

# Zurich Suicide Aftermath Threatens Ackermann's Legacy

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[Josef Ackermann](#) tried to shake up [Zurich Insurance Group AG. \(ZURN\)](#) Now, allegations that he was partly responsible for the suicide of the chief financial officer are casting a shadow over his 35-year career.

Pierre Wauthier, who was found dead on Aug. 26 at his home near Zug, [Switzerland](#), mentioned Ackermann in a suicide note. The Swiss native, 65, quit as chairman three days later and called the allegations “unfounded.” Zurich Insurance, facing renewed concerns about its financial health, has since said it’s looking into whether undue pressure was placed on the CFO.

“No matter which way you cut it, the departure amounts to a personal failure,” said [Lutz Roehmeyer](#), a [fund manager](#) at Landesbank Berlin Investment, who helps oversee more than 11 billion euros (\$14.5 billion). “He’ll be seen either as a bad guy who forced a person to suicide, or someone who couldn’t push through what he wanted. This will limit his job opportunities to companies that wouldn’t normally have come into question.”

As chief executive officer of [Deutsche Bank AG \(DBK\)](#), Ackermann helped transform a German-focused institution into Europe’s largest investment bank, steering the company through the global financial turmoil of 2008 and ensuing euro-region fiscal crisis. In May 2012, he ended his 10-year career at the helm of the Frankfurt-based lender to return to his home country.

## Personal Decision

Ackermann’s resignation as chairman of Zurich Insurance was his personal decision after the CFO’s family accused him of sharing responsibility for the 53-year-old’s death, according to interim Chairman Tom de Swaan. In a statement on Sept. 1, Ackermann said that “out of respect,” he doesn’t want to make any further comments about “this tragic event.” On Aug. 29, he said the suicide had left him “deeply shocked.”

Joerg Neef, a spokesman for Ackermann, said no legal action has been taken against the former chairman. Bjoern Emde, a spokesman at Zurich Insurance, said by e-mail that “at present, we are not aware of any legal action against Zurich in the context of recent events since Pierre Wauthier’s death.”

Ackermann considered Zurich Insurance a “slightly dusty place full of officials that needs to be put into shape,” Tages-Anzeiger newspaper reported on Aug. 30, citing an unidentified person familiar with the matter.

The company is now seeking to repair the damage to its reputation, CEO Martin Senn told NZZ am Sonntag in an interview published on Sept. 1, adding that he had a “good professional relationship with Mr. Ackermann.” De Swaan has said that he’s not aware of any inappropriate behavior toward the former CFO.

## ‘Broad Sweep’

[Charles Dallara](#), former managing director of the [Institute of International Finance](#), who has worked with Ackermann for more than a decade, said that he doesn’t share the pessimism about Ackermann’s legacy.

“He is one of the most accomplished leaders of his generation -- of course leaders are demanding, they have to be,” Dallara said in a phone interview. “I don’t want to trivialize what has happened, it is tragic, but when looking at a career, you have to see it in a broad sweep.”

While the former colonel in the Swiss Army put pressure on management to improve Zurich Insurance’s performance, he didn’t consider his efforts excessive, said a person close to Ackermann who asked not to be identified because the matter is private.

## ‘Challenging’ Target

The CFO’s suicide sparked fresh doubts about Zurich Insurance’s financial health after it missed analysts’ profit [estimates](#) in three of the past four quarters and announced a surprise write-off in October. That forced Senn to tell analysts on a conference call on Aug. 30 that there’s no link between Wauthier’s death and the company’s business.

The insurer on Aug. 15 reported a drop in second-quarter [net income](#) to \$789 million from \$1.09 billion a year ago and said the target for the general insurance business, its largest, is “challenging.” The profit was below the \$823.8 million average estimate of five analysts surveyed by Bloomberg, a second straight miss.

The [stock](#) has decreased 3.9 percent this year, erasing about 2.2 billion Swiss francs (\$2.4 billion) in market value in the three days after the CFO’s death was first announced late Aug. 26. The shares closed at 234 francs in Zurich, down 0.5 percent, the first drop in three days.

“The company is seen as being a bit dusty and boring,” said Berlin-based Roehmeyer at LBB, which doesn’t own Zurich Insurance shares and instead holds stock in competitors [Axa SA \(CS\)](#) and [Allianz SE. \(ALV\)](#) “Investors should consider the shares a candidate for their for sale list.”

The insurer is the [second-largest provider](#) of property-casualty coverage in the U.S., behind No. 1 State Farm Mutual Automobile Insurance Co. Senn’s company offers commercial insurance in the country under the Zurich name and has a management relationship with Los Angeles-based Farmers Insurance, which sells home and auto policies.

