

A.G. Schneiderman Announces \$220 Million Multi-State Settlement With Deutsche Bank For Artificially Manipulating Interest Rates

Manipulated Interest Rates Harmed Government And Not-For-Profit Entities In New York And Throughout The Country

Schneiderman: Protecting The Integrity Of Our Financial Markets, And Making Sure That Banks Are Deterred From Wrongdoing, Are Two Of Our Top Enforcement Priorities. New York Is Committed To Maintaining The Strength Of The Financial Services Sector By Working To Keep It Free Of Manipulation And Fraud.

NEW YORK – Attorney General Eric T. Schneiderman today announced a \$220 million, 45-state settlement with Deutsche Bank for fraudulent conduct involving the manipulation of U.S. Dollar (USD) LIBOR (the London Interbank Offered Rate) and other benchmark interest rates. Benchmark interest rates affect financial instruments worth trillions of dollars and have a widespread impact on global markets and consumers because LIBOR may determine how much they will be paid on their investments. New York and California led the working group of State Attorneys General investigating Deutsche Bank.

“We will not tolerate fraudulent, manipulative or collusive conduct that interferes with or undermines confidence in our financial markets. Large financial institutions, like all other market participants, have to abide by the rules,” said **Attorney General Schneiderman**. “As a result of Deutsche Bank’s misconduct, government entities and not-for-profits were defrauded of funds that otherwise could have been used to benefit New Yorkers.”

[Click here to read a copy of the settlement agreement.](#)

From 2005-2010, a panel of 16 banks made USD LIBOR submissions that were supposed to reflect borrowing rates in the interbank market. A daily LIBOR rate was calculated by averaging the middle eight submissions. The investigation found that from as early as 2005 and continuing through the financial crisis, Deutsche Bank acted unlawfully. Specifically, the investigation found that Deutsche Bank defrauded counterparties by failing to disclose that: (a) Deutsche Bank made false or misleading LIBOR submissions; (b) Deutsche Bank’s traders attempted to influence other banks’ LIBOR submissions to benefit Deutsche Bank’s trading positions; and (c) Deutsche Bank was aware that other banks were manipulating their LIBOR submissions and that LIBOR was a false rate. As a result of this misconduct, Deutsche Bank employees and management knew or had strong reason to believe that Deutsche Bank’s and other panel banks’ LIBOR submissions did not reflect their true borrowing rates and that published LIBOR rates did not reflect the actual borrowing costs of Deutsche Bank and other panel banks.

Deutsche Bank employees did not disclose these facts to the affected governmental and not-for profit counterparties, even though these rates were material terms of the transactions. Government entities and not-for-profit organizations in New York and throughout the U.S., among others, were defrauded of millions of dollars when they entered into swaps and other financial contracts with Deutsche Bank without knowing that Deutsche Bank and other banks on the USD-LIBOR-setting panel were manipulating LIBOR.

According to the terms of the settlement, those 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 \$213,350,000. The balance of the settlement payment will be used for the 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 State Attorneys General to resolve the claims against it, and Deutsche Bank 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 restitution for victims of the offense.

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

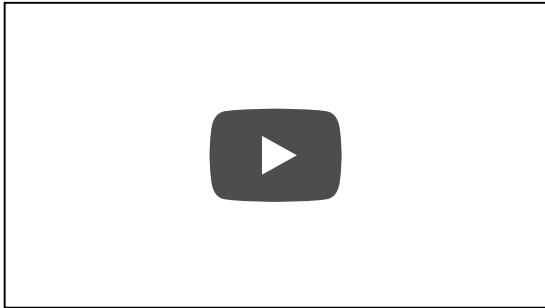
The New York Attorney General's investigation into LIBOR manipulation is being conducted by Antitrust Deputy Bureau Chief and Special Counsel for the Economic Justice Division Elinor R. Hoffmann, Assistant Attorney General Emily Granrud, Assistant Attorney General Marc Foto and Legal Assistant Arlene Leventhal (all of the Antitrust Bureau); and Senior Enforcement Counsel Roger Waldman and Assistant Attorney General Desiree Cummings of the Investor Protection Bureau. The Antitrust Bureau, led by Bureau Chief Beau Buffier, is part of the Economic Justice Division, which is led by Executive Deputy Attorney General for Economic Justice Manisha M. Sheth.

Attorney General's Press Office: (212) 416-8060

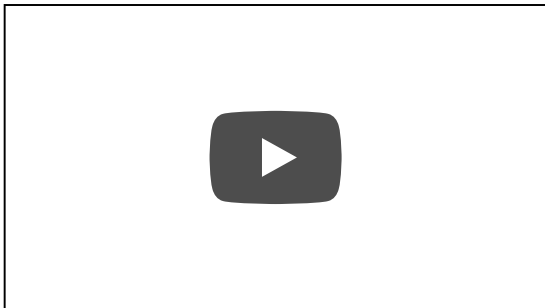
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**The People of the State of New York v. Maurice
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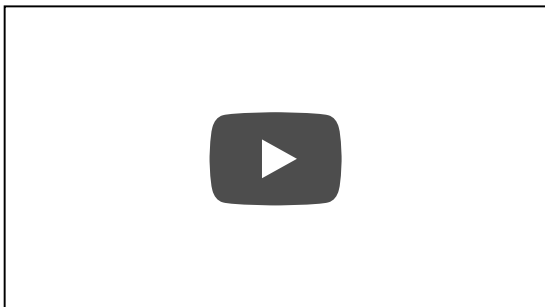
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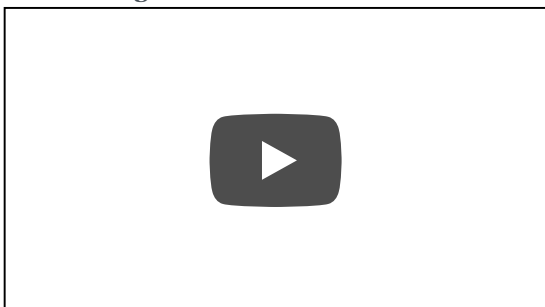
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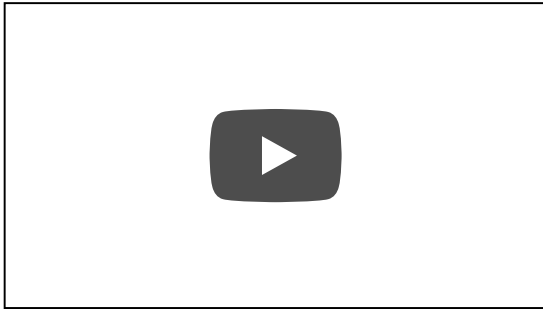
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