

JUSTICE NEWS

Assistant Attorney General Leslie R. Caldwell Delivers Remarks for the Deutsche Bank Manipulation of Libor Conference Call

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Today we announce the latest law enforcement action in our ongoing criminal investigation of the manipulation of LIBOR, the London Interbank Offered Rate, which is a critical benchmark interest rate used throughout the world. I am pleased to be joined on this call by my colleague and friend, Assistant Attorney General Bill Baer of the Antitrust Division.

Today's resolution of the LIBOR investigation with Deutsche Bank is in some respects the most significant one yet. Deutsche Bank's London subsidiary has agreed to plead guilty to wire fraud in connection with its role in manipulating LIBOR. And the parent-level bank is entering into a deferred prosecution agreement that requires a corporate monitor. This is the first LIBOR resolution that imposes a monitor. Deutsche Bank is paying to DOJ the largest criminal penalty imposed yet in the LIBOR resolutions, a total of \$775 million.

Today's guilty plea, significant financial penalty, deferred prosecution agreement and corporate monitor reflect the department's consideration of several factors, including the seriousness of Deutsche Bank's misconduct and the level of cooperation Deutsche Bank provided in the government's investigation. Deutsche Bank's cooperation at the outset of the government's investigation was not full and complete, but it improved over time, and today's resolution takes that fact into account.

Deutsche Bank's manipulation of LIBOR and EURIBOR, the Euro inter-bank offered rate, was long term and pervasive. As part of the resolution, Deutsche Bank has agreed to a detailed statement of facts that sets forth its criminal conduct. From at least 2003 through January 2011, dozens of the bank's traders requested that the bank's LIBOR and EURIBOR submitters contribute rates that would benefit the traders' trading positions. And in brazen conflicts of interest, certain traders were also LIBOR submitters for the currency they were trading. So the very traders who had an interest in the LIBOR fix were the ones submitting the rates on behalf of the bank. Deutsche Bank structured its trading group in another way that benefitted the traders at the expense of submitting fair and accurate rates: certain LIBOR submitters were supervised by traders of that currency who stood to benefit from LIBOR fixes that were favorable to their trading positions. Deutsche Bank's manipulation involved every major benchmark currency: U.S. Dollar LIBOR, Yen LIBOR, Swiss Franc LIBOR, Sterling LIBOR and EURIBOR.

As a result, Deutsche Bank's U.K. subsidiary, DB Group Services (U.K.) Ltd, which employed many of the individuals who engaged in the scheme, has agreed to plead guilty to wire fraud. And Deutsche Bank AG has entered into a parent-level, three-year deferred prosecution agreement, with a corporate monitor, to resolve wire fraud and antitrust charges in connection with LIBOR manipulation.

Together with penalties that Deutsche Bank is paying to our regulatory partners at the U.K. Financial Conduct Authority, the CFTC and the New York State Department of Financial Services, Deutsche Bank is paying approximately \$2.5 billion in total.

The important resolution we are announcing today is just the latest action in our ongoing and active investigation.

We have charged 12 individuals to date, and three of those have already pleaded guilty. The other charges are pending and the defendants are presumed innocent. We have also resolved the LIBOR investigation with five other banks – six including Deutsche Bank. These actions reflect the department’s continued commitment to investigating and prosecuting financial fraud and protecting U.S. markets. And our LIBOR investigation is far from over. We have more work to do – and we’re doing it. Today’s resolution does not provide coverage against any individuals, and Deutsche Bank has agreed to continue cooperating in our investigation.

Together with our law enforcement partners at the FBI and our regulatory partners here and abroad, we will continue to gather evidence of LIBOR manipulation and bring the accountable institutions and individuals to justice.

I would like to thank the team of prosecutors and paralegals from the Criminal Division’s Fraud Section and the Antitrust Division who have worked tirelessly on this matter, as well as the many agents, accountants and financial analysts at the FBI for their excellent work. I am also grateful to the Criminal Division’s Office of International Affairs for their help, and I would like to thank the CFTC, the U.K. Financial Conduct Authority, the Securities and Exchange Commission and the U.K. Serious Fraud Office for their assistance as well.

Topic:

Financial Fraud

Component:

Criminal Division

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