

Press Release

SEC Charges Danske Bank with Fraud for Misleading Investors about Its Anti-Money Laundering Compliance Failures in Estonia

Bank Agrees to Pay More than \$400 Million to Settle SEC Charges

FOR IMMEDIATE RELEASE

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Washington D.C., Dec. 13, 2022 — The Securities and Exchange Commission today announced fraud charges against Danske Bank, a multinational financial services corporation headquartered in Denmark, for misleading investors about its anti-money laundering (AML) compliance program in its Estonian branch and failing to disclose the risks posed by the program's significant deficiencies. Danske Bank agreed to pay \$413 million to settle the SEC's charges.

According to the SEC's complaint, when Danske Bank acquired its Estonian branch in 2007, it knew or should have known that a substantial portion of the branch's customers were engaging in transactions that had a high risk of involving money laundering; that its internal risk management procedures were inadequate to prevent such activity; and that its AML and Know-Your-Customer procedures were not being followed and did not comply with applicable laws and rules. The SEC alleges that, from 2009 to 2016, these high-risk customers, none of whom were residents of Estonia, utilized Danske Bank's services to transact billions of dollars in suspicious transactions through the U.S. and other countries, generating as much as 99 percent of the Estonian branch's profits. The complaint further alleges that, although Danske Bank knew of these high-risk transactions, it made materially misleading statements and omissions in its publicly available reports stating that it complied with its AML obligations and that it had effectively managed its AML risks. As the full extent of Danske Bank's AML failures became apparent, its share price dropped precipitously.

"Corporations that raise money from the public must disclose information that is material to investors, who then get to decide what risks they want to take. That's the basic bargain of our securities laws and it extends to foreign issuers like Danske Bank, which sought to access our capital markets, even though its securities were not registered with the Commission," said Gurbir S. Grewal, Director of the SEC's Division of Enforcement. "But as alleged in our complaint, Danske Bank repeatedly broke that bargain by misrepresenting to its shareholders, including U.S. investors, that it had strong anti-money laundering controls while hiding its significant control deficiencies and compliance failures."

The SEC's complaint charges Danske Bank with violating the antifraud provisions of the Securities Exchange Act of 1934. Danske Bank has offered to settle the SEC's charges by consenting to the entry of a final judgment in U.S. District Court permanently enjoining it from future violations and ordering it to pay \$178.6 million in disgorgement, \$55.8 million in prejudgment interest, and \$178.6 million in a civil penalty. The SEC will deem the disgorgement and prejudgment interest satisfied by forfeiture and confiscation ordered in parallel criminal cases.

Danske Bank has agreed to pay more than \$2 billion as part of an integrated, global resolution with the SEC, the Department of Justice, the United States Attorney's Office for the Southern District of New York, and Denmark's Special Crime Unit.

The SEC's investigation was conducted by Jennifer Moore and was supervised by Tanya Beard and Tracy Combs of the Salt Lake Regional Office.

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Related Materials

- [SEC Complaint](#)