

THE NEW YORKER

IN THIS WEEK'S ISSUE, FEATURING THE FALL CULTURE PREVIEW

How Deutsche Bank Helped Russians Spirit Billions Out of the Country

In the August 29, 2016, issue of *The New Yorker*, in “The Moscow Laundromat” (p. 42), **Ed Caesar** reports on Deutsche Bank’s ten-billion-dollar scandal, and the subsequent unravelling of a scheme that helped Russians secretly funnel money offshore. Almost every weekday between the fall of 2011 and early 2015, a Russian broker, Igor Volkov, called the equities desk of Deutsche Bank’s Moscow headquarters and asked a sales trader to place two trades simultaneously. In one, he used Russian rubles to buy a blue-chip Russian stock for a Russian company he represented; in the second, Volkov—acting on behalf of a different company, typically registered in an offshore territory—would sell the same Russian stock, in the same quantity, in London, in exchange for dollars, pounds, or euros. These transactions were a way to expatriate money: because the Russian company and the offshore company had the same owner, these ordinary-seeming trades turned rubles that were stuck in Russia into dollars stashed outside Russia. The scheme has become known as “mirror trading.” Such simultaneous transactions are not inherently illegal, but repeated mirror trades suggest a sustained plot to shift and hide money of possibly dubious origin. Eric Ben-Artzi, a former risk analyst, tells Caesar, “Deutsche Bank was structurally designed by management to allow corrupt individuals to commit fraud.” In an internal report, Deutsche Bank has admitted that about ten billion dollars was spirited out of Russia through the scheme. Caesar—who speaks to fourteen former and current employees of Deutsche Bank in Moscow—writes, “employees of Deutsche Bank cannot quite comprehend how the equities desk in a minor financial outpost came to taint the entire institution.”

Mirror trades occurred for at least two years before anyone raised concerns, and when red flags appeared, it was months before anyone acted on them. Then in April, 2015, the scheme unravelled. After a two-month internal investigation, three Deutsche Bank employees were suspended: the American trader Tim Wiswell, who then led the equities desk in Moscow, and two Russian sales traders who reported to him. All three were fired in August, 2015. A lawyer for Deutsche Bank later called Wiswell “the mastermind of the scheme for the withdrawal of billions of dollars from the country.” Caesar travels to Moscow, where he meets with a broker who said that Wiswell had been paid handsomely by clients of the mirror trades—sometimes money was transferred into an offshore account maintained by Wiswell’s wife, and sometimes cash was delivered to Wiswell in a bag. In June, 2015, with pressure from shareholders intensifying over the mirror trades and other scandals, the co-C.E.O.s of Deutsche Bank announced that they would resign. They were replaced by John Cryan, who, in September, announced the impending close of all investment-banking activity in Russia. Carl Hayes and Max Koep—the supervisors who could monitor the trades made by Wiswell’s desk—still work for Deutsche Bank in London.

Caesar writes, “the lingering question is whose money was moved, and why.” Igor Putin, the cousin of the Russian President, and the billionaires Arkady and Boris Rotenberg, old friends of Putin, have been linked to the scheme. Some say that U.S. and E.U. sanctions have made it increasingly difficult for wealthy Russians, like the Rotenbergs, to expatriate money, and mirror trades had the advantage of being a quiet method, because of the relatively small amounts involved in each transaction. Another Russian banker, who helped to set up the companies involved, tells Caesar that much of the money belonged to Chechens with connections to the Kremlin. Caesar writes, “the Deutsche Bank mirror-trades operation appears to be linked to an even bigger attempt to expatriate money: the so-called Moldovan scheme,” which channeled \$20 billion out of Russia. He continues, “Cryan has promised to settle the Russian case by the end of this year, and the bank recently set aside about a billion dollars for legal costs. This may not be enough.”

A Museum of African-American History Finally Comes to the Mall

In “A Darker Presence” (p. 34), **Vinson Cunningham** reports from Washington, D.C., and examines the vision and challenges behind the new National Museum of African American History and Culture (N.M.A.A.H.C.), which will open in September on the Mall. Cunningham speaks to Lonnie Bunch, who was hired, in 2005, to be the museum’s founding director, at a time when the museum had “no collection, no money, no



staff, no site.” Bunch instituted a program called Saving African American Treasures, in which professional conservationists travelled around the country, helping interested amateurs to, as Bunch puts it, “preserve Grandma’s old shawl, or that wonderful photograph.” Bunch’s curators have collected more than thirty-five thousand objects, ranging from a chillingly anonymous pair of rusted slave shackles to a frilled shawl of lace and linen given to Harriet Tubman by Queen Victoria. More than half of the funds for the building have come from the federal government; the balance has been provided by a star-studded group of private donors, including Michael Jordan, Shonda Rhimes, and Oprah Winfrey. The historian Eric Foner, who has offered his expertise to Bunch and his team throughout the planning process, tells Cunningham, “In Washington, D.C., there is no museum of American slavery. We have a museum of the Holocaust in Washington, which is a great museum, but, you know, what would we think if the Germans put up a big museum of American slavery in Berlin and didn’t have anything about the Holocaust?”

