

DR. Morjanoff's DOL presentation outlined the preventable but colossal damage by Credit Suisse, following its first criminal conviction in Japan (1999).

The transcript was sent to the bank asking for comments, but it has not responded.

It is posted here as a comment with the accompanying letter:



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8 pages – December 21, 2022

Extremely Urgent: Please Reply Acknowledging Receipt

For the Direct Personal Attention of the Chairman Mr Axel Lehmann, Group General Counsel Mr Markus Diethelm, CEO Mr Ulrich Körner, CFO Mr Dixit Joshi and Board of Directors.

Credit Suisse Group and Credit Suisse
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**FORMAL NOTICE of allegations against Credit Suisse whose actions have incited, intimidated, and encouraged customers and employees to leave the bank.
 This directly impacts your personal positions.**

Dear Mr Lehmann, Mr Körner, Mr Joshi and Mr Diethelm,

Our team of experts discovered entrenched criminal structures within Credit Suisse and promptly notified bank management. We immediately offered to share evidence and work with your internal fraud department. Astonishingly, our offers were refused – even of our expert investigation reports.

Our reports were gratefully received by multiple international law enforcement and regulatory authorities. There followed >\$14 billion penalties/losses and >\$50 billion

in shareholder losses. Even Swiss FINMA acted after receiving our reports. There followed the removal/resignation of former Chairman Urs Rohner. Mr Rohner tried to obstruct the FINMA investigation. The Swiss Supreme Court (Lausanne) crushed Mr Rohner's attempted obstructions, and Rohner exited the bank.

It has been this pattern of illegal, criminal, bullying, intimidating and extortionate type of activity that has incited, intimidated, and encouraged customers and employees to leave the bank or divest investments elsewhere.

Some of your customers have had their lives destroyed when the bank illegally took / stole / embezzled their assets, e.g., the Victims of **the CS-TNST Embezzlement / Fraud**.

These former customers are rightly angry at the bank and at the corruption in the bank which sabotaged the criminal investigations and prevented the rightful return of their assets. These angry customers want at least to warn others of their horrible experience with the bank, to save them from a similar terrible fate.

After Mr Lehmann was officially appointed as Chairman, [he was warmly welcomed by probably the only reliable Swiss financial media - Inside Paradeplatz](#) – who called him “anständig und belesen” (translated: “decent and well-read”).

The [Financial Times describes Inside Paradeplatz](#) as “essential daily reading for Switzerland's close-knit financial community”. That is 100% accurate, because the rest of the Swiss financial media are in fear of intimidation or bullying by Credit Suisse's “armies of lawyers”. They will not publish the whole truth about the bank.

[Astonishingly, Credit Suisse is suing Inside Paradeplatz](#) and editor [Lukas Hässig](#) claiming without justification, that they are somehow making people take their money out of the bank – ask [their bratschi lawyers](#) for the precise legal gobbledegook (language that is meaningless or is made unintelligible by excessive use of technical terms). [The bratschi website symbol](#) is: “The paw of the bear is a symbol of strength and serenity”, which portrays the feelings of many of the bank's victims and customers.

It looks to me to be classic blame shifting. Both Inside Paradeplatz and I have, broadly speaking, given the best possible advice for the bank to right itself. I know that Lukas really wants the bank to succeed, which naturally requires: **honouring integrity**.

I have testified twice to the US Department of Labor (DOL) regarding the unsuitability of Credit Suisse for managing US Pension Funds. The DOL concluded

that Credit Suisse does not have sufficient integrity to manage pension funds. The transcripts of my testimony are [available on-line at the DOL](#).

The [text of my testimony of 17 Nov 2022](#) is copied below. Please respond with any significant corrections or objections to my testimony or to this letter promptly so that I may [post any necessary clarifications](#).

We formally notified Credit Suisse Senior Management of the serious misconduct. Mr Conrad Fritzsche and Dr. Reto Kühne of Credit Suisse General Counsel Division replied **four months later with a brief note claiming - without justification - there was no wrong-doing by the bank and requested that no further evidence of the alleged serious criminal misconduct be sent.**

This written refusal to receive evidence of crime in the bank represents “wilful ignorance” or “deliberate blindness” of the alleged misconduct. The unending scandals since make a laughingstock of the supposedly serious “Credit Suisse General Counsel Division”.

Since we possess documented proof, the bank’s untruthful responses acted as a confirmation of illegal acts, of the bank’s knowledge of them and of disregard for the law.

Should such a bank be allowed to operate? Clearly not, unless it provides fair redress.

At another meeting in Zurich, I personally warned your legal department of the bank’s abuse of compliance especially in money laundering – they ignored my warnings. Soon after the meeting, I met with the New York FBI to share my findings.

This letter removes ignorance as a possible excuse for inaction or inadequate action.

Please reply urgently. This letter and your reply or lack of reply may be sent to government officials, law enforcement, regulators, lawmakers, union representatives, pension funds, media and shareholder representatives (including those engaged in litigation against the bank).

If this isn't alarming and shocking to everyone, then we're all in trouble quite frankly.

Yours sincerely

Dr Paul Morjanoff

Dr Paul Morjanoff - Presentation for [US Dept of Labor Hearing on Pensions Oversight 17 Nov 2022](#)

The DOL is responsible for oversight of QPAM's, but it can't do this without a list, and adequate authority.

For example:

In 1999, Credit Suisse was criminally convicted in Japan. It helped 60 banks and companies hide huge losses. Basically, CS cooked their books. CS directed that documents be shredded, destroyed or sent immediately to the firm's offices in London, beyond the reach of the regulators, even during an audit by the regulator.

Credit Suisse didn't apologize: It said it considered the punishment disproportionate.

