



Grant & Eisenhofer

Grant & Eisenhofer Files Lawsuit on Behalf of International Institutional Investors Misled by Danske Bank's Massive Money Laundering Fraud

Claims against Danske tied to "one of the most egregious money laundering scandals in history"; action filed in Denmark civil court seeks US \$475 million in damages on behalf of institutional investors from 19 countries in Europe, Asia, Australia, and North America; investors represented by leading U.S. securities law firms Grant & Eisenhofer and DRRT, and Danish co-counsel Halling-Overgaard Advokatfirma

COPENHAGEN, DENMARK (March 18, 2019) – An international coalition of public pension funds, governmental entities, and asset managers have sued **Danske Bank A/S**, asserting fraud claims stemming from a massive Russian money-laundering scheme and multi-year cover-up by Denmark's largest bank and its senior leadership.

The lawsuit, filed in the Copenhagen City Court on March 14, was brought by leading U.S. shareholder law firms **Grant & Eisenhofer P.A.** and **DRRT**. The firms represent claimants from 19 countries across Europe, Asia, Australia, and North America. To date, more than 169 institutional investors, including many of the world's largest pension funds, suffered substantial losses at the hands of Danske Bank unchecked laundering of funds passing through its branch in Estonia. The claimant group seeks \$475 million USD in damages.

The investor suit follows a multi-month probe which found that Danske Bank's senior management had knowledge of illicit money laundering at its Estonian branch. Danske Bank had been informed by an internal whistleblower that suspicious Russian sources were behind one of the companies laundering money through the Estonia branch.

Last September, an independent investigation ordered by the bank's board of directors revealed that more than \$230 billion in suspicious transactions passed through the Estonia branch from Russian sources. The report found that Danske's senior leadership had known of the problem as far back as 2013, but failed to make appropriate disclosures even after the laundering was confirmed in 2014. Investors accuse Danske Bank of engaging in a concerted cover-up to keep the findings as well as the magnitude of the laundering from investors and financial regulators in Estonia and Denmark.

"Although the criminal laundering scheme flowed through the little Estonia branch, our lawsuit asserts that something was indeed rotten in the state of Denmark, namely that Danske Bank leadership failed to take any corrective action for nearly five years," said [Olav Haazen](#), a lawyer with G&E who represents the investor group. "No one would have expected an elite, well-established European bank like Danske to be involved in money-laundering of any sort, let alone of the scale uncovered in this case — it's one of the most egregious money laundering scandals in history."

In addition to criminal and regulatory investigations pending in Estonia, Denmark, France and the UK, the U.S. Securities and Exchange Commission announced last month it was opening its own probe of Danske Bank. Investors lost nearly \$9 billion following the various disclosures of Danske's fraud and money-laundering scheme, which caused the bank's stock price to be sliced by more than half.

"The real scandal isn't about a small foreign bank branch going rogue – it's about the shocking concealment of criminality that went straight to the top of the enterprise," said Mr. Haazen. "Danske Bank's management engaged in a concerted cover-up of its enormous money laundering exposure, while continuing to paint a rosy picture to investors. For years, leadership made no disclosures about the problem and then misrepresented the extent of its participation in the scheme, while touting the bank's anti-money laundering policies and practices."

Following the release of the September 2018 report, Danske Bank CEO Thomas Borgen and general counsel Flemming Pristed resigned. Danske Bank earlier announced the release of business banking head Lars Mørch from his work duties, while he would remain formally employed until October 2019.

The action was filed on behalf of investors who purchased and/or acquired Danske Bank A/S securities during the relevant period of Dec. 31, 2012 through the present.

G&E regularly represents European and international investors. The firm has successfully acted as counsel in connection with major investor lawsuits in Germany, France, the U.K. and the Netherlands. G&E has led coalitions of global investors in successfully bringing securities class actions against Fortis in the Netherlands and against Royal Bank of Scotland in the U.K., which were both accused of vastly overstating their liquidity and understating their exposure to the toxic U.S. subprime market. These unprecedented securities actions led to settlements of \$1.5 billion and \$1 billion respectively – among the largest securities fraud settlements ever in Europe. G&E also directed litigation against Royal Dutch Shell which led to a \$400 million investor settlement in 2007, the largest securities fraud settlement in Europe at the time.

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