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8 *Counsel for Plaintiff*

9 UNITED STATES DISTRICT COURT  
10 CENTRAL DISTRICT OF CALIFORNIA

11 \_\_\_\_\_, Individually and on behalf  
12 of all others similarly situated,

13 Plaintiff,

14 v.

15 ALLIANZ SE, and OLIVER BÄTE,  
16 Defendants.  
17

Case No.

CLASS ACTION COMPLAINT FOR  
VIOLATION OF THE FEDERAL  
SECURITIES LAWS

JURY TRIAL DEMANDED

18  
19 Plaintiff \_\_\_\_\_ (“Plaintiff”), individually and on behalf of all other  
20 persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s  
21 complaint against Defendants (defined below), alleges the following based upon  
22 personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and  
23 belief as to all other matters, based upon, inter alia, the investigation conducted by  
24 and through his attorneys, which included, among other things, a review of the  
25 Defendants’ public documents, announcements, wire and press releases published  
26 by and regarding Allianz SE (“Allianz” or the “Company”), and information readily  
27  
28

1 obtainable on the Internet. Plaintiff believes that substantial evidentiary support will  
2 exist for the allegations set forth herein after a reasonable opportunity for discovery.

3 **NATURE OF THE ACTION**

4 1. This is a class action on behalf of persons or entities who purchased or  
5 otherwise acquired publicly traded Allianz securities between March 9, 2018 and  
6 May 17, 2022, inclusive (the “Class Period”). Plaintiff seeks to recover  
7 compensable damages caused by Defendants’ violations of the federal securities  
8 laws under the Securities Exchange Act of 1934 (the “Exchange Act”).

9 **JURISDICTION AND VENUE**

10 2. The claims asserted herein arise under and pursuant to §§10(b) and  
11 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and §78t(a)) and Rule 10b-5  
12 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

13 3. This Court has jurisdiction over the subject matter of this action under  
14 28 U.S.C. §1331 and §27 of the Exchange Act.

15 4. Venue is proper in this judicial district pursuant to §27 of the Exchange  
16 Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the alleged misstatements entered  
17 and the subsequent damages took place in this judicial district.

18 5. In connection with the acts, conduct and other wrongs alleged in this  
19 Complaint, Defendants (defined below), directly or indirectly, used the means and  
20 instrumentalities of interstate commerce, including but not limited to, the United  
21 States mail, interstate telephone communications and the facilities of the national  
22 securities exchange.  
23

24 **PARTIES**

25 6. Plaintiff, as set forth in the accompanying Certification, purchased the  
26 Company’s securities at artificially inflated prices during the Class Period and was  
27 damaged upon the revelation of the alleged corrective disclosure.  
28

1           7. Defendant Allianz together with its subsidiaries, provides property-  
2 casualty insurance, life/health insurance, and asset management products and  
3 services worldwide. Allianz Global Investors U.S. LLC (“AGI US”) is a subsidiary  
4 of Allianz.

5           8. Defendant Allianz is incorporated in Germany with its principal  
6 executive offices at Koeniginstrasse 28, Munich 80802, Germany. The Company’s  
7 American depository receipts (“ADRs”) trade on the OTC Pink market under the  
8 ticker symbol “ALIZY.”

9           9. Defendant Oliver Bäte (“Bäte”) has served as the Chief Executive  
10 Officer (“CEO”), also called the Chairman of the Board of Management, since 2015.

11           10. Defendants Bäte is sometimes referred to herein as the “Individual  
12 Defendant.”

13           11. The Individual Defendant:

- 14           (a) directly participated in the management of the Company;  
15           (b) was directly involved in the day-to-day operations of the Company at  
16           the highest levels;  
17           (c) was privy to confidential proprietary information concerning the  
18           Company and its business and operations;  
19           (d) was directly or indirectly involved in drafting, producing, reviewing  
20           and/or disseminating the false and misleading statements and  
21           information alleged herein;  
22           (e) was directly or indirectly involved in the oversight or implementation  
23           of the Company’s internal controls;  
24           (f) was aware of or recklessly disregarded the fact that the false and  
25           misleading statements were being issued concerning the Company;  
26           and/or  
27           and/or  
28

1 (g) approved or ratified these statements in violation of the federal  
2 securities laws.

3 12. The Company is liable for the acts of the Individual Defendant and its  
4 employees under the doctrine of *respondeat superior* and common law principles  
5 of agency because all of the wrongful acts complained of herein were carried out  
6 within the scope of their employment.

7 13. The scienter of the Individual Defendant and other employees and  
8 agents of the Company is similarly imputed to the Company under *respondeat*  
9 *superior* and agency principles.

10 14. The Company and the Individual Defendant are referred to herein,  
11 collectively, as the “Defendants.”

## 12 **SUBSTANTIVE ALLEGATIONS**

### 13 **Materially False and Misleading Statements**

14 15. On March 9, 2018, the Company published its annual report for 2017  
15 (the “2017 Annual Report”). The 2017 Annual Report stated the following, in  
16 pertinent part, regarding (and generally touting) its internal controls and compliance:  
17

#### 18 **OVERALL RISK ORGANIZATION AND ROLES IN RISK** 19 **MANAGEMENT**

20 A comprehensive system of risk governance is achieved by setting  
21 standards related to the organizational structure, the risk strategy and  
22 appetite, limit systems, documentation, and reporting. These standards  
23 ensure the accurate and timely flow of information and a disciplined  
approach towards decision-making and execution.

24 As a general principle, the “first line of defense” rests with business  
25 managers in the business units of Allianz SE. They are responsible for  
26 both the risks and returns from their decisions. Our “second line of  
27 defense” is made up of independent oversight functions including risk,  
28 actuarial, compliance, and legal, which support the Board in defining  
the risk framework within which the business can operate.

1  
2 Audit forms the “third line of defense”, independently reviewing  
3 Allianz SE’s risk governance implementation and compliance with risk  
4 principles. It performs quality reviews of risk processes, and tests  
5 adherence to business standards, including the internal control  
6 framework .For [sic] the first and the second line of defense, Allianz  
SE has established dedicated responsibilities at its departments  
(including reinsurance).

7 \* \* \*

8  
9 **Corporate governance practices**

10 **INTERNAL CONTROL SYSTEMS**

11 *Allianz SE, as a member of the Allianz Group, has an effective*  
12 *internal risk and control system for verifying and monitoring its*  
13 *operating activities and business processes, in particular financial*  
14 *reporting, as well as compliance with regulatory requirements.* The  
15 requirements placed on the internal control systems are essential not  
16 only for the resilience and franchise value of the company, but also to  
17 maintain the confidence of the capital market, our customers, and the  
18 public. comprehensive risk and control management system regularly  
19 also assesses the effectiveness and the appropriateness of the internal  
20 control system as part of the System of Governance. For further  
information on the risk organization and risk principles, please refer to  
page 19. Information on the internal Controls over Financial Reporting  
you will find on page 51.

21 *In addition, the quality of the internal control system is assessed by*  
22 *the Internal Audit Function. It conducts independent, objective*  
23 *assurance and consulting activities, analyzing the structure and*  
24 *efficiency of the internal control systems as a whole.* In addition, it  
25 also examines the potential for additional value and improvement of  
26 our organization’s operations. Fully compliant with all international  
27 auditing principles and standards, Internal Audit contributes to the  
28 evaluation and improvement of the effectiveness of the risk  
management, control and governance processes. Therefore, internal  
audit activities are geared towards helping the company to mitigate

1 risks and further assist in strengthening its governance processes and  
2 structures.

3 ... The central compliance function of Allianz SE is responsible for  
4 ensuring – in close cooperation with regional, divisional and local  
5 compliance functions – the effective implementation and monitoring of  
6 the compliance program as well as for investigating potential  
7 compliance infringements.

8 \* \* \*

### 9 **Controls over Financial Reporting**

10 The following information is given pursuant to § 289 (4) of the HGB.

11 In line with both our prudent approach to risk governance and  
12 compliance with regulatory requirements, we have created a structure  
13 to identify and mitigate the risk of material errors in our financial  
14 statements (this also includes market value balance sheet and risk  
15 capital controls). ***Our internal control system over financial reporting  
(ICOFR) is regularly reviewed and updated. ...***

### 16 **INTERNAL CONTROL SYSTEM APPROACH**

17 Our approach can be summarized as follows:

18 – We use a top-down, risk-based approach to determine the accounts  
19 that have to be in the **scope of our internal control system over**  
20 **financial reporting**. The methodology is described in the ICOFR  
21 manual which is applicable group-wide and the IRCS Guideline.  
22 During the scoping process, both materiality and susceptibility to a  
23 misstatement are considered simultaneously. In addition to the  
24 quantitative calculation, we also consider qualitative criteria.