The Japanese said that CS had: "deeply undermined the soundness of Japanese financial institutions."

The bank's deceptions were: "planned and systematic" and "involved the entire organization in Tokyo, not just a few individuals."

There was

- obstruction of criminal investigations, lying to the regulator
- evidence destruction
- market manipulation
- systematically falsifying documentation
- conducting business without a license

This pattern of wrongdoing has been repeated multiple times by CS since then.

The CS division in Japan changed its name twice, finally to "Credit Suisse International (CSi)". Remember that name. It will repeat.

Next year, CS in India was caught in market manipulation. It confessed to a fraudulent scheme of synchronized, circular and fictitious trades which created artificial volumes, markets and share prices.

It was convicted **and suspended** from trading for 2 years, but the Appeals Tribunal stated this was "unjustifiably lenient".

This emphasizes that foreign convictions are more likely to be lenient – not severe.

Next year, Credit Suisse in Switzerland was caught red-handed in market manipulation again, plus embezzlement and fraud. The CS-TNST case.

Just like in the previous cases, it initially denied any wrongdoing. However, this time it was on home ground.

There was a criminal investigation. The prosecutor asked for the documents, but CS simply refused to produce the documents, or destroyed documents, hid witnesses, lied, and even used bank secrecy to conceal its participation.

When a member of the police investigation got too close to the truth – he disappeared from the case. Eventually, the prosecutor had no resources left & closed the case.

He told us: that there was not a single prosecutor in Switzerland who would go up against CS.

I went to the Zurich Supreme Court & copied the criminal investigation files.

This revealed shocking details of a criminal enterprise operating through multiple CS organizations in different countries.

Terrifying conclusions, but later confirmed in other cases.

I met with CS legal dept several times. They refused to look at the documents & even hacked into our website. I told them that I knew what went on & that **they had stolen the honest savings of thousands of hard-working taxpayers.**

I shared my investigation with every major law enforcement agency & regulator.

That is why criminal bank & QPAM: Credit Suisse – is in such a mess.

There is worse to come for it, because I know their books are not true.

Last quarter they wrote down \$4 billion. They were deferred tax assets which had been “logged” as hard capital – highest quality CET1 core capital. That was absurd & they knew it. The bank’s market cap is now only \$11 billion.

Continuing on.

CS was skilled at not only cooking its own books – but for others too.

CS hid losses for Enron – that became the US’s biggest bankruptcy at the time.

CS hid losses for Parmalat – that was Europe’s biggest bankruptcy.

Thousands of pension funds & old people were damaged.

CS should have been stopped after their Japanese criminal conviction.

The DOL could have been instrumental.

There have been dozens of scandals – even financing Iran’s nuclear program. That was a deferred prosecution agreement. You can’t give QPAM privileges to a terrorist enabler.

CS Switzerland & CS Securities (Europe) were criminally convicted for defrauding investors with Mozambique’s billion-dollar fake loans. The Mozambique economy collapsed. 2 million people were trashed into abject poverty.

This is how it was enabled:

The [head of CS Global Financing Group rudely rejected a compliance request](#), from a junior female compliance officer. He emailed:

“... wot the [swear word] this is about There is some stupid UK regulatory requirement. . . she is fired if she doesn't behave"

Here, to “behave” in Credit Suisse, meant to ignore compliance.

In March 2020: CS lost [\\$200 million closing the hedge fund, Malachite Capital](#). Managers warned that procedures needed urgent updating to prevent a repeat.

These warnings were ignored – and there was a near identical recurrence – just 28 times bigger - the Archegos catastrophe.

There was near zero effective risk management. Peak exposure was \$24 billion. The US operations were managed by CS Securities Europe – yes – the one criminally convicted for Mozambique. They were way out of their depth.

So, In December 2020 Archegos was migrated from:

Credit Suisse Securities (Europe)

to – wait for it:

Criminal bank CSi – the one that was criminally convicted in Japan.

Archegos collapsed. It was indicted for market manipulation, racketeering, having done \$100 billion of damage.

Imagine what would be possible if the DOL had authority to act on foreign convictions, DPA's & so forth.

Only then will it be possible for it to truly manage QPAM privileges.

They can also alert the DOJ, SEC, Federal Reserve, Congress & so on – as well as working with delinquent QPAM's – if it is possible to do that.

\$2 - \$3 trillion of criminal proceeds gets laundered annually, much of it through pension funds who generally are not equipped for AML.

Secretly, some big funds would not complain if laundered money made their results "look good" – as long as they "didn't know".

Democracy is dying because corrupt money buys power & political influence, now on a scale greater than ever before.

Credit Suisse shows that dirty money can destroy the bank.

So, what the DOL has asked, is just the starting point.

It needs the funds to come back to the real world.

They are living in a fantasy world, and as long as that fantasy world is propped up like a house of cards, they are going to whinge if anyone changes or imposes regulations, just like before the global financial crisis. When the crisis comes, the people that they complain that they wanted to get rid of, they are going to desperately need to come back to put it all back together.

The world financial system is in a very fragile state. The leverage is beyond what was there in the leadup to the great recession, and there are several reasons why we could have a so-called "black swan event" that can simply knock the whole world's economy off its balance.

Share markets are not realistic. People don't own the shares. Its all done on leverage finance and we are moving from an era of low interest debt to high interest debt.

The traditional outcome is what we could call stagflation with certainty, but there's not even that much certainty these days.

The only certainty is a bad result is coming.

And, unless we start to clean up our house, try and do the best we can, to get rid of the criminal money out of the pension funds, so that they can stay stable and survive the next financial crisis, then we are going to be in a lot of trouble.

Thank you.

Please respond with any significant corrections or objections to my testimony or to this letter promptly so that I may [post any necessary clarifications](#).