Cunningham visits the N.M.A.A.H.C., which stands on the last available plot on the Mall, finished but not yet full. Designed by the Ghanaian-British architect David Adjaye, the building is a glass cube, sheathed in three broad, overlapping aluminum bands coated with bronze. Bunch says, “I wanted a darker building. I didn’t want the white marble building that traditionally was the Mall. What I wanted to say was, there’s always been a dark presence in America that people undervalue, neglect, overlook.” The building, Cunningham writes, “might be the most successful modernist design on the Mall so far. This is partly because of its unashamed approach to symbolism. Touches like the corona’s outer lattice serve as a reminder of the human work that has gone into the making of America.” Cunningham writes that the triumph of the building’s interior is the gallery for fine art, which occupies the museum’s fourth and most impressive floor; he calls the collection “a genuine treasure—and a reminder of art’s power to illuminate history’s murkier passages.”

As a public institution, the museum “belongs to a nation still nervous about its meaning, and it depends, financially, on a Congress hardly interested in original thought along racial lines.” Cunningham concludes, “for the new museum to become worthy of its expressive building, and to join the ranks of institutions that have helped us to better understand ourselves, it will need to borrow the tactics of art: a long and steady gaze, a bravery uncommon in bureaucracy, and a conception of experience not as a lens but as something that we must continue, indefinitely, to excavate.”

You Can’t Get In. It’s Booked Through 2025. Or Is It?

In “The Country Restaurant” (p. 50), **Nick Paumgarten** reports from Earlton, New York, where he speaks with Damon Baehrel, the chef whose award-winning restaurant, situated in the basement of his home, charges four hundred dollars per meal and is said to be booked through 2025. At his eponymous restaurant, Baehrel serves as forager, farmer, butcher, chef, sous-chef, sommelier, waiter, busboy, dishwasher, and moppper. He tells Paumgarten that he derives most of his ingredients, except meat, fish, and dairy, from his twelve acres of yard, garden, forest, and swamp. “He made his oils and flours from acorns, dandelions, and pine; incorporated barks, saps, stems, and lichen, while eschewing sugar, butter, and cream; cured his meats in pine needles; made dozens of cheeses (without rennet); and cooked on wooden planks, soil, and stone,” Paumgarten writes. Baehrel tells Paumgarten, “My biggest challenge is creating enough flour. I make it from cattails, pine—the inner bark—dandelions, clover, goldenrod, beechnut, hickory nuts, acorns. A huge part of my life is making flour.” In June, a leading food blog released its list of the top hundred restaurants in the United States, and Damon Baehrel came in fifth; MSN.com just named it the best restaurant in the state of New York. Jeffrey Merrihue, who has been to eighty of the restaurants to which Michelin has granted three stars, tells Paumgarten, of eating at Damon Baehrel, “It is the most memorable meal I have ever had. . . . I have never seen anywhere where one person does everything.” The restaurant is so highly regarded—and in such high demand—that Baehrel has stopped accepting new reservations.

In February, Baehrel rearranged his schedule in order to meet with Paumgarten and prepare a fifteen-course meal for him. Paumgarten found it difficult to tell whether his appreciation was “enhanced by the description of the work and the ingredients that had gone into it.” He writes, “I can’t say when, exactly, I began to question the myth. It may have been at the end of that meal, when Baehrel took me on a tour of the property, sticking to the perimeter of the lot, making a great fuss over bits of incidental vegetation that would seem hardly ample, even in high summer, to provide for, say, dozens of guests a week.”

Paumgarten subsequently talked to a range of people who had concluded that Baehrel couldn’t possibly be serving as many diners as he claimed, or be fully booked through the year 2025, or make do with what he foraged on his patch of land. Dominick Purnomo, the owner of Yono’s, one of Albany’s fancier restaurants, told Paumgarten, “I’m doing the math, and it’s just not making sense.” Paumgarten found Baehrel’s claims puzzling. “There’s mythmaking in it, clearly, but of a kind that seems unnecessary,” because the cuisine itself seems worthy of praise. Paumgarten writes, “Baehrel has concocted a canny fulfillment of a particular foodie fantasy: an eccentric hermit wrings strange masterpieces from the woods and his scabbly back yard. . . . Stir in opacity, inaccessibility, and exclusivity, then powder it with lichen: It’s delicious. You can’t get enough. You can’t even get in.”