25 – Next, we **identify risks** that could lead to material financial  
26 misstatements including all relevant root causes (i.e. human processing  
27 errors, fraud, system shortcomings, external factors, etc.).

28 – **Preventive and detective key controls** to address financial reporting  
risks have been put in place to reduce the likelihood and impact of  
financial misstatements. If a potential risk materializes, actions are

1 taken to reduce the impact of the financial misstatement. Given the  
2 strong dependence of financial reporting processes on information  
3 technology systems, we also implement IT controls.

4 – *Finally, we ensure that controls are appropriately designed and*  
5 *effectively executed to mitigate risk.* We have set consistent  
6 documentation requirements across the Allianz Group for elements  
7 such as processes, related key controls, and execution. *We conduct an*  
8 *annual assessment of our control system to maintain and*  
9 *continuously enhance its effectiveness. Audit ensures that the overall*  
10 *quality of our control system is subjected to regular control-testing, to*  
11 *assure reasonable design and operating effectiveness.*

12 (Emphasis added.)

13 16. The 2017 Annual Report included a “Responsibility Statement” signed  
14 by Defendant Bäte, which stated the following:

15 To the best of our knowledge, and in accordance with the applicable  
16 reporting principles, the financial statements of Allianz SE give a true  
17 and fair view of the assets, liabilities, financial position, and profit or  
18 loss of the company, and the management report includes a fair review  
19 of the development and performance of the business and the position of  
20 the company, together with a description of the principal opportunities  
21 and risks associated with the expected development of the company.

22 17. On March 7, 2019, the Company published its annual report for 2018  
23 (the “2018 Annual Report”). The 2018 Annual Report stated the following, in  
24 pertinent part, regarding (and generally touting) its internal controls and compliance:

25 **OVERALL RISK ORGANIZATION AND ROLES IN RISK**  
26 **MANAGEMENT**

27 A comprehensive system of risk governance is achieved by setting  
28 standards related to organizational structure, risk strategy and appetite,  
limit systems, documentation, and reporting. These standards ensure  
the accurate and timely flow of risk related information and a  
disciplined approach towards decision making and execution.

1 As a general principle, the “first line of defense” rests with business  
2 managers in the business units of Allianz SE (solo). They are  
3 responsible for both the risks and returns from their decisions. Our  
4 “second line of defense” is made up of independent oversight functions  
5 including Risk, Actuarial, Compliance, and Legal, which support the  
6 Board in defining the risk framework within which the business can  
7 operate. Audit forms the “third line of defense”, independently and  
8 regularly reviewing Allianz SE’s risk governance implementation,  
9 compliance with risk principles, performing quality reviews of risk  
10 processes, and testing adherence to business standards, including the  
11 internal control framework. For the first and the second line of defense,  
12 Allianz SE has established dedicated responsibilities at its departments  
13 (including reinsurance).

14 \* \* \*

## 15 **Corporate governance practices**

### 16 **INTERNAL CONTROL SYSTEMS**

17 *Allianz SE, as a member of the Allianz Group, has an effective*  
18 *internal risk and control system for verifying and monitoring its*  
19 *operating activities and business processes, in particular financial*  
20 *reporting, as well as compliance with regulatory requirements.* The  
21 requirements placed on the internal control systems are essential not  
22 only for the resilience and franchise value of the company, but also to  
23 maintain the confidence of the capital market, our customers, and the  
24 public. *A comprehensive risk and control management system*  
25 *regularly also assesses the effectiveness and appropriateness of the*  
26 *internal control system as part of the System of Governance.* For  
27 further information on our risk organization and risk principles, please  
28 refer to page 19. Information on the internal “Controls over Financial  
Reporting” you will find on page 57.

*In addition, the quality of our internal control system is assessed by*  
*the Internal Audit Function.* This function conducts independent,  
objective assurance and consulting activities, analyzing the structure  
and efficiency of the internal control systems as a whole. In addition, it  
also examines the potential for additional value and improvement of



1 our organization's operations. Fully compliant with all international  
2 auditing principles and standards, Internal Audit contributes to the  
3 evaluation and improvement of the effectiveness of the risk  
4 management, control, and governance processes. Therefore, internal  
5 audit activities are geared towards helping the company to mitigate  
6 risks, and further assist in strengthening its governance processes and  
7 structures.

## 8 **COMPLIANCE MANAGEMENT SYSTEM**

9 Integrity is at the core of our compliance program and the basis to  
10 safeguard Allianz' reputation as a trusted financial services provider.

11 The compliance function promotes, in partnership with management  
12 and business, a culture of integrity and compliance by:

- 13 – *Advising on business conduct that is lawful, ethical, and in the*  
14 *interest of our customers, shareholders, business partners and*  
15 *colleagues;*
- 16 – *Preventing and detecting violations of laws and regulations through*  
17 *identifying and managing compliance risks;*
- 18 – Advocating Allianz' compliance positions with regulators.

19 Compliance with all applicable laws, rules, and regulations in all  
20 countries in which Allianz SE and Allianz Group operate, as well as  
21 with internal policies and guidelines, is key. The global compliance  
22 program coordinated by Allianz SE's central Group Compliance  
23 function supports our employees, managers and executive board  
24 members to act responsibly and with integrity in all situations. We  
25 participate in the United Nations Global Compact, the world's largest  
26 and most important initiative for responsible corporate leadership, and  
27 respect the Guidelines of the Organization for Economic Cooperation  
28 and Development (OECD Guidelines) for Multinational Enterprises in  
that we integrate sustainability and corporate responsibility into our  
business. By accepting and complying with European and international  
standards and applicable laws related to relevant compliance risk areas,  
Allianz aims to avoid the risks that arise from noncompliance. To  
enhance our understanding of compliance issues and share best  
practices, we work with organizations such as the German Institute for

1 Compliance (DICO), the Global Insurance Chief Compliance Officers  
2 Forum (CCO Forum) and the S20 – The Sponsors’ Voice.

3 Moreover, *Allianz SE’s central Group Compliance function is*  
4 *responsible – in close cooperation with local compliance functions –*  
5 *for ensuring the effective implementation and monitoring of the*  
6 *compliance program within the Allianz Group, as well as for*  
7 *investigating potential compliance infringements.* As a key  
8 governance function, the compliance function further conducts the  
9 advisory, risk identification and assessment, monitoring and early  
10 warning tasks required under the Solvency II regime.

### 11 **CODE OF CONDUCT**

12 Our Code of Conduct for Business Ethics and Compliance and the  
13 internal Compliance policies and guidelines derived from it provide all  
14 employees, managers and executive board members with clear and  
15 practical guidance, enabling them to act in line with the values of the  
16 Allianz Group. The standards of conduct established by the Code of  
17 Conduct are binding for all employees worldwide and build the basis  
18 for our compliance programs. The Code of Conduct is available on our  
19 website at [www.allianz.com/corporate governance](http://www.allianz.com/corporate-governance).

### 20 **COMPLIANCE PROGRAMS**

21 Allianz SE’s central Group Compliance function has set up internal  
22 guidelines for the following identified compliance risk areas: anti-  
23 bribery and anti-corruption, anti-money laundering and anti-terrorism  
24 financing, economic sanctions compliance, capital markets  
25 compliance, sales compliance/customer protection, antitrust  
26 compliance, internal fraud, data privacy, and US Foreign Account Tax  
27 Compliance Act (FATCA). For further information on these  
28 compliance risk areas, please refer to the Combined Separate Non  
Financial Report for Allianz Group and Allianz SE on page 48 of the  
Allianz Group’s Annual Report 2018 and the Sustainability Report on  
our website at [www.allianz.com/sustainability](http://www.allianz.com/sustainability).

\* \* \*

## INTERNAL CONTROL SYSTEM APPROACH

Our approach can be summarized as follows:

– We use a top down, risk based approach to determine the accounts that have to be in the **scope of our internal control system over financial reporting**. The methodology is described in the IRCS Guideline. During the scoping process, both materiality and susceptibility to a misstatement are considered simultaneously. In addition to the quantitative calculation, we also consider qualitative criteria.

– Next, we **identify risks** that could lead to material financial misstatements including all relevant root causes (i.e. human processing errors, fraud, system shortcomings, external factors, etc.).

– **Preventive and detective key controls** to address financial reporting risks have been put in place to reduce the likelihood and impact of financial misstatements. If a potential risk materializes, actions are taken to reduce the impact of the financial misstatement. Given the strong dependence of financial reporting processes on information technology systems, we also implement IT controls.

