



Media Release

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SFBC investigates BCV affair

The Swiss Federal Banking Commission (SFBC) has launched an investigation in response to the conclusions reached by the Bernasconi report on Banque Cantonale Vaudoise (BCV) and the serious allegations made against BCV's management and its audit company Ernst & Young.

February 27, 2002 – The SFBC has decided to look into the activities of BCV's organs during the relevant period and those of Ernst & Young in connection with its auditor's mandate in order to determine whether they exercised due diligence. If the suspicions of a violation of the provisions of the Banking Act are confirmed, the SFBC will file a criminal complaint to Federal Department of Finance against the responsible parties. It will endeavour to coordinate its efforts with those of the Canton of Vaud public prosecutor's office so as to avoid any unnecessary duplication. To this end, the SFBC has offered the criminal authorities access to its supervisory documentation in accordance with the practice of the Federal Supreme Court. The SFBC has taken this decision following an initial analysis of the report of the Bernasconi commission of experts mandated by the BCV and the Government of the Canton of Vaud. The report includes serious allegations against BCV's management and Ernst & Young. Mr. Paolo Bernasconi claims that criminal acts were committed. The SFBC has not yet had access to the final report, which according to Mr. Bernasconi will be available at the end of February.

The SFBC has already learned valuable lessons from the BCV and Banque Cantonale de Genève cases. For instance, a group is being established within the SFBC for the sole purpose of monitoring statutory bank auditors¹. In addition, a comprehensive review² is being carried out to establish whether banks take appropriate precautions with respect to credit risk management and where there is room for improvement. Furthermore, the SFBC maintains a dialogue with Swiss Bankers Association in the context of its self-regulation duties, specifically in relation to the revision of its guidelines on granting and valuing loans secured by real estate.

¹ <http://www.ebk.admin.ch/d/aktuell/neu02d-02.pdf>, German and French only. (Editorial note: Prof. Jean-Baptiste Zufferey has been Vice-Chairman of the SFBC since 1 January 2003.)

² <http://www.ebk.admin.ch/d/publik/mitteil/m22-02.pdf>, German only.



Eidgenössische Bankenkommission
Commission fédérale des banques
Commissione federale delle banche
Swiss Federal Banking Commission

The BCV case clearly illustrates the necessity for the SFBC to have an adequate catalogue of sanctions at its disposal, as previously noted in the last communication of the SFBC to the media³.

³ <http://www.ebk.admin.ch/d/aktuell/neu03d-02.pdf>, German and French only.