

## **Statement of Congresswoman Maxine Waters, Chairwoman of the U.S. House Committee on Financial Services, on Reissuance of Deutsche Bank Subpoena**

The Financial Services Committee (“FSC”) has jurisdiction over, among other matters, banks and banking, international finance, international financial and monetary organizations, and money and credit.<sup>1</sup> FSC thus has legislative jurisdiction over the Nation’s banking laws, including anti-money-laundering statutes such as the Bank Secrecy Act, 31 U.S.C. §§ 5311 *et seq.* Consistent with these authorities, FSC is continuing its industry-wide investigation of financial institutions’ compliance with anti-money laundering and sanctions statutes and regulations, as well as policies and programs that ensure the safety and soundness of lending practices and the prevention of loan fraud. This investigation, consistent with the Committee’s other oversight and legislative activities that significantly advanced FSC’s oversight and legislative agenda in the 116<sup>th</sup> Congress, will inform legislative reform efforts in the 117<sup>th</sup> Congress.

During the 116<sup>th</sup> Congress, FSC held hearings on the effectiveness of anti-money laundering and countering the financing of terrorism (AML-CFT) laws and regulations, trafficking of illicit goods and the movement of their proceeds through the U.S. financial system, and the efficacy of U.S. economic sanctions programs, with a particular focus on Russia. Supported by these investigations, Congress passed legislation creating a federal database and related reporting requirements—requiring transparency to combat the use of anonymous shell companies for money laundering, terrorism financing, and other financial crimes. FSC also proposed a wide slate of significant improvements related to the Bank Secrecy Act’s AML-CFT provisions, an anti-kleptocracy whistleblowers program, and proposed an amendment that would

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<sup>1</sup> H. Rule X(1)(h), 117<sup>th</sup> Cong. (2021).

prohibit U.S. persons from trading in new Russian sovereign debt—proposals that were approved with bipartisan congressional support and became law, despite President Trump’s veto.<sup>2</sup>

In the 117<sup>th</sup> Congress, FSC will continue to investigate these and related topics. Among other priorities, FSC will continue to review the effectiveness and enforcement of AML-CFT laws and regulations, the execution of the newly passed Anti-Money Laundering Act of 2020<sup>3</sup> and the Corporate Transparency Act<sup>4</sup> (included in the NDAA), methods of sanctions circumvention and evasion (especially by governments subject to comprehensive sanctions), and proposals to strengthen laws to combat corruption and to prevent and detect abuses of the financial system.

FSC’s ongoing investigation will assess industry performance and identify areas where additional statutory and regulatory reforms may be needed. FSC is investigating numerous bank practices, including whether financial institutions’ account opening procedures are adequate to identify prior suspicious activities; compliance with anti-money-laundering/know your customer standards and enhanced due diligence for politically exposed persons; and ongoing account monitoring and compliance with requirements to identify and report suspicious activities. FSC is also investigating certain lending practices that can facilitate the flow of funds from anonymous sources into legitimate ventures, thereby creating the opportunity to launder illicit funds. And FSC is investigating the establishment of accounts of known kleptocrats and oligarchs in secrecy jurisdictions<sup>5</sup> and the use of correspondent accounts in the United States to facilitate the flow of

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<sup>2</sup> H.R. 6395, 116<sup>th</sup> Cong. (2020).

<sup>3</sup> H.R. 6395, 116<sup>th</sup> Cong. Div. F (2020), incorporating H.R. 2514 (“Coordinating Oversight, Upgrading and Innovating Technology, and Examiner Reform Act of 2019” or the “COUNTER Act of 2019”), 116<sup>th</sup> Cong. (2020), H.R. 7592 (“Stopping Trafficking, Illicit Flows, Laundering, and Exploitation Act of 2020” or the “STIFLE Act of 2020”), 116<sup>th</sup> Cong. (2020), and other bills. (A full list of the relevant HFSC bills is available in “[Waters Statement on Inclusion of Key Democratic Financial Services Bills in FY 2021 NDAA](#)”)

<sup>4</sup> 31 U.S.C. § 5336.