– Finally, *we ensure that controls are appropriately designed and effectively executed to mitigate risk. We conduct an annual assessment of our control system to maintain and continuously enhance its effectiveness. Internal audit ensures that the overall quality of our control system is subjected to regular control testing, to assure reasonable design and operating effectiveness.*

\* \* \*

The **Audit Committee** held five regular meetings in 2018 and adopted one written resolution. In the presence of the auditors, the committee discussed both Allianz SE's annual financial statements and the Allianz Group's consolidated financial statements, as well as the management and auditor's reports and the half yearly financial report. These reviews revealed no reasons for objection. The Audit Committee further received the Board of Management's reports on quarterly results. It prepared the engagement of the external advisor and defined key audit areas for the 2018 financial year. The committee also discussed the assignments of non-audit services to the auditors and approved an updated appropriate positive list of pre-authorized audit and non-audit

1 services. *In addition, it dealt extensively with the compliance system,*  
2 *the internal audit system, and the financial reporting process as well*  
3 *as the respective internal controls.* The committee received regular  
4 reports on legal and compliance issues and on the work of the Internal  
5 Audit department, as well as the annual report of the head of the  
6 actuarial department (Group Actuarial, Planning & Controlling).  
7 Furthermore, the committee dealt with the Internal Audit function's  
8 audit plan for 2019. Last but not least, it thoroughly addressed the  
9 findings of a BaFin review and the review of the implementation of  
10 Solvency II governance requirements in the Allianz Group. The written  
11 resolution mentioned above approved the auditor's engagement to  
12 perform non-audit services at Group companies abroad.

13 (Emphasis added.)

14 18. The 2018 Annual Report included a "Responsibility Statement" signed  
15 by Defendant Bäte, which was substantially the same as the 2017 Annual Report's  
16 Responsibility Statement.

17 19. On March 5, 2020, the Company published its annual report for 2019  
18 (the "2019 Annual Report"). The 2019 Annual Report stated the following, in  
19 pertinent part, regarding (and generally touting) its internal controls and compliance:

20 The Audit Committee held five regular meetings in 2019. In the  
21 presence of the auditors, the committee discussed both Allianz SE's  
22 annual financial statements and the Allianz Group's consolidated  
23 financial statements, as well as the management and auditor's reports  
24 and the half-yearly financial report. These reviews revealed no reasons  
25 for objection. The Audit Committee further received the Board of  
26 Management's reports on quarterly results. It prepared the engagement  
27 of the external advisor and defined key audit areas for the 2019  
28 financial year. The committee also discussed the assignments of non-  
audit services to the auditors and approved an updated appropriate  
positive list of pre-authorized audit and non-audit services. *In addition,*  
*it dealt extensively with the compliance system, the internal audit*  
*system, and the financial reporting process as well as the respective*  
*internal controls. Regular reports on legal and compliance issues in*  
*the Group and individual subsidiaries as well as on the work of the*

1 *Internal Audit department were presented and discussed in detail.*  
2 Furthermore the head of the actuarial department (Group Actuarial,  
3 Planning & Controlling) presented his annual report. In addition, the  
4 Audit Committee discussed the internal audit plan for 2020, current  
5 developments in data protection, and the forthcoming amendments to  
6 the IFRS 9 and 17 accounting standards.

7 \* \* \*

## 8 **OVERALL RISK ORGANIZATION AND ROLES IN RISK** 9 **MANAGEMENT**

10 A comprehensive system of risk governance is achieved by setting  
11 standards related to organizational structure, risk strategy and appetite,  
12 limit systems, documentation, and reporting. These standards ensure  
13 the accurate and timely flow of risk-related information and a  
14 disciplined approach towards decision-making and execution.

15 As a general principle, the “first line of defense” rests with business  
16 managers in the business units of Allianz SE (solo). They are  
17 responsible for both the risks taken and the returns from their decisions.  
18 Our “second line of defense” is made up of independent oversight  
19 functions including Risk, Actuarial, Compliance, and Legal, which  
20 support the Board of Management in defining the risk framework  
21 within which the business can operate. Audit forms the “third line of  
22 defense”, independently and regularly reviewing Allianz SE’s risk  
23 governance implementation, compliance with risk principles,  
24 performing quality reviews of risk processes, and testing adherence to  
25 business standards, including the internal control framework. For the  
26 first and the second line of defense, Allianz SE has established  
27 dedicated responsibilities at its departments (including reinsurance).

28 \* \* \*

## 29 **Corporate governance practices**

## 30 **INTERNAL CONTROL SYSTEMS**

31 Allianz SE, as a member of the Allianz Group, has an effective internal

1 risk and control system for verifying and monitoring its operating  
2 activities and business processes, in particular financial reporting, as  
3 well as compliance with regulatory requirements. The requirements  
4 placed on the internal control systems are essential not only for the  
5 resilience and franchise value of the company, but also to maintain the  
6 confidence of the capital market, our customers, and the public. A  
7 comprehensive risk and control management system regularly also  
8 assesses the effectiveness and appropriateness of the internal control  
9 system as part of the System of Governance. For further information on  
our risk organization and risk principles, please refer to page 19.  
Information on the “Integrated Risk and Control System for Financial  
Reporting” can be found on page 58.

10 In addition, the quality of our internal control system is assessed by the  
11 Internal Audit Function. This function conducts independent, objective  
12 assurance and consulting activities, analyzing the structure and  
13 efficiency of the internal control systems as a whole. In addition, it also  
14 examines the potential for additional value and improvement of our  
15 organization’s operations. Fully compliant with all international  
16 auditing principles and standards, Internal Audit contributes to  
17 evaluating and improving of the effectiveness of the risk management,  
18 control, and governance processes. Therefore, internal audit activities  
19 are geared towards helping the company to mitigate risks, and further  
20 assist in strengthening its governance processes and structures.

## 21 **COMPLIANCE MANAGEMENT SYSTEM**

22 *Integrity is at the core of our compliance programs and the basis for  
23 the trust of our customers, shareholders, business partners and  
24 employees.*

25 The compliance function fosters a corporate culture of individual and  
26 collective responsibility for ethical conduct and adherence to the rules  
27 by:

28 -Advising the board of management, managers and employees on  
business conduct that is lawful and ethical;

- 1 -Identifying and assessing material compliance risks and overseeing the  
2 implementation of adequate and effective internal controls to mitigate  
3 them;  
4 -Providing a speak-up facility that employees and third parties can  
5 use to confidentially address irregularities;  
6 -Interacting transparently and trustfully with regulators.

6 ***Compliance with applicable laws, rules, and regulations in all***  
7 ***countries in which Allianz SE and Allianz Group operate, as well as***  
8 ***with internal policies and guidelines, is key.*** The global compliance  
9 programs coordinated by Allianz SE's central Group Compliance  
10 function support our employees, managers and executive board  
11 members to act responsibly and with integrity in all situations. By  
12 participating in the United Nations Global Compact, the world's largest  
13 and most important initiative for responsible corporate leadership, and  
14 respecting the Guidelines of the Organization for Economic  
15 Cooperation and Development (OECD Guidelines) for Multinational  
16 Enterprises, we integrate sustainability and corporate responsibility into  
17 our business. By accepting and complying with European and  
18 international standards and applicable laws, Allianz aims to avoid the  
19 risks that arise from noncompliance. To enhance our understanding of  
20 compliance issues and share best practices, we work with organizations  
21 such as the German Institute for Compliance (DICO) and the Global  
22 Insurance Chief Compliance Officers' Forum (CCO Forum).

19 ***Moreover, Allianz SE's central Group Compliance function is***  
20 ***responsible – in close cooperation with local compliance functions –***  
21 ***for ensuring the effective implementation and monitoring of the***  
22 ***compliance programs within the Allianz Group, as well as for***  
23 ***investigating potential compliance infringements.*** Furthermore, as a  
24 key function, the compliance function carries out the advisory, risk  
25 identification and assessment, monitoring and early warning tasks  
26 required under the Solvency II regime.

25 (Emphasis added.)

1           20. The 2019 Annual Report included a “Responsibility Statement” signed  
2 by Defendant Bäte, which was substantially the same as the 2017 Annual Report’s  
3 Responsibility Statement.