Michael Heizer's Vast Desert Sculpture Nearly Killed Him. Now It's Nearly Complete.

In “The Earth Mover” (p. 60), **Dana Goodyear** profiles the artist Michael Heizer, whose work “City,” a mile-and-a-half-long sculpture in a remote part of Nevada which almost no one has seen, is nearly complete after half a century of work. The landscape around the sculpture was recently designated a national monument, and Glenn Lowry, the director of the Museum of Modern Art, in New York, says, “‘City’ is one of the most important works of art to have been made in the past century. Its scale and ambition and resolution are simply astonishing.” Heizer’s view is more complex. “It takes a very specific audience to like this stupid primordial shit I do,” he tells Goodyear.

When Heizer started “City,” in 1972, he had already established himself as a pioneer of the earthworks movement, a group of artists who made totemic outdoor sculptures, often in the majestic wastelands of the American West. “City” is a monumental architectural work made almost entirely from rocks, sand, and concrete that Heizer has mined and mixed on site. He uses valueless materials to hedge against what he sees as inevitable future social unrest. “Incans, Olmecs, Aztecs—their finest works of art were all pillaged, razed, broken apart, and their gold was melted down,” he tells Goodyear. “When they come out here to fuck my ‘City’ sculpture up, they’ll realize it takes more energy to wreck it than it’s worth.” Goodyear travels to Nevada to see the sculpture. “In every direction, at every angle, wide boulevards disappeared around corners, to unseen destinations, leading me into depressions where the whole world vanished and all that was left was false horizon and blue sky,” Goodyear writes. “Before no other contemporary art work have I felt induced to that peculiar, ancient fear: What hand made this, and what for?” Michael Govan, the director of the Los Angeles County Museum of Art, tells Goodyear, “There is nothing more powerful, romantic, and American than these gestures that in Mike’s case have taken his whole life.” Govan says that the site, which LACMA will help to administer, will admit its first visitors from the general public in 2020.

“‘City’ reflects the singular, scathing, sustained, self-critical vision of a man who has marshalled every possible resource and driven himself to the brink of death in the hope of accomplishing it,” Goodyear writes. For Heizer, urgency, suffering, drama, and hazard are requisite conditions for making art. “My work, if it’s good, it’s gotta be about risk,” he says. “If it isn’t, it’s got no flavor. No salt in it.” In “City,” Heizer gave himself a near-impossible task in a forbiddingly isolated place with no obvious means of support. “My rib cage is blown out,” he tells Goodyear. “My feet don’t work. Every bone in me is torqued and twisted.” He has been afflicted with severe chronic neural and respiratory problems, likely stemming from exposures during the sculpture’s construction; treating the pain led to a morphine addiction that he has only recently broken. “I’m surprised I’m still alive—I bet everyone is,” he tells Goodyear. Heizer says that “City” ruined him—destroyed his personal life, his health, and his finances. But when Goodyear asks if he ever had any doubts about “City,” he says, “Not even a breath of doubt.”

Plus: In our annual Fall Culture Preview, the editors of *Goings On About Town* select the season’s must-see events in art, classical music, dance, theatre, night life, and movies (p. 5); in *Comment*, **Jelani Cobb** examines how President Obama’s commutations of nonviolent drug offenders’ sentences, and the Justice Department’s decision to phase out private prisons, have promoted meaningful, if incremental, change in the way we approach the war on drugs in the United States (p. 25); in *Shouts & Murmurs*, **Paul Rudnick** imagines an entry from Melania Trump’s diary (p. 40); **Adam Gopnik** considers what the 1971 uprising and massacre at the Attica Correctional Facility reveal about our prison system and the liberal democratic state (p. 78); **Hua Hsu** listens to new albums by Dinosaur Jr. and De La Soul (p. 86); **Anthony Lane** watches Werner Herzog’s new documentary, about the Internet, “Lo and Behold: Reveries of the Connected World,” and Nanni Moretti’s new film, “Mia Madre” (p. 88); a comic strip by **Art Spiegelman** (p. 59); and new fiction by **Curtis Sittenfeld** (p. 72).

Podcasts: **David Remnick** speaks with Jake Sullivan, Hillary Clinton’s top foreign-policy adviser, about how Russian hacking has affected Clinton’s campaign; **Evan Osnos** and **Lizzie Widdicombe** discuss Ivanka Trump and Jared Kushner’s positions in Trump’s political world, and the changing roles of candidates’ adult children in Presidential races; and **Curtis Sittenfeld** reads her short story, “Gender Studies.”

Digital Extras: Photographs of Michael Heizer’s “City” and a slide show of his other works; photographs of Tim Wiswell, a former trader involved in Deutsche Bank’s ten-billion-dollar mirror-trading scandal; and poetry readings by **Julie Bruck** and **Bridget Sprouls**.

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