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Christopher S. Porrino  
 Attorney General



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**For Immediate Release:**

October 25, 2017

**Office of The Attorney General**

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**Attorney General Porrino Announces \$220 Million Multi-State Settlement with Deutsche Bank over LIBOR Manipulation**

[View Settlement Agreement](#)

**TRENTON** – Attorney General Christopher S. Porrino announced today that New Jersey is part of a \$220 million, multi-state settlement with Deutsche Bank that resolves allegations of fraudulent and anti-competitive conduct involving manipulation by Deutsche Bank of the London Interbank Offered Rate (LIBOR.)

LIBOR is a benchmark interest rate that affects financial instruments worth trillions of dollars, and has a widespread impact on global markets and consumers. A half-dozen government agencies and other entities in New Jersey, including the New Jersey Economic Development Authority (EDA), were harmed by Deutsche Bank's manipulations.

“This is an important settlement, not only for the potential recovery it provides for government entities and non-profit organizations that were harmed by the actions of Deutsche Bank, but also for the message it sends: that when institutions manipulate financial markets for their own self-serving, profit-driven reasons, they will be held accountable,” said Attorney General Porrino.

Conducted by a working group of 45 State Attorneys General – New Jersey is part of an eight-state Leadership Group spearheading the effort – a multi-state investigation of Deutsche Bank's conduct found that Deutsche Bank acted improperly with respect to LIBOR in a number of ways. For example, Deutsche Bank employees improperly made internal requests for LIBOR submissions to benefit Deutsche Bank's own trading positions.

Deutsche Bank also sought to influence other banks' LIBOR submissions in a manner intended to benefit Deutsche Bank's trading positions, and 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 expressly acknowledged and indicated they would work to implement the requests they received.

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 – as they were supposed to do in accordance with

published guidelines – and that the LIBOR rates submitted by the banks did not reflect the actual borrowing costs of Deutsche Bank and other panel banks.

Deutsche Bank employees did not disclose these facts to the governmental and not-for-profit counterparties with whom Deutsche executed LIBOR-referenced transactions, even though these rates were material terms of the transactions.

Government entities and not-for-profit organizations in New Jersey and throughout the U.S., among others, were defrauded of millions of dollars when they entered into swaps and other investment instruments with Deutsche Bank without knowing that Deutsche Bank and other banks on the U.S. Dollar (USD)-LIBOR-setting panel were manipulating LIBOR.

In addition to the New Jersey EDA, entities in New Jersey that were harmed by Deutsche Bank’s conduct and that will receive restitution include the New Jersey State Universities Retirement Fund, the New Jersey Common Pension Fund, the New Jersey Carpenters Annuity Fund, the New Jersey Transit MST Retirement Trust and the Hudson County Improvement Authority.

“This kind of conduct undermines public confidence in our financial institutions and the integrity of the financial markets, and that erosion of public confidence can result in damage to the entire economy,” said Attorney General Porrino.

Governmental and not-for-profit entities with LIBOR-linked swaps and other investment contracts with Deutsche Bank will be notified if they are eligible to receive a distribution from a settlement fund of \$213.35 million. The balance of the settlement fund will be used to pay costs and expenses of the investigation and for other uses consistent with state laws.

Deutsche Bank is the second of several USD-LIBOR-setting panel banks under investigation by the participating states that has resolved claims against it, and has cooperated with the multi-state investigation. The investigation is ongoing.

The Deutsche Bank investigation on behalf of New Jersey was conducted by the Division of Law’s Affirmative Civil Enforcement Practice Group in conjunction with the New Jersey Bureau of Securities. Assistant Attorney General Brian F. McDonough, Deputy Attorney General Toral M. Joshi, Deputy Attorney General Nicholas Dolinsky, Deputy Attorney General Katherine Gregory and Deputy Attorney General Elisabeth Juterbock worked on the matter on behalf of the State.

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