4           21. On March 5, 2021, the Company published its annual report for 2020  
5 (the “2020 Annual Report”). The 2020 Annual Report stated the following, in  
6 pertinent part, regarding (and generally touting) its internal controls and compliance:

7           The Audit Committee held six regular meetings in 2020. In the presence  
8 of the auditors, the committee discussed both Allianz SE’s annual  
9 financial statements and the Allianz Group’s consolidated financial  
10 statements as well as the management and auditor’s reports and the  
11 half-yearly financial report. ***These reviews revealed no reasons for***  
12 ***objection.*** The Board of Management reported on the quarterly results  
13 and discussed them in detail with the Audit Committee together with  
14 the results of the auditor’s review. One focus of the Audit Committee’s  
15 activities was the regular review of the impact of the COVID-19  
16 pandemic on all areas of the Allianz Group. ***In this context, the Audit***  
17 ***Committee held an additional extraordinary meeting in May and***  
18 ***dealt with the withdrawal of the profit target for 2020 by the Board of***  
19 ***Management and the proposal for the appropriation of net earnings***  
20 ***submitted to the AGM.*** Furthermore, it prepared the engagement of the  
21 external auditor and defined key audit areas for the 2020 financial year  
22 and assessed the quality of the audit. The committee also discussed the  
23 awarding of non-audit services to the auditor and approved an updated  
24 positive list of pre-approved audit and non-audit services. In addition,  
25 it discussed in depth the compliance system, the internal audit system,  
26 and the financial reporting processes as well as the respective internal  
27 controls and held intensive discussions with the Board of Management  
28 on short and midterm measures to improve and further develop systems  
and processes. ***At all regular meetings reports on legal and***  
***compliance issues in the Group, including lawsuits filed against***  
***Allianz Global Investors in a court in New York, as well as on the***  
***work of the Internal Audit department were discussed in detail.***  
Furthermore, the head of the actuarial function (Group Actuarial,  
Planning & Controlling) presented his annual report. In addition, the  
Audit Committee discussed the internal audit plan for 2021 and had the



1 head of the Group Taxation Department explain the processes and  
2 procedures for tax compliance.

3 \* \* \*

4 **OVERALL RISK ORGANIZATION AND ROLES IN RISK**  
5 **MANAGEMENT**

6  
7 A comprehensive system of risk governance is achieved by setting  
8 standards related to organizational structure, risk strategy and appetite,  
9 limit systems, documentation, and reporting. These standards ensure  
10 the accurate and timely flow of risk-related information and a  
disciplined approach towards decision-making and execution.

11 As a general principle, the responsibility for the “First Line of De-  
12 fense” rests with business managers in the business units of Allianz SE.  
13 They are responsible for both the risks taken and the returns from their  
14 decisions. Our “Second Line of Defense” is made up of independent  
15 oversight functions including Risk, Actuarial, Compliance, and Legal,  
16 which support the Board of Management in defining the risk frame-  
17 work within which the business can operate. Audit forms the “Third  
18 Line of Defense”, independently and regularly reviewing Allianz SE’s  
19 risk governance implementation, compliance with risk principles, per-  
20 forming quality reviews of risk processes, and testing adherence to  
business standards, including the internal control framework. Allianz  
SE has established dedicated responsibilities for the three lines of  
defense at its departments (including reinsurance).

21 \* \* \*

22 *Internal controls are embedded in the accounting processes to*  
23 *safeguard the accuracy, completeness, and consistency of the*  
24 *information provided in our financial statements.*

25 \* \* \*

26 **Corporate governance practices**

27 **INTERNAL CONTROL SYSTEM**  
28

1  
2 ***The Allianz Group has an effective internal risk and control system***  
3 ***for verifying and monitoring its operating activities and business***  
4 ***processes, in particular financial reporting, as well as compliance***  
5 ***with regulatory requirements.*** The requirements placed on the internal  
6 control system are essential not only for the resilience and franchise  
7 value of the company, but also to maintain the confidence of the capital  
8 market, our customers, and the public. ***An assessment of the adequacy***  
9 ***and effectiveness of the internal control system as part of the System***  
10 ***of Governance is conducted regularly in the course of the review of***  
11 ***the business organization.*** For further information on our risk  
organization and risk principles, please refer to the section “Risk  
governance system” in the Risk and Opportunity Report. For further  
information on our Integrated Risk and Control System for Financial  
Reporting, please refer to the respective chapter.

12 ***In addition, the quality of our internal control system is assessed by***  
13 ***the Allianz Group’s Internal Audit function. This function conducts***  
14 ***independent, objective assurance activities, analyzing the structure***  
15 ***and efficiency of the internal control system as a whole.*** In addition,  
16 it also examines the potential for additional value and improvement of  
17 our organization’s operations. ***Fully compliant with all international***  
18 ***auditing principles and standards, Internal Audit contributes to the***  
19 ***evaluation and improvement of the effectiveness of the risk***  
20 ***management, control, and governance processes.*** Therefore, internal  
audit activities are geared towards helping the company to mitigate  
risks, and further assist in strengthening its governance processes and  
structures.

## 21 COMPLIANCE MANAGEMENT SYSTEM

22  
23 ***Integrity is at the core of our compliance programs and the basis for***  
24 ***the trust of our customers, shareholders, business partners, and***  
25 ***employees.*** The compliance function fosters a corporate culture of  
26 individual and collective responsibility for ethical conduct and  
adherence to the rules by:

27 – Advising the Board of Management, managers, and employees on  
28 business conduct that is lawful and ethical;

- 1 – Identifying and assessing material compliance risks and overseeing  
2 the implementation of adequate and effective internal controls to  
3 mitigate them;
- 4 – Providing a speak-up facility that employees and third parties can use  
5 to confidentially report possible illegal or inappropriate behavior;
- 6 – Communicating transparently and trustfully with supervisory  
7 authorities.

8 The global compliance programs coordinated by Allianz SE’s central  
9 Group Compliance function support our employees, managers, and  
10 executive board members to act responsibly and with integrity in all  
11 situations.

12 Moreover, *Allianz SE’s central Group Compliance function is  
13 responsible – in close cooperation with local compliance functions –  
14 for ensuring the effective implementation and monitoring of the  
15 compliance programs within the Allianz Group as well as for  
16 investigating potential compliance infringements.* Furthermore, as a  
17 key function, the compliance function carries out the advisory, risk  
18 identification and assessment, monitoring, and early warning tasks  
19 required under the Solvency II regime.

20 (Emphasis added.)

21 22. The 2020 Annual Report did not reveal the severe underlying issues but  
22 instead merely stated the following, in pertinent part, regarding the Company’s and  
23 its subsidiaries’ relevant legal and regulatory issues:

24 Since July 2020, multiple complaints have been filed in the U.S.  
25 Federal Court for the Southern District of New York (the “S.D.N.Y.”),  
26 and also in certain U.S. State Courts against Allianz Global Investors  
27 U.S. LLC (“AllianzGI U.S. LLC”) and in certain complaints, against  
28 certain of AllianzGI U.S. LLC’s affiliates, including Allianz SE and  
Allianz Asset Management GmbH (“Affiliate Allianz Defendants”), in  
connection with losses suffered by investors in AllianzGI U.S. LLC’s  
Structured Alpha funds (“Funds”) during the COVID-19 related market  
downturn. The actions brought to date have included institutional  
investor plaintiffs and individual plaintiffs with certain plaintiffs

1           asserting claims on behalf of putative classes. An investment consultant  
2           has also asserted third-party claims against AllianzGI U.S. LLC.  
3           Plaintiffs in the pending actions have alleged losses of several billion  
4           dollars. In exchange for a tolling agreement, plaintiffs in the actions  
5           filed in the S.D.N.Y. have agreed to voluntarily dismiss claims against  
6           the Affiliate Allianz Defendants. In addition to the complaints filed to  
7           date, other investors in the Funds, or other third parties, may bring  
8           similar actions. ***Allianz intends to defend vigorously against the***  
9           ***allegations contained in the complaints. AllianzGI U.S. LLC has also***  
10           ***received information requests from the U.S. Securities and Exchange***  
11           ***Commission (“SEC”) regarding an SEC investigation of the Funds,***  
12           ***and is fully cooperating with the SEC’s investigation.*** The ultimate  
13           outcome of the court proceedings as well as the SEC investigation  
14           cannot yet be determined.

15           (Emphasis added.)

16           23.     The 2020 Annual Report included a “Responsibility Statement” signed  
17           by Defendant Bäte, which was substantially the same as the 2017 Annual Report’s  
18           Responsibility Statement.

19           24.     The statements referenced in ¶¶15-23 above, made by or attributed to  
20           Defendants, were materially false and/or misleading because they misrepresented  
21           and failed to disclose the following adverse facts pertaining to the Company’s  
22           business, operational and financial results, which were known to Defendants or  
23           recklessly disregarded by them. Specifically, Defendants made false and/or  
24           misleading statements and/or failed to disclose that: (1) Allianz did not have  
25           effective internal controls; (2) Allianz’s subsidiary was involved in substantial  
26           fraudulent activity; (3) as a result, Allianz was at an increased risk of regulatory  
27           scrutiny; (4) as a result, Allianz was at an increased risk of substantial losses and  
28           financial costs; and (5) as a result, Defendants’ public statements were materially  
29           false and/or misleading at all relevant times.

