



October 25, 2017

**ATTORNEY GENERAL MADIGAN ANNOUNCES \$220 MILLION MULTISTATE SETTLEMENT WITH DEUTSCHE BANK FOR MANIPULATING INTEREST RATE BENCHMARKS**

***LIBOR Manipulation Hurt Government and Not-for-Profit Organizations in Illinois and Across the Country***

**Chicago** — Attorney General Lisa Madigan today announced a \$220 million settlement with Deutsche Bank 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 Madigan and 44 other attorneys general, revealed that Deutsche Bank manipulated LIBOR in a number of ways. Deutsche Bank employees attempted to benefit from Deutsche Bank's trading positions by improperly making internal requests for LIBOR submissions and by attempting to influence other banks' LIBOR submissions. Deutsche Bank employees also 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 from these brokers and traders.

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's successful effort to corrupt a trusted and essential financial benchmark resulted in serious fraud," Madigan said. "Any company that defrauds governments and non-profit organizations out of scarce dollars to pad their own profits must be held accountable."

Government entities and not-for-profit organizations in Illinois 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.

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 Madigan and the other attorneys general to resolve the claims against it, and has cooperated with the investigation.

In addition to Illinois, the states joining the Deutsche Bank settlement include: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Georgia, Idaho, 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.

The investigation into the conduct of several other USD LIBOR-setting panel banks is ongoing.

Bureau Chief Robert Pratt and Assistant Attorney General Elizabeth Maxeiner handled the case and settlement for Madigan's Antitrust Bureau.

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