<sup>5</sup> Tax Justice Network, [Financial Secrecy Index](#) (accessed Mar. 01, 2021).

funds on behalf of those individuals. To further its ongoing investigation, FSC has issued or reissued several subpoenas in the 117<sup>th</sup> Congress.<sup>6</sup>

These investigations are designed to assess industry and regulatory effectiveness in combating money laundering, terrorist funding, and sanctions violation, and to identify practices, pathways and systemic weaknesses that may require statutory or regulatory reform – either because such matters have not been previously addressed or because the current statutory/regulatory regime needs to be improved. The findings of these investigations, in conjunction with information gleaned from hearings and other FSC Congressional activity, will help to determine the next steps in AML-CFT reform. Mandated government studies and strategies on gatekeepers who facilitate transnational trafficking networks, Chinese money laundering, trade-based money laundering, corporate transparency compliance, and the use of virtual currencies in dark-web marketplaces will add to FSC’s knowledge and shape future legislation. Following up on these findings, legislation introduced in the 117<sup>th</sup> will add to, and complement, the laws passed in the 116<sup>th</sup> Congress.

Today, FSC reissues a subpoena served on Deutsche Bank AG on April 15, 2019.<sup>7</sup> Public reporting has raised particular concerns about Deutsche Bank’s involvement in several of the banking practices FSC is investigating, including Russian money-laundering.<sup>8</sup> President Trump is a longtime client of Deutsche Bank and has been implicated in Deutsche Bank’s questionable lending practices. Some of his adult children have engaged in business ventures with Mr. Trump through their own entities and have senior roles in the management of the Trump Organization.

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<sup>6</sup> The subpoenas issued by the Committee in 2020 terminated with the end of the 116<sup>th</sup> Congress. Other subpoenas, however, sought documents that remain critical to the Committee’s legislative objectives and where several productions were still outstanding. Those subpoenas were re-issued by the Committee after it had organized in the 117<sup>th</sup> Congress.

<sup>7</sup> The relevant parties have agreed that Deutsche Bank will continue to provide FSC with materials responsive to the subpoena that relate to non-parties to the litigation who are named in the subpoena.

<sup>8</sup> *See, e.g.*, Congressional Record, H2698 (Mar. 13, 2019).

To aid its investigation, FSC therefore issued a subpoena to Deutsche Bank during the 116<sup>th</sup> Congress, seeking information related to the accounts of President Trump, certain businesses of his and of his children. That subpoena became the subject of litigation, and in July 2020 the Supreme Court announced a new standard to govern Congressional subpoenas for a President's personal information. In light of this new standard, FSC informed the court in August 2020 that it was narrowing its subpoena to seek only records that did not constitute the President's information.

Consistent with FSC's decision to narrow its subpoena, FSC does not seek records constituting President Trump's information. But it continues to seek the remaining records covered by the subpoena, including the account records of the Trump Organization and certain LLCs, President Trump's children and Deutsche Bank's internal bank records. These records will significantly aid FSC in its investigation.

The records of President Trump's children should reveal the sources and flows of funds through their accounts—including any illicit funds—and will help FSC to assess the bank's compliance with its monitoring and reporting requirements and evaluate additional reforms that could aid in preventing money laundering. Indeed, public reporting indicates that Deutsche Bank has long been concerned about the possibility that real estate ventures, like those managed by members of the Trump family, could serve as vehicles to launder "illicit funds from countries like Russia, where oligarchs were trying to get money out of the country."<sup>9</sup> Similarly, the internal Deutsche Bank analyses and records should reveal, among other things, the bank's decision-making processes around loans made to President Trump and his businesses, despite

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<sup>9</sup> David Enrich, [\*The Money Behind Trump's Money: The Inside Story of the President and Deutsche Bank, His Lender of Last Resort\*](#), N.Y. Times Magazine (Feb. 4, 2020).

concerns raised by senior executives about a high risk of default.<sup>10</sup> Those documents will help FSC better understand how to guard against high-risk loan practices through additional reforms.

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<sup>10</sup> See David Enrich, [\*A Mar-a-Lago Weekend and an Act of God: Trump's History with Deutsche Bank\*](#), N.Y. Times (Mar. 18, 2019).