1   **THE TRUTH BEGINS TO EMERGE**

2           25. On March 4, 2022, the Company published its annual report for 2021  
3 (the “2021 Annual Report”). The 2021 Annual Report stated the following, in  
4 pertinent part, regarding (and generally touting) its internal controls and compliance:

5                 *Internal controls are embedded in the accounting processes to*  
6                 *safeguard the accuracy, completeness, and consistency of the*  
7                 *information provided in our financial statements.*

8   \*       \*       \*

9   **Corporate governance practices**

10   **Internal control system**

11   *The Allianz Group has an effective internal risk and control system*  
12   *for verifying and monitoring its operating activities and business*  
13   *processes, in particular financial reporting, as well as compliance*  
14   *with regulatory requirements.* The requirements placed on the internal  
15   control system are essential, not only for the resilience and franchise  
16   value of the company, but also to maintain the confidence of the capital  
17   market, our customers, and the public. An assessment of the adequacy  
18   and effectiveness of the internal control system as part of the System of  
19   Governance is conducted regularly in the course of the review of the  
20   business organization. For further information on our risk organization  
21   and risk principles, please refer to the section “Risk governance  
22   system” in the Risk and Opportunity Report. For further information on  
23   our Integrated Risk and Control System for Financial Reporting, please  
24   refer to the respective chapter.

25   In addition, *the quality of our internal control system is assessed by*  
26   *the Allianz Group’s Internal Audit function. This function conducts*  
27   *independent, objective assurance activities, analyzing the structure*  
28   *and efficiency of the internal control system as a whole.* In addition,  
it also examines the potential for additional value and improvement of  
our organization’s operations. *Fully compliant with all international*  
*auditing principles and standards, Internal Audit contributes to the*  
*evaluation and improvement of the effectiveness of the risk*

1 *management, control, and governance processes.* Therefore, internal  
2 audit activities are geared towards helping the company to mitigate  
3 risks, and further assist in strengthening its governance processes and  
4 structures.

#### 5 **Compliance management system**

6 *Integrity is at the core of our compliance programs and the basis for*  
7 *the trust of our customers, shareholders, business partners, and*  
8 *employees.* The Compliance function fosters a corporate culture of in-  
9 dividual and collective responsibility for ethical conduct and adherence  
10 to the rules by:

- 11 – advising the Board of Management, managers, and employees on  
12 business conduct that is lawful and ethical;
- 13 – identifying and assessing material compliance risks and overseeing  
14 the implementation of adequate and effective internal controls to  
15 mitigate them;
- 16 – providing a speak-up facility that employees and third parties can use  
17 to confidentially report possible illegal or inappropriate behavior;
- 18 – communicating transparently and trustfully with supervisory  
19 authorities.

20 The global compliance programs coordinated by Allianz SE’s central  
21 Group Compliance function support our employees, managers, and  
22 executive board members to act responsibly and with integrity in all  
23 situations.

24 *Moreover, Allianz SE’s central Group Compliance function is*  
25 *responsible – in close cooperation with local compliance functions –*  
26 *for ensuring the effective implementation and monitoring of the*  
27 *compliance programs within the Allianz Group as well as for*  
28 *investigating potential compliance infringements.* Furthermore, as a  
key function, the Compliance function carries out the advisory, risk  
identification and assessment, monitoring, and early warning tasks  
required under the Solvency II regime.

(Emphasis added.)

1           26. The 2021 Annual Report did not reveal the severe underlying issues but  
2 instead stated the following, in pertinent part, regarding the Company’s and its  
3 subsidiaries’ relevant legal and regulatory issues:

4           **Litigation**

5           *Allianz SE is involved in legal, regulatory, and arbitration*  
6 *proceedings in Germany and foreign jurisdictions, including the*  
7 *United States. Such proceedings arise in the ordinary course of*  
8 *business, including, amongst others, Allianz SE’s activities as a*  
9 *reinsurance company, employer, investor and taxpayer.* While it is not  
10 feasible to predict or determine the ultimate outcome of such  
11 proceedings, they may result in substantial damages or other payments  
12 or penalties, or result in adverse publicity and damage to Allianz SE’s  
13 reputation. As a result, such proceedings could have an adverse effect  
14 on Allianz SE’s business, financial condition, and results of operations.  
15 Apart from the proceedings discussed below, Allianz SE is not aware  
16 of any threatened or pending legal, regulatory or arbitration  
17 proceedings which may have, or have had in the recent past, significant  
18 effects on its financial position or profitability. Material proceedings in  
19 which Allianz SE is involved are in particular the following:

20           Since July 2020, multiple complaints have been filed in U.S. Federal  
21 Courts and also in certain U.S. State Courts against Allianz Global  
22 Investors U.S. LLC (AllianzGI U.S.) and in certain complaints, against  
23 certain of AllianzGI U.S.’s affiliates, including Allianz SE and Allianz  
24 Asset Management GmbH (“Affiliate Allianz Defendants”), in  
25 connection with losses suffered by investors in AllianzGI U.S.’s  
26 Structured Alpha funds (Funds) during the COVID-19 related market  
27 downturn. The actions brought to date have included institutional  
28 investor plaintiffs and individual plaintiffs, with certain plaintiffs  
asserting claims on behalf of putative classes. An investment consultant  
has also asserted third-party claims against AllianzGI U.S.. Plaintiffs in  
the currently pending 26 actions have alleged losses of approximately  
USD 6.3 bn. In addition to the complaints filed to date, other investors  
in the Funds, or other third parties, may bring similar actions. *Plaintiffs*  
*in these actions have dismissed without prejudice all claims against*  
*Affiliate Allianz Defendants, including Allianz SE and Allianz Asset*

1 *Management GmbH, with only one exception where Allianz Global*  
2 *Investors Distributors LLC is kept as a defendant next to AllianzGI*  
3 *U.S. AllianzGI U.S. continues to defend against the allegations*  
4 *contained in the complaints.*

5 *Upon request from the U.S. Securities and Exchange Commission*  
6 *(SEC), AllianzGI U.S. has provided substantial information to the*  
7 *SEC in connection with an SEC investigation of the Funds, and*  
8 *Allianz is fully cooperating with the SEC's ongoing investigation.*

9 *In addition, the U.S. Department of Justice (DOJ) is continuing its*  
10 *investigation concerning the Funds, and AllianzGI U.S. is also fully*  
11 *cooperating with the DOJ in the investigation and is continuing its*  
12 *own review of the matter.*

13 On 1 August 2021, in light of the DOJ investigation and based on  
14 information then available to Allianz, the Board of Management of  
15 Allianz SE reassessed the Structured Alpha matter and came to the  
16 conclusion, as also announced by ad-hoc disclosure, that there is a  
17 relevant risk that the matters relating to the Funds could materially  
18 impact future financial results of Allianz Group.

19 *In light of the discussions with plaintiffs and U.S. Governmental*  
20 *Authorities concerning the Structured Alpha matter and in*  
21 *anticipation of settlements with major investors in the Funds, Allianz*  
22 *decided, as announced by ad-hoc disclosure on 17 February 2022, to*  
23 *recognize a provision of € 3.7 bn for the fourth quarter of 2021 within*  
24 *the Asset Management segment of the Allianz Group financial*  
25 *statements.* The provision reflects the elements of the expected  
26 obligation in the Structured Alpha matter, for which, as of today, a  
27 reliable estimate could be determined. Final settlements with major  
28 investors were reached shortly thereafter and Allianz believes that these  
settlements represent a substantial majority of the Structured Alpha  
civil litigation exposure.

Discussions with remaining plaintiffs, the DOJ as well as the SEC are  
ongoing, and the timing and nature of any global or coordinated  
resolution of these matters is not certain. Therefore, as of today, the  
total financial impact of the Structured Alpha matter cannot be reliably



1 estimated and it is expected that additional expenses will be incurred  
2 before these matters are finally resolved. Such additional expenses also  
3 cannot reliably be estimated and consequently are not included in the  
4 provision recognized in the Allianz Group financial statements. For  
5 Allianz SE the Structured Alpha matter has not led to any requirement  
6 for building a provision.

(Emphasis added.)

7 27. The 2021 Annual Report included a “Responsibility Statement” signed  
8 by Defendant Bäte, which was substantially the same as the 2017 Annual Report’s  
9 Responsibility Statement.

10 28. On this news, the Company’s ADR price fell \$0.93 per share, or 4.5%,  
11 to close at \$19.67 per share on March 7, 2022, the next trading day, damaging  
12 investors.

