

Litigation

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# KPMG, Credit Suisse Leaders Sued for ‘Reckless’ Bank Management

By Martina Barash and Amanda Iacone

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- **COURT:** S.D.N.Y.
- **TRACK DOCKET:** [No. 1:23-cv-04458](#)

KPMG LLP allegedly helped Credit Suisse Group AG’s directors and officers “recklessly” mismanage and “plunder” the bank for more than a decade before its collapse in March, according to a new complaint.

Stockholder Gregory Stevenson is directly suing 29 of Credit Suisse’s current and former directors and officers, its four New York-based units, and its ex-auditor KPMG on behalf of a proposed class of investors. Stevenson filed his complaint May 28 in the US District Court for the Southern District of New York.

KPMG knew that Credit Suisse lacked sufficient internal controls for more than 15 years, while certifying its financial statements as accurate, Stevenson alleges. It did so “because the New York KPMG operation wanted the huge fees from Credit Suisse, upon which KPMG had become dependent, and which were very important to the individual top partners in New York,” he says.

KPMG was replaced as Credit Suisse’s auditor by PricewaterhouseCoopers in 2020.

Credit Suisse declined to comment on behalf of its subsidiaries or the individual defendants in an email Tuesday. KPMG also declined to comment.

KPMG has been sued over other recent bank collapses involving its clients, including Silicon Valley Bank and First Republic Bank. It has also been in the spotlight for auditing Signature Bank before its collapse. Senators asked the firm in early May for documents relating to those three banks.

“Rome was not built in a day and Credit Suisse was not destroyed in one,” Stevenson says in the complaint.

“Credit Suisse insiders, with the help and acquiescence of the KPMG Defendants, plundered Credit Suisse, and personally profited from their misconduct to the tune of many billions of dollars, including secret illegal bonus pools,” he says.

And KPMG “stole” an oversight board’s confidential list of which KPMG audits it would review, he says. “Upon learning that the Credit Suisse audits were on the list, KPMG destroyed and altered the workpapers in New York to deceive regulators” and the oversight board, he says. Had KPMG not done that, “the discovery would have disrupted the ongoing conspiracy and ameliorated the damage to be suffered by the Credit Suisse shareholders,” he says.

Five former KPMG partners and staff and a former audit board staffer were convicted of federal crimes for conspiring to cheat on the firm’s annual audit inspections. The scheme, which unraveled in 2017, was hatched as the firm and its audit practice were under pressure from regulators to boost their inspection results including their work on bank audits, the most complex and challenging companies to audit.

The firm later agreed to a \$50 million settlement with the Securities and Exchange Commission stemming from the inspections plot as well as widespread cheating on internal training tests. The firm responded with leadership changes, added independent directors to its board, and modernized its core audit platform, among other reforms.

Credit Suisse investors have also gone after the parent company itself and its purchaser, UBS Group AG.

The defendants allegedly breached duties to Credit Suisse shareholders and violated racketeering law.

The complaint doesn’t estimate the number of potential class members.

Stevenson seeks compensatory and treble damages; an accounting of leaders’ compensation, bonuses and other proceeds, as well as KPMG’s fees and Credit Suisse’s legal fees, settlements and fines; a disgorgement of the leaders’ and KPMG’s benefits; and equitable relief.





Bottini & Bottini Inc. represents Stevenson.

The case is *Stevenson v. Thornburgh*, S.D.N.Y., No. 1:23-cv-04458, complaint 5/28/23.

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-  [Complaint](#)
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-  [KPMG LLP](#)

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