

# AG Racine Announces \$220 Million Multistate Settlement with Deutsche Bank for Manipulating Interest Rate Benchmarks

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WASHINGTON, D. C. – Attorney General Karl A. Racine today announced a \$220 million multistate settlement with Deutsche Bank for fraudulent and anticompetitive conduct during the 2007-2008 financial crisis and its aftermath; of that, non-profit and government entities in the District may be eligible to receive approximately \$1.7 million. Deutsche Bank manipulated a benchmark interest rate known as the London Interbank Offered Rate (LIBOR) that affects financial instruments worth trillions of dollars, impacts global markets, and affects the terms of transactions by individual and institutional retirement funds.

Deutsche Bank's manipulation forced District government and nonprofit entities to pay significantly more than they would have otherwise for Deutsche Bank investment services. This includes money lost by the D.C. Retirement Board and nonprofit entities in the District, including universities and labor unions. Deutsche Bank defrauded such entities when those groups entered into swaps and other investment instruments with Deutsche Bank — without knowing that Deutsche Bank and other banks contributing to setting U.S. dollar (USD)-LIBOR rates were manipulating LIBOR and colluding with other banks to do so.

Affected entities who had 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, including a to-be-determined distribution amount to the District.

**“District government retirees, universities and other nonprofits were among thousands of investors nationwide who suffered in the 2007-2008 financial crisis in part because banks like Deutsche Bank misled investors and misrepresented reality,”** Attorney General Racine said. **“We and our fellow attorneys general from around the country are proud that this settlement, like the one we reached last year with Barclays, will provide restitution to victims of Deutsche Bank’s conduct.”**

A working group of attorneys general from 44 states and the District, led by the attorneys general of New York and Connecticut, investigated Deutsche Bank and determined that the institution's employees improperly manipulated LIBOR by:

- Making internal requests for LIBOR submissions to benefit Deutsche Bank's trading positions;
- Attempting to influence other banks' LIBOR submissions in a manner intended to benefit Deutsche Bank's trading positions; and
- Receiving 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.

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

continues, along with its partners from other states, its investigation into the conduct of several other USD LIBOR-setting panel banks.

**“My thanks to Catherine Jackson, the Chief of OAG’s Public Integrity Section, for her diligent work on this case as well as the other LIBOR cases for many years, as well as Assistant Attorney General Elizabeth Arthur for her work on this settlement,”** Attorney General Racine said. **“Our new Public Advocacy Division is actively pursuing antitrust enforcement cases like this one.”**

In addition to the District, the states joining the Deutsche Bank settlement include: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, 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, Virginia, Washington, West Virginia, Wisconsin, and Wyoming.

A copy of the [settlement agreement is available here](#).