## Siemens, Investor

Ackermann still helps oversee some of the world's largest companies. He is deputy chairman of [Siemens AG \(SIE\)](#), Europe's biggest engineering company, and board member of oil producer [Royal Dutch Shell Plc \(RDSA\)](#) and [Investor AB \(INVEB\)](#), the publicly traded company of Sweden's billionaire Wallenberg family.

Ackermann didn't inform Siemens's board or senior management before quitting his post at Zurich Insurance, a person with knowledge of the matter said. If facts emerged that he was in any way responsible for the death of Wauthier, it would be discussed by the board, said the person, asking not to be identified because the deliberations are private.

Ackermann said in January that he isn't yet ready to spend his time playing golf, adding that he enjoys getting up every morning with a plan to implement an idea or to move something, according to an interview with Swiss magazine *Weltwoche*.

## **'Personal Tragedy'**

Even if his professional standing survives the allegations, Ackermann will likely struggle with a personal blow, said Bernhard Bauhofer, founder of Sparring Partners GmbH, which advises companies on managing their reputations.

"He's certainly prepared to deal with critical shareholders or unions, but this situation is completely different," said Bauhofer. "It's a personal tragedy."

Ackermann has weathered negative publicity before. In 2004, he caused a media storm by flashing the victory sign during a trial to determine whether it was unlawful for him and five other Mannesmann AG co-defendants to approve more than 57 million euros of bonuses to executives at the German mobile-phone company following its takeover by Vodafone Group Plc.

While he later described the trial as "not pleasant," he said what preoccupied him the most was that "a picture of Ackermann as a person has been painted, which doesn't correspond to reality," according to an interview with [Germany's](#) *Bild* newspaper in January 2006.

## **Record Profit**

He drew more criticism in 2005, as Deutsche Bank announced 5,200 job cuts as profits rose. Franz Muentefering, Germany's former Vice Chancellor, who compared investors seeking short-term gains to the biblical plague of locusts that descended on [Egypt](#), criticized Ackermann for trying to bring "profit to the few at the expense of many," calling his behavior "antisocial." *Stern* magazine ran a cover page of marching locusts in business suits, one making the victory sign.

Ackermann rebounded, leading Deutsche Bank to a record profit in 2007. He underestimated the effects of the U.S. subprime crisis on the rest of the financial markets and Deutsche Bank reported its first annual loss since World War II a year later. Deutsche Bank still weathered the global turmoil better than many competitors, such as Germany's *Commerzbank AG* and Zurich-based *UBS AG*, which required state aid.

“High-powered business is in his blood and I can’t imagine him wanting to give it up completely,” said [Christopher Wheeler](#), an analyst at Mediobanca SpA in [London](#) who has tracked Deutsche Bank for about 14 years. “I am sure he will have many offers, but the recent publicity clearly may preclude him from certain roles.”

## ‘True Leader’

Ackermann was regularly spotted with government leaders and regulators in Athens, Brussels, Berlin and Basel, where he helped shape talks to bail out German lenders, reduce Greece’s debt, leverage the euro-area’s rescue fund and influence regulation.

He also led a campaign to soften and postpone tougher capital and liquidity requirements, warning of job losses and economic consequences if banks were forced to curb lending. The [Basel Committee on Banking Supervision](#) in 2010 agreed to weaken and delay its proposals. The changes included phasing in new rules over a period stretching to 2019.

As the former chairman of the Washington-based IIF, which represents more than 450 financial firms, he helped negotiate an unprecedented deal in which investors took losses on Greek sovereign debt.

“He was a true leader, and not just in Germany,” Dallara said. “He was widely respected at the IIF. They all looked up to him. He was and remains a man of great character.”

## Next Move

Ackermann started his career in banking at Schweizerische Kreditanstalt, a predecessor of Credit Suisse Group AG, in 1977 and worked in corporate banking in [New York](#), foreign exchange trading and treasury in Lausanne and in [investment banking](#) at the firm’s CS First Boston unit in London, according to Munzinger Archiv GmbH, a German archive company.

He was promoted to Deutsche Bank’s co-head of investment banking in 1998, two years after joining as head of credit risks, and took over sole responsibility for the unit a few months later. In 2002, he became CEO of Germany’s largest bank.

He was succeeded last year by co-CEOs Anshu Jain, the former head of Deutsche Bank’s corporate and investment bank unit, and Germany chief Juergen Fitschen.

There are plenty of people who’d like to use Ackermann’s know-how, said Mediobanca’s Wheeler.

“He might turn up in private equity or maybe at a large hedge fund in an advisory role,” he said. “His view will probably be that the situation that has occurred must play itself out before he makes his next move.”

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