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ATTORNEY GENERAL HERRING ANNOUNCES $220 MILLION MULTISTATE SETTLEMENT WITH DEUTSCHE BANK

~ Manipulation of interest rate benchmarks hurt government and non-profits in Virginia ~

RICHMOND (October 25, 2017) - Attorney General Mark R. Herring today announced a $220 million settlement with Deutsche Bank for fraudulent conduct involving the manipulation of the London Interbank Offered Rate (LIBOR), a benchmark interest rate that affects financial instruments worth trillions of dollars and has a widespread impact on global markets and consumers. Virginia entities, including the Virginia Retirement System, Virginia Commonwealth University, and Virginia Tech Foundation, are expected to receive approximately $6 million from the settlement.

"This settlement sends a strong signal across the country that my team and I take fraudulent conduct seriously, and that any company that uses manipulation and deceitful tactics to mislead Virginia's entities and consumers will be held accountable for its actions," said Attorney General Mark Herring. "Approximately $6 million will be going to affected entities in Virginia, and I'm proud of the role my team and I played in investigating Deutsche Bank's wrongdoing and securing this settlement."

Government entities and non-profit organizations in Virginia, and across the country, were likely defrauded of millions of dollars when they entered into certain investments with Deutsche Bank without knowing that Deutsche Bank and other banks on the U.S. Dollar (USD)-LIBOR-setting panel were manipulating LIBOR.

Governmental and non-profit entities that had affected contracts with Deutsche Bank will be notified if they are eligible to receive a distribution from a settlement fund of $213.35 million. Virginia entities are eligible to receive approximately $6 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.

The investigation, conducted by Attorney General Herring and a working group of 44 fellow state attorneys general, revealed that Deutsche Bank manipulated LIBOR in a number of ways. Deutsche Bank employees improperly (a) made internal requests for LIBOR submissions to benefit Deutsche Bank's trading positions; (b) attempted to influence other banks' LIBOR submissions in a manner intended to benefit Deutsche Bank's trading positions; and (c) 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 pursuant to 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 Bank executed LIBOR-referenced transactions even though these rates were material terms of the transactions.

Deutsche Bank is the second of several USD-LIBOR-setting panel banks under investigation by the state attorneys general to resolve the claims against it, and has cooperated with the investigation. The Attorney General's Office benefits from the information and evidence provided by corporations that timely cooperate with the Attorney General's investigations. Such cooperation can facilitate civil enforcement efforts, including the distributions of funds for victims of the offense.

Joining Attorney General Herring in the settlement include attorneys general from Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Utah, Washington, West Virginia, Wisconsin, and Wyoming. The investigation into the conduct of several other USD LIBOR-setting panel banks is ongoing.

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