



PRESS RELEASE

Attorney General Frosh Announces \$220 Million Settlement with Deutsche Bank for Manipulating LIBOR Interest Rate Benchmarks
LIBOR Manipulation Hurt Government and Not For Profit Counterparties in Maryland and Across the Country

BALTIMORE, MD (October 25, 2017) – Maryland Attorney General Brian E. Frosh today announced a \$220 million settlement with Deutsche Bank Inc. for fraudulent conduct involving the manipulation of LIBOR - a benchmark interest rate that affects financial instruments worth trillions of dollars and has a widespread impact on global markets and consumers.

The investigation, conducted by a multistate working group of 45 state attorneys general led by the Attorneys General of New York, Connecticut, Maryland, Massachusetts, California and Illinois, 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.

Government entities and not-for-profit organizations in Maryland 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 and colluding with other banks to do so. This settlement is the second as the result of a long running investigation by the Attorney General. It follows last year's \$100 million settlement with Barclays.

“Deutsche Bank manipulated the financial system for their own gain and at the expense of Maryland state and local agencies and non-profits,” said Attorney General Frosh. “As a result of this settlement, victims will receive compensation for the illegal conduct of one of the world’s largest banks.”

Governmental and not-for-profit entities with LIBOR-linked swaps and other investment contracts with Barclays (Deutsche Bank) will be notified if they are eligible to receive restitution 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 law.

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.