Credit Suisse: Geneva-Fraud Reaches Bermuda
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Credit Suisse is facing more claims from clients of a banker who was working at its Geneva branch. The man, who got into hot waters over his management of assets belonging to an Eastern European oligarch, was also doing business in Bermuda, finews.com has learned.

New twist in the case involving disgraced relationship manager Patrice Lescaudron: former clients of Credit Suisse Life (CSL), a unit of the Swiss bank, are demanding the release of documents in a civil lawsuit on Bermuda. They hope to detect evidence of fraudulent conduct by employees of the bank.

The sum involved in the case on Bermuda amounts to as much as $400 million. And, information obtained by finews.com revealed that the clients had fallen victim of Lescaudron.

CS-Victims Active in Bermuda

Credit Suisse has not communicated taking a provision for the case that broke in 2016 and led to the conviction of Lescaudron for fraud and forgery of documents. However, in February it said that in 2019 it added 389 million Swiss francs ($400 million) to the reserves to cover for legal cases. The increase presumably was mainly made in relation with the case of residential mortgage-backed securities in the U.S.

There is a link between Metigen, the British company that has become active against CSL in Bermuda, and the CS-Victims association that is fighting for compensation for clients defrauded by Lescaudron. One of the ex-clients of Credit Suisse is Bidzina Ivanishvili who lost more than 100 million francs due to the activities of Lescaudron.

Trouble With Insurance Wrappers

«We can confirm that Metigen is working with CS-Victims to represent the former clients of Credit Suisse who are looking to recover the funds lost as a result of Mr. Lescaudron’s fraudulent activities,» said CS-Victims in a statement. The organization estimates that the total damage amounts to as much as $1 billion.

The case on Bermuda concerns a life insurance policy which presumably was affected by Lescaudron’s activities. The so-called insurance wrappers had become popular in private banking after the turn of the century, because they helped rich people invest their assets in a tax-efficient manner. They also became part of the problem in the dispute about tax avoidance,
because the vehicle sometimes was abused to stash away untaxed assets or because they didn’t fulfil all necessary legal obligations. CSL was one of the companies that was dragged into the limelight in this connection.

Unearthing Documents

The representatives of the ex-Credit Suisse clients want access to the relevant documents to get a better picture of how the alleged crimes had worked.

Credit Suisse told finews.com that it didn’t comment any ongoing legal proceedings or individual cases.

Global Activities

Insiders are saying that the oligarchs, who lost money, are trying to get their hands on evidence across the globe to prove complicity of Credit Suisse in the case. They have started civil proceedings in the U.S., Singapore, New Zealand as well as now on Bermuda – jurisdictions where Lescaudron had developed financial vehicles for his clients.

Back in Geneva, the attorney general has opened yet another case against the disgraced banker – also at the behest of Ivanishvili.

Credit Suisse has said that Lescaudron had also misled his employer and that his illegal activities hadn’t been supported by anybody at the bank. But despite its protestations, the bank will likely face further demands in connection with the multi-million-franc fraud.