

## Investments

# Citi Handlowy investigated over Lehman Brothers bonds

### Poland is looking into accusations of fraud over Lehman Brothers bonds

The Regional Public Prosecutor's Office in Warsaw is investigating how much Citi Handlowy, the Polish subsidiary of Citibank, knew about the real situation of Lehman Brothers last year when it was encouraging clients to buy bonds in the US investment giant.

According to the Polish edition of *Newsweek*, the bank sold the bonds to several dozen clients at the beginning of 2008. In September 2008, Lehman Brothers filed for bankruptcy.

Renata Mazur, prosecutor and spokesperson for the Warszawa-Praga Regional Public Prosecutor's Office,

said that a fraud investigation had been launched on May 14.

Prosecutors are currently collecting documentation pertaining to the sale of the bonds, but the bank itself had not yet been officially informed as *WBJ* went to press. "Citi Handlowy bank undoubtedly knows about the investigation, but is currently not a party in the proceedings; no charges have been filed against any of the bank's employees," said Mazur.

Lawyer Łukasz Cieślak, who, together with the law firm of Grynhoff Woźny Maliński is representing around 20 complainants against Citi Handlowy, told *WBJ* that affluent, cautious customers had been persuaded to buy Lehman Brothers bonds. Cieślak said that although the bonds were

risky, clients were assured that their money was completely safe and the worst-case scenario would mean breaking even. According to the lawyer, the bank did not put its clients' interests first.

If the accusations are proven, criminal charges could be brought against the firm.

When contacted by *WBJ*, a spokesperson for Citi Handlowy denied that any misconduct had occurred.

The sale by other banks of bonds linked to Lehman Brothers is also under investigation in Hong Kong, where the territory's Monetary Authority found evidence that they were sold to clients with a limited understanding of the market even days before the fall of the giant.

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