

Deutsche Bank 'overcharged investors by millions of dollars in British stamp duty'

Investors were overcharged millions of dollars in British taxes by Deutsche Bank, according to an alleged whistleblower, who claims he was fired after alerting his bosses to a series of bad practices.



The allegations against Deutsche Bank have been made in a New York lawsuit Photo: EPA

By Jon Swaine

7:20PM GMT 06 Mar 2013

Gary DeDilectis, a former Deutsche Bank Securities executive in New York, alleges that a series of investors were charged \$1 million (£663,790) too much in UK stamp tax on share transactions during November 2011.

The charges, due to a systems overhaul at the bank, came after “previous UK stamp tax overcharges that were added to DB’s profit and loss statements, rather than refunded to customers” also amounting to about \$1m, he claims.

In a lawsuit due to be filed in New York, Mr DeDilectis alleges that he raised concerns about the overcharges with his superiors yet “true to form, management ignored his complaints”.

“The impacted DB clients were not notified that they were overcharged,” he alleges, adding that his warnings to bosses in the US and London “did not result in any action by the bank”.

Mr DeDilectis was fired from his position as director of operations in January 2012. His lawsuit alleges that this was “because of and in retaliation for his complaints and concerns” about a string of problems.

In addition to the overcharging of the bank's customers, he alleges that he witnessed “regulatory misconduct amounting to fraud” under US Securities laws and began to speak out in August 2010.

“These actions by DB and its management are both symptomatic of and supported by an organisational culture of disregard for legal compliance and the effects of the Bank’s actions on its employees and the public,” his lawsuit states.

Deutsche Bank has dismissed and suspended a number of employees as part of an internal investigation into its alleged role in the Libor rigging scandal, in which the benchmark lending rate was manipulated by traders at a number of leading investment banks.

Last December it emerged that its co-chief executive and chief financial officer were being investigated over alleged tax evasion involving the trading of carbon emissions certificates. Five bank employees were arrested by German police.

Mr DeDilectis, a 61-year-old Wall Street veteran who has since joined Wells Fargo, is claiming protection as a whistleblower under US law and suing Deutsche for damages and lost earnings.

A bank source familiar with the situation claimed that Deutsche had notified clients affected by the overcharge, and pointed out that Mr DeDilectis left the company only two months after the incident.

“We have looked into these allegations and found his claims to be without merit,” a spokesman for Deutsche Bank said.

Douglas Wigdor, Mr DeDilectis's attorney, alleged that his client was fired "because he had the

integrity to be persistent in reporting potential fraud and unlawful activity". "This is another clear instance of a large financial institution making an example of an employee who refused to stay silent about alleged wrongful conduct," said Mr Wigdor.

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