

PRESS CUTTING

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Ex-Dresdner Bankers Sue Over Bonuses, Severance Pay

By Jann Bettinga and James Lumley

As many as eight former Dresdner Kleinwort managers sued the securities firm over bonuses and severance payments that were withheld after a January takeover by Commerzbank AG, Germany's second-biggest lender.

Former Dresdner Kleinwort executive committee members Martin Newson, Eduardo Listorti and Stefan Guetter are seeking bonuses worth a combined 13.1 million euros (\$18.2 million) and combined severance pay of about 863,000 pounds (\$1.4 million), according to separate lawsuits filed in London last month and released today.

Bankers' pay and bonuses have become contentious after the financial crisis forced governments to use taxpayer money to prop up lenders. Commerzbank tapped the German government for 18.2 billion euros in capital and has been scaling back Dresdner's investment-banking operations, which posted an operating loss of 6.3 billion euros in 2008.

"This is all a political issue," said **Ronnie Fox**, an employment lawyer at the Fox law firm in London. "It's not just about bankers getting lots of money, it is about the rule of law."

Newson was head of equities and hedge fund solutions, Guetter headed global distribution and Listorti was in charge of fixed income, currencies and commodities.

'Take Responsibility'

"It is disappointing that these former senior managers of Dresdner Kleinwort are obviously not prepared to take responsibility for the losses of the investment bank last year," Commerzbank said in an e-mail. The Frankfurt-based bank said it can't comment in detail on pending litigation.

Other former executives suing the bank include William Fish, the bank's global head of loan syndicate; Kaveh Taleghani, head of emerging markets credit derivative trading; Efstratios Hatzistefanis, head of structured-credit solutions; and Areski Iberrakene, the global head of equity derivatives. Documents in those cases haven't yet been released by the court.

Michael Adams, the bank's former head of emerging markets, filed another suit June 12, according to court documents.

Commerzbank in February asked investment bankers at Dresdner Kleinwort to voluntarily give up bonuses guaranteed by their contracts after it eliminated variable pay for other employees. Allianz SE, the insurer that agreed to sell Dresdner Bank AG to Commerzbank, said in November it had earmarked about 400 million euros for bonuses at Dresdner, including money to keep employees from leaving the bank.

2008 Revenue

Listorti and Guetter say their units had record revenue in 2008 and Commerzbank has refused to honor their guarantees. In his claim, Listorti said his department had a "record year" in 2008, generating revenue of 1.1 billion euros, and that his own trading book made 75 million euros.

Allianz "guaranteed these employees financial awards in recognition of the importance of their personal contributions during turbulent times," said Melanie Riley, a spokeswoman for Listorti and Guetter. "Allianz was, and remains, fully solvent, paid a dividend to shareholders and did not require, or take, any funds from the state. Commerzbank, when it acquired Dresdner, knowingly took on these guarantees."

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Toni Lorenzo, a lawyer at Lewis Silkin in London who represents Newson, said his client's divisions had "positive operating revenues."

"Martin's case is simple. Commerzbank knowingly took on Allianz's guarantees to him, and nevertheless have refused to pay," Lorenzo said in an interview.

Bonus Amounts

Guetter and Listorti said in their suits they received a letter from Dresdner Kleinwort stating that no bonuses would be paid for 2008. Later, the executives were told they would receive their severance payments only if they signed a waiver giving up their bonuses, according to the claims.

Guetter is seeking a guaranteed bonus of 3.25 million euros, a discretionary bonus of 1 million euros and severance pay of 62,500 pounds. Listorti is seeking a guaranteed bonus of 4 million euros, a discretionary bonus of 2.5 million euros and severance pay of 112,500 pounds.

Newson is seeking a guaranteed bonus of 2 million pounds and severance pay of 688,039 pounds.

Dresdner's former capital markets chief Jens-Peter Neumann asked a German court in April to award him 1.5 million euros in severance pay. Neumann received a bonus payment of 3 million euros when he left the bank after the Commerzbank takeover and claimed he was also entitled to a severance payment negotiated before he departed.

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