13 29. The statements referenced in ¶¶25-27 above, made by or attributed to  
14 Defendants, were materially false and/or misleading because they misrepresented  
15 and failed to disclose the following adverse facts pertaining to the Company’s  
16 business, operational and financial results, which were known to Defendants or  
17 recklessly disregarded by them. Specifically, Defendants made false and/or  
18 misleading statements and/or failed to disclose that: (1) Allianz did not have  
19 effective internal controls; (2) Allianz and its employees did not fully cooperate with  
20 government authorities; (3) Allianz’s subsidiary was involved in substantial  
21 fraudulent activity; (4) as a result was at an increased risk of regulatory scrutiny; (5)  
22 as a result, Allianz was at an increased risk of substantial losses and financial costs;  
23 and (6) as a result, Defendants’ public statements were materially false and/or  
24 misleading at all relevant times.  
25  
26  
27  
28

1 **The Truth Emerges**

2 30. On February 17, 2022, during market hours, Allianz announced that it  
3 had booked a provision with regards to “the pending court and governmental  
4 proceedings in the U.S. in relation to the Structured Alpha Funds,” and provided the  
5 following, in pertinent part:

6 **Provision with respect to AllianzGI US Structured Alpha Funds;  
7 new share buy-back of up to EUR 1 billion**

8 *Allianz to book a provision with respect to risks relating to the*  
9 *AllianzGI US Structured Alpha Funds in the financial statements 2021;*  
10 *Allianz resolves on new share buy-back of up to EUR 1 billion*

11 With respect to the pending court and governmental proceedings in the  
12 U.S. in relation to the Structured Alpha Funds, Allianz anticipates  
13 settlements with major investors in those Funds shortly. *In anticipation*  
14 *thereof and in light of current discussions with U.S. governmental*  
15 *authorities, Allianz today decided to book a provision of 3.7 billion*  
16 *euros in the financial statements 2021. This provision reduced the*  
17 *2021 Group net income by 2.8 billion euros.*

18 (Emphasis added.)

19 31. On this news, the Company’s ADR price fell \$0.98 per share, or 3.8%,  
20 to close at \$24.33 per share on May 18, 2022, the next full trading day, damaging  
21 investors.

22 32. On May 17, 2022, during market hours, the SEC issued a press release  
23 entitled “SEC Charges Allianz Global Investors and Three Former Senior Portfolio  
24 Managers with Multibillion Dollar Securities Fraud” which further provided the  
25 following regarding the fraudulent scheme in pertinent part:

26 *The Securities and Exchange Commission (SEC) today charged*  
27 *Allianz Global Investors U.S. LLC (AGI US) and three former senior*  
28 *portfolio managers with a massive fraudulent scheme that concealed*  
*the immense downside risks of a complex options trading strategy*

1 *they called “Structured Alpha.”* AGI US marketed and sold the  
2 strategy to approximately 114 institutional investors, including pension  
3 funds for teachers, clergy, bus drivers, engineers, and other individuals.  
4 After the COVID-19 market crash of March 2020 exposed the  
5 fraudulent scheme, the strategy lost billions of dollars as a result of AGI  
6 US and the portfolio managers’ misconduct. *AGI US has agreed to*  
7 *pay billions of dollars as part of an integrated, global resolution,*  
8 *including more than \$1 billion to settle SEC charges and together*  
9 *with its parent, Allianz SE, over \$5 billion in restitution to victims.*

10 “Allianz Global Investors admitted to defrauding investors over  
11 multiple years, concealing losses and downside risks of a complex  
12 strategy, and failing to implement key risk controls,” said SEC Chair  
13 Gary Gensler. ...

14 The SEC’s complaint, filed in the federal district court in Manhattan,  
15 alleges that *Structured Alpha’s Lead Portfolio Manager, Gregoire P.*  
16 *Tournant, orchestrated the multi-year scheme to mislead investors*  
17 *who invested approximately \$11 billion in Structured Alpha, and paid*  
18 *the defendants over \$550 million in fees.* It further alleges that, *with*  
19 *assistance from Co-Lead Portfolio Manager, Trevor L. Taylor, and*  
20 *Portfolio Manager, Stephen G. Bond-Nelson, Tournant manipulated*  
21 *numerous financial reports and other information provided to*  
22 *investors to conceal the magnitude of Structured Alpha’s true risk*  
23 *and the funds’ actual performance.*

24 *Defendants reduced losses under a market crash scenario in one risk*  
25 *report sent to investors from negative 42.1505489755747% to*  
26 *negative 4.1505489755747% -- by simply dropping the single digit 2.*  
27 *In another example, defendants “smoothed” performance data sent*  
28 *to investors by reducing losses on one day from negative*  
*18.2607085709004% to negative 9.2607085709004% -- this time by*  
*cutting the number 18 in half.*

*When the 2020 COVID-related market volatility revealed that AGI*  
*US and the defendants had misled investors about the fund’s level of*  
*risk, the fund suffered catastrophic losses and investors lost billions;*  
*the defendants all the while profited from their deception.* The  
complaint further alleges that *Tournant, Taylor, and Bond-Nelson*

1 *then made multiple, ultimately unsuccessful, efforts to conceal their*  
2 *misconduct from the SEC*, including false testimony and meetings in  
3 vacant construction sites to discuss sending their assets overseas.

4 *“From at least January 2016 through March 2020, the defendants*  
5 *lied about nearly every aspect of a highly complex investment strategy*  
6 *they marketed* to institutional investors, including pension funds  
7 managing the retirement savings of everyday Americans. *While they*  
8 *were able to solicit over \$11 billion in investments by the end of 2019*  
9 *and earn over \$550 million in fees as a result of their lies, they lost*  
10 *over \$5 billion in investor funds when the market volatility of March*  
11 *2020 exposed the true risk of their products,”* said Gurbir S. Grewal,  
12 Director of the SEC’s Division of Enforcement. *“Following the crash*  
13 *of the Structured Alpha Funds, the defendants continued their*  
14 *pattern of deceit by lying to SEC staff and their fraud would have*  
15 *gone undetected if it weren’t for the persistence of SEC lawyers who*  
16 *pieced together the full scope of the massive fraud.”*

17 *AGI US admitted that its conduct violated the federal securities laws*  
18 and agreed to a cease-and-desist order, a censure and payment of \$315.2  
19 million in disgorgement, \$34 million in prejudgment interest, and a  
20 \$675 million civil penalty, a portion of which will be distributed to  
21 certain investors, with the amount of disgorgement and prejudgment  
22 interest deemed satisfied by amounts it paid to the U.S. Department of  
23 Justice as part of an integrated, global resolution. In a parallel criminal  
24 proceeding, the U.S. Attorney’s Office for the Southern District of New  
25 York today announced criminal charges for similar conduct against  
26 AGI US, Tournant, Taylor, and Bond-Nelson. As part of the parallel  
27 criminal proceeding, AGI US, Taylor and Bond-Nelson have agreed to  
28 guilty pleas.

(Emphasis added.)

33. That same day, May 17, 2022, the U.S. Department of Justice (“DOJ”) issued a press release entitled “Three Portfolio Managers And Allianz Global Investors U.S. Charged In Connection With Multi-Billion Dollar Fraud Scheme”

1 which further provided the following regarding the fraudulent scheme, in pertinent  
2 part:

3 Damian Williams, the United States Attorney for the Southern District  
4 of New York, Lisa O. Monaco, the Deputy Attorney General of the  
5 United States, and Daniel B. Brubaker, Inspector-in-Charge of the New  
6 York Office of the U.S. Postal Inspection Service (“USPIS”),  
7 announced today the unsealing of an indictment charging GREGOIRE  
8 TOURNANT, the Chief Investment Officer and co-lead Portfolio  
9 Manager for a series of private investment funds managed by Allianz  
10 Global Investors U.S. LLC (“AGI”), with conspiracy, securities fraud,  
11 investment adviser fraud, and obstruction of justice offenses in  
12 connection with a scheme to defraud investors. Those funds ultimately  
13 collapsed, leading to billions of dollars of investor losses. TOURNANT  
14 surrendered to Postal Inspectors in Denver, Colorado this morning and  
15 is expected to be presented later today. The case has been assigned to  
16 U.S [sic] District Judge Laura Taylor Swain.

17 Also unsealed today are the guilty pleas of TREVOR TAYLOR and  
18 STEPHEN BOND-NELSON in connection with their respective roles  
19 in the scheme. TAYLOR pled guilty pursuant to an Information before  
20 U.S. District Judge Denise Cote on March 8, 2022. BOND-NELSON  
21 pled guilty pursuant to an Information before U.S. District Judge Paul  
22 A. Engelmayer on March 3, 2022. Both are cooperating with the  
23 Government.

24 ***U.S. Attorney Williams, Deputy Attorney General Monaco, and***  
25 ***Inspector-in-Charge Brubaker also announced today a plea***  
26 ***agreement (the “Agreement”) pursuant to which AGI will plead***  
27 ***guilty to securities fraud in connection with this fraudulent scheme,***  
28 ***and pay more than \$3 billion in restitution to the innocent victims of***  
***this fraud, pay a criminal fine of approximately \$2.3 billion, and***  
***forfeit approximately \$463 million to the Government.*** The case has  
been assigned to U.S. District Judge Colleen McMahon. A conference  
has been scheduled for today at 3:00 p.m. before U.S. District Judge  
Loretta A. Preska, Part I, at which time ***AGI is expected to plead guilty***  
to an Information pursuant to the Agreement.

