

Preliminary insolvency proceedings regarding Phoenix Kapitaldienst GmbH

On Monday the Frankfurt local court opened preliminary insolvency proceedings regarding the securities trading bank Phoenix Kapitaldienst GmbH. The court ordered that transactions of Phoenix are only valid with the consent of the preliminary insolvency administrator. Last week BaFin had already ordered the company to suspend its business.

BaFin made a petition for the initiation of insolvency proceedings regarding Phoenix after its new management had notified BaFin about irregularities referring to the existence of an account at a London brokerage firm, which Phoenix had used to execute financial transactions. These irregularities, which were discovered at the beginning of March, consisted of allegedly manipulated account statements of Phoenix feigning the existence of assets amounting to about 600 million euros. On advice of BaFin the company's management notified the criminal prosecutor last week. It is suspected that the damage to investors may amount to hundreds of millions of euros.

In order to enable investors to assert claims with the German investor compensation scheme for securities services companies (Entschädigungseinrichtung der Wertpapierhandelsunternehmen, EdW) BaFin will now determine that compensation is payable with regard to Phoenix Kapitaldienst GmbH. The EdW will then decide whether the individual claims are justified.

BaFin has set up an information hotline, which will provide information to investors from Monday to Friday from 8 a.m. to 6 p.m. via the following telephone number: 0228-4108-1010. Investors may also call the EdW for further information under 030-203699-5626.