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Attorney General Lawrence Wasden Announces Idaho's Participation in \$220 Million Multistate Settlement with Deutsche Bank over LIBOR Manipulation

(BOISE) - Attorney General Lawrence Wasden today announced a \$220 million settlement with Deutsche Bank for its alleged fraudulent manipulation of LIBOR. LIBOR – an acronym for London Interbank Offered Rate - is a benchmark interest rate that affects financial instruments worth trillions of dollars and has a global impact on markets and consumers.

Affected governmental and non-profit entities will be notified if they are eligible to receive a distribution from a settlement fund of \$213.35 million. The rest of the settlement funds will be used to pay costs and expenses of the investigation and for other uses consistent with states' laws.

“The LIBOR manipulation represents one of the largest financial scandals ever,” Wasden said. “It hurt entities in Idaho, which affected taxpayers around the state. What Deutsche Bank did was very wrong, but this settlement is a step towards making amends for those transgressions.”

LIBOR is used to establish interest rates on all types of loans worldwide, which means the rate can impact municipal financial investments and bonds, adjustable rate loans, mortgages and student loans.

Forty-five state attorneys general participated in the investigation that revealed that Deutsche Bank manipulated LIBOR several ways. Bank employees improperly made internal requests for LIBOR submissions to benefit Deutsche Bank's trading positions. They also attempted to influence other banks' LIBOR submissions in a way meant to benefit Deutsche Bank's trading positions. Employees also received communications from inter-dealer brokers and external traders attempting to influence Deutsche Bank's LIBOR submissions. At times, Deutsche Bank LIBOR submitters and supervisors acknowledged the requests and indicated they would work to implement them.

Given this conduct, Deutsche Bank LIBOR submitters and management had strong reason to believe that Deutsche Bank's and other banks' LIBOR submissions did not reflect their true borrowing rates. They also had reason to think the LIBOR rates submitted by the banks did not reflect the actual borrowing costs of Deutsche Bank and other banks.

The investigation also revealed that Deutsche Bank employees did not disclose these facts to the governmental and non-profit entities with whom Deutsche Bank executed LIBOR-referenced transactions, even though these rates were key parts of the transactions. Government entities and non-profit organizations throughout the U.S., including in Idaho, were defrauded millions of dollars when they entered into swaps and other investment instruments with Deutsche Bank, unaware of the LIBOR manipulation.

Deutsche Bank is the second of several LIBOR-setting banks under investigation by state attorneys general to cooperate with investigators and settle allegations against it. The first settlement – with British bank Barclays – totaled \$100 million and occurred in August 2016. The investigation into the conduct of several other banks is ongoing.

[The settlement can be viewed here.](#)

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