1 U.S. Attorney Damian Williams said: “*As alleged, Gregoire Tournant*  
2 *and his co-conspirators lied to investors and secretly exposed them to*  
3 *substantial risk in order to line their own pockets and those of their*  
4 *employer, AGI.* Pension funds for so many retirees, religious  
5 organizations, and essential workers – from laborers in Alaska, to  
6 teachers in Arkansas, to bus drivers and subway conductors here in  
7 New York City – *invested with AGI because they were promised a*  
8 *relatively safe investment with strict risk controls. But AGI, the*  
9 *“master cop” that Tournant claimed was watching over his shoulder,*  
10 *making sure that he adhered to his promises, was asleep on the beat.*  
11 And when the storm came in March 2020, when the COVID crash hit,  
12 these investors got soaked and lost billions. Today’s actions are further  
13 evidence that this office is not asleep on the beat and that with our law  
14 enforcement partners we will act swiftly to protect investors and bring  
15 white collar criminals to justice.”

16 Deputy Attorney General Lisa O. Monaco said: “I previously warned  
17 that the Department of Justice would crack down on corporate crime,  
18 without regard to size, salary, or other privilege. For the second time in  
19 under a month, the Department has brought charges in connection with  
20 a sophisticated Wall Street scheme that cost victims billions of dollars.  
21 Other corporations should take note that *the results here are driven in*  
22 *part by the fact that this company failed to self-report their crimes.*  
23 The Department stands ready to keep bringing these kinds of charges  
24 to assure the public that no one is above the law.” ...

25 According to the allegations in the Indictment and the Agreement  
26 unsealed today in Manhattan federal court: [footnote omitted]

27 Between 2014 and 2020, GREGOIRE TOURNANT, the defendant,  
28 was the Chief Investment Officer of a set of private funds at AGI known  
as the Structured Alpha Funds. These funds were marketed largely to  
institutional investors, including pension funds for workers all across  
America. As alleged, TOURNANT and his co-conspirators misled  
these investors into believing that the funds were protected from a  
sudden stock market crash with particular hedges. *But in late 2015, as*  
*the cost of those promised hedges increased, TOURNANT decided to*  
*lie and secretly buy cheaper hedges that provided much less*  
*protection to investors. As alleged, TOURNANT and his co-*

1 *conspirators also provided investors with altered documents that were*  
2 *sent to investors to hide the true riskiness of the funds' investments,*  
3 *including that they were buying cheaper hedges.*

4 *In March 2020, following the onset of market dislocations brought*  
5 *on by the COVID-19 pandemic, the funds lost in excess of \$7 billion*  
6 *in market value, including over \$3.2 billion in principal, faced margin*  
7 *calls and redemption requests, and ultimately were shut down. ...*

8 *The scheme alleged was an egregious, long-running, and extensive*  
9 *fraud that went undetected for years. It occurred at a very profitable*  
10 *component of AGI – one that accounted for 25% of AGI's revenue in*  
11 *recent years, which amounted to hundreds of millions of dollars. As*  
12 *alleged, one of the ways TOURNANT carried out the fraud was by*  
13 *marketing the fact that he worked for a well-respected financial*  
14 *institution, AGI, which is a part of the Allianz SE ("Allianz") family.*  
15 *Allianz is one of the world's largest financial services companies and*  
16 *one of the world's largest insurance companies. TOURNANT touted*  
17 *the protections provided by the funds' position within the global*  
18 *Allianz corporate structure, calling Allianz a "master cop" that would*  
19 *ensure that TOURNANT followed the risk guidelines promised to*  
20 *investors.*

21 *Despite TOURNANT's claim that Allianz acted as a "master cop"*  
22 *looking over his shoulder, no one at AGI or Allianz was verifying that*  
23 *TOURNANT and his colleagues were actually adhering to the*  
24 *investment strategies promised to investors. No risk or compliance*  
25 *personnel at AGI verified, attempted to verify, or were responsible for*  
26 *verifying that TOURNANT and his colleagues were purchasing*  
27 *hedging positions within the range that was represented to investors.*  
28 *Much of this historic fraud was made possible because AGI's control*  
*environment was not designed to verify that TOURNANT and his co-*  
*conspirators were telling investors the truth. Because AGI, a*  
*registered investment adviser, failed to provide meaningful oversight,*  
*TOURNANT and his co-conspirators were able to deceive investors*  
*about the risks they were taking with their money.*

*In addition, as alleged, in the summer of 2020, after the onset of the*  
*pandemic and in order to cover up the fraudulent scheme,*

1           **TOURNANT attempted to obstruct an investigation by the U.S.**  
2           **Securities and Exchange Commission (the “SEC”) into the**  
3           **circumstances that led to the losses in March 2020.**

4           (Emphasis added.)

5           34.   Summarizing the charges, guilty pleas, and settlements, *The Wall Street*  
6           *Journal* published an article on May 17, 2022 entitled “Allianz Subsidiary Pleads  
7           Guilty to Defrauding Investors as Part of \$6 Billion Settlement” which further  
8           provided the following in relevant part:

9           **One of Allianz SE’s [] U.S. investing divisions pleaded guilty to**  
10           **securities fraud and agreed to pay about \$6 billion in penalties and**  
11           **restitution to investors who suffered losses when some of the**  
12           **subsidiary’s hedge funds tanked during the March 2020 market selloff.**

13           **Allianz Global Investors U.S. admitted Tuesday that it lacked internal**  
14           **controls and oversight for a series of private-investment funds and**  
15           **made false and misleading statements to investors, according to a plea**  
16           **agreement reached with the Manhattan U.S. attorney’s office. The U.S.**  
17           **subsidiary also settled civil-fraud claims brought by the Securities and**  
18           **Exchange Commission.**

19           The \$6 billion will resolve the government’s criminal and civil claims,  
20           as well as those from defrauded investors. ***The agreement is among the***  
21           ***largest criminal resolutions between a financial institution and the***  
22           ***Justice Department in recent years.***

23                           \*           \*           \*

24           The case centered on Allianz Global Investors’ Structured Alpha funds,  
25           which bet heavily on stock options that effectively sold insurance to  
26           other investors that were hedging against a potential market selloff. The  
27           strategy had been profitable during the market’s calm stretch, and  
28           ***Allianz managers had assured investors that they had hedged their***  
                      ***own trades in the event that the markets turned volatile.***

\*           \*           \*



1  
2 ***The Structured Alpha funds lost more than \$7 billion in March 2020,***  
3 ***according to the government. On March 25 of that year, Allianz***  
4 ***informed investors that two of its funds would be liquidated.***

5 \* \* \*

6 ***Allianz said its guilty plea would disqualify Allianz Global Investors***  
7 ***from advising U.S. mutual funds and certain pensions.*** The firm said  
8 it expects the SEC to issue waivers on Tuesday that would ensure the  
9 agreement wouldn't affect Allianz Life or its other U.S. money  
10 manager, Pacific Investment Management Co.

11 \* \* \*

12 ***Prosecutors said the Allianz scheme lasted from at least 2014 to***  
13 ***March 2020 with Mr. Tournant reaping more than \$60 million in***  
14 ***compensation during that time.*** He and his team misled investors over  
15 the risks the funds were taking and how they were producing their  
16 returns, prosecutors alleged. The Structured Alpha managers also  
17 misrepresented the hedging strategies they had used to protect the  
18 funds' assets, prosecutors said.

19 The government also alleged that Mr. Tournant sought to obstruct the  
20 SEC inquiry into the losses by directing Mr. Bond-Nelson to lie to the  
21 regulator.

22 \* \* \*

23 The men also misstated daily performance results sent to some  
24 investors, making returns look better than they were, the SEC said.

25 (Emphasis added.)

26 35. On this news, the Company's ADR price fell \$0.57 per share, or 2.6%,  
27 to close at \$20.80 per share on May 18, 2022, the next full trading day, damaging  
28 investors.

1           36. As a result of Defendants’ wrongful acts and omissions, and the decline  
2 in the market value of the Company’s securities, Plaintiff and other Class members  
3 have suffered significant losses and damages.

4                           **PLAINTIFF’S CLASS ACTION ALLEGATIONS**

5           37. Plaintiff brings this action as a class action pursuant to Federal Rule of  
6 Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who  
7 purchased or otherwise acquired the publicly traded securities of Allianz during the  
8 Class Period (the “Class”) and were damaged upon the revelation of the alleged  
9 corrective disclosure. Excluded from the Class are Defendants herein, the officers  
10 and directors of the Company, at all relevant times, members of their immediate  
11 families and their legal representatives, heirs, successors or assigns and any entity  
12 in which Defendants have or had a controlling interest.

