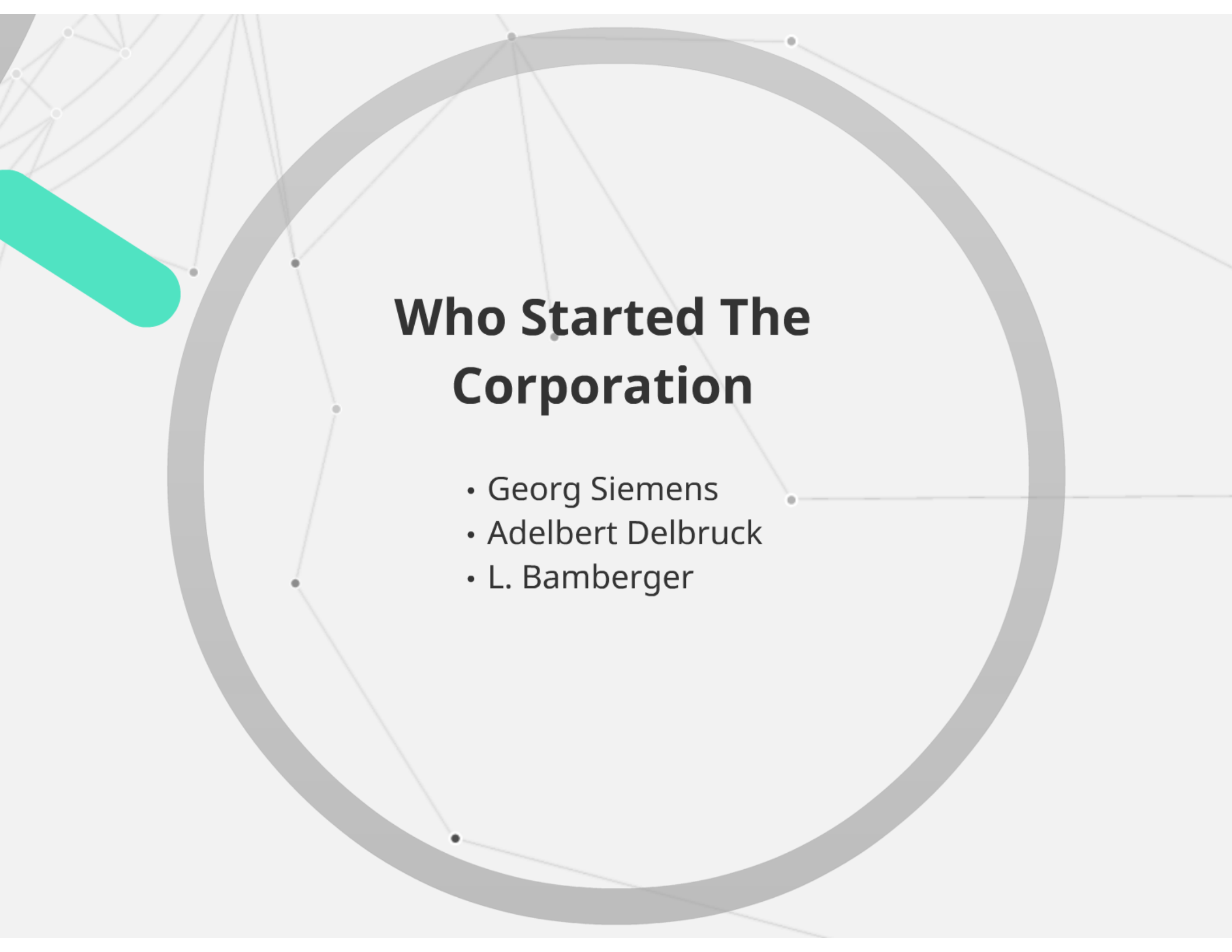
Germany has its own twin towers called the Deutsche Bank Twin Towers.





How Long It has Been In Business

The bank was founded in 1870 in Berlin; it specialized in foreign trade. It has been in business for 145 years.



Who Started The Corporation

- Georg Siemens
- Adelbert Delbruck
- L. Bamberger