13           38. The members of the Class are so numerous that joinder of all members  
14 is impracticable. Throughout the Class Period, the Company’s securities were  
15 actively traded on the OTC Pink market. While the exact number of Class members  
16 is unknown to Plaintiff at this time and can be ascertained only through appropriate  
17 discovery, Plaintiff believes that there are hundreds or thousands of members in the  
18 proposed Class. Record owners and other members of the Class may be identified  
19 from records maintained by the Company or its transfer agent and may be notified  
20 of the pendency of this action by mail, using the form of notice similar to that  
21 customarily used in securities class actions.

22           39. Plaintiff’s claims are typical of the claims of the members of the Class  
23 as all members of the Class are similarly affected by Defendants’ wrongful conduct  
24 in violation of federal law that is complained of herein.

25           40. Plaintiff will fairly and adequately protect the interests of the members  
26 of the Class and has retained counsel competent and experienced in class and  
27  
28

1 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those  
2 of the Class.

3 41. Common questions of law and fact exist as to all members of the Class  
4 and predominate over any questions solely affecting individual members of the  
5 Class. Among the questions of law and fact common to the Class are:

- 6 (a) whether Defendants' acts as alleged violated the federal securities  
7 laws;
- 8 (b) whether Defendants' statements to the investing public during the  
9 Class Period misrepresented material facts about the financial  
10 condition, business, operations, and management of the Company;
- 11 (c) whether Defendants' statements to the investing public during the  
12 Class Period omitted material facts necessary to make the statements  
13 made, in light of the circumstances under which they were made, not  
14 misleading;
- 15 (d) whether the Individual Defendant caused the Company to issue false  
16 and misleading SEC filings and public statements during the Class  
17 Period;
- 18 (e) whether Defendants acted knowingly or recklessly in issuing false and  
19 misleading SEC filings and public statements during the Class Period;
- 20 (f) whether the prices of the Company's securities during the Class Period  
21 were artificially inflated because of the Defendants' conduct  
22 complained of herein; and
- 23 (g) whether the members of the Class have sustained damages and, if so,  
24 what is the proper measure of damages.  
25

26 42. A class action is superior to all other available methods for the fair and  
27 efficient adjudication of this controversy since joinder of all members is  
28

1 impracticable. Furthermore, as the damages suffered by individual Class members  
2 may be relatively small, the expense and burden of individual litigation make it  
3 impossible for members of the Class to individually redress the wrongs done to  
4 them. There will be no difficulty in the management of this action as a class action.

5 43. Plaintiff will rely, in part, upon the presumption of reliance established  
6 by the fraud-on-the-market doctrine in that:

- 7 (a) Defendants made public misrepresentations or failed to disclose  
8 material facts during the Class Period;  
9 (b) the omissions and misrepresentations were material;  
10 (c) the Company's securities are traded in efficient markets;  
11 (d) the Company's securities were liquid and traded with moderate to  
12 heavy volume during the Class Period;  
13 (e) the Company traded on the OTC Pink market, and was covered by  
14 multiple analysts;  
15 (f) the misrepresentations and omissions alleged would tend to induce a  
16 reasonable investor to misjudge the value of the Company's securities;  
17 Plaintiff and members of the Class purchased and/or sold the  
18 Company's securities between the time the Defendants failed to  
19 disclose or misrepresented material facts and the time the true facts  
20 were disclosed, without knowledge of the omitted or misrepresented  
21 facts; and  
22 (g) Unexpected material news about the Company was rapidly reflected  
23 in and incorporated into the Company's stock price during the Class  
24 Period.  
25

26 44. Based upon the foregoing, Plaintiff and the members of the Class are  
27 entitled to a presumption of reliance upon the integrity of the market.  
28



1 similarly situated in connection with their purchases of the Company's securities  
2 during the Class Period.

3 50. The Company and the Individual Defendant acted with scienter in that  
4 they knew that the public documents and statements issued or disseminated in the  
5 name of the Company were materially false and misleading; knew that such  
6 statements or documents would be issued or disseminated to the investing public;  
7 and knowingly and substantially participated, or acquiesced in the issuance or  
8 dissemination of such statements or documents as primary violations of the  
9 securities laws. These defendants by virtue of their receipt of information reflecting  
10 the true facts of the Company, their control over, and/or receipt and/or modification  
11 of the Company's allegedly materially misleading statements, and/or their  
12 associations with the Company which made them privy to confidential proprietary  
13 information concerning the Company, participated in the fraudulent scheme alleged  
14 herein.  
15

16 51. The Individual Defendant, who was a senior officer of the Company,  
17 had actual knowledge of the material omissions and/or the falsity of the material  
18 statements set forth above, and intended to deceive Plaintiff and the other members  
19 of the Class, or, in the alternative, acted with reckless disregard for the truth when  
20 he failed to ascertain and disclose the true facts in the statements made by him or  
21 other personnel of the Company to members of the investing public, including  
22 Plaintiff and the Class.

23 52. As a result of the foregoing, the market price of the Company's  
24 securities was artificially inflated during the Class Period. In ignorance of the falsity  
25 of the Company's and the Individual Defendant's statements, Plaintiff and the other  
26 members of the Class relied on the statements described above and/or the integrity  
27 of the market price of the Company's securities during the Class Period in  
28

1 purchasing the Company's securities at prices that were artificially inflated as a  
2 result of the Company's and the Individual Defendant's false and misleading  
3 statements.

4 53. Had Plaintiff and the other members of the Class been aware that the  
5 market price of the Company's securities had been artificially and falsely inflated  
6 by the Company's and the Individual Defendant's misleading statements and by the  
7 material adverse information which the Company's and the Individual Defendant  
8 did not disclose, they would not have purchased the Company's securities at the  
9 artificially inflated prices that they did, or at all.

10 54. As a result of the wrongful conduct alleged herein, Plaintiff and other  
11 members of the Class have suffered damages in an amount to be established at trial.

12 55. By reason of the foregoing, the Company and the Individual Defendant  
13 have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder  
14 and are liable to the Plaintiff and the other members of the Class for substantial  
15 damages which they suffered in connection with their purchases of the Company's  
16 securities during the Class Period.

## 17 **COUNT II**

### 18 **Violation of Section 20(a) of The Exchange Act**

#### 19 **Against The Individual Defendant**

20 56. Plaintiff repeats and realleges each and every allegation contained in  
21 the foregoing paragraphs as if fully set forth herein.

22 57. During the Class Period, the Individual Defendant participated in the  
23 operation and management of the Company, and conducted and participated,  
24 directly and indirectly, in the conduct of the Company's business affairs. Because  
25 of his senior position, they knew the adverse non-public information regarding the  
26 Company's business practices.  
27  
28

1           58. As an officer of the Company, the Individual Defendant had a duty to  
2 disseminate accurate and truthful information with respect to the Company and to  
3 correct promptly any public statements issued by the Company which had become  
4 materially false or misleading.

5           59. Because of his position of control and authority as a senior officer,  
6 Individual Defendant was able to, and did, control the contents of the various  
7 reports, press releases and public filings which the Company disseminated in the  
8 marketplace during the Class Period. Throughout the Class Period, the Individual  
9 Defendant exercised his power and authority to cause the Company to engage in  
10 the wrongful acts complained of herein. The Individual Defendant therefore, was a  
11 “controlling persons” of the Company within the meaning of Section 20(a) of the  
12 Exchange Act. In this capacity, he participated in the unlawful conduct alleged  
13 which artificially inflated the market price of the Company’s securities.  
14

15           60. The Individual Defendant, therefore, acted as a controlling person of  
16 the Company. By reason of his senior management position, the Individual  
17 Defendant had the power to direct the actions of, and exercised the same to cause,  
18 the Company to engage in the unlawful acts and conduct complained of herein. The  
19 Individual Defendant exercised control over the general operations of the Company  
20 and possessed the power to control the specific activities which comprise the  
21 primary violations about which Plaintiff and the other members of the Class  
22 complain.

23           61. By reason of the above conduct, the Individual Defendant is liable  
24 pursuant to Section 20(a) of the Exchange Act for the violations committed by the  
25 Company.  
26

27                                   **PRAYER FOR RELIEF**

28           WHEREFORE, Plaintiff demands judgment against Defendants as follows:



1 A. Determining that the instant action may be maintained as a class action  
2 under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as  
3 the Class representative;

4 B. Requiring Defendants to pay damages sustained by Plaintiff and the  
5 Class by reason of the acts and transactions alleged herein;

6 C. Awarding Plaintiff and the other members of the Class prejudgment  
7 and post-judgment interest, as well as their reasonable attorneys' fees, expert fees  
8 and other costs; and

9 D. Awarding such other and further relief as this Court may deem just and  
10 proper.  
11

12 **DEMAND FOR TRIAL BY JURY**

13 Plaintiff hereby demands a trial by jury.  
14

15 Respectfully submitted,

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